

AB Kauno Energija

Company code 235014830

Raudondvario pl. 84

Kaunas, Lithuania



**CONSOLIDATED AND COMPANY'S 12-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 12 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	
		2024-12-31	2023-12-31	2024-12-31	2023-12-31
ASSETS					
Fixed assets					
Intangible fixed assets	6	314	249	304	241
Land and buildings		6 039	6 201	5 963	6 122
Other structures		146 994	134 610	146 994	134 610
Machinery and equipment		17 249	13 824	17 221	13 779
Vehicles		804	975	773	975
Plant and tools		5 704	3 263	5 657	3 217
Constructions in progress and prepayments		18 210	23 483	18 117	23 483
Investment property		1 082	1 114	-	-
Total property, plant and equipment		196 082	183 470	194 725	182 186
Right-of-use assets		1 171	1 083	854	916
Non-current financial assets					
Investments in subsidiaries	1	-	-	2 763	2 763
Amounts receivable after one year		130	128	1	-
Other financial assets		75	75	75	75
Total non-current financial assets		205	203	2 839	2 838
Other long-term assets		8	-		
Non-current assets, total		197 780	185 005	198 722	186 181
Current assets					
Stock and prepayments					
Inventories	7	1 761	1 777	1 652	1 429
Prepayments		1 507	1 019	1 482	942
Total inventories and prepayments		3 268	2 796	3 134	2 371
Term deposits		500	-	-	-
Trade receivables	8	15 627	14 437	15 482	13 621
Other amounts receivable	9	848	2 755	806	2 757
Amounts receivable within one year, total		16 975	17 192	16 288	16 378
Cash and cash equivalents	12	11 074	8 547	9 600	7 315
Current assets, total		31 317	28 535	29 022	26 064
Assets, total:		229 097	213 540	227 744	212 245

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CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

	Notes	Group		Company	
		2024-12-31	2023-12-31	2024-12-31	2023-12-31
EQUITY AND LIABILITIES					
Property					
Capital	1	74 476	74 476	74 476	74 476
Legal reserve	13	7 504	7 447	7 448	7 447
Other reserves	13	75	50	75	50
Profit (loss) available for distribution					
Current year profit		7 652	4 505	7 580	3 881
Profit (loss) of the previous years		15 551	11 128	14 725	10 869
Total retained profit (loss)		23 203	15 633	22 305	14 750
Total equity		105 258	97 606	104 304	96 723
Non-current amounts payable after one year and liabilities					
Long-term financial debts	10	62 658	54 736	62 658	54 736
Lease (financial lease)		1 172	1 121	842	950
Deferred profit tax liabilities		6 688	6 516	6 688	6 516
Grants and subsidies		29 858	30 850	29 854	30 850
Employee benefit liabilities		449	385	420	365
Other payables and long-term liabilities		29	-	29	-
Total non-current liabilities		100 854	93 608	100 491	93 417
Current liabilities					
Current year's share of long-term financial debt and leasing/financial leases	10	4 094	3 269	4 090	3 265
Trade payables		12 387	14 105	12 547	14 136
Employee-related liabilities		1 024	715	970	701
Advances received		1 075	840	1 047	815
Taxes payable		1 067	804	980	612
Current portion of employee benefit liability		242	163	242	162
Other provisions	11	2 517	1 652	2 517	1 652
Accruals and deferred income		436	440	413	425
Other current liabilities		143	338	143	337
Total current liabilities		22 985	22 326	22 949	22 105
Total liabilities		123 839	115 934	123 440	115 522
Total equity and liabilities		229 097	213 540	227 744	212 245

(end)

