AB Kauno Energija

Company code 235014830

Raudondvario pl. 84

Kaunas, Lithuania

KAUNO
ENERGIJA

CONSOLIDATED AND COMPANY'S 6-MONTH CONDENSED SET OF INTERIM FINANCIAL STATEMENTS OF 2026 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, General Manager of AB Kauno energija, Virgilijus Motiejūnas, Financial director and Ramunė Petkevičienė, Head of Financial Management and Accounting Department, confirms that to our knowledge, AB Kauno energija's set of condensed interim financial statements for the 6 months of 2026, prepared in accordance with the International Financial Reporting Standards adopted for application in the European Union, corresponds to reality and correctly shows the company's assets, liabilities, financial condition, profit (loss) and cash flows.

Tomas Garasimavičius

General Manager

Virgilijus Motiejūnas

Director of Finance

Ramunė Petkevičienė

Head of Financial Management and Accounting Department

(in thousand euro, unless specified otherwise)

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

		Group		Company	
	Notes	**2026-06-30**	**2025-12-31**	**2026-06-30**	**2025-12-31**
ASSETS					
Fixed assets					
Intangible fixed assets		**1 053**	**241**	**1 039**	**220**
Land and buildings		5 625	5 827	5 552	5 753
Buildings		159 335	155 837	159 335	155 837
Machinery and equipment		17 613	18 136	17 609	18 124
Vehicles		656	735	604	710
Plant and tools		7 875	7 286	7 815	7 225
Constructions in progress and prepayments		18 821	20 015	18 699	19 975
Investment property		1 281	1 298	-	-
Total property, plant and equipment	**6**	**211 206**	**209 134**	**209 614**	**207 624**
Assets managed under the right of use		**1 294**	**1 307**	**986**	**997**
Deferred income tax assets		**14**	**14**		
Non-current financial assets					
Investments in subsidiaries	1	-	-	2 763	2 763
Investments in Associates	1	201	190	75	75
Other long-term investments	1	2		2	2
Receivables after one year		1	3	1	1
Other financial assets		-	-	-	-
Financial fixed assets, total		**204**	**193**	**2 841**	**2 841**
Non-current assets, total		**213 771**	**210 889**	**214 480**	**211 682**
Current assets					
Stock and prepayments					
Inventories	7	1 432	1 300	1 074	1 102
Prepayments		1 103	1 313	1 082	796
Total inventories and prepayments		**2 535**	**2 613**	**2 156**	**1 898**
Amounts receivable within one year					
Trade receivables	8	4 967	17 905	4 557	17 718
Depts of the group of companies		-	-	-	-
Other amounts receivable	9	88	776	12	655
Amounts receivable within one year, total		**5 055**	**18 681**	**4 569**	**18 373**
Term deposits		**-**	**-**		
Cash and cash equivalents	**12**	**28 810**	**10 863**	**26 005**	**9 168**
Current assets, total		**36 400**	**32 157**	**32 730**	**29 439**
Assets, total:		**250 171**	**243 046**	**247 210**	**241 121**

(continued on the next page)

(in thousand euro, unless specified otherwise)

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (CONTINUED)

		Group		Company	
Group	**Notes**	**2026-06-30**	**2025-12-31**	**2026-06-30**	**2025-12-31**
EQUITY AND LIABILITIES					
Property					
Capital	**1**	**74 476**	**74 476**	**74 476**	**74 476**
Legal reserve	**13**	7 525	7 510	7 448	7 448
Other reserves	**13**	50	50	50	50
Profit (loss) available for distribution					
Current year profit	**19**	16 835	18 328	16 610	18 000
Profit (loss) of the previous years		42 941	24 628	41 647	23 647
Total retained profit (loss)		**59 776**	**42 956**	**58 257**	**41 647**
Total equity		**141 827**	**124 992**	**140 231**	**123 621**
Non-current amounts payable after one year and liabilities					
Long-term financial debts	**10**	57 825	57 825	57 825	57 825
Lease		1 378	1 374	1 052	1 052
Deferred profit tax liabilities		6 695	6 695	6 695	6 695
Grants and subsidies		28 562	28 357	28 509	28 354
Employee benefit liabilities		368	368	358	358
Other provisions		80	70	52	46
Accounts payable after one year, and long-term liabilities, total		**94 908**	**94 689**	**94 491**	**94 330**
Accounts payable within one year of and other liabilities					
Financial debts and leasing	**10**	2 701	4 851	2 698	4 846
Trade debtors		5 634	13 997	4 945	14 001
Payroll related liabilities		1 784	1 290	1 784	1 218
Received prepayments		876	936	865	920
Tax payable		704	1 429	704	1 323
Current year's share of employee benefit obligations		441	276	263	276
Other provisions	**11**	-	-	-	
Accrued costs and income of future periods		835	410	835	410
Other short-term amounts payable and liabilities		461	176	394	176
Accounts payable within one year of and other liabilities, total		**13 436**	**23 365**	**12 488**	**23 170**
Total accounts payable and liabilities		**108 344**	**118 054**	**106 979**	**117 500**
Total equity and liabilities		**250 171**	**243 046**	**247 210**	**241 121**

