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**LITGRID AB**  
CONDENSED INTERIM CONSOLIDATED AND THE  
COMPANY'S FINANCIAL STATEMENTS, PREPARED  
ACCORDING TO INTERNATIONAL FINANCIAL REPORTING  
STANDARDS AS ADOPTED BY THE EUROPEAN UNION  
(UNAUDITED), FOR THE NINE-MONTHS PERIOD ENDED  
30 SEPTEMBER 2019, PRESENTED TOGETHER WITH  
CONSOLIDATED INTERIM REPORT

## CONFIRMATION OF RESPONSIBLE PERSONS

November 6, 2019 Vilnius

Following the Law on Securities of the Republic of Lithuania and Rules on Information Disclosure approved by the Bank of Lithuania, we, Vytautas Tauras, Director of Finance Department, acting as Chief Executive Officer of LITGRID AB and Božena Vitaitė, Head of Accounting Division of LITGRID AB, hereby confirm that, to the best of our knowledge, the attached LITGRID AB unaudited interim consolidated and the Company's financial statements for the nine months period ended 30 September 2019 are prepared in accordance with the International Financial Reporting Standards adopted by the European Union, give a true and fair view of the LITGRID AB and consolidated group assets, liabilities, financial position, profit and cash flows; Consolidated Interim Report for the nine months period ended 30 September 2019 includes a fair review of the performance of the business, consolidated group financial position and undertakings in relation to the description of the main risks and contingencies faced thereby.

Vytautas Tauras



Director of Finance Department,  
acting as Chief Executive Officer

Božena Vitaitė



Head of Accounting Division



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The condensed interim financial statements were signed on 6 November 2019.

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Vytautas Tauras  
Director of Finance Department,  
acting as Chief Executive Officer

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Božena Vitaitė  
Head of Accounting Division



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## CONSOLIDATED INTERIM REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2019

### 1. General information.

This consolidated report has been prepared for nine months period ended 30th September 2019.

#### The Issuer and its contact details:

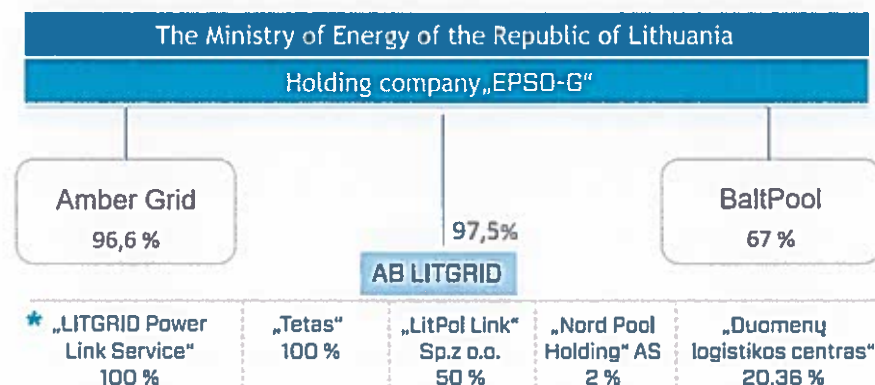
Name	LITGRID AB (hereinafter referred to as LITGRID or the "Company")
Legal form	Public limited liability company
Date and place of registration	16 November 2010, the Register of Legal Entities of the Republic of Lithuania
Company code	302564383
Registered office address	A. Juozapavičiaus Str. 13, LT-09311, Vilnius
Telephone	+370 707 02171
Fax	+370 5 272 3986
E-mail	info@litgrid.eu; www.litgrid.eu

#### Activities of LITGRID

LITGRID, Lithuanian electricity transmission system operator (the TSO), ensures the stable operation of the national electric power system, controls electricity flows and creates conditions for competition in the open electricity market. LITGRID is responsible for the integration of the Lithuanian electric power system with the European electricity infrastructure and the single market for electricity. LITGRID has implemented the strategic projects on electricity cross-border links, namely, NordBalt (Lithuania-Sweden) and LitPol Link (Lithuania-Poland), and prepares to launch a new interconnection project called "Harmony Link" and expand the LitPol Link interconnection. In its work aimed at the consolidation of the country's energy independence, LITGRID fosters a culture of responsibility, rational creativity and dialogue.

As the backbone of the national electric power sector, LITGRID is not only responsible for maintaining the balance between electricity consumed and produced in the system and reliable transmission of electricity, but also implements strategic national electricity projects. Its vision and strategic operating guidelines are based on the long-term goals identified in the National Energy Independence Strategy. The most important activity areas and responsibilities of the Lithuanian TSO include the maintenance of the country's electricity infrastructure and its integration with the Western and Northern European electricity infrastructure; development of the electricity market and participation in the creation of a single electricity market of the Baltic and European countries; and the integration of the electricity systems of Lithuania and continental Europe for synchronous operations.

#### LITGRID - part of the EPSO-G Group



\* Activity suspended since August 2018.



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## CONSOLIDATED INTERIM REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2019

EPSO-G is a state-owned group of energy transmission and exchange companies. The rights and obligations of EPSO-G shareholder are implemented by the Ministry of Energy of the Republic of Lithuania. EPSO-G has 97,5 % of shares of the transmission system operator LITGRID AB.

The LITGRID AB Group consists of the following companies:

Name	„Tetas“	„LITGRID Power Link Service“
Legal form	Private company	Private company
Registration date and place	08/12/2005, Register of Legal Entities of the Republic of Lithuania	24/02/2014, Register of Legal Entities of the Republic of Lithuania
Country of establishment	Republic of Lithuania	Republic of Lithuania
Company code	300513148	303249180
Registered office address	Senamiesčio str. 102B, LT-35116, Panevėžys	A. Juozapavičiaus str.13, LT-09311, Vilnius
Telephone	+370 640 38334	+370 707 020947
Type of activities	Specialized services of transformer substations' and distribution stations', overhead electricity lines' design, reconstruction, repair and maintenance.	By the decision of the sole shareholder, company activities have been suspended since August 1, 2018. From this date, the control and operation of the power system's links with Polish and Swedish systems have been organized by LITGRID. Procedures to close company taken.
Country of operations	Lithuania	Lithuania
LITGRID shares	100%	100%

Other shares held by LITGRID Group as of 30<sup>th</sup> September 2019:

Name	„LitPol Link“ Sp.z.o.o	UAB „Duomenų logistikos centras“	„Nord Pool“ AS
Country of establishment	Republic of Poland	Republic of Lithuania	Kingdom of Norway
Registered office address	Warszawska 165, 05-520, Konstancin-Jeziorna, Poland	Žvejų st. 14, LT-09310 Vilnius	PO Box 121, NO-1325 Lysaker, Norway
Country of operations	Lithuania and Poland	Lithuania	Norway, Sweden, Finland, Denmark, Lithuania, Latvia, Estonia, United Kingdom, Poland, Germany, Netherlands
LITGRID shares	50% of shares and voting rights attached thereto (procedures to close the company taken, after the reporting period).	20.36% of shares and voting rights attached thereto	2% of shares and voting rights and a board member on rotation basis



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CONSOLIDATED INTERIM REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2019

## **II. The strategy of LITGRID AB**

On 20 December 2018, the Board of LITGRID approved the strategy of LITGRID for the years 2019-2028.

Constant changes in the electricity system encourage the organization to develop, increase its efficiency and meet the challenges of a rapidly changing environment. The Company aims to be innovative and progressive, having a long-term vision of becoming Europe's Smartest Transmission System Operator (TSO).



### **Vision:**

**Europe's smartest TSO.**

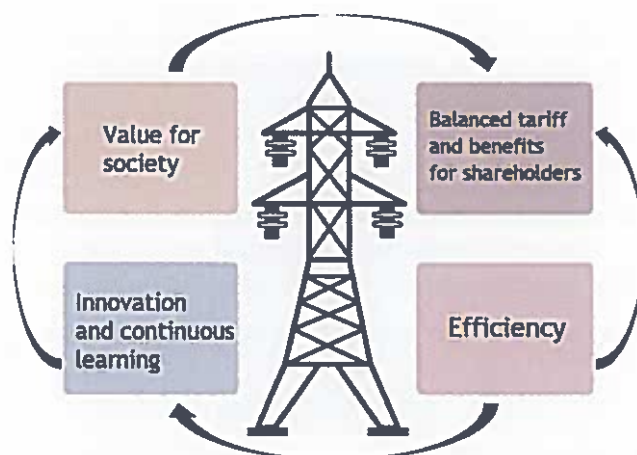
The company consolidates its commitments in the mission - to ensure reliable transmission of high-quality electricity in the European market by creating value for the society. In accordance with this goal LITGRID continues intensive development of the electricity market, deepening integration into the European market and applying European standards. Existing rules are being developed in order to open up new market opportunities and services to its participants, empower new users, ensure equal conditions and complete integration of the Lithuanian electricity market into the European electricity market.



### **Mission:**

**To ensure a reliable transmission of high-quality electricity in the European market by creating value to society.**

The following are the strategic goals and priorities for 2019-2028 for LITGRID:





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## CONSOLIDATED INTERIM REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2019

### Value for the society

#### Synchronisation with Continental European network

LITGRID implements strategic energy projects, the success of which depends on the energy and geopolitical perspective of Lithuania and the Baltic region and on the competitiveness of business.

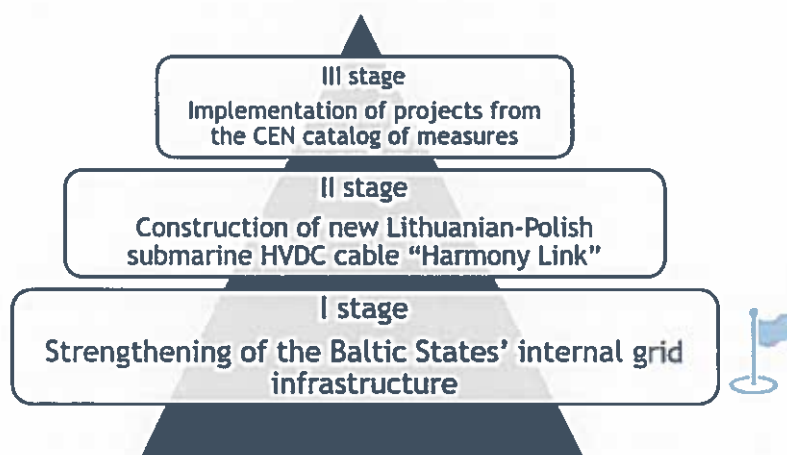
Integration into European power systems - synchronization of the Baltic States with Continental Europe networks is an important priority, as the historical belonging to the IPS / UPS system (synchronous mode) and the technological features of system management also imply the remaining dependence political, social and economic for the energy system.

Achieving the strategic goal of 2025 for the electricity system to work synchronously with Continental Europe networks in 2017 Significant agreements were signed between Lithuanian, Latvian, Estonian, Polish transmission system operators and ENTSO-E on the development of dynamic Baltic Frequency Stability Studies, and the Synchronization Project (as a General Project) was included in the List of Projects of Common Interest approved by the European Commission.

2018 In June, Lithuania, together with Latvia, Estonia and Poland, and the European Commission signed a political agreement on the synchronization of electricity networks of the three Baltic States with the continental Europe through Poland until 2025. This high-level political agreement paved the way for the continued work needed for synchronization to consolidate the energy independence of the Baltic States from the Russian-controlled grid.

Following a full-fledged integration of Lithuanian grid into the European electricity system, European system management standards will be introduced in the electricity sector ensuring management of electricity flows based on market principles and participation in maintaining the system's frequency. The aim is to achieve synchronous operation of the system of the Baltic countries within the electricity grids of continental Europe. At the moment the first stage has started and preparation for other stages as well. The stages are based on the investment basis, not timeline.

#### Stages of synchronization



In Lithuania, the following projects are implemented for the synchronisation:

1. New 330 kV overhead line Vilnius - Neris.
2. New 400/330 kV autotransformers in Alytus.
3. New 330 kV (LT) switchboard of Mūša.
4. 330 kV overhead line Klaipėda - Bitėnai reconstruction.
5. 330 kV overhead line Bitėnai - Jurbarkas reconstruction.
6. New 330 kV line Kruonis HAE - Jurbarkas.
7. 330 kV overhead line reconstruction from Lietuvos Elektrine to Vilnius.
8. Optimization of the electricity transmission grid in the Northern Lithuania and preparation for synchronous operation with the energy system of continental Europe.



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## CONSOLIDATED INTERIM REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2019

On Baltic level LITGRID is actively involved in such projects:

1. Voltage and inertia control measures in the Baltic countries.
2. Automatic Generation Management (AGV) and Frequency Stability Monitoring System (FSAS) in the Baltic States.
3. System Development Studies.

On European level the activities were as follows:

On 21 December 2018, Lithuanian and Polish electricity transmission system operators agreed on the implementation of the new maritime interconnection project. The management of LITGRID and PSE signed an agreement committing to launching the preparatory phase of the project of construction of new Polish-Lithuanian submarine high-voltage DC (HVDC) cable. Lithuanian and Polish representatives decided to name the new maritime interconnection as "Harmony Link".

During the preparatory phase of the project, actions will be taken on the basis of which investment decisions will be made, the procurement procedure will be announced to purchase the cable laying works and other preparatory works will be carried out. The investment decision should be made in 2020.

