**DOCUMENT OF THE EUROPEAN BANK
FOR RECONSTRUCTION AND DEVELOPMENT**

Approved by the Board of Directors on 9 April 2026[1]

ESTONIA

PROJECT HELVELLYN

[1] As per section 1.4.8 of EBRD's Directive on Access to Information (2024), the Bank shall disclose Board reports for State Sector Projects within 30 calendar days of approval of the relevant Project by the Board of Directors. Confidential information has been removed from the Board report.

For the avoidance of any doubt, the information set out here was accurate as at the date of preparation of this document, prior to consideration and approval of the project.

TABLE OF CONTENTS

Page

ABBREVIATIONS / CURRENCY CONVERSIONS

BESS	Battery energy storage systems
Bps	basis point
BRELL	Belarus, Russia, Estonia, Latvia, and Lithuania power grid agreement
Capex	Capital expenditure
CfD	Contract for Difference
CO_2	Carbon dioxide emissions
CPI	Consumer Price Index
CRA	Cyber Resilience Act
CSRD	Corporate Sustainability Reporting Directive
DNSH	Do not significant harm
DSCR	Debt Service Coverage Ratio
DSO	Distribution System Operator
E&S	Environmental & Social
EBITDA	Earnings before Interest, Tax, Depreciation and Amortisation
ECA	Estonian Competition Authority
EEA	European Economic Area
EIA	Environmental Impact Assessment
EIB	European Investment Bank
ESAP	Environmental Social Action Plan
ESDD	Environmental and Social due diligence
ESG	Environmental, Social, Governance
EU	European Union
EUR	Euro
EV	Electric Vehicle
GET	Green Economy Transition
ICMA	International Capital Market Association
MS	Minimum Safeguards
MTF	Multilateral Trading Facility
NECP	National Energy and Climate Plan
OPEX	Operating expenses
RAB	Regulated Asset Base
SPO	Second Party Opinion
TSO	Transmission System Operator
USD	United States Dollar
WACC	Weighted Average Cost of Capital

WEIGHTS AND MEASURES

1 Megawatt (MW) = 1,000 kilowatts (10^3 kW)
1 Gigawatt (GW) = 1 million kilowatts (10^6 kW)
1 Megawatt-hour (MWh) = 1,000 kilowatt-hours (10^3 kWh)
1 Gigawatt-hour (GWh) = 1 million kilowatt-hours (10^6 kWh)
1 Terawatt-hour (TWh) = 1,000 million kilowatt-hours (10^9 kWh)

PRESIDENT'S RECOMMENDATION

This recommendation and the attached Report concerning an operation in favour of Eesti Energia AS (the "**Company**", the "**Issuer**"), a corporation incorporated in Estonia, are submitted for consideration by the Board of Directors.

The operation constitutes a subscription of up to EUR 80 million representing up to 20 per cent of the Company's first green bond issuance, which has a targeted size of up to EUR 400 million, and will be listed on the Luxembourg Stock Exchange's Euro MTF market.

Proceeds of the issuance will be allocated to Eligible Green Projects as defined under the Issuer's Green Finance Framework, including: (i) investments in electricity transmission and distribution networks enabling renewable integration; (ii) renewable energy generation projects; (iii) battery energy storage systems increasing the resilience of the Company's operations and of the Estonian energy system; and (iv) electric vehicle charging infrastructure connected to the national grid (the "**Project**"). The Framework is aligned with the ICMA Green Bond Principles and EU Taxonomy technical screening criteria and has received a Second Party Opinion from ISS Corporate Solutions, confirming its alignment with international green finance standards.

The operation will represent the Company's inaugural green bond issuance, supporting its energy transition and investments in energy security-related infrastructure. The Project's expected transition impact is driven by its Green transition quality and qualification under the GET Direct Track. The issuance will support the diversification of the Company's funding base and enable the mobilisation of green financing to support its transition towards a lower-carbon asset base. The Project is gender additional, as the Company will organise awareness raising events each year to encourage more women to pursue technical and energy-sector roles in Estonia.

I am satisfied that the operation is consistent with the Bank's Strategy for Estonia, Energy Sector Strategy, Green Economy Transition 2030 Strategy, Promotion of Gender Equality 2021-2025 and with the Agreement Establishing the Bank.

I recommend that the Board approve the proposed investment substantially on the terms of the attached Report.

