

**AB Kauno Energija**

Company code 235014830

Raudondvario pl. 84

Kaunas, Lithuania



**CONSOLIDATED AND COMPANY'S 9-MONTH  
CONDENSED SET OF INTERIM FINANCIAL  
STATEMENTS OF 2024 PREPARED IN ACCORDANCE  
WITH INTERNATIONAL FINANCIAL REPORTING  
STANDARDS AS ADOPTED BY THE EUROPEAN  
UNION (UNAUDITED)**

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

Pursuant to the provisions of the Republic of Lithuania Law on Securities and the Information Disclosure Rules approved by the Board of the Bank of Lithuania, we, Tomas Garasimavičius, Director General 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 shortened interim financial statements for the 9 months of 2024, 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**

Director General

**Virgilijus Motiejūnas**

Director of Finance

**Ramunė Petkevičienė**

Head of Financial Management and Accounting Department

**CONDENSED INTERIM FINANCIAL STATEMENTS**

	Notes	Group		Company	
		2024-09-30	2023-12-31	2024-09-30	2023-12-31
<b>ASSETS</b>					
<b>Fixed assets</b>					
<b>Intangible fixed assets</b>	<b>6</b>	<b>209</b>	<b>249</b>	<b>199</b>	<b>241</b>
Land and buildings		6 114	6 201	6 056	6 122
Buildings		142 576	134 610	142 576	134 610
Machinery and equipment		13 377	13 824	13 333	13 779
Vehicles		859	975	823	975
Plant and tools		5 302	3 263	5 410	3 217
Constructions in progress and prepayments		23 062	23 483	23 000	23 483
Investment property		1 054	1 114	-	-
<b>Total property, plant and equipment</b>		<b>192 344</b>	<b>183 470</b>	<b>191 198</b>	<b>182 186</b>
<b>Assets managed under the right of use</b>		<b>1 203</b>	<b>1 083</b>	<b>927</b>	<b>916</b>
<b>Non-current financial assets</b>					
Investments in subsidiaries	1	-	-	2 763	2 763
Amounts receivable after one year		129	128	-	-
Other financial assets		75	75	75	75
<b>Financial fixed assets, total</b>		<b>204</b>	<b>203</b>	<b>2 838</b>	<b>2 838</b>
<b>Non-current assets, total</b>		<b>193 960</b>	<b>185 005</b>	<b>195 162</b>	<b>186 181</b>
<b>Current assets</b>					
Stock and prepayments					
Inventories	7	1 919	1 777	1 473	1 429
Prepayments		1 417	1 019	1 423	942
<b>Total inventories and prepayments</b>		<b>3 336</b>	<b>2 796</b>	<b>2 896</b>	<b>2 371</b>
Amounts receivable within one year					
Term deposits		-	-	-	-
Trade receivables	8	3 174	14 437	3 022	13 621
Loans to the companies of the group of companies		-	-	-	-
Other amounts receivable	9	883	2 755	802	2 757
<b>Amounts receivable within one year, total</b>		<b>4 057</b>	<b>17 192</b>	<b>3 824</b>	<b>16 378</b>
<b>Cash and cash equivalents</b>	<b>12</b>	<b>3 043</b>	<b>8 547</b>	<b>1 142</b>	<b>7 315</b>
<b>Current assets, total</b>		<b>10 436</b>	<b>28 535</b>	<b>7 862</b>	<b>26 064</b>
<b>Assets, total:</b>		<b>204 396</b>	<b>213 540</b>	<b>203 024</b>	<b>212 245</b>

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**CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)**