(end)

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

(in thousand euro, unless specified otherwise)

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

Group	Comments	2026 II Quarter	30 June 2026 from the beginning of the year	2025 II Quarter	30 June 2025 from the beginning of the year
MAIN ACTIVITIES					
INCOME	**14**	**17 430**	**80 492**	**14 991**	**59 299**
Income from products sold and services rendered		15 461	77 557	13 905	57 418
Other operating income		1 969	2 935	1 086	1 881
COSTS	**15**	**(17 073)**	**(63 391)**	**(14 236)**	**(44 312)**
Fuel and purchased energy		(7 087)	(43 077)	(5 190)	(26 962)
Salaries, social insurance		(3 214)	(6 284)	(3 196)	(6 138)
Depreciation and amortisation		(2 439)	(4 834)	(2 189)	(4 279)
Decrease in realised value of receivables		204	(387)	(124)	(63)
Raw materials and materials		(49)	(105)	(55)	(143)
Taxes, other than income tax		(958)	(1 618)	(912)	(1 464)
Electricity		(243)	(1 066)	(231)	(886)
Repairs and operation		(438)	(1 058)	(665)	(1 050)
Water		(945)	(1 913)	(759)	(1 424)
Decrease in the realised value of tangible assets		4	(5)	1	20
Other costs		(935)	(1 574)	(593)	(1 343)
Other operational expenses		(973)	(1 470)	(323)	(580)
OPERATING PROFIT (LOSS)	**16**	**357**	**17 101**	**755**	**14 987**
INVESTMENT ACTIVITIES					
Interest income		56	66	76	134
Dividends		-	-	-	-
Income from associates		7	11	10	19
Result of disposal of fixed assets		308	309	3	4
PROFIT (LOSS) FROM INVESTMENT ACTIVITIES	**17**	**371**	**386**	**89**	**157**
FINANCIAL ACTIVITIES					
Interest costs of loans		(312)	(637)	(408)	(847)
Interest expense in IFRS 16		(6)	(15)	(1)	(9)
Other financing costs		-	-	-	-
PROFIT (LOSS) FROM FINANCIAL ACTIVITIES	**18**	**(318)**	**(652)**	**(409)**	**(856)**
PROFIT (LOSS) BEFORE TAX		**410**	**16 835**	**435**	**14 288**
Income tax		-	-	(1)	(1)
Deferred income tax income (loss)		-	-	-	-
PROFIT FOR THE REPORTING PERIOD	**19**	**410**	**16 835**	**434**	**14 287**
Other provisions		-	-	-	-
TOTAL COMPREHENSIVE INCOME		**410**	**16 835**	**434**	**14 287**
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO THE SHAREHOLDERS OF THE COMPANY		**410**	**16 835**	**434**	**14 287**
EARNINGS PER SHARE (in euros)	**19**	**0,01**	**0,39**	**0,01**	**0,33**

*Report prepared in accordance with IFRS 18 (see note No.2 to the notes)

(in thousand euro, unless specified otherwise)

