

AB Kauno Energija

Company code 235014830

Raudondvario pl. 84

Kaunas, Lithuania



**CONSOLIDATED AND COMPANY'S 12-MONTH
CONDENSED SET OF INTERIM FINANCIAL
STATEMENTS OF 2025 PREPARED IN ACCORDANCE
WITH INTERNATIONAL FINANCIAL REPORTING
STANDARDS AS ADOPTED BY THE EUROPEAN
UNION (UNAUDITED)**

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

Pursuant to the provisions of the Republic of Lithuania Law on Securities and the Information Disclosure Rules approved by the Board of the Bank of Lithuania, we, Tomas Garasimavičius, General Manager of AB Kauno energija, Virgilijus Motiejūnas, Financial director and Ramunė Petkevičienė, Head of Financial Management and Accounting Department, confirms that to our knowledge, AB Kauno energija's set of shortened interim financial statements for the 12 months of 2025, prepared in accordance with the International Financial Reporting Standards adopted for application in the European Union, corresponds to reality and correctly shows the company's assets, liabilities, financial condition, profit (loss) and cash flows.

Tomas Garasimavičius

General Manager



Virgilijus Motiejūnas

Director of Finance



Ramunė Petkevičienė

Head of Financial Management and Accounting Department



CONDENSED INTERIM FINANCIAL STATEMENTS

	Notes	Group		Company	
		2025-12-31	2024-12-31	2025-12-31	2024-12-31
ASSETS					
Fixed assets					
Intangible fixed assets	6	241	314	220	304
Land and buildings		5 827	6 039	5 753	5 963
Buildings		155 837	146 994	155 837	146 994
Machinery and equipment		18 136	17 250	18 124	17 221
Vehicles		735	804	710	773
Plant and tools		7 286	5 704	7 225	5 657
Constructions in progress and prepayments		20 015	18 210	19 975	18 117
Investment property		1 298	1 082	-	-
Total property, plant and equipment		209 134	196 083	207 624	194 725
Assets managed under the right of use		1 307	1 171	997	854
Non-current financial assets					
Investments in subsidiaries	1	-	-	2 763	2 763
Investments in Associates	1	190	164	75	75
Other long-term investments		2	58	2	
Receivables after one year		1		1	1
Other financial assets		14		-	-
Financial fixed assets, total		207	222	2 841	2 839
Non-current assets, total		210 889	197 790	211 682	198 722
Current assets					
Stock and prepayments					
Inventories	7	1 300	1 761	1 102	1 652
Prepayments		1 313	1 507	796	1 482
Total inventories and prepayments		2 613	3 268	1 898	3 134
Amounts receivable within one year					
Trade receivables	8	17 905	15 698	17 718	15 482
Depts of the group of companies		-	-	-	-
Other amounts receivable	9	776	860	655	817
Amounts receivable within one year, total		18 681	16 558	18 373	16 299
Term deposits		-	500		
Cash and cash equivalents	12	10 863	11 074	9 168	9 600
Current assets, total		32 157	31 400	29 439	29 033
Assets, total:		243 046	229 190	241 121	227 755

(continued on the next page)

CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

	Notes	Group		Company	
		2025-12-31	2024-12-31	2025-12-31	2024-12-31
EQUITY AND LIABILITIES					
Property					
Capital	1	74 476	74 476	74 476	74 476
Legal reserve	13	7 510	7 504	7 448	7 448
Other reserves	13	50	75	50	75
Profit (loss) available for distribution					
Current year profit	16	17 797	7 753	17 473	7 592
Profit (loss) of the previous years		22 290	15 551	21 300	14 725
Total retained profit (loss)		40 087	23 304	38 773	22 317
Total equity		122 123	105 359	120 747	104 316
Non-current amounts payable after one year and liabilities					
Long-term financial debts	10	57 825	62 658	57 825	62 658
Lease		1 374	1 172	1 052	842
Deferred profit tax liabilities		6 695	6 687	6 695	6 695
Grants and subsidies		28 357	29 858	28 354	29 854
Employee benefit liabilities		368	449	358	420
Other provisions		69	29	46	29
Accounts payable after one year, and long-term liabilities, total		94 688	100 853	94 330	100 498
Accounts payable within one year of and other liabilities					
Financial debts and leasing	10	4 847	4 094	4 846	4 090
Trade debtors		13 997	12 387	14 001	12 547
Payroll related liabilities		1 290	1 024	1 218	970
Received prepayments		936	1 076	920	1 047
Tax payable		1 429	1 059	1 323	972
Current year's share of employee benefit obligations		276	242	276	242
Other provisions	11	2 874	2 269	2 874	2 269
Accrued costs and income of future periods		410	684	410	661
Other short-term amounts payable and liabilities		176	143	176	143
Accounts payable within one year of and other liabilities, total		26 235	22 978	26 044	22 941
Total accounts payable and liabilities		120 923	123 831	120 374	123 439
Total equity and liabilities		243 046	229 190	241 121	227 755