	Notes	Group		Company	
		2024-09-30	2023-12-31	2024-09-30	2023-12-31
<b>EQUITY AND LIABILITIES</b>					
<b>Property</b>					
<b>Capital</b>	<b>1</b>	<b>74 476</b>	<b>74 476</b>	<b>74 476</b>	<b>74 476</b>
Legal reserve	13	7 448	7 447	7 448	7 447
Other reserves	13	75	50	75	50
Profit (loss) available for distribution					
Current year profit		741	4 505	954	3 881
Profit (loss) of the previous years		15 546	11 128	14 725	10 869
Total retained profit (loss)		<b>16 287</b>	<b>15 633</b>	<b>15 679</b>	<b>14 750</b>
<b>Total equity</b>		<b>98 286</b>	<b>97 606</b>	<b>97 678</b>	<b>96 723</b>
<b>Non-current amounts payable after one year and liabilities</b>					
Long-term financial debts	10	54 736	54 736	54 736	54 736
Lease (financial lease)		1 261	1 121	971	950
Deferred profit tax liabilities		6 517	6 516	6 517	6 516
Grants and subsidies		29 732	30 850	29 732	30 850
Employee benefit liabilities		385	385	365	365
Other provisions		-	-	-	-
<b>Accounts payable after one year, and long-term liabilities, total</b>		<b>92 631</b>	<b>93 608</b>	<b>92 321</b>	<b>93 417</b>
<b>Accounts payable within one year of and other liabilities</b>					
Current year's share of long-term financial debt and leasing/financial leases	10	1 233	3 269	1 237	3 265
Short-term financial debts		642	-	642	-
Trade debtors		6 159	14 105	5 903	14 136
Payroll related liabilities		1 310	715	1 220	701
Received prepayments		850	840	814	815
Tax payable		183	804	153	612
Derivative financial instruments		-	-	-	-
Current year's share of employee benefit obligations		154	163	153	162
Other provisions	11	2 347	1 652	2 347	1 652
Accrued costs and income of future periods		419	440	398	425
Other short-term amounts payable and liabilities		182	338	158	337
<b>Accounts payable within one year of and other liabilities, total</b>		<b>13 479</b>	<b>22 326</b>	<b>13 025</b>	<b>22 105</b>
<b>Total accounts payable and liabilities</b>		<b>106 110</b>	<b>115 934</b>	<b>105 346</b>	<b>115 522</b>
<b>Total equity and liabilities</b>		<b>204 396</b>	<b>213 540</b>	<b>203 024</b>	<b>212 245</b>

(end)

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

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

Group	Comments	2024 III quarter	30 Septem- ber 2024 from the beginnin g of the year	2023 III quarter	30 Septem- ber 2023 from the beginning of the year
<b>Operating income</b>					
Sales revenue	14	6 661	54 025	5 068	56 385
Other operational incomes	16	604	3 184	667	1 128
<b>Total operating income</b>		<b>7 266</b>	<b>57 208</b>	<b>5 735</b>	<b>57 513</b>
<b>Operating expenses</b>					
Fuel and purchased energy		(4 243)	(32 068)	(1 793)	(34 488)
Salaries, social insurance		(2 495)	(7 355)	(2 245)	(6 584)
Depreciation and amortisation		(1 894)	(5 476)	(1 691)	(5 026)
Repair and maintenance		(366)	(651)	(338)	(694)
Change in impairment of receivables		(43)	(378)	534	1 028
Taxes, other than income tax		(648)	(1 883)	(628)	(1 824)
Electricity		(182)	(1 140)	(249)	(1 101)
Raw materials and materials		(679)	(2 232)	(1 289)	(2 281)
Water		(474)	(1 598)	(444)	(1 407)
Change in realisable value of inventories and impairment of fixed assets	7	40	(72)	236	288
Other costs	15	(698)	(1 800)	(811)	(2 119)
Other operational expenses	16	(139)	(402)	(75)	(326)
<b>Operating expenses, total</b>		<b>1 822</b>	<b>(55 056)</b>	<b>(8 793)</b>	<b>(54 534)</b>
<b>Operating profit (loss)</b>		<b>(4 557)</b>	<b>2 152</b>	<b>(3 058)</b>	<b>2 979</b>
Other interest and similar income		214	501	139	594
Value impairment of financial assets and short-term investment		-	-	-	-
Interest and other similar costs		(421)	(1 306)	(320)	(927)
<b>Income from financing and investment activities, net value</b>		<b>(207)</b>	<b>(805)</b>	<b>(181)</b>	<b>(333)</b>
<b>Profit before taxation</b>		<b>(4 764)</b>	<b>1 346</b>	<b>(3 239)</b>	<b>2 646</b>
Income tax		(1)	90	-	-
Deferred income tax income (loss)		-	-	-	-
<b>Profit for the reporting period</b>		<b>(4 765)</b>	<b>1 437</b>	<b>(3 239)</b>	<b>2 646</b>
Termination benefits (accrual), other provisions to be reclassified to profit or loss when certain conditions are met		0	(696)	300	(1 583)
<b>Gross income</b>		<b>(4 765)</b>	<b>741</b>	<b>(2 939)</b>	<b>1 063</b>
<b>Profit for the period attributable to the Company's shareholders</b>		<b>(4 765)</b>	<b>1 437</b>	<b>(3 239)</b>	<b>2 646</b>
<b>Gross income attributable to the Company's shareholders</b>		<b>(4 765)</b>	<b>741</b>	<b>(2 939)</b>	<b>1 063</b>
<b>Earnings per share (EUR)</b>	17	<b>(0,11)</b>	<b>0,02</b>	<b>(0,07)</b>	<b>0,02</b>