Odile Renaud-Basso

BOARD DECISION SHEET

ESTONIA – Project Helvellyn - DTM 57382	
Transaction / Board Decision	Board approval[2] is sought for a green bond investment of up to EUR 80 million in favour of Eesti Energia AS, a corporation incorporated in Estonia (the "**Company**" or the "**Issuer**"). The Bank's investment will not exceed 20% of the bond issuance. The bond will be listed on the Luxembourg Stock Exchange's Euro MTF market. The issuance supports the Company's energy transition strategy and investments in energy security-related infrastructure. The proceeds will be allocated to Eligible Green Projects as defined under the Issuer's Green Finance Framework, including: (i) investments in electricity transmission and distribution networks enabling renewable integration; (ii) renewable energy generation projects (wind, solar PV); (iii) battery energy storage systems; and (iv) electric vehicle charging infrastructure connected to the national grid.
Client	Eesti Energia is the Estonian state-owned energy group, wholly owned by the Republic of Estonia. In 2025, the Company reported EUR 1,674 million in revenues and EUR 317 million in EBITDA with EUR 4,782 million total assets. The Company is one of the largest regional energy groups in the Baltics, with core operations in Estonia, Latvia, Lithuania and Poland, and additional activities in Finland and Sweden. The Company operates across (i) renewable energy generation and electricity sales, (ii) non-renewable electricity production from oil shale, retort gas and limited gas-fired generation, (iii) electricity distribution, (iv) shale oil production, and (v) other energy-related products and services.
Main Elements of the Proposal	Transition impact: *Green - GET Direct Track*. The Project is assessed as 100% GET, with the proceeds allocated to Eligible Green Projects under the Issuer's Green Finance Framework, which is aligned with the ICMA Green Bond Principles and EU Taxonomy technical screening criteria, confirmed by the Second Party Opinion issued by ISS Corporate. Additionality: • *Financing structure*: The Bank's financing is expected to provide a strong signalling effect to the market, help address potential funding gaps, and support a successful placement in a selective investor environment as the Company transitions to a more capital-intensive integrated business model. • *Risk mitigation*: EBRD's participation provides additional investor comfort in light of heightened geopolitical risks in the region and globally by signalling a long-term institutional commitment, supporting energy-security objectives. • *Standard-setting*: The Issuer will commit to enhanced sustainability-aware procurement and responsible supply-chain practices, strengthening transparency, supporting robust project implementation, and aligning procurement with the Bank's E&S Policy. • *Gender Additionality*: The Project is gender additional, as the Company will organise at least two awareness raising events per year to encourage more women to pursue technical and energy sector roles in Estonia. Sound banking: The robustness of Eesti Energia's integrated business model supports cash flow stability and financial resilience, as reflected in its investment-grade credit profile, providing a sound basis for banking.
Key Risks	Market Price Risk: Eesti Energia's earnings are exposed to volatility in Baltic wholesale electricity prices and, to a lesser extent, global oil prices affecting revenues from shale-oil related products. *Mitigation*: The Company actively manages commodity exposure through hedging strategies that stabilise near-term cash flows and support predictable debt service. In addition, its vertically integrated model; spanning generation, retail supply and oil products; provides a degree of natural diversification, allowing the Company to partially offset adverse price movements across segments while adjusting its commercial strategy to evolving market conditions. Transition Risk: The Company's legacy reliance on carbon-intensive oil shale generation exposes it to rising EU ETS carbon costs, tightening environmental regulation and the risk of gradual asset obsolescence as decarbonisation policies accelerate across the EU. *Mitigation*: Eesti Energia is progressively repositioning its business model toward lower-carbon energy production, with increasing investment in onshore wind, solar generation and energy storage. This transition is supported by state ownership, which facilitates a managed and gradual phase-down of oil shale operations while maintaining security of supply and implementing efficiency improvements during the transition period.
Strategic Fit Summary	The Project is consistent with the Bank's Strategy for Estonia, Energy Sector Strategy, Green Economy Transition 2030 Strategy, Promotion of Gender Equality 2021-2025 and with the Agreement Establishing the Bank.

[2] Article 27 of the AEB provides the basis for this decision.

ADDITIONAL SUMMARY TERMS FACTSHEET

EBRD Transaction	An investment of up to EUR 80 million into the first green bond issuance of Eesti Energia AS (the "**Issuer**" or the "**Company**"), structured with a maturity of up to five years and a bullet repayment at maturity, representing a maximum of 20% of a planned issuance of up to EUR 400 million. The bond is unsecured and will be listed on the Luxembourg Stock Exchange's Euro MTF market. The bond is arranged by Goldman Sachs as Sole Global Coordinator, with Goldman Sachs and LHV Bank acting as Joint Lead Managers. Eesti Energia is currently rated Baa3 (negative outlook) by Moody's (February 2026) and BBB- (stable outlook) by Fitch (July 2025). The green bond is expected to be rated in line with the Issuer's credit rating. [REDACTED]
Mutual Reliance	No
Existing Exposure	Exposure to Eesti Energia's subsidiaries [REDACTED] Sopi Tootsi wind farm loan in Estonia and [REDACTED] solar PV loan in Poland.
Maturity / Repayment	The Bond has a maturity of up to 5 years with a bullet repayment at maturity.
Potential AMI eligible financing	None
Use of Proceeds - Description	The issuance is intended to support the Company's long-term energy transition strategy and a sustained pipeline of investments in energy security-related infrastructure, in line with the Issuer's Green Finance Framework (the "**Framework**"). Proceeds will be allocated to Eligible Green Projects as defined in the Framework, including: (i) investments in electricity transmission and distribution networks enabling renewable integration; (ii) renewable energy generation projects (wind, solar PV); (iii) battery energy storage systems; and (iv) electric vehicle charging infrastructure connected to the national grid; and will be utilised across the Company's core markets in Estonia, Latvia, Lithuania, and Poland (the "**Project**"). The Framework is aligned with the ICMA Green Bond Principles and EU Taxonomy technical screening criteria and has received a Second Party Opinion from ISS Corporate Solutions, confirming its alignment with international green finance standards. Pursuant to the Green Bond Principles the Issuer will report annually. The Issuer is currently targeting issuance in mid-April, subject to market conditions. The EIB is also expected to participate in the issuance.
Financing Plan	[REDACTED]
Key Parties Involved	• Issuer: Eesti Energia AS • Global Coordinator: Goldman Sachs • Lead Managers: Goldman Sachs and LHV Bank • Green Finance Framework second opinion provider: ISS Corporate Solutions • Rating agency: Moody's, Fitch
Conditions to subscription / disbursement	[REDACTED]
Key Covenants	[REDACTED]
Security / Guarantees	Unsecured
Other material agreements	Framework Agreement between the Issuer and the Bank
Associated Donor Funded TC and Blended Concessional Finance	None

INVESTMENT PROPOSAL SUMMARY

1. STRATEGIC FIT AND KEY ISSUES

1.1 STRATEGIC CONTEXT

Eesti Energia is a state-owned utility that plays a central role in the Baltic electricity system across generation, retail supply and distribution. The strategic importance of reliable domestic generation and system services increased following the 2025 synchronisation of the Baltic electricity system with the Continental Europe Synchronous Area. This transition followed the Baltic states' decision to disconnect from the Russian-controlled BRELL network, transferring full responsibility for frequency control, balancing and system adequacy to the Baltic and EU-integrated electricity system. In this context, dispatchable generation, balancing services, storage capacity and resilient distribution networks have become increasingly important to ensure system stability and security of supply.

Against this backdrop, Eesti Energia is transitioning from a historically segmented structure centred on oil shale generation toward a more integrated energy platform combining renewable generation, dispatchable assets, energy storage, system services and electricity distribution. This transformation reflects both EU decarbonisation policy and evolving Baltic power market dynamics. Under its environmental strategy, the Company plans to end electricity generation from oil shale by 2035, cease liquid fuel production from oil shale by 2040, and progress towards achieving net zero emissions by 2050.

