



AB KAUNO ENERGIJA
CONDENSED INTERIM SET OF CONSOLIDATED AND PARENT COMPANY'S
FINANCIAL STATEMENTS FOR THE THREE MONTHS PERIOD, ENDED
31 MARCH 2021, 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 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 Šliačkusienė confirm that, to the best of our knowledge, the interim financial statement for the 3 months period of 2021, 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 Garasimavičius

Chief Finance Officer

Edmundas Damanskis

Chief Accountant

Inga Šliačkusienė

Condensed Interim Statements of Financial Position

	Notes	Group		Company	
		31-03-2021	31-12-2020	31-03-2021	31-12-2020
ASSETS					
Non-current assets					
Intangible assets		104	117	104	117
Property, plant and equipment	6				
Land and buildings		7,031	7,145	5,936	6,015
Structures		115,528	109,278	115,090	108,824
Machinery and equipment		17,872	18,741	16,209	16,947
Vehicles		355	388	343	375
Devices and tools		2,089	2,238	2,087	2,236
Construction in progress and prepayments		5,663	12,191	5,663	12,191
Investment property		394	401	158	160
Total property, plant and equipment		148,932	150,382	145,486	146,748
Right-of-use assets		1,233	1,266	1,028	1,060
Non-current financial assets					
Investments into subsidiaries		-	-	2,064	2,064
Other financial assets		409	409	409	409
Total non-current financial assets		409	409	2,473	2,473
Total non-current assets		150,678	152,174	149,091	150,398
Current assets					
Inventories and prepayments					
Inventories	7	1,296	1,361	1,296	1,328
Prepayments		364	573	392	485
Total inventories and prepayments		1,660	1,934	1,688	1,813
Amounts receivable within one year					
Trade receivables	8	7,120	6,727	7,120	6,727
Loans to the group companies	21	-	-	443	443
Other receivables	8	509	243	452	194
Total accounts receivable		7,629	6,970	8,015	7,364
Cash and cash equivalents	12	6,417	1,800	6,280	1,675
Assets held for sale		50	25	-	-
Total current assets		15,756	10,729	15,983	10,852
Total assets		166,434	162,903	165,074	161,250

(continued on the next page)

Condensed Interim Statements of Financial Position (continued)

	Notes	Group		Company	
		31-03-2021	31-12-2020	31-03-2021	31-12-2020
EQUITY AND LIABILITIES					
Equity					
Share capital	1	74,476	74,476	74,476	74,476
Legal reserve	13	7,447	7,447	7,447	7,447
Other reserve	13	2,900	2,900	2,900	2,900
Retained earnings (deficit)					
Profit for the current year		4,281	(152)	4,371	57
Profit (loss) for the prior year		4,850	5,002	5,010	4,953
Total retained earnings (deficit)		9,131	4,850	9,381	5,010
Total equity		93,954	89,673	94,204	89,833
Payable amounts and liabilities					
Amounts payable after one year and other long-term liabilities					
Non-current financial liabilities	9	23,535	23,534	22,968	22,967
Financial lease obligations		1,316	1,336	1,107	1,127
Deferred tax liability		5,541	5,541	5,743	5,743
Grants and subsidies		30,351	29,966	29,744	29,319
Employee benefit liability		376	375	365	365
Total non-current liabilities		61,119	60,752	59,927	59,521
Current liabilities					
Current portion of non-current borrowings and financial lease	9	2,137	3,011	1,842	2,434
Trade payables		4,370	6,802	4,339	6,852
Employment-related liabilities		839	600	820	589
Advances received		541	645	540	644
Taxes payable		169	387	164	367
Derivative financial instruments	11	4	6	-	-
Current portion of employee benefit liability		63	135	62	134
Interest liabilities		179	647	179	647
Accruals and deferred income		2,898	137	2,882	121
Other current liabilities		161	108	115	108
Total current liabilities		11,361	12,478	10,943	11,896
Total liabilities		72,480	73,230	70,870	71,417
Total equity and liabilities		166,434	162,903	165,074	161,250