(end)

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

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

Group	Comm ents	2025 IV quarter	31 December 2025 from the beginning of the year	2024 IV quarter	31 December 2024 from the beginning of the year
Operating income					
Sales revenue	14	35 227	99 961	31 421	84 751
Other operational incomes	15	(972)	2 388	(226)	2 958
Total operating income		34 255	102 349	31 195	87 709
Operating expenses					
Fuel and purchased energy		(16 069)	(46 926)	(15 457)	(47 525)
Salaries, social insurance		(3 387)	(12 317)	(3 245)	(10 600)
Depreciation and amortisation		(2 283)	(8 783)	(2 013)	(7 489)
Repair and maintenance		(1 401)	(2 634)	(1 206)	(1 857)
Change in impairment of receivables		(402)	(398)	(122)	(500)
Taxes, other than income tax		(1 328)	(3 516)	(975)	(2 858)
Electricity		(372)	(1 581)	(407)	(1 547)
Raw materials and materials		190	(287)	2 000	(232)
Water		(919)	(3 131)	(620)	(2 218)
Change in realisable value of inventories and impairment of fixed assets	7	(570)	(527)	60	(12)
Other costs		(139)	(2 496)	(765)	(2 565)
Other operational expenses	15	660	(1 182)	(855)	(1 257)
Operating expenses, total		(26 020)	(83 778)	(23 604)	(78 660)
Operating profit (loss)		8 235	18 571	7 592	9 049
Profit share of associates		2	26	89	89
Other interest and similar income		127	761	93	594
Impairment of financial assets and short-term investments		-	-	-	-
Interest and other similar costs		(295)	(1 513)	(533)	(1 839)
Income from financing and investment activities, net value		(166)	(726)	(351)	(1 156)
Profit before taxation		8 069	17 845	7 241	7 893
Income tax		(53)	(54)	(60)	30
Deferred income tax income (loss)		6	6	(170)	(170)
Profit for the reporting period		8 022	17 797	7 011	7 753
Termination benefits (accrual), other provisions to be reclassified to profit or loss when certain conditions are met	20	-	-	-	-
Gross income		8 022	17 797	7 011	7 753
Profit for the period attributable to the Company's shareholders		8 022	17 797	7 011	7 753
Gross income attributable to the Company's shareholders		8 022	17 797	7 011	7 753
Earnings per share (EUR)	16	0,19	0,42	0,16	0,18

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

Company	Comments	2025 IV quarter	31 December 2025 from the beginning of the year	2024 IV quarter	31 December 2024 from the beginning of the year
Operating income					
Sales revenue					
Other operational incomes	14	34 444	98 837	31 160	84 121
Total operating income	15	229	1 607	382	1 593
Operating expenses		34 673	100 444	31 542	85 714
Operating Costs					
Fuel and purchased energy		(16 069)	(46 926)	(15 460)	(47 525)
Salaries, social insurance		(3 130)	(11 355)	(3 048)	(9 947)
Depreciation and amortisation		(2 275)	(8 753)	(2 018)	(7 473)
Repair and maintenance		(937)	(2 603)	(358)	(1 801)
Change in impairment of receivables		(403)	(398)	(122)	(271)
Taxes, other than income tax		(1 327)	(3 509)	(979)	(2 856)
Electricity		(448)	(1 534)	(560)	(1 541)
Raw materials and materials		7	(287)	(239)	(232)
Water		(931)	(3 131)	(634)	(2 218)
Change in realisable value of inventories and impairment of fixed assets	7	(570)	(527)	60	(12)
Other costs		(628)	(2 652)	(755)	(2 472)
Other operational expenses	15	(58)	(528)	(148)	(409)
Operating expenses, total		(26 769)	(82 203)	(24 261)	(76 757)
Operating profit (loss)		7 904	18 241	7 281	8 957
Other interest and similar income		120	745	86	567
Impairment of financial assets and short-term investments		-	-	-	-
Interest and other similar costs		(301)	(1 513)	(551)	(1 844)
Income from financing and investment activities, net value		(181)	(768)	(465)	(1 277)
Profit before taxation		7 723	17 473	6 816	7 680
Income tax		-	-	-	90
Deferred income tax income (loss)		-	-	(178)	(178)
Profit for the reporting period		7 723	17 473	6 638	7 592
Termination benefits (accrual), other provisions to be reclassified to profit or loss when certain conditions are met	20	-	-	-	-
Gross income		7 723	17 473	6 638	7 592
Earnings per share (EUR)	16	0,18	0,41	0,16	0,18