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

Company	Comm ents	2026 II Quarter	30 June 2026 from the beginning of the year	2025 II Quarte r	30 June 2025 from the beginning of the year
MAIN ACTIVITIES					
INCOME	**14**	**15 882**	**78 266**	**14 476**	**58 413**
Income from products sold and services rendered		15 270	77 149	13 841	57 142
Other operating income		612	1 117	635	1 271
COSTS	**15**	**(15 646)**	**(61 377)**	**(13 716)**	**(43 443)**
Fuel and purchased energy		(7 087)	(43 077)	(5 190)	(26 962)
Salaries, social insurance		(2 917)	(5 659)	(2 928)	(5 678)
Depreciation and amortisation		(2 429)	(4 815)	(2 178)	(4 264)
Decrease in realised value of receivables		204	(387)	(141)	(63)
Raw materials and materials		(49)	(105)	(55)	(143)
Taxes, other than income tax		(955)	(1 615)	(907)	(1 459)
Electricity		(240)	(1 062)	(192)	(844)
Repairs and operation		(483)	(1 091)	(653)	(1 038)
Water		(945)	(1 913)	(759)	(1 424)
Decrease in the realised value of tangible assets		4	(5)	1	20
Other costs		(625)	(1 404)	(606)	(1 300)
Other operational expenses		(124)	(244)	(108)	(288)
OPERATING PROFIT (LOSS)	**16**	**236**	**16 889**	**760**	**14 970**
INVESTMENT ACTIVITIES					
Interest income		53	62	71	126
Dividends		-	-	-	-
Income from associates		-	-	-	-
Result of disposal of fixed assets		308	309	3	4
PROFIT (LOSS) FROM INVESTMENT ACTIVITIES	**17**	**361**	**371**	**74**	**130**
FINANCIAL ACTIVITIES					
Interest costs of loans		(312)	(637)	(409)	(847)
Interest expense in IFRS 16		(6)	(13)	(7)	(13)
Other financing costs		-	-	-	-
PROFIT (LOSS) FROM FINANCIAL ACTIVITIES	**18**	**(318)**	**(650)**	**(416)**	**(860)**
PROFIT (LOSS) BEFORE TAX		**279**	**16 610**	**418**	**14 240**
Income tax		-	-	-	-
Deferred income tax income (loss)		-	-	-	-
PROFIT FOR THE REPORTING PERIOD	**19**	**279**	**16 610**	**418**	**14 240**
Other provisions		-	-	-	
TOTAL COMPREHENSIVE INCOME		**279**	**16 610**	**418**	**14 240**
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO THE SHAREHOLDERS OF THE COMPANY		**279**	**16 610**	**418**	**14 240**
EARNINGS PER SHARE (in euros)	**19**	**0,01**	**0,39**	**0,01**	**0,33**

*Report prepared in accordance with IFRS 18 (see note No.2 to the notes)

(in thousand euro, unless specified otherwise)

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 2024		**74 476**	**7 504**	**75**	**25 651**	**107 706**
Formed reserves		0	6	0	(6)	0
Reversed reserves		0	0	(25)	25	0
Dividends		0	0	0	(1 042)	(1 042)
Profit for the reporting period		0	0	0	18 328	18 328
Balance as at 31 December 2025		**74 476**	**7 510**	**50**	**42 956**	**124 992**
Formed reserves		-	65	-	(65)	-
Reversed reserves		-	(50)	-	50	-
Dividends		-	-	-	-	-
Profit for the reporting period		-	-	-	16 835	16 835
Balance as at 30 June 2026		**74 476**	**7 525**	**50**	**59 776**	**141 827**

Company	Notes	Capital	Legal reserve	Other reserves	Profit (loss) available for distribution	Total
Balance as at 31 December 2024		**74 476**	**7 448**	**75**	**24 664**	**106 663**
Formed reserves		-	-	-	-	-
Reversed reserves		-	-	(25)	25	-
Dividends		-	-	-	(1 042)	(1 042)
Profit for the reporting period		-	-	-	18 000	18 000
Balance as at 31 December 2025		**74 476**	**7 448**	**50**	**41 647**	**123 621**
Formed reserves		-	50	-	(50)	-
Reversed reserves		-	(50)	-	50	-
Dividends		-	-	-	-	-
Profit for the reporting period		-	-	-	16 610	16 610
Balance as at 30 June 2026		**74 476**	**7 448**	**50**	**58 257**	**140 231**

(in thousand euro, unless specified otherwise)

CONDENSED INTERIM CASH FLOW STATEMENTS

	Notes	Group		Company	
		2026-06-30	**2025-06-30**	**2026-06-30**	**2025-06-30**
Cash flows from (to) operating activities					
Profit for the current period		**16 835**	**14 287**	**16 610**	**14 240**
Depreciation and amortisation		5 870	5 308	5 825	5 269
Depreciation covered by grants/grants		(802)	(794)	(802)	(793)
Receivables write-offs and changes in value		387	71	387	71
Losses (gains) on the sale and write-down of fixed assets and the value of shares		74	100	74	(28)
Change in realisation and fixed asset value of inventories		(1)	(20)	5	(20)
Change in employee benefit commitment		165	(19)	(13)	(20)
Changes to other non-monetary items		(694)	-	(334)	(9)
Change in accruals		425	(323)	425	(300)
Change in provisioning liabilities		-	(2 294)		(2 269)
Elimination of financial and investment performance		189	463	279	490
Decrease in inventories (increase)		(137)	(436)	23	45
Decrease in prepayments (increase)		210	73	(286)	73
Decrease in accounts receivable from customers (increase)		12 551	11 747	12 774	11 680
Decrease (increase) in other receivables		688	333	643	362
Increase (decrease) in repayments after one year		10	20	-	-
Increase (decrease) in liabilities to suppliers		(8 363)	(7 316)	(9 056)	(7 847)
Increase (decrease) in employment-related liabilities		494	804	566	717
Corporate Income Tax Paid		-	-	-	-
Increase (decrease) in taxes payable		(725)	(969)	(619)	(953)
Increase (decrease) in prepayments received		(60)	(167)	(49)	(148)
Increase (decrease) in other current liabilities		285	50	218	50
Net cash flows from operating activities		**27 401**	**20 918**	**26 670**	**20 610**

