

AB INTER RAO LIETUVA

UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AND UNAUDITED CONSOLIDATED INTERIM REPORT
FOR THE 12 MONTH PERIOD ENDED 31 DECEMBER 2019,
prepared in accordance with International Financial Reporting Standards,
as adopted by the European Union

7 February 2020
Vilnius

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AB INTER RAO Lietuva Unaudited Consolidated Interim Report for the 12 Month Period Ended 31st December 2019

I. General Information

Reporting period

Year ended 31st December 2019

Company and its contact details

Company name	AB INTER RAO Lietuva (hereinafter – IRL or „the Company“)
Company code	126119913
Legal form	Public company (joint-stock company)
Date of registration	21 December 2002
Name of register of Legal Entities	State Enterprise Centre of Registers
Registered office	A.Tumėno str. 4, block B, LT-01109 Vilnius
Telephone number	+370 5 242 11 21
Fax number	+370 5 242 11 22
E-mail	info@interrao.lt
Internet address	www.interrao.lt

The Group structure

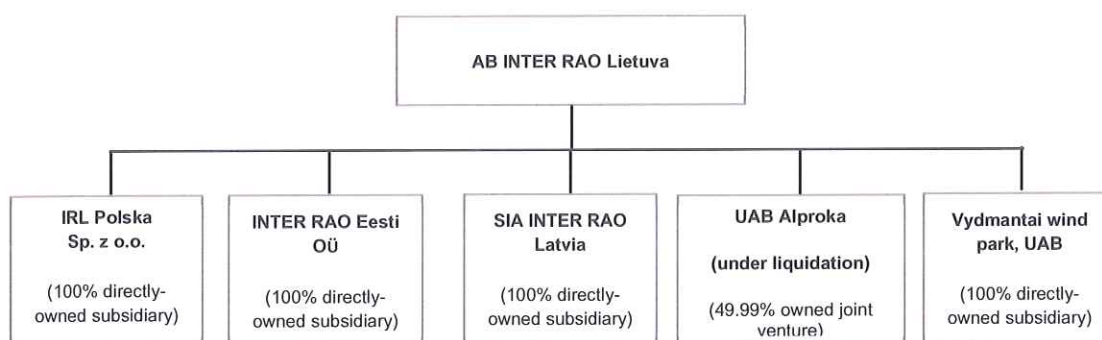
As on 31st December 2019, INTER RAO Lietuva Group consisted of the Company and the below described directly and indirectly controlled subsidiaries and joint venture (hereinafter - the Group):

Company	Company code	Directly and indirectly held effective attributable interest	Equity as at 31 st December 2019	Registration address	Activity (including planned)
INTER RAO Eesti OÜ - subsidiary	11879805	100 %	39	Peterburi tee 47, Tallinn, Estonia	Trade of electricity
SIA INTER RAO Latvia - subsidiary	40103268639	100 %	(298)	76 Gustava Zemgala Ave., Riga, Latvia	Trade of electricity
IRL Polska Sp. z.o.o. - subsidiary	0000436992	100 %	2,983	Twarda 18, 00-105, Warsaw, Poland	Trade of electricity

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UAB Alproka – joint venture (under liquidation)	125281684	49,99 %	-	Verkių Str. 25C, Vilnius, Lithuania	Operations with real estate
Vydmantai Wind Park, UAB – subsidiary	302666616	100 %	15,343	A.Tumėno Str. 4, Vilnius, Lithuania	Generation of electricity

The following chart sets out the Group’ subsidiaries and interest in those subsidiaries, as well as the structure of the Group as at 31st December 2018:



Main activities of the Group

The Group of INTER RAO Lietuva (hereinafter – “the Group”) is an independent supplier of electricity and, as such, may engage in various forms of electricity trading. Moreover, the Group is also present in electricity generation operations, as it owns a wind farm in Western Lithuania.

The Group is engaged in various forms of electricity trading: the purchase and sale of electricity under bilateral contracts with other electricity suppliers, as well as on the power exchange; supply of electricity to end-users; provision of balancing services for end-users and other wholesalers of electricity; sale and purchase of regulating and balancing electricity for the transmission system operators; cross-border electricity trading.

The Group has permission to import and export electricity to and from Lithuania, it is engaged in the import of electricity from Russia and, to a lesser extent, from Belarus, as well as in export to these countries. The Group is also active in cross-border electricity trading between Lithuania and other EU Member States, namely Latvia and Estonia.

