

**AB Kauno energija**

Code of legal entity 235014830  
Raudondvario av. 84  
Kaunas, Lithuania



**AB KAUNO ENERGIJA CONSODATED SEMIANNUAL  
REPORT OF THE YEAR 2024**

**Confirmation of the persons responsible for the shareholders of the Company and the Bank of Lithuania**

Following Article 23 of the Law on Securities of the Republic of Lithuania and the Rules for presentation and delivery of periodic and additional formation, approved by the decision No O3-48 of February 28, 2013 of the Board of the Bank of Lithuania, we hereby confirm that, to our best knowledge, the consolidated interim report of the 1 half of the year 2024 of AB Kauno Energija (hereinafter – the Company or the Issuer) includes a fair business development and performance review of the Company and the situation of consolidated companies, together with the description of principal risks and uncertainties encountered.

**Tomas Garasimavičius**  
General Manager



**Virgilijus Motiejūnas**  
Chief Finance Officer



**Ramunė Petkevičienė**  
Chief Accountant



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## 1. Reporting period of the Consolidated Semiannual Report

Reporting period for which the AB Kauno Energija Consolidated Semiannual Report has been prepared is January 1, 2024 – June 30, 2024.

## 2. Companies consisting the Group of companies and their contact details

AB Kauno Energija (hereinafter – the Company or the Issuer) prepares both the Company's and the Consolidated Financial Statements. The group of companies (hereinafter referred to as the Group) consists of AB Kauno Energija and its subsidiary – UAB GO Energy LT in which the Issuer directly controls 100 per cent of the shares.

### Main details of the Company:

Name of the Company:	AB Kauno Energija
Legal-organizational form:	Public Limited Liability Company
Headquarters' address	Raudondvario av. 84, 47179 Kaunas
Code of legal entity:	235014830
Telephone	(8 37) 305 650
Fax	(8 37) 305 622
E-mail:	info@kaunoenergija.lt
Webpage	www.kaunoenergija.lt
Registration date and place	August 22, 1997, Kaunas, Order No 513
Register manager	State Enterprise Centre of Registers Kaunas Branch
VAT payer code	LT350148314

### Main information about the subsidiaries:

Company name	UAB Go Energy LT
Legal-organizational form	Limited Liability Company
Headquarters' address	Savanorių pr. 347, 49423 Kaunas
Code of legal entity	303042623
Telephone	(8 37) 305 693
E-mail	info@goenergy.lt
Registration date and place	April 16, 2013, Kaunas
Register manager	State Enterprise Centre of Registers Kaunas Branch

### 3. Nature of core activities of the companies composing the group of companies

The nature of core activities of the Group is manufacture and rendering of services. The Company is the parent company of the Group. The Company generates and supplies heat to consumers (for the purposes of heating and hot water production) in the cities of Kaunas and Jurbarkas and in Kaunas district Akademija town, Ežerėlis town, Domeikava village, Garliava town, Girionys village, Neveronys village, Raudondvaris village, (hereinafter referred to as Kaunas district).

Also, following provisions of the Law on Heat Sector, the Company supplies hot water (is engaged in hot domestic water supplier activities) from May 1, 2010 for consumers in the cities of Kaunas and Jurbarkas and Kaunas district, who chose the Company as a hot water supplier. As of June 30, 2024, the Company supplied hot water to 1032 residential buildings in Kaunas, Kaunas district and Jurbarkas city.

In addition, the Company maintains engineering structures (collectors – manifolds) and operates heat and electricity production facilities. The Group and the Company carries out a supervision of indoor heat and hot water supply systems, maintenance of heat unit equipment, repairs of heat units and other heating equipment, provides premises rental services under agreements. The Group and the Company are engaged in licensed activity in accordance with the licenses held. On February 26, 2004 the National Commission for Energy Control and Prices (hereinafter – the Commission) issued a heat supplier licence to the Company. The licence is valid indefinitely. Maintenance of indoor heat and hot water supply systems is pursued following the provisions of Article 20 of The Law on Heat Sector of the Republic of Lithuania.

The vision of the Group and the Company is to be an innovative, competitive, and added value for shareholders creating Company engaged in heat and cooling generation and their centralized supply, maintenance of indoor heating and hot water systems.

#### Values of the Group and the Company:

- More than 50 years of experience in heat production and supply.
- Responsibility towards consumers for reliable heat and hot water supply.
- High qualification of employees allowing to reach the highest efficiency indicators.
- Ability to apply innovative solutions in everyday activities.

#### Strategic goals of the Group and the Company:

AB Kauno Energija is the most advanced and innovative district heating (hereinafter – DH) company in Lithuania.

#### Principled guidelines of Company's heat economy strategy are as follows:

- Increase of safety and reliability of heat supply – the Company intends to formulate an expert assessment of safety / vulnerability of heat supply system, to implement update and modernization of system of parameters data transfer, collection and evaluation, to implement optimization of the network hydraulic mode and increase of speed of parameters reaction / change, to reconstruct and optimize sections of thermofication pipelines and elements, to implement update and development of the system of DH network water reserve – emergency replenishment, to implement technical solutions and / or use a good practice increasing reliability and safety, ensuring stability of thermofication mode;
- to actively participate in formation of policy of Kaunas city supply with heat and in increase of Company's desirability and in expansion of district heating market.
- formation of good practice and its publicizing.

### 4. Issuer's agreements with credit institutions

On September 13, 2018 the Issuer Service Agreement was signed with AB SEB Bankas (company code 112021238, Gedimino pr. 12, Vilnius).

### 5. Trade in securities of companies composing the Group of companies in regulated markets

20,031,977 (twenty million thirty-one thousand nine hundred seventy-seven) of the Issuer's ordinary registered shares (VP ISIN code LT0000123010) with the total nominal value equal to EUR 34,855,639.98 (thirty-four million eight hundred fifty-five thousand six hundred thirty-nine euro and 98 cents) were listed in the secondary trade list of Nasdaq Vilnius Baltic stock exchange as of June 30, 2024. The beginning of listing of the Company's shares is December 28, 1998.

## 6. Overview of the condition, performance, and development of the Group of companies

### 6.1. Overview of the condition, performance, and development of the Group of companies

In 2024, the company's focus was on achieving its strategic objectives by providing innovative, efficient, safe, economical, and sustainable heating solutions.

The company's financial and non-financial objectives are to ensure the safety and reliability of its core activities; improve production efficiency; enhance the efficiency of the heat transmission system; improve access to district heating; and utilize modern, innovative tools and methods for organizing and managing heat supply and operations.

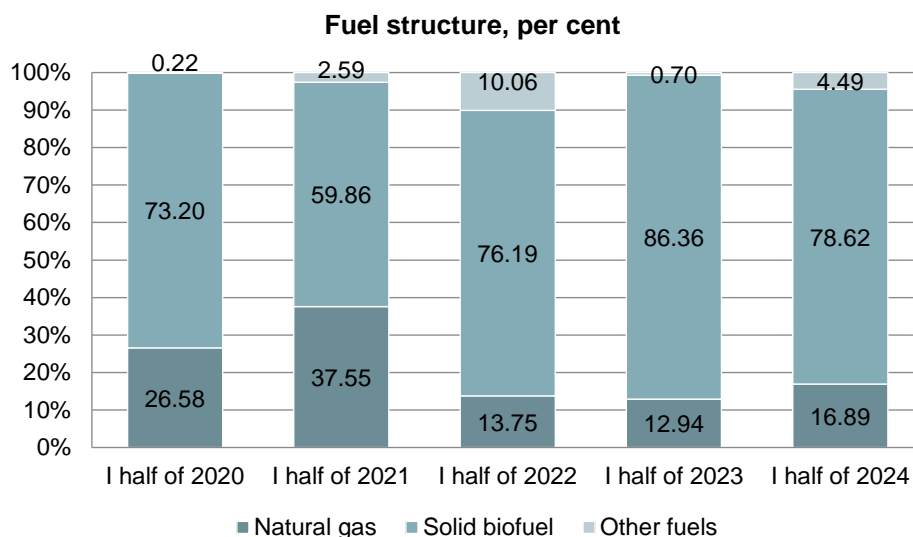
The "Development Strategy of AB Kauno energija for the period of 5 years, covering the years 2022–2026, by implementing the directions of development of the energy sector" was approved by the Company's Supervisory Board on 11 July 2022. A summary of the strategy is available on the Company's website at a specific address: <https://www.kaunoenergija.lt/apie-bendrove>.

The Company covers a major part of heat production and supply market in the cities of Kaunas and Jurbarkas and Kaunas district. Company's generation capacities consist of Petrašiūnai power plant, 5 boiler-houses in Kaunas integrated network, 7 district boiler-houses in Kaunas district, 1 boiler-house in Jurbarkas city, 14 boiler-houses of isolated networks and 26 local gas burning boiler-houses in Kaunas city (25 of them are gas burned and 1 of them – burned with pellets), also 8 local water heating boiler-houses in Sargėnai catchment. Total Company's power generation capacity is 605 MW (including 53.02 MW of condensational economizers' capacities; 2.4 MW of absorption heat pump).