On 7<sup>th</sup> August the Government of Lithuania confirmed the list of 14 energy projects developed by LITGRID AB as a part of the Synchronization programme. These projects gained the special status of state importance. Projects will be implemented in cooperation with Baltic States, Poland, Northern European countries and European Commission.

### *Efficiency*

The biggest value for the society from the side of the TSO's comes in the form of the possibility to transmit energy from variety of sources. The right infrastructure, clear rules enable the consumers to benefit from exchange of energy flows.

### *Electricity interconnections*

Reliably functioning intersystem connections are an essential part of the system, providing an opportunity to operate together with the energy systems of other Western and Nordic countries and to develop a common European market.

LitPol Link is a double-circuit transmission line from Alytus in Lithuania to Elk in Poland and the Alytus back-to-back converter. LitPol Link interconnection was available to the market 97.3 % of the time throughout the nine months of 2019.

Nord Balt is one of the longest sea cable in the world, enabling security of energy supply to Lithuanian and Baltic countries.

Nord Balt interconnection was available to the market 99.9 % of the time throughout the nine months of 2019.

### *Reconstruction of the electricity grid*

The electricity transmission grid of Lithuania is well-developed and reliable in meeting the needs of electricity users. Optimal investments in the national grid ensure the integration of new electricity producers, safe transmission of electricity, and the reliable operation of the system.

LITGRID operates high-voltage (400-330-110 kV) transmission lines with the length of 6,946 km and 236 transformer substations and switchyards in Lithuania.

In the first half of 2019 these projects were started:

Mažeikiai 6 kV closed switchyard reconstruction (in the process of public procurement), 330-110 kV Bitėnai TP AT1 equipment, (from Utena1x200 MVA, in the process of public procurement).

Preparations were made to start: 330 kV EPL Kruonis HAE-Bitėnai construction, 330 kV switchyard Mūša construction, 330 kV switchyard Darbėnai construction, 330kV EPL Darbėnai - Bitėnai construction.





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## CONSOLIDATED INTERIM REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2019

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### III. BUSINESS ENVIRONMENT AND OVERVIEW OF ACTIVITIES

#### *Services, provided by LITGRID group of companies*

LITGRID, the electricity transmission system operator and its group companies provides the following services:

- electricity transmission.
- System services (capacity reserve).
- Trading in balancing and regulating electricity.
- Public interest services (PIS).
- Maintenance and repairs of the electricity grid.
- Maintenance, operation and control of HVDC links.

#### *Transmission of electricity*

The electricity transmission service is the transmission of electricity over the high voltage (330 and 110 kV) electric installations. The transmission system operator transmits electricity from producers to customers that are connected to the transmission grid, and to distribution network operators. Electricity transmission is a regulated activity.

The main operations of the TSO consist in the management of the high voltage electricity transmission grid and ensuring a reliable, effective, high-quality, transparent and safe transmission of electricity.

#### *System services*

In order to maintain reliable system operations, LITGRID purchases the services for the capacity reserve assurance at power generation facilities, reactive capacity and voltage management, and emergency and disruption prevention and response from energy generating companies, and provides customers with system (capacity reserve) services. The capacity reserve is needed when electricity production suddenly and unexpectedly falls or its consumption increases.

#### *Trade in balancing and regulating electricity*

LITGRID secures the country's electricity production and consumption balance. Balancing electricity is electricity that is consumed or produced outside of established electricity consumption and production schedules. LITGRID organises trading in balancing electricity, buying and selling balancing electricity that is necessary to ensure the country's electricity production and consumption balance.

Regulating electricity is electricity that is bought and/or sold on instruction of the TSO as electricity necessary for performing the function of balancing the country's electricity consumption and production. LITGRID organises trading in regulating electricity by auction. The auction participants are suppliers of regulating energy and TSOs of other countries possessing technical facilities for quickly changing the electricity generation and consumption conditions and having concluded a relevant agreement with LITGRID.

#### *Public service obligations*

Public service obligations (PSO) in the electricity sector are services that ensure and enhance the national energy security and the integration and use of electricity produced from renewable resources. The list of PSO, their providers, and procedures for the provision of PSO are approved by the Government of the Republic of Lithuania, or an institution authorised by it, having regard to the public interest in the power sector. PIS funds are funds that are paid to the PSO providers.

LITGRID provides the following PSO services:

- Preparation and implementation of strategic projects related to increasing energy security (the Lithuania-Sweden and Lithuania-Poland power links and integration of the Lithuanian power system into continental European grids);
- Connection of power generation equipment that uses wind, biomass, solar energy, or hydropower to the transmission grid as well as the transmission grid's optimisation, development, and/or renovation related to the acceptance and transmission of electricity generated by producers that use renewable energy sources;
- Balancing of electricity produced from renewable energy sources.

#### *Electricity grid maintenance and repairs*

Tetas, LITGRID's daughter company, offers the following maintenance and repair services for electricity grid equipment:



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## CONSOLIDATED INTERIM REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2019

- Maintenance and repairs of electric equipment of the grids;
- Construction of new energy facilities and reconstruction of existing energy facilities;
- Electrical equipment design services.

### *HVDC power links' maintenance, operation and control*

On 24 February 2014, LITGRID's subsidiary Tinklo priežiūros centras UAB (renamed into LITGRID Power Link Service UAB from 29 April 2016) was established as a centre of competences for high qualification and specialised engineering areas in the management and operation of high voltage direct current (HVDC) power links.

Since the beginning of 2016, LITGRID Power Link Service has taken over the operation of LitPol Link, and since June 2016 - the operation of NordBalt as well. By the decision of the sole shareholder LITGRID since 1 August 2018 UAB „Litgrid Power Link Service“ activities were stopped and all employees signed job agreements with Litgrid. Starting from that moment all power link maintenance work will be organized by LITGRID.

### *Customers of the transmission system operator*

LITGRID's direct customers are electricity transmission grid users and suppliers of balancing and regulating electricity.

Transmission grid users include:

- ESO, a distribution network operator.
- Customers whose electrical equipment is connected to the electricity transmission grid and who purchase electricity for use.
- Electricity producers connected to the electricity transmission grid.

Suppliers of balancing and regulating electricity include electricity producers and suppliers.

### *Operating indicators of transmission services*

TSO's operating indicators	2019 m. January - September	2018 m. January - September	2017 m. January - September
Energy transmission volume, m kWh	7 575	7 661	7 358
Process costs in transmission network, %	3.04	2.96	2.85
ENS (Energy Not Supplied due to interruptions), MWh**	8.23	0.77	1.34
AIT (Average Interruption Time), min. **	0.287	0.03	0.05

\*\* Only due to the operator's fault or due to undetermined causes.

In the first nine months of 2019, LITGRID volumes of electricity transmission via high-voltage networks for national needs amounted to 7 575 million kilowatt-hours (kWh), which is 1 % less than in the same period of 2018.



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## CONSOLIDATED INTERIM REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2019

### IV. INFORMATION ABOUT PERSONNEL

LITGRID is building a value-based organisational culture and advocates equal rights for employees and equal opportunities at work, regardless of gender, ethnicity, race, nationality, social status, age, disability, membership in a political party or association, religious beliefs or sexual orientation.



As of 30<sup>th</sup> September 2019, the LITGRID Group had 650 employees: LITGRID - 282, Tetas - 368.

The wage fund of LITGRID for the reporting period amounted to EUR 6 908 thousand.

	9 months 2019		9 months 2018	
	Number of employees	Average monthly wage, in EUR	Number of employees	Average monthly wage, in EUR
Chief executive officer	1	12 818	1	12 387
Top-level managers	6	8 561	6	8 255
Mid-level managers	38	4 299	34	4 018
Experts-specialists	237	2 520	223	2 389
<b>Total</b>	<b>276</b>	<b>2 939</b>	<b>264</b>	<b>2 815</b>

The total wage fund of LITGRID Group for the reporting period amounted to EUR 11 699 thousand.

	9 months 2019		9 months 2018	
	Number of employees	Average monthly wage, in EUR	Number of employees	Average monthly wage, in EUR
Chief executive officer	2	9 508	2	9 260
Top-level managers	8	7 216	9	6 655
Mid-level managers	52	4 038	49	3 627
Experts-specialists	376	2 198	357	2 086
Workers	212	1 130	198	1 263
<b>Total</b>	<b>650</b>	<b>2 096</b>	<b>615</b>	<b>2 084</b>



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## CONSOLIDATED INTERIM REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2019

Note: the information on the remuneration of employees is calculated based on the article of Social insurance Law of the Republic of Lithuania which states that the social insurance tax transferred to employees working with employment agreements, i.e. applying index 1.289. In order to have comparable data, remuneration data of 2018 is recalculated using the same methodology and index.

### V. Corporate management

#### Information on the share capital and the shareholders and their rights

Since 22 December 2010, LITGRID shares are traded on the Secondary List on the NASDAQ OMX Vilnius exchange, ISIN code of securities: LT0000128415.

The share capital of LITGRID amounted to EUR 146,256,100.20 and it was divided into 504,331,380 ordinary registered shares with the nominal value of EUR 0.29 each.

LITGRID has not acquired own shares. During the reporting period LITGRID neither acquired nor disposed of its own shares. The Company's subsidiaries have not acquired the Company's shares.

The authorised capital of LITGRID amounts to EUR 146.256.100,2, and it is divided into 504.331.380 ordinary registered shares with the nominal value of EUR 0.29 each.

EPSO-G UAB (A. Juozapavičiaus 13, LT-09310 Vilnius, company code 302826889), a company owned by the Ministry of Energy of the Republic of Lithuania, controls 97.5 % of LITGRID shares. EPSO-G UAB possesses a decisive vote in making decisions at the General Meeting of Shareholders.

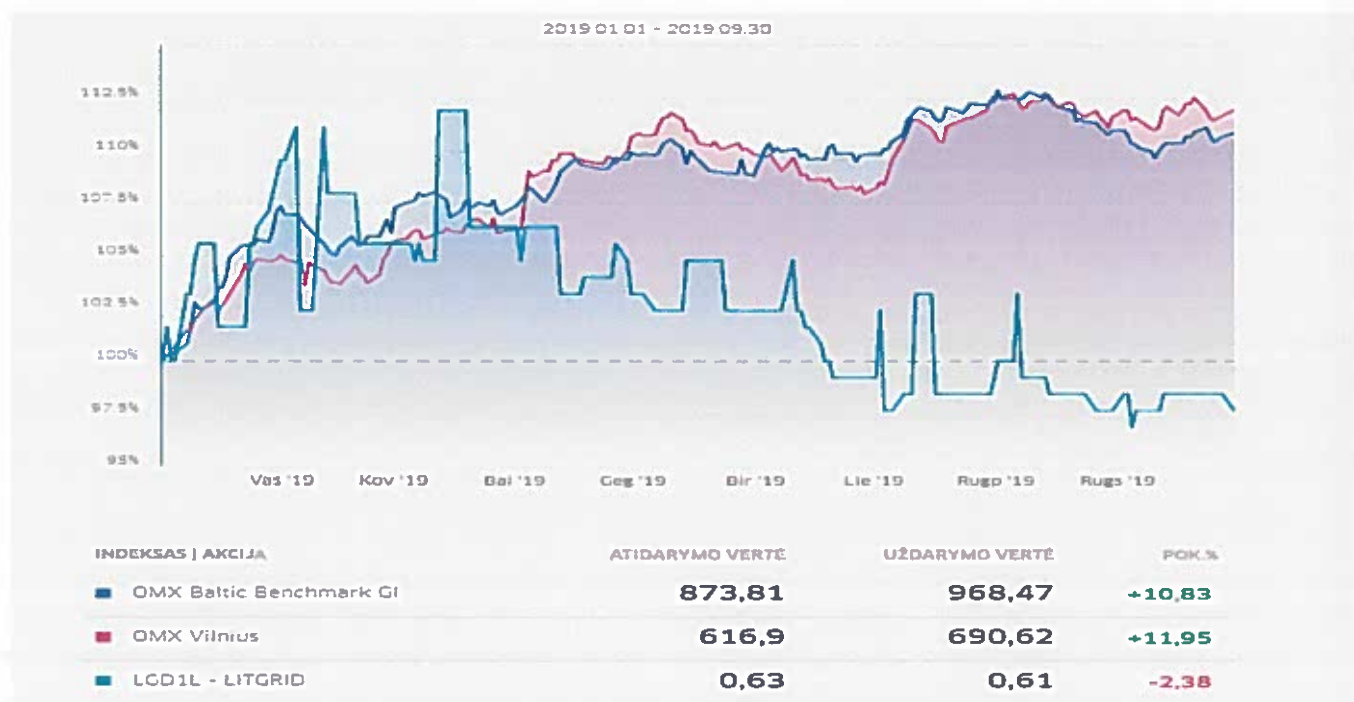
The Company has not received any information on mutual agreements between the shareholders due to which restrictions on transfer of securities and/or voting rights may be imposed. There are no restrictions regarding voting rights at the Company.

SEB Bankas AB is the provider of accounting and related services for LITGRID securities for the period from 8 September 2017 until 7 September 2020.

Securities of the subsidiaries of the Company are not traded on securities exchanges.

