Annual Report 2024

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PRINCIPAL ACTIVITY
sale of natural gas

BEGINNING OF THE FINANCIAL YEAR
1 January 2024

END OF THE FINANCIAL YEAR
31 December 2024

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Management Report

Statement of the Chairman of the Board

Success brings the ability to expand

Elenger, the largest privately owned energy company in the Baltic-Finnish region, continued its expansion last year. In 2023, we bought the Latvian natural gas distribution network company Gaso; last year, we bought natural gas distribution network and energy sales companies in Poland from the German energy group EWE.

The total volume of the two investments amounted to nearly a quarter of a billion euros and brought the distribution network managed by us to a length of more than 9,000 km. We are now operating from the Arctic Circle to Germany, and most of our income is generated and our assets are located abroad.

We want to grow from the Baltic-Finnish region to Central and Western Europe, export our operating model and experience as a gas seller and network operator to new markets, and thereby offer the best service to consumers.

Last year, the sales volumes of Elenger increased by a sixth to 18.4 TWh.

Last year, the sales volumes of Elenger increased by a sixth to 18.4 TWh. The company's gas sales market share in the Baltic-Finnish market amounted to nearly a quarter. During the year, we brought 15 gas vessels to the Inkoo LNG terminal and 3 gas vessels to the Klaipėda LNG terminal. For the first time, in addition to the underground gas storage facility in Latvia, we also stockpiled gas in Poland and Germany.

We continued to develop renewable energy – in June, we opened the Nīca solar park in Latvia, to which we are building an energy storage system. We regularly evaluate various projects and directions in the field of renewable energy that can be developed in the coming years and see potential in solar and wind energy and biomethane production.

Margus Kaasik

CHAIRMAN OF THE MANAGEMENT BOARD

At the end of the year, we aligned our outward appearance with the inside structure and introduced the trademark Elenger in Estonia, similarly to the Finnish, Polish, Latvian, Lithuanian, and German markets. The new name includes all of our expanded value proposition: electricity, energy, biogas, and LNG – the clean natural gas of Western origin that we supply to the entire region and that has made us the market leader.

The year brought several changes to the energy policies of countries, which were positive from the point of view of our core product and competence, natural gas. In addition to experts, politicians have also understood that national energy portfolios must be diversified and multifaceted. The role of gas, both today and in the future, is that of a strong partner in renewable energy that ensures controllable capacities.

Gas is back in the big picture.

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Company Overview

AS Elenger Grupp (formerly known as Eesti Gaas AS) is the largest privately owned energy group in the Finnish-Baltic region, with a history dating back to 1864. The group's activities are divided into three business segments: sale of energy (trading and sale of natural gas and electricity), energy infrastructure (natural gas distribution service, sale and bunkering of liquefied natural gas, sale of compressed gas), and energy production (mainly production of solar energy).

The sole owner of the group is AS Infortar, which is listed on the main list of the Nasdaq Baltic Stock Exchange. Infortar is one of the largest investment holding companies in the Baltics in terms of the volume of its assets. During its more than 25 years of operation, the investment portfolio has been gradually grown, and today, the group includes 110 companies. The main areas of activity of the company and its subsidiaries are maritime transport (Tallink), energy (Elenger Grupp), and real estate. In addition, Infortar has made investments in business segments supporting its main areas of activity.

GROUP STRUCTURE OF AS ELENGER GRUPP AS AT 31/12/2024

- AS Elenger Grupp
  - AS Gaasivõrk
  - Elenger Marine OÜ
  - OÜ Pärnu Päikesepark 1
  - OÜ Pärnu Päikesepark 2
  - OÜ Pärnu Päikesepark 3
  - OÜ Pärnu Päikesepark 4
  - Elenger W1 OÜ
  - SIA Elenger
  - UAB Elenger
  - Elenger OY
  - Elenger Sp. z o.o.
  - Elenger Marine SIA
  - AS "Gaso"
  - EWE Polska Sp. z o.o.
    - EWE Energia Sp. z o.o.
    - EWE Przesył Sp. z o.o.
  - SIA Solar Nica
  - SIA Elenger Partners
    - SIA Solar Marupe
    - SIA Solar Olaine

AS Elenger Grupp consists of subsidiaries Gaasivõrk AS (Estonia, 100%), AS "Gaso" (Latvia, 100%), Elenger Marine OÜ (Estonia, 100%), OÜ Pärnu Päikesepark 1 (Estonia, 80%), OÜ Pärnu Päikesepark 2 (Estonia, 80%), OÜ Pärnu Päikesepark 3 (Estonia, 80%), OÜ Pärnu Päikesepark 4 (Estonia, 80%), OÜ Elenger W1 (Estonia, 100%), UAB Elenger (Lithuania, 100%), Elenger Sp. z o.o. (Poland 100%), SIA Elenger Marine (Latvia, 100%), SIA Elenger (Latvia, 100%), OY Elenger (Finland, 100%), SIA Solar Nica (Latvia, 100%), SIA Elenger Partners (Latvia, 80%), SIA Solar Marupe (Latvia, 80%), SIA Solar Olaine (Latvia, 80%), EWE Polska Sp. z o.o. (Poland 100%), EWE Energia Sp. z o.o. (Poland 100%), EWE Przesył Sp. z o.o. (Poland 100%).

AS Elenger Grupp is exempt from the obligation to compile a sustainability report because it is part of a consolidation group where the consolidating entity prepares and publishes a sustainability report according to the European sustainability reporting standard. The sustainability report is compiled by AS Infortar, located at 9 Liivalaia Street, 10118 Tallinn. The report is available on the website https://infortar.ee/aruandlus.

Market Overview

Gas market

The past year was once again volatile in the energy markets. The main factors affecting the European gas markets were geopolitical tensions, increased demand, and the end of Russian pipeline gas imports.

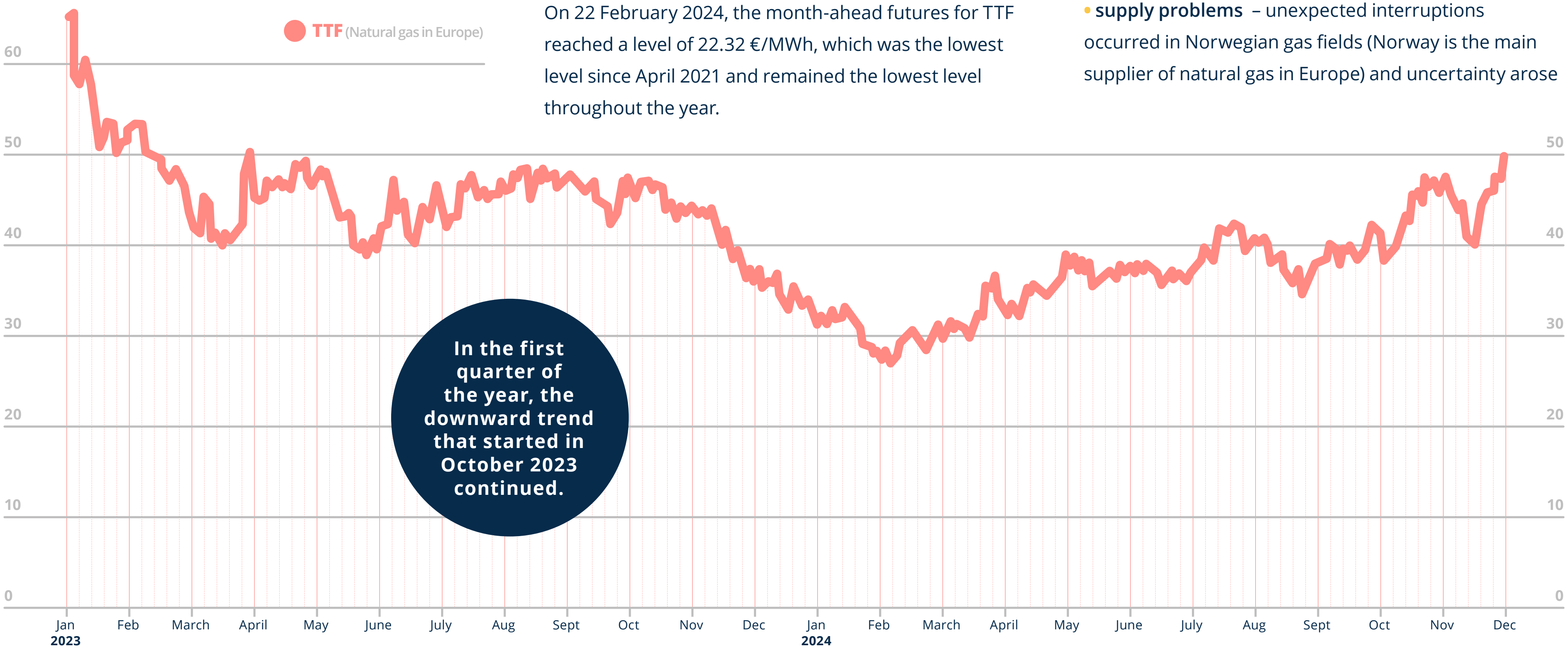
In the first quarter of the year, the downward trend that started in October 2023 continued. Europe entered the winter period with record-high storage capacity levels and the first months of winter were mild, which significantly reduced gas consumption during the heating season and pushed prices down. On 22 February 2024, the month-ahead futures for TTF reached a level of 22.32 €/MWh, which was the lowest level since April 2021 and remained the lowest level throughout the year.

The main factors affecting the European gas markets were geopoli-tical tensions, increased demand, and the end of Russian pipeline gas imports.

The second quarter started with an increase in European gas prices. This was mainly caused by:

- **geopolitical tensions** – Russia attacked Ukraine's energy facilities and the European Union imposed additional sanctions on Russian LNG. Problems also intensified in the Middle East;
- **supply problems** – unexpected interruptions occurred in Norwegian gas fields (Norway is the main supplier of natural gas in Europe) and uncertainty arose

PRICE OF TTF'S MONTH-AHEAD FUTURES, 2023–2024 (EUR/MWh)



In the first quarter of the year, the downward trend that started in October 2023 continued.

in the market about the timely completion of LNG liquefaction terminals, with several projects indicating delayed completion;

- **increase in demand** - as the spring progressed, the activity of the industrial sector increased, and the lower price level attracted European companies to consume more gas compared to alternative fuels.

The second quarter started with an increase in European gas prices.

In the third quarter, prices continued to rise and volatility in the market increased. Prices were once again boosted by geopolitical tensions – after the surprise invasion of Russia's Kursk Oblast, the Ukrainians took control of the Suja gas metering station, and tensions in the Middle East increased even more, with military attacks taking place throughout the quarter. In addition to geopolitical factors, Europe and Asia suffered from severe heat waves in the summer, which increased demand for cooling and provided additional support for gas prices.

The upward trend continued during the fourth quarter, and on the last day of the year, the month-ahead futures for TTF exceeded 50 €/MWh. The quarter was characterised by high uncertainty regarding Russian gas supplies to Europe. There were questions about whether gas transit through Ukraine would continue, and regular statements by politicians added to volatility, but by the end of the year, the transit agreement ended. Another important event that affected the market was the outcome of the US presidential election. Donald Trump's victory creates the premise that the prospects for US fossil fuel exports will improve. Due to the long-term development cycle of LNG projects, a short-term impact on global gas supply is not expected, but it may further increase the LNG export capacity of the US in the future. In terms of demand, due to the cold and calm weather, the consumption of gas used for electricity production in Europe increased sharply in the fourth quarter. In November, gas consumption increased by more than 80% on some days compared to the previous year. According to the International Energy Agency (IEA), European gas demand increased by nearly 9% year on year in the fourth quarter.

In the third quarter, prices continued to rise and volatility in the market increased.

During the year, the balance of the European energy market remained fragile, but security of supply was maintained even during more difficult periods. 2024 confirmed that LNG imports are of key importance in the European gas market, and the market is very sensitive to geopolitical developments and changes in weather conditions.

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Market Overview

Electricity market

In 2024, the average price on the Nord Pool power exchange in the Estonian region was 87.27 €/MWh, which is 4% lower than in 2023. A similar trend continued in other home markets: the average price in the Latvian price area was 87.43 €/MWh and in Lithuania, 87.34 €/MWh. In the Finnish price area, the average price was 45.57 €/MWh, which is 19% lower than in 2023.

The price difference between Estonia and Finland increased compared to 2023.

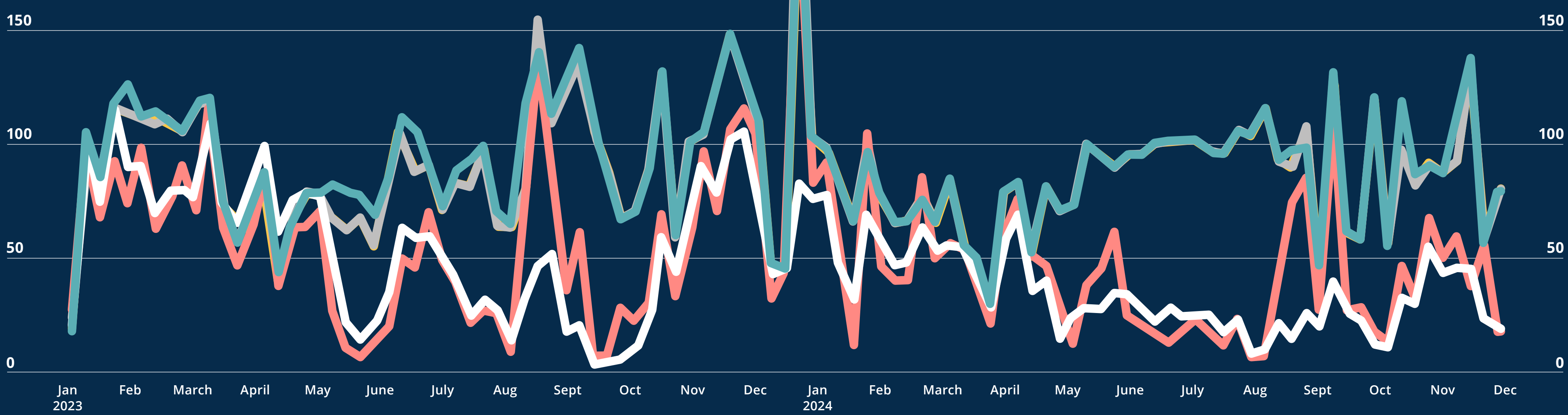
Several events with a significant impact took place during the year. In addition to preparations for desynchronisation from the Russian electricity system, the Estlink 2 cable – the larger of the two electricity connections between Estonia and Finland – was shut down at the beginning of the year due to a failure. As several new wind power plants were added to Finland in 2024 and electricity exports to the more expensive Baltic region were limited due to the failure of Estlink 2, the price difference between Estonia and Finland increased compared to 2023. Although Estlink 2 was put into working order in September, it fell out of service again at the end of December due to a rupture caused by a ship's anchor.

Electricity produced from renewable sources accounted for 63% of Estonia's electricity production.

However, the prices in the Baltic region were kept lower compared to the previous year thanks to the addition of additional solar and wind power plants. Electricity produced from renewable sources accounted for 63% of Estonia's electricity production (compared to 53% in 2023). Electricity produced from renewable energy covered 39% of total consumption last year (compared to 30% in 2023).

NORD POOL DAY-AHEAD EXCHANGE PRICES AS WEEKLY AVERAGES (EUR/MWh)

NP system price **Finland** **Estonia** **Latvia** **Lithuania**



Energy Sales

Natural gas

Elenger Group is one of the leading sellers of natural gas in the Baltic States and Finland. In 2024, the share of natural gas sold in the total natural gas consumed in the Baltics and Finland was 24%. Due to lower prices, consolidated revenue from the sale of natural gas decreased by 11.5% year on year and amounted to 695.5 million euros in 2024. The Group started selling natural gas in Latvia in 2017, in Lithuania in 2018, in Finland in 2019, and in Poland in 2022. The Group has nearly 65,000 natural gas customers. In Finland and Lithuania, energy is mainly sold to industrial and commercial customers and other energy traders. In Estonia and Latvia, the group has placed additional focus on sales to household consumers. Previously, energy was sold in Poland only to industrial and business customers, but after the acquisition of EWE Polska, household consumers were also added to the portfolio.

In the 2024, Elenger brought a total of 15 gas vessels to the Inkoo LNG terminal and 3 gas vessels to the Klaipeda LNG terminal.

Since Russia launched a full-scale war against Ukraine, Elenger has completely reorganised its current natural gas supply chains and shifted to a basis of liquefied natural gas (LNG). The Group purchases LNG from various Western suppliers with whom it has signed framework agreements. The LNG supplied is mainly from the United States and Norway. In the 2024 financial year, Elenger brought a total of 15 gas vessels to the Inkoo LNG terminal and 3 gas vessels to the Klaipeda LNG terminal. Elenger imported an estimated third of the natural gas arriving in Finland and the Baltic region in 2024. In 2025, the Group will use both the Inkoo and Klaipeda LNG terminals to import LNG and, if market conditions are suitable, will store natural gas in storage facilities in Latvia, Poland, and Germany.

Electricity

In addition to natural gas, the Group sells electricity on the Estonian, Latvian, and Lithuanian markets. Elenger mainly buys the electricity sold to customers from the Nord Pool power exchange, but has also entered into bilateral contracts for purchasing electricity directly from electricity producers. In addition, part of the electricity sold to customers is produced by the Group's solar power plants located in Estonia and Latvia. Elenger's consolidated revenue from electricity sales in 2024 was 87.9 million euros, which is 30% more than in 2023. The number of both residential and business customers increased over the year, and the Group has a total of more than 12,000 electricity customers. As a company acquired by the Group – Elenger Polska – sells electricity to its customers in addition to natural gas, the Polish market will be added to the electricity sales portfolio.

Elenger's consolidated revenue from electricity sales in 2024 was 87.9 million euros, which is 30% more than in 2023.