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

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

Group	Notes	Capital	Legal reserve	Other reserves	Profit available (loss) for distribution	Total
Balance as at 31 December 2023		74 476	7 447	50	15 633	97 606
Formed reserves	-	-	57	75	(132)	-
Reversed reserves	-	-	-	(50)	50	-
Dividends	-	-	-	-	-	-
Profit for the reporting period	-	-	-	-	7 753	7 753
Other gross income	-	-	-	-	-	-
Balance as at 31 December 2024		74 476	7 504	75	23 304	105 359
Formed reserves	-	-	4	-	(4)	-
Reversed reserves	-	-	-	(25)	25	-
Dividends	-	-	-	-	(1 042)	(1 042)
Profit for the reporting period	-	-	-	-	17 797	17 797
Other gross income	-	-	2	-	7	9
Balance as at 31 December 2025		74 476	7 510	50	40 087	122 123

Company	Notes	Capital	Legal reserve	Other reserves	Profit available (loss) for distribution	Total
Balance as at 31 December 2023		74 476	7 447	50	14 750	96 723
Formed reserves	-	-	1	75	(75)	1
Reversed reserves	-	-	-	(50)	50	-
Dividends	-	-	-	-	-	-
Profit for the reporting period	-	-	-	-	7 592	7 592
Other gross income	-	-	-	-	-	-
Balance as at 31 December 2024		74 476	7 448	75	22 317	104 316
Formed reserves	-	-	-	-	-	-
Reversed reserves	-	-	-	(25)	25	-
Dividends	-	-	-	-	(1 042)	(1 042)
Profit for the reporting period	-	-	-	-	17 473	17 473
Other gross income	-	-	-	-	-	-
Balance as at 31 December 2025		74 476	7 448	50	38 773	120 747

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

CONDENSED INTERIM CASH FLOW STATEMENTS

	Notes	Group		Company	
		2025	2024	2025	2024
Cash flows from (to) operating activities					
Profit for the current period		17 797	7 753	17 473	7 592
Depreciation and amortisation		10 843	9 581	10 762	9 516
Depreciation covered by grants/grants		(1 587)	(1 551)	(1 586)	(1 551)
Receivables write-offs and changes in value		398	305	398	281
Losses (gains) on the sale and write-down of fixed assets and the value of shares		54	(38)	54	(38)
Change in realisation and fixed asset value of inventories		527	12	527	12
Change in employee benefit commitment		(47)	143	(28)	135
Changes to other non-monetary items		20	622	(29)	553
Change in provisioning liabilities		331	865	354	853
Elimination of financial and investment performance		726	1 067	768	1 276
Decrease in inventories (increase)		63	16	23	(223)
Decrease in prepayments (increase)		194	(488)	686	(540)
Decrease in accounts receivable from customers (increase)		(2 735)	(1 191)	(2 634)	(1 861)
Decrease (increase) in other receivables		84	1 955	(162)	1 940
Increase (decrease) in repayments after one year		40	29		
Increase (decrease) in liabilities to suppliers		1 610	(1 718)	1 454	(1 589)
Increase (decrease) in employment-related liabilities		266	309	248	269
Corporate Income Tax Paid		(60)	(125)		
Increase (decrease) in taxes payable		430	320	351	360
Increase (decrease) in prepayments received		(140)	236	(110)	261
Increase (decrease) in other current liabilities		33	(195)	33	(194)
Net cash flows from operating activities		28 847	17 907	28 906	17 052

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CONDENSED INTERIM CASH FLOW STATEMENTS (continued)

	Note s	Group		Company	
		2025	2024	2025	2024
Cash flows from (to) investing activities					
Acquisition of intangible fixed assets and property, plant and equipment		(23 815)	(22 362)	(23 578)	(22 222)
Sale of property, plant and equipment		74	17	74	17
Subsidy received		86	622	86	618
Interest received on overdue receivables		762	594	745	567
Acquisition of investments, change in value		498	(500)	(2)	-
Net (used) cash flows from investing activities		(22 395)	(21 629)	(22 675)	(21 020)
Cash flows from (to) financing activities					
Loans received		-	12 000	-	12 000
Loans repaid		(4 078)	(3 896)	(4 078)	(3 896)
Interest paid		(1 543)	(1 844)	(1 543)	(1 844)
Rent payments		-	(16)	-	(12)
Dividend paid		(1 042)	-	(1 042)	-
Subsidy received			5		5
Grynieji finansinės veiklos pinigų srantai		(6 663)	6 249	(6 663)	6 253
Net increase (decrease) in cash flows		(211)	2 527	(433)	2 285
Cash and cash equivalents at the beginning of the period		11 074	8 547	9 600	7 315
Cash and cash equivalents at the end of the period		10 863	11 074	9 168	9 600
(end)					

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

NOTES TO THE CONDENSED SET OF INTERIM FINANCIAL STATEMENTS**1. General information**

AB Kauno Energija (hereinafter referred to as the Company) is a public limited liability company registered in the Republic of Lithuania. Its registered office address is Raudondvario pl. 84, Kaunas, Lithuania. Data about the Company is collected and stored in the Registry of Legal Entities.

