

# 2019

## IGNITIS GROUP INTERIM REPORT

CONSOLIDATED INTERIM REPORT OF THE COMPANY AND THE GROUP  
01 January 2019 – 30 September 2019



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

UAB „Ignitis grupė“  
Žvejų str. 14, 09310 Vilnius, Lietuva  
E-mail: [grupe@ignitis.lt](mailto:grupe@ignitis.lt)  
Company code 301844044



# CONTENT

## CONSOLIDATED INTERIM REPORT OF THE COMPANY AND THE GROUP FOR THE I-IIIQ 2019

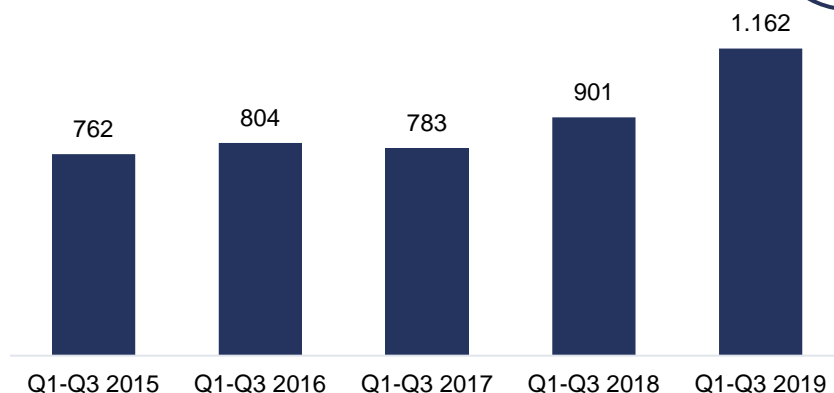
Foreword by the chairman of the Board	5
About the Company and the Group	6
Most significant events	10
Analysis of the Group's financial and operating results	14
Review of the Company's and the Group's activities	23
Corporate governance	29
Key information about the Company and the Group	40
Information on securities of the Group companies	42

## KEY FINANCIAL INDICATORS OF THE IGNITIS GROUP

		Q1-Q3 2019	Q1-Q3 2018	Δ, million	Δ, %
Revenue	EUR million	1 161,8	900,8	261,1	29,0%
Cost of goods sold	EUR million	885,9	677,6	208,3	30,7%
Operating expenses	EUR million	108,2	95,2	13,0	13,7%
EBITDA	EUR million	167,6	126,8	40,8	32,2%
EBITDA margin	%	14,4%	14,1%	-	-
Adjusted EBITDA	EUR million	193,5	173,7	19,8	11,4%
Adjusted EBITDA margin	%	16,7%	19,3%	-	-
FFO	EUR million	150,9	112,4	38,4	34,2%
EBIT	EUR million	80,5	67,8	12,7	18,8%
Net profit	EUR million	57,7	47,5	10,2	21,5%
Net profit margin	%	5,0%	5,3%	-	-
Adjusted net profit	EUR million	68,1	94,0	-25,9	-27,6%
Adjusted net profit margin	%	5,9%	10,4%	-	-
Investment	EUR million	311,7	252,2	59,5	23,6%
		At 30 Sep 2019	At 31 Dec 2018	Δ, million	Δ, %
Total assets	EUR million	3 070,1	2 854,1	216,0	7,6%
Equity	EUR million	1 366,1	1 321,7	44,4	3,4%
Borrowings	EUR million	1 061,9	864,5	197,4	22,8%
Net debt	EUR million	925,4	736,0	189,3	25,7%
Return on equity (ROE) 12-months	%	0,7%	-0,1%	-	-
Adjusted return on equity (Adjusted ROE) 12-months	%	6,9%	8,8%	-	-
Return on assets (ROA) 12-months	%	0,3%	-0,1%	-	-
Equity ratio	%	44,5%	46,3%	-	-
Net debt/EBITDA 12-months	times	4,62	4,62	-	-
Net debt/Adjusted EBITDA 12-months	times	3,74	3,24	-	-
Net debt/Equity	%	67,7%	55,7%	-	-
FFO 12 months/Net debt	%	19,5%	19,6%	-	-
Assets turnover ratio	times	0,50	0,44	-	-
Current ratio	times	0,86	1,16	-	-
Working capital	EUR million	13,4	-17,3	30,7	177,6%
Working capital/Revenue 12-months	%	0,9%	-1,5%	-	-

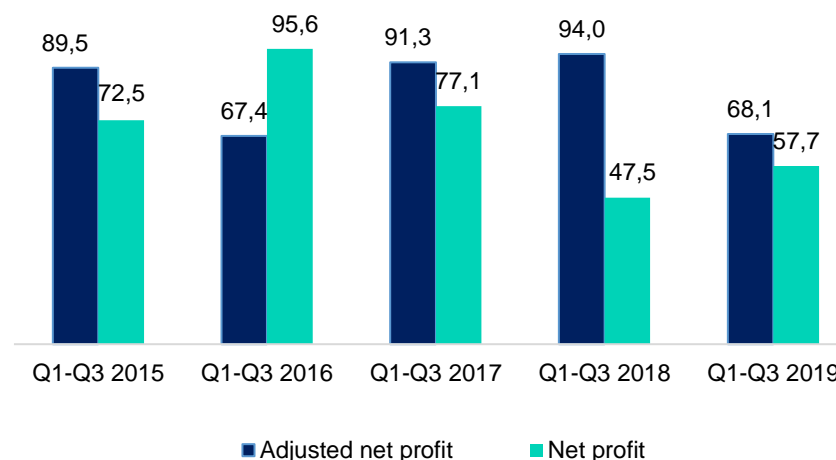
Revenue growth was mainly driven by increased volumes of electricity wholesale trading in Poland.

↑29%



The increase in **net profit** was due to smaller difference between the price of electricity as set by the regulator and included in the tariff and the actual market price. This difference had a significant impact in 2018. Adjusted **ROE (12 months)** amounted to 6.9%  
8,7%.

↑22%

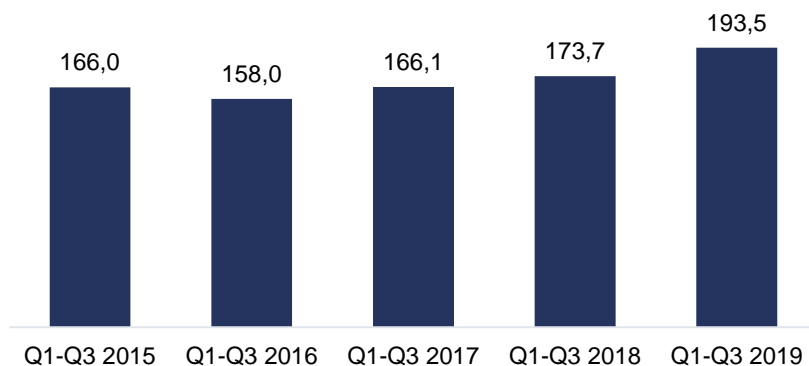


■ Adjusted net profit

■ Net profit

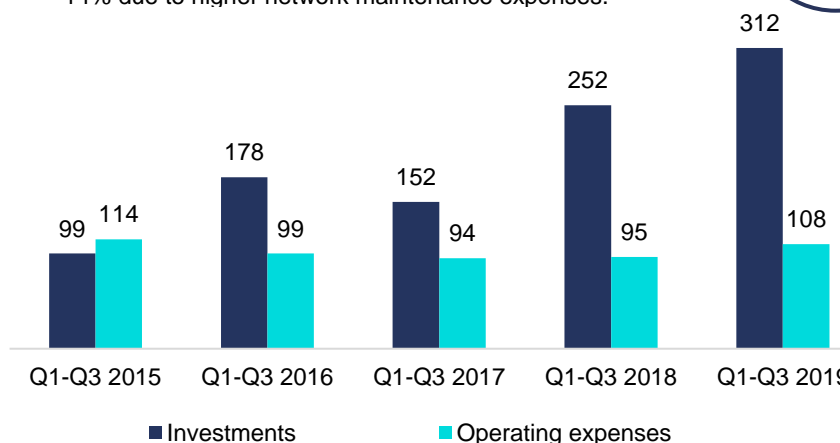
Adjusted **EBITDA** increased by 11%. The growth was determined by the result of growing investments in network development and increased portfolio of the Group's wind power plants.

↑11%



As construction of co-generation power plants gained momentum as well as investing in wind power plant projects - total **investments** grew by 24%. **Operating expenses** grew by 14% due to higher network maintenance expenses.

↑24%



■ Investments

■ Operating expenses

Adjusted EBITDA and adjusted net profit for 2015 are presented before the elimination of the effect of recalculation of regulated revenue of ESO and Ignitis because such data is collected from the beginning of 2016. Financial data is presented in million euros.

## FOREWORD BY THE CHAIRMAN OF THE BOARD

### Dear Customers, Partners, Employees and Shareholders

It gives me great pleasure to provide the results of Ignitis Group of the third quarter of 2019. The report contains the key events for your reference showing to what extent the target objectives of the Group are being implemented.

One of the biggest attention-gaining events of the third quarter was undoubtedly change of the name and rebranding. And since September, we have become an international energy company Ignitis Group. Other principal undertakings within a group also underwent a name change. There are three main reasons for this change. The first is to facilitate more efficient use of funds and consolidate more than 14 group-owned brands and names into one single brand that is easy to understand both on national and international scale. The second reason behind this change is convenience to customers by offering services from a single source, Ignitis, rather than navigating through different companies. And the third reason is a strive to break the image of monopoly and to flourish in competition with market.

Not only have we changed the name, we continue to set ourselves ambitious goals to increase foreign revenue, to expand services overseas and to develop the energy-smart world. We are ready to offer our customers new services, including new energy efficiency and heating solutions, to help raising the environmental awareness.

We are proud to show our concern for the environment not only in words but also in deed: 472 million euros from 600 million euros spent in recent years for green bonds have already been invested in green energy projects. In addition to the economic advantage that the Group's investments in green energy projects will offer to Lithuania, there is also a positive environmental impact.

We will continue to plan investments into smart solutions, we are investing in start-ups with smart energy solutions, and into the resilience and security of the network. We are constantly striving to improve customer experience and, therefore, the approved 10-year investment plan of Energijos skirstymo operatorius includes three investment directions: a reliable and climate-resilient network, a remotely operated network and smart network.

The Group Innovation Center has started to publish open datasets. Any interested market player is free to use four datasets provided by the Energijos skirstymo operatorius which meet the requirements of publicly available data. One of our values is openness, and, therefore, we hope that open data will not only contribute to greater trust and transparency in the company, but will also encourage the development of new services and technologies.

With the aim to deliver value to Lithuania, we are committed to continuously working towards more transparent and effective outcome. We will continue to work to make Lithuanians proud of a modern, international, green energy company.



**Darius Maikštėnas**  
Chairman of the Board and the CEO  
Ignitis Group, UAB

## ABOUT THE GROUP AND THE COMPANY

The Ignitis Group is an international energy company and one of the largest energy groups in the Baltic region. Its' mission is to make the world more energy smart. Group companies produce, distribute and supply energy, as well as develop smart energy solutions. Ignitis Group gives priority to green energy, aiming to become the region's main competence center for new energy and a leader in distributed energy solutions in the Baltic Sea region and beyond.

Group companies operate in Lithuania, Latvia, Estonia, Poland and Finland. Group innovation fund invests in energy startups in the UK, Norway and France.

Ignitis Group combines long-term experience, innovations, and open up to the world while maintaining energy independence.

The rights and obligations of the shareholder of Ignitis Group are implemented by the Ministry of Finance of the Republic of Lithuania (hereinafter referred to as the Ministry of Finances).

Ignitis Group implements energy projects of strategic importance for Lithuania, and pursues the objectives set forth in the National Energy Strategy. The Group with more than 3,800 employees manages and operates the key energy generation capacities of Lithuania that ensure the security of energy supply, a distribution network covering the entire territory of the country, including the gas distribution network. The Group provides services to more than 1.6 million consumers across Lithuania, offers electricity supply services to consumers overseas, supplies natural gas to 570 thousand consumers. During the first three quarters of 2019, 0.81 TWh of electricity was generated and 7.07 TWh distributed to consumers and 4.70 TWh of natural gas was transported via gas distribution pipelines.

The parent company of the Group – Ignitis Group (hereinafter – Ignitis Group or the Company) is responsible for transparent management and coordination of activities of the whole Group, improvement of the efficiency in order to ensure competitive services for consumers, and for socially responsible creation of long-term value for its shareholders. The Company analyses the activities of the Group, represents the Group, implements rights and obligations of the shareholder, establishes operational guidelines and rules, and coordinates activities in the areas of production, commerce, finance, law, strategy and development, human resources, risk management, audit, technology, communication and others.



**0,81 TWh** electricity produced.



**7,07 TWh** of electricity distributed.



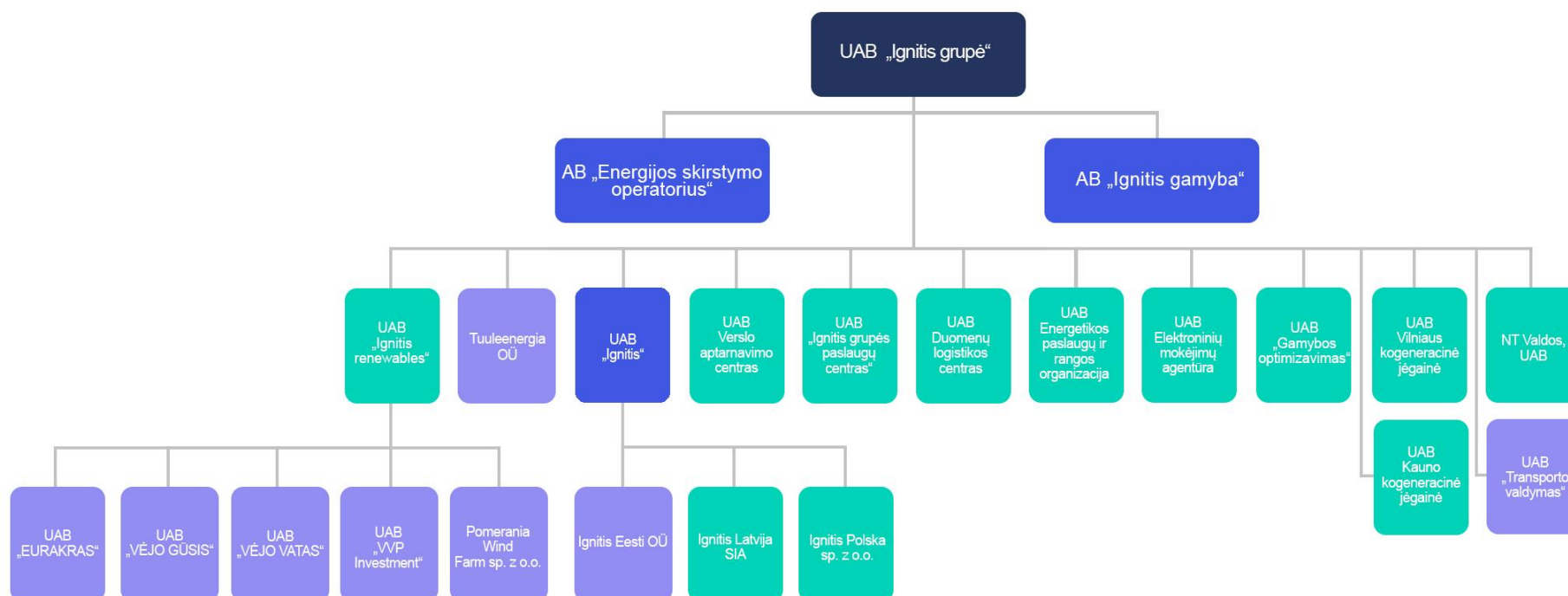
**4,70 TWh** of natural gas distributed.



Over **1.6 million** clients are being served.

## STRUCTURE OF THE GROUP

At the end of the reporting period, the Ignitis Group consisted of 24 companies: the parent Company and 23 directly and indirectly controlled companies. The main business activities of the Group are the generation of electricity and heat, electricity trading, distribution and supply, and trade in natural gas and its distribution. Activities of the Group's companies servicing these main types of business activities comprise information technology and telecommunications (ITT), real estate, transport, repair of energy facilities, public procurement, accounting, administration of employment relationships, and other services.



Stebėtojų tarybą sudaro 5 nariai (iš jų 3 nepriklausomi).  
Valdybą sudaro 5 nariai (dirbantys įmonėje).  
Įmonės vadovas yra valdybos pirmininkas.

Stebėtojų tarybą sudaro 3 nariai (iš jų 1 nepriklausomas);  
ESO Stebėtojų tarybą sudaro 5 nariai  
(iš kurių 2 nepriklausomi ir 1 darbuotojų atstovas).  
Valdybą sudaro 5 arba 3 nariai (dirbantys įmonėje).  
Įmonės vadovas yra valdybos pirmininkas.

Valdybą sudaro 3 nariai (2 akcininko atstovai  
ir 1 nepriklausomas).  
Įmonės vadovas nėra valdybos narys.

Įmonės vadovas.  
Valdybos nesudaromos.

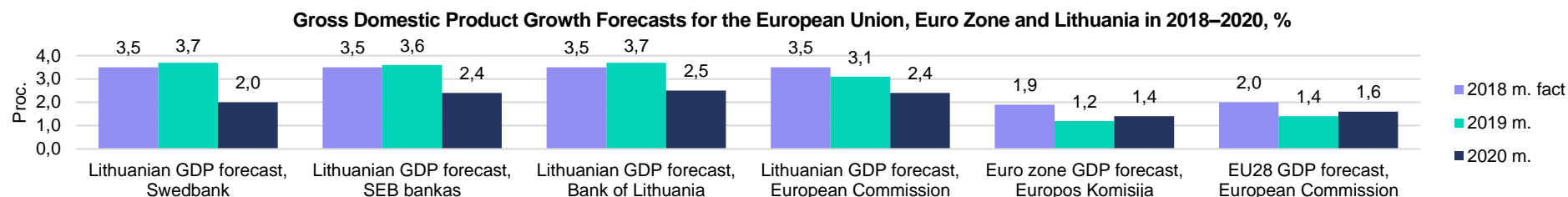
\*Valdybų struktūra kai kuriose įmonėse skiriasi: iki aktyvios veiklos valdyba nėra sudaroma; aptafovimo paslaugas teikiančių įmonių valdyba sudaroma užtikrinant visų akcininkų atstovavimą, taip pat atsižvelgiama į atskirų akcininkų sutarčių nuostatas arba specifinių teisės aktų įgyvendinimą, užtikrinant visų akcininkų atstovavimą.

