

DOCUMENT OF THE EUROPEAN BANK
FOR RECONSTRUCTION AND DEVELOPMENT

Approved by the Board of Directors on 16 September 2020¹

LITHUANIA
PROJECT OCTAVIA

[Redacted in line with the EBRD's Access to Information Policy]

[Information considered confidential has been removed from this document in accordance with the EBRD's Access to Information Policy (AIP). Such removed information is considered confidential because it falls under one of the provisions of Section III, paragraph 2 of the AIP]

¹ As per section 1.4.8 of EBRD's Directive on Access to Information (2019), the Bank shall disclose Board reports for State Sector Projects within 30 calendar days of approval of the relevant Project by the Board of Directors. Confidential information has been removed from the Board report.

As permitted by paragraph 2.6 of Section III of the Access to Information Policy, disclosure of this Board Report was deferred.

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ABBREVIATIONS / CURRENCY CONVERSIONS

Beta	Beta is a coefficient of volatility in the Capital Asset Pricing Model
BV	Book Value
BVPS	Book Value per Share
CAPEX	Capital Expenditure
CAPM	Capital Asset Pricing Model
CEE	Central Eastern Europe
CF	Cash Flow
CfD	Contract for Difference
CGAP	Corporate Governance Action Plan
CHP	Combined Heat and Power
COD	Commercial Operation Date
COVID	Coronavirus disease
CO ₂	Carbon dioxide
DCF	Discount Cash Flow
DSCR	Debt Service Coverage Ratio
DSRA	Debt Serve Reserve Account
E&S	Environmental and Social
EBIT	Earnings Before Interest and Tax
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
EBRD	European Bank for Reconstruction and Development
ENTSO-E	European Network of Transmission System Operators
EPC	Engineering, Procurement and Construction
ERP	Equity Risk Premium
ESAP	Environmental and Social Action Plan
ESDD	Environmental and Social Due Diligence
ESO	Energijos Skirstymo Operatorius
EUR	Euro
EURIBOR	European Interbank Offered Rate
EV	Enterprise Value
FCFE	Free Cash Flow to Equity
FCFF	Free Cash Flow to the Firm
FiT	Feed-in Tariff
FiP	Feed-in Premium
GDP	Gross Domestic Product
GDR	Global Depositary Receipt
GW	Gigawatt
HPP	Hydro Power Plant
IFI	International Financial Institution
IFRS	International Financial Reporting Standards
IG	AB Ignitis Grupe [formerly Ignitis Grupe UAB]
IPO	Initial Public Offering
IRR	Internal Rate of Return

KPI	Key Performance Indicator
LCP	Local Content Premium
LNG	Liquefied Natural Gas
LSE	London Stock Exchange
LIBOR	London Interbank Offered Rate
MW	Megawatt
MWe	Megawatt Energy
MWth	Megawatt Thermal
NCC	National Commission for Energy Control and Prices
ND	Net Debt
O&M	Operations and Maintenance
P/E	Price to Earnings
PSHP	Pumped Storage Hydro Power Plant
PPA	Power Purchase Agreement
RAB	Regulated Asset Base
RE	Renewable Energy
RES	Renewable Energy Sources
SAIDI	System Average Interruption Duration Index
SAIFI	System Average Interruption Frequency Index
SPA	Share Purchase Agreement
SPV	Special Purpose Vehicle
SRSS	Structural Reform Support Service
TC	Technical Cooperation
TCFD	Task Force on Climate-related Financial Disclosures
USD	United States Dollar
WACC	Weighted Average Cost of Capital
WtE	Waste to Energy

PRESIDENT'S RECOMMENDATION

This recommendation and the attached Report concerning an operation in favour of [AB] Ignitis Grupe ² (the “Company” or the “Group”), a [public] limited liability company incorporated in Lithuania, are submitted for consideration by the Board of Directors.

The operation consists of an equity investment of up to EUR 90 million in the upcoming Initial Public Offering (“IPO”) of the Company. The offering will be dual listed on the Vilnius Stock Exchange and London Stock Exchange. The IPO will involve the listing of up to 33 per cent shareholding in the Company.

The Transaction will support [capital raise] through an IPO of a major energy utility in the Baltics. The Bank’s participation and associated corporate governance improvements will give additional confidence to institutional and retail investors, thus supporting a landmark listing despite the current challenging conditions in capital markets.

The Company will utilise the IPO proceeds to invest in modernising its distribution network and expanding its renewable energy capacity as part of its ongoing transition to a modern, smart, green utility. The expected transition impact of the Project stems from the *Green* and *Resilient* qualities. The operation will deliver climate mitigation benefits through energy efficiency, network modernization, and new green investments (*Green*). The operation will also make an important contribution to the local equity capital market development, a key objective for the Bank in the Baltics given the current lack of investable securities and poor secondary market liquidity (*Resilient*).

I am satisfied that the operation is consistent with the Bank’s Strategy for Lithuania, the Bank’s Energy Sector Strategy, the Bank’s Green Economy Transition Approach, the Local Currency and Capital Markets Development Initiative and with the Agreement Establishing the Bank.

I recommend that the Board approve the proposed equity investment substantially on the terms of the attached Report.

Jurgen Rigterink
Acting President

² Since the preparation of this document, the Company has changed its name, and is now AB Ignitis Grupe. This change appears throughout the document.

BOARD DECISION SHEET

LITHUANIA – Project Octavia - DTM 52352	
Transaction / Board Decision	Board approval ³ is sought for an initial public offering equity investment of up to EUR 90 million in AB Ignitis Grupe (the “Company”, or the “Group”), a public limited liability company incorporated in Lithuania. The Bank’s investment will not exceed 15% of the share issue. The shares will be listed on Nasdaq Vilnius Stock Exchange and London Stock Exchange.
Client	AB Ignitis Grupe, a Lithuanian state-owned energy company, who mainly operates in: (1) distribution of electricity and gas, (2) generation of electricity and heat; and (3) trading and supply of electricity and gas. In May 2020, S&P assigned the Company BBB+ credit rating. In FY2019, the Company achieved EUR 1.1 billion of revenue and EUR 259.6 adjusted EBITDA with total assets of EUR 3.2 billion.
Main Elements of the Proposal	<p><u>Transition impact</u></p> <p><u>Green</u>: the Project is 100% GET compliant, delivering climate mitigation benefits through energy efficiency, network modernization, and new green investments in the CEE region. The investment will reduce the network losses [REDACTED] and accordingly will result in [REDACTED] CO2 emission savings annually.</p> <p><u>Resilience</u>: the Project will contribute to local equity capital market development, which suffers from a lack of investable securities and poor secondary market liquidity.</p> <p><u>Additionality</u></p> <ul style="list-style-type: none"> - Financing Structure: The Bank’s financing is expected to provide a valuable signal to the market, enhance the Company’s corporate governance and facilitate a successful placement in the current environment given the COVID-19 outbreak. - Risk mitigation: The Bank’s involvement provides comfort to clients and investors, by mitigating non-financial risks. <p><u>Sound banking</u></p> <ul style="list-style-type: none"> - The Company has resilient business with highly visible cash flows from regulated or long term contracted activities.
Key Risks	<p><u>Regulatory risk</u>: [REDACTED] The regulatory framework may change negatively for the next regulatory period. <i>Mitigants</i>: the Company operates in a predictable regulatory environment governed by the EU energy <i>acquis</i>.</p> <p><u>Competition risk</u>: Rising competition in the renewables sector [REDACTED]. <i>Mitigant</i>: the Company has a good pipeline of projects in Poland and Lithuania. In addition, half of the Company’s growth is expected to come from the distribution segment which is a regulated industry.</p> <p><u>Government interference risk</u>: The government will remain a majority shareholder in the Company post IPO [REDACTED]. <i>Mitigant</i>: The Company has already operated for several years on an arm's length fully commercial basis. The IPO is expected to reinforce and entrench these characteristics and the Corporate Governance Action Plan (CGAP) agreed with the Bank [REDACTED].</p>
Strategic Fit Summary	The Project is consistent with the Bank’s Strategy for Lithuania, especially in the context of bolstering energy security and increasing energy efficiency; the Energy Sector Strategy, the Green Economy Transition approach, the Local Currency and Capital Markets Development Initiative, and with the Agreement Establishing the Bank.

³ Article 27 of the AEB provides the basis for this decision.

ADDITIONAL SUMMARY TERMS FACTSHEET

EBRD Transaction	<p>An equity investment of up to EUR 90m in the IPO of AB Ignitis Grupe, the Lithuanian state-owned energy utility with business in energy retail, electricity and gas networks, and electricity generation and formerly known as Lietuvos Energija, (the “Project” or the “Transaction”).</p> <p>The Bank’s proposed investment will represent up to 15% of the offering and will be subject to scale back depending on the level of market interest. The Company is considering floating up to 33% [REDACTED]of its shares on the NASDAQ Vilnius Stock Exchange (VSE) and London Stock Exchange (LSE) through an issuance of new shares. The offering on the Vilnius Stock Exchange is expected to be limited to up to 20% of the issuance. The Bank’s investment will be via GDRs on the London Stock Exchange.</p>
Existing Exposure	Total amount debt: EUR 60m [REDACTED]
Maturity / Exit / Repayment	The base case exit is expected in 2027 [REDACTED]. The exit will, however, depend on the Company’s and share price performance. The exit is expected either through an open market sale combining some or all of: (i) accelerated book building, (ii) bilateral block trade(s) and (iii) dribbling out.
EPF Eligible Investment	Yes.
Potential AMI eligible financing	None.
Use of Proceeds	The IPO proceeds will be used to finance (i) investments in the electricity distribution network, (ii) expansion of the Company in renewable energy projects[, and (iii) general corporate purposes]. [REDACTED]
Investment Plan	[REDACTED]The proceeds of the IPO will be used to finance the Group’s 2020-2023 investment programme of EUR 1.7-2.0 billion including (i) the distribution network modernisation and expansion; and (ii) development of renewable energy capabilities in the Baltic region and the CEE region (targeting c. 500-700MW of renewables additional capacity). [REDACTED]
Financing Plan	[REDACTED]
Key Parties Involved	<ul style="list-style-type: none"> • Ignitis Grupe as Issuer. • UBS, J.P. Morgan, Morgan Stanley[, and Swedbank] as Joint Global Coordinators. [REDACTED]
Conditions to subscription / disbursement	<ul style="list-style-type: none"> • Signing of the Framework Agreement.
Key Covenants	<ul style="list-style-type: none"> • Environmental and Social Action Plan. • Corporate Governance Action Plan (CGAP). [REDACTED] • Statutory shareholder rights including fundamental rights such as access to dividends and liquidation proceeds, information rights, protection against abuse of majority position and preferential rights of subscription.
Security / Guarantees	None.
Other material agreements	None
Associated Donor Funded TC and co-investment grants/concessional finance	None

[REDACTED]

INVESTMENT PROPOSAL SUMMARY

1. STRATEGIC FIT AND KEY ISSUES

1.1 STRATEGIC CONTEXT

Lithuanian energy sector

Lithuania faces two major energy-related challenges. First the economy is characterised by a high carbon intensity which is nearly double the EU-28 average (0.44 TCO₂/ EUR GDP versus 0.24 for EU). Second, Lithuania is heavily reliant on imports for its energy security, given its limited domestic energy resources and especially following the closure of the Ignalina nuclear reactor in 2010. While the new LNG terminal and two inter-connectors to Poland and Sweden are major improvements to the energy landscape, more is needed to strengthen energy supply security and efficiency. In addition a shift to renewables is critical to both reducing carbon intensity and increasing energy security.

