

AB Kauno Energija

Company code 235014830

Raudondvario pl. 84

Kaunas, Lithuania



**CONSOLIDATED AND COMPANY'S 3-MONTH
CONDENSED SET OF INTERIM FINANCIAL
STATEMENTS OF 2024 PREPARED IN ACCORDANCE
WITH INTERNATIONAL FINANCIAL REPORTING
STANDARDS AS ADOPTED BY THE EUROPEAN
UNION (UNAUDITED)**

**CONFIRMATION OF RESPONSIBLE PERSONS TO THE SHAREHOLDERS OF AB
KAUNO ENERGIJA AND THE BANK OF LITHUANIA**

Pursuant to the provisions of the Republic of Lithuania Law on Securities and the Information Disclosure Rules approved by the Board of the Bank of Lithuania, we, Tomas Garasimavičius, Chief Executive Officer, Virgilijus Motiejūnas, Chief Financial Officer and Acting Chief Accountant of AB Kauno Energija, hereby confirm that to the best of our knowledge, the set of condensed interim financial statements of AB Kauno Energija for the 3 months ended 31 March 2024, prepared in accordance with the International Financial Reporting Standards as adopted by the European Union, is true and fair and presents fairly the Company's assets, liabilities, financial position, profit (loss) and cash flows.

Tomas Garasimavičius

Director General

**Virgilijus Motiejūnas**

Director of Finance, acting as Chief Accountant



CONDENSED INTERIM FINANCIAL STATEMENTS

	Notes	Group		Company	
		2024-03-31	2023-12-31	2024-03-31	2023-12-31
ASSETS					
Fixed assets					
Intangible fixed assets		232	249	224	241
Land and buildings		6 209	6 201	6 130	6 122
Buildings		142 551	134 610	142 551	134 610
Machinery and equipment		13 518	13 824	13 478	13 779
Vehicles		922	975	922	975
Plant and tools		3 572	3 263	3 527	3 217
Constructions in progress and prepayments		16 780	23 483	16 780	23 483
Investment property		1 106	1 114	-	-
Total property, plant and equipment		184 658	183 470	183 388	182 186
Assets managed under the right of use		1 083	1 083	916	916
Non-current financial assets					
Investments in subsidiaries		-	-	2 763	2 763
Amounts receivable after one year		128	128	-	-
Other financial assets		75	75	75	75
Financial fixed assets, total		203	203	2 838	2 838
Non-current assets, total		186 176	185 005	187 366	186 181
Current assets					
Stock and prepayments					
Inventories	7	1 705	1 777	1 283	1 429
Prepayments		941	1 019	875	942
Total inventories and prepayments		2 646	2 796	2 158	2 371
Amounts receivable within one year					
Term deposits		-	-	-	-
Trade receivables	8	12 295	14 437	11 674	13 621
Loans to the companies of the group of companies		-	-	-	-
Other amounts receivable		4 979	2 755	4 971	2 757
Amounts receivable within one year, total		17 274	17 192	16 645	16 378
Cash and cash equivalents	11	9 179	8 547	7 727	7 315
Current assets, total		29 099	28 535	26 530	26 064
Assets, total:		215 275	213 540	213 896	212 245

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CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

	Notes	Group		Company	
		2024-03-31	2023-12-31	2024-03-31	2023-12-31
EQUITY AND LIABILITIES					
Property					
Capital	1	74 476	74 476	74 476	74 476
Legal reserve	12	7 447	7 447	7 447	7 447
Other reserves	12	50	50	50	50
Profit (loss) available for distribution					
Current year profit		8 251	4 505	8 091	3 881
Profit (loss) of the previous years		15 633	11 128	14 750	10 869
Total retained profit (loss)		23 884	15 633	22 841	14 750
Total equity		105 857	97 606	104 814	96 723
Non-current amounts payable after one year and liabilities					
Long-term financial debts	9	54 736	54 736	54 736	54 736
Lease (financial lease)		1 121	1 121	950	950
Deferred profit tax liabilities		6 517	6 516	6 517	6 516
Grants and subsidies		30 479	30 850	30 479	30 850
Employee benefit liabilities		385	385	365	365
Other provisions		-	-	-	-
Accounts payable after one year, and long-term liabilities, total		93 238	93 608	93 047	93 417
Accounts payable within one year of and other liabilities					
Current year's share of long-term financial debt and leasing/financial leases	9	2 598	3 269	2 594	3 265
Short-term financial debts		-	-	-	-
Trade debtors		8 460	14 105	8 502	14 136
Payroll related liabilities		1 145	715	1 095	701
Received prepayments		636	840	623	815
Tax payable		870	804	777	612
Derivative financial instruments		-	-	-	-
Current year's share of employee benefit obligations		163	163	162	162
Other provisions	10	1 652	1 652	1 652	1 652
Accrued costs and income of future periods		441	440	419	425
Other short-term amounts payable and liabilities		215	338	211	337
Accounts payable within one year of and other liabilities, total		16 180	22 326	16 035	22 105
Total accounts payable and liabilities		109 418	115 934	109 082	115 522
Total equity and liabilities		215 275	213 540	213 896	212 245

(end)

The notes below form an integral part of these financial statements.