## BUSINESS ENVIRONMENT

The changes in gross domestic product have the biggest impact on the electricity consumption. The gross domestic product has been growing for several years in the European Union already. With global uncertainties increasing, the growth of the gross domestic product is projected to be more moderate. According to the forecast of the European Commission published in July 2019, the gross domestic product is forecast to grow by 1.4% in the European Union (EU) in 2019 and 1.2% in the euro area. Meanwhile, the economic growth should be 1.6 and 1.4 percent in 2020, respectively. The European Commission forecasts that the growth of the Lithuanian economy was going to reach 3.1 percent in 2019, 2.4 percent in 2020. A slightly higher growth was previously forecast in the EU, the euro area and Lithuania.

As indicated in the Lithuania's economic outlook published by the economists of the Lithuanian banks, Lithuania's economic prospects are considered to be positive. In their economic outlook for Lithuania published in August 2019 Swedbank analysts forecast that the growth of general domestic product is expected to reach 3.7% in 2019, and 2.0% in 2020. According to the forecasts presented by the analysts of SEB bank in June 2019, the real Lithuanian general domestic product is going to increase by 3.2% in 2019, and by 2.4% in 2020. The projections of the Bank of Lithuania, made in September 2019, showed that the gross domestic product in Lithuania is going to grow by 2.7 percent in 2019, and by 2.6 percent in 2020.

Whereas the energy consumption is closely related to the growth of gross domestic product, the changes in economic growth rates in Lithuania and neighbouring countries may also affect the performance results of companies of the Group. Given the macroeconomic forecasts presented by economists for a year as well as the actual results of operations of ESO, we hold the view that the volume of transmitted electricity will increase at a moderate pace.



### Situation on the electricity market

During the third quarter of 2019, compared to the corresponding period of 2018, electricity prices were declining overall. The average price on Nord Pool exchange decreased by 31% (from 50.50 EUR/MWh to 34.75 EUR/MWh). In Scandinavian countries the prices decreased by 30% (from 51.53 EUR/MWh to 36.27 EUR/MWh), and throughout the Baltic region the fall in prices was more moderate and amounted merely 13%. (from 56.18 EUR/MWh to 49.02 EUR/MWh).

Electricity prices in Lithuania decreased more at night than during daytime hours, as a result, the ratio between day and night prices increased significantly by 29%. This enabled the Kruonis Pumped Storage Plant to operate steadily with 82% increase in electricity volumes produced at the plant.

In a more global perspective, electricity production in the Scandinavian countries did not change significantly (+1.92%), however, in the Baltic region shrank by as much as 23.78%. Estonia was the main contributor to this, as production decreased there by 56.16%. (Production in Lithuania and Latvia increased accordingly 17.24% and 18.97%.) Due to scheduled maintenance of power plants in Estonia, wind power generation dropped by 17%. Meanwhile, analysis of electricity consumption reveals no significant changes (both in Scandinavian and Baltic countries the consumption decreased by 0.58%).

As one of the most significant differences between the third quarter of 2019 and 2018 the availability of NordBalt connection deserve mention. In the third quarter of 2019, the connection was available most of the time, whereas in the third quarter of 2018, only about half of the quarter. This explain the increase of the average transmission capacity between SE4>LT and LT>SE4 by 72% and 126% respectively, where utilisation of the connection SE4>LT was higher than LT>SE4 (average transmission capacity was +163%. and -88% respectively).

With regard to interconnections with other neighbouring countries, trade with third countries has been divergent – flow of electricity from Belarus increased by 67%, however, the one from the Kaliningrad Region dropped by 41%. Meanwhile, Lithuania exported more to Latvia (+41%) and Poland (+104%), and respectively less imported from these countries (39% and 71% respectively).

## **Situation on the natural gas market**

In the third quarter, the natural gas market showed that prices can fluctuate significantly over a period of several months. Although European underground natural gas storage facilities are relatively full (on 1 October 2019 the filling level was 97%), strong LNG imports in Europe and increasing LNG extraction capacity resulted in decline of natural gas prices in Europe, the market was irritated and short-term price spikes were driven by news from Europe and the Middle East.

Restrictions on the supply of natural gas from the Groningen (Netherlands) extraction site were announced in September, against all expectations, the EU court decide to limit Gazprom's access to OPAL pipeline capacity in Germany to a maximum of 50 per cent of capacity, the nuclear power plant situation in France and the attacks on oil infrastructure in Saudi Arabia. These factors have led to significant fluctuations in natural gas prices reaching 10% in the short term.

During the third quarter of this year to the Lithuanian natural gas transmission system via Klaipėda LNG terminal 4 times more natural gas was gasified than in the same period last year. There is an oversupply of LNG in the global market – LNG supply is expected to increase by about 6 percent next year, most of which will be US mining capacity. The LNG market is also sluggish in responding to the non-scheduled outages of some liquefaction plants and the annual onslaught of hurricanes. At the end of July, Asia's LNG indices fell to a three-year low, hovering around 11.25 EUR/MWh.

During the next quarter, particular attention will be given to the construction of the NordStream2 pipeline, the agreement on transit through Ukraine and the United Kingdom's withdrawal from the European Union.

## MOST SIGNIFICANT EVENTS DURING THE FIRST THREE QUARTERS OF 2019 AND AFTER THE REPORTING PERIOD

JANUARY 2019	<ul style="list-style-type: none"> <li>7 January. Ms. Eglė Čiužaitė announced her resignation from the position of the Chairman of the Board and Chief Executive Officer of the Ignitis gamyba AB (former Lietuvos energijos gamyba). 21<sup>st</sup> of January, 2019 was the last day of her term in the office.</li> <li>8 January. Ignitis gamyba AB announced the start of the project aimed at installing a one-megawatt energy storage system in Kaunas A. Brazauskas' HPP. Operating in synergy with the plant, the new storage system would become the first and the biggest innovation of this kind in the Baltic States.</li> <li>8 January. Ignitis Group, UAB (former Lietuvos energija) announced its plans to initiate the reorganisation process of Lietuvos Energijos Tiekimas, UAB and Energijos Tiekimas, UAB.</li> <li>18 January. ESO updated its strategy. The main goal of ESO laid down in the new document – reliable, effective and smart grid that enables further market development and the best customer experience.</li> <li>31 January. At the solemn ceremony of The Nasdaq Baltic Awards 2019, Ignitis Group, UAB (former Lietuvos energija) received award for the best bond issuer's relations with investors. The company has received a favourable opinion after evaluating the quality of information disclosure in the annual report and other statements, transparent governance of the company and its presentation to investors as well as other criteria.</li> </ul>
FEBRUARY 2019	<ul style="list-style-type: none"> <li>1 February. Mrs. Daiva Kamarauskienė, Director of the Budget Department of the Ministry of Finance of the Republic of Lithuania, took office of a member of the Supervisory Board. She has replaced Ramūnas Dilba, a former representative of the Ministry and member of the Supervisory Board of the Company.</li> <li>13 February. Ignitis Group launched international search for a strategic partner to develop offshore wind energy projects in the European Economic Area. The company expects to find an experienced partner with a proven track record who would bring best-practises and expertise in building offshore wind projects and, later on, could develop joint offshore wind energy projects in the Baltic Sea.</li> <li>14 February. In the combined cycle unit, owned by Ignitis gamyba AB (former Lietuvos energijos gamyba), tests have been implemented to assess the power plant's readiness to participate in the first stage of the Baltic States energy systems isolated work regime. In January, similar tests carried out in Kruonis PSHP.</li> <li>25 February. Ignitis Group (former Lietuvos energija) signed a partnership agreement with the adult coding school Vilnius Coding School. Implementing the Strategy LE 2030 and preparing for the global transformation of the energy sector, the company expects to attract data analysts, data engineers and data analytics project managers with skills in big data and artificial intelligence.</li> </ul>
MARCH 2019	<ul style="list-style-type: none"> <li>4 March. In preparation for the implementation of smart energy accounting in Lithuania, ESO launched public procurement procedures for the necessary infrastructure.</li> <li>12 March. Taking into account the opinion of the Supervisory Board, the Board of Ignitis Group nominated Rimgaudas Kalvaitis as the CEO of Ignitis gamyba, who at the time was an independent member of the Supervisory Board of Ignitis gamyba. Aleksandr Spiridonov has been appointed as the head of Ignitis renewables UAB (former Lietuvos energija renewables, UAB). Darius Montvila was elected as the head of the prospective commercial organization, which will start its activities after the merge of Lietuvos Energijos Tiekimas UAB and Energijos Tiekimas UAB.</li> <li>14 March. Geton Energy, operating on the wholesale electricity market of Poland since 2017, has joined Nasdaq Commodities OMX exchange in Scandinavia.</li> </ul>
APRIL 2019	<ul style="list-style-type: none"> <li>9 April. Members of the board of Ignitis have been nominated Tadas Adomaitis, Haroldas Nausėda, Andrius Kavaliauskas.</li> <li>9 April. Ignitis Group resumed the sale of shares of Data Logistics Centre (DLC), one of the most advanced IT and telecommunications companies in the Baltic region, which provides data transmission and data centre services.</li> </ul>
MAY 2019	<ul style="list-style-type: none"> <li>2 May. The process of selection of the Board of Ignitis was finished. Mr. Artūras Bortkevičius was nominated as a member of the Board.</li> <li>10 May. After initiating a search for partners in offshore wind project development in February 2019, Ignitis Group announced that it has received initial interest from 10 potential partners, all of them – European offshore wind market leaders. 7 participants submitted official Expression of Interest (EOI).</li> </ul>

- 15 May. The Smart Energy Fund powered by Ignitis Group, and managed by Contrarian Ventures along with Honda, Japanese car manufacturer, and other partners invested in Moixa, UK-based company developing smart energy storage devices and virtual power plants technologies. UK storage start-up attracted a joint total of EUR10 million in funding. The Smart Energy Fund, as a minor partner, has invested EUR 500 thousand.
- 18 and 19 of May. The test of Lithuanian energy system recovery after the total accident and isolated operation of a part of the system was successfully completed in the power plants managed by Ignitis gamyba – in Kruonis Pumped Storage Plant (Kruonis PSP), Kaunas Hydroelectric Power Plant (Kaunas HPP), and in the combined cycle block in Elektrėnai.
- On May 27, Group-owned Ignitis renewable has signed the agreement with a Spanish company IGE which is controlled by the Environmental Investment Fund SI Capital, and acquired the 100% shareholding of Pomerania Invall Sp. z o. o., the company which develops a 94 megawatt (MW) installed power wind farm project in Poland.
- 31 May. After having carried out the annual review of Ignitis Group credit rating, the international credit rating agency S&P Global Ratings has left BBB+ credit rating valid for the Company. Historically the highest annual investment flow intended for connecting new users of Energijos skirstymo operatorius, AB and for investments in the projects of cogeneration power plants under construction in Vilnius and Kaunas led to a change in credit rating outlook from stable to negative.

## JULY 2019

- Birželio 1 d. pradėjo veikti „Lietuvos energijos tiekimas“, prie kurio buvo prijungtas „Energijos tiekimas“.
- Birželio 6-7 d. vykusio inovacijų ir technologijų festivalio LOGIN metu „Ignitis grupė“ organizavo penktąjį hakatoną energetikos inovacijų tema. Speciali komisija „Išmaniosios energetikos“ hakatono nugalėtojais išrinko komandą „EV parity“, kuri pasiūlė sprendimą elektros tinklo balansavimui naudoti elektromobilių baterijas.
- Birželio 7 d. „Contrarian Ventures“ valdomas „Ignitis grupės“ Išmaniosios energetikos rizikos kapitalo fondas investavo į Estijos startuolį „Hepta Airborne“, kurio sukurta bepilotė skraidyklė (dronas) kartu su programine įranga leidžia elektros linijas tikrinti be tiesioginio žmogaus įsikišimo. Išmaniosios energetikos rizikos kapitalo fondas į „Hepta Airborne“ startuolį investavo 300 tūkst. eurų.
- Birželio 10 d. „Energijos skirstymo operatorius“ prisijungė prie vienos skaitlingiausių skirstymo sistemų operatorių asociacijų Europoje – EDSO (European distribution system operators). ESO tapo asocijuota organizacijos nare, kartu su skirstymo operatoriumi iš Šiaurės Airijos.

## JUNE 2019

- On 1 July, under its Green Bond program, Ignitis Group issued a letter to investors The Company has committed to submit a report to investors once a year on its green bonds, which would be audited by an independent auditor.
- On 11 July, the Smart Energy Fund powered by Ignitis Group, which is managed by Contrarian Ventures, invested in Norwegian start-up Choose, which mitigates the effects of climate change. This globally recognised and multi-award winner start-up has created a platform through which individuals and organizations can simply compensate carbon dioxide they have created and thus contribute to reduction of air pollution. The total investments of all investing partners, including Norwegian Wiski, Katapult, and German Vito, amount to EUR 4 million. The investment of the Smart Energy Fund amounts to EUR 300 thousand.
- On 30 July, the Smart Energy Fund invested in Lithuanian start-up LastMile which applies smart energy solutions. The start-up has created a platform that allows the residents and businesses to simply order goods and receive them within an hour using electric and non-polluting transport. The investments of the Smart Energy Fund in a start-up LastMile amount to EUR 50 thousand. LastMile will use this initial investment to develop its business and platform.
- On 31 July, the Supervisory Board of ESO approved the updated ESO 10-year investment plan. It is provided that over the next 10 years (2019-2028) ESO plans to invest EUR 1.83 billion in increasing network resilience and security, deploying smart solutions, improving customer experience, and promoting the market of services providing a level playing field for all market participants.

## AUGUST 2019

- On 2 August, the National Energy Regulatory Council approved the total investments of EUR 30.486 million which are planned to be implemented by ESO in 2020-2023. 13 transformer sub-stations and 27 electricity distribution points will be renewed through investments. This will increase the reliability of electricity supply for about 182 thousand users.
- On 5 August, the Ministry of Finance of the Republic of Lithuania implementing the rights of the Company's shareholder approved the amendment of the Articles of Association of Lietuvos Energija UAB by changing the legal name to Ignitis Group UAB. It is also envisaged to change at the level of the companies owned by Lietuvos Energija, UAB Group of Companies the name of Lietuvos energijos gamyba, AB to the name Ignitis gamyba, AB the name of Lietuvos energija renewables, UAB to the name Ignitis renewables, UAB and the legal name of Lietuvos Energijos Tiekimas, UAB is planned to be changed to Ignitis, UAB.

## SEPTEMBER 2019

- On 9 August, the Innovation Center of Ignitis Group has started to publish open datasets. In the first phase, the data sets provided by Energijos skirstymo operatorius have been made open in accordance with the requirements for publicly available data. The published data includes information about the installed electricity production capacity connected to the distribution network, the amount of electricity obtained from the grid and transferred to the grid by the producing users, and the total electricity consumption.
- On 14 August, the Smart Energy Fund powered by Ignitis Group, which is managed by Contrarian Ventures, invested in a start-up Inion which develops a platform for optimizing and monitoring electricity produced by solar power plants. The start-up has developed both hardware and software that allows manufacturing users not only to use electricity more efficiently, but also combines equipment of different manufacturers and allows the owner of the solar power plant to monitor data on a single platform. The investments of the Smart Energy Fund in a start-up Inion amount to EUR 50 thousand.
- During the auction on 22 August, NT Valdovs, owned by Ignitis Group, sold four real estate objects for a total of EUR 5.2 million, including VAT.
- September 6. New wording of the Articles of Association of the Company has been registered with the Register of Legal Entities and entered into force. As of that day, the business name of the Company is Ignitis Group, UAB. The legal name of Lietuvos Energijos Tiekimas was changed to Ignitis, Lietuvos energijos gamyba to Ignitis gamyba, and Lietuvos energija renewables to Ignitis renewables. In international markets, the group will also operate under the Ignitis brand. Meanwhile the business name of the Energijos skirstymo operatorius will not change.
- September 13. The Company signed an amendment to the loan agreement with its subsidiary Ignitis renewables UAB to increase the loan amount previously granted to EUR 70.3 million with the aim to finance investments in green energy production projects.
- September 19. The planned investments of the Energijos skirstymo operatorius (ESO) in the amount of EUR 147 million were coordinated with the National Energy Regulatory Council (NERC). The Council certified that the cost-benefit analysis carried out by the ESO is positive. This means that the benefits of smart metering to consumers outweighs the costs of its implementation.
- September 19. The National Energy Regulatory Council (the Council) made a decision on non-routine inspection of Energijos Skirstymo Operatorius, AB (ESO) regulated activities whereby it approved the report on non-routine inspection of regulated activities of ESO of 23 August 2019 drawn up by the Inspection Commission brought together by the Council, and the conclusions laid down therein.

## OCTOBER 2019 (After the reporting period)

- On October 1, the world's first nationwide platform Saulės Parkai has been launched and is available to residents willing to produce solar energy in their homes. Through this platform, the energy users will be able to order a remote solar power plant.
- October 10. Energijos skirstymo operatorius (ESO) has been recognized as one of the most transparent companies in Lithuania by the Transparency International Lithuania (TILS), after conducting the assessment.
- October 15. The first 50 Ignitis ON charging stations for electric vehicles were launched in Vilnius.
- October 15. The Vilnius Regional Court ruled that the Energijos skirstymo operatorius (ESO) had reasonably rejected the tender of one of Suppliers in the procurement procedure of smart meters, which had been submitted belatedly. Having considered the actual circumstances of the Supplier's application, the court decided to dismiss the claim, to terminate the case and to cancel the interim measures - suspension of the procurement procedure.
- During the auction on October 17, NT Valdovs, owned by Ignitis Group, sold two immovable properties in Marijampolė and Trakai, with a total sale price of EUR 446 thousand, including VAT.
- October 18. The Smart Energy Fund powered by Ignitis Group, which is managed by Contrarian Ventures, invested in UK-based electric bike subscription service Bolt Bikes. It is the world's first commercial-grade e-bikes subscription offering providing with a short-term vehicle rental service. The Smart Energy Fund invested in partnership with a leading venture capital fund Maniv Mobility. The Smart Energy Fund invested EUR 136 thousand (USD 150 thousand) in Bolt Bikes, while Maniv Mobility investment reached USD 2 million.
- October 21. The Extraordinary General Meetings of Shareholders of Verslo aptarnavimo centras, UAB (hereinafter – VAC) and Ignitis grupės paslaugų centras, UAB (hereinafter – GPC), of which the Company is a shareholder, have approved the initiation of reorganisation of VAC and GPC by merging VAC to GPC and obligated the boards of both companies to draw up their reorganisation terms. The reorganisation of the companies is scheduled to be completed by the end of 2019.
- October 24. According to the Doing Business 2020 report published by the World Bank, Lithuania has jumped from 26 to 15th place in terms of the getting electricity indicator, i.e. 11 position higher than in 2019 (33rd place in 2017, 55th place in 2016).
- October 24. Strategic Energy Company Ignitis gamyba completed a study on the power plant's piles field and infrastructure of the Kruonis Pumped Storage Hydroelectric Power Plant (PSHP). The aim of this study is to assess whether the current condition of the piles field, on which the new 5th

**NOVEMBER**  
**2019**  
(After the  
reporting period)

hydro-unit would be constructed, meets the requirements established in the design. Studies have confirmed that the geological features of the pile field correspond to design values, indicated in the engineering geological survey report dated back to 1969-1976, and the state of the 320 piles since their installation in 1985 is not degraded.

