ignitis group

First quarter 2021

Interim report

Consolidated interim report, condensed consolidated and the parent company's financial statements for the period ended 31 March 2021, prepared in accordance with IAS 34

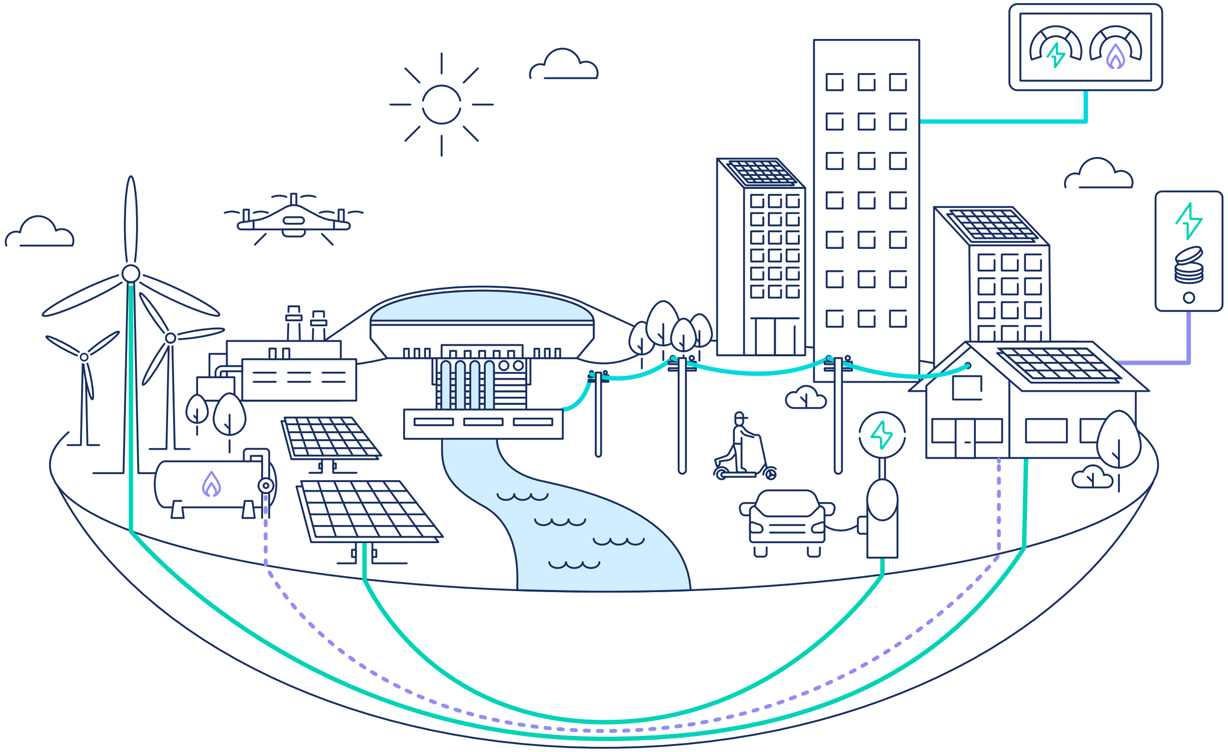
Ignitis Group – creating an energy smart world

Who we are

Ignitis Group is a leading utility and renewable energy group in the Baltic region.

Our core business is focused on operating electricity distribution Network and managing and developing Green Generation portfolio.

We also manage strategically important Flexible Generation assets and provide Customers & Solutions services, including the supply of electricity and gas, solar, e-mobility, improved energy efficiency and innovative energy solutions for households and businesses.



Networks
Resilient and efficient energy distribution networks enabling the energy transition.

Green Generation
Focused, sustainable and profitable growth.

Flexible Generation
Reliable and flexible power system.

Customers & Solutions
Innovative solutions for easier life and energy evolution.

Contents

Overview

1.1 CEO's statement

Solid financial performance supported by strategy delivery

In Q1 2021, we progressed well on both financial and strategy delivery performance. It was mainly driven by the strategy delivery on commissioning Kaunas (24 MWe, 70 MWth) and Vilnius (19 MWe, 90 MWth) CHPs. We also reached strategic milestones while completing one of the largest Pomerania WF (94 MW) in Poland and deciding on the expansion of Kruonis PSHP for an additional unit (110 MW).

Highlights

Financials

Adjusted EBITDA amounted to EUR 91.9 million or 18.6% higher compared to Q1 2020.

A dividend of EUR 0.579 per share for the second half of 2020 paid out to our shareholders.

Outlook for 2021 remains unchanged, demonstrating the resilience of our businesses during the unprecedented COVID-19 environment. We expect adjusted EBITDA to be in the range of EUR 300-310 million.

Strategy

In Q1 2021, our Green Generation installed capacity increased by 19 MWe as a result of commissioned Vilnius CHP, waste-to-energy unit.

In Q2 2021, it will increase further by 94 MW, due to the COD at full capacity of Pomerania WF in Poland.

We also chose a supplier, which will be responsible for implementing the smart metering infrastructure by 2024. Network digitisation and, thus, efficiency increase will ensure the usage of grid as market facilitator.

Performance

Adjusted EBITDA of the Group for the first quarter of 2021 amounted to EUR 91.9 million and was 18.6% higher compared to Q1 2020. The increase was mainly driven by the increase in generated electricity due to the following reasons: firstly, the launch of Kaunas CHP (24 MWe, 70 MWth) in August 2020 and Vilnius CHP waste-to-energy unit (19 MWe, 90 MWth) in March 2021, thus increasing the overall result of Green Generation segment as well as segment's proportional share of the total Group result; secondly, further growth from commercial activities of the CCGT unit in Flexible Generation segment caused by positive spark spread including emission allowances price. An increase in Networks segment was captured as well. It was mainly driven by higher distributed volumes as a result of colder weather compared to Q1 2020. However, this effect will level off over the course of the year.

On 25 March, during the General Meeting of Shareholders, a dividend of EUR 0.579 per share for the second half of 2020 was approved and distributed in April. Our profit distribution for the last financial year (EUR 85 million) is in line with the dividend policy which going forward defines an annual dividend increase by at least by 3%.

We also maintained the strength of our balance sheet. The international credit rating agency S&P Global Ratings conducted an annual review of Group's credit metrics and published a report on 26 May affirming BBB+ Rating with stable outlook, once again confirming the reliability of Ignitis Group.

Strong financial performance in Q1 2021 affirms our expectations for Adjusted EBITDA in 2021 published in Group's Annual report 2020 and is detailed below in the 'Outlook' section. We maintain our full-year Adjusted EBITDA guidance of EUR 300-310 million.

Lastly, in order to enable market awareness and transparency, in April 2021 we initiated commissioned-based research by Enlight Research. The reports about Ignitis Group contain insights on the Group's results, market environment, detailed estimates and valuation and is available for all market participants, especially for the benefit of retail investors.

Strategy delivery

As expected, we launched commercial activities of Vilnius CHP's waste-to-energy unit (19 MWe, 90 MWth) at the end of March 2021. On the other side, the construction works of Vilnius CHP's biomass unit (79 MWe, 169 MWth) are in line with the schedule. Currently, around 70-75% of construction works are finished and we expect it to start the commercial activities around Q4 2022.

We also finished the construction works of our first wind farm in Poland, Pomerania WF (94MW), and have since initiated its commissioning. Over the estimated 30 years of the asset's lifetime, we expect it to generate around EUR 440 million of adjusted EBITDA.

Lastly, expansion plan of Kruonis PSHP (900 MW), the largest PSHP plant in the region, by one additional unit of 110 MW has been confirmed. Currently we are working on the procurement planning to continue its development.

While being on track to meet our Green Generation portfolio development goals, we also reached a milestone ensuring Networks growth by choosing a supplier, which will be responsible for smart metering infrastructure. Smart meters' rollout for all customers consuming >1,000 kWh of electricity annually is expected to be finished by 2024. Network digitisation and, thus, efficiency increase is one of our top priorities resulting in grid being able to act as market facilitator.

Sustainability

As we lead the energy transition across the region towards an energy smart world, we place our performance and accountability in the environmental, social and corporate governance domains at the forefront of our operations.

In Q1, we presented our GRI-aligned comprehensive Sustainability Report for 2020, thereby joining the ranks of leading companies who use this globally recognized sustainability reporting standard. We continue to refine our disclosures to provide a wide set of stakeholders a clear view of our performance and progress.

In Q1 we also fine-tuned our GHG emissions measurement methodology and finalised our GHG emissions calculations for 2019 and 2020. In Q2 we will submit our GHG management plan and targets to the Science-based Targets initiative, which will be an important step in ensuring that our interim reduction targets are consistent with the pathway towards net zero emissions by 2050. We aim to publish our interim emissions target in mid-2021.

ESG ratings provided by leading ESG ratings agencies serve as an important reflection of our performance. Our current MSCI ESG rating of 'A' places us above the sector average of 'BBB' while Sustainalytics ranks us among the top 20% ESG performers in the utility sector. After the reporting period, our sustainability practices in the Customers and Solutions segment were awarded a silver medal by Ecovadis, a ratings platform that focuses on sustainable supply chains. Ignitis falls among the top 8% of all companies assessed by Ecovadis. As we remain committed to sustainability, we are confident that this will be reflected in continuously improving ESG rating scores.

Looking ahead

We are working towards our targets defined in the Strategic Plan 2021-2024 published this February. Current Green Generation operating portfolio of 1.1 GW is expected to increase by additional 700-900 MW and reach 1.8-2.0 GW by the end of 2024. The investments into renewable projects should comprise EUR 800-1,000 million. The second largest proportion of the investments, amounting to EUR 800–900 million, will be directed to the Networks maintenance and growth, including the smart meters' rollout. Having a platform filled with market expertise and an ambitious mindset, we will take our responsibility to lead the energy transition in our region even further.

Darius Maikštėnas
Chair of the Management Board and the CEO
Ignitis Group

1.2 Business highlights

January

Governance:
Approved LTIP targets for the year 2023.

February

Governance:
Received a Letter of Expectations from the majority shareholder (Ministry of Finance of the Republic of Lithuania) supporting the Group' strategy.

Customers & Solutions:
Started trading activities in the Dutch gas trading platform TTF.

Finance:
Received Nasdaq Baltic Award 2021 for implementing the largest ever IPO in the Baltic States in October 2020.

Green Generation:
Approved Kruonis PSHP (900 MW) expansion plan for additional one unit (110 MW).

Strategy:
Published the 2021-2024 Strategic Plan.

March

Green Generation:
Completed Pomerania WF (94 MW) in Poland construction works.

Strategy:
Increased the investment into the Israel-based company H2Pro developing green hydrogen production technology.

Governance:
Became the first holding in Lithuania that received an international certificate for anti-corruption management system.

Governance:
Approved LTIP targets for the year 2024 .

Sustainability:
In Sustainable Brand Index™ Ignitis brand ranked as the first in energy category and as 15th in the general ranking.

Green Generation:
Initiated selection process for the independent member of the Board of Ignitis Renewables.

Finance:
Paid out a dividend of EUR 0.579 per share for the second half of 2020.

Governance:
Updated remuneration policy and share allocation rules for LTIP and ESOP.

Green Generation:
Vilnius CHP, waste-to-energy unit (19 MWe, 90 MWth) started its commercial activities.

Green Generation:
Court case on the permits of two (out of 6) operational wind turbines in Tuuleergia WF in Estonia has been cleared with no further possibility of claims.

After the reporting period

April

Governance:
Ownership rights of all ESO shares have been transferred to Ignitis Group.

Finance:
Investment research company Enlight Research added Ignitis Group to its coverage list.

Networks:
Chose a supplier, which will be responsible for implementing the smart metering infrastructure by 2024.

May

Green Generation:
Pomerania WF (94 MW) in Poland generated first electricity.

Governance:
Share option programme is suspended until all doubts related to its compliance with national legal acts are cleared.

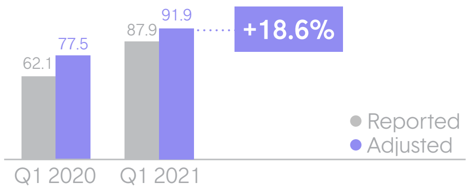
Governance:
A part of Ignitis Gamyba minority shares have been transferred to Ignitis Group.

Finance:
S&P Global Ratings after annual credit rating review, affirmed BBB+ (stable outlook) rating.

1.3 Performance highlights

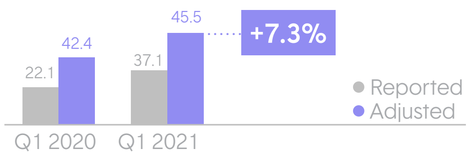
Financial

EBITDA, Adjusted EBITDA APM
EURm



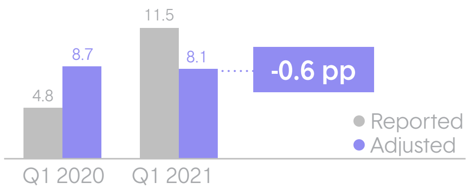
Adjusted EBITDA increase of 18.6% was driven by the launch of Kaunas CHP and Vilnius CHP WtE unit, better result of commercial activities of the CCGT unit and higher distributed volumes' effect in the Networks segment, which will level off during the year.

Net profit, Adjusted net profit APM
EURm



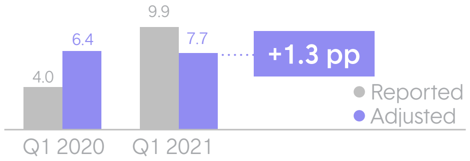
Adjusted net profit increased by 7.3% driven by growth in Adjusted EBITDA, which was partly offset by higher income tax expenses.

ROE LTM, Adjusted ROE LTM APM
%



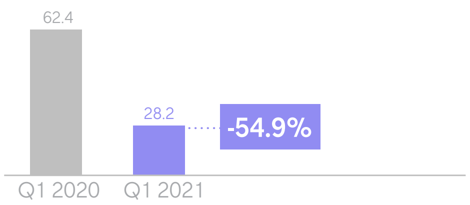
Adjusted ROE LTM slightly decreased to 8.1%. An effect of increased Adjusted net profit LTM was offset by increase of capital during the IPO in Q3 2020.

ROCE LTM, Adjusted ROCE LTM APM
%



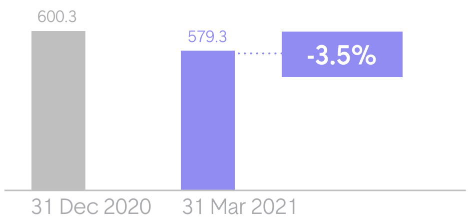
Adjusted ROCE LTM slightly increased to 7.7% mostly due to increased Adjusted EBIT LTM.

Investments APM
EURm



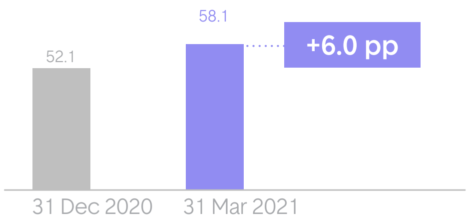
Investments decreased mainly due to lower investments in Vilnius CHP due to rescheduled investment timeline, Kaunas CHP as it was launched in August 2020, Pomerania WF as the construction was completed in March and the Networks segment due to cold winter and heavy snowfall.

Net debt APM
EURm



Net debt decreased by 3.5% due to higher EBITDA.

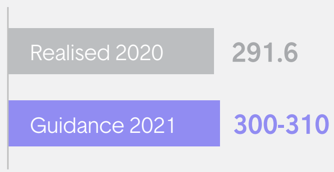
FFO LTM/Net debt APM
%



FFO LTM/Net debt improved from 52.1% to 58.1%, as FFO LTM increased due to higher EBITDA while Net Debt decreased.

Outlook for 2021

Adjusted EBITDA APM
EURm

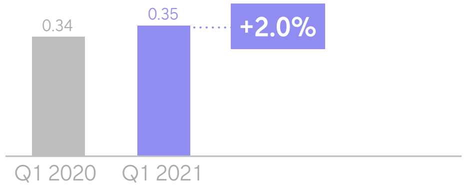


In the outlook announced with Annual report 2020, we expected adjusted EBITDA to be in the range of EUR 300–310 million for 2021. Strong financial performance in Q1 2021 affirms our expectations and we maintain our full-year guidance at the same level mainly supported by the growth in Green Generation segment.

** In case of a change of calculation of APM in Q1 2021, measures of Q1 2020 were recalculated as to calculation of Q1 2021. Calculations of Net working capital and FCF were changed from Q1 2021.*
APM Alternative Performance Measure - Adjusted figures used in this report refer to measures used for internal performance management. As such, they are not defined or specified under International Financial Reporting Standards (IFRS), nor do they comply with IFRS requirements. Definitions of alternative performance measures can be found on our website.

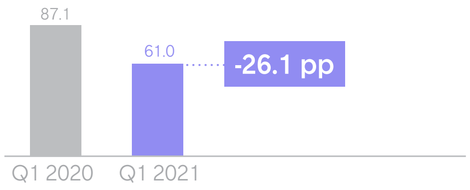
Environment

Green electricity generated
TWh



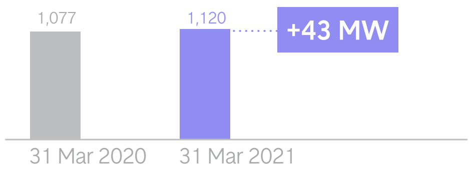
Green electricity generation increased by 2.0% which was mainly driven by higher generation at Kaunas CHP which commenced commercial operations in August 2020. This was partly offset by lower generation from wind and hydro due to unfavourable weather conditions, less opportunities to utilise fluctuations in electricity prices in Kruonis PSHP and lower availability of its units due to planned maintenance works.

Green share of generation
%



Green share of generation decreased by 26.1 pp as a result of significant increase of electricity generated from CCGT, caused by higher spark spread including emission allowances price.

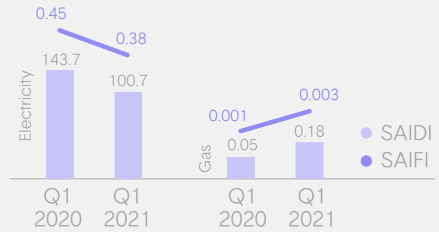
Green Generation installed capacity
MW



Installed Green Generation capacity increased by 43 MW since Kaunas CHP (Q3 2020) and Vilnius CHP's waste-to-energy unit (Q1 2021) commenced commercial operations.

Operational efficiency

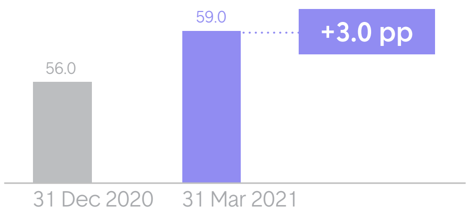
Network quality
SAIDI, min/ SAIFI, units



Electricity quality indicators in Q1 2021 were affected by the extreme conditions caused by wet snow cover (end of January, 2021), but not so strongly as storm Laura in Q1 2020. Gas supply quality decreased due to a significant number of disconnections of low-capacity gas regulators caused by the extreme temperature (which dropped below (20°C)).

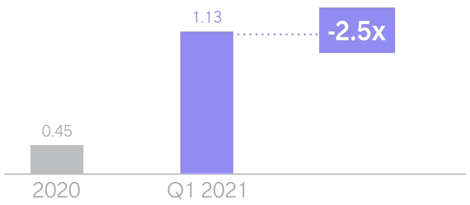
Social

Employee satisfaction
eNPS, % (1-100)



Employee satisfaction improved during Q1 2021. Result of eNPS increase by 3.0 pp. to 59.0%.

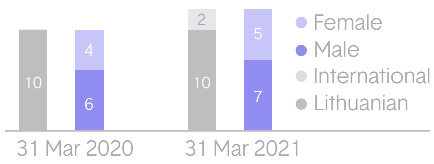
Safety
TRIR, times



During Q1 2021, total recordable employee injury rate (TRIR) equated to 1.13 for million hours worked and worsened by 2.5 times compared to 2020, which was an outlier largely as a result of the mobility restrictions imposed by the Covid-19 pandemic.

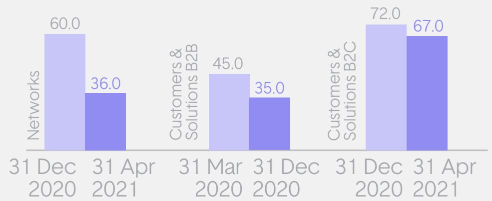
Governance

Supervisory and Management Boards
Nationality and gender diversity



As of 31 March 2021, Supervisory and Management Boards had 42% female and 17% international members. In November 2020 two new international members joined the Supervisory Board (one female and one male) resulting in an improvement of diversity in the main governing bodies.

Customer experience
NPS, %



In Q1 2021, NPS decreased by 24.0 pp in Networks segment and by 5 pp in B2C Customers & Solutions segment under the influence of electricity market deregulation. Nevertheless, NPS indicators remain relatively high compared to our peer utilities.

1.4 Outlook

Adjusted EBITDA guidance

In the outlook announced with Annual report 2020, we expected adjusted EBITDA to be in the range of EUR 300–310 million for 2021 representing 3-6% growth compared to 2020 actual result. Strong financial performance in Q1 2021 affirms our expectations and we maintain our full-year guidance at the same level mainly supported by the growth in Green Generation segment due to the launch of Vilnius CHP waste-to-energy unit in Lithuania, Pomerania WF in Poland, and full-year result of Kaunas CHP which was launched last year.

Adjusted EBITDA outlook for 2021
EURm*

	Realised 2020	Guidance 26 February 2021	Guidance 27 May 2021
Adjusted EBITDA APM	**291.6**	**300-310**	**300-310**
Networks	199.0	Higher	Higher
Green Generation	50.7	Higher	Higher
Flexible Generation	31.8	Lower	Lower
Customers & Solutions	11.0	Higher	Higher
Other	(0.9)	Lower	Lower

**Adjusted EBITDA indication for the Group is the prevailing guidance, whereas directional effect per business segment serves as a mean to support it. Higher/stable/lower indicates the direction of the business segment's change in 2021 relative to the actual results for 2020. Double higher indicates the accelerated growth compared to other segments.*

Forward-looking statements

The interim report contains forward-looking statements, which reflect current views and are, by nature, subject to risks and uncertainties. Because they relate to events and circumstances that will occur in the future, the actual development may differ materially from our expectations. We are unable to predict the impact of these events. For further information about the risks relevant to the Group activities, see section 4.5 'Risk and risk management'.

1.5 Shareholder and bondholder information

Overview

We are proud to continue contributing the most to the Baltic capital markets development. Our total turnover of EUR 70.8 million was twice the size than the rest of Nasdaq Vilnius or almost equal to Nasdaq Vilnius (EUR 72.0 million) Employee satisfaction improved during Q1 2021. Result of eNPS increase by 3.0 pp. to 59.0%.
Currently, we are covered by 5 research analysts. Additionally, in April we initiated a commissioned-based research by Enlight Research to ensure the access to high quality analysis of the Ignitis Group to all investors at no cost. All analysts' recommendations are available on our website.

Shareholder structure

At the end of the reporting period, the Republic of Lithuania (Ministry of Finance) owned 73.08% of the parent company's share capital. The remaining part of the share capital lies with institutional and retail investors. There are no other shareholders owning more than 5% of the parent company's shares.

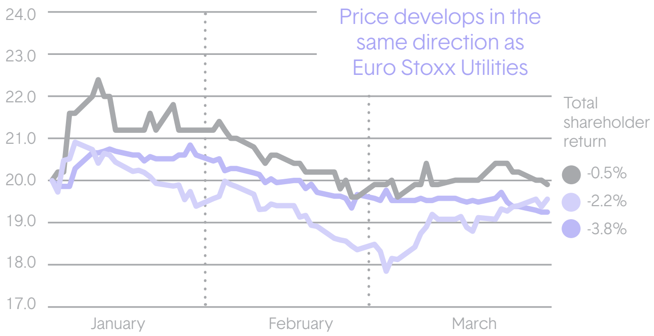
General shareholders' meetings and dividends

In Q1 2021, the Annual General Meeting of Shareholders has been held during which a dividend of EUR 0.579 per share, corresponding to EUR 43.0 million, has been confirmed. In line with our dividend policy, we paid EUR 85 million of dividends for the year 2020. Further relevant information, including all decisions made during the other general meetings of shareholders is available in 'Governance' section of this report and on our website.

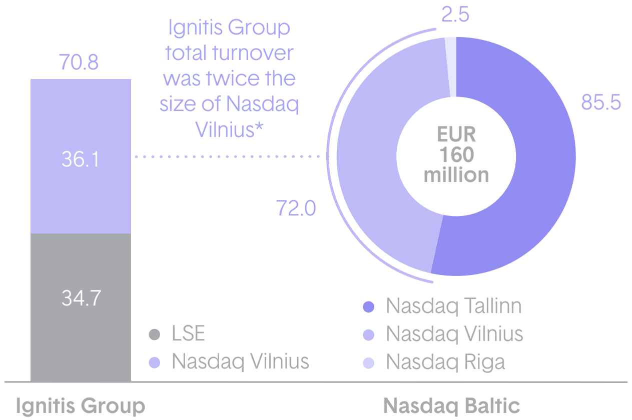
Credit rating

On 26 May 2021, after annual review, credit rating agency S&P Global Ratings affirmed BBB+ (stable outlook) credit rating. Further information on the credit rating, including the credit rating report is available on our website.

Price development and turnover in Q1 2021



** Index 20.0 = LSE GDR closing price on 4 January 2021.*



** Total turnover of Ignitis Group at LSE and Nasdaq Vilnius was twice the size than the turnover of Nasdaq Vilnius excluding the part of Ignitis Group.*

Share information

	Nasdaq Vilnius	LSE	Combined
Period high*, EUR	22.05	22.40	22.40
Period low*, EUR	20.35	19.60	19.60
Period VWAP**, EUR	20.85	20.61	20.74
Period end*, EUR	20.35	19.90	-
Average daily turnover, EURm	0.6	0.6	1.2
Market capitalisation, period end, EURbn		1.5	

Type	Shares	GDRs
ISIN-code	LT0000115768	Reg S: US66981G2075; Rule 144A:US66981G1085
Ticker	IGN1L	IGN
Nominal value, EUR	22.33 per share	
Number of shares (share classes)	74,283,757 (one share class)	
Free float, shares (%)	20,000,000 (26.92%)	

** As of closing trading market price.*
*** Weighted average volume price.*

Financial calendar 2021

29 June	Preliminary financial results for 5-months of 2021
29 July	Preliminary financial results for 6-months of 2021
31 August	Interim report for the first half-year of 2021 Preliminary financial results for 7-months of 2021
30 September	Preliminary financial results for 8-months of 2021
28 October	Preliminary financial results for 9-months of 2021
30 November	Interim report for the first nine months of 2021 Preliminary financial results for 10-months of 2021
30 December	Preliminary financial results for 11-months of 2021

Financial calendar is available in our website and is immediately updated, if any changes.

Information on delisted companies

Following the mandatory buy-out procedures of ESO (Networks) and Ignitis Gamyba (Flexible Generation and Green Generatoin) shares, on 15 April 2021, the parent company became 100% shareholder of ESO.

After the reporting period, part of Ignitis Gamyba shares has been transferred to the parent company, resulting in its ownership increase to 99.89%. The remaining part of minority shares is expected to be transferred according to the decisions of Vilnius District Court. Information related to delisted companies, including the guidance of payment for shares, is available on our website.

Business overview

2.1 Business profile

Creating an Energy Smart world

Core businesses

Networks

Resilient and efficient energy distribution enabling the energy transition.

Activities

Operation, maintenance, management, and development of electricity and gas distribution networks to ensure safe and reliable energy distribution. Supply of last resort.

Revenue model

Fully regulated through 5-year regulatory periods based on a transparent RAB-WACC methodology.

CO_2 neutral strategy support

Through reduction in network losses, timely connection of renewable energy assets, investments to allow further electrification.

Network size and distribution volume

	Size	Volume
Electricity	126,238 km*	2.72 TWh
Gas	9,716 km	3.32 TWh

** Whereof 68% overhead lines and 32% underground lines.*

Green Generation

Focused, sustainable, and profitable growth.

Activities

Generation of electricity from renewable energy sources including wind, hydro, solar, biomass and waste-to-energy. Development and operation of new generation capacities.

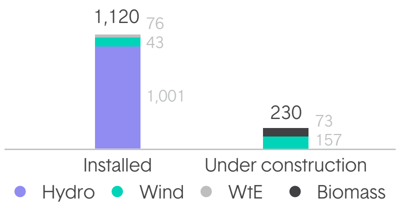
Revenue model

Renewable energy long-term support schemes (FiT, FiP, CfD), long-term PPAs, merchant.

CO_2 neutral strategy support

Through development of zero carbon electricity generating assets.

Electricity capacity, MW



0.35 TWh

Electricity generated

Complementary businesses

Flexible Generation

Reliable and flexible power system.

Activities

Provision of ancillary services to ensure stability and security of Lithuania's electricity system.

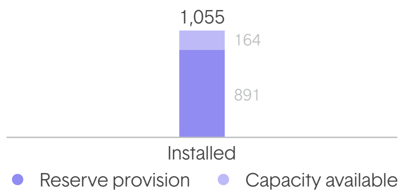
Revenue model

Largely regulated, based on a transparent methodology, with capacities awarded through annual auctions.

