



AB „Energijos skirstymo operatorius“

Annual Report
2025



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1. Overview

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1.1 CEO's statement

Dear Customers, Shareholders, Partners, Colleagues,

The year 2025 was a period of record growth and significant changes in Lithuania's energy sector, and Energijos skirstymo operatorius (ESO) has actively contributed to this transformation. The national energy strategies and ambitious sector goals inspired us to achieve tangible results, seek solutions to infrastructure challenges, and continuously adapt to meet the expectations of shareholders, clients, and the state. Guided by the ESO Strategy (2023–2026), we strategically invested in network modernisation, digitalisation, and innovative solutions that strengthen Lithuania's energy security and competitiveness.

The year 2025 marked a turning point in the integration of renewable energy. In Lithuania, the number of prosumers approached 170,000, with tens of thousands of new prosumers connected to the grid within the year. There was rapid growth not only in the number of solar power plants but also in the implementation of energy storage solutions, which enable more efficient use of local generation and reduce grid loads. This clearly demonstrated that alongside production, storage is firmly establishing itself in Lithuania—an essential condition for further development of green energy.

One of the most important achievements in 2025 was strengthening the resilience of the electricity grid in the regions. ESO has significantly accelerated cabling works in forested areas: hundreds of kilometres of overhead lines have been replaced with underground cables, reducing the number of disruptions and increasing supply reliability for tens of thousands of customers. These investments directly respond to the National Strategy's goal of creating a resilient electricity network adapted to climate and extreme phenomena.

Network digitalisation reached a new stage of maturity in 2025. ESO completed the first phase of smart meter installation, with over 1.3 million meters now covering more than 90% of the country's electricity consumption. This has enabled customers with the ability to view their consumption data in real-time, choose more flexible tariffs, and allowed the operator to plan investments more accurately and quickly identify disruptions in the grid.

The year 2025 was also historic in terms of energy security. In February, Lithuania, along with Latvia and Estonia, successfully synchronised with the continental European electricity grids, permanently disconnecting from the BRELL ring. ESO's role in this process was crucial, from preparing the grid to ensuring its stable daily operation after synchronisation. This step not only strengthened the country's energy independence but also laid a solid foundation for further development of renewable energy.

We also evolved as an organisation. In 2025, we expanded our understanding of the client even further—besides traditional consumers, suppliers, aggregators, and other market participants became increasingly important. Digital services became the standard: the majority of prosumers carried out all processes—from applications to data analysis—remotely through ESO's self-service platform.

The year 2025 clearly demonstrated that consistent investments, innovations, and close collaboration with state institutions enable the achievement of strategic results. Together with you, we are creating a reliable, modern, and sustainable electricity grid, which is a necessary condition for Lithuania's energy independence, economic growth, and the achievement of climate goals.

Renaldas Radvila
CEO of the Company

1.2 Business highlights

During the reporting period

January

- On 23 January 2025, our 10-year (2024–2033) Investment Plan for distribution networks has been aligned with the regulator (NERC) (link in Lithuanian). The plan foresees a 40% increase in Investments to EUR 3.5 billion. The previous 10-year investment plan submitted to NERC projected EUR 2.5 billion in Investments for 2022–2031.

February

- On 25 February 2025, Edmundas Narmontas was appointed as a new member of the ESO Management Board. Edmundas Narmontas, a civil servant appointed to the position of board member, is a professional with many years of management experience and is responsible for business continuity and security on the ESO Management Board. He will serve until the end of the ESO Management Board's term of office on February 13, 2027.

March

- In March 2025, projects worth EUR 5.4 million (excluding VAT) were completed for the Dirvupiai and Pagiriai transformer substations in Klaipėda and Vilnius districts, thereby ensuring the necessary electricity capacity for business expansion and greater opportunities for connecting renewable energy sources in these areas.

May

- Starting from May 1, 2025, we launched a new variable power service that allows business customers to use additional network resources when there is free capacity. This service is available to network users who connect a storage device with a variable generation or consumption capacity of at least 1 MW. The variable power service is an alternative solution for connecting to the electricity grid, allowing customers to use or generate available electricity when other network users are not using the power that is permitted to be generated or used at the relevant transformer substation. The proposed solution allows for more efficient use of the existing grid infrastructure and reduces the need for investment in grid expansion.

July

- Following the entry into force of the amendments to the Procedure for Connecting Electricity Generators and Consumers' Electrical Equipment to Electricity Networks on 1 July 2025, customers who complete the full connection process are eligible for a refund of the EUR 41.89 fee for the preparation of technical connection conditions. The objective of these amendments is to promote more efficient utilisation of network capacity by reducing the number of inactive ("frozen") connection applications. In 2025, a total of more than EUR 265 thousand was refunded to customers for technical condition preparation fees.

October

- On 9 October 2025, we received the corruption risk analysis of ESO's connection services carried out by the Special Investigation Service (STT). The analysis included recommendations relevant to improving the regulation of these services. No violations were identified in our activities. Based on the STT recommendations, we are already implementing changes aimed at increasing clarity and transparency in the network connection processes. The activities and pricing of the distribution system operator are carried out in accordance with the applicable legal acts.
- The regulator NERC has adopted resolutions, setting 2026 RAB at EUR 1.9 billion (+EUR 0.1 billion), WACC (weighted average) – 5.74% (-0.05 pp), and additional tariff component – EUR 51.8 million (+38.1%).

November

- In November 2025, we provided more than 100,000 prosumers with free individual solar plant efficiency reports (covering October 2024–September 2025). These reports analyse production and consumption patterns and include personalised recommendations on storage capacity and settlement options. The reports help customers make data-driven decisions and maximise the potential of their solar installations.

December

- In cooperation with the Šiauliai city and district municipalities, we initiated and implemented a pilot project: special protective devices were installed on more than 150 critical power line poles to reduce the risk of electric shock to birds. A total of EUR 40 thousand was jointly allocated for the project by ESO and the Šiauliai city and district municipalities.
- In 2025, we recorded a record increase in small-capacity (up to 1 kW LGG) solar power plants and energy storage systems. This growth was driven by simplified ESO connection procedures and targeted state support for solar installations and storage solutions. The number of installed solar plants increased from 300 to 1,700, while the deployment of storage systems rose several dozen times—from 17 to 822 units.
- In 2025, we completed the first phase of the smart electricity meter rollout. Approximately 1.3 million smart meters were installed, covering more than 90% of the country's electricity consumption. The meters record consumption every 15 minutes, and the data becomes available to customers in the self-service portal the next day. The project

eliminated manual meter reading, strengthened network data digitalisation, and enabled more efficient grid management as well as the expansion of renewable energy.

- In 2025, more than 53,000 new prosumers were connected to the electricity grid—the highest annual growth recorded to date. The total number of prosumers in Lithuania now exceeds 170,000, of which more than 30,000 have installed solar plants at their own sites, while over 20,000 have become customers of remote renewable energy parks. Prosumers' electricity generation increased by almost 45% over the year, and the installed capacity surpassed 2.2 GW, including 1.8 GW of permitted generation capacity.
- In 2025, ESO replaced 367 kilometres of 10 kV overhead lines in forest areas with underground cables, improving electricity supply reliability for 70,000 customers. The works are prioritised on lines with the highest number of connected customers. More than EUR 29 million was allocated for these activities in 2025. Over the full duration of the 2025–2028 forest cabling initiative, a total of 2,000 kilometres of overhead lines is planned to be replaced.

After the reporting period

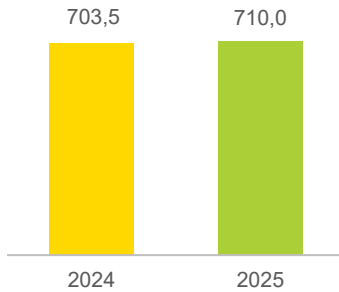
January

- In Vilnius, at the “Teltonika High-Tech Hill” technology park, two 63 MVA transformers were installed at the Kuprioniškės transformer substation, which is currently under construction. The substation, being developed together with the transmission system operator Litgrid, will ensure reliable electricity supply for the industrial facilities being established in the technology park and for the growing electricity demand. The new infrastructure will also strengthen the 110 kV network in the southern part of Vilnius. The value of ESO's works amounts to approximately EUR 6.8 million, while Litgrid's investment exceeds EUR 12.8 million. Construction began in spring 2025 and is planned to be completed in 2026.

1.3 Performance highlights

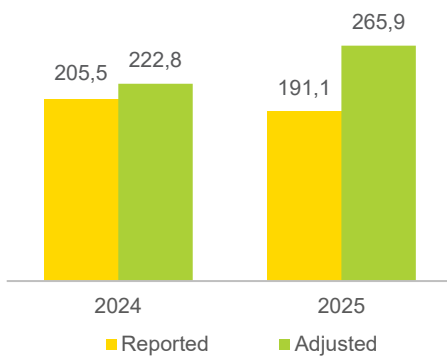
Financial

Revenue, EUR million



In 2025, the Company's revenue reached EUR 710.0 million, which was EUR 6.5 million, or 0.9%, higher than in 2024. The growth was mainly driven by increased revenues related to electricity distribution and transmission (EUR +6.5 million) and supply of last resort (EUR +4.5 million). The result was partially offset by lower revenues from natural gas distribution (EUR -8.8 million) due to lower tariffs set by the regulator.

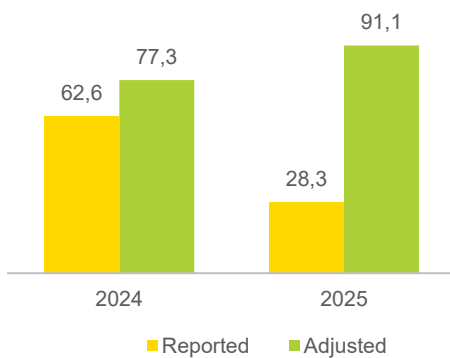
EBITDA, Adjusted EBITDA, APM, EUR million



In 2025, the Adjusted EBITDA was EUR 43.1 million higher than in 2024, primarily due to the higher RAB effect (EUR +32.5 million) and the higher WACC effect (EUR +11.3 million).

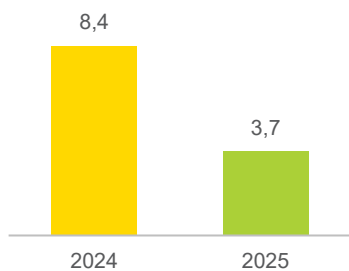
In 2025, the Reported EBITDA was EUR 191.1 million, which was EUR 14.4 million or 7.0% lower than in 2024. The decrease in EBITDA was mainly due to increased electricity and related service purchases (EUR +18.5 million), primarily due to the larger distributed volume of electricity and the regulator-approved higher price for transmission system services. The reduction in Reported EBITDA was also influenced by increased operating expenses (OPEX) (EUR +4.5 million). The result was partially offset by higher revenues earned in 2025.

Net profit, adjusted Net profit, APM, EUR million



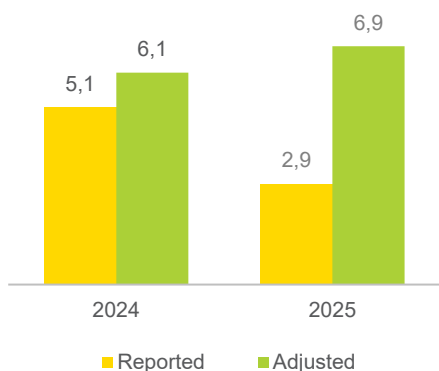
The Company's Reported net profit for 2025 decreased to EUR 28.3 million, compared to EUR 62.6 million for the same period in 2024. The Adjusted net profit amounted to EUR 91.1 million, which was EUR 13.9 million, or 17.9%, higher than in 2024. The Adjusted result was influenced by EBITDA adjustments and the impact of these adjustments on income tax.

ROE APM
%



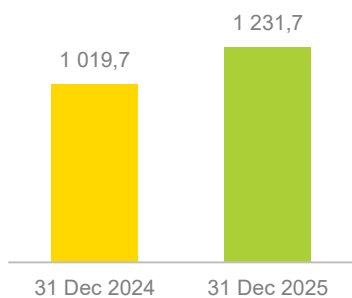
The indicator of return on equity (ROE LTM) decreased by 4.7 percentage points mainly due to lower net profit.

ROCE, Adjusted ROCE APM
%



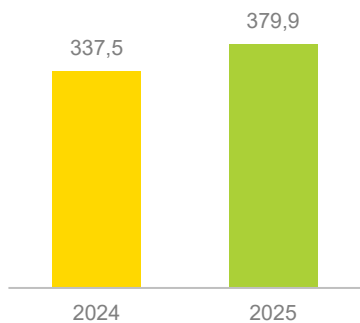
The Reported Return on Capital Employed (ROCE) for 2025 was 2.9%, which decreased by 2.2 percentage points compared to 2024 due to lower EBITA and increased depreciation. Adjusted ROCE was 6.9% and increased by 0.8 percentage points due to higher Adjusted EBITA.

Net debt APM
EURm



As at 31 December 2025, the Company's net debt amounted to EUR 1,231.7 million, which increased by EUR 212.0 million or 20.8% from 31 December 2024. The rise in net debt was due to investments that outweighed the Adjusted EBITDA, and the dividends paid.

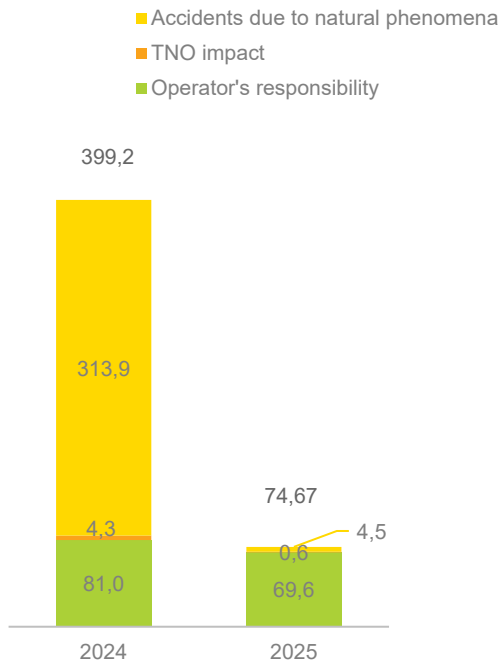
Investments APM
EURm



In 2025, Investments amounted to EUR 379.9 million and were EUR 42.4 million, or 12.6%, higher than in 2024. The growth was mainly driven by higher investments in the expansion of the electricity distribution network (EUR +40.2 million), mainly due to the higher number of new connection points and upgrades as well as the higher cost of connecting new customers located more remotely.

Activities

Electricity distribution quality indicator SAIDI, unscheduled, minutes



In 2025, the impact of the average duration of unplanned interruptions (SAIDI) per customer was 74.7 minutes per customer, which shortened by 324.5 minutes compared to 2024 (399.2 minutes in 2024).

The 2025 figure is an improvement over the 2024 result, when a major natural-phenomena-related incident in July caused widespread disconnections. In contrast, only two short-term storms occurred in 2025—on 4 January and 28 December—with a combined SAIDI impact of 4.52 minutes. Additionally, the indicator was improved by consistently implemented measures to enhance network reliability, such as the removal of hazardous trees, line cabling, and network automation.

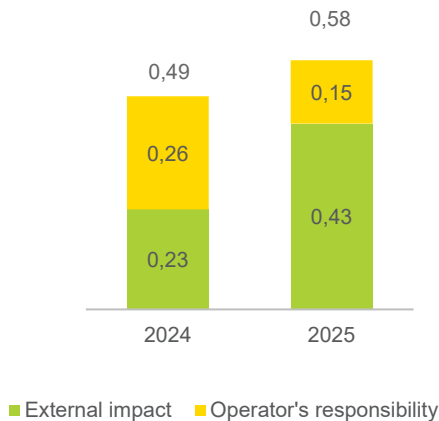
Electricity distribution quality indicator SAIFI, unscheduled, times



The impact of the average number of unplanned electricity interruptions (SAIFI) per customer reached 1.08 times in 2025, a decrease of 0.33 times, compared to 2024.

In 2025, the SAIFI indicator was primarily affected by accidents due to natural phenomena (wind) occurring in January and December, as well as several atypical disconnections, including a fire in a conduit that resulted in a significant number of customers being disconnected in Vilnius. Nonetheless, the overall indicator is better compared to 2024, as there were fewer planned works in 2025. The positive impact was also due to consistently implemented measures to enhance network reliability, such as the removal of hazardous trees, line cabling, and network automation.

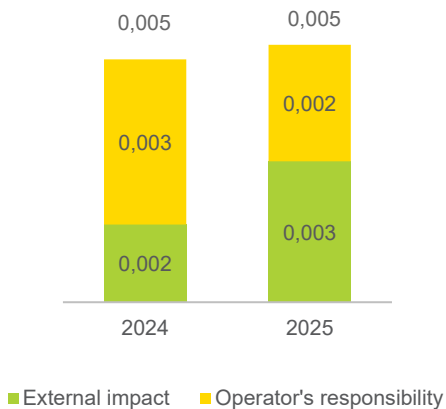
Natural gas supply reliability indicator
SAIDI, unscheduled, minutes



In 2025, the average duration of unplanned natural gas interruptions (SAIDI) per customer reached 0.58 minutes, which increased by 0.09 minutes, compared to the period in 2024.

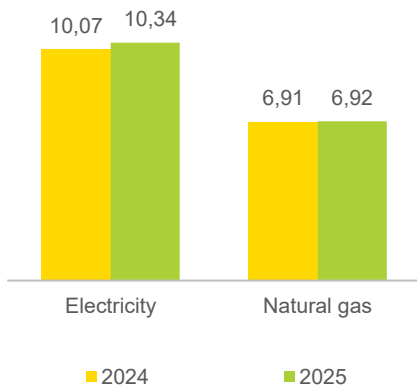
The deterioration of the 2025 indicator compared with 2024 was largely attributable to a 45% increase in excavation-related damages causing customer disconnections in the natural gas network.

Natural gas supply reliability indicator
SAIFI, unscheduled, times



The average number of unplanned long interruptions per customer (SAIFI) during 2025 amounted to 0.005 times and compared to 2024, remained at a similar level

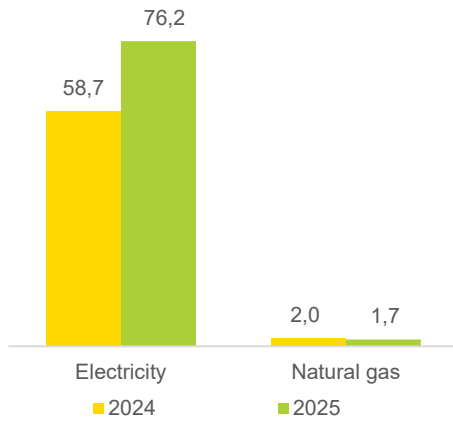
Distributed volumes,
TWh



In 2025, electricity distributed reached 10.34 TWh, which was 0.27 TWh (2.7%) higher than in 2024. This growth was driven by increased electricity consumption by private and business customers, stimulated by colder weather conditions.

In 2025, distributed natural gas volume was 6.92 TWh, which is 0.01 TWh, or 0.2% more than during the same period in 2024 (6.91 TWh in 2024). The amount of distributed natural gas remained stable over the year and increased slightly compared to the previous period. The slight increase was due to colder periods of the year, particularly in February, May, and October, which heightened the heating needs for residential and commercial premises.

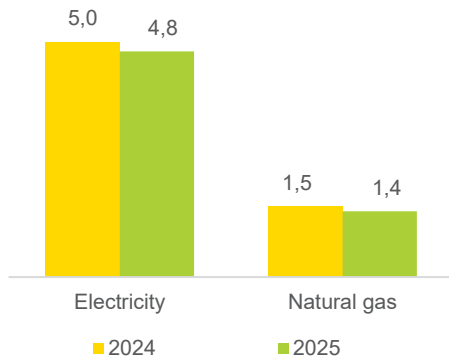
New connection points and upgrades
thousand units



In 2025, the company connected or increased the capacity for 76.2 thousand new customers to the electricity distribution network, which is 17.4% more than in the same period in 2024. New customer connections accounted for 53.5 thousand (+33.3%), while power upgrades amounted to 22.7 thousand (+21.9%). More applications were received from customers seeking to install higher electricity capacity or connect new facilities, particularly from consumers living in remote areas, due to more favourable pricing that came into effect in 2025.

New customer connections and power upgrades in the natural gas distribution network decreased by 17.0%, compared to the same period in 2024, primarily due to a lower number of requests received for connection to the ESO natural gas distribution network.

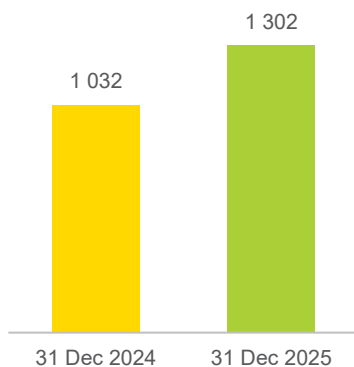
Technological losses
%



In 2025, the technological loss rate in the electricity distribution network was 4.8%, which was 0.2 percentage points lower than in 2024. The decrease in the rate was driven by higher electricity consumption and more accurate accounting, ensured by the increasing level of network automation.

Similarly, the technological loss rate in the natural gas distribution network in 2025 was 1.4%, which was 0.1 percentage points lower than in 2024. The reduction in the rate was due to higher natural gas consumption and more accurate accounting.

Number of smart meters installed
thousand units



From the beginning of smart meters mass roll-out in July 2022 to the end of 2025, around 1,302 thousand smart meters were successfully installed in total, out of which around 270 thousand meters were installed in 2025.

2. Business overview

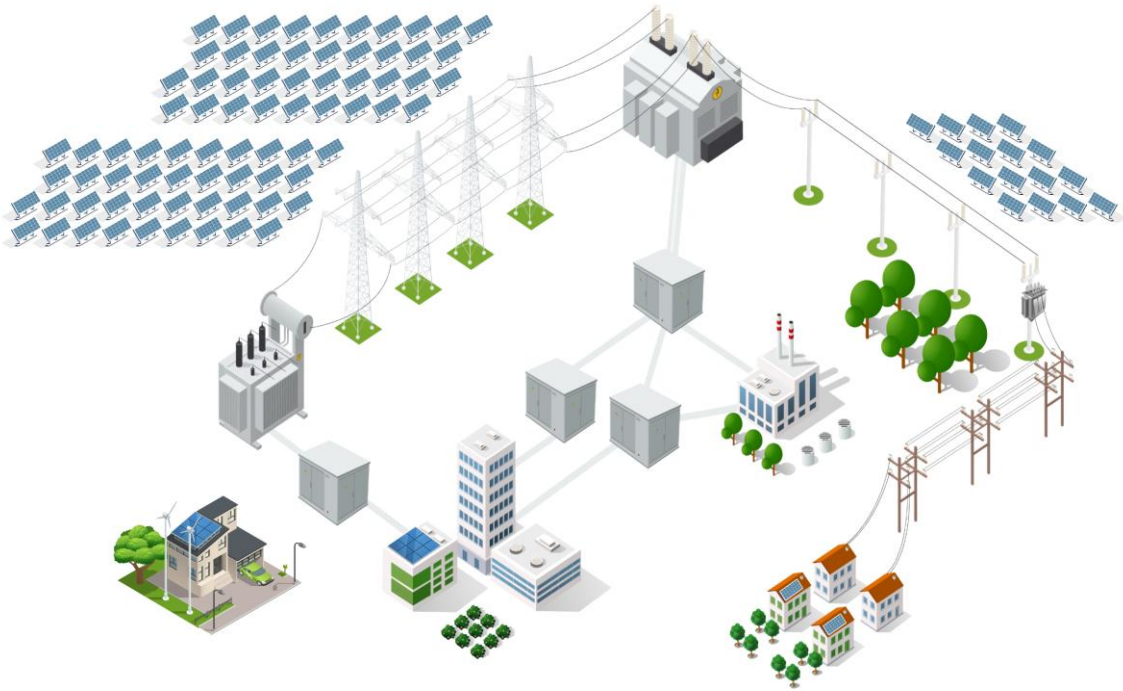
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2.1 Business profile

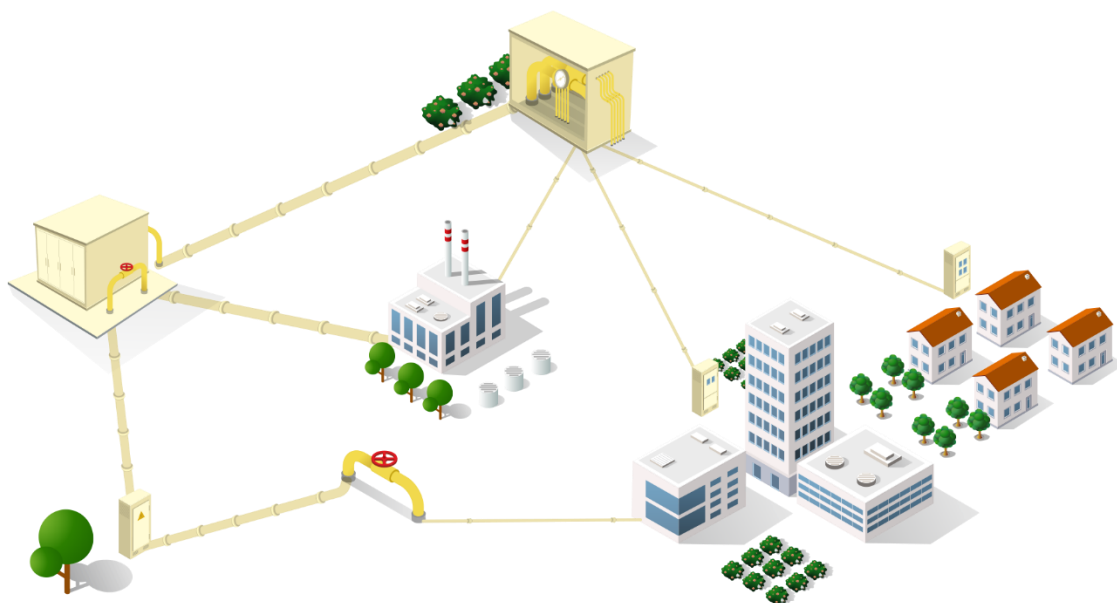
KEY company network indicators

ESO distributes electricity and natural gas, maintains distribution networks, implements smart solutions to make them reliable and efficient, troubleshoots and connects new customers.

Electricity distribution network operated by ESO



Gas distribution network operated by ESO



ESO ensures resilient and effective electricity distribution services throughout entire Lithuania, enabling transformation of the energy sector, continually invests and modernises its strategic assets used in the activities of electricity and natural gas distribution by increasing resilience, safety, and efficiency of the network in the entire country. The Company's activity is fully regulated with electricity and natural gas distribution licences granted by the National Energy Regulatory Council (NERC). Regulation has been implemented by establishing price caps for services rendered by ESO, which are measured for the regulatory period of 5 years (currently, the regulatory period of 2022-2026 is applied to the electricity sector, whereas the regulatory period of 2024-2028 is applied to the natural gas sector).

ESO is developing digitisation solutions of the distribution network aiming at developing one of the most advanced smart networks throughout the region. ESO also contributes to development of energy innovations and renewable energy production, and to promotion and efficiency increase of the local energy market.

Electricity distribution

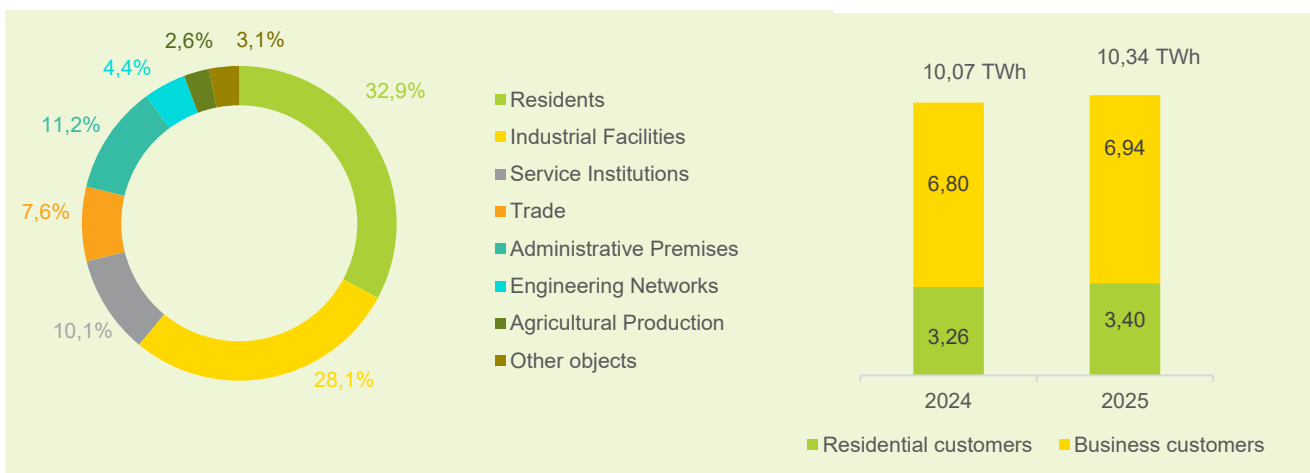
The Company owns and operates 132,703 thousand km of electricity lines (2024 – 131,052 thousand km): of these, 61.8% are overhead power lines and 38.2% are electrical cables (2024 – respectively 63.4% and 36.6%). In 2025, 10.34 TWh of electricity was distributed to the company's clients (2024 – 10.07 TWh), which is 0.27 TWh, or 2.7% more than in the same period of 2024. The consumption of electricity of both residential and business clients has increased. Supply of last resort accounted for 3.5% of this figure (2024 – 2.4%). The remaining customers of the Company were provided only with the electricity distribution service.

In the residential customer segment (B2C), the distributed electricity increased by 4.3%, primarily due to higher electricity demand in households, associated with increased domestic energy consumption and seasonality. In the business customer segment (B2B), distribution volumes also grew by 1.9%, reflecting the moderate growth in economic activity and electricity consumption intensity in the business sector.

Approximately 33% of the electricity transmitted by ESO from January to December 2025 was consumed by residents. Industrial facilities and service institutions used 28% and 10% of the electricity, respectively. Compared to the 12-month period in 2024, the structure of electricity transmission volumes to different entities remained largely unchanged.

Electricity distribution volume by Objects, %

Distributed electricity volumes, TWh



Natural gas distribution

The Company operates 9,743 thousand kilometres of natural gas distribution pipelines. From January to December 2025, the Company transported 6.92 TWh of natural gas through distribution pipelines, which is 0.01 TWh, or 0.2% more than during the same period in 2024 (6.91 TWh in 2024).

The amount of distributed natural gas remained stable over the year and increased slightly compared to the previous period. The slight increase was due to colder weather conditions, particularly in February, May, and October, which heightened the heating needs for residential and commercial premises. In the residential segment (B2C), a more significant increase was recorded, mainly due to the unusually cool weather in May. Meanwhile, in the business segment (B2B), distribution volumes decreased, as the warmer January reduced gas consumption by heat producers and other business clients.

Distributed natural gas volumes, TWh



2.2 Strategy

Main purpose and integrated strategy

AB Energijos skirstymo operatorius is an important part of Ignitis Group's integrated business model and strategy. Ignitis Group is a renewables-focused integrated utility and the largest energy group in the Baltic States.

Our main purpose is to create a 100% green and secure energy ecosystem for current and future generations.

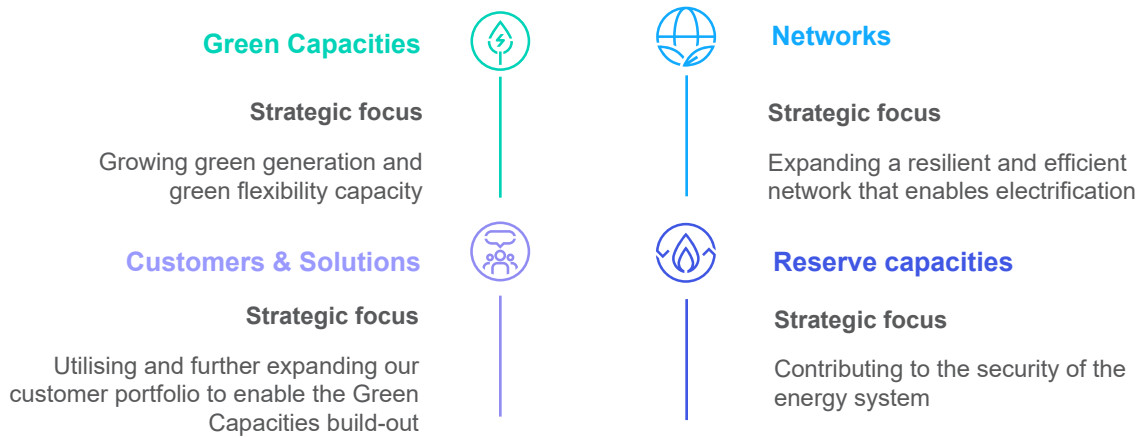


Priorities oriented towards the main goal:

1. **Green.** Growing green generation and green flexibility capacity.
2. **Flexible.** Creating a flexible system that can operate on 100% green energy in the short, medium, and long term.
3. **Integrated.** Utilising the integrated business model to enable Installed Green Capacities build-out.
4. **Sustainable.** Maximising sustainable value.

We contribute to Europe's decarbonisation and the assurance of energy security in the region by accelerating energy transitions and electrification in the Baltic States and Poland. We aim for a net-zero balance of greenhouse gas (GHG) emissions by 2040–2050.

Integrated business model



Sustainability and ESG focus

In implementing our strategy, we focus primarily on reducing the intensity of greenhouse gas emissions in scopes 1 and 2, ensuring workplace safety, fostering a positive employee experience, and promoting diversity. We create sustainable value through sustainable investments and returns.

Core Values

We are a team united by a clear organisational purpose.



Strategic priorities and goals of the Company and their implementation

Strategic priorities:

1. Resilient and efficient electricity distribution
2. Network expansion and energy market facilitation
3. End-to-end customer experience

Resilient and efficient electricity distribution



Support – ensuring uninterrupted power supply

Network resilience

≤0.95

Electricity SAIFI
2025–2028
average (annual)²

2024: 1.03

Network efficiency

~77%

Share of customers
connected to automatically
controlled lines in 2028

2024: 67 %

We invest in the electricity distribution network and ensure its resilience. We aim to reduce the SAIFI to an average of ≤0.95 interruptions per customer in 2025–2028.

We are improving network automation and aim to have around 77% of consumers connected to automatically managed lines by 2028.



Ensuring efficient and resilient distribution:

- Efficient maintenance of trees and other vegetation growing in the air line zone
- Replacing air lines with underground cables
- Network automation
- Predictive maintenance
- Integration of smart meter data into network management
- Ensuring the security of critical physical infrastructure
- Ensuring the cyber security of the network

¹ Share of total investments in the Networks segment in 2025–2028

² Indicators are calculated in accordance with the provisions of the Description of Electricity Distribution Reliability and Service Quality Indicators approved by the National Energy Regulatory Council for the regulatory period (established based on Resolution No. O3E-79 of the National Energy Regulatory Council of January 26). Targets are evaluated according to the principles applied in determining the level, and the current methodology, according to which these cases are not included in SAIFI: (1) interruptions due to natural phenomena equivalent to natural disasters, catastrophic meteorological and hydrological phenomena – wind speed >28 m/s and eliminating interruptions throughout the country (not in individual regions); (2) interruptions due to failures in the electricity transmission system operator's networks.

Network expansion and energy market enabling



Expansion to enable green electrification

Network capacity utilization

Maximize network utilization by offering new connection alternatives where the network is ready

Network capacity expansion

Strategically collaborate with business customers to direct new capacity to where the network is ready



Enabling energy market development needs:

- Electrification of the transport sector (electric vehicle charging)
- Increasing energy efficiency (smart meters)
- Electrification of the industrial sector (transition from gas to electricity)
- Electrification of the heating sector (heat pumps)

End-to-end customer experience



Solutions and service channels designed to improve end-to-end customer experience across the market

End customer experience

Improving the experience across all service channels and processes

Energy market participants

Providing standardized solutions to enable integrated participation in the energy market and accelerate electrification



Improving customer experience:

- Reducing customer wait times
- Increasing the number of queries/orders completed on time
- Increasing the number of queries resolved on first contact

¹ Share of total investments in the Networks segment in 2025–2028

The Company's annual operational targets are aligned with the strategy, strategic priorities, and plans to ensure their focused implementation.