The Group sells all of the electricity it cross-border delivers from the third countries to the Lithuanian internal market on the power exchange since, in accordance with respective regulations, all electricity cross-border delivered to the Lithuanian internal electricity market has to be sold on the power exchange. Then the Group buys the electricity on the power exchange in a volume corresponding to its contractual obligations with clients. Sale and purchase orders are submitted for the same prices and trades are executed at the market price. Some portion of electricity is also sold through Nord Pool AS in Lithuania to other market participants. Trades on the power exchange are executed at the market price.

The price of electricity sold under bilateral contacts is the market price, adjusted for variances depending on the electricity trading or consumption pattern of the customer and contractual arrangements (e.g., fixed on annual or monthly basis or agreed in daily delivery schedules).

Apart from importing electricity, the Group also purchases the electricity from other wholesalers of electricity in Lithuania and Latvia under bilateral contracts based on various pricing arrangements, as well as on Nord Pool AS in Lithuania, Latvia and Estonia.

The Group is also present in the electricity trading market in Poland, where it started its operations in 2014 and is involved in buying and selling electricity on the Polish Power Exchange.

The Group history and development

- 2002 The Company was incorporated as UAB Energijos realizacijos centras.
- 2003 The Company received its license as independent electricity supplier with permission to export electricity.
- The Company signed sale-purchase agreements with INTER RAO UES and Lietuvos energija AB.
- The Company began electricity trading activities by exporting electricity to Russia and Belarus.
- 2004 Permission to import electricity was granted to the Company.
- 2005 The Company began importing electricity to Lithuania.
- RAO Nordic OY, a wholly owned subsidiary of INTER RAO UES, acquired 18 per cent of the Company's share capital from UAB VB rizikos kapitalo valdymas.
- 2006 The Company acquired a 49.99 per cent stake in UAB Alproka, a company engaged in real estate development in the Lithuanian seaside resort of Palanga.
- 2007 UAB Scaent Baltic acquired an 82 per cent stake in the Company's share capital from Scaent Holdings Cooperatie UA and Bengtsbädd Förvaltning AB.
- 2008 RAO Nordic OY increased its shareholding in the Company by acquiring a 33per cent stake from UAB Scaent Baltic. The stake of RAO Nordic OY in the Company's share capital reaches 51 per cent, while the stake of UAB Scaent Baltic decreases to 49 per cent.
- 2009 The Company signed electricity sale-purchase agreements with the Belarusian company, Belenergo and the Latvian company, Latvenergo.
- Cooperation regarding the sale of electricity with the largest electricity consumer in the Baltic States, Orlen Lietuva, was established. Delivery was initiated in 2010.
- The Company changed its name to UAB INTER RAO Lietuva.
- 2010 The Company established two wholly-owned subsidiaries, one in Latvia (SIA INTER RAO Latvia) and the second in Estonia (INTER RAO Eesti OU).
- SIA INTER RAO Latvia received its license for electricity trading in Latvia.
- 2011 SIA INTER RAO Latvia begins electricity trading operations.
- The Company begins trading activities in the Estonian area of NordPool Spot.
- The Company established a subsidiary UAB IRL Wind and in the same year UAB IRL Wind acquired the wind park in Vydmantai.

- The Company begins operations in electricity generation from renewable energy sources by acquiring the wind park in Vydmantai.
- The Company signs an agreement with INTER RAO UES on potential export of electricity generated in Baltiškaya NPP under construction in Kaliningrad Oblast.
- 2012 Decision on public offering and listing of the Company's shares on the Warsaw Stock Exchange was made.
- Business entity (IRL POLSKA Sp. z o.o.) in Poland was established.
- 2013 AB INTER RAO Lietuva shareholders decided to distribute 27 million Litass as dividends.
- In July 2013, the Company has completed a merger of its two subsidiary companies UAB IRL Wind and Vydmantai wind park, UAB. Subsidiary companies were reorganised by merging UAB IRL Wind, which ceased its activities as a legal entity after the merger, into Vydmantai wind park, UAB which continued its activities after the merger.
- On 4th December 2013, the statutory capital of subsidiary company of AB INTER RAO Lietuva in Poland IRL Polska Sp.z o.o. was increased from PLN 2 million to PLN 10 million.
- 2014 On 3rd January 2014, the subsidiary company of AB INTER RAO Lietuva in Poland IRL Polska Sp.z o.o. was granted the license for trade in electricity in Poland. The term of the license is from 9th January 2014 till 9th January 2024.
- On 30th of April 2014, the General Annual Meeting of shareholders has adopted the decision to pay dividends to the shareholders of the Company in the amount of 13 million Litass.
- On 22nd of May 2014, IRL Polska Sp. z o.o. begins electricity trading operations.
- 2015 After Lithuania joined the euro zone, AB INTER RAO Lietuva shareholders fixed a nominal value of one share 0.29 EUR, share capital equal to 5.8 million EUR.
- AB INTER RAO Lietuva shareholders decided to distribute 11.2 million EUR as dividends.
- 2016 AB INTER RAO Lietuva shareholders decided to distribute 16.1 million EUR as dividends.
- 2017 On 30th of March 2017 by decision of Supervisory Council The Board of the Company was re-elected for a new office term of four years.
- On 28th of April 2017 new three members of the Supervisory Council, among them one independent member, were elected at the Annual General Meeting of Shareholders.
- AB INTER RAO Lietuva shareholders decided to distribute 10.2 million EUR as dividends.
- 2018 AB INTER RAO Lietuva shareholders decided to distribute 7.1 million EUR as dividends.
- On 6th of November 2018 the decision has been taken to liquidate company's subsidiary UAB „Alproka“ which has successfully completed a real estate project and all real estate owned by UAB „Alproka“ has been sold. Therefore, UAB „Alproka“ was no longer carrying out any commercial activities.
- 2019 AB INTER RAO Lietuva shareholders decided to distribute 11.6 million EUR as dividends.