The transition of the generation portfolio and the increasing role of flexibility and system services require a sustained programme of capital investment across renewable generation, grid infrastructure and system balancing assets. As this transformation coincides with the gradual phase-down of legacy carbon-intensive assets, maintaining access to stable, long-term financing remains an important enabler of the Company's transition strategy.

The proposed Eesti Energia's first green bond issuance supports both the Company's energy transition and investments in energy security-related infrastructure. However, investor appetite remains constrained due to the Company's ongoing restructuring, the front-loaded capital requirements associated with renewables, storage and network investments, and elevated regional geopolitical risk. Market caution is further influenced by the Baltics' proximity to the war in Ukraine, as well as competition from stronger-rated regional peers such as Latvenergo. As a result, market liquidity for Eesti Energia remains tighter than fundamentals alone would suggest. EBRD participation would therefore provide financial additionality by anchoring the issuance alongside institutional investors, improving execution certainty and supporting market access on appropriate terms.

In parallel, the Bank's engagement will support improvements in governance and operational practices through commitments under the framework agreement. These include strengthened cybersecurity standards for critical energy infrastructure, more robust sustainability-focused procurement and supply-chain management, and initiatives to promote women's employment in the Estonian energy sector. The Bank's participation therefore contributes both to mobilising capital for essential energy investments and to embedding stronger governance, resilience, gender and sustainability standards.

The Project is excluded from Procurement Policies and Rules (PPR) based on art. 2.6(c)(ii) of the PPR 2022 as the bond will be publicly listed.

The Project is fully consistent with the objectives stated in the Bank's:

- Strategy for Estonia that promotes an increase in renewable energy capacities, diversification of the energy mix, as well as integration of renewables into the national electricity grid;
- Energy Sector Strategy which aims to accelerate the decarbonisation of energy through scaling-up renewable energy sources and storage;
- Green Economy Transition 2030 Strategy, which targets systemic change shifting towards a decarbonised, pollution-free, and circular energy system;

- Promotion of Gender Equality 2021-2025, which emphasizes advancing women's participation in traditionally male-dominated, high-value sectors such as energy.

1.2 TRANSITION IMPACT

Primary Quality: Green

Obj. No.	Objective	Details
1.1	The percentage of EBRD use of proceeds that supports a green economy transition and therefore qualifies as GET finance exceeds 50%.	The Project is assessed as 100% GET. The proceeds will be allocated to Eligible Green Projects as defined under the Issuer's Green Finance Framework, including: (i) investments in electricity transmission and distribution networks enabling renewable integration; (ii) renewable energy generation projects (wind, solar PV); (iii) battery energy storage systems increasing the resilience of the company and the Estonian energy system; and (iv) electric vehicle charging infrastructure connected to the national grid. The Framework is aligned with the ICMA Green Bond Principles and EU Taxonomy technical screening criteria and has received a Second Party Opinion from ISS Corporate Solutions, confirming its alignment with international green finance standards.

Delivery risks: The capex programme financed by the green bond exposes Eesti Energia to execution and delivery risks, including potential cost overruns, construction delays and operational integration challenges across grid investments, renewable generation, storage and EV charging projects. There is also a risk that differences in project timing and maturity could affect the internal sequencing and allocation of green bond proceeds within the Company. These risks are mitigated by Eesti Energia's diversified pipeline, strong in-house technical and procurement capabilities, and established governance, monitoring and reporting processes under the Green Finance Framework.

Digital Approach: The Project is aligned with the Adaptation area of intervention outlined in the EBRD Approach to Accelerating the Digital Transition 2026-2030, as it will enable the Company to enhance its cybersecurity resilience. The cybersecurity component of the Project will be articulated in the framework agreement of the transaction.

1.3 ADDITIONALITY

Additionality sources	Description of additionality sources
Financing Structure: EBRD financing is expected to effectively **'close the funding gap'** and allows carrying out a **successful book-building process**.	The participation of EBRD is important in supporting the Eesti Energia's first green bond issuance in the context of the Company's transition toward a more integrated and investment-intensive business model. The Company's shift toward renewable generation, network modernisation and system flexibility assets is increasing capital requirements at a time when international investors remain cautious and increasingly selective in their allocations. [REDACTED]In this context, the Bank's involvement helps mitigate potential execution risk during the book-building process by reinforcing investor confidence and providing an anchor-type institutional commitment. This is expected to support demand alongside other institutional investors, enhance execution certainty, and facilitate an orderly placement of the green bond issued by a state-owned utility.
Risk mitigation: EBRD's involvement in a debt capital market transaction provides	The Bank's involvement also provides additional comfort to investors given the Baltics' exposure to elevated regional geopolitical tensions. The Bank's participation reinforces investor confidence by signalling a long-term institutional commitment to a market operating in close proximity to the conflict in Ukraine and facing heightened

comfort to other investors and further widens market participation.	security-of-supply considerations. This signalling effect is particularly relevant as Estonia prioritises strengthening energy security and accelerating investment in resilient and diversified generation capacity to reduce external vulnerabilities. In this context, EBRD's presence helps broaden the potential investor base and supports market access under a more cautious regional investment environment.
Standard-setting: Client seeks/makes use of EBRD expertise on best international procurement standards.	The Issuer will commit to strengthening governance through enhanced sustainability-aware procurement and responsible supply-chain practices, which will be formalised in the framework agreement with the Bank. These measures are expected to improve transparency, underpin more robust project implementation, and align procurement behaviour with the Bank's E&S Policy.
Gender SMART: Client seeks/makes use of EBRD expertise for the adoption of **gender standards and/or equal opportunities action plans**	At a global level, the energy sector continues to face a significant gender imbalance. Women make up only around 22% of the energy workforce, despite representing 48% of the global labour force. This under-representation is particularly evident in technical and engineering roles. To promote women's employment in the Estonian energy sector, Eesti Energia will build on its existing partnership with Estonian universities to deliver at least two awareness-raising events per year aimed at encouraging more women to pursue careers in the energy sector. As part of this initiative, female employees will share their professional experiences, career paths, and insights into working in the energy industry. By serving as visible role models, these employees will help inspire female students, challenge gender stereotypes, and promote greater female participation in technical and energy-sector roles in Estonia.

