UTILITAS

CONSOLIDATED ANNUAL REPORT 2025

OÜ Utilitas

Consolidated annual report 2025

Address

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Harju County

Republic of Estonia

Registry code

12205523

Telephone

+372 610 7107

Principal area of activity

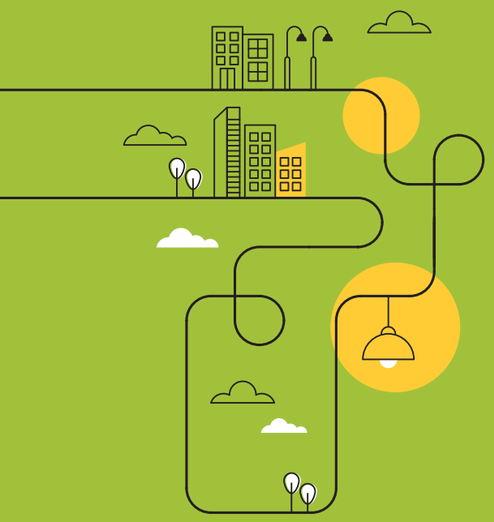
Production and sale of electricity and thermal energy

Auditor

AS PricewaterhouseCoopers

Beginning and end of financial year:

1 January 2025 - 31 December 2025



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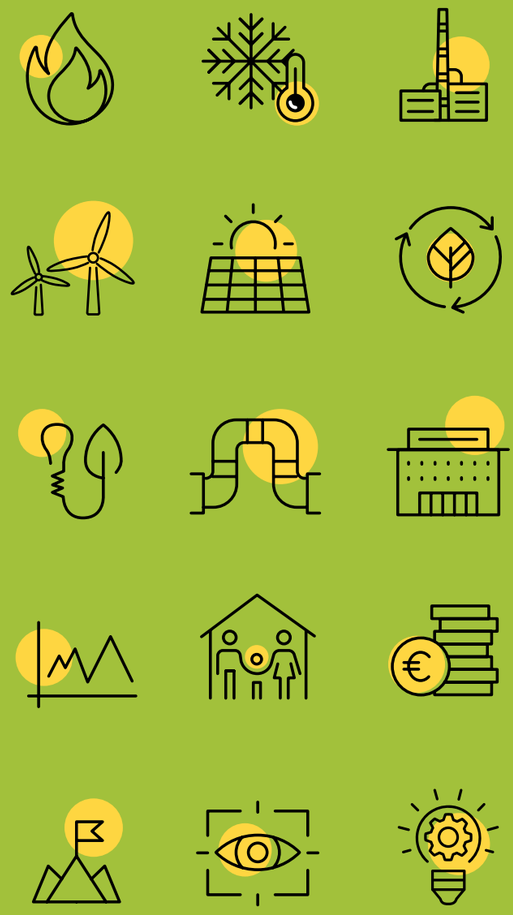


UTILITAS

UTILITAS IN FACTS AND FIGURES

Utilitas is the leading producer of renewable heat and electricity, as well as the largest provider of district heating and cooling in Estonia. Utilitas is dedicated to delivering environmentally sustainable energy solutions that meet the evolving needs of its customers. With a strong commitment to operational efficiency, Utilitas prioritises the use of renewable and locally sourced energy whilst meeting the highest standards of environmental responsibility and ensuring affordability of its services.

2025 results:

2,054 GWh
heat consumed by customers
(2024: 2,069 GWh)

1,948 GWh
heat produced
(2024: 1,964 GWh)

8,074 MWh
cooling consumed by customers
(2024: 3,874 MWh)

426 GWh
electricity supplied
(2024: 423 GWh)

1,881 GWh
renewable energy produced
(2024: 1,721 GWh)

78%
share of renewable energy in the production portfolio
(2024: 70%)

46 gCO_2 eq/kWh
district heating and cooling network emissions
(2024: 61 gCO_2 eq/kWh)

Positive handprint
avoided CO_2 emissions (200 $ktCO_2$ eq) exceeded operational CO_2 emissions (108 $ktCO_2$ eq)
(2024: 228 $ktCO_2$ eq > 143 $ktCO_2$ eq)

12% share of Utilitas in total production of renewable electricity in Estonia (2024: 13%)

All district heating and cooling systems of Utilitas are efficient in accordance with the EU Energy Efficiency Directive (EU) 2023/1791

CERTIFIED ISO 9001 ISO 14001 ISO 45001

CERTIFIED ISO 27001

RESPONSIBLE BUSINESS INDEX GOLD LEVEL 2024

Utilitas operations

At the end of 2025, Utilitas provided district heating service in nine Estonian cities: Tallinn, Valga, Jõgeva, Haapsalu, Kärdla, Keila, Maardu, Rapla and Paide. Utilitas owns two wind parks in Estonia, in Saarde and Aseri, and produces renewable heat and electricity in the city of Valka in Latvia. In addition, Utilitas Wind (50% owned) is a developer of onshore and offshore wind projects in the Baltics as well as operator of two wind farms. Tallinna Vesi (20.36% owned) is the largest water utility in Estonia, providing drinking and wastewater services.

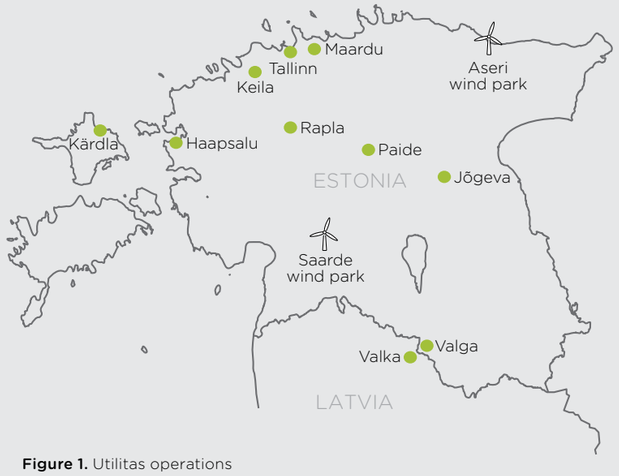


Figure 1. Utilitas operations

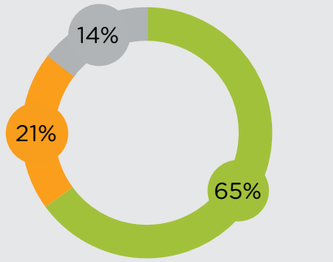


Figure 2. Share of district heating customer groups served by Utilitas (by heated square meters)

Operated capacities as of 31 December 2025 include:

5
cogeneration plants
(2024: 5)

43
boiler plants
(2024: 42)

144 MW
installed electrical capacity
(2024: 144 MW)

1,400 MW
installed heat capacity
(2024: 1,400 MW)

12
solar parks in operation
(2024: 12)

2
wind parks in operation
(2024: 2)

Utilitas district heating

6,140
buildings
(2024: 6,082)

58
net new buildings connected in 2025
(2024: 455*)

21.7 million m²
net area of heated buildings
(2024: 21.3 million m²)

195,000
households
(2024: 194,000)

410,000
residents in cities as customers
(2024: 405,000)

645 km
of operated networks
(2024: 634 km)

100%
customers have remote meters
(2024: 100%)

100%
of used biomass is from certified sources (FSC, PEFC or SBP certified)
(2024: 100%)

99.98%
district heating availability
(2024: 99.99%)

24 km
of district heating pipelines built or renovated
(2024: 24 km)

73-97%
share of new or reconstructed network depending on the operated service area
(2024: 69-95%)

* including 305 buildings from acquisitions of Paide and Valka units

Utilitas Wind (50% owned) has:

3,000+ MW
development portfolio of onshore wind parks across the Baltics

79 MW
operational wind portfolio +124 MW under construction

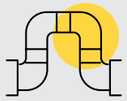
44 MW
additional operational portfolio under technical management

1,000+ MW
planned capacity of Saare-Liivi offshore wind development

Tallinna Vesi (20.4% owned):

500,000
residents supplied with water and wastewater services

22.3 million m³
of water supplied



3,000 km
of water, sewage and stormwater network operated

Business philosophy

Mission

Cleaner future

We reduce the environmental impact of energy consumption, by enabling convenient and affordable use of sustainably produced energy

Vision

To be a leader in the field of energy

Create the best practices and search for new solutions to achieve environmentally friendly and climate neutral society

Values

Sustainable
Innovative
Convenient
Competitive

Organisation

319
employees (2024: 317)
+ 34 employees at Utilitas Wind

0
occupational accidents
(2024: 0)

13
years average employment length
(2024: 13 years)

2.5%
voluntary employee turnover
(2024: 3.3%)

Financial indicators

859 million euros
total assets
(2024: 782 million)

98 million euros
investments
(2024: 102 million)

232 million euros
total revenue
(2024: 216 million)

57 million euros
net profit
(2024: 32 million)

Membership in organisations

Euroheat & Power

Euroheat & Power

Wind EUROPE

Wind Europe

EESTI TAASTUVENERGIA KODA

The Estonian Renewable Energy Association

EESTI JÕUJAAMADE JA KAUGKÜTTE ÜHING

The Estonian Power and Heat Association

LSUA Latvijas siltumuzņēmumu asociācija

The Latvian Heat and Cooling Companies Association

Estonian WIND POWER Association

Estonian Wind Power Association

LATVIAN WIND ENERGY ASSOCIATION

Latvian Wind Energy Association

Lvea Lithuanian Wind Power Association

Lithuanian Wind Power Association

Rohetiiger

Green Tiger

ESTONIAN CHAMBER OF COMMERCE AND INDUSTRY

The Estonian Chamber of Commerce and Industry

The Estonian Employers' Confederation

The Estonian Employers' Confederation

Vastutustundliku Ettevõtluse Foorum

The Responsible Business Forum of Estonia

MESSAGE FROM **THE CEO**

The year 2025 was a defining one for Utilitas. As Estonia's leading producer of renewable energy and largest district heating operator, we continued to demonstrate that the three pillars of a modern energy system - security of supply, affordability and environmental responsibility - are not competing objectives but mutually reinforcing strengths. Our team delivered on all three fronts, and I am proud to share the progress we have made together.

Securing energy for communities we serve remains our highest priority. In a world where energy security has moved to the top of the political agenda, Utilitas proved once again that reliable, locally sourced energy is not just an aspiration but a daily operational reality. Our district heating availability reached 99.98%, ensuring that the approximately 410,000 residents we serve in cities across Estonia and in Latvia could count on warmth throughout the year, including during the coldest winter days when the system is under greatest strain.

This reliability does not happen by itself. It is the result of disciplined investment in infrastructure, meticulous maintenance and the dedication of our operations teams who work around the clock to keep the system running. In 2025, we renovated and expanded 24 kilometres of heat pipelines, bringing the share of new or reconstructed networks to 75.7% across our 645-kilometre system. We also connected new buildings to our networks, including some of Tallinn's largest commercial properties, which converted to district heating and cooling. Each new connection strengthens the resilience of the overall system and reduces dependence on imported fossil fuels.

A major milestone for energy security was the synchronisation of the Baltic power systems with the Continental Europe Synchronous Area in February. Utilitas had prepared early, qualifying its operational assets to participate in the new ancillary frequency reserve markets. Our electric boilers and combined heat and power plants, as well as wind parks and battery storages contribute directly to the stability of the regional electricity grid.

Affordability is not an afterthought at Utilitas - it is embedded in our strategy. Our long-term commitment to replacing imported fossil fuels with local renewable sources has fundamentally improved the cost structure of our heating supply and shielded our customers from the price volatility that has characterised European energy markets in recent years.

Looking at the past decade, district heating prices across our networks have increased less than the general rate of inflation in Estonia, and significantly less than average wages or real estate prices. For the average household, district heating has become more affordable in real terms - a remarkable achievement against the backdrop of the energy crises of 2022–2023 and the inflationary pressures that followed.

This stability comes from deliberate choices. By investing in biomass cogeneration, wind and solar generation, large-scale heat pumps, electric boilers and thermal storage, we have built a diversified production portfolio that is less exposed to the price swings of any single fuel or commodity. In 2025, natural gas usage across our networks dropped to around 500 GWh, down from roughly 700 GWh in 2024 and a dramatic reduction from the 2 TWh consumed as recently as 2008. Every megawatt-hour of gas we replace with locally sourced renewable energy is a megawatt-hour that no longer ties our customers' heating bills to volatile international commodity markets.

The construction of the Paljassaare waste- and seawater heat pump plant, which began in May 2025, represents the next major step in this direction. Once operational in the 2026/2027 heating season, this 110 MW facility will meet roughly one-fifth of Tallinn's annual heat demand using treated wastewater and seawater, local resources that are available year-round and free from geopolitical risk. The project will further reduce our customers' exposure to imported fuel costs while delivering cleaner heat to the capital.

The environmental results of 2025 speak clearly of our transition to clean energy. Renewable energy accounted for 78% of our total production, up from 70% in 2024. We produced a record 1,881 GWh of renewable energy and reduced the carbon intensity of our district heating and cooling networks to 46 grams of CO_2 equivalent per kilowatt-hour, down from 61 in 2024. Our total Scope 1 greenhouse gas emissions fell by 27% year on year.

Equally important is the positive handprint our operations create. In 2025, the CO_2 emissions avoided through our renewable electricity production, 200 thousand tonnes, exceeded our total operational emissions by 92 thousand tonnes. Utilitas is not merely reducing its own footprint; it is actively helping Estonia reduce theirs.

These results bring us closer to our Science Based Targets initiative commitment: a 90% reduction in Scope 1 and 2 emissions by 2030 compared to the 2023 baseline, and a 60% reduction in Scope 3 emissions by 2033. The year 2026 will be pivotal, as we complete the Paljassaare energy complex and additional flexibility assets that will push the share of fossil fuels in our Tallinn district heating network below 10% by 2027.

Our environmental commitment extends beyond carbon. All biomass used in our plants is locally sourced and 100% certified under FSC, PEFC or SBP standards. We completed a cross-border heat pipe connecting the Valga and Valka district heating networks, enabling renewable heat from the Latvian CHP plant to serve both towns and reducing fossil fuel consumption to near zero in both communities.

None of this would be possible without the expertise and commitment of our team. Our 353 employees are the ones who keep production assets and networks running at record efficiency, who ensure that all generation and distribution assets are operational despite challenging weather, who integrate new technologies into complex systems and who serve our customers every day.

In 2025, we again achieved zero occupational accidents, a target that is highly prioritised throughout the organisation because we believe safety is never optional. Employee satisfaction rose to 4.4 out of 5, with an engagement score of 85 out of 100, significantly exceeding both Estonian and global averages. Voluntary turnover fell to just 2.5%. In a sector that is becoming more technically complex, more digitally intensive and more commercially sophisticated every year, that kind of commitment and capability is our most durable competitive advantage.

In 2026, we will execute an investment programme in excess of 150 million euros to further advance in our strategy. The commissioning of the Paljassaare heat pump plant, additional thermal storage and electric boiler capacity, continued network renovation and the growth of our district cooling service will all contribute to a more secure, affordable and sustainable energy system for the communities we serve. We will also complete the Telšiai wind park in Lithuania through Utilitas Wind, adding 124 MW of renewable capacity and further develop new generation capacities throughout the region.

The clean energy transition is no longer a distant goal. It is happening now, in the networks beneath our cities, in the plants that power them and in the daily work of the people who make it all possible. I am grateful to our team, our partners and the communities who trust us with an essential service, and I look forward to the year ahead.

Priit Koit
Chairman of the Management Board, Group CEO

GLOBAL TRENDS AND DEVELOPMENTS

Clean energy revolution

As one of the three warmest years on record, 2025 again illustrated the ongoing challenge of global warming and the need for the energy sector to invest in clean, affordable energy capacity while ensuring security of supply.

This is understood by the wider global community as investments into renewable generation consistently continue to dominate energy sector investments in comparison to fossil fuels. A special report released in July 2025 with the support of UN agencies and key international institutions – including the International Energy Agency (IEA), the IMF, IRENA, the OECD and the World Bank – confirmed that a decade of cooperation under the Paris Agreement has successfully triggered a global clean energy revolution. Upon the release of the report, United Nations Secretary-General António Guterres emphasised that renewable energy capacity now nearly matches that of fossil fuels globally, and that almost all of the new power generation capacity added in 2024 came from renewable sources. As he stated, "The clean energy future is no longer a promise. It's a fact. No government. No industry. No special interest can stop it." [1]

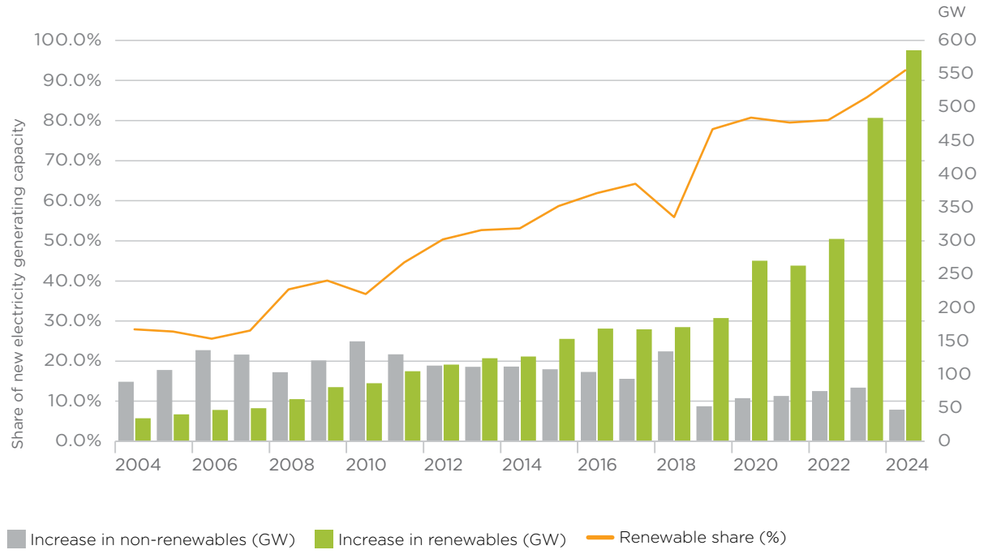


Figure 3. Renewable share of annual power capacity expansion[2]

1 https://www.un.org/sg/en/content/sg/statements/2025-07-22/secretary-generals-remarks-climate-action-moment-of-opportunity-supercharging-the-clean-energy-age-delivered-scroll-down-for-all-french

2 https://www.irena.org/-/media/Files/IRENA/Agency/Publication/2025/Mar/IRENA_DAT_RE_Capacity_Highlights_2025.pdf

Electricity is emerging as the backbone of the future energy system. According to the IEA, the world has already entered the Age of Electricity, in which electricity demand is growing significantly faster than overall energy consumption. Global electricity demand is projected to increase by approximately 40% by 2035, driven by rising use of household appliances and cooling, advanced manufacturing and light industry, electric mobility, data centres, and the electrification of heating.

Electricity demand

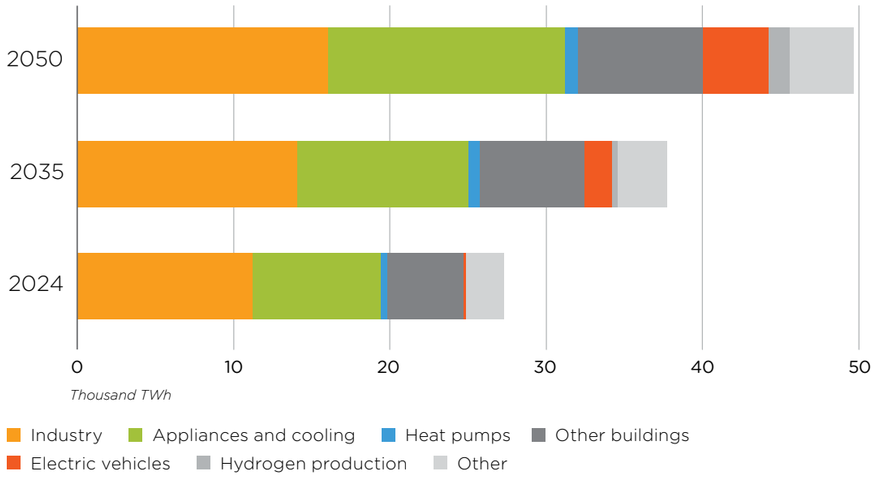


Figure 4. Electricity demand by end-use, 2024-2050, and demand growth by end-use in the STEPS (State Policies Scenario) to 2035[3]

As electricity takes on a larger role in the global energy mix across all IEA scenarios, ensuring the resilience and security of power systems has become a top policy priority. The economic impact of power outages and system failures is increasing rapidly as societies become more electrified and interconnected.

To address these challenges, batteries and demand response are expected to play a central role in maintaining system reliability. By 2035, these are projected to provide most of the short-term flexibility required in power systems. In 2024 alone, global battery storage additions reached 77 GW, supported by strong policy frameworks and falling technology costs. Depending on the scenario, total installed battery storage capacity is projected to reach between 1,700 and 2,900 GW by 2035. The same trend is observable in the Baltics where battery storage is booming and expected to reach 2 GW already by 2027 from a base level of near zero just two years ago.

3 https://iea.blob.core.windows.net/assets/81980a53-9716-47f1-904e-b92a2c4d2ea4/WorldEnergyOutlook2025.pdf

DRIVERS OF ELECTRICITY DEMAND GROWTH[4]

Electric vehicles

In advanced economies, the electrification of transport is the single largest contributor to rising electricity demand, accounting for more than 30% of additional demand by 2035. Sales of electric cars continued to expand in 2024, accounting for over 20% of the global car market. According to the IEA, the share of EVs in total global car sales doubles to 2030 and rises above 50% by 2035. This is not a faraway dream. In fact, electric vehicles already accounted for 96% of all new passenger cars registered in Norway in 2025.[5]

Data centres

Investment in data centres is expected to reach USD 580 billion in 2025. Those who say that "data is the new oil" will note that this surpasses the USD 540 billion being spent on global oil supply. A tripling of the amount of electricity consumed by data centres by 2035 represents less than 10% of total global electricity demand growth, but it is highly concentrated geographically. More than 85% of new data centre capacity additions over the next ten years are expected in the United States, China and the European Union. In addition to direct investment and new jobs, data centres also offer a possibility for sector coupling projects. For example, in Finland, Google's data centre will soon provide 80% of the annual heat demand of the local district heating network of Hamina.[6]

Cooling

Rising incomes and temperatures underpin a surge in electricity use for air conditioning. Cooling is a rising source of electricity demand, led by emerging and developing economies, with important potential impacts on peak electricity demand. According to the IEA forecast, income-driven air conditioning use adds around 330 GW to global peak demand by 2035, and higher temperatures add another 170 GW. This is also increasingly evident in Estonia where the majority of new commercial buildings in Tallinn are connecting to both district heating and cooling networks.

Industry

Industry has a big part to play in the new Age of Electricity. Some growth in electricity demand, nearly 15%, is anticipated in the use of new electric technologies in industry, but most of it, around 85%, stems from growth of existing industries and structural shifts to non-energy-intensive industries. These industries use a higher share of mechanical energy and require thermal energy at lower temperatures, making them easier to electrify, and they account for three-quarters of industrial electricity demand growth by 2035. In the machinery sub-sector, where the share of electrification is already highest, much of the increase in electricity demand reflects higher production rather than more electrification. This means that the biggest growth will actually come from light industry sectors like food and beverages, chemicals, textiles, electronics etc.

4 https://www.iea.org/reports/world-energy-outlook-2025

5 https://www.just-auto.com/news/norway-2025-new-car-sales/

6 https://blog.google/company-news/inside-google/around-the-globe/google-europe/our-first-offsite-heat-recovery-project-lands-in-finland/

European energy market

European Commission believes that rapid deployment of renewable energy is crucial for the European Union to achieve its climate objectives and reduce reliance on imported fuels – in particular, to phase out Russian gas by 2027. According to the European Commission's projections, the union was on track to install a record 89 GW of renewable energy capacity in 2025, but it is still far from the amount that is needed to fulfil the 2030 environmental targets.[7]

At the same time, individual countries and regional alliances are not waiting for new incentives or regulations. In January 2026, nine North Sea countries, together with industry representatives and transmission system operators, signed the Investment Pact for the North Seas to accelerate offshore wind deployment. Governments committed to building 15 GW of offshore wind capacity annually between 2031 and 2040 and to de-risking offshore wind investments. In return, the industry pledged significant cost reductions, the creation of 91,000 additional jobs and the generation of up to 1 trillion euros in economic activity.[8]

Countries across Europe announced record levels of renewable energy auctions in order to bring additional renewable generation to the market at accelerated pace. For example, Germany awarded a record-breaking 14 GW of new wind capacity and granted permits for more than 20 GW of additional onshore wind projects.[9] The United Kingdom's most recent offshore wind auction awarded 8.4 GW, making it the largest offshore wind auction in Europe to date.[10] In addition, Poland is already building its first 1.2 GW offshore wind farm and auctioned another 3.4 GW of offshore wind projects at the end of 2025.[11]

Further evidence supporting the rapid deployment of renewables was provided by a joint study by WindEurope and Hitachi Energy, which assessed the total system costs of five European energy scenarios. Four scenarios achieved climate neutrality, while a 'slow transition' scenario assumed that Europe failed to meet its net zero targets. The analysis showed that even after accounting for investments in grids, storage and backup capacity, a renewables-based energy system is by far the most cost-effective option. A failure to deliver on net zero would result in total system costs being approximately 1.6 trillion euros higher, largely due to ongoing fuel expenditures and the rising cost of carbon in the slow transition scenario.[12] For Estonia, too, the analysis showed that the Renewables+ scenario is considerably cheaper than the alternatives.