Meeting the 2025 targets

Performance criteria	Weight, %	Operational targets and their Indicators	Achieved Result
Financial targets	30%	Achievement of financial targets, with priority given to: OPEX ¹ (20%)	100%
		CAPEX ² (10%)	70%
Strategic projects and their key milestones	20%	Network regulation: to ensure a sustainable and long-term regulatory model for the new regulatory period (20%)	70%
Service quality	30%	Ensuring network resilience and efficiency Electricity SAIFI ³ (times) (20%)	70%
		Improvement of end-to-end customer experience: Customer experience indicator (NPS) ⁴ , % (10%)	96%
Sustainability targets	20%	Achievement of ESG targets, with priority given to: Improvement of occupational safety (15%)	100%
		Implementation of inclusive selection programs ⁶ (5%)	100%
			85%

¹ OPEX

² CAPEX

³ SAIFI targets are formulated considering the minimum electricity transmission reliability level set by the National Energy Regulatory Council (NERC) for the 2022-2026 regulatory period. This level was established based on the decision of the National Energy Regulatory Council, dated 26 January 2022, No. O3E-79, averaging over the 2022-2026 period. The achievement of the target shall be assessed in accordance with the principles used and the methodology in force at the time of level setting (as adopted in the provisions of the Description of the Electricity Distribution Reliability and Quality of Service Indicators, hereinafter referred to as "the Methodology"), according to which the following cases are excluded: (1) interruptions due to natural phenomena corresponding to the values of natural, catastrophic meteorological and hydrological phenomena indicators; (2) interruptions due to failures in the network of the transmission system operator. In the event of a change in the provisions of the Methodology, the achievement of the target would be assessed in accordance with the Methodology in force at the time the target was set.

⁴ NPS – Net Promoter Score.

⁵ Aiming for gender balance in the selection process for top management positions: ensuring a minimum of 33% under-represented sex in the short-list of candidates for new/open positions.

Annual performance targets, linked to variable remuneration component, for the Company's executives and the members of the Executive Committee are set and evaluated by the Company's Management Board on the basis of the Ignitis Group's and the Company's strategic plans, action plans and annual budgets.

Annual performance targets for 2026 are linked to the variable remuneration component and their weights have been formulated taking into account the Company's strategic priorities and directions, 2026 budget and/or key performance indicators plan. The table below illustrates the 2026 annual performance targets linked to the variable remuneration component.

Operating targets for 2026

Performance criteria	Weight, %	Operational targets and their Indicators
Financial targets	35%	Achievement of financial targets, with priority given to: Reduction of network costs in real terms over a four-year period (2022–2025) by 5% OPEX (20%) CAPEX (10%)
		Ensuring network resilience and efficiency Electricity SAIFI (times) (10%)
Service quality	20%	Improvement of end-to-end customer experience: Customer experience indicator Private consumers (NPS), % (5%) Customer experience indicator Commercial consumers (NPS), % (5%)
		Implementation of strategic initiatives ensuring network resilience (10%) Implementation of regulatory methodological changes (15%)
Sustainability targets	20%	Achievement of ESG targets, with priority given to: Increase of occupational safety (15%) Ensuring inclusive selection (5%)

¹ OPEX

² CAPEX

³ SAIFI targets are formulated considering the minimum electricity transmission reliability level set by the National Energy Regulatory Council (NERC) for the 2022-2026 regulatory period. This level was established based on the decision of the National Energy Regulatory Council, dated 26 January 2022, No. O3E-79, averaging over the 2022-2026 period. The achievement of the target shall be assessed in accordance with the principles used and the methodology in force at the time of level setting (as adopted in the provisions of the Description of the Electricity Distribution Reliability and Quality of Service Indicators, hereinafter referred to as "the Methodology"), according to which the following cases are excluded: (1) interruptions due to natural phenomena corresponding to the values of natural, catastrophic meteorological and hydrological phenomena indicators; (2) interruptions due to failures in the network of the transmission system operator. In the event of a change in the provisions of the Methodology, the achievement of the target would be assessed in accordance with the Methodology in force at the time the target was set.

⁴ NPS – Net Promoter Score.

⁵ Aiming for gender balance in the selection process for top management positions: ensuring a minimum of 33% under-represented sex in the short-list of candidates for new/open positions.

Targets are also linked to the variable component of the Company's executive's compensation. More information is provided in section 4.3 "People and remuneration".

Main projects and investments

Investment plan: modernisation of the electricity and gas distribution networks






From 2022, in accordance with the Law on Electricity and legislation, the Investment Plan have to be provided to the National Energy Regulatory Council (“the Council”) for approval every second year. In June 2024, a new 2024–2033 Investment Plan project was submitted to the Council for approval, which was approved on 23 January 2025. The revised Investment Plan is published on the Company’s website (link).

The plan includes a 40% increase in investments to EUR 3.5 billion. In the previous 10-year investment plan submitted to the regulator, EUR 2.5 billion in investments were planned for 2022–2031. The planned investments will continue to focus on two main areas: enhancing network resilience and efficiency (approximately 38% of planned investments) and expanding the electricity network and improving market conditions (approximately 57%). Maintenance of the natural gas network accounts for about 5% of all planned investments.

- Enhancing network resilience and efficiency: with the aim of accelerating the restoration of energy supply in the event of disruptions, the replacement of overhead electrical lines with underground lines is being continued, prioritising the replacement of lines that frequently disconnect and are prone to accidents, especially in forested areas. It will be continued to install equipment that ensures network automation by increasing the share of customers connected to automated control lines. In addition, focus will be put on increasing the efficiency of the grid by focusing on solutions reducing technological losses;
- Electricity network expansion and market facilitation and end-to-end customer experience. This programme is meant to create incentives for market formation in a balanced and systematic manner and to enable the market to provide new, higher quality services necessary for the transformation of the energy sector. The main tool of this programme is roll-out of smart meters. This technological solution will ensure accuracy and timeliness of data in the ESO network, will enable the market and customers to create services of higher quality as well as improve the efficiency of distribution network management.

Investment policy

Investments in our networks segment, as the distribution network operator in Lithuania operating in a fully regulated business environment, are clearly defined by the regulatory framework and are coordinated and approved by the regulatory authority (National Energy Regulatory Council, NERC).

 Target Markets	 Technologies	 Type	 Investment scope	 Target return
Lithuania	Electricity and Natural Gas Distribution Networks	Expansion (connecting new customers and increasing capacity, including prosumer integration, electric vehicle network, and smart meter deployment) and maintenance	The 10-year investment plan is updated every two years, coordinated with the regulator (NERC), and approved by them	Based on the established Weighted Average Cost of Capital (WACC), which is determined annually by the regulator (NERC)

Update on key ongoing and planned Investments

In 2025, we have successfully continued working on grid maintenance and expansion, including the smart meter roll-out. Smart meter installation for private and business customers whose energy consumption exceeds 1,000 kWh a year began in July 2022, and its first phase was completed on 31 December 2025. In 2025, around 270 thousand smart meters were installed, bringing the total to 1.3 million. This means we have achieved our original goal of installing over 1.2 million smart meters by 2026 ahead of schedule. Currently, more than 68% of electricity consumers in Lithuania are already benefiting from smart metering.

We are successfully continuing the smart meter rollout programme. In 2026, we will launch the second phase, which will cover all the remaining customers across Lithuania. Our goal is that by the end of 2030, 98% of all electricity meters in the country will be smart.

Let’s review our investment program. On January 23, 2025, our 10-year (2024–2033) investment plan for distribution networks, submitted to the regulator for public consultation and coordination on 11 June 2024, was aligned with the regulator. In the plan, we have projected to increase Investments by 40% to EUR 3.5 billion. The previous 10-year (2022–2031) investment plan submitted to NERC for approval projected investments of EUR 2.5 billion. Planned investments will continue to be directed towards two main programs: enhancing network reliability and efficiency (approximately 38% of planned investments) and expanding the electricity distribution network and market enablement (approximately 57%). About 5% of all planned investments will be allocated to the maintenance of the natural gas

distribution network. In 2025, we successfully continued network maintenance and development work, including the deployment of smart meters.

Status on key investment projects

Project name	Electricity network expansion	Electricity network maintenance and other	Natural gas network	Total
Country	Lithuania	Lithuania	Lithuania	
Investments in 2024–2033 (ESO 10-year Investment plan)	~EUR 2.0 billion	~EUR 1.3 billion	~EUR 0.2 billion	~EUR 3.5 billion
Investments in 2025–2028 (Group Strategic Plan)	~55 %	~41 %	~4 %	~ EUR 1.2–1.3 billion
Investments covered by customers and grants (3-year average)	~31 % (covered by customers fees)	~6 % (covered by EU funds on project-by-project basis)	~15 % (covered by customers fees)	~20 %
Ownership	100%	100%	100%	100%
Progress	In 2025, 53,527 new electricity customers (10,162 in Q4) were connected (+33.3% YoY) and 22,659 capacity upgrades (4,707 in Q4) were carried out (+21.9% YoY). It resulted in around 1,651 km (387 km in Q4 2025) of new power lines.	In 2025, around 686 km (237 km in Q4 2025) of power lines were reconstructed (-13.2% YoY). Around 86% of the reconstructed power lines were replaced with underground cables.	In 2025, 1,691 new natural gas customers (404 in Q4) were connected (-17.0% YoY), which resulted in around 24.7 km (8.5 km in Q4 2025) of new pipelines. Around 3.9 km (0.4 km in Q4 2025) of pipelines were reconstructed (-25.0% YoY).	
Status	On track	On track	On track	

3. Results

3.1	Annual results	21
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3.1 Annual results

Revenue

Revenue, EURm

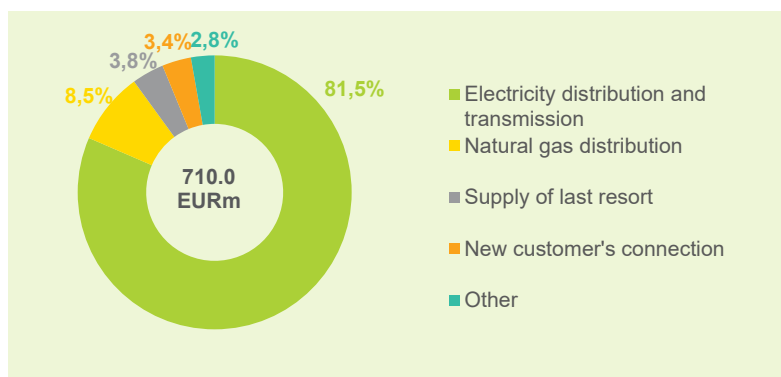
	2025	2024	Δ	Δ,%
Revenue from electricity distribution and transmission	578.6	572.1	6.5	1.1%
Revenue from natural gas distribution	60.4	69.2	(8.8)	(12.7%)
Revenue from the supply of last resort	26.9	22.4	4.5	20.2%
Revenue from new customers' connection	24.4	22.2	2.2	9.9%
Other	19.8	17.7	2.1	11.8%
Total revenue	710.0	703.5	6.5	0.9%

In 2025, the Company's revenue amounted to EUR 710.0 million and were higher by 0.9% or EUR 6.5 million than in 2024.

Revenue growth was mainly driven by increased electricity distribution and transmission revenues (EUR +6.5 million), with electricity transmission revenues rising by EUR 13.4 million, partially offset by lower electricity distribution revenues (EUR -6.9 million) due to lower tariffs set by the regulator. The lower electricity distribution tariffs were mainly due to reduced costs of technological losses in electricity distribution, resulting from lower electricity purchase prices. Due to the increased volumes of electricity supplied to guaranteed supply customers (+0.11 TWh, or 46.2%), the Company's revenues from the supply of last resort increased by EUR 4.5 million, or 20.2%. This result was partially offset by EUR 8.8 million (12.7%) decline in natural gas distribution revenues, driven by lower gas prices. Revenues from new customer connections increased by EUR 2.4 million, or 15.9%, due to the increased number of newly connected customers.

Revenue by type of activity, %

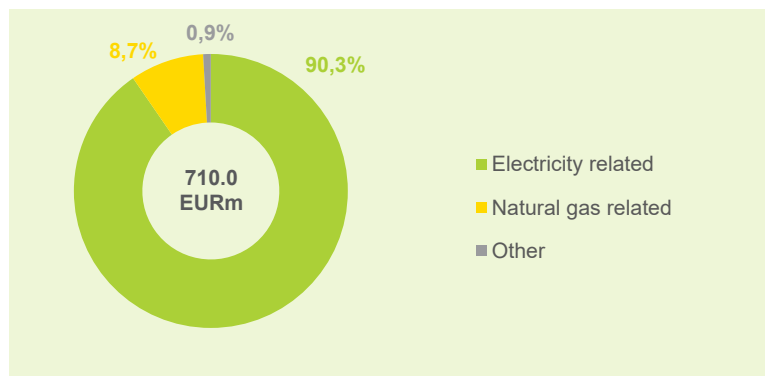
The main source of the Company's revenue is electricity distribution and transmission which in 2025 amounted to 81.5% of the Company's total revenue. Revenue from natural gas distribution – to 8.5%, revenue from the supply of last resort accounted to 3.8%, revenue from new customers' connection accounted to 3.4%, other revenue – to 2.8% of the Company's total revenue.



Revenue by type, EURm and %

	2025	2024	Δ	Δ,%	2025, %
Electricity related	641.4	626.7	14.7	2.4%	90.3%
Natural gas related	62.0	70.8	(8.7)	(12.3%)	8.7%
Other	6.5	6.0	0.5	8.1%	0.9%
Total revenue	710.0	703.5	6.5	0.9%	100%

In 2025, revenue from electricity related activity, which include electricity distribution, transmission, supply of last resort, new electricity customer's connection, and other sales of electricity and related service, accounted for 90.3% of the Company's total revenue. Revenue related to natural gas distribution and the connection of new clients to the natural gas distribution network accounted for 8.7%. Other revenues, which include income from the issuance of technical conditions, rental of technological assets, various other revenues under contracts with clients, and other operational revenues, accounted for 0.9%



Expenses

Expenses, EURm

	2025	2024	Δ	Δ, %
Purchases of electricity, natural gas, and other services	335.2	316.7	18.5	5.8%
Purchases of electricity and related services	330.7	312.6	18.1	5.8%
Purchases of gas and related services	4.0	3.7	0.3	7.5%
Other	0.4	0.4	0.0	12.4%
OPEX ^{APM}	184.3	179.8	4.5	2.5%
Salaries and related expenses	86.2	82.2	4.0	4.9%
Repair and technical maintenance expenses	46.0	47.5	(1.5)	(3.2%)
Other	52.1	50.1	2.1	4.1%
Other	135.7	119.2	16.5	13.8%
Depreciation and amortisation	132.3	114.4	17.9	15.6%
Write-offs, revaluation and impairment losses of property, plant, and equipment	4.0	3.3	0.8	23.3%
Write-offs and impairment of non-current and current amounts receivable, inventories and other amounts	(0.7)	1.5	(2.2)	(144.4%)
Total expenses	655.2	615.7	39.5	6.4%

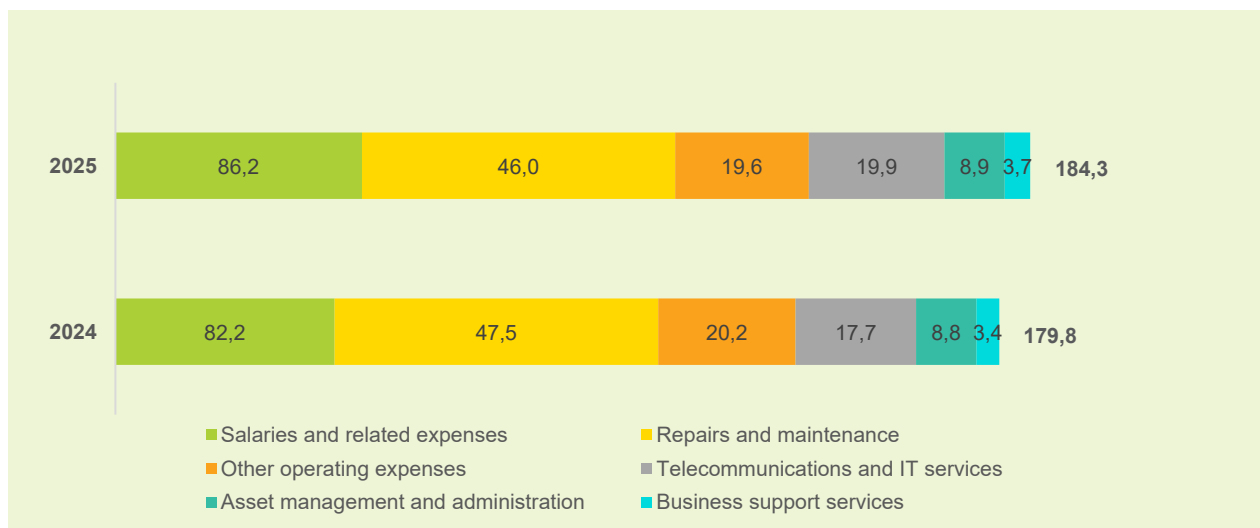
Purchases of electricity, natural gas, and other services (COGS)

In 2025, the Company's purchase of electricity, natural gas and related services amounted to EUR 335.2 million and increased by EUR 18.5 million, or 5.8%, compared to 2024. The increase was primarily driven by higher distributed electricity volumes and increased electricity transmission costs (EUR +11.9 million) due to larger transmission volumes, resulting from the regulator's higher transmission tariff and the higher set price for system services.

Operating expenses (OPEX)

OPEX, EURm

In 2025, the Company's operating expenses amounted to EUR 184.3 million and were higher by 2.5% or EUR 4.5 million than in 2024.



The result was most significantly influenced by higher wages and related costs (EUR +4.0 million, or 4.9%) due to the growth in average wages. Other expenses increased, mainly driven by higher telecommunications and IT services costs (EUR +2.2 million) and various other services. The impact was offset by reduced repair and maintenance expenses, which decreased by EUR 1.5 million, or 3.2%, primarily due to fewer electricity network repair works (EUR -0.7 million) and lower vehicle repair and maintenance costs (EUR -0.8 million).

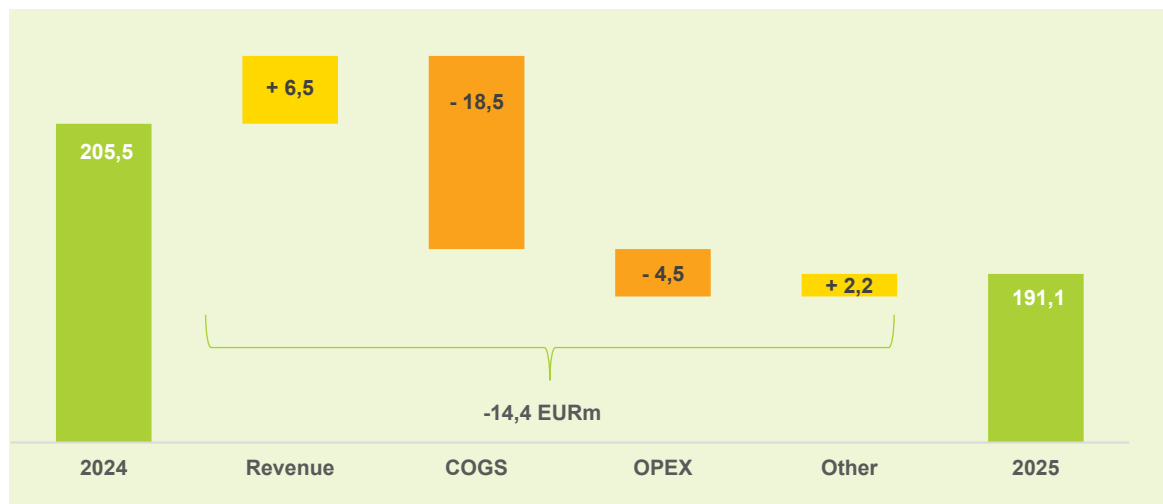
Other

In 2025, depreciation and amortisation expenses increased by EUR 17.9 million or 15.6% mainly due to the investments carried out.

EBITDA

In 2025, the Company's EBITDA amounted to EUR 191.1 million, which was EUR 14.4 million or 7.0% lower than in 2024. The decrease was primarily driven by higher purchases of electricity, natural gas, and other services (COGS) (EUR -18.5 million), with the most significant increase in electricity and related services purchases (EUR -18.1 million). The reduction in reported EBITDA was also influenced by increased operating expenses (OPEX) (EUR -4.5 million). The result was partially offset by higher revenues earned in 2025 (EUR +6.5 million).

EBITDA development, EURm



To disclose the Company's ordinary operating results, excluding the impact of atypical, non-recurring factors or factors not directly related to the current operating period, EBITDA result is presented after adjustments made by management to eliminate the variance between the actual and regulated earnings and the impact of non-recurring factors. Adjusted EBITDA is considered by management to be a more accurate reflection of the results for a given period and allows for a better comparison of actual results with prior periods. From 2024 onwards, Adjusted EBITDA includes interest assessed by the regulator for under-recovery of regulatory differences and other differences resulting from the difference between regulatory and financial accounting requirements.

EBITDA adjustments, EURm

	2025	2024	Δ	Δ,%
EBITDA <small>APM</small>	191.1	205.5	(14.4)	(7.0%)
<i>Adjustments</i>				
Temporary regulatory differences	74.8	17.3	57.5	<i>n/a</i>
Temporary regulatory differences (previous periods)	105.9	53.4	52.6	<i>n/a</i>
Temporary regulatory differences (current year)	(31.2)	(36.1)	4.9	<i>n/a</i>
Total EBITDA adjustments	74.8	17.3	57.5	<i>n/a</i>
Adjusted EBITDA <small>APM</small>	265.9	222.8	43.1	19.4%
<i>Adjusted EBITDA margin <small>APM</small></i>	<i>33.9%</i>	<i>30.9%</i>	<i>3.0 pp</i>	<i>n/a</i>

In 2025, the Adjusted EBITDA was EUR 43.1 million higher than in 2024, mainly due to higher RAB effect (EUR +32.5 million) and higher WACC effect (EUR +11.3 million).

EBITDA adjustments include:

- Elimination of the higher profit for 2025 (EUR -31.2 million), which will be added back in the future, and which accumulated due to discrepancies between the planned and actual expenses and revenue, while EUR 105.9 million, related to previous periods and tariffs, are realised during the current period;
- Recalculation of the Company's regulated income for 2024 related to the current period amounted to EUR -36.1 million, and recalculation from previous periods amounted to EUR +53.4 million.

Annual values of the price components approved by the regulator are published on the regulator's website, in the price approval certificates.

Resolutions of the regulatory body based on which regulated revenues for 2025 and 2024 are recalculated:

- Certificate No O3E-1309 of 15 October 2021 “Regarding the adjustment of the price caps for distribution services of medium and low voltage networks of Energijos Skirstymo Operatorius AB for 2022–2026” (link);
- Resolution No O3E-1544 of 17 October 2023 “Regarding the adjustment of the price caps for distribution services of medium and low voltage networks of Energijos Skirstymo Operatorius AB for 2024” (link);
- Resolution No. O3E-1 of 5 January 2024 “On the Amendment of the Resolution No. O3E-1309 of 15 October 2021 of the National Energy Regulatory Council “On Establishing the Upper Price Caps for Medium- and Low-Voltage Electricity Distribution Services of AB Energijos skirstymo operatorius for 2022–2026” (link);
- Resolution No O3E-1544 of 05 January 2024 “On the Adjustment of the Price Caps for Distribution Services of Medium and Low Voltage Networks of AB Energijos Skirstymo Operatorius for 2024” (link);
- Resolution No. O3E-1473 of 31 October 2022 “On the Adjustment of the 2023 Revenue Cap for the Natural Gas Distribution Activity of AB Energijos skirstymo operatorius” (link).
- Resolution No. O3E-1571 of 20 October 2023 “On Establishing the Revenue Cap for the Natural Gas Distribution Activity of AB Energijos skirstymo operatorius for the 2024–2028 Regulatory Period” (link).
- Resolution No O3E-1309 of 17 October 2024 “On the Adjustment of the Price Caps for Distribution Services of Medium and Low Voltage Networks of AB Energijos Skirstymo Operatorius for 2025” (link);
- Certificate No O3E-1323 of 18 October 2024 “On the Adjustment of the Revenue Cap for the Natural Gas Distribution Activity of AB Energijos skirstymo operatorius for 2025” (link).

Net profit

Net profit adjustments, EUR million

EURm	2025	2024	Δ	Δ,%
Net profit	28.3	62.6	(34.3)	(54.7%)
<i>Adjustments</i>				
Total EBITA adjustments	74.8	17.3	57.5	n/a
Impact of the adjustments on income tax	(12.0)	(2.6)	(9.4)	n/a
Total net profit adjustments	62.8	14.7	48.1	n/a
Adjusted net profit ^{APM}	91.1	77.3	13.9	17.9%
<i>Adjusted ROE ^{APM}</i>	12.0%	10.3%	1.7 pp	n/a
<i>ROE ^{APM}</i>	3.7%	8.4%	(4.7 pp)	n/a

The Company's reported net profit for 2025 decreased to EUR 28.3 million, compared to EUR 62.6 million for the same period in 2024. The Adjusted net profit amounted to EUR 91.1 million, which was EUR 13.9 million, or 17.9%, higher than in 2024. The Adjusted net profit was influenced by EBITDA adjustments and the impact of these adjustments on income tax.

Investments

Investments, EURm

	2025	2024	Δ	Δ,%	2025, %
Expansion of the electricity network	260.9	220.7	40.2	18.2%	68.7%
Maintenance of the electricity network	75.4	89.6	(14.1)	(15.8%)	19.9%
Vehicles	24.0	5.5	18.5	338.0%	6.3%
Maintenance of the natural gas network	7.4	7.3	0.1	0.9%	2.0%
Expansion of the natural gas network	5.6	6.3	(0.7)	(11.3%)	1.5%
IT, management systems, etc.	6.6	8.2	1.5	(18.7%)	1.7%
Total investments	379.9	337.5	42.4	12.6%	100.0%

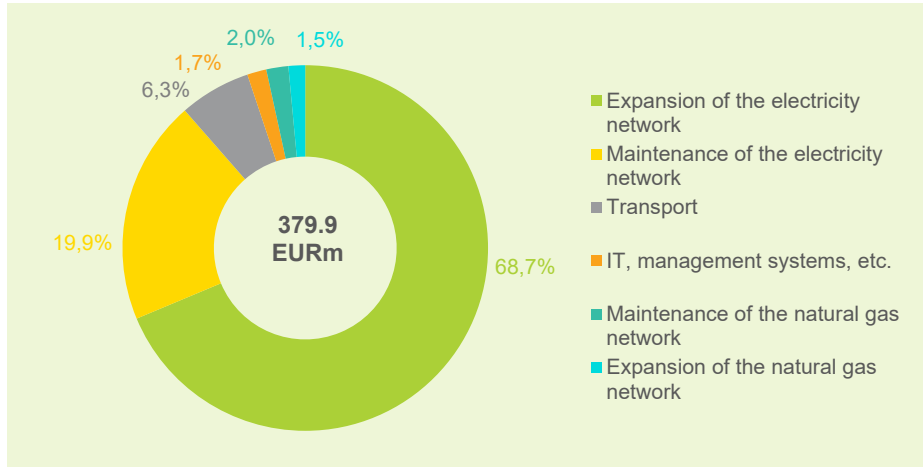
In 2025, investments amounted to EUR 379.9 million, which was EUR 42.4 million, or 12.6%, higher than in 2024. The growth was primarily driven by investments in the expansion of the electricity distribution network (EUR +40.2 million), due to an increased number of new customer connections and power upgrades, as well as higher costs associated with connecting new customers in remote areas.

Investments into the expansion of the electricity network, EUR million

	2025	2024	Δ	Δ,%
New connection points and upgrades	224.8	182.8	42.0	23.0%
Dismantling of electricity equipment	13.4	12.9	0.5	3.9%
Smart meters	22.7	25.0	(2.3)	(9.2%)
Expansion of the electricity network	260.9	220.7	40.2	18.2%

The majority of investments (EUR 260.9 million) were directed toward the expansion of the electricity distribution network. Due to an increased number of new customer connections and capacity upgrades (+17.45 thousand users, or +29.7%), as well as higher costs associated with connecting new customers in remote areas, investments in new connection points and upgrades grew by EUR 42.0 million, or 23.0%. Investments in the dismantling of electricity equipment increased by EUR 0.5 million, or 3.9%, while investments in the installation of smart meters decreased by 9.2% and amounted to EUR 22.7 million. This change was driven by the gradual slowdown of the mass roll-out phase of smart meters. In July 2022, the deployment of smart meters for private and business customers consuming more than 1,000 kWh of electricity annually began, reaching the end of the first implementation phase on 31 December 2025. A total of EUR 111.4 million was allocated for this phase during 2022–2025. In 2025, investments dedicated to the development of the electricity distribution network accounted for 68.7% of all Company investments.

Investments in 2025 by nature of activity, %

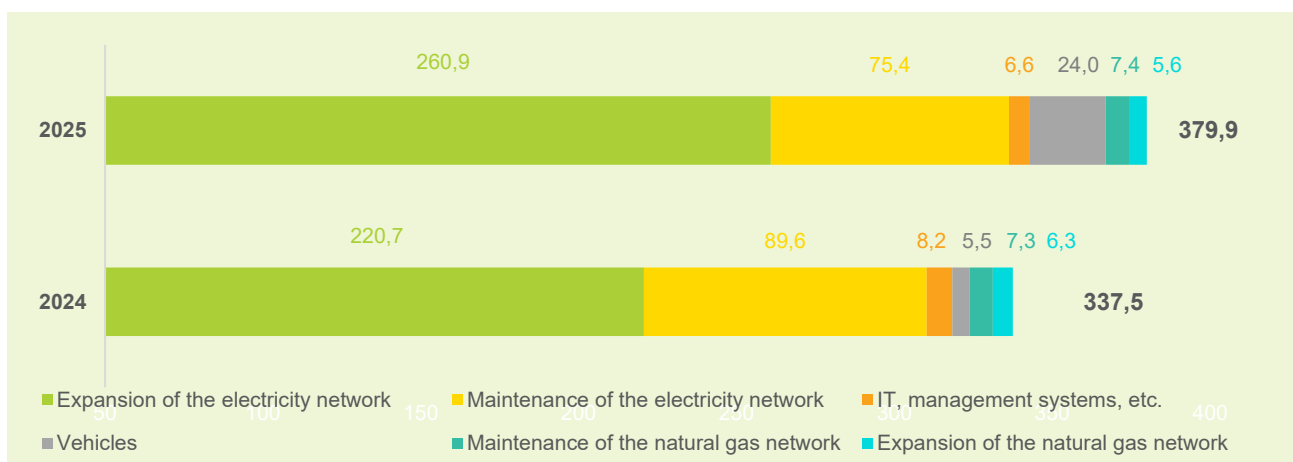


Investments in maintenance of the electricity network amounted to EUR 75.4 million and, compared to 2024, decreased by EUR 14.1 million, or 15.8% mainly due to adjustments to reconstruction plans and changes in the scope of work, as well as a larger share of investments being directed towards projects to connect new clients. In 2025, investments in the maintenance of the electricity distribution network accounted for 19.9% of the Company's total investments.

In 2025, the Company invested EUR 13.0 million in the expansion and maintenance of the natural gas distribution network, which is EUR 0.6 million less than in 2024. The structure of investments changed in a differentiated way: investments in the technical maintenance of the gas network increased slightly—by EUR 0.1 million, or 0.9%—reflecting the Company's consistent focus on network safety and reliability. Meanwhile, the country's ongoing electrification resulted in fewer new connection requests, leading to a EUR 0.7 million, or 11.3%, decrease in investments in natural gas network expansion. In 2025, investments in the maintenance of the natural gas distribution network accounted for 2.0% of the Company's total investments, while investments in the expansion of the natural gas distribution network accounted for 1.5%.

In 2025, the Company also significantly expanded and electrified its vehicle fleet, allocating EUR 24.0 million, i.e. EUR 18.5 million, or 4.4 times, more investments in vehicles than in 2024. Nearly 45% of these investments were dedicated to the acquisition of electric vehicles, reflecting the Company's direction toward reducing emissions and modernizing the transport used for daily operations. Transport-related investments accounted for 6.3% of the total investment portfolio in 2025.

Investments in 2025 and 2024 by nature of activity, EURm



Statement of financial position

Statement of financial position, EURm

	31 Dec 2025	31 Dec 2024	Δ	Δ,%
Non-current assets	2,565.1	2,303.0	262.1	11.4%
Current assets	106.8	110.7	(3.9)	(3.5%)
Total assets	2,671.8	2,413.6	258.2	10.7%
Equity	760.9	763.3	(2.3)	(0.3%)
Total liabilities	1,910.9	1,650.4	260.5	15.8%
Non-current liabilities	1,296.2	1,243.2	53.0	4.3%
Current liabilities	614.7	407.2	207.5	51.0%
Total equity and liabilities	2,671.8	2,413.6	258.2	10.7%
Asset turnover ^{APM}	0.28	0.31	(0.0)	(8.5%)
ROA ^{APM}	1.1%	2.7%	(1.6 pp)	n/a
Current ratio ^{APM}	0.17	0.27	(0.1)	(36.1%)
Net working capital	(79.5)	(77.8)	(1.7)	2.2%
Net working capital / Revenue LTM ^{APM}	(11.2%)	(11.1%)	(0.1 pp)	n/a
Capital employed ^{APM}	1,992.7	1,782.9	209.8	11.8%

Assets

As at 31 December 2025, the total asset value amounted to EUR 2,671.8 million, which is EUR 258.2 million higher than as at 31 December 2024.

Non-current assets have increased by EUR 262.1 million, or 11.4%, compared to 31 December 2024, and amounted to EUR 2,565.1 million. The growth was mainly driven by an increase in the value of property, plant and equipment, which rose by EUR 244.9 million (10.9%) due to investments made during January–December 2025. Due to new long-term lease agreements signed in 2025, right-of-use assets increased by EUR 18.0 million, reaching EUR 24.3 million. Non-current assets comprised 96% of the Company's total assets.

Compared to 31 December 2025, the Company's current assets decreased by EUR 3.9 million, or 3.5%, mainly due to a reduction in other current assets (EUR -2.5 million) resulting from returned guarantees to independent electricity suppliers, lower prepayments and deferred expenses (EUR -1.2 million), and a decrease in cash and cash equivalents, which amounted to EUR 5.8 million at year-end (EUR -4.8 million, compared to 2024). The result was partially offset by an increase in trade receivables (EUR +2.9 million) due to higher receivables for electricity, as well as an increase in short-term receivables (EUR +1.5 million), mostly due to VAT receivable.

Equity

Between 31 December 2024 and 31 December 2025, equity decreased by EUR 2.3 million (0.3%), primarily due to negative changes in revaluation reserves, driven by lower net profit earned in 2025 (EUR 28.3 million) and dividends declared and paid (EUR -30.0 million).

Liabilities

As of 31 December 2025, the Company's total liabilities increased by 15.8%, or EUR 260.5 million. Non-current liabilities increased by EUR 53.0 million (4.3%), mainly due to higher contract liabilities related to new customer connections (EUR +50.1 million), increased long-term lease liabilities resulting from newly signed contracts (EUR +17.5 million). This increase was partially offset by the reclassification of a portion of long-term loans into current liabilities (EUR -13.5 million) due to upcoming repayment schedules and less deferred income tax liabilities (EUR -1.6 million).

Current liabilities increased by 51.0%, or EUR 207.5 million, mainly due to higher short-term borrowings and interest payable under Cashpool arrangement (EUR +188.3 million). Growth was also driven by the current portion of long-term loans (EUR +14.3 million), increased trade payables (EUR +6.2 million), as well as higher short-term advances received, the short-term portion of deferred income, and other current liabilities (EUR +6.9 million).

