ANNUAL REPORT 2025

Sunly AS Group

sunly

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OVERVIEW

Our mission:

WE MAKE RENEWABLE ENERGY USEFUL BY DELIVERING POWER THAT SERVES REAL NEEDS – FOR HOMES, BUSINESSES, INDUSTRIES, COMMUNITIES AND OUR INVESTORS.

We focus on value, not volume, investing our time where energy can be used smarter, fairer and more transparently.

THE YEAR IN BRIEF

280 GWh
Green electricity produced

1 GW
Operational & under construction portfolio

1 GW
Ready-to-build portfolio

6 GW
Development pipeline

Significant events in 2025

Largest funding deals

- **EUR 62m** from EIB, SEB and Luminor for Risti 244 MW – the largest solar park in the Baltics and EIB's first fully merchant renewable energy deal in the region
- **EUR 85m** from EIB, EBRD and SEB for four solar parks in Latvia (Valmiera, Barkava, Dagda, Zirņi, 329 MW total)
- **EUR 37m** from mBank for Borzęcin (70 MW) and Brzegi (50 MW) solar parks in Poland

Strategic milestones

- Received building permits to build up to **1.2 GWh of BESS** projects in the Baltics
- Became the first developer to receive a **hybrid energy park permit in Latvia**
- Partnership formed with Deep Wind Offshore and VALOREM Group to develop the offshore wind project **Tuul Energy** in Estonia
- Began providing **fast frequency reserves** in Estonia
- **758 MW of development pipeline** projects completed EIA and zoning phases by the end of 2025, across Latvia, Lithuania and Poland, representing the next wave of ready-to-build candidates

Market expansion

- Launched electricity sales to households and businesses in Estonia
- Launched renewable heating solutions for apartment buildings, offering a fixed-price alternative to expensive district heating powered by renewable electricity

OUR JOURNEY

2018–2019

Established Sunly's management and asset companies after the core team and Estonian investors successfully exited Nelja Energia, the largest wind energy company in the Baltics.

2019

- Started solar development in the Baltics and established **cooperation with the Alseva Group in Poland**. Sunly acquired its first ready-to-build solar portfolio as well as engineering, procurement and construction (EPC) services from Alseva and constructed its **first solar parks in Poland**.
- Also started managing the **Sunly Innovation Fund**, which held cleantech startup investments made by Nelja Energia (including the Energiasalv pumped hydro storage), and began investing in new startups.

2020

- Established the first **joint ventures with large Estonian landowners** for wind and solar development.
- Submitted the first applications for Estonian **offshore wind**.
- Secured PLN 77m senior financing from mBank (Poland), EUR 2m from SEB (Estonia) and a **EUR 13m bond from LHV** pension funds (Estonia).

2021

- Raised **EUR 28m equity**, with Vardar joining as an investor.
- Signed the first pay-as-produced **solar PPA** (1.8 MW) in Estonia.
- Secured PLN 157m in senior financing from mBank, including **financing for the Rzezawa 60 MW solar park** in Poland.
- Established the EUR 4m **Sunly Innovation 2 Fund** and made direct investments in cleantech startups, such as e-cargo bike maker Vok Bikes and turning CO_2-to-graphene developer Up Catalyst.

2022

- Sunly's management and asset companies merged into one group, with Sunly becoming an **independent power producer** (IPP).
- **Acquired Alseva**, including its engineering, procurement and construction (EPC), and operational and maintenance (O&M) companies.
- Secured EUR 11m in **financing from Eiffel for Polish grid connection deposits** and EUR 1m project financing from Luminor (Estonia) for 1.8 MW solar parks.
- **Raised EUR 230m in equity**, with Mirova joining as an investor.

2023

- **Rzezawa 60 MW** solar park started operating in Poland.
- **Finalised the EUR 230m equity raise**, with the European Bank for Reconstruction and Development (EBRD) joining as an investor.

2024

- Secured **EUR 300m Holdco financing** raised from Rivage Investments, Copenhagen Infrastructure Partners (CIP) and Kommunal Landspensjonskasse (KLP) through funds managed by CIP.
- Raised **EUR 60m in equity financing** from EBRD, Mirova and Vardar.
- Began construction of the **Risti 244 MW solar park**.
- Began construction of **three large solar parks in Latvia** (Valmiera, Barkava, Dagda), with a combined capacity of 225 MW.

2025

- The **Pikkori 1.7 MW battery storage system** began offering fast frequency regulation on Estonia's new aFRR (automatic Frequency Restoration Reserve) market.
- **Started selling electricity to private customers in Estonia**. As of the end of

2025, Sunly had reached close to 1,000 clients.

- The **Risti 144 MW / 600 MWh battery** for the 244 MW Risti solar park in Estonia received a building permit.
- Secured **EUR 62m from the European Investment Bank** (EIB), together with local commercial banks SEB and Luminor, for the Risti 244 MW solar park in Estonia.
- **Secured EUR 85m** from the European Investment Bank (EIB), the European Bank for Reconstruction and Development (EBRD) and SEB **to build four solar parks** (Valmiera, Barkava, Dagda and Zirņi) in Latvia with a total capacity of 329 MW.
- **Secured EUR 37m** from mBank and started the construction of Brzegi (50 MW) and Borzęcin (70 MW) solar parks in Poland.
- Construction began on **Raba** 21 MW / 45 MWh BESS in Estonia.
- Construction began on **Zirņi** 104 MW solar park in Latvia.
- Signed the NFOŚ subsidy for **Rokitnica** 50 MW / 100 MWh BESS project in Poland.

Risti solar park, Estonia

INTERVIEW WITH THE CHAIRMAN OF THE SUPERVISORY BOARD

Martin Kruus
Chairman of the Supervisory Board

The Baltics successfully disconnected from the Russian electricity grid and joined the European grid in 2025. From a strategic perspective, what does this mean for regional energy security and Sunly's role in enabling that transition?

The core of any energy system is similar: the sum of the loads of every consumer must be covered by generation. Frequency is the metric indicating that this balance is maintained. Keeping it stable is the most important task for all parties in the system. Sunly's mission is to contribute to this through local renewable energy sources, storage and demand-side management.

Reducing dependence on energy imports and fossil fuels is the best long-term strategy for energy security. Distributed renewable energy hubs also reduce the risks associated with failures in large, concentrated power systems and fuel supply chains.

Sunly continued to deepen ties with local communities and end users this year. How do you see this community-focused approach shaping the company's long-term strategy in a changing energy landscape?

This has always been our approach: to find ways to make our projects beneficial to local communities. Our goal is to lower energy prices and share our infrastructure with new businesses. As energy is key to economic growth, we are doing our best to provide new local grid access and energy availability at lower prices.

> **Reducing dependence on energy imports and fossil fuels is the best long-term strategy for energy security.**

In 2025, Sunly entered the Estonian heating market with a new customer-focused heating solution that combines smart heat pumps, storage and stable pricing. Why did Sunly decide to do that?

Heat is just another form of energy, and it is often a larger cost item for consumers than electricity. Instead of burning fuels in boiler houses and maintaining cost-intensive heating infrastructure, we can benefit from wind and solar energy that is already available in the electricity system, especially during high-production hours. Combining these energy sources with on-site heat storage and heat pumps creates a very efficient way of producing heat, with the lowest possible thermal and electricity losses, while also reducing the sector's dependence on fuel supplies and lowering pollution. This is especially important locally, as boiler chimneys are often located close to residential areas. The natural inertia of heating systems provides much-needed flexibility to the power system when the two are integrated.

Normi solar park, Estonia

INTERVIEW WITH THE CEO

Priit Lepasepp
CEO of Sunly

2025 was a year of concrete delivery, from financing and permits to starting electricity sales in Estonia. What were the most demanding operational challenges this year, and what did the team learn from them?

2025 was demanding because we were delivering on many fronts at once. One major challenge was coordinating financing, permitting, grid readiness and construction without losing momentum. In 2025, we closed financing for seven projects across Estonia, Latvia and Poland, while at the same time preparing assets for operation and market participation. By the end of 2026, Sunly will be a 1 GW company.

Another challenge was system integration. Passing technical tests and starting to provide balancing services required close cooperation between engineering, operations and trading teams, as well as with the system operator. These are things you only solve by doing them in practice.

What we learned is the importance of building for the long term from day one. The solar parks and grid connections we are building today are designed to unlock future capacity for battery storage and wind at the same sites. They also position us to serve direct-line customers, using land, grid access and development capabilities that we have deliberately kept in-house. Execution, standardisation and strong local teams made the difference in 2025, and that is what we continue to build on.

Energy storage and hybrid projects became increasingly central to Sunly's work in 2025. How are these solutions changing the way you plan, build and operate renewable energy assets?

Storage and hybrid parks change the job from "produce when the wind blows and the sun shines" to "deliver clean energy when the system and customers actually need it". It sounds good, but it is not that easy. In Estonia, we were able to show that aggregating solar and adding storage helped increase our revenue already this year. Now we are ready to scale storage projects in all markets and add wind to existing connection points. This means that our people, knowledge and digital systems are ready.

In practice, we design our production assets as one system – hybrid. You can see this in what we are building and permitting: batteries are being added alongside generation. We participate in Day-Ahead, Intraday and all Ancillary Services energy markets with our PV assets. As of 31 December 2025 we operate 8 MWh of storage as hybrid, are constructing 61.1 MWh of storage as hybrid and are seeking financial close for 1.2 GWh of storage in the Baltics and Poland.

Operationally, this requires a higher standard. You need real-time monitoring, clear dispatch rules and a team that can operate assets actively. At the same time, it is essential to use algorithms and automation to identify the best revenue opportunities. That is why we built storage management and trading capabilities and started participating in frequency reserve markets. This is where flexibility becomes a real, measurable service for the grid.

The outcome we are aiming for is also clear: higher revenues, more predictable pricing and revenue streams, better use of local renewables and less dependence on imported fossil fuels. This has been a consistent focus in how we talk about our hybrid pipeline and electrification.

With Sunly now selling electricity directly to customers, how are customer feedback and real-life usage shaping your operational priorities going into 2026?

Selling electricity directly has brought us much closer to how energy is actually used. Customers value simplicity, transparency and predictable pricing, which is why we launched a straightforward offer: market-price electricity with no added retail margin, only a clear monthly fee. This feedback confirms that we are on the right track.

Direct sales also give us real consumption data, helping us operate assets more efficiently, reduce imbalance costs and better plan storage and flexibility.

The same thinking drove our entry into the heating market in 2025. Heat is often a higher cost for households than electricity, and using renewable electricity for heating makes economic sense for both Sunly and our customers. By combining renewable energy with heat pumps and thermal storage, we can produce heat efficiently, cut emissions and reduce dependence on imported fuels, while making customers' lives more comfortable by providing heat and hot water year-round and lowering heating costs.

We focus on regions with high district heating prices – more than 100 euros per MWh – where customers see immediate savings and benefit from stable pricing. Heating systems also provide useful flexibility to the power system. Together, electricity sales, storage and heating allow us to better align renewable production with real customer needs as we move into 2026. In these cases, Sunly also gains revenue security that is otherwise difficult to achieve on favourable terms in the Baltics.

Execution, standardisation and strong local teams made the difference in 2025, and that is what we continue to build on.

BUSINESS AND STRATEGY

MAIN BUSINESS AREAS IN 2025

IPP

Independent power producer: owning, financing, constructing and operating solar and hybrid parks in Poland and the Baltics.

As of the end of 2025, investments have been made primarily in the solar energy and storage segment.

Sunly's long-term objective is to own and operate 3 GW of renewable energy generation assets, mainly hybrid parks that combine solar, wind and battery storage, in Poland and the Baltics by 2030.

Trading & software development

We are strengthening our in-house trading capabilities with an autonomous, data-driven trading platform with 24/7 dispatch to improve operational efficiency and enhance value creation from our assets. This includes building additional expertise in trading, market analytics, and digital, data, and IT capabilities. Each megawatt-hour of electricity we produce can participate in energy, balancing, and capacity markets, enabling our assets to achieve higher net capture prices than would be possible without active trading participation.

Sale of electricity

2025 was all about setting up the retail arm in Estonia, the first target market to validate Sunly's renewable-only electricity offering for both B2B and B2C customers. In the B2C segment, the value proposition is clear: spot price plus a monthly subscription fee, aligned with Sunly's vision of using electricity better and more efficiently. In the B2B segment, the focus remained on renewable electricity.

On top of that, we piloted two additional business lines: selling battery systems to customers and offering local heating solutions in areas where heating costs exceed 100€/MWh.

Development

Wind, solar and storage hybrid projects' development in Poland and the Baltics, extended by the Energy Hubs through direct-line connections.

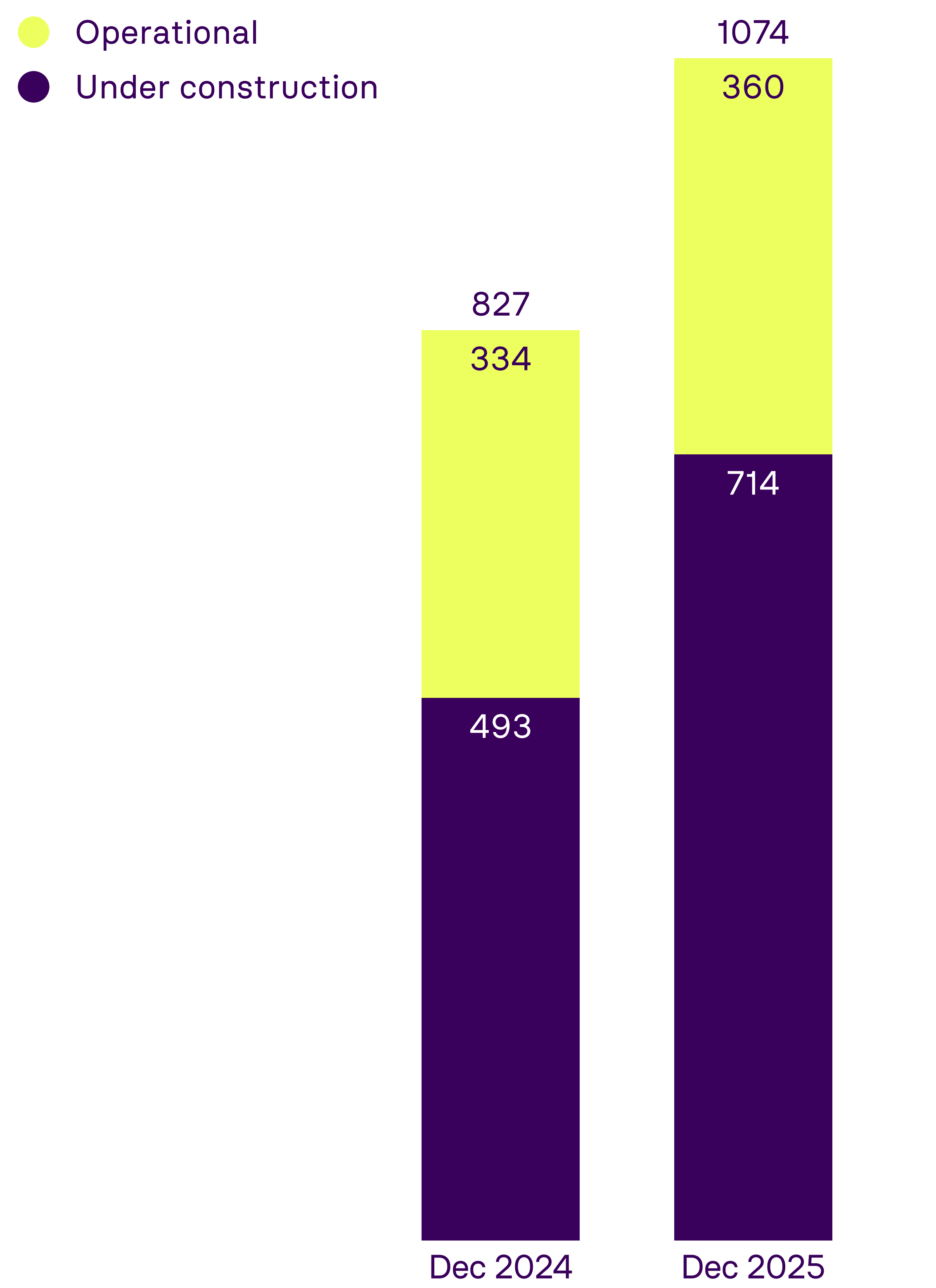
Sunly has an 8 GW development portfolio, including wind projects in Poland, as well as a 1 GW offshore wind portfolio and ready-to-build 15 GWh pumped hydro storage in Estonia, supporting its IPP business and enabling the company to offer projects to other market participants.

EPC/O&M

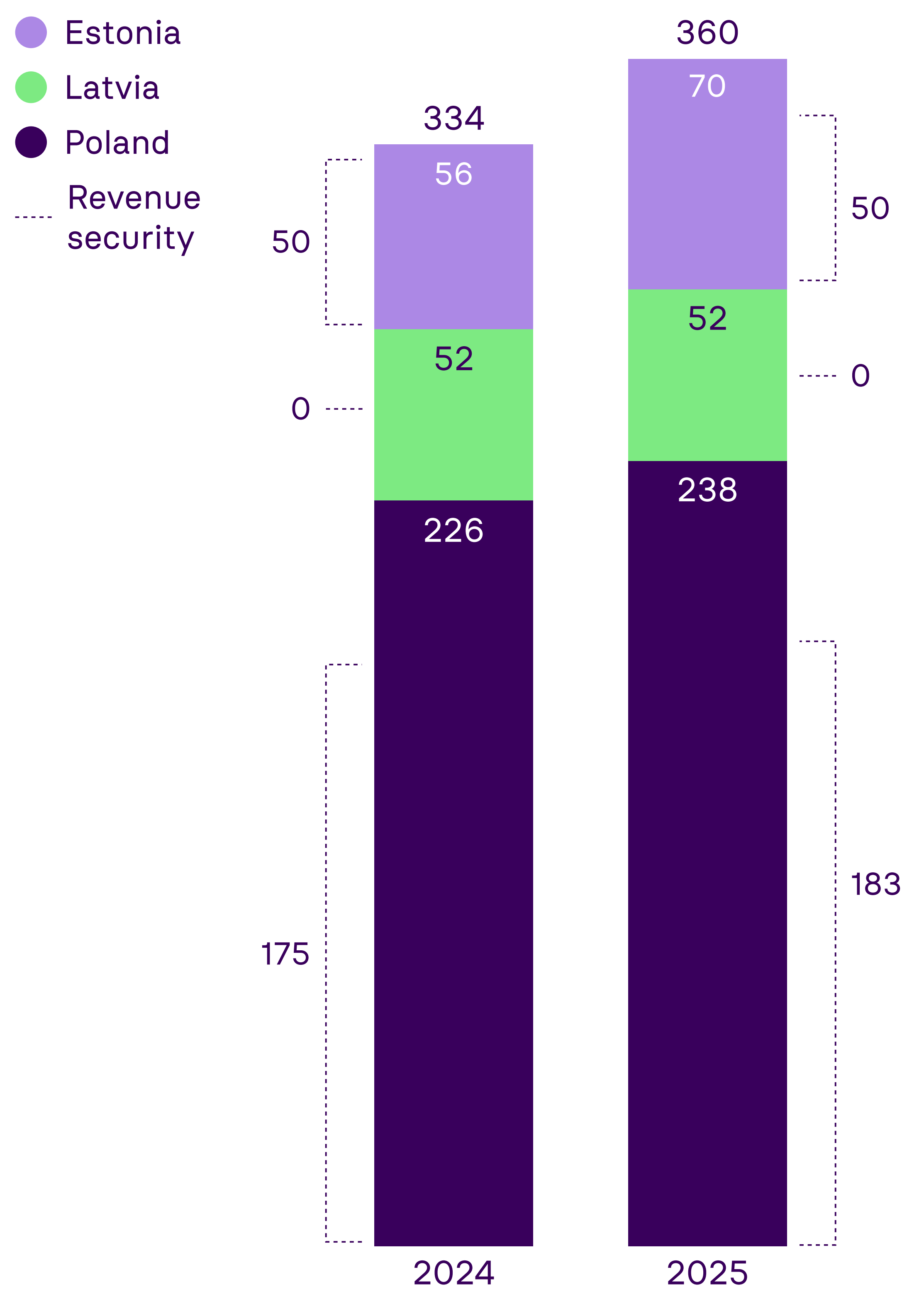
Our solar parks engineering, procurement and construction activities are focused on Poland. We also provide operations and maintenance (O&M), 24/7 monitoring, and warranty services to technology providers across the EU, primarily in Poland and the DACH and Benelux regions.

INDEPENDENT POWER PRODUCER

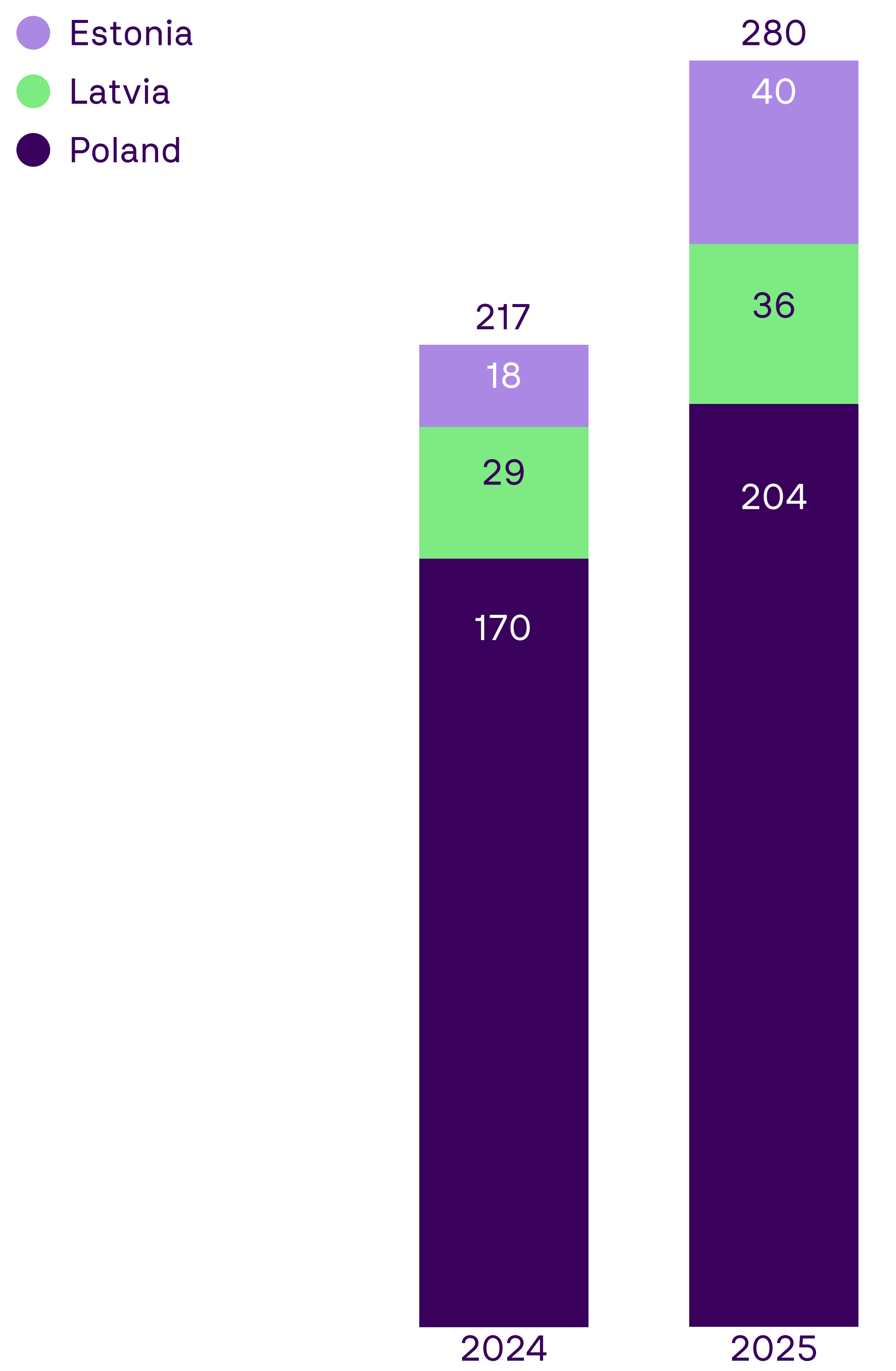
Sunly's operational and under-construction capacity development, MW



Operational capacity and revenue security by country, MW



Sunly's production by country, GWh



26 MW

New operational capacity obtained

247 MW

New under-construction capacity

65%

Revenue security

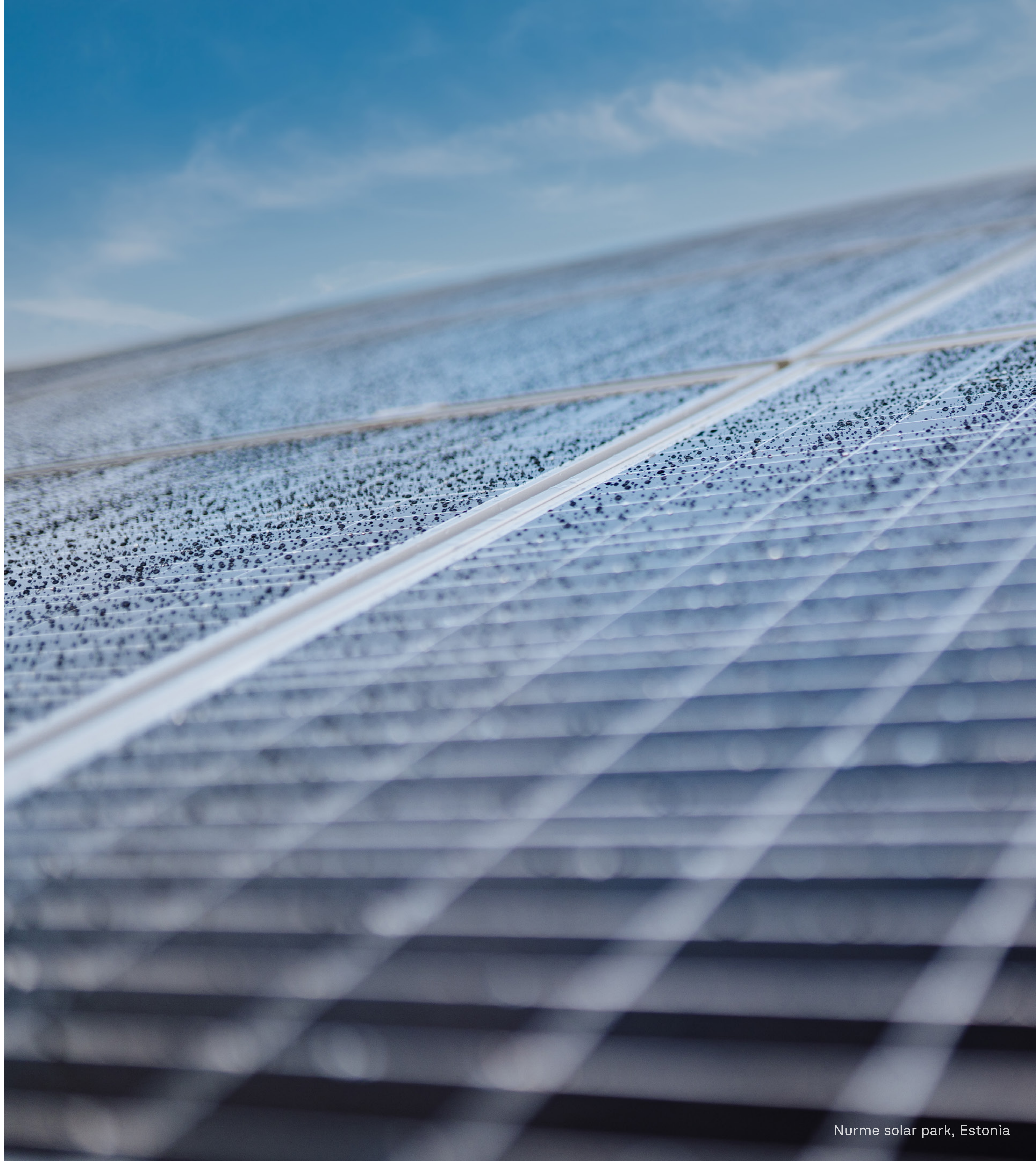
280 GWh

Production

EUR 183.6M

Senior financing for construction secured

- Increased total **operational and under-construction capacity** to 1,074 MW by December 2025 (Dec 2024: 827 MW).
- **Operational capacity** grew to 360 MW, driven by new solar parks and battery storage additions across Estonia and Poland.
- **New operational assets** commissioned in 2025 included:
  - 12.5 MW Nurme solar park (Estonia) (a joint venture with Metsagrupp)
  - 1.25 MW Kuchary solar park (Poland)
  - 4 MW Muntowo solar park (Poland)
  - 3.45 MW Piasek Wielki 3 solar park (Poland)
  - 2.87 MW Wolica 6 solar park (Poland)
  - 2 MW / 4 MWh Pikkori BESS expansion (Estonia)
  - 1 MW / 2 MWh Mario–Vahi BESS (Estonia)
  - 1 MW / 2 MWh Normi–Aidu BESS (Estonia)
- **Under-construction capacity** increased to 714 MW, reflecting continued scale-up of the construction pipeline.
- In the **Baltics**, construction continued on four large solar parks, with works also commencing on the Zirņi 104 MW solar park in Latvia.
- In **Poland**, construction began on the Brzegi 50 MW and Borzęcin 70 MW solar parks.
- In Estonia, construction commenced on the **Raba** BESS project (21 MW / 45MWh), a joint venture with Metsagrupp.
- 2025 marked a pivotal year for **Baltic ancillary electricity markets** following the disconnection from the BRELL synchronous area and synchronisation with the Continental European grid via Poland.
- The market opening introduced **new ancillary service products**, expanding beyond mFRR energy to include:
  - mFRR capacity
  - FCR capacity
  - aFRR energy and capacity
- Sunly was among the first market participants to offer **FRR services** from the first day of desynchronisation, demonstrating early operational readiness.
- Ancillary service prices were exceptionally high in the initial months, delivering **strong revenues** for Sunly's battery storage and solar assets.