Energy Infrastructure

Natural gas distribution service in Estonia

AS Gaasivõrk is the largest natural gas distribution network company in Estonia. The company manages 1,537 km of distribution pipelines and, in accordance with the Natural Gas Act, ensures the functioning and condition of the distribution network in its network area, ensuring a high-quality network connection and safe gas supply for consumers connected to the distribution network of AS Gaasivõrk, and providing natural gas distribution services at more than 44 thousand consumption points.

The consolidated sales revenue of the natural gas distribution service in Estonia totalled 40.6 million euros in 2024, which is 54% more than in 2023. More than half of the sales revenue is made up of the part of the transmission service transferred to the gas of AS Elering.

The consolidated sales revenue of the natural gas distribution service in Estonia totalled 40.6 million euros in 2024

In 2024, the price of the network service for customers of AS Gaasivõrk remained unchanged. As at December 2023, the gas network service price approved by the Competition Authority on 1 October 2023 is 12.139 euros per MWh. As the process of coordinating the price of the network service and the justified modernisation of the WACC methodology is time-consuming, the promised profitability of AS Gaasivõrk was not guaranteed in the previous year, but the price of the network service which came into force in December of 2023 and the exceptionally low temperatures at the beginning of 2024, which temporarily increased the volume of gas consumption, made it possible to cover both justified costs and the profit promised to the company during the reporting year.

In 2024, AS Gaasivõrk invested 2 million euros in the reconstruction and renovation of the distribution network.

In 2024, AS Gaasivõrk invested 2 million euros in the reconstruction and renovation of the distribution network (2.5 million euros in 2023). 0.2 million euros (0.2 million euros in 2023) was invested in connecting additional consumers to the natural gas pipeline. The investments planned for 2025 in the reconstruction and renovation of the distribution network will increase, and investments in connecting new consumers to the gas network will remain at the same level due to the decrease and downward trend in gas consumption.

Energy Infrastructure

Natural gas distribution service in Latvia

AS "Gaso" is the only gas distribution network operator in Latvia. Gaso operates approximately 5,475 km of gas distribution network pipelines and approximately 364,000 customers have joined the distribution network. In accordance with the Latvian Energy Law, Gaso is responsible for the operation, condition, and safety of the gas distribution network and for the management and development of the gas distribution network. Gaso is obliged to ensure long-term capacity to transmit natural gas through the gas distribution network based on the demand for natural gas.

The consolidated sales revenue of the natural gas distribution service in Latvia was 66.4 million euros.

In Latvia, the approval of regulated prices is subject to a regulatory period (as a rule, a period of 2–5 years; the current regulatory period for Gaso is the period from 1 July 2021 to 31 December 2025) and a tariff period (usually a calendar year); thereat, some pricing components are reviewed in each tariff period and some pricing components are fixed for the entire regulatory period (e.g. the value of the regulated asset and the weighted average cost of capital). The price of the Gaso network service approved by the Latvian Public Utilities Commission consists of a fixed and variable fee, and different prices apply to different consumer groups.

In 2024, 7.2 million euros were invested.

The consolidated sales revenue of the natural gas distribution service in Latvia was 66.4 million euros. In the comparable period from August to December, the consolidated sales revenue of distribution services in Latvia was 6.4 million euros, i.e. 17.5% higher than in the same period of 2023. In 2024, 7.2 million euros were invested, and the investments planned for 2025 in the reconstruction and renovation of the distribution network will continue in the same amount.

Energy Infrastructure

Acquisition of EWE Polska

The largest investment of the year was the acquisition of EWE Polska (hereinafter Elenger Polska), a company operating the gas sales and distribution network in Poland. Elenger Polska is the second-largest privately owned network operator in Poland, operating a natural gas distribution network of 2,316 km in western Poland, mainly in the Lubuskie region, and serving more than 25,000 customers. In addition to infrastructure management, the company is engaged in the sale of natural gas and electricity. After joining the Group, EWE Polska Sp. z o.o. was given the new business name Elenger Polska Sp. z o.o. The new business names of the subsidiaries EWE Energia Sp. z o.o. and EWE Przesył Sp. z o.o. are Elenger Dystrybucja Sp. z o.o. and Elenger Serwis Sp. z o.o., respectively.

Elenger Polska is the second-largest privately owned network operator in Poland, operating a natural gas distribution network of 2,316 km in western Poland, and serving more than 25,000 customers.

The acquisition agreement was signed in the fourth quarter and the transaction was completed on 19 December 2024. The final transaction volume was 111.8 million euros. The final purchase price was adjusted based on accrued interest and the outflow of cash in the intervening period. The first consolidation of financial data in the Group's balance sheet was carried out as at 31 December 2024. The income statement will be consolidated as of January 2025.

The Elenger Polska transaction is recognised as an acquisition (business combination) in accordance with the IFRS. As a result, when preparing the consolidated financial statements for all periods, the entire purchase price is allocated to the acquired property, plant, and equipment, intangible assets and other assets, as well as assumed liabilities and contingent liabilities, based on their expected fair value as of the date of acquisition, with the amount by which identifiable net assets exceed the purchase price being recognised immediately in net profit.

Elenger has conducted a purchase analysis of the Elenger Polska transaction and the fair value of the acquired net assets is 128.7 million euros. The difference between the fair value of the acquired net assets and the value of the transaction, i.e. the proceeds from the preferential purchase, is recognised in the consolidated income statement as a one-off for the financial year ending on 31 December 2024 and will have no further impact on the Group's results.

Energy Infrastructure

Compressed gas

Elenger owns and operates one of the largest networks of compressed gas filling stations in Estonia, which consists of 11 compressed gas filling stations connected to the gas distribution network, through which compressed gas is sold for use as fuel for motor vehicles. Compressed gas means that the gas is compressed and under a higher pressure than a normal pipeline gas. Compressed gas can be produced from both natural gas and biomethane. Biomethane is the first Estonian fuel for motor vehicles, which is produced from biodegradable waste, waste water and sewage sludge, agricultural waste, and biomass. The Group's compressed gas filling stations sell compressed gas produced solely from biomethane, as well as compressed gas consisting of a mixture of natural gas and biomethane.

Elenger's consolidated compressed gas sales revenue in 2024 was 4.2 million euros.

Elenger's consolidated compressed gas sales revenue in 2024 was 4.2 million euros, which is 11% less than in 2023. At the beginning of 2019, a biomethane certificate trading system was launched in Estonia, which allows Elenger to earn additional income in the compressed gas business and to invest in the introduction of environmentally friendly biomethane in transport. In total, environmentally friendly green gas produced in Estonia accounted for 76% of all compressed gas sales.

Energy Infrastructure

Sale and bunkering of liquefied natural gas

The sale of liquefied natural gas (LNG) and the provision of bunkering services are carried out by Elenger Marine OÜ, a subsidiary of Elenger. LNG is mainly used as marine fuel, but its possibilities of use are also related to off-grid LNG station solutions, which are aimed at business customers whose places of consumption are located outside the service area of the natural gas distribution network or where the establishment of a natural gas distribution network would be economically unfeasible.

The consolidated sales revenue of liquefied natural gas of the Elenger group in 2024 was 48.2 million euros.

The consolidated sales revenue of liquefied natural gas of the Elenger Group in 2024 was 48.2 million euros.

Of this, gas sold directly at LNG terminals accounted for 24.1 million euros, and LNG sales revenue from bunkering accounted for 24.1 million euros, an increase of 47% compared to 2023. Bunkering services are offered to vessels with special LNG trailers in the area. Customers are also offered a liquefied natural gas transportation service.

Energy Production

There are four subsidiaries in Pärnu (Pärnu Solar Park 1–4) that own and operate solar power plants with a total of 4.7 MW of panel capacity. In 2019, the Group started offering solar energy solutions to business customers in Estonia, within the framework of which a solar power plant is designed and built on the customer's property, and it is operated and maintained. The total panel capacity of the solar power plants built by the Group on customers' properties is 3.1 MW.

Significant investments in Latvia in 2024 were a solar power plant with a panel capacity of 4 MW built by SIA Solar Nica and a solar power plant with a panel capacity of 4.9 MW built by SIA Solar Olaine.

The Group's strategy foresees increasing the share of renewable energy production.

The Group's strategy foresees increasing the share of renewable energy production. The Group has several development projects for the construction of additional solar power plants in Estonia and Latvia. For development projects, the investment decision will be made under suitable market conditions after the completion of the necessary preparatory works.

Profitability

In 2024, the consolidated net profit of AS Elenger Grupp was 48.9 million euros

In 2024, the consolidated net profit of AS Elenger Grupp was 48.9 million euros; in 2023, the corresponding figure was 265.1 million euros. The Group's net profit decreased by 216.2 million euros, excluding non-recurring effects, the decrease was 73.1 million euros.

EBITDA for 2024 was 74.7 million euros, which is 44.6% lower than in the previous year. Excluding non-recurring effects, EBITDA decreased by 44.2% compared to 2023.

In thousands of euros	2024	2023	Change
Revenue	978,329	1,022,554	(4.3%)
EBITDA	74,657	134,869	(44.6%)
Net profit	48,874	265,076	(81.6%)
EXTRAORDINARY PROFITS/LOSSES:			
Profits/losses on the sale of fixed as-sets	(363)	376	
Income from discount purchases	16,826	159,210	
Comparable EBITDA	75,020	134,493	(44.2%)
Comparable net profit	32,411	105,490	(69.3%)

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Investments

In 2024, Elenger invested 15.9 million euros in property, plant, and equipment and intangible assets, which is 42% more than in the previous period. 9.1 million euros were invested in gas distribution networks and 3.7 million euros in the production of solar energy. 2.1 million euros were invested in IT development, mainly in energy retail systems. The growth of investments was influenced by the consolidation of Gaso's numbers since August 2023.

In 2024, Elenger invested 15.9 million euros in property, plant, and equipment and intangible assets.

In 2025, investments in gas distribution networks and renewable energy production will continue.

Financing

Short-term working capital loans and overdrafts from banks and overdrafts from the owner are used to finance working capital. The balance of short-term bank loans and overdrafts at the end of the year was 238 million euros. The owner's overdraft facility was not in use as at the end of the year. Long-term investment loans were serviced according to contractual schedules.

Macroeconomic Developments and their Impact

According to the economic forecast published by Eesti Pank in December, the state of the economy has strengthened and in 2025 Estonia will emerge from a three-year recession, during which annual GDP growth has been negative. Several areas that have been struggling so far have been able to start growing again and further progress will continue on the course of improvement. According to the forecast of Eesti Pank, economic growth is expected to be 1.6% in 2025 and around 3% in 2026–2027.

In 2025 Estonia will emerge from a three-year recession, during which annual GDP growth has been negative.

The Estonian economy is mainly dependent on exports and the performance of the European economy, which is forecast to grow slightly. The European Central Bank expects growth in the euro area to be 1.1% next year and 1.4% in the year after that. On the other hand, uncertainty has been added to the outlook for international trade, which is caused by possible trade barriers imposed by the United States. The latter would probably have a cooling effect on global economic growth and accelerate price increases. Such developments would be unfavourable for a country like Estonia with a small open economy.

Interest rate cuts will stimulate economic growth significantly. The European Central Bank has lowered its key interest rates, the impact of which has already reached Estonian companies and individuals through the Euribor. The decline in the 6-month Euribor, to which most borrowers' loan agreements are linked, will continue to support the economy in 2025.

Impact of Business Seasonality

As seasonality and weather changes affect the demand for products and services, seasonality has an impact on Elenger's financial results. The Group's main product is natural gas, and the Group also sells electricity and provides natural gas distribution services in Estonia, Latvia, and Poland. In the markets where the Group operates, the demand for energy is higher during the winter heating season (in the first and last quarters of the year) and lower in the second and third quarters, when weather is warmer. Higher-than-usual temperatures during the winter heating season will reduce the demand for goods and services in the energy business segment. Seasonality and weather changes also affect the production volume of solar power plants, although this impact is small compared to other business activities. The sales of compressed gas and LNG are rather less affected by seasonality, as the end consumer is the transport sector, which operates continuously all year round.

In the markets where the Group operates, the demand for energy is higher during the winter heating season.

Social Impact

The most important social impact is the relationship between the Elenger group as an employer and the employees of the companies, which is based on mutual trust, fairness, and commitment. The principles of the Group's human resources work are based on a caring attitude towards employees, appreciation and mutual respect for people, a high work culture, a purposeful, reliable, and loyal employment relationship and equal treatment, and good social behaviour practices.

When recruiting employees, we are guided by the candidate's hard work, wisdom, reliability, professional preparation, and openness to technological development. We contribute to the development of our employees by enabling professional in-service training and supporting the acquisition of new knowledge. In the salary policy, we are guided by the responsibilities that come with the position, results, and the competencies and capabilities of the employee. When creating a working environment for our employees, we are guided by the principle that it has to be good for the employee to work for us. We value a long-term employment relationship, work-life balance, and support parenthood in every way. We ensure that our employees have good opportunities to maintain and restore their health and improve their physical fitness.

We contribute to the development of our employees by enabling professional in-service training and supporting the acquisition of new knowledge.

Risk Management Policy

The main objective of the Group's risk management policy is to ensure the stability of the company's equity and to ensure the long-term development of the business in the desired direction. When speaking of risks, we mean possible unexpected changes in the business environment, the energy market, and the company's internal processes that have a negative impact on the company's financial results. The following are the main risks that affect the Group's companies and which the Management Board manages.

- **Strategic market risk** is primarily expressed in a possible erroneous long-term strategic decision about the future prospects of a certain business area. The Group manages strategic risk by preparing well-considered business plans and the necessary analyses when expanding into new markets and business areas.

- **Financial risks** include credit, liquidity, interest rate, and market risks. Financial risk assessment and management is carried out on an ongoing basis with the aim of maintaining a balance between continuity and flexibility of financing through the use of bank overdrafts, bank loans, and other financial instruments. In order to manage the Group's cash flows as efficiently as possible, group account systems have been created in different banks.

Credit risk is the risk that the Group will incur a financial loss if a client or a counterparty to a financial instrument fails to fulfil its contractual obligations, and it arises mainly from the Group's trade receivables and contractual assets. The maximum amount exposed to credit risk is the carrying amount of financial assets and contractual assets. The Group uses a risk-based approach to credit risk management, with a focus on assessing the credit risk of counterparties with a higher economic impact. Public sources, external counterparties, and data provided by counterparties are used for the assessment.

The Group trains employees to increase their IT skills and cyber awareness.

Liquidity risk expresses the potential possibility that a change in the Group's financial position will reduce the Group's ability to meet its obligations on time. The Group manages liquidity risk by maintaining sufficient reserves, banking instruments and borrowing facilities, continuously monitoring cash flow forecasts and actual positions, and balancing the terms and conditions of the maturities of financial assets and liabilities.

Interest rate risk arises from changes in interest rates on the money markets, as a result of which the Group's financing costs may increase in the future. The majority of the Group's bank loans are short-term, and the interest rates on long-term loans are not fixed, but are linked to the Euribor. The management monitors the interest rate policies of central banks and various banks are used to finance working capital to mitigate the risk of refinancing. In order to optimise interest expenses, group account systems have been created in different banks.

When managing market risks, we constantly analyse the strategic goals described in the business plans and the market changes that affect them, as well as other critical success factors. This allows us to anticipate and, if necessary, mitigate the possible effects of market fluctuations, make better use of market changes as well as opportunities, and mitigate market risks.

Elenger mainly trades in natural gas, compressed gas, liquefied natural gas, and electricity. The main market price risk is that the projected cash flows may differ from expectations due to changes in the market prices of different types of energy. This affects the company's costs and/or revenues and financial performance. The company uses derivatives, such as swap agreements for the purchase and sale of natural gas as well as the physical storage of natural gas in a reservoir, to mitigate the price risk. The purpose of mitigating market price risks is to reduce fluctuations in cash flows and to harmonise the price bases for income and expenses, and to improve forecasting and the stability of financial results.

The majority of the Group's bank loans are short-term.

- The Group's activities may be negatively affected **by risks related to information technology** – failures of information systems, computer viruses, cyber attacks.

The Group's business depends to a large extent on the efficient, stable, and uninterrupted operation of its information technology (IT), management information, and communication systems. Errors or significant disruptions in the operation of the Group's IT systems may impede the activities of the Group. In addition, the Group's IT systems may fall victim to computer viruses or cyber attacks, which may also cause disruptions or delays in the Group's operations. Elenger's IT solutions and systems have been created centrally across the Group, and IT systems are protected against external attacks mainly through a comprehensive solution agreement with an external partner. The Group trains employees to increase their IT skills and cyber awareness.

- **Regulatory risk** management is carried out through continuous and correct compliance with environmental and business-related requirements, legislation and aspects. In its business activities, Elenger complies with the regulations and requirements related to the field and contributes to the development of legislative drafting through the Estonian Gas Association. We are constantly looking for new ways to make investment decisions and promote business activities in better harmony with the climate objectives and environmental requirements arising from the green transition policies, as well as the growing expectations of the public.

- The Group's **management of property risks** through insurance contracts is based on the objective of ensuring compensation to the extent of damage to property and thereby ensuring the sustainability of the Group.