A modernised distribution network is a critical element in achieving these two goals. A more efficient, flexible and smart grid has lower electricity losses, can absorb more renewable capacity and is more resilient to disruption and shifting supply sources.

Lithuania's energy sector must also respond to the 2018 EU New Renewable Energy Directive which commits EU Member States to reach collectively 32% of final energy consumption from renewables by 2030. Accordingly Lithuania has endorsed in December 2019 a National Energy and Climate Plan (NECP) which sets the 2030 target for renewable energy share at 45% of total final energy consumption, and aims at reducing greenhouse gas (GHG) emissions by 9% compared to 2005. This is one of the two key demand drivers for renewables investments in Europe. The other is the growing competitiveness of renewable energy in an environment of stable and rising CO₂ prices, due to the EU Emissions Trading Scheme. In this context it is important to note that key elements in the European Green Deal proposed earlier in 2020 are proposals to increase the renewables target and tighten the Emissions Trading Scheme. These drivers will prompt massive investment in renewable electricity (projected to provide more than 50% of EU electricity by 2030).

This in turn will require massive investment in transmission and distribution networks as the system moves from reliance on a relatively small number of dispatchable fossil fuel generators to multiple, distributed intermittent generators, primarily wind and solar.

AB Ignitis Grupe (the **Company**) is central to meeting these challenges, in particular as the owner and operator of Lithuania's electricity distribution network. The Company's network investment plan includes (i) a roll-out of 1.2 million smart meters; (ii) grid strengthening for reduction of network losses [REDACTED]; (iii) improvement of network reliability by reducing the system unplanned interruption duration and frequency [REDACTED]; and (iv) grid connections for mainly privately owned distributed renewables (such as small-scale solar generation at household / commercial level). The scale of this transformation requires investment of EUR 900 million by 2025. Alongside this the Company plans to grow its renewable capacity [REDACTED], reducing the carbon intensity of its generation.

In regards to the impact of COVID-19 on the energy sector in Lithuania, the sector have been affected by the spread of pandemic, in particular with regards to the decline in electricity and gas consumption, which also affects the Group's activities. The extent of the risk posed by COVID-19 in the future is

unclear and may have a prolonged adverse impact on the economy of Lithuania and the wider region, and in turn, on the Group's business, results of operations and financial condition.

Lithuanian capital markets

Lithuania's credit ratings stand at A+ (stable) by S&P, A(stable) by Fitch, and A3(positive) by Moody's. In the view of all three credit agencies, Lithuania's Eurozone accession in January 2015 increased the credibility of macroeconomic policy. However the local capital market in Lithuania and the Baltics is constrained by its limited liquidity.

The difficulties encountered by the Lithuanian companies in accessing capital markets come from the relatively small size of individual companies and of the Lithuanian market. This is therefore limiting the investor base to investors willing to expend the amount of resources necessary to conduct due diligence on both the country and the individual companies and to accept the limited liquidity that is associated with smaller issuers.

Ignitis Grupe IPO

The proposed transaction responds to both these challenges. It entails a significant capital increase by Ignitis Grupe through an initial public offering of new shares representing up to 33% of the Company's equity. In this way the Company will secure significant capital from private investors for its major investment needs. In addition this will be the first capital raise of such scale via the stock exchange of a state owned energy company in the Baltics and if successful will set a good precedent for further involvement of private capital in state owned energy companies, especially in the context of reduced IPO activity in the current COVID-19 crisis given depressed market values. Support for the Company's renewable investment ambitions outside Lithuania will also set a good precedent for cross-border investments, especially between the Bank's countries of operations.

Given the strategic nature of the Group's assets to the energy security in Lithuania, there are currently no rounds of privatisation expected in the near term for Ignitis Group. However this partial introduction of private capital represents the next stage of the Company's development: over the last few years the Company has operated on an arm's length and purely commercial basis, with a majority independent Supervisory Board. In the course of its recent engagement with the Company through participation in two green bond issues in 2017 and 2018 the Bank has observed this closely. This independence will be further strengthened by the transaction and bolstered by a number of specific corporate governance commitments agreed with the Bank in a corporate governance action plan.

The IPO will take place on the Vilnius Stock Exchange and London Stock Exchange. Based on the current market capitalisation, the Company may become the largest company listed on Nasdaq Vilnius and the largest company in the Baltics, thus facilitating the liquidity of the local capital market. Based on the currently estimated IPO size, free float and trading volume, the Company is expected to qualify for inclusion in NASDAQ Baltics main index list, resulting in higher liquidity. If successful, the IPO will have a demonstration effect, showing that the listing of state-owned enterprises can be successfully implemented via local stock exchanges, thus supporting capital markets development.

The shares offering on the Vilnius Stock Exchange is mainly targeting local and Baltics based retail investors, therefore the Bank will invest via GDRs listed on the London Stock Exchange which is targeting international institutional investors and would as a result optimise the outcome of having the highest free float possible on the local exchange given the Bank's different investment mandate vis-à-vis active retail investors.

The Project is well aligned with the Memorandum of Understanding (MoU) signed in November 2017 among the three Baltic States and the Bank to jointly work on capital markets development, an initiative strongly supported by the EC. By participating in the IPO, the Bank supports local capital market development. This complements, and validates, the Bank's sustained policy dialogue over recent years through various technical cooperation projects funded by the European Commission through DG Reform (formerly the Structural Reform Support Service (SRSS)). One such EU CMU project undertaken by EBRD⁴ on the development of the institutional investor base in the Baltics highlighted that over 90% of their investments were outside of the region and that there was a critical need to expand the range of investible instruments locally for investors such as domestic pension funds. The Bank's efforts have aimed at mobilising the investor base, expanding investment products and stimulating investor interest in the Baltic region.

Bank's Strategy for Lithuania

The Transaction is consistent with the Bank's Strategy for Lithuania, especially in the context of bolstering energy security, increasing energy efficiency and attracting and sustaining private investor participation in publicly led projects. The Strategy also focuses on the need to develop Lithuanian capital market, indicating that "the Lithuania capital market remains relatively undeveloped and the market has failed to elicit sufficient foreign investor interest". The Transaction is also consistent with the Energy Sector Strategy, the Green Economy Transition Approach, the Local Currency and Capital Markets Development Initiative, and with the Agreement Establishing the Bank.

1.2 TRANSITION IMPACT

Primary Quality: Green

Obj. No.	Objective	Details
1.1	The percentage of EBRD use of proceeds allocated to the project that qualifies as GET is 50% or higher.	The Transaction will be in line with the Bank's GET methodology, contributing to climate mitigation through improving energy efficiency and building out low-carbon energy generation. Use of proceeds of the IPO will be used for: (i) efficiency and reliability improvements in the electricity distribution grid, and (ii) the construction and operation of renewable energy projects. The use of proceeds of the Bank's participation in the IPO will be used specifically for efficiency and reliability improvements in the electricity distribution grid. [REDACTED]

⁴ 'Improvement of the investment environment for institutional investors in Lithuania' (EBRD, 2018);

Secondary Quality: Resilient

Obj. No.	Objective	Details
2.1	The project will allow the connection of planned renewable energy installations which currently are not possible due to inadequacy of the grid, or lead to a decrease in the curtailment of existing renewable energy installations, as verified by ESD.	As part of the distribution network investment and upgrade, additional renewable capacity [REDACTED] will be connected to the distribution network [REDACTED].
2.2	The issuance will not involve any non-voting shares.	The Company has one class of shares with each share entitling the holder to one vote.
2.3	It is expected that the issue will be included in a national index.	The IPO offering will be included in NASDAQ Baltics main index list.
2.4	This is an equity issuance that will increase the company's free-float to at least 25 per cent.	The equity issuance is expected to increase the Company's free float up to 33 per cent.
2.5	The issuance will be listed on national and international/regional exchange.	The IPO [REDACTED] will be listed on the LSE and on the VSE.

1.3 ADDITIONALITY

Identified triggers	Description
No triggers identified	n/a

Additionality sources	Description of additionality sources
Financing structure: EBRD offers a large volume instrument that fills a market funding gap and is required to structure the project.	The contemplated IPO offering will be the largest offering in the Baltics and the first capital raise through an IPO of a state owned energy company in the Baltics and one of the very few in the Bank's countries of operations. The Transaction therefore has the potential to support the local capital market development. The Bank's involvement in the current capital raise process is seen as critical to attract institutional and retail investors in the IPO and to make the listing a success.
Capital market: EBRD financing is expected to effectively ' close the funding gap ' and allows carrying out a successful book-building process .	The Bank's participation is necessary for the success of the IPO given the effect of the COVID-19 crisis on capital markets and investors' appetite. [REDACTED]

Additionality sources	Description of additionality sources
<p>Equity and private equity Lack of adequate local equity markets: EBRD's financing is required for the project to materialise.</p>	<p>The Lithuanian equity market is small and underdeveloped with only 12 companies listed on the Main List of Nasdaq Vilnius and 12 on the Secondary List. Mainly due to the small size and low liquidity of the market, all major rating agencies such as MSCI, FTSE and S&P classify Lithuania as a frontier market. The market liquidity is also concentrated with two constituents of MSCI Lithuania Index covering approximately 85% of the Lithuanian equity universe. The IPO of the Group is expected to increase market liquidity, attract new domestic and international investors as well as, in the longer term, contribute to the possible index reclassification.</p>
<p>Risk mitigation EBRD's long-term relationship with a client provides comfort to the client to be willing to take on more risk and/or finance, enabling outcomes such as innovation or expansion into new markets. EBRD provides comfort to clients and investors, financial or strategic, by mitigating non-financial risks, such as country, regulatory, project, economic cycle, or political risks.</p>	<p>The Company under its current organisation is a client of the Bank since 2017 but the relationship between the Bank and the Company or some of its affiliates has historically been always strong, particularly due to the essential role of the Bank in the sector via its role in the management of the Ignalina International Decommissioning Fund. The existing client portfolio currently consists of a participation into two green bond issuances with an aggregate investment of EUR 60 million. The Company highly values the Bank's participation to ensure a successful issuance.</p>
<p>Standard-setting: helping projects and clients achieve higher standards. The Company seeks EBRD expertise on corporate governance improvements, including for climate risk management.</p>	<p>As part of the Bank's participation in the IPO, further improvements in corporate governance will be implemented through a Corporate Governance Action Plan (CGAP), which is summarised in Annex 6 and includes the approval of an annual investment policy by the supervisory board, external facilitated board evaluations, introduction of succession planning, introduction of a conflict of interest policy, and improvement of disclosure exceeding recommendations of the Lithuanian corporate governance code.</p>

