

30/04/2020 No. SD-188

## CERTIFICATION STATEMENT

Referring to the provisions of the Article 14 of the Law on Securities of the Republic of Lithuania and the Rules of Disclosure of the Bank of Lithuania, we, the undersigned AB „Ignitis gamyba” Rimgaudas Kalvaitis, Chief Executive Officer, Mindaugas Kvekšas, Director of Finance and Administration, and Dalia Motiejūnienė, Head of Accounting and consultation division of UAB „Ignitis grupės paslaugų centras”, hereby confirm that, to the best of our knowledge, AB „Ignitis gamyba” condensed Interim Financial Information for three-month period ended 31 March 2020 are prepared according to International Accounting Standard 34 “Interim financial reporting” adopted by the European Union, give a true and fair view of AB „Ignitis gamyba” assets, liabilities, financial position, profit or loss for the period and cash flows, the Interim Report for the three-month period includes a fair review of the activities business development as well as the condition of AB „Ignitis gamyba” and with the description of the principle risk and uncertainties it faces.

Chief Executive Officer

Rimgaudas Kalvaitis

Finance and Administration Director

Mindaugas Kvekšas

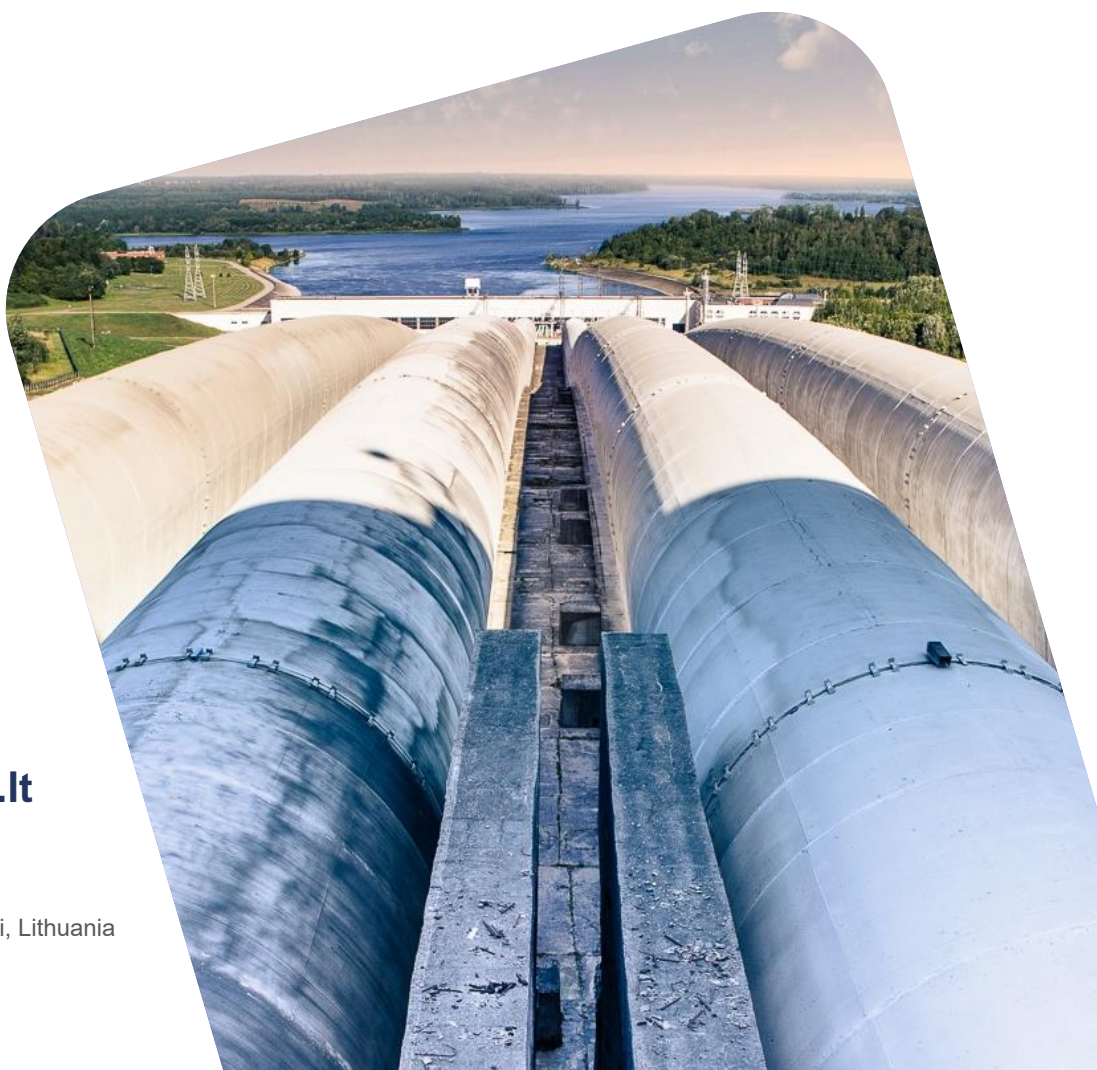
UAB „Ignitis grupės paslaugų centras”,  
Head of Accounting and consultation division,  
acting under Order No. IS-88-20 (signed 10/04/2020)

Dalia Motiejūnienė

# 2020

## IGNITIS GAMYBA AB

COMPANY'S INTERIM REPORT AND CONDENSED INTERIM FINANCIAL INFORMATION FOR 3 MONTHS PERIOD ENDED 31 MARCH 2020, PREPARED ACCORDING TO INTERNATIONAL ACCOUNTING STANDARD 34, 'INTERIM FINANCIAL REPORTING' AS ADOPTED BY THE EUROPEAN UNION (UNAUDITED)



[www.ignitisingamyba.lt](http://www.ignitisingamyba.lt)

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Company code 302648707

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Condensed interim financial information of Ignitis Gamyba AB were approved on 30 April 2020 by the Chief Executive Officer, the Director of Finance and Administration, and the Head of Accounting and consultation division of Ignitis Grupės Paslaugų Centras UAB (acting under Order No IS-88-20 of 10/04/2020):

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**Rimgaudas Kalvaitis**  
Chief Executive Officer

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**Mindaugas Kvekšas**  
Finance and Administration Director

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**Dalia Motiejūnienė**  
Head of Accounting and consultation  
division of Ignitis Grupės Paslaugų  
Centras UAB , acting under  
Order No IS-88-20 of 10/04/2020

2020

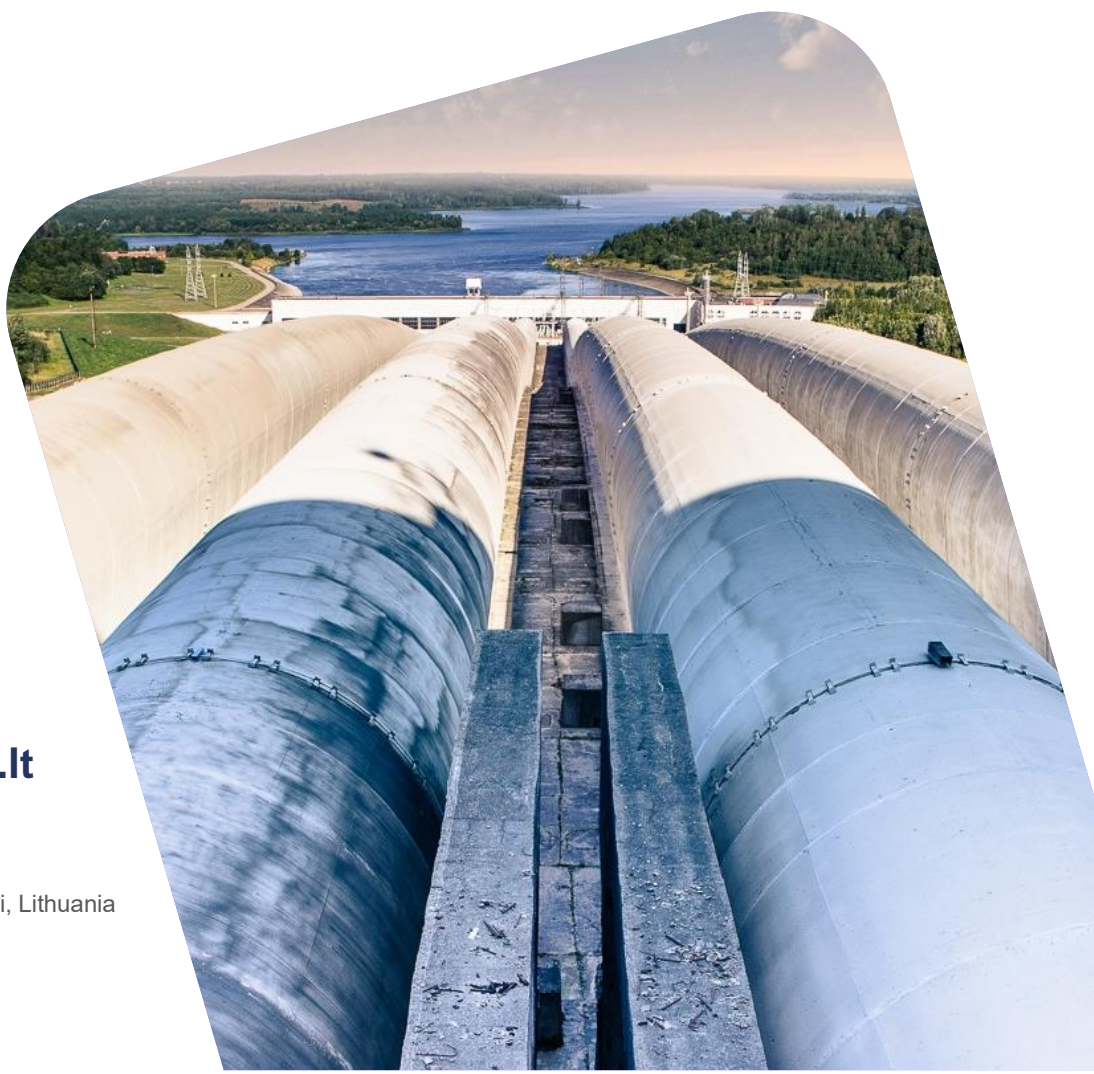
# IGNITIS GAMYBA, AB INTERIM REPORT

FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020



[www.ignitisingamyba.lt](http://www.ignitisingamyba.lt)

Ignitis Gamyba AB  
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## INTERIM REPORT

All amounts are in EUR thousand unless otherwise stated

### Reporting period covered by the Interim Report

The Interim Report provides information to the shareholders, creditors and other stakeholders of Ignitis Gamyba AB (hereinafter "the Company") about the Company's operations for the period of January-March 2020.

### Legal basis for preparation of the Interim Report

The Interim Report of AB Ignitis Gamyba has been prepared by the Company's Administration in accordance with the Lithuanian Law on Securities, the Lithuanian Law on Companies, the Rules for Disclosure of Information and the updated version of the Guidelines for Disclosure of Information approved by the Board of the Bank of Lithuania, the Lithuanian Government's Resolution On the approval of the guidelines for ensuring transparency of operations of state-owned entities and other legal acts.

### Individuals responsible for the information contained in the Interim Report

Role	Full name	Telephone
Ignitis Gamyba AB, Chairman of the Board, CEO	Rimgaudas Kalvaitis	+370 618 37392
Ignitis Gamyba AB, the Board member, Director of Finance and Administration	Mindaugas Kvekšas	+370 618 37392

### Information on the availability of the report and the documents used in preparing the report, and on means of mass media in which the Company's public reports are published

The report and the documents, on the basis of which it was prepared, are available at the head office of Ignitis Gamyba AB, (Elektrinės g. 21, Elektrėnai), on working days from Mondays through Thursdays from 7.30 a.m. To 4.30 p.m., and on Fridays from 7.30 a.m. to 3.15 p.m.

The report is also available on the website of the Company at [www.ignitisingamyba.lt](http://www.ignitisingamyba.lt) and the website of Nasdaq Vilnius stock exchange at [www.nasdaqbaltic.com](http://www.nasdaqbaltic.com).

All public announcements, which are required to be published by the Company according to the effective legal acts of the Republic of Lithuania, are published on the Company's website ([www.ignitisingamyba.lt](http://www.ignitisingamyba.lt)) and the website of Nasdaq Vilnius stock exchange ([www.nasdaqbaltic.com](http://www.nasdaqbaltic.com)).



## INTERIM REPORT

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### KEY OPERATING AND FINANCIAL INDICATORS OF THE COMPANY

A detailed description of the Company's alternative performance indicators and the methodology for their calculation is provided in the section "Financial Reports" (link) of the section "For Investors" of the Company's website.

		3 months 2020	3 months 2019	Change	
				+/-	%
<b>KEY OPERATING INDICATORS</b>					
Electricity generated	TWh	0,31	0,17	0,14	79,26
<b>KEY FINANCIAL INDICATORS</b>					
Revenue	EUR'000	31.955	45.489	-13.534	-29,75
Costs for the purchase of electricity, fuel and related services	EUR'000	12.054	11.992	62	0,52
Operating expenses <sup>1</sup>	EUR'000	5.093	5.326	-233	-4,37
EBITDA <sup>2</sup>	EUR'000	14.808	25.726	-10.918	-42,44
EBITDA margin <sup>3</sup>	%	46,3	56,6	-10,2 p. p.	
Adjusted EBITDA <sup>4</sup>	EUR'000	14.103	14.525	-422	-2,91
Adjusted EBITDA margin <sup>5</sup>	%	44,1	42,4	1,8 p. p.	
Net profit (loss)	EUR'000	7.321	18.630	-11.309	-60,70
		At 31/03/2020	At 31/03/2020	Change	
				+/-	%
Total assets	EUR'000	628.702	642.069	-13.367	-2,08
Equity	EUR'000	406.153	405.142	1.011	0,25
Borrowings	EUR'000	24.630	37.069	-12.439	-33,56
Net debt <sup>6</sup>	EUR'000	-44.425	-39.020	-5.405	13,85
Return on equity (ROE) <sup>7</sup>	%	7,2	18,4	-11,2 p. p.	
Equity ratio <sup>8</sup>	%	64,6	63,1	1,5 p. p.	
Net debt/EBITDA for 12 months	%	-75,0	-37,9	-37,1 p. p.	
Net debt/Equity	%	-10,9	-9,6	-1,3 p. p.	
Assets turnover ratio <sup>9</sup>	%	20,3	28,3	-8 p. p.	
Current liquidity ratio <sup>10</sup>	%	440,0	415,4	24,6 p. p.	

<sup>1</sup> Operating expenses, excluding costs of purchase of electricity and related services, costs of fuel used for production, depreciation and amortisation costs, impairment losses, revenues/expenses of revaluation of emission allowances, long-lived tangible assets write-down costs, and costs of inventory sold.

<sup>2</sup> Profit (loss) before tax + finance costs – finance income – dividends received + depreciation and amortisation costs + impairment losses + revenues/expenses of revaluation of emission allowances + write-offs of property, plant and equipment.

<sup>3</sup> EBITDA/Revenue.

<sup>4</sup> EBITDA result is reported after the adjustments made by the management, eliminating the impact of one-time factors, and by measuring the change in income (and, consequently, EBITDA) from regulated services provided by the Company, if income is recognized to the extent permitted under the NERC methodologies, volume of income, taking into account the amount of allowable return on investment and the actual costs of the services providing during the period. The purpose of these adjustments is to disclose the results of the ordinary activities of the Company, without the occurrence of atypical, one-time factors that are not directly attributable to the current period. All adjustments made by the management are disclosed in the Company's interim and annual reports.

<sup>5</sup> Adjusted EBITDA/Revenue.

<sup>6</sup> Financial debts – Cash and cash equivalents – Short-term investments and term deposits – Share of non-current other financial assets consisting of investments in debt securities.

<sup>7</sup> Net profit (loss), restated annual value/Owner's equity at the end of the period.

<sup>8</sup> Equity at the end of the period/Total assets at the end of the period.

<sup>9</sup> Revenue, restated annual value/Total assets at the end of the period.

<sup>10</sup> Short-term assets at the end of the period/short-term financial liabilities at the end of the period.

