



THE COMPANY'S ANNUAL MANAGEMENT REPORT,
SUSTAINABILITY STATEMENT AND FINANCIAL
STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

CONTENT

MESSAGE FROM THE CHAIR OF THE BOARD	3	RISK AND NON-COMPLIANCE MANAGEMENT	32
CEO MESSAGE	4	RISK MANAGEMEN	33
ABOUT THE COMPANY	5	BUSINESS CONTINUITY MANAGEMENT	36
MAIN SERVICES	6	NON-COMPLIANCE MANAGEMENT	37
SUPPLY OF DRINKING WATER	7	ENSURING PHYSICAL AND CIVIL SECURITY	38
Drinking water quality	8	ENSURING CYBERSECURITY	39
Water supply challenges: response to and prevention of accidents	9	PROJECT MANAGEMENT	40
WASTEWATER COLLECTION AND MANAGEMENT	10	COMPANY'S PROJECT PORTFOLIO	41
Quality control development and laboratory accreditation	11	COMPANY'S CUSTOMERS	46
Wastewater management and response to accidents	11	CUSTOMER SATISFACTION	48
COMPANY'S VALUES, STRATEGY, OBJECTIVES AND PERFORMANCE IMPROVEMENT	12	CUSTOMER ENQUIRIES	49
COMPANY'S STRATEGIC DIRECTIONS AND OBJECTIVES	14	CUSTOMER SELF-SERVICE SYSTEM	50
COMPANY'S STRATEGY MAP	15	WATER METERING DEVICES AND READING CONTROL	51
OBJECTIVES AND PLANS FOR 2026	18	WASTEWATER CONTAMINATION CONTROL	52
IMPROVING COMPANY'S OPERATIONAL EFFICIENCY	20	CONNECTING NEW CUSTOMERS TO THE WATER SUPPLY AND WASTEWATER NETWORKS	53
COMPANY'S IT SOLUTIONS AND INNOVATIONS FOR DAY-TO-DAY OPERATIONS	21	BASKET OF SERVICES	54
PERFORMANCE OVERVIEW	23	CORPORATE GOVERNANCE REPORT	56
SCOPE OF SERVICE PROVISION	24	GENERAL MEETING OF SHAREHOLDERS, COMPANY'S BOARD AND AUDIT, RISK AND SUSTAINABILITY COMMITTEE	58
REVENUE FROM SALE OF SERVICES	25	SUMMARY OF BOARD'S ACTIVITY REPORT FOR 2025	62
OPERATING EXPENSES	26	BOARD-APPROVED COMPANY'S OPERATIONAL POLICIES	63
KEY FINANCIAL INDICATORS	28	AUDIT, RISK AND SUSTAINABILITY COMMITTEE	73
PUBLIC PROCUREMENT	30	SUMMARY OF THE AUDIT, RISK AND SUSTAINABILITY COMMITTEE'S ACTIVITIES IN 2025	74

ORGANISATIONAL STRUCTURE OF HE COMPANY	77	ENVIRONMENTAL PROTECTION	115
ORGANISATIONAL STRUCTURE OF THE COMPANY	78	CLIMATE CHANGE	116
FINANCIAL AUDIT SERVICES AND LIMITED ASSURANCE SERVICES FOR SUSTAINABILITY REPORTING	80	POLLUTION	129
CREATING A CORRUPTION-RESILIENT ENVIRONMENT IN THE COMPANY	81	WATER AND MARINE RESOURCES	134
REGULATORY ENVIRONMENT, SERVICE PRICES AND BUSINESS ENVIRONMENT TRENDS	84	BIODIVERSITY AND ECOSYSTEMS	138
SETTING SERVICE PRICES	85	RESOURCE USE AND CIRCULAR ECONOMY	139
CHANGES IN PRICES OF MAIN SERVICES IN 2023-2025	86	SOCIAL AREA	143
IMPACT OF GEOPOLITICAL AND MACROECONOMIC ENVIRONMENT, BUSINESS AND TRENDS	87	OWN WORKFORCE	144
INVESTMENTS	89	WORKERS IN THE VALUE CHAIN	161
SUSTAINABILITY STATEMENT	92	CONSUMERS AND END-USERS	163
Company's activities	93	GOVERNANCE	166
Preparing the Sustainability Statement	93	BUSINESS CONDUCT	167
List of disclosure requirements incorporated by reference	94	ESRS DISCLOSURE INDEX	174
Minimum Disclosure Requirements	94	LIST OF DATAPOINTS IN CROSS-CUTTING AND TOPICAL STANDARDS	179
Other Information	94	ASSESSMENT OF ECONOMIC ACTIVITIES' ALIGNMENT WITH THE TAXONOMY REGULATION	187
Reporting period	94	TURNOVER	188
SUSTAINABILITY GOVERNANCE	95	CAPITAL EXPENDITURE	189
STATEMENT ON DUE DILIGENCE	98	OPERATIONAL EXPENDITURE	190
STRATEGY, BUSINESS MODEL AND VALUE CHAIN	100	SHARES AND CAPITAL MANAGERMENTS	191
STAKEHOLDERS AND THEIR EXPECTATIONS	101	KEY EVENTS	193
DOUBLE MATERIALITY ASSESSMENT	104	SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD	195
		COMPANY DETAILS AND CUSTOMER SERVICE OFFICES	197
		LIMITED ASSURANCE REPORT ON SUSTAINABILITY STATEMENT, INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025	199

MESSAGE FROM THE CHAIR OF THE BOARD



JURGITA PETRAUSKIENĖ

Chair of the Board of Vilniaus Vandenys

In 2025, the Company demonstrated consistent growth, aligning with the expectations of its shareholders. The provision of services was both timely and of a high standard, with infrastructure development projects—vital for the advancement of cities and regions, as well as quality of life—being executed with a focus and scheduled for the next decade. The Company's activities were grounded in its ambition and consistent commitment to improving efficiency, while preparing for stricter environmental requirements in the future.

In keeping with good governance practices and meeting stakeholder expectations, the Board focused its efforts on the stakeholders in 2025. The Board engaged with employee representatives and collaborated with Vilniaus Vandenys' shareholders, holding meetings to update the Company's ten-year strategy in the light of expressed expectations and feedback received from other stakeholders. In addition to the core areas of the strategy — environmentally sustainable activities, effective customer experience, innovation, increased efficiency and financial sustainability, a caring organisation and engaged employees, the strategy placed further emphasis on enhancing the Company's cyber and physical resilience.

Ten policies were updated in the Board: Environmental, Occupational Health And Safety, Information Security, Policy for Creating Corruption-Resilient Environment, Investments, Related-Party Transaction Management, Public Procurement, Project Management, Risk Management, Related Party Engagement. The Code of Ethics was updated.

In 2025, the Company's financial indicators demonstrated sustainable growth, enabling to maintain planned investment pace and volume. Significant attention was paid to implementing the environment and water-conserving innovative technologies, optimising processes and improving operational efficiency. These targeted efforts were reflected in customer feedback and employee engagement metrics, both of which continued to grow beyond expectations.

The Company's infrastructure has been expanded and modernised, the number of customers has increased, the time taken to connect them to Vilnius Vandenys' networks has been reduced, while the reliability of services has been improved. All environmental impact reduction targets were met during the reporting year, with the amount of pollutants released into the environment and greenhouse gas

emissions being reduced. These results prove our steady progress towards our ambitious goal of becoming a climate-neutral Company by 2032.

In 2025, the Office of the Equal Opportunities Ombudsman evaluated the Company's endeavours to enhance the employee experience, diversity, and inclusion, conferring upon Vilnius Vandenys the highest accolade—three equal opportunities wings.

In 2026, our focus will remain on creating the greatest value for the city and its residents—service quality, customer needs, and the modernisation of infrastructure to keep pace with the growth of our cities. We will strengthen our resilience to the challenges of climate change and to physical and cyber threats. We will maintain our commitment to the Company's strategy by fostering a culture of continuous improvement, delivering innovative solutions and prioritising environmental protection and sustainability.

I would like to thank our shareholders and customers for their confidence and Vilniaus Vandenys' team for performing duties professionally and achieving great results. My wish is that this pace and the chosen direction will be maintained in 2026 as well.

CEO MESSAGE



SAULIUS SAVICKAS
CEO of Vilniaus Vandenys

In 2025, Vilnius Vandenys adhered consistently to the priorities set by its shareholders, leading to significant improvements in performance. Services were provided reliably and on time, with infrastructure projects being executed consistently to ensure the development of cities and regions and the quality of life. The activities were focused on improving efficiency and resilience to external threats, ranging from climate change to physical and cybersecurity.

The Company's financial performance in 2025 demonstrates consistent and sustainable growth. In 2025, the Company's earnings before interest, taxes, depreciation and amortisation (EBITDA) amounted to EUR 20.8 million, compared to an EBITDA of EUR 17.6 million in 2024. The Company made a net profit of EUR 3.6 million in 2025. These results established a robust basis for the Company's targeted investments in strategic domains that enhance the customer and employee experience, protect the environment, and increase operational efficiency.

The results were mainly driven by growth in operating income, cost management and delivery of effective solutions. Sustainable financial performance transformed into more than EUR 37.2 million investments in quality of service, reliability of supply and environmental protection, which echoed in customer satisfaction with the services provided: In 2025, the Customer Satisfaction Index (GCSI) of Vilniaus Vandenys rose to 86 points, the highest in the market.

A large proportion of the Company's investments went towards upgrading infrastructure, installing smart metering devices to reduce water loss, expanding and upgrading infrastructure, and modernising and automating

the Company. In 2025, the smart water supply project had been implemented at a rapid pace, with smart water meters installed in almost every other customer's home.

In 2025, Vilniaus Vandenys introduced an advanced, AI-based automated control system at the largest wastewater treatment plant in the country, located in Vilnius. It made a big impact in its first year of operation, cutting operating costs by reducing the use of chemical reagents and electricity. Furthermore, the Šalčininkai wellfield was renovated ahead of schedule and within budget, and now it features a modern water treatment facilities, which significantly improved water quality indicators, along with physical security solutions that made the wellfield the first in the country to be protected in accordance with the latest physical security requirements. Historic renovations also took place on infrastructure located in Vilnius Old Town. Working in synergy with other municipal companies, we took every measure to ensure optimal efficiency in the renovation work, causing minimal inconvenience to residents and visitors.

In managing critical infrastructure, we have placed a strong emphasis on enhancing resilience: cyber and physical security, as well as resilience to the impacts of climate change.

In an effort to enhance our preparedness for various risks, we ran drills with our partners and took part in the activities of the Vilnius City and National Emergency Operations Centres, thereby strengthening our ability to work together. We have updated and tested our business continuity plans and installed generators across our network to ensure service delivery to customers during emergencies.

In streamlining our operations, much attention was devoted to improving our business processes — a culture of continuous improvement. This not only led to significant savings, but also increased employee engagement. Employee engagement and empowerment showed a steady increase over the year, with engagement rising by 7 pp to 82% and loyalty by 1 point to 84 points. All of this proves the success of our strategy and initiatives, which we intend to pursue further. In 2026, we will intensify our focus on building resilience, a culture of continuous improvement, automation, digitalisation, the role of artificial intelligence, and environmental impact reduction.

I would like to express my gratitude to the staff for their achievements, and to the Board for their trust, cooperation and support.

ABOUT THE COMPANY

Vilniaus Vandenys is the largest water management company in Lithuania, whose shares are owned by Vilnius City, and Vilnius, Švenčionys and Šalčininkai District Municipalities. The main management bodies of the Company are General Meeting of Shareholders, the Board elected by the General Meeting of Shareholders for a term of office of four years, the Audit, Risks and Sustainability Committee set up and functioning an advisory body to the Board, as well as CEO, a head of the Company appointed by the Board.

The Company holds a drinking water supply and wastewater management licence issued by the National Energy Regulatory Council (NERC), and falls into category I enterprises of importance to ensuring national security due to the specifics of its activities and the provision of strategically important public services. The Company is a public-interest entity. Vilniaus Vandenys have been appointed as a water supplier of last resort in Vilnius region.

Vilniaus Vandenys supplies drinking water and manages wastewater for 298 thousand customers (more than 600 thousand residents). Key performance indicators are the volumes of drinking water supplied and wastewater collected and treated, therefore operating (sales) revenue of Vilniaus Vandenys comprises revenue earned

from the provision of drinking water supply and wastewater management services.

The organisation carries out its activities focused on overarching objectives: to ensure the provision of drinking water and wastewater management services, to maintain high quality of supplied drinking water from underground boreholes and wastewater management in compliance with the highest environmental requirements.

Vilniaus Vandenys is a progressive, efficiently managed leader in water management sector providing quality and reliable services. The Company is one of the first in the region to install a unified smart water supply network, to implement a hydraulic modelling system in its activities. The Company is rapidly developing renewable energy projects with the aim of becoming an energetically independent company.

The Company has been certified to ISO 9001 and ISO 14001 since 2003, to ISO 45001 from February 2023, and to ISO 27001 since December 2025. The Company has been issued a certificate (in Lithuanian and English) of compliance with ISO 9001:2015, ISO 14001:2015, ISO 45001:2018 and ISO 27001:2022 standards.

The scope of an integrated management system covers the following Company's operating activities: "Water abstraction, preparation and supply. Wastewater collection and management." The National Accreditation Bureau has granted the Company's laboratory an accreditation certificate No LA.227-01, confirming the laboratory's wastewater sampling and testing compliance with the requirements of LST EN ISO/IEC 17025:2018.

Vilniaus Vandenys operate 33 wellfields, 6 wastewater treatment plants, approx. 2,018 kilometres water supply pipeline and 1,729 kilometres sewerage networks.

The Company attaches great importance to the development of organizational culture, invests in training of staff, offers internal career opportunities and additional benefits. The Survey carried out in 2025 showed employee engagement and empowerment scores of 82% and 84%, respectively, at Vilniaus Vandenys. At the end of 2025, the Company had 578 employees.



298 thousand customers



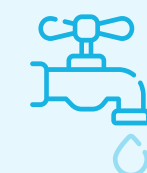
578 employees



33 wellfields plants



6 wastewater treatment



2,018 km water supply networks



1,729 km wastewater

A woman with long dark hair in a ponytail, wearing a brown sports top and leggings, is filling a white water bottle at a green public fountain. She has extensive tattoos on her arms and back. A blue strap with a rolled-up purple mat is attached to her waist. The background shows a park with trees and a blue sky with clouds.

MAIN SERVICES

The main services provided by Vilniaus Vandenys include drinking water supply and wastewater management in the territory of Vilnius City Municipality, as well as in the municipal territories of Vilnius, Švenčionys, and Šalčininkai Districts.

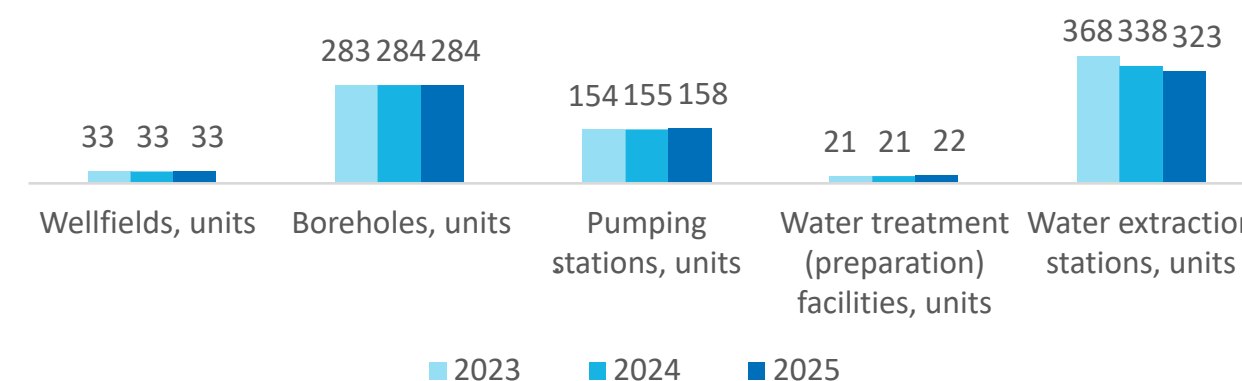
SUPPLY OF DRINKING WATER

The operation and development of Vilniaus Vandenys' infrastructure is planned in accordance with the Infrastructure [Operation and Development Planning Policy](#) approved by the Board.

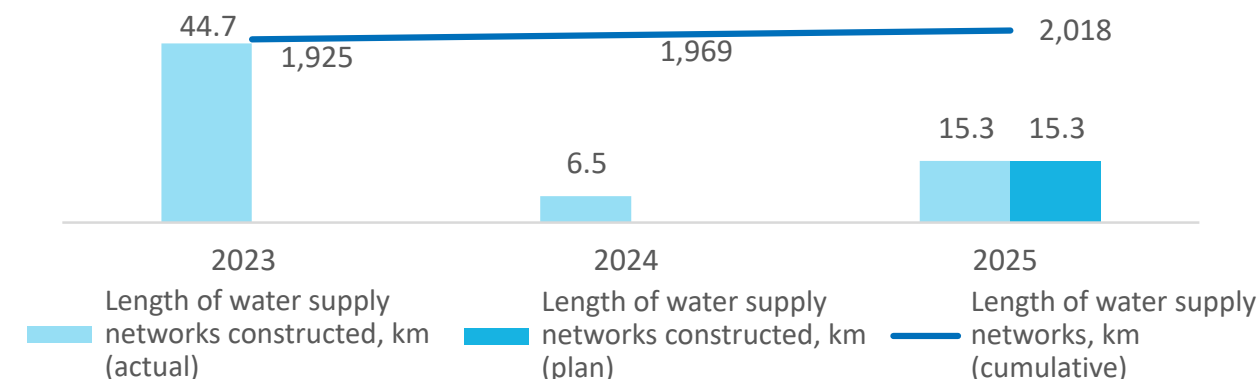
Vilniaus Vandenys supplies only groundwater boreholes with the depth of 40–245 meters. The groundwater, not many countries in the world can enjoy the same abundant resources of which, is saturated with various minerals useful to the human body and protected from external chemical and microbiological pollution. The infrastructure used for water abstraction, preparation and supply is renewed and extended annually through consistent investments. One of the most important projects for 2025 was the completion of construction work on the water improvement facilities in Šalčininkai. These facilities improved the quality of water supplied to 2,433 customers.

In 2025, the Company launched a project to expand the main water supply networks in Gulbinai. The project involves constructing 6 km of new water supply networks. Upon its completion in 2026, 7,000 households and 100,000 square metres of commercial properties will be able to connect to the district water supply networks.

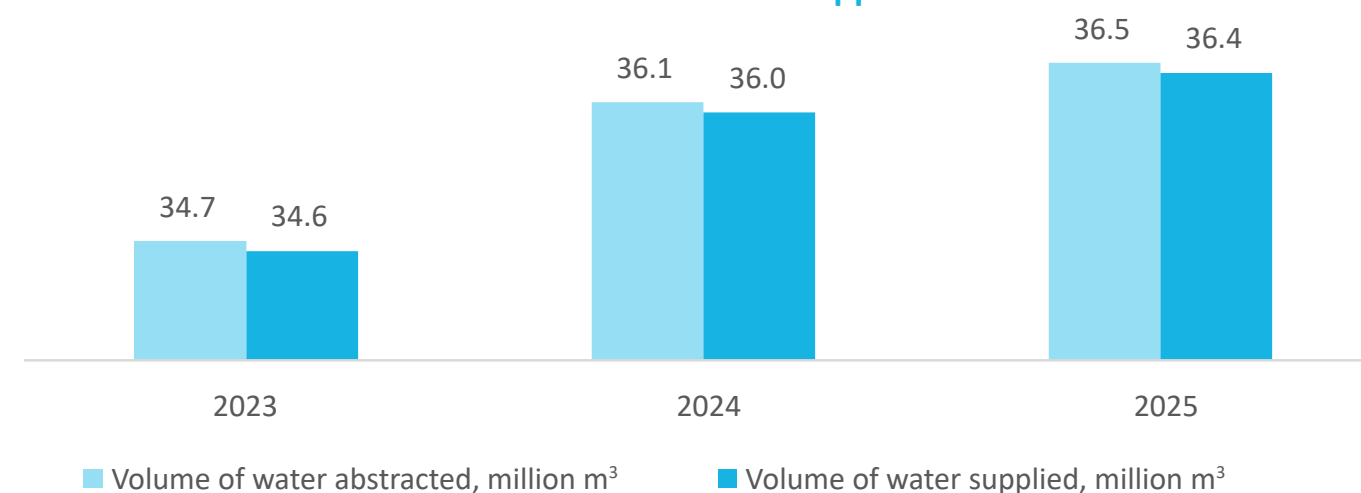
Infrastructure operated in the Company's drinking water supply process in 2023-2025



Length of water supply networks constructed and operated by the Company in 2023-2025, km



Volume of water abstracted and supplied in 2023-2025



Drinking water quality

To ensure drinking water quality, in 2025, 27,445 tests were carried out in Vilniaus Vandenys' laboratory, which is a 2.5% increase compared to 2024.

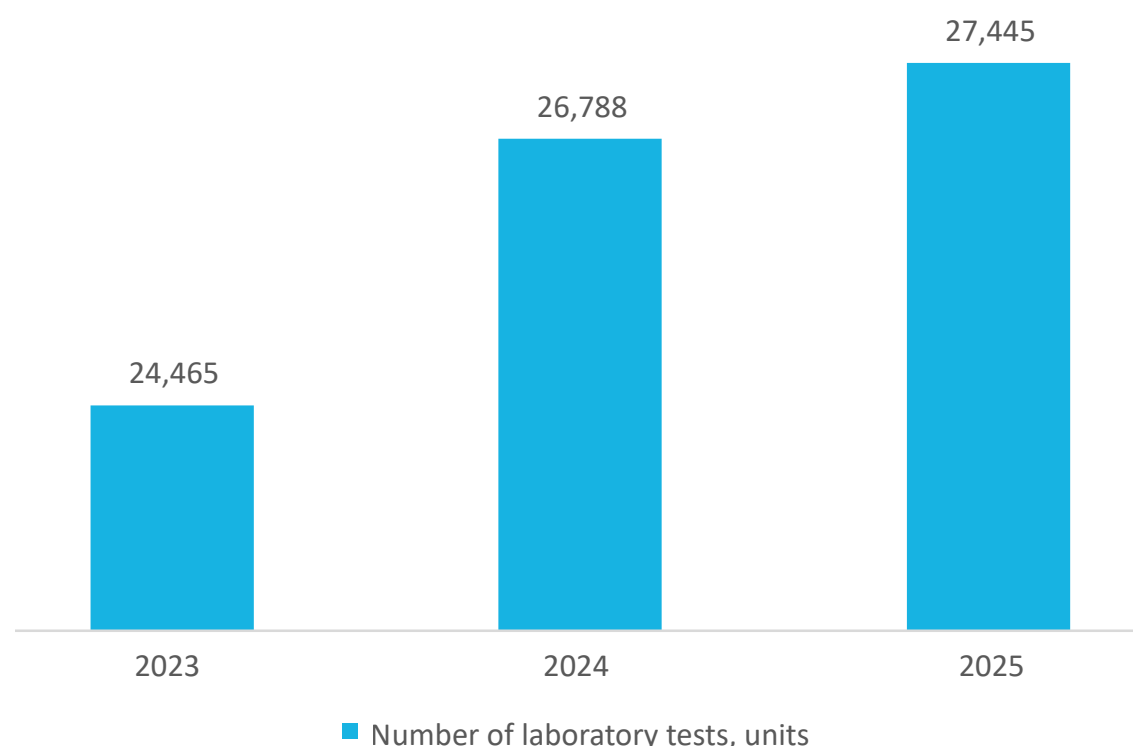
The drinking water was tested against 42 quality indicator. With the aim to ensure that only high-quality and safe water is supplied, we carried out monitoring tests at wellfields, network nodes and points of consumption.

Tests for new chemicals—PFAS (a group of synthetic chemicals known as “forever chemicals”)—were conducted at all of the Company’s wellfields. Research into these chemical substances was initiated in accordance with the require-

ments of the Drinking Water Directive, which were transposed into Lithuanian Hygiene Standard HN 24:2023, “Safety and quality requirements for drinking water.” Testing of all water sources revealed that PFAS levels do not even reach the lowest thresholds. This means that the groundwater in all wellfields is safe and of excellent quality.

The detailed information on the wellfields from which drinking water is supplied, and as well as on the microbiological, chemical and sensory parameters is updated on regular basis and published on the Company’s website www.vv.lt (section Activities/Maps/Water quality map).

Number of drinking water tests carried out by the laboratory of Vilniaus Vandenys in 2023-2025





Water supply challenges: response to and prevention of accidents

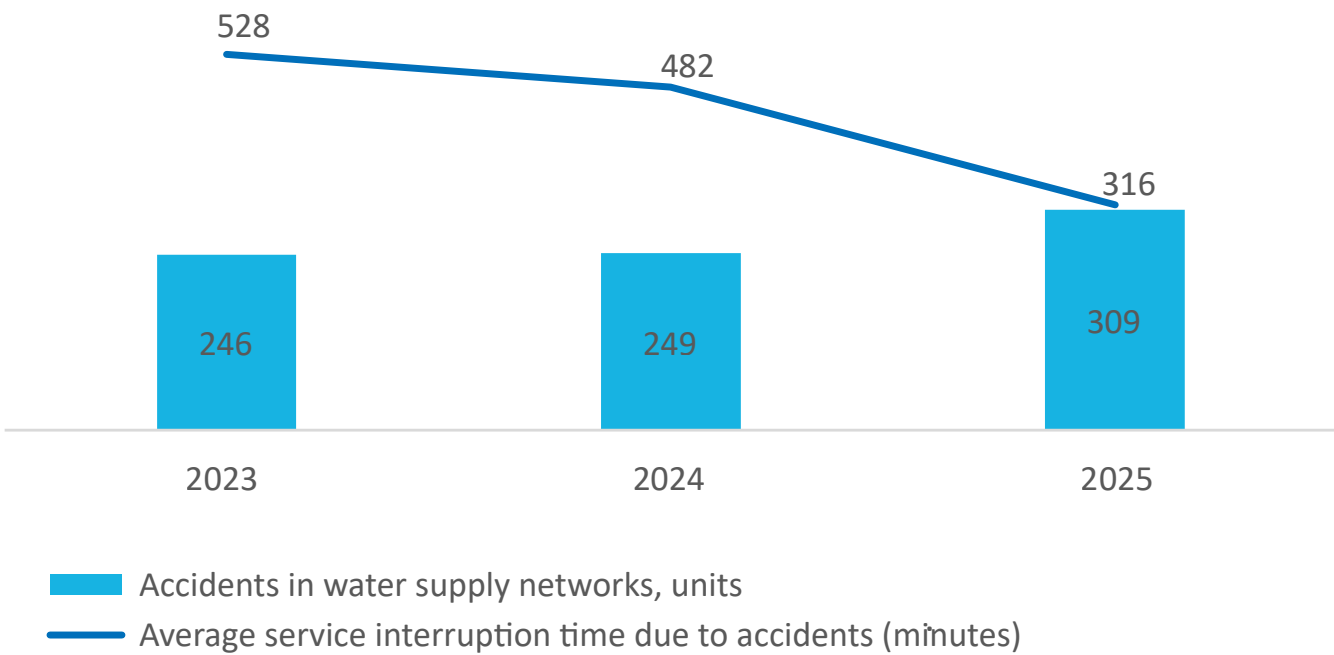
Vilnius Vandenys’ water pipeline running under the capital and other cities, is maintained 24/7 to ensure an uninterrupted quality water supply. One of the key tasks in the organisation’s operations is efficient emergency response.

In 2025, 309 accidents were recorded in the water supply networks, i.e. which is 24 percent (60 incidents) more than in 2024. The increase in accidents was influenced by deteriorating infrastructure and fluctuating air temperatures. The Company sought to minimise the service interruption time during emergencies and to minimise the inconvenience to residents. In 2025, the average service interruption time was successfully reduced by 34% to 316 minutes. The change is attributed to improvements in operational processes,

standardisation of work and a culture of continuous improvement.

Scheduled maintenance of the Company’s infrastructure requires a temporary interruption of drinking water supply. The work is planned and coordinated in advance, and customers are notified before the start of the work. In 2025, during the scheduled maintenance, the supply of drinking water was restored on average within 220 minutes or by 10 minutes faster than in 2024. While 40% (128 projects) more scheduled work was carried out in 2025 than in 2024, the Company succeeded in maintaining the same time to restore service as in 2024. In 2025, Vilniaus Vandenys reconstructed 1.6 km of water supply networks.

Water supply accidents and time to restore service in 2023-2025



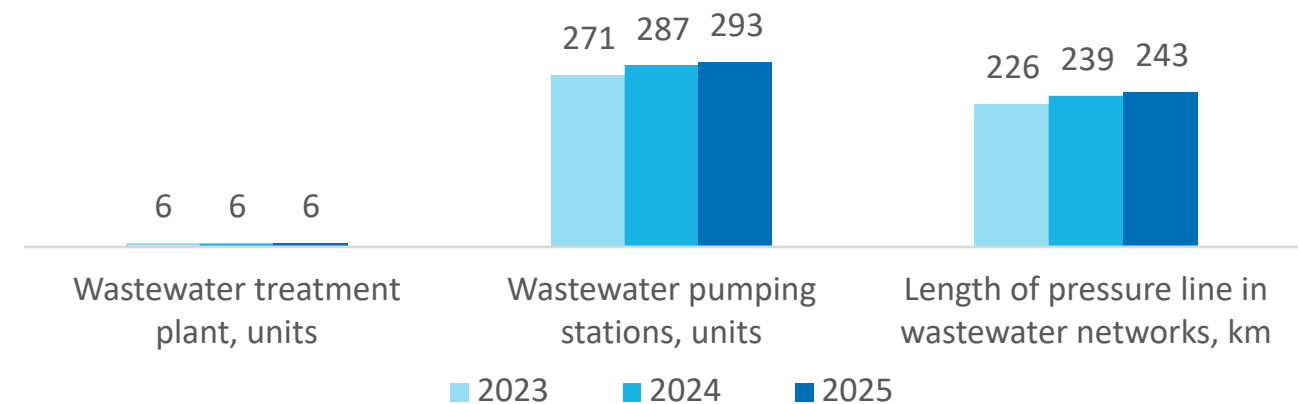
WASTEWATER COLLECTION AND MANAGEMENT

Vilniaus Vandenys collects and manages wastewater in accordance with the Wastewater Management Regulation. The Company's wastewater treatment plants have been issued emission allowances. The Company's water supply and wastewater collection infrastructure (networks and pumping stations) is upgraded and extended on annual basis. Vilniaus Vandenys' treatment plants accept wastewater both delivered through pipelines and delivered by wastewater transport companies.

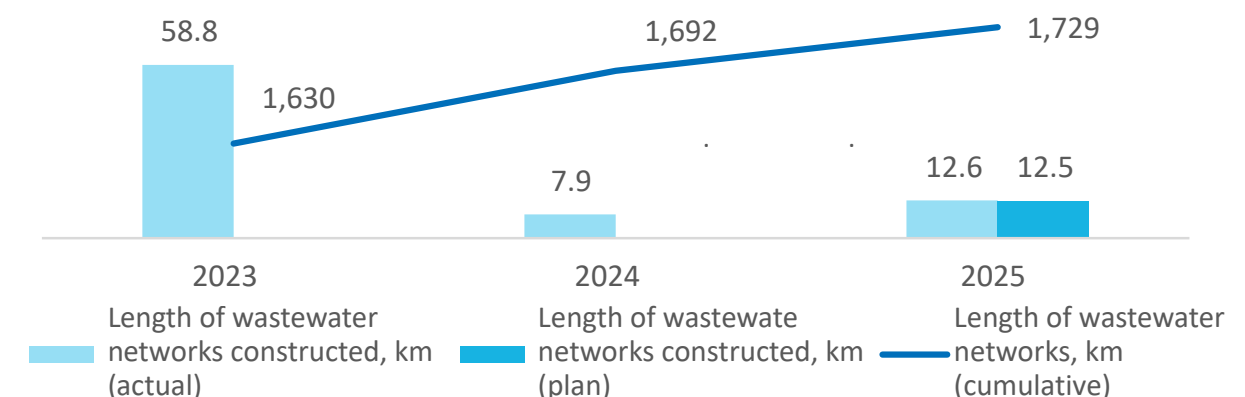
In 2025, an artificial intelligence (AI) solution was implemented at the Vilnius Wastewater Treatment Plant to manage critical infrastructure, making it more efficient and resilient. The greatest impact has been achieved in the biological treatment chain, where AI is used to automatically optimise processes based on real-time data, thereby ensuring the highest possible performance in wastewater treatment.

In 2025, projects to expand the main sewer networks in Gulbinai and Kalnėnai were launched, during which 5.4 km of wastewater networks will be constructed and 5.6 km will be reconstructed. Upon completion of the main network construction projects in 2026, 9,000 households and 100,000 square metres of commercial properties will be able to connect to the district wastewater networks.

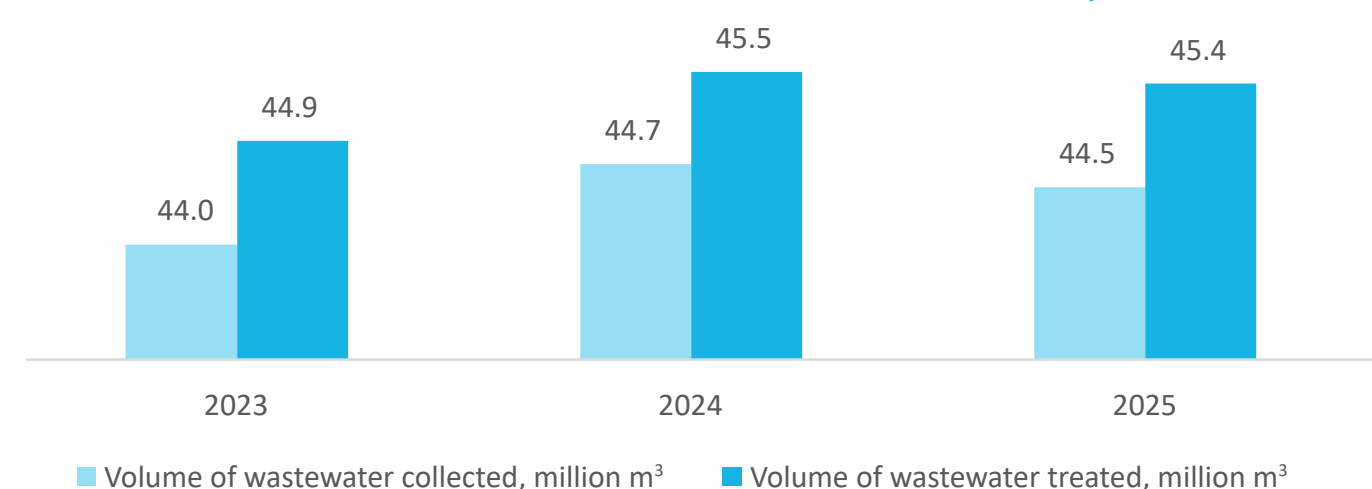
Infrastructure operated in the Company's wastewater management process in 2023-2025



Length of wastewater networks constructed and operated by the Company in 2023-2025, km



Volume of wastewater collected and treated in 2023-2025, million m³

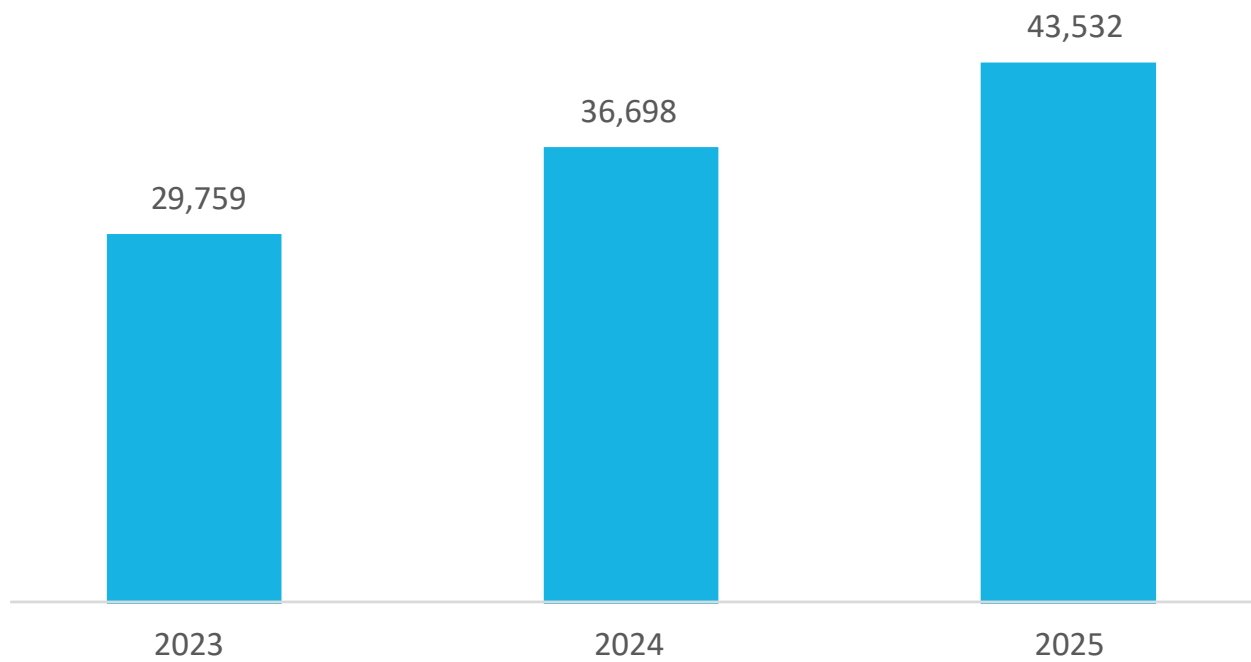


Quality control development and laboratory accreditation

To ensure impeccable compliance with environmental requirements, the Vilniaus Vandenys’ wastewater testing laboratory carries out testing against more than 43 parameters of wastewater treatment quality. In 2025, 43.5 thousand tests on wastewater, ground water and sludge were carried out in the laboratory, a 19% increase compared to 2024.

In 2025, the Vilniaus Vandenys laboratory expanded its scope of testing to include the tests for metal (zinc, chromium, cadmium, nickel, lead, copper) concentrations in sludge, as well as sludge pH, and the temperature of ground water and wastewater. All of these tests comply with the requirements of the LST EN ISO/IEC 17025:2018 standard.

Number of wastewater, ground water and sludge tests carried out by the laboratory of Vilniaus Vandenys in 2023-2025



Wastewater management and response to accidents

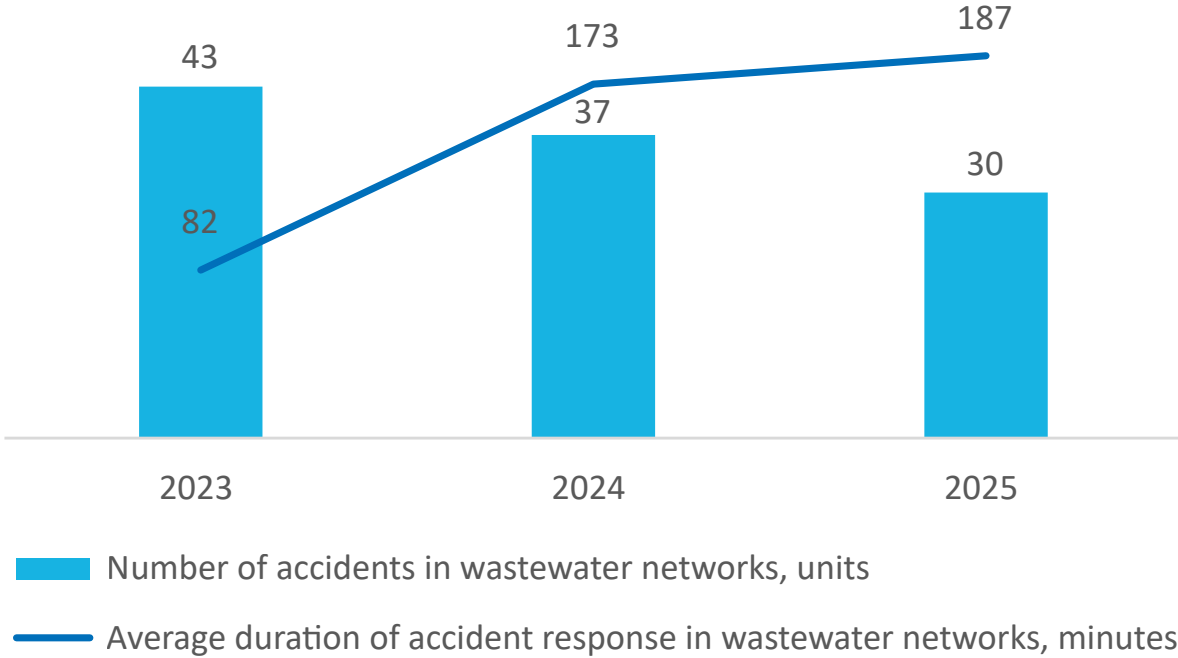
In its wastewater collection activities, the Company faces a number of key challenges: firstly, emergencies and failures caused by obsolescence of pipelines, and, secondly, blockage of pipes caused by discharged pollutants. In 2025, the Company removed 2,251 blockages in wastewater network.

The Company aims to reduce the extent of the problem through educational initiatives and pollution control measures. Vilnius Vandenys’ pollution control officers collect samples of the wastewater discharged into the wastewater networks, and the laboratory staff tests them for contamination.

Entities exceeding contamination thresholds are subject to an increased pollution tax and obligations to take action to reduce the contamination of industrial effluents. In 2025, more than EUR 2.4 million was collected from entities in respect of increased pollution tax. It should be noted that the primary objective of Vilniaus Vandenys is prevent wastewater and waste—the discharge of which into the wastewater system is prohibited and which exceeds contamination standards—from entering the wastewater network, rather than imposing financial penalties on entities.

30 accidents in the wastewater network were reported in 2025, a 19% decrease compared to 2024. In 2025, an average emergency response time in wastewater network was 3.12 hours, maintaining a response time similar to that of the previous year. The response time was affected by the complexity and scale of the accidents.

Number of accidents and average accident response time in wastewater networks in 2023-2025





**COMPANY'S VALUES,
STRATEGY, OBJECTIVES
AND PERFORMANCE
IMPROVEMENT**

In December 2025, the Company's Board approved Vilniaus Vandenys' [long-term business strategy for 2026-2035](#).

The strategy is updated annually for the ten year horizon to enable timely assessment of the impact of internal and external factors on the Company's performance, and identification of the necessary actions to align strategic goals with execution capabilities. The Company's strategic planning activities are guided by the [Strategic Planning and Monitoring Policy](#).



COMPANY'S STRATEGIC DIRECTIONS AND OBJECTIVES

The strategy outlines the most important directions in which Vilniaus Vandenys pursues strategic goals consistent with the UN Sustainable Development Goals (SDG).

1. Environmentally sustainable activities. This direction establishes the organisation's willingness to carry out environmentally sustainable activities: not only to meet the ever stricter environmental requirements, but also the committed to the higher standards, to spare natural resources, to use renewable energy sources in business, prioritising the green energy production, continuously searching and purposefully investing in the implementation of environmentally friendly technologies in water management.

2. Effective customer experience management. For the implementation of this strategic direction, the Company draws on the experience and professionalism of its employees, the expertise of its partners, the latest technologies and financial resources in order to provide its clients with the highest quality of services, attentive customer service, efficient management and a positive client experience.

3. Innovation, efficiency and financial sustainability growth. Through smart digitalisation, the Company consistently improves the quality of its services. And by implementing best practices and introducing advanced

technologies, it keeps pace with the evolving society, sets an example for other companies, while optimising the allocation of the Company's resources and reducing operating costs.

The Company's financial sustainability and its ability to maintain a stable position are achieved through good governance practices, International Accounting Standards and International Financial Reporting Standards. Through investments, we aim to maximise value for the Company's customers and, by continuously improving our financial management, to increase the value for our shareholders.

4. Caring organisation and engaged employees. Employees are one of the most important components of the organisation's success. Respectful behaviour, value-based organisational culture that promotes engagement and diversity, attention to development, career opportunities, continuous improvement and the Company's daily efforts to ensure safety conditions at work, to remind employees of the need to protect themselves and their colleagues, helps to increase employee engagement and motivation, and foster a mutual orientation towards results and consistent value creation for both the Company and its employees.

Company's strategic directions and objectives

STRATEGIC DIRECTIONS

STRATEGIC OBJECTIVES

1 ENVIRONMENTALLY SUSTAINABLE ACTIVITIES

- Reduce the impact of operations on the environment

2 EFFECTIVE CUSTOMER EXPERIENCE MANAGEMENT

- Improve customer experience

3 INNOVATION, EFFICIENCY AND FINANCIAL SUSTAINABILITY GROWTH

- Improve operational efficiency through financial resilience

4 CARING ORGANISATION AND ENGAGED EMPLOYEES

- Improve employee engagement and experience
- Improve safe working environment

COMPANY’S STRATEGY MAP

When approving the long-term business strategy, the Company’s Board sets strategic goals and targets, taking into account the internal and external environmental factors affecting the Company’s operations. The Company’s management ensures consistent implementation of the strategic goals. The Strategy is deployed throughout the organisation using the Hoshin Kanri method of continuous improvement. Each strategic target is broken down into specific action plans, to which responsible unit and clear deadlines are assigned. Management regularly carries out interim assessments, during both quarterly and monthly reviews, against performance indicators (KPIs) that allow timely monitoring of progress towards targets and prompt decision-making. Particular attention is paid to risk management and prompt response to challenges.

In implementing the strategic goals and targets, the Company set ambitious goals for 2025. Achievement level: 81%.

Strategic directions	The COMPANY’S PURPOSE is to supply water for a full-fledged life, to protect life and nature						
	The COMPANY’S MISSION is to ensure the supply of quality water customers and effective wastewater treatment						
	The COMPANY’S VISION is sustainable, environment-friendly water management service provider committed to the community						
	Environmentally sustainable activities			Effective customer experience management	Innovation, efficiency and financial sustainability growth	Caring organisation and engaged employees	
Strategic goals	Emissions to water, t/m	Pollution tax to the total volume of wastewater treated (EUR/m³)	GHG emissions (thousand t CO ₂ -eq)	Global Customer Satisfaction Index (GCSI)	Net financial debt to EBITDA (set value)	NTK Behaviour Assessment Index (Level)	Accidents in the Company
	↘	↘	↘	↘	↘	↘	↘
2025	2,730 t/m	0.037	12.7 thousand t	86	3,6	-	1
2026	2,550 t/m	0.036	13.0 thousand t	≥86	4,4	3	0
2030	2,230 t/m	0.034	12.8 thousand t	≥86	2,1	5	0
2035	1,500 t/m	0.020	11.6 thousand t	≥86	≤5,5	5	0
COMPANY’S VALUES							
PROFESSIONALISM			COOPERATION		RESPONSIBILITY		

Company's objectives and results in 2025

Strategic direction	Strategic objective	Indicator	Weight, %	Achievement in 2024	Target value for 2025	Achievement in 2025	Rate of achievement in 2025	Rate of achievement in 2025 by weight set
Environmentally sustainable activities	Reduce the impact of operations on the environment	Emissions to water (50% weight)	30%	2,797 t	2,600 t	2,730 t	50%	8%
		GHG emissions (50% weight)		13,058 t	13,000 t	12,747 t	100 %	15%
	Develop renewable energy and the circular economy	Share of electricity generated (%) in the total electricity consumed	10%	23.5%	26.5%	26.4%	100%	10%
Effective customer experience management	Improve customer experience and service reliability	Customer Satisfaction and Corporate Assessment Index (GCSI)	10%	84	≥85	86	101%	10%
Innovation, efficiency and financial sustainability growth	Improve operational efficiency through financial resilience	EBITDA	25%	EUR 17.6 million	EUR 18.9 million	EUR 20.8 million	109%	27%
Caring organisation and engaged employees	Improve employee engagement and experience	Employee engagement	10%	75%	76%	82%	108%	11%
	Improve safe working environment	Accidents in the Company	15%	0	0	1	0%	0%
Total:								81%

Objective 1: Reduce the impact of operations on the environment.

Achievement of this goal is measured against two indicators: emissions to water and GHG emissions.

The total pollutant goal target for 2025 was not met due to higher-than-planned levels of total phosphorus, fats, and suspended solids. The analysis showed that the main cause is an excess of sludge that cannot be removed. A long-term solution: the construction of a fourth sludge digester. Short-term measures (reagents) helped to partially achieve the goal.

Scope 1 GHG emissions (CO₂, CH₄ and N₂O direct emissions from company-owned or controlled resources (tonnes per year). Emissions sources include stationary or mobile fuel (natural gas, diesel, gasoline) combustion facilities, industrial processes (wastewater treatment, leakage in biomass production)—the target for Scope 1 GHG was exceeded. The target set for 2025 was 13,000 t CO₂-eq, and the actual achievement was 12,747 t CO₂-eq. Key actions contributing to the reduction in GHG emissions: a 5% to 4% reduction in nominal methane emissions into the atmosphere at the Vilnius Wastewater Treatment Plant, achieved by identifying methane leak points and installing meters.

Objective 2: Develop renewable energy and the circular economy.

In 2025, Vilniaus Vandenys generated 26.4% of the electricity internally to be used in all its operations. In 2025, sunshine hours were 11% lower than in 2024 and 2023; therefore, if this factor were eliminated, 26.8% more electricity would have been generated in 2025, making the target 100% achieved. The Company aims to become more energy independent, resilient to energy price spikes and sustainable, therefore, it employs modern energy-saving technologies to make more efficient use of available resources and reduce environmental impact.

Objective 3: Improve customer experience and service reliability.

For the ninth year in a row, the Company has been measuring customer satisfaction with its services and the quality of customer service. Based on an international Global Customer Satisfaction Index (GCSI) methodology, the survey demonstrated further steady increase in the Company's customer satisfaction level in 2025, with a record score of 86.

Objective 4: Improve operational efficiency through financial resilience.

The achievement and implementation of this goal the Company measures against EBITDA (earnings before interest, taxes,

depreciation, impairment and write-offs). The better-than-expected result was due to the Company's performance improvement activities, cost management, execution of procurement plans and lower-than-forecast electricity prices.

Objective 5: Improve employee engagement and experience

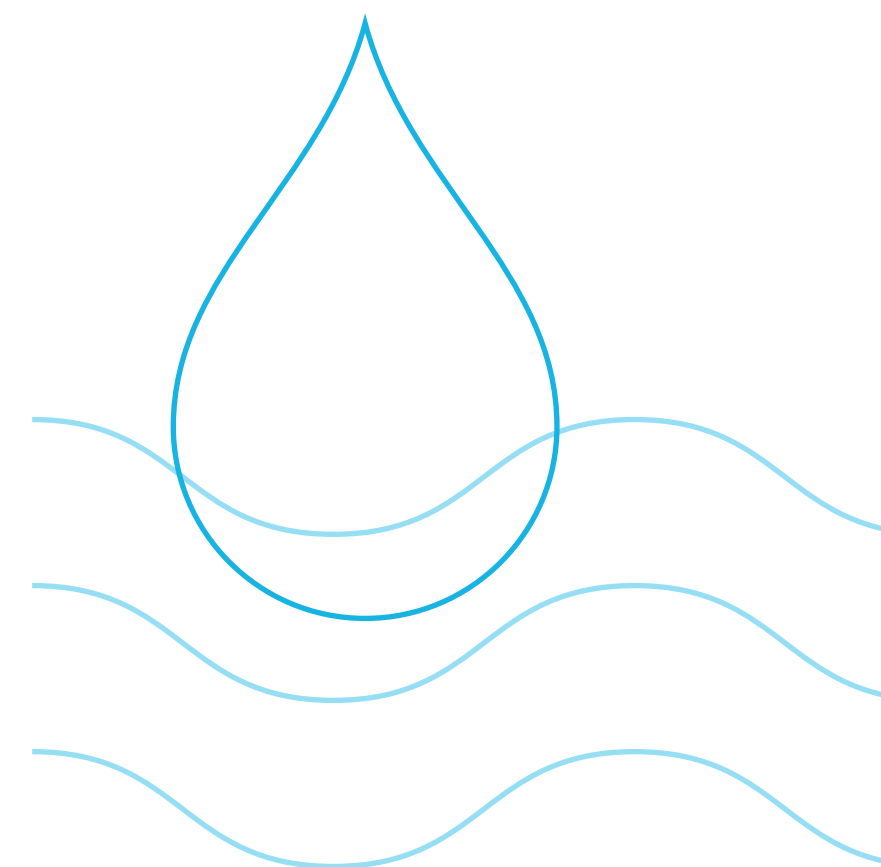
Vilniaus Vandenys assesses the level of employee engagement on annual basis. The level is assessed through an employee engagement survey based on the Utrecht Work Engagement Questionnaire. In 2025, employee engagement increased to as much as 82%. Creating a proper organizational, technological and emotional environment is measured using the Employee Net Promoter Score (eNPS). During the year, this score increased by as much as 10 points to 72.

Objective 6: Improve safe working environment.

To achieve this goal, the Company is in constant pursuit of ways to create a safe and healthy working environment with zero accidents. In 2025, the Safe Workplace system recorded and resolved 61 reports of unsafe or improvable working conditions. We also started using video cameras to monitor mobile workplaces in real time. An electronic assignment authorisation system was also implemented, enabling managers to organise

hazardous work quickly and easily by assigning tasks and tracking and managing authorisations in real time and on site, and, above all, to ensure that work does not start without proper instruction or a so-called "last-minute" risk assessment.

While accidents could not, unfortunately, be entirely avoided—two employees were injured, one of them seriously—the comprehensive safety measures in place enabled more dangerous situations and incidents to be identified and addressed in a timely manner, with the State Labour Inspectorate finding no violations in the Company's operations.



OBJECTIVES AND PLANS FOR 2026

Following the update of the Company's long-term business strategy for 2026-2035, the values for indicators of strategic goals for 2026 were set. The indicators for strategic goals were set by assessing the external and internal environmental factors influencing the Company's performance over a ten-year horizon.



Values of strategic indicators for 2026-2035

Area	Strategic direction	Objective	Target value	Indicator value for 2025	Indicator value for 2026	Indicator value for 2030	Indicator value for 2035
Environ- ment	Environmentally sustainable activities	Reduce the impact of operations on the environment	Volume of wastewater discharged into water bodies (t/m)	2,730	2,550	2,230	1,500
			Pollution tax to total volume of wastewater treated (EUR/m³)	0.037	0.036	0.034	0.020
			GHG emissions (thousand t CO ₂ -eq)	12.7	13.0	12.8	11.6
Customers	Effective customer experience management	Improve customer experience	Global Customer Satisfaction Index (GCSI)	86	≥86	≥86	≥86
Finance and processes	Innovation, efficiency and financial sustainability growth	Improve operational efficiency and financial resilience	Net financial debt to EBITDA	3.6	4.4	2.1	≤5.5
Employees	Caring organisation and engaged employees	Improve employee engagement and experience	NTK Behaviour Assessment Index (Level)	-	3	5	5
		Improve safe working environment	Accidents in the Company	1	0	0	0

IMPROVING COMPANY'S OPERATIONAL EFFICIENCY

In 2025, the Company continued to develop the Culture of Continuous Improvement through the methods of the operational excellence management system. This operational management system aims to actively involve employees in increasing operational efficiency and problem solving, streamlining business processes, improving the quality of the functions performed, and thereby meeting the needs of customers and other stakeholders more effectively.

Main achievements of the Culture of Continuous Improvement in 2025:

- 1,666 performance improvement (Kaizen) recommendations were made by employees, of which 1,487 were implemented (2024: 692 recommendations).
- Employee engagement in implementing performance improvement recommendations exceeded 93%, with

as much as 539 employees having implemented at least one improvement recommendation in 2025 (compared to 58% in 2024).

- 456 process walks (Gemba) were carried out on site (2024: 144 process walks).
- All departments in the organisation hold daily accountability (Asaichi) meetings to discuss departmental indicators, ensure rapid dissemination of information and respond to issues.

- In 2025, the quality of these meetings improved from 73% (2024) to 86%.
- In terms of financial benefits, the operational excellence methods led to savings of EUR 1.7 million in 2025, including 16 thousand working hours (by reducing process execution time, and errors, eliminating redundant processes, etc.). In 2025, Continuous Improvement Maturity scored 1.8 out of 5.



Generally, in terms of financial benefits, in 2025, the operational excellence methods led to savings of **EUR 1.7 million**, including **16 thousand hours** saved by reducing time-wasting activities.

”

COMPANY'S IT SOLUTIONS AND INNOVATIONS FOR DAY-TO-DAY OPERATIONS

In 2025, the Company adopted an ambitious five-year IT strategy with a focus on critical infrastructure resilience and smart water management. Building on best practices, six strategic directions have been identified:

- Ensuring cybersecurity
- Infrastructure reliability
- Effective IS development
- Digitalisation
- Data management
- Improving IT service management maturity.

In 2025, cybersecurity efforts had succeeded in strengthening TIS2 compliance, ISO 27001 standards, and advanced PAM (Privileged Access Management) solutions. The infrastructure of the server stations was modernised to ensure business continuity. As part of a targeted digitalisation effort, the launch of the GIS Utility Network, a next-generation geographic information system model for comprehensive modelling, management, and analysis of water network infrastructure,

took place, along with projects for the implementation of new customer self-service and risk management systems.

In line with the best practices of Information Technology Infrastructure Library (ITIL, a business management framework focused on optimizing work and ensuring the quality of IT services in businesses), the IT department's operations have been transformed into a service delivery model, by creating a Single Point of Contact (SPOC) for IT (for employees regarding any IT issue)—this is achieved by expanding the functionality of the existing IT Service Desk system.

A project to develop a data governance system was launched in 2025, with the primary goal of creating a data map and catalogue that clearly define data ownership principles and procedures. Centralised business intelligence (BI) tools, implemented alongside this project, enable a shift from manual reporting to data-driven decision-making at all levels of the organization.

The new IT sub-strategy envisages the application of artificial intelligence (AI) and the development of a Smart Water network: by using Internet of Things (IoT) sensors, the system will ensure remote data collection, prompt leak detection, and real-time network optimisation.

The quality of IT services is consistently measured using new metrics, such as the Customer Satisfaction Score (CSAT), which allows for a direct assessment of the quality of IT services through employee feedback. These changes guarantee that the technologies used adhere to the strictest security standards while enabling the IT team to deliver modern, efficient services.

Having regard to one of the Company's strategic directions, Innovation, Efficiency and Financial Sustainability Growth, in 2025, the Company continued to create the conditions for innovation. Innovation at Vilniaus Vandenys goes beyond the introduction of technological solutions, with a particular focus on strategic commitment to environmental protection, sustainability and operational efficiency.

We strive to develop solutions that both optimise our operations and contribute to long-term environmental protection and responsible use of resources. By innovating, we address key challenges in water resource management: from reducing pollution to improving energy efficiency and digitising business processes. The realisation of innovation initiatives has been estimated based on sales revenue, allowing for an assessment of the extent and scope of improvements in efficiency across the Company.

In its activities, Vilniaus Vandenys is guided by the [Innovation Policy](#). Innovation sessions were held across the units in the organisation to identify issues and find innovative solutions, the partnerships was established with Lithuanian high schools, and 7 visits were made to international companies in Lithuania and abroad. These looked at good practices of other organisations in the areas of water quality, wastewater treatment, digitalisation and circular economy.

In 2025, the Company successfully continued the innovations initiated in previous years and implemented new ones. These innovations have not only helped to address key operational challenges, but have also significantly increased process efficiency, optimising the use of resources and improving service quality. In total, Vilniaus Vandenys has invested more than 9 million euros in innovation.

In 2025, the Smart Water Supply project continued with the introduction of ultrasonic metering devices with remote reading function in the homes of Vilnius residents. This innovation enables more accurate water metering and helps reduce water losses in apartment buildings.

In 2025, seven innovation projects were approved, with most of them already underway:

- **Comprex® pulse air-water cleaning system.** We have implemented a faster, cleaner, and more sustainable pipeline cleaning solution, with significantly lower water consumption and less disruption to customers. With this technology, work time can be cut short and cleaning frequency increased, thereby extending the service life of the piping and reducing the risk of malfunctions.
- **Construction of small-scale water treatment facilities.** We have started installing compact water treatment facilities to ensure consistent water quality at various points in the supply chain.
- **Software and hardware upgrades in accordance with ISO 27001/TIS2.** We have upgraded our IT infrastructure and processes to comply with information security standards and enhance the organisation's cyber resilience. These improvements to access management, log analysis and incident management reduce operational risks and ensure a faster recovery in the event of an incident.
- **Microsoft 365 Copilot licenses to employees.** We have provided our employees with access to artificial intelligence tools to help them find

information more quickly, prepare documents and make their daily tasks more efficient.

Hands-on training and best-practice guidelines helped users get started with the tool more smoothly and reduced the time required.

- **Electronic Occupational Safety and Health (OSH) System.** We have implemented a system for employee training, instruction, health checks, PPE management, and the automated generation of tasks and reports. Centralised data and automated reminders reduce the administrative burden, shorten response times, and improve regulatory compliance.
- **Reconstruction of water supply chambers equipped with flow meters.** We have reconstructed and modernised the water supply nodes with flow meters to more effectively locate leaks and obtain more accurate information about water consumption and losses.
- **Flowquip Flowmaster 250 hydrant test flow gauge.** The newly acquired electromagnetic flow meter and high-quality pressure gauge provide reliable flow and pressure measurements, help to identify potential malfunctions in advance and prevent dangerous situations during a fire.





PERFORMANCE OVERVIEW

SCOPE OF SERVICE PROVISION

The key performance indicators, i.e. the volume of drinking water sold and the volume of collected and treated wastewater, distributed almost evenly across the activities of the Company in 2025. Compared to 2024, water sales increased by 0.1%, and wastewater treatment services by 2%. The volume of drinking water sold and wastewater collected and treated increased mainly due to growing customer number driven by infrastructure development projects and residential development.

In 2025, Vilniaus Vandenys extracted 36.5 million m³ and supplied 36.4 million m³ of drinking water. 1.6 million m³ of water were consumed for technical purposes in the processes of water refinement and supply, wastewater collection and treatment, and sludge treatment. In 2025, the Company treated more wastewater than sold wastewater treatment services due to rainwater infiltration in the wastewater collection system, i.e. 45.4 million m³ of treated wastewater was accounted for in wastewater treatment plans, and 34.9 million m³ of wastewater treatment services were sold.

Company's performance indicators and their change in 2023-2025

Performance indicators, thousand m ³	2023	2024	2025	Plan 2025	Changes compared to plan 2025, %	Changes compared to 2025, %
Drinking water sold, thousand m³	29,871	31,257	31,286	31,968	-2%	0%
To natural persons (consumption), thousand m ³	14,767	15,446	15,542	15,713	-1%	1%
To legal persons (subscribers), thousand m ³	15,104	15,811	15,744	-16,255	-3%	0%
Wastewater treatment service sales, thousand m³	33,026	34,038	34,889	34,965	0%	2%
To natural persons (consumption), thousand m ³	14,438	15,140	15,372	15,350	0%	2%
To legal persons (subscribers), thousand m ³	18,589	18,899	19,518	19,615	0%	3%

REVENUE FROM SALE OF SERVICES

The revenue from operating activities comprises revenue earned from the provision of drinking water supply and wastewater treatment services. The Company collected EUR 64.7 million from regulated activity services sold in 2025. Compared to 2024, revenue from regulated activities in 2025 increased by EUR 5.2 million. This was influenced by approx. 0.12 EUR/m³ higher service prices effective from February 2025, increased number of services provided to customers and growing customer number.

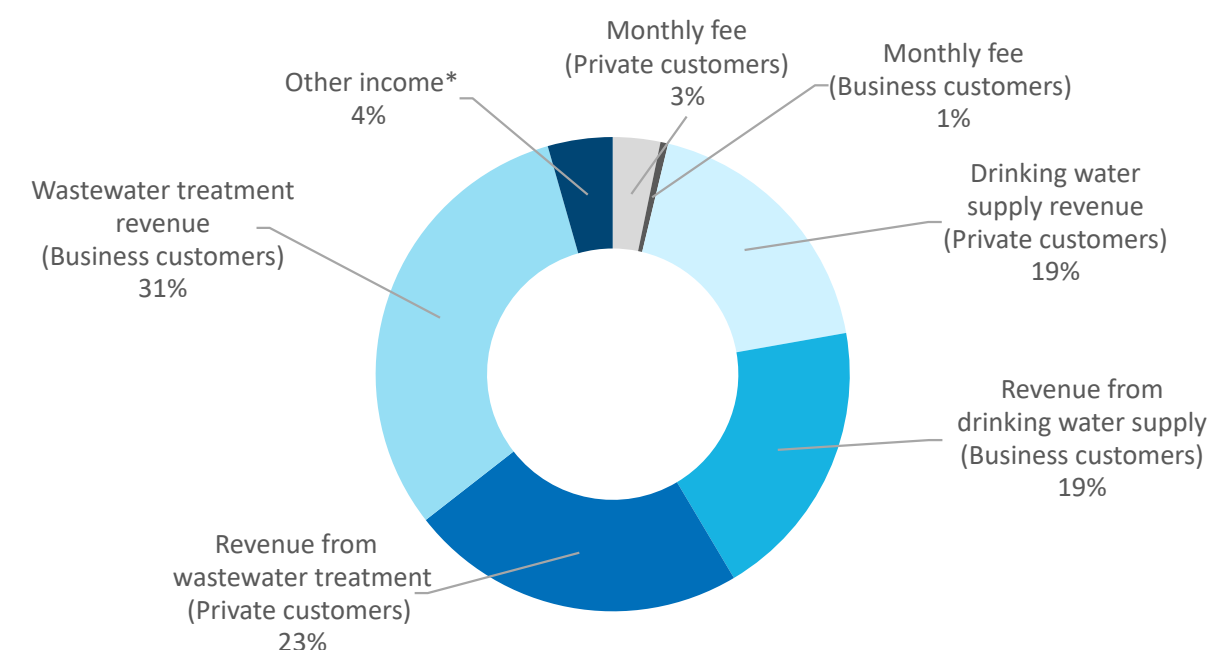
In 2025, the Company's revenue increased from EUR 62.1 million to EUR 67.9 million or by 9% compared to 2024. This increase was driven by a higher tariff for basic service prices effective from February 2025 and a growing number of customers, leading to increase in the volume of drinking

water sold and the volume of wastewater collected and treated. Other operating income in 2025 were EUR 0.2 million higher than in 2024, driven by a higher revenue from a basket of services.

The Company's sales revenue from the corporate customer segment* accounted for about 51%, from the private customer segment** for 45%, and other income for 4% of the total Company's revenue.

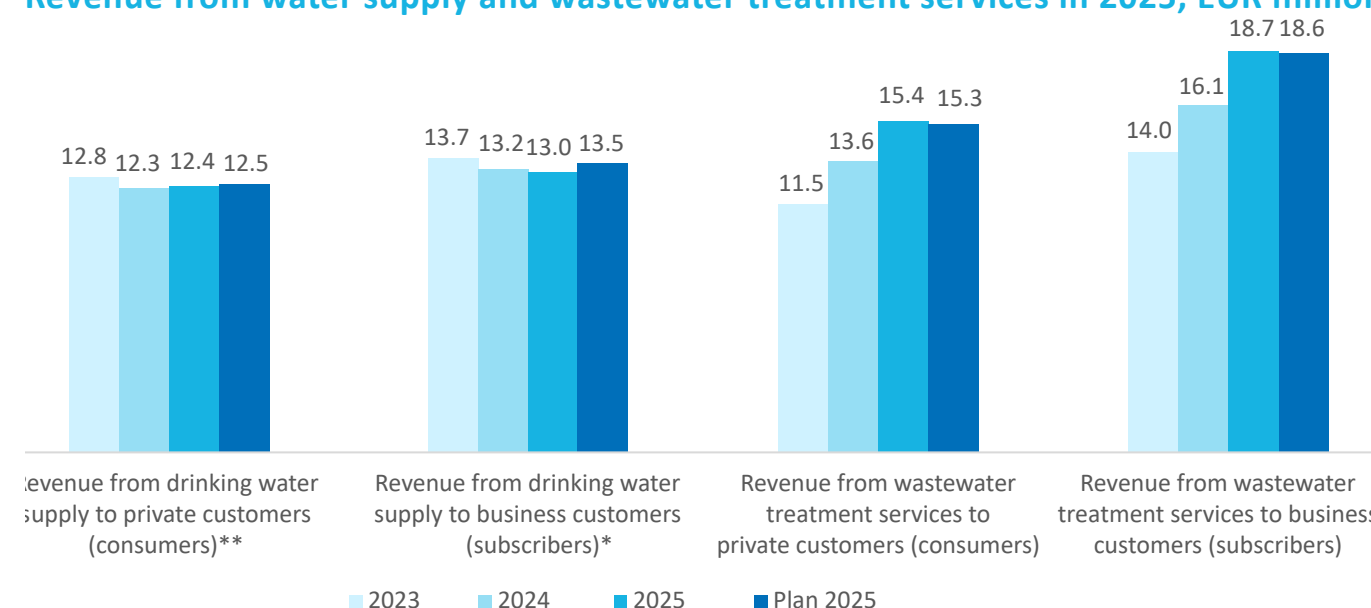
In terms of percentage, the Company's revenue from different activities remained similar in 2025. In the revenue structure, revenue from drinking water supply accounted for 40%, revenue from wastewater management for 56%, and revenue from the monthly fee for 4% of the Company's total principal operational revenue.

Revenue breakdown in 2025

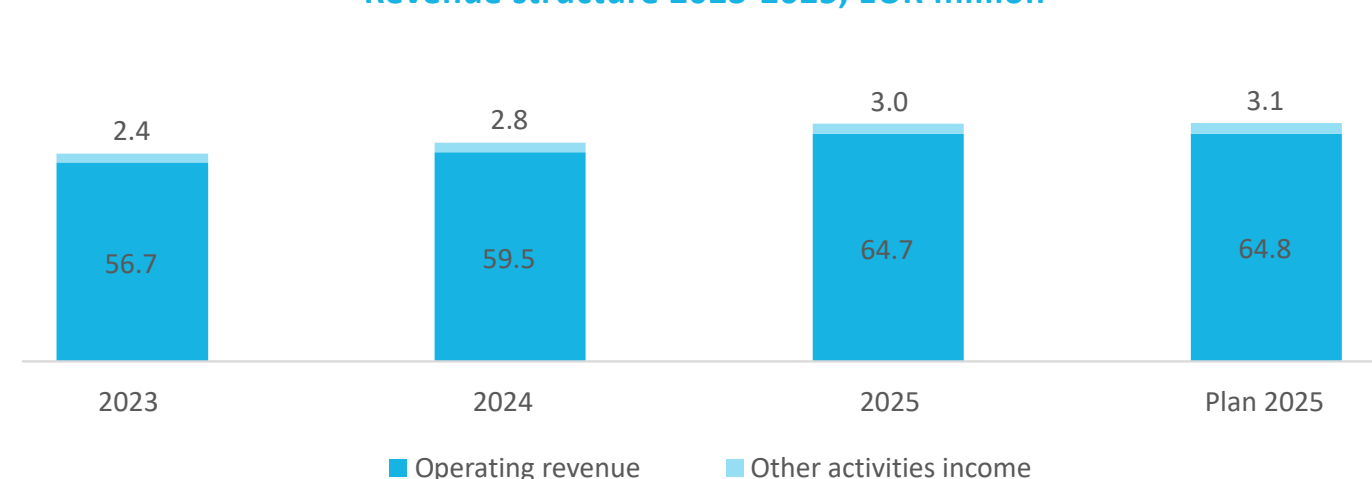


* Other income comprise income from unregulated activities, assets received free of charge, assets disposed, as well as rental and other income.

Revenue from water supply and wastewater treatment services in 2025, EUR million



Revenue structure 2023-2025, EUR million



* The term "business customer" used in the Company's annual report corresponds to the term "subscribers" used in the Law on Drinking Water Supply and Wastewater Management of the Republic of Lithuania.

** The term "private customers" used in the Company's annual report corresponds to the term "consumers" used in the Law on Drinking Water Supply and Wastewater Management of the Republic of Lithuania.

OPERATING EXPENSES

In 2025, operating expenses of Vilniaus Vandenys totalled EUR 62.3 million, in 2024, EUR 57.8 million.

In 2025, the Company's payroll and related tax expenses made up the major share of operating expenses (33%).

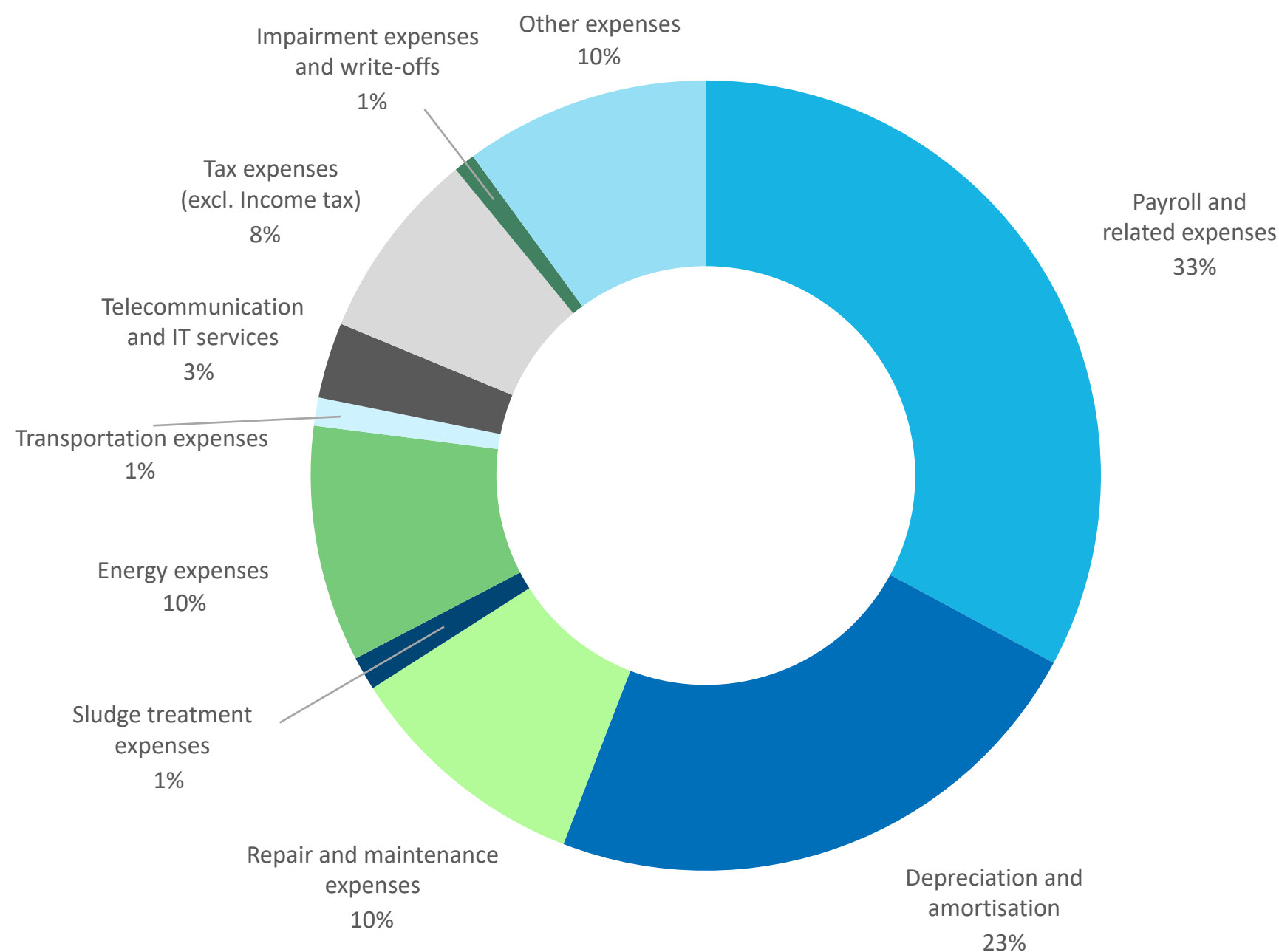
In 2025, payroll expenses were higher by EUR 2 million compared to 2024. In 2025, depreciation and amortisation expenses of non-current assets were higher by EUR 1.9 million compared to 2024. This was due to growing volumes of investments, which accounted for 60% of the Company's total operating expenses.