Agreements with intermediaries of public trading in securities

Since 29th October 2012 the Company and UAB FMĮ Orion Securities (code 122033915), A. Tumėno str. 4, LT-01109 Vilnius, have an agreement on accounting of the Company's securities and services related to the accounting of securities.

Data about securities traded on regulated market

The following securities of the Company are included into the Main List of Warsaw stock exchange (symbol: IRL):

Types of shares	Number of shares	Nominal value (in EUR)	Total nominal value (in EUR)	Issue Code
Ordinary registered shares	20,000,000	0.29	5,800,000	LT0000128621

In December 2012, the initial public offering of the Company's ordinary shares was completed on the Warsaw Stock Exchange. The total oversubscription for the Company's ordinary shares exceeded 26 per cent. Given the ordinary share offer price of PLN 24.17 the value of the offering exceeded PLN 96.7 million. The Company's ordinary shares were included into the Main list of the Warsaw Stock Exchange.

Trading in the Company's securities on Warsaw Stock Exchange:



Securities of the Group's subsidiaries are not traded publicly.

As at 31st December 2019 the shareholder structure of the Company was as following:

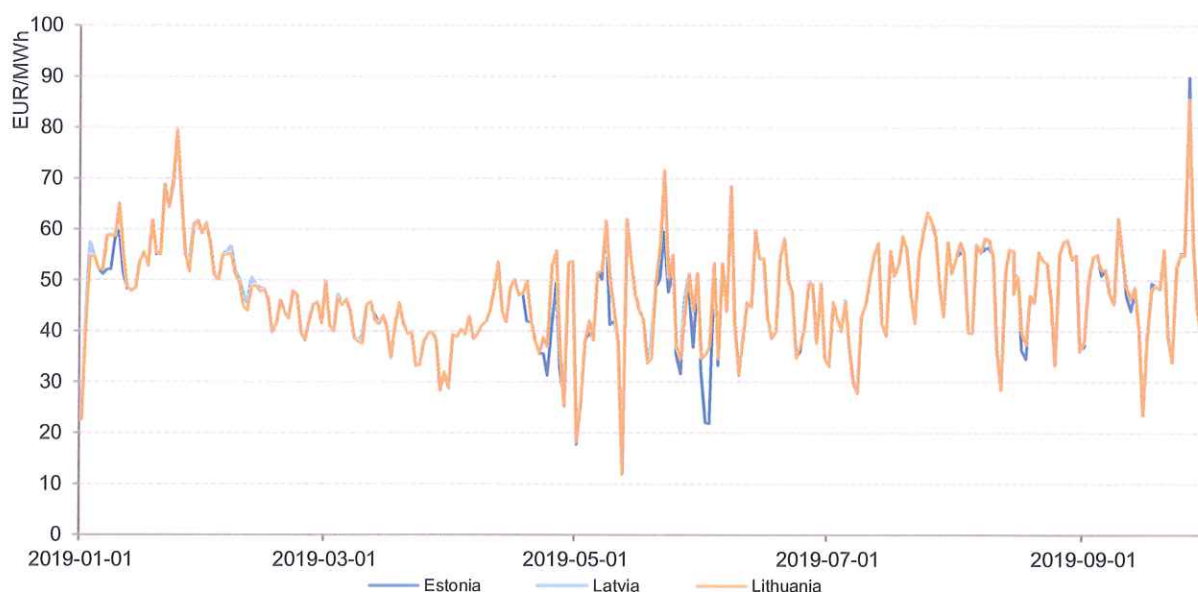
Shareholder	Number of shares/votes	Percentage of shares
RAO Nordic Oy	10,200,000	51%
UAB Scaent Baltic	5,822,856	29,11%
Other shareholders	3,977,144	19,89%
Total	20,000,000	100%