The Company is engaged in the supply of heat and hot water, production and sale of electricity and maintenance of collector-tunnels.

maintenance of collectors-tunnels. The Company also provides heating system maintenance services. The Company was registered on 1 July 1997 following the reorganisation of AB Lietuvos Energija. The company code 235014830. The Company's shares are traded on the Baltic Additional Trading List of the Nasdaq Vilnius Stock Exchange.

As at 31 December 2025 and 31 December 2024, the Company's shareholders were:

	2025-12-31		2024-12-31	
	Number of held shares, units	Ownership (%)	Number of held shares, units	Ownership (%)
Kaunas city municipality	39.736.058	92,84	39.736.058	92,84
Kaunas district municipality	1.606.168	3,75	1.606.168	3,75
Jurbarkas district municipality	746.405	1,74	746.405	1,74
Other minor shareholders	713.512	1,67	713.512	1,67
	42.802.143	100,00	42.802.143	100,00

The Company's authorised capital is equal to EUR 74,475,728.82 and is divided into 42,802,143 ordinary shares with a nominal value of EUR 1.74 each. As at 31 December 2025 and 31 December 2024, the Company had no treasury shares. As at 31 December 2025 and 31 December 2024, all shares were fully paid up.

On 31 December 2025, the Company and its subsidiary UAB GO Energy LT form a group (the Group):

Company, registered office address	Group's shareholding	Cost investment	of Profit (loss)	Formed mandatory reserve	Equity	Main activities
UAB „GO Energy LT” Raudondvario pl. 84, Kaunas	100 percent	2 763	1 214	62	4 039	Innovative energy projects, consultancy, rental

The Company and the Group also own a 22 per cent stake in UAB Kauno miesto paslaugų centras. The cost of the investment is EUR 75 thousand. The investment is accounted for using the Equity Method. As of 31 December 2025, the share of profit calculated by the equity method amounted to EUR 26 thousand Eur. Total Investment in this Associate is EUR 190 thousand Eur.

In 2025, AB Kauno energija established the Public Enterprise "Transformations". The incorporation contribution is 2 thousand Eur. The activity of the Public Institution is the organization of cultural artistic activities for the residents of Kaunas city and guests of the city.

The average number of employees of the Group during the reporting period is 391, the average number of employees of the Company is 350.

1. General information (continued)

Legal regulation

According to the Law on Heat Economy of the Republic of Lithuania, the Company's activities are licensed and regulated by the State Energy Regulatory Council (hereinafter referred to as the Council). 26 February 2004 The Council granted the Company a heat supply licence. The licence is valid for an indefinite period of time, but may be revoked by an appropriate Council decision, subject to compliance with certain conditions. The Council also sets caps on heat supply prices. 13 September 2018 By Resolution No. O3E-283, the Council established the components of the basic heat price for the Company, which were valid until 31 March 2024. From 1 April 2024 to 31 December 2025, new heat prices calculated in accordance with the 23 February 2024 tariffs were in force. The level of income from heat production and supply of AB "Kauno energija" unilaterally established by the Council resolution.

General information (continued)

Economic activities

The Company's production capacities consist of the Petrašiūnai power plant, 5 boiler houses in Kaunas integrated network, 7 regional boiler houses in Kaunas district, 1 in Jurbarkas, 14 isolated network and 26 local (household) boiler houses in Kaunas city, as well as 8 boiler houses for water heating in Sargėnai district.

The total installed thermal capacity of the Company consists of about 520.6 MW (of which 52.9 MW – condensing economizers and 3.1 MW – absorption heat pumps), electric – 8.75 MW), of which the thermal capacity of the Petrašiūnai power plant is 169.2 MW (of which 17.8 MW – condensing economizers and 2.4 MW absorption heat pump) and 8 MW of electrical capacity. In Jurbarkas – 40.1 MW thermal (of which 4.4 MW – condensing economizers and 0.7 MW absorption heat pump). The total energy production capacity of the entire Company is about 534.7 MW (of which 52.9 MW are condensing economizers).

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

2. Basis of preparation of the financial statements

The condensed interim financial statements of the Company and the Group for the twelve-month period ended 31 December 2025 are prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union (EU) and their interpretations. The standards were issued by the International Accounting Standards Board (IASB) and their interpretations were issued by the International Committee for the Interpretation of Financial Statements (IFRIC). All accounting principles for the preparation of condensed interim financial information are the same as for the preparation of the annual financial statements for the year 2024.