Detailed information on the Company's financial statements is disclosed in section 6.1 „Financial statements of the Company“.

Financing

Net debt

Net debt, EURm

	31 Dec 2025	31 Dec 2024	Δ	Δ,%
Total non-current financial liabilities	826.9	822.9	4.0	0.5%
Non-current loans	805.6	819.1	(13.5)	(1.7%)
Long-term lease liabilities	21.3	3.8	17.5	460.1%
Total current financial liabilities	410.6	207.2	203.3	98.1%
Current loans	407.2	204.6	202.6	99.0%
Current portion of lease liabilities	3.4	2.7	0.7	27.5%
Financial debts ^{APM}	1,237.5	1,030.2	207.3	20.1%
Cash and cash equivalents	5.8	10.5	(4.8)	(45.3%)
Net debt ^{APM}	1,231.7	1,019.7	212.0	20.8%
<i>Net debt/ Adjusted EBITDA ^{AVR}</i>	4.63	4.58	0.06	1.2%
<i>Net debt/EBITDA ^{AVR}</i>	6.44	4.96	1.48	29.9%
<i>Gross debt / Equity ^{APM}</i>	1.67	1.35	0.32	23.4%
<i>Equity ratio ^{APM}</i>	0.28	0.32	(0.04)	(12.1%)

As at 31 December 2025, net debt amounted to EUR 1,231.7 million, an increase of 20.8%, or EUR 212.1 million, compared to 31 December 2024. Net debt increased due to investments which outweighed Adjusted EBITDA, as well as dividend payments.

For the financial year, ESO proposes to distribute dividends of no less than EUR 30 million, but not more than 50 percent of ROIt¹, taking into account the sustainable ESO indebtedness level determined by NERC, calculated as the ratio ESO D2 / ESO EBITDA³, which at the end of the current period must not exceed 5.5 times.

Dividends allocated for the year indicated, EUR million

	2024	2023	Δ	Δ,%
Dividends paid for the period indicated	30.0	30.0	-	0.0%

¹ ROIt – ESO's return on investments, calculated by applying the return on investment rate set by NERC for year t, based on the regulated asset base at the beginning of year t, in EUR.

² ESO net financial debt (ESO D) calculated according to the formula: $ESO\ D = PI + O + PT - PE - PS$, where:

PI – non-current loans and other non-current liabilities of ESO, in EUR;

O – bonds issued by ESO, in EUR;

PT – current portion of ESO's loans, short-term loans and other short-term liabilities of ESO, in EUR;

PE – cash and cash equivalents of ESO, in EUR;

PS – loans granted to economic entities related to ESO, in EUR.

³ ESO EBITDA – ESO earnings before taxes, interest, depreciation and amortisation. ESO EBITDA calculated according to the formula:

$ESO\ EBITDA = ROIt + Nt +/- Kt + \text{additional component}$, where:

ROIt – ESO's return on investments, calculated by applying the return on investment rate set by NERC for year t, based on the regulated asset base at the beginning of year t, in EUR;

Nt – ESO's planned depreciation costs for the year t, in EUR;

Kt – the deviation of the return on investment assessed by NERC for the year t from the previous year in allowed revenue of the regulated ESO activities, calculated in accordance with paragraph 23.8 of the Methodology, and which is subject to the condition defined in paragraph 25.2 of the Methodology, in EUR.

Methodology – Methodology for determining electricity transmission, distribution and public supply services and the public price cap approved on 15 January 2015 by NERC's Resolution No O3-3 "On the approval of the methodology for determining electricity transmission, distribution and public supply services and the public price cap"

The Ordinary General Meeting of Shareholders of AB Energijos skirstymo operatorius which took place on 10 March 2025 approved distribution of profit for 2024 and decided to allocate EUR 0.034 dividends per share, a total of EUR 30.0 million. For 2023, the amount of EUR 30.0 million was allocated for dividends, EUR 0.034 per share.

Key performance indicators

		31 Dec 2025	31 Dec 2024	Δ	Δ, %
Electricity					
Distribution network	thousand km	133	131	2	1.3%
Number of customers	thousand	1,894	1,869	25	1.3%
of which B2C customers	thousand	1,762	1,739	23	1.3%
of which B2B customers	thousand	132	130	2	1.5%
of which prosumers and producers	thousand	124	90	35	38.6%
admissible power of prosumers and producers	MW	2,113	1,559	554	35.5%
Number of smart meters installed	thousand units	1,302	1,032	270	26.2%
Natural gas					
Distribution network	thousand km	9.74	9.72	0.0	0.3%
Number of customers	thousand	626	626	(0)	(0)
		2025	2024	Δ	Δ, %
Electricity					
Electricity distributed	TWh	10.34	10.07	0.27	2.7%
of which to B2C	TWh	3.40	3.26	0.14	4.3%
of which to B2B	TWh	6.94	6.80	0.13	1.9%
Technological losses	%	4.8%	5.0%	(0.2 pp)	n/a
Share of customers connected to automatically managed lines	%	71.6%	67.0%	4.6 pp	n/a
New connection points and upgrades	thousand	76.2	58.7	17.4	29.7%
New connection points	thousand	53.5	40.2	13.4	33.3%
Connection point upgrades	thousand	22.7	18.6	4.1	21.9%
Admissible power of new connection points and upgrades	MW	526	399	127	31.9%
Time to connect (average)	c. d.	56	39	16	41.5%
SAIFI	times	1.08	1.41	(0.3)	(23.8%)
SAIDI	min.	74.7	399.2	(324.5)	(81.3%)
Supply of last resort	TWh	0.35	0.24	0.1	46.2%
Natural gas					
Natural gas distributed	TWh	6.92	6.91	0.01	0.2%
of which to B2C	TWh	2.42	2.29	0.14	6.1%
of which to B2B	TWh	4.50	4.62	(0.13)	(2.7%)
Technological losses	%	1.4%	1.5%	(0.1 pp)	n/a
New connection points and upgrades	thousand	1.7	2.0	(0.3)	(17.0%)
Time to connect (average)	c. d.	106	63	42	67.2%
SAIFI	times	0.0053	0.0049	0.0004	7.9%
SAIDI	min.	0.58	0.49	0.08	16.5%
Customer experience					
NPS (transactional)	%	63.9%	56.2%	7.7 pp	13.7%

Electricity distribution

In 2025, the length of the electricity network increased by about 2 thousand km, and the Company owned 132.703 thousand km of electricity lines (2024 – 131.052 thousand km).

In 2025, the amount of distributed electricity reached 10.34 TWh, which was 0.27 TWh (2.7%) higher than in 2024. This growth was driven by increased electricity consumption by private and business customers, stimulated by colder weather conditions.

In the household customer segment (B2C), the volume of distributed electricity increased by 4.3%, mainly due to higher electricity demand in households, driven by increased energy usage at home and seasonality. In the business customer segment (B2B), distribution volumes also grew by 1.9%, reflecting the moderate growth in economic activity and electricity consumption intensity in the business sector.

In 2025, 0.35 TWh of electricity was supplied to customers under the supply of last resort regime—0.11 TWh (46.2%) more than in 2024. The increase was mainly due to higher electricity consumption (+73.3%) among commercial customers in supply of last resort, with the strongest impact from large retail and service centres.

In 2025, the technological loss rate in the electricity distribution network was 4.8%, which was 0.2 percentage points lower than in 2024. The decrease in the rate was driven by higher electricity consumption and more accurate accounting, ensured by the increasing level of network automation.

In 2025, due to newly connected users, the number of customers in the electricity distribution network increased by 25 thousand, or 1.3%. The development of renewable energy sources continued successfully – the number of new prosumers and producers increased by 35 thousand, or 38.6%. Their growth was driven by decreasing technology costs, better public awareness, increasing annual state support for power plant installation, more attractive connection pricing, and the elevated electricity prices in previous years that encouraged consumers to invest in their own generation.

In 2025, the company connected or increased the capacity for 76.2 thousand new customers to the electricity distribution network, which is 17.4% more than in the same period in 2024. New customer connections accounted for 53.5 thousand (+33.3%), while capacity increases for connections amounted to 22.7 thousand (+21.9%). More applications were received from customers seeking to install higher electrical capacity or connect new sites, particularly from users living in remote areas, due to the more favourable pricing that entered into force in 2025.

The average duration of new connections increased by about 16 calendar days because of the increased number of applications submitted in 2025, mainly due to a longer design phase.

Since the start of the mass roll-out of smart meters in July 2022 and up to the end of 2025, a total of around 1.3 million smart meters have been successfully installed, of which about 270 thousand were installed in 2025. The roll-out of smart meters for private and business customers consuming more than 1,000 kWh of electricity per year reached the end of its phase I as at 31 December 2025. Starting from 2026, phase II begins, during which smart meters will be installed for all remaining customers in Lithuania.

In 2025, the average duration of unplanned electricity transmission interruptions (SAIDI) per customer was 74.7 minutes, which shortened by 324.5 minutes compared to 2024 (399.2 minutes in 2024). The 2025 figure is an improvement over the 2024 result, as July 2024 saw a major mass disconnection accident caused by natural phenomena. In contrast, only two short-term storms occurred in 2025—on 4 January and 28 December—with a combined SAIDI impact of 4.52 minutes. Additionally, the indicator was improved by consistently implemented measures to enhance network reliability, such as the removal of hazardous trees, line cabling, and network automation.

The impact of the average number of unplanned electricity interruptions (SAIFI) per customer reached 1.08 times in 2025, a decrease of 0.33 times, compared to 2024. In 2025, the SAIFI indicator was primarily affected by accidents due to natural phenomena (wind) occurring in January and December, as well as several atypical disconnections, including a fire in a conduit that resulted in a significant number of customers being disconnected in Vilnius. Nonetheless, the overall indicator is better compared to 2024, as there were fewer planned works in 2025. The positive impact was also due to consistently implemented measures to enhance network reliability, such as the removal of hazardous trees, line cabling, and network automation.

Natural gas distribution

The Company operates 9.743 thousand kilometres of natural gas distribution pipelines. During January - December 2025, the Company transported 6.92 TWh of natural gas through the distribution pipelines, which is 0.01 TWh or 0.2% more than during the same period of 2024 (2024 – 6.91 TWh).

The amount of distributed natural gas remained stable over the year and increased slightly compared to the previous period. The slight increase was due to colder periods of the year, particularly in February, May, and October, which heightened the heating needs for residential and commercial premises. In the household segment (B2C), a more significant increase was recorded (+0.14 TWh, or 6.1%), mainly due to an unusually cold month of May. Meanwhile, in the business segment (B2B), distribution volumes decreased (-0.13 TWh, or 2.7%), as the warmer month of January reduced natural gas consumption among heat producers and other business customers.

In 2025, the technological loss rate in the natural gas distribution network was 1.4%, which was 0.1 percentage points lower than in 2024. The decrease in the rate was driven by higher natural gas consumption and more accurate accounting, ensured by the increasing level of network automation.

In 2025, the Company connected 1.69 thousand new customers to the natural gas distribution network – 17.0% fewer than in 2024. The decrease in newly connected customers resulted from a lower number of applications to connect to ESO's natural gas distribution network, driven by the country's growing electrification.

The average duration of new connections in the natural gas distribution network increased by about 42 calendar days in 2025, mainly due to the more complex scope of connection works.

In 2025, both natural gas reliability quality indicators – SAIFI and SAIDI – increased compared to the same period in 2024 and amounted to 0.0053 interruptions (2024: 0.0049) and 0.58 minutes (2024: 0.49 minutes), respectively. The SAIDI indicator increased due to a 45% rise in excavation incidents in the natural gas network, where customers would be disconnected after excavation-related damage. This change was driven by a new approach to network damage management: previously, when network damage occurred, the priority was to minimise the number of disconnected customers, whereas in 2025 the priority shifted to reducing the amount of natural gas released into the atmosphere, thereby contributing to methane emission reduction.

3.2 Three-year annual summary

Key financial indicators

		2025	2024	2023
Revenue	EURm	710.0	703.5	594.7
EBITDA ^{APM}	EURm	191.1	205.5	294.8
Adjusted EBITDA ^{APM}	EURm	265.9	222.8	182.7
Margin of the adjusted EBITDA ^{APM}	%	33.9%	30.9%	37.9%
EBIT ^{APM}	EURm	54.8	87.8	189.0
Adjusted EBIT ^{APM}	EURm	129.6	105.1	76.9
Net profit	EURm	28.3	62.6	154.5
Adjusted net profit ^{APM}	EURm	91.1	77.3	59.2
Investments ^{APM}	EURm	379.9	337.5	345.1
ROE ^{APM}	%	3.7%	8.4%	23.1%
Adjusted ROE ^{APM}	%	12.0%	10.3%	8.8%
ROCE ^{APM}	%	2.9%	5.1%	12.5%
Adjusted ROCE ^{APM}	%	6.9%	6.1%	5.1%
ROA ^{APM}	%	1.1%	2.7%	7.3%
Adjusted ROA ^{APM}	%	3.6%	3.4%	2.8%
		31 Dec 2025	31 Dec 2024	31 Dec 2023
Total assets	EURm	2,671.8	2,413.6	2,196.8
Equity	EURm	760.9	763.3	731.2
Net debt ^{APM}	EURm	1,231.7	1,019.7	910.4
Net working capital ^{APM}	EURm	(79.5)	(77.8)	(60.3)
Net debt / EBITDA ^{APM}	times	6.44	4.96	3.09
Net debt / Adjusted EBITDA ^{APM}	times	4.63	4.58	4.98
Current ratio ^{APM}	times	0.17	0.27	0.40
Asset turnover ^{APM}	times	0.28	0.31	0.28

Key performance indicators

		2025	2024	2023
Electricity				
Electricity distributed	TWh	10.34	10.07	9.73
Supply of last resort	TWh	0.35	0.24	0.23
New connection points and upgrades	thousand	76.19	58.74	76.01
Time to connect (average)	c.d.	56	39	42
SAIFI	times	1.08	1.41	1.35
SAIDI	minutes	74.7	399.2	120.8
Number of smart meters installed	thousand	1,302	1,032	729
Natural gas				
Natural gas distributed	TWh	6.92	6.91	6.32
New connection points and upgrades	thousand	1.69	2.04	2.50
Time to connect (average)	c.d.	106	63	56
SAIFI	times	0.005	0.005	0.003
SAIDI	minutes	0.58	0.49	0.30

4. Governance

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4.1 Governance framework

The Company's management structure consists of the CEO of the Company and the Company's Management Board (hereinafter – the Management Board) with a supervisory function. The CEO of the Company represents the Company on all matters and, together with the Management Board, is responsible for the Company's management. The CEO of the Company manages the Company's daily operations and solely represents the Company. The Management Board has the duty to exercise the supervisory functions set out in Article 34(11) of the Law on Companies.

The Management Board is a collegial management body provided for in the Company's Articles of Association, whose activities are regulated by the Law on Companies of the Republic of Lithuania, the Company's Articles of Association and the Management Board's work regulations.

- The Management Board is elected by the General Meeting of Shareholders for a term of 4 (four) years;
- The Management Board consists of 6 (six) members: 2 independent members, 2 shareholder representatives, 1 civil servant and 1 employee representative;
- Management Board members must meet the requirements established in the Company's Articles of Association and the legal acts applicable to the Company, including the Law on the Protection of Objects Critical for National Security of the Republic of Lithuania;
- Management Board members are remunerated for their activities on the Management Board in accordance with the Remuneration Policy of AB Ignitis grupė;
- The Management Board elects the Chairperson of the Management Board from among its members. Management Board members must ensure proper execution of the Company's activities according to their competence;
- The functions and responsibilities of the Management Board are detailed in the Company's Articles of Association.

Composition of the Company's management Board from 25 February 2025¹:

- for the area of finance management – Nerijus Datkūnas, an independent member;
- for the area of organisation development – Eligijus Kajieta, an independent member;
- for the area of energy distribution and regulation – Darius Maikštėnas, the shareholder's representative;
- for the area of strategic planning and management – Živilė Skibarkienė, the shareholder's representative;
- for the area of business continuity and security – Edmundas Narmontas, civil servant;
- for representation of employees – Dalia Jakutavičė.

Changes in the Management Board composition during the reporting period:

Jonas Skardinskas (a civil servant who served on the Management Board in the area of business continuity and security) informed the Company's Management Board and management during the Management Board meeting of AB Energijos skirstymo operatorius, held on 28 October 2024, of his decision to resign from the position of a Management Board Member as of 12 November 2024. On 25 February 2025, the new ESO management Board Member — Edmundas Narmontas, responsible for the area of business continuity and security on the ESO management Board — was appointed.

The Company's management bodies are:

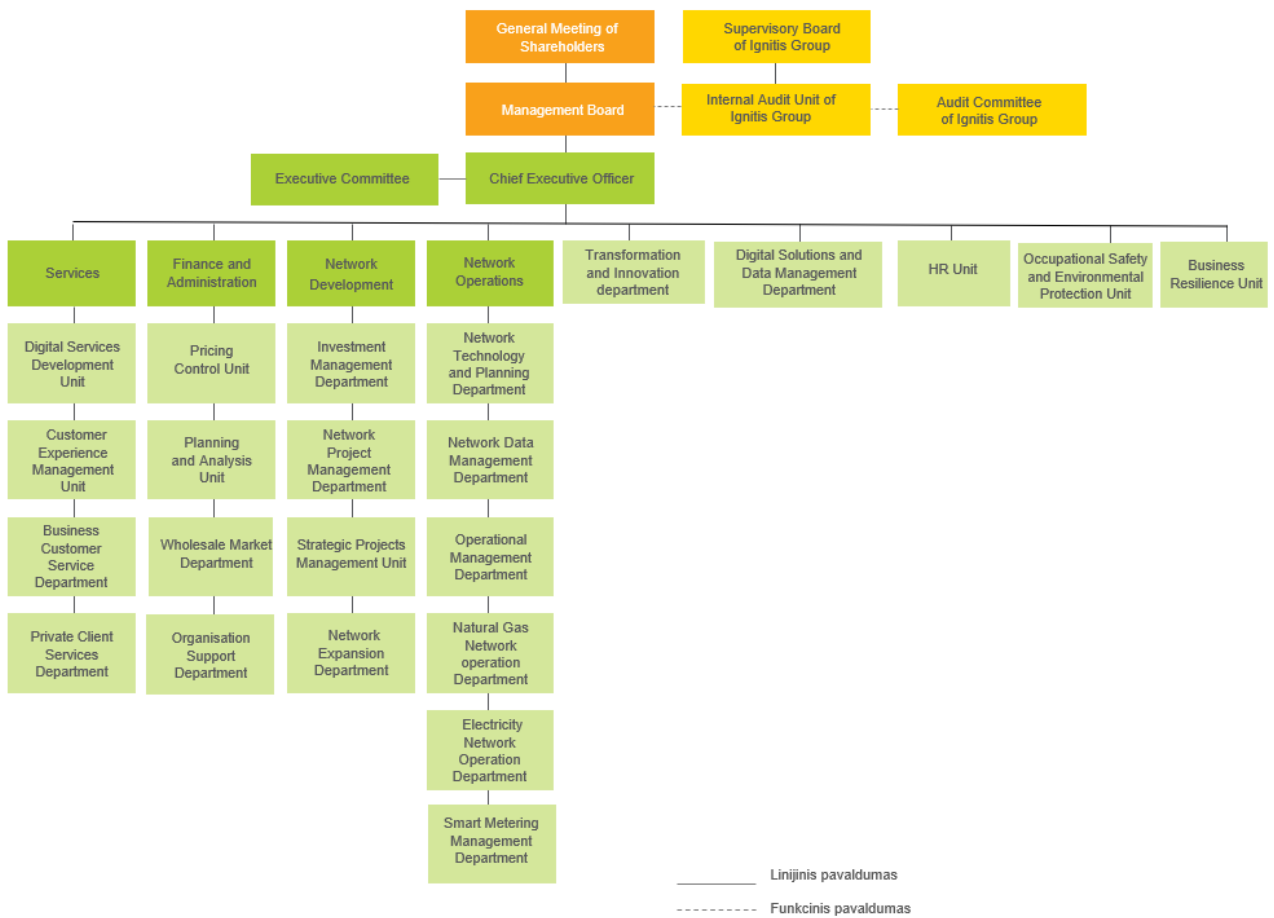
- General Meeting of Shareholders;
- A collegiate governing body – the Management Board;
- A single-person governing body – the Company's CEO.

A more detailed description of each collegial body and its members is provided in the following sections.

¹ Jonas Skardinskas resigned from the Management Board as of 12 November 2024.

Company's organisational structure

Organisational structure of the Company until 31 December 2025



Shareholders, their decisions during the reporting period

The competence of the General Meeting of Shareholders, the procedure for convening and taking decision is determined by the laws, other legal acts and the Company's Articles of Association. Additional competence of the General Meeting of Shareholders of the Company:

- to make decisions regarding the conclusion of contracts with members of the Company's Management Board and the Chairperson of the Management Board and their terms of service, as well as the appointment of a person authorised to sign these contracts on behalf of the Company;
- to approve or disapprove the company's annual report and the interim report drawn up for the purpose of deciding on the granting of dividends for a period of less than a financial year;
- to approve transactions in accordance with the parent company's transaction procedures;
- to approve or disapprove the decisions of the Management Board provided for in points 22.1, 23.1, 23.2 and 23.3 of the Articles of Association of the Company.

As of 15 April 2021, 100% of the Company's shares are held by a single shareholder – AB Ignitis grupė; therefore, in accordance with Article 29(7) of the Law on Joint-Stock Companies of the Republic of Lithuania, where the owner of all the shares of the Company is a single shareholder, the written decisions of the shareholder shall be treated as the decisions of the general meeting of shareholders.

One ordinary General Meeting of Shareholders was held during the reporting period on 26 March 2025.

During the reporting period, the Company's sole shareholder passed the following resolutions:

- On 25 February 2025, a decision was adopted regarding the election of Edmundas Narmontas as a member of the Management Board of AB Energijos skirstymo operatorius and the establishment of his remuneration.
- On 10 March 2025, made a decision to approve AB Energijos skirstymo operatorius annual management report, approved the set of annual financial statements for 2024 and distributed the profit (losses) of AB Energijos skirstymo operatorius;
- On 02 May 2025, adopted a decision on approval of the decision of AB Energijos skirstymo operatorius Management Board regarding the borrowing limit, using the unified inter-borrowing platform of AB Ignitis grupė group of companies, for the period of one calendar year, which has started from 25 May 2024 and until 25 May 2025;
- On 23 May 2025, adopted a decision on approval of the decision of AB Energijos skirstymo operatorius Management Board regarding the borrowing and lending limit, using the unified inter-borrowing platform of AB Ignitis grupė group of companies, for the period of one calendar year, which has started from 25 May 2025;
- On 12 August 2025, adopted a decision on the approval of the decision of the Management Board of AB Energijos skirstymo operatorius regarding the conclusion of the transaction regarding the smart meters, communication and development services and to approve the essential terms of this transaction.
- On 28 August 2025, a decision was adopted regarding the review of the remuneration of the members of the Management Board of AB Energijos skirstymo operatorius.
- On 11 December 2025, a decision was adopted to approve the decision of the Management Board of AB Energijos skirstymo operatorius regarding investments in the modernisation of the electricity distribution network.

4.2 Management Board

Overview

The Management Board of the Company is a collegiate governing body. The competence of the Management Board, the procedures of decision-making, election and revocation of members are determined by the laws, other legal acts, the Company's Articles of Association and the work regulations of the Management Board.

The main roles and responsibilities of the Management Board

The main roles and responsibilities of the Company's Management Board, within the framework of which the annual activities of the Management Board are planned, include the following competences to take decisions on:

- the management and organisational structure of the Company, the list of and the maximum number of staff positions;
- a list of confidential information and commercial secrets;
- the appointment and removal of the Company's CEO, setting their remuneration and other terms of their employment contract;
- the Company as a founder or participant in legal entities;
- any transfer or restriction of the Company's shareholdings or the rights attaching thereto to other persons;
- establishing and closing branches or representative offices of the company;
- approval of the Company's annual report drawn up for the purpose of deciding on the declaration of dividends for a period of less than one financial year;
- conclusion of certain contracts in accordance with the parent company's transaction procedures;
- the Company's operational planning documents;
- on other matters falling within the competence of the Management Board under the law, the Articles of Association or the General Meeting of Shareholders, as well as on significant matters addressed to the Management Board by the CEO.

In certain cases, before taking the decisions the Management Board must obtain the approval of the General Meeting of Shareholders. Cases requiring the approval of the General Meeting of Shareholders are specified in the Company's Articles of Association.

Information on selection criteria for the members of the Management Board

The Management Board shall be elected and dismissed by the General Meeting of Shareholders in accordance with the Company's Articles of Association and the legal acts. The Management Board is accountable to the General Meeting of Shareholders.

Each member of the Management Board is elected for a term of four years. The composition of the Company's Management Board shall be composed taking into consideration the fact that members of the Board shall have diverse competences. A member of the Supervisory Board of the Company or a parent company cannot be appointed as a member of the Management Board. In addition, neither a member of a legal entity, which is engaged in transmission or production of electricity and natural gas, or a member of a supervisory body, managerial body or administrative body of another legal entity, which is engaged in transmission or production of electricity and natural gas, nor an auditor or an employee of an audit firm, participating and (or) having participated in audit of the financial statements within a period of two years can be appointed as a member of the Management Board. The members of the Company's Management Board shall comply with general and specific criteria set out by legislation.

Management Board activities

The Management Board plans its activities and carries them out according to the annual activity plan approved by the Management Board, which schedules issues within the Management Board's competence to be considered for the calendar year. On 20 November 2024, the Management Board approved the Management Board's activity plan for 2025, which was properly implemented. Management Board meetings are held at least once a month, with ad hoc meetings convened when necessary. All issues planned in the 2025 plan were discussed, as well as other matters that arose during the year and were related to the organisation and performance of the Company's activities.

Performance evaluation

Following good governance practices, the Management Board conducts a self-assessment of its activities each year and agrees on further actions for improvement. On 21 May 2025, the Management Board approved the 2025 performance improvement plan.

During the reporting period, 19 Management Board meetings were held. The following main issues were discussed during these meetings:

- the assessment of the most significant transactions planned to be concluded by the Company and the approval of their essential terms;
- the evaluation of the organisation of the Company's operations and the adoption of related decisions;
- the assessment and approval of the Company's operational planning documents;
- the approval of the annual management report and its submission to the general meeting of shareholders;
- the assessment of the Company's annual financial statements and the draft appropriation of profit (loss), and their submission to the general meeting of shareholders;
- the approval of the Humanitarian Aid Provision Standard and the Procedure for Granting Support;

- the approval of the Company’s management and organisational structure, the list of employee positions and the maximum number of full-time equivalents;
- the monitoring and oversight of the Company’s business continuity;
- the approval of the updated AB Energijos skirstymo operatorius list of confidential information and commercial secrets.

After the reporting period, 3 Management Board meeting were held. The following matters were addressed during the meetings:

- approval of the 2026 annual planning document package of the Company;
- review of the operational results for Q4 2025;
- approval of the 2026 annual performance targets of the Company, linked to the variable remuneration component;
- approval of the 2026 borrowing and lending limits of the Company to be applied through the unified inter-company lending platform of AB Ignitis grupė.
- evaluation of the most significant transactions planned by the Company and approval of essential terms of transactions.

Participation in the Management Board meetings in 2025

Member	Position	Attendance at meetings
Nerijus Datkūnas	Chairman, independent member	19 / 19
Dalia Jakutavičė	Member	18 / 19
Eligijus Kajieta	Independent member	18 / 19
Edmundas Narmontas ¹	Member	16 / 19
Živilė Skibarkienė	Member, Group Head of Organisational Development	17 / 19
Darius Maikštėnas	Member, Head of the Parent Company	16 / 19

¹ On 25 February 2025, Edmundas Narmontas was approved as the new ESO Board Member, responsible for the area of business continuity and security on the ESO Management Board.

Members of the Management Board



Nerijus Datkūnas
Chairman / independent member

Start and end of term:
14/02/2023 – 13/02/2027

Experience

Nerijus Datkūnas has 17 years of experience as a Finance Manager at Utenos trikotažas, Omnitel (now Telia Lietuva) and other companies. He also has 16 years of experience as a Management Board member, including 11 years as an independent Management Board member. Nerijus Datkūnas is also the founder of MB Leading LT, which provides business management consulting and training services.

Education

Master’s degree in Economics from Vilnius University and a Master’s degree in Business Administration from the Baltic Management Institute (BMI).
Baltic institute of corporate governance - professional member of the Management Board

Main employer: Head of MB Leading LT.

Other workplaces, positions

Head of MB Metakomanda; Independent member of the Board and member of the Audit Committee of AB Kelių priežiūra; member of the Board of UAB LVG holding, UAB „Cherry servers“, UAB „PakMarkas“, UAB „Ažuolų sodas“.



Dalia Jakutavičė
Member of the Management Board (representative of employees)

Start and end of term:
14/02/2023 – 13/02/2027

Experience

Lithuanian Federation of Trade Unions of Energy Workers, Deputy Chairman Lawyer

Education

Kaunas Radio and Television Mechanics School, Kolping College, Law (Specialisation - Public Administration), Professional competence of social dialogue mediator.

Main employer: Head of Lithuanian Federation of Industrial Trade Unions

Other workplaces, positions

Member of the Labour Disputes Commission under the State Labour Inspectorate of the Republic of Lithuania, Member of the Tripartite Council of the Republic of Lithuania.



Eligijus Kajietas
Independent member

Start and end of term:
14/02/2023 – 13/02/2027

Experience

Managing Director at Korn Ferry for Baltic Countries / Head of Services and Products in the Nordic region (Denmark, Norway, Sweden, Finland, Lithuania, Latvia, Estonia) 2009/10 - 2018/12 Head of Reward Information Services in the Baltic Countries Up to 2012/02 Head of HR at INVL FINASTA 2007/01 - 2008/10 Head of HR at BITĖS GRUPĖ Senior Manager for Internal Communications and Training 2004/09 - 2007/01

Education

Vilnius University, Master's degree in Public Relations 2001–2003, Vilnius University Bachelor's degree in Communication and Information 1997–2001; Borussia University College Studies in Information Management 2000/08 – 2001/01

Main employer

Head of MB Atlygio konsultacijos.

Other workplaces, positions

Member of the Board of FMĮ Myriad Capital.



Edmundas Narmontas
Management Board member
(civil servant)

Start and end of term:
25/02/2025 – 13/02/2027

Experience

From 2008 to 2023, he served in the Second Investigation Department under the Ministry of National Defence, where he held positions related to the institution's strategic planning, internal control, risk management, performance efficiency and project management. Earlier, he served in the Lithuanian Armed Forces and participated in an international military mission in Iraq. Since 2023, Edmundas Narmontas has been serving as the Head of the Office at the National Crisis Management Centre of the Office of the Government of the Republic of Lithuania, where he is responsible for national-level risk and crisis management, coordination of inter-institutional initiatives and projects, and the assessment and strengthening of the resilience of the state's vital functions (sectors).

Education

Kaunas University of Technology – Master's degree in Innovation Management and Entrepreneurship, 2023;
Vilnius University, Institute of International Relations and Political Science – Master's degree in International Relations and Diplomacy, 2012;
General Jonas Žemaitis Military Academy of Lithuania – Bachelor's degree in Public Administration and Military Science, 2002.

Main employer

Office Manager at the National Crisis Management Centre of the Office of the Government of the Republic of Lithuania.



Živilė Skibarkienė
Member of the Management Board (representative of shareholder)

Start and end of term:
14/02/2023 – 13/02/2027

Experience

Legal and organisational development professional with extensive experience as a top manager. She joined AB Ignitis grupė in 2018, having previously served as the Head of the Legal and Administration Department at AB Šiaulių bankas. She was the Deputy General Director and a Board Member at UAB Finasta and served as the Head of Compliance at AB DNB (now Luminor).

Education

Harvard Business School, Business Leadership Programme; Saïd Business School (University of Oxford), Leadership Programme; Mykolas Riomeris University, Faculty of Law, Doctorate of Social Sciences in Law; Vilnius University, Faculty of Law, Master's degree.

Main employer

Head of Organisational Development of AB Ignitis grupė.

Other workplaces, positions

Chairman and Member of the Management Board of UAB Ignitis grupės paslaugų centras; Member of the Management Board of AB Ignitis grupė.



Darius Maikštėnas
Member of the Management Board (representative of shareholder)

Start and end of term:
14/02/2023 – 13/02/2027

Experience

An experienced senior executive with an international background in the energy, telecommunications, information technology sectors and venture capital funds. He joined AB Ignitis grupė in 2018 and has since served as CEO and Chairman of the Management Board. Prior to joining AB Ignitis grupė, D. Maikštėnas was the CEO of Wider Communications Limited and Wider Communications Incorporated, an advisor to the Nextury Ventures Fund, Chairman of the Supervisory Board of ESO, Chairman of the Management Board of LESTO, and Vice President of AB Telia (former Omnitel).

Education

Harvard Business School, General Management Programme; Baltic Management Institute, Master of Leadership; Kaunas University of Technology, Bachelor of Business Management

Main employer

Head of AB Ignitis grupė.

Other workplaces, positions

Chairman and Member of the Management Board at Eurelectric Association and AB Ignitis grupė.

CEO

The CEO of the Company acts as a single-person management body of the Company. The competence of the Chief Executive Officer, election and recalling procedures are established by laws, other legal acts and the Articles of Association of the Company. The CEO organises and controls the operations of the Company, acts on behalf of the Company and enters into agreements at his/her own discretion, except for the cases stipulated in the Articles of Association of the Company and legal acts.

The CEO is elected, recalled and dismissed by the Management Board of the Company. The competence of the CEO, the procedure of appointment and removal, the number of terms of office shall be established in accordance with the provisions of the Law on Joint Stock Companies, the relevant legislation, and the Articles of Association of the Company. It should be noted that the CEO of the Company, as a subsidiary of a state-controlled company, is also subject to the special recruitment requirements set out in the Law on Companies, according to which the CEO's term of office is limited to five years. The Law stipulates that the same person can only be appointed for two consecutive five-year terms.

Main functions and responsibilities of the Company's CEO:

- ensures implementation of the Company's business strategy, strategic plans and Management Board decisions;
- concludes and terminates employment contracts with employees, provides incentives and imposes penalties;
- issues decisions regulating the company's activities;
- ensures protection of the company's assets, creation of proper working conditions for the company's employees, protection of the company's trade secrets and confidential information;
- is responsible for the preparation of the set of the company's annual financial statements, preparation of the company's annual report;
- is responsible for the preparation of a draft decision on the allocation of dividends for a period shorter than the financial year, preparation of interim financial statements and preparation of an interim report for making a decision on the allocation of dividends for a period shorter than the financial year;
- performs other duties specified in the Law on Companies and other laws and legal acts, as well as in the Company's Articles of Association, resolves other issues of the Company's activities that are not attributed to the competence of other Company bodies according to laws or Articles of Association.

Remuneration to CEO is established in accordance with the Remuneration Policy and its implemented legislation of AB Ignitis grupė. More information is disclosed in the Remuneration Policy ([link](#)).

On 23 November 2022, taking into account the opinion of the Company's Supervisory Board, the Management Board elected for a 5-year term of office the Company's Chief Executive Officer, Renaldas Radvila, who acted as the interim Chief Executive Officer of the Company since 22 August 2022.

To ensure effective management of the Company, the CEO, with the approval of the Parent Company's Management Board, forms the Executive Committee. The Executive Committee members are executives directly reporting to the CEO who oversee respective areas of activity. The main purpose of the Executive Committee's activities is to properly organise and carry out the company's economic, business and financial activities together with the CEO, make decisions on matters specified in the company's Articles of Association, the Executive Committee's rules of procedure and other internal legal acts of the Parent Company and/or the company, ensure effective company operations and achievement of the company's goals.



Renaldas Radvila
CEO

Start and end of term:
From 24/11/2022 until 23/11/2027

Experience

Renaldas has over 20 years of leadership experience in various business sectors, telecommunications and energy sector companies, including four years of high-level leadership experience in ESO. He has extensive experience in managing large-scale energy projects, liaising with stakeholders and representing the Company.