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

Company	Comments	2024 III quarter	30 Septem- ber 2024 from the beginning of the year	2023 III quarter	30 Septem- ber 2023 from the beginning of the year
Operating income					
Sales revenue	14	6 152	53 657	5 110	56 210
<b>Other operational incomes</b>	<b>16</b>	496	1 331	153	490
<b>Total operating income</b>		<b>6 648</b>	<b>54 987</b>	<b>5 263</b>	<b>56 700</b>
Operating expenses					
Fuel and purchased energy		(4 232)	(32 065)	(2 971)	(36 385)
Salaries, social insurance		(2 316)	(6 904)	(2 110)	(6 253)
Depreciation and amortisation		(1 889)	(5 455)	(1 677)	(4 948)
Repair and maintenance		(362)	(637)	(336)	(690)
Change in impairment of receivables		168	(149)	534	1 028
Taxes, other than income tax		(634)	(1 859)	(604)	(1 783)
Electricity		(247)	(1 209)	(249)	(1 101)
Raw materials and materials		(159)	(460)	(231)	(605)
Water		(482)	(1 606)	(444)	(1 407)
Change in realisable value of inventories and impairment of fixed assets	7	40	(72)	236	288
Other costs	15	(673)	(1 780)	(667)	(2 066)
Other operational expenses	16	(117)	(418)	(75)	(333)
<b>Operating expenses, total</b>		<b>(10 902)</b>	<b>(52 615)</b>	<b>(8 594)</b>	<b>(54 255)</b>
Operating profit (loss)		<b>(4 254)</b>	<b>2 372</b>	<b>(3 330)</b>	<b>2 446</b>
Other interest and similar income		205	481	139	594
Value impairment of financial assets and short-term investment		-	-	-	-
Interest and other similar costs		(408)	(1 293)	(320)	(922)
<b>Income from financing and investment activities, net value</b>		<b>(203)</b>	<b>(812)</b>	<b>(181)</b>	<b>(328)</b>
<b>Profit before taxation</b>		<b>(4 457)</b>	<b>1 559</b>	<b>(3 511)</b>	<b>2 118</b>
Income tax		-	90	-	-
Deferred income tax income (loss)		-	-	-	-
Profit for the reporting period		<b>(4 457)</b>	<b>1 650</b>	<b>(3 511)</b>	<b>2 118</b>
Termination benefits (accrual), other provisions to be reclassified to profit or loss when certain conditions are met		-	(696)	300	(1 583)
<b>Gross income</b>		<b>(4 457)</b>	<b>954</b>	<b>(3 212)</b>	<b>534</b>
<b>Earnings per share (EUR)</b>	<b>17</b>	<b>(0,10)</b>	<b>0,02</b>	<b>(0,08)</b>	<b>0,01</b>

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

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY**

Group	Notes	Capital	Legal reserve	Other reserves	Profit available distribution	(loss) for	Total
<b>Balance as at 31 December 2022</b>		<b>74 476</b>	<b>7 448</b>	<b>3 000</b>	<b>11 178</b>		<b>96 102</b>
Formed reserves		-	-	50	(50)		-
Reversed reserves		-	-	(3 000)	3 000		-
Dividends		-	-	-	(3 000)		(3 000)
Profit for the reporting period		-	-	-	6 078		6 078
Other gross income		-	-	-	(1 573)		(1 573)
<b>Balance as at 31 December 2023</b>		<b>74 476</b>	<b>7 448</b>	<b>50</b>	<b>15 633</b>		<b>97 607</b>
Formed reserves		-	-	75	(75)		-
Reversed reserves		-	-	(50)	50		-
Dividends		-	-	-	-		-
Profit for the reporting period		-	-	-	1 437		1 437
Other gross income		-	-	-	(758)		(758)
<b>Balance as at 30 September 2024</b>		<b>74 476</b>	<b>7 448</b>	<b>75</b>	<b>16 287</b>		<b>98 286</b>

Company	Notes	Capital	Legal reserve	Other reserves	Profit available distribution	(loss) for	Total
<b>Balance as at 31 December 2022</b>		<b>74 476</b>	<b>7 447</b>	<b>3 000</b>	<b>10 919</b>		<b>95 842</b>
Formed reserves		-	-	50	(50)		-
Reversed reserves		-	-	(3 000)	3 000		-
Dividends		-	-	-	(3 000)		(3 000)
Profit for the reporting period		-	-	-	5 454		5 454
Other gross income		-	-	-	(1 573)		(1 573)
<b>Balance as at 31 December 2023</b>		<b>74 476</b>	<b>7 447</b>	<b>50</b>	<b>14 750</b>		<b>96 723</b>
Formed reserves		-	1	75	(75)		1
Reversed reserves		-	-	(50)	50		-
Dividends		-	-	-	-		-
Profit for the reporting period		-	-	-	1 650		1 650
Other gross income		-	-	-	(696)		(696)
<b>Balance as at 30 September 2024</b>		<b>74 476</b>	<b>7 448</b>	<b>75</b>	<b>15 679</b>		<b>97 678</b>