In 2025, energy expenses accounted 10% of the total operating expenses: totalling EUR 6 million, they were EUR 0.4 million lower than in 2024.

Tax expenses (other than payroll and income tax-related) accounted for approx. 8% of the Company's total operating expenses. These costs were by EUR 0.3 million lower than in 2024.

In 2025, Vilniaus Vandenys paid EUR 21.5 million in taxes to the State Tax Inspectorate and the State Social Insurance Fund Board, representing approx. 35% of the Company's total expenses.

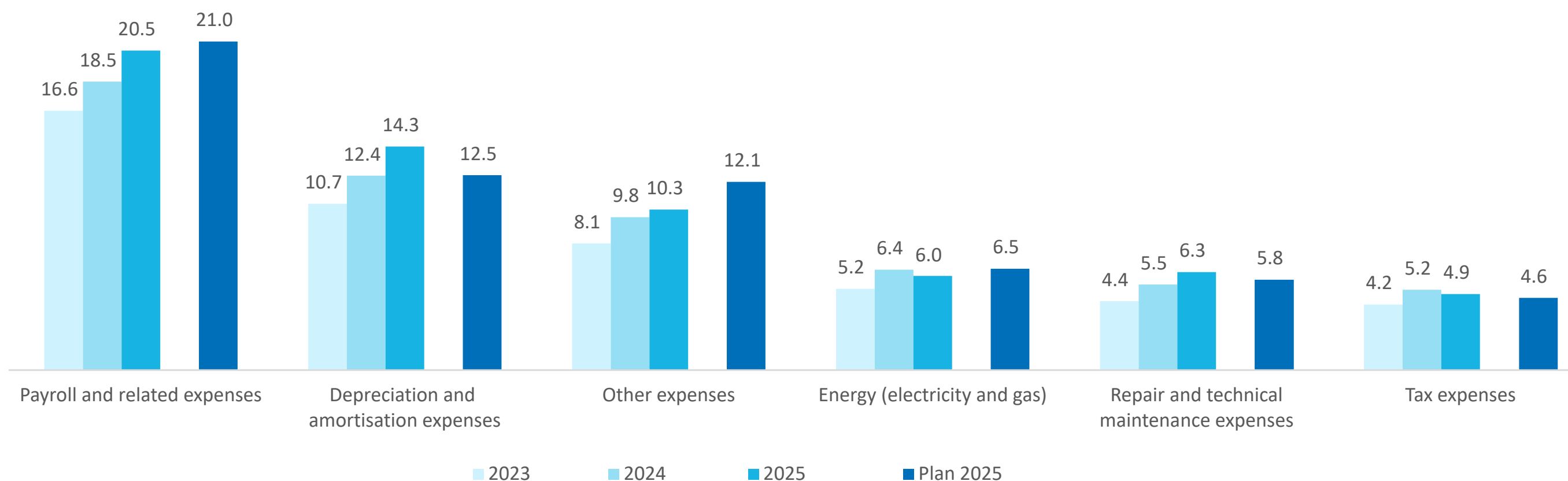
OPEX structure in 2025



In 2025, repair and maintenance expenses that comprise of technical materials and consumables, network diagnostics, cleaning and repair, dug-hole restoration after emergencies, equipment servicing, etc. accounted for 10% of the Company's operating expenses. These costs were by EUR 0.8 million higher than in 2024.

Other expenses include sludge treatment, telecommunications, IT, transport, occupational safety, heating, waste collection, premise cleaning, landscaping, insurance, promotion and advertising, legal services, etc. In 2025, they made up 10% of the Company's total operating expenses. These costs were by EUR 0.3 million higher than in 2024.

OPEX in 2023-2025, EUR thousand



KEY FINANCIAL INDICATORS

Company's key financial indicators and their change in 2023-2025

Key financial indicators	2023	2024	2025	2025 Plan	Change vs 2024, %	Change vs 2025 Plan, %
Profit (loss) statement indicators, EUR million						
Total income	59.04	62.10	67.85	67.90	9%	0%
Operating income (sales)	58.62	61.77	67.51	67.29	9%	0%
OPEX ^{APM}	38.00	44.49	47.05	49.05	6%	-4%
Taxonomy OPEX ^{APM}	-	10.47	11.50	-	10%	-
EBITDA ^{APM}	21.04	17.61	20.80	18.85	18%	10%
Net profit (loss)	10.17	5.03	3.59	4.31	-29%	-17%
CAPEX ^{AVR}	50.65	26.43	37.23	39.49	41%	-6%
Taxonomy CAPEX ^{APM}	-	26.48	37.28	-	41%	-
Indicators of assets, equity and liabilities, EUR million						
Total assets	254.05	265.78	291.54	280.66	10%	4%
Equity	159.76	168.09	175.36	176.69	4%	-1%
Non-current liabilities	72.96	75.31	91.23	80.65	21%	13%
Current liabilities	21.32	22.38	24.95	23.33	11%	7%
Profitability indicators						
EBITDA margin ^{APM}	36%	28%	31%	28%	8%	10%
Net Profit margin ^{APM}	17%	8%	5%	6,4%	-34%	-17%
Return on assets (ROA) ^{APM}	4%	2%	1%	1,5%	-35%	-20%
Return on equity (ROE) ^{APM}	6%	3%	2%	2,4%	-32%	-16%
Return on investment (ROI) ^{APM}	4%	2%	1%	1,7%	-35%	-21%
Other financial indicators						
Equity Ratio ^{APM}	63%	63%	60%	63%	-5%	-4%
Debt to equity ratio ^{APM}	0.46	0.46	0.54	0.45	17%	19%
Current ratio ^{APM}	1.56	1.30	1.20	0.82	-8%	46%
Critical liquidity coefficient ^{APM}	1.53	1.25	1.16	0.67	-7%	72%
Net debt-to-EBITDA ratio ^{APM}	2.35	3.29	3.63	3.93	10%	-7%
Assets turnover ratio ^{APM}	0.23	0.23	0.23	0.24	0%	-4%
Equity turnover ratio, times ^{APM}	0.37	0.37	0.39	0.38	5%	1%

In 2025, Vilniaus Vandenys' EBITDA (earnings before interest, taxes, depreciation and amortisation) amounted to EUR 20.8 million, EUR 3.2 million more than in 2024. In 2025, the Company was profit making, net profit amounted EUR 3.6 million.

At the end of 2025, the Company's assets totalled EUR 292 million or 10% more than in 2024. This increase was driven by large-scale investments, particularly in network development, station and wellfield renovation, well repair, sludge treatment equipment upgrades, water metering device replacement, electricity generator acquisition, and financial, management accounting, and customer service information system implementation projects.

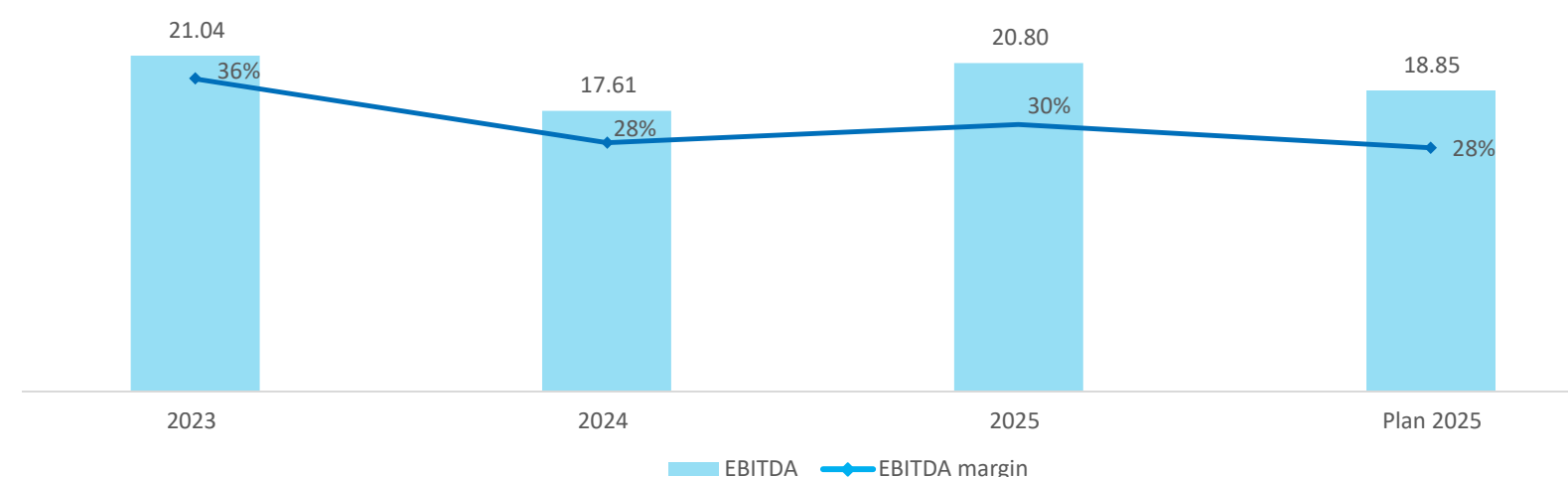
The value of the Company's current assets at the end of 2025 was 3% higher than in 2024. The growth in the Company's equity in 2025 resulted from an increase in issued capital: In 2025, equity of Vilniaus Vandenys accounted for 60% of its total assets.

The Company had no overdue trade payables at the end of 2025.

Compared to 2024, Vilniaus Vandenys' investment volume increased by 41% in 2025. The investments went towards implementing a project involving ultrasonic metering devices with a remote reading function, renovating operating networks and wellfields, repairing wells, installing the FAVAKA information system, upgrading sludge treatment equipment and acquiring electric generators and network flushing machines, etc.

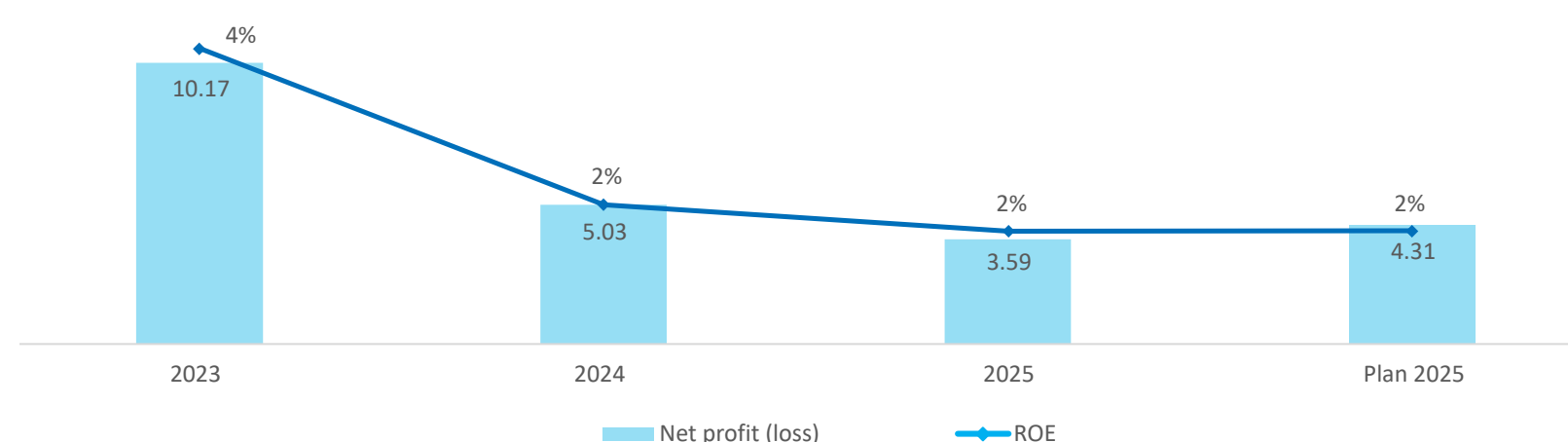
In 2026, the Company plans to continue to increase its capital investments by implementing all planned strategic projects. In 2026, the Company planned to spend EUR 44.9 million on investments.

Change in EBITDA^{AVR} (EUR million) and EBITDA margin^{AVR} (%) in 2023-2025



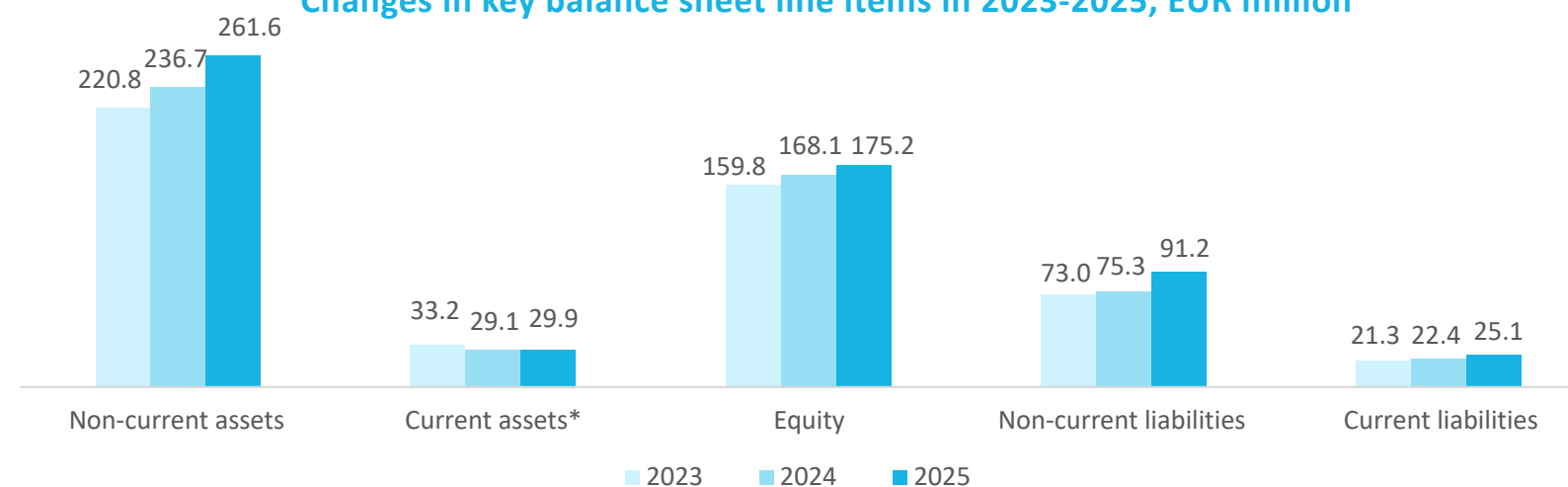
* In 2023, EBITDA was primarily affected by the loss incurred by the Company in 2022 due to a sharp rise in electricity prices, which was incorporated into prices set for 2023 in accordance with the statutory cost-recovery principle.

Change in net profit/loss (EUR million) and ROE^{APM} (%) in 2023-2025



* In 2023, a net profit was primarily affected by the loss incurred by the Company in 2022 due to a sharp rise in electricity prices, which was incorporated into prices set for 2023 in accordance with the statutory cost-recovery principle.

Changes in key balance sheet line items in 2023-2025, EUR million



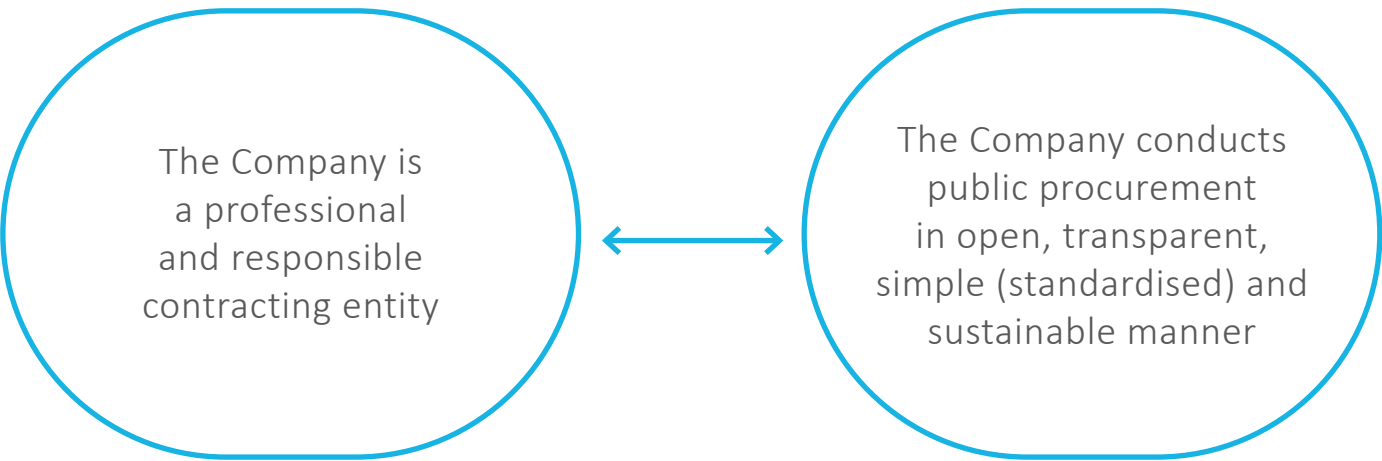
* Including non-current assets held-for-sale.

A man and a woman in business attire are seated at a desk, looking at a document. The woman is in the foreground, and the man is behind her. They are both wearing blue blazers. The woman has dark, wavy hair and is looking down at the document. The man has short brown hair and is also looking down at the document. They are both holding pens. The background is a bright, out-of-focus office space with large windows.

PUBLIC PROCUREMENT

Public procurement of Vilniaus Vandenys UAB is arranged and carried out in compliance with the Board-approved [Public Procurement Policy](#) (which was updated in 2025), legal acts regulating water management activities and public procurement.

Company’s goal and direction, in public procurement



Company’s procurement according price and quality criterion in 2023-2025

Contracting authority	Value of procurement procedures according to price and quality criterion or cost criterion, % (in the total value of procurement)			
	2023	2024	Target for 2025	Actual outcome in 2025
UAB Vilniaus Vandenys	76.7%	73.6%	70.0%	87.6%

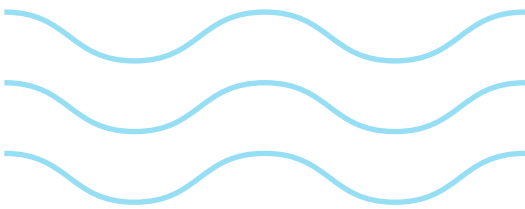
In 2025, Vilniaus Vandenys set and successfully achieved the target to execute at least 70% of public procurements according to price and quality criterion or cost criterion.

In 2025, Vilniaus Vandenys conducted 849 procurement procedures for more than EUR 115 million.

In 2025, the Company continued standardising its public procurement processes and reviewing its procurement procedures: a number of dynamic procurement systems were established, helping streamline and accelerate procurement processes and increase competition among suppliers. Expanding the CPO LT electronic catalogue has made it easier to centrally procure necessary goods, services and works.

Vilniaus Vandenys achieved the 100% Green Procurement target. To reduce negative environmental impacts, priority is given to suppliers that meet high environmental standards. As part of environmental objectives, the requirements for waste management, energy efficiency and sustainable production practices prevail in the procurement. Furthermore, suppliers must ensure conformance of their products and services comply to green certificates and eco-friendly principle, thereby contributing to the development of sustainable and responsible practices.

Although Vilniaus Vandenys has remained for a number of years the largest contracting authority among other companies owned by municipalities, the above factors led to greater efficiency and a reduction in the time spent per procurement, with the number of procurements almost doubling in 2025 compared to 2024.



A row of white hard hats is arranged on a wooden surface. Each hard hat features a blue logo consisting of a stylized 'w' and the text 'Vilniaus vandenys' below it. The hard hats are slightly out of focus, with the one in the center being the sharpest. A dark blue circular graphic is overlaid on the bottom left corner of the image.

RISK AND NON-COMPLIANCE MANAGEMENT

RISK MANAGEMENT

Risk management has been a cornerstone of Vilniaus Vandenys' strategic planning for years. In its activities, the Company is guided by the [Risk Management Policy](#) approved by the Board. When managing risks, the Company adheres to the requirements of the international standard ISO 31000:2018 Risk Management. The main objective of the organisation is to minimise potential risks and to prepare

to act and to prepare to act and ensure going concern even in the event of force majeure. A formalistic approach to risk management may possibly turn into costly lessons, therefore the Company carefully analyses the root causes of the risks, determines the potential scale of the consequences based on financial losses, health problems, time perspective, reputational effects.

Critical and high risks identified in 2025 and their management measures

Risk name	Likelihood	Impact	Risk level 2025	Risk level forecast for 2026	Risk level forecast for 2030	Risk level forecast for 2035	Additional management actions
Entry of wastewater of higher/unusual pollution into the wastewater collection system and treatment plant without VV permit	5	3	15	15	15	12	1. Automation of wastewater reception facilities Installation and maintenance of emission measurement sensors in wastewater networks
Improper emergency response	4	3	12	12	12	12	Gradually increase the scope of wastewater and water supply network
Third-party/supplier information security risks	2	5	10	10	10	10	1. Manage supply chain 2. Implement privileged user management
Disruption of wastewater management infrastructure due to rainstorm or snow	5	3	15	15	9	9	Installation of balance tanks in the Vilnius Wastewater Treatment Plant
Deteriorated wastewater network infrastructure	4	3	12	12	9	9	Gradual increase in the scope of wastewater network infrastructure
Deteriorated water supply network infrastructure	4	3	12	12	9	9	Gradual increase in the scope of water supply network infrastructure
Discharges to the environment exceed IPPC requirements	4	3	12	12	8	8	1. Reconstruction of wastewater plants in Nemenčinė, Švenčionėliai, Šalčininkai, Eišiškės Construction of a fourth sludge digester and expansion of thermohydrolysis facilities at the Vilnius Wastewater Treatment Plant

Software failure	3	4	12	12	8	8	1. Test vulnerabilities Manage supply chain
Telecommunications failure	3	4	12	12	8	8	1. Manage supply chain 2. Acquire Security Operations Center (SOC) services 3. Modernise switch cabinets
Cybersecurity law violations	2	5	10	10	8	8	1. Complete the project for compliance with the Law on Cyber Security 2. Train employees 3. Acquire consulting services 4. ISO 27001 certification
Environmental damage due to insufficient capacity at the Studentai	3	4	12	12	4	4	Installation of the third pressure line from the Studentai Wastewater Pumping
Terrorist acts/Military/Hybrid actions	2	5	10	10	10	10	1. Physical security reinforcement (e.g. fences and security alarms) at the Company's facilities 2. Installation of perimeter and site lighting at the Company's facilities 3. Set-up of alternative facilities (dispatch stations)
Fatal accident	4	5	20	15	10	10	1. Replacement of well covers or extension of fire hydrants 2. Accident insurance 3. Upskilling 4. Communication on safety at work 5. Integration of DI in the monitoring of hazardous work
Manifestations of corruption in public procurement	4	5	20	20	15	10	Train procurement staff
Failure to meet annual procurement plan (i.e. procurement delays)	4	3	12	12	9	9	1. Implementation of a procurement management system 2. Standardisation of procurement process 3. Training and upskilling
Inadequate management of process	4	3	12	12	9	9	Formalizing a change process

Accident at work	3	4	12	8	8	8	1. Replacement of well covers or extension of fire hydrants 2. Accident insurance 3. Upskilling 4. Communication on safety at work 5. Integration of DI in the monitoring of hazardous work
Damage to the Company’s property and/or injured employees in a fire	3	4	12	12	8	8	Property insurance
Inadequate implementation of continuous performance	3	4	12	12	8	8	Organise regular training sessions and promote a culture of learning
Failure to meet indicators, covenants	3	4	12	12	8	8	Conduct ongoing monitoring of financial indicators
Failure to utilise EU funds (failure to meet target indicators and repayment of EU funds received)	2	5	10	8	6	6	Conduct ongoing monitoring of the EU projects

In 2025, the Company successfully implemented 97% of planned risk management measures designed to mitigate risks in 2025.

Risk management actions in 2025:

- In March 2025, the Risk Management Policy was updated to include a risk appetite statement.
- The Company’s annual risk assessment completed. During this stage of the process, changes in external and internal factors, the weakest links between processes were analysed by taking into account complaints/service interruptions/incidents that have been recorded in recent years, as well as anticipated future developments.

- Process risk assessment completed. In October 2025, the Company’s Board approved the Company’s risk assessment and Plan of Risk Management Measures for 2026.
- At the end of 2025, the risk assessment was further aligned with ISO 27001 requirements prior to the certification audit.
- An external risk management process maturity assessment was conducted in the summer of 2025.

The risk management process is planned to be further enhanced in 2026 through the following actions:

- Performing risk (re)assessment and developing the Plan of Risk Management Measures

- Digitalising risk management process.
- Improving the risk management process in line with recommendations from the external risk management process assessment

The Company’s Risk Management Policy defines the risk management objective, sets the main principles of risk management and clearly defines risk management responsibilities. The Company manages risks in accordance with the best practices in the world and the guidelines of the group of ISO 31000 standards. Not only the Company’s employees, but also the Board and the Audit, Risk and Sustainability Committee are involved in the risk management process.

Continuous communication, rigorous control of risk management plans, regular

risk monitoring, evaluation of the effectiveness of risk management measures, adoption of solutions for new management measures, sharing of good practices have been and still are the key activities to ensure an appropriate response to events, i.e. cases that may have a negative impact on the achievement of the Company’s objectives.

In 2025, two of the critical and high-risk risks materialised once each:

- Environmental damage due to emergencies/failures at the Studentai Wastewater Pumping Station: combined wastewater spilled into the river in July.
- Accident at work: a serious accident in the transformer building in November.

BUSINESS CONTINUITY MANAGEMENT

The Company's business continuity process is an important step in ensuring the long-term stability and resilience of the Company in the event of unplanned malfunctions, incidents and disruptions that may affect its day-to-day operations. This process allows us to respond more effectively to challenges, minimise potential disruptions and ensure service delivery even in extreme and uncertain conditions. In business continuity management, the Company is guided by the international standard EN ISO 22301:2019 Security and resilience — Business continuity management systems — Requirements, and the [Business Continuity Policy](#), which was approved by the Board, setting out the principles of business continuity management.

Business continuity activities are integrated with Risk Management activities in the Company: the Plan of Risk Management Measures for 2026 provides for business continuity targets as risk management measures.

In 2025, nine Business Continuity exercises were carried out for the following critical processes: water abstraction, wastewater collection, wastewater treatment, IT system management, customer enquiry management, and the operational monitoring of technical production processes. 11 new Business Continuity Plans were developed for critical processes.

The following tasks were outlined in the Risk Management Plan for 2026: to develop Business Continuity Management Plans (for all critical processes) and Business Recovery Plans (for all identified critical disruption scenarios). Conduct at least 12 business continuity plan tests (including at least two functional tests) in 2026.

Business continuity management is identified as a separate process.



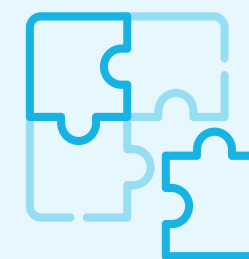
NON-COMPLIANCE MANAGEMENT

The Company's legal compliance is ensured in accordance with the principles set out in the [Compliance Policy](#) approved by the Board. The Company has a compliance management process in place, and assesses effectiveness of its compliance system. The Company aims to ensure that all non-conformities identified in its operations are recorded, their causes addressed as soon as possible and sustainable solutions adopted to prevent their recurrence.

In 2025, eight Lithuanian regulatory acts were selected and a cross-check was conducted in respect of the Company's compliance, and the alignment of its processes and rules, with these acts. Particular attention was paid to the review of legislation implementing the Law on Drinking Water Supply and Wastewater Management. The process owners were provided with findings and recommendations on how to ensure the statutory compliance of the Company's operations. These recommendations and findings were also monitored for implementation.

In 2025, the Company identified and addressed 35 incidents of non-compliance across various areas of its operations: Environmental, Occupational Health and Safety Management, etc. At the beginning of 2025, the most recurrent non-compliances in 2024, i.e. occupational health and safety, data protection and environmental processes, were assessed and plans were drawn up to address these recurrent non-compliances.

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In 2025, the Company
addressed
35 non-compliances.

ENSURING PHYSICAL AND CIVIL SECURITY

The Company provides strategically important services and is therefore it falls into category I enterprises of importance to ensuring national security.

The Company has 462 protected facilities, which are divided into three levels of physical protection based on their significance to the Company's activities and potential risks: high, medium and acceptable risk facilities. In light of changes to external legislation governing the Company's physical security, a project was launched in 2025 to ensure compliance with physical and operational security requirements at the Company's facilities. As part of this project, state-of-the-art physical security measures and physical barriers are being installed (starting with high-risk facilities) to strengthen the resilience of the drinking water supply and wastewater management infrastructure against potential internal and external threats.

In 2025, the following measures were taken to strengthen physical and operational security at the Company:

- Cooperating with state institutions to enhance joint response protocols for emerging threats.
- Continuous inspection of physical security measures, identification of deficiencies and response control. During the reporting period, 100 inspections were carried out on the Company's protected facilities.
- Ensuring the uninterrupted provision of physical and electronic security services.
- Upgrading and installing modern security alarm systems in the Company's facilities, ongoing preventive maintenance, servicing, and repair of existing systems.
- Raising employee awareness of physical safety.

In addition, the following actions were taken to increase security:

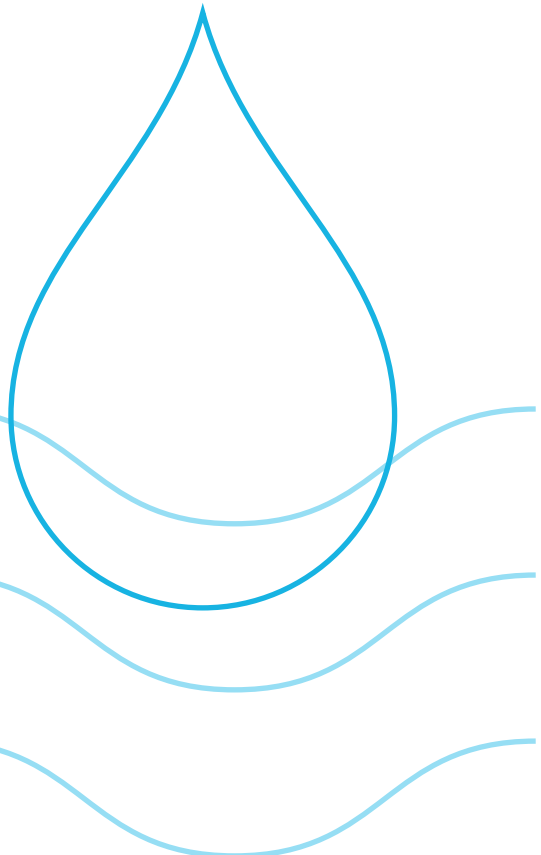
- A request was submitted to the Government-authorised bodies regarding the inspection of personnel, contractors and suppliers having the direct access to the Company's information systems, databases, networks and other important information technologies and resources.
- Security posts have been set up at high-risk facilities.
- Physical security service response checks were carried out at the Company's facilities.

In 2025, Vilniaus Vandenys implemented its Civil Protection Action Plan for 2023–2025 by carrying out the following measures to strengthen civil protection:

- Updating and approving the Emergency Management Plan in line with the updated legal regulations.

- Updating and approving the Regulations of the Emergency Operations Centre.
- In September 2025, civil protection training was held for employees of the Vilnius City Municipality Administration, introducing the mobile app "Kovas" (March) and the evacuation plan for Vilnius residents.
- In October 2025, a civil protection functional exercise Preparedness of Crisis Management and Civil Protection System Entities to Ensure the Supply of Drinking Water to Residents of the Antaviliai Water Supply Area in the Event of a Breach of the Physical Security of the Water Supply Area Due to Unlawful Physical Interference and the Resulting Secondary Threats was held as a part of Vyčio Skliautas, the national-level exercise.
- The Company prepares quarterly reports on the implementation of the Emergency Prevention Plan and monitors its implementation.

ENSURING CYBERSECURITY



One of the main objectives of Vilniaus Vandenys is to ensure cyber security and continuity of the Company's information systems. In the context of geopolitical warfare, cyber-attacks becoming a growing concern around the world. In its cybersecurity activities, the Company is guided by the [Information Security Policy](#) and the [Confidential Information Management Policy](#), both approved by the Board. In April 2025, the Company was included in the Register of Cybersecurity Entities as a Critical Entity, based on its two areas of operation: drinking water supply and wastewater management. In 2025, Vilniaus Vandenys implemented a series of organisational and technical measures to strengthen the organisation's cybersecurity: As of 1 February 2025, the Company has appointed a Chief Cybersecurity Officer.

- In the Company's Strategy 2026-2035, the cybersecurity is identified as one of the key challenges being addressed at the strategic level of the organisation's business planning. Therefore, plans were made to implement proactive cybersecurity solutions.
- To comply with the requirements of the Law on Cyber Security of the Republic of Lithuania, transposing the provisions of the NIS2 Directive, the Company updated existing and prepared new internal regulations.

- An Information Security Management System (ISMS) was implemented in accordance with ISO 27001:2022 requirements, and the ISMS manual was prepared and made publicly available.
- A certification audit was conducted in accordance with ISO 27001:2022 requirements. Certification area: "Water abstraction, preparation and supply. Wastewater collection and treatment. Related additional commercial services and project management." The independent audit did not identify any non-conformities, recommending that the certificate be issued.
- An independent assessment was conducted to verify compliance with the Lithuanian laws governing information security and information security risks.
- An automated vulnerability scanning was conducted for the self-service portal and website in collaboration with the National Cyber Security Centre (NCSC).
- The Company took part in a new national cybersecurity exercise organised by NCSC, Kibernetinis skydas 2025 TrustEx (Cyber Shield 2025 TrustEx), and engaged in NCSC's Cybersecurity Month campaign, ŽinaiBetNedarai (You Know But Don't Do).
- The Company participated in Kibernetinis skydas 2025 PhishEx (Cyber Shield 2025 PhishEx), campaigns of the national cybersecurity exercise in Q1, Q2, Q3, and Q4, and additionally conducted tests for smishing and vishing.
- Much attention was paid to ensuring the security of third parties (in the supply chain): approving the Description of the Procedure for Managing Cybersecurity Related to Third-Party Services or Goods, conducting risk assessment of Network and Information Systems (NIS) services, and identifying critical NIS service providers.
- The Company teamed up with members of the Association Vandens Jėga and NCSC to develop a sectoral Security Operations Centre (SOC).
- Much attention has been devoted to raising awareness among employees and members of collegial bodies on information security through: training for the Company's top management and members of collegial bodies; courses on the NCSC e-learning platform; and training for employees and members of collegial bodies on ISO 27001:2022 standard.



PROJECT MANAGEMENT

Management of all projects in the Company is guided by the Project Management Policy: a single project management methodology

is used to ensure systematic and standardised project management, involving management structure, roles of participants, phases, decision-making points and documentation.

Projects are managed and implemented in line with the planned schedule, scope and budget.

In 2025, the following updates were made to the Description of the Project Management Procedure: reviewing and revising the initiation and benefit assessment processes, and the project plan; the consideration was also given to the internal audit recommendations.

COMPANY'S PROJECT PORTFOLIO

At the end of 2025, Vilniaus Vandenys project portfolio contained a total of 38 projects (2024: 40), with the overall budget of EUR 287 million, with separate project implementation stages planned and recorded for each project, to be achieved during 2025. At the beginning of 2025, the Company also set the target to implement 95% of the projects within the timeframe set in the project implementation plans.

In 2025, 36 out of 38 projects were implemented in accordance with the planned project implementation deadlines, with only 2 projects implemented in deviation from the planned deadlines. Project portfolio implementation for 2025 stood at 94% (98% in 2023, 95% in 2024).



In 2025, Vilniaus Vandenys progressed with the implementation of 12 strategic projects with a total budget of EUR 238 million in the period 2020-2029.

The Company's key strategic projects, the implementation of which was started/continued/completed in 2025:

Strategic Company's	Project budget	Project goal	Final project outcome	Progress in 2025
Treatment plant reconstruction projects				
Reconstruction of Vilnius city wastewater treatment facilities (Stage 2)	EUR 15.3 million	To increase the quality of the wastewater treatment services provided to Vilnius City and Vilnius District by ensuring that the average annual concentrations of pollutants in discharged wastewater meet the Nordic standards (HELCOM).	Reconstruction of wastewater treatment facilities was completed, previously unused technologies (tertiary treatment circuit) were deployed to facilitate removal of phosphorus from wastewater and prevent plastic particles from entering the treated wastewater.	2025 comprised: the defect rectification stage, the commissioning of the facility, and the warranty period.
Reconstruction of Nemenčinė wastewater treatment facilities	EUR 13.6 million	To design new wastewater treatment facilities to achieve the wastewater treatment rates specified in the EIA screening and the Wastewater Management Regulation.	The project will reconstruct the Nemenčinė wastewater treatment facilities by installing automated control, bringing wastewater treatment in line with environmental requirements, increasing the volume of wastewater received, increasing the de-contamination capacity and preventing odour release to the environment.	2025 comprised: the draft design development, obtaining a building permit, and an environmental impact assessment.
Projects for the sustainable management and energy recovery from wastewater sludge				
Project for the installation of a sludge mono-incineration plant	EUR 88.7 million	To carry out the feasibility assessment of a sludge mono-incineration plant as a potentially most efficient way of sludge management.	Transition from natural gas, contribute to GHG reduction, generate 15% more electricity internally, adhere to circular economy principles, increase the Company's energy resilience/independence from third parties, as well as ensure the achievement of the Company's long-term business strategy objectives.	The analysis of external financing options was conducted in 2025.
Wastewater flow equalization tank (balancing tank) at the VWTP	EUR 10.5 million	To adjust the flow of wastewater at the Vilnius Wastewater Treatment Plant and to ensure the smooth operation of the technological process and the infrastructure of the plant during rainstorm and/or snow melt.	Wastewater flow equalization tank was installed at the Vilnius Wastewater Treatment Plant to adjust the flow of wastewater and to ensure the smooth operation of the technological process and the infrastructure of the plant during rainstorm and/or snow melt.	The technical specifications for the balancing tank were developed in 2025, after which its procurement was initiated.

Strategic Company's	Project budget	Project goal	Final project outcome	Progress in 2025
Extension of sludge treatment facilities (thermal hydrolysis)	EUR 23.0 million	Upgrade sludge treatment facilities by expanding existing capacity.	Ensure a smooth sludge removal process and an uninterrupted operation of the infrastructure throughout the Vilnius Wastewater Treatment Plant.	A feasibility study was prepared for this purpose.
Heat recovery from treated wastewater stream	EUR 30.4 million	Recover heat from wastewater and deliver it through the district heating system.	Wastewater is used to generate ~6% of the heat supplied centrally to Vilnius residents.	An investment project has been prepared for this purpose.
Digitalisation and smart technology implementation projects				
Smart network management: Installation of digital ultrasonic metering devices with remote reading function	EUR 39.0 million	To accurately account for the amount of water supplied and consumed, to eliminate inaccurate water meter readings, to identify in a timely manner the emergency situations occurring between the building's inlet metering device and apartment, and emergency situations occurring outside the metering device located in the apartment.	Installation of more than 360 thousand units of digital ultrasonic metering devices with remote reading function,	In 2025, 72,000 ultrasonic metering devices were scheduled for installation, yet the actual figure was 74,622.
Project for installation of the financial accounting, management accounting and customer accounting system (FAVAKA)	EUR 4.3 million	To optimise the processes of financial accounting, management accounting, customer servicing and the provision of all services, as well as billing for services by acquiring a tool that will allow the activities to be organised more efficiently.	Introduction of a solution for financial accounting, management accounting, customer servicing and provision of services to customers.	The business management system, Microsoft Dynamics 365 Business Central, has been implemented. It covers finance, sales, purchasing, and supply chain accounting areas, and includes integrated Aqua Dynamics billing feature.
Implementation of the GIS Utility Network system	EUR 0.1 million	Conduct an analysis of the existing water supply GIS data model, assessing the feasibility of implementing the GIS Utility Network data model within the Company.	Efficient operation of water supply systems, ensuring sustainable development, and providing prompt and accurate information to customers	A service agreement was signed with the supplier, with the first stage completed—an analysis of the existing GIS data model.

Strategic Company's	Project budget	Project goal	Final project outcome	Progress in 2025
Physical and operational safety, and cybersecurity projects				
Ensuring physical and operational safety requirements at the Company's facilities	EUR 12.8 million	Implement physical security requirements in accordance with the order of the Minister of the Environment of the Republic of Lithuania On the Approval of the Requirements for Physical and Operational Protection of the Infrastructure of Drinking Water Supply and/or Wastewater Management Important for National Security of the Public Drinking Water Suppliers and/or Wastewater Managers or Owned by Public Drinking Water Suppliers and/or Wastewater Managers by the Right of Ownership or Managed and/or Used Otherwise.	Ensure physical and operational safety at the Company's facilities to ensure regulatory compliance.	Contracts were signed for the design and installation of fencing, as well as for lighting and IT security solutions, for the facilities in Stage I of the physical and operational security project.
Implementation of the Law on Cyber Security and the deployment of an Information Security Management System (ISMS)	EUR 0.2 million	Implement technical cybersecurity requirements, establish an information security management system (ISMS) in accordance with ISO 27001:2022 requirements, and adhere to control measures in accordance with ISO 27002:2023	The organisation is certified in accordance with the ISO 27001:2022 standard requirements.	The documents required for certification were prepared, and the management review report was obtained.
Projects contributing to the Neris River operationalisation programme in Vilnius				
Neris River operationalisation programme: improving the condition of the Neris River and its tributaries	EUR 0.1 million	Conduct water quality tests on the Neris River and its tributaries, identify sources of pollution, and take legal measures and physical actions to prevent pollution and improve the condition of the tributaries.	Identify sources of pollution in the Neris River and its tributaries.	The situation was analysed, the outcome was presented to the Vilnius City Municipality.

In addition to critical strategic projects, Vilniaus Vandenys also pays great attention to the operational digitisation and renewable energy projects.

Key digitisation and renewable energy projects ongoing/completed in 2025

Project	Project goal	Project benefit	Progress in 2025
Installation of solar power plants	To generate part of the electricity required for the needs of the Company by installing solar power plants on the roofs of the Company’s stations and within its territories.	Use of natural resources for energy recovery, reduction of the Company’s costs, storage of natural resources, reduction of fossil fuel and CO ₂ emissions.	In 2025, three solar power plants with a total capacity of 1,218 kW were installed. During 2025, the Company operated a total of 21 solar power plants, with a total capacity of 3,564 kW.
Smart wastewater management system	Project goal: to effectively manage the biological treatment process while ensuring the highest wastewater treatment performance.	Adjusting wastewater flows at the Vilnius Wastewater Treatment Plant to ensure adequate treatment of wastewater up to the limits set event at the time of snow melt.	In 2025, the facilities were installed and brought into operation.
Remote smart wastewater quality monitoring system (sensors)	The installed system goal: to measure the variation in total nitrogen, ammonium nitrogen, total phosphorus and chemical oxygen at the entry and exit before and after the wastewater treatment process.	The data on pollution indicators will allow the operation of the wastewater treatment plant to be regulated.	In 2025, the facilities were brought into regular operation.

A photograph of a baby sitting in a dark-colored stroller. The baby is wearing a pink sweater with a white heart, a light-colored headband with a bow, and patterned sneakers. A hand from an adult is holding a glass bottle of milk with a white cap and a straw, offering it to the baby. The background is a blurred outdoor setting with a brick path and a green fence. A large blue circular graphic is overlaid on the bottom left of the image.

COMPANY'S CUSTOMERS

In 2025, the number of Vilniaus Vandenys’ customers increased by 6.7 thousand to 297.6 thousand. The main reason for the continuous increase in the customer base is the network and urban district development projects. Customers’ in Vilnius city account for the majority of the Company’s customer base.

Dynamics of the number of the Company’s customers in 2023-2025 (as at the last day of the reporting period)

Customer type	2023	2024	2025
Private	275,381	281,495	287,664
In apartment buildings (settlement based on meter readings)	247,731	252,097	256,738
In apartment buildings (settlement based on the feed-in point)	41	41	241
Individualiuose namuose	27,609	29,357	30,685
Business	9,051	9,335	9,904
Total customers	284,432	290,830	297,568

Breakdown of customers (natural persons) by service areas in 2023-2025 (as at the last day of the reporting period)

Area	2023	2024	2025
Vilnius city	265,868	271,596	272,573
Vilnius District	2,262	2,321	7,391
Šalčininkai district	3,277	3,381	3,424
Švenčionys district	3,974	4,197	4,276

CUSTOMER SATISFACTION

In 2025, Vilniaus Vandenys made targeted efforts to improve high indicators of customer experience and satisfaction with the quality of services provided. The Company continued to invest in key customer service areas: cutting red tape, shortening and streamlining processes, and implementing smart solutions that allowed customers to access the services they need faster, easier, and in line with “one-stop-shop” principle.

In 2025, a customer satisfaction survey was conducted for the ninth time using the Global Customer Satisfaction Index (GCSI) methodology, which is recognised globally and suits the public sector and monopolistic markets. More than 2,000 private and 500 business customers participated in the survey.

The survey showed that customers' satisfaction levels with Vilniaus Vandenys increased from 84 to 86 points over the year to 2025. There has been a positive shift in the private customer segment with regard to complex aspects: ratings for meeting expectations and for comparison with an ideal company have improved, while overall satisfaction has remained the same. Growth in the corporate client segment was driven by improvements across all complex

aspects—overall satisfaction, meeting expectations, and comparison to an ideal company.

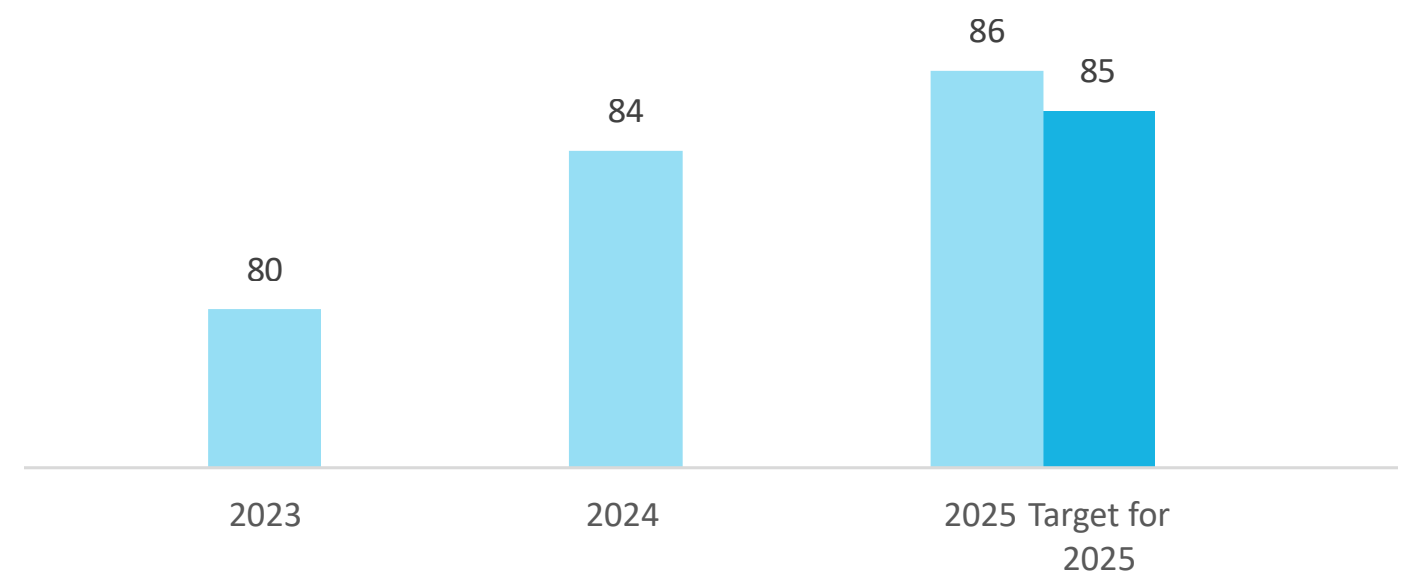
The overall average of the quality and service aspects of the services (private customers- 20 aspects, business customers- 21 aspect) on the 10-point scale was 8.9. The survey showed that customers value simplicity and convenience when paying for services, clarity of billing information, advance notification of work performed and a reasonable contract signing process.

To improve customer experience and the Company's rating, in 2025, Vilniaus Vandenys implemented the following initiatives to increase customer satisfaction:

- Made changes to the self-service portal, implemented a rotation schedule for IT staff on-call duty based on the new model, and reduced the risk of service disruptions for customers.
- Improved the customer communications following a water meter replacement, ensuring clear and understandable payment notices and detailed explanations of smart water meter readings.

- Implemented a service order confirmation process by introducing SMS notifications following telephone enquiries and ensuring prompt confirmation of order receipt after contact.
- Held meetings with business representatives to identify their needs and expectations for a better customer experience. A partner event, Sėkmingai iš pirmo karto (Successful on the First Try), was also arranged to educate the design community on the key principles of successful project coordination and connecting customers to district networks.
- Established a dialogue with building administrators to improve cooperation and ensure clearer communication with customers in the event of an emergency or other work.
- Conducted information and educational campaigns aimed at fostering sustainable habits, social responsibility projects, and organised tours of Vilniaus Vandenys' facilities.
- Implemented training programmes for employees and contractors to improve professional expertise, customer service and other competences.

GCSI (Global Customer Satisfaction Index (GCSI) survey results 2023-2025 (scores)

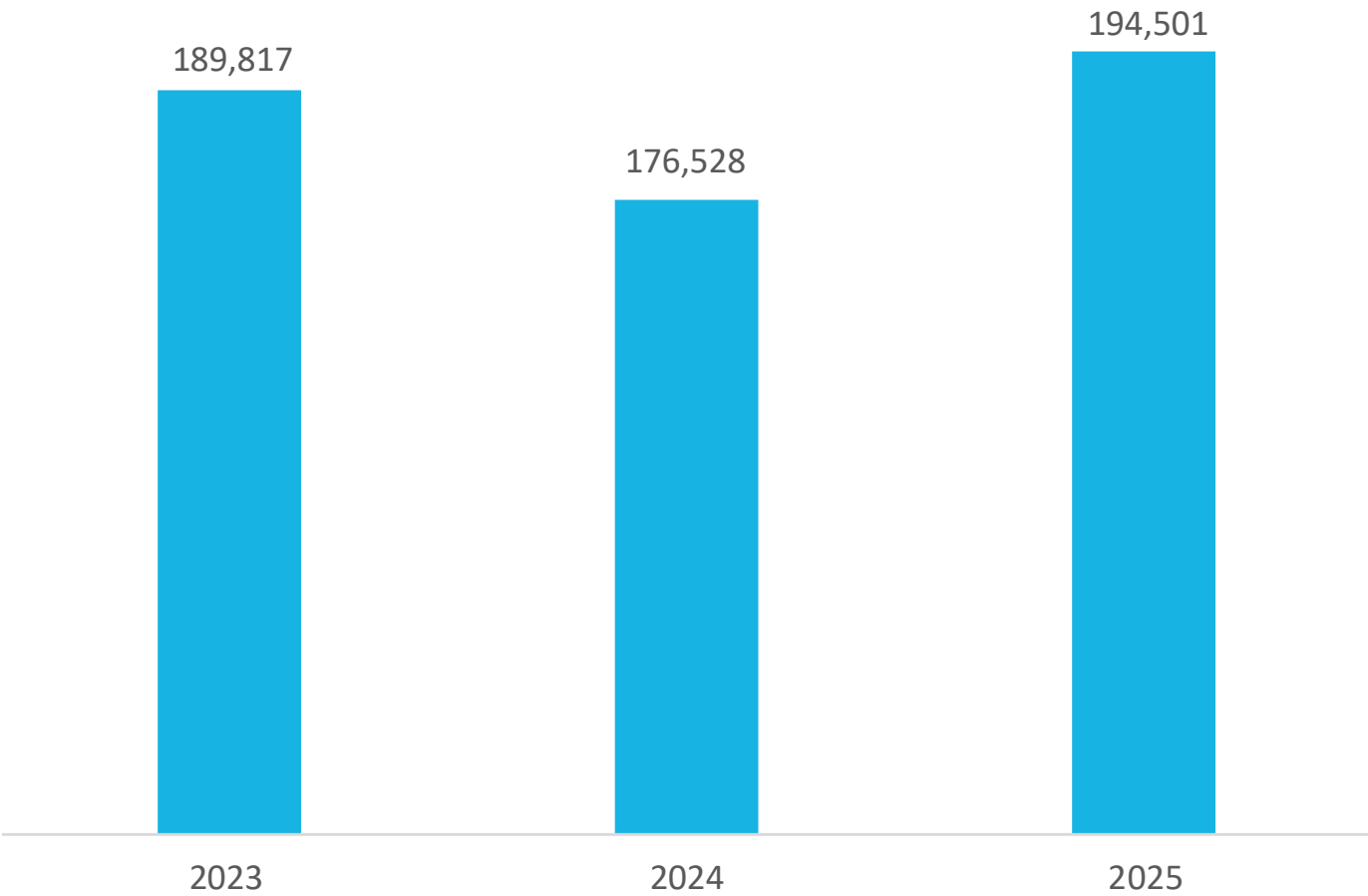


CUSTOMER ENQUIRIES

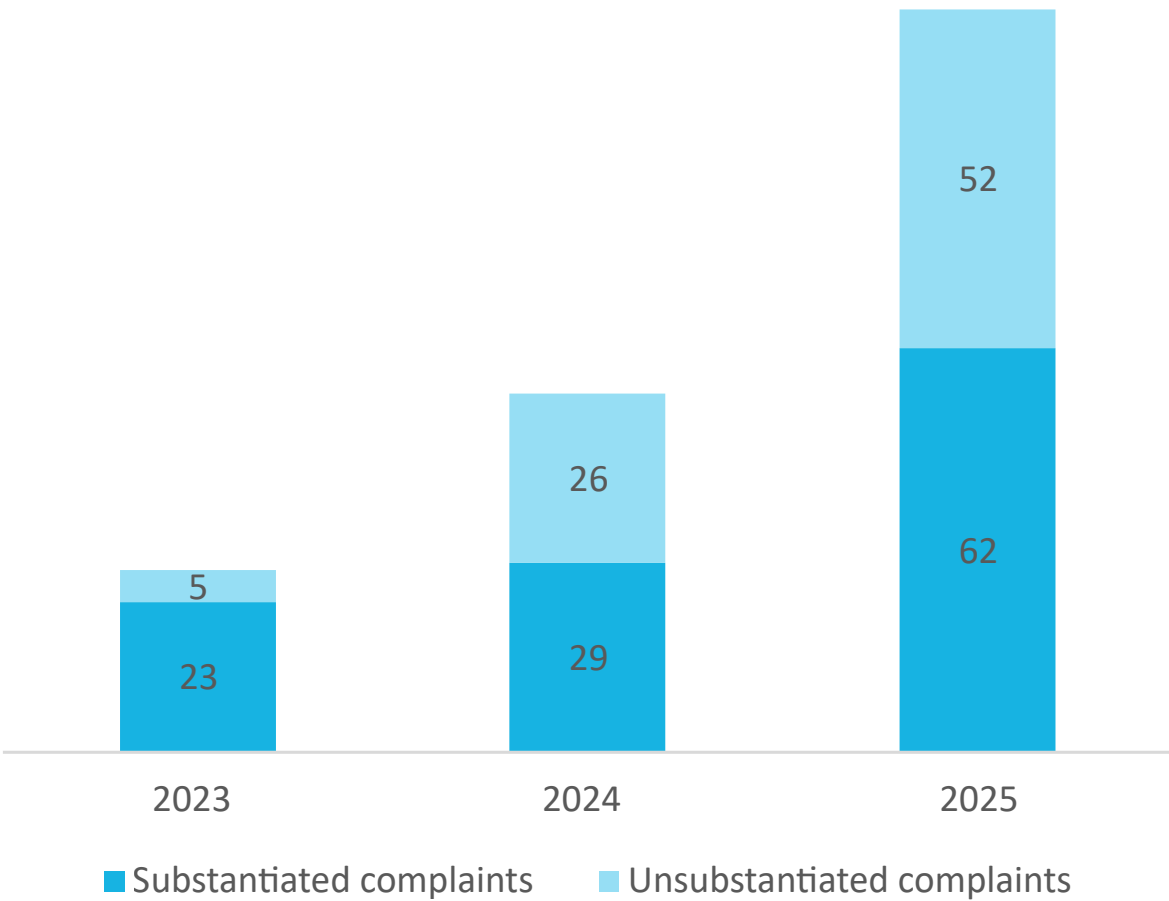
In 2025, Vilniaus Vandenys received 194,501 customer enquiries in writing, via e-mail, phone and in customer service offices. Compared to previous years, the total number of enquiries increased by 10%. This growth was largely attributed to the Company's proactive communication with customers regarding the mandatory replacement of metering devices, as well as the reminders sent regarding outstanding balances. The increase in the number of enquiries was influenced by those received during the connection of new customers and the implementation of management systems, increased number of questions related to the connection of new customers to services, and customer enquiries received during the implementation of management systems.

In 2025, the Company received a total of 114 customer complaints, which was 59 more than in 2024. On average, the handling time has increased by one day to five calendar days compared to 2024. The increase in the number of complaints is attributed to a new complaint registration procedure, which aims to incorporate more customer feedback containing negative content into the complaint handling process, and, by analysing the feedback, to adopt the necessary decisions and adjust the Company's processes to improve the customer experience. In some cases, the complaint handling process took longer due to objective reasons: some enquiries required a more complex review, involving specialists or lawyers from several departments, as well as additional fieldwork (repairs, inspections, laboratory tests), etc.

Dynamics of the Company's customer enquiries in 2023-2025



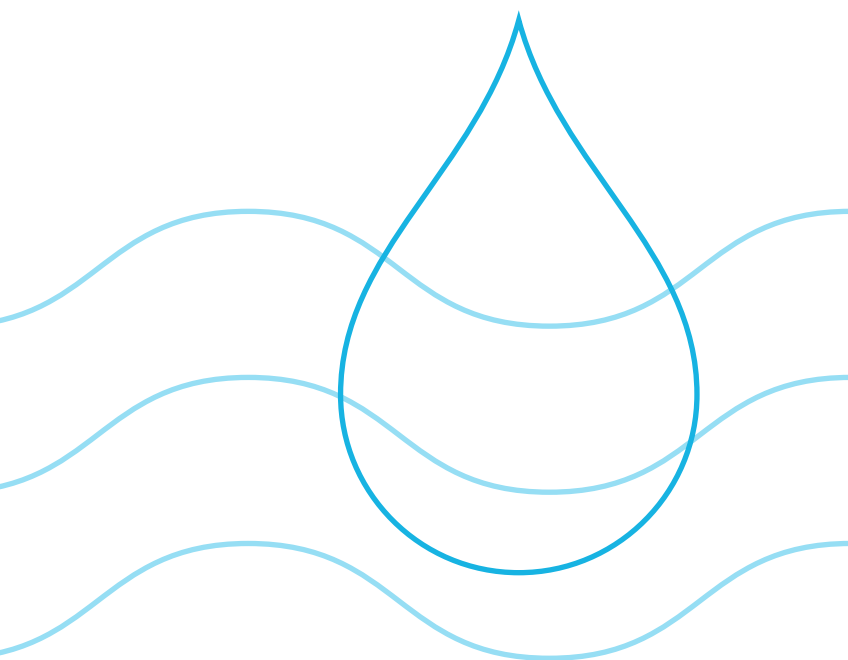
Customer complaint distribution in 2023-2025



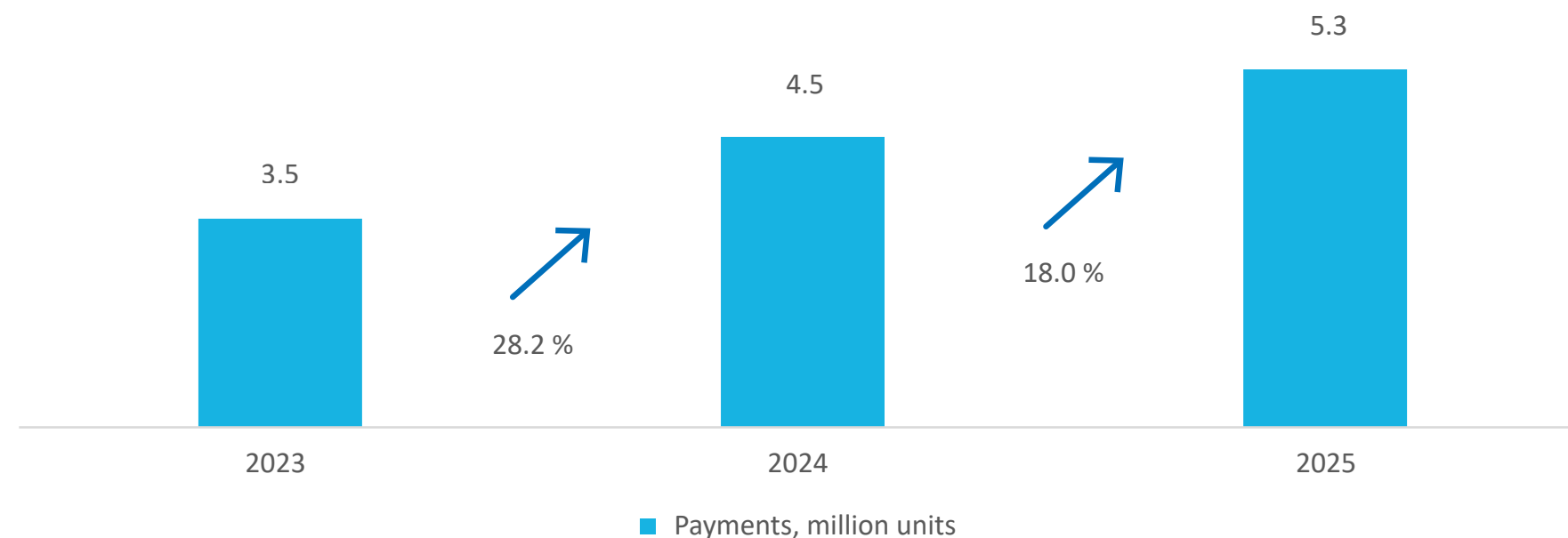
CUSTOMER SELF-SERVICE SYSTEM

In 2025, the Company placed major emphasis on introduction of user-friendly solutions, most of which involved the implementation of new information systems for financial accounting, management accounting, customer servicing, and the services provided to customers. Taking into account customer expectations, the following functionalities and system improvements were introduced to the self-service system:

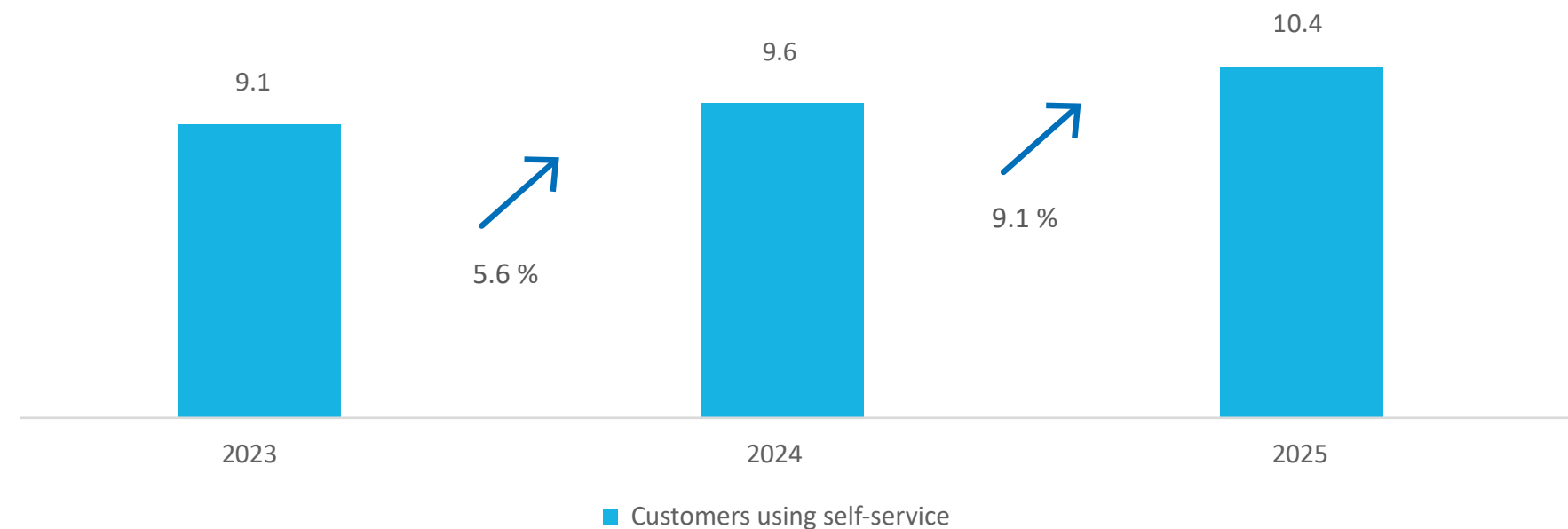
Improvements to the self-service system during the year helped increase the number of customers using the system, with a 9% increase in the number of visits compared to 2024, and an 18% increase in the number of payments for services in 2025, compared to 2024.



Change in payments for services through the self-service in 2023-2025



Change in number of customers signed-up to self-service in 2023-2025



WATER METERING DEVICES AND READING CONTROL

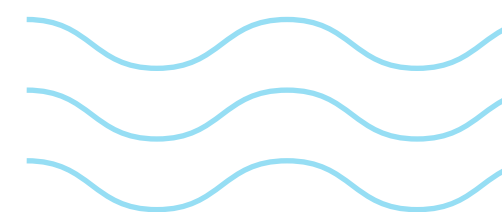
In 2025, the Company conducted 13,071 facility inspection aimed at verifying the correctness of water meter readings submitted and, in case of inaccuracies, to correct the data. Customers who do not submit their meter readings and use mechanical meters are charged and billed for services based on the average consumption during the last 12 months (average volume of consumed drinking water per capita per month during the last 12 months). In 2025, the percentage of customers who did not submit their meter readings stood at 11.49%, down from 13.64% in 2024.

In 2025, Vilniaus Vandenys maintained 377,041 water meter. The service area for these devices comprised Vilnius city and district, Nemenčinė, Pabradė, Švenčionys, Švenčionėliai, Šalčininkai ir Eišiškės. At the end of 2025, in the territory serviced by Vilniaus Vandenys, there were 95% water meters owned by the Company. As part of one of the most important strategic projects, “Installation of Smart Water Supply Network”, a total of 74,864 metering devices were replaced in 2025, of which

74,622 were smart ultrasonic meters. Since the start of the project (2023), the Company has already installed a total of 224,390 smart metering devices, or 59% of all meters in operation. Smart meters are rolled out in stages, according to the date of metrological inspection of mechanical metering devices, and their roll out will continue until all metering devices maintained by the Company are replaced with smart metering devices. The difference between smart ultrasonic meters and mechanical meters is that the smart meters remotely transmit reading to the information system, where they are collected and transmitted to the Company's internal systems, so that the Company can plan its operations more efficiently, and customers no longer have to submit their readings, as they are sent via narrowband IoT to the Company's data centre. This innovation helps to reduce water losses and locate emergencies in the internal networks of apartment buildings more quickly, and to eliminate the need for meter check, as the data is received automatically.



In 2025, smart meters were installed in the homes of every other resident of Vilnius. Since the start of the project, a total of **224,390** smart meters have been installed.



WASTEWATER CONTAMINATION CONTROL

Pollution control officers from Vilniaus Vandenys are constantly performing inspections of stationary and mobile sources of pollution. Up to 1,000 companies that discharge industrial wastewater into the company's sewer system are inspected each year. In 2025, a total of 2,216 inspections were conducted to check the level of contamination of wastewater discharged into the Company's networks. A total of 2,311 samples were collected during the inspections, of which 236 were collected from wastewater carriers providing wastewater collection and transport services to customers not connected to district networks. The sample analyses identified 1,008 cases of above-normal contamination, resulting in a 7.5% increase in the volume of polluted wastewater recorded compared to 2024.

In 2025, Vilniaus Vandenys carried out 217 non-routine wastewater contamination control checks. The majority of non-routine checks consisted of commercial requests, as well as customer

enquiries declaring the implementation of pollution reduction measures and requesting a re-checks of wastewater contamination levels. If the pollution discharged by customers into the Company's wastewater networks was found to be within the standards, the fee was recalculated accordingly. As part of the active wastewater contamination control efforts, in 2025, the Company collected EUR 2.39 million of charges on the increased and specific emission loads from companies and carriers.

The total amount of pollutants entering the treatment plant in 2025 was 16% higher than in 2024. Focused efforts to identify pollution sources not only enabled to account for more polluted wastewater but also increased revenue by 28.3% compared to 2024. This proves the effectiveness of wastewater pollution controls, ensuring that only wastewater within permissible pollution limits enters the treatment plant, which the Company's infrastructure is capable of treating.



CONNECTING NEW CUSTOMERS TO THE WATER SUPPLY AND WASTEWATER NETWORKS

In 2025, the Company focused its efforts on ensuring higher service quality and faster delivery times for its customers. In 2025, the total time of new customer connection, excluding the duration of the actions to be carried out by the customer himself, was reduced by 1% compared to 2024, i.e. by 0.1 calendar day to 13.3 calendar days.

The project coordination and connection conditions' issuance time was successfully reduced by 6%, despite a 19% increase in the volume of requests for the issuance of connection conditions and a 4% increase in the number of requests for project coordination compared to 2024.

To improve the experience of connecting new customers to the Vilniaus Vandenys' network, the New Customer Connection Process was further streamlined in 2025, resulting in the following achievements:

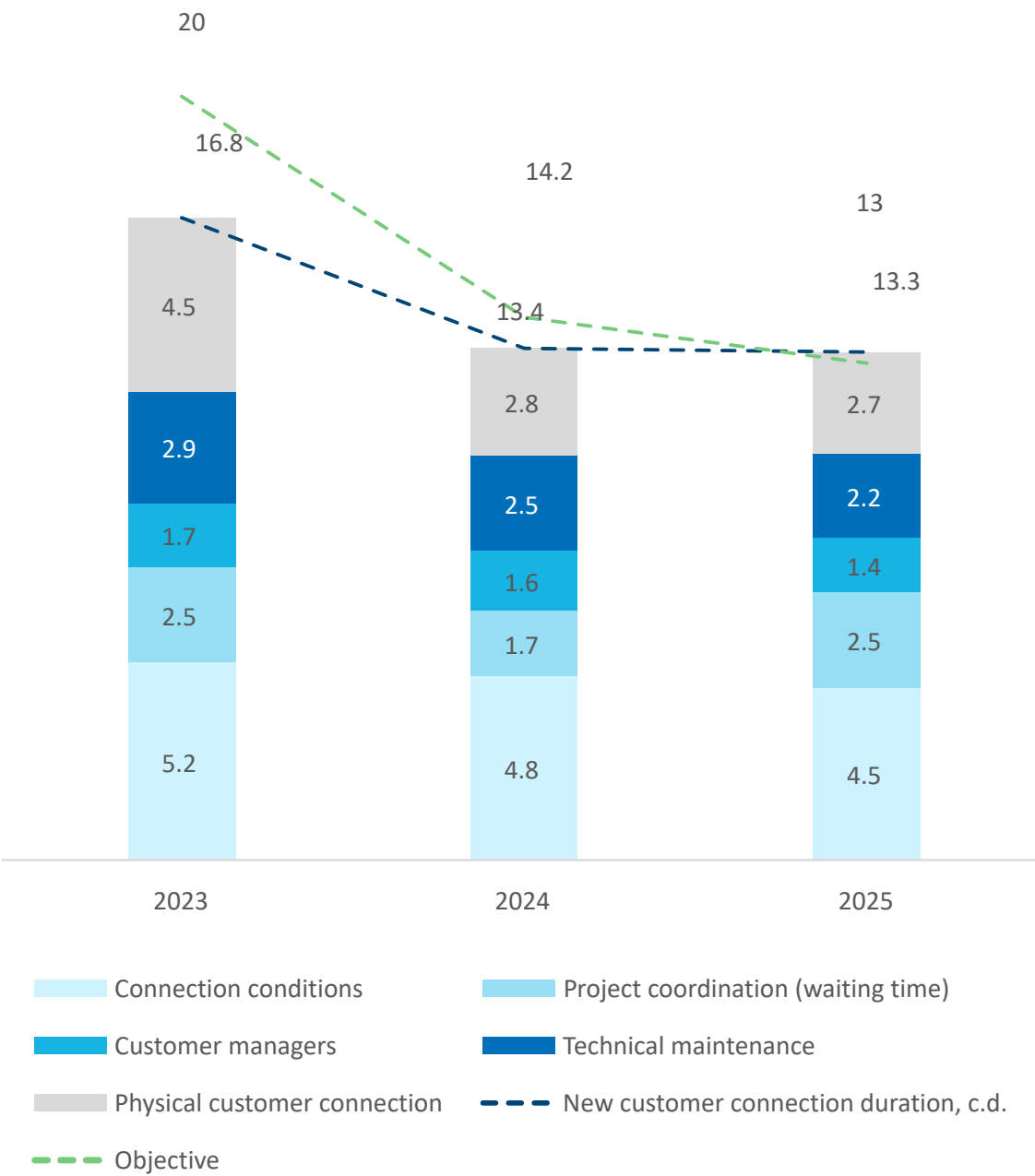
- The waiting time for the specialist employees of Vilniaus Vandenys reduced: maintenance engineers arrived

at calls 12% faster and connection teams arrived in 6% less time compared to 2024.

- The time required to issue connection conditions was reduced to 4.5 calendar days (2024: 4.8 calendar days). Call out for the Company's specialist employees to accept works and connect to the network was arranged during the first contact via telephone

Effective management of customer expectations and the reduction in the duration of certain connection process stages have led to an increase in new customer satisfaction scores. In 2025, Vilniaus Vandenys conducted the New Customer Connection Survey to measure the experience of a new customer when connecting to the Company's networks. The survey identifies, in real time, problem areas for customers that require improvement. In 2025, customer ratings were particularly high—9.67 out of a possible 10—and rose by 0.1 points compared to 2024.

Dynamics of new customer connection time in 2023-2025, in calendar days



BASKET OF SERVICES

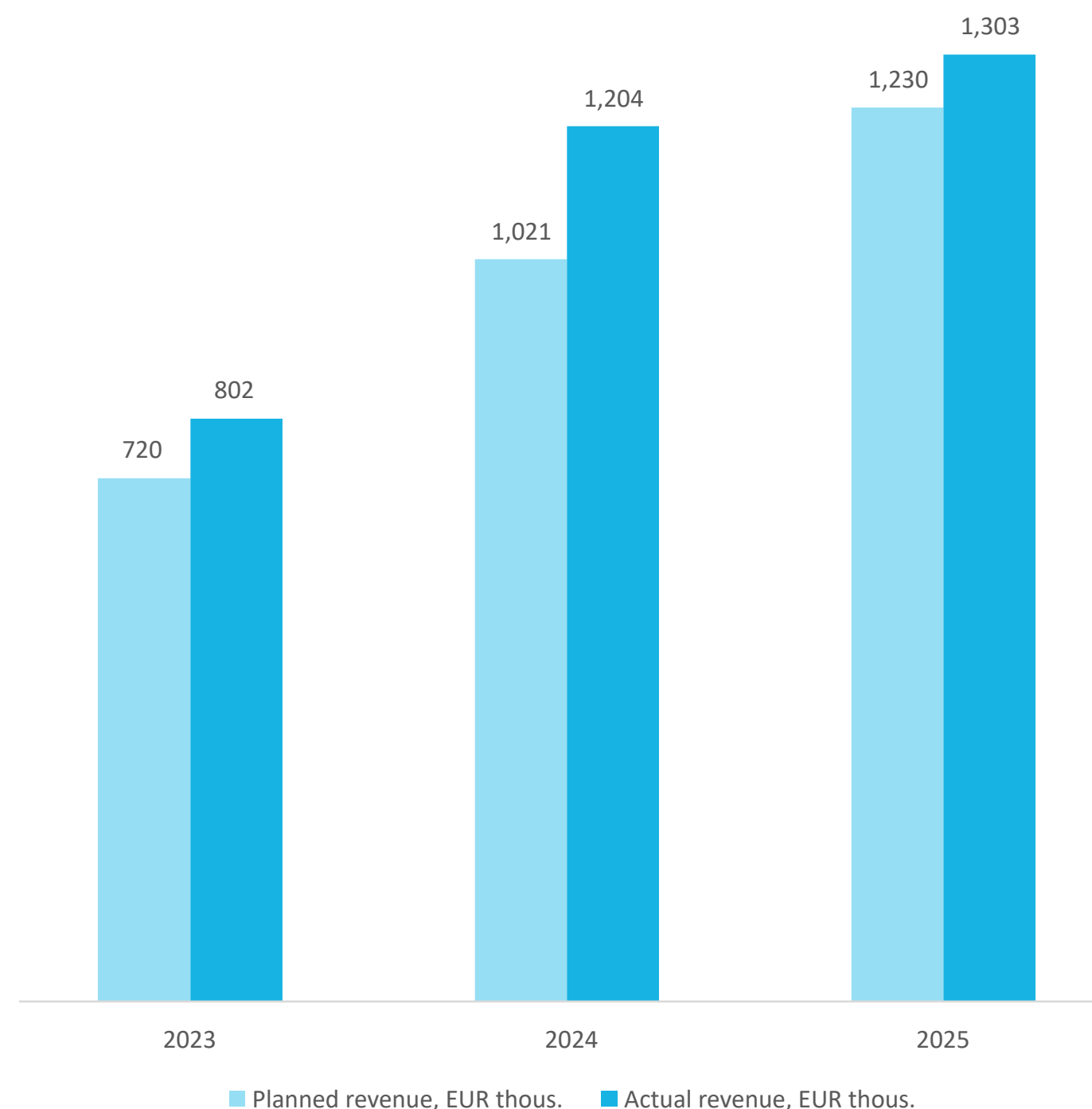
Vilniaus Vandenys offers a wide range of additional services to existing and new customers. In 2025, the Company's package of commercial services offered to private and corporate customers consisted of:

- Design of water supply and wastewater networks.
- Installation of water supply and wastewater networks.
- Preparation of a control geodesic picture.
- Water delivery.
- Wastewater transport with/without flushing.
- Hydraulic testing and disinfection of water supply networks and tanks.
- Additional works in networks.
- TV diagnostics of wastewater networks.
- Water testing.
- Wastewater, ground water, sludge and soil testing.

