

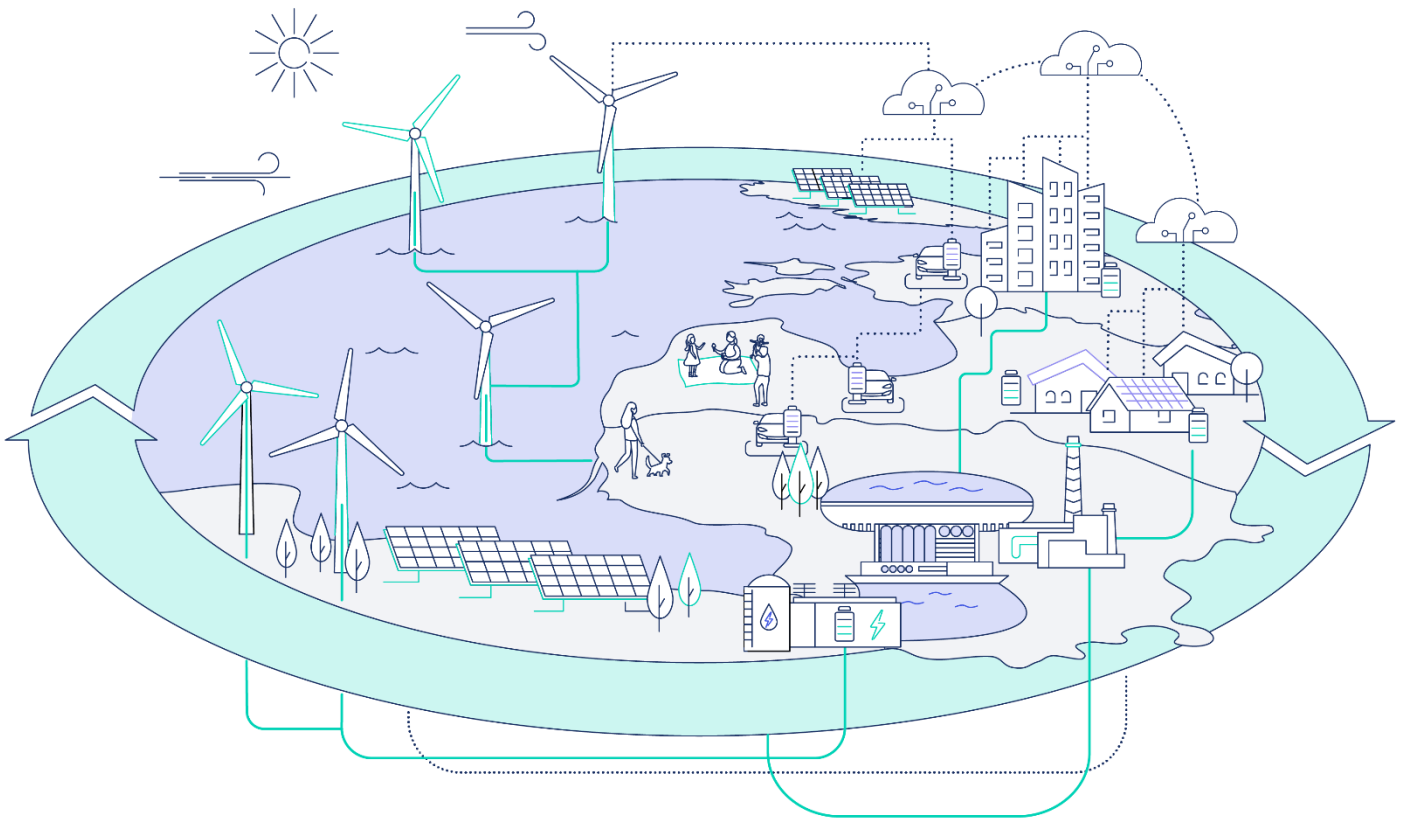


Vilniaus
kogeneracinė
jėgainė

UAB Vilniaus kogeneracinė jėgainė

Annual report 2025

Annual report for the year ended 31 December 2025 and the Company's financial statements for the year ended 31 December 2025, prepared in accordance with IFRS Accounting Standards as adopted by the European Union, presented together with an independent Auditor's Report for the year ended 31 December 2025



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Business overview

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1.1 Business model

Description of the Company's activities

The Company's principal activity is the production of electricity and heat using municipal waste and biomass produced from forest harvesting residues.

Thermal energy produced by the combined heat and power (CHP) plant is distributed to the centralised heating network of Vilnius, and the produced electricity is distributed to the operator's LITGRID network of electricity transmission grid.

Company's business model

Gate fee is applied by the Company for waste received from waste managers; they are combusted to produce heat and/or electricity (waste boiler). Also, the Company buys biofuel which is combusted in biofuel boilers to produce heat and/or electricity. The Company's activities are fully regulated.

Key customers of the Company

Key customers of the Company:

- Waste management centres and other waste managers: the Company handles waste from the relevant centres/managers by applying a gate fee.
- Sale of electricity, where electricity is realised in: 1) the exchange of Nord Pool AS, 2) under fixed electricity sales/purchase contracts.
- Sale of thermal energy - the distributor of centralised heating in Vilnius is AB Miesto gijos.

Company's business plans and forecasts

The Company has completed the construction of the plant and is operating at the intended capacity. Only essential investments are planned to ensure uninterrupted plant operations and to carry out small-scale projects aimed at improving the plant's efficiency.

Alignment work is underway to amend the IPPC permit, with plans to increase the volume of non-hazardous waste incineration as well as to expand the variety of non-hazardous waste types that can be incinerated.

1.2 Business environment

Regulation and competitive environment

Sale of thermal energy

On 23 December 2021, the National Commission for Energy Control (hereinafter - NERC) recognised UAB Vilniaus kogeneracinė įmonė (hereinafter - the Company) as a regulated independent heat producer. On 13 January 2025, NERC approved the Company's investments for 2017–2024 related to heat production from biomass and waste incineration activities. By the decision of 29 May 2025, NERC also established the Company's adjusted baseline level of heat production revenues for the second year. Regardless of the level of the base price establishment, thermal energy must be sold at a heat auction according to the provisions of Article 10 of the Law on Heat. Thermal energy produced by the Company is supplied to the integrated heat transmission network of Vilnius which is controlled by the heat supplier AB Miesto šilumos. Besides the heat supplier and the Company, there are another 6 independent heat suppliers that participate at auctions.

Sale of electricity

In order to secure a stable revenue stream, the Company has signed long-term electricity trading contracts for most of its electricity production. Other electricity is traded on the Nord Pool AS exchange.

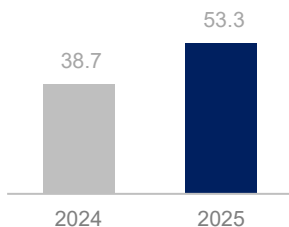
Waste management services

In order to ensure availability of waste, the Company enters into contracts with suppliers of sorted municipal waste by setting a waste handling fee per tonne. By its decision of 28 March 2025, NERC approved the upper limit of the Company's fee for incinerating one tonne of municipal waste.

1.3 Performance highlights

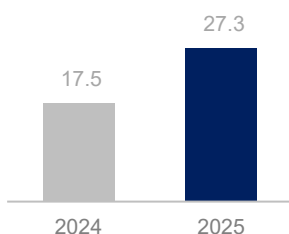
Financial

EBITDA APM
EUR million



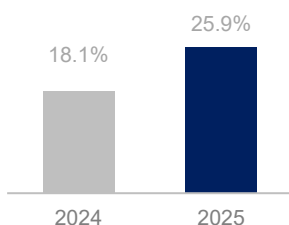
EBITDA increased by EUR 14.6 million or +37.7%, comparing 2025 to 2024. EBITDA grew as the Company sold more heat and electricity than in 2024, following the start of full-capacity operation of the plants.

Net profit APM
EUR million



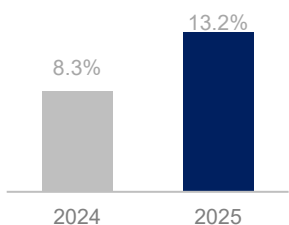
Net profit increased by EUR 9.8 million or +55.9% due to higher EBITDA.

ROE (LTM) APM
%



The ROE ratio increased due to the rise in net profit by EUR +9.8 million.

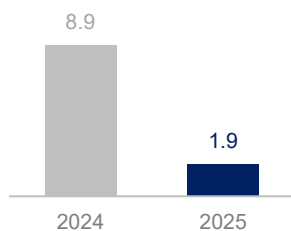
ROCE (LTM) APM
%



The ROCE ratio increased due to higher EBIT, which was driven by increased EBITDA and a reduction in Net Debt.

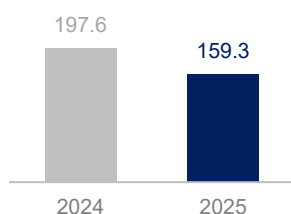
APM Alternative performance measures are the adjusted figures presented in this report used for the internal evaluation of performance management. These indicators are not defined by International Financial Reporting Standards (IFRS) and do not comply with IFRS requirements. Definitions of alternative performance measures can be found on the Group's website ([link](#)).

Investments APM
EUR million



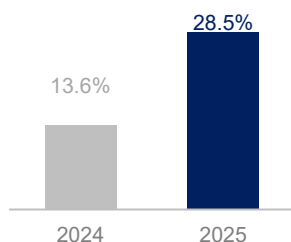
When construction of biofuel power plant was completed, the Company's investments decreased by EUR 7.0 million or -78.7%. Investments are still made to improve the efficiency of the constructed plants, but at significantly lower volumes.

Net debt ^{APM}
EUR million



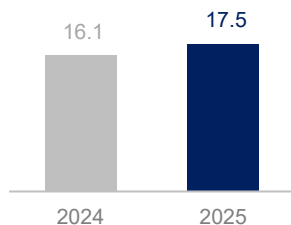
Net Debt decreased by EUR 38.3 million or -19.4%. The decrease was driven by higher EBITDA for the current year.

FFO (LTM) / Net debt ^{APM}
%



The FFO / Net Debt ratio increased due to the decrease in Net Debt and the increase in FFO.

OPEX
EUR million

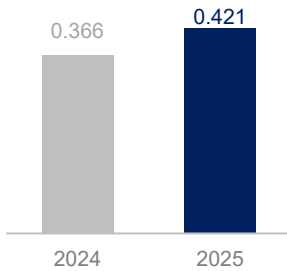


OPEX expenses increased by EUR 1.4 million or 8.6% due to increased operating expenses when the biofuel power plant started operating in full. The increase resulted from increased repair and maintenance costs.

^{APM} Alternative performance measures are the adjusted figures presented in this report used for the internal evaluation of performance management. These indicators are not defined by International Financial Reporting Standards (IFRS) and do not comply with IFRS requirements. Definitions of alternative performance measures can be found on the Group's website ([link](#)).

Operating

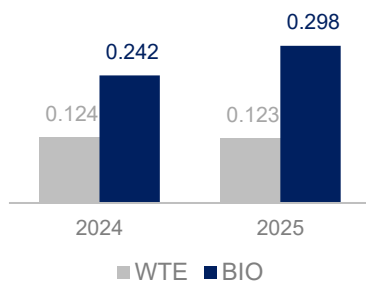
Produced amount of electricity (net) TWh



The amount of electricity generated in 2025 was higher, compared to 2024 (+14.9% or +0.055 TWh).

The biofuel power plant, which is now fully operational, was the most significant to the higher electricity production.

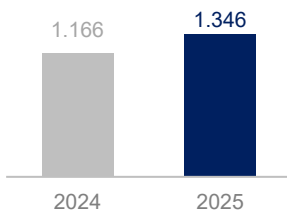
Amount of electricity produced by the waste to energy (WTE) and biofuel (BIO) plants TWh



In 2025, the biofuel (BIO) power plant produced 22.8% more than in 2024 because it started operating in full.

In 2025, the waste (WTE) power plant produced -0.52% less than in 2024.

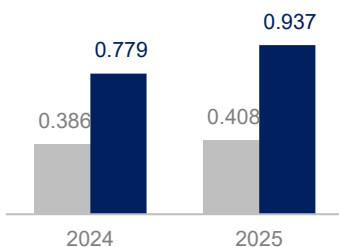
Produced amount of thermal energy (net) TWh



The amount of heat produced in 2025 was higher, compared to 2024 (+15.5% or +0.180 TWh).

The increase in electricity production was mainly driven by the biomass power plant reaching full-capacity operation, as the biomass boilers did not operate at full capacity throughout 2024.

Amount of thermal energy produced by the waste to energy (WTE) and biofuel (BIO) plants TWh



In 2025, the biofuel (BIO) power plant produced 20.2% or 0.158 TWh more than in 2024 because it started operating in full.

In 2025, the waste (WTE) power plant produced +5.7% or +0.022 TWh more than in 2024.

Results

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2.1 Annual results

Revenue

In 2025, revenue increased by EUR 18.7 million, or +21.0%, compared to 2024. The main reason of this change was the higher volumes of energy produced (both electricity and heat) after the completion of the biomass power plant construction and the start of its full-capacity operation (in 2024 the biomass plant was not operating at full capacity throughout the year).

Revenue by nature of activity, EUR million

	2025	2024	Δ	Δ,%
Electricity	49.3	40.4	8.9	22.1%
Thermal energy	48.9	38.9	10.0	25.6%
Waste management	9.2	7.9	1.3	16.7%
Other revenue	0.1	1.6	(1.6)	(94.7)%
Revenue	107.5	88.8	18.6	21.0%

Once the biomass power plant began operating at full capacity, both electricity and heat production increased. The quantities of heat and electricity sold by the waste power plant also increased. In total, the Company sold +20.3% more electricity and +15.5% more heat. Despite the significantly higher production volumes, electricity was sold on average 1.5% cheaper, while heat was sold at 8.7% more expensively. Waste intake was +7.4% higher with an average gate fee increase of +10.2%.

The Company sells electricity in the power exchange Nordpool and under fixed electricity sale-purchase contracts, thermal energy is sold to AB Miesto gijos, and waste management fee is received from Lithuanian waste management centres.

Expenses

Purchases of electricity, gas and other services

Electricity, gas and other service purchases in 2025 amounted to EUR 36.6 million and increased by +7.8% or EUR 2.7 million compared to 2024. The change was driven by higher biofuel purchase costs (EUR +2.1 million) due to an increase in biofuel consumption of +10.0%, which was influenced by the biomass power plant operating at full capacity for the entire year (in 2024 the plant did not operate at full capacity). With higher production volumes, the plant's operating expenses also increased by EUR 0.31 million, or +5.3%.

OPEX

OPEX in 2025 amounted to EUR 17.5 million and increased by EUR 1.4 million, or +8.6%. The increase was driven by:

1. Repair and maintenance expenses, which increased by EUR 1.8 million or +31.5% due to the fact that the year 2025 was the first full year, in which the plant operated at full capacity. As energy production volumes increased, repair costs rose accordingly;
2. Salaries and related expenses increased by EUR 0.2 million or +3.1%; The reason was an increase of the actual number of employees and filled positions;
3. Other expenses, which decreased by EUR 0.6 million or -11.3% due to additional savings in business support, finance and accounting services, and lower insurance costs.

Other

The Company's depreciation and amortisation expenses increased by EUR 1.0 million or +6.8% due to the commissioning of the biofuel power plant.

Finance expenses in 2025 decreased by EUR 3.0 million, or -27.4%, due to both, lower interest expenses and to a declining loan balance as the Company makes quarterly loan repayments.