34 per cent of heat supplied to consumers in the 1 half of the year 2024 was produced in Company's heat production facilities. The rest of required quantity of heat was purchased from independent heat producers (hereinafter – IHP) in monthly auctions, according to legal acts. Starting from May 2018 an electronic heat purchasing auctions are arranged by the Energy Stock Exchange operator UAB Baltpool. Electronic auctions are carried out in accordance with the Regulations of the Heat Auctions approved by the National Energy Regulatory Council. The Schedule of the Procedure and Conditions for the Purchase of Heat from Independent Heat Producers, the Methodology for Determining Heat Prices, the Rules for the Provision of Information on Energy, Drinking Water Supply and Wastewater Treatment, Sewage and Surface Water Treatment Companies, a Summary of Conditions of Usage of Heat Transfer Networks, and a schedule of the Procedure for Publicly Disclosed Information were changed respectively.

Fuel used by the Company for heat production in the 1 half of the year 2024 is presented in Chart 1.

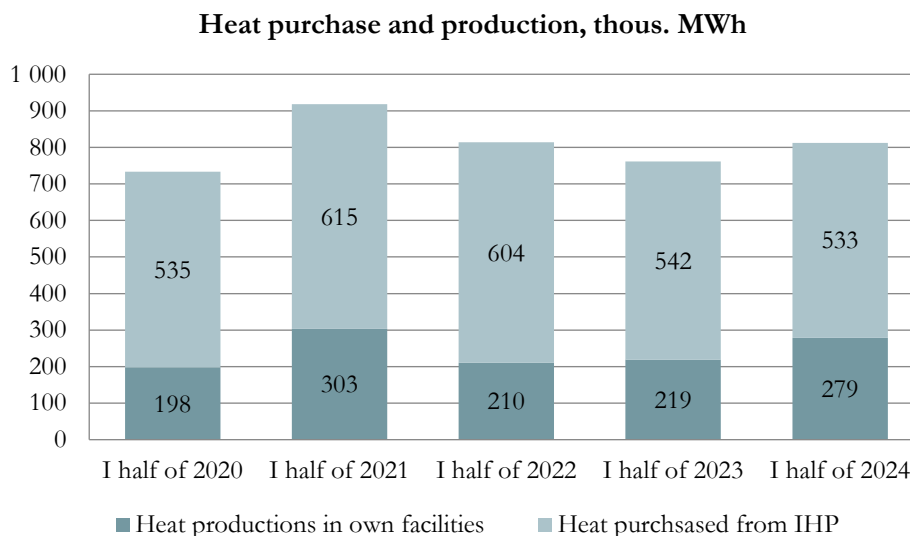
Chart 1



The Company purchased heat during the year 2024 from 10 IHP in Kaunas and Kaunas district as follows: from UAB Kauno Termofikacijos Elektrinė, UAB Idex Taika, UAB Idex Taika Elektrinė, UAB Lorizon Energy, UAB Ekoresursai, UAB Aldec General, UAB Idex Biruliškių, UAB "Ekopartneris", UAB Foksita and UAB Kauno Kogeneracinė Jėgainė. Total purchases consisted of 533 thousand MWh of heat, i.e., 66 per cent of heat supplied to the.

Amounts of heat purchased from IHP and produced with Company's equipment during the period of the 1 half of the years 2020–2024 are presented in chart 2, thousand MWh:

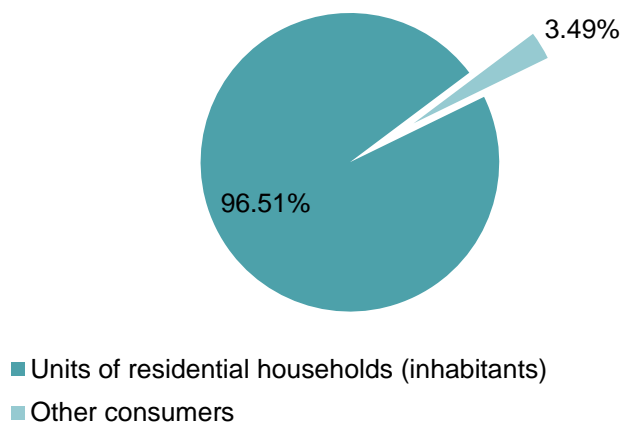
Chart 2



The Company supplied this produced and purchased heat with integrated and local heat supply networks to 4,361 businesses and organizations as well as to 120,526 households, in total – to 124,887 consumers (objects by addresses) as of June 30, 2024.

Chart 3

**Repartition of Company's heat consumers by groups**



**Investments**

Investments are made in accordance with Company's investment plan for the year 2024, which has been approved by decision No T-165 of Kaunas City Municipality Council of April 23, 2024 "Regarding investment plan of AB Kauno Energija for the year 2024 and its financing" (hereinafter – Investment plan). The Company makes investments based on an assessment of the economic situation, the competitive environment and the availability of financing. Investment plans are approved by the Board of Directors and coordinated by the Kaunas City Municipal Council.

The Company implements trunk pipeline replacement projects, optimizes pipeline diameters, connects new objects to the DH network and modernises heat production facilities according to Investment plan.

In 2024, the Company is undertaking projects in the Vilijampolė, Petrašiūnai, and Senamiestis districts, where 5 km of old pipelines have been renovated. Additionally, network expansion is being carried out in the Kaunas Free Economic Zone (FES), Žemieji Šančiai, Panemunė, Dainava, Šilainiai, and Raudondvaris districts, with approximately 5.5 km of new pipelines being installed.

Two photovoltaic power plants, with capacities of 350 kW and 880 kW, are being developed. The electricity generated by these solar photovoltaic plants will be used for heat transfer and production, thereby reducing the costs associated with heat generation and distribution. The total value of these projects is EUR 1.49 million.

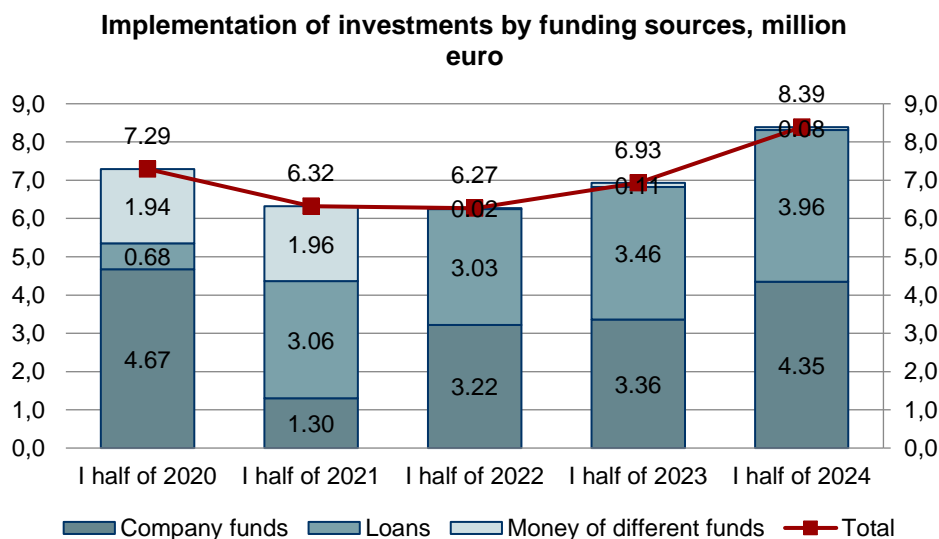
A project is being implemented at the Petrašiūnai power plant to install a 334 kW Organic Rankine Cycle (ORC) electricity generation unit, which will reduce heat production costs and emissions. The project value is EUR 1.7 million.

A 1.7 MW absorption heat pump is being installed at the Šilkas boiler house, along with the modernisation of the flue gas cleaning system. The project value is EUR 2.9 million.

The Company successfully implemented an environmental protection investment project titled "Installation of an Electrostatic Filter at the Nemunas Boiler House." This project was carried out with support from the Environmental Project Management Agency (APVA), as allocated by Order No. V-203 of the Minister of the Environment of the Republic of Lithuania of 6 December 2022 "On the Allocation of Funding for Projects under the 2022 Funding Guidelines of the Lithuanian Environmental Protection Investment Fund Programme". The electrostatic filter, made from steel sheets, is highly efficient (up to 99%) and capable of capturing very small ( $\leq 1 \mu\text{m}$ ) solid particles in the filtered stream, while consuming minimal electricity. The unit is equipped with an automated control system capable of real-time monitoring and managing the processes of the device.

Company's investments by funding sources of the 1 half of the years 2020–2024 are presented in Chart 4.

Chart 4



## 6.2. Description of exposure to key risks and uncertainties the Company confront with and their impact on activity results

### External risk factors affecting the Company's core business:

- Increase in competition between heat producers in Kaunas.
- Increase in final (i.e., including all expenditures) price of natural gas and biofuel.
- Ever-changing legal environment.
- Heat production pricing policies.



### **Competition environment risk factors.**

To operate effectively and reliably in creation the added value for shareholders, the Company is facing threats specific to the sphere of its activity, but also takes advantage of opportunities to work efficiently and effectively by exploiting the available potential. One of the biggest threats that the Company may face is a relatively high price for heat purchased from IHP, who are ranked as private business units committed to profit generation. Purchase of heat is pursued following valid law and the Description of procedure for purchase of heat from independent suppliers of heat approved by NERC. In turn, the Company invests extensively in modernization and construction of its own manufacturing facilities, to reduce the comparative costs of heat production. Thus, it takes advantage of the regulatory environment and reduces the energy purchase price.

Together with coming of new IHP the Company faced additional technical, economical, legal and other issues that need to be solved: management of heat supply network and balancing of power of these producers in case of emergency stop of them, retaining of optimum working parameters of the network, regulation, change and applying of heat purchase from IHP order.