1.4 SOUND BANKING - KEY RISKS

Risks	Probability / Effect	Comments
Regulatory risk	<i>Low / High</i>	<p>[REDACTED] The regulatory framework may change negatively for the next regulatory period. Mitigation: the fact that the Company operates in a predictable regulatory environment governed by the EU <i>acquis</i>.</p>
Merchant and Market risk	<i>Medium / Low</i>	<p>Currently all of the Group's operating wind portfolio (76 MW) are under FiT or FiP but those supporting schemes will start expiring from 2022 gradually. While a new 94MW wind project under construction in Poland will be under the CfD scheme, the remainder of the pipeline [except in Poland] are expected to sell electricity on a fully merchant basis. The Group's two new waste-to-energy CHPs (one operational since August 2020 and the other under construction) will also sell their generated electricity into the wholesale market on a merchant basis. Mitigation: the Company will mitigate this risk based on the Group's diversified asset portfolio. [REDACTED]</p>

Risks	Probability / Effect	Comments
Competition /Pipeline risk	<i>Medium / Medium</i>	Rising competition in the renewables sector could prevent the Group to develop its contemplated pipeline and/or could affect the envisaged growth plan of the Group. Mitigation: Ignitis has a solid pipeline of projects in Poland and the Baltics and is well positioned to win competitive tenders. [REDACTED] A successful IPO is expected to boost the Group's capacity to develop new renewable projects in the region.
Government interference risk	<i>Low / High</i>	The government will remain a majority shareholder in the Company post IPO and as a result may be able to act in its own interest to the detriment of minority shareholders. Mitigant: The IPO is expected to reduce the risk of government interference. Previously the Group's Supervisory Board had consisted of three independent members and two members nominated by the Ministry of Finance. On 8 April 2020 as a part of the IPO preparation, the Group's Articles of Association were amended such that the Supervisory Board will consist of seven members, two members nominated by the Lithuanian government and five members being independent. The Chairman of the Supervisory Board is independent and, in the case of equality of votes, has the deciding vote. Accordingly, the Republic of Lithuania cannot make unilateral decisions on the Supervisory Board.
COVID-19	<i>High / Medium</i>	Lockdown was declared in Lithuania from March 2020 and the government launched a plan for economic stimulation and measures to mitigate the spread of COVID-19. One of the measures outlined was to allow the deferral or scheduling of the payments for the consumed electricity and natural gas. [REDACTED] The Company expects that the decrease in electricity and gas price would be mitigated by the decline in energy purchase costs for its retail business and flexible generation and this was demonstrated in H1 2020 results which showed neutral impact on the Group's overall financial performance with profitability levels in line with historical levels. However, the extent of the risk posed by COVID-19 in the future is unclear and may have a prolonged adverse impact on the economy of Lithuania and the wider region, and in turn, on the Group's business, results of operations and financials.

1.5 SOUND BANKING - EQUITY CASE

The equity case builds on five below pillars and fits well the Bank's equity strategy of building EUR 2.1bn infra like low risk / low return portfolio.

1. One of the largest utility and renewable energy groups in Lithuania and in the Baltics with a critical role for the region's energy security and decarbonisation.

Ignitis has the largest installed capacity (63% in 2019) in Lithuania. It is the principal distributor of electricity and gas, the largest provider of flexible generation services, a key provider of reserve capacity, the sole designated supplier to the LNG terminal, and is key to enabling the synchronisation of the Baltic States with the network system of continental Europe by 2025.

Additionally, Ignitis is the top green generation capacity owner in Lithuania (57% of the country's green generation capacity) and the second largest green generation capacity owner in the Baltic region. It is of key strategic importance to Lithuania's commitment towards the implementation of the EU's climate and energy targets.

Ignitis is increasingly expanding its green generation capacity, and has a pipeline of renewable projects across the region. Ignitis has undergone a transformation into a regional leader in the transition to green energy with no legacy coal or nuclear assets and with a clear strategy to grow its green generation portfolio.

2. Resilient business with highly visible cash flows from regulated or long-term contracted activities.

Ignitis benefits from highly visible cash flows in its core businesses. In 2019, 87% of Ignitis' Adjusted EBITDA (compared to 81% and 91% in 2017 and 2018, respectively) came from either regulated or long-term contracted activities. Ignitis' business attributable to regulated activities is amongst the highest in its peer group in the sector.

Ignitis' electricity and gas distribution businesses are fully regulated and operate within an established and stable regulatory framework, supported by Lithuanian legal acts, and based on a conventional methodology to provide a market return on the regulated asset base. Additionally, most of the activities of Ignitis' flexible generation segment, currently comprising tertiary power reserve services and isolated regime services provided to the TSO, are regulated.

The green generation segment includes regulated and long-term contracted activities, primarily in relation to Ignitis' wind farms, [REDACTED]. Ignitis' existing wind farms benefit from support subsidy schemes that provide fixed long-term contracts [REDACTED].

Ignitis' non-regulated activities are partially de-risked by: (i) the low variable costs of its run-of-river hydro plant (Kaunas HPP), which can earn a positive EBITDA even at low electricity prices, (ii) the flexibility of generation at the pumped storage hydro plant (Kruonis PSHP), which can be scaled up or down based on market prices; and (iii) Ignitis' conservative hedging policy for its supply and trading activities.

This framework provides Ignitis with predictable and stable cash flows and a resilient and solid platform for investment and growth.

3. Growth driven by green energy and distribution network investments.

Ignitis is well-positioned to capitalise on growth opportunities presented by the transition to renewable energy in its target markets, by (a) expanding its green energy portfolio and (b) enhancing the returns from its distribution business.

(a) Growth of green energy generating assets

The Baltics and Poland have adopted energy policies supporting the extensive build out of renewable generation capacities (combined target of an additional 24 GW by 2030). The opportunity in Lithuania is underpinned by a structural deficit, with only 28% of the current electricity consumption covered by domestic generation. Poland also represents a key opportunity, as coal generation still represents 86% of total electricity generation in 2019 and there is an ongoing drive to transition from coal to renewable energy.

Ignitis' share of green power generation (including large hyrds) increased from 45% in 2015 to 98% in 2019. The company's track record includes: (i) acquisition of four wind farms in Lithuania and Estonia, which are now operational; (ii) acquisition and development of two wind projects

(Mažeikiai in Lithuania and Pomerania in Poland); and (iii) development of two WtE/biomass CHP plants in Lithuania (Kaunas CHP, which started commercial operation in August 2020, and Vilnius CHP, which is nearing completion).

Ignitis' target is to reach 1.6 to 1.8 GW of installed green generation (including existing HPPs) capacity by 2023 and 4 GW by 2030 (compared to 1.1 GW in 2019). [REDACTED]

This leaves a residual target of 50 to 250 MW by 2023, which Ignitis believes it will be able to achieve based on a pipeline of projects under negotiation which represent more than 300 MW. Ignitis expects that the expansion will be driven by wind (both onshore and offshore) and solar. In implementing this expansion, Ignitis will leverage the experience and technical know-how gained from the development of its current projects.

For renewable projects, Ignitis targets assets with long term fixed price offtake scheme or supported by five to seven-year power purchase agreements with partial merchant risk mitigation. Additionally, Ignitis aims to utilise asset rotation to sell down a portion of its interest in the Vilnius CHP (up to 49%) after construction has completed in order to recycle capital and capture premium.

(b) Investment in distribution networks

Ignitis is also investing significantly in its networks segment, which will support growth of its Regulated Asset Base (RAB). [REDACTED] The group is planning to significantly modernise its electricity distribution network, with the aim of enhancing network resilience and reliability as well as the roll-out smart meters.

In 2019, 56% of Ignitis' investments were attributable to the green generation segment while 40% were attributable to the networks segment. [REDACTED]

4. Strong and disciplined financial profile supporting shareholder returns and resulting in a low cost of capital.

Ignitis maintains a robust capital structure, which supports attractive and sustainable shareholders returns, maintaining a balance between prudent growth and a strong balance sheet. A large majority of Ignitis investments in recent years have been focused on its networks and green generation segments, with the aim of capturing growth opportunities in these segments to enhance shareholder returns. [REDACTED]

5. Experienced management team with track record of building a sustainable energy platform and robust corporate governance.

Ignitis has established a significant track record in sustainable energy development, while at the same time demonstrating a commitment to best-in-class governance and ESG. The group has received multiple awards recognising its corporate governance practice, transparency, sustainability and social responsibility. For instance, in 2018 to 2019, Ignitis earned the best possible A+ on the Governance Coordination Centre index and was declared the leader in corporate governance in the category of large companies. Also in 2019, Ignitis was awarded best investor relations by a bond market newcomer by Nasdaq.

2. MEASURING / MONITORING SUCCESS

<i>Overall objectives of project</i>	<i>Monitoring benchmarks</i>	<i>Implementation timing</i>
- Successful IPO	- Successful execution of the IPO	[REDACTED]
- Growth of the regulatory asset base by planned investments [REDACTED] in network modernisation, expansion, and roll-out of 1.2m smart meters	- Growth of regulated asset base, number of new connection points, number of smart meters installed, return on RAB	[REDACTED]
- Reduction of the network losses and improvements in network reliability.	- Losses reduction - SAIDI/SAIFI improvement	[REDACTED]
- Growth of green generation assets by [REDACTED]	- Completion of projects currently under construction, further pipeline development and conversion, Megawatt added	[REDACTED]
- Payout of an annual dividend [REDACTED]	- Dividends paid, annual percentage increase	[REDACTED]

Primary Quality: Green

Obj. No.	Monitoring indicator	Details	Baseline	Target	Due date
1.1	CO2 Emissions reduced (t/year)	[REDACTED] annual CO2 savings from distribution loss reduction	[REDACTED]	[REDACTED]	[REDACTED]
1.2	New or updated GET technology or product leading to energy efficiency introduced	(i) Reduce network losses [REDACTED], (ii) improve unscheduled SAIDI [REDACTED] and unscheduled SAIFI [REDACTED], and (iii) roll out of 1.2 million smart meter [REDACTED].	[REDACTED]	[REDACTED]	[REDACTED]

Secondary Quality: Resilient

Obj. No.	Monitoring indicator	Details	Baseline	Target	Due date
2.1	Connection of planned renewable energy installations which currently are not possible due to inadequacy of the grid	As part of the distribution network investment and upgrade, additional renewable capacity [REDACTED] will be connected to the distribution network [REDACTED].	[REDACTED]	[REDACTED]	[REDACTED]
2.2	It is expected that the issue will be included in a national index.	To be included in NASDAQ Baltic main index	[REDACTED]	[REDACTED]	[REDACTED]
2.3	This is an equity issuance that will increase the company's free-float to at least 25 per cent.	The free float is expected to be 33 per cent.	[REDACTED]	[REDACTED]	[REDACTED]
2.4	The issuance will be listed on national and international/regional exchange.	The issuance is to be listed on London Stock Exchange and Vilnius Stock Exchange	[REDACTED]	[REDACTED]	[REDACTED]

3. KEY PARTIES**3.1 INVESTEE COMPANY**

AB Ignitis Grupe together with its 22 directly and indirectly controlled subsidiaries is a Lithuanian state-owned energy utility group [REDACTED]. The Group is currently 100% owned by the Republic of Lithuania, via the Ministry of Finance. It is one of the largest utilities and renewable energy companies in Lithuania and in the Baltics region, serving more than 1.7 million consumers.