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

Group	Comm ents	2024_IV quarter	31 December- 2024 from the beginning of the year	2024_IV quarter	31 December 2023 from the beginning of the year
Operating income					
Sales revenue	14	31 422	85 447	28 663	85 048
Other operational incomes	16	(1 045)	2 139	1 732	2 860
Total operating income		30 378	87 586	30 395	87 908
Operating expenses					
Fuel and purchased energy		(15 457)	(47 525)	(19 290)	(53 778)
Salaries, social insurance		(3 251)	(10 606)	(2 384)	(8 968)
Depreciation and amortisation		(2 013)	(7 489)	(1 656)	(6 682)
Repairs and maintenance		(400)	(1 051)	(208)	(902)
Change in impairment of receivables		(122)	(500)	(586)	442
Taxes, other than income tax		(957)	(2 840)	(617)	(2 441)
Electricity		(636)	(1 776)	(527)	(1 628)
Raw materials and materials		1 533	(699)	876	(1 405)
Water		(642)	(2 240)	(563)	(1 970)
Change in inventory realizable value and impairment of non-current assets	7	60	(12)	30	318
Other expenses	15	(829)	(2 629)	(658)	(2 777)
Other operational expenses	16	(91)	(493)	(160)	(486)
Operating expenses, total		(22 804)	(77 860)	(25 743)	(80 277)
Operating profit (loss)		7 574	9 726	4 652	7 631
Other interest and similar income		93	594	100	694
Impairment of financial assets and short-term investments		-	-	-	-
Interest and other similar costs		(533)	(1 839)	(421)	(1 348)
Net financial and investment income		(440)	(1 245)	(321)	(654)
Profit before tax		7 135	8 481	4 331	6 977
Income tax		(60)	30	(202)	(202)
Deferred tax income (losses)		(163)	(163)	(697)	(697)
Profit for the reporting period		6 911	8 348	3 432	6 078
Other provisions		0	(696)	10	(1 573)
Total comprehensive income		6 911	7 652	3 442	4 505
Profit for the period attributable to the Company's shareholders		6 911	8 348	3 432	6 078
Total comprehensive income attributable to the Company's shareholders		6 911	7 652	3 442	4 505
Earnings per share (EUR)	17	0,16	0,20	0,08	0,14

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

Company	Comm ents	2024_IV quarter	31 December- 2024 from the beginning of the year	2024_IV quarter	31 December 2023 from the beginning of the year
Operating income					
Sales revenue	14	31 160	84 817	28 838	85 048
Other operational incomes	16	372	1 703	554	1 044
Total operating income		31 532	86 520	29 392	86 092
Operating expenses					
Fuel and purchased energy		(15 460)	(47 525)	(17 393)	(53 778)
Salaries, social insurance		(3 048)	(9 953)	(2 241)	(8 494)
Depreciation and amortisation		(2 018)	(7 473)	(1 677)	(6 625)
Repair and maintenance		(358)	(995)	(182)	(872)
Change in impairment of receivables		(122)	(271)	(586)	442
Taxes, other than income tax		(979)	(2 838)	(598)	(2 381)
Electricity		(560)	(1 770)	(527)	(1 628)
Raw materials and materials		(239)	(699)	(238)	(843)
Water		(634)	(2 240)	(563)	(1 970)
Change in realisable value of inventories and impairment of fixed assets	7	60	(12)	30	318
Other costs	15	(755)	(2 536)	(805)	(2 872)
Other operational expenses	16	(157)	(575)	(159)	(492)
Operating expenses, total		(24 270)	(76 887)	(24 939)	(79 195)
Operating profit (loss)		7 262	9 633	4 453	6 897
Other interest and similar income		86	567	94	688
Value impairment of financial assets and short-term investment		-	-	-	-
Interest and other similar costs		(551)	(1 843)	(422)	(1 344)
Income from financing and investment activities, net value		(465)	(1 276)	(328)	(656)
Profit before taxation		6 797	8 357	4 125	6 241
Income tax		-	90	(90)	(90)
Deferred income tax income (loss)		(171)	(171)	(697)	(697)
Profit for the reporting period		6 626	8 276	3 338	5 454
Termination benefits (accrual), other provisions to be reclassified to profit or loss when certain conditions are met		-	(696)	10	(1 573)
Gross income		6 626	7 580	3 348	3 881
Earnings per share (EUR)	17	0,15	0,19	0,08	0,13