Nurme solar park, Estonia

TRADING

Fully functional trading business by the end of 2027

2024

- Ancillary services markets opened in Estonia
- We established our trading entity Sunly Hz

2025

- Qualified all our Estonian assets for ancillary services markets. Earned additional revenue
- Sunly Hz became a BSP

2026

- Optimise our BESS trading by researching, testing, and deploying automated trading strategies
- Sunly Hz become a Balancing Responsible Party

2027

- Establish financial portfolio and financial risk management functions in Sunly

2028

- Start selling fixed price electricity from our asset portoflio

SALE OF ELECTRICITY

In 2025, we continued to build on the early traction of Distantspark with large customers looking for a fixed electricity price alternative. Key developments included:

- Launching spot-price plus monthly subscription packages for both private and business customers in July 2025
- Reaching 905 customers, with 25 GWh sold and approximately 48 GWh contracted
- Launching a pilot project to sell large-scale battery systems to be traded on flexibility markets in Estonia
- Launching a pilot project in heating to offer local heat-as-a-service in districts with high heating prices
- Ending the year on a strong note, exceeding GWh sold and contracted targets, hitting pilot targets and reaching 90.5% of the customer base target
- A follow-on investment in an existing portfolio company, Themo, focusing on electricity savings in heating, similar to 2024.

Simply put, 2025 was a year of growth, disruption and new beginnings. 2026 will be a year of optimisation, stabilisation and structure for Retail and Innovation.

Sunly solar pumps in Märja, Tartumaa

DEVELOPMENT

Hybrid parks

Sunly's development model is built around hybrid parks that combine solar, wind, and battery storage under a shared grid connection.

By integrating multiple technologies at one site, hybrid parks:

- maximise grid utilisation
- smooth production profiles
- improve project economics and revenue stability
- support system balancing in high-renewables markets

Hybridisation increases asset efficiency while improving long-term value creation.

Energy hubs

Extending the hybrid model, Sunly develops Energy Hubs adjacent to its generation and grid assets to connect large-scale electricity consumers.

Through direct-line connections, Energy Hubs:

- reduce grid-related fees for consumers
- shorten connection timelines
- provide access to renewable electricity at source

Energy Hubs integrate supply, storage, and demand, strengthening industrial electrification and portfolio utilisation.

On the following pages, we showcase three hybrid parks that demonstrate this strategy in practice, each combining multiple technologies on a shared grid connection with Energy Hub potential.

0.9 GW Solar pipeline

2.3 GW Onshore wind pipeline

3.1 GW BESS pipeline

Large-scale developments

Sunly is also advancing large-scale offshore wind and long-duration storage projects that extend its development footprint.

Sunly is co-developing the Energiasalv project in Estonia, a pumped hydro storage facility with a capacity of 0.5 GW. Energiasalv can provide 15 GWh of previously stored electricity to the grid during its nominal operating cycle of 30 hours, which is more than the average daily electricity consumption of all Estonian households.

Sunly is a partner in the TUUL Energy offshore wind project in Estonia, with a potential capacity of approximately 1 GW.

0.5 GW Pumped hydro

1 GW Offshore wind

RISTI


Piirsalu
Ellamaa
Solar park
COD: Q3 2026
Power: 244 MWp
Annual production: 277 GWh
Datacenter
35 ha
RtB: Q4 2026
Power: 184 MW with an option to increase up to 400 MW
Direct line connection with assets
Fiber
110 kV substation
Risti
Storage
COD: 2027
Power: 144 MW/600 MWh
Wind
7 WTG
Expected COD: 2029
Power: 48 MW
Annual production: 152 GWh
Direct line
110 kV & 330 kV independent transmission lines
330 kV substation
Stage: Ready in Q3 2026
Grid Connection: 184.5 MW
0
1
2 km

VALMIERA


Wind
4 WTG
Expected COD: 2028
Power: 28 MW
Solar parks
COD: Q2 2026
Power: 54 MW
110 kV substation
Stage: Ready in Q2 2026
Grid connection: 40 MW
Storage
COD: 2027
Power: 40 MW/80 MWh
Matīši
Drona
Burtnieks
0
1
2 km

ZIRŅI


Skrunda
Wind
16 WTG
Expected COD: 2029
Power: 116 MW
Datacenter
Fibre optic broadband connection point (LVGMC)
Ābari
Gas line connection point
Zirņi
Solar park
Under construction
COD: 2026
Power: 104 MW
Fibre optic broadband connection point (Tet)
Venta
Solar park
Ready-to-Build
COD: 2028
Power: 166 MW
Storage
COD: 2027
Power: 100 MW/200 MWh
330 kV substation
Stage: Ready in 2026
Grid connection: 200 MW
Jaunmuiža
0
1
2 km

EPC

Sunly's subsidiary Alseva EPC designs, engineers and constructs solar parks for both Sunly and external clients.

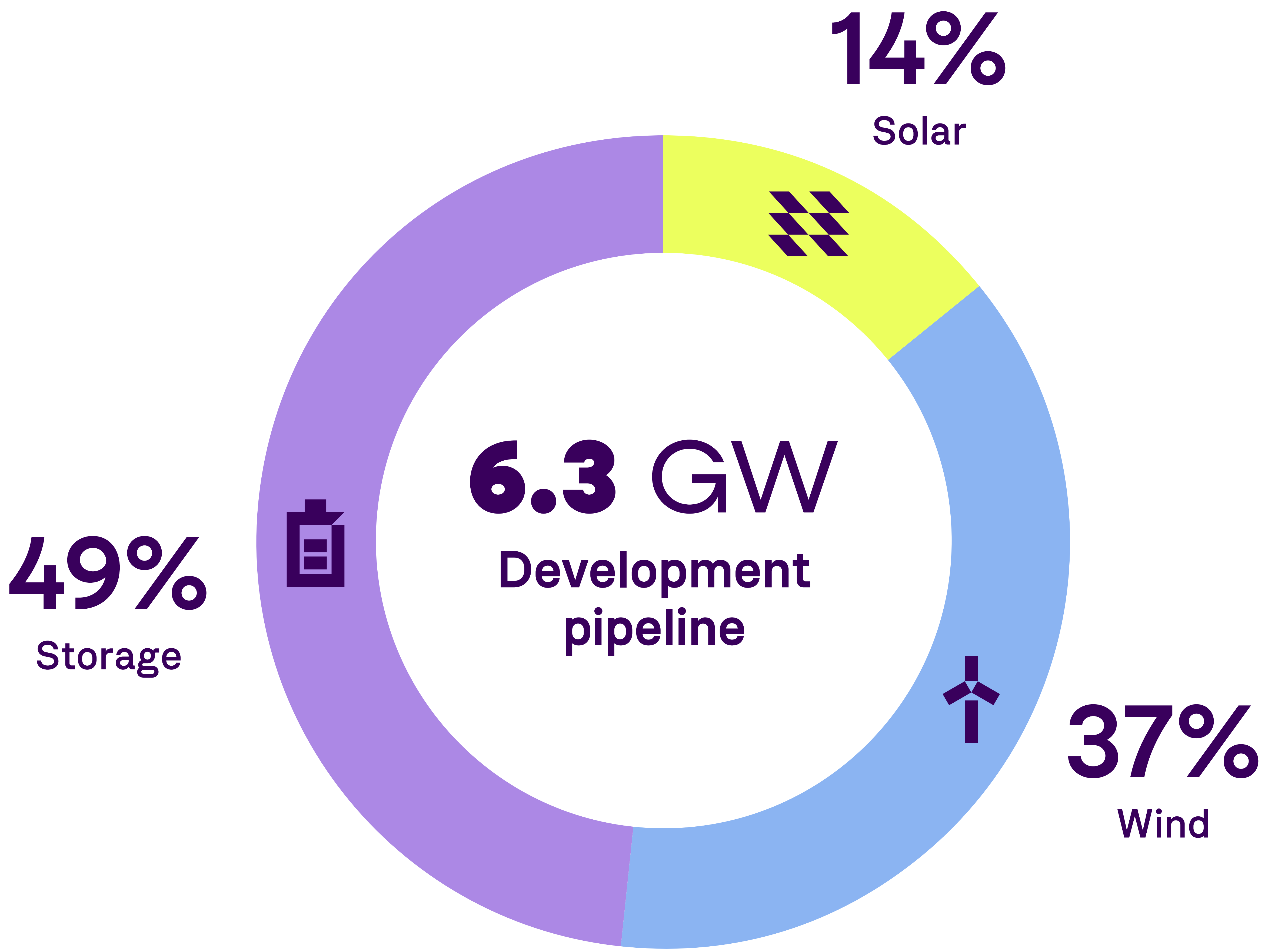
Alseva EPC mainly operates in Poland, with the exception of Sunly's Barkava project in Latvia.

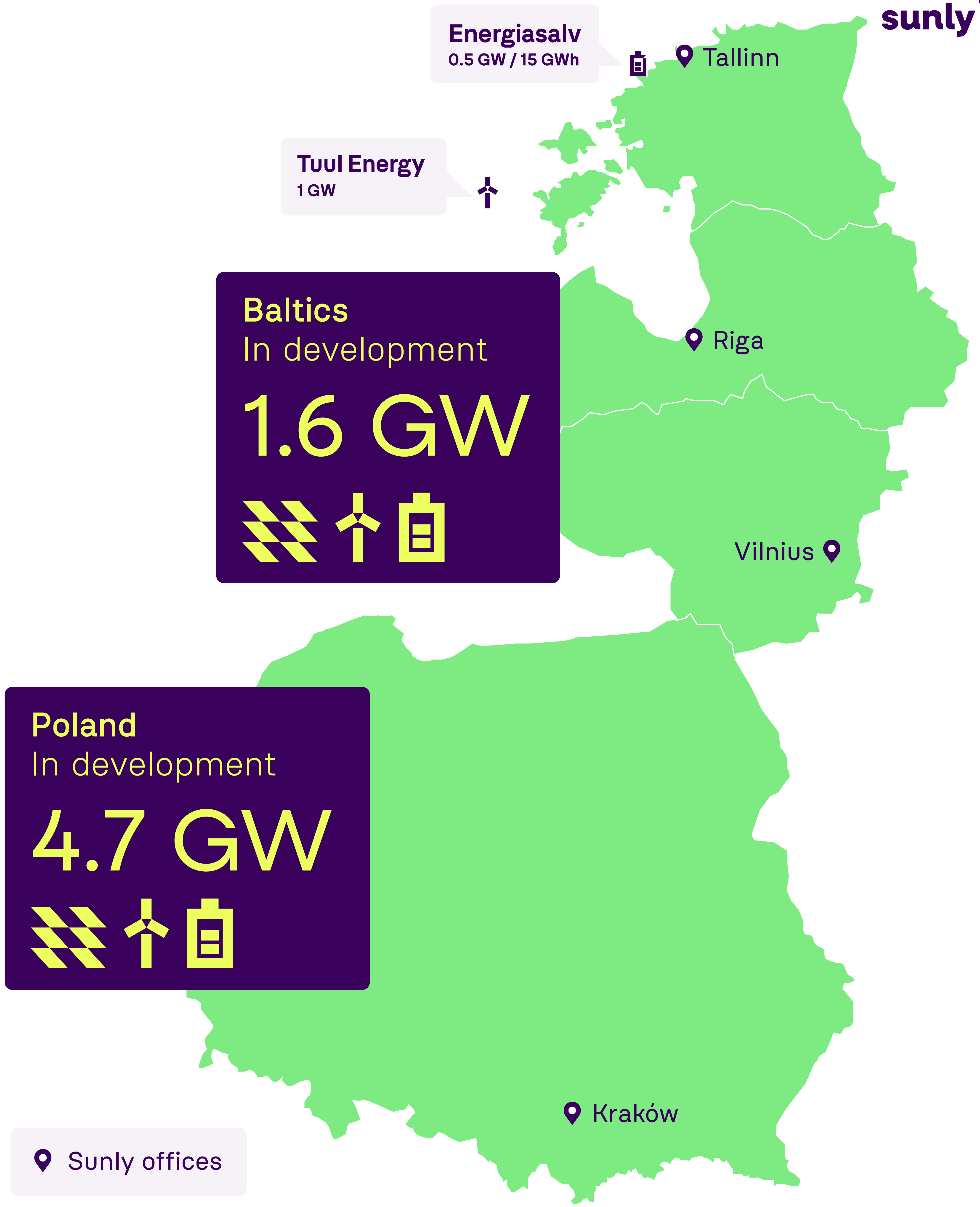
Alseva EPC in 2025:

- Successful completion of the only foreign project in Latvia (Barkava – 10.8 MW) and handover of the farm to the investor.
- Commissioning of 27 MW in Poland.
- Completion and handover of 10 farms to investors, including 4 for Sunly.
- Start of implementation of 46 MW across 29 projects for external investors.
- Number of employees as of the end of 2025: 47.

In 2026, following the appointment of new management, Alseva EPC will focus on repositioning this business line and defining a clear, execution-oriented strategy in response to evolving market conditions. During this transition period, Alseva EPC will prioritise disciplined cost management and capital-efficient decision-making, while ensuring operational continuity and service quality.

FUTURE OUTLOOK





ESG STATEMENTS

THE WAY SUNLY OPERATES

Sunly's objective is to create long-term value through responsible and scalable renewable energy development.

Operating in a rapidly evolving energy market and relying on institutional investor capital to finance growth, Sunly integrates ESG principles directly into its business model and strategic decision-making.

For Sunly, ESG is a foundation for sustainable growth. It strengthens risk management, supports consistent execution across markets and enables the company to operate responsibly within diverse regulatory environments. In practice, this translates into a strong focus on transparency, ethical business conduct and continuous improvement, with ESG considerations embedded in everyday operations and project development.

Sunly's ESG approach is structured around a set of core themes that reflect the most relevant environmental, social and governance impacts and risks associated with its activities. These include the management of operational and regulatory risks, environmental performance, social impacts and community engagement, responsible sourcing and respect for human rights in the value chain, people development, and ethical and transparent governance. Together, these themes form the basis of Sunly's ESG framework and are addressed in the following sections of this report.

In line with its long-standing approach, Sunly continues to align its activities with the United Nations Sustainable Development Goals previously identified as most relevant to its business, in particular SDG 7 (Affordable and Clean Energy) and SDG 9 (Industry, Innovation and Infrastructure).

RISK MANAGEMENT

Managing the various risks Sunly encounters in its daily operations is a key and integral part of the business.

Sunly is placing greater focus on risk management and is developing an internal risk management framework to provide a more structured and systematic approach. This framework aims to integrate risk identification, assessment, mitigation, monitoring and reporting across the group, creating a more coherent, enterprise-wide view of risks. Sunly is also strengthening its understanding of risk appetite to support more informed decision-making and the careful management of risks that exceed it.

Political and regulatory risk

Changes in political priorities and in legal and regulatory frameworks at the domestic or EU level may adversely affect Sunly's operations and development activities. As our business grows and our operations expand, we become subject to an increasing range and complexity of regulatory obligations. To mitigate this risk, we monitor relevant policy and regulatory developments across our markets, engage with regulators and industry stakeholders where appropriate, and seek to ensure ongoing compliance with applicable laws and regulations.

Electricity price risk

Changes in electricity market prices directly influence Sunly's revenues. This risk includes the potential for lower prices for electricity generated, particularly as increased renewable capacity may place downward pressure on market prices. Historically, renewable energy subsidy schemes have helped mitigate exposure to price volatility; however, their relative importance has decreased over time.
To manage electricity price risk, where feasible, we increasingly use long-term power purchase agreements (PPAs) to stabilise revenues and reduce exposure to low or volatile electricity prices.

Financial and market risk

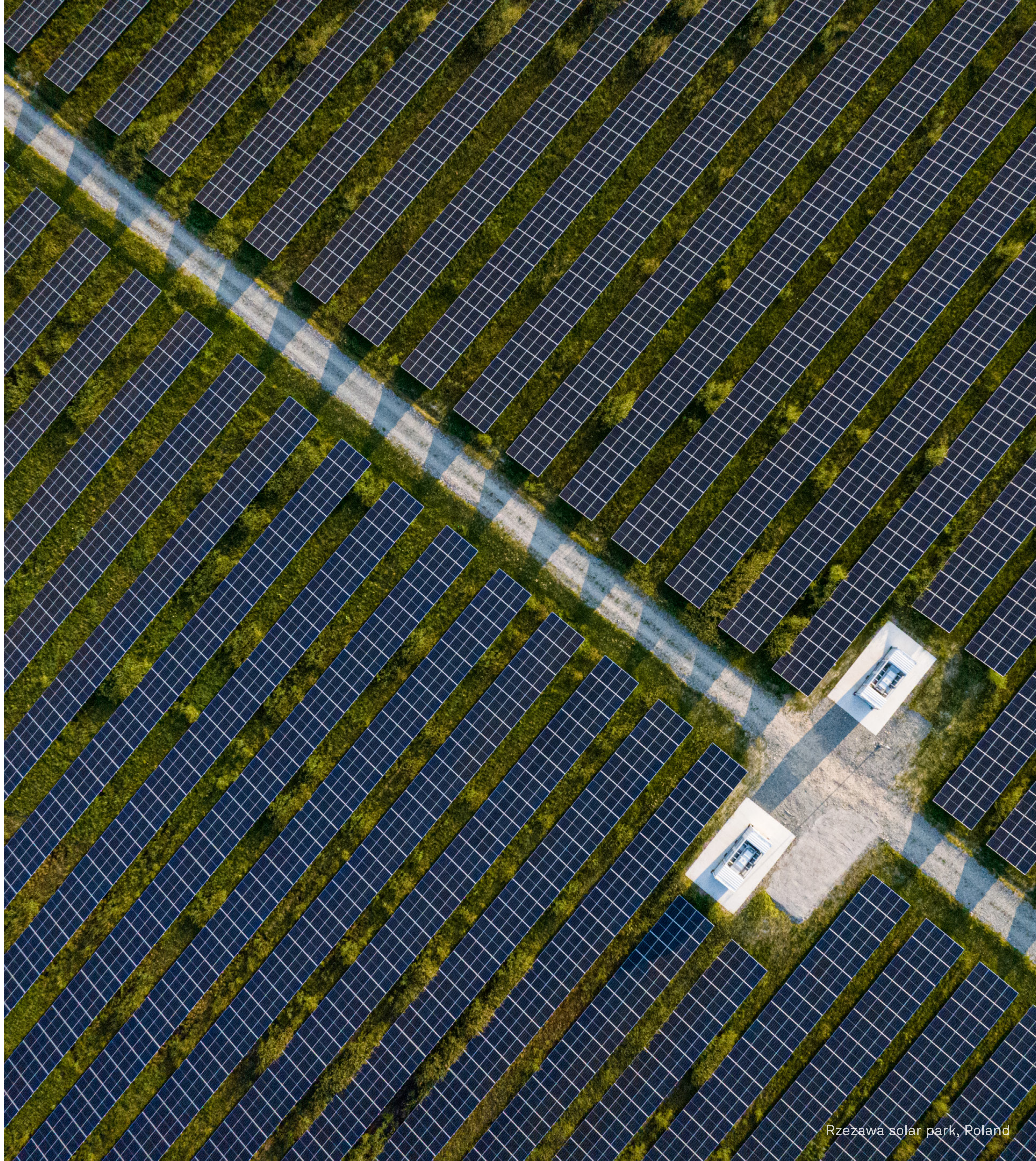
Sunly is exposed to financial and market risks primarily related to liquidity, interest rates and access to capital markets, reflecting our reliance on external financing, including various debt and equity instruments and investments. Changes in interest rates may affect our financial results due to floating-rate debt, which could significantly increase financial costs if interest rates rise. Where appropriate, we use interest rate hedging instruments, such as interest rate swaps, to mitigate this exposure. Liquidity risk – the risk of being unable to meet short-term or long-term financial obligations – is mitigated by maintaining sufficient cash buffers and effective cash management.

Operational risk

Sunly's operations face a range of operational risks that could impact project delivery, financial performance and business continuity. Supply chain disruptions and construction delays may increase costs and reduce income, potentially affecting compliance with contractual and financial obligations. We continuously manage these risks through active monitoring, adaptive planning and close collaboration with trusted suppliers and contractors. Risks related to production assets, such as underperformance, maintenance needs or unexpected failures, may affect operational efficiency and financial performance. These are managed through ongoing monitoring, preventive actions where possible and engagement with partners to support reliability. Employee-related risks, including talent retention, skills shortages and workplace safety, may also impact productivity and organisational performance. These are addressed through training, development initiatives and efforts to foster a strong organisational culture.

IT risk

Sunly's technology-driven operations face various IT risks, including cyberattacks, system outages, governance gaps and potential loss of data integrity or confidentiality, which could impact our ability to achieve business objectives.
To manage these risks, we have adopted an Information Security Policy, which is being actively implemented across the group. A business impact analysis has been carried out, and disaster recovery plans for business-critical processes are currently under development.
This includes introducing redundancy for key systems and services, and improving availability, fault tolerance and overall operational continuity.
We are enhancing threat monitoring, conducting audits, strengthening supplier oversight, developing and implementing cybersecurity requirements for our partners, and continuously raising employees' cybersecurity awareness.
Looking ahead, we are working to more fully implement NIS2 requirements and move towards ISO compliance, ensuring proactive mitigation of evolving threats while maintaining alignment with international standards.



Rzezawa solar park, Poland

THE ENVIRONMENT

Sunly's core environmental impact is positive: the development and operation of renewable energy assets that support decarbonisation, energy security and long-term price stability in the markets where the company operates. Environmental considerations are integrated into project development to ensure that growth is achieved responsibly and in line with regulatory requirements and stakeholder expectations.

Environmental risks and impacts are assessed through environmental impact assessments and project-specific studies carried out by independent experts in accordance with national and EU legislation, including cumulative impact considerations where required. The findings are translated into proportionate mitigation and monitoring measures applied throughout the project lifecycle. These measures are supported by informed site selection, cooperation with environmental experts and the systematic use of proven, high-efficiency technologies selected based on project-specific requirements, which improve resource efficiency, reduce the environmental footprint per megawatt installed and support the long-term performance of assets.

Recognising that the large-scale end-of-life management of solar panels, wind turbines and batteries will materialise primarily in the future, Sunly actively contributes to the development of recycling and producer responsibility solutions in cooperation with producer responsibility organisations in the countries where it operates. This forward-looking approach supports long-term asset sustainability and regulatory readiness.

Environmental performance and practices are continuously improved in line with evolving legislation, investor expectations and industry best practice.

Environmental initiatives in 2025

As part of Sunly's ongoing efforts to integrate biodiversity considerations into project development, one example in 2025 was the Nurme solar park in Estonia. Sunly cooperated with the Estonian Fund for Nature (ELF) and the University of Tartu to pilot biodiversity-enhancing measures at the Nurme solar park. The project tested science-based recommendations from the University of Tartu report "The impacts of solar power plants on key habitats, ecosystems and species groups, and mitigation measures suitable for Estonia" and serves as a learning platform for integrating evidence-based mitigation and biodiversity-enriching practices into future developments. In addition to environmental benefits, there are also economic benefits associated with conservation and nature-restoring practices – for example reducing maintenance needs, regulating temperatures between panels and providing ecosystem services that support agriculture.