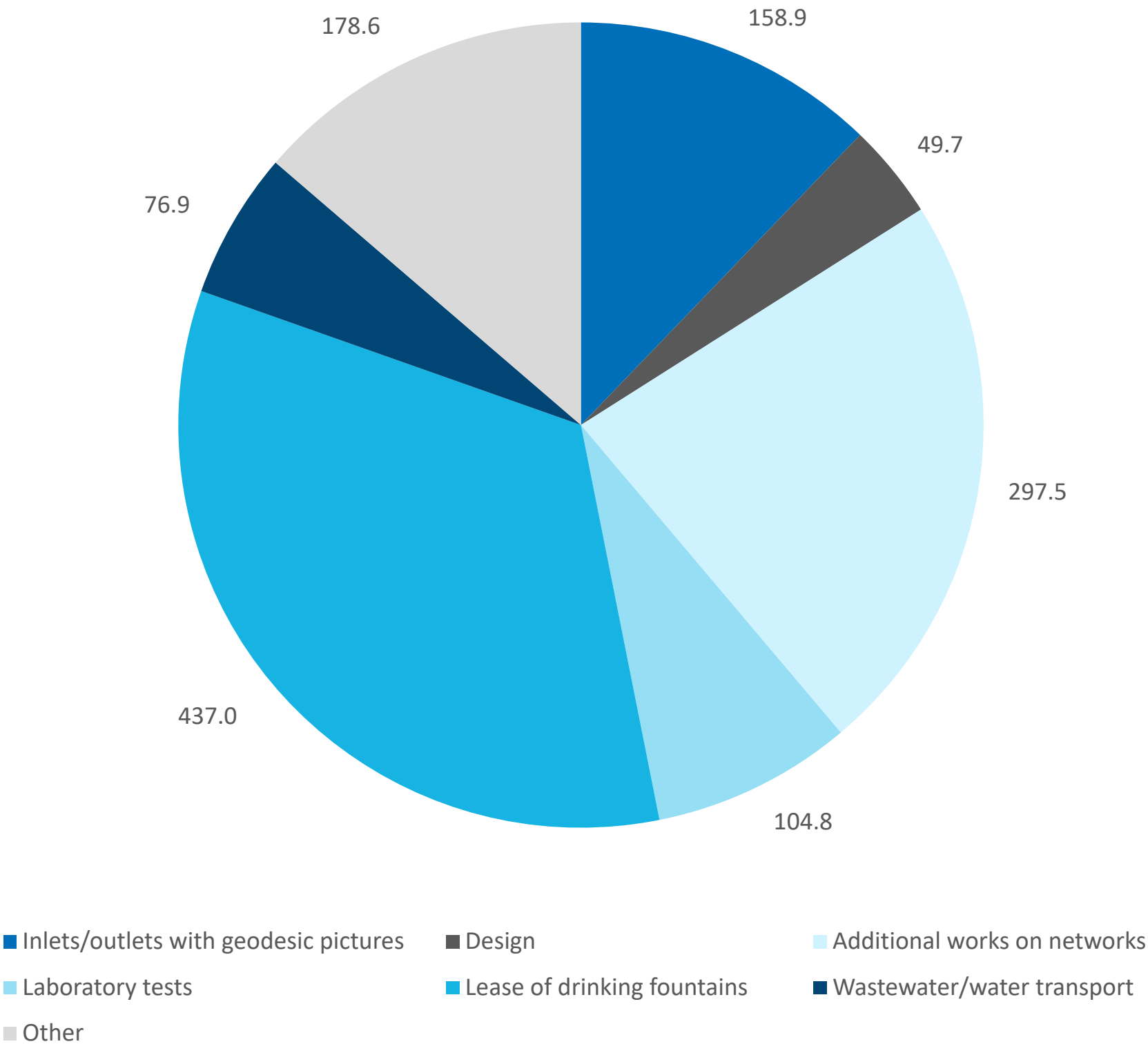
- Transmission of water meter readings collected remotely.
- Non-routine metrological inspection of drinking water meters
- Drinking water disconnection.
- Lease of mobile columns-drinking fountains.
- Lease of fog system.
- Lease of outdoor columns-drinking fountains.
- Lease of indoor columns-drinking fountains.

The basket of additional services is constantly being expanded and improved to meet our customers' needs. In 2025, five commercial services were updated: hydraulic testing and disinfection, non-routine metrological inspections of drinking water meters, TV diagnostics of wastewater networks, additional work on networks and design, water supply/wastewater network installation, and geodesic picture services.

Company's income from commercial services in 2023-2025, EUR thousand EUR



Breakdown of the Company’s revenue from commercial services in 2025, in thousand EUR



The Company conducts surveys of customers who order commercial services to understand their opinion and expectations, and to ensure a high quality of services. It provides a real time guidance on a customer’s experience with a particular service and prospects for its improvement. All this enables Vilniaus Vandenys to respond promptly and to adapt to customers’ needs. The overall annual rating of the Company’s auxiliary services offered in 2025 was 9.6 (out of a possible 10), i.e. the same as in 2024

The revenue from the basket of services is diversified, which minimises dependence on one or more services and reduces financial risk, while ensuring stability of revenue even in times of market volatility or seasonal changes. A wide range of services enables to adapt more effectively to changing market conditions, spread risks across different activities and maintain financial stability. In addition, a wide range of services contributes to customer satisfaction: by providing a wide range of services, the Company offers solutions that respond better to the customer needs.

The background image is a blurred office scene. In the foreground, a desk holds a pen, a calculator, and some papers with colorful bar charts. In the background, two people in business attire are standing near a large window, looking out. A dark blue semi-circle is overlaid on the bottom left, containing the title text.

CORPORATE GOVERNANCE REPORT



According to the Company's Articles of Association (publicly available on the Company's website under About us/Management/Corporate Governance Documentation), the Company's governing bodies are the General Meeting of Shareholders, the Board, a collegial governing body, and the CEO, a single-person governing body. Vilnius City, Vilnius District, Švenčionys District and Šalčininkai District Municipalities are the shareholders of the Company.

In applying good governance practices, the Company is guided by Resolution No 1052 of the Government of the Republic of Lithuania of 14 July 2010 On the Approval of the Guidelines for Ensuring the Transparency of Activities of the State-owned Enterprises and Appointment of the Coordinating Authority (hereinafter the "Transparency Guidelines"). The Company publishes information on its website www.vv.lt in accordance with Chapter II of the Transparency Guidelines, and prepares and publishes reports, other documents relevant to the Company, as required by Chapter III of the Transparency Guidelines.

[The Governance Policy](#) of Vilniaus Vandenys approved by the Board sets out the Company's governance principles, defines the competences of the Company's bodies in dealing with corporate governance matters, and establishes the forms of cooperation between the governance bodies.

GENERAL MEETING OF SHAREHOLDERS, COMPANY'S BOARD AND AUDIT, RISK AND SUSTAINABILITY COMMITTEE

The General Meeting of Shareholders is the supreme management body of the Company. The General Meeting of Shareholders consists of representatives delegated by municipalities of Vilnius City (ownership interest – 86.14% as at 31 December 2025), Vilnius District (6.23%), Švenčionys District (5.81%), and Šalčininkai District (1.82%).

The general meeting of shareholders has the exclusive right to elect members of the subsidiary body and to revoke its members. In 2025, six General Meetings of Shareholders were conveyed. The rights of the General Meeting of Shareholders are prescribed by the Company's Articles of Association, which are published on the Company's website under About us > Management > Management structure. There are no special rights or voting restrictions. The Company's Board consists of 7 members elected by the General Meeting of Shareholders for a term of office of four years. The Board

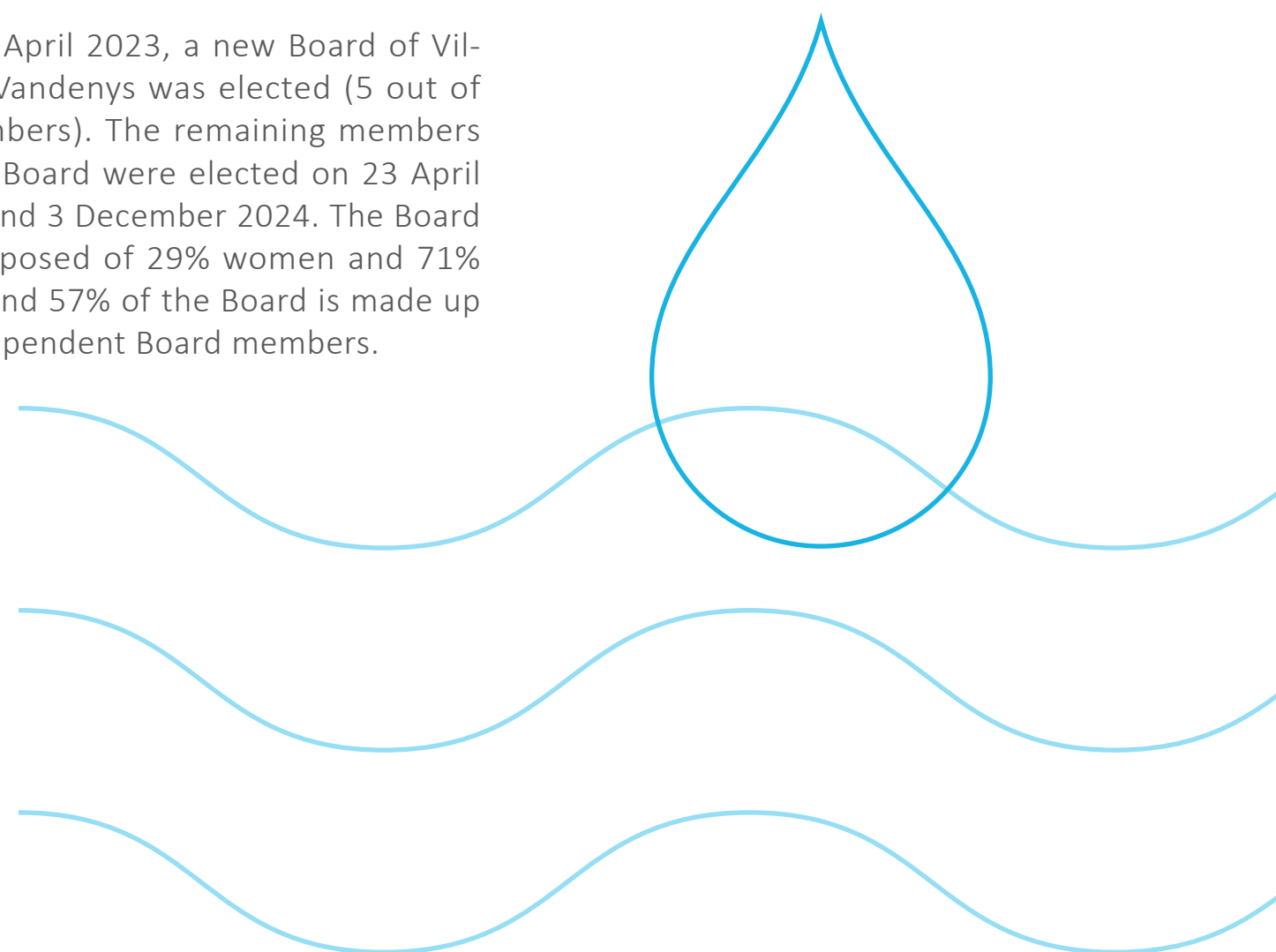
elects its Chairman from among its members.

In performing its activities, the Company's Board is guided by the Law on Companies of the Republic of Lithuania and other legal acts, the Company's Articles of Association and the Rules of Procedure of the Board (document published on the Company's website, under About Us > Management > Corporate Governance Documentation).

The general meeting of shareholders has the following core competences: the right to decide on the amendment of the Company's Articles of Association, elect members of the Management Board, elect and dismiss the audit firm, decide on the distribution of profit (loss), decide on the formation, use, reduction and elimination of reserves, decide on the increase of the issued capital and the right to make other decisions as provided for in the legal acts regulating the

competence of the General Meeting of Shareholders.

On 28 April 2023, a new Board of Vilniaus Vandenys was elected (5 out of 7 members). The remaining members of the Board were elected on 23 April 2024 and 3 December 2024. The Board is composed of 29% women and 71% men, and 57% of the Board is made up of independent Board members.





Jurgita Petrauskienė

Chair, independent member of the Board

Other positions held:

- Member of the Supervisory Board at AS Eco Baltia
- Member of the Board at Ecoservice UAB (part of Eco Baltia Group)
- Member of the Board at Vilniaus Vystymo Kompanija UAB
- Member of the Board at the Lyderė Association
- Director at ANEL UAB
- Shareholder of Green Energy projects UAB

Education:

- Vilnius Gediminas Technical University, Bachelor's degree in Transport Economics and Management
- Vilnius Gediminas Technical University, Master's degree in Business Management
- Baltic Institute of Corporate Governance, Board member education program (certificate)
- Baltic Institute of Corporate Governance, Board chair education program (certificate)
- ecoDa, European Board Diploma (certificate)



Rytis Ambrazevičius

Independent member of the Board

Other positions held:

- President at the Baltic Institute of Corporate Governance
- Member of the Board and of the Audit and Risk Committee at the European Confederation of Directors' Associations (ecoDa)

Education:

- Kaunas University of Technology, Bachelor's degree in Engineering
- Vilnius University's Vilnius International School, Master in Business Administration, International Trade, Marketing
- Baltic Institute of Corporate Governance, Board member education program (certificate)
- Baltic Institute of Corporate Governance, Board chair education program (certificate)
- Swiss Board School, University of St Gallen, Effective Direction and Control of International Companies and Organisations
- ecoDa, European Board Diploma (certificate)



Robertas Šerėnas

Independent member of the Board

Other positions held:

- UDirector at Leaners UAB
- Member of the Board at Vilniaus Viešasis Transportas UAB
- Member of the Board at Vilniaus Atliekų Sistemos Administratorius (VASA)

Education:

- Vilnius Gediminas Technical University, Bachelor's degree in Management
- Vilnius Gediminas Technical University, Master's degree in Management and Business Administration
- International Consortium for Agile (ICAgile), ICAgile Certified Professional



Vitalijus Orlovas

Independent member of the Board

Other positions held:

- Director at UAB Affidea Lietuva
- Member of the Board at Miesto Gijos AB
- Member of the Board at Association of Lithuanian Private Health Care Organisations
- Director at Medicinos Diapazonas UAB
- Director at Endemik Didmena UAB
- Director at Affidea Laboratorija UAB
- Director at Medicinos Sfera UAB

Education:

- Vilnius University's Life Sciences Centre, Bachelor's degree in Biology
- Vilnius University's Vilnius International School, Bachelor's degree in International Business Management
- Vilnius University's Vilnius International School, Master's degree in International Business Management
- The London School of Economics and Political Science (LSE), Leadership Academy Program in Health Economics
- Harvard Business School Executive Education, Leading High Performance Healthcare Organizations



Lina Koriznienė

Member of the Board

Other positions held:

- Head of Organisational Development Group at Vilnius City Municipality Administration
- Associated Professor at Vilnius University Business School
- Member of the Board at Vilniaus Vystymo Kompanija UAB
- Member of the Board at Laidojimo Paslaugų Centras UAB

Education:

- Mykolas Romeris University, Law and Management, Master in Law
- Certificate in Organizational Psychology, Psychology Academy
- Baltic Institute of Corporate Governance, Board member education program (certificate)
- Baltic Institute of Corporate Governance, Board chair education program (certificate)
- ecoDa, European Board Diploma (certificate)
- ISM University of Management and Economics, Master in Business Administration (EMBA)



Laurynas Jakubauskas

Member of the Board

Other positions held:

- Head of the Service Division at Vilnius City Municipality
- Member of the Board at Dzūkijos Vandenys UAB

Education:

- Vilnius University, Bachelor's degree in Business Management and Administration
- ISM University of Management and Economics, Executive MBA degree



Vytautas Palevičius

Member of the Board

Other positions held:

- Senior Advisor to Vilnius District Municipality Administration
- Member of the Regional Advisory Committee at VAATC UAB
- Member of the Board at VŠĮ FK TransINVEST

Education:

- Vilnius Gediminas Technical University, Bachelor's degree in Civil Engineering
- Vilnius Gediminas Technical University, Master's degree in Urban Engineering Information Systems
- Vilnius Gediminas Technical University, PhD in Technological Sciences
- Vilnius Gediminas Technical University, Technological Sciences, title of Associate Professor (Certificate of Associated Professor)

down by the Law on the Adjustment of Public and Private Interests of the Republic of Lithuania.

Candidates for independent board members meet the independence criteria established in the Description of Selection of the Candidates for the Collegial Supervisory or Management Body of a State or Municipal Enterprise, a State-Owned or Municipally-Owned Company or its Subsidiary approved under the Resolution No 631 of the Government of the Republic of Lithuania of 17 June 2015.

The elected Board members are engaged in the governance of the Company in accordance with the [Board Set-Up and Board Member Engagement Policy](#), which is aimed at providing a new Board member with all the necessary information about the Company to enable the member to take-up his/her duties promptly and effectively from the moment of election, and defining the key principles and recommendations for the engagement of the Company and the existing Board in the process of selecting a new Board, or an individual Board member.

The key competences of the Board: elect and remove the Company's Chief Executive Officer; decide on the appointment and dismissal of the Company's head of internal audit, the setting of the remuneration of the head of internal audit, the approval of the internal audit work plan; consider and approve the Company's business strategy, the Company's objectives and indicators, the Company's management structure and the job positions of its employees, the Company's management report, the agenda for the Company shareholders' meeting and the draft resolutions on the agenda, the Company's policies and codes; analyse and evaluate the organisation of the Company's activities, its financial position, information on the progress of the Company's business strategy, and carry out other functions established in the legal acts.

The Board has formed an Audit, Risk and Sustainability Committee from among its members by appointing three independent members of the Board.

Board attendance in 2025

Member	Number of meetings*
Rytis Ambrazevičius	17/17
Robertas Šerėnas	17/17
Jurgita Petrauskienė	17/17
Vitalijus Orlovas	12/17
Lina Koriznienė	17/17
Laurynas Jakubauskas	16/17
Vytautas Palevičius	17/17

* Actual attendance/number of meetings to be attended by a member of the Board

SUMMARY OF BOARD'S ACTIVITY REPORT FOR 2025

In 2025, 17 meetings of the Board took place in the Company.

The Board has implemented all the measures provided for in the Preliminary Action Plan 2025:

1. Setting and approval of the Company's long-term business strategy for 2026-2035.
2. Consideration of the Company's operational objectives.
3. Consideration and approval of the Company's annual budget;
4. Monitoring the implementation of the Company's Plan of Risk Management Measures and approval.
5. Analysis and evaluation of the Company's management report, profit/loss distribution project and submission to the General Meeting of Shareholders together with feedback and proposals thereon and the Company's management report.
6. Monitoring the implementation of the Company's most important ongoing projects.
7. Supervision and control of implementation of policies approved by the Board, supervision and control of implementation of other documents approved by the Board. Approval of policies.
8. Review of the Company's organizational structure.
9. Approval of procurement and monitoring of the procurement process parameters.
10. Monitoring of the Company's business strategy, performance plan and financial indicators.
11. Monitoring of the activities of the Audit, Risk and Sustainability Committee.
12. Monitoring the implementation of internal audit activities and recommendations.
13. Review and approval of the annual internal audit plan.

The monthly remuneration of the members of the Board is set as follows: the monthly remuneration of a civil servant serving as a member of the Board of Vilniaus Vandenys amounts to 1/4 of the average monthly remuneration set

for the CEO of Vilniaus Vandenys; the monthly remuneration of an independent member of the Board serving as a member of the Board of Vilniaus Vandenys amounts to 1/3 of the average monthly remuneration set for the CEO of Vilniaus Vandenys.

Estimated remuneration of the members of the Board during 2023-2025 for carrying out duties as the members of the Board

Board member*	Date of signature of the Board Member Agreement	Remuneration in 2025, EUR
Rytis Ambrazevičius	28/04/2023	64,326.00
Jurgita Petrauskienė	28/04/2023	64,326.00
Robertas Šerėnas	28/04/2023	64,326.00
Vitalijus Orlovas	28/04/2023	64,326.00
Lina Koriznienė	28/04/2023	48,244.50
Laurynas Jakubauskas	23/04/2023	48,244.50
Vytautas Palevičius	03/12/2024	48,244.50
		402,037.50

The members of the Board who are civil servants were not paid remuneration for carrying out duties as the members of the Board. Remuneration (before taxes) for carrying out duties as the member of the Board was paid to the relevant municipalities until 04/08/2022. As from 05/08/2022, civil servants receive remuneration in person in accordance with the amended Resolution of the Government of the Republic of Lithuania "On approval of the description of the procedure for payment of remuneration to members of collegial bodies of state and municipally owned enterprises".

BOARD-APPROVED COMPANY'S OPERATIONAL POLICIES

In carrying out its activities and implementing the objectives raised by the shareholders, the Company has established the basic operating principles and rules applicable in certain areas, which are defined in the Company's policies. All together they contribute to consistent and transparent operation of the Company, targeted and operational workforce and successful implementation of projects providing benefits to its customers and wider society.

Taking into account adopted policies in force, the Company's internal processes are continuously reviewed and improved, the policy implementation is being monitored, i.e. the Company's Management Council, Audit, Risk and Sustainability Committee and the Board are periodically made aware of matters relating to implementation of policies.



Company's policies approved by the Board and effective in 2025

Company's operational policy	Policy objective	Policy implementation in 2025
Vilniaus Vandenys' Occupational Health and Safety Policy (updated on 21/10/2025) Darbuotoju-saugos-ir-sveikatos-nulines-tolerancijos-nelaimingiams-atsitikimams-darbe-politika.pdf (vv.lt)	The Policy is intended to ensure safe and healthy working conditions for employees in their workplaces, to prevent work-related injuries and occupational diseases of employees and to develop a global culture of fostering a safe and healthy environment in the Company, obliging every employee to pursue and contribute to this.	In 2025, the Policy implementation involved the following: - Increased attention was paid to training and incident prevention: 1427 employees were trained, 116 of whom received practical training (the number of participants is not unique, as an employee may have attended more than one training session). - Implemented electronic Assignment Authorisation system for organisation of hazardous work. - All incidents and accidents are promptly investigated to determine the root cause of the incidents and prevent them from recurring. - Implementing a mobile workplace monitoring system improves control over how work is organised and executed. - Adopting the Last-Minute Risk Assessment approach improves the identification of risks and decision-making processes starting tasks. - Consistently reviewing and standardising processes strengthens efforts to create a safe working environment.
Vilniaus Vandenys UAB' Policy for the Management of Transactions with Related Parties (approved on 18/03/2025) Sandorių su susijusiomis šalimis valdymo politika.pdf (vv.lt)	The Policy is intended to govern the procedures for concluding, supervising and disclosing the Company's transactions with related parties, which would allow to properly assess the information provided by the Company in the financial statements and other reports, as well as conflicts of interest related to such transactions, and minimize the potential adverse effect of such transactions on the Company and its shareholders and parties unrelated to the transaction.	In 2025, the Policy was implemented in accordance with international accounting standards: IAS 1 Presentation of Financial Statements, IAS 24 Related Party Disclosures, and the Law on Financial Statements of Entities of the Republic of Lithuania. As part of this Policy, related party relationships and transactions are identified at the reporting date and disclosed in the notes to the financial statements.
Vilniaus Vandenys UAB' Sustainability Policy (approved on 29/10/2024) Tvarumo politika.pdf (vv.lt)	The Policy is intended to set out the sustainability principles and guidelines for Vilniaus Vandenys UAB, which will guide the design and development of sustainable operations.	In 2025, the Sustainability Policy implementation involved the following: - Preparing a methane leakage plan to manage Scope 1 GHG emissions. - Ensuring training on sustainability for all employees. In 2025, three training sessions were held—for the Company's Board members, management, and all employees. - The Sustainability Statement for 2024 was audited in accordance with the highest ESRS requirements. Assessment of compliance with the EU Taxonomy Regulation.

Company's operational policy	Policy objective	Policy implementation in 2025
Vilniaus Vandenys' Policy for Creating Corruption-Resilient Environment (updated on 21/10/2025) KORUPCIJAI-ATSPARIOS-APLINKOS-KURIMO-POLITIKA.docx	The Policy is designed to ensure the transparent and effective operation of the Company in accordance with the highest standards of reliability, integrity, transparency, and business conduct accepted by society, identify, manage, and mitigate corruption risks; establish an effective system for creating a corruption-resilient environment; and define the principles and obligations, entities, and their responsibilities for creating such an environment.	In 2025, the Policy implementation involved the following: • Updating Code of Ethics. • Updating the Company's Conflict of Interest Management Policy. • Preparing the Corruption Prevention Action Plan for 2026–2028. • Paying close attention to public procurement procedures: assessing the legal framework, incorporating public procurement-related corruption risks into the Company's risk register, and monitoring relevant indicators. • Monitoring the declaration of private interests and the adjustment of public and private interests: four board members and one employee recused themselves from the preparation, consideration, or adoption of decisions, and four written preliminary recommendations regarding recusals were issued. • Ensuring greater anti-corruption awareness among board members, managers, and employees by organising training sessions. • Ensuring that the personnel hired to fill positions within the Company are reliable. • Updating the procedure for recording and evaluating the Company's (un) legitimate gifts, recording 12 (un)legitimate gifts received, five given, and one rejected in the Gift Register. • Submitting one lobbyist transparency declaration to the Information System of Transparent Legislative Processes skaidris.vtek.lt. Updating the information on the Company's measures to create a corruption-proof environment, presented in the section on the Company's website "Creating a Corruption-Resilient Environment in the Company".
Vilniaus Vandenys' Compliance Policy (updated on 11/04/2024) Atitikties užtikrinimo politika.pdf (vv.lt)	This Policy is set to establish the compliance guidelines and direction, to define the compliance objectives, key principles, parts (components) and participants of the compliance system, and their functions and responsibilities, ensuring that all employees and stakeholders comply with applicable laws, rules, standards and internal regulations, promoting transparency, accountability and trust both within the Company and among stakeholders, contributing to the long-term success and sustainability of the business.	In 2025, the aim was to ensure compliance with the principles set forth in the policy: • Non-compliances are recorded and addressed in an updated centralised register, with the main objective of identifying and addressing the causes. • Compliance is part of the Company's business processes: it is assessed across all processes, continuously improved and enhanced. • Compliance is ensured though the Three Lines Model and the four-eyes principle. The Company's compliance is arranged in such a way that the resources allocated in a particular area are adequate to the risks arising and are directed first to the most important and priority areas. Vilniaus Vandenys' Annual Plan for Checking Compliance with the Legislative Requirements in 2025 was approved, with compliance checks being completed.

Company's operational policy	Policy objective	Policy implementation in 2025
Vilniaus vandenys UAB's Project Management Policy (updated on 23/01/2025) Projektu-valdymo-politika-2025-01-23.pdf	This Policy is aimed at standardising the Company's project management principles, ensuring effective monitoring and control of the projects implemented, timely decision-making and implementation of projects within the set time limits and budget, and achieving economic or other benefits.	In 2025, the Policy implementation involved the following: - Building the Company's project portfolio of 38 projects for 2025, conducting continuous monitoring of and reporting on the project portfolio performance to the Board for information. The portfolio implementation rate in 2025 was 94%. - Implementing policy updates by clarifying the project owner's key roles and responsibilities, adding the responsibility for evaluating project benefits, and removing the requirement to prepare a project initiation template. - The Policy's list of relevant external and internal legislation was also brought up to date.
Vilniaus Vandenys UAB' Human Resource Management Policy (updated on 21/11/2024) Personalo-valdymo-politika.pdf (vv.lt)	The Policy is intended to define the objectives and general principles guiding the Company in the field of people management by designing, maintaining and continuously improving the value and governance-based organization to ensure the implementation of strategic directions while maintaining sustainable key performance and efficiency indicators.	In 2025, the Policy implementation involved the following: - Updating the staffing table. - Updating the Company's remuneration bands. - Extending the Collective Agreement. - Performing annual review of employee remuneration. - Expanding recruitment channels. - Signing agreements with high schools to implement apprenticeships. - Expanding package of additional benefits for employees. - Updating the Values Game designed to bring values to life and apply them in everyday activities. - Joining the Equal Opportunity Wings, implemented by the Office of the Equal Opportunities Ombudsman, and earning three equal opportunities wings.
Vilniaus Vandenys UAB' Abuse and Harassment Prevention Policy (approved on 17/08/2023) Smurto-ir-priekabiavimo-politika.pdf (vv.lt)	The Policy is intended to ensure active involvement of the Company's employees in creating a friendly and human dignity respecting working environment that ensures equality and non-discrimination, to provide and implement effective prevention measures, and to help employees to understand the potential manifestations of abuse and harassment in the workplace, to recognise their signs and to be aware of the legal remedies.	In 2025, the Policy implementation involved the following: Organising various training sessions for employees on the risks of abuse and harassment and prevention measures.
Vilniaus Vandenys UAB's Supplier Code of Conduct (updated on 29/10/2024) Tiekejy-elgesio-kodeksas.pdf (vv.lt)	The Code is intended to define the general conduct of suppliers of Vilniaus Vandenys, the observance of which creates the preconditions and conditions for the implementation of the highest standards of responsible business conduct in the socially responsible supply chain (from raw materials to settlement). By implementing the provisions of this code, the Company ensures that its suppliers are committed to environmental sustainability, human rights, occupational safety and sustainable business conduct.	In 2025, the provisions of the Code were implemented by: - Setting environmental and sustainability requirements for providers in the Company's procurement procedures. - Communicating the rules on conflicts of interest management of Vilniaus Vandenys UAB, advising partners on compliance with occupational health and safety requirements in their work and verifying their compliance.

Company's operational policy	Policy objective	Policy implementation in 2025
Vilniaus Vandenys UAB' Code of Ethics (updated on 12/06/2025) VTA-I25-103.pdf	The Code is intended to establish fundamental ethical standards, principles of conduct, and values; the obligations of the board members and employees, with the aim of creating an ethical, responsible, and transparent work environment, fostering trust among colleagues, stakeholders, and shaping a positive public perception of the Company; as well as to establish procedures for reporting and investigating ethical violations and define responsibilities.	In 2025, the provisions of the Code were implemented by: • Describe examples of potential corruption-related risks. • Communicating the updated values and principles of conduct to employees, along with guidance on how to report violations of the code of ethics.
Vilniaus Vandenys' Budget and Financial Accounting Guidelines (updated on 15/02/2024) Biudzeto-ir-finansines-apskaitos-gaires.pdf (vv.lt)	The Policy is intended to establish guidelines for Vilniaus Vandenys to maintain open, honest and constructive dialogue with stakeholders and to regularly submit reports on financial and non-financial activities, and to plan, control and use the Company's financial resources in rational manner.	In 2025, the Policy implementation involved the following: • The annual financial statements prepared for the year ended 31 December 2024 present fairly, in all material respects, the financial position of the Company as at 31 December 2024 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union. • The updated long-term business strategy for 2026-2035 was approved by the Board at its meeting in December 2025. • The Operational and Development Plan for 2023-2027 was updated in Q2 2025 and approved by the Board. • In 2025, budget execution reports were submitted to the Management Council, presented to the Audit, Risk and Sustainability Committee, and budget execution indicators were presented to the Board. • The budget approved by the Board for 2025 was executed.
Vilniaus Vandenys' Confidential Information Management Policy (updated on 22/08/2024) KONFIDENCIALIOS-INFORMACIJOS-VALDYMO-POLITIKA.docx	The Policy is intended to establish a system for the identification, use and protection of confidential information, ensure the protection of information by establishing principles of confidential information protection, concepts used in the Policy and other documents ensuring the protection of confidential information, the system of management of information protection	In 2025, the Policy implementation involved the following: • Conducting 43 periodic inspections under the Clean Desk and Screen Policy. • Organising GDPR e-training for employees. • Organising five different training on cyber security. • Conducting social engineering testing in 15 different scenarios. • Performing two periodic access rights checks. • Signing 154 non-disclosure agreements. • Assessing whether the Company's practice of using employee photos complies with GDPR and relevant national legislation. • Verifying compliance with the Customer Identification Rules followed by the Customer Service Department. • Reviewing the folders labelled "Public" on the Company's internal drive to ensure personal data storage compliance with GDPR. • Reviewing video camera coverage of areas, premises, or facilities and its compliance with GDPR. • Verifying a third-party (data processors) compliance with the measures in place to ensure the security of personal data.

Company's operational policy	Policy objective	Policy implementation in 2025
Vilniaus Vandenys' Personal Data Processing and Security Policy (updated on 11/09/2024) Politika_VTA-I24-214-1.pdf	The Policy is intended to ensure the security and proper processing of personal data and the Company's compliance with the provisions of GDPR, the law and other regulations laying down the requirements for personal data processing and security, and to establish transparent and clear guidelines, responsibilities and accountability.	In 2025, the Policy implementation involved the following: • Approving Vilniaus Vandenys' Annual Plan for Compliance with Personal Data Security Requirements in 2025 and conducting personal data security checks. • Organising training sessions for employees on personal data protection, and conducting employee awareness-raising activities.
Vilniaus vandenys' Policy for Operation of Infrastructure and Development Planning (updated on 21/06/2023) Infrastruktūros-eksploatavimo-ir-pletros-planavimo-politika.pdf (vv.lt)	This Policy is designed to develop guidelines for the efficient management of infrastructure in order to ensure the safe and uninterrupted provision of services.	In 2025, the Policy implementation involved the following: • Rating the status of the existing infrastructure in an asset management system (AMS) for drawing up investment plans for infrastructure reconstruction/modernisation.
Vilniaus Vandenys' Public Procurement Policy (updated on 25/02/2025) Viesuju-pirkimu-politika-2022-1.pdf (vv.lt)	The Policy aims at establishing the basic mandatory guidelines for the organising and conducting public procurement in the Company in accordance with the law and other regulations, and achieving the Company's strategic goals.	In 2025, the Policy implementation involved the following: • Increasing efficiency and standardization of the procurement process. • Conducting transaction screening to ensure compliance with the requirements for infrastructure of strategic importance. • The application of the price-quality criterion resulted in 87.59% of the total value of purchases based on price-quality ratio. • Selecting and thoroughly verifying 20 public procurement contracts based on materiality criteria to ensure preventive procurement contract performance controls.
Vilniaus Vandenys UAB' Quality Management Policy (updated on 11/04/2024) Kokybes-vadybos-politika.pdf (vv.lt)	The Policy defines the purpose, principles and responsibilities of the Company's quality management to ensure the proper functioning of the quality management system.	In 2025, the Policy implementation involved the following: • In 2025, the Company continued to develop the Culture of Continuous Improvement based on the Toyota Kata management system. • On a periodic basis, the Company sets objectives and targets delivering on the principles of quality management, delegated from the top management to each employee and reflected in their annual goals. Annual goals for all employees were set in Q1 2025 and reviewed from July to August, and their performance will be assessed in Q1 2026. • Conducting the ISO 9001, 14001 and 45001 audit in December 2025, which found the management system to be fully effective according to the requirements of the standard. • Updating 51 process documents during 2025.

Company’s operational policy	Policy objective	Policy implementation in 2025
Vilniaus Vandenys’ Environmental Protection Policy (updated on 23/01/2025) Aplinkos-apsaugos-politika.pdf (vv.lt)	The Policy defines the purpose, principles and responsibilities of the Company’s environmental protection to ensure the proper functioning of the environmental protection system.	In 2025, the Policy implementation involved the following: • Following the inspections, the controlling institutions issued conclusions on the conformity of the Company’s activities with the established requirements , i.e. that compliance is ensured. • Following the external audit of the Company’s management system against the requirements of ISO 14001:2015, a summary assessment was obtained confirming effectiveness of the Company’s management system and compliance with the applicable requirements. • By focusing on improving the efficiency of the wastewater treatment process, in 2025, emissions into the environment were reduced by ~112 t. • The Company observed the principles set out in the Policy, and its decisions consistently reduced negative environmental impacts.
Vilniaus Vandenys’ Risk Management Policy (updated on 18/03/2025) Riziky valdymo politika.pdf (vv.lt)	The Policy is aimed at defining the principles and responsibilities of the Company’s risk management, and maintaining a unified risk management system.	In 2025, the Policy implementation involved the following: • In March 2025, the Risk Management Policy was updated to include a risk appetite statement. • The Company’s annual risk assessment completed. During this stage of the process, changes in external and internal factors, the weakest links between processes were analysed by taking into account complaints/ service interruptions/incidents that have been recorded in recent years, as well as anticipated future developments. • Process risk assessment completed. In October 2025, the Company’s Board approved the Company’s risk assessment and Plan of Risk Management Measures for 2026. • At the end of 2025, the risk assessment was further aligned with ISO 27001 requirements prior to the certification audit. • An external risk management process maturity assessment was conducted in the summer of 2025. Quarterly monitoring of the Plan on Risk Management Measures is communicated to both the Management Council and the Audit, Risk and Sustainability Committee. • A report on Key Risk Indicators (KRI) is submitted to management on a monthly basis.

Company's operational policy	Policy objective	Policy implementation in 2025
Vilniaus Vandenys' Information Security Policy (updated on 21/10/2025) Informacijos saugumo politika.pdf (vv.lt)	The Policy is aimed at establishing the principles of the Company's information security management, identifying effective directions for ensuring security to manage information security risks, and to ensure compliance with the NIS2 Directive and other the EU and Lithuanian legislation.	In 2025, the Policy implementation involved the following: • Appointing a Cyber Security Officer. • Attending the national cyber security exercises PhishEx and TrustEx of the Cyber Shield 2025. • Conducting an independent information security risk assessment, involving the re-assessment of risks for 2024. • The courses for employees and members of collegial bodies on the NCSC e-learning platform, with certificates obtained: "Cyber Hygiene at Work" – 411; "Cyber Hygiene at Home" – 422; "Cyber Hygiene for Organizational Leaders" – 38. • A total of 300 employees and members of collegial bodies completed the basic cybersecurity training and received certificates. • In preparation for the ISO 27001:2022 certification audit, conducting the ISMS training for members of the ISVS working group, internal auditors, top management, and members of collegial bodies. • Preparing and implementing a communication plan for internal cybersecurity. • Sharing best practices with SOE and MOE; delivering seven presentations to external audiences. Social engineering campaigns were conducted using different methods: phishing, vishing, smishing. All employees and the Board members of the Company took part in the tests.
Vilniaus Vandenys' Innovation Policy (updated on 19/03/2024) Inovaciju-politika.pdf (vv.lt)	The Policy is aimed at setting the innovation direction and guidelines to follow when establishing and developing innovative activities of UAB Vilniaus Vandenys, and defining the functional roles and responsibilities of the persons involved in innovation processes.	In 2025, the Policy implementation involved the following: • The Company approved new projects for the investments into innovations totalling more than EUR 2 million. • Investments in technological innovation amounted totalled around EUR 10 million and accounted for about 15% of total sales revenue. • Conducting pilot projects: reagents to improve wastewater treatment processes, pipe flushing using controlled pressure, AI tools to ensure workplace safety, etc.
UAB Vilniaus Vandenys' Dividend Policy (updated on 29/10/2024) Dividendu-politika.pdf (vv.lt)	The aim of the Policy is to have a clear dividend calculation mechanism, to maintain the balance between the shareholders' goal to maximise returns and the Company's sustainable grow, ensuring the implementation of set strategic goals and the provision of services of the highest quality and of optimal price.	In 2025, the following were undertaken: • Pursuant to the provisions of the Policy, in 2025 the Company paid EUR 600,000 in dividends to its shareholders for 2024: • 86% to the Vilnius City Municipality Administration; • 6% to the Vilnius District Municipality Administration; • 6% to the Švenčionys District Municipality Administration; • 2% to the Šalčininkai District Municipality Administration;

Company's operational policy	Policy objective	Policy implementation in 2025
Vilniaus Vandenys' Governance Policy (updated on 11/09/2024) Valdysenos-politika.pdf (vv.lt)	The Policy is intended to set out the principles of governance, to define the competence of the Company's bodies in dealing with corporate governance matters in accordance with the Lithuanian legislation, the Company's internal legislation and the good governance practices, to achieve the Company's sustainable objectives.	In 2025, the Policy implementation involved the following: • In 2025, sessions to update the Company's strategy were held and attended by the Board members. • In 2025, meetings were held between the Company's Board and management and shareholders to present the Company's activities and discuss shareholders' expectations. • Conducting the annual Board self-assessment to identify areas for improvement and agree actions for the Board's performance improvement. • In 2025, the Board assessed the implementation of the Company's policies, with 11 policies being updated during its meetings.
Vilniaus Vandenys' Stakeholder Engagement Policy (updated on 16/12/2025) Suinteresuotu-saliu-santykiu-valdymo-politika.pdf (vv.lt)	The Policy is intended to define the principles for building and maintaining the relationship between stakeholders and the Company, the key actions for the relationship management, and to determine the employees responsible for managing this relationship within the Company.	In 2025, the Policy implementation involved the following: • A stakeholder management plan was developed and implemented to engage stakeholders and operate in a manner that takes their feedback into account. • The Company's Corporate Reputation Index survey for 2025, conducted the independent valuers: During the year, the reputation of Vilniaus Vandenys improved by 3 points to 18.
UAB Vilniaus Vandenys' Investment Policy (approved on 18/03/2025) Investiciju-politika.pdf (vv.lt)	The Policy is intended to govern the fundamental principles for selecting, managing the Company's investments and monitoring their performance for financial, social and economic or other benefit (e.g. protecting environment, maintaining business continuity, attracting funding, improving the Company's image, increasing municipal involvement).	In 2025, the Policy implementation involved the following: • The implementation of the policy (selection and management of investments, monitoring and the benefits achieved) was presented to the Board.
Vilniaus Vandenys' Business Continuity Policy (updated on 21/06/2023) Veiklos-testinumo-politika.pdf (vv.lt)	The Policy is intended to define the principles and responsibilities of the business continuity management system of Vilniaus Vandenys to develop relevant business continuity plans ensuring uninterrupted provision of services.	In 2025, the Policy implementation involved the following: • Business continuity activities were integrated with risk management activities. • The risk assessment includes an annual Business Impact Analysis (how long the business can continue without specific processes and the time required to recover processes during interruption). In 2025, the analysis was carried out in July. The results of the Business Impact Analysis are almost the same as in 2024 (compared to critical processes with a recovery time of less than or equal to one day). One process was no longer considered critical, while another new process was identified as critical. • 11 new Business Continuity Plans were developed for critical processes. • Nine business continuity plans were tested (including two functional tests) for the following processes: water abstraction, wastewater collection, wastewater treatment, IT system management, customer enquiry management, and the operational monitoring of technical production processes. • Based on the results of the Business Impact Analysis, the development of Business Continuity and Recovery Plans, and the updating of existing documents for critical processes were planned. • Training on business continuity was organised for The Company's employees.

Company's operational policy	Policy objective	Policy implementation in 2025
Vilniaus Vandenys Strategic Planning and Monitoring Policy (updated on 19/03/2024) Strateginio-planavimo-ir-stebesenos-politika-.pdf (vv.lt)	The Policy is intended to define the main phases of strategic planning and monitoring of Vilniaus Vandenys, to determine the parties involved and their responsibilities, the main deadlines and frequency for preparation of planning and monitoring documents, the content requirements, and the management and monitoring measures.	In 2025, the Policy implementation involved the following: - Tracking progress towards strategic goals and targets on monthly basis (using the Hoshin Kanri X-Matrix method). - The Company's strategy is updated annually on a 10-year rolling basis to anticipate and prepare properly for future changes. In December 2025, the Board approved an updated strategy for 2026-2035.
CEO's Performance And Development Policy (approved on 19/03/2024) GENERALINIO-DIREKTORIAUS-VEIKLOS-VERTINIMO-IR-TOBULINIMO-POLITIKA.docx	The Policy is intended to set basic principles and process for evaluating CEO's performance to identify areas for improvement in the organisation of the Company's work and to establish measures for improving CEO's performance.	In 2025, the Policy implementation involved the following: - Evaluation of CEO's performance. - Assessment of CEO's management, leadership and leadership competences. - Drawing up CEO's performance improvement plan for 2025.
Equal Opportunity and Diversity Policy (approved on 19/03/2024) Lygiu-galimybiu-ir-ivairoves-politika.pdf	The Policy is intended to regulate the principles of promotion, implementation and enforcement of equal opportunity and diversity and the main measures for the implementation of these principles at the Company.	In 2025, the Policy implementation involved the following: - Various training sessions on equal opportunity and diversity awareness were organised for employees. - For the second year in a row, the Company joined the DUOday initiative, an international project that gives people with disabilities the opportunity to try out new professions or work roles for a day at a workplace of their choice. In 2025, three departments joined the initiative. - Efforts are being made to spread information on equal opportunities. - A steering group on equal opportunity has been established to systematically strengthen the implementation of the principles of equal opportunity and diversity within the organisation. - An equality action plan was drawn up. - An application to join the Lithuanian Diversity Charter Association was submitted.
Vilniaus Vandenys' Board Set-Up and Board Member Engagement Policy (updated on 08/05/2024) VTA-I24-110.pdf	To actively contribute to the selection process for Board members carried out by the shareholders and to ensure that the Board's composition and performance best meet shareholders' expectations and the long-term objectives of the Company, and that new Board members are provided with all the necessary information about the Company to enable them to take up their duties as quickly and effectively as possible, this Policy sets out the key principles and guidelines, and provides recommendations for the selection and engagement of the Board members.	In 2025, steps were taken to onboard a new board member, briefing the board member—who was elected in December 2024—on the Company's operations. No new board members were elected in 2025.

*** Article 33(5) of the Law on Companies of the Republic of Lithuania: The board shall perform its functions for the period laid down in the articles of association or until a new board is elected and commences its activities, but not for longer than an annual general meeting of shareholders to be convened during the final year of its term of office.*

AUDIT, RISK AND SUSTAINABILITY COMMITTEE

The Audit, Risk, and Sustainability Committee is guided by the Rules of Procedure approved by the Board (a public document (in Lithuanian), available on the Company's website www.vv.lt, section About us > Management > Members of the Audit, Risk and Sustainability Committee). The Audit, Risk and Sustainability Committee reports to the Company's Board, the term of office of the Board members coincides with that of the Company's Board.

As at 31 December 2025, the Audit, Risk and Sustainability Committee of Vilnius Vandenys consisted of the following members:

1. Rytis Ambrazevičius, an independent member of the Board, a chair of the Audit, Risk and Sustainability Committee.
2. Jurgita Petrauskienė, an independent member of the Board, a member of the Company's Audit, Risk and Sustainability Committee.
3. Robertas Šerėnas, an independent member of the Board, a member of the Company's Audit, Risk and Sustainability Committee.

The Company's Audit, Risk and Sustainability Committee has developed guidelines for the evaluation of its activities to keep them in line with good governance practices and the highest standards of corporate governance. The guidelines aim to identify areas for improvement by organising the work of the Audit, Risk and Sustainability Committee and to identify actions for improving the efficiency of its work.



SUMMARY OF THE AUDIT, RISK AND SUSTAINABILITY COMMITTEE'S ACTIVITIES IN 2025

The Audit, Risk and Sustainability Committee held 11 meetings in 2025, one of which was devoted to the self-assessment of activities in 2024. All three members of the Audit, Risk and Sustainability Committee were in attendance in all meetings, the quorum was present. The notice of the meetings being convened and agendas were submitted to the members of the Audit, Risk and Sustainability Committee in writing. All meetings were convened by the decision of Rytis Ambrazevičius, a chair of the Audit, Risk and Sustainability Committee.

In implementing Action Plan for 2025, the Audit, Risk and Sustainability Committee achieved the following objectives:

Monitoring of the Company's business planning and financial position.

Monitoring of the Company's business planning and financial position involved:

- Consulting the Company's financial and operational reports on regular basis, discussing deviations from plans and reason thereof, forecasts for future pe-

riods, compliance with financial covenants, key financial risks and expected management measures.

- To facilitate the coordination of the Company's budget in the Board in 2026, the preparation process was subject to oversight and discussions of budgeting assumptions, risks and their management. A discussion was also initiated on the tolerance limits for budget deviations.
- Discussing the updated Operational and Development Plan for 2023-2027, its differences from the original version, the relevance of the plan in the context of the discussions with the National Energy Regulatory Council on the amount of the investment price component, the Company's borrowing capacity, the preliminary targeted financing structure for investments.
- Discussing the terms of the loan offers received by the Company, and recommending the Board to approve the option selected by the Company's management.

- Presenting the report on the verification of regulated activities for FY 2024 and discussing the possibilities of increasing the added value of these verifications for the Company.

Monitoring the financial and sustainability reporting and audit processes

Monitoring of the financial and sustainability reporting and audit process involved:

- Discussing with the representatives of the Company and audit firm Ernst & Young Baltic UAB the financial statements for the year ended 31 December 2024 and the drafts of the auditor's opinion, the audit process, auditor's independence, audit materiality, issues raised.
- Holding discussions with the representatives of the Company and Ernst & Young Baltic UAB, a firm performing limited assurance engagement of the sustainability statements, regarding the assurance report on Sustainability Statement for 2024, opinion, the assurance process, measures taken to

support the quality of engagement, the independence of practitioners, materiality applied and recommendations provided.

- Holding discussions with the representatives of Ernst & Young Baltic UAB and the Company regarding the plans for the audits (inspections) of the financial statements, sustainability statements, and statements of regulated activity for 2025, and answering the questions raised by the auditors.
- Participating, within the scope of the authority, in the selection of a firm providing auditing services for the financial and sustainability reporting for 2025–2026, and recommending on the appointment.
- Assessing, within the scope of the authority, the audit of the Company's financial statements and the limited assurance report provided by the audit firm, Ernst & Young Baltic UAB, following its inclusion in the national list of unreliable suppliers, applying corrective measures and assessing the audit firm's ability to provide the

- agreed services, as well as the firm’s ability to provide regulated activity inspection services to the Company without compromising independence.
- Holding discussions with the Company’s representatives regarding the quarterly sustainability reporting results, compliance with the EU Taxonomy Regulation, and the implementation of recommendations made during various inspections.

Monitoring the effectiveness of the Company’s internal control and risk management systems

- Monitoring of the Company’s internal control and risk management system effectiveness involved:
- Periodic monitoring of the Risk Management Plan implementation, and corruption risk indicators, and discussing the risk assessment and updates

- to the Risk Management Plan with the Company’s representatives. Improving the system for monitoring corruption risk exposure (through Key Risk Indicators, KRIs), in line with the suggestions of the Audit, Risk and Sustainability Committee.
- Holding discussions with representatives of KPMG Baltics UAB, the company that conducted the risk management maturity assessment, regarding the assessment results and steps for improvement.
 - Holding discussions regarding the implementation of the Company’s Risk Management Policy, the Policy for Creating Corruption-Resilient Environment, and the Information Security Policy, including update suggestions.
 - Holding periodic discussions on issues related to strengthening information, operational, and physical security,

- making suggestion to explore ways to accelerate the implementation of certain changes.
- Holding periodic discussions regarding pollution and the related taxes, along with planned and implemented control measures; promoting corrective actions in response to any deviations.
 - Holding discussions with the Company’s responsible representatives regarding the implementation of requirements for process management, occupational health and safety, and compliance, and other processes, planned
 - improvement measures. Members of the Audit, Risk and Sustainability Committee made proposals, within their field of competence, to improve the internal control and risk management systems in the areas discussed.

Assessment of the efficiency of the internal audit process

- Monitoring of the effectiveness of the internal audit process involved:
- Coordinating the assessment of the objective achievement for 2024, objectives and budget of the Internal Audit Function for 2025, and the Internal Audit Action Plan for 2026, before submitting to the Board for approval.
 - Monitoring the implementation of the Internal Audit Action Plan for 2025, discussing the results of internal audits conducted, and recommendation implementation plans with the Company’s representatives.
 - Holding discussions with the Head of Internal Audit Department regarding the conditions for selecting, and expectations for the procedures of, entities assessing the Company’s risk

Estimated remuneration of the members of the Audit, Risk and Sustainability Committee for the performance of their duties on the Audit, Risk, and Sustainability Committee in 2023–2025

Member of the Audit, Risk and Sustainability Committee*	Date of signature of the Committee Member Agreement	Remuneration in 2025, EUR
Rytis Ambrazevičius	05/05/2023	39,840.00
Jurgita Petrauskienė	05/05/2023	29,880.00
Robertas Šerėnas	05/05/2023	29,880.00
		99,600.00

* The remuneration of the members of the Audit, Risk and Sustainability Committee is determined by the decision of the Board (Min. No PR-V23-6 of 13/04/2023, Par. 3.8).



management maturity and the compliance of its internal audit function with global internal audit standards.

- Holding discussions with the representatives of Adwisery UAB, a company that conducted an external assessment of the internal audit function's compliance with global internal audit standards, regarding the results of the assessment and actions for improvement.
- Discussing changes to the Description of the Internal Audit Procedure before submitting to the Board for approval.
- Reviewing the results of the survey on the internal control elements. Proposing to re-perform the survey next year to assess progress.

Effective functioning of the Audit, Risk and Sustainability Committee

In ensuring the effective functioning of the Audit, Risk and Sustainability Committee, the action plan for improving performance was drawn up during the self-assessment session on 07 January 2025. When implementing the plan:

- To enhance knowledge in the committees' areas of activity, the experience exchange meeting was organised with a professional having extensive international governance experience. During the meeting, it was confirmed that the Audit, Risk and Sustainability Committee's activities were in line with prevailing best practices.
- The knowledge of the water management was reinforced by obtaining understanding of the Company's processes during the internal meetings and further engaging in the experience exchange activities with other utility companies (e.g. visiting the Werdhölzli Wastewater Treatment Plant in Zurich (the largest in Switzerland), gaining understanding of the tertiary wastewater treatment technology required for the implementation of the Urban Wastewater Treatment Directive, and discussing other relevant matters).
- To ensure compliance with applicable laws and best practices, the Rules of Procedure of the Audit, Risk, and Sustainability Committee (a new version approved at the Board meeting on 14 May 2025) and the self-assessment guidelines were reviewed (a new version approved at the Committee meeting on 29 April 2025).



vilniaus vandenys

**ORGANISATIONAL
STRUCTURE OF
THE COMPANY**

ORGANISATIONAL STRUCTURE OF THE COMPANY

CEO acts as a single-person management body of the Company, elected, recalled and dismissed by the Board of the Company.

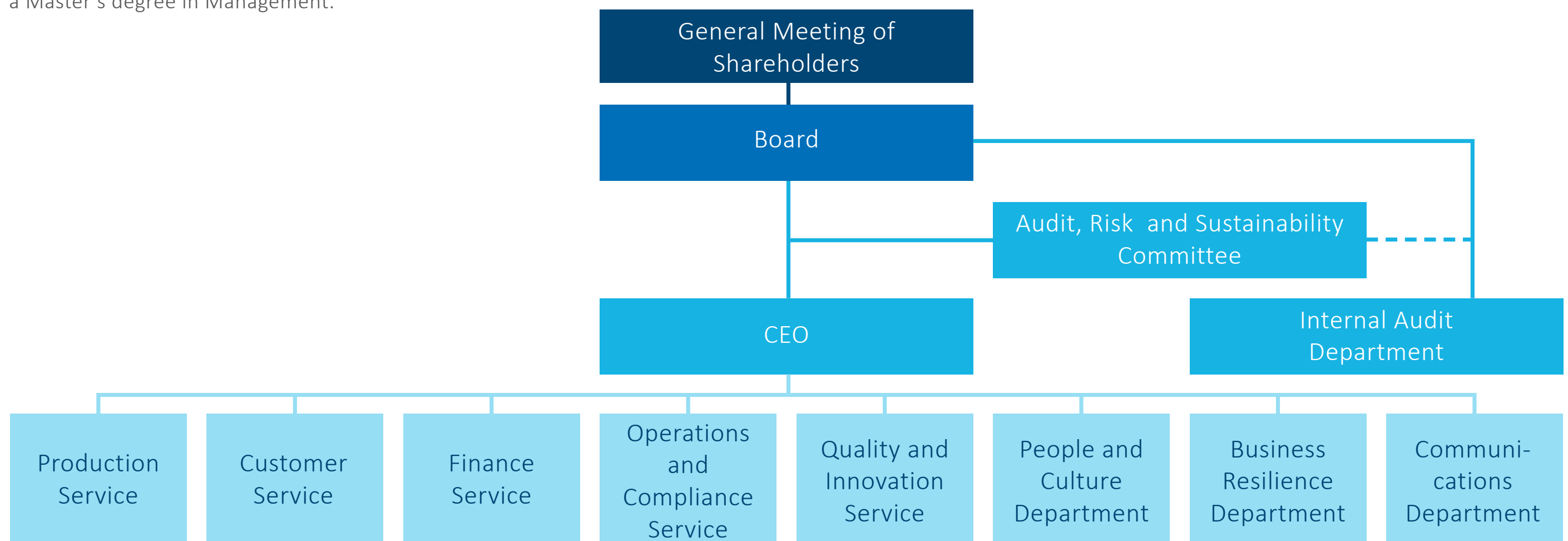
On 12 May 2022, Saulius Savickas (assumed the duties from 13 May 2022) was elected and appointed as CEO of the Company by decision of the Board. Saulius Savickas, CEO of the Company, also serves as a member of the Board at Water Management Association Vandens Jėga. CEO of the Company graduated from Vilnius Gediminas Technical University with a Master's degree in Management.

The Company's new organisational structure became operational on 1 June 2025. Structural changes were implemented with a focus on executing the Company's strategy, consolidating related activities, and clarifying the functions across the departments. The decision aims to increase operational efficiency.

The following structural units of the Company are directly subordinate to CEO: Customer Service, Production Service, Finance Service, Operations and Compliance Service, Quality and Innovation Service, People and Culture Department, Business Resilience Department, and Communications Department.

Internal Audit Department reports directly to the Company's Board.

From 1 June 2025 the Company's organizational structure is as follows:



The Company operates in all geographical territories indicated in the licence issued by the National Energy Regulatory Council, but it does not have any independent divisions and branches.

As at 31 December 2025, the Company’s management team consisted of:



Saulius Savickas
CEO



Simonas Klimavičius
Director of Finance Service



Viktoras Matonis
Director of Production Service



Martynas Augaitis
Director of Customer Service



Egidijus Anulis
Director of Operations and Compliance Service



Brigita Gudonė
Director of Quality and Innovation Service



Aistė Orševskienė
Head of People and Culture



Tomas Mačiulis
Head of Resilience Department



Paulė Pupinytė-Bružienė
Head of Communication Department



Kęstutis Zimba
Head of Internal Audit Department

FINANCIAL AUDIT SERVICES AND LIMITED ASSURANCE SERVICES FOR SUSTAINABILITY REPORTING



After the end of the reporting year period (reporting period runs from 1 January to 31 December), the Company conducts an audit of its financial statements and limited assurance of sustainability reporting in accordance with the procedure established by laws, attaining a high level of transparency. For the purpose of these services, each year the Company appoints independent firm providing financial audit services and limited assurance services for sustainability reporting, selected through public procurement procedure. The appointment of an audit firms is subject to the approval of the General Meeting of Shareholders.

At the end of 2024, the Company initiated public procurement procedures for the selection of a provider of financial audit services and limited assurance services for sustainability reporting for 2025-2026 (the call for tenders for financial audit services and limited assurance services for sustainability reporting was announced on 9 December 2024).

On 9 May 2025, in the context of the procurement of financial audit services and limited assurance services for sustainability reporting, the Procurement Commission decided to determine

Ernst & Young Baltic as a successful tenderer and to award a contract for a maximum of EUR 253,800.00 (excl. VAT) (the subject of the contract is audit of financial statements of Vilniaus Vandenys for the financial years ended 31 December 2025, 31 December 2026, prepared in accordance with International Financial Reporting Standards approved by the International Accounting Standards Board, and limited assurance services for sustainability reporting). Audit will be accompanied by all other services specified in the requirements of the technical specification and provided for each reporting period. During its meeting on 24 April 2025, the General Meeting of Shareholders approved (Minute No PR-A-25-3) this supplier and the fee of EUR 253,800.00 for financial audit services and limited assurance services for sustainability reporting. The agreement was signed by both parties on 4 June 2025.

Limited assurance services for sustainability reporting for 2024 were obtained in 2025 from the audit firm Ernst & Young Baltic UAB. The services were provided under agreement No SUT25-P-134 of 24 April 2025 (the term was extended by mutual agreement). The independent practitioner's limited assurance report was issued on 25 September 2025.

A woman with blonde hair, wearing a grey blazer over a patterned blouse, is smiling at the camera while sitting at a desk in an office. She is typing on a keyboard. In the background, another woman is working at a computer, and the office environment with cubicles and modern lighting is visible.

**CREATING A CORRUPTION-
RESILIENT ENVIRONMENT IN
THE COMPANY**

In carrying out its activities and providing public services to residents, the Company attains a high level of transparency and attaches great importance to the creation of a corruption-resilient environment. In its activities, the Company is guided by the Law on Prevention of Corruption, the Law on the Adjustment of Public and Private Interests, the Law on the Protection of Whistleblowers, as well as the fundamental principles and commitments for creating corruption-resilient environment, set out in the Policy for Creating Corruption-Resilient Environment and the Code of Ethics.

In 2025, Vilniaus Vandenys implemented the following measures for creating a corruption-resilient environment:

To assess the implementation of the Company's resilience to corruption requirements, the measures introduced and applied to create a corruption-resilient environment were assessed in accordance with the Methodology for Determining the Corruption Resilience Level recommended (but not approved) by the Government of the Republic of Lithuania, by looking at their quantity and quality,

practical applicability (through interviews with employees), and their performance (by assessing the number of reports received and infringements detected). Based on these elements, the Company's level of resilience to corruption scored at 0.90, which is considered to be a very high achievement.

Aiming to ensure:

- A continuous and effective assessment of corruption risks and their factors in the Company, the Corruption Risk Register was updated by adding new corruption risk factors (based on the assessment of four business processes).
- Transparency and preventive control of the Company's public procurement, the Company verified 15 public procurement documents with a value exceeding EUR 1,000,000.00 (excl. VAT), including single-source public procurements. The Company's internal regulations governing public procurement policy, the conduct of low-value procurements, and contract management were assessed from

anti-corruption perspective, with comments and proposals submitted regarding improvements to the legal framework.

Increasing anti-corruption awareness:

- 20 Transparency Afternoon with Coffee live meetings were organised for the employees of the Company's structural units to present the Company's anti-corruption activities and the measures in place to create a corruption-resilient environment, the role of the employees in their implementation, as well as their responsibilities in managing conflicts of interest and the implementation of the zero-gifts policy. The employees are also informed where and how to report any violation that is occurring, occurred or is under threat of occurring in the Company. 88% employees from 28 units attended the meetings.
- To enhance the knowledge and competences of the Company's Board members and management in the field of corruption prevention, an event "Strengthening Whistleblower Protection and Creating an

Environment of Trust in Companies" was organized, during which a representative of the Prosecutor General's Office of the Republic of Lithuania presented the theoretical and practical aspects of whistleblower protection. The meeting was attended by 76% of the Company's Board members and management members.

- To raise anti-corruption awareness, the Company's employees reviewed materials on six topics related to creating an anti-corruption environment, developed by the Special Investigation Service and the Chief Official Ethics Commission and available on e-learning platforms, and passed a test. 84% of employees submitted their training certificates. To help recognize the risks of corruption and their underlying factors in the field of public procurement, training sessions were organized for public procurement staff, where the risks of corruption and their underlying factors at all stages of public procurement were presented, along with practical examples. It was attended by 100% of the procurement department staff.

Dynamics of the Company's corruption resilience level (CRL) in 2023-2025 (as of the last day of the reporting period)

Elements assessed	2023	2024	2025
CRL survey form result	0.9	0.8	0.8
CRL questionnaire result	0.8	0.9	0.91
Number of violations detected	0	0	0
Number of reports received through internal channels	3	13	17
Actual number of employees (excl. workers)	386	388	387
CRL result (very high if 0.8 and more)	0.85	0.88	0.90

Ensuring reliability in the workplace:

- To assess the risk factors of corruption that would arise and/or arise when a person holds a position in the Company, to make informed and motivated decisions regarding staffing in the Company, the Special Investigation Service was contacted to provide information on eight persons applying for positions that are included in the list of positions to be subjected to mandatory screening. After assessing the corruption risks associated with the job positions in the Company, the list was supplemented with 23 job positions screened.

Other legally defined activities or measures to create a corruption-resilient environment or increase resilience to corruption:

- In accordance with the Law on the Harmonisation of Public and Private Interests of the Republic of Lithuania and the Company's Conflicts of Interest Management Policy, the declarations of private interests submitted by the 301 Board members, heads of structural units and employees were verified, with no violations detected. 33 consultations were given to employees on the harmonisation of public and private interests and the management of conflicts of interest, and 168 reminders were issued on the timely submission, updating, and correction of declarations of private interests. Each year, in light of changes in the Company's structure, the list of job positions held by persons required to declare their private interests

is updated and made public.

- As part of the implementation of the Law on the Protection of Whistleblowers of the Republic of Lithuania, the Company's internal and external communication channels were used to inform employees about the internal whistleblowing channel and to encourage them to report violation that may be known. In 2025, six reports of potential violations in the Company were received through this channel. The examination did not reveal any corruption-related legal violations of the law, except for one identified breach of duties related to non-compliance with an internal regulation (a warning was issued).

Other activities related to corruption-resilient efforts:

- The Company joined the "Don't Be Indifferent—Report the Truth" initiative launched by the Prosecutor General's Office across the country, which aims to encourage people to report any violations they observe.
- The Company communicated (via email, the Company's self-service portal and information board) its Gift Policy to all Board members, employees, customers and suppliers and has encouraged them to report any actual or potential violations.
- The Company joined the "White Wave" initiative, which brings together companies and organisations that operate transparently and responsibly and seek to

strengthen a culture of ethical business in Lithuania, thereby reaffirming its commitment to upholding the highest standards of transparency and business conduct.

- Aiming to understand suppliers' perceptions of its public procurement process and their needs, best and worst practices in organizing procurements, and to identify the key factors for a transparent public procurement system, the Company initiated a survey of suppliers participating in public procurement. The survey found that suppliers participating in public procurement view the Company's public procurement processes positively (82% of suppliers rated them as very good or good), and 96% of suppliers did not encounter any instances of corruption while participating in public procurement.
- To determine how customers perceive the Company's transparency in providing public and other services, a new question on transparency has been added to the Company's annual Global Customer Satisfaction Index survey. The survey results show that 43% of respondents (the rest answered "I don't know" or did not provide a rating) gave a rating of 8.65.
- A cooperation agreement was signed with COEC regarding the retrieval and use of personal data maintained in the Register of Private Interests from other registries, with the aim of initiating a cross-check of the personal data of the Company's declarant within the scope of the declaration of private interests.

- To improve and streamline corruption prevention efforts, the Policy for Creating Corruption-Resilient Environment and Conflict of Interest Management Policy were consolidated, and digital Gift and Personal Interest Registers were implemented and made readily accessible to employees not only via the Company's intranet but also through the Deklaruok mobile app. In addition, answering machines were installed with feedback information to persons who submit company reports, declarations of private interests, and declarations of gifts.

- In 2025, the Company received 74 reports via the Trust Line regarding possible unauthorised access, violations of customer service standards, and unethical conduct by a supplier's employee, a request for additional payment when replacing cold water meters. Of these, 11 reports concerned possible legal violations, 51 were related to the activities of the Company's structural units, 11 were not investigated due to unclear content, and one report on a possible criminal offence was forwarded to the Prosecutor's Office of the Republic of Lithuania. A review of information regarding potential legal violations revealed six violations, in response to which the Company's employees took measures against contractors' employees or customers, including imposing fines and conducting preventive interviews. After reviewing the information, the Prosecutor's Office of the Republic of Lithuania found no evidence of criminal activity.



**REGULATORY
ENVIRONMENT, SERVICE
PRICES AND BUSINESS
ENVIRONMENT TRENDS**

SETTING SERVICE PRICES

The prices for the Company's main drinking water supply and wastewater treatment services are set in accordance with the Methodology for Setting Prices of Drinking Water Supply and Wastewater Treatment Services approved by the National Energy Regulatory Authority (NERC), and the principles of non-discrimination, cost recovery and the "polluter pays" principle.

The prices are calculated on the basis of costs for separate parts of activities, in accordance with approved drinking water supply and wastewater management infrastructure development plans and plans of operations of drinking water suppliers and wastewater managers. The calculation of prices considers the estimated necessary service provisions costs, the value of the assets used in the licensed activity, the return on investment that corresponds to the criterion of reasonableness, the necessary costs of implementation of the plan of operations and the influence thereof on price increase.

On 27 October 2022, the Parliament of the Republic of Lithuania adopted a new wording of the Law on Drinking Water Supply and Wastewater Management of the Republic of Lithuania, which entered into force on 16 November 2022. From 16 November 2022, NERC sets basic/re-calculated basic prices of the drinking water supply and wastewater management services, which enter into force not earlier than 30 calendar days after their publication and apply from the first day of the following month (following the month in which the prices enter into force).

Base prices are set for a five-year regulatory period and are recalculated each year. The prices equal to base prices are applied in the first year of validity of base prices. If drinking water suppliers ensuring the supply of drinking water supply and wastewater management services that meet safety and quality requirements lack the funds for the investments necessary to provide quality eligible drinking water supply and wastewater management services, an additional investment component of the price of drinking water supply and wastewater management services may be set.



Changes in prices of main services in 2023-2025

On 25 November 2022, NERC set the recalculated prices of drinking water supply and wastewater treatment services of Vilniaus Vandenys, with effect from 1 January 2023 to 31 January 2024. On 21 December 2023, NERC set the recalculated base prices of drinking water supply and wastewater treatment services of Vilniaus Vandenys, with effect from 1 February 2024. On 20 December 2024, NERC set the base prices of drinking water supply and wastewater treatment services of Vilniaus Vandenys, with effect from 1 February 2025. The tariff for drinking water supply and wastewater treatment services in apartments increased by EUR 0.12/m³ (excluding VAT), while the tariff for residents of single-family homes, hot water suppliers, and other business customers rose by EUR 0.11/m³ (excl. VAT).

The main contributors to the change in tariffs were increases in the prices of goods, services and works due to inflation in previous years, and the cost of borrowed capital. The first update to the service tariff also included an investment component of EUR 10.1 million, which was approved by NERC in 2025. In 2025, additional investment component was earmarked for the faster modernisation and expansion of drinking water supply and wastewater management infrastructure.

After recalculation of service prices by NERC, the amount paid by consumers for drinking water supply and wastewater management services in the apartments accounted for 0.57% of the average family income, i.e. did not exceed 4.0% of the average family income.

On 18 December 2025, NERC set the base prices of drinking water supply and wastewater treatment services of Vilniaus Vandenys, with effect from 1 February 2026. The Company set the following tariffs for the supply of drinking water and wastewater treatment per cubic meter: EUR 2.02 EUR for customers in apartments, EUR 1.99 EUR for customers in single-family homes, EUR 1.97 for hot water suppliers, and EUR 2.05 for other business customers. NERC estimates that, in the licensed territory serviced by the Company, the amount price by consumers for services will account for 0.62% of average household income, i.e., it will not exceed 4.0% of average household income.

The change in prices was primarily driven by the Company's investments in infrastructure development, reconstruction, and digitisation, as well as in enhancing physical security. The service tariff will also include an investment component, which will amount EUR 33.8 million in 2026-2028 and will be targeted at improving service quality, meeting increasingly stringent environmental requirements, and enhancing the resilience of infrastructure. For a household living in an apartment with an average monthly consumption of 4 cubic meters, the price change will result in a monthly bill increase of EUR 0.80 excl. VAT or EUR 0.97 incl. VAT.

Change in prices of the Company's services, approved by NERC

Drinking water supply and wastewater treatment services prices, EUR/m ³ excl. VAT	since 01/01/2023	since 01/02/2024	since 01/02/2025	since 01/02/2026
Apartments	1.67	1.70	1.82	2.02
Private homes	1.65	1.68	1.79	1.99
Hot water suppliers	1.63	1.66	1.77	1.97
Business customers	1.71	1.74	1.85	2.05
Average price	1.74	1.77	1.89	2.09

IMPACT OF GEOPOLITICAL AND MACROECONOMIC ENVIRONMENT, BUSINESS AND TRENDS

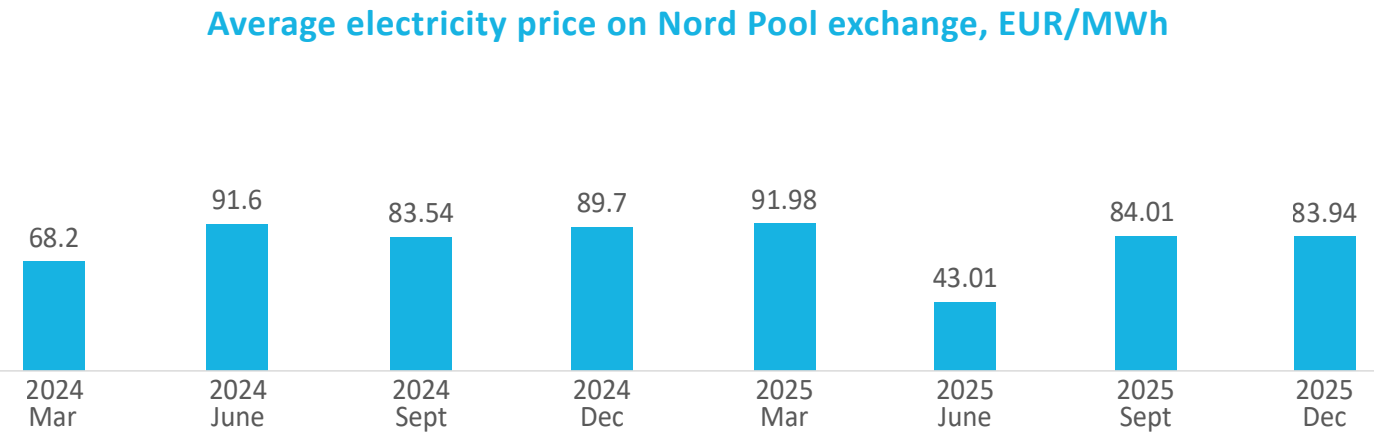
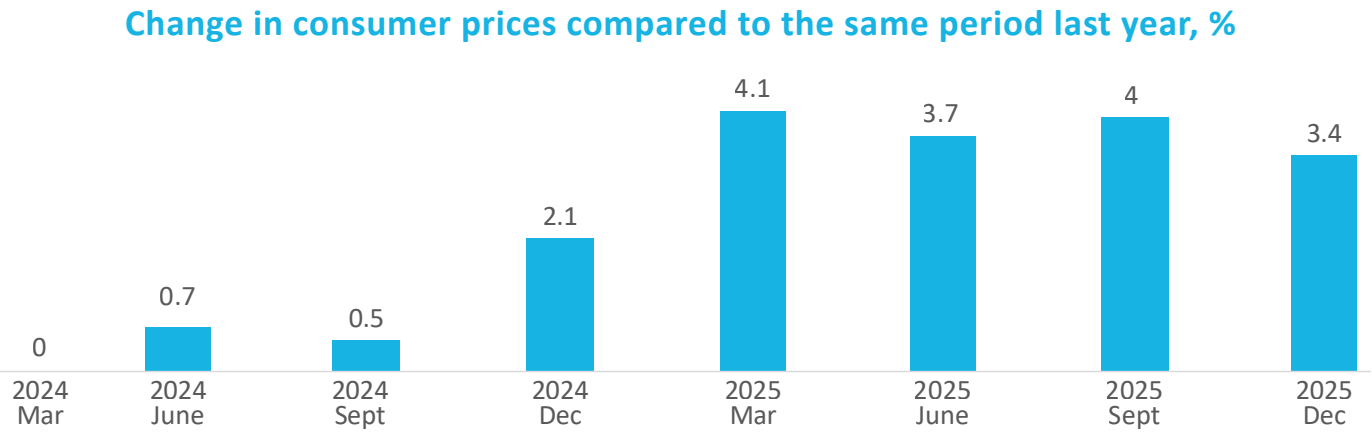
In 2025, the Company’s business environment was stable and predictable, creating favourable conditions for business continuity. Throughout 2024, annual inflation fluctuated slightly, reaching 2.1% by the end of the year and 3.4% by the end of 2025. A steady rise in inflation was observed in 2025. Despite being low, inflation continued to have a modest impact on the Company’s operating costs, namely the cost of purchasing goods and services and the value of investment projects. While inflation rates were more moderate in 2025, price levels remained consistently high and did not result in any downward trends that would have allowed for a significant reduction in operating or investment expenses.