Expenses, EUR million

	2025	2024	Δ	Δ,%
Purchases of electricity, gas and other services	36.6	34.0	2.7	7.8%
Purchases of electricity and other services	4.7	4.3	0.5	11.0%
Purchases of gas and related services	0.3	0.5	(0.2)	(34.4%)
Other	31.6	29.2	2.4	8.1%
OPEX APM	17.5	16.1	1.4	8.6%
Salaries and related expenses	5.6	5.4	0.2	3.1%
Repair and technical maintenance expenses	7.5	5.7	1.8	31.5%
Other	4.5	5.0	(0.6)	(11.3%)
Other	23.8	25.9	(2.1)	(8.1%)
Depreciation and amortisation	15.7	14.7	1.0	6.8%
Expenses and write-offs of impairment of property, plant and equipment	0.1	0.1	(0.1)	(51.4%)
Finance expenses	8.0	11.0	(3.0)	(27.4%)
Total expenses	77.9	76.0	2.0	2.6%

EBITDA

In 2025, EBITDA amounted to EUR 53.3 million and was +37,7% or EUR 14.6 million higher than in 2024. Heat EBITDA increased by EUR 8.2 million, mainly driven by a 15.5% higher volume sold and an 8.7% higher average price. Electricity EBITDA increased by EUR 5.4 million, mainly driven by a 14.6% higher volume of electricity sold and a 3.6% higher average price. Waste EBITDA increased by EUR 1.1 million, primarily due to a 7.4% increase in the volume of waste received and an average 10.2% higher gate fee.

EBITDA by nature of activity, EUR million

	2025	2024	Δ	Δ,%
Electricity EBITDA	20.1	14.7	5.4	36.5%
Heat EBITDA	26.9	18.7	8.2	43.9%
Waste EBITDA	6.4	5.3	1.0	19.3%
Adjusted EBITDA APM	53.3	38.7	14.6	37.7%

Net profit

Net profit for 2025 amounted to EUR 27.3 million and was EUR 9.8 million, or +55.9%, higher than in 2024. The increase was driven by a positive impact from EBITDA (+EUR 14.6 million), a positive impact from lower interest expenses (+EUR 3.02 million), a negative impact from depreciation and amortisation (–EUR 1.0 million), and a negative impact from income tax (–EUR 6.9 million).

Investments

Subsequent to the full completion of the biomass power plant construction and the start of its operation, the scale of investments continues to decline. Compared to 2024, investments decreased from EUR 8.9 million to EUR 1.9 million, a reduction of -78.7%. The Company carries out the necessary investments required to ensure uninterrupted and efficient plant operation.

Balance sheet

Assets

The total asset value as at 31 December 2025 amounted to EUR 427.4 million and increased by EUR 3.7 million, or +0.9%, compared to carrying amount as at 31 December 2024. The carrying amount of non-current assets decreased by EUR 24.6 million, or -6.4%, because after the completion of the plant's construction, the depreciation amount is higher than the acquisitions. The decrease in non-current assets was offset by an increase in current assets of EUR 28.3 million, or +73.4%, driven by higher cash balances resulting from the Company's earned profit.

Equity

As at 31 December 2025, the equity amounted to EUR 119.1 million and was EUR 27.3 million or 29.7% higher, compared to the equity as at 31 December 2024. The equity increased due to the impact of net profit.

Liabilities

As at 31 December 2025, all liabilities amounted to EUR 119.1 million showing a decrease of EUR 23.6 million or -7.1%, compared to the liabilities as at 31 December 2024. The decrease in liabilities was driven by ongoing loan repayments to the financial institution.

Balance sheet, EUR million

	31 December 2025	31 December 2024	Δ	Δ,%
Non-current assets	360.4	385.1	(24.6)	(6.4%)
Current assets	66.9	38.6	28.3	73.4%
TOTAL ASSETS	427.4	423.6	3.7	0.9%
Equity	119.1	91.8	27.3	29.7%
Total Liabilities	308.2	331.8	(23.6)	(7.1%)
Non-current liabilities	286.7	308.8	(22.2)	(7.2%)
Current liabilities	21.6	23.0	(1.4)	(6.2%)
TOTAL EQUITY AND LIABILITIES	427.4	423.6	3.7	0.9%
<i>Asset turnover APM</i>	0.253	0.203	0.050	24.5%
<i>ROA APM</i>	6.4%	4.0%	n/a	2.4%
<i>Gross liquidity ratio. APM</i>	3.1	1.7	1.4	84.9%
<i>Working capital / Revenue (LTM) APM</i>	14.1%	15.1%	n/a	(1.0%)

Financing

Net Debt

As at 31 December 2025, Net Debt amounted to EUR 159.3 million, which is a decrease by -19.4% or EUR 38.3 million, compared to Net Debt as at 31 December 2024. The decrease was mainly determined by a larger amount of cash held and a declining non-current liability to financial institution. The FFO (LTM) / Net Debt ratio increased from 13.6% to 28.5% due to the decrease in Net Debt and higher FFO.

Net Debt, EUR million

	31 December 2025	31 December 2024	Δ	Δ,%
Total non-current financial liabilities	169.5	184.2	(14.7)	(8.0%)
Non-current loans	169.2	183.9	(14.7)	(8.0%)
Lease liabilities (IFRS 16)	0.3	0.3	0.0	(1.1%)
Total current financial liabilities	14.7	14.7	0.0	0.0%
Current portion of non-current loans	14.7	14.7	0.0	0.1%
Short-term loans	0.0	0.0	0.0	n/a
Interest payable (including accrued interest)	0.0	0.0	0.0	(86.2%)
Lease liabilities (IFRS 16)	0.0	0.0	0.0	20.0%
Financial debt ^{APM}	184.2	198.9	(14.7)	(7.4%)
Cash, cash equivalents and cash in escrow account	25.0	1.3	23.7	1801.7%
Net debt ^{APM}	159.3	197.6	(38.3)	(19.4%)
Net debt / adjusted EBITDA (<i>LTM</i>) ^{APM}	3.0	5.1	(2.1)	(41.5%)
<i>FFO (LTM) / Net debt</i> ^{APM}	28.5%	13.6%	n/a	14.8%
Financial debt / Equity ^{APM}	154.6%	216.6%	n/a	(61.9%)
Equity level ^{APM}	27.9%	21.7%	n/a	6.2%

Dividends

On 30 January 2024, the Management Board of Ignitis grupė approved an updated dividend policy ([link](#)) of the controlled subsidiaries according to which:

1. The governing bodies of companies may propose to distribute a share of profits as a dividend for a financial year if the Company has incurred a loss in the reporting period but has accumulated retained earnings from previous reporting periods and, accordingly, the amount of the Company's retained earnings (loss) for the reporting financial year is positive. This provision is applicable only if there is an imperative need of the Company to receive dividends in implementing the dividend policy of the Company;
2. Governing bodies of the companies may propose to set a lower share of profits for the payment of dividends for companies, set out in sub-paragraph 4.1 of the Policy, or they may propose not to pay dividends for the reporting period, if at least one of the following conditions is met:
 - 2.1. The Company implements green generation investment projects in accordance with the strategy of the Group;
 - 2.2. The Company's ability to allocate dividends is limited by the covenants set out in the financing agreements;
 - 2.3. The Company implements or participates in the implementation of an economic project of state importance recognised by the decision of the Government of the Republic of Lithuania;
 - 2.4. The Company's equity, after payment of dividends, would become less than the amount of the Company's authorised capital, mandatory reserve, revaluation reserve and reserve for acquisition of own shares;
 - 2.5. The Company is insolvent, or would become insolvent if dividends were paid, or the Company's debt level is too high;

2.6. The Company has received a written consent of the Head for Treasury and the Head for Finance of the Group to apply sub-paragraph 2.4 with regard of cases, which are not anticipated in sub-paragraphs 2.1 - 2.5.

The Company did not pay any dividends in 2025.

Dividends for the year, EUR million

	2025	2024	Δ	Δ,%
Amount of paid dividends for the period	-	27.7	(27.7)	n/a

2.2 Three-year summary

Key financial indicators

		2025	2024	2023
Revenue	EUR million	107.46	88.81	61.77
EBITDA <i>APM</i>	EUR million	53.32	38.72	37.66
EBITDA margin <i>APM</i>	%	49.6%	43.6%	61.0%
EBIT <i>APM</i>	EUR million	37.5	23.9	32.4
Net profit	EUR million	27.3	17.5	25.2
Investments <i>APM</i>	EUR million	1.9	8.9	53.4
FFO <i>APM</i>	EUR million	45.3	26.9	28.4
FCF <i>APM</i>	EUR million	42.6	7.7	(19.9)
ROE <i>APM</i>	%	25.9%	18.1%	28.1%
ROCE <i>APM</i>	%	13.2%	8.3%	12.7%
ROA <i>APM</i>	%	6.4%	4.0%	6.1%
		31 December 2025	31 December 2024	31 December 2023
Total assets	EUR million	427.4	423.6	452.3
Equity	EUR million	119.1	91.8	102.0
Net debt <i>APM</i>	EUR million	159.3	197.6	182.6
Net working capital <i>APM</i>	EUR million	15.2	13.4	2.2
Net debt / EBITDA <i>APM</i>	times	2.99	5.10	4.85
FFO / Net debt <i>APM</i>	%	28.5%	13.6%	15.5%
Gross liquidity ratio. <i>APM</i>	times	3.1	1.7	2.3
Asset turnover <i>APM</i>	times	0.3	0.2	0.2

Key performance indicators

		2025	2024	2023
Electricity				
Installed capacity of the green generation	MW	91.34	91.34	70
Production of green energy (net)*	TWh	0.421	0.366	0.123
Portion of the green generation	%	100%	100%	100%
Heat energy				
Installed capacity of the green generation	MW	240	240	219.1
Production of heat energy (net)	TWh	1.346	1.166	0.588

The higher volumes of electricity and heat produced in 2025 were driven by the completion of construction works and the resulting increase in installed capacity for both electricity and heat. This was the first year in which the Company, having completed the construction works, operated at full capacity throughout the entire year. All of the above capacities are considered as green capacities.

2.3 Strategy

Main purpose and integrated strategy

UAB Vilniaus kogeneracinė jėgainė is an important part of the integrated business model and strategy of the Ignitis Group. More information can be found in the consolidated management report of AB Ignitis grupė. AB Ignitis grupė is an integrated energy services company with a strong focus on renewable energy and the largest energy group in the Baltic states.

Our core ambition and purpose is to create a 100% green and safe energy ecosystem for current and future generations.



The following priorities are aligned with the main ambition:

1. **Green.** We are increasing green generation and green flexibility capacities.
2. **Flexible.** We are creating a flexible system that can operate on 100% green energy in the short, medium, and long term.
3. **Integrated.** We leverage an integrated business model to enable the development of Green Capacities.
4. **Sustainable.** We maximise sustainable value.

We contribute to Europe's decarbonisation and to ensuring energy security in the region by accelerating the energy transition and electrification in the Baltic states and Poland. We aim to achieve net-zero GHG emissions by 2040–2050.

Integrated business model



Sustainability and ESG priorities

In implementing the strategy, we focus primarily on reducing greenhouse gas emission intensity in Scopes 1 and 2, ensuring workplace safety, fostering a positive employee experience and promoting diversity, and creating sustainable value through sustainable investments and returns.

Values

We are a team united by a clear organizational purpose.



Company's strategic priorities, targets and their implementation

UAB Vilniaus kogeneracinė jėgainė is part of the Ignitis Group and belongs to the Green Capacities segment, and accordingly implements the objectives set for the Group's Green Capacities segment.

The Company has fully completed the construction of the plant and generates green energy at the planned capacity, thereby contributing to the Group's Green Capacities objectives.

The Company's annual performance targets are linked to the strategy, strategic priorities and plans to ensure their consistent implementation.

Meeting the 2025 performance targets

Performance assessment criteria	Weight, %	Performance targets and indicators	Achieved result
Financial targets	30%	Adjusted EBITDA.	100%
Strategic projects and key milestones	30%	Availability of the waste energy plant	100%
		Availability of biofuel power plant (15%)	100%
Sustainability targets	40%	Initiation of environmental impact assessment and alignment of the programme (20%).	100%
		Occupational safety (10%):	100%
		Ensured environmental requirements.	0%

90%

Performance targets for 2026

Performance assessment criteria	Weight, %	Performance targets and indicators
Financial targets	30%	Implementation of the EBITDA indicator (20%). Implementation of the OPEX indicator (10%).
Strategic projects and key milestones	50%	Availability of the waste energy plant (15%).
		Availability of the biofuel power plant (15%). Approval of the environmental impact assessment by the competent authorities (20%).
Sustainability targets	20%	Ensuring occupational safety (10%).
		Ensuring compliance with integrated pollution requirements (10%).

The performance indicators are linked to the variable remuneration component of the Company's CEO.

Main projects and investments

The Company has completed the construction of the plant and is operating at the planned capacity. Only essential investments are planned to further improve efficiency and ensure the uninterrupted operation of the plant, such as upgrading boiler control systems, modernising biomass conveyors, and enhancing fire safety systems.

Governance

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3.1 Governance Framework

Company's governance model

The Company's governance structure consists of the Head of the Company and a one-tier governance system, comprising the Company's Management Board. The Head of the Company represents the Company in all matters and, together with the Management Board, is responsible for the governance of the Company. The Head of the Company manages the daily activities of the Company and solely represents the Company. The Management Board is assigned the duty to perform the supervisory functions established in Article 34(11) of the Law on Companies of the Republic of Lithuania.

The Company's governing bodies are:

- General Meeting of Shareholders
- Collegial governing body - Management Board;
- Single-person governing body - Head of the Company.

A more detailed description of each of the Company's governing bodies and their members is provided in the sections that follow.

Company's governing structure

Shareholders, their rights and functions

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.

The competence of the General Meeting of Shareholders covers the following key areas:

- the election and removal of individual members of the Company's Management Board or of the entire Management Board;
- amendments to the Company's Articles of Association;
- approval of the Company's annual financial statements;
- adoption of decisions on the appropriation of profit (loss);
- adoption of decisions to increase or reduce the Company's share capital (or otherwise change its structure);
- adoption of decisions on the Company's reorganisation and division (or other actions altering the Company's status) and approval of the terms of such actions, including the Company's reorganisation, restructuring, liquidation or revocation of liquidation;
- approval or disapproval of decisions of the Management Board regarding the Company becoming a founder or participant of other legal entities;
- adoption of decisions on the transfer, pledge, other encumbrance or disposal of the Company's shares or the rights attached thereto, as well as on the transfer of the business or a significant part thereof.