CO_2 neutral strategy support

Enabling the system to integrate more renewable energy capacities.

Electricity capacity, MW



0.22 TWh

Electricity generated

Customers & Solutions

Innovative solutions for easier life and energy evolution.

Activities

Supply of electricity and gas, wholesale trading and balancing, green energy solutions for businesses and residents and energy efficiency projects.

Revenue model

Regulated tariffs and commercial contracts.

CO_2 neutral strategy support

Enabling renewable energy build-out through provision of PPAs.

Electricity and gas supply customers

	B2C	B2B
Electricity Total 1.563 million	1.553 million	10 thousand
Gas Total 611 thousand	603.8 thousand	7.2 thousand

2.2 Market presence

Regional leader exploring opportunities in the markets undergoing energy transition paths

LITHUANIA

Networks
- Country-wide electricity and gas distribution

Green Generation:

OPERATIONAL
- Kruonis PSHP (900 MW)
- Kaunas HPP (100.8 MW)
- Three onshore WFs (58 MW in total)
- Kaunas CHP (24 MWe, 70 MWth)
- Vilnius CHP waste-to-energy unit (19 MWe, 90 MWth)
- Biomass boiler in Elektrėnai (40 MWth)

UNDER CONSTRUCTION
- Vilnius CHP biomass unit (79 MWe, 169 MWth)
- Mažeikiai WF (63 MW)

UNDER DEVELOPMENT
- Partnership agreement for Lithuania offshore wind (700 MW)
- Kruonis PSHP (110 MW)

Flexible generation

OPERATIONAL
- Two gas fired reserve power units in Elektrėnai (600 MW)
- Combined Cycle Gas Unit in Elektrėnai (455 MW)

Customers & Solutions
- B2B and B2C supply of electricity and gas, solar, e-mobility, ESCO services etc.

FINLAND

Customers & Solutions
- B2B supply of gas

ESTONIA

Green Generation:

OPERATIONAL
- Onshore wind farm (18 MW)

Customers & Solutions
- B2B supply of electricity

LATVIA

Customers & Solutions
- B2B supply of electricity and gas

POLAND

Green Generation

PREPARING FOR LAUNCH
- Pomerania WF (94 MW)

UNDER DEVELOPMENT
- Polish solar portfolio I (up to 170 MW)

Customers & Solutions
- B2B supply of electricity

ignitis group

2.3 Strategy

In 2020, we updated our Corporate Strategy by putting sustainability at the core of our strategy. We are accelerating our transition towards a decarbonized world, transforming our business models by developing and scaling smart solutions, expanding in our region, and exploring new opportunities in the markets undergoing energy transition.

In our strategy we focus on four key strategic priorities. First, creating a sustainable future where there is no place for coal or nuclear. ESG criteria are an integral part of our strategic goals with strong commitment to a more sustainable future. We align our business targets with the United Nations' Sustainable Development Goals and we are committed to reducing net carbon dioxide emissions to zero by 2050. We also thrive to align our businesses with science-based targets to a 1.5°C-compliant business model. Second, ensuring resilience and flexibility of the energy system, as well as enabling energy transition and evolution. Third, growing renewables to meet regional energy commitments. We target to reach 4 GW of installed green generation capacity by 2030. Fourth, capturing growth opportunities and developing innovative solutions to make life easier for the energy smart.

Our focus on the home markets – the Baltic countries, Poland, and Finland. We also explore new opportunities in countries on the energy transition path.

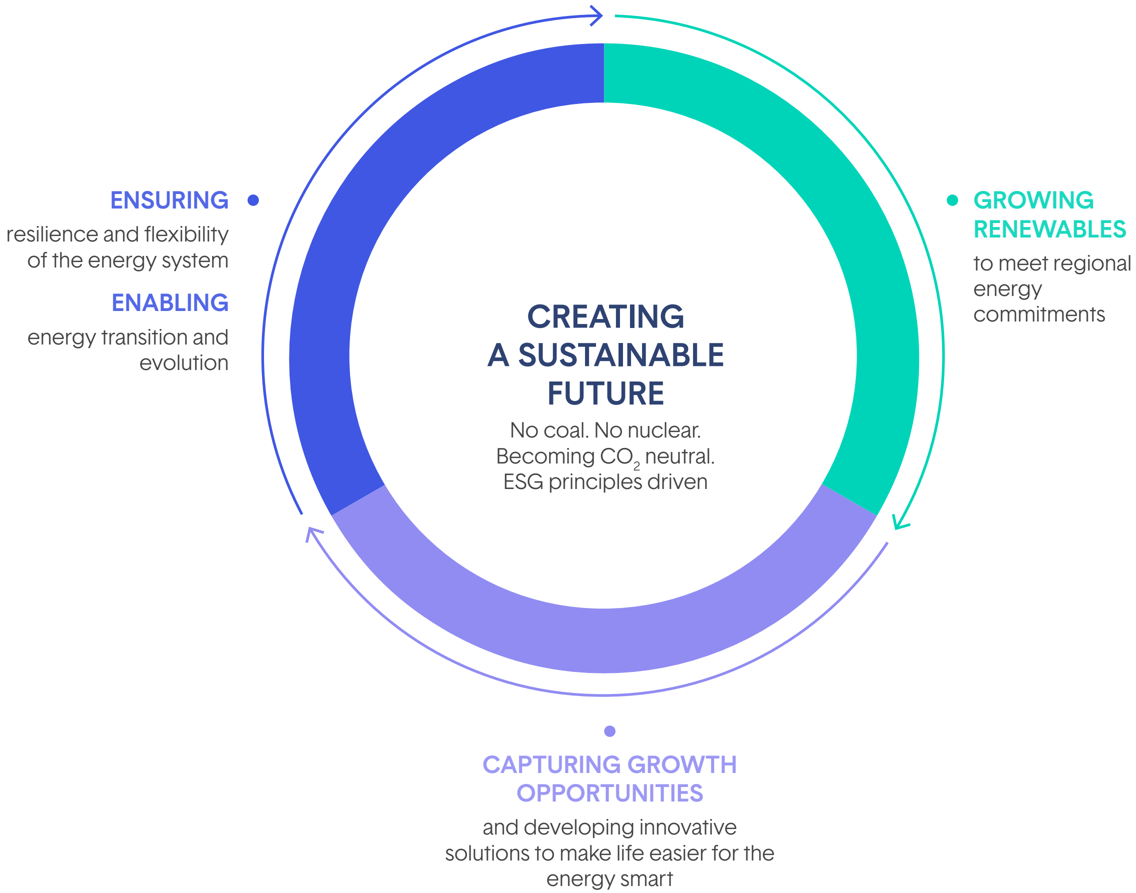
We pursue our strategic priorities with a strong focus on financial discipline. Our engaged people, agile teams, learning culture, organisation with strong governance model and digital approach are the integral parts of our strategy.

To ensure strategy implementation, on a yearly basis we announce a strategic plan with targets and KPIs set for the next 4-year period.

Our values

RESPONSIBILITY	PARTNERSHIPS	OPENNESS	GROWTH
Care. Do. For Earth. Starting with myself.	Diverse. Strong. Together.	See. Understand. Share. Open to the world.	Curious. Bold. Everyday.

In our **vision,** we transform for **a more sustainable world**



In everything we do, we are united by the **mission** to make **the world more Energy Smart**

Strategic directions in depth

Networks

Resilient and efficient energy distribution enabling the energy transition.

- We continuously invest country-wide to modernise our strategic assets used for electricity and natural gas distribution to ensure network resilience and efficiency for our business and residential customers.
- We digitise our distribution network and strive to develop a smart grid which would be one of the most advanced in the region.
- We enable energy innovations, renewable energy transition and facilitate the local energy market and its efficiency through data-driven solutions.

Green Generation

Focused, sustainable, and profitable growth.

- We target to reach 4 GW of installed Green Generation capacity (including hydro assets) by 2030 while ensuring that the build-out creates value for our shareholders.
- We aim to partner with strategic investors to adopt new technologies and with financial investors to maximise our returns by utilising asset rotation.
- We are pursuing onshore and offshore wind, waste-to-energy, biomass, and solar technologies across the project lifecycle.
- We apply prudent investment framework with a conservative hurdle rate.

Flexible Generation

Reliable and flexible power system.

- We invest to ensure flexibility and high reliability of the Lithuanian energy system by providing reserve and ancillary services.
- We are phasing out/decommissioning old conventional energy generation capacities.
- We aim to contribute to the synchronisation of the Baltic states with continental European network by providing new balancing services.
- We aim to develop additional Flexible Generation capacities if required to balance renewable energy and secure the required level of adequacy in the Lithuanian energy system.

Customers & Solutions

Innovative solutions for easier life and energy evolution.

- We scale our core energy supply and trading business complementing it with innovative, value-added energy solutions.
- We innovate together with our partners to help our customers become more energy smart and contribute to their environmental goals.
- We enable industrial scale renewable energy expansion by helping to secure long-term offtake contracts and capitalising on our competences in balancing services.

	Creating a **SUSTAINABLE FUTURE**	Growing **RENEWABLES**	**ENSURING** resilience **ENABLING** transition	Capturing regional growth **OPPORTUNITIES**
Networks	●		●	
Green Generation	●	●	●	●
Flexible Generation	●		●	
Customers & Solutions	●		●	●

Creating an **Energy Smart** world

2.4 Business environment

Macroeconomic environment

GDP change

2021 continues to be affected by COVID-19-related uncertainties. Based on Eurostat preliminary estimate, EU GDP contracted by 1.7% during Q1 2021 relatively to the same period the last year. Despite further projections on future economic environment remain subject to resurgence in COVID-19 infections, deployment of vaccines, policy support, it is forecasted that during Q2 2021, EU GDP should rebound by 1.3% compared to Q1 2021 thus leading to expected growth of 3.7% and 3.9% respectively in 2021 and 2022.

Regarding Lithuania, its economy demonstrates a degree of economic resilience to the COVID- 19 pandemic captured in Q1 2021 as well, as its GDP increased by 1.0% compared to the Q1 2020. Its economy is expected to grow further by 0.2% in Q2 2021 reaching GDP growth of 2.2% in 2021 and 3.1% in 2022.

GDP change, %

	Q1 2021 vs Q1 2020	2021F	2022F
Lithuania	1.0	2.2	3.1
Latvia	(2.1)	3.5	3.1
Estonia	-*	2.6	3.8
Finland	(0.8)	2.8	2.0
Poland	-*	3.1	5.1
Euro area	**(1.8)**	**3.8**	**3.8**
EU	**(1.7)**	**3.7**	**3.9**

No data is available.

COVID-19

Despite the resilient economic environment in the home market, COVID-19-related crisis could impact the Group's activities mostly by affecting our employees, contractors, suppliers, customers, and capital markets. We managed risks relevant to our employees based on their functions as well as by ensuring the availability to work remotely, for others – providing additional personal protection, hygiene measures and restricting the unnecessary contacts with others.

So far we did not experience any significant disruptions due to COVID-19 in main business activities, investments strategies and development of projects, except for some delays in projects' milestones. However, we continued assessing the potential disruptions of cash flow, supply of services or goods, the attraction of sources of financing, the potential reduction in electricity and gas consumption due to economic slowdown, the risk of COVID-19 infection of critical function personnel and the risk of delays in ongoing projects, using all the information available at this time. Yet we have not identified any circumstances which may give rise to doubts both as a result of the activities of the Group as a whole and the continuity of the individual undertakings belonging to the Group, and have taken action to manage the risks arising from the Group's activities.

We will continue monitoring the potential impact to the Group based on the changes in internal and external factors to ensure the Group's business continuity.

Industry environment

Wholesale electricity market

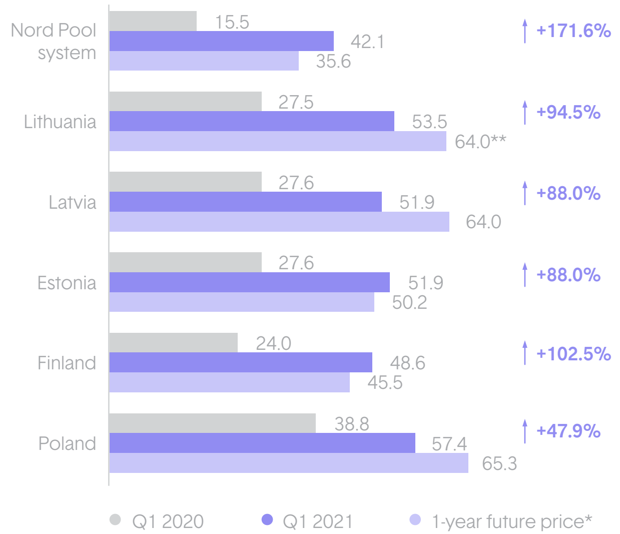
Lithuania is a part of Nord Pool, which is a leading power market in Europe offering trading, clearing, settlement and associated services in both day-ahead and intraday markets.

Nord Pool countries

During Q1 2021, prices increased remarkably in all the bidding areas of the Nord Pool Nordic power exchange compared to Q1 2020. This was mainly caused by hydro balance expectations in Scandinavia. In 2020 Q1 hydro balance was around 25 TWh above averages and was the main factor behind sudden and sharp decrease in electricity prices in all areas in 2020 while 2021 Q1 saw that balance shrinking towards below averages. That led to the price boost since all Scandinavia and particularly Norway is heavily dependent on power generation from hydro. Power prices were also affected by increasing EUA prices by 65.1% (from 22.81 EUR/t to 37.65 EUR/t), in general rising fuel prices and lower wind generation in both Scandinavia region by 20.4% (4.1 TWh). Additionally, new Norway-Germany connection of 1.4 GW that became operational in December 2020 and the increased consumption in Scandinavia due to temperature decrease by 4.4 °C (from 2.3 °C in Q1 2020 to (4.1 °C) in Q1 2021) also pushed power prices to the higher direction compared to the same period the last year.

The average system price was higher by 171.6%, with the largest increase of 102.5% captured in Finland within our home markets. Compared to Q1 2020, in Lithuania power prices increased by 94.5% reaching 53.5 EUR/MWh, whereas in Latvia and Estonia the change in power prices as well as the price level were almost the same (in both countries prices increased by 88% reaching 51.9 EUR/MWh). The smallest electricity price change was captured in the Polish Power Exchange – prices there increased by 47.9%.

Average hourly electricity spot price change in Q1 2021 compared to Q1 2020, EUR/MWh



**1-year future price is as of date 31 March 2021.*
***Based on Latvia forward price (as there is no separate Lithuanian zone).*

In Q1 2021 Lithuania produced approx. 15.4% (or 0.176 TWh) less electricity compared to 2020 Q1 mainly due to lower wind energy production levels by 42.% (or 0.213 TWh). On the contrary, Estonia produced approx. 28.9% (or 0.312 TWh) more electricity due to the higher production levels of oil share power plants (it increased by 98.0% or 0.431 TWh). Finally, the generation level in Latvia remained relatively stable (at 1.9 TWh). Similarly, in 2021 Q1 Finland and Poland produced respectively approx. 6.1% (1.067 TWh) and 6.6% (2.482 TWh) more compared to Q1 2020.

As a result, Lithuania and Estonia remained deficit countries, respectively producing around 25.0% (or 0.968 TWh) and 55.0% (or 1.393 TWh) of the countries' demand, whereas Latvia's local production covered 98.0% (or 1.886 TWh) of the country's demand. Based on ENTSO-e data, Finland and Poland remained deficit countries, producing around approx. 80% (18.616 TWh) in Finland and approx. 95% (40.241 TWh) in Poland of total country's demand.

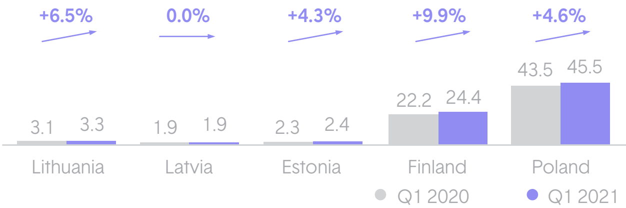
Material changes in commercial flows within home markets has been captured during Q1 2021, mainly as a result of the new methodology on Cross-Zonal Capacity Calculation application, Provision and Allocation with Russia and power price changes in the market described on the previous page.

In Q1 2021 commercial import from third countries to Lithuania decreased by approx. half compared to Q1 2020 (by 47.6% or 0.512 TWh), mainly due to the ban of import from Belarus supported by the law forbidding imports from third countries that operates unsafe nuclear power plants. Import from Scandinavia to Lithuania decreased by 34.9% (or 0.454 TWh), whereas export to Scandinavia increased 367.7 % (0.041 TWh). Export to Poland decreased by 42.4% (or 0.236 TWh). Material changes were also captured in Latvia - import from Latvia to Lithuania increased approx. 180.4% (0.838 TWh) and commercial import from third countries to Latvia increased from 0 TWh to 1.216 TWh compared to Q1 2020.

No material changes regarding the electricity consumption in our home markets have been captured. In all countries, with an exception in Latvia where consumption remained relatively flat, consumption level increased within range of 4-10% in Q1 2021 compared to Q1 2020.

Electricity generation change in Q1 2021 compared to Q1 2020, TWh

Electricity consumption change in Q1 2021 compared to Q1 2020, TWh

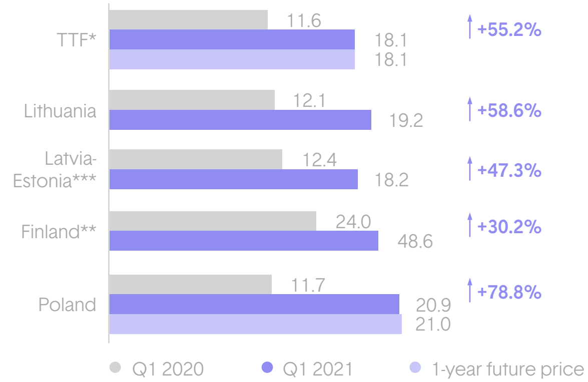


Wholesale natural gas market

Year 2021 in natural gas markets began with volatility and uncertainty led by the below-than-average winter temperatures and high natural gas shortage in Asia. This pushed prices up to the unseen levels attracting LNG cargoes from all over the world. Thus taking away volumes from other regions, including Europe, resulting in a depletion of European underground storage stocks. After a short break, starting at the beginning of March, gas price started to grow, as a result of EUA prices' increase, depleted European storage facilities and ongoing demand in Asia. Q1 2021 was a completely different scenario compared to a year ago with a relatively warm winter, shut demand due to COVID-19 and vast LNG supply from the US with no clarity how long the pandemic could last.

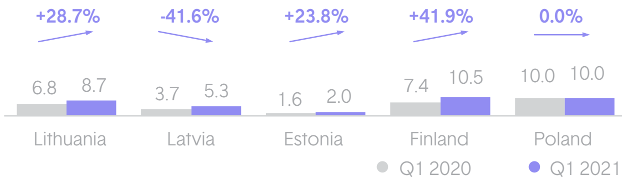
Consumption change in the Baltic region was primarily weather driven. Lower temperatures during winter 2020/2021 resulted in higher consumption levels in all Baltic countries whereas decline in consumption during Q1 2021 was driven by lockdowns and decreased production levels.

Average natural gas price change in Q1 2021 compared to Q1 2020, EUR/MWh



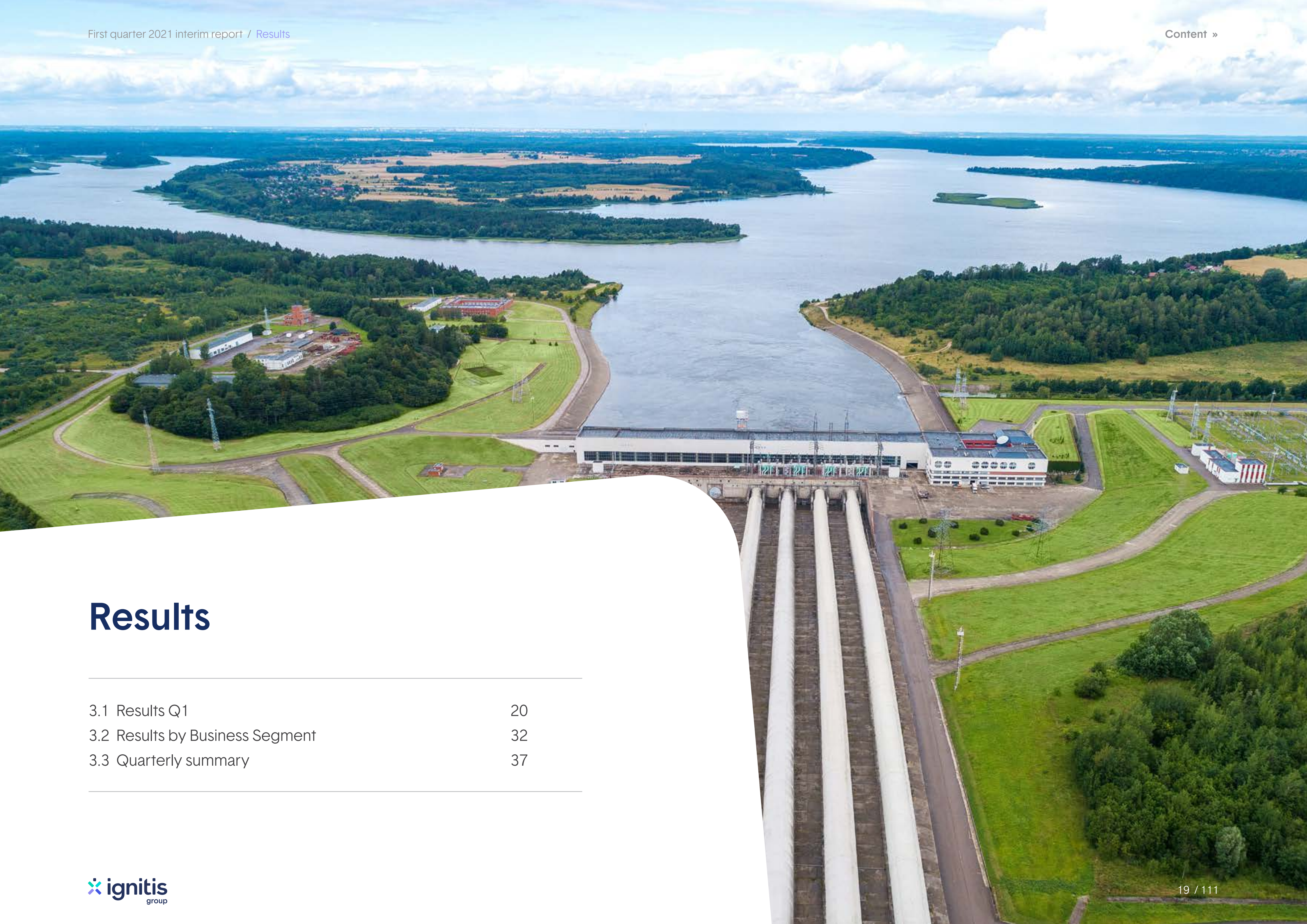
** TTF natural gas index, Get Baltic daily markets.*
***There is no futures market, thus no information is provided.*
**** Latvia and Estonia is a common natural gas balancing zone, therefore data is the same.*

Natural gas consumption change in Q1 2021 compared to Q1 2020, TWh



At the beginning of 2021, some of European destination LNG cargoes were diverted to Asia leaving less volumes in European terminals (33.0% in Q1 2021 compared to 52.0% in Q1 2020). During the same period last year, LNG market was well supplied by European terminals receiving winter cargoes.

Underground natural gas storage facilities in Europe currently are filled at 30%, compared to 54% filling the last year. Last year was abnormal in the sense of warm winter and lower demand on the continent with no support since the start of lockdown while this year both factors are supporting the withdrawal.



Results

3.1 Results Q1

Key financial indicators

		Q1 2021	Q1 2020	Δ	Δ,%
Revenue	EURm	393.4	325.7	67.7	20.8%
EBITDA APM	EURm	87.9	62.1	25.8	41.5%
Adjusted EBITDA APM	EURm	91.9	77.5	14.4	18.6%
Networks	EURm	59.3	52.2	7.1	13.6%
Green Generation	EURm	19.4	14.4	5.0	34.7%
Flexible Generation	EURm	8.1	4.5	3.6	80.0%
Customers & Solutions	EURm	4.1	7.3	(3.2)	(43.8%)
Other*	EURm	1.0	(0.9)	1.9	n/a
Adjusted EBITDA margin APM	%	23.1%	22.8%	n/a	0.3 pp
EBIT APM	EURm	51.3	30.6	20.7	67.6%
Adjusted EBIT APM	EURm	61.3	47.8	13.5	28.2%
Net profit	EURm	37.1	22.1	15.0	67.9%
Adjusted net profit APM	EURm	45.5	42.4	3.1	7.3%
Investments APM	EURm	28.2	62.4	(34.2)	(54.8%)
FFO APM	EURm	84.5	60.2	24.3	40.4%
FCF APM	EURm	28.5	16.0	12.5	78.1%
ROE LTM APM	%	11.5%	4.8%	n/a	6.7 pp
Adjusted ROE LTM APM	%	8.1%	8.7%	n/a	(0.6 pp)
ROCE LTM APM	%	9.9%	4.0%	n/a	5.9 pp
Adjusted ROCE LTM APM	%	7.7%	6.4%	n/a	1.3 pp
EPS (Basic)**	EUR	0.49	0.27	0.22	81.5%
		2021.03.31	2020.12.31	Δ	Δ,%
Total assets	EURm	4,050.0	3,969.3	80.7	2.0%
Equity	EURm	1,857.9	1,843.8	14.1	0.8%
Net debt APM	EURm	579.3	600.3	(21.0)	(3.5%)
Net working capital APM	EURm	96.8	57.9	38.9	67.2%
Net debt/EBITDA LTM APM	times	1.59	1.78	(0.19)	(10.7%)
Net debt/Adjusted EBITDA LTM APM	times	1.89	2.06	(0.17)	(8.3%)
FFO LTM /Net debt APM	%	58.1%	52.1%	n/a	6.0 pp

** Other – other activities and eliminations (consolidation adjustments and related party transactions).*
*** For the calculation of Q1 2020 EPS measure Q1 2021 number of shares used in order to have a comparable measures. EPS for Q1 2020 would be 0.38 EUR if using Q1 2020 number of shares.*

Highlights

Q1 2021 vs Q1 2020

In Q1 2021, Adjusted EBITDA increased by 18.6%. The increase was mainly driven by the following factors:

- launch of Kaunas CHP and Vilnius CHP WtE unit (Green Generation);
- better result of commercial activities of the CCGT unit (Flexible Generation) due to higher spark spread, including emission allowances' price;
- growth in the Networks segment mainly due to higher distributed volumes effect which will level off during the year.

	Networks	Green Generation	Flexible Generation	Customers and Solutions	Other*	Total Adjusted	Adjust-ments	IFRS
Q1 2021			Adjusted					Reported
Revenue	**147.8**	**35.3**	**29.9**	**184.2**	**-**	**397.2**	**(3.8)**	**393.4**
Purchases of electricity, gas and other services	(62.5)	(11.2)	(17.6)	(173.5)	0.1	(264.7)		(264.7)
Wages and salaries and related expenses	(14.2)	(1.9)	(1.6)	(3.0)	(4.7)	(25.4)		(25.4)
Repair and maintenance expenses	(3.5)	(0.7)	(1.3)	-	-	(5.5)		(5.5)
Other expenses	(8.3)	(2.1)	(1.3)	(3.6)	5.6	(9.7)	(0.2)	(9.9)
EBITDA APM	**59.3**	**19.4**	**8.1**	**4.1**	**1.0**	**91.9**	**(4.0)**	**87.9**
Depreciation and amortisation	(20.3)	(4.5)	(2.9)	(0.4)	(1.3)	(29.4)		(29.4)
Write-offs, revaluation and impairment losses of PPE and intangible assets	-	-	(1.0)	-	-	(1.0)		(1.0)
Impairment and write-offs of current and non-current amounts receivables, loans, goods and others	(0.1)	-	0.1	(0.1)	(0.1)	(0.2)	0.2	-
Revaluation of emission allowances	-	-	-	-	-		(6.2)	(6.2)
EBIT APM	**38.9**	**14.9**	**4.3**	**3.6**	**(0.4)**	**61.3**	**(9.9)**	**51.3**
Finance activity, net						(6.0)		(6.0)
Income tax expenses						(9.8)	1.5	(8.3)
Net profit						**45.5**	**(8.4)**	**37.1**
Q1 2020			Adjusted					Reported
Revenue	**126.7**	**22.5**	**15.5**	**178.5**	**(2.5)**	**340.7**	**(15.0)**	**325.7**
Purchases of electricity, gas and other services	(50.2)	(4.7)	(7.7)	(118.5)	1.3	(179.8)	-	(179.8)
Wages and salaries and related expenses	(13.3)	(1.4)	(1.8)	(2.3)	(5.7)	(24.5)	-	(24.5)
Repair and maintenance expenses	(3.4)	(0.5)	(0.8)	-	(0.1)	(4.8)	-	(4.8)
Other expenses	(7.6)	(1.5)	(0.7)	(50.4)	6.1	(54.1)	(0.4)	(54.5)
EBITDA APM	**52.2**	**14.4**	**4.5**	**7.3**	**(0.9)**	**77.5**	**(15.4)**	**62.1**
Depreciation and amortiaation	(20.2)	(3.8)	(2.9)	(0.5)	(0.3)	(27.7)	-	(27.7)
Write-offs, revaluation and impairment losses of PPE and intangible assets	(0.8)	-	-	-	(0.9)	(1.7)	-	(1.7)
Impairment and write-offs of current and non-current amounts receivables, loans, goods and others	(0.2)	-	-	(0.5)	0.4	(0.3)	0.3	-
Revaluation of emission allowances	-	-	-	-	-	-	(2.1)	(2.1)
EBIT APM	**31.0**	**10.6**	**1.6**	**6.3**	**(1.7)**	**47.8**	**(17.2)**	**30.6**
Finance activity, net						(4.1)		(4.1)
Income tax expenses						(1.3)	(3.1)	(4.4)
Net profit						**42.4**	**(20.3)**	**22.1**

** Other – other activities and eliminations (consolidation adjustments and related party transactions).*

Revenue

In Q1 2021, revenue increased by 20.8% compared to Q1 2020, and totaled EUR 393.4 million. The main reasons causing revenue changes were as follows:

1. **Higher revenue of the Customers & Solutions segment (EUR +23.2 million).** The increase was mainly driven by higher B2B electricity supply revenue (EUR +14.3 million) due to higher price and volume of sold electricity, higher gas sales revenue from B2B customers (EUR +3.6 million) due to higher gas market price and volumes sold. The increase was partly offset by lower B2C electricity supply revenue (EUR -0.9 million or -2%) mostly due to electricity market deregulation which started in the beginning of 2021.