II. Financial information

Revenues

The total consolidated Group's sales revenue in 2019 was equal to EUR 317 million, a 9.98 per cent increase if compared to 2018. Total revenue increased due to the higher amounts of electricity traded. The increase in the amount of electricity traded was mainly influenced by increase in sales in Lithuanian and Polish market.

Electricity price in NordPoolSpot exchange



The consolidated financial statements of the Group have been prepared according to the International Financial Reporting Standards as adopted by the European Union.

Key figures of IRL Group

Financial figures	2019	2018
Sales [Revenues from contracts with customers] (EUR thousand)	317,034	288,269
Gross profit (EUR thousand)	24,461	22,716
Gross profit margin (%)	7.72%	7.88%
Operating profit [profit from operations] (EUR thousand)	15,163	14,934
Operating profit margin (%)	4.78%	5.18%
EBITDA (EUR thousand)	22,432	17,743
EBITDA profit margin (%)	7.08%	6.16%
Net profit (EUR thousand)	17,647	11,454
Net profit margin (%)	5.57%	3.97%
Number of shares (thousand)	20,000	20,000
Earnings per share (EUR)	0.88	0.57

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Gross profit margin – Gross profit / Sales

Operating profit margin – Operating profit / Sales

EBITDA profit margin – EBITDA / Sales

Profit before taxes margin – Profit before taxes / Sales

Net profit margin – Net profit / Sales

Earnings per shares – Net profit / Number of shares

EBITDA - Profit (loss) before income tax + Interest expenses + Depreciation and amortization + impairment

These performance indicators are used to determine Group's progress in achieving its strategic and operational goals, and also to compare Group's finances and performance against other businesses within the industry.

The total consolidated Group's sales increased by 9.98 per cent in 2019, compared to Group's sales in 2018. At the same time, cost of sales also increased to EUR 292.6 million in 2019, compared to EUR 265.6 million in 2018. Such a increase in costs of sales was mainly due to the increased electricity volumes traded in the markets. Therefore, the Group's gross profitability stayed at the healthy level and equaled to 7.72 per cent in the accounting period, if compared to 7.88 per cent in 2018. Group's operating profit margin decreased to 4.78 per cent in accounting period from the 5.18 per cent in 2018. During the period of 2019, the Company and the Group delivered electricity to all of its clients and fulfilled all of its contractual obligations of electricity sales at prices, agreed upon in the contracts.

Company's gross profit margin in 2019 accounts to 6.83 per cent, compared to 8.19 per cent in 2018. Operating profit margin of the Company decreased from the 4.49 per cent in 2018 to 2.54 per cent in 2019.

Group's and Company's EBITDA for 2019 was EUR 22.4 million and EUR 15.2 million respectively. Group's EBITDA profitability margin increased from 6.16 per cent in January-December of 2018 to 7.08 per cent in accounting period of 2019. In 2019, Group's net profit was equal to EUR 17.7 million if compared to the EUR 11.5 million in 2018. As a result, Group's net profit margin during the accounting period was equal to 5.57 per cent, compared to the 3.97 per cent a year ago.

Sales revenues by operating segments, thous. EUR	4th quarter 2019	4th quarter 2018
Electricity purchases and sales	16,124	91,149
Electricity production and sales	1,746	1,285
Total	17,870	92,433

Group's revenue from purchases and sales of electricity in the 4th quarter of 2019 amounted to EUR 17.9 million, an 80.67 per cent decrease compared with the same period a year ago. This change was due to a change in accounting policy in Poland, when all the sales are eliminated and only result is shown in the accounts, and the result of the change was accounted for only in 4th quarter for the whole year of 2019. Revenue from produced electricity sales in the 4th quarter accounted for EUR 1.7 million, a 36.93 per cent more than a year ago. The increase in electricity production was mainly caused by the better wind conditions in the area.

Company's revenue during October-December 2019 increased by 5.82 per cent and was equal to EUR 81 million compared to EUR 76.5 million in the same period in 2018. Company's revenue during 2019 increased by 19.77 per cent and was equal to EUR 288.2 million compared to EUR 240.7 million in 2018.

