



AB KAUNO ENERGIJA
CONDENSED INTERIM SET OF CONSOLIDATED AND PARENT COMPANY'S
FINANCIAL STATEMENTS FOR THE THREE MONTHS PERIOD, ENDED
31 MARCH 2020, PREPARED ACCORDING TO INTERNATIONAL FINANCIAL
REPORTING STANDARDS, AS ADOPTED BY THE EUROPEAN UNION

(UNAUDITED)

Management's Statement to the Shareholders of AB Kauno Energija and the Bank of Lithuania

Pursuant to Article 24 of the Law on Securities of the Republic of Lithuania and to Information Disclosure Rules approved by the decision of the Board of the Bank of Lithuania, we, the management of AB Kauno Energija – General Manager Tomas Garasimavičius, Chief Finance Officer Edmundas Damanskis and Chief Accountant Inga Šliačkovienė confirm that, to the best of our knowledge, the interim financial statements for the 3 month period of 2020 have been prepared in accordance with International Financial Reporting Standards, as adopted by the European Union, and give a true and fair view of the Company's assets and liabilities, its financial position, profit (loss) and cash flows.

General Manager

Tomas Garasimačius

Chief Finance Officer

Edmundas Damanskis

Chief Accountant

Inga Šliačkovienė

Condensed Interim Statements of Financial Position

		Group		Company	
	Notes	31-03-2020	31-12-2019	31-03-2020	31-12-2019
ASSETS					
Non-current assets					
Intangible assets		79	72	78	71
Property, plant and equipment	6				
Land and buildings		7,491	7,569	6,256	6,300
Structures		104,675	100,344	104,174	99,826
Machinery and equipment		19,394	19,992	17,208	17,675
Vehicles		358	399	346	387
Devices and tools		2,280	2,350	2,277	2,347
Construction in progress and prepayments		2,637	7,360	2,638	7,360
Investment property		415	419	164	166
Total property, plant and equipment		137,250	138,433	133,063	134,061
Right-of-use assets		1,271	1,283	1,062	1,073
Non-current financial assets					
Investments into subsidiaries		-	-	2,064	2,064
Loans to the group companies		-	-	-	-
Other financial assets		1	1	1	1
Total non-current financial assets		1	1	2,065	2,065
Total non-current assets		138,601	139,789	136,268	137,270
Current assets					
Inventories and prepayments					
Inventories	7	1,387	1,582	1,383	1,523
Prepayments		861	1,155	806	1,097
Total inventories and prepayments		2,248	2,737	2,189	2,620
Amounts receivable within one year					
Trade receivables	8	7,482	8,516	7,482	8,516
Loans to the group companies	18	-	-	443	443
Other receivables	8	513	778	479	749
Total accounts receivable		7,995	9,294	8,404	9,708
Cash and cash equivalents	11	4,544	2,219	3,996	1,940
Assets held for sale		-	57	-	57
Total current assets		14,787	14,307	14,589	14,325
Total assets		153,388	154,096	150,857	151,595

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Condensed Interim Statements of Financial Position (continued)

		Group		Company	
	Notes	31-03-2020	31-12-2019	31-03-2020	31-12-2019
EQUITY AND LIABILITIES					
Equity					
Share capital	1	74,476	74,476	74,476	74,476
Legal reserve	12	7,447	7,447	7,447	7,447
Other reserve	12	2,900	2,900	2,900	2,900
Retained earnings (deficit)					
Profit for the current year		2,228	933	1,901	747
Profit (loss) for the prior year		5,002	4,069	4,953	4,206
Total retained earnings (deficit)		7,230	5,002	6,854	4,953
Total equity		92,053	89,825	91,677	89,776
Payable amounts and liabilities					
Amounts payable after one year and oter long-term liabilities					
Non-current financial liabilities	9	17,653	17,651	16,519	16,517
Financial lease obligations		1,260	1,262	1,049	1,049
Deferred tax liability		5,368	5,368	5,561	5,561
Grants and subsidies		25,357	25,519	24,589	24,710
Employee benefit liability		571	570	562	562
Other provisions		682	-	682	-
Non-current trade liabilities		-	4	-	4
Total non-current liabilities		50,891	50,374	48,962	48,403
Current liabilities					
Current portion of non-current borrowings and financial lease	9	3,476	4,777	3,186	4,208
Current borrowings		-	-	-	-
Trade payables		5,089	6,989	5,274	7,198
Employment-related liabilities		894	694	858	672
Advances received		432	551	432	551
Taxes payable		162	467	107	402
Derivative financial instruments	10	10	12	-	-
Current portion of employee benefit liability		117	149	116	148
Interest liabilities		-	-	-	-
Accruals and deferred income		151	152	132	131
Other current liabilities		113	106	113	106
Total current liabilities		10,444	13,897	10,218	13,416
Total liabilities		61,335	64,271	59,180	61,819
Total equity and liabilities		153,388	154,096	150,857	151,595

(the end)

The accompanying notes are an integral part of these financial statements.

Condensed Interim Statements of Profit (Loss) and Other Comprehensive Income

Group	Notes	2020 I quarter	2020	2019 I quarter	2019
Revenue					
Sales income	13	20,210	20,210	28,366	54,649
Other operating income	15	549	549	315	819
Total operating income		20,759	20,759	28,681	55,468
Expenses					
Fuel and heat acquired		(11,562)	(11,562)	(17,281)	(32,906)
Salaries and social security		(1,636)	(1,636)	(1,566)	(6,958)
Depreciation and amortization		(1,820)	(1,820)	(1,711)	(7,117)
Repairs and maintenance		(199)	(199)	(171)	(1,007)
Change in impairment of accounts receivable	8	(567)	(567)	(663)	1,017
Change in provisions		(682)	(682)	-	-
Taxes other than income tax		(444)	(444)	(418)	(1,687)
Electricity		(363)	(363)	(474)	(1,274)
Raw materials and consumables		(148)	(148)	(170)	(545)
Water		(292)	(292)	(255)	(1,080)
Change in net realisable value and impairment of non-current assets	7	(95)	(95)	(22)	42
Other operating expenses	14	(594)	(594)	(654)	(2,288)
Other activities expenses	15	(76)	(76)	(122)	(351)
Total expenses		(18,478)	(18,478)	(23,507)	(54,154)
Operating profit (losses)		2,281	2,281	5,174	1,314
Other interest and similar income	16	50	50	50	213
Impairment financial assets and short-term investments		-	-	-	-
Interest and other similar expenses	17	(103)	(103)	(137)	(484)
Finance cost, net		(53)	(53)	(87)	(271)
Profit before income tax		2,228	2,228	5,087	1,043
Corporate income tax		-	-	-	(19)
Deferred tax income (losses)		-	-	-	117
Net profit (loss) of the reporting period		2,228	2,228	5,087	1,141
Employee benefit liability (accumulation), which will be reclassified subsequently to profit or loss when specific conditions are met		-	-	(1)	(208)
Comprehensive income		2,228	2,228	5,086	933
Net profit (loss) of the reporting period attributable to net owners of the Company		2,228	2,228	5,087	1,141
Total comprehensive income attributable to owners of the Company		2,228	2,228	5,086	933
Basic and diluted earnings per share (EUR)	18	0.05	0.05	0.12	0.03

The accompanying notes are an integral part of these financial statements.