Sunly and ELF held a volunteer workday in mid-August at the Nurme solar park in Pärnumaa to improve biodiversity by

Environmental considerations are integrated into project development to ensure that growth is achieved responsibly and in line with regulatory requirements and stakeholder expectations.

creating habitats for pollinators, birds and small animals. ELF and Sunly employees built large “bee sand banks” designed for ground-nesting solitary bees, set up a tall “eagle tree” perch for birds of prey and added brushwood piles to provide shelter for birds, small animals and amphibians. Further plans include planting berry-producing shrubs and sowing native wildflowers. Researchers from the University of Tartu will track how these habitats develop and spread to help evaluate biodiversity-enhancing practices in solar parks.


Nurme solar park, Estonia

APPROACH TO SOCIAL IMPACTS

Managing social impacts in a structured manner reduces project-related risks, supports timely project execution and contributes to the long-term stability and reliability of assets.

Sunly's approach to social impacts is based on the understanding that renewable energy projects can only be successfully developed and operated with effective risk management, safe operations, and the support and trust of local communities and stakeholders.

Occupational health, safety and environmental incidents

Occupational health, safety and environmental incidents are managed through a systematic and preventive approach focused on risk identification, clear responsibilities and continuous improvement across employees, contractors and project sites. Sunly applies consistent standards across all assets to manage operational and social risks associated with construction and operations.

To support this approach, Sunly has implemented the Falcony digital health and safety management platform. The platform enables structured reporting of health, safety and environmental incidents, near-misses and observations, as well as corrective and preventive action tracking and group-wide oversight. This enhances transparency, supports timely follow-up and enables continuous learning across the organisation.

In 2025, a work-related incident involving a subcontractor employee occurred during routine operations. The matter was treated with due seriousness, including at the management level, and reviewed in accordance with Sunly's internal procedures. No lasting health impacts resulted from the incident; however, it identified areas for further improvement. As a result, additional corrective and preventive measures were introduced to further strengthen Sunly's approach to occupational health and safety across all assets and contractors.

Stakeholder engagement framework

Stakeholder engagement is an integral part of Sunly's project development and delivery model. Sunly engages with relevant stakeholders early and throughout the project lifecycle, including local communities, landowners, municipalities and authorities. Engagement is structured and proportionate to the scale and potential impacts of each project, with the objective of identifying concerns, managing expectations, and supporting informed and transparent dialogue.

Project-level engagement activities are planned and documented to ensure consistency across markets. This framework provides the foundation for the community engagement activities and country-specific stakeholder engagement examples presented in the following section of this report.

Contribution to social development

Beyond project execution, Sunly contributes to broader social value by supporting education, innovation and skills development relevant to the energy transition. These activities complement

project-level engagement and strengthen the long-term social foundations of the markets in which Sunly operates.

In 2025, Sunly supported education and early-career talent development initiatives aimed at strengthening the future skills base of the renewable energy sector by:

- supporting technology- and engineering-focused educational initiatives that promote interest in digital and engineering skills among school students;
- continuing cooperation with TalTech through scholarships that support studies and innovation in renewable energy and related technologies;
- sponsoring student-led initiatives that foster community, peer learning and industry exposure for engineering students;
- engaging interns across the organisation, providing hands-on learning opportunities and contributing to early-career skills development in the renewable energy sector.

Responsible policy engagement and sector collaboration

Sunly contributes to the development of a stable and transparent renewable energy framework through responsible participation in sector dialogue and industry collaboration. Engagement is primarily conducted through recognised industry associations, cooperative initiatives and multi-stakeholder platforms, ensuring that contributions are transparent, collective and aligned with the public interest. In 2025, Sunly participated in renewable energy and electricity market discussions across the Baltics and Poland, collaborated with public and non-governmental stakeholders on topics related to energy system development, and supported community-based energy initiatives that promote citizen participation in the energy transition. These activities complement project-level stakeholder engagement and contribute to the long-term social and economic sustainability of the markets in which Sunly operates.

STAKEHOLDER ENGAGEMENT

Estonia

In 2025, Sunly focused its **stakeholder engagement** in Estonia on education, meaningful collaboration and open dialogue, creating space for informed discussions on renewable energy and its role in local development. By addressing topics such as renewable energy technologies, environmental impacts, community benefits and energy security, Sunly sought to build understanding and trust, while ensuring that local perspectives are considered throughout project development.

Community engagement during the year focused on bringing people together through local events and shared experiences in areas close to Sunly's projects. In Risti, Sunly organised a **family day** that enabled informal conversations about renewable energy alongside recreational activities. In addition, the opening of the Risti padel court added long-term value to the local area by supporting active lifestyles and everyday community use, reinforcing Sunly's contribution to community well-being beyond energy production.

Sunly also contributed to broader public dialogue on renewable energy beyond local project areas. A **community bicycle tour** to the Estonian Opinion Festival created an opportunity for open discussions on renewable energy, the energy transition and long-term development choices in an informal and inclusive setting. By linking physical participation with public debate, the initiative helped bring renewable energy topics closer to everyday conversations.

Sunly also organised a **community day** at the Kai Art Center, held alongside an exhibition exploring societal perspectives and debates around renewable energy

development. The event brought together local communities, municipalities and independent experts to discuss wind energy developments. Experts addressed commonly raised concerns and questions related to renewable energy projects, providing factual insights and professional perspectives. The discussions supported informed dialogue and helped clarify how wind energy development can take local considerations, environmental aspects and long-term community interests into account.

Throughout the year, Sunly hosted and took part in **renewable energy information events**, including information evenings and public discussions in Alutaguse and Saaremaa. These events addressed wind energy, environmental considerations and local benefits. Cooperation with municipalities continued, including the **signing of a project revenue agreement** with Põhja-Pärnumaa municipality related to the Raba solar park, reflecting Sunly's commitment to sharing project value with local communities. The **Raba solar park opening event** further supported transparent communication throughout project development.

Environmental responsibility also remained a key focus in 2025. Sunly organised a **biodiversity-focused community working day** at the Nurme solar park, involving an NGO, the University of Tartu and other participants in practical activities that support nature conservation and raise awareness of biodiversity within renewable energy projects.

Education and youth engagement played an important role across all regions of operation. Sunly supported and delivered school lessons and educational activities in Kadrina, Tsirguliina, Valgamaa and Pärnumaa, covering renewable energy, engineering and sustainability. These activities also encouraged informed discussion around different perspectives related to renewable energy development and its broader societal impacts. Cooperation with **science and technology initiatives** continued through partnerships with Rakett69 science studios in several locations, as well as participation in science-related events and competitions, including an engineering contest at Kadrina High School.

In addition, Sunly strengthened **cooperation with higher education institutions** by visiting the Kuressaare Training Centre to explore opportunities for future collaboration. A guest lecture at TalTech Kuressaare College provided an overview of Estonia's renewable energy potential and outlined the key planning and construction stages of offshore wind park development. Sunly also welcomed university students by hosting a study visit for TalTech's Green Energy Technologies master's programme at the Risti solar park.

Sunly remained actively involved in **local culture and social initiatives**, supporting community events such as local fairs, maritime celebrations and family-oriented festivals across Estonia. This included science-based shows for children in Kuressaare, Valga and Pärnu-Jaagupi, as well as an energy festival in the Põhja-Pärnumaa municipality. In addition, Sunly expanded its support for **community food-sharing initiatives** by opening new food-sharing pantries in Paikuse, Pärnu-Jaagupi and Valga. As of the end of the year, Sunly had supported a total of 17 community food-sharing locations across Estonia, contributing to reduced food waste and increased support for those in need.

Finally, Sunly continued its support for **local sports and youth activities**, including women's and children's football, wrestling, basketball and equestrian sports. These initiatives contributed to healthy lifestyles and strong community ties in regions where Sunly operates.

Through these activities, Sunly reaffirmed its commitment to being a long-term partner for Estonian communities, supporting local development, education and sustainability while encouraging trust and collaboration around the transition to renewable energy.

Latvia

In 2025, Sunly continued to place strong emphasis on stakeholder engagement, transparent communication and meaningful cooperation with local communities across Latvia. Public participation remained a core element of project development, alongside regular dialogue with municipalities, parish administrations, landowners, local NGOs and national institutions.

Throughout the year, Sunly organised and participated in multiple formal and informal meetings related to environmental impact assessment (EIA) and spatial planning processes, as well as project development stages. Engagement extended beyond statutory requirements, reflecting Sunly's commitment to long-term cooperation and trust-building with affected communities.

To ensure transparency and accessible information, dedicated project websites continued to be maintained and updated for Sunly's key projects in Latvia:

- The Kurzeme wind park and a 204 MW solar park in Zirņi Parish: vejaparkskurzeme.lv
- A 54 MW solar park and 4 wind turbine projects in Matīši (Valmiera Region): vejaparksmatisi.lv
- A 90 MW solar park in Dagda Parish: vejaparksdagda.lv
- An 81 MW solar park in Barkava: barkavasenergijasparks.lv

Examples of stakeholder engagement and community support in 2025

Zirņi and Pampāļi parishes

Sunly actively supported local initiatives and community life in Zirņi and surrounding areas:

- Supported the Riekstkodis Association, including community events and the Zirņi school alumni gathering.
- Co-financed an outdoor fitness installation together with the Sebille Association, now freely accessible year-round for residents of different ages and fitness levels.
- Funded wooden exhibition stands for the Pampāļi Hunting Club, enabling the organisation of a regional hunting trophy exhibition, a culturally significant local event.
- Provided financial support to the Labdomas Association for the purchase of community event equipment (a portable fire pit/grill, food thermoses and cooking equipment) to support gatherings in Pampāļi.

In addition, Sunly supported local events in **Skrunda Parish**, including volleyball tournaments and cultural activities, such as community festivals, orienteering events and family-oriented initiatives.

Sunly also supported the Esi Piemērs initiative in Kuldīga, which collects donations during the Christmas period for children in need of specialist therapy.

Valmiera Region

In Valmiera, Sunly focused on reducing landscape and visual impacts associated with the solar park. Tree-planting activities were implemented as part of mitigation measures to strengthen the local landscape and improve visual integration, with further planting planned for 2026.

Sunly also supported traditional local sports and cultural life, including football and ice hockey tournaments, as well as cultural events such as the Song Festival in Jēkabkalns. Additional cooperation with local development and senior associations took place, reinforcing intergenerational and community-based activities.

Communication around the Valmiera project was carried out through multiple channels, including digital communication. Particular attention was given to explaining the project's role as Latvia's first hybrid energy park, combining solar power, wind energy and battery storage at a single grid connection.

Dagda

In Dagda, Sunly worked closely with the local secondary school, supporting improvements to school facilities to strengthen shared spaces used for education and extracurricular activities. These efforts aimed to enhance the environment where young people learn, socialise and participate in community life.

Sunly also assisted families with children in preparing for the school year, helping to ease education-related financial pressures.

Other activities in 2025

- **Media and digital communication:** active engagement through digital platforms and local media to explain project developments.
- **Ongoing stakeholder dialogue:** continued cooperation with municipalities and national institutions, complemented by the introduction of a new engagement format in Zirņi involving regular in-person meetings with solar park neighbours and

landowners to discuss construction progress, practical impacts and day-to-day cooperation.

- **Internal development:** continued improvement of internal systems and processes to strengthen transparency and consistency across projects, including clearer stakeholder tracking, documentation and communication workflows, as well as the development of structured benefit-sharing approaches and grievance mechanisms in line with ESG requirements.
- **Community-focused Christmas initiative:** during the Christmas period, Sunly deliberately chose not to distribute traditional corporate gifts to cooperation partners. Instead, attention was directed towards individual landowners involved in projects, and financial donations were made to five non-governmental and community organisations across Latvia. These were initiatives supporting foster children in Dagda, a church community in Barkava, active seniors in Matīši, a hunters' collective in Zirņi and children in Kuldīga in need of additional care.
- **Public education on wind energy:** Sunly also placed emphasis on public education and awareness-building around wind energy. This included participation in national outreach initiatives and educational events aimed at explaining renewable energy technologies, their role in energy security and their interaction with nature and communities. One example is Sunly's involvement in Latvian Forest Days 2025, where the company focused on educating and engaging a broader audience on wind energy and sustainability.

Lithuania

In 2025, Sunly participated in major Lithuanian energy conferences, including Greentech and the Baltic Energy Forum, ensuring the company's visibility in the local energy sector. Tadas Navickas, representing Sunly, also contributed to regional industry dialogue as a featured speaker at the Solarplaza Summit Baltics, where he shared insights on the development of solar energy and PV projects across the Baltic states.

Engaging local communities and creating opportunities for their voices to be heard and valued:

- **Šakiai wind project:** official letters were sent to neighbouring landowners, informing them of plans to develop wind parks in selected areas. The letters offered landowners the opportunity to raise objections or agree on compensation to address potential inconveniences.
- **Ukmergė hybrid park** (15 MW wind capacity): official letters were sent to neighbouring landowners. Throughout 2025, Sunly conducted 5 public hearings and community consultations in accordance with national legislation. These sessions enabled transparent dialogue on infrastructure integration and local impacts.
- **Alytus II hybrid park:** 2 public presentations on construction projects were held and were open to all interested parties, with particularly strong participation from local communities. The events presented project details and addressed questions from attendees.

  Sunly actively engaged with the Ukmergė District municipality to align wind turbine technical specifications with regional planning regulations, ensuring project transparency and long-term regulatory compliance.

Collaborating towards a better future for renewable energy development with national government officials:
Sunly played a proactive role in refining Lithuania's legislative framework for renewable energy by helping to bridge the gap between wind power expansion and biodiversity conservation. Through strategic consultations with the State Service for Protected Areas and the Ministry of the Environment, supported by in-house ornithology expertise, Sunly advocated for balanced protection measures for birds of prey. These efforts contributed to updated policies that better align species protection with sustainable energy goals. Additionally, we maintained active involvement in national energy associations, working with the Ministry of Energy and grid operators to address key industry challenges.

Sunly also maintained consistent engagement with energy-sector stakeholders, including the Ministry of Energy and system operators, through active participation in Solar and Wind Energy Association activities. These efforts focused on raising awareness of critical industry issues and fostering collaboration across the energy value chain.

Poland

In 2025, Sunly Poland further strengthened its commitment to **building long-term relationships with local communities**, recognising them as essential stakeholders in a responsible and inclusive energy transition. Engagement activities were carried out in municipalities where projects are under development, including participation in local harvest festivals in areas hosting Sunly's largest investments, often designed as hybrid installations integrated with energy storage systems. Alongside community events, a strong emphasis was placed on **education and social support**. Renewable energy workshops for children were delivered during the winter holidays across nine local locations, including community centres, libraries and cultural institutions. Selected schools were equipped with materials supporting creative and educational after-school activities, and Sunly supported the organisation of a significant school anniversary, including awards for students with outstanding academic achievements.

Engagement with local stakeholders was based on continuous, transparent dialogue. Throughout the year, numerous meetings were held with residents, local authorities and community representatives, supported by project managers, environmental experts and spatial planning specialists. These meetings focused on explaining investment processes and demonstrating how renewable energy projects can generate tangible, shared benefits for local communities while respecting environmental and social priorities.

In parallel, Sunly Poland remained **actively involved in industry, policy and regulatory discussions** shaping the future of the energy sector. Expertise was contributed through participation in debates alongside the Polish Wind Energy Association and Re-Source Poland Hub, a leading platform for corporate renewable energy sourcing. Activities were closely aligned with ongoing regulatory processes and aimed at supporting the development of stable and transparent frameworks for renewable energy investments. Sunly Poland also participated as a partner in discussions on the energy sector, energy security and countering disinformation, recognising the importance of reliable information and open dialogue in building public trust in the energy transition.

Sector-wide knowledge sharing and collaboration continued through participation as mentors, experts and partners in key conferences and forums, including the PowerConnect Energy Summit, the Polish Wind Energy Association Conference and the Smart Development Forum, during which Marek Motyl, Country Manager of Sunly Poland, received the Smart Development Leader distinction. Further engagement included participation in the 3rd Distributed Energy Congress, organised by AGH University, and Energy Days 2025, where Sunly partnered in a session dedicated to energy storage as a key element of system stability and energy security. Representation also included participation in the International Economic Forum, during which Paweł Ryglewicz, Director of Regulatory Affairs in Poland, received the Eco-Innovator Award on behalf of the Sunly team.

Beyond formal dialogue, relationships with partners, investors and industry peers were strengthened through informal networking initiatives, including participation in Tour de Wind 2025. Sunly Poland also supported cultural and sporting heritage as a sponsor of the International Driving Competition Książ 2025, an international event promoting tradition, excellence and cross-border cooperation while supporting both local and global initiatives.

RESPONSIBLE SOURCING AND HUMAN RIGHTS IN THE SUPPLY CHAIN

Given the capital-intensive nature of renewable energy activities and reliance on global value chains, effective supply-chain due diligence is essential for managing operational, regulatory, financeability and reputational risks, and for supporting the long-term viability of Sunly's business and asset base. This approach is guided by the company's values and by the expectations of investors and lenders, including high standards of quality, transparency and reliability, the application of human rights due diligence, full material traceability and compliance with circular economy principles.

In 2025, Sunly formalised its Supply Chain Management System (SCMS), bringing together existing policies and practices into a structured framework for supply chain management across all countries of operation. This framework supports a consistent and holistic approach to identifying and managing supply chain risks.

Sunly's supply chain practices are aligned with internationally recognised standards on responsible business conduct and human rights, including the *OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights*. These requirements are embedded in supplier relationships through contractual obligations, ESG clauses and ongoing oversight.

Sunly applies a risk-based and proportionate approach to supply chain due diligence. Suppliers are assessed based on factors such as the criticality of goods or services provided, country risk and ESG exposure. Where appropriate, measures may include contractual requirements, monitoring activities, site visits and, for critical components such as photovoltaic modules and battery energy storage systems (BESS), full traceability documentation to mitigate human rights and compliance risks in upstream supply chains.

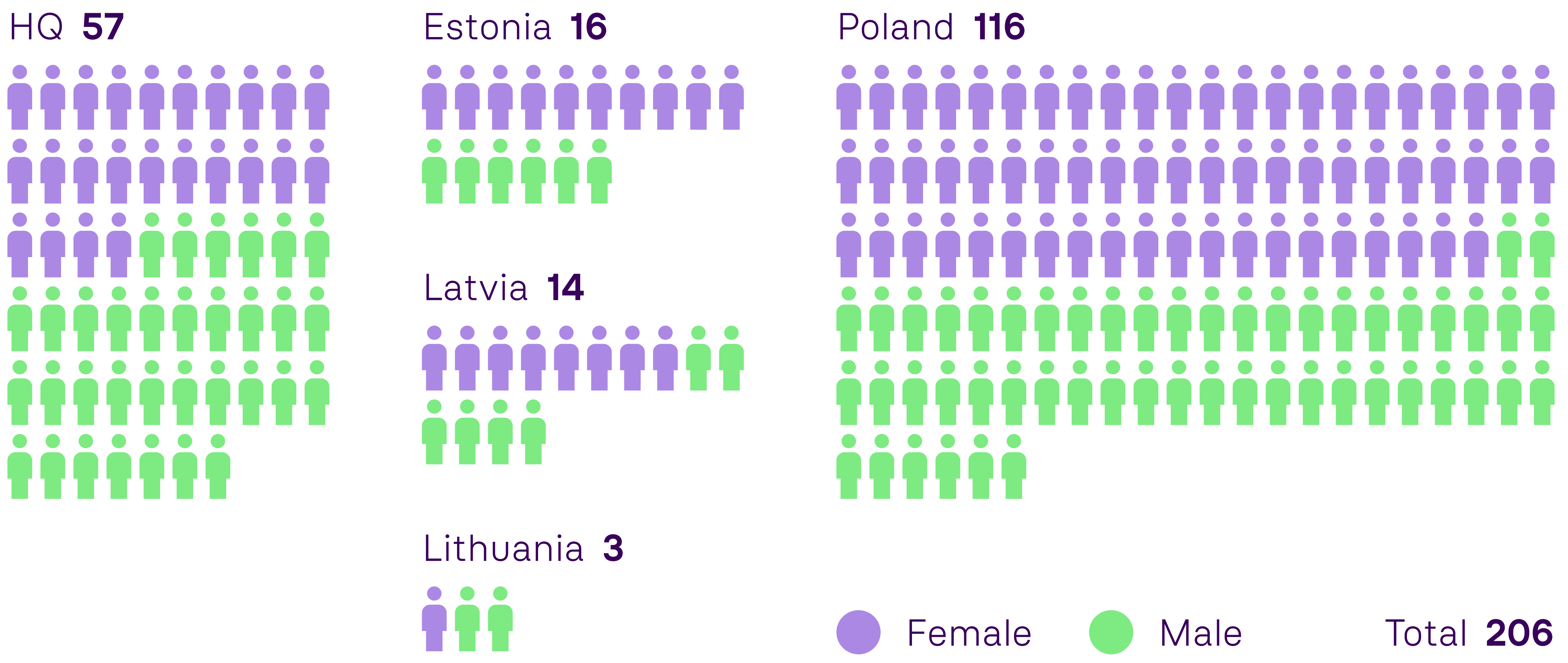
End-of-life considerations are addressed as part of Sunly's broader supply chain responsibility and lifecycle approach, and are supported through Sunly's contribution to the development of recycling and producer responsibility solutions, as described in the environmental section of this report. This supports lifecycle accountability, regulatory readiness and long-term asset sustainability.

Effective supply-chain due diligence is essential for managing operational, regulatory, financeability and reputational risks.

SUNLY PEOPLE

To stay resilient and adaptable in a fast-changing world, Sunly continues to evolve, and our people are making it happen.

As of the end of the financial year, Sunly employed 206 experts (2024: 260) across four countries – 71 in Estonia, 15 in Latvia, 4 in Lithuania and 116 in Poland – of whom 51.9% were women and 48.1% were men. Following changes to our organisational structure, Sunly's headquarters in Estonia grew in size, with most employees supporting group-wide functions while also strengthening local business operations.



Skills and future-readiness

In 2025, Sunly sharpened its focus on continuous learning and adaptability, recognising that evolving markets require not only new skills but also the ability to unlearn and relearn. Our Learning and Development strategy focused on three core priorities: strengthening leadership skills, increasing digital fluency and enhancing technical expertise.

A key milestone was the launch of Sunlyversity – a group-wide training series designed to build knowledge in areas critical for the future. Topics included the Renewable Energy ABC, legal contract fundamentals, bias awareness, cyber safety and AI capability building. All employees received AI training, supported by ongoing sessions throughout the year.

These initiatives support Sunly's long-term goal of equipping employees to navigate change with confidence and contribute with future-relevant skills.

Strong leadership for changing times

At Sunly, developing leadership capability is a key priority for navigating complexity and scaling with intent. In 2025, we rolled out a tailored leadership development programme across the group, designed to strengthen ownership, build trust and improve teamwork. The programme supports leaders in managing change, guiding their teams effectively and making strategic decisions.

Employee voice

Listening to employees and acting on their feedback remained a cornerstone of Sunly's approach. We continued the biannual Voice of People survey across all countries, with a stronger focus on translating insights into practical improvements. The feedback informed both local and group-level actions, reinforcing our belief that employees play an active role in shaping the workplace experience.

Support and equity

Sunly is committed to offering versatile support and ensuring fair treatment for all employees. The benefits package supports physical, mental and professional well-being and includes health insurance, sports compensation, mental health support, professional development budgets and flexible working arrangements. We also offer longer annual leave and additional vacation days to encourage rest, recovery and work–life balance.

In 2025, we took further steps to strengthen equity and transparency. Work began on developing a structured pay framework in alignment with the upcoming EU Pay Transparency Directive, alongside a continued commitment to offering equal benefits across the group within the same location.

To strengthen internal community and shared culture, we introduced monthly engagement themes, focusing on well-being, mental health and active lifestyles. A highlight of the year was the Group Summer Days, which brought together employees from all four countries and embodied Sunly's values of synergy, courage and curiosity.

GOVERNANCE

Sunly's governance framework provides a foundation for effective risk management, regulatory compliance and long-term value creation.

During the year, Sunly's management approved and updated key group-wide policies and procedures, strengthening internal controls, risk management and compliance. These included policies and procedures covering procurement, environmental management, occupational health and safety, information security, contract management, project status reviews, inventory and warehouse management, purchase invoice and payment processing, the procurement of legal services and whistleblowing. Together, these policies support consistent and transparent governance practices across the group.

Looking ahead to 2026, the focus will be on embedding and consistently implementing the policies approved in 2025, while further developing governance practices in line with Sunly's growth, regulatory developments and investor expectations.

ESG governance oversight

The ESG Committee, established in 2022 at the Supervisory Board level, oversees the continuous improvement of ESG governance matters and monitors the implementation of the ESG Action Plan. The Committee provides strategic oversight and ensures that ESG considerations remain integrated into Sunly's governance and decision-making processes.

Ethics and transparency

Sunly enforces zero tolerance for corruption, including bribery, the giving or receiving of improper advantages, tax evasion and other unfair business practices. These principles are upheld through the Group Code of Ethics, the Whistleblowing Policy and other relevant internal policies and procedures.

Investor reporting

Sunly maintains regular dialogue with investors and financial institutions through quarterly updates that present the latest highlights, financial and non-financial KPIs, pipeline developments and financial results.