The tables below present data on the electricity trading activities of the Group for the 4th quarter of 2019 and 2018 with a breakdown by each country for the periods indicated (S - sale, P - purchase).

	For the 4th quarter of 2019	For the 4th quarter of 2018
	S	S
	<i>GWh</i>	<i>GWh</i>
Lithuania*	1,939	1,600
Poland	425	109
Other countries	131	141
Total*	2,495	1,850

* Excluding equivalent trades on the power exchange

Expenses

COGS by operating segments, thous. EUR	4th quarter 2019	4th quarter 2018
Electricity purchases and sales	14,170	85,680
Electricity production and sales	382	462
Total	14,552	86,142

Group's cost of sales in October-December of 2019 accounted to EUR 14.6 million, a 83.11 per cent less than during the last 3 months of 2018. This change was due to a change in accounting policy in Poland, when all the sales are eliminated and only result is shown in the accounts and the result of the change was accounted for only in 4th quarter for the whole year of 2019.

The Company's and the Group's cost of purchase of electricity in 2019 increased by 21.19 per cent and the Group's increased by 9.77 per cent respectively if compared to 2018 and amounted to EUR 263.9 million and EUR 285.9 million. Cost of purchase of electricity constituted 98.26 per cent and 97.73 per cent of total cost of sales for the Company and for the Group respectively in 2019.

Company's cost of purchased electricity in the last 3 months of 2019 amounted to EUR 76.1 million, a 5.82 per cent more, then a year ago.

Group's operating expenses in the 4th quarter of 2019 amounted to EUR 2.8 million, a 29.48 per cent increase over a year ago. Company's operating expenses amounted to EUR 1.3 million in October-December 2019 compared to EUR 1.7 million in the same period a year ago (a 22.51 per cent decrease).

Earnings

Gross profit of the Group in October-December of 2019 amounted to EUR 3.3 million. Gross profit of the Company in the same period accounted to EUR 3.6 million, compared to EUR 3.7 million a year ago. Company's gross profit margin decreased from 4.79 per cent in the last quarter of 2018 to 4.44 per cent in the last 3 months of 2019.

Gross profit in 2019 stayed at the level of 2018 and amounted to EUR 19.7 million for the Company, and increased by 7.68 per cent, and amounted to EUR 24.5 million for the Group, if compared to EUR 22.7 million respectively in 2018. Gross profit margin in 2019 decreased to 6.83 per cent for the Company and to 7.72 per cent for the Group from 8.19 per cent and 7.88 per cent in 2018.

Group's operating profit over the 4th quarter accounted to EUR 0.6 million, while the operating profit margin decreased to 3.08 per cent. Operating profit in the last 3 months of 2019 of the Company amounted to EUR 2.3 million compared to the EUR 2 million the same period in 2018. The operating profit margin of the Company increased to 2.8 per cent in 4th quarter of 2019 if compared to 2.55 per cent for the same period in 2018.

Profit from operations for the Company and for the Group for year 2019 were equal to EUR 13.9 million and EUR 15.2 million, compared to the profit from operations of EUR 14.2 million and EUR 14.9 million in 2018. Operating profit margin for the Company and for the Group reached level of 4.8 per cent and 4.78 per cent compared to 5.89 per cent and 5.18 per cent a year ago.

Profit from operations for the Company and for the Group for year 2019 were equal to EUR 13.8 million and EUR 15.2 million, compared to the profit from operations of EUR 14.2 million and EUR 14.9 million in 2018. Operating profit margin for the Company and for the Group was equal to 4.8% and 4.78% compared to 5.89% and 5.18% a year ago.

Net result from financial and investing activities for the Company in 2019 was higher than a year ago and amounted to EUR 1.8 million. In 2019 subsidiary Vydmantai wind park, UAB paid dividends (EUR 0.15 million, if compared – in 2018 EUR 0.35 million). Net consolidated result from financial and investing activities for the Group increased to EUR 4.3 million if compared to 2018. Overall result for the Group from financial activities was mainly caused by increase in finance income – positive fair value change of derivatives not designated as hedging instruments (EUR 4.7 million).

As a result, profit before tax for the Company and for the Group in 2019 increased and amounted to EUR 15.6 million and EUR 19.5 million respectively.

The net profit of the Company and the Group in 2019 amounted to EUR 14.1 million and EUR 17.6 million respectively.

The net profit margins for the Company and for the Group in 2019 increased and were equal to 4.89% and 5.57% (compared to 4.82% and 3.97% year ago).