### **Commercial risk factors**

The Company is a major supplier of the heat produced centrally to the city of Kaunas, part of Kaunas district and the city of Jurbarkas. To retain this market, it is necessary to implement modern and efficient heat production technologies in own production facilities and to focus on production at the lowest cost, benefiting from private differences of different types of fuel.

Company's heat sales are directly dependent on heat demand, i.e., heat consumption, which is mostly affected by the average outdoor air temperature, the amount of investment of consumers in energy-saving and rational use of heat and the pace of development of the heat sales.

Changes in fuel prices and the price of heat, produced by IHP have an impact on cost of Company's heat and electricity production.

Company's performance is affected by the decrease in sales due to reduced and further decreasing heat demand (in pursuance of residential buildings renovation and by installing a heat saving equipment), due to consumer's disconnections from DH network (due to the various reasons). Risks can be mitigated by Company's current and further investments in heat and electricity production facilities, using renewable energy sources, reducing heat production expenditures as well as the price of heat supplied for consumers, and continually reasonably informing customers on the benefits of DH network systems (safety, reliability, correlation with one sort of fuel, fuel conversion, local pollution sources in residential areas, total environmental pollution, etc.) in comparison with autonomous heating.

### **Operational risk**

During the 1 half of the year 2024 consumers' debts consisted of EUR 4.6 million (31 December , 2023 – EUR 4.7 million). To recover these debts as soon as possible, the Company actively uses a variety of legal debt management measures, such as pre-trial actions, judicial recovery, and cooperation with law Companies. In addition, when a debt becomes big, a restriction of heat supplies is applied as a prevention measure (if there are technical possibilities and according to the law).

On January 2, 2018 the Kaunas Unified Service Center "Mano Kaunas" started its operations in Statybininkų str. 3, Kaunas, at the premises of UAB Kauno Švara. Here residents can get immediate information / consultation about Kaunas city services provided by municipality owned companies – AB Kauno Energija, UAB Kauno Švara, UAB Kauno Autobusai, UAB Kauno Butų ūkis, UAB Kauno Gatvių Apšvietimas and UAB Kauno Vandenys, as well as conclude contracts, pay invoices, requests, certificates, etc.

Activities of the Company are cyclical. During the heating season (October – April) a major operating income is earned. During the non-heating season, the Company's revenues are at their lowest since only heat for hot water is used. In addition, during the non-heating season, the Company incurs more costs because it must prepare for the upcoming heating season, i.e., to carry out the repairs and reconstruction of heat supply networks and heat production facilities.

## Legal conformity risk

Energy activities are governed by the Law on Heat Sector, the Law on Energy, the Law on Electricity, the Law on Natural Gas, the Law on Drinking Water Supply and Wastewater Management, Government resolutions, Heat supply and consumption rules, Methodology of heat prices and payments for heat of NCC and other legislation. Their amendments affect the heating industry.

With new amendments of articles 2, 3, 20, 22, 28, 31, and 32 of the Law on Heat Sector No XI-1608 of the Republic of Lithuania that came in affect from November 1, 2011 in accordance with Article 7, the heat and hot water prices may not include any costs related with the indoor building heating (including heat units), and hot water systems. In implementing the legislation, from November 1, 2011 all these costs directly reduce the profit of the Company.

Legal conformity risk is a risk of increase in losses and (or) loss of prestige, an (or) decrease in confidence, which can be determined by the external environment factors (for example, violation of external legal acts, non-compliance of requirements of supervising institutions, etc.) or internal factors (for example, violation of internal legal acts and ethical standards, cases of employee's abuse, etc.).

## Technical and process factors

The biggest process risks are related to the condition of heating systems. Modernization rate of them is determined by lack of funds – it is necessary to reconstruct more than 13.5 km of pipelines per year to condition of age of heat supply system and the minimum investments should consist of approximately 6 million euros. Hydraulic testing identifies their weakest points. Every year, about 200 points where cracks occur are identified during the tests. Upon discovery of defects, pipes are exposed and promptly repaired.

DH network is reconstructed in the most worn-out sections of district heating. New industrially (polyurethane foam insulation in polyethylene shell) insulated pipes not requiring concrete channels are mounted in the reconstructed sections of the heat supply network. Heat loss is very low in reconstructed sections (process level), while the pipelines no longer pose a threat of rupture and ensure reliable heat supply to consumers.

One of the technical risk factors for heat generation facilities is their age. Some of heat generation facilities are already renewed now. Every year boiler repairs, and preventive work is carried out during the non-heating season. They are necessary to ensure secure heat supplies and reliability, i.e., securing of heat production facilities and fuel reserves.

More detailed information on Company's production facilities modernization is provided in chapters on operations and development.

## Ecological factors

With respect to the Company, they may be divided into those affecting the Company and affected by the Company's operations.

In order not to adversely impact the environment and comply with the pollution limits, vibration and noise values, the Company is guided by the requirements of the Kyoto Protocol, the Helsinki Commission (HELCOM) and environmental constraints of Helsinki Convention, as well as the European Parliament and Council Directive 2001/80/EB of regulating energy emissions and Lithuanian environmental normative document LAND 43-2013 for the use of natural resources, and releases and emissions of air pollutants to the environment in its activities. Main sources of pollution of the Company: burning fossil fuel in the Company's heat sources, production of heat and wastewater used in the industrial processes.

The Company pays taxes for atmospheric and water pollution. If allowable emission rate limits or annual limits are exceeded, the Company would pay the fines under the applicable laws of the Republic of Lithuania. The Company was not imposed any penalties in the year 2024.

Main Company's emission reduction measures: modernization of heat generation facilities, heat transfer loss reduction by replacing the existing pipes with the pipes with polyurethane foam insulation, installation of new technology and improvement of existing technological equipment, use of less polluting fuels, and continuous emission monitoring.

Additional efforts by the company to reduce CO2 emissions:

- Green procurement. We choose suppliers not only on the basis of the price and the quality of goods, services or works, but also on the basis of the reduced impact they have on the environment.
- The Company is currently implementing an environmental management system (ISO 14001:2015). It assists in the systematic management of the direct and long-term environmental impact of the activities and consistently addresses the relevant environmental issues of the Company. With this system in place, we will be able to increase green procurement.
- We are renewing our fleet of vehicles giving preference to electric and hybrid cars.
- We sort waste generated in production and administrative activities and transfer it to waste managers in accordance with the established procedure. We have also removed rubbish bins in the offices in the administration building and dispose rubbish in the sorting bins in the common corridors. This encourages employees to recycle and has reduced the amount of bins and bags (plastics) used.
- The company is taking the initiative to inform the public about energy-saving measures in order to reduce air pollution. We regularly raise the awareness of the public by writing informative articles about renewable energy sources, their benefits for nature and people, informing what modern technologies are used by our company and how they contribute to climate change mitigation.
- Employees of the Company are also encouraged to come to work with less polluting vehicles, to cooperate as much as possible and to travel to work with a single vehicle for several colleagues.

## 7. Analysis of financial and non-financial performance results, information related to environmental issues

Company's sales revenue of the 1 half of the year 2024 was EUR 47,504 thousand and in comparison, with the 1 half of the year 2023 decreased by 7 per cent (in the 1 half of the year 2023 it consisted of EUR 51,100 thousand). Sales revenue of the Group of the 1 half of the year 2024 was EUR 49,214 thousand (in the 1 half of the year 2023 it consisted of EUR 51,317 thousand).

The average price of heat sold decreased by 14 percent (in the 1 half of the year 2024 it was 6.59 ct/kWh, and in the 1 half of the year 2023 – 7.66 ct/kWh).

Comparison of financial indicators of the Group of the 1 half of the year 2024 with the indicators of the years 2020–2023 is presented in Table 1.

Table 1

No	Indicator of the Group	1 half of 2020	1 half of 2021	1 half of 2022	1 half of 2023	1 half of 2024
1	Revenue from sales, thousand euros	25,247	27,093	43,825	51,317	49,214
2	Profit, thousand euros	198	5,138	2,614	4,002	5,506
3	EBITDA (earnings before interest, taxes, depreciation and amortization and other non-cash expense items), thousand euros	4,322	8,883	5,765	8,826	10,738
4	Profitability of core business, per cent (operating profit / sales and services) * 100	-0.4	7.4	4.4	11.8	13.6
5	Net profitability, per cent (net profit / sales and services) *100	0.7	19.0	6.0	7.8	11.2
6	Assets, thousand euros	151,076	165,126	179,067	192,126	207,456
7	Equity, thousand euros	90,023	94,811	93,574	97,103	103,050
8	Return on equity (ROE), per cent (net profit / average equity) *100	0.2	6.0	2.9	3.1	5.5
9	Return on assets (ROA), per cent (net profit / average assets) *100	0.1	3.4	1.6	2.3	2.6
10	Debt ratio (liabilities /assets)	0.41	0.43	0.29	0.33	0.36
11	Debt-to-equity ratio (liabilities / equity)	0.7	0,7	0.6	0.5	0.7
12	General liquidity ratio (short-term assets / short-term liabilities)	0.91	1.24	1.63	1.76	1.63

No	Indicator of the Group	1 half of 2020	1 half of 2021	1 half of 2022	1 half of 2023	1 half of 2024
13	Quick ratio ((short-term assets-inventory) / short-term liabilities)	0.76	1.07	1.48	1.53	1.48
14	Net earnings per share (net profit / average weighted number of shares in issue)	0.03	0.03	0.06	0.09	0.13
15	Last share market price of the year /net profit /number of shares at year-end (P / E ratio)	226.47	6.87	18.09	11.82	7.62
16	Share capital, thousand euros	74,476	74,476	74,476	74,476	74,476
17	Share capital-to-assets ratio	0.50	0.45	0.42	0.39	0.36

Comparison of financial indicators of the Company of the 1 half of the year 2024 with the indicators of the years 2020–2023 is presented in Table 2.