The Group's business consists of four segments as follow:

- **Networks:** The Group's subsidiary [Energijos Skirstymo Operatorius] (formerly ESO AB)⁵ operates and maintain the distribution networks of electricity and gas in Lithuania. The business earns regulated returns on its service and investments into the networks.
- **Retail and Trading:** The Group's energy retail and trading business conducts electricity and gas supply, trading and balancing for household, commercial and industrial energy consumers in the Baltics, Finland and Poland.
- **Flexible Generation:** The Group operates 1,055 MW gas-fired CCGT units in Lithuania. These generation assets are reserved for balancing and ancillary services to the Lithuanian network.

⁵ Since the date of preparation of this document, the entity has changed its name. This change appears throughout this document.

- **Green Generation:** The Group's green generation business operates a total installed capacity of 1,101 MW renewables of which PHPP and HPP are 1,001 MW. The Group also operates 76 MW wind power plants in Lithuania and Estonia. In addition to the operating assets, the Group is constructing additional 186 MW renewables consisting of 94 MW of wind in Poland, one biomass/waste-to-energy CHPs with installed capacity of 92 MW. The Group is also developing a 63MW wind project in Lithuania.

Since 2013, the Group has reorganised its corporate structure, operations and governance in order to meet market and regulatory requirements on the country and the continent levels, in particular to comply with the EU Third Energy Package.

The Group has been transforming itself to lead the energy transition across the region. While its portfolio consists of larger conventional generation assets, the Group has plans to develop a green energy portfolio of up to 4.0 GW by 2030 supported by a strong pipeline and a track record of partnerships. The Group is also expanding from being a local energy player to a regional energy player, focusing on the Baltics, Poland and Finland.

Further details on the Group is presented in *Annex 2 & 3*.

4. MARKET CONTEXT

The Lithuanian electricity sector used to be dominated by Ignitis as a vertically integrated monopoly until Lithuania began unbundling the sector according to the EU rules and regulations. The electricity transmission line business was carved out to the state-owned LITGRID AB from the Group in 2010. While the country's existing strategic generation assets such as hydro power plants, pumped storage hydro power plants and gas-fired power units are operated by the Group's subsidiary AB Ignitis Gamyba, the generation market has been opened to other Baltic utilities and private developers, mostly small scale renewable generators. The energy retail market has changed to an open market that all consumers may freely choose their distribution supplier. The electricity and gas distribution business is solely conducted by Ignitis subsidiary, AB Energijos skirstymo operatorius.

The electricity market has been also liberalised since 2012 with the wholesale trading on the Lithuanian Electricity Exchange being administered by Nord Pool, an operator of the Nordic and Baltic electricity exchanges. Nord Pool is Europe's leading power market, which offers trading, clearing, settlement and associated services in both day-ahead and intraday markets across nine European countries.

The sector is now regulated by an independent regulator, which is the National Commission for Energy Control and Prices ("NCC").

While Lithuania has successfully developed a liberalised and transparent energy market, the country has been working on another key energy strategies - establishing energy independence and improving security of supply. Over the past few years, Lithuania imported more than 70% of its total electricity consumption, more than any other country in the EU. In 2019, the Lithuania imported 9.3 TWh, c. 72% out of 12.9 TWh of electricity consumed in Lithuania. The country currently imports electricity from its neighbouring countries, principally Latvia, Sweden, and Poland.

To strengthen its interconnections, in 2019, Lithuania and the other Baltic countries have developed a plan to desynchronise with the BRELL (Baltics, Russia and Belarus interconnected network) and instead synchronise its electricity network with continental Europe in cooperation with the European Commission and the European Network of Transmission System Operators (ENTSO-E)

by 2025. The Group's ambitious investments into the electricity distribution network is a part of the regional level major infrastructure project.

For other countries of the Group's operations such as other Baltic countries and Poland, please refer to Annex 4.

5. FINANCIAL / ECONOMIC ANALYSIS

5.1 HISTORICAL FINANCIAL ANALYSIS

[REDACTED]

5.2 FINANCIAL PROJECTIONS

[REDACTED]

5.3 EXIT STRATEGY

[REDACTED]

5.4 PROJECTED PROFITABILITY FOR THE BANK

[REDACTED]

6. OTHER KEY CONSIDERATIONS

6.1 ENVIRONMENT

Categorised B (2019 ESP). The proceeds of the Bank's investment in equity through the IPO will be used for strengthening of and energy efficiency measures in the electricity distribution network, which allows for integration of renewable energy into the electricity network. In line with capital market transaction rules, the Bank's Environmental and Social Due Diligence (ESDD) was undertaken by ESD specialists based on a review of publicly available documents, questionnaires and discussions with the Company's EHS management. This allowed ESD to undertake an adequate assessment of environmental and social risks and impacts of this Project in accordance with the Bank's 2019 ESP. Environmental and Social Action Plan (ESAP) has been developed and agreed with the Company to structure the Project to meet the Bank's Performance Requirements. The ESAP reflects that, due to the equity nature of the investment, the PRs apply to all of the clients operations.

The Bank's ESDD included a corporate audit as well as a review of the planned capex investments. Ignitis has a dedicated EHS management team, which is developing corporate EHS management systems and has the institutional capacity to implement the Bank's Performance Requirements. It develops sustainability and non-financial reports for the group and individually for some subsidiaries. Those reports show that, overall, Ignitis has a good compliance record and no material non-compliance issues have been identified. The ESDD has also confirmed that the Company has

good HR Policies in line with best practice and is implementing COVID-19 response measures. There are no plans for retrenchment or workforce restructuring at present.

The EBRD proceeds will not be used for any Category A projects and the Company will not invest in any coal fired units in the future. The Company does not plan any A category project and any future projects will be screened in line with EBRD requirements and information published in line with National, EU and the Bank's requirements. The ESAP requires that if the Company was to develop projects in sensitive areas or of a sensitive nature, those would need a full ESIA in line with the Bank's requirements.

Moreover, the ESAP include requirements relating to, among others, strengthening of non-financial reporting in line with best practices and EU law and associated guidance on climate related information. The Company commits to implement TCFD and report in line with the recommendations by 2023.

The Bank will monitor the Company's performance through reviewing annual reports prepared by the Company and site visits as deemed necessary.

6.2 INTEGRITY

In conjunction with OCCO, updated integrity due diligence was conducted on Ignitis Group (which is 100% state-owned), its subsidiaries and senior management. The review [REDACTED] concluded that [REDACTED] this project does not pose an unacceptable reputational risk to the Bank. The Bank subscribed to the Group's green bond issuances in 2017 & 2018, and the experience to date has been positive. The Group is also a client of EIB. [REDACTED]

All actions required by applicable EBRD procedures relevant to the prevention of money laundering, terrorist financing and other integrity issues have been taken with respect to the project, and the project files contain the integrity checklists and other required documentation which have been properly and accurately completed to proceed with the Transaction.

6.3 PROCUREMENT

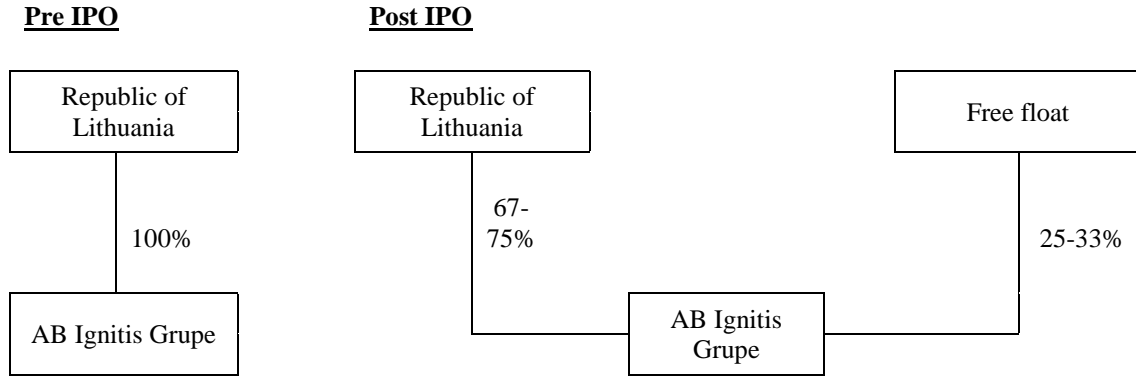
The contracts to be financed from the proceeds of the Bank's investment will be below EUR 250,000 for goods and services and EUR 7.5 million for works and supply and installation contracts. The Group may procure these contracts in accordance with national public procurement rules and regulations applicable to the Group that are conducted through the national e-procurement system. This is in line with the requirements of para 3.10 of the Bank's PPR that deal with the circumstances for using alternative procurement procedures in accordance with national law. For more details please see Annex 7.

ANNEXES TO OPERATION REPORT

ANNEX 1	Shareholding Structure
ANNEX 2	Group Information
ANNEX 3	Historical Financials
ANNEX 4	Market Overview
ANNEX 5	Lithuanian Equity Market and Investor Base
ANNEX 6	Corporate Governance
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ANNEX 8	Biography of Management Board
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ANNEX 1 - SHAREHOLDING STRUCTURE

Pre-IPO, the Company remains 100% owned by the Government of Lithuania. Post-IPO, the Company will be majority owned by Government of Lithuania and the balance will be free float.



ANNEX 2 - GROUP INFORMATION

[REDACTED]

Networks

The main activities of ESO AB are electricity distribution, natural gas distribution and the maintenance and development of electricity and gas distribution networks. ESO monitors the electric power and gas distribution networks, ensuring that they are reliable and effective and oversees the procedures for connecting new customers to the distribution network. ESO is the primary distributor of electricity in the Republic of Lithuania and serves approximately 1.8 million customers in the Republic of Lithuania, which represents approximately 100 per cent. of consumers in the Republic of Lithuania. ESO's electricity distribution network comprises approximately 125,498 kilometres of electricity lines, of which 68.7% consist of overhead lines and 31.3% consist of underground electricity cables. ESO's gas distribution network comprises approximately 9,500 kilometres of pipelines. In 2019, ESO distributed 9.55 TWh of electricity and 6.97 TWh of gas. [REDACTED]

Client and Solutions (Retail)

UAB Ignitis (formerly UAB Lietuvos Energijos Tiekimas), a wholly owned subsidiary of the Group, was established on September 2014 and reorganised. The main activities of the subsidiary are the supply and trading of electricity and natural gas (including in the form of LNG). Its core business is the supply of electricity and gas to business and private customers, scheduling, forecasting, balancing, purchasing, hedging, trade intermediation, sales, client relations management and product development. In addition to the core business areas, the subsidiary also provides different kinds of energy services for business and private customers, such as solar power plant sales and installation, LED lighting solutions, heating solutions and electric vehicle ("EV") services, including operation of the largest EV charging network in the Republic of Lithuania.

The subsidiary is a member of the Nasdaq Commodities exchange and is the only Lithuanian electricity supplier that actively participates on this exchange. The subsidiary is also a member of Nord Pool Exchange and the pan-Baltic gas exchange, GET Baltic.

The subsidiary owns Ignitis Eesti OU, a company established in Estonia, Ignitis Latvija SIA, a company established in Latvia and Ignitis Polska Sp. z.o.o., a company established in Poland. These companies are engaged in power supply and/or trading in Estonia, Latvia and Poland, respectively.

