



Litgrid

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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 PERIOD ENDED 31 DECEMBER 2019

## CONFIRMATION OF RESPONSIBLE PERSONS

February 6, 2020 Vilnius

Following the Law on Securities of the Republic of Lithuania and Rules on Information Disclosure approved by the Bank of Lithuania, we, Vidmantas Grušas, Director of Transmission Grid Department, acting as Chief Executive Officer of LITGRID AB, Vytautas Tauras, Director of Finance Department 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 year ended 31 December 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.

Vidmantas Grušas



Director of Transmission Grid Department,  
acting as Chief Executive Officer

Vytautas Tauras



Director of Finance Department

Božena Vitaitė



Head of Accounting Division

PAGE

**CONDENSED INTERIM FINANCIAL STATEMENTS**

STATEMENTS OF FINANCIAL POSITION	4
STATEMENTS OF COMPREHENSIVE INCOME	5
STATEMENTS OF CHANGES IN EQUITY	7
STATEMENTS OF CASH FLOWS	8
NOTES TO THE FINANCIAL STATEMENTS	9

The condensed interim financial statements were signed on 6 February 2020.



Vidmantas Grušas  
Director of Transmission Grid Department,  
acting as Chief Executive Officer



Vytautas Tauras  
Director of the Finance Department



Božena Vitaitė  
Head of Accounting Division



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STATEMENTS OF FINANCIAL POSITION

(All amounts in EUR thousands unless otherwise stated)

	Notes	Group		Company	
		31-12-2019	31-12-2018	31-12-2019	31-12-2018
<b>ASSETS</b>					
<b>Non-current assets</b>					
Intangible assets	3	4,857	6,593	4,857	6,529
Property, plant and equipment	4	322,579	309,741	322,579	307,047
Right-of-use assets	5	584	-	584	-
Investments in subsidiaries	6	-	-	-	1,174
Deferred income tax assets		8,281	4,505	8,281	4,469
Loans granted		1,000	-	1,000	2,203
Available-for-sale financial assets		1,984	2,693	1,984	2,693
Other non-current financial assets	7	7,726	10,439	7,726	10,439
<b>Total non-current assets</b>		<b>347,011</b>	<b>333,971</b>	<b>347,011</b>	<b>334,554</b>
<b>Current assets</b>					
Inventories		36	1,107	36	107
Prepayments		527	527	527	468
Trade receivables		17,027	20,861	17,027	17,012
Other amounts receivable		131	1,243	131	47
Prepaid income tax		-	478	-	460
Loans granted		1,203	-	1,203	-
Other financial assets	8	7,293	7,443	7,293	7,443
Cash and cash equivalents		30	627	30	397
<b>Total current assets</b>		<b>26,247</b>	<b>32,286</b>	<b>26,247</b>	<b>25,934</b>
<b>TOTAL ASSETS</b>		<b>373,258</b>	<b>366,257</b>	<b>373,258</b>	<b>360,488</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Authorized share capital		146,256	146,256	146,256	146,256
Share premium		8,579	8,579	8,579	8,579
Revaluation reserve		-	222	-	-
Reserve for changes in fair value of financial assets		52	655	52	655
Legal reserve		14,626	14,626	14,626	14,626
Other reserves		23,099	63,309	23,099	63,309
Retained earnings (deficit)		3,758	(38,622)	3,758	(37,588)
<b>Total equity</b>		<b>196,370</b>	<b>195,025</b>	<b>196,370</b>	<b>195,837</b>
<b>Liabilities</b>					
<b>Non-current liabilities</b>					
Non-current borrowings	9	79,903	94,128	79,903	94,128
Non-current lease liability		337	599	337	-
Congestion management revenue	10	34,213	10,832	34,213	10,832
Other non-current amounts payable and liabilities		6,310	1,931	6,310	1,878
<b>Total non-current liabilities</b>		<b>120,763</b>	<b>107,490</b>	<b>120,763</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	-	12,615	-	12,517
Current lease liability		249	221	249	-
Trade payables		26,386	22,173	26,386	17,909
Share of congestion management revenue of the current year	10	4,922	4,922	4,922	4,922
Advance amounts received		2,338	929	2,338	829
Income tax liability		373	-	373	-
Other current amounts payable and liabilities		7,632	8,657	7,632	7,411
<b>Total current liabilities</b>		<b>56,125</b>	<b>63,742</b>	<b>56,125</b>	<b>57,813</b>
<b>Total liabilities</b>		<b>176,888</b>	<b>171,232</b>	<b>176,888</b>	<b>164,651</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>373,258</b>	<b>366,257</b>	<b>373,258</b>	<b>360,488</b>