(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	2021 I quarter	2021	2020 I quarter	2020
Revenue					
Sales income	14	20,360	20,360	20,210	42,030
Other operating income	16	280	280	549	1,600
Total operating income		20,640	20,640	20,759	43,630
Expenses					
Fuel and heat acquired		(10,545)	(10,545)	(11,562)	(20,924)
Salaries and social security		(1,727)	(1,727)	(1,636)	(6,430)
Depreciation and amortization		(1,829)	(1,829)	(1,820)	(7,444)
Repairs and maintenance		(214)	(214)	(199)	(951)
Change in impairment of accounts receivable	8	17	17	(567)	22
Taxes other than income tax		(544)	(544)	(444)	(1,814)
Electricity		(458)	(458)	(363)	(1,230)
Raw materials and consumables		(145)	(145)	(148)	(505)
Water		(300)	(300)	(292)	(1,117)
Change in net realisable value and impairment of non-current assets	7	(8)	(8)	(95)	(207)
Other operating expenses	15	(524)	(524)	(594)	(2,079)
Other activities expenses	16	(94)	(94)	(76)	(318)
Total expenses		(16,371)	(16,371)	(17,796)	(42,997)
Operating profit (losses)		4,269	4,269	2,963	633
Other interest and similar income	17	44	44	50	183
Impairment financial assets and short-term investments		-	-	-	333
Interest and other similar expenses	18	(32)	(32)	(103)	(365)
Finance cost, net		12	12	(53)	151
Profit before income tax		4,281	4,281	2,910	784
Deferred tax income (losses)		-	-	-	(156)
Net profit (loss) of the reporting period		4,281	4,281	2,910	628
Employee benefit liability (accumulation)		-	-	-	(133)
Other provisions, which will be reclassified subsequently to profit or loss*		-	-	(682)	(647)
Total comprehensive income attributable to owners of the Company		4,281	4,281	2,228	(152)
Basic and diluted earnings per share (EUR)*	19	0.10	0.10	0.07	0.01

* The Other Provisions, which are subsequently reclassified to profit or loss, are included in Operating Expenses in The Statement Of Comprehensive Income of The Interim Financial Statements for the 1 quarter of the year 2020.

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

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

Company	Notes	2021 I quarter	2021	2020 I quarter	2020
Revenue					
Sales income	14	20,364	20,364	20,214	42,036
Other operating income	16	246	246	517	1,486
Total operating income		20,610	20,610	20,731	43,522
Expenses					
Fuel and heat acquired		(10,694)	(10,694)	(12,176)	(21,622)
Salaries and social security		(1,690)	(1,690)	(1,590)	(6,314)
Depreciation and amortization		(1,688)	(1,688)	(1,678)	(6,879)
Repairs and maintenance		(212)	(212)	(195)	(916)
Change in impairment of accounts receivable	8	21	21	(565)	29
Taxes other than income tax		(537)	(537)	(438)	(1,786)
Electricity		(417)	(417)	(296)	(1,121)
Raw materials and consumables		(142)	(142)	(143)	(496)
Water		(299)	(299)	(291)	(1,114)
Change in net realisable value and impairment of non-current assets	7	(8)	(8)	(95)	(207)
Other operating expenses	15	(513)	(513)	(579)	(2,039)
Other activities expenses	16	(77)	(77)	(57)	(232)
Total expenses		(16,256)	(16,256)	(18,103)	(42,697)
Operating profit (losses)		4,354	4,354	2,628	825
Other interest and similar income	17	43	43	50	181
Impairment financial assets and short-term investments		-	-	-	333
Interest and other similar expenses	18	(26)	(26)	(95)	(337)
Finance cost, net		17	17	(45)	177
Profit before income tax		4,371	4,371	2,583	1,002
Corporate income tax		-	-	-	-
Deferred tax income (losses)		-	-	-	(165)
Net profit (loss) of the reporting period		4,371	4,371	2,583	837
Employee benefit liability (accumulation)		-	-	-	(133)
Other provisions, which will be reclassified subsequently to profit or loss*		-	-	(682)	(647)
Comprehensive income		4,371	4,371	1,901	57
Basic and diluted earnings per share (EUR)*	19	0.10	0.10	0.06	0.02

* The Other Provisions, which are subsequently reclassified to profit or loss, are included in Operating Expenses in The Statement Of Comprehensive Income of The Interim Financial Statements for the 1 quarter of the year 2020.

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 2019	13	74,476	7,447	2,900	5,002	89,825
Profit for the reporting period		-	-	-	2,228	2,228
Balance as of 31 March 2020		74,476	7,447	2,900	7,230	92,053
Profit for the reporting period		-	-	-	(1,600)	(1,600)
Other comprehensive income		-	-	-	(780)	(780)
Balance as of 31 December 2020		74,476	7,447	2,900	4,850	89,673
Profit for the reporting period		-	-	-	4,281	4,281
Balance as of 31 March 2021		74,476	7,447	2,900	9,131	93,954