Balance sheet and cash flow

During January-December 2019 total assets of the Company increased by 4.11% and of the Group increased by 5.38%. The most significant influence to the assets was caused by increase of cash and cash equivalents and Derivative financial instruments in the Company and in the Group.

Total non-current assets of the Company stayed at the same level as a year ago and of the Group decreased by 9.5%. The most significant change in assets in the Group was related to amortization of licenses held by subsidiary Vydmantai wind park as well as depreciation of wind power plant. Total non-current assets amounted to 25% of the total assets for the Company and to 31% of total assets for the Group.

During the year, shareholders' equity of the Company and of the Group increased by 61.12% and 67.37% and amounted to 43% of the total equity and liabilities of the Company and to 45% of the total equity and liabilities of the Group. Increase in equity was mainly caused by changes in cash flow hedge reserve and retained earnings. Total dividends distributed in 2019 reached EUR 11.6 million.

At the end of December 2019, total amount of borrowings, including financial liabilities related to finance lease and bank financing, amounted to 5 million for the Group, if compared to previous year – a 36.04% decrease. The Company had EUR 0.4 million borrowings if compared to a year ago – there were no borrowings, including financial liabilities related to finance lease and bank financing. Cash, cash equivalents amounted to EUR 22.6 million for the Company and EUR 27 million for the Group.

Net cash flow from operating activities for the Company and for the Group in 2019 decreased and amounted to EUR 15.1 million and EUR 21.7 million respectively (compared to EUR 26.7 million and EUR 30.2 million a year ago).

During 2019 net cash flow from investing and financing activities amounted to negative EUR (11.6) million for the Company and negative EUR (15.5) million for the Group (compared to negative EUR (10.6) million for the Company and to negative EUR (14.6) million for the Group in 2018). Negative cash flow from financing activities is mainly related to the loans repaid and paid out dividends.

Personnel

As of 31st December 2019 there were 39 employees in the Group and 24 in the Company. The employment structure by category is provided in the table below.

Employee category	Number of employees			
	As at 31 st December 2019		As at 31 st December 2018	
	Group	Company	Group	Company
Management	8	8	8	8
Sales Managers, including Traders	12	6	14	7
PR & Marketing Staff	1	1	1	1
Project managers	2	1	2	1
Technical staff	3	1	3	1
Office Staff	13	7	12	6
Total	39	24	40	24

On 31st December 2019 24 employees were employed in the Company. Company's personnel consisted of 8 managers and 16 specialists.

AB INTER RAO Lietuva Unaudited Consolidated Interim Financial Statements for the 12 Month Period Ended 31st December 2019

Statement of financial position

	Group		Company	
	As at 31 st December 2019	As at 31 st December 2018	As at 31 st December 2019	As at 31 st December 2018
ASSETS				
Non-current assets				
Intangible assets				
Goodwill	716	716	-	-
Operating license	1,207	2,413	-	-
Other intangible assets	9	21	-	-
Total intangible assets	1,932	3,150	-	-
Property, plant and equipment				
Land	-	576	-	-
Buildings and structures	2,398	2,562	-	-
Office premises	547	622	547	622
Machinery and equipment	13,461	14,379	-	-
Other property, plant and equipment	45	36	16	16
Total property, plant and equipment	16,451	18,175	563	638
Investment property	1,102	323	412	323
Interest in a joint venture and subsidiaries	323	79	323	10,254
Other non-current financial assets	-	275	10,927	32
Derivative financial instruments	147	-	38	-
Deferred income tax asset	-	-	-	1,034
Total non-current assets	19,955	22,002	12,263	12,281
Current assets				
Inventories and prepayments	1,251	3,805	167	3,603
Accounts receivable				
Trade receivables	12,576	11,856	10,216	9,798
Other receivables from subsidiaries and joint venture	-	25	3,157	2,525
Contract assets	992	1,120	-	-
Accrued income and other receivables	-	460	-	-
Total accounts receivable	13,568	13,461	13,373	12,323
Prepaid income tax	-	67	-	-
Other current assets	1,163	1,270	100	207
Derivative financial instruments	2,104	400	1,407	400
Cash and cash equivalents	27,022	20,737	22,584	19,110
Total current assets	45,108	39,740	37,631	35,643
Total assets	65,063	61,742	49,894	47,924

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CONSOLIDATED AND COMPANY'S FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 December 2019
(all amounts are in EUR thousand unless otherwise stated)

Statement of financial position (cont'd)