Another important factor that can affect both inflation and the Company’s future costs is the situation in labour market. In Q3 2025, the average monthly gross salary in the country was 8.57% higher than in the same period a year earlier. This change was to a large degree due to the increase in the minimum monthly salary at the beginning of the year, as well as employers’ decisions to retain employees through higher salary.

Rising salaries in the market also affected the Company’s situation: Vilniaus Vandenys hired, on average, 14% more expensive staff than planned.

The remuneration of existing employees was also reviewed. With market salary increase projected to be 7-8% in 2026, next year the Company may face challenges, both in terms of the increase in the cost of services related to market salary increases, and in terms of the retention of its existing employees. In the long term, the Company’s strategic goal is to ensure adequate and fair remuneration for the Company’s employees to attract, retain and motivate competent and engaged employees, therefore the Company will strive to bring the financial reward of its employees to the median salary in the market region of Vilnius by 2035.

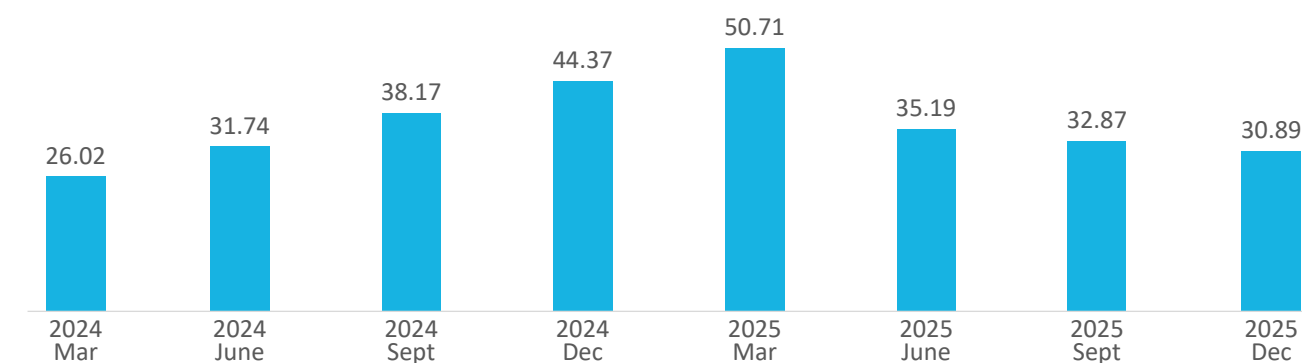
In 2025, the electricity price remained similar to that of 2024. In 2024, the average electricity price was 87.2 EUR/MWh, and in 2025, it was 85.8 EUR/MWh. Hence, the electricity price decreased slightly compared to 2024. The sharpest rise in electricity



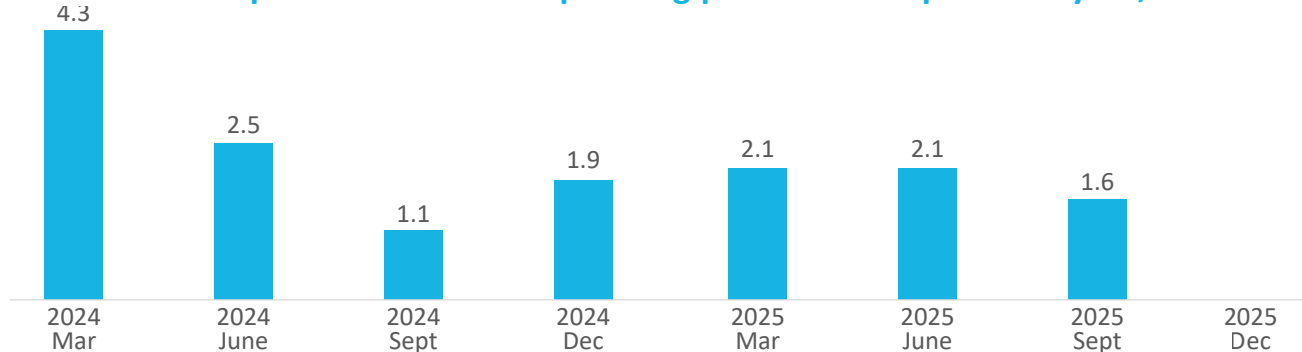
price over the past two years was recorded in February 2025, when the price reached 152.47 EUR/MWh. In June 2025, the electricity price hit a low of just 43.01 EUR/MWh. The trend of low prices continued in July 2025, reaching 46.28 EUR/MWh. Declining electricity prices offset increases in other costs, allowing the Company to keep the price of main services stable. The Company aims to generate energy internally to minimise the impact of changes in energy prices in the long-term. In 2025, the Company generated 26.4% of the electricity internally for its own use. For this purpose, the Company utilises and further expands renewable energy generation capacity (photo-voltaic plants, sludge from wastewater treatment and its conversion into energy, etc.).

The TTF natural index natural gas price remained fairly stable from 2024 to 2025. In 2025, the natural gas price peaked in April, reaching 50.71 EUR/MWh. From April 2025, it continued to fall until the end of the year, reaching 30.89 EUR/MWh in December. The average gas price for 2024 is 33.84 EUR/MWh, and for 2025 it is 37.94 EUR/MWh; as such, the average price increased by 4.1 EUR/MWh in 2025—a very slight change compared to previous periods. For example, the average gas price in 2023 was 48.52 EUR/MWh, and in 2024, the average fell by as much as 14.69 EUR/MWh. Overall, natural gas prices remained stable, resulting in lower gas procurement costs.

TTF natural gas price index, calculated as the arithmetic mean of the daily natural gas prices for the previous month in EUR/MWh



Changes in the construction input prices compared to the corresponding period of the previous year, %



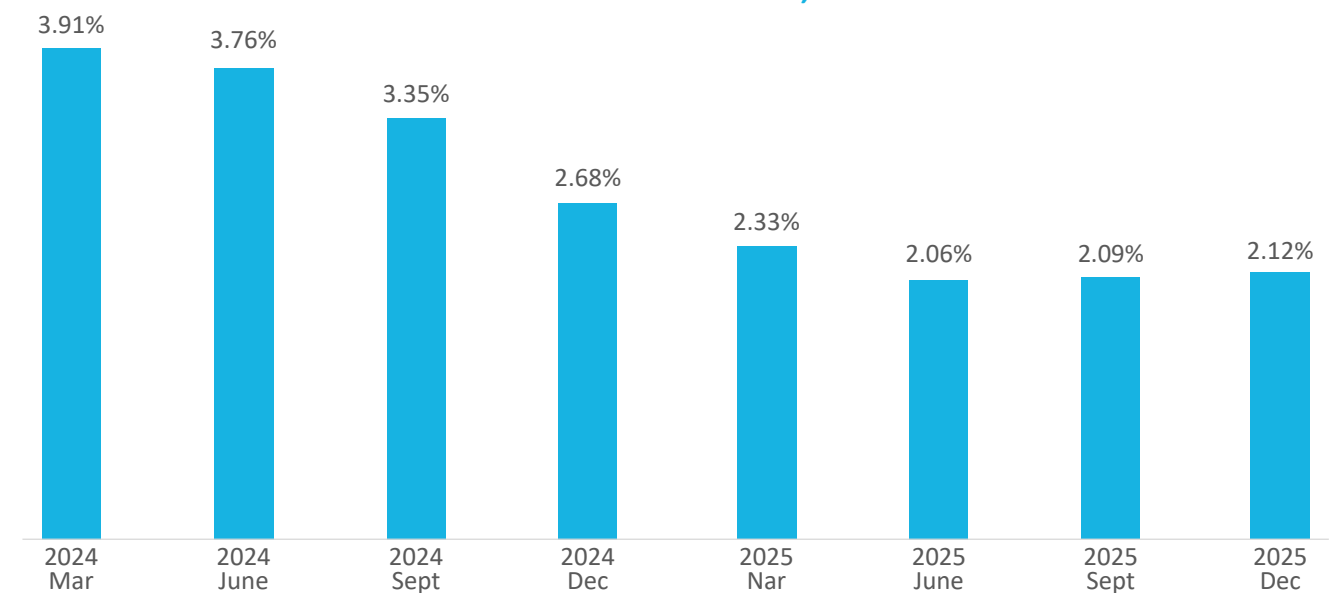
In December 2025, the construction input prices increased by 1.4%. The growth was driven by an increase in wages and overheads (7.2%). Meanwhile, the largest decrease in prices was observed for concrete and mixtures (4.1%), pipes (2.9%), materials and products (1.3%), electronic materials (2.4%), and insulation materials (1.2%). The cost of construction works and materials has a direct impact on the Company's investment and accident costs. The increase in the construction input prices in 2025 was similar to that in 2024. While there was a noticeable increase in the construction input prices at the beginning of 2025, this trend later stabilised and even declined by the end of the year. No decline in the cost of construction work and materials is expected in 2026.

ECB cut interest rates four times in 2024 (in June, September, October and December) by 0.25 percentage points (from 4% to 3%). ECB cut interest rates four times in 2025 (in February, March, April, and June) by 0.25 percentage points (from 3% to 2%). Changes in the 6-month EURIBOR affected the Company's interest payments on the loans. The decrease in the 6-month EURIBOR from 2.562 % to 2.107% during 2025 improved the Company's final performance by EUR 33 thousand.

The Company continuously assesses risks originated from geopolitical factors and threats, prepares business continuity plans, conducts drills, and applies various preventive and mitigating measures, with a particular focus on ensuring cyber and physical security.

Although the business environment and market situation were relatively stable in 2025, there is always a risk that the aforementioned factors and unforeseen circumstances could negatively impact the Company's performance in 2026.

6-month EURIBOR, %





INVESTMENTS

In order to ensure availability of water supply and wastewater treatment services to residents as well as their compliance with quality, environmental and health requirements, Vilniaus Vandenys constantly invests in the development and modernisation of infrastructure.

The objects to be modernized are selected in accordance with the Company's Methodology for Rating Objects of Reconstruction of Water Supply, Wastewater Networks and

Stations. The development of block networks/mains is carried out in accordance with the Methodology for Ranking Infrastructure Development Objects.

In 2023, the Company started to implement a new Operational and Development Plan approved for the period 2023-2027, with investments of EUR 114 million made in the first three years (2023-2025).

Investment projects (EUR thousand) implemented by the Company in 2023-2025

Strategic direction	Strategic objective	2023	2024	2025	2023-2025
Environmentally sustainable activities	Reduce the impact of operations on the environment	24,787	8,471	4,936	38,194
	Develop renewable energy and the circular economy	277	1,278	1,345	2,900
Innovation, efficiency and financial sustainability growth	Improve operational efficiency through financial resilience	5,055	4,981	9,399	19,435
Effective customer experience management	Improve customer experience and service reliability	20,530	11,697	21,546	53,773
	TOTAL	50,649	26,427	37,226	114,302

In 2025, Vilniaus Vandenys implemented network development projects based on the Methodology for Ranking Infrastructure Development Objects and other projects provided for in the Operational and Development Plan.

In 2025, the Company completed infrastructure development projects with a total length of 12.4 km of water supply networks and 9.6 km of wastewater collection networks. 176 households were connected to the new water supply networks, and 188 households were connected to the wastewater collection networks. Furthermore, 3 outdoor drinking fountains were installed in 2025.

For the modernisation of the existing water supply and wastewater networks in 2025, the Company allocated EUR 6.6 million of investments. In 2025, the Company completed reconstruction projects, which upgraded 1.3 km of water supply networks and 1.7 km of wastewater networks.

Vilniaus Vandenys invests in water improvement facilities to provide consumers only with a superior quality water. In 2024, the Company launched the reconstruction of the Šalčininkai wellfield. On 31 October 2025, all work was completed, and the equipment is now removing excess iron and manganese. Following the reconstruction, quality drinking water is now guaranteed for the residents of Šalčininkai.

The Company keeps strong focus on small wastewater treatment plants it operates. Design work on the Nemenčinė Wastewater Treatment Plant started in 2024, with a construction permit obtained in October 2025. The following studies have also been prepared and approved: for the reconstruction of the Šalčininkai Wastewater Treatment Plant in August 2025, and for the reconstruction/modernisation of the Eišiškės Wastewater Treatment Plant in September 2025. Under the Company's updated long-term strategy for 2026–2035, investments in the reconstruction of wastewater treatment plants have been postponed to later periods.

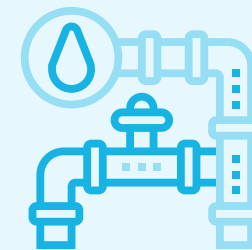
Striving to provide the highest quality of services, meet the highest environmental standards and enable even more residents to join the newly established networks, the Company makes considerable efforts to ensure that the financial burden of projects does not fall on residents and businesses. Therefore, Vilniaus Vandenys is constantly looking for solutions and calls on public authorities to support the implementation of its projects through EU structural funds; it is working with Lithuanian ministries to secure additional funding and programs (such as the Modernisation Fund) and is also seeking to secure funding from the LIFE program.

In 2025, the Company implemented the "Connection of Residential Buildings to Existing District Wastewater Management Systems" project, which received EUR 144,000 in financing.

In 2025, the Company signed a financing agreement for the "Expansion of District Drinking Water Supply and Wastewater Collection Networks in Grigaičiai vlg., Šatrininkai eld., Vilnius Distr." project. Under Progress Measure No 02001060702 (RE), "Improving Access to Drinking Water Supply and Wastewater Management Services," the project received EUR 472,760 in financing.

The Company continued its project to install solar photovoltaic plants on the roofs and near its buildings in 2025, with a total investment of EUR 0.7 million in 2025.

”



In 2024, the Company completed infrastructure development projects with a total length of **12.5 km** of water supply networks and **9.6 km** of wastewater collection networks.



In 2025 the Company invested **EUR 6.6 million** in the modernisation of the existing water supply and wastewater networks.



SUSTAINABILITY STATEMENT

Company's activities

Activities of the Company of Vilniaus Vandenys are indissociable from the nature: the Company extracts a vital resource – water – from underground and supplies it to the public, collects wastewater, treats and discharges back to the environment so that it can continue to participate in its regenerative cycle. By treating the collected wastewater, the Company produces biogas and electricity from the sludge and returns the treated sludge to the environment to restore damaged layers of soil. In this way, the loop of circular economy closes in Vilniaus Vandenys. The Company aims to act in harmony with the surrounding environment, therefore it is implementing technologies that reduce pollution and conserve natural resources, consistently increases the use of renewable resources in its activities, applies modern human resource management, supports or initiates transparent, ethical and responsible business initiatives.

In its activities, the Company is guided by the [Sustainability Policy](#) approved by the Board.

Preparing the Sustainability Statement

The structure of this Sustainability Statement and some of its content are based on preliminary material from 2024. However, all the data, indicators, and disclosures for 2025 have been updated and

verified based on the most recent information to accurately reflect the situation in 2025.

This ensures both consistency with previous reports and the reliability and transparency of information for stakeholders. This Sustainability Statement has been prepared in accordance with the EU Corporate Sustainability Reporting Directive (CSRD) and the requirements of the European Sustainability Reporting Standard (ESRS). The Sustainability Statement also includes an assessment of compliance with the requirements of Article 8 of the EU Taxonomy Regulation (EU) 2020/852.

The Statement has been prepared on an individual basis. The Company did not use the option to omit a specific piece of information corresponding to intellectual property, know-how, etc. (in accordance with Section 7.7 of ESRS 1, as well as Article 5(e) of BP-1) and did not deviate from the timeframes recommended by ESRS.

The Sustainability Statement (qualitative information, targets, and metrics) covers only the Company's operations. In 2024, a double materiality assessment was conducted, which took into account the impacts, risks, and opportunities arising in the supply chain and the downstream value chain; however, the targets, metrics, and other information presented in this report cover only the Company's operations.

The Sustainability Statement does not contain any quantitative metrics and/or monetary amounts that are subject to a high degree of measurement inaccuracy. All quantitative metrics are based on direct measurements. The metrics and targets only cover the midstream segment of the supply chain (the Company's own operations), therefore there is no impact on the accuracy of the data.

No significant measurement uncertainties related to the consequences of future events, the measurement methods used, or the quality of data in the value chain have been identified for quantitative metrics and monetary amounts.

The Sustainability Statement (qualitative information, targets, and metrics) covers only the Company's operations. Although the targets, metrics and other quantitative information presented in the sustainability statement apply only to the Company's operations, the double materiality assessment also evaluated the value chain—including the supply chain and the downstream value chain—to identify material impacts, risks, and opportunities.

The Company continues to phase ESRS requirements and, due to a lack of information, does not apply the ESRS E4, S2, and S4 topical standards for the 2025 reporting period.

Changes made in the preparation of the Sustainability Statement for 2025:

- Improved structure of the report in line with ESRS requirements.
- An independent limited assurance engagement was performed on the Sustainability Statement for 2025. The assurance engagement was performed by an independent auditor in accordance with applicable assurance standards. During the limited assurance engagement, information presented in the Statement was assessed for compliance with applicable sustainability reporting requirements, data reliability, and consistency of disclosures.
- A more structured sustainability reporting format was used in accordance with ESRS to ensure required clarity of disclosures.

The roles and responsibilities assigned to material IROs have been revised to better align with the requirements of ESRS 2.

List of disclosure requirements incorporated by reference

The “General Meeting of Shareholders, the Company’s Board and Audit, Risk and Sustainability Committee” section of the Governance Report describes in more detail the composition and diversity of the management and oversight bodies, pages 57-58.

The “Audit, Risk and Sustainability Committee” section of the Governance Report provides disclosures in accordance with Article 22(a) of ESRS 2 GOV-1, page 73.

The “Company’s Business Strategy Map” section of the Management Report provides disclosures in accordance with Article 22(d) of ESRS 2 GOV-1, pages 15-16.

For strategic directions, see the “Company’s Strategic Direction and Objectives” section of the Management Report, page 15.

The “General Meeting of Shareholders, the Company’s Board and Audit, Risk, and Sustainability Committee” section of the Governance Report provides disclosures in accordance with Article 21(d) of 2 ESRS GOV-1 (Board’s gender diversity), pages 57–58.

Disclosures on risk management are provided in the “Risk and Non-Compliance Management” section of the Management Report, pages 33-35.

Disclosures on the Company’s strategy and business model are provided in the “Company’s Values, Strategy, Objectives and Performance Improvement” section of the Management Report, page 14.

Disclosures on the services offered are provided in the “Main services” section of the Management Report, page 7.

Disclosures on the markets and customer groups served are provided in the “Company’s Customers” section of the Management Report, page 41.

The Company’s customers and services are described in the “Company’s Customers” section of the Management Report, page 41.

Disclosures on the actions relating to privacy and data protection, are provided in the “Ensuring Cybersecurity” section of the Management Report, page 39.

Disclosures on the actions relating to the quality of the water supply are provided in the “Main Services. Drinking Water Quality” section of the Management Report, page 7-8.

Disclosures on customer engagement in addressing impact issues and quality assurance are provided in the “Customer Satisfaction” and “Customer Enquiries” sections of the Management Report, pages 47-49.

Disclosures on the actions relating to the prevention of corruption and bribery, the protection of whistleblowers, and other disclosures in accordance with disclosure requirements G1-1 and G1-3, are presented in the “Creating a Corruption-Resilient Environment in the Company” section of the Management Report, pages 82-83.

Disclosures on the actions related to the building a culture of excellence are provided in the “Increasing the Company’s Operational Efficiency” section of the Management Report, page 20.

Disclosures on the relationships with suppliers are provided in the “Public Procurement” section of the Management Report, page 31.

Minimum Disclosure Requirements

Further in this Sustainability Statement, the Company applies and makes disclosures in line with Minimum Disclosure Requirements regarding policies (MDR-P), actions (MDR-A), metrics (MDR-M) and targets (MDR-T), together with the corresponding Disclosure Requirements in topical ESRS.

No external body, other than the limited assurance provider, was involved in validating the measurement of any metrics in the Sustainability Statement.

Disclosures in accordance with Article 17 (b)-(e) of ESRS 2 BP-2 is provided in the topical sections of this Statement.

Other Information

The Company has been certified to ISO 9001 and ISO 14001 since 2003, and to ISO 45001 from February 2023. The Company has been issued a certificate (in Lithuanian and English) of compliance with ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 standards. The scope of an integrated management system covers the following Company’s operating activities: “Water abstraction, preparation and supply. Wastewater collection and management.” ISO 9001 14001 and 45001 re-certification audits and ISO 27001 certification audits were carried out in November and December 2025, which found the management system to be fully effective according to the requirements of the standard.

Reporting period

Sustainability Statement covers the period from 1 January 2025 to 31 December 2025.

SUSTAINABILITY GOVERNANCE

On 12 June 2024, the Company’s Board approved the Rules of Procedure for the Audit, Risk, and Sustainability Committee (hereinafter the “Committee”), which were in effect and applied in the preparation of the Sustainability Statement 2025. They define the Committee’s rights, duties, functions and tasks.

Function assigned to the Committee in the area of sustainability:

- Participate in the development of guidelines, policies and targets related to sustainable practices.
- Oversee the double materiality assessment process.

- Oversee the assessment of impacts, risks and opportunities
- Monitors the Company’s sustainability reporting process and provides recommendations to ensure its reliability.

Management role in the governance processes, controls and procedures used to monitor, manage and oversee impacts, risks and opportunities

More detailed information on the distribution of responsibilities is provided in the management structure table included in this Statement:

Governance level / function	Responsibility area	Oversight and control measures
Board	Strategic oversight, sustainability integration into the Company’s direction and objectives	Approves the strategy, assesses sustainability progress, and makes decisions on material matters related to impacts and risks
Audit, Risk and Sustainability	Risk, sustainability, and compliance oversight; provision of recommendations to the Board; and monitoring of impacts, risks, and opportunities	Regular meetings, progress assessments, and report reviews
CEO	Implementation of strategic decisions; responsibility for integrating sustainability into daily operations	Coordination of management activities and sustainability implementation
Director of Quality and Innovation Service	Coordination of sustainability matters, data collection, monitoring of indicators, and initiation of operational projects Impacts, risks, and opportunities related to sub-topic E1 “Climate change mitigation”	Each quarter material sustainability matters are communicated to the Audit, Risk and Sustainability Committee by the Director of Quality and Innovation Service
Director of the Finance Service	Impacts, risks, and opportunities related to subtopic G1 “Corporate culture”	Participating in the setting of goals and metrics, monitoring progress, and reporting to management and the committee
Director of the Production Service	Impacts, risks, and opportunities related to topic E3 “Water and marine resources,” and E1 sub-topic “Adaptation to climate change”	Development of a long-term business strategy involves setting objectives
Director of Operations and Compliance Service	Impacts, risks and opportunities related to topics E2 “Pollution”, E4 “Biodiversity and ecosystems”, E5 “Circular economy”, S2 “Workers in the value chain”, S1 sub-topic “Working conditions” and G1 sub-topic “Management of relationships with suppliers”	Development of a long-term business strategy involves setting objectives
Director of Customer Service	Impacts, risks and opportunities related to S4 sub-topic “Personal safety of consumers and/or end-users”	Development of a long-term business strategy involves setting objectives
Head of Business Resilience Division	Impacts, risks and opportunities related to S4 sub-topic “Information-related impacts on consumers and/or end-users” and G1 sub-topics “Corruption and bribery” and “Protection of whistle-blowers”	Development of a long-term business strategy involves setting objectives
Head of People and Culture	Impacts, risks and opportunities related to S1 sub-topics “Equal treatment and opportunities for all”	Development of a long-term business strategy involves setting objectives

All directors of departments and heads of divisions listed in the table above report to CEO.

The oversight of the management of material impacts, risks, and opportunities (IROs) identified during the double materiality assessment is integrated into the Company’s overall management system. The administration, led by CEO, is responsible for implementing the IROs management measures in day-to-day operations, applying policies, and taking the required actions. The supervisory bodies—the Company’s Boards—oversee IROs management at the strategic level: they periodically review information related to sustainability, risks, and compliance, assess progress, and make decisions regarding policies, action plans, and priorities. Information regarding material IROs, their management, and any changes is submitted to the Board at least once a year or more frequently, as needed.

Administrative, management, and supervisory bodies have a wide range of responsibilities, including financial management, investments, strategic planning, and operational management—this expertise is directly applied in assessing and monitoring impacts, risks, and opportunities that are material to the Company. The experience of the Board and Committee members enables them to make informed decisions regarding the integration of sustainability into the strategy, risk assessment, and the creation of long-term value.

In 2025, to enhance employees’ understanding and competencies in the area of sustainability, the “Sustainability Training Sessions 1 and 2” and “PwC Sustainability Training for Middle Management” were organized, introducing participants to the concepts and principles of sustainability, discussing the meaning of sustainability in the context of the Company’s operations; presenting key sustainability trends and applicable regulatory requirements; and examining the benefits of sustainability for the organisation. This training contributed to the strengthening an overall culture of sustainability and enabled informed decision-making in day-to-day operations.

Targets related to material impacts, risks and opportunities are identified as part of the development of the Company’s long-term business strategy. For more information, see next section of the Management Report, “The Company’s Strategic Direction and Objectives”, page 15

In 2025, the Committee addressed the following sustainability matters:

- Reviewed the implementation of the Sustainability Policy and made suggestions for additions to the provisions.
- Conducted monitoring of the Company’s preparations for sustainability reporting. Discussed the quarterly sustainability reporting results and the sustainability reporting plans for 2025 and 2026 with Company’s management.

The following information is incorporated by cross-reference to other parts of the Management Report:

- A more detailed disclosures on the composition and diversity of the management and oversight bodies is presented in the “General Meeting of Shareholders, Company’s Board and Audit, Risk and Sustainability Committee” section of the Governance Report, pages 57-58.
- Disclosures in accordance with Article 22(a) of ESRS 2 GOV-1 are provided in the “Audit, Risk and Sustainability Committee” section of the Management Report, page 59.

- Disclosures in accordance with Article 22(d) of ESRS 2 GOV-1 are provided in the “Company’s Business Strategy Map” section of the Management Report, pages 15-16.
- Disclosures in accordance with Article 21(d) of ESRS 2 GOV-1 are provided in the “General Meeting of Shareholders, the Company’s Board and Audit, Risk, and Sustainability Committee” section of the Management Report, pages 58-59.

In the Company, employees are represented by the Works Council; all related disclosures are presented in a topical chapter “Own workforce”, section “Works Council”.



Integration of sustainability-related performance into incentive schemes

The Company integrates sustainability-related performance into the management’s annual targets. These targets are based on sustainability topics that are material to the Company and are explicitly set forth in the strategy, which includes the strategic direction “Environmentally sustainable activities.” Its implementation involves two specific strategic goals:

- Reduce the impact of operations on the environment (related impact-GHG emissions)
- Develop renewable energy and the circular economy (related impact- development of renewable energy)

A chievement of these goals accounts for 35% of the overall assessment of strategic goals and therefore has a significant impact on the management performance appraisal. Sustainability indicators are included in managements’ annual targets and are evaluated alongside other performance results. The management performance appraisal directly determines the amount of a variable remuneration component. Although sustainability goals are not specifically highlighted in the remuneration policy, they are integrated into the appraisal system used to determine both the management’s performance appraisal and the related financial remuneration.

The following variable component rates apply to management for the achievement of performance targets:

- up to 30% for CEO
- 20% for the directors of Services
- 10% for managers who report directly to CEO and the head of the financial accounting division
- 5% for the heads of other departments and divisions

Since sustainability gaols account for more than a third of all strategic goals, a significant portion of management’s variable component depends specifically on the achievement of sustainability goals.

The terms and conditions of incentive schemes and the procedure for determining remuneration are agreed upon with employee representatives—the Trade Union and the Works Council—and approved by order of CEO.

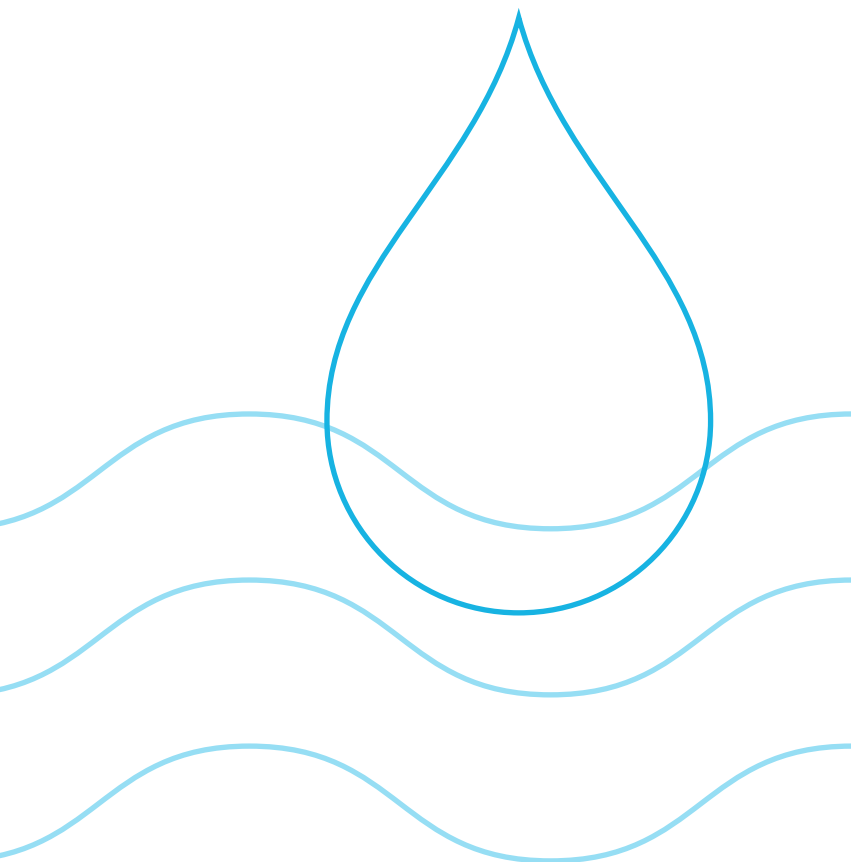
Sustainability reporting risks

Risks related to sustainability reporting and internal control are identified through a risk management process. A more detailed disclosures are presented in the “Risk and Non-Compliance Management” section of the Management Report, pages 33-35.

In 2024, the risk assessment identified emerging risk of related to the misstatements of sustainability data due to potential human error and the improper collection of data required for sustainability reporting. The risk remained relevant and was monitored during the reporting period in 2025. Current risk management measures:

In 2025, a description of procedures was adopted, governing the processes related to the sustainability reporting. The description covers the organisation, execution, purpose of the processes involved, roles, responsibilities, course of action and administrative procedures.

To ensure smooth and accurate disclosure of metrics required by the ESRS, in 2025, these indicators were monitored on a monthly basis and reported to the Audit, Risk and Sustainability Committee on a quarterly basis. Training was organised to improve understanding of the ESRS requirements and to ensure proper compliance.



STATEMENT ON DUE DILIGENCE

The table below provides information on how the Company applies the core elements of due diligence and where they are disclosed in the Sustainability Statement.

Core elements of due diligence	Components of the Sustainability Report	Disclosures that relate to impacts on the environment or people
Embedding due diligence in governance, strategy and business model	ESRS 2 GOV-2, page 95	Environment and people
	ESRS 2 GOV-3, pages 95,157	Environment and people
	ESRS 2 SBM-3, pages 107-113	Environment and people
Engaging with affected stakeholders in all key steps of the due diligence	ESRS 2 GOV-2, page 95	Environment and people
	ESRS 2 SBM-2, pages 101-102, 106	Environment and people
	ESRS 2 IRO-1, pages 104-105	Environment and people
	ESRS 2 MDR-P	
	E1-2, page 102	Environment
	S1-1, pages 145-146, 150, 152	People
Identifying and assessing adverse impacts	ESRS 2 SBM-3, pages 107-113	Environment and people
	ESRS 2 SBM3 (Climate change), page 118	Environment and people
	ESRS 2 SBM3 (Pollution), page 129	Environment
	ESRS 2 SBM3 (Water and marine resources), page 122	Environment
	ESRS 2 SBM3 (Resource use and circular economy), page 129	Environment
	ESRS 2 SBM-3 (Own workforce), pages 144, 147	People

Core elements of due diligence	Components of the Sustainability Report	Disclosures that relate to impacts on the environment or people
Taking actions to address those adverse impacts	ESRS E1-1, page 114	Environment
	ESRS 2 MDR-A:	
	E1-3, page 119	Environment
	E2-2, page 130	Environment
	E3-2, pages 134-135	Environment
	E5-2, pages 140-141	Environment
	S1-4, pages 146-147, 148-151, 152-154	People
Tracking the effectiveness of these efforts and communicating	ESRS 2 MDR-T:	
	E14, pages 122,126	Environment
	E1-6, pages 124-128	Environment
	E2-3, pages 131-132	Environment
	E3-3, page 136	Environment
	S1-5, pages 154-155	Environment
	ESRS 2 MDR-M:	
	E1-5, page 123	Environment
	E24, E25, page 133	Environment
	E3-4, page 137	Environment
	E5-5, pages 141-142	Environment
	S1-6, pages 154-156	People

STRATEGY, BUSINESS MODEL AND VALUE CHAIN

Sustainability goals related to material impacts, risks, and opportunities are set based on the double materiality assessment for 2024 and the Company's strategic directions. The process of setting goals involves proposals from the responsible departments. The ultimate goals are coordinated with senior management and the Company's Board.

Progress in achieving these goals is monitored on a quarterly basis and reported to both senior management and the Audit, Risk, and Sustainability Committee. This ensures systematic oversight, strategic consistency, and a response to stakeholders' expectations.

Administrative, management, and supervisory bodies periodically assess key sustainability-related impacts, risks, and opportunities as part of their consideration of strategic matters. These aspects are integrated into strategy development, long-term investment planning, and decision-making regarding significant projects or transactions.

When making decisions regarding investment projects or initiatives, not only financial aspects but also sustainability

aspects are taken into account, including potential environmental impact, reputational risks, and regulatory compliance. If conflicts arise between economic and sustainability goals, they are discussed during the review of the Company's long-term business strategy (in the third quarter of each year) and addressed by seeking the optimal solution to balance long-term value with environmental and social responsibility.

When the strategy was updated in 2025, the results of stakeholder engagement did not inform any changes to the strategy or business model because the assessment conducted at that time did not highlight the need for fundamental changes. As stakeholder insights are considered in the annual update of the strategy, this statement does not include information on potential future changes.

The Sustainability Statement for 2025 has been prepared based on the Company's available internal data, as a detailed value chain analysis had not yet been conducted during the reporting period. During the reporting period, a self-assessment of internal data gaps in the value chain was initiated

to prepare for the future inclusion of more detailed information on business relationships and the supply chain.

The key resources used in the Company's operations are groundwater, and the information on the use and protection thereof is described in the "Water and Marine Resources" topical section of this Statement.

SBM-1 information is incorporated by cross-reference:

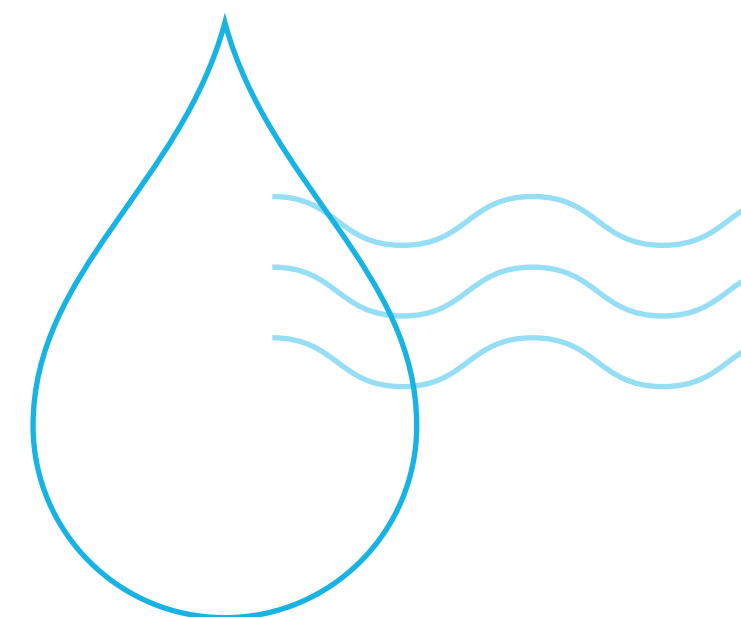
Disclosures on the Company's strategy and business model is presented in the "Company's Values, Strategy, Objectives and Performance Improvement" section of the Management Report, page 17. More detailed disclosures on sustaina-

bility goals is presented in the sections on topical standards in this Statement.

Disclosures on the markets and customer groups served are provided in the "Company's Customers" section of the Management Report, page 47.

Disclosures on the services offered are provided in the "Main Services" section of the Management Report, page 7.

Disclosures on headcount of employees by geographical areas is presented in S1-6 section of this Statement.



STAKEHOLDERS AND THEIR EXPECTATIONS

The Stakeholder Management Plan is part of the Company’s Stakeholder Relations Management Policy, which was adopted in 2022.

The Stakeholder Management Plan provides principles and guidelines for the development of the Company’s stakeholder relations, ensuring the ability to identify key issues relevant to the stakeholders in the Company’s sustainable business development.

When working with stakeholders, priority is given not only to the exchange of information, but also to active engagement and dialogue, which are an important part of the company’s strategy.

Stakeholders and their expectations for the Company

Stakeholder	Stakeholder’s business-related goals, expectations	Communication channels and frequency
1. Shareholders, members of collegial bodies	Operational, financial stability and profitability. Sustainable business, innovation development, openness, transparency, security, good governance	Periodic meetings, sessions, daily written communication. They inform the Board about the issues and needs of priority stakeholders
2. State, municipal and regulatory authorities	Compliance, partnership, sharing of expertise, shaping market regulation practices, contribution to the objectives of international institutions (EU, EC, etc.): ensuring the interests of national security, implementing projects of strategic importance, creating value for the State and regions	Regular meetings and inter-institutional cooperation
3. Employees and their representative organizations	Company’s financial stability, workplace safety, opportunity to improve level of competences and qualifications, fair remuneration and transparent remuneration arrangements, working processes and procedures	Daily communication to staff on the intranet and bulletin boards Daily Asaichi meetings Periodic organisation-wide meetings, newsletters, information and cultural events Periodic regular cooperation with the Works Council

4. Partners Business partners Financial partners	Operational innovation and digital transformation, operational reliability and security, high standards of business conduct implemented throughout supply chain (from raw materials to billing)	Targeted cooperation with contractors and business partners through periodic meetings and daily communication Communication with financial partners on demand, regular reporting
5. Customers	Quality services, consistently increasing reliability and availability of services, attentive, professional service, short, flexible service procedures (for connection of new customers)	A system of different customer-friendly integrated channels (customer service centres, hotlines, a self-service website, web enquiries, and the ability to interact with the Company via social networks) Customer experience is measured through transactional and annual surveys, the most important of which is the Global Customer Satisfaction Index survey
6. Influencers, media and public	Open, transparent, easily accessible information about the Company, professional and timely communication, prompt response to inquiries, quality of the Company's services, continuous, socially responsible activities	Relevant information is published regularly on the Company's website, Facebook, Instagram and LinkedIn, periodic communications to national and regional media An organisation that is accessible to customers, communicating with them through digital (email, website enquiries, Facebook enquiry channel) and traditional channels (telephone and customer service centres)
7. Communities	Quality services, socially responsible activities, contribution to the general well-being, ensuring continuous dialogue, open communication, prompt problem solving	Communication on demand, both directly during meetings and through digital channels (email, social networks, phone)

The insights obtained through stakeholder engagement in 2024 were used to inform decision-making and assess materiality in the Sustainability Statement for 2025:

First, the engagement results were used in a materiality analysis, which served as the basis for identifying the company's material sustainability topics (for more information, see the "Double Materiality Assessment" section of this Statement). The data obtained was taken into account in operational planning, the communication strategy, and service improvement initiatives.

Furthermore, the 2024 materiality assessment identified nature as a silent stakeholder when evaluating impacts. Consequently, particular attention was paid to the effects on ecosystems, biodiversity, water resources and the climate. Since nature cannot directly express its interests, the assessment drew on scientific data, environmental indicators, regulatory requirements, as well as an analysis of publicly available reports, national and the EU strategic documents, and sectoral guidelines. It has enabled well-informed decisions to be made regarding the significance of impacts and ensured the proper consideration of nature interests in the decision-making process.

The administrative, management, and supervisory bodies (the Company's Board and senior management) are regularly informed of stakeholders' views and expectations regarding sustainability matters.

This information is provided through:

- presentations of performance and sustainability reviews;
- the annual double materiality assessment and the sustainability reporting process;
- overviews of risks of incidents and reputation.

The information received covers the interests of customers, partners, regulators, and other groups concerning environmental protection, social impact, and operational resilience. This data is used to improve services, communication and to inform strategic decisions.



DOUBLE MATERIALITY ASSESSMENT

General information

In 2024, the Company performed a double materiality assessment (results of which are also used in the Sustainability Statement for 2025, as no new double materiality assessment was conducted during the reporting period) in respect of material sustainability topics based on the Commission Delegated Regulation (EU) 2023/2772 of 31 July 2023 supplementing Directive 2013/34/EU of the European Parliament and of the Council as regards sustainability reporting standards (ESRS) and the Materiality Assessment Implementation Guidance issued by the European Financial Reporting Advisory Group (EFRAG). The assessment was carried out using the LEAP method (locate, evaluate, assess, prepare):

1. We located where in its own operations and along the value chain the interface with nature takes place.
2. We assessed dependencies and impacts.
3. We assessed material risks and opportunities.
4. We prepared and reported the results of the materiality assessment.

Double materiality assessment methodology

Assessment scope and assumptions

In 2024, the double materiality assessment was conducted primarily on company-wide basis. Information on the value chain has been included to a limited extent, focusing on the safety and health of workers in the value chain (i.e. contractors working on the Company's site), as well as on the climate change issue. This choice of the scope of the assessment was influenced by the lack of information on the value chain.

The Company plans to conduct the double materiality assessment at least every two years or when there is a significant change in business processes.

In 2024, the double materiality assessment applied various data sources and analytical tools to ensure a comprehensive and well-founded identification of impacts, risks, and opportunities. The assessment was based primarily on the Company's internal data: performance indicators, analysis of historical events, internal investigation reports, and monitoring results. The assessment was based both on an analysis of the current sit-

uation and on projections regarding the likely or unlikely recurrence of past events. Internal experts from a variety of fields took an active part in the assessment, offering their views on the impact on people and the environment, and on potential future risks and opportunities.

It also involved an additional external information, including the Global Risks Report 2024 of the World Economic Forum, Futures Platform's forecasts to 2040 regarding environmental, economic, and social factors relevant to the water management sector. The consideration was also made on legal framework of the European Union and anticipated changes thereto that are relevant to the sector's development and risk management. The analysis covered all of the Company's operations within Lithuania (i.e. the city of Vilnius and the districts of Vilnius, Šalčininkai, and Švenčionys), including its main business units involved in water supply and wastewater management.

Since the assessment was qualitative in nature, no quantitative models or scenario analyses based on specific assumptions were used at this time. Nevertheless, a detailed approach to integrating internal and external information ensures a well-founded perspective on the key sustainability topics.

Assessment methodology and process

The double materiality assessment was performed to evaluate the Company's impact on the environment and people, and the impact of sustainability-related risks or opportunities on the Company's financial position. The assessment performed in 2024 in accordance with the Materiality Assessment Implementation Guidance issued by EFRAG and used in preparing the Sustainability Statement for 2025, was carried out using the methodology described below.

Step 1: Draw up a list of topics

Identifying and reviewing the company's value chain, analysing all available data relating to the supply chain, the company's own operations and downstream value chain. Drawing up a list of sustainability topics, which will form the basis for further assessment. This stage also includes an assessment of all available information relating to stakeholders' expectations for the company.

Step 2: Assessment of material impacts

Based on the list of sustainability topics, impacts on the environment and people, arising from the company's operations

are refined and assessed in the short-, medium- or long-term. (time intervals as set out in ESRS 1, Art. 77). To identify and monitor potential and actual impacts on people and the environment, the company employs a structured internal assessment process that includes meetings of interdisciplinary working groups, analysis by internal experts, and peer reviews. The materiality of an impact is determined by considering its potential scope, severity, and likelihood.

Impact assessment focuses primarily on operational aspects associated with increased risk, and also analyses the geographic areas where operations take place, particularly sensitive natural areas, such as surface water bodies into which treated wastewater is discharged. For monitoring purposes, the Company uses publicly available reports, holds regular consultations with stakeholders (including municipalities and regulators), and analyses employee and partner feedback. The impacts in business relations, including those involving suppliers, will be further assessed once the entire supply chain has been identified and assessed.

The impact materiality is assessed on a five-point scale and the results are recorded in a tool to calculate the impact materiality.

The scale, scope, and irremediable character of actual positive or negative impact were taken into account in assessing its severity. They are defined as follows:

Scale: how grave the impact is (i.e., extent of infringement of access to basic life necessities or freedoms (e.g., education, livelihood etc.)

Scope: how widespread the impact is (i.e., number of individuals affected or the extent of the environmental damage)

Irremediable character: the extent to which the impact can be remediated (e.g., through compensation or restitution; whether the people affected can be restored to their exercise of the right in question)

In assessing the materiality of a potential positive or negative impact, the likelihood of the impact was additionally taken into account, except for impacts on human rights.

Step 3: Assessment of risks and opportunities

The assessment started with identifying the Company's material impacts on the environment and society, as well as its dependencies on them. Then, the risks and opportunities arising from these impacts and dependencies were assessed. This approach allows each identified risk or opportunity to be directly linked to a specific impact or dependency, thereby disclosing a link between sustainability aspects and potential financial impacts. The assessment of risks and opportunities was made in the short-, medium- or long-term (time intervals as set out in ESRS 1, Art. 77).

Sustainability-related risks and opportunities are assessed as an integral part of the Company's overall risk management process, which is implemented in accordance with the ISO 31000:2018 Risk Management standard. In the assessment process, each risk is assessed according to its likelihood and impact, and the final risk level determines its priority—the higher the risk level, the higher its priority. All risks, including sustainability-related risks, are subject to this approach.

Sustainability-related risks are integrated into the Company's overall risk map and assessed using the same prioritisation approach. Risks assessment results are discussed with the relevant departments and the Audit, Risk and Sustainability Committee. This ensures that sustainability-related risks are systematically identified, assessed, and managed alongside all other risks relevant to the Company's operations. Detailed disclosures on the risk and opportunity assessment are presented in the "Risk and Non-Compliance Management" section of the Management Report, pages 33–34.

Opportunities are assessed alongside risks as part of the ongoing strategic planning and decision-making process. Identifying them involves not only sustainability risk analysis but also other processes within the organization, such as search for innovation, development of strategic initiatives, or monitoring of external trends. This process requires ongoing communication, strict oversight of the implementation of risk management plans, periodic monitoring, evaluation of the effectiveness of risk management measures,

and decision-making regarding the implementation of new measures.

Managing sustainability-related opportunities is becoming an integral part of achieving the Company's objectives and creating long-term value.

This double materiality assessment phase involved all of the Company's departments. The assessment assigns related risks and/or assesses new risks or opportunities for each of the identified impacts. The financial materiality is assessed on a five-point scale and the results are recorded in a tool to calculate the impact materiality. The assessment of risks or opportunities took into account their financial impact on the company and their likelihood. The financial impact is subject to a quantitative assessment, or a qualitative assessment, if not practical due to lack of information.

Step 4: Stakeholder survey and results

The results of the previous stages of the assessment are discussed with senior management and the Company's Audit, Risk and Sustainability Committee. A stakeholder survey was then carried out, during which all parties were provided with questionnaires. The consolidated results of the Company's assessment and the stakeholder survey were further reviewed by senior management and the Audit, Risk and Sustainability Committee.

A description of the decision-making process and related internal control procedures is provided in the "Sustainability Management" section of this report.

Results of double materiality assessment

The table below provides further information on each of the impacts that are material to the Company:

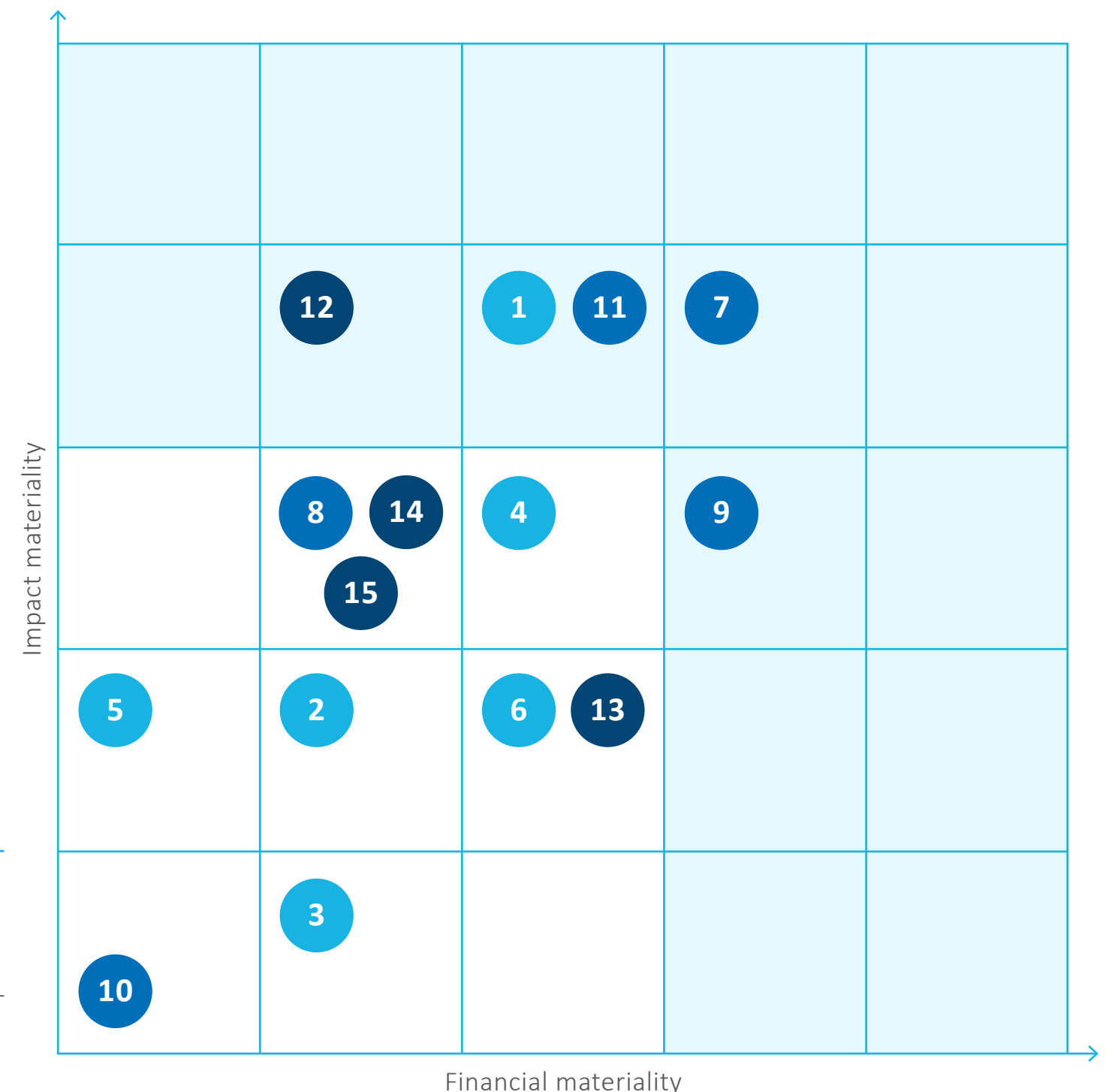
Topic	Subtopic	Sub subtopics
Biodiversity and ecosystems	Direct impact drivers of biodiversity loss	Pollution
Workers in value chain	Working conditions	Health and safety
Consumers and end users	Information-related impacts on consumers and/or end-users	Privacy
	Personal safety of consumers and/or end-users	Health and safety

A more detailed disclosures on Article 17 of ESRS 2 BP-2 is presented in the topical chapters of the Sustainability Statement.

Topics:

- | | |
|---|---|
| 1. Climate impact | 8. Diversity, equal opportunity and human rights |
| 2. Pollution of air | 9. Working conditions and safety for workers in the value chain |
| 3. Pollution of soil | 10. Affected communities |
| 4. Pollution of water and resources | 11. Consumers and end-users |
| 5. Biodiversity and ecosystems | 12. Corruption and bribery |
| 6. Circular economy | 13. Management of relationships with suppliers |
| 7. Adequate and safe working conditions for employees | 14. Business conduct and corporate culture |
| | 15. Protection of whistle-blowers |

Double materiality assessment



environment topics



social topics



governance topics

* During the double materiality assessment, the “Working conditions and safety for workers in the value chain” topic was identified as material from the perspective of occupational health and safety for partners’ employees working on the Company’s premises.

Material sustainability topics and subtopics are integrated into the Vilniaus Vandenys’ strategy through four key strategic directions, which address both the Company’s specific operational priorities and broader environmental, social, and economic sustainability matters. These directions align with the United Nations’ Sustainable Development Goals (SDGs) and have been developed based on the current regulatory environment, stakeholder expectations and a double materiality assessment.

The strategic direction “Environmentally sustainable activities” covers the most important environment-related topics: climate change mitigation, conservation of natural resources, development of renewable energy, and the circular economy.

Social aspects—employee well-being, safety, inclusion, and engagement—are addressed in the “Caring Organization and Engaged Employees” strategy direction. Meanwhile, topics related to responsible management, innovation, technological progress, and financial resilience are reflected in the strategic directions “Innovation, Efficiency and Financial Sustainability Growth” and “Effective Customer Experience Management.” In this way, sustainability aspects are not assessed in isolation—they are organically integrated into the Company’s strategic goals and are consistently implemented through daily operations and long-term planning.

The table below provides further information on each of the impacts that are material to the Company.

Impacts	Risks and opportunities	Value chain				
		Supply chain	Own operations	Downstream chain	Business model (segment)	Time horizon
E1 – Climate change						
Sub-topics: Climate change mitigation, climate change adaptation						
GHG emissions Negative impacts on the environment Greenhouse gas emissions contribute to climate change	Risks: Heat wave (physical) Heavy precipitation (Physical) Pricing of fossil fuels (Transition)	✓	✓		Wastewater treatment and production of products purchased by the Company	Medium- and long-term
Development of renewable energy Positive impacts on the environment Increased use of renewable energy in the Company’s operations reduces GHG emissions	Opportunities: Use of renewable energy in operations		✓		Wastewater treatment process, water abstraction and preparation	Medium- and long-term

Impacts	Risks and opportunities	Value chain				
		Supply chain	Own operations	Downstream chain	Business model (segment)	Time horizon
E2 Pollution						
Sub-topic: Pollution of air						
Air pollution by other gases (other than GHG) Negative impacts on people In addition to GHG emissions, other air pollutants generate from the Company’s operations	Risks: Exceeding the limit values related to odour pollution Exceeding the limit values related to air pollution by other gases (ammonia and VOC) (other than GHGs)		✓		Wastewater treatment process	Short-term
Sub-topic: Pollution of soil						
Pollution of soil with chemicals Negative impacts on the environment The Company uses chemicals potentially polluting soil	Risks: Pollution of soil with chemicals		✓		Wastewater treatment process	Short-term
Sub-topics: Water pollution, substances of concern, substances of very high concern, microplastics						
Pollution of surface water bodies Negative impacts on the environment Under various circumstances, untreated or inadequately treated wastewater can enter the natural environment, polluting water bodies. The treated wastewater is contaminated with priority substances and microplastics.	Risks: Violations of environmental protection requirements Exceeding the limit values related to pollution by priority		✓		Wastewater treatment process	Short- and medium-term

Impacts	Risks and opportunities	Value chain				
		Supply chain	Own operations	Downstream chain	Business model (segment)	Time horizon
E3 Water and marine resources						
Sub-topic: Water						
Sub-sub-topics: Water withdrawals and water discharges						
Consumption of groundwater Negative impacts on the environment Unsustainable use of groundwater resources can lead to their depletion	Risks: Reduction in drinking water resources Contamination of groundwater Stringent regulation		✓		Drinking water abstraction and preparation	Short-, medium- and long-term
E4 Biodiversity and ecosystems						
Sub-topic: Direct impact drivers of biodiversity loss						
Sub-sub-topics: Pollution						
Impact on biodiversity and aquatic ecosystems Negative impacts on the environment			✓		Wastewater treatment process	Short- and medium-term
E5 Circular economy						
Sub-topic: Waste						
Wastewater sludge production Negative impacts on the environment Improper management of sludge may not ensure the circular economy principle	Use of wastewater sludge in electricity generation Stringent requirements for the use of wastewater sludge Non-compliance with waste management legislation		✓	✓	Wastewater treatment process	Short-, medium- and long-term

Impacts	Risks and opportunities	Value chain				
		Supply chain	Own operations	Downstream chain	Business model (segment)	Time horizon
Waste generation in the Company's activities (excluding wastewater sludge) Negative impacts on the environment Poor waste management increases the amount of non-recycled waste	Non-compliance with waste management legislation		✓	✓	Wastewater treatment process	Short-term
S1 Own Workforce						
Sub-topic: Working conditions						
Sub-sub-topics: Adequate wages, Social dialogue, Freedom of association, the existence of works councils and the information, consultation and participation rights of workers, Collective bargaining, including rate of workers covered by collective agreements, Work-life balance, Health and safety						
Unsafe working conditions Negative impacts on people Unsafe working conditions contribute to accidents and injuries if safety is not a priority	Risks: Accident due to unsafe working conditions Fire		✓		Wastewater treatment process, maintenance of wastewater and water supply	Short- and medium-term
Sub-topic: Equal treatment and opportunities for all						
Sub-sub-topics: Gender equality and equal pay for work of equal value, Training and skills development, Diversity						
Human rights violations Negative impacts on people Failure to guarantee human rights can cause material or psychological harm to certain individuals or groups of individuals, or restrict the rights of groups of individuals	Risks: Physical or psychological violence, harassment or abuse		✓		All activities of the Company	Short- and medium-term
Failure to guarantee equal opportunities to employees Negative impacts on people Impacts can arise for workers when equal opportunities are not guaranteed (e.g. during wage-pay setting, recruitment, etc.). This impact can also affect human rights violations.	Risks: Violation of equal opportunity and diversity		✓		All activities of the Company	Short-term

Impacts	Risks and opportunities	Value chain				
		Supply chain	Own operations	Downstream chain	Business model (segment)	Time horizon
Employee engagement and diversity Positive impacts on people The Company promotes employee engagement and diversity through a range of measures. An engaging working environment improves employee well-being and job satisfaction	Risks: Lack of communication between business units Inappropriate development of employees Opportunities: Increasing employee		✓		All activities of the Company	Short- and medium-term
S2 Workers in value chain						
Sub-topic: Working conditions						
Sub-sub-topics: Health and safety						
Unsafe working conditions for partners' workers Negative impacts on people	Risks: Accidents to employees of contractors working on Vilniaus Vandenys sites	✓			Wastewater treatment process, water abstraction and preparation	Short- and medium-term
S4 – Consumers and end-users						
Sub-topic: Personal safety of consumers and/or end-users						
Sub-sub-topics: Health and safety						
Supplying quality drinking water Positive impacts on people Centralised water supply can ensure water quality, which contributes to improving human health	Opportunities: Increasing number of customers		✓		Water abstraction and supply	Short-, medium- and long-term

Impacts	Risks and opportunities	Value chain				
		Supply chain	Own operations	Downstream chain	Business model (segment)	Time horizon
Failure to ensure the quality of services Negative impacts on people Various circumstances can lead to a deterioration in the quality of service or a short interruption in water supply	Risks: Improperly managed interruption of operation Late or poor quality			✓	Drinking water supply	Short-term
Sub-topic: Information-related impacts on consumers and/or end-users						
Sub-sub-topics: Privacy						
Privacy and data protection violations Negative impacts on people Employee error or inadequate security of IT systems could lead to the disclosure of customers' personal data	Risks: Leaked personal data of customers			✓	All activities of the Company	Short-, medium- and long-term
G1 Business conduct						
Sub-topic: Corruption and bribery						
Sub-sub-topics: Prevention and detection including training						
Prevention of corruption and bribery Positive impacts on people	Risks: Manifestation of corruption		✓		All activities of the Company	Short- and medium-term
Sub-topic: Management of relationships with suppliers						
Sustainable supply chain management Positive impacts on the environment and people	Opportunities: Ensuring uninterrupted supply of production	✓			Production of products purchased by the Company	Short-, medium- and long-term

Impacts	Risks and opportunities	Value chain				
		Supply chain	Own operations	Downstream chain	Business model (segment)	Time horizon
Sub-topic: Corporate culture						
Building a corporate culture promoting excellence Positive impacts on people Building a corporate culture that promotes excellence increases employee engagement, well-being at work, productivity and efficiency	Opportunities: Building a culture of continuous improvement		✓		All activities of the Company	Short-, medium- and long-term
Sub-topic: Protection of whistle-blowers						
Ensuring protection of whistle-blowers Positive impacts on people Ensuring protection improves employees' emotional well-being and confidence in the organisation	Risks: Insufficient confidentiality		✓		All activities of the Company	Short-, medium- and long-term

All identified material impacts, risks, and opportunities are managed through the Company's policies, procedures, and monitoring and regulatory compliance processes. For each material IRO, relevant disclosures on applicable policies, actions, indicators, and, where applicable, targets is presented in the corresponding topical sections of this Statement.

The Company's policies are internal documents that are reviewed and updated on a regular basis, at least once every two years. While stakeholders were not directly involved in the policy-making process, their interests and expectations were taken into account indirectly, through regulatory requirements, customer needs, and established practices of cooperation. The policies, which have been developed and implemented in accordance with applicable European and International

standards and which guide the Company's activities are described in the "Other Information" section of the Sustainability Statement, page 94.

Union and Lithuanian legislation and, where applicable, international standards and best practices.

Material information for disclosure was identified based on material topics, their subtopics, and the impacts, risks, and opportunities identified during the double materiality assessment. In determining which information is considered material, the Company relied on the document "ID 177 – Links between AR16 and Disclosure Requirements" issued by EFRAG, as well as the provisions of ESRS 1 section "3.2 Material matters and materiality of information." The decision regarding the materiality of the information was made

taking into account the scale, severity, and likelihood of the impact, its duration, the expectations of stakeholders, and the links to the Company's strategic goals

During the double materiality assessment, the following topics were identified as not material:

- The topic "Resource use and circular economy" is considered partially material to the Company. The assessment identified material impacts on the environment related to the generation and management of waste and therefore the topic "Resource inflows" is considered not material.
- The topic "Affected communities" is considered not material as the assessment did not identify any impacts related to economic, social, cultural or other rights

of communities. Communities are also one of the Company's stakeholders, and information on their engagement is provided in the SBM-2 disclosure requirement.

- The "Business conduct" topic is partly material. The assessment did not identify any material impacts, risks or opportunities on the topics of political influence and lobbying and payment practices, and therefore this information is not disclosed in the Report.

The results of the double materiality assessment conducted in 2024 did not identify a need to change the company's strategy or business model for the 2025 reporting period. The Company's strategic directions already cover all material sustainability matters identified; therefore, no significant changes were identified compared to the previous reporting period.

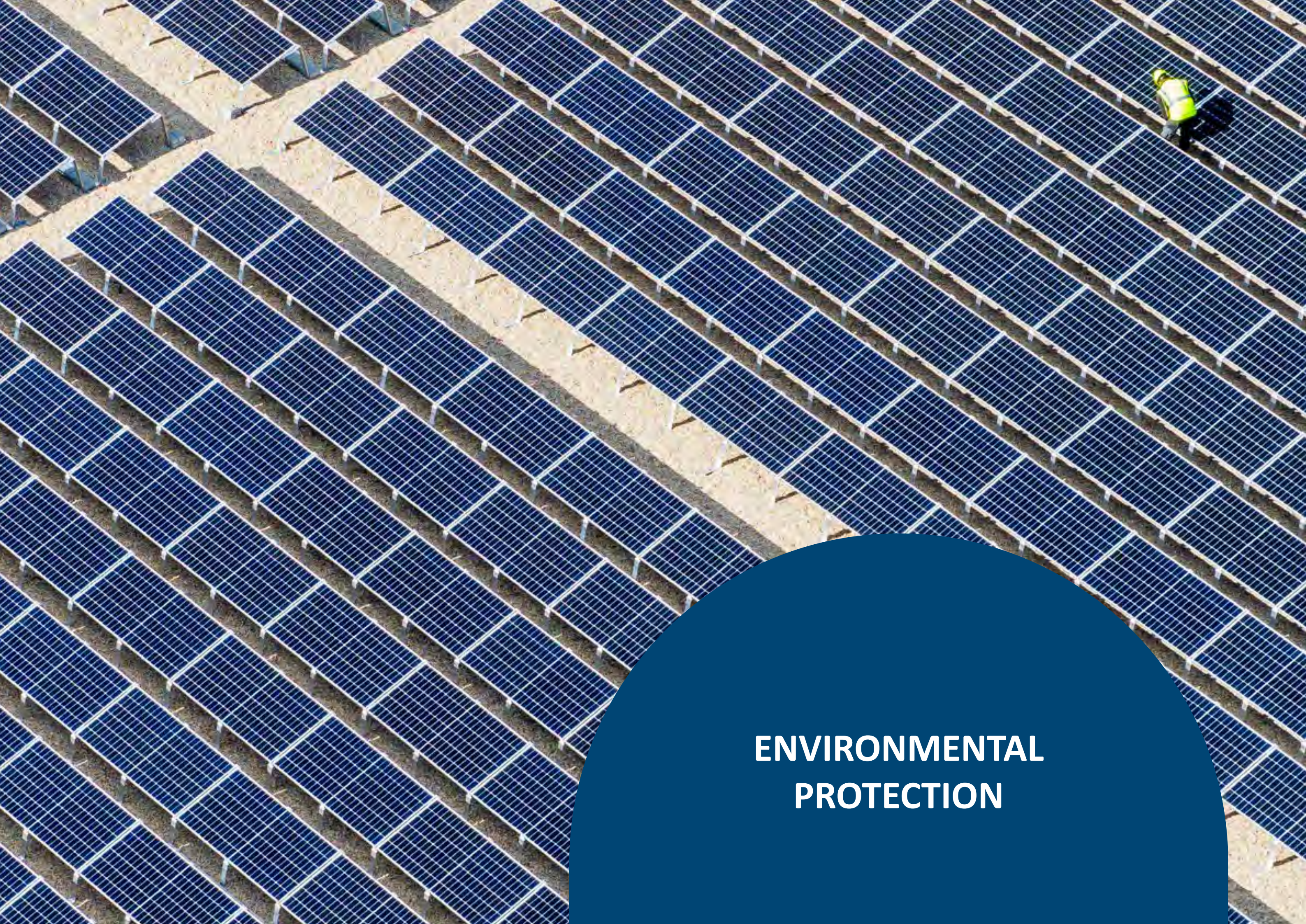


During the reporting period of 2025, the potential impact of material sustainability-related risks and opportunities on the Company's financial position, performance, and cash flows was assessed on a qualitative basis. Based on the results of the assessment, no material financial impact was identified that would require the adjustment of assets or liabilities in the financial statements, therefore, the quantitative disclosures on the expected financial effects in the short, medium, and long term are not presented in the Statement for 2025.

For strategic directions, see the "Company's Strategic Direction and Objectives" section of the Management Report, page 15.

As of now, the Company has not conducted a resilience analysis of its strategy and business model with regard to material impacts, risks, and opportunities. A specific timeframe for conducting this analysis has not yet been determined.

While preparing the 2025 Risk Management Plan, a list of the Company's risks was drawn which additionally identified information security risks related to third parties/suppliers and the Cybersecurity law violation risk. These risks were not included in the double materiality assessment conducted in 2024. Disclosures on the critical and significant risks identified for 2025 and their management measures is presented in the "Critical and high risks identified in 2025 and their management measures" section of the Management Report, pages 33–35. These risks will be included and assessed in the next double materiality assessment, while their management, including applicable policies, actions, and objectives, will be detailed in future reporting periods.

An aerial photograph of a vast solar farm. The image shows a dense grid of solar panels, each mounted on a metal frame. The panels are arranged in long, parallel rows that stretch across the landscape. The ground between the rows is a light brown, sandy or dusty surface. In the upper right corner, a small figure of a person wearing a bright yellow safety vest is visible, providing a sense of scale to the massive array of panels. A large, dark blue semi-circular graphic element is positioned in the bottom right corner, containing the text "ENVIRONMENTAL PROTECTION" in white, bold, uppercase letters.

**ENVIRONMENTAL
PROTECTION**

CLIMATE CHANGE

Assessment of economic activities' alignment with the Taxonomy Regulation

The European Union (EU) Taxonomy Regulation (EU) 2020/852 and the delegated acts adopted pursuant to it (hereinafter "the Taxonomy") is a framework for classifying environmentally sustainable economic activities. The EU taxonomy is a key tool for achieving the European Green Deal goals of a climate-neutral and sustainable economy.

In line with the EU Taxonomy 2024, we took the following steps, used in the current reporting process:

- We have analysed our activities and identified which economic activities fall within the scope of the EU Taxonomy (hereinafter the "Taxonomy-eligible activities").
- We have assessed whether the activities covered by the EU Taxonomy meet the substantial contribution and do no

significant harm criteria (hereinafter the "Technical criteria").

- We performed an assessment of compliance with minimum safeguards requirements, in line with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. The assessment shows that the Company has these measures in place.
- We calculated KPIs for Taxonomy-eligible activities (turnover, CapEx and OpEx).

Most of the Taxonomy-eligible activities currently carried out by the Company only partially comply with the Technical criteria and, therefore are assessed as the Taxonomy non-aligned activities. To contribute to the goal of a climate-neutral and sustainable economy, we will take into account the Technical criteria set out in the EU Taxonomy when planning future investments.

The economic activities carried out by the Company that fall within the scope of the EU Taxonomy:

- Electricity generation using solar photovoltaic technology (code: CCM 4.1)

- Installation, maintenance, and repair of renewable energy technologies (code: CCM 7.6)
- Cogeneration of heat/cool and power from bioenergy (code: CCM 4.20)
- Construction, extension and operation of water collection, treatment and supply systems (code: CCM 5.1)
- Construction, extension and operation of wastewater collection and treatment (code: CCM 5.3)
- Renewal of wastewater collection and treatment (code: CCM 5.4)
- Collection and transport of non-hazardous waste in source segregated fractions (code: CCM 5.5)
- Anaerobic digestion of wastewater sludge CCM 5.6)
- Water supply (code: TVJINA 2.1)
- Municipal waste water treatment (code: TVJINA 2.2)
- Renovation of existing buildings (code: CCM 7.2 and CCE 3.2)



- Installation, maintenance and repair of energy efficiency equipment (code: CCM 7.3)
- Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings (code: CCM 7.5)
- Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings) (code: CCM 7.4)
- Demolition and wrecking of buildings and other structures (code: CCE 3.3)
- Provision of IT/OT data-driven solutions for leakage reduction (code: TVJINA 4.1)
- Acquisition and ownership of buildings (code: CCM 7.7)
- Manufacture, installation and associated services for leakage control technologies enabling leakage reduction and prevention in water supply systems (code: TVJINA 1.1)
- Transport by motorbikes, passenger cars and light commercial vehicles (code: CCM 6.5)
- Freight transport

Accounting policy

The Accounting Taxonomy methodology for calculating the key performance indicators (KPI) (Turnover, CapEx and OpEx) required to be disclosed by the Taxonomy Regulation is based on the EU Commission Delegated Regulation 2021/2178.

CapEx

In the Company's financial statements, CapEx comprise the Company's capital investments, including investments partially funded by the European Union. This indicator includes capital expenditure on the purchase of non-current tangible and intangible assets, as well as financial assets and investment property, and reflects the scope of the Company's investments. CapEx is one of the key indicators that has a significant impact on the Company's cash flows and debt levels. Taxonomy CapEx includes acquisitions of non-current tangible, intangible, and right-of-use assets, which are calculated in accordance with Commission Delegated Regulation (EU) 2021/2178. This indicator reflects CapEx associated with asset acquisitions and is used to calculate the EU Taxonomy CapEx KPI, which reflects the proportion of investments that align with environmentally sustainable activities.

OpEx

OpEx presented in the Company's internal financial reports include the Company's operating expenses, except for depreciation, amortisation, impairment loss,

and write-offs. These expenses include selling, general, and administrative expenses and are used by management to assess the Company's operational efficiency by monitoring management expenses. Taxonomy OpEx include expenses directly related to the repair and maintenance of assets, day-to-day servicing of non-current assets, and direct labour costs. These OpEx are calculated in accordance with the European Commission Delegated Regulation (EU) 2021/2178. This indicator reflects the expenses associated with the operation and maintenance of assets and is used to calculate Taxonomy OpEx.

Calculation of Taxonomy-eligible/aligned revenue

The percentage of turnover is calculated as the net revenue derived from products or services, including intangible assets, associated with taxonomy-eligible/aligned economic activities (numerator), divided by net revenue (denominator).

Calculation of Taxonomy-eligible/aligned CapEx

The percentage of CapEx is calculated as the numerator divided by the denominator.

CapEx included in the denominator:

- Additions to tangible and intangible assets during the financial year considered before depreciation, amortisation and any re-measurements, including those resulting from revaluations and impairments, for the relevant financial year and

excluding fair value changes.

- Additions to tangible and intangible assets resulting from business combinations.
- CapEx cover costs that are accounted based on: IAS 16 Property, Plant and Equipment, paragraphs 73, (e), point (i) and point (iii); IAS 38 Intangible Assets, paragraph 118, (e), point (i); IAS 40 Investment Property, paragraphs 76, points (a) and (b) (for the fair value model); IAS 40 Investment Property, paragraph 79(d), points (i) and (ii) (for the cost model); IAS 41 Agriculture, paragraph 50, points (b) and (e); IFRS 16 Leases, paragraph 53, point (h).
- CapEx does not comprise: leases that do not lead to the recognition of a right-of-use over the asset, goodwill as it is not classified as an intangible asset under IFRS 38.

CAPEX included in the nominator:

The numerator equals to the part of CapEx included in the denominator that is any of the following:

- related to assets or processes that are associated with Taxonomy-aligned economic activities;
- part of a plan to expand Taxonomy-aligned economic activities or to allow Taxonomy-eligible economic activities to become Taxonomy-aligned ("CapEx plan");

- related to the purchase of output from Taxonomy-aligned economic activities;
- related to the purchase of output from Taxonomy-aligned economic activities and individual measures enabling the target activities to become low-carbon or to lead to greenhouse gas reductions, notably activities listed in points 7.3 to 7.6 of Annex I to the Climate Delegated Act, as well as other economic activities listed in the delegated acts adopted in accordance with the EU Taxonomy, provided that such measures are implemented and operational within 18 months.