Data on trading in LITGRID securities on the regulated markets:

The comparison of the price of LITGRID shares (LGD1L) with the OMX Baltic Benchmark GI (OMXBBGI) and OMX Vilnius (OMXV) indexes during the reporting period:





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## CONSOLIDATED INTERIM REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2019

### *Dividends*

On 18 August 2017, the Board of LITGRID passed a decision regarding the application of the EPSO-G UAB Group dividend policy, which was approved by the Board of EPSO-G UAB on 14 July 2017, at LITGRID AB in its entirety.

Based on the EPSO-G UAB dividend policy the amount of dividends payable was directly linked with the effective use of the company's equity, i.e. the higher benefits created by the Company for the shareholder are, the larger portion of profit can be allocated by the Company for a further development or implementation of other significant projects.

On 23 April 2019, the ordinary General Meeting of Shareholders of LITGRID was held, during which it was decided to pay out dividends amounting to EUR 2.622.523 million or EUR 0.0052 per share.

### *The Company's management bodies*

The system of the Company's management bodies (Figure) is defined in the Articles of Association and it consists of the following bodies: General Meeting of Shareholders, the Board and the General Manager (a single-person management body).

The Company's Articles of Association stipulate that since the Company is part of the group of companies and the Supervisory Board of the parent company carries out the review of the functioning of the internal control system and risk management at the group level, the Company's General Meeting of Shareholders and the Board may take into consideration proposals and comments of the Supervisory Board of the parent company that are presented on the issues relating to the competence of the respective management body of the Company. The Audit Committee formed at the parent company functions as the Audit Committee of the entire group and, also carries out the functions of the Company's Audit Committee.



### *Corporate governance principles*

The main corporate governance principles are established by the Civil Code of the Republic of Lithuania, the Law on Companies and the Company's Articles of Association. The following matters shall fall within the competence of the Company's General Meeting of Shareholders: amendment of the Company's Articles of Association and the authorised share capital, conversion of shares, election of the Board and the auditor, approval of the annual financial statements, appropriation of profit, adoption of decisions on the most significant transactions and other matters. The following matters shall fall within the competence of the Company's Board: establishment of the Company's organisational structure, election of the General Manager, approval of the operational strategy, budget, investments, adoption of decisions on the conclusion of significant transactions and other important management issues. The General Manager is a single-person management body of the Company. The General Manager organises the Company's business activities and conducts the Company's transactions. A detailed description of the competences of the Company's management bodies is presented in the Company's Articles of Association.

### *The Articles of Association*

The Articles of Association of LITGRID shall be amended in the manner prescribed by the Republic of Lithuania Law on Companies.

On 30 April 2018, revised edition of articles of association were registered (due to change of the requirements for the Board members).

### *The General Meeting of Shareholders*

The General Meeting of Shareholders is the supreme management body of the Company. The competence of the General Meeting of Shareholders, the rights of shareholders and their implementation are laid down in the Law on Companies of the Republic of Lithuania and the Statutes of the Company.



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## CONSOLIDATED INTERIM REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2019

The scope of competence of the General Meeting of Shareholders, the procedure of its convocation and decision-making are established by laws, other legal acts and the Articles of Association.

### *The Company's Board*

The Board consists of five members and is elected for a four-year term of office. The term of office of the Board starts after the end of the General Meeting of Shareholders at which the Board was elected and ends on the date of the Ordinary General Meeting of Shareholders held in the last year of the Board's term of office.

Where the Board or its member is recalled, resigns or for any other reason ceases to perform its duties before the expiry of the term of office, a new Board/Board member is elected for the remainder of the Board's term of office. In accordance with the new version of the Articles of Association, when electing new board members, it is ensured that there are not less than 2 (two) independent members, establishing their independence by taking into account the criteria set forth in the Governance Code and the Policy on the Managing Interests of Collegiate Bodies, Management and Employees of the Group of Companies and the requirements of other applicable legal acts; it is ensured that at least 3 (three) members of the Board are unrelated to the employment relationship with the Company and, if possible, the Company's employees are not appointed to the Board.

The Chairperson of the Board is elected from the members of the Board.

The Board works in accordance with laws, other legal acts, the Articles of Association, decisions of the General Meeting of Shareholders and the Board's Rules of Procedure.

The Board is a collegial management body of the Company. The scope of competence of the Board, the procedure of decision making, election and removal of its members are established by laws, other legal acts and the Articles of Association. The Board is accountable to the General Meeting of Shareholders.

### *Areas of activities of the Board*

The Board considers and approves the Company's strategy, a three-year operational plan of the Company, a ten-year transmission grid development plan, the budget of the Company, the procedure for granting support and charity, and other documents governing strategic operations of the Company. The Board decides on the Company's undertaking of new types of activities or ceasing to carry out certain activities to the extent that this does not contradict the objective of the Company's operations. It also makes decisions on the issue of bonds, transfer of the Company's shares to other entities, and financial transactions exceeding EUR 3 million in value. The Board also decides other matters within its scope of competence as stated in the Articles of Association.

### *Areas of activities of the General Manager*

The General Manager acts as a single-person management body of the Company. The General Manager organises and directs operations of the Company, acts on its behalf, and has the right to conclude transactions single-handedly. The scope of competence of the General Manager, the procedure of his/her election and removal are established by laws, other legal acts and the Articles of Association.

Diversity Policy does not apply to the election of the CEO, management and supervisory bodies of the Company, but applies the Social Responsibility Policy (social responsibility in relations with employees), which defines fundamental principles, such as non-discrimination, fair remuneration, etc. All policies applied by the Company are published on the website [www.LITGRID.eu](http://www.LITGRID.eu)

As at 30 March 2019: LITGRID Board members, the General Manager and the Head of Accounting:

<i>Position</i>	<i>Name, surname</i>	<i>Start date</i>	<i>End date</i>	<i>Number of shares</i>
Chairman of the board	Rimvydas Štilinis	2016 07 29		-
Board member	Nemunas Bikius	2016 07 29		-
Independent Board member	Domas Sidoravičius	2016 07 29		-
Independent Board member	Šarūnas Nedzinskas	2018 09 07		-
Board member	Algirdas Juozaponis	2018 09 07		-
Chief executive officer	Daivis Virbickas	2013 09 10		-
Head of accounting	Božena Vitaitė	2019 09 03		-





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CONSOLIDATED INTERIM REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2019



**Rimvydas Štilinis** Chairman of the Board

Born in 1978.

Rimvydas Štilinis holds Master's degree of electrical engineering from Kaunas University of Technology. He worked at Lietuvos energija UAB from 2002 to 2014. From 2008 to 2014, he served as Director of Nuclear energy, Construction and Infrastructure department and Head of General Infrastructure Competence Centre. In 2014-2015, R. Štilinis was CEO of VAE SPB. He is Director for Infrastructure of EPSO-G, the company which owns 97.5% of LITGRID shares and Member of the Board of Amber Grid, the Lithuanian natural gas transmission system operator. On 24 May 2018, he was appointed as an Independent Member of the Board of the State Enterprise Ignalina Nuclear Power Plant, and on 5 July, he was elected as a Chairman of LITGRID Board.

R. Štilinis holds no LITGRID shares.



**Nemunas Biknius**

Board member

Born in 1978.

N. Biknius holds Master's degree of energy and thermo engineering from Vilnius Gediminas Technical University. His previous experience involves positions in the Ministries of Energy and Economy and Lietuvos dujos, where he served as Member of the Board and Director for Service and Development. N. Biknius is Chairman of the Board at Lithuanian gas transmission operator Amber Grid, Member of the Board at the operator of the Lithuanian Energy Exchange Baltpool and Director of Strategy and Development at EPSO-G.

N. Biknius holds no LITGRID shares.



**Algirdas Juozaponis**

Board member

He worked as Economist and Senior Economist at Rytų skirtis tinklai AB from 2005 to 2008, Finance Analyst at LEO LT AB from 2008 to 2010, Product Manager at Energijos tiekimas UAB from 2010 to 2011, Managing Director from 2011 to 2015 and Board Member from 2012 to 2013 at Energijos tiekimas UAB, Board Member at GETON Energy SIA (Latvia) and GETON Energy OU (Estonia) from 2013 to 2015, since 2015 has been working as Director of Finance and Board Member from 2016 to 2018 at EPSO-G UAB. During 2014-2015, he served as Member of the Council at National Association of Lithuanian electricity. A. Juozaponis holds bachelor's degree since 2005 and Master degree since 2007 from Vilnius University (Banking program).

A. Juozaponis holds no LITGRID shares



**Domas Sidaravičius**

Independent Board member

Born in 1975.

D. Sidaravičius holds a bachelor's degree of business administration and management and Master's degree of international trade from Vilnius University. D. Sidaravičius has a long-term experience of financial and insurance services, business risk management. Since March 2016, Mr. Sidaravičius has been Member of the Board and CEO of ERGO Invest SIA.

D. Sidaravičius holds no LITGRID shares.



Litgrid

## CONSOLIDATED INTERIM REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2019



Šarūnas Nedzinskas  
Independent Board  
member

He worked as Head of Credit Risk Management and Board Member at DNB bank (previously - Lietuvos žemės ūkio bank) from 1994 to 1997. During 1998-1999, he served as Deputy Chairman of the Board and Head of Credit Risk Management at bank Hermis AB, during 2000-2003 he worked as Head of Business Development department at SEB bank. During 2004-2007, he served as Head of Credit Risk Management and Corporate Customers and Board Member at Lietuvos draudimas AB, Chairman of the Board from 2007 to 2008 at bank Finasta AB, during 2008-2016 he served as Advisor to the President of the bank, Executive Vice President, Board Member, Head of Retail Banking at DNB bank. Since 2016, he holds position Head of Banking Portfolios, Baltics at Intrum Lietuva UAB. Š. Nedzinskas holds PhD degree (Strategic management) from ISM since 2013, Master's degree from BMI since 2007 and master's degree from Vilnius University, Faculty of Economics (Business planning and management) since 1993. Š. Nedzinskas holds no LITGRID shares.



Daivis Virbickas Chief  
Executive Officer

Born in 1978.

Daivis Virbickas holds Master of Science, Power System Control and Management from Kaunas University of Technology. Since 2013, he serves as Managing Director at LITGRID. During 2011 - 2013, he worked as Business Director at Switzerland holding Alpiq AG. He served as Chief Technology Officer at LITGRID AB from 2010 to 2011, Director of System Management and Control department at Lietuvos energija AB from 2000 to 2009. He was a Board Member from

2013 to 2018 and served as Chairman of the Board from 2016 to 2018 at LITGRID AB.

Since 2002 he is actively involved in the activities of ENTSO-E organization (served as member of System Operations Committee and System Development Committee), member of Expert group at European Commission.

D. Virbickas holds no LITGRID shares.

### Governance and control

The requirements for the governance of the Company are set forth by the Lithuanian Government's resolutions on the governance of state-owned or state-controlled companies, insofar as they apply to the EPSO-G group companies, and the Governance Code, insofar as the Company's Articles of Association do not state otherwise.

In accordance with the integrated planning and monitoring policy of the EPSO-G group companies, which was approved at the meeting of the Board of the Company No 12 held on 19 May 2017 and which is directly applied at the Company in its entirety, the Company is preparing the strategy of the Company for a period of 5-10 years. The period of the strategy must coincide with the period of the parent company's strategy. The prepared strategy of the Company currently covers the period of 10 years up to 2027. The implementation of the strategic objectives set out in the strategy of the Company is ensured by the Company's performance, control, and risk management systems. The strategy of the Company is approved, and its implementation is controlled by the Board. The Board of the Company prepares (updates) and approves the operational plan for a period of 3 years before the end of the current year. A monthly strategy implementation supervision system is introduced at the Company and is linked with the Company's administrative staff remuneration system. The composition of the Company's Board is disclosed on the Company's website.

The Company's activities of the transmission system operator are regulated by the national regulatory authority, i.e. the National Commission for Energy Control and Prices (hereinafter "the Commission"). Within its competence, the Commission performs the functions of the state regulation in the electricity sector in the Republic of Lithuania, by ensuring, inter alia, the supervision of and control over the performance of regulated activities in the energy sector, as well as the proper implementation of the rights and duties of electricity undertakings and consumers.

The strategy and operational plan of the Company are implemented by and the activities of the Company's administrative staff are organised by the Company's General Manager. The Company's administrative management consists of the General Manager, Finance Department Director, System Management Department Director, Transmission Network Department Director, Strategic Infrastructure Department Director, Strategy Department Director, and ITC and Administration Department Director. The composition of the Company's management is disclosed on the Company's website.

Corporate governance accommodates the principles of good governance practice and the policies on the governance of state-controlled companies. The Board of the Company approves the following policies, the implementation of which is to be ensured by the administrative staff of the Company: corruption prevention, remuneration, remuneration for activities in the management bodies of the group companies, assessment of employees' performance, project management, integrated planning and monitoring, corporate governance, accounting, support, dividends, transport, technological property, transparency and communication, protection of sensitive information, management of interests of collegial management bodies, management and employees, treasury management and financial risks, risk management, social responsibility, etc.





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## CONSOLIDATED INTERIM REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2019

The internal control systems of the Company are supported by the organisational structure, management culture and implemented good governance practices, as well as process management which is currently being implemented. It should be noted that the supervisory functions are carried out by the Board of EPSO-G UAB, meanwhile recommendations, proposals and conclusions on matters which are key to the Company's activities are provided by the Remuneration and Appointment Committee and the Audit Committee. The internal control system is initiated by the Company's Board and implemented by the administrative staff, assisted by the Audit Committee of EPSO-G UAB, the external independent audit, and divisions supporting the principal activity. The procedures and policies effective at the Company ensure the reliability of accounting and financial reporting, the compliance of the Company's activities to legal acts, operational efficiency, and achievement of operational objectives.