(continued on the next page)

(in thousand euro, unless specified otherwise)

CONDENSED INTERIM CASH FLOW STATEMENTS (continued)

	Notes	Group		Company	
		2026-06-30	**2025-06-30**	**2026-06-30**	**2025-06-30**
Cash flows from (to) investing activities					
Acquisition of intangible fixed assets and property, plant and equipment		(8 095)	(8 117)	(8 420)	(7 849)
Sale of property, plant and equipment		353	26	353	26
Interest received on overdue receivables		66	376	62	368
Acquisition of investments, change in value			100	-	-
Net (used) cash flows from investing activities		**(7 676)**	**(7 615)**	**(8 005)**	**(7 455)**
Cash flows from (to) financing activities					
Loans received		-	-	-	-
Loans repaid		(2 142)	(1 614)	(2 142)	(1 614)
Interest paid		(643)	(914)	(643)	(914)
Rent payments		-	-	-	-
Dividend paid		-	(1 042)	-	(1 042)
Subsidy received		1 007		957	-
Net cash flows from financial activities		**(1 778)**	**(3 570)**	**(1 828)**	**(3 570)**
Net increase (decrease) in cash flows		**17 947**	**9 733**	**16 837**	**9 585**
Cash and cash equivalents at the beginning of the period		**10 863**	**11 074**	**9 168**	**9 600**
Cash and cash equivalents at the end of the period		**28 810**	**20 807**	**26 005**	**19 185**

(end)

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

(in thousand euro, unless specified otherwise)

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 30 June 2026 and 31 December 2025, the Company's shareholders were:

	2026-06-30		2025-12-31	
	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 30 June 2026 and 31 December 2025, the Company had no treasury shares. As at 30 June 2026 and 31 December 2025, all shares were fully paid up.

On 30 June 2026, the Company and its subsidiary UAB GO Energy LT form a group (the Group):

Company, registered office address	Group's shareholding	Cost of investment	Profit (loss)	Formed mandatory reserve	Equity	Main activities
UAB „GO Energy LT" Raudondvario pl. 84, Kaunas	100 percent	2 763	1 413	77	4 253	Innovative energy projects, consultancy, rental

The Company and the Group also own a 22 per cent stake in UAB Kauno miesto paslaugų centras. The cost of the investment is EUR 75 thousand. The investment is accounted for using the Equity Method.

In 2025, AB Kauno energija established the Public Enterprise "Transformacijos". The incorporation contribution is 2 thousand Eur. The activity of the Public Institution is the organization of cultural artistic activities for the residents of Kaunas city and guests of the city.

The average number of employees of the Group during the reporting period is 392, the average number of employees of the Company is 343.

1. General information (continued)

Legal regulation

According to the Law on Heat Economy of the Republic of Lithuania, the Company's activities are licensed and regulated by the State Energy Regulatory Council (hereinafter referred to as the Council). 26 February 2004 The Council granted the Company a heat supply licence. The licence is valid for an indefinite period of time, but may be revoked by an appropriate Council decision, subject to compliance with certain conditions. The Council also sets the level of income from heat production and supply.

General information (continued)

.*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 consists of about 520.6 MW (of which 52.9 MW – condensing economizers and 3.1 MW – absorption heat pumps), electric – 8.75 MW), of which the thermal capacity of the Petrašiūnai power plant is 169.2 MW (of which 17.8 MW – condensing economizers and 2.4 MW absorption heat pump) and 8 MW of electrical capacity. In Jurbarkas – 40.1 MW thermal (of which 4.4 MW – condensing economizers and 0.7 MW absorption heat pump). The total energy production capacity of the entire Company is about 534.7 MW (of which 52.9 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 30 June 2026 are prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union (EU) and their interpretations. The standards have been issued by the International Accounting Standards Board (IASB) and their interpretations by the International Committee for the Interpretation of Financial Statements (IFRIC).