2. **Higher revenue of the Networks segment (EUR +18.2 million).** The increase was mainly driven by higher electricity (EUR +9.2 million) and gas (EUR +5.5 million) distribution revenue mainly due to higher distributed volumes (from 2,526 TWh to 2,721 TWh and from 2,406 TWh to 3,324 TWh respectively) as a result of colder weather compared to 2020, and increased revenue from supply of last resort (EUR +3.1 million) due to higher electricity market price.

3. **Higher revenue of the Flexible Generation segment (EUR +13.5 million).** The increase was mainly driven by higher revenue of the CCGT unit (EUR +14.2 million) as commercial activity revenues increased due to higher spark spread including emission allowances price.

4. **Higher revenue of the Green Generation segment (EUR +10.6 million).** The increase was driven by the launch of Kaunas CHP last August (EUR +5.5 million) and higher revenue of Kruonis PSHP (EUR +4.9 million) due to higher electricity prices.

Revenue by segment, EURm

	Q1 2021	Q1 2020	Δ	Δ,%
Customers & Solutions	184.3	161.1	*23.2*	*14.4%*
Networks	146.3	128.1	*18.2*	*14.2%*
Flexible Generation	29.7	16.2	*13.5*	*83.3%*
Green Generation	33.1	22.5	*10.6*	*47.1%*
Other*	-	(2.2)	*2.2*	*(100.0%)*
Revenue	**393.4**	**325.7**	***67.7***	***20.8%***

** Other – other activities and eliminations (consolidation adjustments and related party transactions).*

Revenue by country, EURm

	Q1 2021	Q1 2020	Δ	Δ,%	Q1 2021, %
Lithuania	353.9	300.7	*53.2*	*17.7%*	*90.0%*
Other	39.5	25.0	*14.5*	*58.0%*	*10.0%*
Revenue	**393.4**	**325.7**	***67.7***	***20.8%***	***100.0%***

In Q1 2021, the Group earned 90.0% (92.3% in Q1 2020) of its revenue in Lithuania (EUR 353.9 million). The Group's revenue from foreign countries (Latvia, Estonia, Poland and Finland) increased by 58.0% and reached EUR 39.5 million (Q1 2020: EUR 25.0 million) mainly due to increased gas sales in Finland.

Revenue by type, EURm

	Q1 2021	Q1 2020	Δ	Δ,%	Q1 2021, %
Electricity related	275.2	229.7	*45.5*	*19.8%*	*70.0%*
Gas related	101.8	87.4	*14.4*	*16.5%*	*25.9%*
Other	16.4	8.6	*7.8*	*90.7%*	*4.2%*
Revenue	**393.4**	**325.7**	***67.7***	***20.8%***	***100.0%***

** A more detailed description is presented in Interim Consolidated Financial statements for Q1 2021, Note 22 'Revenue from contracts with customers'.*

In Q1 2021, electricity related revenue increased by EUR 45.5 million compared to Q1 2020 due to higher revenue from sale of generated electricity (EUR +26.4 million), higher revenue from B2B electricity supply (EUR +14.3 million) and higher electricity distribution and transmission revenue (EUR +9.5 million). Gas related revenue increased by EUR 14.4 million compared to Q1 2020 due to higher revenue from gas sales (EUR +6.9 million) and gas transmission and distribution EUR +5.5 million).

Expenses

Purchases of electricity, gas and other services

The Group's purchases of electricity and gas amounted to EUR 264.7 million in Q1 2021 and increased by 47.3% compared to Q1 2020. The increase was caused by higher electricity purchases (EUR +68.4 million) mainly due to increased electricity market price and higher volumes due to colder winter as well as higher gas purchases (EUR +16.4 million) mainly due to increased gas market price and increased volumes due to colder winter.

OPEX

In Q1 2021, OPEX was equal to EUR 40.7 million and rose by 6.0% (EUR +2.3 million). This change was driven by the increase in salaries and related expenses by EUR 0.9 million (or +3.7%) which increased mainly due to increased overtime resulted from repair of failures in the electricity distribution network after heavy snowfall, which caused more overtime than storm Laura in Q1 2020, growth of Group's average salary and headcount.

Repair and maintenance expenses increased by EUR 0.7 million (or +14.6%) mainly due to higher generation volumes of CCGT that led to the increase in maintenance volumes.

Also OPEX growth was driven by higher other OPEX, which increased by EUR 0.7 million (or +7.7%) mainly due to higher external customer service mostly caused by increased number of queries due to electricity market liberalisation and heavy snowfall.

New Green Generation projects under construction, under development and completed in the period after Q1 2020 accounted for EUR 0.9 million increase in OPEX.

Other

Energy hedging expenses decreased due to increased electricity market prices in Q1 2021. According to accounting policy of the Group positive hedging result for the period is presented in other revenue (Customers and Solutions segment other revenue as in Q1 2021), negative result in other expenses (Customers and Solutions segment other expenses as in Q1 2020).

Expenses of revaluation of emission allowances increased due to growing market price. Used emission allowances are revaluated every month to the value as at the end of the month.

Expenses, EURm

	Q1 2021	Q1 2020	Δ	Δ,%
Purchases of electricity, gas and other services	**264.7**	**179.7**	***85.0***	***47.3%***
Purchases of electricity and related services	175.4	107.0	*68.4*	*63.9%*
Purchases of gas and related services	87.8	71.4	*16.4*	*23.0%*
Other	1.5	1.3	*0.2*	*15.4%*
OPEX APM	**40.7**	**38.4**	***2.3***	***6.0%***
Salaries and related expenses	25.4	24.5	*0.9*	*3.7%*
Repair and maintenance expenses	5.5	4.8	*0.7*	*14.6%*
Other	9.8	9.1	*0.7*	*7.7%*
Other	**36.7**	**76.9**	***(40.2)***	***(52.3%)***
Depreciation and amortisation	29.4	27.7	*1.7*	*6.1%*
Energy hedging	-	45.2	*(45.2)*	*(100.0%)*
Impairment expenses and write-offs of property, plant and equipment	1.0	1.6	*(0.6)*	*(37.5%)*
Write-offs and impairments of short term and long-term receivables, inventories and other	0.1	0.3	*(0.2)*	*(66.7%)*
Revaluation of emission allowances	6.2	2.1	*4.1*	*195.2%*
Total	**342.1**	**295.0**	***47.1***	***16.0%***

Adjusted EBITDA

Adjusted EBITDA amounted to EUR 91.9 million in Q1 2021 and was 18.6% or EUR 14.4 million higher than in Q1 2020. Adjusted EBITDA margin reached 23.1% (Q1 2020: 22.8%).

The main reasons behind adjusted EBITDA change were as follows:

1. **Networks grew by EUR 7.1 million.** The increase was mainly driven by higher distributed volumes (EUR +5.4 million) as a result of colder weather compared to 2020 (this effect will level off over the course of the year as annual ROI and compensated D&A is fixed for the year but allocated between the months based on distributed volumes) and higher RAB value (EUR +1.1 million), which increased by 2% from EUR 1,638 million in 2020 to EUR 1,663 million in 2021.

2. **Green Generation increased by EUR 5.0 million.** The increase was mainly influenced by positive impact from Kaunas CHP (EUR +3.6 million) as the plant was launched in August 2020, better result of Kaunas HPP (EUR +1.8 million) due to higher captured electricity prices and testing result of VKJ WtE unit (EUR +1.7 million) as the plant was launched in the end of March. That was partly offset by lower results of operating wind farms (EUR -1.7 million) due to less favorable weather conditions.

3. **Flexible Generation increased by EUR 3.6 million.** The increase was mainly caused by better results from the CCGT unit (EUR +3.6 million) which increased due to better commercial activity results as spark spread including emission allowances price was higher.

4. **Customers & Solutions decreased by EUR 3.2 million.** The negative impact was mostly driven by negative results in electricity business (EUR -5.7 million) which was partially covered by positive gas business results (EUR +2.4 million). Negative results in electricity include effects from negative hedge results because of proxy hedging in B2C independent supply and B2B supply, higher balancing costs to DSO and higher cost related to B2C regulated supply activities. Positive effect on gas results comes from gas inventory revaluation (EUR +9.1 million) with negative effect from decrease in gas B2B sales margin (EUR -6.9 million).

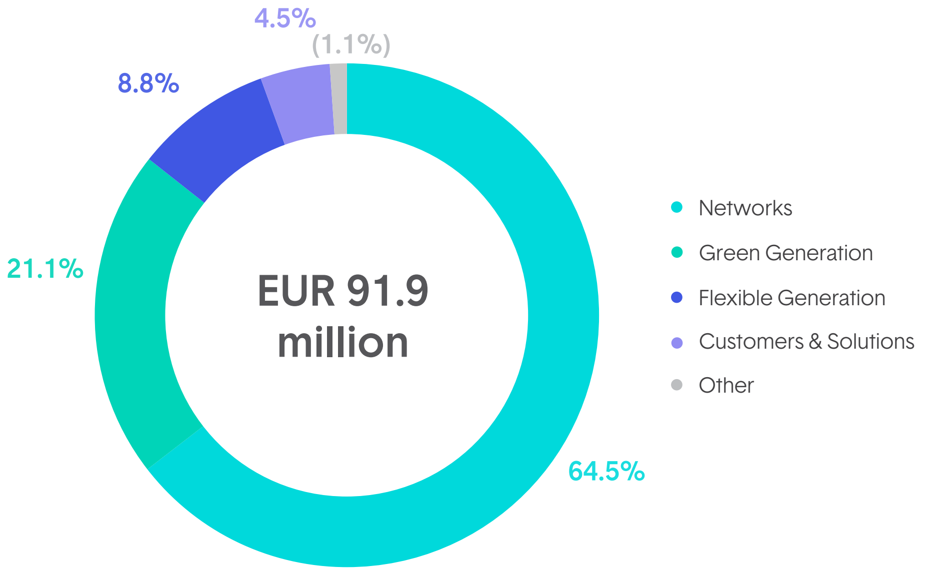
5. **Result from other activities increased by EUR 1.9 million.** Increase was mainly due to consolidation adjustments.

Adjusted EBITDA by segments, EURm

	Q1 2021	Q1 2020	Δ	Δ, %
Networks	59.3	52.2	*7.1*	*13.6%*
Green Generation	19.4	14.4	*5.0*	*34.7%*
Flexible Generation	8.1	4.5	*3.6*	*80.0%*
Customers & Solutions	4.1	7.3	*(3.2)*	*(43.8%)*
Other*	1.0	(0.9)	*1.9*	*n/a*
Adjusted EBITDA APM	**91.9**	**77.5**	***14.4***	***18.6%***

** Other – other activities and eliminations (consolidation adjustments and related party transactions).*

Adjusted EBITDA Q1 2021, EURm



Adjusted EBITDA by activity type

In Q1 2021, Adjusted EBITDA from regulated and long-term contracted activities amounted to 74.9% of the total Adjusted EBITDA (Q1 2020: 83.0%). The share of such activities decreased due to significantly higher Adjusted EBITDA from commercial activities, mostly the CCGT unit and Kaunas CHP.

Regulated activities include:

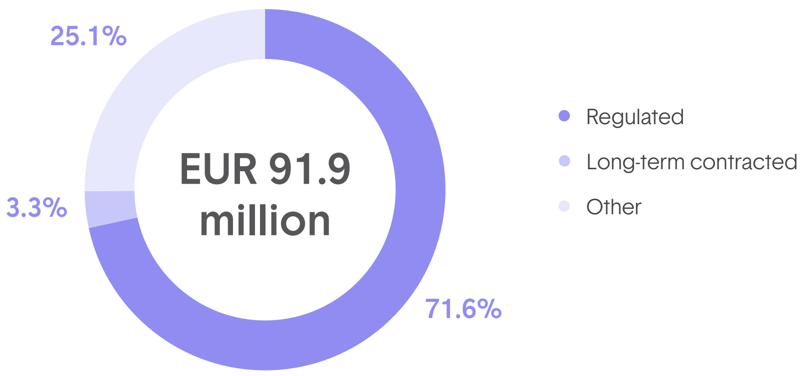
1. electricity and gas distribution;
2. reserve and ancillary services provided to the transmission system operator;
3. public supply of electricity, electricity supply of last resort, gas supply to residents of Lithuania and designated LNG supplier service.

Long-term contracted activities include wind farms with feed-in or feed-in premium tariffs.

Adjusted EBITDA by types of activities, EURm

	Q1 2021	Q1 2020	Δ	Δ, %
Regulated	65.8	59.6	*6.2*	*10.4%*
Long-term contracted	3.0	4.7	*(1.7)*	*(36.2%)*
Other	23.1	13.2	*9.9*	*75.0%*
Adjusted EBITDA APM	**91.9**	**77.5**	***14.4***	***18.6%***

Adjusted EBITDA by types of activities in Q1 2021, %



Regulated monopolistic activities accounted for 68.2% of total Adjusted EBITDA in Q1 2021 (70.1% in Q1 2020).

EBITDA adjustments, EURm

	Q1 2021	Q1 2020	Δ	Δ, %
EBITDA APM	**87.9**	**62.1**	***25.8***	***41.5%***
*Adjustments**				
Temporary regulatory differences (1)	0.2	(27.5)	*27.7*	*n/a*
Temporary fluctuations in fair value of derivatives (2)	(1.3)	40.7	*(42.0)*	*n/a*
Cash effect of new connection points and upgrades (3)	2.7	2.3	*0.4*	*17.4%*
Other (4)	2.4	(0.1)	*2.5*	*n/a*
Total EBITDA adjustments	**4.0**	**15.4**	***(11.4)***	***(74.0%)***
Adjusted EBITDA APM	**91.9**	**77.5**	***14.4***	***18.6%***
Adjusted EBITDA margin APM	23.1%	22.8%	*n/a*	*0.4 pp*

**A more detailed description of the management adjustments is presented in Interim Consolidated Financial statements for Q1 2021, Note 27 'Operating segments'.*

(1) Elimination of the difference between the actual profit earned during the reporting period and the profit allowed by the regulator. In Q1 2020, adjustment mostly consisted of elimination of higher Customers & Solutions segment profit earned from regulated activities, which resulted from lower actual electricity and gas purchase prices compared to prices set by the regulator.

(2) Elimination of temporary fluctuations in the fair value of derivatives related to other periods (including contracts that are settled in the current period but are related to future periods). The Group uses derivatives for economic hedge of electricity and gas supply contracts, however, does not fully apply hedge accounting, therefore, management eliminates them when analysing current period results.

(3) According to the accounting policy, revenues from new connection points and upgrades are recognised throughout the useful life of the newly created infrastructure, even though the cash is received when the new connection point or upgrade is completed. In order to better reflect the cash flow and results of connection points and upgrades completed in the current period, revenues are adjusted as if they were booked at the moment of connection or upgrade.

(4) Other adjustments include elimination or add-back of impairment and write-offs of current and non-current amounts receivables, loans, goods and others, gains or losses from disposal of non-current assets, gain earned from testing of units under development and other one-off gains or losses. During Q1 2021 gain from testing of Vilnius CHP (EUR 2.2 million) is added as it reflects the cash inflow which was capitalised according to IFRS.

Adjusted EBIT

In Q1 2021, Adjusted EBIT amounted to EUR 61.3 million, which was 28.2% (or EUR +13.5 million) higher than in Q1 2020. The main effects on Adjusted EBIT change were higher Adjusted EBITDA (EUR +14.4 million) (the reasons behind the increase are described in 'Adjusted EBITDA' section) and slightly higher depreciation expenses (EUR -1.7 million).

Adjusted EBIT by segments, EURm

	Q1 2021	Q1 2020	Δ	Δ, %
Networks	38.9	31.0	*7.9*	*25.5%*
Green Generation	14.9	10.6	*4.3*	*40.6%*
Flexible Generation	4.3	1.6	*2.7*	*168.8%*
Customers & Solutions	3.6	6.3	*(2.7)*	*(42.9%)*
Other*	(0.4)	(1.7)	*1.3*	*(76.5%)*
Adjusted EBIT APM	**61.3**	**47.8**	***13.5***	***28.2%***
Adjusted EBIT margin APM	15.4%	14.0%	*n/a*	*1.4 pp*

** Other – other activities and eliminations (consolidation adjustments and related party transactions).*

EBIT adjustments, EURm

	Q1 2021	Q1 2020	Δ	Δ, %
EBIT APM	**51.3**	**30.6**	***20.7***	***67.6%***
Adjustments				
Total EBITDA adjustments	4.0	15.4	*(11.4)*	*(74.0%)*
Revaluation of emission allowances	6.2	2.1	*4.1*	*195.2%*
Impairment and write-offs of current and non-current amounts receivables, loans, goods and others	(0.2)	(0.3)	*0.1*	*(33.3%)*
Total EBIT adjustments	**9.9**	**17.2**	***(7.3)***	***(42.4%)***
Adjusted EBIT APM	**61.3**	**47.8**	***13.5***	***28.2%***

Adjusted and Reported net profit

Adjusted net profit amounted to EUR 45.5 million in Q1 2021 and was 7.3% higher than in Q1 2020. Adjusted EBITDA positive impact (EUR +14.4 million) was partly offset by higher income tax (EUR -8.5 million), financial activity (EUR -1.9 million) and depreciation and amortisation (EUR -1.7 million) expenses. Income tax expenses increased mostly due to deferred income tax expenses which increased as profit before tax was higher and lower income tax relief for the investment projects as investments were lower. Also, all tax losses of the Customers and Solutions segment were used in 2020, therefore deferred income tax increased in Q1 2021.

Net profit adjustments include an additional income tax adjustment of 15% (statutory income tax rate in Lithuania) applied to all other adjustments (except for those where income tax is already included in the adjustment calculations).

Reported net profit in Q1 2021 increased to EUR 37.1 million, compared to EUR 22.1 million in Q1 2020. Reported net profit increased significantly more than Adjusted net profit mostly due to less negative temporary fluctuations in fair value of derivatives (EUR -40.7 million in Q1 2020 and EUR -1.3 million in Q1 2021) which was partly offset by temporary regulatory differences of the Customers & Solutions segment EUR +23.9 million in Q1 2020.

Net profit adjustments, EURm

	Q1 2021	Q1 2020	Δ	Δ,%
Net profit	**37.1**	**22.1**	***15.0***	***67.9%***
Adjustments				
Total EBITDA adjustments	9.9	17.2	*(7.3)*	*(42.4%)*
Adjustments' impact on income tax	(1.5)	3.1	*(4.6)*	*n/a*
Total net profit adjustments	**8.4**	**20.3**	***(11.9)***	***(58.6%)***
Adjusted net profit APM	**45.5**	**42.4**	***3.1***	***7.3%***
Adjusted ROE LTM APM	8.1%	8.7%	*n/a*	*(0.6 pp)*
ROE LTM APM	11.5%	4.8%	*n/a*	*6.7 pp*

Investments

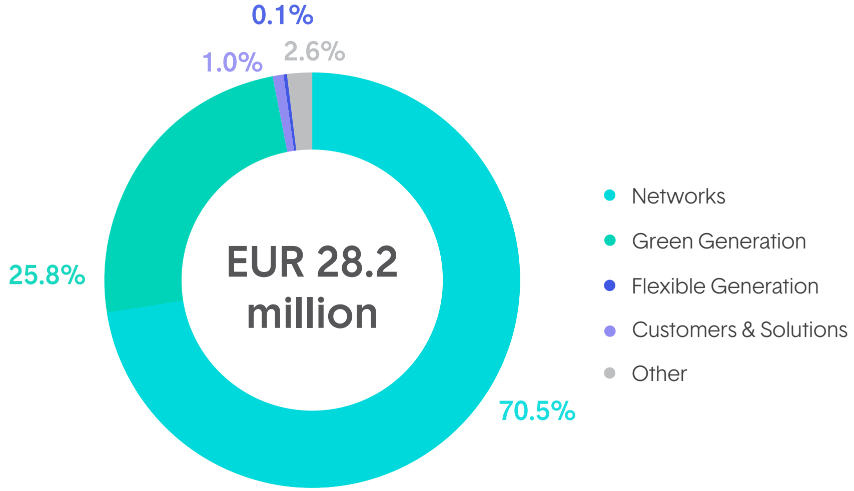
In Q1 2021, Investments amounted to EUR 28.2 million and were EUR 34.2 million lower compared to Q1 2020. The largest investments were made in electricity distribution network expansion (new connection points and upgrades) (31.9% from total Investments), electricity distribution network maintenance (mainly replacement of overhead lines with underground lines) (22.3%) and construction of Vilnius CHP (15.6%).

The Green Generation segment investments amounted to EUR 7.3 million in Q1 2021 and were EUR 28.0 million lower compared to Q1 2020. The main reasons for the decrease were lower investments in Vilnius CHP (EUR -10.3 million) due to WtE unit COD in March and Biomass unit majority of investments starting in Q2 2021, lower investments in construction of Kaunas CHP (EUR -10.3 million) as it was launched in August 2020 and lower investments in construction of Pomerania WF (EUR -9.0 million) as the construction was completed in March.

The Networks segment investments amounted to EUR 19.8 million and were lower by EUR 4.5 million compared to Q1 2020. The decrease was mainly driven by lower investments in expansion of the electricity and gas distribution networks (EUR -7.0 million) due to colder winter, ground frost and heavy snowfall, however it was partly offset by the increase of investments in maintenance of the electricity distribution network (EUR +2.5 million).

The Group received EUR 7.8 million grants for Investments in Q1 2021. It mainly contains grants related to maintenance of electricity and gas distribution networks (EUR 4.5 million) and grants for Vilnius CHP project (EUR 3.3 million). Also, part of the Networks investments related to new customer connections, upgrades and infrastructure equipment transfers were covered by customers (EUR 5.8 million).

Investments by segment, Q1 2021, %



Investments by segment, EURm

	Q1 2021	Q1 2020	Δ	Δ, %
Networks	19.8	24.3	*(4.5)*	*(18.5%)*
Expansion of the electricity network	9.0	12.8	*(3.8)*	*(29.7%)*
Maintenance of the electricity network	6.3	3.8	*2.5*	*65.8%*
Expansion of the gas network	2.2	5.4	*(3.2)*	*(59.3%)*
Maintenance of the gas network	1.1	1.0	*0.1*	*10.0%*
Other	1.2	1.3	*(0.1)*	*(7.7%)*
Green Generation	7.3	35.3	*(28.0)*	*(79.3%)*
Pomerania WF	0.6	9.6	*(9.0)*	*(93.8%)*
Kaunas CHP	0.7	11.0	*(10.3)*	*(93.6%)*
Vilnius CHP	4.4	14.7	*(10.3)*	*(70.1%)*
Other	1.6	-	*1.6*	*100.0%*
Customers & Solutions	0.3	0.4	*(0.1)*	*(25.0%)*
Flexible Generation	-	0.3	*(0.3)*	*(100.0%)*
Other*	0.8	2.1	*(1.3)*	*(61.9%)*
Investments APM	**28.2**	**62.4**	***(34.2)***	***(54.8%)***
Grants	(7.8)	(5.7)	*(2.1)*	*36.8%*
Investments covered by customers**	(5.8)	(4.9)	*(0.9)*	*18.4%*
Investments (excl. grants and investments covered by customers)	**14.6**	**51.8**	***(37.2)***	***(71.8%)***

** Other – other activities and eliminations (consolidation adjustments and related party transactions).*
*** Investments covered by customers include new customers connections and upgrades, and infrastructure equipment transfers.*

Statement of financial position

Assets

As of 31 March 2021, total assets reached EUR 4,050.0 million (2.0% increase from 31 December 2020). The growth was mainly influenced by the increase in intangible assets due to growth of emission allowances value, increased cash and cash equivalents due to higher EBITDA, the increase in inventories due to positive gas inventories revaluation effect as gas prices grew and increased electricity trade receivables.

Equity

As of 31 March 2021, equity amounted to EUR 1,857.9 million and increased by 0.8% from 31 December 2020.

Liabilities

Total liabilities increased by 3.1% or EUR 80.7 million during Q1 2021. Current liabilities increased by 19.6% or EUR 60.5 million, which was mostly caused by the increase in dividends payable (paid on 21st April 2021) and the increase in payables related to gas and electricity.

Balance sheet, EURm

	2021.03.31	2020.12.31	Δ	Δ,%
Non-current assets	3,019.0	2,982.7	*36.3*	*1.2%*
Current assets	1,031.0	986.6	*44.4*	*4.5%*
TOTAL ASSETS	**4,050.0**	**3,969.3**	***80.7***	***2.0%***
Equity	1,857.9	1,843.8	*14.1*	*0.8%*
Total liabilities	2,192.1	2,125.5	*66.6*	*3.1%*
Non-current liabilities	1,822.3	1,816.2	*6.1*	*0.3%*
Current liabilities	369.8	309.3	*60.5*	*19.6%*
TOTAL EQUITY AND LIABILITIES	**4,050.0**	**3,969.3**	***80.7***	***2.0%***
Asset turnover LTM APM	0.36	0.34	*0.02*	*5.9%*
ROA LTM APM	5.1%	4.7%	*n/a*	*0.4 pp*
Current ratio APM	2.79	3.19	*(0.40)*	*(12.5%)*
Working capital/Revenue LTM APM	8.5%	5.3%	*n/a*	*3.2 pp*

Financing

Net debt

As of 31 March 2021, Net debt amounted to EUR 579.3 million, a decrease of 3.5% or EUR 20.9 million compared to 31 December 2020 was mostly influenced by positive FCF.

During Q1 2021, Gross debt decreased by 0.5% or EUR 6.9 million, and on 31 March 2021 amounted to EUR 1,297.1 million. Main factors for the decrease were lower lease liabilities.

FFO LTM/Net debt improved from 52.1% to 58.1%.

Net debt, EURm

	2021.03.31	2020.12.31	Δ	Δ,%
Total non-current financial liabilities	**1,270.0**	**1,275.2**	***(5.2)***	***(0.4%)***
Non-current loans	354.3	359.0	*(4.7)*	*(1.3%)*
Bonds	887.5	886.9	*0.6*	*0.1%*
Interests payable (including accrued)	0.0	0.2	*(0.2)*	*(100.0%)*
Lease liabilities (IFRS 16)	28.2	29.1	*(0.9)*	*(3.1%)*
Total current financial liabilities	**27.1**	**28.8**	***(1.7)***	***(5.9%)***
Current portion of non-current loans	7.9	6.3	*1.6*	*25.4%*
Current loans	0.0	0.0	*0.0*	*0.0%*
Interests payable (including accrued)	13.8	9.1	*4.7*	*51.6%*
Lease liabilities (IFRS 16)	5.4	13.4	*(8.0)*	*(59.7%)*
Banks overdrafts	0.0	0.0	*0.0*	*0.0%*
Gross debt APM	**1,297.1**	**1,304.0**	***(6.9)***	***(0.5%)***
Cash, cash equivalents and cash in escrow account	**717.8**	**703.8**	***14.0***	***2.0%***
Cash and cash equivalents	672.8	658.8	*14.0*	*2.1%*
Cash in escrow account	45.0	45.0	*0.0*	*0.0%*
Net debt APM	**579.3**	**600.2**	***(20.9)***	***(3.5%)***
EPSO-G receivable	150.7	150.7	*0.0*	*-%*
Net debt less EPSO-G receivable	**428.6**	**449.5**	***(20.9)***	***(4.6%)***
Net debt / Adjusted EBITDA LTM APM	1.89	2.06	*(0.17)*	*(8.3%)*
Net debt / EBITDA LTM APM	1.59	1.78	*(0.19)*	*(10.7%)*
FFO LTM / Net debt APM	58.1%	52.1%	*n/a*	*6.0 pp*
Gross debt/Equity APM	0.70	0.71	*(0.1)*	*(1.0%)*
Equity ratio APM	0.46	0.46	*(0.00)*	*(1.0%)*

Bond issues

The Group has 3 bond issues of total EUR 900.0 million nominal outstanding, out of which 2 are green (EUR 600.0 million).