1.4 SOUND BANKING - KEY RISKS

Risks	Prob/ Effect	Comments
Market risk	High/ High	Eesti Energia's financial performance is primarily exposed to volatility in Baltic wholesale electricity prices and global oil prices. Electricity price fluctuations directly affect revenues from regional power generation and supply activities, while the small share of revenues coming from fuel oil are closely linked to Brent crude price dynamics. *Mitigation*: The Company actively hedges electricity and oil exposures to reduce the impact of short-term price volatility and support stable near-term cash flows. For structural price movements that cannot be hedged, the Company adjusts its commercial strategy and portfolio allocation to reflect evolving market conditions. While the business remains exposed to energy price cycles, diversification across electricity generation, retail supply and oil products provides partial earnings offset across segments. In addition, the Company maintains active monitoring of Baltic power markets and global oil markets to refine its hedging strategy and optimise risk management positions. Collectively, these measures help moderate the impact of commodity price volatility on revenues and cash flow stability.
Carbon Transition Risk	Medium/ High	Eesti Energia faces elevated transition risk due to the carbon-intensive nature of its oil shale operations, which exposes the Company to rising EU ETS carbon prices, tightening environmental regulation and increasing decarbonisation requirements. These pressures may reduce the long-term competitiveness of oil shale generation and increase the risk of gradual asset obsolescence as the EU energy system transitions toward lower-carbon sources. In addition, evolving market dynamics and policy uncertainty may affect the economic viability of fossil-based generation over time. *Mitigation*: The Company is progressively expanding its renewable energy portfolio, which is expected to reduce carbon intensity and gradually displace fossil-based generation. Its strategic shift toward a more integrated and lower-carbon energy model (combining renewable generation, flexibility assets and system services) supports longer-term business resilience and alignment with EU climate objectives. Continued investment in wind, solar and storage projects help diversify the

		generation mix and reduce the reliance on oil shale-related EBITDA. In addition, state ownership provides policy alignment and facilitates a managed transition of legacy assets, while ongoing operational efficiency measures, emissions reduction initiatives and long-term planning for the gradual phase-down of oil shale activities help mitigate transition-related financial and reputational risks.
Structural subordination risk	[REDACTED]	[REDACTED]
Refinancing Risk	Medium/ Low	The bullet repayment structure of the bonds creates refinancing risk at maturity. *Mitigation:* This risk is mitigated by the Company's continued ability to maintain an investment-grade credit profile, supported by a stable rating trajectory and a prudent financial policy. A significant share of regulated distribution revenues, combined with the growing contribution of system service revenues, provides a predictable and resilient cash flow base that supports credit quality and market access. Eesti Energia also maintains long-standing relationships with regional banking partners. [REDACTED]
Issuer credit risk	Medium/ High	Credit risk arises from the possibility that the Company delivers weaker-than-expected financial performance, which could weaken its capacity to service or refinance its debt obligations. *Mitigation*: Eesti Energia maintains moderate leverage, with net debt to EBITDA at 3.95x as of end-2025, supported by the stable earnings contribution of its regulated distribution business. The Company's underlying cash generation remains resilient, with core operations continuing to generate positive operating results after excluding non-cash oil-related impairments. In addition, the Company retains an investment-grade credit profile recognised by the major rating agencies: Fitch reaffirmed its BBB rating on 10 February 2026, while Moody's affirmed its Baa3 rating with a negative outlook on 11 February 2026. These ratings provide independent confirmation of the Company's overall credit strength and its ability to meet financial obligations.
Supply Chain	[REDACTED]	[REDACTED]
Cybersecurity	[REDACTED]	[REDACTED]

2. MEASURING / MONITORING SUCCESS

Transition Impact Monitoring Indicators

Primary Quality:

Obj. No.	Monitoring indicator	Details	Baseline	Target	Due date
1.1	Renewable energy capacity installed (MW)	Capacity of renewable energy production connected in the grid (MW)	[REDACTED]	[REDACRED]	[REDACTED]
1.2	Physical capacity of the client extended or modernised (specify)	Electricity storage capacity added (MWh)	[REDACTED]	[REDACTED]	[REDACTED]
1.4	Number of new/improved electricity/energy service(s) connections	Number of EV charging stations connected to the grid (units)	[REDACTED]	[REDACTED]	[REDACTED]

Additional Indicators

Indicator type	Monitoring indicator	Details	Baseline	Target	Due date

Gender SMART: Advisory & Policy Indicators	Practices of the relevant stakeholder improved (community outreach, advocacy, awareness-raising)	Building on its existing partnerships with Estonian universities, Eesti Energia will organise at least two awareness raising events per year aimed at promoting women's access to career opportunities in the energy sector.	[REDACTED]	[REDACTED]	[REDACTED]

3. KEY PARTIES

3.1 BORROWER / ISSUER

Eesti Energia AS is the Estonian state-owned energy group, wholly owned by the Republic of Estonia through the Government of Estonia. The Company is one of the largest regional energy groups in the Baltics, with core operations in Estonia, Latvia, Lithuania, and Poland, and further activities across Finland and Sweden. In 2025, the Company reported EUR 1,674 million in revenues and EUR 317 million in EBITDA with EUR 4,782 million total assets.

The Company operates across a diverse set of energy-related business areas, supporting the Baltic region's transition toward cleaner and more secure energy systems. Its portfolio spans renewable generation, conventional power production, network infrastructure, shale-based liquid fuels, and a wide range of complementary customer services. The Company's shareholding chart is presented in Annex 2.