As of 1 January 2026, the Company has chosen to pre-apply the International Financial Reporting Standard IFRS 18 "Presentation and Disclosure of Financial Statements", which replaces IAS 1 "Presentation of Financial Statements". IFRS 18 introduces new requirements for the structure of the profit and loss account by introducing mandatory categories of activities, investments and financial activities. For the purposes of IFRS 18:

- changed the structure of the profit and loss statement;
- certain revenues and expenses have been reclassified among categories of activities;

The reference periods have been recalculated to ensure comparability.

The application of IFRS 18 did not affect the company's profit (loss) and equity, but it did affect the presentation and classification of certain items.

All other accounting principles applied in the preparation of condensed interim financial information are the same as in the preparation of the annual financial statements for the year 2025.

These financial statements are prepared on the basis of acquisition cost, except for financial assets and liabilities for which changes in fair value are recognised as profit or loss. Historical cost is essentially based on the fair value of the consideration paid for an asset. These financial statements have been prepared in accordance with the business continuity principle, based on the assumption that the Company and the Group will be able to continue their activities in the near future.

The Company and the Group's management do not expect the new standards adopted from 2026 onwards. The adaptation of the amendments and clarifications in force on 1 January would have a significant impact on the Company's separate and consolidated financial statements of the Group for the period from the beginning of the year to 30 June 2026.

The financial year of the Company coincides with the calendar year.

The Company's management has approved these financial statements on 6 August 2026.

3. Application of assessments in preparation of financial statements

When preparing financial statements in accordance with IFRS adopted for use in the EU, management must make calculations and estimates for assumptions that affect the application of accounting principles and for amounts related to assets and liabilities, income and expenses. The calculations and the assumptions associated with them are based on historical experience and other factors that are consistent with the current conditions and on the basis of the results of which a conclusion is drawn about the residual values of assets and liabilities that cannot be inferred from other sources. Actual results may differ from estimates. The calculations and related assumptions are constantly reviewed. Adjustments to the calculations are recognized as promising..

The main forward-looking assumptions and other material sources of valuation uncertainty at the date of the interim statements on the financial position that entail material risk and may require a material adjustment to the balance sheet amounts of assets or liabilities in the following financial year shall be the same as those described in the last set of separate and consolidated annual financial statements..

4. 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.

The Group and the Company depict the assets under the right of use in the article on the assets under the right of use

Recognised lease liabilities in the financial statement are presented in the items of leasing (financial lease) and long-term financial debts and leasing (financial lease) for the current year.

5. 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.

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 6 months of 2026, acquisitions of long-term tangible assets by the Group and the Company amounted to 8,709 thousand euros and 8,588 thousand euros, and the residual value of the sold and written-off long-term tangible assets correspondingly amounted to 74 thousand euros and 74 thousand euros. The cost of acquired property includes all expenses related to the construction, purchase, and materials of the property, as well as compensations.

The depreciation expenses of the Group's and the Company's real estate, equipment, and installations for the first 6 months of 2026 amount to 5,711 thousand euros and 5,761 thousand euros. Depreciation expense amounts of the Group and the Company were included in operating expenses in the Profit (Loss) and other comprehensive income statements, as well as in other expense lines. Part of the depreciation costs - 803 thousand euros in Group and 802 thousand euros in the Company were covered from the amounts of subsidies received.

The management of the Group and the Company, having assessed internal and external indicators, did not identify any significant additional impairment of real estate, equipment, and installations during the first 6 months of 2026.

Part of the Group's real estate, equipment, and installations, whose acquisition value as of June 30, 2026, was respectively 33,167 thousand euros (32,884 thousand euros as of December 31, 2025), the Company's – 33,131 thousand euros (32,848 thousand euros as of December 31, 2025), was completely depreciated, but is still used in its operations.

As of 30 June 2026 and 31 December 2025 the majority of the unfinished construction of the Group and the Company consists of reconstruction and major repair works of boiler facilities and heat supply networks.

As of June 30, 2026, real estate, equipment, and installations with a residual value equal to the Group's 6,822 thousand euros (December 31, 2025 – 6,089 thousand euros) and the Company's – 6,822 thousand euros (December 31, 2025 – 6,089 thousand euros) were pledged to the Ministry of Finance of the Republic of Lithuania as loan collateral.