7 https://www.power-technology.com/news/eu-renewable-capacity/

8 https://windeurope.org/news/north-sea-summit-investment-pact-to-mobilise-e1tn-in-offshore-wind-investments-for-europe/

9 https://www.reuters.com/sustainability/climate-energy/germany-approved-14-gw-more-wind-capacity-projects-last-year-report-shows-2025-01-15/

10 https://windeurope.org/news/uk-awards-8-4-gw-in-europes-largest-offshore-wind-auction-ever/

11 https://windeurope.org/news/poland-powers-ahead-first-offshore-wind-auction-delivers-strong-results/

12 https://windeurope.org/news/a-renewables-based-energy-system-will-save-europe-1-6-trillion/

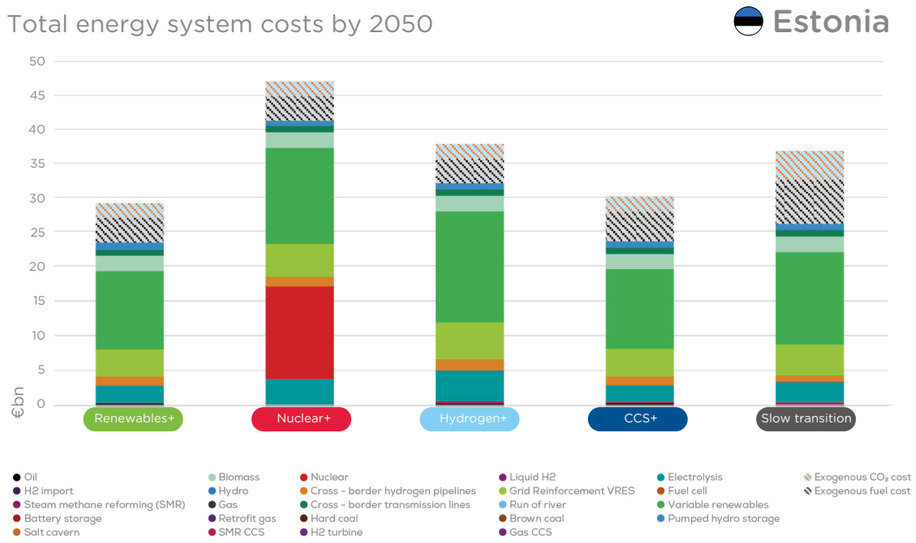


Figure 5. Total energy systems costs in Estonia by 2050 across five European energy scenarios (WindEurope and Hitachi Energy)

Electricity deficit in the Baltics

The Baltic countries continue to face a persistent electricity supply deficit. In 2025, Estonia, Latvia and Lithuania together consumed 27 TWh of electricity while producing only 19 TWh domestically, resulting in a combined deficit of 8 TWh. Estonia alone consumed 8 TWh but produced just 5.3 TWh, 1.7 TWh of which came from oil shale. Together with natural gas, oil shale remains among the most expensive and carbon-intensive sources of electricity and is being gradually phased out. Without timely investment in new generation assets, Estonia's electricity deficit is therefore likely to deepen in the coming years.

At the same time, security of energy supply has become a priority issue. The Baltic power systems successfully desynchronised from the BRELL system and synchronized with the Continental European Synchronous Area (CESA), marking a historic milestone in strengthening energy security and independence. With the system now operating independently from BRELL, the next step is to further strengthen resilience by expanding local electricity generation and balancing capacity. Increasing domestic generation also reduces reliance on imported fuels and strengthens long-term energy independence.

Estonia has remained at the top of the European Union's ranking for the greenhouse gas emission intensity of electricity generation for years. At the same time, our neighbours are well below the EU average. This puts Estonia at a disadvantage when it comes to attracting investors looking to build new industries or data centres. Progress in developing new renewable capacity has been slowed by lengthy and uncertain planning processes, particularly for wind energy. Over the past decade, Estonia has added approximately 350 MW of wind capacity, with no new wind farms expected to be commissioned in 2026. By comparison, Latvia has added 100 MW and is currently building a further 450 MW, Lithuania has added 1,400 MW and is constructing another 650 MW, while Finland and Poland have expanded capacity by approximately 7,700 MW and 6,500 MW respectively. Poland has also launched its first offshore wind project, successfully auctioned additional capacity and outlined a long-term nuclear energy programme.

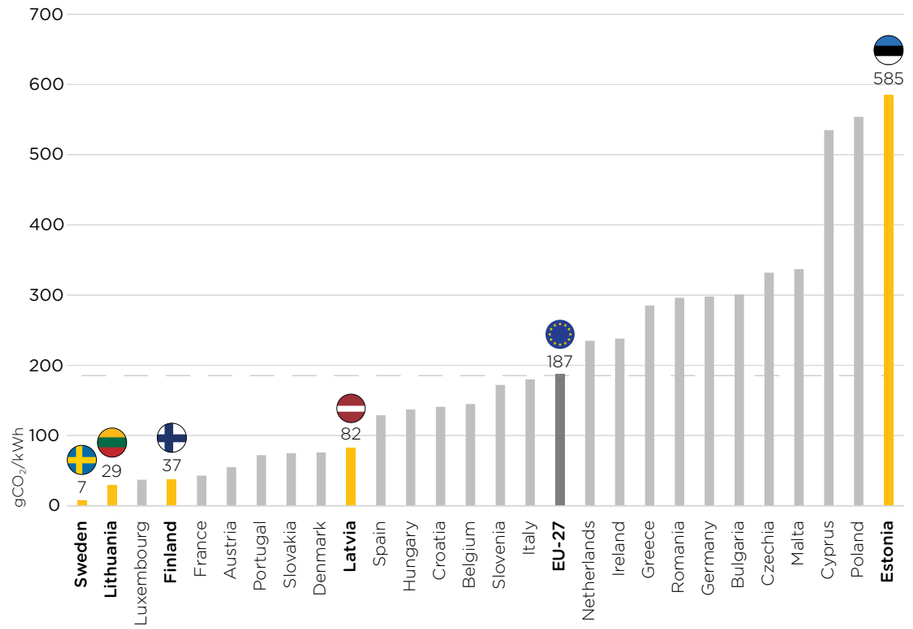


Figure 6. Carbon intensity of electricity production in Europe (2024, gCO_2/kWh)[13]

The Estonian parliament has approved the updated Energy Sector Development Plan 2035, which highlights the central role of renewable energy and supports the development of new renewable electricity capacity to strengthen Estonia's clean energy transition. There is a substantial investment need in Estonia in order to reduce the dependence on expensive fossil fuel based electricity generation, as well as to increase energy security and sustainability at a reasonable end cost to consumers - this is well understood in other nearby countries where investments into renewables are carried out at scale already now.

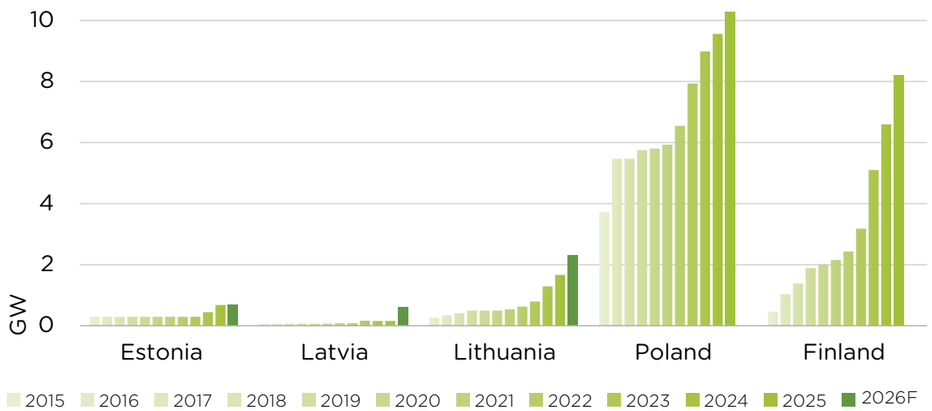


Figure 7. Installed onshore wind capacity across the Baltics, Poland and Finland

13 https://www.eea.europa.eu/en/analysis/indicators/greenhouse-gas-emission-intensity-of-1

District heating – a future-proof choice

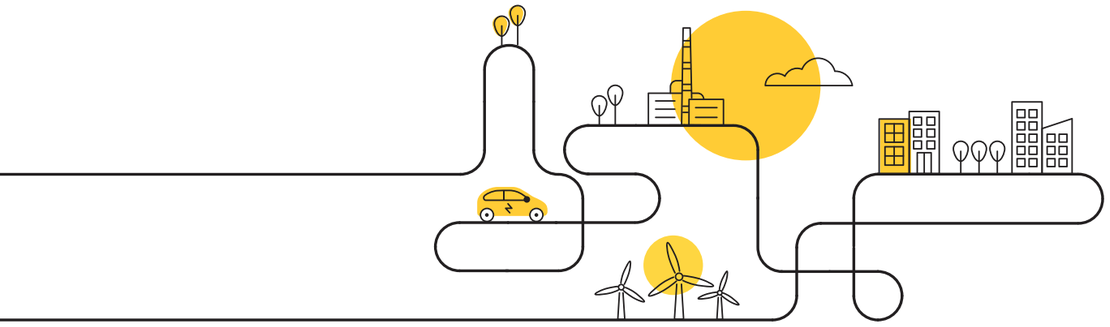
Utilitas is firmly committed to advancing energy sustainability by increasing renewable generation capacity and prioritising the most efficient methods of producing and distributing energy. To ensure the long-term resilience and affordability of energy systems, it is essential to maximise efficiency and minimise the use of natural resources.

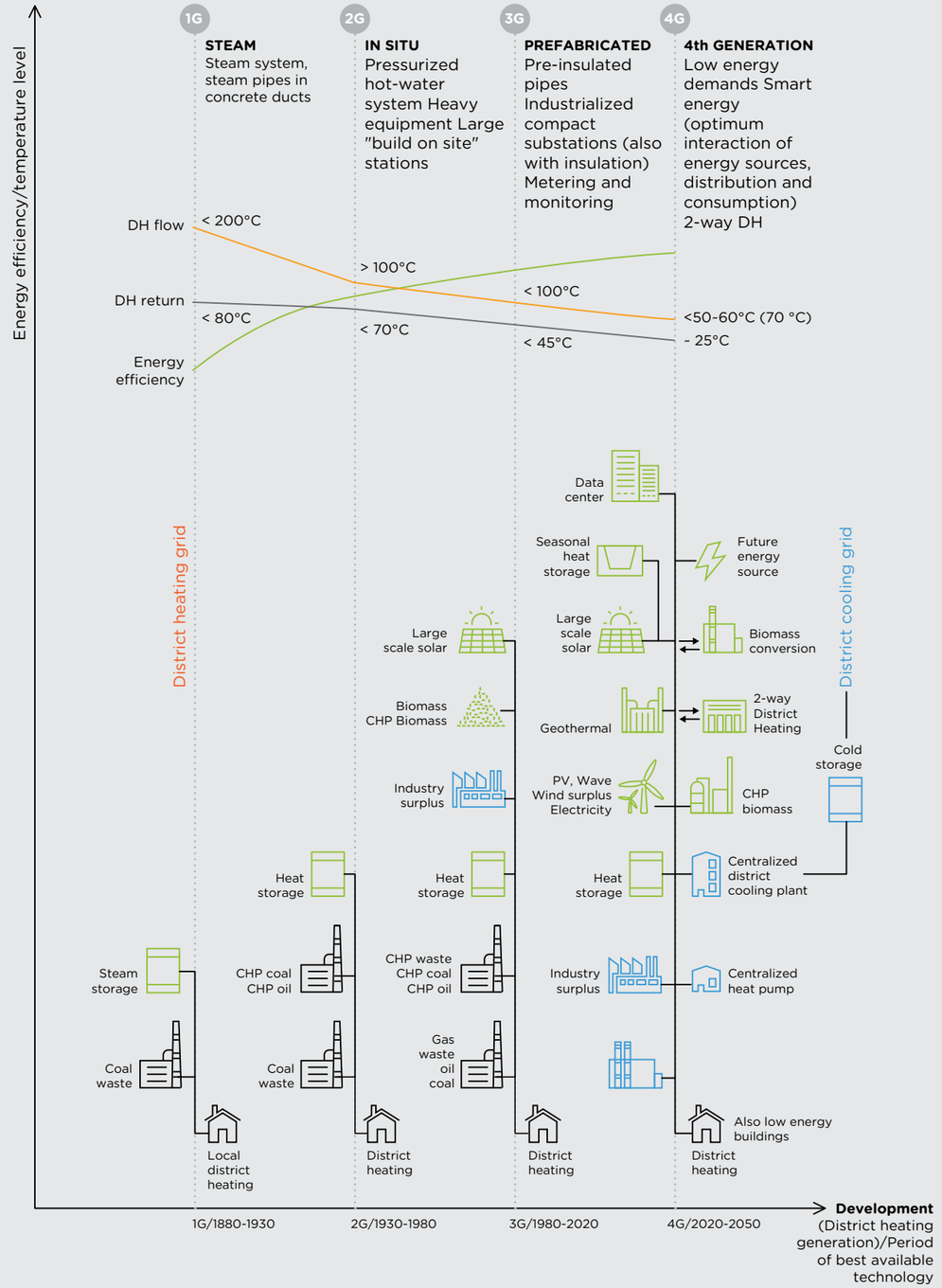
District heating and cooling are widely recognised by planners and architects as the most efficient energy solutions for urban buildings. Across the European Union, the energy performance of buildings is assessed through a primary energy indicator, which reflects the total energy required to meet a building's needs, adjusted for primary energy factors. These factors account for the efficiency and environmental impact of different energy carriers.

In Estonia, efficient district heating has a primary energy weighting factor of 0.65, compared to 1.0 for natural gas and 2.0 for electricity, while district cooling has an even lower factor of 0.4. Consequently, district heating and cooling offer clear advantages in terms of meeting regulatory requirements and achieving the best energy labels. In recent years, this logic has not only driven new developments to connect to the district heating network, but also prompted major public and commercial buildings – including large department stores and a national football stadium – to convert from natural gas-based systems to efficient district heating and cooling.

At Utilitas, we are convinced that large-scale district energy systems are the best option for cities because they can integrate waste heat from industrial processes, power generation and renewable energy production into district heating networks. By building flexible, integrated district energy systems, we can combine the most cost-effective heat production technologies at any given moment, enabling us to offer stable and competitive heat prices to customers. For example, electric boilers can generate heat during periods of low electricity prices, while surplus energy can be stored in heat storages and utilised when demand increases. This flexibility reduces dependence on fossil fuels and strengthens overall system security.

Further efficiency gains can be achieved by lowering operating temperatures in district heating networks. Reduced temperatures decrease heat losses, improve the efficiency of production units and enhance network reliability. At the same time, they enable the integration of low-temperature heat sources such as geothermal energy, industrial surplus heat and other by-products, further increasing the share of sustainable energy in the system. Utilitas is already very close to meeting the characteristics of 4th generation district heating in terms of both network temperature levels and production mix across its district heating networks.





https://www.4dh.eu/about-4dh/4gdh-definition.html

Figure 8. District heating progression

OVERVIEW OF **BUSINESS RESULTS**

During 2025 Utilitas continued to strengthen its position as Estonia's leading producer of renewable energy and district heating operator. The Group's district heating operations serve around one-third of the Estonian population, providing heating for around 21.7 million square metres (2024: 21.3 million square metres) of buildings nationwide. Utilitas manages an extensive network that stretches across 645 km (2024: 634 km), representing around 38% of Estonia's total heating networks.

In 2025, Utilitas provided heating to 6,140 buildings (2024: 6,082), including approximately 195,000 households (2024: 194,000), as well as municipal and corporate customers. The Group also supplied 426 GWh of renewable electricity (2024: 423 GWh), accounting for approximately 12% of Estonia's total renewable electricity generation.

Total heat sales in 2025 amounted to 2.1 TWh, which was 1% less than in 2024, primarily due to milder winter months. 2025 and 2024 were the third and second warmest years on record in Estonia, respectively, although the winter of 2024 was slightly colder than that of 2025. Dedicated staff enabled Utilitas to achieve a high operating performance in terms of both the availability and efficiency of its production assets. Combined with favourable weather conditions, this enabled the Group to increase its renewable energy production to a new record high of 1.9 TWh (1.7 TWh in 2024). Investments in new production assets delivered in previous years, such as second-stage flue gas condensers and heat pumps in combined heat and power (CHP) plants, Saarde and Aseri wind parks, and the Paide and Valka district heating operations, all contributed to the high production figures as the challenges of the first operational years had been overcome. The share of renewables in the Group's portfolio increased from 70% to 78% in 2025, a strong step towards the 2027 target of reducing share of heat from fossil fuels to below 10% as well as a significant contribution to the fulfilment of national renewables targets.

The Group's key financial figures and ratios	2025	2024
Total assets (in EUR thousand)	858,587	781,721
Loan liabilities (in EUR thousand)	505,665	448,201
Current ratio (times) = Current assets / Current liabilities	1.57	1.69
Quick ratio (times) = (Current assets – Inventories) / Current liabilities	1.42	1.49
Liquidity ratio (times) = Cash and cash equivalents / Current liabilities	0.67	0.56
Debt to equity ratio (D/E)	1.88	1.72
Total revenue (in EUR thousand)	232,027	216,138
Net profit (in EUR thousand)	57,310	31,669
Return on assets (ROA) = Net profit / Total assets (average)	7.0%	4.3%
Fixed assets turnover (times) = Revenue / Fixed assets (average)	0.31	0.32
Total assets turnover (times) = Revenue / Total assets (average)	0.28	0.29

One of Utilitas' key objectives is to ensure a secure and reliable service for its customers. This target was successfully met in 2025 with a district heating availability rate of 99.98% (2024: 99.99%). Utilitas demonstrated an ongoing commitment to improving its heat networks by renovating and expanding 24 km (2024: 24 km) of heat infrastructure in 2025. These improvements support the connection of new customers whilst also reducing network losses and improving reliability. In 2025 Utilitas again achieved a historically low network loss rate of 11.6% compared to 12.1% in 2024, well below the 13% benchmark set by the Estonian Competition Authority.

In 2025, the positive trend of new connections continued, with a large number of customers looking to switch to domestically produced, secure and sustainable heating solutions. Over 400 thousand square metres (2024: 1,100 thousand square metres, including 520 thousand square metres from the acquisition of the district heating operations in Paide and Valka) or 58 net new buildings (2024: 455 net new buildings) were connected to Group's networks. This included some of the largest buildings in Tallinn, such as the Ülemiste and T1 shopping malls, which converted from natural gas and also connected to the district cooling network.

OPERATING ENVIRONMENT

The Baltic power system was synchronised with the Continental Europe Synchronous Area in February 2025, and regional ancillary frequency reserve markets (mFRR and aFRR) were launched in parallel. This highlighted the need for flexible assets that can rapidly adjust their power consumption or generation. Utilitas had prepared early and qualified to participate in these nascent markets with its operational assets. Although power prices remained more stable than during the 2022-2023 crisis, intra-day volatility remained elevated, validating Utilitas' strategy of combining flexible assets, digital optimisation and prudent hedging. Power-to-heat operations also enabled a shift away from natural gas, thereby contributing towards price stability and reducing the environmental footprint.

At the end of 2025, the Estonian Energy Policy Development Plan (ENMAK 2035) was approved by the government. Whilst the government has scaled back the previous ambition of reaching a 100% share of renewables by 2030 and postponed it to 2035, substantial commitment is still required to move further from the 2022 baseline level of 29.1%. Until the share of renewables increases, Estonia will remain dependent on imported electricity which is not optimal from an energy security or affordability perspective.

Achieving national targets will require substantial and sustained investment. Efficient district heating and cooling systems play a critical role in meeting carbon-neutrality objectives, particularly in the Nordic climate, where heating accounts for roughly half of total primary energy consumption. Utilitas continues to demonstrate a strong commitment to renewable energy development by increasing its production volumes and strengthening the resilience of existing assets through network refurbishment and expansion. Given the long life cycle of energy infrastructure, which often exceeds 30 years, Utilitas places great importance on thorough evaluation, careful planning, and disciplined execution. Such long-term investment decisions must be supported by a stable and predictable regulatory environment.

INVESTMENTS

In 2025, Utilitas delivered strong operational and financial results while advancing its long-term decarbonisation agenda. Increasing focus was placed on enhancing system flexibility whilst also ensuring the resilience of operations. Capital expenditure totalled 98 million euros (2024: 102 million euros) as the Group made large investments that deliver future growth of renewable energy and operational resilience, including the Paljassaare energy complex and additional short-term heat storage capacities. The strategic direction remains unchanged: accelerating the phase-out of fossil fuels to strengthen energy security with local and renewable resources and developing portfolio flexibility to protect customers and communities through different market environments.

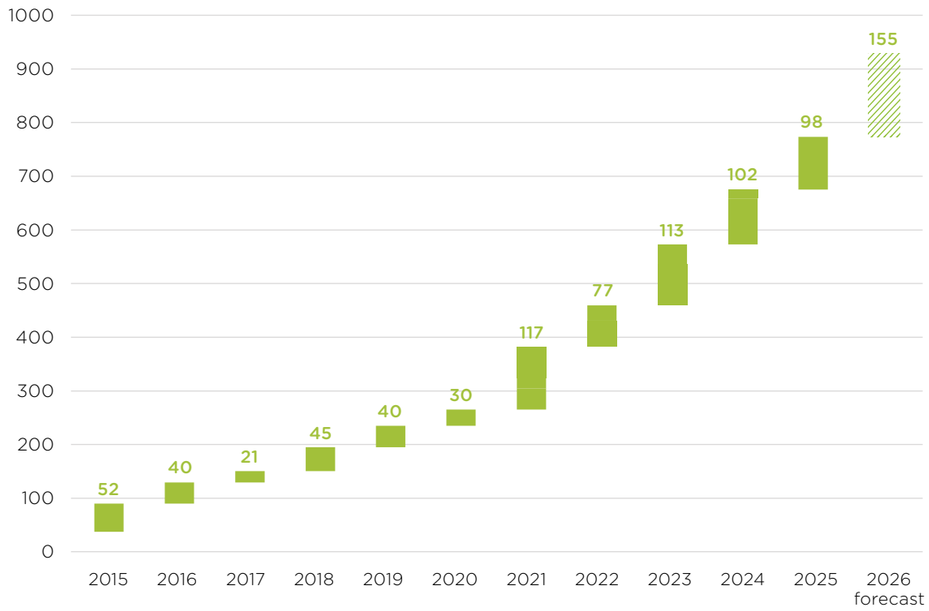


Figure 9. Volume of investments made by Utilitas from 2015 to 2026 (forecast)

A large part of the historical and future capex of Utilitas is related to its operations in Tallinn, the capital of Estonia. To support these investments, the City of Tallinn and OÜ Utilitas established a joint district heating holding company, AS Utilitas Tallinna Soojus, in August 2023. The City of Tallinn owns 33.34% of the company, while Utilitas owns the remaining 66.66%. In order to simplify the group structure, reduce ever-increasing reporting requirements and save costs, in March 2025 the former 100% subsidiaries of AS Utilitas Tallinna Soojus (AS Utilitas Tallinn and AS Tallinna Soojus) were merged into the parent company, which continues to manage investments in the Tallinn area and to provide district heating and cooling services. The shareholding structure aligns the interests of the City of Tallinn and Utilitas as the goal of both is to ensure the availability of environmentally friendly district heating solutions and the functioning of essential services in the city of Tallinn. For this, the district heating network must be constantly modernised and large-scale investments made. Utilitas carries a leading role in the development, preparation, and updating of the business plan, which aims to complete the renewal of the district heating network in accordance with the Tallinn Unified District Heating Network Development Plan. The near-term objective is to reduce the share of fossil fuels in district heating to less than 10% by 2027, which will reduce fossil fuel consumption by more than 500,000 MWh. The aim is also to expand the district heating and cooling network, enable convenient connection for new customers, and bring the network to city districts that currently rely on fossil sources for heating. The City of Tallinn and Utilitas coordinate the planning of investments in public roads and the replacement of heat and water networks to minimise inconvenience to residents and maximise cost efficiency.

Utilitas prioritises investments aimed at reducing the consumption of imported fossil fuels, increasing system flexibility and improving energy efficiency, as well as the refurbishment and expansion of district heating and cooling networks.

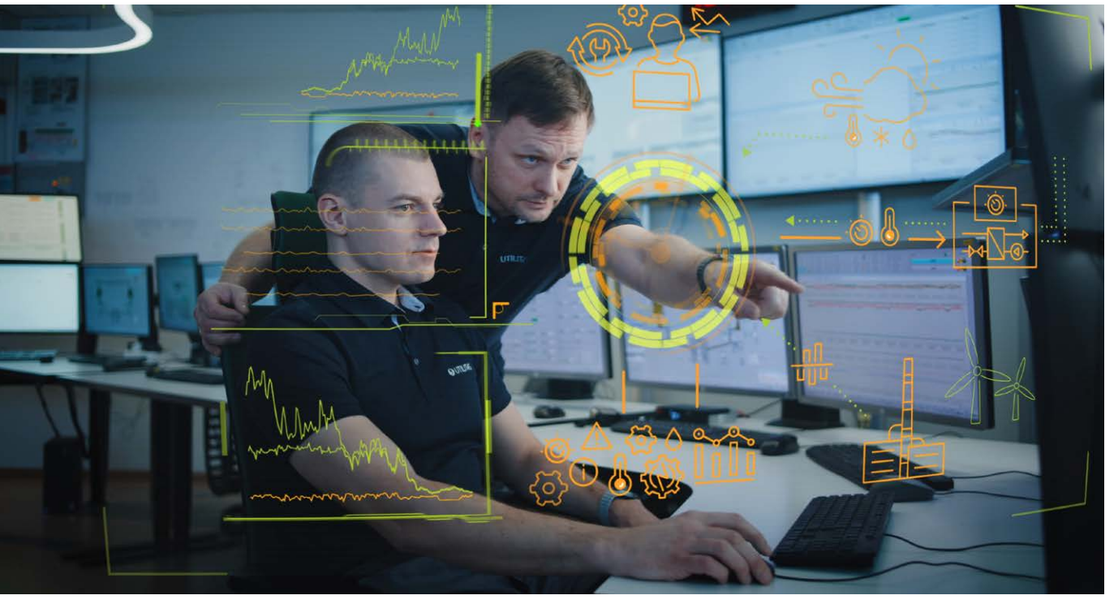
In 2025, Utilitas focused on large-scale multi-year capex projects for new production and flexibility assets, many of which are scheduled to be finalised in 2026. The key projects include:

- The Paljassaare waste- and seawater heat pump plant (110 MW; commissioning targeted for the 2026/2027 heating season). Construction began in May 2025 and installation of the main equipment commenced before the end of the year. The plant will convert the low-temperature energy contained in treated wastewater and seawater into district heat using green electricity. Once fully operational, it will meet roughly one-fifth of Tallinn's annual heat demand. Large-scale industrial heat pumps, which replace imported gas with local, renewable and waste heat sources, are expected to reduce annual CO_2 emissions from Tallinn's heat supply by close to 100,000 tonnes and reduce the share of fossil fuels in the capital's district heating network to below 10% by 2027. Customers will benefit from improved energy security through local inputs, a reduced environmental footprint, and greater tariff stability due to lower exposure to fluctuations in the prices of imported fuels.

- Short-term heat storage facility at Väo (20,000 m³ / ~1,100 MWh; operational from Q4 2025). The facility was constructed in 2025, with additional storage assets to be added in 2026. Heat storage enables system flexibility and enables to smooth production across the day, allowing low-cost energy to be stored and peak-hour demand to be met without firing fossil-fuel powered units. This reduces environmental impact and has a positive effect on heat prices by replacing the most expensive fossil heat sources. Similar heat storage at smaller scale was added to the Jõgeva district heating network as well.
- Electric boilers and flexibility build-out. These assets convert low-priced electricity into heat and provide balancing services (mFRR/aFRR), thereby supporting flexibility and grid stability after synchronisation with Continental Europe. The electric boiler capacities also enhance system security by providing significant additional potential production assets connected to the network, thereby increasing redundancy. Integrating electric boilers with CHP plants enables essential frequency reserve services to be offered to the power grid while replacing fossil fuels when the electric boilers are activated.
- Network renovation and expansion across service areas, coupled with strong growth in connections (>400 thousand square metres added in 2025). 2025 was the seventh year of the long-term network replacement plan, with network capex covering a total of 24 km (24 km in 2024). Modern networks reduce losses and interruptions, increase system reliability and enable the connection of low-temperature and quality heat sources such as data centres. As a result of network improvement efforts, network losses were at an all-time low in 2025 (11.6%) and the certainty of supply remained extremely high (99.98%), with a clear trend towards reduced network temperatures.