Education

He holds a Bachelor's degree from Vilnius University and Executive MBA degree from ISM University of Management and Economics. R. Radvila has also completed executive programs at IMD and the Saïd Business School at the University of Oxford and has obtained board member qualifications from the Baltic Institute of Corporate Governance.

4.3 People and remuneration

People and culture

Overview

The Group, of which the Company is a part, is one of the largest employers in Lithuania. Maintaining good employee relations and contributing to employee engagement and well-being is a huge responsibility, a challenge and an opportunity at the same time.

The Group develops and strives to maintain an organisational culture that fosters a long-term partnership between employer and employee, based on values and a Code of Ethics, mutual understanding and the opportunity to work together to create an energy smart future.

The objective of the [Group's Remuneration Policy](#) is to attract and retain competent, fast-learning, technologically advanced, globally minded, and creative employees. It includes remuneration elements that support our strategy. The Group is rapidly moving towards a sustainable performance management model, including management of human resources. The transformation of the energy sector requires new skills and competences and the continuous development of the Group's culture. In 2025, the Remuneration Policy was updated to maintain the principles of transparency and clarity, and to more effectively meet the needs of companies.

In this report, we provide a transparent and comprehensive overview of the remuneration of the Company's CEO and Management Board members. The remuneration indicated in this report complies with the Group's Remuneration Policy.

Remuneration

Remuneration-related decision-making process

Remuneration structure of the Group is based on two key documents: [Remuneration Policy](#) and [Remuneration Guidelines](#). The Remuneration Policy defines the key principles and essential provisions on remuneration management and structure whereas Remuneration Guidelines, which is an internal document, is a supporting document detailing the provisions of Remuneration Policy (e.g., setting and evaluation of objectives, determination and payment of short-term incentives). Both documents are integrated and apply to all companies of the Group.

The Remuneration Policy's approval process is based on the Lithuanian Labour Code, the Law on Companies and the Corporate Governance Code for the Companies Listed on Nasdaq. The parent company must submit any amendments to the Remuneration Policy to the General Meeting of Shareholders for approval. The updates to the Remuneration Policy (if any) are also subject to discussion with employee representatives of the parent company and Group companies and other stakeholders. The latest version of the Remuneration Policy was approved at the General Meeting of Shareholders on 7 May 2025, receiving 76.64 percent of votes "for" (Decisions and Voting Results) and is published on the Group's [website](#).

The **Remuneration Guidelines** are approved by the Management Board of the Parent Company.

Remuneration Policy and its structure

The key objective of the [Remuneration Policy](#) is to support the Group's pathway towards achievement of targets through 5 key principles detailed below.

Key principles of the Group's Remuneration Policy

Internal fairness	The same salary is paid for the same or equivalent (equal value-creating) work throughout the organisation.
External competitiveness	Employees are paid a competitive salary in the labour market of the country where they work.
Clarity	It must be clear to every worker how his or her salary is determined and how his or her performance, competences and qualifications determine its level.
Transparency	In line with the principle of transparency, staff are informed of the objective criteria for determining remuneration.
Equal opportunities	Decisions on remuneration must be made in accordance with the provisions of the Remuneration Policy and Equal Opportunity and Diversity Policy .

The Remuneration Policy defines the remuneration structure, the fixed base salary (FBS) review and determination process, the composition of the maximum variable remuneration, related guidelines, principles, etc. To be competitive in the market and to ensure internal fairness, the Group participates in annual remuneration market surveys to obtain a fair view of market expectations and tendencies.

Our Remuneration Policy is designed to attract, retain, and motivate employees to ensure the achievement of the Group's targets and results-oriented organisational culture. Thus, we aim to pay the median of the market where the Group companies operate. Depending on the competitive environment in a certain country or the strategic objectives set for a Group company, a different remuneration ratio (higher or lower than the median remuneration market) may be set. In order to ensure the principle of external competitiveness, the FBS salary ranges may be determined and reviewed annually, considering the data of an independent national salary survey and the remuneration market trends. Salary scales are set for each level of post on the basis of the market median of remuneration.

Remuneration structure is primarily consistent across the Group, including for the CEO of the Company, whose remuneration structure is consistent with the structure for remaining employees of the Group. It includes fixed and variable remuneration parts, which are described in detail in the following table. In addition, on the following pages we provide more information about the short-term incentives (STI) targets. Detailed information about the long-term incentives (LTI) can be found in the Group's Integrated Annual Report for 2025 and on the [Group's website](#).

The full [Remuneration Policy](#), [the Group's People and Culture Policy](#) and other information related to human resource management are provided on the Group's [website](#).

Remuneration structure

Type	Component	Applicability	Description and performance indicators
Fixed remuneration	Fixed base salary (FBS)	All Group employees	The FBS is set out in the employment contract, taking into account the level of the position and the level of competences. The FBS is paid monthly in cash. The FBS is reviewed at the annual remuneration review or when needed (changes in job functions, career progression, etc.).
Variable remuneration	Short-term incentives (STI)	All Group employees	Performance-based incentivization (cash-based), i.e., for meeting targets or indicators set for an individual position. STI proportion is determined as a percentage of FBS, STI of 20% (of the annual FBS) applies for the executives and positions with strategic responsibilities, and other employees receive 10%. In order to achieve the flexibility of the remuneration system for specific job groups, a specialised remuneration system with different STI size or payment frequency may be introduced.
	Long-term incentives (LTI)	Key Executives Managers with strategic responsibilities ³	Performance-based incentivization (cash-based) for meeting targets of a four-year strategic period (not overlapping with STI targets) ²). The LTI proportion is determined as a percentage of the average remuneration, e.g., 40 percent LTI from the average annual FBS over the respective strategic period (10% from FBS for each year). LTI is determined by evaluating the sustainable business performance over a rolling four-year performance period and is paid after the end of each strategic period of 4 years (the right to LTI is granted after 4 years). Performance-based (monetary) incentives are paid for achieving strategic long-term goals linked to the Group's four-year strategic plan, which must not coincide with the STI objectives ⁴ . The LTI proportion is determined as a percentage of the average remuneration, e.g., up to 30 percent LTI (from the average annual FBS over the respective strategic period). Criteria for and objectives of the implementation of long-term targets are determined and approved by the Management Board of the parent company.
Other rewards	Additional financial incentives	All Group employees except CEOs, members of the Management Board of the parent company and the executive committees of the Group companies	Performance-based (monetary) incentivization to promote extraordinary results or for managing strategically important initiatives of the Group. Additional financial incentives may be provided at the initiative and discretion of the employer and are not a guaranteed part of the remuneration package.
	Expatriate's/attraction package	Employees who are hired from a foreign country	Reimbursement of additional (monetary) expenses related to the relocation of an employee from one country to another due to his/her job functions. It is also used to attract talents from foreign countries.

	Additional benefits	All Group employees	Non-cash remuneration such as accidental injury insurance and a variety of health insurance schemes with pre-set funds (amount does not exceed EUR 1,000 per person and is the same for everyone), contributions to a private pension fund and other benefits applied according to the internal procedures and an employee's decisions. It is designed to promote employee motivation and loyalty. The additional benefits package for the members of the Management Board of the parent company and the executive committees of the Group companies additionally includes a company EV or mobility allowance.
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¹ Key Executives – employees holding the position of a member of the Parent Company's Management Board as well as CEOs of AB Energijos skirstymo operatorius, UAB Ignitis, AB Ignitis gamyba and UAB Ignitis renewables.

² This rule shall apply from 30 March 2023, following the approval of a new version of the Remuneration Policy by the General Meeting of Shareholders of the parent company.

³ Managers with Strategic Responsibilities – managers who have long-term (>1 year) Group's strategic objectives and/or objectives of critical importance.

⁴ This rule shall apply from 30 March 2023, following the approval of a new version of the Remuneration Policy by the General Meeting of Shareholders of the parent company.

Remuneration of the Company's employees

The Company's payroll was EUR 86.2 million in 2025 and EUR 82.2 million in 2024. The table below shows the average monthly salary of the employees for the period 2025-2024 (FBS and STI). Information on remuneration is also available on the Company's website ([link](#)).

Average monthly salary and number of the Company's employees, EUR (before taxes)

Position category	2025		2024	
	Number of employees	Average salary	Number of employees	Average salary
Executives	226	5,185	223	4,749
Experts, specialists	1,698	2,995	1,705	2,790
Qualified workers	680	2,586	683	2,415
Total	2,604	3,081	2,611	2,865

Remuneration of the Company's Management Board

Until 14 February 2023, the Company had an executive board formed from the Company's employees. As of 14 February 2023, the Company's two-tier governance model has been replaced by a single-tier governance model, when the Management Board with supervisory function carries out its activities. The remuneration of the members of the Company's collegiate bodies is determined in accordance with the Description of the Procedure for Payment of Remuneration to Members of Collegiate Bodies of State-Owned Companies and Municipal-Owned Enterprises approved by Resolution No. 794 of 3 August 2022 of the Government of the Republic of Lithuania, which establishes the procedure for the payment of remuneration to the members of the collegiate bodies of the state-owned companies and of their subsidiaries, which are of significance to the national security, as elected by the Meeting of General Shareholders Meeting.

Remuneration of current members of the Company's Management Board, EUR (before tax)

Name, surname (position)	2025	2024
Nerijus Datkūnas (Chairman of the Management Board)	43,240	40,800
Dalia Jakutavičė (Member of the Management Board)	32,440	30,600
Darius Maikštėnas (Member of the Management Board)	-	-
Eligijus Kajieta (Member of the Management Board)	32,440	30,600
Živilė Skibarkienė (Member of the Management Board) ²	-	-
Jonas Skardinskas (Member of the Management Board) ³	-	13,208
Edmundas Narmontas (Member of the Management Board) ⁴	13,801	-

¹ The remuneration of AB Ignitis grupė employees (Darius Maikštėnas and Živilė Skibarkienė) for their activities in the Company's collegiate bodies is included in their remuneration and no additional remuneration is paid.

² The remuneration of AB Ignitis grupė employees (Darius Maikštėnas and Živilė Skibarkienė) for their activities in the Company's collegiate bodies is included in their remuneration and no additional remuneration is paid.

³ On 12 November 2024, Jonas Skardinskas resigned from his position as a Member of the Management Board.

⁴ Edmundas Narmontas started serving as a member of the Management Board since 25 February 2025.

Remuneration of the Company's CEO

In order to attract high level professionals to management positions, we aim to maintain remuneration close to the market median in the country, in which the Group operates. For more information about the Group's remuneration principles, please see the [Remuneration Policy](#) and

Remuneration of the CEO in 2024, EUR (before taxes)

	FBS	STI	LTI	Total
Renaldas Radvila	161,275	25,885	23,404	210,564

¹STI for the results of the previous calendar year is paid in Q2. Accordingly, until 14 February 2023, STI was not paid.

Remuneration of the CEO in 2024, EUR (before taxes)

	FBS	STI	LTI	Total
Renaldas Radvila	142,507	25,433	9,609	177,549

¹The first LTI payment for the results of the 2020–2023 strategic period was made in 2024. This led to higher figures in 2024, despite the fact that the work was performed in 2020, 2021, 2022 and 2023 respectively.

Employees, diversity, and representation

We understand that our employees are the foundation of our success. To create an inclusive work environment that ensures equal opportunities and allows everyone to thrive, it is crucial to understand the diversity of our workforce composition. In this section, we review demographic data about our employees, including their age, education, gender, and tenure.

These data reflect our commitment to transparency and accountability and demonstrate how diversity strengthens our organisation. We believe that a well-balanced and diverse team fosters innovation, collaboration, and sustainable growth, aligning with our core values and strategic objectives. On the right, we provide detailed information about our employees, showcasing the individuals who drive our success.

Gender Distribution by Position Category, 2025

Position category	Female	Male
Executives	21.68%	78.32%
Experts, specialists	28.92%	71.08%
Qualified workers	-	100.0%
Total	20.74%	79.26%

Employee Distribution by Age, 2025

Age group	Distribution
57–76	26.0%
37–56	53.5%
25–36	19.1%
17–24	1.4%

Employee Distribution by Position Category Based on Education, 2025

Position category	University	College	Secondary and vocational	Other/no info
Executives	82.3%	14.6%	2.7%	0.4%
Experts, specialists	57.8%	28.2%	12.0%	2.0%
Qualified workers	4.6%	25.9%	65.9%	3.6%
Total	46.0%	26.4%	25.3%	2.3%

The Company promotes and maintains social dialogue with employee representatives. Employees are represented by the Vilnius Electric Networks Workers' Trade Union, the Kaunas Region Joint Trade Union of Energy Companies' Workers, the Klaipėda Electric Networks Trade Union, the Šiauliai Region Joint Energy Workers' Trade Union, the Panevėžys Electric Networks Workers' Trade Union, the Utena Region Electric Energy Workers' Trade Union, and the Joint Representation of Trade Unions.

For more information on Ignitis Group's Remuneration Principles, please refer to Ignitis grupė Annual Report for 2025 [link](#).

4.4 Risks and their management

Risk management framework

Overview

This section provides information about the risk management system applied in the Company and the Group, the main processes of the risk management system, and an overview of risks significant to the Company.

In carrying out its activities, the Company faces strategic, operational (performance), financial and external risks that may affect the performance results. To manage such risks, the Company applies standardized risk management principles based on best market practices, including ISO 31000:2018 and COSO (Committee of Sponsoring Organizations of the Treadway Commission) principles.

The goal of the Company's and the Group's risk management system is to protect value, assets, reputation, and the interests of customers and stakeholders, while promoting a risk-awareness culture that helps achieve the strategic objectives of the Company and the Group.

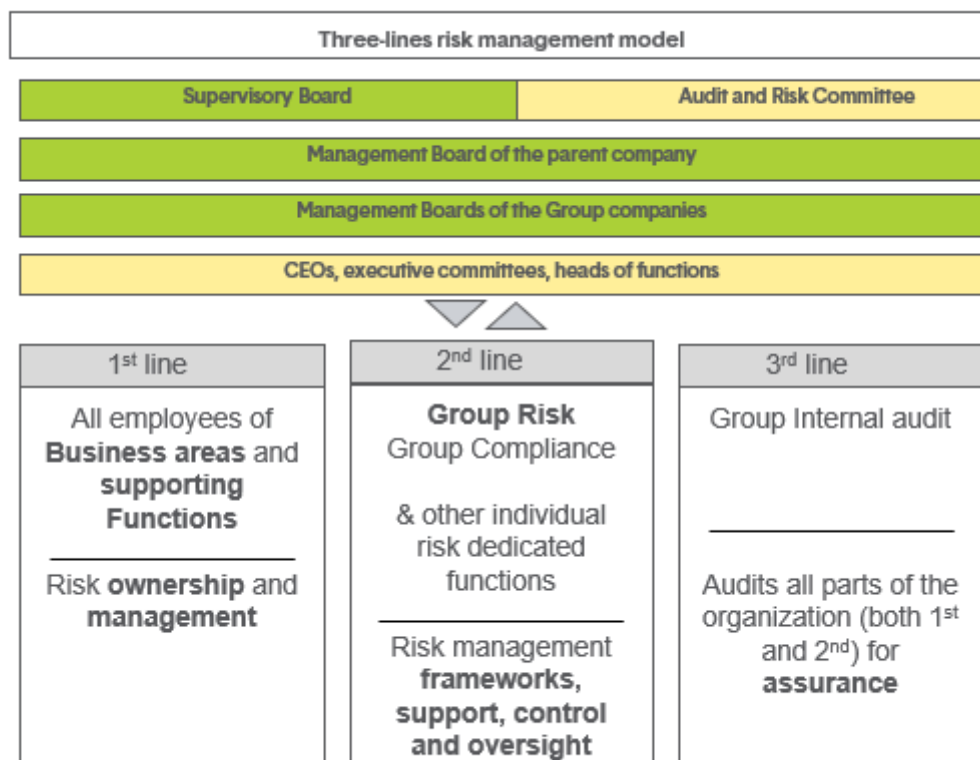
Strategic risks	Financial risks ¹	Operational (business) risks	Legal risks
Risks encompassing business risks that affect the Company's long-term objectives and ambitions, including competition risk, sector-relevant regulatory changes, and political risk.	Includes financing risk, market risk, currency and interest rate risk, as well as credit and liquidity risks.	Risks arising in daily operations, including system disruptions, cybersecurity threats, supply chain interruptions, process risks, human resources, occupational health and safety risks, and other areas.	Risks related to legal obligations and compliance, including litigation, regulatory fines, and contractual disputes.

¹ Financial risks of the Company (market, currency, interest rate, credit, liquidity) which do not exceed the Company's risk appetite and key risk indicators (KRI) tolerance thresholds, in accordance with the IFRS requirements, are disclosed in section 'Financial statements' of this report.

The Company's and the Group's risk management system is based on the following principles:

- a risk-based approach;
- continuous improvement and learning;
- transparency and accountability;
- integration with business processes;
- leadership and a risk-aware culture.

In the Company and the Group, the risk management structure is based on the Three Lines Enterprise Risk Management Model, establishing a clear division of responsibilities among activities, functions, and governing bodies.



Risk management process

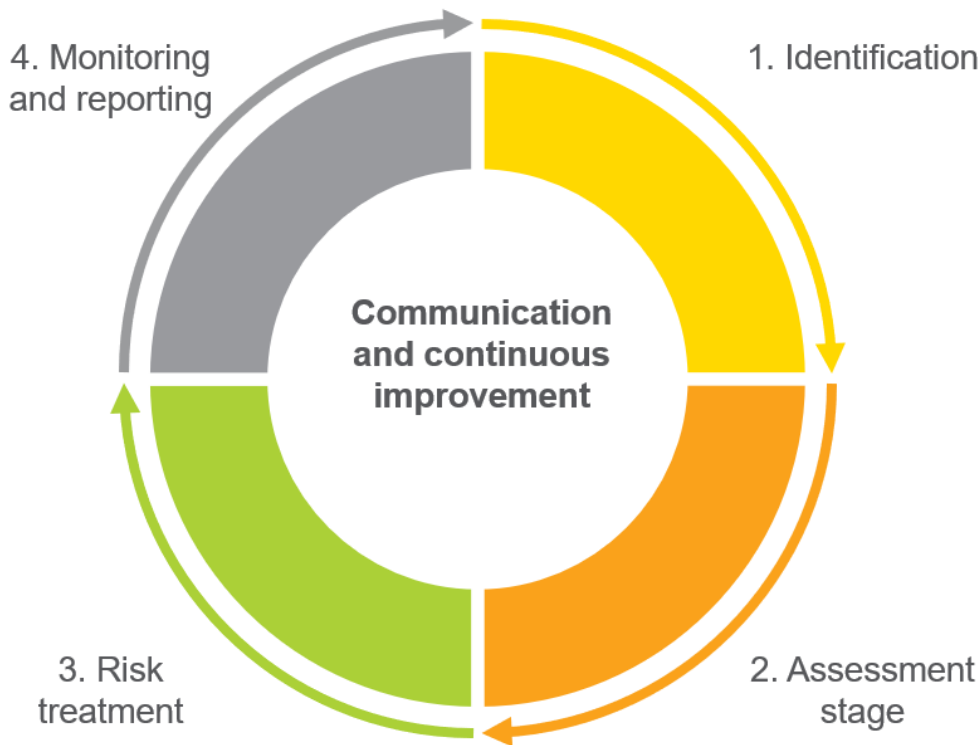
In order to achieve strategic goals and respond to a dynamic operating environment, the Company and the Group pay special attention to proactive risk management. Our main risk-management steps:

1. Risk identification. The Company analyses the potential impact of various (internal and external) risks, including risks related to climate change, regulatory developments, geopolitical and economic conditions, market trends, and social issues, while simultaneously considering and assessing ESG (environmental, social responsibility, and governance) impacts. All the Company's employees are responsible for timely risk identification. The Company uses various risk-identification methods, including both 'top-down' and 'bottom-up' approaches. Risk assessment is carried out across different time horizons, i.e. in the short term (up to 1 year), the medium term (2–4 years) and the long term (5 years and more), considering their relevance.

2. Risk level assessment. The Company determines risk levels ranging from low to very high based on the likelihood of the risk occurring and its impact assessment, carried out in accordance with the internal methodology. When assessing risks, consideration was given to their impact on the following areas: finance, reputation, compliance, people, and occupational health and safety.

3. Risk-management strategy. The Company decides whether to accept, reduce, avoid, or transfer a risk. All risks that exceed the Company's risk appetite must be reduced.

4. Risk monitoring and reporting. The Company continuously reviews risks to ensure that effective decisions are made in a timely manner. Each quarter, or more frequently, if necessary, the Company monitors key risk-management measures and indicators, as well as other relevant information, and prepares internal risk-management reports. In the risk-management reports, we provide information on all relevant types of risks.



Risk-management maturity

In 2025, risk management within the Company and the Group was reorganized, and a Group-level risk-management function was established to enhance risk-management maturity. Therefore, at the end of 2025, the Group approved an updated Group Risk Management Policy and methodology. The changes include a revised risk taxonomy, an expanded five-point risk-assessment matrix, and other improvements. The risk levels remained the same: low, medium, high, and very high. The updated system has been applied since 2026.

The updated risk-management system further strengthens the integration of all relevant processes, including the double materiality assessment (DMA), which was successfully completed within the Group in 2025 and in accordance with the CSRD and the guidelines of the European Financial Reporting Advisory Group (more information on the double materiality assessment is available in [AB Ignitis grupė management report for 2025](#)).

Risk management overview

Overview of key risks in 2025

The main financially material risk for the Company continues to be external regulatory risk. Changing regulatory mechanisms—pricing, infrastructure investment, and others—may have a negative impact on the Company’s financial sustainability.

Employee health and safety risk remains one of the priority areas. The Company continues to promote the implementation of the safety-culture programme, improve preventive measures, strengthen attention to employee well-being, and pursue other risk-management directions. During the reporting period, no fatal or severe accidents occurred involving the Company’s employees, and no fatal or severe accidents were recorded among the Company’s partners.

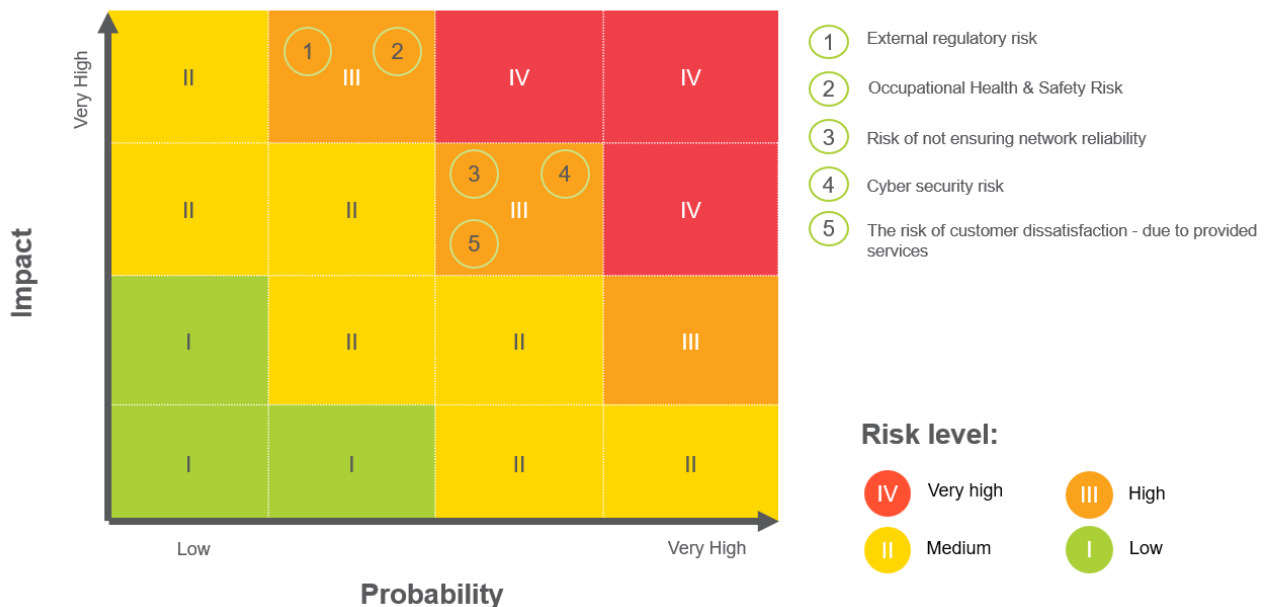
The risk of failing to ensure network reliability is the main operational risk. Existing sources of risk related to external environmental effects and overhead network lines remain the key contributors. The Company continuously works to ensure network reliability. During the reporting period, significant attention was devoted to both risk-management and operational measures targeting technological factors—network automation, development of an advanced asset-management system—and practical activities such as removing hazardous trees, replacing overhead lines with underground ones in forested areas, and improving internal processes related to power restoration.

Cyber security risk is managed centrally by the Group’s digital security functional area.

The key existing risks from previous years remained at a similar level; however, in 2025 a significant change in risk management was recorded when the Client dissatisfaction risk, related to the services provided, was raised from a medium to a high-risk level due to recurring incidents in customer-service operations associated with message delivery. In the upcoming period, the Company plans to reduce this risk to an acceptable level by dedicating significant attention to strengthening internal controls, i.e., quality-assurance processes and their automation.

More information about the Ignitis grupė risk-management model, risk factors and their management can be found in AB Ignitis grupė management report for 2025.

Map of the key risks of the Company



Main risks of the Company

External regulatory risk

Risk description:	Type of risk	Key mitigation directions:
<p>External regulatory risk includes sector-relevant regulatory changes and political risk arising from:</p> <ul style="list-style-type: none"> – the volatility of the regulatory environment (frequent changes in legislation, which allow for mistakes, misinterpretations, as well as the risk of significant changes in the regulatory model as regulatory periods change). 	<p>Type of risk Strategic</p> <p>Type of ESG risk Not related</p>	<ul style="list-style-type: none"> – Group projects are organised to ensure compliance with the new requirements, involving the best experts in the group on a given issue; – active involvement in the public consultation process on legislation; – initiating draft legislation relevant to the Company's activities and raising concerns about the application of the legislation.

Occupational health and safety risk

Risk description:	Type of risk	Key mitigation directions:
<p>Occupational health and safety risk for the Company refers to the potential inability to ensure a safe working environment, adequate working conditions, and the protection of employee health. The risk arises due to:</p> <ul style="list-style-type: none"> – non-compliance with safety requirements; – lack of practical knowledge and skills; – lack of staff awareness. 	<p>Type of risk Operational (business)</p> <p>Type of ESG risk Social</p>	<ul style="list-style-type: none"> – maintaining an occupational safety and health management system (ISO 45001:2018); – introducing an enhancement programme of safety culture; – continuous safety monitoring and supervision of employees and contractors; – a mobile app used to conveniently record workplace safety violations for all employees; – ongoing practical and virtual trainings; – systematic ongoing monitoring of the staff training process; – preventive measures management database implemented to record actions after accidents, incidents, etc., to ensure timely implementation of planned measures; – ongoing successful development of the information system to improve the supply of protective measures and the health screening process; – digitisation of employees health and safety instructions.

Network reliability risk

Risk description:	Type of risk	Key risk-mitigation measures:
<p>The risk of failing to ensure network reliability refers to the potential inability to provide customers with a stable and reliable electricity supply, which may be influenced by the following factors:</p> <ul style="list-style-type: none"> – power cuts due to natural conditions, third-party impacts. – Network equipment that is worn out, frequently breaks down, or has the highest probability of failure (e.g. complete transformer stations); – 68% of the power lines in the Company's network are overhead lines, which are much more vulnerable than underground cable lines; – shortages and increase in the costs of contractors' labour, raw materials, technical and human resources. 	<p>Type of risk Operational (business)</p> <p>Type of ESG risk Environmental - climate</p>	<ul style="list-style-type: none"> – cooperation with the Meteorological Service to obtain advance information on predictable meteorological events, which determines when resource mobilisation is activated; – cooperation with the State Forestry Agency on felling trees that pose a risk to electricity grids; – investments to replace overhead lines with cable lines in forested areas; – a new management and maintenance system for technological assets that meets today's expectations has been put in place to make maintenance and repair processes more efficient and of higher quality; – investment property rating models are continuously reviewed and updated; – centralised monitoring of power quality parameters in accordance with LST EN 50160; – a long-term investment programme for network automation; – streamlining the management of mass disconnections;

Cyber security risk

Risk description:	Type of risk	Key mitigation directions:
<p>Due to geopolitical factors, the Group's critical services are targets of cyberattacks. These attacks may exploit:</p> <ul style="list-style-type: none"> – unresolved vulnerabilities in IT and OT systems; – human factors, such as employee susceptibility to social engineering attacks; – 	<p>Type of risk Operational (business)</p> <p>Type of ESG risk Social</p>	<ul style="list-style-type: none"> – digital security in AB Ignitis grupė is centrally managed, thus consolidating key competences, tools and best management practices; – periodic preparation of vulnerability reports and their submission to responsible employees; – implementation of a vulnerability management process where vulnerabilities are classified and eliminated according to their severity;

– inadequate privileged access control and monitoring of privileged users.

- restriction and isolation of critical systems within the local network;
- development of digital security competencies through training accredited CERT team members within the organisation and participating in cyber security exercises with external partners;
- provision of 24/7 cyber security monitoring across the Group;
- supervision of the incident management process to ensure effective response;
- regular phishing simulations conducted across all Group companies to enhance employee vigilance.
- From 2026, this risk will be monitored by separating it into IT and OT systems, ensuring a more accurate assessment.

Client Dissatisfaction Risk Related to Provided Services

Risk description:	Type of risk	Key mitigation directions:
<p>Client dissatisfaction risk refers to the potential inability to ensure adequate customer service and service quality due to:</p> <ul style="list-style-type: none"> – Insufficient or misleading customer communication, arising from procedural incidents; – Disruptions in customer service operations caused by technical infrastructure failures, third-party service outages, procedural errors, or IT system malfunctions. 	<p>Operational (business)</p> <p>Type of ESG risk Not related</p>	<ul style="list-style-type: none"> – Development of quality-assurance processes and process automation; – regular checks of customer-service quality, monitoring and analysis of NPS; – IT system monitoring and preventive maintenance, business-continuity and system-recovery plans.

Other inherent financial risks of the Company (currency, interest-rate, credit, liquidity), as defined by IFRS requirements, are described in the Financial Statements section of this report.

The Company’s other risks are assessed as medium/low-level risks and fall within the risk-appetite boundaries; therefore, they are not listed in the table above. However, they continue to be monitored to ensure they remain within tolerance levels.

5. Sustainability

5.1	Overview of sustainability	49
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5.1 Overview of sustainability

Relevant sustainability information of AB Energijos skirstymo operatorius is provided in the consolidated management report of AB Ignitis grupė, with registered office at Laisvės pr. 10, 04215 Vilnius.

The consolidated management report of AB Ignitis grupė, together with the sustainability reporting assurance conclusion is provided on the Group's [website](#).

AB Energijos skirstymo operatorius (hereinafter – ESO) is a subsidiary company and its sustainability information is presented in the consolidated management report of the parent company AB Ignitis grupė. Therefore, in accordance with Article 23(1)(1) of the Law on Reporting by Undertakings and Groups of Undertakings of the Republic of Lithuania, it fulfils the condition not to provide information on sustainability issues specified in the Law on Reporting by Undertakings and Groups of Undertakings.

The integrated 2024 annual Sustainability Statement within the consolidated management report of AB Ignitis grupė provides sustainability information for AB Ignitis grupė and its companies (hereinafter – the Group), including its subsidiary ESO. This includes an overview of commitments and actions in areas such as environmental performance, social responsibility and governance practices. The Sustainability Statement can be found in the *Investors* and *Sustainability* sections of the Group's website www.ignitisgrupe.lt.

The Group's Sustainability Statement has been prepared in accordance with the Corporate Sustainability Reporting Directive, which was transposed into the law of the Republic of Lithuania on 1 July 2024 and fully aligned with the European Sustainability Reporting Standards (ESRS). The disclosed information is based on a double materiality assessment, which identified significant sustainability-related impacts, risks and opportunities (hereinafter – IRO) at the Group level.

The Group's Sustainability Statement is prepared on a consolidated basis, and its scope is aligned with the 2024 financial statements.

The following provides a summarised overview of the relevant sustainability information for ESO and where it can be found in the Group's Sustainability Statement.

Sustainability management in the Group and the Company

Sustainability is an integral part of the Group's strategy. To realise our aspiration of creating a 100% green and secure energy ecosystem for current and future generations, the Group's strategy establishes clear aspiration-oriented priorities for achieving environmental, social responsibility and governance (ESG) goals. It is important for us to follow the best sustainable practices, maintain and constantly improve our ESG ratings. [The Group's 2025–2025 strategic plan](#) established five strategic sustainability priorities, focusing on decarbonisation, safety, employee experience, diversity and sustainable value creation. All five of these areas address the Group's sustainability-related IRO.

[The Group's Sustainability Policy](#) establishes shared sustainability principles of the Group and their implementation measures at the Group, including ESO. It shapes the culture and practice of responsible and sustainable business development. The Sustainability Policy discloses, among other things, the Group's commitment to the principles of the United Nations Global Compact and to aligning its strategic goals and activities with the Sustainable Development Goals, to contributing to the Paris Agreement in the fight against climate change, and to adhering to good governance practices.

Information on other [policies](#) and sustainability management is publicly disclosed and presented in the Group's Sustainability Statement for 2025. Alongside detailed information on our sustainability management, we periodically publish a sustainability overview and ESG data in our interim and annual [reports](#). This ensures that all our stakeholders receive the necessary information about the Group's sustainability objectives.

Sustainability activities in the Group companies are coordinated centrally through a separate Sustainability function reporting directly to the CEO of the parent company. The Group's Management Board decides on the formulation, approval and updating of sustainability strategic directions, policies and activities of the organisation. Detailed description of the management of sustainable activities within the Group is available in the Group's Sustainability Statement for 2025 and in the '[Sustainability](#)' section on the website of the Group.

Group's memberships and external initiatives

We carry out sustainable activities together with our partners. By participating in the activities of various organisations, we share our experience and learn from others. The Group is contributing to global initiatives:

- we are committed to adhering to the principles of the United Nations Global Compact;
- we aim to contribute to the achievement of the Sustainable Development Goals of the United Nations;
- we are committed to achieve net-zero emissions by 2040–2050 according to GHG emission reduction targets approved by SBTi;
- we signed the Women's Empowerment Principles to advance gender equality and women's empowerment.

More detailed information on our memberships, is available on the Group's [website](#).

Sustainability goals and target indicators

ESO places great importance on ESG aspects, has set key status indicators for ESG and constantly monitors their values.

ESG key indicators monitored by ESO

Indicator	Unit of measure	2025	2024
GHG emissions ¹	thousand t CO2 equiv.	599.57	437.48
Scope 1	thousand t CO2 equiv.	65.43	71.80
Scope 2	thousand t CO2 equiv.	98.00	103.06
Scope 3	thousand t CO2 equiv.	436.15	262.62 ²
Fatal accidents (employees)	number	0	0
Fatal accidents (contractors)	number	0	0
TRIR (employees)	-	1.11	1.09
TRIR (contractors)	-	0.60	0.95
eNPS (indicator of employee satisfaction)	-	69.3	68.1
Proportion of women in management positions	%	33.33	28.57

¹ In 2024, the GHG calculation methodology was updated, resulting in significant changes to ESO emissions. The GHG data presented in this report cannot be compared with previous reports.

² When updating the calculations, several Scope 3 category figures were revised – 3.1 Purchased goods and services, 3.2 Capital goods, and 3.5 Waste generated in operations – and the 2024 data were adjusted accordingly.

Stakeholder relations and assessment of ESG priorities

Active stakeholder engagement is an essential aspect of the sustainability implementation agenda when evaluating ESG priorities. The Group's stakeholder engagement guidelines emphasise its commitment to listening to and involving stakeholders. Through maintaining continuous dialogue, the Group strives to understand stakeholder perspectives, concerns and expectations. This ongoing dialogue guides us in implementing sustainability goals, projects and processes that align with our stakeholders' interests and expressed views.