(in thousand euro, unless specified otherwise)

7. Inventories

	Group		Company	
	2026-06-30	**2025-12-31**	**2026-06-30**	**2025-12-31**
Technological fuel	421	673	421	673
Spare parts	705	457	705	457
Material	242	262	241	261
Items for resale	357	197		
	1 725	1 589	1 367	1 391
To be deducted: write-down to net realisable value at the end of the period	(293)	(289)	(293)	(289)
Carrying amount of inventories	**1 432**	**1 300**	**1 074**	**1 102**

The depreciation of the Group's and the Company's inventories to the net potential realisable value as of 30 June 2026 amounted to EUR 293 thousand (as of 31 December 2025 – EUR 289 thousand). Change in inventory depreciation to net realisable value in 2026 and 2025 in the Profit (Loss) and Other Comprehensive Income Statements of the Group and the Company are included in the item Expense for the change in the realisation value of inventories.

8. Amounts receivable from buyers

	Group		Company	
	2026-06-30	**2025-12-31**	**2026-06-30**	**2025-12-31**
Trade receivables	10 449	23 013	10 039	22 810
To be deducted: expected credit losses	(5 482)	(5 108)	(5 482)	(5 092)
	4 967	**17 905**	**4 557**	**17 718**

Change in the impairment of doubtful receivables on 30 June 2026 and 31 December 2025 in the statements of Profit (Loss) and Other Comprehensive Income of the Group and the Company, it is included in the item Cost of change in the impairment of receivables. The impairment of doubtful receivables is measured on the basis of the expected credit loss.

The amounts receivable from the Group and the Company from buyers are interest-free and usually have a payment term of 30 days or individually agreed.

9. Other receivables

	Group		Company	
	2026-06-30	**2025-12-31**	**2026-06-30**	**2025-12-31**
Refundable taxes	77	115	1	5
Other receivables	11	661	11	650
	88	**776**	**12**	**655**

As of 30 June 2026 and 31 December 2025 other receivables of the Group and the Company consisted of taxes receivable from the state and compensations receivable from the state and municipal budgets for heating and hot water supplied to residents.

<u>Credit risk</u>

The Group and the Company do not experience a significant concentration of credit risk, as they work with a large number of buyers.

(in thousand euro, unless specified otherwise)

10. 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 as at 30 June 2026 and 31 December 2025 was as follows:

	Group		Company	
	2026-06-30	**2025-12-31**	**2026-06-30**	**2025-12-31**
Long-term loans	2,80	2,80	2,80	2,80

Repayment terms of long-term loans:

	Group		Company	
	2026-06-30	**2025-12-31**	**2026-06-30**	**2025-12-31**
Long-term financial debts (loans):	**57 825**	**57 825**	**57 825**	**57 825**
Payable between 2 and 5 years	22 047	22 047	22 047	22 047
Payable after 5 years	35 778	35 778	35 778	35 778
Current portion of long-term loans	2 691	4 833	2 691	4 833
	60 516	**62 658**	**60 516**	**62 658**

As at 30 June 2026 in the statement of financial position, in the item on long-term financial debts, the Group and the Company accounted for the amounts of financial debts to be repaid after 1 year and not paid thereafter.

Interest payable to financial institutions, which amounts to EUR 163 thousand and EUR 163 thousand, respectively, the Group and the Company account for the part of the Other amounts payable in the article.

Details of the Group's and Company's loans as at 30 June 2026:

	Credit institution	Date of contract	Amount, thousands EUR	Loan Repayment term	Balance on 30/06/2026 thousand. Euro	Repayable in 2026 thousand. Euro
1	EIB**	2020-08-07	15 000	2035-08-24	9 250	500
2	EIB**	2020-08-07	12 000	2036-08-18	9 283	453
3	EIB**	2020-08-07	14 000	2037-08-22	11 887	528
4	EIB**	2020-08-07	14 000	2038-09-29	12 943	528
5	EIB**	2024-10-30	12 000	2039-10-31	12 000	226
6	LR Finansų m.*	2010-10-26	807	2034-03-15	308	0
7	LR Finansų m.*	2010-04-09	2 410	2034-03-15	749	0
8	LR Finansų m.*	2014-01-15	793	2034-12-01	374	42
9	LR Finansų m.*	2014-03-31	7 881	2034-12-01	3 722	414
					60 516	**2 691**

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

The EIB has determined that the Company is required to comply with the ratio of net financial debt to EBITDA set for the half-year, which shall not exceed 4.5. According to the loan agreements, the Company's equity ratio (total equity/assets) must be at least 35 %. On 30 June 2026 The company fulfilled the established indicators.

Loan agreements provide for certain restrictions. The Company may not grant dividends, issue and/or receive new loans, provide support, sell or lease pledged assets without the written consent of the banks.