**CONDENSED INTERIM STATEMENT OF PROFIT (LOSS) AND OTHER GROSS
INCOME**

Group	Comments	1st quarter 2024	2024 from the beginning of year	1st quarter 2023	2023 from the beginning of year
Operating income					
Sales revenue	13	36 820	36 820	42 897	42 897
Other operational incomes	15	561	561	277	277
Total operating income		37 381	37 381	43 174	43 174
Operating expenses					
Fuel and purchased energy		(22 027)	(22 027)	(28 643)	(28 643)
Salaries, social insurance		(2 440)	(2 440)	(2 117)	(2 117)
Depreciation and amortisation		(1 749)	(1 749)	(1 635)	(1 635)
Repair and maintenance		(128)	(128)	(135)	(135)
Change in impairment of receivables	8	(1)	(1)	(7)	(7)
Taxes, other than income tax		(476)	(476)	(466)	(466)
Electricity		(695)	(695)	(622)	(622)
Raw materials and materials		(68)	(68)	(283)	(283)
Water		(602)	(602)	(457)	(457)
Change in realisable value of inventories and impairment of fixed assets	7	(15)	(15)	(44)	(44)
Other costs	14	(511)	(511)	(693)	(693)
Other operational expenses	15	(162)	(162)	(165)	(165)
Operating expenses, total		(28 874)	(28 874)	(35 267)	(35 267)
Operating profit (loss)		8 507	8 507	7 907	7 907
Other interest and similar income		170	170	284	284
Value impairment of financial assets and short-term investment		-	-	-	-
Interest and other similar costs		(426)	(426)	(271)	(271)
Income from financing and investment activities, net value		(256)	(256)	13	13
Profit before taxation		8 251	8 251	7 920	7 920
Income tax		-	-	-	-
Deferred income tax income (loss)		-	-	-	-
Profit for the reporting period		8 251	8 251	7 920	7 920
Termination benefits (accrual), other provisions to be reclassified to profit or loss when certain conditions are met		-	-	-	-
Gross income		8 251	8 251	7 920	7 920
Profit for the period attributable to the Company's shareholders		8 251	8 251	7 920	7 920
Gross income attributable to the Company's shareholders		8 251	8 251	7 920	7 920
Earnings per share (EUR)	16	0,19	0,19	0,19	0,19

**CONDENSED INTERIM STATEMENT OF PROFIT (LOSS) AND OTHER GROSS
INCOME**

Company	Comments	1st quarter 2024	2024 from the beginning of year	1st quarter 2023	2023 from the beginning of year
Operating income					
Sales revenue	13	36 820	36 820	42 809	42 809
Other operational incomes	15	349	349	201	201
Total operating income		37 169	37 169	43 010	43 010
Operating expenses					
Fuel and purchased energy		(22 027)	(22 027)	(28 643)	(28 643)
Salaries, social insurance		(2 310)	(2 310)	(2 049)	(2 049)
Depreciation and amortisation		(1 734)	(1 734)	(1 606)	(1 606)
Repair and maintenance		(123)	(123)	(135)	(135)
Change in impairment of receivables	8	1	1	(7)	(7)
Taxes, other than income tax		(471)	(471)	(456)	(456)
Electricity		(695)	(695)	(622)	(622)
Raw materials and materials		(144)	(144)	(183)	(183)
Water		(602)	(602)	(456)	(456)
Change in realisable value of inventories and impairment of fixed assets	7	(15)	(15)	(44)	(44)
Other costs	14	(539)	(539)	(788)	(788)
Other operational expenses	15	(162)	(162)	(172)	(172)
Operating expenses, total		(28 821)	(28 821)	(35 161)	(35 161)
Operating profit (loss)		8 348	8 348	7 849	7 849
Other interest and similar income		169	169	284	284
Value impairment of financial assets and short-term investment		-	-	-	-
Interest and other similar costs		(426)	(426)	(266)	(266)
Income from financing and investment activities, net value		(257)	(257)	18	18
Profit before taxation		8 091	8 091	7 867	7 867
Income tax		-	-	-	-
Deferred income tax income (loss)		-	-	-	-
Profit for the reporting period		8 091	8 091	7 867	7 867
Termination benefits (accrual), other provisions to be reclassified to profit or loss when certain conditions are met		-	-	-	-
Gross income		8 091	8 091	7 867	7 867
Earnings per share (EUR)	16	0,19	0,19	0,18	0,18

The notes below form an integral part of these financial statements.