## INTERIM REPORT

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### MANAGEMENT'S FOREWORD

#### Dear customers, shareholders, partners and employees,

The year 2020 started with big news in the area of green energy – we signed a contract for a new 3 MW solar power plant in Obeniai, Elektrėnai Municipality, and we undertook to contribute to establishment of the largest solar power plant in the Baltic States at present. In such a way the 1 MW solar park will be expanded. It will start operating in the beginning of May and it will provide a possibility for the Lithuanian residents to generate electric energy for their flats or houses themselves.

The implementation of other projects was taken forward a lot in the beginning of the year, as well. We notified the society in February that disassembly of two unused chimneys in Elektrėnai Complex will be started in summer already. It will be a unique project – as far as we know, demolition works at such height have not been performed in the Baltic States before. We plan to finish the disassembly works of these chimneys until autumn 2021.

Thus, the beginning of the year did not promise the changes that happened after declaration of the quarantine in Lithuania in mid-March. However, we are a strategical company, so we had undertaken all the possible precautions to protect our employees already before the quarantine was declared. We understand perfectly well that the specialists operating the equipment are the necessary link for safeguarding of our strategical services. 70 percent of our employees cannot work in the remote mode. They are needed in the corporate objects, so it was necessary to create conditions for their safe work. Approx. 150 employees have key functions in the production objects. Mainly they belong to the teams of operation and technical maintenance of Elektrėnai Complex, Kruonis Pumped Storage Power Plant (hereinafter “Kruonis PSHP”), and Kaunas Hydroelectric Power Plant (hereinafter “Kaunas HPP”). Therefore, we had assessed possibilities of replaceability of key functions already before the quarantine and we know that if needed, the employees may service different power plants. To protect our employees, we isolated the operation stands, so that only the persons working there could have access to them, and the teams were isolated from each other. Several scenarios have been prepared with regard to the changing situation. They develop from each other and have to safeguard reliable work of the power plants. The logic of thinking and planning “for 2 weeks forward” is predominant in our planning of crisis management.

We are not able yet to assess the scope and consequences of the present crisis; however, it does not impact the Company's performance and we have not identified any threats for the performance continuity before publication of this report.

We generated and sold 75.8 percent more electricity in the power plants controlled by the Company in January-March 2020, when compared to January-March 2019.

This result has been mainly achieved by effective use of Kruonis PSHP – we sold 3 times more of electricity generated in Kruonis PSHP in the first quarter of the year.

Elektrėnai Complex also contributed to better production results. It made 6 times more of electricity in January-March 2020 than in January-March 2019. This result was mainly

determined by favourable market conditions for effective operation of the combined cycle unit.

The winter was quite warm again, so we start the second successive year by recording decreasing production indicators in Kaunas A. Brazauskas Hydroelectric Power Plant. We had almost no snow in the beginning of the year, so no bigger flood was caused in January-March 2020. Kaunas A. Brazauskas Hydroelectric Power Plant generated 25,4 percent less electricity than in January-March 2019.

With regard to the financial results of the Company, although revenues were decreasing, but the profitability indexes remained quite stable (except for one-time factors). The adjusted EBITDA in January-March 2020 was 14.1 million euros, and thus, decreased by 2.9 percent, if compared with the same period in 2019. The influence of smaller production volumes in Kaunas A. Brazauskas Hydroelectric Power Plant was compensated by effective use of Kruonis PSHP and larger volumes in Elektrėnai Complex.

Besides, important news reached the minor shareholders of the Company in the end of the first quarter of 2020 – the shares of Ignitis Gamyba were being bought out, and that is a significant step in implementation of the Company's delisting project.

Meanwhile, we are focused on the tense situation caused by the pandemic. As we are managing the largest capacities of strategic generation, we should be prepared for any changes. I am confident that in any case it will not change our main strategical goal – to safeguard reliable strategic electricity production for our country.

**Rimgaudas Kalvaitis**

*Ignitis Gamyba AB, Chairman of the Board and CEO*



## INTERIM REPORT

All amounts are in EUR thousand unless otherwise stated

## MOST SIGNIFICANT EVENTS

### During the reporting period

The District Court of Vilnius Region informed on 03 January 2020 that several minor shareholders of the Company filed a claim asking to recognize the resolutions of the Extraordinary General Meeting of Shareholders of the Company of 04 December 2019 as invalid. The court imposed provisional safeguards and suspended validity of the resolutions of the Extraordinary General Meeting of Shareholders of the Company until the decision in this civil case comes into force. The Company appealed this ruling on 08 January 2020.

The **field tests of operation of the tertiary active power reserve and isolated network** were carried out successfully on 10 January 2020 in Elektrėnai Complex. The Company carried them out under the contractual obligations, having won the auction of the tertiary active power reserve, announced by the Lithuanian transmission system operator LITGRID (hereinafter "TSO") for 2020, and while providing service of operation of the isolated network.

The Company announced on 24 January 2020 that it had entered into the contract with company "IMASD Energias SL" regarding establishment of a **new 3 MW solar power plant in Obeniai**, Elektrėnai Municipality. It is going to be the biggest solar power plant in the Baltic States.

The Company announced on 07 February 2020 that **disassembly works of two unused chimneys in Elektrėnai Complex will be performed** by the company that had won the competition of public procurement, "Vilniaus betono demontavimo technika". The value of the contract for disassembly of two chimneys is 1.89 million euros (excl. VAT). It is planned to finish the disassembly works of these chimneys until autumn 2021.

As the price of natural gas decreased on 13 February 2020, while repairing several power plants in the neighbouring countries and while forecasting smaller production of wind power plants, **the combined cycle unit (hereinafter "CCU") started generating electric energy in full capacity**.

In order to carry out the processes related to delisting of the Company's shares from the Stock Exchange and compulsory buyout of the shares smoothly, **"Ignitis Grupė" entered into a peace agreement** with the Association of Investors that is representing minor shareholders of the Company on 17 March 2020.

The **meeting of the Company's Supervisory Board** passed resolutions on 18 March 2020 to approve the Company's annual report of 2019, set of audited annual financial statements of 2019, proposed profit/loss distribution of 2019, guidelines of remuneration of top-level managers of the group of companies Ignitis Group UAB, and remuneration policy of Ignitis Group UAB *in corpore* as the Company's remuneration policy, and to submit these comments to the Ordinary General Meeting of Shareholders of the Company that is held on 30 April 2020.

The Supervision Service of the Bank of Lithuania approved the non-competitive **official tender circular** of Ignitis Group UAB regarding the Company's shares on 30 March 2020. According to its conditions, the price paid by Ignitis Group UAB for one share is EUR 0,640.

### Subsequent events

Ignitis Group started buyout of the Company's shares on 3 April 2020. The official proposal of Ignitis Group to buy the Company's shares out was valid for 20 days, from 3 April until 22 April (inclusive).

The Company announced on 10 April 2020 that Kruonis PSHP starts implementing the procurement for building the experimental solar power plant floating on the water. The building of 60 kW floating photovoltaic solar power plant in the upper basin of Kruonis PSHP.

On 17 April 2020, the specialists of the Lithuanian Energy Institute completed the socioeconomic study of expansion of capacities of Kruonis PSHP through installation of the 5<sup>th</sup> unit or modernization of the present one. The most attractive technological alternatives were assessed. They were selected during the study of selection of technological alternatives that was finished in January 2020. The study was done by experts from "AFC Switzerland".

On 29 April 2020, a 1 MW solar power plant was opened near in Obeniai on Wednesday. It will generate electric energy to the customers of the world's first remote solar platform, Ignitis Saulės Parkai (Ignitis Solar Parks), which is available to all households in the country.

Further details on the events above and other events significant to the Company are given in other sections of this report and are available on [www.ignitisgamyba.lt](http://www.ignitisgamyba.lt).

## INTERIM REPORT

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## ANALYSIS OF FINANCIAL INDICATORS

A detailed description of the Company's alternative performance indicators and the methodology for their calculation is provided in the section "Financial Reports" (link) of the section "For Investors" of the Company's website.

		3 months 2020	3 months 2019	3 months 2018 <sup>1</sup>	3 months 2017 <sup>1</sup>	3 months 2016 <sup>1</sup>
<b>FINANCIAL INDICATORS</b>						
Revenue from contracts with customers	EUR'000	31.786	35.984	32.632	31.791	33.461
Other revenue	EUR'000	169	9.505	486	292	19.844
EBITDA <sup>2</sup>	EUR'000	14.808	25.726	14.682	14.504	9.558
Adjusted EBITDA <sup>3</sup>	EUR'000	14.103	14.525	14.682	14.504	9.558
Operating profit	EUR'000	8.325	21.398	16.218	4.651	18.119
Net profit (loss) for the reporting period	EUR'000	7.321	18.630	13.955	3.970	13.957
Profit before income tax	EUR'000	8.282	21.381	16.202	4.394	17.809
Cash flows from (to) operating activities	EUR'000	21.943	28.086	18.996	8.399	27.334
Borrowings	EUR'000	24.630	37.069	51.220	124.574	141.924
<b>RATIOS</b>						
Obligations/Equity		0,55	0,58	0,80	1,32	1,35
Financial debts/Equity		0,06	0,09	0,14	0,36	0,40
Financial debts/Asset		0,04	0,06	0,08	0,15	0,17
<b>LOAN COVERAGE RATIO</b>						
Loan coverage ratio (EBITDA)/(interest costs + loans repaid in the reporting period) <sup>4</sup>		11,80	19,26	3,28	1,68	2,01
<b>PROFITABILITY RATIOS</b>						
Operating profit margin	%	26,05	47,04	48,97	14,50	33,99
Profit before tax margin	%	25,92	47,00	48,92	13,70	33,41
Net profit margin	%	22,91	40,95	42,14	12,37	26,18
Return on equity	%	7,21	18,39	15,37	4,58	15,64
Return on assets	%	4,66	11,61	8,52	1,97	6,65
Return on Capital Employed (ROCE)	%	6,80	16,85	13,47	3,37	11,19
Earnings per share	(EUR)	0,011	0,029	0,022	0,006	0,022
P/E (share price/earnings)		15,05	4,78	6,60	25,52	7,4

<sup>1</sup> Comparative indicator were not recalculated.

<sup>2</sup> Earnings before tax + interest costs – interest income – dividends received + depreciation & amortisation + non-current & current asset impairment losses + ETL reappraisal (costs)/income + write-down costs + result of selling a part of a business.

<sup>3</sup> EBITDA result is reported after the adjustments made by the management, eliminating the impact of one-time factors, and by measuring the change in income (and, consequently, EBITDA) from regulated services provided by the Company, if income is recognized to the extent permitted under the NERC methodologies, volume of income, taking into account the amount of allowable return on investment and the actual costs of the services providing during the period. The purpose of these adjustments is to disclose the results of the ordinary activities of the Company, without the occurrence of atypical, one-time factors that are not directly attributable to the current period. All adjustments made by the management are disclosed in the Company's interim and annual reports.

<sup>4</sup> Re-financed loans were not included in the calculation of the ratio.

In January-March 2020, the Company's adjusted EBITDA decreased by 2.9 percent, when compared to the same

period in 2019, regardless to the growing adjusted EBITDA margin. Other profitability indicators of the Company

## INTERIM REPORT

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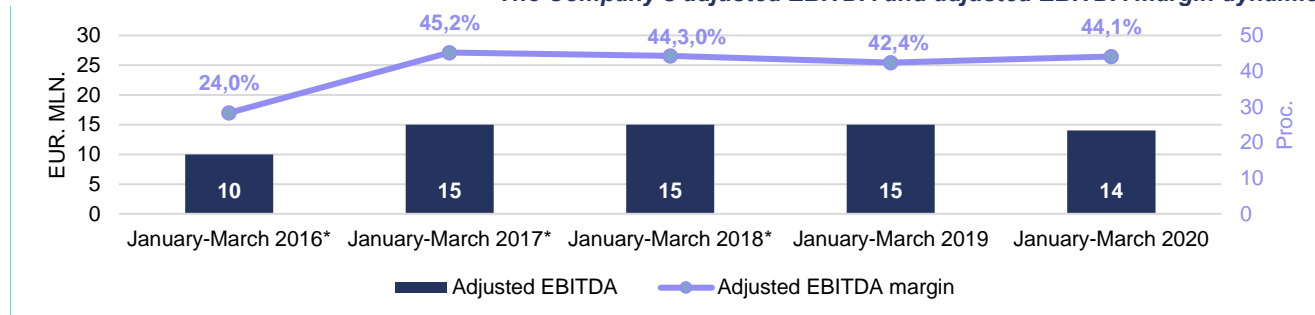
(operating profit margin, margin of profit before tax, net profit margin) in January-March 2020 were also lower if compared to January-March 2019.

Operating profit, profit before tax and net profit were lower in January-March 2020 mainly due to compensation received in 2019 for the projects carried out in previous years that had increased the respective indicators.

The Company's adjusted EBITDA in January-March 2020 remained relatively stable, when compared to the same period in 2019. Effective use of Kruonis PSHP almost compensated smaller production volumes of Kaunas A. Brazauskas HPP and sales of fuel oil and scrap metal that had improved results of 2019.

Figure 1

### The Company's adjusted EBITDA and adjusted EBITDA margin dynamics



\* Comparative indicators were not recalculated.

## Statement of Financial Position

Liabilities of the Company to financial institutions were equal to EUR 24.6 million (as of 31 March 2020) and consisted of the liabilities under the long-term loan agreements.

## Statement of comprehensive income

### Revenue

The Company's revenue from contracts with customers amounted to EUR 31.8 million in January-March 2020. The major part of the revenue is the income from electricity trading and power reserve services, balancing and regulation electricity, as well as from the sale of thermal energy. The Company's income decreased by 29.8%, in comparison with January-March 2019. This was mainly influenced by the one-time factors that were improving results of the year 2019 – sale of fuel oil and compensation received for previous projects.

Revenue from the regulated services of the Company in January-March 2020, i.e. electricity and thermal energy generation in Elektrėnai Complex, and power reserve services provided by Kruonis PSHP accounted for 53.4% of the total revenue of the Company (43.0% in January-March 2019).

### Expenses

In January-March 2020, the Company incurred the costs of EUR 23.6 million (EUR 21.6 million, if we exclude the Emission Trading Systems revaluation income/costs). The major part of the Company's costs (EUR 12.1 million or 55.9%) was related to the purchase of electricity and related services, as well as the purchase of fuel for electricity generation. Such costs accounted for 49.6% of costs, or EUR 12.0 million in January-March 2019. The Company's depreciation and amortization costs amounted to EUR 4.4 million in January-March 2020 (EUR 4.6 million in January-March 2019).

Operating and maintenance costs amounted to EUR 5.1 million in January-March 2020 and were 4.4% or EUR 0.2 million lower in comparison with January-March 2019, mainly due to smaller costs of repair, maintenance and dismantling works at Elektrėnai Complex.

### Profit

The Company's adjusted EBITDA decreased by EUR 0.4 million in January-March 2020, in comparison with the same period in 2019, and the Company's adjusted EBITDA margin amounted to 44.1% in January-March 2020 (42.4% in January-March 2019).

The Company earned EUR 8.3 million of profit before tax, and the net profit amounted to EUR 7.3 million in January-March 2020. The Company earned EUR 18.6 million of net profit in January-March 2019.

## Statement of cash flows

Net cash flows from operating activities amounted to EUR 21.9 million in January-March 2020. Meanwhile, in January-March 2019, net cash flows from operating activities amounted to EUR 28.1 million.

In January-March of both 2020 and 2019, the cash flows from financial activities of the Company were negative and amounted to EUR 1.3 million.

## Investments in non-current assets

The Company's investments into non-current tangible and intangible assets amounted to EUR 0.3 million in January-March 2020, and EUR 0.1 million in January-March 2019.

## INTERIM REPORT

All amounts are in EUR thousand unless otherwise stated

### Overview of activities of the Company's power plants and plans for the 2020

The Company unites the State-owned electricity generation capacities: the reserve power plant and combined cycle unit in Elektrėnai Complex, Kruonis Pumped Storage Hydroelectric Plant (hereinafter "Kruonis PSHP"), Kaunas Algirdas Brazauskas Hydroelectric Power Plant (hereinafter "Kaunas A. Brazauskas HPP") and Vilnius thermal power plant No 3 (hereinafter "Vilnius TPP-3") that was taken over from "Ignitis Grupė" on 31 March 2018. The main task of the Company is to concentrate generation capacities and thus to ensure energy safety in the country.

