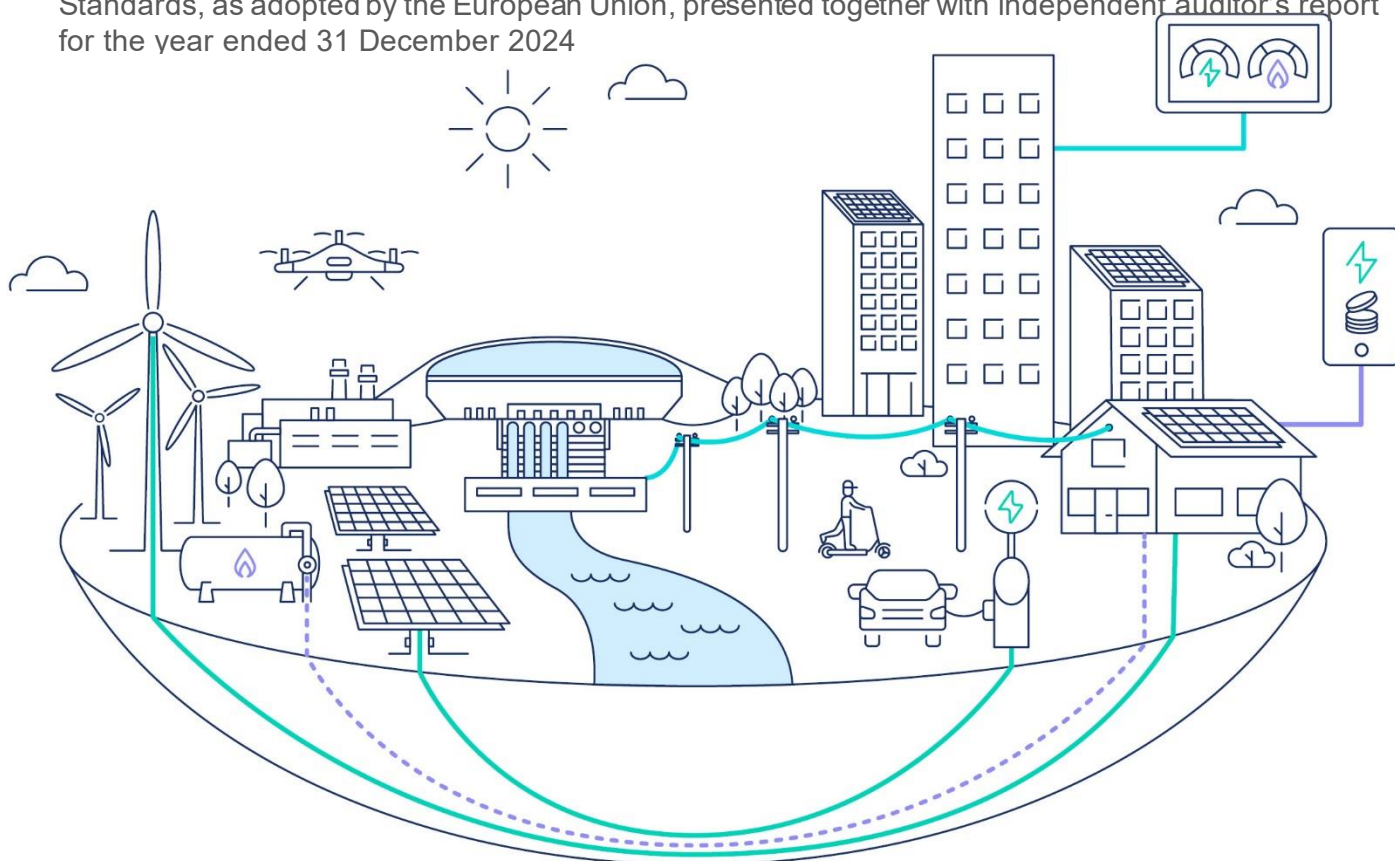


# UAB VILNIAUS KOGENERACINĖ JĖGAINĖ

## Annual report 2024

Annual report for the year ended 31 December 2024 and the Company's financial statements for the year ended 31 December 2024, prepared in accordance with International Financial Reporting Standards, as adopted by the European Union, presented together with independent auditor's report for the year ended 31 December 2024



# Contents

## MANAGEMENT REPORT

<b>1</b>	<b>Business overview</b>	<b>3</b>
1.1	Business model	4
1.2	Business environment and strategy	5
1.3	Performance highlights	7
<b>2</b>	<b>Results</b>	<b>10</b>
2.1	Annual results	11
2.2	Three-year summary	16
<b>3</b>	<b>Management report</b>	<b>17</b>
3.1	The Management Board and the Chief Executive Officer	18
3.2	Risks and risk management	23
<b>4</b>	<b>Additional information</b>	<b>28</b>
4.1	Other important statutory information	29
4.2	Abbreviations	31

## FINANCIAL STATEMENTS

<b>5</b>	<b>Company's financial statements</b>	<b>32</b>
5.1	Company's financial statements	33
5.2.	Additional information	49
5.3	Independent Auditor's Report	54
5.4	Information on the auditor	57
<b>6</b>	<b>Certification statement</b>	<b>58</b>

# Business overview

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1.1	Business model	4
1.2	Business environment and strategy	5
1.3	Performance highlights	7

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# 1.1 Business model

## Description of the Company's activities

The Company is mainly engaged in combustion of waste and biofuel to produce heat and electricity from cogeneration.

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.

## Key customers of the Company

Key customers of the Company:

- Waste management centres and other waste managers: the Company accepts waste from the relevant centres/managers by applying a gate fee.
- Sale of electricity - electricity is realised: 1) in the exchange of Nord Pool AS, 2) under fixed electricity

sales/purchase contracts.

- Sale of thermal energy - distributor of centralised heating in Vilnius AB Vilniaus šilumos tinklai.

## The Company's business plans and forecasts.

Construction works were completed in full by the Company in 2024 (the biofuel boilers operate in full). It is planned to improve the efficiency of operations in 2025 by carrying out necessary calibration and other work to ensure that the plant, including both waste and biofuel components, operates with the least possible disruption and to prevent unplanned failures.

# 1.2 Business environment and strategy

## Regulation and competitive environment

### Sale of thermal energy

On 23 December 2021, the National Commission for Energy Control (hereinafter - NERC) recognised UAB Vilniaus kogeneracinė jėgainė (hereinafter - the Company) as a regulated independent heat producer. The Company has provided NERC with projects of investments and 3-year base price adjustments. 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 Vilniaus šilumos tinklai. Besides the heat supplier and the Company, there are another 6 independent heat suppliers that participate at auctions. On 27 January 2023, NERC approved the base price components of the heat production of the Company for the years 2023-2026 and agreed on the amount of investments.

### 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. It is expected that the upper limit of the waste management fee will be approved by NERC in the near future. On 26 June 2024, the Company's investments attributable to municipal waste combustion activities were approved by NERC.

## Main purpose and integrated strategy

UAB Vilniaus kogeneracinė jėgainė is an important part of Ignitis Group's integrated business model and strategy. Ignitis Group is a renewables-focused integrated utility and the largest energy group in the Baltic States.

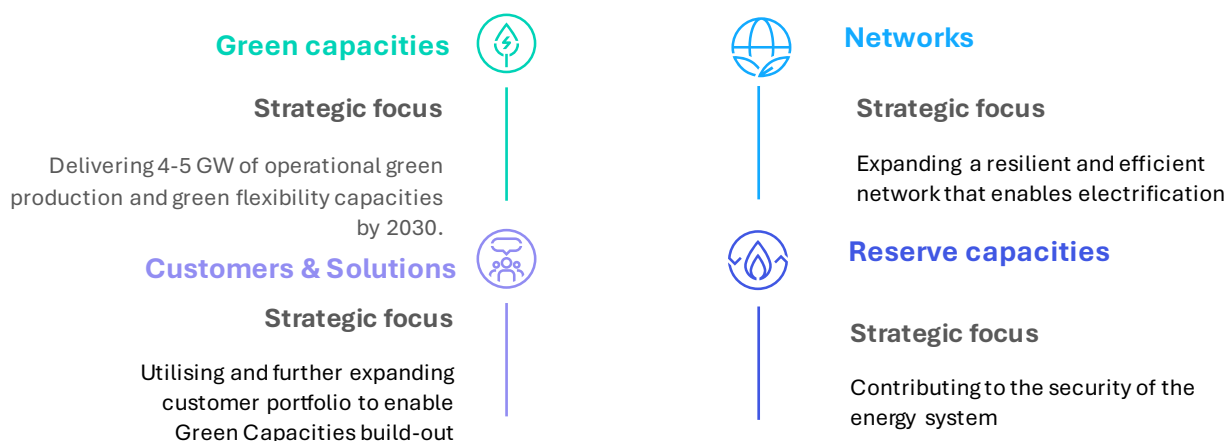
**Our main purpose is to create a 100% green and secure energy ecosystem for current and future generations.** We are strengthening our contribution to Europe's decarbonisation and energy security in our region, accelerating the transition to green energy in the Baltic States, and building an exclusively green energy system.



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

We are investing with a purpose of deploying 4 to 5 GW of operational Green Capacities by 2030 and of reaching net-zero GHG emissions by 2040 - 2050, with a focus on green production and green flexibility technologies: offshore and onshore wind power plants, batteries, hydroelectric power station, power-to-x.

## Integrated business model



## Sustainability and ESG priorities

As part of our strategy, we focus on reducing the intensity of greenhouse gas emissions in Scopes 1 and 2, promoting safety at workplace with a focus on TRIR and zero fatalities, caring for the employee experience through well-being, education and growth, fair remuneration, diversity and inclusion initiatives, promoting diversity at the top, and creating sustainable value through sustainable investments and returns.

## Our values

We are a team of diverse and energetic people united by a common purpose.



RESPONSIBILITY



GROWTH



PARTNERSHIP



OPENNESS

## Strategic priorities, objectives

UAB Vilniaus kogeneracinė jėgainė is an important part of Ignitis Group's integrated business model and strategy. Further information about strategic priorities, objectives and the alignment of achieved performance results can be found in the AB Ignitis grupė consolidated management report.

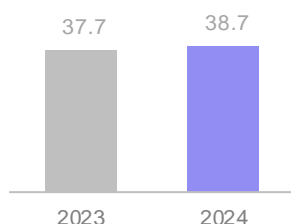
## Main projects and investments

Following successful completion of construction, the biofuel plant has been tested and commissioned in May 2024. In the same month, the completed biofuel plant received technical inspection certificates for both thermal and electrical equipment, as well as a permit to produce electricity.

# 1.3 Performance highlights

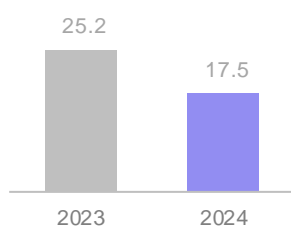
## Financial performance

EBITDA APM  
Eur million



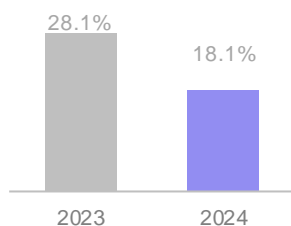
EBITDA increased by EUR 1.1 million +2.8% compared 2024 to 2023. Increased electricity and heat volumes after commissioning of a biofuel power plant were offset by lower electricity and heat prices.

Net profit APM  
Eur million



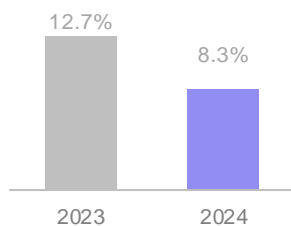
Net profit decreased by EUR 7.6 million or -30.4%. Higher EBITDA (EUR 1.1 million) was offset by higher depreciation expenses (EUR 9.5 million) after commissioning of a biofuel power plant.

ROE (LTM) APM  
%



ROE indicator decreased due to decreased profit which was partially offset by decreased capital.

ROCE (LTM) APM  
%

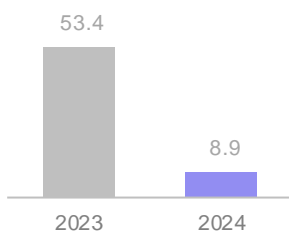


ROCE indicator decreased due to lower EBIT, which was affected by higher depreciation.