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

Group	Notes	Capital	Legal reserve	Other reserves	Profit (loss) available for distribution	Total
Balance as at 31 December 2022		74 476	7 447	3 000	11 178	96 101
Formed reserves		-	-	50	(50)	-
Reversed reserves		-	-	(3 000)	3 000	-
Dividends		-	-	-	(3 000)	(3 000)
Profit for the reporting period		-	-	-	6 078	6 078
Other gross income		-	-	-	(1 573)	(1 573)
Balance as at 31 December 2023		74 476	7 447	50	15 633	97 606
Profit for the reporting period		-	-	-	8 251	8 251
Other gross income		-	-	-	-	-
Balance as at 31 March 2024		74 476	7 447	50	23 884	105 857

Company	Notes	Capital	Legal reserve	Other reserves	Profit (loss) available for distribution	Total
Balance as at 31 December 2022		74 476	7 447	3 000	10 919	95 842
Formed reserves		-	-	50	(50)	-
Reversed reserves		-	-	(3 000)	3 000	-
Dividends		-	-	-	(3 000)	(3 000)
Profit for the reporting period		-	-	-	5 454	5 454
Other gross income		-	-	-	(1 573)	(1 573)
Balance as at 31 December 2023		74 476	7 447	50	14 750	96 723
Profit for the reporting period		-	-	-	8 091	8 091
Other gross income		-	-	-	-	-
Balance as at 31 March 2024		74 476	7 447	50	22 841	104 814

The notes below form an integral part of these financial statements.

CONDENSED INTERIM CASH FLOW STATEMENTS

	Group		Company		
	Notes	1st quarter 2024	1st quarter 2023	1st quarter 2024	1st quarter 2023
Cash flows from (to) operating activities					
Gross income		8 251	7 920	8 091	7 867
Adjustments to non-cash items:					
Depreciation and amortisation		2 256	2 067	2 241	2 103
Write-offs and changes in impairment of receivables		1	7	(1)	7
Interest costs		426	271	257	266
Change in the value of fixed-term deposits		-	-	-	-
Loss (gain) on sale and write-down of fixed assets and value of shares		(9)	(10)	(9)	(10)
Grants and subsidies (amortisation)		(371)	(384)	(371)	(384)
Change in realisable value of inventories and impairment of fixed assets		15	44	15	44
Change in employee benefits liability		-	(14)	-	(14)
Change in lease liability		-	-	-	-
Profit tax expense		-	(6)	-	-
Change in accruals		1	23	(6)	6
Change in provision liabilities		-	-	-	-
Reverse of other results of financing and investing activities		(170)	(284)	-	(284)
Adjustment to total non-cash items		2 149	1 714	2 126	1 734
Changes of working capital:					
Decrease (increase) in inventories		57	(99)	131	213
Decrease (increase) in prepayments		78	(158)	67	(154)
Decrease (increase) in trade receivables		2 141	5 050	1 948	4 959
Decrease (increase) in other amounts receivable		(2 224)	(876)	(2 214)	(894)
Increase (decrease) in long-term trade debts		-	-	-	-
Increase (decrease) in trade debtors and advances received		(5 227)	(7 359)	(5 218)	(7 393)
Decrease (increase) in liabilities related to employment relations		430	478	394	466
Increase (decrease) in taxes payable		66	441	165	430
Decrease (increase) in received prepayments		(204)	181	(192)	183
Increase (decrease) in other current liabilities		(123)	(193)	(126)	(205)
Changes in total working capital		(5 006)	(2 535)	(5 045)	(2 395)
Net cash flows from operating activities		5 394	7 099	5 172	7 206

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CONDENSED INTERIM CASH FLOW STATEMENTS (continued)

	Notes	Group		Company	
		1st quarter 2024	1st quarter 2023	1st quarter 2024	1st quarter 2023
Cash flows from (to) investing activities					
Acquisition of intangible fixed assets and property, plant and equipment		(3 423)	(1 870)	(3 417)	(1 846)
Sale of property, plant and equipment		5	125	-	120
Interest received on overdue receivables		-	-	-	-
Acquisition of investments, change in value		-	(6 000)	-	(6 000)
Net (used) cash flows from investing activities		(3 418)	(7 745)	(3 417)	(7 726)
Cash flows from (to) financing activities					
Loans received		-	-	-	-
Loans repaid		(671)	646	(671)	(646)
Interest paid		(673)	303	(672)	(303)
Rent payments		-	-	-	-
Dividend paid		-	-	-	-
Subsidy received		-	24	-	24
Net cash flows from (used in) financing activities		(1 344)	973	(1 343)	(925)
Net increase (decrease) in cash flows		632	327	412	(1 445)
Cash and cash equivalents at the beginning of the period		8 547	3 696	7 315	4 891
Cash and cash equivalents at the end of the period		9 179	4 023	7 727	3 446

(end)

The notes below form an integral part of these financial statements.