Table 2

No	Indicator of the Company	1 half of 2020	1 half of 2021	1 half of 2022	1 half of 2023	1 half of 2024
1	Revenue from sales, thousand euros	25,251	27,098	43,843	51,100	47,504
2	Profit, thousand euros	77	5,376	3,128	3,746	5 411
3	EBITDA (earnings before interest, taxes, depreciation and amortization and other non-cash expense items), thousand euros	3,776	8,181	6,928	8,501	10,621
4	Profitability of core business, per cent (operating profit / sales and services) * 100	-1.4	8.4	8.7	11.1	12.8
5	Net profitability, per cent (net profit / sales and services) *100	0.3	19.8	7.1	7.3	11.4
6	Assets, thousand euros	148,949	164,221	177,873	191,012	206,316
7	Equity, thousand euros	89,853	95,209	93,418	96,589	102,134
8	Return on equity (ROE), per cent (net profit / average equity) *100	0.09	6.05	3.32	3.94	5.44
9	Return on assets (ROA), per cent (net profit / average assets) *100	0.1	3.4	1.6	1.9	2.6
10	Debt ratio (liabilities /assets)	0.40	0.42	0.29	0.33	0.36
11	Debt-to-equity ratio (liabilities / equity)	0.7	0.7	0.6	0.7	0.7
12	General liquidity ratio (short-term assets / short-term liabilities)	0.91	1.28	1.63	1.57	1.42
13	Quick ratio ((short-term assets-inventory) / short-term liabilities)	0.77	1.14	1.50	1.45	1.31
14	Net earnings per share (net profit / average weighted number of shares in issue)	0.02	0.04	0.07	0.09	0.13
15	Last share market price of the year / net profit / number of shares at year-end (P / E ratio)	555.87	6.57	15.12	12.63	7.75
16	Share capital, thousand euros	74,476	74,476	74,476	74,476	74,476
17	Share capital-to-assets ratio	0.50	0.45	0.42	0.39	0.36

The more detailed analysis of financial indicators of the Group and the Company is provided in the Consolidated and Company's financial statements for the 1 half of the year 2024.

## Preventing corruption

The purpose of the Company's Corruption Prevention Policy is to set out the key principles and requirements for the prevention of corruption in the Company and its subsidiaries and guidelines for ensuring compliance with them.

The Company is committed to the highest standards of business ethics and advocates free and fair trade, open competition and ethical conditions, in accordance with the legislation of the Republic of Lithuania. The Company adheres to and follows the Kaunas City Municipality Corruption Prevention Action Plan 2023-2025.

Anti-corruption obligations cover the following areas: compliance with legal provisions and standards of conduct; disclosure of information, transparent accounting; prohibition of influence peddling and bribery; conflicts of interest; nepotism and cronyism; gifts and hospitality; donations; purchases and sales; abuse of office/office; selection/evaluation of staff; confidentiality.

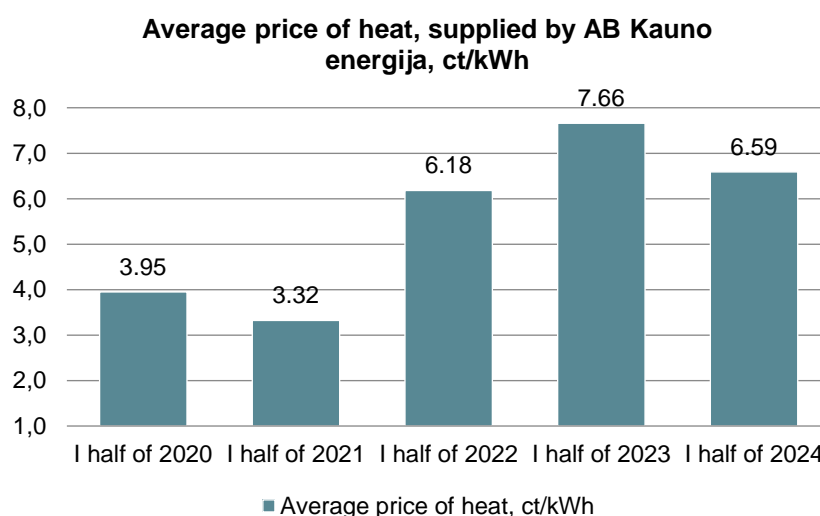
## Environmental impact on operations

The Company's performance can be affected by changes in sales turnovers caused by changed heat demand, which can be caused by consumer investments in the renovation of buildings, heat saving and rational consumption, average higher or lower outdoor temperature during the heating season, changes in fuel prices, heat purchase price from IHP.

Company's reconstructed heat production facilities changing fossil fuel to biofuel will make a serious competition with their costs of production to IHP, operating in Kaunas.

The dynamics of heat price of the Company in the years 2020–2024 is provided in Chart 5.

Chart 5



The prices for heat and hot water are calculated and approved according to the Heat Pricing Methodology, which was approved by the National Energy Regulatory Council on July 8, 2009, by Resolution No. O3-96. The annual revenue level for heat production and/or supply is determined for a period of 3 to 5 years. In the case of regulated price services (products), a long-term pricing mechanism is applied in heat pricing, i.e., the annual revenue level for heat production and/or supply is set for the base period and is adjusted in the subsequent years by determining the recalculated revenue level for heat production and/or supply.

On 23 February 2024, the National Energy Regulatory Council, by resolution No. O3E-213, unilaterally set the annual revenue level for heat production and/or supply for AB Kauno Energija for the first year of the base heat price validity period.

## Information related to environmental issues

In carrying out their activities, the Group and the Company seek to prudently use natural resources, install fewer polluting technologies, and follow the environmental legislation and apply preventive measures to minimize the negative impact on the environment.

## Waste management

The Group and the Company have organized the waste collection, sorting, and disposal of them to waste managers, i.e., to licensed waste management businesses. In 1 half of the 2024, the Group and the Company disposed for recycling 1,428.2 tons of various waste (absorbents, filter materials, packages containing hazardous chemicals or that are contaminated with them, paper and carton, insulation materials containing asbestos, used tyres, bituminous mixes, batteries and accumulators, fluorescent lamps, concrete, iron, and steel. The Company successfully transferred 1,133.9 tonnes of production waste ash from the Ežerėlis and Nemunas boiler house and the Petrašiūnai power plant to be used as a by-product for the production of road base mix and fertilization of plantation forests, in accordance with the agreed by-product plans with the Environmental Protection Agency.

## Wastewater management

In accordance with the schedule agreed with the Environmental Protection Agency (EPA), the Group and the Company constantly monitor that the effluent discharges from stationary sources are within the permissible limits set out in the integrated pollution prevention and control permits.

## Air pollution

The measurement laboratory of stationary air pollution sources of the Group and the Company, in possession with the permit issued by the EPA and following the schedule agreed with EPA, continuously monitors the emissions to the atmosphere from stationary sources to would not exceed the permissible limits established in integrated pollution prevention and control permits. Company's Šilkas, Ežerėlis, Girionys and Noreikiškės boiler-houses, and starting from 2015 – Inkaras boiler-house and Petrašiūnai power-plant use biofuel, thus reducing atmospheric pollution.

The comparison of the amount of pollutants emitted into the atmosphere in 2023 from the Company's stationary facilities with the amount of the years 2019–2022 is presented in table 3 below.

Table 3

Period	Particulates, t	Nitrogen oxides, t	Carbon monoxide, t	Sulphur dioxide, t	Hydrocarbons, t	Other pollutants, t
2023	56.7076	839.7873	171.0513	22.1036	0.5971	1.5198
2022	51.5130	159.8142	796.3571	60.3571	2.0144	0.3117
2021	72.9579	196.5479	781.2462	158.4375	1.2315	0.2966
2020	98.6841	217.8864	884.9974	102.9845	1.1430	0.2801
2019	86.0888	253.4443	1090.2436	0.2746	1.1978	0.4313

Cyclones for smoke cleaning from particulates are installed in Šilkas, Ežerėlis, Girionys, Noreikiškės, Inkaras boiler-houses and Petrašiūnai power-plant. Their working efficiency is checked every year. The Company is involved in the greenhouse gas emissions trading system.

## 8. References and additional explanations

Main financial data of the Group and the Company are provided in the Consolidated and Company's Financial Statements of AB Kauno Energija for the 1 half of the year 2024.

The financial statements are prepared in accordance with the International Financial Reporting Standards as adopted by the European Union and their interpretations. Standards have been issued by the International Accounting Standards Board and interpretations have been issued by the International Financial Reporting Interpretations Committee.

## Internal control over consolidated statements

When preparing its consolidated financial statements, the Company combines the itemised financial statements of the Company and its subsidiaries, by summing up the items of assets, liabilities, equity, revenue, and expenses. Afterwards, it eliminates the book value of the Company's investment in the subsidiary and Company's share of equity in the subsidiary; amounts on balance sheets, transactions, income and expenses inside the Group (for this purpose, it prepares a reconciled report of all transactions, income and expenses for the period); difference in depreciation of contribution in kind measured at market value as compared to its book value.