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

**CONDENSED INTERIM CASH FLOW STATEMENTS**

	Notes	<u>Group</u>		<u>Company</u>	
		2024 y	2023 y	2024 y	2023 y
<b>Cash flows from (to) operating activities</b>					
Gross income		<b>741</b>	<b>1 063</b>	<b>954</b>	<b>534</b>
<b>Adjustments to non-cash items:</b>					
Depreciation and amortisation		7 225	6 454	6 984	6 431
Grants and subsidies (amortisation)		(1 167)	(1 154)	(1 167)	(1 154)
Write-offs and changes in impairment of receivables		378	(1104)	149	(1 028)
Accruals of costs for the coming periods		(29)	-	(24)	-
Loss (gain) on sale and write-down of fixed assets and value of shares		(51)	(17)	(49)	
Change in realisable value of inventories and impairment of fixed assets		19	(288)	91	(288)
Change in employee benefits liability		(9)	(89)	(9)	(89)
Change in lease liability		(335)	-	21	-
Amortization of rights to property		44	-	11	-
Changes in other non – monetary items		4	-	4	-
Change in accumulations		(20)	92	(27)	1
Change in provision liabilities		695	1 584	695	1 584
Elimination of financial and investment performance		1 452	333	1 472	311
<b>Adjustment to total non-cash items</b>		<b>8 206</b>	<b>5 811</b>	<b>8 151</b>	<b>5 768</b>
<b>Changes of working capital:</b>					-
Decrease (increase) in inventories		(215)	572	(44)	583
Decrease (increase) in prepayments		(398)	320	(481)	104
Decrease (increase) in trade receivables		11 263	15 324	10 599	15 297
Decrease (increase) in other amounts receivable		1 872	4 501	1 955	4 513
Increase (decrease) in long-term trade debts		(1)	-	-	-
Increase (decrease) in trade debtors		(7 946)	(10 004)	(8 382)	(9 040)
Decrease (increase) in liabilities related to employment relations		595	460	519	440
Increase (decrease) in taxes payable		(621)	(423)	(459)	(373)
Decrease (increase) in received prepayments		10	345	(1)	384
Increase (decrease) in other current liabilities		(156)	152	(179)	112
<b>Changes in total working capital</b>		<b>4 403</b>	<b>11 247</b>	<b>3 527</b>	<b>12 020</b>
<b>Net cash flows from operating activities</b>		<b>13 350</b>	<b>18 121</b>	<b>12 632</b>	<b>18 322</b>

(continued on the next page)



**CONDENSED INTERIM CASH FLOW STATEMENTS (continued)**

	Notes	Group		Company	
		2024 y	2023 y	2024 y	2023 y
<b>Cash flows from (to) investing activities</b>					
Acquisition of intangible fixed assets and property, plant and equipment		(16 105)	(17 488)	(16 036)	(17 481)
Sale of property, plant and equipment		-	326	2	345
Interest received on overdue receivables		501	-	481	-
Acquisition of investments, change in value		-	(10 800)	-	(10 800)
<b>Net (used) cash flows from investing activities</b>		<b>(15 602)</b>	<b>(27 962)</b>	<b>(15 553)</b>	<b>(27 936)</b>
<b>Cash flows from (to) financing activities</b>					
Loans received		642	14 000	642	14 000
Loans repaid		(2 023)	(1 704)	(2 023)	(1 704)
Interest paid		(1 973)	(1 090)	(1 953)	(1 090)
Rent payments		-	-	-	-
Dividend paid		-	(3 000)	-	(3 000)
Subsidy received		82	158	82	158
<b>Net cash flows from (used in) financing activities</b>		<b>(3 252)</b>	<b>8 364</b>	<b>(3 252)</b>	<b>8 364</b>
<b>Net increase (decrease) in cash flows</b>		<b>(5 504)</b>	<b>(1 477)</b>	<b>(6 173)</b>	<b>(1 251)</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>8 547</b>	<b>5 550</b>	<b>7 315</b>	<b>4 891</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>3 043</b>	<b>4 073</b>	<b>1 142</b>	<b>3 640</b>
(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 30 September 2024 and 31 December 2023, the Company's shareholders were:

