

AB Kauno Energija

Company code 235014830

Raudondvario pl. 84

Kaunas, Lithuania



**CONSOLIDATED AND COMPANY'S 3-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 3 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



CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

	Notes	Group		Company	
		2026-03-31	2025-12-31	2026-03-31	2025-12-31
ASSETS					
Fixed assets					
Intangible fixed assets		1 015	241	1 000	220
Land and buildings		5 754	5 827	5 681	5 753
Buildings		159 838	155 837	159 838	155 837
Machinery and equipment		18 199	18 136	18 191	18 124
Vehicles		698	735	657	710
Plant and tools		7 568	7 286	7 510	7 225
Constructions in progress and prepayments		14 471	20 015	14 382	19 975
Investment property		1 290	1 298	-	-
Total property, plant and equipment	6	207 818	209 134	206 259	207 624
Assets managed under the right of use		1 300	1 307	992	997
Deferred income tax assets		14	14		
Non-current financial assets					
Investments in subsidiaries	1	-	-	2 763	2 763
Investments in Associates	1	194	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		197	193	2 841	2 841
Non-current assets, total		210 344	210 889	211 092	211 682
Current assets					
Stock and prepayments					
Inventories	7	1 394	1 300	1 087	1 102
Prepayments		1 260	1 313	1 244	796
Total inventories and prepayments		2 654	2 613	2 331	1 898
Amounts receivable within one year					
Trade receivables	8	18 478	17 905	18 020	17 718
Depts of the group of companies		-	-	-	-
Other amounts receivable	9	924	776	824	655
Amounts receivable within one year, total		19 402	18 681	18 844	18 373
Term deposits		-	-		
Cash and cash equivalents	12	24 952	10 863	22 454	9 168
Current assets, total		47 008	32 157	43 629	29 439
Assets, total:		257 352	243 046	254 721	241 121

(continued on the next page)

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (CONTINUED)

Group	Notes	Group		Company	
		2026-03-31	2025-12-31	2026-03-31	2025-12-31
EQUITY AND LIABILITIES					
Property					
Capital	1	74 476	74 476	74 476	74 476
Legal reserve	13	7 510	7 510	7 448	7 448
Other reserves	13	50	50	50	50
Profit (loss) available for distribution					
Current year profit	19	16 425	18 328	16 331	18 000
Profit (loss) of the previous years		42 956	24 628	41 647	23 647
Total retained profit (loss)		59 381	42 956	57 978	41 647
Total equity		141 417	124 992	139 952	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		1 392	1 374	1 066	1 052
Deferred profit tax liabilities		6 695	6 695	6 695	6 695
Grants and subsidies		27 990	28 357	27 987	28 354
Employee benefit liabilities		368	368	358	358
Other provisions		76	70	48	46
Accounts payable after one year, and long-term liabilities, total		94 346	94 689	93 979	94 330
Accounts payable within one year of and other liabilities					
Financial debts and leasing	10	3 709	4 851	3 706	4 846
Trade debtors		12 724	13 997	12 288	14 001
Payroll related liabilities		2 225	1 290	2 041	1 218
Received prepayments		841	936	829	920
Tax payable		1 339	1 429	1 286	1 323
Current year's share of employee benefit obligations		275	276	275	276
Other provisions	11	-	-	-	-
Accrued costs and income of future periods		203	410	203	410
Other short-term amounts payable and liabilities		273	176	162	176
Accounts payable within one year of and other liabilities, total		21 589	23 365	20 790	23 170
Total accounts payable and liabilities		115 935	118 054	114 769	117 500
Total equity and liabilities		257 352	243 046	254 721	241 121

(end)