NOTES TO THE CONDENSED SET OF INTERIM FINANCIAL STATEMENTS**1. General information**

AB Kauno Energija (hereinafter referred to as the Company) is a public limited liability company registered in the Republic of Lithuania. Its registered office address is Raudondvario pl. 84, Kaunas, Lithuania. Data about the Company is collected and stored in the Registry of Legal Entities.

The Company is engaged in the supply of heat and hot water, production and sale of electricity and maintenance of collector-tunnels.

The Company also provides heating system maintenance services. The Company was registered on 1 July 1997 following the reorganisation of AB Lietuvos Energija. The company code 235014830. The Company's shares are traded on the Baltic Additional Trading List of the Nasdaq Vilnius Stock Exchange.

As at 31 March 2024 and 31 December 2023, the Company's shareholders were:

	2024-03-31		2023-12-31	
	Number of held shares, units	Ownership (%)	Number of held shares, units	Ownership (%)
Kaunas city municipality	39.736.058	92,84	39.736.058	92,84
Kaunas district municipality	1.606.168	3,75	1.606.168	3,75
Jurbarkas district municipality	746.405	1,74	746.405	1,74
Other minor shareholders	713.512	1,67	713.512	1,67
	42.802.143	100,00	42.802.143	100,00

The Company's authorised capital is equal to EUR 74,475,728.82 and is divided into 42,802,143 ordinary shares with a nominal value of EUR 1.74 each. As at 31 March 2024 and 31 December 2023, the Company had no treasury shares. As at 31 March 2024 and 31 December 2023, all shares were fully paid up.

On 31 March 2024, the Company and its subsidiary UAB GO Energy LT form a group (the Group):

Company	Company home address	Group's shareholding	Cost of investment	Profit (loss) for the reporting period	Equity	Main activities
UAB GO Energy LT	Raudondvario pl. 84, Kaunas	100 per cent.	2 763	161	3 813	Innovative energy projects, consultancy, rental

The Company and the Group also own 22% interest in UAB Kauno miesto paslaugų centras. The cost of the investment is EUR 75 thousand (the amount of the investment is included under 'Other financial assets').

The Group's average number of listed employees during the reporting period was 366 and the Company's average number of listed employees was 340.

1. General information (continued)

Legal regulation

Pursuant to the Law of the Republic of Lithuania on the Heat Sector, the Company's activities are licensed and regulated by the State Energy Regulatory Council (hereinafter referred to as the Council). On 26 February 2004 the Council granted the Company a heat supply licence. The licence is valid for an unlimited period, but may be revoked by an appropriate decision of the Council depending on compliance with certain conditions. The Council also sets price caps for heat supply. On 13 September 2018, the Council, by its Resolution No. O3E-283, established the components of the basic heat price for the Company, which were in force during the reporting period.

Economic activities

The Company's production capacities consist of the Petrašiūnai power plant, 5 boiler houses in Kaunas integrated network, 7 regional boiler houses in Kaunas district, 1 in Jurbarkas, 14 isolated network and 26 local (household) boiler houses in Kaunas city, as well as 8 boiler houses for water heating in Sargėnai district.

The total installed thermal capacity of the Company is approximately 596 MW (of which 53 MW are condensing economizers), electrical, 8.75 MW, including 220 MW thermal capacity of the Petrašiūnai power plant (of which 17.8 MW is condensing economizer) and 8 MW electrical capacity, in Jurbarkas 39.4 MW thermal capacity (including 4.4 MW – a condensing economizer). The total power generation capacity of the Company as a whole is approximately 605 MW (of which 53 MW are condensing economizers).

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 shareholders and coordinated by the Board.

2. Basis of preparation of the financial statements

The condensed interim financial statements of the Company and the Group for the three-month period ended **31 March 2024** have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (hereinafter the IFRSs) as applicable to interim financial reporting (International Accounting Standard (IAS) 34 "Interim Financial Reporting"). These financial statements do not include all the information necessary for the preparation of the full set of consolidated and separate financial statements. However, selected notes are included to explain events and transactions and to provide an understanding of significant changes in the Group's and the Company's financial position and financial performance.

All accounting principles applied in the preparation of the condensed interim financial information are the same as those applied in the preparation of the annual financial statements for 2023.

The new standards and amendments effective from 1 January 2024 have no material impact on the Group's and Company's financial statements.

The currency of the submission is the euro. These statements are presented in thousands of euro, unless otherwise stated.

The Company's financial year coincides with the calendar year.

The management of the Company has approved the following interim financial statements as at 29 April 2024.

3. Application of assessments in preparation of financial statements

In preparing financial statements in accordance with IFRSs adopted for application in the EU, management shall make calculations and estimates of assumptions that affect the application of accounting principles and of amounts related to assets and liabilities, income and expenses. The estimates and related assumptions are based on historical experience and other factors that are consistent with current conditions and the results of which lead to conclusions about the residual values of assets and liabilities that are not available from other sources. The actual results could differ from the estimates. The estimates and related assumptions are kept under constant review. Adjustments to estimates are recognised prospectively.