These financial statements are prepared on an acquisition cost basis, with the exception of financial assets and liabilities for which changes in fair value are recognised as profit or loss. Historical cost is essentially based on the fair value of the consideration paid for the asset. These financial statements have been prepared in accordance with the principle of business continuity, based on the assumption that the Company and the Group will be able to continue their activities in the near future

The Company and the Group's management do not expect the new standards adopted from 2025 onwards. The adaptation of the amendments and clarifications in force on 1 January would have a significant impact on the Company's separate and consolidated financial statements of the Group for the period from the beginning of the year to 2025 December 31.

The Company's financial year coincides with the calendar year.

The management of the Company has approved the following interim financial statements on 23 February 2026.

3. Application of assessments in preparation of financial statements

When preparing financial statements in accordance with IFRS adopted for use in the EU, management must make calculations and estimates for assumptions that affect the application of accounting principles and for amounts related to assets and liabilities, income and expenses. The calculations and the assumptions associated with them are based on historical experience and other factors that are consistent with the current conditions and on the basis of the results of which a conclusion is drawn about the residual values of assets and liabilities that cannot be inferred from other sources. Actual results may differ from estimates. The calculations and related assumptions are constantly reviewed. Adjustments to the calculations are recognized as promising..

The main forward-looking assumptions and other material sources of valuation uncertainty at the date of the interim statements on the financial position that entail material risk and may require a material adjustment to the balance sheet amounts of assets or liabilities in the following financial year shall be the same as those described in the last set of separate and consolidated annual financial statements..

4. Definition of lease

Until 1 January 2019 the Group and the Company determined at the time of signing the agreement whether the agreement meets the definition of lease in accordance with IFRIC 4 "Determining Whether an Arrangement Contains a Lease". From 1 January 2019, when an agreement is concluded, the determining whether an arrangement contains a lease or includes a lease is based on the new definition. Under IFRS 16, A contract, or part of a contract, that conveys the right to use an asset for a period of time in exchange for consideration.

In evaluating or re-evaluating an agreement that contains a lease component, the Group and the Company allocate the contractual consideration provided for in the agreement to each of the parts of the agreement that have and do not have a lease component on the basis of their relative stand-alone prices. However, in the case of leases of immovable property where the Group and the Company are lessees, the Group and the Company have chosen not to separate the lease-free components and instead to account for the lease-free and lease-containing components together as a single lease component.

The Group and the Company, as tenant, have previously classified the lease as an operating or finance lease based on an assessment of whether the lease agreement essentially provides for the transfer of all risks and rewards of ownership. The Group and the Company recognise right-of-use assets and lease liabilities in lease agreements in accordance with the provisions of IFRS 16. These leases are shown in the balance sheet.

The Group and the Company depict the assets under the right of use in the article on the assets under the right of use

Recognised lease liabilities in the financial statement are presented in the items of leasing (financial lease) and long-term financial debts and leasing (financial lease) for the current year.

5. Measurement of fair value

At initial recognition, the transaction price of an acquired asset or a liability assumed in an exchange transaction entered into for a particular asset or liability is the price paid at the time the asset is acquired or the liability is assumed (the acquisition price). In comparison, the fair value of the asset or liability is the price that would be obtained from the sale of the asset or paid for the disposal of the liability (the sale/transfer price).

If the Company initially measures an asset or liability at fair value and the transaction price differs from fair value, the difference is recognised as a gain or loss unless otherwise specified in the IFRSs.

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

- in the underlying market for the asset or liability, or
- in absence of a principal market, the most favourable market for the asset or liability in question.

Where observable variables that are directly observable by the Company are not available at the measurement date, i.e. prices quoted (not adjusted) in active markets for identical assets or liabilities, fair value is determined by reference to adjusted observable variables that are directly observable. Adjusted variables are:

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

Where observable variables are not available (directly or indirectly), fair value shall be determined by reference to unobservable variables that the Group and the Company produce using valuation techniques.

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

The fair value of liability reflects the impact of inactivity risk. Inactivity risk includes, but is not limited to, the entity's own credit risk. When determining the fair value of a liability, an entity shall assess the effects of its credit risk (financial position) and other factors that may affect the likelihood that the liability will or will not be met.

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

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

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

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

6. Property, plant and equipment

During the 12 months of 2025, acquisitions of fixed tangible assets of the Group and the Company amounted to EUR 23,801 thousand and EUR 23,578 thousand. The residual value of the sold and written off fixed tangible assets amounted to EUR 69 thousand and EUR 69 thousand. The cost of the acquired property includes all costs related to the construction, purchase and materials of the property.