Outstanding bond issues

	2017 issue	2018 issue	2020 issue
ISIN-code	XS1646530565	XS1853999313	XS2177349912
Currency	EUR	EUR	EUR
Nominal amount	300,000,000	300,000,000	300,000,000
Coupon	2.000	1.875	2.000
Maturity	17 July 2027	10 July 2028	21 May 2030
Credit rating	BBB+	BBB+	BBB+

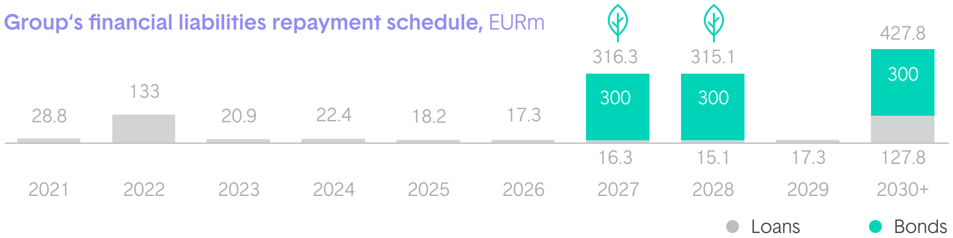
Respectively bonds maturing in 2027 (EUR 300.0 million, green), in 2028 (EUR 300.0 million, green) and in 2030 (EUR 300.0 million) make the largest portion of the Group's financial liabilities. The average maturity of the financial liabilities as of 31 March 2021 was 7.7 years (31 December 2020: 7.7 years).

During the reporting period, there has been no material changes regarding bonds. Related information, including the structure of bondholders as of issue date is available in the Annual report 2020 and on our website.

Maturities

Respectively bonds maturing in 2027 (EUR 300.0 million, green), in 2028 (EUR 300.0 million, green) and in 2030 (EUR 300.0 million) make the largest portion of the Group's financial liabilities. The average maturity of the financial liabilities as of 31 March 2021 was 7.7 years (31 December 2020: 7.7 years).

Group's financial liabilities repayment schedule, EURm



Interest rate, currency, and liquidity risk

On 31 March 2021, financial liabilities amounting to EUR 1,127.7 million were subject to the fixed interest rate (90.2% of the loans and bonds) and the remaining amount of financial liabilities were subject to the floating interest rate. Effective interest rate is 1.43% as of 31 March 2021. 93.0% of loans and bonds were in EUR, while 7.0% – in PLN.

The Group manages liquidity risk by entering into the credit line agreements with banks. On 31 March 2021, credit line facility amounted to EUR 70 million and is undrawn, EUR 12 million are frozen for redemption of shares of Ignitis Gamyba and ESO (ESO shares redeemed on 15 April). All the credit lines are committed, i.e. funds must be paid by the bank upon request.

Cash flows

Net cash flows from operating activities (CFO) amounted to EUR 65.8 million in Q1 2021. Compared to Q1 2020, CFO decreased by EUR 11.0 million mainly due to the increase of working capital (mainly as prepayments for PPE and investment projects increased) which was partly offset by the increase of net profit.

Net cash flows from investing activities (CFI) amounted to EUR -37.7 million in Q1 2021. Compared to Q1 2020, CFI decreased by EUR 17.5 million due to lower Investments.

Net cash flows from financing activities (CFF) amounted to EUR -14.1 million in Q1 2021. Compared to Q1 2020, CFF were less negative by EUR 13.0 million mostly due to repayment of overdrafts.

Cash flows, EURm

	Q1 2021	Q1 2020	Δ	Δ, %
Cash and cash equivalents at the beginning of the period	**658.8**	**131.8**	***527.0***	***n/a***
CFO	65.8	76.8	*(11.0)*	*(14.3%)*
CFI	(37.7)	(55.2)	*17.5*	*(31.7%)*
CFF	(14.1)	(27.1)	*13.0*	*(48.0%)*
Increase (decrease) in cash and cash equiv.	**14.0**	**(5.5)**	***19.5***	***n/a***
Cash and cash equivalents at the end of period	**672.8**	**126.3**	***546.5***	***n/a***

In Q1 2021, the Group's FFO increased by 40.4% (EUR 24.3 million) and amounted to EUR 84.5 million. The main reason for the growth was higher EBITDA.

FFO, EURm

	Q1 2021	Q1 2020	Δ	Δ, %
EBITDA APM	87.9	62.1	*25.8*	*41.5%*
Interest received	0.1	0.1	-	-%
Interest paid	(1.7)	(1.4)	*(0.3)*	*21.4%*
Income tax paid	(1.8)	(0.6)	*(1.2)*	*200.0%*
FFO APM	**84.5**	**60.2**	***24.3***	***40.4%***

In Q1 2021, the Group's FCF increased by EUR 12.5 million and amounted to EUR 28.5 million. The main reason for the growth was higher EBITDA and lower investments, which were partly offset by negative change in working capital.

FCF, EURm

	Q1 2021	Q1 2020	Δ	Δ, %
FFO APM	84.5	60.2	*24.3*	*40.4%*
Investments	(28.2)	(62.4)	*34.2*	*(54.8%)*
Grants received	7.8	5.7	*2.1*	*36.8%*
Investments covered by guarantee	-	-	-	*0.0%*
Cash effect of new connection points and upgrades	2.7	2.3	*0.4*	*17.4%*
Proceeds from sale of PPE and intangible assets*	0.5	3.9	(3.4)	(87.2%)
Change in net working capital	(38.8)	6.3	*(45.1)*	*n/a*
FCF APM	**28.5**	**16.0**	**12.5**	**78.1%**

**Cash inflow as disclosed in CF statement line Proceeds from sale of PPE and intangible assets less gain or loss which is already included in FFO.*

Key operating indicators

		Q1 2021	Q1 2020	Δ	Δ, %
Electricity					
Green Generation capacity	MW	1,350	1,287	*63*	*4.9%*
Green Generation installed capacity	MW	1,120	1,077	*43*	*4.0%*
Green Generation projects under construction	MW	230	210	*20*	*9.5%*
Electricity distributed	TWh	2.72	2.53	*0.20*	*7.7%*
Electricity generated	TWh	0.57	0.39	*0.18*	*45.5%*
Green electricity generated	TWh	0.35	0.34	*0.01*	*2.0%*
Green share of generation	%	61.0%	87.1%		*(26.0 pp)*
Electricity sales	TWh	1.81	1.71	*0.10*	*6.0%*
SAIFI	units	0.38	0.45	*(0.07)*	*(15.2%)*
SAIDI	min	100.70	143.70	*(43.00)*	*(29.9%)*
Heat					
Green Generation capacity (Heat)	MW	339	339	*0.00*	*-%*
Green Generation installed capacity	MW	170	40	*130.00*	*325.0%*
Green Generation projects under construction	MW	169	299	*(130.00)*	*(43.5%)*
Heat generated	TWh	0.23	0.06	*0.17*	*3.8x*
Gas					
Gas distributed	TWh	3.32	2.41	*0.92*	*38.1%*
Gas sales	TWh	5.60	4.26	*1.34*	*31.4%*
SAIFI	units	0.003	0.001	*0.002*	*197.7%*
SAIDI	min	0.18	0.05	*0.13*	*3.5x*

Electricity

Installed capacity of Green Generation increased by 43 MW YoY since Kaunas CHP (Q3 2020) and Vilnius CHP's waste-to-energy unit (Q1 2021) commenced commercial operations.
The total distributed electricity increased by 7.7%. B2B distribution increased by about 2.9%, while B2C distribution increased by 18.1%. The increase for B2B and B2C as a result of colder winter and remote work from home.

Electricity generation increased by 45.5% compared to Q1 2020 and amounted to 0.57 TWh in Q1 2021. The increase was mainly driven by higher electricity generation in the CCGT unit at Elektrėnai Complex and Kaunas CHP. Electricity generation volumes in the CCGT unit increased almost 5 times, caused by higher spark spread including emission allowances price. Electricity generation volumes at Kaunas CHP increased by 0.04 TWh due to start of commercial operations in August 2020. Increase in electricity generation was partly offset by lower wind and hydro generation due to unfavorable weather conditions, less opportunities to utilise fluctuations in electricity prices in Kruonis PSHP as well as lower availability of its units due to planned maintenance works.

Electricity quality indicators (SAIFI and SAIDI) were strongly affected by extreme conditions caused by wet snow cover (end of Jan, 2021) and storm Laura (12–13th March 2020), which was the biggest storm since 2005. SAIFI indicator was equal to 0.38 interruptions, improved from 0.45 in 2020 Q1. SAIDI indicator was 100.70 minutes compared to 143.70 minutes in Q1 2020.

Heat

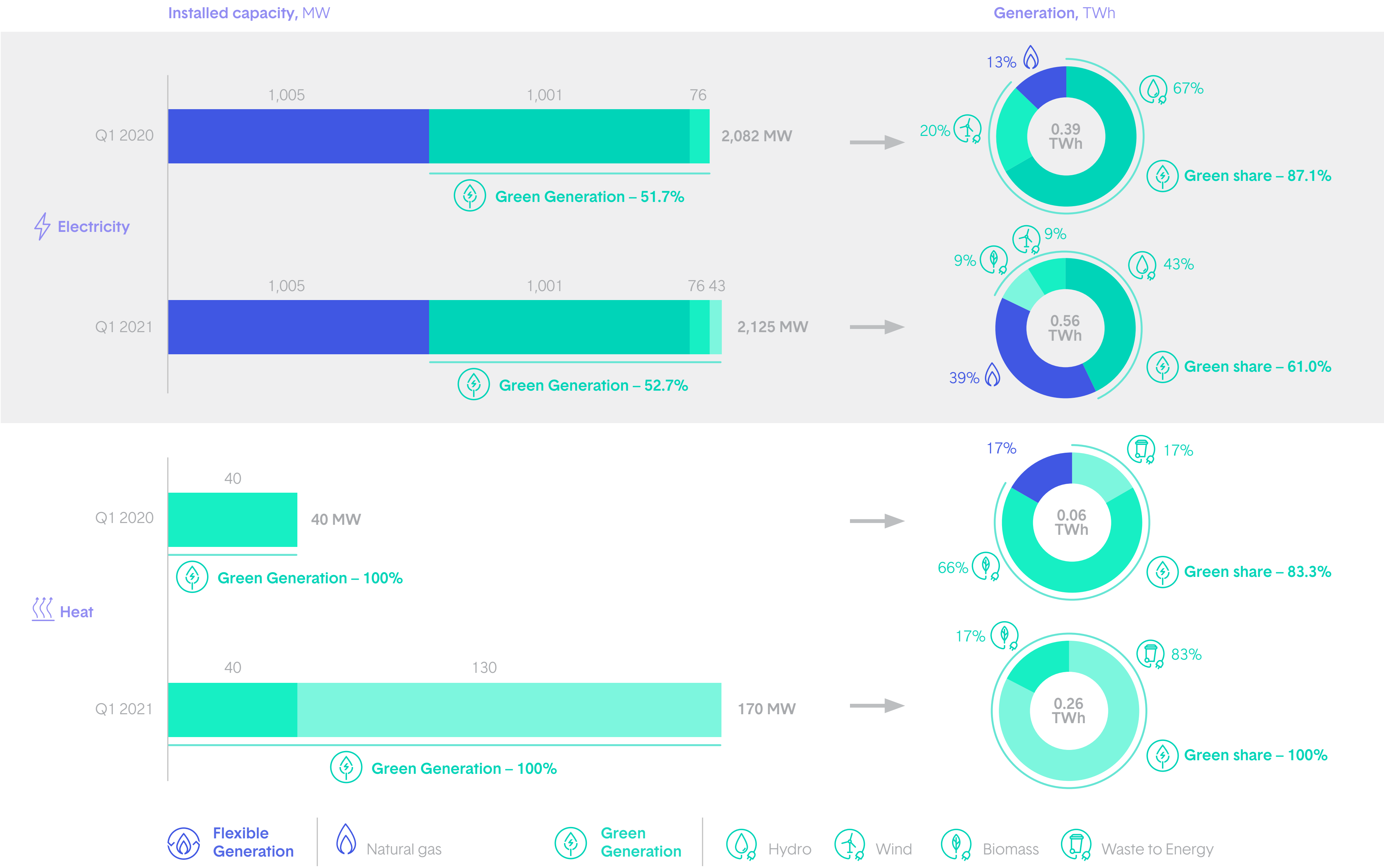
Heat generation in Q1 2021 increased 3.8 times compared to 2020 as a result of Kaunas CHP's, which commenced commercial operation in August 2020, and Vilnius CHP's test runs as the plant was commenced in the end of March.

Gas

Gas distribution volumes increased by 38.1% as a result of colder winter. Gas sales increased by 31.4%, which was mainly influenced by one-off 1.44 TW LNG cargo sale.

Gas distribution SAIFI indicator deteriorated and was equal to 0.003 interruptions. SAIDI indicator was 0.18 minutes. Deterioration of the gas quality indicators resulted from increasing number of disconnections of low-capacity gas generators and increasing number of gas leaks due to cold weather.

Installed capacity and generation mix overview

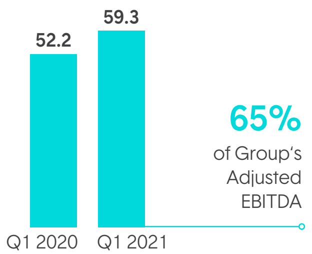


3.2 Results by business segments

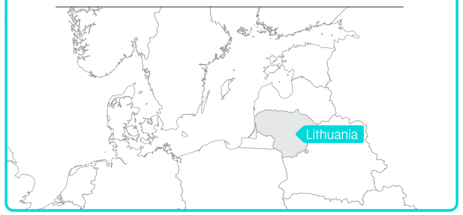
Overview

Networks

Adjusted EBITDA, EURm

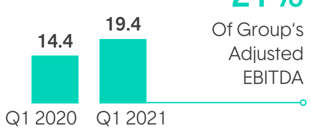


Revenue, EURm	146.3
Adjusted EBIT, EURm	38.9
Investments, EURm	19.8
Net debt, EURm	645.0



Green Generation

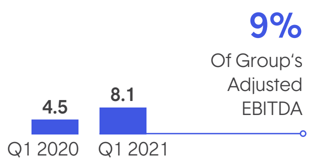
Adjusted EBITDA, EURm



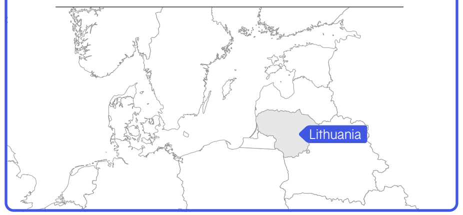
Revenue, EURm	33.1
Adjusted EBIT, EURm	14.9
Investments, EURm	7.3
Net debt, EURm	374.4

Flexible Generation

Adjusted EBITDA, EURm

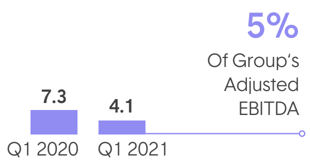


Revenue, EURm	29.7
Adjusted EBIT, EURm	4.3
Investments, EURm	0.0
Net debt, EURm	(32.5)

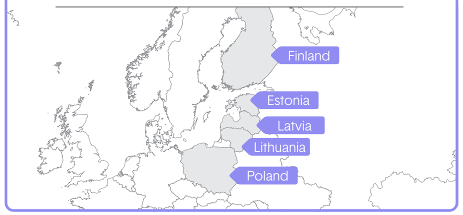


Customers & Solutions

Adjusted EBITDA, EURm



Revenue, EURm	184.3
Adjusted EBIT, EURm	3.6
Investments, EURm	0.3
Net debt, EURm	61.4



Indicators provided in this page (except Revenue) are considered as Alternative Performance Measures APM.

Networks

Highlights Q1 2021

- **During Q1 2021 ESO started intensive consultations with the regulator on the parameters of the new regulatory model for the upcoming electricity regulatory period. Consultations will continue throughout the year**
- **Lower investments compared to Q1 2020 due to unfavorable weather conditions as a result of heavy snow and ground frost. However, this is not expected to affect the overall planned annual investment level**
- **Electricity quality indicators (SAIFI and SAIDI) were strongly affected by extreme conditions caused by wet snow cover (end of January 2021) and storm Laura (12–13th March 2020)**

Financial results

In Q1 2021, the Networks revenue reached EUR 146.3 million and was 14.2% or EUR 18.2 million higher than in Q1 2020. The increase was mainly driven by higher electricity (EUR +9.2 million) and gas (EUR +5.5 million) distribution revenue due to higher distributed volumes (from 2,526 TWh to 2,721 TWh and from 2,406 TWh to 3,324 TWh respectively) as a result of colder weather compared to 2020 and increased revenue of supply of last resort (EUR +3.1 million) due to higher electricity market price.

Adjusted EBITDA reached EUR 59.3 million and was 13.6% or EUR 7.1 million higher than in Q1 2020. The increase was driven by:

- higher distributed volumes (EUR +5.4 million) as a result of colder weather compared to 2020 (this effect will level off over the course of the year as annual ROI and compensated D&A is fixed for the year but allocated between months based on distributed volumes);
- RAB value (EUR +1.1 million), which increased by 2% from EUR 1,638 million in 2020 to EUR 1,663 million in 2021.

Compared to Q1 2020, Investments decreased by EUR 4.5 million or 18.5%. The decrease was mainly driven by lower investments in expansion of the electricity and gas distribution networks (EUR -7.0 million) due to colder winter, ground frost and heavy snowfall, however it was partly offset by the increase of investments in maintenance of the electricity distribution network (EUR +2.5 million).

Operating performance

Electricity distribution

The total distributed electricity increased by 7.7% because of a colder winter and remote work from home. B2B distribution increased by about 2.9%, while B2C distribution increased by 18.1%. Electricity distribution customer number increased by 1.3%. Producers' and prosumers' number increased almost by 81.3% as a result of state solar support schemes.

Electricity quality indicators (SAIFI and SAIDI) were strongly affected by extreme conditions caused by wet snow cover (Jan, 2021) and storm Laura (12–13th March 2020), which was the biggest storm since 2005. SAIFI indicator was equal to 0.38 interruptions, improved from 0.45 in Q1 2020. SAIDI indicator was 100.70 minutes compared to 143.70 minutes in Q1 2020.

Gas distribution

Gas distribution volumes increased by 38.1% because of colder winter. Gas distribution SAIFI indicator deteriorated and was equal to 0.003 interruptions. SAIDI indicator was 0.18 minutes. Deterioration of the gas quality indicators resulted from increasing number of disconnections of low-capacity gas generators and increasing number of gas leaks due to cold weather.

Key financial indicators, EUR m	Q1 2021	Q1 2020	Δ	Δ,%
Revenue	146.3	128.1	*18.2*	*14.2%*
Adjusted EBITDA APM	59.3	52.2	*7.1*	*13.6%*
EBITDA APM	57.6	53.4	*4.2*	*7.9%*
Adjusted EBIT APM	38.9	31.0	*7.9*	*25.5%*
EBIT APM	37.3	32.4	*4.9*	*15.1%*
Investments APM	19.8	24.3	*(4.5)*	*(18.5%)*
Adjusted EBITDA margin, % APM	40.1%	41.2%	*n/a*	*(1.1 pp)*
	2021.03.31	**2020.12.31**	**Δ**	**Δ,%**
PPE, intangible and right-of-use assets	1,616.3	1,616.9	*(0.6)*	*(0.0%)*
Net debt APM	645.0	680.7	*(35.7)*	*(5.2%)*

Key operating indicators		Q1 2021	Q1 2020	Δ	Δ,%
Electricity distribution					
Electricity distributed	TWh	2.72	2.53	*(0.20)*	*7.7%*
Distribution network	'000 km	126.24	125.63	*0.61*	*0.5%*
Technological losses	%	6.4%	6.3%	*-*	*0.1 pp*
Number of customers	'000	1,781.89	1,759.31	*22.58*	*1.3%*
of which prosumers and producers	'000	11.84	6.53	*5.31*	*81.3%*
New connection points	'000	5.16	4.78	*0.39*	*8.1%*
Connection point upgrades	'000	4.98	3.78	*1.20*	*31.9%*
Admissible power of new connection points and upgrades	MW	117.17	90.56	*26.61*	*29.4%*
Time to connect (average)	c. d.	38.66	27.50	*11.16*	*40.6%*
SAIFI	unit	0.38	0.45	(0.07)	*(15.2%)*
SAIDI	min	100.70	143.70	(43.00)	*(29.9%)*
Gas distribution					
Gas distributed	TWh	3.32	2.41	*0.92*	*38.1%*
Distribution network	'000 km	9.72	9.54	*0.18*	*1.9%*
Technological losses	%	1.2%	1.6%	*-*	*(0.4 pp)*
Number of customers	'000	612.70	603.96	*8.74*	*1.4%*
New connection points and upgrades	'000	1.404	1.795	*(0.39)*	*(21.8%)*
Time to connect (average)	c. d.	63.57	55.37	*(8.20)*	*14.8%*
SAIFI	unit	0.003	0.001	*0.00*	*197.7%*
SAIDI	min	0.18	0.05	*0.13*	*3.5x*

Key regulatory indicators*		2021**	2020
Regulated activities share in adjusted EBITDA in Q1	**%**	**100.0%**	**100.0%**
Total			
RAB	EURm	1,663	1,628
WACC (weighted average)	%	5.14%	5.08%
Depreciation and amortisation (regulatory)	EURm	91.9	89.5
Electricity distribution			
RAB	EURm	1,414	1,401
WACC	%	5.34%	5.28%
Depreciation and amortisation (regulatory)	EURm	82.4	80.0
Gas distribution			
RAB	EURm	249	227
WACC	%	3.90%	3.84%
Depreciation and amortisation (regulatory)	EURm	9.5	9.6

** Full year numbers unless stated otherwise.*

*** Key regulatory indicators for 2021 were approved by the regulator at the end of 2020, however, after annual regulatory revise, which is scheduled for second quarter, indicators might be adjusted to reflect final audited results.*

Green Generation

Highlights Q1 2021

- **In March Vilnius CHP WtE unit (19 MWe, 60 MWth) started operations**
- **Completed Pomerania WF (94 MW) in Poland construction works in March 2021. WF will start its commercial activities in full capacity in Q2 2021**
- **Approved expansion plan of Kruonis PSHP (900 MW) for an additional unit (110 MW)**
- **Overall better performance due to mainly positive impact of Kaunas CHP as the plant was launched in August 2020 and better results of Kaunas HPP due to higher captured electricity prices**
- **The decrease in investments is mainly due to launch of Kaunas CHP and Vilnius CHP WtE projects and Pomerania WF construction completion in March**

Financial results

In Q1 2021, Green Generation revenue amounted to 33.1 million and was 47.1% or EUR 10.6 million higher than in Q1 2020. The increase was driven by launch of Kaunas CHP (EUR +5.5 million) and higher revenue of Kruonis PSHP (EUR +4.9 million) due to higher electricity prices.

In Q1 2021, Adjusted EBITDA reached EUR 19.4 million and was 34.7% or EUR 5.0 million higher than in Q1 2020. The main effects were:

- positive impact from Kaunas CHP (EUR +3.6 million) as the plant was launched in August 2020;
- better result of Kaunas HPP (EUR +1.8 million) due to higher captured electricity prices;
- testing result of VKJ WtE unit (EUR +1.7 million) as the plant was launched in the end of March;
- lower results of operating wind farms (EUR -1.7 million) due to less favorable weather conditions.

Investments amounted to EUR 7.3 million in Q1 2021 and were EUR 28.0 million lower compared to Q1 2020. The main reasons for the decrease was lower investments in Vilnius CHP (EUR -10.3 million) due to WtE unit COD in March and Biomass unit majority of investments starting in Q2 2021, lower investments in construction of Kaunas CHP (EUR -10.3 million) as it was launched in August 2020 and lower investments in construction of Pomerania WF (EUR -9.2 million) as the construction was completed in March.

Operating performance

Electricity generation

Electricity generated in the Green Generation segment increased by 2.0% in Q1 2021, compared to Q1 2020. This mainly resulted from higher electricity generation from waste as a result of Kaunas CHP, which commenced commercial operation in August 2020, and Vilnius CHP's test runs as the plant was commenced in the end of March.

Electricity generation volumes in hydro portfolio decreased by 7.0%. Generation in pumped storage decreased by 8.5% as less opportunities were to utilise fluctuations in electricity prices in Kruonis PSHP as well as lower availability of its units due to planned maintenance works and in run-of-river HPP by 3.4%, caused by lower levels of water in the Nemunas river.

The volume of electricity generated at wind farms was 0.05 TWh, which is 31.8% less compared to Q1 2020. The decrease in wind farms generation portfolio was impacted by lower load factors due to worse weather conditions.

Heat generation

Heat generation in Q1 2021 increased 3.8 times compared to Q1 2020 as a result of Kaunas CHP's commercial operation commencement and Vilnius CHP's test runs as the plant was commenced in the end of March.

Key financial indicators, EURm	Q1 2021	Q1 2020	Δ	Δ,%
Revenue	33.1	22.5	*10.6*	*47.1%*
Adjusted EBITDA APM	19.4	14.4	*5.0*	*34.7%*
EBITDA APM	17.2	14.4	*2.8*	*19.4%*
Adjusted EBIT APM	14.9	10.6	*4.3*	*40.6%*
EBIT APM	11.6	10.7	*0.9*	*100.0%*
Investments APM	7.3	35.3	*(28.0)*	*(79.3%)*
Adjusted EBITDA margin, % APM	54.9%	64.0%	*n/a*	*(9.1 pp)*
	2021.03.31	**2020.12.31**	**Δ**	**Δ,%**
PPE, intangible and right-of-use assets	755.6	755.4	*0.2*	*0.0%*
Net debt APM	374.4	352.4	*22.0*	*6.2%*

Key operating indicators		Q1 2021	Q1 2020	Δ	Δ,%
Electricity generation					
Installed capacity	MW	1,120	1,077	*43*	*4.0%*
Wind	MW	76	76	*(0)*	*(0.1%)*
Hydro	MW	1,001	1,001	*(0)*	*0.0%*
Pumped storage	MW	900	900	*(0)*	*0.0%*
Run-of-river	MW	101	101	*(0)*	*0.0%*
Waste	MW	43	-	*43*	*n/a*
Projects under construction	MW	230	210	*20*	*9.5%*
Wind	MW	157	94	*63*	*67.0%*
Waste	MW	0	43	*(43)*	*(100.0%)*
Biomass	MW	73	73	*-*	*-%*
Electricity generated	TWh	0.35	0.34	*0.01*	*2.0%*
Wind	TWh	0.05	0.08	*(0.03)*	*(31.8%)*
Hydro	TWh	0.24	0.26	*(0.02)*	*(7.0%)*
Pumped storage	TWh	0.16	0.18	*(0.02)*	*(8.5%)*
Run-of-river	TWh	0.08	0.08	*(0.00)*	*(3.4%)*
Waste	TWh	0.05	0.00	*0.05*	*n/a*
Wind farms availability factor	%	99.2%	99.2%	*n/a*	*0.0 pp*
Wind farms load factor	%	33.1%	48.5%	*n/a*	*(15.4 pp)*
Heat generation					
Installed capacity	MW	170	40	*130*	*325%*
Projects under construction	MW	169	299	*(130)*	*(43.5%)*
Heat generated	TWh	0.23	0.06	*0.17*	*3.8x*
Waste	TWh	0.19	0,01	*0.19*	*28.9x*
Biomass	TWh	0.04	0.04	*0.0*	*(7.6%)*
Gas	TWh	0.00	0.01	*(0.01)*	*(88.2%)*

Key regulatory indicators*		2021**	2020
Regulated activities share in adjusted EBITDA in Q1	**%**	**17.9%**	**39.3%**
Kruonis PSHP			
RAB	EURm	16.2***	35.6
WACC	%	3.50%	5.07%
Depreciation and amortisation (regulatory)	EURm	1.3	1.7

** Full year numbers unless stated otherwise.*
*** Key regulatory indicators for 2021 were approved by the regulator at the end of 2020, however, after annual regulatory revise, which is scheduled for June, indicators might be adjusted to reflect final audited results.*
****The regulator has halved the RAB of the secondary power reserve, but allowed to keep a half of the earned profit from electricity sales by activating the secondary power reserve in 2021.*

Flexible Generation

Highlights Q1 2021

- **Higher spark spread including emission allowances' price for CCGT gas commercial activities led to higher Adjusted EBITDA**

Financial results

In Q1 2021, Flexible Generation revenue reached 29.7 million and was 83.3% or EUR 13.5 million higher than in Q1 2020. The increase was mainly driven by higher revenue of the CCGT unit (EUR +14.2 million) as commercial activity revenues increased due to higher spark spread including emission allowances' price.

In Q1 2021, Adjusted EBITDA reached EUR 8.1 million and was 80.0% or EUR 3.6 million higher than in Q1 2020. The increase was mainly caused by better results from the CCGT unit (EUR +3.6 million) which increased due to better commercial activity results as spark spread including emission allowances price was higher.

Operating performance

Electricity generation volumes at Elektrėnai Complex increased almost 4.4 times in Q1 2021, compared with Q1 2020, and reached 0.22 TWh. The growth was mainly influenced by higher CCGT generation, caused by favourable gas and electricity prices.

In 2020, the tertiary active power reserve in the capacity of 475 MW was ensured by units 7 and 8 of Elektrėnai Complex while in 2021 tertiary power reserve is ensured within the scope of 482 MW.