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

Group	Notes	Capital	Legal reserve	Other reserves	Profit (loss) available for distribution	Total
Balance as at 31 December 2022		74 476	7 447	3 000	11 178	96 101
Formed reserves		-		50	(50)	-
Reversed reserves		-	-	(3 000)	3 000	-
Dividends		-	-	-	(3 000)	(3 000)
Profit for the reporting period		-	-	-	6 078	6 078
Other gross income		-	-	-	(1 573)	(1 573)
Balance as at 31 December 2023		74 476	7 447	50	15 633	97 606
Formed reserves		-	57	75	(132)	-
Reversed reserves		-	-	(50)	50	-
Dividends		-	-	-	-	-
Profit for the reporting period		-	-	-	8 348	8 348
Other gross income		-	-	-	(696)	(696)
Balance as at 31 December 2024		74 476	7 504	75	23 203	105 258

Company	Notes	Capital	Legal reserve	Other reserves	Profit (loss) available for distribution	Total
Balance as at 31 December 2022		74 476	7 447	3 000	10 919	95 842
Formed reserves		-	-	50	(50)	-
Reversed reserves		-	-	(3 000)	3 000	-
Dividends		-	-	-	(3 000)	(3 000)
Profit for the reporting period		-	-	-	5 454	5 454
Other gross income		-	-	-	(1 573)	(1 573)
Balance as at 31 December 2023		74 476	7 447	50	14 750	96 723
Formed reserves		-	1	75	(75)	1
Reversed reserves		-	-	(50)	50	-
Dividends		-	-	-	-	-
Profit for the reporting period		-	-	-	8 276	8 276
Other gross income		-	-	-	(696)	(696)
Balance as at 31 December 2024		74 476	7 448	75	22 305	104 304

CONDENSED INTERIM CASH FLOW STATEMENTS

	Notes	<i>Group</i>		<i>Company</i>	
		2024 y	2023 y	2024 y	2023 y
Cash flows from (to) operating activities					
Total comprehensive income		7 652	4 505	7 580	3 881
Adjustments to non-cash items:					
Depreciation and amortisation		9 581	8 615	9 516	8 591
Amortization covered by grants/subsidies		(1 556)	(1 361)	(1 556)	(1 361)
Changes in receivables value		271	(442)	271	(442)
Write-offs of asset value on disposal and write-downs		(38)	(16)	(38)	16
Change in inventory realizable value and impairment of non-current assets		12	(318)	12	(318)
Change in employee benefit obligations		135	84	135	75
Change in lease liabilities		(286)	(56)	-	31
Amortization of rights to assets		35		-	-
Changes in other non-cash items		(52)	899	(47)	787
Change in accruals		(12)	103	(12)	103
Change in provisions		873	1 574	865	1 574
Elimination of other financial and investment activity results		1 249	507	1 276	509
Total adjustment for non-cash items		10 212	9 589	10 422	9 565
Changes of working capital:					
(Increase) decrease in inventories		16	1 235	(223)	768
(Increase) decrease in prepayments		(488)	1 143	(540)	909
(Increase) decrease in trade receivables		(1 190)	4 027	(1 861)	4 652
(Increase) decrease in other receivables		1 907	2 401	1 951	2 373
(Decrease) increase in long-term trade payables		29	(89)		-
Increase (decrease) in trade payables and advances received		(1 718)	(3 205)	(1 860)	(3 115)
(Decrease) increase in employee-related liabilities		309	20	269	15
Increase (decrease) in taxes payable		263	102	368	87
Increase (decrease) in advances received		235	67	261	155
Increase (decrease) in other short-term liabilities		(195)	(31)	(194)	(29)
Total changes in working capital		(832)	5 670	(1 829)	5 815
Net cash flows from operating activities		17 032	19 764	16 188	19 261

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CONDENSED INTERIM CASH FLOW STATEMENTS (continued)