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

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

Group	Comments	2026 I quarter	31 March 2026 from the beginning of the year	2025 I quarter	31 March 2025 from the beginning of the year
MAIN ACTIVITIES					
INCOME	14	63 062	63 062	44 308	44 308
Income from products sold and services rendered		62 096	62 096	43 513	43 513
Other operating income		966	966	795	795
COSTS	15	(46 318)	(46 318)	(30 076)	(30 076)
Fuel and purchased energy		(35 990)	(35 990)	(21 772)	(21 772)
Salaries, social insurance		(3 190)	(3 190)	(2 942)	(2 942)
Depreciation and amortisation		(2 395)	(2 395)	(2 090)	(2 090)
Decrease in realised value of receivables		(591)	(591)	61	61
Raw materials and materials		(56)	(56)	(88)	(88)
Taxes, other than income tax		(660)	(660)	(552)	(552)
Electricity		(823)	(823)	(655)	(655)
Repairs and operation		(501)	(501)	(385)	(385)
Water		(968)	(968)	(665)	(665)
Decrease in the realised value of tangible assets		(9)	(9)	19	19
Other costs		(638)	(638)	(750)	(750)
Other operational expenses		(497)	(497)	(257)	(257)
OPERATING PROFIT (LOSS)	16	16 744	16 744	14 232	14 232
INVESTMENT ACTIVITIES					
Interest income		10	10	58	58
Dividends		-	-	-	-
Income from associates		4	4	9	9
Changes in the value of financial assets		-	-	-	-
Result of disposal of fixed assets		1	1	1	1
PROFIT (LOSS) FROM INVESTMENT ACTIVITIES	17	15	15	68	68
FINANCIAL ACTIVITIES					
Interest costs of loans		(325)	(325)	(439)	(439)
Interest expense in IFRS 16		(9)	(9)	(8)	(8)
Other financing costs		-	-	-	-
PROFIT (LOSS) FROM FINANCIAL ACTIVITIES	18	(334)	(334)	(447)	(447)
PROFIT (LOSS) BEFORE TAX		16 425	16 425	13 853	13 853
Income tax		-	-	-	-
Deferred income tax income (loss)		-	-	-	-
PROFIT FOR THE REPORTING PERIOD	19	16 425	16 425	13 853	13 853
Other provisions		-	-	-	-
TOTAL COMPREHENSIVE INCOME		16 425	16 425	13 853	13 853
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO THE SHAREHOLDERS OF THE COMPANY		16 425	16 425	13 853	13 853
EARNINGS PER SHARE (in euros)	19	0,38	0,38	0,32	0,32

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

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

Company	Comm ents	2026 I quarter	31 March 2026 from the beginning of the year	2025 I quarte r	31 March 2025 from the beginning of the year
MAIN ACTIVITIES					
INCOME	14	62 384	62 384	43 937	43 937
Income from products sold and services rendered		61 879	61 879	43 301	43 301
Other operating income		505	505	636	636
COSTS	15	(45 731)	(45 731)	(29 727)	(29 727)
Fuel and purchased energy		(35 990)	(35 990)	(21 772)	(21 772)
Salaries, social insurance		(2 862)	(2 862)	(2 750)	(2 750)
Depreciation and amortisation		(2 386)	(2 386)	(2 086)	(2 086)
Decrease in realised value of receivables		(591)	(591)	78	78
Raw materials and materials		(56)	(56)	(88)	(88)
Taxes, other than income tax		(660)	(660)	(552)	(552)
Electricity		(822)	(822)	(652)	(652)
Repairs and operation		(489)	(489)	(385)	(385)
Water		(968)	(968)	(665)	(665)
Decrease in the realised value of tangible assets		(9)	(9)	19	19
Other costs		(778)	(778)	(694)	(694)
Other operational expenses		(120)	(120)	(180)	(180)
OPERATING PROFIT (LOSS)	16	16 653	16 653	14 210	14 210
INVESTMENT ACTIVITIES					
Interest income		9	9	55	55
Dividends		-	-	-	-
Income from associates		-	-	-	-
Changes in the value of financial assets		-	-	-	-
Result of disposal of fixed assets		1	1	1	1
PROFIT (LOSS) FROM INVESTMENT ACTIVITIES	17	10	10	56	56
FINANCIAL ACTIVITIES					
Interest costs of loans		(325)	(325)	(438)	(438)
Interest expense in IFRS 16		(7)	(7)	(6)	(6)
Other financing costs		-	-	-	-
PROFIT (LOSS) FROM FINANCIAL ACTIVITIES	18	(332)	(332)	(444)	(444)
PROFIT (LOSS) BEFORE TAX		16 331	16 331	13 822	13 822
Income tax		-	-	-	-
Deferred income tax income (loss)		-	-	-	-
PROFIT FOR THE REPORTING PERIOD	19	16 331	16 331	13 822	13 822
Other provisions		-	-	-	-
TOTAL COMPREHENSIVE INCOME		16 331	16 331	13 822	13 822
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO THE SHAREHOLDERS OF THE COMPANY		16 331	16 331	13 822	13 822
EARNINGS PER SHARE (in euros)	19	0,38	0,38	0,32	0,32