In Q1 2021, the CCGT is providing the service of operation of the isolated network with the scope of 371 MW. The rest of isolated system operation service is provided by unit 7 with the scope of 38 MW.

Key financial indicators, EURm	Q1 2021	Q1 2020	Δ	Δ,%
Revenue	29.7	16.2	*13.5*	*83.3%*
Adjusted EBITDA APM	8.1	4.5	*3.6*	*80.0%*
EBITDA APM	7.9	5.1	*2.8*	*54.9%*
Adjusted EBIT APM	4.3	1.6	*2.7*	*168.8%*
EBIT APM	(1.1)	0.2	*(1.3)*	*n/a*
Investments APM	0.0	0.3	*(0.3)*	*(100.0%)*
Adjusted EBITDA margin, % APM	27.1%	29.0%	*n/a*	*(1.9 pp)*
	2021.03.31	**2020.12.31**	**Δ**	**Δ,%**
PPE, intangible and right-of-use assets	423.7	401.0	*22.7*	*5.7%*
Net debt APM	(32.5)	(40.2)	*7.7*	*(19.2%)*

Key operating indicators		Q1 2021	Q1 2020	Δ	Δ,%
Installed electricity capacity	MW	1,055	1,055	*0.0*	*0%*
Electricity generated	TWh	0.22	0.05	*0.17*	*4.4x*
Total reserve and Isolated Regime Services	MW	891	890	*1*	*0.1%*
Tertiary Power Reserve Services	MW	482	475	*7*	*1.5%*
Isolated Regime Services	MW	409	415	*(6)*	*(1.4%)*

Key regulatory indicators		2021**	2020
Regulated activities share in adjusted EBITDA in Q1	%	**43.5%**	**97.4%**
CCGT			
RAB	EURm	-	-
WACC	%	-	-
Depreciation and amortisation (regulatory)	EURm	9.9	9.8
Units 7 and 8			
RAB	EURm	33.8	36.5
WACC	%	3.50%	5.07%
Depreciation and amortisation (regulatory)	EURm	4.0	3.8

** Full year numbers unless stated otherwise.*
*** Key regulatory indicators for 2021 were approved by the regulator at the end of 2020, however, after annual regulatory revise, which is scheduled for June, indicators might be adjusted to reflect final audited results.*

Customers & Solutions

Highlights Q1 2021

- **Started B2B gas supply activities in Poland**
- **Started trading activities in the Dutch gas trading platform TTF**
- **Continuing B2C electricity market deregulation activities while keeping leadership in total B2C market share of 87% by volume**

Financial results

In Q1 2021, Customers & Solutions revenue reached EUR 184.3 million and was 14.4% or EUR 23.2 million higher than in Q1 2020. The increase was mainly driven by higher B2B electricity supply revenue (EUR +14.3 million) due to higher price and volume of sold electricity, higher gas sales revenue from B2B customers (EUR +3.6 million) due to higher gas market price and volumes sold. The increase was partly offset by lower B2C electricity supply revenue (EUR -0.9 million or -2%) mostly due to electricity market deregulation which started in the beginning of 2021.

In Q1 2021, Adjusted EBITDA reached EUR 4.1 million and was 43.8% or EUR 3.2 million lower than in Q1 2020. The main effects were:

- negative results in electricity business (EUR -5.7 million) which include effects from negative hedge results because of proxy hedging in B2C independent supply and B2B supply, higher balancing costs to DSO and higher cost related to B2C regulated supply activities;
- positive gas business results (EUR +2.4 million) which comes from gas inventory revaluation (EUR +9.1 million) with negative effect from decrease in gas B2B sales margin (EUR -6.9 million).

Compared to 31 Dec 2020, Net debt increased mostly because of a need for additional cash pool (EUR +25.0 million) mainly to cover increased difference between gas and electricity market prices and purchase prices regulated by tariffs to public.

Operating performance

Electricity sales

Total electricity sales in retail market in Q1 2021 increased by 6.7% compared to Q1 2020. The increase was mainly caused by higher sales in Lithuania for B2B and B2C as a result of colder winter. Increase for B2C was not only influenced by weather, but also by quarantine and remote work from home.

Gas sales

The volume of gas sold in Q1 2021 increased by 31.4%. This was mainly influenced by one-off 1.44 TW LNG cargo sale.

Key financial indicators, EURm	Q1 2021	Q1 2020	Δ	Δ,%
Revenue	184.3	161.1	*23.2*	*14.4%*
Adjusted EBITDA APM	4.1	7.3	*(3.2)*	*(43.8%)*
EBITDA APM	4.1	(10.6)	*14.7*	*n/a*
Adjusted EBIT APM	3.6	6.3	*(2.7)*	*(42.9%)*
EBIT APM	3.7	(11.1)	*14.8*	*n/a*
Investments APM	0.3	0.4	*(0.1)*	*(25.0%)*
Adjusted EBITDA margin, % APM	2.2%	4.1%	*n/a*	*(1.9 pp)*
Key financial indicators, EURm	**2021.03.31**	**2020.12.31**	**Δ**	**Δ,%**
PPE, intangible and right-of-use assets	6.3	6.6	*(0.3)*	*(4.5%)*
Net debt APM	61.4	29.4	*32.0*	*108.8%*

Key operating indicators		Q1 2021	Q1 2020	Δ	Δ,%
Electricity sales					
Lithuania	TWh	1.43	1.34	*0.09*	*7.0%*
Latvia	TWh	0.23	0.23	*(0.00)*	*(2.0%)*
Other	TWh	0.02	0.01	*0.02*	*4.0x*
Total retail	TWh	1.68	1.58	*0.11*	*6.7%*
of which B2C	TWh	0.77	0.72	*0.06*	*7.9%*
of which B2B	TWh	0.91	0.86	*0.05*	*5.6%*
Number of customers*	m	1.56	1.65	*(0.09)*	*(5.4%)*
Gas sales	TWh	5.60	4.26	*1.34*	*31.4%*
Lithuania	TWh	2.39	2.16	*0.22*	*10.3%*
Latvia	TWh	0.09	0.05	*0.04*	*78.0%*
Finland	TWh	0.72	1.05	*(0.33)*	*(31.5%)*
Total retail	TWh	3.19	3.26	*(0.07)*	*(2.1%)*
of which B2C	TWh	1.26	0.92	*0.34*	*36.9%*
of which B2B	TWh	1.93	2.34	*(0.41)*	*(17.4%)*
Wholesale market	TWh	2.4	1.00	*1.40*	*140.7%*
Number of customers	m	0.61	0.60	*0.01*	*1.2%*

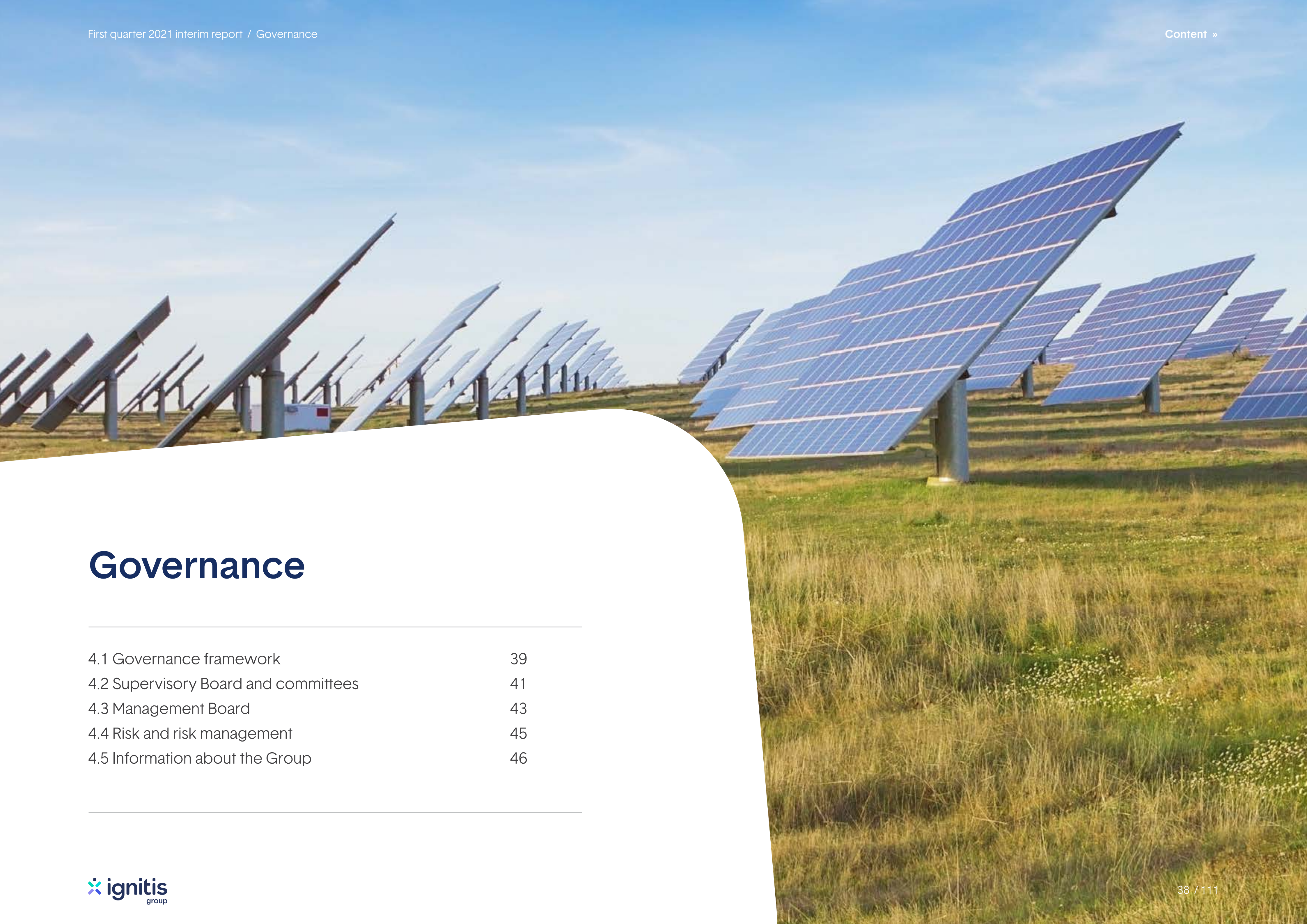
Key regulatory indicators*		Q1 2021	Q1 2020
Regulated activities share in adjusted EBITDA	%	**61.0%**	**29.2%**

** Full year numbers unless stated otherwise.*
*** Until Q4 2020, electricity B2C was calculated as existing contracts; since Q4 2020, electricity B2C is calculated as objects (object – an object managed by the right of ownership or other legal basis (facility, construction, etc.), which consumes electricity). For this reason, the number of electricity B2C for Q1 20120 was restated from 1.68m (total electricity supply customers 1.69m) to 1.64m (total electricity supply customers 1.65m).*

3.3 Quarterly summary

Key financial indicators		Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Revenue	EURm	393.4	354.3	277.9	265.3	325.6	287.0	242.6	226.2	343.5
EBITDA APM	EURm	87.9	107.8	79.8	87.8	62.0	53.1	48.9	50.8	54.3
Adjusted EBITDA APM	EURm	91.9	92.3	70.2	51.6	77.5	72.2	57.9	59.3	70.5
Adjusted EBITDA margin APM	%	23.1%	27.3%	26.1%	22.7%	22.7%	23.7%	23.1%	25.2%	19.6%
EBIT APM	EURm	51.3	71.8	49.7	62.8	30.6	18.9	18.1	20.0	26.1
Adjusted EBIT APM	EURm	61.3	57.6	40.5	23.1	47.7	36.6	27.1	29.5	41.8
Net profit	EURm	37.1	60.9	36.4	49.8	22.2	15.2	14.9	11.9	17.0
Adjusted net profit APM	EURm	45.5	46.2	26.0	12.2	42.3	31.5	21.9	20.0	32.6
Investments APM	EURm	28.2	76.0	83.7	124.5	62.6	123.7	110.4	121.4	97.7
FFO APM	EURm	84.5	104.9	66.0	81.4	60.2	47.8	39.8	48.9	53.0
FCF APM	EURm	28.5	25.8	26.0	(28.7)	16.1	(40.6)	(88.7)	(53.0)	(13.6)
ROE LTM APM	%	11.5%	10.6%	9.3%	7.7%	4.8%	4.4%	(0.8%)	(3.9%)	(2.8%)
Adjusted ROE LTM APM	%	8.1%	7.9%	8.4%	8.1%	8.7%	8.0%	8.9%	7.1%	7.0%
ROCE LTM APM	%	9.9%	9.0%	7.0%	5.8%	4.0%	3.8%	(0.4%)	(2.2%)	(1.7%)
Adjusted ROCE LTM APM	%	7.7%	7.1%	6.4%	5.9%	6.4%	6.2%	6.8%	6.1%	6.0%
		Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Total assets	EURm	4,050.0	3,969.3	3,440.1	3,400.4	3,194.1	3,198.1	3,061.1	2,992.6	2,964.3
Equity	EURm	1,857.9	1,843.8	1,329.6	1,337.8	1,357.1	1,348.6	1,332.5	1,320.8	1,314.2
Net debt APM	EURm	579.3	600.3	1,026.8	1,019.2	950.6	966.5	925.4	842.0	761.2
Net working capital APM	EURm	96.8	59.6	30.9	60.9	62.2	68.5	69.1	22.5	9.9
Net debt/EBITDA LTM APM	times	1.59	1.78	3.63	4.05	4.42	4.67	4.92	5.84	5.26
Net debt/Adjusted EBITDA LTM APM	times	1.89	2.06	3.78	3.93	3.56	3.72	3.64	3.63	3.47
FFO/Net debt LTM APM	%	58.1%	52.1%	24.9%	22.5%	20.7%	19.6%	17.9%	15.6%	17.4%

Key operating indicators		Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Electricity										
Green Generation capacity	MW	1,350	1,350	1,350	1,287	1,287	1,287	1,287	1,287	1,193
Green Generation installed capacity	MW	1,120	1,101	1,101	1,077	1,077	1,077	1,077	1,077	1,077
Green Generation projects under construction	MW	230	249	249	210	210	210	210	210	116
Electricity distributed	TWh	2.72	2.55	2.30	2.17	2.53	2.48	2.26	2.27	2.54
Electricity generated	TWh	0.57	0.65	0.86	0.56	0.39	0.25	0.34	0.22	0.25
Green electricity generated	TWh	0.35	0.34	0.32	0.26	0.34	0.24	0.34	0.22	0.24
Green share of generation	%	61.0%	52.0%	36.7%	46.8%	87.1%	97.3%	97.6%	99.2%	96.9%
Electricity sales	TWh	1.81	1.83	1.64	1.62	1.71	1.66	1.33	1.34	1.54
SAIFI	units	0.37	0.23	0.25	0.41	0.45	0.27	0.35	0.34	0.35
SAIDI	min	100.38	13.49	16.36	34.15	144.78	18.21	22.34	25.06	26.17
Heat										
Green Generation capacity	MW	339	339	339	339	339	339	339	339	339
Green Generation installed capacity	MW	170	110	110	40	40	40	40	40	40
Green Generation projects under construction	MW	169	229	229	299	299	299	299	299	299
Heat generated	TWh	0.23	0.15	0.03	0.09	0.06	0.02	0.00	0.01	0.05
Gas										
Gas distributed	TWh	3.32	2.48	0.99	1.18	2.41	2.26	0.91	1.03	2.76
Gas sales	TWh	5.60	3.84	3.62	2.98	4.26	3.28	1.53	1.38	3.64
SAIFI	units	0.003	0.003	0.004	0.002	0.001	0.002	0.002	0.003	0.002
SAIDI	min	0.18	0.76	0.61	0.19	0.05	0.23	0.34	0.47	0.21



Governance

4.1 Governance framework

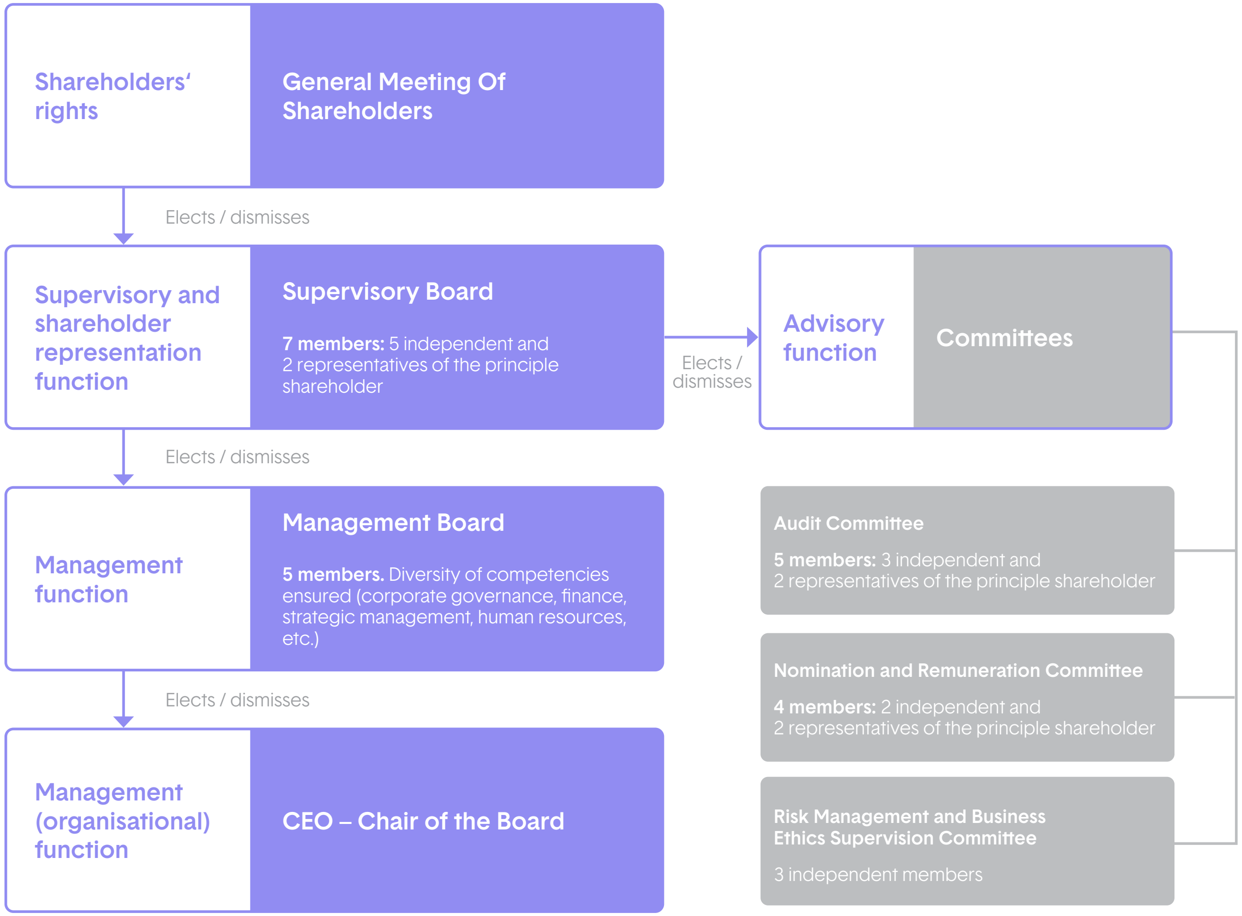
Governance model

Governance structure and model of the Group have been developed on the basis of the most advanced international and national practices, following the recommendations published by the OECD, having regard to the Corporate Governance Code for the companies listed on Nasdaq Vilnius, Guidelines on the Governance for State-Owned Enterprises recommended by the Baltic Institute of Corporate Governance (BICG). The corporate governance model of state-owned group of energy companies was implemented in observance of the Corporate Governance Guidelines approved by the Ministry of Finance of the Republic of Lithuania and amended several times, most recently on 7 September 2020 (hereinafter – Corporate Governance Guidelines) available here.

The parent company is a strong leader among state-controlled companies of Lithuania in corporate governance field – with a track record of the highest rating in Good Corporate Governance Index since 2012. Also, according to the report issued on 17 September 2020 by Sustainalytics, a leading independent provider of ESG and corporate governance ratings, research and analysis, the Group has a total ESG risk rating score of 26.5 ('medium risk'), with corporate governance being rated 1.9 ('negligible risk'). The 54.9 management score ('strong') also indicates that the parent company's overall management of material ESG issues is strong. Moreover, in 2020 the Group received a rating of A (on a scale of CCC-AAA) in the MSCI ESG Ratings assessment.

The parent company employs a system of corporate governance designed to manage and control the Group as a whole, with a view to achieving objectives that are common to the Group as well as the parent company. The corporate governance of the Group is exercised by the parent company through its parent functions, e.g., by coordinating such areas as finance, law, planning and monitoring, human resources, risk management, audit, IT, communication and other common areas of the Group. Activities of the Group in these areas are based on mutual agreement, i.e. cooperation with a focus on achievement of common result, and they are coordinated by policies (common provisions and norms) applicable to all Group.

Corporate governance model



The parent company has a Chief Executive Officer and a two-tier board system consisting of a Management Board and a Supervisory Board. The Chief Executive Officer represents the parent company in all matters and, together with the Management Board, is responsible for its management, while the Supervisory Board is the body that oversees the Management Board and the Chief Executive Officer. The Chief Executive Officer manages the parent company's day-to-day operations and is entitled to solely represent the parent company.

More detailed description of key corporate governance principles, each collegial body and its members is available in the Annual report 2020. There were no changes in the composition of collegial bodies during the reporting period.

Information about the remuneration of the bodies is available on our website and Annual report 2020.

Shareholders' rights and majority shareholder

Our shareholders exercise their rights at the general meeting. The general meeting is the highest decision-making body of the parent company and adopts decisions in accordance with the Law on Companies of the Republic of Lithuania. Detailed description of shareholders' competence is provided in the Annual report 2020.

The majority shareholder of the parent company – the Republic of Lithuania, which owns 73.08% of the shares. The rights and obligations of the majority shareholder are exercised by the Ministry of Finance of the Republic of Lithuania. In accordance with the Property Guidelines, the authority representing the State shall prepare and submit to the state-controlled enterprise a letter on the objectives pursued by the State in the state-controlled enterprise and its expectations at intervals of no more than four years. With that in mind, the Letter of Expectations of the State in relation to the activities of the Group was approved by the order of the Minister of Finance on 13 April 2018 and recently amended on 19 June 2020 and 17 February 2021 (the majority shareholder's letter is available on our website). Detailed description of the expectations of the State as well as majority shareholder's obligations are also detailed in the Annual report 2020.

General meetings

During the reporting period, one general meeting of the parent company's shareholders was held. On 25 March 2021, the Ordinary General Meeting of Shareholders adopted the following decisions:

- to assent to AB "Ignitis grupė" consolidated annual report for 2020, except for the part of the remuneration report;
- to assent to the remuneration report of AB "Ignitis grupė", as a part of the consolidated annual report of AB "Ignitis grupė" for the year 2020;
- to approve the set of audited annual financial statements of AB "Ignitis grupė" and consolidated financial statements of AB "Ignitis grupė" group of companies for the year 2020;
- to form a reserve of EUR 23,000,000 (twenty three million euros) for the acquisition of own shares;
- to allocate profit (loss) of AB "Ignitis grupė" for the year 2020;
- to approve the updated Remuneration Policy of AB "Ignitis grupė" group of companies;
- to approve the updated Share Allocation Rules of AB "Ignitis grupė".

4.2 Supervisory Board and committees

Supervisory board overview

The Supervisory Board is a collegial supervisory body provided in the Articles of Association of the parent company. The Supervisory Board is functioning at the Group level, i.e., where appropriate, it addresses the issues related not only to the activities of the parent company, but also to the activities of its subsidiaries or the activities of their management and supervisory bodies. The Supervisory Board also elects its Chair from its members.

The Supervisory Board of the parent company comprises seven members: five independent members and two representatives of the Ministry of Finance. The term of current Supervisory Board ends on 30 August 2021. Selection procedure of Supervisory Board members will be carried out by the Ministry of Finance.

No members of the Supervisory Board have any participation in the capital of the parent company or its subsidiaries.

Further information on the Supervisory Board functions, selection criteria and conflicts of interests is available in the Annual report 2020.

Activities of the Supervisory Board during the reporting period

Overall 10 meetings of the Supervisory Board were held in Q1 2021, covering the following key areas:

- submission of proposals regarding the business organisation and planning, objectives, financial position and performance of the parent company and the Group, including sustainability considerations;
- issues related to the remuneration system of the Group, including long-term incentive share options programme for executives and employees;
- issues related to the annual report, annual financial statements for the year 2020;
- submission of opinions regarding related party transactions.

Committees of the Supervisory Board

In order to perform its functions and duties effectively, the parent company's Supervisory Board forms committees. The committees submit their conclusions, opinions and suggestions to the parent company's Supervisory Board in accordance with their competence. The committee must have at least three members, where at least one member must be a member of the Supervisory Board and at least 1/3 of the members must be independent, except for the Audit Committee, which must aim for at least 2/3 of the members to be independent. The members of the committees are elected for the period of four years.

The following committees of the Supervisory Board are operating:

- the Audit Committee;
- the Risk Management and Business Ethics Supervision Committee;
- the Nomination and Remuneration Committee.

Information on education, experience and place of employment of the members is available in the Annual report 2020.

There were no changes in the composition of the Committees during the reporting period.

No members of the Supervisory Board committees have any participation in the capital of the parent company or its subsidiaries.

Overview of the meeting attendance of the Supervisory Board and its committees' members

Member	Supervisory Board	Audit Committee	Nomination and Remuneration Committee	Risk Management and Business Ethics Supervision Committee
Darius Daubaras	10/10	-	-	2/2
Andrius Pranckevičius	10/10	-	-	2/2
Aušra Vičkačkienė	10/10	4/5	7/7	-
Daiva Kamarauskienė	10/10	-	7/7	-
Daiva Lubinskaitė-Trainauskienė	10/10	-	7/7	-
Judith Buss	10/10	-	-	-
Bent Christensen	10/10	-	-	-
Irena Petruškevičienė	-	5/5	-	-
Danielius Merkinas	-	5/5	-	-
Šarūnas Radavičius	-	5/5	-	-
Ingrida Muckutė	-	5/5	-	-
Lėda Turai-Petrauskienė	-	-	7/7	-
Šarūnas Rameikis	-	-	-	2/2

** The numbers indicate how many meetings in Q1 2021 the members have attended out of total meetings during the reporting period.*

Overview of the Supervisory Board and its committees'

SUPERVISORY BOARD

Term of office	30 August 2017 – 29 August 2021
Independence including the Chair	71%
Meeting attendance	100%
Share holdings of the parent company or its subsidiaries	None

AUDIT COMMITTEE

Term of office	13 October 2017 – 12 October 2021
Independence including the Chair	60%
Meeting attendance	96%
Share holdings of the parent company or its subsidiaries	None

NOMINATION AND REMUNERATION COMMITTEE

Term of office	13 September 2017 – 12 September 2021
Independence including the Chair	50%
Meeting attendance	100%
Share holdings of the parent company or its subsidiaries	None

RISK MANAGEMENT AND BUSINESS ETHICS SUPERVISION COMMITTEE

Term of office	20 April 2018 – 19 April 2022
Independence including the Chair	100%
Meeting attendance	100%
Share holdings of the parent company or its subsidiaries	None

4.3 Management Board

Management Board overview

Management Board is a collegial management body set out in the Articles of Association of the parent company. The activities of the Management Board are regulated by the Law on Companies, its implemented legislation, the Corporate Governance Guidelines, the Articles of Association of the parent company and the Rules of Procedure of the Management Board. During the reporting period, the rules governing the election of the members of the Management Board of the parent company were not amended and there were no changes in the composition of the Management Board.

Main functions of the Management Board include implementation of the Group strategy, financial management and reporting, performance and asset management, participation in other legal entities, approval of significant transactions. The competence of the Management Board of the parent company also includes decisions on the common rules and principles (policies, guidelines, recommendations) applicable to the Group, decisions related to the general interest of the Group, and achievement of its objectives, the structure of the Group, and the issues of service activities.

The term of office of the current Management Board is from 1 February 2018 to 31 January 2022. The Management Board consists of five members and elects the Chair, who is also the CEO of the parent company, from among its members. There were no changes in the composition of the parent company's Management Board during the reporting period.

All Management Board members hold shares of the parent company (please refer to the table on the right side).

Further information on the Management Board functions, selection criteria, experience, education and conflicts of interests is available in the Annual report 2020.

Activities of the parent company's Management Board during the reporting period

Overall 15 meetings of the Management Board were held in Q1 2021, covering the following key areas:

- evaluation of the most significant transactions planned by the parent company, approval of their conclusion and approval of essential terms of transactions;
- evaluation of the organisation of the parent company's and the Group's activities and taking decisions related thereto;
- making decisions on participation and voting in general meetings of shareholders of the companies in which the parent company is a shareholder;
- approval of the consolidated Annual Report of the Group and submission to the Supervisory Board and the General Meeting of Shareholders;
- evaluation of the parent company's annual financial statements, consolidated financial statements of the Group and draft allocation of profit (loss) and providing feedback to the Supervisory Board and the General Meeting of Shareholders.