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Financial Ratios

KEY FINANCIAL RATIOS OF THE GROUP:

	2024	2023	2022
Net margin	5.0%	25.9%	9.4%
Current ratio	1.26	1.62	1.57
ROA	4.9%	31.5%	15.7%
ROE	11.9%	65.3%	40.4%
Equity ratio	42.5%	50.0%	43.7%
Net debt / EBITDA	3.3	1.5	1.6
EBITDA margin	7.6%	13.2%	11.2%

KEY FINANCIAL RATIOS OF THE PARENT COMPANY:

	2024	2023	2022
Net margin	2.8%	14.7%	9.8%
Current ratio	1.07	1.75	1.77
ROA	4.0%	27.4%	18.4%
ROE	9.2%	51.8%	42.4%
Equity ratio	43.1%	52.9%	46.2%
Net debt / EBITDA	13.8	0.8	1.4
EBITDA margin	1.8%	11.9%	10.5%

UNDERLYING FORMULAS:

Net margin = net profit / sales revenue
Current ratio (times) = current assets / current liabilities
ROA (return on assets) = net profit or loss / total assets
ROE (return on equity) = net profit or loss / total equity
Equity ratio = (equity + allocated shareholder loan) / total equity and liabilities
Net debt = borrowings – cash and bank accounts
EBITDA = operating profit + depreciation
EBITDA margin = EBITDA / revenue

Consolidated Financial Statements

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

In thousands of euros	2024	2023	Note
Revenue	978,329	1,022,554	6
Other operating income	31,198	4,568	7
Work performed by the Group and capitalised	22	20	
Raw materials and consumables used	(878,610)	(859,911)	8
Payroll expenses	(38,237)	(20,861)	9
Depreciation and amortisation	(21,775)	(13,477)	15, 16, 26
Impairment loss on receivables	(6)	(231)	24
Other operating expenses	(18,038)	(11,270)	10
OPERATING PROFIT	**52,883**	**121,392**	
Gain from a bargain purchase	16,826	159,210	29
Other finance income	2,751	1,040	11
Finance costs	(18,478)	(16,300)	11
NET FINANCE COSTS	**1,099**	**143,950**	11
PROFIT BEFORE TAX	**53,982**	**265,342**	
Corporate income tax expense	(5,108)	(266)	
PROFIT FOR THE YEAR	**48,874**	**265,076**	
Profit attributable to:			
Owners of the Company	48,839	265,042	
Non-controlling interests	35	34	25

In thousands of euros	2024	2023	Note
OTHER COMPREHENSIVE INCOME			
ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS			
Revaluation of post-employment benefit obligations	(141)	(44)	23
ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS			
Cash flow hedges – change in hedging reserve	(45,792)	(58,189)	18
Foreign operations - foreign currency translation differences	153	(42)	
OTHER COMPREHENSIVE INCOME	**(45,780)**	**(58,275)**	
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**3,094**	**206,801**	
Profit attributable to:			
Owners of the Company	3,059	206,767	
Non-controlling interests	35	34	30

The notes on pages 25-55 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In thousands of euros	31.12.2024	31.12.2023	Note
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	481,176	375,142	15
Intangible assets	12,381	11,130	16
Right-of-use assets	13,328	11,805	26
Derivative financial assets	3,214	1,125	17, 24
Deferred tax assets	4,268	2	
Property rights of commodities	794	-	
Trade and other receivables	540	8	6, 13, 24
TOTAL NON-CURRENT ASSETS	**515,701**	**399,212**	
CURRENT ASSETS			
Inventories	154,883	142,878	12
Derivative financial assets	8,333	28,727	17, 24
Trade and other receivables	150,262	178,801	6, 13, 24
Other prepayments	3,088	2,046	
Cash and cash equivalents	163,658	89,203	14, 24
TOTAL CURRENT ASSETS	**480,224**	**441,655**	
TOTAL ASSETS	**995,925**	**840,867**	
EQUITY			
Share capital	9,919	9,919	18
Statutory capital reserve	992	992	18
Hedging reserve	(21,674)	24,118	17, 18
Unrealised currency translation differences	114	(39)	
Post-employment benefit obligations reserve	(185)	(44)	
Retained earnings	419,809	370,970	18
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	**408,975**	**405,916**	
NON-CONTROLLING INTERESTS	**315**	**280**	30
TOTAL EQUITY	**409,290**	**406,196**	

In thousands of euros	31.12.2024	31.12.2023	Note
LIABILITIES			
NON-CURRENT LIABILITIES			
Borrowings	158,079	127,791	20, 24
Provisions	8,087	8,151	23
Contract liabilities	34,162	25,017	6
Deferred income	3,630	318	22
Derivative financial liabilities	1,471	186	17, 24
Deferred tax liability	12	-	
Other liabilities	401	-	21
TOTAL NON-CURRENT LIABILITIES	**205,842**	**161,463**	
CURRENT LIABILITIES			
Borrowings	252,394	157,581	20, 24
Tax liabilities	25,946	30,837	
Trade and other payables	74,246	80,535	21
Derivative financial liabilities	27,704	3,659	17, 24
Prepayments	295	449	
Provisions	60	31	23
Deferred income	57	-	22
Contract liabilities	91	116	6
TOTAL CURRENT LIABILITIES	**380,793**	**273,208**	
TOTAL LIABILITIES	**586,635**	**434,671**	
TOTAL EQUITY AND LIABILITIES	**995,925**	**840,867**	

The notes on pages 25-55 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

In thousands of euros	2024	2023	Note
CASH FLOWS FROM OPERATING ACTIVITIES			
PROFIT FOR THE YEAR	**48,874**	**265,076**	
ADJUSTMENTS			
Depreciation of property, plant and equipment and right-of-use assets	19,533	11,960	15, 26
Amortisation of intangible assets	2,242	1,517	16
Income from connection fees	(1,071)	(1,851)	6
Amortisation of government grants received for purchasing of non-current assets	(32)	(32)	7, 22
Recognition and adjustment of provisions	(321)	5,637	23
Gain/loss on sale of non-current assets	(65)	(461)	7, 10
Gain/loss from write-off of non-current assets	428	(104)	7, 10
Unsettled gain/loss on derivative financial instruments	(1,483)	(1,890)	
Net finance costs	(1,099)	(143,950)	11
Corporate income tax expense	5,108	266	
Profit/loss from other non-monetary transactions	(114)	(38)	
TOTAL ADJUSTMENTS	**23,126**	**(128,946)**	
NET CHANGE IN CURRENT ASSETS RELATING TO OPERATING ACTIVITIES			
Change in trade receivables	37,689	(38,687)	13
Change in inventories	(8,358)	(67,997)	12
Change in prepayments for natural gas	-	8,811	
Net change in other current assets relating to operating activities	6,524	90,396	13
TOTAL NET CHANGE IN CURRENT ASSETS RELATING TO OPERATING ACTIVITIES	**35,855**	**(7,477)**	
NET CHANGE IN CURRENT LIABILITIES RELATING TO OPERATING ACTIVITIES			
Use of provisions	(362)	(195)	23
Change in trade payables	(51,073)	50,122	21
Net change in other liabilities relating to operating activities	4,099	(3,305)	
TOTAL NET CHANGE IN LIABILITIES RELATING TO OPERATING ACTIVITIES	**(47,336)**	**46,622**	
NET CASH FROM OPERATIONS	**60,519**	**175,275**	
Interest received	2,666	976	
Corporate income tax paid	(6,051)	(2,726)	
NET CASH FROM OPERATING ACTIVITIES	**57,134**	**173,525**	

In thousands of euros	2024	2023	Note
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment and intangible assets	(16,619)	(9,279)	
Proceeds from connection fees	636	224	6
Acquisition of subsidiaries, net of cash acquired	(68,712)	(103,412)	29
Proceeds from sale of non-current assets	87	1,961	
NET CASH USED IN INVESTING ACTIVITIES	**(84,608)**	**(110,506)**	
CASH FLOWS FROM FINANCING ACTIVITIES			
Bank loans received	203,460	273,055	20
Repayments of bank loans	(91,611)	(305,811)	20
Change in bank overdraft	11,593	23,358	20
Change in overdraft from owner	-	(12,019)	20, 28
Payment of lease liabilities	(3,111)	(2,370)	20
Dividends paid	-	(36,209)	18
Repayments of other loans	-	(14,705)	20
Interest and loan fees paid	(18,402)	(15,957)	20
NET CASH USED IN/FROM FINANCING ACTIVITIES	**101,929**	**(90,658)**	20
TOTAL CASH FLOWS	**74,455**	**(27,639)**	
Cash and cash equivalents at the beginning of the period	89,203	116,842	14
Cash and cash equivalents at the end of the period	163,658	89,203	14
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS	**74,455**	**(27,639)**	

The notes on pages 25-55 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company								
In thousands of euros	Share capital (Note 18)	Statutory capital reserve (Note 18)	Hedge reserve (Note 18)	Unrealised currency translation differences	Post-employment benefit obligations reserve (Note 23)	Retained earnings (Note 18)	Total	Non-controlling interests (Note 30)	Total equity
EQUITY AS AT 31 DECEMBER 2022	**9,919**	**992**	**82,307**	**3**	**-**	**142,137**	**235,358**	**246**	**235,604**
COMPREHENSIVE INCOME FOR THE YEAR									
Profit for the year	-	-	-	-	-	265,042	265,042	34	265,076
Other comprehensive income		-	(58,189)	(42)	(44)	-	(58,275)	-	(58,275)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**-**	**-**	**(58,189)**	**(42)**	**(44)**	**265,042**	**206,767**	**34**	**206,801**
Dividends paid	-	-	-	-	-	(36,209)	(36,209)	-	(36,209)
EQUITY AS AT 31 DECEMBER 2023	**9,919**	**992**	**24,118**	**(39)**	**(44)**	**370,970**	**405,916**	**280**	**406,196**
COMPREHENSIVE INCOME FOR THE YEAR									
Profit for the year	-	-	-	-	-	48,839	48,839	35	48,874
Other comprehensive income	-	-	(45,792)	153	(141)	-	(45,780)	-	(45,780)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**-**	**-**	**(45,792)**	**153**	**(141)**	**48,839**	**3,059**	**35**	**3,094**
Dividends paid	-	-	-	-	-	-	-	-	-
EQUITY AS AT 31 DECEMBER 2024	**9,919**	**992**	**(21,674)**	**114**	**(185)**	**419,809**	**408,975**	**315**	**409,290**

The notes on pages 25-55 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

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1. REPORTING ENTITY

AS Elenger Grupp is a Company domiciled in Estonia. The Company's registered office is at Liivalaia 9, Tallinn 10118, Estonia. The consolidated financial statements of Elenger group for the year ended 31 December 2024 comprise AS Elenger Grupp and its subsidiaries (together referred to as the 'Group').

AS Elenger Grupp is one of the largest and most experienced energy companies in Estonia, whose core product and competence is natural gas that is supplied to clients as various products – pipeline gas, compressed natural gas (CNG) and liquefied natural gas (LNG). The Group sells compressed natural gas (CNG) through CNG filling stations around Estonia, where locally produced green gas or biomethane can also be fuelled. The subsidiaries maintain and operate 9000 km of gas pipelines in Estonia, Latvia and Poland. The Group has developed a stable LNG supply and bunkering capability and is ready to offer the service to all interested ports and companies. In addition, the Group is engaged in selling electricity, developing solar energy plants and providing other goods and services to clients. The Group operates in Estonia, Finland, Latvia, Lithuania, Poland and Germany.

2. BASIS OF ACCOUNTING

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union.

The consolidated financial statements were authorised for issue by the Management Board on 25 March 2025. Under the Commercial code of Estonia, the annual report must first be approved by the Supervisory Board of the parent and ultimately by the general meeting of Shareholders.

Details of the Group's accounting policies are included in Note 33.

These consolidated financial statements are presented in euros, which is the Company's and its subsidiaries' functional currency (except in Poland). All amounts in the primary financial statements and notes have been presented in thousands of euros, having been rounded to the nearest thousand, unless otherwise indicated.

3. USE OF JUDGEMENTS AND ESTIMATES

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

A Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements is included in the following note:

NOTE 6 the Group provides customers permanent access to natural gas for the fees received for connecting to the natural gas network. When recognising the connection fees in accordance with the requirements of IFRS 15, the performance obligation that involves the activities that are necessary for the preparation of connection is regarded to be satisfied within the period when the gas network services are provided through the connection point with the property, plant and equipment acquired for the connection fees. According to the management's estimates this period should be equal to the estimated average useful life of the property, plant and equipment acquired for the connection fees (in the comparative period in AS "Gaso" the estimated customer relationship period). The estimated average useful life of the property, plant and equipment acquired for the connection fees is calculated by dividing the average cost of the property, plant and equipment with the annual depreciation amount.

RECOGNITION OF DEFERRED INCOME TAX REGARDING THE INVESTMENTS TO ESTONIAN AND LATVIAN SUBSIDIARIES, ASSOCIATES, JOINT VENTURES AND BRANCHES

In accordance with paragraph 39 of IAS 12, the Group recognizes a deferred tax liability for all investments in subsidiaries, associates, joint ventures and branches that give rise to temporary taxable differences, unless: (a) the Group is able to control the timing of the reversal of the temporary difference; and (b) it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is not recognized if the investment meets both criteria (a) and (b) above. The Group's Management analysed the investments made in the subsidiaries and found that in those subsidiaries where there is a temporary taxable difference in the investment, both exclusion criteria (a) and (b) are met at the same time and there is no need to recognize deferred income tax.

B Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at the reporting date that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is included in the following notes:

NOTE 15

the estimate of the useful life of property, plant and equipment;

NOTES 23 AND 27

recognition of contingencies and provisions for possible losses in the future.

4. MEASUREMENT OF FAIR VALUES

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

LEVEL 2:
inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

LEVEL 3:
inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The information about the fair values of financial instruments is disclosed in Note 24.

5. CHANGES IN ACCOUNTING POLICIES AND ADJUSTMENT OF COMPARATIVE FIGURES

Standards, interpretations and amendments to published standards that became effective on 1 January 2024

New standards that are effective from 1 January 2024 do not have a material effect on the Group's financial statements.

6. REVENUE

The Group's accounting policies relating to revenue from contracts with customers and the overview about the nature and satisfaction of performance obligations arising from contracts with customers are provided in Note 33.1.

A Revenue streams

In thousands of euros	2024	2023
REVENUE FROM CONTRACTS WITH CUSTOMERS	**952,849**	**934,998**
OTHER REVENUE		
Property rentals (Note 26)	180	380
Other rentals	6,867	6,728
Hedging gains/losses (Note 18)	18,433	80,448
TOTAL REVENUE	**978,329**	**1,022,554**

B Disaggregation of revenue from contracts with customers

PRIMARY GEOGRAPHICAL MARKETS

In thousands of euros	2024	2023
RETAIL SALE		
Estonia	206,598	238,956
Finland	270,013	277,416
Latvia	134,424	109,665
Lithuania	54,895	56,505
Other	8,328	4,096
TOTAL RETAIL SALE	**674,258**	**686,638**
WHOLESALE OF NATURAL GAS	**278,591**	**248,360**
TOTAL REVENUE FROM CONTRACTS WITH CUSTOMERS	**952,849**	**934,998**

In the wholesale of natural gas segment, natural gas is sold to the exchange or other wholesalers. In wholesale transactions, as a rule, it is not possible to identify the final consumer of the goods, since natural gas is sold through the exchange or transferred to another wholesaler at the virtual trading point of the natural gas transmission network (VTP).

MAJOR PRODUCTS/SERVICE LINES

In thousands of euros	2024	2023
Sales of natural gas	695,530	786,596
Sales of gas network service	106,984	48,816
Sales of electricity	87,933	67,667
Sales of liquefied natural gas (LNG)	48,208	16,434
Sales of compressed natural gas (CNG)	4,243	4,774
Connection fees	1,071	1,851
Revenue from sale of certificates of origin	1,418	458
Sales of other goods and services	7,462	8,402
TOTAL REVENUE FROM CONTRACTS WITH CUSTOMERS	**952,849**	**934,998**

C Contract balances

In thousands of euros	31.12.2024	31.12.2023
Receivables, which are included in 'trade and other receivables' (Note 13)	129,947	155,150
Current contract liabilities	(91)	(116)
Non-current contract liabilities (connection fees)	(34,162)	(25,017)

The majority of the current contract liabilities relate to the advance consideration received from customers under natural gas sales contracts.

6. REVENUE, CONTINUED

The amount of EUR 25 thousand (2023: EUR 8,926 thousand) recognised in current contract liabilities at the beginning of the period has been recognised as revenue in the reporting period. The amount of connection fees received and recognised as revenue in the reporting period was as follows.

CONNECTION FEES

In thousands of euros	2024	2023
DEFERRED CONNECTION FEES AT THE BEGINNING OF THE PERIOD	**25,017**	**13,023**
Deferred connection fees assumed through business combination (Note 29)	9,580	13,621
Connection fees received	636	224
Connection fees recognised as income	(1,071)	(1,851)
DEFERRED CONNECTION FEES AT THE END OF THE PERIOD	**34,162**	**25,017**

The amortisation period of connection fees in AS Gaasivõrk is up to 30 years (2023: 30 years), in AS "Gaso" 55 years (2023: 20 years) and in EWE Polska group 67 years.

7. OTHER OPERATING INCOME

In thousands of euros	2024	2023
Gain from derivatives (Note 18)	29,603	2,055
Compensation received	527	205
Fines and interest on arrears received	290	403
Gain on sale and write-off of non-current assets	68	651
Amortisation of government grants received for purchasing of non-current assets (Note 22)	32	32
Other operating income	678	1,222
TOTAL OTHER OPERATING INCOME	**31,198**	**4,568**

8. RAW MATERIALS AND CONSUMABLES USED

In thousands of euros	2024	2023
Natural gas sold	745,535	776,020
Other goods sold	84,920	55,505
Gas network service	27,108	13,926
Write-down of inventories (Note 12)	9,755	1
Carriage services	2,128	1,204
Subcontracting works	2,063	1,950
Loss from onerous contracts (Note 23)	(877)	5,528
Other goods, materials and services	7,978	5,777
TOTAL RAW MATERIALS AND CONSUMABLES USED	**878,610**	**859,911**

10. OTHER OPERATING EXPENSES

In thousands of euros	2024	2023
Loss from derivatives (Note 18)	2,931	86
IT services	2,904	2,261
Legal and other consulting services, audit	2,321	1,813
Taxes and fees	1,673	400
Costs related to financing activities	1,652	1,701
Administrative costs of buildings	1,322	979
Bank transaction fees	691	670
Office supplies and services	609	391
Advertising expenses	491	349
Travel and training expenses	453	218
Loss from sale and write-off of non-current assets	431	86
Other operating expenses	2,560	2,316
TOTAL OTHER OPERATING EXPENSES	**18,038**	**11,270**

9. PAYROLL EXPENSES

In thousands of euros	2024	2023
AVERAGE NUMBER OF EMPLOYEES AND MEMBERS OF THE MANAGEMENT BOARD OF THE GROUP	**919**	**478**
Wages, salaries, bonuses, vacation pay, other payments and benefits	29,079	15,738
Fringe benefits	407	282
Payroll taxes	8,582	4,980
Recognition/revaluation of employee related provisions (Note 23)	169	(139)
TOTAL CALCULATED PAYROLL EXPENSES	**38,237**	**20,861**

The members of the Management Board of the parent are appointed by the Supervisory Board. According to the Articles of Association, the term of appointment is up to 3 years.