	2024-09-30		2023-12-31	
	Number of held shares, units	Ownership (%)	Number of held shares, units	Ownership (%)
Kaunas city municipality	39.736.058	92,84	39.736.058	92,84
Kaunas district municipality	1.606.168	3,75	1.606.168	3,75
Jurbarkas district municipality	746.405	1,74	746.405	1,74
Other minor shareholders	713.512	1,67	713.512	1,67
	42.802.143	100,00	42.802.143	100,00

The Company's authorised capital is equal to EUR 74,475,728.82 and is divided into 42,802,143 ordinary shares with a nominal value of EUR 1.74 each. As at 30 September 2024 and 31 December 2023, the Company had no treasury shares. As at 30 September 2024 and 31 December 2023, all shares were fully paid up.

On 30 September 2024, 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	828	57	3 648	Innovative energy projects, consultancy, rental

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

The Group's average number of listed employees during the reporting period was 372 and the Company's average number of listed employees was 343.

**Legal regulation**

Pursuant to the Law of the Republic of Lithuania on the Heat Sector, the Company's activities are licensed and regulated by the State Energy Regulatory Council (hereinafter referred to as the Council). On 26 February 2004 the Council granted the Company a heat supply licence. The licence is valid for an unlimited period, but may be revoked by an appropriate decision of the Council depending on compliance with certain conditions. The Council also sets price caps for the supply of heat. 13 September 2018 By Resolution No. O3E-283, the Council established for the Company the components of the basic heat price, which were valid until March 31, 2024. From 1 April 2024, new heat prices, calculated on the basis of 23 February 2024, came into force. By the Resolution of the Council, the level of income for the production and supply of heat by AB Kauno energija was unilaterally established.

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

The Company makes investments based on an assessment of the economic situation, the competitive environment and the availability of financing. Investment plans are approved by the shareholders and coordinated by the Board.

## 2. Basis of preparation of the financial statements

The condensed interim financial statements of the Company and the Group for the three-month period ended **30 September 2024** have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (hereinafter the IFRSs) as applicable to interim financial reporting (International Accounting Standard (IAS) 34 "Interim Financial Reporting"). These financial statements do not include all the information necessary for the preparation of the full set of consolidated and separate financial statements. However, selected notes are included to explain events and transactions and to provide an understanding of significant changes in the Group's and the Company's financial position and financial performance.

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

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

The currency of the submission is the euro. These statements are presented in thousands of euro, unless otherwise stated. The Company's financial year coincides with the calendar year.

The management of the Company has approved the following interim financial statements as at 11 November 2024.

## 3. Application of assessments in preparation of financial statements

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

The key assumptions and other significant sources of estimation uncertainty at the date of the interim statements of financial position that have a significant risk of causing a material adjustment to the carrying amounts of assets or liabilities within the next financial year are the same as those described in the most recent set of annual separate and consolidated financial statements.

## 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.

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

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

## 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.

### Measurement of fair value (continued)

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

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

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

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

## 6. Property, plant and equipment

In 9 months of 2024, acquisitions of fixed tangible assets of the Group and the Company amounted to EUR 16 102 thousand and 16 036 thousand, the residual value of the sold-written-off tangible fixed assets amounted to EUR 51 thousand and 49 thousand.. The cost of the acquired property includes all expenses related to the construction, purchase and materials of the property.

The depreciation costs of real estate, equipment and equipment of the Group and the Company for the 9 months of 2024 amount to EUR 7,126 thousand and 6,886 thousand.. The amounts of the depreciation expenses of the Group and the Company were included in the operating expenses in the Profit and Loss and Other Gross Income Statements, as well as in other expenses lines. Part of the cost of depreciation – EUR 1, 167 thousand (both the group and the companies) was covered by the grant amounts received.

After assessing the internal and external features, the management of the Group and the Company did not find a significant additional decrease in value for real estate, equipment and equipment during the 9 months of 2024.

Part of the Group's real estate, equipment and equipment, the acquisition value of which on 30 September 2024 for the state of the state was equal to EUR 34,643 thousand (as of 31 December 2023 – EUR 34,694 thousand), companies – EUR 34,643 thousand was completely depreciated (34,694 thousand euros as of 31 December 2023), but is still used in activities.

30 September 2024 and 31 December 2023 The Group and the Company's majority of the construction in progress consists of reconstruction and overhaul of boiler houses and heat supply networks.

As of 30 September 2024, real estate, equipment and equipment, the residual value of which was equal to the Group's EUR 8,638 thousand (as of 31 December 2023 – EUR 8,548 thousand), and companies – EUR 8,638 thousand. (as at 31 December 2023, EUR 8,548 thousand), was pledged to banks as collateral for loans.

