

Table of contents

Statement of financial position	70
Statement of comprehensive income	71
Cash flow statement	72
Statement of changes in equity	73
Note 1. Elering AS and its operations	74
Note 2. Summary of significant accounting policies	74
Note 3. Critical accounting estimates and judgements in applying accounting policies	84
Note 4. New accounting pronouncements	85
Note 5. Financial risk management	87
Note 6. Segment reporting	94
Note 7. Bank accounts and deposits	98
Note 8. Trade and other receivables	99
Note 9. Inventories	101
Note 10. Property, plant and equipment	102
Note 11. Intangible assets	104
Note 12. Borrowings	105
Note 13. Trade and other payables	107
Note 14. Contract liability and deferred income	109
Note 15. Equity	110
Note 16. Revenue	111
Note 17. Other income	112
Note 18. Goods, raw materials and services	113
Note 19. Other operating expenses	114
Note 20. Staff costs	115
Note 21. Financial income and costs	116
Note 22. Operating lease	117
Note 23. Balances and transactions with related parties	118
Note 24. Contingent liabilities and commitments	120
Independent Auditor's Report	122
Profit allocation proposal	125
Signatures of the Management to the 2024 Annual Report	126
The Revenue of Elering AS According to EMTAK 2008	127

Statement of financial position

<i>In thousands of euros</i>	<i>Notes</i>	<i>31.12.2024</i>	<i>31.12.2023</i>
ASSETS			
Current assets			
Cash and cash equivalents	5,7	94,330	65,533
Short-term deposits	5,7	40,000	110,000
Trade and other receivables	5,8	65,785	51,790
Inventories	9	20,537	20,247
Total current assets		220,652	247,570
Non-current assets			
Investments in affiliates		99	73
Long-term receivables		1,366	3,610
Property, plant and equipment	10	1,371,743	1,196,634
Intangible assets	11	25,362	19,879
Total non-current assets		1,398,570	1,220,196
TOTAL ASSETS		1,619,222	1,467,766
LIABILITIES			
Current liabilities			
Borrowings	12	11,124	11,323
Trade and other payables	13	103,616	93,613
Total current liabilities		114,740	104,936
Non-current liabilities			
Borrowings	12	55,637	66,186
Other long-term liabilities		1,251	1,705
Contract liability from connection fees	14	135,364	133,183
Deferred income	14	902,532	747,717
Total non-current liabilities		1,094,784	948,791
TOTAL LIABILITIES		1,209,524	1,053,727

EQUITY

Share capital	15	229,890	229,890
Statutory reserve capital	15	20,123	18,721
Retained earnings	15	159,685	165,428
TOTAL EQUITY		409,698	414,039
TOTAL LIABILITIES AND EQUITY		1,619,222	1,467,766

The notes on pages 74 to 121 are an integral part of these financial statements.

Statement of comprehensive income

<i>In thousands of euros</i>	<i>Notes</i>	<i>2024</i>	<i>2023</i>
Revenue	16	214,282	244,748
Other income	17	11,606	10,053
Goods, raw materials and services	18	-128,044	-149,907
Other operating expenses	19	-10,146	-8,051
Staff costs	20	-16,932	- 15,050
Depreciation and amortization	10,11	-53,112	-53,445
Operating profit		17,654	28,348
Financial income	21	4,564	5,444
Financial costs	21	-2,242	-3,415
Profit before income tax		19,976	30,377
Income tax expense	15	-4,317	-2,340
Profit for the year		15,659	28,037
Total comprehensive income for the year		15,659	28,037

The notes on pages 74 to 121 are an integral part of these financial statements.

Cash flow statement

<i>In thousands of euros</i>	<i>Notes</i>	<i>1.01.2024- 31.12.2024</i>	<i>1.01.2023- 31.12.2023</i>
Cash flows from operating activities			
Profit before income tax		19,976	30,377
Adjustments for:			
• Profit from sale of property, plant and equipment	17	-28	-51
• Depreciation, amortisation and impairment	10, 11	53,112	53,445
• Government grants expended and amortised	14,17	-13,486	-7,747
• Interest expenses	21	1,947	3,365
• Interest income	21	-4,495	-5,423
• Profit by equity method		-26	-20
Operating cash flows before working capital changes		57,000	73,946
• Changes in inventories	9	-290	2,151
• Changes in receivables and prepayments related to operating activities	8	-2,105	22,508
• Changes in liabilities and prepayments related to operating activities	13	10,165	996
• Changes in deferred income from connection and other service fees	14	4,134	58,955
Changes in working capital		11,904	84,610
Paid income tax	15	-4,317	-2,340
Interest paid	13, 21	-3,586	-4,570
Interest received	8, 21	5,321	4,372
Total cash flows from operating activities		66,322	156,018
Cash flows from investing activities			
Purchases of property, plant and equipment and intangible assets	10, 11, 13	-240,842	-167,826
Cash placed to deposits with more than 3-month term	7	-180,000	-200,000
Upon expiration of deposits with more than 3-month term, cash returned to the bank account	7	250,000	140,000
Grants received to acquire non-current assets	14	83,026	38,644
Proceeds from sale of property, plant and equipment	10, 17	31	134
Congestion fees received	8, 13, 14	80,825	118,418
Total cash flows from (used in) investing activities		-6,960	-70,630
Cash flows from financing activities			
Redeemed bonds	12	0	-225,000
Repayments of bank loans	12	-10,558	-10,558
Repayments of lease liabilities	12	-7	-84
Dividends paid	15	-20,000	-13,500
Total cash flows used in financing activities		-30,565	-249,142

Net increase/decrease in cash and cash equivalents		28,797	-163,754
Cash and cash equivalents at the beginning of the period	7	65,533	229,287
Cash and cash equivalents at the end of the period	7	94,330	65,533

The notes on pages 74 to 121 are an integral part of these financial statements.

Statement of changes in equity

<i>In thousands of euros</i>	<i>Share capital</i>	<i>Statutory reserve capital</i>	<i>Retained earnings</i>	<i>Total</i>
Balance as at 31.12.2022	229,890	17,850	151,762	399,502
Comprehensive income for the year	0	0	28,037	28,037
Total comprehensive income for the year	0	0	28,037	28,037
Transactions with owners:				
Transfers to statutory reserve capital	0	871	-871	0
Dividends paid	0	0	-13,500	-13,500
Total transactions with owners	0	871	-14,371	13,500
Balance as at 31.12.2023	229,890	18,721	165,428	414,039
Comprehensive income for the year	0	0	15,659	15,659
Total comprehensive income for the year	0	0	15,659	15,659
Transactions with owners:				
Transfers to statutory reserve capital	0	1,402	-1,402	0
Dividends paid	0	0	-20,000	-20,000
Total transactions with owners	0	1,402	-21,402	-20,000
Balance as at 31.12.2024	229,890	20,123	159,685	409,698

More detailed information on share capital and other equity items is set out in Note 15.

The notes on pages 74 to 121 are an integral part of these financial statements.

Notes to the Financial Statements

Note 1. Elering AS and its operations

The financial statements of Elering AS (hereinafter “Elering”) for the year ended 31 December 2024 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union. Elering is incorporated in the Republic of Estonia and its registered address is Kadakatee 42, 12915 Tallinn, Estonia. The principal business activity of Elering is electricity and natural gas transmission in the Republic of Estonia.

The economic activities of Elering are regulated by the laws of the Republic of Estonia and European Union. Elering’s transmission business and balancing service business are regulated by the Estonian Competition Authority, including the approval of network tariffs and standard terms and conditions of such contracts.

The sole shareholder of Elering is the Republic of Estonia.

The Management Board has approved the financial statements of Elering on 19.03.2025. Pursuant to the Commercial Code of the Republic of Estonia, the annual report shall be presented for approval to Elering’s Supervisory Board and the General Meeting of Shareholders.

Note 2. Summary of significant accounting policies

Basis of preparation. These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union under the historical cost convention. The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Changes in presentation

The presentation of information reported in the financial statements has been changed in the 2024 annual report. The presentation of comparative data for the previous period has been adjusted to be in line with the new presentation.

According to IAS 7, all cash flows from investing and financing activities must be shown in gross amounts, except when payments and receipts are made on behalf of a customer, or the turnover of receipts and payments is rapid, and the terms are short. Accordingly, the presentation of deposits with

over a three-month term in the cash flow statement were reviewed and, starting from 2024, deposits with over a three-month term have been reported in the cash flow statement using the gross method, and comparative data has also been adjusted. The net change in deposits over 3 months in the amount of -60,000 recorded in 2023 is reflected in the comparative data of the 2024 annual report in the line Cash placed to deposits with more than 3-month term in the amount of -200,000 thousand euros and in the line Upon expiration of deposits with more than 3-month term, cash returned to the bank account in the amount of 140,000 thousand euros.

Functional and presentation currency. The financial statements are prepared in euros which is accounting and presentation currency. Elering's annual report is presented in thousands of euros.

Foreign currency translation. Transactions in foreign currencies are converted into the accounting currency based on the exchange rates of the European Central Bank on the transaction date.

Financial assets

Classification

Elering classifies financial assets in the following measurement category:

- assets that are carried at amortized cost.

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

Debt instruments. Subsequent measurement of debt instruments depends on Elering's business model for managing the asset and the cash flow characteristics of the asset. All Elering's debt instruments are classified in amortized cost measurement category.

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other income/expenses. Foreign exchange gains and losses and impairment losses are presented as separate line items in profit or loss.

As at 31 December 2024 and 31 December 2023, the following financial assets of Elering were classified in this category:

- trade receivables,
- bank deposits,
- cash and cash equivalents.

Impairment

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

For trade receivables Elering applies a simplified approach permitted by IFRS 9 and measures the allowance for impairment losses at expected lifetime credit losses from initial recognition of the receivables. Elering uses a provision matrix in which allowance for impairment losses is calculated for trade receivables falling into different ageing or overdue periods.

For cash and cash equivalents and bank deposits where there is an investment grade, it is considered there has been no significant increase in credit risk.

Inventories. Inventories are initially recorded at cost, consisting of the purchase costs and other costs incurred in bringing the inventories to their present location and condition.