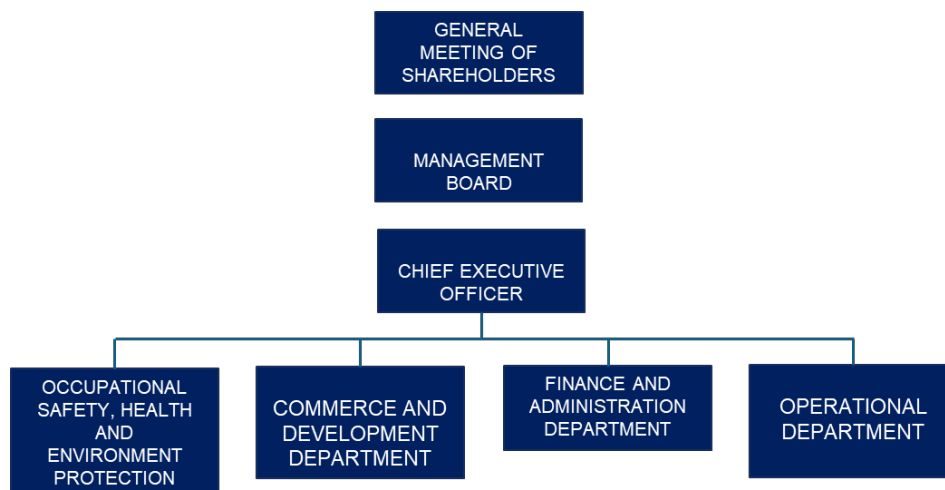
Additional competence of the Company's General Meeting of Shareholders:

- to decide on the conclusion and terms of contracts with the members of the company's Management Board and the Chairman of the Management Board, and the appointment of a person authorised to sign such contracts on behalf of the company;
- to approve or not to approve the Company's annual report;

- 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.

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 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.

Company’s governing structure



During the reporting period, the sole shareholder of the Company adopted the following decisions:

- 4 February 2025 – to approve the decision of the Company’s Management Board to amend the credit contract with Swedbank, AB and the related contract security transactions, and to approve the updated key terms and conditions of the amended credit contract and its security transactions;
- 15 April 2025 – to approve the Company’s management report for 2024; to approve the Company’s annual financial statements for the year; to distribute the Company’s profit (loss) for 2024;
- 23 May 2025 – to approve the decision of the Company’s Management Board on establishing the Company’s internal borrowing and lending limits;
- 30 September 2025 – a decision adopted regarding the remuneration review of the members of the Company’s Management Board.

3.2 Management Board

Overview

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

The Company's Management Board, consisting of three members, is elected and dismissed by the General Meeting of Shareholders for a term of four years, in accordance with the procedures set out in the Company's Articles of Association and the law. The Management Board is accountable to the General Meeting of Shareholders. The Management Board must comprise at least 1/3 (one third) independent members and more than a half of the Management Board members must not have employment relations with the Company. The Management Board elects the chairman of the Management Board from among its members.

Main functions of the Company's Management Board:

- to analyse and evaluate the information provided by the Company's CEO on the implementation of the Company's business strategy, organisation of the Company's operations, the Company's financial position, the Company's set of annual financial statements, the Company's draft distribution of profit (loss);
- to consider and approve the Company's business strategy, the Company's operational planning documents, the Company's management and/or organisational structure, the list of staff positions and the maximum number of posts, the list of confidential information and trade secrets, and the management report;
- to adopt decision on respective transactions, initiating legal disputes and/or entering into amicable agreements, in accordance with the procedures for conclusion of transactions established by the parent company;
- to adopt decisions on other issues which fall within the competence of the Management Board under the legal acts, the Company's Articles of Association or the General Meeting of Shareholders as well as significant issues which are referred to the Board by the Chief Executive Officer;
- to elect and recall the Company's Chief Executive Officer, determine his/her remuneration and other terms and conditions of his/her employment, and give him/her incentives and penalties.

In certain cases, the Company's Management Board must obtain approval of the General Meeting of Shareholders prior to adopting decisions. The cases that require approval of the general meeting of shareholders are provided for in the Company's Articles of Association.

Information on selection criteria of the Management Board members

The selection to the Board shall be carried out in accordance with the Resolution of the Government of the Republic of Lithuania No 631 of 17 June 2015, based on the approved description of the selection of candidates to the collegiate supervisory or management body of a state-owned or municipally-owned enterprise, a state-owned or municipally-owned company or its subsidiary.

Each member of the Board is elected for a term of four years. The composition of the Company's 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, a member of the governing body or administrative employee of another legal entity, which is engaged in transmission or distribution 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, if less than two years have passed since such audit was performed, 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.

If the Board is recalled, it resigns or ceases to perform its duties for any other reason prior to expiry of its term of office, the new Management Board will be elected for the new term of office. Where individual members of the Management Board are elected, they shall be elected only until the end of the term of office of the operating Management Board.

The candidates for positions on the Company's Management Board are evaluated by the Management Board of the parent company, AB Ignitis grupė. The members of the Board were elected taking into account the common expectations and competency requirements set out in the Company's Management Board Competence Profile.

The composition of the Management Board did not change during the reporting period. As of 20 October 2023, the Company's Management Board consists of:

- in the area of financial management – Jonas Rimavičius, the shareholder's representative;
- in the area of strategic planning and management – Mantas Mikalajūnas, the shareholder's representative;
- in the area of renewable energy and engineering – Paul Kęstutis Dainora, the independent member.

Mantas Mikalajūnas has been elected as the Chairman of the Management Board.

Priorities for the reporting period and their implementation

The Management Board plans and carries out its activities in accordance with an annual operational plan, which outlines the matters assigned to the Management Board's competence to be considered during the calendar year. On 16 December 2024, the Management Board approved its operational plan for 2025, which was duly implemented. All planned matters were considered, as well as additional matters arising during the year related to the organisation and execution of the Company's activities.

The Management Board meetings are held once a month, with ad hoc meetings convened when necessary.

During the reporting period, the following key matters were discussed at the meetings of the Company's Management Board:

- assessment and approval of the Company's long-term and short-term planning documents;
- approval of the Company's management report for 2024, assessment of annual financial statements and the draft appropriation of profit (loss), and their submission to the General Meeting of Shareholders;
- evaluation of the most significant transactions planned to be concluded by the Company, approval of their conclusion and approval of terms and conditions of key transactions;
- assessment and approval of the Company's achievement of 2024 performance targets (indicators);
- assessment of the organisation of the Company's activities and adoption of related decisions;
- consideration and approval of the Company's governing and organisational structure, and the list of employee positions;
- Establishment of the Company's borrowing and lending limits using the unified intercompany borrowing platform of AB Ignitis grupė;
- approval of the updated list of the Company's confidential information and commercial secrets;
- appointment of the Head of the Company's for a second term of office;
- other matters while performing supervisory functions as provided for in the Law on Joint Stock Companies of the Republic of Lithuania.

A total of 18 meetings of the Company's Management Board were held in 2025. The table below provides an overview of the attendance at meetings

Overview of meeting attendance by members of the Management Board

Name, surname	
Mantas Mikalajūnas (Chairman of the Board)	18 / 18
Jonas Rimavičius	16 / 18
Paul K. Dainora	17 / 18

* The figures indicate how many meetings of the total organised the members have attended in 2025.

After the reporting period


From 1 January 2026 to 20 March 2026, four meetings of the Management Board were held, during which the following key matters were discussed:

- approval of the Company's annual operational planning documents and objectives for 2026;
- approval of the Company's long-term operational planning documents;
- Establishment of the Company's borrowing and lending limits using the unified intercompany borrowing platform of AB Ignitis grupė;
- approval of the transactions necessary for the Company's operations and their key terms and conditions;
- Assessment and approval of the Company's achievement of the 2025 operational goals (indicators).

Performance assessment

In line with good governance practices, the Management Board conducts an annual assessment of its activities and agrees on follow-up actions aimed at improving the Management Board's performance. On 11 June 2025, the Management Board approved the Performance Improvement Plan for 2025.

Members of the Management Board

	Description	Experience	Education	Other currently held positions
	<p>Mantas Mikalajūnas Chairman, member since 20-10-2023 Shareholder's representative Area of competence: strategic planning and management Term of office ends on 19-10-2027</p>	<p>With almost 20 years of management experience in various companies in the energy sector, M. Mikalajūnas started his career at Lietuvos dujos. Later, he completed an eighteen-month internship at an energy concern in Germany. After returning to Lithuania, he worked in strategic positions at Lietuvos Dujos, where he was a member of the management team responsible for relations with investors, state authorities and the regulator, and for the integration of Lietuvos Dujos into Lietuvos Energija (now Ignitis grupė). Before taking the current position of the Head of Regulated Activities of the Group, Mantas had served as Head of Business Development at Ignitis grupė and CEO at Lietuvos dujų tiekimas (later, Lietuvos energijos tiekimas).</p>	<p>Baltic Institute of Corporate Governance, a board member's and board chair's certificate, Saïd Business School, University of Oxford, Strategic Management Executive Programme; Vilnius University, Master's degree in Business Administration and Management.</p>	<p>Main workplace and position: AB Ignitis grupė (code 301844044), a Management Board member and Head of Regulated Activities.</p> <p>Other positions held: UAB Kauno kogeneracinė jėgainė (code 303792888), a Management Board member; UAB Ignitis (code 303383884), a Management Board member; AB Ignitis gamyba (code 302648707), a Management Board member.</p>



Paul K. Dainora
Member since 20-10-2023
Independent member
Area of competence: renewable energy and engineering
Term of office ends on 19-10-2027

P. K. Dainora has more than 30 years of experience in the energy sector. He started his career working at a nuclear power plant in Pennsylvania (USA), and managed the design and construction of oxygen plants in Singapore and Texas (USA); he held the position of the director for business development at Linde Engineering (Germany) and Air Liquide E&C (Germany), vice president for business development at AG&P (Germany, Philippines) and head of green hydrogen development at thyssenkrupp nucera (Germany), he was the member of the Management Board at UAB Vilkaviškio šilumos tinklai.

He has studied mechanical engineering in Villanova University in the USA; Master's degree in Economics and Finance in West Chester University in the USA.

Main workplace and position:
Ohmium International Inc. (USA/Germany/India), Commerce Manager. Registration code B72595036 (Spain)

Member of organisation American Society of Mechanical Engineers



Jonas Rimavičius
Member since 20-10-2023
Shareholder's representative
Area of competence: finance management
Term of office ends on 19-10-2027

J. Rimavičius is an experienced finance professional. He joined the Group in 2016, and has been leading M&A activities and capital raising projects, including Ignitis Group's IPO and green bonds' issues. Before joining the Ignitis Group, J.Rimavičius gained experience in experience in the areas of investment banking and corporate finance at Swedbank, EY and Telia.

University of Cambridge, Master's degree in Business Administration; University of Warwick, Bachelor's degree in Accounting and Finance; former CFA charterholder.

Main workplace and position:
AB Ignitis grupė (code 301844044), a Management Board member and Head of Finance.

Other positions held:
UAB renewables Ignitis (code 304988904), a Management Board member and Chairman;
UAB Ignitis renewables offshore development (code 306281817), a Management Board member;
UAB Ignitis renewables projektai 5 (code 306281226), a Management Board member;
UAB Ignitis renewables projektai 11 (code 306741831), a Management Board member.

Head of the Company (CEO)

Overview

The Chief Executive Officer is a single-person governing 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 Chief Executive Officer organises, directs, acts on behalf of the Company and concludes transactions unilaterally, except for cases provided for in legislation and the Articles of Association of the Company.

The Company's Chief Executive Officer is elected, recalled and dismissed by the Company's Management Board. The competence, election and dismissal procedures, and number of terms of office of the Company's Chief Executive Officer shall be determined by the Law on Companies, the implementing legal acts, and the Articles of Association of the Company. It should be noted that the CEO of the Company, as a subsidiary of a State-owned company, is also subject to the special peculiarities of recruitment provided for in the Law on Companies, according to which the CEO's term of

office is limited to a period of five years. The Law provides that the same person may be elected as the CEO for not more than two consecutive terms.


Remuneration to CEO is established in accordance with the Remuneration Policy and its implemented legislation of AB Ignitis grupė. In order to attract high-level professionals to managerial positions, it is sought to maintain the remuneration close to the market median of the country in which the Company operates. The remuneration structure for CEO corresponds to the remuneration structure for the Group's employees. More information on remuneration can be found in [Remuneration Policy](#).

The main functions and responsibilities of the CEO are:

- ensures the implementation of the Company's operational strategy and the decisions of the General Meeting of Shareholders and/or the Management Board;
- organises the day-to-day activities of the Company, hires and dismisses employees, concludes and terminates employment contracts, incentivises employees and imposes disciplinary measures;
- ensures the protection of the Company's assets, appropriate working conditions, and the safeguarding of the Company's commercial secrets and confidential information;
- is responsible for the preparation of the annual financial statements and the management report;
- submits proposals to the Company's Management Board regarding the Company's operational planning documents;
- performs other duties established in the Law on Joint Stock Companies and other applicable laws and legal acts, as well as in the Company's Articles of Association and the rules of procedure of the Chief Executive Officer, and addresses other matters of the Company's operations that, under the law or the Articles of Association, do not fall within the competence of other governing bodies.

Mantas Burokas was the CEO of the Company for the period from 24 February 2021 to 23 February 2026. By the decision of the Company's Management Board, dated 11 December 2025, Mantas Burokas was elected to serve as the Chief Executive Officer of the Company for a second five-year term, starting from 24 February 2026.

Profile

	Description	Experience	Education	Other currently held positions
	Mantas Burokas Chief Executive Officer Term of office: from 24-02-2021 to 23-02-2026.	M. Burokas has more than 15 years of experience in the energy sector for seven years thereof he has held managing positions.	Mantas has gained a Master's degree in Law at Mykolas Romeris University. He has completed training for professional board members at Baltic Institute of Corporate Governance. He has completed the modules of financial and management accounting at ISM.	Main workplace and position: Company's Chief Executive Officer Other positions held: - Member of the Supervisory Council at AB Panevėžio specialusis autotransportas.

3.3 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, challenge, and opportunity at the same time.

The Group forms and seeks to support the organisational culture that would nurture a long-term employer-employee partnership based on values and the Code of Ethics, mutual understanding and the opportunity to create an energetically smart future together.

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 has been 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 uphold the principles of transparency and clarity and to better address the needs of the companies.

In this report, we provide a transparent and comprehensive overview of the remuneration of the Company's Chief Executive Officer and the members of the Management Board. The remuneration disclosed in this report is in line with the Group's Remuneration Policy.

Remuneration

Remuneration 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 an additional 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 is approved in accordance with the provisions of the Labour Code of the Republic of Lithuania, the Law on Joint Stock Companies and the Corporate Governance Code for the companies listed on Nasdaq Vilnius. The parent company must submit any adjustments to the Remuneration Policy to the General Meeting of Shareholders for approval. Representatives of the employees of the parent company and the Group companies, as well as other stakeholders are consulted on matters related to changes in the Remuneration Policy (if any). The latest version of the Remuneration Policy was approved by the General Meeting of Shareholders on 7 May 2025 and is published on the Group's website.

The Remuneration Guidelines are approved by the Management Board of the parent company.

Remuneration policy and structure

The key objective of the Remuneration Policy is to foster the Group's pathway towards achievement of targets through 5 key principles detailed below.

Key principles of the Group's Remuneration Policy

Internal fairness	We ensure that similar- or same-value-creating work is compensated equally throughout the organisation.
External competitiveness	Employees are paid a competitive salary, taking into account their functions, responsibilities, market conditions and geographical location.

Clarity	Each employee must clearly understand how their salary is determined and how their performance, competencies and qualifications affect its amount.
Transparency	In line with the principle of transparency, staff are informed of the objective criteria for determining remuneration.
Equal opportunities	Remuneration management decisions must be made in accordance with the provisions set out in the Remuneration Policy and Equal Opportunities 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, we participate in annual remuneration market surveys. This way we obtain a fair view of market expectations and tendencies.

The purpose of our Remuneration Policy is to attract, retain and motivate employees in pursuit of the Group's goals by fostering a results-oriented organisational culture. Therefore, we aim to pay the market median in the countries where the Group's 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.