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



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

		Group		Company	
		2019	2018	2019	2018
<b>Revenue</b>					
Revenue from electricity transmission and related services		184,675	169,758	184,675	169,758
Other income		9,599	20,883	616	2,191
<b>Total revenue</b>	11	<b>194,274</b>	<b>190,641</b>	<b>185,291</b>	<b>171,949</b>
<b>Expenses</b>					
Expenses of electricity transmission and related services		(135,737)	(118,993)	(135,737)	(118,993)
Revaluation of property, plant and equipment		-	(50,981)	-	(50,981)
Depreciation and amortisation	3,4,5	(21,179)	(25,898)	(20,373)	(25,387)
Wages and salaries and related expenses		(15,572)	(15,042)	(9,717)	(8,545)
Repair and maintenance expenses		(5,532)	(2,851)	(9,176)	(5,064)
Telecommunications and IT maintenance expenses		(1,804)	(1,666)	(1,644)	(1,508)
Property, plant and equipment write-off expenses		(193)	(977)	(187)	(977)
Impairment (reversal) of inventories and amounts receivable		610	515	620	499
Impairment of investments		-	-	-	1,000
Other expenses		(12,178)	(19,785)	(6,358)	(5,847)
<b>Total expenses</b>		<b>(191,585)</b>	<b>(235,678)</b>	<b>(182,572)</b>	<b>(215,803)</b>
<b>Operating profit/(loss)</b>		<b>2,689</b>	<b>(45,037)</b>	<b>2,719</b>	<b>(43,854)</b>
<b>Financing activities</b>					
Finance income		217	140	259	173
Disposal of subsidiary		2,720	-	2,150	-
Finance costs		(1,082)	(1,303)	(1,054)	(1,251)
<b>Total finance costs</b>		<b>1,855</b>	<b>(1,163)</b>	<b>1,355</b>	<b>(1,078)</b>
<b>Profit/(loss) before income tax</b>		<b>4,544</b>	<b>(46,200)</b>	<b>4,074</b>	<b>(44,932)</b>
<b>Income tax</b>					
Current year income tax expenses		(4,022)	(2,945)	(4,022)	(2,939)
Deferred income tax (expenses)/income		3,716	9,784	3,706	9,781
<b>Total income tax</b>	12	<b>(306)</b>	<b>6,839</b>	<b>(316)</b>	<b>6,842</b>
<b>Profit/(loss) for the period</b>		<b>4,238</b>	<b>(39,361)</b>	<b>3,758</b>	<b>(38,090)</b>
<b>Other comprehensive income that will not be reclassified to profit or loss</b>					
Revaluation of property, plant and equipment		391	(5,289)	-	(5,289)
Change in fair value of financial assets		(709)	-	(709)	-
Effect of deferred income tax		47	793	106	793
<b>Total other comprehensive income</b>		<b>(271)</b>	<b>(4,496)</b>	<b>(603)</b>	<b>(4,496)</b>
<b>Total comprehensive income/(expenses) for the period</b>		<b>3,967</b>	<b>(43,857)</b>	<b>3,155</b>	<b>(42,586)</b>
<b>Basic and diluted earnings/(deficit) per share (in EUR)</b>		<b>0.008</b>	<b>(0.078)</b>	<b>0.007</b>	<b>(0.076)</b>