Company	Notes	Share capital	Legal reserve	Other reserve	Retained earnings (accumulated deficit)	Total
Balance as of 31 December 2019	13	74,476	7,447	2,900	4,953	89,776
Profit for the reporting period		-	-	-	1,901	1,901
Balance as of 31 March 2020		74,476	7,447	2,900	6,854	91,677
Profit for the reporting period		-	-	-	(1,064)	(1,064)
Other comprehensive income		-	-	-	(780)	(780)
Balance as of 31 December 2020		74,476	7,447	2,900	5,010	89,833
Profit for the reporting period		-	-	-	4,371	4,371
Balance as of 31 March 2021		74,476	7,447	2,900	9,381	94,204

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

Condensed Interim Statements of Cash Flows

	Group		Company	
	2021 I quarter	2020 I quarter	2021 I quarter	2020 I quarter
Cash flows from (to) operating activities				
Comprehensive income	4,281	2,228	4,371	1,901
Adjustments for non-cash items:				
Depreciation and amortization	2,355	2,303	2,167	2,117
Change in impairment of accounts receivable	(14)	570	(21)	565
Interest expenses	31	103	26	95
Change in fair value of derivatives	(2)	(2)	-	-
Loss (profit) from sale and write-off of property, plant and equipment	(6)	(396)	(6)	(396)
(Amortization) of grants and subsidies	(430)	(395)	(390)	(354)
Change in net realisable value and impairment of non-current assets	8	95	8	95
Change employee benefit liability	-	1	-	-
Change in accruals and provisions	2,270	683	2,293	683
Elimination of other financial and investing activity results	(42)	(49)	(43)	(50)
Total adjustments for non-cash items:	4,170	2,913	4,034	2,755
Changes in working capital:				
(Increase) decrease in inventories	57	102	24	47
(Increase) decrease in prepayments	209	294	93	291
(Increase) decrease in trade receivables	(374)	462	(370)	465
(Increase) decrease in other receivables	(236)	263	(225)	270
(Decrease) increase in non-current trade payables	-	(4)	-	(4)
(Decrease) increase in trade payables and advances received	(2,645)	(2,040)	(2,726)	(2,064)
(Decrease) increase in employment-related liabilities	168	169	159	154
Increase (decrease) in tax payable	(218)	(305)	(203)	(295)
Increase (decrease) in received prepayments	109	20	109	21
Increase (decrease) in other current liabilities	53	7	7	7
Total changes in working capital:	(2,877)	(1,032)	(3,132)	(1,108)
Net cash flows from operating activities	5,574	4,109	5,273	3,548

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Condensed Interim Statements of Cash Flows (continued)

	Group		Company	
	2021 I quarter	2020 I quarter	2021 I quarter	2020 I quarter
Cash flows from (to) the investing activities				
Acquisition of property, plant, equipment and intangible assets	(895)	(1,145)	(895)	(1,145)
Proceeds from sale of property, plant and equipment	25	486	25	486
Interest received	42	49	43	50
Net cash flows from investing activities	(828)	(610)	(827)	(609)
Cash flows from (to) financing activities				
Repayment of loans	(846)	(1,325)	(563)	(1,041)
Interest paid	(41)	(56)	(36)	(49)
Lease payments	(22)	(30)	(22)	(30)
Received grants	780	237	780	237
Net cash flows from financing activities	(129)	(1,174)	159	(883)
Net (decrease) increase in cash and cash equivalents	4,617	2,325	4,605	2,056
Cash and cash equivalents at the beginning of the period	1,800	2,219	1,675	1,940
Cash and cash equivalents at the end of the period	6,417	4,544	6,280	3,996

(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 2021 and as of 31 December 2020, the shareholders of the Company were as follows:

	31-03-2021		31-12-2020	
	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 2021 and 31 December 2020, the Company did not hold any own shares. All shares were fully paid as of 31 March 2021 and as of 31 December 2020.

The name of the Company's subsidiary UAB Kauno Energija NT, LLC was changed by the decision of Company's shareholders. The name of UAB Kauno Energija NT, LLC is UAB GO Energy LT, LLC starting from 19 August 2020. Other details of the company remain unchanged, all concluded contracts remain valid.

As of 31 March 2021, the Company and the subsidiaries UAB GO Energy LT 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 GO Energy LT	Savanorių Ave. 347, Kaunas	100 percent	1,330	13	1,090	Rent
UAB Petrašiūnų Katilinė	R. Kalantos st. 49, Kaunas	100 percent	1,894	(56)	481	Heat production

In 2021 the average number of employees at the Group was 360, the average number of employees at the Company was 349.