The purchase costs of inventories include the purchase price, customs duties and other non-refundable taxes and direct transportation costs related to the purchase, less discounts and subsidies. Inventories are expensed using the FIFO method.

Inventories are carried in the statement of financial position at the lower of the acquisition cost and net realizable value. Net realizable value is calculated by deducting estimated expenses that are necessary for preparing the product for sale and for completing the sale from the estimated sales price used in the ordinary course of business.

Property, plant and equipment. Property, plant and equipment are tangible assets, which are recorded at their residual value, which is obtained by reducing the historical cost of the asset by accumulated depreciation and impairment. The historical cost of an asset includes expenses that are directly related to the acquisition of the asset.

If property, plant and equipment consist of components with significantly different useful lives, the components are recognized as separate items of property, plant and equipment.

Payments made for rights of use of land are recognized as property, plant and equipment. The costs related to rights of use of land are depreciated according to the contract period, not exceeding 99 years.

Land is not depreciated. Depreciation of other items of property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives:

	<i>Useful lives in years</i>
Buildings	25-40
Facilities – electricity transmission lines, gas pipelines	30-60
Machinery and equipment – electricity and natural gas transmission equipment	7-40
Other property, plant and equipment	3-20
Land use rights	99

Gains and losses on disposals and write-offs determined by comparing proceeds with the carrying amount are recognized in profit or loss under “Other income” or “Other operating expenses” respectively.

Intangible assets

An intangible asset is initially recognized at its cost, comprising its purchase price, any directly attributable expenditure on preparing the asset for its intended use and borrowing costs that relate to assets that take a substantial period of time to get ready for use. After initial recognition, an intangible asset is carried at its acquisition cost less any accumulated amortization and impairment losses.

Acquired software licences are capitalized on the basis of the costs incurred to acquire and bring them to use.

Intangible assets and personal of use are amortized using the straight-line method over their useful lives:

	<i>Useful lives in years</i>
Software licenses	3-5 years

Leases. Leases are contracts that transfer the right to control the use of an asset for a specified period of time against payment. For such contracts, IFRS 16 requires the lessee to account for the asset and its lease liability. Assets used under the right of use are depreciated and interest is charged on the liability. Elering has applied a practical expedient for leases with a lease term of 12 months or less without call options and low value assets (immaterial leases). Payments made or received under such operating leases are recognized in the statement of comprehensive income on a straight-line basis over the period of the lease term. The principles of IFRS 16 for lessors remain substantially unchanged from those of IAS17, namely that a lessor continues to classify its leases into operating and finance leases and recognizes those types of leases differently.

Financial liabilities. Financial liabilities have the following measurement categories: (a) held for trading which also includes financial derivatives and (b) other financial liabilities. Elering has financial liabilities only in the category of 'other financial liabilities'.

Other financial liabilities are initially recognized at fair value, net of transaction costs incurred and are subsequently carried at amortized cost. The amortized cost of current liabilities normally equals the nominal value; therefore, current liabilities are stated in the statement of financial position in their redemption value. Non-current liabilities are subsequently carried at amortized cost. The difference between the amortized cost and the redemption value is recognized as an interest expense in profit or loss over duration of the contract using the effective interest rate method. The borrowing costs associated with the qualifying assets meeting respective requirements are capitalized as part of cost of the assets.

Statutory reserve capital. Statutory reserve capital is formed to comply with the requirements of the Commercial Code. Reserve capital is formed from annual net profit allocations. During each financial year, at least one-twentieth of the net profit shall be entered in reserve capital, until reserve capital reaches one-tenth of share capital. Reserve capital may be used to cover a loss, or to increase share capital. Payments shall not be made to shareholders from reserve capital.

Revenue

Revenue recognition. Revenue is income arising in the course of Elering's ordinary activities. Revenue is measured in the amount of transaction price. Transaction price is the amount of consideration to which Elering expects to be entitled in exchange of transferring control over promised goods or services to customer, excluding the amounts collected on behalf of third parties. Elering recognizes revenue when it transfers control of goods or services to a customer.

Electricity transmission service. Elering measures the quantity of electricity transmission by remotely read meters in customers' connection points. The transmission service fees are calculated on the basis of the volumes of electricity transmitted in these points and regulated transmission tariffs. Revenue from providing services is recognized over time in the accounting period in which the services are rendered.

Natural gas transmission service. Elering measures the quantity of natural gas transmission by remotely read metres in customers' connection points. The transmission service fees are calculated based on the volumes of natural gas transmitted in these points and regulated transmission tariffs. Revenue from providing services is recognized over time in the accounting period in which the services are rendered.

Electricity balancing service. Elering prepares on an hourly basis the energy balance in kilowatt-hours(kWh) of the Estonian electricity system that consists of the energy balances of Elering itself and balance providers that have entered into a balance agreement with Elering. Energy balances are prepared by comparing the measurement data of Elering and that received from distribution network operators with balancing plans of balance providers. In a trading period when the real consumption of electricity, based on the measurement data, is bigger than electricity volume presented in the energy balance, Elering sells the balance providers electricity to the extent of shortage. In a trading period when the situation is opposite, Elering buys electricity from the balance providers to the extent of surplus. The sale and purchase prices are calculated by Elering for each trading period using methodology approved by the Estonian Competition Authority. Elering has considered that it is a principal in selling electricity as part of providing the balancing service as Elering is ultimately responsible for keeping the system in balance. Revenue from providing services is recognized over time in the accounting period in which the services are rendered.

Gas balancing service. Elering prepares daily the gas balance in kilowatt-hours (kWh) of the Estonian gas system that consists of the gas balances of Elering itself and balance providers that have entered into a balance agreement with Elering. Gas balances are prepared by comparing the measurement data of Elering and that received from distribution network operators with balancing plans of balance providers. In a trading period when the real consumption of natural gas, based on the measurement data, is bigger than natural gas volume presented in the gas balance, Elering sells the balance providers gas to the extent of shortage. In a trading period when the situation is opposite, Elering buys gas from the balance providers to the extent of surplus. The sale and purchase prices are calculated by Elering for each trading period using methodology approved by the Estonian Competition Authority. Elering has considered that it is a principal in selling gas as part of providing the balancing service as Elering is ultimately responsible for keeping the system in balance. Revenue from providing services is recognized over time in the accounting period in which the services are rendered.

Electricity system operator cross-border inter-transmission compensation mechanism (ITC). ITC is a mechanism for the compensation of cross-border energy flows, as designated by the EU regulation No 838/2010, in which transmission system operators of over 30 countries participate. The mechanism works under the principle that a transmission system operator of a country compensates, through the ITC fund, the other transmission network operators for additional expenses caused by cross-border energy flows in case if that country has exported or imported electricity during the reporting period, and a transmission system operator receives compensation from the fund if a transit flow caused by market participants of other countries has crossed the country. Such accounting is kept by specifically authorized administrators in Switzerland, who submit to the members of the mechanism the data in

the form of net amounts to be paid each month. Elering recognizes the net amounts in the statement of comprehensive income depending on whether it is net income or net expense under “Revenue” within ‘Other electricity network services’ or under “Goods, raw materials and services” within ‘Other costs’ respectively.

Natural gas inter-transmission system operator compensation mechanism. The gas zone connecting Estonian and Latvian gas systems started operating on 1 January 2020, which also brought changes in the charges for the provision of transmission services with the gas network. Until then, the charge for the transmission service had been collected only on the volume of gas exiting the transmission system and the payers of the transmission service charge have been clients connected to the transmission network on the basis of network contracts, mostly distribution networks. As of January, some of the transmission service charges move to the gas network input points. Such charges for entry points have been harmonized in three countries: Estonia, Finland and Latvia. This means that the entry of gas from the Finnish, Estonian or Latvian entry points costs the same and the gas moves within the three countries without additional transmission charges. In order to ensure the independence of transmission revenue from the entry point preferred by market participants, Estonian, Finnish and Latvian transmission network operators entered into a mutual compensation agreement (gas ITC). The compensation agreement stipulates that the transmission revenue collected from the entry points of three countries is subject to distribution between the three countries proportionally to their gas consumption. This ensures the relative stability of the entry revenue of the transmission network operators, regardless of which entry point the gas market prefers in a specific period of time. Elering recognizes said amounts as net income under “Revenue” within ‘Other gas network services’.

Recognition of connection fees. When connecting to the electricity network, the clients must pay a connection fee based on the actual costs of infrastructure to be built in order to connect to the network. The management has concluded that that connection is part of a single performance obligation of providing the ongoing access to the grid and network service. Therefore, the consideration received from customers for connection is recognized as contract liability and recognized as revenue evenly over the estimated customer relationship period, being 25 years.

Interest income is recognized on an accrual basis using the effective interest method.

Congestion fees. In situations where market participants place more requests for cross-border transmission of electricity than is technically possible, transmission rights for cross-border electricity are sold at special auctions. Under the principle used in these auctions, 50% of auction proceeds belong to the transmission system operator of either country. Types of the auctions:

1. Proceeds from the day-ahead market auction are essentially the difference between the exchange prices of Estonia and neighboring price regions of the Nord Pool power exchange every

hour. The power exchange collects the a forementioned price difference through its trading mechanism and transfers it to respective transmission system operators.

2. An auction of long-term transmission capacity, which is aimed at reducing the inter-regional price risk resulting from a lack of transmission capacity. Estonian and Latvian system operators Elering AS and AS Augstsprieguma tikls offer forward transmission rights (FTRs) (until 31 December 2018, Physical Transmission Rights (PTRs)) on an annual, quarterly and monthly basis. Market participants that have bought an FTR capacity have the right to the hourly auction proceeds of the day-ahead market for the same volume. Auctions are organized and the proceeds distributed by the Single Allocation Platform (SAP) under the authority of the pan-European System Operators operated by the Joint Allocation Office (JAO).

Net proceeds from the day-ahead market and FTR (until 31 December 2018 PTR) auctions are recognized in compliance with the requirements of Article 19 of Regulation (EC) No. 943/2019 of the European Parliament and of the Council, pursuant to which congestion fees should be used in particular for the construction of new interconnection capacities between countries and for guaranteeing the actual availability of the allocated transmission capacity; if the proceeds cannot be used for these purposes, the proceeds will be taken into account when reducing the network service tariff.