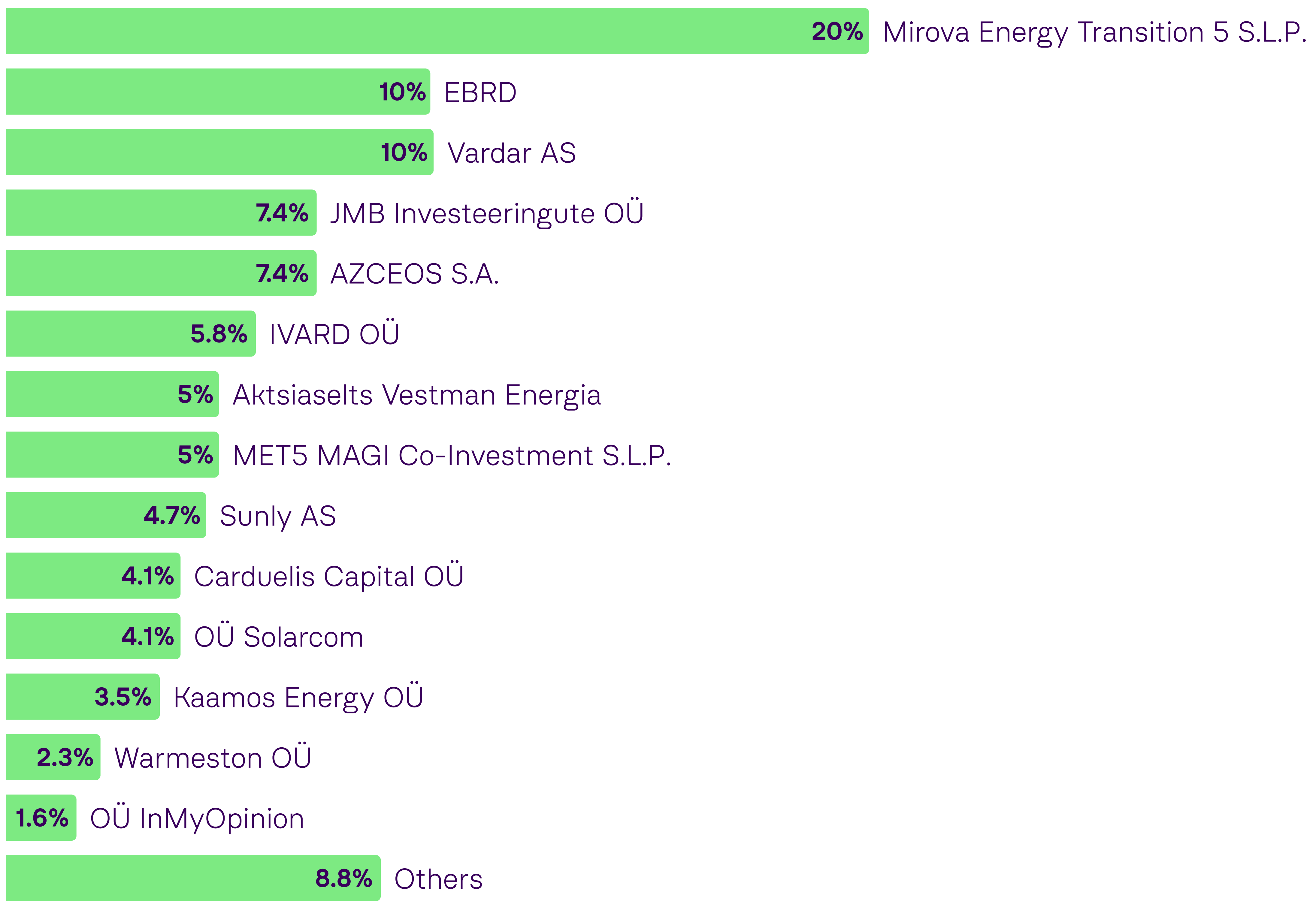
Once a year, Sunly hosts an Investor Day, during which the management team provides an overview of the company's strategic direction, operations and the megatrends shaping future opportunities.

Sunly's shareholders

The shareholder structure saw no major changes in 2025.

As of the end of 2025, the company had 28 direct shareholders, including Sunly itself (own shares allocated for the employee option pool).

Share of investors



- **Mirova** is an asset management company focused on sustainable investments and an affiliate of Natixis Investment Managers. Mirova's OECD infrastructure team, dedicated to the energy transition, currently manages EUR 4.2bn of assets across various funds. MET5 MAGI and Mirova Energy Transition 5 both have Mirova SA as their fund manager.
- **Vardar** is a Norwegian energy group owned by 19 municipalities, with ambitions to create value through long-term investments in renewable energy. Vardar has extensive experience in wind and hydropower and is a former majority shareholder of Nelja Energia.
- **The European Bank for Reconstruction and Development (EBRD)** is a major institutional investor and a leader in climate finance in Central Europe and the Baltic states. To date, it has invested EUR 1.35bn in Estonia, EUR 1.26bn in Latvia and EUR 2.06bn in Lithuania, as well as more than EUR 16.53bn in Poland. EBRD is a former shareholder of Nelja Energia.
- **Carduelis, Solarcom and InMyOpinion** represent Sunly's active founders – Kalle Kiigske, Martin Kruus and Priit Lepasepp.
- **AZCEOS** is a Polish family business and the previous owner of Alseva.
- **JMB, IVARD and Vestman** are Estonian family businesses and former shareholders of Nelja Energia.
- **Others** include smaller Estonian investors.

Group governance

At Sunly, we prioritise transparency in governance, particularly given the presence of multiple minority shareholders.

The company's corporate governance is based on the Estonian Commercial Code, the Articles of Association, the Shareholders' Agreement and internal rules and policies.

Sunly AS, the parent company of the Sunly Group, is a public limited liability company governed by the General Meeting, the Supervisory Board and the Management Board. Operations at the country level are managed by country managers.

General Meeting

The powers of the General Meeting are regulated by Estonian law and the Articles of Association. In accordance with the Articles of Association, the General Meeting may adopt resolutions if at least two-thirds of the votes (including those represented by Mirova shares) are present at the meeting. Each share carries one vote at the General Meeting.

No general meetings were held in 2025; however, on two occasions, decisions were adopted without convening a meeting.

Shareholders' Agreement

Shareholders holding at least a 5% shareholding, including the founders OÜ Solarcom (Martin Kruus), Carduelis Capital OÜ (Kalle Kiigske) and OÜ InMyOpinion (Priit Lepasepp), have signed a Shareholders' Agreement establishing the principles for transferring and encumbering shares, managing and financing the business, and other mutual rights and obligations of the parties to the agreement.

Share Restriction Agreement

Shareholders holding less than a 5% shareholding, excluding OÜ Solarcom, Carduelis Capital OÜ and OÜ InMyOpinion, are parties to a Share Restriction Agreement, which regulates, among other matters, the principles for transferring and encumbering shares.

Equity

As of the end of 2025, Sunly had issued a total of 76,359,128 shares of a single class, of which 3,596,684 were held by Sunly for employee share options.

To increase the share capital, at least two-thirds of all votes must be in favour, unless a larger majority is required by law.

Dividend policy

Unless at least two-thirds of shareholders participating in the General Meeting decide otherwise, 30% of the company's net profit is distributed as dividends annually. The remaining profit is used mainly for future investments and the development of the company, as decided by the shareholders and the Supervisory Board.

Supervisory Board

Under Estonian law, the Supervisory Board is responsible for planning the group's activities and organising its management:

- It determines the principles for the group's strategy, organisation, annual operating plans, budgets, financing and accounting.
- It elects the members of the Management Board and determines their remuneration.
- It acts independently in the interests of the group and the company's shareholders.

Under the Articles of Association, the authority of the Supervisory Board extends to certain matters beyond those provided by law.

In addition to its formal responsibilities, members of the Supervisory Board actively support the work of the Management Board.

The term of office for Supervisory Board members is five years.

Meetings of the Supervisory Board are held at least four times a year and no less frequently than once every three months.

- A Supervisory Board meeting has a quorum if more than half of its members, including at least one member appointed by Mirova, are present.
- In accordance with the Estonian Commercial Code, the Supervisory Board may adopt decisions without convening a meeting.

During 2025, the Supervisory Board held four meetings and adopted decisions on 16 occasions without convening a meeting.

As of the end of 2025, the Supervisory Board consisted of nine members, including two representing the pooled votes of minority shareholders.

During the year, no new Supervisory Board members were appointed. The term of office of Sander Rebane as a member of the Supervisory Board was extended for a further five years.

Members of the Supervisory Board

Martin Kruus, Co-founder

Member since 9 March 2021

- Experience: 20 years of energy sector experience, primarily with Nelja Energia
- Shares: 3,116,860 via OÜ Solarcom
- Options: 1,041,406
- Compensation for advisory role: EUR 191.5k

Robert Olsen

Member since 20 June 2021

- Experience: 25+ years of experience in the Norwegian power and utility industry
- Shares: 0
- Compensation for Supervisory Board role: None

Anna Małgorzata Zagrajek

Member since 3 Feb 2023

- Experience: 8 years of energy sector experience, primarily with Alseva
- Shares: 5,622,278 via co-owned Azceos Zagrajek SKA
- Compensation for Supervisory Board role: None

Kalle Kiigske, Co-founder

Member since 9 March 2021

- Experience: 20 years of energy sector experience, mainly from Nelja Energia
- Shares: 3,116,860 via Carduelis Capital OÜ
- Options: 1,041,406
- Compensation for advisory role: EUR 191.5k

Peeter-Jass Pikk

Member since 28 Sept 2022

- Experience: 20 years of energy sector experience
- Shares: 451,652 via co-owned Baltic Energy Asset Management OÜ
- Compensation for Supervisory Board role: None

Jocelyn Pierre Elien Dioux

Member since 28 Sept 2022

- Experience: Investment Director at Mirova since 2019, responsible for energy transition investments
- Shares: 0
- Compensation for Supervisory Board role: None

Sander Rebane

Member since 21 March 2019

- Experience: Supervisory Board member at Nelja Energia for 7 years
- Shares: 0
- Compensation for Supervisory Board role: None

Céline Alexandrine Jeanne Lauverjat

Member since 28 Sept 2022

- Experience: Deputy Head of Energy Transition Funds at Mirova
- Shares: 0
- Compensation for Supervisory Board role: None

Julien Maxime Jean Mauduit

Member since 21 Nov 2024

- Experience: Member of the senior management team of the EBRD's energy practice, heading the EBRD's operations in Central and Eastern Europe
- Shares: 0
- Compensation for Supervisory Board role: None

Observers

As of the end of 2025, the Supervisory Board had five non-voting observers:

- Markus Jonathan Mõis, representative of JMB Investeeringute OÜ
- Bastien Spagnol, representative of Mirova and MET5 MAGI
- Angele Guillaume, representative of Mirova and MET5 MAGI
- Youcef Lahceni, representative of Mirova and MET5 MAGI
- Andriy Gostik, representative of EBRD

ESG Committee

As of the end of 2025, the Supervisory Board had one committee – the ESG Committee – consisting of four members and two observers. The Committee met three times during the year.

Members:

- Céline Alexandrine Jeanne Lauverjat
- Kalle Kiigske
- Robert Olsen
- Julien Maxime Jean Mauduit

Observers:

- Thomas Bonnisseau
- Robert Adamczyk

Management Board

The Management Board and the Supervisory Board work in close cooperation to develop and implement the group's strategy.

Each member of the Management Board has the authority to represent the company independently in any legal or business matter.

All members of Sunly's Management Board bring prior experience from Nelja Energia: Priit Lepasepp as General Counsel and Erkki Kallas as Production Manager.

Members of the Management Board

Priit Lepasepp, Co-founder

Chief Executive Officer since 21 March 2019

- Experience: General Counsel at Nelja Energia, Associate at Sorainen
- Shares: 1,253,083 via OÜ InMyOpinion
- Options: 1,041,406

Erkki Kallas

Chief Technical Officer since 1 October 2021

- Experience: Production Manager at Nelja Energia, Field Operations Manager and Customer Service Leader at GE Renewable Energy
- Shares: 0
- Options: 29,159

Normi solar park, Estonia

FINANCIAL OVERVIEW

MARKET HIGHLIGHTS AND FINANCIALS

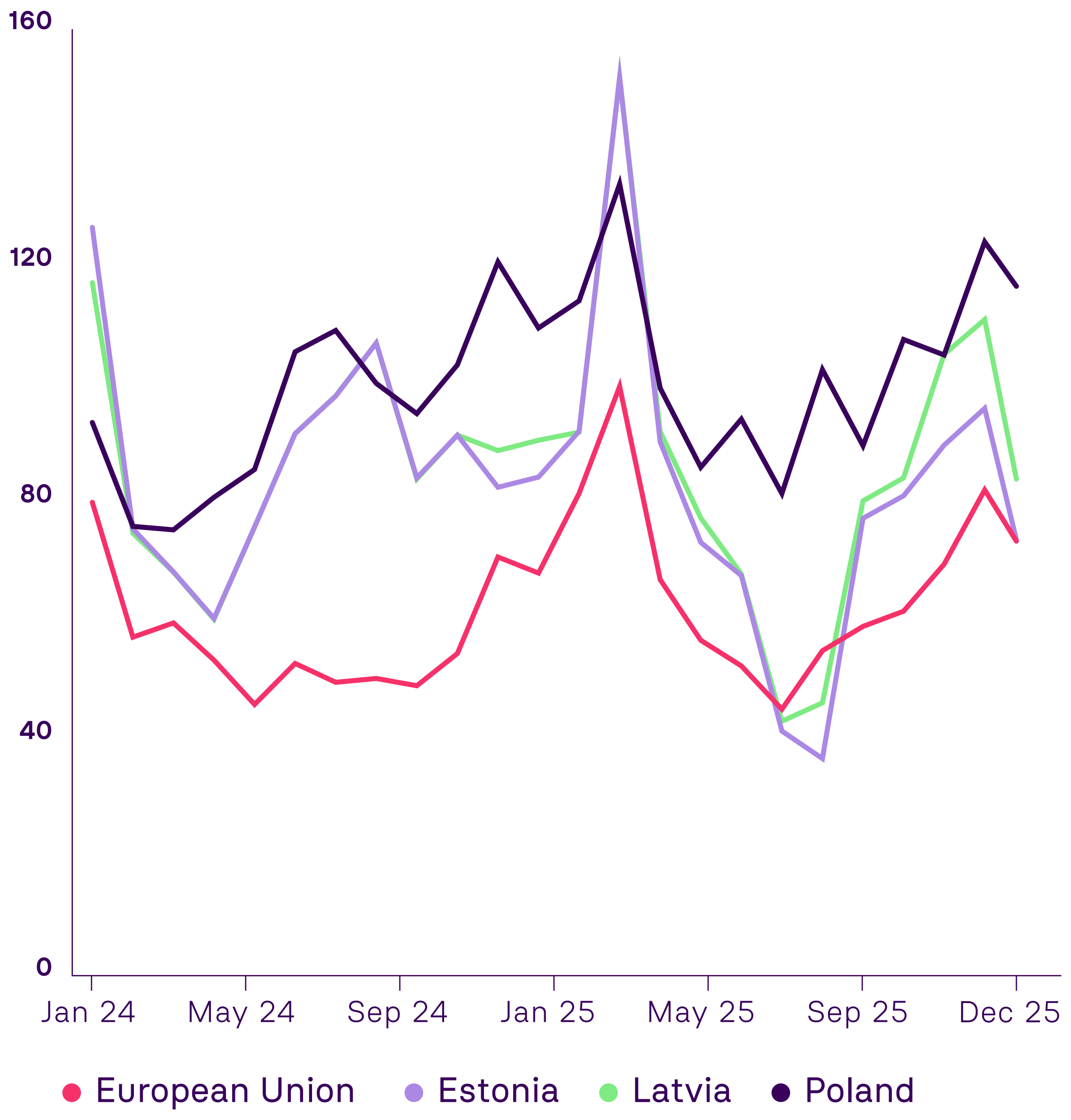
Electricity prices

Electricity prices remained volatile in 2024–2025, with periods of both decline and renewed increases, particularly during the winter months. While the growing share of renewable energy in Europe supports long-term price stabilisation, regional and seasonal factors continued to drive short-term price fluctuations.

Electricity prices in the Baltics and Poland remained higher than in the Nordics due to differences in energy mix and market structure.

The decrease in electricity prices had a negative impact on Sunly's business performance.

Electricity prices at Nord Pool, EUR/MWh



Source: Nord Pool

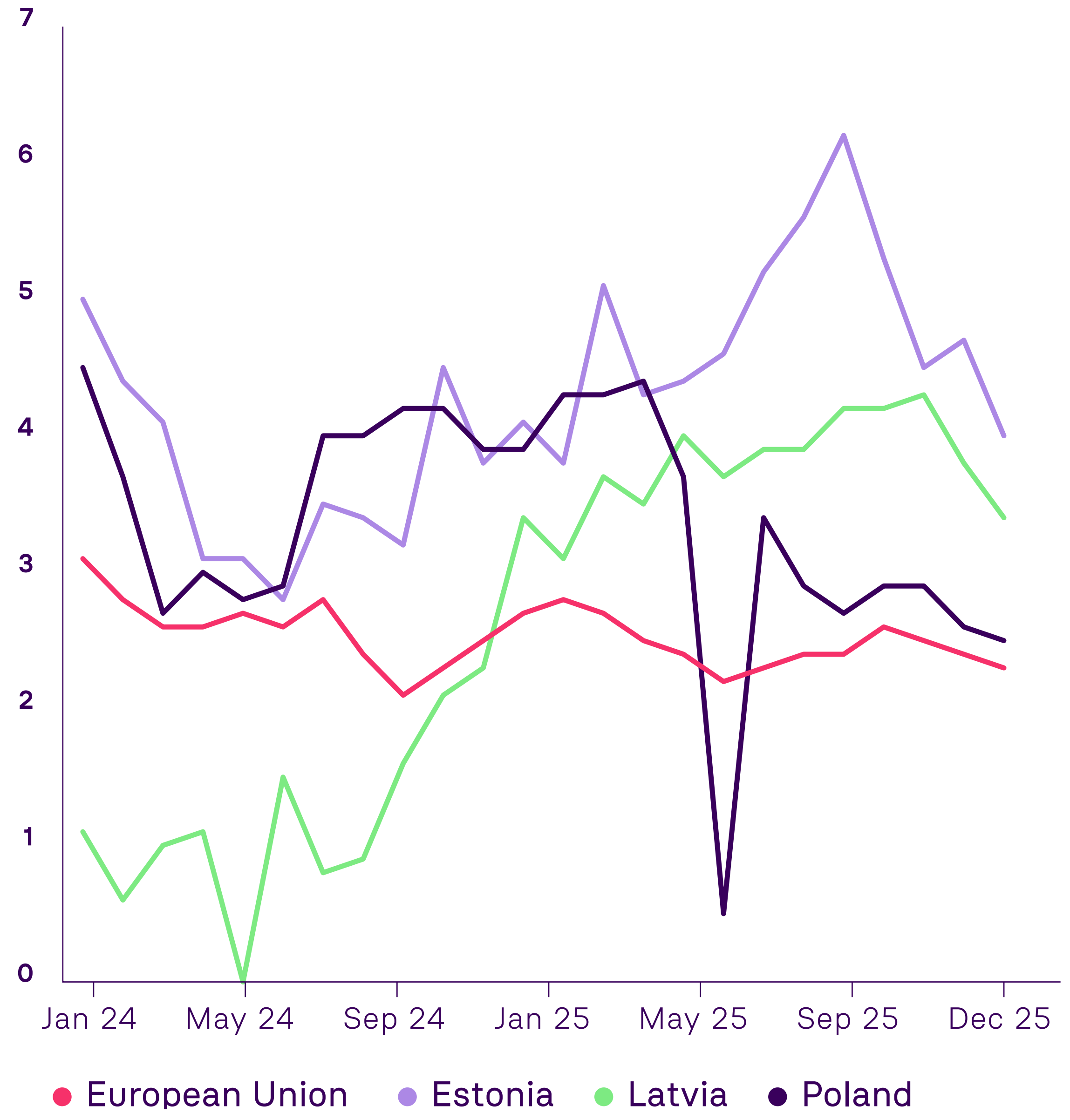
Inflation

After peaking in previous years, inflation across the EU largely stabilised in 2024 and remained relatively contained in 2025, although short-term fluctuations persisted. Inflation in the Baltic states and Poland continued to exceed the EU average, with Estonia and Latvia experiencing renewed upward pressure during 2025, while Poland showed a gradual moderation over the year.

According to Eurostat, inflation in 2024 and 2025 was driven primarily by the services sector and food prices, while lower and more volatile energy prices reduced their overall contribution compared to earlier periods.

Inflation had mixed effects on Sunly's operations. While operating costs in the renewables sector remain relatively resilient to headline inflation, capital expenditure continues to be influenced by construction cost inflation. At the same time, inflation-linked support mechanisms, including the contract for differences (CfD) subsidy in Poland, continued to have a positive impact on Sunly's financial performance.

Inflation, %



Source: Eurostat

Interest rates

Sunly's financing in Estonia and Latvia is linked to EURIBOR, while in Poland it is linked to WIBOR.

The decrease in interest rates had a positive impact on Sunly's financial results in 2025.

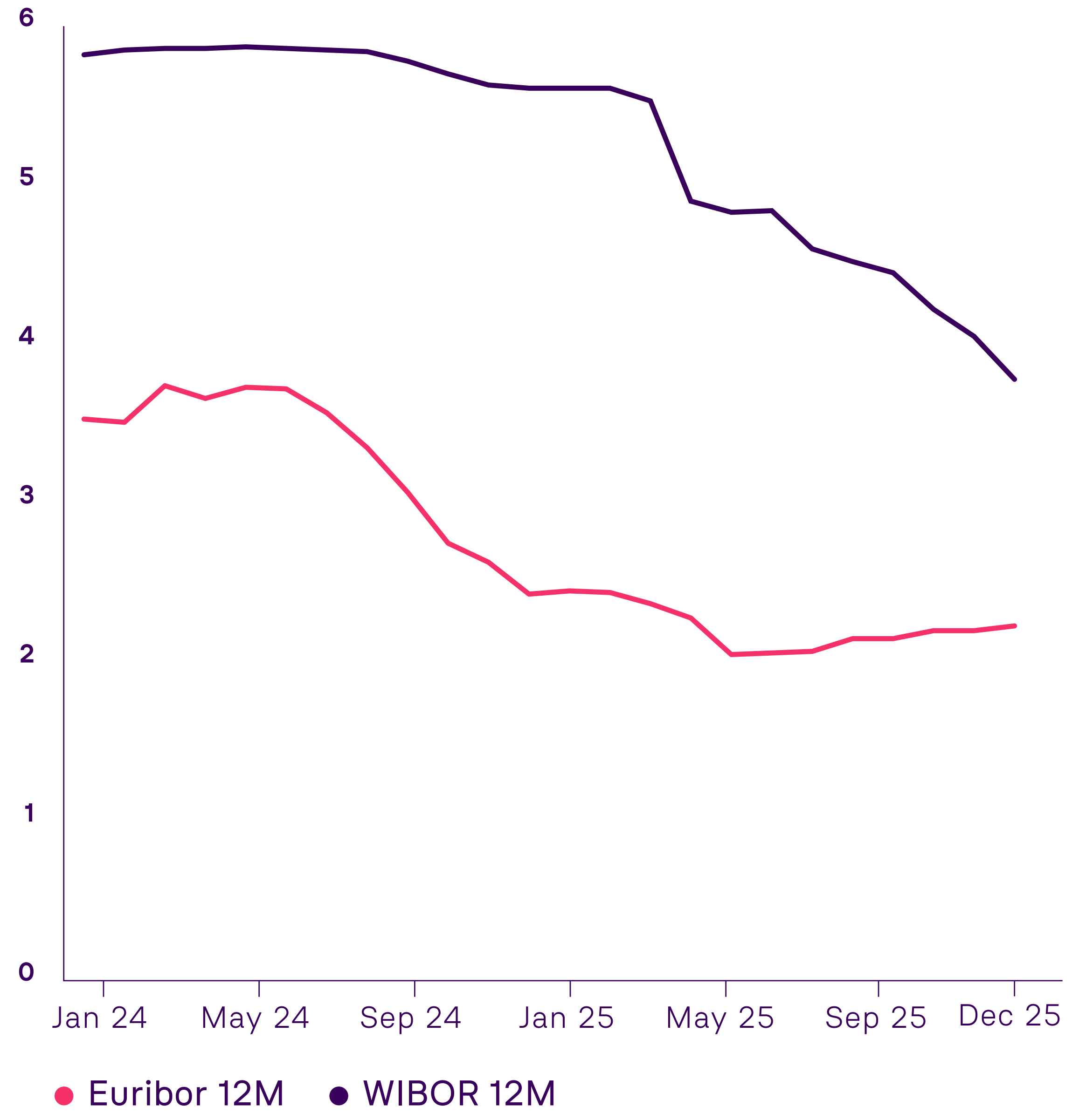
Curtailments

From March 2024 onwards, the electricity market in Poland experienced forced curtailments, under which electricity producers were required to reduce or stop production due to oversupply. Forced curtailments continued in Poland during 2025.

Curtailments in Poland occur mainly during weekends, extended weekends and public holidays. These periods coincide with high supply and lower demand, resulting in lower electricity prices.

As curtailments mainly affect periods of low or negative prices, Sunly's electricity is sold primarily during periods with relatively higher electricity prices rather than during periods with lower or negative prices. While curtailments affected Sunly's production levels, they had only a marginal impact on the company's financial results.

Interest rates monthly level, %



Source: Euribor-rates.eu, GPWbenchmark.pl

KEY FINANCIALS

Revenues and EBITDA for 2025 were mainly driven by new capacities becoming operational.

The increase in electricity sales revenues was attributable to several factors: more solar parks becoming operational, BESS revenues being reported as part of electricity sales revenues, the start of FRR trading in Estonia and increased retail electricity sales revenues.

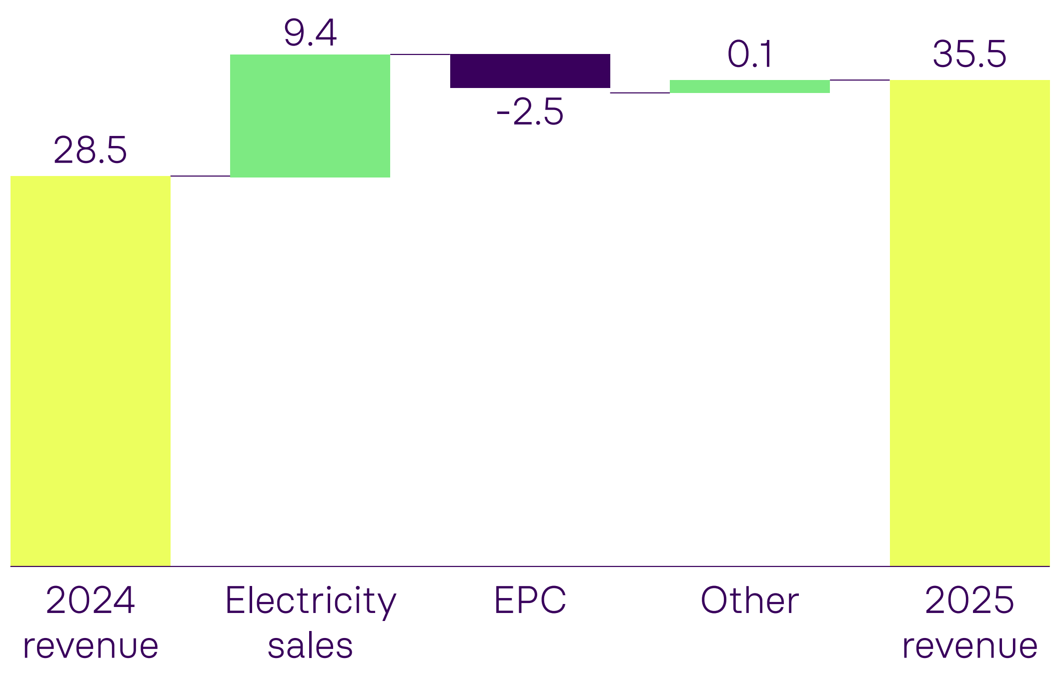
EPC external revenues decreased as the focus of the EPC business in 2025 was still on completion of previously started projects, as well as doing more projects based on BOP (Balance of Plants) model, where the client is responsible for purchase of equipment, and EPC company is only doing construction works.