APM Alternative Performance Measure - adjusted figures used in this report refer to measures used for internal 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

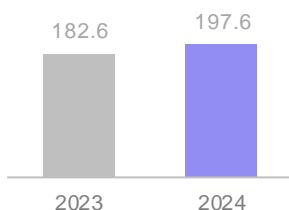
Eur million



When construction of biofuel power plant was completed, the Company's investments decreased by EUR 44.5 million or - 83.3%. Investments are still made to improve the efficiency of the plant already built, but at lower volumes.

#### Net debt APM

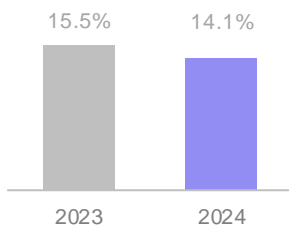
Eur million



Net debt increased by EUR 14.95 million or 8.19%. The increase resulted mainly from payment of dividends.

#### FFO (LTM) / Net debt APM

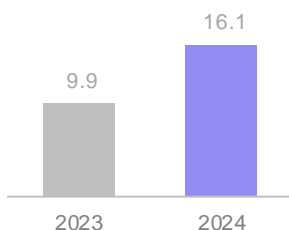
%



FFO/net debt indicator decreased due to increased net debt.

#### OPEX

Eur million

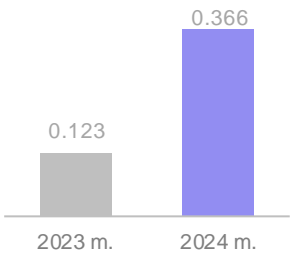


OPEX expenses increased by EUR 6.2 million or 62.6% due to increased operating expenses when the biofuel power plant started operating in full. The increase resulted from increased repair and remuneration expenses.



## Operating performance

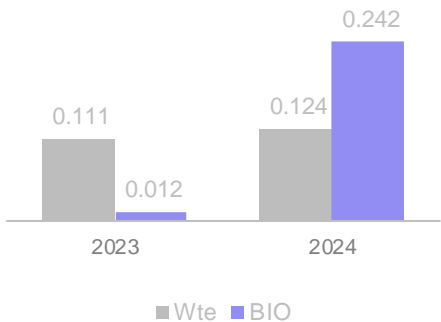
### Produced amount of electricity (net) TWh



Compared to 2023, more electricity was produced in 2024 (+197.6% or +0.243 TWh).

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

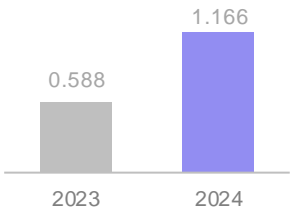
### Amount of electricity produced by the waste to energy (WTE) and biofuel (BIO) plants TWh



In 2024, the biofuel (BIO) power plant produced 1,916.7% more than in 2023 because it started operating in full.

In 2024, the waste (WTE) power plant produced 11.7% more than in 2023.

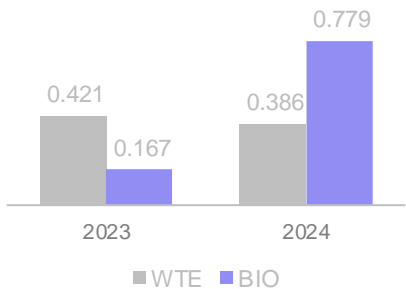
### Produced amount of thermal energy (net) TWh



In 2024, compared to 2023, more thermal energy was produced (+98.3% or +0.578 TWh).

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

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



In 2024, the biofuel (BIO) power plant produced 366.5% or 0.612 TWh more than in 2023 because it started operating in full

In 2024, the waste (WTE) power plant produced -8.3% or -0.035 TWh less than in 2023.

# Results

2.1	Annual results	11
2.2	Three-year annual summary	16

## 2.1 Annual results

### Revenue

In 2024, the revenue increased by 43.8% or EUR 27.0 million compared to 2023. The main reason for the change is higher volumes of energy produced (both electricity and heat) after completion of construction of the biofuel plant and beginning of its full operation.

#### Revenue by nature of activity, EUR million

	2024	2023	Δ	Δ, %
Electricity	40.4	32.2	8.2	25.6%
Thermal energy	38.9	22.5	16.5	73.2%
Waste management	7.9	7.0	0.9	12.5%
Other revenue	1.7	0.1	1.6	n/a
<b>Revenue</b>	<b>88.8</b>	<b>61.8</b>	<b>27.0</b>	<b>43.8%</b>

As the biofuel power plant became fully operational, both electricity and heat production have increased significantly. Electricity sales were +197.8% and heat sales were +98.2% higher. Despite the significant increase in production volumes, electricity sales were on average -44.1% and heat -12.6% lower. Waste intake was +7.3% higher with an average gate fee increase of +6.1%.

The Company sells electricity in the power exchange Nordpool and under fixed electricity sale-purchase contracts, thermal energy is sold to AB Vilniaus šilumos tinklai, waste management fee is received from Lithuanian waste management centres; thus, in 2024, like in 2023, all revenue is received in Lithuania.

### Expenses

#### Purchases of electricity, gas and other services

Purchases of electricity, gas and other services amounted to EUR 34.0 million in 2024, an increase of 139.3% of EUR 19.8 million compared to 2023. The increase resulted from increased expenses of other purchases (+ EUR 19.6 million). The commissioning of the biofuel plant increased the expenses of biofuel purchases from EUR 5.9 million to EUR 23.3 million. Purchases of electricity and gas remained at similar levels.

#### OPEX

In 2024, OPEX amounted to EUR 16.1 million showing an increase of 62.5% (+EUR 6.2 million). As the biofuel boilers were put into operation, expenses increased:

1. Repairs and maintenance expenses increased by EUR 3.4 million or +149.6%; the Company has incurred higher repair costs after the commissioning of the biofuel plant, also, the defects in the contractor's work were eliminated;
2. Salaries and related expenses increased by EUR 1.1 million or +25.8%; Part of the salaries are no longer capitalised after completion of the construction of biofuel plant;
3. Other expenses increased by EUR 1.7 million or +50.3% due to the purchase of additional business support services related to the operation of the biofuel plant.

#### Other

Depreciation and amortisation expenses increased by EUR 9.5 million or +182.0% due to the commissioning of the biofuel power plant.

In 2024, financial operating expenses increased by EUR 7.2 million or 186.5% due to: 1) interest costs are no longer capitalised upon completion of construction, 2) increase in variable interest margin.

## Expenses, EUR million

	2024	2023	Δ	Δ, %
<b>Purchases of electricity, gas and other services</b>	<b>34.0</b>	<b>14.2</b>	<b>19.8</b>	<b>139.3%</b>
Purchase of electricity and related services	4.3	3.4	0.8	24.6%
Purchases of gas and related services	0.5	1.2	(0.7)	(57.0)%
Other	29.2	9.6	19.6	205.1%
<b>OPEX APM</b>	<b>16.1</b>	<b>9.9</b>	<b>6.2</b>	<b>62.5%</b>
Salaries and related costs	5.4	4.3	1.1	25.8%
Repair and technical maintenance	5.7	2.3	3.4	149.6%
Other	5.0	3.3	1.7	50.3%
<b>Other</b>	<b>25.9</b>	<b>9.1</b>	<b>16.8</b>	<b>185.4%</b>
Depreciation and amortisation	14.7	5.2	9.5	182.0%
Expenses and write-offs of impairment of property, plant and equipment	0.1	0.0	0.1	n/a
Finance expenses	11.0	3.8	7.2	186.5%
<b>Total expenses</b>	<b>76.0</b>	<b>33.2</b>	<b>42.8</b>	<b>128.9%</b>

## EBITDA

In 2024, adjusted EBITDA amounted to EUR 38.7 million and it was 2.8% or EUR 1.1 million higher than in 2023. Sale of heat has a positive impact of EUR +8.1 million on EBITDA, amount produced was +98.2% higher although it was sold -12.6% cheaper. Waste acceptance activities also had a positive impact of EUR +0.3 million on EBITDA, the amount of waste accepted was 11.8% higher and was subject to a higher gate fee +4.2%. However, the higher amount of sold electricity (+202.4%) was offset by a lower price (-40.9%), the impact of sales of electricity on EBITDA, in general, is EUR -7.4 million.

## Net profit

In 2024, net profit amounted to EUR 17.5 million and it was -30.4% or EUR 7.6 million higher than in 2023. The positive impact of EBITDA (EUR +1.1 million) and deferred income tax benefit (EUR +3.7 million) were offset by higher depreciation expenses of EUR +9.5 million or +182.0% since the beginning of operation of the assets and by increased interest expenses after their capitalisation of EUR +7.2 million or +186.5%.

## Investments

When construction of the biofuel power plant was completed and these assets were put into operation, the scope of investments decreased from EUR 53.4 million in 2023 to EUR 8.9 million in 2024. The company makes improvements to existing capacities.

## Balance sheet

### Assets

As at 31 December 2024, the total value of the assets was EUR 423.7 million and decreased by -6.3% compared to 31 December 2023. Decrease in assets resulted from payment of dividends and depreciation of assets.

### Equity

As at 31 December 2023, the equity amounted to EUR 91.8 million and it was -10.0% lower

compared to 31 December 2023. The Company paid dividends of EUR 27.7 million to the shareholder and this resulted in decrease in equity despite a positive net profit.

## Liabilities

As at 31 December 2024, all liabilities amounted to EUR 331.8 million and it was a decrease by - 5.3% compared to 31 December 2023. Decrease in liabilities resulted from repayment of a part of the bank loan.

### Balance sheet, EUR million

	2024	2023	Δ	Δ, %
Non-current assets	385.1	394.4	(9.4)	(2.4)%
Current assets	38.5	57.9	(19.3)	(33.4)%
<b>TOTAL ASSETS</b>	<b>423.6</b>	<b>452.3</b>	<b>(28.7)</b>	<b>(6.3)%</b>
Equity	91.8	102.0	(10.2)	(10.0)%
Total Liabilities	331.8	350.3	(18.5)	(5.3)%
Non-current liabilities	308.8	324.8	(16.0)	(4.9)%
Current liabilities	23.0	25.5	(2.5)	(9.8)%
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>423.6</b>	<b>452.3</b>	<b>(28.7)</b>	<b>(6.3)%</b>
<i>Asset turnover APM</i>	0.2	0.2	0.1	0.3
<i>ROA APM</i>	4.0%	6.1%	n/a	2.13%
<i>Gross liquidity ratio. APM</i>	1.7	2.3	(0.6)	(26.1)%
<i>Working capital / Revenue (LTM) APM</i>	15.1%	3.5%	n/a	(11.6)%

## Financing

### Net debt

As of 31 December 2024, net debt amounted to EUR 197.6 million, an increase of +8.2% or EUR 14.9 million, as compared to 31 December 2023. Increase of the net debt resulted mainly from payment of dividends. The FFO (LTM) / Net debt ratio decreased from 15.5% to 14.1% due to the increase in net debt.