The depreciation costs of the Group's and the Company's real estate, equipment and equipment during the 12 months of 2025 amount to EUR 10,597 thousand and EUR 10,526 thousand. The amounts of the Group's and the Company's depreciation expenses were included in the operating expenses in the Income Statement and other comprehensive income, as well as in the lines of other expenses. Part of the depreciation costs of the Group and the Company – EUR 1,586 thousand and EUR 1,586 thousand were covered by the amounts of the grants received.

After assessing the internal and external characteristics, the management of the Group and the Company did not identify a significant additional impairment of real estate, equipment and equipment during the 12 months of 2025.

Part of the Group's real estate, equipment and equipment, the acquisition value of which as at 31 December 2025 was equal to EUR 32,884 thousand (as of 31 December 2024, EUR 33,987 thousand), the Company's – EUR 32,848 thousand was fully depreciated (EUR 33,987 thousand as of 31 December 2024), but is still used in operations.

As at 31 December 2025 and 31 December 2024 the majority of the Group's and the Company's unfinished construction consists of reconstruction and overhaul works of boiler house equipment and heat supply networks.

As at 31 December 2025, real estate, plant and equipment with a residual value equal to the Group's EUR 6,089 thousand (as of 31 December 2024 – EUR 5,628 thousand), and the Company's – EUR 6,089 thousand (as of 31 December 2024 – EUR 5,628 thousand), was pledged to the Ministry of Finance of the Republic of Lithuania as a loan collateral.

7. Inventories

	Group		Company	
	2025-12-31	2024-12-31	2025-12-31	2024-12-31
Technological fuel	673	1 268	673	1 268
Spare parts	457	435	457	435
Material	262	329	261	329
Items for resale	197	109		
	1 589	2 141	1 391	2 032
To be deducted: write-down to net realisable value at the end of the period	(289)	(380)	(289)	(380)
Carrying amount of inventories	1 300	1 761	1 102	1 652

The depreciation of the Group's and the Company's inventories to the net potential realisable value as of 31 December 2025 amounted to EUR 289 thousand (as of 31 December 2024 – EUR 380 thousand). Change in inventory depreciation to net realisable value in 2025 and 2024 in the Profit (Loss) and Other Comprehensive Income Statements of the Group and the Company are included in the item Expense for the change in the realisation value of inventories.

8. Amounts receivable from buyers

	Group		Company	
	2025-12-31	2024-12-31	2025-12-31	2024-12-31
Trade receivables	23 013	20 409	22 809	20 463
To be deducted: expected credit losses	(5 108)	(4 711)	(5 092)	(4 711)
	17 905	15 698	17 718	15 752

Change in the impairment of doubtful receivables on 31 December 2025 and 31 December 2024 in the statements of Profit (Loss) and Other Comprehensive Income of the Group and the Company, it is included in the item Cost of change in the impairment of receivables. The impairment of doubtful receivables is measured on the basis of the expected credit loss.

The amounts receivable from the Group and the Company from buyers are interest-free and usually have a payment term of 30 days or individually agreed.

9. Other receivables

	Group		Company	
	2025-12-31	2024-12-31	2025-12-31	2024-12-31
Refundable taxes	115	137	5	88
Other receivables	661	808	650	814
To be deducted: expected credit losses	-	(85)	-	(85)
	776	860	655	817

As of 31 December 2025 and 31 December 2024 other receivables of the Group and the Company consisted of taxes receivable from the state, receivables for sold stocks (scrap metal, heating system equipment), and services provided (collector maintenance services, etc.).

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

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

Credit risk

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

10. Financial debts

All loans of the Group and the Company are accounted for and repaid in euro. The weighted average (percentage) of the interest rate on outstanding loans as at 31 December 2025 and 31 December 2024 was as follows:

	Group		Company	
	2025-12-31	2024-12-31	2025-12-31	2024-12-31
Long-term loans	2,80	3,61	2,80	3,61

Repayment terms of long-term loans:

	Group		Company	
	2025-12-31	2024-12-31	2025-12-31	2024-12-31
Long-term financial debts (loans):	57 825	62 658	57 825	62 658
Payable between 2 and 5 years	22 047	21 368	22 047	21 368
Payable after 5 years	35 778	41 290	35 778	41 290
Current portion of long-term loans	4 833	4 078	4 833	4 078
	62 658	66 736	62 658	66 736

As at 31 December 2025 in the statement of financial position, in the item on long-term financial debts, the Group and the Company accounted for the amounts of financial debts to be repaid after 1 year and not paid thereafter.

Interest payable to financial institutions, which amounts to EUR 176 thousand and EUR 176 thousand, respectively, the Group and the Company account for the part of the Accrued Cost Balance Sheet.