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 November 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

AB Kauno Energija and UAB Fortum Heat Lietuva entered into an agreement on the purchase and sale of the Palemonas heat economy in Kaunas on January 8, 2020, according to which AB Kauno Energija acquired a boiler house with heat supply networks and related equipment from UAB Fortum Heat Lietuva and from February 1, 2020 started heat supply activities in Palemonas. The agreement was concluded following the decision of the Extraordinary General Meeting of Shareholders of the Company of October 2, 2015 “On the purchase of Palemonas heat economy” and according to the decision of the Management Board of the Company of July 20, 2017 “On the Acquisition of the Heat Economy in Palemonas”.

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. Group's generation capacities consist of Company's generation capacities and 1 subsidiary boiler-house in Kaunas.

Total installed heat generation capacities of the Group consist of approx 683 MW (including 48 MW of condensational economizers) and total power generation capacities of the whole Group consist of approx 692 MW (including 48 MW of condensational economizers). Total installed heat generation capacities of Company amount to 664 MW (including 48 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. 39.4 MW of heat generation capacities (including 4.4 MW condensing economizer) are located in Jurbarkas city. Total Company's power generation capacities consist of approx 672 MW (including 48 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 three months ended 31 March 2021 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 2020, 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 2020.

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 presentation currency is euro. These financial statements are presented in thousands of euro, unless otherwise stated.

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

Management of the Company approved these interim financial statements on 27 April 2021.

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.

The Group and the Company present right-of-use assets in 'Right-of-use assets' item as at 31 March 2021: EUR 1,233 thousand and EUR 1,028 thousand (as at 31 December 2020: EUR 1,266 thousand and EUR 1,060 thousand, respectively).

4. Lease definition (cont'd)

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

5. Fair value determination (cont'd)

- 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 2021, non-current assets acquired by the Group and the Company amounted to EUR 912 thousand and EUR 912 thousand, the carrying amount of the disposals amounted to EUR 19 thousand and EUR 19 thousand.

As at 31 March 2021, depreciation of the Group's and the Company's property, plant and equipment amounts to EUR 1,907 thousand and EUR 1,759 thousand, respectively (at 31 December 2020: EUR 7,721 thousand and EUR 7,140 thousand, respectively). The Group's and the Company's depreciation charges of EUR 1,879 thousand and EUR 1,738 thousand (at 31 December 2020: EUR 7,658 thousand and EUR 7,095 thousand) were included in the operating expenses in the statements of Profit (loss) and Other Comprehensive Income. The remaining depreciation costs of EUR 28 thousand and EUR 21 thousand (at 31 December 2020: EUR 63 thousand and EUR 45 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, didn't estimated decrease for the property, plant and equipment in 2021 (EUR 3 thousand – during 2020). During the 3 months period of the year 2021, the management of the Group and the Company reversed the impairment of EUR 5 thousand (EUR 22 thousand – during 2020).

As of 31 March 2021, part of the property, plant and equipment of the Group with acquisition cost of EUR 61,268 thousand (EUR 60,667 thousand as of 31 December 2020) and the Company – EUR 61,153 thousand (EUR 60,551 thousand as of 31 December 2020) were fully depreciated, but were still in active use.

As of 31 March 2021 the Group and the Company accounted for assets, not yet ready for use, amounting to EUR 72 thousand in the category Equipment and tools (EUR 90 thousand as of 31 December 2020).

The Group and The Company use assets in their operations, acquired by leasing. The acquisition cost of this asset was EUR 310 thousand as of 31 March 2021 (EUR 310 thousand in 2020 respectively), and the net book value respectively EUR 193 thousand as of 31 March 2021 (EUR 207 thousand as of 31 December 2020).

As of 31 March 2021 and as of 31 December 2020, 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 2021, property, plant and equipment of the Group with the carrying amount of EUR 11,781 thousand (EUR 11,896 thousand as of 31 December 2020) and the Company of EUR 9,404 thousand (EUR 9,381 thousand as of 31 December 2020) was pledged to banks to secure the loans.

7. Inventories

	Group		Company	
	31-03-2021	31-12-2020	31-03-2021	31-12-2020
Technological fuel	1,061	1,125	1,061	1,093
Spare parts	623	623	623	623
Materials	438	431	438	430
	2,122	2,179	2,122	2,146
Less: write-down to the net realisable value of inventory at the end of the period	(826)	(818)	(826)	(818)
Carrying amount of inventories	1,296	1,361	1,296	1,328

Revaluation of the Group's and the Company's inventories to net realisable value as at 31 March 2021 amounted to EUR 826 thousand (at 31 December 2020: EUR 818 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	
	31-03-2021	31-12-2020	31-03-2021	31-12-2020
Trade receivables, gross	13,076	12,735	13,076	12,736
Less: expected credit losses	(5,956)	(6,008)	(5,956)	(6,009)
	7,120	6,727	7,120	6,727

Change in the impairment of doubtful receivables as at 31 March 2021 and 31 December 2020 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.