- Utilitas supports the development of cleaner and more sustainable urban environments by connecting buildings that use natural gas or other heat sources to district heating networks. Switching to district heating reduces environmental impact, enhances energy security, and provides a more cost-effective and stable local alternative. As a reliable partner to real estate developers, Utilitas is committed to connecting both existing and new buildings to its heating and cooling networks.
- Signing of a technology supply contract for the Paljassaare frequency reserve power plant (FRPP). The new 27 MW capacity is backed by a long-term contract for difference (CfD), awarded in the TSO tender carried out in 2025. The FRPP, which is scheduled for completion in 2027, will support power grid flexibility and system security whilst also benefiting the redundancy of the Utilitas network in Tallinn as well as providing backup power for neighbouring wastewater treatment facility. The plant will be connected to the district heating network, enabling the utilisation of generated waste heat when frequency market activations are received. Consequently, the plant's environmental footprint will be smaller and efficiency will be higher compared to that of alternative stand-alone reserve power plant. As frequency markets are highly volatile and unpredictable, it is not possible to reliably forecast the energy quantities and, hence, the awarded CfD enables us to carry out the investment.

- Physical interconnection of the Valga (Estonia) and Valka (Latvia) networks via a cross-border heat pipe. This unique programme, completed in 2025, enables cross-border delivery of renewable heat from the Valka CHP plant, thereby reducing fossil fuel usage in both towns to a minimum.
- District cooling. The sales of district cooling nearly doubled in 2025, with more and more customers connecting to the service, usually in combination with district heating. The network is expected to evolve further in 2026, with notable increases in volumes. District cooling is more efficient than standalone chillers, reducing peak electricity demand and improving comfort and reliability in dense urban areas. It also frees up valuable indoor and outdoor space and reduces capital expenditure requirements. Additional investments in network growth and new connections, as well as increasing production capacities, are carried out on an ongoing basis to accommodate the increasing demand.
- Innovative hydrogen pilot project in the Väo energy complex. Supported by an investment grant from the Environmental Investment Centre and the Ministry of Economic Affairs and Communications, the project was completed in 2025. It covers the full value chain of green hydrogen production and usage in public transportation, reducing annual greenhouse gas emissions by 1,700 tonnes of CO_2 equivalent. Surplus heat from hydrogen production can be used in the district heating network, thereby enhancing the overall efficiency of the process.
- Investments made by Utilitas Wind. In 2025, Utilitas Wind continued construction of the 124 MW Telšiai wind park in Lithuania. All 20 turbines have now been erected and have supplied first power to the grid. Grid testing will be finalised in 2026. A 28 MW/57 MWh battery will also be added to the same grid connection point in 2026. In Latvia, the Targale 10 MW/20 MWh battery, located next to the 59 MW Targale wind park, launched operations at the beginning of 2025 and was doubled in capacity to 20 MW/40 MWh by the end of the year. Similar to assets in Estonia, the Targale wind park is providing frequency services to the local TSO and thereby supporting the operation of the power grid.



In 2026, the Group will continue executing its investment programme with forecasted total of 155 million euros with a number of high-priority objectives:

- Complete the commissioning of the Paljassaare waste- and seawater heat pump plant in time for the 2026/2027 heating season, thereby taking a significant step towards reducing the use of fossil fuels to below 10% by 2027.
- Increase system redundancy, support flexibility and reduce fossil fuel usage by adding further short-term heat storage and electric boiler capacities.
- Continue network renovation and expansion alongside growth in customer numbers in both district heating and district cooling.

Investment in IT and automation is vital to enable increasingly complex and flexible operations. In 2025, Utilitas continued developing the digital twin solution and integrating production-planning tools to support market-based dispatch, forecasting and optimisation of heat, power, storage and flexibility assets. Development activities will continue in 2026 in order to incorporate also the Paljassaare energy complex and further improve the optimisation of existing assets.

As energy markets continue to evolve rapidly, sector coupling progresses and new heat sources are integrated, operational complexity increases across the value chain. In this environment, IT systems and automation are becoming indispensable for optimising both district heating and electricity production. Advanced digital tools and data-driven decision-making improve efficiency, lower operating costs, and enable participation in emerging markets such as capacity reserves and frequency services. Enhanced automation and real-time analytics support more accurate load forecasting, strengthen production portfolio management, and facilitate active engagement in dynamic energy markets. However, achieving these improvements requires high-quality data. In recent years, substantial effort has therefore been invested in collecting, structuring, and upgrading production and consumption data. Cleaner, more accurate data improves forecasting models and leads to better planning and operational decisions.

In 2025, Utilitas continued developing its IT and automation capabilities, with the aim of improving system efficiency and optimising energy use across its operations. This included:

- Continuing the development and implementation of an in-house district heating (DH) load forecasting model to enable more precise heat load predictions and short-term production planning. This facilitates production optimisation and efficient resource allocation.
- Integrating electricity production assets with the systems of the TSO to enable participation in ancillary electricity markets. This allows assets such as electric boilers to contribute to balancing the Baltic electricity system.
- Continuing with the integration process of production planning software, which will optimise the production plans of electricity and heat production assets, minimising fuel costs and operational expenses. It will also support the utilisation of heat storage for peak shaving and participation in complex electricity markets.
- Continuing with the digital twin project for the networks to provide better visibility into network conditions, reduce losses and increase efficiency by preventing overheating and predicting demand peaks. It will also support optimisation of supply temperatures and pressure conditions based on actual demand.

In parallel with targeting increased efficiency via advanced digital tools, proactive management of cybersecurity risks is prioritized as well. In 2025, Utilitas group companies obtained an ISO/IEC 27001:2022 certificate confirming that Utilitas' information security management system complies with international standards.

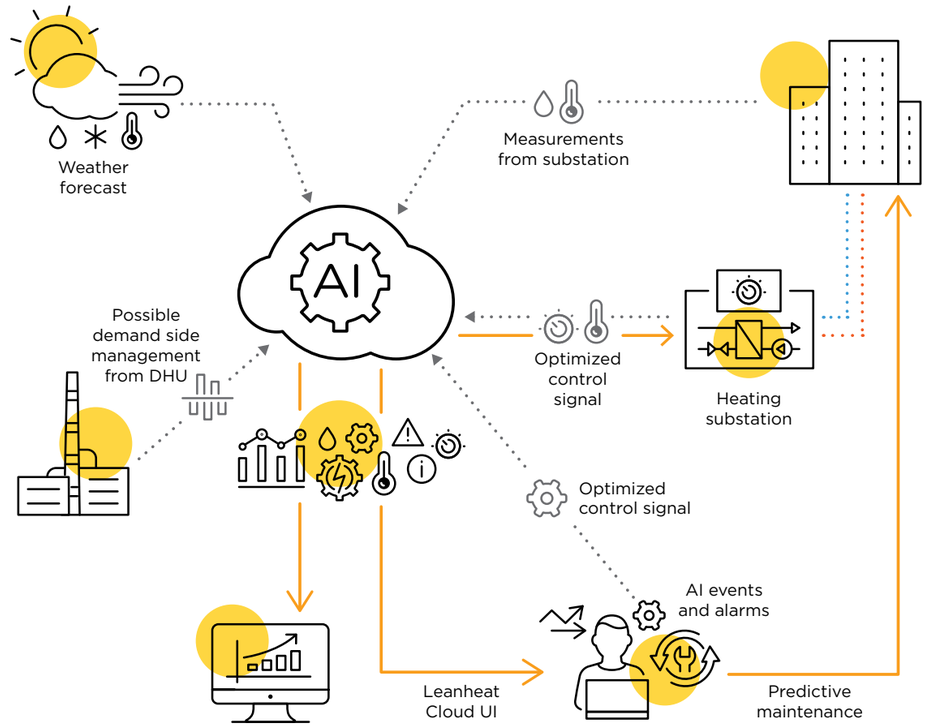


Figure 10. Modern network and operations management through integrated systems

RISK MANAGEMENT

Utilitas maintains a risk register to monitor and manage emerging risks on an ongoing basis and has also carried out a double materiality analysis. As a provider of essential services, Utilitas is required by the Emergency Act and local government regulations to assess risks and make crisis management plans. Detailed action plans have been prepared to restore the operation of energy facilities in adverse scenarios. These include measures to ensure the continued supply of district heating in the event of technical failures, extreme weather conditions or interruptions in the electricity or fuel supply. Employees and members of the management board have been appointed to implement these plans if necessary. Operationally, the addition of heat storage and electric boilers increases resilience to weather variability and market volatility, while digital optimisation improves dispatch decisions across the production portfolio.

Financial risk management

In its daily activities, the Group needs to consider various financial risks. The key risks are market risk (including interest rate risk and foreign exchange risk), liquidity risk and credit risk.

Interest rate risk

Interest rate risk arises from changes in interest rates in the financial markets, which may result in a revaluation of the Group's financial assets and higher financing costs in the future. To reduce interest rate risk, Utilitas finances its activities partly with long-term fixed-rate loans and partly by hedging the interest expense of floating-rate loans.

Foreign exchange risk

Foreign exchange risk arises when future commercial transactions, or recognised assets or liabilities, are denominated in a currency other than the entity's functional currency. The Group's exposure to foreign exchange risk arises from purchases. The majority of the Group's purchases are denominated in euros. As the proportion of transactions in foreign currencies is minimal, the Group has not taken any specific measures to mitigate this risk.

Credit risk

Credit risk is the risk of loss resulting from the inability of a counterparty to meet its contractual obligations. Products and services are sold in compliance with internal procedures. To mitigate the credit risk associated with trade receivables, the customers' payment discipline is consistently monitored. Customers that miss the payment deadline are contacted to find a solution. Write-offs for bad debts are minimal. In accordance with the Group's risk management policies, short-term funds may only be held in current accounts, overnight deposits and fixed-term deposits with reputable credit institutions. As of 31 December 2025, the Group had deposits of 300 thousand euros (31 December 2024: 300 thousand euros). At the reporting date, the loans granted to joint ventures amounted to 35,750 thousand euros (31 December 2024: 34,750 thousand euros). As the Group has a good overview of and co-operation with the joint ventures, no additional collateral was required for the loans. As of 31 December 2025 and 31 December 2024, there were no loans to unrelated parties.

Liquidity risk

Liquidity risk is the risk that the company will be unable to meet its financial obligations due to insufficient funds. This risk materialises when the company does not have sufficient funds to service its loans, meet its working capital requirements or make necessary investments. As of 31 December 2025, the Group's current ratio was 1.57 (31 December 2024: 1.69). In addition to available cash balances, the Group has an overdraft agreement with SEB bank for 34,000 thousand euros (2024: 34,000 thousand euros) to secure additional liquidity and manage the seasonality of cash flow. The Group takes a prudent approach to liquidity risk management and maintains sufficient cash balances to meet its contractual obligations at all times. Continuous cash flow forecasting and control are essential tools in the Group's day-to-day liquidity risk management.

UTILITAS' CARBON REDUCTION INITIATIVE UPDATE

Like many cities in Estonia, Utilitas' district heating networks have historically relied heavily on natural gas. In 2008, around 2 TWh of natural gas was used for heat production, accounting for nearly 90% of the input energy (and close to 100% in Tallinn). Thanks to significant investments made over the years, the share of fossil fuels in Utilitas' networks has decreased materially, with natural gas usage at around 500 GWh in 2025 (around 700 GWh in 2024). The transformation has primarily been achieved by investments in CHP plants, including investments in second-stage flue gas condensers and heat pumps in 2023-2024, which have replaced around 100 GWh of fossil fuels in the Tallinn district heating network. Utilitas primarily uses locally sourced woodchips in its CHP plants to generate renewable heat and electricity. This helps decrease the carbon footprint of the electricity sector by replacing fossil fuels in the grid. Furthermore, Utilitas has invested in renovating and expanding its district heating networks, including installing remotely readable smart meters. These enable real-time automatic management of the networks, which improves efficiency and provides customers with up-to-date information and services via a modern self-service portal.

Since 2008, Utilitas has invested close to 700 million euros in renewable energy production assets and network expansion and refurbishment (98 million euros in 2025 alone). Utilitas has thus been on a path towards carbon neutrality for nearly two decades. In addition to the environmental benefits of decreased carbon footprint, the carbon reduction program has always been executed targeting increase in security of supply and affordability of services as well. The strategy proved its merit during the energy crises of 2022-2023 which followed the Russian invasion of Ukraine. The district heating systems proved their resilience throughout the crisis maintaining substantially lower prices for end consumers than fossil alternatives, as well as ensuring security of supply as dependence on imported fuels has been minimized. Together with its partner in Tallinn district heating system, the City of Tallinn, we recognised the importance of taking additional steps to move away from fossil fuels, which led to the creation of a joint holding company in Tallinn in 2023 and the target of reducing fossil fuel usage to below 10% at an accelerated pace by 2027. The year 2026 is pivotal for achieving this goal by completing the planned capex initiatives for new production assets, mostly in the Paljassaare energy complex but also elsewhere.

One key focus is the use of industrial-scale heat pumps to generate heat for the networks. By deploying heat pumps that tap into underutilised renewable sources, such as ambient energy and waste heat, Utilitas can replace fossil fuel-based boilers with renewable heating solutions, while enhancing energy efficiency and exploiting the benefits of sector coupling. Since the heating sector accounts for nearly half of the EU's total energy consumption, decarbonising this sector would contribute significantly to meeting environmental targets and improving energy security and affordability.

Utilitas measures and reports on its progress towards carbon neutrality annually. The carbon intensity of the heat and district cooling supplied in Utilitas-operated networks is the key performance indicator for decarbonisation that captures the impact on total heating and cooling network emissions from the perspective of Utilitas' end customers.

From already low carbon emission level of 61 gCO_2-eq/kWh in 2024, Utilitas was able to reduce it to 46 gCO_2-eq/kWh in 2025 thanks to the excellent operational performance of its assets and milder winter weather. A significant further reduction is anticipated in 2027 following the completion of the accelerated capex programme. Utilitas' carbon reduction targets (a 90% reduction in Scope 1 & 2 emissions by 2030 and a 60% reduction in Scope 3 emissions by 2033, both compared to the 2023 reference year) have been validated by the Science Based Targets initiative (SBTi), the global benchmark for credible climate action. This validation confirms that our commitment contributes meaningfully to limiting global warming to 1.5°C as set out in the Paris Agreement in 2016.

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

While Utilitas continues to reduce operational carbon emissions, the positive handprint from its renewable electricity production already exceeds its carbon footprint. In 2025, operational CO_2 emissions totalled 108 thousand tonnes, whereas avoided emissions reached 200 thousand tonnes (compared with 143 thousand tons and 228 thousand tonnes, respectively, in 2024).

The renewable electricity produced by Utilitas and supplied to the grid reduces reducing the need for fossil based electricity and thereby lowers overall emissions related to electricity consumption in Estonia. This impact is especially significant given that Estonia currently still ranks as the most carbon intensive electricity producer in Europe when measured in grams of CO_2 per kWh (see Figure 6 on page 19). In addition to reducing the environmental footprint, the replacement of fossil fuels with sustainable local alternatives increases energy independence and security whilst also benefiting price stability and affordability. Utilitas aims to reduce the usage of fossil fuels to minimum and is committed to expanding renewable energy capacities and transitioning all of its district heating networks to renewable alternatives. The peak demand can be covered, subject to availability, by biogas, electric boilers, or emerging renewable technologies, such as hydrogen and e-fuels, or compensated via offsets where Utilitas is constantly monitoring the development of the relevant regulations and opportunities. In any event, Utilitas intends to maintain its positive handprint and supply more MWh of renewable electricity to the grid than consumed in peak boilers for heat production.

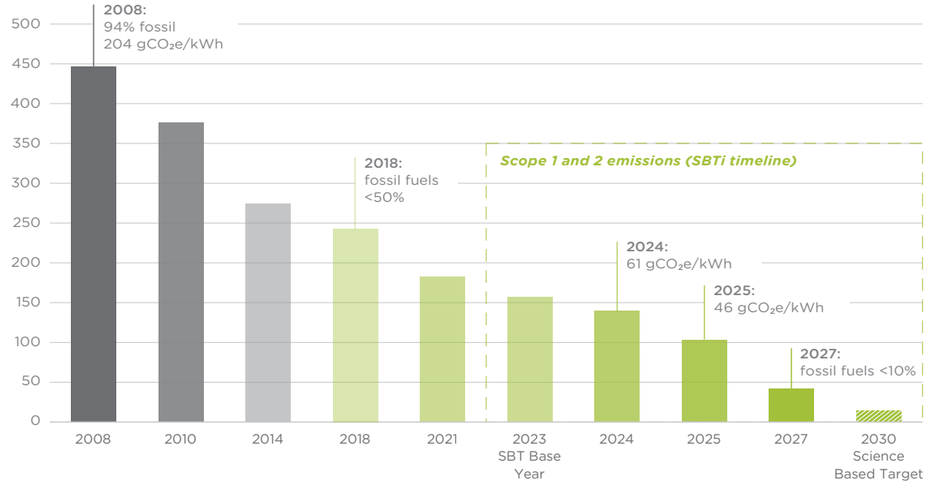


Figure 11. Years 2008-2021 include emissions from purchased heat (natural gas) accounted for under operational Scope 3

SUSTAINABILITY REPORT

Utilitas plays a key role in Estonia's energy system, supplying district heating to around one-third of local consumers, generating renewable electricity and providing district cooling services. As a provider of essential services, the Group is committed to contributing to a sustainable economy by creating long-term value while minimising environmental and social impacts.

UTILITAS

GENERAL **DISCLOSURES**

BASIS OF PREPARATION

Reliability, adaptability, and sustainability form the foundation of Utilitas' strategy. By integrating sustainability considerations into every decision and embracing innovation and responsible operational practices, Utilitas ensures the continued delivery of clean, efficient, and resilient energy solutions for the future.

Considering its crucial position and impact in the Baltic energy sector, Utilitas has chosen to continue its long-standing practice of voluntary sustainability reporting despite the EU Omnibus changes. The Group recognises the value of maintaining transparency, strengthening stakeholder trust, and ensuring comparability within the market.

Utilitas continues to apply the key aspects of the European Union's Corporate Sustainability Reporting Directive (CSRD) and the corresponding European Sustainability Reporting Standards (ESRS), alongside the EU Taxonomy. The sustainability report covers the entire Group and is aligned with the scope of the consolidated financial statements.

The aim of this report is to provide insights into how Utilitas approaches the management of its environmental, social, and governance impacts, risks and opportunities through its business model and decision-making processes.

STAKEHOLDERS

Utilitas actively incorporates the views of various stakeholders into its decision-making processes and engages with them regularly to adjust plans in response to evolving expectations. The administrative, management, and supervisory bodies are kept informed of key stakeholder expectations and positions through ongoing communication, every-day operations and regular meetings. This approach ensures that stakeholder input is considered in a timely and effective manner, without relying on a formalised process.

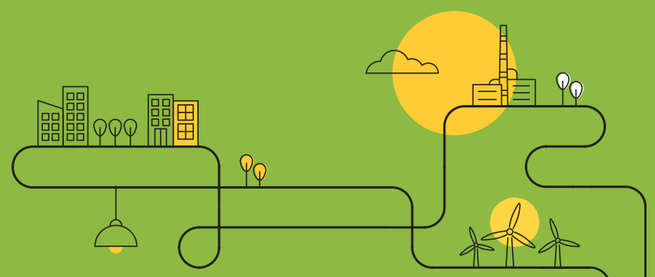
Stakeholder group	Major interests	Engagement method
Owners, investors	• Financial and reputational interest	Annual and monthly reporting, board meetings and regular management level meetings to discuss strategy
Consumers	• Reasonable price • Security of supply • Convenience • Small carbon footprint	Regular customer and public surveys are conducted to assess satisfaction with district heating services and to understand how Utilitas is perceived both as a service provider and as a renewable energy producer
Financiers	• Sustainable and responsible governance • Stable and predictable financial performance • Productive, sustainable, environmentally friendly and innovative company	Regular day-to-day communication with financing parties and annual reports to maintain transparency, provide updates on financial performance, sustainability initiatives and strategic goals, and ensure alignment with investor expectations and regulatory requirements
Public sector incl. municipalities and regulators, industry, sustainability and civic associations, local communities, research institutions and experts	• Affordable and fair prices for consumers • Sustainable and responsible governance • Climate change mitigation and adaptation • Partnership and cooperation • Operational safety • Contribution to national energy targets • Innovative leader in terms of sustainability and awareness in the energy sector	Regular day-to-day communication on production and renewable energy updates through various channels, including newsletters, media outreach and annual reports, as well as more specific dialogue to inform and understand expectations for ongoing projects
Real estate developers, construction companies, building managers, suppliers and subcontractors	• Partnership and cooperation • Reasonable energy price • Security of supply • Provision of environmentally friendly and sustainable energy • Small carbon footprint • Technically competent partnership • Fair and equal treatment • Long-term business relationships	Direct business-to-business communication to ensure smooth delivery of services
Employees	• Good working conditions, motivation of employees • Fair wages • Safe working environment • Stable and responsible employer with a good reputation • Inclusion • Training • Raising awareness	Employee engagement surveys, information days and various team events to gain insight into the actual and potential impacts of Utilitas on its workforce and to understand the workforce's expectations
Society and media	• Open for cooperation • Good reputation • Opinion leader in energy sector	Daily monitoring of the media to stay informed about public perceptions, emerging trends, and relevant issues that could impact Utilitas' operations, reputation or regulatory environment
Natural environment	• The natural environment influences Utilitas through resource availability and the company's daily operations impact the natural environment	Monitoring the Group's environmental performance and the latest scientific discoveries as well as best technological practices to find ways in which Utilitas can contribute to the well-being of the natural environment

BUSINESS MODEL AND VALUE CHAIN

INPUT

- **Wind and sun**
- **Biomass** → Biomass suppliers
- **Waste heat** → Waste heat suppliers
- **Natural gas** → Fuel suppliers
- **Shale oil** → Fuel suppliers
- **Diesel fuel** → Fuel suppliers
- **Water** → Water enterprises
- **Technical installations** → Subcontractors
- **Technical installations** → Equipment suppliers
- **District heating and cooling network materials** → Plumbing, reconstruction contractors
- **Office supplies and equipment** → Office management company

UTILITAS



PRODUCTS AND BYPRODUCTS

- **Electricity production** → Electricity network → Electricity consumers
- **District heating production** → District heating network → District heating consumers
- **District cooling production** → District cooling network → District cooling consumers
- Biomass ash → Agricultural fertilizer
- Bio-waste → Agricultural fertilizer
- Water → Sewage network
- Municipal waste → Waste management
- Hazardous waste → Waste management
- Metal waste → Waste management

MATERIAL IMPACTS, **RISKS AND OPPORTUNITIES**

The following table summarises the material impacts, risks and opportunities, which are described in detail in the Environmental, Social and Governance chapters.

7 OUR ACTION AREAS

ENVIRONMENTAL DIMENSION

1 Climate and emissions

- Carbon neutral heat and cooling supply by 2030 at the latest
- Increasing share of renewables in energy production
- Positive handprint from green electricity - avoided emissions by customers are higher than Utilitas` Scope 1, 2 & operational 3 emissions

2 Resource use and efficiency

- Heating and cooling networks are efficient, as defined by EU directive
- Highly efficient production (efficiency over 85%, incl scrubber near 100%)

3 Biodiversity and ecosystems

- 100% biomass sourced locally
- 100% of procured biomass is obtained from certified suppliers

SOCIAL DIMENSION

4 Workplace safety

- Zero workplace accidents

5 Employee inclusion

- High employee engagement and satisfaction rate
- Diverse teams and gender balance
- Talent retention - voluntary turnover rate below 5%

6 Quality service for customers

- Certainty of supply for customers
- High client satisfaction rate
- Increase in customer base

GOVERNANCE DIMENSION

7 Responsible governance and community engagement

- Relevant asset and operational as well as board-level responsible governance measures in place
- Taxonomy-aligned reporting to be developed
- Valid and updated ISO 9001, 14001, and 45001 & green office certifications
- Transparency of the price policy maintained

MATERIALITY ASSESSMENT PROCESS

Utilitas started the initial double materiality analysis in accordance with the ESRS and EFRAG guidance materials in 2023 and completed it in 2024. The assessment was conducted in the following three steps, which were also followed in the 2025 annual review of the assessment and will be used in subsequent annual reviews:

STEP 1

Mapping of sustainability matters

Topics and subtopics listed in ESRS 1 relevant to Utilitas were identified based on the Group's economic activities and strategic priorities. Certain topics and subtopics that were considered irrelevant were excluded from further consideration.

STEP 2

Identification of impacts, risks and opportunities (IROs)

IROs were identified and linked to relevant sustainability matters, considering how Utilitas' operations contribute to impacts or are affected by risks and opportunities. The assessment drew on global, European and Estonian trends as well as internal documentation.

STEP 3

Materiality assessment

Based on consultation with internal experts and informed by external stakeholder engagement, the materiality of actual impacts was assessed based on their severity and the materiality of potential impacts based on their severity and likelihood. The materiality of risks and opportunities was assessed based on their likelihood and magnitude.

Time horizons

Short – up to 1 year
Medium – 2-5 years
Long – 5+ years

SOURCES AND STAKEHOLDER ENGAGEMENT

The double materiality assessment is carried out in collaboration with various internal experts, including technical, financial, environmental and HR specialists, and considering previous environmental and risk assessments used by the Group, such as:

- ISO management system documents, procedures, and internal regulations
- Key environmental aspects under ISO
- Financial and operational risk register

Active stakeholder engagement for the double materiality assessment leverages the engagement activities regularly or previously conducted by Utilitas, such as:

- Customer satisfaction surveys covering both consumers and affected communities
- Employee satisfaction surveys
- Surveys on suppliers' sustainability efforts
- Employee survey and workshops conducted as a basis for the development of the human rights policy

The assessment of future workforce-related risks and opportunities is based on the World Economic Forum's 2023 report on macro trends among employees and employers. This report is still considered largely applicable today.

CLIMATE RISK AND RESILIENCE

As part of the double materiality assessment process and Taxonomy-alignment assessment, Utilitas evaluated its climate-related physical risks in 2023 using climate scenarios aligned with the IPCC's AR5 high-emission pathways (RCP6.0 and RCP8.5). These scenarios project CO2 concentrations of 670ppm and 936ppm by 2100, respectively, leading to temperature increases of 3°C and 4.5°C.

In 2024, Utilitas reviewed its previous assessment according to the AR6 scenarios. With the updated AR6, the pessimistic scenario RCP 8.5 and its updated counterpart SSP5-8.5 is considered increasingly unlikely. The RCP5-8.5 projects a warming range of ~3.9–6.1°C by 2100, which is unlikely due to recent policy changes and technological advances. This scenario is now viewed as an upper bound rather than the most likely future.