### Net debt, EUR million

	2024	2023	Δ	Δ, %
<b>Total non-current financial liabilities</b>	<b>184.2</b>	<b>193.1</b>	<b>(8.9)</b>	<b>(4.6)%</b>
Long-term loans	183.9	192.8	(8.9)	(4.6)%
Lease liabilities (IFRS 16)	0.3	0.3	(0.0)	(4.7)%
<b>Total current financial liabilities</b>	<b>14.7</b>	<b>14.8</b>	<b>(0.1)</b>	<b>(0.5)%</b>
Current portion of non-current loans	14.7	14.7	0.0	0.0
Short-term loans	-	-	0.0	n/a
Interest payable (including accrued interest)	0.0	0.1	(0.1)	(68.8)%
Lease liabilities (IFRS 16)	0.0	0.0	(0.0)	(44.4)%
<b>Financial debts APM</b>	<b>198.9</b>	<b>207.8</b>	<b>(8.9)</b>	<b>(4.3)%</b>
<b>Cash, cash equivalents and cash in escrow account</b>	<b>1.3</b>	<b>25.2</b>	<b>(23.9)</b>	<b>(94.8)%</b>
<b>Net debt APM</b>	<b>197.6</b>	<b>182.6</b>	<b>14.9</b>	<b>8.2%</b>
<i>Net debt / adjusted EBITDA (LTM) APM</i>	5.1	4.8	0.3	5.2%
<i>FFO (LTM) / Net debt APM</i>	14.1%	15.5%	n/a	1.4%
<i>Financial debt / Equity APM</i>	2.2	2.0	0.1	6.3%
<i>Equity level APM</i>	0.2	0.2	(0.0)	(3.9)%

## Dividends

On 15 December 2020, the Management Board of Ignitis grupė approved an updated dividend policy ([link](#)) of the controlled subsidiaries according to which:

1. governance bodies of the subsidiaries are proposing appropriation of profit for the payment of dividends for the financial year or a period shorter than the financial year to be at least 80% of the net profit for the financial period for which the dividends are proposed;
2. governance bodies of the subsidiaries may propose to appropriate profit for the payment of dividends for the financial year or a period shorter than the financial year in case a company incurred loss during the reporting period yet it retained earnings accrued in the previous reporting periods. This provision is applicable only if there is an imperative need of the parent company to receive dividends in implementing the dividend policy of the parent company;
3. governance bodies of the subsidiaries may propose to set a lower share of profits for the payment of dividends for companies, set out in sub-paragraph 1, or they may propose not to pay dividends for the reporting period if at least one of the following conditions is met:
  - 3.1. a subsidiary implements green generation investment projects in accordance with the strategy of Ignitis grupė;
  - 3.2. a subsidiary's ability to allocate dividends is limited by the covenants set out in the financing agreements;
  - 3.3. a subsidiary 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;
  - 3.4. a subsidiary'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;
  - 3.5. a subsidiary is insolvent, or would become insolvent upon payment of dividends;
  - 3.6. a subsidiary has received a written consent passed by the Head for Treasury and the Head for Finance of the Group to apply sub-paragraph 3.4 with regard of cases which are not anticipated in sub-paragraphs 3.1 - 3.5.

The company did not pay any dividends in 2023, but paid dividends of EUR 27.7 million in total in 2024.

### Dividends for the year, EUR million

	2023	2024	Δ	Δ, %
Amount of paid dividends for the period	0.0	27.7	27.7	100.0%

## Key performance indicators

		2024	2023	Δ	Δ, %
<b>Electricity</b>					
Capacities in operation	MW	91.34	70	21.34	30.5%
Capacities in construction	MW	0	23	n/a	n/a
Production of electricity (net)	TWh	0.366	0.123	0.243	197.6%
Portion of the green generation	%	100.0%	100.0%	n/a	n/a
<b>Thermal energy</b>					
Capacities in operation	MW	240	219.1	20.9	9.5%
Capacities in construction	MW	0	19.9	n/a	n/a
Production of thermal energy (net)	TWh	1.166	0.588	0.577	98.3%
Portion of the green generation	%	100.0%	100.0%	n/a	n/a

In 2024, the higher electricity and heat production resulted from the completion of construction works, and an increase in both electricity installed capacity and heat installed capacity. This was the first year in which the Company was operating after full completion of all construction works with planned installed capacity. All of the above capacities are considered as green capacities.

## 2.2 Three-year summary

### Key financial indicators

		2024	2023	2022
Revenue	EUR million	88.8	61.8	42.3
EBITDA APM	EUR million	38.7	37.7	23.6
Adjusted EBITDA APM	EUR million	38.7	37.7	23.6
Adjusted EBITDA margin APM	%	43.6%	61.0%	55.8%
EBIT APM	EUR million	23.9	32.4	18.5
Adjusted EBIT APM	EUR million	23.9	32.4	18.5
Net profit	EUR million	17.5	25.2	16.7
Adjusted net profit APM	EUR million	17.5	25.2	16.7
Investments APM	EUR million	8.9	53.4	63.7
FFO APM	EUR million	27.9	28.4	20.0
FCF APM	EUR million	7.7	(19.9)	(25.8)
ROE APM	%	18.1%	28.1%	24.5%
ROCE APM	%	8.3%	12.7%	9.0%
ROA APM	%	4.0%	6.1%	4.9%
		2024	2023	2022
Total assets	EUR million	423.6	452.3	368.1
Equity	EUR million	91.8	102.0	76.8
Net debt APM	EUR million	197.6	182.6	148.4
Net working capital APM	EUR million	13.4	2.2	(2.1)
Net debt / EBITDA APM	times	5.1	4.8	6.29
Net debt / Adjusted EBITDA APM	times	5.1	4.8	6.29
FFO / Net debt APM	%	14.1%	15.5%	13.4%
Gross liquidity ratio. APM	times	1.7	2.3	0.4
Asset turnover APM	times	0.2	0.2	0.1

### Key performance indicators

		2024	2023	2022
<b>Electricity</b>				
Installed capacity of the green generation	MW	91.34	70	20
Green generation capacity under construction	MW	0	23	73
Production of green energy (net)*	TWh	0.366	0.123	0.100
Portion of the green generation	%	100%	100%	100%
<b>Thermal energy</b>				
Installed capacity of the green generation	MW	240	219.1	70
Green generation capacity under construction	MW	0	19.9	169
Production of thermal energy (net)	TWh	1.166	0.588	0.364
Portion of the green generation	%	100%	100%	100%



# Management report

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3.1	The Management Board and the Chief Executive Officer	18
3.2	Risks and risk management	23

## 3.1 The Management Board and the Chief Executive Officer

### 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 Management 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 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 Management 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 Management 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 Management Board is elected for a term of four years. The composition of the Company's Management Board shall be composed taking into consideration the fact that members of the Management Board shall have diverse competences. A member of the Supervisory Board of the Company or a parent company cannot be appointed as a member of the Management Board. In addition, neither a member of a legal entity, which is engaged in transmission or production of

electricity and natural gas, or a member of a supervisory body, managerial body or administrative body of another legal entity, which is engaged in transmission or 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 within a period of two years can be appointed as a member of the Management Board. The members of the Company's Management Board shall comply with general and specific criteria set out by legislation.

If the Management 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.

On 20 October 2023, the Company's sole shareholder approved the following composition of the Company's Management Board according to specific areas of competence (strategy and management, finances, renewable energy), for a four-year term of office. The Management Board exercises the supervisory functions set out in Article 34(11) of the Law on Companies.

### Priorities for the reporting period and their implementation

The Company's Management Board activities in 2024, in accordance with the Management Board's annual activity plan, covered the following main areas:

- approval of the Company's Strategic Plan 2024-2025, operations planning documents;
- approval of the Company's annual report for 2023, assessment of annual financial statements and profit (loss) distribution project and provision 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 essential transaction terms;
- adoption of the necessary decisions for the Company's construction project for Vilnius combined heat and power plant's biofuel boiler house and biofuel processing farm;
- evaluation of the Company's organisational structure and adoption of related decisions;
- consideration and approval of the Company's governance and organisational structure, the list of staff positions and the maximum number of positions;
- Establishment of the Company's borrowing and lending limits using the unified intercompany borrowing platform of AB Ignitis grupė;
- Performance of other supervisory functions as anticipated in the Law on Companies of the Republic of Lithuania.



A total of 21 meetings of the Management Board of the Company were held in 2024. The table below provides an overview of the attendance at meetings

### Overview of meeting attendance by the Management Board members

Name, surname	
Mantas Mikalajūnas (Chairman of the Management Board)	21 / 21
Jonas Rimavičius	20 / 21
Paul K. Dainora	20 / 21

\* The figures indicate how many meetings of the total organised the members have attended in 2024.

## Members of the Management Board

	Description	Experience	Education	Other currently held positions
	<b>Mantas Mikalajūnas</b> Member (shareholder's representative) and chairman Term of office: from 20-10-2023 to 19-10-2027	With almost 20 years of management experience in various companies in the energy sector, M. Mikalajūnas started his career at Lietuvos dujos. Later, he spent one and a half years as a trainee in an energy group 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 transitioning to the current position of Chief Regulated Activities Officer of the Group, Mantas had served as Head of Business Development at Ignitis grupė and CEO at Lietuvos dujų tiekimas (later, Lietuvos energijos tiekimas).	Baltic Institute of Corporate Governance, a Management Board member's and Management Board chair's certificate, Saïd Business School, University of Oxford, Strategic Management Executive Programme; Vilnius University, Master's degree in Business Administration and Management.	AB Ignitis grupė member of the Management Board, Head of Regulated Activities of the Group. Member of the Management Boards of Vilnius Cogeneration Power Plant UAB and Kaunas Cogeneration Power Plant UAB Member of the Management Board of UAB Ignitis
	<b>Paul K. Dainora</b> Independent member Term of office: from 20-10-2023 to 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), vicepresident 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.	Member of American Society of Mechanical Engineers, Chief Commercial Officer at Ohmium International Inc. (USA/Germany/India).

	<b>Jonas Rimavičius</b> Member (shareholder's representative) Term of office: from 20-10-2023 to 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.	Member of the Management Board, Director of Finance at AB Ignitis Grupė; Ignitis Renewables, Chairman and Member of the Management Board; Ignitis Renewables Offshore Development, Member of the Management Board; Ignitis Renewables Projektai 5, Member of the Management Board; Ignitis Renewables Projektai 6, Chair and Member of the Management Board.
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## Chief Executive Officer

### 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 the Remuneration Policy.

The main functions and responsibilities of the CEO are:

- ensuring the implementation of the Company's business strategy, the decisions of the General Meeting of Shareholders and/or the Management Board;
- organising the day-to-day operations of the Company, recruiting and dismissing employees, entering into and terminating employment contracts, incentivising and imposing penalties on employees;
- ensuring the security of the Company's assets, appropriate working conditions, security of the Company's commercial secrets and confidential information;
- being responsible for the preparation of the annual financial statements and the management report;
- making proposals to the Management Board of the Company on the Company's operations planning documents;
- carrying out other duties set out in the Law on Companies, other laws and legal acts, the Articles of Association and in the job description of the CEO as well as resolving other issues which are not attributed to the competence of other bodies of the Company under the laws or the Articles of Association.

Mantas Burokas is the CEO of the Company from 24 February 2021 to 23 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 Management Board members at Baltic Institute of Corporate Governance. He has completed the modules of financial and management accounting at ISM.	Member of the Supervisory Board at AB Panevėžio specialusis autotransportas

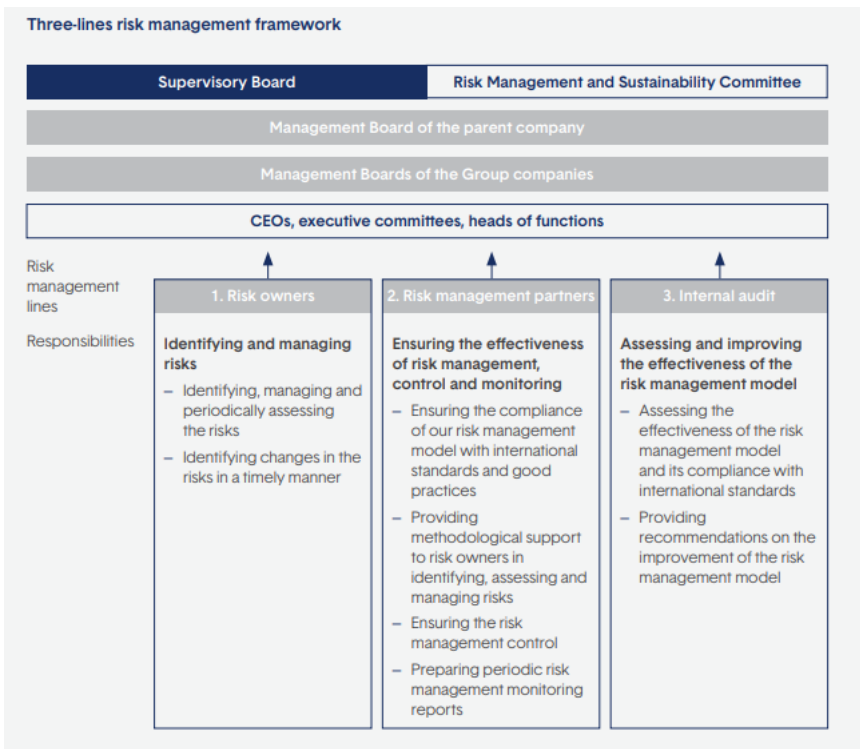
# 3.2 Risk management

## Risk management model

### Overview

In carrying out its activities, the Company faces strategic, operational (performance), financial and external risks that may affect the performance results. In order to protect against and manage risks to an acceptable level, the Company and the Group apply uniform risk management principles based on good risk management practices, including the core principles of COSO (Committee of Sponsoring Organisations of the Treadway Commission) and principles of ISO 31000:2018. A clear division of responsibilities for risk management and control between management and supervisory bodies, business units and functions within the Company and across the Group is ensured by the Three-Lines Enterprise Risk Management Framework.