- October 25. Lietuvos Energija, UAB (now Ignitis Group) has withdrawn from the contract by mutual agreement after the Polish company failed to secure a feed-in tariff and one of the essential preconditions of the contract was not met for the developed wind park project in Poland. On 2 November 2018, Lietuvos Energija, UAB (now Ignitis Group) signed a conditional share sale-purchase agreement regarding 100 percent of shares and the shareholder claim rights of the company developing a wind farm project with capacity of 50 MW.
- November 11. The board of the Company has decided to initiate the process of delisting of the shares of the subsidiaries AB Ignitis Gamyba and AB Energijos Skirstymo Operatorius (ESO) from the regulated market. On 11 November 2019 the Ministry of Finance of the Republic of Lithuania, implementing the rights of the sole shareholder of the Company, has approved the said decision.
- On 13 November 2019 the Company has received a written notice from the Ministry of Finance of the Republic of Lithuania, the authority implementing the rights of its sole shareholder, informing that the Ministry of Finance is initiating the formation of a working group to assess the alternatives of long-term financing of the Company. The Working group will be assigned to assess the Company's long-term financing alternatives and their impact to the expectations of the shareholder, implementation of the National Energy Independence Strategy, the Company's long-term financial sustainability and strategy 2030, also economic, social, national security and capital market development and to submit recommendations to the Ministry of Finance regarding alternatives for the Company's long-term financing, including raising equity, i.e. Initial Public Offering (IPO), in national and international capital markets.

## ANALYSIS OF THE GROUP'S FINANCIAL AND OPERATING RESULTS

		Q1-Q3 2019	Q1-Q3 2018	Δ, +/-	Δ, %
<b>Electricity</b>					
Volume of electricity distributed:	TWh	7,07	7,04	0,03	0,45%
Distributed to customers of independent suppliers	TWh	4,61	4,59	0,03	0,55%
Public and guaranteed supply	TWh	2,46	2,45	0,01	0,25%
Volume of electricity generated (incl. Kruonis PSHP)	TWh	0,81	0,76	0,05	6,93%
Electricity generated using RES (excl. Kruonis PSHP)	TWh	0,38	0,37	0,01	2,90%
Electricity generated using RES (excl. Kruonis PSHP)	%	95,5%	84,8%	-	12,55%
Volume of electricity sold:	TWh	7,68	4,81	2,87	59,71%
Public and guaranteed supply	TWh	2,39	2,45	-0,06	-2,38%
Sales in retail market	TWh	1,82	1,77	0,05	2,90%
Sales in wholesale market	TWh	3,47	0,59	2,88	485,03%
Number of newly connected customers	units	29 515	23 060	6 455	27,99%
Duration of connection of new customers (average)	calendar days	32,17	47,57	-15,40	-32,38%
<b>Quality indicators of electricity supply</b>					
SAIDI (with <i>force majeure</i> )	min.	73,58	66,98	6,60	9,85%
SAIFI (with <i>force majeure</i> )	units	1,05	0,91	0,14	14,79%
Technological costs in the distribution network	%	5,76%	6,09%	-	-5,45%
<b>Gas</b>					
Volume of gas distributed	TWh	4,70	5,09	-0,39	-7,65%
Volume of gas sold	TWh	6,56	7,72	-1,16	-15,06%
Volume of gas purchased:	TWh	8,89	8,23	0,65	7,95%
Volume of LNG purchased	TWh	4,61	4,76	-0,15	-3,05%
Volume of natural gas purchased	TWh	4,28	3,48	0,80	23,00%
Number of newly connected customers	units	9 127	8 753	374	4,27%
Duration of connection of new customers (average)	calendar days	69,42	85,43	-16,01	-18,74%
<b>Quality indicators of gas supply</b>					
SAIDI (with <i>force majeure</i> )	min.	1,02	0,38	0,63	165,16%
SAIFI (with <i>force majeure</i> )	units	0,007	0,005	0,00	45,30%
Technological costs in the distribution network	%	2,35%	2,25%	-	4,30%

## ANALYSIS OF KEY PERFORMANCE INDICATORS

During first three quarters of 2019, the volume of distributed electricity slightly increased compared to the same period in 2018, and totalled 7.07 TWh (0.03 TWh). The distribution of electricity to customers of the independent suppliers moderately increased and amounted to 4.61 TWh (0.03 TWh) and so did the volumes of public and guarantee supply increased by 0.3% and amounted to 2.46 TWh.

Compared to the first three quarters of 2018, the volume of electricity sold in the first three quarters of 2019 increased by 59.7% due to a significant increase in sales volume on the wholesale market. This was due to more active wholesale activities in Poland. Sales volume on the wholesale market increased by 485.0% and totalled 3.47 TWh, where in the first three quarters of 2018 it was – 0.59 TWh. Compared to the first three quarters of 2018, electricity sales on the retail market slightly increased (2.9%), meanwhile sales of public and guaranteed supply slightly decreased (2.4%).

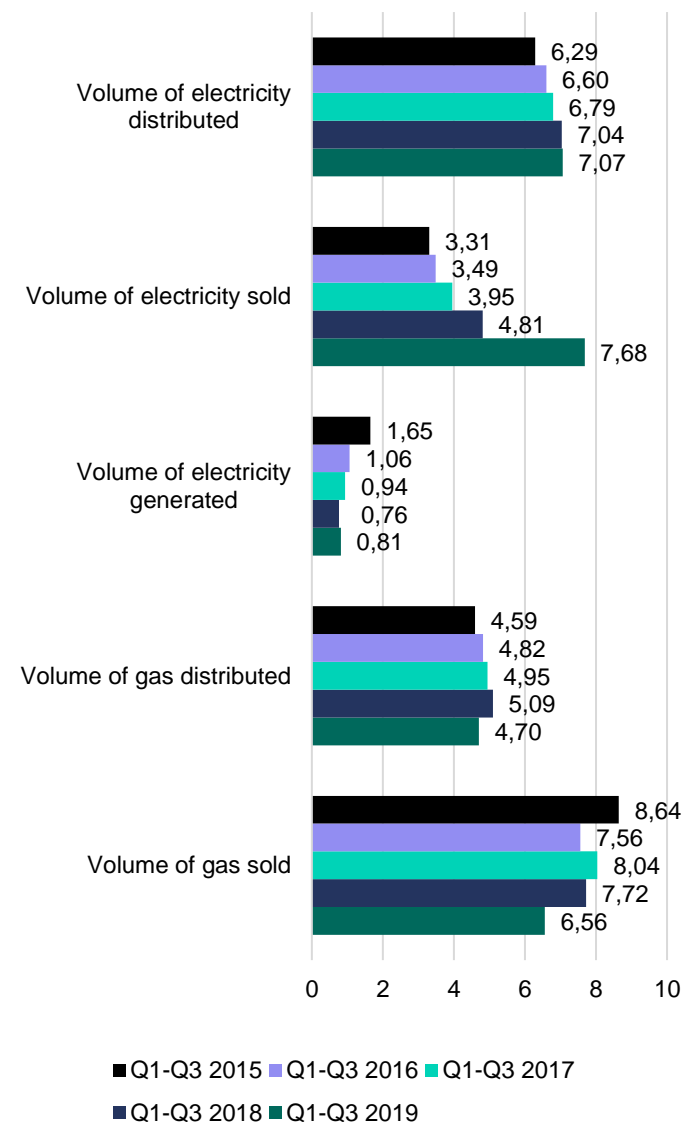
Compared to the first three quarters of 2018, electricity generation volumes in Kaunas A. Brazauskas HPP during the first three quarters of 2019 decreased by 24.8% due to the lower level of water in the river Nemunas and amounted to 0.21 TWh. The output of electricity generation volumes in Kruonis PSHP due to the increasing day and night-time electricity price difference, more frequently activated secondary active power reserve has increased substantially (27.2%) and amounted to 0.42 TWh. 0.02 TWh of electricity or 72.7% less than in the first three quarters of 2018 (0.07 TWh) were produced in Elektrėnai complex during the first three quarters of 2019. Due to acquisition of new wind farms and favourable meteorological conditions for the operation of wind power plants the volume of electricity that was generated in the wind farms operated in Estonia and Lithuania was 0.16 TWh, or 0.08 TWh (96.3%) more than during the same period last year. In the first three quarters of 2019, the part of electricity generated using renewable energy sources (excluding Kruonis PSHP) made up 95.5% of the Group's total electricity generation (in the first three quarters of 2018 – 84,8%).

During the first three quarters of 2019, the technological costs in the electricity distribution network declined to 5.76% (in the first three quarters of 2018 – 6,09%). During the comparative period, SAIDI, with the impact of *force majeure*, increased to 73.58 min. (in the first three quarters of 2018 – 66.98 min.). In the first three quarters of 2019, SAIFI was 1.05 times (in the first three quarters of 2018 – 0,91 times). Such deterioration of indicators was caused by faults in cables resulting from prevailing high air temperatures and frequency of unscheduled long interruptions due to external effects.

Due to higher average air temperature in the heating season, compared to the same period last year, 7.7% less natural gas were transported through gas distribution pipelines during the first three quarters of 2019. The volume of gas sold on the retail market during the first three quarters of 2019 decreased by -15.1% or -1.16 TWh. This was mainly influenced by changes in the legal framework. The obligation for regulated energy producers to purchase natural gas supplied through the Klaipėda LNG Terminal from a designated supplier was abolished. During the first three quarters of 2019, the technological costs in the gas distribution network increased from 5.76% to 2.35%. During the first three quarters of 2019, SAIDI of gas distribution, with the impact of *force majeure*, increased and was 1.02 min (in the first three quarters of 2018 – 0.38 min.). This deterioration of indicator was due to network violations by third parties. SAIFI was 0.007 pcs (in the first three quarters of 2018 – 0,005 pcs).

During the first three quarters of 2019, 29,515 new consumers were connected to the electricity distribution network. Compared to the same period last year, 28.0% more new customers were connected. During the 1st first three quarters of 2019, 9,127 new customers or 4.3% more than during the same period last year were connected to the gas distribution network.

### Electricity distribution and generation, gas distribution and sale, TWh



## Analysis of key financial indicators

Financial data are presented in millions of euros, unless otherwise stated.

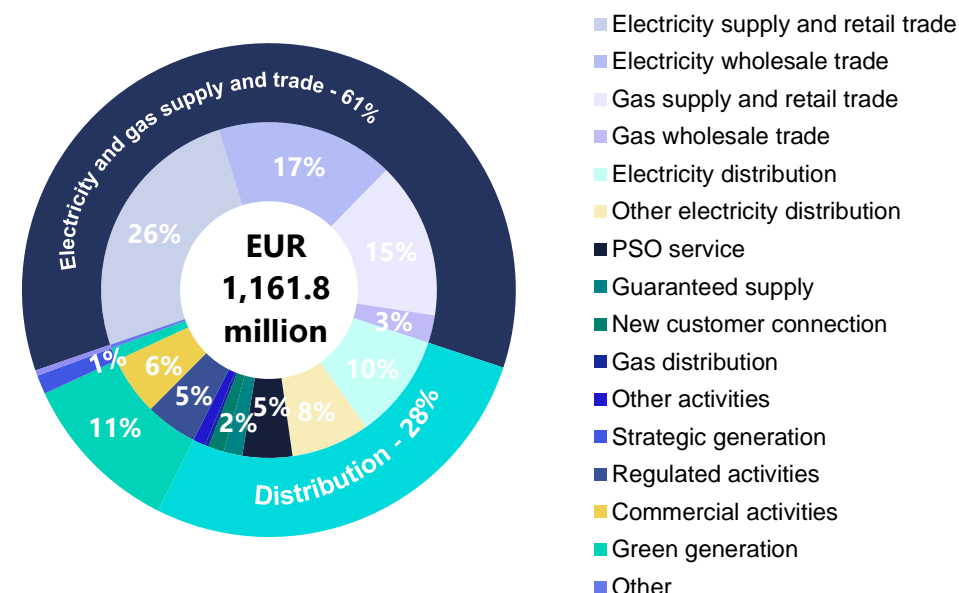
### Revenue

During the first three quarters of 2019, revenue of *Ignitis Group* increased by 29.0% (EUR 261.0 million) as compared to the first three quarters of 2018 and totalled EUR 1,161.8 million. The main reasons causing revenue changes were as follows:

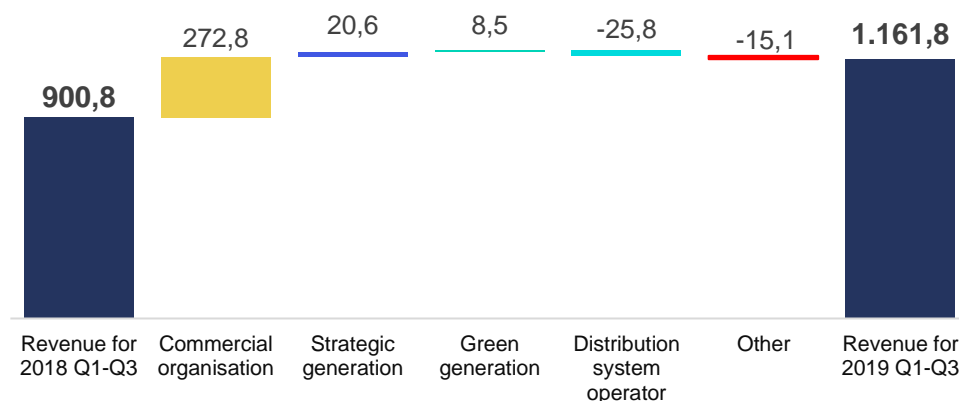
1. **Higher commercial organization segment revenue (EUR 272.8 million)** The growth in the segment was mainly driven by the increase of EUR 171.2 million in wholesale turnover of *Geton Energy*, the subsidiary of *Ignitis* in Poland, on the exchange market. Revenue from public supply of electricity activities also increased by EUR 27.7 million due to the higher service tariff.
2. **Higher revenue of the strategic generation segment (EUR 20.6 million)** The segment revenue increased due to compensation of EUR 9.3 million received from the Ministry of Finance of the Republic of Lithuania in connection with damage possibly caused by *Alstom Power Ltd* in implementing the project of Lithuania Power Plant in 2005–2009. Revenue also increased due to sales of fuel oil which is no longer used in production and scrap metal sales. The above-mentioned reasons outweighed the decline in revenues due to lower production volumes in Kaunas HPP during the first three quarters of 2019 compared to the same period last year. The production volumes in Kaunas HPP decreased due to hydrological drought.
3. **Higher revenue from the green energy segment (EUR 6.6 million)** There were two main reasons for this: the increased portfolio of wind farms (EUR 5.5 million) and favourable meteorological conditions for the operation of wind farms (EUR 1.1 million).

Revenue of *Ignitis Group* from foreign markets, compared to the first three quarters of 2018 (EUR 75.5 million), increased by two and a half times and totalled EUR 265.8 million during the first three quarters of 2019.

### The Group's revenue structure in Q1-Q3 2019



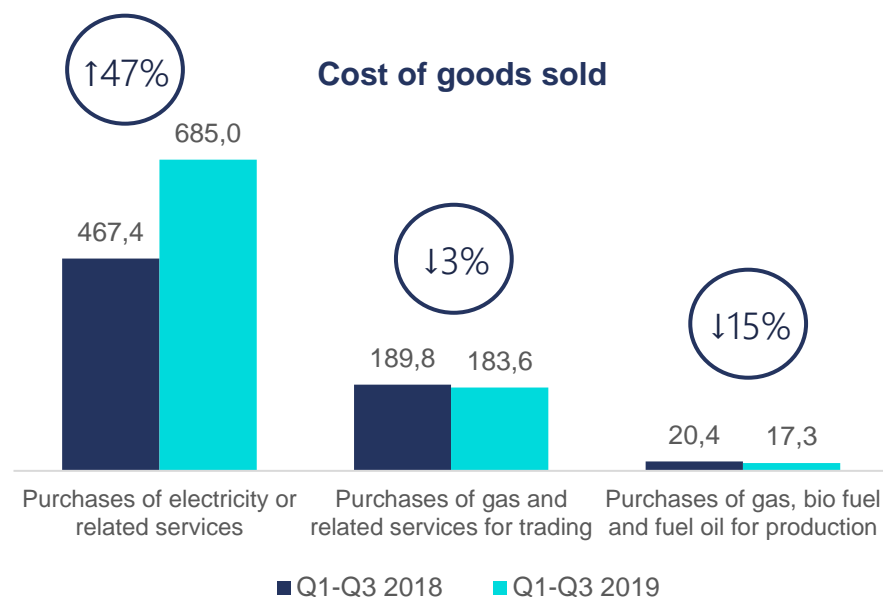
### Dynamics of the Group's revenue by operating segment



## Cost of goods sold

During the first three quarters of 2019, the Group's purchasing costs of electricity, gas, fuel and related services (costs of sales) amounted to EUR 885.9 million (during the first three quarters of 2018 – EUR 677,6 million). As compared with the first three quarters of 2018, these costs increased by 30.7%.

Higher costs of purchasing electricity or related services due to the significant increase in wholesale turnover of Geton Energy, the subsidiary of Ignitis in Poland, on the exchange (EUR 169.0 million), is the main reason behind the cost increase, respectively as the growth in revenue. Other components of cost of sales remained in the similar level as during the respective period in 2018.

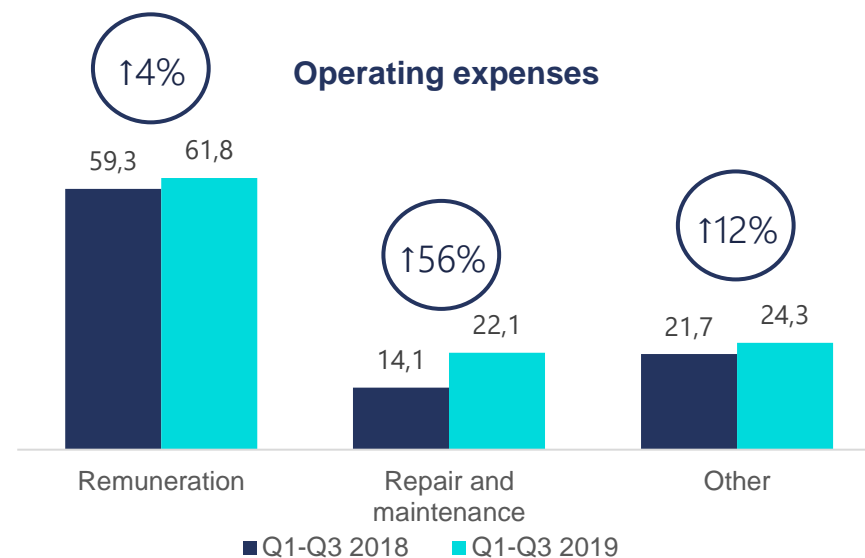


## Operating expenses

During the first three quarters of 2019, the operating costs of the Group amounted to EUR 108.2 million. As compared with the first three quarters of 2018, the operating costs increased by 13.7% (EUR 13.0 million). The increase was mainly driven by the growth in repair costs of EUR 8.0 million (or 56%). The main factors that caused the increase in repair costs were:

1. Increased need of Elektros skirstymo operatorius for carrying out repair and maintenance works on the power grid and transformer stations (EUR 6.1 million).
2. The provision that was made by Ignitis gamyba for the costs of Elektrėnai complex dismantling projects (EUR 1.2 million).