Renewable Energy and Electricity Sales (46% of total sales and 27% of total EBITDA in 2025). This segment covers renewable electricity generation, electricity retail sales and energy trading, with a portfolio focused on wind and solar assets. As at the end of 2025, the Company operated 872 MW of wind capacity and 172 MW of solar capacity, following the addition of 335 MW of new wind and 91 MW of new solar assets during the year. Renewable electricity production reached 2.26 TWh in 2025, representing more than half of Eesti Energia's total electricity output and underscoring the strategic shift toward low-carbon generation with lower variable costs. Wind power accounted for the majority of renewable output, reflecting the commissioning of large-scale assets and improved capacity utilisation. Although segment revenue and EBITDA declined year-on-year due to lower average electricity prices, production volumes increased, strengthening the long-term cash flow profile of the asset base. Average electricity prices in Estonia decreased primarily due to higher renewable energy generation during spring and summer, particularly increased solar output, which helped stabilise and lower wholesale prices. Additionally, strong import connections with Finland provided access to cheaper Nordic electricity, further easing price pressures in the Estonian market. The segment also integrates generation with retail electricity sales, providing scale, portfolio optimisation benefits and direct market access for renewable output. ***Responsible legal entity:*** *Enefit OÜ (formerly Enefit Green AS and Enefit AS).*

Non-renewable Electricity Production (11% of total sales and negative EBITDA in 2025). This segment produces electricity from oil-shale-based and other conventional generation units that play a critical role in ensuring dispatchable capacity and system reliability, particularly during periods of low renewable output or system stress. In 2025, non-renewable electricity production declined to 1.37 TWh, reflecting lower market prices, planned overhauls at major power plants and the increasing availability of renewable generation. The segment's financial performance is highly sensitive to electricity market prices, CO_2 emission allowance costs, and fuel economics, resulting in negative EBITDA as variable and fixed costs exceeded achievable market revenues. These assets are operated primarily as reserve and balancing capacity rather than baseload generation, with output flexibly adjusted in response to market and system needs. Despite short-term profitability challenges, the segment remains strategically important for security of supply, frequency control and system stability in an increasingly renewable-heavy power system. ***Responsible legal entity:*** *Enefit Power OÜ (via Enefit Industry OÜ).*

Distribution (20% of total sales and 42% of total EBITDA in 2025**)**: The Company manages Estonia's electricity distribution network through Elektrilevi OÜ, a largest Distribution System Operator ("DSO"), operating approximately 95% of the national electricity distribution network and serving more than 533,000 customers. Elektrilevi plays a central role in enabling renewable energy integration, supported by Estonia's advanced digital infrastructure and near-universal smart meter penetration. Ongoing investment in digitalisation and cybersecurity, including the deployment of the Advanced Remote Engineering Platform, strengthens operational resilience and grid efficiency. The DSO operates under the regulatory oversight of the Estonian Competition Authority, which governs tariff methodology and ensures stable, regulated revenue streams. ***Responsible legal entity:*** *Elektrilevi OÜ.*

Shale Oil (9% of total sales and 15% of total EBITDA in 2025). This segment produces liquid fuels derived from oil shale, representing a core industrial activity within the Company and a material contributor to EBITDA in favourable market conditions. In 2025, shale oil sales amounted to approximately 394 thousand tonnes with profitability supported by hedging activities despite lower global oil prices and reduced production volumes. Financial performance is sensitive to international oil product prices, CO_2 emission costs, and planned maintenance cycles, with output temporarily constrained by major overhauls at oil plants during the year. While EBITDA declined year on year due to price effects and the absence of one-off benefits recorded in 2024, the segment continued to generate positive cash flow and remained one of the Company's profitable activities on an operating basis. Ongoing investments in plant efficiency and environmental performance aim to stabilise long-term operations and reduce emissions intensity. Overall, shale oil remains a strategically important cash generating business, albeit one with higher exposure to commodity price volatility and regulatory risk than the Company's renewable activities. In the long term, the Company would not increase shale oil production even if oil prices rise, because its owner's strategy is to fully phase out the shale oil business by 2040. ***Responsible legal entity:*** *Enefit Industry OÜ.*

Other Products and Services (15% of total sales and 20% of total EBITDA in 2025). This segment includes natural gas and heat sales, flexibility and system services, energy efficiency solutions, EV charging infrastructure, and various technical and digital offerings that complement the core electricity business. In 2025, results were supported by strong growth in flexibility and balancing services, reflecting increased demand for system stability. The EV charging business expanded materially, with the network growing by 40% to over 1,600 connectors and charging volumes reaching nearly 6,000 MWh, around double the prior year. Natural gas and heat activities provide additional diversification and help smooth earnings volatility. Overall, the segment enhances business resilience while supporting customers' transition to cleaner and more efficient energy use. ***Responsible legal entities:*** *Enefit OÜ (formerly Enefit Green AS and Enefit AS); Enefit Industry OÜ.*

4. MARKET CONTEXT

Estonia completed its desynchronisation from the Russia-Belarus BRELL grid in February 2025 and synchronised with the Continental European power system, strengthening energy security and fully integrating the country into the EU electricity market. The system is underpinned by strong regional interconnection with Finland and Latvia, enabling efficient cross-border flows and well-functioning market coupling across the Nordic-Baltic region.

As fossil fuel-based generation (particularly oil shale) has undergone a structural decline, Estonia has increasingly relied on electricity imports. In response, national policy is firmly focused on accelerating renewable-energy deployment, with a target of meeting 100% of domestic electricity consumption from renewable sources by 2030. These policy objectives are reshaping market fundamentals and increasing the importance of system flexibility, regional integration and the timely roll-out of grid and balancing solutions to accommodate rising renewable penetration.

Electricity in Estonia is traded on the Nord Pool wholesale market, which integrates the Nordic and Baltic countries and increasingly reflects a system with high shares of variable renewable generation. Price

formation is largely driven by weather-dependent output (especially wind and Nordic hydropower) leading to lower prices during periods of strong renewable generation and more pronounced short-term volatility during low wind or solar conditions.

Total electricity production amounted to approximately 5.5 TWh in 2024, a notable decline compared to earlier years as oil-shale-based generation continues to be phased down. Dispatchable capacity stood at around 1,245 MW, providing essential system flexibility during periods of low renewable availability. Meanwhile, renewable capacity has expanded rapidly and is now the primary driver of domestic generation growth. As of early 2025, around 700 MW of wind capacity and 1,210 MW of solar capacity were connected to the grid, materially increasing the renewable share in the energy mix and highlighting the growing importance of grid integration, storage and ancillary services.