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

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		0	0	-	0	0
Reversed reserves		0	0	0	0	0
Dividends		0	0	0	0	0
Profit for the reporting period		0			16 425	16 425
Balance as at 31 March 2026		74 476	7 510	50	59 381	141 417

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		-	-	-	-	-
Reversed reserves		-	-	-	-	-
Dividends		-	-	-	-	-
Profit for the reporting period		-	-	-	16 331	16 331
Balance as at 31 March 2026		74 476	7 448	50	57 978	139 952

CONDENSED INTERIM CASH FLOW STATEMENTS

	Notes	Group		Company	
		2026 I Q	2025 I Q	2026 I Q	2025 I Q
Cash flows from (to) operating activities					
Profit for the current period		16 425	13 853	16 331	13 822
Depreciation and amortisation		2 917	2 607	2 893	2 587
Depreciation covered by grants/grants		(400)	(393)	(399)	(393)
Receivables write-offs and changes in value		591	(55)	591	(72)
Losses (gains) on the sale and write-down of fixed assets and the value of shares		19	(12)	17	(12)
Change in realisation and fixed asset value of inventories		9	(19)	9	(19)
Change in employee benefit commitment		(1)	(11)	(1)	(11)
Changes to other non-monetary items		19	4	22	18
Change in accruals		(207)	(293)	(207)	(293)
Change in provisioning liabilities		-	1 433	-	1 433
Elimination of financial and investment performance		242	193	322	211
Decrease in inventories (increase)		(103)	92	6	218
Decrease in prepayments (increase)		53	79	(448)	76
Decrease in accounts receivable from customers (increase)		(1164)	708	(893)	634
Decrease (increase) in other receivables		(148)	160	(169)	179
Increase (decrease) in repayments after one year		6	5		
Increase (decrease) in liabilities to suppliers		(1 273)	(4 447)	(1 713)	(4 648)
Increase (decrease) in employment-related liabilities		935	836	823	775
Corporate Income Tax Paid		-	-		
Increase (decrease) in taxes payable		(90)	(666)	(37)	(609)
Increase (decrease) in prepayments received		(95)	(128)	(89)	(117)
Increase (decrease) in other current liabilities		97	(133)	(14)	(133)
Net cash flows from operating activities		17 832	13 813	17 044	13 646

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CONDENSED INTERIM CASH FLOW STATEMENTS (continued)

	Notes	Group		Company	
		2026 I Q	2025 I Q	2026 I Q	2025 I Q
Cash flows from (to) investing activities					
Acquisition of intangible fixed assets and property, plant and equipment		(2 308)	(3 712)	(2 320)	(3 706)
Sale of property, plant and equipment		2	8	2	8
Interest received on overdue receivables		-	(400)	-	-
Acquisition of investments, change in value		(2 308)	(3 712)	(2 320)	(3 706)
Net (used) cash flows from investing activities		(3 866)	(3 866)	(2 309)	(3 464)
Cash flows from (to) financing activities					
Loans received		-	-	-	-
Loans repaid		(1 137)	(873)	(1 137)	(873)
Interest paid		(344)	(354)	(344)	(353)
Rent payments		-	-	-	-
Dividend paid		-	-	-	-
Subsidy received		32	-	32	-
Net cash flows from financial activities		(1 449)	(1 227)	(1 449)	(1 226)
Net increase (decrease) in cash flows		14 089	8 720	13 286	8 956
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		24 952	19 794	22 454	18 556
(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.

maintenance of collectors-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 2026 and 31 December 2025, the Company's shareholders were:

	2026-03-31		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 31 March 2026 and 31 December 2025, the Company had no treasury shares. As at 31 March 2026 and 31 December 2025, all shares were fully paid up.

On 31 March 2026, the Company and its subsidiary UAB GO Energy LT form a group (the Group):

Company, registered office address	Group's shareholding	Cost investment	of Profit (loss)	Formed mandatory reserve	Equity	Main activities
UAB „GO Energy LT” Raudondvario pl. 84, Kaunas	100 percent	2 763	1 304	62	4 129	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 391, the average number of employees of the Company is 345.

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 31 March 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 2026. March 31.

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

The Company's management has approved these financial statements on 12 May 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 3 months of 2026, acquisitions of fixed tangible assets of the Group and the Company amounted to EUR 2,389 thousand. and EUR 2,320 thousand. The residual value of the sold and written off fixed tangible assets amounted to EUR 19 thousand. and 19 thousand. euros. The cost of the purchased property includes all costs related to the construction, purchase and materials of the property, as well as compensations.