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

	Group	Company
Balance as of 31 December 2019	6,886	6,887
Expected credit losses recognised	(17)	(17)
Write-off	(861)	(861)
Balance as of 31 December 2020	6,008	6,009
Expected credit losses recognised	(19)	(20)
Write-off	(33)	(33)
Balance as of 31 March 2021	5,956	5,956

8. Current accounts receivable (continued)

During the 3 months period of the year 2021 the Group and the Company wrote off EUR 33 thousand and EUR 33 thousand of bad debts respectively (in 2020 – EUR 861 thousand and EUR 861 thousand).

Analysis of the Group's net trade receivables as at 31 March 2021 and 31 December 2020:

	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
2021	6,284	649	113	19	13	42	7,120
2020	6,248	309	35	33	49	53	6,727

Analysis of the Company's net trade receivables as at 31 March 2021 and 31 December 2020:

	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
2021	6,284	649	113	19	13	42	7,120
2020	6,248	309	35	33	49	53	6,727

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 2021 and 31 December 2020, 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).

Other receivables of the Group and the Company:

	Group		Company	
	31-03-2021	31-12-2020	31-03-2021	31-12-2020
Taxes	282	16	258	7
Other receivables	528	523	531	522
Less: expected credit losses	(301)	(296)	(337)	(335)
	509	243	452	194

8. Current accounts receivable (continued)

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

	Group	Company
Balance as of 31 December 2019	300	350
Expected credit losses recognised	(1)	(12)
Write-off	(3)	(3)
Balance as of 31 December 2020	296	335
Expected credit losses recognised	5	2
Write-off	-	-
Balance as of 31 March 2021	301	337

The ageing analysis of the Group's other receivables (excluding receivable taxes) as of 31 March 2021 and as of 31 December 2020 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	
2021	185	8	12	8	5	9	227
2020	174	16	14	10	5	8	227

The ageing analysis of the Company's other receivables (excluding receivable taxes) as of 31 March 2021 and as of 31 December 2020 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	
2021	152	8	12	8	5	9	194
2020	134	16	14	10	5	8	187

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.

8. Current accounts receivable (continued)

Credit risk

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

Customers

	<u>Group</u>		<u>Company</u>	
	<u>31-03-2021</u>	<u>31-12-2020</u>	<u>31-03-2021</u>	<u>31-12-2020</u>
Private persons	117,121	116,807	117,121	116,807
Other legal entities	2,712	2,681	2,713	2,682
Legal entities financed from municipalities' and state budget	520	521	520	521
	120,353	120,009	120,354	120,010

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

	<u>Group</u>		<u>Company</u>	
	<u>31-03-2021</u>	<u>31-12-2020</u>	<u>31-03-2021</u>	<u>31-12-2020</u>
Private persons	5,230	5,284	5,230	5,284
Other legal entities	837	813	837	813
Legal entities financed from municipalities' and state budget	1,053	630	1,053	630
	7,120	6,727	7,120	6,727

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 was as follows:

	<u>Group</u>		<u>Company</u>	
	<u>31-03-2021</u>	<u>31-12-2020</u>	<u>31-03-2021</u>	<u>31-12-2020</u>
Non-current borrowings	0.34	0.36	0.32	0.33

On August 7, 2020 the Company signed a loan agreement with the European Investment Bank in amount of EUR 55 million. The Extraordinary General Meeting of Shareholders of AB Kauno Energija approved the contract on August 4, 2020.

The loan will be used in 5 years to finance the Company's investment program and cover loans. The Company plans to invest in the installation of innovative heat and cooling production facilities using renewable energy sources, digitalization of processes, as well as modernization of pipelines and construction of new pipelines during the next 5 years.

A part of the loan in amount of EUR 15 million was withdrawn on August 24, 2020.

The Company used a part of the loan to repay existing loans.

9. Financial liabilities (continued)

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

	Group		Company	
	31-03-2021	31-12-2020	31-03-2021	31-12-2020
Non-current borrowings:	23,534	23,534	22,967	22,967
Payable in 2 to 5 years	8,499	8,499	7,932	7,932
Payable in more than 5 years	15,035	15,035	15,035	15,035
Current portion of non-current borrowings	2,030	2,876	1,746	2,309
	25,564	26,410	24,713	25,276

The Group and the Company accounted for interest payable to financial institutions by amounts of EUR 1 thousand and EUR 1 thousand, respectively, which were stated under non-current liabilities in the statement of financial position as at 31 March 2021.