In 2024, the Group prepared stakeholder assessment engagement guidelines in accordance with the principles set out in Annex I of Commission Delegated Regulation (EU) 2023/2772 of 31 July 2023, and the European Financial Reporting Advisory Group (EFRAG) implementation guidelines on double materiality provided by the European Sustainability Reporting Standard (ESRS). The Group identified and assessed the impact of its activities on people and the environment, as well as potential business risks and opportunities. In addition, the Group assessed the impacts, risks and opportunities across its value chain on multiple themes, focusing particularly on insights gained from mapping value chain diagrams for different business segments, including ESO.

Primary stakeholders of ESO

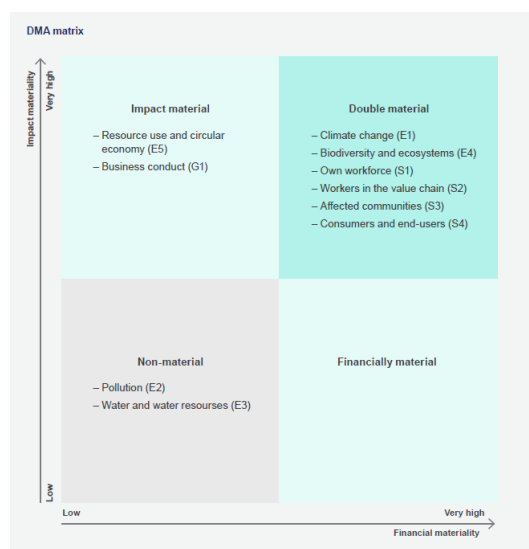
Employees	B2C customers	The media
Investors, shareholders	B2B customers	Partners
State and municipal authorities	Suppliers and contractors	

The expectations of stakeholders expressed during this process were aligned with existing goals and objectives of ESO, which led to the identification of priority themes that are in line both with stakeholders' expectations and the established operational objectives of ESO. The results of the double materiality assessment (DMA) provide for the basis for further embedding sustainable development in the activities of ESO in a way that makes it possible to take into account the overall impact of ESO on its stakeholders and align the expectations expressed by the stakeholders with the strategic objectives. The main expectations of ESO stakeholders are described in the [Investment Plan of ESO](#).

Group's double materiality assessment matrix

The comprehensive DMA process conducted by the Group encompassed these stages:

- Stakeholder engagement: involving various experts and Group functions to establish a shared understanding of legislation and assessment objectives.
- Value chain mapping: experts created value chain maps for key business segments, including ESO, identifying impacts, risks and opportunities.



- Compilation and grouping of impacts: developing a comprehensive inventory of existing and potential impacts, categorised according to ESRS.
- Impact materiality assessment: scoring impacts, documenting results and integrating them into the DMA tool.
- Verification of significant impacts: discussing with stakeholders and evaluating their importance.
- The financial materiality assessment aimed to evaluate potential sustainability-related risks and opportunities. It was conducted with the involvement of risk management, finance and sustainability experts. A list of risks and opportunities was compiled and their financial materiality assessed.
- Final determination of material impacts, risks and opportunities: based on the outcomes of the dialogue with stakeholders, the final list of material impacts, risks and opportunities was refined and approved.

The Group determined that the sustainability issues of Climate change (E1), Biodiversity and ecosystems (E4), Resource use and circular economy (E5), Own workforce (S1), Workers in the value chain (S2), Affected communities (S3), Consumers and end-users (S4) and Business conduct (G1) are material, while Pollution (E2) and Water and marine resources (E3) are immaterial. A detailed description of the Group's materiality assessment is provided in the Group's annual Sustainability Statement for 2025.

Overview of key ESO impacts, risks and opportunities and references to information about their management

The tables below list sustainability-related IROs that are material to ESO. The complete list of topics material to the Group, implemented measures and initiatives are provided in the Group's Annual Report for 2025. Information about ESO's actions, initiatives and goals is presented in the descriptions of the 'Networks' business segment. Each material ESRS topic in the tables is presented with specified subtopics where significant impacts, risks or opportunities have been identified related to, for example, climate change mitigation and adaptation to climate change. Additionally, the tables indicate whether the impacts and risks occur in the Group's own operations (hereinafter – OO) or in its value chain (hereinafter – VC). The Group also discloses whether its impacts are positive or negative. Impact refers to existing impact unless specified as potential impact.

Environment

Material IROs	Description	More details about the IRO and its relevance are provided in the Group's Sustainability Statement section:
Direct and Indirect GHG Emissions Type: negative impact Value chain segment: OO and VC Changes compared to 2024: none	Direct and indirect GHG emissions generated during energy production (e.g., emissions from combustion processes), energy consumption (e.g., electricity purchased for own needs), energy supply (e.g., retail electricity services), and other activities negatively affect climate change.	6.2 Environment - E1 Climate change - Sub-topic: Climate change mitigation
Enabling Electrification Type: positive impact Value chain segment: VC Changes compared to 2024: none	Electrification is a fundamental component of the transformation of the energy sector, enabling the development of a resilient and efficient grid capable of meeting the growing needs arising from the electrification process. In addition, the Group is working to expand the electric vehicle charging infrastructure, thereby further enabling electrification.	6.2 Environment - E1 Climate change - Sub-topic: Climate change mitigation
Physical Acute and Chronic Climate-Related Events Type: risk Value chain segment: OO Changes compared to 2024: none	Chronic climate-related phenomena may create uncertainties in production forecasts, as renewable energy generation depends on natural resources such as wind characteristics. Acute climate-related events can disrupt construction or project works, resulting in the need for increased repair activities, particularly on overhead lines.	6.2 Environment - E1 Climate change - Sub-topic: Adaptation to climate change
Impact on Ecosystem Status and Conditions Type: negative impact Value chain segment: OO Changes compared to 2024: none	The Group's operations can influence the status and conditions of ecosystems, thereby promoting changes in landscapes and aquatic environments, which may lead to ecosystem degradation and/or the loss of the ability to provide valuable services.	6.2 Environment - E4 Biodiversity and ecosystems - Sub-topic: Impact on Species Status
Non-compliance with Environmental Requirements Type: risk Value chain segment: OO Changes compared to 2024: new	The risk is associated with instances where the Group may violate environmental legislation or environmental permits, including significant impacts on green energy production due to the protection of rare bird species (e.g., eagles).	6.2 Environment - E4 Biodiversity and ecosystems - Sub-topic: Impact on ecosystem coverage and condition and species condition
Waste Generation and Decommissioning Type: negative impact Value chain segment: OO Changes compared to 2024: new sub-topic	With limited solutions for managing certain materials and technologies used in the Group's operations at the end of their life cycle, recycling or reuse possibilities are often limited. This increases waste volumes and environmental protection challenges.	6.2 Environment - E5 Resource use and circular economy - Sub-topic: Waste

Social responsibility

Material IROs	Description	More details about the IRO and its relevance are provided in the Group's Sustainability Statement section:
Work-Related Injuries and Fatalities Type: negative impact Value chain segment: OO Changes compared to 2024: none	The energy sector involves working in high-risk environments. This poses occupational safety and health risks, affecting our employees.	6.3. Social responsibility - S1 Own workforce - Sub-topic: Working conditions
Demanding Professional Environment Type: negative impact Value chain segment: OO Changes compared to 2024: new	Achieving ambitious goals and large-scale projects driven by the sustainable transformation of the energy sector requires working under intense conditions, which affect employee well-being and can lead to burnout, stress, and mental health issues. The Group strives to create a comprehensive mental health ecosystem to ensure employee well-being and enhance their resilience.	6.3. Social responsibility - S1 Own workforce - Sub-topic: Working conditions
Occupational Health and Safety Type: risk Value chain segment: OO Changes compared to 2024: none	Working in the energy sector involves operating in high-risk environments, such as construction sites, remote locations and under hazardous conditions (heights, voltage, etc.). This may increase the risk of physical harm, including accidents, injuries and fatalities.	6.3. Social responsibility - S1 Own workforce - Sub-topic: Working conditions
Promoting a culture free of discrimination and harassment Type: positive impact Value chain segment: OO Changes compared to 2024: none	The Group fosters a culture free from discrimination and harassment, as it is essential for creating a safe, inclusive, and productive work environment. By cultivating respect and ensuring equality, the Group empowers employees and strengthens collaboration.	6.3. Social responsibility - S1 Own workforce - Sub-topic: Equal treatment and equal opportunities for all
Unequal Gender Distribution Type: negative impact Value chain segment: OO Changes compared to 2024: reclassified from positive to negative	Acknowledging the gender balance issues characteristic of the traditionally male-dominated energy sector, the Group recognises that gender distribution across various positions, including leadership roles, is not equal. The Group aims to create a diverse and inclusive environment while ensuring equal opportunities for all employees.	6.3. Social responsibility - S1 Own workforce - Sub-topic: Equal treatment and equal opportunities for all
Human Capital Type: negative impact Value chain segment: OO Changes compared to 2024: : none	Highly skilled employees are crucial for achieving the Group's strategic goals, especially as we lead the transformation of the energy sector. New competencies are essential for successfully operating in this evolving environment. A lack of expert experience can significantly hinder our progress. To maintain our competitive advantage, we must invest in talent development and foster a culture that encourages innovation and adherence to best practices.	6.3. Social responsibility - S1 Own workforce - Sub-topic: Equal treatment and equal opportunities for all
Work-Related Injuries and Fatalities Type: negative impact Value chain segment: VC Changes compared to 2024: none	The energy sector involves working in high-risk environments. This poses occupational safety and health risks, impacting value chain workers, such as our contractors.	6.3. Social responsibility - S2 Value chain employees - Sub-topic: Working conditions
Occupational Health and Safety Type: risk Value chain segment: VC Changes compared to 2024: none	Working in the energy sector inevitably involves operating in high-risk environments, such as construction sites, remote locations and under hazardous conditions (heights, voltage, etc.). This may increase the risk of physical harm, including accidents, injuries and fatalities.	6.3. Social responsibility - S2 Value chain employees - Sub-topic: Working conditions
Ensuring access to energy Type: positive impact Value chain segment: VC Changes compared to 2024: none	Recognising that energy is a crucial factor in social and economic development, the Group provides accessible, reliable and sustainable energy services and solutions, ensuring that everyone can access the energy they need. The Group goes beyond energy supply—it educates and advises on responsible energy consumption and reducing energy waste. By offering tailored consultations and innovative solutions, the Group enables customers and end users to make informed decisions that reduce environmental impact, optimise energy efficiency and lower costs.	6.3. Social responsibility - S4 Consumers and end users - Sub-topic: Social inclusion of consumers and/or end users
Cyber security Type: risk Value chain segment: VC Changes compared to 2024: none	Cyber-attacks pose significant risks to the organization due to its importance in providing energy services in Lithuania. These attacks can vary from simple data thefts (phishing) to complex data security breaches and ransomware attacks, which are significant at the Group level and can disrupt the operation of critical energy production systems, lead to personal data leaks, theft of confidential information, and more.	6.3. Social responsibility - S4 Consumers and end users - Sub-topic: Information-related impact on consumers and/or end users

Governance

Material IROs	Description	More details about the IRO and its relevance are provided in the Group's Sustainability Statement section:
Strong corporate culture Type: positive impact Value chain segment: OO Changes compared to 2024: none	The Group fosters a strong corporate culture based on high ethical standards, transparency, whistleblower protection, and best governance practices. This approach builds trust and accountability in the workplace, sets an example, and encourages stakeholder confidence.	6.4. Governance - G1 Business ethics - Sub-topic: Corporate culture
Sustainability-promoting procurement practices Type: positive impact Value chain segment: VC Changes compared to 2024: none	Recognising that our impact on the environment and society extends beyond our operations, the Group integrates sustainability principles into its procurement practices, promoting environmental and social responsibility, transparency, and traceability in the supply chain.	6.4. Governance - G1 Business ethics - Sub-topic: Supplier relationship management, including payment practices
Energy security Type: positive impact Value chain segment: OO and VC Changes compared to 2024: none	By assuming the role of a leader in the transition to a climate-neutral, secure, and independent energy ecosystem in the region, the Group contributes to Europe's decarbonization and facilitates the movement of renewable energy flows, playing a significant role in implementing Lithuania's national energy independence strategy.	6.4. Governance - G1 Business ethics - Company-specific subtopic: Contribution to the National Energy Strategy

Other financial and non-financial performance results related to actions on climate change (E1), personnel (S1), and anti-corruption and anti-bribery (G1) are disclosed in the Group's annual report.

We encourage to report possible unethical behaviour of employees or representatives of AB Ignitis grupė, cases of discrimination or corruption, as well as other breaches of the principles of sustainability or concerns to the Trust Line by email pasitikejimolinija@ignitis.lt, by phone +370 640 88889, or by filling out the [online form](#). Both employees and all stakeholders can use these contacts.

If you have any questions concerning the content of the Group's Sustainability Statement or sustainability activities, please contact sustainability@ignitis.lt.

6. Financial Statements

For the year ended 31 December 2025, prepared in accordance with IFRS Accounting Standards as adopted by the European Union

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The financial statements of the Company were prepared and signed by the management of AB Energijos skirstymo operatorius on 24 February 2026:

Renaldas Radvila

CEO

Audrius Ruseckas

Director of Finance and
Administration

Julija Urbonaitė-Ragininė

UAB Ignitis grupės paslaugų
centras, Chief Accounting Expert
for Corporate Accounting, operating
under the order dated 2026.02.19,
No. 26_GSC_SP_0024.

6.1 Statement of profit or loss and other comprehensive income

For the year ended 31 December 2025

EURk	Note	2025	2024
Revenue from contracts with customers	6	707,035	701,499
Other income	6	2,957	2,013
Total revenue		709,992	703,512
Purchase of electricity, natural gas and other services	7	(335,189)	(316,722)
Depreciation and amortisation	10,11,12,17,19	(132,323)	(114,446)
Salaries and related expenses	7.2	(86,215)	(82,189)
Repair and maintenance expenses		(45,995)	(44,407)
Write-offs of property, plant and equipment and intangible assets	7.3	(4,009)	(3,252)
Other expenses	7.4	(51,474)	(54,710)
Total expenses		(655,205)	(615,726)
Operating profit		54,787	87,786
Finance income	8	69	469
Finance expenses	8	(28,708)	(24,084)
Finance activity, net		(28,639)	(23,615)
Profit (loss) before tax		26,148	64,171
Income tax (expenses)/benefit	9	2,175	(1,579)
Net profit for the year		28,323	62,592
Other comprehensive income (loss)		-	-
Revaluation of property, plant and equipment		-	-
Change in actuarial assumptions	20	(59)	90
Other movement		(622)	(689)
Items that will not be reclassified to profit or loss in subsequent periods (net of tax), total		(681)	(599)
Total other comprehensive income (loss) for the year		(681)	(599)
Total comprehensive income (loss) for the year		27,642	61,993

6.2 Statement of financial position

As at 31 December 2025

EURk	Note	31 Dec 2025	31 Dec 2024
Assets			
Intangible assets	10	44,898	47,703
Property, plant and equipment	11	2,493,690	2,248,783
Right-of-use assets	12	24,253	6,223
Prepayments for non-current assets		2,054	38
Non-current receivables		200	201
Other non-current assets		-	2
Non-current assets		2,565,095	2,302,950
Inventories		5,357	5,175
Prepayments and deferred expenses		1,684	2,909
Trade receivables	14	85,539	82,623
Other receivables		8,182	6,710
Other current assets		210	2,739
Current loans receivable and interest		19	-
Cash and cash equivalents	15	5,759	10,521
Current assets		106,750	110,677
Total assets		2,671,845	2,413,627
Equity and liabilities			
Share capital	16.2	259,443	259,443
Revaluation reserve	17.2	51,621	57,869
Legal reserve	17.1	25,944	25,944
Retained earnings		423,928	420,008
Equity		760,936	763,264
Non-current loans	18.3.1	805,609	819,126
Non-current lease liabilities	18.3.1	21,308	3,804
Grants and subsidies	19	46,493	46,263
Deferred tax liabilities	9.3	34,127	35,692
Provisions	20	5,012	4,718
Deferred income	21.1	383,672	333,597
Non-current liabilities		1,296,221	1,243,200
Loans	18.3.1	407,187	204,573
Lease liabilities	18.3.1	3,404	2,670
Trade payables		49,101	42,901
Advances received	21.2	67,396	64,286
Provisions	20	2,108	3,162
Deferred income	21.1	19,121	16,408
Other current liabilities	22	66,371	73,163
Current liabilities		614,688	407,163
Total liabilities		1,910,909	1,650,363
Total equity and liabilities		2,671,845	2,413,627

6.3 Statement of changes in equity

For the year ended 31 December 2025

EURk	Note	Share capital	Revaluation reserve	Legal reserve	Retained earnings	Total
Balance as at 1 January 2024		259,443	64,996	25,944	380,858	731,241
Net profit for the year		-	-	-	62,592	62,592
Other comprehensive income (loss)						
Result of changes of other actuarial assumptions	20	-	-	-	90	90
Other movement	9.3	-	(689)	-	-	(689)
Total other comprehensive income (loss) for the year		-	(689)	-	90	(599)
Total comprehensive income (loss) for the year		-	(689)	-	62,682	61,993
Transfer of revaluation reserve to retained earnings (net of tax)	17.2	-	(6,438)	-	6,438	-
Dividends	16.3	-	-	-	(29,970)	(29,970)
Balance as at 31 December 2024		259,443	57,869	25,944	420,008	763,264
Balance as at 1 January 2025		259,443	57,869	25,944	420,008	763,264
Net profit for the year		-	-	-	28,323	28,323
Other comprehensive income (loss)						
Result of changes of other actuarial assumptions		-	-	-	(59)	(59)
Other movement		-	(622)	-	-	(622)
Total other comprehensive income (loss) for the year		-	(622)	-	(59)	(681)
Total comprehensive income (loss) for the year		-	(622)	-	28,264	27,642
Transfer of revaluation reserve to retained earnings (net of tax)	17.2	-	(5,626)	-	5,626	-
Dividends	16.3	-	-	-	(29,970)	(29,970)
Balance as at 31 December 2025		259,443	51,621	25,944	423,928	760,936

6.4 Statement of cash flows

For the year ended 31 December 2025

EURk	Notes	2025	2024
Net profit for the year		28,323	62,592
Adjustments to reconcile net profit to cash flows:			
Depreciation and amortisation expenses	10,11,12	134,558	116,451
Depreciation and amortisation of grants	19	(2,235)	(2,005)
(Gain)/loss on disposal of investments in subsidiaries		-	-
Revaluation of property, plant and equipment		-	-
Impairment/(reversal of impairment) of financial assets		(2,333)	366
Income tax expenses/(benefit)	9	(2,175)	1,579
Increase/(decrease) in provisions		(566)	1,136
Inventory write-down to net realizable value/(reversal)		39	47
Loss/(gain) on disposal/write-off of assets held for sale and property, plant and equipment		6,287	5,937
Interest income	8	(69)	(469)
Interest expenses	8	28,860	23,986
Other expenses/(income) of financing activities	8	(153)	98
Changes in working capital:			
(Increase)/decrease in trade receivables and other amounts receivable		(2,074)	(16,642)
(Increase)/decrease in inventories, prepayments, other current and non-current assets		3,535	7,411
Increase/(decrease) in trade payables, deferred income, advances received, other non-current and current liabilities		72,511	72,936
Net cash flows from operating activities		264,508	273,423
Acquisition of property, plant and equipment, and intangible assets		(391,063)	(327,252)
Proceeds from sale of property, plant and equipment, assets held for sale and intangible assets		1,455	1,282
Loan repayments received		1	38
Grants received	19	2,465	4,317
Dividends received		-	-
Interest received	8	69	469
Proceeds from sale of investments in associates		-	-
Net cash flows from investing activities		(387,073)	(321,146)
Repayments of loans	18.3.1	(7,901)	(7,901)
Group's cash pool platform, net change	18.3.1	196,697	118,280
Dividends paid	16.3	(29,980)	(29,982)
Lease payments	18.3.1	(4,524)	(3,928)
Interest paid	18.3.1	(36,489)	(30,155)
Net cash flows from financing activities		117,803	46,314
Increase/ (decrease) in cash and cash equivalents		(4,762)	(1,409)
Cash and cash equivalents at the beginning of the year	15	10,521	11,930
Cash and cash equivalents at the end of the year		5,759	10,521

6.5 Notes

For the year ended 31 December 2025

1 General information

AB „Energijos skirstymo operatorius“ (hereinafter – the Company) is a public limited liability company registered in the Republic of Lithuania. The Company was registered with the Register of Legal Entities, the registrar whereof is State Enterprise Centre of Registers, on 11 December 2015. The Company started its activities with effect from 1 January 2016. The Company is headquartered at Laisvės pr. 10, LT-04215, Vilnius, Lithuania. Company code 304151376, VAT identification code LT100009860612. The Company was founded for an indefinite period. Reporting period is one year ended 31 December 2025.

The Company's core lines of business include electricity and gas distribution, and last resort supply of electricity.

The Company's shareholder was:

Company's shareholder	31 Dec 2025		31 Dec 2024	
	Number of shares held	%	Number of shares held	%
AB „Ignitis grupė“	894,630,333	100	894,630,333	100
Total	894,630,333	100	894,630,333	100

The Company's parent company is AB "Ignitis grupė" (company code 301844044, registered address Laisvės Ave. 10, LT-04215 Vilnius, Lithuania), which owns 100% of shares of the Company as at 31 December 2025 and 2024. As at 31 December 2025 and 2024, the shareholders of AB "Ignitis grupė" were the Ministry of Finance of the Republic of Lithuania (74.99%), and retail and institutional investors (25.01%).

AB "Ignitis grupė" is an ultimate controlling company. The Group comprises AB Ignitis grupė and all of its subsidiaries ("the Group"). The ultimate parent company, AB "Ignitis grupė", prepares the consolidated financial statements of the Group, which include all subsidiaries of AB "Ignitis grupė", including the Company.

The Company's activities are regulated by the Lithuanian Law on Energy, the Lithuanian Law on Electricity, the Lithuanian Law on Natural Gas and other regulatory legislation. The licenses are issued and licensed activities are controlled by the National Energy Regulatory Council (hereinafter – the Council, NERC). The Council sets the price caps for the services of electricity distribution and natural gas distribution (Note 20.2.5).

These financial statements were signed by the management of the Company on 24 February 2026. The Company's shareholders have a statutory right to approve or not to approve these financial statements and to require the preparation of a new set of financial statements.

2 Basis of preparation

2.1 Basis of accounting principles

These financial statements have been prepared in accordance with IFRS accounting standards (hereinafter referred to as 'IFRS'), approved by the International Accounting Standards Board (hereinafter referred to as 'IASB') and adopted by the European Union.

The Company's financial statements as at and for the year ended 31 December 2025 have been prepared on a going concern basis applying measurement based on historical acquisition cost, except for certain items of property, plant and equipment.

The financial statements provide comparative information in respect of the previous period.

Details of the Company's accounting policies, including changes thereto, are included in (Note 3.1) section 'Accompanying information' of these financial statements

2.2 Functional and presentation currency

These financial statements are presented in euros, which is the Company's functional currency and all values are rounded to the nearest thousand (EUR '000), except when indicated otherwise.

3 Changes in material accounting policies

3.1 Changes in accounting policy and disclosures

The accounting policies applied in the preparation of these financial statements are consistent with the accounting policies applied in the preparation of the Company's annual financial statements for the year ended 31 December 2025, with the exception for the adoption of new standards effective as of 1 January 2025. The Company has not applied any standard, interpretation, or amendment for which the early application is permitted but is not yet effective

Information about new standards is available in (Note 1.1) section 'Accompanying information' of these financial statements.

4 Significant accounting estimates and judgments used in the preparation of the financial statements

In preparing these financial statements, the management has made judgements and estimates about the future, including climate-related risks and opportunities, that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income, costs and contingencies. Changes in the underlying assumptions of such estimates and judgements may have a material effect on financial statements in the future.

Estimates and judgements with underlying assumptions are reviewed on an ongoing basis and are consistent with the Company's risk management and climate related commitments, where appropriate. Revisions to the estimates and judgements are recognised prospectively.

Significant accounting estimates and judgements used in the preparation of the financial statements are described in this note. For other estimates and judgements used herein, refer to other notes of these financial statements.

Significant accounting estimates and judgments	Note	Estimate/judgment
Principal or an Agent in relation to electricity transmission and distribution services	6.3	Judgment
Revaluation and impairment of property, plant and equipment used in electricity distribution	11.8.1	Estimate
Impairment of property, plant and equipment, used in natural gas distribution	11.8.2	Judgment
Expected credit losses of trade receivables	14.2.	Estimate/judgment
Leases: determining the lease term of contracts with renewal and termination options	18.4.1	Judgment
Leases: estimating the incremental borrowing rate	18.4.2	Estimate
Determining whether statutory and contractual servitudes are a lease	18.4.3	Judgment
Regulated Activities: Accrued Income and Provisions	20.2.1.	Estimate

5 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of directors that makes strategic decisions.

Based on the judgement of the management, the Company has two operating segments, i.e., electricity distribution and transmission, and gas distribution. All the Company's assets and customers are located in the Republic of Lithuania. Operating segment of electricity distribution and transmission derives its revenues from electricity distribution and transmission, supply of last resort, other electricity related activity, as well as revenue from new customers' connection and upgrades fees, other revenues from contracts with customers and other income. Operating segment of natural gas transmission derives its revenue from natural gas distribution and natural gas sales, revenue from new connection points and upgrades, other revenue from contracts with customers, and other income.

The chief operating decision-maker monitors the results with reference to the financial reports that have been prepared using the same accounting policies as those used for the preparation of the financial statements. The primary performance measures are Adjusted Earnings Before Interest, Taxes, Depreciation, and Amortisation (adjusted EBITDA – a non-IFRS alternative performance measure. Additionally, management also analyses Investments of each individual segment. All measures are calculated starting from the data presented in the financial statements adjusted by management for selected items which are not defined by IFRS.

The Company's management calculates main performance measures as follows:

Performance measure	Calculation
EBITDA	Total revenue and other income - Purchases of electricity, gas and other services - Salaries and related expenses - Repair and maintenance expenses - Other expenses
Adjusted EBITDA	EBITDA + Management adjustments
Investments	Additions of property, plant, and equipment + Additions of intangible assets + Additions of other financial assets + Additions of investment property + Prepayments for non-current assets - Prepayments for non-current assets reclassified to additions of property, plant and equipment or intangible assets

5.1 Management's adjustments, Adjusted EBITDA

Management's adjustments include temporary regulatory differences.

Adjusted EBITDA is EBITDA further adjusted by adding management's adjustments. Management's adjustments all may have both positive and negative impact on the reporting period results.

In managements view, adjusted EBITDA more accurately present results of operations and enable to better compare results between the periods as it indicates the amount that was actually earned by the Company in the reporting year by:

- eliminating differences between the permitted return set by the NERC and the actual return for the period (temporary regulatory differences);

- adjusting for effects not related to the main activities of the Company or related to other periods.

Management's adjustments used in calculating Adjusted EBITDA:

Segment / Management's adjustments, EURk	2025	2024
Temporary regulatory differences for prior periods	105,933	53,362
Temporary regulatory differences for reporting period	(31,161)	(36,089)
Total EBITDA adjustments	74,772	17,273

Adjusted EBITDA results are reported after the adjustments made by the management that comprise the impact of temporary regulatory differences resulting from the NERC resolutions and by deducting the current year difference arising between the return on investments permitted by the NERC and estimated by management. For 2025, the adjustment amounted to EUR 74,772 thousand (EUR 17,273 thousand for 2024). This adjustment includes:

- Temporary regulatory differences for prior periods realised through the tariff during the reporting period – EUR 105,933 thousand for 2025 (EUR 53,362 thousand during 2024). These amounts are based on resolutions published by the NERC;
- New amounts of temporary regulatory differences formed during the reporting period – EUR (31,161) thousand for 2025 (EUR (36,089) thousand during 2024). The amounts for the current year are based on management's estimate arising from comparison between the return on investments permitted by the NERC and estimated by management using actual financial and operating data for the current period.

The table below shows the Company's information on segments for the year 2025 and 2024.

EURk	Electricity distribution and transmission		Natural gas distribution		Total	
	2025	2024	2025	2024	2025	2024
<i>IFRS</i> ¹						
Electricity related revenue	641,447	606,137	-	-	641,447	606,137
Gas related revenue	-	-	62,037	69,184	62,037	69,184
Other revenue	2,751	23,803	800	2,375	3,551	26,178
Other income	2,728	1,738	229	275	2,957	2,013
Total revenue and other income	646,926	631,678	63,066	71,834	709,992	703,512
Purchases of electricity, gas and other services	(330,781)	(312,643)	(4,408)	(4,079)	(335,189)	(316,722)
Salaries and related expenses	(66,099)	(62,914)	(20,116)	(19,275)	(86,215)	(82,189)
Repair and maintenance expenses	(41,298)	(40,154)	(4,697)	(4,253)	(45,995)	(44,407)
Other expenses	(42,098)	(44,826)	(9,376)	(9,884)	(51,474)	(54,710)
EBITDA	166,650	171,141	24,469	34,343	191,119	205,484
Depreciation and amortisation	(117,858)	(100,169)	(14,465)	(14,277)	(132,323)	(114,446)
Write-offs, revaluation and impairment losses of property, plant and equipment and intangible assets	(3,893)	(3,138)	(116)	(114)	(4,009)	(3,252)
Operating profit (loss) (EBIT)	44,899	67,834	9,888	19,952	54,787	87,786
<i>Adjusted</i> ²						
EBITDA	166,650	171,141	24,469	34,343	191,119	205,484
Management adjustments	71,827	25,317	2,945	(8,044)	74,772	17,273
Adjusted EBITDA	238,477	196,458	27,414	26,299	265,891	222,757

¹ Amounts are presented according to statement of profit or loss and other comprehensive income of these financial statements.

² The indicators of Adjusted EBITDA and Adjusted EBIT both of which are a non-IFRS alternative performance measures are presented in the manner calculated by the management. Management believes that adjusted indicators more accurately present results of operations and enable to better compare results between the periods.

6 Revenue

6.1 Revenue by type

EURk	2025	2024
Electricity related revenue		
Revenue from electricity distribution and transmission	578,580	572,109
Revenue from the supply of last resort	26,903	22,373
Revenue from PSO	352	(88)
Revenue from new customers' electricity connection	22,713	20,580
Other electricity related revenues and services	12,899	11,745
Gas related revenue		
Revenue from gas distribution	60,369	69,160
Revenue from new customers' gas connection	1,640	1,588
Other gas related revenue and services	28	24
Other revenue from contracts with customers	3,551	4,008
Total revenue from contracts with customers	707,035	701,499
Other ¹	2,957	2,013
Total revenue	709,992	703,512

¹ Revenue from contracts with customers table includes "Other" income, previously disclosed in a separate note in the prior year's financial statements.

6.2 Revenue from contracts with customers by timing

EURk	2025	2024
Performance obligations settled over time	696,920	690,669
Performance obligations settled at a specific point in time	10,115	10,830
Total	707,035	701,499

6.3 Significant accounting estimates and judgements

In providing electricity transfer service, which includes transmission and distribution services, to end-users, the Company acquires electricity transmission services from transmission grid operator. The Management of the Company analyzed related contracts with electricity transmission grid operator and contracts with customers, also evaluated applicable regulatory environment for the conclusion whether the Company is acting as a Principal or as an Agent in relation of electricity transmission services. Management has concluded that the Company acts as a Principal in relation to electricity transmission services acquired from the operator of the transmission system.

7 Expenses

7.1 Purchases of electricity, natural gas and other services

EURk	2025	2024
Purchases of electricity and related services	330,743	312,604
Purchases of natural gas and related services	4,011	3,731
Other purchases	435	387
Total	335,189	316,722

7.2 Salaries and related expenses

EURk	2025	2024
Wages and salaries	79,757	75,851
Social security contributions	1,933	1,455
Result of change in assumptions of benefits to employees	859	833
Change in vacation accrual	(1,047)	774
Termination benefits	907	779
Recharged payroll (work for several employees)	3,806	2,496
Total	86,215	82,188

In 2025, salaries and related expenses were EUR 4,027 thousand (4.9%) higher compared to 2024, which increased mainly due to the growth in Company's average salary.

7.3 Impairment, revaluation and write-off expenses

EURk	2025	2024
Write-off of property, plant and equipment	4,009	3,252
Total	4,009	3,252

7.4 Other expenses

EURk	2025	2024
Telecommunications and IT services	19,903	17,701
Asset management and administration	9,014	12,151
Taxes (other than income tax)	5,299	5,927
People and culture	4,019	4,209
Customer service	3,637	3,791
Legal	750	769
Finance and accounting	725	617
Communication	683	465
Sustainability	121	124
Other	7,323	8,956
Total	51,474	54,710

8 Finance activity

EURk	2025	2024
Interest income at the effective interest rate	69	468
Other income from financing activities	-	1
Total finance income	69	469
Interest expenses	27,900	23,731
Interest and discount expenses on lease liabilities	960	255
Other expenses of financing activities	(152)	98
Total finance expenses	28,708	24,084
Finance activity, net	(28,639)	(23,615)

8.1 The Company's interest income

In 2025, the Company received in cash EUR 69 thousand (2024: EUR 469 thousand) in interest income, which is presented in the Statement of cash flows under 'Interest received'.

9 Income taxes

9.1 Amounts recognised in profit or loss

EURk	2025	2024
Deferred tax expenses (benefit)	(2,175)	1,579
Total	(2,175)	1,579

9.2 Effective tax rate

Income tax on the Company's profit before tax differs from the theoretical amount that would arise using the tax rate applicable to profit of the Company.

EURk	2025	2025	2024	2024
Profit or loss before tax	-	26,148	-	64,171
Income tax expenses (benefit) at tax rate of 16%	16.00%	4,184	15.00%	9,626
Non-taxable income and non-deductible expenses	16.78%	4,387	5.29%	3,393
Income tax relief for the investment project	(58.07%)	(15,185)	(15.43%)	(9,899)
Income tax rate change	11.47%	2,999	-	-
Other	5.51%	1,440	(2.40%)	(1,541)
Income tax expenses (benefit)	(8.32%)	(2,175)	2.46%	1,579

The income tax is calculated on the profit before taxes. The standard corporate income tax rate applicable to companies of the Republic of Lithuania in 2025 was 16% and 2024 was 15%. (from 2026 – 17%). Income tax relief for the investment project included the income tax relief for the investment projects in 2025.

9.3 Deferred tax

EURk	31 Dec 2023	Recognised in profit or loss	Recognised in other comprehensive income	31 Dec 2024	Recognised in profit or loss	Recognised in other comprehensive income	As at 31 Dec 2025 ¹
Deferred tax asset							
Difference on recognition of income from new customer connection services	11,331	(13)	-	11,318	(109)	-	11,209
Write-down of inventories and impairment of receivables	687	113	-	800	(142)	11	669
Accrued expenses	583	1,271	-	1,854	97	-	1,951
Electricity over declaration	-	-	-	-	-	-	-
Lease liability (IFRS16)	1,380	(344)	-	1,036	3,165	-	4,201
Unused income tax relief for the investment project and tax losses	1,731	7,764	-	9,495	15,186	-	24,681
Deferred tax asset	15,712	8,791	-	24,503	18,197	11	42,711
Deferred tax liability							
Differences of financial and tax value (PPE)	(44,268)	(10,669)	(689)	(55,626)	(12,799)	(622)	(69,047)
Income tax relief for the investment project	(445)	129	-	(316)	78	-	(238)
Right-of-use asset (IFRS16)	(1,337)	341	-	(996)	(3,127)	-	(4,123)
Differences in tax and financial values of grants	(3,087)	(171)	-	(3,257)	(173)	-	(3,430)
Deferred tax liability	(49,136)	(10,370)	(689)	(60,195)	(16,021)	(622)	(76,838)
Deferred tax, net	(33,424)	(1,579)	(689)	(35,692)	2,176	(611)	(34,127)

¹As at 31 December 2025 and 2024 the Company had no temporary differences from which the deferred tax is not recognized. The Company has planned to transfer the tax loss incurred in 2025 to another group company for consideration. The investment incentive will be offset against future taxable profits.