Compared to the first three quarters of 2018, wages and other operating costs increased due to average salary growth.



## EBITDA

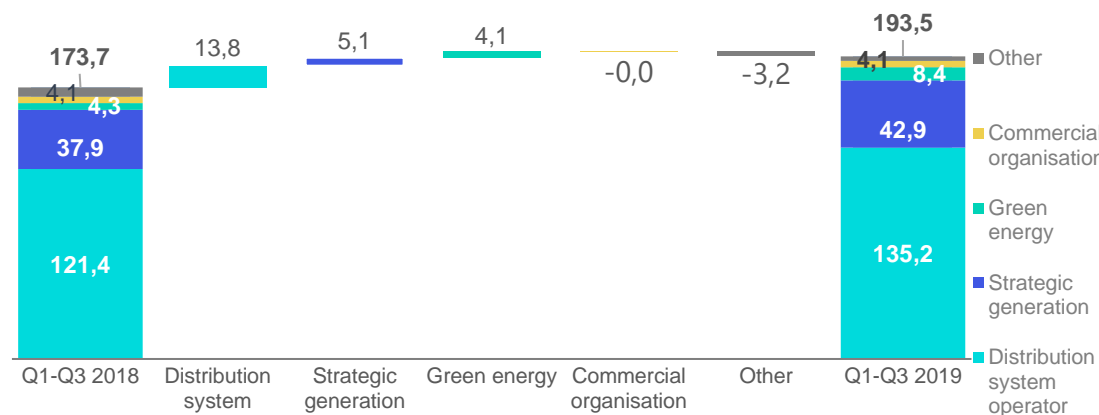
During the first three quarters of 2019, the Group's adjusted EBITDA amounted to EUR 193.5 million. This is 11.4% or EUR 19.8 million more than in the first three quarters of 2018, where the adjusted EBITDA was equal to EUR 173.7 million. In the first three quarters of 2019, the adjusted EBITDA margin was 16.7% (in the first three quarters of 2018 – 19,3%). The main reasons for the change in the Group's adjusted EBITDA were as follows:

1. **Higher EBITDA result of the distribution network operator.** The Group's adjusted EBITDA growth was driven by a positive change (EUR 13.8 million) in result of electricity and gas distribution activities. The increase is driven by growing regulated asset base and higher revenues from new customer connection due to the change in application of IFRS.
2. **Higher EBITDA of strategic generation segment.** The extremely favourable difference between the electricity prices during the day-time peak and night hours resulted in better financial production result of Kruonis PSHP – increase in both production volumes and generation margin. Good production performance of Kruonis PSHP (EUR 4.1 million) and positive result of sale of fuel oil stocks (EUR 1.8 million) resulted in increase of adjusted EBITDA of the segment by EUR 5.1 million during the first three quarters of 2019, compared to the same period in 2018.
3. **Higher EBITDA of green generation segment.** Compared to the corresponding period in 2018, the result of green generation grew by EUR 4.1 million in the first three quarters of 2019. This was mainly influenced by the increased portfolio (EUR 4.8 million) of the Group's wind power plants at the end of 2018, which was partly offset (EUR 1.0 million) by the increasing operating costs of co-generation power plants as the launch of plants is approaching.

As of 1 January 2019, the IFRS 16 standard defining treatment of operating lease has changed: expenses shifted from operating expenses to depreciation. As a result, the Group's consolidated EBITDA increased by EUR 2.5 million compared to the corresponding period in 2018. This effect is included in the representation of changes in each of the operating segments.

*\*The adjusted EBITDA indicator was estimated based on the management adjustments that are not presented in financial statements. A more detailed description of the management adjustments is presented in consolidated and company's condensed interim financial information, Note 17 'Operating segments'.*

## Dynamics of adjusted EBITDA by operating segment



	Q1–Q3 2019	Q1–Q3 2018	Δ, +/-
<b>EBIT (profit from operations)</b>	<b>80.5</b>	<b>67.8</b>	<b>12.7</b>
Adjustments for depreciation and amortisation expenses	82.3	64.1	18.2
Adjustments for impairment expenses and write-offs of PPE	4.2	5.7	-1.5
Adjustment for revaluation result of emission allowances	0.6	-10.8	11.4
<b>EBITDA</b>	<b>167.6</b>	<b>126.8</b>	<b>40.8</b>
<b>Management's adjustments*, write-offs of inventories and receivables</b>			
Recalculation of regulated revenue of ESO (1)	23,5	60,8	-37,3
Change in open financial derivative instruments market value	9,4	-9,0	18,4
Recalculation of regulated revenue of <i>Ignitis</i> (2)	6,7	-1,4	8,1
Write-offs of inventories and receivables	4,2	1,2	3,0
Recalculation of regulated revenue of <i>Ignitis gamyba</i> (3)	-6,0	-4,7	-1,3
Compensations received for past periods (4)	-11,9	-	-11,9
<b>Total adjustments</b>	<b>25.9</b>	<b>46.9</b>	<b>-21.0</b>
<b>Adjusted EBITDA</b>	<b>193.5</b>	<b>173.7</b>	<b>19.8</b>

(1) Elimination of the effect of the difference between the actual profit earned during the reporting and earlier periods and the allowable return on investments for respective periods as established by the National Energy Regulatory Council (NERC).

(2) Elimination of deviation between actual and regulated revenue of the gas supply and electricity public supply, by which the company's future financial results will be adjusted.

(3) Elimination of deviation between actual and regulated revenue of the secondary emergency power reserve, the tertiary active power reserve, the system disaster recovery after the total emergency and the reactive power management services by which the company's future financial results will be adjusted.

(4) a) *Ignitis gamyba* received a remittance from the Ministry of Finance of the Republic of Lithuania as a reparation for the potential loss that was inflicted through the actions carried out by *Alstom Power Ltd* while implementing *Lietuvos Elektrinė, AB* Fuel Gas Desulphurisation (FGD) project, implemented from 2005 to 2009; b) One-off cost adjustment due to compensation received from *Litgrid AB* for transmission (including systemic) services (for January and February 2016).

## Net profit

During the first three quarters of 2019, the Group's net profit amounted EUR 57.7 million. This is EUR 10.2 million more than during the first three quarters of 2018 (EUR 47.5 million). The following effects had the biggest impact on the net profit results of the first three quarters of 2019 compared to the first three quarters of 2018:

1. **Higher reporting EBITDA result.** In 2018, the reported Group's reported EBITDA was strongly influenced by the growth of electricity prices in the market. Due to the difference between the price set by the regulator and included in the tariff for public supply of electricity for 2018 and actual market price during the first three quarters of 2018 the Group did not earn revenue in the amount of EUR 26.1 million. The reported EBITDA result for 2019 also improved due to compensations received for previous periods:
  - The Ministry of Finance of the Republic of Lithuania transferred a compensation of EUR 9.3 million to *Ignitis gamyba, AB* in connection with damage possibly caused by *Alstom Power Ltd* in implementing the project of the *Lietuvos elektrinė, AB* in 2005–2009.
  - *Litgrid, AB* compensation of EUR 2.6 million for the higher price of transmission services that was applied in 2016 for *Energijos skirstymo operatorius, AB*.
2. **Increased investments resulted in higher depreciation expenses.** The Group's net profit was reduced by EUR 15.8 million due to increase in depreciation and amortisation expenses (excluding the increase in depreciation expenses due to the effect of IFRS 16).
3. **Result of the revaluation of *Ignitis gamyba* allowances.** The result of the revaluation of emission allowances had a negative effect on the result of net profit. Change between years – EUR 11.4 million.

Following the assessment (elimination) of positive/negative effect of the recalculation of regulated income and one-off items (compensations received for previous periods), the Group's adjusted net profit decreased by EUR 25.9 million or -27.5%, and amounted to EUR 68.1 million. The decrease in profit was influenced by the aforementioned effects of depreciation and revaluation of emission allowances as well as the effect of change in the market value of financial derivatives of "Ignitis" due to the movement of electricity prices which equalled EUR 15.6 million net of taxes.

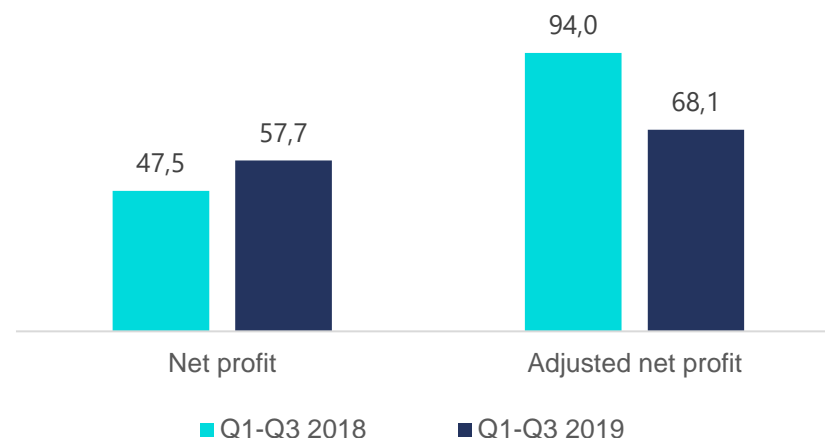
## Equity

During the first three quarters of 2019, the Group's equity increased by 3.4% or EUR 44.4 million, and on 30 September 2019 equalled EUR 1,366.1 million. Change in equity was caused by following factors:

1. During the first three quarters of 2019, the Group's reported net profit equalled EUR 57.7 million.
2. During the first three quarters of 2019, the Group paid out EUR 13.3 million of dividends, including the minority part.

The Group's equity rate decreased during the reporting period, and on 30 September 2019 it was 44.5% (on 31 December 2018: 46.3%).

## The Group's net profit and adjusted net profit



Net profit adjustments	2019 Q1–Q3	2018 Q1–Q3	Δ, +/-
<b>Net profit</b>	<b>57.7</b>	<b>47.5</b>	<b>10.2</b>
Recalculation of regulated revenue of ESO	19.9	51.7	-31.8
Recalculation of regulated revenue of Ignitis	5.7	-1.2	6.9
Recalculation of regulated revenue of Ignitis gamyba	-5.1	-4.0	-1.1
Compensations received for past periods	-10.1	-	-10.1
<b>Adjusted net profit</b>	<b>68.1</b>	<b>94.0</b>	<b>-25.9</b>

## Investments

During the first three quarters of 2019, the Group's investments amounted to EUR 311.7 million or 23.6% more than during the same period last year. The largest part of investments was made for development of Vilnius and Kaunas co-generation power plant projects (41%), electricity distribution network development (20%) and gas distribution network development (12%).

Compared to the same period last year, during the first three quarters of 2019, as per project plans, higher investments were made in works of construction of Vilnius and Kaunas co-generation power plants. During the first three quarters of 2019, investments in these projects amounted to EUR 126,6 million.

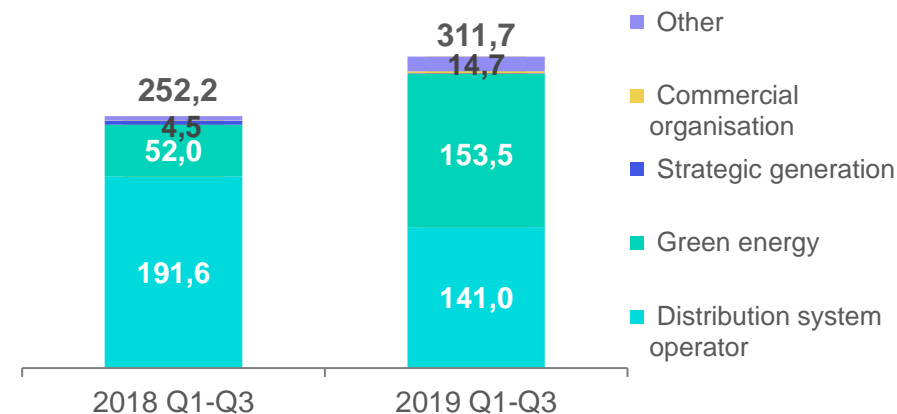
During the first three quarters of 2019, investments in the development of the electricity distribution network increased by EUR 1.5 million and amounted EUR 62.5 million. During the first three quarters of 2019, ESO invested EUR 33.8 million in renewal of the electricity distribution network. During the first three quarters of 2019, ESO connected 29.5 thousand new consumers to the electricity distribution network – 28% more than during the first three quarters of 2018 when 23.1 thousand consumers were connected. During the first three quarters of 2019, the permissible power for use of the connected objects of new consumers amounted to 279.1 thousand kW and was 5.6% lower than in the first three quarters of 2018 when it was 295.6 thousand kW.

During the first three quarters of 2019, the investments of ESO in the development of the gas distribution network reached EUR 37.7 million and were 24% higher than in the first three quarters of 2018 (EUR 30.5 million). During the first three quarters of 2019, ESO constructed 418.1 km of distribution gas pipelines for connecting new customers to the gas network, while 412.0 km of gas pipelines were constructed during the comparable period of 2018.

In May 2019, the Group owned *Ignitis renewables* has signed contract for the acquisition of 100% shares of Pomerania Inwall Sp. z o. o. – the Company that develops a 94 MW installed capacity wind farm project in Poland and launched the construction of wind farms.

On 31 December 2018, the Group's assets totalled EUR 2,854.1 million. During the first three quarters of 2019, the Group's assets increased by 7.6% (or EUR 216 million), and on 30 September 2019 totalled to EUR 3,070.1 million. The change in the Group's assets was mainly influenced by the increase in tangible non-current assets due to investments made.

## Group's investments by operating segment 2019 Q1-Q3



Dynamics of the Group's investments by sector	2019 Q1-Q3	2018 Q1-Q3	Δ, +/-	Δ, %
Co-generation power plants	126.6	52.0	74.6	143%
Development of electricity distribution network	62.5	61.0	1.5	3%
Development of gas distribution network	37.7	30.5	7.2	24%
Renewal of electricity distribution network	33.8	88.6	-54.8	-62%
Investments in wind farms	26.5	-	26.5	100%
Transport	11.5	2.5	9.0	370%
Renewal of gas distribution network	4.7	6.3	-1.6	-25%
ITT	4.2	5.8	-1.6	-27%
Electricity generation capacities	0.9	3.8	-2.9	-77%
Other investments	3.1	1.7	1.4	-79%
<b>Gross investments:</b>	<b>311.7</b>	<b>252.2</b>	<b>59.5</b>	<b>24%</b>
Subsidies	38.2	14.0	24.2	173%
<b>Net investments:</b>	<b>273.5</b>	<b>238.2</b>	<b>35.3</b>	<b>15%</b>

## Financing

On 30 September 2019, the Group's net debt amounted to EUR 925.4 million. Compared to the net debt at the end of 2018, the rate increased by 25.7% or EUR 189.3 million. The increase in the net debt was driven by investments made.

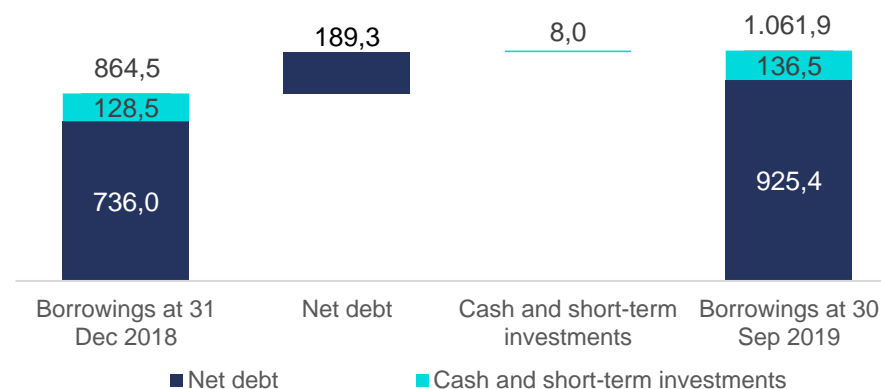
During the first three quarters of 2019, the level of borrowings of the Group increased by 22.8% (Or EUR 197.4 million), and on 30 September 2019 amounted to EUR 1,061.9 million (at the end of 2018 – EUR 864.5 million). On 30 September 2019, amount of borrowings of EUR 649.8 million was subject to a fixed interest rate (61.2% of the total borrowings), the remaining part of borrowings was subject to a variable interest rate.

On 30 September 2019, the average repayment period of borrowings was 7,8 years (on 31 December 2018 – 7.6 years).

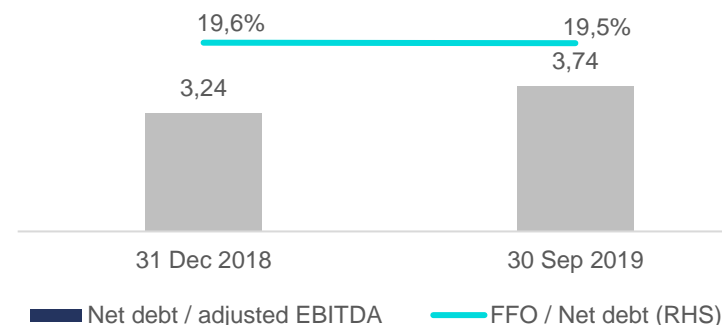
The Group's net debt to the Group's equity ratio increased from 55.7% at the end of 2018 to 67.7% on 30 June 2019. On 30 September 2019, the Group's current liquidity ratio was 0.86 (on 31 December 2018 – 1.16). To manage liquidity The Group has entered into the credit line agreements with banks. The Group's unwithdrawn credit line facilities amounted to EUR 95.1 million as at 30 September 2019. All the credit lines are committed, i.e. funds shall be paid by the bank upon demand.

In May 2019, the International Credit Rating Agency "S&P Global Ratings", after having carried out the annual credit rating review of Ignitis group, extended the BBB+ credit rating for the Company. Last year, when implementing strategic projects, the Group entered the intensive investment stage when the historically highest annual investment flow for connecting new consumers of Energijos skirstymo operatorius, AB and for investments in the projects of Vilnius and Kaunas co-generation power plants under construction was achieved. These circumstances led to a change in the credit rating outlook from stable to negative.