Since 2015, the subsidiary has been the designated supplier of natural gas in the Republic of Lithuania and is responsible for ensuring that a minimum quantity of natural gas is delivered through LNG Terminals. According to the Group's internal data, the subsidiary has 7,500 natural gas commercial customers. The supply portfolio of natural gas consists of Lithuanian, Latvian and Finish commercial customers and a Lithuanian private customer base of almost 600,000 natural gas customers. In 2019, supply volumes slightly decreased and amounted to 9.83 TWh and was 13.2 per cent lower than in 2018 (11.33 TWh).

Flexible Generation

AB Ignitis Gamyba owns and operates four generation facilities: the Elektrėnai Complex which consists of two gas fired reserve power units; a combined cycle gas unit (CCGT); and contains steam and biofuel boilers which generate heat. Kruonis Pumped Storage Hydroelectric Power Plant (Kruonis PSHP) which consists of four units, two of which operate as a secondary reserve; Kaunas Algirdas Brazauskas Hydroelectric Power Plant (Kaunas HPP) and Vilnius Third Combined Heat and Power Plant, which is not currently in use and has not been producing electricity since 2016.

In 2019, Ignitis Gamyba produced 0.83 TWh of electricity and provided various ancillary services to the Lithuanian TSO, regulation power, tertiary power reserve services and isolated regime services. The company's activities are focused on two operating segments, regulated activities and commercial activities. The Elektrėnai Complex's heat generation, tertiary power reserve services, isolated regime service (fixed costs excluding return on investment) as well as secondary power reserve services provided by Kruonis PSHP are regulated activities, while electricity generation at the Elektrėnai Complex, Kaunas HPP, Kruonis PSHP and other related activities (e.g. balancing and regulation services) are not regulated.

Green Generation

UAB Ignitis Renewables, a wholly owned subsidiary of the Issuer, was established on 14 January 2019. REN owns renewable energy projects in Lithuania and Poland and is also in charge of operation, supervision and development of wind and solar energy projects in order to reach the strategic goal of the Group to increase of portfolio of green generation assets.

Details of the Group's renewable projects can be found in table below which includes portfolio of 1,077 MWe / 40 MWth and pipeline of 273 MWe / 299 MWth. It is noted that the table includes PSHP and HPP under Ignitis Gamyba.

Operating portfolio

Country	Name	Capacity (MWe)	Capacity (MWth)	Support scheme	Support (EUR/MWh)	End of support	Note
Lithuania	Kruonis PSHP	900	-	N/A	N/A	N/A	Ignitis Gamyba
Lithuania	Kaunas HPP	101	-	N/A	N/A	N/A	Ignitis Gamyba
Lithuania	Eurakras	24	-	FiT	71.0 (Fixed price)	2027	Ignitis Renewable
Lithuania	Vejo gusis	19	-	FiT	86.9 (Fixed price)	2023	Ignitis Renewable
Estonia	Tuuleenergia	18	-	FiP	53.7 (Premium over market price)	2026	Ignitis Renewable
Lithuania	Vejo vatas	15	-	FiT	89.6 (Fixed price)	2022	Ignitis Renewable
Lithuania	Elektrenal biomass	-	40	N/A	N/A	N/A	Ignitis Renewable
Total Operating:		1,077	40				

Pipeline

Country	Name	Capacity (MWe)	Capacity (MWth)	COD	Status	Support scheme	Support (EUR/MWh)	End of Support
Lithuania	Kaunas CHP	24	70	2020	Commissioning	N/A	N/A	N/A
Lithuania	Vilnius CHP	92	229	2021	80% complete	N/A	EU capex subsidy	N/A
Poland	Pomerania	94	-	2021	Foundation complete	Indexed CfD	48.6 (Fixed price)	2035
Lithuania	Mazeikiai	63	-	2022	Tendering suppliers	N/A	N/A	N/A
Total under development:		273	299					

ANNEX 3 - HISTORICAL FINANCIAL INFORMATION

[REDACTED]

ANNEX 4 - MARKET OVERVIEW

Energy Market in Lithuania

Regulatory Framework

Since Lithuania's accession to the EU on 1 May 2004, the EU rules and regulations have been adopted in Lithuania. Under the EU Third Energy Package and related regulations for the liberalisation of the electricity and gas markets, Member States were free to choose between the following three options:

- Full ownership unbundling: This option entails vertically integrated undertakings selling their gas and electricity grids to an independent operator, which will carry out all network operations. This option applies to new undertakings;
- Independent System Operator (the "ISO"): Under this option, vertically integrated undertakings maintain the ownership of the gas and electricity grids, but they are obliged to designate an independent operator for the management of all network operations. This option may apply to existing undertakings; and
- Independent Transmission Operator (the "ITO"). This option is a modification of the ISO option whereby vertically integrated undertakings do not have to designate an ISO, but need to abide by strict rules ensuring separation between supply and transmission. This option may apply to existing undertakings.

Lithuania has chosen to implement the full ownership unbundling model in the electricity and gas sectors with regards to Transmission System Operator (TSO). Distribution system operators remain under the same shareholders. The provisions of the Third Energy Package were transposed into the Law on Electricity of the Republic of Lithuania, the Law on Natural Gas of the Republic of Lithuania and the Law on LNG Terminal of the Republic of Lithuania in 2011-2012.

Related Stakeholder

- The Ministry of Energy of the Republic of Lithuania is responsible for the implementation of the National Energy Strategy, drafting energy supply related laws, implementation of the investment policy in the energy sector and developing a renewable energy sector in Lithuania.
- National Commission for Energy Control and Prices (NCC) is an independent national regulatory authority to ensure effective competition in the energy market and prevent discrimination between different customers and suppliers. The NCC is also responsible for setting the caps for regulated energy prices/tariffs and approving the purchase price for electricity generated from renewable energy sources. The authority covers district heating, natural gas, centralised supply of liquefied petroleum gas, electricity, renewable energy, drinking water supply and wastewater treatment.
- JSC EPSO-G (EPSO-G) is the state holding company to manage transmission system operators in electricity and gas. The special entity is fully owned and controlled by the Ministry of Energy of the Republic of Lithuania.

- TSO Litgrid, AB (LITGRID) is a high-voltage electricity TSO subsidiary under EPSO-G which owns 97.5% of the shares with the remaining 2.7% of shares owned by minority shareholders. LITGRID implemented strategic electricity projects – the power link with Poland “LitPol Link” and the underwater power link with Sweden “NordBalt”. In addition, it implements the project of synchronisation with the grid of Continental Europe (GCE).
- AB Amber Grid (Amber Grid) is an operator of the natural gas transmission system for natural gas transportation through high-pressure pipelines. It provides services to major (electricity, district heating production, industry) and medium Lithuanian business enterprises as well as to natural gas supply companies. Amber Grid implements the project of the gas interconnection between Poland and Lithuania (GIPL) and actively participates in the creation of the single gas market in the Baltic region. In addition, it controls 66% of shares of the Lithuanian natural gas exchange operator UAB “GET Baltic”.
- Nord Pool Spot AS (Nord Pool): Since 18 June 2012, wholesale trading on the Lithuanian Electricity Exchange has been administered by Nord Pool, an operator of the Nordic and Baltic electricity exchanges. Nord Pool is Europe's leading power market and offers trading, clearing, settlement and associated services in both day-ahead and intraday markets across nine European countries. Nord Pool is owned by the Nordic transmission system operators Statnett SF, Svenska kraftnät, Fingrid Oy, Energinet.dk and the Baltic transmission system operators Elering, Litgrid and Augstsprieguma tikls.

Electricity Demand and Supply Balance

The electricity sector used to be dominated by IG as a vertically-integrated monopoly until Lithuania began unbundling the sector. The sector is now regulated by an independent regulator. Most generation capacity is owned by Ignitis Gamyba, transmission is solely owned by state-owned Litgrid AB, and distribution and supply are mostly owned by state-owned Lesto AB. However, all consumers may freely choose their distribution supplier.

Until 2009, the Ignalina Nuclear Power Plant (INPP) accounted for more than half of Lithuania’s power generation (c. 71%). Since the decommissioning of the INPP, Lithuania has become highly dependent on electricity imports. Over the past few years, Lithuania imported more than 70% of its total consumption, more than any other country in the EU. In 2019, the Lithuania imported 9.3 TWh, c. 72% out of total electricity 12.9 TWh consumed in the Lithuania. One of the country’s key energy strategies is establishing energy independence and security of supply. In order to decouple from Russia and Belarus, Lithuania is to be synchronised with the EU transmission system by 2025. As a part of the plan, the country has connected to Sweden (700 MW NordBalt) and Poland (100MW LitPol). These cross-border interconnections help the Lithuania to liberalize the market and increase liquidity in the market.

Table. Demand and Supply Balance

Unit: TWh	2015	2016	2017	2018	2019
Electricity production (net)	4.60	3.97	3.87	3.22	3.64
Trading balance of the system (-Imports / + Exports)	-7.21	-8.28	- 8.68	-9.63	-9.34
Total demand for electricity in Lithuania	11.81	12.25	12.54	12.83	12.93
Percentage of import out of total demand	61%	68%	69%	75%	72%

Source: Litgrid

Primary Energy Resources

In the last few years Lithuania has stepped up efforts to diversify its energy supply and integrate its power market with the rest of Europe. In terms of technology, renewables including hydro accounted for 80% of domestic generation (23% of consumption) while the thermal only took part of the rest 20% in 2019. Out of renewables, wind was the major source of the domestic generation (40%) followed by hydro (26%) and biomass, biogas and waste (12%). Solar generation was just over 2% of the domestic generation. As at YE2019, RES capacity was 1.6 GW, mostly hydro (56%; 0.9 GW), and wind (34%; 0.5 GW), followed by solar (6%; <0.1 GW) and bioenergy (5%; <0.1 GW).⁶

Table. Electricity Generation by sources in TWh

	2015	2016	2017	2018	2019
Thermal	2.32	1.39	0.85	0.61	0.73
Hydro	1.01	1.02	1.15	0.95	0.93
Wind	0.81	1.13	1.36	1.14	1.45
Bio	0.39	0.37	0.45	0.45	0.45
Solar	0.07	0.07	0.07	0.08	0.08
Electricity production (net)	4.60	3.97	3.87	3.22	3.64
% of renewables out of net generation	50%	65%	78%	81%	80%
% of renewables out of demand	19%	21%	24%	20%	23%

Source: Litgrid

Competition

[REDACTED] Ignitis Gamyba still has the largest electricity generation capacity in the Lithuania but contributes 22.8% of the total domestic generation and only 6% of the domestic consumption. Top of it, the market is open to competition even to foreign ownership. The second largest player is Vilnius Energija owned by the French company Veolia. The fourth producer is a subsidiary of Esonia's Eesti Energia. Panevezio Energija and SC Kaunas Energija are local players. These major players do also business in heat production as a part of their businesses. Other independent power producers account for the remaining 16%.

Lithuania is well interconnected to neighbouring countries, not only the Baltic countries but also to Poland via the Lithuanian-Polish interconnection with a current capacity of 500 MW and to Sweden via Lithuanian-Swedish interconnection (NordBalt) with a capacity of 700 MW. These cross-border interconnections helped Lithuania to liberalise the market and increase liquidity in the market.