If congestion proceeds are used for the construction of new interconnection capacities, then they are recognized in the financial statements similarly to the government grants. Initially, they are recognized as deferred income and then are credited to income over the estimated useful life of the asset. If congestion proceeds are used for the reduction of tariffs, then proceeds are recognized as revenue in the period when Elering's right to receive proceeds from the day-ahead market and FTR auctions is established. See also Note 3.

Accounting for government grants. Government grants are recognized at fair value when there is reasonable assurance that Elering will comply with all the conditions attached to government grants and that the grant will be received. The government grants are recognized in profit or loss on a systematic basis over the periods in which Elering incurs the related costs which the grants are intended to compensate.

Government grants are presented in the statement of financial position using the gross method, according to which the assets are recognized at its cost, if the government grant is received in the form of a transfer of a non-monetary asset, it is recognized at its fair value. The amount of the government grant received is recognized as deferred income from government grants. The acquired asset is depreciated, and the grant is credited to income over the estimated useful life of the asset.

Subsidies to electricity producers. The law obliges Elering to participate in supporting mechanism for eligible electricity producers (first and foremost power plants using renewable sources of energy).

Elering collects subsidies from consumers and distribution network operators and pays it out to those electricity producers who meet the criteria.

In accordance with current principles, Elering prepares an estimate of the amount of subsidies for the following calendar year, based on estimates on the amount of electricity produced by these producers, and the amount of network services to be provided to the end users in Estonia. Elering uses these estimates to determine the charge of subsidy for the following calendar year per kWh (kilowatt-hour) of network services, taking into account any difference between estimated and actual amounts of subsidies paid during the previous period (from November to October), interest earned on over collected amounts or interest paid on under collected amounts and justified expenses incurred for management of subsidies.

For different reasons the actual amounts paid out and received as subsidies always differ from the estimated amounts. Over or under collected subsidies are shown in the statement of financial position as either "Trade and other payables" (in case of surplus) or "Trade and other receivables" (in case of deficit). These balances are taken into account when determining the charge for the next period as described above. Collecting and paying of subsidies has no material impact on profit or loss of Elering. See also Note 8 and 13.

Subsidies to biogas producers. In accordance with law, Elering must participate in the mechanism for subsidizing biogas producers that are in compliance with the requirements provided for by law. Elering is compensated for biogas subsidies by the Ministry of Economic Affairs and Communications. Elering as a system operator organizes entry into contracts with biogas producers, supervision of use of the subsidies and payment of the subsidies.

Activities necessary for the implementation of the contract are financed as a prepayment on the basis of a quarterly expenditure forecast submitted by Elering. For different reasons the actual amounts paid out and received as subsidies always differ from the estimated amounts. Over or under collected subsidies are shown in the statement of financial position as either "Trade and other payables" (in case of surplus) or "Trade and other receivables" (in case of deficit). Collecting and paying of subsidies has no material impact on profit or loss of Elering. See also Note 8 and 13.

Income tax. According to the Income Tax Act, the annual profit of Elering is not taxed in Estonia. Income tax is paid on dividends, fringe benefits, gifts, donations, costs of entertaining guests, non-business-related disbursements and adjustments of the transfer price.

The tax rate on distributed profits is 22%, or 22/78 of the net amount to be distributed. Under certain conditions, it is possible to distribute the dividends received without additional income tax expense. The prerequisite for tax exemption is that the company receiving and distributing the dividends had a shareholding of at least 10% in the relevant company at the time of receiving the dividends. The previously lower tax rate of 14%, or 14/86 of the net amount of dividends, which applied to regular dividends, will

no longer apply as of 1 January 2025. A transitional provision can be applied to the distribution of dividends received before this date and taxed at a lower tax rate. As of 1 January 2026, a 2% defense tax will apply to the profit for the financial year of a resident company before income tax. The income tax associated with the payment of dividends is recognized as a liability and as an income tax expense in the income statement in the same period as the dividends are declared, regardless of the period for which they are declared or when they are actually paid. The obligation to pay income tax arises on the 10th day of the month following the payment of dividends.

Due to the nature of the taxation system, the companies registered in Estonia do not have any differences between the tax bases of assets and their carrying amounts and hence, no deferred income tax assets and liabilities arise. A contingent income tax liability which would arise upon the payment of dividends from retained earnings is not recognized in the statement of financial position. The maximum income tax liability which would accompany the distribution of retained earnings is disclosed in Note 15 to the financial statements.

Tax rates in Estonia.

The following tax rates have been effective through 2024:

Tax	Tax rate
Social security tax	33% of the paid payroll to employees and fringe benefits
Unemployment insurance tax	0.8% of the payroll paid to employees
Fringe benefit income tax	20/80 of fringe benefits paid to employees
Land tax	0.1-1.0% on taxable value of land per annum starting from 2024 (previously: 0.1 - 2.5%)
Excise duty on electricity	EUR 1.45 per MWh of electricity (from 01.05.2024) (previously: EUR 1 per MWh of electricity (from 01.05.2020 to 30.04.2024))
Excise duty on gas	EUR 47.81 per thousand cubic meters (from 01.05.2024) (previously: EUR 40 per thousand cubic meters (from 01.05.2020 to 30.04.2024))
Corporate income tax on non-business-related expenses	20/80 on non-business-related expenses

Note 3. Significant accounting estimates and judgements in applying accounting policies

Elering makes estimates and assumptions that affect the amounts recognized in the financial statements and the carrying amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgements, apart from those involving estimations, in the process of applying the accounting policies. Judgements that have the most significant effect on the amounts recognized in the financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

Useful lives of property, plant and equipment. The estimated useful lives of items of property, plant and equipment (Note 10) are based on management's estimates regarding the period during which the asset will be used. The estimation of useful lives is based on historical experience and takes into consideration production capacity and physical condition of the assets. In the reporting period, depreciation amounted to EUR 49,488 thousand (2023: EUR 48,300 thousand). If depreciation rates were increased/decreased by 10%, the depreciation charge for the year would increase/decrease by EUR 4,949 thousand (2023: EUR 4,830 thousand).

During the reporting year, the useful lives of fixed assets were partially revised to more closely reflect the actual useful lives of the assets. The impact of the revision is a reduction in depreciation by EUR 900 thousand.

Congestion fees. According to the accounting policies described in Note 2, timing of recognition of congestion fees depends on the purposes for which the proceeds is used – for constructions of new interconnection capacities (in which case it is recorded as a fee liability in future periods, until such construction is completed, when the construction is completed, the income calculation is started according to the depreciation period of that asset) or reduction of current network tariffs (in which case it is recognized in profit and loss). The purposes are outlined in the Article 16 of European Parliament and Council Regulation (EC) No 714/2009. Determining the appropriate accounting requires management judgment. The management has assessed that since 1 July 2014 congestion fees should be used for constructions of new interconnection capacities. From 2022, the congestion fees will also be used to cover losses and operational costs. In 2024 Elering recognized deferred congestion fees in the amount EUR 98,559 thousand (2023: EUR 127,869 thousand) see also Note 14. Amounts accrued since 1 July 2014 are used to finance investments in network that will increase the cross-border interconnection capacity, i.e. the construction of the third electricity transmission line between Estonia and Latvia. By the decision of the Competition Authority, it is allowed to cover the difference in the price of network losses from the funds of the congestion fee (capacity allocation revenue) until 31.12.2024 and partly in 2023 to cover reasonable costs related to the provision of electricity transmission network services.

Note 4. New accounting pronouncements

Adoption of new or revised standards and interpretations

The following new or revised standards and interpretations became effective for the Company from 01.01.2024.

Amendments to IAS 1 and IFRS Implementation Guide No. 2: “Disclosure of Accounting Policies”, effective for annual periods beginning on or after 1 January 2024.

IAS 1 was amended to classify liabilities as current or non-current. The amendments clarify that liabilities are classified as 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 to defer settlement for at least twelve months at the end of the reporting period. The guidance no longer requires such an unconditional right. The October 2022 amendment established that loan commitments that are due after the reporting date do not affect the classification of liabilities as current or non-current at the reporting date. Management’s expectations of whether they will exercise their right to defer settlement at a later date do not affect the classification of liabilities. A liability is classified as current if a condition is breached on or before the reporting date, even if the lender waives that condition after the reporting period. Conversely, a loan is classified as non-current if the loan agreement is breached only after the reporting date. The amendments also clarify the classification requirements for liabilities that an entity may settle by converting it to equity. Settlement is defined as the settlement of a liability with cash, other resources embodying economic benefits or the entity’s own equity instruments. An exception applies to convertible instruments that may be converted into equity, but only for those instruments for which the conversion option is classified as an equity instrument as a separate component of a compound financial instrument.

In April 2024, the IASB has issued IFRS 18, the new standard on presentation and disclosure in financial statements, with a focus on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to:

- the structure of the statement of profit or loss;
- required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity’s financial statements (that is, management-defined performance measures); and
- enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

IFRS 18 will replace IAS 1; many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it might change what an entity reports as its 'operating profit or loss'. IFRS 18 will apply for reporting periods beginning on or after 1 January 2027 and also applies to comparative information. The Company is still assessing the impact of this amendment on the Company's financial statements.

The remaining new or amended standards or interpretations, which became effective in the reporting year starting on January 1, 2024, are not expected to have a significant impact on Elering.

Other new or amended standards or interpretations that are not yet effective have no significant impact on Elering.

Note 5. Financial risk management

The risk management function is performed at Elering in accordance with internationally approved Enterprise Risk Management Model methodology, which has been developed by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Elering's risks are assessed in four categories: strategic, operational, financial and external risks. Financial risk comprises market risk (including electricity and natural gas price risk, currency risk, interest rate risk), credit risk and liquidity risk. The primary objectives of the financial risk management function are to establish risk limits, and then to ensure that exposure to risks stays within these limits. Risk management is monitored at the Management Board level and the results are reported to the Audit Committee. Elering's financial risks are managed at Elering's Finance Department.