The Minister of Energy of the Republic of Lithuania by Order No 1-212 of 7 September 2015 approved the Corporate Governance Guidelines for the State-Owned Group of Energy Companies (hereinafter "the Guidelines"). The Guidelines establish uniform principles of corporate governance to be applied to the entire EPSO-G group of companies and prescribe the purpose of the group of companies, its operational objectives, corporate governance organisation model, governance structure, as well as the system for accountability, supervision and control of operations. These Corporate Governance Guidelines are intended to support and further improve the procedures and policies of good governance practice applied at the Company.

### *VI. Significant events of nine months of 2019*

In executing its duties in accordance with the applicable legislation regulating the securities market, the Company publishes information on significant events and other regulated information on the EU-wide basis. This information is available on the website of the Company ([www.litgrid.eu](http://www.litgrid.eu)) and the website of NASDAQ Vilnius stock exchange ([www.nasdaqbaltic.com](http://www.nasdaqbaltic.com)).

1<sup>st</sup> January 2019 National Commission for Energy and Prices (NCC) confirmed prices for electricity and gas transmission. Average price for energy transmission increased by 6.3 percent to 0,658 cents for kWh. It was caused by objective factors - servitude compensation, autotransformer moving costs, increasing costs for purchasing electricity for own needs, and costs for maintaining technological equipment.

23<sup>rd</sup> January European Commission set the financing for the first stage of the Synchronisation of Baltic states system with the Continental Europe. In total for the projects with the first stage the value of the projects is EUR 432.5 million. European financing will amount to EUR 323 million. For the Lithuanian grid enforcement at the first stage will be invested EUR 167 million, EU will allocate EUR 125 million.

24<sup>th</sup> January ACER (Agency for the Cooperation of Energy Regulators) decided to confirm methodology for capacity and overflow management methodology, which is set to decide upon intraday calculation rules. The aim of this methodology - harmonise day-ahead and intraday trading intersystem capacity calculation principles.

19<sup>th</sup> March Baltic transmission system operators and INEA managing director signed the agreement for financing the first stage of Synchronization (Connecting Europe Facility, CEF).

20<sup>th</sup> March Lithuanian TSO LITGRID and UAB „Žilinskis ir Co" signed the contract for LitPol Link expansion project design and construction. It is planned that the Lithuanian and Polish interconnection LitPol Link will be expanded adding 400/330 kV autotransformers, expanding Alytus 400 kV and 330 kV switchyards, some overhead lines, and 400 Kv switchyard for own needs. The contract value is EUR 26.193 million, works must be finished until the end of 2020.

9<sup>th</sup> April 2019 LITGRID and Lietuvos energija agreed to renew the sale process of Duomenų logistikos centras (DLC). LITGRID will sell 20.36 of owned shares, Lietuvos Energija will sell 79.64 percent of owned shares.

23<sup>rd</sup> of April 2019 in the ordinary shareholder meeting decisions to approve financial and annual reports of 2018 and set the remuneration rates for the Board members.

On 19 May 2019 Lithuanian electricity transmission system operator LITGRID reported that the test of the isolated operation of the Lithuanian electricity system and generators was carried out smoothly according to a predetermined plan: the system worked reliably.

According to the planned scenario, Kaunas cogeneration power plant, part of Mažeikiai power plant, Kaunas HPP, Kruonis PSHP, Lithuanian power plant unit 9 and DC converters Nord Balt and LitPol Link were separated into independent islands. By disconnecting these zones from the BRELL system, the ability of the generators to control the frequency of the isolated part of the system was tested. The rest - for the most part - Lithuanian energy systems still functioned in the BRELL ring, and the isolated parts were successfully synchronized with it.

The main tests were conducted at night from Saturday to Sunday, from 11:00 pm. to 3:00 p.m., trial completed Sunday noon. In spite of the unusually high demand for electricity and the storm in the western part of Lithuania, which could disrupt the electricity supply, the customers were supplied with electricity reliably and smoothly, so they did not acknowledge the test. During the test, the possibilities of the interconnections to operate in frequency control maintenance mode together with the generators were tested. It also tested how the isolated parts of the system work with the rest of the Lithuanian power system,



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## CONSOLIDATED INTERIM REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2019

already in synchrony, and tested the technical capabilities of the generators to regulate the frequency and remain stable under autonomous or interference conditions.

On 20 May 2019 the Extraordinary General Meeting of LITGRID Shareholders approved the terms of Agreement for joining the Continental European network. The Agreement defines the rights and obligations of the Baltic electricity transmission networks and the Continental European Transmission Network in the implementation of measures related to the connection of the Baltic electricity transmission system to the Continental European Synchronous Area.

On May 22-25, 2019 a scheduled 3-day test of the isolated electrical system was conducted in Kaliningrad region. The announcement of the Lithuanian electricity transmission system operator LITGRID in the Nord Pool system stated that from 22 to 25 May the trade capacity between Lithuania and Kaliningrad will be 0.

On May 29 2019 the European Transmission System Operators Association's ENTSO-E Continental Europe Regional Group has announced that the Polish, three Baltic and Supporting Transmission System Operators have signed connection agreement and technical terms of connection that will enable Lithuania, Latvia and Estonia to become part of the European electricity network. These are the most important documents in the process of implementing the synchronization of the Baltic States with continental Europe. The Agreement defines the rights and obligations of the parties in ensuring that the Lithuanian, Latvian and Estonian transmission system operators comply with the requirements and obligations. The Agreement will be implemented in accordance with the Catalogue of Measures for Connection. This is a 409-point that will enable Lithuania, Latvia and Estonia to connect and operate on the same frequency as the Continental European electricity networks. At the time of signing, the Lithuanian power system corresponded to about 40 % (169) from the tools listed in the Catalogue.

On 13 June 2019, the Parliament of the Republic of Lithuania adopted the Law on the Integration of the Lithuanian Power System into the Continental European Networks prepared by the Ministry of Energy and related legal acts. They provide the basic conditions for the organisation and implementation of the synchronization process.

The law provides that:

- The synchronization project and the related infrastructure projects will be given the status of a project of critical national importance. This will allow for faster implementation of spatial planning procedures in synchronization-related projects, for the establishment of easements and for the rapid implementation of environmental impact assessment procedures;
- The competent authorities shall be required to carry out the authorisation and coordination of the synchronization-related projects, as well as perform other procedures, within a shorter period than usual;
- The legal acts adopted establish the necessary conditions that will ensure the smooth disconnection of the Lithuanian energy system from the Soviet BRELL energy ring (IPS / UPS system).

On 20 June 2019, a political agreement on the implementation of the synchronization of the power system of the Baltic States with the European networks has been signed. The agreement lays down a concrete action plan and major projects that are necessary to be implemented by 2025, when the Baltic States will join a safe and secure European energy system. The political agreement during the meeting of the European Council was signed by the President of the European Commission Jean Claude Juncker, President of Lithuania Dalia Grybauskaitė, Prime Minister of Estonia Jüri Ratas, Prime Minister of Latvia Krišjānis Kariņš and Prime Minister of Poland Mateusz Morawiecki. The political agreement stipulates that the BEMIP High Level Group headed by the European Commission will supervise the practical implementation of the project and ensure adherence to the agreed work schedule for the implementation of major projects under the Connection to the Continental European Network Agreement, which entered into force in late May.

On 27 June 2019, Daivis Virbickas, CEO of LITGRID, was appointed to the Board of ENTSO-E, the organisation uniting European transmission system operators, which is starting a new term. This organization brings together 43 transmission system operators from 36 countries. The Board of ENTSO coordinates the performance of the organisation between meetings of the General Assembly, which are held several times a year. The Board is composed of eleven members and a chairperson, who are appointed for two years.

On 2 July 2019, Lithuanian electricity transmission operator LITGRID AB announced that Polish and Lithuanian transmission system operators PSE and LITGRID, the only shareholders of LitPol Link, a subsidiary, decided to liquidate this company on 20 June 2019. The mission of the company - to build the first Polish-Lithuanian interconnection - was successfully fulfilled: the connection has been operating smoothly since 2016, when it started functioning. Based on their successful cooperation experience, evaluating the existing experience and legal regulation, PSE and Litgrid decided to work directly in the construction of the second connection - the submarine cable Harmony Link.

Litgrid and PSE set up a joint subsidiary LitPol Link on 19 May 2008. Each shareholder had a 50% stake.

As the company LitPol Link successfully completed its mission, and the LitPol Link airline construction project was completed in 2015, on 28 September 2016, Litgrid and PSE, as the sole shareholders of LitPol Link, decided to suspend the company's activity until further plans become clear while implementing the synchronization project.



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## CONSOLIDATED INTERIM REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2019

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On 4th September 2019 the Government of Lithuania approved the plan of actions and instruments prepared by the Ministry of Energy. It is based on the law, passed in June for the Synchronisations with the Continental Europe.

The particular actions and instruments are presented which will enable works for preparation for the Synchronisation and enforcement of the Lithuanian national grid. The plan will be implemented by the Lithuanian electric energy transmission system operator Litgrid.

### *VII. Important events after reporting period*

On 2nd October the Member states of European Union approved the proposal of European Commission to allocate EUR 556 million to finance PCI projects from INEA funds. Eur 10 million were allocated for preparatory works of joint project of Poland and Lithuania building subsea cable Harmony Link.



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CONSOLIDATED INTERIM REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2019

**VIII. FINANCIAL INFORMATION**

Main financial indicators of the Group and the Company

	2019 January-September		2018 January-September		2017 January-September	
	Group	Company	Group	Company	Group	Company
<b>Financial indicators, EUR '000</b>						
Revenue from electricity transmission and related services	135 773	135 773	126 031	126 031	105 756	105 756
Other income	8 000	452	14 398	707	11 346	888
EBITDA*	16 550	16 077	24 397	23 958	30 190	32 106
Profit (loss) before income tax	413	697	3 397	3 414	9 243	7 498
Net profit (loss)	390	638	2 680	2 656	7 317	5 628
Net cash flows from operating activities	22 401	22 311	16 254	15 895	31 361	32 780
<b>Ratios</b>						
EBITDA margin %	11.5	11.8	17.4	18.9	25.8	30.1
Operating profit margin, %	0.7	0.9	3.0	3.3	8.6	7.8
Return on equity (12 month), %	-19.2	-18.4	2.0	2.0	5.2	4.0
Return on assets (12 months), %	-10.5	-10.3	1.2	1.1	2.8	2.2
Shareholder's equity / Assets, %	51.5	52.3	58.0	59.2	55.1	56.1
Financial liabilities / Equity, %	52.8	51.7	53.3	52.6	65.6	64.0
Liquidity ratio	0.52	0.49	0.77	0.71	0.68	0.66

\* EBITDA = operating profit + depreciation and amortisation + impairment expenses of assets + write-off expenses of assets

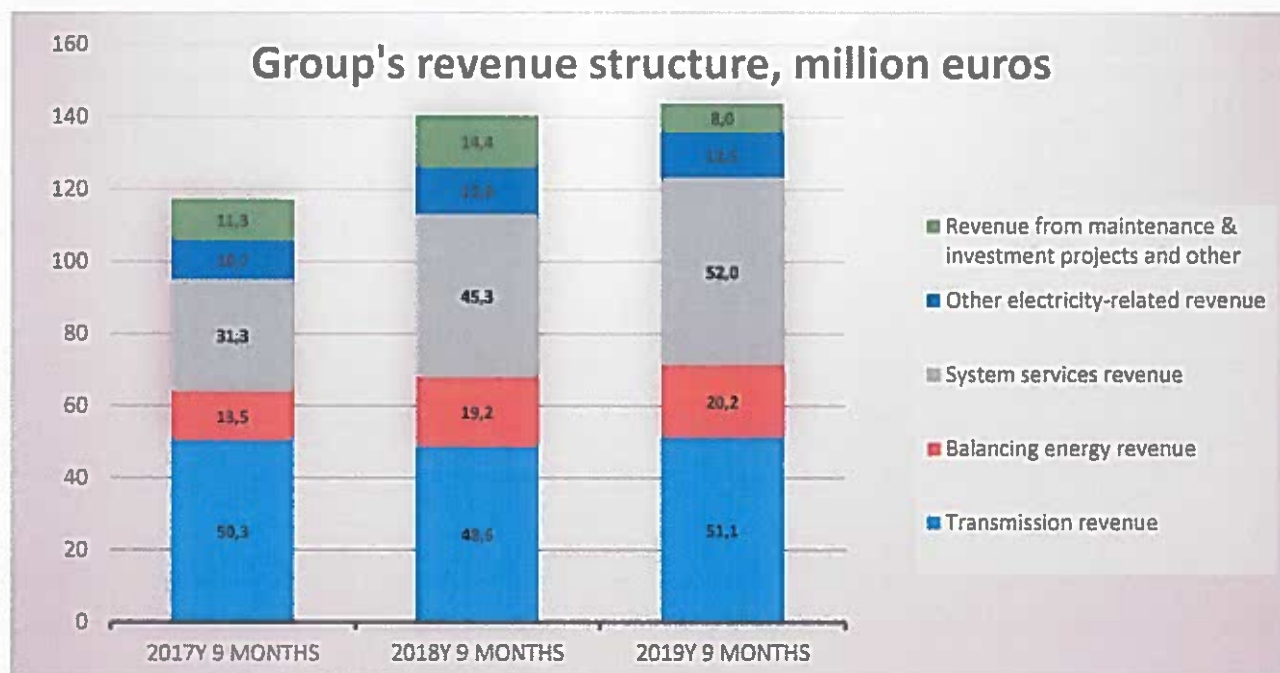


Litgrid

## CONSOLIDATED INTERIM REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2019

### Revenue

Revenue earned by the Litgrid group in the 9 months of 2019 amounted to EUR 143.8 million, a 2.4% increase compared to 2018.