Detailed information on the loans of the Group as of 31 March 2021:

	Credit institution	Date of contract	Sum EUR thousand	Term of maturity	Balance as of 31/03/2021 EUR thousand	A Part of 2021, EUR thousand
1	MF Lithuania*	09/04/2010	2,410	15/03/2034	1,217	-
2	MF Lithuania*	26/10/2010	807	15/03/2034	500	-
3	Luminor**	22/08/2012	3,403	29/04/2022	851	284
4	MF Lithuania*	15/01/2014	793	01/12/2034	582	42
5	MF Lithuania*	31/03/2014	7,881	01/12/2034	5,790	414
6	EIB***	07/08/2020	15,000	24/08/2035	14,500	750
7	AB SEB Bank	22/12/2016	4,127	30/11/2024	2,124	540
					25,564	2,030

* LR Ministry of Finance; ** Luminor bank AS; *** European Investment Bank.

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 20.

9. Financial liabilities (continued)

Detailed information on the loans of the Company as of 31 March 2021:

	Credit institution	Date of contract	Sum EUR thousand	Term of maturity	Balance as of 31/03/2021 EUR thousand	A Part of 2021, EUR thousand
1	MF Lithuania*	09/04/2010	2,410	15/03/2034	1,217	-
2	MF Lithuania*	26/10/2010	807	15/03/2034	500	-
3	MF Lithuania*	15/01/2014	793	01/12/2034	582	42
4	MF Lithuania*	31/03/2014	7,881	01/12/2034	5,790	414
5	EIB***	07/08/2020	15,000	24/08/2035	14,500	750
6	AB SEB Bank	22/12/2016	4,127	30/11/2024	2,124	540
					24,713	1,746

* LR Ministry of Finance; ** Luminor bank AB; *** European Investment Bank.

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 the bank, the Company's own equity ratio (equity/total assets), shall not be lower than 35 %. The requirements of the European Investment Bank also stipulate that the Company must comply with both of these indicators. The Company complied with financial covenants as at 31 March 2021 and 31 December 2020.

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

The immovable property (Note 6), bank accounts (Note 12) and land lease right of the Group and the Company were pledged as collateral for the borrowings.

10. Other provisions

The costs of the heat generation capacity reservation service shall be included in the basic heat price as one of the components in accordance with the methodology established by the Council. During the last year, after the Company has installed new production facilities and modernized the existing ones, the heat capacity reservation service has not been purchased since 2020 and no heat production capacity reserve costs incurred accordingly. At the end of 2019, the Company applied to the Council with a request not to include in the heat price the non-incurred costs of the capacity reserve, but the recalculation of the heat price in the Council was approved only from November 2020. Without waiting for the decision of the Council, the Company has formed a provision since the beginning of the year to reimburse the costs of the capacity reserve non-incurred but paid at the price and starting from the autumn of heating season began to repay this accumulated overpayment from the provision, reducing the price to consumers. The Company during 2020 has formed a provision for capacity reserve tax in amount of EUR 959 thousand to cover future price reduction commitments. During November and December of the year 2020, EUR 312 thousand were returned to consumers by reducing the price. During 2021 – EUR 468 thousand. The amount of the provision and the liability decreased accordingly. The amount of the formed provision as of 31 March, 2021 was EUR 179 thousand (EUR 647 thousand as of 31 December 2020).

11. 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 851 thousand as at 31 March 2021. This derivative instrument is recognized at fair value calculated by the bank as at 31 March 2021 – EUR 4 thousand (31 December 2020 – EUR 6 thousand).

12. Cash and cash equivalents

	Group		Company	
	31-03-2021	31-12-2020	31-03-2021	31-12-2020
Cash in transit	228	109	229	110
Cash at bank	6,189	1,691	6,051	1,565
Cash on hand	-	-	-	-
	6,417	1,800	6,280	1,675

The Group's accounts in banks amounting to EUR 3,269 thousand as of 31 March 2021 (as of 31 December 2020 – EUR 366 thousand) and the Company's to EUR 3,227 thousand as of 31 March 2021 (as of 31 December 2020 – EUR 287 thousand) are pledged as collateral for the loans (Note 9).

13. 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.

The reserves were not re-formed on April 30, 2020 by the decision of the Company's shareholders.

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.

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.

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.

In 2020 year the result of 2019 is left in unallocated profit.

14. 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.

14. Sales income (cont'd)

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.