For composing of the consolidated financial statements of the Group, the financial statements of the Company and subsidiaries are composed for the same date.

It's controlled if the accounting policy of the Company and its subsidiaries for accounting of similar transactions is the same. The subsidiaries' income and expenses are included into the Consolidated Financial Statements as of the date of acquisition.

## 9. Significant events after the end of the reporting period

After the end of the reporting period, there were no significant events other than those disclosed in the financial statements.

## 10. Plans and forecasts of activities of the group of companies

As investments allow continual business development and profitability, the aims of the Group's and the Company's investment program for the year 2024 is further increase in volumes of heat production and effectiveness, expansion of heat selling market, through increase of use of biofuel for heat production, development of heat transmission and distribution increasing safety and reliability, developing services of maintenance of engineering systems and further improvement of consumers services quality.

In compliance with the provisions of the plan for the facilities on the implementation of the National Renewable Energy Development Strategy, in order to implement the Company's key business objectives and the provisions of the National Energy Independence Strategy related to the assurance of technical requirements for reliability of heat facilities and heat supply networks, to guarantee the quality keeps apply to consumers, Kaunas city municipality decided to approve Company's investment plans with the decision No. T-165 "Regarding Investment Plans of AB Kauno Energija for the Year 2024 and Their Financing" on April 23, 2024.

In 2024 the implementation of Company's investment program will involve further modernization of boiler-houses owned by the Company automating the production process and installing condensational economizers; reconstruction of heat networks; replacement of heat meters. It's important to notice, that implementation of these measures will allow to reduce losses of heat transmission and to perform optimization of heat supply to the consumers and to ensure heat supplies reliability.

## 11. Information on research and development activities

Company's representatives are constantly invited to work in committees of preparation of Energy Engineering studies programs of Kaunas University of Technology and in groups of external and self-evaluation. Working in these groups and committees Company's representatives analyse aims of programs and goals of studies, composition of training plans, appropriateness of staff, material basis, process, and evaluation of studies, as well as program management. Performing external and self-evaluation, committees apply recommendations for improvement of program structures and implementation process, to satisfy the needs of employers and to meet the requirements of national and European legal acts in the field of higher education.

The company has set a goal to completely eliminate the use of natural gas in heat production with gas consumption to be halved in the next three years to only 5% of total energy consumption for heat production. This will increase the use of green heat from biofuels and reduce CO<sub>2</sub> emissions, helping to achieve the Company's long-term goals of supplying more consumers with cheaper biofuel-based heat, reducing CO<sub>2</sub> emissions and enabling new customers to connect to the city's heat network.



Minimising gas consumption will help achieve the Company's long-term goals: to supply more consumers with cheaper biofuel-based heat through more optimal utilisation of Kaunas Energy's heat production capacity; reducing emissions of CO<sub>2</sub>, which contribute to the greenhouse effect; enabling new customers to connect to the city's heat network.

The Company has implemented another highly efficient air pollution control technology – an electrostatic filter (ESF). The ESF uses an electrostatic charge to remove solid particles from the gases generated during combustion. Such filters are used in boiler houses, cement plants, steelworks, and other industrial facilities to reduce the emission of solid particles harmful to the environment and human health and to neutralise other harmful pollutants. Upon completing the year-long project at the boiler house, the concentration of solids in the exhaust will not exceed 20 mg/m<sup>3</sup>, and the flue gas condensation economiser will not be polluted.

Kaunas is some of the greenest cities in Lithuania, placing a lot of emphasis on seeking and implementing sustainable solutions. In order to use the green waste generated during the maintenance of city parks, forests and squares as efficiently as possible, the raw material created after pruning trees and shrubs is converted into biofuel used to produce city heat. The municipality no longer has to worry about how to collect that waste, where to transport it and what to do with it. Meanwhile, the company no longer needs to purchase some of the biofuel; they can produce it themselves. In 2024, while maintaining green areas in Kaunas, 1,271 tons of biofuel were obtained. It was used to produce 2,500 MWh of heat, sufficient to heat and provide hot water to 6 apartment blocks. This has helped Kaunas residents save EUR 0.08 million a year.

To optimise and enhance the Company's operations, a new organisational management structure was approved, and an integrated quality, environmental protection, and occupational health and safety management system was implemented and certified, meeting the requirements of international standards ISO 9001:2015, ISO 14001:2015, and ISO 45001:2018. These international standards encourage the Company to adopt a process-oriented approach, strengthen environmental protection and pollution prevention, promote good occupational health and safety practices, and maintain a balance with social and economic needs. The effectiveness of the implemented management systems was evaluated during an audit by the independent third-party certification body TÜV Thüringen e.V., through its subsidiary in Lithuania, UAB TUV Uolektis.

In August 2023, the company's festival Transformations took place for the first time, relocating to the historic Petrašiūnai power station for cultural events. The Company's second festival Transformations will take place at the end of August 2024. The main focus of the festival will be a night-time transformation of a power station created by Lithuanian artists.

## 12. Information on own shares acquired and held by the Issuer

The Company does not hold the shares of its own. The Company's subsidiaries have not purchased any of the Company's shares. Neither the Company nor its subsidiaries purchased or sold own shares during the reporting period.

## 13. Information on the aims of financial risk management, hedging instruments in use

All relevant information on this issue is provided in Explanatory Notes to the Consolidated and Separate Financial Statements for the 1 half of the year 2024 of AB Kauno Energija.

## 14. Information on the Issuer's subsidiary undertakings

The authorised capital of Company's subsidiary UAB GO Energy LT registered in the Register of Legal Entities on June 30, 2024 is 2,762,958 euros and it is divided into 95,406 ordinary registered shares with par value of 28.96 euros each.

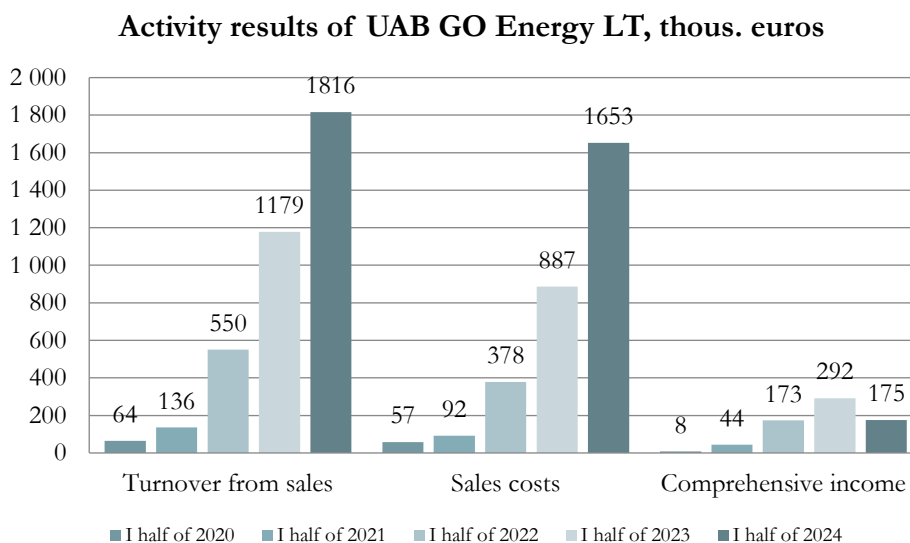
UAB GO Energy LT has no holdings directly or indirectly managed in other companies.

Activities of UAB GO Energy LT include the real estate development, management, leases, purchase, and sale.

As of June 30, 2024, company UAB GO Energy LT had 28 employees.

Comparison of financial indicators of UAB GO Energy LT for the 1 half of the year 2024 with the indicators of the 1 half of the years 2020–2023 is provided in Chart 6.





## 15. Structure of authorized capital

The authorised capital of the Company registered in the Register of Legal Entities of the Republic of Lithuania as of June 30, 2024 is EUR 74,475,728.82 (seventy-four million four hundred seventy-five thousand seven hundred twenty-eight euros and 82 cents).

Structure of authorized share capital of the Issuer by types of shares is specified in Table 4.

Table 4

Type of shares	Number of shares, units	Nominal value, euros	Total nominal value, euros	Municipal share in the authorised capital, per cent	Share of private shareholders in the authorised capital, per cent
Ordinary nominal shares	42,802,143	1.74	74,475,728.82	98.33	1.67

## 16. Data on shares issued by the Issuer

The authorised capital of AB Kauno Energija was registered on May 18, 2015 by the decision of General Meeting of Shareholders held on April 28, 2015 and amounts to EUR 74,475,728.82 (seventy-four million four hundred seventy-five thousand seven hundred twenty-eight euros and 82 cents) and it is divided to 42,802,143 (forty-two million eight hundred and two thousand one hundred forty-three) ordinary shares of par value of 1.74 euros each.

There are no limitations on the transfer of securities.

### Main characteristics of shares released into free circulation of securities (as of June 30, 2024).

Securities registration No	A01031430
ISON code of securities	LT0000123010
Number of shares	20 031 977 ordinary nominal shares
Nominal value	EUR 1.74
Total nominal value of shares	EUR 34,855,639.98

### Main characteristics of shares issued and registered for non-public trading (as of June 30, 2024).

ISON code of securities	LT0000128407
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Number of shares 22,770,166 ordinary nominal shares  
 Nominal value EUR 1.74  
 Total nominal value of shares EUR 39,620,088.84

History of trade in Company’s securities in the years 2020–2024 is provided in Table 5.