	2024	2023
ADDITIONAL INFORMATION ABOUT THE NUMBER OF EMPLOYEES OF THE PARENT		
the average number of the members of the Supervisory Board	5	5
the average number of the members of the Management Board	3	3
the average number of employees	81	69
the average number of persons providing service under service contracts	2	2

11. NET FINANCE COSTS

In thousands of euros	2024	2023
FINANCE INCOME		
Gain from a bargain purchase (Note 29)	16,826	159,210
INTEREST INCOME		
Interest income	2,744	1,034
TOTAL INTEREST INCOME	**2,744**	**1,034**
Other finance income	7	6
TOTAL FINANCE INCOME	**19,577**	**160,250**
FINANCE COSTS		
INTEREST EXPENSE		
Interest expense on borrowings	(17,835)	(15,813)
incl. interest expense on lease liabilities (Note 26)	(523)	(313)
Interest expense on provisions (Note 23)	(648)	(314)
TOTAL INTEREST EXPENSE	**(18,483)**	**(16,127)**
Other finance costs	5	(173)
TOTAL FINANCE COSTS	**(18,478)**	**(16,300)**
NET FINANCE COSTS	**1,099**	**143,950**

12. INVENTORIES

In thousands of euros	31.12.2024	31.12.2023
Natural gas inventory in storage	152,075	140,891
Guarantees of origin and property rights of commodities	725	-
Prepayments for gas	2	-
Other goods and materials	2,081	1,987
TOTAL INVENTORIES	**154,883**	**142,878**

In the reporting period, materials and goods were written down in the amount of EUR 9,755 thousand (including the write-down of natural gas inventory of EUR 9,753 thousand) (2023: EUR 1 thousand). According to management's estimates, as at 31 December 2024, the acquisition cost of inventories did not exceed the net realisable value. The net realisation value of inventories was calculated on the basis of valid sales contracts, forward prices and derivatives that will realise in future periods.

14. CASH AND CASH EQUIVALENTS

In thousands of euros	31.12.2024	31.12.2023
Bank accounts	163,644	89,194
Cash in transit	14	9
TOTAL CASH AND CASH EQUIVALENTS (Note 24)	**163,658**	**89,203**

13. TRADE AND OTHER RECEIVABLES

In thousands of euros	31.12.2024	31.12.2023
TRADE RECEIVABLES		
ACCOUNTS RECEIVABLE FROM CONTRACTS WITH CUSTOMERS		
Accounts receivable (Note 24)	130,174	155,517
incl. accounts receivable from related parties (Note 28)	3,036	2,405
Allowance for doubtful receivables (Note 24)	(227)	(367)
TOTAL ACCOUNTS RECEIVABLE FROM CONTRACTS WITH CUSTOMERS (Note 6)	**129,947**	**155,150**
OTHER ACCOUNTS RECEIVABLE		
Accounts receivable (Note 24)	406	5
TOTAL OTHER ACCOUNTS RECEIVABLE	**406**	**5**
TOTAL TRADE RECEIVABLES	**130,353**	**155,155**
Receivables for realised derivative financial instruments	676	5,958
Accrued income	150	65
incl. interest receivable from related parties (Note 28)	130	52
Collateral fees for derivative financial instruments	15,108	15,341
Other receivables	4,515	2,290
TOTAL TRADE AND OTHER RECEIVABLES (Note 24)	**150,802**	**178,809**
incl. current	150,262	178,801
non-current	540	8

Receivables and prepayments for services and goods are not secured.

All of the Group's receivables are denominated in euros or Polish zlotys.

Information about the credit quality of the trade receivables is disclosed in Note 24.

As at 31 December 2024 and 2023, the majority of accounts receivable from related parties comprised of receivables for pipeline gas, liquefied natural gas (LNG) and electricity sold.

15. PROPERTY, PLANT AND EQUIPMENT

In thousands of euros	Land and buildings	Facilities	Machinery and equipment	Other	Construction in progress and prepayments	Total
PROPERTY, PLANT AND EQUIPMENT AS AT 31 DECEMBER 2022						
Cost	2,141	123,391	16,551	328	1,503	143,914
Accumulated depreciation	(714)	(51,769)	(10,248)	(128)	-	(62,859)
CARRYING AMOUNT	**1,427**	**71,622**	**6,303**	**200**	**1,503**	**81,055**
MOVEMENTS, 1 JANUARY - 31 DECEMBER 2023						
Additions	56	181	372	764	6,932	8,305
Acquisitions through business combinations (Note 29)	27,406	249,551	12,994	2,919	3,567	296,437
Depreciation	(374)	(6,956)	(1,987)	(439)	-	(9,756)
Disposals and write-offs	(472)	(177)	(68)	(169)	(13)	(899)
Transfers from construction in progress and prepayments	197	5,487	975	572	(7,231)	-
Other reclassifications	(20)	11	9	-	-	-
TOTAL MOVEMENTS, 1 JANUARY - 31 DECEMBER 2023	**26,793**	**248,097**	**12,295**	**3,647**	**3,255**	**294,087**
PROPERTY, PLANT AND EQUIPMENT AS AT 31 DECEMBER 2023						
Cost	28,540	378,152	30,539	4,215	4,758	446,204
Accumulated depreciation	(320)	(58,433)	(11,941)	(368)	-	(71,062)
CARRYING AMOUNT	**28,220**	**319,719**	**18,598**	**3,847**	**4,758**	**375,142**
MOVEMENTS, 1 JANUARY - 31 DECEMBER 2024						
Additions	-	-	426	62	12,448	12,936
Acquisitions through business combinations (Note 29)	489	106,811	1,508	-	1,044	109,852
Depreciation	(776)	(11,788)	(2,993)	(1,071)	-	(16,628)
Disposals and write-offs	(14)	(76)	(44)	(1)	(2)	(137)
Transfers from construction in progress and prepayments	150	7,395	3,722	887	(12,154)	-
Effect of movements in exchange rates	-	-	-	-	11	11
Other reclassifications	15	(15)	-	-	-	-
TOTAL MOVEMENTS, 1 JANUARY - 31 DECEMBER 2024	**(136)**	**102,327**	**2,619**	**(123)**	**1,347**	**106,034**
PROPERTY, PLANT AND EQUIPMENT AS AT 31 DECEMBER 2024						
Cost	29,162	492,248	35,219	5,082	6,105	567,816
Accumulated depreciation	(1,078)	(70,202)	(14,002)	(1,358)	-	(86,640)
CARRYING AMOUNT	**28,084**	**422,046**	**21,217**	**3,724**	**6,105**	**481,176**

In comparative period, in coordination with the Competition Authority, in AS Gaasivõrk the useful life in accounting of the pipelines was aligned with the technical useful life, changing the useful life of pipelines from 50 to 30 years. The impact of the amendment on the comparative reporting period was immaterial.

Capitalised borrowing costs related to the construction in progress totalled EUR 213 thousand (2023: EUR 89 thousand) and depreciation EUR 52 thousand (2023: EUR 26 thousand). Capitalisation rates were between 4.0%-8.0% (2023: 3.5%-8.0%).

Assumptions and estimation uncertainties

The estimated useful lives of items of property, plant and equipment are based on management's estimate of the period during which the asset will be used. The actual useful lives may be longer or shorter than the estimates. If depreciation rates were changed by 10%, the annual depreciation charge would change by EUR 1,663 thousand (2023: EUR 976 thousand).

16. INTANGIBLE ASSETS

In thousands of euros	Computer software	Customer contracts	Other	Total
INTANGIBLE ASSETS AS AT 31 DECEMBER 2022				
Cost	9,831	6,300	-	16,131
Accumulated amortisation	(7,322)	(3,416)	-	(10,738)
CARRYING AMOUNT	**2,509**	**2,884**	**-**	**5,393**
MOVEMENTS, 1 JANUARY - 31 DECEMBER 2023				
Purchases	2,930	-	-	2,930
Amortisation charge	(1,211)	(306)	-	(1,517)
Acquisition of subsidiary (Note 29)	4,323	-	-	4,323
TOTAL MOVEMENTS, 1 JANUARY - 31 DECEMBER 2023	**6,042**	**(306)**	**-**	**5,736**
INTANGIBLE ASSETS AS AT 31 DECEMBER 2023				
Cost	16,693	6,300	-	22,993
Accumulated amortisation	(8,141)	(3,722)	-	(11,863)
CARRYING AMOUNT	**8,552**	**2,578**	**-**	**11,130**
MOVEMENTS, 1 JANUARY - 31 DECEMBER 2024				
Purchases	2,977	-	-	2,977
Amortisation charge	(1,997)	(245)	-	(2,242)
Acquisition of subsidiary (Note 29)	-	-	516	516
TOTAL MOVEMENTS, 1 JANUARY - 31 DECEMBER 2024	**980**	**(245)**	**516**	**1,251**
INTANGIBLE ASSETS AS AT 31 DECEMBER 2024				
Cost	19,624	6,300	516	26,440
Accumulated amortisation	(10,092)	(3,967)	-	(14,059)
CARRYING AMOUNT	**9,532**	**2,333**	**516**	**12,381**

ASSUMPTIONS AND ESTIMATION UNCERTAINTIES

The estimated useful lives of items of intangible assets are based on management's estimate of the period during which the asset will be used. The actual useful lives may be longer or shorter than the estimates. If depreciation rates were changed by 10%, the annual depreciation charge would change by EUR 224 thousand (2023: EUR 152 thousand).

17. DERIVATIVE FINANCIAL INSTRUMENTS

In thousands of euros	Assets	Liabilities	Assets	Liabilities
	31 December 2024		31 December 2023	
NON-CURRENT DERIVATIVE FINANCIAL INSTRUMENTS				
Swap contracts for buying and selling natural gas	2,954	(235)	1,092	-
incl. derivative financial instruments for which hedge accounting is applied	2,864	(124)	1,092	-
incl. swap contracts to hedge the price risk of gas sales at a fixed price	2,864	(124)	882	-
incl. swap contracts to hedge the price risk of gas sales at a floating price	-	-	210	-
Swap contracts for buying and selling electricity	260	(1,234)	33	(186)
incl. derivative financial instruments for which hedge accounting is applied	260	(1,234)	33	(186)
Currency exchange forwards	-	(2)	-	-
CURRENT DERIVATIVE FINANCIAL INSTRUMENTS				
Swap contracts for buying and selling natural gas	4,672	(23,257)	27,347	(3,445)
incl. derivative financial instruments for which hedge accounting is applied	2,982	(22,037)	27,347	(3,445)
incl. swap contracts to hedge the price risk of gas sales at a fixed price	3,142	8,027	(23,310)	(4,109)
incl. swap contracts to hedge the price risk of gas sales at a floating price	(160)	(30,064)	51,224	696
incl. swap contracts to hedge the price risk of gas purchases for storage	-	-	(567)	(32)
Swap contracts for buying and selling electricity	3,661	(4,393)	1,380	(56)
incl. derivative financial instruments for which hedge accounting is applied	1,097	(3,816)	1,380	(56)
Currency exchange forwards	-	(54)	-	(158)
TOTAL DERIVATIVE FINANCIAL INSTRUMENTS (Note 24)	**11,547**	**(29,175)**	**29,852**	**(3,845)**

The goal of the swap contracts for buying and selling natural gas is to manage the risk of changes in the purchase price of natural gas and the value of sales transactions. The goal of the swap contracts for buying and selling electricity is to manage the risk of changes in the purchase price of electricity. Additional information about the risk management principles is disclosed in Note 24.3 (c).

18. CAPITAL AND RESERVES

A Share capital

As at 31 December 2024, AS Elenger Grupp had 27,728,408 shares without nominal value (31 December 2023: 27,728,408 shares without nominal value). Each share grants one vote at the general meeting of shareholders.

INFORMATION ABOUT SHAREHOLDERS AS AT 31 DECEMBER 2024.

Shareholder	Number of shares	Interest	Number of shares	Interest
	31 December 2024		31 December 2023	
AS Infortar	27,728,408	100.0%	27,728,408	100.0%

The share registry is kept electronically at the Estonian Central Register of Securities.

B Statutory capital reserve

The statutory capital reserve has been formed in compliance with the requirements specified in the Commercial Code of Estonia. The size of the capital reserve is foreseen in the Articles of Association and it cannot be smaller than 1/10 of the share capital.

As at 31 December 2024, the Group's statutory capital reserve totalled EUR 992 thousand (31 December 2023: EUR 992 thousand). As at 31 December 2024 the Group has no obligation to make any additional transfers to the statutory capital reserve.

C Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss or in the cost of inventories as the hedged cash flows affect profit or loss.

In thousands of euros	2024	2023
HEDGING RESERVE AT THE BEGINNING OF THE PERIOD	**24,118**	**82,307**
Cash flow hedges – effective portion of changes in fair value	(40,898)	6,596
incl. from swap contracts to hedge the price risk of gas sales at a fixed price	290	(69,296)
incl. from swap contracts to hedge the price risk of gas sales at a floating price	(64,816)	70,053
incl. from swap contracts to hedge the price risk of gas purchases for storage	27,259	373
incl. from swap contracts for buying and selling electricity	(3,419)	5,624
incl. from currency exchange forwards	(212)	(158)
Gain(-) / loss(+) reclassified to line "Revenue" of the statement of profit or loss and OCI (Note 6)	(18,433)	(80,448)
incl. from swap contracts to hedge the price risk of gas sales at a floating price	(17,538)	(80,448)
incl. from swap contracts for buying and selling electricity	(895)	-
Gain(-) / loss(+) reclassified to line "Raw materials and consumables used" of the statement of profit or loss and OCI	41,515	8,605
incl. from swap contracts to hedge the price risk of gas sales at a fixed price	38,641	12,447
incl. from swap contracts for buying and selling electricity	2,874	(3,842)
Gain(-) / loss(+) transferred to line "Inventories" of the statement of financial position	(1,304)	9,027
incl. from swap contracts to hedge the price risk of gas purchases for storage	(1,304)	9,027
Gain(-) / loss(+) reclassified to line "Other operating income" of the statement of profit or loss and OCI for which the hedged future cash flows are no longer expected to occur (Note 7)	(29,603)	(2,055)
incl. from swap contracts to hedge the price risk of gas sales at a fixed price	(680)	156
incl. from swap contracts to hedge the price risk of gas sales at a floating price	-	(17,886)
incl. from swap contracts to hedge the price risk of gas purchases for storage	(25,356)	15,675
incl. from swap contracts for buying and selling electricity	(3,567)	-
Gain(-) / loss(+) reclassified to line "Other operating expenses" of the statement of profit or loss and OCI for which the hedged future cash flows are no longer expected to occur (Note 10)	2,931	86
incl. from swap contracts to hedge the price risk of gas sales at a floating price	2,605	-
incl. from swap contracts for buying and selling electricity	11	86
incl. from currency exchange forwards	315	-
HEDGING RESERVE AT THE END OF THE PERIOD	**(21,674)**	**24,118**

18. CAPITAL AND RESERVES, CONTINUED

D Profit distribution

According to the Income Tax Act, companies are taxed in Estonia on the distribution of dividends. From 1 January 2025, on distribution of profits to shareholders, dividends are subject to income tax of 22/78 of the net amount. Dividends distributed by a company are exempt, if these are paid out of dividends received from other companies in which the company has at least 10% interest.

The following table presents the basis for calculating the distributable shareholders' equity, potential dividends and the accompanying corporate income tax.

In thousands of euros	31.12.2024	31.12.2023
Retained earnings (Note 31)	419,809	370,970
Distributable shareholders' equity	419,809	370,970
Corporate income tax payable on the distribution of the entire unrestricted equity	92,358	73,841
Net dividends available for distribution	327,451	297,129

In the reporting period, AS Elenger Grupp paid dividends of 0 euros (2023: EUR 36,209 thousand (dividend per share 1.31 euros)).

19. CAPITAL MANAGEMENT

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Group monitors capital using a ratio of equity and shareholder loans to total assets. The Group's policy is to maintain the sustainable ratio.

THE GROUP'S EQUITY TO TOTAL ASSETS RATIO AS AT 31 DECEMBER 2024 WAS AS FOLLOWS.

In thousands of euros	31.12.2024	31.12.2023
Equity	409,290	406,196
Subordinated loan from owner (Note 20)	14,297	14,297
Total assets	995,925	840,867
EQUITY TO TOTAL ASSETS RATIO	**43%**	**50%**

20. BORROWINGS

BORROWINGS AT AMORTISED COST

In thousands of euros	31.12.2024	31.12.2023
LONG-TERM BORROWINGS		
Bank loans	133,344	104,139
Subordinated loan from owner (Note 19)	14,297	14,297
Lease liabilities	10,438	9,355
TOTAL LONG-TERM BORROWINGS	**158,079**	**127,791**
SHORT-TERM BORROWINGS		
Short-term bank loans	203,000	123,050
Bank overdraft	35,000	23,407
Current portion of long-term bank loans	11,207	8,667
Current portion of lease liabilities	3,187	2,457
TOTAL SHORT-TERM BORROWINGS	**252,394**	**157,581**
TOTAL BORROWINGS	**410,473**	**285,372**

Information about the Group' exposure to interest rate, currency and liquidity risks is disclosed in Note 24.