### Three Lines Defence risk management framework



To ensure that the decisions taken by the Company's management reflect all changes in its operations, the Company and the Group have a single risk management process covering all areas of the Company's activity. For effective control of risk management, quarterly monitoring of risks is carried out, and risk management measures, key risk indicators and reporting is provided to the Company's management and supervisory bodies. This section outlines the Company's risk management governance model, the key components of the risk management process, a review of significant risks faced by the Company in 2024, and the risk management plan for 2025.

### The main risk management objectives:

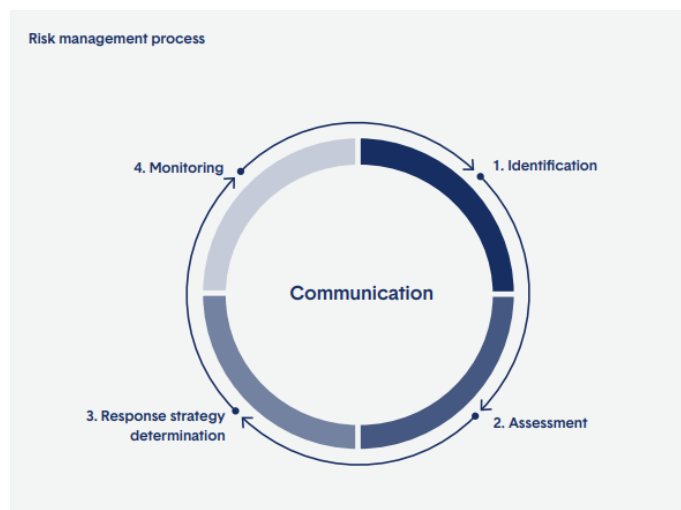
- To ensure that the Company's values are at the heart of decision-making to achieve the objectives;
- eliminate or minimise the impact of risks on the Company's objectives for different periods;
- ensure the stability (including financial stability) and sustainability of the Company's operations;
- ensure that accurate information reaches the related parties in a timely manner;
- protect the Company's reputation and ensure its credibility;
- protect the interests of stakeholders.

### Risk management process

The Group promotes proactive risk management to achieve its strategic goals and adapt to a dynamic environment. Quarterly reviews of risks ensure timely and effective decision-making in all Group companies. ESG risks (including the risks related to climate change) and opportunities are fully integrated into the Company's and a Group-wide unified risk management process. More information on the risk management framework and the processes we apply in the Company and the Group is disclosed in the Group's [website](#).

The Company's risk management process consists of four phases: *risk identification, assessment, response strategy definition and monitoring*.

### Risk management process



**1. Identifying risks.** Potential impacts arising from climate change, regulatory changes, geopolitical and economic situations, market trends, and social issues are analysed in the stage of identification. All of the Company's employees are responsible for timely risk identification. Risk is assessed based on the following periods (when the risk is the most relevant): short term (0–1 years), medium term (2–4 years), long term ( $\geq 5$  years).

**2. Assessing risks.** Assessment stage is where risk levels are determined. Risk levels are defined from low to very high and are based on the ratio of probability of the risk occurrence to its potential impact. The risks are assessed while considering their impact on the four categories: financial, reputational, health of employees and compliance. The Company and the Group assign ESG types to all risks.



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

Strategic risks	Financial risks <sup>1</sup>	Operational (activity) risks	Legal risks
Risks that affect the Company's long-term goals and objectives, including market competition, technological and regulatory changes.	Risks related to the Group's financial performance, including risks related to credit, working capital demand, market fluctuations, interest rates and liquidity issues.	Risks in day-to-day operations, including system failures, supply chain disruptions, and human errors.	Risks associated with legal obligations and compliance, including litigation, regulatory fines, and contractual disputes.

**3. Determining the response strategy.** The Company decides whether to accept, mitigate, avoid, or transfer the risks. All risks exceeding the Company's risk appetite must be mitigated. The Group is determined to achieve its goals in a sustainable manner, therefore, it pays special attention to and manages the risks related to occupational health and safety, corruption, climate change and environmental protection, cyber threats, incompliance with legal requirements, partnerships that would have any links to the countries that are hostile towards Lithuania, etc.

**4. Monitoring risks.** The Company assesses the impact, the probability of the risks and their relevant sources, updates risk mitigation measures and key risk indicators while reporting other risk-related information to the management every quarter. During the monitoring stage, new risks are identified and the ones that are no longer relevant are eliminated. In addition, the management bodies of the Group are periodically informed about sustainability risks and provided with information related to double materiality assessment, including impacts, risks and opportunities.

## Key risks

### Risk management in 2024

#### Overview

- In 2024, the Group Risk Management Policy's revision was made to enhance compliance with ISO31000:2018 standards and improve the precision in assessing the likelihood and impact of risks (adjusted scales and their values). Following the update of the methodology and the reassessment of risks, the risk levels of some of the Company's risks have decreased from medium to low.
- Following the successful and timely completion of the biofuel power plant project, the risk related this became irrelevant and was removed from the list of risks by a decision of the Management Board of the Company.
- The risk of insufficient compensation for damages caused by the former contractor of a biofuel plant has been upgraded to very high due to the insolvency of the former contractor and its bankruptcy proceedings.
- The risk of a high-impact cyber-attack is managed centrally at Group level.

### Risk management in 2025

#### Overview

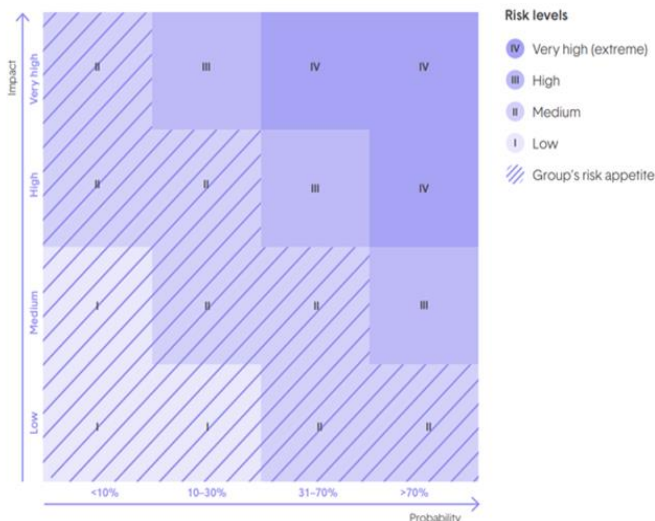
The reassessment of the Company's risks at the end of 2024 identified the main short, medium and

<sup>1</sup> 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.

long-term risks of the Company, which are presented in the risk map.

## Map of the Company's key risks

Risk assessment matrix



- 1 Risk of insufficient compensation for damages caused by the former contractor of a biofuel plant
- 2 Risk of non-compliance with environmental
- 3 Risk of a cyber-attack with a high impact (Group risk)

## Key risks of the Company and risk management plan

### 1 Risk of insufficient compensation for damages caused by the former contractor of a biofuel plant

#### Risk level

Very high

**Risk type** | Financial

**ESG risk type** | Not related

**Period** | Short-term

**Impact on the strategic direction** |  
Green generation

**Primary potential impact:**  
– Finance

#### Description of risk

Main source of risk:  
– Although a conciliation agreement has been concluded with the former contractor, the company remains at risk of insolvency.

#### Main risk management directions:

- Continuous cooperation with and provision of information to the related institutions of the party.
- Internal and external legal team in place.

### 2 Risk of non-compliance with environmental requirements

#### Risk level

High

**Risk type** | Operational

**ESG risk type** | Environmental

**Period** | Short-term

**Impact on the strategic direction** |  
Green generation

**Primary potential impact:**  
– Compliance  
– Reputation

#### Description of risk

Main source of risk:  
– Failure to ensure the conditions for the reception and storage of air, water pollution, noise, odours, waste in the Integrated Pollution Prevention and Control permit;  
– Spillage and release of chemicals/agents.

#### Main risk management directions:

- 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.

**Risk level**

High

**Risk type** | Operational**ESG risk type** | Social responsibility**Period** | Short-term**Impact on the strategic direction**  
| Organisation**Primary potential impact**

- Compliance
- Reputation

**Description of risk**

Main source of risk:

- Cyber-attacks against the Group (as well as the Company) organised by third parties.
- Social engineering attacks, data theft.
- Known vulnerabilities in systems have been removed late or improperly.

**Main risk management directions:**

- Periodically preparing and submitting vulnerability reports to responsible personnel.
- Implementing a vulnerability management process that classifies and addresses vulnerabilities based on their criticality.
- Limiting and isolating critical systems within a local network.
- Developing digital security competencies by developing accredited CERT team members in the organisation and participating in cybersecurity exercises with external partners.
- Ensuring 24/7 Group-wide cybersecurity supervision.
- Maintaining an incident management process to ensure effective response.
- Conducting regular phishing simulations across all Group companies to increase the vigilance of employees.

# Additional information

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4.1	Other important statutory information	29
4.2	Abbreviations	31

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## 4.1 Other important statutory information

This annual report consists of the management report and the financial statements, where UAB Vilniaus kogeneracinė įėgainė provides information to the shareholders, creditors and other interested parties about the Company's activities during the period of January–December 2024. The composition of this document corresponds to the composition of the set of annual financial statements, as provided for in Article 6 of the Law on Reporting by Undertakings and Groups of Undertakings of the Republic of Lithuania.

The Annual report has been prepared by the Company's administration in accordance with the requirements of the Law on Financial Reporting by 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 consideration the description of the guidelines for transparency of the activities of state-owned enterprises. Securities of the Company are not included in and are not traded on the 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 (Laisvės pr. 10, Vilnius) on working days from Mondays to Thursdays from 7.30 am to 4.30 pm, and on Fridays from 7.30 am to 3.15 pm (with a prior arrangement)

### Company details

1. Company name: Vilniaus kogeneracinė įėgainė, UAB
2. Legal form: Limited liability company
3. Share capital: 52,300,021
4. Registration date and place: 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's register: State enterprise Centre of Registers
8. Telephone no: +360 620 65856
9. Fax No: Fax is not used
10. E-mail address: [info@vki.lt](mailto: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 hedge accounting that would be significant in assessing the Company's assets, equity, liabilities, financial position and performance.
3. The Company had no treasury shares at the beginning of the reporting period and did not acquire any treasury shares during the reporting period.
4. The Company has no branches or representative offices.
5. The Company envisages further sustainable development of its existing operations to ensure higher profitability and asset efficiency in the long term. Research will be carried out as and when required.
6. The Company's operations are in compliance with the requirements of environmental protection legislation.

### Significant transactions

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

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

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

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

The Company's financial statements are prepared in accordance with IFRS accounting standards. All financial data provided in the Annual report have been calculated in accordance with IFRS and correspond to the audited financial statements of the Company.

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

#### Information on the company's strategy

UAB Vilniaus kogeneracinė jėgainė is an important part of Ignitis Group's integrated business model and strategy. Further information about strategic priorities, objectives and the alignment of achieved performance results can be found in the AB Ignitis grupė consolidated management report.

#### Sustainability information

UAB Vilniaus kogeneracinė jėgainė is a subsidiary and its information on sustainability is included in the consolidated management report of the parent company AB Ignitis grupė. Therefore, in accordance with Article 23(1)(1) of the Law on Reporting by Undertakings and Groups of Undertakings of the Republic of Lithuania, it qualifies with the condition allowing not to present the information on sustainability issues as specified in the Law on Reporting by Undertakings and Groups of Undertakings of the Republic of Lithuania.

The consolidated management report of AB Ignitis grupė in the integrated annual sustainability report for 2024 provides sustainability information for AB Ignitis grupė and its companies ("the Group"), as well as its subsidiary Vilniaus kogeneracinė jėgainė. This includes an overview of commitments and actions in areas such as environmental performance, social responsibility and governance practices. Sustainability report is available on the Group's website [www.ignitisgrupe.lt](http://www.ignitisgrupe.lt) under "For Investors" and "Sustainability".