The biofuel boiler house built in Elektrėnai Complex produces thermal energy for Elektrėnai town, Kietaviškės greenhouse complex, and the Company's own needs.

As from 01 January 2019, trading in electricity produced by the Company is conducted under the agreement with Gamybos Optimizavimas UAB.

The Company provides balancing services, as well as system services to the Lithuanian transmission system operator LITGRID AB (hereinafter "ESO"). The service ensuring isolated operation of the power system is provided in 2020.

The units 7 and 8 ensure the tertiary power reserve in the scope of 475 MW in 2020. The periodical short-term technological trials of the devices are planned in Elektrėnai Complex, and under favourable market conditions, combined cycle unit will produce electric energy.

In 2020, the operation of the secondary power reserve and isolated work of electric energy system is ensured by two units

of Kruonis PSHP and combined cycle unit. Profitability of commercial activities by two remaining units of Kruonis PSHP and production volumes will depend mostly on the market conditions, i.e. difference in the prices of electricity in peak and non-peak periods.

The production volumes of Kaunas A. Brazauskas HPP depend mostly on the Neman yield in 2020. The power plant is affected a lot by seasonality, i.e. the major part of electricity is produced at times of spring flood, whereas the smallest part of electricity is produced in cold winter and hot summer. The efforts will be put to make use of the flexible production in the power plant during those hours when the highest price is reached in the stock exchange.

It is not planned to produce energy in Vilnius TPP-3 in 2020.

The Company sets availability goals for the power plants. Plants are considered available when they produce electricity or are fully prepared for production. It is planned that the average annual availability indicators in 2020 will be at least 95.0% for the CCU, 96.8% for units 7 and 8, 92.4% for Kruonis PSHP, and 96.2% for Kaunas HPP.

It will also be endeavoured at reliable participation of the power plants in the isolated network tests according to the programme set by WHO.

No significant changes happened in the activities of the power plants controlled by the Company within the reporting period.

### Key performance indicators of power plants

#### Indicators of electricity generation and systemic services in January-March 2020

In January-March 2020, the Company generated electricity and thermal energy, provided tertiary active power reserve service in Elektrėnai Complex, secondary emergency power reserve service in Kruonis PSHP, and other system services.

The Company has permissions of unlimited duration to produce electricity. The amount of electricity generated in the Company's power plants and sold in January-March 2020 is bigger by 75.8 percent than in January-March 2019 (see Figure 2). In total, 0.316 TWh of electricity was generated and sold by the Company's power plants in January-March 2020. This amount was 0.180 TWh in January-March 2019.

The production conditions in **Kaunas A. Brazauskas HPP** were aggravated by quite dry conditions in the beginning of 2020. There was almost no snow in the beginning of the year, so no bigger flood was caused and in January-March 2020, Kaunas A. Brazauskas HPP generated 25.4 percent less electricity than in January-March 2019 (in January-March 2019 – 0.106 TWh, in January-March 2020 – 0.079 TWh).

Efficient use of **Kruonis PSHP** capacities resulted in 205.1 percent bigger sales of the electricity produced in Kruonis PSHP in January-March 2020 – 0.180 TWh (0.59 TWh in January-March 2019).

In January-March 2020, the Company sold 0.018 TWh and purchased 0.005 TWh of regulation electricity (the service

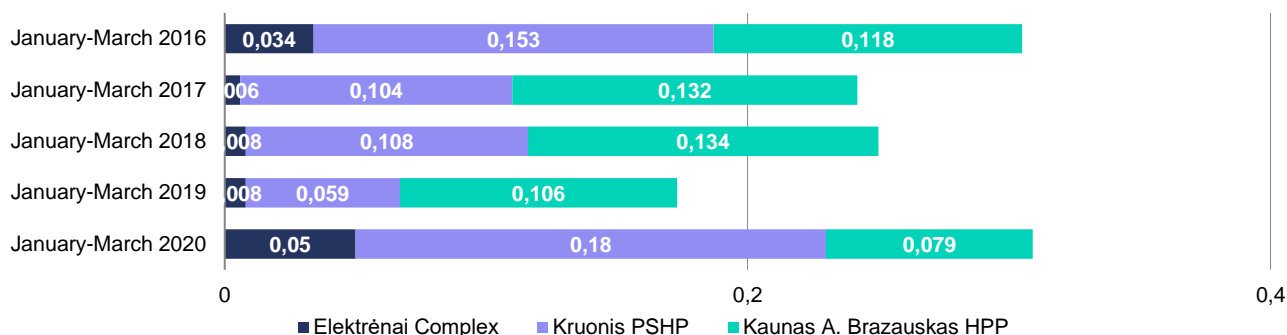
necessary to balance the surplus/shortage of electricity in the system). The respective amounts for January-March 2019 had been 0.014 TWh and 0.005 TWh.

Another systemic service provided by Kruonis PSHP is the secondary power reserve, i.e. the power of facilities or hydro-units maintained by the producer activated faster than 15 minutes. In January-March 2020, this service was needed 45 times. This service meant to safeguard safe supply of electricity was activated 6 times in January-March 2019. The transmission system operator this reserve (for which two units (400 MW) of Kruonis PSHP were assigned in 2020) when there is a need to compensate a sudden drop in electricity transmitted to Lithuania or unplanned growth in demand. In January-March 2020, the Company sold approx. 0.006 TWh of the secondary power reserve – almost 8 times more than in the same period in 2019.

**Elektrėnai Complex** generated 0.050 TWh electricity in January-March 2020. It is 553.9 percent more than in January-March 2019 (0.008 TWh). In 2020, the most effective unit of Elektrėnai Complex – the combined cycle unit – providing the service of operation of the isolated network. By providing this service, under favourable market conditions the combined cycle unit is able to produce on a commercial basis also.

Figure 2

**Electricity produced at power plants controlled by the Company and electricity sold (TWh)**



**Other factors that affect financial indicators of the Company**

The Company's **business environment** was discussed in annual report of 2019. No significant changes happened in the Company's business environment in January-March 2020 that would have significant impact on the Company's results.

The quarantine was declared in the reporting period in Lithuania with the aim to stop the spread of COVID-19 virus. However, it had no significant impact on the Company's activities and results.

The team for control of COVID-19 situation was formed in the Company. It is observing and analysing continuously the situation, the latest information, changes in external factors, and their impact on the Company. It also makes additional decisions and corrects plans of actions when needed.

In order to protect its employees from COVID-19 virus and to ensure continuity of the activities, the Company undertook additional precautions. The group's employees, who are able to perform their functions in the remote mode, are working from home. Other employees get additional personal protective and hygienic measures. The actions safeguarding replaceability of employees were prepared and are implemented. The main aim is to safeguard continuation of the activities of electricity production and stability of energy system.

COVID-19 pandemic still continues, however, the management of the Company has assessed possible impact of main COVID-19 factors on the Company's results and has not identified any threats for the performance continuity before publication of this report.

The price of electricity in the Lithuanian bidding area of the exchange Nord Pool was decreasing at the first quarter of 2020 – the average price in January-March 2020 was 27,53 euro/MWh and was the lowest, when compared to the indicators of several recent years: the average price in January-March 2019 was 47,82 euro/MWh, in January-March 2018– 42,4 euro/MWh, in January-March 2017 – 34,87 euro/MWh. This has negative impact on the Company's results because the generated energy is sold for cheaper price in the market. On the other hand, the growing difference in the prices of electricity in peak and non-peak periods has positive impact on production in Kruonis PSHP.

The price of emission allowances in the beginning of 2020 (e.g., 17,54 euro in March) decreased a lot when compared to the price of December 2019 (24,93 euro). It became lower than in the same period in 2019. This had negative impact on the Company's results.

The Company is operating on the basis of the **Company's Strategy** reviewed and updated in the end of 2018. It is stressed in the Strategy that the principal activity of the Company is strategic power generation, as a basis for achieving the growth objectives of the entire Group. The main objective set for the Company is to contribute to successful Baltic synchronization with the system of continental Europe's networks, to keep the capacities of reliable local electricity production, and to develop new capacities in Lithuania. It is also provided in the Strategy that while playing its most important role (safeguarding of reliable and effective strategic generation), the Company will contribute significantly to the implementation of strategy LE 2030 in the area of green generation and through introduction of novelties. 10 strategical decisions are provided in the Company's strategy – particular projects and business areas planned for 2019–2030. The document of the Company's strategy for 2019–2030 is available on the Company's website (link).

In January-March 2020, the Company continued implementing majority of the projects and investments described in the annual report of 2019 (link, p. 24), according to the plans. In development of remote energy, the Company continued building of the solar power plants' park in Elektrėnai. It is planned that remote users will be able to use a 1 MW solar power plant in May 2020. The contract was signed in January 2020 for 3 MW capacities installed in the stage II of solar power plants' park. The disassembly works of units No 5 and 6 of reserve power plant in Elektrėnai Complex were continued, as well as arrangement of fuel economy. The contract for work and labour on dismantling of chimneys 1 and 2 with the contractor was signed and prepared the documents for demolition permit. Moreover, the preparatory works of the experimental solar power plant in the basin of Kruonis PSHP were performed. The technological study of the hydro-unit 5 in Kruonis PSHP was finished in January 2020. It was used to evaluate the most technologically attractive alternatives and the socioeconomic evaluation study of these alternatives was completed on 17 of April 2020.

No **significant hazards** were manifested in January-March 2020 that would not be described thoroughly in the annual report of 2019 (link, p. 25).



## INFORMATION ON THE COMPANY'S ISSUED CAPITAL AND SECURITIES

### Structure of issued capital and securities in issue

The authorised capital of the Company amounted to EUR 187 920 762,41 as at the end of the reporting period (31 March 2020) and it was divided into 648 002 629 ordinary registered shares with par value of EUR 0.29 each. All the shares have been fully paid.

All the shares of the Company belong to the same class of ordinary registered shares and they grant equal rights to their holders (shareholders).

On 1 September 2011, the shares of the Company were admitted for listing on the Baltic Main List of Nasdaq Vilnius. The shares of the Company are listed on Nasdaq Vilnius. ISIN code LT0000128571. Ticker - LNR1L.

The Extraordinary General Meeting of Shareholders of the Company passed the resolution on 4 December 2019 to remove all the Company's shares from exchange of

securities AB Nasdaq Vilnius. The meeting also decided to approve the Company's shareholder, Ignitis Grupė UAB, as a person who will submit an official proposal to buy the Company's shares out. The official proposal will be implemented from 3 April 2020 until 22 April 22. On the day of this report's publication, the process of removal of the Company's shares in the regulated market has not been completed yet.

The Company's shares are not traded on any other regulated markets.

The Company neither acquired, nor transferred its own shares during the reporting period. The Company had not acquired its own shares.

### Structure of the issued capital (as of 31 March 2020)

Class of shares	Number of shares, units	Par value, EUR	Total par value, EUR	% of issued capital
Ordinary registered shares	648,002,629	0.29	187,920,762.41	100.00

### The Company's share price and turnover dynamics

#### Statistics on trade in the Company's shares

		3 months 2016	3 months 2017	3 months 2018	3 months 2019	3 months 2020
Last trading session price, EUR		0.649	0.638	0.611	0.55	0.68
Maximum price, EUR		0.713	0.655	0.64	0.565	0,695
Minimum price, EUR		0.623	0.600	0.575	0.51	0,585
Average price, EUR		0.633	0.632	0.609	0.546	0.63
Turnover, shares		144,233	220,186	340,053	136,960	521,700
Turnover, EUR MLN		0.096	0.14	0.21	0.07	0.33
Capitalisation, EUR MLN	Company	412.17	405.18	368.35	356,40	440,64
	Baltic Main List	4,565.49	5,224.42	5,721.62	5.608,5	5.193,1



## INTERIM REPORT

All amounts are in EUR thousand unless otherwise stated

Figure 3

*The Company's share price and turnover dynamics during the reporting period*

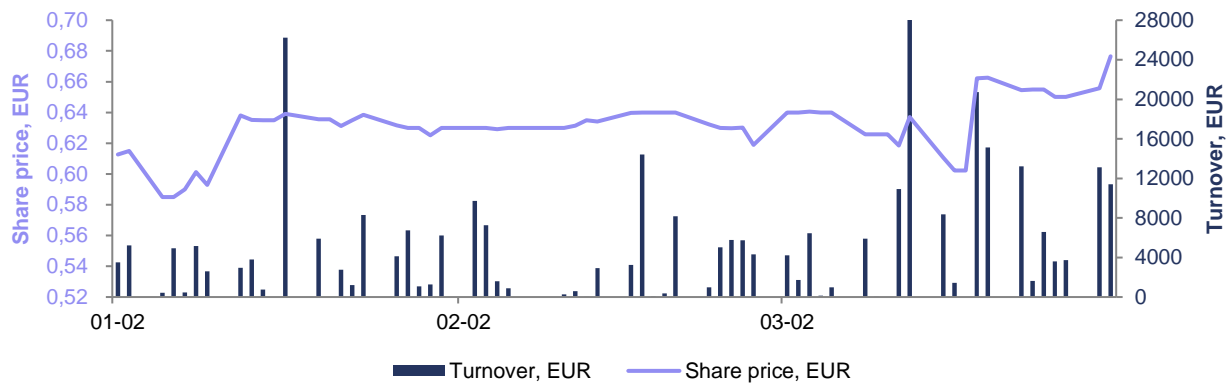


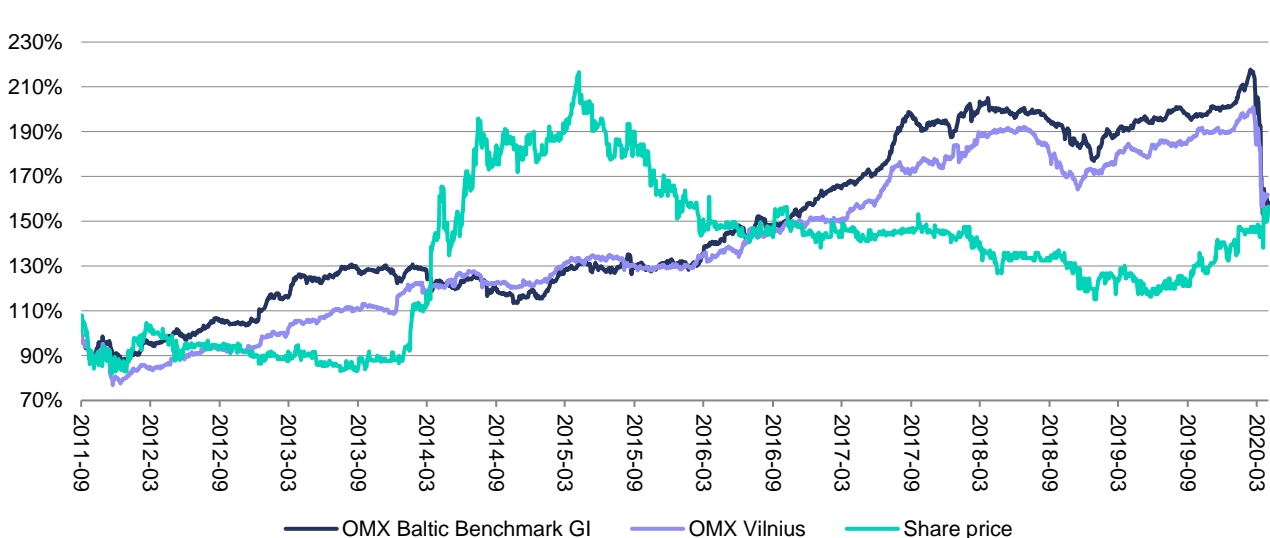
Figure 4

*The Company's share price and turnover dynamics between the trading start date and end of the reporting period*



Figure 5

*Dynamics of Company's share price, OMX Vilnius and OMX Baltic Benchmark Indices*



## Shareholder structure

As of 31 December 2019, the Company had 5,845 shareholders in total.

As at 23 April 2020, at the record date of the rights of shareholders, the Company had in total 5,781 shareholders.