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



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

	Group		Company	
	01-10- 31-12-2019	01-10- 31-12-2018	01-10- 31-12-2019	01-10- 31-12-2018
<b>Revenue</b>				
Revenue from electricity transmission and related services	48,902	43,727	48,902	43,727
Other income	1,599	6,485	164	1,484
<b>Total revenue</b>	<b>50,501</b>	<b>50,212</b>	<b>49,066</b>	<b>45,211</b>
<b>Expenses</b>				
Expenses of electricity transmission and related services	(34,201)	(31,315)	(34,201)	(31,315)
Revaluation of property, plant and equipment	-	(50,981)	-	(50,981)
Depreciation and amortisation	(5,215)	(6,540)	(5,082)	(6,417)
Wages and salaries and related expenses	(3,640)	(4,264)	(2,696)	(2,504)
Repair and maintenance expenses	(478)	(569)	(3,056)	(1,190)
Telecommunications and IT maintenance expenses	(495)	(522)	(468)	(472)
Property, plant and equipment write-off expenses	(66)	(179)	(66)	(179)
Impairment (reversal) of inventories and amounts receivable	28	537	28	499
Impairment of investments	-	-	-	1,000
Other expenses	(4,786)	(5,635)	(2,063)	(1,696)
<b>Total expenses</b>	<b>(48,853)</b>	<b>(99,468)</b>	<b>(47,604)</b>	<b>(93,255)</b>
<b>Operating profit/(loss)</b>	<b>1,648</b>	<b>(49,256)</b>	<b>1,462</b>	<b>(48,044)</b>
<b>Financing activities</b>				
Finance income	38	-	46	12
Disposal of subsidiary	2,720	-	2,150	-
Finance costs	(275)	(341)	(281)	(314)
<b>Total finance costs</b>	<b>2,483</b>	<b>(341)</b>	<b>1,915</b>	<b>(302)</b>
<b>Profit/(loss) before income tax</b>	<b>4,131</b>	<b>(49,597)</b>	<b>3,377</b>	<b>(48,346)</b>
<b>Income tax</b>				
Current year income tax expenses	(1,057)	(366)	(1,057)	(360)
Deferred income tax (expenses)/income	774	7,922	800	7,960
<b>Total income tax</b>	<b>(283)</b>	<b>7,556</b>	<b>(257)</b>	<b>7,600</b>
<b>Profit/(loss) for the period</b>	<b>3,848</b>	<b>(42,041)</b>	<b>3,120</b>	<b>(40,746)</b>
<b>Other comprehensive income that will not be reclassified to profit or loss</b>				
Revaluation of property, plant and equipment	-	(5,289)	-	(5,289)
Change in fair value of financial assets	(709)	-	(709)	-
Effect of deferred income tax	106	793	106	793
<b>Total other comprehensive income</b>	<b>(603)</b>	<b>(4,496)</b>	<b>(603)</b>	<b>(4,496)</b>
<b>Total comprehensive income/(expenses) for the period</b>	<b>3,245</b>	<b>(46,537)</b>	<b>2,517</b>	<b>(45,242)</b>
<b>Basic and diluted earnings/(deficit) per share (in EUR)</b>	<b>0.008</b>	<b>(0.083)</b>	<b>0.006</b>	<b>(0.081)</b>

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



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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
<b>Balance at 1 January 2018</b>	<b>146,256</b>	<b>8,579</b>	<b>5,380</b>	<b>655</b>	<b>14,790</b>	<b>62,767</b>	<b>8,171</b>	<b>246,598</b>
Comprehensive income/(expenses) for the year	-	-	(4,496)	-	-	-	(39,361)	(43,857)
Depreciation of revaluation reserve and amounts written off	-	-	(618)	-	-	-	618	-
Transfer to reserves	-	-	-	-	-	542	(542)	-
Transfer to retained earnings	-	-	(44)	-	(164)	-	208	-
Dividends	-	-	-	-	-	-	(7,716)	(7,716)
<b>Balance at 31 December 2018</b>	<b>146,256</b>	<b>8,579</b>	<b>222</b>	<b>655</b>	<b>14,626</b>	<b>63,309</b>	<b>(38,622)</b>	<b>195,025</b>
<b>Balance at 1 January 2019</b>	<b>146,256</b>	<b>8,579</b>	<b>222</b>	<b>655</b>	<b>14,626</b>	<b>63,309</b>	<b>(38,622)</b>	<b>195,025</b>
Comprehensive income/(expenses) for the year	-	-	332	(603)	-	-	4,238	3,967
Depreciation of revaluation reserve and amounts written off	-	-	(58)	-	-	-	58	-
Disposal of subsidiary	-	-	(496)	-	-	-	496	-
Transfer to retained earnings	-	-	-	-	-	(40,210)	40,210	-
Dividends	-	-	-	-	-	-	(2,622)	(2,622)
<b>Balance at 31 December 2019</b>	<b>146,256</b>	<b>8,579</b>	<b>-</b>	<b>52</b>	<b>14,626</b>	<b>23,099</b>	<b>3,758</b>	<b>196,370</b>