#### Information on key intangible resources

Information on the key intangible resources, as well as an explanation of how these resources impact UAB Vilniaus kogeneracinė jėgainė activities and business model, and how they contribute to its value creation at Group level is presented in sections '2.2 Strategy and targets', '6.3 Social', and '6.4 Governance' of the Integrated Annual Report 2024 of AB Ignitis grupė, as well as in the Group's Remuneration Policy and People and Culture Policy, which are available [here](#).

#### 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 indicators are available on the website (link) of AB Ignitis Grupė**

#### Notice on the language

In the event of discrepancies between the Lithuanian and English versions of the documents, the Lithuanian version shall prevail.

## 4.2 Abbreviations

[illegible]

# Financial statements

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5.1	Company's financial statements	33
5.2	Additional Information	49
5.3	Independent Auditor's Report	54
5.4	Information on the auditor	57

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# 5.1 Company's financial statements

For the year ended 31 December 2024, prepared in accordance with IFRS Accounting Standards as adopted by the European Union

Statement of profit or loss and other comprehensive income	34
Statement of financial position	35
Statement of changes in equity	36
Statement of cash flows	37
Notes to the financial statements	38

The Company's financial statements were prepared and signed by management of UAB Vilniaus Kogeneracinė Jėgainė on 21 March 2025:

<b>Mantas Burokas</b>	<b>Rūta Šaltmerytė</b>	<b>Jurgita Markevičienė</b>
Chief Executive Officer	Head of Finance and Administration	UAB Ignitis grupės paslaugų centras, Accounting expert, acting under Order No. 24_GSC_SP_0051 of 30 September 2024

# Statement of profit or loss and other comprehensive income

For the year ended 31 December 2024

EUR thousand	Notes	2024	2023
Revenue from contracts with customers	5	87,167	61,744
Other revenue		1,646	26
<b>Total revenue and other income</b>		<b>88,813</b>	<b>61,770</b>
Purchase of electricity, natural gas and other services	6	(33,975)	(14,199)
Depreciation and amortisation		(14,715)	(5,218)
Salaries and related costs		(5,406)	(4,295)
Other expenses	7	(10,852)	(5,616)
<b>Total expenses</b>		<b>(64,948)</b>	<b>(29,328)</b>
<b>Operating profit</b>		<b>23,865</b>	<b>32,442</b>
Finance income	8	953	86
Finance expenses	8	(11,027)	(3,849)
<b>Finance activity result, net</b>		<b>(10,074)</b>	<b>(3,763)</b>
<b>Profit (loss) before tax</b>		<b>13,791</b>	<b>28,679</b>
Income tax expenses (income)	9	3,722	(3,523)
<b>Net profit for the year</b>		<b>17,513</b>	<b>25,156</b>
<b>Other comprehensive income (expenses)</b>			
<b>Items that will not be reclassified to profit or loss in subsequent periods (net of tax)</b>			
Change in actuarial assumptions		(1)	3
<b>Total items that will not be reclassified to profit or loss in subsequent periods</b>		<b>(1)</b>	<b>3</b>
<b>Total other comprehensive income (expenses) for the year</b>		<b>(1)</b>	<b>3</b>
<b>Total comprehensive income (expenses) for the year</b>		<b>17,512</b>	<b>25,159</b>

# Statement of financial position

31 December 2024

EUR thousand	Notes	31 December 2024	31 December 2023
<b>Assets</b>			
Intangible assets	10	8,161	3,342
Property, plant and equipment	11	371,011	388,883
Right-of-use assets		272	292
Non-current receivables		100	100
Deferred tax assets	9.3	5,530	1,808
<b>Non-current assets</b>		<b>385,074</b>	<b>394,425</b>
Inventories	13	3,370	2,449
Prepayments and deferred expenses		258	476
Trade receivables	14	17,883	8,774
Other receivables	12	15,749	20,987
Cash and cash equivalents	15	1,313	25,208
<b>Current assets</b>		<b>38,573</b>	<b>57,894</b>
<b>Total assets</b>		<b>423,647</b>	<b>452,319</b>
<b>Equity and liabilities</b>			
Issued capital	16	52,300	52,300
Legal reserve		2,572	1,315
Retained earnings		36,967	48,384
<b>Equity</b>		<b>91,839</b>	<b>101,999</b>
Non-current loans	18	183,900	192,765
Non-current lease liabilities	18	282	296
Grants and subsidies	20	124,635	131,765
Provisions		3	4
<b>Non-current liabilities</b>		<b>308,820</b>	<b>324,830</b>
Loans	18	14,696	14,760
Lease liabilities	18	5	9
Trade payables		2,891	2,581
Prepayments received		-	3
Provisions		15	-
Other current liabilities	21	5,381	8,137
<b>Current liabilities</b>		<b>22,988</b>	<b>25,490</b>
<b>Total Liabilities</b>		<b>331,808</b>	<b>350,320</b>
<b>Total equity and liabilities</b>		<b>423,647</b>	<b>452,319</b>

# Statement of changes in equity

For the year ended 31 December 2024

EUR thousand	Notes	Issued capital	Legal reserve	Retained earnings	Total
<b>Balance as at 1 January 2023</b>		<b>52,300</b>	<b>477</b>	<b>24,063</b>	<b>76,840</b>
Net profit for the year		-	-	25,156	25,156
<b>Other comprehensive income (expenses)</b>					
Result from change in actuarial assumptions		-	-	3	3
<b>Total other comprehensive income (expenses) for the year</b>		-	-	3	3
<b>Total comprehensive income (expenses) for the year</b>		-	-	25,159	25,159
Transfer to legal reserve		-	838	(838)	-
<b>Balance as at 31 December 2023</b>		<b>52,300</b>	<b>1,315</b>	<b>48,384</b>	<b>101,999</b>
<b>Balance as at 1 January 2024</b>		<b>52,300</b>	<b>1,315</b>	<b>48,384</b>	<b>101,999</b>
Net profit for the year		-	-	17,513	17,513
<b>Other comprehensive income (expenses)</b>					
Result from change in actuarial assumptions		-	-	(1)	(1)
<b>Total other comprehensive income (expenses) for the year</b>		-	-	(1)	(1)
<b>Total comprehensive income (expenses) for the year</b>		-	-	17,512	17,512
Transfer to legal reserve		-	1,257	(1,257)	-
Dividends	16.3	-	-	(27,672)	(27,672)
<b>Balance as at 31 December 2024</b>		<b>52,300</b>	<b>2,572</b>	<b>36,967</b>	<b>91,839</b>

# Statement of cash flows

For the year ended 31 December 2024

EUR thousand	Notes	2024	2023
Net profit for the year		17,513	25,156
<b>Adjustments:</b>			
Depreciation and amortisation expenses		21,844	7,708
Depreciation and amortisation of grants	20	(7,130)	(2,490)
Income tax expenses (benefit)	9	(3,722)	3,523
Interest income	8	(938)	(85)
Interest expenses	8	11,017	3,829
Other non-cash adjustments		161	35
<b>Changes in working capital:</b>			
(Increase)/decrease in trade and other receivables		(8,086)	(4,074)
(Increase)/decrease in inventories, prepayments, deferred expenses, other current and non-current assets		(703)	467
Increase/(decrease) in trade payables, prepayments received, other current amounts payable and liabilities		589	4,274
<b>Net cash flows used in operating activities</b>		<b>30,545</b>	<b>38,343</b>
Acquisition of property, plant and equipment and intangible assets		(11,269)	(53,123)
Grants received	20	-	9,444
Interest received		915	77
Cash-pool		4,264	(19,888)
<b>Net cash flows used in investing activities</b>		<b>(6,090)</b>	<b>(63,490)</b>
Cash-pool	19	-	(19,112)
Loans received	19	5,791	211,099
Repayment of loans	19	(14,667)	(138,941)
Lease payments	19	(6)	(37)
Interest paid	19	(11,796)	(9,363)
Dividends paid	16.3	(27,672)	-
<b>Net cash flows from/(used in) financing activities</b>		<b>(48,350)</b>	<b>43,646</b>
<b>Increase (decrease) in cash and cash equivalents</b>		<b>(23,895)</b>	<b>18,499</b>
Cash and cash equivalents at the beginning of the period	15	25,208	6,709
<b>Cash and cash equivalents at the end of the year</b>		<b>1,313</b>	<b>25,208</b>

# Notes to the financial statements

## 1 General information

UAB Vilniaus kogeneracinė įėgainė (hereinafter “the Company”) is a private limited liability company registered in the Republic of 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. The registered address of the Company is: Joėionių St. 13, LT-02300 Vilnius, Lithuania. The company code is 303782367, VAT payer's code – LT100009225717. The Company has been founded for an indefinite period. The reporting period is one year ended 31 December 2024.

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:

	31 December 2024		31 December 2023	
	Number of shares held	Per cent	Number of shares held	Per cent
AB Ignitis grupė	180,344,900	100	180,344,828	100
<b>Total</b>	<b>180,344,900</b>	<b>100</b>	<b>180,344,828</b>	<b>100</b>

The Company's parent company is AB Ignitis grupė (company code 301844044, registered address Laisvės pr. 10, LT-04215 Vilnius, Lithuania), which owned 100% of shares of the Company as at 31 December 2024 and 2023. As at 31 December 2024 and 2023, the shareholders of AB Ignitis grupė were the Ministry of Finance of the Republic of Lithuania (74.99%), retail and institutional investors (25.01%).

AB Ignitis grupė is an ultimate controlling company. The Group comprises AB Ignitis grupė and all of its subsidiaries (“the Group”).

As at 31 December 2024 and 2023, the Company did not have any subsidiaries.

These financial statements were signed by the management of UAB Vilniaus Kogeneracinė Įėgainė on 21 March 2025. The Company's shareholders have the 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 as at and for the year ended 31 December 2024 (hereinafter – the financial statements) have been prepared on a going concern basis applying measurement based on historical acquisition cost.

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

Detailed information about the Company's accounting policy, including changes, is presented in the financial statements under the Note 6.2 and the Section '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 Summary of material accounting policies

### 3.1 Changes in accounting policy 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 company's annual financial statements for the year ended 31 December 2023, except for the new standards that came into force in 2024. The Company does not apply any standard, interpretation or amendment, for which early application is permitted but which is not yet effective.

More information about the new standards is presented in the financial statements under the section Material accounting policies.

## 4 Critical accounting estimates and judgements used in the preparation of the financial statements

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and costs and contingencies. Change in the underlying assumptions, estimates and judgements may have a material effect on the Company's financial statements in the future.

Estimates and judgements with key assumptions are continuously reviewed and align with the Company's risk management and climate-related commitments. Estimates and judgements are recognised prospectively.

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

### 4.1 Provision for plant dismantling and closure works

At each reporting date, the Company assesses potential provision for dismantling and closure works. In the management's opinion, no basis exists for recognising provision for plant dismantling and closure works as no such legal obligation exists; therefore, no provisions were recognised in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

## 5 Revenue from contracts with customers

### 5.1 Revenue from contracts with customers by type

EUR thousand	2024	2023
Revenue from the sale of electricity	40,389	32,244
Revenue from distribution of thermal energy	38,926	22,471
Revenue from waste management	7,852	7,029
<b>Total</b>	<b>87,167</b>	<b>61,744</b>

### 5.2 Rights to returned goods and payable amounts

The Company has no material contracts in place that set out the customer rights to return goods.

## 6 Purchases of electricity, gas and other services

EUR thousand	2024	2023
Biofuel	23,290	5,899
Operating costs of cogeneration plants	5,901	3,674
Electricity, balancing services and purchases of related services	4,257	3,420
Purchases of gas and related services	515	1,206
Other purchases	12	-
<b>Total</b>	<b>33,975</b>	<b>14,199</b>

## 7 Other expenses

EUR thousand	2024	2023
Repair and maintenance	5,690	2,283
Taxes (other than income tax)	860	447
Insurance	796	428
Telecommunications and IT services	609	504
People and culture	600	356
Asset management and administration	568	571
Utilities	534	143
Finance and accounting	297	263
Other	898	621
<b>Total</b>	<b>10,852</b>	<b>5,616</b>

## 8 Finance activity

EUR thousand	2024	2023
Interest income recognised at the effective interest rate	938	85
Other finance income	15	1
<b>Total finance income</b>	<b>953</b>	<b>86</b>
Interest expenses	11,006	3,817
Interest and discount expense on lease liabilities	11	12
Other finance expenses	10	20
<b>Total finance expenses</b>	<b>11,027</b>	<b>3,849</b>
<b>Total finance activity</b>	<b>(10,074)</b>	<b>(3,763)</b>

### 8.1 The Company's interest income

In 2024, the Company received interest inflows in cash of EUR 915 thousand (2023: EUR 77 thousand), which is shown under "Interest received" in the statement of cash flows.