Revenue from electricity transmission increased by 5% up to EUR 51.1 million compared to 2018. Revenue from electricity transmission accounted for 36% of the Group's total revenue. Income growth was driven by 6% higher average actual electricity transmission price, as the amount of transmitted electricity decreased by 1% to 7 575 million kWh.

Revenue from balancing (regulating) electricity increased by 5% up to EUR 20.2 million, growth was driven by higher price.

Revenue from system services grew by 15% to EUR 52 million. The main growth driver was the tariff for system services which had been increased 16% by the National Energy Regulatory Council from 1 January 2019, but the volume of system services decreased by 1%.

Other revenue related to transmission activity consists of: fee for electricity imported from or exported to countries other than the EU and inter-EU transit compensation revenue from ITC fund (ITC income - income resulting from participation in the European Inter-Transmission Operator Compensation Mechanism) - EUR 3.8 million; Public service obligations income - EUR 6.9 million; reactive energy income - EUR 1.1 million; connection of new producers/customers and equipment replacement - EUR 0.4 million.

Income from services provided by Tetas, a subsidiary of Litgrid, account for the largest part of income from maintenance works and investment projects.

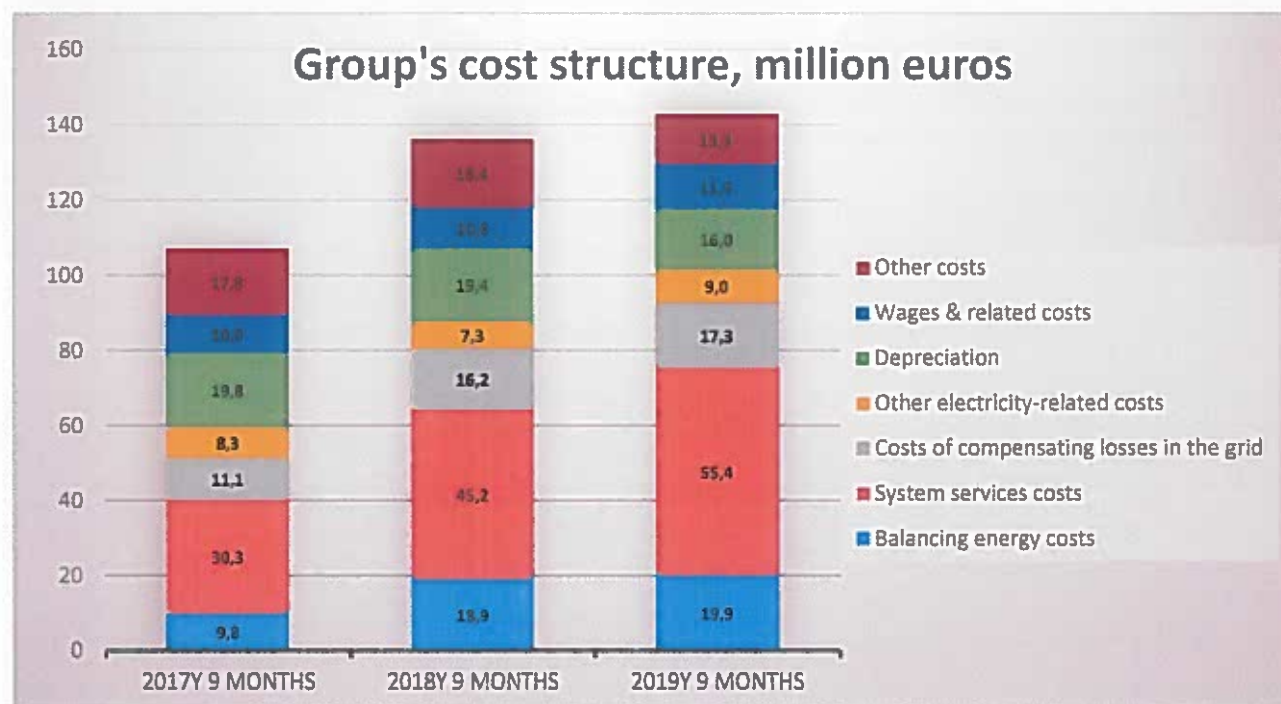


Litgrid

## CONSOLIDATED INTERIM REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2019

### Expenses

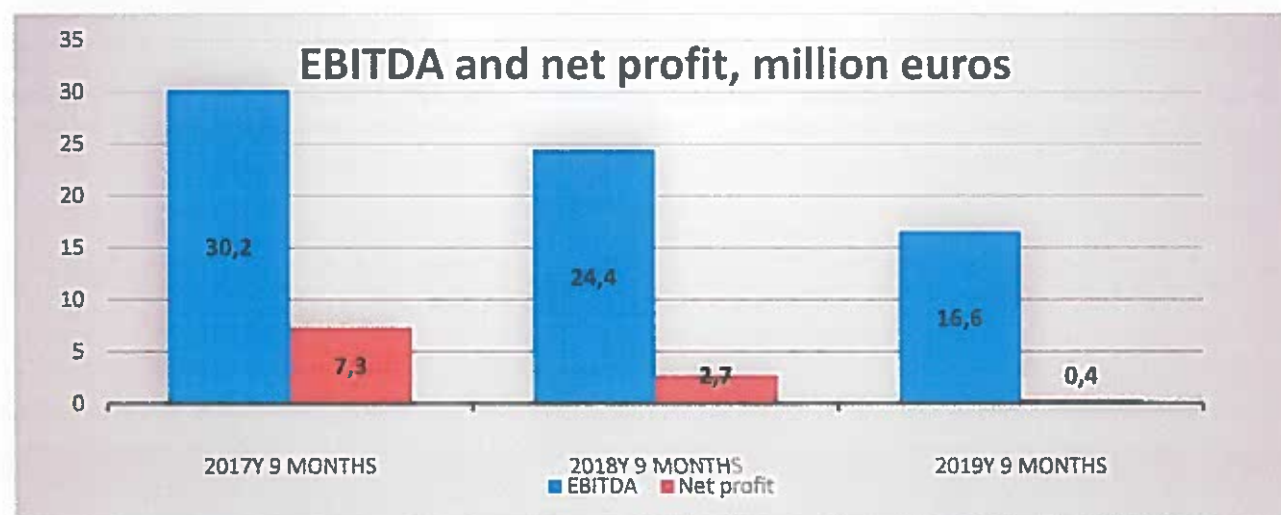
The Group's operating expenses totalled EUR 142.7 million in the 9 months of 2019, 4.8% higher compared to 2018.



Costs of purchase of electricity and related services accounted for a major share of the Group's operating expenses: EUR 101.5 million or 71% of total expenses. These costs increased by 16% compared to 2018. Balancing (regulating) electricity costs increased by 5% to EUR 19.9 million. The system service costs increased by 22% to EUR 55.4 million. Costs for electricity purchase for compensating technological losses in the transmission grid increased by 7% to EUR 17.3 million. Transit (ITC) costs were EUR 1.9 million, public service obligation costs EUR 6.8 million.

Depreciation and amortisation expenses decreased by 18% compared to 2018 due to revaluation of the Company's tangible fixed assets at the end of 2018 and amounted to EUR 16 million. Other expenses decreased by 14% and amounted to EUR 25.2 million.

### Profit and return ratios

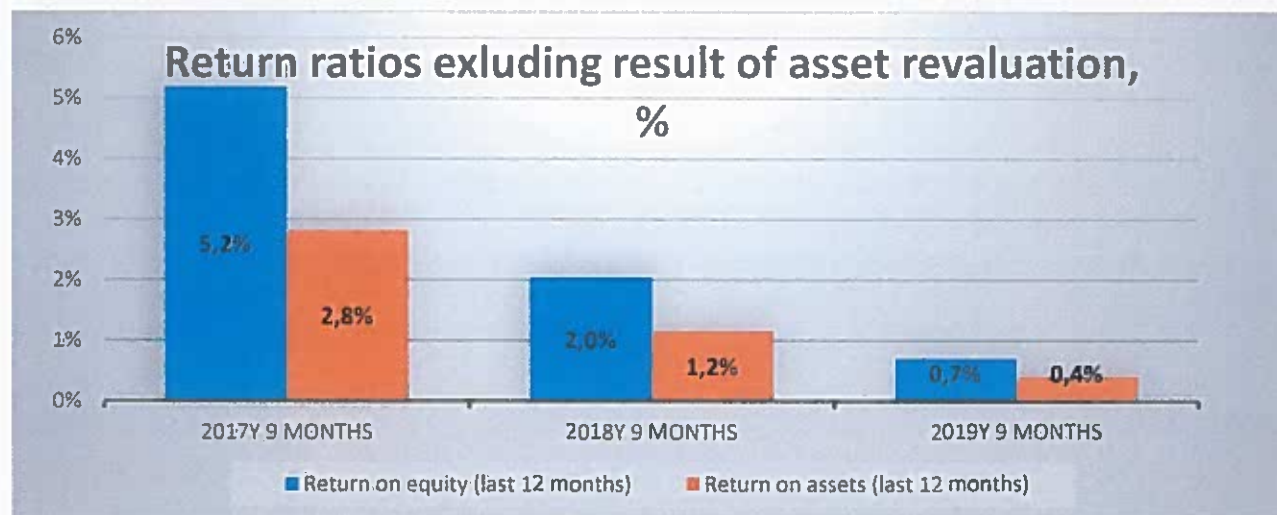




## CONSOLIDATED INTERIM REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2019

The EBITDA in the 9 months of 2019 amounted to EUR 16.6 million. Compared to 2018, the EBITDA decreased by EUR 7.8 million or 32%; the EBITDA margin decreased to 11.5% (in 2018 - 17.4%). The Group's net profit in the first nine months of 2019 was EUR 0.4 million (in 2018 - EUR 2.7 million).

The main reasons for the decrease of the Group's EBITDA is EUR 3.4 million worse balance of system services revenue and costs and EUR 2.5 million lower revenue from connection of new producers/customers and equipment replacement.



In the first 9 months of 2019 annual (last 12 months) ROE and ROA (excluding the revaluation of the Company's tangible fixed assets) ratios decreased compared to 2018 from 2% to 0.7% and from 1.2% to 0.4% respectively.

### Balance sheet and cash flows

As of 30 September 2019 the Group's assets amounted to EUR 374.8 million. The Group's non-current assets amounted to 92% of the Group's total assets. Shareholders' equity accounted for 52% of the total assets of the Group.

As of 30 September 2019, the Group's financial liabilities to credit institutions amounted to EUR 101.9 million (a decrease of EUR 19.8 million compared to 31st December 2018). Financial liabilities to equity ratio was 53%. Financial debts repayable within one year accounted for 15% of the total financial debts. Cash and cash equivalents totalled EUR 0.2 million and the unwithdrawn Group's account (cash pooling) balance was EUR 24.4 million. Accumulated congestion income balance as of 30 June September amounted to EUR 34.5 million of which EUR 21.3 million were connected (used) to the Group cash pooling account.

The Group's net cash flows from operating activities in the 9 months of 2019 amounted to EUR 22.4 million, while payments for non-current tangible and intangible assets were EUR 26.6 million; EUR 5.5 million were received as subsidies and EUR 21.7 million as congestion income for the financing of fixed assets investments, EUR 2.6 million of them was used.

The Group's net cash flow in the 9 months of 2019 (excluding cash flows from financial activities) totalled EUR 23.4 million.

### Investments in non-current assets

The investments of transmission system operator Litgrid in the 9 months of 2019 (works performed and assets acquired irrespective of terms of payment) amounted to EUR 31.3 million, of which 63% were earmarked for the implementation of electricity projects of strategic and high national importance, and 37% for the reconstruction and development of the electricity transmission grid.