The Company's CapEx and Taxonomy CapEx are calculated using different methodologies.

The Company's financial statements reported CapEx in 2025 was EUR 37,226 thousand,

Taxonomy CapEx was EUR 37,280 thousand.

Calculation of Taxonomy-eligible/aligned Adjusted OpEx

The percentage of OpEx is calculated as the numerator divided by the denominator.

The denominator shall cover operating expenses that directly relate to maintenance and repair of assets, including the day-to-day servicing of assets of property, plant and equipment, and related direct payroll expenses. These expenses are necessary to ensure the continued and effective functioning of such assets.

The numerator includes the part of the capital expenditure that is related to assets or processes that are associated with Taxonomy-aligned economic activities.

The Company's OpEx and Taxonomy OpEx are calculated using different methodologies: internally reported OpEx were EUR 47,053 thousand, and Taxonomy OpEx were EUR 11,495 thousand.

Double counting

All reported Taxonomy KPIs avoid double counting, as each numerator was allocated to different activities. In the case of overlapping activities, the numerator was not duplicated. The Company selected the most appropriate activity based on its description and objective to which it makes substantial contribution, and attributed the related turnover and OpEx and CapEx to that activity only.

The following information on KPIs for Taxonomy-eligible activities is disclosed in accordance with Annex II of Commission Delegated Regulation (EU) 2021/2178. Detailed disclosures on the indicators are presented in pages 164-168 of this document.

Overlapping activities:

Electricity generation using solar photovoltaic technology	The Company incurs expenses related to the installation of solar power plants, therefore reports related CapEx under the activity: Electricity generation using solar photovoltaic technology
Installation, maintenance, and repair of renewable energy technologies	
Construction, extension and operation of water collection, treatment and supply systems	Both activities include water abstraction, treatment and supply. In view of the fact that the activity "Water supply" contributes substantially to the sustainable use and protection of water and marine resources, the Company decided to allocate the related turnover and OpEx and CapEx to the following activities
Water supply	
Construction, extension and operation of wastewater collection and treatment	Using its accounting systems, the Company can separately report the turnover, CapEx and OpEx related to the treatment and collection of municipal wastewater. For this reason, all turnover and expenses incurred in connection with the treatment of municipal wastewater were attributed to the activity "Urban waste water treatment". Accordingly, all turnover and expenses incurred in connection with the collection of municipal waste water were attributed to the activity "Renewal of waste water collection and treatment"
Renewal of wastewater collection and treatment	
Municipal waste water treatment	

Transition plan for climate change mitigation

During the reporting period of 2025, the Company did not have an approved transition plan designed to contribute to climate change mitigation, nor was an analysis of the strategy and business model’s resilience to climate change conducted. These measures are planned to be developed jointly, with the relevant information to be disclosed in the Sustainability Statement for 2027.

Actions to contribute to climate change mitigation are set out in the long-term business strategy for 2026–2035. Further disclosures are presented in the “Company’s Values, Strategy, Objectives and Performance Improvement” section of the Management Report, page 16.

Scope 1 GHG emissions relevant to Vilniaus Vandenys relate to the use of natural gas, fuel consumption in vehicles, and wastewater treatment and sludge treatment processes.

Further disclosures on GHG emissions, the goals set and planned activities are presented in the “Contribution to Climate Change Mitigation” section of this Statement.

In assessing the impact of climate change, a qualitative materiality assessment method was applied, based on expert opinions, the Company’s internal data, and information provided on the national climate change portal at klimatokaita.lt. The materiality of the impact of climate change was determined based on the scale, nature, duration, and irreversibility of the impact, as well as the likelihood of its occurrence. During the assessment, the company’s business areas, technological processes, and long-term development plans were reviewed to identify current and potential sources of greenhouse gas (GHG) emissions. The assessment took into account not only direct emissions (Scope 1 and 2), but also other potential climate-related impacts, such as the impact of climate change on infrastructure. The assessment also cov-

ered the Company’s activities across value chain to the best of the available data and likelihood of the impact.

In assessing the climate-related hazards, two physical risks were identified: heat waves and heavy precipitation, which could potentially impact the Company’s infrastructure, particularly the stability and continuity of wastewater treatment processes. Although none of the climate change scenarios had been applied during the assessment in 2024, physical risks were assessed based on these scenarios in early 2025. These results will be integrated into the next double materiality assessment, scheduled for 2026. No separate assessment of sensitivity of the business activities nor of the exposure of business assets and operations to climate risks was conducted. Adaptation measures were identified through strategic sessions and an overall risk assessment, taking into account the potential impact of climate factors on existing processes.

Climate change-related transition risks and opportunities were assessed in the same manner, taking into account the long-term transition to a low-carbon economy, potential regulatory changes, and the impact of fossil fuel pricing. Based on these assessments, measures such as the diversification of energy sources, the development of renewable energy, and the use of alternative fuels were identified. Business activities and assets were assessed for their sensitivity to transition risks, based on available information and existing databases, in order to determine their potential impact in the context of transition events.

The assessment of the climate-related risks and opportunities covers only the Company’s own operations; the risks and opportunities in the supply chain and downstream value chain were not considered in 2025.

Below is a description of the management of each material climate-related impact, risk, and opportunity (IRO) identified in this section, in accordance with the minimum disclosure requirements of ESRS 2. The description indicates the applicable policy, key actions, monitoring and reporting methods, indicators used, and targets (goals) or an individual goals have not yet been set.

For more information on the Company’s materiality assessment, see section “Double materiality assessment” of the Sustainability Statement.

DOUBLE MATERIALITY ASSESSMENT

CLIMATE CHANGE

Negative impacts:
Actual. Greenhouse gas emissions

Positive impacts:
Actual. Development of renewable energy

Risks:
Pricing of fossil fuels (Transition risk)
Heatwaves (Physical risk)
Heavy precipitation (Physical risk)

Opportunities:
Actual. Use of renewable energy in operations

Policy

Vilniaus Vandenys' Sustainability Policy

The Policy is available here: [Sustainability Policy](#).

The Sustainability Policy aims to establish clear principles and guidelines that the company follows in its efforts to systematically reduce its environmental impact (particularly greenhouse gas emissions), enhance adaptation to climate change, integrate the principles of social responsibility and good governance into operational planning and management, ensure long-term resilience and economic sustainability, and contribute to national and EU climate goals, including the transition to a climate-neutral economy.

The sustainability policy has been developed taking into account the most significant impacts, risks, and opportunities identified during a double materiality assessment. The Policy embodies commitments, such as reducing GHG emissions, transitioning to renewable energy, and improving energy efficiency, which address both the actual negative (GHG emissions) and the positive (development of renewable energy) impacts. The policy also includes a response to identified risks (the pricing of fossil fuels and physical climate risks, such as heat waves or heavy precipitation) by promoting the integration of sustainable solutions into infrastructure and processes. Actual opportunities, such as using renewable energy in operations, are considered prior-

ities and are incorporated into strategic goals and operational planning.

The principles and commitments outlined in the Company's Sustainability Policy cover key areas of sustainability, including climate change mitigation, climate change adaptation, energy efficiency, and the development of renewable energy. The policy highlights the need to reduce environmental impact, by increasing the use of renewable energy and implementing pollution-reducing technologies; climate change mitigation targets and measures related to pollution reduction are consistently implemented and each year are disclosed to the public. Adaptation to climate change is ensured through an integrated quality, environmental, and occupational safety management system that also encompasses risk management and business continuity management. Energy efficiency is promoted through technological solutions, process optimisation, and employee engagement in operational improvement activities. The policy also envisages a commitment to contribute to the Sustainable Development Goals and the European Green Deal, an integral part of which is the expansion of green energy and socially just transition.

We calculate GHG emissions from our operations in accordance with the GHG Protocol standards, and have set and annually review emission reduction targets and measures. A more detailed disclosures on the Company's GHG emissions, calculation principles is presented in the

„Contribution to Climate Change Mitigation” section of this Statement.

The Sustainability Policy applies at the company-wide level, covering all divisions, business locations, and functions whose activities have or may have a material impact on the environment, society, or governance. It also applies to the Company's value chain, to the degree of impact—including suppliers, contractors, and other partners, who are subject to principles of environmental protection, social responsibility, and business conduct. Stakeholders, such as employees, customers, authorities, and social partners, are involved in policy-making and implementation through consultations, feedback mechanisms (e.g., a Trust Line), joint projects, or public commitments. The principles set forth in the policy (transparency, accountability, inclusion, and equality) reflect the Company's approach to accountability for its impact on these stakeholders.

The responsibility for monitoring compliance with the sustainability principles lies with the company's CEO and Heads of Functions. The Policy is reviewed at least once every three years or more frequently in response to changes in the Company's strategic goals and directions.

The Sustainability Policy described above applies to all material E1 IROs specified in this section as identified during the double materiality assessment, including GHG emissions, renewable energy development and consumption, transition

risks related to the pricing of fossil fuel, and physical climate risks (heat waves and heavy precipitation).

Actions

Development of renewable energy:

- In 2025, Vilniaus Vandenys continued to invest in renewable energy solutions and expanded its rooftop photovoltaic plant network on its buildings and in wellfields. During the reporting period, 3 solar power plants with a total capacity of 1218 kW were installed. In total, the Company operates 21 solar power plants. This is an ongoing activity planned for the entire 10-year strategic period.
- During the reporting period, the Company increased the installed capacity of its solar photovoltaic power plants by 52%, compared to the previous period.

These actions are part of the Company's strategy to reduce greenhouse gas (GHG) emissions by transitioning from fossil fuels to clean, renewable energy. All renewable energy initiatives implemented in 2025 contributed to the reduction of greenhouse gas emissions: during the reporting period, the total GHG emissions (Scopes 1 and 2) of Vilniaus Vandenys decreased by 264 t CO₂e. During the reporting period, no individual GHG reduction targets were set for individual measures.

Adaptation to climate change:

The double materiality assessment identified two physical risks of climate change: heat waves and heavy precipitation. To adapt to climate change, causing more frequent and rainstorm, the Company took the following actions:

- A study for a wastewater flow equalisation tank was conducted in 2024. The installation of this tank at the Vilnius Wastewater Treatment Plant would allow for the adjustment of the wastewater flow and ensure a smooth technological process during rainstorm and/or snow melt. At the time of preparing the 2025 report, this plan was still relevant, with the reservoir installation scheduled for 2027.
- The Vilnius Wastewater Treatment Plant is equipped with an intelligent wastewater treatment system.

Almost all of the actions listed were initiated in 2024 and continued during the reporting period; therefore, it is not currently possible to assess the progress made. The Vilnius Wastewater Treatment Plant is equipped with an intelligent wastewater treatment system that helps regulate wastewater flows to ensure proper treatment during rainstorm or snow melt.

The actions taken cover all areas of material impacts, risks, and opportunities (IRO) identified in the double materiality

assessment, including both the reduction of greenhouse gas emissions (impacts), as well as adaptation to physical climate risks (heat waves

and heavy precipitation), and making the most of opportunities through the production and consumption of renewable energy. The actions indicated apply only to the Company's operations and do not cover the value chain.

The Company dedicates substantial human and financial resources to projects centred on the development of renewable energy and adaptation to climate change. Data on specific resources has not yet been fully assessed, therefore, the Company plans to implement a more comprehensive monitoring system that will enable more accurate recording and disclosure of this data in the future.

The feasibility of implementing measures related to the development of renewable energy and adaptation to climate change depends directly on the availability of financial, technical, and human resources, as well as their effective allocation. Vilniaus Vandenys has ensured the priority allocation of investment funds and the involvement of specialists in these areas; however, future projects may be constrained by changes in resource allocation and external market conditions, such as technological availability or supply chain disruptions. The Company actively monitors and evaluates these factors to ensure sustainable business practices and effective resource management.

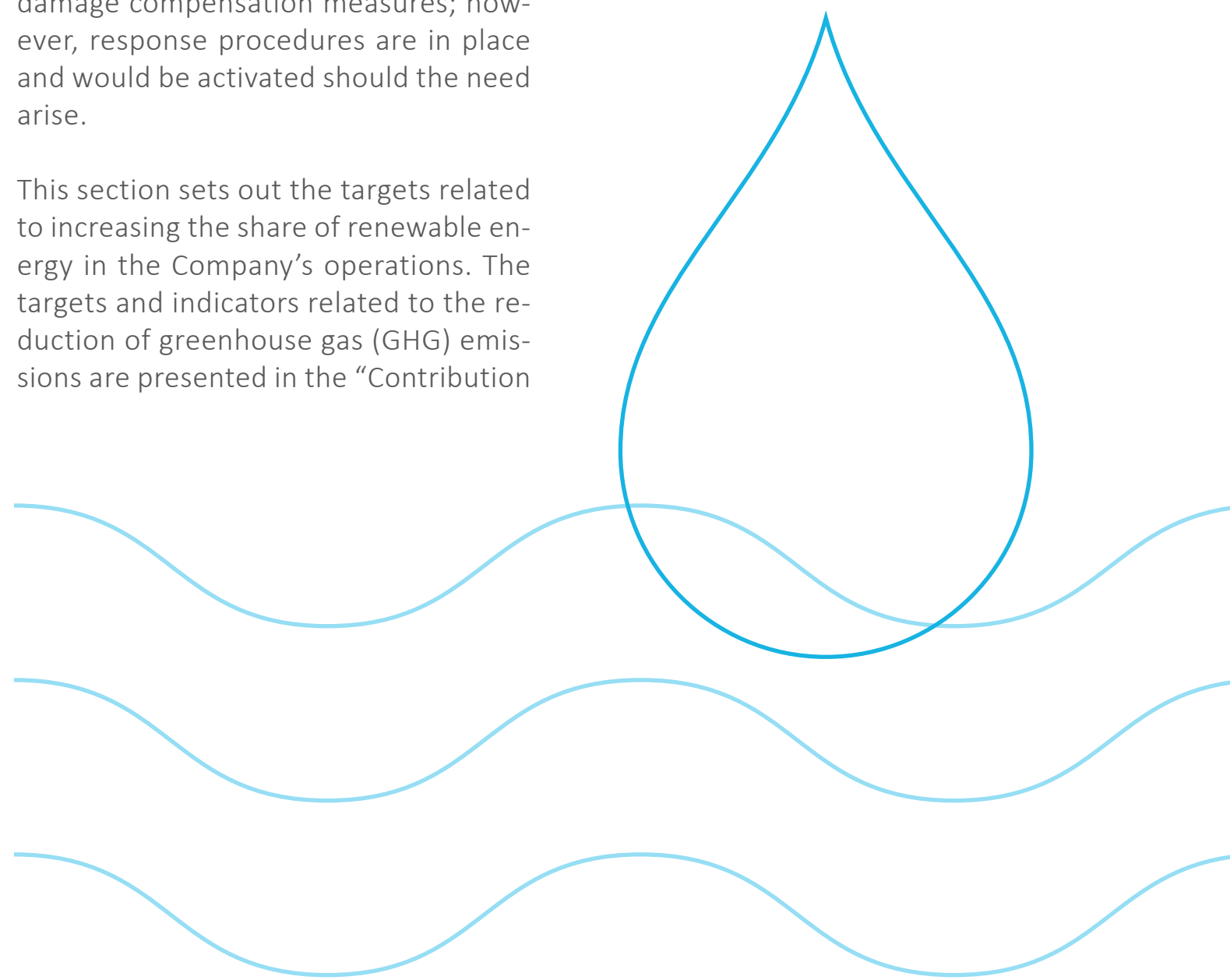
The investments related to these activities are considered significant in the context of the Company's business and are partially reflected in the company's CapEx and OpEx metrics as well as in its EU Taxonomy disclosures; however, it is currently not possible to reliably link specific activities to these financial figures due to insufficient data granularity.

During the reporting period, no significant incidents were identified that would have required the Company to undertake damage compensation measures; however, response procedures are in place and would be activated should the need arise.

This section sets out the targets related to increasing the share of renewable energy in the Company's operations. The targets and indicators related to the reduction of greenhouse gas (GHG) emissions are presented in the "Contribution

to Climate Change Mitigation" section of the Statement. In cases where specific targets have not yet been set, the reasons for this are explained in the contextual information.

The target is relative, expressed as a percentage, and applies only to the Company's own operations, excluding the value chain.



Contextual information

Target—to increase the share of self-generated electricity in total electricity demand. This is measured using a relative indicator: self-generated electricity (MWh) to the total amount of electricity consumed by the Company during a year (MWh). Data is collected based on meter readings and supply contracts. The indicator is reviewed on a quarterly basis to monitor progress.

Vilniaus Vandenys' climate change targets were established based on the material impacts, risks, and opportunities identified during a double materiality assessment. The first goal to reduce Scope 1 greenhouse gas (GHG) emissions directly addresses the actual negative impact (GHG emissions) and the transition risks related to the pricing of fossil fuels (e.g., potential price increases for natural gas or electricity from fossil fuels due to regulation). This target helps ensure financial resilience while gradually transitioning to less polluting activities.

The second target to increase the share of self-generated renewable electricity relative to the Company's total electricity demand also reduces dependence on fossil fuels and fluctuations in energy markets, while enhancing energy security.

Target	Targets			
	Target indicator 2025 Actual data (Base year)	Target indicator 2026	Target indicator 2030	Target indicator 2035
Share of self-generated electricity from solar, wind, hydro power and sludge mono-incineration out of total electricity demand, %	26.4	27.0	33.2	50

Both targets indirectly contribute to managing physical risks such as heatwaves and heavy precipitation, by reducing the Company's impact on climate change and increasing the resilience of infrastructure through investments in energy efficiency and cleaner technologies (e.g., the use of biomass, a smart wastewater treatment system).

In setting its climate change targets, Vilniaus Vandenys relied on calculated GHG emissions, available historical data, future projections, and planned expansion of renewable energy capacity. The process of setting targets took place during strategic sessions, involving the relevant department heads and specialists, thereby ensuring an interdisciplinary approach and alignment of goals with the Company's long-term strategy. In this way, the goals were informed by both the current situation and the realistic prospects for transitioning to low-emission operations.



When setting its targets, the Company did not adopt a formal approach to directly involving stakeholders, but their needs and expectations were taken into account indirectly. The sources used for this purpose include the requirements from regulatory authorities (i.e. the Environmental Protection Agency, the Ministry of the Environment of the Republic of Lithuania, the municipality of Vilnius City and the municipalities of Vilnius, Švenčionys and Šalčininkai districts) that reflect the interests of the public and environmental organisations, as well as comments submitted during public consultations and legislative processes. These aspects were taken into account when drafting technological solutions and setting targets.

Climate change-related targets are monitored on an ongoing basis using pre-defined indicators (listed in the table above), which are recorded and analysed in accordance with established methodologies. The data is reviewed during daily and/or weekly meetings, and progress and key performance indicators are communicated across the Company on a quarterly basis. Responsibility for monitoring lies with the Operations and Compliance Service and the Production Service.

Energy Consumption

We are working to reduce the consumption of non-renewable energy resources in our operations. In 2025, the share of renewable energy sources in total energy consumption was 83.24%. Further information is provided in the table.

Energy consumption and mix	2023	2024	2025
(1)Fuel consumption from coal and coal products (MWh)	0	0	0
(2)Fuel consumption from crude oil and petroleum products (MWh)	0	0	0
(3)Fuel consumption from natural gas (MWh)	14,783	15,974	16,705
(4)Fuel consumption from other fossil sources (MWh)	0	0	0
(5)Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources (MWh)	2,403	1,359	1,543
(6)Total fossil energy consumption (MWh) (calculated as the sum of lines 1 to 5)	17,186	17,333	18,248
Share of fossil sources in total energy consumption (%)	15.94	15.60	16.76
(7)Consumption from nuclear sources (MWh)	71	18	0
Share of nuclear sources in total energy consumption (%)	0.066	0.016	0
(8)Fuel consumption for renewable sources, including biomass	43,179	36,757	35,541
(9)Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources (MWh)	35,098	43,656	40,632
(10)The consumption of self-generated non-fuel renewable energy (MWh) Breakdown: Solar energy, MWh; Electricity from wastewater sludge, MWh	12,303	13,372 2,106 11,266	14,426 2,126 12,300
(11)Total renewable energy consumption (MWh) (calculated as the sum of lines 8 to 10)	90,580	93,785	90,599
Share of renewable sources in total energy consumption (%)	84.00	84.39	83.24
Total energy consumption (MWh) (calculated as the sum of lines 6 to 10)	107,837	111,136	108,847

No external body, other than the assurance provider, was involved in validating the measurement of any metrics in the Sustainability Statement.

Below is the energy intensity in sectors that have a significant impact on the climate.

In accordance with European Commission Regulation (EC) No 1893/2006 establishing the statistical classification of economic activities (NACE), the activities carried out by Vilniaus Vandenys fall under Section E – Water supply; sewage; waste management and remediation activities. This area of activity is considered to have a material impact on the climate, therefore, energy intensity ratios are calculated on the assumption that all of the Company’s activities are carried out in sectors with a material impact on the climate. Consequently, all electricity consumed and all revenue generated during operations are attributed to this sector and reflected in calculations relating to economic activities with a material impact.

Energy intensity per net revenue	2025
Total energy consumption* from activities in high climate impact sectors per net revenue from activities in high climate impact sectors (MWh/EUR)	0.0017

The net revenue used to calculate energy intensity cannot be directly linked to the line item in the financial statement, therefore the data reconciliation is provided below.

Net revenue from activities in high climate impact sectors used to calculate energy intensity, EUR	64,666,900.78
Net revenue (other), EUR	2,990,286.69
Total net revenue (from financial statements), EUR	67,657,187.47

Contextual information

All of the indicators presented in the tables above are calculated based on direct measurements or VAT invoices received; therefore, no limitations in methodologies or assumptions have been identified.

Contribution to climate change mitigation

In 2025, the Company’s GHG emissions were carried calculated in accordance with the requirements of The Greenhouse Gas Protocol A Corporate Accounting and Reporting Standard (hereinafter the “GHG Protocol”). GHG emissions include CO₂, CH₄ and N₂O emissions. Other greenhouse gas (HFCs, PFCs, SF₆) emissions are not accounted for as there are no identified significant sources of these gases in the Company’s operations. The control approach to consolidate GHG emissions is used in calculations, along with original data.

Scope 1 inventory

GHG emissions relevant to Vilniaus Vandenys relate to the natural gas consumption, fuel consumption in vehicles, and wastewater treatment and biogas generation processes.

The values of the emission factors for Scope 1 emissions from stationary and mobile sources (fuels: natural gas, diesel, petrol) and emissions from biogas leakage are derived from the National Inventory Report submitted to the Secretariat of the United Nations Framework Convention on Climate Change (2023)¹.

Due to specific nature of the Company’s operations, GHG emissions occur not only from fuel combustion but also from business operations. The calculation of GHG emissions related to wastewater management is guided by the methodology set out in the Intergovernmental Panel on Climate Change’s Guidelines for the Preparation of National GHG Inventories/Reports, Volume 5, Waste². Wastewater treatment emits methane and nitrous oxide. Carbon dioxide is also emitted during this process, but is not included in the Company’s GHG emissions due to its biogenic origin. The calculation of biogenic CO₂ emissions was scheduled to start with the report for 2024. However, these calculations had not been carried out by the time the report for 2025 was produced due to data availability issues.

Fuel emission factors

Type of fuel, units	kg CO ₂	kg CH ₄	kg N ₂ O
Natural Gas, kWh	0.179	0.0000032	0.0000003
Petrol, l	2.39	0.00029	0.00002
Diesel fuel, l	2.64	0.0000051	0.0001033
Diesel fuel (heavy-duty vehicles), l	2.64	0.00010189	0.00007941
Bioethanol, l	0.00	0.0000656	0.0000131
Biodiesel, l	0.00	0.00009879	0.00001976

Formula for calculating GHG emissions:

- GHG emissions = activity data * emission factor, where
- GHG emissions – calculated GHG emissions, t CO₂e.
- Activity data – fuel used in the organisations activities (by type), TJ
- Emission factor – indicator of GHG emissions, t CO₂e/TJ

Scope 2 inventory

This inventory covers GHG emissions related to the consumption of energy purchased from networks outside the Company. The Company purchases renewable electricity and uses district heating. It excludes data on the consumption of electricity and heat

generated by our plants and combined heat and power plants. In 2025, 100% of the electricity procured by the Company was renewable and was backed by a renewable energy certificate. The total direct purchased energy consumption is calculated based on invoices submitted in accordance with the contracts signed with energy suppliers.

The emission factor required to calculate GHG emissions from electricity consumption using the location-based method is provided in the European Residual Mix Report by AIB (2023)³. The emission factor for “green” electricity purchased using the market-based method is 0.

The emission factor for thermal power is provided in the Order of the Minister of Environment of the Republic of Lithuania On the Approval of the Building Technical Regulation STR 2.01.02:2016 Design and certification of energy performance of buildings (2016)⁴.

Energy emission factors

Energy type	kg CO ₂ /kWh
Electricity (location-based), LT	0.583
Heat energy, LT	0.100

Scope 3 inventory

The Company has decided to phase-in ESRS and to omit this requirement in 2025. The calculation of CO₂ equivalent (Co₂e) involved the use of the global warming potential (GWP) method based on data from Annex 8A of Fifth Assess-

ment Report of the Intergovernmental Panel on Climate Change (IPCC AR5).

GHG conversion factors were established in 2023, and they are scheduled to be reviewed and updated every 3–5 years, taking into account the latest IPCC data or other relevant methodological changes⁵.

Global Warming Potential of Different GHGs

GHG gases	GWP
kg CO ₂	1
kg CH ₄	28
kg N ₂ O	265



In 2025, compared to base year 2024, total Scopes 1 and 2 GHG emissions decreased. The changes by scope and calculation method are presented in the table above.

	Retrospective data			Target values and target years		
	2024 (Base year)	2025	Change, %	2026	2030	2050
Scope 1 GHG emissions						
Gross Scope 1 GHG emissions (tCO ₂ e)	13,018.37	12,746.5	-2.1 %	13,000	12,800	No target
Percentage of Scope 1 GHG emissions from regulated emission trading schemes (%)	n/a	n/a	n/a	n/a	n/a	n/a
Scope 2 GHG emissions						
Gross location-based Scope 2 GHG emissions (tCO ₂ e)	25,597.90	23,842.55	-6.9%	No target	No target	No target
Gross market-based Scope 2 GHG emissions (tCO ₂ e)	146.8	154.29	+5.1%	150.00	No target	No target
Significant scope 3 GHG emissions						
Scope 3 GHG emissions were not calculated in 2025						
Total GHG emissions (Scope 1 and 2)						
Total GHG emissions (location-based) (tCO ₂ eq)	38,616.27	36,589.05	-5.2%	No target	No target	No target
Total GHG emissions (market-based) (tCO ₂ eq)	13,164.95	12,900.79	-2%	No target	No target	No target
GHG emission intensity (market-based) (kgCO ₂ e/EUR million)	0.22	0.19	-	No target	No target	No target
GHG emission intensity (location-based) (kgCO ₂ e/EUR million)		0.63	-	No target	No target	No target

¹ [Lithuania. 2023 National Inventory Report \(NIR\). / UNFCCC](#)

² [Intergovernmental Panel on Climate Change \(IPCC\) Guidelines](#)

³ [European Residual Mix / AIB](#)

⁴ [D1-754 On the Building Technical Regulation STR 2.01.02:2016](#)

⁵ [WG1AR5 Chapter08_FINAL.pdf](#)

Contextual information

Target: The total amount of Scope 1 GHG emissions is an absolute value, i.e., it is expressed as a direct tCO₂e emissions per calendar year. It is calculated using the above-described methodology, based on energy consumption data (electricity, heat and fuel) and emission factors available in national or the EU sources. Progress is monitored on a quarterly basis. The indicator enables the assessment of actual changes in emissions and allows for close monitoring of the Company's progress in implementing decarbonisation measures.

No targets were set for Scope 2 GHG emissions for 2025 due to a lack of data. The Company is currently calculating emissions in this area and plans to set and publish targets in its report for 2027.

In 2025, 100% of the electricity procured by the Company was renewable and was backed by a renewable energy certificate. The total direct purchased energy consumption is calculated based on invoices submitted in accordance with the contracts signed with energy suppliers.

The year 2023 has been selected as the new base year because, starting this year, Vilniaus Vandenys has fundamentally changed its methodology for accounting for greenhouse gas (GHG) emissions: instead of calculating only CO₂ emissions as was done previously, all material GHG emissions, including CH₄ and N₂O, will be calculated as of 2023.

In view of this change, the previously set emission reduction target no longer aligns with the new scope of emissions accounting; therefore, a new target for Scope 1 GHG emissions has been set. Since the newly included gases (particularly N₂O) have a higher global warming potential, the new target is higher in absolute terms but more accurately reflects the Company's actual impact on the climate. This change in methodology provides a better assessment of progress toward comprehensive decarbonisation.

Currently, the greenhouse gas emission reduction targets are not scientifically grounded or aligned with the goal of limiting global warming to 1.5°C. However, plans are in place to review them in future using evidence-based methodologies.

No external body, other than the assurance provider, was involved in validating the measurement of any metrics in the Sustainability Statement.

Limitations in metrics

In calculating Scope 2 emissions, a heat emission factor based on data valid in Lithuania in 2016 was applied. Since there are currently no more recent emission factors approved at the national level, this indicator is considered to have limitations regarding its relevance and potential inaccuracy in the context of current supply conditions. Given this, the factor used in the emission calculations

may not fully reflect actual emission levels, but it is currently the best available nationally recognised source. The factor will be updated as soon as new official data becomes available.

In the emission factors currently in use (Scope 2), biogenic CO₂ is not separated from the total Scope 2 GHG emissions. We acknowledge these limitations and plan to continue refining our calculation methodology to ensure a more accurate impact assessment in the future.

Decarbonisation levers

Vilniaus Vandenys has set GHG emission reduction targets and continues to pursue them by leveraging several key decarbonisation strategies. Each of them has an impact on a specific GHG scope:

- Renewable energy consumption (Scope 2): As of 2025, all purchased electricity is renewable.
- Improving energy efficiency (Scope 1 and 2): The Vilnius Wastewater Treatment Plant operates a smart wastewater treatment system that helps reduce electricity and heating costs.
- Electricity generation from biogas (Scope 1): Cogeneration using biogas reduces the need to rely on fossil fuels for heat and electricity.

- Fuel switching: natural gas to biogas (Scope 1): To reduce Scope 1 emissions, there are plans to gradually switch from natural gas to biogas.

- Switching from internal combustion fuels in the transport sector (Scope 1): Upgrading the Company's car fleet by transitioning to low-emission or electric vehicles.

Scope 3 GHG emissions: In 2025, the Company did not calculate them systematically, but plans to include the most relevant categories to assess the reduction possibilities in the future.

In 2025, the Company did not calculate Scope 3 GHG emissions, including emissions associated with purchased cloud computing and data centre services.

In 2025, the company took forward the quantitative assessment of the impact of decarbonisation levers that it had begun in 2024. In light of its emission reduction targets, the Company plans to implement additional new technologies that will enable it to further improve energy efficiency and expand the use of biogas. A detailed decarbonisation action plan, including quantified targets for each area, will be developed alongside the transformation plan and disclosed in the Sustainability Statement for 2027. Until then, progress will be assessed based on actions already taken and the results observed.

The net revenue used to calculate GHG intensity cannot be directly linked to the line item in the financial statement, therefore the data reconciliation is provided below.

Net revenue used to calculate GHG intensity, EUR	65,970,400.49
Net revenue (other), EUR	1,686,786.98
Total net revenue (financial statements), EUR	67,657,187.47

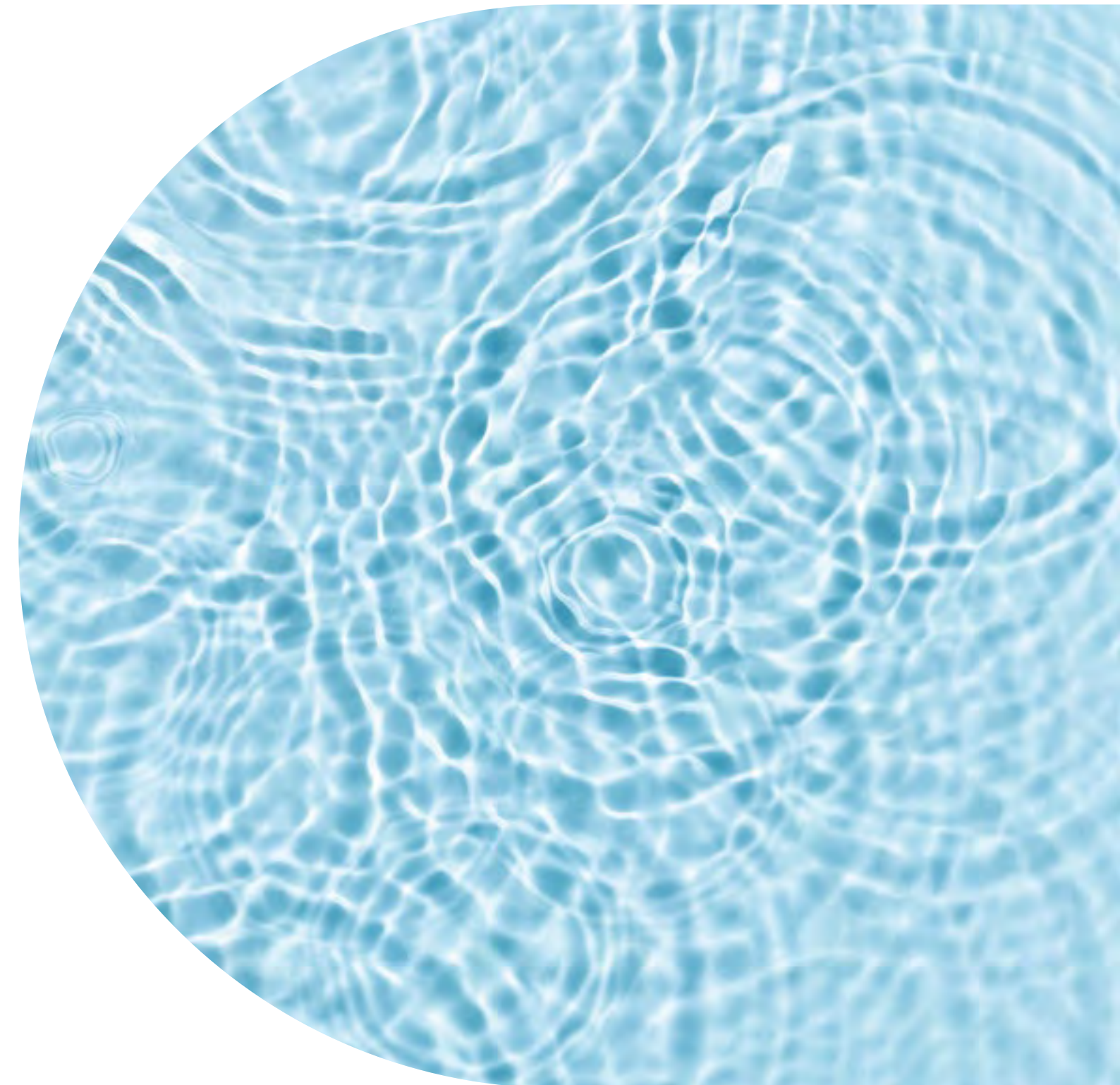
In 2025, the Company did not carry out any projects related to GHG removal and did not use carbon credits for climate change mitigation purposes.

Internal carbon pricing

The Company is not included in the internal carbon pricing scheme; therefore, disclosures under E1-8 are not presented.

Anticipated financial effects from material climate-related physical and transition risks

In the Statement for 2025, disclosures on the climate risks are based on the results of the double materiality assessment conducted in 2024 (identified physical risks include heat waves or heavy precipitation, and a transition risk—the pricing of fossil fuels). However, these results were not reviewed in 2025—they are scheduled to be updated in 2026. These risks may have an indirect impact on net income through increased operating expenses, investment needs, and the risk of disruptions to business continuity; however, no quantitative assessment of the financial impact of climate risks was conducted in 2025. Consequently, in 2025, no reconciliations of significant amounts of assets, liabilities, or net income with the financial statements will be performed in connection with material physical or transition risks.



POLLUTION

DOUBLE MATERIALITY
ASSESSMENT

POLLUTION

Negative impacts:
Actual. Air pollution by other gases (other than GHG) and odours (VWTP);
Potential. Pollution of soil with chemicals (AO);
Potential. Pollution of surface water bodies (due to increased pollution from treated wastewater) (NR);
Actual. Pollution of surface water bodies (by priority substances and microplastics) (NR).

Risks:
Exceeding the limit values related to odour pollution (VWTP);
Exceeding the limit values related to air pollution by other gases (ammonia and VOC) (other than GHGs) (VWTP);
Pollution of soil with chemicals (AO);
Exceeding the limit values related to pollution by priority hazardous substances and/or microplastics (VWTP).

Names of the areas to which the impacts, risks, and opportunities apply:

Vilnius Wastewater Treatment Plant - VWTP,
Neris River - NR
All areas in operation - AO

In 2024, as part of the double materiality assessment process, all of Vilniaus Vandenys’ business locations and core business areas were evaluated to identify actual and potential pollution-related impacts, risks, and opportunities. The results of this assessment are used in the Sustainability Statement for 2025. The assessment covered the Company’s operations and the downstream value chain (wastewater treatment and sludge processing). The assessment relied on internal expertise, interdisciplinary consultations with departments, and was based on valid permits, environmental indicators, and environmental impact data. The next double materiality assessment is scheduled for 2026. The management of each pollution material impact, risk and opportunity (IRO) identified in this section is described below, in accordance with the minimum disclosure requirements of ESRS 2. The description indicates the applicable policy, key actions, monitoring method, indicators used, and goals or an explanation of why goals have not been set.

Business locations subject to pollution material impacts, risks, and opportunities:

- Wastewater treatment (Vilnius Wastewater Treatment Plant);
- Waste (sludge) management and temporary storage;

- Ground water monitoring at outlets;
- Use of chemicals.

During the assessment, the Company did not identify any communities for which the pollution caused by its operations would be significant; therefore, no consultations were held with such communities.

For more information on the Company’s materiality assessment, see section “Double materiality assessment” of the Sustainability Statement.

Policy related to pollution

Vilniaus Vandenys’ Environmental Protection Policy

Stakeholders can access the policy here: [Environmental Policy](#)

The Policy aims to mitigate the impacts of air, water and soil pollution in line with the principles of pollution prevention. The Company takes responsibility for the impact of its operations on the environment and is committed to continuously upgrading and modernising its infrastructure to reduce pollution and achieve continuous improvement in environmental performance.

This Policy is intended to manage the impacts on the environment of the Company's activities, reduce risks and pursue opportunities to reduce pollution of air, water and soil. The Policy applies to all areas of the Company's operations and to all types of pollution related to its activities.

The Policy aims to prevent incidents and emergencies and, when they do occur, to effectively control and limit the impacts on people and the environment. For this purpose, the Company implements modern preventive measures, strictly adheres to safety standards, conducts regular audits of its operations and risk assessments. It also ensures preparedness for the effective response to potential incidents, including appropriate employee training and cooperation with relevant authorities.

This policy applies to a wide range of pollutants, including:

- Air pollutants: emissions of Ammonia (NH); Sulphur dioxide (SO); Carbon monoxide; Hydrogen sulphide; Oxides of nitrogen (NO); VOC; Nitrogen oxides.
- Water pollutants: BODS, CHDS, NH, Nb, Pb, NO₂, NO₃, Oil, Grease, Suspended solids, Detergents, Heavy metals, PPM, Microplastics.
- Soil pollutants: Pollutants in wastewater (in case of spills of wastewater).

This policy contributes to the EU Action Plan: "Towards Zero Pollution for Air,

Water and Soil". The Company assesses the impact of the EU Action Plan and the revision of the existing directives on its activities, and is working to reduce its emissions footprint. This includes targeted emission reductions by transitioning to cleaner production and transport technologies, contributing to the EU's overall emission reduction targets.

The Company has established measures to remedy or compensate for any adverse environmental impact in cases where it cannot be avoided. These measures include financial compensation mechanisms, cooperation with regulatory authorities, contributing to remediation efforts (e.g., remediation of pollution, environmental restoration), and strengthening preventive measures to reduce the likelihood of recurrence. If necessary, the damage would also be compensated in accordance with Order No 471 of the Minister of the Environment of the Republic of Lithuania, "On the Approval of the Methodology for Estimation of the Amounts of Compensation for Damage Caused to the Environment."

The Company regularly monitors and audits its environmental performance and makes this information publicly available to ensure transparency and accountability. This not only helps to maintain high environmental standards, but also to meet stakeholders' expectations.

Although stakeholders were not directly involved in the policy-making process, their interests were taken into account indirectly through:

- consultations with municipalities and environmental protection authorities;
- processing of residents' complaints and suggestions;
- educational initiatives and collaboration with partners.

Scope of the policy: The Company's own operations—including both water supply and wastewater treatment processes—in all the areas it serves: the city of Vilnius and the municipalities of Vilnius, Švenčionys and Šalčininkai. The supply chain or the downstream value chain is outside the scope of the policy.

The responsibility for monitoring compliance with the principles of environmental protection lies with the Company's CEO and Heads of Functions. The Policy is reviewed at least once every three years or more frequently in response to changes in the Company's strategic goals and directions.

The Environmental Protection Policy described above applies to all material IROs identified in this section, including pollution of air, pollution of surface water bodies, and potential pollution of soil.

Pollution reduction-related actions

Reconstruction of wastewater treatment plants

The Vilnius Wastewater Treatment Plant,

which manages one third of Lithuania's wastewater, is able to receive 160 thousand cubic metres of wastewater and treat 97 tons of pollutants per day. The upgraded treatment plant operates in accordance with the Nordic HELCOM environmental standards, which ensure even greater protection of the Neris River and the Baltic Sea. The plant is equipped with the most advanced technology to trap and remove the smallest particles of pollutants and plastics.

Wastewater treated at the Švenčionys wastewater treatment facilities are drained into the Mera-Kūna River. After the reconstruction, the wastewater treatment facilities comply with the applicable standards and the quality of the treated wastewater meets the requirements of the wastewater management regulation for treated wastewater, thereby significantly enhancing the good status of the Mera-Kūna River compared to that before the reconstruction. To ensure the good status of the Mera-Kūna River, additional wastewater treatment measures have been implemented at the Švenčionys Wastewater Treatment Plant to improve the removal of nitrogen and phosphorus pollutants.

The reconstruction of the Švenčionys Wastewater Treatment Plant was completed in 2024.

Starting in 2025, treated wastewater is drained into the Mera-Kūna River.

Installed remote smart wastewater quality monitoring system

The system helps to measure the variation in total nitrogen, ammonium nitrogen, total phosphorus and chemical oxygen at the entry and exit before and after the wastewater treatment process. The data on pollution indicators aids in regulating the operation of the Vilnius Wastewater Treatment Plant to achieve even better wastewater treatment rates.

Some of the measures described in this section were implemented in 2024 or earlier, while 2025 was primarily devoted to their operation, maintenance, and optimization.

Other pollution reduction measures:

In 2025, the wastewater treatment process was further improved, resulting in 67 t less discharged pollutants during the reporting period than in the previous period.

During the reporting period of 2025, the financial and other resources required for the implementation of the action plan had not yet been assessed or specified. The scope of planned investments and sources of funding will be analysed when planning specific projects in the future.

Also, during the reporting period, no significant incidents were identified that would have required the Company to un-

dertake damage compensation measures, however, in the event of an actual impact (e.g., a pollution incident), the Company takes the following corrective actions:

- Prompt response: pollution is immediately localised and removed, and interim technical solutions are implemented;
- Cooperation with authorities: all actions are coordinated with the Department of Environmental Protection and other responsible authorities;
- Communication with affected parties: information is provided through official channels (email, telephone, and local municipalities);

- Remediation: if an impact is identified, contaminated soil can be removed or the ecosystems can be restored;
 - Internal analysis: a cause-effect analysis is conducted, and preventive measures are reviewed;
 - Anonymous whistleblowing channel: enables a prompt response to internal or external whistleblowing reports.
- The pollution reduction measures and internal processes described above are applied to all identified E2 pollution impacts and risks, taking into account their nature and materiality.

Target

Target	Target indicator	Actual data 2025 (Base year)	Target indicator 2026	Target indicator 2030	Target indicator 2035
Improving the efficiency of wastewater treatment	Discharges of priority hazardous substances listed in Annex 1 of the Waste Water Management Regulation* in waste water, tons/year	0.021	0.015	0.015	0.000
	Planned discharge of pollution in wastewater- BOD7, tonnes/year	161.9	120	140	140
	Planned discharge of pollution in wastewater- total nitrogen (Nb), tonnes/year	287.0	370	270	190
	Planned discharge of pollution in wastewater- total phosphorus (Pb), tonnes/year	36.1	23	24	10

*[Link](#) to the Waste Water Management Regulation

Contextual information

Vilniaus Vandenys has set targets related to reducing the pollution of water, as this impact area is considered the most material in the Company's operations. Meanwhile, goals related to the pollution of air and soil have not yet been set because:

- The impact of air pollution at the Company is sporadic, localised, and controlled by technical measures; therefore, it is not considered material on a broader scale.
- The soil could be contaminated by chemicals, but the risk of such incidents is very low. The Company also implements all the necessary protective measures to prevent any adverse impact on the environment and human health. Sludge management is carried out in compliance with strict environmental regulations and permits that ensure the safe use of waste without compromising soil protection requirements.

For these reasons, there are currently no plans to set goals related to the pollution of air and soil.

The Company has voluntarily set itself more ambitious goals than those required by current legislation. Although the targets set are not mandatory, they demonstrate the Company's commitment to environmental protection and

sustainable resource management, going beyond the minimum legal requirements. The targets are not based on conclusive scientific evidence. The goals were set based on an analysis of the Company's historical performance data, its existing technological capabilities, and its environmental ambitions, with the aim of achieving consistent progress and reducing its environmental impact. The local situation is also taken into account, including the actual state of the treatment facilities operating in the Vilnius region, their modernisation potential, and the impact intensity in these areas. Data sources used: internal operational monitoring data, laboratory tests, results of completed projects, requirements of the State Environmental Protection Agency and of Lithuanian and the EU legislation.

When setting water pollution abatement targets, the Company did not adopt a formal approach to directly involving stakeholders, but their needs and expectations were taken into account indirectly. The sources used for this purpose include the requirements from regulatory authorities (i.e. the Environmental Protection Agency, the Ministry of the Environment of the Republic of Lithuania, the municipality of Vilnius City and the municipalities of Vilnius, Švenčionys and Šalčininkai districts) that reflect the interests of the public and environmental organisations, as well as comments submitted during public consultations and legislative processes (e.g. during the consideration of the amendments to the Waste Water

Management Regulation). These aspects were taken into account when drafting technological solutions and setting pollution abatement targets.

Water pollution-related targets are monitored on an ongoing basis using predefined indicators (listed in the table above), which are recorded and analysed in accordance with established methodologies. The data is reviewed during daily and weekly meetings, and progress and key performance indicators are communicated across the Company on a quarterly basis. Responsibility for monitoring lies with the Operations and Compliance Service and the Production Service. Progress in 2025 was in line with the planned targets, with no significant deviations or

negative trends identified.

In 2025, there were no changes to water pollution targets, applicable indicators, measurement methodologies, assumptions, or data collection processes—all data and assessments were conducted in accordance with the previously established methodology, so the comparability of the data remains unchanged.

All tasks cover only Vilniaus Vandenys' own operations (targets do not include the supply chain or the downstream value chain). The targets apply across the area of the Company's operations—the city of Vilnius and the municipalities of Vilnius, Šalčininkai, and Švenčionys.



Indicators

In 2025, total emissions to air decreased compared to 2024. Changes in the individual emission categories are shown in the table above.

Indicators			
Indicator	2024	2025	Change
(Total) releases to air by the Company in accordance with Annex II of Regulation No 166/2006, t/year	102.14	51.57	-50.57
Respectively:			
NH ₃	0.35	0.95	+0.60
CO	55.23	16.11	-39.1
NOx	10.46	9.88	-0.58
LOJ	35.98	24.61	11.4
H ₂ S	0.12	0.01	0
Microplastics* formed and/or released, mp/l	average annual value - 135	average annual value - 169	-
(Total) volume of substances of concern or very high concern generated or used (discharged in wastewater), t	0.016	0.021	+0.006
Respectively:			
Cd	0.00100	0.0098	0
Hg	0.01000	0.0002	-0.0098
Phenols	0.00003	0.0082	-0.0079
Phthalates	0.00500	0.0032	-0.002

Contextual information

Emissions and/or discharges are monitored on the basis of a monitoring programme developed and agreed with the Environmental Protection Agency, which specifies the pollutants to be measured, the sampling frequency and the measurement methods. Quarterly and annual monitoring reports are made public on the Company’s website.

This monitoring is essential to ensure that emissions and discharges stay within permitted limits, thus protecting the environment and public health. Regular and systematic sampling allows for a continuous assessment of the environmental impact and timely response if deviations from the established standards are observed. The data collected is carefully recorded and analysed, resulting in a comprehensive assessment of the accounting of discharges.

The assessment does not rely on methodological calculations of lower accuracy than direct measurements.

The current monitoring system not only ensures compliance but also contributes to the Company’s commitment to sustainability. The data and findings from this monitoring are documented in protocols, which form the basis for further assessment of environmental performance.

In 2025, no pollutant emissions to soil were observed.

The Company does not conduct direct soil pollution monitoring, as no pollutants enter the soil during normal operations. Potential impacts on the soil may occur only in exceptional cases, such as wastewater spills or other emergencies, which are rare at the Company.

In line with the legislation in force, the Company submits annual reports on accounting of wastewater treatment to the Environmental Protection Agency each year. As reported, the Company’s activities in the wastewater management sector include the collection of municipal wastewater, the operation of municipal wastewater treatment facilities, and the provision of wastewater management services to residents.

The wastewater is treated up to the regulatory standards before being discharged into the natural environment. During wastewater treatment, the treated wastewater is monitored for Class 1–4 pollutants (oil products, metals, anthracene, cadmium, mercury, nonylphenols, di(2-ethylhexyl) phthalate) and Class 5 pollutants (fats).

*Microplastics: wastewater treatment facilities are not designed to fully remove microplastic particles, which enter surface waters with the treated wastewater. The following microplastics are found in treated wastewater discharges: polyethylene (PE), polyester (PES), rubber, polypropylene (PP).

No external body, other than the assurance provider, was involved in validating the measurement of any metrics in the Sustainability Statement.

Anticipated financial effects from material pollution-related risk factors and opportunities

Based on a double materiality assessment conducted in 2024, material pollution-related impacts, risks, and opportunities were identified. The anticipated financial effect of these risks and opportunities for the reporting period of 2025 was assessed, therefore, no quantitative financial disclosures are currently provided.

WATER AND MARINE RESOURCES

DOUBLE MATERIALITY ASSESSMENT

WATER AND MARINE RESOURCES

Negative impacts:

Actual. Consumption of groundwater

Risks:

Reduction in drinking water resources Contamination of groundwater

Stringent regulation (Transition risk*)

* Water is one of the resources that could be severely affected by climate change. This could lead to stringent regulations covering water consumption, abstraction and losses.

For more information on the Company's materiality assessment, see section "Double materiality assessment" of the Sustainability Statement.

The following is a description of the management of material water and marine resources-related impacts, risks, and dependencies. The description outlines the applicable policy, key actions, goals set, monitoring methods, and indicators.

Water and marine resources-related policy

Vilniaus Vandenys' Environmental Protection Policy

Stakeholders can access the policy here: [Environmental Policy](#)

This policy is designed to establish the environmental protection principles, guidelines, and responsibilities to which Vilniaus Vandenys adheres to reduce its environmental impact, manage environmental risks and encourage responsible behaviour towards the surrounding environment. The policy covers all key stages of activities: drinking water supply, wastewater collection and treatment, sludge management, and related energy consumption and emissions management activities.

General policy objectives:

- Reduce the impact of operations on the environment (pollution of water, air, and soil);

- Effectively use natural resources, particularly water and energy;
- Increase the share of renewable energy in the Company's operations;
- Contribute to mitigating climate change by reducing GHG emissions.

The Company's Environmental Policy covers all material water-related impacts, risks, and dependencies. It provides for the groundwater conservation, the water loss reduction, the infrastructure modernisation, and the pollution prevention. These provisions help manage actual impacts (groundwater use), potential risks (resource depletion, pollution, and increasingly stringent requirements), and dependence on fresh groundwater.

This policy covers all significant aspects of water management: the use of groundwater resources, wastewater treatment, and water pollution prevention. The principles set forth in the policy include rational water use, reducing network losses, modernising infrastructure, and ensuring a secure supply. We consider wastewater treatment to be an essential part of our activities—we are implementing and improving biological and chemical treatment technologies to reduce pollutant discharge and ensure a sustainable water cycle. Our activities are based on continuous monitoring: potential risk assessment, wastewater quality analysis, monitoring of preventive measures, investments in infrastructure, regulatory compliance, and employee awareness-raising. In addition, the Company

consistently assesses the impact of the water resources it uses, with a particular focus on the reliability and efficiency of supply. Water quality is continuously monitored through laboratory testing, while targeted preventive and technical measures are implemented to reduce network losses. Significant investments are being made in the renovation and modernisation of infrastructure to ensure a safe and high-quality supply of drinking water to consumers. These actions demonstrate a systematic approach by the Company to implementing measures that not only reduce the impact on water resources but also ensure their sustainable protection and rational use.

Vilniaus Vandenys does not have a policy on sustainable use of oceans and seas in place, as it does not directly operate in marine or ocean areas, however, the Company’s Environmental Policy promotes broader protection of aquatic ecosystems, including preventive measures against pollution that can also affect marine waters. The Company adheres to international environmental standards and contributes to initiatives to protect water bodies.

The Company’s Environmental Policy not only defines the Company’s commitment to the sustainable use of water resources, but also to educate the public and other stakeholders on the sustainable use of water resources.

Policy scope: all of the Company’s operations in the city of Vilnius and in the

municipalities of Vilnius, Švenčionys, and Šalčininkai. At present, the policy’s scope does not extend to the supply chain, though there are plans to expand it to encompass environmental requirements for partners. The responsibility for monitoring compliance with the sustainability principles lies with the company’s CEO and Heads of Functions.

In implementing its environmental protection policy, Vilniaus Vandenys adheres to the following third-party standards and initiatives:

- LST EN ISO 14001:2015, an environmental management standard. It forms the basis of an integrated environmental management system, aimed at continuously reducing environmental impact, preventing pollution, and ensuring compliance with regulations.
- LST EN ISO 9001:2015, a quality management standard that is applied alongside environmental management measures to ensure operational efficiency and responsibility.

Policy monitoring process: The policy is reviewed and updated annually, with a full update conducted at least every three years. Compliance with the policy is reported to the Company’s Board once a year.

When establishing and reviewing its Environmental Policy, the Company takes into account the expectations of key

stakeholders. The policy is aligned with legislation, municipal strategies, and national commitments. Insights from local communities, employees, and partners are incorporated through consultations, the review of complaints, and feedback.

The above environmental policy applies to all material impacts, risks, and dependencies related to water and marine resources identified in this section, including the consumption of groundwater, potential resource depletion, pollution risks, and increasingly stringent regulatory requirements.

Actions

The Company continued to implement its digitisation projects. In 2024, the Company launched intensive roll out of smart meters in residential houses, thus facilitating the procedure for submitting meter readings of consumed services for customers and contributing to the conservation of water resources. In 2025, 74,622 units were installed during the year. These devices will allow for even more accurate metering of customers’ water consumption and timely identification of emergency situations occurring between the building’s inlet metering device and apartment. During the reporting period, 901 more smart meters were installed than in 2024.

Key activities related to smart meter installation include the Company’s own operations and the downstream part of the value chain relating to customers.

The implementation of these measures covers the entire area where the company operates—the city of Vilnius and the municipalities of Vilnius, Šalčininkai, and Švenčionys.

These actions have a significant impact on one stakeholder—the Company’s customers. They will see immediate benefits, such as simpler water metering, faster detection of leaks, and water conservation. This project is scheduled to be completed in 2028.

In the future, Vilniaus Vandenys plans to implement the following measures aimed at the conservation and efficient use of water resources: continue to upgrade and renovate water supply networks and implement smart technologies that enable more precise management of water supply and faster detection of leaks.

These measures will help reduce network losses, improve supply reliability, ensure an accurate water balance, and promote long-term sustainability. This would directly advance environmental policy objectives, such as promoting the conservation of natural resources, enhancing infrastructure resilience to climate change impacts, and ensuring the efficient use of resources.

Notification messages are currently being sent to residents whose internal network issues (e.g., water leaks) are detected by the smart system, whereas in the future, the sending of these notifications is planned to be automated to ensure even faster notification.

During the reporting period, the financial and other resources required for the implementation of the action plan had not yet been assessed or specified. The scope of planned investments and sources of funding will be analysed when planning specific projects in the future.

Also, during the reporting period, no significant incidents were identified that would have required the Company to undertake damage compensation measures; however, response procedures are in place and would be activated should the need arise.

The actions and internal processes described above apply to all identified E3 impacts, risks, and dependencies, to ensure more efficient use of water resources, reduce network losses, and guarantee the long-term reliability of water supply.

Targets

Target	Target indicator	Actual data 2025 (Base year)	Target indicator 2026	Target indicator 2030	Target indicator 2 035
Water loss reduction	Overall loss (%)	14.3	13	12.5	11
	Water losses in apartment buildings (%)	5.2	6	2	2
	Water losses in networks (%)	12.4	10	9.5	9.0

The indicator for the water loss reduction target is relative and is expressed as a percentage of the annual volume of water supplied to the network. The water loss reduction targets are directly linked to reducing water consumption, as any leakage of water represents an unnecessary draw on groundwater resources. By improving network integrity and reducing water loss, the overall need for water extraction is reduced, thereby conserving limited natural resources.

The targets set—general losses, water losses in apartment buildings, and water losses in distribution networks—are directly linked to environmental policy objectives:

- Reducing water loss directly reduces the environmental impact, as less water is extracted and transported, thereby reducing the impact on water resources and the volume of wastewater generated.

- Effective network management helps ensure the sustainable use of natural resources, particularly fresh groundwater, which take decades to replenish.
- By reducing losses, the need to pump, treat, and supply additional water decreases, thereby optimising energy consumption and increasing the energy efficiency.

When setting water loss reduction targets, Vilniaus Vandenys did not adopt a formal approach to directly involving stakeholders, instead their needs and expectations were considered indirectly. The sources used for this purpose include the requirements from regulatory authorities

(i.e. the Environmental Protection Agency, the Ministry of the Environment of the Republic of Lithuania, the municipality of Vilnius City and the municipalities of Vil-

nius, Švenčionys and Šalčininkai districts) that reflect the interests of the public and environmental organisations, as well as comments submitted during public consultations and legislative processes. These aspects were taken into account when drafting technological solutions and setting water loss reduction targets.

The objectives were also determined based on an analysis of the Company's historical performance data, its existing technological capabilities, and its environmental goals. The concept of ecological limits was not applied when setting water loss reduction targets, as these were based on legal requirements and an analysis of historical data. The local situation is also taken into account, including the state of the water networks in the Vilnius region and the potential for upgrading them, as well as water losses in these areas. Data sources: internal operational monitoring

data, results of completed projects, and the requirements of Lithuanian and the EU legislation (such as the Water Framework Directive (2000/60), the Groundwater Directive (2006/118), Drinking Water Directive (2020/2184), Methodology for Calculating the Infrastructure Leakage Index). The methodology applied in 2025 remained unchanged compared to the previous reporting period.

All targets comprise Vilniaus Vandenys' own operations and the downstream part of the value chain relating to customers. These actions are implemented across the area of the Company's operations—the city of Vilnius and the municipalities of Vilnius, Šalčininkai, and Švenčionys.

The Company's stated objectives are voluntary and are not based on conclusive scientific evidence.

Monitoring of water pollution-related issues is conducted on an ongoing basis using established indicators (listed in the table above), which are recorded and analysed in accordance with the methodology set, i.e. the requirements of the Description of the Procedure for Accounting for Water Use and Wastewater Management. The data is reviewed during daily and weekly meetings, and progress and key performance indicators are communicated across the Company on a quarterly basis. Progress in 2025 was in line with the planned goals, with no significant deviations or negative trends identified.

Indicators

Indicator	2024	2025	Change compared
Total water consumption (Company’s own use), m ³	754,111	561,140	-192,971
Total water recycled and reused, m ³	86,028	90,704	+4,676
Water consumption intensity (total water consumption in its own operations (m ³) per million EUR net revenue)	151,948	8,677	-143,271
Water withdrawals and water discharges,m ³ *	36,133,979	36,510,866	+376,887

The decline in water consumption and water intensity ratios in 2025 was driven by both a decrease in absolute water consumption and an increase in operational performance. In 2025, water consumption for technological needs decreased by 26%, while the Company’s net revenue increased by 9%. Since the water intensity ratio is a relative measure, these changes resulted in a significant decrease in the ratio.

* Volume of water abstracted and supplied to the network

Contextual information

This section sets out the targets related to the reduction of water losses in the Company’s operations. In cases where specific targets have not yet been set for other identified impacts, risks, or dependencies, the reasons for this are explained in the contextual information.

All of the indicators presented in the tables above are calculated based on direct measurements performed at the facilities operated by the Company. The calculations are based on actual data collected, without using sector coefficients to model or estimate the data.

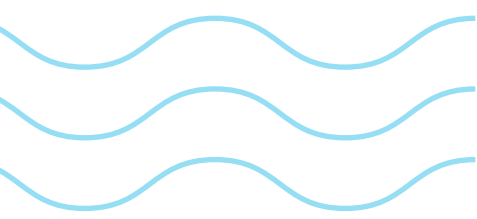
The value of the indicator “Total water consumption in areas at water risk, including areas of high-water stress” is not reported because the Company’s activities are not located in these areas, and due to lack of information, it was not examined whether the Company’s upstream value chain is located in the areas at water risk.

The Company stores water in tanks to ensure the reliable supply of water at any times, and, given that it is constantly changing, its storage does not have an impact on quality, therefore no value is provided for the indicator “Total water stored and changes in storage”.

No external body, other than the assurance provider, was involved in validating the measurement of any metrics in the Sustainability Statement.

Anticipated financial effects from material water and marine resources-related risks factors and opportunities

In assessing the potential financial impact, consideration was given to the level of water losses, the technical condition of the infrastructure, energy costs in water supply and wastewater treatment processes, and potential changes in regulatory requirements. The potential impact was assessed from a qualitative perspective, based on historical performance data and expert judgment. During the reporting period, no quantitative assessment of financial impacts or breakdown by time horizon was performed. A more detailed assessment is planned for future reports.



BIODIVERSITY AND ECOSYSTEMS

The Company is applying the transitional provisions for the disclosure of biodiversity and ecosystem-related information. Accordingly, only the information required under Article 17 of ESRs 2 BP-2 will be disclosed in the Sustainability Statement for the first two years.

The double materiality assessment found that the topic is material and that the activities of Vilniaus Vandenys have an impact on aquatic biodiversity, however, no related risks or opportunities were identified.

Policy

The Company considers biodiversity and ecosystems to be an important topic, but has not yet adopted a separate management policy for it. The Company addresses biodiversity matters in part through its environmental protection and sustainability policies, which outline principles related to reducing environmental impact and preserving natural resources.

Vilniaus Vandenys acknowledges its responsibility for the impact of its operations on the environment and is committed to protecting the landscape and biodiversity. The Company's Environmental Policy stipulates that biodiversity is protected in accordance with the principle of non-dis-

turbance of protected areas, species and habitats of high ecological value.

And if, for objective reasons, it is impossible to avoid the impact, measures should be taken to mitigate and compensate for it.

The Company strives to have all projects and investments planned and carried out responsibly, taking into account their potential impact on ecosystems and natural resources. Biodiversity matters are integrated into the overall environmental management system, which complies with the LST EN ISO 14001:2015 standard, and are implemented alongside other environmental measures.

Targets and actions

The Company has not yet set clear, science-based targets for protecting biodiversity and ecosystems, and therefore cannot report on its progress in achieving them.

The actions implemented in this area align with measures to reduce water pollution, as these measures directly contribute to the protection of natural ecosystems, the strengthening of their resilience, and the conservation of biodiversity. All actions implemented in 2025 are disclosed in the "Pollution" section of this Statement.

Indicators

The Company did not track biodiversity-related indicators in 2025, but intends to assess the feasibility of establishing and monitoring relevant indicators in the future for more systematic management of this topic.



RESOURCE USE AND CIRCULAR ECONOMY

DOUBLE MATERIALITY ASSESSMENT

RESOURCE USE AND CIRCULAR ECONOMY

Negative impacts:
Potential. Wastewater sludge production Potential. Waste generation in the Company’s activities

Risks:
Non-compliance with waste management legislation
Stringent requirements for the use of wastewater sludge (Transition risk*)

Opportunities:
Potential. Use of wastewater sludge in electricity generation

* To minimise pollution, the requirements for the use of wastewater sludge in agriculture or other land-based applications may become stringent.

For more information on the Company’s materiality assessment, see section “Double materiality assessment” of the Sustainability Statement.

Below is a description of the management of each material resource use and circular economy-related impact, risk, and opportunity (IRO) identified in this section, in accordance with the minimum disclosure requirements of ESRS 2. The description indicates the applicable policy, key actions, monitoring method, indicators used, and an explanation of why individual goals have not yet been set.

Policy

Vilniaus Vandenys’ Environmental Protection Policy

Stakeholders can access the policy here: [Environmental Policy](#)

This policy is designed to establish the environmental protection principles, guidelines, and responsibilities to which Vilniaus Vandenys adheres to reduce its environmental impact, manage environmental risks and encourage responsible behaviour towards the surrounding environment. The policy covers all key stages of activities: drinking water supply, wastewater collection and treatment, sludge management, and related energy consumption and emissions management activities.

General policy objectives:

- Reduce the impact of operations on the environment (pollution of water, air, and soil);
- Effectively use natural resources, particularly water and energy;
- Increase the share of renewable energy in the Company’s operations;

Contribute to mitigating climate change by reducing GHG emissions.

The Company’s policy promotes the transitioning away from use of virgin resources and the use of secondary (recycled) resources. The Company adheres to circular economy principles and promotes recycling and reuse of raw materials. The policy comprise all material impacts, risks and opportunities related to the “Resource use and circular economy” topic. The Company defines sustainable procurement as the selection of products, services, and materials that contribute to reducing the use of primary resources and increasing the use of secondary and recycled resources. Adhering to waste hierarchy principles.

The Company prioritises the avoidance and minimisation of waste. The aim is to reduce waste and promote its rational management through pollution prevention measures.

To promote recycling and waste minimisation, sludge is drained and dried at the Vilnius Wastewater Management Plant. Drained and dried sludge can be used for the reclamation of abandoned quarries, landfill closure, restoration of disturbed areas, energy forestry, restoration of green areas and agriculture, in accordance with the requirements for the use of wastewater sludge.

Circular economy models

The Company develops circular economy projects, including recycling waste, using it as a source of energy or for other purposes.

The principles and commitments set out in the Policy are applied on the company-wide basis. The responsibility for monitoring compliance with the sustainability principles lies with the company's CEO and Heads of Functions. The Policy is reviewed at least once every three years or more frequently in response to changes in the Company's strategic goals and directions.

When establishing and reviewing its Environmental Policy, the Company takes into account the expectations of key stakeholders. The policy is aligned with legislation, municipal strategies, and national commitments. Insights from local communities,

employees, and partners are incorporated through consultations, the review of complaints, and feedback.

Policy monitoring process: The policy is reviewed and updated annually, with a full update conducted at least every three years. Compliance with the policy is reported to the Company's Board once a year.

The policy scope covers all of the Company's operations in the city of Vilnius and in the municipalities of Vilnius, Švenčionys, and Šalčininkai, as well as the downstream value chain insofar as it relates to waste management and the partners to whom waste is transferred.

In implementing its environmental protection policy, Vilniaus Vandenys adheres to the following third-party standards and initiatives:

- LST EN ISO 14001:2015, an environmental management standard. It forms the basis of an integrated environmental management system, aimed at continuously reducing environmental impact, preventing pollution, and ensuring compliance with regulations.
- LST EN ISO 9001:2015, a quality management standard that is applied alongside environmental management measures to ensure operational efficiency and responsibility.

The responsibility for monitoring compliance with the principles of environmental protection set forth in the policy lies with

the Company's CEO and Heads of Functions.

Information on the sustainable supply and use of renewables is outlined in the Sustainability Policy of Vilniaus Vandenys and is disclosed in the "Climate Change" section of this Statement.

The above environmental policy applies to all material resource use and circular economy IRO's identified in this section, including the generation of wastewater sludge and other waste, compliance risks associated with waste management, and opportunities to use sludge for energy production.

Actions

The Company manages the sludge produced in the wastewater treatment process in several ways. One method is composting, which takes place at a sludge composting site within the Company's operations. The resulting compost is used for restoring abandoned land, fertilising urban green spaces or consolidating and planting roadsides.

The sludge composting contractor has been selected through a public procurement procedure. The sludge recycling process is subject to a rigorous control, therefore the contractor must present qualitative compost tests and sludge disposal certificates

In addition to composting, the sludge produced at the Vilnius Wastewater Treatment Plant is dried. The dried sludge is used to

fertilise energy crops, while the gases from the drying process are used to generate electricity. The dried sludge resulting from the wastewater treatment process was supplied to Akmenė Cement AB. and used as alternative fuels in the cement industry instead of non-renewable fuels (coal).

This action seeks to manage the sewage sludge in a sustainable and efficient way, through multiple recycling methods and strict process control. Each key action is continuous and implemented on an ongoing basis.

In 2025, sludge management operations continued without any significant changes, ensuring process stability and responsible waste management.

Vilniaus Vandenys plans to strengthen the application of circular economy principles, particularly in the areas of sludge treatment and biogas utilisation. The main actions planned to achieve this goal include:

- Modernisation of sludge thermal hydrolysis facilities to increase biogas production and reduce waste.
- The deployment of a sludge mono-incineration infrastructure, enabling the recovery of energy and phosphorus and reducing the burden on landfills.
- Expanding the production and use of biogas, ensuring its efficient utilisation for electricity and heat generation for the Company's needs.

A timeframe is set for each planned action: the modernisation of sludge thermohydrolysis facilities is planned by 2029, with solutions for sludge co-incineration infrastructure to follow by 2032, to ensure a smooth transition to a circular economy model and to achieve the EU's zero-emission and climate-neutrality goals.

Expected outcomes of these actions:

- Increased biogas production and energy independence.
- The reduced volume of sludge sent for the final disposal.
- A smaller CO₂ footprint through more efficient energy production and logistics.
- The potential to recover phosphorus and other valuable substances.

These initiatives are in line with the commitment to reduce the use of primary resources and promote the use of secondary (recycled) resources, while reducing waste and pollution. Modernised solutions will enable more efficient treatment of wastewater sludge and the recovery of energy and valuable substances (such as phosphorus), thereby realising the principles of the circular economy outlined in the company's policy.

Measures related to the modernisation of sludge treatment and the implementation of circular economy principles encompass

the Company's own operations, particularly the processes of wastewater treatment, sludge processing, energy recovery, and the utilisation of residual materials, which constitute the downstream value chain. These actions are implemented across the area of the Company's operations—the city of Vilnius and the municipalities of Vilnius, Šalčininkai, and Švenčionys.

These changes have an impact on some key stakeholders:

- Local communities concerned with improving the quality of the air, soil, and water.
- Employees directly involved in the modernisation of infrastructure and the implementation of new technological solutions.
- For business partners involved in the sludge processing, energy consumption, and resource recovery chain, specifically, in the waste management stages.

During the reporting period, the financial and other resources required for the implementation of the action plan had not yet been assessed or specified. The scope of planned investments and sources of funding will be analysed when planning specific projects in the future.

Also, during the reporting period, no significant incidents were identified that would have required the Company to undertake damage compensation measures; however, response procedures are in place and

would be activated should the need arise.

The actions and planned measures described above apply to all identified E5 impacts, risks and opportunities to reduce waste generation, ensure compliance with legislation, and increase the use of sewage sludge in line with the principles of the circular economy.

Targets

No individual targets were set in this area, as the focus in 2025 was on the steady implementation of existing waste management and circular economy solutions. The effectiveness of these measures is not currently assessed against specific quantitative goals, but performance is monitored through common indicators of waste management processes and compliance with legal requirements. Considering the results of the double materiality assessment, the feasibility of setting objectives will be evaluated in the future.

Resource outflows (waste)

Waste reduction and management strategy

The Vilnius Wastewater Treatment Plant aims to reduce waste generation and optimise waste management.

The strategy includes the following:

- Improving the efficiency of wastewater treatment processes to reduce sludge production.
- Recycling and reusing sludge, for example for biomethane production or as fertiliser in agriculture.
- Focusing on the control of materials entering the wastewater system to prevent hazardous waste generation.

The Company has a complete picture of its waste management processes from wastewater collection to final treatment and disposal. Waste reduction measures are based on the principles of sustainability and the circular economy.

Key products and materials that can be adapted to the circular economy:

- Wastewater sludge: suitable for recycling into biomethane or for use as fertiliser. Sludge is durable and can be recycled for several cycles if the quality requirements are fulfilled.
- Waste from desanding: some of the waste can be recycled as raw material for building materials.

Waste streams: wastewater sludge (biomass-based), residues of sand and particles.

Materials in the waste: biomass (organic components), sand and minerals, traces of metals, if present in the wastewater.

Contextual information

A large amount of sludge is sent for recycling due to local legal requirements that encourage recycling and prohibit the disposal in landfills. Sludge is processed into bi-methane according to industry standards that encourage the development of renewable energy sources.

Data on the volume and composition of waste is sourced from direct measurements. The Vilnius Wastewater Treatment Plant relies on the automated systems and data from waste operators, confirmed by waste transfer notes.

Indicators

Indicator	2024	2025	Change
Total amount of waste generated (t)	10,488.7	9,958.81	-529.89
Total amount and percentage of non-recycled waste, tonnes and %	Volume-1,598.73 Percentage-15.24	Volume-2,623.277 Percentage-26.34	+1,025 +11.1
Total amount of hazardous waste generated, t	4.07	7.03	+2.96
Total amount of radioactive waste generated, t	0	0	0

The information in the table below is for the year 2025.

Total amount by weight diverted from disposal, with a breakdown between hazardous waste and non-hazardous waste and a breakdown by the recovery operation types (preparation for reuse, recycling, other recovery)	Recovery operation types	Non-hazardous	Hazardous	Total:
	Preparation for reuse	0	0	7,335.5353
	Recycle	7,333.872	1.664	
	Other recovery operations	0	0	

The information in the table below is for the year 2025.

Total amount by weight directed to disposal, with a breakdown between hazardous waste and non-hazardous waste and a breakdown by the recovery operation types (incineration, landfill, other)	Recovery operation types	Non-hazardous	Hazardous	Total:
	Incineration	1,328.265	4.4387	2,623.277
	Disposal in landfills	1,289.597	0.976	
	Other disposal operations	0	0	

All indicators reported in the Sustainability Statement are calculated using accurate, real-time data from the GPAIS (Unified Product, Packaging and Waste Record Keeping System) information system. No additional assumptions or alternative calculation methods were applied, so methodological limitations are not currently relevant.

No external body, other than the assurance provider, was involved in validating the measurement of any metrics in the Sustainability Statement.

Anticipated financial effects from material resource use and circular economy-related risks factors and opportunities

In assessing the impacts of resource use and the circular economy, the potential financial impacts were evaluated on a qualitative basis. The analysis took into account waste management requirements, the feasibility of wastewater sludge recycling, and the potential need for investment in infrastructure and technology upgrades. These factors may affect the Company's operating expenses and future investment planning. No quantitative assessment of the potential financial impact was conducted during the reporting period.