TERMS AND REPAYMENT SCHEDULE OF BORROWINGS

In thousands of euros	Maturity date	Nominal value	
		31.12.2024	31.12.2023
Bank loans	2025-2029	347,905	236,056
Subordinated loan from owner (Note 19)	2028	14,297	14,297
Bank overdraft	2025	35,000	23,407
Lease liabilities	2025-2100	13,625	11,812
incl. lease liabilities to related parties (Note 28)		8,599	9,772
TOTAL BORROWINGS		**410,827**	**285,572**

All the bank loans have floating interest rates. As at 31 December 2024, the interest rates of bank loans were between 4.15% and 5.48% (31 December 2023: 5.40% and 6.47%) and the interest rates of subordinated shareholder loan and overdraft were between 4.00% and 8.00% (31 December 2023: 4.00% and 8.00%). As at 31 December 2024, the interest rates of lease contracts were between 1.79% and 6.30% (31 December 2023: 1.29% and 6.30%).

In 2024 the working capital loans in the amount of EUR 82.9 million were repaid (2023: EUR 276.6 million) and new working capital loans in the amount of EUR 161.7 million (2023: EUR 192.7 million) were received.

As at 31 December 2024 , the bank loans were secured by a commercial pledge registered on the assets of AS Gaasivõrk, SIA Solar Nica and OÜ Pärnu Päikesepark 1-4, by a share pledge registered on the shares of AS Gaasivõrk and AS "Gaso", by a financial pledge, by a mortgage registered on five properties belonging to AS Elenger Grupp, a mortgage registered on OÜ Pärnu Päikesepark 1-4 legal share of the right of superficies and a mortgage registered on a property belonging to SIA Solar Nica. The carrying amount of financial assets pledged as collateral as at 31 December 2024 was EUR 3.5 million. The pledged shares of AS Gaasivõrk and AS "Gaso" are not reflected in the consolidated balance sheet as they have been eliminated in the course of consolidation. In the unconsolidated balance sheet of the parent company, the book value of these shares totalled EUR 83.0 million as at 31 December 2024.

The loan agreements of the Group provide for financial and non-financial covenants that the parent and the Group as whole are obliged to comply with. All Group companies and the Group as whole complied with the covenants as at 31 December 2024 and 31 December 2023.

20. BORROWINGS, CONTINUED

MOVEMENTS OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

In thousands of euros	Overdrafts used for cash management purposes	Loans	Lease liabilities	Retained earnings	Total
BALANCE AT 1 JANUARY 2024 (Note 24.3)	**23,407**	**250,153**	**11,812**	**370,970**	**656,342**
CHANGES FROM FINANCING CASH FLOWS					
Bank loans received	-	203,460	-	-	203,460
Repayments of bank loans	-	(91,611)	-	-	(91,611)
Payment of lease liabilities	-	-	(3,111)	-	(3,111)
Changes in overdrafts	11,593	-	-	-	11,593
Interest and loan fees paid	-	(171)	-	(18,231)	(18,402)
TOTAL CHANGES FROM FINANCING CASH FLOWS	**11,593**	**111,678**	**(3,111)**	**(18,231)**	**101,929**
OTHER CHANGES RELATED TO LIABILITIES					
Interest paid	-	-	-	18,231	18,231
New leases	-	-	929	-	929
Reassessment of the lease liabilities	-	-	1,287	-	1,287
Derecognition of leases	-	-	(1)	-	(1)
Acquisition of subsidiary (Note 29)	-	-	2,709	-	2,709
Amortisation of borrowing costs	-	17	-	-	17
TOTAL OTHER CHANGES RELATED TO LIABILITIES	**-**	**17**	**4,924**	**18,231**	**23,172**
CHANGES RELATED TO EQUITY	**-**	**-**	**-**	**48,839**	**48,839**
BALANCE AT 31 DECEMBER 2024 (Note 24.3)	**35,000**	**361,848**	**13,625**	**419,809**	**830,282**

In thousands of euros	Overdrafts used for cash management purposes	Loans	Lease liabilities	Retained earnings	Total
BALANCE AT 1 JANUARY 2023 (Note 24.3)	**12,068**	**273,957**	**10,550**	**142,137**	**438,712**
CHANGES FROM FINANCING CASH FLOWS					
Bank loans received	-	273,055	-	-	273,055
Repayments of bank loans	-	(305,811)	-	-	(305,811)
Repayments of other loans	-	(14,705)	-	-	(14,705)
Payment of lease liabilities	-	-	(2,370)	-	(2,370)
Dividends paid	-	-	-	(36,209)	(36,209)
Changes in overdrafts	11,339	-	-	-	11,339
Interest and loan fees paid	-	(232)	-	(15,725)	(15,957)
TOTAL CHANGES FROM FINANCING CASH FLOWS	**11,339**	**(47,693)**	**(2,370)**	**(51,934)**	**(90,658)**
OTHER CHANGES RELATED TO LIABILITIES					
Interest paid	-	-	-	15,725	15,725
New leases	-	-	4,585	-	4,585
Reassessment of the lease liabilities	-	-	66	-	66
Derecognition of leases	-	-	(1,442)	-	(1,442)
Acquisition of subsidiary (Note 29)	-	23,847	423	-	24,270
Amortisation of borrowing costs	-	42	-	-	42
TOTAL OTHER CHANGES RELATED TO LIABILITIES	**-**	**23,889**	**3,632**	**15,725**	**43,246**
CHANGES RELATED TO EQUITY	**-**	**-**	**-**	**265,042**	**265,042**
BALANCE AT 31 DECEMBER 2023 (Note 24.3)	**23,407**	**250,153**	**11,812**	**370,970**	**656,342**

21. TRADE AND OTHER PAYABLES

In thousands of euros	31.12.2024	31.12.2023
Trade payables	47,434	70,557
incl. payables to related parties (Note 28)	1,561	4,551
Payables for realised derivative financial instruments	8,728	1,463
Payables to employees	13,064	5,642
Accrued interest	398	605
incl. payables to related parties (Note 28)	40	62
Other payables	5,023	2,268
TOTAL TRADE AND OTHER PAYABLES (Note 24)	**74,647**	**80,535**
incl. current	74,246	80,535
non-current	401	-

22. DEFERRED INCOME

GOVERNMENT GRANTS

In thousands of euros	2024	2023
DEFERRED INCOME FROM GRANTS AT THE BEGINNING OF THE PERIOD	**318**	**350**
Amortisation of government grants received (Note 7)	(32)	(32)
Acquisition of subsidiary (Note 29)	3,401	-
DEFERRED INCOME FROM GRANTS AT THE END OF THE PERIOD	**3,687**	**318**

The Group has received grants for the construction of new CNG filling stations from Keskkonnainvesteeringute Keskus (Environmental Investment Centre). EWE Polska group has received grants from European Infrastructure and Environment Fund for construction of gas distribution network in the areas previously ungasified.

23. PROVISIONS

In thousands of euros	Post-employment benefits for the members of the Management Board (Note 9)	Pensions (Note 9)	Other employment and post-employment benefitss (Note 9)	Onerous contracts (Note 8)	Environmental protection provisions	Warranties, fines, and other contractual obligations	Total
BALANCE AT 1 JANUARY 2024	**400**	**184**	**870**	**5,836**	**892**	**-**	**8,182**
Provisions made and restated during the year	74	28	67	(877)	12	234	(462)
Changes in actuarial assumptions	-	-	141	-	-	-	141
Unwind of discount (Note 11)	-	9	-	639	-	-	648
Provisions used during the year	-	(31)	(331)	-	-	-	(362)
BALANCE AT 31 DECEMBER 2024	**474**	**190**	**747**	**5,598**	**904**	**234**	**8,147**
INCL. CURRENT	**-**	**31**	**-**	**-**	**-**	**29**	**60**
NON-CURRENT	**474**	**159**	**747**	**5,598**	**904**	**205**	**8,087**
BALANCE AT 1 JANUARY 2023	**450**	**195**	**-**	**-**	**-**	**-**	**645**
Provisions made and restated during the year	30	14	(183)	5,528	204	-	5,593
Changes in actuarial assumptions	-	-	44	-	-	-	44
Unwind of discount (Note 11)	-	6	-	308	-	-	314
Provisions used during the year	(80)	(31)	(84)	-	-	-	(195)
Acquisition of subsidiary (Note 29)	-	-	1,093	-	688	-	1,781
BALANCE AT 31 DECEMBER 2023	**400**	**184**	**870**	**5,836**	**892**	**-**	**8,182**
INCL. CURRENT	**-**	**31**	**-**	**-**	**-**	**-**	**31**
NON-CURRENT	**400**	**153**	**870**	**5,836**	**892**	**-**	**8,151**

Provisions have been discounted at the rate between of 4.324%-9.98% (31 December 2023: 5.599%-10.46%).

A Post-employment benefits for the members of the Management Board

The provision for post-employment benefits for the members of the Management Board has been set up according to the conditions of the contracts in force.

B Pensions

The provision for pensions has been set up according to the conditions of the contract in force in order to pay the pension to a Member of the Supervisory Board.

C Other employment and post-employment benefits

Under the Collective Agreement, the Company provides certain defined benefits upon termination of employment and over the rest of life to employees whose employment conditions meet certain criteria. The amount of benefit liability is calculated annually based on the current salary level and the number of employees who are entitled or may become entitled to receive those payments, as well as based on actuarial assumptions, using the projected unit credit method.

23. PROVISIONS, CONTINUED

D Onerous contracts

The provision for onerous contracts has been set up in connection with long-term fixed-price electricity purchase agreements. Due to the fall in market prices, part of the amount of electricity has not been resold to customers with long-term contracts. The provision has been established on the basis of projected future prices.

E Environmental protection provisions

The environmental protection provisions have been set up for improvements of environment and territory in property in Riga.

F Warranties, fines and other contractual obligations

The provision for warranties, fines and other contractual obligations has been set up to cover potential obligations arising from construction contracts.

24. FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT

24.1 ACCOUNTING CLASSIFICATION AND FAIR VALUES

In thousands of euros	Fair value - hedging instruments	Financial assets at amortised cost	Other financial liabilities	Total	Fair value Level 2	Fair value Level 3
AS AT 31 DECEMBER 2024						
FINANCIAL ASSETS MEASURED AT FAIR VALUE						
Derivative financial instruments - swaps for buying and selling natural gas and electricity (Note 17)	11,547	-	-	11,547	11,547	-
	11,547	**-**	**-**	**11,547**		
FINANCIAL ASSETS NOT MEASURED AT FAIR VALUE						
Trade and other receivables (Note 13)	-	150,802	-	150,802	***	***
Cash and cash equivalents (Note 14)	-	163,658	-	163,658	***	***
	-	**314,460**	**-**	**314,460**		
FINANCIAL LIABILITIES MEASURED AT FAIR VALUE						
Derivative financial instruments - swaps for buying and selling natural gas and electricity, currency exchange forwards (Note 17)	(29,175)	-	-	(29,175)	(29,175)	-
	(29,175)	**-**	**-**	**(29,175)**		
FINANCIAL LIABILITIES NOT MEASURED AT FAIR VALUE						
Overdrafts and loans (Note 20)**	-	-	(396,848)	(396,848)	(397,407)	-
Lease liabilities (Note 20)	-	-	(13,625)	(13,625)	(13,625)	-
Trade and other payables (Note 21)*	-	-	(61,583)	(61,583)	***	***
	-	**-**	**(472,056)**	**(472,056)**		

* Payables to employees are not included

** According to management's estimates the fair values of the bank loans and overdraft that had a floating interest rate did not differ from their carrying amounts as the risk margins at the end of reporting period met the level of the market's risk margin.

*** The Group has not disclosed the fair values for financial instruments such as cash and cash equivalents, trade and other receivables and payables, because their carrying amounts are a reasonable approximation of fair value.

24.1 ACCOUNTING CLASSIFICATION AND FAIR VALUES, CONTINUED

In thousands of euros	Fair value - hedging instruments	Financial assets at amortised cost	Other financial liabilities	Total	Fair value Level 2	Fair value Level 3
AS AT 31 DECEMBER 2023						
FINANCIAL ASSETS MEASURED AT FAIR VALUE						
Derivative financial instruments - swaps for buying and selling natural gas and electricity (Note 17)	29,852	-	-	29,852	29,852	-
	29,852	**-**	**-**	**29,852**		
FINANCIAL ASSETS NOT MEASURED AT FAIR VALUE						
Trade and other receivables (Note 13)	-	178,809	-	178,809	***	***
Cash and cash equivalents (Note 14)	-	89,203	-	89,203	***	***
	-	**268,012**	**-**	**268,012**		
FINANCIAL LIABILITIES MEASURED AT FAIR VALUE						
Derivative financial instruments - swaps for buying and selling natural gas and electricity, currency exchange forwards (Note 17)	(3,845)	-	-	(3,845)	(3,845)	-
	(3,845)	**-**	**-**	**(3,845)**		
FINANCIAL LIABILITIES NOT MEASURED AT FAIR VALUE						
Overdrafts and loans (Note 20)**	-	-	(273,560)	(273,560)	(274,140)	-
Lease liabilities (Note 20)	-	-	(11,812)	(11,812)	(11,812)	-
Trade and other payables (Note 21)*	-	-	(74,893)	(74,893)	***	***
	-	**-**	**(360,265)**	**(360,265)**		

* Payables to employees are not included

** According to management's estimates the fair values of the bank loans and overdraft that had a floating interest rate did not differ from their carrying amounts as the risk margins at the end of reporting period met the level of the market's risk margin.

*** The Group has not disclosed the fair values for financial instruments such as cash and cash equivalents, trade and other receivables and payables, because their carrying amounts are a reasonable approximation of fair value.

24.2 MEASUREMENT OF FAIR VALUES

	Valuation technique	Significant unobservable inputs
FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE		
Derivative financial instruments - swap contracts for buying and selling natural gas	The fair value is determined using settlement prices for futures contracts at ICE Endex market at the reporting date	-
Derivative financial instruments - swap contracts for buying and selling electricity	The fair value is determined based on the observed market prices of Nasdaq electricity futures, historical Nasdaq and Nordpool electricity prices, border capacity auction prices, and feedback from market participants	-
Derivative financial instruments - currency exchange forwards	The fair value is determined based on forward rates	-
FINANCIAL LIABILITIES NOT MEASURED AT FAIR VALUE		
Loans, overdrafts and lease liabilities	Discounted cash flows: the valuation model considers the present value of expected payments, discounted using a risk-adjusted discount rate	Interest rates of borrowings

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24.3 FINANCIAL RISK MANAGEMENT

THE GROUP HAS EXPOSURE TO THE FOLLOWING RISKS ARISING FROM FINANCIAL INSTRUMENTS:

- credit risk
- liquidity risk
- market risk

The parent's Management Board has responsibility for the establishment and oversight of the Group's risk management framework. The purpose of the Group's overall risk management programme is to mitigate financial risks and minimise the volatility of financial results in order to minimise adverse effects on the Group's financial performance. The Group's risk management activities focus on the identification and analysis of possible risks, setting appropriate risk limits and controls and monitoring adherence to limits. The efficiency of risk management and internal controls are monitored and analysed by the Supervisory Board.

A Credit risk

Credit risk is the risk that a customer or a counterparty to a financial instrument will cause a financial loss for the Group by failing to discharge an obligation. Credit risk arises principally from the Group's receivables from customers and other receivables. The carrying amount of financial assets represents the maximum credit exposure.

As at 31 December 2024, the maximum amount exposed to credit risk was as follows.

In thousands of euros	31.12.2024	31.12.2023
Derivative financial instruments (Note 17)	11,547	29,852
Trade and other receivables (Note 13)	150,802	178,809
Bank accounts (Note 14)	163,644	89,194
Cash in transit (Note 14)	14	9
TOTAL AMOUNT EXPOSED TO CREDIT RISK	**326,007**	**297,864**

TRADE AND OTHER RECEIVABLES

The Group's exposure to credit risk for accounts receivable is influenced mainly by the individual characteristics of each customer. For business customers the credit analysis is performed prior to the conclusion of the contract and regularly during the validity of the contract. For household customers the seller of gas who has the greatest market share within a network area is obliged to sell gas within the technical limits of the network to all the household customers who have a network connection within the network area and who wish to purchase gas.

The customers' debt is monitored on a daily basis and additional measures are applied if necessary (for example interim invoices, prepayment invoices or deposits). For overdue invoices reminders are sent to customers or customers are contacted by phone, if necessary an enforcement procedure is started through the court or a collection agency. The supply of gas may be interrupted in accordance with the conditions stipulated in the legal acts after the prescribed term date has passed.

As at 31 December 2024, the maximum exposure to credit risk by the type of receivable was as follows.

In thousands of euros	31.12.2024	31.12.2023
Trade receivables for gas and network service, incl.		
commercial consumers	101,502	128,291
household customers	6,693	6,919
Trade receivables for other goods and services	22,158	19,945
Other receivables	20,449	23,654
TOTAL TRADE AND OTHER RECEIVABLES (Note 13)	**150,802**	**178,809**

According to management's estimates there are no significant differences in customer payment behavior across countries, therefore the geographical distribution of receivables has not been disclosed.

The allowance for doubtful receivables by the type of receivable as at 31 December 2024 was as follows.

In thousands of euros	31.12.2024	31.12.2023
Allowance for doubtful receivables for gas and network service, incl.		
commercial consumers	(36)	(90)
household customers	(113)	(39)
Allowance for doubtful receivables for other goods and services	(78)	(238)
TOTAL ALLOWANCE FOR DOUBTFUL RECEIVABLES (Note 13)	**(227)**	**(367)**

As at 31 December 2024, the Group's most significant customer accounted for EUR 10,207 thousand (31 December 2023: EUR 20,538 thousand) of trade receivables and the Group's most significant transaction party of realised derivative financial instrument EUR 199 thousand (31 December 2023: EUR 2,990 thousand).

An analysis of the credit quality of accounts receivable as at 31 December 2024 was as follows.