Table 5

Indicator	2020	2021	2022	2023	30-06-2024
Opening price, euro	0.98	0.82	1.11	0.89	0.92
Highest price, euro	1.03	1.19	1.12	1.14	1.1
Lowest price, euro	0.77	0.80	0.76	0.87	0.895
Last price, euro	0.925	1.11	0.89	0.91	0.98
Circulation, units	89,524	147,659	64,193	97,113	55,209
Circulation, million euro	0.07	0.15	0.06	0.09	0.05

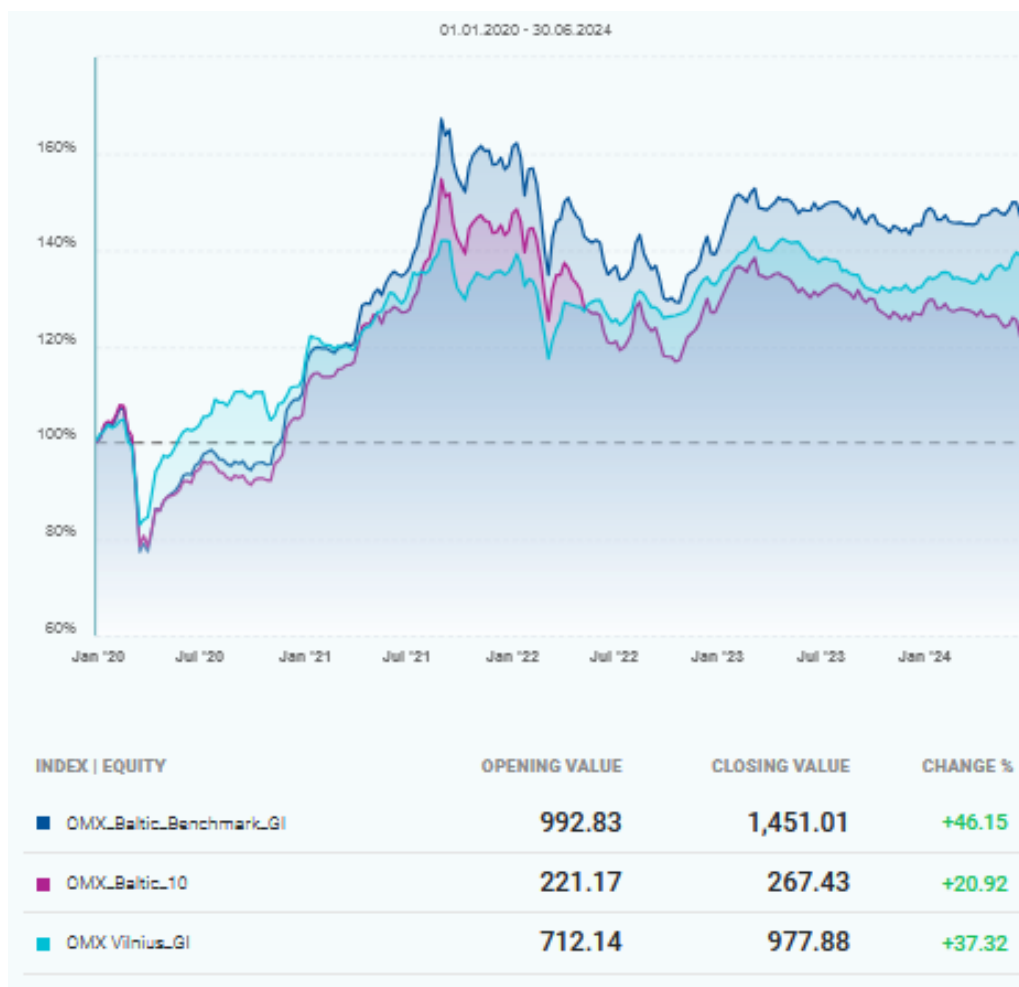
Historical data on share prices (in euro) and turnovers in the years 2020–30.06.2024 is provided in Chart 7.

Chart 7



Comparison of Company’s share price with the index of own sector (utility services) and OMX Vilnius index is given in Chart 8.

Chart 8



## 17. Information on the Issuer's shareholders

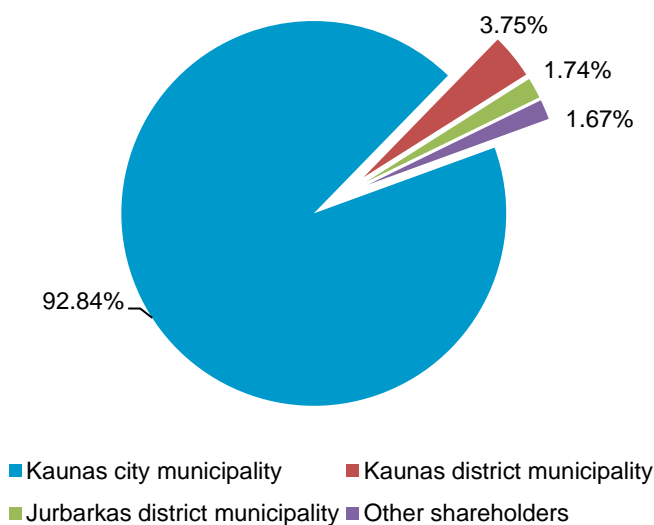
The number of Company's shareholders as of June 30, 2024 was 751.

Information on Shareholders of the Issuer who owned more than 5 per cent of the authorised capital of the Company registered on May 18, 2015 (42,802,143 ordinary nominal shares) as of June 30, 2024 is provided in Table 6 and Chart 9.

Table 6

Full name of shareholder (company name, type, headquartered dress, code)	Number of ordinary nominal shares owned by the shareholder, units	Owned share in the authorised capital, per cent	Share of votes carried by owned shares. per cent	Share of votes owned by the shareholder together with acting entities, per cent
Kaunas City Municipality Laisvės al. 96, 44251 Kaunas Code 111106319	39,736,058	92.84	92.84	-
Other shareholders	3,066,085	7.16	7.16	-
Total:	42,802,143	100	100	-

Structure of shareholders as of June 30, 2024



The distribution of the Company's shareholders by groups at the end of the reporting period is presented in Table 7.

Table 7

Group	Number of shares owned by the group, pcs.	Available share of the authorized capital, per cent of the total number of shares
Local authorities	42 088 631	98.33
Households	500 720	1.17
Other shareholders	212 792	0.50
Total	42 802 143	100

17.1. The shareholders, who owned more than 5 per cent of the shares (20,031,977 ORS) issued for public trading (reg. No. A01031430, VP ISIN code – LT0000123010) as of June 30, 2024 are listed in Table 8.

Table 8

Name	Type of shares	Number of shares, units	Total nominal value of shares, euros	Percentage of shares from those released into the public circulation	Share of the authorized capital (%)
Kaunas City Municipality Laisvės al. 96, 44251 Kaunas Code 111106319	Ordinary registered shares	16,965,892	29,520,652	84.69	39.64
Kaunas District Municipality Savanorių pr. 371, 49500 Kaunas,	Ordinary registered shares	1,606,168	2,794,732	8.02	3.75

Name	Type of shares	Number of shares, units	Total nominal value of shares, euros	Percentage of shares from those released into the public circulation	Share of the authorised capital (%)
Code 111100622					
Other shareholders	Ordinary registered shares	1,459,917	2,540,256	7.29	3.41
Total:		20,031,977	34,855,640	100	46.80

17.2. The shareholders, who owned more than 5 per cent of the shares (22,770,166 ORS) issued for non-public trading (VP ISIN code – LT0000128407) as of June 30, 2024 are listed in Table 9.

Table 9

Name	Type of shares	Number of shares, units	Total nominal value of shares, Euro	Percentage of shares from those released into the public circulation	Share of the authorised capital (%)
Kaunas City Municipality Laisvės al. 96, 44251 Kaunas Code 111106319	Ordinary registered shares	22,770,166	39,620,089	100	53.20

None of the shareholders of the Issuer holds any special rights of control. The rights of all shareholders are the same; they are specified in article 4 of the Law on Companies of the Republic of Lithuania. The number of shares carrying votes at the General Meeting of Shareholders of the Company is 42,802,143 units.

The Company has not been notified on the limitations of voting rights or any other mutual agreements of shareholders which may limit the transfer of securities and / or voting rights.

In 2020, no dividends from the profit of 2019 were allocated and paid to the Issuer's shareholders.

In 2021, no dividends from the profit of 2020 were allocated and paid to the Issuer's shareholders.

In 2022, no dividends from the profit of 2021 were allocated and paid to the Issuer's shareholders.

In 2023, the dividends from the profit of the year 2022 were allocated and paid to the shareholders of the Issuer. Dividend per share was 0.07009 euro, in total – 3.0 million euro. A total of 0.05 million euros was allocated for sponsorship.

In 2024, no dividends from the profit of 2023 were allocated and paid to the Issuer's shareholders.

## 18. Employees

368 employees were employed in the Group as of June 30, 2024. Changes in the number of employees of the Group in year 2020–2024 are provided in Table 10.

Table 10

Actual number of employees	Group 31/12/2020	Group 31/12/2021	Group 31/12/2022	Group 31/12/2023	Group 30/06/2024
Total:	365	379	383	372	368
management	3	3	2	2	2

Actual number of employees	Group 31/12/2020	Group 31/12/2021	Group 31/12/2022	Group 31/12/2023	Group 30/06/2024
specialists	203	212	203	189	203
workers	159	164	178	181	163

Changes in number of employees of the Company in year 2020–2024 are provided in Table 11.