Not.	Group		Company	
	2024 y	2023 y	2024 y	2023 y
Cash flows from (to) investing activities				
Acquisition of intangible fixed assets and property, plant and equipment	(20 810)	(25 457)	(20 667)	(25 439)
Sale of property, plant and equipment	17	97	17	5
Interest received on overdue receivables	594	147	567	147
Acquisition of investments, change in value	(500)	2 000	-	2 000
Net (used) cash flows from investing activities	(20 699)	(23 213)	(20 083)	(23 287)
Cash flows from (to) financing activities				
Loans received	12 000	14 000	12 000	14 000
Loans repaid	(3 896)	(2 793)	(3 896)	(2 793)
Interest paid	(2 528)	(1 745)	(2 532)	(1 745)
Lease payments	(12)	(16)	-	(12)
Dividend paid	-	(3 000)	-	(3 000)
Subsidy received	627	-	623	-
Net cash flows from (used in) financing activities	6 191	6 446	6 195	6 450
Net increase (decrease) in cash flows	2 527	2 997	2 285	2 424
Cash and cash equivalents at the beginning of the period	8 547	5 550	7 315	4 891
Cash and cash equivalents at the end of the period	11 074	8 547	9 600	7 315
(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 of December 31, 2024, and December 31, 2023, the shareholders of the Company were:

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

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

On 31 December 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	916	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 378 and the Company's average number of listed employees was 349.

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).

2. 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.

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 December 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 20 February 2025.

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.

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 2024, the acquisitions of property, plant, and equipment (PPE) by the Group and the Company amounted to EUR 22,359 thousand and EUR 22,222 thousand, respectively. The carrying value of disposed or written-off PPE amounted to EUR 38 thousand for both the Group and the Company. The acquisition cost of assets includes all expenses related to construction, purchase, and materials.

The depreciation expenses of the Group's and the Company's property, plant, and equipment for 2024 amounted to EUR 9,444 thousand and EUR 9,380 thousand, respectively. These depreciation expenses were included in the operating expenses in the Statement of Profit or Loss and Other Comprehensive Income, as well as under other expense categories. A portion of depreciation expenses, amounting to EUR 1,556 thousand (for both the Group and the Company), was covered by received grants and subsidies.

After evaluating internal and external indicators, the Group's and the Company's management did not identify any significant additional impairment losses on property, plant, and equipment during 2024.

As of 31 December 2024, the acquisition cost of fully depreciated property, plant, and equipment still in use amounted to EUR 33,987 thousand for the Group and Company, compared to EUR 34,694 thousand as of 31 December 2023.

As of 31 December 2024 and 31 December 2023, the majority of the Group's and the Company's construction in progress comprised the reconstruction and major repairs of boiler house equipment and heat supply networks.

7. Inventories

	Group		Company	
	2024-12-31	2023-12-31	2024-12-31	2023-12-31
Technological fuels	1 269	1 162	1 269	1 162
Spare parts	435	731	435	383
Materials	329	333	329	333
Goods for resale	109			
	2 141	2 226	2 032	1 878
To be deducted: write-down to net realisable value at the end of the period	(380)	(449)	(380)	(449)
Carrying amount of inventories	1 761	1 777	1 652	1 429

The write-down of the Group's and the Company's inventories to net realizable value as of December 31, 2024, amounted to EUR 380 thousand (EUR 449 thousand as of December 31, 2023). The change in the write-down of inventories to net realizable value in 2024 and 2023 is included in the expense item "Change in inventory write-down to net realizable value" in the Group's and the Company's Statements of Profit or Loss and Other Comprehensive Income.

8. Amounts receivable from buyers

	Group		Company	
	2024-12-31	2023-12-31	2024-12-31	2023-12-31
Trade receivables	20 338	18 799	20 193	17 944
To be deducted: expected credit losses	(4 711)	(4 362)	(4 711)	(4 323)
	15 627	14 437	15 482	13 621

Change in impairment of doubtful receivables as at 31 December 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		Company	
	2024-12-31	2023-12-31	2024-12-31	2023-12-31
Refundable taxes	127	817	78	817
Other receivables	807	2 213	813	2 215
To be deducted: expected credit losses	(86)	(275)	(86)	(275)
	848	2 755	806	2 757

31 December 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 31 December 2024 and 31 December 2023 was as follows:

	Group		Company	
	2024-12-31	2023-12-31	2024-12-31	2023-12-31
Long-term	3,61	4,41	3,61	4,41

Repayment terms of long-term loans:

	Group		Company	
	2024-12-31	2023-12-31	2024-12-31	2023-12-31
Long-term financial debts (loans):	62 658	54 736	62 658	54 736
Payable between 2 and 5 years	21 368	22 506	21 368	22 506
Payable after 5 years	41 290	32 230	41 290	32 230
Current portion of long-term loans	4 078	3 231	4 078	3 231
	66 736	57 967	66 736	57 967

On 31 December 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 244 thousand and EUR 244 thousand respectively.