The remuneration structure applied across the Group is the same for everyone, including the Chief Executive Officer of the Company, whose remuneration structure is aligned with that of other Group employees. It includes fixed and variable remuneration parts, which are described in detail in the following table.

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

Remuneration structure of the Group employees

Type	Element	Applied	Description and performance indicators
Fixed remuneration	Fixed base salary (FBS)	For all Group employees	FBS is determined in the employment contract, taking into account the position level and the employee's competency level. FBS is paid in cash on a monthly basis. The review of the FBS is carried out during the annual remuneration review or when necessary (e.g. in case of changes in job functions, career progression, etc.).
	Variable remuneration component paid for the achievement of short-term objectives (STI)	All Group employees	Performance-based (cash) incentive, i.e., remuneration for achieving the goals or indicators set for a specific position. The proportion of STI is determined as a percentage of FBS. A 20% STI (calculated from the annual FBS) applies to managers and positions with strategic responsibilities, while a 10% STI applies to other employees. To ensure that the remuneration system remains flexible for specific groups of employees, specialised remuneration schemes with different STI levels or payout intervals may be applied.
Variable remuneration	Variable remuneration component paid for the achievement of non-current-term objectives (LTI)	Key executives ¹	Performance-based (monetary) incentive for the achievement of the 4-year strategic objectives (not overlapping with the STI objectives). The proportion of LTI is set as a percentage of the average salary, e.g. 40% LTI from the average annual FBS over the relevant strategic period (10% of annual FBS each year). The LTI is determined by assessing the sustainable performance of the business over a rolling 4-year period and is payable at the end of each 4-year strategic period (the right to LTI is granted after 4 years).
		Managers with strategic responsibilities ²²	Performance-based (monetary) incentive paid for the achievement of long-term strategic objectives linked to the Group's four-year strategic plan (these objectives must not overlap with the STI objectives). The proportion of LTI is set as a percentage of the average salary, e.g. up to 30% LTI (from the average annual FBS over the relevant strategic period). The Management Board of the parent company sets and approves the criteria and targets for the achievement of the long-term objectives.
Other rewards	Additional financial incentives	For all Group employees, except for the CEO of the parent company, the members of the Management Board, and the members of the management committees of the Group's companies.	Performance-based incentives for extraordinary results and for managing the Group's strategically important initiatives. Additional financial incentives are granted 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 the extra costs incurred when an employee moves from one country to another on the employer's instructions to carry out their duties. The package can also be used to attract talent from abroad.
	Additional benefits	For all Group employees	Non-monetary forms of remuneration, such as accident insurance and various health insurance packages with a predefined benefit amount (up to EUR 1,000 per person and applied equally to all), private pension contributions to selected funds and other additional benefits, subject to internal regulations and the employee's decisions. Additional benefits are designed to boost employee motivation and loyalty. The benefits package for members of the management committees of the parent company and Group companies includes a company EV or mobility allowance.

¹Key management are employees who serve as members of the Management Board of the parent company, as well as the executives of AB Energijos skirstymo operatorius, UAB Ignitis, AB Ignitis gamyba and UAB Ignitis renewables.

²Managers with strategic responsibilities are those who are assigned long-term (longer than one year) Group strategic and/or critical objectives.

Remuneration of the Company's employees

The Company's salary fund in 2025 amounted to EUR 5.6 million, compared to EUR 5.4 million in 2024. Average monthly salary (FBS and STI) for the period of 2024–2025 is provided in the following table. Information about remuneration can also be found on the Company's [website](#).

Average monthly remuneration and amount of the Company's employees, EUR (before taxes)

Position category	2025		2024	
	Number of employees	Average salary	Number of employees	Average salary
Executives	15	6,335	14	6,165
Experts / Specialists	85	3,376	81	3,318
Qualified workers	27	2,497	28	2,262
Total	127	3,527	123	3,453

Remuneration of the Company's Management Board

The remuneration of the members of the Company's collegial bodies is determined in accordance with the Description of the Procedure for Payment of Remuneration to Members of Collegial Bodies of State-Owned Enterprises and Municipal-Owned Enterprises, approved by the Resolution of the Government of the Republic of Lithuania No 794 of 3 August 2022, which establishes the procedure for the payment of remuneration to the members of the collegial bodies elected by the General Meeting of Shareholders of a state-owned company and its subsidiaries that are companies of importance to national security.

Remuneration of members of the current Management Board of the Company, EUR (before taxes)

Name, surname (position)	2025	2024
Mantas Mikalajūnas, Chairman of the Management Board ¹	-	-
Paul Kęstutis Dainora, member of the Management Board	16,070	15,600
Jonas Rimavičius, member of the Management Board ¹	-	-

Remuneration of the Company's CEO

In order to attract high-level professionals to managerial positions, it is sought to maintain the remuneration close to the market median of the country in which the Group company operates. More information about the Group principles of salary determination is available in [Remuneration Policy](#) and [Integrated annual report of the Group for 2025](#)

Remuneration of the Company's CEO, EUR (before taxes)

	Name, surname	2025	2024
Fixed base salary	Mantas Burokas	129,484	119,240

Variable remuneration targets for the Company's management

The performance targets for which the STI (KAD) is paid are described in more detail in section '2.3 Strategy' of the Annual Report.

Information about the payouts of the CEO's variable remuneration component, EUR (before taxes)

	Name, surname	2025	2024
STI	Mantas Burokas	22,173	19,938

Employees, their diversity and representation

We recognise that our employees are the foundation of our success. To create an inclusive work environment with equal opportunities, where everyone has the chance to grow, it is essential to

¹ For the employees of AB 'Ignitis grupė' (Mantas Mikalajūnas and Jonas Rimavičius), the remuneration for their activities in the Company's collegial bodies is included in their regular pay, and no additional remuneration is provided.

understand the diversity of our workforce. This section provides an overview of our employees' demographic profile, including their age, education, gender, and length of service.

These data demonstrate our commitment to transparency and accountability and highlight how diversity strengthens our organisation. We believe that a well-balanced and diverse team fosters innovation, collaboration, and sustainable growth aligned with our core values and strategic objectives. On the right, we present detailed information about our workforce, showing the people who drive our success.

Gender distribution by position category, 2025

Position category	Women	Men
Executives	26.7%	73.3%
Experts / Specialists	15.3%	84.7%
Qualified workers	25.9%	74.1%
Total	18.9%	81.1%

Employee distribution by age, 2025

Age range	Distribution
57–76	5.5%
37–56	54.3%
25–36	33.9%
17–24	6.3%

Employee distribution by position category with reference to education, 2025

Position category	University-level higher education	College-level higher education	Secondary and vocational education	Other / no information available
Executives	73.3%	20.0%	-	6.7%
Experts / Specialists	57.7%	20.0%	17.7%	4.6%
Qualified workers	18.5%	25.9%	48.2%	7.4%
Total	51.2%	21.3%	22.0%	5.5%

The Company promotes and maintains social dialogue with representatives of employees. Employees are represented by the Labour Council.

3.4 Risk Management

Risk management framework

Overview

This section provides information on the Group’s risk management system, the key processes of the risk management framework, and an overview of the risks relevant to the Company.

In carrying out its activities, the Company faces strategic, operational (performance), financial and external risks that may affect the performance results. In order to manage such risks, the Company and the Group apply uniform risk management principles based on good risk management practices, including ISO 31000:2018 and COSO (Committee of Sponsoring Organisations of the Treadway Commission).

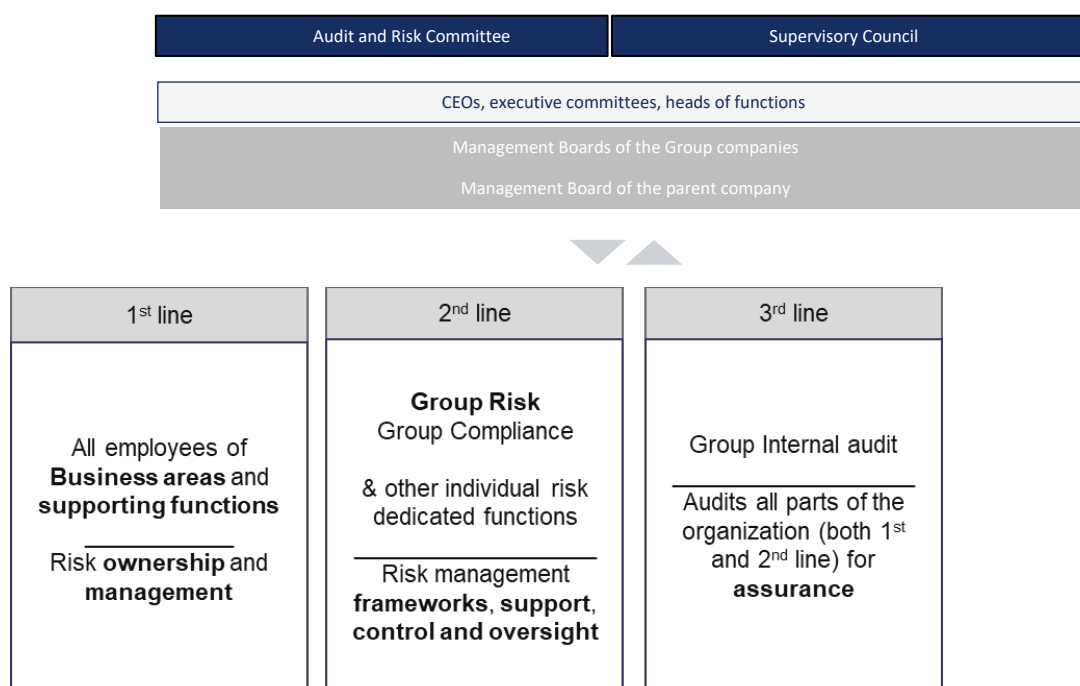
The **purpose** of the Group Risk Management Framework is to safeguard the Group’s value, reputation, customers, stakeholders and shareholders, while fostering a risk-aware culture and enabling informed decision-making that aligns with the achievement of the Group’s strategic objectives.

The Group risk management framework is based on the following **principles**:

- risk-based approach;
- continuous improvement and learning;
- transparency and responsibility;
- integration with business processes;
- Leadership and risk culture.

Our risk management structure is based on established 'Three-lines Enterprise Risk Management Model', ensuring clear segregation of responsibilities among the Company’s businesses, functions and governance bodies.

Three-Lines Enterprise Risk Management Framework



Risk management process

The Group promotes proactive risk management to achieve its strategic goals and adapt to a dynamic environment. Key steps of our risk management process:

Risk management process



1. Identification. The Company analyses potential impacts arising from various risks (internal and external), including the risks related to climate change, regulatory changes, geopolitical and economic situation, market trends, and social issues, with ESG (environmental, social responsibility and governance) factors considered and assessed integrally. All of the Company’s employees are responsible for timely risk identification. The Company uses various methods for risk identification by utilising both top-down and bottom-up approaches. Risks are assessed in various time horizons, i.e., from short term (up to 1 year), medium term (2–4 years) to long term (5 years or more), depending on when they are the most relevant.

We classify the risks arising from the Company's activities into 4 different categories.

Strategic risks	Financial risks ³	Operational risks	Legal risks
Risks affecting the Company’s long-term objectives and targets, including market competition and sector-related regulatory and political developments.	Risks related to the Company’s financial performance, including market volatility, foreign exchange, interest rate, credit and liquidity risks.	Operational risks, including system failures, cyber security threats, supply chain disruptions, and risks related to processes, human capital, occupational health and safety (OHS), and other operational areas.	Risks associated with legal obligations and compliance, including regulatory fines and contractual disputes.

2. Assessment. The Company determines the level of risks (from low to very high) based on the risk probability and impact assessment carried out while following internal methodology. The following risk impacts were reassessed: financial, reputation, compliance, people: occupational safety and health.

3. Risk treatment. The Company decides whether to accept, mitigate, avoid, or transfer the risk. All risks exceeding the Company’s risk appetite must be mitigated.

³ Financial risks (market, currency, interest rate, credit, liquidity) which do not exceed the Company’s risk appetite and KRI (tolerance) thresholds, in accordance with the IFRS requirements, are disclosed in section ‘Financial statements’ of this report.

4. Monitoring and reporting. The Company conducts ongoing reviews of risks to ensure that effective decisions are made in a timely manner. Every quarter, or more frequently when needed, the Company monitors key risk mitigation measures, indicators and other relevant information, and prepares internal risk management reports. These reports provide information on all types of risks relevant to the Company.

Maturing risk management

In 2025, the function overseeing risk management was reorganised and the Group Risk Management function was created to strengthen the risk management maturity. Therefore, at the end of 2025 the Group approved an updated Group Risk Management Policy and Methodology. The updates include a revised risk taxonomy, an expanded five-point risk assessment matrix, and etc. The risk levels remain unchanged: low, medium, high and very high. The updated system has been applied since 2026.

The enhanced risk management framework further strengthens the integration of all relevant processes, including the Double Materiality Assessment (DMA), which was successfully completed in 2025 in accordance with the CSRD and the guidelines of the European Financial Reporting Advisory Group.

Risk management overview

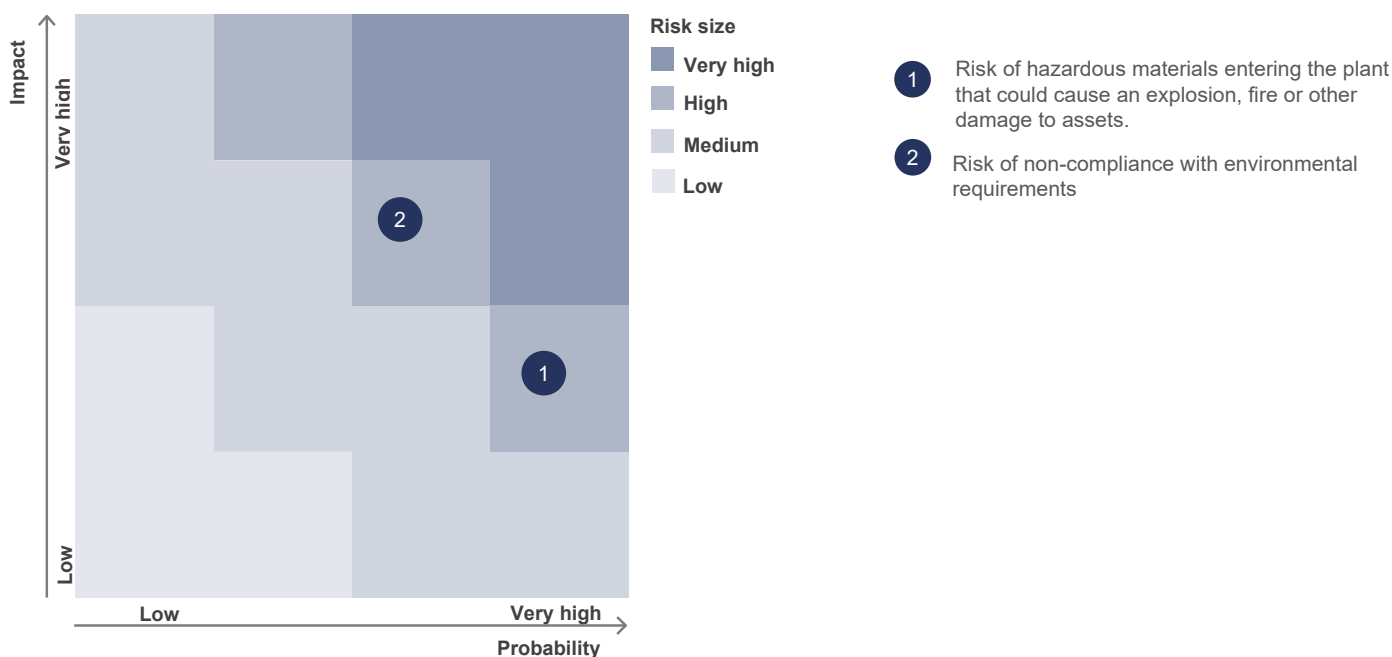
Overview of top risks in 2025

Factors that had the greatest impact on the Company's risk management in 2025:

- In 2025, the waste management sector faced an increased risk of fires and other incidents related to the potential entry of hazardous or unsuitable materials into waste and biofuel streams. In response to these circumstances, the Company added a new risk to its 2025 risk register – the risk that materials capable of causing an explosion, fire or other asset damage could enter the plant together with waste or biofuel – and strengthened the relevant control and preventive measures.
- Following the initiation of bankruptcy proceedings against the former contractor of the biofuel plant, Rafako S.A., the Company was included in the list of creditors. Based on an assessment of the circumstances of the bankruptcy proceedings, it was determined that the likelihood of recovering compensation for the damages caused by the former contractor of the biofuel plant is very low or non-existent. Accordingly, the risk of insufficient compensation for the damages caused by the former contractor was deemed to have materialised and was removed from the Company's key risk register, as further monitoring of this risk is no longer considered meaningful.
- The risk of non-compliance with environmental requirements arises from potential breaches in waste management, biofuel use, emissions control and other environmental areas; therefore, its management and continuous monitoring remain a strategic priority for the Company.
- Cybersecurity risk is managed centrally at the Group level, and further information on its management is provided in the [Integrated Annual Report of Ignitis grupė for 2025](#).
- The identified risks are continued to be closely monitored and managed using the risk management measures.