Table 11

Actual number of employees	Company 31/12/2020	Company 31/12/2021	Company 31/12/2022	Company 31/12/2023	Company 30/06/2024
Total:	354	350	353	344	340
management	1	1	1	1	1
specialists	200	197	189	178	191
workers	153	152	163	165	148

Education of employees of the Group as at the end of the reporting period.

Table 12

No	Education	Group 31/12/2020	Group 31/12/2021	Group 31/12/2022	Group 31/12/2023	Group 30/06/2024
1	Secondary incomplete	1	1	1	1	1
2	Secondary	124	176	150	140	134
3	College	49	38	34	38	30
4	Higher	191	164	198	193	203
	Total:	365	379	383	372	368

Education of employees of the Company as at the end of the reporting period.

Table 13

No	Education	Company 31/12/2020	Company 31/12/2021	Company 31/12/2022	Company 31/12/2023	Company 30/06/2024
1	Secondary incomplete	1	1	1	1	1
2	Secondary	121	156	135	125	120
3	College	47	38	34	37	30
4	Higher	185	155	183	181	189
	Total:	354	350	353	344	340

Company's management pays a lot of attention on increase in work efficiency, working conditions improvement, supply with latest working tools, professional development, planning of internal activities and control implementation, also for improvement of consumer service quality. Executive and professional qualification levels suit their positions, and work experience and practical knowledge of subject of other employees makes them possible to work in their positions.

To increase work efficiency, the Company conducts an annual work performance evaluation of structural units' managers, the main goal of which is to evaluate the employee's qualifications and abilities of functions performance assigned in job regulations, to properly evaluate employees' activities, provide feedback on the goals execution in order to increase employee loyalty, satisfaction with conducted work, encouraging them to improve. The result of this process is information allowing better coordination of the Company's activities and for encouraging employees to improve their working activities.

The Company actively cooperates with educational institutions and enables high school students to apply theoretical knowledge and gain practical skills. When there is a need for new employees, the most active and best students are given the opportunity to get a job in the Company.

The salary of employees of the Issuer consists of the constant part of salary, variable part of salary, benefits and allocations paid according to the Labour Code of the Republic of Lithuania and other laws, Collective agreement of the Company, and bonuses. Bonuses are paid from net profit, if the General Meeting of Shareholders allocates part of the profit for the bonuses of the Company employees.

The collective agreement provides for special rights and obligations of the issuer's employees or part of them. In accordance with the Company's new Collective agreement effective from 1 January 2019 and subsequent amendments there to:

1. For continuous employment within the Company employees are granted additional paid leave.
2. The record of service of employees who worked in Lithuanian energy system companies and who were redeployed to the Company according to the corporate employer agreement, i.e., when the transfer was carried out according to the Labour Code or the Law on Employment Contract, is considered uninterrupted and those employees are granted an additional paid leave for an uninterrupted record of service within the Company.

3. At the agreement of the employer and employee, the employee may be granted unpaid leave for family related issues and other important reasons.

4. Company's employees are entitled to additional paid leave.

The employer obligates:

1. To ensure the conditions of preventive health check and, if necessary, to provide free health services at the Company's occupational health unit.

2. In the event of the death of an employee, the Company grants a benefit in the amount of 4 minimum monthly salaries of the Republic of Lithuania (hereinafter referred to as the MMS), free transport, or covers transport costs (the benefit is granted to the person burying the deceased);

3. In the event of the death of the employee's close relative (parent (adoptive parent), child (adoptive child) or spouse), the Company grants the employee an MMS benefit, free transport or covers transport costs;

4. In the event of the birth of one or more children, the Company grants the employee a gift in the amount of 50 per cent MMS for each child;

5. Upon registration of the marriage, the employee is granted a gift in the amount of 50 per cent MMS;

6. A cash gift of EUR 50 is granted when an employee reaches the age of 25, 35, 45, 55, 65, and a cash gift of EUR 100 when the employee reaches the age of 20, 30, 40, 50, 60, 70;

7. In other cases, when the employee needs financial support (in case of losses due to natural disasters and other reasons beyond the control of the employee), the Company grants a benefit of up to 3 MMS;

8. In the event of a serious illness or accident, a benefit of up to 5 MMS is granted. The sickness benefit is paid once a year (within 12 months).

## 19. Procedure for amending the Issuer's Statutes

The Statutes of the Issuer say that the General Meeting of Shareholders of the Company has the exceptional right to amend the Statutes other than the exceptions provided in the Law on Companies of the Republic of Lithuania. The resolution on the amendment of the Company's Statutes 2/3 qualified majority of votes of the members participating in the meeting of shareholders is needed.

The Statutes of the Company were amended on August 10, 2023 by the decision of the General Meeting of Shareholders. The new wording of the Statutes was registered on August 28, 2023 in the Register of Legal Entities of the Republic of Lithuania. It can be found on Company's website at [www.kaunoenergija.lt](http://www.kaunoenergija.lt).

## 20. Issuer's management bodies

According to the Statutes of the Company, the management bodies of the Company include the General Meeting of Shareholders, a collegial management body – the Supervisory Board, a collegial management body – the Management Board, and a sole management body – General Director.



Decisions of the General Meeting of Shareholders made on the issues within the competence of the General Meeting of Shareholders provided for in the Statutes of the Company are binding to its shareholders, the Supervisory Board, the Management Board, and the General Director, and to other employees of the Company.

All persons who are the shareholders of the Company on the date of the General Meeting of Shareholders have the right to attend the Company's General Meeting of Shareholders personally or by proxy or be represented by persons with whom they had entered into the agreement on the transfer of the voting right. The record date of the meeting of the Company is the fifth working day before the General Meeting of Shareholders or the fifth working day before the repeat General Meeting of Shareholders. A person attending the General Meeting and entitled to vote shall provide a document which is a proof of his personal identity and sign the registration list of the Meeting of Shareholders. A person who is not a shareholder shall additionally provide a document attesting to his right to vote at the General Meeting of Shareholders.

2 (two) General Meeting of Shareholders were convoked in the 1 half of the year 2024. Company's General Manager and the Chief Finance Officer attended them. Issuers' shareholders can ask questions and can get answers or explanations from Company's managers and speakers.

The collegial management body – Supervisory Board is elected by the General Meeting of Shareholders according to the procedure specified in the Law on Companies of the Republic of Lithuania. The Supervisory Board consists of 3 (three) members. The Supervisory Board is elected for a term of 4 (four) years. The Supervisory Board elects the chairman of the Supervisory Board from among its members. The General Meeting of shareholders may remove from office the entire Supervisory Board or its individual members before the expiry of the term of office of the Supervisory Board. Where individual members of the Supervisory Board are elected, they shall be elected only until the expiry of the term of office of the current Supervisory Board.

The Supervisory Board elects and dismisses the Management Board members and supervises the activities of the Board and the General manager of the Company; submits its comments and proposals to the General Meeting of Shareholders on the Company's operating strategy, set of annual financial statements, draft of profit / loss allocation and the annual report of the Company as well as the activities of the Board and the General Manager of the Company; submits proposals to the Board and the General Manager of the Company to revoke their decisions which are in conflict with laws and other legal acts, the statutes of the Company or decisions of the General Meeting of Shareholders; addresses other issues assigned to the scope of powers of the Supervisory Board by decisions of the General Meeting of Shareholders regarding the supervision of the activities of the Company and its management bodies. The Supervisory Board shall not be entitled to assign or delegate the functions assigned to the scope of its powers by the Law on Companies of the Republic of Lithuania and the statutes of the Company to other bodies of the Company.

The Supervisory Board, following the resolution No. 1K-18 of August 21, 2008 of the Securities Commission of the Republic of Lithuania "Regarding The Requirements For Audit Committees", as well as "Guidelines For The Application Of Requirements For Audit Committees" which were approved by the decision of the Securities Commission of November 28, 2008 approves the internal rules of procedure for forming the Audit Committee and elects the Audit Committee members.

The Supervisory Board of the Company approved on May 21, 2019 a new wording of the internal rules of procedure of the Audit Committee of the Company.

The Management Board is a collegial management body of the Company. The Management Board is comprised of 3 (three) members. The Management Board is elected for the period of 4 (four) years by the Supervisory Board. The Supervisory Board can remove from office the entire Management Board or its



individual members before the expiry of their term. If individual members of the Management Board are elected, they shall serve only until the expiry of the term of office of the current Management Board. The Management Board elects the chairman of the management Board from among its members.

The General Manager is the manager of the Company. The manager of the Company is a sole person management body of the Company organising its activities. Authority and responsibilities of the administration members of the Company are established by the order of the General Manager.

## 20.1. Data on the committees in the Company

The members of Audit Committee appointed by the decision No. 2023-4 of the Supervisory Board of October 13, 2023:

Full name	Position	Beginning of term	End of term*
Mr. Mindaugas Šimkus	Independent member of Audit Committee	October 13, 2023	April 26, 2027
Ms. Violeta Kavaliauskienė	Independent member of Audit Committee	October 13, 2023	April 26, 2027
Ms. Edita Girdvilienė	Member of Audit Committee	October 13, 2023	April 26, 2027

\* The term of office of the Audit Committee coincides with the term of office of the Supervisory Board of the Company.