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

	Group		
	2021	2020 I quarter	2020
Heat supplies	19,351	19,159	37,147
Hot water supplies	807	879	2,935
Maintenance of hot water meters	112	107	433
Maintenance of manifolds	87	62	268
Maintenance of heat and hot water systems	3	3	11
Sale of emission allowances	-	-	1,236
	20,360	20,210	42,030

	Company		
	2021	2020 I quarter	2020
Heat supplies	19,355	19,163	37,153
Hot water supplies	807	879	2,935
Maintenance of hot water meters	112	107	433
Maintenance of manifolds	87	62	268
Maintenance of heat and hot water systems	3	3	11
Sale of emission allowances	-	-	1,236
	20,364	20,214	42,036

Sales income by user groups:

	Group		
	2021	2020 I quarter	2020
Residents	15,160	15,219	31,815
Other users	2,191	2,118	5,138
Budgetary organizations financed from the state budget	1,584	1,607	2,785
Budgetary organizations financed from municipal budgets	1,056	1,050	1,791
Institutions funded by Territorial Health Insurance funds	277	113	340
Industrial users	92	103	161
	20,360	20,210	42,030

	Company		
	2021	2020 I quarter	2020
Residents	15,160	15,219	31,815
Other users	2,195	2,122	5,144
Budgetary organizations financed from the state budget	1,584	1,607	2,785
Budgetary organizations financed from municipal budgets	1,056	1,050	1,791
Institutions funded by Territorial Health Insurance funds	277	113	340
Industrial users	92	103	161
	20,364	20,214	42,036

15. Other expenses

Other expenses as of 31 March 2021 include:

	Group			Company		
	2021	2020 I quarter	2020	2021	2020 I quarter	2020
Equipment verification and inspection	53	56	183	53	56	181
Maintenance of manifolds	91	96	381	91	96	381
Cash collection expenses	37	43	157	37	43	157
Expenses of ash utilization	57	50	141	51	43	131
Information technology expenses	17	31	84	17	31	84
Consulting expenses	26	26	71	26	25	71
Employees related expenses	13	36	124	13	36	124
Customer bills issue and delivery expenses	19	23	78	19	23	78
Membership fee	28	25	96	28	25	96
Maintenance of long term assets and related services	17	25	76	17	24	76
Transport expenses	25	17	80	25	18	80
Debts collection expenses	7	21	69	7	21	69
Insurance	46	40	58	44	38	51
Communication expenses	6	8	26	6	8	25
Advertising expenses	6	7	38	6	7	38
Audit expenses	-	-	33	-	-	28
Rent of equipment and machinery	20	14	57	20	14	57
Sponsorship	-	-	1	-	-	1
Other expenses	56	76	326	53	71	311
	524	594	2,079	513	579	2,039

16. Other activities income and expenses

	Group		
	2021	2020 I quarter	2020
Income from other operating activities			
Sold inventories	151	-	554
Various services rendered	109	104	402
Damage compensation received	-	-	37
Income from previous periods	-	-	-
Gain from sale of non-current assets	6	396	495
Other	14	49	112
	280	549	1,600
	Company		
	2021	2020 I quarter	2020
Income from other operating activities			
Sold inventories	151	-	554
Various services rendered	75	72	288
Damage compensation received	-	-	37
Income from previous periods	-	-	-
Gain from sale of non-current assets	6	396	495
Other	14	49	112
	246	517	1,486

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

	Group		
	2021	2020 I quarter	2020
Expenses from other operating activities			
Cost of rendered services	(71)	(69)	(285)
Cost of inventories sold	-	-	(2)
Expenses from previous periods	(17)	-	(15)
Write off of non-current assets	-	-	-
Other	(6)	(7)	(16)
	(94)	(76)	(318)

	Company		
	2021	2020 I quarter	2020
Expenses from other operating activities			
Cost of rendered services	(54)	(50)	(199)
Cost of inventories sold	-	-	(2)
Expenses from previous periods	(17)	-	(15)
Write off of non-current assets	-	-	-
Other	(6)	(7)	(16)
	(77)	(57)	(232)

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

17. Other interest and similar income

	Group			Company		
	2021	2020 I quarter	2020	2021	2020 I quarter	2020
Interest from late payment of accounts receivable	42	49	177	42	49	177
Change in market value of derivative financial instruments	2	1	6	-	-	-
Interest	-	-	-	1	1	4
	44	50	183	43	50	181

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

	Group			Company		
	2021	2020 I quarter	2020	2021	2020 I quarter	2020
Interest	(32)	(103)	(365)	(26)	(95)	(337)
Impairment of non-current financial assets	-	-	333	-	-	333
Penalties and fines	-	-	-	-	-	-
	(32)	(103)	(32)	(26)	(95)	(4)