## INTERIM REPORT

All amounts are in EUR thousand unless otherwise stated

### Shareholders holding more than 5% of the Company's shares (as of 31 March 2019)

Shareholder's name	Class of shares	Number of shares, units	% of capital	% of issued shares	% of shares with voting rights
<b>Ignitis Group UAB</b> Company code – 301844044 Žvejų st. 14, LT-09310 Vilnius	Ordinary registered shares	627.372.769	96,82		96,82
Other shareholders	Ordinary registered shares	20.629.860	3,18		3,18
<b>TOTAL</b>	Ordinary registered shares	648.002.629	100		100

#### Rights of the shareholders, shareholders with special control rights and description of these rights

All shareholders of the Company have equal property and non-property rights as laid down in the legislation, other legal acts, and the Articles of Association of the Company. The management bodies of the Company create suitable conditions for implementing the rights of shareholders of the Company.

None of the shareholders of the Company had special control rights.

#### Restrictions on voting rights

There were no restrictions on voting rights.

#### Restrictions on transfer of securities

To the best of the Company's knowledge, there were no arrangements among the shareholders of the Company that could result in restriction of transfer of securities and/or voting rights.

### Information on agreement with intermediary of public trading in securities

**AB SEB bankas** is authorised to keep and manage the Company's securities accounts.

AB SEB bankas contact details:

Gedimino ave. 12, LT-01103 Vilnius,

Tel. 1528 or +370 5 268 2800.

#### Dividend policy

The **dividend policy**, approved in 2016 by the Lietuvos Energija (now – Ignitis Group) group companies, applies to the Company. According to this policy, appropriation of profit for the payment of dividends to the Group companies for the financial year or a period shorter than the financial year will depend on the ratio of return on equity, availability of financial resources for payment of dividends, implementation of economic projects important for the State and other significant circumstances. Each company should appropriate between 60% and 85% of its net profit for the payment of dividends, depending on the ratio of return on equity at the end of the reporting period.

The Group companies are not obliged to distribute dividends only when they incur net loss. Additionally, the Group companies will not pay any dividends when their financial debts at the end of the reporting period are equal to or exceed four times EBITDA amount for the last twelve months as from the end of the reporting period. Dividends will not be paid if the Group company's equity (after the payment of dividends) becomes lower than the sum of its issued capital, legal reserve, revaluation reserve and reserve for acquisition of own shares, and also if a company becomes insolvent or would become insolvent upon payment of dividends. The Group companies will also be able not to pay dividends if their ratio of financial debts to equity becomes equal to or exceeds 1.0.

The dividend policy of the Group, which also applies to the Company, is published on the Company's website under the section „For Investors“.

#### Payment of dividends

**On 30 April 2020**, the Ordinary General Meeting of Shareholders of the Company approved the distribution of the Company's profit (loss) of 2019. The plan is to pay EUR 36 288 147 in dividends for the six-month period ended on 31 December 2019. EUR 0.056 in dividends per share is paid for this period. Persons, who are shareholders of the Company at the end of the 10<sup>th</sup> business day following the decision on the payment of dividends adopted by the General Meeting of Shareholders, i.e. at the end of the business day of 15 May 2020, will receive dividends.

The dividends were also paid on the basis of the decision of the Extraordinary General Meeting of Shareholders of the Company held on 27 September 2019, whereby they decided on the allocation of dividends to the shareholders of the Company for the six-month period ended on 30 June 2019. Dividends of EUR 0.029 per share (EUR 18 792 076 in total) were allocated.

The Company's net profit from continuing operations in 2019 was EUR 42,792 million, and accordingly the dividends paid for 2019/net profit indicator was 1.28.

## THE COMPANY AND CORPORATE GOVERNANCE

### Information on the Company and contacts

<b>Name</b>	Ignitis Gamyba AB (until 6 September 2019: Lietuvos Energijos Gamyba AB)
<b>Legal form</b>	Public company; private legal person with limited civil liability
<b>Registration date and place</b>	20 July 2011, Register of Legal Persons of the Republic of Lithuania
<b>Company code</b>	302648707
<b>Address of the registered office:</b>	Elektrinės st. 21, LT-26108, Elektrėnai
<b>Telephone</b>	+370 618 37392
<b>Fax:</b>	(8 5) 278 2906
<b>E-mail:</b>	gamyba@ignitis.lt
<b>Website:</b>	www.ignitisgamyba.lt

### The Company's main business activity

The Company's business objective is effective energy generation and supply in contribution to assurance of energy security. The Company's business object is energy generation and supply, as well as trade in electricity. The Company may engage in other activities that are not in conflict with its objectives and laws of the Republic of Lithuania.

The Company operates the following power generation facilities:

- Elektrėnai Complex with a reserve power plant (the former Lietuvos Elektrinė) and a combined cycle unit (CCU),
- Kruonis Pumped Storage Hydroelectric Plant,
- Kaunas Algirdas Brazauskas Hydroelectric Power Plant
- Vilnius Third Combined Heat and Power Plant (since March 31, 2018).

The Company's geographic market is Lithuania. Its electricity is traded on the Nordic exchange Nord Pool.

### Information on the Company's branches and representative offices

The Company has no branches or representative offices.

### Subsidiaries and associates

The Company belongs to Ignitis Group, a state-owned group of companies, which is one of the biggest group of energy companies in the Baltic countries. The group's parent company UAB Ignitis Group holds 96.82% of the Company's shares.

As at the date of reporting, the Company had no subsidiaries. The Company was able to exert significant influence over Verslo Aptarnavimo Centras UAB and Ignitis Grupės Paslaugų Centras UAB (until 2 January 2020 – Technologijų ir Inovacijų Centras UAB). UAB Geoterma is being liquidated due to bankruptcy (see table below).

	<b>Ignitis Grupės Paslaugų Centras UAB</b>	<b>Verslo Aptarnavimo Centras UAB*</b>	<b>Undergoing liquidation due to insolvency Geoterma UAB</b>
<b>Address</b>	A. Juozapavičius st. 13, Vilnius	P. Lukšio st. 5B, Vilnius	Lypkių st. 17, Klaipėda
<b>Date of registration:</b>	4 December 2013	30 July 2014	1 March 1996
<b>Company code</b>	303200016	303359627	123540818
<b>Contacts</b>	(8 5) 278 2272, gpc@ignitis.lt	(8 5) 259 4400, vac@ignitis.lt	(8 46) 326 163, info@geoterma.lt
<b>Website</b>	www.ignitisgrupe.lt	www.ignitisgrupe.lt	www.geoterma.lt
<b>Ownership interest</b>	20.26 proc.**	15%	23.44%
<b>Main business activity</b>	Provision of information technology and telecommunication services to energy companies.	Organization and execution of public procurement, provision of accounting, labour relations administration, customer service, human resources administration, legal services, operational efficiency consulting and training.	Geothermal heating plant.

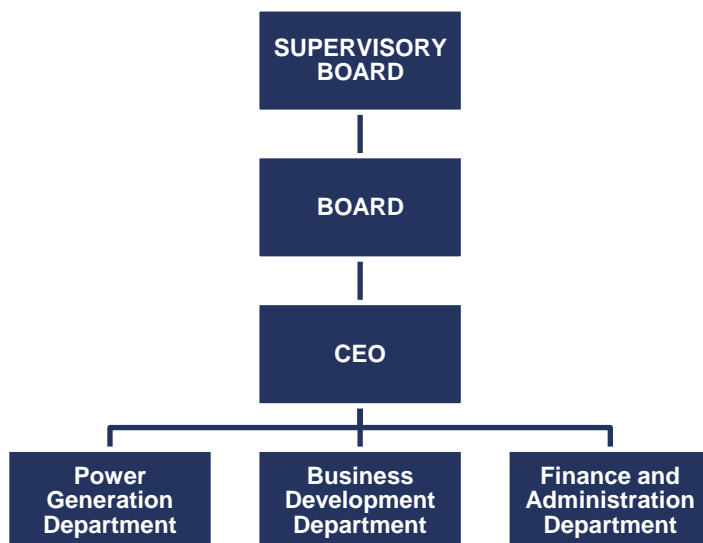
\* Following completion of the reorganization proceedings of Ignitis Grupės Paslaugų Centras UAB and Verslo Aptarnavimo Centras UAB after the reporting period, Verslo aptarnavimo centras UAB was removed from the Register of Legal Entities on 2 January 2020. After the reorganization, Ignitis Grupės Paslaugų Centras UAB continues its activities and provides services.

\*\* Following completion of the reorganization proceedings of Ignitis Grupės Paslaugų Centras UAB and Verslo Aptarnavimo Centras UAB after the reporting period, as from 1 January 2020 the Company owns 21.45% of Ignitis Grupės Paslaugų Centras UAB shares.

## Information on related party transactions

Information on related party transactions is available in the notes to the Interim Financial Statements of January-March 2020.

Figure 6  
*Management structure of the Company (as of 31 March 2020)*



## Information about the Company's management bodies

Based on the Articles of Association effective at 31 March 2020, the management bodies of the Company are the following:

- the General Meeting of Shareholders;
- the Supervisory Board;
- the Board;
- the Managing Director – the Chief Executive Officer.

The Articles of Association of the Company are available on the Company's website under section „Company Management“. The Company's Articles of Association were amended once during the reporting period – on 6 September 2019, the new version of the Articles of Association of the Company to change

the Company's name from Lietuvos Energijos Gamyba AB to Ignitis Gamyba AB was registered, as well as other changes were made to align the provisions of the Articles with the amended legal acts. The procedure for the formation of the Company's management bodies has not been changed.

The Company applies the Corporate Governance Code for the companies listed on the Nasdaq Vilnius AB. Information on compliance with this Code of Governance is provided for in Annex No 1. Changes adopted during the reporting period in relation to management bodies of the Company are described in detail below.

### The General Meeting of Shareholders

One General Meeting of Shareholders has been convened since 01 January 2020 until the day of publication of this report:

**On 30 April 2020**, the Ordinary General Meeting of Shareholders of the Company adopted the decisions to approve the Annual Report of the Company for the year 2019 and audited Annual Financial Statements of the Company for the year 2019, and to allocate the profit the Company for the

year 2019. The dividends are to be paid for the six-month period ended 31 December 2019. The Company's remuneration policy was also approved.

Information on voting results of the Company's shareholders during the above-mentioned and previous General Meetings of Shareholders is available on the Company's website under „For Investors“.

### The Company's Supervisory Board

The structure of the Company's Supervisory Board has not changed within the reporting period.

The expected end of term of office of the current Supervisory Board of the Company is 25 March 2022.

Overall, 4 meetings of the Supervisory Board were held in the reporting period. All the members of the Company's Supervisory Board were present.

More details about the members of the Company's Supervisory Board are available in the table below. Description of their education and professional experience is available on the Company's website under section Company Management.

## INTERIM REPORT

All amounts are in EUR thousand unless otherwise stated

### Members of the Supervisory Board (during the reporting period)

	<b>Participation in other companies and organisations</b>	<b>Išsilavinimas</b>
<b>Dominykas Tučkus</b> Member, Chairman of the Supervisory board	<ul style="list-style-type: none"><li>Ignitis Group UAB (Company code 301844044, Žvejų st. 14, LT-09310 Vilnius), Member of the Board, Director for Infrastructure and Development.</li><li>UAB Ignitis (Company code 303383884, Žvejų st. 14, 09310 Vilnius), Member of the Supervisory Board (since 01/06/2019).</li><li>Vilniaus Kogeneracinė Jėgainė UAB (Company code 303782367, Žvejų st. 14, 09310 Vilnius), Member of the Supervisory Board.</li><li>UAB Ignitis Renewables, (Company code 304988904, P. Lukšio st. 5B, 08221 Vilnius), Member of the Board (since 03/01/2019).</li><li>Smart Energy Fund powered by Ignitis Group KŪB (Company code 304596351, Antakalnio st. 17, 10312 Vilnius), Member of the Advisory Committee.</li></ul>	<ul style="list-style-type: none"><li>L. Bocconi University (Italy), Master's degree in Finance;</li><li>L. Bocconi University (Italy), Bachelor's degree in Business Management and Administration</li></ul>
<b>Term of office</b>		
26 March 2018 – 25 March 2022		
<b>Number of shares held at the Company</b>		
–		
<b>Ownership interest in other companies (&gt;5%)</b>		
–		
	<b>Participation in other companies and organisations</b>	<b>Education</b>
<b>Živilė Skibarkienė</b> Member	<ul style="list-style-type: none"><li>Ignitis Group UAB (Company code 301844044, Žvejų st. 14, LT-09310 Vilnius), Member of the Board and Director of Organizational Development.</li><li>Verslo Aptarnavimo Centras UAB (Company code 303359627, P. Lukšio st. 5B, 08221 Vilnius), Member of the Board (since 18/06/2019), Chairwoman of the Board</li><li>UAB Ignitis Grupės Paslaugų Centras (Company code 303200016, A. Juozapavičiaus st. 13, 09311 Vilnius), Member of the Board (since 18/06/2019), Chairwoman of the Board (since 31/07/2019).</li><li>Elektroninių Mokėjimų Agentūra UAB (Company code 136031358, Žvejų st. 14, 09310 Vilnius), Member of the Board.</li></ul>	<ul style="list-style-type: none"><li>Mykolas Romeris University, Faculty of Law, Doctoral degree in Social Sciences Field of Law;</li><li>Vilnius University, Faculty of Law, Master's degree in Law.</li></ul>
<b>Term of office</b>		
26 March 2018 – 25 March 2022		
<b>Number of shares held at the Company</b>		
–		
<b>Ownership interest in other companies (&gt;5%)</b>		
–		
	<b>Participation in other companies and organisations</b>	<b>Education</b>
<b>Edvardas Jatautas</b> Independent member	<ul style="list-style-type: none"><li>Profectus Novus UAB (Company code 302500459, Konstitucijos pr. 21C, 08130 Vilnius) owner, Chairman of the Board.</li><li>Addendum Group Inc. (Company code 46-2547117, 13955 Tahiti Way #354, Los Angeles, 90292, California, USA), founder, President.</li><li>Addendum Solutions UAB (Company code 302312642, Konstitucijos pr. 21C, 08130 Vilnius) owner, Member of the Board.</li><li>Lithuanian American Business Association in Los Angeles, Member of the Board</li><li>SIA Addendum LV (Company code 40203222589, Rīga, Ludzas iela 42 k-1 - 20, LV-1003, Latvia) founder, Member of the Board (since 31/07/2019).</li><li>OU Addendum EE (Company code 10903252, A.H.Tammsaare tee 47, 11316 Tallinn, Estonia) founder, Member of the Board (since 04/11/2019).</li></ul>	<ul style="list-style-type: none"><li>Vilnius Gediminas Technical University, Master's degree in Engineering Informatics;</li><li>ISM University of Management and Economics, Head of Master's Study module;</li><li>Harvard Business School, Head of Master's Study module.</li></ul>
<b>Term of office</b>		
26 July 2019 – 25 March 2022		
<b>Number of shares held at the Company</b>		
–		
<b>Ownership interest in other companies (&gt;5%)</b>		
–		

## INTERIM REPORT

All amounts are in EUR thousand unless otherwise stated

### Information on payments made to the members of the Supervisory Board during the reporting period

Based on Articles 20 and 24 of the Company's Articles of Association, at least 1/3 (one third) of members of the Supervisory Board must be independent members. Remuneration for work at the Supervisory Board can be paid only to the independent members of the Supervisory Board and upon the decision of the General Meeting of Shareholders.

The terms and conditions of the agreements with the members of the Supervisory Board, including the

independence criteria, are established at the General Meeting of Shareholders in accordance with the requirements set forth in the relevant legal acts and based on the best corporate governance practices.

During the reporting period, E. Jatautas received a monthly remuneration of EUR 433 (before taxes) for the activities carried out in the Supervisory Board.



### The Company's Board

The structure of the Company's Board has not changed within the reporting period. The expected end of term of office of the current Board of the Company is 2 April 2022.

Overall, 9 meetings of the Board were held in the reporting period. All the members of the Company's Board were present.

More details about the members of the Company's Board are available in the table below. Description of their education and professional experience is available on the Company's website under section Company Management.