The following table provides reconciliation of classes of financial assets and financial liabilities of Elering in accordance with the measurement categories of IFRS 9:

Financial assets

<i>In thousands of euros</i>	31.12.2024	31.12.2023
Financial assets at amortized cost		
Cash and cash equivalents (Note 7)	94,330	65,533
Short-term deposits (Note 7)	40,000	110,000
Trade and other receivables (Note 8)	65,785	51,790
Total financial assets	200,115	227,323

Financial liabilities

<i>In thousands of euros</i>	31.12.2024	31.12.2023
Liabilities at amortized cost		
Trade and other payables (Note 13)	89,527	88,598
Borrowings (Note 12)	66,761	77,509
Total financial liabilities	156,288	166,107

Credit risk

Elering takes on exposure to credit risk, which is the risk that one party of a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Exposure to credit risk arises as a result of Elering's sales on credit terms and other transactions with counterparties giving rise to financial assets. In accordance with Elering's risk management principles, Elering's short-term available cash resources can be deposited in the following domestic financial instruments: overnight deposits at acceptable credit institutions and term deposits at credit institutions. The following principles are followed when depositing short-term available cash resources: ensuring of liquidity, capital preservation, interest income generation.

Elering's assets exposed to credit risk as of balance sheet dates were as follows:

<i>In thousands of euros</i>	<i>31.12.2024</i>	<i>31.12.2023</i>
Cash and cash equivalents (Note 7)	94,330	65,533
Short-term deposits (Note 7)	40,000	110,000
Trade and other receivables (Note 8)	65,785	51,790
Total exposure of assets to credit risk in the statement of financial position	200,115	227,323

Elering structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to counterparties or groups of counterparties or by applying additional instruments for credit risk management. Elering established criteria for holding financial assets at credit institutions. According to the given criteria maximum permitted limits depend on the credit rating and equity of the credit institution. Limits on the level of credit risk are approved regularly by management. Such risks are monitored on an ongoing basis, and they are subject to an annual review.

Elering's Accounting Department reviews ageing analysis of outstanding trade receivables and follows up on past due balances each week. The results are reported to the CFO of Elering. Information about credit risk is disclosed in Note 8.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles over a period of 12 months before 31 December 2024 or 31 December 2023 respectively and the corresponding historical credit losses experienced within these periods. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. Elering has identified the GDP and the unemployment rate of the countries in which it sells its goods and services to be the most relevant factors and accordingly adjusts the historical loss rates based on expected changes in these factors.

On that basis described above, the loss allowance as of 31 December 2024 and 31 December 2023 was determined immaterial. While cash and cash equivalents and bank deposits are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial as of 31 December 2024 and 31 December 2023.

Credit risk concentration. Elering is exposed to concentrations of credit risk. Management monitors and discloses concentrations of credit risk by reports, which list exposures to counterparty with aggregated balances in excess of 5% of Elering's equity. On 31.12.2024, Elering had one counterparty (31.12.2023: one counterparty), with an aggregated receivables balance of EUR 17,061 thousand (31.12.2023: EUR 20,401 thousand) or 27% of the total amount of accounts receivable (31.12.2023: 45%). In 2024 as well as in 2023 this part of receivables was to a subsidiary of the 100% state-owned company who is a natural monopolist in electricity distribution network. Therefore, management believes that the credit risk arising from the concentration of receivables is not significant.

Cash is deposited in six banks. The credit ratings of the banks are described in Note 7.

Market risk

Elering is exposed to market risk. Market risk arises mainly from changes in the electricity price, as well as from open positions in foreign currencies and interest-bearing assets and liabilities. Management sets limits on the value of exposed positions that may be accepted, which is monitored on a daily basis. However, the use of this approach does not completely prevent losses outside of these limits but limits their maximum amounts.

Sensitivities to market risks shown below are based on a change in one factor while holding all other factors constant. In practice, this is unlikely to occur and changes in some of the factors may be correlated – for example, changes in the interest rate and changes in foreign currency rates.

Electricity price risk. For compensating network losses, Elering buys electricity primarily in the electricity exchange. The average electricity exchange price of the last period is used for calculation of network tariffs. In a situation where the exchange price differs from the one used for calculation of tariffs, the difference is not compensated in the next tariff period. According to Elering, this risk may cause fluctuations in profits in the short term, but it does not endanger Elering's sustainability. Therefore, no financial instruments have been used to mitigate this risk. In light of exceptionally high energy prices in 2024 and in 2023, congestion income is used to cover the cost of electricity losses, which is not included in the tariff.

Price risk of natural gas. Elering purchases natural gas for compensating network losses. In a situation where the price of gas estimated for the calculation of network tariffs differs from its actual price, the difference is not compensated in the next tariff period. This results in a situation where Elering may generate a profit or sustain a loss on the purchased gas in the short-term as the price of gas changes. Elering does not expect the risk of potential loss to be high and therefore it does not employ any financial instruments to mitigate this risk.

Currency risk. Currency risk is the risk that in the future fair value of financial instruments of cash flow will fluctuate due to changes in currency rates. As virtually all of Elering's transactions and balances are denominated in euros, Elering is not exposed to significant currency risk. Elering established separate limits for open currency positions depending on the currency and duration. Transactions in other currencies are insignificant; there were no financial instruments denominated in other currencies as of 31.12.2024 and 31.12.2023.

Interest rate risk. The financial instruments with floating interest rate expose Elering to cash flow interest rate risk, i.e. the risk that an increase in market interest rates will cause an increase in Elering's interest expense. At the same time, in case of short-term deposits, a change in market interest rates has effect on Elering's interest income arising from investment of available resources into new deposits. As of 31.12.2024 Elering established the minimum limit for fixed interest-bearing liabilities at 50% of all liabilities. To some extent, Elering is protected against interest rate risk, because according to tariff regulations, the average market interest rate of the last five years is included in the calculation of network tariffs. Since Elering does not carry interest-bearing financial instruments at fair value, change in market interest rates does not have effect on balance value of available assets or liabilities, nor interest income or expense arising from them.

As of 31.12.2024, 100% of Elering's borrowings consisted of long-term bank loans at amortized cost with a floating interest rate (31.12.2023: 100% of Elering's borrowings consisted of long term bank loans at amortized cost with a floating interest rate). More detailed information on borrowings is set out in Note 12.

The floating interest rate on bank loans is based on the 3- or 6-month Euribor, depending on the contract, and is fixed either quarterly or twice a year.

As at 31.12.2024 borrowings with a floating interest rate totaled EUR 66,195 thousand (31.12.2023: EUR 76,744 thousand).

If, as at 31.12.2024, the interest rates of Elering's borrowings, that are exposed to the cash flow interest rate risk, had been 50 basis points (2023: 50 basis points) higher with all other variables held constant, profit for the year would have been EUR 357 thousand (2023: 384 thousand) lower.

Elering's interest-bearing financial assets are overnight deposits and term deposits. The rate for overnight deposits is being fixed once a day and term deposits have a fixed interest rate for the whole term of the deposit. Therefore, Elering is not exposed to cash flow interest rate risk from financial assets.

Elering did not have other financial instruments exposed to risk of change in interest rate.

Liquidity risk. Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Elering is exposed to daily calls on its available cash resources. Elering's objective is to obtain a stable funding base primarily consisting of amounts due to banks and bonds. Liquidity risk is managed by the Finance Department of Elering by monitoring the liquidity position and regular liquidity stress testing under a variety of scenarios covering both normal and more severe market conditions.

The table below shows liabilities on 31.12.2024 and 31.12.2023 by their remaining contractual maturity. The amounts disclosed in the maturity table are contractual undiscounted cash flows. The cash flows for borrowings subsequent periods are calculated on the basis of loan interest rates effective at balance sheet date.

The maturity analysis of financial liabilities on 31.12.2024 is as follows:

<i>In thousands of euros</i>	<i>On demand and less than 1 month</i>	<i>From 1 to 12 months</i>	<i>From 12 months to 5 years</i>	<i>Over 5 years</i>	<i>Total</i>
Liabilities					
Trade and other payables (Note 13)	68,219	21,308	0	0	89,527
Borrowings (Note 12)*	1,246	12,085	46,130	16,810	76,271
Total future payments	69,465	33,393	46,130	16,810	165,798

*Including interest

The maturity analysis of financial liabilities on 31.12.2023 is as follows:

<i>In thousands of euros</i>	<i>On demand and less than 1 month</i>	<i>From 1 to 12 months</i>	<i>From 12 months to 5 years</i>	<i>Over 5 years</i>	<i>Total</i>
Liabilities					
Trade and other payables (Note 13)	60,199	28,399	0	0	88,598
Borrowings (Note 12)*	0	13,861	43,893	34,357	92,111
Total future payments	60,199	42,260	43,893	34,357	180,709

*Including interest

Elering holds its cash in bank deposits. As of 31.12.2024, Elering had cash and cash equivalents amounting to EUR 94,330 thousand and short-term deposits amounting to EUR 40,000 thousand (as at 31.12.2023 cash and cash equivalents amounted to EUR 65,553 thousand and short-term deposits EUR 110,000 thousand). See further information in Note 7.

Capital management

Elering's main goal in capital risk management is to ensure Elering's sustainability of operations in order to generate return for its shareholder and provide a sense of security to creditors and thereby, preserve an optimal capital structure and lower the cost of capital. In order to preserve or improve the capital structure, Elering can regulate the dividends payable to the shareholders, buy back shares from shareholders, issue new shares or bonds and take new loans.

According to the widespread industry practice, Elering uses the equity to asset ratio for monitoring Elering's capital structure, arrived at by dividing total equity by total assets as of the balance sheet date. Elering's target has been to preserve the ratio of equity to assets at 20 - 45%.

The equity to asset ratio is presented in the table below:

<i>In thousands of euros</i>	<i>Notes</i>	<i>31.12.2024</i>	<i>31.12.2023</i>
Equity	15	409,698	414,039
Total assets		1,619,222	1,467,766
Equity to asset ratio		25,3%	28,2%

Fair value of financial instruments

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best expressed by an active quoted market price.