## 9 Income taxes

### 9.1 Recognised under profit or loss

EUR thousand	2024	2023
Deferred tax expenses (benefit)	(3,722)	3,523
<b>Total</b>	<b>(3,722)</b>	<b>3,523</b>

### 9.2 Reconciliation of 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	2024	2024	2023	2023
Profit (loss) before tax		13,791		28,679
Income tax expenses (benefit) at tax rate of 15%	15.00%	2,069	15.00%	4,302
Non-taxable income and non-deductible expenses	1.03%	142	0.29%	84
Incentive on investment project	40.52%	(5,588)	(3.01)%	(863)
Change in corporate income tax rate	2.5%	(345)	-	-
<b>Income tax expenses (benefit)</b>	<b>26.99%</b>	<b>(3,722)</b>	<b>12.28%</b>	<b>3,523</b>

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 tax asset would be EUR 3,184 thousand).

As at 31 December 2023, the Company had no temporary differences due to which no deferred tax asset was recognised.

Current income tax is calculated on profit before tax. The standard income tax rate in Lithuania was 15% in 2024 and 2023 (16 % from 2025).

### 9.3 Deferred tax

EUR thousand	31 December 2022	Recognised in profit or loss	31 December 2023	Recognised in profit or loss	31 December 2024
<b>Deferred tax assets</b>					
Accrued expenses	63	62	125	(42)	83
Incentive on investment project	6,388	(2,909)	3,479	3,966	7,445
Right-of-use assets (IFRS 16)	49	(3)	46	-	46
Other	49	73	122	(121)	1
<b>Total deferred tax assets</b>	<b>6,549</b>	<b>(2,777)</b>	<b>3,772</b>	<b>3,803</b>	<b>7,575</b>
<b>Deferred tax Liabilities</b>					
Difference between the financial and tax values	(1,170)	(750)	(1,920)	(81)	(2,001)
Right-of-use assets (IFRS 16)	(48)	4	(44)	-	(44)
<b>Total deferred tax liability</b>	<b>(1,218)</b>	<b>(746)</b>	<b>(1,964)</b>	<b>(81)</b>	<b>(2,045)</b>
<b>Deferred tax, net</b>	<b>5,331</b>	<b>(3,523)</b>	<b>1,808</b>	<b>3,722</b>	<b>5,530</b>

## 10 Intangible assets

EUR thousand	Patents and licences	Computer software	Other intangible assets	Total
<b>Acquisition cost as at 1 January 2024</b>	<b>84</b>	<b>4,091</b>	<b>344</b>	<b>4,519</b>
Additions	-	87	2	89
Reclassified (to) / from property, plant and equipment	-	5,618	-	5,618
<b>Acquisition cost as at 31 December 2024</b>	<b>84</b>	<b>9,796</b>	<b>346</b>	<b>10,226</b>
<b>Accumulated amortisation as at 1 January 2024</b>	<b>(84)</b>	<b>(818)</b>	<b>(275)</b>	<b>(1,177)</b>
Amortisation	-	(829)	(59)	(888)
<b>Accumulated amortisation as at 31 December 2024</b>	<b>(84)</b>	<b>(1,647)</b>	<b>(334)</b>	<b>(2,065)</b>
<b>Carrying amounts as at 31 December 2024</b>	<b>-</b>	<b>8,149</b>	<b>12</b>	<b>8,161</b>
<b>Acquisition cost as at 1 January 2023</b>	<b>84</b>	<b>4,083</b>	<b>331</b>	<b>4,498</b>
Additions	-	8	13	21
<b>Acquisition cost as at 31 December 2023</b>	<b>84</b>	<b>4,091</b>	<b>344</b>	<b>4,519</b>
<b>Accumulated amortisation as at 1 January 2023</b>	<b>(67)</b>	<b>(502)</b>	<b>(192)</b>	<b>(761)</b>
Amortisation	(17)	(316)	(83)	(416)
<b>Accumulated amortisation as at 31 December 2023</b>	<b>(84)</b>	<b>(818)</b>	<b>(275)</b>	<b>(1,177)</b>
<b>Carrying amount as at 31 December 2023</b>	<b>-</b>	<b>3,273</b>	<b>69</b>	<b>3,342</b>

### 10.1 Fully amortised intangible assets

As at 31 December 2024 and 2023, the Company had no fully amortised intangible assets used in operations:

EUR thousand	31 December 2024	31 December 2023
Patents and licences	84	83
Computer software	328	1
<b>Total acquisition cost of fully amortised assets</b>	<b>412</b>	<b>84</b>

## 10.2 Acquisition commitments

Acquisitions of intangible non-current assets in 2024 amounted to EUR 89 thousand and were related to other activities. Acquisitions of intangible non-current assets in 2023 amounted to EUR 21 thousand and were related to other activities.

As at 31 December 2024 and 2023, the Company had no material acquisition commitments of intangible assets, which have to be fulfilled during the subsequent year.

## 10.3 Pledged assets

As at 31 December 2024 and 2023, the Company did not have any pledged non-current intangible assets.

# 11 Property, plant and equipment

## 11.1 Company's property, plant and equipment

EUR thousand	Cogeneration plants	Other property, plant and equipment	Construction in progress	Total
<b>Acquisition cost as at 1 January 2024</b>	<b>131,624</b>	<b>26,805</b>	<b>248,344</b>	<b>406,773</b>
Additions	181	595	8,071	8,847
Write-offs	(402)	(78)	-	(480)
Reclassification (to) from construction in progress	243,649	7,086	(250,735)	-
Reclassifications between categories	8,953	(8,953)	-	-
Reclassified (to)/from intangible assets	-	-	(5,618)	(5,618)
Reclassified (to)/from inventories	(29)	-	-	(29)
<b>Acquisition cost as at 31 December 2024</b>	<b>383,976</b>	<b>25,455</b>	<b>62</b>	<b>409,493</b>
<b>Accumulated amortisation at 1 January 2024</b>	<b>(14,005)</b>	<b>(3,885)</b>	<b>-</b>	<b>(17,890)</b>
Depreciation	(19,119)	(1,829)	-	(20,948)
Write-offs	260	78	-	338
Reclassifications between categories	(1,024)	1,024	-	-
Reclassified (to)/from inventories	18	-	-	18
<b>Accumulated depreciation as at 31 December 2024</b>	<b>(33,870)</b>	<b>(4,612)</b>	<b>-</b>	<b>(38,482)</b>
<b>Carrying amounts as at 31 December 2024</b>	<b>350,106</b>	<b>20,843</b>	<b>62</b>	<b>371,011</b>
<b>Acquisition cost at 1 January 2023</b>	<b>131,616</b>	<b>26,692</b>	<b>190,360</b>	<b>348,668</b>
Additions	8	182	57,984	58,174
Write-offs	-	(69)	-	(69)
<b>Acquisition cost as at 31 December 2023</b>	<b>131,624</b>	<b>26,805</b>	<b>248,344</b>	<b>406,773</b>
<b>Accumulated depreciation at 1 January 2023</b>	<b>(8,491)</b>	<b>(2,205)</b>	<b>-</b>	<b>(10,696)</b>
Depreciation	(5,514)	(1,737)	-	(7,251)
Write-offs	-	57	-	57
<b>Accumulated depreciation as at 31 December 2023</b>	<b>(14,005)</b>	<b>(3,885)</b>	<b>-</b>	<b>(17,890)</b>
<b>Carrying amount as at 31 December 2023</b>	<b>117,619</b>	<b>22,920</b>	<b>248,344</b>	<b>388,883</b>

## 11.2 Acquisitions of property, plant and equipment

In 2024, acquisitions of property, plant and equipment amounted to EUR 8,847 thousand, of which EUR 7,691 thousand related to the operation of the biomass power plant, and EUR 1,156 thousand to other activities. (As at 31 December 2023: EUR 58,174 thousand, respectively EUR 57,985 thousand and EUR 189 thousand).

As at 31 December 2024 and 2023, the Company had no material acquisition commitments of non-current intangible assets, which have to be fulfilled during the subsequent year (as at 31 December 2023, the Company's acquisition commitments in respect of property, plant and equipment amounted to EUR 8,104 thousand).

In 2024, the Company capitalised EUR 589 thousand of interest on loans intended to finance the development of non-current assets (2023: EUR 5,031 thousand). The average capitalised interest rate was 4.93% in 2024 and 5.36% in 2023.

## 11.3 Fully depreciated property, plant and equipment

The cost of property, plant and equipment that is fully depreciated but used in operations is presented below:

EUR thousand	31 December 2024	31 December 2023
Other property, plant and equipment	896	5
<b>Total</b>	<b>896</b>	<b>5</b>

## 11.4 Pledged property, plant and equipment

As at 31 December 2024, the Company has pledged to banks property, plant and equipment with a carrying amount of EUR 370,258 thousand. (31 December 2023: EUR 58,174 thousand).

## 12 Current receivables

EUR thousand	31 December 2024	31 December 2023
Loans under the cash-pool agreement	15,655	19,896
Accrued income from sale of electricity	93	1,068
Other current amounts receivable	1	23
<b>Total current amounts receivable:</b>	<b>15,749</b>	<b>20,987</b>
Less: impairment allowance	-	-
<b>Carrying amount</b>	<b>15,749</b>	<b>20,987</b>

## 13 Inventories

EUR thousand	31 December 2024	31 December 2023
Materials, raw materials and spare parts	1,841	531
Biomass	1,424	1,815
Other	105	103
<b>Carrying amount</b>	<b>3,370</b>	<b>2,449</b>

The Company's inventories recognised as expenses were as follows:

EUR thousand	2024	2023
Biomass	23,290	5,899
Natural gas	515	1,206
Materials, raw materials and spare parts	742	152
Other inventories	1,711	948
<b>Total</b>	<b>26,258</b>	<b>8,205</b>

As at 31 December 2024, the Company has pledged to banks the inventories with a carrying amount of EUR 1,424 thousand. (31 December 2023: EUR 1,815 thousand).

## 14 Trade receivables

EUR thousand	31 December 2024	31 December 2023
<b>Amounts receivable from contracts with customers</b>		
Receivables for distribution of heat	9,856	5,330
Receivables for distribution of electricity	5,986	2,462
Receivables for waste management	2,036	982
Other trade receivables	5	-
<b>Total</b>	<b>17,883</b>	<b>8,774</b>
Less: impairment of trade receivables	-	-
<b>Carrying amount</b>	<b>17,883</b>	<b>8,774</b>

As at 31 December 2024 and 2023, the Company has not pledged the right of claim to trade receivables.

No interest is charged on trade receivables, and the regular settlement period is 30 days.

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

EUR thousand	31 December 2024		31 December 2023	
	Trade receivables	Loss allowance	Trade receivables	Loss allowance
Not past due	17,075	-	8,492	-
Up to 30 days	761	-	282	-
30-60 days	30	-	-	-
60-90 days	11	-	-	-
90-120 days	6	-	-	-
More than 120 days	-	-	-	-
<b>Carrying amount</b>	<b>17,883</b>	<b>-</b>	<b>8,774</b>	<b>-</b>

## 15 Cash and cash equivalents

EUR thousand	31 December 2024	31 December 2023
Cash at bank	1,313	25,208
<b>Total</b>	<b>1,313</b>	<b>25,208</b>

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 2024 amounted to EUR 1,289 thousand (31 December 2023: EUR 14,464 thousand).

## 16 Equity

### 16.1 Capital management

The management uses the 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 authorised capital of a private joint-stock company must be at least EUR 1 thousand. The equity must be at least 50% of the company's issued capital. As at 31 December 2024 and 2023, the Company complied with the capital regulatory requirements.

### 16.2 Issued capital

EUR	31 December 2024	31 December 2023
<b>Issued capital</b>		
Ordinary shares, EUR	52,300,021	52,300,000
<b>Ordinary shares issued and fully paid, EUR</b>	<b>52,300,021</b>	<b>52,300,000</b>

A decision to increase the issued capital up to EUR 52,300,021, which is divided into 180,344,900 ordinary registered shares with the nominal value of EUR 0.29 each, was adopted in the meeting of the Company's shareholder on 22 October 2024. New articles of association were registered on 16 December 2024.