Condensed Interim Statements of Profit (Loss) and Other Comprehensive Income

Company	Notes	2020 I quarter	2020	2019 I quarter	2019
Revenue					
Sales income	13	20,214	20,214	28,372	54,659
Other operating income	15	517	517	281	709
Total operating income		20,731	20,731	28,653	55,368
Expenses					
Fuel and heat acquired		(12,176)	(12,176)	(18,015)	(34,189)
Salaries and social security		(1,590)	(1,590)	(1,523)	(6,799)
Depreciation and amortization		(1,678)	(1,678)	(1,570)	(6,552)
Repairs and maintenance		(195)	(195)	(167)	(974)
Change in impairment of accounts receivable	8	(565)	(565)	(663)	1,021
Change in provisions		(682)	(682)	-	-
Taxes other than income tax		(438)	(438)	(410)	(1,661)
Electricity		(296)	(296)	(413)	(1,115)
Raw materials and consumables		(143)	(143)	(165)	(533)
Water		(291)	(291)	(255)	(1,078)
Change in net realisable value and impairment of non-current assets	7	(95)	(95)	(22)	42
Other operating expenses	14	(579)	(579)	(641)	(2,235)
Other activities expenses	15	(57)	(57)	(101)	(270)
Total expenses		(18,785)	(18,785)	(23,945)	(54,343)
Operating profit (losses)		1,946	1,946	4,708	1,025
Other interest and similar income	16	50	50	51	214
Impairment financial assets and short-term investments		-	-	-	-
Interest and other similar expenses	17	(95)	(95)	(128)	(445)
Finance cost, net		(45)	(45)	(77)	(231)
Profit before income tax		1,901	1,901	4,631	794
Corporate income tax		-	-	-	-
Deferred tax income (losses)		-	-	-	159
Net profit (loss) of the reporting period		1,901	1,901	4,631	953
Employee benefit liability (accumulation), which will be reclassified subsequently to profit or loss when specific conditions are met		-	-	-	(206)
Comprehensive income		1,901	1,901	4,631	747
Basic and diluted earnings per share (EUR)	18	0.04	0.04	0.11	0.02

The accompanying notes are an integral part of these financial statements.

Condensed Interim Statement of Changes in Equity

Group	Notes	Share capital	Legal reserve	Other reserve	Retained earnings (accumulated deficit)	Total
Balance as of 31 December 2018		74,476	6,435	100	8,956	89,967
Profit for the reporting period		-	-	-	5,087	5,087
Other comprehensive income		-	-	-	(1)	(1)
Balance as of 31 March 2019		74,476	6,435	100	14,042	95,053
Profit / loss not recognised in the income statement		-	-	-	(5)	(5)
Transferred to reserves	9	-	1,012	2,900	(3,912)	-
Transferred from reserves	9	-	-	(100)	100	-
Dividends	1	-	-	-	(1,070)	(1,070)
Profit for the reporting period		-	-	-	(3,946)	(3,946)
Other comprehensive income		-	-	-	(207)	(207)
Balance as of 31 December 2019		74,476	7,447	2,900	5,002	89,825
Profit for the reporting period		-	-	-	2,228	2,228
Other comprehensive income		-	-	-	-	-
Balance as of 31 March 2020		74,476	7,447	2,900	7,230	92,053

The accompanying notes are an integral part of these financial statements.

Condensed Interim Statement of Changes in Equity

Company	Notes	Share capital	Legal reserve	Other reserve	Retained earnings (accumulated deficit)	Total
Balance as of 31 December 2018		74,476	6,435	100	9,088	90,099
Profit for the reporting period		-	-	-	4,631	4,631
Other comprehensive income		-	-	-	-	-
Balance as of 31 March 2019		74,476	6,435	100	13,719	94,730
Transferred to reserves	9	-	1,012	2,900	(3,912)	-
Transferred from reserves	9	-	-	(100)	100	-
Dividends	1	-	-	-	(1,070)	(1,070)
Profit for the reporting period		-	-	-	(3,678)	(3,678)
Other comprehensive income		-	-	-	(206)	(206)
Balance as of 31 December 2019		74,476	7,447	2,900	4,953	89,776
Profit for the reporting period		-	-	-	1,901	1,901
Other comprehensive income		-	-	-	-	-
Balance as of 31 March 2020		74,476	7,447	2,900	6,854	91,677

The accompanying notes are an integral part of these financial statements.

Condensed Interim Statements of Cash Flows

	Notes	Group		Company	
		2020 I quarter	2019 I quarter	2020 I quarter	2019 I quarter
Cash flows from (to) operating activities					
Comprehensive income		2,228	5,086	1,901	4,631
Adjustments for non-cash items:					
Depreciation and amortization		2,303	2,137	2,117	1,957
Change in impairment of accounts receivable	8	570	(459)	565	(460)
Interest expenses		103	-	95	-
Change in fair value of derivatives	10	(2)	-	-	-
Loss (profit) from sale and write-off of property, plant and equipment		(396)	(128)	(396)	(128)
(Amortization) of grants and subsidies		(395)	(328)	(354)	(288)
Change in net realisable value and impairment of non-current assets	7	95	(58)	95	(58)
Change employee benefit liability		1	-	-	-
Changes in the value of the lease		-	-	-	-
Corporate income tax expense		-	-	-	-
Change in accruals		1	-	1	-
Change in provisions		682	-	682	-
Elimination of other financial and investing activity results		(49)	82	(50)	70
Total adjustments for non-cash items:		2,913	1,246	2,755	1,093
Changes in working capital:					
(Increase) decrease in inventories	7	102	277	47	223
(Increase) decrease in prepayments		294	219	291	225
(Increase) decrease in trade receivables	8	462	1,092	465	1,092
(Increase) decrease in other receivables	8	263	25	270	25
(Decrease) increase in non-current trade payables		(4)	-	(4)	-
(Decrease) increase in trade payables and advances received		(2,040)	(2,351)	(2,064)	(2,158)
(Decrease) increase in employment-related liabilities		169	130	154	119
Increase (decrease) in tax payable		(305)	(217)	(295)	(236)
Increase (decrease) in received prepayments		20	-	21	-
Increase (decrease) in other current liabilities		7	(20)	7	(19)
Total changes in working capital:		(1,032)	(845)	(1,108)	(729)
Net cash flows from operating activities		4,109	5,487	3,548	4,995