The key assumptions and other significant sources of estimation uncertainty at the date of the interim statements of financial position that have a significant risk of causing a material adjustment to the carrying

amounts of assets or liabilities within the next financial year are the same as those described in the most recent set of annual separate and consolidated financial statements.

Definition of lease

Until 1 January 2019 the Group and the Company determined at the time of signing the agreement whether the agreement meets the definition of lease in accordance with IFRIC 4 "Determining Whether an Arrangement Contains a Lease". From 1 January 2019, when an agreement is concluded, the determining whether an arrangement contains a lease or includes a lease is based on the new definition. Under IFRS 16, A contract, or part of a contract, that conveys the right to use an asset for a period of time in exchange for consideration.

In evaluating or re-evaluating an agreement that contains a lease component, the Group and the Company allocate the contractual consideration provided for in the agreement to each of the parts of the agreement that have and do not have a lease component on the basis of their relative stand-alone prices. However, in the case of leases of immovable property where the Group and the Company are lessees, the Group and the Company have chosen not to separate the lease-free components and instead to account for the lease-free and lease-containing components together as a single lease component.

The Group and the Company, as tenant, have previously classified the lease as an operating or finance lease based on an assessment of whether the lease agreement essentially provides for the transfer of all risks and rewards of ownership. The Group and the Company recognise right-of-use assets and lease liabilities in lease agreements in accordance with the provisions of IFRS 16. These leases are shown in the balance sheet.

Assets held under usufruct are presented by the Group and the Company under the item of assets held under usufruct.

Recognised lease liabilities are presented in the statements of financial position under leasing (finance lease) and long-term financial debts and leasing (finance lease) for the current year.

4. Measurement of fair value

At initial recognition, the transaction price of an acquired asset or a liability assumed in an exchange transaction entered into for a particular asset or liability is the price paid at the time the asset is acquired or the liability is assumed (the acquisition price). In comparison, the fair value of the asset or liability is the price that would be obtained from the sale of the asset or paid for the disposal of the liability (the sale/transfer price).

If the Company initially measures an asset or liability at fair value and the transaction price differs from fair value, the difference is recognised as a gain or loss unless otherwise specified in the IFRSs.

The fair value measurement is based on the assumption that a transaction for the sale of an asset or the disposal of a liability will be carried out either:

- in the underlying market for the asset or liability, or
- in absence of a principal market, the most favourable market for the asset or liability in question.

Where observable variables that are directly observable by the Company are not available at the measurement date, i.e. prices quoted (not adjusted) in active markets for identical assets or liabilities, fair value is determined by reference to adjusted observable variables that are directly observable. Adjusted variables are:

- prices quoted for similar assets or liabilities in active markets;
- prices quoted for identical or similar assets or liabilities in markets that are not active markets;
- variables other than quoted prices observed for a specific asset or liability;
- market-confirmed variables.

Where observable variables are not available (directly or indirectly), fair value shall be determined by reference to unobservable variables that the Group and the Company produce using valuation techniques.

The fair value measurement of a non-financial asset shall take into account the ability of the market participant to generate economic benefits by using the specific asset to its maximum and best value or by selling it to another market participant that will use it to its maximum and best value.

The fair value of liability reflects the impact of inactivity risk. Inactivity risk includes, but is not limited to, the entity's own credit risk. When determining the fair value of a liability, an entity shall assess the effects of its credit risk (financial position) and other factors that may affect the likelihood that the liability will or will not be met.

Measurement of fair value (continued)

The Group and the Company must increase the use of relevant observable variables and reduce the use of unobservable variables in order to achieve the objective of fair value measurement by calculating the price at which a liability or equity instrument would be transferred under a legally orderly transaction between market participants at the valuation date in accordance with prevailing market conditions.

Assets and liabilities that are measured at fair value in the statement of financial position, or for which fair value is not determinable but for which disclosures are made, are classified by the Group and the Company in accordance with the fair value hierarchy, which categorises variables into three levels depending on their availability:

- Level 1 variables are quoted (unadjusted) prices for identical assets or liabilities in an active market that are available to the Company at the date of valuation;
- Level 2 variables are variables, other than quoted prices which are classified as Level 1, that are observable directly or indirectly for a specific asset or liability;
- Level 3 variables are unobserved variables applied to a specific asset or liability.

When the variables used to measure the fair value of an asset or liability may be classified in different levels of the fair value hierarchy, the entire fair value measurement result is classified in the same level of the fair value hierarchy as the lowest level variable that is significant to the entire measurement.

6. Property, plant and equipment

During the first 3 months of 2024, the Group's and the Company's acquisitions of property, plant and equipment amounted to EUR 3,412 thousand and EUR 3,406 thousand, respectively, and the residual value of property, plant and equipment sold and written off amounted to EUR 497 thousand and EUR 492 thousand.