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STATEMENTS OF FINANCIAL POSITION  
(All amounts in EUR thousands unless otherwise stated)

	Notes	Group		Company	
		30-09-2019	31-12-2018	30-09-2019	31-12-2018
<b>ASSETS</b>					
<b>Non-current assets</b>					
Intangible assets	3	5,747	6,593	5,660	6,529
Property, plant and equipment	4	319,525	309,741	316,609	307,047
Right-of-use assets	5	1,345	-	650	-
Investments in subsidiaries	6	-	-	1,174	1,174
Deferred income tax assets		7,387	4,505	7,374	4,469
Loans granted		-	-	2,203	2,203
Available-for-sale financial assets		2,693	2,693	2,693	2,693
Other non-current financial assets	7	8,249	10,439	8,249	10,439
<b>Total non-current assets</b>		<b>344,946</b>	<b>333,971</b>	<b>344,612</b>	<b>334,554</b>
<b>Current assets</b>					
Inventories		692	1,107	126	107
Prepayments		1,152	527	729	468
Trade receivables		19,449	20,861	17,624	17,012
Other amounts receivable		588	1,243	128	47
Prepaid income tax		12	478	-	460
Other financial assets	8	7,741	7,443	7,741	7,443
Cash and cash equivalents		231	627	8	397
<b>Total current assets</b>		<b>29,865</b>	<b>32,286</b>	<b>26,356</b>	<b>25,934</b>
<b>TOTAL ASSETS</b>		<b>374,811</b>	<b>366,257</b>	<b>370,968</b>	<b>360,488</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Authorised share capital		146,256	146,256	146,256	146,256
Share premium		8,579	8,579	8,579	8,579
Revaluation reserve		496	222	-	-
Reserve for changes in fair value of financial assets		655	655	655	655
Legal reserve		14,626	14,626	14,626	14,626
Other reserves		23,099	63,309	23,099	63,309
Retained earnings (deficit)		(586)	(38,622)	638	(37,588)
<b>Total equity</b>		<b>193,125</b>	<b>195,025</b>	<b>193,853</b>	<b>195,837</b>
<b>Liabilities</b>					
<b>Non-current liabilities</b>					
Non-current borrowings	9	85,915	94,128	85,915	94,128
Non-current lease liability		1,502	599	397	-
Congestion management revenue	10	30,514	10,832	30,514	10,832
Other non-current amounts payable and liabilities		6,769	1,931	6,716	1,878
<b>Total non-current liabilities</b>		<b>124,700</b>	<b>107,490</b>	<b>123,542</b>	<b>106,838</b>
<b>Current liabilities</b>					
Current portion of non-current borrowings	9	14,225	14,225	14,225	14,225
Current borrowings	9	1,025	12,615	-	12,517
Current lease liability		627	221	254	-
Trade payables		24,999	22,173	24,046	17,909
Share of congestion management revenue of the current year	10	4,922	4,922	4,922	4,922
Advance amounts received		1,212	929	1,210	829
Income tax liability		938	-	938	-
Other current amounts payable and liabilities		9,038	8,657	7,978	7,411
<b>Total current liabilities</b>		<b>56,986</b>	<b>63,742</b>	<b>53,573</b>	<b>57,813</b>
<b>Total liabilities</b>		<b>181,686</b>	<b>171,232</b>	<b>177,115</b>	<b>164,651</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>374,811</b>	<b>366,257</b>	<b>370,968</b>	<b>360,488</b>

The accompanying notes are an integral part of this condensed interim financial statements.





Litgrid

STATEMENTS OF COMPREHENSIVE INCOME  
(All amounts in EUR thousands unless otherwise stated)

		Group		Company	
		30-09-2019	30-09-2018	30-09-2019	30-09-2018
<b>Revenue</b>					
Revenue from electricity transmission and related services		135,773	126,031	135,773	126,031
Other income		8,000	14,398	452	707
<b>Total revenue</b>	11	<b>143,773</b>	<b>140,429</b>	<b>136,225</b>	<b>126,738</b>
<b>Expenses</b>					
Expenses of electricity transmission and related services		(101,536)	(87,678)	(101,536)	(87,678)
Depreciation and amortisation	3,4,5	(15,964)	(19,358)	(15,291)	(18,970)
Wages and salaries and related expenses		(11,932)	(10,778)	(7,021)	(6,041)
Repair and maintenance expenses		(5,054)	(2,282)	(6,120)	(3,874)
Telecommunications and IT maintenance expenses		(1,309)	(1,144)	(1,176)	(1,036)
Property, plant and equipment write-off expenses		(127)	(798)	(121)	(798)
Impairment (reversal) of inventories and amounts receivable		582	(22)	592	-
Other expenses		(7,392)	(14,150)	(4,295)	(4,151)
<b>Total expenses</b>		<b>(142,732)</b>	<b>(136,210)</b>	<b>(134,968)</b>	<b>(122,548)</b>
<b>Operating profit/(loss)</b>		<b>1,041</b>	<b>4,219</b>	<b>1,257</b>	<b>4,190</b>
<b>Financing activities</b>					
Finance income		179	140	213	161
Finance costs		(807)	(962)	(773)	(937)
<b>Total finance costs</b>		<b>(628)</b>	<b>(822)</b>	<b>(560)</b>	<b>(776)</b>
<b>Profit/(loss) before income tax</b>		<b>413</b>	<b>3,397</b>	<b>697</b>	<b>3,414</b>
<b>Income tax</b>					
Current year income tax expenses		(2,965)	(2,579)	(2,965)	(2,579)
Deferred income tax (expenses)/income		2,942	1,862	2,906	1,821
<b>Total income tax</b>	12	<b>(23)</b>	<b>(717)</b>	<b>(59)</b>	<b>(758)</b>
<b>Profit/(loss) for the period</b>		<b>390</b>	<b>2,680</b>	<b>638</b>	<b>2,656</b>
<b>Other comprehensive income that will not be reclassified to profit or loss</b>					
Revaluation of property, plant and equipment		391	-	-	-
Effect of deferred income tax		(59)	-	-	-
<b>Total other comprehensive income</b>		<b>332</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income/(expenses) for the period</b>		<b>722</b>	<b>2,680</b>	<b>638</b>	<b>2,656</b>
<b>Basic and diluted earnings/(deficit) per share (in EUR)</b>		<b>0.001</b>	<b>0.005</b>	<b>0.001</b>	<b>0.005</b>

The accompanying notes are an integral part of this condensed interim financial statements.



Litgrid

STATEMENTS OF COMPREHENSIVE INCOME  
(All amounts in EUR thousands unless otherwise stated)

	Group		Company	
	01-07- 30-09-2019	01-07- 30-09-2018	01-07- 30-09-2019	01-07- 30-09-2018
<b>Revenue</b>				
Revenue from electricity transmission and related services	43,576	42,872	43,576	42,872
Other income	2,544	6,435	175	339
<b>Total revenue</b>	<b>46,120</b>	<b>49,307</b>	<b>43,751</b>	<b>43,211</b>
<b>Expenses</b>				
Expenses of electricity transmission and related services	(33,840)	(31,346)	(33,840)	(31,346)
Depreciation and amortisation	(5,332)	(6,500)	(5,083)	(6,366)
Wages and salaries and related expenses	(3,879)	(3,758)	(2,184)	(2,008)
Repair and maintenance expenses	(3,430)	(700)	(2,939)	(1,288)
Telecommunications and IT maintenance expenses	(427)	(353)	(385)	(321)
Property, plant and equipment write-off expenses	(42)	(517)	(42)	(517)
Impairment (reversal) of inventories and amounts receivable	-	(22)	-	-
Other expenses	(1,340)	(6,050)	(1,608)	(1,568)
<b>Total expenses</b>	<b>(48,290)</b>	<b>(49,246)</b>	<b>(46,081)</b>	<b>(43,414)</b>
<b>Operating profit/(loss)</b>	<b>(2,170)</b>	<b>61</b>	<b>(2,330)</b>	<b>(203)</b>
<b>Financing activities</b>				
Finance income	1	5	13	13
Finance costs	(275)	(317)	(262)	(308)
<b>Total finance costs</b>	<b>(274)</b>	<b>(312)</b>	<b>(249)</b>	<b>(295)</b>
<b>Profit/(loss) before income tax</b>	<b>(2,444)</b>	<b>(251)</b>	<b>(2,579)</b>	<b>(498)</b>
<b>Income tax</b>				
Current year income tax expenses	(997)	(427)	(997)	(447)
Deferred income tax (expenses)/income	1,394	117	1,408	132
<b>Total income tax</b>	<b>397</b>	<b>(310)</b>	<b>411</b>	<b>(315)</b>
<b>Profit/(loss) for the period</b>	<b>(2,047)</b>	<b>(561)</b>	<b>(2,168)</b>	<b>(813)</b>
<b>Other comprehensive income that will not be reclassified to profit or loss</b>				
Revaluation of property, plant and equipment	-	-	-	-
Effect of deferred income tax	-	-	-	-
<b>Total other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income/(expenses) for the period</b>	<b>(2,047)</b>	<b>(561)</b>	<b>(2,168)</b>	<b>(813)</b>
<b>Basic and diluted earnings/(deficit) per share (in EUR)</b>	<b>(0.004)</b>	<b>(0.001)</b>	<b>(0.004)</b>	<b>(0.002)</b>

The accompanying notes are an integral part of this condensed interim financial statements.



Litgrid

## STATEMENTS OF CHANGES IN EQUITY

(All amounts in EUR thousands unless otherwise stated)

Group	Share capital	Share premium	Revaluation reserve	Reserve of changes in fair value of financial assets	Legal reserve	Other reserves	Retained earnings	Total
Balance at 1 January 2018	146,256	8,579	5,380	655	14,790	62,767	8,171	246,598
Comprehensive income/(expenses) for the year	-	-	-	-	-	-	2,680	2,680
Depreciation of revaluation reserve and amounts written off	-	-	(473)	-	-	-	473	-
Transfer to reserves	-	-	-	-	-	542	(542)	-
Transfer to retained earnings	-	-	(44)	-	(164)	-	208	-
Dividends	-	-	-	-	-	-	(7,716)	(7,716)
Balance at 30 September 2018	146,256	8,579	4,863	655	14,626	63,309	3,274	241,562
Balance at 1 January 2019	146,256	8,579	222	655	14,626	63,309	(38,622)	195,025
Comprehensive income/(expenses) for the year	-	-	332	-	-	-	390	722
Depreciation of revaluation reserve and amounts written off	-	-	(58)	-	-	-	58	-
Transfer to retained earnings	-	-	-	-	-	(40,210)	40,210	-
Dividends	-	-	-	-	-	-	(2,622)	(2,622)
Balance at 30 September 2019	146,256	8,579	496	655	14,626	23,099	(586)	193,125

Company	Share capital	Share premium	Revaluation reserve	Reserve of changes in fair value of financial assets	Legal reserve	Other reserves	Retained earnings	Total
Balance at 1 January 2018	146,256	8,579	4,999	655	14,626	62,767	8,257	246,139
Comprehensive income/(expenses) for the year	-	-	-	-	-	-	2,656	2,656
Depreciation of revaluation reserve and amounts written off	-	-	(385)	-	-	-	385	-
Transfer to reserves	-	-	-	-	-	542	(542)	-
Dividends	-	-	-	-	-	-	(7,716)	(7,716)
Balance at 30 September 2018	146,256	8,579	4,614	655	14,626	63,309	3,040	241,079
Balance at 1 January 2019	146,256	8,579	-	655	14,626	63,309	(37,588)	195,837
Comprehensive income/(expenses) for the year	-	-	-	-	-	-	638	638
Transfer to retained earnings	-	-	-	-	-	(40,210)	40,210	-
Dividends	-	-	-	-	-	-	(2,622)	(2,622)
Balance at 30 September 2019	146,256	8,579	-	655	14,626	23,099	638	193,853

The accompanying notes are an integral part of this condensed interim financial statements.



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## STATEMENTS OF CASH FLOWS

(All amounts in EUR thousands unless otherwise stated)

	Group		Company	
	30-09-2019	30-09-2018	30-09-2019	30-09-2018
<b>Cash flows from operating activities</b>				
Profit/(loss) for the period	390	2,680	638	2,656
<b>Adjustments for non-cash items and other adjustments:</b>				
Depreciation and amortisation expenses	15,964	19,358	15,291	18,970
(Reversal of)/impairment of assets	(3,402)	22	(3,412)	-
Written-off bad debts	2,820	-	2,820	-
Income tax expenses	23	717	59	758
(Gain)/loss on disposal/write-off of property, plant and equipment	121	798	121	798
<b>Elimination of results of financing and investing activities:</b>				
Interest income	-	-	(35)	(24)
Interest expenses	801	959	767	934
Dividends income	(174)	(130)	(174)	(130)
Other finance (income)/costs	1	(7)	2	(4)
<b>Changes in working capital:</b>				
(Increase) decrease in trade receivables and other amounts receivable	2,702	(1,111)	(130)	310
(Increase) decrease in inventories, prepayments and other current assets	(199)	(653)	(259)	(105)
Increase (decrease) in amounts payable, grants, deferred income and advance amounts received	3,028	3,407	6,297	1,507
Changes in other financial assets	1,892	(6,046)	1,892	(6,046)
Income tax (paid)	(1,566)	(3,740)	(1,566)	(3,729)
<b>Net cash generated from (used in) operating activities</b>	<b>22,401</b>	<b>16,254</b>	<b>22,311</b>	<b>15,895</b>
<b>Cash flows from investing activities</b>				
(Purchase) of property, plant and equipment and intangible assets	(26,644)	(15,629)	(25,988)	(14,898)
Proceeds from sale of property, plant and equipment and intangible assets	166	-	-	-
Grants received	5,532	23,309	5,532	23,309
Loans granted	-	-	-	(1,000)
Revenue generated from congestion management	21,738	9,072	21,738	9,072
Interest received	-	-	47	17
Dividends received	174	130	174	130
<b>Net cash generated from (used in) investing activities</b>	<b>966</b>	<b>16,882</b>	<b>1,503</b>	<b>16,630</b>
<b>Cash flows from financing activities</b>				
Repayments of borrowings	(8,213)	(5,141)	(8,213)	(5,141)
Overdraft	(98)	(18,097)	-	(17,811)
Borrowings from related parties	(11,492)	-	(12,517)	-
Lease payments	(652)	(370)	(199)	-
Interest paid	(691)	(743)	(657)	(743)
Dividends paid	(2,617)	(7,688)	(2,617)	(7,688)
Other cash flows from financing activities	-	3	-	-
<b>Net cash generated from (used in) financing activities</b>	<b>(23,763)</b>	<b>(32,036)</b>	<b>(24,203)</b>	<b>(31,383)</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(396)</b>	<b>1,100</b>	<b>(389)</b>	<b>1,142</b>
Cash and cash equivalents at the beginning of the period	627	696	397	434
Cash and cash equivalents at the end of the period	231	1,796	8	1,576

The accompanying notes are an integral part of this condensed interim financial statements.