Meeting attendance and number of shares of the parent company owned

Member	Attendance	Number of shares
Darius Maikštėnas *Chair, CEO*	15/15	1,000
Darius Kašauskas *Member, Finance and Treasury Director*	15/15	250
Dominykas Tučkus *Member, Infrastructure and Development Director*	15/15	300
Dr. Živilė Skibarkienė *Member, Organisational Development Director*	15/15	300
Vidmantas Salietis *Member, Commerce and Services Director*	15/15	200

** The numbers indicate how many meetings in Q1 2021 the members have attended out of total meetings during the reporting period.*

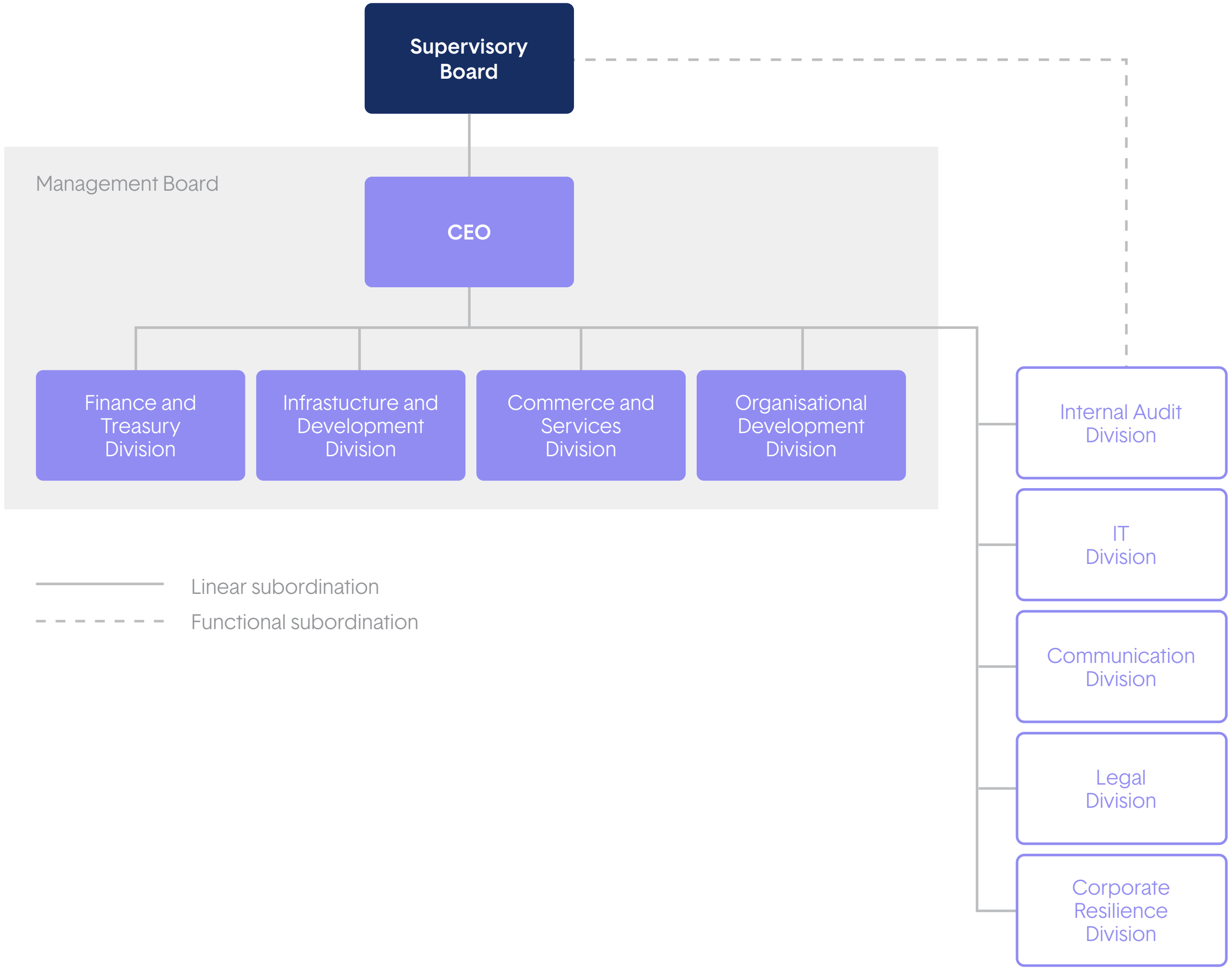
CEO overview

At the executive employees' level, the parent company is managed by the Chief Executive Officer and the Division Directors. CEO is a single-person management body of the parent company, who organizes, directs, acts on behalf of the parent company and concludes transactions unilaterally, as provided by the Law on Companies, its implemented legislation and the Articles of Association of the parent company. CEO is entitled to solely represent the parent company and execute documents on the parent company's behalf.

The competence of a CEO, the procedure of appointment and removal, the terms of office are established according to the Law on Companies, its implemented legislation, the Corporate Governance Guidelines and the Articles of Association of the parent company. In accordance with the Corporate Governance Guidelines, the Chair of the Management Board elected by the Management Board is appointed as CEO of the parent company. It should be noted that CEO of the parent company, as a state-controlled company, is also subject to the special recruitment features set out in the Law on Companies, according to which the term of a CEO is limited to five years. It is stipulated that the same person can only be appointed for two consecutive five-year terms.

Further information on the CEO functions and responsibilities is available in the Annual report 2020.

The parent company's governance structure (at the end of the reporting period)



4.4 Risk and risk management

Risk management framework

In connection with the business activities, the Group is exposed to the external and internal risks that might affect our performance. To ensure their mitigation to the acceptable level, we apply an uniform risk management principles which are based on the best market practices, including the guidance of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and AS/NZS ISO 31000:2009. A clear segregation of duties for risk management and control are controlled by the application of the three-lines-of-defence principle between the Group's management and supervisory bodies, structural departments, or functions. Further information on our risk management framework is available in the Annual report 2020.

Risk assessment and control

On a yearly basis, the Group implements the risk assessment identifying key risks for the upcoming year and its management strategies. To ensure that risks and their mitigation strategies correspond to recent developments and changes in both the business environment and the Group's activities, we review the relevance of the existing and new risk factors on a quarterly basis and define additional actions to manage risks, if needed.

During the reporting period, there were no adverse changes in risk levels, except "Risks associated with the COVID-19 outbreak" being now incorporated into "Failure to achieve key commitments (business continuity, COVID-19 outbreak)" risk due to the potential impact to the Group activities decrease.

Compliance Programme

The Group strives for maximum transparency, effective management of inside information and equality of all financial market participants regarding the availability of issuer's material information. Efficient prevention of market abuse is one of our main priorities.

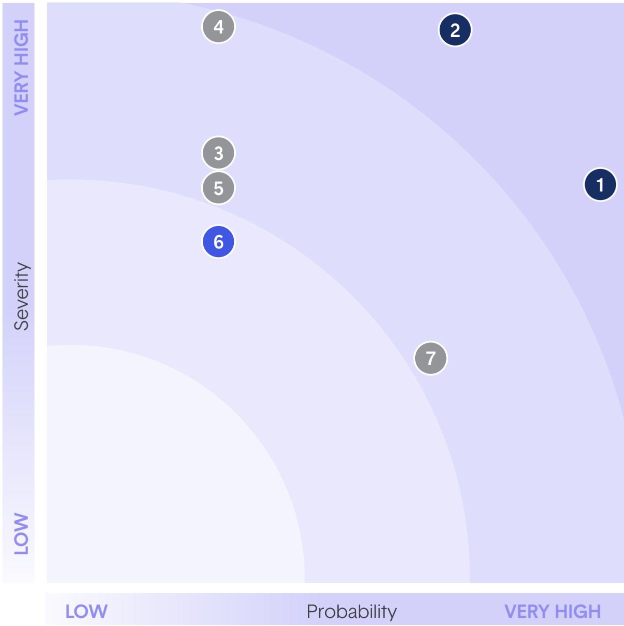
We comply with the Market abuse regulation (EU) No. 596/2014 (MAR) and all related regulations and Guidelines. Persons discharging managerial responsibilities and the persons associated with them are under a duty to disclose their transactions with the parent company's financial instruments when a EUR 5,000 notification threshold has been reached within a calendar year. The parent company's Management Board and Supervisory Board members as well as other Group personnel defined to have access to sensitive financial information of the Group may not trade in the parent company's financial instruments for a period of 30 days prior to the publication of interim reports and financial statements (Closed Period). The Group's own internal insider and transparency rules are regularly updated and made available to all Group employees. Moreover, Insider Management Committee effectively deals with complex insider management and relevant issues.

More detailed information regarding Transparency and Market Abuse Administration, Persons discharging managerial responsibilities and a Duty to Disclose, Closed Period and Internal supervision of insider and relevant affairs is available in the Annual report 2020.

Related party transactions

Group deals with related party transactions in accordance with the Law on Companies of the Republic of Lithuania. It is notable that the relevant Supervisory Board, taking into consideration the conclusion of the Audit Committee, makes a decision regarding the transactions planned to be made with a related party if they are made under unusual market conditions and/or are not assigned to the usual business activities and/or has a material impact. The parent company's related party transactions are disclosed on our website. Information on related party transactions is also provided in the notes of the financial statements.

Risk assessment heat map



Strategic/business risks

1. Changes in market & regulation
2. Failure in new projects or businesses

Operational risks

3. Failure to achieve key commitments (business continuity, COVID-19 outbreak)
4. Health & safety of employees, residents and contractors
5. Information security breaches
7. Core services disruptions due to IT/ OT incidents

Compliance/legal risks

6. Compliance

4.5 Information about the Group

Corporate structure

At the time of the reporting, the Group consists of the parent company and 23 fully consolidated subsidiaries. Ignitis Grupė is the Group's parent company and is responsible for the co-ordination of its activities and the transparent management of the Group. Detailed information regarding the subsidiaries is available on our website and in the Annual report 2020.

The entities showed in the figure on the right are directly or indirectly controlled by the Group, which applies the governance system as per below:

1	**The Supervisory Board** is formed of 7 non-executive members (2 shareholder's representatives, 5 independent). **The Management Board** is formed of 5 executive members. **CEO** – Chair of the Management Board.
2	**The Supervisory Board** is formed of 5 non-executive members* or 3 non-executive members (2 shareholder's representatives and 1 independent member). **The Management Board** is formed of 5 or 3 executive members. **CEO** – Chair of the Management Board.
3	**The Management Board** is formed of 3 non-executive members (2 shareholder's representatives and 1 independent member). **The Management Board** structure might be different in some companies and it is not formed until the company starts its operations**. **CEO** is not a member of the Management Board.
4	**CEO** is a sole management body. **The Management Board** is not formed.

There have been two changes in the Group's structure after the reporting period: the parent company's subsidiary UAB "Ignitis" established Ignitis Suomi Oy in Finland, to enable more effective operations in Finnish supply markets. Another subsidiary UAB "Ignitis renewables" acquired a company registered in Poland, which, prior to this, did not conduct any activities – Dolcetto Sp. z. o. o.

* At ESO: 2 shareholder's representatives, 2 independent members and 1 employees' representative.
** The Management Board of Ignitis Grupės Paslaugų Centras is formed ensuring representation of all shareholders, taking into account the implementation of specific legislation. The Management Boards of Ignitis Latvija and Ignitis Polska are formed of 1 member – CEO, the Supervisory Boards are formed from shareholder's representatives. The Management Board of Ignitis Suomi Oy is formed of one ordinary member and one deputy member. The Management Board of Dolcetto Sp. z. o. o. consists of two non-executive members (shareholder's representatives).

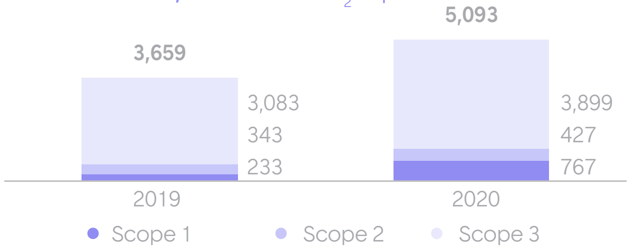
ESG performance report

5.1 ESG highlights

GHG emissions

- In Q1 we fine-tuned our GHG emissions' measurement methodology and finalised our GHG emissions' calculations for 2019 and 2020. Emissions were externally verified after the reporting period (see audit reports here).
- The final GHG emissions are significantly lower than reported in the annual report mainly due to the exclusion of wholesale energy trading activities in scope 3 emissions as per auditor's recommendations.
- In Q2 we will submit our GHG management plan and targets to the Science-based Targets initiative to assure independently that our interim reduction targets are in line with the pathway towards net zero emissions by 2050. We expect to publish our interim emissions target by mid-2021.

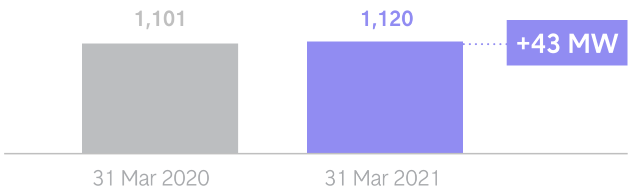
GHG emissions, thousand t CO_2 eq



Green Generation

- Green Generation installed capacity increased by 43 MW since Kaunas and Vilnius CHPs commenced commercial operations.

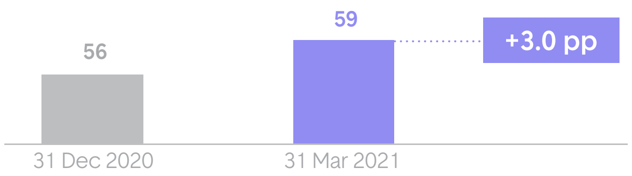
Green Generation installed capacity, MW



Employee satisfaction & engagement

- Employee net promoter score – one of the measures of employee satisfaction – has increased.

Employee satisfaction, eNPS, % (1-100)



- In Q1 we also continued to formalise a corporate volunteering model for our employees.
- After the reporting period, an internal sustainability awareness raising campaign was launched that will run until the end of 2021. Through videos, podcasts, games, and workshops, we seek to familiarise all employees with the different domains of sustainability and involve them in working groups to co-create solutions to sustainability challenges.

Employee diversity

- In Q1 we began the development of a strategy to deliver on our commitment to increase gender balance among top management and in the fields of IT and engineering.
- We are already contributing to promoting diversity in the tech field through our partnership with the Women Go Tech initiative. In Q1, 10 women from our organisation began to develop their tech skills as part of the 6-month training programme, whereas 16 further employees are serving as mentors to participants from other organisations.

Sustainability governance and accountability

- In Q1, starting with the Annual Report for 2020, we began to report on our ESG performance according to the GRI requirements – the most widely used sustainability reporting standard worldwide.
- As per our sustainability management plan, we are committed to improving climate-related disclosures. We joined the formal list of TCFD supporters in Q1, and took the first step towards implementing TCFD recommendations by commissioning an expert review of our climate disclosures. We expect to align with TCFD guidelines in 2022.
- After a preliminary Group-level materiality assessment in Q4 of 2020, in Q1 2021 we initiated materiality assessments for key subsidiaries. The process includes comprehensive stakeholder engagement in Q2, after which sustainability goals and their implementation programmes will be developed and communicated publicly. We look forward to incorporating the expectations of our clients, partners, employees, investors and other stakeholders into our sustainability plans.
- After the reporting period, our sustainability practises in Customers and Solutions segment were awarded a silver medal by Ecovadis, a ratings platform that focuses on sustainable supply chains. Ignitis falls among the top 8% of all companies assessed by Ecovadis.

Community relations

- In Q1 the Group took significant steps towards delivering on our 2021-2024 target to engage and consult with 100% of local communities. We published new community engagement guidelines (link) that will help us build mutually beneficial, values-and-strategy-driven cooperation with local communities. Moreover, the Group adopted a new policy for providing financial support to communities in proximity to the sites of Ignitis Renewables.
- In Q1 we installed a new exhibition in the Energy and Technology museum located in Vilnius. This exhibition, initiated by Vilnius CHP and Kaunas CHP, presents different topics related to circular economy to the general public in order to raise awareness about the importance of reducing waste.

5.2 Our sustainability framework

Overview

Sustainability is at the core of the Group's strategy and 2021-2024 strategic plan. Leading the energy transition across the region towards an energy smart world we pay a lot of attention to our ESG performance and accountability. Our sustainability management plan and a list of policies we follow are disclosed publicly. We publish Nasdaq ESG indicator data in half-year reports and comprehensive ESG information is available in our annual reports.

Below is a high-level overview of our approach to ESG performance improvement.

MAIN TOPICS

We are committed to reduce net carbon dioxide (CO_2) emissions to zero by 2050. We seek to contribute directly to the implementation of the UN Global Compact, Sustainable Development Goals, and the Paris Agreement

GOVERNANCE AND PROCESSES

We follow good corporate governance practices and seek to manage our impacts based on the recommendations of international institutions and the scientific community

ACCOUNTABILITY

We seek to disclose the Group's progress by using globally recognised standards and formats suited to a broad range of stakeholder needs

MEASURING PROGRESS

We aim to benchmark our continuous improvement using ESG ratings provided by leading ESG ratings agencies and seek to improve our ESG ratings.[1]

Our current MSCI ESG rating of 'A' places us above the sector average of 'BBB'[2] while Sustainalytics ranks us among the top 20% ESG performers in the utility sector.

MSCI ESG index

CCC B BBB A AA AAA

2020 → 2024

Sustainalytics ESG risk index

Severe High Med Low Negl

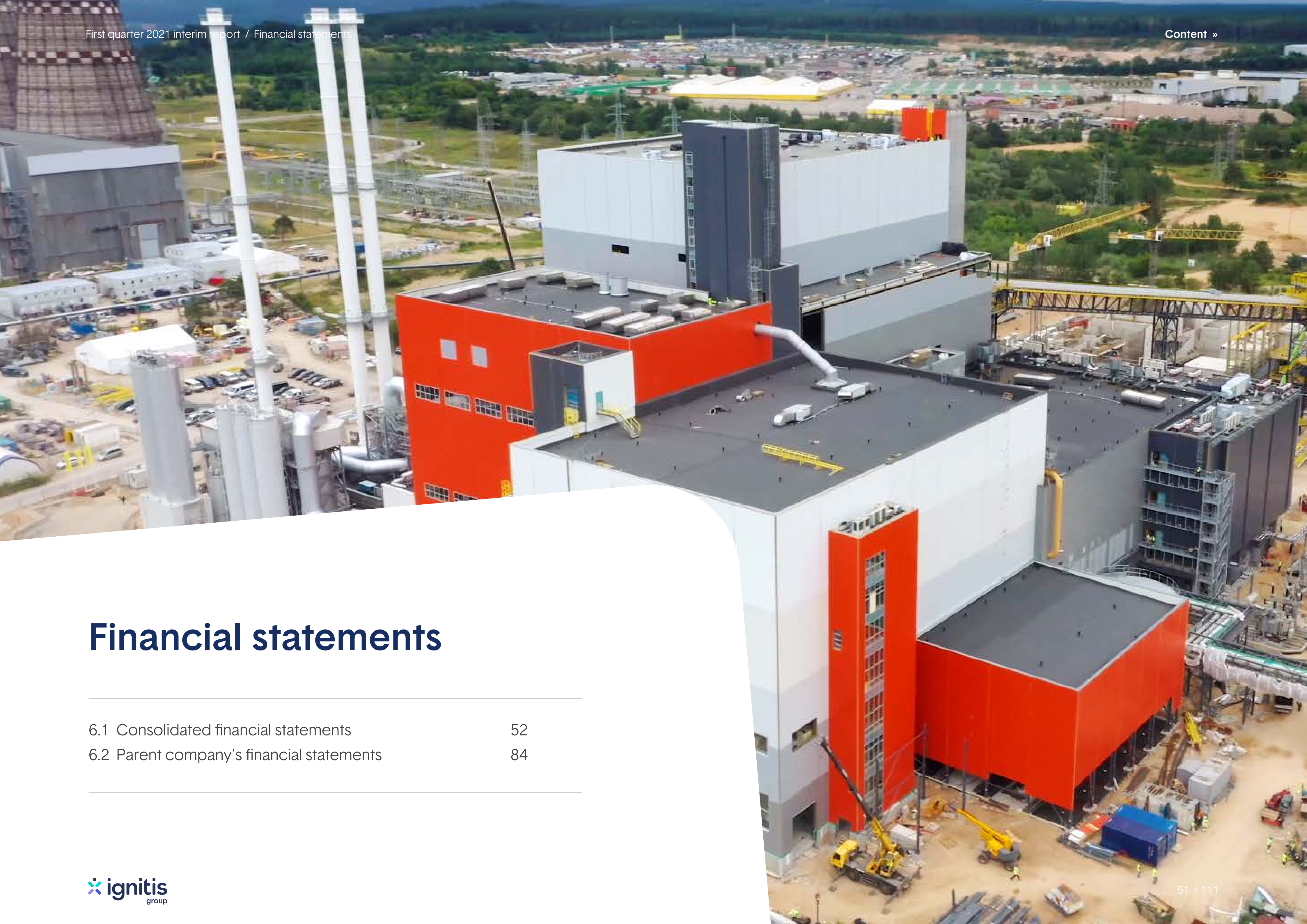
2020 → 2024

[1] See MSCI disclaimer and Sustainalytics ESG Risk Rating Summary Report on our website.
[2] MSCI ACWI index.

5.3 Progress towards strategic 2021-2024 ESG targets

		2020 baseline	2021 Q1 status	2021-2024 target
Environmental dimension				
Climate change and energy transition	Installed green generation capacity, GW	1.1	1.1	1.8–2.0
	Align the GHG management plan with SBTi to be in line with net zero emissions by 2050 and reach CO_2 management targets specified in the plan	GHG measurement completed	Ongoing external verification	100% management plan targets reached
	EV charging stations, units	82	82	240
Energy efficiency	Cumulative energy savings to final energy users, GWh	370[1]	N/A[2]	290.6
	Smart meters deployed, million units	0	Procurement ongoing[3]	1.1–1.2[4]
Air, land and water quality	0 environmental accidents and penalties	1 minor violation	0	0
Social dimension				
Occupational health and safety	Fatal employee accidents	0	0	0
	Total recordable injury rate (TRIR) for a million hours worked by employees[5]	0.45	1.3	≤2.29
Local communities	Local communities engaged and consulted, %	Community engagement guidelines prepared	Ongoing preparation[6]	100
Employee engagement	Employee net promoter score (eNPS), %	56	59	≥95% of previous year's level
	Employees participating in corporate volunteering initiatives at least once	N/A	Ongoing development of formal model	20%
Employee diversity	0 human rights violations	0	0	0
	Improvement of gender balance in engineering and IT positions, % women	17	17	23
	Improvement of gender balance among top management, % women	22	22	27
Governance dimension				
Supply chain sustainability	Share of procured value for which supplier screenings were conducted as part of procurement procedures, %	>90	94	100
	Supplier compliance rate with Supplier Code of Ethics, % suppliers	N/A	Supplier Code of Ethics in development	100
	Share of published procurements that receive only one bid, %	13.1	13.2	≤15
Transparency and anticorruption	Transparency rating in Good Corporate Governance Index	A+	A+	A+
	Anticorruption and Code of Ethics knowledge tests[7], employee participation rate, %	100	100	100
	Anticorruption and Code of Ethics knowledge tests[7], employee pass rate, %	94.5	95	80
Sustainability governance & accountability	Materiality assessments conducted for key subsidiaries Submission of CDP climate change questionnaire Implement TCFD recommendations	Preliminary Group-level materiality map prepared	Ongoing stakeholder engagement[8]	ESG governance improvement[9]

[1] We follow a different methodology for evaluating end user savings during the period of 2021-2024; therefore, pre-2021 values should not be compared with 2021-2024 values.
[2] Measured on an annual basis.
[3] Contract expected to be finalised in Q2 2021.
[4] By the end of 2023.
[5] Occupational health and safety goals also include implementing TRIR monitoring for contractors in 2021.
[6] In Q1 the Group adopted a new policy for providing financial support to communities in proximity to the sites of Ignitis Renewables.
[7] Only anticorruption knowledge test is available as of Q1. Code of Ethics knowledge test will be developed in Q3. Quarterly values for the participation and pass rate indicators refer only to new employees.
[8] In Q1, stakeholder surveys were prepared at key subsidiaries with results expected in Q2.
[9] Measured by contribution to improvement of external ESG ratings.



Financial statements

6.1 Unaudited interim condensed consolidated financial statements

For the three months period ended 31 March 2021, prepared in accordance with International accounting standard 34 'Interim financial reporting' as adopted by the European Union (unaudited)

The Group's consolidated financial statements were prepared and signed by AB "Ignitis grupė" management on 27 May 2021:

Darius Maikštėnas
Chief Executive Officer

Darius Kašauskas
Finance and Treasury Director

Giedruolė Guobienė
UAB "Ignitis grupės paslaugų centras"
Head of Accounting Department acting under
Order No IS-29-21 of 01/04/2021

Interim Condensed Consolidated Statement of Financial Position

As at 31 March 2021
All amounts are in EUR thousand unless otherwise stated

	Notes	31 March 2021	31 December 2020
ASSETS			
Non-current assets			
Intangible assets	5	202,254	176,077
Property, plant and equipment	6	2,579,085	2,559,554
Right-of-use assets	7	39,628	63,879
Prepayments for non-current assets		9,762	40
Investment property		3,848	5,183
Non-current receivables	9	168,487	161,515
Other financial assets		9,673	7,269
Other non-current assets		-	2,788
Deferred tax assets		6,198	6,431
Total non-current assets		**3,018,935**	**2,982,736**
Current assets			
Inventories		47,018	33,110
Prepayments and deferred expenses	10	57,589	50,703
Trade receivables	11	140,407	128,423
Other receivables	12	39,474	47,468
Other current assets		73,293	67,365
Prepaid income tax		80	223
Cash and cash equivalents	13	672,808	658,795
		1,030,669	**986,087**
Assets held for sale		364	473
Total current assets		**1,031,033**	**986,560**
TOTAL ASSETS		**4,049,968**	**3,969,296**
EQUITY AND LIABILITIES			
Equity			
Issued capital	14	1,658,756	1,658,756
Reserves		321,130	269,769
Retained earnings		(124,308)	(86,164)
Equity attributable to equity holders of the parent		**1,855,578**	**1,842,361**
Non-controlling interests		2,338	1,470
Total equity		**1,857,916**	**1,843,831**
Liabilities			
Non-current liabilities			
Non-current loans and bonds	16	1,241,676	1,246,128
Non-current lease liabilities	18	28,168	29,128
Grants and subsidies		283,999	280,370
Deferred tax liabilities		60,629	52,174
Provisions	19	40,422	40,695
Deferred income	20.1	167,010	164,413
Other non-current amounts payable and liabilities		387	3,258
Total non-current liabilities		**1,822,291**	**1,816,166**
Current liabilities			
Current portion of non-current loans	16	7,903	6,333
Current loans	16	13,794	9,143
Lease liabilities	18	5,422	13,401
Trade payables		89,776	51,693
Advances received	20.2	39,031	42,644
Income tax payable		9,361	7,738
Provisions	19	41,789	30,399
Deferred income	20.1	8,676	8,579
Other current amounts payable and liabilities	21	154,009	139,369
Total current liabilities		**369,761**	**309,299**
Total liabilities		**2,192,052**	**2,125,465**
TOTAL EQUITY AND LIABILITIES		**4,049,968**	**3,969,296**

Interim Condensed Consolidated Statement of Profit or Loss and other Comprehensive Income

For the three months period ended 31 March 2021
All amounts are in EUR thousand unless otherwise stated

	Notes	2021 I qtr.	2020 I qtr. (restated)*
Revenue from contracts with customers	22	386,653	324,620
Other income		6,756	1,039
Total revenue and other income		**393,409**	**325,659**
Purchases of electricity, gas and other services		(264,733)	(179,700)
Salaries and related expenses		(25,379)	(24,457)
Repair and maintenance expenses		(5,523)	(4,820)
Other expenses		(9,855)	(54,626)
Total		**(305,490)**	**(263,603)**
EBITDA**		**87,919**	**62,056**
Depreciation and amortisation		(29,424)	(27,727)
Write-offs, revaluation and impairment losses of property, plant and equipment and intangible assets	5, 6	(994)	(1,626)
Revaluation of emission allowances	19	(6,159)	(2,077)
Operating profit (loss) (EBIT)**		**51,342**	**30,626**
Finance income		864	307
Finance expenses		(6,790)	(4,441)
Finance activity, net		**(5,926)**	**(4,134)**
Profit (loss) before tax		**45,416**	**26,492**
Current income tax (expenses)/benefit		(3,617)	(3,438)
Deferred tax (expenses)/benefit		(4,712)	(904)
Net profit for the period		**37,087**	**22,150**
Attributable to:			
Equity holders of the parent		36,636	20,380
Non-controlling interest		451	1,770
Other comprehensive income (loss)			
Items that will not be reclassified to profit or loss in subsequent periods (net of tax)			
Revaluation of emission allowances through other comprehensive income		22,547	(11,217)
Remeasurement of the defined benefit plan obligation		(222)	(25)
Items that will not be reclassified to profit or loss in subsequent periods, total		**22,325**	**(11,242)**
Items that may be reclassified to profit or loss in subsequent periods			
Exchange differences on translation of foreign operations into the Group's presentation currency		(1,181)	(2,435)
Items that may be reclassified to profit or loss in subsequent periods, total		**(1,181)**	**(2,435)**
Total other comprehensive income (loss) for the period		**21,144**	**(13,677)**
Total comprehensive income (loss) for the period		**58,231**	**8,473**
Attributable to:			
Equity holders of the parent		57,363	6,704
Non-controlling interests		868	1,769
Basic earnings per share (in EUR)	23	0.49	0.38
Diluted earnings per share (in EUR)	23	0.49	0.38
Weighted average number of shares	23	74,283,757	54,283,757

** Part of the amounts do not agree with the financial statements issued for the three months period ended 31 March 2020 due to reclassification of comparative figures and changes in general presentation of SPLOCI. See more information disclosed in Notes 3 and 4.*

*** EBITDA – earnings before finance activity, taxes, depreciation, and amortization, write-offs, revaluation and impairment losses of property, plant and equipment and intangible assets, revaluation of emission allowances. For more information on EBITDA as an alternative performance measure – see Note 27.*
EBIT – earnings before finance activity, taxes. For more information on EBIT as an alternative performance measure – see Note 27.