In thousands of euros	31.12.2024	31.12.2023
Receivables from new customers (client relationship shorter than 6 months)	8,939	5,578
Receivables from existing customers (client relationship longer than 6 months)	117,194	138,495
TOTAL ACCOUNTS RECEIVABLE NOT YET DUE	**126,133**	**144,073**

24.3 FINANCIAL RISK MANAGEMENT, CONTINUED

EXPECTED CREDIT LOSS ASSESSMENT FOR ACCOUNTS RECEIVABLE

The Group uses an allowance matrix to measure the expected credit losses of accounts receivable, which comprise a very large number of balances. Loss rates are based on actual credit loss experience and are calculated separately for exposures in different segments based on the geographic region and the type of products/service lines. If necessary, the loss rates based on historical information are adjusted taking into account the overall economic outlook.

As at 31 December 2024, the Group had not observed any deterioration in customers' payment behavior.

In thousands of euros	Weighted average loss rate	Gross carrying amount	Impairment loss allowance
31 DECEMBER 2024			
Accounts receivable not yet due	0.02%	126,133	25
1-30 days past due	0.31%	3,204	10
31-179 days past due	1.94%	1,008	20
More than 180 days past due	73.24%	235	172
TOTAL ACCOUNTS RECEIVABLE (Note 13)		**130,580**	**227**
31 DECEMBER 2023			
Accounts receivable not yet due	0.03%	144,073	37
1-30 days past due	0.04%	10,661	4
31-179 days past due	5.81%	413	24
More than 180 days past due	80.62%	375	302
TOTAL ACCOUNTS RECEIVABLE (Note 13)		**155,522**	**367**

The movement in the allowance for doubtful receivables during the year was as follows.

In thousands of euros	2024	2023
ALLOWANCE FOR DOUBTFUL RECEIVABLES AT THE BEGINNING OF THE PERIOD	**(367)**	**(175)**
Classified as doubtful and collected during the accounting period	(6)	(231)
Classified as irrecoverable	146	39
ALLOWANCE FOR DOUBTFUL RECEIVABLES AT THE END OF THE PERIOD (Note 13)	**(227)**	**(367)**

The other receivables do not contain any assets that have been written down.

BANK ACCOUNTS AND SHORT-TERM DEPOSITS

In thousands of euros	31.12.2024	31.12.2023
At banks with Moody's credit rating of Aa3	109,856	86,038
At banks with Moody's credit rating of A1	24,507	289
At banks with Moody's credit rating of A2	6,138	-
At banks with Moody's credit rating of A3	1,772	608
At banks with Moody's credit rating of Baa1	21,160	1,819
At banks with Moody's credit rating of Baa2	165	440
At banks not rated by Moody's	46	-
TOTAL BANK ACCOUNTS AND SHORT-TERM DEPOSITS AT BANKS (Note 14)	**163,644**	**89,194**

B Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses and risking damage to the Group's reputation. Long-term liquidity risk is the risk that the Group does not have a sufficient amount of unrestricted cash or other sources of liquidity to meet its future liquidity needs in order to carry out its business plan and meet its commitments, or that for the above reasons the Group needs to raise additional cash quickly which may result in higher costs.

Short-term liquidity risk is mitigated so that the Group keeps a certain amount of cash buffer in its bank accounts in order to have a sufficient amount of cash also available in case there are deviations from the cash flow forecast. In order to have a sufficient amount of cash available, the Group has concluded overdraft agreements, factoring agreements and bank loan agreements for financing current assets. Short term need for extra financing may occur when the Group purchases natural gas for depositing in storage.

In order to finance investments related to various machinery the Group has concluded lease contracts.

The following are the remaining contractual amounts by maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments.

24.3 FINANCIAL RISK MANAGEMENT, CONTINUED

In thousands of euros	Carrying amount	Contractual cash flows				
		Total	6 months or less	7-12 months	1-5 years	More than 5 years
31 DECEMBER 2024						
NON-DERIVATIVE FINANCIAL LIABILITIES						
Bank loans (Note 20)	347,551	(373,015)	(215,013)	(9,043)	(148,959)	-
Subordinated loan from owner (Note 20)	14,297	(18,586)	(572)	(572)	(17,442)	-
Bank overdraft (Note 20)	35,000	(35,811)	(35,811)	-	-	-
Lease liabilities (Note 20)	13,625	(15,791)	(1,851)	(1,857)	(7,469)	(4,614)
Trade and other payables (Note 21)	74,647	(74,647)	(74,140)	-	(507)	-
TOTAL NON-DERIVATIVE FINANCIAL LIABILITIES	**485,120**	**(517,850)**	**(327,387)**	**(11,472)**	**(174,377)**	**(4,614)**
DERIVATIVE FINANCIAL LIABILITIES						
Outflow	29,175	(45,664)	(37,576)	(4,674)	(3,414)	-
Inflow	-	16,489	8,489	6,057	1,943	-
TOTAL DERIVATIVE FINANCIAL LIABILITIES (Note 17)	**29,175**	**(29,175)**	**(29,087)**	**1,383**	**(1,471)**	**-**
31 DECEMBER 2023						
NON-DERIVATIVE FINANCIAL LIABILITIES						
Bank loans (Note 20)	235,856	(266,560)	(133,957)	(7,815)	(124,788)	-
Subordinated loan from owner (Note 20)	14,297	(19,730)	(572)	(572)	(18,586)	-
Bank overdraft (Note 20)	23,407	(24,027)	(24,027)	-	-	-
Lease liabilities (Note 20)	11,812	(14,015)	(1,472)	(1,473)	(7,310)	(3,760)
Trade and other payables (Note 21)	80,535	(80,535)	(80,461)	-	(74)	-
TOTAL NON-DERIVATIVE FINANCIAL LIABILITIES	**365,907**	**(404,867)**	**(240,489)**	**(9,860)**	**(150,758)**	**(3,760)**
DERIVATIVE FINANCIAL LIABILITIES						
Outflow	3,845	(4,984)	(3,657)	(412)	(915)	-
Inflow	-	1,139	408	2	729	-
TOTAL DERIVATIVE FINANCIAL LIABILITIES (Note 17)	**3,845**	**(3,845)**	**(3,249)**	**(410)**	**(186)**	**-**

The interest payments on variable interest rate loans, overdraft and lease liabilities in the tables above reflect existing interest rates at the reporting date and these amounts may change as market interest rate change.

The Group's major finance agreements contain covenants. In case of breach of covenant it is possible to remedy the violation within the agreed period.

C Market risk

Market risk is the risk that changes in market prices - such as commodities, foreign exchange rates, interest rates and equity prices - will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

PRICE RISK OF COMMODITIES

The Group's major price risks of commodities arise from fixed-price gas sales contracts, floating price gas sales and purchase contracts and floating-price electricity purchase contracts. The Group uses derivatives - swap contracts for buying and selling natural gas and electricity - to manage price risks. The swap contracts have been entered into for the purchase or sale of a fixed volume of natural gas or electricity at each hour and their price is denominated in euros. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. A hedging relationship meets the hedge effectiveness requirements if there is an economic relationship between the hedged item and the hedging instrument, the effect of credit risk does not dominate the value changes and the hedge ratio is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item. The Group's goal is to apply a hedge ratio approximately 1:1 or 100%. The possible sources for ineffectiveness may be the differences in the quantities, underlying commodities and prices. The fair value changes of the other transactions are recognised in profit or loss. As at 31 December 2024, the Group had concluded swap contracts for buying and selling natural gas for the years 2024 - 2028 in the volume of -1,899,919 MWh (31 December 2023: -308,488 MWh for the years 2024 - 2027) and swap contracts for buying and selling electricity for the years 2024 - 2027 in the volume of 1,254 MWh (31 December 2023: 67,163 MWh for the years 2024 - 2027). The basis for determining the fair value of the transactions are the quotes at ICE Endex market and Nord Pool (Note 17).

24.3 FINANCIAL RISK MANAGEMENT, CONTINUED

NOMINAL AMOUNTS, QUANTITIES AND AVERAGE CONTRACT PRICES PER MWH OF CASH FLOW DERIVATIVE FINANCIAL INSTRUMENTS

In thousands of euros	1-6 months	7-12 months	More than 1 year	Total
31 DECEMBER 2024				
Nominal amount of swap contracts to hedge the price risk of gas sales at a fixed price	5,990	5,179	2,740	13,909
Nominal amount of swap contracts to hedge the price risk of gas sales at a floating price	(30,224)	-	-	(30,224)
TOTAL NOMINAL AMOUNT OF SWAP CONTRACTS FOR BUYING AND SELLING NATURAL GAS (Note 17)	**(24,234)**	**5,179**	**2,740**	**(16,315)**
Nominal amount of swap contracts for buying electricity	(629)	(1,646)	(815)	(3,090)
Nominal amount of swap contracts for selling electricity	(437)	(7)	(159)	(603)
TOTAL NOMINAL AMOUNT OF SWAP CONTRACTS FOR BUYING AND SELLING ELECTRICITY (Note 17)	**(1,066)**	**(1,653)**	**(974)**	**(3,693)**
NOMINAL AMOUNT OF CURRENCY EXCHANGE FORWARDS (Note 17)	**(54)**	**-**	**(2)**	**(56)**
Quantity of swap contracts to hedge the price risk of gas sales at a fixed price (MWh)	215,676	364,253	627,740	1,207,669
Quantity of swap contracts to hedge the price risk of gas sales at a floating price (MWh)	(3,107,588)	-	-	(3,107,588)
TOTAL QUANTITY OF SWAP CONTRACTS FOR BUYING AND SELLING NATURAL GAS (MWH)	**(2,891,912)**	**364,253**	**627,740**	**(1,899,919)**
Quantity of swap contracts for buying electricity (MWh)	461,831	341,728	315,360	1,118,919
Quantity of swap contracts for selling electricity (MWh)	(289,543)	(223,682)	(604,440)	(1,117,665)
TOTAL QUANTITY OF SWAP CONTRACTS FOR BUYING AND SELLING NATURAL GAS (MWH)	**172,288**	**118,046**	**(289,080)**	**1,254**
Average price of swap contracts to hedge the price risk of gas sales at a fixed price (€/MWh)	32	32	33	
Average price of swap contracts to hedge the price risk of gas sales at a floating price (€/MWh)	38	-	-	
Average price of swap contracts for buying electricity (€/MWh)	41	34	52	
Average price of swap contracts for selling electricity (€/MWh)	56	48	36	

Swap contracts for buying electricity contain EPADs (electricity price area differentials) and as a result the average price shown does not reflect the entire fixed price.

24.3 FINANCIAL RISK MANAGEMENT, CONTINUED

NOMINAL AMOUNTS, QUANTITIES AND AVERAGE CONTRACT PRICES PER MWH OF CASH FLOW DERIVATIVE FINANCIAL INSTRUMENTS

In thousands of euros	1-6 months	7-12 months	More than 1 year	Total
31 DECEMBER 2023				
Nominal amount of swap contracts to hedge the price risk of gas sales at a fixed price	(22,855)	(4,565)	883	(26,537)
Nominal amount of swap contracts to hedge the price risk of gas sales at a floating price	51,920	-	210	52,130
Nominal amount of swap contracts to hedge the price risk of gas purchases for storage	(599)	-	-	(599)
TOTAL NOMINAL AMOUNT OF SWAP CONTRACTS FOR BUYING AND SELLING NATURAL GAS (Note 17)	**28,466**	**(4,565)**	**1,093**	**24,994**
Nominal amount of swap contracts for buying electricity	326	531	-	857
Nominal amount of swap contracts for selling electricity	155	312	(153)	314
TOTAL NOMINAL AMOUNT OF SWAP CONTRACTS FOR BUYING AND SELLING ELECTRICITY (Note 17)	**481**	**843**	**(153)**	**1,171**
NOMINAL AMOUNT OF CURRENCY EXCHANGE FORWARDS (Note 17)	**(158)**	**-**	**-**	**(158)**
Quantity of swap contracts to hedge the price risk of gas sales at a fixed price (MWh)	1,644,605	357,531	225,863	2,228,000
Quantity of swap contracts to hedge the price risk of gas sales at a floating price (MWh)	(2,776,488)	-	(105,000)	(2,881,488)
Quantity of swap contracts to hedge the price risk of gas purchases for storage (MWh)	345,000	-	-	345,000
TOTAL QUANTITY OF SWAP CONTRACTS FOR BUYING AND SELLING NATURAL GAS (MWH)	**(786,883)**	**357,531**	**120,863**	**(308,488)**
Quantity of swap contracts for buying electricity (MWh)	144,346	101,591	-	245,937
Quantity of swap contracts for selling electricity (MWh)	(12,664)	(12,809)	(153,300)	(178,774)
TOTAL QUANTITY OF SWAP CONTRACTS FOR BUYING AND SELLING NATURAL GAS (MWH)	**131,682**	**88,782**	**(153,300)**	**67,163**
Average price of swap contracts to hedge the price risk of gas sales at a fixed price (€/MWh)	47	47	30	
Average price of swap contracts to hedge the price risk of gas sales at a fixed price (€/MWh)	52	-	40	
Average price of swap contracts to hedge the price risk of gas purchases for storage (€/MWh)	38	-	-	
Average price of swap contracts for buying electricity (€/MWh)	33	14	-	
Average price of swap contracts for selling electricity (€/MWh)	117	117	3	

Swap contracts for buying electricity contain EPADs (electricity price area differentials) and as a result the average price shown does not reflect the entire fixed price.

24.3 FINANCIAL RISK MANAGEMENT, CONTINUED

CURRENCY RISK

The Group has sales and purchase contracts that are denominated in Polish zlotys. The rest of the Group's sales, purchase, derivative financial instruments and borrowing contracts have been concluded in euros.

AS AT 31 DECEMBER 2024, THE MAXIMUM AMOUNT EXPOSED TO CURRENCY RISK WAS AS FOLLOWS.

In thousands of euros	31.12.2024	31.12.2023
Bank accounts (Note 14)	47,982	4,301
Trade and other receivables (Note 13)	14,892	2,183
Derivative financial instruments (Note 17)	674	-
Borrowings (Note 20)	(2,709)	-
Trade and other payables (Note 21)	(37,818)	(60)
TOTAL AMOUNT EXPOSED TO CURRENCY RISK	**23,021**	**6,424**

INTEREST RATE RISK

Interest rate risk is the risk that the fair value of financial instruments or cash flows will fluctuate in the future due to changes in market interest rates. Cash flow interest rate risk arises to the Group from floating interest rate borrowings and lies in the danger that financial expenses increase when interest rates increase.

A sensitivity analysis is used to assess the interest rate risk. As at 31 December 2024, borrowings with a fixed interest rate accounted for 9% and borrowings with a floating interest rate 91% of the total amount of borrowings (31 December 2023: 9% of borrowings had a fixed interest rate and 91% of borrowings had a floating interest rate).

The interest rate profile of the Group's interest-bearing borrowings in nominal amounts is as follows.

In thousands of euros	31.12.2024	31.12.2023
FIXED-RATE INSTRUMENTS		
Financial liabilities	26,452	24,745
FINANCIAL LIABILITIES		
Financial liabilities	384,375	260,827
TOTAL (Note 20)	**410,827**	**285,572**

FAIR VALUE SENSITIVITY ANALYSIS FOR FIXED-RATE INSTRUMENTS

The Group does not account for any fixed-rate financial liabilities at fair value through profit or loss, therefore a change in interest rates at the reporting date would not affect profit or loss.

CASH FLOW SENSITIVITY ANALYSIS FOR VARIABLE-RATE INSTRUMENTS

A possible change of 100 basis points in interest rates of variable-rate instruments would have increased (decreased) profit or loss as at 31 December 2024 by the amounts shown below.

	Profit or loss	
In thousands of euros	100 bp increase	100 bp decrease
31 DECEMBER 2024		
Variable-rate instruments	(2,403)	2,403
31 DECEMBER 2023		
Variable-rate instruments	(4,988)	4,988

EQUITY SENSITIVITY ANALYSIS OF DERIVATIVE FINANCIAL INSTRUMENTS

A possible change of 10% in settlement prices that are used as a basis of calculation the value of derivative financial instruments would have increased (decreased) equity as at 31 December 2024 by the amounts shown below.

	Equity	
In thousands of euros	10% increase in settlement prices	10% decrease in settlement prices
31 DECEMBER 2024		
Derivative financial instruments	7,344	(7,344)
31 DECEMBER 2023		
Derivative financial instruments	749	(749)

D Offsetting of financial assets and liabilities

Group's agreements of derivative financial instruments allow offsetting, which means that in the statement of financial position the financial assets or liabilities are recognised in net amounts by transaction parties.

In thousands of euros	Gross amounts of financial instruments	Offsetting	Net amounts of financial instruments in the statement of financial position
31 DECEMBER 2024			
FINANCIAL ASSETS			
Derivative financial instruments (Note 17)	32,831	(21,284)	11,547
FINANCIAL LIABILITIES			
Derivative financial instruments (Note 17)	(50,459)	21,284	(29,175)
31 DECEMBER 2023			
FINANCIAL ASSETS			
Derivative financial instruments (Note 17)	59,809	(29,957)	29,852
FINANCIAL LIABILITIES			
Derivative financial instruments (Note 17)	(33,802)	29,957	(3,845)

25. LIST OF SUBSIDIARIES

THE GROUP HAD THE FOLLOWING SUBSIDIARIES AS AT 31 DECEMBER 2024.