As at 31 December 2024 and 2023, the Company's issued capital comprised EUR 52,300,000 and was divided in to 180,344,828 registered ordinary shares with par value of EUR 0.29 of each.

### 16.3 Dividends

EUR thousand	2024	2023
AB Ignitis Grupė	27,672	-

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

The Company did not pay any dividends in 2023.

## 17 Reserves

### 17.1 Legal reserve

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

As at 31 December 2024 and 2023, the Company's legal reserve was not fully formed.

## 18 Loans and lease liabilities

EUR thousand	31 December 2024	31 December 2023
Loan received	183,900	192,765
Lease liabilities	282	296
<b>Total non-current portion</b>	<b>184,182</b>	<b>193,061</b>
Current part of the non-current loan	14,696	14,760
Lease liabilities	5	9
<b>Total current portion</b>	<b>14,701</b>	<b>14,769</b>
<b>Total</b>	<b>198,883</b>	<b>207,830</b>

Deadlines for repayment of loans and lease liabilities:

EUR thousand	31 December 2024	31 December 2023
Up to 1 year	14,701	14,769
From 1 to 2 years	14,651	14,663
From 2 to 5 years	43,975	43,975
After 5 years	125,556	134,423
<b>Total</b>	<b>198,883</b>	<b>207,830</b>

### 18.1 Covenants and unwithdrawn balances

The loan agreements provide for financial and non-financial covenants that the Company is obliged to comply with. The Company complied with all the covenants as at 31 December 2024 and 2023.

As at 31 December 2024, the unused loan balance of Company amounts to EUR 13,018 thousand. (31 December 2023: EUR 28,809 thousand).

## 19 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. While implementing risk management strategy, the management monitors net debt ratio.

This note sets out an analysis of net debt, a non-IFRS measure for the purposes of these financial statements presentation, which is defined by management as presented below.

The calculation of the net debt includes the liabilities to financial institutions, loans to Group companies under the cash -pool agreement and related interest and lease liabilities payable.

Net debt balances:

EUR thousand	31 December 2024	31 December 2023
Cash and cash equivalents	(1,313)	(25,208)
Non-current portion	184,182	193,061
Current portion	14,701	14,769
<b>Net debt</b>	<b>197,570</b>	<b>182,622</b>

Reconciliation of the Company's net debt balances and cash flows from financing activities:

EUR thousand	Assets	Lease liabilities		Borrowings		Total
	Cash	Non-current	Current	Non-current	Current	
<b>Net debt as at 1 January 2023</b>	<b>(6,709)</b>	<b>283</b>	<b>42</b>	<b>126,151</b>	<b>28,613</b>	<b>148,380</b>
<b>Cash changes</b>						
(Increase) decrease in cash and cash equivalents	(18,499)	-	-	-	-	(18,499)
Loans received	-	-	-	211,099	-	211,099
Cash-pool platform	-	-	-	-	(19,112)	(19,112)
Repayment of loans	-	-	-	(125,450)	(13,491)	(138,941)
Lease payments	-	-	(37)	-	-	(37)
Interest paid <sup>1</sup>	-	-	(12)	-	(9,351)	(9,363)
<b>Non-cash changes</b>						
Accrual of interest payable	-	-	12	-	8,848	8,860
Lease contracts signed	-	17	7	-	-	24
Write-off of lease liabilities	-	-	(7)	-	-	(7)
Reclassifications between items	-	(4)	4	(19,035)	19,035	-
VAT on payable interest	-	-	-	-	218	218
<b>Net debt as at 31 December 2023</b>	<b>(25,208)</b>	<b>296</b>	<b>9</b>	<b>192,765</b>	<b>14,760</b>	<b>182,622</b>
<b>Net debt as at 1 January 2024</b>	<b>(25,208)</b>	<b>296</b>	<b>9</b>	<b>192,765</b>	<b>14,760</b>	<b>182,622</b>
<b>Cash changes</b>						
(Increase) decrease in cash and cash equivalents	23,895	-	-	-	-	23,895
Loans received	-	-	-	5,791	-	5,791
Repayment of loans	-	-	-	-	(14,667)	(14,667)
Lease payments	-	-	(6)	-	-	(6)
Interest paid <sup>1</sup>	-	-	(11)	-	(11,785)	(11,796)
<b>Non-cash changes</b>						
Accrual of interest payable	-	-	11	-	11,595	11,606
Write-off of lease liabilities	-	(6)	(6)	-	-	(12)
Reclassifications between items	-	(8)	8	(14,667)	14,667	-
VAT on payable interest	-	-	-	-	126	126
Other non-cash changes	-	-	-	11	-	11
<b>Net debt as at 31 December 2024</b>	<b>(1,313)</b>	<b>282</b>	<b>5</b>	<b>183,900</b>	<b>14,696</b>	<b>197,570</b>

<sup>1</sup> Interest paid during the period includes also VAT from the interest amount.

## 20 Grants and subsidies

The balance of grants and subsidies comprises grants to finance acquisition of property, plant and equipment. Movements on the account of grants were as follows:

EUR thousand	Projects of the Company related to waste and biomass plants and biomass sites
<b>Carrying amounts as at 1 January 2023</b>	<b>124,811</b>
Depreciation and amortisation	(2,490)
Grants received	9,444
<b>Carrying amount as at 31 December 2023</b>	<b>131,765</b>
<b>Carrying amounts as at 1 January 2024</b>	<b>131,765</b>
Depreciation and amortisation	(7,130)
<b>Carrying amounts as at 31 December 2024</b>	<b>124,635</b>

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.

## 21 Other current liabilities

EUR thousand	31 December 2024	31 December 2023
Taxes (other than income tax)	3,638	2,751
Accrued expenses	1,042	1,065
Employment related liabilities	700	775
Amounts payable for property, plant and equipment	1	3,536
Other current liabilities	-	10
<b>Carrying amount</b>	<b>5,381</b>	<b>8,137</b>

Financial liabilities amount to EUR 1 thousand (31 December 2023: EUR 3,546 thousand). Accrued expenses, taxes (other than income tax), and employment related liabilities are not financial liabilities.

## 22 Contingent liabilities and commitments

### 22.1 Litigations

In 2024, the Company was not involved in any legal procedures which, in the opinion of Management, could have material influence on the financial statements.

## 23 Related-party transactions

Related parties, EUR thousand	Amounts receivable 31 December 2024	Loans issued 31 December 2024	Amounts payable 31 December 2024	Sales 2024	Purchases 2024	Finance income (expenses) 2024
Parent company AB Ignitis grupė	6	-	14	-	31	(599)
Other Group companies	5,943	15,655	246	29,903	2,501	551
State-controlled UAB EPSO-G group companies	215	-	51	819	659	-
<b>Total</b>	<b>6,164</b>	<b>15,655</b>	<b>311</b>	<b>30,722</b>	<b>3,191</b>	<b>(48)</b>

Related parties, EUR thousand	Amounts receivable 31 December 2023	Loans issued 31 December 2023	Amounts payable 31 December 2023	Sales 2023	Purchases 2023	Finance income (expenses) 2023
Parent company AB Ignitis grupė	-	-	97	-	61	(1,036)
Other Group companies	2,433	19,896	262	27,939	1,722	(20)
State-controlled UAB EPSO-G group companies	1,168	-	97	1,684	734	-
<b>Total</b>	<b>3,601</b>	<b>19,896</b>	<b>456</b>	<b>29,623</b>	<b>2,517</b>	<b>(1,056)</b>

The Company purchases management services from the parent company, and from Group companies - purchases services related to lease of assets, information technology and telecommunications, organisation and execution of public procurement, accounting and personnel administration services.

UAB EPSO – G group companies provide electricity transmission services.

During 2024 and 2023, the Company used the Group's cash-pool platform. In 2024, the funds were borrowed; in 2023, the borrowed funds were repaid and additional funds granted. (Note 19).

### 23.1 Terms and conditions of transactions with related parties

Settlement terms are set at 15-90 days. Receivable balances at year-end are not secured by collateral, they are interest-free and are settled in cash. No guarantees have been issued or received to secure the repayment of receivables or payables from related parties.

### 23.2 Benefits to key management

EUR thousand	2024	2023
Wages and salaries and other current benefits to key management	155	143
Whereof:		
<i>Current benefits: salaries and other payments</i>	155	143
<i>Severance payments</i>	-	-
Number of key management personnel	4	4

In 2024 and 2023, the key management personnel of the Company were the Chief Executive Officer and members of the Management Board. Further information on key management personnel is provided in the "Management report".

## 24 Risks management

### 24.1 Overview

Risk is a natural and inherent part of doing business and the risk profile is constantly changing. The Company aims to mitigate its risks and reduce them to acceptable levels through risk management. This section only describes the management of the main financial risks. The management of other risks is set out in the Governance Report.

### 24.2 Financial risk factors

The Company is exposed to a variety of financial risks in its operations: market risk (including foreign exchange risk, interest rate risk in relation to cash flows), credit risk and liquidity risk. To manage these risks, the Company seeks to minimise potential adverse effects which could negatively impact the financial performance of the Company.

#### 24.2.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: interest rate risk and foreign currency exchange risk.

##### 24.2.1.1 Currency risk

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

The sale/purchase contracts of the Company are denominated in the euro. Accordingly, currency risk is insignificant.

##### 24.2.1.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As at 31 December 2024, the Company has borrowings at variable interest rates and is, therefore, exposed to interest rate risk.

When entering into debt commitments, the objective is to have a fixed interest rate on long-term liabilities. If, for objective reasons, an interest rate fixation is not possible and the commitment amounts to a significant amount, interest rate derivatives would be used for interest management purposes (the Company did not use interest rate derivatives in 2024 and 2023). The aim should be to have at least 50% of the Company's long-term loan portfolio in long-term fixed rate loans. The use of any interest rate derivative product requires that its maturity date is the same as the maturity date of the debt obligations.

Loans with variable interest rate, received as at 31 December 2024, amounted to EUR 198,596 thousand. (31 December 2023: EUR 207,432 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.

	Increase/decrease in percentage points	Increase/(decrease) in profit
2024	1.0/(1.0)	(1,986)/1,986
2023	1.0/(1.0)	(2,074)/2,074

As at 31 December 2024 and 2023, 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.

#### 24.2.2 Credit risk

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

The Company's credit risk arises from its operating activities (trade and other receivables) and its financing activities (loans granted).

The majority of the Company's receivables are held by two companies. A Group company, from which receivables account for 33% of total receivables, and an external customer accounts for 55% of total receivables. The Company's credit risk related to receivables is low as the Company's main customers are financially stable companies.

The priority objective of the Company's treasury management is to ensure security of funds and maximize return on investments in pursuance of this objective. Risk of counterparties defaulting is managed by entering into transactions with reliable financial institutions (or subsidiaries of such institutions) with a long-term credit rating (in foreign currency) lower than 'A-' according to the rating agency Fitch Ratings (or an equivalent rating of other rating agencies).

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

EUR thousand	Note	31 December 2024	31 December 2023
<b>Financial assets measured at amortised cost:</b>			
Non-current receivables	12	100	100
Trade receivables	14	17,883	8,774
Other receivables	12	15,656	19,919
Cash and cash equivalents	15	1,313	25,208
<b>Total</b>		<b>34,952</b>	<b>54,001</b>

### 24.2.3 Liquidity risk

The liquidity risk is managed by planning future cash flows of the entities of the Company and ensuring sufficient cash and availability of funding through committed credit facilities and overdrafts to support the Company's ordinary activities. The refinancing risk is managed by ensuring that borrowings over a certain period were repaid from available cash, from cash flows expected from operating activities of the Company over that period, and from unwithdrawn committed credit facilities which have to be repaid in later periods.

As at 31 December 2024, the Company's current liquidity ratio (total current assets/total current liabilities) and quick ratio ((total current assets – inventories) / total current liabilities) were 1.68 and 1.53 respectively (31 December 2023: 2.27 and 2.18, respectively).