The following is an analysis of financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: inputs for the asset or liability that are not based on observable market data.

Estimated fair values of financial instruments have been determined by Elering using available market information, where it exists, and appropriate valuation methodologies. The additional estimations are used for interpreting market data to determine the fair value.

Financial assets carried at amortised cost. Carrying amounts of trade and other financial receivables approximate their fair values (level 3).

Liabilities carried at amortised cost. Carrying amounts of trade and other payables approximate their fair values (level 3).

The estimated fair value of long-term borrowings (level 3) with a floating interest rate is determined using valuation techniques, based on expected cash flows discounted at market interest rates for instruments with similar credit risk (2024: 3.568% ja 2023: 4.661%) and remaining maturity.

The fair value analysis of borrowings on 31.12.2024 is as follows:

<i>In thousands of euros</i>	<i>Fair value</i>	<i>Carrying amount</i>
Bank loans	57,964	66,195

The fair value analysis of borrowings on 31.12.2023 is as follows:

<i>In thousands of euros</i>	<i>Fair value</i>	<i>Carrying amount</i>
Bank loans	63,902	76,744

Note 6. Segment reporting

The Management Board is the chief operating decision maker. Elering has determined main products and services that generate external revenues and profit and has built up a methodology of allocation of revenues and expenses, and assets to the products.

For the purposes of monitoring the Elering's performance and making management decisions, the Management Board uses product-based segment reporting.

Elering has distinguished three reportable segments of its business representing its main products and services; a number of minor products and services are presented together as "Other income and expenses":

1. Regulated electricity network services that consist in the transmission of electricity through the electricity transmission networks based on tariffs approved by the regulator, i.e. the Estonian Competition Authority and the revenue from the Inter TSO Compensation Mechanism (ITC);
2. Regulated gas network services that consist in the transmission of gas through the gas transmission networks based on tariffs approved by the regulator, i.e. the Estonian Competition Authority and the revenue from the Inter TSO Compensation Mechanism (ITC);
3. Balancing services (while there is a separate reporting for electricity and gas balancing services, the two have been aggregated into one reportable segment as they have common business processes and similar characteristics, clients and regulatory environment);
4. Other income and expenses.

Other segments include minor products and services (e.g. connection fees, government grant, congestion fees, lease income, etc.) which individual share of Elering's revenue and EBITDA is immaterial and which is not taken into account by the Estonian Competition Authority for calculating network tariffs and determining principles of charging for balancing services. None of these products and services meet the quantitative thresholds that would require reporting separate information.

The internal reporting provided to the Management Board has been prepared using the accounting policies and presentation consistent with those used in preparation of the financial statements.

All revenues and expenses that can be directly allocated to a specific segment are reported under the respective segment. Costs that are not directly attributable to a single segment are allocated on a pro rata basis. The drivers are either the proportion of the segment's sales revenue or the proportion of working time directly related to the segment. Net financial income / expenses are allocated to all segments according to the proportion of long-term and short-term interest-bearing debt in the statement of financial position at the end of the previous period. The income taxes are allocated to regulated electricity segment only, as dividends are paid out from this activity.

All significant balance sheet accounts that can be allocated directly between segments are reported under the respective segment. Balance sheet items not allocated using the direct method are allocated to segments by

balance sheet item using different drivers: either the proportion of the segment's fixed assets or the proportion of working time of employees directly related to the segment.

The Management Board assesses the performance of the operating segments based on revenue, EBITDA (net profit plus income taxes, net finance cost, and depreciation and amortization) and net profit. EBITDA is not a defined performance measure under IFRS. The Elering's definition of EBITDA may not be comparable with similarly titled performance measures and disclosures by other entities.

Elering is domiciled in Estonia and its non-current assets are also located in Estonia. In the reporting period, Elering had one counterparty with an aggregated revenue more than 10% of Elering's revenue. The largest customer's revenue is attributable to the electricity transmission segment, and it amounts to EUR 76,539 thousand in the reporting period (2023: 79,718 thousand).

Revenue division by geographical location of customers is disclosed below.

Segment reporting, 1.01.2024–31.12 2024

<i>In thousands of euros</i>	<i>Regulated electricity network services</i>	<i>Regulated gas network services</i>	<i>Balancing Services</i>	<i>Other</i>	<i>Total</i>
Revenue from external customers	92,842	30,836	79,778	10,826	214,282
Total revenue	92,842	30,836	79,778	10,826	214,282
Other operating income	323	0	0	11,283	11,606
Total income	93,165	30,836	79,778	22,109	225,888
Goods, raw materials and services	-42,852	-5,950	-75,455	-3,787	-128,044
Other operating expenses and staff costs	-14,762	-7,049	-3,025	-2,241	-27,078
EBITDA	35,551	17,837	1,298	16,081	70,766
Depreciation and amortization (Note 10, 11)	-32,262	-7,309	-371	-13,170	-53,112
Net financial income (costs) (Note 21)	1,574	536	21	191	2,322
Income tax (Note 15)	-4,317	0	0	0	-4,317

Net profit	546	11,064	948	3,102	15,659
Total assets	592,716	173,592	26,260	826,654	1,619,222
Total liabilities	305,391	97,829	24,176	782,128	1,209,524
Additions to property, plant and equipment (Note 10)	30,265	24,241	0	170,094	224,600
Additions to intangible assets (Note 11)	3,824	1,079	175	4,029	9,107

Segment reporting, 1.01.2023–31.12 2023

<i>In thousands of euros</i>	<i>Regulated electricity network services</i>	<i>Regulated gas network services</i>	<i>Balancing services</i>	<i>Other</i>	<i>Total</i>
Revenue from external customers	125,644	17,106	84,707	17,291	244,748
Revenue between segments	-23	42	-20	0	0
Total revenue	125,622	17,148	8,687	17,291	244,748
Other operating income	279	0	0	9,774	10,053
Total income	125,901	17,148	84,687	27,065	254,801
Goods, raw materials and services	-52,476	-6,937	-82,698	-7,796	-149,907
Other operating expenses and staff costs	-12,876	-5,671	-2,338	-2,216	-23,101
EBITDA	60,549	4,540	-349	17,053	81,793
Depreciation and amortization (Note 10, 11)	-34,061	-8,259	-200	-10,925	-53,445
Net financial income (costs) (Note 21)	1,483	259	33	254	2,029
Income tax (Note 15)	-2,340	0	0	0	-2,340

Net profit	25,631	-3,460	-516	6,382	28,037
Total assets	589,482	158,044	19,382	700,858	1,467,766
Total liabilities	283,701	91,083	20,335	659,608	1,053,727
Additions to property, plant and equipment (Note 10)	26,539	12,453	137	135,823	174,952
Additions to intangible assets (Note 11)	3,101	714	623	3,675	8,112

Revenue by geographical location of customers, 1.01.2024–31.12.2024

<i>In thousands of euros</i>	<i>Regulated electricity network services</i>	<i>Regulated gas network services</i>	<i>Balancing services</i>	<i>Other</i>	<i>Total</i>
Estonia	89,312	27,657	46,171	5,251	168,391
Latvia	0	1,441	10,202	0	11,643
Finland	0	1,738	3,500	5,512	10,750
Lithuania	0	0	18,675	2	18,677
Other	3,530	0	1,230	61	4,821
Total revenue	92,842	30,836	79,778	10,826	214,282

Revenue by geographical location of customers, 1.01.2023–31.12.2023

<i>In thousands of euros</i>	<i>Regulated electricity network services</i>	<i>Regulated gas network services</i>	<i>Balancing services</i>	<i>Other</i>	<i>Total</i>
Estonia	99,952	14,675	48,486	5,214	168,327
Latvia	107	0	11,005	0	11,112
Finland	8	2,430	1,642	11,766	15,846
Lithuania	0	0	23,573	183	23,756
Other	25,578	0	1	128	25,707
Total revenue	125,645	17,105	84,707	17,292	244,748

Note 7. Bank accounts and deposits

<i>In thousands of euros</i>	<i>Notes</i>	<i>31.12.2024</i>	<i>31.12.2023</i>
Cash and cash equivalents	5	94,330	65,533
Short-term deposits*	5	40,000	110,000

* As of 31.12.2024, the following short-term deposit agreements have been signed

As of 31.12.2022, six agreements in the amount of 35,000 thousand euros were concluded with Coop Pank AS. The terms of the agreements were January - May 2023 and the interest rates were 0.25%-2%. One agreement in the amount of 15,000 thousand euros was concluded with Luminor Bank AS. The term of the agreement was 01.01.2023 and the interest rate was 0.00%. All agreements are in euros.

Bank	In thousands of euros	Interest	Due date
Coop Pank AS	20,000	3,46%	April 2025
Coop Pank AS	20,000	3,46%	May 2025

Bank accounts and deposits:

<i>In thousands of euros</i>	<i>31.12.2024</i>	<i>31.12.2023</i>
Bank accounts and deposits at banks:		
With Moody's credit rating of A2	10,272	966
with Moody's credit rating of Aa2*	9,228	6,335
with Moody's credit rating of Aa3*	58,025	25,676
with Moody's credit rating of A3	15,972	32,124
with Moody's credit rating of Baa1	833	432
Total bank accounts and deposits at banks	94,330	65,533

*The two unrated banks in which Elering deposited its funds are Estonian-registered subsidiaries of international banks rated Aa2 and Aa3 by Moody's.