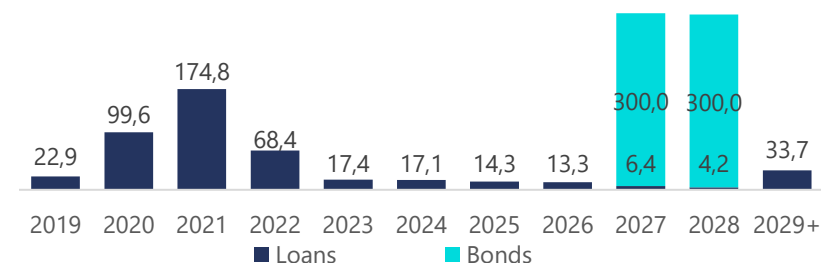
## The Group's borrowings and net debt



## The Group's net debt ratios



## Repayment schedule of the Group's borrowings



## DEFINITIONS

<b>RES</b>	Renewable energy sources
<b>Working capital</b>	Current assets (excluding non-current assets held for sale) - cash and cash equivalents - short-term investments and term deposits - current liabilities (excluding current portion of financial liabilities)
<b>EA</b>	Emission allowances
<b>Current liquidity</b>	Current assets at the end of the period / current liabilities at the end of the period
<b>EBIT</b>	Profit (loss) before tax – finance income + finance costs
<b>EBITDA</b>	Operating profit (loss) + depreciation and amortisation expenses + expenses on revaluation and provisions for emission allowances + impairment expenses of non-current assets + write-off expenses of non-current assets
<b>EBITDA margin</b>	EBITDA / Revenue
<b>FFO</b>	EBITDA + interest received - interest paid - income tax paid
<b>Guaranteed supply</b>	Supply of electricity in order to meet electricity demand of customers who have not selected an independent supplier under the established procedure or an independent supplier selected by them does not fulfil its obligations, terminates activities or the agreement on the purchase and sale of electricity
<b>Net debt</b>	Borrowings - cash and cash equivalents - short-term investments and term deposits - a portion of other non-current financial assets representing investments in debt securities
<b>Net profit margin</b>	Net profit / Revenue
<b>Investments</b>	Acquisition of tangible and intangible non-current assets, acquisition of shares in companies
<b>Adjusted net profit</b>	Net profit + effect of the gas price discount to consumers +/- recalculation of regulated revenue from liquefied natural gas +/- recalculation of regulated revenue from electricity and gas transmission/distribution
<b>Adjusted net profit margin</b>	Adjusted net profit / Revenue
<b>Adjusted EBITDA</b>	EBITDA + management's adjustments
<b>Adjusted EBITDA margin</b>	Adjusted EBITDA / Revenue
<b>Adjusted return on equity (ROE)</b>	Adjusted net profit (loss) for last 12-months / the average amount of equity during the reporting period
<b>Customers of independent suppliers</b>	Electricity users who have selected an independent electricity supplier as their supplier
<b>Return on equity (ROE)</b>	Net profit (loss) for last 12-months / the average amount of equity during the reporting period
<b>Equity ratio</b>	Equity at the end of the period / total assets at the end of the period
<b>Cash flow from operating activities</b>	Net profit (loss) + adjustments for non-cash items + changes in working capital
<b>SAIDI</b>	Average duration of unplanned interruptions in electricity or gas transmission
<b>SAIFI</b>	Average number of unplanned long interruptions per customer
<b>LNG</b>	Liquefied natural gas
<b>IFRS</b>	International financial reporting standards
<b>Assets turnover ratio</b>	Revenue for last 12-months / total assets at the end of the period
<b>Return on assets (ROA)</b>	Net profit (loss) for last 12-months / the average amount of total assets during the reporting period
<b>Operating expenses</b>	Expenses, excluding purchase expenses of electricity and related services, gas and fuel oil for production, depreciation and amortisation, impairment expenses (non-current assets, construction in progress, amounts receivable, etc.), expenses of revaluation of property, plant and equipment, write-offs of non-current assets, inventories and amounts receivable and EA revaluation expenses
<b>Public supply</b>	Electricity supply activity performed in accordance with the procedure and terms established by legal acts by an entity holding a public supply licence

# REVIEW OF THE COMPANY'S AND THE GROUP'S ACTIVITIES

The activity review of Ignitis Group covers a period from 1 January 2019 until the date of this report.

## Strategic generation

### A battery energy storage system in the Kaunas A. Brazauskas Hydropower Plant

In January, Ignitis gamyba AB announced the start of the project aimed at installing a one-megawatt energy storage system in Kaunas A. Brazauskas' HPP. Operating in synergy with the plant, the new storage system would become the first and the biggest innovation of this kind in the Baltic States. Using a unique algorithm, the storage system would allow to provide a high-quality frequency containment reserve (FCR) service, compensating the asymmetries in hydro-unit operations.

As for today, the service in the Baltics is mainly provided by the Russian power plants, operating in the post-soviet BRELL energy ring. The energy storage system innovation will allow Lithuania to strengthen its ability to provide an autonomous domestic FCR service, which will be crucial for the country after the year 2025, with the Baltic countries disconnecting from the BRELL ring and joining continental European networks. Moreover, successful implementation of the hydro-unit and storage system synergy project could become an important source of primary reserve, allowing to provide high-quality services to the electricity transmission system operator.

Although the installation of 1 megawatt energy storage system would become a pilot project in the region, high capacity (20 megawatts or more) lithium-ion batteries already gained popularity in the USA, Australia, and part of the Western Europe. Due to the growing demand for autonomous FCR services in the Baltics, the innovative energy storage system may be later adopted for the much larger hydro-units in the Kruonis PSHP.

The Company launched a public procurement tender for the purchase of special equipment for the energy storage system at the start of 2019.

### Testing of the Baltic States' Electrical Systems Operating in the *Island Mode*

Tests were carried out in February in the combined cycle block of Elektrėnai Complex that is managed by Ignitis gamyba, and in Kruonis PSHP to assess the readiness of the plant to participate in the initial phase of the operation of the Baltic States' electrical systems in the island mode. Later, similar tests were carried out in Kaunas A. Brazauskas HPP.

In the course of the active preparation of the three Baltic States' energy systems to operate in the "island" mode, tests in the most important objects of the energy infrastructure of the country were initiated by the Litgrid, transmission system operator, together with the Lithuanian Energy Institute. The tests are carried out in accordance with the requirements of ENTSO-E, the European Network of Transmission System Operators.

### Funding of the Pilot project of Floating Solar Power Plant in Kruonis PSHP

In February, experimental floating photovoltaic solar power plant project in the upper pool of the Kruonis PSHP, implemented by Ignitis gamyba, has received additional funding from the Lithuanian Business Support Agency (LBSA). The total amount of EUR 235 thousand have been granted. The decision was adopted following consideration of 139 applications by LBSA together with the Ministry of the Economy and Innovation, 91 of which received grants. The pilot floating solar power plant project has been rated among the best applications. The pilot project is implemented by the Ignitis gamyba in partnership with Kaunas University of Technology (KTU).

During the primary stage of the project, a pilot low-power (60 kW) power plant will be installed in the upper pool of KHAE and the algorithm for managing the power plant and energy storage system will be developed. The algorithm will take into account constantly registered network and other physical parameters of the Kruonis PSHP. Later, the expansion of the solar power plant's size and its capacity would allow to provide a reliable primary reserve service, the need of which becomes particularly critical for Lithuania in preparation for synchronization with the continental European grid and operation in island mode. The primary stage of the project is scheduled to be completed by the end of 2021.

### Preparation for possible development of Kruonis PSHP: a study of the pile field and infrastructure completed

Ignitis gamyba completed a study on the power plant's piles field and infrastructure of the Kruonis Pumped Storage Hydroelectric Power Plant (PSHP). The aim of this study is to assess whether the current condition of the poles field, on which the new 5th hydro-unit would be constructed, meets the requirements established in the design. Studies have confirmed that the geological features of the pile field correspond to design values, indicated in the engineering geological survey report dated back to 1969-1976, and the state of the 320 piles since their installation in 1985 is not degraded.

At the beginning of 2018, the European Commission granted part-financing from the Connecting Europe Facility (CEF) in the amount of EUR 39,000 for the implementation of the study (project No 4.7-0016-LT-S-M-17). The rest of the study was funded by Ignitis gamyba at its own expense.

The pile field on which the pipeline for the new 5th hydro-unit would be constructed was installed in the early 1990s. During the implementation of the study, the following research was carried out: pile integrity testing, assessment of piles characteristics, evaluation of the geology of pile field in Kruonis PSHP, soil strength and concrete structures condition of the main building, where the

new generator turbine will be placed. Far more efficient the 5th hydro-unit would provide an opportunity to more flexibly address power shortages or surpluses in the market in real-time and to provide other quality system services. The need for additional flexibility in pumped storage plants in the market increases alongside increased volatility in electricity generation resulting from the renewable energy production.

Another current study looks into the technological alternatives and socio-economic analysis of 5th hydro-unit. The completion of these studies is scheduled for the beginning of 2020.

## Green generation

### Ignitis Renewables started its operations

Seeking to develop further its renewable generation portfolio as well as optimize the activities its wind energy generation companies, Ignitis Group has established a new company. The shares of its existing subsidiaries engaged in wind power generation and renewable power generation development have been transferred to a new company with the name Ignitis Renewables. The Group investments in renewable energy production will be developed through this company. Ignitis Group owns 100 % of the shares of Ignitis Renewables.

Ignitis renewable has signed the agreement with a Spanish company IGE which is controlled by the Environmental Investment Fund SI Capital, and acquired the 100% shareholding of Pomerania Invall Sp. z o. o., the company which develops a 94 megawatt (MW) installed power wind farm project in Poland.

### Ignitis Group Calls for Strategic Partners to Develop Offshore Wind Energy Projects

In February, Ignitis Group launched international search for a strategic partner to develop offshore wind energy projects in the European Economic Area. The company expects to find an experienced partner with a proven track record who would bring best-practises and expertise in building offshore wind projects and, later on, could develop joint offshore wind energy projects in the Baltic Sea. More than ten companies were interested in the call for partnership, whereas, 7 participants submitted official Expression of Interests. Ignitis Group plans to decide on potential partnership by the end of 2019.

After conducting a market survey and in case of a successful cooperation agreement, the potential partnership will be implemented through a two-stage process. During the first phase, Ignitis Group aims to gain relevant expertise related to the offshore wind energy projects by acquiring a minority stake in a project within European Economic Area. Once the Lithuanian authorities have completed all necessary preparatory work and finalized the feasibility of developing wind farms in the Baltic Sea, the Ignitis Group, together with its partner, would start the second phase and plan to participate in auctions for the development of specific projects in the Baltic Sea.

The development of wind farms in the Baltic Sea is expected to contribute significantly to Lithuania's ambition to generate the majority of its electricity from renewable energy sources.

### Ignitis Group won't acquire wind farm project from Poland's Wento

As was previously announced, Lietuvos Energija, UAB (now Ignitis Group) signed a conditional share sale-purchase agreement on 2 November 2018 regarding 100% of shares and the shareholder claim rights of the company developing a wind farm project with capacity of 50 MW.

Lietuvos Energija, UAB (now Ignitis Group) has withdrawn from the contract by mutual agreement after the Polish company failed to secure a feed-in tariff and one of the essential preconditions of the contract was not met for the developed wind park project in Poland.

Although the contract was ended based on the mutual agreement, negotiations on the implementation of this project continued for some time. Nevertheless, the parties failed to reach a common agreement.

The company notes that despite the failure to implement this deal, the Ignitis Group strategy to develop renewable energy projects in Lithuania and abroad is being implemented as planned.

## Energy distribution

### ESO Announced the Strategy 2030

In January, Energijos Skirstymo Operatorius (ESO) updated its strategy. The approved ESO strategy covers the period until 2030. During this time, ESO plans to significantly increase grid resistance to atmospheric factors, to implement technological, smart solutions that include remote, automated grid control and maintenance, and to develop a customer experience management model across the ESO value chain. All this will ensure a stable return and maintain the optimal value-to-price ratio for customers.

The main focus in the implementation of the new ESO strategy will be placed on increasing the reliability of the network, the deployment of intelligent solutions for real-time operations, the empowerment of the development of the electricity market through open and neutral platform solutions, and the promotion of the creation of a service market, which provides the same operating conditions for all market participants. The set of actions provided for in the ESO strategy will ensure the best value to customers both in terms of reliability and intelligence of infrastructure as well as of variety and price of services. Accordingly, the empowering infrastructure will allow market participants/energy suppliers to develop and provide services that meet individual needs of each customer. Strategic directions of ESO 2030 correspond to the goals laid down in the ESO's 10-year investment plan and the National Energy Independence Strategy.

## **Electricity Communications Can Be Introduced More Quickly**

The residents and businesses can already install electricity systems in their property or to enhance electric power faster, simpler and without leaving home. After having improved its procedures and systems, from February ESO gives its customers the opportunity to receive electricity services in one sitting. After logging in to the website [www.manogile.lt](http://www.manogile.lt) and selecting the service of installation of electric systems or power enhancement, the customer must do the following: specify the type of object and select the power demand accordingly, specify in the map the location where the system must be installed, get the contract generated by the system and the estimated price, proceed with payment and wait for the selected service to be provided. The ESO systems instantly generate an order with the possibility to pay, rather than application that had to be dealt with earlier by the ESO staff. Therefore, the customer no longer has to wait for several days to get a response on the price and terms of the service – the customers instantly learn everything on his computer screen and can immediately proceed with payment.

## **ESO became an associate member of the European distribution system operators**

In the course of preparation for introduction of smart metering systems in Lithuania, in March ESO launched the public procurement procedures for the necessary infrastructure - suppliers will not only have to supply more than 1.2 million smart electricity meters, but will also need to provide an IT solution for electricity meter data collection and management, and to ensure the communication infrastructure.

There are several basic criteria that must be met by the prospective system: the system installed will have to support communication with meters and ensure the monitoring and management of the entire smart metering infrastructure; in line with the highest cyber security requirements, the system will need to collect securely encrypted metering data needed to manage the power grid and energy consumption metering; the system will have to process, verify and validate the data collected and to transfer data to other ESO business systems through interlinking.

After introduction of smart metering infrastructure, and especially remote metering, with the possibility of seeing a very detailed use of electricity, electricity consumption is expected to decrease because the customers will be able to better understand their energy consumption habits, make rational energy-saving decisions. Network losses will also decrease, the innovations will allow for more accurate network investment planning, the system will allow for the conditions for deregulation of the electricity market to be created for private customers.

On 6 June of this year, ESO has announced the supplier prequalification procedure of smart metering infrastructure procurement. The procurement volume and related qualification requirements have been updated in the terms of procurement. Therefore, the suppliers can participate in the procurement procedure with even clearer and already final terms. Under a more consistent implementation scenario selected that is broken down by consumption, in this stage, the participants in the procurement procedure will need to meet the demand for about 1.2 million pcs of smart meters.

## **ESO became an associate member of the European distribution system operators**

Energijos skirstymo operatorius has joined EDSO (European distribution system operators), one of the most numerous associations of distribution system operators in Europe. ESO became an associate member of the organization along with the distribution operator from Northern Ireland. By participating in the activities of the association, will undoubtedly help ESO to gain experience in projects of major importance.

One of the major recent issues of EDSO is the development and implementation of smart grids, the connection of producing users and charging stations to the distribution network, cybersecurity, cooperation with electricity transmission system operators, participation in the legislative process of the future power system. Every member of the organization shares the latest achievements, inventions, innovations. ESO involvement in EDSO technical, project or legislative committees, expert groups, and by visiting other distribution operators will provide invaluable experience in acquiring new skills and practice opportunities.

## **Green protocol agreement became the Intelligent Energy Club**

The Green Protocol Agreement became the Intelligent Energy Club founded by Energijos skirstymo operatorius. After launching its activity, all events and other initiatives take place on behalf of the Intelligent Energy Club, and members of the Green Protocol who declare energy savings become members of the Intelligent Energy Club.

Club members include companies and organizations that have taken two steps forward more efficient consumption. The first step was made with introduction of energy efficiency measures. The second – with the energy savings achieved, enjoyed, and, most significantly, declared, thus contributing to Lithuania's ambitious target to save almost 11.7 TWh of electricity in 2014-2020.

The greatest value for club members comes from the active sharing of experience. By joining the Intelligent Energy Club, its members take part in the club events, explore the best Lithuanian and foreign examples published on the club's website, as well as comprehensive information on efficient use of energy, and contribute to the dissemination of this knowledge in the media.

## **Updated ESO's 10-year investment plan – reliable, smart and innovative distribution network for Lithuania**

In the next decade, ESO investments will be targeted towards enhancing the reliability, intelligence of the electricity and gas network services and improving customer satisfaction with the services provided by ESO. The investment plan for 2019-2028 published by the company summarises the planned investments in detail.

The planned investments will increase the security and reliability of the network, reduce outage frequency and duration, and improve the remote control of the network. The planned deployment of smart meters will create the preconditions for efficient energy consumption, more targeted investments and improvement of other network quality parameters. And all this leads to added value to customers and better customer experiences. In addition, the energy infrastructure of the distribution network will become more attractive to local businesses and foreign investors.

ESO's investments in 2019–2028 will be targeted in three directions: network reliability, network smartification, and customer experiences and market facilitation. During the period 2019–2028, EUR 1.83 billion will be earmarked for investments planned under these directions and for connection of new customers. These investments will significantly improve the resilience of networks to natural influences, create conditions for obtaining accurate real-time information and improve network security.

The ESO investment plan is expected to be updated annually.

### **Energijos skirstymo operatorius (ESO) has been recognized as one of the most transparent companies in Lithuania**

Energijos skirstymo operatorius (ESO) has been recognized as one of the most transparent companies in Lithuania by the (TILS), after conducting the assessment.

Transparency International assessed three key criteria - anti-corruption measures of the company, its organizational transparency and financial disclosure. Data were assessed by comparing domestic companies both nationally and in the context of international standards. According to TILS, ESO received the maximum score of 100%, and compared to similar evaluations carried out in previous years, it improved the indicator by more than 20%.

### **Vilnius Combined Heat and Power Plant launched the first public tendering procedure for waste acceptance**

In April, Vilnius Combined Heat and Power Plant, that will start operate in 2020, launched the public tendering procedure for waste acceptance and called all municipal waste managers to participate in the procedure. This is the first public tendering procedure that was launched by Vilnius Combined Heat and Power Plant. Municipal, non-recyclable but energy-rich waste will be used for energy production during the procedure. There are plans to offer the tenderers during the competition to handle up to 80 thousand tons of non-recyclable waste that in Vilnius Combined Heat and Power Plant will be turned into heat and electricity. A public tendering procedure was selected to accept waste for energy production because it creates a level playing field for all market players to properly handle waste that would otherwise be disposed in a much more polluting and expensive way in landfills.