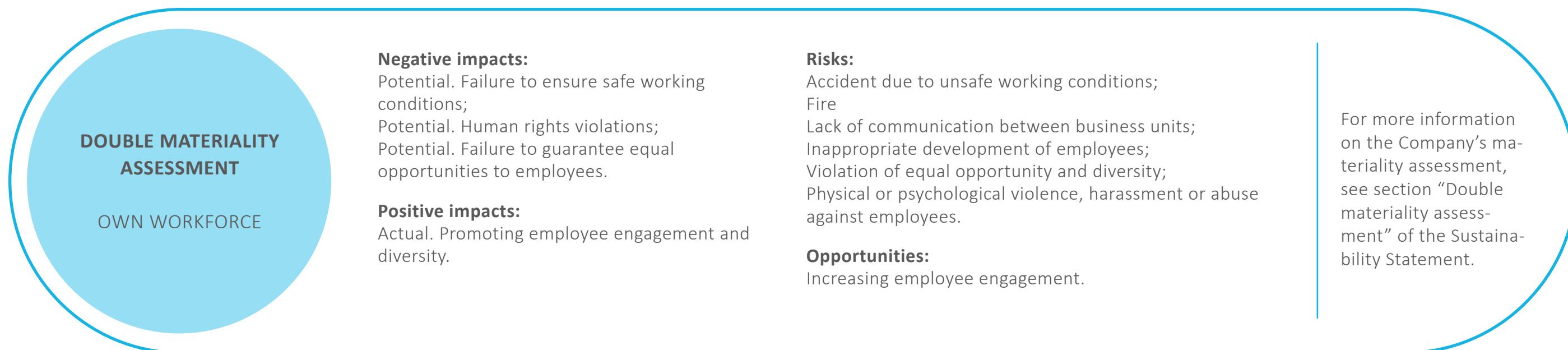
Vilniaus vandenys

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**SOCIAL
AREA**

OWN WORKFORCE



Any potential adverse effects identified during the double materiality assessment are related to isolated cases only.

The own workforce of Vilniaus Vandenys consists of employees with employment contracts in accordance with the Labour Code of the Republic of Lithuania. The Company does not have any self-employed people or employees provided by third-party employment agencies. In assessing the material impact on human rights, it was not found that any group of employees or other individuals would suffer a significant adverse impact. The Company operates in accordance with applicable labour laws, ensures equal opportunity and safe working conditions, and adheres to principles protecting employees from discrimination and harassment.

The significant actual and potential impact related to Vilniaus Vandenys' own workforce arises from its business model and is closely linked to its strategy: business continuity and service quality depend directly on having qualified, motivated employees who work in safe conditions. These factors also shape the Company's strategic decisions and contribute to the improvement of its business model, for example, by enhancing employee well-being, inclusion, and safety. Risks (e.g., accidents, lack of employee engagement) and opportunities (e.g., greater employee engagement, a stronger organizational culture) related to employees and dependence on them are directly integrated into the Company's strategic goals and operational planning.

Vilniaus Vandenys does not engage in any activities that would be exposed to forced labour or child labour. The Company operates in compliance with Lithuanian labour laws and international human rights and labour standards, including the principles of the International Labour Organization (ILO). The double materiality assessment did not identify any areas of activity with an increased exposure to the risk of forced labour. However, the Company continues to assess its supply chain and implement responsible procurement policies to ensure its operations remain ethical and free from human rights violations at all levels.

Vilniaus Vandenys has not conducted a separate assessment to determine whether certain stakeholder groups face

a higher risk in the context of human rights. However, the overall operational risk assessment revealed no indication that any category of employee or other group would be more vulnerable to, or at greater risk of, human rights violations. For this reason, a more comprehensive assessment has not yet been conducted. The Company is monitoring the situation and is prepared to incorporate such an analysis into future assessments should any changes occur.

In conducting the double materiality assessment, Vilniaus Vandenys did not identify any material impacts, risks, or opportunities (IROs) that would arise directly from dependence on or impact on specific groups of people (e.g., vulnerable groups, minorities, migrants, etc.).

As a result, this understanding has not yet taken hold within the Company. Nevertheless, the company recognises the importance of this topic in the context of human rights and plans to expand its stakeholder analysis in the future to include an assessment of the impact on specific groups.

Below is a description of the management of each material own workforce-related impact, risk, and opportunity (IRO) identified in this section, in accordance with the minimum disclosure requirements of ESRS 2. The description indicates the applicable policy, key actions and processes, monitoring method, indicators and targets applied.

Policies and actions

General information

The Company has an appropriate policy in place for every significant impact-related matter. The potential impacts associated with unsafe working conditions and the risk of workplace accidents are addressed by Vilniaus Vandenys’ Policy for Occupational Safety and Health: Zero-Tolerance for Accidents at Work. Any potential human rights violations and risks related to physical or psychological abuse and harassment are addressed by the Abuse and Harassment Prevention Policy. The Equal Opportunity and Diversity Policy applies to potential impacts resulting from a failure to ensure equal opportunities and the associated risks.

All of these policies are implemented and periodically reviewed to effectively manage the identified impacts, risks, and opportunities.

An assessment was conducted to identify the Company’s employees from groups at particular risk of vulnerability, but no such groups were identified. Therefore, there are currently no individual policy commitments or positive actions specifically targeting these groups. The company adheres to all applicable equal opportunity and non-discrimination principles, applicable to the entire workforce without exception.

When establishing and reviewing policies related to own workforce, the Company takes into account the expectations of key stakeholders. The policy is aligned with legislation, municipal strategies, national commitments and the Board’s expectations. Insights from employees and partners are incorporated through consultations, cooperation with the Works Council, review of complaints, and feedback.

In response to significant actual or potential adverse effects on its own workforce, Vilniaus Vandenys follows an established course of action to identify the causes, select appropriate corrective measures, and prevent similar situations from occurring. Should a negative impact occur, such as violations of employee health and safety, workplace accidents, an unfavourable psychosocial climate, or poten-

tial human rights violations, a systematic investigation of the incident is conducted using the “5 Whys” methodology, identifying the root causes and developing recommendations for further action. In the event of potential violations of equal opportunity principles, the situation is analysed with the involvement of the relevant departments and employee representatives, followed by adjustments to personnel policies and procedures as necessary. To manage risks such as a lack of communication between departments, inadequate employee training, and the prevention of physical and psychological abuse and harassment, regular training sessions involving all employees are held, along with periodic workplace assessments and anonymous surveys. With regard to positive impacts, the Company implements initiatives that promote employee engagement and diversity, and increases opportunities for engagement through internal projects, idea contests, and open discussions.

Vilniaus Vandenys ensures that its business practices do not cause or contribute to significant adverse impacts on its own workforce by implementing preventive, monitoring, and response measures:

Workplace safety and respect

- Any form of discrimination, harassment, abuse, or other inappropriate behaviour is strictly prohibited, in accordance with the Equal Opportunity and Diversity Policy, the Abuse

and Harassment Prevention Policy, the Code of Ethics, and the Rules of Procedure.

- Employees have been provided with clear and confidential reporting channels.
- All reports received are examined without delay, ensuring full protection for whistleblowers against any adverse consequences.

Monitoring workload and conditions

- Management regularly assesses the workload to ensure balanced working conditions and prevent excessive stress and burnout.

Ongoing performance assessment

- Keys indicators are regularly monitored and publicly disclosed: employee engagement index, eNPS, employee turnover, occupational safety metrics, and the number of incidents of abuse and harassment (target: 0 incidents).
- The positive trend in the indicators confirms the effectiveness of the preventive measures being implemented.

Equal opportunity and human rights

Policies

The policies of Vilniaus Vandenys are available on the Company's website.

The policies are available here: [Equal opportunity and Diversity Policy](#), [Abuse and Harassment Prevention Policy](#)

The Company is an equal opportunity employer, ensuring equal opportunity and a supportive environment for all employees, regardless of gender, age, background, disability or other personal identity.

The Policy covers the principles of promoting equal opportunity and diversity (including the avoidance of discrimination on grounds of racial and ethnic origin, colour, sexual orientation, gender identity, disability, age, religion, political opinion, national extraction or social origin, or other forms of discrimination covered by Union regulation and national law), the principles of implementation and enforcement, and the main measures for the implementation of these principles at the Company.

Stakeholders were not directly involved in the development of the Equal Opportunity and Diversity Policy.

We respect the fundamental international human rights and labour stand-

ards embodied in the International Bill of Human Rights, the International Labour

Organization (ILO) Declaration on Fundamental Principles and Rights at Work, and adhere to the OECD Guidelines for Multinational Enterprises. This commitment is embodied in our [Sustainability Policy](#).

Compliance with these obligations is ensured through the following processes and mechanisms:

- internal policies (e.g., the Equal Opportunity, the Abuse and Harassment Prevention, Code of Ethics);
- employee training on human rights, discrimination prevention, and safety;
- anonymous whistleblowing channels and an investigation mechanism;
- monitoring indicators: employee engagement, satisfaction, occupational safety, and the number of incidents of human rights violations (target: 0);
- accountability: the progress is assessed at the management level and disclosed in the Sustainability Statement.

Any adverse impact on human rights must be addressed immediately and, where necessary, remedied in accordance with international principles of human rights protection. The company adheres to the following fundamental operating principles:

Prevention and early detection

- We identify potential threats to human rights through ongoing risk assessment and monitoring.
- We conduct preventive training and internal consultations to prevent violations.

Clear whistleblowing channels

- There are reporting channels in place for employees and other interested parties to confidentially report information about potential violations.
- Management or responsible persons can be contacted directly.

Prompt response and investigation

- Upon receipt of the report, an investigation is immediately launched in accordance with established procedures.
- The investigation ensures impartiality, confidentiality, and the prevention of adverse consequences for the whistleblower.

Impact remediation measures

- Admission of the violation and transparent disclosure of information to the affected person.
- Changes to working conditions, processes, or procedures to prevent the violation from recurring in the future.

- Taking appropriate disciplinary action against those responsible.

Continuous improvement

- Every incident is followed by a root cause analysis, with preventive measures updated accordingly.
- Summary information on incidents and their resolution methods is provided to management and included in the Sustainability Statement.

This approach ensures that the Company not only responds to violations that have occurred but also takes active steps to prevent them from happening again.

Our Abuse and Harassment Prevention Policy ensures active involvement of the Company's employees in creating a friendly and human dignity respecting working environment that ensures equality and non-discrimination, provides effective prevention measures and helps employees to understand the potential manifestations of violence and harassment in the workplace, to recognise their signs and to be aware of the legal remedies.

To prevent discrimination, the Company raises awareness of employees on equal opportunity and diversity, and has established channels for reporting and procedures for addressing violations.

The Company aims to provide a safe and healthy working environment for every employee, where everyone respects each

other and ensures that no one is subjected to humiliating, aggressive, abusive or otherwise offensive behaviour by ensuring the equality of individuals, prohibiting discrimination of any kind, and promoting behaviour that is in line with the organisation’s values and ethical principles.

To promote awareness and zero tolerance of any misconduct or discriminatory practices, employees are encouraged to report violations related to non-compliance with laws, discrimination or other unethical behaviour through established channels. Reports are investigated and processed in accordance with the procedures laid down in internal legislation.

The principles and commitments set out in the Policy are applied on the company-wide basis. The responsibility for monitoring compliance with the principles of above policies lies with the company’s CEO and Heads of Functions. The policies are reviewed at least once every three years or more frequently in response to changes in the Company’s strategic goals and directions.

Scope of the policies: The Company’s own operations—including both water supply and wastewater treatment processes—in all the areas it serves: the city of Vilnius and the municipalities of Vilnius, Švenčionys and Šalčininkai. The supply chain or the downstream value chain is outside the scope of the policies.

The Company’s approach to engaging with employees is disclosed in the “Employee Education and Engagement” section of this Statement.

Disclosures on how the Company’s strategy and business model take into account the interests, views, and rights of its workforce, including respect for human rights, is presented in Section SBM-2 of this Statement, “Stakeholders and Their Expectations.”

Actions

Early in 2025, a steering group on equal opportunity has been established in the Company to systematically strengthen the implementation of the principles of equal opportunity and diversity within the organisation. The working group has been established in accordance with the recommendations of the Office of the Equal Opportunities Ombudsperson, issued following an assessment of the results of the Equal Opportunities Ruler survey. The Group’s goal is to develop an equality action plan, ensure its implementation, and conduct consistent monitoring of progress.

The action plan outlines the following key areas:

- Raise employee awareness of equal opportunities topic by organising training sessions, presentations and internal initiatives.
- Expand the dissemination of information on equal opportunities, ensuring

regular communication that is accessible to all employees.

- Ensure the integration of gender equality and diversity considerations into employee recruitment processes.
- Provide favourable and safe working conditions for all employees.
- Ensure work-life balance offering flexible work arrangements, where the nature of the work permits.
- Promote gender equality by monitoring and analysing established indicators.
- Enforce equal opportunities by integrating these principles into human resources management processes.

In November 2025, the Company joined the Equal Opportunity Wings, implemented by the Office of the Equal Opportunities Ombudsman, earning three equal opportunities wings, the highest recognition of this initiative. This recognition was awarded to the Company for its consistent implementation and practical application of equal opportunity measures:

- An approved and implemented Equal Opportunities and Diversity Policy.
- A prepared and implemented Equal Opportunities Action Plan.
- A transparent and publicly accessible remuneration system for employees.

- An implemented impartial procedure for handling reports and complaints.
- Involving the organisation’s management and employees in equal opportunity initiatives, training, and other awareness-raising activities.
- A clearly set priorities for equal opportunities.
- A designated person and/or working group arranging the implementation of equal opportunity principles within the Company.

The award confirms that the Company has integrated the principles of equal opportunity and inclusion into its daily management and human resources processes, and that it is making progress. To prevent discrimination, abuse, and harassment, and to foster an inclusive organizational culture, the Company is consistently raising employee awareness on equal opportunities and diversity.

For this purpose, training sessions and presentations are organized for employees on the following topics:

- Prevention of psychological abuse (mobbing) in the workplace.
- The long shadow of class: how are social inequalities passed down from one generation to the next?
- Gender equality. Ensuring equal opportunities

- Mobbing: what every manager should know?

Training sessions are attended by employees at all levels, including managers, to foster a shared responsibility for creating a respectful and inclusive work environment.

For each material IRO identified in relation to the Company's workforce, an action plan is developed with clear deadlines and responsibilities. These plans are developed based on the results of employee surveys, performance indicators, and identified risks.

- Equal opportunities are ensured through periodic training on equal opportunities and diversity, the development of an Equal Opportunities and Diversity Action Plan outlining additional measures, and anonymous whistleblowing arrangements.
- Prevention of abuse and harassment: employees are periodically reminded of behavioural standards, reporting channels and internal investigation procedures, with the competencies of responsible personnel being strengthened.

Employee education and engagement

Engagement-related actions

No significant risks arising from the impact of or dependence on the Company's own

workforce have been identified for 2025. However, the Company acknowledges that dependence on a skilled, motivated, and engaged workforce is key to its success. Therefore, the Company views employee engagement as a significant opportunity and seeks to strengthen it through internal communication channels, professional development opportunities and involving employees in decision-making.

A caring organisation and engaged employees is one of the Company's strategic directions, to which the Company pays particular targeted attention.

To this end, the Company conducts an annual employee engagement survey. The survey shows the Company's employee engagement (the proportion of employees demonstrating dedication and willingness to go beyond their scope of work) and empowerment (the proportion of employees who feel trusted, having autonomy and responsibility, and therefore are able to achieve the highest level of performance).

In 2025, the employee engagement survey was attended by 91% of all the Company's employees. The survey results showed that 82% of employees are engaged, 77% of employees are satisfied with their work and the organisation, and 84% of employees feel empowered.

Also, eNPS (Employee Net Promoter Score) was used in this survey to measure the loyalty by asking employees if they would recommend the organisation as an employ-

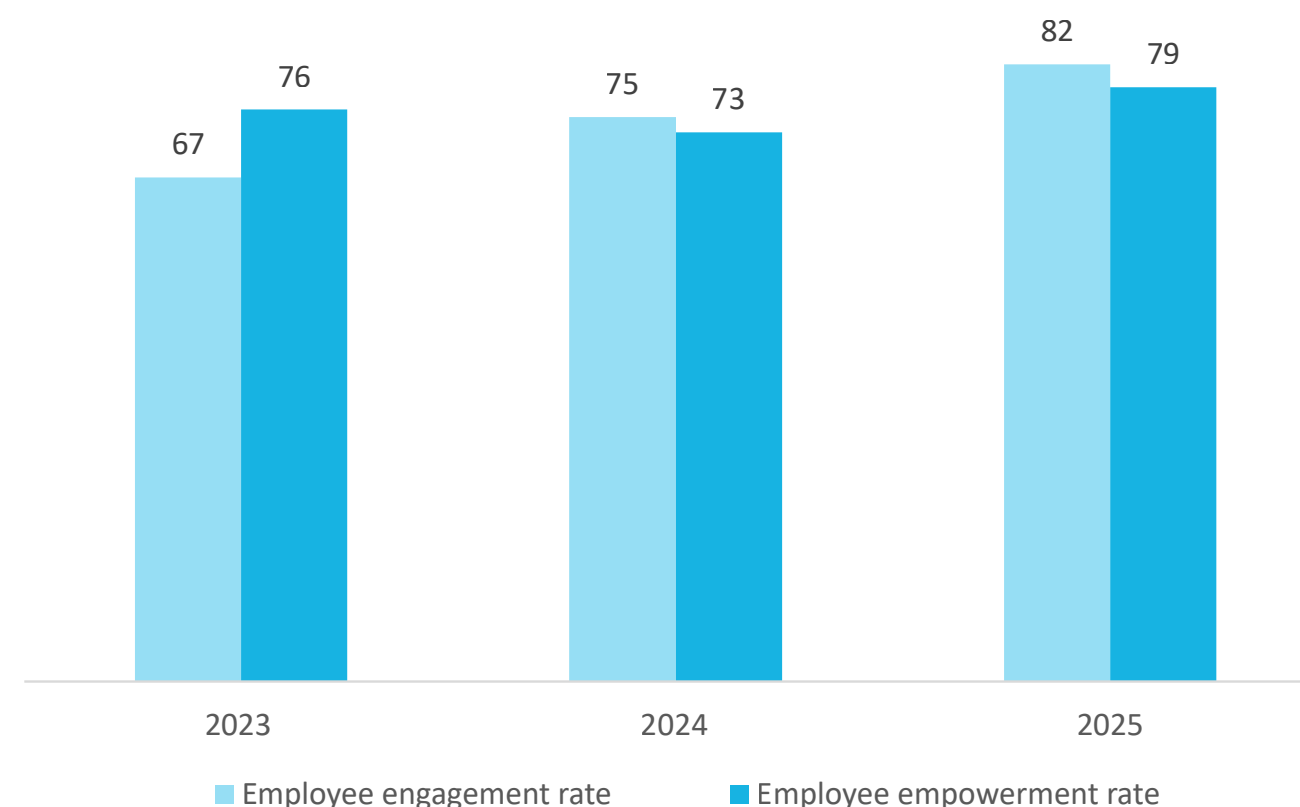
er to others. In a survey conducted by the Company in 2025, this indicator reached 29. In 2025, this score was significantly higher than the average of all Lithuanian companies (10%) and Lithuanian utility companies (16%).

A study of psychosocial risk factors was also conducted in 2025. The psychosocial risk factor assessment revealed that the organisation has created a robust work environment that fosters and supports employee well-being. The assessed psychosocial risk factors are classified as low or very low risk. This assessment suggests that the organisation has created a safe, supportive, clear, and trust-based work environment. This serves as a solid foundation enabling not only to maintain employee motivation and

loyalty, but also to purposefully strengthen engagement and employee well-being in the future. To enhance employee engagement, action plans are developed at both the departmental and organisational levels following each employee opinion survey. These plans cover priority areas identified based on research findings and outline specific, achievable actions that have a positive impact on employee engagement metrics.

These initiatives demonstrate the organisation's ongoing commitment to improving employee satisfaction, collaboration and engagement by involving employees in the change process and fostering a culture of open feedback.

Employee engagement and empowerment rates in 2023-2025, %



Employee development-related actions

In line with the principles set out in the Human Resources Policy, the Company believes that required competencies of employees – professional, basic, leadership and management – allow to achieve the highest performance results.

We promote continuous employee development and upskilling, offer in-house and external training. Employees are given the opportunity to develop their professional skills according to their individual needs. The organisation ensures that employees have all the statutory certificates required for the job, and finances training for its employees, not only related to their direct job functions, but also to the development of soft skills: offers a range of training in general, professional and leadership competences.

To enhance employee well-being and skills, remote training sessions are organised, reflecting the organisation’s consistent focus on employee well-being, awareness, and building general competencies. A wide range of topics suggests that employee development encompasses not only work efficiency and proficiency in direct job functions, but also the emotional, psychological, and social well-being of employees. Main topic areas: psychological and emotional well-being; a safe, respectful, and inclusive work environment; citizenship and emergency preparedness; teamwork and personal growth. The presentations were open to all interested employees, cover-

ing topics that promoted self-awareness, stress management, and effective and respectful communication and collaboration within the organisation. The initiative was well attended and positively received by employees.

Strengthening leadership and management skills, with a particular focus on the learning and development of managers at all levels. Based on the recommendations of the 360 feedback survey, an integrated development programme launched for managers at the end of 2024, was completed in 2025. The programme consisted of contact sessions led by lecturers, e-learning integrated into the programme in a targeted manner, and on-the-job application of the knowledge gained. The leadership development program covered the following areas: decision-making, change management, delegation and enforcement, employee development and motivation, feedback and conflict resolution.

Much attention was devoted to the prevention of mobbing and inappropriate behaviour, recognising that a safe, respectful, and trust-based work environment is essential for operational sustainability and employee engagement. The training on mobbing prevention for management was focused not only on the legal aspects of the topic, but also on their role in the team’s everyday culture. During the training, management gained a deeper understanding of how to identify early signs of inappropriate behaviour, understand its causes, and

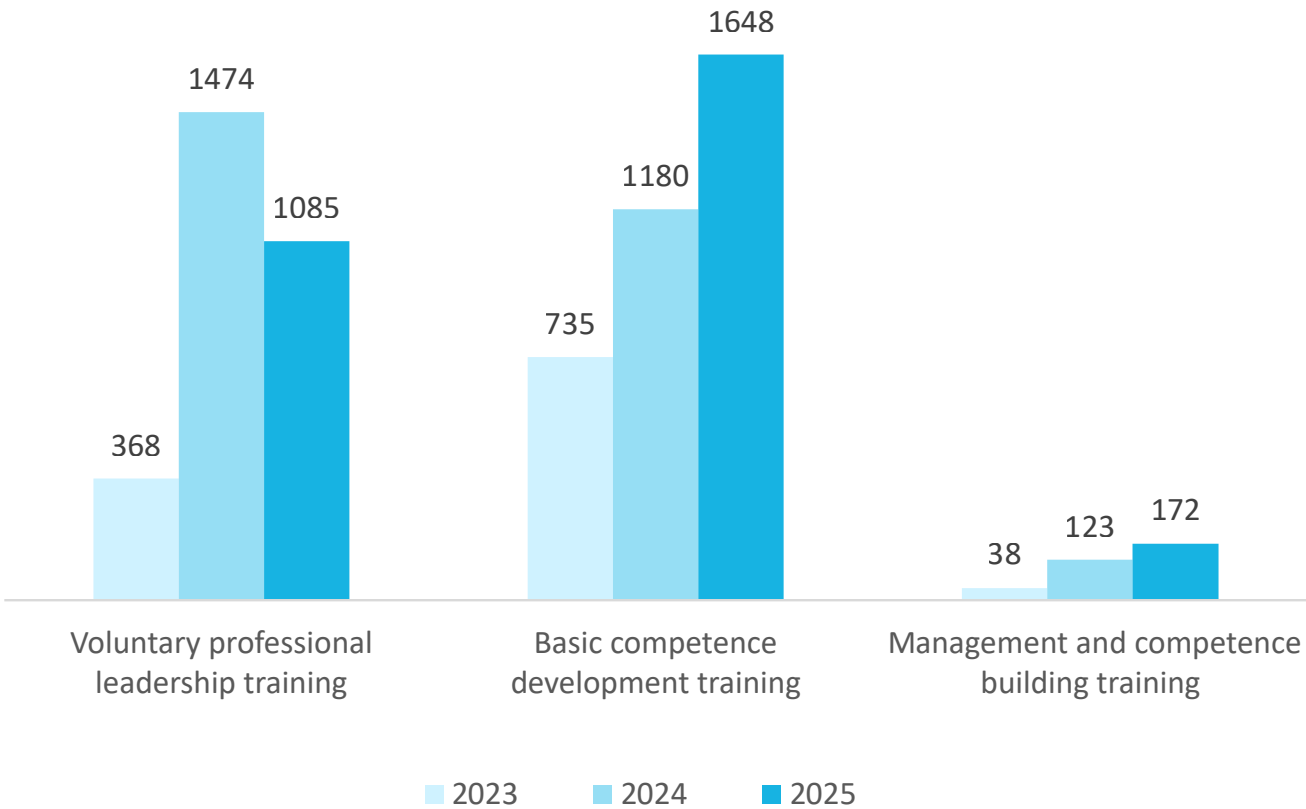
recognise its impact on employees and the organisation. Particular attention was paid to the responsibility of management in responding to and handling complex situations appropriately, while ensuring confidentiality, objectivity and respect for all parties.

Internal recruitment training sessions were also held for the management personnel involved in the recruitment process. The aim of the training was to enhance the management’s capacity to make impartial decisions concerning candidates. The training focused on the principles of a structured selection process, conducting competency-based interviews, applying objective evaluation criteria, and identifying decision-mak-

ing errors. Emphasis was also placed on the management’s role in ensuring transparency, equal opportunities, and professional feedback for candidates. Procurement training session was organised for 59 of the Company’s employees involved in procurement processes. This training session systematically reviewed the key legal developments in the public procurement process, focusing on the regulatory framework and the most common practical challenges faced by contracting authorities.

The Company also maintains a strong focus on in-house training on the culture of continuous improvement, sustainability, cybersecurity, personal data protection, etc.

Number of the Company’s employees* who attended trainings in



* The “Training” section represents the total number of participants, i.e. some employees may have taken part in trainings more than once.

In 2025, the Company also hosted Newcomer Days, which became a tradition, and is aimed at new employees. The event provided participants with an overview of the Company's main business activities, values, strategic goals and organisational culture. To ensure a smooth onboarding, newcomers had the opportunity to take part in interactive sessions, discussions, practical activities and a tour. There was also a strong emphasis on teamwork, fostering cooperation and building relationships with colleagues from different units.

All of the above actions are carried out on an ongoing basis in line with annual or quarterly plans.

Vilniaus Vandenys consistently and systematically evaluates the effectiveness of the measures aimed at enhancing employee well-being and engagement. An employee engagement survey, which includes an assessment of psychosocial risk factors, has been conducted annually since 2017. Surveys collect information on employee engagement, job satisfaction, leadership support, the quality of communication, emotional well-being, and other aspects related to the work environment and employee safety. The results of the surveys are used to identify areas of strength and areas for improvement, which are then used as a basis for developing a programme of targeted measures. These measures are implemented through specific actions (e.g., leadership development, employee

training, strengthening internal communication), and their impact is assessed by comparing survey results across different time periods. Increasing levels of employee engagement or satisfaction are seen as the result of effective measures and an indicator of a positive impact on employees.

Measures designed to manage the impacts, risks, and opportunities related to own workforce apply to all Vilniaus Vandenys employees working at facilities and territories managed by the Company. In addition, the scope of actions also covers external stakeholders, including job applicants, to ensure equal opportunities and safe, dignified conditions for all current and potential employees. During the reporting period of 2025, the Company allocated financial resources to implementing action plans for employee engagement and equality. The funds were allocated to employee training, expanding the benefits package, increasing salaries, and other measures aimed at improving employee well-being and engagement. All planned measures were implemented without exceeding the planned budget.

During the reporting period, no significant incidents were identified that would have required the Company to undertake damage compensation measures; however, response procedures are in place and are activated should the need arise.

During the reporting period of 2025, the

Company made progress in managing its own workforce-related impacts, risks, and opportunities by consistently integrating the principles of equal opportunities, engagement, employee well-being, and development into its human resources and management processes. During the reporting period, systemic measures were implemented, including the development and launch of an equal opportunities action plan, the conducting of employee awareness-raising training, and the ensuring of consistent monitoring of progress.

The effectiveness of the measures implemented is confirmed by the results of the employee engagement survey, which show high levels of employee engagement, job and organisational satisfaction, and empowerment, as well as strong employee loyalty to the Company as an employer. This suggests that the measures in place contribute to strengthening a positive organisational culture and maintaining a low level of psychosocial risk factors. A detailed description of the progress disclosure is provided in the other disclosures in this section.

Health & safety

Policy

The policies of Vilniaus Vandenys are available on the Company's website.

The policies are available here: [Occupational Health and Safety Policy](#)

In line with the principles of the [Occupational Health and Safety Policy](#) the Company aims to ensure safe and healthy working conditions for employees in their workplaces, to prevent work-related injuries and occupational diseases of employees and to develop a global culture of fostering a safe and healthy environment in the Company, obliging every employee to pursue and contribute to this.

Seeking to enhance the Company's culture of occupational safety and health, the Company assigns the highest priority to ensuring proper work organisation and work safety. In 2025, the Company set the ambitious goal: to develop value-based organizational culture – zero accidents. The Company expects that each employee will follow the rule: "I am responsible not only for my own safety, but also for the safety of my colleagues around me!", as it is every employee's responsibility and priority to ensure that the work environment is both healthy and safe.

Scope of the policy: The Company's own operations—including water supply and wastewater treatment processes—in all the areas it serves: the city of Vilnius and the municipalities of Vilnius, Švenčionys and Šalčininkai. The policy also covers the supply chain insofar as it relates to partners' employees working on the Company's premises, as well as members of the Company's Board in the context of their duties. The downstream value chain is outside the scope of the policy.

Actions

We consistently build a culture of occupational safety and health in our organisation. The highest priority was given to employee engagement in improving own and others’ working environment, and in ensuring the proper organisation and safe execution of work. Occupational safety and health is considered an important value in the Company, with clear safety policies and procedures in place, and that the Company promotes active employee engagement in safety activities.

In 2025, the Company identified and managed the fatal accident risk, with particular focus on:

- Integration of a near-miss reporting system within the Company.
- Improving the qualifications of management and production staff.
- Adopting the Last-Minute Risk Assessment approach in the Company.
- Active communication about the importance of occupational safety and security.

Other occupational safety actions:

- Conducting 561 workplace inspection.
- The inspections identified quantitative and qualitative occupational safety and health compliance indicators in

the annual/quarterly targets of managers/employees.

- Reviewing and standardising production processes with due consideration for workplace safety.
- A mobile workplace monitoring system has been installed in 20 vehicles.
- The Company continued employee sobriety checks using stationary and portable breathalysers before and after the work every working day (shift) to ensure compliance with the principles of occupational safety.
- Organising practical employee raining, emergency planning and response (to accidents at work) drills on regular basis.
- Workplace incidents and accidents are investigated using the “5 Whys” approach to identify and eliminate their root causes.

A variety of methods are used to assess the effectiveness of the measures taken regarding employee safety and well-being. The Occupational Safety Department periodically conducts employee surveys to assess employees’ attitudes toward current or planned health and safety measures.

These measures apply to all employees of Vilniaus Vandenys, as well as external contractors carrying out work at facilities and on sites managed by the Company.

This scope of application covers both internal processes within the operational chain and external partners operating at the local level—within the territory of the Republic of Lithuania. This is to ensure that impact management measures are consistently applied to all relevant stakeholder groups associated with the Company’s operations.

During the reporting period of 2025, the financial and other resources required for

the implementation of the action plan had not yet been assessed or specified. The scope of planned investments and sources of funding will be analysed when planning specific projects in the future. Also, during the reporting period, no significant incidents were identified that would have required the Company to undertake damage compensation measures; however, response procedures are in place and would be activated should the need arise.

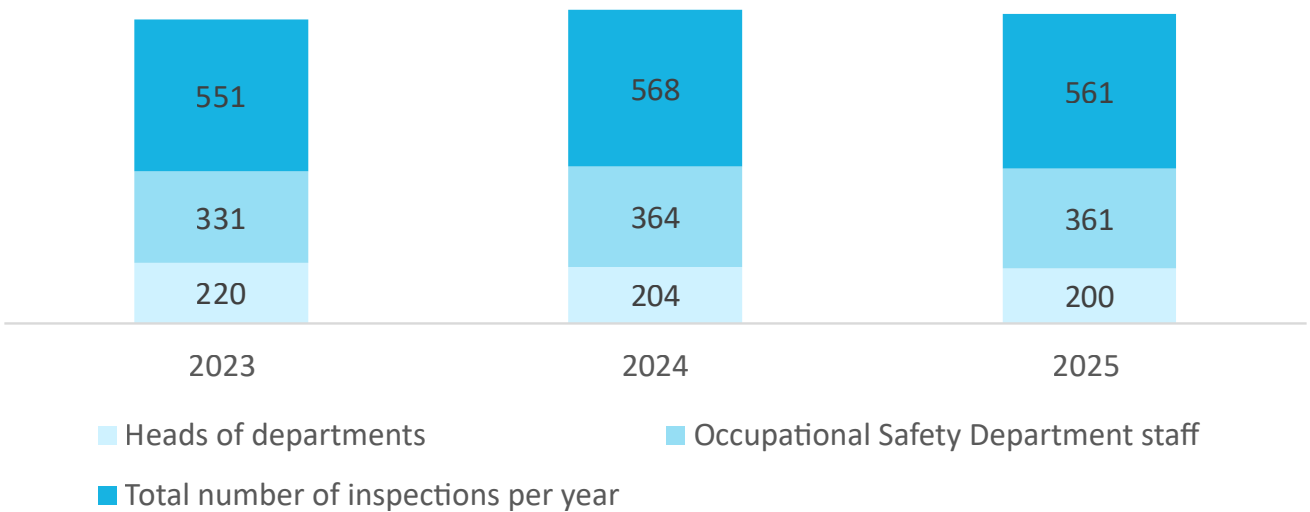
For any negative impact on employees (e.g., an incident at work or a violation of the psychosocial work environment), the Company has the following corrective measures in place:

- Investigation of an event or incident.
- Root cause analysis.
- Planning for short-term and long-term solutions.
- Communicating with the affected employee(s) and other employees.
- Implementing actions and gathering feedback.

The impact on employees resulting from the termination of business relationships is not assessed separately by the Company.

During the reporting period of 2025, the Company continued to strengthen its

Number of workplace inspections for occupational health and safety in 2023-2025



occupational health and safety management by consistently implementing and integrating previously planned and newly established measures into its daily operational processes.

During the reporting period, greater emphasis was placed on implementing preventive measures, strengthening employee engagement and holding managers accountable for ensuring safe working conditions. Meanwhile, the implementation of technical and organisational solutions continued. This contributed to the consistent strengthening of the Company's occupational health and safety culture. A detailed description of the measures taken and the progress made is provided in the relevant section of the Statement.

Disclosures on the resources allocated to the management of material impacts, risks, and opportunities is presented in section S1-5, "Objectives," of the Statement..

External policy

The Company's key provisions regarding its external-facing policies (value chain workers) are set forth in the [Supplier Code of Conduct](#) (hereinafter the "Code"). The observance of Code creates the preconditions and conditions for the implementation of the highest standards of responsible business conduct in the socially responsible supply chain (from raw materials to settlement). The Supplier

Code of Conduct reflects the Company's commitment towards strengthening sustainable cooperation with the suppliers by promoting legal, professional and fair business practices that incorporate respect for human rights, business conduct and environmental objectives.

This Code sets out the Company's expectations of its suppliers in the following areas: environmentally sustainable activities, social responsibility, sustainable development and business conduct.

It describes the oversight, responsibility and communication of the Code, the main roles and responsibilities of suppliers, and the Company's commitment to suppliers.

The Supplier Code of Conduct contains clear provisions regarding employee safety, forced labour, child labour, and the prevention of human trafficking. It stipulates that Suppliers are required to ensure safe working conditions that respect health and dignity, comply with all legal requirements regarding employee health and safety, and refrain from engaging in any form of forced labour, including modern slavery and human trafficking, as well as the employment of children under the age specified in applicable laws and International Labour Organization's conventions.

The Supplier Code of Conduct has been developed in accordance with the core principles of the International Labour Organization (ILO), including the prohibition of forced and child labour, the right to safe

working conditions, non-discrimination, and the right of workers to join trade unions, thereby ensuring responsible supply chain management.

Works Council

The Works Council Election Committee of the Company (hereinafter the "Election Committee"), which was set son 12 August 2024, initiated the elections of a new Works Council, which took place from 17 to 24 September 2024.

The Company's employees nominated 12 candidates for the Works Council to the Election Commission, from which 9 members of the Works Council were elected. The Works Council elections, which took place from 17 to 24 September 2024, were held with a turnout of more than 50% of eligible employees, resulting in a successful election of the Works Council and the election of 9 members (6 men and 3 women), the list of which was communicated through internal channels on 26 September 2024. On 3 October 2024, the Works Council held its first meeting, at which the Chair and the Secretary of the Works Council were elected, and, as of that date, the Works Council began to exercise its functions under the labour legislation. At the meeting held on 25 February 2025, the chairwoman's resignation was accepted and a new chairperson of the Works Council was elected.

Employee engagement and assessment of communication effectiveness

Vilniaus Vandenys acknowledges that incorporating employees' perspectives into decision-making and operations is a key factor in managing the actual and potential workforce-related impacts. The Company uses the following methods to systematically monitor the effectiveness of its communication with employees and their engagement:

- Annual employee engagement surveys, including the eNPS, designed to assess employee satisfaction, engagement, and loyalty. The results are analysed by department and topical area to identify strengths and areas for improvement, while the findings are incorporated into performance improvement plans.
- Involvement of the Works Council and Trade Union: active dialogue with employee representatives takes place in accordance with the Lithuanian Labor Code, the Collective Agreement, and the agreement between the Works Council and the Employer. Other relevant issues raised by both sides are also being addressed.
- Performance indicators, such as the employee engagement index, eNPS, employee turnover rate, and the number of equal opportunity violations as well as cases of abuse and harassment (target: 0 cases), are used to assess the effectiveness of employee engagement. The positive trends in these indicators are seen as evidence that communication and inclusion practices are effective.

Disclosures on how Vilniaus vandenys takes into account the perspectives of its own workforce during decision-making and operations, as well as on employee representation mechanisms and related agreements, is provided in S1-8 section of this Statement, “Collective bargaining coverage and social dialogue.”

The Director of Operations and Compliance Service—the highest-ranking person responsible for this area within the Company—is tasked with ensuring that the perspectives of its own workforce are taken into account when making employee-related decisions and managing potential or actual impacts.

Channels for raising concerns

The Company aims to provide high-quality services and to conduct its business in accordance with the highest ethical standards and principles, and provides an opportunity for interested parties to raise concerns or needs.

The Company has several secure internal and external reporting channels: a report form, a dedicated email address, and the option to contact the responsible department in person or call the responsible person by phone, as well as leave a voice-mail by calling the general number 19118. Whistleblowing reports may be submitted anonymously or with personal information. One of the channels, the Trust Line, is overseen by a member of the Company’s Boards, thereby ensuring an additional level of independence.

The content of whistleblowing reports is accessible only to two designated staff members, who ensure the confidentiality of all whistleblowers. The appointment of the two employees is governed by their job descriptions, while the responsibilities of the Board member are defined in the Regulations of the Trust Line. The Company has specific mechanisms in place to protect whistleblowers from potential adverse consequences, including providing guidance on their rights and the application of protective measures. If a whistleblower suffers adverse consequences, they may contact the Prosecutor General’s Office, which decides whether to grant whistleblower status and, if necessary, instructs the Company to apply the legal safeguards within a specified timeframe.

The measures established by the Company comply with the requirements of Directive (EU) 2019/1937, as they are laid down in the Law on the Protection of Whistleblowers of the Republic of Lithuania and specified in the Company’s Description of the Procedure for Submitting and Investigating Reports of Violations Received Through Internal Channels, publicly available on the Company’s website. The Company consistently implements security measures to ensure the confidentiality of whistleblowers.

On 10 April 2025, a training session on whistleblower protection was organised on the “Strengthening Whistleblower Protection and Creating an Environment of Trust in Companies,” which was attended

by 76% of the Board members and management personnel.

The Trust Line and the internal whistleblowing channel can be used to report violations in respect of occupational safety, ethics and conduct, personal data protection, the Law on the Harmonisation of Public and Private Interests, transactions, accounting and other violations (intoxicated employees, etc.), acceptance of gifts, irresponsible use of the Company’s property, illegal or non-transparent use of public funds or property, potentially non-transparent procurement, improper behaviour of the Company’s or contractor’s employees (fraud, abuse of office, corruption), etc. Information submitted to the Trust Line is received directly by the Chair of the Company’s Audit, Risk and Sustainability Committee and the responsible staff of the Business Resilience Unit, and through an internal whistleblowing channel—by a person designated by the Business Resilience Unit.

These channels are periodically assessed for effectiveness based on the number and nature of reports received, the time taken to process them, and the quality of the decisions made. We engage employees and other stakeholders in raising awareness of these channels through internal communication campaigns, training, and anonymous feedback surveys to ensure that the channels are accessible, understandable, and used appropriately. If any gaps are identified, steps are taken to improve the system.

The Company assesses employees’ awareness of internal whistleblowing channels and their ability to report violations or situations of concern by conducting an annual employee survey, the results of which allow the Company to evaluate not only employees’ level of awareness but also their trust in these channels. Violations can be reported:

- By phone 19118, +370 687 62057
- By visiting the Company’s Business Resilience Unit
- By filling in the whistleblowing report form
- By email at pasitikejimolinija@vv.lt and pranesk@vv.lt

A more detailed information is available on the Company’s website (links: [Pasitikėjimo linija](#) and [Pranešėjų apsauga](#))

The Company does not have a separate claims policy, however, response procedures are in place and would be activated should the need arise. A more detailed disclosures presented in S1-4 section of this Statement.

Disclosures on the process for handling whistleblowing reports received through these channels are presented in the “Creating a Corruption-Resilient Environment in the Company” section of the Management Report, pages 82-83.

Targets

Target	Target indicator	Actual target indicators 2025	Target indicator 2025	Target indicator 2029	Target indicator 2034
Ensuring competitive remuneration	Compa-Ratio, % (relative indicator)	92	93	97	100
Creating the appropriate organisational, technological and emotional environment	eNPS*, number of employees (relative indicator)	72	73	≥75	≥75
Enhancing a safe working culture	Occupational health and safety violations, units (relative indicator)	8	6	3	0
	Incidents, units (relative indicator)	3	2	2	2

* eNPS score is obtained from the answers to the question “Would you recommend to work for this company?”

Setting and monitoring targets

The goal of enhancing a safe work culture was defined based on historical performance data (e.g., the number of accidents, employee training coverage), assessments of internal processes—including an analysis of the maturity of the occupational safety culture—and an employee survey. The goals are aligned with national occupational safety priorities, such as reducing injuries, worker engagement, and strengthening the safety culture, as well as with the European Commission’s Strategic Framework on Health and Safety at Work 2021–2027, which prioritizes the prevention of accidents and occupational diseases. These targets also contribute to the achievement of the Vision Zero for work-related fatalities.

Employee loyalty and eNPS are measured annually, and target levels are set taking into account the already high baseline

and with the aim of achieving sustainable growth or maintaining current levels.

The competitive pay target was set based on market analysis, an assessment of the internal structure, and employee surveys, with the aim of ensuring fair remuneration.

Own workforce-related targets are monitored on an ongoing basis using predefined indicators (listed in the table above), which are recorded and analysed in accordance with established methodologies. The data is reviewed during daily and/or weekly meetings, and progress and key performance indicators are communicated across the Company on a quarterly basis. Responsibility for monitoring lies with the Operations and Compliance Service and the People and Culture Department. Progress in 2025 was in line with the planned goals, with no significant deviations or negative trends identified.

All targets pertain solely to the operations of Vilniaus Vandenys. This does not include the supply chain or downstream value chain.

An exception applies to the “Enhancing of a Safe Work Culture” goal, extending it to include employees of the Company’s contractors. These actions are implemented across the area of the Company’s operations—the city of Vilnius and the municipalities of Vilnius, Šalčininkai, and Švenčionys.

During the reporting period, the financial and other resources required for the implementation of the action plan had not yet been assessed or specified. The scope of planned investments and sources of funding will be analysed when planning specific projects in the future.

Linking targets with corporate policies

Each goal set is directly linked to the relevant corporate policy objectives, ensuring consistent sustainability management. The strategic objective “Enhancing a Safe Work Culture” is based on the Occupational Health and Safety Policy, outlining specific operational objectives: training and instructing new hires, engaging employees in improving occupational safety and health, conducting preventive audits, reducing the number of accidents, and supervising contractors’ work sites. Meanwhile, the targets—“Creating the appropriate organisational, technological and emotional environment within the Company” and “Ensuring competitive remuneration”—are related to the Equal Opportunities Policy and the Abuse and Harassment Prevention Policy and implemented by monitoring and improving employee engagement metrics (including eNPS) to maintain a high level of employee experience and ensure zero tolerance for discrimination and harassment.

Involving stakeholders in goal-setting

When setting targets, Vilniaus Vandenys did not adopt a formal approach to directly involving stakeholders, instead their needs and expectations were considered indirectly.

The sources used for this purpose include the requirements from regulatory authorities (the Ministry of Social Security and Labour of the Republic of Lithuania, Municipalities), reflecting the interests of the public and non-governmental organisations.

When setting corporate goals, employee insights and suggestions are collected through thematic meetings and discussions in departments, where management presents planned priorities and encourages feedback. The information collected is then systematised, summarised, and analysed at the management level. Relevant employee suggestions are incorporated into the development of the organisation’s goals and action plans. This ensures employee engagement in the goal-setting process, while the goals set reflect both the Company’s strategic priorities and employee expectations.

Experience gained and operational improvements

The Company regularly reviews progress toward its sustainability goals, based on both quantitative metrics and employee feedback. The Company actively promotes a culture of continuous improvement,

which includes analysing performance results, solving problems, and improving process quality. To ensure the objectives remain relevant and are implemented effectively, the performance and changes in key performance indicators are reviewed periodically. On the basis of this analysis:

- Incorporating employee suggestions for process improvement
- successful solutions are taken up as examples of best practices in other areas,
- ineffective measures are replaced with more effective ones.

This approach allows for dynamic management of goal achievement, flexible adaptation to changing circumstances, and systematic improvement of performance.

There were no changes to the 2025 targets, their indicators, measurement methodologies, data sources, or data collection processes, therefore, the comparability of the data with previous periods remains completely unchanged.

Characteristics of employees

A caring organisation and engaged employees is one of the Company’s strategic directions, to which the Company consistently devotes great attention. As at 31 December 2025, the Company’s personnel consisted of 42% employees in Production Service, 32% in Customer Service, and the remaining 26% provided supporting functions of the Company’s main activities.

Table 1. Information on employees by gender

Gender	Number of employees (head count)
Men	373
Women	205
Other*	0
Not reported	0
Total (employees)	578

Table 2. Information on employees by contract type, broken down by gender 2025

Women	Men	Other*	Not disclosed	Total
Number of payroll employees (head count)				
205	373	-	-	578
Number of permanent employees (head count)				
196	370	-	-	566
Number of temporary employees (head count)				
9	3	-	-	12
Number of non-guaranteed hours employees (head count)				
-	-	-	-	-
Number of full-time employees (head count)				
205	371	-	-	576
Number of part-time employees (head count)				
0	2	-	-	2

* Gender as indicated by the employees

As at 31 December 2025, the Company employed 7% of administrative and middle managers, 60% of specialists and senior specialists, and 33% of workers.

The number of employees on the payroll is reported as at 31 December 2025, and reflects the actual number of employees as of the last day of the period (excluding employees which are on maternity leave).

In 2025, the average actual number of employees was 580.

Disclosures on the number of the Company's employees on payroll and the average number of employees corresponds to the number of employees on payroll disclosed in the "General information" section of the financial statements for 2025, page 167.

In 2025, Vilniaus Vandenys did not experience any significant fluctuations in its workforce. The employee turnover rate remained stable, and the employee structure did not change significantly.

A breakdown of employees by geographic areas (i.e. other countries) and by contract type, broken down by region, is not provided, as all the Company's employees work in Lithuania under the same type of employment contract.

Some employees work part-time or on fixed-term contracts for the following reasons: combining work and studies, working only on a specific project, personal reasons, retirement age (to ensure the continuity and delivery of particular job

functions, we allow/accept an employee's willingness to work less than full time).

Employee data is collected from the internal human resources management system, which includes information on the headcount, job positions, employment contracts, length of service, and other relevant metrics. The system is updated constantly and reflects the latest employee information in real time. The accuracy of the data is ensured by the People and Culture Department.

No external body, other than the assurance provider, was involved in validating the measurement of any metrics in the Sustainability Statement.

Since the Company did not have any people in its workforce who are not employees during the reporting period of 2025, no estimates or calculations related to the number of non-employees were required.

Collective bargaining coverage and social dialogue

The Collective Agreement, signed in 2021 between the employer and the trade union, was applicable in the Company in 2025 (the Collective Agreement was extended by agreement of the parties until 1 January 2026). The purpose of the collective agreement is to ensure an adequate mutual balance between rights and obligations, to specify the legal rules established by the state, to promote value-based employee behaviour, and to maintain the best employees by promoting additional benefits.

Collective bargaining coverage and social dialogues

Coverage rate	Employees - EEA	Employees - non-EEA
0-19 %		Not applicable. The Company does not have non-EEA employment
20-39 %		
40-59 %		
60-79 %		
80-100 %	Lithuania	

The signed Collective Agreement provides for various benefits, paid additional leave days and other additional benefits for employees,

Data on the coverage of collective bargaining is processed using the Company's internal human resources management system, ensuring the accuracy, consistency, and security of the data.

No external body, other than the assurance provider, was involved in validating the measurement of any metrics in the Sustainability Statement..

Remuneration

The Company aims to ensure the remuneration paid to employees for work is not only compliant with the highest transparency requirements, but also objective, and motivates to collectively achieve the organisation's goals. This is accomplished by creating a transparent and competitive remuneration system. In view of the economic, environmental and social as-

pects of its activities, Vilniaus Vandenys maintains and continuously improves a remuneration system corresponding to both internal equity and external competitiveness.

The Company's remuneration system is based on the Korn Ferry (Hay Group) methodology, which ensures an objective evaluation of positions according to the competencies required, the complexity of the issues and the level of responsibility. This evaluation allows for objective, transparent and fair remuneration for the work performed, maintaining internal equity and competitive remuneration in the market.

Principal remuneration component (PRC) is set and reviewed once a year, during the annual remuneration review. The outcome of the PRC review depends on the financial capacity of the Company, the employee's professional competence, performance, the employee's remuneration situation according to the remuneration bands set for the position.

Remuneration structure:

Financial remuneration	• PRC is a principal (fixed) remuneration component. Remuneration is set according to job level, an employee’s experience and competence. PRC is the monthly salary specified in the employment contract. • VRC is a variable remuneration component applicable to all employees in the Company. Variable remuneration component is conditional upon the Company’s performance and personal achievements • Workers- 10% (quarterly reference period) • Specialists, Senior Specialists- 10% (yearly reference period) • Middle and Administrative Managers- from 15 to 30% (yearly reference period)
Additional financial pay	• Additional pay for overtime, work during personal or public holidays, work at night, is paid in accordance with the Labour Code of the Republic of Lithuania and the collective agreement • Premiums and incentive bonuses • Fringe benefits and other benefits
Non-financial pay (other benefits)	Additional benefits are aimed at promoting employee satisfaction with the Company, their social responsibility, and creating opportunities for self-realization and career development

Increase in average monthly remuneration in 2023-2025, %

Position Title	2023		2024		2025	
	Number of Employees	Average Salary	Number of Employees	Average Salary	Number of Employees	Average Salary
Top management	6	8,617	6	10,054	6	11,956
Mid-level executives	35	4,555	34	5,204	33	5,917
Senior specialists	107	2,883	107	3,229	116	3,704
Specialists	239	2,039	241	2,259	232	2,575
Workers	223	1,608	200	1,715	191	1,965

In 2025, the Company reviewed remuneration of its employees, which took effect from June 2025. Based on the remuneration review and the decisions made, a total of 526 (93%) employees received a remuneration increase and the average increase per employee was 15%.

The remuneration of CEO consists of:

- Principal remuneration component which is a monthly salary of EUR 13,569 (before taxes).

- A variable component of up to 30%, calculated on the basis of the salary estimated for accounting period (the Company’s financial year) and paid once a year. The variable component is dependent on achievement of objectives in previous years.

* CEO’s remuneration is set by the Company’s Board.

All employees are paid an adequate wage and are covered by social protection against loss of income due to major life events (i.e., illness, unemployment, an accident at work and acquired disability, parental leave, and retirement).

Disclosures on social protection against loss of income due to major life events was based on the national legal framework and the collective agreement governing the provision of social benefits to employees. The data covers employees who are eligible for benefits or guarantees in the event of illness, unemploy-

ment, an accident at work, or acquired disability, as well as in cases of parental leave and retirement. No limitations in methodologies were identified.

Data on employee remuneration is systematically collected and processed using the Company's internal human re-

sources management system, ensuring the accuracy, consistency, and security of the data.

No external body, other than the assurance provider, was involved in validating the measurement of any metrics in the Sustainability Statement.

Indicators

Indicator	2024	2025	Change
Rate of employee turnover, %	19.4%	12.4%	-7%
Gender distribution in number and percentage at top management level	7 men 3 women	7 men 3 women	No changes
	70% men 30% women	70% men 30% women	
The distribution of employees by age group: under 30 years old; 30-50 years old; over 50 years old (number and %)	Under 30 years - 34 employees From 30 to 50 years - 249 employees Over 50 years- 305 employees	Under 30 years - 27 employees From 30 to 50 years - 251 employee Over 50 years- 300 employees	The number of employees under 30 years decreased by seven; the number of employees aged between 30 and 50 years increased by two; and the number of employees over 50 years decreased by five.
Employees with disabilities	12 employees 2%	13 employees 2.2%	+0.2% (the number of employees increased)
Percentage of employees that participated in regular performance and career development reviews, broken down by gender (%)	99.7% men 100% women	100% men 100% women	-0.3% (men)
Average number of training hours per employee and by gender	26 hours/1 employee 75 hours/women 39,8 hours /men	29.6 hours/1 employee 83.5 hours/women 45,9 hours /men	+6.1 h/men
People in its own workforce who are covered by the undertaking's health and safety management system based on legal requirements and/or recognised standards or guidelines, %	100 %	100 %	No changes
Number of fatalities as a result of work-related injuries and work-related ill health (including value chain workers working on the Company's sites)	0	0	No changes
Number and rate of recordable work-related accidents	2 (minor)	1 (minor) 1 (serious)	+1
With regard to the Company's employees, the number of cases of recordable work-related ill health	3	3	+1

Indicator	2024	2025	Change
Rate of accidents and recordable work-related ill health (relative indicator)	4.8	2.9	-
With regard to the Company's employees, the number of days lost to work-related injuries and fatalities from work-related accidents, work-related ill health and fatalities from ill health	78	32	-
Percentage of employees entitled to take family-related leave, and percentage of entitled employees that took family-related leave, and a breakdown by gender	Employees entitled to take: 100% Entitled employees that took: 36 employees, 3.1% of men and 11.8% of women	Employees entitled to take: 100% Entitled employees that took: 34 employees, 3.5% of men and 10.2% of women	The total number of employees leaving the Company decreased (from 36 to 34), while the percentage of men leaving increased (from 3.1% to 3.5%) and the percentage of women leaving decreased (from 11.8% to 10.2%)
Basic gender pay gap by categories: 1. Workers 2. Specialists, Senior specialists; 3. Middle-level managers. The indicator is defined as the difference of basic pay levels between female and male employees, expressed as percentage of the basic pay level of male employees	1. Category of workers: Basic gender pay gap is 9% Men's basic pay is 9% higher than women's. 2. Category of Specialists, Senior specialists: Basic gender pay gap is 5% Minus sign- women's basic pay is 5% higher than men's 3. Category of middle-level managers: Basic gender pay gap is 8%	1. Category of workers: Basic gender pay gap is 8% Men's basic pay is 8% higher than women's. 2. Category of Specialists, Senior specialists: Basic gender pay gap is -3% Minus sign- women's basic pay is 3% higher than men's 3. Category of middle-level managers: Basic gender pay gap is 4%	-
Annual total remuneration ratio of the highest paid individual to the median annual total remuneration for all employees (excluding the highest-paid individual)	1.00%	0.89%	-0.11%
Total number of incidents of discrimination, including harassment, reported in the reporting period	0	0	Nepakito
Number of complaints filed through channels for people in own workforce to raise concerns (including grievance mechanisms), and total amount of fines, penalties and compensation for damages	0	0	Nepakito
Number of severe human rights incidents connected to the undertaking's workforce in the reporting period, and total amount of fines, penalties and compensation for damages	0	0	Nepakito

The actions and internal processes described above apply to all identified impacts, risks and opportunities (IROs) related to own workforce to consistently manage these aspects and enhance employee well-being and engagement.

Contextual information

The number and distribution of employees is given for the last day of 31 December 2025 or 31 December 2024, respectively.

Basic pay (BA) is the sum of basic payments and fixed payments. Basic pays is composed of: Basic payments for work performed under the contract (not including variable remuneration components). Fixed payments (annual amounts) paid at the same rate regardless of the performance of the individual, unit or the Company.

The definition of top management includes CEO and direct subordinates, the heads of departments and directors of services.

During the reporting period, no incidents or complaints were identified that would have resulted in fines, penalties, or the need to pay compensation for damages; therefore, we do not disclose such monetary amounts.

The breakdown of employees by gender is provided in the “Employee characteristics” section of this Statement.

Any information provided by employees regarding disabilities, supported by relevant documentation, is recorded and stored in the Company’s internal system in accordance with data protection requirements.

Data required for calculating the ESRS S1-9 (Diversity metrics) and ESRS S1-16 (Remuneration metrics) indicators is collected from the internal human resources management system, “Stekas”, based on the organisational structure. The calculations are based on the Company’s internal methodology, the key assumptions of which are the classification of employees by job level and age group. At this time, no significant limitations in methodologies have been identified.

Information required to calculate indicators under S1-13 “Training and skills development metrics”, i.e. the number of training participants, training duration (in hours), training type, price, title, and other relevant information, is systematically recorded and stored in the document management system, in the relevant register.

Indicators related to employee health and safety (ESRS S1-14) are calculated using data from the Occupational Safety Department’s Accident Register and the internal human resource management system, “Stekas”.

The rate of accidents and reportable work-related health problems is calcu-

lated by dividing the number of relevant cases by the total number of hours worked by employees and multiplying by 1,000,000.

ESRS S1-15 “Work-life balance” indicators were calculated based on the provisions of the Labour Code of the Republic of Lithuania governing the right to maternity, paternity, childcare, and other family-related leave. The indicator covers all employees who took this leave in 2025, with data collected from the internal human resources management system. No limitations in methodologies were identified.

Information on incidents, complaints, and potential serious impacts on human

rights (ESRS S1-17) is collected through internal whistleblowing channels: an online reporting form, a special email address, and direct verbal contact with the responsible departments. All reports received are recorded, reviewed, and, if necessary, followed up with internal investigations. To ensure anonymity and employee safety, information is handled in accordance with legal requirements and kept confidential. These channels allow potential human rights violations to be identified within the company and throughout the supply chain.

No external body, other than the assurance provider, was involved in validating the measurement of any metrics in the Sustainability Statement.



WORKERS IN THE VALUE CHAIN

DOUBLE MATERIALITY ASSESSMENT

WORKERS IN THE VALUE CHAIN

Negative impacts:
Potential. Unsafe working conditions for partners’ workers

Risks:
Accidents to employees of partners, contractors working on the Company’s sites

During the double materiality assessment, the topic on the workers in the value chain was found to be material from the perspective of occupational health and safety. In this context, the following disclosures are only relevant to the impacts and risks identified. For more information on the Company’s materiality assessment, see section “Double materiality assessment” of the Sustainability Statement.

The Company is applying the transitional provisions for the disclosure of value chain workers-related information. Accordingly, only the information required under Article 17 of ESRS 2 BP-2 will be disclosed in the Sustainability Statement for the first two years.

The following is a description of the management of material value chain workers-related impacts and risks.

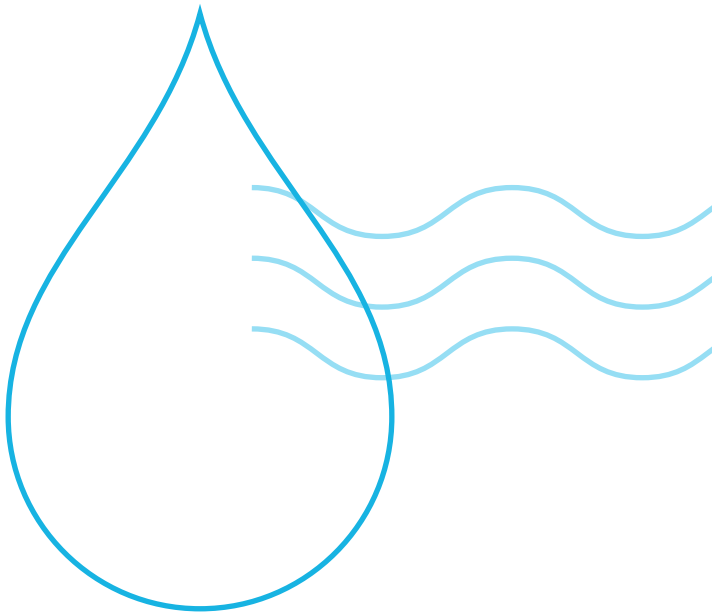
The description indicates the applicable policy, key actions and processes designed to prevent and reduce these impacts and risks.

Policy

The Company’s main provisions related to value chain workers are set out in the [Supplier Code of Conduct](#) (hereinafter the “Code”). The observance of Code creates the preconditions and conditions for the implementation of the highest standards of responsible business conduct in the socially responsible supply chain (from raw materials to settlement). The Supplier Code of Conduct reflects the Company’s commitment towards strengthening sustainable cooperation with the suppliers by promoting legal, professional and fair business practices that incorporate respect for human rights, business conduct

and environmental objectives. This Code sets out the Company’s expectations of its suppliers in the following areas: environmentally sustainable activities, social responsibility, sustainable development and business conduct. It describes the oversight, responsibility and communication of the Code, the main roles and responsibilities of suppliers, and the Company’s commitment to suppliers.

The Supplier Code of Conduct described above applies to all material impacts and risks related to value chain workers identified in this section, including potential unsafe working conditions and the risk of accidents for the employees of partners and contractors.



Actions Targets and indicators

To ensure the safety of workers in the value chain and reduce the risk of accidents, we conduct regular checks on contractors. In 2025, 26 contractor checks were conducted to assess the proper and safe organisation and execution of work.

Any identified violations are immediately notified to the responsible contractors, who are required to rectify the non-conformities. These measures help to ensure compliance with occupational safety requirements, thereby reducing the likelihood of accidents.

These measures are assessed for effectiveness based on the results of checks, the number of violations identified, and their resolution.

The Company conducts both internal and external checks to ensure ongoing oversight and process transparency.

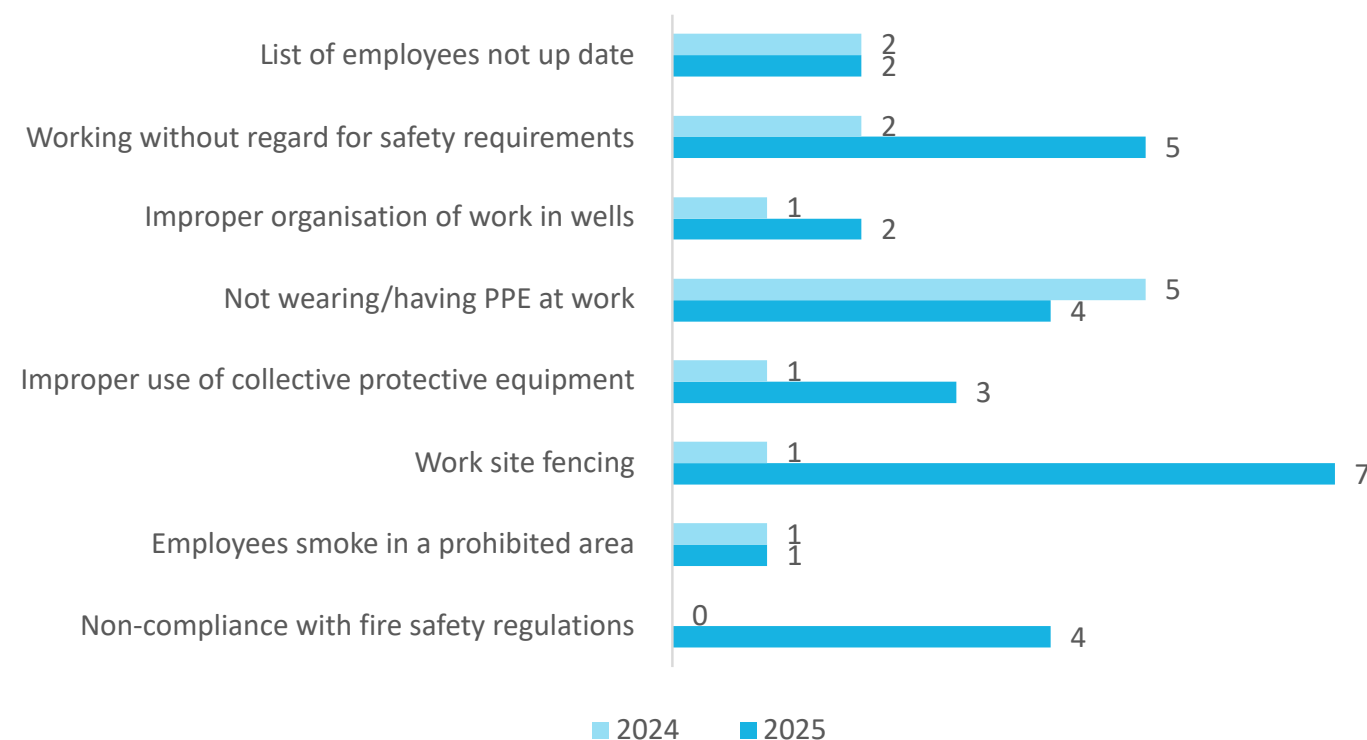
Since H2 2025, the methodology for evaluating the most economically advantageous

has been expanded to include two occupational health and safety criteria. This decision contributes to strengthening a culture of preventive safety and ensuring greater employee safety in the implementation of the Company's projects.

There are currently no specific targets or indicators in place with regard to workers in the value chain. The primary focus is on implementing preventive measures, strengthening

contractor oversight, and ensuring compliance with applicable policies. The possibility of setting targets and indicators will be evaluated in the future as part of efforts to improve supplier and contractor monitoring and risk management practices.

Recorded contractor deficiencies/non-conformities



CONSUMERS AND END-USERS

DOUBLE MATERIALITY
ASSESSMENT

CONSUMERS AND
END-USERS

Negative impacts:
Potential. Failure to ensure the quality of services
Potential. Privacy and data protection violations

Positive impacts:
Actual. Supplying quality drinking water

Risks:
Leaked personal data of customers Improperly managed interruption of operation
Late or poor quality service

Opportunities:
Supply of quality drinking water can increase the number of customers (households connecting to the district water supply network)

For more information on the Company’s materiality assessment, see section “Double materiality assessment” of the Sustainability Statement. Given the impact on end-users, the emerging risks are of equal importance to the Company irrespective of the individual customer groups.

The Company applies the transitional provisions regarding the ESRS 2 BP-2 disclosure requirements in relation to customers and end users. In some cases, additional information is provided to clarify the implementation of the measures and targets.

The following is a description of the management of material customers and end users-related impacts, risks, and opportunities. The description outlines the applicable policy, key actions, goals set, monitoring methods, and indicators.

Policy

Vilniaus Vandenys’ Personal Data Processing and Security Policy

The Policy is available here: [Asmens duomenų tvarkymo ir saugumo politika](#)

Vilniaus Vandenys adheres to the highest standards of personal data protection and assumes responsibility for the security, confidentiality, and lawfulness of all personal data being processed. The Company processes personal data in ac-

cordance with the following fundamental principles: lawfulness, fairness, and transparency; purpose limitation; data minimisation; accuracy; storage limitation; integrity and confidentiality; and accountability. These principles ensure the data is collected and processed only for specified purposes, is adequate and necessary for those purposes, is updated as necessary, and is protected against unauthorised use or accidental loss.

All company employees are involved in the day-to-day implementation of the personal data protection policy, while management, department heads, and designated specialists continuously monitor compliance with the policy, organise training for employees, and verify whether the rights of data subjects are being properly safeguarded. The Company implements both organisational and technical measures to ensure data protection and adheres to the Plan-Do-Check-Act cycle, which is integrated into its overall management system.

Implementing this policy ensures that any violations of personal data processing are identified, monitored and resolved, and provides stakeholders with clear information about data processing procedures, results achieved and measures taken. This systematic and responsible approach does not only ensure regulatory compliance, but also strengthens trust among clients and stakeholders, contributing to the Company's sustainability and the implementation of responsible business practices.

This policy covers impacts, risks, and opportunities, such as privacy and data protection breaches, leaks of customers' personal data.

Other impacts, risks, and opportunities (failure to ensure the quality of services provided, failure to supply high-quality drinking water, improperly managed interruption of operations, late or poor quality service; supply of quality drinking water can increase the number of customers) are partially addressed through the [Quality Management Policy](#) and other processes, such as risk management.

Vilniaus Vandenys continuously monitors and assesses risks related to the quality of its services and the supply of drinking water to ensure uninterrupted and safe service delivery. When setting quality objectives, identifying the necessary resources, and assigning responsibility for process implementation, the Company follows an iterative approach based

on the Plan-Do-Check-Act cycle. During operations, processes are continuously monitored, measured, and analysed to ensure high-quality, timely service delivery tailored to customer needs and in compliance with legal requirements.

The Company continuously improves its operational processes, implements innovative solutions and digitalisation tools, and effectively manages risks, ensuring that service disruptions are kept to a minimum and that the services provided meet the highest quality standards. All employees are involved in quality assurance processes and actively engage in improving services and customer service, while management monitors achievements, analyses incidents, and implements corrective measures. This systematic and responsible approach helps not only to ensure a safe and high-quality supply of drinking water, but also to increase customer satisfaction and the reliability of our services in the long term.

Actions

The following information is incorporated by cross-reference to other parts of the Management Report:

Disclosures on the actions relating to privacy and data protection, are provided in the "Ensuring Cybersecurity" section of the Management Report, page 39.

Disclosures on the actions relating to the quality of the water supply are provided

in the "Main Services. Drinking Water Quality" section of the Management Report, page 78.

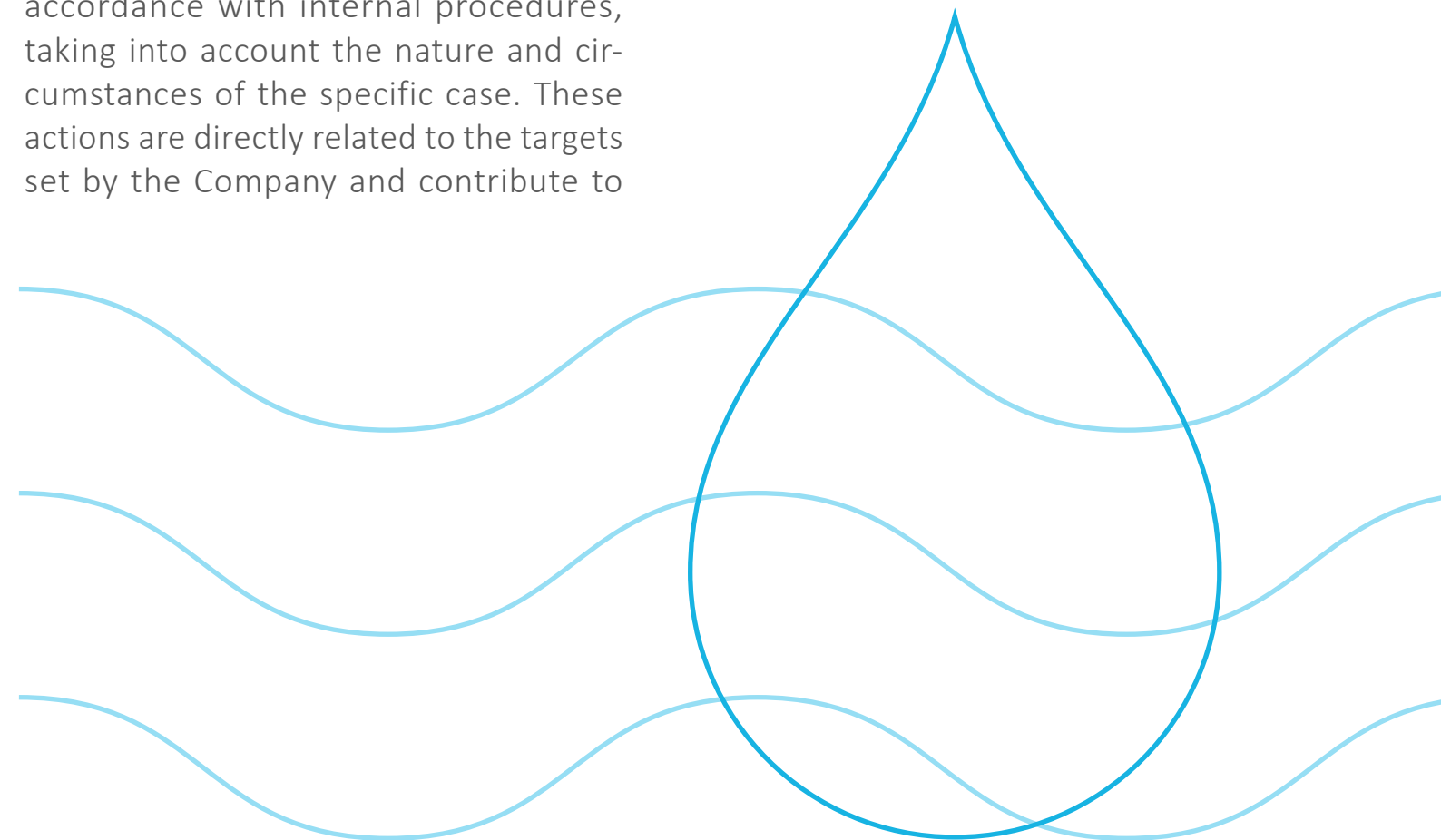
The actions and internal processes described above apply to all identified impacts, risks and opportunities related to consumers and end-users to ensure service quality, data protection, business continuity, and reliable service delivery.

These actions are directly related to the targets set by the Company and contribute to their achievement. These actions are ongoing and carried out on a regular basis as part of daily operations; therefore, no specific deadline has been set for their implementation. If a negative impact is identified, it is addressed in accordance with internal procedures, taking into account the nature and circumstances of the specific case. These actions are directly related to the targets set by the Company and contribute to

their achievement. These actions are ongoing and carried out on a regular basis as part of daily operations; therefore, no specific deadline has been set for their implementation. If a negative impact is identified, it is addressed in accordance with internal procedures, taking into account the nature and circumstances of the specific case.

Significant additional financial resources (Capex or Opex) required to implement measures related to ensuring the safety of workers in the value chain are not calculated separately, nor is their need currently assessed separately.

Objectives have been set for the Company.



Targets

Target	Target indicator	Target indicator 2025 (Base year)	Target indicator 2026	Target indicator 2030	Target indicator 2035
To provide services through “one-stop shop”	Average customer enquiry resolution time (c.d.)	1.6	1.4	1.0	0.5
Ensuring water quality	Water quality index (number compliant tests to the total number of tests carried out) (%)	99.03	99.6	99.8	100.0
Increasing access to services	Length of constructed networks (cumulative indicator)	67	82	143	360

The target for services through “one-stop shop” was not met in 2025 due to temporary changes in the organisation of operations. During the reporting period, work was carried out to implement the FAVAKA information system, temporarily suspending contracting process, therefore some customer enquiries took longer to resolve. The indicator’s value was further influenced by proactive communication with customers regarding the mandatory replacement of water meters, which led to a more than 20% increase in the number of customer enquiries. These factors had a temporary impact on the average time taken to resolve customer enquiries. The goal set for improving service availability was achieved—the total length of the networks built, as a cumulative indicator, met the planned value.

The targets set out in this section are directly linked to material impacts, risks, and opportunities related to consumers

and end-users. Where targets for specific objectives were not met during the reporting period, the reasons for the deviations and their temporary nature are explained in the text.

The goals are set based on the Company’s historical performance data, by analysing the historical benchmarks and their trends. This analysis was used to establish target values and deadlines.

In setting the goals, no specific scientific models or scenarios were used, nor were interested parties directly involved.

No changes were made to the goals, their indicators, the methodologies or assumptions during the reporting period. The year 2025 is considered the baseline year against which progress toward the established goals is measured, and the values of the indicators achieved during this period are considered baseline.



A close-up photograph of a person's hands holding a thick stack of white papers. The person is wearing a light-colored, possibly beige or cream, suit jacket. The papers are held together by several colorful tabs (orange, purple, and blue) visible on the right side. The background is blurred, suggesting an office environment. A large, solid blue circle is overlaid on the bottom left corner of the image.