The Company's key risks for 2025 are presented in the risk map, while other risks were monitored at the operational level.

Map of the Company's key risks



This section presents the Company's key risks, including the material ESG-related risks and factors identified during the double materiality assessment process.

1 Risk of hazardous materials entering the plant that could cause an explosion, fire or other damage to assets.

Risk type Operational (activity)	Description of risk Due to irresponsible behaviour of suppliers or improperly sorted waste and biofuel, prohibited, explosive or other hazardous materials may enter the plant's fuel stream.	Main risk management measures: <ul style="list-style-type: none"> – Supplier and carrier oversight, communication, and application of sanctions for non-compliance with contractual requirements; – Ongoing and periodic inspections of incoming waste and biofuel; – Market reviews to assess the feasibility of acquiring a technological waste-scanning solution; – Enhancement of fire detection and suppression measures; – Conducting periodic emergency drills; – Updating and preparing relevant documentation.
ESG factors Environmental		

2 Risk of non-compliance with environmental requirements

Risk type Operational (activity)	Description of risk The risk that the Company's operations may fail to comply with legal or other environmental requirements, which could result in environmental damage, legal sanctions or reputation loss.	Main risk management directions: <ul style="list-style-type: none"> – Installation of automatic continuous air emission monitoring systems, and periodic surveys of other sources of pollution; – Application of measures to reduce odour and noise; – Measurement of radiation pollution; – Installation of all necessary treatment facilities and wells.
ESG factors Environmental		

For more information on the risk management model, risk factors and their management by Ignitis grupė, please refer to the Integrated Annual Report of Ignitis grupė for 2025 ([link](#)).

Additional information

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4.3	Abbreviations	44

4.1 Other important statutory information

The Annual Report, consisting of the management report and financial statements, provides information to the shareholders, creditors and other stakeholders of UAB Vilniaus kogeneracinė įėgainė (hereinafter - the Company) about the Company's and its subsidiaries', if any, operations for the period of January–December 2025.

The annual report was prepared by the Company's administration in accordance with the requirements of the Law on Financial Reporting of Undertakings of the Republic of Lithuania, the Law on Companies of the Republic of Lithuania, the Law on Consolidated Financial Reporting by Groups of Undertakings of the Republic of Lithuania, and taking into account the description of the guidelines for ensuring the transparency of the activities of state-owned companies. The Company's securities are not listed and are not traded on a regulated market. Articles of Association of the Company do not anticipate any other requirements for the content of the Company's Annual report than the ones provided for in the legislation specified above.

The Company's management is responsible for the information contained in the Annual report. The report and the documents, on the basis of which it was prepared, are available at the head office of the Company (Paneriškių St. 25, 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)

Information about the Company

1. Name of the company: UAB Vilniaus kogeneracinė įėgainė
2. Legal form: Limited Liability Company
3. Authorised capital: 52,300,021
4. Date and place of registration: 26/02/2015, registered in the state enterprise Centre of Registers.
5. Company code 303782367
6. Company address: Laisvės pr. 10, LT-04215 Vilnius
7. Company register: State enterprise Centre of Registers
8. Phone number: +360 620 65856
9. Fax No: Fax is not used
10. E-mail address: info@vki.lt
11. Website: <http://www.vki.lt>

Legal notes

1. No significant events occurred after the end of the financial year.
2. The Company did not use any financial and hedging instruments subject to the accounting of hedging transactions, which would be important in evaluating the Company's assets, equity, liabilities, financial condition and performance.
3. The Company did not have its own shares at the beginning of the reporting period and did not acquire its own shares during the reporting period.
4. The Company has no branches or representative offices.
5. The Company envisages further sustainable development of existing operations in order to ensure higher profitability of operations and efficiency of asset utilization in the long term. Research will be conducted as needed.
6. The Company's activities meet the requirements set out in the legal acts regulating environmental protection.

Significant transactions

There were no significant agreements, to which the Company is a party and which would enter into force, change or terminate upon a change of control of the Company.

During the reporting period, the Company did not engage in any harmful transactions (inconsistent with the objectives of the parent company, existing normal market conditions, violating the interests of shareholders or other groups of persons, etc.), that had or may in the future have a negative impact on the Company's activities and/or performance, as well as it did not enter into transactions concluded in the event of a conflict of interest between the Company's managers, controlling shareholders or other related parties' duties to the Company and their private interests and/or other duties.

There were no agreements between the Company and members of its bodies or employees providing for compensation in the event that they resign or are dismissed without a valid reason or in the event that their employment ends due to a change in control of the Company.

Main features of internal control and risk management systems related 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 presented in the management report are calculated in accordance with IFRS and correspond to the Company's audited financial statements.

The employees of the company providing accounting services to the Company ensure that the financial statements are properly prepared, ensure that the data is collected on time and correctly. The preparation of the Company's financial statements, internal control and financial risk management systems, legal acts regulating the preparation of financial statements are controlled and managed.

Information about sustainability

UAB Vilniaus Kogeneracinė Jėgainė is a subsidiary, and its sustainability information is presented in the consolidated management report of the parent company AB Ignitis grupė. The consolidated management report of AB Ignitis grupė for 2025 includes the sustainability information of AB Ignitis grupė and its subsidiaries (the Group), including the sustainability disclosures of the subsidiary UAB Vilniaus kogeneracinė jėgainė. This includes an overview of commitments and actions in areas such as environmental performance, social responsibility and governance practices. Information about sustainability is available on the Group's website www.ignitisgrupe.lt under sections 'For Investors' and 'Sustainability'.

Alternative performance measures

Alternative performance measures (further in the text and also - APM) – are the adjusted figures presented in this report used for the internal assessment of performance management. These indicators are not defined by International Financial Reporting Standards (IFRS) and do not comply with IFRS requirements. Definitions of alternative performance measures are provided on the website of AB Ignitis grupė ([link](#)).

Language note

In case of inconsistencies between the Lithuanian and English versions of documents, the document prepared in Lithuanian is considered the main version.

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

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

Point in the description of the Guidelines on Transparency in State-Owned Companies (version as at 30 April 2021)	Disclosure	Explanation
Chapter II. Disclosure of information by a State-owned enterprise		
5. The following data and information must be announced in the internet website of a state-owned enterprise:		
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	Information available on www.vkj.lt
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 Board, if the Supervisory Board is established under the articles of association;	Not applicable	Supervisory council is not formed in the Company.
5.11. names of committees, data about their chairmen and members, if committees are established under the articles of association;	Not applicable	No management or supervisory committees have been established in the Company.
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	Information available on www.vkj.lt
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	Not applicable	The Company has not determined any special obligations.

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;		
5.14. information on social responsibility initiatives and measures, major investment projects under-way 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 subparagraphs 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 of the Description is elected or appointed as an independent member, this shall be indicated in addition to his details.	Yes	Information available on www.vkj.lt
7. The following documents shall be announced in the website of a State-owned enterprise:	Yes	Information available on www.vkj.lt
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;	Not applicable	The 'Letter of Expectations' is submitted to the Parent Company and published on www.ignitisgrupe.lt
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	Information available on www.vkj.lt
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.vkj.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	Annual reports are available on www.vkj.lt . The Company does not prepare interim reports.
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	Annual financial statements and auditor reports are published on www.vkj.lt . Interim reports are not prepared.

8. If a 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.	Yes	Information is available on www.vkj.lt
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	Information available on www.vkj.lt
10. Any data, information or documents specified in points 5 and 6, sub-paragraphs 7.1–7.4, and points 8, 9 and 91 of the Description that have changed or have been published incorrectly must be updated, including on the website, without delay.	Yes	Information and documents that have changed are updated immediately
11. The set of annual financial statements of the State-owned company, the management 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 published on the website of the State-owned company at the latest 2 months after the end of the reporting period.	Yes	Documents are published on the 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-month and 9-month interim financial statements.	Not applicable	The Company does not prepare interim financial statements for 3, 6 and 9 months.
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.	Not applicable	The Company does not prepare 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	The Company presents information in the annual report
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	
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	Social responsibility report (Integrated in an annual report) prepared on the level of AB Ignitis grupė is available on www.ignitisgrupe.lt
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 share-holding (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 mutatis mutandis 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	Not applicable	The Company does not prepare an interim report

profitability, liquidity, turnover, assets and debt, and the changes of these indicators as compared to the corresponding period of the previous year.

5. Company's 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 Company's financial statements were prepared and signed by management of UAB Vilniaus kogeneracinė jėgainė on 20 March 2026:

Mantas Burokas

Chief Executive Officer

Rūta Šaltmerytė

Head of Finance and
Administration

Jurgita Markevičienė

UAB Ignitis grupės
paslaugų centras, Senior
accounting expert, acting
under Order No.
26_GSC_SP_0024 of 19
February 2026

5.1 Statement of profit or loss and other comprehensive income

For the year ended 31 December 2025

EUR thousand	Note	2025	2024
Revenue from contracts with customers	5.1	107,372	87,167
Other income	5.1	88	1,646
Total revenue		107,460	88,813
Purchases of electricity, natural gas and other services	6.1	(36,638)	(33,975)
Depreciation and amortisation		(15,721)	(14,715)
Salaries and related expenses		(5,575)	(5,406)
Other expenses	6.2	(12,001)	(10,852)
Total expenses		(69,935)	(64,948)
Operating profit		37,525	23,865
Finance income	7	981	953
Finance expenses	7	(8,010)	(11,027)
Finance activity result, net		(7,029)	(10,074)
Profit (loss) before tax		30,496	13,791
Income tax expense/(benefit)	8	(3,201)	3,722
Net profit for the year		27,295	17,513
Other comprehensive income (loss)			
Change in actuarial assumptions		(2)	(1)
Items that will not be reclassified to profit or loss in subsequent periods (net of tax), total		(2)	(1)
Total other comprehensive income (loss) for the year		(2)	(1)
Total comprehensive income (loss) for the year		27,293	17,512

5.2 Statement of financial position

31 December 2025

EUR thousand	Note	2025	2024
Assets			
Intangible assets	9	7,298	8,161
Property, plant and equipment	10	350,454	371,011
Right-of-use assets		268	272
Non-current receivables		100	100
Deferred tax assets	8.3	2,329	5,530
Non-current assets		360,449	385,074
Inventories	12	4,665	3,370
Prepayments and deferred expenses		115	258
Trade receivables	13	16,982	17,883
Other receivables	11	20,170	15,749
Cash and cash equivalents	14	24,969	1,313
Current assets		66,901	38,573
Total assets		427,350	423,647
Equity and liabilities			
Share capital	15.2	52,300	52,300
Reserves	16	3,448	2,572
Retained earnings		63,384	36,967
Equity		119,132	91,839
Non-current loans	17	169,243	183,900
Non-current lease liabilities	17	279	282
Grants and subsidies	18	117,126	124,635
Provisions	6	6	3
Non-current liabilities		286,654	308,820
Loans	17	14,691	14,696
Lease liabilities	17	6	5
Trade payables		2,808	2,891
Provisions		15	15
Other current liabilities	20	4,044	5,381
Current liabilities		21,564	22,988
Total liabilities		308,218	331,808
Total equity and liabilities		427,350	423,647

5.3 Statement of changes in equity

For the year ended 31 December 2025

EUR thousand	Note	Share capital	Legal reserve	Retained earnings	Total
Balance as at 1 January 2024		52,300	1,315	48,384	101,999
Net profit for the year		-	-	17,513	17,513
Other comprehensive income (loss)		-	-	(1)	(1)
Total comprehensive income (loss) for the year		-	-	17,512	17,512
Transfer to legal reserve		-	1,257	(1,257)	-
Dividends	15.3	-	-	(27,672)	(27,672)
Balance as at 31 December 2024		52,300	2,572	36,967	91,839
Balance as at 1 January 2025		52,300	2,572	36,967	91,839
Net profit for the year		-	-	27,295	27,295
Other comprehensive income (loss)		-	-	(2)	(2)
Total comprehensive income (loss) for the year		-	-	27,293	27,293
Transfer to legal reserve		-	876	876	-
Balance as at 31 December 2025		52,300	3,448	63,384	119,132

5.4 Statement of cash flows

For the year ended 31 December 2025

EUR thousand	Note	2025	2024
Net profit for the year		27,295	17,513
Adjustments for:			
Depreciation and amortisation expenses		23,230	21,844
Depreciation and amortisation of grants	18	(7,509)	(7,130)
Income tax expense/(benefit)	8	3,201	(3,722)
Interest income	7	(981)	(938)
Interest expenses	7	8,000	11,017
Other non-cash adjustments		89	161
Changes in working capital:			
(Increase)/decrease in trade receivables and other receivables		843	(8,086)
(Increase)// decrease in inventories, prepayments, deferred expenses		(1,152)	(703)
Increase/(decrease) in trade payables, prepayments received, other current amounts payable and liabilities		(1,571)	589
Net cash flows from operating activities		51,445	30,545
Acquisition of property, plant and equipment and intangible assets		(1,751)	(11,269)
Interest received	7.1	948	915
Net change of AB "Ignitis grupė" group's cash-pool platform		(4,299)	4,264
Net cash flows from investing activities		(5,102)	(6,090)
Loans received	17.2.1	-	5,791
Repayment of loans	17.2.1	(14,667)	(14,667)
Lease payments	17.2.1	(7)	(6)
Interest paid	17.2.1	(8,013)	(11,796)
Dividends paid	15.3	-	(27,672)
Net cash flows from financing activities		(22,687)	(48,350)
Increase/(decrease) in cash and cash equivalents		23,656	(23,895)
Cash and cash equivalents at the beginning of the period		1,313	25,208
Cash and cash equivalents as at 31 December	14	24,969	1,313

5.5 Notes

For the year ended 31 December 2025

1 General information

UAB Vilniaus kogeneracinė jėgainė (hereinafter “the Company”) is a public limited liability company registered in the Republic of Lithuania. The registered address of the Company is: Paneriškių g. 25, LT-02300 Vilnius, Lithuania. On 26 February 2015, the Company was registered with the Register of Legal Entities managed by the public institution the State Enterprise Centre of Registers. Company code 303782367, VAT payer’s code LT100009225717. The Company has been founded for an indefinite period. The reporting period is one year ended 31 December 2025.