## 7. Inventories

	Group		Company	
	2024-09-30	2023-12-31	2024-09-30	2023-12-31
Technological fuels	1 115	1 162	1 115	1 162
Spare parts	870	731	424	383
Materials	410	333	410	333
	2 395	2 226	1 949	1 878
To be deducted: write-down to net realisable value at the end of the period	(476)	(449)	(476)	(449)
<b>Carrying amount of inventories</b>	<b>1 919</b>	<b>1 777</b>	<b>1 473</b>	<b>1 429</b>

The depreciation of the reserves of the Group and the Company to the net potential realisable value as of 30 September 2024 amounted to EUR 476 thousand. (as of 31 December 2023, EUR 449 thousand). Change in the depreciation of inventories to net potential realisable value in 2024 and 2023. The Group's and the Company's Income and Other Gross Income Accounts are included in the cost item of the change in the realization cost of inventories.

## 8. Amounts receivable from buyers

	Group		Company	
	2024-09-30	2023-12-31	2024-09-30	2023-12-31
Trade receivables	8 268	18 799	7 682	17 943
To be deducted: expected credit losses	(4 682)	(4 362)	(4 660)	(4 322)
	<b>3 174</b>	<b>14 437</b>	<b>3 022</b>	<b>13 621</b>

Change in impairment of doubtful receivables as at 30 September 2024 and 31 December 2023 in the Group's and the Company's Statements of Profit and Loss and Other Gross included in the item of impairment charges on receivables. Impairment of doubtful receivables is measured at expected credit losses.

The amounts receivable by the Group and the Companies from buyers are interest-free and, as a rule, their due date is 30 days or agreed individually.

### 9. Other receivables

	Group		Bendrovė	
	2024-09-30	2023-12-31	2024-09-30	2023-12-31
Refundable taxes	672	817	591	817
Other receivables	304	2 213	304	2 215
To be deducted: expected credit losses	(93)	(275)	(93)	(275)
	<b>883</b>	<b>2 755</b>	<b>802</b>	<b>2 757</b>

30 September 2024 and 31 December 2023 Other receivables of the Group and the Company consisted of state taxes receivable, municipal debt for compensation to low-income families, receivables for the sale of stocks (scrap metal, installations of heating systems), and services rendered (manifold maintenance, etc.).

The Group's and the Company's other receivables are interest-free and usually have a maturity of 30-45 days.

For untimely receivables, a decrease in value is not calculated, since in the opinion of management there is no indication that borrowers will not be able to fulfill their obligations.

#### Credit risk

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

### 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 at 30 September 2024 and 31 December 2023 was as follows:

	Group		Company	
	2024-09-30	2023-12-31	2024-09-30	2023-12-31
Long-term	4,00	4,41	4,00	4,41

Repayment terms of long-term loans:

	Group		Company	
	2024-09-30	2023-12-31	2024-09-30	2023-12-31
<b>Long-term financial debts (loans):</b>	<b>54 736</b>	<b>54 736</b>	<b>54 736</b>	<b>54 736</b>
Payable between 2 and 5 years	22 506	22 506	22 506	22 506
Payable after 5 years	32 230	32 230	32 230	32 230
Current portion of long-term loans	1 231	3 231	1 231	3 231
	<b>55 967</b>	<b>57 967</b>	<b>55 967</b>	<b>57 967</b>

On 30 September 2024 in the statement of financial standing, the Group and the Company have recorded interest payable to financial institutions under long-term financial debts amounted to EUR 187 thousand and EUR 187 thousand respectively.

Details of the Group's and Company's loans as at 30 September 2024:

Credit institution	Date of contract	Amount, thousands EUR	Maturity	Balance as at 2024-09-30 in thousands EUR	To be repaid in 2024, thousand EUR
1 EIB**	2020-08-07	15 000	2035-08-24	11 000	250
2 EIB**	2020-08-07	12 000	2036-08-18	10 868	226
3 EIB**	2020-08-07	14 000	2037-08-22	13 736	264
4 EIB**	2020-08-07	14 000	2038-09-29	14 000	-
5 Min. of Finance*	2010-10-26	807	2034-03-15	385	-
6 Min. of Finance*	2010-04-09	2 410	2034-03-15	936	-
7 Min. of Finance*	2014-01-15	793	2034-12-01	458	42
8 Min. of Finance*	2014-03-31	7 881	2034-12-01	4 549	414
9 AB SEB bankas	2016-12-22	1 157	2024-11-30	35	35
				<b>55 967</b>	<b>1 231</b>

### Financial debts (continued)

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

AB SEB Bankas has determined that the Company must comply with the net financial debt to EBITDA ratio set for the quarter, which must not exceed 4.5. Under the loan agreements, the Company's equity ratio (total equity/total assets) must be at least 35%. The European Investment Bank's requirements also stipulate that the Company must comply with both of these indicators. As at 30 September 2024, the Company has met its indicators.