Therefore, the mid-high pathway SSP2-4.5 was used as a baseline for climate projections under which certain assumptions were made:

- Socioeconomic trends: Development and income growth are uneven, with some countries making good progress and others falling behind. Global and national institutions work toward sustainable development goals, but progress is slow.
- Energy and emissions: There is a gradual shift towards sustainable energy sources, but fossil fuels remain a significant part of the energy mix. Emissions peak around mid-century and then decline, leading to a stabilisation of radiative forcing at 4.5 W/m^2 by 2100

The results of the assessment are described in further detail in the chapter 'Climate change'.

ENVIRONMENTAL

UTILITAS

Material impact, risk or opportunity		Origin	Time horizon*	Performance
E1 Climate change				
Actual positive impact	Increasing the share of renewable energy in Estonia to help meet national GHG targets	Own operations	All	**Increasing share of renewables in energy production** 2025: 78%** (2024: 70%*** renewable energy production) **Efficient district heating and cooling networks as defined by EU directives** 2025: achieved in all networks (2024: achieved in all networks)
Actual positive impact	All electricity used is covered by renewable electricity certificates. The Group also generates electricity for its own use and for the grid exclusively from renewable sources: wind, biomass, and solar.	Own operations	All	**Positive handprint from green electricity** 2025: avoided CO_2 emissions (200 thousand tonnes) > operational CO_2 emissions (108 thousand tonnes) (2024: achieved)
Actual negative impact	Use of fossil fuels	Own operations	All	**Carbon neutral heating and cooling supply by 2030** 2025: 46 gCO_2 eq/kWh network CO_2 emissions (2024: 61 gCO_2 eq/kWh network CO_2 emissions)
Opportunity	Expansion of renewable energy production	Own operations	All	
Opportunity	Provision of district cooling	Own operations	All	
Risk	Stalling of the fulfilment of the carbon neutrality plan	Own operations	Long	
Risk	Power outages and reduction in security of supply due to extreme climate events	Own operations, Upstream value chain	All	**Service availability** 2025: 99.98% average availability of district heating based on the number of power outage incidents (2024: 99.99%)
E2 Pollution				
Actual positive impact	District heating is the best possible solution in an urban environment, as air emissions are much lower compared to local heating solutions	Own operations	All	Emission reduction through environmental impact management, control and maintenance of the emission reduction equipment, results of the continuous and periodic emission measurements
Actual negative impact	Air emissions from installations	Own operations	All	
Opportunity	Expanding the coverage of district heating in urban environments	Own operations	All	
Risk	Non-compliance with emission limit values	Own operations	Long	

Material impact, risk or opportunity		Origin	Time horizon*	Performance
E3 Water and marine resources				
Actual negative impact	Significant water use in production processes, as water circulates within the district heating network and production systems	Own operations	All	**Network water change rate 1 time p.a. by 2035 in Tallinn** 2025: 1.6 times (2024: 1.9 times)
Opportunity	Renovation the district heating network to reduce leaks in the district heating network, recycle and reduce the use of water resources	Own operations	All	**100% renovated district heating network by 2034** 2025: 75.7% (2024: 72.5%)
Risk	Dependency on water suppliers, as water is an extremely important resource for heat transfer	Own operations, upstream value chain	All	Emergency plan in place
E4 Biodiversity and ecosystems				
Actual negative impact	Wood, which is a slowly renewable natural resource, is used in cogeneration plants and heating plants	Upstream value chain	All	**100% of biomass meets the sustainability criteria defined in the EU Renewable Energy Directive (RED II)** 2025: achieved (2024: achieved) **100% of biomass obtained from local and certified sources** 2025: achieved (2024: achieved)
Risk	Non-compliance with sustainability requirements in the supply chain	Upstream value chain	All	External audits completed successfully
Risk	Wood deliveries to heating plants are halted or become irregular, thereby jeopardising security of supply	Upstream value chain	All	Emergency plan in place with alternative fuels and sufficient reserves available

* Time horizon - **Short:** up to 1 year / **Medium:** 2-5 years / **Long:** 5+ years / **All:** all of the above
** 79% with including Utilitas Wind
*** 72% with including Utilitas Wind

EU **TAXONOMY**

The EU Taxonomy Regulation is a classification system designed to encourage sustainable investment by determining which economic activities contribute to the environmental objectives of the EU Green Deal. It establishes science-based performance criteria and imposes a corporate reporting obligation on certain companies to disclose the extent to which their turnover, capital expenditure (CapEx) and operational expenditure (OpEx) are related to sustainable activities as defined in the Taxonomy Regulation. The Taxonomy Regulation distinguishes between three types of activities: activities that make a substantial contribution to any of the environmental objectives, activities that enable other activities to make a substantial contribution, and transitional activities (an activity qualifies as transitional if its greenhouse gas emissions are substantially lower than the industry average).

Utilitas is currently not in the scope of companies that are obliged to disclose Taxonomy-related information. Nevertheless, steps have been taken towards assessing its business activities in relation to the Taxonomy Regulation already since 2022. The aim is to be transparent about the Group's contribution to the Green Deal objectives and enhance comparability in the market.

Most of the Group's Taxonomy-eligible activities are low-carbon activities, thereby eligible to make a substantial contribution to climate change mitigation. The production of heat/cool from fossil gaseous fuels in an efficient district heating and cooling system is a transitional activity.

DO NO SIGNIFICANT HARM CRITERIA

In 2023 and 2024, Utilitas assessed all eligible activities for compliance with the Do No Significant Harm criteria and will continue to do so in the following years. Climate risks were evaluated as part of the assessment, with the results outlined in the sustainability report in the 'Climate change' chapter.

Regarding other environmental objectives, Utilitas ensures its district heating network operates without polluting water and collaborates closely with local water suppliers. No significant harm in the circular economy dimension is ensured by using durable, highly recyclable wind turbines. Pollution prevention efforts align with the EU directives and BAT conclusions for emissions and noise limits. To protect biodiversity, projects are developed outside sensitive areas, with the necessary environmental permits and mitigation measures in place.

MINIMUM SAFEGUARDS

Utilitas promotes fair competition by adhering to the heat price regulations set by the Estonian Competition Authority, which guarantee the lowest possible cost for consumers. The Group maintains full compliance with tax laws, anti-corruption principles and transparent procurement procedures, and has a functioning whistleblowing system in place to uphold accountability. These aspects are described in further detail in the 'Consumers and end-users' and 'Governance' chapters of the sustainability report.

Utilitas has also implemented a group-wide human rights, diversity, inclusion and equal treatment policy through its ISO-compliant management system. Aligned with local laws and key international frameworks, including the UN Universal Declaration of Human Rights, UN Global Compact, UN Guiding Principles on Business and Human Rights, International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work and OECD Guidelines for Multinational Enterprises, the policy promotes a diverse, inclusive, and equitable work culture, workplace safety, ethical business conduct, responsible supply chain management and a clear process for reporting misconduct. The application of these guidelines has enabled Utilitas to declare a large portion of its activities Taxonomy-aligned.

ACCOUNTING METHOD

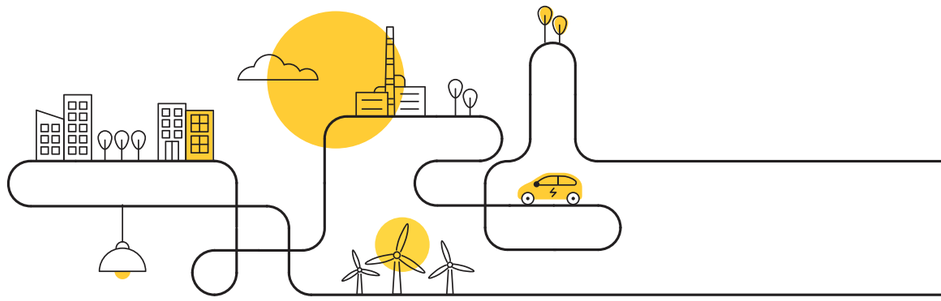
KPIs were calculated according to the following formulas:

- Proportion of turnover = aligned turnover/total turnover
- Proportion of CapEx = aligned CapEx/total CapEx
- Proportion of OpEx = aligned OpEx/Taxonomy OpEx

The turnover of the activities listed in the table was included in the numerator and net turnover was included as the denominator of the turnover calculations. As for the calculation of the proportion of CapEx, the main investments in sustainable and green activities such as new renewable energy generation units, heat pumps for the utilisation of waste heat etc. were considered. Those investments were counted in the numerator and total CapEx as indicated in the Disclosures Delegated Act was counted as the denominator.

In terms of the calculation of the proportion of OpEx, the numerator includes all maintenance and repair costs, IT costs related to maintenance, lease expenses as well as other operating expenses related to assets or processes associated with Taxonomy-aligned activities. The denominator includes total OpEx as indicated in the Disclosures Delegated Act. Expenses related to salaries were not included in the OpEx calculation due to the limitations related to the reporting system.

As a result, 96% of Utilitas' turnover, 97% of CapEx and 87% of OpEx were related to Taxonomy-aligned activities in 2025. This indicates strong alignment with the EU Green Taxonomy and highlights the Group's clear strategic focus on green activities and investments, in line with EU climate objectives.



Taxonomy-aligned activities	Taxonomy code	Environmental objective	Absolute turnover, k€	Proportion of turnover	Absolute CapEx, k€	Proportion of CapEx	Absolute OpEx, k€	Proportion of OpEx
Electricity generation using solar photovoltaic technology	4.1	D35.11, F42.22	458	0.2%	104	0.1%	28	0.3%
Electricity generation from wind power	4.3	D35.11, F42.22	7,251	3%	37	0.04%	651	8%
District heating/ cooling distribution	4.15	D35.30	81,066	35%	51,184	52%	958	11%
Cogeneration of heat and power from bioenergy	4.20	D35.11, D35.30	84,565	36%	1,627	2%	2,825	33%
Production of heat from bioenergy	4.24	D35.30	6,186	3%	459	0.5%	653	8%
Production of heat using waste heat	4.25	D35.30	19,226	8%	1,093	1%	760	9%
Installation and operation of electric heat pumps	4.16	D35.30, F43.22	0	0%	31,256	32%	0	0%
Production of heat/ cool from fossil gaseous fuels in an efficient district heating and cooling system*	4.31	D35.30	24,567	11%	6,314	6%	1,343	16%
Production of heat/ cool from green electricity**			472	0.2%	2,785	3%	248	3%
Total (A.1)			**223,791**	**96%**	**94,859**	**97%**	**7,466**	**87%**
B. Taxonomy non-eligible activities			8,235	4%	3,132	3%	1,077	13%
Total (A+B)			**232,027**	**100%**	**97,991**	**100%**	**8,543**	**100%**

* Production of heat/cool from fossil gaseous fuels in an efficient district heating and cooling system is considered a transitional activity

** Production of heat/cool from green electricity includes the production of district cooling, which is technically comparable to taxonomy eligible activity 4.25 “Production of heat using waste heat”

ENVIRONMENTAL MANAGEMENT

Utilitas operates under a comprehensive management system with strategic direction provided by the ESG framework up until 2035 for all material sustainability matters. Operational environmental management is carried out in accordance with national environmental permits and an ISO 14001 certified management system, which is regularly audited. The policies are also applied through consistent monitoring and verification of the supply chain and the review of procurement requirements.

Audits against the Renewable Energy Directive (RED) II sustainability criteria were completed in February 2025 and January 2026 and preparations for complying with the RED III requirements are underway. Although Valka does not hold a PEFC certificate, the biomass used is supplied with a PEFC claim from Latvijas Valsts Meži (Latvian State Forests), which complies with the requirements of the RED II Directive in the Republic of Latvia.

Governance document	Objectives	Scope
ESG framework	Reduction of the environmental footprint of energy consumption through resource efficiency in all environmental dimensions	All own operations
Management system certified according to ISO 14001	Management and monitoring of air emissions and water use	All stationary emission sources and cogeneration plants
Environmental permits	Keeping CO, NOx, SOx, NMVOC, PM emissions at or below the set limits	All stationary emission sources
Management system certified according to PEFC[14] value chain standard	Sustainable management and use of forests through the use of certified biomass	Biomass supply chain of Utilitas Eesti, Utilitas Tallinna Soojus and Utilitas Tallinna Elektrijaam

The Estonian Power and Heat Association has awarded Utilitas the Efficient District Heating and Efficient District Cooling labels. This means that all Utilitas’ district heating and cooling systems are efficient in the meaning of the Energy Efficiency Directive (EU) 2023/1791, which states that heating or cooling must be generated using at least 50% renewable energy or 50% waste heat, 75% cogenerated heat or 50% of a combination of such energy and heat.

14 Programme for the Endorsement of Forest Certification

CLIMATE CHANGE

More than two thirds of global CO_2 emissions originate from cities. Therefore, reducing the urban energy footprint is critical and Utilitas plays a central role in this transition. As Estonia's largest producer of renewable energy and the country's leading district heating operator, Utilitas provides reliable, affordable and increasingly renewable heating to around one-third of Estonia's population. In 2025, the Group continued to expand renewable energy production, strengthen network resilience and increase system flexibility. These efforts enabled it to achieve a record share of 78% renewable energy across its portfolio. By replacing imported fossil fuels with local renewable sources, including biomass, wind, solar and hydrogen, Utilitas supports national climate targets, enhances energy security and contributes to cleaner, more sustainable cities, as well as affordability of energy supply.

CLIMATE RISK AND RESILIENCE

All Utilitas' buildings, equipment and facilities are designed and built to suit the local climate. They are also resistant to enduring climate risks, as determined by a climate risk and vulnerability assessment performed by the Utilitas team based on the EU Commission's technical guidance on the climate proofing of infrastructure for the period 2021-2027 (see also the chapter 'Materiality assessment process'). In addition to the general risk assessment, all major investments undergo comprehensive climate risk assessments, including flood risk evaluations.

Overall, Utilitas' operations are largely unaffected by long-term environmental changes such as rising temperatures, shifts in wind patterns or speed, or increased rainfall. None of Utilitas' facilities are in regions threatened by rising sea or inland water levels, though temporary flooding can occur in boiler plant areas with poor drainage. Acute climate events, including heatwaves, droughts, avalanches, landslides and land subsidence, do not pose a significant risk to Utilitas' activities either. The table below details the main physical climate risks relevant to Utilitas.

Extreme climate risk	Solar panels	Wind parks	District heating network	Cogeneration plants	Heat pumps	Residual heat	Fossil gaseous fuels	Charging stations for electric vehicles	Storage of thermal energy
Forest fires		x							
Tornadoes	x	x		x	x	x	x	x	x
Storms	x	x		x	x	x	x	x	x

Extreme storms represent the primary climate-related threat, with the potential to impact solar farms, wind farms, cogeneration facilities and boiler houses. To address these risks, the Group deploys container-based temporary heating plants and emergency generators to facilitate power restoration during critical situations. Energy security is further strengthened through the diversification of both production methods and storage solutions.

Maintaining sufficient reserve capacity remains essential for meeting peak energy demand. Challenges such as unfavourable logging conditions upstream highlight the need for a stable wood chip supply and a diverse production portfolio. The growing demand for district cooling creates opportunities for business expansion, while extreme heat events may affect electrical infrastructure and personnel working in boiler houses or involved in network renovations. Additionally, temperature fluctuations support ongoing investment in flexible production units and enhanced storage capabilities.

TRANSITION PLAN

In line with the Paris Agreement's goal to limit global warming to 1.5°C and the European Union's target of achieving climate neutrality by 2050, Utilitas has implemented a transition plan to reduce its climate impact. Validated by the Science Based Targets initiative, Utilitas' plan exceeds the requirements of the Estonian Climate Resilient Economy Act and is a core element of the Group's business strategy. Science Based Targets initiative has verified Utilitas' ambition to reduce Scope 1 and 2 emissions by at least 90% between the 2023 baseline and 2030.

Progress on the fulfilment of the plan is described in further detail in the Management report chapter Utilitas' carbon reduction initiative update.

Key decarbonization levers and 2025 highlights

Utilitas' carbon neutrality strategy is based on two pillars: using renewable energy and increasing energy efficiency through various measures. This approach is designed to prevent locked-in emissions and ensure alignment with the GHG reduction targets. While some reliance on fossil fuels remains due to seasonal peaks in winter demand and the occasional use of emergency generators, this is addressed through the implementation of compensatory measures.

- **Transition to renewable energy sources and investments in renewable energy infrastructure:** Imported fossil fuels are increasingly being replaced by local renewable sources such as biomass, wind, solar and hydrogen. Currently, renewable energy makes up 78% of total production. An important goal is to roll out industrial-scale heat pumps that use untapped renewable sources such as ambient energy and waste heat, to replace fossil fuel boilers with renewable heating options.

  - The Jõgeva heat pump and storage project was completed in 2025, thereby reducing fossil fuel usage in Jõgeva to a minimum. A heat storage project was also completed at the Väo complex in Tallinn.
  - A green hydrogen production and refuelling station was established at Utilitas' Väo energy complex. The project encompasses the entire value chain of green hydrogen production and its use in public transport with various partners. Additionally, the surplus heat generated during hydrogen production will be used in the district heating network.
  - Construction of a large-scale waste- and seawater heat pump in Paljassaare has begun, with the pump expected to be operational in 2026 (see the chapter 'Water resources' for further information).
  - The Valga and Valka district heating networks were connected in October 2025, reducing fossil fuel use to nearly zero (see the chapter 'Air quality' for details).

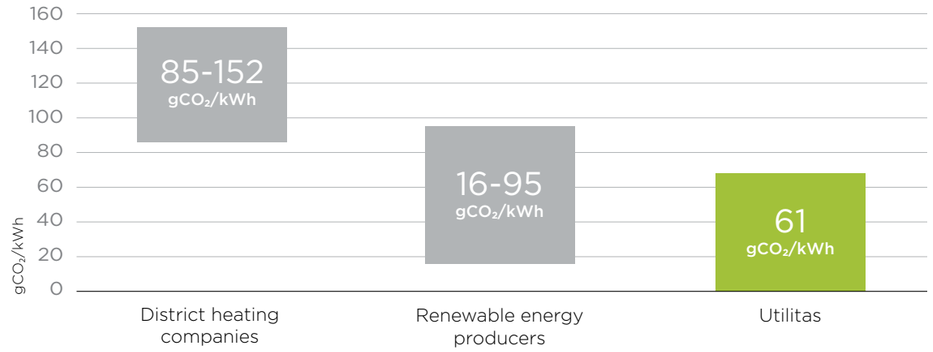


Figure 12. A comparison of GHG emission intensity among selected peer groups of renewable energy producers and district heating companies in the region in 2024. The data was retrieved from the companies' annual reports and reflects the different scopes used to calculate carbon intensity. Utilitas' carbon intensity figure also includes purchased heat in the district heating network

- **Improvement of energy efficiency:** Utilitas is expanding district heating networks to enable more sustainable energy use in new and existing buildings. The Group maximises fuel use and increases heat efficiency by using CHP plants, improving network infrastructure and adopting fourth generation systems. Smart meters enable automated, efficient management and provide customers with real-time data.
  - In 2025, 24 km of networks were renovated, bringing Utilitas' upgraded network coverage to 75.7%, with full renovation targeted for 2034.
  - The annual weighted average water outflow temperature, which Utilitas aims to reduce, was 77.9°C, showing a decreasing trend. In 2025, higher-than-average ambient temperatures contributed to the share of buildings with annual return water temperatures below 45°C reaching 91% in the Utilitas Tallinna Soojus network and 94% in the Utilitas Eesti network, both significantly surpassing the target benchmark of 80%.

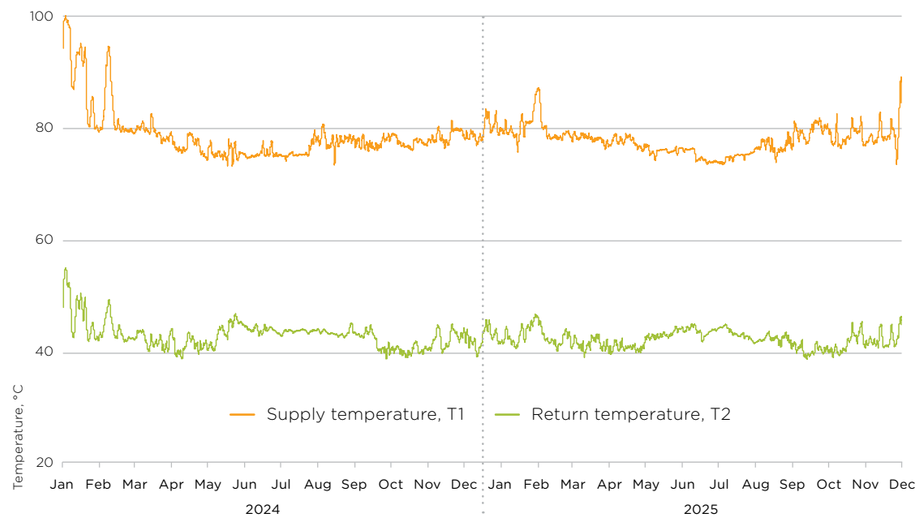


Figure 13. Network supply and return temperatures in Utilitas district heating network in Tallinn

- **Utilisation of waste heat and development of district cooling:** Utilitas seeks to optimise energy use and reduce emissions by harnessing waste heat and implementing district cooling. District cooling helps customers respond to climate change, reduces building noise and leakage risks, and decreases primary energy consumption in densely populated areas compared to localised solutions.
  - District cooling sales almost doubled in 2025 as increasing numbers of customers subscribed to the service, often alongside district heating. The network is set to expand further in 2026, and a significant rise in volumes is expected to persist into the following years.

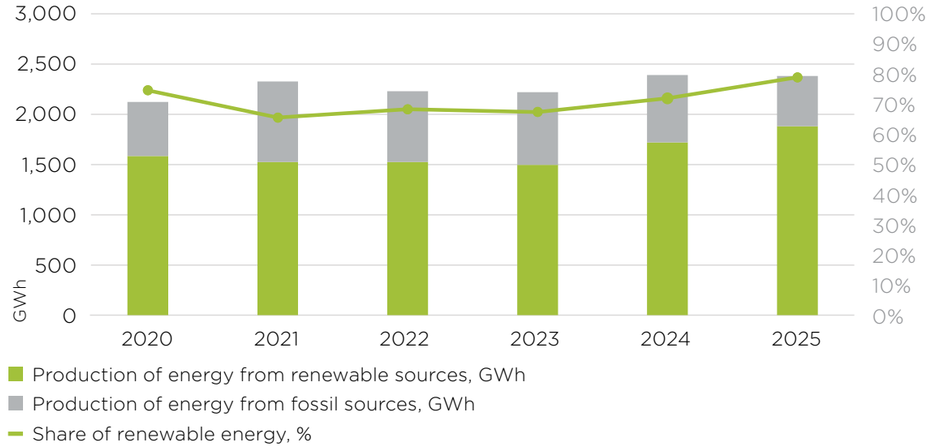


Figure 14. Volume (GWh) and share (%) of energy produced by Utilitas from renewable and fossil sources (electricity and heat in total)

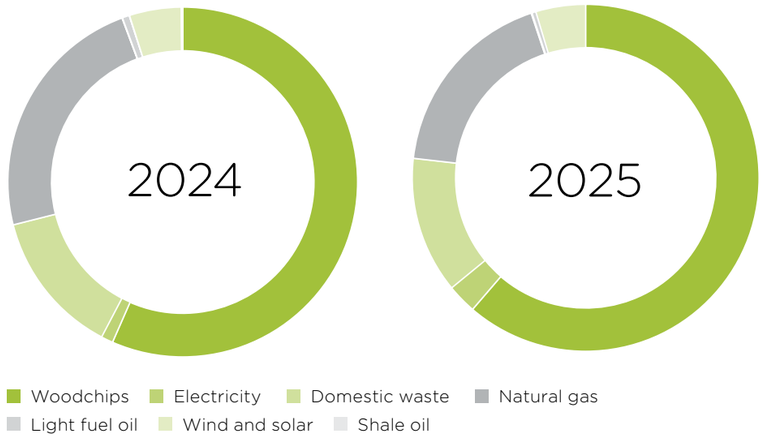


Figure 15. Yearly distribution of the different energy sources used for total electricity and heat energy sold by Utilitas (includes energy purchased by Utilitas)

GREENHOUSE GAS EMISSIONS

Utilitas monitors and calculates its total GHG emissions in accordance with the GHG Protocol Corporate Accounting and Reporting Standard. In calculating Scope 1, 2 and 3 emissions for the periods presented, emission factors from recognised and open sources, such as the GHG footprint assessment model of the Estonian Ministry of Climate (KLIM model, based on IPCC AR5) and the Climatiq[15] database (includes data from Ecoinvent, Exiobase, IEA, etc.) were used in most cases. Cost-based emission factors were used in the category of capital goods to estimate GHG emissions related to the procurement of equipment and purchased services.

As per the GHG Protocol standard, inputs (e.g. materials, services etc.) in the evaluated categories that have a significantly lower impact than 1% of the total impacts were not collected. However, it was ensured that the total omitted inputs do not exceed 5% of the total impacts.

Utilitas' most material GHG emissions are direct emissions from fuel combustion in Scope 1 (56%) and indirect emissions related to fuel and energy-based activities in Scope 3 (29%).

Greenhouse gas emissions	2024	2025	Change
Scope 1 GHG emissions (tCO_2eq)			
Gross Scope 1 GHG emissions	**140,334**	**103,039**	**-27%**
Of which fuels combusted for energy production	139,960	102,518	-27%
Of which car fuels and freezing agents	374	521	39%
Percentage of Scope 1 GHG emissions from regulated emission trading schemes (%)	82.8	65.2	
Scope 2 GHG emissions (tCO_2eq)			
Gross market-based Scope 2 GHG emissions	0	0	0%
Scope 3 GHG emissions (tCO_2eq)			
Total gross indirect (Scope 3 other) GHG emissions	**86,399**	**78,822**	**-9%**
1. Purchased goods and services	5,007	7,968	59%
2. Capital goods	15,414	11,633	-25%
3. Fuel and energy-related Activities (not included in Scope1 or Scope 2)	59,705	51,904	-13%
including purchased heat[16]	2,806	4,898	75%
4. Upstream transportation and distribution	39	38	-2%
5. Waste generated in operations	13	11	-16%
6. Business travel	32	20	-38%
7. Employee commuting	183	183	0%
15. Investments (from shareholdings in associated companies)	6,006	7,065	18%
Total GHG emissions (market-based) (tCO_2eq)	**226,732**	**181,861**	**-20%**
Avoided emissions[17]	**227,790**	**200,198**	**-12%**

15 https://climatiq.io/data/

16 Purchased heat-related emissions are accounted for as Scope 3 emissions in the KPI 1 calculations

17 Based on renewable electricity production net of network consumption and Estonian residual mix (0.612 tCO_2/MWh in 2024). Avoided emissions for 2024 have been recalculated with the corresponding residual mix published in 2025

Scope 1 emissions result from the combustion of fuels for energy production and, to a lesser extent, from the use of Group-owned or controlled vehicles. GHG emissions from the combustion of fuels used for energy production (tonnes of CO_2 eq):

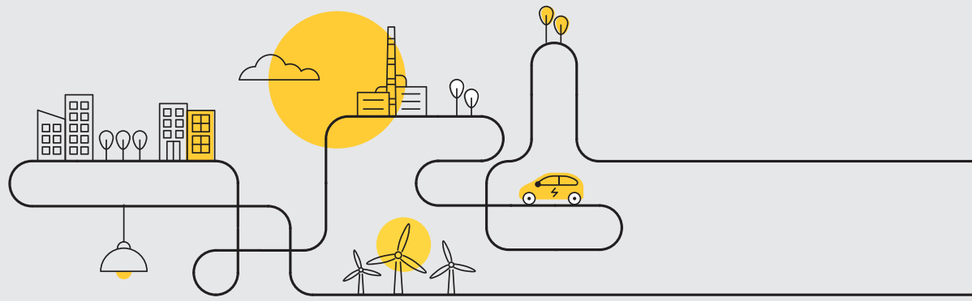
	2021	2022	2023	2024	2025
Natural gas	153,510	104,514	126,851	133,504	98,330
Shale oil	16,708	37,093	28,905	5,622	3,053
Milled peat	438	13,770	0	0	0
Diesel fuel	4,173	9,069	1,002	454	733
Biomass	0	429	352	379	401
Landfill gas	0	0	0.1	0.1	0
Total	**174,829**	**164,875**	**157,110**	**139,960**	**102,518**

The largest share of emissions from fuel combustion comes from natural gas (96%). To mitigate the impacts of the energy crisis and reduce dependence on natural gas, the latter was partially replaced by locally sourced shale oil as an alternative fuel in 2022 and 2023. This contributed 23% and 18% to fuel combustion emissions in these years, respectively. In 2025, the figures decreased significantly (to 3%), as shale oil was no longer needed as a substitute in Tallinn. However, it is still used in some other plants in Estonia to cover peak loads.