Note 8. Trade and other receivables

In thousands of euros

31.12.2024

31.12.2023

Trade receivables

Accounts receivable	63,412	45,408
▪ Incl. FTR receivables	10,472	0
▪ Incl. provision for doubtful receivables	-26	-116
Other receivables	1,261	4,855
▪ Incl. Accrued ITC receivables	1,003	3,638
▪ Incl. security deposit	9	9
▪ Incl. interest receivables	249	1,075
Total financial assets within trade and other receivables in the statement of financial position (Note 5)	64,673	50,263
Tax receivables	277	549
Prepayments	835	978
Total trade and other receivables	65,785	51,790

Analysis by credit quality of trade receivables is as follows:

<i>In thousands of euros</i>	31.12.2024	31.12.2023
Accounts receivable not yet due		
· Distribution networks	22,319	22,141
· Other clients	40,047	22,957
Total accounts receivable not yet due	62,366	45,098
Accounts receivable past due but not classified as doubtful		
· 1 to 90 days overdue (distribution networks)	0	0
· 1 to 90 days overdue (other clients)	1,046	310
Total accounts receivable past due but not classified as doubtful	1,046	310
Total accounts receivable past due	1,072	426
Provision for doubtful accounts receivable	-26	-116
Total trade receivables	63,412	45,408

Under the accounting policies of Elering, receivables 90 days past due are usually written down in full. The total amount of allowance for receivables 90 days past due is adjusted using prior experience of how many of the receivables classified as doubtful are collected in a later period and how many of the receivables not more than 90 days past due are not collected in a later period. Also, other individual and extraordinary impacts like the global economic recession are taken into account during evaluation.

During the financial year, the reserve for doubtful receivables was reduced by EUR 92 thousand and impairment losses on receivables were made in the amount of EUR 2 thousand (2023: EUR 116 thousand). Receivables from related parties are disclosed in Note 23.

Note 9. Inventories

<i>In thousands of euros</i>	<i>31.12.2024</i>	<i>31.12.2023</i>
Fuel oil	9,265	9,326
Natural gas reserves	579	213
Gas in natural gas storage	10,708	10,708
Total inventories	20,537	20,247

Elering maintains fuel reserves for the purposes of emergency reserve power plants, natural gas reserves and natural gas balance for providing gas-related transmission and balancing services, respectively. Elering stores gas in Inčukalns natural gas storage to ensure gas supply security.

Note 10. Property, plant and equipment

In thousands of euros

	Land	Right of use of land	Buildings	Facilities	Machinery and equipment	Other	Construction in progress	Total
Property, plant and equipment as at 1.01.2023								
Cost as at 01.01.2023	6,570	7,404	72,291	708,200	639,352	552	113,419	1,547,788
Accumulated depreciation	0	-462	-16,048	-217,269	-245,134	-490	0	-479,403
Carrying amount as at 01.01.2023	6,570	6,942	56,243	490,931	394,218	62	113,419	1,068,385
Prepayments	0	0	0	0	628	0	0	628
Total property, plant and equipment as at 01.01.2023	6,570	6,942	56,243	490,931	394,846	62	113,419	1,069,013
Movements 1.01.2023-31.12.2023								
Additions	650	236	0	0	0	0	174,065	174,951
Reclassified from construction in progress	0	0	6,362	48,506	67,556	53	-123,054	-577
An asset taken into account when reclassifying an operating lease	0	0	0	0	-24	0	0	-24
Reclassification between groups at carrying amount	0	0	0	-883	883	0	0	0
Capitalized borrowing costs (Note 21)	0	0	0	0	0	0	551	551
Disposals and write-offs at carrying amount	0	0	-15	0	-69	0	0	-84
Prepayments	0	0	0	0	1,104	0	0	1,104
Depreciation charge	0	-75	-3,008	-20,191	-24,988	-38	0	-48,300
Total movements 1.01.2023-31.12.2023	650	161	3,339	27,432	44,462	15	51,562	127,621

Property, plant and equipment as at 31.12.2023								
Cost as at 31.12.2023	7,220	7,641	78,521	750,000	704,120	546	164,981	1,713,029
Accumulated depreciation	0	-538	-18,939	-231,637	-266,544	-469	0	-518,127
Carrying amount as at 31.12.2023	7,220	7,103	59,582	518,363	437,576	77	164,981	1,194,902
Prepayments	0	0	0	0	1732	0	0	1,732
Total property, plant and equipment as 31.12.2023	7,220	7,103	59,582	518,363	439,308	77	164,981	1,196,634
Movements 1.01.2024-31.12.2024								
Additions	36	0	0	0	0	0	222,508	222,544
Reclassified from construction in progress	0	183	11,302	71,302	60,098	149	-143,034	0
Capitalized borrowing costs (Note 21)	0	0	0	0	0	0	1,456	1,456
Disposals and write-offs at carrying amount	0	0	0	0	-3	0	0	-3
Prepayments	0	0	0	0	600	0	0	600
Depreciation charge	0	-79	-3,340	-20,475	-25,563	-31	0	-49,488
Total movements 1.01.2024-31.12.2024	36	104	7,962	50,827	35,132	118	80,930	175,109
Cost as at 31.12.2024	7,256	7,823	89,799	803,715	760,937	695	245,911	1,916,136
Accumulated depreciation	0	-616	-22,255	-234,525	-288,828	-500	0	-546,724
Carrying amount as at 31.12.2024	7,256	7,207	67,544	569,190	472,109	195	245,911	1,369,412
Prepayments	0	0	0	0	2 331	0	0	2 331
Total property, plant and equipment as at 31.12.2024	7,256	7,207	67,544	569,190	474,440	195	245,911	1,371,743

Construction in progress mainly consists of equipment, substations, electricity transmission lines and gas pipelines. Upon completion, cost of these assets is recognized as cost of buildings, machinery and equipment and facilities.

Additions to construction in progress during the financial year include capitalized borrowing costs of EUR 1,456 thousand (2023: EUR 551 thousand). The capitalisation rate was 4.29% (2023: 3.87 %).

Further information on operating lease of property, plant and equipment is disclosed in Note 22.

Note 11. Intangible assets

In thousands of euros

	Acquired software and licenses	Total
Intangible assets as at 1.01.2023		
Cost as at 1.01.2023	25,414	25,414
Accumulated amortisation	-13,583	-13,583
Carrying amount 1.01.2023	11,831	11,831
Intangible assets not yet available for use	5,081	5,081
Total intangible assets as at 1.01.2023	16,912	16,912
Movements 1.01.2023-31.12.2023		
Additions	8,112	8,112
Amortisation charge	-5,145	-5,145
Total movements 1.01.2023-31.12.2023	2,967	2,967
Intangible assets as at 31.12.2023		
Cost as at 31.12.2023	27,014	27,014
Accumulated amortisation	-14,525	-14,525
Carrying amount as at 31.12.2023	12,489	12,489
Intangible assets not yet available for use	7,390	7,390
Total intangible assets as at 31.12.2023	19,879	19,879
Movements 1.01.2024-31.12.2024		
Additions	9,107	9,107
Amortisation charge	-3,624	-3,624
Total movements 1.01.2024-31.12.2024	5,483	5,483
Intangible assets as at 31.12.2024		
Cost as at 31.12.2024	34,810	34,810
Accumulated amortisation	-18,107	-18,107
Carrying amount as at 31.12.2024	16,703	16,703
Intangible assets not yet available for use	8,659	8,659
Total intangible assets as at 31.12.2024	25,362	25,362

Note 12. Borrowings

In thousands of euros

31.12.2024 31.12.2023

Short-term borrowings

Current portion of long-term bank loans	10,558	10,558
Accrued interests	566	757
Lease liabilities	0	7
Total short-term borrowings	11,124	11,323

Long-term borrowings

Long-term bank loan	55,637	66,186
Total long-term borrowings	55,637	66,186

Borrowings are denominated in the following currencies:

Borrowings denominated in EUR	66,761	77,509
Total borrowings (Note 5)	66,761	77,509

Reconciliation of borrowings

<i>Balance</i>	<i>Short-term borrowings</i>				<i>Long-term borrowings</i>		<i>Total borrowings</i>
	<i>Bank loans</i>	<i>Accrued interests</i>	<i>Lease liabilities</i>	<i>Bonds issued</i>	<i>Bank loans</i>	<i>Lease liabilities</i>	
Balance as at 01.01.2023	10,558	1,705	66	224,936	76,733	26	314,024
Repayment of borrowings	-10,558	0	-85	-225,000	0	0	-235,643
Transfers	10,558	0	26	0	-10,558	-26	0
Non-cash movements	0	0	0	64	11	0	75
Accrued interests	0	3,623	0	0	0	0	3,623
Paid interests	0	-4,570	0	0	0	0	-4,570
Balance as at 31.12.2023	10,558	758	7	0	66,186	0	77,509
Repayment of borrowings	-10,558	0	-7	0	0	0	-10,565

Transfers	10,558	0	0	0	-10,558	0	0
Accrued interests	0	0	0	0	9	0	9
Non-monetary movements	0	3,394	0	0	0	0	3,394
Paid interests	0	-3,586	0	0	0	0	-3,586
Balance as at 31.12.2024	10,558	566	0	0	55,637	0	66,761

The average effective interest rate on borrowings was 4.40% in 2024 (2023: 3.07%).

Elering has used the following types of facilities for financing purposes:

1. Loans from the European Investment Bank

Elering has two loans with outstanding balance of EUR 56,565 thousand (2023: EUR 63,769 thousand). The maturity dates of the loans are 2030 and 2033, the interest rate is floating which is the sum of 6-month Euribor and the margin. In the reporting period Elering repaid loans in the amount of EUR 7,209 thousand (2023: EUR 7,209 thousand).

2. Loans from the Nordic Investment Bank

Elering has two loans with outstanding balance of EUR 9,630 thousand (2023: EUR 12,975 thousand). The maturity dates of the loans are 2025 and 2032. The interest rate consists of 3 and 6-month Euribor and the margin. In the reporting period Elering repaid loans in the amount of EUR 3,349 thousand (2023: EUR 3,349 thousand).

3. Overdraft agreements

Elering has entered into three overdraft agreements in the total amount of EUR 100 million, with an interest margin of 1-month EURIBOR plus a margin of 0.92-1.07%. Overdraft agreements have been concluded until April 2026. The loans have not been withdrawn at 31.12.2024 and 31.12.2023.

The loan agreements entered into by Elering set limits on Elering's financial indicators (equity to total assets and net debt / EBITDA). The limits have not been exceeded.