The increase in other revenues is driven by increase in Retail revenue related to rental of solar power plant equipment.

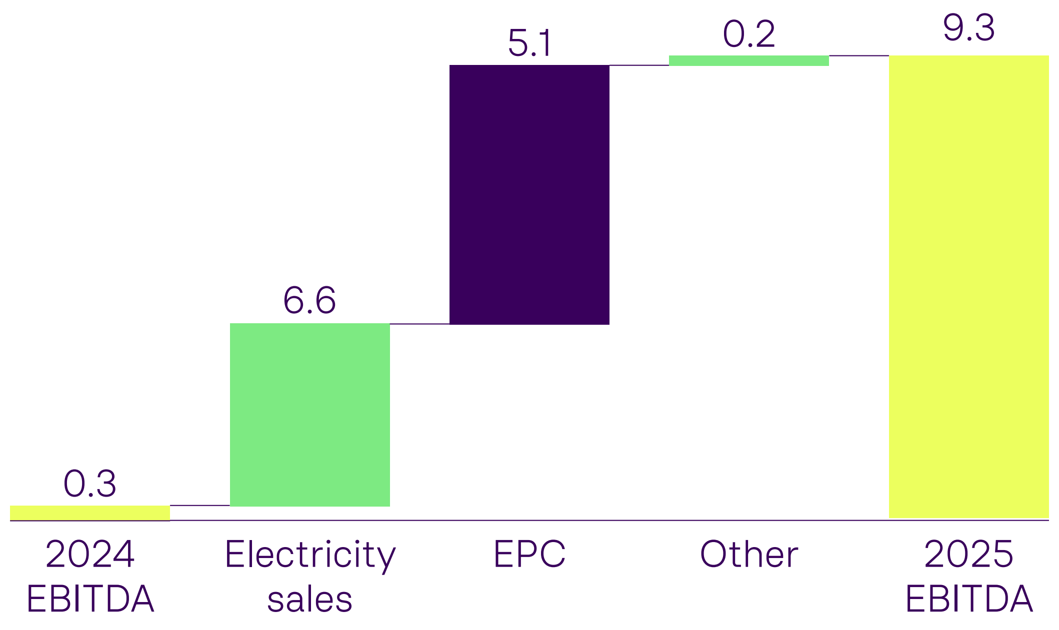
(in EURk)	2025	Change	2024
Total revenue	35,528	6,990	28,538
EBITDA	9,272	8,921	350
EBIT	-29,534	-17,908	-11,627
Net profit	-32,594	-7,308	-25,287
Cash and cash equivalents	49,356	-52,156	101,512
Equity	299,304	-19,138	318,442
Loans and borrowings	424,496	177,850	246,645
Total assets	766,030	121,355	644,674
CAPEX	206,894	111,713	95,181
EBITDA margin	26%	25%	1%
ROIC (return on invested capital)*	-4%	-1%	-3%

* ROIC = EBIT / (equity + loans and borrowings - cash)

Revenue bridge, EURm



EBITDA bridge, EURm



CORPORATE OVERVIEW

Corporate structure

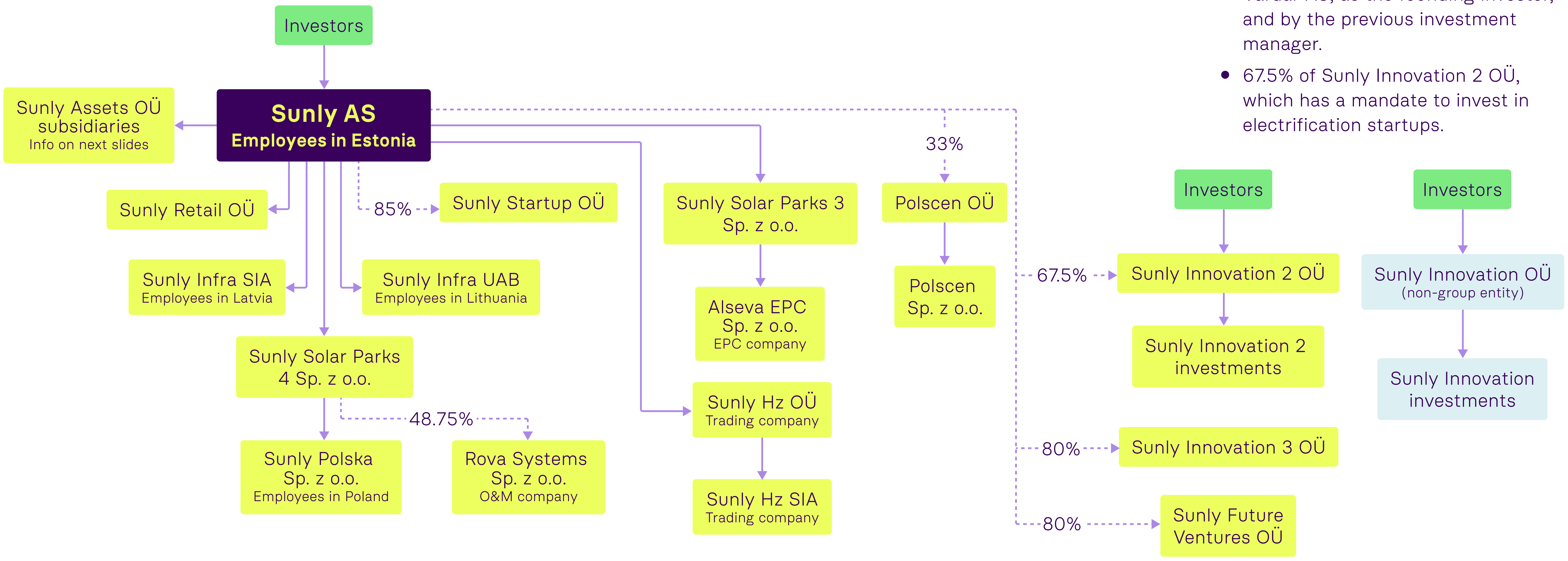
Sunly AS, an Estonian public limited liability company, is the parent company of the Sunly Group. Sunly AS has subsidiaries in Estonia, Latvia, Lithuania and Poland.

Sunly Innovation

Sunly's innovation arm includes:

- 85% of Sunly Startup OÜ, which provides management services to Sunly Innovation OÜ and Sunly Innovation 2 OÜ. Sunly Startup OÜ has no employees but operates under a management contract with Sunly AS. A minority shareholding is held by Vardar AS, as the founding investor, and by the previous investment manager.
- 67.5% of Sunly Innovation 2 OÜ, which has a mandate to invest in electrification startups.

Full shareholding
Partial shareholding



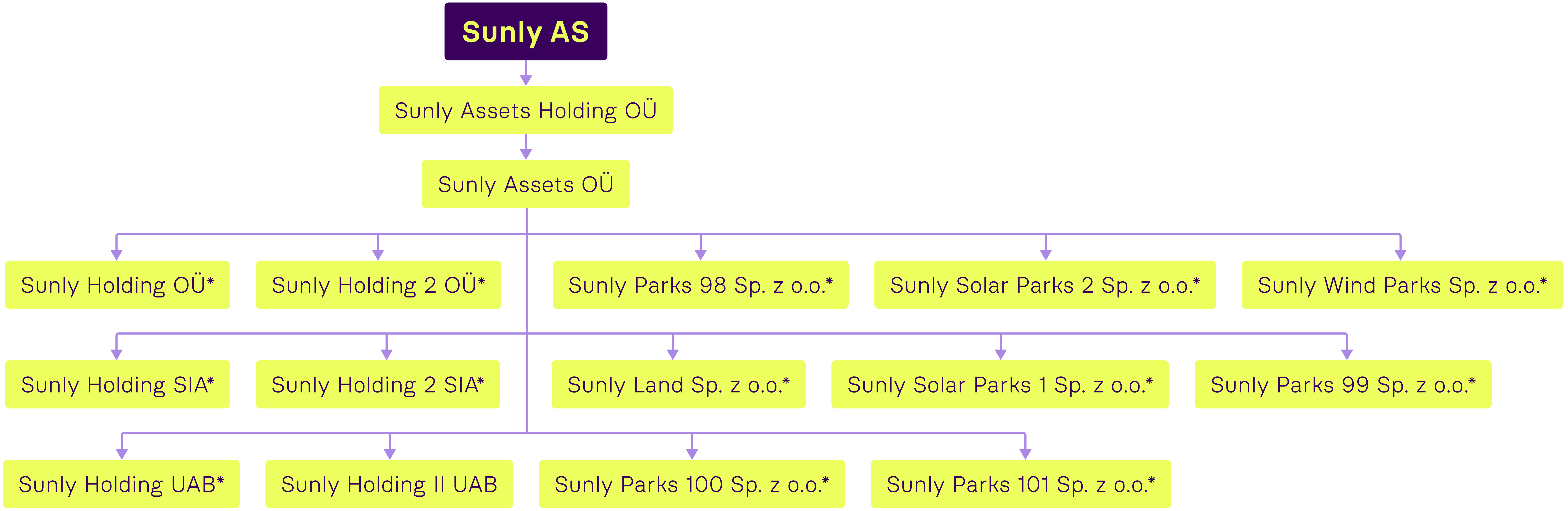
Sunly's project SPVs and JVs

Sunly's renewable energy and storage projects, along with related land and land rights, are held in separate asset-holding subsidiaries (SPVs) to secure financing for these projects.

The current portfolio of operational and under-construction assets is 100% owned by Sunly Group companies, except for the following holdings:

- 62.97% shareholding in Metsapäike OÜ for the Estonian 45 MW Raba solar park
- 51% shareholding in Metsapäike 2 OÜ for the Estonian 2.3 MW Pikkori solar park
- 90% shareholding in Metsapäike 3 OÜ for the Estonian 12.5 MW Nurme solar park
- 90% shareholding in Metsapäike Risti OÜ for the Estonian 244 MW Risti solar park
- 95% shareholding in SPV Kurzeme SIA for the Latvian 90 MW Dagda solar park
- 95% shareholding in Sunly Land Solar 1 SIA for the Latvian 54 MW Valmiera (Matīši) solar park

The development pipeline is held almost entirely in wholly owned or majority-owned SPVs.



* Company owns SPVs

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LIST OF ABBREVIATIONS

Abbreviation	Explanation
aFRR	Automatic Frequency Restoration Reserve
Benelux	Belgium, the Netherlands, Luxembourg
BESS	Battery energy storage system
bp	Basis point
BSP	Balancing service provider
CAPEX	Capital expenditure
CEO	Chief executive officer
CfD	Contract for differences
CGU	Cash-generating unit
CIP	Copenhagen Infrastructure Partners
DACH	Germany, Austria, Switzerland
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
EBRD	European Bank for Reconstruction and Development
ECB	European Central Bank
EIA	Environmental impact assessment
EIB	European Investment Bank
ELF	Estonian Fund for Nature
EPC	Engineering, procurement and construction
ESG	Environmental, social and governance
EU	European Union

Abbreviation	Explanation
EUR	Euro
EURIBOR	Euro Interbank offered rate
EURk	Thousand euros
EURm	Million euros
FCR	Frequency Containment Reserve
FV	Fair value
GW	Gigawatt
GWh	Gigawatt-hours
HoldCo	Holding company
IFRS	International Financial Reporting Standards
IPP	Independent power producer
JV	Joint venture
KLP	Kommunal Landspensjonskasse
KPIs	Key performance indicators
mFRR	Manual Frequency Restoration Reserve
MW	Megawatt
MWh	Megawatt-hours
NGO	Non-governmental organisation
NIS2	Network and Information Security Directive
NPV	Net present value
O&M	Operations and maintenance
OECD	Organisation for Economic Co-operation and Development

Abbreviation	Explanation
PLN	Polish złoty
POC	Percentage of completion
PPA	Power purchase agreement
PV	Photovoltaic
SDG	Sustainable development goals
SPV	Special-purpose vehicle
UN	United Nations
VAT	Value-added tax
WIBOR	Warsaw Interbank offered rate

FINANCIAL REPORTS

CONTENTS

The notes on pages 60 to 102 are an integral part of the consolidated financial statements.

Consolidated financial statements

Notes to the consolidated financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in EURk)	Note	31 Dec 2025	31 Dec 2024
Non-current assets			
Property, plant and equipment	8	466,672	283,925
Intangible assets and goodwill	9	136,820	149,043
Right of use assets	18	22,325	20,248
Investment property		1,303	1,310
Equity-accounted investees		88	88
Other non-current financial assets	11	46,682	22,061
Other investments	12	7,563	6,481
Prepayments	13	2,691	3,990
Deferred tax assets	20	1,755	2,171
Total non-current assets		**685,899**	**489,317**
Current assets			
Inventories		1,297	5,430
Trade and other receivables	14	7,671	8,609
Prepayments	13	21,609	39,330
Other current financial assets	11	198	477
Cash and cash equivalents		49,356	101,512
Total current assets		**80,131**	**155,358**
Total assets		**766,030**	**644,675**

(in EURk)	Note	31 Dec 2025	31 Dec 2024
Equity			
Share capital	15	76,359	76,359
Own shares	15	-3,597	-3,597
Share premium	15	28,135	28,135
Share option reserve	15, 26	3,525	3,020
Reserves	15	288,121	277,320
Foreign currency translation reserve		6,729	4,227
Retained earnings		-103,765	-69,495
Equity attributable to owners of the company		**295,507**	**315,969**
Non-controlling interests		3,797	2,473
Total equity		**299,304**	**318,442**
Liabilities			
Borrowings	16	416,328	216,752
Trade and other payables	19	5,915	40,632
Provisions	21	9,004	8,110
Deferred tax liabilities	20	602	721
Total non-current liabilities		**431,849**	**266,215**
Current tax liabilities	20	1,927	1,759
Borrowings	16	8,168	29,894
Trade and other payables	19	24,198	27,443
Provisions	21	217	785
Deferred revenue		367	137
Total current liabilities		**34,877**	**60,018**
Total liabilities		**466,726**	**326,233**
Total equity and liabilities		**766,030**	**644,675**

The notes on pages 60 to 102 are an integral part of the consolidated financial statements.

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

The notes on pages 60 to 102 are an integral part of the consolidated financial statements.

(in EURk)	Note	2025	2024
Revenue	**22**	**35,528**	**28,538**
Other income		1,325	852
Goods, raw materials and services	23	-6,156	-3,825
Other operating expenses	24	-7,794	-11,058
Staff costs	25	-13,617	-14,153
Depreciation on property, plant and equipment	8	-25,526	-9,637
Amortisation and impairment on intangible assets	9	-13,280	-2,340
Other expenses		-14	-4
Operating loss		**-29,534**	**-11,627**
Interest income	27	1,903	2,594
Interest expenses	27	-29,419	-16,040
Change in fair value of contingent consideration		0	255
Other finance income/expense		-516	-1,558
Net finance costs	**27**	**-28,032**	**-14,749**

(in EURk)	Note	2025	2024
Income from contingent consideration liabilities	19	25,549	0
Loss before tax		**-32,017**	**-26,376**
Income tax	20	-577	1,089
Loss for the period		**-32,594**	**-25,287**
Loss attributable to owners of the company		-32,085	-24,914
Loss attributable to non-controlling interests		-509	-373
Other comprehensive income			
Items that are or may be reclassified to profit or loss			
Foreign currency translation differences of foreign operations		2,502	1,531
Total comprehensive expense for the period		**-30,092**	**-23,756**
Comprehensive expense attributable to owners of the Company		-29,583	**-23,383**
Comprehensive expense/income attributable to non-controlling interests		-509	**-373**

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CONSOLIDATED STATEMENT OF CASH FLOWS

The notes on pages 60 to 102 are an integral part of the consolidated financial statements.

(in EURk)	Note	2025	2024
Cash flows from operating activities			
Loss for the period		**-32,593**	**-26,377**
Adjustments for:			
Depreciation, amortisation and impairment on property, plant and equipment and intangible assets	8, 9	38,806	11,977
Change in contingent consideration liability	19	-25,549	0
Share option reserve expense	26	910	83
Change in provisions	21	382	-231
Net finance costs	27	28,032	14,749
Other adjustments		-76	-59
Total adjustments		**42,505**	**26,519**
Changes in trade and other receivables		939	4,344
Prepayments made	13	19,021	-1,356
Changes in inventories		4,131	2,789
Changes in trade and other payables		-29,206	-6,329
Interest received		1,903	2,594
Income taxes paid		-280	-16
Net cash used in operating activities		**6,997**	**2,168**

(in EURk)	Note	2025	2024
Cash flows from investing activities			
Acquisition of property, plant and equipment and intangible assets	8, 9	-207,624	-99,872
Acquisition of investment property		7	115
Other investing activities[1]		125	5,638
Net cash used in investing activities		**-207,492**	**-94,119**
Cash flows from financing activities			
Proceeds from borrowings	16	198,178	132,693
Repayments of borrowings		-23,484	-35,312
Interest paid		-28,341	-15,489
Proceeds from issue of share capital		0	60,000
Net cash from financing activities		**146,353**	**141,892**
Total cash flow		**-54,142**	**49,941**
Cash and cash equivalents at 1 January		101,512	51,598
Effect of movements in exchange rates on cash held		1,986	-27
Cash and cash equivalents at 31 December		**49,356**	**101,512**

1 Includes restricted cash in amount of EUR 45,857k (31 December 2024: EUR 20,425k). Restricted cash includes Debt Service Reserve Accounts in Estonia and Poland, as well as cash deposits for grid connection deposit guarantees in the Baltics.

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company									
(in EURk)	Share capital	Own shares	Share premium	Share option reserve	Other reserve	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
Balance as at 31 December 2023	**69,416**	**-3,884**	**28,135**	**4,530**	**224,263**	**2,696**	**-46,873**	**278,283**	**1,803**	**280,086**
Loss for the period	0	0	0	0	0	0	-24,914	-24,914	-373	-25,287
Other comprehensive income	0	0	0	0	0	1,531	0	1,531	0	1,531
Comprehensive expense for the period	0	0	0	0	0	1,531	-24,914	-23,383	-373	-23,756
Transactions with owners of the Company										
Issue of ordinary shares	6,943	0	0	0	53,057	0	0	60,000	0	60,000
Realised share options	0	287	0	0	0	0	0	287	0	287
Changes in share option reserve	0	0	0	-1,510	0	0	1,593	83	0	83
Other changes in equity	0	0	0	0	0	0	699	699	1,043	1,742
Total transactions with owners of the Company	6,943	287	0	-1,510	53,057	0	2,292	61,069	1,043	62,112
Balance as at 31 December 2024	**76,359**	**-3,597**	**28,135**	**3,020**	**277,320**	**4,227**	**-69,495**	**315,969**	**2,473**	**318,442**
Loss for the period	0	0	0	0	0	0	-32,084	-32,084	-509	-32,592
Other comprehensive income	0	0	0	0	0	2,502	0	2,502	0	2,502
Comprehensive expense for the period	0	0	0	0	0	2,502	-32,084	-29,582	-509	-30,090
Transactions with owners of the Company										
Unrealised PUT option	0	0	0	0	11,080	0	0	11,080	0	11,080
Changes in share option reserve	0	0	0	506	0	0	404	910	0	910
Other changes in equity	0	0	0	0	-279	0	-2,590	-2,869	1,833	-1,036
Total transactions with owners of the Company	0	0	0	506	10,801	0	-2,186	9,121	1,833	10,954
Balance as at 31 December 2025	**76,359**	**-3,597**	**28,135**	**3,525**	**288,121**	**6,729**	**-103,765**	**295,507**	**3,797**	**299,304**

The notes on pages 60 to 102 are an integral part of the consolidated financial statements.

More detailed information on the Group's equity items is provided in Note 16.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. REPORTING ENTITY

Sunly AS (also referred to as “the Parent” or “the Company”) is a company incorporated and registered in the Republic of Estonia on 2 April 2019. The Company’s registered office is at Telliskivi 60/5, Tallinn, 10412, Estonia. The consolidated financial statements of Sunly AS as at and for the year ended 31 December 2025 comprise the Company and its subsidiaries (together referred to as “the Group”). The Group is primarily involved in developing, constructing, and operating renewable energy projects in the Baltics and Poland.

The Group does not have an immediate parent company or an ultimate controlling party. The names of entities with joint control of, or significant influence over, the Company are disclosed in Note 28. Related party disclosures.

NOTE 2. BASIS OF ACCOUNTING

The Group’s consolidated financial statements as at and for the year ended 31 December 2025 have been prepared in accordance with the Estonian Accounting Act and International Financial Reporting Standards (IFRS) as adopted by the European Union.

The accounting and reporting principles described have been applied consistently to all periods presented.

The Management Board authorised these consolidated financial statements for issue on 01 April 2026. Under the Estonian Commercial Code, the annual report must also be approved by the Supervisory Board and the shareholders. The shareholders may decide not to approve the annual report prepared by the Management Board and approved by the Supervisory Board and may demand the preparation of a new annual report.

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NOTE 3. FUNCTIONAL AND PRESENTATION CURRENCY

The functional currency of the Group companies operating in Estonia, Latvia and Lithuania is the euro (EUR). The functional currency of the Group companies operating in Poland is the Polish złoty (PLN).

The presentation currency of these consolidated financial statements is EUR.

The following PLN exchange rates have been applied:

	2025	2024
Average exchange rate	4.2397	4.26967
Spot exchange rate as at the reporting date	4.22100	4.27500

Source: European Central Bank

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NOTE 4. USE OF JUDGEMENTS AND ESTIMATES

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

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

Judgements

Judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements are as follows:

The Group owns:

- a 51% interest in the following jointly founded companies: SW Metsatuul OÜ, SW Tuulekohin OÜ, SW Multituul OÜ, SW Tuulerii OÜ, SW Eretuul OÜ, SW Tuulepõld OÜ, Metsapäike OÜ, Metsapäike 2 OÜ, Vejai LT UAB;
- a 50% interest in the following jointly founded companies: SLD 2 SIA, SLD 5 SIA, SW Heinzel Wind OÜ.

Management has determined that the Group controls all of these companies and has consolidated these entities into its consolidated financial statements.

- The useful lives of property, plant, and equipment and intangible assets are determined in accordance with the Group's accounting policy. Please refer to Note 6 for details of accounting policies related to useful lives.

Judgements about assumptions and estimation uncertainties at the reporting date that have a risk of resulting in an adjustment to the carrying amounts of assets and liabilities within the next financial year are the following:

- Management prepared an impairment test for goodwill, applying certain assumptions regarding the underlying recoverable amounts. Please refer to Note 9 for details of this impairment test.

Determination of the useful lives of items of property, plant and equipment

The estimated useful lives of property, plant and equipment are based on the management's estimate of the period during which the asset will be used.

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

In measuring fair value, a transaction to sell an asset or transfer a liability is assumed to occur either:

- in the principal market for the asset or liability; or
- if there is no principal market, in the most advantageous market.

The Group must have access to the main or most advantageous market on the measurement date.

The measurement of the fair value of an asset or liability uses assumptions that market participants would use in determining the price of the asset or liability, assuming they act in their best economic interests. The measurement of the fair value of a non-financial asset considers the ability of the market participant to generate economic benefits by making the highest and best use of the asset or by selling it to another market participant for optimal use.

When measuring the fair value of an asset or liability, the Group uses observable market data wherever possible. Fair values are categorised into levels in the fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 7. Financial instruments

NOTE 5. CHANGES IN MATERIAL ACCOUNTING POLICIES

The following new standards, interpretations and amendments were not yet effective for the annual reporting period ended 31 December 2025 and have not been applied in preparing these consolidated financial statements. The Group plans to adopt these pronouncements when they become effective:

- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)
- IFRS 18 Presentation and Disclosure in Financial Statements
- Annual Improvements to IFRS Standards – Volume 11

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NOTE 6. MATERIAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been applied consistently unless otherwise stated below.

Basis of consolidation

The consolidated financial statements comprise the financial statements of Sunly AS and its subsidiaries, consolidated line by line.

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and can affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date control is obtained until the date control ceases.

Business combinations

A business combination is a transaction or event in which the Group obtains control of one or more businesses. A business is defined as an integrated set of activities and assets capable of being conducted and managed to provide goods or services to customers, generate investment income or create other income from ordinary activities. If the assets acquired do not constitute a business, the Group accounts for the transaction or other event as an asset acquisition.

As of the acquisition date, the acquirer recognises its interest in the acquiree's assets, liabilities, contingent liabilities and any goodwill arising from the transaction. These are reflected in the consolidated statement of financial position, while the acquiree's income and expenses are included in the consolidated statement of profit or loss and other comprehensive income. Consolidation of a subsidiary ceases when the parent loses control of the subsidiary.

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Business combinations are accounted for using the acquisition method in the consolidated financial statements.

Non-controlling interests

A non-controlling interest is a present ownership interest that entitles the Group to a proportionate share of an entity's net assets upon the entity's liquidation.

If less than 100% of a subsidiary is acquired in a business combination, the Group may elect on a transaction-by-transaction basis to measure non-controlling interests either at:

- fair value at the date of acquisition or
- the holder's proportionate interest in the recognised amount of the acquiree's identifiable net assets.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are recognised as equity transactions.

Loss of control

When the Group loses control of a subsidiary, it derecognises the subsidiary's assets, liabilities, related non-controlling interests and other equity components. Gains or losses arising from the loss of control are recognised in profit or loss. The retained interest in the former subsidiary is measured at fair value.

Transactions eliminated on consolidation

All intragroup transactions and balances, and any unrealised profits and losses resulting from intragroup transactions are eliminated in full during the preparation of the consolidated financial statements. Unrealised losses are not eliminated if they indicate impairment.

Property, plant and equipment

Initial recognition

Items of property, plant and equipment are measured at cost less any accumulated depreciation and impairment losses.

If an item of property, plant or equipment consists of significant parts with different useful lives, each part is accounted for separately and assigned a depreciation rate corresponding to its useful life. The total cost of an asset is allocated to its parts based on their significance.

Cost

The cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates;

agreement and commitment fees, and other directly attributable expenditure; and borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. Land is measured at cost.

Subsequent costs

Subsequent expenditure on an item of property, plant or equipment is recognised as part of its carrying amount only if it is probable that future economic benefits associated with the item will flow to the entity and the expenditure can be measured reliably. Costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as they are incurred.