Scope 2 indirect emissions are associated with the energy purchased and consumed on site (within organisational and operational boundaries) and are currently calculated using the market-based method only, reflecting Utilitas' decision to use renewable energy.

Scope 3 other indirect emissions are associated with all upstream activities. The largest impacts in terms of GHG emissions are associated with fuel and energy-related activities. The main source of these emissions is the purchase of natural gas. These are well-to-tank emissions related to acquiring, processing and transporting natural gas.

Significant GHG emissions are also related to category 2 – capital goods. To date, emissions from capital goods have mainly resulted from the purchase of equipment and machinery, such as heat pumps, SNCR systems, emergency generators and cooling equipment, as well as the construction of a hydrogen production unit. Significant GHG emissions are also associated with purchased goods and services. The emissions in this category are mainly related to the purchase of heating network pipes and spare parts.



AIR QUALITY

Air emissions from fuel combustion, such as nitrogen and sulphur oxides and ozone-depleting substances, contribute to climate change, the deterioration of local air quality and increased health risks for nearby communities. Particulate matter emissions, in particular, cause higher rates of respiratory illnesses and cardiovascular problems among residents. District heating is a cleaner alternative to local heating systems, significantly reducing urban air pollution. Although district heating is not emission-free, expanding it provides an opportunity to mitigate these impacts.

Utilitas uses electrostatic precipitators in all its cogeneration plants as they are very efficient flue gas cleaners. This equipment removes solid particles as well as gaseous air pollutants from the plant emissions by absorbing or dissolving gases such as SO_2 and HCl in the flue gases. In addition, combustion regimes are continuously monitored and adjusted based on measurement results to ensure minimal emissions.

2025 highlights

- Following the acquisition of the Valka CHP plant in 2024, the Valga and Valka district heating networks were connected in October 2025. This has strengthened the system's resilience and reduced fossil fuel consumption. As the capacity of Valka's biomass-fired CHP plant exceeds the city's heat demand, the surplus can now be efficiently used in Valga. The Valga boiler plant will continue to serve as the city's main production unit, but support from Valka enables a cutback in shale oil consumption, thereby improving the environmental footprint of the heat supplied to homes.
- After the implementation of a NOx reduction action plan for the Mustamäe CHP plant in 2024, Utilitas deployed a selective non-catalytic reduction (SNCR) technology, which typically removes 30-70% of NOx emissions.
- Due to the requirement to comply with the EU Medium Combustion Plant Directive for installations that fall outside the scope of the EU Industrial Emissions Directive, Utilitas must install and upgrade particulate matter filters to meet stricter emission limits. Although the regulation is already in force, district heating companies have been granted an exemption, with compliance required from 2030. However, preparations are already underway at Utilitas, including the installation of flue gas scrubbers, electrostatic filters and low-NOx burners. For example, a new biomass boiler is being planned in Haapsalu together with a shared electrostatic filter for both the new and the existing boiler to ensure compliance with emission requirements.

EMISSIONS

Emissions from Utilitas' facilities are closely monitored under the ISO environmental management system and environmental permits, which impose strict emission limits and require regular reporting to the Environmental Board. In 2025, permits were renewed for the Paide CHP plant and several entities in Tallinn. A new permit was granted to the Paljassaare heat pump station, while the Jõgeva facility initiated the process to update its permit.

For plants with a capacity exceeding 100 MW, such as Väo, Mustamäe, Kristiine, and Ülemiste, emissions are measured continuously and directly using Automated Measuring Systems (AMS), as required by law. For plants below this threshold, periodic measurements are conducted, with testing performed by an accredited laboratory. All monitoring is carried out in accordance with EU BREF reference documents.

Although air pollutants emitted from Utilitas CHP plants include sulphur oxides (SOx), non-methane volatile organic compounds (NMVOCs) and particulate matter, these emissions are not reported here as they fall below the threshold set out in Annex II of the E-PRTR Regulation.

Air pollutants (t)	2024	2025
Carbon monoxide (CO)	1,025	1,138
Nitrogen oxides (NOx)	601	563

WATER RESOURCES

Water is a vital resource for district heating: it is essential for both boiler operation and for transferring heat to customers. In Tallinn, the heat network is sizeable at 90,000 m^3, making efficient use and reduced consumption priorities for Utilitas.

Utilitas improves water utilisation efficiency by reusing low-temperature return water in flue gas scrubbers and upgrading its heating networks (75.7% of which have been renovated). Losses are minimised through the continuous monitoring of temperature and pressure, as well as pipeline reconstruction.

Utilitas also seeks efficiency gains through cooperation with local water utilities, which includes coordinating network investments. With a 20.4% shareholding in Tallinna Vesi, Utilitas works closely with the City of Tallinn to advance joint water-efficiency projects.

2025 highlights

- In spring 2025, Utilitas began building a waste- and seawater heat pump plant in Paljassaare, Tallinn, to produce clean thermal energy. The plant uses treated wastewater as its main heat source, supplemented by seawater as needed for stable operation. With a total capacity of 110 MW, it will supply district heating from winter 2026 onwards and may eventually also support district cooling in the area.

WATER CONSUMPTION

Utilitas uses a closed-loop system where water circulates continuously. This does not meet the ESRS definition of reuse since the water is not repurposed between processes. Instead, Utilitas tracks the rate at which water changes in its biggest network in Tallinn, aiming to reduce it to once per year by 2035. In other networks, Utilitas regularly monitors the water added to the systems. Total water use by the Group shows a downward trend, aside from a temporary rise in 2024 due to a pipe leak. The reduction in water consumption can be attributed to ongoing network renovation and optimisation efforts. Additionally, in 2025, water use declined in response to comparatively warmer weather conditions.

Water consumption metrics	2024	2025[18]
Total water consumption (thousand m^3)	343.6	286.1
Water intensity (m^3/heat produced MWh)	0.17	0.15
Network water change rate in Tallinn (times/y)	1.9	1.6

18 In 2025, the Group also used 22.9 thousand m^3 of water to fill the new heat storages

BIODIVERSITY AND ECOSYSTEMS

Biomass plays an important role in Europe's transition to climate neutrality by replacing high impact fossil based materials, such as coal in energy production and concrete in construction. However, using biomass for energy production affects forest ecosystems and biodiversity, especially if it is not properly controlled.

To reduce these impacts, Utilitas uses biomass in CHP plants with around 100% efficiency, ensuring that all the energy from the biomass is used to generate heat and electricity. Prioritising the use of wood industry residues and forestry by-products helps avoid direct land-use change and reduces pressure on forest habitats.
Biodiversity considerations and regulatory expectations mean that transparent and responsible sourcing is central to Utilitas' sustainability approach – all wood is sourced locally, and suppliers must comply with certification requirements and provide information on the origin of each delivery.

All wood is sourced locally, and suppliers must comply with certification requirements and provide information on the origin of each delivery.

2025 highlights

- A field visit was conducted to strengthen the understanding and oversight of sustainable biomass sourcing. Utilitas' teams observed how wood chips are produced from logging residues and forest by-products, and how forests are maintained and renewed to ensure long-term ecosystem vitality.
- Estonian entities that comply with the RED II criteria are preparing for the forthcoming RED III requirements. Existing systems are largely sufficient for this transition. Notably, RED III expands upon RED II by establishing more rigorous sub-targets for biofuels and renewable electricity, and by integrating the EU Emissions Trading System (ETS), the Carbon Border Adjustment Mechanism (CBAM) and the Deforestation Regulation (EUDR) frameworks.

SOCIAL

3 GOOD HEALTH AND WELL-BEING

4 QUALITY EDUCATION

5 GENDER EQUALITY

6 CLEAN WATER AND SANITATION

7 AFFORDABLE AND CLEAN ENERGY

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

10 REDUCED INEQUALITIES

11 SUSTAINABLE CITIES AND COMMUNITIES

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

14 LIFE BELOW WATER

15 LIFE ON LAND

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

17 PARTNERSHIPS FOR THE GOALS

UTILITAS

Material impact, risk or opportunity		Origin	Time horizon*	Performance
S1 Own workforce				
Actual positive impact	Ongoing support for professional and personal development through a range of training courses	Own operations	All	**High employee satisfaction** 2025: 4.4/5 (2023**: 4.15/5)
Potential positive impact	Utilitas actively works to ensure that the proportion of women in management positions in the traditionally male-dominated field reflects the proportion of women within the Group	Own operations	All	**Gender balance** 2025: 23%/30% of women in total / managerial positions (2024: 23%/30%)
Potential positive impact	HR policy and practices support diversity in the workplace	Own operations	All	Continuous implementation and monitoring of the policy
Opportunity	Supporting young people's interest in working in the energy sector	Own operations	Long	**Paid internships/ Scholarships offered** 2025: 20/7 (2024: 10/7)
Opportunity	Strong focus on diversity can be an advantage when recruiting from younger generations	Own operations	Medium	Continuous focus on enhancing diversity across the Group
Actual positive impact	Occupational safety is regulated at both Group and subcontractor level; training is mandatory for all employees	Own operations	All	**Zero workplace accidents** 2025: 0 (2024: 0)
Potential negative impact	A high-risk working environment on industrial and construction sites	Own operations	All	
Risk	Occupational accidents	Own operations	All	
Actual positive impact	Providing stable jobs with incentive systems and a high-quality working environment	Own operations	Medium	**Talent retention** 2025: 2.5% voluntary turnover rate (2024: 3.3%)
Risk	Difficulties in recruiting for technical positions where shift work is expected, as younger generations value flexibility and work-life balance	Own operations	Medium	
Risk	Pressure for wage increases due to rising cost of living and inflation	Own operations	Medium	
Risk	Mental health issues can lead to high voluntary turnover and a decline in the quality of work	Own operations	Medium	

Material impact, risk or opportunity		Origin	Time horizon*	Performance
S2 Workers in the value chain***				
Actual positive impact	Utilitas has established occupational safety requirements for its own employees as well as in the supply chain			**Zero workplace accidents involving subcontractors** 2025: 0 (2024: 0)
Potential negative impact	A high-risk working environment on industrial and construction sites	Upstream value chain	All	
Opportunity	Promote a safe work culture, including through the integration of safety requirements into tender conditions			
Risk	Workplace accidents in the value chain can affect security of supply	Upstream value chain	All	
E4 Consumers and end-users				
Actual positive impact	In local climate conditions, Utilitas is an essential service provider that prioritises security of supply; district heating services are available to all consumers located in the district heating area	Own operations	All	**Service availability** 2025: 99.98% average availability of district heating (2024: 99.99%) **Satisfied customers** 2024**: 92% customer satisfaction (2022: 94%)
Opportunity	Expand district heating service areas and serve more customers	Own operations	All	**Customer base increase** 2025: net portfolio change (net enclosed area) 434 thousand m^2 (2024: 1,077 thousand m^2)
Actual positive impact	Utilitas is working towards strengthening cybersecurity practices	Own operations	All	**ISO 27001 certification in place**
Risk	Cybersecurity incidents can threaten not only the Group's reputation but also security of supply and consumer well-being	Own operations	All	

* Time horizon - **Short:** up to 1 year / **Medium:** 2-5 years / **Long:** 5+ years / **All:** all of the above
** Biennial survey
*** Due to overlapping disclosures, the matters concerning workers in the value chain are discussed in the 'Own workforce' and 'Supplier relations' chapter

OWN **WORKFORCE**

As a provider of essential services and a manager of critical infrastructure, Utilitas is committed to reducing the environmental impact of energy consumption while ensuring access to sustainably produced energy that is both convenient and affordable. Respect for human rights, diversity, an inclusive work culture and equal treatment are fundamental to the Group's daily operations, change management and innovation. The core values of Utilitas – commitment, curiosity, collaboration, care, expertise, and responsibility – are upheld by all employees and supported by the ESG framework and human rights, diversity, inclusion and equal treatment policy. The policy is accompanied by an anonymous whistleblowing reporting system.

Policy document	Objectives	Scope
ESG framework	• Safe working environment for all • High employee engagement • Diverse workforce • Internships & scholarships	Own workforce, subcontractors
Policy for human rights, diversity, inclusion, and equal treatment[19]	• Diverse, inclusive and safe work culture • Respect for human and labour rights	Own workforce
Benefits and value proposition	• Work-life balance initiatives • Career development opportunities	
Management system certified according to ISO 45001	Workplace accident prevention	

The engagement activities conducted during the development of the human rights policy are described in detail in Utilitas' sustainability report for 2023. Each subsidiary also has its own policies and procedures for specific working practices, remote work, human resources management and remuneration (incl. variable remuneration) that are based on similar principles across the Group.

CHARACTERISTICS & DIVERSITY OF EMPLOYEES

Utilitas' continued growth is creating new job opportunities in the energy sector, which is one of Estonia's highest value-added industries. At the end of 2025, the Group had 319 employees. Utilitas is committed to stable and fair employment practices – all employees are on permanent contracts and nearly the entire workforce is employed full-time, with only 2 employees working part-time.

In 2025, 22 new employees were recruited, 18% of whom were women. The overall turnover rate was 7.2%, with 23 employees (including 13 retirees) leaving. Voluntary employee turnover remained low, decreasing even further compared to 2024.

19 The policy is aligned with local laws and the United Nations (UN) Universal Declaration of Human Rights, UN Global Compact, UN Guiding Principles on Business and Human Rights, International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work and the OECD Guidelines for Multinational Enterprises

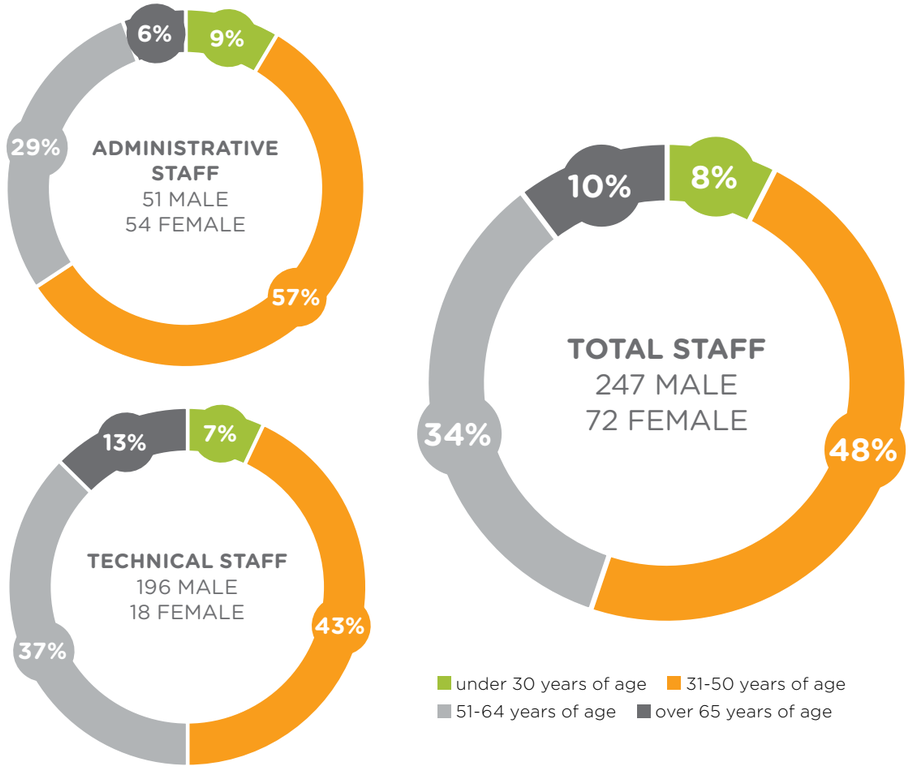


Figure 16. Employee breakdown by age and gender

Target: Voluntary employee turnover rate below 5%

2025 result: 2.5% (2024: 3.3%)

Utilitas values diversity and is committed to inclusive recruitment practices. The Group hires people with different backgrounds, qualifications and experience, and tailors the recruitment process to the skills and competencies required for each role. To prevent gender bias, both female and male representatives are involved in recruitment decisions.

The management team is made up of specialists in their fields, regardless of their gender, age, nationality or other characteristics. The group strives to ensure that the number of female and male managers reflects the proportion of female and male employees in the Group's workforce. Due to the nature of the sector, there are more male employees and fewer employees in the youngest age group than average in Estonia. The proportion of women among all employees and in managerial positions remained the same as last year: 23% and 30%, respectively.

Utilitas does everything it can to ensure that its employees feel safe at work and that everyone's dignity is protected. There is zero tolerance for humiliation, harassment and discrimination. In 2025, as in 2024, no cases of discrimination were reported within the Group.

Since 2023, Utilitas has been a signatory of the Estonian Diversity Charter, a voluntary initiative in which members commit to promoting diversity and equal opportunities among their employees, partners and customers.

HEALTH AND SAFETY

Target: 100% of employees complete the safety training

2025 result: 100% (2024: 100%)

27 management safety walks were carried out in 2025, exceeding the target of 24
(2024: 24 safety walks)

0 serious near misses registered in 2025

At Utilitas, safety is a priority that is managed in accordance with the ISO 45001 international standard for occupational health and safety management systems. Utilitas complies with all applicable occupational health and safety requirements and industry best practice. The main goal is to ensure a working environment that is free of occupational accidents. The safety target (zero accidents) is linked to the remuneration system.

Safety officers and the Working Environment Council, whose goal is to balance the rights of employees and the interests of the employer, as well as to create a safe and dignified working environment for employees and partners, conduct regular risk analyses to eliminate safety hazards and raise awareness of safe working methods. In 2025, internal safety governance was updated: each unit now includes a designated person responsible for safety procedures. Utilitas also cooperates with relevant authorities and organisations to reduce possible threats to the health of its employees and those of its business partners. Close cooperation on safety matters is ongoing with Tallinna Vesi.

Hazards are avoided where possible and hazardous processes or parts of them are replaced by safer alternatives. Imminent threats are assessed and the impact of technical solutions, work organisation, working conditions, social relations and the working environment on occupational health and safety is analysed as standard practice.

Occupational accidents are investigated to improve procedures and reduce risks. The aim is to ensure that all significant near misses, where injury could easily have occurred, are reported.

All new employees receive safety training. The programme was further improved in 2025. Refresher training on occupational safety instructions and risk assessments is provided to all employees every three to five years. Employees are informed of any changes or additions to health and safety policies and receive additional training within one month of the date an updated document is issued. Occupational health and safety topics are covered at the Group's information days, and Utilitas also publishes articles on workplace safety on its internal website.

	2020	2021	2022	2023	2024	2025
Occupational accidents with employees (lost time injuries)	0 (0)	0 (0)	2 (0)	0 (0)	0 (0)	0 (0)
LWIF* per 100 employees (working 200,000 hours)	0.00	0.00	0.79	0.00	0.00	0.00
ASR** per 100 employees (working 200,000 hours)	0.00	0.00	13.47	0.00	0.00	0.00
Number of cases of recordable work-related ill health of employees (connected fatalities)	n/a	n/a	n/a	0 (0)	0 (0)	0 (0)

** Lost Workday Injury Frequency ** Accident Severity Rate*

Management of subcontractors

All subcontractors are expected to comply with the Utilitas Contractor Code of Conduct. The reporting of contractor accidents and the implementation of health and safety measures for contractors have been integrated into Utilitas' management systems.

All contractors receive a site introduction, which includes an overview of processes, working practices and procedures (e.g. working at height). Utilitas has also launched an online training platform to support employees and subcontractors with training materials on health and safety requirements including educational videos and self-assessment tests.

Contractors are responsible for ensuring that their employees are competent, adequately trained for their tasks and adhere to the standards set by Utilitas. Contractors operate under a permit system and Utilitas conducts occupational safety inspections to identify and document any deficiencies in inspection reports. Annual summaries are prepared for each contractor, providing valuable insights for future contractor evaluations. In addition, Utilitas appointed responsible persons at all facilities in 2025 to monitor subcontractors' compliance with safety requirements.

Target: Zero workplace accidents among Utilitas' own employees and subcontractors

2025 result: 0 (2024: 0)

Mental health and work-life balance

Utilitas prioritises employees' mental well-being and takes concrete steps to create a supportive working environment. There is a particular focus on mental health in October, which is Mental Health Month. However, Utilitas actively promotes mental health awareness year-round through initiatives such as health behaviour seminars. Other activities include sharing personal well-being stories, providing opportunities to participate in online mental health conferences and other initiatives to raise awareness of mental health matters.

Over the years, mental health ambassadors have been trained in cooperation with Peaasi to identify potential emerging mental health issues and take appropriate action. All major Utilitas units have mental health representatives, seven in total.

Utilitas also offers various benefits and incentives to promote a healthy work-life balance. These include access to a psychologist, additional leave and financial support to encourage physical activity and overall well-being. Moreover, Utilitas arranges various engagement activities, social events and recognition initiatives to create a sense of community, reduce stress and enhance overall employee satisfaction.

Mentally Healthy Workplace 2024 Gold Level Label

TRAINING AND SKILLS DEVELOPMENT

Training

In 2025, Utilitas provided employee training and skills development to ensure compliance with regulatory requirements and enhance employees' business operation, leadership and collaboration competencies. Focus activities included:

- Strengthening competencies and practical skills in artificial intelligence (AI) to enable effective understanding, implementation, and oversight of AI-driven solutions.
- Developing the management competencies of middle managers.
- Strengthening crisis preparedness competencies and first aid skills to ensure an effective response, risk mitigation and business continuity in emergency situations.

Utilitas also continued its established training programmes:

- Introductory orientation on the Group's structure and systems, as well as role-specific training was provided to all new employees.
- Utilitas continued organising language courses to support an inclusive and Estonian-language-friendly working environment. 31 employees will participate in Estonian language learning programmes during the 2025/2026 training cycle.
- Utilitas Academy, an internal knowledge-sharing platform launched in 2023, offered training sessions for leaders and specialists throughout the year. Led by in-house experts, these sessions provide employees with valuable insights into key business areas and best practices. In total, 240 people participated in the three Utilitas Academy sessions in 2025.

Utilitas values personal initiative in professional development and supports employees by providing financial resources and time to pursue external learning opportunities. All employees are required to participate in training related to their position (e.g. to meet professional requirements for engineers).

In 2025, Utilitas' employees received an average of 40.5 hours of training per person (2024: 20.4). On average, female employees completed 51.6 hours of training each, compared to 37.2 hours for male employees.

Career development reviews

Regular personal performance reviews are held with all employees annually. The purpose of these meetings is to invest time with the employee, clarify mutual expectations, evaluate the results of the previous period and set new goals and agreements. The meetings also provide a good opportunity to assess how the employee is doing, what helps them work best and to provide support and constructive feedback. The Group's plans are shared during these conversations and employees are encouraged to make additional suggestions. These dialogues also help identify employees' career plans and assess their remuneration expectations. Additional interviews are carried out after the probationary period and when an employee leaves the Group.

Supporting the next generation of energy engineers

The future of the energy sector depends on a new generation of skilled professionals, particularly as renewable energy technologies rapidly evolve. A highly skilled and knowledgeable workforce is essential to the successful implementation of the necessary energy transition. However, attracting young talent to thermal engineering and other technical fields remains a key challenge for Utilitas, especially as experienced employees are retiring and Estonia is facing a growing labour shortage and changing job expectations.

In 2025, 20 trainees completed their paid internships at Utilitas (2024: 10) and 7 scholarships were offered (2024: 7). Two interns were recruited to the team following their internships.

In 2025, 20 trainees completed their paid internships at Utilitas (2024: 10) and 7 scholarships were offered (2024: 7)

To stay competitive, Utilitas invests in next generation skills development as well as various educational programmes. The Group's goal is to provide at least 5 scholarships and host at least 10 trainees in the subsidiaries each year. Utilitas also offers opportunities for job shadowing, organises excursions and collaborates with general education schools across Estonia.

Gender diversity is an important element in supporting skills development. At least half of the internships and scholarships are offered to women. Utilitas encourages girls to join the energy sector through various activities such as promoting and supporting energy studies in schools, attending student fairs, and running workshops and energy camps, including ones for girls. The Enerhackgirls' energy camp is attended by 50 girls at a time. Utilitas also shares the success stories of its female engineers, showcasing women in technical roles, and ensures that female speakers are included at information days, seminars and external speaking engagements.

Utilitas has advanced its internship programme over the past two years to provide a more comprehensive experience. The updated model includes several lecture series, meetings with senior leadership and visits to production units.

"Võti Tulevikku"

TalTech Scholarship Programm nomination event

Key activities in 2025:

- Starting a collaboration with the Tallinna Vesi internship programme, including joint lectures and production site visits, as well as creating a common network of interns.
- Developing the leadership and coaching skills of the team's supervisors in collaboration with TalTech.

Utilitas has a long-standing partnership with TalTech to ensure the continuity of engineering education in Estonia. The main joint activities include:

- Awarding Clean Energy Scholarships: in 2025, these were granted to 2 students in the spring and 5 students in the autumn semester. Clean Energy Scholarships have been awarded for the past six years to increase young people's interest in the energy sector and sustainable solutions.
- Contributing to the development of university programmes.
- Participating in career events and offering paid traineeships to young people to help them learn practical skills.
- Giving students and other interested parties the opportunity to learn the basics of urban energy supply in the Utilitas Heating Laboratory at the TalTech Mektory Centre.

Beyond higher education cooperation, Utilitas also contributes to earlier-stage education and broader societal awareness of engineering and energy topics. Promoting STEAM skills and increasing interest in science and technology among children and young people are essential for ensuring long-term sector development.