Electricity Price Trend

The liberalised electricity market in Lithuania started in 2012 as Nord Pool Spot opened its bidding area to include Lithuania. The spot market is a wholesale market for industrial use. Lithuania also

⁶ IRENA

adopts an intraday market for balance adjustment in 2013. [REDATED]Lithuania Nord Pool price is in line with the Nord pool price of the other Baltic countries. Price history from 2015 to 2017 indicates a price decrease of 16% which is in line with the situation observed in most European countries and caused mainly by the decreasing commodity prices and increase in renewable market share. The generally decreasing trend of prices to 2017 has somewhat reversed in 2018 mainly due to recovery of carbon and coal prices with the annual average price reaching EUR 53/MWh in 2018 and EUR 54/MWh in 2019. [REDATED]

Renewable and Tariff

The 2020 target of the Lithuanian National Renewable Energy and Climate Action Plan (“LNECP”) of a 23% share of renewables in final energy consumption was exceeded already in 2014 (23.6%) and rose to 24.5% in 2018. The LNECP raised this target to **45% of renewables in 2030**. [REDATED]

The primary renewables incentive for small-scale projects is a set of technology-specific feed-in tariffs limited to plants below 10kW. Projects over 10kW participate in tenders run by the National Control Commission for Prices and Energy. The bid ceilings are adjusted on a quarterly basis for each technology. For the first half of 2019, the tariff for installation under 10kW and the maximum tariffs at auctions are as follows.

Table. Tariffs for installations under 10kW

Unit: EUR/MWh	Wind	Building integrated solar	Non-building integrated solar	Hydro	Biomass
< 10 kW	52	169	136	59	66
10 – 100 kW	50	152	124	53	57
100 – 350 kW		141	115		
> 350 kW	41	148	122	47	51

Source: National Energy Regulatory Council

In 2019, Lithuania announced three annual technology neutral auctions over 2020-2022 to allocate 700 GWh per year.

Energy Market in the other Baltic regions

Historically, during the creation of a unified energy system at the Soviet Union, base load power plants were constructed in Estonia (shale power plants) and Lithuania (the Ignalina nuclear power plant and the Elektrenai power plant). In Latvia, the Daugava hydropower plants were designed for peak, half-peak and emergency modes. The Baltic states have undertaken significant reforms in the energy sector since becoming a member of the EU in 2004. The countries has liberalised the power sector by unbundling generation, transmission, distribution and retail. The electricity is traded over the wholesale market while Feed-in Tariff or Feed-in Premium schemes are available for the renewable generation operators.

Inter-regional and Cross-regional integration

As a consequence of the closure of the INPP and the pressure to reform the power market in the Baltics through EU single market directives, the three Baltic states joined their efforts to set-up a common Baltic electricity market. They have also made progress towards the development of

additional interconnections between the Baltic and Nordic market areas. The latest was the subsea 650MW Estlink2 cable connecting Finland and Estonia and was officially inaugurated in March 2014. Other links include a subsea cable connecting Sweden and Lithuania (700MW NordBalt Link) and an interconnection between Lithuania and Poland (500MW LitPol Link). The LitPol capacity will be increased to 1 GW by 2020. Such interconnections will practically integrate the Baltic power sector into the Nordpool market area (i) evening out the price differences between Baltics and NordPool, (ii) increasing the efficiency and depth of the two market areas and (iii) increasing the security of supply notably in the Baltic states. The European Commission has begun working with the three Baltic states to link the bloc to the EU, most likely through Poland.

Estonia

Market structure: The Estonian electricity system was built up as a part of the north-western common power system of the former Soviet Union. The state-owned Pohivork was unbundled in 2009 as a part of the EU 3rd energy package into generation operator Eesti Energia, transmission operator Elering and distributor Elektrilevi. The sector is regulated by an independent Competition Authority. All consumers may freely choose their distribution supplier.

Estonia is part of the common synchronised system together with Russia, Belarus, Latvia, and Lithuania. Estonia currently has connections with Russia, Latvia, and Finland (via 350MW Estlink and 650MW Estlink 2). In 2017, the country has started a new project for the third interconnection programme to Lativa (Harku-Sindi) to be completed by 2020. In terms of the balance, the country is a net electricity exporter, especially to Latvia via the existing two transmission lines.

Generation: The country has significant oil-shale reserves. As a result, oil comprises about 72% of a total installed generating capacity in the country. In terms of generation volume, the conventional power took part of 83% of the domestic generation in 2018 (total 12,322 GWh⁷) and renewables produced the remaining 17%. By technology, biomass, biogas and waste-to-energy were the leading renewable energy sources in 2018, producing 1,370 GWh⁸. This represents 67% of the total renewable energy generation in 2018. Wind accounted for 31% with generation of 636 GWh. Meanwhile, hydro generated only 15 GWh⁹, which is significantly lower compared to other Baltic states which heavily depends on hydro. Renewable capacity installed in 2018 was 609 MW of which 45% onshore wind, 43% bioenergy, 5% solar and 1% hydro.¹⁰

In 2018, renewable energy contributed 30.0% of the gross final energy consumption.

Renewables targets: Estonia has drawn up “National energy and climate plan” which outlines objectives for 2030. The Plan sets the **2030 target for renewable energy share at 42% of total final energy consumption** (the target of 25% for 2020 has already been met) and aims at a reduction of GHG emission in Estonia by 80% by 2050 (incl. 70% by 2030).

Support regime: The renewable assets sell the electricity produced on the free market and receive a bonus on top of the market price. [REDACTED]

Latvia

Market structure: The Latvian power market has been officially liberalised since July 2007, with no restrictions for new entrants in electricity generation and supply or for electricity consumers

7 Statistics Estonia

8 Statistics Estonia

9 Statistics Estonia

10 IRENA

who can freely change their suppliers under the EU 3rd energy package. Further in 2012, transmission system operator AST was unbundled from the Latvian electricity system centralised by Latvenergo. Latvenergo still owns the main generation assets and the shares in the largest distribution and supply company Seda Iestikls. The Latvian energy system is well interconnected to Estonia (two 330 kV lines and two 110 kV lines) and Lithuania (four 330 kV lines and three 110 kV lines), as well as to Russia (one 330 kV line).

The country has a hydro as a major source of electricity generation. As a result, its annual generation is significantly volatile to rainfalls. For example, in 2016 when it was a very dry year, the electricity generation from hydro was 2,437 GWh but it jumped by 75% to 4,246 GWh in 2017 due to high precipitation. Consequently, Latvia was a net importer in 2016 but turned to a net exporter in 2017 (this reversed again in 2018 to net imports)¹¹. The country usually imports from Estonia in the time of shortfall and exports to Lithuania in the time of surplus. In another side, thermal power generates more when hydro generates more and vice versa.

Generation: State-owned Latvenergo provides almost 80% of all electricity generated in the country, satisfying more than a half of the electricity demand in Latvia. Most electricity comes from the three Daugava HPPs and two Riga CHPPs. As at YE2019, renewables generation capacity was 1.8 GW, mostly hydro (87%; 1.6 GW), biomass and biogas (8%; 0.2 GW), and wind (4%; < 0.1 GW). In terms of total generation from renewables, hydro accounted for 66%, biomass and biogas for 29%, wind for 5%.¹²

Renewables targets: Latvia has a **target of 45% share of renewable energy in final energy consumption by 2030 under the country's National Renewable Energy Action Plan**. In 2018, 40.3%⁵ of gross final energy consumption came from renewable energy, surpassing the 2020 target of 40%. However, the major renewable contribution came from hydro while others played a minor role. The country has less than 80 MW¹³ wind capacity which generated c. 4% of the domestic electricity.

Support regime: Renewable electricity generation is stimulated through a complex support system based on a **feed-in-tariff (FiT)** [REDACTED]

Energy Market in Poland

Market structure: From the mid 90's the Polish market has been unbundled, in accordance with EU regulations that imposed on the Polish incumbents to separate their generation and distribution businesses. Distribution business remains fully regulated and the relevant distribution tariffs are approved by the regulator ("URE").

Currently, the electricity market is dominated by the four vertically integrated energy groups, Polska Grupa Energetyczna S.A 'PGE', Tauron Polska Energia S.A 'Tauron', Enea S.A. 'ENEA' and Energa S.A. 'Energa' all four groups are listed on the Warsaw Stock Exchange. All four utilities are vertically integrated along the entire value chain, from mining, generation, electricity sales, and distribution. The vast majority of the energy produced is from hard coal and lignite. All 4 utilities are majority state-owned enterprises and strategic assets for the Polish state.

Generation: the power sector has an installed generation capacity of approx. 45.9 GW. Total energy generation in 2018 amounted to 170.0 TWh (0.3% lower vs. 2017) while total energy consumption was 166.8 TWh (transmission and distribution losses was 8.9 TWh, import 13.8 TWh, export 8.1

11 IEA - Latvia

12 Central Statistical Bureau of Latvia

13 IRENA

TWh)¹⁴. Coal and lignite are dominant sources of energy and this is expected to continue, but the share of RE in electricity production is increasing. In 2018, renewable sources (with an estimated installed capacity of 8.6 GW, incl. 5.9 GW of wind energy) represented 13.2% of the total installed capacity.

As per **2018** figures, wind energy represented c. 59% of the Polish RE production, and c. 69% of the installed RE generation capacity⁹. However, the Polish wind energy sector is characterised by serious underdevelopment, when compared to other, more advanced EU Member States.

Renewables targets: The draft of Polish Energy Policy 2040 (published in November 2019) is a key formal document reflecting the Polish authorities' strategy in respect of the energy sector including the envisaged energy mix. The document indicates that share of RES in gross final energy consumption will increase from 11.2%¹⁵ in 2018 to **15.0% in 2020 and to 23% in 2030**¹⁶. The sectoral targets for renewable share as well as proposed RES consumption share growth trajectory are presented below:

RES energy trajectory and targets [%]	2018	2020	2025	2030	2035	2040	2020 target
share of RES in final gross energy consumption	11.2%	15.0%	18.4%	23.0%	25.8%	28.5%	15.0%
RES sectoral trajectory and targets [%]	2018	2020	2025	2030	2035	2040	2020 sub-target
share of RES in consumption of electricity	13.0%	22.1%	24.8%	31.8%	36.0%	39.7%	19.3%
share of RES in heating and cooling	14.6%	17.4%	22.7%	28.4%	31.5%	34.4%	17.1%
share of RES in transport	5.6%	10.0%	11.2%	14.0%	17.7%	22.0%	10.0%

Source: Polish Energy Policy 2040

The achievement of the share of RES in energy generation will be mainly based on photovoltaics and offshore wind power plants. It is assumed that RES will have 23% share in gross final energy consumption by 2030 (including: 32% in consumption of electricity, 28% in heating and cooling and 14% in transport).

The first pillar of the draft PEP 2040 is the investments in additional renewables capacity. According to the document total installed capacity in RES in Poland will reach 24GW in 2030 (an increase by 280% vs. 2018). The second pillar of the draft PEP 2040 is gradual decarbonisation of Polish energy generation and consumption mix. Poland's withdrawal from coal will be substantial given the fact that low-efficient coal fired units will be decommissioned and ca. 6GW of coal-fired installations will retire from Polish electricity system between 2020 and 2030.