5. FINANCIAL ANALYSIS

5.1 FINANCIAL PROJECTIONS

[REDACTED]

5.2 SENSITIVITY ANALYSIS

[REDACTED]

5.3 PROJECTED PROFITABILITY FOR THE BANK

[REDACTED]

6. OTHER KEY CONSIDERATIONS

6.1 ENVIRONMENT

Categorised B (ESP 2024). Project Helvellyn involves the Bank's participation in a green bond issuance by Eesti Energia AS, a state-owned vertically integrated utility operating across the Baltic region. The green bond proceeds will be allocated to Eligible Green Projects as defined under the Issuer's Green Finance Framework (the "**Framework**"), including: (i) investments in electricity transmission and distribution networks enabling renewable integration; (ii) renewable energy generation projects (wind, solar PV); (iii) battery energy storage systems; and (iv) electric vehicle charging infrastructure connected to the national grid.

The Bank has an established relationship with Enefit, a subsidiary of Eesti Energia, and has previously provided financing for the development of the Sopi Tootsi wind farm in Estonia (BDS24-123) as well as multiple small-scale solar PV projects in Poland (BDS19-140).

Considering the tight timeline of the capital market transaction, the ESDD has been undertaken internally based on detailed E&S related questions on the Issuer's typical project pipeline over the next 2-3 years (including project stage, technologies, capacities and typologies), geographies and proximity to sensitive receptors (including Natura 2000), the nature of grid investments (new corridors vs upgrades), potential triggers of EU EIA Annex I, and whether any projects may involve physical or economic displacement. The Company has confirmed that none of the projects will be located in Natura 2000 sites and they do not expect any projects to fall under the scope of EU EIA Annex I. In addition, they also confirmed that they will make a commitment to meet the Do Not Significant Harm ("**DNSH**") and Minimum Safeguards ("**MS**") by revising the Green Bond Framework and updating the Second Party Opinion ("**SPO**") accordingly. This offers strengthened assurance that the financed projects through the bond proceeds will adhere to good industry practices and EBRD's ESP 2024 requirements.

The ESDD scope further covered the Issuer's corporate-level ESG practices. The Issuer demonstrates strong ESG governance systems, including ISO 14001 and EMAS-certified environmental management systems. In addition to the DNHS and MS commitment for the bond proceeds mentioned above, the Company also plans to publish its first group-level CSRD report on 31 March 2026, which is expected to receive assurance by PwC. These, together with the Bank's in-house due diligence, confirm that the Company has the institutional capacity to implement the Bank's ESRs and is implementing good industry practices as well as National and EU law.

The SPO from ISS Corporate confirms that Eesti Energia's Green Finance Framework aligns with international standards including ICMA green bond principles. On alignment with the EU Taxonomy, the SPO confirms that the nominated project categories meet the technical screening criteria for substantial contribution to climate change mitigation. The SPO highlights strong ESG governance, robust environmental and social practices, responsible supply chain and waste management, and sustainable procurement. Given the nature of the project and limited visibility of, and leverage over, suppliers of

renewable energy components, the approach to supply chain due diligence focused on assessing and strengthening the Company's system for identifying and managing salient supply chain risks.

Overall, the ESDD has confirmed that the Company has the institutional capacity to implement the Bank's requirements and the risks of projects not meeting the Bank's requirements are low considering (i) that the investments are in EU countries, (ii) the client's advanced E&S processes and (iii) their EU taxonomy commitment for alignment of the bond proceeds with the DNSH and MS criteria. An ESAP has been developed to address remaining gaps as part of a framework agreement and has been agreed with the Company.

6.2 INTEGRITY

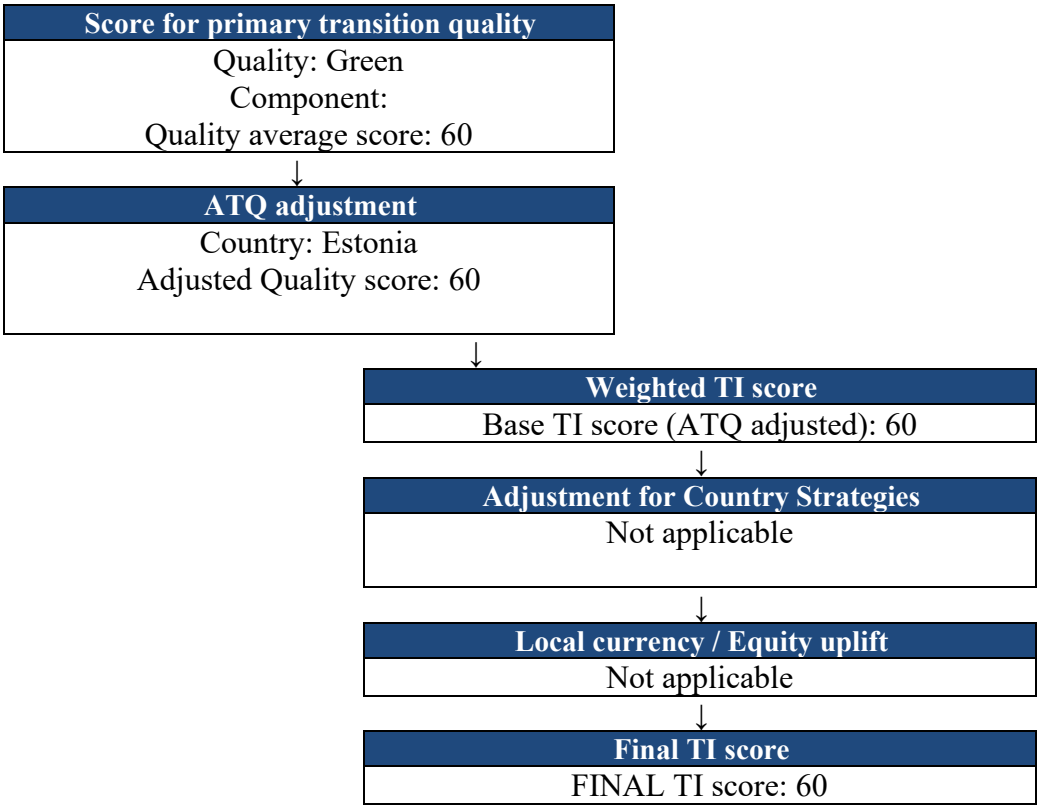
In conjunction with OCCO, integrity due diligence was undertaken on Eesti Energia AS, its subsidiaries, senior management, and other relevant parties. [REDACTED]

All actions required by applicable EBRD procedures relevant to the prevention of money laundering, terrorist financing and other integrity issues have been taken with respect to the project, and the project files contain the integrity checklists and other required documentation which have been properly and accurately completed to proceed with the project.