Utilitas is a partner of Rakett69 Science Studios (Rakett69 Teadusstuudiod), an educational discovery centre that promotes science, technology and engineering through engaging, hands-on experiences inspired by the popular TV show Rakett 69. Participants are encouraged to discover, experiment, test ideas and learn through practical problem-solving in an interactive learning environment. At the Utilitas Clean Energy Studio, located within the Rakett69 Science Studios, participants can explore renewable energy and sustainable heat energy solutions through interactive workshops designed to develop STEAM skills and spark a broader interest in engineering and energy topics.

Utilitas also collaborates with the Energy Discovery Centre (Energia Avastuskeskus), one of Estonia's leading science education centres, which operates in line with modern learning methodologies and evolving educational needs. The centre's mission is to spark interest in science, technology, engineering and mathematics while providing deeper and more accessible understanding through inspiring, experience-based learning. Utilitas is one of the founding partners of the centre.

To further increase interest in STEAM subjects among schoolchildren, Utilitas collaborated with the education-focused initiative Huvi and three Estonian schools on a wind energy project. In 2025, the programme was expanded to include mentoring for teachers, encouraging and supporting the use of wind turbine kits across different subjects. The kits promote hands-on learning, support interdisciplinary teaching and help students connect theoretical knowledge with practical application.

EMPLOYEE ENGAGEMENT AND REMEDIATION PROCESSES

Employee engagement at Utilitas takes place at different stages and levels. Led by the head of HR, this process enables the Group to identify and address any potential negative impacts on its workforce. All new employees are informed about engagement and feedback opportunities as part of the induction programme, and all employees are kept up to date through the intranet. Employee engagement activities include:

- Regular updates: Employees are kept informed of corporate developments through group-wide information days, held at least twice a year. These events provide an open forum for employees to ask questions and share their views on key matters.
- Employee satisfaction surveys: Biennial employee satisfaction surveys assess workplace improvements and collect direct feedback from employees in various areas. Utilitas aims to maintain the employee satisfaction score above 4 (out of 5). In the 2025 survey, the satisfaction rate increased to 4.4, with a high and improved respondent rate of 91% (2024: 4.15; 73%). Utilitas' employee engagement level, which reflects personal commitment and willingness for teamwork, was exceptionally high (85/100), significantly exceeding both the Estonian and global averages (61 and 75, respectively).
- Individual and team engagement: Employee engagement also occurs on a case-by-case basis during activities such as during annual career development reviews, team-building events and interactions with mental health representatives. Employees are encouraged to propose ideas or raise concerns with HR or their managers at any time. In addition, HR representatives are available to provide guidance on labour law issues.
- Anonymous feedback and whistleblowing: Employees can submit proposals or complaints anonymously via the intranet. Also, Utilitas has had a whistleblowing system in place since 2024, which is described in further detail in the 'Governance' chapter.

All cases of negative impact are addressed through joint discussions facilitated by an HR representative. When necessary, external consultants are engaged as neutral mediators to support the resolution.

The digitalisation of HR processes continued in 2025, enabling the team to focus more on efficiency, transparency and employee engagement. Implementing modern software and HR platforms helps facilitate recruitment, conduct performance reviews, streamline workflows and increase manager involvement. In 2025, Utilitas implemented a new group-wide HR and payroll software, which has significantly simplified processes and enhanced analytical capabilities. In 2026, self-service capabilities will be introduced to give employees a better overview of their HR data and facilitate leave planning. It will also reduce the administrative burden on the HR department and speed up the leave application process.

CONSUMERS AND END-USERS

58 new buildings or the equivalent of 43 MW were connected to the Utilitas district heating system in 2025 (2024[20]: 455 and 122 MW)

Reliable heat supply is a priority for Utilitas, as district heating is essential in cold climates. The Group provides heat to around 410,000 people in ten Estonian cities and one Latvian city, ensuring access for all consumers in designated district heating areas. In addition, the Group supplies renewable electricity throughout Estonia.

Policy document	Relevant objectives	Scope
ESG framework	• Security of supply for customers • An increasing number of customers • Reasonable prices	Customer service departments in all subsidiaries
Policy for human rights, diversity, inclusion, and equal treatment[21]	Continuous, safe and high-quality provision of energy services	All own operations
Management system certified according to ISO 9001	Communication with customers, handling complaints and remediation of potential negative impacts	Customer service departments in all subsidiaries
Management system certified according to ISO/IEC 27001:2022	Protection of company data through systematic management of information security risks and continual improvement of cybersecurity practices	Utilitas Eesti, Utilitas Tallinna Soojus, Utilitas Tallinna Elektrijaam
Privacy policy[22]	• Respecting customers' rights in the processing of personal data • Leading the way for the rest of the market	Own operations related to handling of data

20 In 2024, Utilitas acquired district heating operations in Paide and Valka

21 The policy is aligned with local laws and the United Nations (UN) Universal Declaration of Human Rights, UN Global Compact, UN Guiding Principles on Business and Human Rights, International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work and the OECD Guidelines for Multinational Enterprises

22 https://utilitas.ee/en/privacy-policy/

The fulfilment of the policy objectives is ensured by the following continuous activities:

- Monitoring the performance of the production facilities and networks
- Regular maintenance of the production facilities and networks
- Increasing network resilience
- Ensuring that the pricing policy complies with the District Heating Act and the tariffs approved by the Estonian Competition Authority

The quality of service, including the frequency of interruptions, temperature, volumes and response times, is strictly regulated by laws and regulations. Utilitas is required to perform regular risk analyses and develop plans to restore network operations in the event of interruptions. The Group has consistently remained within the legal limits and has not experienced any issues with heat supply interruptions exceeding the regulatory timeframes.

Safe and reliable energy supply is ensured through contingency planning, sufficient reserves, autonomous electricity production and proactive maintenance. The district heating network in Tallinn is continuously upgraded, with the goal of replacing all pre-1995 pipelines by 2035. By the end of 2025, 75.7% of the total 645 km heat network operated by Utilitas had been reconstructed or replaced with new infrastructure. The share of renovated networks has increased to above 70% in all network areas.

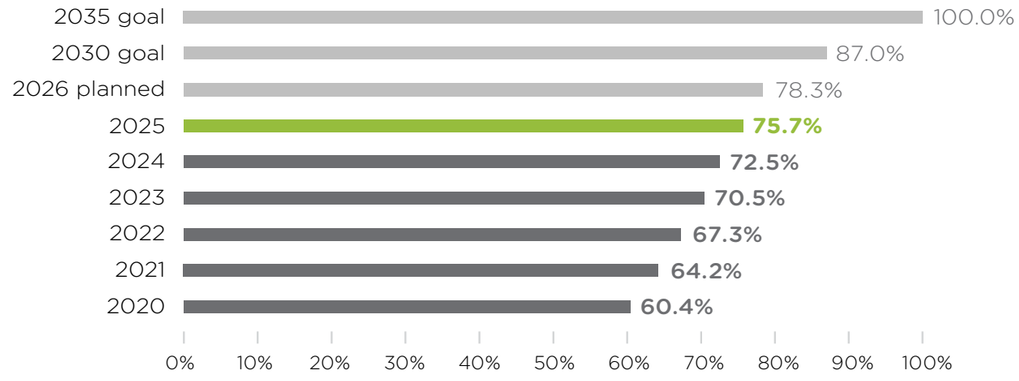


Figure 17. Share of reconstructed or new district heating networks and planned goals

The main challenge for district heating is meeting the increased energy demand in winter, when the load on electricity grids, heating networks and production equipment is at its highest. Utilitas' production facilities are backed up by generators, ensuring continued operations even during extensive power outages. During the winter period, energy from local biomass is currently supplemented with fossil fuels to meet demand. The transition to fully decarbonised heating systems is expected to make heating prices more affordable and stable, as well as improving security of supply.

In 2025, the availability of district heating service was 99.98% (2024: 99.99%)

Availability is measured by the share of hours in which the district heating service was available without any interruption

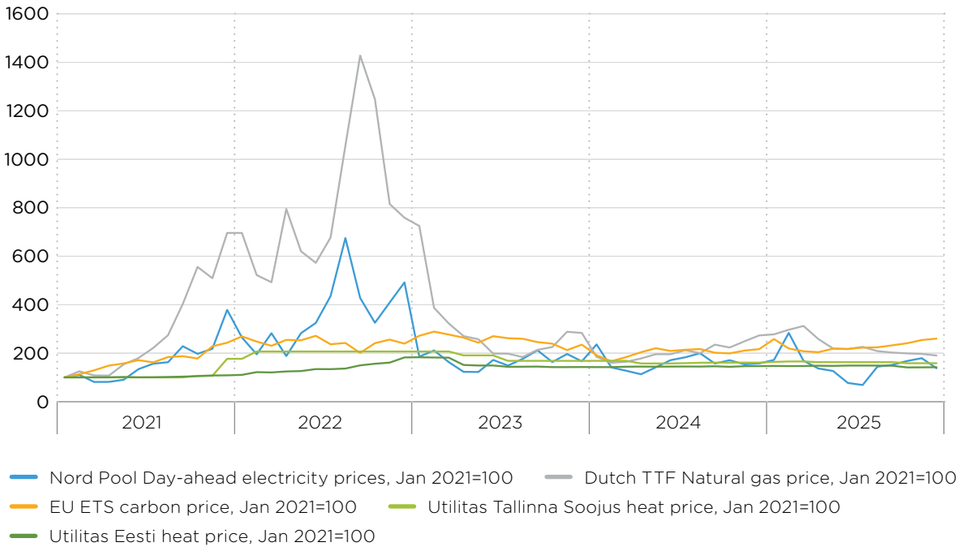


Figure 18. Energy price development

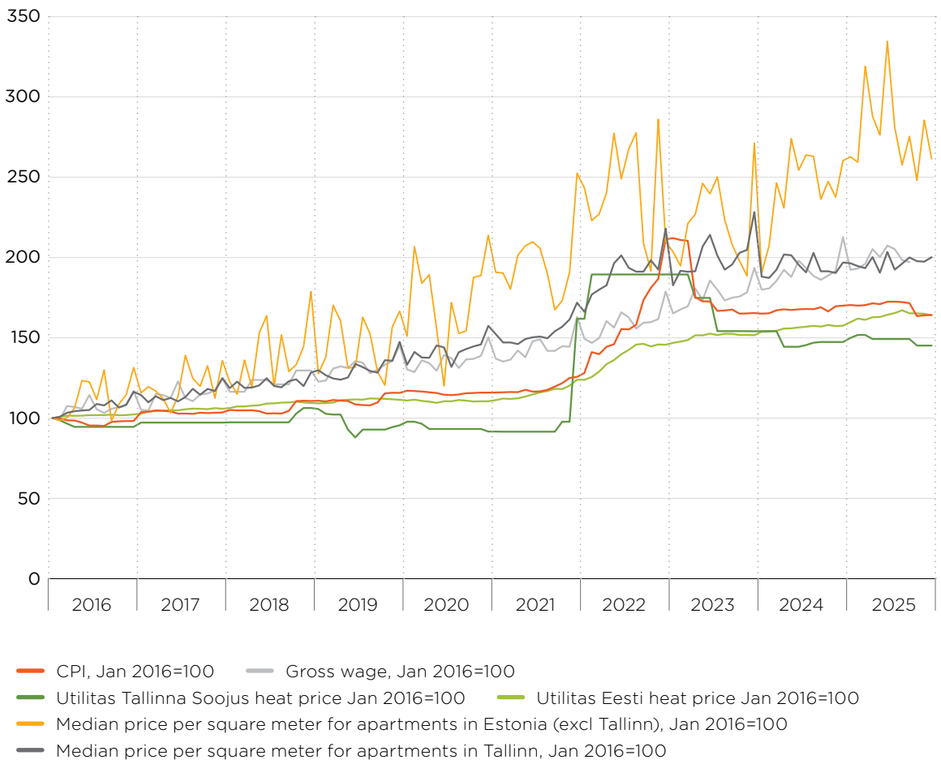


Figure 19. Heat price and macroeconomic developments in Estonia in the past 10 years

The affordability of district heating is also highly important and a priority for Utilitas and its customers in the cold Nordic climate. Utilitas is pleased that its strategy of moving away from imported fossil fuels towards local renewable sources has significantly improved affordability and reduced price volatility, as illustrated in the graph above.

Looking at the macroeconomic developments in Estonia over the past 10 years, district heating prices have increased by 1.5-1.6 times. This is slightly below the general inflation trend (1.6 times cumulative increase) and below the increases in gross salaries (2.0 times) and real estate prices (2.0-2.6 times). It can therefore be concluded that the affordability of district heating for the average household has improved significantly over the past 10 years.

In addition to ensuring availability and affordability, Utilitas prioritises reliable supply, which is why proactive management of cybersecurity risks is essential. In 2025, Utilitas Eesti, Utilitas Tallinna Soojus and Utilitas Tallinna Elektrijaam obtained an ISO/IEC 27001:2022 certificate which confirms that Utilitas' information security management system complies with international standards. To achieve the certification, Utilitas had to update its information security management system, assess risks, establish a security policy and raise employee awareness of information security rules. All systems are now operating in accordance with applicable security standards and requirements.

Integration of IT solutions throughout operations

100% of Utilitas customers are equipped with remote meters

Integrated modern IT systems across production units, distribution networks, and customer substations, combined with real-time data, enable optimal operations and a rapid response to changes in demand. They also pave the way for future AI integration.

Thanks to advanced IT applications, customers already have access to a comprehensive self-service portal that provides convenient access to contractual data and detailed energy consumption analyses. These tools enable customers to monitor their usage patterns and improve the energy efficiency of their buildings, where necessary.

A remote heat metering system enables efficient and streamlined monitoring of energy consumption. This technology not only simplifies the billing process, but also supports a more sustainable and responsive energy service, ensuring accurate readings and reducing administrative tasks for both customers and the Group.

CUSTOMER ENGAGEMENT AND REMEDIATION PROCESSES

Utilitas' approach to communication emphasises direct engagement with customers and communities, with all channels for enquiries and concerns managed internally:

- Most customer enquiries are dealt with on a case-by-case basis. As a provider of an essential service, Utilitas is available 24/7. The customer service department handles calls and emails on working days from 8 am to 5 pm. Outside of these hours, customers are directed to a helpline providing up-to-date information on service availability. Customer service can also be contacted via a self-service portal. All communication is direct across all customer and user groups.
- Utilitas performs annual site visits to assess ongoing needs and address any emerging issues.

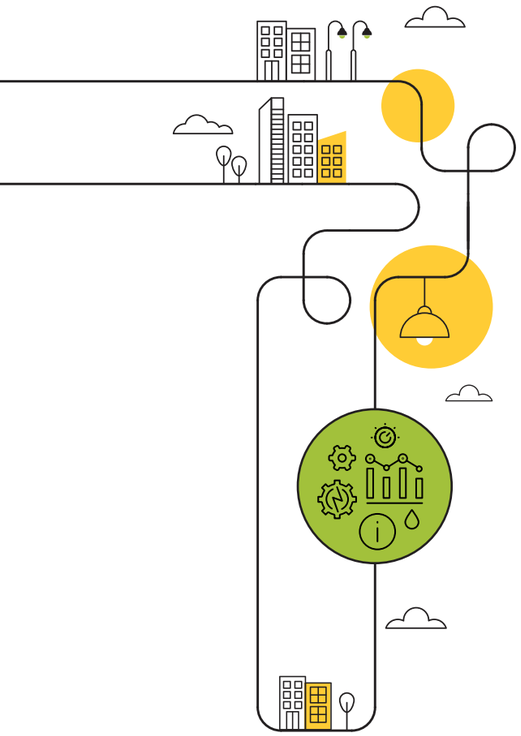
Any non-compliance with established procedures and objectives is thoroughly documented and all relevant stakeholders are involved in finding solutions. When a complaint is made, a non-compliance report is opened, and the necessary action is taken to ensure compliance. After the remediation process, a follow-up check is conducted to confirm that everything is in order. The case is not considered closed until all conditions have been fulfilled. Each complaint received is also seen as an opportunity for service improvement.

Utilitas' customer satisfaction rate was 92% according to the most recent study (2024)

In addition to complaint handling, Utilitas has established procedures for collecting and analysing customer feedback through a customer satisfaction survey at least every three years. The next survey will be conducted in autumn 2026.

Besides customer enquiries and regular internal checks, the Group prioritises proactive communication. Operational and contractual updates are sent by phone or SMS, while less time-critical information is shared via email and newsletters. For broader outreach, Utilitas also uses various media platforms to provide relevant updates to a wider audience.

Utilitas proactively targets potential customers interested in sustainable heating solutions and reducing their dependency on gas. When old pipelines are renovated, nearby potential customers are invited to connect and benefit from more favourable connection terms, as construction and connection works are carried out simultaneously, reducing overall costs. Utilitas also organises awareness campaigns and site visits to highlight the environmental benefits and reliability of district heating. These initiatives improve customers' understanding of the service, its role in ensuring security of heat supply and its contribution to low-carbon energy solutions. By improving transparency and knowledge, the campaigns draw attention not only to the nature of the service, but also to responsible and energy-efficient consumption. Through practical examples and direct engagement, customers gain better insight into how sustainable district heating systems reduce environmental impact, optimise primary energy use and support long-term climate goals, while providing dependable and affordable heating solutions.



GOVERNANCE

UTILITAS

Relevant impact, risk or opportunity		Origin	Time horizon*	Performance
G1 Business conduct				
Actual positive impact	As a leading energy company with various compliance practices in place, Utilitas promotes sustainability and ethical business practices in Estonia through active participation in industry organisations.	Own operations, Up- and downstream value chain	All	**0 employees involved in significant confirmed breaches of the Employee Code of Conduct** 2025 result: 0 (2024: 0)
Risk	Reputational damage	Own operations	All	
Opportunity	Potential to engage partners who might otherwise overlook sustainability issues, thereby strengthening the broader societal and business environment	Own operations, Up- and downstream value chain	All	**100% of major suppliers have signed the Supplier Code of Conduct** 2025 result: 100% (2024: 100%) **0 verified reports of human rights violations in the supply chain** 2025 result: 0 (2024: 0)

* Time horizon - **Short:** up to 1 year / **Medium:** 2-5 years / **Long:** 5+ years / **All:** all of the above

GOVERNANCE STRUCTURES

The direct 100% parent company of OÜ Utilitas is the joint holding company FS Core Utilities S.à r.l., which is owned by European Diversified Infrastructure Fund II (EDIF II) (85%) and members of the management team of Utilitas (15%). EDIF II is a leading international infrastructure fund with a long-term strategy and is managed by Igneo Infrastructure Partners (the direct infrastructure management unit of First Sentier Investors Group).

The supervisory board of OÜ Utilitas consists of three members:

- **Kristjan Rahu** – Chairman of the Supervisory Board
- **Andreas Greim** – Member of the Supervisory Board
- **Alastair Neill** – Member of the Supervisory Board

Sustainability governance at Utilitas adheres to principles and frameworks that are consistent with standard corporate governance. The management board is ultimately responsible for sustainable development, while the supervisory board provides oversight and support.

The management structure also includes the Audit Committee, the Nomination and Remuneration Committee, and the ESG Committee. The ESG Committee conducts

As of 31 December 2025, the Group consisted of:

OÜ UTILITAS – parent company

Strategic management of group companies

Priit Koit – Group CEO, Chairman of the Management Board
Priit Brus – Member of the Management Board
Liina-Maarja Blumfeldt – Member of the Management Board

AS Utilitas Eesti (100%) – subsidiary

Provider of district heating service in 7 cities in Estonia and producer of renewable electricity

Robert Kitt – Chairman of the Management Board
Janek Trumsi – Member of the Management Board
Lauri Lugna – Member of the Management Board

- **SIA Utilitas Valka (100%)**
  Producer of renewable heat and electricity in the city of Valka, Latvia

OÜ Utilitas Tallinna Elektrijaam (100%) – subsidiary

Producer of electricity and heat

Andres Taukar – Chairman of the Management Board
Andrus Tamm – Member of the Management Board
Üllar Metsküla – Member of the Management Board

AS Utilitas Tallinna Soojus (66.66%) – subsidiary

Provider of district heating and cooling services and producer of renewable heat and electricity

Robert Kitt – Chairman of the Management Board
Janek Trumsi – Member of the Management Board
Lauri Lugna – Member of the Management Board

OÜ Tuulepealne Maa (100%) – subsidiary

Producer of renewable electricity in Estonia

Rene Tammist – Member of the Management Board
Andrus Zavadskis – Member of the Management Board

OÜ Utilitas Wind (50%) – associate (joint venture)

Developer of wind parks

Rene Tammist – Chairman of the Management Board
Priit Brus – Member of the Management Board
Andrus Zavadskis – Member of the Management Board

- **OÜ Vihtra Tuulepark (100%)** Wind park development in Estonia
- **OÜ Irbeni (100%)** Wind park development in Estonia
- **Paenase Põllud OÜ (100%)** Land right management
- **Utilitas Wind SIA (100%)** Wind park development in Latvia
- **TCK SIA (93%)** Targale wind park
- **Grobina Wind Park SIA (100%)** Grobina wind park
- **UAB Utilitas Wind (100%)** Wind park development in Lithuania
- **UAB Telšių vėjo jėgainės (100%)** Wind park development in Lithuania

AS Tallinna Vesi (20.36%) – associate

Drinking water and wastewater treatment and supply services.
Utilitas holds 3 out of 9 seats on the supervisory board, including the position of the chairman.

annual sustainability reviews and actively oversees the assessment and management of impacts, risks and opportunities within the organisation's sustainability practices.

Every year, the Group sets specific performance goals for all subsidiaries based on its management and ESG policy, along with key performance indicators to monitor fulfilment of these goals. The achievement of ESG goals and the implementation of policies, procedures and the integrated management system across the Group are reported to the management board monthly.

> Annual incentive pay is linked to the target of zero workplace accidents for all group companies. At the subsidiary level, specific ESG-related KPIs are set for each year. For example, cogeneration plants monitor reliability and efficiency, while Utilitas Tallinna Soojus tracks service availability, the pace of new customer connections, customer complaints and network technical parameters, among other indicators.

BUSINESS CONDUCT

Utilitas has a simple organisational structure and prioritises responsible business conduct at all levels. In addition to maintaining robust governance systems and ensuring internal integrity, Utilitas embraces its role as a responsible corporate citizen. The Group is committed to acting with integrity and contributing to the advancement of both the energy sector and wider society. As a provider of essential energy services, the Group recognises that its actions directly impact the communities in which it operates.

Compliance is regularly evaluated through management meetings, internal and external audits, and visits to departments and subdivisions. Additionally, external control bodies assess conformity. All procedures are documented in minutes and reports, which also provide input for the sustainability report.

Policy document	Relevant objectives	Scope
Employee Code of Conduct	Ensuring ethical behaviour and compliance with laws and regulations	All own operations
Supplier Code of Conduct	Ensuring ethical, quality and safety standards	All suppliers
Policy for human rights, diversity, inclusion, and equal treatment	Responsibility, transparency and fairness in all activities	All own operations
Management system certified according to ISO 9001, 14001 and 45001 standards	Provision of high-quality, eco-friendly services while ensuring compliance with safety and environmental standards	Production, distribution and sale of heating and cooling energy, and the production of electricity within own operations

Utilitas upholds a zero-tolerance policy towards corruption, bribery and fraud and no such cases were recorded during the reporting year. To mitigate risks, all material supplies are procured through competitive bidding processes to ensure transparency and fairness. In addition, to enhance control, all financial transactions require the approval of two separate accountants.

As part of their induction, new employees undergo training in business conduct, including anti-corruption and anti-bribery policies. Updates are provided during information days and management training sessions.

Employees, subcontractors, and partners must promptly report any suspicions of financial fraud, corruption, bribery, conflicts of interest, unethical conduct, breaches of permit or licence conditions, threats to workplace health and safety, or environmental pollution.

WHISTLEBLOWING

In accordance with the principles of the European Union Whistleblowing Directive (EU 2019/1937), Utilitas provides employees, partners and workers in the value chain with a safe, reliable and anonymous channel to report suspected violations of responsible and lawful business practices.

All reported situations are investigated discreetly and taken seriously. As these issues can be sensitive, the confidentiality of anyone reporting suspicious behaviour is assured. The whistleblower will receive an acknowledgement of receipt within 7 days. To safeguard personal data and maintain a high standard of service, Utilitas works with an independent law firm. In cases where violations are confirmed, cooperation with the responsible parties will be terminated.

SUPPLIER RELATIONS

Procurement of goods and services plays an important role in encouraging current and future business partners to act sustainably. As a responsible company striving for carbon neutrality, Utilitas considers sustainability and environmental factors in its procurement process.

> Utilitas prefers partners that are:
>
> - transparent about their own supply chains;
> - have established and disclosed a sustainability policy; and
> - ensure respect for human rights and the environment in their business.

When choosing new partners, Utilitas first performs a risk analysis and undertakes additional checks if risks are identified. The results of these checks are also considered in possible future partnerships.

Utilitas understands that some parts of its value chain involve higher risks to occupational safety. Protecting worker safety is a key priority for Utilitas both within its own organisation and across its supply chain. Although most of Utilitas' operations are based in Estonia and the European Union, its actions can still indirectly impact other regions. Many parts of the world do not yet fully guarantee basic human rights. To address this issue, Utilitas maintains a zero-tolerance policy[23] for human rights violations, including

23 The policy is aligned with local laws and the United Nations (UN) Universal Declaration of Human Rights, UN Global Compact, UN Guiding Principles on Business and Human Rights, International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work and the OECD Guidelines for Multinational Enterprises

modern slavery, human trafficking, child labour and forced labour, within its supply chains. Any confirmed violations will result in the termination of cooperation with the partner in question. Particular emphasis is placed on workplace safety among subcontractors and suppliers, with rigorous monitoring measures in place.

SUPPLIERS' ESG PERFORMANCE

According to the 2025 survey conducted among Utilitas Tallinn suppliers (40 respondents), Governance is their strongest ESG area. 100% of the suppliers reported full compliance with anti-corruption and anti-bribery laws, as well as with the Utilitas Supplier Code of Conduct.

Notably, 75% of suppliers have established, or are planning to implement, policies and practices supporting the transition towards a more sustainable economy, and 50% hold sustainability certifications. However, systematic quantitative monitoring of environmental and social criteria is still in development. The biggest opportunity for improvement lies in the environmental domain, particularly in climate risk management and adaptation.

COOPERATION AND SUPPORT

Utilitas' sponsorship policy reflects its core values by prioritising partnerships that create long-term value for communities, advance environmental sustainability and encourage innovation. The Group focuses on initiatives in the regions in which it operates, favouring long-term collaborations that contribute to the consistent and strategic development of relevant fields.

Through its sponsorship activities, Utilitas strengthens community engagement, contributes to social well-being and supports initiatives that are aligned with the transition to renewable and low-carbon energy systems. Particular emphasis is placed on projects that increase awareness of renewable energy, clean energy solutions and the importance of improving energy efficiency in buildings.