Company	Share capital	Share premium	Revaluation reserve	Reserve of changes in fair value of financial assets	Legal reserve	Other reserves	Retained earnings	Total
<b>Balance at 1 January 2018</b>	<b>146,256</b>	<b>8,579</b>	<b>4,999</b>	<b>655</b>	<b>14,626</b>	<b>62,767</b>	<b>8,257</b>	<b>246,139</b>
Comprehensive income/(expenses) for the year	-	-	(4,496)	-	-	-	(38,090)	(42,586)
Depreciation of revaluation reserve and amounts written off	-	-	(503)	-	-	-	503	-
Transfer to reserves	-	-	-	-	-	542	(542)	-
Dividends	-	-	-	-	-	-	(7,716)	(7,716)
<b>Balance at 31 December 2018</b>	<b>146,256</b>	<b>8,579</b>	<b>-</b>	<b>655</b>	<b>14,626</b>	<b>63,309</b>	<b>(37,588)</b>	<b>195,837</b>
<b>Balance at 1 January 2019</b>	<b>146,256</b>	<b>8,579</b>	<b>-</b>	<b>655</b>	<b>14,626</b>	<b>63,309</b>	<b>(37,588)</b>	<b>195,837</b>
Comprehensive income/(expenses) for the year	-	-	-	(603)	-	-	3,758	3,155
Depreciation of revaluation reserve and amounts written off	-	-	-	-	-	(40,210)	40,210	-
Dividends	-	-	-	-	-	-	(2,622)	(2,622)
<b>Balance at 31 December 2019</b>	<b>146,256</b>	<b>8,579</b>	<b>-</b>	<b>52</b>	<b>14,626</b>	<b>23,099</b>	<b>3,758</b>	<b>196,370</b>

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	
	2019	2018	2019	2018
<b>Cash flows from operating activities</b>				
Profit/(loss) for the period	4,238	(39,361)	3,758	(38,090)
<b>Adjustments for non-cash items and other adjustments:</b>				
Depreciation and amortisation expenses	21,179	25,898	20,373	25,387
Impairment of financial assets	-	-	-	(1,000)
Revaluation of property, plant and equipment	-	50,981	-	50,981
(Reversal of)/impairment of assets	(3,430)	(2,941)	(3,440)	(2,925)
Written-off bad debts	2,820	2,426	2,820	2,426
Impairment of property, plant and equipment	239	-	239	-
Income tax expenses	306	(6,829)	316	(6,842)
(Gain)/loss on disposal/write-off of property, plant and equipment	187	977	187	977
<b>Elimination of results of financing and investing activities:</b>				
Interest income	(4)	-	(47)	(36)
Interest expenses	1,055	1,281	1,013	1,228
Disposal of subsidiary	(2,720)	-	(2,150)	-
Dividends income	(174)	(130)	(174)	(130)
Other finance (income)/costs	(12)	12	3	16
<b>Changes in working capital:</b>				
(Increase) decrease in trade receivables and other amounts receivable	1,406	1,816	(240)	1,043
(Increase) decrease in inventories, prepayments and other current assets	192	33	30	85
Increase (decrease) in amounts payable, grants, deferred income and advance amounts received	2,684	5,373	4,565	4,818
Changes in other financial assets	(50)	(9,146)	(50)	(9,146)
Income tax (paid)	(3,211)	(4,518)	(3,209)	(4,486)
<b>Net cash generated from (used in) operating activities</b>	<b>24,705</b>	<b>25,872</b>	<b>23,994</b>	<b>24,306</b>
<b>Cash flows from investing activities</b>				
(Purchase) of property, plant and equipment and intangible assets	(42,700)	(22,997)	(42,017)	(22,156)
Disposal of property, plant and equipment	166	-	-	-
Grants received	14,848	24,283	14,848	24,283
Loans granted	-	-	-	(1,000)
Revenue generated from congestion management	27,318	12,208	27,318	12,208
Decrease (increase) in congestion management revenue balance	2,713	-	2,713	-
Disposal of subsidiary	3,092	-	3,315	-
Interest received	-	-	47	17
Dividends received	174	130	174	130
<b>Net cash generated from (used in) investing activities</b>	<b>5,611</b>	<b>13,624</b>	<b>6,398</b>	<b>13,482</b>
<b>Cash flows from financing activities</b>				
Repayments of borrowings	(14,225)	(8,082)	(14,225)	(8,082)
Overdraft	(98)	(34,558)	-	(33,311)
Borrowings from related parties	(11,991)	12,517	(12,517)	12,517
Lease payments	(797)	(443)	(265)	-
Interest paid	(1,183)	(1,312)	(1,133)	(1,259)
Dividends paid	(2,619)	(7,690)	(2,619)	(7,690)
Other cash flows from financing activities	-	3	-	-
<b>Net cash generated from (used in) financing activities</b>	<b>(30,913)</b>	<b>(39,565)</b>	<b>(30,759)</b>	<b>(37,825)</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(597)</b>	<b>(69)</b>	<b>(367)</b>	<b>(37)</b>
Cash and cash equivalents at the beginning of the period	627	696	397	434
<b>Cash and cash equivalents at the end of the period</b>	<b>30</b>	<b>627</b>	<b>30</b>	<b>397</b>