The depreciation expense for property, plant and equipment of the Group and the Company as at 31 March 2024 amounts to EUR 2,227 thousand and EUR 2,212 thousand respectively. The amounts of the Group's and the Company's depreciation expenses were included in operating expenses in the profit and loss and other comprehensive income statements (depreciation and amortisation and other expenses).

The management of the Group and the Company has assessed internal and external indicators and has not identified any additional impairment of property, plant and equipment on 31 March 2024.

Part of the Group's property, plant and equipment with an acquisition value of EUR 34,156 thousand as at 31 March 2024 (on 31 December 2023: EUR 34,694 thousand), EUR 34,156 thousand for the Company, was fully depreciated (on 31 December 2023: EUR 34,694 thousand), but still used in business operations.

On 31 March 2024 and 31 December 2023, the Group's and the Company's construction in progress consists mainly of the reconstruction and overhaul of boiler plants and heat supply networks.

As at 31 December 2024, property, plant and equipment with a residual value equal to the Group were EUR 8,521 thousand (on 31 December 2023: EUR 8,548 thousand) and EUR 8,521 thousand (on 31 December 2023: EUR 8,548 thousand) of the Company's assets have been pledged to the banks as security for the loans.

7. Inventories

	Group		Company	
	2024-03-31	2023-12-31	2024-03-31	2023-12-31
Technological fuels	1 028	1 162	1 028	1 162
Spare parts	808	731	386	383
Materials	333	333	333	333
	2 169	2 226	1 747	1 878
To be deducted: write-down to net realisable value at the end of the period	(464)	(449)	(464)	(449)
Carrying amount of inventories	1 705	1 777	1 283	1 429

The write-down of the Group's and the Company's inventories to net realisable value as at 31 March 2024 amounted to EUR 464 thousand (on 31 December 2023: EUR 449 thousand). The change in the write-down of inventories to net realisable value in Q1 2024 and 2023 is included in the Group's and the Company's Statements of Profit and Loss and Other Gross income under the item of costs of changes in the realisable value of inventories and fixed assets.

8. Amounts receivable within one year

	Group		Company	
	2024-03-31	2023-12-31	2024-03-31	2023-12-31
Trade receivables	16 657	18 799	15 996	17 943
To be deducted: expected credit losses	(4 362)	(4 362)	(4 322)	(4 322)
	12 295	14 437	11 674	13 621

Change in impairment of doubtful receivables as at 31 March 2024 and 31 December 2023 in the Group's and the Company's Statements of Profit and Loss and Other Gross included in the item of impairment charges on receivables. Impairment of doubtful receivables is measured at expected credit losses.

The Group's and the Company's receivables from customers are interest-free and normally have a maturity of 30 days or individually agreed.

On 31 March 2024 and 31 December 2023 the Group's and the Company's other receivables consisted of taxes receivable from the State, debt owed by municipalities for compensation to low-income families, receivables for inventories sold (scrap metal, heating system equipment) and services rendered (collector maintenance services, etc.).

The Group's and the Company's other receivables are interest-free and are generally due within 30 to 45 days.

No impairment is calculated on outstanding receivables as management does not consider that there is any indication that debtors will be unable to meet their obligations.

Credit risk

The Group and the Company are not exposed to significant concentrations of credit risk as they deal with a large number of customers.

9. Financial debts

All loans of the Group and the Company are accounted for and repaid in euro. The weighted average (percentage) of the interest rate on outstanding loans at 31 March 2024 and 31 December 2023 was as follows:

	Group		Company	
	2024-03-31	2023-12-31	2024-03-31	2023-12-31
Short-term	-	-	-	-
Long-term	4,42	4,45	4,42	4,45

Repayment terms of long-term loans:

	Group		Company	
	2024-03-31	2023-12-31	2024-03-31	2023-12-31
Long-term financial debts (loans):	54 736	54 736	54 736	54 736
Payable between 2 and 5 years	22 506	22 506	22 506	22 506
Payable after 5 years	32 230	32 230	32 230	32 230
Current portion of long-term loans	2 571	3 231	2 571	3 231
	57 307	57 967	57 307	57 967

On 31 March 2024 in the statement of financial standing, the Group and the Company have recorded interest payable to financial institutions under long-term financial debts amounted to EUR 212 thousand and EUR 212 thousand respectively.