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Condensed Interim Statements of Cash Flows (continued)

	Notes	Group		Company	
		2020 I quarter	2019 I quarter	2020 I quarter	2019 I quarter
Cash flows from (to) the investing activities					
Acquisition of property, plant, equipment and intangible assets		(1,145)	(767)	(1,145)	(767)
Proceeds from sale of property, plant and equipment		486	336	486	336
Interest received		49	50	50	51
Loans granted		-	-	-	-
Net cash flows from investing activities		(610)	(381)	(609)	(380)
Cash flows from (to) financing activities					
Proceeds from loans		-	2,227	-	2,227
Repayment of loans		(1,325)	(1,174)	(1,041)	(890)
Interest paid		(56)	(125)	(49)	(123)
Lease payments		(30)	(23)	(30)	(23)
Penalties and fines paid		-	-	-	-
Dividends paid		-	-	-	-
Received grants		237	-	237	-
Net cash flows from financing activities		(1,174)	905	(883)	1,191
Net (decrease) increase in cash and cash equivalents		2,325	6,011	2,056	5,806
Cash and cash equivalents at the beginning of the period	11	2,219	8,761	1,940	8,673
Cash and cash equivalents at the end of the period	11	4,544	14,772	3,996	14,479

(the end)

The accompanying notes are an integral part of these financial statements.

Condensed interim explanatory notes to financial statements

1. General information

AB Kauno Energija (hereinafter – the Company) is a public limited liability company registered in the Republic of Lithuania. The address of its registered office is as follows: Raudondvario Rd. 84, Kaunas, Lithuania. Data about the Company is collected and stored in the Register of Legal Entities.

The Company is involved in heat and hot water supplies, electricity generation and distribution and also involved maintenance of manifolds. The Company are also involved in maintenance of heating systems. The Company was registered on 1 July 1997 after the reorganization of AB Lietuvos Energija, the Company code 235014830. The Company's shares are traded on the Baltic Secondary List of the AB Nasdaq Vilnius Stock Exchange.

As of 31 March 2020 and as of 31 December 2019, the shareholders of the Company were as follows:

	31-03-2020		31-12-2019	
	Number of shares owned (unit)	Percentage of ownership (percent)	Number of shares owned (unit)	Percentage of ownership (percent)
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 authorised share capital of AB Kauno Energija is in the amount of EUR 74.475.728,82 and it is divided into 42.802.143 ordinary nominal shares with the par value of 1.74 euros. As of 31 March 2020 and 31 December 2019, the Company did not hold any own shares. All shares were fully paid as of 31 March 2020 and as of 31 December 2019.

As of 31 March 2020, the Company and the subsidiaries UAB Kauno Energija NT and UAB Petrašiūnų Katilinė comprise the Group (hereinafter – the Group):

Company	Principal place of business	Share held by the Group	Cost of investment	Profit (loss) for the year	Total equity	Main activities
UAB Kauno energija NT	Savanorių Ave. 347, Kaunas	100 percent	1,330	5	1,068	Rent
UAB Petrašiūnų Katilinė	R. Kalantos st. 49, Kaunas	100 percent	1,894	365	953	Heat production

In 2020, the average number of employees at the Group was 396 (418 employees in 2019). In 2020 the average number of employees at the Company was 381 (403 employees in 2019).

1. General information (continued)

Legal Regulations

According to the Law on Heat Industry of the Republic of Lithuania, the Company's activities are licensed and regulated by the National Energy Regulatory Council (hereinafter the Council). On 26 February 2004 the Council granted the Company the heat distribution license. The license has indefinite maturity, but is subject to meeting certain requirements and may be revoked based on the respective decision of the Council. The Council also sets price cap for the heat supply. On the 13 September 2018 the Council determined by its decision No. 03E-283 a new basic heat rates force components for the period till 30 September 2021. According to the heat pricing methodology, base heat costs and prices (price constituents) are applied during the second and subsequent years by recalculating and adjusting the heat price constituents.

On the 2 September 2019 the Council determined by its decision No. 03E-351 a new basic heat rates force components to UAB „Petrašiūnų katilinė“ for the period till 30 September 2024.

Operational Activity

On January 8, 2020 AB Kauno Energija and UAB Fortum Heat Lietuva concluded an agreement regarding purchase of Palemonas district heating economy in Kaunas, according to which AB Kauno Energija purchases a boiler-house and heat supply network along with related equipment from UAB Fortum Heat Lietuva and starts heat supply activities in this neighbourhood from February 1, 2020.

Group's generation capacities consist of Company's generation capacities and 1 subsidiary boiler-house in Kaunas. Company's generation capacities include Petrašiūnai power plant, 4 boiler-houses in Kaunas integrated network, 7 district boiler-houses in Kaunas district, 1 regional boiler-house in Jurbarkas city, 14 boiler-houses in isolated networks and 26 local boiler-house in Kaunas city and 8 water heating boiler-houses in Sargėnai catchment.

Total installed heat generation capacities of the Group consist of approx 674 MW (including 47 MW of condensational economizers) and total power generation capacities of the whole Group consist of approx 683 MW (including 47 MW of condensational economizers). Total installed heat generation capacities of Company amount to 655 MW (including 47 MW of condensing economizers). Electricity generation capacities amount up to 8.75 MW. 314.6 MW of heat generation capacities (including 17.8 MW condensing economizer) and 8 MW of electricity generation capacities are located in Petrašiūnai power plant. 34.8 MW of heat generation capacities (including 2.8 MW condensing economizer) are located in Jurbarkas city. Total Company's power generation capacities consist of approx. 664 MW (including 47 MW of condensing economizers).