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





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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: Viršuliškių skg. 99B, LT-05131, 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 31 December 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 31 December 2019 and 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 Gedimino pr. 20, 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 31 December 2019 and 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 31 December 2019	Shareholding as at 31 December 2018	Profile of activities
Tetas UAB	Senamiesčio g. 102B, Panevėžys, Lithuania	-	100%	Disposal
Litgrid Power Link Service UAB	A. Juozapavičiaus g. 13, Vilnius, Lithuania	-	100%	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. On 19 December 2019 Litgrid Power Link Service UAB was liquidated and deregistered from the Register of Legal Entities.

During the Ordinary General Meeting of Shareholders of Litgrid AB held on 29 November 2019, the decision was made to approve the decision of the board of LITGRID AB dated 7 November 2019 to conclude UAB TETAS 100 percent sales and purchase agreement with UAB EPSO-G. Shares of UAB TETAS (400 000 units) were sold at a price set by independent valuer of assets - EUR 3.15 million.

Investments in subsidiaries are described in Note 6.

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.



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## NOTES TO THE FINANCIAL STATEMENTS

(All amounts in EUR thousands unless otherwise stated)

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 31 December 2019, the Group had 290 employees (31 December 2018: 638), and the Company had 290 employees (31 December 2018: 267).

### 2. Summary of principal accounting policies

These condensed interim Consolidated and the Company's financial statements for the year ended 31 December 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 31 December 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	
	31-12-2019	01-01-2019	31-12-2019	01-01-2019
Right-of-use assets	584	1,402	584	847
Current lease liability	249	489	249	264
Non - current lease liability	337	912	337	583
<b>Expected impact on profit (loss) statement:</b>				
Increase of depreciation	263		263	
Increase of interest expense	3		3	
Decrease of other expenses	( 265)		( 265)	
<b>Expected impact on statement of cash flows:</b>				
Increase of net cash flow from operating activities	266		266	
Decrease of net cash flows from financing activities	( 265)		( 265)	



Litgrid

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	4,090	4,026
Transfer to PP&E	(93)	(93)
Amortization charge	(1,054)	(1,051)
<b>Net book amount at 31 December 2018</b>	<b>6,593</b>	<b>6,529</b>
Net book amount at 31 December 2018	6,593	6,529
Additions	273	249
Impairment	(700)	(700)
Amortization charge	(1,222)	(1,221)
Disposal of subsidiary	(87)	-
<b>Net book amount at 31 December 2019</b>	<b>4,857</b>	<b>4,857</b>

4. Property, plant and equipment

	Group	Company
Net book amount at 31 December 2017	378,403	376,028
Additions	18,572	17,745
Prepayments for property, plant, equipment	2,017	2,017
Revaluation	(56,270)	(56,270)
Write-offs	(1,045)	(1,045)
Transfer to inventories	(131)	(131)
Reclassification from intangible assets	93	93
Set-off of grants with non-current assets	(7,054)	(7,054)
Depreciation charge	(24,844)	(24,336)
<b>Net book amount at 31 December 2018</b>	<b>309,741</b>	<b>307,047</b>
Net book amount at 31 December 2018	309,741	307,047
Additions	48,004	47,315
Prepayments for property, plant, equipment	(227)	(227)
Revaluation	391	-
Disposals	(166)	-
Write-offs	(248)	(248)
Impairment	(239)	(239)
Transfer from inventories	71	71
Set-off of grants with non-current assets	(12,251)	(12,251)
Depreciation charge	(19,427)	(18,889)
Disposal of subsidiary	(3,070)	-
<b>Net book amount at 31 December 2019</b>	<b>322,579</b>	<b>322,579</b>

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 31 December 2019 would be higher by EUR 298,818 thousand (31 December 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	7,054
Depreciation charge	(7,929)
Write-offs	(11)
<b>Net book amount at 31 December 2018</b>	<b>296,763</b>
Net book amount at 31 December 2018	296,763
Additions	12,251
Depreciation charge	(8,118)
Write-offs	(20)
<b>Net book amount at 31 December 2019</b>	<b>300,876</b>



Litgrid

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	( 530)	( 263)
Disposal of subsidiary	( 636)	-
Net book amount at 31 December 2019	<u>584</u>	<u>584</u>

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

6. Investments in subsidiaries

As at 31 December 2018 the Company's investments comprised as following:

Subsidiaries	Investment cost	Impairment	Carrying amount	Ownership interest, %
TETAS UAB	4,754	(3,754)	1,000	100
Litgrid Power Link Service UAB	174	-	174	100
Total	<u>4,928</u>	<u>(3,754)</u>	<u>1,174</u>	

As described in note 1 in 2019 the Company liquidated its subsidiary UAB Litgrid Power Link Service and sold its other subsidiary UAB TETAS shares to UAB EPSO-G.