GOVERNANCE

BUSINESS CONDUCT

DOUBLE MATERIALITY ASSESSMENT

BUSINESS CONDUCT

Positive impacts:
Potential. Prevention of corruption and bribery
Potential. Sustainable supply chain management
Actual. Building the culture promoting excellence
Actual. Ensuring protection of whistle-blowers

Risks:
Manifestation of corruption
Insufficient confidentiality of whistleblowers

Opportunities:
Reducing the risk of uninterrupted supply of goods
Building a culture of continuous improvement

For more information on the Company’s materiality assessment, see section “Double materiality assessment” of the Sustainability Statement.

Since the Company operates exclusively in Lithuania, the assessment of material impacts, risks, and opportunities related to business conduct primarily takes into account the nature of operations, the characteristics of the sector, and the nature of business relationships, e.g. whether there is cooperation with intermediaries, subcontractors, or third parties. The geographical criterion is assessed to a limited extent, but additional consideration is given to applicable legal requirements, public procurement processes, and potential ethical risks in the local context.

The following is a description of the management of material business conduct-related impacts, risks, and dependencies. The description indicates the applicable policy, key actions, monitoring methods, indicators used and planned measures.

Policy

Vilniaus Vandenys’ [Policy for Creating Corruption-Resilient Environment](#)

Stakeholders can access the policy here: [Policy for Creating Corruption Resilient Environment](#)

Policy objective: To ensure the transparent and effective operation of the Company in accordance with the highest standards of reliability, integrity, transparency, and business conduct accepted by society, identify, manage, and mitigate corruption risks; establish an effective system for creating a corruption-resilient environment; and define the principles and obligations, entities, and their responsibilities for creating such an environment.

Policy content: In carrying out its activities and providing public services to residents, the Company attains a high level of transparency and attaches great importance to the creation of a corruption-resilient environment. In its activities, the Company is guided by the Law on Prevention of Corruption, the Law on the Adjustment of Public and Private Interests, the Law on the Protection of Whistleblowers and the Law on Lobbying Activities , as well as the fundamental principles and requirements for creating corruption-resilient environment, set out in the Policy for Creating Corruption-Resilient Environment, such as zero tolerance for corruption, leadership and management engagement, ethical conduct, avoidance of conflicts of interest, transparency in lobbying and public procurement, personnel security and the

protection of whistleblowers, and increasing anti-corruption awareness; identifying corruption risks and their factors, as well as assessing the corruption resilience level; fostering a culture of transparency regarding gifts; and encouraging the reporting of any observed or suspected non-compliance with the Policy or other misconduct. These requirements and principles apply to all employees and members of the Board, contractors, including engaged consultants, intermediaries and other persons acting on behalf of the Company, regardless of the form of their relationship with the Company or the nature of their remuneration. All of the Company’s stakeholders are encouraged to adhere to its provisions. In managing conflicts of interest, the following measures are put in place: communicating

the requirements applicable to declaring persons, counselling, declaring private interests, providing prior recommendations, abstention/recusal, and training on conflicts of interest management, publishing data on cases of violation of the Policy and on the recusal of the Company's Board members and/or CEO on the Company's website, and controlling and monitoring the practice of declaring and harmonising private interests and public-private interests.

In a broad sense, the Policy for Creating Corruption-Resilient Environment is consistent with the provisions of the United Nations Convention against Corruption, which sets out requirements for investigating violations, management of conflicts of interest, offering and accepting gifts, assessment of corruption risks, compliance with standards of ethical and anti-corruption conduct, as well as the implementation of other anti-corruption measures.

The Company ensures that its anti-corruption and anti-bribery policy is accessible and understandable to all internal and external stakeholders. The policy is publicly available on the Company's website, with up-to-date information on the creation of an anti-corruption environment regularly provided not only on the Company's website but also via the internal intranet, the information board, employee email, and social media. Regular meetings and training sessions are held for employees to present the content of the anti-corruption policy, its implementation mechanisms,

and the procedure for reporting potential violations. Specialised training sessions are also organised to raise awareness of corruption risks at various stages of the public procurement process.

Suppliers and other business partners are notified by email, provided with information about the gift policy, and discussed potential corruption risks during in-person meetings. Clear visual information regarding the company's gift policy is also displayed at the main entrances to the Company. In addition, anyone representing the Company's interests or acting on its behalf—even non-employees—must familiarise themselves with the policy and confirm in writing their commitment to comply with its provisions. Clause 8.3.16 of the General Part of the Company's contracts stipulates that partners are required to comply with the Company's approved Supplier Code of Conduct, which is publicly available on the website. Clause 4.3.1 of the Code explicitly states that the supplier does not tolerate bribery, corruption, influence peddling, money laundering, abuse of office, or other forms of corruption, and it is expected that the supplier has implemented an effective anti-corruption policy. By doing this, the Company ensures that external stakeholders not only become familiar with and understand the policy, but also take responsibility for adhering to the established principles.

When establishing and reviewing policies related to business conduct, Vilniaus Vandenys takes into account the expectations of key stakeholders. The policy is

aligned with legislation, municipal strategies, and national commitments. Insights from local communities, employees, and partners are incorporated through consultations, the review of complaints, and feedback.

The Company has not yet aligned its policies with specific third-party sustainability standards or initiatives, such as the UN Global Compact, OECD Guidelines, or ISO standards. However, plans are in place to explore the possibility of integrating these external principles into internal policy guidelines and business conduct practices at a later date.

The policy is reviewed annually and updated as needed. A full policy update is conducted at least once every three years. Compliance with the policy is reported to the Company's Board once a year.

The Policy for Creating Corruption-Resilient Environment described above applies to all material business conduct-related impacts, risks, and opportunities identified in this section, including the prevention of corruption and bribery, whistleblower protection, sustainable supply chain management, and the strengthening of an ethical organizational culture.

The policy applies both to the Company's operations and, where applicable, to the supply chain through the Supplier Code of Conduct. While most actions are performed internally, certain requirements also apply to suppliers. Implementation is the responsibility of the relevant departments of the Company.

Business conduct-related actions

For descriptions of all actions implemented in 2025 relating to the prevention of corruption and bribery, the building a culture of excellence, and the protection of whistleblowers, see other sections of the Management Report.

- Disclosures of actions relating to the prevention of corruption and bribery, the protection of whistleblowers, and other disclosures in accordance with disclosure requirements G1-1 and G1-3, see "Creating a Corruption-Resilient Environment in the Company" section of the Management Report, pages 82-83. Measures to create a corruption-resilient environment are applied across the Company's operations, including public procurement processes, employee recruitment, the assessment of internal regulations, and the monitoring of the adjustment of public and private interests, the disclosure of lobbying activities, employee and management education, and the functioning of reporting channels. Our operations have impact on internal employees, suppliers, and other business partners, while the measures cover the entire value chain, from operational planning to contract performance controls. While these measures primarily apply to the Company's internal operations, certain requirements also apply to suppliers and other partners. During the reporting year, one of the measures implemented to prevent corruption and bribery was the digitisation of the public procure-

ment process. This measure is planned to be implemented by procuring and implementing a public procurement information system by 31 December 2027. The Procurement Department of the Operations and Compliance Service is tasked with the implementation of the measure. The financial and other resource requirements, along with the scope of investments and funding sources, will be refined when planning specific project stages.

- The financial resources required for the action plan were not assessed in detail during the reporting period. The Company relies on its internal resources to carry out these activities, and investment needs will be revised when planning specific projects.
- Disclosures on the actions related to the building a culture of excellence are presented in the “Increasing the Company’s Operational Efficiency” section of the Management Report, page 21. A culture of continuous improvement is promoted across the Company’s operations in Lithuania, encompassing all departments and employee groups. This initiative is focused on employee engagement, improving operational efficiency, enhancing service quality, and meeting the needs of customers and other stakeholders.

In 2025, the Company made progress in preventing corruption and bribery by planning and implementing specific measures.

Compared to 2024, the action plan identified and detailed one of the preventive measures, i.e. the digitisation of the public procurement process, specifying the implementation timeline and the responsible department.

In 2025, other measures related to business conduct, whistleblower protection and the promotion of a culture of continuous improvement were implemented on an ongoing basis. The application of these measures is disclosed in more detail in this section of the Statement.

During the reporting period, no significant incidents were identified that would have required the Company to undertake damage compensation measures; however, response procedures are in place and would be activated should the need arise.

The actions and planned measures described above apply to all identified impacts, risks and opportunities related to business conduct to ensure transparency in operations, reduce the risk of corruption, strengthen whistleblower protection, and consistently foster a culture of ethical conduct and continuous improvement.

Targets

Currently, no specific targets or indicators have been set for business conduct. This matter is instead addressed through the implementation of policies, ongoing preventive measures and internal control mechanisms. These targets are scheduled for review in future reports.

Protection of whistleblowers

Disclosures on whistleblowing channels and whistleblower protection mechanisms is presented in the “Channels for raising concerns” section of this Statement.

In addition to following up on reports submitted by whistleblowers in accordance with applicable laws, the Company has the Code of Ethics that outlines the procedure for handling business conduct violations. Under this policy, reports of potential violations are investigated by responsible individuals who report directly to the company’s CEO. Where necessary, special committees are formed. Investigations must be initiated and completed within 15 business days of the notification being received. These procedures ensure prompt investigation and decision-making, regardless of business units not directly involved in the case under investigation. However, this procedure does not currently apply specifically to cases of corruption and bribery, except where the principles of transparency and responsible conduct have been violated. The Company has a system in place for reporting violations through internal channels, covering the receipt, investigation, and handling of reports, as well as ensuring confidentiality. This procedure is governed by the Description of the Procedure for Reporting Breaches through Internal Information Channels and the Terms and Conditions of the Trust Line, ensuring an independent, objective and timely investigation of potential violations

Training on business conduct

To promote a culture of ethical conduct, transparency, and responsibility, Vilniaus Vandenys adheres to a Code of Ethics and provides employee training on business conduct.

Target audience: This training is intended for all employees, from top management and middle management to specialists and workers.

Training content: covers the fundamental principles of business conduct such as integrity, avoiding conflicts of interest, gift policies, preventing discrimination and harassment, transparency in decision-making, and channels for reporting potential violations.

Frequency: All new employees are required to attend onboarding training, while periodic training is organised for all employees at least once every two years.

In addition, topical training sessions are organised on equal opportunities, promoting diversity, and preventing abuse and harassment:

- Origins, prevention and legal regulation of discrimination.
- Psychological well-being, stress management.
- Recognising and acting constructively on manipulation.

Management of relationships with suppliers

Since management of relationships with suppliers is recognised as a material sustainability area, the Company adheres to the responsible sourcing principles.

All suppliers are bound to the Supplier Code of Conduct, including requirements regarding human rights, working conditions, environmental protection, and anti-corruption. Compliance with this code is stipulated in the contracts.

Currently, the assessment of the supply chain's impact on sustainability matters and related risks requires improvement. In the future, the Company plans to strengthen its supplier assessment and monitoring processes to better identify and manage risks and impacts throughout the supply chain.

The management of relationships with suppliers is disclosed in more detail in the "Public Procurement" section of the Management Report, page 31.

Prevention of corruption and bribery

The Company has a systematically integrated anti-corruption framework in place, designed to prevent and promptly identify incidents of corruption and bribery, and ensure an appropriate response. For this purpose, the following measures are being implemented:

- **Corruption prevention:** The Company's resilience to corruption is assessed annually, with risks being identified and managed, including internal audits in the area of corruption prevention. A corruption prevention action plan is developed and implemented, setting out specific risk mitigation measures and providing for the monitoring of their implementation.
- **Internal control and compliance:** The Company maintains a Corruption Risk Register that systematically records identified risks, along with the measures taken to manage or eliminate them. The Company's internal regulations are regularly reviewed from an anti-corruption perspective. Preventive controls for public procurement have also been implemented, and procedures for offering and accepting gifts have been established. These procedures prohibit employees from accepting or offering gifts or services relating to their current duties.
- **Whistleblowing system:** internal and external channels are in place to receive information about potential violations. These channels ensure the confidentiality, anonymity, and data protection of whistleblowers, and the information received is reviewed in accordance with the company's established procedure, which guarantees the objectivity, efficiency, and independence of investigations.
- **Improving employee compliance and awareness:** Training sessions on anti-corruption are organised periodically (every two years or more frequently if required) for all employees. Background checks are also conducted on individuals seeking or currently holding public office. All employees, other than those in the worker category, are required to declare their private interests and undergo monitoring for conflicts of interest.
- **Transparency and disclosure:** Employees are kept informed about identified corruption risks and the results of investigations conducted in response to reports received.

Important information regarding investigations conducted and measures taken is made public, thereby enhancing transparency within the organisation.

The individuals responsible for investigating cases of corruption and bribery are structurally independent from the management involved in this area of risk. Instead of reporting to any department that might be directly involved in the matters under investigation, they report directly to CEO. To ensure the objectivity and impartiality of investigations, the Company has implemented structural safeguards, including a clearly defined investigation process, confidentiality measures, the option to engage external investigators and a strict policy on avoiding conflicts of interest.

Process to report outcomes to the administrative, management and supervisory bodies

The outcomes of investigations into corruption and bribery are reported periodically to the Company's management and supervisory bodies. Once a year, the information is communicated to the Company's CEO and the Board, and every six months, to the Audit, Risk and Sustainability Committee. This process is governed by the Company's internal policies: The Board is tasked with overseeing the implementation of the Policy for Creating Corruption-Resilient Environment and the Code of Ethics. Accountability has also been established in accordance with the Description of the Procedure for Submitting and Investigating Reports of Violations Received Through Internal Channels and the Terms and Conditions of the Trust Line. These mechanisms ensure regular and systematic reporting to the Company's CEO and governing bodies regarding potential violations, as well as the progress and results of investigations into such violations.

The table below provides information about the training on anti-corruption and bribery topics. Training on corruption and bribery is mandatory for all employees, at least once every two years.

Targets				
	Functions-at-risk	Management	Administrative supervisory and	Other own workers
Training coverage (number of attendants)	10	30 (in person) +33 (mandatory) + 2 new hires	5 (in person) +4 (mandatory)	345 (Transparency Afternoon) + 42 (new hires) +472 (mandatory)
Delivery method and duration				
Classroom training	1 training session, 100% attendance For procurement officers (1.5 hours)	1 GP training session, attended by 30 managers (2 hours) 1 meeting with new hires, 30 min. (attended by 2 managers)	1 GP training session, attended by 5 Board members (2 hours)	20 meetings in 28 Departments for 1 hour each (88% attendance) 3 meetings with new hires for 30 minutes each (attended by 42 employees) GP training sessions for 2 hour each, attended by 1 employee 1 Anti-Corruption Forum, total 8 hours (attended by 1 employee) COEC conference, total 3 hours (attended by 1 employee) TILS discussion, 3 hours
Computer-based training	0	6 training sessions for 2 hour each (attended by 33 managers)	1 training session for 2 hour each (attended by 4 Board members)	6 training sessions for 2 hour each (attended by 472 employee)
Voluntary computer-based training	0	0	0	1 training session, 3 hour each (attended by 1 employee)
Frequency				
How often training is required	At least once every two years for existing employees and within 30 days of starting work for new hires			

	Functions-at-risk	Management	Administrative supervisory and	Other own workers
	Topics covered			
Strengthening Whistleblower Protection and Creating an Environment of Trust in Companies		✓	✓	✓
Building Anti-Corruption Environment in Vilniaus Vandenys		✓		✓
Public and Private Interests—What are They, If Not a Conflict of Interest?				✓
14th Annual Anti-Bribery & Corruption Forum				✓
To What Extent is Public Procurement Resistant to Corruption, and What Can We Do to Improve It?				✓
COEC eTraining: Identifying and Managing Conflicts of Interest		✓	✓	✓
SIS eTraining: Concept of Corruption, Criminal Offences, Gift Policy, Whistleblower Protection, Conflicts of Interest, Public Procurement		✓		✓
Corruption Risk Factors and Their Management in Public Procurement	✓			

The duties identified during the reporting period as posing the greatest risk of corruption are: job positions of persons involved in procurement and persons involved in contract execution, job positions of engineers (for emergency repairs) and engineers, metalworkers (for installing/replacing meters and investigating the possibility of unauthorised connections), and job positions of pollution control officers.

The Company has determined that 43% of its employees are in roles classified as high risk. To ensure that holders of these functions are aware of and resilient to the risks of corruption and other viola-

tions, training sessions were organised in 2025 for all employees, Board members, and management personnel, as well as for employees in the highest-risk positions, with the aim of strengthening their ability to identify corruption risks. Training sessions are planned for next year for individuals in high-risk positions, with the aim of strengthening their ability to identify corruption risks.

The process of identifying these job positions:

The Company defines “high-risk functions” as duties or activities associated with an increased risk of corruption, fraud

or conflicts of interest. These functions are identified through the assessments of internal processes, incident analysis, and interviews with management personnel.

The anti-corruption assessments cover public procurement policy, procedures for conducting low-value public procurement, contract management procedures, the organisation of metering data verification, the management of customer enquiries, the control of wastewater pollution from customers, and the process of concluding and administering contracts with wastewater carriers. In addition, reports of potential violations related to unauthorised access, unethical conduct

by supplier employees, data tampering, and potential demands for payment in exchange for replacing smart meters are being investigated.

The report presents actual figures for all indicators, calculated based on accurate data obtained from the Company’s internal information systems and registries. No additional assumptions or modelling are used to calculate the indicators, and no limitations in methodologies have been identified.

No external body, other than the assurance provider, was involved in validating the measurement of any metrics in the Sustainability Statement.

Indicators

Indicator	2024	2025	Change
The number of convictions and the amount of fines for violation of anti-corruption and anti- bribery laws	0	0	No changes
The total number and nature of confirmed incidents of corruption or bribery	0	0	No changes
The number of confirmed incidents in which own workers were dismissed or disciplined for corruption or bribery-related incidents	0	0	No changes
The number of confirmed incidents relating to contracts with business partners that were terminated or not renewed due to violations related to corruption or bribery	0	0	No changes

ESRS DISCLOSURE INDEX

ESRS 2 - IRO-2 - Disclosure Requirement

ESRS Number	Name	Page in this Report
ESRS 2 General Disclosures		
BP-1	General basis for preparation of sustainability statements	94
BP-2	Disclosures in relation to specific circumstances	94
GOV-1	Role of administrative, supervisory and management bodies	16, 64-72, 76, 131
GOV-2	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	95
GOV-3	Integration of sustainability-related performance in incentive schemes	97, 134-135
GOV-4	Statement on due diligence	98-99
GOV-5	Risk management and internal control over sustainability reporting	97
SBM-1	Strategy, business model and value chain	16-19, 100
SBM-2	Interests and views of stakeholders'	101-102
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	104-105
IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	104-105
IRO-2	Disclosure requirements in ESRS covered by the company's Sustainability statement	104-105 107-113
MDR-P	Minimum disclosure requirements for policies	72

E1 – Climate change		
ES Taxonomy	Assessment of economic activities' alignment with the EU Taxonomy Regulation	116-120
E1-1	Transition plan for climate change mitigation	15, 119
2 ETAS-SBM-3-E1	Material climate-related impacts, risks and opportunities and their interaction with strategy and business model	119
2 ETAS-IRO-1-E1	Description of the processes to identify and assess material climate-related impacts, risks and opportunities	119
E1-2	Policies related to climate change mitigation and adaptation	119
E1-3	Actions and resources in relation to climate change policies	119
E1-4	Targets related to climate change mitigation and/or adaptation	126
E1-5	Energy consumption and mix	123-124
E1-6	Gross Scope 1, 2, 3 GHG emissions	124-128
E1-7	GHG removals and GHG mitigation projects financed through carbon credits	128
E1-9	Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	128
E2 Pollution		
2 ETAS-SBM-3-E2	Material pollution-related impacts, risks and opportunities and their interaction with strategy and business model	129
2 ETAS-IRO-1-E2	Description of the processes to identify and assess material pollution-related impacts, risks and opportunities	129
E2-1	Policies related to pollution	129-130
E2-2	Actions and resources related to pollution	130
E2-3	Targets related to pollution	131
E2-4	Pollution of air, water and soil	132
E2-5	Substances of concern and substances of very high concern.	132
E2-6	Anticipated financial effects from pollution-related impacts, risks and opportunities	133

E3 – Water and marine resources		
2 ETAS-SBM-3-E3	Material water and marine resources-related impacts, risks and opportunities and their interaction with strategy and business model	134
2 ETAS-IRO-1-E3	Description of the processes to identify and assess material water and marine resources-related impacts, risks and opportunities	134
E3-1	Policies related to water and marine resources	134
E3-2	Action and resources related to water and marine resources	135
E3-3	Targets related to water and marine resources	134-135
E3-4	Water Consumption	137
E3-5	Anticipated financial effects from water and marine resources-related impacts, risks and opportunities	137
E5 – Resource use and circular economy		
2 ETAS-SBM-3-E5	Material resource use and circular economy-related impacts, risks and opportunities and their interaction with strategy and business model	140
2 ETAS-IRO-1-E5	Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities	140
E5-1	Policies related to resource use and circular economy	140
E5-2	Actions and resources related to resource use and circular economy	140-141
E5-3	Targets related to resource use and circular economy	141
E5-5	Resource outflows	142
E5-6	Anticipated financial effects from resource use and circular economy-related impacts, risks and opportunities	142
S1 – Own Workforce		
2 ETAS-SBM-3-S1	Material own workforce-related impacts, risks and opportunities and their interaction with strategy and business model	145
2 ETAS-IRO-1-S1	Description of the processes to identify and assess material own workforce-related impacts, risks and opportunities	145
S1-1	Policies related to own workforce	144-145, 147, 152
S1-2	Processes for engaging with own workers and workers’ representatives about impacts	153

S1-3	Processes to remediate negative impacts and channels for own workers to raise concerns	153
S1-4	Actions related to own workforce	145, 150, 152
S1-5	Targets related to own workforce	155
S1-6	Characteristics of the undertaking's employees	156
S1-7	Characteristics of non-employee workers in the undertaking's own workforce	156
S1-8	Collective bargaining coverage and social dialogue	156
S1-9	Diversity metrics	160
S1-10	Adequate wage	158
S1-11	Social protection	158
S1-12	Persons with disabilities	160
S1-13	Training and skills development metrics	160
S1-14	Health and safety metrics	160
S1-15	Work-life balance metrics	160
S1-16	Compensation metrics	160
S1-17	Incidents, complaints and severe human rights impacts	160
S2 – Workers in value chain		
2 ETAS-SBM-3-S2	Material value chain workers-related impacts, risks and opportunities and their interaction with strategy and business model	161-162
2 ETAS-IRO-1-S2	Description of the processes to identify and assess material value chain workers-related impacts, risks and opportunities	161-162
S2-1	Policies related to value chain workers	161-162
S2-2	Processes for engaging with value chain workers about impacts	161-162
S2-3	Processes to remediate negative impacts and channels for value chain workers to raise concerns	161-162
S2-4	Actions related to workers in the value chain	161-162

S2-5	Tasks related to workers in the value chain	161-162
S4 – Consumers and end-users		
2 ETAS-SBM-3-S4	Material impacts, risks and opportunities and their interaction with strategy and business model	163-165
2 ETAS-IRO-1-S4	Description of the processes to identify and assess material consumer-related impacts, risks and opportunities	163-165
S4-1	Policies related to consumers and end-users	163-165
S4-2	Processes for engaging with consumers and end-users about impacts	48-49, 163-165
S4-3	Processes to remediate negative impacts and channels for consumers and end-users to raise concerns	165
S4-4	Actions related to customers and end-users	8, 39, 163
S4-5	Tasks related to customers	165
G1 – Business conduct		
2 ETAS-GOV-1-G1	Role of administrative, supervisory and management bodies	58-60
2 ETAS-SBM-3-G1	Material consumer-related impacts, risks and opportunities and their interaction with strategy and business model	169
2 ETAS-IRO-1-G1	Description of the processes to identify and assess material business conduct-related impacts, risks and opportunities	169
G1-1	Business conduct policies and corporate culture	20, 82-83, 153, 169, 173
G1-2	Management of relationships with suppliers	31, 169
G1-3	Prevention of corruption and bribery	167-169, 173
G1-4	Confirmed incidents of corruption or bribery	173

LIST OF DATAPPOINTS IN CROSS-CUTTING AND TOPICAL STANDARDS

Disclosure Requirement ESRS 2, Appendix B

Disclosure Requirement and related datapoint	SFDR ¹ reference	Pillar ² reference	Benchmark Regulation ³ reference	EU Climate Law ⁴ reference	Material/ Not Material	Page in this Report
ESRS 2 GOV-1 Board's gender diversity paragraph 21 (d)	Indicator number 13 of Table #1 of Annex 1		Delegated Regulation (EU) 2020/181627, Annex II		Material	58
ESRS 2 GOV-1 Percentage of board members who are independent paragraph 21 (e)			Commission's Delegated Regulation (EU) 2020/1816, Annex II		Material	58
ESRS 2 GOV-4 Statement on due diligence paragraph 30	Indicator number 10 Table #3 of Annex 1				Material	98-99
ESRS 2 SBM-1 Involvement in activities related to fossil activities paragraph 40 (d) i	Indicator number 4 of Table #1 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 (28) Table 1: Qualitative information on Environmental risk and Table 2: Qualitative information on	Commission's Delegated Regulation (EU) 2020/1816, Annex II		Non-material	
ESRS 2 SBM-1 Involvement in activities related to chemical production paragraph 40 (d) ii	Indicator number 9 Table #2 of Annex 1		Commission's Delegated Regulation (EU) 2020/1816, Annex II		Non-material	

ESRS 2 SBM-1 Involvement in activities related to controversial weapons paragraph 40 (d)	Indicator number 14 of Table #1 of Annex 1		Delegated Regulation (EU) 2020/181829, Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		Non-material	
ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco			Delegated Regulation (EU) 2020/1818, Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		Non-material	
ESRS E1-1 Transition plan to reach climate neutrality by 2050 paragraph 14				Regulation (EU) 2021/1119, Article 2(1)	Material	119
ESRS E1-1 Undertakings excluded from Paris-aligned Benchmarks paragraph 16 (e)		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book- Climate Change transition risk: Credit quality of	Delegated Regulation (EU) 2020/1818, Article 12.1 (d) to (g), and Article 12.2		Non-material	
ESRS E1-4 GHG emission reduction targets paragraph 34	Indicator number 4 Table #2 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book- Climate	Delegated Regulation (EU) 2020/1818, Article 6		Material	126
ESRS E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) paragraph 38	Indicator number 5 Table #1 and Indicator n. 5 Table #2 of Annex 1				Material	123
ESRS E15 Energy consumption and mix paragraph 37	Indicator number 5 of Table #1 of Annex 1				Material	123
ESRS E1-5 Energy intensity associated with activities in high climate impact sectors paragraphs 40 to 43	Indicator number 6 of Table #1 of Annex 1				Material	123

ESRS E1-6 Gross Scope 1, 2, 3 and Total GHG emissions paragraph 44	Indicators number 1 and 2 Table #1 of Annex 1	Article 449a; Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book- Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article 5(1), 6 and 8(1)		Material	126
ESRS E1-6 Gross GHG emissions intensity paragraphs 53 to 55	Indicator number 3 of Table #1 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book- Climate Change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 8(1)		Material	126
ESRS E1-7 GHG removals and carbon credits paragraph 56				Regulation (EU) 2021/1119, Article 2(1)	Material	126
ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks paragraph 66			Delegated Regulation (EU) 2020/1818, Annex II Delegated Regulation (EU) 2020/1816, Annex II		Non-material	
ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk paragraph 66 (a) ESRS E1-9 Location of significant assets at material physical risk paragraph 66 (c)		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraphs 46 and 47; Template 5: Banking book- Climate change physical risk: Exposures subject to physical risk			Non-material	
ESRS E19 Breakdown of the carrying value of its real estate assets by energy-efficiency classes paragraph 67 (c)		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraph 34; Template 2: Banking book- Climate Change transition risk: Loans collateralised by immovable property- Energy efficiency of the collateral			Non-material	
EESRS E1-9 Degree of exposure of the portfolio to climate- related opportunities paragraph 69			Commission's Delegated Regulation (EU) 2020/1818, Annex II		Non-material	

ESRS E2-4 Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil, paragraph 28	Indicator number 8 Table #1 of Annex 1 Indicator number 2 Table #2 of Annex 1 Indicator number 1 Table #2 of Annex 1 Indicator number 3 Table #2 of Annex 1				Material	133
ESRS E3-1 Water and marine resources paragraph 9	Indicator number 7 Table #2 of Annex 1				Material	135
ESRS E3-1 Dedicated policy paragraph 13	Indicator number 8 Table #2 of Annex 1				Non-material	
ESRS E3-1 Sustainable oceans and seas paragraph 14	Indicator number 12 Table #2 of Annex 1				Non-material	
ESRS E3-4 Total water recycled and reused paragraph 28 (c)	Indicator number 6.2 Table #2 of Annex 1				Material	136
ESRS E3-4 Total water consumption in m ³ per net revenue on own operations paragraph 29	Indicator number 6.1 Table #2 of Annex 1				Material	136
ESRS 2 - IRO-1 - E4 paragraph 16 (a) i	Indicator number 7 of Table #1 of Annex 1				Material	No disclosures in the Sustainability Statement 2025
ESRS 2 - IRO-1 - E4 paragraph 16 (b)	Indicator number 10 Table #2 of Annex 1				Non-material	
ESRS 2 - IRO-1 - E4 paragraph 16 (c)	Indicator number 14 Table #2 of Annex 1				Non-material	

ESRS E4-2 sustainable land / agriculture practices or policies paragraph 24 (b)	Indicator number 11 Table #2 of Annex 1				Non-material	
ESRS E4-2 Sustainable oceans / seas practices or policies paragraph 24 (c)	Indicator number 12 Table #2 of Annex 1				Non-material	
ESRS E4-2 Policies to address deforestation paragraph 24 (d)	Indicator number 15 Table #2 of Annex 1				Non-material	
ESRS E5-5 Non-recycled waste paragraph 37 (d)	Indicator number 13 Table #2 of Annex 1				Material	135
ESRS E5-5 Hazardous waste and radioactive waste paragraph 39	Indicator number 9 of Table #1 of Annex 1				Material	135
ESRS 2- SBM-3- S1 Risk of incidents of forced labour paragraph 14 (f)	Indicator number 13 Table #3 of Annex I				Non-material	
ESRS 2- SBM-3- S1 Risk of incidents of child labour paragraph 14 (g)	Indicator number 12 Table #3 of Annex I				Non-material	
ESRS S1-1 Human rights policy commitments paragraph 20	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex 1				Material	135
ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 21			Commission's Delegated Regulation (EU) 2020/1816, Annex II		Material	146
ESRS S1-1 processes and measures for preventing trafficking in human beings paragraph 22	Indicator number 11 Table #3 of Annex I				Non-material	

ESRS S1-1 Workplace accident prevention policy or management system paragraph 23	Indicator number 1 Table #3 of Annex I				Material	148-149
ESRS S1-3 Grievance/complaints handling mechanisms paragraph 32 (c)	Indicator number 5 Table #3 of Annex I				Material	165
ESRS S1-14 Number of fatalities and number and rate of work-related accidents paragraph 88 (b) and (c)	Indicator number 2 Table #3 of Annex I		Commission's Delegated Regulation (EU) 2020/1816, Annex II		Material	158
ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness paragraph 88 (e)	Indicator number 3 Table #3 of Annex I				Material	158
ESRS S1-16 Unadjusted gender pay gap paragraph 97 (a)	Indicator number 12 Table #1 of Annex I		Commission's Delegated Regulation (EU) 2020/1816, Annex II		Material	159
ESRS S1-16 Excessive CEO pay ratio paragraph 97 (b)	Indicator number 8 Table #3 of Annex I				Non-material	
ESRS S1-17 Incidents of discrimination paragraph 103 (a)	Indicator number 7 Table #3 of Annex I				Material	159
ESRS S1-17 Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines paragraph 104 (a)	Indicator number 10 Table #1 and Indicator number 14 Table #3 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		Material	159
ESRS 2- SBM3 – S2 Significant risk of child labour or forced labour in the value chain paragraph 11 (b)	Indicators number 12 and n. 13 Table #3 of Annex I				Non-material	
ESRS S2-1 Human rights policy commitments paragraph 17	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex 1				Non-material	

ESRS S2-1 Policies related to value chain workers paragraph 18	Indicator number 11 and n. 4 Table #3 of Annex 1				Material	162
ESRS S2-1 Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines paragraph 19	Indicator number 10 of Table #1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		Non-material	
ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 19			Commission's Delegated Regulation (EU) 2020/1816, Annex II		Non-material	
ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain paragraph 36	Indicator number 14 Table #3 of Annex 1				Non-material	
ESRS S3-1 Human rights policy commitments paragraph 16	Indicator number 9 Table #3 of Annex 1 and Indicator number 11 Table #1 of Annex 1				Non-material	
ESRS S3-1 non-respect of UNGPs on Business and Human Rights, ILO principles or and OECD guidelines paragraph 17	Indicator number 10 of Table #1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		Non-material	
ESRS S3-4 Human rights issues and incidents paragraph 36	Indicator number 14 Table #3 of Annex 1				Non-material	
ESRS S41 Policies related to consumers and end-users paragraph 16	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex 1				Non-material	
ESRS S4-1 Non-respect of UNGPs on Business and Human Rights and OECD guidelines paragraph 17	Indicator number 10 of Table #1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		Non-material	

ESRS S4-4 Human rights issues and incidents paragraph 35	Indicator number 14 Table #3 of Annex 1				Non-material	
ESRS G1-1 United Nations Convention against Corruption paragraph 10 (b)	Indicator number 15 Table #3 of Annex 1				Material	82-83
ESRS G1-1 Protection of whistle- blowers	Indicator number 6 Table #3 of Annex 1				Material	83
ESRS G1-4 Fines for violation of anti-corruption and anti-bribery laws paragraph 24 (a)	Indicator number 17 Table #3 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II		Material	173
ESRS G1-4 Standards of anti-corruption and anti-bribery paragraph 24 (b)	Indicator number 16 Table #3 of Annex 1				Material	173

¹ Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (Sustainable Finance Disclosures Regulation) (OJ L 317, 09/12/2019, p. 1).

² Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (Capital Requirements Regulation “CRR”) (OJ L 176, 27/06/2013, p. 1).

³ Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (OJ L 171, 29/06/2016, p. 1).

⁴ Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 establishing the framework for achieving climate neutrality and amending Regulations (EC) No 401/2009 and (EU) 2018/1999 (‘European Climate Law’) (OJ L 243, 09/07/2021, p. 1).

A person is working at a desk. Their hands are visible, typing on a laptop keyboard. On the desk, there is a white calculator, a pair of glasses, and some papers. In the background, there is a small potted plant and a white mug. The scene is brightly lit, suggesting a sunny day.

ASSESSMENT OF ECONOMIC ACTIVITIES' ALIGNMENT WITH THE TAXONOMY REGULATION

TURNOVER

Financial year 2025		Year		Substantial contribution criteria								Criteria for causing no significant harm							
Economic activities (1)	Code (2)	Turnover, EUR (3)	Proportion of Turnover, 2025 (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.1.2.) turnover, N1 year (18)	Category enabling activity (19)	Category transitional activity (20)
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0.00%																
Of which enabling		0	0.00%																
Of which transitional		0	0.00%																
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (g)																			
Water supply	TVJINA 2.1	28482646.51	43.70%	N/A	N/A	N	N/A	N/A	N/A	Y	Y	Y	Y	Y	Y	Y	-		
Municipal waste water treatment	TVJINA 2.2	19575059.59	30.03%	N/A	N/A	Y	N/A	N/A	N/A	N	Y	Y	Y	Y	Y	Y	-		
Renewal of wastewater collection and treatment	CCM 5.4	17043943.00	26.15%	N	N/A	N/A	N/A	N/A	N/A	Y	Y	Y	Y	Y	Y	Y			
Freight transport services by road	CCM 6.6	76908.42	0.12%	N	N/A	N/A	N/A	N/A	N/A	Y	Y	Y	N	N	Y	Y	-		
Turnover of Taxonomy-eligible but environmentally unsustainable activities (Taxonomy-non-aligned)		65178557.52	96.06%																
A. Turnover of Taxonomy eligible activities (A.1+A.2)		65178557.52	96.06%																
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of taxonomy-non-eligible activities		2671660.44	3.94%																
TOTAL		67850217.96	100%																

CAPITAL EXPENDITURE

Financial year 2025	Year	Substantial contribution criteria								Criteria for causing no significant harm									
Economic activities (1)	Code (2)	CapEx, EUR (3)	Proportion of CapEx, 2025 (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.1.2.) CapEx, N1 year (18)	Category enabling activity (19)	Category transitional activity (20)
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Electricity generation using solar photovoltaic technology	CCM 4.1	678015.66	1.82%	Y	N/A	N/A	N/A	N/A	N/A	Y	Y	Y	T	Y	Y	Y	459504,95	-	-
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		678015.66	1.82%																
Of which enabling			0.00%																
Of which: transitional			0.00%																
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (g)																			
Cogeneration of heat/cool and power from bioenergy	CCM 4.20	441994.23	1.80%	Y	N/A	N/A	N/A	N/A	N/A	Y	Y	Y	N	Y	Y	Y	-		
Renewal of wastewater collection and treatment	CCM 5.4	8322282.59	33.91%	N	N/A	N/A	N/A	N/A	N/A	Y	Y	Y	Y	Y	Y	Y	-		
Anaerobic digestion of wastewater sludge	CCM 5.6	1003087.03	4.09%	N	N/A	N/A	N/A	N/A	N/A	Y	Y	Y	Y	Y	Y	Y	-		
Water supply	TVJINA 2.1	13438096.32	54.76%	N/A	N/A	N	N/A	N/A	N/A	Y	Y	Y	Y	Y	Y	Y	-		
Municipal waste water treatment	TVJINA 2.2	1971948.13	8.04%	N/A	N/A	Y	N/A	N/A	N/A	N	Y	Y	Y	Y	Y	Y	-		
Demolition and wrecking of buildings and other structures	CCM 7.2 / CCE 3.3	11949.00	0.05%	N	N/A	N/A	N/A	N	N/A	Y	Y	N	N	N	Y	Y	-		
Freight transport services by roads	CCM6.6	248300.00	1.01%	N	N/A	N/A	N/A	N/A	N/A	Y	Y	Y	N	N	Y	Y	-		
Taxonomy CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		25437657.00	68.24%																
A. CapEx of Taxonomy eligible activities (A.1+A.2)		25437657.30	70.05%																
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities		11164850.26	29.95%																
TOTAL		37280523.23	100%																

OPERATIONAL EXPENDITURE

Financial year 2025	Year	Substantial contribution criteria								Criteria for causing no significant harm									
Economic activities (1)	Code (2)	OpEx, EUR (3)	Proportion of OpEx, 2025 (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.1.2.) OpEx, N1 year (18)	Category enabling activity (19)	Category transitional activity (20)
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0.00%																
Of which enabling		0	0.00%																
Of which transitional		0	0.00%																
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (g)																			
Cogeneration of heat/cool and power from bioenergy	CCM 4.20	61335.72	0.53%	Y	N/A	N/A	N/A	N/A	N/A	Y	Y	Y	N	Y	Y	Y	-		
Renewal of wastewater collection and treatment	CCM 5.4	541291.85	4.71%	N	N/A	N/A	N/A	N/A	N/A	Y	Y	Y	Y	Y	Y	Y	-		
Anaerobic digestion of wastewater sludge	CCM 5.6	457118.55	3.98%	N	N/A	N/A	N/A	N/A	N/A	Y	Y	Y	Y	Y	Y	Y	-		
Water supply	TVJINA 2.1	594958.42	5.18%	N/A	N/A	N	N/A	N/A	N/A	Y	Y	Y	Y	Y	Y	Y	-		
Municipal waste water treatment	TVJINA 2.2	711442.48	6.19%	N/A	N/A	Y	N/A	N/A	N/A	N	Y	Y	Y	Y	Y	Y	-		
Renovation of existing buildings	CCM 7.2 / CCE 3.2	6958.18	0.06%	N	N/A	N/A	N/A	N	N/A	Y	Y	N	N	N	Y	Y	-		
Demolition and wrecking of buildings and other structures	CCE 3.3	13.80	0.0001	N	N/A	N/A	N/A	N	N/A	Y	Y	N	N	N	Y	Y	-		
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	173463.92	1.51%	N	N/A	N/A	N/A	N/A	N/A	Y	Y	Y	N	N	Y	Y	-		
Freight transport services by road	CCM 6.6	106136.54	0.92%	N	N/A	N/A	N/A	N/A	N/A	Y	Y	Y	N	N	Y	Y	-		
Taxonomy OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		2652719.46	23.08%																
A. Taxonomy OpEx of Taxonomy eligible activities (A.1+A.2)		2652719.46	23.08%																
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Taxonomy OpEx of taxonomy-non-eligible activities		8842776.51	76.92%																
TOTAL		11495495.97	100%																

Explanation of the abbreviations: Y - Yes, Taxonomy eligible and aligned activity; N - No, Taxonomy eligible but not aligned activity; N/A - not applicable

An aerial photograph of a city skyline, likely Vilnius, Lithuania, featuring a mix of modern glass skyscrapers and older European-style buildings. A river flows through the foreground, bordered by green parks and walkways. A large blue circular graphic is overlaid on the bottom right, containing the text 'SHARES AND CAPITAL MANAGERMENTS' in white, bold, uppercase letters.

SHARES AND CAPITAL MANAGERMENTS

As at 31 December 2025, the issued capital of the Company comprised of 5,270,396 ordinary shares with the nominal value of EUR 28.96 each.

The issued capital of the Company was fully paid as at 31 December 2025. The Company did not hold its own shares.

The primary objective of the capital management is to ensure that the Company maintains a strong credit health and healthy capital ratios in order to support its business and maximise shareholder value.

The Company manages the capital structure and make adjustments to it in the light of changes in economic conditions and the operating risks. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Company monitors capital using capital concentration ratio, which is calculated as ratio between equity and total assets (after eliminating advances received) of the Company. Equity includes ordinary shares, reserves, retained earnings or accumulated loss. The Company's management seeks the capital concentration ratio to be no lower than 50%.

Vilniaus Vandenys is obliged to keep its shareholders' equity ratio not less than 50% of its authorised share capital, as imposed by the Law on Companies of Republic of Lithuania.

Breakdown of the Company's shares by shareholder

Shareholder	Number of shares	Share value	%
Vilnius City Municipality	4,539,881	131,474 953.76	86.14
Vilnius District Municipality	328,159	9,503,484.64	6.23
Švenčionys District Municipality	306,383	8,872,851.68	5.81
Šalčininkai District Municipality	95,973	2,779,378.08	1.82
Total:	5,270,396	152,630,668.16	100

The Company meets the requirements of equity by the Law on Companies of Republic of Lithuania. There were no other externally imposed capital requirements on the Company.

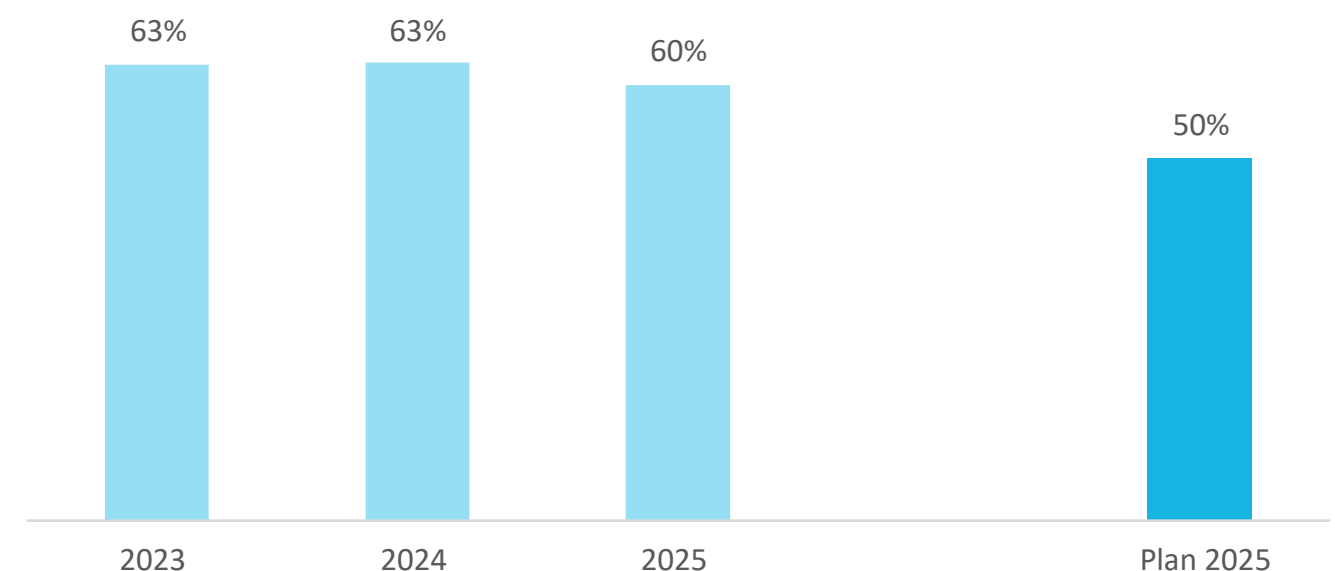
The Dividend Policy (a publicly available document approved by the Board in 2024, available on the Company's website www.vv.lt under About Us/Management /Corporate Governance Documentation) is one of the tools for capital risk management.

The Company's Dividend Policy sets out the criteria and basic provisions followed by the Board in preparing proposals to the Company's General Meeting of Shareholders for dividend payment for the financial year. The Policy lays down the rules for determining the amount of dividends (share of profit allocated to dividends) and their payment.

The policy determines that depending on return on equity, the Company allocates 60-85% of distributable profit to dividends. The amount of dividends may be adjusted according to the financial situation of the Company, the balance of funds in bank accounts, the covenants and other commitments.

In line with the Policy, in May 2025, the Company paid EUR 600,000 in dividends to its shareholders for the 2024. Meanwhile in 2024 and 2023, no dividend was declared to the Company's shareholders.

Company's equity in 2023-2025



15

KEY EVENTS

**27 JANUARY
2025**

Average volume of consumed drinking water per capita per month (2.6 m³) was changed for customers who do not have individual meters in the territory served by the Company.

**1 FEBRUARY
2025**

A new tariff set by the National Energy Regulatory Council for services provided by the Company became effective.

**1 JULY
2025**

The recalculated fee for the acquisition, installation and operation of drinking water metering devices and wastewater metering devices set by the National Energy Regulatory Council for Vilniaus Vandens UAB became effective. It was approved by the Company's Board on 14 May 2025.

**10 OCTOBER
2025**

A EUR 50 million financing agreement has been signed with the European Investment Bank for a 20-year period.

**18 DECEMBER
2025**

The National Energy Regulatory Council (NERC) set an additional investment component of EUR 33.8 million for 2026-2028.

**18 DECEMBER
2025**

The National Energy Regulatory Council set the base prices for the Company's drinking water supply and wastewater treatment services, effective from 1 February 2026.

A top-down view of a desk. On the left, a brown cardboard box is partially visible. In the center, a silver laptop is open, showing a calendar page with dates 13, 14, 18, 19, 21, 24, and 25. A black pen lies on the calendar. To the right of the laptop, a pair of gold-rimmed glasses with dark lenses is placed. A large blue semi-circle is overlaid on the bottom right of the image, containing white text.

**SIGNIFICANT
EVENTS AFTER
THE REPORTING PERIOD**

**2 JANUARY
2026**

A new version of the Articles of Association became effective, the Company's issued capital increased to EUR 153,737,895.84.

**9 JANUARY
2026**

A Share Sale-Purchase Agreement was signed whereby Vilniaus Vandenys UAB acquired 30% of share in Šilas UAB, with the nominal value of EUR 1.

**1 FEBRUARY
2026**

A new tariff set by NERC for services provided by the Company became effective.





**COMPANY DETAILS AND
CUSTOMER SERVICE OFFICES**

Company name	Private limited liability company Vilniaus Vandenys
Legal form	Private limited liability company
Registration date	As at 27 March 1991
Register manager	State Enterprise Centre of Registers
Company code	120545849
Registered address	Spaudos st. 81, LT-01517, Vilnius, Lithuania
Telephone	19118 (a general service centre for customers of Vilnius City) +370 5 266 4455 (for calls from abroad) 0 800 10880 (free emergency telephone)
E-mail	Info@vv.lt
Website	www.vv.lt

Company's customer service offices:

Spaudos st. 81, Vilnius	Konstitucijos ave. 3, Vilnius
I–V 8.00 a.m. – 5.00 p.m.	I–IV 8.00 a.m. – 5.00 p.m. V 8.00 a.m. – 3.45 p.m.

**LIMITED ASSURANCE REPORT ON SUSTAINABILITY
STATEMENT, INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2025**

Vilniaus vandenys

CONTENT

CONCLUSION ON LIMITED ASSURANCE OF SUSTAINABILITY REPORT	202	13. Prepayments and deferred expenses	223
INDEPENDENT AUDITOR'S REPORT	204	14. Cash and cash equivalents	223
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	206	15. Issued capital	223
STATEMENT OF FINANCIAL POSITION	206	16. Reserves	224
STATEMENT OF CHANGES IN EQUITY	207	17. Loans	224
STATEMENT OF CASH FLOWS	207	18. Lease liabilities	225
1. General information	208	19. Trade and other payables	225
2. Application of new and amended International Financial Reporting Standards	209	20. Other liabilities	226
3. Accounting policies	210	21. Additional information on cash flows	226
4. Revenue	217	22. Financial Risk Management Objectives and Policies	227
5. Payroll and related expenses	218	23. Related Party Transactions	229
6. Tax expenses	218	24. Transactions With Key Management Personnel and Their Close Family Members	229
7. Other expenses	218	25. Non-Cash Transactions	230
8. Finance income and costs	218	26. Provisions	230
9. Income tax	219	27. Off-Balance Sheet Liabilities and Contingencies	230
10. Property, plant and equipment and right-of-use asset	220	28. Subsequent Events	231
11. Intangible assets	222		
12. Trade and other receivables	222		

These financial statements were approved and signed on 27 March 2026.

Saulius Savickas
CEO

Simonas Klimavičius
CFO

Zina Chmieliauskienė
Head of the Accounting
Department



**LIMITED ASSURANCE
REPORT ON SUSTAINABILITY
STATEMENT AND
INDEPENDENT AUDITOR'S
REPORT**



UAB „Ernst & Young Baltic“
Aukštaičių g. 7
LT-11341 Vilnius
Lietuva
Tel.: +370 5 274 2200
Vilnius@lt.ey.com
www.ey.com

Juridinio asmens kodas 110878442
PVM mokėtojo kodas LT108784411
Juridinių asmenų registras

Ernst & Young Baltic UAB
Aukštaičių St. 7
LT-11341 Vilnius
Lithuania
Tel.: +370 5 274 2200
Vilnius@lt.ey.com
www.ey.com

Code of legal entity 110878442
VAT payer code LT108784411
Register of Legal Entities



To the Management of UAB Vilniaus Vandenys

Ernst & Young Baltic UAB has performed a limited assurance engagement on the sustainability statement of UAB Vilniaus Vandenys (hereinafter the “Company”), included in the Management Report (the “Sustainability Statement”), as of and for the year ended 31 December 2025, which was prepared in the Lithuanian language. In this letter we have included a translation of our limited assurance conclusion from the original, which was prepared in the Lithuanian language. The Management of the Company is responsible for the translation of the sustainability statement and the related limited assurance report. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

“INDEPENDENT PRACTITIONER’S LIMITED ASSURANCE REPORT ON THE SUSTAINABILITY REPORT

To the shareholders of UAB Vilniaus Vandenys

Limited assurance conclusion

We have conducted a limited assurance engagement on the sustainability statement of UAB Vilniaus Vandenys (hereinafter the “Company”), included in the Management report (the “Sustainability Statement”), as of 31 December 2025 and for the year then ended, which is contained in pages 92-190.

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Sustainability Statement is not prepared, in all material respects, in accordance with the requirements of the Law on Reporting by Undertakings and Groups of Undertakings of the Republic of Lithuania implementing Article 19 (a) of EU Directive 2013/34/EU, including:

- ▶ compliance with the European Sustainability Reporting Standards (ESRS) approved by the European Commission’s delegated acts, including that the process carried out by management of the Company to identify the information reported in the Sustainability Statement (the “Process”) is in accordance with the description set out in subsection "*Dual Materiality Assessment*"; and
- ▶ compliance of the disclosures in section "Climate Change" of the Sustainability Statement with Article 8 of EU Regulation 2020/852 and the delegated acts implementing it (the “Taxonomy Regulation”).

Basis for conclusion

We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance engagements other than audits or reviews of historical financial information (“ISAE 3000 (Revised)”).

The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion. Our responsibilities under this standard are further described in the Practitioner’s responsibilities section of our report.

Our independence and quality management

We have maintained our independence from the Company and confirm that we have met the requirements of the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the requirements of the Law on Audit of Financial Statements and Other Assurance Services of the Republic of Lithuania, and have the required competencies and experience to conduct this limited assurance engagement.

We apply International Standard on Quality Management 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services engagements, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Responsibility for the Sustainability Report

Management of the Company is responsible for designing and implementing a process to identify the information reported in the Sustainability Statement in accordance with the ESRS and for disclosing this Process in section "*Dual Materiality Assessment*" of the Sustainability Report. This responsibility includes:

- ▶ understanding the context in which the Company activities and business relationships take place and developing an understanding of its affected stakeholders;

- ▶ the identification of the actual and potential impacts (both negative and positive) related to sustainability matters, as well as risks and opportunities that affect, or could reasonably be expected to affect, the Company’s financial position, financial performance, cash flows, access to finance or cost of capital over the short-, medium-, or long-term;
- ▶ the assessment of the materiality of the identified impacts, risks and opportunities related to sustainability matters by selecting and applying appropriate thresholds; and
- ▶ making assumptions that are reasonable in the circumstances.
- ▶ thresholds; and
- ▶ assumptions based on certain circumstances.

Management of the Company is further responsible for the preparation of the Sustainability Statement in accordance with the requirements of the Law on Reporting by Undertakings and Groups of Undertakings of the Republic of Lithuania implementing Article 19 (a) of EU Directive 2013/34/EU, including:

- ▶ compliance with the ESRS;
- ▶ preparing the disclosures in section “Climate Change ” of the Sustainability Statement in compliance with the “Taxonomy Regulation”;
- ▶ designing, implementing and maintaining such internal control that management determines is necessary to enable the preparation of the Sustainability Statement that is free from material misstatement, whether due to fraud or error; and
- ▶ the selection and application of appropriate sustainability reporting methods and making assumptions and estimates that are reasonable in the circumstances.

Those charged with governance are responsible for overseeing the Company’s sustainability reporting process.

Inherent limitations in preparing the Sustainability Statement

In reporting forward-looking information in accordance with ESRS, management of the Company is required to prepare the forward-looking information on the basis of disclosed assumptions about events that may occur in the future and possible future actions by the Company. Actual outcomes are likely to be different since anticipated events frequently do not occur as expected.

Practitioner’s responsibilities

Our responsibility is to plan and perform the assurance engagement to obtain limited assurance about whether the Sustainability Statement is free from material misstatement, whether due to fraud or error, and to issue a limited assurance report that includes our conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of the Sustainability Statement as a whole.

As part of a limited assurance engagement in accordance with ISAE 3000 (Revised) we exercise professional judgement and maintain professional skepticism throughout the engagement.

Our responsibilities in respect of the Sustainability Statement, in relation to the Process, include:

- ▶ obtaining an understanding of the Process, but not for the purpose of providing a conclusion on the effectiveness of the Process, including the outcome of the Process;
- ▶ considering whether the information identified addresses the applicable disclosure requirements of the ESRS; and
- ▶ designing and performing procedures to evaluate whether the Process is consistent with the Company’s description of its Process set out in section "*Dual Materiality Assessment*".

Our other responsibilities in respect of the Sustainability Statement include:

- ▶ obtaining an understanding of the Company’s control environment, processes and information systems relevant to the preparation of the Sustainability Statement but not evaluating the design of particular control activities, obtaining evidence about their implementation or testing their operating effectiveness;
- ▶ identifying where material misstatements are likely to arise, whether due to fraud or error; and
- ▶ designing and performing procedures responsive to where material misstatements are likely to arise in the Sustainability Statement. 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.

Summary of the work performed

A limited assurance engagement involves performing procedures to obtain evidence about the Sustainability Statement. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

The nature, timing and extent of procedures selected depend on professional judgement, including the identification of disclosures where material misstatements are likely to arise in the Sustainability Statement, whether due to fraud or error.

In conducting our limited assurance engagement, with respect to the Process, we:

- ▶ obtained an understanding of the Process by:
 - ▶ performing inquiries to understand the sources of the information used by management (e.g., stakeholder engagement, business plans and strategy documents); and
 - ▶ reviewing the Company's internal documentation of its Process.
- ▶ evaluated whether the evidence obtained from our procedures with respect to the Process implemented by the Company was consistent with the description of the Process set out in section *"Dual Materiality Assessment"*.

In conducting our limited assurance engagement, with respect to the Sustainability Statement, we:

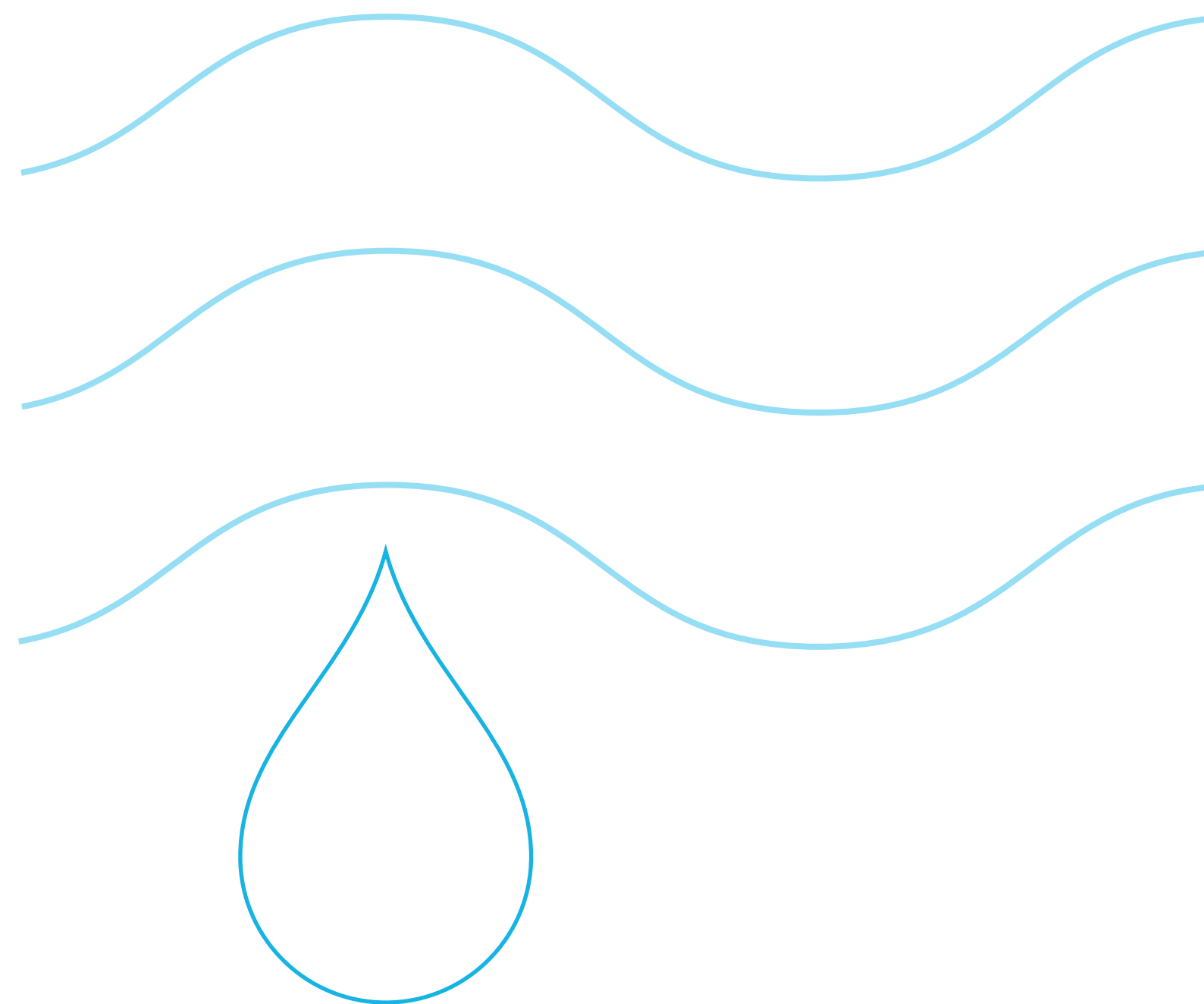
- ▶ obtained an understanding of the Company's reporting processes relevant to the preparation of its Sustainability Statement by:
 - ▶ obtaining an understanding of the Company's control environment, processes and information system relevant to the preparation of the Sustainability Statement, but not for the purpose of providing a conclusion on the effectiveness of the Company's internal control; and
 - ▶ obtaining an understanding of the roles and responsibilities in the preparation of the Sustainability Statement, including communication within the Company and between management and those charged with governance.
- ▶ evaluated whether the information identified by the Process is included in the Sustainability Statement;
- ▶ evaluated whether the structure and the presentation of the Sustainability Statement is in accordance with the ESRS;
- ▶ performed inquiries of relevant personnel and analytical procedures on selected information in the Sustainability Statement;
- ▶ performed substantive assurance procedures on selected information in the Sustainability Statement;
- ▶ where applicable, compared disclosures in the Sustainability Statement with the corresponding disclosures in the financial statements and the Management report;
- ▶ obtained evidence on the methods for developing material estimates and forward-looking information and on how these methods were applied;
- ▶ obtained an understanding of the Company's process to identify taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the Sustainability Statement.

UAB ERNST & YOUNG BALTIC
Audit company's licence No. 001335

Inga Gudinaite
Auditor's licence
No 000366

27 March 2026"

Inga Gudinaite
Partner
1 June 2026





UAB „Ernst & Young Baltic“
Aukštaičių g. 7
LT-11341 Vilnius
Lietuva
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Key Audit Matters

1. Contingent liabilities and provisions relating to legal matters

As it is disclosed in Note 27 of these financial statements, the Company is involved in legal proceedings and is exposed to potential claims, including a material one. This matter is significant to our audit because an adverse outcome of these claims and litigations could have a material adverse effect on the financial position, results of operations and cash flows of the Company and it involves significant management’s judgement to assess the probable outcomes of the uncertainties and consequently the amount of provisions to be recorded and/or contingent liabilities to be disclosed in the financial statements.

How the matter was addressed in the audit

Our audit procedures included, among others, the following:

- we have obtained an understanding of the process how management performs assessment of legal matters, measurement of provisions and/or disclosures of potential obligations for each of the material contingencies;
- discussions with the management and the Company’s internal legal counsel of the basis underlying the management’s assessment of the potential outcome of the claims and litigations;
- we also obtained a letter from the external legal counsel of the Company outlining the material contingencies and key fact pattern of the legal proceedings in order to evaluate the judgement made by the management;
- we inspected relevant legal correspondence, meeting minutes of the Board and Shareholders and other relevant information to support individual facts and circumstances underlying the management’s judgement on provisions and contingent liabilities, as per criteria set in IAS 37 “Provisions, Contingent Liabilities and Contingent Assets”.

Furthermore, we have reviewed the adequacy of the disclosure in the financial statements on this matter (Note 27).

To the Management of UAB Vilniaus Vandenys

Ernst & Young Baltic UAB has performed an audit of the financial statements of UAB Vilniaus Vandenys (hereinafter the Company) for the year ended 31 December 2025 prepared in the Lithuanian language. In this letter we have included a translation of our opinion from the original, which was prepared in the Lithuanian language. The Management of the Company is responsible for the translation of financial statements. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

“INDEPENDENT AUDITOR’S REPORT

To the shareholders of UAB Vilniaus Vandenys

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of UAB Vilniaus Vandenys (hereinafter the Company), which comprise the statement of financial position as of 31 December 2025, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor’s responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the ethical requirements of Regulation (EU) No 537/2014 of the European Parliament and of the Council (Regulation (EU) No 537/2014) on specific requirements regarding the statutory audit of public interest entities that are relevant to statutory audit of public interest entities, the Law on Audit of Financial Statements and Other Assurance Services of the Republic of Lithuania that are relevant to audit of financial statements in the Republic of Lithuania and the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with Regulation (EU) No 537/2014 and the Law on Audit of the 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.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor’s responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

2. Impairment assessment of trade receivables

As of 31 December 2025, the Company had current trade receivables balance amounting to EUR 9,326 thousand reported in the statement of financial position, part of which was overdue as disclosed in Note 12 of the financial statements.

The determination as to whether a trade receivable is collectable involves management’s judgement. Specific factors management considers include the age of the various receivable balances, recent historical payment patterns as well as forward looking information. This matter is significant to our audit due to materiality of the amounts, as these trade receivables constitute over 30% of the total current assets of the Company in the statement of financial position as of 31 December 2025, and high level of management judgement involved in impairment allowance calculation.

Our audit procedures included, among others, the following:

- we have obtained an understanding of the process (including assumptions and methods) how management performs impairment assessment of trade receivables;
- we reviewed the management’s assumptions used in the impairment assessment of trade receivables, including the historical default rate information used, by agreeing on a sample basis information used by the management with the supporting evidence;
- we also considered forward-looking information used in the impairment estimation by comparing the management’s estimate with the publicly available reputable sources of information (e.g. Bank of Lithuania);
- additionally, we tested the accuracy of aging of the receivables data by obtaining sale documents for a selected sample and comparing that with the information included in the ageing report. In addition, we reviewed clerical accuracy of the calculation of impairment recorded for the customer groups based on their ageing.

Furthermore, we have reviewed the adequacy of the disclosure in the financial statements on this matter (Note 12).



Other information

Other information consists of the information included in the Company's 2025 management report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information presentation.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon, except as indicated below.

In connection to 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.

We also have to evaluate, if the financial information included in the Company's management report corresponds to the financial statements for the same financial year and if the Company's management report, excluding the information on sustainability matters on which separate limited assurance report was issued by us on 27 March 2026, has been prepared in accordance with the relevant legal requirements. In our opinion, based on the work performed in the course of the audit of financial statements, in all material respects:

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

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of 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 skepticism 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Other requirements of the auditor's report in accordance with Regulation (EU) No 537/2014 of the European Parliament and of the Council.

Appointment and approval of the auditor

In accordance with the decision made by the shareholders, we have been chosen to carry out the audit of the Company's financial statements for the first time on 14 November 2016. Total uninterrupted engagement period, including previous renewals (extension of the period for which we were originally appointed) and reappointments for the statutory auditor, is ten years.

Consistency with the audit report submitted to the audit committee

We confirm that our opinion in the section *Opinion* is consistent with the additional Audit report which we have submitted to the Company and the Audit, Risk and Sustainability Committee.

Non audit services

We confirm that to the best of our knowledge and belief, services provided to the Company are consistent with the requirements of the law and regulations and do not comprise non-audit services referred to in Article 5(1) of the Regulation (EU) No 537/2014 of the European Parliament and of the Council.

Throughout our audit engagement period we have provided to the Company with the following non-audit services: limited assurance services in respect of the sustainability statement, assurance services related to the regulatory accounting system and regulated activity reports, and translation of financial statements.

The partner in charge of the audit resulting in this independent auditor's report is Inga Gudinaité.

UAB ERNST & YOUNG BALTIC
Audit company's licence No. 001335

Inga Gudinaité
Auditor's licence
No 000366

27 March 2026"

Inga Gudinaité
Partner
1 June 2026

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	01/01/2025 31/12/2025	01/01/2024 31/12/2024
Revenue			
Revenue from contracts with customers	4	67,511	61,765
Other income	4	339	332
Total revenue:		67,850	62,097
Payroll and related expenses	5	(20,462)	(18,472)
Depreciation and amortisation	10.11	(14,321)	(12,444)
Repair and maintenance expenses		(6,280)	(5,488)
Sludge treatment expenses		(1,645)	(1,814)
Electricity expenses		(5,242)	(5,730)
Transportation expenses		(717)	(602)
Telecommunication and IT services		(1,932)	(1,567)
Tax expenses (excl. Income tax)	6	(4,873)	(5,153)
Impairment (loss) and reversal of impairment loss from contracts with customers	12	(65)	(257)
Impairment/(reversal of impairment) of non-current assets		2	134
Non-current assets write-off expenses		(480)	(467)
Other expenses	7	(6,244)	(5,938)
Total expenses:		(62,259)	(57,798)
Operating profit		5,591	4,299
Finance income	8	158	717
Finance costs	8	(1,776)	(1,916)
Net financial result		(1,618)	(1,199)
Profit before taxes		3,973	3,100
Income tax benefit (expenses)	9	(384)	1,925
NET PROFIT		3,589	5,025
Other comprehensive income (expenses)		-	-
Items that will be reclassified subsequently to profit or loss		-	-
Items that will not be reclassified subsequently to profit or loss		-	-
Total other comprehensive income (expenses)		-	-
TOTAL COMPREHENSIVE INCOME (LOSS)		3,589	5,025

STATEMENT OF FINANCIAL POSITION

	Note	31/12/2025	31/12/2024
ASSETS			
<i>Non-current assets</i>			
Property, plant and equipment	10	252,203	228,620
Intangible assets	11	4,989	3,177
Right-of-use assets	10	979	1,198
Deferred tax assets	9	3,224	3,608
Non-current portion of trade and other receivables	12	36	109
Other assets	13	207	-
Total non-current assets		261,638	236,712
<i>Current assets</i>			
Inventories		932	1,083
Trade and other receivables	12	8,867	7,712
Prepayments and deferred expenses	13	1,099	1,138
Cash and cash equivalents	14	18,887	19,142
Total current assets		29,785	29,075
<i>Non-current assets held for sale</i>		120	10
TOTAL ASSETS		291,543	265,797
EQUITY AND LIABILITIES			
<i>Equity</i>			
Issued capital	15	152,631	148,364
Legal reserves	16	1,969	1,718
Other reserves	16	17,171	9,661
Retained earnings (deficit)		3,589	8,361
Total equity		175,360	168,104
<i>Non-current payables and liabilities</i>			
Loans	17	89,328	72,805
Lease liabilities	18	743	995
Employee benefits		580	820
Grants		-	178
Other non-current liabilities	20	580	512
Total non-current liabilities		91,231	75,310
<i>Current payables and liabilities</i>			
Loans	17	4,102	3,033
Current portion of lease liabilities	18	298	274
Trade and other payables	19	8,801	7,309
Contract liabilities- prepayments received	26	987	1,012
Provisions	20	143	722
		10,621	10,033
Total current liabilities		24,952	22,383
TOTAL EQUITY AND LIABILITIES		291,543	265,797

The accompanying notes on pages 208 to 231 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

	Note	Issued capital	Legal reserve	Other reserves	Retained earnings/ accrued deficit	Total equity
Balance as at 1 January 2024		145,159	1,210	-	13,391	159,760
Comprehensive income						
Net profit		-	-	-	5,025	5,025
Total comprehensive income		-	-	-	5,025	5,025
Increase in issued capital by in-kind and cash contributions	15	3,205	-	-	-	3,205
Transfer to reserves	16	-	508	9,661	(10,169)	-
Recalculation of real estate tax for prior periods from retained earnings		-	-	-	114	114
Balance as at 31 December 2024		148,364	1,718	9,661	8,361	168,104
Balance as at 1 January 2025		148,364	1,718	9,661	8,361	168,104
Comprehensive income						
Net profit		-	-	-	3,589	3,589
Total comprehensive income		-	-	-	3,589	3,589
Increase in issued share capital by in-kind and cash contributions	15	4,267	-	-	-	4,267
Transfer to reserves	16	-	251	7,510	(7,761)	-
Dividends approved	15	-	-	-	(600)	(600)
Balance as at 31 December 2025		152,631	1,969	17,171	3,589	175,360

STATEMENT OF CASH FLOWS

	Note	01/01/2025 31/12/2025	01/01/2024 31/12/2024
Cash flows from operating activities			
Net profit		3,589	5,025
Adjustments to non-cash items:			
Depreciation and amortisation	10, 11	19,172	17,282
Change of deferred income tax	9	385	(1,925)
Grants (amortisation)	10, 11	(4,851)	(4,838)
(Gain)/loss on disposal/write off of property, plant and equipment and assets held for sale		711	484
Impairment/(reversal of impairment) of non-current assets		(2)	(134)
Change in impairment loss arising from contracts with customers	12	65	257
Change in allowance for inventories		-	(104)
Change in provisions		(818)	133
Interest expenses	8	1,776	1,911
Financial income recognised in the statement of profit or loss and other comprehensive income	8	(158)	(712)
		19,869	17,379
Working capital changes:			
(Increase)/decrease in inventories, prepayments and deferred expenses		(1,003)	(978)
(Increase)/decrease in trade and other receivables	12	(1,147)	(317)
Increase/(decrease) in trade and other payables		(1,924)	(606)
Net cash flows from operating activities		15,795	15,478
Cash flows used in investing activities			
(Purchase) of PP&E and intangible assets		(31,882)	(25,111)
Proceeds from disposal of PP&E and assets held for sale		130	14
Grants received		536	248
Grants (repaid)		(24)	(23)
Interest received		146	588
Net cash flows used in investing activities		(31,094)	(24,284)
Cash flows from/used in financing activities			
Proceeds from borrowings	21	20,000	5,000
(Repayment) of loans	21	(2,321)	(1,724)
Repayment of lease liabilities	21	(282)	(262)
Payment of interest and similar expenses	21	(2,153)	(2,581)
Received contributions to issue capital	15	400	2,800
Penalties and default interest received		-	25
Penalties and default interest (paid)		-	(5)
Dividends (paid)		(600)	-
Net cash flows from/(used in) financing activities		15,044	3,253
Net (decrease) increase in cash flows		(255)	(5,553)
Cash and cash equivalents at the beginning of the year	14	19,142	24,695
Cash and cash equivalents at the end of the year	14	18,887	19,142

The accompanying notes on pages 208 to 231 are an integral part of these financial statements.

SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES AND OTHER NOTES

1. General information

Vilniaus Vandenys UAB (hereinafter “the Company”) was registered on 27 March 1991, the company code is 120545849. The registered office address is Spaudos st. 8-1, LT01517, Vilnius, Lithuania.

The principal activities of the Company are the supply of water and wastewater treatment services. Vilniaus Vandenys UAB is the largest water management company in Lithuania. It operates water supply and waste water assets in Vilnius City, Šalčininkai, Švenčionys and Vilnius District. As at 31 December 2025, the number of private customers of the Company was 287.66 thousand (as at 31 December 2024, 281.50 thousand), legal entities amounted to 9.90 thousand (as at 31 December 2024, 9.34 thousand). Consumers and subscribers are treated as defined in the Law on Drinking Water Supply and Wastewater Management of the Republic of Lithuania and the Methodology for Pricing Drinking Water Supply and Wastewater Treatment Services.

As at 31 December 2025 and 2024, the shareholders of the Company was:

	31/12/2025		31/12/2024	
	Number of shares held	Ownership interest, %	Number of shares held	Ownership interest, %
Vilnius City Mun.	4,539,881	86.14	4,459,526	87.05
Vilnius Distr. Mun.	328,159	6.23	261,181	5.10
Švenčionys Distr. Mun.	306,383	5.81	306,383	5.98
Šalčininkai Distr. Mun.	95,973	1.82	95,973	1.87
	5,270,396	100.00	5,123,063	100.00

In 2025, the Company’s issued capital was increased by in-kind contributions from Vilnius City Municipality in the amount of EUR 2,327 thousand and cash and in-kind contributions from Vilnius District Municipality in the amount of EUR 1,940 thousand (Note 16).

During 2024, the Company’s issued capital was increased by cash and in-kind contributions from Vilnius District Municipality in the amount of EUR 1,032 thousand, cash and in-kind contributions from Švenčionys District Municipality in the amount of EUR 2,173 thousand (Note 16).

As at 31 December 2025, the number of the Company’s employees on payroll was 578 (as at 31 December 2024, 588), an average number of employees on payroll during 2025 was 580 (2024: 591).

In accordance with the Law on Companies of the Republic of Lithuania, the annual financial statements are prepared by the Management and should be approved by the General Shareholders’ meeting. The shareholders hold the right to approve the annual financial statements or not to approve the annual financial statements and request new financial statements to be prepared.