Name of the subsidiary	Country of incorporation	Nature of business	Proportion of ordinary shares held by the Group (%) 31.12.2024	31.12.2023
AS Gaasivõrk	Estonia	Sale of distribution services through natural gas distribution network	100.0	100.0
Elenger Marine OÜ	Estonia	Sale of natural gas	100.0	100.0
OÜ Pärnu Päikesepark 1	Estonia	Production of electricity	80.0	80.0
OÜ Pärnu Päikesepark 2	Estonia	Production of electricity	80.0	80.0
OÜ Pärnu Päikesepark 3	Estonia	Production of electricity	80.0	80.0
OÜ Pärnu Päikesepark 4	Estonia	Production of electricity	80.0	80.0
OÜ Elenger W1	Estonia	Production of electricity	100.0	-
SIA Elenger	Latvia	Sale of natural gas and electricity	100.0	100.0
SIA Elenger Marine	Latvia	Sea freight water transport	100.0	100.0
AS "Gaso"	Latvia	Sale of distribution services through natural gas distribution network	100.0	100.0
SIA Solar Nica	Latvia	Production of electricity	100.0	100.0
SIA Elenger Partners	Latvia	Activities of holding companies	80.0	80.0
SIA Solar Marupe	Latvia	Production of electricity	80.0	80.0
SIA Solar Olaine	Latvia	Production of electricity	80.0	80.0
UAB Elenger	Lithuania	Sale of natural gas and electricity	100.0	100.0
Elenger OY	Finland	Sale of natural gas	100.0	100.0
Elenger Sp. z o.o.	Poland	Sale of natural gas	100.0	100.0
EWE Polska Sp. z o.o.	Poland	Sale of natural gas	100.0	-
EWE Energia Sp. z o.o.	Poland	Sale of distribution services through natural gas distribution network	100.0	-
EWE Przesył Sp. z o.o.	Poland	Production and supply of electricity, gas, steam, hot water and air for air conditioning systems	100.0	-

26. LEASES

A Leases as a lessee

The Group leases office spaces, vehicles and other machinery and equipment and has concluded the right of superficies and personal right of use contracts for the use of land.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term and/or for leases of low-value assets.

In thousands of euros	Land and buildings	Machinery and equipment	Total
BALANCE AT 1 JANUARY 2024	**4,956**	**6,849**	**11,805**
Additions to right-of-use assets	314	615	929
Reassessment of the lease liability	(40)	1,301	1,261
Depreciation charge	(495)	(2,462)	(2,957)
Derecognition of right-of-use assets	-	(2)	(2)
Acquisition of subsidiary (Note 29)	2,292	-	2,292
BALANCE AT 31 DECEMBER 2024	**7,027**	**6,301**	**13,328**
BALANCE AT 1 JANUARY 2023	**2,019**	**8,040**	**10,059**
Additions to right-of-use assets	4,431	154	4,585
Reassessment of the lease liability	62	4	66
Depreciation charge	(318)	(1,912)	(2,230)
Derecognition of right-of-use assets	(1,238)	(20)	(1,258)
Acquisition of subsidiary (Note 29)	-	583	583
BALANCE AT 31 DECEMBER 2023	**4,956**	**6,849**	**11,805**

AMOUNTS RECOGNISED IN PROFIT OR LOSS UNDER IFRS 16

In thousands of euros	2024	2023
Interest expense on lease liabilities (Note 11)	523	313
Expenses relating to short-term leases	241	155

AMOUNTS RECOGNISED IN STATEMENT OF CASH FLOWS

In thousands of euros	2024	2023
Total cash outflow for leases	3,875	2,838

EXTENSION OPTIONS

Some property leases contain extension options exercisable by the Group before the end of the non-cancellable contract period. The Group assesses at the lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

B Leases as a lessor

The Group leases out the free space of properties in own use, the LNG bunker vessel and other assets. Operating lease agreements are cancellable with short-term notice.

During 2024, the property rentals of EUR 180 thousand (2023: EUR 380 thousand) were included in revenue (Note 6).

27. COMMITMENTS AND CONTINGENCIES

A Capital commitments arising from construction contracts

As at 31 December 2024, the Group had contractual liabilities relating to the acquisition of non-current assets totalling EUR 1,215 thousand (31 December 2023: EUR 1,385 thousand).

B Commitments arising from legal acts regulating the field

According to the legal acts, the network operators are responsible for the functioning and maintenance of the network which they own or possess and are required to develop the network in a manner which ensures that all consumer installations located within their network area are connected to the network. The fulfilment of these obligations requires making regular expenses and investments.

C Supervision proceedings conducted by the Finnish Energy Inspectorate

In 2023, the Finnish Energy Inspectorate (in Finnish: Energia-virasto) initiated a supervisory proceeding to assess the activities of AS Elenger Grupp and its subsidiaries Elenger Oy and SIA Elenger under Article 5 of the REMIT Regulation (prohibition of market manipulation or attempted market manipulation). In the opinion of the Elenger group, there has been no violation of the REMIT Regulation. If, as a result of the supervisory proceedings, the Finnish Energy Inspectorate should take the view that the activities of AS Elenger Grupp, Elenger Oy and SIA Elenger during the periods in question correspond to the elements of market manipulation or attempted market manipulation set out in the REMIT Regulation, the possible consequences are a warning or a fine of up to 10% of the turnover in the last financial year of the market participant who violated the prohibition, or termination of the proceedings without imposing a warning and/or a fine.

28. RELATED PARTIES

A Parent and ultimate controlling party

As at 31 December 2024 and 31 December 2023 the parent of AS Elenger Grupp and the ultimate controlling party of the Group was AS Infortar.

B Key management personnel compensation

In thousands of euros	2024	2023
Short-term employee benefits	2,362	2,351
Social taxes	675	681
TOTAL	**3,037**	**3,032**

* calculated compensations that have become collectible by the key management

Short-term employee benefits of the Group's key management personnel include salaries, vacation pay, benefits and compensations. Information about the provision that has been set up for post-employment benefits for the members of the Management Board is disclosed in Note 23.

The expenses related to setting up the provision for post-employment benefits for the members of the Management Board are recognised in profit or loss during the estimated service period of the members of the Management Board. The total amount of gross liabilities without the influence of cut-off as at 31 December 2024 was EUR 575 thousand (with social tax) (31 December 2023: EUR 401 thousand).

C Other related party transactions

	Transaction values		Balance outstanding	
In thousands of euros	2024	2023	31.12.2024	31.12.2023
SALE OF GOODS AND SERVICES				
Transactions with owner	31	22	3	4
Transactions with entities under the control of owner	12,364	2,949	2,847	149
Transactions with entities under significant influence of owner	14,586	16,824	186	2,252
TOTAL SALE OF GOODS AND SERVICES (Note 13)	**26,981**	**19,795**	**3,036**	**2,405**
PURCHASE OF GOODS AND SERVICES				
Transactions with owner	2,952	2,922	20	2,818
Transactions with entities under the control of owner	8,413	9,085	858	1,541
Transactions with entities under significant influence of owner	6,218	2,479	683	192
TOTAL PURCHASE OF GOODS AND SERVICES (Note 21)	**17,583**	**14,486**	**1,561**	**4,551**
OTHER				
Subordinated loan from owner (Note 20)	-	-	14,297	14,297
Change in overdraft from owner (Note 20)	-	(12,019)	-	-
Interest income from owner (Note 13)	2,360	903	130	52
Interest expense on borrowings (excluding lease liabilities) from owner (Note 21)	1,296	1,672	40	62
Lease liabilities to owner (Note 20)			8,599	9,772

The majority of sales to related parties comprised of sales of pipeline gas, liquefied natural gas (LNG) and electricity. The purchase of goods and services from related parties contained the purchase of biomethan and various services.

29. ACQUISITION OF SUBSIDIARIES

A EWE Polska Sp. z o.o.

On 31 October 2024, AS Elenger Grupp entered into an agreement with the German energy group EWE AG for the purchase of 100% share in Polish company Ewe Polska sp. z o.o.. The transaction was completed on 19 December 2024 after obtaining merger permit from Polish Competition Authority and the fulfilment of other prerequisites, as a result of which AS Elenger Grupp became the sole shareholder of EWE Polska sp. z o.o.. EWE Polska group includes EWE Energia sp. z o.o. and EWE Przesył sp. z o.o., whose shares are 100% owned by EWE Polska sp. z o.o..

The addition of EWE Polska group is a crucial cornerstone for continued growth of the Group. The Group has concluded that the acquired set is a business and as a result the transaction has been recognised as a business combination.

The consolidation of EWE Polska group takes place from 31 December 2024, the income and profit for the period from 19 December to 31 December 2024 have not been included in the Group's results, as its impact on the Group's results in 2024 is immaterial. If the acquisition had occured on 1 January 2024, management estimates that consolidated revenue for the year would have been EUR 1,159,945 thousand, and consolidated profit for the year would have been EUR 66,784 thousand. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2024.

The following table summarises the recognised amounts of consideration transferred, assets acquired and liabilities assumed at the date of acquisition.

In thousands of euros	
CONSIDERATION TRANSFERRED	
Cash	111,771
TOTAL CONSIDERATION TRANSFERRED	**111,771**
IDENTIFIABLE ASSETS ACQUIRED AND LIABILITIES ASSUMED	
Cash and cash equivalents	43,059
Trade receivables	12,887
Other receivables	3,678
Derivative financial instruments (assets)	2,582
Other prepayments	144
Deferred tax assets	3,918
Property rights of commodities	794
Inventories	3,646
Property, plant and equipment (Note 15)	109,852
Intangible assets (Note 16)	516
Right-of-use assets (Note 26)	2,292
Borrowings (Note 20)	(2,709)
Trade and other payables	(37,173)
Derivative financial instruments (liabilities)	(1,908)
Deferred income from grants related to non-current assets	(3,401)
Deferred connection fees (Note 6)	(9,580)
TOTAL FAILR VALUE OF IDENTIFIABLE NET ASSETS ACQUIRED	**128,597**

The Group incurred acquisition-related costs of EUR 209 thousand on legal fees and due diligence and EUR 1,117 thousand on transaction tax paid in connection with the acquisition. These costs have been included in other operating expenses.

In thousands of euros	Trade receivables	Other receivables	Total receivables
Gross contractual amounts receivable	14,176	3,678	17,854
Estimate at the acquisition date of the contractual cash flows not expected to be collected	(1,289)	-	(1,289)
FAIR VALUE OF RECEIVABLES	**12,887**	**3,678**	**16,565**

GAIN FROM A BARGAIN PURCHASE	
Consideration transferred	111,771
Fair value of identifiable net assets	(128,597)
GAIN FROM A BARGAIN PURCHASE (Note 11)	**(16,826)**

The fair value of property, plant and equipment was determined based on the assessment of the value of property, plant and equipment of EWE Polska group using the discounted cash flow method.

As a result of the business combination, income was generated from a bargain purchase, which is the difference between the fair values of the identifiable assets acquired and liabilities assumed and the consideration transferred. The emergence of income from the bargain purchase was due to the favourable position in the negotiations and the additional profit earned during the period between making the price offer and the inforcement of the transaction.

The gain from a bargain purchase is recognised in a separate line in the statement of profit or loss under net finance costs.

B AS "Gaso"

On 14 April 2023, AS Eesti Gaas (new name: AS Elenger Grupp) entered into a share purchase and sale agreement with the Latvian company AS "Latvijas Gāze" for the purchase of 39,900,000 shares of the Latvian natural gas distribution network company AS "Gaso". The transaction entered into force on 17 July 2023 after obtaining the consents of the Government of Latvia and the Competition Authority. The consent of the Latvian Government was required as Gaso is a strategic company for Latvia. As a result of the transaction, the Group acquired 100 percent of the shares and voting rights in AS “Gaso”.

The acquisition of the Latvian distribution network is an important step in the Group's expansion into the largest privately owned energy company of the Baltic Sea region. The Group has concluded that the acquired set is a business and as a result the transaction has been recognised as a business combination.

29. ACQUISITION OF SUBSIDIARIES, CONTINUED

For the five months ended 31 December 2023, AS "Gaso" contributed revenue of EUR 24,595 thousand and profit of EUR 1,533 thousand to the Group's results. If the acquisition had occured on 1 January 2023, management estimates that consolidated revenue for the year would have been EUR 1,060,365 thousand, and consolidated profit for the year would have been EUR 270,789 thousand. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2023.

The Group incurred acquisition-related costs of EUR 123 thousand on legal fees and due diligence. These costs have been included in other operating expenses.

The following table summarises the recognised amounts of consideration transferred, assets acquired and liabilities assumed at the date of acquisition.

In thousands of euros	
CONSIDERATION TRANSFERRED	
Cash	122,069
TOTAL CONSIDERATION TRANSFERRED	**122,069**
IDENTIFIABLE ASSETS ACQUIRED AND LIABILITIES ASSUMED	
Cash and cash equivalents	18,656
Trade receivables	4,151
Other receivables	80
Prepayments for natural gas	99
Other prepayments	1,871
Inventories	2,031
Property, plant and equiment (Note 15)	296,437
Intangible assets (Note 16)	4,323
Right-of-use assets (Note 26)	583
Borrowings (Note 20)	(24,270)
Trade and other payables	(7,280)
Provisions (Note 23)	(1,781)
Contract liabilities (Note 6)	(13,621)
TOTAL IDENTIFIABLE NET ASSETS ACQUIRED	**281,279**

In thousands of euros	Trade receivables	Other receivables	Total receivables
Gross contractual amounts receivable	4,784	80	4,864
Estimate at the acquisition date of the contractual cash flows not expected to be collected	(633)	-	(633)
FAIR VALUE OF RECEIVABLES	**4,151**	**80**	**4,231**

The fair value of property, plant and equipment was determined on the basis of the value of property, plant and equipment recognised under the revaluation method of AS "Gaso". Management estimates that the fair value of other assets and liabilities was also close to their carrying amount.

In thousands of euros	
GAIN FROM A BARGAIN PURCHASE	
Consideration transferred	122,069
Fair value of identifiable net assets	(281,279)
GAIN FROM A BARGAIN PURCHASE (Note 11)	**(159,210)**

As a result of the business combination, income was generated from a bargain purchase, which is the difference between the fair values of the identifiable assets acquired and liabilities assumed and the consideration transferred. The emergence of income from the bargain purchase was justified because the sale transaction took place under regulatory compulsion. As according to European Union and Latvian legislation, the ownership of the Latvian distribution network company, as a strategically important asset/company, was not allowed to belong to Russian or Belarusian capital, the current owner of AS "Gaso", AS "Latvijas Gāze", was forced to dispose of the company. The circle of potential buyers was significantly limited by the Russian war in Ukraine and the status of Latvia as a border state. The third reason were restrictions, because of which the use of foreign capital was practically excluded.

The gain from a bargain purchase is recognised in a separate line in the statement of profit or loss under net finance costs.

30. FINANCIAL INFORMATION RELATING TO GROUP'S MATERIAL SUBSIDIARIES THAT HAVE NCI

OÜ PÄRNU PÄIKESEPARK 1-4

In thousands of euros	31.12.2024	31.12.2023
NCI percentage (%)	20	20
Assets	3,904	3,943
Liabilities	2,334	2,543
Net assets	1,570	1,400
NET ASSETS ATTRIBUTABLE TO NCI	**315**	**280**

In thousands of euros	2024	2023
Revenue	529	530
Profit for the year	172	167
PROFIT ALLOCATED TO NCI	**35**	**34**

31. FINANCIAL INFORMATION ON THE PARENT

Financial information disclosed on the parent includes the primary separate financial statements of the parent, the disclosure of which is required by the Accounting Act of Estonia. The primary financial statements of the parent have been prepared using the same accounting policies that have been used in the preparation of the consolidated financial statements. Investments in subsidiaries are reported at cost in the separate financial statements of the parent.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

In thousands of euros	2024	2023
Revenue	769,563	919,228
Other operating income	29,802	5,726
Raw materials and consumables used	(767,666)	(801,570)
Payroll expenses	(7,384)	(7,119)
Depreciation and amortisation	(2,281)	(2,002)
Other operating expenses	(10,477)	(6,962)
OPERATING PROFIT	**11,557**	**107,301**
Finance income	19,061	37,550
Finance costs	(9,123)	(9,725)
NET FINANCE COSTS	**9,938**	**27,825**
PROFIT BEFORE TAX	**21,495**	**135,126**
PROFIT FOR THE YEAR	**21,495**	**135,126**
OTHER COMPREHENSIVE INCOME		
ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS		
Cash flow hedges – change in hedging reserve	(49,343)	(57,783)
OTHER COMPREHENSIVE INCOME	**(49,343)**	**(57,783)**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**(27,848)**	**77,343**

STATEMENT OF FINANCIAL POSITION

In thousands of euros	31.12.2024	31.12.2023
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	8,350	8,738
Intangible assets	3,973	3,337
Right-of-use assets	3,497	3,620
Derivative financial assets	3,307	1,291
Investments in subsidiaries	200,138	87,248
Other receivables	2,703	1,570
TOTAL NON-CURRENT ASSETS	**221,968**	**105,804**
CURRENT ASSETS		
Inventories	147,622	131,544
Derivative financial assets	5,841	29,092
Trade and other receivables	112,803	157,078
Other prepayments	304	263
Cash and cash equivalents	51,496	68,955
	318,066	**386,932**
Assets held for sale	98	98
TOTAL CURRENT ASSETS	**318,164**	**387,030**
TOTAL ASSETS	**540,132**	**492,834**

In thousands of euros	31.12.2024	31.12.2023
EQUITY		
Share capital	9,919	9,919
Statutory capital reserve	992	992
Hedging reserve	(24,819)	24,524
Retained earnings	246,755	225,260
TOTAL EQUITY	**232,847**	**260,695**
LIABILITIES		
NON-CURRENT LIABILITIES		
Borrowings	3,334	4,562
Derivative financial liabilities	1,358	186
Provisions	6,152	6,323
Deferred income	286	317
TOTAL NON-CURRENT LIABILITIES	**11,130**	**11,388**
CURRENT LIABILITIES		
Borrowings	239,451	147,834
Tax liabilities	3,371	4,230
Trade and other payables	23,848	64,635
Derivative financial liabilities	29,237	3,784
Prepayments	215	234
Provisions	31	31
Contract liabilities	2	3
TOTAL CURRENT LIABILITIES	**296,155**	**220,751**
TOTAL LIABILITIES	**307,285**	**232,139**
TOTAL LIABILITIES AND EQUITY	**540,132**	**492,834**