10 Intangible assets

EURk	Patents and licences	Computer software	Servitudes and protection zones	Software development	Other intangible assets	Total
Acquisition cost at 1 January 2025	225	58,770	16,546	4,728	226	80,495
Additions	-	-	953	8,548	-	9,501
Reclassifications between categories	-	10,631	-	(10,631)	-	-
Reclassified (to) from property, plant and equipment	-	-	-	1,288	-	1,288
Write-offs	-	(3)	(11)	-	(106)	(120)
Re-measurement related to Rights to servitudes and security zones	-	-	(264)	-	-	(264)
Acquisition cost at 31 December 2025	225	69,398	17,224	3,933	120	90,900
Accumulated amortisation at 1 January 2025	(219)	(32,347)	-	-	(226)	(32,792)
Amortisation	(4)	(13,315)	-	-	-	(13,319)
Write-offs	-	3	-	-	106	109
Accumulated depreciation at 31 December 2025	(223)	(45,659)	-	-	(120)	(46,002)
Carrying amount at 31 December 2025	2	23,739	17,224	3,933	-	44,898
Acquisition cost at 1 January 2024	234	36,447	20,664	15,966	288	73,599
Additions	-	1	933	10,544	-	11,478
Reclassifications between categories	-	22,636	-	(22,637)	1	-
Reclassified (to) from property, plant and equipment	-	-	-	855	-	855
Write-offs	(9)	(314)	-	-	(63)	(386)
Re-measurement related to Rights to servitudes and security zones	-	-	(5,051)	-	-	(5,051)
Acquisition cost at 31 December 2024	225	58,770	16,546	4,728	226	80,495
Accumulated amortisation at 1 January 2024	(222)	(21,206)	-	-	(285)	(21,713)
Amortisation	(6)	(11,455)	-	-	(4)	(11,465)
Write-offs	9	314	-	-	63	386
Accumulated depreciation at 31 December 2024	(219)	(32,347)	-	-	(226)	(32,792)
Carrying amount at 31 December 2024	6	26,423	16,546	4,728	-	47,703

10.1 Fully amortised intangible assets

The acquisition cost of fully amortised intangible assets used by the Company were as follows:

EURk	31 Dec 2025	31 Dec 2024
Patents and licences	165	161
Computer software	3,171	3,298
Other intangible assets	119	219
Acquisition cost of fully amortised assets, total	3,455	3,678

10.2 Acquisition commitments

As at 31 December 2025 and 2024, the Company has no significant acquisition commitments of intangible assets to be fulfilled during the subsequent years.

10.3 Pledged assets

As at 31 December 2025 and 2024, the Company did not have non-current intangible assets pledged.

10.4 Servitudes and protection zones

The movement of intangible assets "Servitudes and protection zones" for 2025 year is presented below:

Servitudes and security zones, EURk	31 Dec 2024	Change	31 Dec 2025
Statutory servitudes – provision (Note 1.4.2)	594	(68)	526
Protection zones – provision (Note 1.4.3)	616	(188)	428
Statutory and contractual servitudes – acquisition cost	7,122	785	7,907
Protection zones – acquisition cost	8,214	149	8,363
Servitudes and security zones, total	16,546	678	17,224

10.5 Intangible assets additions by operating segments

In 2025 intangible assets additions amounted to EUR 9,501 thousand, out of which additions related to electricity transmission and distribution operating segment comprised EUR 9,398 thousand, and additions related to natural gas transmission operating segment comprised EUR 103 thousand.

In 2024 intangible assets additions amounted to EUR 11,478 thousand, out of which additions related to electricity transmission and distribution operating segment comprised EUR 11,322 thousand, and additions related to natural gas transmission operating segment comprised EUR 156 thousand.

11 Property, plant and equipment

EURk	Electricity networks and their structures	Gas distribution pipelines, gas technological equipment and installations	Vehicles	Other property, plant and equipment	Construction-in-progress	In total
Acquisition cost or revalued amount at 1 January 2025	2,054,521	457,157	7,795	30,879	91,507	2,641,859
Additions	1,047	-	-	619	368,769	370,435
Disposals	(4,788)	(16)	(9)	(127)	-	(4,940)
Write-offs	(4,503)	(211)	(74)	(182)	(297)	(5,267)
Reclassifications from construction in progress	341,119	9,345	24,219	2,571	(377,254)	-
Other reclassifications between categories	-	(7)	-	7	-	-
Reclassification from (to) intangible assets	-	-	-	-	(1,288)	(1,288)
Acquisition cost or revalued amount at 31 December 2025	2,387,396	466,268	31,931	33,767	81,437	3,000,799
Accumulated depreciation and impairment losses at 1 January 2025	(240,892)	(136,175)	(2,654)	(13,355)	-	(393,076)
Depreciation	(101,343)	(10,441)	(1,928)	(2,797)	-	(116,509)
Disposals	1,407	15	8	71	-	1,501
Write-offs	645	90	74	166	-	975
Other reclassifications between categories	-	1	-	(1)	-	-
Accumulated depreciation and impairment losses at 31 December 2025	(340,183)	(146,510)	(4,500)	(15,916)	-	(507,109)
Carrying amount at 31 December 2025	2,047,213	319,758	27,431	17,851	81,437	2,493,690
Acquisition cost or revalued amount at 1 January 2024	1,752,373	446,775	2,862	26,359	97,330	2,325,699
Additions	4,511	-	535	591	320,392	326,029
Disposals	(4,762)	(50)	-	(113)	-	(4,925)
Write-offs	(2,993)	(293)	-	(17)	(786)	(4,089)
Reclassifications from construction in progress	305,895	10,731	4,398	3,550	(324,574)	-
Other reclassifications between categories	(503)	(6)	-	509	-	-
Reclassification from (to) intangible assets	-	-	-	-	(855)	(855)
Acquisition cost or revalued amount at 31 December 2024	2,054,521	457,157	7,795	30,879	91,507	2,641,859
Accumulated depreciation and impairment losses at 1 January 2024	(155,300)	(126,010)	(2,251)	(10,262)	-	(293,823)
Depreciation	(87,642)	(10,347)	(403)	(2,656)	-	(101,048)
Disposals	1,196	32	-	56	-	1,284
Write-offs	351	143	-	17	-	511
Other reclassifications between categories	503	7	-	(510)	-	-
Accumulated depreciation and impairment losses at 31 December 2024	(240,892)	(136,175)	(2,654)	(13,355)	-	(393,076)
Carrying amount at 31 December 2024	1,813,629	320,982	5,141	17,524	91,507	2,248,783

11.1 Impairment and revaluation of property, plant and equipment

11.1.1 Revaluation of property, plant and equipment used in electricity distribution

The carrying amount of PPE allocated to this CGU (incl. construction in progress and assets in other groups) is EUR 2,151.1 million as at 31 December 2025 (EUR 1,908.9 million as at 31 December 2024).

The Company performed assessment of fair value of this CGU and decided not to perform full revaluation. For this the Company analysed whether the assumptions made in full revaluation in 2021 had not changed significantly – it was noted that only several assumptions changed:

- discount rate (after-tax) was 4.79% (5.77% pre-tax);
- rate of return set by NERC in 2026 – 5.77% (approximates the pre-tax discount rate);
- the advance schedule for returning the EUR 117.8 million regulatory difference, which has formed due to the long run average increase costs ('LRAIC') model, will reduce the Company's revenue by EUR 117.8 million in 2026–2031.
- changes in the additional component amount calculation, which will allow to keep the sustainable debt level of 5.5x, as determined in the approved methodology.

However, these changes did not significantly impact the recoverable amount.

The following key assumptions were used in 31 December 2025 valuation:

- discount rate (after-tax) was 4.79% (5.77% pre-tax).
- WACC rate of return set by NERC) 2026 – 5.77%, (approximates the pre-tax discount rate).
- long-term forecast for investments in the electricity segment was applied, including their funding according to the 10-year investment plan of the Company;
- an additional tariff component is established for funding of investments, on the basis whereof the amount will be included yearly in the Company's regulated income of the period of 2026 and subsequent periods which will allow to keep sustainable debt level of 5.5x, as determined in the approved methodology. According to the management's assessment, even though there is a possibility that after the forecast period (2027-2040) an additional component will remain, however, assumed at a conservative level it is not included in the measurement of a continuous value.
- according to the measurement model, the calculated return adjustment, amounting to EUR 117.8 million, formed due to the main network elements' depreciation and investment return level being optimized and not optimized by the long run average increase costs ('LRAIC') model and due to the actual depreciation and investment return level, will reduce the Company's revenue by EUR 117.8 million in 2026–2031 and, in addition, the interest will be charged on the outstanding portion on a yearly basis; the fair value of assets was determined using the revenue model when forecasting cash flows until 2040, taking into consideration the projected adjustment of investment returns due to the LRAIC asset depreciation and the expected repayment term of return differences in 2018–2021.

Sensitivity analysis

The Company exercised the fair value assessment analysis of unobservable inputs variation, relying on the following scenarios:

sensitivity of variation in the investment return rate (WACC) (starting from the regulation period 2027) and the discount rate. The possible fair value changes due to the variation of these inputs are disclosed in the table below (EUR million):

		WACC (pre-tax), %							
		4,90%	5,19%	5,48%	5,77%	6,06%	6,35%	6,64%	
		(15)%	(10)%	(5)%	0%	5%	10%	15%	
Discount rate (pre-tax) %	Δ								
	4,07%	(15)%	217	222	226	231	236	241	246
	4,31%	(10)%	137	142	147	151	156	161	166
	4,79%	0%	(14)	(10)	(5)	0	5	10	14
	5,27%	10%	(155)	(150)	(145)	(140)	(136)	(131)	(126)
5,51%	15%	(221)	(216)	(212)	(207)	(202)	(197)	(193)	

11.2 Revalued property, plant and equipment

If property, plant and equipment had not been revalued, the carrying amount of the Company's property, plant and equipment would have been following:

EURk	Electricity networks and their structures	Vehicles	Total
As at 31 December 2024	1,933,573	5,138	1,938,711
As at 31 December 2025	2,159,446	27,429	2,186,875

During the year 2025 the full revaluation of property, plant and equipment used in electricity distribution was not performed. For more detailed information see 11.1

11.3 Acquisitions and disposals of property, plant and equipment

Acquisitions of property, plant and equipment during 2025 include the following major acquisitions to the construction in progress:

- acquisitions related to the development of the electricity distribution network (cable lines, modular transformers, meters etc.)
- acquisitions related to the development of the gas distribution network (plastic distribution pipelines etc.).

The interest capitalised by the Company during the year 2025 as part of property, plant and equipment amounted to EUR 2,083 million, at an average interest rate of 2.67% (2024 year: interest capitalised amounted to EUR 1,776 million, at an average interest rate of 2.48%).

The Company has significant acquisition commitments of property, plant and equipment which will have to be fulfilled during the later years. Company's acquisition and construction commitments amounted to EUR 366,700 thousand (31 December 2024: EUR 330,150 thousand).

11.4 Fully depreciated property, plant and equipment

The cost or revalued amount of fully depreciated property, plant and equipment, but still in use by the Company were as follows:

EURk	31 Dec 2025	31 Dec 2024
Buildings	-	-
Electricity networks and their structures	30,810	21,764
Gas distribution pipelines, gas technological equipment and installations	20,255	16,888
Other property, plant and equipment	6,732	6,014
Total	57,797	44,666

11.5 Fair value hierarchy of property, plant and equipment

In the opinion of the Company's management, the carrying amount of substantially all assets stated at revalued amount as at 31 December 2025 and 2024 did not differ significantly from their fair value. Total fair value of the Company's revalued property, plant and equipment is attributed to Level 3 of the hierarchy (refer to Note 1.13 for the description of the fair value hierarchy levels). The last full revaluation was performed in 2021. The revaluation was performed internally.

11.6 Pledged property, plant and equipment

As at 31 December 2025 and 2024, the Company did not have pledged property, plant and equipment.

11.7 Property, plant and equipment additions by operating segments

In 2025 property, plant and equipment additions amounted to EUR 370,435 thousand, out of which additions related to electricity transmission and distribution operating segment comprised EUR 333,384 thousand, and additions related to natural gas transmission operating segment comprised EUR 18,113 thousand, and additions to transport amounted to EUR 18,930 thousand.

In 2024 property, plant and equipment additions amounted to EUR 326,029 thousand, out of which additions related to electricity transmission and distribution operating segment comprised EUR 307,182 thousand, and additions related to natural gas transmission operating segment comprised EUR 13,747 thousand, and additions to transport amounted EUR 5,100 thousand.

11.8 Significant accounting estimates and judgements

11.8.1 Revaluation of property, plant and equipment, used in electricity distribution

The carrying amount of PPE allocated to this CGU (incl. construction in progress and assets in other groups) is EUR 2,151.1 million as at 31 December 2025 (EUR 1,908.9 million as at 31 December 2024). Taking into account the fact that there were no significant changes in the legal regulatory environment related to electricity, after evaluating all related assumptions, the Company determined that the carrying amount of property, plant and equipment used in electricity distribution as at 31 December 2025 would change insignificantly (up to -0.1%), taking this into account, the Company's management decided not to carry out a full revaluation of such assets in order to represent them at their new fair value. For more detailed information – see (Note 1.5).

11.8.2 Impairment of property, plant and equipment, used in natural gas distribution

The carrying amount of PPE allocated to this CGU (incl. construction in progress and assets in other groups) is EUR 260.9 million as at 31 December 2025 (EUR 259.2 million as at 31 December 2024). As at 31 December 2025 there has been assessed whether there are any indications that the carrying amount of this CGU could be impaired. In assessment the Company's management determined that during the year 2025 there were no significant changes in the legal regulatory environment related to natural gas distribution activity, as well the remeasured assumptions used in assessment of recoverable amount had an insignificant impact on change of carrying amount of property, plant and

equipment used in this CGU. Accordingly, no impairment test was performed for 2025 and no additional impairment loss or reversal was recognised as at 31 December 2025.

12 Right-of-use assets

12.1 The Company's right-of-use assets

EURk	Land	Buildings	Other property, plant and equipment	Total
Acquisition cost at 1 January 2025	1,455	14,014	17,121	32,590
Additions	-	21,772	25	21,797
Write-offs	-	(59)	(269)	(328)
Remeasurement of lease contracts	(15)	2,022	(716)	1,291
Acquisition cost at 31 December 2025	1,440	37,749	16,161	55,350
Accumulated depreciation at 1 January 2025	(245)	(11,604)	(14,518)	(26,367)
Depreciation	(39)	(3,545)	(1,146)	(4,730)
Accumulated depreciation at 31 December 2025	(284)	(15,149)	(15,664)	(31,097)
Carrying amount as at 31 December 2025	1,156	22,600	497	24,253
Acquisition cost at 1 January 2024	1,455	13,237	16,851	31,543
Additions	-	807	270	1,077
Remeasurement of lease contracts	-	(30)	-	(30)
Acquisition cost at 31 December 2024	1,455	14,014	17,121	32,590
Accumulated depreciation at 1 January 2024	(205)	(9,510)	(12,561)	(22,276)
Depreciation	(40)	(2,094)	(1,804)	(3,938)
Write-offs	-	-	(153)	(153)
Accumulated depreciation at 31 December 2024	(245)	(11,604)	(14,518)	(26,367)
Carrying amount as at 31 December 2024	1,210	2,410	2,603	6,223

The Company's major lease contracts are for buildings. As at 31 December 2025, the carrying amount of building lease liability – EUR 22.6 million (31 December 2024: EUR 2.4 million).

The lease liability related to buildings primarily comprises leases of office premises in Kaunas, Klaipėda, and Šiauliai. As at 31 December 2025 the carrying amount of this lease liability amounted to EUR 18.5 million (as at 31 December 2024: no lease liability was recognised), the remaining lease term of these contracts as at 31 December 2025 is 10 years, the lease payments each year are indexed by inflation rate.

12.2 Additions to the right-of-use assets by operating segments

In 2025 additions to right-of-use assets were mainly related to electricity transmission and distribution operating segment comprised EUR 16,882 thousand (in 2024: EUR 834 thousand) and natural gas transmission operating segment comprised EUR 4,915 thousand (in 2024: EUR 243 thousand).

12.3 Expenses related to lease agreements recognised in the Statement of profit or loss and other comprehensive income

The Company's lease expenses recognised in the Statement of profit or loss and other comprehensive income were as follows:

EURk	2025	2024
Depreciation	4,730	3,938
Interest expenses	960	255
Other rent expenses	1,117	990
Lease expenses, total	6,807	5,183

12.4 Future expenses related to lease agreements

The Company's future lease expenses:

EURk	31 Dec 2025	31 Dec 2024
Future cash outflow for leases not yet commenced to which the lessee is committed	115	7,552
Future lease expenses, total	115	7,552

13 Contract balances

EURk	Notes	31 Dec 2025	31 Dec 2024
Trade receivables	14	85,506	82,623
Accrued revenue from electricity related sales		727	2,426
Accrued revenue from gas related sales		-	-
Other accrued revenue		321	-
Contract assets		1,048	2,426
Advances received	21.2	67,060	64,007
Deferred income	21.1	402,793	350,005
Contract liabilities		469,853	414,012
Non-current contract liabilities		383,672	333,597
Current contract liabilities	21.2	86,181	80,415

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for the amounts due from customers under the contracts.

13.1 Transaction price allocation to remaining performance obligations

All the Company's performance obligations entitle the Company to receive from the customer such amount that corresponds directly to the value of the Company's performance completed to date, therefore, the Company applies the practical expedient in paragraph 121 of IFRS 15 and chooses not to disclose the allocation of transaction price to the remaining performance obligations.

13.2 Rights to returned goods and refund liabilities

The Company does not have any significant contracts with the customers' right to return goods.

13.3 Performance obligations

The performance obligation is satisfied upon delivery of the service and payment is generally due within 30 days from delivery. For more information on fulfilment of performance obligations, issuing invoices see (Note 1.3).

14 Trade receivables

EURk	31 Dec 2025	31 Dec 2024
Receivables from electricity related sales	76,943	74,591
Receivables from gas	9,521	10,458
Other trade receivables	1,448	2,267
Total	87,912	87,316
Less: loss allowance of trade receivables	(2,373)	(4,693)
Carrying amount	85,539	82,623

As at 31 December 2025 and 2024, the Company had not pledged the claim rights to trade receivables.

No interest is charged on trade receivables, and the regular settlement period is between 25 and 35 days. Trade receivables for which the settlement period is more than 35 days comprise insignificant part of the total trade receivables. The Company doesn't provide the settlement period longer than 1 year.

14.1 Loss allowance of amounts receivable (lifetime expected credit losses)

The loss ratios are updated during the preparation of the annual financial statements with respect to the impact of forward-looking information where forward looking information is indicative of any exacerbation of economic conditions during upcoming years or of customer types. A different loss ratio matrix is used with regard to household consumers and non-household consumers.

14.1.1 Collective basis assessment of ECL

The table below presents information on the Company's trade receivables under contracts with customers as at 31 December 2025 that are assessed on a collective basis using the loss ratio matrix:

EURk	Loss ratio	Trade receivables	Loss allowance
Not past due	0.21%	42,329	89
Up to 30 days	4.03%	1,192	48
30-60 days	17.19%	320	55
60-90 days	16.60%	241	40
90-120 days	26.02%	123	32
More than 120 days	34.58%	6,099	2,109
As at 31 December 2025	4.7%	50,304	2,373

The table below presents information on the Company's trade receivables under contracts with customers as at 31 December 2024 that are assessed on a collective basis using the loss ratio matrix:

EURk	Loss ratio	Trade receivables	Loss allowance
Not past due	0.50%	39,739	197
Up to 30 days	9.18%	1,253	115
30–60 days	15.98%	488	78
60-90 days	19.46%	334	65
90-120 days	29.65%	199	59
More than 120 days	57.73%	7,239	4,179
As at 31 December 2024	9.53%	49,252	4,693

14.1.2 Individual assessment of ECL

The table below presents information on the Company's trade receivables under contracts with customers that are assessed on an individual basis:

EURk	31 Dec 2025		31 Dec 2024	
	Trade receivables	Loss allowance	Trade receivables	Loss allowance
Not past due	37,575	-	38,064	-
Up to 30 days	-	-	-	-
30–60 days	-	-	-	-
60-90 days	-	-	-	-
90-120 days	-	-	-	-
More than 120 days	-	-	-	-
Carrying amount	37,575	-	38,064	-

14.1.3 Movement in the account of loss allowance of trade receivables

EURk	2025	2024
Carrying amount as at 1 January	4,693	4,337
Impairment loss of the year	365	1,491
Reversal of loss allowance	(2,685)	(1,135)
Carrying amount as at 31 December	2,373	4,693

Impairment loss of receivables was recognised in line item "Other expenses" in the Statements of profit or loss.

14.2 Significant accounting estimates and judgements: Expected credit losses of trade receivables

The Company uses a provision matrix to calculate expected credit losses on trade receivables. The Company accounts for expected credit losses (hereinafter referred to as ECL) by assessing amounts receivable on an individual basis or on a collective basis and applying the provision matrix in respect of their customers.

For short-term trade receivables without a significant financing component the Company applies a simplified approach required by IFRS 9 and measures the loss allowance at expected lifetime credit losses from initial recognition of the receivables.

14.2.1 Collective basis assessment of ECL

The Company uses provision matrices to calculate ECL for trade receivables. The provision rates are based on days past due or allocation to the Company's internal credit rating system for groupings of various customer segments that have similar loss patterns (i.e. by customer type).

The provision matrixes are initially based on the Company's historical observed default rates. The Company calibrates the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecasted economic conditions (i.e., changes in gross domestic product) are expected to deteriorate over the next year, which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the observed historical default rates are updated and the changes in the forward-looking estimates are analysed. The assessment of the correlation between the observed historical default rates, the forecast economic conditions and the ECL is a significant estimate. The amount of the ECL is sensitive to the changes in circumstances and the forecast of economic conditions. The Company's historical credit loss experience and the forecast of economic conditions may also not be representative of the customer's actual default in the future.

14.2.2 Individual assessment of ECL

Decision to assess the amounts receivable on an individual basis depends on the possibility to obtain the information on the credit history of a particular client/borrower, its financial position as at the date of the assessment, including the forward-looking information that would allow to timely determine whether there has been a significant increase in the credit risk of that particular client, thus enabling to make a judgement on the recognition of the lifetime ECL in respect of that particular client/borrower. These accounting estimates require significant judgement. The judgement is based on the information about substantial financial difficulties experienced by the debtor, the probability that the debtor will enter bankruptcy or any other reorganisation, default of delinquency in payments.

In the absence of reliable sources of information on the credit history of a particular borrower, its financial position as at the date of assessment, including forward-looking information, the Company assesses its debt on a collective basis.

15 Cash and cash equivalents

EURk	31 Dec 2025	31 Dec 2024
Cash balances in bank accounts	5,759	10,521
Carrying amount	5,759	10,521

The fair values of cash and cash equivalents as at 31 December 2025 and 2024 approximated their carrying amounts. The Company has no pledged current and future cash inflows.

There was no balance of the administrated state budget funds in the accounts in 2025.

According to the management 's assessment, ECL on cash and cash equivalents are not significant because:

- The Company's cash and cash equivalents are kept in international group banks with good credit ratings. The banks are charged with the highest liquidity, capital adequacy, own funds, additional capital reserves and other risk-limiting requirements and regulations that banks must comply with and regularly report to supervisory authorities.
- The Company mostly uses banks that are supervised by the European Central Bank.

16 Equity

16.1 Capital management

For the purpose of capital management, the management uses equity as reported in the Statement of financial position.

Pursuant to the Republic of Lithuania Law on Companies`, the share capital of a public limited liability company must be not less than EUR 25 thousand, the share capital of a private limited liability company must be not less than EUR 1 thousand, and the shareholders' equity must be not lower than 50% of the company's share capital. Foreign subsidiaries are subject for compliance with capital requirements according to the regulation adopted in those foreign countries. As at 31 December 2025 and 2024, the Company complied with the capital regulatory requirements.

16.2 Share capital

Shareholder of the company	31 Dec 2025		31 Dec 2024	
	Share capital, EURk	%	Share capital, EURk	%
AB „Ignitis grupė”	259,442.8	100	259,442.8	100
Total	259,442.8	100	259,442.8	100

As at 31 December 2025, the Company's share capital comprised EUR 259.4 million (31 December 2024: EUR 259.4 million) and was divided into 894,630,333 ordinary shares with a EUR 0.29 nominal value per share (31 December 2024: 894,630,333 ordinary registered shares with a EUR 0.29 nominal value per share).

16.3 Dividends

Dividends declared by the company during the year:

EURk	2025	2024
AB „Ignitis grupė”	29,970	29,970

On 10 March 2025, during the Ordinary General Meeting of Shareholders of the Company, a decision was made to approve profit distribution for 2024 and to distribute EUR 0.0335 dividend per share, EUR 29,970 thousand of dividends in total.

On 19 March 2024, during the Ordinary General Meeting of Shareholders of the Company, a decision was made to approve profit distribution for 2023 and to distribute EUR 0.0335 dividend per share, EUR 29,970 thousand of dividends in total.

In total, the Company paid EUR 29,970 thousand dividends during 2025 (2024: EUR 29,970 thousand).

17 Reserves

17.1 Legal reserve

The legal reserve is a compulsory reserve under the Lithuanian legislation. Companies in Lithuania are required to transfer 5% of net profit from distributable profit until the total reserve reaches 10% of the share capital. The legal reserve shall not be used for payment of dividends and is formed to cover future losses only.

The Company's legal reserve was fully formed at 31 December 2025 and 2024.

17.2 Revaluation reserve

Revaluation reserve arises from revaluation of property, plant and equipment due to the fair value changes (for more information see (Note 11.2). This reserve cannot be used to cover losses.

The movement in the Company's revaluation reserve during the year was as follows:

EURk	Revaluation reserve	Deferred income tax	Revaluation reserve less deferred income tax
Carrying amount at 1 January 2025	68,891	(11,022)	57,869
Transfer of revaluation reserve to retained earnings during the year (depreciation, write-offs, disposals)	(6,691)	1,065	(5,626)
DT adjustment due to changes profit tax rate	-	(622)	(622)
Carrying amount at 31 December 2025	62,200	(10,579)	51,621
Carrying amount at 1 January 2024	76,466	(11,470)	64,996
Transfer of revaluation reserve to retained earnings during the year (depreciation, write-offs, disposals)	(7,575)	1,136	(6,439)
Tax	-	(688)	(688)
Carrying amount at 31 December 2024	68,891	(11,022)	57,869

18 Financing

18.1 Loans and lease liabilities

EURk	Note	31 Dec 2025	31 Dec 2024
Loans received	18.3.1	805,609	819,126
Lease liabilities		21,308	3,804
Total non-current		826,917	822,930
Current portion of non-current loans received		25,267	19,668
Current loans		381,920	184,905
Lease liabilities	18.3.1	3,404	2,670
Total current		410,591	207,243
Total		1,237,508	1,030,173

Loans and lease liabilities by maturity:

EURk	31 Dec 2025	31 Dec 2024
Up to 1 year	410,591	207,243
From 1 to 2 years	167,069	14,888
From 2 to 5 years	482,394	437,488
After 5 years	177,454	370,554
Total	1,237,508	1,030,173

18.2 Covenants and unwithdrawn balances

The Company has the following unwithdrawn committed credit facilities from related parties expiring within or after one year:

EURk	31 Dec 2025	31 Dec 2024
Credit facilities	49,461	46,158

The loan agreements provide for financial and non-financial covenants that Company obliged to comply with. Company complied with the covenants as at 31 December 2025 and 31 December 2024.

18.3 Net debt

Net Debt is a non-IFRS liquidity metric used to determine the value of debt against highly liquid assets owned by the Company. The management is monitoring the Net Debt metric as a part of its risk management strategy. Only cash and cash equivalents, short-term deposits, loans and lease liabilities are included in the Net Debt calculation. The management defines the Net Debt measure for the purpose of these financial statements in the manner as presented below:

Net Debt balances:

EURk	31 Dec 2025	31 Dec 2024
Cash and cash equivalents	(5,759)	(10,521)
Non-current portion	826,917	822,930
Current portion	410,591	207,243
Net debt	1,231,749	1,019,652

18.3.1 Reconciliation of the Company's Net Debt balances and cash flows from financing activities

EURk	Loans		Lease liabilities		Assets	Total
	Non-current	Current	Non-current	Current	Cash and cash equivalents	
Net debt at 1 January 2024	827,027	85,741	6,380	3,176	(11,930)	910,394
Cash changes						
(Increase) decrease in cash and cash equivalents	-	-	-	-	1,409	1,409
Repayments of loans	-	(7,901)	-	-	-	(7,901)
Lease payments	-	-	-	(3,928)	-	(3,928)
Interest paid ¹	-	(29,668)	-	(487)	-	(30,155)
Cash-pool net change	-	118,280	-	-	-	118,280
Non-cash changes						
Lease contracts concluded	-	-	1,077	-	-	1,077
Accrual of interest payable	-	25,507	-	255	-	25,762
Lease remeasurement	-	-	1	-	-	1
Reclassifications between items	(7,901)	7,901	(3,654)	3,654	-	-
Other non-monetary changes	-	4,713	-	-	-	4,713
Net debt at 31 December 2024	819,126	204,573	3,804	2,670	(10,521)	1,019,652
Net debt at 1 January 2025	819,126	204,573	3,804	2,670	(10,521)	1,019,652
Cash changes						
(Increase) decrease in cash and cash equivalents	-	-	-	-	4,762	4,762
Repayments of loans	(7,901)	-	-	-	-	(7,901)
Lease payments	-	-	-	(4,524)	-	(4,524)
Interest paid ¹	-	(35,529)	-	(960)	-	(36,489)
Cash-pool net change	-	196,697	-	-	-	196,697
Non-cash changes						
Lease contracts concluded	-	-	19,412	2,385	-	21,797
Accrual of interest payable	-	29,983	-	960	-	30,943
Lease remeasurement	-	-	77	1,213	-	1,290
Reclassifications between items	-	-	(1,979)	1,979	-	-
Other non-monetary changes	(5,616)	11,463	(6)	(319)	-	5,522
Net debt at 31 December 2025	805,609	407,187	21,308	3,404	(5,759)	1,231,749

¹ Interest paid are presented with VAT

18.4 Significant accounting estimates and judgements

18.4.1 Determining the lease term of contracts with renewal and termination options

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease, if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all the relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

The Company included the renewal period as part of the lease term for leases of shorter non-cancellable period (i.e., one to three, three to five, five to seven years, etc.). The Company usually exercises its option to renew for these leases.

Lease of the state-owned land is not subject to an extension clause after which the lessee has a pre-emptive right to extend the lease. The periods covered by the termination options are included as part of the lease term only when they are reasonably certain to be exercised.

18.4.2 Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (hereinafter 'IBR') to measure the lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow, over a similar term and with a similar security, the funds necessary to obtain the asset of a similar value to the right-of-use asset in a similar economic environment.

The major new lease contracts that were recognised in 2025 by the Company are for buildings. To measure the lease liability of those contracts, the following incremental borrowing rate was used:

Type of leased asset	Weighted average incremental borrowing rate, %
Buildings lease	4.09%
Other lease	2.79%

18.4.3 Determining whether statutory and contractual servitudes are a lease

The management of the Company analysed whether perpetual statutory and contractual servitudes are in scope of IFRS 16 Leases. The management concluded that the statutory servitudes are not in scope since they are not limited in time and can be used by the Company for an indefinite period of time. Perpetual arrangement lacks an essential characteristic of a lease, i.e., it does not meet the definition of a lease because it does not convey a right to use an underlying asset for a specified period of time. Having analysed the contractual servitudes, the management concluded that part of them share the same characteristics as the statutory ones and thus do not convey a right to use an underlying asset for a specified period of time.

For contractual servitudes with a clear term or when the term can be reliably determined, or when the term is renewable on a period-by-period basis, IFRS 16 Leases is applied when all other criteria listed in IFRS16 are met.

19 Grants and subsidies

The balance of grants comprises grants to finance acquisition of property plant and equipment and assets acquired free of charge. Movements on the account of grants were as follows:

EURk	Asset-related grants – projects for renovation, improvement of environmental and safety standards	Total
Carrying amount at 1 January 2024	43,951	43,951
Grants received	4,317	4,317
Depreciation and amortisation	(2,005)	(2,005)
Carrying amount at 31 December 2024	46,263	46,263
Carrying amount at 1 January 2025	46,263	46,263
Grants received	2,465	2,465
Depreciation and amortisation	(2,235)	(2,235)
Carrying amount at 31 December 2025	46,493	46,493

Amortisation of grants is accounted for under depreciation and amortisation in Statement of Profit or Loss and reduces depreciation expenses of related property, plant and equipment. Grants written off are reported within revaluation/impairment of assets and reduce these expenses.

20 Provisions

EURk	31 Dec 2025	31 Dec 2024
Non-current	5,012	4,718
Current	2,108	3,162
Total	7,120	7,880

The balances and movement of the Company's provisions:

EURk	Employee benefits	Servitudes	Other	Total
Balance as at 1 January 2024	4,281	5,430	2,174	11,885
Increase during the year	1,107	-	1,164	2,271
Utilised during the year	(274)	-	(1,300)	(1,574)
Result of change in assumptions	(90)	(4,612)	-	(4,702)
Balance as at 31 December 2024	5,024	818	2,038	7,880
Non-current	4,010	689	19	4,718
Current	1,014	129	2,019	3,162
Balance as at 31 December 2024	5,024	818	2,038	7,880
Balance as at 1 January 2025	5,024	818	2,038	7,880
Increase during the year	859	-	-	859
Utilised during the year	-	-	(188)	(188)
Result of change in assumptions	(21)	(264)	(1,237)	(1,522)
Unwinding of discount	91	-	-	91
Balance as at 31 December 2025	5,953	554	613	7,120
Non-current	4,557	455	-	5,012
Current	1,396	99	613	2,108
Balance as at 31 December 2025	5,953	554	613	7,120

The total change in the provisions in 2025 was EUR (760) thousand (in 2024: EUR (4,005) thousand). The change consists of the following:

- EUR (496) thousand was recognised in the Statement of profit or loss and other comprehensive income (in 2024: EUR 1,046 thousand),
- EUR (264) thousand was recognised in the Intangible assets (in 2024: EUR (5,051) thousand).

20.1 Description of Company's provisions and the expected timing of resulting outflows of economic benefits

Employee benefits

Provisions for employee benefits include a statutory retirement benefit payable to the Company's employees (Note 1.12.3). The period of non-current provision is calculated according to each employee using actuarial assumptions that include:

	2025	2024
Discount rate	3.26%	3.56%
Annual employee turnover rate	8.7%	8.9%
Annual salary increase	5%	5%
Average time until retirement (years)	18	18

Servitudes

The provision for servitudes relates to the compensation of easements to third parties when the distribution operator (the Company) installs electricity networks on land belonging to them. A one-time compensation for the use of statutory easements is paid to compensate for losses when a third party applies the request for compensation. The Company's management estimated that the period during which third parties will apply for compensation is 10 years starting from 2023. An additional 1-year deadline for the payment of compensation from the date of submission of the application was applied (the methodology of servitude related compensations provides two years for the payment from the date of submission of the application, but in fact the Company pays within one year).

Protection zones

The provision for registration of protection zones relates to the Company's obligation to register special protection conditions (protection zones) for land near the Company's infrastructure objects. According to the Company's management plans the registration of protection zones should last till the end of 2026.

20.2 Significant accounting estimates and judgements

20.2.1 Regulated Activities: Accrued Income and Provisions

The National Energy Regulatory Council (NERC) regulates the Company's profitability by approving service prices for the coming year. The price level depends on the expected costs for the upcoming year, the forecasted volume of services provided, deviations of the profit earned in previous periods from the regulated level, and other factors.

The Company's actual costs incurred during the year may differ from the estimated costs considered when approving the prices, and the actual service volumes may also differ from the forecast volumes. As a result, the Company's actual profit may deviate from the regulated level, and the resulting difference affects service prices in future periods.