The Company makes investments estimating economic situation, competition and financing possibilities. Investment plans are approved by shareholders, and regulated and controlled by Council.

2. Basis of the preparation of financial statements

Condensed interim financial statements of the Company and the Group for the nine months ended 2020 March 31 are prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS) and applied to interim financial reporting (International Accounting Standard (IAS) 34 Interim Financial Reporting). This unaudited financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2019, prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

2. Basis of the preparation of financial statements (cont'd)

These financial statements do not include all the information required to prepare a complete set of consolidated and separate financial statements. However, the selected explanatory notes are included to clarify events and transactions that are material to the understanding of changes in the financial position and financial performance of the Group and the Company.

All accounting policies used in preparing the condensed interim financial information are the same as those applied for the preparation of the annual financial statements for 2019.

The Group and the Company has adopted IFRS 16 Leases as of 1 January 2019. The comparative information for 2018 were not adjusted.

There are no new or amended standards and interpretations that are not yet effective and that may have a material impact for the Group/Company.

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

Management of the Company approved these interim financial statements on 27 April 2020.

3. Use of estimates and judgements for preparation of financial statements

The preparation of the financial statements in accordance with IFRS as adopted by the EU, requires management to make judgements, estimates on assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from the estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

The principal future assumptions and other significant sources of estimation uncertainty at the interim financial reporting date that pose a significant risk that may require a significant adjustment to the carrying amounts of assets or liabilities for the next financial year are the same as those described in the last annual separate and consolidated financial statements.

4. Lease definition

Until 1 January 2019, when signing contracts, the Group and the Company assessed whether the contract meets the definition of a lease in accordance with IFRIC 4 *Determining whether an arrangement contains a lease*. From 1 January 2019, upon the conclusion of the contract, an assessment of whether the contract is a lease or contains a lease is made on the basis of the new definition. Under IFRS 16, a contract is a lease or contains a lease, if it grants the right to control the use of the identified asset for a specified period in return for consideration.

At inception or on reassessment of a contract that contains a lease component, the Group and the Company allocate the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group and the Company is a lessee, the Group and the Company have elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

As a lessee, the Group and the Company previously classified leases as operating or finance leases based on the assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Group and the Company recognise right-of-use assets and lease liabilities for most leases - i.e. these leases are on-balance sheet.

4. Lease definition (cont'd)

The Group and the Company present right-of-use assets in 'Right-of-use assets' item as at 31 March 2020: EUR 1,271 thousand and EUR 1,062 thousand (as at 31 December 2019: EUR 1,283 thousand and EUR 1,073 thousand, respectively).

Recognized lease liabilities in the statement of financial position are presented under the current part of lease (finance leases) and long-term financial liabilities and leasing (financial leases) items.

5. Fair value determination

On the initial recognition, the transaction price of the acquired asset or liability, assumed in the exchange transaction for a specific asset or liability, is the price paid for the acquisition of the asset or the receipt of the liability (acquisition cost). For comparison, the fair value of an asset or liability is the price that would be received on the sale of the asset or paid on disposal of the liability (sale / disposal price).

If the Company initially estimates its asset or liability at fair value and the transaction price is different from its fair value, the difference is recognized as a gain or loss unless otherwise stated in IFRSs.

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

- in the underlying asset or liability market, or
- where there are no core markets, the most favourable market for a particular asset or commitment.

When there are no directly observable variables available to the Company on the valuation day, i. e. the quoted prices (unadjusted) in the active markets for identical assets or liabilities are measured at fair value using the directly monitored variables. Adjusted variables are:

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

When there are no observable (directly or indirectly) variables, the fair value is determined by the non-observable variables that the Group and the Company create using valuation techniques.

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

The fair value of the liability reflects the impact of the inactivity risk. The risk of inactivity includes, among other things, the credit risk of the entity itself. In determining the fair value of a liability, an entity shall measure the impact of its credit risk (financial position) and other factors that may affect the likelihood that the liability will or will not be settled.

The Group and the Company must increase the use of relevant observable variables and reduce the use of unobserved variables to achieve fair value measurement - to calculate the price at which the liability or equity instrument would be transferred under a legally settled transaction between market participants on the value determination day at the prevailing market conditions.

The assets and liabilities that are measured at fair value in the statement of financial position or the fair value of which is not determined, but the information about which is disclosed, are classified by the Group and the

5. Fair value determination (cont'd)

Company according to the fair value hierarchy, where the variables are divided into three levels, depending on their availability:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities, available for the Company as at the value determination day;
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised within different levels of the fair value hierarchy, the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

6. Property, plant and equipment

During the 3 months period of the year 2020, non-current assets acquired by the Group and the Company amounted to EUR 1,149 thousand and EUR 1,149 thousand, the carrying amount of the disposals amounted to EUR 90 thousand and EUR 90 thousand.

As at 31 March 2020, depreciation of the Group's and the Company's property, plant and equipment amounts to EUR 1,894 thousand and EUR 1,748 thousand, respectively (at 31 December 2019: EUR 7,430 thousand and EUR 6,847 thousand, respectively). The Group's and the Company's depreciation charges of EUR 1,878 thousand and EUR 1,737 thousand (at 31 December 2019: EUR 7,367 thousand and EUR 6,803 thousand) were included in the operating expenses in the statements of Profit (loss) and Other Comprehensive Income. The remaining depreciation costs of EUR 16 thousand and EUR 11 thousand (at 31 December 2019: EUR 63 thousand and EUR 44 thousand) are stated under other activity expenses in the statements of Profit (loss) and Other Comprehensive Income.

The management of the Group and the Company, having assessed the internal and external features, estimated decrease for the property, plant and equipment in amount of EUR 2 thousand in 2020. During the 3 months period of the year 2020, the management of the Group and the Company reversed the impairment of EUR 6 thousand (EUR 26 thousand – during 2019).

As of 31 March 2020, part of the property, plant and equipment of the Group with acquisition cost of EUR 57,112 thousand (EUR 56,556 thousand as of 31 December 2019) and the Company – EUR 56,999 thousand (EUR 56,443 thousand as of 31 December 2019) were fully depreciated, but were still in active use.

As of 31 March 2020 and as of 31 December 2019, the major part of the Group's and the Company's construction in progress consisted of reconstruction and overhaul works of boiler-houses equipment and heat supply networks.