Support regimes:

In June 2018, the new auction-based renewable energy support system ("Auction RESS") was adopted. The new scheme allowed the Energy Regulator to conduct auctions. In November 2018, the authorities conducted significant renewable energy auctions, where approx. 1.5GW of renewable energy capacity (mainly onshore wind, solar and biogas) was awarded regulatory support under the Auction RESS. In December 2019 an auction was conducted for 2.5GW new onshore wind capacity, 0.75GW new solar PV capacity and 0.1GW new biomass installations in December 2019. These investments are expected to help Poland advance towards its 2020 and 2030 targets.

¹⁴ Statistics Poland, Energy statistics in 2017 and 2018

¹⁵ PEP 2040

¹⁶ PEP's 23% share assumption is subject to condition that Poland will benefit from additional EU subsidies; otherwise the share may drop to 21%.

ANNEX 5 - LITHUANIAN EQUITY MARKET AND INVESTOR BASE

STOCK EXCHANGE:	NASDAQ VILNIUS
ESTABLISHED:	SEPTEMBER 1992
MARKET CAPITALISATION:	US\$ 3.9 BILLION
NUMBER OF STOCKS:	26
MSCI MARKET CLASSIFICATION:	FRONTIER MARKET
FTSE CLASSIFICATION OF EQUITY MARKET:	FRONTIER

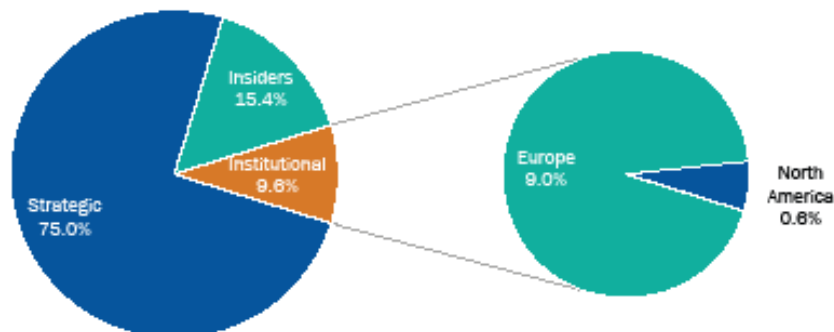
The Nasdaq Vilnius, along with Nasdaq Riga and Nasdaq Tallinn, form the Nasdaq Baltic market. Each member of the exchange uses the same trading rules, trading system and market practices.

The Lithuanian equity market is quite small in size, with only 26 listed companies and a market capitalisation of USD 3.9 billion. There was only one IPO on Nasdaq Vilnius between the end of 2017 and 2019. The listing of AB Ignitis Grupe will be one of the largest in the Baltics and especially Lithuania in recent times, and they market will have to prove if the absorption capacity for such a large IPO is given on local or even regional level. Based on the targeted free float of 25% to 33% it can be expected that there will be sufficient secondary market liquidity post-IPO.

Investor base

Strategic investors¹⁷ made up three-quarters of the identified ownership in Lithuanian securities, with insider ownership at 15.4 per cent and institutional¹⁸ investment at 9.6 per cent. Among Lithuania's institutional investors as of Q2 2019, five were domiciled in the United States of America, and the remaining 24 were spread across Europe.

Investment in Lithuania by investor type and institutional investment by investor region, Q2 2019



¹⁷ Strategic investors: institutions that take concentrated, strategic stakes in companies. They can include governments or corporations.

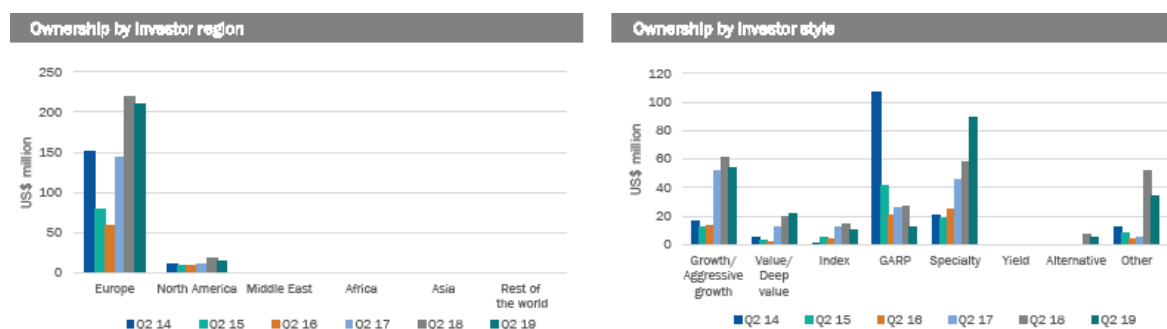
¹⁸ Institutional investors: any institutions that invest on behalf of other individuals or organisations. These can include fund managers, banks, investment managers, investment advisors, insurance funds, endowments, pension funds, sovereign wealth funds and other entities.

Top investors in Lithuania as of Q2 2019

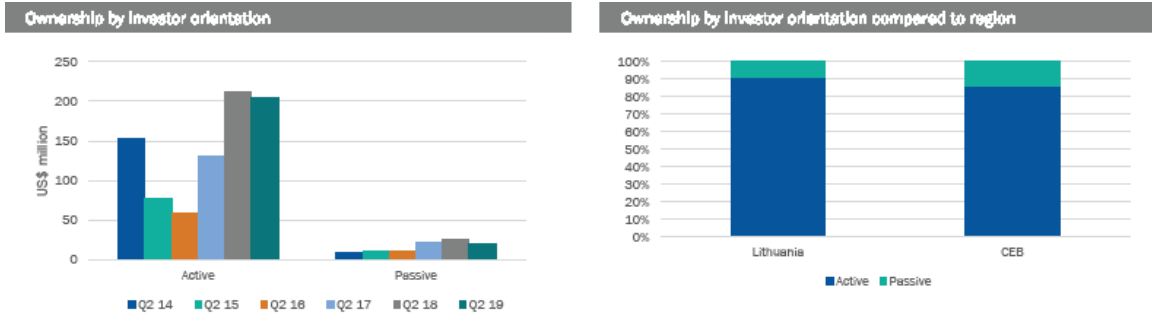
TOP HOLDERS, Q2 2019	TURNOVER	INVESTOR LOCATION	ORIENTATION	FOCUS	VALUE OF HOLDINGS IN THE EBRD REGIONS (US\$ MILLION)	VALUE OF HOLDINGS IN LTU (US\$ MILLION)
EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT	LOW	GBR	ACTIVE	GLOBAL	2,050.2	89.7
SWEDBANK INVESTERIMISFONDID	LOW	EST	ACTIVE	GLOBAL	64.5	42.9
ENTERPRISE INVESTORS	UNKNOWN	POL	ACTIVE	REGIONAL	69.1	30.1
ORION ASSET MANAGEMENT	UNKNOWN	LTU	PASSIVE	REGIONAL	11.5	9.8
INVL ASSET MANAGEMENT	LOW	LTU	ACTIVE	GLOBAL	34.8	9.5
NORGES BANK INVESTMENT MANAGEMENT	LOW	NOR	ACTIVE	GLOBAL	7,268.3	8.6
PARAMETRIC PORTFOLIO ASSOCIATES	LOW	USA	PASSIVE	GLOBAL	898.8	8.4
FIREBIRD MANAGEMENT	LOW	USA	ACTIVE	GLOBAL	78.9	4.3
SWEDFUND INTERNATIONAL	UNKNOWN	SWE	ACTIVE	REGIONAL	15.0	4.0
SWEDBANK INVESTMENT MANAGEMENT COMPANY	VERY HIGH	LVA	ACTIVE	REGIONAL	15.0	3.3

Identified institutional flows

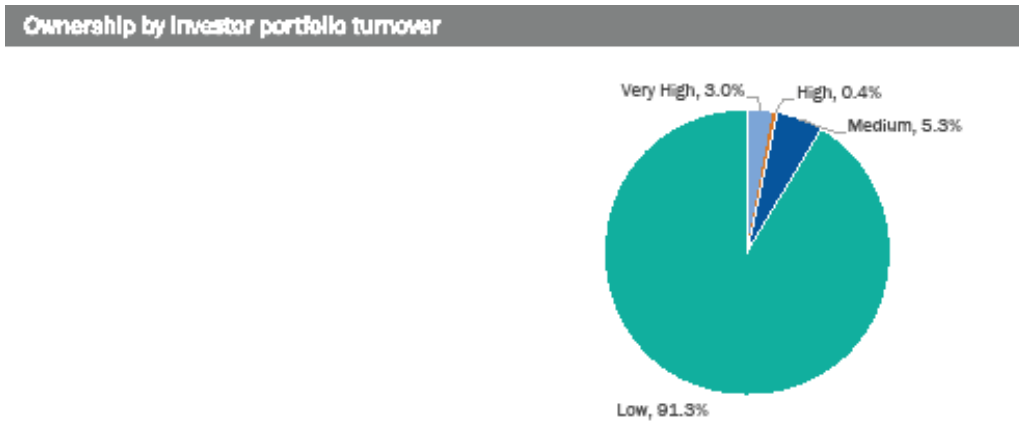
As of Q2 2019, 93.6 per cent of Lithuania's institutional holdings were in the hands of its top 10 investors. Between Q2 2014 and Q2 2019, investors moved a net US\$ 94.3 million out of Lithuanian equities. However, this trajectory had slowed in the last two years, with US\$ 29.3 million of selling since Q2 2017. GARP-oriented firms decreased their investment in the country by 41.7 per cent in the two years to Q2 2019. This was attributable to East Capital Asset Management, which reduced its exposure to the country by US\$ 11.4 million during that period (and by US\$ 76.4 million since Q2 2014). Lithuania had a greater percentage of private-equity ownership than any other country in central Europe and the Baltic states, at 15.2 per cent. Private equity is included in the "other" category in the chart below.



While net investment by active and passive firms was significantly higher than it was five years previously, this was primarily down to performance, as active investors sold US\$ 95.2 million during this time and passive investors bought little, up just US\$ 0.7 million.



As Lithuania’s equity ownership was highly concentrated, so was its turnover breakdown. Six of the top ten investors in the country had low-turnover portfolios.



ANNEX 6 – CORPORATE GOVERNANCE

Summary of the CGAP:

Pre-IPO key actions:

- Two additional independent SB members (5+2) vs. the existing composition (3 independent + 2);
- New dividend policy [REDACTED];
- The company delisted the illiquid subsidiaries [REDACTED].

Post IPO actions:

- SB Committees composition to favour independent and qualified SB members (audit committee has a majority of external members, nomination and remuneration committee have 2 SB members from MoF, 1 independent SB member and 1 outsider) and embed skills needed at committees into the overall SB profile and composition planning;
- SB to approve the investment policy;
- SB to have periodic externally facilitated board evaluations;

- Introduction of succession planning;
- Introduction of RPT policy;
- Improvement of disclosure exceeding recommendations of the Lithuanian CG Code in some areas (e.g. board and committee bylaws).

ANNEX 7 – PROJECT IMPLEMENTATION

Procurement classification – *Public sub-sovereign*

[REDACTED] *Contracts risk assessment*

- “Low”

Four categories of low-valued contracts for Works and supply of Goods and Related Services are envisaged: (1) Conversion of Overhead Power Lines to Underground Cables, (2) Renewal of Substations, (3) Reconstruction of Low- and Medium Voltage Overhead Power Lines, and (4) supply and installation of smart meters.