Liquidation of UAB Litgrid Power Link Service

The sole shareholder on 26 April 2019 April decided to terminate the activity of Litgrid Power Link Service UAB and liquidate the company. On 14 October 2019 the share capital of UAB Litgrid Power Link Service (EUR 174 thousand) was annulled and used to write off the amount of losses (EUR 9 thousand). Cash with balance of EUR 165 thousand was paid to the Company. On 19 December 2019 Litgrid Power Link Service UAB was liquidated and deregistered from the Register of Legal Entities.

Sale of UAB TETAS shares

During the Ordinary General Meeting of Shareholders of Litgrid AB held on 29 November 2019, the decision was made to approve the decision of the board of LITGRID AB dated 7 November 2019 to conclude UAB TETAS 100 percent sales and purchase agreement with UAB EPSO-G. Shares of UAB TETAS (400 000 units) were sold at a price set by independent valuer of assets - EUR 3.15 million, which in 29 November 2019 UAB EPSO-G paid to Company. UAB TETAS sale profit 2.15 million EUR is recognized in the Company's statement of comprehensive income.

7. Other non-current financial assets

The long-term share of the balance of congestion management revenue unused funds amounted to EUR 7,726 thousand as of 31 December 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 31 December 2019 and 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 26,240 thousand EUR of congestion revenue as of 31 December 2019 was temporary used for the financing of the Company's activities.

8. Other financial assets

	Group		Company	
	31-12-2019	31-12-2018	31-12-2019	31-12-2018
Funds deposited for guarantees and deposits	1,619	1,769	1,619	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
Total	<u>7,293</u>	<u>7,443</u>	<u>7,293</u>	<u>7,443</u>



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	
	31-12-2019	31-12-2018	31-12-2019	31-12-2018
<b>Non-current borrowings</b>				
Borrowings from banks	79,903	94,128	79,903	94,128
<b>Current borrowings</b>				
Current portion of non-current borrowings	14,225	14,225	14,225	14,225
Borrowings from related parties	-	12,517	-	12,517
Overdraft	-	98	-	-
<b>Total borrowings</b>	<b>94,128</b>	<b>120,968</b>	<b>94,128</b>	<b>120,870</b>

Maturity of non-current borrowings:

	Group		Company	
	31-12-2019	31-12-2018	31-12-2019	31-12-2018
Between 1 and 2 years	14,225	14,225	14,225	14,225
From 2 to 5 years	37,535	42,676	37,535	42,676
After 5 years	28,143	37,227	28,143	37,227
<b>Total</b>	<b>79,903</b>	<b>94,128</b>	<b>79,903</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 31 December 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).

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

As at 31 December 2019, the Group's unwithdrawn balance of Group's cash pool amounted to EUR 23,000 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	
	31-12-2019	31-12-2018	31-12-2019	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	27,366	12,940	27,366	12,940
Reclassified to property, plant and equipment	(3,787)	(2,939)	(3,787)	(2,939)
Congestion management revenue recognised as income during the period	(198)	(811)	(198)	(811)
<b>Closing balance of congestion management revenue</b>	<b>39,135</b>	<b>15,754</b>	<b>39,135</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.



Litgrid

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

The Group's information on segments for the period ended 31 December 2019 is presented in the table below:

2019	Electricity transmission and related services activities	Repair and maintenance activities	Total
Revenue	185,291	13,365	198,656
Inter-segment revenue	-	(4,382)	(4,382)
<b>Revenue after elimination of intercompany revenue within the Group</b>	<b>185,291</b>	<b>8,983</b>	<b>194,274</b>
<b>Operating profit/(loss)</b>	<b>2,719</b>	<b>(30)</b>	<b>2,689</b>
Finance income/(cost), net*	x	x	1,855
<b>Profit/(loss) before income tax</b>	<b>x</b>	<b>x</b>	<b>4,544</b>
Income tax*	x	x	(306)
<b>Profit/(loss) for the period</b>	<b>x</b>	<b>x</b>	<b>4,238</b>
Depreciation and amortisation expenses	20,373	806	21,179
Write-offs of property, plant and equipment	187	6	193
Impairment of property, plant and equipment	239	-	239

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

Repair and maintenance activities information is provided for 11 months of the reporting period (29 November 2019 shares of Tetas UAB were sold).