Litgrid

## NOTES TO THE FINANCIAL STATEMENTS

(All amounts in EUR thousands unless otherwise stated)

### 1. General information

LITGRID AB (hereinafter "the Company") is a public limited liability company registered in the Republic of Lithuania. The address of its registered office is: A. Juozapavičiaus st. 13, LT-09311, Vilnius, Lithuania. The Company was established as a result of the unbundling of Lietuvos Energija AB operations and was registered with the Register of Legal Entities on 16 November 2010, entity's code is 302564383.

Litgrid is an operator of electricity transmission system, operating electricity transmissions in the territory of Lithuania and ensuring the stability of operation of the whole electric power system. In addition, the Company is also responsible for the integration of the Lithuanian power system into the European electricity infrastructure and common electricity market.

On 27 August 2013, the National Commission for Energy Control and Prices (hereinafter - „NCC“) issued in respect of the Company an open - ended License for the engagement in activity of electricity transmission.

The principal objectives of the Company's activities include ensuring the stability and reliability of the electric power system in the territory of Lithuania within its areas of competence, creation of objective and non-discriminatory conditions for the use of the transmission networks, management, use and disposal of electricity transmission system assets and its appurtenances.

As at 30 September 2019 the share capital of the Company amounted to EUR 146,256,100.20. It was divided into 504,331,380 ordinary registered shares with the nominal value of EUR 0.29 each. All the shares of the Company were fully paid. The Company has not acquired any own shares.

As at 30 September 2019 and 31 December 2018, the Company's shareholders structure was as follows:

Company's shareholders	Number of shares held	Number of shares held (%)
UAB EPSO-G	491,736,153	97.5
Other shareholders	12,595,227	2.5
<b>Total:</b>	<b>504,331,380</b>	<b>100</b>

The ultimate controlling shareholder of EPSO-G UAB (company code 302826889, address A. Juozapavičiaus g. 13, Vilnius, Lithuania) is the Ministry of Energy of the Republic of Lithuania.

As from 22 December 2010, the shares of the Company are listed on the additional trading list of NASDAQ OMX Vilnius Stock Exchange, issue ISIN code LT0000128415.

As at 30 September 2019 and 31 December 2018 the Group included Litgrid, its directly controlled subsidiaries, associates and joint ventures, listed below:

Company	Address of the company's registered office	Shareholding as at 30 September 2019	Shareholding as at 31 December 2018	Profile of activities
Tetas UAB	Senamiesčio g. 102B, Panevėžys, Lithuania	100%	100%	Transformer substation and distribution station, power lines design, reconstruction, repair and maintenance services
Litgrid Power Link Service UAB	A. Juozapavičiaus g. 13, Vilnius, Lithuania	100%	100%	Is being liquidated
Duomenų Logistikos Centras UAB	Žvejų g. 14, Vilnius, Lithuania	20%	20%	IT services
LitPol Link Sp.z.o.o	Wojciecha Gorskiego 900-033 Warsaw, Poland	50%	50%	Is being liquidated

The sole shareholder on 26 April 2019 April decided to terminate the activity of Litgrid Power Link Service UAB and liquidate the company.

Polish and Lithuanian electricity transmission operators LITGRID AB and PSE, the only shareholders of the LitPol Link subsidiary (50% each), decided to liquidate the entity on 19 June 2019. The mission of the entity - to implement the first Poland-Lithuania interconnection - was successfully completed: the interconnection has been successfully operating since 2016, when it started functioning. PSE and Litgrid, basing on the positive previous experiences, will cooperate directly on the construction of the second interconnection - the submarine cable Harmony Link.

Due to Company's active steps on purpose to sell shares of associated entity UAB Duomenų logistikos centras, Company's investment in this entity was accounted in the item Other financial assets of Statement of financial position.

As at 30 September 2019, the Group had 650 employees (31 December 2018: 638), and the Company had 282 employees (31 December 2018: 267).



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## NOTES TO THE FINANCIAL STATEMENTS

(All amounts in EUR thousands unless otherwise stated)

### 2. Summary of principal accounting policies

These condensed interim Consolidated and the Company's financial statements for the period ended 30 September 2019 are prepared in accordance with the International Financial Accounting Standards, as adopted by the European Union and applicable to interim financial statements (IAS 34 „Interim Financial Reporting“).

In order to better understand the data presented in this condensed interim financial statements, this financial statements should be read in conjunction with the audited Consolidated and the Company's financial statements for the year 2018, prepared according to International Financial Reporting Standards as adopted by the European Union.

The Company and the Group first time adopted the requirements of IFRS 16 Leases starting from 1 January 2019. In other respects, the same accounting principles have been followed as in the preparation of financial statements for 2018.

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

The financial year of the Company and other Group companies coincides with the calendar year.

These financial statements have been prepared on a historical cost basis, except for property, plant and equipment which is recorded at revalued amount, less accumulated depreciation and estimated impairment loss, and available-for-sale financial assets which are carried at fair value.

These financial statements for the nine-months period ended 30 September 2019 are not audited. Financial statements for the year ended 31 December 2018 are audited by the external auditor UAB Deloitte Lietuva.

#### Adoption of new standards effective after 1 January 2019

The Company and the Group applied IFRS 16 starting from 1 January 2019. On initial application of IFRS 16, the lease liability will be initially measured at the present value of the remaining lease payments, discounted using the lessee's additional borrowing rate at the date of initial application. The Company and the Group recognizes an asset that is controlled by the right to use with value that is equal to the lease liabilities.

The Company and the Group applies the new standard using a modified retrospective method, which means that the comparative figures are not recalculated. The general impact of applying IFRS 16 is recognized on 1 January 2019.

Subsequently, the Company and the Group recognised depreciation of right-of-use assets and interest on lease liabilities in the profit (loss) statement; and separate the total amount of cash paid into a principal portion and interest, both presented in separate lines within financing activities in the statement of cash flows.

The right-of-use assets by the Company and the Group consist of transport and real estate assets. Currently, the Company and the Group has not taken a decision on the application of the provisions of the standard for state land lease transactions.

The summary of the financial impact on adopting IFRS 16 is presented in the table below:

	Group		Company	
	30-09-2019	01-01-2019	30-09-2019	01-01-2019
Right-of-use assets	1,345	1,402	650	847
Current lease liability	377	489	254	264
Non - current lease liability	971	912	397	583
Expected impact on profit (loss) statement:				
Increase of depreciation	405		197	
Increase of interest expense	8		3	
Decrease of other expenses	( 405)		( 199)	
Expected impact on statement of cash flows:				
Increase of net cash flow from operating activities	408		200	
Decrease of net cash flows from financing activities	( 405)		( 199)	



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NOTES TO THE FINANCIAL STATEMENTS  
(All amounts in EUR thousands unless otherwise stated)

3. Intangible assets

	Group	Company
Net book amount at 31 December 2017	3,650	3,647
Additions	1,141	1,138
Transfer to PP&E	(2)	(2)
Amortization charge	(758)	(755)
Net book amount at 30 September 2018	4,031	4,028
Net book amount at 31 December 2018	6,593	6,529
Additions	79	55
Transfer from PP&E	1	1
Amortization charge	(926)	(925)
Net book amount at 30 September 2019	5,747	5,660

4. Property, plant and equipment

	Group	Company
Net book amount at 31 December 2017	378,403	376,028
Additions	11,994	11,584
Prepayments for property, plant, equipment	1,324	1,324
Write-offs	(854)	(854)
Transfer from inventories	(23)	(23)
Reclassification from intangible assets	2	2
Set-off of grants with non-current assets	(5,731)	(5,731)
Depreciation charge	(18,600)	(18,215)
Net book amount at 30 September 2018	366,515	364,115
Net book amount at 31 December 2018	309,741	307,047
Additions	31,915	31,220
Prepayments for property, plant, equipment	556	790
Revaluation	391	-
Disposals	(166)	-
Write-offs	(145)	(145)
Transfer from inventories	3	3
Reclassification to intangible assets	(1)	(1)
Set-off of grants with non-current assets	(8,136)	(8,136)
Depreciation charge	(14,633)	(14,169)
Net book amount at 30 September 2019	319,525	316,609

Property, plant, and equipment value are carried at the asset acquisition cost less grants received or receivable. Grants include the EU structural funds, the funds of connecting new consumers (producers) to electricity transmission network (applicable for fees received until 1 July 2009), the PSO funds and congestion revenue funds. If the value of the Property, plant, and equipment was not reduced by the grants, the book value of these assets as of 30 September 2019 would be higher by EUR 298,818 thousand (30 September 2018: EUR 297,497 thousand). Information about the Property, plant, and equipment the value of which has been reduced by the grants received/receivable is presented below:

Net book amount at 31 December 2017	297,649
Additions	5,731
Depreciation charge	(5,883)
Net book amount at 30 September 2018	297,497
Net book amount at 31 December 2018	296,763
Additions	8,136
Depreciation charge	(6,061)
Write-offs	(20)
Net book amount at 30 September 2019	298,818



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NOTES TO THE FINANCIAL STATEMENTS  
(All amounts in EUR thousands unless otherwise stated)

5. Right-of-use assets

	Group	Company
Net book amount at 1 January 2019	1,402	847
Additions	348	-
Depreciation charge	(405)	(197)
Net book amount at 30 September 2019	1,345	650

Right-of-use assets consist of transport and real estate assets.

6. Investments in subsidiaries

As at 30 September 2019 and 31 December 2018 the Company's investments comprised as following:

Subsidiaries	Investment cost	Impairment	Carrying amount	Ownership interest, %
<b>At 30 September 2019</b>				
TETAS UAB	4,754	(3,754)	1,000	100
Litgrid Power Link Service UAB (note 1)	174	-	174	100
<b>Total</b>	<b>4,928</b>	<b>(3,754)</b>	<b>1,174</b>	
<b>At 31 December 2018</b>				
TETAS UAB	4,754	(3,754)	1,000	100
Litgrid Power Link Service UAB (note 1)	174	-	174	100
<b>Total</b>	<b>4,928</b>	<b>(3,754)</b>	<b>1,174</b>	

As described in Note 1, UAB Litgrid Power Link Service is being liquidated. The assets of the company are distributed to the shareholder. Discontinued operations are not included in the financial statements because they are insignificant.

7. Other non-current financial assets

The long-term share of the balance of congestion management revenue unused funds amounted to EUR 8,249 thousand as of 30 September 2019 (EUR 10,439 thousand as of 31 December 2018) and in the statements of financial position it is accounted for in Other non-current financial assets. The short-term share of the funds of the congestion management revenue (aimed to use within 12 months) amounted to EUR 4,922 thousand as of 30 September 2019 and 31 December 2018 and in the statement of financial position it is accounted for in Other financial assets. From May 2019 the account of accumulated congestion revenue was connected to the Group account (cash pool) and 21,324 thousand EUR of congestion revenue as of 30 September 2019 was temporary used for the financing of the Company's activities.

8. Other financial assets

	Group		Company	
	30-09-2019	31-12-2018	30-09-2019	31-12-2018
Funds deposited for guarantees and deposits	2,067	1,769	2,067	1,769
Fund received for congestion management	4,922	4,922	4,922	4,922
Financial assets held for sale (The shares of UAB „Duomenų logistikos centras“)	752	752	752	752
<b>Total</b>	<b>7,741</b>	<b>7,443</b>	<b>7,741</b>	<b>7,443</b>





Litgrid

NOTES TO THE FINANCIAL STATEMENTS  
(All amounts in EUR thousands unless otherwise stated)

## 9. Borrowings

Borrowings of the Group/Company were as follows:

	Group		Company	
	30-09-2019	31-12-2018	30-09-2019	31-12-2018
<b>Non-current borrowings</b>				
Borrowings from banks	85,915	94,128	85,915	94,128
<b>Current borrowings</b>				
Current portion of non-current borrowings	14,225	14,225	14,225	14,225
Borrowings from related parties	1,025	12,517	-	12,517
Overdraft	-	98	-	-
<b>Total borrowings</b>	<b>101,165</b>	<b>120,968</b>	<b>100,140</b>	<b>120,870</b>

Maturity of non-current borrowings:

	Group		Company	
	30-09-2019	31-12-2018	30-09-2019	31-12-2018
Between 1 and 2 years	14,225	14,225	14,225	14,225
From 2 to 5 years	40,476	42,676	40,476	42,676
After 5 years	31,214	37,227	31,214	37,227
<b>Total</b>	<b>85,915</b>	<b>94,128</b>	<b>85,915</b>	<b>94,128</b>

On 27 September 2018 the Company entered into a cash pool agreement with the shareholder UAB EPSO-G. The Agreement sets forth the maximum borrowing limit for UAB EPSO-G - up to EUR 23 million and the lending limit for LITGRID AB - up to EUR 20 million. As at 30 September 2019 the outstanding balance of borrowing is equal to EUR 0 (31 December 2018: EUR 12,517 thousand). The Company temporarily uses the accumulated congestion funds to finance its activities since accumulated congestion management revenue account was connected to the UAB EPSO-G Group account (cash pool).