Depreciation

When recognised, an item of property, plant or equipment is assigned a useful life, which determines its depreciation rate. Assets with an unlimited useful life are not depreciated. Depreciation begins when the asset is available for use in the location and condition required for its operation as intended by the management. Depreciation ceases when the asset is fully depreciated or derecognised. Fully depreciated assets still in use are carried in the statement of financial position at nil value until permanently withdrawn from use.

Items of property, plant and equipment are depreciated using the straight-line method. Depreciation is calculated monthly, on a straight-line basis, even if an asset is idle or temporarily retired from active use. Useful lives are reviewed at least annually at the financial year-end.

Annual depreciation rates by asset class:

- Buildings: 3.33–10%
- Machinery and equipment: 20–30%
- Computers and computer systems: 20–30%
- Other property, plant and equipment: 20–30%

For individually significant or non-standard items, the depreciation rate is determined for each asset separately based on the expected useful life of the specific item.

If the estimated useful life of an asset changes significantly, the remaining useful life is adjusted prospectively, altering the asset's depreciation charges for subsequent periods.

Derecognition

The carrying amount of an item of property, plant or equipment is derecognised when: the item becomes permanently unfit for use; it is sold, disposed of or leased under a finance lease; it is identified as lost during a physical inspection; or no future economic benefits are expected from its use or disposal.

A gain or loss on the derecognition of an item of property, plant or equipment is recognised in profit or loss under other expenses when the item is derecognised.

Intangible assets and goodwill

Initial recognition

- **Goodwill**
  Assets representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognised.
- **Other intangible assets**
  Intangible assets include trademarks, patents, licences, rights of use, software and other non-physical assets that the Group uses in the production of goods or services or for administrative purposes.

On initial recognition, intangible assets acquired are measured at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and impairment provisions.

In a business combination, the assets, liabilities and contingent liabilities acquired are measured at their fair values at the acquisition date. Goodwill is recognised as the excess of the consideration transferred over the fair value of the identifiable net assets acquired.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised on a straight-line basis over their estimated useful economic lives.

Subsequent expenditure is capitalised only if it increases the future economic benefits associated with the specific asset. All other expenditure, including internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation

Amortisation is calculated to write off the cost of intangible assets, less their estimated residual values, on a straight-line basis, over their estimated useful lives. Amortisation is generally recognised in profit or loss.

Goodwill is not amortised. Intangible assets purchased for the development of renewables, such as rights, are amortised

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over the period from when the related physical assets are ready for use until the end of their useful lives. For solar farms, this period is 25 years. All other categories of intangible assets are amortised over a 10-year period.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted as appropriate.

Impairment of assets

Impairment of non-financial assets
The carrying amount of non-financial assets is reviewed at least annually at the end of the reporting period to determine whether there is any indication of impairment. If there is reason to believe that the recoverable amount of a non-financial asset has fallen below its carrying amount, an impairment test is performed, and the asset is written down if necessary.

The recoverable amount of an asset or its cash-generating unit (CGU) is the higher of its fair value less costs to sell and its value in use.

When assessing value in use, estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For impairment testing, assets are grouped at the lowest levels where cash flows are separately identifiable and largely independent of cash inflows from other assets or groups of assets (cash-generating units).

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the period they are identified. Impairment losses for a CGU are allocated first to reduce the carrying amount of goodwill allocated to the unit, and then to proportionately reduce the carrying amounts of the unit's other assets.

If the reason for an impairment loss recognised in prior periods no longer exists, the impairment loss is reversed. Changes in circumstances are analysed at least once a year at the end of the reporting period. The reversal of an impairment loss increases the asset's carrying amount to what it would have been (net of amortisation or depreciation) had the asset not been written down in previous years. Reversals of impairment losses are recognised in profit or loss within the same line item where the impairment losses were originally recorded.

Impairment of financial assets
The assessment of impairment of financial assets is described in more detail in the accounting policies for financial assets and liabilities.

Leases

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control and use an identified asset for a specific period in exchange for consideration.

The Group as a lessee
The Group recognises a right-of-use asset and a lease liability at the commencement date of the lease. The right-of-use asset is initially measured at cost, which equals the initial measurement of the lease liability, adjusted for any advance lease payments, direct costs incurred and restoration costs to be incurred (e.g. dismantling the asset and restoring the site). Any lease incentives received are deducted from this amount.

Right-of-use assets are depreciated on a straight-line basis from the commencement date of the lease to the expiry of the lease term unless the ownership of the underlying asset transfers to the Group at the end of the lease term or the carrying amount of the right-of-use assets indicates that the Group plans to exercise the purchase option. In that case, the underlying asset is depreciated over its entire estimated useful life, which is determined using the same approach that is used for similar items of property, plant and equipment that are owned. Right-of-use assets are also adjusted for impairment losses, if any. In addition, right-of-use assets are adjusted to reflect certain remeasurements of the lease liabilities.

The lease liability is initially measured at the present value of lease payments that remain unpaid at the lease commencement date. These payments are discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. The Group generally applies the incremental borrowing rate as the discount rate.

The incremental borrowing rate is determined by referencing various sources of financing. The inputs received are adjusted for the terms of the lease and the type of underlying asset to establish the incremental borrowing rate appropriate for the asset.

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

- fixed payments (including in-substance fixed payments);
- penalties for terminating the lease (if termination is reasonably certain);
- the exercise price of a purchase option (if the lessee is reasonably certain to exercise the option);
- amounts expected to be payable by the lessee under residual value guarantees;
- lease payments that depend on an index or rate.

The lease liability is measured at amortised cost and remeasured if: (a) there is a change in future lease payments, reflecting a change in the index or rate used to determine the payments, (b) the amounts expected to be payable under a residual value guarantee are reassessed, or (c) the Group changes its assessment of whether it intends to exercise the option to (i) purchase the underlying asset or (ii) extend or terminate the lease. The lease liability is also remeasured to account for changes in fixed payments, including in-substance fixed payments.

If the lease liability is remeasured for any of the above reasons, a corresponding adjustment is made to the carrying amount of the right-of-use asset. If the carrying amount of the right-of-use asset has been reduced to zero, the effect of the change in the lease liability is recognised in profit or loss.

The Group has chosen not to recognise right-of-use assets and lease liabilities for short-term leases or leases where the underlying asset is of low value. Payments for these leases are recognised as an expense on a straight-line basis over the lease term.

When entering into or modifying a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component based on its stand-alone price.

Other investments

Current and non-current investments in shares and other equity instruments (except for investments in subsidiaries and associates) are stated at amortised cost if both of the following conditions are met:

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Investments in equity-accounted investees

An associate is an entity over which the Group has significant influence but not control. Significant influence is generally presumed to exist when the Group holds 20–50% of the voting power of an entity. A joint venture is an arrangement in which the Group has joint control, with rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Investments in associates and joint ventures are accounted for using the equity method. Under this method, an investment is initially recognised at cost and adjusted for the investor's interest in the changes in the investee's equity over time.

Investments in subsidiaries and associates in the parent company's unconsolidated statement of financial position

Investments in subsidiaries and associates are stated at cost in the parent company's unconsolidated statement of financial position. Under the cost method, the initial acquisition cost is adjusted in subsequent periods for any impairment losses on the investment. At each reporting date, an assessment is made to determine whether there are indications that the recoverable amount of an investment may have fallen below its carrying amount. If such indications exist, an impairment test is performed. Dividends paid by the investee are recognised as income when the investor becomes entitled to the dividends.

Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is determined using the first-in, first-out principle.

The main inventory items are solar panels, which are stored in Poland and Estonia.

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Financial assets and liabilities

Recognition and initial measurement

Trade receivables are recognised at origination. All other financial assets and liabilities are recognised when the Group becomes party to the contractual provisions of the instrument. At initial recognition, the Group measures a financial asset or financial liability at its fair value, adjusted for transaction costs directly attributable to the acquisition or issue of the financial asset or liability. Trade receivables that do not contain a significant financing component are measured at the transaction price at initial recognition.

Classification, subsequent measurement, and gains and losses

Financial assets

After initial recognition, the Group measures financial assets at amortised cost, fair value through other comprehensive income, or fair value through profit or loss.

Financial assets are not reclassified after initial recognition unless the Group changes its business model for managing them. In such cases, all affected financial assets are reclassified on the first day of the first reporting period following the change in business model.

A financial asset is measured at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model with the objective of holding assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group classifies cash and cash equivalents, trade receivables, and other receivables as financial assets measured at amortised cost.

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met and it has not been designated as a financial asset at fair value through profit or loss:

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- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets that have not been classified as financial assets measured at amortised cost or at fair value through other comprehensive income as described above are measured at fair value through profit or loss.

At initial recognition, the Group may designate a financial asset that meets the conditions for financial assets measured at amortised cost or fair value through other comprehensive income as measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

The following provides an overview of the Group's financial assets and their measurement and recognition of gains and losses.

- **Amortised cost**
  Assets designated to this category are measured at amortised cost, using the effective interest method. In determining amortised cost, impairment losses are deducted from the carrying amount. Interest income, foreign exchange gains, and losses and impairment losses on the assets are recognised in profit or loss. A gain or loss arising on derecognition is recognised in profit or loss.

Financial liabilities

Financial liabilities are classified as subsequently measured at either amortised cost or fair value through profit or loss. A financial liability is classified as measured at fair value through profit or loss if it is held for trading, is a derivative or has been designated as such upon initial recognition. Financial liabilities measured at fair value through profit or loss are recorded at fair value, with any resulting gain or loss, as well as any interest expense, recognised in profit or loss.

Other financial liabilities are measured at amortised cost, using the effective interest method, with interest expense, foreign exchange gains and losses on them recognised in profit or loss. Any gains and losses arising on derecognition are recognised in profit or loss.

Derecognition

Financial assets

The Group derecognises a financial asset only when its contractual rights to receive cash flows from the asset expire, or when the Group transfers the financial asset in a manner that qualifies for derecognition. A transfer qualifies for derecognition if the Group transfers the contractual rights to receive the cash flows of a financial asset in a transaction by which it transfers all the risks and rewards of ownership of the financial asset or by which it relinquishes control of the financial asset while not transferring the risks and rewards of ownership of the asset.

If the Group transfers a financial asset recognised in its financial statements but retains all, or substantially all, the risks and rewards of ownership, the financial asset is not derecognised.

Financial liabilities

The Group removes a financial liability from its statement of financial position when, and only when, it is extinguished. That is, when the obligation specified in the contract is discharged or cancelled or expires. A financial liability is derecognised when its terms are substantially modified so that its cash flows become significantly different from the originally agreed ones. In that case, the Group recognises a new financial liability based on the modified terms and measures it at fair value.

The difference between (i) the carrying amount of the financial liability (or part of it) extinguished or transferred to another party and (ii) the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Offsetting

A financial asset and a financial liability are offset, and the net amount is presented in the statement of financial position, only when the Group has a legally enforceable right to offset the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on financial assets measured at amortised cost.

The loss allowance is measured at an amount equal to lifetime expected credit losses, except for certain financial assets whose loss allowance is measured at an amount equal to 12-month expected credit losses. These assets include:

- other receivables;
- cash and cash equivalents, provided their credit risk has not increased significantly since initial recognition.

The Group accounts for expected credit losses on all trade receivables, using the simplified approach under IFRS 9 that allows for recognising the loss allowance at an amount equal to lifetime expected credit losses. The expected credit losses on trade receivables are calculated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors specific to the debtors, general economic conditions and, where appropriate, the time value of money.

Expected credit losses represent a probability-weighted estimate of credit losses. A credit loss is the difference between the cash flows contractually due to the Group and the cash flows the Group expects to receive, discounted at the financial asset's effective interest rate.

At each reporting date, the Group assesses whether a financial asset measured at amortised cost might be credit-impaired. A financial asset is considered credit-impaired if one or more events have occurred that have a detrimental impact on the estimated future cash flows of the asset. Evidence of credit impairment includes:

- significant financial difficulty of the debtor;
- a breach of contract, such as default or past-due events;
- concessions granted by the Group, due to the debtor's financial difficulties, in restructuring the amount due that would not otherwise have been considered;
- a high probability that the debtor will encounter financial difficulty.

The carrying amount of a financial asset measured at amortised cost is reduced by the amount of its loss allowance.

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Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, current accounts and short-term highly liquid investments with maturities of up to three months that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value, such as term deposits with maturities of up to three months and units in money market funds.

The statement of cash flows is prepared using the indirect method, whereby net cash flow from operating activities is determined by adjusting profit before tax for the effects of gains and losses associated with investing or financing activities, non-cash transactions, and changes in current assets and liabilities related to operating activities during the period.

Cash flows from investing and financing activities are reported by disclosing gross cash receipts and gross cash payments. Non-cash transactions are excluded from the statement of cash flows.

Restricted cash is generally presented as other financial assets in the statement of financial position. Classification between current and non-current is based on general current versus non-current classification principles. Since restricted cash is not presented as cash in the statement of financial position, it is also not included as cash in the statement of cash flows. Instead, restricted cash is classified as part of investing, operating, or financing activities, depending on its underlying nature.

Foreign currency

The functional currency of each consolidated Group entity is the currency of the primary economic environment in which the entity operates. The functional currency of the Group's Estonian, Latvian and Lithuanian subsidiaries is the euro (EUR), while the functional currency of the Polish subsidiaries is the Polish złoty (PLN). The Group's presentation currency is the euro (EUR), which is the official currency of the Republic of Estonia.

Foreign currency translations

Transactions in foreign currencies are translated into the functional currencies of the respective Group companies at the exchange rates prevailing at the transaction dates. A transaction in a foreign currency is translated to euros using the exchange rate of the European Central Bank quoted at the date of the transaction.

Monetary assets and liabilities denominated in a foreign currency are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities measured at fair value in a foreign currency are translated into the functional currency at the exchange rate prevailing when the fair value was determined. Non-monetary items measured at historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign exchange differences are generally recognised in profit or loss and presented within finance costs.

Foreign operations

The assets and liabilities of foreign operations are translated into euros at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into euros at the exchange rates prevailing at the transaction dates.

For subsidiaries with functional currencies different from the parent's functional currency, the following exchange rates are used in translating the financial statements of the subsidiary:

(a) all assets and liabilities are translated at the exchange rate at the reporting date;

(b) income, expenses and other changes in equity are translated at the average exchange rate for the period.

Foreign exchange differences are recognised in other comprehensive income and accumulated in the translation reserve.

Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are recognised as part of the cost of that asset. Borrowing costs that are directly attributable are those costs that would have been avoided if the expenditure on the qualifying asset had not been made. If funds are borrowed specifically for the purpose of obtaining a qualifying asset, the Group determines the amount of borrowing costs eligible for capitalisation as the actual borrowing costs incurred on the loan during the period, less any investment income earned from the temporary investment of those borrowed amounts. Other borrowing costs are recognised in profit or loss in the period in which they are incurred, using the effective interest method.

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Provisions

Provisions are determined by discounting expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

Provisions are measured based on the management's estimates and, if necessary, the estimates of independent experts. Provisions are recognised in the statement of financial position at the amounts required to settle the obligations associated with the provisions at the reporting date.

Own shares

When shares recognised as equity are repurchased, the consideration paid, including directly attributable costs, is recognised as a deduction in the own (treasury) shares reserve. Repurchased shares are classified as own shares and presented within the own shares reserve.

When own shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and any resulting surplus or deficit on the transaction is presented within share premium.

Employee benefits

Current employee benefits
Employee benefits comprise wages, salaries, social security contributions and short-term compensated absences, such as paid annual leave or other temporary suspensions of employment contracts where the absences occur within twelve months after the end of the period in which the employees render the related service and the compensation for the absences is due to be settled within the same twelve-month period. When an employee renders services to the Group during a reporting period, the Group recognises the expected amount of employee benefits to be paid in exchange for the service as a liability (accrued expense) after deducting any amounts already paid.

Share-based payments
The Group has concluded share option agreements with several employees. As the Group receives services from its employees and assumes an obligation to settle the transactions with equity instruments, this is recognised as a share-based payment. The fair value of services entitling employees to equity instruments is expensed when the services are rendered, with a corresponding increase in equity recognised as a share option reserve.

The fair value of the equity instruments is calculated as of the grant date, which serves as the measurement date for accounting purposes. The measurement date refers to the date when a contract was entered into and the parties agreed on the terms of the share-based payment. At the grant date, employees are granted rights to the share-based payment.

Revenue

Revenue is measured based on the consideration agreed in the contract signed with the customer. The Group recognises revenue when (or as) it satisfies a performance obligation by transferring goods or services to the customer.

Sale of produced electricity
The Group produces and sells electricity. Revenue is recognised on the basis of actual units produced and sold. Invoices are generated at the beginning of the next month and are usually payable within 14-30 days.

The Group also earns ancillary revenues by making its generation and storage assets available to electricity system operators and market platforms, including participation in frequency and capacity-related services.

The Group receives government support for electricity produced from renewable energy sources. This support forms one part of the revenue from the sale of electricity produced by the Group.

Revenue from the sale of electricity units is recognised in the period in which the units are delivered. Revenue is recognised based on actual units delivered.

In Estonia, the Group receives both feed-in-premium and downside protection subsidies. The term for renewable energy subsidies in Estonia is 12 years from commissioning; subsidies are not indexed to the consumer price index (CPI).

In Estonia, the subsidies are received and recognised in profit or loss monthly.

In Poland, when the CfD result is positive, a subsidy is received and

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recognised in profit or loss monthly. When the CfD result is negative, a provision is recognised in the statement of financial position, and the subsidy is recognised as a negative amount in profit or loss. The expected realisation time for the CfD provisions is 12 to 15 years.

Construction services
The Group provides solar park construction services. Revenue is recognised on the basis of the percentage of completion (POC) method. Invoices are generated based on completed works and are usually payable within 14-30 days.

Revenue from solar park construction services is recognised over time based on the POC. Progress of the performance obligation is measured by using the cost method.

The cost of uninstalled goods is recognised as revenue only after the installation of these goods has been completed.

Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss, except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax
Current tax represents the expected tax payable or receivable on the taxable income or loss for the year, adjusted for any differences from previous years. The amount of current tax payable or receivable is the best estimate of the expected tax payment or refund, including uncertainties related to income taxes, if applicable.

Current tax assets and liabilities are offset only if certain criteria are met.

- **Corporate income tax in Estonia**
  Under Estonian law, Estonian entities do not pay income tax on profits earned. Instead, income tax is levied on dividends, fringe benefits, gifts, donations, entertainment expenses, non-business expenditures and transfer price adjustments. The income tax rate is 22% of the gross amount, calculated as 22/78 of the net dividend distribution. The calculation method changed in 2025, compared with 2024 (i.e. 20/80).
- **Corporate income tax in Latvia**
  Under Latvian law, Latvian entities do not pay income tax on profits earned. Income tax is levied on dividends, fringe benefits, gifts, donations, entertainment expenses, non-business expenditures and transfer price adjustments. The income tax rate is 20% of the gross amount, calculated as 20/80 of the net dividend distribution. The calculation method remained unchanged in 2024.
- **Corporate income tax in Lithuania**
  In Lithuania, corporate profits are subject to income tax. The standard corporate income tax rate is 16% of taxable income, which is calculated by adjusting profit before tax for permanent and temporary differences under Lithuanian tax laws.
- **Corporate income tax in Poland**
  In Poland, corporate profits are subject to an income tax rate of 19%. Companies with revenues up to PLN 2 million in a tax year and newly established businesses may qualify for a reduced income tax rate of 9%, subject to certain conditions. Taxable income is calculated by adjusting profit before tax for permanent and temporary differences as allowed under Polish tax laws.

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Deferred tax
Deferred tax is recognised for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences arising from the initial recognition of assets or liabilities in transactions that are not business combinations and affect neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group can control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising from the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for the reversals of existing temporary differences, are considered, based on the business plans of the Group's subsidiaries. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it becomes probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates expected to apply to temporary differences when they reverse, using rates enacted or substantively enacted at the reporting date. The measurement reflects any uncertainties related to income taxes.

The measurement of deferred tax reflects the tax consequences that would arise based on how the Group expects, as of the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

Related parties

For the purposes of these consolidated financial statements, parties are considered related if one party controls the other or can exert significant influence over the other's operating decisions. Related parties generally include:

- investors, including non-controlling shareholders and ultimate beneficiaries of the parent company;
- other entities within the same Group; and
- members of the Group's Management Board and Supervisory Board with significant ownership interests, unless they are unable to exert significant influence on the Group's operating decisions.

In addition, related parties include close family members of the above individuals and entities associated with them.

Events after the reporting period

The consolidated financial statements include all significant events that affect the valuation of assets and liabilities and became evident between the reporting date and the date when the financial statements were authorised for issue, provided those events relate to the reporting or prior periods.

Subsequent events indicative of conditions that arose after the reporting date, which will significantly affect the results of the next financial year, are disclosed in the notes to the consolidated financial statements.

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NOTE 7. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT

Classification and fair values of financial instruments

The following table shows the carrying amounts and fair values of the Group's financial assets and liabilities.

Fair values are determined in accordance with the fair value hierarchy defined in IFRS 13. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are observable inputs other than quoted prices included within Level 1, either directly or indirectly. Level 3 inputs are unobservable inputs based on the Group's own assumptions.

The Group's management has determined that the fair value of loans equals their carrying amount, as the contractual interest rates correspond to market interest rates.

	Carrying amount			Fair value	
(in EURk)	31 Dec 2025	31 Dec 2024	FV level	31 Dec 2025	31 Dec 2024
Financial assets measured at amortised cost					
Trade and other receivables (Note 14)	7,671	8,609		7,671	8,609
Other financial assets (Note 11)	46,882	22,538	3	46,882	22,538
Cash and cash equivalents	49,356	101,512	1	49,356	101,512
Total financial assets	**103,909**	**132,659**		**103,909**	**132,659**
Financial liabilities measured at amortised cost					
Loans (Note 16)	424,496	210,965	2	424,496	210,965
Trade payables (Note 19)	2,397	3,033	3	2,397	3,033
Other payables (except Received advances) (Note 19)	27,031	27,563	3	27,031	27,563
Lease liabilities (Note 16)	23,383	20,226	2	23,383	20,226
Financial liabilities measured at fair value					
Contingent consideration liabilities (Note 19)	0	36,883	2	0	36,883
Total financial liabilities	**477,307**	**298,670**		**477,307**	**298,670**

Further details regarding contingent consideration liabilities can be found in Note 19.

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Credit risk

Credit risk refers to the potential financial loss the Group may incur if a customer or counterparty to a financial instrument fails to fulfil their contractual obligations. This risk arises primarily from the Group's trade receivables.

The carrying amount of financial assets represents the maximum exposure to credit risk.

No impairment losses on financial assets were recognised in profit or loss during the reporting period.

Customers' payment behaviour is monitored regularly and at least on a monthly basis.

Further details are provided in Note 14.

Expected credit losses

The Group recognises an allowance for trade receivables equal to the lifetime expected credit loss of the assets. These expected credit losses are estimated using a provision matrix, based on the Group's historical credit loss experience and adjusted for debtor-specific factors, general economic conditions and, where applicable, the time value of money. Expected credit losses are probability-weighted estimates, representing the difference between the contractual cash flows and the cash flows the Group expects to receive, discounted at the internal rate of return on the financial asset.

No significant credit risk related to customers exists in the electricity sales segment, as electricity produced by the Group is sold to Estonian and Polish electricity trading companies. Hence, there are no direct agreements with individual energy users, and credit risk in this segment is negligible.

In the EPC and development service segments, credit risk is mitigated through collaboration with state-owned companies (e.g. PGE and ENEA) and long-term, trusted contractors.

Therefore, no credit loss allowances were booked during the period from 1 January 2024 to 31 December 2025.

Cash and cash equivalents

As at 31 December 2025, the Group held EUR 49,356k of cash and cash equivalents (31 December 2024: EUR 101,512k). Cash and cash equivalents were deposited with the following financial institutions:

- SEB in Estonia, Latvia and Lithuania, with a Fitch rating of AA-
- Swedbank in Estonia and Latvia, with a Fitch rating of AA-
- Luminor Bank AS in Estonia, with Moody's rating A2 (no Fitch rating available)
- Citadele banka, Eesti filiaal AS in Estonia, with a Moody's rating of Baa2 (no Fitch rating available)
- Coop Pank in Estonia, with a Moody's rating of Baa2 (no Fitch rating available)
- ING BSK S.A. in Poland, with a Fitch rating of A+
- BNP Paribas Bank in Poland, with a Fitch rating of A+
- mBank S.A. in Poland, with a Fitch rating of BBB

The Group estimates that the credit risk of cash and cash equivalents is low based on the credit ratings issued to the financial institutions.

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Liquidity risk

Liquidity risk arises when the Group encounters difficulties in meeting obligations associated with transferring cash or other financial assets. Long-term liquidity risk refers to the potential insufficiency of free cash or other liquidity sources to fulfil future liquidity requirements, implement the business plan and meet its obligations. This risk may necessitate raising additional funds within a limited period.

To minimise liquidity risks, Sunly ensures that project financing agreements account for the duration and value of any applicable subsidies, as well as the production estimates of the relevant projects.

Exposure to liquidity risk

The remaining contractual maturities of the Group's financial liabilities as at the reporting date are detailed in the table below. These figures are gross and undiscounted, and they include contractual interest payments.

Market risk

Market risk arises from changes in market prices, such as commodity prices, which can impact the Group's income, costs or investment values. The primary goal of market risk management is to maintain positions exposed to market risk within acceptable limits while optimising returns.

To manage the risks arising from the exposure of production to electricity price volatility, Sunly may partially fix electricity prices. Projects that have secured renewable energy subsidies are typically at least partially protected against electricity price fluctuations. All hedging activities require the approval of the Supervisory Board.

Risks related to changes in subsidy schemes are monitored through participation in industry associations and actively engaging as a responsible stakeholder in the legislative process.

Contractual cash flows

31 December 2025 (in EURk)	Gross carrying amount	1-3 months	4-6 months	7-12 months	1-5 years	Over 5 years	Total
Loans (Note 16)	401,114	8,084	11,067	18,853	403,653	119,600	561,257
Lease liabilities (Note 18)	23,383	771	765	1,086	6,481	22,808	31,910
Trade payables (Note 19)	2,397	2,397	0	0	0	0	2,397
Other payables (Note 19)	27,717	21,802	0	0	5,915	0	27,717
Total	**454,611**	**33,054**	**11,832**	**19,939**	**416,049**	**142,408**	**623,281**

31 December 2024 (in EURk)	Gross carrying amount	1-3 months	4-6 months	7-12 months	1-5 years	Over 5 years	Total
Loans (Note 16)	226,420	6,283	8,816	32,550	164,243	111,444	323,336
Lease liabilities (Note 18)	20,226	699	693	969	7,993	15,212	25,566
Trade payables (Note 19)	3,033	3,033	0	0	0	0	3,033
Other payables (Note 19)	65,042	24,410	0	0	40,632	0	65,042
Total	**314,721**	**34,425**	**9,509**	**33,519**	**212,868**	**126,656**	**416,977**

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Currency risk

The Group is exposed to foreign currency risk as the exchange rate of the Polish złoty (PLN) against the euro (EUR) is not fixed. The Group's transactions are primarily denominated in these two currencies.