Details of the Group's and Company's loans as at 31 March 2024:

	Credit institution	Date of contract	Amount, thousands EUR	Maturity	Balance as at 2024-03-31 in thousands EUR	To be repaid in 2024, thousand EUR
1	Ministry of Finance of the Republic of Lithuania *	2010-04-09	2 410	2034-03-15	936	-
2	Ministry of Finance of the Republic of Lithuania *	2010-10-26	807	2034-03-15	385	-
3	EIB**	2020-08-07	12 000	2036-08-18	11 321	680
4	Ministry of Finance of the Republic of Lithuania *	2014-01-15	793	2034-12-01	458	41
5	Ministry of Finance of the Republic of Lithuania *	2014-03-31	7 881	2034-12-01	4 549	414
6	EIB**	2020-08-07	15 000	2035-08-24	11 500	750
7	AB SEB bank	2016-12-22	4 127	2024-11-30	158	158
8	EIB**	2020-08-07	14 000	2037-08-24	14 000	528
9	EIB**	2020-08-07	14 000	2038-09-29	14 000	-
					57 307	2 571

* Ministry of Finance of the Republic of Lithuania; ** European Investment Bank.

AB SEB Bankas has determined that the Company must comply with the net financial debt to EBITDA ratio set for the quarter, which must not exceed 4.5. Under the loan agreements, the Company's equity ratio (total equity/total assets) must be at least 35%. The European Investment Bank's requirements also stipulate that the Company must comply with both of these indicators. As at 31 December 2024, the Company has met its indicators.

Loan agreements contain certain restrictions. The Company may not grant dividends, issue and/or obtain new loans, make grants, sell or lease mortgaged assets without the written consent of the banks.

On 26 March 2024, the Company entered into a credit agreement with AB SEB Bankas for the financing of the working capital, under which the overdraft limit of EUR 5 million for a period of 12 months was approved. As at the date of the financial statements, the amount of the overdraft limit has not been used.

10. Other provisions

As at 31 December 2023, the Company has made a provision of EUR 1,573 thousand to cover the differences in the actual cost of electricity, purchased heat, fuel and production included in the price of heat sold and actually incurred, i.e. to cover future price reduction liabilities.

11. Cash and cash equivalents

	Group		Company	
	2024-03-31	2023-12-31	2024-03-31	2023-12-31
Cash on the road	1 115	700	1 115	700
Cash in the bank	8 064	7 847	6 612	6 615
	9 179	8 547	7 727	7 315

Group bank accounts with a balance of EUR 1,540 thousand on 31 March 2024 (EUR 1,073 thousand on 31 December 2023) and the Company's EUR 1,540 thousand (on 31 December 2023: EUR 1,073 thousand) are pledged to banks as collateral for the loan.

12. Changes in equity

Statutory reserve and other reserves

The statutory reserve is required under the legislation of the Republic of Lithuania. At least 5% of net profits, calculated in accordance with International Financial Reporting Standards, must be transferred to the reserve annually until it reaches 10% of the authorised capital. The statutory reserve may not be distributed as dividends but can be used to cover future losses.

13. Sales income

The Group and the Company are engaged in the supply of thermal energy, maintenance of building heating and hot water supply systems, electricity generation, and other activities. These activities are closely interlinked and, for management purposes, the Group and the Company are considered to be organised in a single segment – the supply of thermal energy.

The Group's and the Company's activities are seasonal, with the majority of revenue generated during the heating season, which starts in October and ends in April.

Sales revenues by the Group and the Company activities are presented below:

	Group		Company	
	2024 Q1	2023 Q1	2024 Q1	2023 Q1
Heat supply	34 893	40 995	34 893	40 995
Hot water supply	1 683	1 590	1 683	1 590
Maintenance of hot water metering devices	155	219	155	131
Maintenance of collectors	87	87	87	87
Maintenance of heating and hot water systems in buildings	2	5	2	5

Cooling supply	-	1	-	1
Sale of tradable emission allowances	-	-	-	-
	36 820	42 897	36 820	42 809

Sales revenues by consumer groups of the Group and the Company are presented below:

	Group		Company	
	2024 Q1	2023 Q1	2024 Q1	2023 Q1
Residents	26 388	30 967	26 388	30 967
Other users	4 578	5 119	4 578	5 031
Budgetary organisations financed from the state budget	2 809	3 191	2 809	3 191
Budgetary organisations financed from municipal budgets	1 802	2 179	1 802	2 179
Institutions financed by territorial sickness funds	988	1 123	988	1 123
Industrial users	255	318	255	318
	36 820	42 897	36 820	42 809

14. Other costs

Other costs include:

	Group		Company	
	2024 Q1	2023 Q1	2024 Q1	2023 Q1
Equipment inspection and testing	37	14	37	89
Maintenance of collectors	90	91	90	91
Money collection costs	32	31	32	31
Ash recovery costs	35	73	35	73
Information Technologies costs	37	26	37	26
Consulting Services	30	48	30	48
Employee-related costs	18	22	18	22
Invoicing costs	27	27	27	27
Membership fee	29	30	29	30
Maintenance of fixed assets and related services	33	16	33	16
Transport costs	26	27	26	27
Debt collection costs	28	33	28	33
Insurance	27	34	27	34
Communication costs	15	14	15	14
Costs for advertising	6	3	6	3
Audit costs	-	-	-	-
Rental of equipment and machinery	12	18	12	18
Sponsorship	-	116	-	116
Other costs	29	70	57	90
	511	693	539	788