As of 31 March 2020, property, plant and equipment of the Group with the carrying amount of EUR 39,487 thousand (EUR 54,723 thousand as of 31 December 2019) and the Company of EUR 36,558 thousand (EUR 51,655 thousand as of 31 December 2019) was pledged to banks to secure the loans.

7. Inventories

	Group		Company	
	31-03-2020	31-12-2019	31-03-2020	31-12-2019
Technological fuel	1,035	1,156	1,031	1,097
Spare parts	661	623	661	623
Materials	394	413	394	413
	2,090	2,192	2,086	2,133
Less: write-down to the net realisable value of inventory at the end of the period	(703)	(610)	(703)	(610)
Carrying amount of inventories	1,387	1,582	1,383	1,523

Revaluation of the Group's and the Company's inventories to net realisable value as at 31 March 2020 amounted to EUR 703 thousand (at 31 December 2019: EUR 610 thousand). Change in the revaluation of the inventories to net realisable value in the Group's and the Company's statements of Profit (Loss) and Other Comprehensive Income is included in the change of impairment of the realisable value of inventories and the value of property, plant and equipment.

8. Current accounts receivable

	Group		Company	
	31-03-2020	31-12-2019	31-03-2020	31-12-2019
Trade receivables, gross	14,724	15,402	14,725	15,403
Less: expected credit losses	(7,242)	(6,886)	(7,243)	(6,887)
	7,482	8,516	7,482	8,516

Change in the impairment of doubtful receivables as at 31 March 2020 and 31 December 2019 is included in the caption of write-offs and change in allowance for accounts receivables in the Group's and the Company's statements of Profit (loss) and Other Comprehensive Income. Impairment of doubtful receivables is estimated based on the expected credit losses.

8. Current accounts receivable (continued)

Change in expected credit losses of the Group's and the Company's receivables were as follows:

	Group	Company
Balance as of 31 December 2018	8,546	8,548
Expected credit losses recognised	(1,024)	(1,025)
Write-off	(636)	(636)
Balance as of 31 December 2019	6,886	6,887
Expected credit losses recognised	571	571
Write-off	(215)	(215)
Balance as of 31 March 2020	7,242	7,243

During the 3 months period of the year 2020 the Group and the Company wrote off EUR 215 thousand and EUR 215 thousand of bad debts respectively (in 2019 – EUR 636 thousand and EUR 636 thousand).

Analysis of the Group's net trade receivables as at 31 March 2020 and 31 December 2019:

	Trade receivables not past due	Trade receivables past due					Total
		Less than 60 days	60 - 150 days	151 - 240 days	241 - 360 days	More than 360 days	
2020	6,160	1,000	208	24	16	74	7,482
2019	7,316	461	47	46	73	573	8,516

Analysis of the Company's net trade receivables as at 31 March 2020 and 31 December 2019:

	Trade receivables not past due	Trade receivables past due					Total
		Less than 60 days	60 - 150 days	151 - 240 days	241 - 360 days	More than 360 days	
2020	6,160	1,000	208	24	16	74	7,482
2019	7,316	461	47	46	73	573	8,516

Trade receivables of the Group and the Company are interest-free and their settlement is normally 30 days or agreed on individual basis.

As of 31 March 2020 and 31 December 2019, the Group's and the Company's other receivables included taxes receivable from the state budget, compensations from municipalities for low income families, receivables for sold inventories (metal scrap, heating equipment) and services supplied (maintenance of manifolds and similar services).

8. Current accounts receivable (continued)

Other receivables of the Group and the Company:

	Group		Company	
	31-03-2020	31-12-2019	31-03-2020	31-12-2019
Taxes	298	439	298	439
Other receivables	512	639	526	660
Less: expected credit losses	(297)	(300)	(345)	(350)
	513	778	479	749

Movement in impairment of other receivables of the Group and the Company:

	Group	Company
Balance as of 31 December 2018	293	347
Expected credit losses recognised	7	3
Write-off	-	-
Balance as of 31 December 2019	300	350
Expected credit losses recognised	(2)	(4)
Write-off	(1)	(1)
Balance as of 31 March 2020	297	345

The ageing analysis of the Group's other receivables (excluding receivable taxes) as of 31 March 2020 and as of 31 December 2019 is as follows:

	Other receivables not past due	Other receivables past due					Total
		Less than 60 days	60 - 150 days	151 - 240 days	241 - 360 days	More than 360 days	
2020	140	31	14	15	6	9	215
2019	240	54	19	10	8	8	339

The ageing analysis of the Company's other receivables (excluding receivable taxes) as of 31 March 2020 and as of 31 December 2019 is as follows:

	Other receivables not past due	Other receivables past due					Total
		Less than 60 days	60 - 150 days	151 - 240 days	241 - 360 days	More than 360 days	
2020	106	31	14	15	6	9	181
2019	211	54	19	10	8	8	310

8. Current accounts receivable (continued)

The Group's and the Company's other receivables are non-interest bearing and the payment terms are usually 30 – 45 days.

According to the management opinion, there are no indications as of the reporting date that the debtors will not meet their payment obligations regarding trade receivables and other receivables that are neither impaired nor past due.

Credit risk

The Group and the Company do not have any credit concentration risk because they work with a large number of customers.

Customers	Group		Company	
	31-03-2020	31-12-2019	31-03-2020	31-12-2019
Private persons	116,075	115,434	116,075	115,434
Other legal entities	2,544	2,037	2,545	2,038
Legal entities financed from municipalities' and state budget	599	617	599	617
	119,218	118,088	119,219	118,089

Trade receivables of the Group and the Company by the customer groups:

	Group		Company	
	31-03-2020	31-12-2019	31-03-2020	31-12-2019
Private persons	5,703	6,723	5,703	6,723
Other legal entities	875	1,042	875	1,042
Legal entities financed from municipalities' and state budget	904	751	904	751
	7,482	8,516	7,482	8,516

9. Financial liabilities

All loans of the Group and the Company are accounted for and repaid in euros. The weighted average of the interest rate (%) on the outstanding loans as at the year-end was as follows:

	Group		Company	
	31-03-2020	31-12-2019	31-03-2020	31-12-2019
Current borrowings	-	-	-	-
Non-current borrowings	1.75	1.71	1.79	1.76

Management of the Company has negotiated interest rate cuts with the Ministry of Finance for the financial loan borrowed on March 31, 2014 and maturing on December 1, 2034. The interest rate will be revised on December 31, 2020 at the moment of partial repayment of the loan. Earlier interest rate revisions or loan refinancing are economically unhelpful as the penalties under the loan agreement would be significantly greater than the economic benefits that could be gained.