### Members of the Board (during the reporting period)

 <p><b>Rimgaudas Kalvaitis</b> Chairman of the Board, CEO</p>	<b>Participation in other companies and organisations</b>	<b>Education</b>	<b>Average remuneration for the activities as the member of the Board (before taxes, EUR)</b>
	<ul style="list-style-type: none"> <li>Lietuvos Energijos Paramos Fondas (Company code 303416124, Žvejų st. 14, 09310 Vilnius), member of the Board (since 23/04/2019).</li> <li>Vilniaus Sostinės Lions Klubas (Company code 193538827, Subačiaus g. 3, Vilnius), Member of the Board.</li> </ul>	<ul style="list-style-type: none"> <li>Vilnius University, Faculty of Physics, Master's degree.</li> <li>Vilnius University, Faculty of Physics, Postgraduate Studies in Solid State Electronics.</li> </ul>	1,815
	<b>Term of office</b>		
	From 27 March 2019 to 2 April 2022		
	<b>Number of shares held at the Company</b>		
 <p><b>Darius Kucinas</b> Member of the Board, Director of Power Generation</p>	<b>Participation in other companies and organisations</b>	<b>Education</b>	<b>Average remuneration for the activities as the member of the Board (before taxes, EUR)</b>
	–	<ul style="list-style-type: none"> <li>Kaunas University of Technology, Department of Electrical Engineering and Automation, Bachelor's Degree in Electrical Power Engineering.</li> </ul>	1,300
	<b>Term of office</b>		
	From 3 April 2018 to 2 April 2022		
	<b>Number of shares held at the Company</b>		
<b>Ownership interest in other companies (&gt;5%)</b>	–		



## INTERIM REPORT

All amounts are in EUR thousand unless otherwise stated

 <p><b>Mindaugas Kvekšas</b> Board member Finance and Administration Director</p>	<b>Participation in other companies and organisations</b>	<b>Education</b>	<b>Average remuneration for the activities as the member of the Board (before taxes, EUR)</b>
	<ul style="list-style-type: none"> <li>Verslo Aptarnavimo Centras UAB (Company code 303359627, P. Lukšio st. 5B, 08221 Vilnius), member of the Board (since 18/06/2019 until 01/01/2020).</li> <li>Ignitis Grupės Paslaugų Centras UAB (Company code 303200016, A. Juozapavičiaus st. 13, 09311 Vilnius), Member of the Board.</li> </ul>	<ul style="list-style-type: none"> <li>Stockholm School of Economics in Riga, Bachelor's Degree in Economics and Business Administration.</li> </ul>	1,300
	<b>Term of office</b>		
	From 3 April 2018 to 2 April 2022		
	<b>Number of shares held at the Company</b>		
	–		
<b>Ownership interest in other companies (&gt;5%)</b>			
	–		

## The Company's Management

The General Manager acts as a single-person management body of the Company. The General Manager organises and controls the operations of the Company, acts on behalf of the Company and enters into agreements at his/her own discretion, except for the cases stipulated in the Articles of Association and legal acts. The powers of the General Manager, the procedure of his/her election and removal are established by laws, other legal acts and the Company's Articles of Association.

### Information on payments made to the Chief Executive Officer and Chief Financier (during the reporting period)

	Average fixed monthly remuneration (before taxes, EUR)	1/12 share of annual variable remuneration for the results of previous year (before taxes, EUR)
To the CEO Rimgaudas Kalvaitis	6.657	–
To the Chief Financier*	–	–

\* As from 1 December 2014, the accounting function has been moved from the Company to Verslo Aptarnavimo Centras UAB, and accordingly, the Company no longer has accounting employees, nor the Chief Financier. Verslo Aptarnavimo Centras UAB performs a complete set of accounting services for the Company, starting with the recording of the source documents into the accounting software and ending with the preparation of the financial statements.

The Company has neither transferred management of assets nor issued guarantees to the members of the bodies. During January-March 2020, the Company did not grant any loans to the members of the management bodies, nor provided any guarantees or sureties to secure the fulfilment of their obligations.

## Employees of the Company

As 31 March 2020, the Company had 359 employees (including those on child care leave). The Company had 356 employees in the beginning of the reporting period.

The approximate structure of the employees is provided in Figure 7. More information about the Company's employees, remuneration, organizational culture, etc. is provided in the Company's half-year and annual reports.

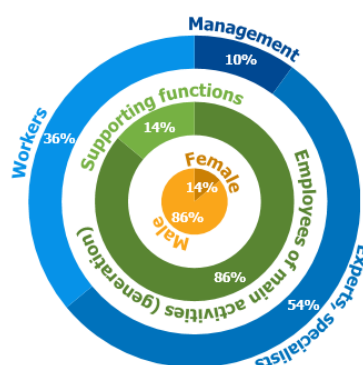


Figure 7  
Employees of the Company

## INTERIM REPORT

All amounts are in EUR thousand unless otherwise stated

### Breakdown of headcount by category of employees and average work pay (in the reporting period)

	Breakdown of headcount by category of employees	Average remuneration, EUR	Average VRP*, EUR
Head of the Company	1	6.657	-
Top level executives	3	5.652	-
Mid-level managers	30	3.296	181
Experts, specialists	198	1.976	33
Workers	127	1.368	2
<b>In total</b>	<b>359</b>	<b>1.930</b>	<b>35</b>

\* This column provides payments of variable remuneration part (RAP). The Company's workers receive variable pay on a monthly basis, whereas employees of other categories receive variable pay on a quarterly or annual basis

## MATERIAL EVENTS AT THE COMPANY

### Notifications on materials events during the reporting period

3/01/2020	Regarding the Decision of the Court
8/01/2020	Regarding the decision to appeal the judgement
10/01/2020	Regarding the information submitted to the Bank of Lithuania about official tender circular
31/01/2020	Ignitis Gamyba preliminary financial results for 12 months of 2019
27/02/2020	Correction: Reporting dates of Ignitis Gamyba in 2020
27/02/2020	The Court upheld the decision to apply the temporary protection measures
28/02/2020	Interim information of Ignitis Gamyba for the twelve-month period of 2019: improved financial results
28/02/2020	Ignitis Gamyba preliminary financial results for the 1st month of 2020
5/03/2020	Correction: Reporting dates of Ignitis Gamyba in 2020
10/03/2020	Ignitis Gamyba audited financial information for the year 2019
17/03/2020	Ignitis Group and minority shareholders of its subsidiary AB Ignitis Gamyba reached a settlement
17/03/2020	Regarding the agenda and proposed draft resolutions of the Ordinary General Meeting of Shareholders of AB "Ignitis gamyba"
18/03/2020	Regarding the resolutions of "Ignitis gamyba" Supervisory Board
19/03/2020	Court approved waiver of claim of minority shareholders of Ignitis Gamyba
31/03/2020	Regarding approval of the official tender offer circular of Ignitis Gamyba shares
31/03/2020	Ignitis Gamyba preliminary financial results for the 2 months of 2020

### Notifications on material events after the end of the reporting period

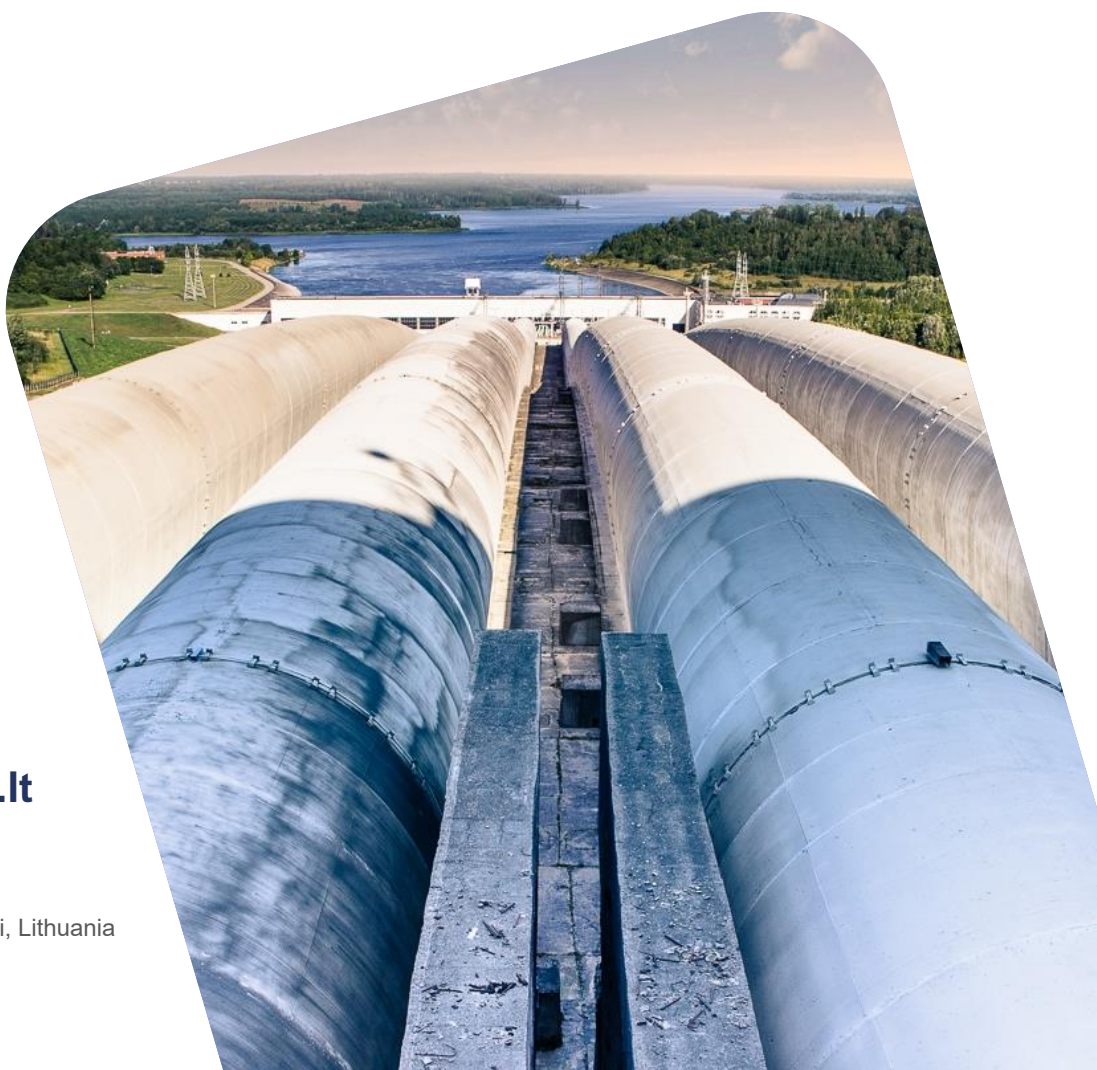
2/04/2020	The start of the official tender offer for shares of Ignitis gamyba
6/04/2020	Regarding the opinion on the announced official tender offer of the board of AB "Ignitis gamyba"
22/04/2020	Regarding the Ordinary General Meeting of Shareholders of AB "Ignitis gamyba" to be held on 30 April 2020
23/04/2020	Regarding the end of Ignitis Grupė's official tender offer for shares of Ignitis Gamyba, AB
30/04/2020	Regarding the resolutions of Ordinary General Meeting of AB "Ignitis gamyba" Shareholders

# 2020

## IGNITIS GAMYBA AB

COMPANY'S CONDENSED INTERIM FINANCIAL INFORMATION

COMPANY'S CONDENSED INTERIM FINANCIAL INFORMATION FOR 3 MONTHS PERIOD ENDED 31 MARCH 2020, PREPARED ACCORDING TO INTERNATIONAL ACCOUNTING STANDARD 34, 'INTERIM FINANCIAL REPORTING' AS ADOPTED BY THE EUROPEAN UNION (UNAUDITED)



[www.ignitisingamyba.lt](http://www.ignitisingamyba.lt)

Ignitis Gamyba AB  
Elektrinės st. 21, LT-26108, Elektrėnai, Lithuania  
E-mail [gamyba@ignitis.lt](mailto:gamyba@ignitis.lt)  
Company code 302648707

## CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

all amounts are in EUR thousand unless otherwise stated

	Notes	As at 31/03/2020	As at 31/12/2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	4	36,704	51,888
Tangible Asset	4	444,557	450,261
Investments in associates		2,075	1,980
Other non-current assets		5,087	5,087
Investment property		3,818	3,818
Other financial assets	7	627	628
Right-of-use assets	5	5,604	6,029
<b>Total non-current assets</b>		<b>498,472</b>	<b>519,691</b>
<b>Current assets</b>			
Inventories		1,031	1,298
Prepayments		7,770	15,584
Amounts receivable under contracts with customers	6	17,340	15,845
Other financial assets	7	13,372	17,222
Loans granted		59,963	49,971
Cash and cash equivalents		69,055	58,501
<b>Total current assets</b>		<b>168,531</b>	<b>158,421</b>
<b>TOTAL ASSETS</b>		<b>667,003</b>	<b>678,112</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Issued capital	8	187,921	187,921
Share premium		89,975	89,975
Legal reserve		15,379	15,379
Revaluation reserve		9,330	20,554
Retained earnings		103,548	96,224
<b>Total equity</b>		<b>406,153</b>	<b>410,053</b>
<b>Non-current liabilities</b>			
Borrowings	9	20,213	21,317
Lease liabilities		5,521	5,559
Grants	10	164,777	166,722
Provisions		9,124	9,681
Other non-current amounts payable and liabilities		542	542
Deferred tax liabilities		22,372	24,834
<b>Total non-current liabilities</b>		<b>222,549</b>	<b>228,655</b>
<b>Current liabilities</b>			
Borrowings	9	4,417	4,417
Lease liabilities		150	186
Trade payables		13,852	17,978
Contract liabilities		90	41
Income tax payable		6,290	5,458
Provisions		9,060	7,209
Other amounts payable and liabilities		4,442	4,115
<b>Total current liabilities</b>		<b>38,301</b>	<b>39,404</b>
<b>Total liabilities</b>		<b>260,850</b>	<b>268,059</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>667,003</b>	<b>678,112</b>

The accompanying notes form an integral part of this condensed interim financial information.

## CONDENSED INTERIM STATEMENT OF PROFIT (LOSS) AND OTHER COMPREHENSIVE INCOME

all amounts are in EUR thousand unless otherwise stated

	Notes	From 01/01/2020 to 31/03/2020	From 01/01/2019 to 31/03/2019 (restated*)
<b>Revenue and other income</b>			
Revenue from contracts with customers	11	31,786	35,984
Other income	12	169	9,505
		<b>31,955</b>	<b>45,489</b>
<b>Operating expenses</b>			
Purchases of electricity or related services		(4,789)	(5,267)
Gas, bio-fuel and heavy fuel expenses		(7,265)	(6,725)
Property, plant and equipment impairment loss		11	(188)
Depreciation and amortisation	4,5,10	(4,380)	(4,644)
Salaries and related expenses		(2,407)	(2,141)
Repair and maintenance expenses		(824)	(1,651)
Emission allowance revaluation and release (expenses)/income		(2,334)	2
Inventory write-down (allowance)/reversal		14	8
Other expenses		(1,656)	(3,485)
<b>Operating expenses, total</b>		<b>(23,630)</b>	<b>(24,091)</b>
<b>OPERATING PROFIT</b>		<b>8,325</b>	<b>21,398</b>
Finance income (expenses):			
Finance income		2	66
Finance (expenses)		(140)	(171)
		<b>(138)</b>	<b>(105)</b>
Share of results of associates		95	88
<b>PROFIT BEFORE TAX</b>		<b>8,282</b>	<b>21,381</b>
Income tax and deferred tax expenses		(961)	(2,751)
<b>NET PROFIT FOR THE PERIOD</b>		<b>7,321</b>	<b>18,630</b>
Other comprehensive income (loss) that will not be reclassified to profit or loss (loss)		(11,221)	(5,298)
Emission allowance revaluation**		(11,221)	(5,298)
<b>COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>(3,900)</b>	<b>13,332</b>
<b>Basic and diluted earnings per share (in EUR)</b>		<b>0.011</b>	<b>0.029</b>
<b>Weighted average number of shares</b>		<b>648,002,629</b>	<b>648,002,629</b>

\* Some of the amounts listed above differ from the amounts with condensed interim financial information of Q1 2019 and reflect the adjustments disclosed in Note 4.