2. Application of new and amended International Financial Reporting Standards

Application of new and/or amended IFRS and interpretations issued by International Financial Reporting Interpretations Committee (IFRIC)

The standards/amendments that are effective and have been endorsed by the European Union

- **IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (Amendments)**

The amendments are effective for annual reporting periods beginning on or after 1 January 2025. The newly adopted IFRS standard did not have an impact on the Company's financial statements.

Standards endorsed by European Union but not yet effective and not early adopted

New standards, amendments and interpretations that are not yet effective in the reporting period beginning on or after 1 January 2025 and have not been early adopted when preparing these financial statements are presented below:

- **IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures - Classification and Measurement of Financial Instruments (Amendments)**

The amendments are effective for annual reporting periods beginning on or after 1 January 2026. Early adoption of amendments related to the classification of financial assets and the related disclosures is permitted, with the option to apply the other amendments at a later date. The amendments clarify that a financial liability is derecognised on the 'settlement date', when the obligation is discharged, cancelled, expired, or otherwise qualifies for derecognition. They introduce an accounting policy option to derecognise liabilities settled via electronic payment systems before the settlement date, subject to specific conditions. They also provide guidance on assessing the contractual cash flow characteristics of financial assets with environmental, social, and governance (ESG)-linked features or other similar contingent features. Additionally, they clarify the treatment of non-recourse assets and contractually linked instruments and require additional disclosures under IFRS 7 for financial assets and liabilities with contingent event references (including ESG-linked) and equity instruments classified at fair value through other comprehensive income. The Company's management has not yet evaluated the impact of the implementation of these amendments on the financial statements.

- **IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures - Contracts Referencing Nature-dependent Electricity (Amendments)**

The amendments are effective for annual reporting periods beginning on or after 1 January 2026. The amendments include clarifying the application of the 'own-use' requirements, permitting hedge accounting if contracts in scope of the amendments are used as hedging instruments, and introduce new disclosure requirements to enable investors to understand the impact of these contracts on a company's financial performance and cash flows. The clarifications regarding the 'own-use' requirements must be applied retrospectively, but the guidance permitting hedge accounting have to be applied prospectively to new hedging relationships designated on or after the date of initial application. The Company's management has not yet evaluated the impact of the implementation of these amendments on the financial statements.

- **Annual Improvements to IFRS Accounting Standards - Volume 11**

In July 2024, the IASB issued Annual Improvements to IFRS Accounting Standards – Volume 11. An entity shall apply those amendments for annual reporting periods beginning on or after 1 January 2026. Management estimates that these amendments are not relevant to the Company.

- **IFRS 18 Presentation and Disclosure in Financial Statements**

IFRS 18 introduces new requirements on presentation within the statement of profit or loss. It requires an entity to classify all income and expenses within its statement of profit or loss into one of the five categories: operating; investing; financing; income taxes; and discontinued operations. These categories are complemented by the requirements to present subtotals and totals for 'operating profit or loss', 'profit or loss before financing and income taxes' and 'profit or loss'. It also requires disclosure of management-defined performance measures and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements and the notes. In addition, there are consequential amendments to other accounting standards. The Standard applies to annual reporting periods beginning on or after 1 January 2027. Earlier application is permitted. Retrospective application is required in both annual and interim financial statements. In the opinion of the Company's management, these Amendments may have an impact on the presentation of the Company's financial statements. Management plans to assess the impact in 2026.

The standards/amendments that are not yet effective and have not yet been endorsed by the European Union

- **IFRS 19 Subsidiaries without Public Accountability: Disclosures**

IFRS 19 permits subsidiaries without public accountability to use reduced disclosure requirements if their parent company (either ultimate or intermediate) prepares publicly available consolidated financial statements in compliance with IFRS accounting standards. These subsidiaries must still apply the recognition, measurement and presentation requirements in other IFRS accounting standards. Unless otherwise specified, eligible entities that elect to apply IFRS 19 will not need to apply the disclosure requirements in other IFRS accounting standards.

IFRS 19 applies to annual reporting periods beginning on or after 1 January 2027. Earlier application is permitted. Management estimates that these amendments are not relevant to the Company.

- **Amendment in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**

The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. In December 2015 the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. The amendments have not yet been endorsed by the EU. In the opinion of the Company's management, these amendments may have impact on the presentation of the Company's financial statements. Management plans to assess the impact in 2026.

• **IAS 21 The Effects of Changes in Foreign Exchange Rates: Translation to a Hyperinflationary Presentation Currency (Amendments).**

In November 2025, the IASB issued amendments to Translation to a Hyperinflationary Presentation Currency which amend IAS 21 The Effects of Changes in Foreign Exchange Rates, and they become effective for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted. The management of the Company has assessed that these amendments will have no significant impact on the financial statements.

3. Accounting Policies

3.1. Statement of Compliance

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU), interpretations approved by the International Financial Reporting Interpretations Committee as adopted by the EU, and in accordance with accounting and financial reporting legislation of the Republic of Lithuania.

3.2. Basis of Preparation

These financial statements have been prepared on a historical cost basis.

Financial statements are presented in euros and values are rounded to the nearest thousand (EUR'000), unless stated otherwise.

Rounding may result in minor variations in figures in the disclosures of the financial statements.

3.3. Property, plant and equipment

Property, plant and equipment acquired or constructed by the Company is recognised at acquisition (construction) cost and subsequently carried at cost method. By selecting the acquisition cost method, property, plant and equipment is recorded in accounting at cost and reported in the financial statements at acquisition cost less accumulated depreciation and accumulated impairment loss.

If the property, plant and equipment is received in the form of in kind contributions (increasing the share capital), the acquisition cost includes assets value set by real estate appraisers and all of its registration and preparation related costs.

The acquisition cost of property, plant and equipment received (donated) free of charge comprises the value of the asset confirmed in the contract of gift or other similar document, which may not exceed the fair value, and the costs related to the acquisition and preparation for use. The value of networks reconstructed, newly built and registered on behalf of the Company at the expense of real estate builders, when these networks are reconstructed/constructed after obtaining the Company's consent to relocate/dismantle old networks owned by the Company and issuing new terms for connection, is determined based on the real estate registry central database.

Assets received from shareholders free of charge and not transferred as in kind contribution are accounted as a grant related to an asset in the statement of financial position.

The acquisition value includes the cost of replacing a part of property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. Replaced parts of property, plant and equipment are written-off. All other repair and maintenance costs are recognised in profit or loss as incurred.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

When property is retired or otherwise disposed of, the cost and related accumulated depreciation are derecognised and any related gain or loss is included in the statement of profit (loss) and other comprehensive income. Gain or loss on disposal of property, plant and equipment is calculated on the basis of the income received less the carrying amount of the assets sold.

Depreciation rates

Depreciation is calculated on a straight-line basis over the useful life of the assets as follows:

Buildings	50 years
Structures	20-50 years
Transmission devices	10-50 years
Plant and equipment	2-30 years
Vehicles	8-10 years
Other property, plant and equipment	3-20 years

The useful lives of assets are reviewed and adjusted prospectively if appropriate during or at the end of each reporting period.

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

Borrowing costs directly attributable to the acquisition, construction, reconstruction or production of a qualifying asset (at least 6 months) over the period of investment project and incurred before the start of the use/commissioning of the asset, are capitalised in the cost of the asset (Note 3.16).

3.4. Intangible assets

Computer software, licenses and acquired rights

The costs of acquisition of new computer software are capitalised and recognised as an intangible asset if these costs are not an integral part of the hardware. Software is amortised within 38 years.

Servitudes and protection zones

The category of the Company's intangible assets "Servitudes and protection zones" includes the Company's rights to use the land plots owned by third persons on the basis of contractual servitudes and/or special conditions on land use. Statutory servitudes on water and/or waste water networks are not established by the Law on Drinking Water Supply and Wastewater Management of the Republic of Lithuania and other regulations, therefore the Company's servitudes comprise contractual servitudes and, in particular cases,

servitudes established by administrative acts. Contractual servitudes are recognised initially at the amount of the liability. The useful life of an intangible asset is indefinite, therefore, these assets are not subject to amortisation. Useful life of intangible assets are indefinite since the right to use the land is granted for an indefinite period of time according to the conditions of agreements for compensation for servitudes as well as provisions of the Civil code. It implies that, irrespective of the condition of the Company's property, plant and equipment, the right to use designated land plot is retained and (after the physical condition of the property is restored or a new property is developed), the land plot will continue to be used for indefinite time.

Provision for protection zone registration was established in accordance with IAS 37 (Note 3.13). The provision balance was reversed upon completion of the procedures for public disclosure and registration of the protection zones with the State Enterprise Centre of Registers. The accounting policies applied for protection zones are similar to those applied for servitudes.

The amounts of servitudes and protection zones are disclosed in Note 11.

Gain or loss on disposal of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in the statement of profit or loss and other comprehensive income when the asset is disposed.

Costs incurred in order to restore or maintain the Company's intangible assets are recognised as an expense when the restoration or maintenance work is carried out.

3.5. Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment and intangible assets, and right-of-use assets to determine whether there is any indication that those assets may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). For the purpose of impairment testing, assets are grouped together into the smallest group of assets for which there are separately identifiable cash flows (cash-generating units).

At the end of each reporting period, and whenever there is an indication that the asset may be impaired, the Company reviews the carrying amounts of its intangible assets with indefinite useful lives and intangible assets not yet available for use.

The recoverable amount of cash-generating units is determined based on value in use calculations that use a discounted cash flow model. The cash flows are derived from the forecast for the next five years and steady growth of terminal value, and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset base of the cash-generating unit being tested.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of profit or loss and other comprehensive income.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement of profit or loss and other comprehensive income.

3.6. Financial instruments: initial and subsequent measurement

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

3.6.1. Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss (PL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. These assets, except for trade receivables that do not have a significant financing component, are initially measured by the Company at fair value plus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs. Trade receivables that do not have a significant financing component are measured at the transaction price identified under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. This measurement is referred to as the SPPI test and is performed at a financial instrument level.

The Company's financial asset management model indicates how the Company manages its financial assets to generate cash flows. The business model determines whether cash flows will be generated by collecting contractual cash flows, by selling this financial asset or by using both options.

A regular way purchases or sales of financial assets are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

After initial recognition, the Company measures financial assets at amortised cost (debt instruments).

Financial assets at amortised cost (debt instruments)

The Company measures financial assets at amortized cost, if the two conditions are met:

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

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method, less impairment loss. Gain or loss is recognised in the statement of comprehensive income when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost includes trade, other current and non-current receivables, loans granted and contract assets.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the financial asset have expired; or
- The Company has transferred its contractual rights to receive cash flows from the financial asset; or undertakes to remit, without material delay, any cash flows received to a third party under a transfer agreement and **a)** has transferred substantially all risks and rewards of the asset, or **b)** has neither transferred, nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement with a third party, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When the Company neither transfers nor retains substantially all the risks and rewards of the asset nor transfers control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. In this case, the Company also recognizes the associated liability. The transferred asset and associated liability are measured based on the rights and obligations retained by the Company.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower amount of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay (the amount of the guarantee).

Impairment of financial assets

Other disclosures related to impairment of financial assets are also presented in the following Notes:

- Significant assessments and used assumptions are disclosed in Note 3.19;
- Trade receivables, including contract assets, are disclosed in Notes 12.

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between all contractual cash flows and all the cash flows that the Company expects to receive, discounted at the approximate original effective interest rate. ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECLs). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, the impairment loss is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECLs).

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises an impairment loss based on lifetime ECLs at each reporting date. The Company builds the expected loss rate matrix which is based on historical credit loss analysis and adjusted to reflect future factors specific to borrowers and the economic environment.

The Company considers a financial asset in default when indications exist that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. A financial asset is derecognised when there is no reasonable expectation to recover contractual cash flows.

3.6.2. Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans received and other payables. All financial liabilities are recognised initially at fair value and, in the case of loans received and other payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans received, including bank loans for working capital purposes, and lease liabilities.

Subsequent measurement

After initial recognition, loans and other payables, including lease liabilities, are subsequently measured at amortised cost using the EIR method. Gain and loss is recognised in the statement of profit or loss and other comprehensive income when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss and other comprehensive income. For more information please refer to Notes 18, 19 and 20.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. 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 a derecognition of the original liability and the recognition of a new liability. The difference between the respective balances is recognised in the statement of profit or loss and other comprehensive income.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is an enforceable right to settle the amounts recognized and is intended to be settled net, i.e. to realize the assets and fulfil their obligations at the same time.

3.7. Inventories

Inventories are valued at the lower of cost or net realisable value. Net realisable value is the selling price in the ordinary course of business, less the costs of completion, marketing and distribution. Cost is determined by the first-in, first-out (FIFO) method. Unrealisable inventories are fully written-off.

The 100% write-down allowance is established based on the list of inventories no longer suitable for use prepared during the inventory counting process. In addition, a 100% write-allowance for slow moving inventories that have not been consumed for more than 1 year from acquisition date was established as at 31 December of the reporting period.

3.8. Cash and cash equivalents

Cash includes cash at banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash. Such investments mature in less than three months and are subject to insignificant risk of change in value.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand and in current bank account as well as deposits in bank with the term of three months or less.

3.9. Lease

Company as a lessee

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

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment loss, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of the initial measurement of the lease liability, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. Right-of-use assets are subject to the same methods of useful life identification and useful life that apply to the Company's property, plant and equipment (Note 3.3).

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in Note 3.5 "Impairment of non-financial assets".

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. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments

also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized 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 if 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 estimates 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.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption (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). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

The Company is a lessor

Income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

3.10. Grants

Grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received.

Grants received in the form of non-current assets or intended for the purchase, construction or other acquisition of non-current assets are considered as grants related to assets. Grants related to assets reduce cost of acquisition associated tangible assets and recognised as income (respectively reducing related expenses – depreciation of property plant and equipment) in the periods and in the proportions, which correspond the Company assets' useful life.

Grants received as a compensation for the expenses or unearned income of the current or previous reporting period, also, all the grants, which are not grants related to assets, are considered as grants related to income. The grants related to income are recognised as used in parts to the extent of the expenses incurred during the reporting period or unearned income to be compensated by that grant.

3.11. Employee benefits

Social security contributions

The Company pays social security contributions to the State Social Security Fund (the Fund) on behalf of its employees based on the defined contribution plan in accordance with the local legal requirements.

Defined contribution plan is a plan under which the Company pays fixed contributions to the Fund and have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay employees all benefits related to their work in the current and previous periods. The social security contributions are recognised as an expense on an accrual basis and are included within remuneration expenses. The Company's social security contributions were charged at a rate of 2.06% in 2025, and at 2.09% in 2024.

Accrued employee benefit obligations

The past service costs are recognised as an expense on a straight-line basis over the average period until the benefits become vested. Any gain or loss appearing as a result of curtailment and/or settlement is recognised in the statement of profit or loss and other comprehensive income as incurred. The past service costs are recognised in the statement of profit or loss and other comprehensive income as incurred.

The above-mentioned employee benefit obligation is calculated based on actuarial assumptions, using the projected unit credit method. The obligation is recognised in the statement of financial position in non-current payables and liabilities and current payables and liabilities, and reflects the present value of these benefits on the date of the statement of financial position.

Present value of the non-current obligation to employees is determined by discounting estimated future cash flows using the discount rate which reflects the interest rate of the Government bonds of the same currency and similar maturity as the employment benefits. Actuarial gains and loss are recognised in the statement of profit or loss and other comprehensive income.

3.12. Contingencies

Contingent liabilities are not recognised in the financial statements. They need to be disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

A contingent asset is not recognised in the financial statements.

3.13. Provisions

Provision is recognised when the Company has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, considering the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

3.14. Income tax

Income tax expense represents the sum of the current tax and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted by the end of the reporting period. As at 31 December 2025, the income tax applied to the Company was 16%, as at 1 January 2024 – 15%. On 1 January 2026, amendments to the Law on Corporate Income Tax of the Republic of Lithuania came into force, increasing the corporate income tax rate to 17%. The new corporate income tax rate will be applied for the calculation of income tax for 2026 and subsequent years.

For companies operating in Lithuania tax losses can be carried forward for indefinite period, except for the loss incurred as a result of disposal of securities and/or derivatives. Tax losses carried forward cannot exceed 70% of current year taxable profit. Such carrying forward is disrupted if the Company changes its activities due to which these loss was incurred except when the Company does not continue its activities due to reasons which do not depend on the Company itself. The loss from disposal of securities and/or derivatives not designated for hedge can be carried forward for five consecutive years and only be used to reduce the taxable income earned from the transactions of the same nature. As at 31 December 2025, the Company's tax loss carry forward amounted to EUR 1,730 thousand, and, as at 31 December 2024, to EUR 1,796 thousand (Note 9).

Deferred tax

Deferred tax is recognised for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax liabilities are recognised for all temporary differences, whereas deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Such deferred assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available for the Company to realise these assets up to an amount that is likely to reduce taxable profit in the future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3.15. Revenue Recognition

Revenue from contracts with customers

The principal activities of the Company are the supply of water and wastewater treatment services.

Revenue from contracts with customers is recognised when control of the services or goods are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for goods or services rendered. The Company controls goods or services before it transfers them to the customer, therefore, the Company acts as a principal.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 3.19.

The Company provides its services that are either sold separately (only water supply or wastewater services) or bundled together. Contracts for bundled services are comprised of several performance obligations because the promises to transfer different services are capable of being distinct and separately identifiable. Accordingly, the Company allocates the transaction price based on the relative stand-alone selling prices of the separate services (including selling (fixed subscription) price).

The Company recognises revenue from water supply and waste water management services over time, using a delivery method (used cubic meters by the customer) to measure provision of the services, because the customer simultaneously receives and consumes the benefits provided by the Company. Other incidental revenue from the sale of buildings, plant, equipment or inventory is recognised at a point in time, generally when the rewards and risks of ownership are transferred to the customer.

In-kind income from equipment relocation/restoration from third parties are recognised at cost determined in accordance with the real estate registry central database and accounted for as a revenue at a point in time in the statement of profit or loss and other comprehensive income in the period, when the asset has been received, because the performance obligation is satisfied when customer is connected to the network.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties). The Company typically provides maintenance services for general repairs of defects as required by law. These assurance-type warranties are accounted for under IAS 37 Provisions, Contingent Liabilities and Contingent Assets, however, the Company did not provide any warranties that would comply with IAS 37 as at 31 December 2025 and 2024. No other promises in the contracts exist that could be treated as a separate performance obligation.

In determining the transaction price, the Company considers the effects of variable consideration. Accrued revenue is recorded and recognised based on variable units of output used by the consumer.

In order to fully account for the Company's income for services provided, at the end of reporting period on 31 December, income for the last month of the reporting year that was received for providing water and/or wastewater management and maintenance services is accrued, but the meter readings for these services have not been submitted by customers and, therefore, these services are unbilled. In addition, the management considers the effect of other matters to the revenue recognition such as the existence of significant financing components, non-cash consideration, and consideration payable to the customer. None of these are present in the Company's contracts with the costumers.

Transaction price allocated to the remaining performance obligation is not disclosed because the Company has the right to consideration from a customer in an amount that corresponds directly with the value to the customer of the entity's performance completed to date.

Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets (Note 3.6).

Contract liabilities - prepayments received

A contract liability is the obligation to transfer goods or services to a customer for which the Company has already received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made. Contract liabilities are recognised as revenue when the Company performs under the contract.

3.16. Borrowing costs

The Company capitalises borrowing costs that are attributable to the acquisition, construction, reconstruction or production of a qualifying asset (at least 6 months) over the period of investment project and are incurred before the start of the use/commissioning of the asset. These costs are included in the cost of the asset (Note 3.3). Interest on loans granted for specific investment projects referred to in loan contracts are capitalised if the value of the specific investment project is not less than EUR 100,000. Interest on other loans are capitalised if the value of the investment project planned is not less than EUR 300,000. In such a case, the capitalisation rate is the weighted average of the borrowing costs related to the Company's debts that remain outstanding during that period, excluding borrowing for specific investment projects. All other borrowing costs are expensed in the period they occur.

3.17. Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable by the entity or the counterparty in the normal course of business and in the event of default, insolvency or bankruptcy.

3.18. Regulated activity

Profitability of the Company's regulated services is regulated by the National Energy Regulatory Council under the approved Methodology for Pricing Drinking Water Supply and Wastewater Treatment and Sur-

face Wastewater Treatment Services (hereinafter “the Pricing Methodology”). The prices of drinking water supply and wastewater treatment services are set in accordance with the Pricing Methodology effective at that date, based on which the price includes the necessary costs and normative profit. The necessary costs are determined based on the actual costs of the basic year, long-term operating and development plan and other reasons influencing change in the level of service and costs, and water suppliers benchmarking indicators. If drinking water suppliers ensuring the supply of drinking water supply and wastewater management services that meet safety and quality requirements lack the funds for the investments necessary to provide quality eligible drinking water supply and wastewater management services, an additional component of the price of drinking water supply and wastewater management services may be set.

Due to the specifics of price regulation, differences in actual costs in the current period are not reported under the assets or liabilities, but are recognised in the future when the regulator includes these costs in calculation of the prices of services and when the services are provided at these prices.

On 20 December 2024, the National Energy Regulatory Council set the prices of drinking water supply and wastewater treatment services, which effect from 1 February 2025. The main contributors to the change in tariffs were increases in the prices of goods, services and works due to inflation in previous years, and the cost of borrowed capital. For the first time, the change in the service tariff included an investment component, which was targeted to accelerate the modernisation and development of drinking water supply and wastewater management infrastructure.

On 18 December 2025, the National Energy Regulatory Council set the prices of drinking water supply and wastewater treatment services of Vilniaus Vandenys, with effect from 1 February 2026. The change in prices was primarily driven by the Company’s investments in infrastructure development, reconstruction, and digitisation, as well as in enhancing physical security. The service tariff also includes an investment component, which will amount EUR 33.8 million in 2026-2028 and will be targeted at improving service quality, meeting increasingly stringent environmental requirements, and enhancing the resilience of infrastructure.

3.19. Significant accounting judgements, estimates and assumptions

The preparation of the financial statements requires management of the Company to make judgements, estimates and assumptions that affects the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent liabilities, at the reporting date. The uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future. The significant areas of estimation used in the preparation of the financial statements are discussed below.

Useful life of property, plant and equipment

The key assumptions concerning determination the useful life of property, plant and equipment are as follows: expected usage of the asset, expected physical wear and tear, technical or commercial obsolescence arising from changes or improvements in the services, legal or similar limits on the use of the asset, such as the expiry dates of related leases.

Provision for registration of protection zones

The Lithuanian Republic Law on Special Conditions on Land Use came into effect on 1 January 2020 introducing obligation for the Company to register special protection conditions (protection zones) of a land owned or near the Company’s infrastructure in the state real estate registry and pay compensations to land owners

for the land covered by the protection zones. The Company recorded a provision for protection zone establishment and registration costs. In March 2025, the Ministry of the Environment of the Republic of Lithuania completed the approval of the protection zone plans submitted by the Company, and the procedures for public disclosure and registration of the protection zones with the State Enterprise Centre of Registers were finalised, therefore, the Company reversed the unused provision balance in 2025 (Note 26).

Revenue from contracts with customers

The Company applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

- Identifying performance obligations in a bundled sale of different services

The Company provides water supply and waste water management services that are either sold separately or bundled together. The Company determined that both the water supply and waste water management are capable of being distinct. These services are not highly interdependent or highly interrelated, because the Company would be able to provide waste water management if the customer declined water supply and vice versa.

Consequently, the Company allocated a portion of the transaction price (including selling (fixed subscription) price) to the different services based on relative stand-alone selling prices.

- Determining the timing of operational obligations for water supply and wastewater management services

The Company recognises revenue from water supply and waste water management services over time, using a delivery method (used cubic meters by the customer) to measure provision of the services, because the customer simultaneously receives and consumes the benefits provided by the Company. The consumption made by the customer can be reliably measured by the Company. In order to fully account for the Company’s income for services provided, at the end of reporting period on 31 December, income for the last month of the reporting year that was received for providing water and/or wastewater management and maintenance services is accrued, but the meter readings for these services have not been submitted by customers and, therefore, these services are unbilled.

Accounted revenue based on average consumption

The Company provides services to existing customers uninterruptedly, regardless of whether they submit meter readings or not. In order to represent the Company’s revenue as accurately as possible for the services provided and the water consumed, an average consumption for the customers that do not submit meter readings for the ongoing month is calculated on the basis of water and/or wastewater volumes calculated in previous reporting periods.

Impairment allowance for trade receivables

The Company uses a provision matrix to calculate the expected credit loss (ECL) for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (by the type of customer).

The provision matrix is initially based on the Company’s historical observed default rates. The Company calibrates the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (GDP and unemployment rate) are expected to deteriorate/slow

down, which can lead to an increased number of defaults, the historical default rates are adjusted to reflect forward-looking estimates. At every reporting date, the historical observed default rates and changes in the forward-looking estimates are reviewed. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant judgement and estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The information about the ECLs on the Company's trade receivables is disclosed in Note 12.

For the purpose of the estimation of doubtful amounts receivable, private customers' (PC) and legal entities' (LE) debts are grouped by overdue period. The expected credit loss rates used to calculate the ECLs as at 31 December 2025 and 2024 are provided below:

Overdue period	2025		2024	
	Expected credit loss rates PC, %	Expected credit loss rates LE, %	Expected credit loss rates PC, %	Expected credit loss rates LE, %
Less than 1 month	1.00%	0.54%	1.00%	0.52%
1–2 months	8.00%	5.00%	8.00%	4.00%
2–3 months	19.00%	11.00%	20.00%	11.00%
3–4 months	32.00%	16.00%	32.00%	16.00%
4–5 months	43.00%	20.00%	44.00%	20.00%
5–6 months	56.00%	24.00%	57.00%	25.00%
6–7 months	66.00%	30.00%	67.00%	30.00%
7–8 months	74.00%	39.00%	75.00%	39.00%
8–9 months	82.00%	54.00%	82.00%	56.00%
9–10 months	88.00%	71.00%	88.00%	73.00%
10–11 months	94.00%	82.00%	95.00%	87.00%
More than 11 months	100.00%	100.00%	100.00%	100.00%

The Company builds the expected loss rate matrix which is based on historical credit loss analysis and adjusted to reflect future factors specific to borrowers and the economic environment.

For some customers of the Company, an individual assessment of impairment of receivables can be performed based on the decision of the Company's management. In 2025 and 2024, an individual impairment assessment was not applied.

Impairment of property, plant and equipment

Each year, the Company, based on the assumptions, assesses whether there is any indication that any item of property, plant and equipment may be impaired and requires impairment testing. As at 31 December 2025 and 2024, the Company's assessment of its property, plant and equipment for impairment did not identify any indications of impairment.

Tax incentive for investment project

The Company applies a tax incentive for new infrastructure network development projects in accordance with Article 46(1) of the Law on Corporate Income Tax of the Republic of Lithuania. The development of water supply and wastewater network takes place by expanding the geography of consumers and connecting new consumers to water supply and/or wastewater networks. The investment projects for the development of the infrastructure network run between one to three years. As at 31 December 2025, the Company had unused tax credits in the amount of EUR 33,596 thousand (31 December 2024: EUR 32,165 thousand) related to the capital investments made in 2022-2025. The Company's management estimates that, based on taxable profit forecasts, the Company will be able to use this tax incentive until 2028 (Note 9).

4. Revenue

	01/01/2025	01/01/2024
	31/12/2025	31/12/2024
Water supply	25,502	25,461
Wastewater treatment	34,872	30,017
Meter maintenance fee	2,547	2,430
Drainage	1,747	1,554
Income from commercial work and services	1,528	1,464
In-kind income from equipment relocation	931	839
Fines and default interest related to customers	384	-
Net gain on disposal of non-current assets	93	7
Income from sale of inventory	174	305
Other income	72	20
Total:	67,850	62,097

In 2025, the Company attributed income from water supply, wastewater treatment services, meter maintenance fee, drainage, in-kind income from equipment relocation and commercial work and services to revenue from contracts with customers, and fines and default interest related to customers, the total amount of which was EUR 67,511 thousand (2024: EUR 61,765 thousand). In 2025, other operating income comprised income from disposal of assets, sale of inventories and raw materials, and other income, the total amount of which was EUR 339 thousand (2024: EUR 332 thousand).

In 2025, revenue recognised from amounts recorded as contract liabilities, i.e. advances received, as at 31 December 2024, amounted to EUR 452 thousand. In 2024, revenue recognised from amounts recorded as contract liabilities, i.e. advances received, as at 31 December 2023, amounted to EUR 430 thousand.

100% of the Company's income was earned in the Republic of Lithuania.

In-kind income from equipment relocation earned in 2025 and 2024 is comprised of the average market value of networks reconstructed, newly built and registered on behalf of the Company and funded by real estate developers. The average market value is based on the extracts from the central database of the real estate register.

5. Payroll and related expenses

	01/01/2025 31/12/2025	01/01/2024 31/12/2024
Wages and salaries	19,855	18,012
Change in vacation reserve	60	(22)
Social security contributions	406	370
Change in accrued liabilities to employees	141	112
Total:	20,462	18,472

6. Tax expenses

	01/01/2025 31/12/2025	01/01/2024 31/12/2024
Tax on natural resources	2,783	2,626
Pollution tax	1,681	2,158
National Energy Regulatory Council	166	157
Real estate tax	41	46
Land lease	4	5
Other taxes	198	161
Total:	4,873	5,153

7. Other expenses

	01/01/2025 31/12/2025	01/01/2024 31/12/2024
Customer service expenses	922	954
Consultations	665	236
Insurance	582	453
Commercial service costs	531	407
Premise maintenance, garbage collection, and waste management	451	453
Promotion and commerce	438	299
Water expenses for technology and own use	261	288
Events to employees	244	170
Training	212	157
Occupational safety and special clothing	183	131
Cost of disposal of current assets	173	291
Rent of collectors	172	176
Legal services	152	83
Heating	115	128
Provision for pensions	(249)	245
Other expenses	1,392	1,467
Total:	6,244	5,938

The total expenses of audit of financial statements, assurance services in relation to regulated activities and limited assurance engagement on sustainability reporting provided by ERNST & YOUNG BALTIC UAB amounted to EUR 199.9 thousand in 2025, and audit expenses of the financial statements amounted to EUR 38 thousand in 2024.

8. Finance income and costs

	01/01/2025 31/12/2025	01/01/2024 31/12/2024
Finance income		
Interest income	158	545
Penalties and default interest received	-	172
Total:	158	717
Finance (costs)		
Interest (expenses)	(1,776)	(1,911)
Penalties and default interest (paid)	-	(5)
Total:	(1,776)	(1,916)
Finance income/(costs), net	(1,618)	(1,199)

9. Income tax

In 2025 and 2024, the income tax expense (benefit) consisted of the following components:

	01/01/2025 31/12/2025	01/01/2024 31/12/2024
Income tax expense		
Current income tax	-	-
Deferred income tax benefit (expenses)	(384)	1,925
Income tax benefit (expense) recorded in the statement of profit or loss and other comprehensive	(384)	1,925

Change in deferred tax assets during 2025 and 2024:

	01/01/2024	Income tax (expenses) benefit through profit or loss	31/12/2024	Income tax (expenses) benefit through profit or loss	31/12/2025
Accumulated losses	465	(178)	287	7	294
Accrual for vacation reserve	211	10	221	24	245
Allowance for accounts receivable	188	54	242	26	268
Employee benefits	296	77	373	5	378
Write-down allowance for inventories	16	(16)	-	-	-
Unused tax incentive for investment project	2,582	2,515	5,097	615	5,712
Provision for protection zone establishment and registration	56	(4)	52	(52)	-
Lease liabilities	211	(8)	203	(26)	177
Deferred tax asset	4,025	2,450	6,475	599	7,074

	01/01/2024	Income tax (expenses) benefit through pro- fit or loss	31/12/2024	Income tax (expenses) benefit through pro- fit or loss	31/12/2025
Financial and tax differences for investment incentive using II method until 2002	(663)	(14)	(677)	(16)	(693)
Differences of property, plant and equipment financial and tax depreciation	(1,468)	(530)	(1,998)	(993)	(2,991)
Right-of-use assets	(211)	19	(192)	26	(166)
Deferred tax liability	(2,342)	(525)	(2,867)	(983)	(3,850)
Deferred tax, net	1,683	1,925	3,608	(384)	3,224

Presented in the statement of financial position as follows:

	31/12/2025	31/12/2024
Deferred tax assets	3,224	3,608

As at 31 December 2025, the deferred tax was calculated at the corporate income tax rate of 17%, as at 31 December 2024- at the rate of 16%.

As at 31 December 2025 and 2024, the deferred tax asset is recognised in the statement of financial position to the extent that the Company's management expects it to be realised until 2028 based on taxable profit-forecasts.

Income tax expense disclosed in the statement of profit or loss and other comprehensive income relating to the result of the year may be reconciled to income tax expense that would arise using an enacted income tax rate of 16% applicable to profit before income tax (2024- 15%.):

	01/01/2025 31/12/2025	01/01/2024 31/12/2024
Profit (loss) before tax	3,973	3,100
Income tax expenses calculated at statutory tax rate	636	465
Non-taxable income	(71)	(160)
Expenses not deductible for income tax	488	362
Tax incentives	(479)	(2,592)
Effect of increase in tax rate as of 2026 (from 16% to 17%)	(190)	-
Income tax (benefit) expense recorded in the statement of profit or loss and other comprehensive income	384	(1,925)

10. Property, Plant and Equipment and Right-of-Use Asset

	Buildings	Structures	Transmis- sion de- vices	Plant and equipment	Vehicles	Other property, plant and equip- ment	Con- struc- tion- in-pro- gress	Prepay- ments	Total
Acquisition cost									
As at 1 January 2024	34,315	52,498	214,809	46,328	4,747	20,475	20,330	44	393,546
Additions	-	7	1,927	650	224	313	22,822	283	26,226
Disposals and write-offs	(557)	(854)	(1,171)	(777)	(134)	(3,357)	(32)	-	(6,882)
Reclassifications from CIP	1,974	681	6,587	3,030	-	5,997	(18,026)	(243)	-
Reclassifications to/from grants	5	129	-	-	-	-	-	-	134
As at 31 December 2024	35,737	52,461	222,152	49,231	4,837	23,428	25,094	84	413,024
As at 1 January 2025	35,737	52,461	222,152	49,231	4,837	23,428	25,094	84	413,024
Additions	201	97	5,868	1,091	248	440	30,494	25	38,464
Disposals and write-offs	(165)	(132)	(515)	(1,633)	(3)	(1,792)	-	-	(4,240)
Reclassifications from CIP	2,080	4,972	13,045	13,036	-	7,226	(40,268)	(91)	-
Reclassifications between groups of property, plant and equipment	-	5	(13)	99	-	(91)	-	-	-
Reclassified to assets held for sale	(204)	(49)	-	(65)	-	(2)	-	-	(320)
Reclassifications to/from grants	-	-	(56)	(231)	-	-	(35)	-	(322)
Reversal of impairment	2	-	-	-	-	-	-	-	2
As at 31 December 2025	37,651	57,354	240,481	61,528	5,082	29,209	15,285	18	446,608

	Buildings	Structures	Transmis- sion de- vices	Plant and equipment	Vehicles	Other property, plant and equip- ment	Con- struc- tion- in-pro- gress	Prepay- ments	Total
Accumulated depreciation									
As at 1 January 2024	13,894	31,598	96,101	24,047	2,947	9,970	-	-	178,557
Depreciation for the year	573	889	4,979	3,081	505	1,913	-	-	11,940
Disposals and write-offs	(552)	(708)	(851)	(744)	(130)	(3,108)	-	-	(6,093)
As at 31 December 2024	13,915	31,779	100,229	26,384	3,322	8,775	-	-	184,404
As at 1 January 2025	13,915	31,779	100,229	26,384	3,322	8,775	-	-	184,404
Depreciation for the year	590	998	6,051	3,313	459	2,297	-	-	13,708
Disposals and write-offs	(104)	(131)	(307)	(1,498)	(3)	(1,487)	-	-	(3,530)
Reclassifications between groups of property, plant and equipment	-	-	-	273	-	(273)	-	-	-
Reclassified to assets held for sale	(85)	(49)	-	(42)	-	(1)	-	-	(177)
As at 31 December 2025	14,316	32,597	105,973	28,430	3,778	9,311	-	-	194,405
Net book amount as at 31 December 2024	21,822	20,682	121,923	22,847	1,515	14,653	25,094	84	228,620
Net book amount as at 31 December 2025	23,335	24,757	134,508	33,098	1,304	19,898	15,285	18	252,203

Right-of-use assets	
Acquisition cost	
As at 1 January 2024	2,656
Additions	53
As at 31 December 2024	2,709
As at 1 January 2025	2,709
Additions	54
As at 31 December 2025	2,763
Accumulated depreciation	
As at 1 January 2024	1,252
Depreciation for the year	259
As at 31 December 2024	1,511
As at 1 January 2025	1,511
Depreciation for the year	273
As at 31 December 2025	1,784
Net book amount as at 31 December 2024	1,198
Net book amount as at 31 December 2025	979

As at 31 December 2025, property, plant and equipment cost was reduced by received grants, related to the assets, which cost was EUR 179,777 thousand as at 31 December 2025 (as at 31 December 2024 – EUR 179,831 thousand), and net book value of such assets was EUR 118,751 thousand as at 31 December 2025 (as at 31 December 2024 – EUR 123,073 thousand).

The grants consist of financing received from the EU Structural Funds for the infrastructure development, from the state budget for the projects aimed at reducing environmental impact and developing renewable energy, and assets received free of charge from municipalities. In 2025, the asset-related grants amounted to EUR 173 thousand (2024: EUR 62 thousand).

In 2025, the amortisation of the grants received amounted to EUR 4,786 thousand (2024: EUR 4,789 thousand).

In 2025, in-kind contributions to the issued capital from municipalities amounted to EUR 3,867 thousand (2024: EUR 405 thousand) (Note 15).

As at 31 December 2025, the Company's debt for the acquisition of property, plant and equipment amounted to EUR 5,482 thousand (as at 31 December 2024, EUR 3,918 thousand).

In 2025, the amount of in-kind income received from third parties for equipment relocation, which was accounted for as income in the statement of profit or loss and other comprehensive income, amounted to EUR 931 thousand (2024: EUR 839 thousand).

As at 31 December 2025, property, plant and equipment of the Company with net book value* of EUR 31,846 thousand (31 December 2024: EUR 32,287 thousand) was pledged to banks as a collateral for the loans (Note 17).

As at 31 December 2025, the Company's property, plant and equipment with an acquisition cost* of EUR 52,673 thousand was fully depreciated (31 December 2024: EUR 47,354 thousand), but still in use.

In 2025, the Company's borrowing interest capitalised attributable to the acquisition, construction, reconstruction or production of a qualifying asset over the period of investment project amounted to EUR 290 thousand (2024: EUR 633 thousand).

As at 31 December 2025 and 2024, the Company's property, plant and equipment with inventory performed, but legally not registered, as well as property, plant and equipment with inventory not performed and legally not registered was as follows:

	PPE with inventory procedures performed, but legally not registered		PPE with inventory procedures not performed and legally not registered	
	Net book value*, thousand EUR	Number of PPE items	Net book value*, thousand EUR	Number of PPE items
Net book amount as at 31 December 2024	180	20	71	9
Net book amount as at 31 December 2025	63	16	69	9

These assets are accounted for in the Company's property, plant and equipment accounts as the Company bears significant risks and rewards related to the respective assets.

Right-of-use assets

A long-term office lease agreement effective until 2027 was recognised in the right of use asset.

Lease agreements with lease term from 20 to 99 years were also accounted for in the right-of-use asset (Note 18).

	Buildings	Land lease	Total
As at 1 January 2024	914	490	1,404
Additions	44	9	53
Depreciation charge	(250)	(9)	(259)
As at 31 December 2024	708	490	1,198
As at 1 January 2025	708	490	1,198
Additions	36	18	54
Depreciation charge	(263)	(10)	(273)
As at 31 December 2025	481	498	979

* All values are shown before offsetting with grants received.

11. Intangible assets

	Software and acquired rights	Servitudes and protection zones	Projects in progress	Prepay- ments	Total
Acquisition cost as at					
1 January 2024	2,897	447	1,194	-	4,538
Additions	110	-	850	-	960
Reclassifications from projects in progress	92	-	(92)	-	-
Write-offs (-)	(66)	-	-	-	(66)
As at 31 December 2024	3,033	447	1,952	-	5,432
As at 1 January 2025	3,033	447	1,952		5,432
Additions	71	-	2,460	24	2,555
Reclassifications to/from grants	(249)	-	-	-	(249)
Reclassifications from projects in progress	1,207	24	(1,207)	(24)	-
Write-offs (-)	-	(154)	-	-	(154)
As at 31 December 2025	4,062	317	3,205	-	7,584
Accumulated amortization as at					
1 January 2024	2,076	-	-	-	2,076
Amortisation charge for the year	245	-	-	-	245
Write-offs (-)	(66)	-	-	-	(66)
As at 31 December 2024	2,255	-	-	-	2,255
As at 1 January 2025	2,255	-	-	-	2,255
Amortisation charge	340	-	-	-	340
As at 31 December 2025	2,595	-	-	-	2,595
Net book amount as at					
31 December 2024	778	447	1,952	-	3,177
Net book amount as at					
31 December 2025	1,467	317	3,205	-	4,989

As at 31 December 2025 and 2024, the acquisition cost of intangible assets was reduced by the asset-related grants to EUR 462 thousand as at 31 December 2025 (as at 31 December 2024, EUR 213 thousand), with their net book amount totalling EUR 317 thousand as at 31 December 2025 (as at 31 December 2024, EUR 133 thousand).

As at 31 December 2025, costs recorded under projects in progress, include cost of installation of financial accounting, management accounting, customer servicing and provision of services to customers, including the billing for services, Microsoft Dynamics 365 Business Central information system, amounting to EUR 3,193 thousand (2024: EUR 1,573 thousand).

As at 31 December 2025, the Company's debt for the acquisition of intangible assets amounted to EUR 510 thousand. As at 31 December 2024, the Company did not have any debts for the acquisition of intangible assets.

In 2025, the amortisation of the grants received amounted to EUR 65 thousand (2024: EUR 49 thousand). The part of the Company's intangible assets with acquisition cost of EUR 1,357 thousand as at 31 December 2025 (EUR 1,205 thousand as at 31 December 2024) was fully amortised but still in use.

12. Trade and other receivables

	31/12/2025	31/12/2024
Non-current portion of trade and other receivables		
	36	109
Total:	36	109

The non-current portion of receivables comprised the debt for movable and immovable property in the town of Pabradė sold to Švenčionys District Municipality in 2022. Under the signed finance lease agreement, payments are made each year in two instalments until 2027.

	31/12/2025	31/12/2024
Current trade and other receivables		
Trade receivables	9,326	8,369
Accrued income	1,046	827
Other receivables	72	28
	10,444	9,224
Less: allowance for doubtful trade receivables	(1,577)	(1,512)
Total:	8,867	7,712

Trade receivables are non-interest bearing and are generally settled on up to 30 calendar days terms if no separated arrangements for the deferred payment exist.

Trade receivables also include fee receivable for water and/or wastewater management and maintenance services rendered, the meter readings for which were not submitted in the last month of the reporting period and, therefore, not billed. As at 31 December 2025, such accrued subscription income increased by EUR 89 thousand and totalled EUR 443 thousand (31 December 2024: EUR 355 thousand), consumer service income increased by EUR 130 thousand and totalled EUR 602 thousand (31 December 2024: EUR 472 thousand).

Change in impairment loss from contracts with customers in 2025 and 2024 was as follows:

	31/12/2025	31/12/2024
Balance at the beginning of the year	1,512	1,255
Impairment for the year	205	348
Write-off to bad debts	(140)	(91)
Balance at the year-end	1,577	1,512

The ageing analysis of trade receivables of the Company as at 31 December 2025 was as follows:

	Trade receivables past due and impaired						Total
	Not past due	Less than 30 days	31–90 days	91–180 days	181–365 days	More than 365 days	
<i>Natural persons</i>	2,956	289	160	89	127	763	4,384
Impairment	29	23	36	47	109	748	992
<i>Legal persons</i>	3,838	218	215	112	135	424	4,942
Impairment	20	11	25	26	87	416	585
Total impairment	49	34	61	73	196	1,164	1,577

The ageing analysis of trade receivables of the Company as at 31 December 2024 was as follows:

	Trade receivables past due and impaired						Total
	Not past due	Less than 30 days	31–90 days	91–180 days	181–365 days	More than 365 days	
<i>Natural persons</i>	2,624	249	155	95	100	700	3,923
Impairment	26	20	38	51	88	693	916
<i>Legal persons</i>	3,328	302	141	127	262	395	4,555
Impairment	16	12	18	30	129	391	596
Total impairment	42	32	56	81	217	1,084	1,512

13. Prepayments and deferred expenses

	31/12/2025	31/12/2024
Prepayments	47	76
Deferred expenses	1,052	1,062
	1,099	1,138

The non-current portion of deferred expenses is recorded in the statement of financial position under other non-current assets.

14. Cash and cash equivalents

	31/12/2025	31/12/2024
Cash at bank	18,792	19,032
Cash in transit	95	110
	18,887	19,142

As at 31 December 2025 and 2024, funds and future income in the bank account and future inflows to bank accounts were not pledged.

15. Issued capital

	31/12/2024		Increase in issued capital			31/12/2025	
	Number of shares held	Value of shares held	Increase in the value of shares	Cash contributions	In-kind contributions	Number of shares held	Value of shares held
Vilnius City Mun.	4,459,526	129,148	80,355	-	2,327	4,539,881	131,475
Vilnius Distr. Mun.	261,181	7,564	66,978	400	1,540	328,159	9,504
Švenčionys Distr. Mun.	306,383	8,873	-	-	-	306,383	8,873
Šalčininkai Distr. Mun.	95,973	2,779	-	-	-	95,973	2,779
	5,123,063	148,364	147,333	400	3,867	5,270,396	152,631

	31/12/2023		Increase in issued capital			31/12/2024	
	Number of shares held	Value of shares held	Increase in the value of shares	Cash contributions	In-kind contributions	Number of shares held	Value of shares held
Vilnius City Mun.	4,459,526	129,148	-	-	-	4,459,526	129,148
Vilnius Distr. Mun.	225,542	6,532	35,639	1,000	32	261,181	7,564
Švenčionys Distr. Mun.	231,358	6,700	75,025	1,800	373	306,383	8,873
Šalčininkai Distr. Mun.	95,973	2,779	-	-	-	95,973	2,779
	5,012,399	145,159	110,664	2,800	405	5,123,063	148,364

The Company’s issued capital is made up of ordinary shares with the nominal value of EUR 28.96 each.

As at 31 December 2025 and 2024, the issued capital of the Company was fully paid. The Company did not hold its own shares.

On 24 April 2025, the ordinary general meeting of shareholders adopted the decision to approve the profit distribution draft for 2024 and to pay EUR 600 thousand in dividends.

No dividends for shareholders were declared in 2024.

16. Reserves

Legal reserves

The legal reserve is mandatory under the legislation of the Republic of Lithuania. Annual transfers of not less than 5% of net profit of the Company are compulsory until the reserve reaches 10% of the share capital. EUR 251 thousand were transferred to the legal reserve in 2025, and EUR 508 thousand in 2024. As at 31 December 2025, the legal reserve was not yet fully established and amounted to EUR 1,969 thousand (as at 31 December 2024, EUR 1,718 thousand).

Other reserves

Other reserves are created from the profit available for distribution and designated for the specific purposes of a Company. They may be used for offsetting the Company's losses incurred or for increasing the issued capital. In 2025, when distributing a net profit of 2024, EUR 7,510 thousand was transferred to the reserve for the Company's investments envisaged in the Operational and Development Plan for 2023-2027, and EUR 9,661 in 2024. As at 31 December 2025, other reserves amounted to EUR 17,171 thousand (31 December 2024, EUR 9,661 thousand).

17. Loans

Non-current and current loans of the Company include:

	31/12/2025	31/12/2024
Non-current loans		
Non-current loans	89,328	72,805
	89,328	72,805
Current loans		
Current portion of non-current loans	3,478	2,321
Accrued interest payable	624	712
Total:	93,430	75,838

Lender	Annual interest rate, %	Currency of the loan	Total amount of the loan	Repayment date	31/12/2025	31/12/2024
Ministry of Finance of the Republic of Lithuania	1.611%	EUR	19,400	04/10/2040	11,675	12,453
Viešųjų investicijų plėtros agentūra (VIPA)	2%	EUR	2,500	15/01/2040	2,088	2,216
Viešųjų investicijų plėtros agentūra (VIPA)	2%	EUR	894	15/01/2040	678	718
Viešųjų investicijų plėtros agentūra (VIPA)	2%	EUR	6,176	15/12/2040	4,448	4,701
Viešųjų investicijų plėtros agentūra (VIPA)	2%	EUR	6,058	15/11/2041	5,333	5,615
European Investment Bank	floating*	EUR	70,000	31/12/2045	69,208	50,135
			Less: current portion		(3,478)	(2,321)
			accrued interest payable		(624)	(712)
Non-current loans, net of current portion					89,328	72,805

The terms of repayment of non-current and current loans are as follows:

	31/12/2025	31/12/2024
Within one year	4,102	3,033
From one to five years	20,199	16,425
After five years	69,129	56,380
Total:	93,430	75,838

To secure the fulfilment of financial liabilities to the creditor, the Company's property, plant and equipment with the net book value of EUR 31,846 thousand as at 31 December 2025 has been pledged (31 December 2024: EUR 32,287 thousand) (Note 10).

On 31 March 2021, the agreement was signed with the European Investment Bank (EIB) for the loan of EUR 20 million to finance the investment projects in 2020-2024, as well as for the loans of EUR 30 million on 31 March 2022, and EUR 50 million on 10 October 2025. The loans are granted for a period of 20 years with a floating annual interest rate. The floating interest rate is calculated for periods of six months. In 2025, EUR 20,000 thousand was received under the loan agreements signed (2024: EUR 5,000 thousand); EUR 857 thousand was repaid (2024: EUR 286 thousand).

In line with the effective EIB's financing agreements, the Company is subject to financial covenants, such as a net financial debt to EBITDA, an interest coverage and an equity to asset ratios. As at 31 December 2025 and 2024, the Company did not exceed the covenant thresholds set.

* As at 31 December 2025, the interest rate set for different loan drawdowns ranged from 2.642% to 2.880%.

In 2020-2021, the agreements signed with Viešųjų Investicijų Plėtros Agentūra UAB (now ILTE UAB) for funding of the development of drinking water supply and wastewater collection networks in Vilnius City, Vilnius District, Švenčionėliai, Šalčininkai and Eišiškės agglomerations, amounted to EUR 15,628 thousand. Loans are granted with fixed annual interest rate of 2%, the loan maturity term is 240 months following the date of entry into force of the loan agreements. In 2025, EUR 689 thousand was repaid under these loan agreements with ILTE UAB (2024: EUR 663 thousand).

In 2018, the Company signed an agreement with the Ministry of Finance of the Republic of Lithuania that entitles the Ministry of Finance of the Republic of Lithuania to provide a EUR 19,400 thousand loan to fund an investment project „Provision of drinking water and wastewater treatment system renovation and development in Vilnius City“, including a separate project activity “Reconstruction of Vilnius City Wastewater Treatment Plant”. The loan agreement is concluded for a period of 18 years, with a fixed annual interest rate of 1,611% and maturity until 2040. In 2025, EUR 775 thousand was repaid under this agreement with the Ministry of Finance (2024: EUR 775 thousand).

18. Lease liabilities

The Company’s lease liabilities consist of liabilities under a long-term office lease agreement with Duetto UAB and lease liabilities under long-term land lease agreements with the Vilnius City Municipality, the Vilnius District and the Švenčionys District Municipality. Lease liabilities represent the present value of the future lease payments discounted at a borrowing rate effective at the time of the conclusion of the agreement. In 2025, the Vilnius District and the Švenčionys District Municipalities reviewed the values of leased land plots and increased the lease amounts for some of them, therefore, lease liabilities were remeasured by discounting the revised lease payments using a borrowing rate of 4.74%. A borrowing rate ranging from 6.09% to 6.21% was used in discounting land lease payments under the agreements signed in 2024.

The payments under the additional lease agreements signed with Duetto UAB in 2025 and 2024 were discounted at the 7% interest rate specified in the agreement.

	31/12/2025	31/12/2024
<i>Non-current payables and liabilities</i>		
Lease liabilities	743	995
<i>Current payables and liabilities</i>		
Current portion of lease liabilities	298	274
Total:	1,041	1,269

The maturity analysis of lease liabilities is disclosed in Note 22.

The Company applies the lease recognition exemptions for short-term leases of vehicles and leases with a value of EUR 6 thousand or less throughout a contract life.

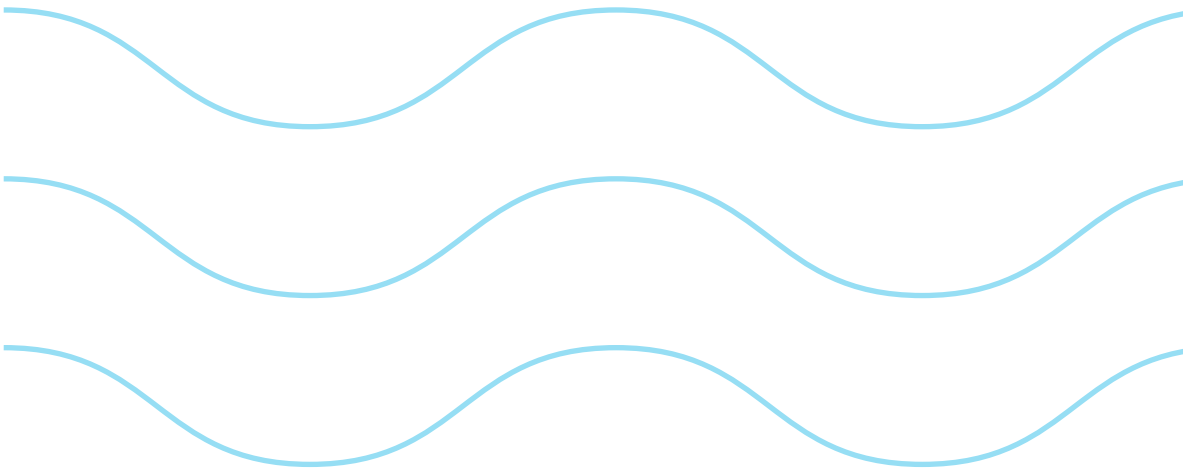
Costs incurred under collector lease agreement are also recognised in profit or loss, because the lease of these assets does not meet the criteria for identified assets set out in IFRS 16.

The following are the amounts recognized in profit or loss:

	01/01/2025 31/12/2025	01/01/2024 31/12/2024
Depreciation expense of right-of-use assets	273	259
Lease liability interest expenses	29	30
Expenses relating to short-term leases (included in other expenses in profit or loss)	-	4
Expenses relating to leases of low-value assets (included in other expenses in profit or loss)	51	42
Rent of collectors (Note 8)	172	176
Total amount recognised in profit or loss	525	511

19. Trade and other payables

	31/12/2025	31/12/2024
Trade payables for services	2,651	3,087
Trade payables for non-current assets, constructions in progress and reconstruction	6,116	4,222
Other borrowings	34	-
Total:	8,801	7,309



20. Other liabilities

	31/12/2025	31/12/2024
Other non-current liabilities		
Non-current portion of security deposits received	580	512
Total	580	512

	31/12/2025	31/12/2024
Other current liabilities		
Taxes payable, other than income tax	4,967	5,170
Vacation pay accrual	1,441	1,381
Accrued variable component of remuneration	1,348	1,208
Current portion of accrued pension liabilities	295	304
Taxes, salaries and social security	376	383
Accrued expenses	291	202
Liabilities to shareholders for contributions to issued capital	1,107	400
Other liabilities	796	985
Total	10,621	10,033

As at 31 December 2025, the liabilities to shareholders for contributions to issued capital comprise cash contributions of EUR 1,107 thousand from Vilnius District and Šalčininkai District Municipalities. In 2024, a EUR 400 thousand cash contribution to issue additional capital was received from Vilnius District Municipality.

Other payables are non-interest bearing.

21. Additional information on cash flows

	Assets	Lease liabilities		Loans		
	Cash and cash equivalents	Long-term lease liabilities	Current portion of lease liabilities	Non-current loans	Current portion of non-current loans	Total
As at 1 January 2025	19,142	995	274	72,805	3,033	96,249
<u>Cash changes</u>						
Changes in cash and cash equivalents	(255)	-	-	-	-	(255)
Loans received	-	-	-	20,000	-	20,000
Loans (repaid)	-	-	-	-	(2,321)	(2,321)
Lease payments	-	-	(282)	-	-	(282)
Interest paid	-	-	(29)	-	(2,124)	(2,153)
<u>Non-cash changes</u>						
Interest charges	-	-	29	-	2,124	2,153
Accrued interest payable	-	-	-	-	(87)	(87)
Lease contracts concluded/terminated	-	54	-	-	-	54
Reclassifications between items	-	(306)	306	(3,477)	3,477	-
As at 31 December 2025	18,887	743	298	89,328	4,102	113,358
As at 1 January 2024	24,695	1,226	255	70,126	2,473	98,775
<u>Cash changes</u>						
Changes in cash and cash equivalents	(5,553)	-	-	-	-	(5,553)
Loans received	-	-	-	5,000	-	5,000
Loans (repaid)	-	-	-	-	(1,724)	(1,724)
Lease payments	-	-	(262)	-	-	(262)
Interest paid	-	-	(30)	-	(2,551)	(2,581)
<u>Non-cash changes</u>						
Interest charges	-	-	30	-	2,551	2,581
Accrued interest payable	-	-	-	-	(37)	(37)
Lease contracts concluded/terminated	-	50	-	-	-	50
Reclassifications between items	-	(281)	281	(2,321)	2,321	-
As at 31 December 2024	19,142	995	274	72,805	3,033	96,249

22. Financial Risk Management Objectives and Policies

The Company’s principal financial liabilities comprise bank loans, advances received and trade payables. The Company has various financial assets such as trade and other receivables and cash, which arise directly from its operations.

The principal financial risks to which the Company is exposed are those of interest rate, liquidity and credit risks. The Company’s management reviews and agrees policies for managing each of these risks, which are summarised below. Due to the fact that liabilities of the Company are not affected by other currencies, thus risk of foreign exchange rates is not applicable.

Interest rate risk

The Company’s income, expenses and operating cash flows are substantially independent of changes in market interest rates, therefore are not linked to the interest rates risk. However, the Company has long-term loans that are necessary for the implementation of the investment projects provided for in the Operating and Development Plans. The Company’s long-term loans consist of long-term loans with fixed interest rates (as at 31 December 2025 – EUR 23,948 thousand, as at 31 December 2024 – EUR 25,412 thousand) and long-term loans with floating interest rates (as at 31 December 2025 – EUR 68,857 thousand, as at 31 December 2024 – EUR 49,714).

In 2025, the variable rate interest on loans amounted to EUR 1,586 thousand, and, in 2024, to EUR 2,037 thousand. The Company did not have any interest rate hedge transactions and did not use any interest rate risk management measures. The exposure to interest rate risk is assessed based on the Company’s sensitivity to interest rate changes. The effect of interest rate changes on profit before tax:

	31/12/2025		31/12/2024	
	EURIBOR increase/ decrease, pp	Impact on profit before tax	EURIBOR increase/ decrease, pp	Impact on profit before tax
EUR	0.5	260	0.5	235
EUR	(0.5)	(260)	(0.5)	(235)

There is no impact on the Company’s equity, other than current year profit impact.

Liquidity risk

The Company’s policy is to maintain sufficient cash and cash equivalents or have available funding through an adequate amount of loans for working capital purposes and credit facilities to meet its commitments at a given date in accordance with its strategic plans. The Company’s current liquidity (total current assets/total current payables and liabilities) and quick ((total current assets – inventories)/total current payables and liabilities) ratios as at 31 December 2025 were 1.20 and 1.16, respectively (1.30 and 1.25 as at 31 December 2024).

The management reviews the Company’s liquidity risks on a monthly, particularly during the planning process, and ad hoc basis. The report considers the cash flow forecast for at least five years ahead and allows the management to effectively plan cash injection if needed. The Company monitors regularly its risk to a shortage of funds using a standard monthly report on the cash flows with a liquidity projection for the future periods.

In 2025, the Company’s cash flows from operating activities amounted to EUR 15,795 thousand (2024: EUR 15,478 thousand). The Company managed to ensure going concern – to cover obligations to suppliers, employees, and to pay taxes. The management believes that positive operating cash flows (the 0.02 Eur/m³ higher price for drinking water supply and wastewater management was effective as of 1 January 2024, the 0.12 Eur/m³ higher price for drinking water supply and wastewater management for consumers in multi-family homes was effective as of 1 January 2025, and the 0.11 Eur/m³ higher price for consumers in single-family homes and business customers) are sufficient to ensure adequate funding for the activities of the Company, therefore the Company will be able to continue to operate for at least 12 months after the authorisation of the financial statements for issue.

The tables below summarise the maturity profile of the Company’s financial liabilities as at 31 December 2025 and 2024 based on contractual undiscounted payments:

	On demand	Less than 3 months	From 3 to 12 months	From 1 to 5 years	After 5 years	Total
Interest bearing loans	-	1,188	4,630	28,470	80,802	115,090
Lease liabilities	-	81	243	310	1,010	1,644
Trade and other payables	698	8,103	-	-	-	8,801
Other liabilities	-	81	2,114	581	-	2,776
As at 31 December 2025	698	9,453	6,987	29,361	81,812	128,311

	On demand	Less than 3 months	From 3 to 12 months	From 1 to 5 years	After 5 years	Total
Interest bearing loans	-	877	3,712	25,070	68,231	97,890
Lease liabilities	-	76	227	575	999	1,877
Trade and other payables	-	7,309	-	-	-	7,309
Other liabilities	-	50	1,537	512	-	2,099
As at 31 December 2024	-	8,312	5,476	26,157	69,230	109,175

Credit risk

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets, as disclosed in Note 19.

Trade receivables are distributed among many customers, so credit risk is diversified. Credit risk, or the risk of counterparties defaulting, is controlled by the Company using the control procedures. Due to the Company’s business specifics deposit or prepayment of the customers are not required.

In order to diversify the credit risk, the Company’s cash resources are held in a number of financial institutions, which or whose parent companies have at least A- by Fitch Ratings agency (or other equivalent rating agency) long-term debt credit rating.

Fair Value of Financial Instruments

The Company's principal financial instruments not carried at fair value are trade and other receivables, trade and other payables, non-current and current borrowings.

Fair value is supported by quoted market prices, discounted cash flow models and options pricing models depending on the circumstances.

The fair value of the Company's financial assets and current financial liabilities approximates their carrying amounts as at 31 December 2025 and 2024 (Level 3).

As at 31 December 2025, the fair value of non-current borrowings with fixed interest rates was EUR 4,275 thousand less than their carrying amount:

	Fixed annual interest rate	Loan balance as at 31/12/2025	Fair value of loans of 31/12/2025
Ministry of Finance	1.61%	11,630	9,646
Viešųjų Investicijų Plėtros Agentūra (VIPA)	2.00%	2,013	1,664
Viešųjų Investicijų Plėtros Agentūra (VIPA)	2.00%	667	551
Viešųjų Investicijų Plėtros Agentūra (VIPA)	2.00%	4,322	3,523
Viešųjų Investicijų Plėtros Agentūra (VIPA)	2.00%	5,317	4,289
Total:		23,948	19,673

As at 31 December 2024, the fair value of non-current borrowings with fixed interest rates was EUR 4,832 thousand less than their carrying amount:

	Fixed annual interest rate	Loan balance as at 31/12/2024	Fair value of loans of 31/12/2024
Ministry of Finance	1.61%	12,405	10,125
Viešųjų Investicijų Plėtros Agentūra (VIPA)	2.00%	2,136	1,743
Viešųjų Investicijų Plėtros Agentūra (VIPA)	2.00%	707	577
Viešųjų Investicijų Plėtros Agentūra (VIPA)	2.00%	4,567	3,676
Viešųjų Investicijų Plėtros Agentūra (VIPA)	2.00%	5,597	4,460
Total:		25,412	20,581

The fair value of borrowings was calculated by discounting the expected future cash flows at prevailing interest rates. The fair value of loans and other financial assets was calculated using the market interest rate.

The following methods and assumptions are used to determine the fair value of each class of financial assets and liabilities:

- The carrying amount of current trade amounts receivable, current trade accounts payable and current borrowings approximates fair value due to their short maturities (Level 3).
- The fair value of non-current borrowings is based on the quoted market price for the same or similar issues or on the current rates available for debt with the same maturity profile (Level 3).

Categories of financial instruments:

	31/12/2025	31/12/2024
Financial assets		
Cash and cash equivalents	18,887	19,142
Trade and other receivables	8,903	7,821
Financial liabilities		
Carried at amortised cost	103,272	84,416

Capital management

The primary objective of the Company's capital management is to ensure that the Company complies with external capital requirements for management of changes in shareholders' equity and maintains capital ratio (at least 50% of the Company's total assets), to support its business and maximise shareholder value. The Company estimates that the capital is equal to its equity, which amounted to EUR 175,360 thousand as at 31 December 2025 (EUR 168,104 as at 31 December 2024).

The Company manages the capital structure and make adjustments to it in the light of changes in economic conditions and the operating risks. To maintain or adjust the capital structure, the Company may issue new shares, return capital to shareholders. To declare dividends to shareholders, the Company must obtain written permission from the European Investment Bank, one of its main creditors.

The Company's dividend policy setting out the principles for the payment of dividends is approved by the Company's Board. Dividend policy is one of the Company's capital risk management tools for planning the distribution of dividends in view of the ratio of return on equity and net profit earned.

The dividend policy provides that appropriation of profit for the payment of dividends for the financial year depends on the profit from non-regulated activities for the reporting period, the resolutions of the State Energy Regulatory Council regulating the restrictions on the rate of return on investments, the objectives and expectations set for the Company in the Shareholders' Letter of Expectations. The return on equity should be at least 2%, and between 50% and 75% of distributable profit should be appropriated for the payment of dividends. The dividend policy provides that the dividends may be reduced if, following payment of dividends, the Company fails to meet its obligations under financing agreements or other obligations, there would be a significant change in the Company's financial position or the results would significantly deviate from the forecasts, as well as the payment of dividends would result in the Company's cash balance in bank accounts being less than the Company's total average costs for two months. The Company is not obliged to distribute dividends only when it incurs net loss.

Dividends will not be paid if the Company's equity (after the payment of dividends) becomes lower than the sum of its share capital, legal reserve, revaluation reserve and reserve for acquisition of own shares; if it has outstanding obligations fallen due at the time of the decision, as well as the value of Company's current (current assets/current liabilities) and quick ratios ((current assets - inventory)/current liabilities) is lower than 1 at the end of the year. The Company is obliged to keep its shareholders' equity ratio not less than 50% of its authorised share capital, as imposed by the Law on Companies of Republic of Lithuania. The Company meets the requirements of equity by the Law on Companies of Republic of Lithuania. There were no other externally imposed capital requirements on the Company. The Company monitors capital using capital concentration ratio, which is calculated as ratio between equity and total assets (after eliminating advances

received) of the Company. Equity includes ordinary shares, reserves, retained earnings or accumulated loss. The Company’s management seeks the capital concentration ratio to be no lower than 50%:

	31/12/2025	31/12/2024
Company’s assets	291,543	265,797
Contract liabilities- prepayments received	(987)	(1.012)
	290,556	264,785
Equity	175,360	168,104
Capital concentration ratio	60.35%	63.49%

23. Related Party Transactions

Parties are considered related when one party has the possibility to control the other one or have significant influence over the other party in making financial and operating decisions.

The Company’s related party transactions during 2025 and balances thereof were as follows:

	Sales to related parties	Purchases from related parties	Receivables from related parties	Payables to other related parties
Shareholders	2,915	346	240	1,111
Entities controlled by shareholders	12,502	464	1,331	58
Total	15,417	810	1,571	1,169

As at 31 December 2025, the payable to shareholders for contributions to issued capital comprised a cash contribution of EUR 600 thousand from the Vilnius District Municipality, and a cash contribution of EUR 507 thousand from the Šalčininkai District Municipality. The reimbursement for the replacement cost of protected trees paid to the Vilnius City Municipality in 2025 amounted to 323 thousand, and sales to Miesto Gijos AB (former Vilniaus Šilumos Tinklai AB) to EUR 10,831 thousand.

The Company’s related party transactions during 2024 and balances thereof were as follows:

	Sales to related parties	Purchases from related parties	Receivables from related parties	Payables to other related parties
Shareholders	2,349	20	256	400
Entities controlled by shareholders	11,669	289	1,266	43
Total	14,018	309	1,522	443

As at 31 December 2024, the amount payable to the shareholders comprised the cash contribution to issued capital of EUR 400 thousand received from Vilnius District Municipality. Sales to Miesto Gijos AB (former Vilniaus Šilumos Tinklai AB) in 2024 amounted to EUR 10,056 thousand.

Services to shareholders and to entities controlled by shareholders are provided at market prices.

24. Transactions with key management personnel and their close family members

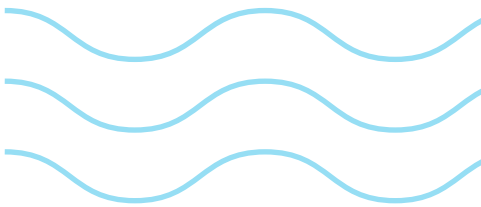
The Company’s key management personnel includes the Company’s Chief Executive Officer (CEO), directors of units and members of the Board. The Board of 7 members is elected by the General Meeting of Shareholders for a term of office of four years. As at 31 December 2025 and 2024, the management of the Company consisted of six people.

In 2025, there were the following transactions with the Company’s key management personnel and their related parties:

	Wages and salaries, social insurance contributions	Fixed reimbursement of transport expenses	Lease of cars	Business trip expenses	Training	Purchases
Management	869	89	-	12	21	-
Board members	402	-	-	3	-	-
Related parties	-	-	-	-	-	5
Total	1,271	89	-	15	21	5

In 2024, there were the following transactions with the Company’s key management personnel and their related parties:

	Wages and salaries, social insurance contributions	Fixed reimbursement of transport expenses	Lease of cars	Business trip expenses	Training	Purchases
Management	735	81	2	11	13	-
Board members	292	-	-	4	7	-
Related parties	-	-	-	-	-	13
Total	1,027	81	2	15	20	13



25. Non-Cash Transactions

	01/01/2025 31/12/2025	01/01/2024 31/12/2024
Property, plant and equipment received from shareholders as capital contribution	3,867	406
In-kind income from equipment relocation from third parties	1,104	853

26. Provisions

	31/12/2024	Accrued 01/01/2025 31/12/2025	Utilized 01/01/2025 31/12/2025	31/12/2025
Provisions for trial claims	46	56	46	56
Provisions for environmental damage	87	-	-	87
Provisions for protection zone establishment and registration	589	-	589	-
Total	722	56	635	143

The provision was recognised 2021 for the obligation to register in the State Real Property Register special protection conditions (protection zones) of a land which fall within the boundaries of the protection zones of the Company's water supply and wastewater collection infrastructure and pay compensations for them, as required by the Law on Special Conditions on Land Use of the Republic of Lithuania. The public disclosure and registration of the approved protection zones in the Real Estate Register of the State Enterprise Center of Registers were completed following the approval of the protection zone plans submitted by the Company by the Ministry of the Environment of the Republic of Lithuania in March 2025.

The provision recognised by the Company for the establishment and registration of special protection conditions (protection zones) of a land in the Real Estate Register was reversed as at 31 December 2025.

27. Off-Balance Sheet Liabilities and Contingencies

Litigations

The Company has received claims from:

- On 19 May 2017, the Environmental Project Management Agency under the Ministry of Environment of the Republic of Lithuania has informed the Company about undertaken investigations into alleged infringements of the non-compliance with monitoring (result) rates during the period from 2007 to 2013 while performing projects funded by the European Union. The non-compliance with monitoring (result) can modify the amounts of expenses suitable for funding from 5 to 20% of the funded amount. In September 2017, the Minister of the Environment of the Republic of Lithuania has issued the following orders: No D-1448; No D-1497; No D-1499 and the orders No D-1752; No D-1739; No D-1735 on application of financial corrections, under which the funded amounts to be repaid totalled EUR 4,021,761.

Vilniaus Vandenys UAB appealed the orders to Vilnius Regional Administrative Court on 2 October 2017. The Court of first instance did not uphold the Company's appeal, therefore, appeals have been filed to the Supreme Administrative Court of Lithuania on 9 July 2018. On 14 October 2020, the Supreme Administrative Court of Lithuania partially uphold the Company's appeal to annul the decisions of the Minister of the Environment of the Republic of Lithuania No D-1752, D-1739 and D-1735 on application of financial corrections and refer the matter regarding the adoption of the decision back to the defendant, the Ministry of Environment of the Republic of Lithuania, for reconsideration.

- The Environmental Project Management Agency under the Ministry of Environment of the Republic of Lithuania reconsidered the infringement and, on 1 July 2022, submitted the findings of the infringement investigation by which it designates the Company as having committed the infringement (performing below the project targets), and adopted the decision On the Infringements Detected by the Environmental Project Management Agency and Proposed Solutions (amounts of financial corrections) on 6 September 2022 (No D8(E)4250), on the basis of which the Minister of Environment of the Republic of Lithuania issued orders No D-1310, No D-1311, No D-1312 dated 22 September 2022 under which the funded amounts to be repaid totalled EUR 750,299.
- On 16 September 2022, the Company filed an appeal with the Vilnius Regional Administrative Court, and the amended appeal on 6 October 2022 by including the Ministry of Environment of the Republic of Lithuania as a defendant for the annulment of the decisions adopted. On 25 March 2025, the Regional Administrative Court dismissed the amended appeal of Vilniaus Vandenys as ungrounded. Consequently, this decision was appealed to the Supreme Administrative Court of Lithuania. A hearing has not yet been scheduled, court judgement is pending.
- At the reporting date, the court's decision was pending, however, the Company's management believes that it achieved project targets and, therefore, considers that the outcome of the legal proceedings is more likely to be favourable, therefore no provision for this amount was made.
- On 24 September 2020, the Company received a claim from EPD under the Ministry of Environment for damages in the amount of EUR 82,710. The Company does not agree with the claim of EPD. As at 31 December 2025 and 2024, the provision made for the repayment of the damages indicated in the claim amounted to EUR 82,710 (Note 26).
- There is a civil case in Vilnius District Court based on Vilniaus Skalsa UAB action seeking to recover EUR 56,500 in losses (lost income) from the Company pursuant to a loan-for-use agreement between Vilniaus Vandenys UAB and Vilniaus Skalsa UAB in respect of the property transferred to the Company. The Company has submitted a response and does not agree with the requested amount. A hearing in this case has not yet been scheduled. Given the factual circumstances, the provision of EUR 56,500 was recognised for this claim as at 31 December 2025 (Note 26).

Provision for special conditions on land use (protection zones)

In June 2025, the revised provisions of the Law on Special Conditions on Land Use of the Republic of Lithuania came into force, amending the sizes of infrastructure protection zones, without imposing an obligation on infrastructure managers to re-register protection zones that have already been approved and registered. Therefore, the Company has no plans to re-register the existing protection zones, and any issues regarding the size of the protection zones are resolved with the landowners on the basis of agreements between the Company and the landowners.

In the light of the interpretation of the Law on Special Land Use Conditions of the Republic of Lithuania, the compensations for the use of special land is paid to the owners of the land when the owners of the land are no longer able to carry out their activities due to the establishment of the protection zones, or when they are not able to carry out the construction in accordance with existing designs for new buildings. In management's opinion, no compensation should be paid to the owners of lands for the establishment of the protection zones, as the Company has no objection to the activities already taking place or the construction of structures in the protection zones established and registered.

Other off-balance sheet commitments and uncertainties

As at 31 December 2025 and 2024, the Company has legally unregistered assets (Note 10) and to the date of approval of these financial statements the Company has not received any claims from the third parties. The Company bears all the risks and rewards related to these assets..

28. Events After the Reporting Period

On 2 January 2026, the Company's issued capital was increased by cash contributions from Vilnius District Municipality in the amount of EUR 600,000 and in-kind contribution from Šalčininkai District Municipality in the amount of EUR 507,257.

On 19 January 2026, a Share Sale-Purchase Agreement was signed whereby Vilniaus Vandenys UAB acquired 30% of share in Šilas UAB, with the nominal value of EUR 1, totalling EUR 30 thousand.