	Group As at 31st December 2019	Group As at 31st December 2018	Company As at 31st December 2019	Company As at 31st December 2018
EQUITY AND LIABILITIES				
Equity				
Share capital	5,800	5,800	5,800	5,800
Legal reserves	1,011	982	579	579
Cash flow hedge reserve	916	(4,771)	808	(4,813)
Currency translation reserve	(48)	(76)	-	-
Retained earnings	21,542	15,524	14,199	11,707
Total equity	29,221	17,459	21,386	13,273
Liabilities				
Non-current liabilities				
Non-current borrowings	-	3,852	-	-
Financial lease obligations	890	613	245	-
Derivative financial instruments	-	14	-	-
Deferred income tax liability	1,501	654	176	-
Total non-current liabilities	2,391	5,133	421	-
Current liabilities				
Current portion of non-current borrowings	3,850	3,300	-	-
Current portion of financial lease obligations	251	38	130	-
Derivative financial instruments	243	5,769	255	5,664
Trade payables	26,350	25,814	26,163	25,601
Income tax payable	715	1,910	284	1,910
Advances received	13	16	13	10
Other current liabilities	2,029	2,303	1,242	1,466
Total current liabilities	33,451	39,150	28,087	34,651
Total equity and liabilities	65,063	61,742	49,894	47,924

General Director

Giedrius Balčiūnas

7 February 2020

Director of Economics

Paulius Vazniokas

7 February 2020

Statement of comprehensive income For the 12 months ended 31st December 2019

	<u>Group</u>	<u>Group</u>	<u>Company</u>	<u>Company</u>
	2019	2018	2019	2018
Revenue from contracts with customers	317,034	288,269	288,234	240,663
Cost of sales	(292,573)	(265,553)	(268,555)	(220,961)
Gross profit	24,461	22,716	19,679	19,702
General and administrative expenses	(9,298)	(7,782)	(5,843)	(5,524)
Profit from operations	15,163	14,934	13,836	14,178
Other activities	5	3	14	14
Finance income	4667	409	1,837	740
Finance expenses	(318)	(584)	(84)	(234)
Share of result of joint venture	-	(13)	-	-
Profit (loss) before tax	19,517	14,749	15,603	14,698
Income tax	(1,870)	(3,295)	(1,511)	(3,089)
Net profit	17,647	11,454	14,092	11,609

Statement of comprehensive income



	Group	Group	Company	Company
	4th quarter	4th quarter	4th quarter	4th quarter
	2019	2018	2019	2018
Revenue from contracts with customers	17,870	92,433	80,997	76,543
Cost of sales	(14,552)	(86,142)	(77,399)	(72,877)
Gross profit	3,318	6,291	3,598	3,666
General and administrative expenses	(2,767)	(2,137)	(1,329)	(1,715)
Profit from operations	551	4,154	2,269	1,951
Other activities	(9)	(9)	3	3
Finance income	2,470	263	247	247
Finance expenses	(672)	(258)	21	(179)
Share of result of joint venture	2	(2)	-	-
Profit before tax	3,686	4,148	2,498	2,022
Income tax	(269)	(663)	(354)	(595)
Net profit	3,417	3,485	2,144	1,427

<u>General Director</u>	<u>Giedrius Balčiūnas</u>		<u>7 February 2020</u>
<u>Director of Economics</u>	<u>Paulius Vazniokas</u>		<u>7 February 2020</u>

Statement of changes in equity
For the 12 months ended 31st December 2019

Group

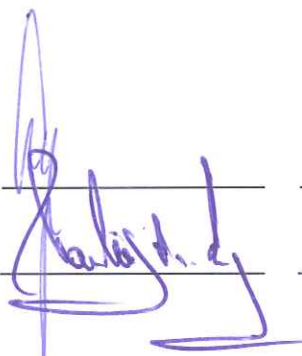
	Equity attributable to equity holders of the parent					Total
	Share capital	Legal reserve	Cash flow hedge reserve	Currency translation reserve	Retained earnings	
Balance as at 31 December 2017	5,800	910	43	(22)	11,242	17,973
Net profit for the year	-	-	-	-	11,454	11,454
Other comprehensive income, net of tax	-	-	(4,814)	(54)	-	(4,868)
Total comprehensive income	-	-	(4,814)	(54)	11,454	6,586
Transfer to reserves	-	72	-	-	(72)	-
Dividends declared	-	-	-	-	(7,100)	(7,100)
Balance as at 31 December 2018	5,800	982	(4,771)	(76)	15,524	17,459
Net profit for the year	-	-	-	-	17,647	17,647
Other comprehensive income, net of tax	-	-	5,687	28	-	5,715
Total comprehensive income	-	-	5,687	28	17,647	23,362
Transfer to reserves	-	29	-	-	(29)	-
Dividends declared	-	-	-	-	(11,600)	(11,600)
Balance as at 31 December 2019	5,800	1,011	916	(48)	21,542	29,221