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

On 26 March 2024 The company concluded a credit agreement with AB SEB bankas for financing of working capital , under which credit limit of EUR 5 million has been approved for 12 months period. For the date of compilation of financial statements, the overdraft limit of EUR 642 thousand was used.. The amount of the surplus is accounted in the short-term financial debt item.

AB Kauno energija on 2024-09-12 concluded. long-term loan agreement amounted to EUR 35 million with the European Investment Bank. The loan funds will finance investments in 2024-2026 in the modernization of existing pipelines and construction of new heat supply networks, reconstruction of biofuel boiler houses, installation of heat pumps, heat storage tanks and solar power plants. The investment will increase energy efficiency and reduce the consumption of fossil fuels. For the date of compilation of financial statements, the loan was not used.

### 11. Other provisions

As at 31 December 2023, the Company has made a provision of EUR 1,573 thousand to cover the differences in the actual cost of electricity, purchased heat, fuel and production included in the price of heat sold and actually incurred, i.e. to cover future price reduction liabilities. On June 30, 2024, the company additionally formed a provision for 696 thousand. Euro. The total provision formed as of 30 September 2024 amounted to EUR 2,347 thousand.

### 12. Cash and cash equivalents

	Group		Company	
	2024-09-30	2023-12-31	2024-09-30	2023-12-31
Cash on the road	118	700	118	700
Cash in the bank	2 925	7 847	1 024	6 615
	<b>3 043</b>	<b>8 547</b>	<b>1 142</b>	<b>7 315</b>

EUR 2 thousand (as of 31 December 2023 – EUR 1,073 thousand) are pledged to banks as collateral for loans granted.

**13. Changes in equity**Statutory reserve and other reserves

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

**14. Sales income**

The Group and the Company are engaged in the supply of thermal energy, maintenance of building heating and hot water supply systems, electricity generation, and other activities. These activities are closely

**Sales income (continued)**

interlinked and, for management purposes, the Group and the Company are considered to be organised in a single segment – the supply of thermal energy.

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

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

	<b>Group</b>		<b>Company</b>	
	<b>30 Septem- ber 2024 from the beginning of the year</b>	<b>30 Septem- ber 2023 from the beginning of the year</b>	<b>30 Septem- ber 2024 from the beginning of the year</b>	<b>30 Septem- ber 2023 from the beginning of the year</b>
Heat supply	48 253	51 588	48 244	51 588
Hot water supply	4 635	3 938	4 635	3 938
Maintenance of hot water metering devices	838	579	510	404
Maintenance of collectors	292	261	261	261
Maintenance of heating and hot water systems in buildings	7	14	7	14
Other income	-	5	-	5
Sale of tradable emission allowances	-	-	-	-
	<b>54 025</b>	<b>56 385</b>	<b>53 657</b>	<b>56 210</b>

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

	<b>Group</b>		<b>Company</b>	
	<b>30 Septem- ber 2024 from the beginning of the year</b>	<b>30 Septem- ber 2023 from the beginning of the year</b>	<b>30 Septem- ber 2024 from the beginning of the year</b>	<b>30 Septem- ber 2023 from the beginning of the year</b>
Residents	40 298	42 057	40 298	42 057
Other users	6 399	6 236	6 031	6 236
Budgetary organisations financed from the state budget	3 460	3 622	3 460	3 622
Budgetary organisations financed from municipal budgets	2 209	2 501	2 209	2 501
Institutions financed by territorial sickness funds	1 327	1 418	1 327	1 418
Industrial users	332	551	332	376
	<b>54 025</b>	<b>56 385</b>	<b>53 657</b>	<b>56 210</b>



**15. Other costs**

Other costs include:

	<b>Group</b>		<b>Company</b>	
	<b>30 Septem- ber 2024 from the beginning of the year</b>	<b>30 Septem- ber 2023 from the beginning of the year</b>	<b>30 Septem- ber 2024 from the beginning of the year</b>	<b>30 Septem- ber 2023 from the beginning of the year</b>
Equipment inspection and testing	108	212	108	160
Maintenance of collectors	273	272	273	272
Money collection costs	90	91	90	91
Ash recovery costs	84	136	84	136
Information Technologies costs	53	75	53	75
Consulting Services	89	197	89	197
Employee-related costs	113	80	110	80
Invoicing costs	82	83	82	83
Membership fee	53	81	53	81
Maintenance of fixed assets and related services	108	69	108	69
Transport costs	68	64	68	64
Debt collection costs	94	98	94	98
Insurance	91	82	81	82
Communication costs	61	44	61	44
Costs for advertising	22	16	22	16
Audit costs	7	33	-	33
Rental of equipment and machinery	30	46	30	46
Sponsorship	65	142	65	142
Other costs	309	298	309	297
	<b>1 800</b>	<b>2 119</b>	<b>1 780</b>	<b>2 066</b>