The depreciation costs of the Group's and the Company's real estate, equipment and equipment during the 3 months of 2026 amount to EUR 2,835 thousand and EUR 2,815 thousand respectively. The amounts of the Group's and the Company's depreciation expenses were included in the operating expenses in the Income Statement and other comprehensive income, as well as in the lines of other expenses. Part of the depreciation costs – EUR 400 thousand the Group's and EUR 399 thousand The Company's were covered by the grant amounts received.

The management of the Group and the Company, having assessed the internal and external characteristics, did not identify a significant additional decrease in the value of real estate, equipment and equipment during the 3 months of 2026.

Part of the Group's real estate, equipment and equipment, the acquisition value of which as at 31 March 2026 was equal to EUR 33,403 thousand (as of 31 December 2025: EUR 32,884 thousand), the Company's – EUR 33,367 thousand (EUR 32,848 thousand as of 31 December 2025) was fully depreciated, but is still used in operations.

On 31 March 2026 and 31 December 2025 The majority of the Group's and the Company's unfinished construction consists of reconstruction and overhaul of boiler plant equipment and heat supply networks.

On 31 March 2026, real estate, equipment and equipment with a residual value of EUR 6,652 thousand (EUR 6,089 thousand as of 31 December 2025) and EUR 6,652 thousand of the Company (EUR 6,089 thousand as of 31 December 2025) were pledged to the Ministry of Finance of the Republic of Lithuania as loan collateral.

7. Inventories

	Group		Company	
	2026-03-31	2025-12-31	2026-03-31	2025-12-31
Technological fuel	476	673	476	673
Spare parts	665	457	665	457
Material	245	262	244	261
Items for resale	306	197		
	1 692	1 589	1 385	1 391
To be deducted: write-down to net realisable value at the end of the period	(298)	(289)	(298)	(289)
Carrying amount of inventories	1 394	1 300	1 087	1 102

The depreciation of the Group's and the Company's inventories to the net potential realisable value as of 31 March 2026 amounted to EUR 298 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	
	2026-03-31	2025-12-31	2026-03-31	2025-12-31
Trade receivables	24 189	23 013	23 706	22 810
To be deducted: expected credit losses	(5 711)	(5 108)	(5 685)	(5 092)
	18 478	17 905	18 020	17 718

Change in the impairment of doubtful receivables on 31 March 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	
	2026-03-31	2025-12-31	2026-03-31	2025-12-31
Refundable taxes	102	115	2	5
Other receivables	822	661	822	650
	924	776	824	655

On 31 March 2026 and 31 December 2025 The Group's and the Company's other receivables consisted of taxes receivable from the state and compensation receivables from the state and municipal budgets for heating and hot water supplied to residents. The Group's and the Company's other receivables are interest-free and usually have a payment term of 30 – 45 days.

Other outstanding receivables are not subject to impairment because management considers that there are no indications that debtors will not be able to meet their obligations.

Credit risk

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

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 31 March 2026 and 31 December 2025 was as follows:

	Group		Company	
	2026-03-31	2025-12-31	2026-03-31	2025-12-31
Long-term loans	2,81	2,80	2,81	2,80

Repayment terms of long-term loans:

	Group		Company	
	2026-03-31	2025-12-31	2026-03-31	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	3 696	4 833	3 696	4 833
	61 521	62 658	61 521	62 658

As at 31 March 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 158 thousand and EUR 158 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 31 March 2025:

	Credit institution	Date of contract	Amount, thousands EUR	Loan Repayment term	Balance on 31/03/2026 thousand. Euro	Repayable in 2026 thousand. Euro
1	EIB**	2020-08-07	15 000	2035-08-24	9 500	750
2	EIB**	2020-08-07	12 000	2036-08-18	9 509	679
3	EIB**	2020-08-07	14 000	2037-08-22	12 151	792
4	EIB**	2020-08-07	14 000	2038-09-29	13 208	792
5	EIB**	2024-10-30	12 000	2039-10-31	12 000	227
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
					61 521	3 696

* 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 31 March 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.

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 31 March 2026, no provisions were formed in the Group and the Company.