Currency risk refers to the potential fluctuations in the fair value or future cash flows of financial instruments due to changes in foreign exchange rates.

The Group mitigates currency risk by reinvesting revenue generated in Poland over the medium term. Additional mitigation measures include fixing panel sales prices in the purchase currency (EUR) for EPC contracts and securing advance payments from customers based on the actual purchase price of panels.

Management has assessed the currency risk and considers the current mitigation measures sufficient.

The significant exchange rates applied during the reporting period are detailed below.

	Average rate		Year-end spot rate	
	2025	2024	2025	2024
PLN 1	0.2359	0.2324	0.2369	0.2339

Source: European Central Bank

Sensitivity analysis

A reasonably possible strengthening or weakening of the Polish złoty (PLN) against the euro (EUR) as at 31 December would have impacted the measurement of financial instruments denominated in a foreign currency, thereby affecting equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. It does not consider the effects of forecast sales and purchases.

	Profit or loss		Equity, net of tax	
Effect in EURk	Strengthening	Weakening	Strengthening	Weakening
31 December 2025 PLN (8% muutus)	113	-132	4,637	3,950
31 December 2024 PLN (8% muutus)	1,474	-1,256	-174	149

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Interest rate risk

Interest rate risk refers to the potential fluctuation in the fair values for future cash flows of financial instruments due to changes in market interest rates. Cash flow interest rate risk arises from the Group's floating-rate debt, exposing the Group to the risk of increased financial expenses as interest rates rise. The Group's financing in Estonia is linked to EURIBOR, while its financing in Poland is linked to WIBOR.

A significant factor affecting interest rate risk is the duration of fixed-rate periods. The Group's interest rate risk management aims to mitigate the negative impact of market interest rate fluctuations. The Group seeks a balance between cost-effective borrowing and risk exposure on the one hand, and minimising the adverse effects of sudden significant interest rate changes on earnings on the other hand.

Starting from 2025, the Group's policy is to maintain some of its debt portfolio in fixed-rate instruments by using fixed-rate debt agreements or floating-to-fixed interest rate swaps when appropriate. The interest rate risk of long-term loan agreements signed in 2025 is hedged with interest rate swaps applying 70% hedge ratio. As at 31 December 2025, 62% of the Group's borrowings (excluding lease liabilities and other borrowings) had a fixed interest rate.

Fair value sensitivity analysis for fixed-rate instruments

A reasonably possible change of 100 basis points in fixed interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant. Information about loan outstanding balances and interest rates is disclosed in Note 16.

	Profit or loss	
Effect in EURk	100 bp increase	100 bp decrease
31 December 2025 Fixed-rate instruments	-2,908	2,908
31 December 2024 Fixed-rate instruments	-496	496

Cash flow sensitivity analysis for variable-rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes all other variables, in particular foreign currency exchange rates, remain constant. Details regarding outstanding loan balances and applicable interest rates are provided in Note 16.

	Profit or loss	
Effect in EURk	**100 bp increase**	**100 bp decrease**
31 December 2025 Variable-rate instruments	-1,200	1,200
31 December 2024 Variable-rate instruments	-1,110	1,110

Capital management

The Group's policy is to maintain a strong capital base, so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital, as well as the level of dividends to ordinary shareholders.

The Group monitors its capital structure by using the net debt-to-equity ratio. Net debt is calculated as total liabilities less cash and cash equivalents, while equity includes all components of equity.

The Group's net debt-to-equity ratio as at the reporting date is as follows:

(in EURk)	31 Dec 2025	31 Dec 2024
Total liabilities	466,726	326,232
Less: cash and cash equivalents	-49,356	-101,512
Total net debt	**417,370**	**224,720**
Total equity	299,305	318,443
Net debt to equity ratio	**1.39**	**0.71**

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NOTE 8. PROPERTY, PLANT AND EQUIPMENT

(in EURk)	Land	Buildings	Machinery and equipment	Other property, plant and equipment	Assets under construction	Total
Cost at 31 December 2023	2,495	90,255	3,714	2,636	102,058	201,158
Accumulated depreciation at 31 December 2023	0	-3,795	-769	-53	0	-4,617
Carrying amount at 31 December 2023	**2,495**	**86,460**	**2,945**	**2,583**	**102,058**	**196,541**
Additions	1,813	2,956	988	452	88,972	95,181
Reclassifications	0	103,987	0	0	-103,987	0
Depreciation	0	-5,545	-630	-196	0	-6,371
Write off	0	-936	0	0	-771	-1,707
Other changes	0	16	205	60	0	281
Cost at 31 December 2024	**4,308**	**196,262**	**4,702**	**3,088**	**86,272**	**294,632**
Accumulated depreciation at 31 December 2024	**0**	**-9,325**	**-1,194**	**-188**	**0**	**-10,707**
Carrying amount at 31 December 2024	**4,308**	**186,937**	**3,508**	**2,900**	**86,272**	**283,925**
Additions	104	1,315	27	1,508	203,940	206,894
Reclassifications	0	18,095	0	0	-18,095	0
Depreciation	0	-8,639	-896	-251	0	-9,786
Write off	0	0	0	0	-14,019	-14,019
Other changes	-302	0	0	-41	0	-343
Cost at 31 December 2025	**4,110**	**215,672**	**4,729**	**4,555**	**258,098**	**487,164**
Accumulated depreciation at 31 December 2025	**0**	**-17,964**	**-2,089**	**-439**	**0**	**-20,492**
Carrying amount at 31 December 2025	**4,110**	**197,708**	**2,640**	**4,116**	**258,098**	**466,672**

Further details on items pledged as security are provided in Note 15.

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NOTE 9. INTANGIBLE ASSETS

(in EURk)	Concessions, patents, licences, trademarks	Solar parks[1]	Goodwill[2]	Total
Cost at 31 December 2023	408	56,770	94,803	**151,981**
Accumulated amortisation at 31 December 2023	-53	-4,955	0	**-5,008**
Carrying amount at 31 December 2023	**355**	**51,815**	**94,803**	**146,973**
Acquisitions[3]	0	4,694	0	4,694
Additions	36	0	0	36
Amortisation	-50	-2,289	0	-2,339
Other changes	0	-284	-39	323
Cost at 31 December 2024	444	60,398	94,765	155,607
Accumulated amortisation at 31 December 2024	-102	-6,462	0	-6,564
Carrying amount at 31 December 2024	**342**	**53,936**	**94,765**	**149,043**
Impairment	0	0	-10,924	-10,924
Additions	1,064	0	0	1,064
Amortisation	-45	-2,311	0	-2,356
Other changes	0	456	-464	-8
Cost at 31 December 2025	1,509	60,398	83,377	145,284
Accumulated amortisation at 31 December 2025	-147	-8,317	0	-8,464
Carrying amount at 31 December 2025	**1,362**	**52,081**	**83,377**	**136,820**

1 Acquisitions of (i) rights to the land relating to the solar parks and (ii) relevant permits relating to the solar parks.

2 On 23 December 2021, Sunly signed an investment agreement for acquiring certain entities constituting the Alseva Group in Poland. The transaction was closed on 1 April 2022.

3 In 2023, Sunly purchased the remaining 50% of its investee PV Piotrowa Sp. z o.o. and became the sole owner of the entity. In 2024, Sunly purchased the remaining shares of its investee Eplant 61 Sp. z. o.o. and MAX Solar SIA.

Impairment test

For the purposes of impairment testing, goodwill has been allocated to the Group's cash generating units (CGUs) as follows:

(in EURk)	31 Dec 2025	31 Dec 2024
SPVs acquired in the Alseva transaction	69,425	69,425
EPC business	528	11,452
Development and support business	5,137	5,137
Total goodwill	75,090	86,013

The key assumptions used in the estimation of the recoverable amount are presented below. The values assigned to the key assumptions represent the management's assessment of future trends, the Group's business plan and current pipeline. Both internal and external sources have been used for inputs. For cash flow projections, the 2026 budget was used, along with the Group's updated financial model prepared for the valuation of the Group.

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SPVs acquired in the Alseva transaction

The recoverable amount of this CGU was based on value in use, estimated using NPV/MW derived from an exemplary financial model for solar projects in our pipeline, from the grid connection stage up to the under-construction stage. The exemplary models used the discounted cash flow method. The fair value measurement was categorised as Level 3, based on the inputs to the valuation technique used.

(in percent)	31 Dec 2025	31 Dec 2024
Discount rate (cost of equity)	8%	11.6%
Budgeted EBITDA growth rate (average)	-0.4%	2.0%

The discount rate was the cost of equity estimated based on the internal benchmark rate established by the Company for evaluating all future projects. This benchmark reflects the return required by our investors for the level of risk inherent in our renewable energy projects, including solar farms. It is derived from our assessment of market expectations and investor feedback.
No debt is assumed in the forecasts, thus free cash flow to equity is discounted at the cost of equity.

The cash flow projections in exemplary models are based on the useful economic life of the assets, taking into consideration the construction periods (and respective CAPEX), and demolition at the end of the useful economic life. No terminal value and no terminal value growth rate are assumed for this CGU, as all projects have a definite useful life of 30 years.

Budgeted cash flows were estimated taking into account the following assumptions:

1. Revenues are based on MW derived from Sunly's strategy, MWh produced by these MW and electricity price forecasts. Electricity price assumptions are based on the average three forecasts provided by external forecasters AFRY, Baringa and Aurora. These sources reflect market expectations for price evolution, incorporating supply-demand dynamics, regulatory changes and macroeconomic factors.
2. Operational expenses are based on historical data, technical advisers' recommendations and management estimates.
3. CAPEX is based on BloombergNEF forecasts.

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The estimated recoverable amount of the CGU exceeded its carrying value. Management has performed a sensitivity analysis based on adjusting the discount rate by ±1 percentage point, which still resulted in a recoverable amount higher than the carrying value.

EPC business

The recoverable amount of this CGU was based on value in use, which is calculated based on free cash flows (income approach). The fair value measurement was categorised as a Level 3 fair value, based on the inputs to the valuation technique used.

The discount rate was the cost of equity estimated based on market data. No debt is assumed in the forecasts; therefore free cash flow to equity is discounted at the cost of equity.

The cash flow projections included specific estimates for five years (budget 2026 and four-year forecasts), and a terminal value calculated based on the Gordon Growth model. The Terminal value growth rate has been proxied by the target inflation set by the ECB.

Budgeted EBITDA was estimated taking into account past experience, the 2026 budget and the following assumptions:

1. Revenues are based on the external pipeline only, with no internal (Sunly) revenues assumed, and include a margin on top of the CAPEX cost per MW constructed. Gross margin is assumed to be stable during the entire forecast period, based on the budgeted margin for 2026.
2. Operational expenses are based on the 2026 budget and are assumed to remain stable. Future efficiency gains

(in percent)	31 Dec 2025	31 Dec 2024
Discount rate (cost of equity)	11.72%	15.14%
Terminal value growth rate	2.5%	2.0%
Budgeted EBITDA growth rate (average of next five years)	9%	59.3%
The amount by which the unit's recoverable amount exceeds its carrying amount in millions of euros	-10.9	5.8
The amount by which EBITDA growth rate must change, after incorporating any consequential effects of that change on the other variables used to measure recoverable amount, in order for the unit's recoverable amount to be equal to its carrying amount	98.0%	6.6%

are expected to maintain the target cost level.

3. CAPEX per MW is based on the budget for 2026, and growing with inflation during forecast period.

EBITDA margin is increasing from 0% to 1% during the forecast period.

The estimated recoverable amount of the CGU is below its carrying value. Management performed a sensitivity analysis based on altering the discount rate and the terminal growth rate by ±1 percentage, which still resulted in a lower recoverable amount than the carrying value. Impairment for this CGU was recognised.

Development business (Sunly Polska Sp. z o.o.)

The recoverable amount of this CGU was based on value in use, estimated using discounted cash flows.

The fair value measurement was categorised as a Level 3 fair value, based on the inputs to the valuation technique used.

The discount rate was the cost of equity estimated based on market data. No debt is assumed in the forecasts, thus free cash flow to equity is discounted at the cost of equity.

The cash flow projections included specific estimates for six years and a terminal growth rate thereafter. The terminal growth rate was determined based on the target inflation set by the ECB.

Cash flow projections for Sunly Assets and Alseva PRO were based on recent external valuation prepared by Grant Thornton Poland in October 2025.

ROVA budget was not included in CGU, as during 2025 Sunly's shareholding in ROVA decreased from 50% to 48.75%.

The Group does not control the entity, as it does not have the power to direct relevant activities nor unilateral decision-making rights over operations.

The estimated recoverable amount of the CGU exceeded its carrying value. Management performed a sensitivity analysis based on altering the discount rate and the terminal growth rate by ±1 percentage, which resulted in a range, the lower end of which includes the carrying value.

(in percent)	31 Dec 2025	31 Dec 2024
Discount rate (cost of equity)	8.80%-9.46%	14.63%
Terminal value growth rate	2.5%	2.0%
Budgeted EBITDA growth rate (average of next five years)	98.0%	2.0%
The amount by which the unit's recoverable amount exceeds its carrying amount in millions of euros	8.8	4
The amount by which EBITDA growth rate must change, after incorporating any consequential effects of that change on the other variables used to measure recoverable amount, in order for the unit's recoverable amount to be equal to its carrying amount	72%	12%

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NOTE 10. EQUITY-ACCOUNTED INVESTEES AND INVESTMENTS IN SUBSIDIARIES

List of subsidiaries

Subsidiary	Core business	Domicile	Ownership interest at 31 Dec 2025	Ownership interest at 31 Dec 2024
Sunly Assets Holding OÜ	Holding company	Estonia	100%	100%
Suny Assets OÜ	Holding company	Estonia	100%	100%
Sunly Holding OÜ	Holding company	Estonia	100%	100%
Sunly Solar OÜ	Electricity generation	Estonia	100%	100%
Sunly Solar 2 OÜ	Electricity generation	Estonia	100%	100%
Sunly Solar 3 OÜ	Electricity generation	Estonia	100%	100%
Sunly Solar 4 OÜ	Electricity generation	Estonia	100%	100%
Sunly Storage OÜ	Electricity generation	Estonia	100%	100%
Sunare OÜ	Electricity generation	Estonia	80%	80%
Metsapäike OÜ	Electricity generation	Estonia	63%	51%
Metsapäike 2 OÜ	Electricity generation	Estonia	51%	51%
Metsapäike 3 OÜ	Electricity generation	Estonia	90%	90%
Sunly Wind OÜ	Electricity generation	Estonia	100%	100%
SW Metsatuul OÜ	Electricity generation	Estonia	51%	51%
SW Tuulerii OÜ	Electricity generation	Estonia	51%	51%
SW Tuulekohin OÜ	Electricity generation	Estonia	51%	51%
SW Multituul OÜ	Electricity generation	Estonia	51%	51%
SW Tuulepõld OÜ	Electricity generation	Estonia	51%	51%
SW Eretuul OÜ	Electricity generation	Estonia	51%	51%
Heinzel Wind OÜ	Electricity generation	Estonia	50%	50%
Sunly Holding 2 OÜ	Holding company	Estonia	100%	100%
Metsapäike Risti OÜ	Electricity generation	Estonia	90%	90%
Sunly Holding SIA	Holding company	Latvia	100%	100%
Sunly Hz SIA	Trading company	Latvia	100%	100%
SPD A SIA	Electricity generation	Latvia	100%	100%
Sunly Land Solar 5 SIA	Electricity generation	Latvia	100%	100%
SPD Samanta SIA	Electricity generation	Latvia	100%	100%
Shera SIA	Electricity generation	Latvia	100%	100%
SLD 1 SIA	Electricity generation	Latvia	100%	100%
SLD 2 SIA	Electricity generation	Latvia	50%	50%
SLD 5 SIA	Electricity generation	Latvia	50%	50%
Azurskis SIA	Electricity generation	Latvia	100%	100%
SPD Mira SIA	Electricity generation	Latvia	100%	100%
Abgunstes Dārzs SIA	Electricity generation	Latvia	100%	100%
Sunly Holding 2 SIA	Holding company	Latvia	100%	100%
SPV Kurzeme SIA	Electricity generation	Latvia	95%	95%
Sunly Land Solar 1 SIA	Electricity generation	Latvia	95%	95%
Sunly Land Solar 2 SIA	Electricity generation	Latvia	100%	100%
Sunly Land Solar 3 SIA	Electricity generation	Latvia	100%	100%
Sunly Land Solar 4 SIA	Electricity generation	Latvia	100%	100%
MAX SOLAR SIA	Electricity generation	Latvia	100%	100%
Sunly Holding UAB	Holding company	Lithuania	100%	100%
Sunly Land LT UAB	Holding company	Lithuania	100%	100%

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Subsidiary	Core business	Domicile	Ownership interest at 31 Dec 2025	Ownership interest at 31 Dec 2024
Vejai LT UAB	Electricity generation	Lithuania	51%	51%
Sunly Solar UAB	Electricity generation	Lithuania	100%	100%
Sunly saulės parkas 1 UAB	Electricity generation	Lithuania	100%	100%
Sunly Alytus I UAB	Electricity generation	Lithuania	100%	100%
Sunly Alytus II UAB	Electricity generation	Lithuania	100%	100%
Sunly Kaisiadorys UAB	Electricity generation	Lithuania	100%	100%
Sunly Zasliai UAB	Electricity generation	Lithuania	100%	100%
Sunly Ukmerge UAB	Electricity generation	Lithuania	100%	100%
Sunly Radviliškis UAB	Electricity generation	Lithuania	100%	0%
Sunly Holding II UAB	Holding company	Lithuania	100%	100%
Sunly Parks 98 Sp. z o.o.	Holding company	Poland	100%	100%
Polish Solar SPVs (21 SPVs)	Electricity generation	Poland	100%	100%
Sunly Solar Parks 2 Sp. z o.o.	Holding company	Poland	100%	100%
Polish Solar SPVs (52 SPVs)	Electricity generation	Poland	100%	100%
Sunly Wind Parks Sp. z o.o.	Holding company	Poland	100%	100%
Polish Solar SPVs (7 SPVs)	Electricity generation	Poland	100%	100%
Sunly Land Sp. z o.o.	Holding company	Poland	100%	100%
Polish Solar SPVs (14 SPVs)	Electricity generation	Poland	100%	100%
Sunly Solar Parks 1 Sp. z o.o.	Holding company	Poland	100%	100%
Polish Solar SPVs (3 SPVs)	Electricity generation	Poland	100%	100%
Sunly Solar Parks 99 Sp. z o.o.	Holding company	Poland	100%	100%
Polish Solar SPVs (1 SPV)	Electricity generation	Poland	100%	100%
Sunly Solar Parks 100 Sp. z o.o.	Holding company	Poland	100%	100%
Polish Solar SPVs (1 SPV)	Electricity generation	Poland	100%	100%
Sunly Solar Parks 101 Sp. z o.o.	Holding company	Poland	100%	100%
Polish Solar SPVs (35 SPVs)	Electricity generation	Poland	100%	100%

Subsidiary	Core business	Domicile	Ownership interest at 31 Dec 2025	Ownership interest at 31 Dec 2024
Sunly Retail OÜ	Solar panels rental	Estonia	100%	100%
Sunly Startup OÜ	Investing activities	Estonia	85%	85%
Sunly Infra UAB	Management company	Lithuania	100%	100%
Sunly Infra SIA	Management company	Latvia	100%	100%
Sunly HZ OÜ	Trading company	Estonia	100%	100%
Sunly Solar Parks 3 Sp. z o.o.	Holding company	Poland	100%	100%
Alseva EPC Sp. z o.o.	Construction company	Poland	100%	100%
Sunly Solar Parks 4 Sp. z o.o.	Holding company	Poland	100%	100%
Alseva Pro Sp. z o.o.*	Development company	Poland	0%	100%
Sunly Polska Sp. z o.o.	Management company	Poland	100%	100%
Sunly Innovation 2 OÜ	Investing activities	Estonia	68%	68%
Sunly Innovation 3 OÜ	Investing activities	Estonia	80%	80%
Sunly Future Ventures OÜ	Investing activities	Estonia	80%	80%
Sunly Offshore Wind OÜ	Wind electricity generation	Estonia	100%	100%
Vederobalt OÜ	Growing of vegetables (including squash), acquisition of lands	Estonia	100%	100%
Sunly Offshore Wind SIA	Wind electricity generation	Latvia	100%	100%

* Alseva Pro Sp. Z o.o was merged with Sunly Assets Sp. Z o.o. in December 2025. The merged entity is named Sunly Polska Sp. z o.o.

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List of associates

Investments of the Group's parent company in associates, as at the end of the reporting period:

Associate	Core business	Domicile	Ownership interest at 31 Dec 2025	Ownership interest at 31 Dec 2024
Rova Systems Sp. z o.o.	Solar park maintenance services	Poland	48.75%	50%
PV Magnuszowiczki Sp. z o.o.	Solar electricity generation	Poland	40%	40%
PV Obrowiec Sp. z o.o.	Solar electricity generation	Poland	50%	50%
Polscen OÜ	Energy trading	Estonia	33%	33%

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NOTE 11. OTHER FINANCIAL ASSETS

	Balance		Repayments		Accrued interest	Interest repayments	
(in EURk)	31 Dec 2024	31 Dec 2025	<1 year	>1 year	31 Dec 2025	<1 year	>1 year
Loans issued in:							
Loans (original currency EUR)	910	280	0	280	49	48	1
Loans (original currency PLN)	599	114	0	114	148	0	148
Total loans given	**1,509**	**394**	**0**	**394**	**197**	**48**	**149**
Derivatives	0	282	0	282	0	0	0
Restricted cash[1]	20,425	45,857	0	45,857	0	0	0
Accrued bank deposit interest					150	150	0
Total	**21,934**	**46,533**	**0**	**46,532**	**347**	**198**	**149**

1 Restricted cash includes debt service reserve accounts (DSRAs) relating to loan agreements in Poland and Estonia, as well as cash deposits for grid connection deposit guarantees in the Baltics.

Further details are provided in Note 7.

NOTE 12. OTHER INVESTMENTS

(in EURk)	31 Dec 2025	31 Dec 2024
Shares in:		
Energiasalv Valdus OÜ	4,291	4,291
Other[1]	3,272	2,190
Total	**7,563**	**6,481**

1 Includes investments in Beamline 3 Usaldusfond (trust fund), Energiaühistu (energy cooperative), Amperio Sp. z o.o., Switch EV LTD, Electric Beast Global OÜ and UP Catalyst OÜ

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NOTE 13. PREPAYMENTS

(in EURk)	31 Dec 2025	31 Dec 2024
Prepaid and refundable taxes[1]	6,956	13,890
Prepaid expenses	1,805	4,848
Prepayment for grid connections	13,979	23,740
Other prepayments	1,559	842
Total	**24,299**	**43,320**
Non-current	2,691	3,990
Current	21,609	39,330
Total	**24,300**	**43,320**

1 Mostly VAT prepayments related to the development and construction of solar parks.

NOTE 14. TRADE AND OTHER RECEIVABLES

(in EURk)	31 Dec 2025	31 Dec 2024
Trade receivables	3,004	3,993
Accrued revenue (construction service)	2,453	2,478
Other receivables	2,214	2,138
Total	**7,671**	**8,609**
Non-current	0	0
Current	7,671	8,609
Total	**7,671**	**8,609**

Credit risk, market risk and impairment of financial assets

Information on the Group's credit and market risks and credit losses due to impairment of receivables is provided in Note 7.

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NOTE 15.
CAPITAL AND RESERVES

Share capital

Share capital of EUR 76,359k (31 December 2024: EUR 76,359k) consists of 76,359,128 ordinary shares (31 December 2024: 76,359,128 ordinary shares) with a nominal value of EUR 1 (31 December 2024: EUR 1) each.

Own shares

Own shares of EUR 3,597k (31 December 2024: EUR 3,597k) consist of 3,596,684 ordinary shares with a nominal value of EUR 1 each. Shares are reserved for issue under option programmes for employees and founders. Further detail is provided in Note 26.

Dividends

No dividends were paid during 2024 and 2025.

Share premium

During the 2023–2024 capital raise process, part of the capital raised was transferred to other reserves within equity.

No pay-out restrictions apply to these reserves.

Nature and purpose of reserves

Foreign currency translation reserve
The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

Share option reserve
The share option reserve represents the cumulative amounts charged to profit or loss in respect of employee share option arrangements where the scheme has not yet been settled by means of an award of shares to an individual.

Out of the total outstanding own shares reserve of 3,596,684 ordinary shares, 3,534,094 have been issued to employees and founders (i.e. the vesting or exercise period is ongoing). The share option reserve includes the part of the share options issued to employees, as their vesting is conditional on continuous employment. The options issued to founders are included in retained earnings, as they are not conditional on employment (there is no current employment contract with the founders).

Further details are provided in Note 26.

Other reserve
During the 2023-2024 capital raise process, part of the capital raised was transferred to the other reserve. No pay-out restrictions apply to this reserve.

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NOTE 16. LOANS AND BORROWINGS

Additional information is provided in Notes 8 and 17.