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

	Credit institution	Date of contract	Amount, thousands EUR	Maturity	Balance as at 2024-12-31 in thousands EUR	To be repaid in 2025, thousand EUR
1	EIB**	2020-08-07	15 000	2035-08-24	10 750	1 000
2	EIB**	2020-08-07	12 000	2036-08-18	10 642	906
3	EIB**	2020-08-07	14 000	2037-08-22	13 472	1 057
4	EIB**	2020-08-07	14 000	2038-09-29	14 000	528
5	EIB**	2024-10-30	12 000	2039-10-31	12 000	-
6	LR Ministry F*	2010-10-26	807	2034-03-15	385	38
7	LR Ministry F*	2010-04-09	2 410	2034-03-15	936	94
8	LR Ministry F*	2014-01-15	793	2034-12-01	416	42
9	LR Ministry F*	2014-03-31	7 881	2034-12-01	4 135	414
10	AB SEB bankas	2024-09-12	4 127	2024-11-30	-	-
					66 736	4 078

Financial debts (continued)

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

On September 12, 2024, AB "Kauno Energija" entered into a EUR 35 million long-term loan agreement with the European Investment Bank (EIB). The loan funds will be used to finance investments in 2024–2026, including the modernization of existing pipelines, the construction of new heat supply networks, the reconstruction of biomass boiler plants, and the installation of heat pumps, heat storage tanks, and solar power plants. These investments will enhance energy efficiency and reduce the consumption of fossil fuels. As of the financial statements' preparation date, EUR 12 million of the loan had been utilized.

The EIB has set a net financial debt-to-EBITDA ratio requirement for the Company, which must not exceed 5.0 on a semi-annual basis. According to the loan agreements, the Company's equity ratio (equity/total assets) must be at least 35%. As of December 31, 2024, the Company was in compliance with these requirements.

The loan agreements impose certain restrictions. The Company is prohibited from distributing dividends, issuing and/or obtaining new loans, providing financial support, or selling or leasing pledged assets without the prior written consent of the banks.

On March 26, 2024, the Company signed a credit agreement with AB SEB Bank to finance working capital, under which a EUR 5 million overdraft limit was approved for a 12-month period. As of the financial statements' preparation date, the entire utilized overdraft amount had been repaid.

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 31 December 2024 amounted to EUR 2,347 thousand.

12. Cash and cash equivalents

	Group		Company	
	2024-12-31	2023-12-31	2024-12-31	2023-12-31
Cash on the road	330	700	330	700
Cash in the bank	10 744	7 847	9 270	6 615
	11 074	8 547	9 600	7 315

EUR 4,981 thousand (as of December 31, 2023 – EUR 1,073 thousand) of existing cash and future inflows have been pledged to banks as collateral for granted loans.

13. Changes in equityStatutory 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 statutory reserve is formed in full, in the group - is forming.

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:

	Group		Company	
	2024 y.	2023 y.	2024 y.	2023 y.
Heat supply	76 989	78 660	76 989	78 660
Hot water supply	6 759	5 467	6 759	5 467
Maintenance of hot water metering devices	1 311	551	712	551
Collector maintenance	379	348	348	348
Maintenance of heating and hot water systems in buildings	9	17	9	17
Cooling supply	-	5	-	5
Sale of emission allowances	-	-	-	-
	85 447	85 048	84 817	85 048

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

	Group		Company	
	2024 y.	2023 y.	2024 y.	2023 y.
Residents	63 079	63 047	63 079	63 047
Other users	10 385	9 561	9 755	9 561