12. Cash and cash equivalents

	Group		Company	
	2026-03-31	2025-12-31	2026-03-31	2025-12-31
Cash on the road	685	304	685	304
Cash in the bank	24 267	10 559	21 769	8 864
	24 952	10 863	22 454	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 quarter of 2026, the main operating income consisted of:

	Group		Company	
	31 March 2026 from the beginning of the year	31 March 2025 from the beginning of the year	31 March 2026 from the beginning of the year	31 March 2025 from the beginning of the year
Heat supply	58 045	40 530	58 060	40 530
Hot water supply	3 452	2 471	3 452	2 471
Maintenance of hot water metering devices	444	423	260	211
Manifold maintenance	105	87	105	87
Maintenance of building heating and hot water systems	2	2	2	2
Other income	48	-	-	-
	62 096	43 513	61 879	43 301

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

	Group		Company	
	31 March 2026 from the beginning of the year	31 March 2025 from the beginning of the year	31 March 2026 from the beginning of the year	31 March 2025 from the beginning of the year
Natural persons	40 010	30 975	40 010	30 976
Other users	12 237	5 720	12 020	5 507
Budgetary organisations financed from the state budget	4 735	3 261	4 735	3 261
Budgetary organisations financed from municipal budgets	3 103	2 062	3 103	2 062
Institutions financed by the Territorial Health Insurance Funds	1 590	1 212	1 590	1 212
Industrial users	421	283	421	283
	62 096	43 513	61 879	43 301

Other operating income presented in the composition of the main activity includes additional income not directly related to the main activity, such as property lease, default interest and other incidental income. This income during the first quarter of 2026 :

	Group		Company	
	31 March 2026 from the beginning of the year	31 March 2025 from the beginning of the year	31 March 2026 from the beginning of the year	31 March 2025 from the beginning of the year
Other operating income				
Stocks sold	414	90	122	67
Miscellaneous services provided	374	343	205	207
Compensation received	12	-	12	-
Kita	166	362	166	362
	966	795	505	636

15. Costs

The main operating costs consist of costs directly related to the production and supply of thermal energy and hot water. The largest part of the costs consists of fuel and purchased energy costs, which in the first quarter of 2026. The Group and the Company amounted to EUR 35,990 thousand. (in the first quarter of 2025 – EUR 21,772 thousand. EUR).

Also included in the costs are:

1. wage and social security costs;
2. depreciation and amortization of fixed assets;
3. utility and operating costs (electricity, water, repairs);
4. taxes (excluding corporate income tax);
5. decreases in the value of inventories and assets;
6. other costs related to the main activity.

Total costs in the first quarter of 2026 of the Group and of the Company amounted to EUR 46,318 thousand and 45,731 thousand (in the first quarter of 2025 – EUR 30,076 thousand and EUR 29,727 thousand).

The item "Other costs" includes smaller, individually insignificant, but related to the main activity. In the first quarter of 2026 they amounted to EUR 639 thousand in the Group and EUR 779 thousand in the Company (in the first quarter of 2025 – EUR 750 thousand and EUR 694 thousand).

These costs include:

	Group		Company	
	31 March 2026 from the beginning of the year	31 March 2025 from the beginning of the year	31 March 2026 from the beginning of the year	31 March 2025 from the beginning of the year
Other costs				
Utility bills	166	135	181	135
Vehicle operation	64	52	64	52
Consulting services	6	65	16	65
Ash disposal costs	43	45	43	45
Cost of support provided	-	-	-	-
Debt collection costs	40	36	35	36
Costs of IT services, applications and licenses	70	54	70	54
Other staff-related costs	87	31	76	31
Customer Service Costs	37	27	37	27
Membership Fee Cost	13	10	13	10
Audit costs	4	-	4	-
Advertising and representation costs	3	10	2	10
Rental costs	18	37	38	37
Communication costs	32	15	29	13
Low-value inventory costs	10	16	7	16
Cost of transportation services	20	22	20	22
Other costs	25	195	143	141
	638	750	778	694

The item "Other operating costs" includes costs related to additional (non-core) activities, such as rental activities or other incidental transaction costs. In the first quarter of 2026 they amounted to EUR 497 thousand in the Group and EUR 120 thousand in the Company (in the first quarter of 2025 – EUR 257 thousand and EUR 180 thousand).

These costs include:

	Group		Company	
	31 March 2026 from the beginning of the year	31 March 2025 from the beginning of the year	31 March 2026 from the beginning of the year	31 March 2025 from the beginning of the year
Other operating costs				
Cost of various services provided	(200)	(43)	(103)	(87)
Stocks sold	(290)	(144)	(10)	(26)
Costs of previous periods	(4)	(63)	(4)	(63)
Asset write-off costs	(3)	-	(3)	(2)
Other	-	(7)	-	(2)
	(497)	(257)	(120)	(180)

16. Main activity result

Operating profit in the Group and the Company in the first quarter of 2026 amounted to EUR 16,744 thousand and EUR 16,653 thousand. (in the first quarter of 2025 – EUR 14,232 thousand and EUR 14,210 thousand). The change in the result was mainly due to higher heat sales due to significantly lower air temperatures.