The installed electricity generation capacity of Vilnius Combined Heat and Power Plant that burns waste and biofuel will reach 92 MW (of which the capacity of a part of waste will be about 19 MW), while the heat production capacity – about 229 MW (of which the capacity of a part of waste will be about 60 MW). The total municipal waste management capacity is about 160 thousand tonnes per year. The total electricity produced by the Combined Heat and Power Plant will suffice to meet the needs of about 230,000 households, and the total heat produced – about 50% of the amount of heat supplied in Vilnius by district heating.

It is estimated that once the power plant is operational, heat consumers will save on average EUR 13 million euros per year. In addition, residents of the Vilnius region could save on average EUR 10 million per year by avoiding waste disposal in landfills.

As soon as it becomes operational, the plant will contribute to environmental sustainability by reducing landfill space needs by approximately 95% due to the use of non-recyclable municipal waste for energy production. A functioning power plant will also contribute to the National Energy Independence Strategy of Lithuania.

## **Commercial activities**

### **Ignitis offered its customers a way to reduce their electricity bills**

With keen interest in its customers, the electricity and gas supply company Ignitis (former Lietuvos Energijos Tiekimas (LET)) urged its customers to check how much they could save on electricity if they had chosen the right tariff plan. The company's analysis has shown that more than a tenth of electricity consumers could pay less. An analysis of energy consumption and selected tariff plans conducted by LET has shown that the consumers have chosen their plans without taking into account their energy consumption habits and quantities. The 12-month analysis has shown that nearly 200,000 LET customers who have opted for the less favourable tariff plan could pay less for electricity. The customers having selected the most favourable plan could save EUR 150 on average per year.

### **Geton Energy joined Nasdaq Commodities OMX in Scandinavia**

Geton Energy, operating on the wholesale electricity market of Poland since 2017, has joined Nasdaq Commodities OMX exchange in Scandinavia. This way, the Company is expanding the wholesale electricity trading portfolio in the region. This will help diversify the company's wholesale electricity portfolio and broaden its operational geography. Experience of trading in electricity and derivative instruments gained in Poland will also contribute to the enhancement of competences of the Group companies operating in Lithuania.

### **An Online Platform Saulės Parkai has Been Launched**

Ignitis Group (former Lietuvos energija) introduced a platform Ignitis Saulės Parkai, making it possible for all residents of flats in apartment buildings to use a part of an already installed solar power plant to "generate" electricity. A web page has been launched in October, where they can calculate solar power requirements and make a supply order. Amendments to the Law on Energy from Renewable Sources and the Law on Electricity laws have entered into force, introducing a new small green energy development model that allows the production of electricity from renewable energy sources and its use in geographically different locations. This means that the consumer will be able to use the energy generated by the solar power plant regardless of its location. Residents willing to become electricity generating consumers will not necessarily have to build their own power plants. Residents of private houses or blocks of flats will be able to buy electricity capacity satisfying their needs for electricity from solar farms.

### **50 Ignitis ON charging stations for electric vehicles were launched in Vilnius**

The first 50 Ignitis ON charging stations for electric vehicles were launched in Vilnius. In terms of number, this network is the largest in Lithuania. It will take as little as 30 minutes to fully charge an electric car at most of these charging stations.

The modern electric vehicle infrastructure in the capital is the first step in the development of the Ignitis ON platform.

With the Ignitis ON mobile application, users will be provided with all the relevant information, including the nearest location of charging stations on the map, routes to the nearest charging station, rates applicable, its availability, and the types of connectors available. Other charging station developers are expected to join the platform in the future.

A total of 59 high-capacity electric vehicles charging stations of Ignitis ON are planned to be installed in Vilnius with a total investment of EUR 1.8 million. The network of stations will cover the entire territory of the capital, including areas further away from the city centre.

## **Transparency and innovations**

### **Ignitis Group (former Lietuvos energija) on the Nasdaq Award for Investor Relations**

During the solemn ceremony of the Nasdaq Baltic Market Awards 2019, Ignitis Group received an award for the best bond issuer relations with investors. The award was given to the company after evaluating the quality of information disclosure in annual and other statements, transparent governance of the company and its presentation to investors, and other criteria.

### **Ignitis Group Transfers Its Experience in the Fight Against Corruption to Other Companies**

In May, Ignitis Group, seeking to ensure the highest requirements of transparency and anti-corruption, invited companies and state institutions to share their experiences in preventing possible corruption and ensuring transparent operation. The conference "Good Practices and Challenges for the Application of the Law on Protection of Whistle-blowers", organized together with the State Tax Inspectorate (STI), is the second such event for anti-corruption professionals. The representatives of Lietuvos Energija, the Prosecutor General's Office, the State Tax Inspectorate, the Special Investigation Service, other institutions and state-owned companies take part in the conference. On Friday, the representatives of more than 30 companies and institutions participated in the discussion organised by the group about the Law on Protection of Whistle-blowers that was held on Friday.

This year, the Law that enshrines the protection of whistle-blowers came into force. The law that prevents the whistle-blower from being dismissed, demoted or otherwise prosecuted. Lietuvos Energija Group has accumulated long experience in preventing corruption and allows for anonymous reporting of violations. The Group aims to implement one of the most advanced corruption prevention management systems and to certify itself according to the international ISO 37001 standard.

### **Cooperation Agreements with the Programming School were Signed**

Implementing the Strategy LE 2030 and preparing for the global transformation of the energy sector, Ignitis Group expects to attract data analysts, data engineers and data analytics project managers with skills in big data and artificial intelligence signed a partnership agreement with the adult coding school Vilnius Coding School and programming academy CodeAcademy.

Under the signed cooperation agreement, the schools will give Ignitis Group the opportunity to attract its graduates, while LE, in turn, will be able to offer them work or traineeship opportunities. Furthermore, the agreement will open up opportunities for cooperation in the development of Ignitis Group employees. This way, advanced analytics, robotization, artificial intelligence and other competencies will be further developed in Ignitis Group.

### **Investments in Start-ups**

The Smart Energy Fund powered by Ignitis Group, and managed by Contrarian Ventures along with Honda, Japanese car manufacturer, and other partners invested in Moixa, UK-based company developing smart energy storage devices and virtual power plants technologies. UK storage start-up attracted a joint total of EUR10 million in funding. The Smart Energy Fund, as a minor partner, has invested EUR 500 thousand. The investors in the funding round also include Japanese investment house ITOCHU Corporation and venture capital investor First Imagine! Ventures.

Moixa has developed GridShare technology allowing to combine all home and electric car batteries into one virtual power plant.

In June, the Smart Energy Fund powered by Ignitis Group, which is managed by Contrarian Ventures, invested in Estonian start-up Hepta Airborne. The drone created by the start-up company and equipped with software, allows power lines to be inspected without direct human intervention. The investments of the Smart Energy Fund in a start-up Hepta Airborne amount to EUR 300 thousand.

In July, the Smart Energy Fund powered by Ignitis Group, which is managed by Contrarian Ventures, invested in Norwegian start-up Choose, which mitigates the effects of climate change. This globally recognised and multi-award winner start-up has created a platform through which individuals and organizations can simply compensate carbon dioxide they have created and thus contribute to reduction of air pollution. The total investments of all investing partners, including Norwegian Wiski, Katapult, and German Vito, amount to EUR 4 million. The investment of the Smart Energy Fund amounts to EUR 300 thousand.

In July, the Smart Energy Fund powered by Ignitis Group, which is managed by Contrarian Ventures, invested in Lithuanian start-up LastMile which applies smart energy solutions. The start-up has created a platform that allows the residents and businesses to simply order goods and receive them within an hour using electric and non-polluting transport. The investments of the Smart Energy Fund in a start-up LastMile amount to EUR 50 thousand. LastMile will use this initial investment to develop its business and platform.

In August, the Smart Energy Fund powered by Ignitis Group, which is managed by Contrarian Ventures, invested in a start-up Inion which develops a platform for optimizing and monitoring electricity produced by solar power plants. The start-up has developed both hardware and software that allows manufacturing users not only to use electricity more efficiently, but also combines equipment of different manufacturers and allows the owner of the solar power plant to monitor data on a single platform. The investments of the Smart Energy Fund in a start-up Inion amount to EUR 50 thousand. Inion will use this investment to develop trading platform and to expand local market.

In October, the Smart Energy Fund powered by Ignitis Group, which is managed by Contrarian Ventures, invested in UK-based electric bike subscription service Bolt Bikes. It is the world's first commercial-grade e-bikes subscription offering providing with a short-term vehicle rental service. The Smart Energy Fund invested in partnership with a leading venture capital fund Maniv Mobility. The latter manages the money of investors, such as BMW, Hyundai, LG Electronics, Shell ir Deutsche Bahn. The Smart Energy Fund invested EUR 136 thousand (USD 150 thousand) in Bolt Bikes, while Maniv Mobility investment reached USD 2 million. With this financing, Bolt Bikes is looking to increase its fleet, keep on adding talent to their team and rolling out new features for users.

In October, the Smart Energy Fund powered by Ignitis Group, which is managed by Contrarian Ventures, invested in Israel-based company H2Pro which develops innovative and green hydrogen production technology that produces 30% more hydrogen than traditional electrolysis per kWh. Smart Energy Fund invested more than EUR 252 thousand in H2Pro. Investors in Israel-based start-up also include Hyundai and a few other companies. The high-tech start-up H2Pro is founded and led by Talmon Marco, the founder of Viber, a famous instant messaging app.

Smart Energy Fund powered by Ignitis Group and managed by Contrarian Ventures invests in start-ups that are developing new technologies in the energy technology field. The Fund also manages AcceleratorOne Program which together with Ignitis Group invests in early stage start-ups and helps them grow.

The program tests pilot products and services in the local market, providing further opportunity to grow internationally.

## Purification of activities

### Continuing the sale of Data Logistics Center and Transporto valdymas

Ignitis group continues divestment of its non-core activities and resumes the sale of shares of Data Logistics Centre (DLC) and Transporto valdymas (TPV). DLC is one of the most advanced IT and telecommunications companies in the Baltic region, which provides data transmission and data centre services. Ignitis group resumes a sale of 79.64% of DLC shares it owns. Co-owner of DLC - Litgrid, also offers its 20.36% of DLC shares for sale. TPV is one of the biggest vehicles lease and fleet management services provider in Lithuania. Ignitis group sells 100% TPV shares

### Unused real estates for sale

NT Valdos, a company belonging to Ignitis Group, offered real estate objects to the market in August at already eighteenth auction. The company sells the property that is not in use in the main activities of the energy group, therefore, buyers are invited to take interest in and advantage of this opportunity. Since 2016, NT Valdos has sold real estate for EUR 99 million, including VAT, in public auctions and tenders.

### Delisting of Ignitis Group's subsidiaries shares and the potential IPO

Ignitis group is considering the most efficient capital raising alternatives, and as of now see the entire group Initial Public Offering (IPO) as the most attractive. Ignitis Group can expect to maximize the value from a possible (IPO) only once its subsidiaries Energijos Skirstymo Operatorius (ESO) and Ignitis Gamyba are delisted.

**The Company's and the Group's social responsibility activities, risk management and other issues are detailed in annual report.**

## CORPORATE GOVERNANCE

The aim of the Ignitis Group, with the State of Lithuania as its shareholder, is to ensure effective and transparent operations. In order to achieve this aim, the reorganisation was carried out in 2013, during which the corporate governance of the Group was reorganised and improved.

The new governance structure and model of the Group have been developed on the basis of the most advanced international and national practices, following the recommendations published by the Organisation for Economic Cooperation and Development (OECD), having regard to the Corporate Governance Code of companies listed on the NASDAQ Vilnius exchange, Guidelines on the Governance for State-owned Enterprises recommended by the Baltic Institute of Corporate Governance (BICG). The corporate governance model of the power generation companies' group was implemented in observance of the Corporate Governance Guidelines approved by the Ministry of Finance of the Republic of Lithuania on 7 June 2013 and renewed on 1 June 2017 (the Guidelines are available at [www.le.lt](http://www.le.lt)).

The primary goal of the corporate governance is to achieve the effect of synergy aligning different activities of the Ignitis Group companies and targeting them at the achievement of the common goals at the Group level.

The rights and obligations of the shareholder are implemented by the Ministry of Finance of the Republic of Lithuania, which adopts the main decisions relating to the implementation of the ownership rights and obligations.

For many years Ignitis Group, UAB has been recognised as the best managed state-owned company. The company received the highest possible "A+" rating. The analysis was made by the Governance Coordination Centre which assesses state-owned companies by different criteria and establishes the good governance index.



## SUPERVISORY BODIES

### Supervisory Board

Under the Corporate Management Guidelines, the Supervisory Board is a collegial supervisory body provided in the Statute of the Company. The Supervisory Board is elected by the General Meeting of Shareholders for the period of four years. The Supervisory Board of Lietuvos Energija consists of 5 members – 2 members representing the Ministry of Finance and 3 independent members. The Supervisory Board elects its Chairman from its members. Such a method for the formation of the Supervisory Board is in line with the corporate management principles. No members of the Supervisory Board have any participation in the capital of the company or group enterprises. At the date of publication of the report, the Supervisory Board of Lietuvos Energija consisted of the following members (the term office from 30/08/2017 to 30/08/2021):



**Darius Daubaras**  
(born 1973)

*Chairman, independent member*



**Daiva Lubinskaitė-Trainauskienė**  
(born 1970)

*Independent member*



**Andrius Prancėvičius**  
(born 1976)

*Independent member  
(since 22/12/2017)*



**Aušra Vičkačienė**  
(born 1974)

*Member*



**Daiva Kamarauskienė**  
(born 1963)

*Member (since 1/2/2019)*

<b>Education</b>	University of Cambridge, Master's degree in International Relations; University of Pennsylvania, USA, Business Administration Master's Degree in the field of finance and business management; University of Denver, USA, Bachelor's Degree in Business Administration with a major in finance and management;	ISM University of Management and Economics, Master's Degree; Public Relations Professional Studies at Vilnius University; Vilnius University, Diploma of a Specialist in Philology	Kaunas University of Technology, Bachelor's degree in Business Administration and Master's degree in Marketing Management; Harvard Business School, Leadership Development;	Vilnius University, Master's degree in Management and Business Administration; Vilnius University, Bachelor's degree in Management and Business Administration;	Vilnius University Faculty of Economics, master's degree.
<b>Place of employment, position</b>	SAUDI ARAMCO Senior Adviser; Member of the Supervisory Board of "Smart Energy Fund powered by Lietuvos Energija" (until 01/7/2019)	Thermo Fisher Scientific Baltics, UAB Director of Personnel; Association of Personnel Management Professionals (PVOA), Board Member	Linas Agro Group, AB Deputy Chief Executive Officer, Member of the Board; Kekava PF, Chief Executive Officer and Chairman of the Board; Linas Agro, AB (Lithuania,) Member of the Board; Lielzeltini, SIA (Latvia), Chairman of the Board; Broileks, SIA (Latvia), Chairman of the Board; Cerova, SIA (Latvia), Chairman of the Board.	Assets Management Department of the Ministry of Finance, Director; Būsto paskolų draudimas, UAB Board member.	Budget Department of the Ministry of Finance, Director

**Changes in the composition of the Company's Supervisory Board during the reporting period:** On the 1st of February, 2019, the Ministry of Finance of the Republic of Lithuania submitted to the Company a shareholder's decision to appoint Daiva Kamarauskienė the member of the Supervisory Board of the Company.

The main functions and responsibilities of the Supervisory Board are as follows consideration and approval of the Company and Group companies' business strategy, analysis and evaluation of the information on the implementation of the Company's activities strategy, provision of this information to the annual General Meeting, election and removal of the Board Members, supervision of activities of the Board and the CEO, provision of comments to the General Meeting of Shareholders on a set of financial statements, appropriation of profit or loss, and annual report. The Supervisory Board also addresses other matters within its competence.

The Supervisory Board is functioning at the Group level, i.e., where appropriate, it addresses the issues related not only to the activities of the Company, but also to the activities of its subsidiaries or the activities of their management and supervisory bodies.

## Committees of the Supervisory Board

The committees are formed by the Supervisory Board to perform their functions and duties effectively. They have the competence to submit conclusions, opinions and suggestions to the Supervisory Board. The committee must have at least three members, where at least one member has to be a member of the Supervisory Board and at least one member has to be independent. The members of the committees are elected for the period of four years.

The following committees of the Supervisory Board are operating in Ignitis Group, UAB:

- **The Risk management and business ethics supervision committee** is responsible for submission of conclusions and suggestions regarding management and control system in the group of companies and/or status of implementation of the main risk factors and risk management tools to the Supervisory Board; for compliance with business ethics, maintenance of bribery and corruption risk system and submission of recommendations to the Supervisory Board;
- **The Audit committee** is responsible for submission of objective and impartial conclusions and suggestions regarding audit, related party transactions, as provided in the Law on Companies of the Republic of Lithuania, and functioning of internal control system in the group of companies to the Supervisory Board;
- **The Nomination and remuneration committee** is responsible for submission of conclusions and suggestions about appointment, revocation of the management and supervisory bodies of the group of companies, and about incentive issues to the Supervisory Board, as well as for the evaluation of performance of the Board and its members and submission of appropriate opinion. The committee's functions also cover formation of common remuneration policy in the group of companies, determination of the size and composition of remuneration, incentive principles, etc.

If necessary, other committees may be formed according to the ad hoc principle (e.g., to solve special issues, to prepare, supervise or coordinate strategic projects, etc.).

On the date of publication of the report, the committees of Risk management and business ethics supervision, Audit and Nomination and remuneration were operating in Ignitis Group.

## Members of the Risk Management and Business Ethics Supervision Committee (during the reporting period):

Committee member	Number of shares held at the Company and the Group	Employment
<b>Andrius Pranckevičius</b> Chairman, independent member	-	Linas Agro Group, AB Deputy Chief Executive Officer, Member of the Board; Kekava PF, Chief Executive Officer and Chairman of the Board; Linas Agro, AB (Lithuania,) Member of the Board; Lielzeltini, SIA (Latvia), Chairman of the Board; Broileks, SIA (Latvia), Chairman of the Board; Cerova, SIA (Latvia), Chairman of the Board.
<b>Darius Daubaras</b> Independent member	-	SAUDI ARAMCO Senior Adviser Chairman of the Supervisory Board of <i>Ignitis Group</i> , independent member <i>Member of the Supervisory Board of "Smart Energy Fund powered by Lietuvos Energija" (until 01/7/2019)</i>
<b>Šarūnas Rameikis</b> Independent member	-	R. Mištauto ir T. Milickio Law Firm "Konsus", Lawyer

The term of office of the incumbent Risk Management and Business Ethics Supervision Committee will last until 19 April 2022.