In carrying out its activities, the Audit Committee follows the internal rules of procedure of the Company's Audit Committee approved by decision No 2019-4 of May 21, 2019 of the meeting of the Supervisory Board of the Company. The Audit Committee performs its functions provided for in article 52 of the Law on Audit of the Republic of Lithuania.

## 20.2. Information on the members of the Company's Supervisory Board:

Members of the Supervisory Board of the Company:

Full name	Position	Beginning of term	End of term
Mr. Antanas Etneris	Chairman of the Supervisory Board	June 29, 2023	April 26, 2027
Mr. Mindaugas Bičkauskas	Member of the Supervisory Board	June 29, 2023	April 26, 2027
Ms. Jolanta Brazaitienė	Member of the Supervisory Board	April 1, 2024	April 26, 2027

Company's Supervisory Board comprised of two independent members and of one member of Kaunas City Municipality administration, as he partially represents the controlling shareholder, i.e., Kaunas City Municipality, holding 92.84 per cent of the Company's voting shares.

1 session of the Supervisory Board was held during 1 half of the year 2024. More than ½ of the members of the Supervisory Board attended all sessions.

### Mr. Antanas Etneris

Mr Antanas Etneris, main occupation - director of UAB Wisewood (code 302527538, Ringuvos str. 74, LT-45245 Kaunas), director of UAB Mana Grupė (code 303991865, Kruonio str. 16, Kaunas), director of UAB Airhotel (code 302598948, Oro Uosto str. 2, Karmėlava, LT-54460 Kaunas distr.), member of the Board of UAB Stoties Turgus, member of the Board of UAB Kauno Vandeny.

Holds no shares of the company. Holds the shares of the companies UAB Wisewood, UAB Mana Ranga, UAB Mana Grupė, UAB Airhotel, UAB Dramart, UAB Ukraineičių 4, UAB Vėjo Dukra, UAB Plėtros Fondas, UAB Aguonų Projektai, LLC My Group.

During the reporting period, the member of the Supervisory Board was remunerated EUR 21.2 thousand.

**Mr. Mindaugas Bičkauskas**

Main occupation - Director of UAB Urbo bankas Vilnius branch (code 112027077, Pamėnkalnio str. 40, LT-01114 Vilnius).

Holds no shares of the company. Holds the shares of the companies AB Šiaulių bankas, AB Apranga, AB Linas Agro, AB Vilkyškių pieninė, AB Litgrid.

During the reporting period, the member of the Supervisory Board was remunerated EUR 15.9 thousand.

**Jolanta Brazaitienė**

During the reporting period, the member of the Supervisory Board was remunerated EUR 5.4 thousand.

**20.3. Information on the members of the Company's Management Board**

Members of Company's Management Board:

Full name	Position	Beginning of term	End of term
Nerijus Mordas	Chairman of the Management Board	July 13, 2023	April 26, 2027
Algimantas Stasys Anužis	Member of the Management Board	July 13, 2023	April 26, 2027
Giedrius Kazlauskas	Member of the Management Board	July 13, 2023	April 26, 2027

12 sessions of Company's Management Board were held in the year 2023. More than 2/3 members of the Management Board attended all the sessions.

**Mr. Nerijus Mordas**

Chief finance officer of UAB Vičiūnų Grupė (code 303211678, V. Krėvės av. 97, LT-50369 Kaunas). Member of Company's Management Board since June 1, 2015 until April 27, 2023 and since July 13, 2023.

Holds no shares of the Company. No interest in the capital of other Lithuanian companies.

Mr. Nerijus Mordas charged EUR 20.9 thousand of remuneration under agreement of activity of member of the Management Board. No bonuses estimated, nor any assets were transferred or guarantees issued during the reporting period.

**Mr. Algimantas Stasys Anužis**

Member of the Council of Kaunas Chamber of Commerce, Industry and Crafts, president of Lithuanian Veterans Basketball League.

Member of Company's Management Board since June 1, 2015 until April 27, 2023 and since July 13, 2023.

Holds no shares of the Company. No interest in the capital of other Lithuanian companies.

Mr. Algimantas Stasys Anužis charged EUR 15.6 thousand of remuneration under agreement of activity of member of the Management Board. No bonuses estimated, nor any assets were transferred or guarantees issued during the reporting period.

**Giedrius Kazlauskas**

UAB „Laustiga“ (code 135456025, Ukrainiečių str. 4, LT-45234 Kaunas).

Member of Company's Management Board since July 13, 2023.

Holds no shares of the Company. No interest in the capital of other Lithuanian companies.

Mr. Giedrius Kazlauskas charged EUR 15,6 thousand of remuneration under agreement of activity of member of the Management Board. No bonuses estimated, nor any assets were transferred or guarantees issued during the reporting period.

**20.4. Information on the General Manager and Chief accountant of the Company:**

**Mr. Tomas Garasimavičius**

General Director of the Company from March 30, 2020. Education - higher university, Vilnius University in 2003, Bachelor of Political Science, Vilnius University in 2005, Master of Political Science, Creighton University, USA 2005, Master of Political Science. Workplaces during the last 10 years and positions: Head of the Sustainable Energy Development Division of Energetikos Agentūra, PI (June 2010 – December 2012),

Adviser to the Prime Minister of the Republic of Lithuania on Energy (December 2012 – December 2016), Member of the Supervisory Board of UAB Lietuvos Energija (July 2013 – July 2017), Member of the Nomination and Remuneration Committee of the Supervisory Board of UAB Lietuvos Energija (July 2013 – July 2017), Member of the Risk Management Supervisory Committee of the Supervisory Board of UAB Lietuvos Energija (September 2013 – July 2017), Member of the Support Fund Council of UAB Lietuvos Energija (September 2014 – September 2017), Adviser to the Prime Minister of the Republic of Lithuania on Energy and the Environment (January 2017 – March 2018), Adviser to the Mayor of Kaunas city on Energy (June 2018 – March 2020).

Holds no shares of the Company. No interest in the capital of other companies.

### **Ramunė Petkevičienė**

Chief Accountant of the Company from 2 May 2024. Education – higher university degree, Vilnius University, Master's degree in Accounting, finance and banking. Workplaces in the last 10 years, and job positions: Hoptrans Holding, UAB Chief Accountant 2013–2024 y.

Company's General Manager and the Chief Accountant charged 92.2 thousand euros of remuneration in the 1 half of the year 2024, and the average amount per member is 46.1 thousand euros. No other assets had been transferred; no guarantees granted.

## **21. Information on significant agreements**

There are no significant agreements that would come into force, change or termination in case of change in controls of Issuer (their impact as well, except cases when due to the character of agreements the disclosure of them would make a significant harm).

## **22. Information on agreements of the Issuer and its managerial body members or employees**

There are no agreements of the Issuer or its managerial body members or employees (which provide for compensation in case of their resignation or termination of employment on no grounds or in case their employment is terminated due to changes in controls of the Issuer).

## **23. Information on major transactions with related parties**

There were no larger individual transactions. More detailed information is provided in the Note 25 of the Explanatory Notes to the Financial Statements.

## **24. Information on harmful transactions concluded on behalf of the Issuer during the reporting period**

There are no harmful transactions concluded on behalf of the Issuer during the reporting period (not complying with the Company's objectives, normal market conditions, detrimental to the interests of shareholders and other interest groups etc.) which were or are likely to have an adverse effect on the Issuer's activities and (or) performance in the future, as well as information on transactions entered into in a conflict of interest between the Issuer's management, controlling shareholders or other related parties' obligations to the Issuer and their private interests and (or) other duties.

## **25. Information on compliance with the Governance Code of Companies and the Company's corporate social initiatives and policies**

Information on compliance with the corporate governance code is provided in Annex 2 to this Annual Report. Annual reports on the Company's corporate social initiatives and policies are announced on the Company's website.

## **26. Data on publicised information**

In performing its obligations under the applicable legislation regulating the securities market, the Issuer has announced the following information starting from January 1, 2024 over the GlobeNewswire news distribution

service, in which notices are disseminated within the European Union. This information was also posted on the website of the Issuer. All the information is available on website of Nasdaq Vilnius (<http://www.nasdaqbaltic.com/market/?lang=lt>) and Issuer's website (<http://www.kaunoenergija.lt>).

<b>Title</b>	<b>Announcement category</b>	<b>Language</b>	<b>Time</b>
Activity results of AB Kauno energija of the 1 quarter of the year 2024	Interim information	EN, LT	24/05/2024 16:00
Audited annual information of AB Kauno Energija for the year 2023	Annual information	EN, LT	30/04/2024 10:11
Resolutions of the General Meeting of Shareholders of AB Kauno Energija	General meeting of shareholders	EN, LT	30/04/2024 10:05
Convocation of General Meeting of Shareholders of AB Kauno Energija	General meeting of shareholders	EN, LT	03/04/2024 16:00
Resolutions of the Extraordinary General Meeting of Shareholders of "Kauno Energija" AB	General meeting of shareholders	EN, LT	30/03/2024 07:55
Update: Convening the Extraordinary General Meeting of Shareholders of "Kauno Energija" AB	General meeting of shareholders	EN, LT	20/03/2024 07:54
Kauno energija, AB. Regarding information published in the media	Notification on material event	EN, LT	19/03/2024 10:02
Convening the Extraordinary General Meeting of Shareholders of "Kauno Energija" AB	General meeting of shareholders	EN, LT	08/03/2024 08:22
Activity results of 12 months of the year 2023	Interim information	EN, LT	26/02/2024 15:50