(in thousand euro, unless specified otherwise)

11. Other provisions

For the year ended 31 December 2025, the Group and the Company revised their accounting policies regarding the formation of provisions for future price reduction liabilities. In previous periods, these liabilities were accounted for in provisions, but in the management's assessment, a more accurate accounting of this liability is as an off-balance-sheet liability, as it arises from the periodic price regulation mechanism and is fulfilled by paying a lower rate by consumers in the future.

As of 30 June 2026, no provisions were formed in the Group and the Company.

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12. Cash and cash equivalents

	Group		Company	
	2026-06-30	**2025-12-31**	**2026-06-30**	**2025-12-31**
Cash on the road	218	304	218	304
Cash in the bank	28 592	10 559	25 787	8 864
	28 810	**10 863**	**26 005**	**9 168**

13. Changes in equity

The minimum reserve is mandatory in accordance with the legislation of the Republic of Lithuania. It is mandatory to transfer at least 5 percent of the net profit calculated in accordance with the International Financial Reporting Standards to it annually until the reserve reaches 10 percent of the authorized capital. The minimum reserve cannot be allocated to dividends, but can be used to cover future losses. The minimum reserve has been fully formed in the Company, and the Group is forming.

14. Income

The main activities of the Group and the Company are the production, supply and sale of thermal energy and hot water to consumers. The main operating income is recognised as income from contracts with customers and is presented in the income statement item "Income from products sold and services rendered".

The Group's and the Company's activities are seasonal, most of the income is earned during the heating season, which starts in October and ends in April.

During the first 6 months of 2026. the main operating income was :

	Group		Company	
	30 June 2026 from the beginning of the year	**30 June 2025 from the beginning of the year**	**30 June 2026 from the beginning of the year**	**30 June 2025 from the beginning of the year**
Heat supply	70 064	49 437	70 081	49 437
Hot water supply	6 321	4 743	6 321	4 743
Maintenance of hot water metering devices	841	634	533	436
Manifold maintenance	209	174	209	174
Maintenance of building heating and hot water systems	5	5	5	5
Other income	117	78	-	-
Future price reduction commitments	-	2 347	-	2 347
	77 557	**57 418**	**77 149**	**57 142**

(in thousand euro, unless specified otherwise)

The main operating income by group and the Company's user groups is presented below:

	Group		Company	
	30 June 2026 from the beginning of the year	**30 June 2025 from the beginning of the year**	**30 June 2026 from the beginning of the year**	**30 June 2025 from the beginnin g of the year**
Natural persons	55 498	40 145	55 495	40 141
Other users	10 429	9 238	10 024	8 966
Budgetary organisations financed from the state budget	5 489	3 807	5 489	3 807
Budgetary organisations financed from municipal budgets	3 678	2 463	3 678	2 463
Institutions financed by the Territorial Health Insurance Funds	1 979	1 435	1 979	1 435
Industrial users	484	330	484	330
	77 557	**57 418**	**77 149**	**57 142**

Other operating income presented as part of the main activity includes additional income not directly related to the main activity, such as property rent, late payment interest, and other incidental income. These revenues over the first 6 months of 2026 and June 2025 :

	Group		Company	
	30 June 2026 from the beginning of the year	**30 June 2025 from the beginning of the year**	**30 June 2026 from the beginning of the year**	**30 June 2025 from the beginning of the year**
Other operating income				
Stocks sold	1 145	487	136	360
Miscellaneous services provided	777	485	414	380
Compensation received	20	-	12	-
Kita	993	909	555	531
	2 935	**1 881**	**1 117**	**1 271**

15. Costs

The largest portion of expenses consists of fuel and purchased energy costs, which in the first half of 2026 The Group and the Company amounted to 43,077 thousand EUR (first half of 2025 – 26,962 thousand). EUR).

The item "Other costs" includes smaller, individually insignificant costs related to the supply of heat and hot water. In the first half of 2026, they amounted to 1,574 thousand in the Group and 1,404 thousand EUR in the Company (in the first half of 2025 – 1,343 thousand EUR and 1,300 thousand EUR).