### Main functions of the committee:

- To monitor the way the risks relevant for the achievement of the targets set for the Company and its group entities are identified, assessed and managed;
- To assess the adequacy of internal control procedures and risk management measures in view of the risks identified;
- To assess the progress achieved in the implementation of risk management measures;
- To monitor the process of risk management;
- To analyse the financial possibilities for the implementation of risk management measures;
- To assess the risks and the risk management plan for the Company and its group entities;
- To assess the periodic cycle of risk identification and assessment;
- To monitor availability of risk registers, analyse their data, provide recommendations;
- To monitor the availability of internal documentation pertaining to risk management;

- To assess the tolerance and adequacy of internal documents that regulate fight of the group of companies against bribery and corruption, and to monitor periodically their implementation/ compliance;
- To monitor periodically information related to the controlling actions of assurance of business ethics, events and unsolved incidents (security of transparency, prevention of bribery, management/prevention of corruption risk, etc.);
- To perform other functions assigned to the Committee based on the decision of the Supervisory Board.

#### Members of the Audit Committee (during the reporting period):

Committee member	Number of shares held at the Company and the Group	Employment
<b>Irena Petruškevičienė</b> Chairman, independent member	-	The Authority of Audit, Accounting, Property Valuation and Insolvency Management under the Ministry of Finances of the Republic of Lithuania, Member of Audit Oversight Committee; Member of Audit Supervision Committee European Stability Mechanism (ESM), Member of Auditors Board; Lietuvos geležinkeliai, AB Member of Audit Committee; MAXIMA GRUPĖ, UAB Chairman of Audit Committee.
<b>Danielius Merkinas</b> Independent member	-	<i>NNT Termo</i> , UAB CEO, Chairman of the Board; NNT LT, UAB CEO, Chairman of the Board; <i>Nordnet</i> , UAB Head of Commerce, Chairman of the Board; <i>Mercado prekyba</i> , UAB CEO; <i>Litcargo</i> , UAB Chairman of the Board; <i>Lietuvos paštas AB</i> Member of the Board.
<b>Aušra Vičkačkienė</b> Member	-	Member of the Supervisory Board of <i>Ignitis Group</i> ; Lithuanian Ministry of Finance, Asset Management Department, Director; <i>Būsto paskolų draudimas</i> , UAB Member of the Board.
<b>Ingrida Muckutė</b> Member (From 18/05/2018)	-	The Ministry of Finance of the Republic of Lithuania, Head of Accountability, Audit, Property Valuation and Insolvency.
<b>Šarūnas Radavičius</b> Independent member (from 10/05/2018)	-	<i>Rodl &amp; Partner</i> , UAB CEO (until August 2019)

The term of office of the incumbent Audit Committee will last until 12 October 2021.

#### Main functions of the committee:

- To monitor the preparation process of financial statements of the Company and the group of companies paying particular attention to assessment of suitability and consistency of applied accounting methods;
- To monitor effectiveness of internal control and risk management systems of the Company and the group of companies of Lietuvos Energija that affect financial accountability of the audited company;
- To monitor independence and objectivity of auditors and audit companies, and to submit recommendations regarding selected audit company;
- To supervise audit processes of the Company and the group of companies, to verify audit's effectiveness and reaction of the administration to the recommendations submitted in the management letter by the audit company;
- To monitor effectiveness of internal audit function of the Company and the group of companies, to submit recommendations to the Supervisory Board regarding selection, appointment and dismissal of a manager of the Company's Internal Audit Service, to coordinate and evaluate periodically the work of the Company's Internal Audit Service, to discuss verification results, removal of defects and implementation of internal audit plans;
- to approve regulations of the Company's Internal Audit Service and plan of internal audit;
- To monitor whether the activities of Lietuvos Energija and the group of companies of Lietuvos Energija are in compliance with the laws of the Republic of Lithuania, other legal acts, Articles of Association and business strategy;
- To submit opinion to the Company's enterprises, whose shares may be sold in the regulated market, regarding transactions with the related party, as provided in paragraph 5 of article 37<sup>2</sup> of the Law on Companies of the Republic of Lithuania; 5.
- To assess and analyse other issues assigned to the Committee by the Supervisory Board;
- To perform other functions related to the committee's functions and provided in the legal acts of the Republic of Lithuania and the Corporate Governance Code for the Companies listed on Nasdaq Vilnius.

**Members of the Nomination and Remuneration Committee (during the reporting period):**

Committee member	Number of shares held at the Company and the Group	Employment
<b>Daiva Lubinskaitė-Trainauskienė</b> Chairman, independent member	-	<i>Thermo Fisher Scientific Baltics, UAB</i> Director of Personnel; Association of Personnel Management Professionals, Board Member
<b>Aušra Vičkačkienė</b> Member	-	Member of the Supervisory Board of <i>Ignitis Group</i> ; Assets Management Department of the Ministry of Finance, Director; <i>Būsto paskolų draudimas, UAB</i> Board member.
<b>Lėda Turai – Petrauskienė</b> Member (Since 19/04/2018)	-	<i>L-CON Global UAB</i> leadership training partner, shareholder
<b>Daiva Kamarauskienė</b> Member (Since 22/03/2019)	-	Member of the Supervisory Board of <i>Ignitis Group</i> ; Budget Department of the Ministry of Finance, Director

The term of office of the incumbent Nomination and Remuneration Committee will last until 21 September 2021.

**Main functions of the committee:**

- To provide suggestions in relation to the long-term remuneration policy of the Company and its group entities (fixed pay, performance-based pay, pension insurance, other guarantees and remuneration forms, compensations, severance pay, other items of the remuneration package), and the principles of compensation for expenses related to the person's activities;
- To make assessments and provide suggestions in relation to the bonus (tantieme) policy of the Company and its group entities;
- To monitor compliance of the remuneration and bonus (tantieme) policies of the Company and its group entities with international practice and good governance practice guidelines, and provide suggestions for their improvement;
- To provide suggestions in relation to bonuses (tantiemes) upon distributable profit (loss) for the financial year of the Company and its group entities;
- To assess the terms and conditions of inter-company agreements between the Company and its group entities and the members of the management bodies of the Company and its group entities;
- To assess the procedures for recruitment and hiring of candidates to the positions of management bodies and top management of the Company and its group entities, and establishment of qualification requirements for them;
- To assess on a continuous basis the structure, size, composition and activities of management and supervisory bodies of the Company and its group entities;
- To oversee and assess the implementation of measures ensuring business continuity of management and supervisory bodies of the Company and its group entities;
- To perform other functions falling within the scope of competence of the Committee as decided by the Supervisory Board.

## MANAGEMENT BODIES

### Board

The Board is a collegial management body provided for in the Articles of Association of the Company. Board members are elected by the proposal of the Committee of the Appointment and Remuneration for the term of office of four years and removed from office by the Supervisory Board. The Board consists of 5 members and elects the Chairman, the CEO of the Company, from among its members Board members have to ensure the appropriate performance of Company activities/mentoring of the respective areas at Group level in the field of its competences. No members of the Board have any participation in the capital of the company or group enterprises. Remuneration for the activities in the Board is paid in accordance with the guidelines established by the shareholder of the Company. **At the date of publication of the report, the Board of Lietuvos Energija consisted of the following members (the term office from 01 February 2018 to 31 January 2022):**



**Darius Maikštėnas**  
(born 1970)

Chairman of the Board, CEO



**Vidmantas Salietis**  
(born 1987)

Member of the Board, Commerce and Services Director



**Darius Kašauskas**  
(born 1972)

Member of the Board, Finance and Treasury Director



**Dominykas Tučkus**  
(born 1982)

Member of the Board, Infrastructure and Development director



**Živilė Skibarkienė**  
(born 1976)

Member of the Board, Organisational Development Director

<b>Education</b>	Harvard Business School, General Management Program; Baltic Management Institute, Executive MBA degree; Kaunas University of Technology, Bachelor's degree in Business Administration	Stockholm School of Economics in Riga (SSE Riga), Bachelor's degree in Economics and Business	ISM University of Management and Economics, Doctoral studies of Social in Finance; Sciences in the field of Economics; ISM University of management and Economics, BI Norwegian Business School, Administration Master's degree in Management; Vilnius University, Master's degree in Economics	L. Bocconi University (Italy), Master's degree Economics, Doctoral studies of Social in Finance; L. Bocconi University (Italy), Bachelor's degree in Business Management and Economics, BI Norwegian Business School, Administration	Mykolas Romeris University, Faculty of Law, Doctoral degree in Social Sciences Field of Law; Vilnius University, Faculty of Law, Master's degree in Law
<b>Darbovietės, pareigos</b>	Former CEO of Wider Communications, an international Silicon Valley based company Ignitis Eesti OU, Chairman of the Board; that offers innovative telecommunications solutions, which operates under the WiderFi brand name in the US and UK. Former Ignitis, UAB Chairman of the Board (until 01/06/2019); advisor of venture capital fund Nextury Ventures; former vice-president of Omnitel; Ignitis tiekimas, UAB Member of the former independent member and Chairman of the Board of LESTO.	Ignitis Latvija SIA, Member of the Board; Ignitis Eesti OU, Chairman of the Board; Energijos Tiekimas UAB Chairman of the Board (until 01/06/2019); Ignitis, UAB Chairman of the Board (until 01/06/2019); Ignitis tiekimas, UAB Member of the Supervisory Board (from 01/06/2019), Chairman of the Supervisory Board (from 22/08/2019) Elektroninių mokėjimų agentūra, UAB member of the Board; NT Valdosa, UAB chairman of the board; Gamybos optimizavimas, UAB member of the Board	Duomenų logistikos centras UAB Chairman of the Board; Lithuanian Energy Support Foundation, Member of the Board; 288th DNSB Vingis, Member of the Revision Commission; Energetikos paslaugų ir rangos organizacija UAB Chairman of the Board; Energijos skirstymo operatorius, AB Member of the Supervisory Board.	Ignitis gamyba, AB Chairman of the Supervisory Board; Ignitis, UAB Member of the Board (until 01/06/2019); Ignitis, UAB Member of the Supervisory Board (from 01/06/2019); Eurakras UAB Member of the Board Tuulueenergia, OU Chairman of the Board (until 28/1/2019); Vilnius kogeneracinė jėgainė, UAB Chairman of the Board; Ignitis Renewables, UAB Member of the Board (since 3/1/ 2019); Smart Energy Fund, KUB powered by Ignitis Group, Member of the Advisory Committee.	Verslo aptarnavimo centras, UAB Member of the Board (from 18/06/2019), Chairman of the Board (from 31/07/2019); Technologijų ir inovacijų centras, UAB Member of the Board (from 28/06/2019), Chairman of the Board (from 31/07/2019); Elektroninių mokėjimų agentūra, UAB member of the Board; Ignitis gamyba, AB Member of the Supervisory Board;

There were no changes in the composition of the Company's Board during the reporting period.

## Information about the payments to the members of supervisory and management bodies of the Company during the reporting period

Position, full name	Fixed monthly remuneration (before taxes, EUR)	1/12 share of annual variable remuneration for the results of previous year (before taxes, EUR)	Calculated amounts for the activities (January-June 2019) in the Supervisory Board* (before taxes, EUR)	Average remuneration for the activities as the member of the Board (before taxes, EUR)	Other payments (before taxes, EUR)
<b>Members of the supervisory bodies*</b>					
<b>Darius Daubaras</b> , chairman of the Supervisory Board, member of the Risk management and business ethics supervision committee (independent member)	-	-	12 400	-	-
<b>Andrius Pranckevičius</b> , member of the Supervisory Board, chairman of the Risk management and business ethics supervision committee (independent member)	-	-	5 288	-	-
<b>Daiva Liubinskaitė-Trainauskienė</b> , member of the Supervisory Board, chairwoman of the Nomination and remuneration committee (independent member)	-	-	870	-	-
<b>Šarūnas Rameikis</b> , member of the Risk management and business ethics supervision committee (independent member)	-	-	1 425	-	-
<b>Irena Petruškevičienė</b> , chairwoman of the Audit committee (independent member)	-	-	9 413	-	-
<b>Danielius Merkinas</b> , member of the Audit committee (independent member)	-	-	7 966	-	-
<b>Šarūnas Radavičius</b> , member of the Audit committee (independent member)	-	-	6 308	-	-
<b>Lėda Turai-Petrauskienė</b> , member of the Nomination and remuneration committee (independent member)	-	-	-	-	-
<b>Members of the management bodies</b>					
<b>Darius Maikštėnas</b> , CEO	7 866	2 508			
<b>Darius Maikštėnas</b> , chairman of the Board	-	-	-	2 550	-
<b>Živilė Skibarkienė</b> , member of the Board	-	-	-	1 815	-
<b>Darius Kašauskas</b> , member of the Board	-	-	-	1 815	-
<b>Dominykas Tučkus</b> , member of the Board	-	-	-	1 815	-
<b>Vidmantas Salietis</b> , member of the Board	-	-	-	1 815	-

\* Members of the supervisory bodies can only be paid if they are independent members of the Supervisory Board and/or independent members of the committees of the Supervisory Board. Data on actual payments made in accordance with deeds submitted by independent members during the reporting period is provided.

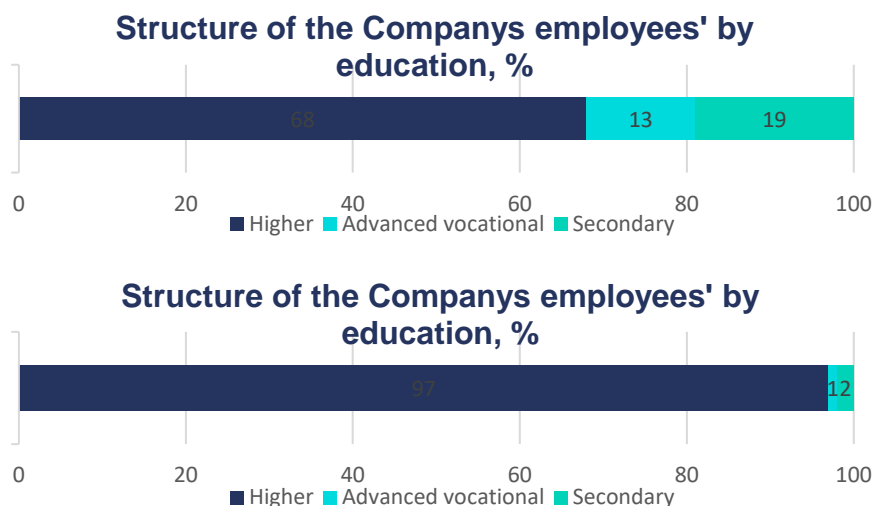
## ORGANISATIONAL CULTURE AND EMPLOYEES

Our work at Ignitis Group is based on our core values: responsibility, openness, partnership, and development. We strive to continually maintain a value-based organisational culture which encourages the employees to continuously improve themselves, helping colleagues and the organisation as a whole.

In response to the shareholder's expectation, we carry out sustainable, socially responsible development by creating a modern, globally competitive company. Through the implementation of strategy LE 2030 of Ignitis Group of Companies, whose core vision is to become a globally competitive energy company which creates value for Lithuania, we strive to attract and retain competent, fast-learning, technologically advanced, globally-minded and innovative staff. We build a long-term partnership with our employees and a shared successful future with the employees by ensuring a mutual benefit.

On 30 June 2019, 3,875 employees worked in the Group (see table). The average length of service of the employees in the Group is 13 years. The majority of the employees of the Group were men - 70%, whereas women – 30%. Distribution by gender of the employees who hold executive positions is very similar: 70% of executives were men, and 30% were women.

Company	Total number of employees
Energijos skirstymo operatorius, AB	2,409
Verslo aptarnavimo centras, UAB	506
<i>Ignitis gamyba, AB</i>	354
Ignitis grupės paslaugų centras, UAB	183
Ignitis, UAB	117
<i>Ignitis Group, UAB</i>	109
Transporto valdymas, UAB	51
Vilniaus kogeneracinė jėgainė, UAB	38
Kauno kogeneracinė jėgainė, UAB	35
Energetikos paslaugų ir rangos organizacija, UAB	21
NT Valdys, UAB	19
Duomenų logistikos centras, UAB	13
Gamybos optimizavimas, UAB	7
Lietuvos energijos renewables, UAB	7
Elektroninių mokėjimų agentūra, UAB	3
Eurakras, UAB	1
VĖJO GŪSIS, UAB	1
VĖJO VATAS, UAB	1
<b>In total</b>	<b>3 875</b>



#### Salary of the Company's employees during the first three quarters of 2019 (before taxes):

Category	Average salary, EUR
Head of the company	9,330
Top level executives	7,253
Mid-level managers	5,288
Experts, specialists	3,392
Average salary	4,240

#### Salary of the Group's employees during the first three quarters of 2019 (before taxes):

Category	Average salary, EUR
Head of the company	7,196
Top level executives	6,632
Mid-level managers	3,317
Experts, specialists	1,890
Workers	1,398

Average salary	1,988
----------------	-------

#### Development of the Organisation

To achieve the goals set in the LE 2030 strategy, the Group invests in the development of the competencies of its people, as well as in attracting talents not only in Lithuania but also in the surrounding countries.

The strategic directions of development of the Group's organisation include a systematic approach to reorientation of existing competences to new areas of activity, gaining new competencies, flexible teamwork, employee experience, and operational efficiency.

#### Staff development

Promoting employee development through innovative self-learning pathways that make up the learning eco-system represents the goal of staff development.

The group applies the 70/20/10 educational model where 70% comprise development in the workplace, 20% - learning from others, and 10% - formal learning. We strive for the education process to be based on business needs, strategic competence development, independence oriented, attractive, fast, not too demanding, and innovative. The employees choose educational activities that are best suited to their position, job type, level of competence, knowledge and skills.

#### Practical training possibilities

The Companies of the Group create conditions for high school and vocational students to adapt theoretical knowledge and acquire practical skills. During the period from 1 January 2019 to 30 September 2019, 16 trainees completed the traineeship in the Group, 1 of them became the employee of the Group.

#### Opinion of every employee matters

In 2019, the Group asks for the employee opinion about their experience in the organisation, organisational culture, process and working conditions using "Employee Net Promoted Score" – eNPS survey. Every quarter, the employees are invited to participate in an anonymous survey of their experience in areas such as employee selection and recruitment, adaptation, motivation, training, performance evaluation, and farewell process. Later, when the results of survey are available, they are analysed by the employees who are responsible for the People and Culture area, and by the Heads of the units of the Companies of the Group, who provide steps to improve specific operational processes.

The improving result of eNPS survey, showing the improving employee experience in the organisation, represents the goal of the Group.

## SUPERVISORY AND MANAGEMENT BODIES OF THE LISTED COMPANIES OF THE GROUP

As at 30 September 2019, the Supervisory Board of Energijos Skirstymo Operatorius consisted of the following members (term of office till 29 March 2022):

Full name	Participation in the capital of the Company and Group companies, %	Term of office	Employment
<b>Darius Maikštėnas</b> Chairman	-	30/03/2018– 29/03/2022	Ignitis Group, UAB CEO
<b>Darius Kašauskas</b> Member	-	30/03/2018– 29/03/2022	Ignitis Group, UAB Finance and Treasury Director
<b>Kęstutis Betingis</b> Independent member	-	28/05/2018– 29/03/2022	Betingio ir Ragaišio Lawyer Firm, lawyer

During the reporting period, there were no changes in the composition of the Supervisory Board of Energijos Skirstymo Operatorius, AB. On the 6th of August, 2019, the Company received a letter from Ignitis Group, UAB (former Lietuvos Energija, UAB) informing that after the approval of the Supervisory Board of Ignitis Group, UAB Dalia Jakutavice and Žaneta Kovaliova have been nominated for the positions of the member of Supervisory Board of ESO.