Note 13. Trade and other payables

In thousands of euros

	31.12.2024	31.12.2023
Trade payables	52,894	36,283
including debts for FTR transactions	11,520	3,091
Payables for purchased property, plant and equipment and intangible assets	15,325	23,916
Subsidies due to electricity producers	18,771	20,439
Other payables	2,537	7,960
Total financial liabilities within trade and other payables in the statement of financial position (Note 5)	89,527	88,598
Taxes payable:		
VAT	1,172	335
Social security tax	808	672
Personal income tax	475	389
Unemployment insurance tax	53	45
Contributions to mandatory funded pension	46	30
Corporate and fringe benefit income tax	16	8
Excise duty	314	81
Pollution tax	1	0
Total taxes payable	2,885	1,560
Accrued expenses - employee benefits:		
Wages and salaries	897	783
Bonuses	1,564	1,589
Holiday pay	448	393
Social security and unemployment insurance tax	680	671
Total accrued expenses - employee benefits	3,589	3,436
Other payables	7,615	18
<i>incl. insurance compensation</i>	<i>7,500</i>	0
Total trade and other payables	103,616	93,613

Collected advance payments to electricity producers

In thousands of euros

31.12.2024

31.12.2023

Advance payments collected to electricity producers at the beginning of the period

20,439

6,189

Renewable energy charges

82,171

91,141

Renewable energy subsidies and administrative fees

-83,839

-76,891

Collected advance payments to electricity producers at the end of the period

18,771

20,439

Further information on payables to related parties is disclosed in Note 23.

Note 14. Contract liability and deferred income

Contract liability from connection and other service fees

<i>In thousands of euros</i>	2024	2023
Contract liability from connection and other service fees at the beginning of the period	133,183	72,355
Connection and other service fees received	4,588	63,075
Connection and other service fees recognised as revenue (Note 16)	-2,407	-2,247
Contract liability from connection and other service fees at the end of the period	135,364	133,183

Government grants

<i>In thousands of euros</i>	2024	2023
Deferred income from government grants at the beginning of the period	292,922	261,627
Grants received for acquisition of property, plant and equipment	83,026	38,644
Reclassification of received grants to cover operating costs	0	-390
Amortisation of grants in other income (Note 17)	-8,399	-6,959
Deferred income from government grants at the end of the period	367,549	292,922

Congestion fees

<i>In thousands of euros</i>	2024	2023
Deferred congestion fees at the beginning of the period	454,795	341,279
Congestion fees calculated on an accrual basis*	98,559	127,869
Congestion fees recognized for the construction of new transmission capacities (Note 17)	-2,680	-1,873
Use of congestion fees to cover losses	-4,389	-7,566
Use of congestion fees to cover operating costs	-11,302	-4,914
Deferred congestion income at the end of the period	534,983	454,795
<i>Incl. unallocated congestion fees</i>	<i>336,704</i>	<i>338,951</i>
Total deferred income	902,532	747,717
Total contract liability from connection and other service fees and deferred income	1,037,896	880,900

* In the cash flows of investing activities, the congestion fees are recorded in the gross amount of fees received, from which the use of the congestion fees to cover losses and operating expenses, which are recorded in the net method of operating cash flows, has been deducted.

Note 15. Equity

Elering's share capital consists of 229,890 shares with the nominal value of EUR 1,000 (31.12.2023: 229,890 shares with the nominal value of EUR 1,000). The shares have been paid for in full. See also Note 5 and 6.

During the reporting year, the sole shareholder has not made a decision to increase the share capital.

In 2024 dividends totaling EUR 20 million were paid out and dividends per share totaled EUR 87.0 and the payment of dividends resulted in an income tax expense of EUR 4.32 million (in 2023 dividends totaling EUR 13.5 million were paid out and dividends per share totaled EUR 58.72 and the payment of dividends resulted in an income expense of EUR 2.34 million).

As of 31.12.2024, Elering's statutory reserve capital totalled EUR 20,123 thousand (31.12.2023: EUR 18,721 thousand). As at 31.12.2024, Elering has the obligation to additionally transfer EUR 783 thousand (31.12.2023: EUR 1,402 thousand). In 2024, Elering additionally transferred to statutory reserve capital EUR 1 402 thousand (2023: EUR 871 thousand).

The distributable retained earnings of Elering as of 31.12.2024 amounted to EUR 158,902 thousand (31.12.2023: EUR 164,026 thousand). From 2019 to the end of 2024, tax rate of 14/86 could be applied to dividend payments. The more beneficial tax rate could be used for dividend payments in the amount of up to the average dividend payment during the three preceding years that were taxed with the tax rate of 20/80. When calculating the average dividend payment of three preceding years, 2018 will be the first year to be taken into account (tax rate in 2018: 20/80). In 2025, the preferential dividend rate will not apply and all dividends paid in 2025 will be taxed at a rate of 22/78. As of 31.12.2024, it would be possible to distribute EUR 123,944 thousand as net dividends (31.12.2023: EUR 130,201 thousand) and the corresponding income tax would amount to EUR 34,958 thousand (31.12.2023: EUR 33,825 thousand), taking into account the obligation to transfer part of the retained earnings to the statutory reserve capital.

Note 16. Revenue

Analysis of revenue by activity

In thousands of euros

2024

2023

Sales of balancing and regulation services

Balancing electricity	67,687	73,200
Balancing gas	7,886	9,484
Regulation services	5,629	8,366
Total sales of balancing electricity and regulation services	81,202	91,050

Sales of electricity and gas network services

Electricity network services	85,330	92,339
Gas network services	28,077	14,395
Other electricity network services	7,919	33,258
Other gas network services	2,759	2,753
Total sales of network services	124,085	142,745

Sales of other goods and services

Revenue from connection fees (Note 14)	2,658	2,247
Lease of transmission equipment (Note 22)	945	943
Other services	5,337	7,728
Other goods	55	35
Total sales of other goods and services	8,995	10,953
Total revenue	214,282	244,748

Note 17. Other income

<i>In thousands of euros</i>	2024	2023
Government grants related to acquisition of property, plant and equipment (Note 14)	8,354	6,959
Amortization of congestion fees (Note 14)	2,680	1,873
Profit from sale of property, plant and equipment	28	51
Fines, penalties and compensations received	123	447
Grants for operating expenses	6	399
Other income	415	324
Total	11,606	10,053

Note 18. Goods, raw materials and services

In thousands of euros

2024

2023

Electricity and gas purchased to provide the balancing service

Purchase of balancing energy	56,326	66,356
Purchase of balancing gas	7,215	8,831
Purchase of power regulation service	11,899	7,689
Expenses of emergency reserve power plant to provide balancing services	0	-211
Total electricity purchased to provide the balancing service	75,440	82,665

System services

Reactive energy	249	165
Operating expenses of emergency reserve power plant	215	931
Total system services expenses	464	1,096

Losses in electricity and gas network

Electricity network losses	2,089	34,410
Gas network losses	1,933	2,356
Total electricity and gas to compensate for network losses	28,022	36,766

Maintenance and repair works

On facilities and equipment related to core activities	10,852	11,678
On production buildings and sites	960	999
Disassembly works and waste processing	163	613
Other maintenance and repair costs	871	597
Total maintenance and repair works	12,846	13,887

Other costs

Other costs	10,723	14,948
Operative switching and dispatching management expenses	549	545
Total other costs	11,272	15,493
Total goods, raw materials and services	128,044	149,907

Note 19. Other operating expenses

<i>In thousands of euros</i>	2024	2023
Information technology	2,733	1,886
Training and other miscellaneous operating expenses	815	1,604
Research and consulting	2,353	1,186
Telecommunication	1,158	1,004
Security, insurance and occupational safety	1,497	981
Office expenses	755	588
Research and development costs (R&D)	560	463
Transportation and tools	115	80
Other expenses	160	259
Total other operating expenses	10,146	8,051

Elering's statement of comprehensive income includes expense relating to short-term leases and leases of low-value assets in the amount of EUR 326 thousand (2023: EUR 277 thousand).

Note 20. Staff costs

<i>In thousands of euros</i>	2024	2023
Base salaries, additional remuneration, bonuses, vacation pay	12,195	10,808
Termination benefits	0	22
Other remuneration	445	401
Total remuneration to employees	12,640	11,231
Social security tax	4,201	3,737
Unemployment insurance tax	91	82
Total staff costs	16,932	15,050
Incl. compensations to the members of the Management and Supervisory Board		
Salaries, additional remuneration bonuses, vacation pay	613	590
Social security tax	232	221
Fringe benefits	73	63
Income tax on fringe benefits	18	16
Total compensations to the members of the Management and Supervisory Boards	936	890
Average number of employees	309	287
Average number of employees by type:		
Persons working under an employment contract	307	284
Persons providing services under law of obligations act	2	3
Members of the Management and Supervisory Boards	4	6
The average monthly pay of all employees including benefits	3,878	3,809

Three members of the Management Board receive compensation for premature termination of their employment contracts, such compensation amounts to the three months' salary.

Note 21. Financial income and costs

In thousands of euros

2024

2023

Financial income

Interest income	4,495	5,423
Profit by equity method	26	20
Foreign exchange gains	43	1
Total financial income	4,564	5,444

Financial costs

Interest expenses	-3,394	-3,916
Foreign exchange losses	-302	-33
Other financial costs	-2	-17
Total financial costs	-3,698	-3,966

Less: capitalized borrowings costs (Note 10)	1,456	551
--	-------	-----

Total financial costs recognized in the statement of comprehensive income	-2,242	-3,415
--	---------------	---------------

Net financial income (costs) (Note 6)	2,322	2,029
--	--------------	--------------

Note 22. Operating lease

Elering as a lessor

Operating lease revenue

<i>In thousands of euros</i>	2024	2023
Buildings	258	207
Facilities	943	943
Other lease	2	2
Total operating lease revenue	1,203	1,152

Facilities. Elering has a lease agreement under which it leases out the free fibers of the fiber optic cable attached to the line masts. This cable also serves as a lightning protection cable for the lines and Elering uses the fibers for its own technical communications. The free fibers have been leased to Tele2 Eesti AS. The lease agreement contains a restriction according to which Elering may not provide its transmission equipment for use to other companies operating in the telecommunications sector. The agreement is valid until 31.12.2034.