The Group's information on segments for the period ended 31 December 2018 is presented in the table below:

2018	Electricity transmission and related services activities	Repair and maintenance activities	Total
Revenue	171,949	21,902	193,851
Inter-segment revenue	-	(3,210)	(3,210)
<b>Revenue after elimination of intercompany revenue within the Group</b>	<b>171,949</b>	<b>18,692</b>	<b>190,641</b>
<b>Operating profit/(loss)</b>	<b>(44,854)</b>	<b>(183)</b>	<b>(45,037)</b>
Finance income/(cost), net*	x	x	(1,163)
<b>Profit/(loss) before income tax</b>	<b>x</b>	<b>x</b>	<b>(46,200)</b>
Income tax*	x	x	6,839
<b>Profit/(loss) for the period</b>	<b>x</b>	<b>x</b>	<b>(39,361)</b>
Depreciation and amortisation expenses	25,387	511	25,898
Write-offs of property, plant and equipment	974	3	977
Impairment of property, plant and equipment	50,981	3	50,984

\* 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.



Litgrid

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 in 2019 and balances arising on these transactions as at 31 December 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	-	-	3,150	120	-	29
UAB „TETAS“	254	246	2 203	-	507	4	-
AB „Amber Grid“	-	-	-	2	-	-	-
BALTPPOOL UAB	-	415	-	4,800	-	-	-
<b><u>State-controlled companies</u></b>							
AB „Energijos skirstymo operatorius“	2,661	13,835	-	130,740	2,429	-	2
AB „Ignitis gamyba“	7,308	580	-	6,852	72,949	-	-
Energijos tiekimas UAB	-	-	-	1,991	1,065	-	-
UAB „Ignitis“	-	15	-	2,762	1,312	-	-
UAB Duomenų logistikos centras	34	21	-	253	178	81	-
UAB „Ignitis grupės paslaugų centras“	-	26	-	263	-	-	-
UAB Vilniaus kogeneracinė jėgainė	35	-	-	264	-	-	-
UAB „Transporto valdymas“	18	-	-	-	549	-	-
UAB Energetikos paslaugų ir rangos organizacija	240	-	-	90	989	-	6
UAB Kauno kogeneracinė jėgainė	-	281	-	279	-	-	-
AB „Lietuvos geležinkeliai“	-	-	-	396	-	-	-
VĮ Ignalinos atominė elektrinė	41	94	-	908	178	-	-
	<b>10,607</b>	<b>15,513</b>	<b>2,203</b>	<b>152,750</b>	<b>80,276</b>	<b>85</b>	<b>37</b>

The Company's transactions conducted with related parties in 2019 and balances arising on these transactions as at 31 December 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	-	-	3,150	113	-	17
UAB „TETAS“	254	246	2 203	16	4,856	47	5
BALTPPOOL UAB	-	415	-	4,800	-	-	-
<b><u>State-controlled companies</u></b>							
AB „Energijos skirstymo operatorius“	2,661	13,835	-	125,340	2,269	-	-
AB „Ignitis gamyba“	7,308	580	-	6,852	72,949	-	-
Energijos tiekimas UAB	-	-	-	1,991	1,065	-	-
UAB „Ignitis“	-	15	-	2,762	1,312	-	-
UAB Duomenų logistikos centras	34	21	-	253	178	81	-
UAB „Ignitis grupės paslaugų centras“	-	26	-	263	-	-	-
UAB Vilniaus kogeneracinė jėgainė	35	-	-	264	-	-	-
UAB „Transporto valdymas“	18	-	-	-	183	-	-
UAB Energetikos paslaugų ir rangos organizacija	240	-	-	-	989	-	-
UAB Kauno kogeneracinė jėgainė	-	281	-	279	-	-	-
AB „Lietuvos geležinkeliai“	-	-	-	396	-	-	-
VĮ Ignalinos atominė elektrinė	41	94	-	908	178	-	-
	<b>10,607</b>	<b>15,513</b>	<b>2,203</b>	<b>147,274</b>	<b>84,092</b>	<b>128</b>	<b>22</b>