\*\* The market price for emission allowance was 21.15 EUR per unit, as at 31 December 2018; 31 December 2019 – 24.93 EUR per unit; 31 March 2020 – 17.54 EUR per unit. The fluctuation of market value is the main reason causing the significant fluctuation in revaluation effect of emission allowance.

\*\*\*The weighted average number of ordinary shares during the period is the number of ordinary shares outstanding at the beginning of the period, adjusted by the weighted average number of ordinary shares repurchased or issued during the period, multiplied by the time weighted ratio. The time weighted ratio is the number of days in the reporting period that the shares were outstanding in ratio to the total number of days in that reporting period.

The accompanying notes form an integral part of this condensed interim financial information.

## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

all amounts are in EUR thousand unless otherwise stated

	Notes	Issued capital	Share premium	Revaluation reserve	Legal reserve	Retained earnings (restated*)	Total comprehensive income (restated*)
<b>Balance as at 1 January 2019</b>		<b>187,921</b>	<b>89,975</b>	<b>20,659</b>	<b>13,897</b>	<b>79,359</b>	<b>391,811</b>
Revaluation of emission allowances**		-	-	(5,298)	-	-	(5,298)
Net profit for the reporting period (restated*)		-	-	-	-	18,630	18,630
<b>Total comprehensive income for the period</b>		<b>-</b>	<b>-</b>	<b>(5,298)</b>	<b>-</b>	<b>18,630</b>	<b>13,332</b>
Depreciation of revaluation reserve		-	-	3	-	(3)	-
<b>Balance as at 31 March 2019 (restated*)</b>		<b>187,921</b>	<b>89,975</b>	<b>15,364</b>	<b>13,897</b>	<b>97,986</b>	<b>405,143</b>
<b>Balance as at 1 January 2020</b>		<b>187,921</b>	<b>89,975</b>	<b>20,554</b>	<b>15,379</b>	<b>96,224</b>	<b>410,053</b>
Revaluation of emission allowances**		-	-	(11,221)	-	-	(11,221)
Net profit for the reporting period		-	-	-	-	7,321	7,321
<b>Total comprehensive income for the period</b>		<b>-</b>	<b>-</b>	<b>(11,221)</b>	<b>-</b>	<b>7,321</b>	<b>(3,900)</b>
Depreciation of revaluation reserve		-	-	(3)	-	3	-
<b>Balance at 31 March 2020</b>		<b>187,921</b>	<b>89,975</b>	<b>9,330</b>	<b>15,379</b>	<b>103,548</b>	<b>406,153</b>

\* Some of the amounts listed above differ from the amounts with condensed interim financial information of Q1 2019 and reflect the adjustments disclosed in Note 4.

\*\* The market price of the emission allowances on 31 December 2018 was EUR 21.15 per unit; on 31 December 2019 – EUR 24.93 per unit; on 31 March 2020 – 17.54 per unit. Market price fluctuations were the root cause for the changes in the effect of revaluation of emission allowances. Amounts are recognised net of deferred tax liability related to revaluation reserve.

The accompanying notes form an integral part of this condensed interim financial information.



## CONDENSED INTERIM STATEMENT OF CASH FLOWS

all amounts are in EUR thousand unless otherwise stated

	Notes	From 01/01/2020 to 31/03/2020	From 01/01/2019 to 31/03/2019 (restated*)
Net profit		7,321	18,630
<b>Adjustments to reconcile profit before tax to net cash flows</b>			
Depreciation and amortisation expenses		6,472	6,739
Loss on impairment of property, plant and equipment (reversal of impairment)		(11)	188
Revaluation of property, plant and equipment		-	(96)
Inventory write-down/(reversal)		(14)	(8)
Expenses/(income) of revaluation of emission allowances		2,077	(110)
Reversal of impairment		40	(293)
Share of (profit) of associates		(95)	(88)
Income tax expenses		1,442	3,243
Change in deferred income tax liability		(481)	(492)
Depreciation of grants		(2,092)	(2,095)
(Decrease) increase in provisions		1,338	257
(Gain) loss on disposal/write-off of non-current assets (other than financial assets)		(6)	16
Elimination of results of financing and investing activities:			
- Interest income		(88)	(66)
- Interest expenses		140	171
- Other finance (income)/costs		86	-
<b>Working capital adjustment:</b>			
(Increase) decrease in trade receivables and other amounts receivable		2,316	(3,612)
(Increase) decrease in inventories and prepayments		8,058	2,586
Increase/(decrease) in payables and contract liabilities		(3,954)	3,565
Income tax (paid)		(606)	(449)
<b>Net cash flows from (to) operating activities</b>		<b>21,943</b>	<b>28,086</b>
<b>Cash flows from/(used in) investing activities</b>			
(Purchase) of property, plant and equipment and intangible assets		(245)	(581)
Proceeds from sale of property, plant and equipment and intangible assets		18	-
Loans granted		(9,992)	(29)
Grants received		3	-
Sale of a part of business		-	2,000**
Interest received		82	66
<b>Net cash flows from investing activities</b>		<b>(10,134)</b>	<b>1,456</b>
<b>Cash flows from/(used in) financing activities</b>			
Repayments of borrowings		(1,104)	(1,105)
Lease payments		(64)	(60)
(Interest) paid		(87)	(171)
Dividends (paid)		-	(2)
<b>Net cash flows from (used in) financing activities</b>		<b>(1,255)</b>	<b>(1,338)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>10,554</b>	<b>28,204</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>58,501</b>	<b>47,885</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>69,055</b>	<b>76,089</b>

\* Some of the amounts listed above differ from the amounts with condensed interim financial information of Q1 2019 and reflect the adjustments disclosed in Note 4.

\*\* Amounts paid under the wholesale electricity trade business agreement concluded on 12 October 2015 with Energijos Tiekimas UAB.

The accompanying notes form an integral part of this condensed interim financial information.

**AB „Ignitis gamyba”, entity code: 302648707, address: Elektrinės str. 21, LT-26108, Elektrėnai, Lithuania**

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

all amounts are in EUR thousand unless otherwise stated

### 1. General information

Ignitis Gamyba AB is a public limited liability company registered in the Republic of Lithuania. Ignitis Gamyba AB (hereinafter – the Company) is a limited liability profit-oriented entity registered with the Register of Legal Entities managed by the public institution the Centre of Registers. The Company was registered on 20 July 2011. The company code 302648707, VAT payer's code LT100006256115. The Company has been founded for an indefinite period. The Company's registered office address is Elektrinės st. 21, LT-26108, Elektrėnai, Lithuania.

With effect from 1 September 2011, the shares of Ignitis Gamyba AB have been listed on the Main List of NASDAQ OMX Vilnius Stock Exchange. As at 31 March 2020 and 2019, the Company did not hold its own shares.

As at 31 March 2020 and 2019, the Company was engaged in electricity generation and electricity trading activities. In addition to these principal activities, the Company is free to be engaged in any other business activities not forbidden under the laws and stipulated in the Company's Articles of Association.

The Company has permits of indefinite term to engage in electricity generation activities at the Reserve Power Plant and the Combined Cycle Unit (hereinafter collectively referred to as the Elektrėnai Complex), at Kaunas Algirdas Brazauskas Hydro Power Plant and at Kruonis Pumped Storage Power Plant, as well as in electricity import and export activities. The Company also holds permits to expand electricity generation capacities at the Reserve Power Plant and Kruonis Pumped Storage Power Plant, and certificates entitling to engage in maintenance and operation of electric, thermal power, natural gas and oil facilities. On 29 July 2011, based on the decision of the National Energy Regulatory Council (hereinafter “the NERC”), Ignitis Gamyba AB obtained the licence of an independent electricity supplier.

On 27 August 2019, the Extraordinary General Meeting of Shareholders decided to rename Lietuvos Energijos Gamyba AB to Ignitis Gamyba AB.

As at 31 March 2020 and 31 December 2019, the Company had no subsidiaries.

As at 31 March 2020 and 31 December 2019, the Company's shareholder structure was as follows:

	At 31 March 2020		At 31 December 2019	
	Number of shares held	Ownership interest	Number of shares held	Ownership interest
UAB „Ignitis grupė“	627,372,769	96.82%	627,372,769	96.82%
Other shareholders	20,629,860	3.18%	20,629,860	3.18%
<b>Total</b>	<b>648,002,629</b>	<b>100.00%</b>	<b>648,002,629</b>	<b>100.00%</b>

As at 31 March 2020 and 31 December 2019, the parent of the Company was Lietuvos Energija UAB. The Government of the Republic of Lithuania represented by the Ministry of Finance of the Republic of Lithuania owns 100% of shares of Lietuvos Energija UAB.

As at 31 March 2020 and 31 December 2019, the Company's investments in associates were as follows:

Company	Registered office address	Company's ownership interest As at 31/03/2020	Company's ownership interest As at 31/12/2019	Profile of activities
Geoterma UAB (Bankrupt)	Lypkių st. 53, LT-94100 Klaipėda, Lithuania	23.44%	23.44%	Geothermal energy production
UAB Ignitis Grupės Paslaugų Centras (former Technologijų ir Inovacijų Centras UAB)*	Juozapavičiaus st. 13, Vilnius, Lithuania	20.67%	22.23%	Information technology services, Public procurement, accounting and employment relations administration services
Verslo Aptarnavimo Centras UAB (reorganized)*	-	-	15.00%	-

\*From 2020 January 1 Company's associates UAB Ignitis grupės paslaugų centras and UAB Verslo Aptarnavimo Centras were reorganized. During the reorganisation Verslo Aptarnavimo Centras UAB, which ceased its activities without the liquidation procedure, was merged with Ignitis Grupės Paslaugų Centras UAB which continues its activities. The assets, rights and obligations of Verslo Aptarnavimo Centras UAB are transferred to the company Ignitis Grupės Paslaugų Centras UAB, and the Company and other shareholders of the reorganised company, except for Ignitis Grupės Paslaugų Centras UAB, receive in return the shares of Ignitis Grupės Paslaugų Centras UAB for no consideration, and accordingly, the share capital of Ignitis Grupės Paslaugų Centras UAB is increased.

As at 31 March 2020, the Company had 362 employees (as at 31 December 2019 – 356).

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

all amounts are in EUR thousand unless otherwise stated

## 2. Summary of significant accounting policies

### 2.1 Basis of preparation of the condensed interim financial information

Company's condensed interim financial information for the three-month period ended 31 March 2020 has been prepared in accordance with International Financial Reporting Standards (hereinafter – IFRS) as adopted by the European Union and applicable to interim financial reporting (International Accounting Standard (hereinafter – IAS) 34, 'Interim financial reporting').

This unaudited condensed interim financial information do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended 31 December 2019, which have been prepared in accordance with IFRS as adopted by the European Union.

This condensed interim financial information are presented in thousands of euros (EUR). The functional and presentation currency of the Company is euro. The Company's financial year coincides with a calendar year.

### 2.2 New standards, interpretations and amendments adopted

The accounting policies adopted in the preparation of this interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2019, except for the adoption of new standards effective as of 1 January 2020.

The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Several amendments and interpretations apply for the first time in 2020, but do not have an impact on the interim condensed financial statements of the Company.

#### a) Adoption of new and/or changed International Financial Reporting Standards and International Financial Reporting Interpretations Committee (hereinafter – IFRIC) interpretations

##### *Amendments to References to the Conceptual Framework in IFRS Standards (published 29 March 2018, effective from 1 January 2020)*

The Conceptual Framework sets out a comprehensive set of concepts for financial reporting, standard setting, guidance for preparers in developing consistent accounting policies and assistance to others in their efforts to understand and interpret the standards. The IASB has also issued a separate accompanying document, Amendments to References to the Conceptual Framework in IFRS Standards, which sets out the amendments to affected standards in order to update references to the revised Conceptual Framework. Its purpose is to support transition to the revised Conceptual Framework for companies that develop accounting policies using the Conceptual Framework when no IFRS Standard applies to a particular transaction. The amendments are endorsed by the EU. These amendments had no impact on the financial statements of the Company.

##### *Amendments to IFRS 3: Definition of a Business (published 22 October 2018, effective from 1 January 2020)*

The IASB issued amendments to the definition of a business in IFRS 3 (amendments to IFRS 3) aimed at resolving the difficulties that arise when an entity is determining whether it has acquired a business or a group of assets. The amendments are effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020, with earlier adoption permitted. The amendments are endorsed by the EU. These amendments had no impact on the financial statements of the Company but may impact future periods if the Company enters to any business combinations.

##### *Amendments to IAS 1 and IAS 8: Definition of a Material (published 31 October 2018, effective from 1 January 2020)*

The amendments clarify the definition of 'material' and how it should be applied. New definition clarifies that 'information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.' In addition, the explanations accompanying the definition have been improved. The amendments also ensure that the definition of material is consistent across all IFRSs. The amendments are endorsed by the EU. These amendments had no impact on the financial statements of, nor is there expected to be any future impact to the Company.

##### *Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform (published 26 September 2019, effective from 1 January 2020)*

Amendments to IFRS 9, IAS 39 and IFRS 7 conclude phase one of its work to respond to the effects of Interbank Offered Rates (IBOR) reform on financial reporting. Phase two will focus on issues that could affect financial reporting when an existing interest rate benchmark is replaced with a risk-free interest rate (an RFR). The amendments published, deal with issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative interest rate and address the implications for specific hedge accounting requirements in IFRS 9 Financial Instruments and IAS 39 Financial Instruments: Recognition and Measurement, which require forward-looking analysis. The amendments provided temporary reliefs, applicable to all hedging relationships that are directly affected by the interest rate benchmark reform, which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

all amounts are in EUR thousand unless otherwise stated

### 2.2 New standards, interpretations and amendments adopted (continued)

rate benchmark with an alternative nearly risk-free interest rate. There are also amendments to IFRS 7 Financial Instruments: Disclosures regarding additional disclosures around uncertainty arising from the interest rate benchmark reform. These amendments had no impact on the financial statements of the Company. The amendments are endorsed by the EU.

#### b) Standards, amendments and interpretations issued but not yet effective and not early adopted

New standards, amendments and interpretations that are not mandatory for reporting period beginning on 1 January 2020 and have not been early adopted when preparing these financial statements are presented below:

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (published 11 September 2014, effective date not appointed)

The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IFRS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. In December 2015, the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Management has assessed that adoption of new standard will have no significant effect on financial statements of the Company.

IFRS 17: Insurance Contracts (New)  
(published 18 May 2017, effective from 1 January 2023)

IFRS 17 changes IFRS 4, which permits entities to continue to use current practices in accounting for insurance contracts. This made it difficult for investors to compare the financial performance of similar insurance companies. IFRS 17 is a general principle-based standard that sets out accounting requirements for all types of insurance contracts, including reinsurance contracts held by an insurer. The Standard requires the recognition and measurement of classes of insurance contracts: (i) risk-adjusted present value of future cash flows (cash flows from the performance of the contract), which reflects all available information about cash flows from the contract that is consistent with market observable data by adding (if the value is a liability) or subtracting (if the value is an asset); (ii) the amount reflecting unearned profit (contracted service margin) from the group of contracts. Profits from a group of insurance contracts will be recognized by insurers for the duration of the insurance coverage and the moment they transfer the risk. If a group of contracts is or becomes a loss, the entity will recognize the loss immediately. The standard has not yet been endorsed by the EU. This IFRS will not have any impact on the financial position or performance of the Company as insurance services are not provided.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current  
(published 23 January 2020, effective from 1 January 2022)

The amendments are effective for annual reporting periods beginning on or after January 1, 2022 with earlier application permitted. The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current or non-current. The amendments affect the presentation of liabilities in the statement of financial position and do not change existing requirements around measurement or timing of recognition of any asset, liability, income or expenses, nor the information that entities disclose about those items. Also, the amendments clarify the classification requirements for debt which may be settled by the company issuing own equity instruments. The Company is currently assessing the impact of this amendment on their financial statements. These Amendments have not yet been endorsed by the EU.