31. FINANCIAL INFORMATION ON THE PARENT, CONTINUED

CASH FLOW STATEMENT

In thousands of euros	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
PROFIT FOR THE YEAR	**21,495**	**135,126**
ADJUSTMENTS		
Depreciation of property, plant and equipment, right-of-use assets and investment property	1,189	1,134
Amortisation of intangible assets	1,092	868
Amortisation of government grants received for purchasing of non-current assets	(32)	(32)
Recognition and adjustment of provisions	(788)	5,566
Gain on sale of non-current assets	(9)	(439)
Gain/loss from write-off of non-current assets	316	(188)
Unsettled gain/loss on derivative financial instruments	(1,482)	(3,702)
Net finance costs	(9,938)	(27,825)
TOTAL ADJUSTMENTS	**(9,652)**	**(24,618)**
NET CHANGE IN CURRENT ASSETS RELATING TO OPERATING ACTIVITIES		
Change in trade receivables	(2,465)	1,982
Change in inventories	(16,078)	(58,871)
Change in prepayments for natural gas	-	8,719
Net change in current assets relating to other operating activities	28,421	73,948
TOTAL NET CHANGE IN CURRENT ASSETS RELATING TO OPERATING ACTIVITIES	**9,878**	**25,778**
NET CHANGE IN LIABILITIES RELATING TO OPERATING ACTIVITIES		
Use of provisions	(31)	(31)
Change in trade payables	(50,227)	45,141
Net change in liabilities relating to other operating activities	8,966	(8,124)
TOTAL NET CHANGE IN LIABILITIES RELATING TO OPERATING ACTIVITIES	**(41,292)**	**36,986**
Net cash used in/from operations	(19,571)	173,272
Interest received	2,906	1,163
Corporate income tax paid	-	(2,700)
NET CASH USED IN/FROM OPERATING ACTIVITIES	**(16,665)**	**171,735**

In thousands of euros	2024	2023
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment and intangible assets	(2,823)	(2,415)
Proceeds from sale of non-current assets	9	1,938
Acquisition of subsidiaries	(112,888)	(122,069)
Change in overdraft to subsidiaries	17,951	(21,932)
Loans granted	(1,330)	(1,580)
Repayments of loans	680	10
Dividends received	16,000	36,209
Contributions to the equity of subsidiaries	(3)	(1,496)
Equity payouts received from subsidiaries	-	39,501
NET CASH USED IN INVESTING ACTIVITIES	**(82,404)**	**(71,834)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Change in overdraft from owner	-	(12,019)
Bank loans received	161,700	192,754
Repayments of bank loans	(82,893)	(277,772)
Repayment of subordinated loan to owner	-	(14,703)
Change in bank overdraft	11,593	23,358
Change in overdraft from subsidiaries	-	(9,871)
Payment of lease liabilities	(282)	(302)
Dividends paid	-	(36,209)
Interest and loan fees paid	(8,508)	(9,217)
NET CASH FROM/USED IN FINANCING ACTIVITIES	**81,610**	**(143,981)**
NET CASH FLOWS	**(17,459)**	**(44,080)**
Cash and cash equivalents at the beginning of the period	68,955	113,035
Cash and cash equivalents at the end of the period	51,496	68,955
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS	**(17,459)**	**(44,080)**

31. FINANCIAL INFORMATION ON THE PARENT, CONTINUED

STATEMENT OF CHANGES IN EQUITY

In thousands of euros Parent	Share capital	Share premium	Statutory capital reserve	Hedging reserve	Other reserves	Retained earnings	Total
EQUITY AS AT 31 DECEMBER 2022	**9,919**	**-**	**992**	**82,307**	**-**	**126,343**	**219,561**
Carrying amount of holdings under control				-	-	(3,183)	(3,183)
Value of holdings under control using the equity method				-	3	14,057	14,060
Effect of the merger with sole shareholder (Note 32)				-	-	4,920	4,920
ADJUSTED UNCONSOLIDATED EQUITY AS AT 31 DECEMBER 2022 (Note 18)				**82,307**	**3**	**142,137**	**235,358**
Profit for the year	-	-	-	-	-	135,126	135,126
Other comprehensive income	-	-	-	(57,783)	-	-	(57,783)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**-**	**-**	**-**	**(57,783)**	**-**	**135,126**	**77,343**
Dividends paid	-	-	-	-	-	(36,209)	(36,209)
EQUITY AS AT 31 DECEMBER 2023	**9,919**	**-**	**992**	**24,524**	**-**	**225,260**	**260,695**
Carrying amount of holdings under control				-	-	(87,248)	(87,248)
Value of holdings under control using the equity method				(406)	(83)	228,432	227,943
Effect of the merger with sole shareholder (Note 32)				-	-	4,526	4,526
ADJUSTED UNCONSOLIDATED EQUITY AS AT 31 DECEMBER 2023 (Note 18)				**24,118**	**(83)**	**370,970**	**405,916**
Profit for the year	-	-	-	-	-	21,495	21,495
Other comprehensive income	-	-	-	(49,343)	-	-	(49,343)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**-**	**-**	**-**	**(49,343)**	**-**	**21,495**	**(27,848)**
EQUITY AS AT 31 DECEMBER 2024	**9,919**	**-**	**992**	**(24,819)**	**-**	**246,755**	**232,847**
Carrying amount of holdings under control				-	-	(200,138)	(200,138)
Value of holdings under control using the equity method				3,145	(71)	368,998	372,072
Effect of the merger with sole shareholder (Note 32)				-	-	4,194	4,194
ADJUSTED UNCONSOLIDATED EQUITY AS AT 31 DECEMBER 2024 (Note 18)				**(21,674)**	**(71)**	**419,809**	**408,975**

Under the Accounting Act of Estonia, adjusted unconsolidated retained earnings are the amount from which a limited company can make payments to its shareholders.

32. MERGER WITH SOLE SHAREHOLDER

On 17 November 2016 a merger agreement was concluded between AS Eesti Gaas (new name: AS Elenger Grupp) and Trilini Energy OÜ (the sole shareholder of AS Elenger Grupp at the moment of the merger). As a result of the merger Trilini Energy OÜ (acquiree) merged with AS Elenger Grupp and was deemed to be dissolved. The balance sheet date of the merger was 1 January 2017.

As a result of the merger the difference between the fair value and carrying amount of the gas distribution network assets and intangible asset (customer contracts) recognised in the consolidated statement of financial position of Trilini Energy OÜ during the acquisition of controlling interest in AS Elenger Grupp, were recognised in the consolidated statement of financial position of Elenger group. The estimated useful life of the price difference of the gas distribution network assets value is 30 years, the value of customer contracts is amortised using the declining balance method at the rate of 9% per year (2023: 11% per year). As at 31 December 2024, the carrying amount of the price difference of the gas distribution network assets and customer contracts was EUR 4,194 thousand (31 December 2023: EUR 4,526 thousand) (Note 31).

33. MATERIAL ACCOUNTING POLICIES

33.1 REVENUE RECOGNITION

A Sale of natural gas, electricity and network services

The sale of natural gas and electricity is recognised using gross method as the Group is responsible for fulfilling the promise to provide the goods, has inventory risk and has full discretion in establishing the price.

Revenue is recognised based on the quantities found according to the meter readings or the agreed quantities. The quantities underlying the sale of natural gas and electricity are obtained from the data exchange platform of the system operator. The quantities on which the sale of natural gas network services are based, are measured by the network operator by collecting the meter readings or by forecasting them or as an exception by concluding quantity agreement acts. In case of material effect, additionally estimates are made of the potential impact of readings either not reported, reported late or incorrectly reported by the end of the reporting period, resulting in a more precise recognition of actual consumption.

The revenue from network services is based on the natural gas quantities that have passed through the natural gas distribution network. According to the legal acts in force in Estonia and Latvia, a network operator has to submit the prices of network services and the grounds for establishing such prices to the regulator for approval, and must provide reasons for the prices set. A network operator has to publish the approved prices for its licensed area and inform the consumers in its licensed area thereof according to the conditions stipulated in legal acts.

The Group recognises revenue from the sale of natural gas, electricity and network services usually over time, except for transactions in which natural gas is sold in storage. In that case revenue is recognised when the ownership of the goods has been transferred. Invoices are payable within a short-period.

B Recognition of connection fees

When connecting to the natural gas network, customers must pay a connection fee based on the actual costs of infrastructure to be built in order to connect them to the network. When recognising the connection fees, the performance obligation that involves the activities that are necessary for the preparation of connection, is regarded to be satisfied within the period in which the gas network services are provided through the connection point with the property, plant and equipment acquired for the connection fees. According to the management's estimates this period should be equal to the estimated average useful life of the property, plant and equipment acquired for the connection fees (in the comparative period in AS "Gaso" the estimated customer relationship period) The estimated average useful life of the property, plant and equipment acquired for the connection fees is calculated by dividing the average cost of the property, plant and equipment with annual depreciation. Deferred connection fees are carried in the statement of financial position as long-term contract liabilities.

C Revenue recognition on the sale of goods

The performance obligation is regarded to be satisfied and revenue is recognised when the goods have been delivered to the customer. Invoices are payable within a short-period. For certain goods (for example compressed natural gas and green gas) loyalty cards are offered to customers which provide a discount.

33.2 EMPLOYEE BENEFITS

Provisions have been set up to cover the benefits payable under the termination of the service contracts with the members of the Management Board and benefits arising from other agreements with former employees. The expenses related to setting up the provision for post-employment payments for the members of the Management Board are recognised in profit or loss during the estimated service period of the members of the Management Board (Note 23).

33.3 INCOME TAX

A Income tax in Estonia

Under the Income Tax Act, the annual profit earned by entities is not taxed in Estonia. Corporate income tax is paid on dividends, fringe benefits, gifts, donations, entertainment expenses, non-business related disbursements and adjustments of the transfer price. On distribution of profits to shareholders until 31 December 2024, dividends that amounted to up to three preceding years' average dividend distribution were subject to income tax of 14/86 of the net amount. The remaining dividends were subject to a tax rate of 20/80 of the net amount. From 1 January 2025 the corporate income tax rate will rise to 22% (22/78 of net dividend amount) and the reduced 14% rate will be abolished. In certain circumstances, it is possible to distribute dividends without any additional income tax expense. The corporate income tax arising from the payment of dividends is accounted for as a liability and expense in the period in which the dividends are declared, regardless of the actual payment date or the period for which the dividends are paid. The income tax liability is due on the 10th day of the month following the payment of dividends.

Due to the nature of the taxation system, the entities registered in Estonia or Latvia 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 out of the retained earnings is not recognised in the statement of financial position, unless for the deferred tax for investments in subsidiaries, associates, joint ventures and branches. The deferred tax for investments in subsidiaries, associates, joint ventures and branches is to be recognised even if the investments are located in jurisdictions where corporate income tax is to be paid on the distribution of profit (for example Estonia and Latvia), except to the extent that the Group is able to control the timing of the reversal of the taxable temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. The maximum income tax liability which would arise if all of the retained earnings were distributed is disclosed in the notes to the financial statement.

B Income tax in foreign countries

Deferred income tax is recognised in foreign subsidiaries on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax assets and liabilities are recognised under the liability method. Deferred income tax is determined using tax rates that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

33.4 INVENTORIES

The cost of inventories is based on the weighted average principle. The cost of inventories does not include borrowing costs.

Inventories are written down when the net realisable value of the inventories has fallen below the acquisition cost. Derivatives related to the sale of inventories are also taken into account when calculating the net realisable value of inventories.

33.5 PROPERTY, PLANT AND EQUIPMENT

A Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and any accumulated impairment losses.

B Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is recognised in profit or loss. Right-of-use assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

THE ESTIMATED USEFUL LIVES OF PROPERTY, PLANT AND EQUIPMENT FOR CURRENT AND COMPARATIVE PERIODS ARE AS FOLLOWS:

- buildings – 20-100 years
- facilities – 15-80 years
- machinery and equipment – 3-30 years
- inventory – 2-15 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if necessary.

33.6 INTANGIBLE ASSETS

A Recognition and measurement

Customer contracts comprise the value of the customer base that existed and was recognised during the business combination.

B Amortisation

The value of customer contracts is amortised using the declining balance method at the rate of 9% (2023: 11% per year) and the asset's recoverable amount is tested for impairment at each reporting date. During the test, the cash flow from customer contracts is discounted at a risk-free rate of return. Estimated quantities, margins and costs of customer contracts are used in the calculation of cash flow. Amortisation of other intangible assets is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives. The amortisation expense is recognised in profit or loss.

The estimated useful life of computer software for the current and comparative period was 5 years.

33.7 FINANCIAL INSTRUMENTS

A Classification and subsequent measurement of financial assets

As at 31 December 2024 and 31 December 2023 the Group classified all its non-derivative financial assets as measured at amortised cost. The accounting policy for derivatives, designated as hedging instruments, is disclosed in subsection (c).

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. For the purposes of the assessment whether contractual cash flows are solely payments of principal and interest, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

B Classification and subsequent measurement of financial liabilities

As at 31 December 2024 and 31 December 2023 the Group classified all its non-derivative financial liabilities as measured at amortised cost. The accounting policy for derivatives, designated as hedging instruments, is disclosed in subsection (c).

C Derivative financial instruments

The Group holds derivative financial instruments to hedge its natural gas and electricity price risk exposures.

Derivatives are both initially and subsequent to initial recognition measured at fair value. The Group designates most of the derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in the commodity prices.

At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

The amount accumulated in the hedging reserve is reclassified to profit or loss or in the cost of inventories in the same period or periods during which the hedged expected future cash flows affect profit or loss.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve remains in equity until it is reclassified to profit or loss or in the cost of inventories in the same period or periods as the hedged expected future cash flows affect profit or loss. If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve are immediately reclassified to profit or loss.

33.8 SHARE CAPITAL

Ordinary shares are classified as equity. No preference shares have been issued.

The Commercial Code requires the Parent to set up a statutory capital reserve with annual net profit transfers, the minimum amount of which is 1/10 of share capital. The amount of the mandatory annual transfer to the statutory capital reserve is 1/20 of the net profit of the financial year until the reserve reaches the limit set for the capital reserve. The capital reserve may be used to cover a loss that cannot be covered from distributable equity, or to increase share capital.

33.9 IMPAIRMENT

NON-DERIVATIVE FINANCIAL ASSETS

The Group recognises loss allowances for ECLs on financial assets measured at amortised cost and contract assets. The Group measures loss allowances at an amount equal to lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information. The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

ECLs are a probably-weighted estimate of credit losses. Evidence that a financial asset is credit-impaired includes the following observable data:

- default or delinquency by a debtor;
- restructuring of an amount due to the Group on terms that the Group would not consider otherwise;
- indications that a debtor or issuer will enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers; or
- observable data indicating that there was a measurable decrease in the expected cash flows from a group of financial assets.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

33.10 PROVISIONS

POST-EMPLOYMENT BENEFITS FOR THE MEMBERS OF THE MANAGEMENT BOARD

If the Group has the obligation to pay post-employment benefits to their former members of the management board, a provision is set up to cover these costs. The provision is based on the terms of the obligation and the estimated number of people eligible for the compensation. The expenses related to setting up the provision for post-employment benefits for the members of the Management Board are recognised in profit or loss during the estimated service period of the members of the Management Board.

33.11 LEASES

At inception of a contract, the Group assesses whether a contract is, or contains, a lease.

A Group as a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

B Group as a lessor

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'Revenue'.

33.12 FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction. The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received.

34. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED STANDARDS THAT ARE NOT YET EFFECTIVE

The following new and amended standards are effective for annual periods beginning after 1 January 2025 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these financial statements. The following new and amended standards are not expected to have a significant impact on the Group's consolidated financial statements:

- „Lack of Exchangeability" (Amendments to IAS21);
- „Classification and Measurement of Financial Instruments" (Amendments to IFRS 9 ja IFRS 7);
- IFRS 19 „Subsidiaries without Public Accountability: Disclosures";
- IFRS Annual Improvements – Volume 11.

The implementation of IFRS 18 "Presentation and Disclosure of Financial Statements" may result in changes in the presentation of the main financial statements and the need to disclose additional information.

Signatures of the Management Board to the Annual Report for the Financial Year 2024

The annual report of Elenger group for the financial year ended on 31 December 2024 consists of the management report, the consolidated financial statements and the independent auditors' report. The Management Board has prepared the management report and the consolidated financial statements.

CHAIRMAN OF THE MANAGEMENT BOARD

MARGUS KAASIK

/signed digitally/

MEMBER OF THE MANAGEMENT BOARD

RAUL KOTOV

/signed digitally/

MEMBER OF THE MANAGEMENT BOARD

DĀVIS SKULTE

/signed digitally/

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Independent Auditors' Report

(Translation of the Estonian original)

To the Shareholder of AS Elenger Grupp

Opinion

We have audited the consolidated financial statements of AS Elenger Grupp (the Group), which comprise the consolidated statement of financial position as at 31 December 2024, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (Estonia). 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 are independent of the Group in accordance with the Code of Ethics for Professional Accountants (Estonia) (including Independence Standards) and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the management report, but does not include the consolidated financial statements and our auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. In addition, our responsibility is to state whether the information presented in the management report has been prepared in accordance with the applicable legal and regulatory requirements.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard and we state that the information presented in the management report is materially consistent with the consolidated financial statements and in accordance with the applicable legal and regulatory requirements.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 International Standards on Auditing (Estonia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (Estonia), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/digitally signed/

Liina Randmann

Certified Public Accountant, Licence No 661

/digitally signed/

Kelli Kukk

Certified Public Accountant, Licence No 731

Tallinn, 25 March 2025

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Revenue of the parent by activities, 1 January - 31 December 2024

In thousands of euros Activity	Sales revenue
Trade of gas through mains (35231)	676,373
Trade of electricity (35151)	54,849
Wholesale of other liquid and gaseous fuels and similar (46819)	24,056
Retail sale of automotive fuel (47301)	4,259
Other goods and services	10,026
TOTAL	**769,563**

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