Details of the Group's and Company's loans as at 31 December 2025:

	Credit institution	Date of contract	Amount, thousands EUR	Loan Repayment term	Balance on 31/12/2025 thousand. Euro	Balance on 31/12/2024 thousand. Euro
1	EIB**	2020-08-07	15 000	2035-08-24	9 750	10 750
2	EIB**	2020-08-07	12 000	2036-08-18	9 736	10 642
3	EIB**	2020-08-07	14 000	2037-08-22	12 415	13 472
4	EIB**	2020-08-07	14 000	2038-09-29	13 472	14 000
5	EIB**	2024-10-30	12 000	2039-10-31	12 000	12 000
6	LR Finansų m.*	2010-10-26	807	2034-03-15	347	385
7	LR Finansų m.*	2010-04-09	2 410	2034-03-15	842	936
8	LR Finansų m.*	2014-01-15	793	2034-12-01	374	416
9	LR Finansų m.*	2014-03-31	7 881	2034-12-01	3 722	4 135
					62 658	66 736

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

The EIB has determined that the Company is required to comply with the ratio of net financial debt to EBITDA set for the half-year, which shall not exceed 4.75. According to the loan agreements, the Company's equity ratio (total equity/assets) must be at least 35 %. On 31 December 2025 The company fulfilled the established indicators.

Loan agreements provide for certain restrictions. The Company may not grant dividends, issue and/or receive new loans, provide support, sell or lease pledged assets without the written consent of the banks.

11. Other provisions

The total amount accrued in the Other provisions item in 2024 On December 31, which amounted to EUR 2,269 thousand, in the first half of 2025 was settled. On 31 December 2025, provisions were formed in the amount of EUR 2,874 thousand for future price reduction commitments.

12. Cash and cash equivalents

	Group		Company	
	2025-12-31	2024-12-31	2025-12-31	2024-12-31
Cash on the road	304	330	304	330
Cash in the bank	10 559	10 744	8 864	9 270
	10 863	11 074	9 168	9 600

13. Changes in equity

Statutory reserve and other reserves

The minimum reserve is mandatory in accordance with the legislation of the Republic of Lithuania. It is mandatory to transfer at least 5 percent of the net profit calculated in accordance with the International Financial Reporting Standards to it annually until the reserve reaches 10 percent of the authorized capital. The minimum reserve cannot be allocated to dividends, but can be used to cover future losses. The mandatory reserve is fully formed in Kauno Energija.

In the subsidiary, the amount of EUR 4 thousand was transferred to the mandatory reserve when distributing the result for 2024.

When distributing the profit for 2024, it was decided to transfer EUR 50 thousand to Other reserves.

14. Sales income

The activities of the Group and the Company are thermal energy supply, heating of buildings and maintenance of hot water supply systems, production of electricity and other activities. Part of the population chose the Company as a hot water supplier. These activities are closely related to each other, therefore, for management purposes, it is considered that the Group and the Company organise their activities in one segment – the supply of thermal energy.

The Group's and the Company's activities are seasonal, most of the income is earned during the heating season, which starts in October and ends in April.

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

	<u>Group</u>		<u>Company</u>	
	<u>31 December 2025 from the beginning of the year</u>	<u>31 December 2024 from the beginning of the year</u>	<u>31 December 2025 from the beginning of the year</u>	<u>31 December 2024 from the beginning of the year</u>
Heat supply	88 114	76 989	88 135	76 989
Hot water supply	9 931	6 759	9 931	6 759
Maintenance of hot water metering devices	1 914	1 311	923	712
Maintenance of collectors	366	379	366	348
Maintenance of heating and hot water systems in buildings	9	9	9	9
Other income	154	-	-	-
Sale of tradable emission allowances	(527)	(696)	(527)	(696)
	99 961	84 751	98 837	84 121

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

	<u>Group</u>		<u>Company</u>	
	<u>31 December 2025 from the beginning of the year</u>	<u>31 December 2024 from the beginning of the year</u>	<u>31 December 2025 from the beginning of the year</u>	<u>31 December 2024 from the beginning of the year</u>
Residents	73 583	63 079	73 573	63 079
Other users	12 177	10 384	11 063	9 755
Budgetary organisations financed from the state budget	6 657	5 706	6 657	5 706
Budgetary organisations financed from municipal budgets	4 339	3 590	4 339	3 589
Institutions financed by territorial health insurance funds	2 733	2 202	2 733	2 202
Industrial users	999	486	999	486
Price reduction commitment	(527)	(696)	(527)	(696)
	99 961	84 751	98 837	84 121

15. Other operating income and expense

Income from other activities includes:

	Group		Company	
	31 December 2025 from the beginning of the year	31 December 2024 from the beginning of the year	31 December 2025 from the beginning of the year	31 December 2024 from the beginning of the year
Other operating income				
Sold stock	771	1 641	455	784
Various services provided	1 237	617	767	617
Compensation received	6	19	6	8
Profit from the sale of fixed assets	40	529	45	32
Other	334	152	334	152
	2 388	2 958	1 607	1 593

Other operating costs include:

	Group		Company	
	31 December 2025 from the beginning of the year	31 December 2024 from the beginning of the year	31 December 2025 from the beginning of the year	31 December 2024 from the beginning of the year
Other operating costs				
Cost of various services provided	(667)	(542)	(370)	(294)
Sold stock	(380)	(495)	(27)	(33)
Costs for previous periods	(109)	(78)	(109)	(78)
Sale, write-off of fixed assets	(21)	-	(21)	-
Other	(5)	(142)	(1)	(4)
	(1 182)	(1 257)	(528)	(409)

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

16. Basic and diluted earnings per share

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

	Group		Company	
	31 December 2025 from the beginning of the year	31 December 2024 from the beginning of the year	31 December 2025 from the beginning of the year	31 December 2024 from the beginning of the year
Profit for the reporting period	17 797	7 753	17 473	7 592
Number of shares (thousands), beginning of period	42 802	42 802	42 802	42 802
Number of shares (thousands), end of period	42 802	42 802	42 802	42 802
Weighted average number of ordinary shares in issue (thousands)	42 802	42 802	42 802	42 802
Basic and diluted earnings per share (EUR)	0,42	0,18	0,41	0,18

17. Commitments and contingencies not included in the balance sheet

On 26.02.2024, AB "Kauno energija" filed a complaint with the Regional Administrative Court regarding the validity of the NERC resolutions No. O3E-141 "On the determination of the level of heat production and/or supply income of AB "Kauno energija" for the first year of validity of the basic level of heat production and/or supply income":

Essence of the case: AB "Kauno energija" (the Petitioner) disputes the rulings of the State Energy Regulatory Authority (NERC) (Defendant) by court procedure: Resolution No. O3E-84 of 26.01.2024, Resolution No. O3E-141 of 09.02.2024 and Resolution No. O3E-213 of 23.02.2024.

Complaint amount: EUR 2,587.50 thousand.

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

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

18. Related party transactions

Parties are considered related when one party has the ability to control the other or can exert significant influence over the other party's financial and operational decisions.

During the 12 months of 2025, the Group and the Company did not have significant transactions with other companies controlled by Kaunas City Municipality, except for the purchase or provision of utilities. Transactions with Kaunas City Municipality and companies controlled by Kaunas City Municipality were carried out at market prices.

At the end of the year 2025 and 2024, the Group's and the Company's transactions with Kaunas City Municipality and companies financed and controlled by Kaunas City Municipality and their debts and liabilities at the end of the periods were as follows:

Kaunas City Municipality, its financed and fully managed companies	Purchases	Sales	Receivables	Payables
12 months of 2025	3 328	4 817	871	722
12 months of 2024	2 402	3 892	1 177	534

Sales include the amounts of housing heating costs, cold water and sewage costs and hot water compensation for deprived residents.

The procurements include the procurement of services of the Municipal Enterprises for the needs of the Company.

As at 31 December 2025 and 31 December 2024 The company's transactions with subsidiaries and balance sheet balances at the end of the period were:

UAB "GO Energy LT"	Purchases	Sales	Receivables	Payables
12 months of 2025	1 865	335	37	132
12 months of 2024	2 935	225	27	377

UAB "GO Energy LT" provides real estate services, together with the parent company, participates in energy development projects of unregulated activities, builds and maintains water metering devices, provides cooling services.

19. Management's salary and other benefits

On 31 December 2025 and on 31 December 2024 the management of the Group and the Company consists of 2 and 1 persons. On 31 December 2025 and on 31 December 2024 the Board of the Company consists of 3 members and the Supervisory Board consists of 3 members.

	Group		Company	
	2025 m.	2024	2025	2024
Salary calculated for management	222	176	159	133
Compensation for employee benefits calculated for management	-	-	-	-

During the 12 months of 2025 and 12 months of 2024, no loans, guarantees, no other amounts paid or accrued or transferred assets were granted to the Management of the Group and the Company.

20. Corrections to comparative data

In the preparation of the financial statements for the 12 months of 2025, the items of expenses and income were reclassified, therefore, the comparative data for the 12 months of 2024 were also adjusted. The reallocation of cost items was carried out only in the data grouping and therefore had no impact on the financial results.

21. Events after the date of the balance sheet

There have been no other events after the reporting date that could have a material effect on the financial statements or that should be disclosed in the financial statements.