9. Financial liabilities (continued)

Terms of repayment of non-current borrowings are as follows:

	Group		Company	
	31-03-2020	31-12-2019	31-03-2020	31-12-2019
Non-current borrowings:	17,651	17,651	16,517	16,517
Payable in 2 to 5 years	10,909	10,910	9,775	9,776
Payable in more than 5 years	6,742	6,741	6,742	6,741
Current portion of non-current borrowings	3,293	4,618	3,009	4,051
	20,944	22,269	19,526	20,568

The Group and the Company accounted for interest payable to financial institutions by amounts of EUR 2 thousand, which were stated under non-current liabilities in the statement of financial position as at 31 March 2020.

Detailed information on the loans of the Group as of 31 March 2020:

	Credit institution	Date of contract	Sum EUR thousand	Term of maturity	Balance as of 31/03/2020 EUR thousand	A Quart of 2020, EUR thousand
1	MF Lithuania*	09/04/2010	2,410	15/03/2034	1,310	-
2	MF Lithuania*	26/10/2010	807	15/03/2034	539	-
3	MF Lithuania*	02/09/2011	1,672	01/09/2034	1,304	87
4	Luminor**	22/08/2012	3,403	29/04/2022	1,418	284
5	AB SEB Bank	03/06/2013	799	30/06/2020	33	33
6	AB SEB Bank	03/06/2013	1,228	30/06/2020	46	46
7	AB SEB Bank	10/09/2013	1,506	30/09/2020	126	126
8	Luminor**	27/09/2013	377	30/09/2020	4	4
9	MF Lithuania*	15/01/2014	793	01/12/2034	624	42
10	AB SEB Bank	31/03/2014	1,564	15/01/2021	203	196
11	MF Lithuania*	31/03/2014	7,881	01/12/2034	6,203	414
12	AB SEB Bank	09/03/2015	579	28/02/2022	198	72
13	AB SEB Bank	09/03/2015	579	28/02/2022	50	50
14	OP Corporate***	02/12/2015	4,842	02/12/2022	1,902	519
15	AB SEB Bank	09/05/2016	459	30/04/2023	236	57
16	AB SEB Bank	09/05/2016	1,000	30/04/2021	217	150
17	AB SEB Bank	09/05/2016	579	30/04/2023	297	72
18	Luminor**	25/10/2016	1,894	29/09/2023	994	213
19	AB SEB Bank	22/12/2016	4,127	30/11/2024	2,846	540
20	AB SEB Bank	26/07/2017	697	30/07/2024	515	91
21	Danske Bank A/S	18/12/2017	2,340	18/12/2024	1,879	297
					20,944	3,293

* LR Ministry of Finance; ** Luminor bank AS; *** OP Corporate Bank Plc Lithuanian branch.

According to loan agreement signed between Luminor Bank AS and the Group's subsidiary UAB Petrašiūnų Katilinė on 22 August 2012, the subsidiary has to comply with following covenants: equity capital ratio (including support granted by the Lithuanian Business Support Agency) at least 40 %, DSCR not less than 1.3, and total financial debt to EBITDA ratio should be not more than 3.0. UAB Petrašiūnų Katilinė does not comply with all financial ratios as determined by the bank. The mentioned loan is secured by issuing a guarantee to the bank as described in Note 19.

9. Financial liabilities (continued)

Detailed information on the loans of the Company as of 31 March 2020:

	Credit institution	Date of contract	Sum EUR thousand	Term of maturity	Balance as of 31/03/2020 EUR thousand	A Quart of 2020, EUR thousand
1	MF Lithuania*	09/04/2010	2,410	15/03/2034	1,310	-
2	MF Lithuania*	26/10/2010	807	15/03/2034	539	-
3	MF Lithuania*	02/09/2011	1,672	01/09/2034	1,304	87
4	AB SEB Bank	03/06/2013	799	30/06/2020	33	33
5	AB SEB Bank	03/06/2013	1,228	30/06/2020	46	46
6	AB SEB Bank	10/09/2013	1,506	30/09/2020	126	126
7	Luminor**	27/09/2013	377	30/09/2020	4	4
8	MF Lithuania*	15/01/2014	793	01/12/2034	624	42
9	AB SEB Bank	31/03/2014	1,564	15/01/2021	203	196
10	MF Lithuania*	31/03/2014	7,881	01/12/2034	6,203	414
11	AB SEB Bank	09/03/2015	579	28/02/2022	198	72
12	AB SEB Bank	09/03/2015	579	28/02/2022	50	50
13	OP Corporate***	02/12/2015	4,842	02/12/2022	1,902	519
14	AB SEB Bank	09/05/2016	459	30/04/2023	236	57
15	AB SEB Bank	09/05/2016	1,000	30/04/2021	217	150
16	AB SEB Bank	09/05/2016	579	30/04/2023	297	72
17	Luminor**	25/10/2016	1,894	29/09/2023	994	213
18	AB SEB Bank	22/12/2016	4,127	30/11/2024	2,846	540
19	AB SEB Bank	26/07/2017	697	30/07/2024	515	91
20	Danske Bank A/S	18/12/2017	2,340	18/12/2024	1,879	297
					19,526	3,009

* LR Ministry of Finance; ** Luminor bank AB; *** OP Corporate Bank Plc Lithuanian branch.

AB SEB Bankas has determined that the Company must comply with the quarterly net financial debt / EBITDA ratio, which must not exceed 4.5. According to loan agreement between the Company and OP Corporate Bank Plc Lithuanian branch, the Company's own equity ratio (equity/total assets), shall not be lower than 35 %. The Company complied with financial covenants as at 31 March 2020 and 31 December 2019.

There are certain restrictions prescribed in the loan agreements. The Company cannot distribute dividends, issue or/and obtain new loans, provide charity, sell or rent pledged assets without banks written consent.

The immovable property (Note 6), bank accounts (Note 11) and land lease right of the Group and the Company were pledged as collateral for the borrowings.

10. Derivative financial instruments

On 16 December 2016, the Group entered into an interest rate SWAP agreement. According to the agreement, the Group pays to the bank a fixed interest rate (0.21 %), while the bank pays to the Group a variable interest rate of 6 months EURIBOR. The nominal value of the transaction was EUR 1,418 thousand as at 31 March 2020. This derivative instrument is recognized at fair value calculated by the bank as at 31 March 2020 – EUR 10 thousand (31 December 2019 – EUR 12 thousand).