General Director	Giedrius Balčiūnas		7 February 2020
Director of Economics	Paulius Vazniokas		7 February 2020

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Company

Company	Share capital	Legal reserve	Cash flow hedge reserve	Retained earnings	Total
Balance as at 31 December 2017	5,800	579	42	7,198	13,619
Net profit for the year	-	-	-	11,609	11,609
Other comprehensive income, net of tax	-	-	(4,855)	-	(4,855)
Total comprehensive income	-	-	(4,855)	11,609	6,754
Dividends declared	-	-	-	(7,100)	(7,100)
Balance as at 31 December 2018	5,800	579	(4,813)	11,707	13,273
Net profit for the year	-	-	-	14,092	14,092
Other comprehensive income, net of tax	-	-	5,621	-	5,621
Total comprehensive income	-	-	5,621	14,092	19,713
Dividends declared	-	-	-	(11,600)	(11,600)
Balance as at 31 December 2019	5,800	579	808	14,199	21,386

General Director	Giedrius Balčiūnas		7 February 2020
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Statements of cash flows

	Group		Company	
	2019	2018	2019	2018
Cash flows from (to) operating activities				
Net profit	17647	11,454	14,092	11,609
Adjustments for non-cash items:				
Income tax expenses	1,870	3,295	1,511	3,089
Depreciation and amortisation	2,393	2,410	86	90
Depreciation of right-of-use assets	245	-	136	-
Share of net result of joint venture	-	14	-	-
Dividend (income)	-	-	(154)	(350)
Interest (income) expenses	274	394	43	45
Change in fair value of derivatives not designated as hedging instruments	(729)	123	(32)	129
(Reversal of) impairment of investment to subsidiary	-	-	(672)	188
Fair value change of investment property	-	(188)	-	(188)
Other non-cash items	68	(34)	(6)	(18)
	21,768	17,468	15,004	14,594
Changes in working capital:				
Decrease (increase) in prepayments and other receivables from subsidiaries and joint venture	3,560	(3,502)	3,436	(4,518)
(Increase) decrease in accounts receivable and other current assets	(2,047)	2,559	(1,952)	2,679
(Decrease) increase in trade payables	533	15,501	565	15,793
Income tax (paid)	(3,154)	(1,244)	(3,100)	(1,153)
(Decrease) increase in other current liabilities	894	(914)	1,113	(782)
(Increase) decrease in other non-current assets	128	300	-	39
Net cash flows from operating activities	21,740	30,168	15,146	26,652
Cash flows from (to) investing activities				
(Acquisition) of non-current assets	(22)	(28)	(11)	(11)
Dividends received	-	-	154	350
Distribution from joint venture	80	-	80	-
Net cash flows from (to) investing activities	58	(28)	223	339

(cont'd on the next page)

Statements of cash flows (cont'd)

	Group		Company	
	2019	2018	2019	2018
Cash flows from (to) financing activities				
Dividends (paid)	(11,600)	(7,100)	(11,600)	(7,100)
Loans repaid	(3,300)	(7,093)	-	(3,795)
Interest (paid)	(233)	(361)	(38)	(12)
Interest paid for lease	(41)	-	(5)	-
Lease (payments)	(281)	(40)	(172)	-
Net cash flows (to) financing activities	(15,455)	(14,594)	(11,815)	(10,907)
Net increase (decrease) in cash and cash equivalents	6,285	15,546	3,474	16,084
Cash and cash equivalents at the beginning of the year	20,737	5,191	19,110	3,026
Cash and cash equivalents at the end of the year	27,022	20,737	22,584	19,110

General Director _____ Giedrius Balčiūnas _____ 7 February 2020

Director of Economics _____ Paulius Vazniokas _____ 7 February 2020

Confirmation of Responsible Persons

Following the Article No. 24 of the Law on Securities of the Republic of Lithuania and Rules on Preparation and Submission of Periodic and Additional Information of the Central Bank of the Republic of Lithuania, I, Giedrius Balčiūnas, the General Director of AB INTER RAO Lietuva hereby confirm that, to the best of my knowledge, AB INTER RAO Lietuva Unaudited Consolidated Financial results for the 4th quarter of 2019 as set out on above are prepared in accordance with International Financial Reporting Standards as adopted by the European Union and give a true and fair view of the assets, liabilities, financial position and profit or loss and cash flows of the Company and the Group.

Giedrius Balčiūnas

General Director