The Company is engaged in operation of high-capacity cogeneration power plant in Vilnius, production of local competitive electricity and heat from waste and biofuel.

Shareholder of the Company:

Company’s shareholder	31 December 2025		31 December 2024	
	Number of shares held	%	Number of shares held	%
AB Ignitis grupė	180,344,900	100	180,344,900	100
Total	180,344,900	100	180,344,900	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 of 31 December 2025 and 2024, the shareholder structure of AB Ignitis grupė consisted of the Ministry of Finance of the Republic of Lithuania (74.99 per cent owned), retail and institutional investors (25.01 per cent owned).

AB Ignitis grupė is the ultimate parent company. The Group consists of AB Ignitis grupė and all its subsidiaries (hereinafter – the Group).

As at 31 December 2024 and 2025, the Company did not have any subsidiaries.

These financial statements were signed by the Company’s management on 20 March 2026. The Company’s shareholders have a right to approve the present financial statements, refuse to approve them and require that new financial statements are drawn up.

2 Basis of preparation

2.1 Basis of accounting

These financial statements have been prepared in accordance with IFRS Accounting Standards (hereinafter – IFRS), approved by the International Accounting Standards Board (hereinafter – IASB) and endorsed for application in the European Union.

The Company’s financial statements for the year ended on 31 December 2025 have been prepared based on a going concern basis and are measured at historical acquisition cost.

The Company’s financial statements provide comparative information of the previous period.

Detailed information about the Company’s material accounting policy, including changes, is presented in Note 5.6 to the financial statements ‘[Additional information](#)’.

2.2 Functional and presentation currency

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

3 Changes in material accounting policies

3.1 Changes in accounting policies and disclosures

The accounting policy applied in the preparation of these financial statements is consistent with the accounting policies that were followed in the preparation of the parent company’s annual financial statements for the year ended 31 December 2024, except for the new standards that came into force in 2025. The Company does not apply any standard, interpretation or amendment, for which early application is permitted but which is not yet effective.

Detailed information about the Company’s accounting policy, including changes, is presented in Note 5.6 to the financial statements ‘[Additional information](#)’.

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

While preparing these financial statements, the management has made judgments 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.

Critical accounting estimates and judgements	Note	Estimate/judgement
Provision for plant dismantling and closure works	19	Estimate

5 Revenue

5.1 Revenue by type

EUR thousand	2025	2024
Revenue from the sale of electricity	49,325	40,389
Revenue from sale of heat	48,885	38,926
Revenue from waste management	9,162	7,852
Total revenue from contracts with customers	107,372	87,167
Other	88	1,646
Other revenue	88	1,646
Total revenue	107,460	88,813

5.2 Balances by contract

EUR thousand	Note	31 December 2025	31 December 2024
Trade receivables	13	16,982	17,883
Accrued revenue from electricity related sales	11	182	93

6 Expenses

6.1 Purchases of electricity, natural gas and other services

EUR thousand	2025	2024
Biofuel	25,350	23,290
Operating costs of cogeneration plants	6,213	5,901
Purchases of electricity and other services	4,728	4,257
Purchases of natural gas and related services	338	515
Other purchases	9	12
Total	36,638	33,975

6.2 Other expenses

EUR thousand	2025	2024
Repair and maintenance	7,481	5,690
Taxes (other than income tax)	925	860
Telecommunications and IT services	719	609
Asset management and administration	581	568
Insurance	448	796
People and Culture	421	600
Utilities	289	534
Finance and accounting	275	297
Other	862	898
Total	12,001	10,852

7 Finance activity

EUR thousand	2025	2024
Interest income at the effective interest rate	981	938
Other income from financing activities	-	15
Total finance income	981	953
Interest expenses	7,989	11,006
Interest and discount expenses on lease liabilities	11	11
Other expenses of financing activities	10	10
Total finance expenses	8,010	11,027
Finance activity, net	(7,029)	(10,074)

7.1 The Company's interest income

In 2025, the Company received EUR 948 thousand (2024: EUR 915 thousand) in interest income, which is presented in the Statement of cash flows under 'Interest received'.

8 Income taxes

8.1 Amounts recognised in profit or loss

EUR thousand	2025	2024
Deferred tax expense (benefit)	3,201	(3,722)
Total	3,201	(3,722)

8.2 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:

EUR thousand	2025	2025	2024	2024
Profit (loss) before tax		30,496		13,791
Income tax expenses (benefit) at tax rate of 16%	16.00%	4,879	15.00%	2,069
Non-taxable income and not deductible expenses	(0.35%)	(107)	1.03%	142
Incentive on investment project	4.70%	(1,434)	40.52%	(5,588)
Income tax rate change	(0.45%)	(137)	(2.5%)	(345)
Income tax expense (benefit)	10.50%	3,201	(26.99%)	(3,722)

As at 31 December 2025, the Company did not recognise an additional deferred tax asset on the unused investment relief of EUR 10,873 thousand (the deferred income tax asset would have been EUR 1,848 thousand).

As at 31 December 2024, the Company did not recognise an additional deferred tax asset on the unused investment relief of EUR 19,898 thousand (the deferred income tax asset would have been EUR 3,184 thousand).

Income tax is calculated on profit before tax. The standard income tax rate applicable to companies in Lithuanian was 16% in 2025 (2024 – 15%).

8.3 Deferred tax

EUR thousand	31 December 2023	Recognised in profit or loss	31 December 2024	Recognised in profit or loss	31 December 2025
Deferred tax assets					
Incentive on investment project	3,479	3,966	7,445	(3,233)	4,212
Lease liabilities (IFRS 16)	46	-	46	3	49
Accrued expenses	125	(42)	83	1	84
Other	122	(121)	1	1	2
Deferred tax assets	3,772	3,803	7,575	(3,228)	4,347
Deferred tax liabilities					
Differences in financial and tax value (PPE)	(1,920)	(81)	(2,001)	29	(1,972)
Right-of-use assets (IFRS 16)	(44)	-	(44)	(2)	(46)
Deferred tax liability	(1,964)	(81)	(2,045)	27	(2,018)
Net deferred tax	1,808	3,722	5,530	(3,201)	2,329

9 Intangible assets

EUR thousand	Patents and licences	Computer software	Other intangible assets	Total
Acquisition cost as at 1 January 2025	84	9,796	346	10,226
Additions	10	15	4	29
Acquisition cost as at 31 December 2025	94	9,811	350	10,255
Accumulated amortisation as at 1 January 2025	(84)	(1,647)	(334)	(2,065)
Amortisation	-	(888)	(4)	(892)
Accumulated amortisation as at 31 December 2025	(84)	(2,535)	(338)	(2,957)
Carrying amount as at 31 December 2025	10	7,276	12	7,298
Acquisition cost as at 1 January 2024	84	4,091	344	4,519
Additions	-	87	2	89
Reclassified (to) / from property, plant and equipment	-	5,618	-	5,618
Acquisition cost as at 31 December 2024	84	9,796	346	10,226
Accumulated amortisation as at 1 January 2024	(84)	(818)	(275)	(1,177)
Amortisation	-	(829)	(59)	(888)
Accumulated amortisation as at 31 December 2024	(84)	(1,647)	(334)	(2,065)
Carrying amount as at 31 December 2024	-	8,149	12	8,161

9.1 Fully amortised intangible assets

Acquisition cost of the Company's fully amortised non-current intangible assets in use:

EUR thousand	31 December 2025	31 December 2024
Patents and licences	84	84
Computer software	330	328
Acquisition cost of fully amortised assets, total	414	412

9.2 Acquisitions commitments

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

9.3 Pledged assets

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

10 Property, plant and equipment

EUR thousand	Cogeneration plants	Other property, plant and equipment	Construction in progress	Total
Acquisition cost as at 1 January 2025	383,976	25,455	62	409,493
Additions	75	290	1,507	1,872
Write-offs	(255)	(69)	-	(324)
Reclassification from construction in progress	982	161	(1,143)	-
Reclassifications to/from other items of Statement of Financial Position	(113)	-	-	(113)
Acquisition cost as at 31 December 2025	384,665	25,837	426	410,928
Accumulated depreciation as at 01 January 2025	(33,870)	(4,612)	-	(38,482)
Depreciation	(20,421)	(1,908)	-	(22,329)
Write-offs	188	67	-	255
Reclassifications to/from other items of Statement of Financial Position	82	-	-	82
Accumulated depreciation as at 31 December 2025	(54,021)	(6,453)	-	(60,474)
Carrying amount as at 31 December 2025	330,644	19,384	426	350,454
Acquisition cost as at 1 January 2024	131,624	26,805	248,344	406,773
Additions	181	595	8,071	8,847
Write-offs	(402)	(78)	-	(480)
Reclassification from constructions in-progress	243,649	7,086	(250,735)	-
Other reclassifications between groups	8,953	(8,953)	-	-
Reclassifications to/from other items of Statement of Financial Position	(29)	-	(5,618)	(5,647)
Carrying amount as at 31 December 2024	383,976	25,455	62	409,493
Accumulated depreciation as at 1 January 2024	(14,005)	(3,885)	-	(17,890)
Depreciation	(19,119)	(1,829)	-	(20,948)
Write-offs	260	78	-	338
Other reclassifications between groups	(1,024)	1024	-	-
Reclassifications to/from other items of Statement of Financial Position	18	-	-	18
Accumulated depreciation as at 31 December 2024	(33,870)	(4,612)	-	(38,482)
Carrying amount as at 31 December 2024	350,106	20,843	62	371,011

10.1 Acquisitions of property, plant and equipment

As at 31 December 2025 and 2024, the Company had no material acquisition commitments of property, plant and equipment to be fulfilled during the subsequent year.

In 2025, no borrowing costs were capitalised. During 2025, the Company capitalised EUR 589 thousand of interest expenses on borrowings intended to finance development of non-current assets. The average capitalised interest rate was 4.93% in 2024.

10.2 Fully depreciated property, plant and equipment

The cost of fully depreciated property, plant and equipment, but still used by the Company, were as follows:

EUR thousand	31 December 2025	31 December 2024
Other property, plant and equipment	844	896
Total	844	896

10.3 Pledged property, plant and equipment

As at 31 December 2025, the Company had pledged to the banks its property, plant and equipment with the carrying amount of EUR 350,028 thousand (31 December 2024: EUR 370,258 thousand).

11 Other receivables

11.1 Other current amounts receivable

EUR thousand	31 December 2025	31 December 2024
AB "Ignitis grupė" group's cash-pool platform	19,987	15,655
Accrued revenue from electricity related the sales	182	93
Other receivables	1	1
Total	20,170	15,749
Less: loss allowance	-	-
Carrying amount	20,170	15,749

Financial assets amount to EUR 19,988 thousand of all other receivables (31 December 2024: EUR 15,656 thousand). Accrued revenue from sale of electricity is not a financial asset.

12 Inventories

EUR thousand	31 December 2025	31 December 2024
Materials, raw materials and spare parts	2,491	1,841
Biomass	2,049	1,424
Other	125	105
Carrying amount	4,665	3,370

The Company's inventories recognised as expenses included the following:

EUR thousand	2025	2024
Biomass	25,320	23,290
Materials, raw materials and spare parts	1,492	742
Natural gas	338	515
Other inventories	1,723	1,711
Total	28,873	26,258

As at 31 December 2025, the Company had pledged to the banks its property, plant and equipment with the carrying amount of EUR 2,049 thousand (31 December 2024: EUR 1,424 thousand).

13 Trade receivables

EUR thousand	31 December 2025	31 December 2024
Amounts receivables under contracts with customers		
Receivables for distribution of heat	9,337	9,856
Receivable from electricity-related sales	5,989	5,986
Receivables for waste management	1,587	2,036
Other trade receivables	1	1
Amounts receivable under other contracts		
Other trade receivables	68	4
Total	16,982	17,883
Less: loss allowance	-	-
Carrying amount	16,982	17,883

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

Receivables are interest-free and have a normal settlement period of 30 days.

13.1 Loss allowance of amounts receivables (lifetime expected credit losses)

13.1.1 Individual assessment of ECL

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

EUR thousand	31 December 2025		31 December 2024	
	Trade receivables	Loss allowance	Trade receivables	Loss allowance
Not past due	16,272	-	17,075	-
Up to 30 days	565	-	761	-
30-60 days	145	-	30	-
60-90 days	-	-	11	-
90-120 days	-	-	6	-
More than 120 days	-	-	-	-
Carrying amount	16,982	-	17,883	-

13.2 Significant accounting estimates and judgements

13.2.1 Expected credit losses on trade and other receivables

The Company uses a provision matrix to calculate expected credit losses for trade receivables. The Company accounts for expected credit losses (ECL) by assessing individual receivables and applying provision matrices adopted for its customers/debtors.

ECL of other receivables and contract assets is calculated based on individual assessment.

For current 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.

13.2.2 Individual assessment of ECL

Decision to assess amounts receivable on an individual basis depends on the possibility to obtaining information on the credit history of a particular client / 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 client, thus enabling making judgement on the recognition of lifetime expected credit losses in respect of that particular client / borrower. These accounting estimates require significant judgement. Judgement is based on information about substantial financial difficulties experienced by the debtor, probability that the debtor will enter bankruptcy or any other reorganisation, default of delinquency in payments.

14 Cash and cash equivalents

EUR thousand	31 December 2025	31 December 2024
Cash balances in bank accounts	19,969	1,313
Restricted cash	5,000	-
Carrying amount	24,969	1,313

The fair values of cash and cash equivalents as at 31 December 2024 and 2025 approximate their carrying amounts.

Under the loan agreements signed with the banks, the Company has pledged current and future cash inflows. The balance of pledged amounts as at 31 December 2025 amounted to EUR 16,884 thousand (31 December 2024: EUR 1,289 thousand).

Based on management's assessment, expected credit losses (ECL) on cash and cash equivalents are not significant, as the Company's cash and cash equivalents are held with international banks with high credit ratings.

15 Equity

15.1 Capital management

Management uses equity, as reported in the statement of financial position, for capital management purposes.

According to the Law on Companies of the Republic of Lithuania, the share capital of a closed joint stock company must be at least EUR 1,000. Equity must make at least 50% of the Company's share capital. Foreign subsidiaries are subject for compliance with capital requirement according to regulation adopted in those foreign countries.

15.2 Share capital

Structure of the Company's share capital and shareholder:

Shareholder of the Company	31 December 2025		31 December 2024	
	Share capital, EUR thousand	%	Share capital, EUR thousand	%
AB Ignitis grupė	52,300	100	52,300	100
Total	52,300		52,300	

As at 31 December 2025 parent company's authorised capital comprised EUR 52,300 thousand (31 December 2024: EUR 52,300 thousand) and was divided into 180,344,900 ordinary shares with the nominal value of EUR 0.29 each (31 December 2024: 180,344,900 ordinary registered shares with the nominal value of EUR 0.29 each).