11. Cash and cash equivalents

	Group		Company	
	31-03-2020	31-12-2019	31-03-2020	31-12-2019
Cash in transit	223	148	223	148
Cash at bank	4,321	2,071	3,773	1,792
Cash on hand	-	-	-	-
	4,544	2,219	3,996	1,940

The Group's accounts in banks amounting to EUR 2,575 thousand as of 31 March 2020 (as of 31 December 2019 – EUR 1,039 thousand) and the Company's to EUR 2,076 thousand as of 31 March 2020 (as of 31 December 2019 – EUR 804 thousand) are pledged as collateral for the loans (Note 9).

12. Changes in equity

Legal and other reserves

A legal reserve is a compulsory reserve under Lithuanian legislation. Annual transfers of not less than 5 percent of net profit calculated in accordance with IFRS are compulsory until the reserve reaches 10 percent of the share capital. The legal reserve cannot be distributed as dividends but can be used to cover any future losses.

On 26 April, 2019 the Company annulled other reserves (EUR 100 thousand) by the decision of shareholders, EUR 1,012 thousand transferred from retained earnings to legal reserve and EUR 2,900 thousand to other reserves. Other reserves was formed: for support – EUR 50 thousand, for implementation of investments – EUR 2,850 thousand.

On 26 April, 2018 the Company annulled other reserves (EUR 100 thousand) by the decision of shareholders, EUR 3,168 thousand transferred from retained earnings to legal reserve and EUR 100 thousand to other reserves. Reserve was formed for support – EUR 100 thousand.

Annual payments

The Company allocated EUR 470 thousand on April 26, 2019 from the distributable profit of the year 2018 to the members of the Board and the Supervisory Council, employee bonuses and other purposes in accordance with the decision of the shareholders, and EUR 500 thousand on April 26, 2018 from the profit of the year 2017 respectively.

Dividends

On 26 April 2019 the Annual General Meeting of Shareholders has made a decision to pay EUR 1,070 thousand, i.e. at 2.5 cents a share in dividends from the profit of the year 2018.

On 26 April 2018 the Annual General Meeting of Shareholders has made a decision to pay EUR 3,339 thousand, i.e. at 7.8 cents a share in dividends from the profit of the year 2017.

13. Sales income

The Group's and the Company's activities are heat supplies, maintenance of manifolds, electricity production and other activities. Starting from the year 2010, a part of inhabitants chose the Company as the hot water supplier. Those activities are inter-related, so consequently for management purposes the Group's and the Company's activities are organised as one main segment – heat energy supply.

The activity of the Group and the Company is seasonal because the major part of sales income is earned during the heating season, which starts in October and ends in April.

13. Sales income (cont'd)

The Group's and the Company's sales income according to the activities are stated below:

Group	2020	2019 I quarter	2019
Heat supplies	19,159	26,774	49,711
Hot water supplies	879	979	3,228
Maintenance of hot water meters	107	105	422
Maintenance of manifolds	62	63	251
Maintenance of heat and hot water systems	3	3	12
Sale of emission allowances	-	442	1,025
	20,210	28,366	54,649

Company	2020	2019 I quarter	2019
Heat supplies	19,163	26,780	49,721
Hot water supplies	879	979	3,228
Maintenance of hot water meters	107	105	422
Maintenance of manifolds	62	63	251
Maintenance of heat and hot water systems	3	3	12
Sale of emission allowances	-	442	1,025
	20,214	28,372	54,659

Sales income by user groups:

Group	2020	2019 I quarter	2019
Residents	15,219	20,730	41,195
Other users	2,118	3,369	6,207
Budgetary organizations financed from the state budget	1,607	2,344	3,963
Budgetary organizations financed from municipal budgets	1,050	1,597	2,734
Institutions funded by Territorial Health Insurance funds	113	154	286
Industrial users	103	172	264
	20,210	28,366	54,649

Company	2020	2019 I quarter	2019
Residents	15,219	20,730	41,195
Other users	2,122	3,375	6,217
Budgetary organizations financed from the state budget	1,607	2,344	3,963
Budgetary organizations financed from municipal budgets	1,050	1,597	2,734
Institutions funded by Territorial Health Insurance funds	113	154	286
Industrial users	103	172	264
	20,214	28,372	54,659

14. Other expenses

Other expenses include:

	Group			Company		
	2020	2019 I quarter	2019	2020	2019 I quarter	2019
Equipment verification and inspection	56	78	212	56	77	211
Maintenance of manifolds	96	96	383	96	96	383
Cash collection expenses	43	46	176	43	45	176
Expenses of ash utilization	50	45	160	43	40	144
Information technology expenses	31	45	114	31	45	114
Consulting expenses	26	14	88	25	15	87
Employees related expenses	36	36	136	36	37	136
Customer bills issue and delivery expenses	23	29	93	23	29	93
Membership fee	25	24	89	25	24	89
Maintenance of long term assets and related services	25	13	65	24	13	64
Transport expenses	17	17	64	18	17	64
Debts collection expenses	21	28	96	21	28	96
Insurance	40	47	64	38	44	56
Communication expenses	8	11	40	8	11	40
Advertising expenses	7	11	57	7	11	57
Audit expenses	-	-	38	-	-	34
Rent of equipment and machinery	14	3	14	14	3	14
Sponsorship	-	-	1	-	-	1
Other expenses	76	111	398	71	106	376
	594	654	2,288	579	641	2,235

15. Other activities income and expenses

	Group		
	2020	2019 I quarter	2019
Income from other operating activities			
Sold inventories	-	27	42
Various services rendered	104	147	386
Damage compensation received	-	-	-
Income from previous periods	-	-	-
Gain from sale of non-current assets	396	-	286
Other	49	141	105
	549	315	819

	Company		
	2020	2019 I quarter	2019
Income from other operating activities			
Sold inventories	-	27	42
Various services rendered	72	113	276
Damage compensation received	-	-	-
Income from previous periods	-	-	-
Gain from sale of non-current assets	396	-	286
Other	49	141	105
	517	281	709

15. Other activities income and expenses (cont'd)

	Group		
	2020	2019 I quarter	2019
Expenses from other operating activities			
Cost of rendered services	(69)	(73)	(269)
Cost of inventories sold	-	(27)	(42)
Expenses from previous periods	-	-	(10)
Write off of non-current assets	-	(13)	(3)
Other	(7)	(9)	(27)
	(76)	(122)	(351)

	Company		
	2020	2019 I quarter	2019
Expenses from other operating activities			
Cost of rendered services	(50)	(52)	(188)
Cost of inventories sold	-	(27)	(42)
Expenses from previous periods	-	-	(10)
Write off of non-current assets	-	(13)	(3)
Other	(7)	(9)	(27)
	(57)	(101)	(270)

The Group and the Company rents real estate, supplies, technical water, provide services of maintenance of heating equipment, transportation services.