Project implementation arrangements:

All procurement for Ignitis Group is managed by UAB Ignitis grupės paslaugų centras (GSC) (up until 2020 – by UAB Verslo Aptarnavimo Centras (VAC), which as of 2 January 2020 was merged with GSC after reorganisation). VAC was established in 2014 to improve the processes supporting the core activities of the Group and to reduce its costs. GSC carries out its own procurement, as well as plans and conducts procurements of goods, services and works for the Group and its subsidiaries. GCS’s role is to manage and control any procurement procedure and to put all required efforts to ensure that the purchasing organization receives goods, services or works on time. GCS, being a contracting authority, carries out procurement in accordance with procedure established in the Public Procurement Law of the Republic of Lithuania and the simplified procurement regulations of the company. The website of GCS contains all draft technical specifications of all procurements in progress, except small-value procurements, reports on procurement procedures and information on the procurements in progress.

Information about the procurements in progress is also published on the Central Public Procurement Information System (CPP IS): <http://www.eviesiejipirkimai.lt> The latter information is also published in the supplement “Information Notices” to the Official Gazette (except small-value procurements).

CPP IS also contains information on the draft technical specifications of planned procurements of the value above the small-value procurement limit. Suppliers are invited to make their comments and tenders regarding published technical specifications. Tenders can be submitted via CPP IS or by sending them to the email addresses provided in the published technical specifications before the deadline for submission of tenders.

Procurement arrangements:

The contracts to be financed from the proceeds of the Bank operation will be below EUR 250,000 for supply of goods and related services and EUR 7.5 million for works contracts. The contracts allocated for EBRD finance have been confirmed to meet the requirements of para 3.10 of the Bank’s PPR which states that “alternative procurement procedures in accordance with national law may be the most economic and efficient method in the case of small contracts value; geographically

scattered works; goods and works available locally at prices less than the international market; or when the nature and scope of contracts are unlikely to attract foreign competition; provided that the procedures applied are acceptable to the Bank.” Hence the Group may procure these contracts in accordance with national public procurement rules and regulations applicable to Ignitis Group that are conducted through the national e-procurement system. Ignitis Group have provided an outline procurement plan. [REDACTED]

ANNEX 8 – BIOGRAPHY OF MANAGEMENT BOARD

DARIUS MAIKŠTĖNAS, Chairman of the Board, CEO

Education: Harvard Business School, General Management Program; Baltic Management Institute, Executive MBA degree; Kaunas University of Technology, Bachelor’s degree in Business Administration

Past employment and other position within the Group: ESO as Chairman of the Supervisory board; WIDER COMMUNICATIONS INCORPORATED as the member of the Board (until 21/05/2019); WIDER COMMUNICATIONS LIMITED PRIVATE LIMITED COMPANY as sole member of the Board (until 21/05/2019)

DARIUS KAŠAUSKAS, Member of the Board, Finance and Treasury Director

Education: ISM University of Management and Economics, Doctoral studies of Social Sciences in the field of Economics; BI Norwegian Business School, Master’s degree in Management; Vilnius University, Master’s degree in Economics

Past employment and other position within the Group: Duomenų Logistikos Centras as Chairman of the Board [until 07/07/2020]; Lietuvos Energijos Paramos Fondas as Member of the Board; Enepro as Chairman of the Board (until 24/10/2019); ESO as Member of the Supervisory board.

VIDMANTAS SALIETIS, Member of the Board, Commerce and Services Director

Education: Stockholm School of Economics in Riga (SSE Riga), Bachelor’s degree in Economics and Business

Past employment and other position within the Group: Ignitis Latvija, as member of the Board (until 22/10/2019); Ignitis Eesti, as Chairman of the Board (until 14/11/2019), Energijos Tiekimas UAB as Chairman of the Board (until 01/06/2019); UAB Ignitis as Chairman of the Board (until 01/06/2019); UAB Ignitis as Member of the Supervisory Board, Chairman of the Supervisory Board; Elektroninių mokėjimų agentūra as Member of the Board; NT Valdos, UAB as Chairman of the Board; Gamybos Optimizavimas as Member of the Board.

ŽIVILĖ SKIBARKIENĖ, Member of the Board, Organisational Development Director

Education: Mykolas Romeris University, Doctoral degree in Social Sciences Field of Law; Vilnius University, Master's degree in Law

Past employment and other position within the Group: Verslo Aptarnavimo Centras UAB as Chairman of the Board (until 01/01/2020); UAB Ignitis grupės paslaugų centras, as Board member, Chairwoman of the Board; Elektroninių mokėjimų agentūra as Member of the Board; AB Ignitis Gamyba as Member of the Supervisory Board.

DOMINYKAS TUČKUS, Member of the Board, Infrastructure and Development director

Education: L. Bocconi University (Italy), Master's degree in Finance; Bachelor's degree in Business Management and Administration

Past employment and other position within the Group: AB Ignitis Gamyba as Chairman of the Supervisory board; UAB Ignitis as Member of the Board (until 01/06/2019) and Member of the Supervisory Board; Eurakras as Member of the Board (until 03/09/2019); Tuulueenergia OU as Chairman of the Board (until 28/01/2019); Vilnius CHP as Chairman of the Board; Ignitis Renewables as Member of the Board; KŪB "Smart Energy Fund powered by Ignitis Group" as Member of the Advisory Committee.

DARIUS DAUBARAS, Chairman, Independent Supervisory Board Member

Education: University of Cambridge, Master's degree in International Relations; University of Pennsylvania, USA, Business Administration Master's Degree; University of Denver, USA, Bachelor's Degree in Business Administration

Employment and position: Saudi Aramco as senior finance executive to advise company's executive management on implementation of corporate projects, acquisitions, investments and joint venture; Treasury department and Member of the Supervisory Board of "Smart Energy Fund powered by Ignitis Group" (until 01/7/2019)

DAIVA LUBINSKAITĖ-TRAINAUSKIENĖ, Independent Supervisory Board Member

Education: ISM University of Management and Economics, Master's Degree; Public Relations Professional Studies at Vilnius University;

Employment and position: Thermo Fisher Scientific Baltics UAB as Director of Personnel; Association of Personnel Management Professional as Member of the Board

ANDRIUS PRANCKEVIČIUS, Independent Supervisory Board Member

Education: Kaunas University of Technology, Bachelor's degree in Business Administration; Master's degree in Marketing Management; Harvard Business School, Leadership Development

Employment and position: Linas Agro Group AB as Deputy Chief Executive Officer and Member of the Board; Kekava PF as Chief Executive Officer and Chairman of the Board; Linas Agro AB as Member of the Board; Lielzeltini SIA as Chairman of the Board; Broileks SIA as Chairman of the Board; Cerova SIA as Chairman of the Board; Žilvista ŽŪB as 20 Member

DAIVA KAMARAUSKIENĖ, Supervisory Board Member

Education: Vilnius University Faculty of Economics, master's degree

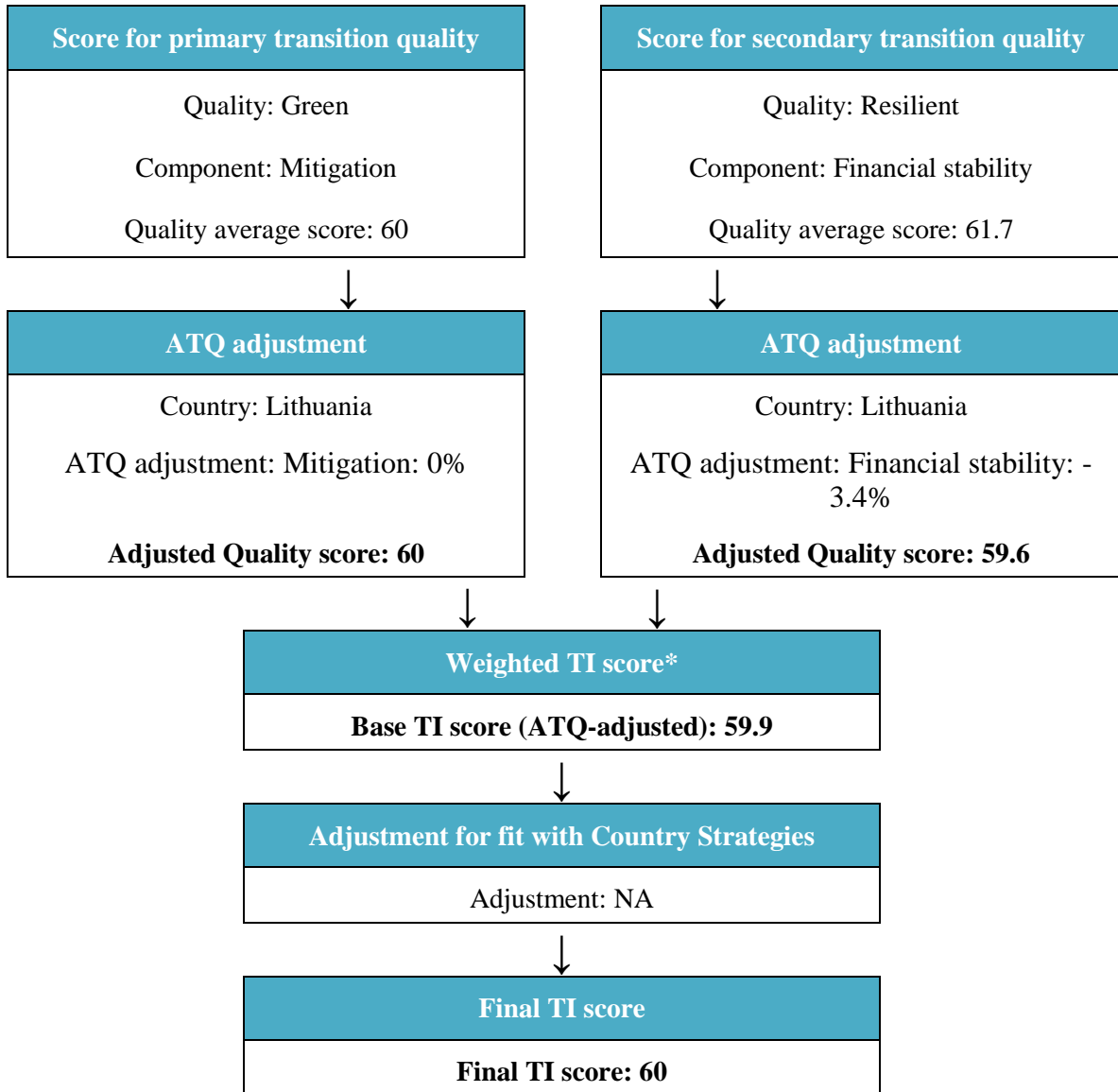
Employment and position: Ministry of Finances as Director of Budget Department

AUŠRA VIČKAČKIENĖ, Supervisory Board Member

Education: Vilnius University, Master's degree in Management and Business Administration; Vilnius University, Bachelor's degree in Management and Business Administration

Employment and position: Ministry of Finances as Director of Assets Management Department; Būsto paskolų draudimas UAB as Member of the Board

ANNEX 9 - TRANSITION IMPACT SCORING CHART



*The Primary Quality score is weighted 75% for the calculation of the Base TI Score. The Secondary Quality is weighted 25%.

ANNEX 10 – FINANCIAL PROJECTIONS

[REDACTED]