Information about assets (facilities) leased out under operating leases

<i>In thousands of euros</i>	31.12.2024	31.12.2023
Acquisition cost	7,020	4,914
Accumulated depreciation at the end of period	-6,051	-996
Carrying amount	969	3,918

Depreciation charge

<i>In thousands of euros</i>	2024	2023
Depreciation charge	1,243	647

Estimated future lease payments under operating leases

<i>In thousands of euros</i>	31.12.2024	31.12.2023
Less than 1 year	1,137	1,019
From 1 year to 5 years	6,017	255
Over 5 years	5,269	0
Total future lease payments	12,423	1,274

Note 23. Balances and transactions with related parties

Parties are generally considered to be related if the parties are under common control or if one party has the ability to control the other party or can exercise significant influence or joint control over the other party in making financial and operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

In preparing financial statements of Elering, the following parties have been considered as related parties:

- (i) Republic of Estonia and the entities under its control or significant influence;
- (ii) Management and Supervisory Boards of Elering;
- (iii) Close family members of the persons described above and the entities under their control or significant influence.

The outstanding balances with related parties were as follows:

<i>In thousands of euros</i>	<i>31.12.2024</i>	<i>31.12.2023</i>
Trade receivables		
Companies controlled or significantly influenced by the State	22,148	23,867
Total trade receivables	22,148	23,867
incl. from network operators	18,457	20,814
Trade payables and other liabilities		
Companies controlled or significantly influenced by the State	4,875	3,500
Total trade payables and other liabilities	4,875	3,500

Income and expense items with related parties were as follows:

<i>In thousands of euros</i>	<i>Related party</i>	<i>2024</i>	<i>2023</i>
Revenue from sale of goods	Companies controlled or significantly influenced by the State	16,192	21,294
Revenue from sale of services	Companies controlled or significantly influenced by the State	87,073	85,704
Total revenue from sales of goods and services		103,265	106,998
Purchase of goods	Companies controlled or significantly influenced by the State	11,767	7,819
Purchase of services	Companies controlled or significantly influenced by the State	10,817	11,797
Fees and charges	Companies controlled or significantly influenced by the State	118	164
Total purchases of goods and services		22,702	19,779
Investments non-current assets	Companies controlled or significantly influenced by the State	1,688	665
Renewable energy subsidies	Companies controlled or significantly influenced by the State	21,949	21,318
Renewable energy charges	Companies controlled or significantly influenced by the State	69,961	78,002

- Revenue from sale of goods is incurred by the sale of imbalance energy and imbalance gas.
- Revenue from sale of services is incurred mainly from sale of electricity and gas network services.
- The purchase of goods results from the purchase of imbalance energy and gas.
- The purchase of services results from regulation, operative switching, dispatching management and maintenance and repair services.

There were no transactions with companies in which the members of the Supervisory Board and the Management Board or their close relatives have significant influence in the reporting period.

Key management personnel compensations are disclosed in Note 20.

No receivables from related parties were written off in 2024 and 2023.

The potential payroll liability would be EUR 131 thousand excluding social security contributions (31.12.2023: EUR 124 thousand) if the Supervisory Board were to replace all Management Board members.

Note 24. Contingent liabilities and commitments

Capital expenditure commitments. The network operator must develop the network within its service area in a way that ensures the continued provision of network services in accordance with the set requirements. As at 31.12.2024, Elering has contractual capital expenditure commitments in respect of property, plant and equipment totalling EUR 199,867 thousand (31.12.2023: EUR 259,711 thousand).

Tax legislation. The tax authorities have the right to verify Elering's tax records up to 5 years from the time of submitting the tax declaration and upon finding errors, impose additional taxes, interest and fines. Elering's management estimates that there are not any circumstances which may lead the tax authorities to impose additional significant taxes on Elering.

Contingent liabilities from pending litigations. A lawsuit in the amount of EUR 2.9 million has been filed against the Company. The dispute concerns negotiations that were held in connection with the construction of a gas pipeline. The Company does not consider the claims justified, as the parties never signed a contract for the implementation of the mentioned construction works. The plaintiff was not successful in the public procurement process, and the contract for construction works was concluded with the contractor who was recognized as successful in the public procurement process. Elering has acted in accordance with the Public Procurement Act.

BAB INTER RAO LIETUVA has filed a claim in the arbitration proceedings against LITGRID AB, AS "Augstsprieguma tīkls" and Elering based on the balance energy purchase-sale agreement. Until 31.12.2022, INTER RAO provided balance energy purchase and sale services to the Baltic system operators in connection with the participation of the Baltic system operators in the BRELL system. In 2022, the Baltic system operators ceased payments to INTER RAO due to sanctions. INTER RAO therefore claims a total of 12.5 million euros from the system operators for the mediated electricity for the period until 31.12.2022. The corresponding claim is reflected in the balance sheet as a debt to suppliers. Payments were suspended due to Russia's aggression against Ukraine and the related sanctions. Additionally, INTER RAO claims over 38 million euros in compensation for the period after the end of the purchase-sale agreement. Penalty charge is added to the main claims. The defendants have filed objections to the jurisdiction of the arbitration court. If the arbitration court nevertheless finds it possible to make a substantive decision in the matter, either regarding the claim of 12.5 million and penalty charge or also the claim of 38 million and penalty charge, then the dispute will have a direct financial impact on Elering and the Baltic system operators to the extent that a decision is made in favour of the claimant and which exceeds the already recognized liability of 12.5 million euros. Elering is jointly and severally liable with the co-defendants Baltic system operators for any compensation awarded by the arbitration award. Since the remaining claim is non-contractual (Elering together with other TSOs has terminated the contract), Elering considers this claim to be unfounded. It was clear to the parties that the Baltic TSOs do not wish to continue with the service.

The claim is divided between the Baltic system operators as follows: LITGRID 42%, Elering 32% and AST 26%.

Post-balance sheet events. On 25 December 2024, the Estonian-Finnish direct current interconnection Est-Link 2 was shut down due to an emergency. The cause of the failure is physical damage, the location of which was identified at the bottom of the Gulf of Finland. Since the damage occurred in Finnish waters, the Finnish system operator Fingrid is responsible for the repair work.

On 26 December 2024, Fingrid updated the market notice (Nord Pool – UMM Platform), which stated that based on past experience, the repair work may last until 1 August 2025. If the deadline for eliminating the failure changes, the market notice will also be updated.

We will do everything possible to restore EstLink 2 as soon as possible, as this connection is of critical importance not only for the Estonian and Finnish price areas, but also for the security of supply of the entire Baltic and Nordic electricity system.

The Baltic countries have sufficient controllable production capacities and external connections to ensure operation after synchronization with mainland Europe even without the EstLink 2 connection. It is still too early to estimate the cost of repairing Estlink 2, but since it is a cross-border connection, the corresponding costs will be covered by the congestion fee.



Independent Auditor's Report

To the Shareholder of Elering AS

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Elering AS (the "Company") as at 31 December 2024, and the Company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

What we have audited

The Company's financial statements comprise:

- the statement of financial position as at 31 December 2024;
- the statement of comprehensive income for the year then ended;
- the cash flow statement for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the 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 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.

Independence

We are independent of the Company 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.

Reporting on other information including the Management report

The Management Board is responsible for the other information. The other information comprises the chapter Statement by the Chairman of the Management Board and the Management report (From Elering's mission to strategic goals, Overview of Economic Activity and 2024 Results, "Our Elering" Employee Engagement and Motivation Plan, Corporate governance, Adherence to the principles of responsibility in Elering's activities) and "The Revenue of Elering AS According to EMTAK 2008" (but does not include the financial statements and our auditor's report thereon).

Our opinion on the financial statements does not cover the other information, including the Management report.

AS PricewaterhouseCoopers
Tatari 1, 10116 Tallinn, Estonia; License No. 6; Registry code: 10142876
T: +372 614 1800, www.pwc.ee

Translation note:

This version of our report is a translation from the original, which was prepared in Estonian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

In connection with our audit of the 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 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. Those procedures include considering whether the Management report is consistent, in all material respects, with the financial statements and is prepared in accordance with the requirements of the Accounting Act.

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 financial statements are prepared is consistent, in all material respects, with the financial statements; and
- the Management report has been prepared in accordance with the requirements of the Accounting Act.

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 financial statements

The Management Board is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management Board is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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.

Translation note:

This version of our report is a translation from the original, which was prepared in Estonian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

- 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 Company'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 Company'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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

AS PricewaterhouseCoopers

Original report is signed in Estonian language.

Lauri Past
Auditor's certificate no. 567

18 March 2025
Tallinn, Estonia

Translation note:

This version of our report is a translation from the original, which was prepared in Estonian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

Profit allocation proposal

The retained earnings of Elering AS as of 31.12.2024 were EUR 159,685 thousand.

The Management Board of Elering AS proposes to the sole shareholder to allocate the retained earnings as follow:

To pay as dividends to the shareholder	EUR 15,659 thousand
To transfer to the statutory reserve capital	EUR 783 thousand
Not to distribute the remaining retained earnings	EUR 141,313 thousand

Signatures of the Management to the 2024 Annual Report

The signing of Elering AS 2024 Annual Report on 18.03.2025.



Chairman of the Management Board
Kalle Kilk



Member of the Management Board
Riina Käi



Member of the Management Board
Erkki Sapp



Member of the Management Board
Reigo Kebja

The Revenue of Elering AS According to EMTAK 2008

The revenue of Elering AS is divided by the main areas of activities as follows:

		<i>1.1.2024 - 31.12.2024</i>	<i>1.1.2023 - 31.12.2023</i>
35131	Transmission of electricity – transmission through the transmission network	93,365	139,729
35221	Natural gas transmission	30,836	17,149
35151	Sale of electricity (balancing electricity)	73,316	75,203
35231	Sale of balancing gas	7,886	9,484
77399	Renting of machinery and equipment not elsewhere classified	946	943
47799	Retail sale of other second-hand goods	880	35
68201	Renting and operating of own or leased real estate	260	209
82991	Other business support activities not elsewhere classified	6,794	1,996

* EMTAK – classification of Estonian economic activities

elering
CONNECTING ENERGIES