16. Other interest and similar income

	Group		Company	
	2020	2019	2020	2019
Interest from late payment of accounts receivable	49	210	49	210
Change in market value of derivative financial instruments	1	3	-	-
Interest	-	-	1	4
	50	213	50	214

17. Financial assets and short-term investments impairment, interest and other similar expenses

	Group		Company	
	2020	2019	2020	2019
Interest	(103)	(484)	(95)	(445)
Impairment of non-current financial assets	-	-	-	-
Penalties and fines	-	-	-	-
	(103)	(484)	(95)	(445)

18. Basic and diluted earnings per share

Calculation of the basic and diluted earnings per share of the Group is as follow:

	Group		Company	
	2020	2019	2020	2019
Net profit (loss) of the reporting period	2,228	1,141	1,901	953
Number of shares (thousand), opening balance	42,802	42,802	42,802	42,802
Number of shares (thousand), closing balance	42,802	42,802	42,802	42,802
Average number of shares (thousand)	42,802	42,802	42,802	42,802
Basic and diluted earnings per share (EUR)	0.05	0.03	0.04	0.02

19. Commitments and contingencies

On June 22, 2019, the Company placed a claim for the Kaunas Clinics (Kauno Klinikos) of the Lithuanian University of Health Sciences (hereinafter referred to as Kaunas Clinics) to pay compensation in amount of EUR 5,120,680 for heat reserve capacity ensured by the Company to Kaunas clinics starting from the year 2010 until May 2019. Kaunas Clinics did not agree with the claim. The company has placed a lawsuit against Kaunas Clinics regarding judgement of unpaid compensation for heat reserve power. The case is pending at first instance.

The Company is currently assessing the potential negative consequences of the COVID-19 crisis, envisaging provisioning, reviewing the investment program and prepared cost reduction plan for 2020.

2020 I quarter there was established provision for power reserve fee in an amount of EUR 681,894.

Leasing and construction work purchase arrangements

Future liabilities of the Group and the Company under valid purchase arrangements as of 31 March 2020, amounted to EUR 18,618 thousand.

Guarantees

On 28 November 2016, the Company provided a guarantee in an amount of EUR 3,913 thousand to Luminor bank AS regarding the liabilities of the subsidiary UAB Petrašiūnų Katilinė to this bank according to credit agreement concluded on 22 August 2012, for the amount of EUR 3,403 thousand. On 28 November 2016, the Company provided guarantee in amount of EUR 95 thousand to Luminor bank AS regarding liabilities of subsidiary UAB Petrašiūnų Katilinė to this bank according to transaction of derivative financial instruments, described in Note 10. As of 31 March 2020, the carrying amount of the loan is EUR 1,418 thousand.

20. Related parties transactions

The parties are considered related when one party has the possibility to control the other or have significant influence over the other party in making financial and operating decisions.

As of 31 March 2020 and 31 December 2019, the Group and the Company did not have any significant transactions with the other companies controlled by Kaunas city municipality, except for the purchases or sales of the utility services. The services provided to the Kaunas city municipality and the entities controlled by the Kaunas city municipality were executed at market prices. A list of companies related to the Municipality of Kaunas can be found here:

<http://www.kaunas.lt/administracija/struktura-ir-kontaktai/pavaldzios-imones-ir-istaigos/>.

As of 31 March 2020 and 31 December 2019, the Group's and the Company's transactions with Jurbarkas city municipality, Kaunas city municipality and the entities, financed and controlled by the Municipality of Kaunas and their amounts receivable and payable at the end of the year were as follows:

31 March 2020	Purchases	Sales	Receivables	Payables
Kaunas city municipality and entities financed and controlled by Kaunas city municipality	335	1,466	667	232
Jurbarkas city municipality	4	101	6	3
31 December 2019	Purchases	Sales	Receivables	Payables
Kaunas city municipality and entities financed and controlled by Kaunas city municipality	1,225	4,111	695	225
Jurbarkas city municipality	14	266	6	1

20. Related parties transactions (continued)

Sales include amounts of compensations for deprived people for housing heating costs, cold and hot water and also wastewater costs.

As of 31 March 2020, the Group's and the Company's allowance for overdue receivables from entities financed and controlled by municipalities amounted to EUR 259 thousand (as of 31 December 2019 – EUR 257 thousand). The amounts outstanding are unsecured and will be settled in cash. No guarantees on receivables have been received.

As of 31 March 2020 and as of 31 December 2019, the Company's transactions with the subsidiaries and the inter-company balances at the end of the year were as follows:

UAB Petrašiūnų Katilinė	Purchases	Sales	Receivables	Payables
31 March 2020	979	1	443	302
31 December 2019	2,398	5	443	432
UAB Kauno Energija NT	Purchases	Sales	Receivables	Payables
31 March 2020	2	4	52	-
31 December 2019	6	9	58	-

Receivables from UAB Petrašiūnų Katilinė comprise a loan granted. There was no provision established for expected credit losses on the loan granted.

As of 31 March 2020, the Company has determined an impairment in amount of EUR 55 thousand (as of 31 December 2019, in amount of EUR 58 thousand EUR) for the receivables from subsidiaries.

Remuneration of the management and other payments

As of 31 March 2020, the Group's and the Company's management team comprised 3 and 1 persons, respectively (as of 31 December 2019 – 3 and 1).

	Group		Company	
	31-03-2020	31-12-2019	31-03-2020	31-12-2019
Key to management remuneration	13	66	6	40
Calculated post-employment benefits to management	1	1	-	-

In the year 2020 and 2019, the management of the Group and the Company did not receive any loans or guarantees; no other payments or property transfers were made or accrued.

21. Subsequent events

There were no other events that would have a significant impact on or require disclosure in the financial statements subsequent to the reporting date.