By engaging in cultural and sports partnerships, Utilitas strengthens its ties with local communities and supports vibrant community life. These collaborations also serve as a platform to promote energy efficiency, responsible energy use and climate awareness. In doing so, Utilitas helps communities better understand how sustainable energy solutions enhance security of supply, reduce environmental impact and contribute to long-term resilience.

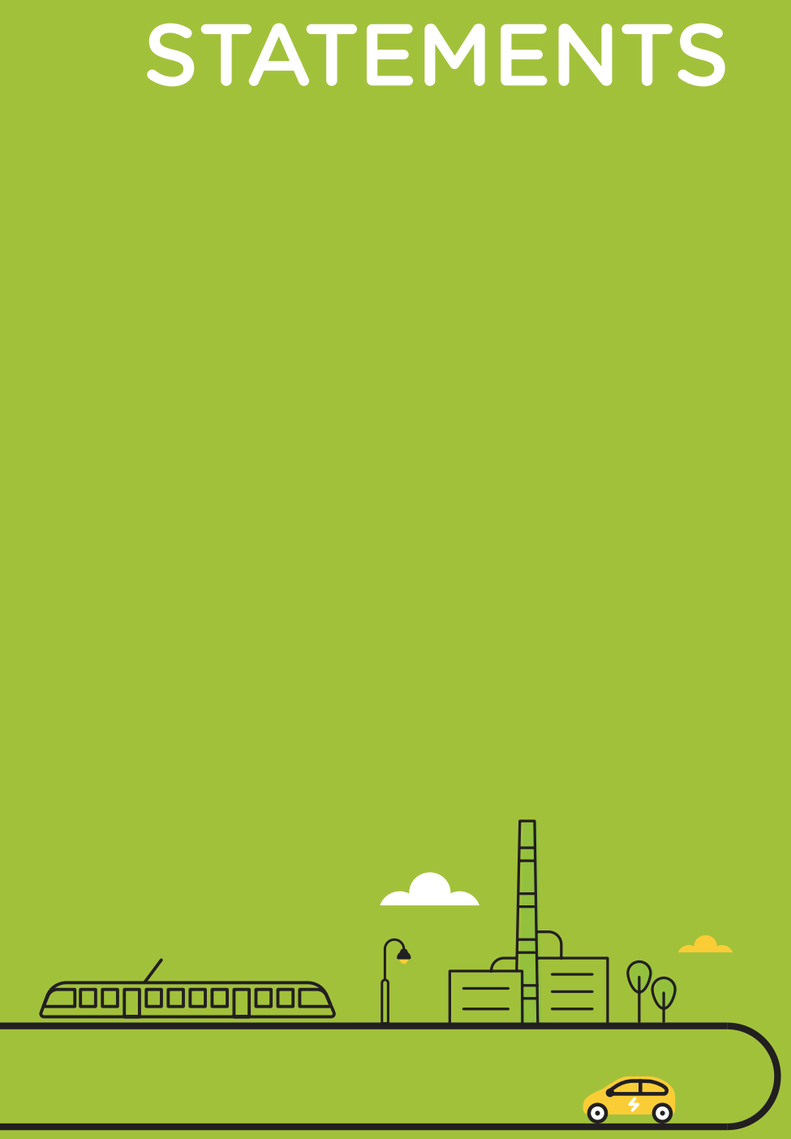
Cooperation and sponsorship activities:

- The Utilitas Progeny Team has supported young track and field athletes since 2011. This long-term initiative contributes to maintaining and raising the level of professional sport in Estonia. Many top athletes have emerged from the programme, and their achievements help keep the sport visible and popular, attracting spectators and inspiring young people to participate.
- Supporting basketball to connect communities and promote healthy lifestyles. Utilitas has been the main sponsor of the Estonian national basketball team since 2013. In 2025, Utilitas was also the title sponsor of the Estonian Basketball Cup, supporting players across different age groups and contributing to the development of the sport at multiple levels. In addition, Utilitas supports several basketball clubs in the regions where it operates, helping create opportunities for young athletes, strengthen local sports communities and encourage active lifestyles.
- Cooperation with the Tallinn City Theatre since 2016 to support the development of an environmentally sustainable 'green theatre' concept. In addition to the theatre's significant contribution to cultural and community life, Utilitas values its commitment to improving energy efficiency and promoting environmentally responsible practices in its activities.

Charitable initiatives:

- An annual charitable walking initiative, carried out in partnership with Tallinna Vesi since 2020. Each December, employees take part in a voluntary month-long wellness challenge. Together, they walk more than 64 million steps – equivalent to circling the Earth – through their daily activities alongside regular work. The initiative aims to raise funds for organisations supporting vulnerable groups and families with children with special needs.
- Contributions to the Gift of Life Cancer Treatment Foundation to help provide essential cancer treatment for those in need. By supporting initiatives that improve access to healthcare and strengthen social resilience, Utilitas contributes to sustainable community well-being beyond its core energy operations.

CONSOLIDATED
FINANCIAL STATEMENTS



UTILITAS

CONSOLIDATED BALANCE SHEET

IN EUR THOUSAND	Note	31.12.2025	31.12.2024
ASSETS			
Current assets			
Cash and cash equivalents	2	**36,594**	25,689
Receivables and prepayments	3	**39,890**	39,819
Greenhouse gas allowances	19	**800**	2,790
Inventories	4	**7,929**	9,583
TOTAL CURRENT ASSETS		**85,213**	77,881
Non-current assets			
Investments in associates	6	**71,964**	66,552
Non-current receivables and prepayments	3	**36,788**	34,770
Property, plant and equipment	7, 8	**649,654**	586,787
Intangible assets	9	**14,968**	15,731
TOTAL NON-CURRENT ASSETS		**773,374**	703,840
TOTAL ASSETS		**858,587**	781,721
LIABILITIES AND EQUITY			
Current liabilities			
Finance leases	8, 10	**311**	252
Payables and prepayments	11	**54,114**	45,698
TOTAL CURRENT LIABILITIES		**54,425**	45,950
Non-current liabilities			
Borrowings	10	**505,665**	448,201
Finance lease	8, 10	**787**	601
TOTAL NON-CURRENT LIABILITIES		**506,452**	448,802
TOTAL LIABILITIES		**560,877**	494,752
Equity			
Minority interests	5	**49,402**	82,696
Equity held by shareholders of the parent company			
Share capital	12	**7,650**	7,650
Retained earnings		**240,658**	196,623
TOTAL EQUITY		**297,710**	286,969
TOTAL LIABILITIES AND EQUITY		**858,587**	781,721

The Notes on pages 94 to 114 form an integral part of these financial statements.

CONSOLIDATED INCOME STATEMENT

IN EUR THOUSAND	Note	2025	2024
Revenue			
Sales revenue	13	**223,111**	209,783
Other income	14	**8,916**	6,355
TOTAL REVENUE		**232,027**	216,138
Cost of goods and services sold	15	**-101,205**	-114,780
Other operating expenses	16	**-7,298**	-6,675
Payroll expense	17	**-17,655**	-16,876
Depreciation, amortisation and impairment	7, 8, 9	**-35,779**	-30,418
Other expenses		**-26**	-213
Operating profit		**70,064**	47,176
Financial income and expenses			
Share of net profit of associates accounted for using the equity method	6	**7,571**	4,598
Interest expense	10	**-21,618**	-21,817
Other financial income and expenses		**2,373**	2,310
TOTAL FINANCIAL INCOME AND EXPENSES		**-11,674**	-14,909
Profit before tax		**58,390**	32,267
Income tax	12	**-1,080**	-598
NET PROFIT FOR THE PERIOD		**57,310**	31,669
Profit (loss) attributable to the shareholders of the parent company		**50,035**	27,311
Profit (loss) attributable to minority interests		**7,275**	4,358

The Notes on pages 94 to 114 form an integral part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

IN EUR THOUSAND	Note	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating profit		**70,064**	47,176
Adjustments:			
Depreciation and impairment losses of property, plant and equipment and intangible assets	7, 9	**35,779**	30,418
Inventory revaluation	4	**1,581**	0
Profit (loss) from sale of non-current assets	7	**-12**	-28
Change in receivables and prepayments related to operating activities	3	**2,089**	2,389
Change in inventories	4	**2,063**	12,273
Change in payables and prepayments related to operating activities	11	**-3,105**	-3,094
Interest paid	10	**-18,721**	-21,909
Income tax paid	12	**-1,080**	-598
Total cash flow from operating activities		**88,658**	66,627
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment and intangible assets	7, 9	**-89,552**	-72,187
Proceeds from sale of property, plant and equipment and intangible assets	7	**16**	50
Acquisition of business combinations net of cash acquired	5	**0**	-15,766
Loans granted	21	**-2,000**	-3,150
Proceeds from repayment of loans granted	21	**1,000**	0
Interest received		**1,376**	2,452
Dividends received	6	**2,158**	2,077
Total cash flow from investing activities		**-87,002**	-86,524
CASH FLOWS FROM FINANCING ACTIVITIES			
Loans received	10	**55,000**	60,000
Repayments of loans received and related fees	10	**-39,441**	-13,300
Payment of finance lease liabilities	10	**-315**	-289
Other receipts and payments from financing activities		**5**	-74
Dividends paid	12	**-6,000**	-6,000
Total cash flow from financing activities		**9,249**	40,337
TOTAL CASH FLOWS		**10,905**	20,440
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	2	**25,689**	5,249
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	2	**36,594**	25,689

The Notes on pages 94 to 114 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

IN EUR THOUSAND	Equity held by the shareholders of the parent company			
	Share capital	**Retained earnings**	**Minority interests**	**Total**
Balance as at 31 December 2023	7,650	174,621	0	260,609
Other changes	0	691	0	691
Dividends paid	0	-6,000	0	-6,000
Net profit for the period	0	27,311	4,358	31,669
Balance as at 31 December 2024	7,650	196,623	82,696	286,969
Other changes (Note 10)	**0**	**0**	**-40,569**	**-40,569**
Dividends paid	**0**	**-6,000**	**0**	**-6,000**
Net profit for the period	**0**	**50,035**	**7,275**	**57,310**
Balance as at 31 December 2025	**7,650**	**240,658**	**49,402**	**297,710**

Additional information regarding share capital and other owners' equity entries is disclosed in Note 12.

The Notes on pages 94 to 114 form an integral part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1 Accounting policies used in the preparation of the consolidated financial statements

The 2025 consolidated financial statements of OÜ Utilitas have been prepared in accordance with the generally accepted accounting principles in Estonia. The generally accepted accounting principles are prescribed by the Accounting Act of Estonia and supplemented by the guidelines issued by the Accounting Standards Board.

The consolidated report consists of the financial information of OÜ Utilitas (hereinafter "Company") and its subsidiaries (hereinafter "Group"). The information about subsidiaries is disclosed in Note 5.

The consolidated financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

Consolidated financial statements are prepared in EUR thousands.

A. Preparation of the consolidated financial statements

Principles of consolidation

In the consolidated financial statements, the financial information of all subsidiaries under the control of the parent company have been combined line by line. Intragroup receivables and liabilities, transactions between group companies and the resulting unrealised gains and losses have been eliminated.

Where necessary, the accounting policies of the subsidiaries have been adjusted to ensure uniformity with the accounting policies adopted by the group.

Subsidiaries

Subsidiaries are all economic entities over which the parent company has control. A subsidiary is considered to be under the control of the parent company if the parent directly or indirectly possesses over 50% of the subsidiaries voting shares or is able to influence the operational and financial policy of the subsidiary by any other means.

Acquisition of subsidiary is accounted for in the consolidated financial statements by applying the purchase method (except for business combinations involving entities under common control that are recognised using the adjusted purchase method). According to the purchase method, the assets, liabilities and contingent liabilities of the acquired subsidiary (i.e. acquired net assets) are recognised at their fair values. The difference between the cost of acquisition and the fair value of the acquired net assets is recorded either as positive or negative goodwill.

From the acquisition date, the group's interest in the assets, liabilities and contingent liabilities of the acquired entity and the resulting goodwill are recognised in the consolidated balance sheet and the interest in the acquired entity's income and expenses is included in the consolidated income statement. Negative goodwill is recognised as income in the period.

On the acquisition of the company, if the acquirer did not acquire a business, the transaction has to be accounted for as an asset acquisition. For the recognition of the acquisition (the purchase), the cost of the acquisition is to be allocated to the individual identifiable assets (and liabilities) on the basis of their relative fair values at the date of purchase. The transaction does not give rise to goodwill.

If a subsidiary is disposed of during the accounting period, the income and expenses of the subsidiary disposed of are included in the consolidated income statement until the date of loss of control. The difference between the proceeds from the disposal and the carrying amount of the net assets of the subsidiary (including goodwill) as at the date of the disposal is recognised as a gain or loss on disposal of the subsidiary. If a part of a subsidiary is disposed of and the group's control over the entity falls below 50%, but influence over the entity does not completely disappear, the consolidation of the entity is ceased as at the date of the disposal and the remaining interest in the assets, liabilities and goodwill of the subsidiary is recognised as an associate, a jointly controlled entity or other financial asset. The new cost of the remaining investment is its remaining carrying amount at the date of disposal.

Associates

An associate is an undertaking over which the Group has significant influence, but that it does not control. Generally significant influence is assumed to exist if the Group owns 20%-50% of voting shares or units of the undertaking.

Investments in associates are recognised in consolidated financial statements in equity method; according to this, the initial investment is adjusted with the profit/loss received from the undertaking and received dividends. Unrealised gains occurred in transactions with the associate are eliminated in proportion to the holding in the undertaking. Unrealised gains are also eliminated, except in case when the loss is caused because of impairment loss. In case the company's holding in the loss of the associate recognised by equity method is equal or exceeds the carrying amount of the associate, the carrying amount of the investment is reduced to zero and further losses are recognized outside the balance sheet. In case the undertaking has guaranteed or is obliged to satisfy the liabilities of the affiliate, the respective liability and the loss in the equity method is recognized in the balance sheet. If necessary, the accounting policies of the associate are adjusted so that they comply with the Group accounting policies.

Business combinations involving entities under common control

Business combinations involving entities under common control are accounted for using the adjusted purchase method under which the investment acquired in the other entity is recognised at the carrying amount of the net assets acquired (i.e. continuation of recognition of assets and liabilities that have been reported previously in the balance sheet of the acquired entity) and the difference between the cost and the carrying amount of the net assets acquired is recognised as an increase or decrease of the equity of the acquirer.

The unconsolidated primary financial statements of the Parent Company disclosed to the consolidated financial statements

According to the Accounting Act of Estonia, the Notes to the consolidated financial statements should include disclosures on the separate primary financial statements of the consolidating entity (parent company). The parent's primary financial statements have been prepared using the same accounting methods and measurement bases as for the preparation of the consolidated financial statements, except for investments in subsidiaries and associates that are carried at cost (less any impairment losses) in the separate primary financial statements of the parent company.

B. Financial assets

The Group has the following financial assets: cash and cash equivalents (refer to accounting policy from section C), trade receivables (refer to accounting policy from section D) and other receivables.

Regular purchases and sales of financial assets are recognised at the trade date (i.e. on the date that the group commits (for an example, enters into a contract) to purchase or sell a certain financial asset).

Cash and cash equivalents, trade and other receivables (accrued income, loans granted and other current and non-current receivables), except for receivables acquired for the purpose of selling, are carried at amortised cost. The amortised cost of current receivables generally equals their nominal value (less repayments and any impairment losses), therefore current receivables are carried in the balance sheet at their expected realisable value.

C. Cash and cash equivalents

In the statement of cash flows cash and cash equivalents include cash on hand and bank balances (except for overdraft), term deposits with original maturities of three months or less as well as investments in money market funds and other highly liquid funds that invest in instruments which individually meet the definition of cash and cash equivalents. Overdraft is included within current borrowings in the balance sheet.

D. Receivables and prepayments

Current receivables arising in the ordinary course of business are classified as trade receivables. Trade receivables are carried at amortised cost (i.e. original invoice amount less repayments and provisions made for impairment of these receivables).

Impairment of receivables is recognised when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of receivables. Evidence of potential impairment includes the bankruptcy or major financial difficulties of the debtor and non-adherence to payment dates. The impairment of the receivables that are individually significant (need for a write-down) is assessed individually for each customer, using the present value of expected future collectible amounts as the basis. Receivables, that are not individually significant or for which no objective evidence of impairment exists, are collectively assessed for impairment using previous years' experience on uncollectible receivables. The amount of the allowance for doubtful receivables is the difference between the carrying amounts of these receivables and the present value of expected future cash flows discounted at the effective interest rate. The carrying amount of receivables is reduced by the amount of doubtful receivables and impairment losses are recognised as Other operating expenses in the income statement. If a receivable is deemed irrecoverable, the receivable and the impairment allowance are taken off the balance sheet. The collection of the receivables that have previously been written down is accounted for as a reversal of the cost of impairment of the receivables.

E. Greenhouse gas allowances

Greenhouse gas emission allowances purchased by the Group are accounted for as current intangible assets. Greenhouse gas emission allowances received from the state free of charge are measured at zero cost. Purchased allowances are measured at cost or using the revaluation method, if the Group has acquired more greenhouse gas emission allowances than it is expected to need and has a plan to sell the allowances.

As carbon dioxide is emitted, an obligation arises to deliver the corresponding quantity of emission allowances to the authorities (the state). An expense and a liability are recognised when the emission allowances received free of charge do not cover the obligation to the authorities. The liability is measured in the amount that is expected to be required to settle the obligation.

When the Group surrenders the greenhouse gas emission allowances to the state for the greenhouse gases emitted, both the provision and immaterial current assets are reduced by equal quantities and amounts.

F. Inventories

Inventories are initially recognised at cost, which comprises of the purchase cost and other costs incurred in bringing the inventories to their present location and condition. Inventories are expensed using the FIFO method or weighted average method, depending on subsidiaries and type of inventory. Inventories are measured in the balance sheet at the lower of cost and net realisable value. The write-down of inventories to the net realisable value is included in the income statement line Cost of goods and services sold.

G. Property, plant and equipment

An item of property, plant and equipment is an asset that is used in the group's operations with their expected useful lives over one year and with their cost in the range of EUR 700 up until EUR 10,000.

An item of property, plant and equipment is initially measured at cost, comprising its purchase price (incl. customs duties and other non-refundable taxes) and any costs directly attributable to its acquisition that are necessary to bring the asset to its operating condition and location. In case the construction of property, plant and equipment item takes a longer period of time, borrowing costs are capitalized in the cost of the item of property, plant and equipment. The capitalisation of borrowing costs is stopped as the property, plant and equipment item is ready for its intended use or the construction is paused for a longer period of time.

An item of property, plant and equipment is subsequently carried in the balance sheet at its cost less any accumulated depreciation and any accumulated impairment losses. Items of property, plant and equipment acquired under finance leases are recorded similarly to owned assets.

Subsequent expenditure is capitalised only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repair and maintenance expenditure are recognised as a cost in the period in which the respective expense was made.

The straight-line method is used for depreciation of items of property, plant and equipment. The depreciation rates are set separately for each item of property, plant and equipment depending on their useful lives. For assets with significant residual value, only the depreciable amount, i.e. difference between cost and residual value is depreciated over the useful life of the asset. If an item of property, plant and equipment consists of identifiable components with different useful lives, these components are recognised as separate items of property, plant and equipment and separate depreciation rates are set for them depending on their estimated useful lives.

The depreciation rates are as follows for the groups of property, plant and equipment:

Buildings	2 - 10%	10 - 50 years
Heat pipelines	3 - 10%	10 - 30 years
Production plant and machinery	3 - 20%	5 - 35 years
Other machinery and equipment	10 - 33%	3 - 10 years
Other inventory and IT equipment	10 - 33%	3 - 25 years

Objects with unlimited expected useful life (land, artwork, museum showpiece etc.) are not depreciated.

Depreciation of an asset begins when it is available for use for the purpose intended by management and is ceased when the asset's residual value exceeds its carrying amount or when it is withdrawn from use. At each balance sheet date the appropriateness of the depreciation rates, the depreciation method and the residual value are reviewed.

If the recoverable amount of an item of property, plant and equipment (i.e. higher of its fair value less costs to sell and its value in use) is lower than the asset's carrying amount, an item of property, plant and equipment is written down to its recoverable amount (refer to accounting policy from section I).

Recognition of an item of property, plant and equipment is ceased at the date when the asset is sold or disposed or in a situation when it is expected that no future benefits from the asset will flow to the group. Gains and losses on disposing of items of property, plant and equipment are included in the income statement *Other income* or *Other operating expenses lines.*

H. Intangible assets

Intangible assets (goodwill, patents, licenses, trademarks, software, building rights, connection agreements) are recognised in the balance sheet when the asset is controlled by the group, future economic benefits attributable to the asset will flow to the group and the cost of the asset can be measured reliably. An intangible asset is initially recognised at cost, comprising its purchase price and any costs directly attributable to the purchase. After initial recognition, an intangible asset is carried at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets are amortised using the straight-line method, using the estimated useful lives as the basis. The appropriateness of the amortisation periods and amortisation

method is assessed at each balance sheet date. The annual amortisation rates for groups of intangible assets are as follows:

Goodwill	4.55-10%
Computer software, patents, licences, trademarks and other intangible assets	20-30%

Intangible assets are tested for impairment whenever there is any indication of impairment (refer to accounting policy from section I).

Goodwill

Goodwill represents the excess of the cost of a business combination over the fair value of the net assets acquired, reflecting that portion of the payment made for such assets of the investee, which cannot be individually identified and separately recognised. At the acquisition date, goodwill is recognised at cost as an intangible asset in the balance sheet.

Goodwill is subsequently amortized using a straight-line method over the useful life of the acquired net assets.

Software

Computer software, which is not an integral part of the related hardware, is recognised as an intangible asset. Software development costs are included within intangible assets when they are directly related to the development of such software items that can be distinguished from one another, are controlled by the Group and from which the future economic benefits for a period longer than one year are expected to flow to the Group. Software development costs subject to capitalisation include labour costs and other expenses directly related to development. Capitalised software costs are amortised over the estimated useful life not exceeding 5 years. Regular software maintenance costs are recognised as expenses in the income statement.

Other intangible assets

Expenditures related to the patents, trademarks, licenses and certificates are capitalised when it is possible to evaluate the related future economic benefits. Other intangible assets are amortised on a straight-line basis over the estimated useful life of the asset not exceeding 5 years.

I. Impairment of assets

Intangible assets that have indefinite useful lives are tested annually for impairment by comparing their carrying amounts with their recoverable amounts.

Assets that are subject to depreciation and amortisation and assets with unlimited useful lives (land) are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Under those circumstances, the recoverable amount is estimated and compared to the carrying amount.

An impairment loss is recognised in the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount of an asset is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing an impairment of an asset, assets are assessed either individually or grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating unit).

Impairment losses are recognised as cost in the reporting period.

At each following balance sheet date, assets that have been impaired are assessed to determine whether their recoverable amount has increased. If the impairment test indicates that the recoverable value of an asset or asset group (cash generating unit) has increased above its carrying amount, the previous impairment loss is reversed up to the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods, by applying normal depreciation rates and methods to the asset or the asset group. Reversal of impairment losses are recognised in the income statement as a reduction of the impairment loss.

J. Finance and Operating leases

Leases of assets, which transfer substantially all the risks and rewards incidental to ownership to the lessee, are classified as finance leases. Other leases are classified as operating leases.

The Group as the lessee

Finance leases are recognised in the balance sheet as assets and liabilities at the lower of the fair value of the leased asset and the present value of minimum lease payments. Each lease payment is apportioned between the finance charges (interest expense) and reduction of the outstanding liability. The finance charge (interest expense) is charged to the income statement over the lease period so as to achieve a constant periodic rate of interest on the remaining balance of the liability. The assets acquired under finance lease are depreciated similarly to owned assets over the shorter of the useful life of the asset and the lease term. The costs identified as directly attributable to activities performed by the lessee for a finance lease are added to the amount recognised as an asset.

Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

K. Financial liabilities

All financial liabilities (trade payables, borrowings, accrued expenses, issued bonds and other current and non-current liabilities) are initially measured at cost, which includes all costs directly attributable to the purchase. They are subsequently measured at amortised cost (except for financial liabilities purchased to be resold and derivatives with negative fair values, which are recognised in their fair values).

The amortised cost of current financial liabilities generally equals their nominal value, therefore current financial liabilities are carried in the balance sheet at their redemption value. For determining the amortised cost of non-current financial liabilities, they are initially recognised at the fair value of the consideration received (less any transaction costs), calculating an interest expense on the liability in subsequent periods using the effective interest rate method.

A financial liability is classified as current when it is due to be settled within 12 months after the balance sheet date or the group does not have an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date. Borrowings due to be settled within 12 months after the balance sheet date but that are refinanced as non-current after the balance sheet date but before the financial statements are authorised for issue are recognised as current liabilities. Borrowings that the lender has the right to recall at the balance sheet date as a consequence of a breach of contractual terms are also recognised as current liabilities.

L. Provisions and contingent liabilities

Present obligations arising from past events, which have occurred before the balance sheet date and whose timing or amount is uncertain, are recognised as provisions. Provisions are recognised based on management's estimates regarding the amount and timing of the expected outflows. The amount recognised as a provision shall be the best estimate of the management regarding the expenditure required to settle the present obligation at the balance sheet date or to transfer it to a third party.

If a provision is expected to be settled later than 12 months after the balance sheet date, it is recognised at the discounted value (at the present value of payments relating to the provision) unless the effect of discounting is immaterial.

Other possible or present obligations arising from past events but whose settlement is not probable or the amount of which cannot be measured with sufficient reliability are disclosed as contingent liabilities in the Notes to the financial statements.

Pledges, guarantees and other obligations, whose settlements are not probable or the amount of which cannot be measured with sufficient reliability, but which under certain conditions may realise in future, are disclosed as contingent liabilities in the Notes to the financial statements.

M. Corporate income tax

According to the Income Tax Act applicable in Estonia, annual profits earned by entities are not taxed in Estonia. Corporate income tax is paid on dividends, fringe benefits, gifts, donations, costs of entertaining guests, non-business related disbursements and adjustments of the transfer price. The tax rate on distributed profits is 22% of the net amount paid out (i.e., 22/78). Under certain conditions, received dividends can be redistributed without additional income tax costs. The exemption applies if the company receiving and redistributing the dividends had at least a 10% ownership stake in the distributing company at the time of receipt.

The previously applicable reduced tax rate of 14% (14/86 of the net dividend) for regularly distributed dividends will no longer be in effect as of January 1, 2025. However, a transitional provision may apply to dividends received before this date that were taxed at the lower rate when subsequently distributed.

The corporate income tax arising from the payment of dividends is recognised as a liability and an income tax expense in the period in which dividends are declared, regardless of the period for which the dividends are paid or the actual payment date. The tax becomes due to the tax authorities on the 10th day of the month following the dividend payment.

Due to the nature of the taxation system, the companies registered in Estonia do not have any differences between the tax basis of assets and their carrying amount and hence, no deferred income tax assets and liabilities arise. A contingent income tax liability, which would arise upon the payment of dividends, is not recognised in the balance sheet. The maximum income tax liability, which would accompany the distribution of group's retained earnings, is disclosed in Note 12 to the consolidated financial statements.