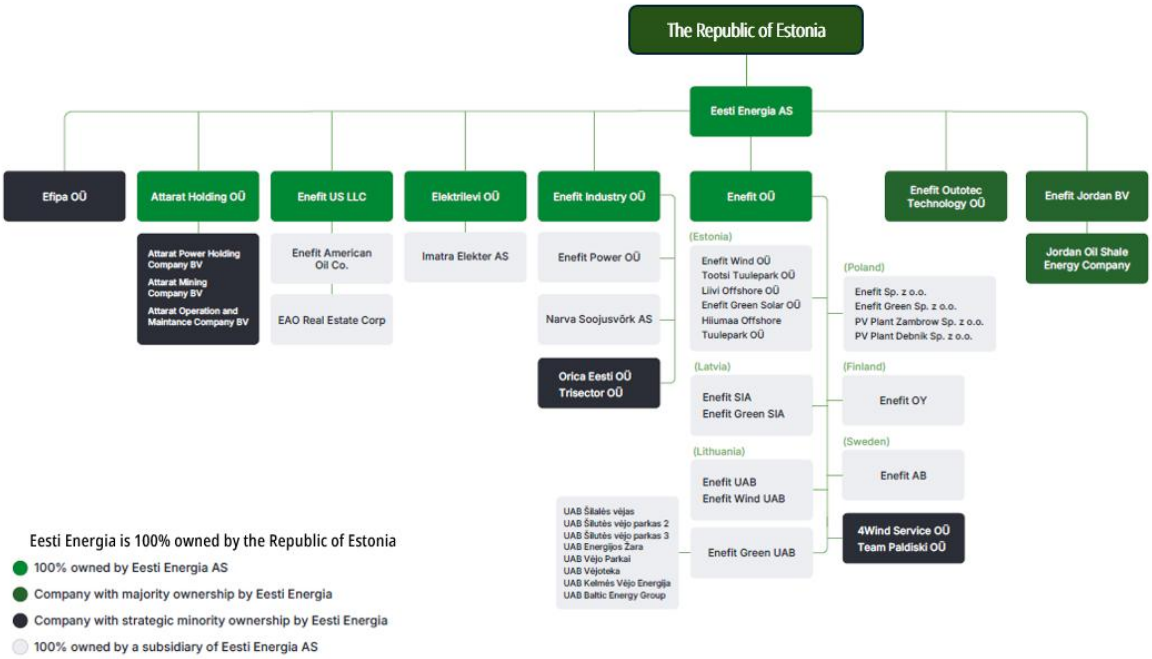
ANNEXES TO OPERATION REPORT

ANNEX 1	Transition Impact Scoring Chart
ANNEX 2	Shareholding Structure
ANNEX 3	Green Assessments
ANNEX 4	Historical Financial Statements

ANNEX 1 - TRANSITION IMPACT SCORING CHART



ANNEX 2 - SHAREHOLDING STRUCTURE



ANNEX 3 – GREEN ASSESSMENTS

SUMMARY

- The Project is a green bond issuance in line with the ICMA green bond principles, confirmed by a Second Party Opinion.
- The Project is determined **aligned with both mitigation and adaptation goals of the Paris Agreement.**
- The Project is attributed **100% Green finance.**
- Climate-related financial risks have been assessed [REDACTED].

PARIS ALIGNMENT ASSESSMENT

For Direct finance projects

Alignment with the mitigation goals of Paris Agreement - General screening

The project is determined as aligned with the mitigation goals of the Paris Agreement based on the application of the Bank's Paris alignment approach for direct finance.

- The projects activities are included in the 'MDBs' aligned list' under the categories ''Generation of renewable energy with low lifecycle GHG emissions to supply electricity, heating, mechanical energy or cooling' and 'Greenfield transmission or distribution of electricity that supports delivery of non-nuclear, very-low-carbon electricity' as dominant categories under future bond issuances. All project activities are aligned with the EU Taxonomy technical screening criteria and ICMA Green Bond Principles, and have received a Second Party Opinion from ISS Corporate Solutions, confirming its alignment with international green finance standards.
- There are no activities included in the 'non-aligned list'.

Alignment with the adaptation goals of Paris Agreement

Due to the nature of the project, at the moment of the approval the exact locations of the projects under the bond issuance are unknown, hence the guidance from the Chapter 4 'Other financial instruments' of the EBRD Paris Agreement alignment methodology has been followed. The Client has plans to develop and publish company- wide physical climate risk assessment report. This requirement will be a part of the ESAP. Currently there is a Physical Climate Risk Self-Assessment and Resilience Plan of the subsidiary company Enefit responsible of managing power plants business. In addition, the Client will commit that all projects under the bond issuance will be complying with Do Not Significant Harm requirements for climate change adaptation. The project is determined as aligned with the adaptation goals of the Paris Agreement as the client has actions in place to align its financial flows with the Paris Agreement adaptation requirements.

[REDACTED]

GREEN FINANCE ATTRIBUTION

The Project is attributed 100% green finance. This green finance attribution has been calculated in line with the Section 5. Specific guidance: financial structure, Specific debt instruments, under paragraph 5.27, and 5.28 of the EBRD Green Finance Methodology.