21 Deferred income and advances received

21.1 Deferred income

EURk	2025			2024		
	Current portion	Non-current portion	Total	Current portion	Non-current portion	Total
Deferred income under contracts with customers						
Deferred income related to new customers connections and upgrades	19,118	383,671	402,789	16,405	333,597	350,002
Deferred income related to electricity over declaration	-	-	-	-	-	-
Other deferred income	3	1	4	3	-	3
Carrying amount	19,121	383,672	402,793	16,408	333,597	350,005

Movement in the Company's deferred income:

EURk	2025			2024		
	Current portion	Non-current portion	Total	Current portion	Non-current portion	Total
Balance as at 1 January	16,408	333,597	350,005	14,082	285,862	299,944
Increase during the year	2,713	67,768	70,481	2,326	63,004	65,330
Recognised as revenue	(17,693)	-	(17,693)	(15,269)	-	(15,269)
Reclassifications between items	17,693	(17,693)	-	15,269	(15,269)	-
Balance as at 31 December	19,121	383,672	402,793	16,408	333,597	350,005

Revenue from new customer connections and upgrades are recognised over the average useful life of related items of property, plant and equipment. For average useful life of related items please ref. Material accounting policies, Note 1.5.

21.2 Advances received

EURk	31 Dec 2025	31 Dec 2024
Current prepayments under contracts with customers (contract liabilities)	67,060	64,007
Current prepayments under other contracts	336	279
Total	67,396	64,286

22 Other current liabilities

EURk	31 December 2025	31 December 2024
Amounts payable for property, plant and equipment	36,209	48,300
Payroll related liabilities	13,539	13,717
Non-controlling interest dividends	2,140	2,150
Accrued expenses	3,366	1,833
Taxes (other than income tax)	482	295
Other current liabilities	10,635	6,868
Carrying amount	66,371	73,163

Financial liabilities comprise EUR 48,984 thousand from total Other current liabilities (31 December 2024: EUR 57,318 thousand). Accrued expenses, taxes and payroll-related liabilities are not financial liabilities.

23 Contingent liabilities and commitments

23.1 Contingent liabilities related to temporary regulatory differences

In 2025 and 2024 the Company operated in regulated activities the actual earnings of which may be at variance with the regulated level, and the resulting difference affects the future tariffs of services. Refer to the (Note 24.1) for more information on regulated activities for which no provision was recognised.

23.2 Significant acquisition commitments

As at 31 December 2025 and 2024 the Company had significant acquisition commitments of property, plant and equipment, which will have to be fulfilled during the later years (Note 11.3).

24 Temporary regulatory differences

24.1 Regulatory activity: Accrual of income and regulatory provisions from regulated activities

Actual costs incurred by the Company during the year may be at variance with the projected costs that are considered during the approval of the tariffs, and the actual volume of services may be at variance with the projected one. Accordingly, the actual earnings of the Company may be at variance with the regulated level, and the resulting difference will affect the future tariffs of services. Such differences are considered to be temporary regulatory differences.

The Company recognises the assets and liabilities of the regulated activities only when the Company has a guarantee (stipulated in NERC resolutions or laws) that even in case of discontinuing regulated activities, the differences would be refunded to the Company in case of undercollection or the Company will have to refund in case of overcollection.

Changes in regulatory assets and liabilities include:

- New temporary regulatory differences' that are the management's estimates for the current year, which are calculated using the actual financial and operational data and are not yet confirmed by NERC;
- Received previous years differences' that are the amounts received during the current year for the differences in previous periods through tariffs based on the resolutions passed by NERC;
- Returned previous years differences' that are the amounts repaid during the current year for the differences in previous periods through tariffs based on the resolutions passed by NERC;
- Recalculation of previous years differences' that applies in case the regulatory differences confirmed by NERC do not agree with the differences estimated by the management.

24.2 Movement of regulatory assets and liabilities

EURm	Not recognised in the Statement of financial position		Total
	Electricity distribution	Natural gas distribution	
Balance as at 1 January 2024	(284.3)	(14.0)	(298.3)
New temporary regulatory differences	(28.3)	(7.8)	(36.1)
Received previous years differences	0.0	0.0	0.0
Returned previous years differences	51.0	2.4	53.4
Recalculation of previous years differences	(1.7)	(4.9)	-6.7
Balance as at 31 December 2024	(263.3)	(24.4)	(287.7)
			0.0
Balance as at 1 January 2025	(263.3)	(24.4)	(287.7)
New temporary regulatory differences	(24.5)	(6.7)	(31.2)
Received previous years differences	0.0	0.0	0.0
Returned previous years differences	98.4	7.5	105.9
Recalculation of previous years differences	26.0	(3.2)	22.8
Balance as at 31 December 2025	(163.4)	(26.7)	(190.2)
Non-current	(103.2)	(17.3)	(120.6)
Current	(60.2)	(9.4)	(69.6)

24.2.1 Regulatory assets and liabilities not recognised in the Statement of financial position

Electricity distribution

Regulatory differences are determined in accordance with the Methodology for setting the price caps for electricity transmission, distribution and public supply services (hereinafter – the Methodology) and are of two types: adjusted by the regulator (NERC) or estimated by the Company.

NERC adjusts the regulatory differences after the first two years of the regulatory period for the regulated activities, and then after four years of the regulatory period as well as after the entire regulatory period (including the extension of the regulatory period), which reduces the level of revenue allowed for the regulated activities for the following year.

The Company has agreed with the regulator to amend the repayment period of the EUR 160.0 thousand regulatory difference to 2024–2031 (from 2024–2036). In this regard, NERC upgraded the methodology for calculating the additional tariff component and linked it to the leverage level cap of 5.5x (ESO Net Debt/ ESO Adjusted EBITDA, both calculated based on the methodology approved by NERC), which means that if ESO's leverage level exceeds the predetermined cap, the additional tariff component will increase proportionally.

According to the amendment, the regulatory differences for B2C customers (EUR 57.1 thousand, including accrued interest) will be repaid over a period of 2 years and 3 months (from 1 April 2024 to 30 June 2026). For B2B customers (EUR 100.6 thousand, including accrued interest), the repayment period is 7 years and 9 months (from 1 April 2024 to 31 December 2031).

The regulatory difference mentioned above relates to the changes in the Networks methodology in 2021 and, in turn, the recalculated ROI and D&A for the period 2018–2021. Accordingly, after the agreement was made, the Methodology for determining the price caps for electricity transmission, distribution and public supply services has been changed.

The evaluation of the return on investment for 2024 and 2025 will be performed in 2026, when setting the electricity distribution price caps for 2027.

Natural gas distribution

Regulatory differences are determined in accordance with the Methodology for setting state-regulated prices in the natural gas sector (hereinafter – the Methodology) and are of two types: adjusted by NERC or estimated by the Company.

NERC adjusts the regulatory differences of the regulated activities after the first two years of the regulatory period, and then after four years of the regulatory period as well as after the entire regulatory period (including the extension of the regulatory period), which changes the level of revenue allowed for the regulated activities for the following year.

By Resolution No. O3E-1323 passed on 18 October 2024, NERC has set the price cap for the natural gas distribution price for 2025 on the basis of certificate No.O5E-973 issued on 15 October 2024.

The evaluation of the return on investment for 2024 and 2025 will be performed in 2026, when setting the natural gas distribution income level for 2027.

25 Related-party transactions

Related parties are defined as follows:

- the parent company’s controlling shareholders or those who have significant influence;
- associated companies;
- joint ventures;
- state controlled companies and their subsidiaries (only significant transactions are being disclosed with such companies);
- the Ministry of Finance of the Republic of Lithuania along with agencies and enterprises that are attributable to the governance of the decisions (only significant transactions are being disclosed with such companies);
- the key management personnel and close members of that personnel’s family and their controlled enterprises and companies.

The table below summarises the main types of transactions carried out with related parties were as follows:

Related parties	Relationship	Nature of main transactions
AB „Ignitis grupė”	Ultimate controlling company	Financing provided by parent
AB „Ignitis grupė” group companies	Other AB „Ignitis grupė” group companies	Purchases of services related to leases of assets, information technology and telecommunication services, organization and execution of tenders, accounting and personnel administration services, construction, reconstruction and maintenance of electric equipment
UAB „EPSO-G” group companies	Indirectly controlled by the Ministry of Energy of Lithuania	Sales and purchase of electricity transmission services, capacity services, sales of gas, purchases of gas transmission services, sales and purchases of electricity provision of PSO services
Other related parties	Other entities controlled by state bodies	Sales of electricity, provision of electricity transmission and distribution services

On 18 May 2016 the Company signed with AB „Ignitis grupė” the Group account (cash-pool) agreement of an unlimited validity, under which the Company may obtain current loans from other companies of the Group. The internal lending limit established from 25 May 2025 is EUR 430,000 thousand. The latter limit is valid until 31 January 2026. The interest rate of 3,69% is determined for the one-year period and coincides with interest rates of commercial banks.

As at 31 December 2025, the Company’s balance of cash-pool is reported under borrowings – EUR 337,830 thousand was borrowed from parent company and EUR 42,709 thousand was borrowed from other group companies of AB „Ignitis grupė”.

As at 31 December 2024, the Company’s balance of cash-pool is reported under borrowings – EUR 149,191 thousand was borrowed from parent company and EUR 34,651 thousand was borrowed from other group companies of AB „Ignitis grupė”.

Transactions with related parties as at 31 December were as follows:

Related parties, EURk	Loans payable 31 Dec 2025	Accounts payable 31 Dec 2025	Accounts receivable 31 Dec 2025	Purchases 2025	Sales 2025	Finance expenses 2025
Parent company AB „Ignitis grupė“	1,169,905	257	-	1,459	-	(27,835)
AB „Ignitis grupė“ group companies	42,891	10,471	28,914	82,629	210,540	(2,148)
UAB „EPSO-G“ group companies	-	32,440	3,221	272,411	2,284	-
Other related parties	-	2,691	932	1 193	8,921	-
Total	1,212,796	45,859	33,067	357,692	221,745	(29,983)

Related parties, EURk	Loans payable 31 Dec 2024	Accounts payable 31 Dec 2024	Accounts receivable 31 Dec 2024	Purchases 2024	Sales 2024	Finance expenses 2024
Parent company AB „Ignitis grupė“	988,934	309	151	1,070	-	(24,345)
AB „Ignitis grupė“ group companies	34,765	13,867	33,513	78,445	219,096	(1,310)
UAB „EPSO-G“ group companies	-	31,303	1,436	259,369	24,785	-
Other related parties	-	1,199	844	4,952	10,042	(7)
Total	1,023,699	46,678	35,944	343,836	253,923	(25,662)

25.1 Terms of transactions with related parties

Payment terms set range from 30 to 90 days. Closing debt balances are not secured by pledges, they do not yield interest, and settlements occur in cash. As at 31 December 2025, the Company had EUR 200 thousand of guarantees paid to LITGRID AB under the electricity balancing service agreement (31 December 2024 EUR 200 thousand). These guarantees were reported in the line item other non-current receivables in the statement of financial position. During the year 2025, the Company did not have bad debt allowance for expected credit losses, receivables from related parties.

25.2 Compensation to key management personnel

EURk	2025	2024
Wages and salaries and other short-term benefits to key management personnel	341	302
Whereof:		
Short-term employee benefits	311	283
Termination benefits	30	19
Number of key management personnel	7	6

In 2025 and 2024 members of the Management Board (incl. CEO) were considered to be the Company's key management personnel. For more information on the key management personnel, see section '4 Governance' of this report.

26 Risk management

Risks are a natural and integral part of business activities, and risk profile changes continuously. The Company aims to mitigate its risks and reduce them to an acceptable level through risk management. This part describes only the management of the main financial risks. Other risks management are presented in the Governance section.

The Company is exposed to a variety of financial risks in its operations: market risk (including foreign currency exchange risk, interest rate risk in relation to cash flows), credit risk and liquidity risk. By managing these risks, the Company seeks to mitigate the effects of factors that might have an adverse effect on the Company's financial performance.

26.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in the market prices. The market risk comprises two types of risk:

- foreign currency exchange risk;
- interest rate risk.

26.1.1 Foreign currency exchange risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates.

The sale/purchase contracts of the Company are mainly denominated in euro which is both functional and reporting currency of the Company. The Company is not exposed to significant foreign exchange risk.

26.1.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company's revenue and cash flows are affected by fluctuations in market interest rates, since as at 31 December 2025 the Company had loans granted and received with variable interest rates. The Company has financial assets subject to variable interest rates that are measured at amortised cost and it is therefore exposed to the interest rate risk.

Debt commitments aim to have long-term liabilities with a fixed interest rate. If, for objective reasons, it is not possible to fix the interest rate and the assumed liability amounts to a significant amount, interest rate derivatives would be used for interest management. At least 50% the Company's long-term loan portfolio would consist of long-term fixed-rate loans. The use of any of the interest rate derivatives requires that the maturity date coincides with the maturity date of the debt obligation.

The risk of a negative change in the interest rate of investments is not actively hedged. Risk control measures are used only if there is a clear indication in the market that the interest rate may fall significantly to such an extent that the return on investment becomes negative.

A portion of the Company's loans is subject to a variable interest rate, which is linked to EURIBOR and creates interest rate risk, and another portion is subject to a fixed interest rate. As at 31 December 2025, loans with fixed interest amounted to EUR 1,189,827 thousand (as at 31 December 2024: EUR 993,130 thousand) and loans with variable interest amounted to EUR 9,838 thousand (as at 31 December 2024: EUR 17,739 thousand) (Note 18).

The Company has not entered into any derivative financial instruments to manage the interest rate risk.

The interest rate risk is assessed taking into consideration the Company's sensitivity to changes in interest rates. This assessment is presented in the table below.

	Increase/(Decrease), pp	(Decrease)/Increase in profit
2025	1.0/(1.0)	(98)/98
2024	1.0/(1.0)	(177)/177

As at 31 December 2025 and as at 31 December 2024, the Company had no significant valid interest rate swaps.

26.2 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss.

The Company's exposure to credit risk arises from operating activities of the companies (trade and other amounts receivable) and from financing activities (granted loans, finance lease agreements). The Company's risk related to cash is limited, as the Company keeps cash balances only in reliable financial institutions.

The Company does not guarantee obligations of other parties. Due to specific nature of the Company's operations, no collateral is required from customers, except for agreements on electricity distribution services provided by independent suppliers.

The priority objective of the Company's treasury management is to ensure security of funds and maximize return on investments in pursuance of this objective. Risk of counterparties defaulting is managed by entering into transactions with reliable financial institutions (or subsidiaries of such institutions) with a long-term credit rating (in foreign currency) not lower than 'A-' according to the rating agency Fitch Ratings (or an equivalent rating of other rating agencies).

Maximum credit risk is equal to the carrying amount of the financial assets:

EURk	Note	31 Dec 2025	31 Dec 2024
Financial assets measured at amortised cost			
Non-current receivables		200	200
Trade receivables	14	85,539	82,623
Other receivables		402	72
Loans granted		19	21
Cash and cash equivalents	15	5,759	10,521
Total		91,919	93,437

26.3 Liquidity risk

The Company's policy is to maintain sufficient cash and cash equivalents or have available funding through adequate amounts of committed credit facilities to meet its commitments at a given date in accordance with its strategic plans. The

Company's liquidity (total current assets / total current liabilities) and quick ((total current assets – inventories) / total current liabilities) ratios as at 31 December 2025 were 0.17 and 0.16, respectively (0.27 and 0.26 as at 31 December 2024).

The current level of a debt enables the Company to optimise the capital structure by financing its operations through long-term borrowing solutions, such as long-term loans or bonds transfer agreements. As disclosed in (Note 18), for the purpose of the management of the short-term cash flow needs, the Company had EUR 49,461 thousand unused financing facilities under the agreement regarding the short-term lending to related parties platform (as at 31 December 2024: EUR 46,158 thousand).

The financial statements of the Company are prepared on a going concern basis. Despite the fact that the Company's current liabilities as at 31 December 2025 exceeded current assets by EUR 507,938 thousand (31 December 2024: EUR 296,486 thousand), the Company's management is confident that this circumstance will not have a material impact on the Company's ability to continue as a going concern see in (Note 26.5).

The following table presents information about the Company's financial liabilities by groups:

EURk	Notes	31 Dec 2025	31 Dec 2024
Amounts payable measured at amortised cost			
Loans	18	1,212,796	1,023,699
Lease liabilities	18	24,712	6,474
Trade payables		49,101	42,901
Other current liabilities		48,984	57,318
Total		1,335,593	1,130,392

The table below summarises the maturity profile of the Company's financial liabilities under the contracts (based on contractual undiscounted payments of interest-bearing financial liabilities and the carrying amounts of other financial liabilities):

EURk	31 Dec 2025				Total
	Less than 3 months	3 months to 1 year	1 to 5 years	After 5 years	
Loans	12,026	399,903	682,033	173,054	1,267,016
Lease liabilities	1,087	3,230	15,014	11,156	30,487
Trade payables	49,101	-	-	-	49,101
Other current liabilities	48,972	12	-	-	48,984
As at 31 December 2025	111,186	403,145	697,047	184,210	1,395,588

EURk	31 Dec 2024				Total
	Less than 3 months	3 months to 1 year	1 to 5 years	After 5 years	
Loans ¹	12,437	197,527	502,087	384,391	1,096,442
Lease liabilities	794	2,729	4,158	1,023	8,704
Trade payables	42,901	-	-	-	42,901
Other current liabilities	57,308	10	-	-	57,318
As at 31 December 2024	113,440	200,266	506,245	385,414	1,205,365

¹ Balances as of 31 December 2024 were adjusted due to changes in the assessment of the repayment of financial liabilities under loan agreements, including additional interest of EUR 85,572 thousand in the "Loans" line item.

26.4 Impact of climate change

The Company pays special attention in order to reveal a potential impact of climate change and its related economic, transitional changes on the parent company's activities. This impact may arise from physical (extreme) weather phenomena and from the aspiration of states to adopt the Green Deal, which could cause additional requirements for the energy sector: to comply with new regulations, implement new technological solutions, manage reputational risks, respond to fast growing market demand for green solutions, etc. Read more on the impact of climate change and the parent company's approach on managing it in section '6.2 Environment' of Integrated Annual Report 2025.

Climate change and the transition to net zero have been considered in the preparation of these financial statements. While preparing these financial statements, the following have been considered:

Valuation of property, plant and equipment, and impairment assessment of goodwill

Impact of climate change on provision for risk and on ECL The Company's management does not believe that there are any provisions for risks or potential liabilities requiring consideration in the financial statements in connection with possible disputes, specific regulatory requirements aimed at mitigating environmental damages, sanctions connected to failure to comply with environmental requirements, contracts that may become onerous, possible restructuring works aimed at achieving the climate objectives required. No significant climate and environmental risks had significant impact when calculating the ECL.

The impact of future climate change regulation is not material on the currently reported amounts of the Company's assets and liabilities.

26.5 Going concern

The Company's financial statements have been prepared on a going concern basis. Irrespective of the fact that as at 31 December 2025 the Company's current liabilities exceeded its current assets by EUR 507,938 thousand (as at 31 December 2024, EUR 296,486 thousand), the Company's management believes that this circumstance will not have a material impact on the Company's ability to continue as a going concern. Negative difference between current assets and current liabilities is common for infrastructure managers, developing and renewing its assets, as a significant portion of short-term payables is related to investments in non-current assets. Since the deferment term is generally provided for payments for completed works, until the invoice is paid a situation occurs where the completed works, related to managed non-current assets, are accounted for as non-current assets, and payables – as current liabilities.

A difference between current assets and liabilities as at 31 December 2025, as compared with 31 December 2024, increased mainly due to higher short-term loans under cash-pool agreement (EUR 188,290 thousand), more trade payables and advances received.

It must be noted that the Company's stable cash flows from the main operating activities, which amounted to EUR 264,508 thousand in 2025 (in 2024: EUR 273,424 thousand) will allow to ensure liquidity in the future, and the current level of debt has not reached the maximum level. At the end of 2025, the Company had unused financing facilities (Note 18.2), and the available limit of the Group's cash-pooling platform ensures a reserve of working capital. Sustainable and enabling regulatory environment and the current level of indebtedness will ensure the necessary funding for the business continuity of the Company and the implementation of investment projects in the future.

27 Fair values of financial instruments

The Company does not have any financial instruments measured at fair value. The Company discloses financial liabilities related to loans received.

The Company discloses the fair value of loans granted to the Group companies under loan agreements, which is calculated by discounting future cash flows referring to the interest rate observed in the market. As at 31 December 2025 the Company had no material loans granted (31 December 2024 The Company had no material loans granted). The measurement of loans granted to the Group companies is attributed to Level 3 of the fair value hierarchy.

The Company discloses the fair value of financial liabilities, related to loans received from the Group companies under loan agreements, which is calculated by discounting future cash flows referring to the interest rate observed in the market. As at 31 December 2025, cash flows were discounted at weighted average discount rate of 3.138% for loans over EUR 1 million and 3.138% for loans under EUR 1 million (31 December 2024: 3,546%). Neither as at 31 December 2025 nor 31 December 2024, the Company had no loans of less EUR 1 million. The measurement of loans received from the Group companies is attributed to Level 2 of the fair value hierarchy.

The fair value of the Company's financial liabilities related to loans received under proportional transfer agreements for Green Bonds concluded with the parent company is calculated by discounting cash flows related to the coupon payments with reference to the interest rate observable in the market and the regular future payments related to issued bonds of the parent company. The cash flows were discounted using a weighted average discount rate of 3.138% as at 31 December 2025 (31 December 2024: 3.546%). Discount rates for certain bond issues are determined as bond yields for certain issued bond. Loans under proportional transfer agreements for Green Bonds, concluded with the parent company, are attributed to Level 2 of fair value hierarchy.

The table below shows distribution of the fair value of the Company's financial instruments by hierarchy levels:

EURk	Note	Carrying amount	Level 1	Level 2	Level 3	Total
			Quoted prices in active markets	Other directly or indirectly observable inputs	Unobservable inputs	
As at 31 December 2025						
Financial instruments for which fair value is disclosed						
Liabilities						
Loans received from the Group companies	18	42,891	-	42,891	-	42,891
Loans received from the parent company	18	1,169,905	-	1,139,533	-	1,139,533
As at 31 December 2024						
Financial instruments for which fair value is disclosed						
Liabilities						
Loans received from the Group companies	18	399,222	-	376,990	-	376,990
Loans received from the parent company	18	624,477	-	594,268	-	594,268

28 Events after the reporting period

There were no material subsequent events after the reporting period until the date of issue of these financial statements.

6.6 Accompanying information

1 Material accounting policies

1.1 New standards, amendments and interpretations

1.1.1 Standards and their interpretations, announced and adopted by the European Union, effective for the current reporting period

The following are the new standards and/or amendments to the standards that have been approved by IASB and endorsed in the European Union during the year ended as at 31 December 2025.

Standards or amendments that came into force during the year of 2025

Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability

The adoption of these standards, their revisions and interpretations had no material impact on the financial statements.

1.1.2 Standards issued but not yet effective and not adopted early

While preparing these financial statements, the Company did not adopt the new IFRS, IAS, their amendments and interpretations issued by IASB, the effective date of which is later than 31 December 2025 and whose early adoption is permitted. The following are new standards and/or amendments to the standards that have been issued but not yet effective:

Other standards

The following new and amended standards are not expected to have a significant impact on the financial statements.

Other new standards or amendments	IASB Effective date	EU Endorsement status
Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7	1 January 2026	Endorsed
Annual Improvements Volume 11	1 January 2026	Endorsed
Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7	1 January 2026	Endorsed
IFRS 19 Subsidiaries without Public Accountability: Disclosures	1 January 2027	Not yet endorsed
IFRS 18 Presentation and Disclosure in Financial Statements	1 January 2027	Not yet endorsed
Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Translation to a Hyperinflationary Presentation Currency	1 January 2027	Not yet endorsed

1.2 Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rate of monetary assets and liabilities denominated in foreign currencies are recognised in Statement of profit or loss and other comprehensive income.

1.3 Revenue from contracts with customers

The Company in the contracts with customers identifies performance obligations (stated either explicitly or implied) to transfer either distinct goods or services or series of distinct goods or services that are substantially the same and have the same pattern of transfer to the customer. Promised goods or services represent separate performance obligation if the goods or services are distinct. A promised good or service is considered distinct if both of the following criteria are met:

- customer can benefit from the good or service on its own or with other readily available resources (i.e. distinct individually) and
- the good or service is separately identifiable from other promises in the contract (distinct within the context of the contract).

The Company's major legal performance obligations identified in the contracts with customers are: sale of electricity and gas, supply of electricity, sales of produced electricity, services ensuring the isolated operation of power system and capacity reserve, distribution of gas, distribution and transmission of electricity, new customers connection and upgrade, provision of Public Service Obligations (hereinafter referred to as 'PSO services') and provision of Liquefied Natural Gas Terminal Security Component Obligations (hereinafter referred to as 'LNGT services').

Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties.

For certain service contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously. When recognising revenue, the Company takes into consideration terms of contracts signed with customers and all significant facts and circumstances, including the nature, amount, timing and uncertainty relating to cash flows arising from the contract with the customer.

1.3.1. Electricity-related revenue

1.3.1.1 Revenue from electricity transmission and distribution

Revenue from electricity transfer (includes both transmission and distribution) of electricity to household customers is recognised over the time in accordance with invoices issued, in which the presented volume of electricity consumed is calculated on the basis of declared or actual readings, i.e. determined upon inspection or received via smart meters. If declared or actual meter readings are not available, revenue from electricity distribution and transmission is recognised based on the average usage estimation method.

Revenue from electricity transfer (includes both transmission and distribution) to business customers is recognised over time based on the actual electricity supplied which is determined in accordance with readings of electricity meters. Invoices are issued for customers after the end of the month during which the performance obligation is fulfilled, i.e. in the beginning of the next month, thus assets of contracts are not recognised. Also, these contracts with customers do not provide for any advance payments before or during fulfilment of the obligation, however, in case of over-declaration by customers, overpayments occur which are recognised as obligations of contracts. The contracts do not establish any significant payment terms.

Electricity transmission services are provided by and purchased from the electricity transmission system operator. The Company collects fees for electricity transmission services from household and business customers through the electricity tariff paid by the consumer and transfers them to the electricity transmission system operator. The Company's management has identified that the Company acts as a principal in relation to electricity transmission services acquired from the electricity transmission system operator and recognises revenue from electricity transmission (Note 6.7).

Revenue from electricity distribution and transmission is subject to regulation.

1.3.1.2 Revenue from last resort electricity supply

The Company provides a last resort electricity supply service to household and non-household customers. Supply of last resort electricity means ensuring electricity supply to consumers on a temporary basis for 6 months:

- who have not chosen the independent supplier within the set time;
- whose chosen independent supplier has failed to fulfil its obligations to supply electricity on agreed terms and conditions;
- whose chosen independent supplier has discontinued its operations;
- whose chosen independent supplier has terminated the electricity purchase and sale agreement concluded with the consumer.

The supply of last resort electricity tariff for the consumers who are ensured guaranteed electricity supply includes the distribution and transmission service price, PSO (Public service obligation) price and guaranteed supply price. Invoices are issued for customers after the end of the month during which the performance obligation is fulfilled, i.e. in the beginning of the next month; also, these contracts with customers do not provide for any advance payments before or during fulfilment of the obligation, therefore assets and obligations of contracts are not recognised. The contracts do not establish any significant payment terms.

Supply of last resort price includes electricity price which is calculated by applying the coefficient of 1.15 for household customers and 1.25 for non-household customers to the average power exchange price for the previous month. Revenue from supply of last resort is recognised over the time based on invoices issued, in which the presented volume of electricity consumed is calculated on the basis of declared or actual readings, i.e. determined upon inspection or received via smart meters.

The Company collects PSO fees through the electricity tariff paid by the customers and transfers them to the PSO fund administrator Baltpool UAB. The Company's management identified that in respect of collecting and transferring PSO fees the Company acts as agent, therefore, PSO fees are accounted for by netting revenue against expenses in the line item "Purchase of electricity and related services" in statements of profit or loss.

Revenue from supply of last resort is subject to regulation.

The price caps of electricity distribution services are established in accordance with the Methodology for the Determination of the Price Caps of Electricity Transmission, Distribution and Public Supply Services (hereinafter - "the Methodology") approved by Resolution No O3-3 of 15 January 2015 of the Council.

The price caps of electricity distribution services are established for the regulatory period of 5 years (the 2022-2026 regulatory period is currently applicable to the electricity sector) and they can be adjusted not more than twice per year if substantial changes in one or several factors, based on which the price caps were determined, occur, including a substantial change in the scope of services, inflation, taxes and other objective factors (outside the control of the market participant).

1.3.2 Gas-related revenue

1.3.2.1 Revenue from natural gas distribution

Revenue from non-household customers for the distribution of natural gas is recognised over time based on the readings of measuring devices provided by users or, if users did not provide the readings of measuring devices, referring to the quantities of gas calculated according to the approved methodology for the calculation of quantities of natural gas, as agreed with NERC (an accrual basis).

Revenue from household customers is recognised over time based on the quantities of gas calculated according to the approved methodology for the calculation of quantities of natural gas, i.e. the calculation of revenue takes into account mismatches between quantities of gas declared by household customers and quantities of gas distributed to them (an accrual basis). Revenue from household consumers does not form a significant part of revenue from natural gas distribution activities. Invoices are issued for customers after the end of the month during which the activity obligation is fulfilled, i.e. in the beginning of the next month; also, these contracts with customers do not provide for any advance payments before or during fulfilment of the obligation, therefore assets and obligations of contracts are not recognised. The contracts do not establish any significant payment terms.

The pricing of the natural gas distribution service is regulated by the Council in accordance with the Procedure for Determining Regulated Prices in Natural Gas Sector approved by Resolution No O3-367 of 13 September 2013 of the Council.

The price cap and/or revenue cap of natural gas distribution service is established for the regulatory period of 5 years (the 2022–2026) regulatory period is currently applicable to the natural gas sector) and it can be adjusted once per year if there is a change in the inflation level, prices of imported (transported into the country) natural gas, taxes, requirements of regulatory legislation, also when the investments agreed with the Council have been implemented by natural gas companies, when those companies do not reach or exceed the revenue cap or deviate from the indicators established by the description approved by Resolution No O3-90 of 11 April 2012 of the Council.

Revenue from natural gas distribution is subject to regulation.

1.3.3 Other significant revenue from contracts with customers

1.3.3.1 Revenue from connection of new customers

Proceeds from new customers' connection fees obtained by the Company are recognised as income for the period in which the Company ensured the connection to electricity and gas distribution network. The Company signs separate agreements with customers for connection services. Company also signs a distribution agreement with business customers for electricity distribution or has an implied contract for electricity distribution service with private customers and gas distribution service with business and private customers. Connection fees do not represent a separate performance obligation from the sale of ongoing distribution of electricity or gas services as are highly interrelated. Having entered into a contract with a customer, the customer shall make an 100% advance payment which is accounted for by the Company as a contract liability as an advance received (Note 20.2). Subsequently, after connection works have been completed, the certificate of transfer and acceptance of works is signed and the invoice is issued, and then these payments received from customers are accounted for as deferred income (contract liabilities, see Note 20.1), which are proportionally recognised as revenue over the estimated period of relationship with customers limited by the useful life of property, plant and equipment, being 27 years for electricity grid and 46–55 years on for gas grid. Connection fees received from customers are accounted for as "Liabilities under connection contracts with customers" in the statement of financial position.

1.4 Intangible assets

1.4.1 Computer software

Computer software is accounted for at acquisition cost less accumulated amortisation and impairment losses. Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Amortisation is calculated using the straight-line method over the estimated useful lives of 3 years.

1.4.2 Servitudes

The category of the Company's intangible assets "Servitudes and protection zones" includes the Company's rights to use the land plots owned by third persons on the basis of servitudes. Servitudes comprise statutory and contractual servitudes:

- Statutory servitudes comprise the Company's rights to use the land plots owned by third persons in which electric networks were established up to 10 July 2004 based on statutory servitudes. During the period from 10 July 2004 until 2018, according to the provisions of the Law on Electricity (hereinafter – the LE) in force at the time, it was provided that the establishment of new networks can only be agreed with the owners, thus during this period the owners were negotiated individually (notary contracts were concluded, agreements made with the consent of the owner etc.), therefore the LE does not provide for the obligation to reimburse the Company for servitude established during this period.
- Contractual servitudes comprise the Company's rights to use the land plots owned by third persons in which electric networks were established since 2018 based on servitudes.

The useful life of an intangible asset is indefinite, therefore, these assets are not subject to amortisation. Useful life of intangible assets are indefinite since the right to use the land is granted for an indefinite period of time according to the conditions of agreements for compensation for servitudes as well as Clause 4.130 of Civil code of the Republic of Lithuania. It implies that, irrespective of the condition of the Company's property, plant and equipment, the right to use designated land plot is retained and (after the physical condition of the property is restored or a new property is developed), the land plot will continue to be used for indefinite time. Provision for non-current obligations is accounted for under IAS 37 to compensate for statutory provisions. The estimation of the amount of the provision takes into account the expected time of settlement and the number of applicants. The provision is calculated at the discounted value.

The Company tests the intangible assets of servitudes for potential impairment, by comparing their recoverable value with the carrying value at least once per year or when there are signs of impairment. If the value of the asset changes, such change is accounted for by decreasing/increasing the value of the assets of servitudes.

1.4.3 Special conditions on land use (protection zones)

A group of the Company's intangible assets "Servitudes and protection zones" includes the Company's obligations to register and the right to use a third-party land on the basis of special conditions on land use. The accounting policies applied are analogous to those applied (see Note 10.4).

1.4.4 Other intangible assets

Intangible assets are recognised at cost less accumulated amortisation and any accumulated impairment loss, if it is probable that future economic benefits that are attributable to the asset will flow to the Company. Amortisation is calculated on the straight-line basis over the estimated economic useful life of 3 to 4 years. Amortisation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be available for operating in the manner intended by management.

1.5 Property, plant and equipment

The assets, which are allocated to electricity business segment cash generating unit (hereinafter as 'Electricity Business segment CGU or Electricity CGU'), are accounted for at revalued amount and assets, which are allocated to gas business segment cash generating unit (hereinafter as 'Gas Business Segment CGU or Gas CGU'), are accounted for at cost.

At cost method – Gas CGU

Land
Buildings
Gas distribution pipelines, gas technological equipment and installations
Construction-in-progress
Other property, plant and equipment

At revalued amount – Electricity CGU

Electricity networks and their structures
Construction-in-progress

In Construction-in-progress are assigned to various asset groups, therefore part of the assets of this group are accounted for at cost method, the other part – at revalued amount.

Cost includes replacement costs of components of property, plant and equipment when incurred and when these costs meet the recognition criteria of property, plant and equipment. The carrying amount of the replaced part is derecognised. Subsequent repair costs are included in the asset's carrying amount, only when it is probable that future economic benefits associated with these costs will flow to the Company and the costs can be measured reliably. All other repairs and maintenance costs charged to statement of profit or loss during the financial period in which they are incurred.

Property, plant and equipment include spare parts, spare equipment and maintenance equipment when they meet the definition of property, plant and equipment. The assets' residual values and useful lives are reviewed at least once per year and adjusted if appropriate. For accounting of borrowing costs (Note 1.7.2.4).

When asset is retired or otherwise disposed of, the cost and related accumulated salaries are derecognised, and any related gains or losses are included in statement of profit or loss. Gains or losses on disposal of property, plant and equipment are determined as proceeds received on disposal less the carrying amount of assets disposed. When revalued assets are disposed, the corresponding portion of revaluation reserve is transferred to retained earnings.

Construction in progress is transferred to appropriate categories of property, plant and equipment when asset is completed and ready for its intended use.

Increases in the carrying amount arising on revaluation of property, plant and equipment are recognised in other comprehensive income of statement of comprehensive income and accumulated to the revaluation reserve in equity. However, the increase is recognised in statement of profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss section. Decreases in the carrying amount of an asset arising on revaluation are generally recognised in profit or loss section; decreases that offset previous increases of the same asset are recognised in other comprehensive income section and charged against the revaluation reserve. Each year the difference between depreciation based on the revalued amount of the asset (when the carrying amount increases after revaluation) is charged to profit or loss section and depreciation based on the asset's original acquisition cost is transferred from revaluation reserve to retained earnings, net of deferred tax.