15. Other operating income and expense

Other operating income includes:

	Group		Company	
	2024 Q1	2023 Q1	2024 Q1	2023 Q1
Other operational incomes				
Inventories sold	201	65	184	65
Miscellaneous services rendered	273	128	78	52
Compensation received	-	15	-	15
Revenue from previous periods	-	-	-	-

Profit from the sale of fixed assets	1	-	1	-
Other	86	69	86	69
	561	277	349	201

Other operating expenses include:

Other operational expenses	Group		Company	
	2024 Q1	2023 Q1	2024 Q1	2023 Q1
Cost of miscellaneous services rendered	(42)	(65)	(42)	(72)
Inventories sold	(58)	(43)	(58)	(43)
Cost of previous periods	(19)	(28)	(19)	(28)
Sale of fixed assets, write-off	(1)	(1)	(1)	(1)
Other	(42)	(28)	(42)	(28)
	(162)	(165)	(162)	(172)

The Group and the Company lease real estate, supply technical water, perform maintenance of heating equipment.

16. Basic and diluted earnings per share

The Group's basic and diluted earnings per share calculations are presented below:

	Group		Company	
	2024 Q1	2023 Q1	2024 Q1	2023 Q1
Profit for the reporting period	8 251	7 920	8 091	7 867
Number of shares (thousands), beginning of period	42 802	42 802	42 802	42 802
Number of shares (thousands), end of period	42 802	42 802	42 802	42 802
Weighted average number of ordinary shares in issue (thousands)	42 802	42 802	42 802	42 802
Basic and diluted earnings per share (EUR)	0,19	0,19	0,19	0,18

17. Commitments and contingencies not included in the balance sheet

AB Kauno Energija has filed a complaint with the Regional Administrative Court on 2024-02-26 against VERT's Decisions No. O3E-141 "On the determination of the level of heat production and/or supply income of AB Kauno Energija for the first year of validity of the base level of heat production and/or supply income", and on 2024-02-23 adopted Resolution No O3E-213 "On the cancellation of the unilateral establishment of a part of the base level of heat production and/or supply income level of AB Kauno Energija for the first years of validity of the base level of heat production and/or supply income level". The amount of the complaint totals EUR 2 587.50 thousand.

18. Related party transactions

The parties are considered to be related if one party can control the other party or has significant influence over the other party in making financial or operational decisions.

In Q1 2024 and Q1 2023, the Group and the Company did not have any significant transactions with other companies controlled by Kaunas City Municipality, except for the purchase or provision of utility services. Transactions with Kaunas City Municipality and companies controlled by Kaunas City Municipality were carried out at market prices.

18. Related party transactions (continued)

In Q1 2024 and Q1 2023, the Group's and the Company's transactions with Jurbarkas City Municipality, Kaunas City Municipality and companies financed and controlled by Kaunas City Municipality, whereas their debts and liabilities as at the end of the periods were as follows:

31 March 2024	Purchases	Sales	Amounts receivable	Amounts payable
Kaunas City Municipality, companies financed and fully managed by it	652	3 498	1 243	467
Jurbarkas district municipality	5	135	39	3
31 March 2023	Purchases	Sales	Amounts receivable	Amounts payable
Kaunas City Municipality, companies financed and fully managed by it	533	5 708	2 422	451
Jurbarkas district municipality	5	161	58	3

Sales include the amounts of reimbursements for housing heating costs, cold water and sewage costs, and hot water costs for financially challenged residents.

On 31 December 2024 and 31 December 2023, the Company's transactions with subsidiaries and the balance sheet balances at the end of the period were as follows:

UAB GO Energy LT	Purchases	Sales	Amounts receivable	Amounts payable
31 March 2024	652	57	18	369
31 December 2023	39	64	43	10

UAB GO Energy LT provides real estate management services to AB Kauno Energija and participates in unregulated energy development projects together with its parent company.

Management's salary and other benefits

On 31 December 2024, the Group's and the Company's management consists of 2 and 1 persons (2 and 1 on 31 December 2023), respectively. As at 31 March 2024, the Company's Management Board consisted of 3 members and the Supervisory Board consists of 3 members.

	Group		Company	
	2024 From the beginning of the year	2023 From the beginning of the year	2024 From the beginning of the year	2023 From the beginning of the year
Wages and salaries charged to the management	32	29	30	27
The Board	26	24	26	24
The Supervisory Board	15	-	15	-
Reimbursements of employee benefits calculated for the management	-	-	-	-

During Q1 2024 and Q1 2023, there were no loans, guarantees, other disbursements or accruals to the management of the Group and the Company, or transfers of assets .

19. Events after the date of the balance sheet

There have been no other events after the reporting date that could have a material effect on the financial statements or that should be disclosed in the financial statements.