The bond is aligned with the ICMA Green Bond Principles and EU Taxonomy technical screening criteria and has received a Second Party Opinion from ISS Corporate Solutions, confirming its alignment with international green finance standards. The investments under the bond will include i) investments in electricity transmission and distribution networks enabling renewable integration; (ii) renewable energy generation projects (wind, solar PV); (iii) battery energy storage systems increasing the resilience of the company and of the Estonian energy system; and (iv) electric vehicle charging infrastructure connected to the national grid

[REDACTED]
[REDACTED]

ANNEX 4 - HISTORICAL FINANCIAL STATEMENTS

Income Statement	Audited	Audited	Audited	Not Audited
EURm	**2022A**	**2023A**	**2024A**	**2025A**
Revenues	2,218	1,906	1,785	1,647
Other operating income	459	260	108	192
Cost of sales	(2,027)	(2,264)	(1,692)	(1,658)
Cost of sales	(1,850)	(1,446)	(1,363)	(1,295)
D&A expenses - CoS	(177)	(818)	(329)	(364)
Gross profit	**650**	**(99)**	**201**	**181**
G&A expenses	(406)	(283)	(131)	(228)
EBIT	**243**	**(382)**	**70**	**(47)**
Depreciation and amortization expenses	177	818	329	364
EBITDA	**421**	**437**	**398**	**317**
Profit from associates under the equity method	3	0	2	1
Financial income/(expenses), net	(20)	(30)	(33)	(52)
Financial income	3	15	15	8
Financial expense	(23)	(45)	(48)	(61)
Profit before tax	**226**	**(411)**	**39**	**(98)**
Tax expenses	(10)	(11)	(26)	16
Net income	**216**	**(422)**	**13**	**(83)**

Balance Sheet	Audited	Audited	Audited	Not Audited
EURm	**2022A**	**2023A**	**2024A**	**2025A**
Cash and cash equivalents	281	175	469	358
Trade receivables	431	517	282	252
Greenhouse gas allowances and certificates of origin	444	217	75	37
Inventories	177	159	172	151
Derivatives	204	60	90	44
Assets held for sale	-	16	-	-
Current assets	**1,536**	**1,142**	**1,088**	**842**
Property, plant and equipment	3,254	3,152	3,564	3,586
Intangible assets	82	83	94	95
Right of use assets	11	17	28	24
Prepaid expenses	45	85	61	35
Deferred tax assets	4	5	4	19
Derivative financial instruments	497	258	213	114
Other non-current assets	78	82	79	67
Total non current assets	**3,970**	**3,681**	**4,042**	**3,940**
Total assets	**5,506**	**4,823**	**5,130**	**4,782**
ST Borrowings	610	468	197	227
Liquidity swap	-	-	80	131
Trade and other payables	288	320	268	292
Derivative financial instruments	169	68	23	11
Contract liabilities and government grants	1	2	2	4
Provisions	436	211	132	117
ST liabilities	**1,504**	**1,069**	**701**	**782**
LT Borrowings	449	1,226	1,499	1,405
Deferred tax liabilities	22	14	28	19
Other payables	5	5	8	6
Derivative financial instruments	32	17	4	5
Contract liabilities and government grants	351	397	468	535
Provisions	23	31	39	38
Liabilities associated with assets held for sale	-	5	-	-
LT liabilities	**882**	**1,694**	**2,046**	**2,007**
Total liabilities	**2,386**	**2,763**	**2,747**	**2,789**
Share capital	747	747	747	847
Share premium	260	260	260	260
Statutory reserve capital	75	75	75	75
Hybrid bonds	-	-	399	399
Other reserves	711	155	160	97
Retained earnings	1,161	657	566	313
Equity attributable to shareholders of the parent	**2,953**	**1,893**	**2,206**	**1,990**
Non-controlling interest	167	167	178	2
Total liabilities & equity	**5,506**	**4,823**	**5,130**	**4,782**

Cash-Flow Statement	Audited	Audited	Audited	Not Audited
EURm	2022A	2023A	2024A	2025A
Profit before tax	**226**	**(411)**	**39**	**(98)**
Non-cash adjustments	368	560	296	400
CF from operations	**593**	**150**	**334.8**	**301.6**
Interest and loan fees paid	(19)	(60)	(110.2)	(92)
Interest received	1	11	9.1	11
Corporate income tax paid	(12)	(25)	(8.0)	(2)
Change in working capital	**(54)**	**(62)**	**369**	**145**
Trade receivables	(59)	66	42	19
Inventories	(64)	(20)	(24)	14
Other assets relating to operating actv	(278)	75	322	49
Trade payables	78	(10)	(23)	(22)
Provisions	232	(217)	(71)	(16)
Other current liabilities relating to operating actv	37	44	122	102
Net CF from operations	**509**	**14**	**595**	**363**
Purchase of PP&E	(454)	(691)	(662)	(366)
Proceeds from grants of property, plant and equipment	7	12	39	25
Proceeds from sales of PP&E	2	1	1	2
Contribution to the share capital of associates	(14)	(3)	-	-
Dividends received	2	2	5	9
Proceeds from sale of shares of subsidiary	-	31	17	83
Proceeds from sale of shares of associates	1	-	(0)	-
Loans granted/repaid, net	(0)	-	0.2	0
CF from investments	**(457)**	**(649)**	**(600)**	**(247)**
Loans received	340	1,423	385	126
Issued bonds	-	-	392	49
Redemption of bonds	-	(500)	-	-
Coupons on hybrid bonds paid	-	-	-	(32)
Repayments of bank loans	(253)	(314)	(401)	(230)
Principal elements of lease liabilities	(1)	(1)	(2)	(3)
Proceeds from realisation of interest rate swaps	-	3	4	3
Dividends paid	(56)	(82)	(79)	(35)
Contribution to the share capital	-	-	-	100
Payment for acquisition of non-controlling interest in a su	-	-	-	(206)
CF from financing	**30**	**529**	**300**	**(227)**
Total CF	**82**	**(106)**	**294**	**(111)**
Cash BEG	**198**	**280**	**174**	**468**
Cash END	**280**	**174**	**468**	**358**