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate the acquisition cost/revalued amounts to their residual values over their estimated useful lives (number of years), as follows:

Groups of property, plant and equipment	Useful life (number of years)
Buildings	15-60
Electricity networks and their structures	
Engineering constructions	50
35-110 kV transformer substation constructions	35
6-10 kV electricity distribution constructions	35
10/0.4 kV transformer constructions	35
Communication and operation system constructions	15-25
Electricity networks and their structures	5-50
35-110 kV transformer substation equipment (excl. constructions)	30
6-10 kV distribution equipment (excl. constructions)	30
10/0.4 kV capacity transformers	30
35 kV cables and lines	40-45
0.4-10 kV cables and lines	15-40
35-110 kV capacity transformers	40
Communication and operation system equipment (excl. constructions)	5-45
Hydrotechnical structures and equipment	50-75
Gas distribution pipelines, gas technological equipment and installations	13-55
Vehicles	5-10
Computer hardware and other communication equipment	3-10
Other property, plant and equipment	3-50

1.6 Right-of-use assets

Right-of-use asset is the asset that reflects the right of the Company to use the leased asset over the life of a lease. The Company recognises a right-of-use asset for all types of leases, including leases of right-of-use assets in sublease, with the exception of leases of intangible assets, short-term leases and leases for which the underlying asset is of low value.

1.6.1 Initial measurement of right-of-use assets

At the commencement date, the Company measures right-of-use assets at cost. The cost of right-of-use assets comprises: the amount of the initial measurement of the lease liability, any lease payments at or before the commencement date, less any lease incentives received; any initial direct costs incurred by the Company; and an estimate of the costs that the Company will incur in dismantling and disposing of the leased asset, maintaining its location or restoring the leased asset to the condition which is required under the lease terms, unless those costs are incurred in producing the inventories. The Company assumes a liability for these costs at the commencement date or by using the leased asset for a specified period. The Company recognises these costs as part of the cost of right-of-use assets when an obligation for those costs is assumed.

1.6.2 Subsequent measurement of right-of-use assets

Subsequent to initial recognition, the Company measures the right-of-use asset at cost. Under the cost model, the Company measures a right-of-use asset at cost: less any depreciation and any accumulated impairment losses adjusted for any remeasurement of the lease liability.

The right-of-use assets are depreciated by the Company under the depreciation requirements of IAS 16, Property, Plant and Equipment.

Depreciation of right-of-use assets on a straight-line basis:

Group of right-of-use assets	Depreciation period (in years)
Land	3-136
Vehicles	2-5
Premises	3-31
Other right-of-use assets	3-6

If the lease transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the lessee will exercise a purchase option, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Company calculates the depreciation of the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Company presents right-of-use assets in the statement of financial position separately from property, plant and equipment.

1.7 Financial instruments

A financial instrument is any contract resulting in the creation of a financial asset in one entity and a financial obligation or ownership instrument in another.

1.7.1 Financial assets

The Company classifies its financial assets into the following 3 categories:

- financial assets subsequently measured at amortised cost;
- financial assets subsequently measured at fair value recognising the change in fair value through other comprehensive income (hereinafter – FVOCI); and
- financial assets subsequently measured at fair value recognising the change in fair value through profit or loss (hereinafter – FVTPL).

Transaction costs comprise all charges and commission that the Company would not have paid if it had not entered into an agreement on the financial instrument.

In order for a financial asset to be classified and measured at amortised cost or FVOCI, it needs to give rise to cash flows that are “solely payments of principal and interest” (hereinafter – SPPI) on the principal amount outstanding. This measurement is referred to as the SPPI test and is performed at a financial instrument level. Financial assets related to cash flows, which are not SPPI, are classified and measured at FVTPL, irrespective of the business model. Interest income calculated on these financial assets is recognised as finance income and amortised using the effective interest rate method. Any gain or loss arising from the write-off of assets is recognised in statements of profit or loss. Impairment loss is accounted for as the cost of receivables and impairment of loans in statements of profit or loss.

Subsequent to initial recognition, financial assets are classified into the afore-mentioned categories based on the business model the Company applies when managing its financial assets and characteristics of cash flows from these assets. The business model applied to the group of financial assets is determined at a level that reflects how all groups of financial assets are managed together to achieve a particular business objective of the Company. Intentions of the Company’s management in respect of individual instruments do not have an effect on the applied business model. The Company may apply more than one business model to manage its financial assets. Taking into consideration the business model applied in management of the group of financial assets, the accounting of the financial assets, except for those which are subsequently measured at FVOCI and FVTPL, and which the Company does not have, is as follows:

1.7.1.1 Financial assets measured at amortised cost

Financial assets measured at amortised cost are subsequently accounted for using the effective interest rate (hereinafter – “EIR”) method and are subject to impairment. Amortised cost is the amount at which the financial instrument was recognised at initial recognition minus principal repayments, plus accrued interest, and, for financial assets, minus any write-down for expected credit losses.

Financial assets are recognised as current assets, except for maturities greater than 12 months after the date of the preparation of the statement of financial position, in which case they are classified as non-current assets.

1.7.1.2 Effective interest rate method

The EIR method is used in the calculation of the amortised cost of a financial asset and in the allocation of the interest revenue in statements of profit or loss over the relevant period.

The EIR is the rate that exactly discounts estimated future cash inflows through the expected life of the financial asset to the gross carrying amount of the financial asset that shows the amortised cost of the financial asset, before adjusting for any loss allowance. When calculating the EIR, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the EIR, transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the Company uses the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

1.7.1.3 Impairment of financial assets – expected credit losses (ECL)

The Company assesses on a forward-looking basis the ECL associated with its debt instruments carried at amortised cost regardless of whether there are any impairment indicators.

Credit losses incurred by the Company are calculated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash

shortfalls), discounted at the original effective interest rate. The Company estimates cash flows by considering all contractual terms of the financial instrument through the expected life of that financial instrument, including cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

ECL are measured in a way that reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes; the time value of money; and reasonable and supportable information about past events and current conditions, and reasonable and supportable forecasts of future events and economic conditions at the reporting date.

Lifetime ECL are expected credit losses that result from all possible default events over the period from the date of initial recognition of a financial asset to the subsequent date of settlement of the financial asset or ultimate write-off of the financial asset.

The Company seeks for lifetime expected credit losses to be recognised before a financial instrument becomes past due. Typically, credit risk increases significantly before a financial instrument becomes past due or other lagging borrower-specific factors (for example, a modification or restructuring) are observed. Consequently, when reasonable and supportable information that is more forward-looking than past due information is available without undue cost or effort, it must be used to assess changes in credit risk. Expected credit losses are recognised by taking into consideration individually or collectively assessed credit risk of loans granted and trade receivables. Credit risk is assessed based on all reasonable information, including future-oriented information.

The Company applies individual and collective approach for assessment of impairment of receivables.

In application of the collective approach for determination of expected credit losses of receivables, the Company applies a provision matrix to calculate the provision for losses in respect of trade receivables with different maturities and overdue payment periods. To measure ECL, trade receivables are grouped based on shared credit risk characteristics. The non-recoverability analysis is conducted for the past 3 years in order to determine the general default ratio.

The Company's management decides on an individual assessment taking into consideration the possibility to obtain information about the credit history of a particular borrower, its financial position as at the date of assessment, including forward-looking information that would allow to timely determine whether there has been a significant increase in the credit risk of that particular borrower, thus enabling making judgement on the recognition of lifetime ECL in respect of that particular borrower. In absence of reliable information sources regarding the borrower's credit history, its financial position as at the date of assessment, including forward-looking information, the Company assesses the debt applying the collective approach.

Recognition stages of expected credit losses on loans and cash and cash equivalents:

1. Upon granting of a loan or receiving cash or cash equivalents, the Company recognises the ECL for the twelve-month period. Interest income from the loan (finance lease) or cash equivalents is calculated on the carrying amount of financial assets without adjusting it by the amount of ECL.
2. Upon establishing that the credit risk related to the borrower or bank, where cash and cash equivalents are held, has significantly increased (reflected by accounts receivable overdue for more than 30 days and significant negative information about changes affecting the borrower, etc.), the Company accounts for the lifetime expected credit losses of the loan or finance lease agreement. All lifetime expected credit losses of a financial instruments are calculated only when there is a significant increase in credit risk relating to the borrower. Interest income from the loan (finance lease) or cash equivalents is calculated on the carrying amount of financial assets without adjusting it by the amount of ECL.
3. Where the Company determines that a recovery of the debt becomes doubtful, when contractual payments are 90 days past due, and that the debt of this customer shall be classified as doubtful debts, the Company then classifies this loan as a financial asset that is impaired due to credit risk (doubtful loans and receivables). The loan interest income is calculated on the carrying value of the financial assets, reduced by the amount of ECL.

The lifetime expected credit losses of loans receivable and trade receivables are recognised in statements of profit or loss.

ECL for cash and cash equivalents is estimated evaluating credit ratings and other significant criteria (such as liquidity, capital adequacy supervision) of the financial institutions in which cash deposits are held. The management's estimation is that ECL for cash and cash equivalents usually is not significant.

1.7.1.4. Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

- a) significant financial difficulty of a borrower;
- b) a breach of contract, such as a default or a past due event for more than 90 days;
- c) the lender, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- d) it is becoming probable that the borrower will enter bankruptcy or another financial reorganization;
- e) the disappearance of an active market for that financial asset because of financial difficulties;
- f) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

The combined effect of several events that may occur simultaneously or subsequently throughout the term of validity of the agreement on the financial assets may have caused financial assets to become credit-impaired.

1.7.2 Financial liabilities and equity instruments issued

Debt or equity instruments are classified initially as financial liabilities or equity based on the substance of the arrangement. The Company has not issued any equity instruments except issued capital.

1.7.2.1 Initial recognition and measurement of financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL (change in fair value of which is accounted through profit or loss), loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge. All financial liabilities are recognised initially at fair value and, in the case of loans, liabilities and payables, net of directly attributable transaction costs

1.7.2.2 Subsequent measurement

For the purposes of subsequent measurement, financial liabilities fall into two categories:

- Financial liabilities at FVTPL. As at 31 December 2025 and 2024, the Company has not designated any financial liability at FVTPL.
- Financial liabilities accounted for at amortised cost.

1.7.2.3 Financial liabilities measured at amortised cost

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gain and loss is recognised statements of profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs statements of profit or loss.

1.7.2.4 Presentation and borrowing costs

Financial liabilities are classified as current unless the Company has an unconditional right to postpone repayment for at least 12 months after the end of the reporting period.

If a financing agreement concluded before the date of the statement of financial position proves that the liability was non-current by its nature as of the date of the statement of financial position, that financial liability is classified as non-current.

Borrowing costs directly attributable to the acquisition, construction or production of assets the value of which exceeds EUR 100 thousand and that necessarily take a substantial time (more than one year) to get ready for intended use or sale are capitalised as part of the costs of those assets until those assets are completely ready for use or sale. Interest income that relate to temporal investment of borrowed funds until their use for the acquisition of the assets are deducted from the acquisition cost of the assets.

1.8 Inventories

Inventories are stated at the lower of cost and net realisable value. The cost is established using the FIFO method, except for natural gas the cost whereof is established using the weighted average (see further). The cost of inventories comprises purchase price, taxes (other than those subsequently recoverable by the Company from the tax authorities), transportation, handling and other costs directly attributable to the acquisition of inventories. Cost does not include borrowings costs. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated selling expenses.

The weighted average cost is calculated as the weighted average price of inventories at the beginning of the month and purchases per month.

1.9 Lease liabilities

At the commencement date, the Company measures lease liability at the present value of the lease payments that are not paid at that date. At the commencement date, the lease payments included in the measurement of the lease liability comprise: fixed payments, less any lease incentives receivable; variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date; amounts expected to be payable by the lessee under residual value guarantees; the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; payments of penalties for terminating the lease, if the lease term reflects the Company exercising an option to terminate the lease.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the initial recognition, the Company shall measure the lease liability by: increasing the carrying amount to reflect interest on the lease liability; reducing the carrying amount to reflect the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

1.9.1 Short-term and low-value lease

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). The Company also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease related discounts are charged to the lease income proportionally over the term of the lease. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

1.9.2 The Company as an operating lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Lease payments are accounted for on a straight-line basis over the lease term and recognised as other revenue in statements of profit or loss based on its lease nature. Initial direct costs incurred in negotiating and arranging a lease are added to the carrying amount of the leased asset and recognised as rental costs over the lease term on the same basis as income received under the lease agreement. Contingent payments are recognised as revenue in the period in which they are earned.

1.10 Grants and subsidies

1.10.1 Asset-related grants

For presentation of grants related to assets the Company uses the method which recognises the grant as deferred income that is recognised in Statement of profit or loss and other comprehensive income on a systematic basis over the useful life of the asset. Government and the EU asset-related grants comprise grants received in the form of non-current assets or in the form of cash intended for the acquisition of non-current assets. Grants are initially recorded at the fair value of the asset received and subsequently recognised statements of profit or loss by reducing the depreciation charge of the related asset over the expected useful life of the asset. Liability related to received asset-related grants is presented in the statement of financial position under the item of non-current liabilities "Grants and subsidies".

Upon the revaluation of non-current assets and in case impairment was recognised on revaluation, grants related to this non-current assets are written off in a respective proportion.

1.10.2 Income-related grants

Government and the EU grants received as a compensation for the expenses or unearned income for current or previous reporting period, and all grants other than those related to assets, are considered as grants related to income. The income-related grants are recognised as used in parts to the extent of the expenses incurred during the reporting period or unearned income to be compensated by that grant. These grants are presented statements of profit or loss, less related expenses.

1.11 Provisions

Provisions are recognised when the Company has a legal obligation or irrevocable commitment as a result of the past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects that provision amount in part or in full will be compensated, e.g. under an insurance contract, compensation to be received is recorded as a separate asset, but only when it is virtually certain. Expenses related to provisions are recorded statements of profit or loss, net of compensation receivable. If the effect of the time value of money is material, the amount of provision is discounted using the effective pre-tax discount rate based on the interest rates for the period and taking into account specific risks associated with the provision as appropriate. When discounting is applied, increase in the provisions reflecting the period of past time is accounted for as finance expense.

1.11.1 Provisions for servitudes

Expenses related to provisions for servitudes are recognised as non-current intangible assets taking into consideration the amounts of compensation.

Compensation payments to land owners are accounted for as a decrease in provisions, while remeasurement of provisions due to changes in underlying assumptions is recorded as a change in respective intangible asset.

1.11.2 Provisions for registration of protection zones

Expenses related to provisions for registration of protection zones are recognised as non-current intangible assets taking into consideration the amounts of compensation.

Compensation payments to land owners are accounted for as a decreases in provisions, while remeasurement of provision due to changes in underlying assumptions is recorded as a change in respective intangible asset.

1.12 Employee Benefits

1.12.1 State plans

The Company participates only in State plans. State plans are established by legislation to cover all entities and are operated by national or local government or by another body (for example, in the case of the Company, the State Social Security Fund). State plans are defined benefit plan under which the Company pay fixed contributions into a separate entity and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. These contributions are recognised as an expense on an accrual basis and are included within remuneration expenses.

1.12.2 Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan and agreements signed with employees without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy that cannot be withdrawn.

1.12.3 Non-current employee benefits

Each employee of retirement age who terminates his/her employment with the Company upon retirement is entitled to receive a payment equal to 2 monthly salaries as stipulated in the Lithuanian laws.

If an employee belongs to trade union of the Company, he/she is also entitled to additional retirement benefit according in accordance with the agreement of the Company. A liability for such pension benefits is recognised in the statement of financial position and reflects the present value of these benefits at the date of the statement of financial position. The aforementioned non-current liability for pension benefits to employees at the date of the statement of financial position is estimated with reference to actuary valuations, applying the projected unit credit method. The present value of the defined non-current liability for pension benefits to employees is determined by discounting the estimated future cash flows using the effective interest rates as set for long-term government debentures, i.e. the term of which is no less than 5 years. According to the Company's management, such discount ratio best reflects the value of future benefits. Actuarial gains or losses are recognised immediately in other comprehensive income.

1.13 Fair value

The Company does not have financial instruments and non-financial assets measured at fair value. The fair value of financial instruments measured at amortised cost is disclosed by the Company in (Note 26).

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or liability is determined using the assumptions used by market participants to determine the price of the asset or liability, assuming that market participants have the best economic interests.

The Company uses measurement methodologies that are appropriate in the circumstances and for which sufficient data is available to determine the fair value, using as much relevant observable data as possible and as little unobservable data as possible.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, provided below. The hierarchy is based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: fair value of assets is based on quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: fair value of assets where the lowest level inputs that are significant to the fair value measurement are directly or indirectly observable.
- Level 3: fair value of assets where the lowest level inputs that are significant to the fair value measurement are unobservable

For assets and liabilities re-recognised in the financial statements, the Company shall, by re-evaluating the allocation, determine whether the transferred amounts occurred between levels of the hierarchy (based on input of the lowest level that is significant to the determination of fair value in general) at the end of each reporting period.

1.14 Regulated activities

NERC regulates the Company's level of profitability by approving the prices of services for the next year. The level of tariffs depends on the projected costs, volume of services for the next period (volumes of distributed electricity), the extent to which the previous period earnings are at variance with the regulated level etc.

Actual costs incurred by the Company during the year may differ from the projected costs that are considered during the approval of the tariffs, and the actual volume of services may differ from the projected one. Accordingly, the actual earnings of the Company may differ from the regulated level, and the resulting difference will affect the future tariffs of services.

The Company does not recognise regulatory assets or liabilities that would be used to adjust the current year profit in order to arrive at the regulated level of profit, if this difference is recovered / returned in the course of provision of services in future.

Tariffs for electricity distribution are regulated by NERC by establishing the price caps. NERC regulates the tariff for supply of last resort electricity, which is calculated by applying the coefficient of 1.15 for household customers, and 1.25 for non-household customers to the average power exchange price for the previous month in the Lithuanian price zone. Just as in the electricity segment, NERC regulates prices of natural gas transmission and distribution services by setting price caps.



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Independent Auditor's Report

To the Shareholders of AB Energijos skirstymo operatorius

■ Opinion

We have audited the financial statements of AB Energijos skirstymo operatorius ("the Company"). The Company's financial statements comprise:

- the statement of financial position as at 31 December 2025,
- the statement of profit or loss and other comprehensive income for the year then ended,
- the statement of changes in equity for the year then ended,
- the statement of cash flows for the year then ended, and
- the notes to the financial statements, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2025, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards, as adopted by the European Union.

■ Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements of the Law on Audit of Financial Statements and Other Assurance Services of the Republic of Lithuania that are relevant to the audit of financial statements in the Republic of Lithuania, and with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) issued by the International Ethics Standards Board for Accountants. We have also fulfilled our other ethical responsibilities in accordance with the Law on Audit of Financial Statements and Other Assurance Services of the Republic of Lithuania and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

■ Other Information

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

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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



In addition, our responsibility is to consider whether information included in the Company's management report for the financial year for which the financial statements are prepared is consistent with the financial statements and whether management report, excluding the requirements for the information on sustainability matters, has been prepared in compliance with applicable legal requirements. Based on the work carried out in the course of audit of financial statements, in our opinion, in all material respects:

- The information given in the Company's management report for the financial year for which the financial statements are prepared is consistent with the
- financial statements; and
- The Company's management report, excluding the requirements for the information on sustainability matters, has been prepared in accordance with the requirements of the Law on Reporting by Undertakings and Groups of Undertakings of the Republic of Lithuania.

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

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS Accounting Standards, as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

■ Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

On behalf of KPMG Baltics, UAB

Vilmantas Karalius
Certified auditor
Auditor's Certificate No. 000371

Vilnius, the Republic of Lithuania
24 February 2026

The electronic auditor's signature applies only to the Independent Auditor's Report on pages 95 to 97 of this document.

6.8 Information about the auditor

Overview

On 30 March 2023, KPMG Baltics, UAB was re-appointed by the Company's General Meeting of Shareholders as auditor for the period 2023–2027. Under the previous contract, KPMG audited the Company's financial statements for the years 2021 and 2022.

It is worth noting that all tenders for an independent auditor are conducted in accordance with prevailing best practice. Additionally, since the parent company is subject to public procurement legislation requirements, all audit tenders are conducted in accordance with these laws. The primary criterion for implementing public tenders is ensuring competitiveness; therefore, the only specific audit selection criterion that can be included is experience in auditing companies within the energy sector. Finally, the entire audit selection process is overseen by the Audit Committee, and the independent auditor is appointed by the decision of the parent company's general meeting of shareholders, followed by the decision of each group company's general meeting of shareholders.

Independent auditors and the financial period for which audit services were provided

2021–2025

KPMG Baltics, UAB
Lvivo g. 101
LT-08104, Vilnius
Lithuania

Services Provided and Remuneration for Them

During the 2024–2025 period, the independent auditor, along with international partners from their firm, provided the following services to the Company.

Independent auditor's services and fees for the period indicated, EUR thousand

	2025	2024
Audit of annual financial statements	81.5	81.5
Other ¹	2.2	2.2
Total	83.7	83.7

¹ Other services included translation of the Company's Annual Management Report into English.

According to the Group's policy, the annual fee for non-audit services provided by our statutory auditor cannot exceed the annual fee for statutory audit services, calculated at the Group level. Exceeding this limit is only permissible with the approval of the parent company's Audit Committee.

7. Additional information

7.1	Other statutory information	98
7.2	Information on compliance with the Guidelines on Transparency in State-Owned Companies	99

7.1 Other statutory information

This annual report comprises the annual management report and financial statements, providing information about the Company to its shareholders, creditors, and other stakeholders for the period from January to December 2025. The composition of this document aligns with the annual report set composition as stipulated by Article 6 of the Law on Reporting by Undertakings and Groups of Undertakings of the Republic of Lithuania.

The annual management report has been prepared by the Company's administration, in accordance with the requirements of the Laws on Financial Reporting of Enterprises of the Republic of Lithuania, on Joint-Stock Companies of the Republic of Lithuania, on Consolidated Financial Reporting of Groups of Enterprises of the Republic of Lithuania, and with reference to the description of the Guidelines for Transparency in State-Owned Companies. The Company's securities are not listed or traded on a regulated market. The Articles of Association of the Company do not impose any requirements on the content of the Company's annual management report beyond those provided for in the above-mentioned laws.

The Company's management is responsible for the information contained in the annual management report. The report and the documents, on the basis of which it was prepared, are available at the head office of the Company (Laisvės pr. 10, Vilnius) on working days from Mondays to Thursdays from 7.30 am to 4.30 pm, and on Fridays from 7.30 am to 3.15 pm (with a prior arrangement).

Company details

1. Company name: AB Energijos skirstymo operatorius
2. Legal form: Joint Stock Company
3. Share capital: EUR 259,442,796.57
4. Registration date and place: 11 December 2015, the Register of Legal Entities of the Republic of Lithuania
5. Company code: 304151376
6. Company address: Laisvės pr. 10, LT-04215 Vilnius
7. Company's register: Register of Legal Entities
8. Phone: 8 697 61 852
9. E-mail address: info@eso.lt
10. The website: www.eso.lt

Legal notes

1. There were no significant events after the end of the financial year.
2. The Company has not used financial and hedging instruments subject to hedge accounting that would be significant in assessing the Company's assets, equity, liabilities, financial position, and performance.
3. The Company had no treasury shares at the beginning of the reporting period and did not acquire any treasury shares during the reporting period.
4. The Company has no branches or representative offices.
5. The Company envisages further sustainable development of its existing operations to ensure higher profitability and asset efficiency in the long term. Research will be carried out as and when required.
6. The Company's operations are in compliance with the requirements of environmental protection legislation.

Significant transactions

There were no material agreements, to which the Company is a party that would take effect, change or terminate upon a change of control of the Company.

There were no harmful transactions concluded on behalf of the Company during the reporting period (not complying with the parent company's objectives, normal market conditions, detrimental to the interests of shareholders and other interest groups etc.) which were or are likely to have an adverse effect on the Company's activities and (or) performance in the future, nor transactions entered into in a conflict of interest between the Company's management, controlling shareholders or other related parties' obligations to the Company and their private interests and (or) other duties.

There were no agreements of the Company or members of its governing bodies or employees, providing for compensation in the event of their resignation or termination of employment on no grounds or in case their employment is terminated due to changes in control of the Company.

Key features of internal control and risk management systems relevant to the preparation of financial statements

The Company's financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. All financial data provided in the Annual report have been calculated in accordance with IFRS and correspond to the audited financial statements of the Company.

The staff of the company's accounting firm ensures that the financial statements are properly prepared and that the data is collected in a timely and accurate manner. The preparation of the Company's financial statements, the systems of internal control and financial risk management and the legislation governing the preparation of the financial statements are controlled and managed.

Information about the main intangible resources and an explanation of how these resources affect the activities and business model of AB Energijos skirstymo operatorius, and how they contribute to its value creation at the Group level is provided in AB Ignitis grupė Integrated Annual Report for 2025, in sections "2.2 Strategy and objectives", "6.3 Social responsibility" and "6.4 Governance", as well as in the Group's Remuneration Policy and People and Culture Policy, which are provided here.

Alternative performance measures

Alternative Performance Measures ("APM") are the adjusted figures presented in this report used for the internal assessment of performance management. These measures are not defined by the International Financial Reporting Standards (IFRS) and do not comply with the requirements of IFRS. Definitions of alternative performance measures are available on the Ignitis Group website ([link](#)).

Notice on the language

In the event of discrepancies between the Lithuanian and English versions of the documents, the content of the document prepared in Lithuanian shall prevail.

7.2 Information on compliance with the Guidelines on Transparency in State-Owned Companies

Guideline Clause for Ensuring the Transparency of State-Owned Enterprises' Activities (as per edition of 30 April 2021)	Disclosure	Explanation
Chapter II. Disclosure of information by a State-owned enterprise		
5. The following data and information must be published on the website of a state-owned entity:		
5.1. name;	Yes	
5.2. the code and register in which the company's data is collected and stored;	Yes	
5.3. registered office (address);	Yes	
5.4. the legal status if the state-owned entity is being restructured, reorganised (indicating the type of reorganisation), liquidated, bankrupt or insolvent;	Yes	
5.5. the name of the authority representing the State and a link to its website;	Yes	
5.6. operational objectives, vision and mission;	Yes	
5.7. structure;	Yes	
5.8. data about the head of the company;	Yes	
5.9. data about the chairman and members of the management board, if the management board established under the articles of association;	Yes	
5.10. data about the chairman and members of the supervisory council, if the supervisory council is established under the articles of association;	Yes	Information available on www.eso.lt
5.11. names of committees, data about their chairmen and members, if committees are established under the articles of association;	Yes	
5.12. the sum of the nominal values of the shares owned by the State (to the nearest euro cent) and the share (as a percentage) in the authorised capital of the State-owned company;	Yes	
5.13. special obligations shall be carried out in accordance with the guidelines approved by the Minister of Economy and Innovation of the Republic of Lithuania: the purpose of the special obligations shall be specified, the state budget allocations for their execution in the current calendar year and the legal acts by which the state-owned companies is entrusted with the execution of the special obligation shall be indicated, the terms and conditions of the execution of the special obligation shall be set and/or the pricing shall be regulated;	Not applicable	
5.14. information on social responsibility initiatives and measures, major investment projects underway or planned.	Yes	
6. In order to ensure publicity regarding the professionalism of the members of the management and supervisory bodies and committees of State-owned companies, the following data shall be published for the persons referred to in sub-paragraphs 5.8 to 5.11 of the Description: name, surname, date of commencement of the current position, other managerial positions held in other legal entities, education, qualifications, professional experience. If the person referred to in points 5.9 to 5.11 is elected or appointed as an independent member, this shall be indicated in addition to his/her data.	Yes	Information available on www.eso.lt
7. The following documents shall be published on the website of a State-owned enterprise:	Yes	
7.1. Articles of Association;	Yes	
7.2. statement from the representative body of the State on the definition of the State's objectives and expectations in a State-owned enterprise;	Yes	
7.3. the business strategy or a summary thereof where the business strategy contains confidential information or information considered to be a commercial/industrial secret;	Yes	
7.4. a document setting out the remuneration policy covering the remuneration of the chief executive of a State-owned enterprise and the remuneration of the members of the collegiate bodies and committees of a State-owned enterprise, as detailed in the Corporate Governance Code;	Yes	Information available on www.eso.lt
7.5. annual and interim reports of a State-owned enterprise, and annual and interim activity reports of a State-owned enterprise for a period of at least 5 years;	Yes	
7.6. sets of annual and interim financial statements for a period of at least 5 years and auditor's reports on the annual financial statements.	Yes	
8. If the State-owned company is the parent company, its website shall publish the structure of the group of companies, as well as the particulars referred to in points 5.1 to 5.3 of the Description concerning the subsidiaries and entities of subsequent rows, the website addresses, the percentage of the parent company's shareholding in their share capital as well as the annual consolidated financial statements and the consolidated annual reports.	Not applicable	
9. If a State-owned company is a participant in legal entities other than those referred to in point 8 of the Description, the data and website addresses of those legal entities referred to in points 5.1 to 5.3 of the Description shall be published on its website.	Not applicable	
9 ¹ . If the entity is a subsidiary or an entity of a subsequent row of the State-owned company, the website shall contain the parent company's data referred to in points 5.1 to 5.3 of the Description and a link to the website of the parent company.	Yes	The requested information is published on the websites of the parent company's subsidiaries and subsequent-row subsidiaries (if any)
10. Any change or publication of incorrect data, information and documents referred to in points 5 and 6, 7.1 to 7.4, 8, 9 and 91 of the Schedule shall be promptly amended and published on the website.	Yes	Information and documents that have changed are updated immediately
11. The set of annual financial statements of the State-owned company, the annual report of the State-owned company, the annual activity report of the State-owned company, as well as the auditor's report on the annual financial statements of the State-owned company, must be published on the website of the State-owned company within 10 working days from the date of the approval of the annual financial statements of the State-owned company.	Yes	Documents are published on the website within a set time limit
12. The sets of interim financial statements of the State-owned company, the interim reports of the State-owned company and the interim activity reports of the State-owned company must be	Yes	Documents are published on the

published on the website of the State-owned company at the latest 2 months after the end of the reporting period.		website within a set time limit
13. The documents referred to in point 7 of the Description shall be published in PDF format and shall be technically printable.	Yes	Documents are published in the PDF format
Chapter III. Preparation of financial statements, reports and activity reports		
14. State-owned companies shall maintain their accounting in such a way as to ensure the preparation of financial statements in accordance with international accounting standards.	Yes	The Company's accounting is in accordance with IFRS
15. In addition to the annual financial statements, a State-owned company prepares a set of 6-month interim financial statements, and a state enterprise prepares sets of 3-month, 6-monthly and 9-month interim financial statements.	Yes	The Company prepares 6-month interim financial statements
16. A State-owned company classified as a public interest entity under the Law on Audit of Financial Statements of the Republic of Lithuania prepares a 6-month interim report in addition to the annual report. A State-owned enterprise classified as a public-interest entity under the Law on Audit of Financial Statements of the Republic of Lithuania shall, in addition to the annual activity report, prepare a 6-month interim activity report.	Yes	The Company prepares a 6-month interim report
17. The annual report of a State-owned company or the annual activity report of a State-owned company shall, in addition to the content requirements set out in the Law on Financial Reporting of Enterprises of the Republic of Lithuania or the Law on State and Municipal Enterprises of the Republic of Lithuania, contain:	Yes	
17.1. a brief description of the business model of the State-owned company;	Yes	
17.2. information on significant events that occurred during and after the financial year (prior to the preparation of the annual report or the annual activity report) that had a material impact on the activities of the State-owned enterprise;	Yes	
17.3. the results of the achievement of the objectives set out in the State-owned company's operational strategy;	Yes	
17.4. profitability, liquidity, asset turnover, debt ratios;	Yes	The Company presents information in the annual report
17.5. fulfilment of specific obligations;	Not applicable	
17.6. Implementation of the investment policy, ongoing and planned investment projects and Investments during the year under review;	Yes	
17.7. implementation of the risk management policy in a State-owned company;	Yes	
17.8. implementation of dividend policy in State-owned companies;	Yes	
17.9. implementation of remuneration policy;	Yes	
17.10. the total annual payroll fund, the average monthly salary by position and/or department;	Yes	
17.11. information on compliance with the provisions of Chapters II and III of the Description: how they are being implemented, which provisions are not being complied with and an explanation of why.	Yes	
18. State-owned companies and state enterprises that are not required to prepare a corporate social responsibility report are recommended to include in their annual report or annual activity report, as appropriate, information on environmental, social and human resources, human rights, anti-corruption and anti-bribery issues.	Not applicable	The Company prepares a social responsibility report (integrated into the annual report)
19. If the information referred to in point 17 of the Description is considered to be a commercial (industrial) secret or confidential information of the State-owned company, the State-owned company may not disclose such information, but state in the annual report of the State-owned company or the annual activity report of the State-owned company, as the case may be, that the information is not to be disclosed and under what reason.	Not applicable	The Company presents information in the annual report
20. The annual report of the State-owned company or the annual activity report of the State enterprise may also contain other information not specified in the Description.	Yes	The annual report also contains other information
21. A State-owned company which is the parent company shall disclose in its consolidated annual report or, if it is not required by law to prepare a consolidated annual report, in its annual report, the structure of the group of companies, as well as the data referred to in points 5.1 to 5.3, for each of its subsidiaries and subsequent-row subsidiaries, the shareholding (in percentage of share capital) in the authorised capital of the subsidiary and the financial and non-financial results of its operations for the financial year. Where a State-owned company which is the parent company prepares a consolidated annual report, the requirements of point 17 of the Description shall apply <i>mutatis mutandis</i> to it.	Not applicable	
22. The interim report of a State-owned enterprise or the interim performance report of a State-owned enterprise shall include a brief description of the business model of the State-owned enterprise, an analysis of its financial performance for the period under review, information on significant events that occurred during the period under review, as well as the indicators of profitability, liquidity, turnover, assets and debt, and the changes of these indicators as compared to the corresponding period of the previous year.	Yes	The Company presents information in the annual report

8. Definitions and Abbreviations

%	Per cent
AB	Joint Stock Company
ESG	Environmental, social and corporate governance
APM	Alternative performance measures - the adjusted figures used for the internal performance management assessment in this report.
The Company, ESO	AB Energijos skirstymo operatorius
COGS	Cost of goods sold
DMA	Double materiality assessment
EBIT	Earnings Before Interest and Taxes
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortisation
eNPS	Employee Net Promoter Score
EU	European Union
Supply of last resort	Provision of electricity to ensure the supply of electricity to customers who have not chosen an independent supplier in accordance with the established procedures or whose chosen independent supplier defaults, terminates activity or terminates an electricity sales contract.
Group or Ignitis Group	AB Ignitis grupė and its subsidiaries
GW	Gigawatt
Investments	Acquisition of property, plant and equipment, and intangible assets, acquisition of other shares
IRO	Impacts, Risks and Opportunities
STI	Short-term incentive
c. d.	Calendar days
Q	Quarter
etc.	Other
Y	Year
m	metres
mo	Month / months
min	Minute
bn	Billion
MW	Megawatt
MWh	Megawatt hour
n/a	Not applicable
New connection points and upgrades	Number of new customers connected to the network and capacity upgrades of the existing connection points
NPS	Net Promoter Score
OO	Own Operations
OPEX	Operating Expenses
pp	Percentage point
FBS	Fixed base salary
Parent company	AB Ignitis grupė (former UAB Lietuvos energija)
TSO	Transmission System Operator (AB Litgrid)
RAB	Regulated Asset Base
ROCE	Return on Capital Employed
ROE	Return on Equity
ROI	Return on Investment
SAIDI	Average duration of unplanned interruptions in electricity or natural gas transmission
SAIFI	Average number of unplanned long interruptions per customer
IFRS	International Financial Reporting Standards
TRIR	Total Recordable Incident Rate
GHG	Greenhouse gas
TWh	Terawatt hour
UAB	Private Limited Liability Company
NERC, regulator, Council	The National Energy Regulatory Council
unit	unit
Public supply	Electricity supply activity performed in accordance with the procedure and terms established by legal acts by an entity holding a public supply licence
WACC	Weighted Average Cost of Capital



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