These costs include:

	Group		Company	
Other costs	**30 June 2026 from the beginning of the year**	**30 June 2025 from the beginning of the year**	**30 June 2026 from the beginning of the year**	**30 June 2025 from the beginning of the year**
Utility bills	301	260	309	260
Vehicle operation	113	92	113	92
Consulting services	29	89	52	89
Ash disposal costs	72	64	72	64
Cost of support provided	-	-	-	-

Debt collection costs	91	69	77	69
Costs of IT services, applications and licenses	162	116	162	116
Other staff-related costs	163	86	139	80
Customer Service Costs	72	67	72	67
Membership Fee Cost	26	21	26	21
Audit costs	4	-	4	-
Advertising and representation costs	11	16	8	13
Rental costs	75	76	69	73
Communication costs	63	39	57	35
Low-value inventory costs	27	37	19	29
Cost of transportation services	26	30	26	30
Other costs	339	281	199	262
	1 574	**1 343**	**1 404**	**1 300**

16. Main activity result

Main operating profit in the Group and the Company in the first half of 2026 amounted to 17,101 thousand. EUR and 16,889 thousand EUR (in the first half of 2025 – 14,987 thousand EUR and 14,970 thousand EUR). The change in the result was mainly driven by higher heat sales due to significantly lower air temperatures.

17. Investment activities

The result of investment activity consists of interest income and the result of the disposal of fixed assets. In the first half of 2026, the profit from investment activities in the Group and the Company amounted to 386 thousand EUR and 371 thousand EUR (in the first half of 2025 – 157 thousand EUR and 130 thousand EUR).

18. Financial activities

The financial result consists of borrowing costs, including loan interest and interest recognized under IFRS 16. In the first half of 2026, financial loss in the Group and the Company amounted to 652 thousand EUR and 650 thousand EUR (in the first half of 2025 – 856 thousand EUR and 860 thousand EUR).

19. Net profit, principal and diluted share of profit per share

Group and Company in the first half of 2026 earned 16,835 thousand EUR and 16,610 thousand EUR net profit (in the first half of 2025 – 14,287 thousand EUR and 14,240 thousand EUR). Corporate income tax was not significant during the periods under review.
Below are the Group's calculations of the main and diluted profit shares per share:

	Group		Company	
	30 June 2026 from the beginning of the year	**30 June 2025 from the beginning of the year**	**30 June 2026 from the beginning of the year**	**30 June 2025 from the beginning of the year**
Profit for the reporting period	16 835	14 287	16 610	14 240
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)	**0,39**	**0,33**	**0,39**	**0,33**

(in thousand euro, unless specified otherwise)

20. Commitments and contingencies not included in the balance sheet

As of June 30, 2026, AB Kauno energija Group and the Company had no off-balance sheet liabilities or uncertainties that would need to be disclosed in the financial statements under International Financial Reporting Standards.

21. Related party transactions

Parties are considered related when one party has the ability to control the other or can exert significant influence over the other party's financial and operational decisions.

In the first half of 2026 and in the first half of 2025, the Group and the Company did not have significant transactions with other enterprises controlled by the Kaunas City Municipality, except for the purchase or provision of utility services. Transactions with the Kaunas City Municipality and companies controlled by the Kaunas City Municipality were conducted at market prices.

For the first half of 2026 and the first half of 2025, the Group's and the Company's transactions with the Kaunas City Municipality and companies financed and controlled by the Kaunas City Municipality, as well as their debts and liabilities at the end of the periods, were as follows:

Kaunas City Municipality, its financed and fully managed companies	**Purchases**	**Sales**	**Receivables**	**Payables**
6 months of 2026	3 328	4 817	1 713	712
6 months of 2025	1 550	3 064	658	639

Sales include the amounts of housing heating costs, cold water and sewage costs and hot water compensation for deprived residents.
The procurements include the procurement of services of the Municipal Enterprises for the needs of the Company.
As at 30 June 2026 and 30 June 2025 the company's transactions with subsidiaries and balance sheet balances at the end of the period were:

UAB "GO Energy LT"	**Purchases**	**Sales**	**Receivables**	**Payables**
6 months of 2026	1 407	142	29	182
6 months of 2025	863	174	25	260

UAB "GO Energy LT" provides real estate services, together with the parent company, participates in energy development projects of unregulated activities, builds and maintains water metering devices, provides cooling services.

22. Management's salary and other benefits

On 30 June 2026 and on 30 June 2025 the management of the Group and the Company consists of 2 and 1 persons. On 30 June 2026 and on 30 June 2025 the Board of the Company consists of 3 members and the Supervisory Board consists of 3 members.

	Group		**Company**	
	30 June 2026 from the beginning of the year	**30 June 2025 from the beginning of the year**	**30 June 2026 from the beginning of the year**	**30 June 2025 from the beginning of the year**
Salary calculated for management	137	139	105	107
Compensation for employee benefits calculated for management	-	-	-	-

During the 6 months of 2026 and 6 months of 2025, no loans, guarantees, no other amounts paid or accrued or transferred assets were granted to the Management of the Group and the Company.

23. 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.