Reconciliation of the number of shares at the beginning and at the end of the year:

	2025	2024
Number of authorised shares as at 1 January	180,344,900	180,344,828
Increase	-	72
Decrease	-	-
Number of authorised shares as at 31 December	180,344,900	180,344,900

15.3 Dividends

Dividends declared by the Company during the year:

EUR thousand	2025	2024
AB Ignitis grupė	-	27,672

The Company did not pay any dividends in 2025.

The dividends for 2023 amounting to EUR 27,672 thousand were approved by the general meeting of shareholders on 16 April 2024.

16 Reserves

16.1 Legal reserve

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

The Company's legal reserve was not fully formed as at 31 December 2025 and 2024.

17 Financing

17.1 Loans and lease liabilities

EUR thousand	31 December 2025	31 December 2024
Loans received	169,243	183,900
Lease liabilities	279	282
Total non-current	169,522	184,182
Current portion of non-current loans received	14,691	14,696
Lease liabilities	6	5
Total current	14,697	14,701
Total	184,219	198,883

Loans and lease liabilities by maturity:

EUR thousand	31 December 2025	31 December 2024
Within 1 year	14,687	14,701
From 1 to 2 years	14,660	14,651
From 2 to 5 years	43,976	43,975
After 5 years	110,896	125,556
Total	184,219	198,883

Loans and lease liabilities of the Company are denominated in euro.

17.2 Fulfilment of commitments

The loan agreements provide for financial and non-financial covenants for the Company to comply with. As at 31 December 2024 and 2025, the Company fulfilled all the contractual obligations.

As at 31 December 2025, the unused loan balance amounted to EUR 13,018 thousand (31 December 2024: EUR 13,018 thousand).

17.3 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:

EUR thousand	31 December 2025	31 December 2024
Cash and cash equivalents	(24,969)	(1,313)
Non-current portion	169,522	184,182
Current portion	14,697	14,701
Net debt	159,250	197,570

17.4 Reconciliation of the Company's net debt balances to cash flows from finance activities

EUR thousand	Loans		Lease liabilities		Assets	Total
	Non-cur- rent	Current	Non-cur- rent	Current	Cash and cash equiva- lents	
Net debt as at 1 January 2024	192,765	14,760	296	9	(25,208)	182,622
Cash changes						
(Increase) decrease in cash and cash equivalents	-	-	-	-	23,895	23,895
Proceeds from loans	5,791	-	-	-	-	5,791
Repayment of loans	-	(14,667)	-	-	-	(14,667)
Lease payments	-	-	-	(6)	-	(6)
Interest paid ¹	-	(11,785)	-	(11)	-	(11,796)
Non-cash changes						
Accrued payable interest	-	11,595	-	11	-	11,606
Write-off of lease liabilities	-	-	(6)	(6)	-	(12)
Reclassifications between items	(14,667)	14,667	(8)	8	-	-
VAT on payable interest	-	126	-	-	-	126
Other non-cash changes	11	-	-	-	-	11
Net debt as at 31 December 2024	183,900	14,696	282	5	(1,313)	197,570
Net debt as at 1 January 2025	183,900	14,696	282	5	(1,313)	197,570
Cash changes						
(Increase) decrease in cash and cash equivalents	-	-	-	-	(23,656)	(23,656)
Repayment of loans	-	(14,667)	-	-	-	(14,667)
Lease payments	-	-	-	(7)	-	(7)
Interest paid ¹	-	(8,002)	-	(11)	-	(8,013)
Non-cash changes						
Lease contracts signed	-	-	2	3	-	5
Accrued payable interest	-	7,989	-	11	-	8,000
Reclassifications between items	(14,667)	14,667	(5)	5	-	-
VAT on payable interest	-	8	-	-	-	8
Other non-cash changes	10	-	-	-	-	10
Net debt as at 31 December 2025	169,243	14,691	279	6	(24,969)	159,250

¹ Interest paid are presented with VAT

18 Grants and subsidies

EUR thousand	Projects of the Company related to waste and biomass plants and biomass sites
Carrying amounts as at 01 January 2024	131,765
Depreciation and amortisation	(7,130)
Carrying amount as at 31 December 2024	124,635
Carrying amount as at 01 January 2025	124,635
Depreciation and amortisation	(7,509)
Carrying amount as at 31 December 2025	117,126

Depreciation and amortisation of grants, charged to depreciation and amortisation item in the statement of profit or loss and other comprehensive income, reduces the depreciation charge of the related property, plant and equipment.

19 Provisions

19.1 Significant accounting estimates and judgements

19.1.1 Provision for plant dismantling and closure works

At each reporting date, the Company assesses potential provision for dismantling and closure works. In management's opinion, there is no basis to recognise a provision for the dismantling and decommissioning of the plant, as the Company has no legal obligation to perform such works. Therefore, no provision has been recognised in accordance with IAS 37 'Provisions, Contingent Liabilities and Contingent Assets'.

20 Other current liabilities

EUR thousand	31 December 2025	31 December 2024
Taxes (other than income tax)	2,171	3,638
Accrued expenses	944	1,042
Employment related liabilities	751	700
Amounts payable for property, plant and equipment	178	1
Carrying amount	4,044	5,381

Financial liabilities amount to EUR 178 thousand of total Other current liabilities (as at 31 December 2024: EUR 1 thousand). Accrued expenses, taxes and employment related liabilities are not financial liabilities.

21 Contingent liabilities and commitments

21.1 Legal disputes

In 2025 and 2024, the Company was not involved in any legal procedures which, in the opinion of management, could have a material effect on the financial statements.

22 Related-party transactions

Related parties include:

- the parent company's controlling shareholders or those who have significant influence;
- associated companies;
- state-owned enterprises and their subsidiaries (only significant transactions with such entities are disclosed);
- the Ministry of Finance of the Republic of Lithuania along with institutions and enterprises attributed to decision management (only significant transactions with such entities are disclosed);
- key management personnel, their close family members and their controlled entities.

The table below provides a summary of the main related-party transactions:

Related party	Registration number	Official register	Address	Relationship	Type of main transactions
AB Ignitis grupė	301844044	SE Centre of Registers	Laisvės pr. 10, LT-04215 Vilnius	Ultimate parent company	Financing granted by ultimate parent company Services related to lease of property, IT and telecommunications, procurement organisation and implementation, accounting and personnel administration
AB Ignitis grupė group companies	-	-	-	Other AB Ignitis grupė group companies	
UAB EPSO-G group companies	-	-	-	Indirectly controlled by the Ministry of Energy of the Republic of Lithuania	Purchase and sale of electricity transmission and distribution services

On 18 May 2016, the Company entered into an open-ended intercompany borrowing and lending agreement with AB Ignitis grupė, under which it may receive short-term loans from other Group companies. As of 25 May 2025, the internal borrowing limit is EUR 10,000 thousand, set for the period until 24 May 2026. The interest rate of 3.88% is determined for a one-year period and is the same as the rate applied when borrowing from commercial banks.

Transactions with related parties as at 31 December are presented in the table:

Related parties	Loans receivable 31 December 2025	Amounts receivable 31 December 2025	Amounts payable 31 December 2025	Sales 2025	Purchases 2025	Finance income 2025	Finance expenses 2025
Parent company AB Ignitis grupė	-	5	13	-	46	-	38
UAB EPSO-G group companies	-	124	58	1,413	708	-	-
AB Ignitis grupė group companies	19,987	6,135	222	40,329	2,139	801	-
Total	19,987	6,264	293	41,742	2,893	801	38

Related parties	Loans receivable 31 December 2024	Amounts receivable 31 December 2024	Amounts payable 31 December 2024	Sales 2024	Purchases 2024	Finance income 2024	Finance expenses 2024
Parent company AB Ignitis grupė	-	6	14	-	31	-	599
UAB EPSO-G group companies	-	215	51	819	659	-	-
AB Ignitis grupė group companies	15,655	5,943	246	29,903	2,501	551	-
Total	15,655	6,164	311	30,722	3,191	551	599

22.1 Terms and conditions of transactions with related parties

The settlement term is 15 - 90 days. The balances of debts at end of the year are not secured by pledges, they are interest-free, and settlements are made in cash. No guarantees have been given or obtained to cover amounts receivable or payable from related parties.

22.2 Compensation to key management personnel

EUR thousand	2025	2024
Wages and salaries and other current benefits to key management	169	155
Whereof:		
Current benefits - salaries and other payments	169	155
Non-current benefits	-	-
Termination benefits	-	-
Number of key management personnel	4	4

In 2025 and 2024, the members of the management Board (including the CEO) were classified as key management personnel of the parent company. Further information on key management personnel is provided under the section 3 'Governance' of this report.

23 Risk management

Risk is a natural and integral part of doing business, and the risk profile is constantly changing. The Company aims to mitigate its risks and reduce them to an acceptable level by applying risk management. This section describes only the management of the main financial risks. Management of other risks is presented in section 4 'Governance' of this report.

23.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk encompasses two types of risks:

- Currency risk
- Interest rate risk

23.1.1 Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a position will fluctuate due to changes in foreign exchange rates.

The Company's purchase and sale transactions in its daily operations are expressed in euros, thus it does not incur foreign exchange rate fluctuation risk.

23.1.2 Interest rate risk

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

When entering into debt commitments, the aim is to have a fixed interest rate on non-current liabilities. If, due to objective reasons, fixing the interest rate is not possible and the related commitment represents a significant amount, interest rate derivatives are used for interest rate risk management. The Company should aim to ensure that at least 50% of its long-term loan and bond portfolio consists of long-term fixed-interest-rate loans and bonds. The use of any interest rate derivative instrument requires that its maturity date corresponds to the maturity date of the debt obligations.

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.

As at 31 December 2025, the Company's loans with variable interest rate amounted to EUR 183,934 thousand (31 December 2024: EUR 198,596 thousand). Interest rate risk is assessed by reference to the Company's sensitivity to changes in interest rates. This assessment is presented in the table below.

Company	Increase/decrease, b.p.	Increase/(decrease) in profit
2025	1.0/(1.0)	(1,839)/1,839
2024	1.0/(1.0)	(1,986)/1,986

As at 31 December 2025 and 2024, the loans granted by the Company under the cash-pool agreement were at a fixed interest rate. As the interest rate was fixed, no sensitivity analysis to changes in the interest rate on the loans is presented.

23.2 Credit risk

Credit risk is the risk that a counterparty will not fulfil its liabilities under a financial instrument or contract with a customer and will incur financial losses as a result. The Company's credit risk relates to both, the primary activities of the companies (trade and other receivables) and its financing activities (issued loans). The Company's risk related to cash is limited, as it holds cash balances only in reliable financial institutions.

The Company is exposed to a concentration of credit risk related to trade receivables. The majority of the Company's receivables are held by two companies: A Group company, from which receivables account for 35% of total receivables, and an external customer accounts for 55% of total receivables. An individual assessment of expected credit losses found no impairment losses during the reporting period. The Company's main customers are financially stable entities. As a result, the Company does not consider the risk associated with the concentration of receivables to be material.

The maximum credit risk is equal to the carrying amount of the financial asset.

EUR thousand	Note	31 December 2025	31 December 2024
Financial assets measured at amortised cost:			
Non-current receivables		100	100
Trade receivables	13	16,982	17,883
Other receivables	11	19,988	15,656
Cash and cash equivalents	14	24,969	1,313
Total		62,039	34,952

23.3 Liquidity risk

The Company's liquidity risk is managed centrally by the Group's treasury team by planning the Company's future cash flows and ensuring an adequate level of cash and access to financing through signed credit facilities and the Group's intercompany lending platform, which support the Company's ongoing operations. Refinancing risk is managed by ensuring that loans falling due within a given period are covered by available cash, expected cash flows generated from the Company's operations during that period, and the unused loan facility balance to be repaid in subsequent periods.

As at 31 December 2025, the Company's current ratio (total current assets / total current liabilities) and quick ratio ((total current assets/ inventories) / total current liabilities) were 3.10 and 2.89, respectively (31 December 2024: 1.68 and 1.53, respectively). The Company's unused borrowing capacity under credit agreements and the Group's intercompany lending platform amounted to EUR 13,018 thousand as at 31 December 2025 (31 December 2024: EUR 13,018 thousand).

The table below provides information on the Company's financial liabilities by groups:

EUR thousand	Note	31 December 2025	31 December 2024
Financial liabilities at amortised cost			
Loans	17	183,934	198,596
Lease liabilities	17	285	287
Trade payables		2,808	2,891
Other current and non-current liabilities	20	178	1
Total		187,205	201,775

The table below contains information on the terms of repayment of the Company's financial liabilities according to the contracts (taking into account the undiscounted cash flows of financial liabilities for which interest is calculated, and the carrying amount of other financial liabilities):

EUR thousand	2025				Total
	Less than 3 months	From 3 months to 1 year	From 1 to 5 years	After 5 years	
Loans	5,219	15,542	78,035	117,331	216,127
Lease liabilities	4	12	48	638	702
Trade payables	2,808	-	-	-	2,808
Other current and non-current liabilities	178	-	-	-	178
31 December 2025	8,209	15,554	78,083	117,969	219,815

EUR thousand	2024				Total
	Less than 3 months	From 3 months to 1 year	From 1 to 5 years	After 5 years	
Loans	5,903	17,721	87,858	140,015	251,497
Lease liabilities	6	9	49	650	714
Trade payables	2,891	-	-	-	2,891
Other current and non-current liabilities	1	-	-	-	1
31 December 2024	8,801	17,730	87,907	140,665	255,103

24 Fair values of financial instruments

24.1 Financial instruments for which amortised cost is disclosed

The Company discloses the fair value of loans granted to Group companies under loan agreements, which is calculated by discounting the expected future cash flows using the market-observable interest rate. The cash flows were discounted using a weighted average discount rate of 3.14 as at 31 December 2025 (31 December 2024: 3.55). The loans to Group companies are attributed to Level 2 of the fair value hierarchy.

The Company discloses the fair value of the financial liabilities, related to loans received from banks under loan agreements, which is measured by discounting future cash flows using a market-observable interest rate. The cash flows were discounted using a weighted average discount rate of 3.14 as at 31 December 2025 (31 December 2024: 3.55). As at 31 December 2025 and 31 December 2024, the Company did not have any loans not exceeding EUR 1 million. The measurement of debt-related financial liabilities is assigned to level 2 of the fair value hierarchy.

24.2 Levels of the fair value hierarchy of financial instruments

The table below presents allocation between the fair value hierarchy levels of the Company's financial instruments as at 31 December 2025:

EUR thousand	Note	Carrying amount	Level 1	Level 2	Level 3	Total
			Quoted prices in active markets	Other directly or indirectly disclosed indicators	Unobservable inputs	
Financial instruments for which fair value is disclosed						
Assets						
Loans granted	11	19,987	-	19,987	-	19,987
Liabilities						
Loans received	17	183,934	-	150,208	-	150,208

The table below presents allocation between the fair value hierarchy levels of the Company's financial instruments as at 31 December 2024:

EUR thousand	Note	Carrying amount	Level 1	Level 2	Level 3	Total
			Quoted prices in active markets	Other directly or indirectly disclosed indicators	Unobservable inputs	
Financial instruments for which fair value is disclosed						
Assets						
Loans granted	11	15,655	-	15,655	-	15,655
Liabilities						
Loans received	17	198,596	-	212,217	-	212,217

25 Events after the reporting period

25.1 Other events

On February 24 2026, the sole shareholder of the Company, Ignitis Group, reached an agreement with the fund managed by Quaero Capital to sell 49% of the Company's shares. The signing of the share purchase agreement is planned for March 25, 2026, pending approval from the Ignitis Group's general meeting of shareholders, with the transaction expected to be completed in the second quarter of 2026. This post-reporting event is non-adjusting and does not have a material impact on the Company's financial position, results of operations or cash flows.