17. Investment activities

The result of investment activities consists of interest income and the result of the transfer of fixed assets. In the first quarter of 2026 profit from investment activities in the Group and the Company amounted to EUR 15 thousand and EUR 10 thousand (in the first quarter of 2025 – EUR 68 thousand and EUR 56 thousand. EUR).

18. Financial activities

The result of financial activities consists of borrowing costs, including interest on loans and interest on loans recognised in accordance with IFRS 16. In the first quarter of 2026 financial operating loss in the Group and the Company amounted to EUR 334 thousand and EUR 332 thousand (I quarter of 2025 – EUR 447 thousand and EUR 444 thousand).

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

The Group and the Company in the first quarter of 2026 earned 16,425 thousand and EUR 16,331 thousand net profit (in the first quarter of 2025 – EUR 13,853 thousand and EUR 13,822 thousand). Corporate income tax was not significant during the periods in question.

Below are the calculations of the Group's main and diluted share of profit per share:

	Group		Company	
	31 March 2026 from the beginning of the year	31 March 2025 from the beginning of the year	31 March 2026 from the beginning of the year	31 March 2025 from the beginning of the year
Profit for the reporting period	16 425	13 853	16 331	13 822
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)	0,38	0,32	0,38	0,32

20. Commitments and contingencies not included in the balance sheet

On 26/02/2024, AB "Kauno energija" filed a complaint with the Regional Administrative Court regarding the determination of the NERC Resolution 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 basic level of heat production and/or supply income":

The essence of the case: AB "Kauno energija" (the Applicant) disputes the resolutions of the State Energy Regulatory Authority (NERC) (the Defendant) in court procedure: Resolution No. O3E-84 of 26.01.2024, Resolution No. O3E-141 of 09.02.2024 and Resolution No. O3E-213 of 23.02.2024.

Complaint amount: EUR 2 587.50 thousand.

Case stage: 26/02/2024 The Applicant filed a complaint with the Regional Administrative Court regarding the NERC rulings. In the first instance, the court did not satisfy the complaint of AB "Kauno energija". On 05.01.2025, AB "Kauno energija" filed an appeal with the court. The case has not yet been examined in the appellate instance.

The dispute does not affect the financial statements, as the rates that are actually applied by the Company are disputed.

As of 31 December 2024, in accordance with the provisions of the methodology for setting heat prices established by the State Energy Regulatory Council, a liability to consumers of EUR 2 347 195 was calculated, which arose due to the difference between the costs for the purchase of fuel, heat and electricity for technological needs included in the heat price and actually incurred. This obligation was returned to consumers through the additional heat price component in 2025. As of 31 December 2025, the regulatory liability to consumers calculated for the situation amounted to EUR 2,874,381, which will be returned to consumers in future periods through the additional component of the heat price when purchasing thermal energy, therefore it is accounted for as an off-balance-sheet liability.

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 quarter of 2026 and in the first quarter of 2025 the Group and the Company did not have significant transactions with other companies controlled by Kaunas City Municipality, except for the purchase or provision of utilities. Transactions with Kaunas City Municipality and companies controlled by Kaunas City Municipality were carried out at market prices.

In the first quarter of 2026 and in the first quarter of 2025 the transactions between the Group and the Company with Kaunas City Municipality and the companies financed and controlled by Kaunas City Municipality and 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
3 months of 2026	1 075	3 429	1 194	750
3 months of 2025	763	2 141	1 047	540

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 31 March 2026 and 31 March 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
3 months of 2026	708	78	28	313
3 months of 2025	201	108	27	186

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 31 March 2026 and on 31 March 2025 the management of the Group and the Company consists of 2 and 1 persons. On 31 March 2026 and on 31 March 2025 the Board of the Company consists of 3 members and the Supervisory Board consists of 3 members.

	Group		Company	
	31 March 2026 from the beginning of the year	31 March 2025 from the beginning of the year	31 2026 from the beginning of the year	March 31 2025 from the beginning of the year
Salary calculated for management	43	42	27	26
Compensation for employee benefits calculated for management	-	-	-	-

During the 3 months of 2026 and 3 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.