On 6 March 2019 the Company's subsidiary Tetas UAB entered into a cash pool agreement with the shareholder UAB EPSO-G. The Agreement sets forth the maximum borrowing limit for UAB EPSO-G - up to EUR 1.4 million and the lending limit for Tetas UAB - up to EUR 1 million. As at 30 September 2019 the outstanding balance of borrowing is equal to EUR 1,025 thousand.

As at 30 September 2019, the weighted average interest rate on the Group's and the Company's borrowings was 1% (31 December 2018: 0.95%).

As at 30 September 2019, the Group's unwithdrawn balance of Group's cash pool amounted to EUR 23,375 thousand (31 December 2018: EUR 11,785 thousand), the Company's unwithdrawn balance - EUR 23,000 thousand (31 December 2018: EUR 10,483 thousand).

## 10. Congestion management revenue

	Group		Company	
	30-09-2019	31-12-2018	30-09-2019	31-12-2018
<b>Opening balance of congestion management revenue</b>	<b>15,754</b>	<b>6,564</b>	<b>15,754</b>	<b>6,564</b>
Congestion management revenue received during the period	22,480	12,940	22,480	12,940
Reclassified to property, plant and equipment	(2,609)	(2,939)	(2,609)	(2,939)
Congestion management revenue recognised as income during the period	(189)	(811)	(189)	(811)
<b>Closing balance of congestion management revenue</b>	<b>35,436</b>	<b>15,754</b>	<b>35,436</b>	<b>15,754</b>

## 11. Segment information

The Group has distinguished the following 2 segments:

- Electricity transmission and related services activities (electricity transmission, trade in balancing/regulating, electricity, provision of system (capacity reserve) services and provision of services under PSO (public service obligation) scheme);
- repair and maintenance activities.



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## NOTES TO THE FINANCIAL STATEMENTS

(All amounts in EUR thousands unless otherwise stated)

The Group's information on segments for the period ended 30 September 2019 is presented in the table below:

2019	Electricity transmission and related services activities	Repair and maintenance activities	Total
Revenue	136,225	10,453	146,678
Inter-segment revenue	-	(2,905)	(2,905)
Revenue after elimination of intercompany revenue within the Group	136,225	7,548	143,773
Operating profit/(loss)	1,257	(216)	1,041
Finance income/(cost), net*	x	x	(628)
Profit/(loss) before income tax	x	x	413
Income tax*	x	x	(23)
Profit/(loss) for the period	x	x	390
Depreciation and amortisation expenses	15,291	673	15,964
Write-offs of property, plant and equipment	121	6	127

\* Income tax and finance income and costs are not allocated between the Company's operating segments and are attributed to electricity transmission operations.

The Group's information on segments for the period ended 30 September 2018 is presented in the table below:

2018	Electricity transmission and related services activities	Repair and maintenance activities	Total
Revenue	126,738	15,968	142,706
Inter-segment revenue	-	(2,277)	(2,277)
Revenue after elimination of intercompany revenue within the Group	126,738	13,691	140,429
Operating profit/(loss)	4,190	29	4,219
Finance income/(cost), net*	x	x	(822)
Profit/(loss) before income tax	x	x	3,397
Income tax*	x	x	(717)
Profit/(loss) for the period	x	x	2,680
Depreciation and amortisation expenses	18,970	388	19,358
Write-offs of property, plant and equipment	798	-	798

\* Income tax and finance income and costs are not allocated between the Company's operating segments and are attributed to electricity transmission operations.

### 12. Income tax

Income tax expenses for the period comprise current and deferred tax.

Profit for 2019 is taxable at a rate of 15 percent in accordance with Lithuanian regulatory legislation on taxation (2018: 15 percent).

On 26 February 2019, the Board of the Company adopted the decision to conclude agreements between the patronising company EPSO-G UAB and LITGRID AB regarding the transfer of tax losses for remuneration and between the subsidiary LITGRID Power Link Service UAB and LITGRID AB regarding the transfer of tax losses for free. Under agreements, the Company paid to EPSO-G UAB 15 per cent of the amount of the transferred tax losses, i.e. EUR 380 thousand, and by transferred EUR 6 thousand tax loss of LITGRID Power Link Service UAB was decreased to State budget payable income tax. These transactions were performed following to provisions of the Law on Income Tax.

### 13. Related-party transactions

The Company's/Group's related parties in 2019 and 2018 were as follows:

- EPSO-G (the parent company of the Company). 100% of EPSO-G share capital is owned by the Ministry of Energy of the Republic of Lithuania;
- Subsidiaries of the Company;
- Associates and joint ventures of the Company;
- Amber Grid AB (common shareholders);
- Baltpool UAB (common shareholders);
- Management;
- All state-controlled companies or those under significant influence.



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## NOTES TO THE FINANCIAL STATEMENTS

(All amounts in EUR thousands unless otherwise stated)

Transactions with related parties are carried out in accordance with market conditions and the tariffs approved under legislation or in accordance with the requirements of the Law on Public Procurement.

The Group's transactions conducted with related parties for the period from January to September of 2019 and balances arising on these transactions as at 30 September 2019 were as follows:

Related parties	Amounts payable and accrued charges	Receivables and accrued income	Loans received	Sales	Purchases	Finance income	Costs of financial operations
<b><u>EPSO-G UAB group companies</u></b>							
UAB „EPSO-G“	1,043	-	-	-	74	-	26
AB „Amber Grid“	-	1	-	1	-	-	-
BALTPool UAB	-	657	-	3,631	-	-	-
<b><u>State-controlled companies</u></b>							
AB „Energijos skirstymo operatorius“	2,563	13,745	-	96,149	1,632	-	1
AB „Ignitis gamyba“	7,290	815	-	4,909	54,866	-	-
Energijos tiekimas UAB	216	-	-	1,991	1,065	-	-
UAB „Ignitis“	401	899	-	1,506	897	-	-
UAB Duomenų logistikos centras	18	26	-	197	134	81	-
UAB „Ignitis grupės paslaugų centras“	-	27	-	197	-	-	-
UAB „Transporto valdymas“	120	-	-	-	448	-	-
UAB Energetikos paslaugų ir rangos organizacija	147	-	-	76	580	-	5
UAB Kauno kogeneracinė jėgainė	609	-	-	-	-	-	-
AB „Lietuvos geležinkeliai“	-	41	-	328	-	-	-
VĮ Ignalinos atominė elektrinė	32	91	-	678	131	-	-
	<b>12,439</b>	<b>16,302</b>	<b>-</b>	<b>109,663</b>	<b>59,827</b>	<b>81</b>	<b>32</b>

The Company's transactions conducted with related parties for the period from January to September of 2019 and balances arising on these transactions as at 30 September 2019 were as follows:

Related parties	Amounts payable and accrued charges	Receivables and accrued income	Loans received	Sales	Purchases	Finance income	Costs of financial operations
<b><u>EPSO-G UAB group companies</u></b>							
UAB „EPSO-G“	16	-	-	-	67	-	17
UAB „TETAS“	596	246	2,203	3	2,883	35	-
UAB „LITGRID Power Link Service“	-	-	-	-	8	-	-
BALTPool UAB	-	657	-	3,631	-	-	-
<b><u>State-controlled companies</u></b>							
AB „Energijos skirstymo operatorius“	2,546	13,308	-	91,366	1,625	-	-
AB „Ignitis gamyba“	7,290	815	-	4,909	54,866	-	-
Energijos tiekimas UAB	216	-	-	1,991	1,065	-	-
UAB „Ignitis“	401	899	-	1,506	897	-	-
UAB Duomenų logistikos centras	18	26	-	197	134	81	-
UAB „Ignitis grupės paslaugų centras“	-	27	-	197	-	-	-
UAB „Transporto valdymas“	18	-	-	-	138	-	-
UAB Energetikos paslaugų ir rangos organizacija	52	-	-	-	580	-	-
UAB Kauno kogeneracinė jėgainė	609	-	-	-	-	-	-
AB „Lietuvos geležinkeliai“	-	41	-	328	-	-	-
VĮ Ignalinos atominė elektrinė	32	91	-	678	131	-	-
	<b>11,794</b>	<b>16,110</b>	<b>2,203</b>	<b>104,806</b>	<b>62,394</b>	<b>116</b>	<b>17</b>



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(All amounts in EUR thousands unless otherwise stated)

The Group's transactions conducted with related parties for the period from January to September of 2018 and balances arising on these transactions as at 30 September 2018 were as follows:

Related parties	Amounts payable and accrued charges	Receivables and accrued income	Loans received	Sales	Purchases	Finance income	Costs of financial operations
<b><u>EPSO-G UAB group companies</u></b>							
UAB „EPSO-G“	18	-	-	-	118	-	1
BALTPOOL UAB	-	909	-	5,706	116	-	-
<b><u>State-controlled companies</u></b>							
AB „Energijos skirstymo operatorius“	458	13,153	-	94,880	1,077	-	13
AB „Ignitis gamyba“	5,469	946	-	4,865	45,199	-	-
Energijos tiekimas UAB	-	540	-	5,200	1,040	-	-
UAB Duomenų logistikos centras	35	27	-	227	141	62	-
UAB „Ignitis grupės paslaugų centras“	-	53	-	202	-	-	-
UAB „Transporto valdymas“	174	-	-	-	513	-	-
UAB Energetikos paslaugų ir rangos organizacija	556	19	-	21	1,241	-	-
UAB Kauno kogeneracinė jėgainė	609	-	-	-	-	-	-
NT Valdys, UAB	2	-	-	-	554	-	-
AB „Lietuvos geležinkeliai“	-	37	-	317	-	-	-
VĮ Ignalinos atominė elektrinė	14	89	-	783	118	-	-
	<b>7,335</b>	<b>15,773</b>	<b>-</b>	<b>112,201</b>	<b>50,117</b>	<b>62</b>	<b>14</b>

The Company's transactions conducted with related parties for the period from January to September of 2018 and balances arising on these transactions as at 30 September 2018 were as follows:

Related parties	Amounts payable and accrued charges	Receivables and accrued income	Loans received	Sales	Purchases	Finance income	Costs of financial operations
<b><u>EPSO-G UAB group companies</u></b>							
UAB „EPSO-G“	15	-	-	-	108	-	1
UAB „TETAS“	687	12	2,203	101	1,490	24	-
UAB „LITGRID Power Link Service“	-	-	-	52	709	-	-
BALTPOOL UAB	-	909	-	5,706	116	-	-
<b><u>State-controlled companies</u></b>							
AB „Energijos skirstymo operatorius“	361	10,409	-	85,529	1,057	-	-
AB „Ignitis gamyba“	5,469	946	-	4,865	45,199	-	-
Energijos tiekimas UAB	-	540	-	5,200	1,040	-	-
UAB Duomenų logistikos centras	35	27	-	227	141	62	-
UAB „Ignitis grupės paslaugų centras“	-	53	-	202	-	-	-
UAB „Transporto valdymas“	20	-	-	-	203	-	-
UAB Energetikos paslaugų ir rangos organizacija	299	-	-	-	953	-	-
UAB Kauno kogeneracinė jėgainė	609	-	-	-	-	-	-
NT Valdys, UAB	2	-	-	-	554	-	-
AB „Lietuvos geležinkeliai“	-	37	-	317	-	-	-
VĮ Ignalinos atominė elektrinė	14	89	-	783	118	-	-
	<b>7,511</b>	<b>13,022</b>	<b>2,203</b>	<b>102,982</b>	<b>51,688</b>	<b>86</b>	<b>1</b>



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## NOTES TO THE FINANCIAL STATEMENTS

(All amounts in EUR thousands unless otherwise stated)

### Payments to the key management personnel

	Group		Company	
	30-09-2019	30-09-2018	30-09-2019	30-09-2018
Employment-related payments	728	799	571	574
Whereof: termination benefits	-	28	-	24
Number of the key management personnel (average annual)	11	12	7	7

During the nine months of the years 2019 and 2018 the Management of the Group and the Company did not receive any loans, guarantees, or any other payments or property transfers were made or accrued.

Key management personnel consists of the Group's heads of administration and department directors.

### 14. Dividends

During the Ordinary General Meeting of Shareholders of Litgrid AB held on 23 April 2019, the decision was made to pay out dividends in amount of EUR 2,622,523. Dividends per share amounted to EUR 0.0052.

### 15. Basic and diluted earnings per share

Basic earnings per share are calculated dividing the Group net profit for the period by the weighted average number of ordinary shares during the reportable period. The Group has no financial instruments, that can be potentially converted into ordinary shares and therefore diluted earnings per share are the same as basic earnings per share. Basic and diluted earnings are provided below:

	30-09-2019	30-09-2018
Net profit (loss) attributable to the Company's shareholders (EUR thousands)	390	2,680
Weighted average number of shares (units)	504,331,380	504,331,380
Basic and diluted earnings (deficit) per share (in EUR)	0.001	0.005

### 16. Events after the end of the reporting period

On 2nd October the Member states of European Union approved the proposal of European Commission to allocate EUR 556 million to finance PCI projects from INEA funds. Eur 10 million were allocated for preparatory works of joint project of Poland and Lithuania building subsea cable Harmony Link.