5.6. Additional 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 year

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

Standards or amendments that came into force during the year 2025

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

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

1.1.2 Standards issued but not yet effective and not early adopted

In preparing these financial statements, the Company did not apply the new IFRS issued by the IASB, amendments to IFRS and IAS, or interpretations whose effective date is later than 31 December 2025 and which may be applied earlier. 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 and amendments	Date of entry into force of the IASB	Status of approval to apply in the EU
Contracts related to electricity from natural resources - Amendments to IFRS 9 and IFRS 7	1 January 2026	Not yet endorsed
Annual improvements, Volume 11	1 January 2026	Not yet endorsed
Amendments to Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7	1 January 2026	Not yet 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
The Effects of Changes in Foreign Exchange Rates: Retranslation into the presentation currency of a hyperinflationary economy - Amendments to IAS 21	1 January 2027	Not yet endorsed

1.2 Revenue from contracts with customers

The Company's main performance obligations set out in the agreements with customers are as follows: sale of electricity, sale of heat energy, waste management.

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.

1.2.1 Revenue from sale of produced electricity

Electricity generated by the Company itself (Note 5, line 'Revenue from sale of produced electricity') is sold on the electricity exchange by submitting electricity sale bids to the exchange. In the day-ahead segment of the electricity exchange, a purchase-sale transaction of electricity is considered concluded if the automatic bid-matching algorithm does not reject the submitted electricity sale bid in accordance with the established rules. In the intraday market, transactions are confirmed by market participants. Once a transaction has been confirmed, the electricity exchange system sends the seller a confirmation of the concluded electricity sale transaction. The seller's performance obligation under the concluded transaction is to deliver to the electricity transmission system the quantity of electricity specified in the sale bid. The performance obligation is satisfied over time as the agreed quantity of electricity is supplied to the grid. Progress towards satisfaction of the performance obligation is measured based on the quantity of electricity specified in the transaction.

The transaction price and the consideration payable to the seller correspond to the amount specified in the transaction confirmation notice. All consideration payable to the seller is fixed. Upon receipt of confirmation of the conclusion of the electricity sale transaction, the transaction price is no longer subject to change.

Revenue is recognised based on the quantity of electricity actually delivered under the transaction, without deduction of commission fees that may be withheld by trading intermediaries representing the Company on the electricity exchange.

1.2.2 Revenue from distribution of thermal energy

Under contracts with customers, the seller commits to supply thermal energy to its customers in compliance with the defined technical requirements (temperature graph, pressure, flow, quality of thermofication water, etc.). Under contract with the customer, the single performance obligation that the seller commits to is the supply of thermal energy (Note 5, item "Revenue from distribution of thermal energy"). The customer receives and simultaneously consumes the benefits of the service relating to the supply of thermal energy at the same time the seller satisfies its performance obligation. The seller satisfies its performance obligation over the contract period. The progress of satisfying of the performance obligation is assessed considering the volumes of thermal energy actually supplied to the customer as determined on the basis of data of metering devices.

The fixed part comprises the customer's payments for the actually delivered thermal energy.

1.2.3 Revenue from waste management

Under its contracts with customers, the Company is obliged to provide non-hazardous waste treatment (incineration) services. In the contract with customer, the consideration paid to the Company comprises the fixed consideration per waste unit. The Company recognises revenue over time, progress of performance obligation is measured by considering the quantity of waste actually delivered. The Company recognises revenue by considering the actual delivered waste quantity at a price specified in the purchase and selling agreement.

1.3 Intangible assets

1.3.1 Patents, licences

Patents and licences are initially measured at acquisition cost and amortised on a straight-line basis over their estimated useful lives of four years, or over the specific validity period of the licence and/or patent, if such period is defined. Useful life is reviewed on year-by-year basis.

1.3.2 Computer software

Computer software is stated at 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 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. Amortisation is calculated on the straight-line basis over the estimated economic useful life of 3 to 13 years.

1.3.3 Other intangible assets

Intangible assets expected to provide economic benefits in future periods are measured at acquisition cost less subsequent accumulated amortisation and any accumulated impairment losses. Amortisation is calculated on the straight-line basis over the estimated useful life of 3- 4 years.

1.4 Property, plant and equipment

Property, plant and equipment is stated at acquisition (production) cost less accumulated depreciation and impairment losses, if any. Depreciation is calculated using the directly proportional (straight-line) depreciation method over the entire useful life of the property, plant and equipment. Depreciation begins when the asset is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

The acquisition cost includes the costs of replacing parts of property, plant and equipment when incurred, if these costs meet the asset recognition criteria. The carrying amount of the replaced part is derecognised. Repair costs are added to the Carrying amount of the asset if it is probable that the Company will receive economic benefits from these costs in the future and if they can be reliably estimated. All other repair and technical maintenance expenses are recorded in the statement of profit or loss and other comprehensive income in the financial period when they are incurred.

The residual values and useful lives of the assets are reviewed at least annually and adjusted, if necessary.

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

When an item of property, plant and equipment is written off or otherwise disposed of, its acquisition cost together with the related accumulated depreciation and accumulated impairment are derecognised from the financial statements, and the resulting gain or loss is recognised in the statement of profit or loss and other comprehensive income. Gains or losses on disposal of property, plant and equipment are determined as proceeds received on disposal less the carrying amount of assets disposed.

Depreciation of property, plant and equipment is calculated using the straight-line method, to write down the acquisition cost of the assets to their residual values over the following estimated useful lives (in years):

Classes of property, plant and equipment	Useful lives (number of years)
Cogeneration plants and their installations	5-45
Other property, plant and equipment	3-30

1.5 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.

1.5.1 Initial measurement of right-of-use assets

On the lease commencement date, the Company measures right-of-use assets at cost. The cost of an asset managed under a right-of-use comprises of: the amount of the initial measurement of the lease liability, any lease payments at or before the inception 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 required by the lease conditions, unless those costs are incurred in producing the inventories. The Company incurs obligation for these costs either at the commencement date or as a consequence of having used the underlying asset during a particular period. The Company recognises these costs as part of the cost of the right-of-use assets when a liability is incurred for these costs.

1.5.2 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.

If, before the end of the lease term, ownership of the leased asset is transferred to the Company, or if the cost of the right-of-use asset indicates that the Company will exercise its option to purchase, the Company shall depreciate the right-of-use asset from the date of commencement to the end of the useful life of the leased asset. Otherwise, the Company shall depreciate 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. Right-of-use assets are depreciated on a straight-line basis.

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

1.6 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

1.6.1 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 through other comprehensive income (hereinafter – “FVOCI”); and
- financial assets, subsequently measured at fair value through profit or loss (hereinafter – “FVPL”).

A purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame generally established by regulation or convention in the relevant market (a regular way trade) is recognised on the trade date, i.e., the date on which the Group commits to purchase or sell the financial asset.

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 assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at FVPL, 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 the statement of profit or loss and other comprehensive income. Impairment losses are recognised as other expenses (Note 6) in the statement 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. The intentions of the Company’s management regarding separate instruments has no effect on the applied business model. The Company may apply more than one business model to manage its financial assets. Considering the business model applied to the management of a group of financial assets, the accounting for financial assets is as follows:

1.6.1.1 Financial assets at amortised cost

Financial assets measured at amortised cost are subsequently measured using the effective interest rate (hereinafter – EIR) method and are subject to impairment. Amortised cost is the amount at which a financial instrument was recognised at the date of initial recognition, less principal repayments, plus accrued interest, and, for financial assets, less any write-offs for expected credit losses. The Company’s financial assets measured at amortised cost comprise the Company’s loans granted, receivables, and cash and cash equivalents, accounted for in accordance with a business model whose objective is to hold financial assets in order to collect contractual cash flows, which may consist of cash flows related to repayment of principal and receipt of interest.

1.6.1.2 Financial assets measured at FVTPL

Debt instruments that do not meet the criteria for financial assets measured at amortised cost or for financial assets measured at fair value through other comprehensive income (FVOCI) are measured as financial assets at fair value through profit or loss (FVTPL).

The Group designates financial assets at FVTPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as an accounting mismatch) that would otherwise arise if assets or liabilities were measured, or their gains and losses recognised, on different bases. Gains or losses from the fair value measurement of a debt instrument are recognised in the statement of profit or loss and other comprehensive income in the period in which they arise.

1.6.1.3 Impairment of financial assets – expected credit losses

The Company recognised ECL for all debt instruments not at fair value through profit or loss. The ECLs are based on the difference between the contractual cash flows receivable and the cash flows expected to be received by the Company, discounted at the approximate original actual interest rate. Expected cash flows include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For current 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.

For the assessment of impairment of trade receivables, management assesses expected credit losses on an individual basis. Management's decision to perform an individual assessment is based on the availability of information about the credit history and financial position of the individual debtor at the measurement date, including forward-looking information that would enable timely identification of a significant increase in the credit risk of the individual debtor, thereby enabling a decision to be made on the recognition of a full lifetime credit loss for the individual debtor.

The lifetime expected credit losses of other amounts receivable are assessed based on the individual assessment basis.

1.6.1.4 Credit-impaired financial assets

Fair values of receivables from contracts with customers and other amounts receivable approximate their carrying amounts. Trade receivables are non-interest bearing and generally are collectable in 30 days. Impairment allowance for receivables - expected credit losses are recognised for receivables the credit risk of which, assessed individually and considering all valid and approved information, including forward-looking information, has significantly increased compared to initial recognition. When performing individual assessment of lifetime credit losses, credit risk is assessed when the following indications exist: significant financial difficulty of the customer; probability that the customer will enter bankruptcy; significant delay in payments.

1.7 Inventories

Inventories are stated at the lower of cost and net realisable value. The cost is established using the FIFO method. 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 borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

1.8 Lease liabilities

At the commencement date of the lease the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date: 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 commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. Furthermore, 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.

1.8.1 Short-term leases and leases of low-value assets

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). Also, low-value asset lease recognition exemption to office equipment that are considered to be low value is applied. Payments for short-term leases and leases of low-value assets are recognised as expenses on a straight-line basis over the lease term.

1.9 Employee benefits

1.9.1 State plans

The Company participates only in the State plans. State plans are established by legislation and cover all entities, and are administered by national or local government or another body (in the Company's case, the State Social Insurance Fund). A state plan is a defined contribution plan under which the Group pays 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 employee benefits relating to service in the current or prior periods.

These contributions are recognised as an expense on an accrual basis and are included within staff costs.

1.9.2 Termination benefits

Termination benefits are payable to employees when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for such 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 without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

1.9.3 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 prescribed by Lithuanian laws and the Collective Agreement.

If the worker belongs to a trade union, he or she is also entitled to an additional length-of-service allowance in accordance with the collective agreement. The liability for employee benefits is recognised in the statement of financial position and reflects the present value of those benefits earned at the date of the statement of financial position. The aforementioned non-current liability for benefits to employees at the reporting date is estimated with reference to actuarial valuations using the projected relative unit method. The present value of the defined non-current liability is determined by discounting the estimated future cash flows using the effective interest rates as set for government bonds denominated in a currency in which the benefits will be paid to employees and that have maturity term similar to that of the related liability.

1.10 Fair value

The Company measures financial instruments, such as derivatives, and non-financial assets, such as investment property, at fair value at each statement of financial position date. The determination of fair value is based on the assumption that the sale of assets or the transfer of liabilities takes place or:

- in the main market for the asset or liability,
- or
- if there is no main market, in the most favourable market for the asset or liability.

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

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities whose fair value is determined or disclosed in the financial statements are classified according to the fair value hierarchy described below, which is based on the lowest-level significant inputs used to determine fair value:

- Level 1 includes the fair value of the asset units, which is determined based on the quoted (unadjusted) prices of identical assets in active markets.
- Level 2 includes the fair value of the asset units, which is determined on the basis of other directly or indirectly observable indicators.
- Level 3 includes the fair value of the asset units determined on the basis of unobservable indicators.

Assets and liabilities that are recognised repeatedly in the financial statements, the Group, by reassessing the distribution, decides whether the transferred amounts occurred between the levels of the hierarchy (according to the lowest level data that are significant in determining the fair value in general) at the end of each reporting period.

Independent Auditor's Report

To the Shareholders of UAB Vilniaus kogeneracinė jėgainė

■ Opinion

We have audited the financial statements of UAB Vilniaus kogeneracinė jėgainė ("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, 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, 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

Edvinas Žukauskas
Partner
Auditor's Certificate No. 000619

Klaipėda, the Republic of Lithuania

20 March 2026

5.8 Information on the auditor

Overview

At the Company's shareholders' meeting, held on 17 April 2023, KPMG Baltics, UAB (KPMG) was re-appointed to audit the Company's financial statements for the period 2023-2027. KPMG also audited the Company's accounts for the years 2021 and 2022 on the basis of the previous contract.

Worth noting that all independent auditor related tenders are carried out according to the best practices. Additionally, as public procurement law requirements are applicable to the parent company, all audit tenders are carried out in accordance to them. The key criteria of implementing public tenders is to ensure competitiveness and accordingly the only special audit selection criteria eligible to be included is an experience in auditing energy sector companies. Finally, the whole audit selection process is supervised by the Audit Committee, and the independent auditor is appointed by the decision of the General Meeting of Shareholders of the parent company and subsequently by the General Meeting of Shareholders of each Group company.

Independent auditors and the financial period, during which audit services were provided

2021 – 2025
KPMG Baltics, UAB Lvivo g. 101 LT-08104 Vilnius, Lithuania

Services and fees

During the period 2024–2025, the following services have been provided to the Company by the independent auditors and its international partners.

Independent auditor's services and fees

EUR thousand	2025	2024
Audit of the annual financial statements as to agreements	31	31
Audit of interim financial statements	-	18
Other ¹	2	2
Total	33	51

¹ Other services included translation of the Company's financial statements and the annual management report into the English language.

In accordance with the Group's policy, our statutory auditor's annual fee for non-audit services cannot exceed the annual fee for statutory audit services calculated at Group level. The cap may be exceeded subject to approval by the Audit Committee of the parent company.

Certification statement

20 March 2026

We, Mantas Burokas, Chief Executive Officer, Rūta Šaltmerytė, Head of Finance and Administration of UAB Vilnius kogeneracinė Jėgainė, and Jurgita Markevičienė, Senior Accounting Expert at UAB Ignitis grupės paslaugų centras, acting in accordance with the Order No 26_GSC_SP_0024 of 19 February 2026, hereby confirm that, to the best of our knowledge, the financial statements of UAB Vilnius kogeneracinė jėgainė for the year 2025 prepared in accordance with IFRS Accounting Standards as adopted by the European Union, give a true and fair view of UAB Vilnius kogeneracinė jėgainė assets, liabilities, financial position, profit or loss and cash flows for the period, and the Annual Report for 2025 includes a fair review of the development and performance of the business as well as the condition of UAB Vilnius kogeneracinė jėgainė together with the description of the principle risks and uncertainties it faces.

Mantas Burokas

Chief Executive Officer

Rūta Šaltmerytė

Head of Finance and
Administration

Jurgita Markevičienė

UAB Ignitis grupės paslaugų
centras, Senior Accounting
Expert, acting under Order
No 26_GSC_SP_0024 of 19
February 2026

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