### 3. The impact of COVID 19 on key accounting estimates, assumptions and estimation uncertainties

Preparing financial statements according to IFRS, the management is required to make certain assumptions and estimates that had an affect on the reported amounts of assets, liabilities, income and expenses and contingencies. Future events may cause changing the assumptions used to determine the estimates to be changed. The effect of any changes in estimates will be recognised in the financial statements when determined. Significant management's judgements regarding the application of accounting policies and the main sources for estimation uncertainties used in the preparation of these interim condensed financial statements are consistent with those as was used in preparing the annual financial statements for the year ended 31 December 2019, except for those accounting estimates for which the uncertainty has increased as a result of the COVID 19 pandemic. Compared to the 2019 annual financial statements no other new areas have been identified in addition to the COVID 19 pandemic where significant and complex decisions have to be made or where assumptions and accounting estimates have had a material effect on these interim condensed financial statements. The following are the key areas considered by the Company's management in assessing the impact of COVID 19:

#### • *Going concern*

In assessing the risks to the Company's going concern, management has taken into account the uncertainty arising from the COVID-19 outbreak regarding the potential future impact on the Company's operations. Management has assessed the potential disruption of cash flows, supply chain of services or goods, possible disruption of funding sources, potential reductions in electricity consumption due to the economic slowdown, the risk of COVID-19 infection by workers performing critical functions and the risk of project delays using all available information regarding the future threats by COVID 19 available at the date of these financial statements' issue and did not identify any circumstances that could cast doubt on the Company's business continuity.

At the date of these financial statements' issue there is a risk and likelihood that the quarantine in respect of the COVID-19 outbreak may be extended in the Republic of Lithuania and the restrictive measures applied in foreign countries may be prolonged, therefore the results of the management's assessment of the Company's financial results for 2020 may change. It is not possible to reasonably estimate the assumptions of the longer-term adverse effect scenario at the date of issue of the financial statements.

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

all amounts are in EUR thousand unless otherwise stated

### 3. The impact of COVID 19 on key accounting estimates, assumptions and estimation uncertainties (continued)

- *Residual value of assets and the useful life: property, plant and equipment*

Management has reviewed the useful lives of property, plant and equipment to assess whether they are still appropriate to the nature and purpose of their intended use, taking into account the potential impact of COVID 19 on those assets. The useful life review was based on foreseeable events and economic conditions that could result from a COVID 19 pandemic in the future. Management has not identified any disruptions in the use of property, plant and equipment in the short or long term.

- *Expected credit losses: financial assets*

The Company uses a loss ratio matrix to determine the expected credit losses on receivables. The matrix of loss ratios is based on historical data on the settlement of receivables over their term and is adjusted for future projections. The Company's management has assessed past events, current and future economic conditions as of the date of these financial statements' issue in determining the probable credit losses due to the impact of COVID 19. Given that the main customers are the electricity transfer operator and the power stock exchange, the Company's management has determined that the future economic situation due to COVID 19 does not significantly change the loss ratio matrix used to calculate the expected credit losses for the Company's financial assets as at 31 March 2020. Therefore loss ratios used to calculate expected credit losses for the date of 31 March 2020 were the same as those used in the preparation of the annual financial statements for the year ended 31 December 2019.

- *Fair value measurement: property, plant and equipment*

Management has reviewed the key assumptions used to determine the fair value of property, plant and equipment. The management did not identify any circumstances that COVID 19 would require a significant change in the Company's budget for 2020, revising the management's forecasts for the period 2021 - 2024 and the weighted average pre-tax cost of capital compared to those used in the preparation of annual financial statements for the year ended 31 December 2019. Also, after assessing the most up-to-date information and long-term forecasts, no significant change in the rate of return on investment is expected, as well as no changes in the legal regulation and the scope of services provided.

- *Non-current/current classification*

Management has also reviewed the classification of loans provided and loans received into long-term and short-term and has not identified any circumstances that would require to adjust this classification.

Overall information on COVID 19 and its impact on Company's operations

On 30 January 2020 the World Health Organization has declared a global emergency following the COVID-19 outbreak and on 11 March 2020 confirmed the spread of the disease as a pandemic. An outbreak of COVID-19 was reported in the European Union on 31 January 2020 in Italy. On 26 February 2020 due to the threat of COVID-19 the Government of the Republic of Lithuania (hereinafter "the Government") declared an emergency situation in the country and on 14 March 2020 adopted a resolution No. 207 Regarding the announcement of quarantine in the Republic of Lithuania, on the basis of which quarantine was announced in the entire territory of the country from 16 March 2020 until 27 April 2020 with the possibility of extension. The quarantine is extended until 11 May 2020. During quarantine, the country has:

- Restricted movement of population across the border and within the country (movement of goods is not restricted)
- Restricted public and private sector activities
- The process of education and childcare and educational activities in all educational institutions are stopped
- The work organization of health care institutions, etc. has been established

In relation to the emergency situation and quarantine the Parliament of the Republic of Lithuania adopted amendments aimed at preserving jobs and helping the population with special urgency. On 16 March 2020 the Government took the decision (Protocol No.14) and in respect of which concluded a Plan for the economic stimulation and the implementation of measures directed to mitigate the spread of COVID 19 (hereinafter "the Plan"). Management from 16 March 2020 instructed all employees of Company who have the ability to work remotely not to go to workplaces in offices, hold meetings through the teleconferencing IT programs. Company ensured that all conditions are in place for efficient remote work to employees. Employees do not experience any disruptions in the performance of direct functions. Employees who are required to work in the Power Plants during the quarantine period have safe working conditions, employees are provided with all necessary protective equipment. During the quarantine period, Company strictly adheres to all recommendations issued by the Government regarding the possible threat of COVID 19.

Resolutions/decisions adopted by the Government regarding the implementation of the Plan did not have a direct impact on the company's operations.

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

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### 4. Correction of Errors

When preparing of these interim condensed financial statements, the Company has made the following adjustments for prior periods:

In 2019, the Company reviewed accounting principles for recognition of revenues, receivables, and payables related to secondary active capacity reserve, tertiary capacity reserve, accident prevention and mitigation, and power handling services (hereinafter 'the Regulatory activities'), which prices are regulated by the NERC, in financial statements. Tariffs for these regulatory activities for the next calendar (financial) year are set by NERC based on the Company expenses forecasted for the next financial year, taking into account planned and factual revenue and expense differences in the prior financial year period.

When preparing its annual Financial statements for the year ended 31 December 2018, the Company reported these regulatory activities revenues in the financial statements using the accrual principle based on factual expenses incurred, i.e. regulatory activities revenues were recognized by the Company in such amount, which, under NERC revenue calculation methodology, are permissible to take into consideration, by also taking into account permissible return on investment and factual expenses incurred for services provided during the period. Difference between the amount set by NERC and factual revenue and expenses incurred was recognized as the Company's payables or receivables. As at 31 December 2018, the Company recognised amounts payable related to regulated services in the amount of EUR 4,598 thousand within the other non-current payables and liabilities and EUR 2,794 thousand within the non-current advances received.

As of 31 March 2019, the Methodology by-laws did not contain any legal provisions if and how the Company should meet its obligation raised from coverage of amount payable and how the Company should be reimbursed in the event when the same regulated services were no longer provided in the following financial year. When preparing condensed interim financial information for 3 months period ended 31 March 2019, the Company's management applied the principle of conservatism to recognise the difference between planned and actual revenues from 2017 to 2018 and costs and has recognized in its statement of financial position. Based on management's assessment, if the same regulated services cease to be provided in the coming periods, it is likely that legislative changes would be made that would determine a requirement to reimburse such obligation and would determine the principles based on which the Company should meet such obligation.

On 14 November 2019, the National Energy Regulatory Council (NERC) adopted a resolution No O3E-715 'On Approval of the Methodology for Establishing the Prices for Electricity, Capacity Reserve Services and Services Ensuring Isolated Operation of the Power System' (hereinafter 'the Methodology'). This Resolution stipulates that Companies that discontinue capacity reserve services shall reimburse any discrepancies between the projected and actual costs of providing these services to the transmission system operator if the costs actually incurred by the Company were less than the revenues received from the transmission system operator. If the actual costs incurred by the Company were higher than the income of the transmission system operator, the transmission system operator shall reimburse this amount to the Company.

Following the auditor's recommendations, the Company's management has reassessed the provisions of International Financial Reporting Standards and the applicable regulatory framework for regulated services in 2019, including the Methodology. Given that there was no provision in the legislation in force prior to the approval of the updated Methodology on how/if the Company should refund or recover any difference between the planned and actual revenues and expenses of the regulated services for past periods, if the services are not provided prior to the entry into force of the Methodology, the Company's management decided that there is no basis to recognise this difference as an asset or a liability under the financial reporting framework and IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. For this reason, adjustments were made to the relevant items for relevant periods prior to the entry into force of the Methodology taking into account the effect of the income tax.

According to the Company's evaluation, during the 3-month period, ended on 31 March 2019, the actual expenses for regulated services were less than what NERC had projected for the same period by EUR 1,925 thousand amount, which was recognized as part current year Revenue from contracts with customers.



## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

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### 4. Correction of Errors (continued)

Retrospectively corrected captions of statement of profit or loss and other comprehensive income:

	Notes	From 01/01/2019 to 31/03/2019 before correction	Correction related to recognition of revenue from regulated activities	Correction of income tax payable related to recognition of revenue from regulated activities	From 01/01/2019 to 31/03/2019 aftereffect of correction
<b>Revenue and other income</b>					
Revenue from contracts with customers		34,059	1,925	-	35,984
Other income		9,505	-	-	9,505
		<b>43,564</b>	<b>1,925</b>	<b>-</b>	<b>45,489</b>
<b>Operating expenses</b>					
Purchases of electricity or related services		(5,267)	-	-	(5,267)
Gas, bio-fuel and heavy fuel expenses		(6,725)	-	-	(6,725)
Depreciation and amortisation		(4,644)	-	-	(4,644)
Salaries and related expenses		(2,141)	-	-	(2,141)
Repair and maintenance expenses		(1,651)	-	-	(1,651)
Emission allowance revaluation and release (expenses)/income		2	-	-	2
Inventory write-down (allowance)/reversal		8	-	-	8
(Impairment) reversal of property, plant and equipment		(188)	-	-	(188)
Other expenses		(3,485)	-	-	(3,485)
<b>Operating expenses, total</b>		<b>(24,091)</b>	<b>-</b>	<b>-</b>	<b>(24,091)</b>
<b>OPERATING PROFIT</b>		<b>19,473</b>	<b>1,925</b>	<b>-</b>	<b>21,398</b>
Finance income (expenses):					
Finance income		66	-	-	66
Finance (expenses)		(171)	-	-	(171)
		<b>(105)</b>	<b>-</b>	<b>-</b>	<b>(105)</b>
Share of results of associates		88	-	-	88
<b>PROFIT BEFORE TAX</b>		<b>19,456</b>	<b>1,925</b>	<b>-</b>	<b>21,381</b>
Income tax and deferred tax expenses		(2,462)	-	(289)	(2,751)
<b>NET PROFIT FOR THE PERIOD</b>		<b>16,994</b>	<b>1,925</b>	<b>(289)</b>	<b>18,630</b>
Other comprehensive income (loss) that will not be subsequently reclassified to retained earnings (loss)		(5,298)	-	-	(5,298)
<b>COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>11,696</b>	<b>1,925</b>	<b>(289)</b>	<b>13,332</b>
<b>Basic and diluted earnings per share (in EUR)</b>		<b>0.026</b>			<b>0.029</b>
<b>Weighted average number of shares</b>		<b>648,002,629</b>			<b>648,002,629</b>

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

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### 4. Correction of Errors (continued)

Retrospectively corrected captions of cash flow statement:

	Notes	From 01/01/2019 to 31/03/2019 before correction	From 01/01/2019 to 31/03/2019 after correction	From 01/01/2019 to 31/03/2019 difference
Net profit		16,994	18,630	1,636
<b>Adjustments to reconcile profit before tax to net cash flows</b>				
Depreciation and amortisation expenses		6,739	6,739	-
Loss on impairment of property, plant and equipment (reversal of impairment)		188	188	-
Result of revaluation of non-current assets		(96)	(96)	-
Inventory write-down/(reversal)		(8)	(8)	-
Expenses/(income) of revaluation of emission allowances		(110)	(110)	-
Other impairment		(293)	(293)	-
Share of (profit) of associates		(88)	(88)	-
Income tax expenses		2,954	3,243	289
Change in deferred income tax liability		(492)	(492)	-
Depreciation of grants		(2,095)	(2,095)	-
(Decrease) increase in provisions		931	257	(674)
(Gain) loss on disposal/write-off of non-current assets (other than financial assets)		16	16	-
disposal/write-off				
Elimination of results of financing and investing activities:				-
- Interest received		(66)	(66)	-
- Interest paid		171	171	-
<b>Working capital adjustment:</b>				
(Increase) decrease in trade receivables and other amounts receivable		(3,612)	(3,612)	-
(Increase) decrease in inventories and prepayments		2,586	2,586	-
Increase (decrease) in amounts payable and advance amounts received		4,816	3,565	(1,251)
Income tax (paid)		(449)	(449)	-
<b>Net cash flows from (to) operating activities</b>		<b>28,086</b>	<b>28,086</b>	<b>-</b>
<b>Cash flows from/(used in) investing activities</b>				
(Purchase) of property, plant and equipment and intangible assets		(581)	(581)	-
Sale of a part of business		2,000	2,000	-
Loans granted		(29)	(29)	-
Interest received		66	66	-
<b>Net cash flows used in investing activities</b>		<b>1,456</b>	<b>1,456</b>	<b>-</b>
<b>Cash flows from/(used in) financing activities</b>				
Repayments of borrowings		(1,105)	(1,105)	-
Finance lease payments		(60)	(60)	-
Interest (paid)		(171)	(171)	-
Dividends (paid)		(2)	(2)	-
<b>Net cash flows from (used in) financing activities</b>		<b>(1,338)</b>	<b>(1,338)</b>	<b>-</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>28,204</b>	<b>28,204</b>	<b>-</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>47,885</b>	<b>47,885</b>	<b>-</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>76,089</b>	<b>76,089</b>	<b>-</b>

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### 5. Intangible assets and property, plant, and equipment

Movements in the Company's account of the intangible assets and property, plant and equipment are presented below:

	Intangible assets	Property, plant and equipment
<b>Period ended 31 December 2019</b>		
Net book value at the beginning of the period	51,888	450,261
Additions	5	293
Received grants	242	-
Revaluation of emission allowances	(15,419)	-
Sales	-	(1)
Write-offs	-	(11)
Reversal of impairment	-	11
Reclassification from/to inventories	-	37
Reclassification from/to right-of-use asset	-	356
Amortisation/Depreciation	(12)	(6,389)
<b>Net book value at 31 March 2020</b>	<b>36,704</b>	<b>444,557</b>

As at 31 March 2020, the outstanding capital expenditure commitments under the contracts amounted to approximately EUR 2,864 thousand (31 December 2019: EUR 1,040 thousand).

As at 31 March 2020, the Company pledged to the banks property, plant and equipment with the residual value of EUR 20,797 thousand at the reporting date (31 December 2019: EUR 21,032 thousand).

### 6. Right-of-use assets

Movements in the Company's account of the right-of-use asset are presented below:

	Right-of-use asset
<b>Period ended 31 December 2019</b>	
Net book value at the beginning of the period	6,029
Additions	113
Write-offs and disposals	(111)
Reclassification from/to property, plant and equipment	(356)
Amortisation /depreciation	(71)
<b>Net book value at 31 March 2020</b>	<b>5,604</b>

### 7. Amounts receivable under contracts with customers

The Company's trade receivables under contracts with customers comprised amounts receivable from customers for goods sold and services rendered:

	As at 31/03/2020	As at 31/12/2019
Receivables for electricity	17,075	15,304
Receivables for sale of heat	275	545
<b>In total</b>	<b>17,350</b>	<b>15,849</b>
Less: Expected credit losses	(10)	(4)
<b>Carrying amount</b>	<b>17,340</b>	<b>15,845</b>

### 8. Other financial assets

As at 31 March 2020 and 2019, the Company's other non-current financial assets comprised the following:

	As at 31/03/2020	As at 31/12/2019
Non-current amounts receivable for capacity reserve (from contracts with customers)	475	475
Receivables for apartments	55	56
Other receivables	97	97
<b>In total</b>	<b>627</b>	<b>628</b>
Less: Expected credit losses	-	-
<b>Closing book value</b>	<b>627</b>	<b>628</b>

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### 8. Other financial assets (continued)

As at 31 March 2020 and 2019, the Company's other current financial assets comprised the following:

	As at 31/03/2020	As at 31/12/2019
Accrued revenue related to the capacity reserve and PSO services	11,506	15,566
VAT receivable from the state budget	514	858
Receivable excise on heavy fuel	35	35
Other receivables	1,758	1,170
<b>In total</b>	<b>13,813</b>	<b>17,629</b>
Less: Expected credit losses	(441)	(407)
<b>Closing book value</b>	<b>13,372</b>	<b>17,222</b>

### 9. Issued capital and share premium

As at 31 March 2020 and 2019, issued capital of the Company amounted to EUR 187,920,762 and it was divided into 648,002,629 ordinary registered shares with the nominal value of EUR 0.29 each. All the shares are fully paid.