Interim Condensed Consolidated Statement of Changes in Equity

For the three months period ended 31 March 2021
All amounts are in EUR thousand unless otherwise stated

	Notes	Equity, attributed to equity holders of the parent							Non-controlling interest	Total
		Issued capital	Legal reserve	Revaluation reserve	Treasury shares reserve	Other reserves	Retained earnings	Subtotal		
Balance as at 1 January 2020		**1,212,156**	**112,647**	**146,993**	**-**	**11**	**(172,188)**	**1,299,619**	**49,001**	**1,348,620**
Revaluation of emission allowances		-	-	(10,864)	-	-	-	**(10,864)**	(353)	**(11,217)**
Exchange differences on translation of foreign operations into the Group's presentation currency		-	-	-	-	(2,435)	-	**(2,435)**	-	**(2,435)**
Result of change in actuarial assumptions		-	-	-	-	-	(24)	**(24)**	(1)	**(25)**
Total other comprehensive income (loss) for the period		**-**		**(10,864)**	**-**	**(2,435)**	**(24)**	**(13,323)**	**(354)**	**(13,677)**
Net profit for the period		-	-	-	-	-	20,380	**20,380**	1,770	**22,150**
Total comprehensive income (loss) for the period		**-**		**(10,864)**	**-**	**(2,435)**	**20,356**	**7,057**	**1,416**	**8,473**
Transfer of revaluation reserve to retained earnings (transfer of depreciation, net of tax)		-		(3,026)	-	-	3,026	-	-	-
Transfer to reserves and movement in reserves		-	(1,507)	-	-	-	1,507	-	-	-
Balance as at 31 March 2020		**1,212,156**	**111,140**	**133,103**	**-**	**(2,424)**	**(147,299)**	**1,306,676**	**50,417**	**1,357,093**
			-	-						
Balance as at 1 January 2021		**1,658,756**	**116,029**	**155,969**	**-**	**(2,229)**	**(86,164)**	**1,842,361**	**1,470**	**1,843,831**
Revaluation of emission allowances		-	-	22,130	-	-	-	**22,130**	417	**22,547**
Exchange differences on translation of foreign operations into the Group's presentation currency		-	-	-	-	(1,181)	-	**(1,181)**	-	**(1,181)**
Result of change in actuarial assumptions		-	-	-	-	-	(222)	**(222)**	-	**(222)**
Total other comprehensive income (loss) for the period		**-**	**-**	**22,130**	**-**	**(1,181)**	**(222)**	**20,727**	**417**	**21,144**
Net profit for the period		-	-	-	-	-	36,636	**36,636**	451	**37,087**
Total comprehensive income (loss) for the period		**-**	**-**	**22,130**	**-**	**(1,181)**	**36,414**	**57,363**	**868**	**58,231**
Transfer of revaluation reserve to retained earnings (transfer of depreciation, net of tax)		-	-	(2,741)	-	-	2,741	**-**	-	**-**
Transfers to legal reserve		-	10,153	-	-	-	(10,153)	**-**	-	**-**
Transfer to reserves to acquire treasury shares	14	-	-	-	23,000	-	(23,000)	**-**	-	**-**
Dividends	24	-	-	-	-	-	(43,010)	**(43,010)**	-	**(43,010)**
Dividends paid to non-controlling interest	24	-	-	-	-	-	(1,152)	**(1,152)**	-	**(1,152)**
Share-based payments	15	-	-	-	-	-	16	**16**	-	**16**
Balance as at 31 March 2021		**1,658,756**	**126,182**	**175,358**	**23,000**	**(3,410)**	**(124,308)**	**1,855,578**	**2,338**	**1,857,916**

Interim Condensed Consolidated Statement of Cash Flows

For the three months period ended 31 March 2021
All amounts are in EUR thousand unless otherwise stated

	Notes	2021 I qtr.	2020 I qtr.
Cash flows from operating activities			
Net profit for the period		37,087	22,150
Adjustments for non-monetary expenses (income):			
Share-based payments		16	-
Depreciation and amortisation expenses	5, 6, 7	31,759	29,796
Impairment of property, plant and equipment, including held for sale	6	(678)	912
Fair value changes of derivatives		(2,334)	6,308
Impairment/(reversal of impairment) of financial assets		(258)	702
Income tax expenses		8,329	4,342
Amortisation of grants		(2,335)	(2,069)
Increase/(decrease) in provisions	19	4,736	375
Inventory write-off to net realizable value/(reversal)		266	(14)
Expenses/(income) of revaluation of emission allowances	19	6,159	2,217
Emission allowances utilised		(1,682)	(98)
Elimination of results of investing activities:			
Loss on disposal/write-off of property, plant and equipment		1,620	465
Elimination of results of financing activities:			
Interest income		(245)	(71)
Interest expenses		5,884	3,707
Other expenses of financing activities		287	498
Changes in working capital:			
(Increase)/decrease in trade receivables and other amounts receivable		(13,032)	(1,154)
(Increase)/decrease in inventories, prepayments and other current and non-current assets		(22,536)	7,776
Increase/(decrease) in amounts payable, deferred income and advance amounts received		14,583	1,528
Income tax paid		(1,802)	(591)
Net cash flows from operating activities		**65,824**	**76,779**
Cash flows from investing activities			
Acquisition of property, plant and equipment and intangible assets		(46,686)	(65,788)
Proceeds from sale of property, plant and equipment and intangible assets		569	4,207
Grants received		7,788	5,742
Interest received		120	170
Finance lease payments received		533	467
Net cash flows from investing activities		**(37,676)**	**(55,202)**
Cash flows from financing activities			
Loans received		-	16,406
Repayments of loans	17	(3,129)	(14,560)
Lease payments	17	(9,217)	(2,044)
Interest paid	17	(1,785)	(1,385)
Dividends paid		(4)	(27)
Net cash flows from financing activities		**(14,135)**	**(1,610)**
Increase/(decrease) in cash and cash equivalents (including overdraft)		**14,013**	**19,967**
Cash and cash equivalents (including overdraft) at the beginning of the year	13	658,795	(59,454)
Cash and cash equivalents (including overdraft) at the end of the period	13	**672,808**	**(39,487)**

All amounts are in EUR thousand unless otherwise stated

Explanatory Notes to the Interim Condensed Consolidated Financial Statements

For the three months period ended 31 March 2021

1 General information

Ignitis grupė AB (hereinafter "the Company" or "parent company") is a public limited liability company registered in the Republic of Lithuania. The Company's sole shareholder as at 30 June 2020 has adopted a decision to change the Company's legal status to a public limited liability company (AB) and on 28 July 2020 the new articles were registered. On 5 October 2020 the Company increased its share capital and on 7 October 2020 the Company has executed initial public offering (hereinafter "IPO") distributing the increased share capital between private and institutional investors.

The Company's registered office address is Žvejų str. 14, LT-09310, Vilnius, Lithuania. The Company was registered on 28 August 2008 with the Register of Legal Entities managed by the public institution the Centre of Registers. Company code 301844044. The Company has been founded for an indefinite period.

The Company and its subsidiaries are hereinafter collectively referred to as "the Group". The Group engages in electricity and heat generation (including electricity generation from renewable energy sources), supply, electricity import and export, distribution and trade, natural gas distribution and supply, as well as the maintenance and development of the electricity sector, management and coordination of activities. Information on the Group's structure is provided in Note 8.

The Group's principal shareholder is the Republic of Lithuania (73.08%).

Shareholder of the Group	31 March 2021		31 December 2020	
	Share capital, in EUR '000	%	Share capital, in EUR '000	%
Republic of Lithuania represented by the Ministry of Finance of the Republic of Lithuania	1,212,156	73.08	1,212,156	73.08
Other shareholders	446,600	26.92	446,600	26.92
	1,658,756		**1,658,756**	

These interim consolidated financial statements were prepared and signed by Group's management on 27 May 2021. These are interim condensed consolidated financial statements of the Group. The Company also prepares separate interim condensed financial statements in accordance with local requirements.

2 Summary of significant accounting policies

2.1 Basis of preparation

These interim condensed consolidated financial statements, prepared for the three months period ended 31 March 2021, cover interim condensed consolidated financial statements of the Group (hereinafter "interim financial statements"). These interim financial statements have been prepared in accordance with International Financial Reporting Standards (hereinafter "IFRS") as adopted by the European Union and applicable to interim financial reporting (International Accounting Standard (hereinafter "IAS") 34 "Interim Financial Reporting"). These interim financial statements do not provide all the information required for the preparation of the annual financial statements, therefore this must be read in conjunction with the annual financial statements for the year ended 31 December 2020, which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

The Group's interim consolidated financial statements as at and for the three months period ended 31 March 2021 have been prepared on a going concern basis applying measurement based on historical cost, except for certain items of property, plant and equipment, emission allowances measured at revalued amount, investment property, and certain financial instruments measured at fair value.

These interim financial statements are presented in euros and all values are rounded to the nearest thousand (EUR '000), except when otherwise indicated. The Group's interim financial statements provide comparative information in respect of the previous period. The financial year of the Group coincides with the calendar year.

In year 2020 the management of the Group has made certain restatement of comparative figures due to reclassifications in annual financial statements. Identified reclassifications are disclosed in Note 3. The originally issued and published interim financial statements for the three months period ended 31 March 2020 did not reflect these reclassifications. As the 2021 interim financial statements present comparative information for the previous reporting period, the Group presents figures for 2020 as restated as described in Note 3.

Additionally, presentation of certain line items of the statement of profit or loss and other comprehensive (hereinafter "SPLOCI") in annual financial statements of year 2020 was changed; consequently, the presentation of comparative figures in SPLOCI of these interim financial statements was amended to correspond to such changes. See Note 4 for full disclosure.

All amounts are in EUR thousand unless otherwise stated

2.2 New standards, amendments and interpretations

Changes in accounting policy and disclosures

The accounting policies applied in the preparation of these interim financial statements are consistent with the accounting policies applied in the preparation of the Group's annual financial statements for the year ended 31 December 2020, with the exception of the new standards which entered into force as at 1 January 2021.

Preparing these interim financial statements the significant management judgements regarding the application of the accounting policies and accounting estimates were the same as used in preparing the annual financial statements for the year ended 31 December 2020.

Preparing these interim financial statements, the Group did not adopt new standards, amendments and interpretations, the effective date of which is later than 1 January 2021 and early adoption is permitted. The following new standards and amendments to the standards that became effective as at 1 January 2021 and did not affect significantly these interim financial statements.

Interest Rate Benchmark Reform – Phase 2 – IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (Amendments)

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR).The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

The management of the Group has assessed that these amendments have no impact on these financial statements.

All amounts are in EUR thousand unless otherwise stated

3 Restatement of comparative figures due to reclassifications

Restatement related to 2020 I qtr.

	2020 I qtr. before restatement	Restatement	2020 I qtr. after restatement
Revenue from contracts with customers	324,620	-	324,620
Other income	1,039	-	1,039
	325,659	**-**	**325,659**
Operating expenses			
Purchases of electricity, gas for trade, and related services	(218,191)	45,181	(173,010)
Purchases of gas and heavy fuel oil	(6,690)	-	(6,690)
Depreciation and amortisation	(27,727)	-	(27,727)
Wages and salaries and related expenses	(24,457)	-	(24,457)
Repair and maintenance expenses	(4,820)	-	(4,820)
Reversal (impairment) of amounts receivable and loans	(597)	-	(597)
Impairment of property, plant and equipment	(907)	-	(907)
Other expenses	(11,660)	(45,165)	(56,825)
Total operating expenses	**(295,049)**	**16**	**(295,033)**
Operating profit (loss)	**30,610**	**16**	**30,616**
Finance income	377	(70)	307
Finance expenses	(4,495)	54	(4,441)
Profit (loss) before tax	**26,492**	**-**	**(4,118)**
Current year corporate income tax (expense)/benefit	(3,438)	-	(3,438)
Deferred corporate income tax (expense)/benefit	(904)	-	(904)
Net profit	**22,150**	**-**	**22,150**
Attributable to:			
Owners of the parent	20,380	-	20,380
Non-controlling interest	1,770	-	1,770
Other comprehensive income (loss)			
Items that will not be reclassified to profit or loss			
Gain (loss) on revaluation of non-current assets	(11,217)	-	(11,217)
Recalculation of a defined benefit plan liability less deferred income tax	(25)	-	(25)
Items that will not be reclassified to profit or loss	**(11,217)**	**-**	**(11,217)**
Items that will be reclassified to profit or loss			
Translation of net investments in foreign operations into the Group's presentation currency	(2,435)	-	(2,435)
Items that will be reclassified to profit or loss, total	**(2,435)**	**-**	**(2,435)**
Other comprehensive income (loss), total	**(13,677)**	**-**	**(13,677)**
Total comprehensive income (loss) for the period	**8,473**	**-**	**8,473**
Attributable to:			
Equity holders of the parent	6,704	-	6,704
Non-controlling interests	1,769	-	1,769

Presentation of certain line items of the SPLOCI in annual financial statements of year 2020 was changed; consequently, the presentation of comparative figures in SPLOCI of these interim financial statements was amended to correspond to such changes. The information regarding restatements is presented below:

The Group changed presentation of financial derivative-related operations in the SPLOCI. After thorough analysis of the previous presentation of derivatives the management determined that reclassifications should be made to give more reliable information for the users of the interim financial statements. The Group reclassified profit and loss recognised on closed contracts of derivatives as well as profit and loss from changes in fair values of open contracts of derivates. The reclassification was made from other lines of SPLOCI to Other expenses (as the total net result for the period from all transactions related to derivatives is loss). Such presentation clarifies the total impact of financial derivatives in the SPLOCI in a more conventional way. The new accounting policy of the derivatives is fully disclosed in Note 2.11.3 of the annual financial statements.

This restatement did not materially affect the figures presented in the statements of financial position, changes in equity and cash flows for 2020 I qtr..

All amounts are in EUR thousand unless otherwise stated

4 Change in presentation of statement of profit or loss and other comprehensive income

During 2020 the Company's and consequently the Group's shares became listed. The management believed that changes in SPLOCI are necessary as they will provide reliable and more relevant information for users of consolidated financial statements. Thus, the management determined that there is a need to voluntarily change presentation and classification of items in SPLOCI and changed the presentation of SPLOCI as at 31 December 2020. Accordingly the presentation of SPLOCI for the three months period ended 31 March 2020 was changed also. The management determined that main users of financial statements are:

- Shareholders of the company, including new investors from IPO.
- Financial institutions, which provide financing to the Group.

Satisfying the requirements of IAS 8, the management presents the following main changes in SPLOCI:

1. Decrease the number of lines shown, to concentrate on the most important and disclose other information in the notes. As noted above, the management believes that less lines and their new names will present the information more reliably and in more relevant way.
2. Added new lines for a sub-total reflecting the alternative performance measures of EBITDA and EBIT. Adjusted EBITDA is the main performance indicator and target of the Group (including annual targets and strategic plan targets). Thus, it is very important for the users of financial statements to be able to identify EBITDA directly in SPLOCI. And including it in SPLOCI, it would present information that is reliable and is more relevant.

As IAS 8 requires that the users of financial statements need to be able to compare the financial statements of an entity over time to identify trends, the management presents the information regarding the changes of classification and amendments of the line items in SPLOCI prepared for the three months period ended 31 March 2020:

Line No.	Old SPLOCI structure	New SPLOCI structure	2020 I qtr. after reclassification (Note 3)	Changes	2020 I qtr. after reclassification and changes	Explanation on changes
1	Revenue from contracts with customers	Revenue from contracts with customers	324,620	-	324,620	No changes
2	Other income	Other income	1,039	-	1,039	No changes
3		**Total revenues and other income**	**325,659**	**-**	**325,659**	Added name for the "total" line
4						
5	**Operating expenses**					Deleted line name, as it was used incorrectly (i.e. the line No.6 is not only operating expenses)
6	Purchases of electricity, gas for trade, and related services	Purchases of electricity, gas and other services	(173,010)	(6,690)	(179,700)	Added amounts from the line No.7, changed name to more fairly represent amounts
7	Purchases of gas and heavy fuel oil		(6,690)	6,690	-	Line deleted by adding to the line No.6
8	Depreciation and amortisation		(27,727)	27,727	-	Line is presented now in the line No.18
9	Wages and salaries and related expenses	Salaries and related expenses	(24,457)	-	(24,457)	Changed name
10	Repair and maintenance expenses	Repair and maintenance expenses	(4,820)	-	(4,820)	No changes
11	Reversal (impairment) of amounts receivable and loans		(597)	597	-	Line deleted by adding to the line No.13
12	Impairment of property, plant and equipment		(907)	907	-	Line deleted by adding to the line No.19
13	Other expenses	Other expenses	(56,825)	2,199	(54,626)	Added amount from line No.11, write-offs of property, plant and equipment amounted to EUR 719 thousand and revaluation of emission allowances amounted to EUR 2,077 thousand were deleted from this line by adding them to the line item No.19 and No. 20 respectively.
14	**Total operating expenses**	**Total**	**(295,033)**	**31,430**	**(263,603)**	Changed name
15						
16		**EBITDA***		**62,056**	**62,056**	New line. EBITDA is calculated using the formula, which is used in the Note 27 for Operating segments and was used in IPO prospectus.
17						
18		Depreciation and amortisation		(27,727)	(27,727)	The line is reclassified from the line No.8
19		Write-offs, revaluation and impairment losses of property, plant and equipment and intangible assets		(1,626)	(1,626)	New line reclassifying rows No.12 and part of row No.13.
20		Revaluation of emission allowances		(2,077)	(2,077)	New line

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All amounts are in EUR thousand unless otherwise stated

continuation of the table presented on the preceding page

Line No.	Old SPLOCI structure	New SPLOCI structure	2020 I qtr. after reclassification (Note 3)	Changes	2020 I qtr. after reclassification and changes	Explanation on changes
21						
22	**Operating profit (loss)**	**Operating profit (loss) (EBIT)**	**30,626**	-	**30,626**	Changed name by adding "EBIT". EBIT is calculated using the formula, which is used in the Note 27 for Operating segments and was used in IPO prospectus.
23						
24	Finance income	Finance income	307	-	307	No changes
25	Finance costs	Finance expenses	(4,441)	-	(4,441)	No changes
26		**Finance activity, net**		**(4,134)**	**(4,134)**	Added name for "net" line
27						
28	**Profit (loss) before tax**	**Profit (loss) before tax**	**26,492**	-	**26,492**	No changes
29	Current year corporate income tax (expense)/benefit	Current year income tax (expenses)/benefit	(3,438)	-	(3,438)	Changed name
30	Deferred corporate income tax (expense)/benefit	Deferred income tax (expenses)/benefit	(904)	-	(904)	Changed name
31						
32	**Net profit**	**Net profit for the year**	**22,150**	-	**22,150**	Changed name
33						
34	Attributable to:	Attributable to:				
35	Owners of the parent	Equity holders of the parent	20,380	-	20,380	No changes
36	Non-controlling interest	Non-controlling interest	1,770	-	1,770	No changes
37						
38	**Other comprehensive income (loss)**	**Other comprehensive income (loss)**				No changes
39	**Items that will not be reclassified to profit or loss**	**Items that will not be reclassified to profit or loss in subsequent periods (net of tax)**				Added "net of tax" to line name
40	Gain (loss) on revaluation of non-current assets	Revaluation of emission allowances through other comprehensive income	(11,217)	-	(11,217)	Changed name to more fairly represent amounts
41	Recalculation of a defined benefit plan liability less deferred income tax	Remeasurement of the defined benefit plan obligation	(25)	-	(25)	Changed name
42	**Items that will not be reclassified to profit or loss, total**	**Items that will not be reclassified to profit or loss in subsequent periods, total**	**(11,242)**	-	**(11,242)**	Changed name
43						
44	**Items that will be reclassified to profit or loss**	**Items that may be reclassified to profit or loss in subsequent periods**				Changed name
45	Translation of net investments in foreign operations into the Group's presentation currency	Exchange differences on translation off foreign operations into the Group's presentation currency	(2,435)	-	(2,435)	Changed name to more fairly represent amounts
46	**Items that will be reclassified to profit or loss, total**	**Items that may be reclassified to profit or loss in subsequent periods, total**	**(2,435)**	-	**(2,435)**	Changed name
47	**Other comprehensive income (loss), Total**	**Total other comprehensive income (loss)**	**(13,677)**	-	(13,677)	Changed name
48	**Total comprehensive income (loss) for the period**	**Total comprehensive income (loss) for the period**	**8,473**	-	**8,473**	No changes
49						
50	Attributable to:	Attributable to:				
51	Owners of the parent	Equity holders of the parent	6,704	-	6,704	No changes
52	Non-controlling interests	Non-controlling interests	1,769	-	1,769	No changes
53						
54		**Basic and diluted earnings per share (in EUR)**				New lines - due to listing of shares
55		**Diluted earnings per share (in EUR)**				New lines - due to listing of shares
56		**Weighted average number of shares**				New lines - due to listing of shares

All amounts are in EUR thousand unless otherwise stated

5 Intangible assets

Movement on the Group's account of intangible assets is presented below:

	Patents and licences	Computer software	Emission allowances	Other intangible assets	Goodwill	Servitudes and security zones	In total
As at 31 December 2020							
Cost or revalued amount	312	30,182	81,240	56,679	4,927	34,634	**207,974**
Accumulated amortisation	(249)	(19,596)	-	(12,052)	-	-	**(31,897)**
Carrying amount	**63**	**10,586**	**81,240**	**44,627**	**4,927**	**34,634**	**176,077**
Carrying amount at 1 January 2021	**63**	**10,586**	**81,240**	**44,627**	**4,927**	**34,634**	**176,077**
Additions	-	19	-	1,338	-	259	**1,616**
Revaluation	-	-	26,376	-	-	-	**26,376**
Reclassified (to) from property plant and equipment	-	-	-	104	-	-	**104**
Write-offs	-	-	-	(2)	-	-	**(2)**
Reclassifications between categories	-	324	-	(324)	-	-	**-**
Green energy certificates utilised	-	-	-	(142)	-	-	**(142)**
Disposals	-	-	(19)	-	-	-	**(19)**
Amortisation charge	(6)	(1,150)	-	(600)	-	-	**(1,756)**
Carrying amount at 31 March 2021	**57**	**9,779**	**107,597**	**45,001**	**4,927**	**34,893**	**202,254**
As at 31 March 2021							
Cost or revalued amount	312	30,425	107,597	57,652	4,927	34,893	**235,806**
Accumulated amortisation	(255)	(20,646)	-	(12,651)	-	-	**(33,552)**
Carrying amount	**57**	**9,779**	**107,597**	**45,001**	**4,927**	**34,893**	**202,254**

The fair value of emission allowances is determined using the prices quoted in an active market. At the end of each reporting period, emission allowances are measured with reference to year-end market prices. No amortisation is recorded in respect of the emissions allowances.

Market price of emission allowances increased from EUR 32.04 per unit as at 31 December 2020 to EUR 42.45 per unit as at 31 March 2021.

As at 31 March 2021 and as at 31 December 2020 other intangible assets comprise of rights to produce electricity with an incentive rate.

As at 31 March 2021 goodwill comprises from acquisition of subsidiaries in previous periods:
– VVP Investment UAB – EUR 2,150 thousand;
– Eurakras UAB – EUR 1,461 thousand;
– Pomerania Wind Farm sp. z o. o. – EUR 1,316 thousand.

The Group reviewed the carrying amount of its goodwill to determine whether there are any indications that those assets have suffered an impairment loss. Goodwill has not showed any indications of impairment.

The Group has significant acquisition commitments of intangible assets which will have to be fulfilled during the later years. Group's acquisition commitments amounted to EUR 6,159 thousand as at 31 March 2021. As at 31 December 2020 Group's acquisition commitments amounted to EUR 6,469 thousand.

All amounts are in EUR thousand unless otherwise stated

6 Property, plant, and equipment

Movement on the Group's account of property, plant and equipment is presented below:

	Land	Buildings	Structures and machinery	Gas distribution pipelines, gas technological equipment and installations	Assets of Hydro Power Plant, Pumped Storage Power Plant	Wind power plants and their installations	Structures and machinery of Thermal Power Plant	Cogeneration plants	IT and telecommunication equipment	Other property, plant and equipment	Construction-in-progress	In total
As at 31 December 2020												
Cost or revalued amount	3,371	32,682	1,473,664	314,756	211,264	65,833	776,152	137,956	29,903	40,241	414,206	**3,500,028**
Accumulated depreciation	-	(9,157)	(267,270)	(52,448)	(113,222)	(18,703)	(410,309)	(2,270)	(14,346)	(11,341)	-	**(899,066)**
Accumulated impairment	-	-	-	-	-	-	(41,408)	-	-	-	-	**(41,408)**
Carrying amount	**3,371**	**23,525**	**1,206,394**	**262,308**	**98,042**	**47,130**	**324,435**	**135,686**	**15,557**	**28,900**	**414,206**	**2,559,554**
Carrying amount at 1 January 2021	**3,371**	**23,525**	**1,206,394**	**262,308**	**98,042**	**47,130**	**324,435**	**135,686**	**15,557**	**28,900**	**414,206**	**2,559,554**
Additions	-	-	40	1	2	-	9	-	436	98	24,414	**25,000**
Sales	-	-	(18)	-	-	-	-	-	-	(114)	-	**(132)**
Write-offs	-	(2)	(586)	(49)	-	-	(1,018)	-	(2)	(10)	(3)	**(1,670)**
Reverse of impairment	-	-	-	-	-	-	-	-	-	-	678	**678**
Reclassifications between categories	-	73	16,503	3,011	61	-	-	1,119	287	746	(21,800)	**-**
Reclassified from (to) intangible assets	-	-	-	-	-	-	-	-	-	-	(104)	**(104)**
Reclassified from (to) finance lease	-	-	-	-	-	-	-	-	-	126	-	**126**
Reclassified from (to) assets held for sale (Note 21)	-	-	-	-	-	-	-	-	-	(248)	-	**(248)**
Reclassified from (to) investment property	-	-	-	-	-	-	1,335	-	-	-	-	**1,335**
Reclassified from (to) inventories	-	-	-	-	123	-	(3)	-	-	-	(4)	**116**
Reclassified from (to) right-of-use asset's	-	-	-	-	-	23,002	-	-	-	-	-	**23,002**
Depreciation charge	-	(1,202)	(14,664)	(1,831)	(1,384)	(697)	(4,926)	(1,354)	(1,138)	(1,376)	-	**(28,572)**
Carrying amount at 31 March 2021	**3,371**	**22,394**	**1,207,669**	**263,440**	**96,844**	**69,435**	**319,832**	**135,451**	**15,140**	**28,122**	**417,387**	**2,579,085**
As at 31 March 2021												
Cost or revalued amount	3,371	32,748	1,489,474	260,674	211,449	93,604	772,660	139,074	30,531	40,590	417,387	**3,491,562**
Accumulated depreciation	-	(10,354)	(281,805)	2,766	(114,605)	(24,169)	(415,899)	(3,623)	(15,391)	(12,468)	-	**(875,548)**
Accumulated impairment	-	-	-	-	-	-	(36,929)	-	-	-	-	**(36,929)**
Carrying amount	**3,371**	**22,394**	**1,207,669**	**263,440**	**96,844**	**69,435**	**319,832**	**135,451**	**15,140**	**28,122**	**417,387**	**2,579,085**

Acquisitions of property, plant and equipment during 2021 I qtr. include the following major acquisitions to the construction in progress:

– acquisitions for the construction of new high-efficiency waste-fired cogeneration power plants,
– acquisitions related to the development of the electricity distribution network,
– acquisitions for construction projects of wind farms.

The Group reviewed the carrying amount of its property, plant and equipment which is recognised at acquisition cost less depreciation and impairment to determine whether there are any indications that those assets have suffered an additional impairment loss. Such property, plant and equipment has not showed any indications of impairment. Additionally, the Group analysed whether thare were any significant changes in the regulatory enviroment or other areas which could impact fair value of property, plant and equipment which is recognized at revalued amount. The Group did not notify any significant changes which could materially impact carrying amount of such assets.

The Group has significant acquisition commitments of property, plant and equipment which will have to be fulfilled during the later years. Group's acquisition and construction commitments amounted to EUR 111,324 thousand as at 31 March 2021 (31 December 2020: EUR 112,075 thousand).