19. Basic and diluted earnings per share

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

	Group		Company	
	2021	2020	2021	2020
Net profit (loss) of the reporting period	4,281	628	4,371	837
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)	0.10	0.01	0.10	0.02

20. 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. Kauno Klinikos did not agree with the claim, so the Company brought a lawsuit against Kauno Klinikos regarding adjudgment of unpaid compensation for reserve heat capacity until June 2019 (EUR 5,204,131 of total liability together with reckoned interest). Kaunas Regional Court examined the case and decided in June 8, 2020 to grant the action in part, i.e. the Company was awarded EUR 2,515,622 compensation from the Kauno Klinikos for the reserve power, 6 percent of annual interest from the amount awarded from the date of initiation of the case in court (July 29, 2019) until the full execution of the court decision and EUR 3,534 of legal costs. The remainder of the action was dismissed. The Company, not agreeing with the decision, placed an appeal to the Lithuanian Court of Appeal on July 8, 2020 to satisfy the claim in full, and Kaunas Clinics placed an appeal to dismiss the claim. The Lithuanian Court of Appeal issued a ruling in the case on March 4, 2021 by which the decision of the Kaunas Regional Court was left unchanged. The decision came into force on March 4, 2021. Considering this, Kaunas Clinics complied with the judgment on March 16, 2021.

The compensation is accounted in the articles Cash and cash equivalents and Accruals and deferred income of The Statements of Financial Position.

The Council made a decision on September 25, 2020 No. O3E-880 "Regarding unilateral determination of heat price components of AB Kauno Energija", by which unilaterally determined heat price components for Company for the 2nd year of validity of the base price, including interest in amount of EUR 509,530 calculated in accordance with Item 77¹ of the Heat Price Determination Methodology, which was calculated by Council for the additional Company's income which is being returned to its customers, taking into account that their repayment was arranged for more than 1 year (4 years).

The Company, disagreeing with the calculation of interest, placed a complaint to the Vilnius Regional Administrative Court. The case was investigated on March 24, 2021, the decision was announced on April 22, 2021.

Leasing and construction work purchase arrangements

Future liabilities of the Group and the Company under valid purchase arrangements as of 31 March 2021, amounted to EUR 18,814 thousand.

20. Commitments and contingencies (cont'd)

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 11. As of 31 March 2021, the carrying amount of the loan is EUR 851 thousand.

21. 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.

On December 04, 2020 the Company has signed an agreement on the establishment of UAB Kauno Miesto Paslaugų Centras (Kaunas City Services Centre) with other companies controlled by Kaunas City Municipality. The share of shares subscribed by the Company was 22%, the number of ordinary registered shares was 75,460. The par value of the share is 1 euro. The Company's subscribed shares are accounted at the value of EUR 75,460 in the article Other Financial Assets of The Statements of Financial Position.

As of 31 March 2021 and 31 December 2020, the Group and the Company did not have any other 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-imonės-ir-istaigos/>.

As of 31 March 2021 and 31 December 2020, 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 2021	Purchases	Sales	Receivables	Payables
Kaunas city municipality and entities financed and controlled by Kaunas city municipality	351	1,573	763	264
Jurbarkas city municipality	4	108	33	3
31 December 2020	Purchases	Sales	Receivables	Payables
Kaunas city municipality and entities financed and controlled by Kaunas city municipality	1,269	2,512	619	268
Jurbarkas city municipality	15	167	-	2

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

As of 31 March 2021, the Group's and the Company's allowance for overdue receivables from entities financed and controlled by municipalities amounted to EUR 258 thousand (as of 31 December 2020 – EUR 253 thousand). The amounts outstanding are unsecured and will be settled in cash. No guarantees on receivables have been received.

21. Related parties transactions (cont'd)

As of 31 March 2021 and as of 31 December 2020, 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 2021	354	1	480	-
31 December 2020	1,177	11	443	220

UAB GO Energy LT	Purchases	Sales	Receivables	Payables
31 March 2021	21	4	47	8
31 December 2020	14	11	50	3

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

As of 31 March 2021, the Company has determined an impairment in amount of EUR 47 thousand (as of 31 December 2020, in amount of EUR 50 thousand EUR) for the receivables from subsidiaries.

Remuneration of the management and other payments

As of 31 March 2021, the Group's and the Company's management team comprised 3 and 1 persons, respectively (as of 31 December 2020 – 3 and 1).

	Group		Company	
	31-03-2021	31-12-2020	31-03-2021	31-12-2020
Key to management remuneration	34	59	31	47

In the year 2021 and 2020, 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.

22. 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.