N. Revenue recognition

Revenue from the sale of goods is recognised at the fair value of the consideration received or receivable, taking into consideration all discounts and rebates. Revenue from the sale of goods is recognised when the group has transferred the significant risks and rewards incidental to ownership of the goods to the buyer, the outcome of the transaction (i.e. revenue and expenses relating to the transaction) can be estimated reliably and the receipt of payment from the transaction is probable.

Revenue from the sale of services is recognised after performing the servicing activity or when the servicing activity is provided over a longer period of time, according to the stage of completion method.

Sale of electrical and thermal energy and district cooling service

Revenue from sale of electrical and thermal energy and district cooling service is recognised on accrual basis based on the reading of meters.

Connection fees

Connection fees are recorded as revenue, when the service associated with connection has been provided (i.e. assets required for connection are built) and there remains no substantive risk to pay back those fees.

Other

Interest and dividend income is recognised when the right to receive the payment is certain and the amount of income can be measured reliably. Interest income is recognised using the asset's effective interest rate unless the receipt of interest is uncertain. In such cases, interest income is recognised on a cash basis. Dividend income is recognised when the right to receive payment is established by the owner.

Note 2 Cash and cash equivalents

IN EUR THOUSAND	**31.12.2025**	31.12.2024
Bank accounts	**36,255**	25,375
Cash in transit	**39**	14
Term deposits (with maturities of less than 3 months)	**300**	300
TOTAL CASH AND CASH EQUIVALENTS	**36,594**	25,689

Note 3 Receivables and prepayments

Current receivables and prepayments

IN EUR THOUSAND	**31.12.2025**	31.12.2024
Trade receivables	**33,792**	36,180
Inc. Accounts receivables	**33,792**	36,212
Allowance for doubtful receivables	**0**	-32
Prepaid taxes and receivables for reclaimed taxes	**131**	1
Other current receivables	**3,555**	2,563
Receivables from associates (Note 21)	**158**	78
Interest receivables from associates (Note 21)	**993**	0
Prepayments for services	**1,261**	997
TOTAL CURRENT RECEIVABLES AND PREPAYMENTS	**39,890**	39,819

Non-current receivables and prepayments

IN EUR THOUSAND	**31.12.2025**	31.12.2024
Non-current prepayments	**1,038**	20
Loans granted (Note 21)	**35,750**	34,750
TOTAL NON-CURRENT RECEIVABLES AND PREPAYMENTS	**36,788**	34,770

During the reporting period, allowance for doubtful receivables decreased EUR 26 thousand (2024: receivables increased EUR 29 thousand). In 2025, 6 thousand was written-off (2024: no receivables were written-off). See Note 16. During the reporting period, income from previously written-off receivables in the amount of EUR 2 thousand was recognised (2024: EUR 1 thousand). See Note 14.

Note 4 Inventories

IN EUR THOUSAND	**31.12.2025**	31.12.2024
Raw materials and consumables	**3,045**	2,658
Fuel	**4,883**	6,906
Prepayments for inventories	**1**	19
TOTAL INVENTORIES	**7,929**	9,583

In 2025, fuel inventories were revalued in the amount of -1,581 thousand euros (no inventory revaluation was recognised in 2024). During the reporting period, inventories were discarded in amount of EUR 5 thousand (2024: in amount of EUR 17 thousand).

Note 5 Subsidiaries

As at 31.12.2025 OÜ Utilitas owned shares of the following subsidiaries:

Subsidiary	Area of activity	**Ownership 31.12.2025**	Ownership 31.12.2024
OÜ Utilitas Tallinna Elektrijaam	Production and sale of thermal and electrical energy	**100%**	100%
AS Utilitas Eesti	Production and sale of thermal and electrical energy	**100%**	100%
Utilitas Valka SIA	Production and sale of thermal and electrical energy	**100%**	100%
OÜ Tuulepealne Maa	Production and sale of electrical energy	**100%**	100%
AS Utilitas Tallinna Soojus	Production and sale of thermal and electrical energy and district cooling	**66.7%**	66.7%
AS Utilitas Tallinn	Production and sale of thermal and electrical energy and district cooling	**-**	66.7%
AS Tallinna Soojus	Monitoring of service levels	**-**	66.7%

In order to simplify the group structure and save costs, in March 2025 the former 100% subsidiaries of AS Utilitas Tallinna Soojus – AS Utilitas Tallinn and AS Tallinna Soojus were merged into the parent company which continues to manage investments in the Tallinn area and provide district heating and cooling services.

Besides the subsidiary Utilitas Valka SIA which operates in Latvia all other subsidiaries are established and operate in Estonia.

Note 6 Associates

In February 2021, OÜ Utilitas together with OÜ UG Investments established a joint venture (50%/50%) OÜ Utilitas Wind to acquire and develop non-combustible renewable projects in Estonia and other Baltic countries. The investment has been classified as associated company as shareholders have shared joint control over the company.

IN EUR THOUSAND	**31.12.2025**	31.12.2024
Investment in the associate at the beginning of the year	**6,731**	5,434
Reporting period's profit calculated under the equity method	**4,719**	1,297
Investment in associate at the end of the year	**11,450**	6,731

Financial information about the associate OÜ Utilitas Wind (reflecting 100% of the associate):

IN EUR THOUSAND	**31.12.2025**	31.12.2024
Current assets	**65,897**	19,344
Non-current assets	**157,487**	147,152
Current liabilities	**25,639**	5,687
Non-current liabilities	**168,822**	143,374
Owners' equity	**28,923**	17,435
Revenue	**21,970**	13,937
Net profit	**9,906**	2,627

In 2021, OÜ Utilitas acquired ownership of 20.36% interest in AS Tallinna Vesi which is the largest water utility company in Estonia providing drinking water and wastewater disposal services in Tallinn and neighbouring municipalities.

IN EUR THOUSAND	**31.12.2025**	31.12.2024
Investment in the associate at the beginning of the year	**59,821**	58,597
Dividends received	**-2,158**	-2,077
Reporting period's profit calculated under the equity method	**2,851**	3,301
Investment in associate at the end of the year	**60,514**	59,821

Financial information about the associate AS Tallinna Vesi (reflecting 100% of the associate):

IN EUR THOUSAND	**31.12.2025**	31.12.2024
Current assets	**23,219**	15,515
Non-current assets	**341,353**	298,326
Current liabilities	**24,892**	20,543
Non-current liabilities	**163,773**	123,039
Owners' equity	**175,907**	170,259
Revenue	**72,481**	64,377
Net profit	**16,248**	18,736

Note 7 Property, plant and equipment

IN EUR THOUSAND	Buildings and land	Machinery and equipment	Other tangible assets	Construction in progress and prepayments	Total
Balance as at 31.12.2024					
Cost	394,545	334,919	3,642	48,970	782,076
Accumulated depreciation	-106,710	-86,719	-1,860	0	-195,289
CARRYING VALUE	287,835	248,200	1,782	48,970	586,787
Changes in the year 2025					
Acquisitions and improvements	0	772	468	95,422	96,662
Value adjustment	0	0	0	-2,808	-2,808
Write-offs	-33	-40	0	0	-73
Sales	0	-4	0	0	-4
Reclassifications	57,048	12,517	0	-69,565	0
Depreciation	-15,728	-14,860	-321	0	-30,909
Balance as at 31.12.2025					
Cost	**450,900**	**347,694**	**4,046**	**72,019**	**874,659**
Accumulated depreciation	**-121,778**	**-101,109**	**-2,118**	**0**	**-225,005**
CARRYING VALUE	**329,122**	**246,585**	**1,928**	**72,019**	**649,654**

Proceeds from sale of property, plant and equipment during the reporting period was in the amount of EUR 16 thousand (2024: EUR 50 thousand). Loss from the write-off of property, plant and equipment was EUR 73 thousand (2024: EUR 75 thousand).

Additional information on the value of assets acquired under finance lease terms is provided in Note 8.

Note 8 Finance lease

The Group as a lessee:

IN EUR THOUSAND	**Tangible assets**
Balance as at 31.12.2024	
Cost	1,571
Accumulated depreciation	-538
CARRYING VALUE	1,033
Changes in the year 2025	
Acquisitions	594
Sales and buyout	-23
Depreciation	-320
Balance as at 31.12.2025	
Cost	**2,052**
Accumulated depreciation	**-768**
CARRYING VALUE	**1,284**

As at 31.12.2025 the financial lease liability amounted to EUR 1,098 thousand (31.12.2024: EUR 853 thousand). Vehicles are being leased under financial lease. See also Note 7 and 10.

Note 9 Intangible assets

IN EUR THOUSAND	Goodwill	Other intangible assets	Total
Balance as at 31.12.2024			
Cost	26,133	4,995	31,128
Accumulated amortization	-13,770	-1,627	-15,397
CARRYING VALUE	12,363	3,368	15,731
Changes in the year 2025			
Acquisitions and improvements	0	1,227	1,227
Amortization	-1,368	-621	-1,989
Balance as at 31.12.2025			
Cost	**26,133**	**6,114**	**32,247**
Accumulated amortization	**-15,138**	**-2,141**	**-17,279**
CARRYING VALUE	**10,995**	**3,973**	**14,968**

Note 10 Borrowings

IN EUR THOUSAND	**Current balance 31.12.2025**	**Non-current balance 31.12.2025**	Maturity	Contractual interest rate
Loans from parent company (Note 21)	**0**	**465,096**	2032-2047	3.89%-5.28%
Other interest-bearing financial liability	**0**	**40,569**	2047	4.99%
Financial lease	**311**	**787**	2026-2030	six-month euribor +1.35-1.58%
TOTAL	**311**	**506,452**		

IN EUR THOUSAND	**Current balance 31.12.2024**	**Non-current balance 31.12.2024**	Maturity	Contractual interest rate
Loans from parent company (Note 21)	**0**	**448,201**	2047	4.41%-5.66%
Financial lease	**252**	**601**	2024-2029	six-month euribor +1.35-1.58%
TOTAL	**252**	**448,802**		

In the reporting period additional loans were received from the parent company in the total amount of EUR 55,000 thousand (2024: EUR 60,000 thousand), loan was repaid EUR 39,441 thousand, including related arrangement fees (2024: EUR 12,500 thousand).

By a resolution of the Supervisory Board of Utilitas Tallinna Soojus, in December 2025 the voluntary reserve was reduced in the amount of 121,683 thousand euros, with a repayment date of 18 November 2047 and an annual interest rate of 4.99%, of which 40,569 thousand euros constitutes a liability to the City of Tallinn.

The interest accrued of the reporting period from loans received and commitment fees was EUR 22,989 thousand, including capitalized loan interest EUR 1,852 thousand (2024: EUR 21,629 thousand, including capitalized loan interest EUR 149 thousand; see Note 21), interest expense on other financial liabilities EUR 239 thousand (2024: 0 euros) and the interest expense of the financial lease was EUR 34 thousand (2024: EUR 38 thousand).

The Group has entered into a working capital loan agreement with SEB bank with a limit of EUR 34 million (2024: EUR 34 million), working capital loan commitment fees were EUR 208 thousand (2024: EUR 174 thousand), there was no interest expense on working capital loan during the reporting period (2024: EUR 125 thousand). As of 31.12.2025 and 31.12.2024, the working capital loan was not used.

All Group debt liabilities are in EUR. Information about collaterals of loan liabilities is disclosed in Note 18.

Note 11 Payables and prepayments

Current payables and prepayments

IN EUR THOUSAND	**31.12.2025**	31.12.2024
Payables to suppliers	**39,562**	33,999
Payables to employees	**149**	178
Tax Liabilities	**1,839**	2,995
Incl. VAT	**554**	1,777
Social tax	**518**	495
Air contamination tax	**304**	329
Personal income tax	**287**	243
Income tax of special cases	**65**	52
Unemployment insurance	**28**	26
Obligatory pension payments	**23**	13
Excise tax	**60**	60
Other payables	**1,274**	825
Interest payable (Note 21)	**4,434**	57
Current provisions	**3,784**	2,533
Reserve for CO_2 emission allowances (Note 19)	**2,768**	4,809
Prepayments received	**304**	302
TOTAL CURRENT PAYABLES AND PREPAYMENTS	**54,114**	45,698

Note 12 Share capital

	31.12.2025	31.12.2024
Share capital (EUR thousand)	**7,650**	7,650
Number of shares (pcs.)	**1**	1
Share value (EUR)	**7,650,000**	7,650,000

As at 31.12.2025 and 31.12.2024, the share capital of the parent company consisted of 1 share with the nominal value of EUR 7,650,000, which has been fully paid for.

In November 2018, a leading international infrastructure fund with long-term strategy, European Diversified Infrastructure Fund II (hereinafter EDIF II), managed by Igneo Infrastructure Partners (the direct infrastructure management unit of First Sentier Investors Group), became one of the owners of the company. The indirect owners of the company are EDIF II (85%) and the companies of the members of the management team of OÜ Utilitas (15%). The direct 100% parent company of OÜ Utilitas is joint holding company FS Core Utilities S.à r.l.

IN EUR THOUSAND	**31.12.2025**	31.12.2024
Retained earnings	**240,658**	196,623
Potential dividends	**187,713**	153,366
Possible income tax on potential dividends	**52,945**	43,257

In 2025, EUR 6,000 thousand were paid as dividends (2024: EUR 6,000 thousand) and this resulted in an income tax expense of EUR 1,080 thousand (2024: EUR 598 thousand).

Note 13 Sales revenue

IN EUR THOUSAND	**2025**	2024
Consolidated revenue by geographical region		
Estonia	**221,328**	208,735
Latvia	**1,771**	1,048
Lithuania	**12**	0
TOTAL	**223,111**	209,783
Consolidated revenue by activity		
Production and sale of thermal and electrical energy	**205,839**	193,049
Renewable energy subsidies	**12,024**	11,382
Other revenue	**5,248**	5,352
TOTAL SALES REVENUE	**223,111**	209,783

Note 14 Other income

IN EUR THOUSAND	**2025**	2024
Proceeds from sale of property, plant and equipment	**12**	29
Fines and penalties received	**84**	9
Irrecoverable receivables collected (Note 3)	**2**	1
Sale of CO_2 quotas	**2,931**	2,934
Hedge income	**1,619**	0
Government grants income	**4,250**	2,725
Other operating income	**18**	657
TOTAL OTHER INCOME	**8,916**	6,355

During the reporting period, sales of greenhouse gas emission units were carried out wherein the outstanding emission units of the current trading period were sold, totalling 42.1 thousand tonnes, with an average price of EUR 69.6 per ton (2024: 45.4 thousand tonnes, with an average price of EUR 64.7 per ton; see Note 19).

Note 15 Cost of goods and services sold

IN EUR THOUSAND	**2025**	2024
Raw materials and purchased energy	**-81,209**	-95,373
Energy, water and chemical expense	**-6,733**	-5,492
Repair and maintenance costs	**-6,343**	-5,368
Air pollution charge	**-994**	-660
Cost of CO_2 emission quota (Note 19)	**-2,706**	-4,782
Building permit and estate tax	**-625**	-551
Other	**-2,595**	-2,554
TOTAL COST OF GOODS AND SERVICES SOLD	**-101,205**	-114,780

Note 16 Other operating expenses

IN EUR THOUSAND	**2025**	2024
Office, administrative and maintenance costs	**-2,290**	-1,910
State and local taxes	**-901**	-893
External counsel	**-790**	-768
Property insurance costs	**-994**	-992
Allowance for doubtful receivables (Note 3)	**26**	-29
Other expenses	**-2,349**	-2,083
TOTAL OTHER OPERATING EXPENSES	**-7,298**	-6,675

Note 17 Payroll expense

IN EUR THOUSAND	**2025**	2024
Wages and salaries	**-13,244**	-12,651
Social security costs	**-4,411**	-4,225
TOTAL PAYROLL EXPENSE	**-17,655**	-16,876
Average number of employees in full time equivalent units	**324**	307
Inc. employees working under an employment contract	**311**	293
Inc. members of the management board and other control bodies	**13**	14

Note 18 Loan guarantees, pledged assets and guarantees given

Pledge on the shares of subsidiaries and pledge on claims from intra-group loans serves as collateral for the liabilities related to the Group's investment loans in the amount of EUR 472,313 thousand as at 31.12.2025 (as at 31.12.2024: EUR 488,201 thousand; see Note 10 and 21).

In April 2021, OÜ Utilitas provided a guarantee for the benefit of OÜ Utilitas Wind, the guarantee amount was EUR 3,419 thousand as at 30.06.2025 (as at 31.12.2024: EUR 3,419 thousand). The guarantee limit agreement was considered terminated effective 1 July 2025. The guarantee interest was 9% per annum (see Note 21).

Note 19 Contingent assets

Pursuant to Article 10a of Directive 2003/87 / EC of the European Parliament and of the Council, a total of 74,752 tonnes (2024: 75,451 tonnes) of free greenhouse gas emission units for heat production have been allocated to Utilitas group installations for the reporting period 2025. As at 31.12.2025, the amount of unused allowances in the registry account was 45,050 tonnes (31.12.2024: 73,029 tonnes), from which the amount of 67,193 tonnes in 2025 has not been deducted (101,567 tonnes in 2024), which will be returned in September 2026 in accordance with the regulations. As the volume of greenhouse gas emission units owned by the AS Utilitas Tallinna Soojus as at 31.12.2025 is not sufficient to cover the needs of the company, a provision in the amount of 2,768 thousand euros has been formed (31.12.2024: EUR 4,809 thousand; see Note 11 and 15), of this EUR 800 thousand has been acquired and is recognised as intangible current assets (31.12.2024: EUR 2,790 thousand). Additional information on the sale of CO_2 emission allowances is presented in Note 14.

During 2025, AS Utilitas Tallinna Soojus purchased 20 thousand tons of CO_2 emission futures for a total price of EUR 1,405 thousand (2024: 40 thousand tons for a total price of EUR 2,686 thousand), in order to cover the emissions of the reporting period. Due to the higher average temperature, 12.3 thousand tons remained from 2024, which were carried forward to cover the need for 2025. The settlement date for the 2025 futures is in August 2026 (2024: August 2025).

Note 20 Contingent liabilities

Potential liabilities related to tax audit

The tax authorities have the right to review a company's tax accounting for up to 5 years in Estonia after filing the tax returns and upon detecting errors, assign additional taxes, interest and fines.

The group's management estimates that there are no circumstances that might lead the tax authorities to assess additional taxes for the group.

Note 21 Transactions with related parties

Name of the parent company: FS Core Utilities S.à.r.l.

The country where the parent company is registered: Luxembourg

Name of Group that the parent company belongs to: FS Elio S.à.r.l.

The country where the Group parent company is registered: Luxembourg

In preparing the consolidated financial statements for OÜ Utilitas, the following parties have been considered to be related parties:

a. Entities that control or have significant influence over the company;

b. Subsidiaries and affiliates (transactions with subsidiaries that are eliminated in the course of consolidation must not be disclosed in consolidated statements);

c. The management of the company or its parent company and private shareholders of the company, who control or have significant influence over the company, close family members of the persons mentioned above and the companies that all the persons mentioned above control or over which they have significant influence.

Receivables from related parties

IN EUR THOUSAND	**31.12.2025**	31.12.2024
Current receivables from associates (Note 3)	**1,151**	78
Inc. Interest receivables	**993**	0
Non-current receivables from associates (Note 3)	**35,750**	34,750
Inc. Loans granted	**35,750**	34,750

Sales to related parties

IN EUR THOUSAND	**2025**	2024
Goods and services sold to associates	**807**	875
Interest income on loans to associates	**1,977**	1,896
Interest income on guarantees given to associates (Note 18)	**153**	309

Payables to related parties

IN EUR THOUSAND	**31.12.2025**	31.12.2024
Current payables to parent company (Note 11)	**4,356**	57
Current payables to associates	**223**	203
Non-current payables to parent company	**465,096**	448,201
Inc. loans received (Note 10; 18)	**465,096**	448,201

Purchases from related parties

IN EUR THOUSAND	**2025**	2024
Interest accrued on the loan received from the parent company (Note 10)	**22,989**	21,629
Inc. capitalized loan interest	**1,852**	149
Inc. interest expense on loan agreement fees	**211**	0
Capitalized loan agreement fee	**1,125**	0
Goods and services purchased from associates	**1,830**	1,520
Inc. capitalized purchases	**765**	9

There are no contractual obligations to acquire or sell from/to related parties.

In 2025, the remuneration of the members of the Management Board and Supervisory Board of all Group entities amounted to EUR 1,463 thousand plus social taxes (2024: EUR 1,404 thousand plus social taxes).

Upon termination of a contract with certain members of the executive and senior management team, depending on the reasons for termination of the contract, the Group may have an obligation to pay compensation in the amount of 2 - 12 months' remuneration.

Note 22 Separate primary financial statements of the parent company

The primary financial statements of the parent company have been prepared using the same principles, which have been used in the preparation of the consolidated financial statements, except for investments in subsidiaries, which are measured at cost.

Unconsolidated balance sheet

IN EUR THOUSAND	**31.12.2025**	31.12.2024
ASSETS		
Current assets		
Cash and cash equivalents	**17**	22
Receivables and prepayments	**8,288**	6,846
Inventories	**0**	69
TOTAL CURRENT ASSETS	**8,305**	6,937
Non-current assets		
Financial investments in subsidiaries	**93,718**	174,832
Investments in associates	**71,964**	66,552
Loans granted	**382,041**	239,927
Property, plant and equipment	**508**	5,430
Intangible assets	**421**	154
Total non-current assets	**548,652**	486,895
TOTAL ASSETS	**556,957**	493,832
LIABILITIES AND EQUITY		
Current liabilities		
Borrowings	**35,049**	5,708
Finance leases	**40**	26
Payables and prepayments	**7,513**	4,378
Total current liabilities	**42,602**	10,112
Non-current liabilities		
Borrowings	**469,108**	448,201
Finance leases	**108**	80
Total non-current liabilities	**469,216**	448,281
TOTAL LIABILITIES	**511,818**	458,393
Equity		
Share capital	**7,650**	7,650
Retained earnings	**37,489**	27,789
TOTAL EQUITY	**45,139**	35,439
TOTAL LIABILITIES AND EQUITY	**556,957**	493,832

Unconsolidated income statement

IN EUR THOUSAND	**2025**	2024
Revenue		
Sales revenue	**20,185**	2,942
Other income	**3,850**	4,232
TOTAL REVENUE	**24,035**	7,174
Cost of goods and services sold	**-2,375**	-568
Other operating expenses	**-1,115**	-1,045
Payroll expense	**-2,531**	-2,644
Depreciation, amortisation and impairment	**-2,943**	-206
Other expenses	**-15**	0
Total operating profit	**15,056**	2,711
Financial income and expenses		
Financial income from investments in subsidiaries and associates	**11,400**	7,898
Interest expense	**-23,490**	-22,477
Other financial income and expenses	**12,734**	12,049
TOTAL FINANCIAL INCOME AND EXPENSES	**644**	-2,530
Profit before tax	**15,700**	181
NET PROFIT FOR THE PERIOD	**15,700**	181

Unconsolidated cash flow statement

IN EUR THOUSAND	**2025**	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating profit	**15,056**	2,711
Adjustments:		
Depreciation and impairment losses of property, plant and equipment and intangible assets	**2,943**	206
Change in receivables and prepayments related to operating activities	**3,442**	-3,597
Change in inventories	**69**	-69
Change in liabilities and prepayments related to operating activities	**-735**	918
Interest paid	**-19,074**	-22,395
Total cash flow from operating activities	**1,701**	-22,226
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment and intangible assets	**-1,676**	-3,853
Proceeds from sale of property, plant and equipment and intangible assets	**2**	0
Loans granted	**-72,000**	-53,950
Proceeds from repayment of loans granted	**11,000**	12,500
Interest received	**10,908**	11,763
Dividends received	**5,988**	5,377
Total cash flow from investing activities	**-45,778**	-28,163
CASH FLOWS FROM FINANCING ACTIVITIES		
Loans received	**90,049**	65,708
Repayments of loans received	**-39,939**	-12,500
Payment of finance lease liabilities	**-38**	-25
Dividends paid	**-6,000**	-6,000
Total cash flow from financing activities	**44,072**	47,183
TOTAL CASH FLOWS	**-5**	-3,206
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**22**	3,228
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**17**	22

Unconsolidated statement of changes in equity

IN EUR THOUSAND	Share capital	Retained earnings	Total
Balance as at 31.12.2024	**7,650**	**27,789**	**35,439**
Net profit for the period	**0**	**15,700**	**15,700**
Dividends paid	**0**	**-6,000**	**-6,000**
Balance as at 31.12.2025	**7,650**	**37,489**	**45,139**

Adjusted unconsolidated equity at 31.12.2025

Carrying amount of investments under control and significant influence	0	-93,718	-93,718
Value of investments under control and significant influence under the equity method	0	296,887	296,887
Adjusted unconsolidated equity at 31.12.2025	7,650	240,658	248,308

Independent Auditor's Report

To the Shareholder of Osaühing Utilitas

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Osaühing Utilitas and its subsidiaries (together the "Group") as at 31 December 2025, and the Group's consolidated financial performance and consolidated cash flows for the year then ended in accordance with the Estonian financial reporting standard.

What we have audited

The Group's consolidated financial statements comprise:
- the consolidated balance sheet as at 31 December 2025;
- the consolidated income statement for the year then ended;
- the consolidated cash flow statement for the year then ended;
- the consolidated statement of changes in equity for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Estonia) (ISAs (EE)). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the Code of Ethics for Professional Accountants (Estonia) (including Independence Standards) as adopted by Auditing Activities Oversight Board (Code of Ethics (Estonia)) and we have fulfilled our other ethical responsibilities in accordance with Code of Ethics (Estonia).

Reporting on other information including the Management report

The Management Board is responsible for the other information. The other information comprises the Management report (but does not include the consolidated financial statements and our auditor's report thereon).

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

With respect to the Management report, we also performed the procedures required by the Auditors Activities Act. Those procedures include considering whether the Management report is consistent, in all material respects, with the consolidated financial statements and is prepared in accordance with the requirements of the Accounting Act.

Based on the work undertaken in the course of our audit, in our opinion:

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

If, based on the work we have performed on the Management report that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement in the Management report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Management Board and those charged with governance for the consolidated financial statements

The Management Board is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Estonian financial reporting standard and for such internal control as the Management Board determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (EE) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs (EE), 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 the Management Board.
- Conclude on the appropriateness of the Management Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purpose of the group audit. We remain solely responsible for our audit opinion.

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

On behalf of AS PricewaterhouseCoopers

Original report is signed in Estonian language.

Iiris Embrich
Auditor's certificate no. 725

29 May 2026
Tallinn, Estonia

Translation note:
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SIGNATURES OF THE MANAGEMENT BOARD TO THE 2025 CONSOLIDATED ANNUAL REPORT

2025 Consolidated Annual Report of OÜ Utilitas was signed on 29 May 2026.

Priit Koit

Chairman of the Management Board, Group CEO

Priit Brus

Member of the Management Board

Liina-Maarja Blumfeldt

Member of the Management Board


UTILITAS