				31 Dec 2025		Loan repayments		
(in EURk)	Base currency	Interest rate	Maturity year	Contractual balance	IFRS balance	<1 year	2-5 years	>5 years
Loan agreements:								
Equity debt financing	EUR	7%-9% + 1.60% - €STR	2026-2035	220,914	207,298	110	197,509	9,679
Equity debt financing	PLN	3%	2027	83	83	0	83	0
Senior debt for project financing	EUR	2.20%-2.94% + 1M-6M EURIBOR	2027-2033	30,719	92,396	1,897	59,594	30,905
Senior debt for project financing	PLN	2.20%-2.85% + 1M-6M WIBOR	2042	95,414	94,351	4,724	20,838	68,789
Deposit financing	EUR	3.0%+3M WIBOR	2027	6,858	6,766	0	6,766	0
Other borrowings:								
Other borrowings	PLN	2.2%-2.85% + 3M-6M WIBOR	2026-2029	220	220	144	76	0
Lease liabilities IFRS 16	PLN	3.5%-7.2%	2026-2084	23,383	23,382	1,293	1,266	20,823
Total				**377,591**	**424,496**	**8,168**	**286,132**	**130,196**

				31 Dec 2024		Loan repayments		
(in EURk)	Base currency	Interest rate	Maturity year	Contractual balance	IFRS balance	<1 year	2-5 years	>5 years
Loan agreements:								
Equity debt financing	EUR	0%-9%	2025-2035	85,395	73,500	166	67,726	5,608
Equity debt financing	PLN	3%-5.83%	2025-2026	3,447	3,447	3,377	70	0
Senior debt for project financing	EUR	1.75%-2.85% + 1M-6M EURIBOR	2027-2031	32,128	31,949	1,705	9,571	20,673
Senior debt for project financing	PLN	2.20% - 3M WIBOR	2042	98,390	97,177	3,375	20,230	73,572
Deposit financing	EUR	8.79%	2025	19,988	19,839	19,839	0	0
Other borrowings:								
Other borrowings	PLN	2.2%-2.85% + 3M-6M WIBOR	2025-2028	508	508	217	291	0
Lease liabilities IFRS 16	PLN, EUR	3.5%-7.2%	2025-2084	20,226	20,226	1,215	3,799	15,212
Total				**260,082**	**246,646**	**29,894**	**101,687**	**115,065**

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In 2025, the Group signed the following financing agreements:

- senior debt for project financing totalling EUR 147m and PLN 158m;
- short-term senior debt financing of PLN 24m (repaid in 2025);
- deposit financing of PLN 31m (including refinancing PLN 20m);
- overdraft refinancing of EUR 2m.

In 2025, the total disbursed amount was EUR 198,178k and total repayments amounted to EUR 23,484k. As the transaction costs incurred in connection with the loan agreement with mBank are amortised over the loan term, the loan balance under IFRS differs from the contractual balance.

The loans are secured with:

- share and asset pledges on the relevant SPV;
- security assignment from selected agreements;
- subordination of intragroup loans;
- guarantees.

Loans are secured with property, plant and equipment assets in the amount of EUR 459,916k. Additional information about monetary transactions is provided in the Consolidated Statement of Cash Flows.

Loan agreements with the banks contain certain restrictive financial and non-financial covenants, which must be maintained and followed throughout the term of the respective financing agreements. As at the reporting dates, the Group was not in default on any of the covenants or had preliminary agreements for waivers in place with the relevant lenders.

Movements in IFRS 16 lease liabilities represent non-cash adjustments, as they do not involve direct cash inflows or outflows and therefore have no immediate impact on the entity’s liquidity.

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NOTE 17. DERIVATIVE INSTRUMENTS

In 2025, the Group entered into seven interest rate swap transactions to hedge the interest rate risk of five long-term loans at 70% hedge ratio. As at 31 December 2025, only one interest rate swap with a notional amount of EUR 8.7mEUR was active,; the others have effective dates in the future, when the underlying loans isare fully drawn.

All the terms, conditions and maturities of the interest rate swap instruments follow the repayment schedule of the hedged loans (proportionally to the 70% hedge ratio) and the interest rate swap instruments are designated as hedging instruments under cash flow hedging relationships.

The fair value of derivative instruments is based on the quotes of the relevant hedging counterparties (banks). The payments related to derivative instruments are made in euros or Polish złotys, depending on the transaction currency.

The effectiveness of derivative instruments is assessed using the qualitative Critical Terms Match Method.

The Group assesses the existence of an economic relationship between the hedged item and the hedging instrument which is based on interest rates, maturities, currencies and payment schedules. As at 31 December 2025, all critical terms were met and therefore, it was assumed that hedging had been and would be effective.

Counterparty credit risk and the Group's credit risk are the potential sources of ineffective hedging. Due to the impact of credit risk, the economic relationship between a hedged item and a hedging instrument may become imbalanced and there may arise a situation where the values of the hedged item and the hedging instrument no longer move in the opposite direction. According to the assessment of the Group's management, it is highly unlikely that changes in credit risk would cause significant hedge ineffectiveness.

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Base rate	Underlying loans nominal	Total IRS nominal	Average weighed IRS fixed rate	Maturity
6M EURIBOR	EUR 159.1m	EUR 111.1m	2.78%	6.5-7 years
WIBOR	EUR 37.1m	EUR 26.2m	4.24%	5 years

Assets

(in EURk)	2025	2024
Notional amount at 31 December	**67,959**	**0**
Fair value at beginning of period (assets)	0	0
incl. market value of derivative	0	0
interest payable	0	0
Change in derivative's market value	281	0
Change in interest payable	0	0
Fair value at end of period (assets)	281	0
incl. market value of derivative	281	0
interest payable	0	0

Liability

(in EURk)	2025	2024
Notional amount at 31 December	**69,413**	**0**
Fair value at beginning of period (liability)	0	0
incl. market value of derivative	0	0
interest payable	0	0
Change in derivative's market value	559	0
Change in interest payable	0	0
Fair value at end of period (liability)	559	0
incl. market value of derivative	559	0
interest payable	0	0

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NOTE 18. LEASES

Leases as a lessee

The Group leases several assets, including land, with the land leases having an average duration of 25–29 years.

The Group has also entered into leases for assets of low value (i.e. assets that, when new, are valued at less than EUR 5k). The Group has elected not to recognise right-of-use assets and lease liabilities for these low-value asset leases. Similarly, the Group has chosen not to recognise right-of-use assets and lease liabilities for short-term leases (leases with a term of less than 12 months).

Information about leases for which the Group is a lessee is summarised below.

Leases as a lessor

The Group has not leased any assets to third parties.

Right-of-use assets

(in EURk)	Note	Land	Other	Total
Balance at 31 Dec 2023		**10,371**	**1,958**	**12,329**
Depreciation charge for the year		-782	-779	-1,558
Additions to right-of-use assets		7,521	1,956	9,477
Balance at 31 Dec 2024		**17,110**	**3,138**	**20,248**
Depreciation charge for the year		-751	-955	-1,706
Additions to right-of-use assets		3,598	185	3,783
Balance at 31 Dec 2025		**19,958**	**2,368**	**22,325**

Lease liabilities

(in EURk)	Note	Land	Other	Total
Balance at 31 Dec 2023	**16**	**11,123**	**1,958**	**13,081**
Repayments		-1,296	-1,048	-2,344
Additions		8,065	2,310	10,376
Lease cancellation		-886	0	-886
Balance at 31 Dec 2024	**16**	**17,006**	**3,220**	**20,226**
Repayments		-1,511	-1,088	-2,599
Additions		5,404	356	5,761
Lease cancellation		0	-5	-5
Balance at 31 Dec 2025	**16**	**20,899**	**2,484**	**23,383**
Current		415	879	1,293
Non-current		20,484	1,605	22,089
Total		**20,899**	**2,484**	**23,383**

Amounts recognised in profit or loss

(in EURk)	2025	2024
Interest on lease liabilities	-1,280	-1,064
Expenses relating to land lease (reversal)	2,589	2,334
Expenses relating to exchange rate movements	3	13
Depreciation	-1,706	-1,558
Total	**-394**	**-275**

Amounts recognised in the statement of cash flows

(in EURk)	2025	2024
Principal payments related to leases	-1,412	-1,394
Interest payments related to leases	-1,186	-950
Total cash outflow for leases	**-2,599**	**-2,344**

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NOTE 19. TRADE AND OTHER PAYABLES

(in EURk)	31 Dec 2025	31 Dec 2024
Trade payables	**2,397**	**3,033**
Total trade payables	**2,397**	**3,033**
CAPEX payables	6,551	7,803
Advances received	686	596
Payables to employees	1,093	1,740
Interest payables	2,289	1,211
Derivatives	559	0
Other accrued liabilities	16,538	16,809
Contingent consideration liability[1]	0	36,883
Total other payables	**27,716**	**65,042**
Total	**30,113**	**68,075**
Non-current	5,915	40,632
Current	24,198	27,443
Total	**30,113**	**68,075**

1 Includes liabilities related to the purchase of Alseva entities amounting to EUR 0k (31 December 2024: EUR 24,616k) and a put option liability of EUR 0k (31 December 2024: EUR 12,267k) as at 31 December 2025.

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NOTE 20. INCOME TAX AND TAX LIABILITIES

Amounts recognised in profit or loss

(in EURk)	31 Dec 2025	31 Dec 2024
Current tax for the year	-213	-185
Deferred tax	-364	1,273
Income tax for the year	**-577**	**1,088**
Tax using the Company's domestic tax rate[1]	0	0
Effect of tax rates in foreign jurisdictions	-577	1,088
Tax on dividends	0	0
Income tax for the year	**-577**	**1,088**
Loss before tax	**-32,017**	**-26,376**
Effective tax rate	-1,80%	4.12%
Deferred tax recognised in the statement of financial position		
Opening balance, deferred tax assets	2,171	3,104
Opening balance, deferred tax liabilities	721	1,669
(Charged)/credited to profit or loss	**364**	**-1,273**
Closing balance, deferred tax assets	1,755	2,171
Closing balance, deferred tax liabilities	602	721
Corporate income tax	343	200
Other tax prepayments and payables	1,583	1,559
Total tax liabilities	**1,926**	**1,759**
Non-current	0	0
Current	1,926	1,759
Total	**1,926**	**1,759**

1 In Estonia and Latvia, only profit distributions are subject to Income tax.

Unrecognised deferred tax liabilities

As at 31 December 2025, there were no deferred tax liabilities (2024: EUR 0) for temporary differences related to investments in subsidiaries and a joint venture. Had there been such liabilities, they would not have been recognised because the Group controls the dividend policy of its subsidiaries and can veto the payment of dividends by its joint venture. This control over the timing of the reversal of the related taxable temporary differences assures management that they will not reverse in the foreseeable future.

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NOTE 21. PROVISIONS

Demolition costs

The provision for the estimated discounted demolition costs of solar parks after the end of their useful life included in the balance above is EUR 4,233k (31 December 2024: EUR 3,828k).
The provision has been estimated per MW and discounted over the period of the useful life of the assets at a discount rate of 6%. The Group expects to settle the liability at the end of the useful life (25 years) of each asset for which the provision is made.

Contracts for difference (CfD)

The provisions include EUR 4,772k (31 December 2024: EUR 4,282k) for the Polish contract-for-difference (CfD) subsidy scheme. The Polish CfD subsidy is negative when actual market prices exceed the bid made at the subsidy auctions. The provision is based on the actual prices and amounts of electricity produced and reported under the subsidy scheme. The expected realisation time for the CfD provisions is 12–15 years.

Other provision

The provisions include EUR 217k (31 December 2024: EUR 784k) for the estimated advisory fees related to the capital raise process completed in 2024.

(in EURk)	Other provisions	Total
Balance at 31 Dec 2024	**8,895**	**8,895**
Provisions increased during the year	894	894
Provisions used during the year	-568	-568
Balance at 31 Dec 2025	**9,221**	**9,221**

	31 Dec 2025	31 Dec 2024
Non-current	9,004	8,110
Current	217	785
Total	**9,221**	**8,895**

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NOTE 22. REVENUE

Revenue from contracts with customers by geographical area

(in EURk)	2025	2024
Sales to European Union countries		
Poland	25,685	24,907
Estonia	7,381	3,290
Latvia	2,462	342
Total sales to European Union countries	35,528	28,538
Total	**35,528**	**28,538**
Revenue from contracts with customers by major products/service lines		
Sale of electricity	25,681	16,361
Sale of development services	11	53
Sale of construction services	9,204	11,692
Other revenue	632	432
Total	**35,528**	**28,538**
Timing of revenue recognition from contracts with customers		
Products and services transferred to customers over time	35,528	28,538
Total revenue from contracts with customers	**35,528**	**28,538**

NOTE 23. GOODS, RAW MATERIALS AND SERVICES

(in EURk)	2025	2024
Goods and services for development and construction businesses		
Goods and services for development and construction businesses[1]	-9,084	-15,423
Operating expenses for development and construction business transferred to projects or capitalised[2]	10,383	16,017
Maintenance	-1,502	-1,395
Own use of electricity	-934	-542
Trading fee	-1,151	-329
Insurance	-264	-320
Taxes (incl. land tax)	-1,179	-756
Security costs	-112	-542
Other goods and services purchased	-2,313	-535
Total	**-6,156**	**-3,825**

1 Costs of external projects (i.e. not services provided within the Sunly Group).

2 Transfer and/or capitalisation of costs relating to both external and internal projects.

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NOTE 24. OTHER OPERATING EXPENSES

(in EURk)	2025	2024
IT services	-1,205	-733
Accounting and audit services	-464	-430
Fringe benefits	-725	-728
Travel	-332	-473
Office rent and maintenance	-415	-484
Transport	-704	-841
Marketing	-541	-824
Legal and consultancy services[1]	-2,198	-2,323
Other	-1,210	-4,222
Total	**-7,794**	**-11,058**

1 Legal and consultancy services mainly relate to 2024–2025 restructuring and financing.

NOTE 25. STAFF COSTS

(in EURk)	Note	2025	2024
Salary expenses		-10,182	-11,387
Share option reserve expense	26	-910	-83
Social security charges		-2,525	-2,683
Total		**-13,617**	**-14,153**
Average number of staff		233	284

Social security charges include a contribution to national pension funds. The Group has no obligation to make pension or similar payments beyond the social security tax.

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NOTE 26. SHARE OPTION PROGRAMME

The Group has an equity-settled share option programme designed to motivate key employees and management to become shareholders. The programme aims to improve the Group's financial results, enabling employees to benefit from an increase in share value as a result of their work. The option programme was extended in 2022, 2023, 2024 and 2025.

Under the share option programme, holders of vested options are entitled to purchase shares at the price agreed in the share option agreement. Generally, part of the options will vest after the third anniversary of the agreement, and the remaining options will vest once certain agreed performance conditions are met.

As at 31 December 2025, share option agreements had been concluded with 113 employees (including management) (2024: 84 employees).

The fair value of the employee share options has been measured using the Group's valuation model. It was not necessary to use option-pricing models, as the exercise price was generally marginal compared to the value of the underlying shares. Service and non-market performance conditions attached to the arrangements were not considered in measuring fair value.

Agreement conditions			Fair value (in EURk)					
Start date	Vesting date[3]	Call option deadline	Value at the agreement date	Value difference at the replacement date[2]	Value at 31 Dec 2025	Expensed in 2025	Expensed in 2024	Expensed in 2023
Employees								
2019	2022[1]	2027	0	274	0	0	0	0
2020	2023[1]	2028	467	123	0	0	0	0
2021	2024	2029	57	0	0	0	0	0
2022	2026	2026	1,907	0	1,377	0	0	0
2023	2026	2026	1,351	0	1,056	0	0	1,351
2024	2027	2027	83	0	83	0	83	0
2025	2029	2029	947	0	505	910	0	0
			4,812	397	3,021	910	83	1,351
Management								
2020	2023	2028	337	426	0	0	0	0
2022	2026	2026	504	0	504	0	0	0
			841	426	504	0	0	0
Total			**5,653**	**823**	**3,525**	**910**	**83**	**1,351**

Information about own shares is provided in Note 15.

Additional information is provided in Note 7.

1 During 2024, options vested in the amount of EUR 1,037k (2023: EUR 461k).

2 Options issued in 2019–2020 within the Sunly OÜ group were transferred to Sunly AS in 2022, following the contribution of Sunly OÜ shares to Sunly AS in 2021. At this date, Sunly OÜ group options were replaced with Sunly AS options, based on the valuation made at that date. The accumulated expense relating to the proportional vesting period of the options was recognised in retained earnings.

3 The vesting date of the options is generally at least 3 years from the issue date. The vesting period is generally followed by an exercise period of up to 6 months.

NOTE 27. NET FINANCE COSTS

(in EURk)	2025	2024
Interest income	1,903	2,594
Interest expenses	-29,419	-16,040
Change in fair value of contingent consideration	0	255
Other financial expenses[1]	-516	-1,558
Total	**-28,032**	**-14,749**

1 Foreign currency translation differences for foreign operations.

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NOTE 28. RELATED PARTY DISCLOSURES

The Group considers parties to be related if one party has control over the other party or significant influence over the other party's business decisions. Related party transactions include transactions with shareholders, executive and senior management, their close relatives, and companies under the control or significant influence of any of the above.

Transactions with key management personnel
Payments of fixed and variable remuneration to the members of the Management Board and the members of the Supervisory Board in 2025 amounted to EUR 724k (2024: EUR 695k). Only two members of the Supervisory Board – Martin Kruus and Kalle Kiigske – receive remuneration, given that they are also engaged in an advisory capacity. No share-based payments were made to the members of the Management Board or the members of the Supervisory Board in 2025.

Additionally, active founders and key personnel were granted options in 2022 under the share option programme described in Note 26.

As at 31 December 2025, active founders and the members of the Management Board held options in the amount of 3,153,377.

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Loans received

2025 (in EURk)	Base currency	Interest rate	Maturity date	Loans received	Repayments of borrowings	Interest paid
Entities with joint control of, or significant influence over, the entity						
Non-controlling shareholder of Sunare OÜ	EUR	7%	08 July 2025	166	0	0
Non-controlling shareholders of Metsapäike Risti OÜ	EUR	7%	01 Apr 2035	3,153	652	0
Non-controlling shareholders of Metsapäike OÜ	EUR	7%	30 Apr 2034	6,058	480	0
Non-controlling shareholders of Metsapäike 2 OÜ	EUR	7%	30 Apr 2034	211	0	0
Non-controlling shareholders of Metsapäike 3 OÜ	EUR	7%	30 Apr 2034	257	0	0
Non-controlling shareholders of Heinzel Wind OÜ	EUR	7%	15 Apr 2029	54	22	0
Total				**9,899**	**1,154**	**0**

2024 (in EURk)	Base currency	Interest rate	Maturity date	Loans received	Repayments of borrowings	Interest paid
Entities with joint control of, or significant influence over, the entity						
Non-controlling shareholder of Sunare OÜ	EUR	0%	08 July 2025	166	0	0
Non-controlling shareholders of Metsapäike Risti OÜ	EUR	7%	01 Apr 2035	2,500	0	0
Non-controlling shareholders of Metsapäike OÜ	EUR	7%	30 Apr 2034	5,608	563	0
Non-controlling shareholders of Metsapäike 2 OÜ	EUR	7%	30 Apr 2034	297	440	0
Non-controlling shareholders of Metsapäike 3 OÜ	EUR	7%	30 Apr 2034	257	0	0
Non-controlling shareholders of Heinzel Wind OÜ	EUR	7%	15 Apr 2029	37	0	0
Total				**8,865**	**1,003**	**0**

NOTE 29. FINANCIAL INFORMATION ON THE GROUP'S PARENT COMPANY

The financial information on the Parent comprises the primary financial statements of the Parent, which are required to be disclosed in accordance with the Estonian Accounting Act. The primary financial statements of the Parent have been prepared using the same accounting policies as those applied in preparing the consolidated financial statements, except that investments in subsidiaries are measured at cost.

Statement of financial position

(in EURk)	31 Dec 2025	31 Dec 2024
Non-current assets		
Property, plant and equipment	4,265	4,488
Investment property	1,605	1,610
Investments in subsidiaries and associates	22,688	18,200
Loans to subsidiaries	350,728	308,658
Total non-current assets	**379,287**	**332,956**
Current assets		
Inventories	44	86
Receivables and prepayments	2,578	5,130
Cash and cash equivalents	0	26,947
Total current assets	**2,622**	**32,163**
Total assets	**381,909**	**365,119**

(in EURk)	31 Dec 2025	31 Dec 2024
Equity		
Share capital	76,359	76,359
Own shares	-3,597	-3,597
Share premium	28,135	28,135
Reserves	254,925	254,419
Retained earnings	20,027	185
Total equity	**375,849**	**355,501**
Liabilities		
Borrowings	1,028	1,384
Total non-current liabilities	**1,028**	**1,384**
Borrowings	457	477
Trade and other payables	4,575	7,757
Total current liabilities	**5,032**	**8,234**
Total liabilities	**6,060**	**9,618**
Total equity and liabilities	**381,909**	**365,119**

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Statement of profit or loss and other comprehensive income

(in EURk)	2025	2024
Revenue	7	45
Other income	4,298	2,052
Other operating expenses	-8,770	-6,274
Depreciation, amortisation and impairment losses	-1,000	-690
Other expenses	-13	-4
Operating loss	**-5,478**	**-4,871**
Interest income	22,937	19,681
Interest expenses	-102	-1,308
Other finance income	2,210	2,475
Net finance income	**25,045**	**20,848**
Share of loss of equity-accounted investees, net of tax	0	-18,615
Profit/Loss before tax	**19,567**	**-2,638**
Income tax	0	0
Profit/Loss for the period	**19,567**	**-2,638**
Total comprehensive income/expense for the period	**19,567**	**-2,638**

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Statement of cash flows

(in EURk)	2025	2024
Cash flows from operating activities		
Profit/loss for the period	**19,567**	**-2,638**
Adjustments for:		
Depreciation and amortisation	1,000	690
Option reserve	753	0
Net finance costs	-25,045	-20,848
Total adjustments	**-23,292**	**-20,158**
Changes in trade and other receivables	1,564	6,220
Changes in inventories	41	87
Changes in trade and other payables	-4,304	17,652
Net cash from operating activities	**-6,424**	**1,163**
Cash flows from investing activities		
Acquisition of property, plant and equipment and intangible assets	-777	-1,204
Acquisition of investment property	4	17
Acquisition of a subsidiary, net of cash acquired	-304	175
Loans granted	-83,550	-77,841
Repayments of loans granted	61,784	32,714
Net cash used in investing activities	**-22,843**	**-46,139**

(in EURk)	2025	2024
Cash flows from financing activities		
Proceeds from loans and borrowings	862	0
Repayment of borrowings	-752	-13,100
Proceeds from issue of share capital	0	72,959
Net cash from financing activities	**110**	**59,859**
Total cash flow	**-29,157**	**14,883**
Cash and cash equivalents at 1 January	26,947	9,589
Effect of movements in foreign exchange rates on cash held	2,210	2,475
Cash and cash equivalents at 31 December	**0**	**26,947**

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Statement of changes in equity

(in EURk)	Share capital	Own shares	Share premium	Reserves	Retained earnings	Total
Balance at 31 December 2024	**76,359**	**-3,597**	**28,135**	**254,419**	**185**	**355,501**
Profit for the period	0	0	0	0	19,567	19,567
Other comprehensive income	0	0	0	0	0	0
Comprehensive expense for the period	**0**	**0**	**0**	**0**	**19,567**	**19,567**
Transactions with owners of the Company						
Issue of ordinary shares	0	0	0	0	0	0
Own shares	0	0	0	0	0	0
Other changes in equity	0	0	0	0	0	0
Changes in share option reserve	0	0	0	506	275	781
Total transactions with owners of the Company	**0**	**0**	**0**	**506**	**19,842**	**20,348**
Balance at 31 December 2025	**76,359**	**-3,597**	**28,135**	**254,925**	**20,027**	**375,849**
Carrying amount of interests under control and significant influence	0	0	0	0	-99,232	-99,232
Value of interests under control and significant influence under the equity method	0	0	0	0	22,688	22,688
Adjusted unconsolidated equity at 31 December 2025	**76,359**	**-3,597**	**28,135**	**254,925**	**-56,517**	**299,305**

(in EURk)	Share capital	Own shares	Share premium	Reserves	Retained earnings	Total
Balance at 31 December 2023	**69,416**	**-3,884**	**28,135**	**202,872**	**-16,453**	**285,036**
Loss for the period	0	0	0	0	-2,638	-2,638
Other comprehensive income	0	0	0	0	0	0
Comprehensive expense for the period	**0**	**0**	**0**	**0**	**9,842**	**9,842**
Transactions with owners of the Company						
Issue of ordinary shares	6,561	0	0	50,139	0	56,700
Own shares	0	479	0	-184	0	295
Other changes in equity	0	0	0	0	-3,125	-3,125
Changes in share option reserve	0	0	0	620	269	-651
Total transactions with owners of the Company	**6,943**	**287**	**0**	**51,547**	**14,326**	**73,103**
Balance at 31 December 2024	**76,359**	**-3,597**	**28,135**	**254,419**	**185**	**355,501**
Carrying amount of interests under control and significant influence	0	0	0	0	-23,325	-23,325
Value of interests under control and significant influence under the equity method	0	0	0	0	18,200	18,200
Adjusted unconsolidated equity at 31 December 2024	**76,359**	**-3,597**	**28,135**	**254,419**	**-36874**	**318,442**

Under the Estonian Accounting Act, adjusted unconsolidated retained earnings represent the amount that is available for distribution to shareholders.

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PROPOSAL FOR ALLOCATING THE LOSS

Based on the audited financial results, the Management Board proposes to the shareholders' annual general meeting that the 2025 comprehensive expense attributable to the owners of the Company of EUR -32,085k and retained earnings of previous periods of EUR -71,680k, totalling EUR -103,765k, be allocated as follows:

Net loss for the period ended 31 December 2025	EUR -32,085k
Retained earnings of previous periods	EUR -71,680k
Total retained earnings	EUR -103,765k
Transfer to legal reserve	EUR 0
Dividend distribution	EUR 0
Balance of retained earnings after allocations	EUR -103,765k

MANAGEMENT BOARD SIGNATURES ON THE 2025 ANNUAL REPORT

The Company's Management Board has approved the GROUP ANNUAL REPORT 2025 of Sunly AS for the year ended 31 December 2025.

The Supervisory Board has reviewed the annual report prepared by the Management Board, which consists of the management report, the consolidated financial statements, the profit allocation proposal and the auditors' report, and has approved it for submission to the general meeting of shareholders.

01 April 2026

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Priit Lepasepp
Chairman of the Management Board

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Erkki Kallas
Member of the Management Board

Independent auditors' report

To the Shareholders of Sunly AS

Opinion

We have audited the consolidated financial statements of Sunly AS and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2025, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (Estonia). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (Estonia) (including International Independence Standards), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

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

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

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

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

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

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

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

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

Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

Tallinn, 1 April 2026

Indrek Alliksaar

Certified Public Accountant, Licence No 446

KPMG Baltics OÜ
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KPMG Baltics OÜ, an Estonian limited liability company and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative (“KPMG International”), a Swiss entity. Reg no 10096082.

CONTACT DETAILS

Business name:
Sunly AS

Main activity:
Development and operation of solar energy

Commercial registry number:
14695483

Postal address:
Telliskivi tn 60/5, Tallinn, 10412

Country of incorporation:
Republic of Estonia

Phone:
+372 5626 4164

Email:
info@sunly.ee

Corporate website:
www.sunly.ee

Beginning of financial year:
1 January 2025

End of financial year:
31 December 2025

Legal form:
Limited company

Auditor:
KPMG Baltics OÜ