Litgrid

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

The Group's transactions conducted with related parties in 2018 and balances arising on these transactions as at 31 December 2018 were as follows:

Related parties	Amounts payable and accrued charges	Receivables and accrued income	Loans received	Loans granted	Sales	Purchases	Finance income	Costs of financial operations
<b><u>EPSO-G UAB group companies</u></b>								
UAB „EPSO-G“	415	-	12 517	-	-	155	-	18
BALTPPOOL UAB	-	849	-	-	7,680	116	-	-
<b><u>State-controlled companies</u></b>								
AB „Energijos skirstymo operatorius“	428	18,059	-	-	134,270	1,554	-	21
AB „Ignitis gamyba“	5,627	680	-	-	6,356	59,131	-	-
Energijos tiekimas UAB	127	1	-	-	7,070	1,703	-	-
UAB Duomenų logistikos centras	35	27	-	-	295	185	62	-
UAB „Ignitis grupės paslaugų centras“	-	27	-	-	268	-	-	-
UAB „Transporto valdymas“	72	-	-	-	-	687	-	-
UAB Energetikos paslaugų ir rangos organizacija	569	9	-	-	30	2,258	-	-
UAB Kauno kogeneracinė jėgainė	609	-	-	-	-	-	-	-
NT Valdos, UAB	3	-	-	-	-	560	-	-
AB „Lietuvos geležinkeliai“	-	52	-	-	424	-	-	-
VĮ Ignalinos atominė elektrinė	25	92	-	-	1,006	162	-	-
	<b>7,910</b>	<b>19,796</b>	<b>12,517</b>	<b>-</b>	<b>157,399</b>	<b>66,511</b>	<b>62</b>	<b>39</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 31 December 2018 were as follows:

Related parties	Amounts payable and accrued charges	Receivables and accrued income	Loans received	Loans granted	Sales	Purchases	Finance income	Costs of financial operations
<b><u>EPSO-G UAB group companies</u></b>								
UAB „EPSO-G“	413	-	12,517	-	-	143	-	18
UAB „TETAS“	411	24	-	2,203	303	2,123	36	-
UAB „LITGRID Power Link Service“	-	-	-	-	52	709	-	-
BALTPPOOL UAB	-	849	-	-	7,680	116	-	-
<b><u>State-controlled companies</u></b>								
AB „Energijos skirstymo operatorius“	332	13,965	-	-	116,690	1,509	-	-
AB „Ignitis gamyba“	5,627	680	-	-	6,356	59,131	-	-
Energijos tiekimas UAB	127	1	-	-	7,070	1,703	-	-
UAB Duomenų logistikos centras	35	27	-	-	295	185	62	-
UAB „Ignitis grupės paslaugų centras“	-	27	-	-	268	-	-	-
UAB „Transporto valdymas“	23	-	-	-	-	254	-	-
UAB Energetikos paslaugų ir rangos organizacija	271	-	-	-	-	1,554	-	-
UAB Kauno kogeneracinė jėgainė	609	-	-	-	-	-	-	-
NT Valdos, UAB	3	-	-	-	-	560	-	-
AB „Lietuvos geležinkeliai“	-	52	-	-	424	-	-	-
VĮ Ignalinos atominė elektrinė	25	92	-	-	1,006	162	-	-
	<b>7,876</b>	<b>15,717</b>	<b>12,517</b>	<b>2,203</b>	<b>140,144</b>	<b>68,149</b>	<b>98</b>	<b>18</b>

**Payments to the key management personnel**

	Group		Company	
	2019	2018	2019	2018
Employment-related payments	953*	1,057	764	776
Whereof: termination benefits	-	45	-	41
Number of the key management personnel (average annual)	11	12	7	7

\*in this figure payments to the managers of the subsidiaries UAB Tetas during 2019 eleven months.

During 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.





Litgrid

## NOTES TO THE FINANCIAL STATEMENTS

(All amounts in EUR thousands unless otherwise stated)

### 14. Dividends

During the Ordinary General Meeting of Shareholders of Litgrid AB held on 24 April 2018, the decision was made to pay out dividends in amount of EUR 7 716 270. Dividends per share amounted to EUR 0.0153.

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:

	<u>2019</u>	<u>2018</u>
Net profit (loss) attributable to the Company's shareholders (EUR thousands)	4,238	(39,361)
Weighted average number of shares (units)	504,331,380	504,331,380
Basic and diluted earnings (deficit) per share (in EUR)	<u>0.008</u>	<u>(0.078)</u>