As at 31 March 2020 and 2019, the Company's shareholder structure was as follows:

Shareholders	Share capital As at 31/03/2020		Share capital As at 31/12/2019	
	(EUR)	%	(EUR)	%
Ignitis Group UAB	181,938,103	96.82	181,938,103	96.82
Other shareholders	5,982,659	3.18	5,982,659	3.18
<b>In total</b>	<b>187,920,762</b>	<b>100.00</b>	<b>187,920,762</b>	<b>100.00</b>

Ignitis Group UAB is wholly owned (100%) by the State of Lithuania, represented by the Lithuanian Ministry of Finance.

### 10. Borrowings

The Company's borrowings by maturity grouping are as follows:

	As at 31/03/2020	As at 31/12/2019
<b>Non-current borrowings</b>		
Loan from Luminor Bank AB, in EUR, to be repaid by 31 March 2027	7,355	7,662
Loan from SEB Bankas AB, in EUR, to be repaid by 6 July 2027	12,858	13,655
<b>Total non-current borrowings</b>	<b>20,213</b>	<b>21,317</b>
<b>Current borrowings and current portion of non-current borrowings</b>		
Loan from Luminor Bank AB, in EUR, to be repaid by 31 March 2027	1,226	1,226
Loan from SEB Bankas AB, in EUR, to be repaid by 6 July 2027	3,191	3,191
<b>Total current borrowings and current portion of non-current borrowings</b>	<b>4,417</b>	<b>4,417</b>

To secure the repayment of loans, the Company pledged its property, plant and equipment (Notes 5).

### 11. Grants

The balance of grants includes grants received to finance the acquisition of assets. Movements on grants account during the three-month period ended 31 March 2020 were as follows:

	Asset-related grants		Grants for emission allowances	In total
	Fuel combustion equipment and other assets	Project for renovation, improvement of environmental and safety standards		
<b>Balance as at 1 January 2019</b>	<b>25,729</b>	<b>133,376</b>	<b>7,617</b>	<b>166,722</b>
Grants received	3	-	242	245
Depreciation of immovable property, plant and equipment	(105)	(1,987)	-	(2,092)
Grant for emission allowances utilised	-	-	(98)	(98)
<b>Balance as at 31 March 2020</b>	<b>25,627</b>	<b>131,389</b>	<b>7,761</b>	<b>164,777</b>

During the three-month period ended 31 March 2020, the Company's asset-related grants decreased by EUR 2,092 thousand (31 March 2019: EUR 2,095 thousand). Depreciation expenses of property, plant and equipment were reduced by this amount in the statement of profit and loss and other comprehensive income.

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### 12. Revenue from contracts with customers

Revenue recognised from contracts with customers were as follows:

	From 01/01/2020 to 31/03/2020	From 01/01/2019 to 31/03/2019 (restated*)
Revenue from sale of electricity	14,803	11,634
Other system services	7,176	6,452
Income from capacity reserve services	6,332	10,644
Other operating income	2,148	928
Revenue from supply of thermal energy	1,327	2,075
Sale of inventory	-	4,251
<b>Total revenue</b>	<b>31,786</b>	<b>35,984</b>

\* Some of the amounts listed above differ from the amounts with condensed interim financial information of Q1 2019 and reflect the adjustments disclosed in Note 4.

All revenue from agreements concluded with customers is calculated with regard to the price of the transaction as defined in the agreement. The Company usually receives payments immediately after rendering respective services. In rare cases, the terms of delayed payment might be agreed upon, however, any delay of payments cannot exceed 12 months, and therefore, the transaction price is not adjusted in view of the financing impact on revenue recognition. The Company's revenue from the main activity is earned either by providing services to Lithuanian entities, or by selling the electricity on the Nord Pool AS market, however, as the transactions are carried out in the Lithuanian price zone, the Company's management considers such sales to be in the local Lithuanian market.

### 13. Other income

The Company's other income as follows:

	From 01/01/2020 to 31/03/2020	From 01/01/2019 to 31/03/2019 (restated*)
Property rental income	134	168
Other income**	29	9,314
Gain on disposal of property, plant and equipment	6	-
Sanctions	-	23
<b>In total</b>	<b>169</b>	<b>9,505</b>

\* Some of the amounts listed above differ from the amounts with condensed interim financial information of Q1 2019 and reflect the adjustments disclosed in Note 4.

\*\*On 11 February 2019, the Ministry of Finance of the Republic of Lithuania transferred to the Company the compensation of EUR 9,276 thousand for the indemnification of potentially inflicted damage by Alstom Power Ltd during the implementation of the project, which was implemented over the years 2005 – 2009, of the public limited liability company Lietuvos Elektrinė (Lithuanian Power Plant) (the rights and obligations of which were taken over by the Company) titled "Installation of low pressure Nox burners and burner's management system, with installation of interlocks for heating control and protection against explosions". This compensation was awarded to the Republic of Lithuania by the court of the Great Britain.

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

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### 14. Segment reporting

The Company's management analyses the Company's operations by separating them into regulated activities and commercial activities. The regulated activities include the Reserve Power Plant's revenue from heat and electricity production, balancing and regulation, capacity reserve services, including capacity reserve revenue of Kruonis Pumped Storage Power Plant. The commercial activities include electricity trade in a free market, electricity production at Kaunas Algirdas Brazauskas Hydro Power Plant and Kruonis Pumped Storage Power Plant, and the related balancing and regulation services. Total revenue of segments is generated from external customers. Administrative expenses are allocated between the regulated activities and the commercial activities based on operating expenses. Articles of the Statement of financial position are not divided by segments.

The primary performance measure is adjusted EBITDA, which is calculated based on data presented in the financial statements prepared in accordance with IFRS as adjusted for selected items which are not recognised under IFRS.

Information on the Company's segments for the period between January and March ended 31 March 2020 is presented below:

2020	Regulated activity	Commercial activities	In total
Revenue from sale of electricity	2,244	12,559	14,803
Income from capacity reserve services	6,332	-	6,332
Other system services	7,176	-	7,176
Revenue from supply of thermal energy	1,327	-	1,327
Other operating income	-	2,148	2,148
Other income	-	169	169
<b>Total revenue of segments</b>	<b>17,079</b>	<b>14,876</b>	<b>31,955</b>
Purchases of electricity, gas for trade and related services, gas and heavy fuel oil	(6,866)	(5,445)	(12,311)
Operating expenses	(3,251)	(1,585)	(4,836)
<b>EBITDA</b>	<b>6,962</b>	<b>7,846</b>	<b>14,808</b>
<b>Management's adjustments</b>			
Change in market value of open financial derivative instruments	-	(705)	(705)
<b>Adjusted EBITDA*</b>	<b>6,962</b>	<b>7,141</b>	<b>14,103</b>
<b>Other adjustments</b>			
Depreciation and amortisation expenses of non-current assets	(3,310)	(1,070)	(4,380)
Increase (decrease) in value of non-current and other assets	-	(26)	(26)
Revaluation of emission allowances and provisions	-	(2,077)	(2,077)
<b>Operating profit</b>	<b>3,652</b>	<b>4,673</b>	<b>8,325</b>
Finance income			2
Finance (expenses)			(140)
Share of results of associates			95
<b>Profit before income tax</b>			<b>8,282</b>

\*Adjusted EBITDA – additional elimination of the management's adjustments from EBITDA is made. EBITDA = Profit (loss) before tax + finance costs – finance income – dividends received + depreciation and amortisation costs + impairment losses + revenues/expenses of revaluation of emission allowances + write-offs of property, plant and equipment.



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### 14. Segment reporting (continued)

Information on the Company's segments for the period between January and March ended 31 March 2019 is presented below:

2019 (restated*)	Regulated activity	Commercial activities	In total
Revenue from sale of electricity	379	11,255	11,634
Income from capacity reserve services	10,644	-	10,644
Other system services	6,452	-	6,452
Revenue from supply of thermal energy	2,075	-	2,075
Sale of inventory	-	4,251	4,251
Other operating income	-	928	928
Other income	-	9,505	9,505
<b>Total revenue of segments</b>	<b>19,550</b>	<b>25,939</b>	<b>45,489</b>
Purchases of electricity, gas for trade and related services, gas and heavy fuel oil	(7,344)	(7,197)	(14,541)
Operating expenses	(3,007)	(2,215)	(5,222)
<b>EBITDA</b>	<b>9,199</b>	<b>16,527</b>	<b>25,726</b>
<b>Management's adjustments</b>			
Compensation from the Ministry of Finances**	-	(9,276)	(9,276)
Management's adjustments related to permissible profit from regulated activities***	(1,925)	-	(1,925)
<b>Adjusted EBITDA****</b>	<b>7,274</b>	<b>7,251</b>	<b>14,525</b>
<b>Other adjustments</b>			
Depreciation and amortisation expenses of non-current assets	(3,470)	(1,174)	(4,644)
Increase (decrease) in value of non-current and other assets	-	210	210
Revaluation of emission allowances and provisions	-	106	106
<b>Operating profit</b>	<b>5,729</b>	<b>15,669</b>	<b>21,398</b>
Finance income			66
Finance (expenses)			(171)
Share of results of associates			88
<b>Profit before income tax</b>			<b>21,381</b>

\* Some of the amounts listed above differ from the amounts with condensed interim financial information of Q1 2019 and reflect the adjustments disclosed in Note 4.

\*\* Management's adjustments used in calculating adjusted EBITDA\*\*\* are related to compensation for the indemnification of potentially inflicted damage by Alstom Power Ltd in 2005–2009.

\*\*\* Adjustments made by the management reflect changes in revenue (and, consequently, EBITDA) from the Company's regulated activity if current revenue was recognised at the amount consistent with the allowable income amount, calculated using NERC methodologies, taking into account allowable return on investments and actual service costs incurred during the period. Based on the judgement of the management, adjusted EBITDA is a more accurate reflection of results allowing to better compare the results obtained in different periods, as it reflects the Company's actual results of reporting period, eliminating the effect of mismatches between the costs, forecasted by NERC for current periods (for calculation of prices for regulated services) and actual costs and eliminating the difference between the allowable and actual return on investments for the periods, which may have a positive or negative effect on the results of the current year.

\*\*\*\* Adjusted EBITDA – additional elimination of the management's adjustments from EBITDA is made. EBITDA = Profit (loss) before tax + finance costs – finance income – dividends received + depreciation and amortisation costs + impairment losses + revenues/expenses of revaluation of emission allowances + write-offs of property, plant and equipment.

### 15. Related party transactions

The Company's transactions with related parties conducted during the period from January to March 2020 and balances arising on these transactions as at 31 March 2020 are presented below:

Related parties	Amounts payable and accrued expenses	Amounts receivable and unbilled revenue	Loans granted	Purchases	Sales
	As at 31/03/2020	As at 31/03/2020	As at 31/03/2020	From 01/01/2020 to 31/03/2020	From 01/01/2020 to 31/03/2020
Associates of the Company	134	125	-	386	4
Group companies of Ignitis Group	2,580	1,230	59,963	6,212	6,766
Parent company Ignitis Group UAB	62	-	-	133	-
State-controlled EPSO G UAB Group companies	2,264	15,729	-	11,074	43,159
Impairment	-	(124)	-	-	-
<b>In total</b>	<b>5,040</b>	<b>16,960</b>	<b>59,963</b>	<b>17,805</b>	<b>49,929</b>

The Company carries out the functions of a designated entity, i.e. it bought the total quantity of electricity expected to be produced by wind-power generators and sold it at the power exchange. Purchases (EUR 4,633 thousand during January– March 2020; EUR 4,285 thousand during January–March 2019) and sales (EUR 23,080 thousand during January–March 2020; EUR 13,090 thousand during January–March 2019) of electricity produced by wind-power generators as reported in the tables on the related-party transactions cover the total amount of the transactions in the Company's sales revenue.

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

all amounts are in EUR thousand unless otherwise stated

### 15. Related party transactions (continued)

The Company's transactions with related parties conducted during the period from January to March 2019 and balances arising on these transactions as at 31 December 2019 are presented below:

Related parties	Amounts payable and accrued expenses	Amounts receivable and unbilled revenue	Loans granted	Purchases	Sales
	As at 31/12/2019	As at 31/12/2019	As at 31/12/2019	From 01/01/2019 to 31/03/2019	From 01/01/2019 to 31/03/2019
Associates of the Company	207	124	429	330	4
Group companies of Ignitis Group	2,438	909	49,542	4,623	82
Parent company Ignitis Group UAB	42	-	-	99	-
State-controlled EPSO G UAB Group companies	2,677	14,173	-	7,385	28,753
Impairment	-	(124)	-	-	-
<b>In total</b>	<b>5,364</b>	<b>15,082</b>	<b>49,971</b>	<b>12,437</b>	<b>28,839</b>

There were no guarantees or pledges given or received in respect of the related party payables and receivables. Related-party payables and receivables are expected to be settled in cash or by set-off against payables/receivables to/from a respective related party.

### 16. Compensation to key management personnel

In 2020 and 2019, key management personnel included the chief executive officer and the directors of services (including the acting directors of services).

	From 01/01/2020 to 31/03/2020	From 01/01/2019 to 31/03/2019
Employment-related payments (EUR'000)	71	76
Whereof: Other significant payments to key management personnel (EUR'000)	-	11
Number of key management personnel as at 31 March	4	4

### 17. Contingent liabilities and assets

Based on a press release of the European Commission, the Company informs that on 3 June 2019, the European Commission has opened an in-depth investigation to assess whether EU State aid rules were respected when allocating public interest service monies to the Company in the context of a strategic reserve measure. The Company's management is not aware of any circumstances that could result in potential significant liabilities for the Company in this respect.

#### Guarantees issued and received

On 20 December 2019, UAB Ignitis Grupė has signed a guarantee agreement with the Company, by which it unconditionally guaranteed for the payment in case of default of UAB Gamybos Optimizavimas in the amount of EUR 5,000 thousand. The Guarantee term comes in effect on 1 January 2020.

As at 31 March 2020, no other guarantees were granted or received by the Company from or to other entities.

#### Litigations

On 3 January 2020, Vilnius Regional District Court has announced that it has filed a lawsuit by several minority shareholders of Ignitis Gamyba AB, seeking a declaration of invalidity of a decision of the Extraordinary General Meeting of Shareholders of Ignitis Gamyba AB (held on 4 December 2019). During the meeting it was decided to delist the shares of Ignitis Gamyba AB. The court granted interim measures and suspended the decision in question of the Extraordinary General Meeting of Shareholders of Ignitis Gamyba AB until the court reaches a decision in this civil case.

On 17 March Ignitis Group reached a settlement agreement with the Investors' Association representing the minority shareholders of Ignitis Gamyba AB. On 18 March 2020 District Court of Vilnius Region passed resolution approving waiver of claim of minority shareholders of the Company and terminating civil case.

There were no significant changes in litigations as from 31 December 2019.

### 18. Subsequent events

There were no significant events after 31 March 2020 and until the date of approval of the financial statements, except for:

On 3 April 2020, the international energy company Ignitis Group was starting a buy-out of shares of the company's subsidiary Ignitis Gamyba AB. The price paid for one share of Ignitis Gamyba AB was 0.640 EUR. On 22 April 2020 the official tender offer for the shares of the subsidiary Ignitis Gamyba, AB has ended. Ignitis Group plans to initiate the mandatory repurchase of shares of Ignitis Gamyba AB and apply to the Supervision Service of the Bank of Lithuania with a request to coordinate the prices of mandatory share repurchase.

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