**16. Other operating income and expense**

Other operating income includes:

	<b>Group</b>		<b>Company</b>	
	<b>30 Septem- ber 2024 from the beginning of the year</b>	<b>30 Septem- ber 2023 from the beginning of the year</b>	<b>30 Septem- ber 2024 from the beginning of the year</b>	<b>30 Septem- ber 2023 from the beginning of the year</b>
<b>Other operational incomes</b>				
Inventories sold	2 243	726	733	88
Miscellaneous services rendered	748	163	417	163
Compensation received	20	15	8	15
Revenue from previous periods	25	-	25	-
Profit from the sale of fixed assets	5	14	5	14
Other	143	210	143	210
	<b>3 184</b>	<b>1 128</b>	<b>1 331</b>	<b>490</b>

**Other operating income and expense (continued)****Other operating expenses include:**

	Group		Company	
	30 September 2024 from the beginning of the year	30 September 2023 from the beginning of the year	30 September 2024 from the beginning of the year	30 September 2023 from the beginning of the year
<b>Other operational expenses</b>				
Cost of miscellaneous services rendered	(121)	(143)	(121)	(150)
Inventories sold	(107)	(66)	(107)	(66)
Cost of previous periods	(66)	(37)	(66)	(37)
Sale of fixed assets, write-off	(2)	(4)	(2)	(4)
Other	(106)	(76)	(122)	(76)
	<b>(402)</b>	<b>(326)</b>	<b>(418)</b>	<b>(333)</b>

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

**17. Basic and diluted earnings per share**

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

	Group		Company	
	2024 Q3	2023 Q3	2024 Q3	2023 Q3
Profit for the reporting period	741	1 063	954	534
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
<b>Basic and diluted earnings per share (EUR)</b>	<b>0,02</b>	<b>0,02</b>	<b>0,02</b>	<b>0,01</b>

**18. Commitments and contingencies not included in the balance sheet**

AB Kauno energija submitted a complaint to the Regional Administrative Court on 26.02.2024 against VERT Resolutions 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", and on 23.02.2024 adopted Resolution No O3E-213 "On the unilateral 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 for the first year of validity of the basic level of heat production and /or supply income" cancellation of part. The amount of the complaint amounts to 2,587.50 thousand. Eur. At the first instance AB Kauno energija's complaint was dismissed by the Court. On 2024.11.04 an appeal was filed.

**19. Related party transactions**

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

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

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

2024 9 months	<b>Purchases</b>	<b>Sales</b>	<b>Amounts receivable</b>	<b>Amounts payable</b>
Kaunas City Municipality, companies financed and fully managed by it	1 721	4 259	330	391
Jurbarkas district municipality	14	161	1	2
2023 9 months	<b>Purchases</b>	<b>Sales</b>	<b>Amounts receivable</b>	<b>Amounts payable</b>
Kaunas City Municipality, companies financed and fully managed by it	1 317	6 754	313	393
Jurbarkas district municipality	14	178	1	3

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

30 September 2024 and 30 September 2023 The company's transactions with subsidiaries and balance sheet balances at the end of the period were as follows:

<b>UAB GO Energy LT</b>	<b>Purchases</b>	<b>Sales</b>	<b>Amounts receivable</b>	<b>Amounts payable</b>
2024 9 months	1 740	168	22	296
2023 9 months	102	1 821	25	1 050

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

## 20. Management's salary and other benefits

On 30 September 2024, the Group's and the Company's management consists of 2 and 1 persons (2 and 1 on 31 December 2023), respectively.

As at 30 September 2024, the Company's Management Board consisted of 3 members and the Supervisory Board consists of 3 members.

	<b>Group</b>		<b>Company</b>		
	<b>2024 9 months</b>	<b>2023 9 months</b>	<b>2024 9 months</b>	<b>2023 months</b>	<b>9</b>
Wages and salaries charged to the management	136	108	107	104	
Reimbursements of employee benefits calculated for the management	-	-	-	-	

In 9 months of 2024 and in 9 months of 2023, there were no loans, guarantees, other disbursements or accruals to the management of the Group and the Company, or transfers of assets.

## 21. 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.