The table below summarises the Company's financial liabilities by category:

EUR thousand	Note	31 December 2024	31 December 2023
<b>Amounts payable stated at amortised cost</b>			
Borrowings	18	198,596	207,525
Lease liabilities	18	287	305
Trade payables		2,891	2,581
Other current liabilities	21	1	3,546
<b>Total</b>		<b>201,775</b>	<b>213,957</b>

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

EUR thousand	2024				Total
	Less than 3 months	3 months to 1 year	From 1 to 5 years	After 5 years	
Borrowings	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 liabilities	1	-	-	-	1
<b>31 December 2024</b>	<b>8,801</b>	<b>17,730</b>	<b>87,907</b>	<b>140,665</b>	<b>255,103</b>

EUR thousand	2023				Total
	Less than 3 months	3 months to 1 year	From 1 to 5 years	After 5 years	
Borrowings	6,802	19,869	97,578	159,293	283,542
Lease liabilities	5	15	62	662	744
Trade payables	2,581	-	-	-	2,581
Other current liabilities	3,518	28	-	-	3,546
<b>31.12.2023</b>	<b>12,906</b>	<b>19,912</b>	<b>97,640</b>	<b>159,955</b>	<b>290,413</b>

## 25 Fair values of financial instruments

### 25.1 Financial instruments for which fair value is disclosed

The fair value of the Company's borrowings from commercial banks and Group companies is calculated by discounting the future cash flows at a market observable interest rate. As at 31 December 2024, the cash flows were discounted using a weighted average discount rate of 3.55% (31 December 2023: 6.42%). The valuation of financial liabilities related to debts is classified within Level 2 of the fair value hierarchy.

The fair value of the Company's loans issued to Group companies is determined by discounting the cash flows based on a market observable interest rate. As at 31 December 2024, the cash flows were discounted using a weighted average discount rate of 3.55% (31 December 2023: 6.42%). The valuation of financial liabilities related to debts is classified within Level 2 of the fair value hierarchy.

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 Quoted prices in active markets	Level 2 Other directly or indirectly observable inputs	Level 3 Unobservable inputs	Total
<b>Financial instruments for which fair value is disclosed</b>						
<b>Assets</b>						
Loans issued	12	15,655	-	15,655	-	15,655
<b>Liabilities</b>						
Loans received	18	198,596	-	212,217	-	212,217

The table below presents allocation between the fair value hierarchy levels of the Company's financial instruments as at 31 December 2023:

EUR thousand	Note	Carrying amount	Level 1 Quoted prices in active markets	Level 2 Other directly or indirectly observable inputs	Level 3 Unobservable inputs	Total
<b>Financial instruments for which fair value is disclosed</b>						
<b>Assets</b>						
Loans issued	12	19,896	-	19,896	-	19,896
<b>Liabilities</b>						
Loans received	18	207,525	-	198,990	-	198,990

## 26 Subsequent events

There were no significant events after the reporting period until the issue of these financial statements.



## 5.2. 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 new standards and/or amendments, as approved by IASB and adopted by the European Union for the year ended 31 December 2024, had no material effect on the financial statements:

##### Standards or amendments that came into force during the year of 2024

Classification of Liabilities as Current and Non-Current  
Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Financing Arrangements  
Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback

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

##### 1.1.2 Standards issued but not yet effective and not early adopted

While preparing the financial statements, the Company did not adopt new IFRS, International Accounting Standards (hereinafter – IAS), their amendments and interpretations issued by IASB, the effective date of which is later than 31 December 2024 and early adoption is permitted. The following are new standards and/or amendments to the standards that have been issued but not yet effective:

##### Other standards

The following amended standards are not expected to have a significant impact on the Company's financial statements:

Other new standards and amendments	IASB Effective date	EU Endorsement status
Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability	1 January 2025	Endorsed
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

#### 1.2 Revenue from contracts with customers

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

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

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

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

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

##### 1.2.1 Revenue from the sale of electricity

The sales of electricity produced using own resources are conducted at the Power Exchange (hereinafter "the Exchange") by submitting electricity sale offers to the Exchange. On the Day-Ahead market, the transaction for the purchase and sale of electricity is considered as concluded if the automatic coupling algorithm does not by default reject the submitted offer of selling electricity. Transactions on the Intraday market are approved by market participants. Following the approval of the transaction, the system of the exchange sends a confirmation of the concluded electricity sale transaction to the seller. The seller's performance obligation under the concluded transaction is to supply the volume of electricity as indicated in the seller's offer to the electricity transmission system. The performance obligation is to be carried out throughout a certain period during which the supply of the agreed volume of electricity is maintained to the network. The progress of fulfilment of the performance obligation is assessed considering the volume of electricity indicated in respect of the transaction.

The price of the transaction and consideration to be paid to the seller correspond to the amount indicated in the confirmation notice of the transaction. The entire consideration of the seller payable at a flat rate. Upon receipt of the confirmation on the conclusion of the transaction on the sale of electricity, the prices of that transaction remain unchanged.

Revenue is recognised considering the actually supplied electricity pertaining to the transaction, without any deduction of commissions that might be deducted by trading intermediaries representing the Company at the Exchange.

Electricity revenue also includes sales of electricity to a Group company. The Company sells the contracted amount of electricity generated at a fixed price. Revenue is recognised over the period in each accounting period based on the VAT invoices issued.

### 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.). Contract with customer includes one performance obligation of the seller, i.e. supply of heat 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

Based on contracts with customers, the seller is committed to provide waste disposal (incineration) services.

In the contract with customer, the consideration paid to the Company comprises the fixed consideration per waste unit. Fixed consideration comprises client payments for the actual quantity of waste accepted by the Company for disposal.

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 licenses are measured initially at acquisition cost and are amortised on a straight-line basis over their estimated useful lives.

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 using a straight-line basis over the estimated useful life of 4 years or a specific validity term of a license and/or patent, if any. 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 economic useful life of 4 years. Amortisation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be available for operating in the manner intended by management.

## 1.4 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 on a straight-line basis over the useful lives established for 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.

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

Property, plant and equipment include spare parts, spare equipment and maintenance equipment when they meet the definition of property, plant and equipment.

The asset residual values and useful lives are reviewed at least once per year and adjusted, if appropriate.

When asset is retired or otherwise disposed of, the cost and related accumulated depreciation are derecognised and any related gains or losses are included in profit or loss of to 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.

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

Depreciation periods (number of years):

Category 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.

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

Depreciation of right-of-use assets on a straight line basis, the depreciation period is determined by the contract period.

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.

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

## 1.6 Financial instruments

### 1.6.1 Recognition and initial measurement

Financial assets and financial liabilities are recognised at an initial stage when the entity becomes a party to the terms of the contractual instrument.

A financial asset (other than a trade receivable that does not have a significant financing component) or a financial liability is initially measured at fair value increased or decreased by directly attributable transaction costs, when an object is not measured at fair value through profit or loss (FVOCI). The trade receivable that does not have a significant financing component is initially measured at the transaction price.

### 1.6.2 Classification and subsequent measurement

#### 1.6.2.1 Financial assets - classification

On initial recognition, financial assets are classified for subsequent measurement as: amortised cost; financial assets whose subsequent measurement at fair value is presented through the recognition of a change in value through other comprehensive income ('FVOCI'); or financial assets whose subsequent measurement at fair value is presented through the recognition of a change in value through profit or loss ('FVPL').

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

Financial assets are measured at amortised cost, if both of the following conditions are met and the asset is not measured at FVTPL:

- 1 it is held within a business model that has as its objective the holding of assets to collect contractual cash flows;
- 2 its contractual terms generate cash flows at specified dates that are solely payments of principal and interest on the outstanding principal balance.

All financial assets that are not measured at amortised cost or FVOCI as described above (such as assets held for sale and assets that are managed and the performance of which is measured on the basis of fair value) are measured at FVTPL.

### 1.6.2.2 Financial assets - subsequent measurement and gains and losses

Financial assets at FVPL	This asset is subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	This asset is subsequently measured at amortised cost applying the effective interest method. Total assets are reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment losses are recognised in profit or loss. Any gain or loss on the disposal of an asset is recognised in profit or loss.
Debt instruments at FVOCI	This asset is subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment losses are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive results. When an asset is disposed of, the cumulative gains and losses are reclassified to profit or loss.
Capital investments at FVOCI	This asset is subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividends clearly represent the recovery of part of the cost of the investment. Other net gains and losses are recognised in other comprehensive income and are never reclassified to profit or loss.

### 1.6.2.3 Derecognition

A financial asset (or, where appropriate, part of a financial asset or part of a group of similar financial assets) is derecognised only when the contractual rights to the cash flows from the financial asset expire; the financial asset is transferred and the transfer may be derecognised

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as derecognition of the original liability and the recognition of a new liability. The difference between the respective carrying amounts is recognised in the statement of profit or loss.

### 1.6.2.4 Impairment of financial assets – expected credit losses (hereinafter “ECL”)

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. The Company's management performs the assessment on an individual basis reflecting the possibility of obtaining information on the credit history of a particular debtor, its financial position as at the date of assessment, including forward-looking information that would allow to timely determine whether there has been a significant increase in the credit risk of that particular borrower, thus enabling making judgement on the recognition of lifetime expected credit losses in respect of that particular borrower.

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

### 1.6.2.5 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. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

#### 1.8.1 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. **Lease related discounts are charged to the lease income proportionally over the term of the lease.**

### 1.9 Employee benefits

#### 1.9.1 State plans

The Company participates only in the State plans. State plans are established by legislation covering all entities and are managed by national or local government or another body (for example, in the case of the Company, the National Social Insurance Fund). State plans are a defined contribution plan, under which the Company pays fixed contributions into the Fund and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees' benefits relating to employee service in the current and prior period. The social security contributions are recognised as expenses on an accrual basis and are attributed to payroll expenses.

#### 1.9.2 Severance payments

As a general rule, severance payments to employees are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Non-current benefits are recognised at present value using the market rate of interest.

#### 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 according to Lithuanian laws. If an employee is a member of a trade union, he or she is also entitled to an additional payment for his or her service under collective agreement. A liability for such pension benefits is recognised in the statement of financial position and it reflects the present value of these benefits at the date of the statement of financial position. The aforementioned non-current liability for pension benefits to employees at the reporting date is estimated with reference to actuarial valuations using the projected relative unit method. The present value of the defined non-current liability for pension benefits to employees is determined by discounting the estimated future cash flows using the effective interest rates as set for 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

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

The Company measures financial instruments such as derivatives, at fair value at each reporting date. Determination of the fair value is based on the assumption that the asset sale or liability transfer transaction is performed either:

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

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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 for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: fair value of assets is based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: fair value of assets is based on other observable market data, directly or indirectly;
- Level 3: fair value of assets is based on non-observable market data.

For assets and liabilities that are recognised in the financial statements, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) 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 2024,
- 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 significant 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 2024, 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 International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) issued by the International Ethics Standards Board for Accountants and the requirements of the Law on Audit of Financial Statements and Other Assurance Services of the Republic of Lithuania that are relevant to audit in the Republic of Lithuania, and we have 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

Certified Auditor

Vilnius, the Republic of Lithuania

21 March 2025

*The electronic auditor's signature applies only to the Independent Auditor's Report on pages 54 to 56 of this document.*



## 5.4 Information on the auditor

### Overview

At the shareholders' meeting of the Company held on 17 April 2023, KPMG Baltics UAB 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 – 2024
KPMG Baltics, UAB Lvivo g. 101 LT-08104 Vilnius, Lithuania

### Services and fees

During the period 2023-2024, the following services have been provided to the Company by the independent auditor in conjunction with the firm's international partners

#### Independent auditor's services and fees

EUR thousand	2024	2023
Audit of the annual financial statements as to agreements	31	31
Audit of interim financial statements	18	-
Other <sup>1</sup>	2	2
<b>Total</b>	<b>51</b>	<b>33</b>

<sup>1</sup> Other services included translation of the Company's annual report into the English language

In line with the Group's policy, the annual fee for non-audit services of our statutory auditor 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

21 March 2025

We, Mantas Burokas, Chief Executive Officer, Rūta Šaltmerytė, Director of Finance and Administration of UAB Vilnius kogeneracinė Jėgainė, and Jurgita Markevičienė, Accounting Expert at UAB Ignitis grupės paslaugų centras, acting in accordance with the Order No 24\_GSC\_SP\_0051 of 30 September 2024, hereby confirm that, to the best of our knowledge, the financial statements of UAB Vilnius Kogeneracinė Jėgainė for the year 2024 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 2024 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

Rūta Šaltmerytė

Jurgita Markevičienė

Chief Executive Officer

Head of Finance and  
Administration

Accounting Expert of UAB  
Ignitis grupės paslaugų  
centras, acting under Order  
No 24\_GSC\_SP\_0051 of 30  
September 2024

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