As at 30 September 2019, the Board of Energijos Skirstymo Operatorius consisted of the following members (term of office till 26 December 2022):

Full name	Participation in the capital of the Company and Group companies, %	Term of office	Employment
<b>Mindaugas Keizeris</b> Chairman	-	27/12/2018– 26/12/2022	Energijos skirstymo operatorius, AB CEO
<b>Augustas Dragūnas</b> Member	-	27/12/2018– 26/12/2022	Energijos Skirstymo Operatorius, AB Director of Finance and Administration
<b>Virgilijus Žukauskas</b> Member	-	27/12/2018– 26/12/2022	Energijos Skirstymo Operatorius, AB Director of Network Operations
<b>Ovidijus Martinonis</b> Member	-	27/12/2018– 26/12/2022	Energijos Skirstymo Operatorius, AB Director of Network Development
<b>Renaldas Radvila</b> Member	-	27/12/2018– 26/12/2022	Energijos Skirstymo Operatorius, AB Director of the Services

During the reporting period, there were no changes in the composition of the Board of Energijos Skirstymo Operatorius, AB.

As at 30 September 2019, the Supervisory Board of Ignitis gamyba, AB consisted of the following members (term of office until 25 March 2022):

Name, surname	Participation in the capital of the Company and Group companies, %	Term of office	Employment
<b>Dominykas Tučkus</b> Chairman	-	26/03/2018– 25/03/2022	Ignitis Group, UAB Infrastructure and Development Director
<b>Živilė Skibarkienė</b> Member	-	26/03/2018– 25/03/2022	Ignitis Group, UAB Organisational Development Director

On 12 March, 2019, Ignitis gamyba, AB (former Lietuvos energijos gamyba, AB) received a letter from Ignitis Group, AB (former Lietuvos Energija, UAB) informing that after the approval of the Supervisory Board of Ignitis Group, AB Rimgaudas Kalvaitis has been nominated for the position of the member of the Board of the company and CEO. Accordingly, on the same day R. Kalvaitis submitted his request to resign from his current position as a member of the Supervisory Board of the Company. He is out of these duties from 27 March, 2019. During the reporting period, no new member of the Supervisory Board was elected. After the reporting period, on 26 July 2019 Mr. Edvardas Jatautas has been elected as an independent member of the Supervisory board of Ignitis gamyba, AB until the end of the term of office.

**As at 30 September 2019, the Board of Ignitis gamyba, AB consisted of the following members (term of office until 2 April 2022):**

Full name	Participation in the capital of the Company and Group companies, %	Term of office	Place of employment
<b>Rimgaudas Kalvaitis</b> Chairman	-	27/03/2019– 02/04/2022	Ignitis gamyba, AB CEO
<b>Darius Kucinas</b> Member	-	03/04/2018– 02/04/2022	Ignitis gamyba, AB Director of Production
<b>Mindaugas Kvekšas</b> Member	-	03/04/2018– 02/04/2022	Ignitis gamyba, AB Director of Finance and Administration

The Board and the Supervisory Board of *Ignitis gamyba, AB* (former *Lietuvos energijos gamyba, AB*) received the notice of Eglė Čiužaitė regarding her resignation from the office of CEO and thus on 7 January 2019 decided to remove E. Čiužaitė from the office of the company's CEO from 21 January 2019. E. Čiužaitė also resigned from the office of the company's Board member and chairwoman of the Board from 21 January 2019. The Production Director Darius Kucinas has been acting as a temporary CEO of the Company from 22 January 2019. On 27 March, 2019 the Board of the Company has elected Rimgaudas Kalvaitis as Chief Executive Officer of the Company.

## KEY INFORMATION ABOUT THE COMPANY AND THE GROUP

The interim report of Ignitis Group, UAB and its subsidiaries is prepared in compliance with Resolution No 1052 of the Government of the Republic of Lithuania of 14 July 2010 On the Approval of the Guidelines for Ensuring the Transparency of Activities of the State- owned Enterprises and Appointment of the Coordinating Authority (27 March 2019 version, No 284) version and published on the Company's website [www.ignitisgrupe.lt](http://www.ignitisgrupe.lt).

<b>Company name</b>	<i>Ignitis Group, UAB</i>
<b>Company code</b>	301844044
<b>Authorised share capital</b>	EUR 1,212,156 thousand
<b>Paid-up share capital</b>	EUR 1,212,156 thousand
<b>Address</b>	Žvejų st. 14, LT-09310, Vilnius, Lithuania
<b>Telephone</b>	(+370 5) 278 2998
<b>Fax</b>	(+370 5) 278 2115
<b>E-mail</b>	grupe@ignitis.lt
<b>Website</b>	<a href="http://www.ignitisgrupe.lt">www.ignitisgrupe.lt</a>
<b>Legal form</b>	Private Limited Liability Company
<b>Date and place of registration</b>	28 August 2008, Register of Legal Entities
<b>Register accumulating and storing data about the Company</b>	Register of Legal Entities, State Enterprise the Centre of Registers

The Company's shareholders	Share capital (EUR '000)	%
The Republic of Lithuania represented by the Ministry of Finance of the Republic of Lithuania	1,212,156	100

On 13 February 2013, the Company's shares were transferred to the Ministry of Finance by the right of trust.  
With effect from 30 August 2013, the Company's name Visagino Atominė Elektrinė UAB was changed to Lietuvos Energija, UAB.

As of 30 June 2019, the authorised share capital was divided into ordinary registered shares with the nominal value of EUR 0.29 each. All the shares are fully paid.  
The control of the implementation of the budgets of the Group companies and the consolidated budget of the entire Group is performed on a monthly basis. If needed, the actual results of the components of the budget are presented to responsible persons on a daily basis. Each month employees responsible for the budgetary implementation prepare explanations and submit substantiations and reasons for deviations of actual results under the separate line items of the budget to the Finance and Treasury Management Service. Each month the Finance and Treasury Service prepares the presentation on the companies' performance which includes the analysis of the budgetary implementation by the companies and the Group, and presents it at regularly held meetings of the companies' management. The Finance and Treasury Service is also responsible for drawing up consolidated annual and interim financial statements. The assessment of the performance report includes the assessment of occurred deviations from the budgets and their causes. Employees responsible for the budgetary implementation can make proposals on budgetary changes in case of significant deviations from income/expenses plans/the components of the budget.

### Information on the opinion of the auditor that carried out an independent audit:

Year	Auditor	Opinion
2018	PricewaterhouseCoopers, UAB	Unqualified
2017	PricewaterhouseCoopers, UAB	Unqualified
2016	PricewaterhouseCoopers, UAB	Unqualified

## INFORMATION ON CONTROLLED COMPANIESINFORMACIJA

Companies directly or indirectly controlled by Lietuvos Energija UAB are as follows (at the day of reporting):

Company	Registered office address	Effective ownership interest (%)	Share capital (EUR '000)	Main activities
Ignitis gamyba, AB	Elektrinės st. 21, Elektrėnai	96.82	187,921	Production and supply of electricity and trading
Energijos skirstymo operatorius, AB	Aguonų st. 24, Vilnius	94.98	259,443	Supply and distribution of electricity to the consumers; distribution of natural gas
NT Valdos, UAB	Geologų st. 16, Vilnius	100	37,295	Disposal of real estate, other related activities and provision of services
Duomenų logistikos centras, UAB	A. Juozapavičiaus st. 13, Vilnius	79.64	4,033	Information technology and telecommunication services
Energetikos paslaugų ir rangos organizacija, UAB	Motorų st. 2, Vilnius	100	1,100	Construction, repair and maintenance of electricity networks and related equipment, connection of customers to electricity networks, repair of energy equipment and production of metal structures
Elektroninių mokėjimų agentūra, UAB	Žvejų st. 14, Vilnius	100	1,370	Provision of collection services
Ignitis Eesti, OÜ	Narva st. 5, 10117 Tallinn	100	35	Elektros <i>Energijos Tiekimas</i>
Ignitis Latvija SIA	Darziema st. 60, LV-1048, Riga	100	500	Elektros <i>Energijos Tiekimas</i>
Ignitis Polska sp. z o.o.	Puławska 2-B, PL-02-566, Warsaw	100	PLN 10 million	Elektros <i>Energijos Tiekimas</i>
Ignitis grupės paslaugų centras, UAB	A. Juozapavičius st. 13, Vilnius	100	6,960	Provision of information technology and telecommunications and other services
Verslo aptarnavimo centras, UAB	P. Lukšio st. 5 b, Vilnius	100	580	Public procurement organization and execution, accounting and personnel administration services
Ignitis, UAB	Žvejų st. 14, Vilnius	100	40,140	Supply of electricity and gas and trade
Lietuvos energijos paramos fondas	Žvejų st. 14, Vilnius	100	3	Provision of support to projects, initiatives and activities, relevant to the society
Vilniaus kogeneracinė jėgainė, UAB	Žvejų st. 14, Vilnius	100	21,003	Modernization of the provision of centralized supply of heat in Vilnius city
Kauno kogeneracinė jėgainė, UAB	Žvejų st. 14, Vilnius	51	24,000	Modernization of the provision of centralized supply of heat in Kaunas city
Tuuleenergia osuühing	Keskus, Pärnu (Estonia)	100	499	Production of renewable electricity
EURAKRAS, UAB	Žvejų st. 14, Vilnius	100	4,621	Production of renewable electricity
VĖJO GŪSIS, UAB	Žvejų st. 14, Vilnius	100	7,443	Production of renewable electricity
VĖJO VATAS, UAB	Žvejų st. 14, Vilnius	100	2,896	Production of renewable electricity
VVP Investment, UAB	Žvejų st. 14, Vilnius	100	250	Development of a renewable energy (wind) power plant project.
Ignitis renewables, UAB	P. Lukšio st. 5B, Vilnius	100	3	Analysis and coordination of the activities of legal entities belonging to the Company.
Pomerania Wind Farm sp. z o. o.	Al. Grunwaldzka 82/368, 80-244 Gdańsk	100	PLN 5 million	Development of a renewable energy (wind) power plant project.
Transporto valdymas, UAB	Smolensko st. 5, Vilnius	100	2,359	Vehicle rental, leasing, repair, maintenance, renewal and service
Gamybos optimizavimas, UAB	Žvejų st. 14, Vilnius	100	350	Planning, optimization, forecasting, trading, brokering of electricity and other energy production regime

## INFORMATION ON SECURITIES OF THE GROUP COMPANIES

The shares of Energijos Skirstymo Operatorius AB and *Ignitis gamyba* have been listed on the Official Listing of NASDAQ Vilnius Stock Exchange. The trading in shares of the companies was started on 11 January 2016 and 1 September 2011, respectively. The shares of the companies are traded only at NASDAQ Vilnius Stock Exchange.

**Ignitis gamyba, AB** as at 30 June 2019, had issued 648,002,629 ordinary registered shares with the nominal value of EUR 0.29. Shares of *Ignitis gamyba* have been listed on the main list of NASDAQ OMX Vilnius stock exchange. ISIN code of the issue is LT0000128571.

*Ignitis gamyba* has concluded the securities accounting agreement on the accounting of securities issued and management of personal securities accounts with SEB Bankas AB.

**Energijos skirstymo operatorius, AB** as at 30 September 2019, had issued 894,630,333 ordinary registered shares with the nominal value of EUR 0.29. Shares of Energijos Skirstymo Operatorius AB have been listed on the main list of NASDAQ OMX Vilnius Stock Exchange. ISIN code of the issue is LT0000130023.

Energijos Skirstymo Operatorius, AB has concluded the agreement on the accounting of securities issued by the company and management of personal securities accounts with SEB Bankas AB.

### Structure of the authorised share capital and shareholders owning more than 5 per cent of the issuer's authorised share capital as at 30 September 2019:

Company	Total nominal value of shares (in EUR)	ISIN code	Securities' abbreviation	Trading list	Full name of the shareholder (name of the company)	Percentage of voting rights conferred by shares owned
<b>Ignitis gamyba, AB</b>	187,920,762.41	LT0000128571	LNR1L	BALTIC MAIN LIST	Ignitis Group, UAB (former Lietuvos Energija, UAB)	96.82%
<b>Energijos skirstymo operatorius, AB</b>	796.57/ 442/ 259	LT0000130023	ESO1L	BALTIC MAIN LIST	Ignitis Group, UAB (former Lietuvos Energija, UAB)	94.98%

On 30 September 2019, **Ignitis Group, UAB** has issued two issues of green bonds listed in the Stock Exchanges of Luxemburg and NASDAQ Vilnius. The total nominal value of bonds issued by the Company is EUR 600 million. The amount of Bond Programme is EUR 1.5 billion. EUR.

Company	Total nominal values of the issue, EUR	ISIN code	Buy-out date
<b>Ignitis Group, UAB</b>	300,000,000.00	XS1646530565	14/07/2027
<b>Ignitis Group, UAB</b>	300,000,000.00	XS1853999313	10/07/2028

## KEY EVENTS OF THE COMPANY DURING THE FIRST THREE QUARTERS OF 2019

18/01/2019	<u>Reorganisation of Lietuvos Energijos Tiekimas, UAB and Energijos Tiekimas, UAB is planned to be launched</u>
31/01/2019	<u>Preliminary financial data of Lietuvos Energija for 12 months of 2018</u>
01/02/2019	<u>Regarding a New Member of Supervisory Board of Lietuvos Energija</u>
28/02/2019	<u>Interim information of Lietuvos Energija UAB for the twelve-month period of 2018: higher prices in international markets affected the results of Lietuvos Energija</u>
28/02/2019	<u>Preliminary financial data of Lietuvos Energija for 1 month of 2019</u>
12/03/2019	<u>Regarding the Loan Agreement with Lietuvos Energijos Tiekimas, UAB</u>
25/03/2019	<u>Regarding the sale of 100% shares of VĖJO VATAS, UAB, VĖJO GŪSIS, UAB, EURAKRAS, UAB, VVP Investment, UAB</u>
29/03/2019	<u>Preliminary financial data of Lietuvos Energija for 2 months of 2019</u>
02/04/2019	<u>Regarding the decision of Energijos Skirstymo Operatorius, AB to refuse the appeal in court</u>
08/04/2019	<u>Correction: Reporting dates of Lietuvos Energija in 2019</u>
12/04/2019	<u>Lietuvos Energija Group will hold an Investor Conference Webinar to introduce the financial results for the year 2018 and guidance for 2019</u>
17/04/2019	<u>Regarding Lietuvos Energija Board decisions</u>
17/04/2019	<u>Lietuvos Energija Group will hold an Investor Conference Webinar to introduce the financial results for the year 2018 and guidance for 2019</u>
24/04/2019	<u>Regarding the new trademark applications</u>
02/05/2019	<u>Regarding the resolutions of the Ordinary General Meeting of the Shareholders of Lietuvos Energija, UAB</u>
02/05/2019	<u>Lietuvos Energija, UAB annual information for the year 2018</u>
06/05/2019	<u>Correction: Reporting dates of Lietuvos Energija in 2019</u>
17/05/2019	<u>Results of Lietuvos Energija Group in Q1 2019: adjusted EBITDA increased due to the consequent investments in to the network and green generation</u>
21/05/2019	<u>Regarding the approval of the terms and conditions for the reorganisation of Lietuvos Energijos Tiekimas, UAB and Energijos Tiekimas, UAB</u>
28/05/2019	<u>Regarding the Acquisition of 100% of Pomerania Inwall Sp. z o. o. shares and shareholder claim rights</u>
31/05/2019	<u>Preliminary financial data of Lietuvos Energija for 4 months of 2019</u>
31/05/2019	<u>Lietuvos Energija retained BBB+ credit rating</u>
31/05/2019	<u>Correction: Lietuvos Energija UAB annual information for the year 2018</u>
28/06/2019	<u>Preliminary financial data of Lietuvos Energija for 5 months of 2019</u>
01/07/2019	<u>Regarding the Investor's Letter of Lietuvos Energija</u>
31/07/2019	<u>Preliminary financial data of Lietuvos Energija for 6 months of 2019</u>
05/08/2019	<u>Regarding change of the name of Lietuvos Energija, UAB</u>
29/08/2019	<u>Correction: Reporting dates of Lietuvos Energija in 2019</u>
04/09/2019	<u>Correction: Reporting dates of Lietuvos Energija in 2019</u>
05/09/2019	<u>Results of Lietuvos Energija Group in 1st half of 2019: adjusted EBIDTA increased by 9.8%, Group revenues abroad quadrupled to EUR 175.7 million.</u>
06/09/2019	<u>Preliminary financial data of Lietuvos Energija for 7 months of 2019</u>
06/09/2019	<u>Regarding the registration of the amended Articles of Association of Lietuvos Energija, UAB</u>
13/09/2019	<u>Regarding increase of the loan amount for Ignitis renewables, UAB</u>
30/09/2019	<u>Preliminary financial data of Ignitis Group for 8 months of 2019</u>

## KEY EVENTS AFTER THE REPORTING PERIOD

21/10/2019	<u>Regarding the initiation of reorganisation of Verslo aptarnavimo centras, AB and Ignitis grupės paslaugų centras, UAB</u>
25/10/2019	<u>Regarding withdrawal of a conditional share sale-purchase agreement and end of negotiations</u>

<b>11/11/2019</b>	<u>Regarding the initiation of the process of delisting of shares of UAB Ignitis grupė subsidiaries AB Ignitis Gamyba and AB Energijos skirstymo operatorius from trading on the regulated market</u>
<b>13/11/2019</b>	<u>Regarding the formation of a working group, initiated by the Ministry of Finance of the Republic of Lithuania, the authority implementing the rights of the sole shareholder of UAB Ignitis grupė</u>
<b>19/11/2019</b>	<u>Further explanation regarding the delisting of Ignitis Group's subsidiaries shares and the potential IPO</u>

No agreements between the Issuer and the members of the bodies or employees that provide for compensation in case of their resignation or dismissal without a sound reason or in case of termination of their employment as a result of the change in control of the Issuer have been concluded.

No significant agreements were concluded between the Issuer and which would enter into force, change or break as a result of the changed control of the Issuer, as well as their effect, except where the nature of the agreements would have caused significant disclosure to the Issuer.

During the reporting period, the Issuer did not conclude any harmful transactions (which do not correspond to the Company's objectives, current market conditions that violate the interests of shareholders or other groups of persons, etc.) and transactions concluded in the event of a conflict of interests between the issuer's managers, the controlling obligations of shareholders or other related parties to the issuer and their private interests and/or other duties.

*Ignitis Group, UAB*  
CEO



**Darius Maikštėnas**