Budgetary organisations financed from the state budget	5 706	5 705	5 706	5 705
Budgetary organisations financed from municipal budgets	3 590	3 856	3 590	3 856
Institutions funded by Territorial Health Insurance Funds	2 202	2 313	2 202	2 313
Industrial consumers	486	566	486	566
	85 447	85 048	84 817	85 048

15. Other costs

Other costs include:

	Group		Company	
	2024 y.	2023 y.	2024 y.	2023 y.
Equipment inspection and testing	218	205	218	205
Collector maintenance	365	362	365	362
Ash disposal expenses	123	173	123	173
Information technology expenses	182	123	182	123
Consulting Services	147	255	126	255
Employee-related expenses	198	119	198	119
Billing expenses	111	111	111	111
Membership fee	42	111	42	111
Maintenance of fixed assets and related services	136	102	136	102
Transportation expenses	100	91	100	91
Debt collection expenses	122	141	122	141
Insurance	108	107	108	107
Communication costs	77	54	75	54
Advertising expenses	153	93	149	93
Audit expenses	40	33	40	33
Equipment and machinery rental	69	58	57	58
Financial support	65	143	65	143
Other expenses	374	496	320	591
	2 629	2 777	2 536	2 872

16. Other operating income and expense

Other operating income includes:

	Group		Company	
	2024 y.	2023 y.	2024 y.	2023 y.
Other operational incomes				
Sold inventory	1 032	1 247	897	238
Various services provided	514	1 075	617	284
Received compensation for damages	20	-	8	-
Revenue from previous periods	32	-	32	-
Profit from the sale of non-current assets	6	14	6	14
Other	537	524	143	508
	2 139	2 860	1 703	1 044

Other operating expenses include:

	Group		Company	
	2024 y.	2023 y.	2024 y.	2023 y.
Other operational expenses				
Cost of various services provided	600	(173)	(292)	(173)
Sold inventory	(838)	(111)	(153)	(111)
Expenses from previous periods	(87)	(73)	(87)	(73)
Sale and write-off of non-current assets	(0)	(23)	(0)	(23)
Other	(168)	(106)	(43)	(112)
	(493)	(486)	(575)	(492)

The Group and the Company lease real estate, supply technical water, maintain heating equipment, and provide transportation services.

The figure shown with a (-) sign in the "Other operating income" line of the Group's Q4 profit and loss statement was calculated due to a reclassification performed during the Q4 consolidation procedure.

The positive figure shown in the "Raw materials and supplies" line under Operating expenses in the Group's Q4 profit and loss statement was calculated due to a reclassification performed during the Q4 consolidation procedure.

17. Basic and diluted earnings per share

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

	Group		Company	
	2024 y.	2023 y.	2024 y.	2023 y.
Profit for the reporting period	8 348	6 078	8 276	5 454
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)	0,20	0,14	0,19	0,13

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 y	Purchases	Sales	Amounts receivable	Amounts payable
Kaunas City Municipality, companies financed and fully managed by it	2 402	3 892	1 177	534
Jurbarkas district municipality	23	274	31	7

2023 y	<u>Purchases</u>	<u>Sales</u>	<u>Amounts receivable</u>	<u>Amounts payable</u>
Kaunas City Municipality, companies financed and fully managed by it	1 930	9 028	1 141	467
Jurbarkas district municipality	19	282	1	4

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

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

UAB GO Energy LT	<u>Purchases</u>	<u>Sales</u>	<u>Amounts receivable</u>	<u>Amounts payable</u>
2024 y	2 935	225	27	377
2023 y	1 963	138	19	225

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

As at 31 December 2024, the Company's Management Board consisted of 3 members and the Supervisory Board consists of 3 members.

	<u>Group</u>		<u>Company</u>	
	<u>2024 y.</u>	<u>2023 y.</u>	<u>2024 y.</u>	<u>2023 y.</u>
Wages and salaries charged to the management	176	103	133	97
Reimbursements of employee benefits calculated for the management	-	-	-	-

During 2024 and 2023, no loans, guarantees, other payments, accrued amounts, or asset transfers were granted to the Group's and the Company's management.

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.