All amounts are in EUR thousand unless otherwise stated

7 Right-of-use assets

Movement on Group's account of right-of-use asset is presented below:

	Land	Buildings	Structures and machinery	Wind power plants and their installations	Vehicles	Other property, plant and equipment	In total
31 December 2020							
Acquisition cost	22,947	16,398	8,329	27,290	124	343	**75,431**
Accumulated depreciation	(704)	(4,594)	(1,511)	(4,492)	(35)	(216)	**(11,552)**
Carrying amount at 1 January 2021	**22,243**	**11,804**	**6,818**	**22,798**	**89**	**127**	**63,879**
Additions	109	222	-	-	3	-	**334**
Write-offs	-	(27)	(30)	-	(29)	(65)	**(151)**
Reclassified from / (to) property, plant & equipment	-	-	(847)	(22,155)	-	-	**(23,002)**
Depreciation	(140)	(989)	(88)	(191)	(8)	(16)	**(1,432)**
Carrying amount at 31 March 2021	**22,212**	**11,010**	**5,853**	**452**	**55**	**46**	**39,628**
31 March 2021							
Acquisition cost	23,013	15,970	7,213	544	95	268	**47,103**
Accumulated depreciation	(801)	(4,960)	(1,360)	(92)	(40)	(222)	**(7,475)**
Carrying amount as at 31 March 2021	**22,212**	**11,010**	**5,853**	**452**	**55**	**46**	**39,628**

The Group reviewed the carrying amount of its right-of-use-assets to determine whether there are any indications that those assets have suffered an impairment loss. Right-of-use-assets have not showed any indications of impairment.

All amounts are in EUR thousand unless otherwise stated

8 Structure of the group

The Group's structure as at 31 March 2021:

Company name	Country of business	Company type	Group's effective ownership interest, %	Non-controlling interest's effective ownership interest, %	Profile of activities
Ignitis grupė AB	Lithuania	Parent company	-	-	Parent company - management and coordination of activities of the Group companies
Subsidiaries of the Group:					
Energijos skirstymo operatorius AB	Lithuania	Subsidiary	98.5299	1.4701	Distribution of electricity and gas, supply of last resort service
Ignitis gamyba AB	Lithuania	Subsidiary	98.1961	1.8039	Generation and trading of electricity
NT Valdos UAB	Lithuania	Subsidiary	100.0000	-	Management and other related services of real estate
Energetikos paslaugų ir rangos organizacija UAB	Lithuania	Subsidiary	100.0000	-	Construction, repair and maintenance of electricity networks and related equipment, connection of customers to electricity networks, repair of energy equipment and production of metal structures
Elektroninių mokėjimų agentūra UAB	Lithuania	Subsidiary	100.0000	-	Payment aggregation
Ignitis Eesti, OÜ	Estonia	Indirectly controlled subsidiary	100.0000	-	Supply of electricity
Ignitis Latvija SIA	Latvia	Indirectly controlled subsidiary	100.0000	-	Supply of electricity and gas
Ignitis Polska Sp. z o.o.	Poland	Indirectly controlled subsidiary	100.0000	-	Supply and trading of electricity and gas
Ignitis grupės paslaugų centras UAB	Lithuania	Subsidiary	99.2250	0.7750	Shared business support services
Ignitis UAB	Lithuania	Subsidiary	100.0000	-	Electricity and gas supply, trading, energy efficiency projects
Lietuvos Energijos Paramos Fondas	Lithuania	Subsidiary	100.0000	-	Provision of support to projects, initiatives and activities, relevant to the society (no longer pursues any of its activities)
Vilniaus Kogeneracinė Jėgainė UAB	Lithuania	Subsidiary	100.0000	-	Development and operation of cogeneration power plant project
Kauno Kogeneracinė Jėgainė UAB	Lithuania	Subsidiary	51.0000	49.0000	Electricity and heat production from waste
Tuuleenergia OÜ	Lithuania	Subsidiary	100.0000	-	Generation of renewable electricity
Eurakras UAB	Lithuania	Indirectly controlled subsidiary	100.0000	-	Generation of renewable electricity
Transporto valdymas UAB	Lithuania	Subsidiary	100.0000	-	Vehicle rental, leasing, repair, maintenance, renewal and service
Vėjo Vatas UAB	Lithuania	Indirectly controlled subsidiary	100.0000	-	Generation of renewable electricity
Vėjo Gūsis UAB	Lithuania	Indirectly controlled subsidiary	100.0000	-	Generation of renewable electricity
Gamybos optimizavimas UAB	Lithuania	Subsidiary	100.0000	-	Planning, optimization, forecasting, trading, brokering and other electricity related services
VVP Investment UAB	Lithuania	Indirectly controlled subsidiary	100.0000	-	Development of a renewable energy (wind) power plant project
Ignitis renewables UAB	Lithuania	Subsidiary	100.0000	-	Coordination of operation, supervision and development of renewable energy projects
Pomerania Wind Farm Sp. z o. o.	Poland	Indirectly controlled subsidiary	100.0000	-	Development and operation of a renewable energy (wind) power plant project

There were events after reporting period, which relate to acquisition and establishment of new subsidiaries, and buy-out of shares from minority shareholders. For more information – see Note 29.

All amounts are in EUR thousand unless otherwise stated

The Group's structure as at 31 December 2020:

Company name	Country of business	Company type	Group's effective ownership interest, %	Non-controlling interest's effective ownership interest, %	Profile of activities
Ignitis grupė AB	Lithuania	Parent company	-	-	Parent company - management and coordination of activities of the Group companies
Subsidiaries of the Group:					
Energijos skirstymo operatorius AB	Lithuania	Subsidiary	98.5299	1.4701	Distribution of electricity and gas, supply of last resort service
Ignitis gamyba AB	Lithuania	Subsidiary	98.1961	1.8039	Generation and trading of electricity
NT Valdos UAB	Lithuania	Subsidiary	100.0000	-	Management and other related services of real estate
Energetikos paslaugų ir rangos organizacija UAB	Lithuania	Subsidiary	100.0000	-	Construction, repair and maintenance of electricity networks and related equipment, connection of customers to electricity networks, repair of energy equipment and production of metal structures
Elektroninių mokėjimų agentūra UAB	Lithuania	Subsidiary	100.0000	-	Payment aggregation
Ignitis Eesti, OÜ	Estonia	Indirectly controlled subsidiary	100.0000	-	Supply of electricity
Ignitis Latvija SIA	Latvia	Indirectly controlled subsidiary	100.0000	-	Supply of electricity and gas
Ignitis Polska Sp. z o.o.	Poland	Indirectly controlled subsidiary	100.0000	-	Supply and trading of electricity and gas
Ignitis grupės paslaugų centras UAB	Lithuania	Subsidiary	99.2250	0.7750	Shared business support services
Ignitis UAB	Lithuania	Subsidiary	100.0000	-	Electricity and gas supply, trading, energy efficiency projects
Lietuvos Energijos Paramos Fondas	Lithuania	Subsidiary	100.0000	-	Provision of support to projects, initiatives and activities, relevant to the society (no longer pursues any of its activities)
Vilniaus Kogeneracinė Jėgainė UAB	Lithuania	Subsidiary	100.0000	-	Development and operation of cogeneration power plant project
Kauno Kogeneracinė Jėgainė UAB	Lithuania	Subsidiary	51.0000	49.0000	Electricity and heat production from waste
Tuuleenergia OÜ	Lithuania	Subsidiary	100.0000	-	Generation of renewable electricity
Eurakras UAB	Lithuania	Indirectly controlled subsidiary	100.0000	-	Generation of renewable electricity
Transporto valdymas UAB	Lithuania	Subsidiary	100.0000	-	Vehicle rental, leasing, repair, maintenance, renewal and service
Vėjo Vatas UAB	Lithuania	Indirectly controlled subsidiary	100.0000	-	Generation of renewable electricity
Vėjo Gūsis UAB	Lithuania	Indirectly controlled subsidiary	100.0000	-	Generation of renewable electricity
Gamybos optimizavimas UAB	Lithuania	Subsidiary	100.0000	-	Planning, optimization, forecasting, trading, brokering and other electricity related services
VVP Investment UAB	Lithuania	Indirectly controlled subsidiary	100.0000	-	Development of a renewable energy (wind) power plant project
Ignitis renewables UAB	Lithuania	Subsidiary	100.0000	-	Coordination of operation, supervision and development of renewable energy projects
Pomerania Wind Farm Sp. z o. o.	Poland	Indirectly controlled subsidiary	100.0000	-	Development and operation of a renewable energy (wind) power plant project

All amounts are in EUR thousand unless otherwise stated

9 Non-current receivables

Amounts receivable after one year comprised as follows:

	31 March 2021	31 December 2020
Non-current receivables		
Amount receivable on disposal of LitGrid AB	136,212	136,212
Accrued revenue related to regulatory activity of the public electricity supply	19,547	12,324
Finance lease	8,509	8,860
Loans granted	2,390	1,908
Other non-current amounts receivable	1,829	2,211
Total:	**168,487**	**161,515**
Less: allowance	-	-
Carrying amount	**168,487**	**161,515**

According to the agreement EPSO-G UAB until the end of 2022 must repay the debt to the Group for the shares of AB LitGrid acquired in 30 September 2012. Amount of the estimated final price premium during the three months period of 2021 has not changed. The amount receivable from EPSO-G UAB for shares is treated as a financial asset measured at fair value through profit or loss.

10 Prepayments and deferred expenses

The Group's current prepayments and deferred expenses were as follows:

	31 March 2021	31 December 2020
Prepayments for natural gas	17,669	7,710
Deposits related to Power exchange	34,067	37,431
Deferred expenses	3,500	1,499
Prepayments for other goods and services	1,773	949
Other prepayments	580	3,114
Carrying amount	**57,589**	**50,703**

All amounts are in EUR thousand unless otherwise stated

11 Trade receivables

The Group's trade receivables comprised as follows:

	31 March 2021	31 December 2020
Amounts receivable under contracts with customers		
Receivables from electricity related sales	101,483	96,523
Receivables from gas related - non-household	33,674	30,311
Receivables from gas related - household	2,981	2,881
Other receivables	12,029	8,575
Amounts receivable under other contracts		
Receivables for lease of assets	18	7
In total	**150,185**	**138,297**
Less: impairment of trade receivables	(9,778)	(9,874)
Carrying amount	**140,407**	**128,423**

As at 31 March 2021 and 31 December 2020, the Group had not pledged the claim rights to trade receivables.

Under the contracts with customers, no interest is charged on trade receivables and the regular settlement period is between 15 and 30 days. Trade receivables for which the settlement period is more than 30 days comprise insignificant part of total trade receivables. The Group doesn't provide the settlement period longer than 1 year. The Group didn't identify any financing components.

Impairment of amounts receivable (lifetime expected credit losses)

The table below presents information on the Group's trade receivables under contracts with customers as at 31 March 2021 that are assessed on a collective basis using the loss ratio matrix:

	Loss ratio	Trade receivables	Impairment
Not past due	0.24	70,376	168
Up to 30 days	2.03	4,423	90
30–60 days	5.34	1,499	80
60-90 days	12.21	516	63
90-120 days	24.94	385	96
More than 120 days	74.87	8,249	6,176
As at 31 March 2021	**7.81**	**85,448**	**6,673**

The table below presents information on the Group's trade receivables under contracts with customers as at 31 December 2020 that are assessed on a collective basis using the loss ratio matrix:

	Loss ratio	Trade receivables	Impairment
Not past due	0.56	54,994	308
Up to 30 days	2.81	3,632	102
30–60 days	5.69	843	48
60-90 days	10.49	467	49
90-120 days	15.02	333	50
More than 120 days	75.87	8,277	6,280
As at 31 December 2020	**9.97**	**68,546**	**6,837**

The table below presents information on the Group's trade receivables under contracts with customers that are assessed on an individual basis:

	31 March 2021		31 December 2020	
	Trade receivables	Impairment	Trade receivables	Impairment
Not past due	60,232	783	66,098	743
Up to 30 days	1,884	110	830	77
30–60 days	114	15	169	18
60-90 days	57	11	173	93
90-120 days	53	17	209	87
More than 120 days	2,397	2,169	2,272	2,019
Carrying value	**64,737**	**3,105**	**69,751**	**3,037**

All amounts are in EUR thousand unless otherwise stated

12 Other receivables

The Group's other receivables comprised as follows:

	31 March 2021	31 December 2020
Value added tax	6,410	16,654
Current portion of the receivable on disposal of LitGrid AB (Note 9)	14,481	14,481
Unbilled accrued revenue from electricity sales (including related VAT)	4,222	6,787
Accrued revenue related to regulatory activity of the public electricity supply	3,114	3,114
Accrued amounts receivable for natural gas	1,969	400
Accrued revenue related to the isolated power system operation services and PSO services	-	2
Current portion of finance lease relating to energy saving services	2,497	2,634
Other receivables	7,336	4,127
In total	**40,029**	**48,199**
Less: impairment of other receivables	(555)	(731)
Carrying amount	**39,474**	**47,468**

Line items "Unbilled accrued revenue from electricity sales (including related VAT)" and "Accrued amounts receivable for natural gas" represent contract assets (Note 22).

The fair values of other receivables as at 31 March 2021 and 31 December 2020 approximated their carrying amounts.

13 Cash and cash equivalents

The Group's cash and cash equivalents comprised as follows:

	31 March 2021	31 December 2020
Cash and cash equivalents	672,531	657,314
Restricted cash	277	1,481
Carrying amount	**672,808**	**658,795**

The fair values of cash and cash equivalents as at 31 March 2021 and 31 December 2020 approximated their carrying amounts.

Restricted cash is held with banks in accordance with certain agreements requirements, for example deposits related to guarantee of performance of the contract. These deposits are not available to finance the Group's day-to-day operations.

Under the loan agreements signed with the banks, the Group has pledged current and future cash inflows. As at 31 March 2021, the balance of cash pledged amounted to EUR 24,016 thousand (31 December 2020: EUR 25,350 thousand).

14 Equity

Issued capital of the Group consisted of:

	31 March 2021	31 December 2020
Authorised shares		
Ordinary shares, EUR	1,658,756,294	1,658,756,294
Ordinary shares issued and fully paid, EUR	**1,658,756,294**	**1,658,756,294**

As at 31 March 2021 and 31 December 2020 the Group's issued capital comprised EUR 1,658,756,294 and was divided in to 74,283,757 ordinary registered shares with EUR 22.33 nominal value for a share.

At the ordinary general meeting of shareholders held on 25th March 2021 it was decided to form a reserve of EUR 23 000 thousand for the acquisition of treasury shares. It should be noted that the Group's management has not yet made decisions to submit a proposal to the shareholders' meeting to make a decision on the acquisition of the Company's treasury shares. The formation of a reserve for the acquisition of treasury shares also does not mean that the acquisition of treasury shares will be carried out. The management board of the Group proposed to the general meeting of shareholders to make a decision on the formation of the said reserve in order to avoid the situation where the decision to implement the acquisition of treasury shares would have to wait for the next ordinary general meeting of the Group's shareholders which could take place no earlier than the first quarter of 2022. Also, the decision to form a reserve for the purchase of treasury shares does not imply that it will be used.

As at 25 March 2021 the Group transferred EUR 10,153 thousand to legal reserve.

All amounts are in EUR thousand unless otherwise stated

15 Share-based payments

On 18 December 2020 share option agreements of the long-term promotion of key executives of the Group companies programme have been concluded with nine key executives of the Group.

Shares will be offered free of charge in 2024, after the long-term strategic targets (indicators) of the Group, approved by the Supervisory Board of the Company, which are linked with the strategic plan of the Company for 2020–2023 are achieved.

During the 1st quarter of 2021 share-based payments costs accounted in SPLOCI salaries and related expenses amounted to EUR 16 thousand and reflects the share-based payments agreements concluded with 9 key executives of the Group

There were events after reporting period, which relate to share-based payments agreements termination. For more information – see Note 29.

16 Loans and bonds

Borrowings of the Group consisted of:

	31 March 2021	31 December 2020
Non-current		
Bonds issued	887,367	886,945
Bank loans	354,309	359,183
Current		
Current portion of non-current loans	7,903	6,333
Accrued interest	13,794	9,143
In total	**1,263,373**	**1,261,604**

Non-current borrowings by maturity:

	31 March 2021	31 December 2020
From 1 to 2 years	130,015	128,720
From 2 to 5 years	44,154	44,396
After 5 years	1,067,507	1,073,012
In total	**1,241,676**	**1,246,128**

All borrowings of the Group are denominated in euros.

16.1 Movement of borrowings

There were no other significant movement of borrowings during I qtr. of 2021 other than interest and loans payments.

16.2 Covenants and unwithdrawn balances

The loan agreements provide for financial and non-financial covenants that the individual Group entities are obliged to comply with. All Group companies complied with the covenants as at 31 March 2021 and at 31 December 2020.

As at 31 March 2020, the Group unwithdrawn balance of loans and bank overdrafts amounted to EUR 173,187 thousand (31 December 2020: EUR 344,504 thousand).

All amounts are in EUR thousand unless otherwise stated

17 Net debt

Net debt is a non-IFRS liquidity metric used to determine the value of debt against highly liquid assets owned by the Group. Management is monitoring net debt metric as a part of risk-management strategy.

For the purpose of net debt calculation, borrowings comprise only debts to financial institutions, issued bonds and related interest payables.

This note sets out an analysis of net debt, a non-IFRS measure for the purposes of these financial statements presentation defined by management as presented below.

Net debt balances:

	31 March 2021	31 December 2020
Cash and cash equivalents	(672,808)	(658,795)
Deposit	(45,000)	(45,000)
Borrowings payable after one year	1,241,676	1,246,128
Borrowings payable within one financial year (including overdraft and accrued interest)	21,697	15,476
Lease liabilities	33,590	42,529
Net debt	**579,155**	**600,338**
Cash and cash equivalents	(672,808)	(658,795)
Deposit	(45,000)	(45,000)
Borrowings – fixed interest rate	1,128,117	1,125,342
Borrowings – variable interest rate	135,256	136,262
Lease liabilities	33,590	42,529
Net debt	**579,155**	**600,338**

Reconciliation of the Group net debt balances and cash flows from financing activities:

	Assets		Lease liabilities		Borrowings			
	Cash and cash equivalents	Term deposits and deposit into an escrow account	Non-current	Current	Non-current portion of non-current borrowings	Current portion of non-current borrowings	Current borrowings	Total
Net debt at 1 January 2021	**(658,795)**	**(45,000)**	**29,128**	**13,401**	**1,246,128**	**6,333**	**9,143**	**600,338**
Cash changes								
(Increase) decrease in cash and cash equivalents	(14,013)	-	-	-	-	-	-	**(14,013)**
Proceeds from borrowings	-	-	-	-	-	(3,129)	-	**(3,129)**
Lease payments (principal portion)	-	-	(148)	(9,069)	-	-	-	**(9,217)**
Interest paid	-	-	-	(69)	-	(749)	(967)	**(1,785)**
Non-cash changes								
Lease contracts concluded	-	-	289	45	-	-	-	**334**
Accrual of interest payable	-	-	2	120	1,902	574	4,269	**6,867**
Lease liabilities written-off	-	-	(32)	(119)	-	-	-	**(151)**
Reclassification of interest payable from (to) trade payables	-	-	-	42	-	-	(131)	**(89)**
Reclassifications between items	-	-	(1,071)	1,071	(6,354)	4,874	1,480	**-**
Net debt at 31 March 2021	**(672,808)**	**(45,000)**	**28,168**	**5,422**	**1,241,676**	**7,903**	**13,794**	**579,155**

All amounts are in EUR thousand unless otherwise stated

18 Lease liabilities

The Group's minimum payments under leases are as follows:

	31 March 2021	31 December 2020
Minimum payments		
Within the first year	5,902	14,022
From two to five years	10,993	11,835
More than five years	38,315	38,484
In total	**55,210**	**64,341**
Future finance costs		
Within the first year	(480)	(621)
From two to five years	(2,643)	(2,416)
More than five years	(18,497)	(18,775)
In total	**(21,620)**	**(21,812)**
Carrying amount	**33,590**	**42,529**

19 Provisions

The Group's provisions were as follows:

	31 March 2021	31 December 2020
Non-current	40,422	40,695
Current	41,789	30,399
Total	**82,211**	**71,094**

Movement of the Group's provisions was as follows:

	Emission allowance liabilities	Provisions for employee benefits	Provisions for servitudes	Provisions for registration of protection zones	Provision for isolated power system operations' and system services	Other provisions	Total
Balance as at 1 January 2021	**17,224**	**3,649**	**14,679**	**15,069**	**17,261**	**3,212**	**71,094**
Increase during the year	4,070	87	-	-	1,044	191	**5,392**
Utilised during the year	-	(28)	-	-	-	(561)	**(589)**
Revaluation of emission allowances utilised	6,159	-	-	-	-	-	**6,159**
Result of change in assumptions	-	155	-	-	-	-	**155**
Balance as at 31 March 2021	**27,453**	**3,863**	**14,679**	**15,069**	**18,305**	**2,842**	**82,211**

Provisions for employee benefits include a statutory retirement benefit payable to the Group's employees. The balance of provisions at the reporting date is reviewed with reference to actuarial calculations to ensure that estimation of retirement benefit liabilities is as much accurate as possible. The liabilities are recognised at discounted value using the market interest rate.

All amounts are in EUR thousand unless otherwise stated

20 Deferred income and advances received

20.1 Deferred income

Movements in the Group's deferred income:

	2021 I qtr.	
	Current portion	Non-current portion
Balance as at 1 January	**8,579**	**164,413**
Increase during the year	141	4,569
Recognised as revenue	(2,016)	-
Reclassifications between items	1,972	(1,972)
Carrying amount	**8,676**	**167,010**

As at 31 March 2021 and 31 December 2020 deferred income mainly represents an income from connection of new customers to natural gas system and to the electricity grid under the contracts with customers. Revenue from connection of new customers to natural gas system and to electricity grid is recognised over the average useful life of related items of property, plant and equipment.

20.2 Advances received

The Group's advances received were as follows:

	31 March 2021	31 December 2020
Current prepayments under contracts with customers (contract liabilities)	38,081	40,617
Current prepayments under other contracts	950	2,027
In total	**39,031**	**42,644**

The advances received for electricity and overdeclared electricity from the customers amounted to EUR 11,316 thousand as of 31 March 2021 (31 December 2020: EUR 11,239 thousand).

21 Other current amounts payable and liabilities

The Group's other current amounts payable and liabilities were as follows:

	31 March 2021	31 December 2020
Payroll related liabilities	24,920	16,268
Irrevocable commitment to acquire a minority interest	19,025	19,025
Amounts payable for property, plant and equipment	14,181	26,583
Taxes (other than income tax)	13,741	15,271
Accrued expenses	8,247	37,937
Derivative financial instruments	1,648	2,202
Put option redemption liability	16,660	16,660
Dividend payable	43,010	-
Non-controlling interest dividends	4,360	3,212
Other amounts payable and liabilities	8,217	2,211
Carrying amount	**154,009**	**139,369**

All amounts are in EUR thousand unless otherwise stated

22 Revenue from contracts with customers

22.1 Disaggregated revenue information

The Group's revenue from contracts with customers were as follows:

	2021, I qtr.	2020 I qtr.(restated)*
Electricity related revenue		
Revenue from the sale of electricity*	68,530	43,411
Revenue from public electricity supply	33,102	44,400
Revenue from sale of produced electricity	42,844	16,453
Income from services ensuring the isolated operation of power system and capacity reserve	11,923	13,902
Revenue from electricity transmission and distribution*	117,158	107,687
Revenue from PSO	1,665	3,864
Gas related revenue		
Revenue from gas sales	74,177	67,285
LNGT security component income	9,450	7,431
Revenue from gas transmission and distribution	18,178	12,674
Other revenue		
Revenue from new customers' connection fees	1,972	1,799
Proceeds from the sale of heat energy	3,120	1,755
Other revenue from contracts with customers	4,534	3,959
Total	**386,653**	**324,620**

** the revenue from the guaranteed electricity supply services amounting to EUR 8,441 thousand (2020 I qtr.: EUR 5,377 thousand) was reclassified from the line item "Revenue from electricity transmission and distribution" to the line item "Revenue from the sale of electricity"*

During the 1st quarter of 2021 the revenue from public electricity supply decreased due to liberalisation of the electricity supply market. Part of the public electricity revenue transformed to independent electricity supply revenue and shifted to the „Revenue from the sale of electricity" line for an amount of EUR 10,423 thousand.

22.2 Contract balances

Balances arising from contracts with customers as at the end of the year are as follows:

	Notes	31 March 2021	31 December 2020
Trade receivables*	11	**140,389**	**128,416**
Contract assets		**6,191**	**7,187**
Accrued revenue from electricity related sales	12	4,222	6,787
Accrued revenue from gas sales	12	1,969	400
Contract liabilities		**213,767**	**213,609**
Advances received	20	38,081	40,617
Deferred income	20	175,686	172,992

** Trade receivables related to lease contracts are excluded*

22.3 Rights to returned goods assets and refund liabilities

The Group does not have any significant contracts with the customers' right to return goods.

22.4 Performance obligations

The remaining performance obligations expected to be recognised after the end of the financial year relate to new customers' connection fees:

	31 March 2021	31 December 2020
More than one year	167,010	164,413
Within one year	8,676	8,579
Total liability under connection contracts	**175,686**	**172,992**

All amounts are in EUR thousand unless otherwise stated

23 Earnings per share

The Group's earnings per share and diluted earnings per share were as follows:

	2021 I qtr.	2020 I qtr.
Net profit (loss)	**37,089**	**22,150**
Attributable to:	-	-
Equity holders of the parent	36,638	20,380
Non-controlling interests	451	1,770
	-	-
Weighted average number of nominal shares	74,283,757	54,283,757
Basic earnings/(loss) per share attributable to shareholders of the Parent Company	0.49	0.38
Diluted earnings/(loss) per share attributable to shareholders of the Parent Company	0.49	0.38

Basic and diluted earnings per share indicators have been calculated based on a weighted average number of ordinary shares for 2021 and 2020 I qtr. Ignitis grupė AB authorised capital has been increased by twenty million ordinary nominal shares on 5 October 2020 in relation with the IPO. Therefore, Basic and diluted earnings per share have been calculated based on a weighted average number of ordinary shares of 74,283,757 for 2021 I qtr. (54,283,757 for 2020 I qtr.)

24 Dividends

Dividends declared by the Company during the 1st quarter of the year:

	2021 I qtr.	2020 I qtr.
Ignitis grupė AB	43,010	-

During 2020, the Group applied an accounting policy of derecognising the non-controlling interest (subsidiaries Energijos skirstymo operatorius AB and Ignitis gamyba AB) as it is disclosed in Note 11.1 of the annual financial statements for the year ended 31 December 2020. As at 31 March 2021 the Group have not acquired yet all 100% of Energijos skirstymo operatorius AB and Ignitis gamyba AB shares (Note 29), thus dividends were declared for non-controlling interest.

During the 1st quarter of 2021 dividends declared for non-controlling interest were EUR 1,152 thousand (1st quarter of 2020 none).

EUR 43 million dividends for the second half of 2020 was approved at the Annual General Meeting on 25 March 2021.

Dividends received by Stabilisation Manager („Swedbank", AB) in connection with Stabilisation Shares, shall be transferred back to the Company.

All amounts are in EUR thousand unless otherwise stated

25 Contingent liabilities and commitments

25.1 Litigations

During 2021 I qtr. there were no significant changes in litigations reported in annual financial statements for 2020 or new significant litigations except for mentioned below. Litigations and changes in ongoing litigations after the reporting period are disclosed in Note 29:

Litigation with a minority shareholder of Energijos skirstymo operatorius AB

On 10 August 2020, the Group received a claim from minority shareholder of subsidiary ESO regarding buyout of shares. The claim requires to determine the correct price of ESO shares, which must be paid by the Company to the shareholders during the mandatory redemption of shares.

On 31 March 2021 the claim of plaintiff was rejected by the Court decision. On 20 May 2021 the plaintiff lodged an appeal to the Court of Appeal of Lithuania.

26 Related-party transactions

As at 31 March 2021 and 31 December 2020 the ultimate parent was the Republic of Lithuania represented by Ministry of Finance. For the purpose of disclosure of related parties, the Republic of Lithuania does not include central and local government authorities. The disclosures comprise transactions and balances of these transactions with the shareholder, associates and all entities controlled by or under significant influence of the state (transactions with these entities are disclosed only if they are material), and key management personnel and their close family members.

The Group transactions with related parties and year-end balances arising on these transactions are presented below:

	Accounts Receivable 31 March 2021	Accounts Payable 31 March 2021	Sales 2021 I qtr.	Purchases 2021 I qtr.	Finance income (expenses) 2021 I qtr.
EPSO-G UAB	150,985	-	7	-	143
Litgrid AB	7,622	17,338	19,403	47,601	-
Amber Grid AB	4,859	4,560	10,940	12,560	-
Baltpool UAB	9,182	12,044	15,081	30,110	-
GET Baltic UAB	3,098	1	12,986	9,518	-
Other related parties	509	695	92	999	-
Total	**176,255**	**34,638**	**58,509**	**100,788**	**143**

	Accounts Receivable 31 December 2020	Accounts Payable 31 December 2020	Sales 2020 I qtr.	Purchases 2020 I qtr.	Finance income (expenses) 2020 I qtr.
EPSO-G UAB	150,842	-	-	-	199
Litgrid AB	9,407	18,900	65	41,018	-
Amber Grid AB	4,217	5,227	54	117	-
Baltpool UAB	10,334	11,353	-	895	-
Other related parties	2,984	1,557	27	763	1
Total	**177,784**	**37,037**	**146**	**42,793**	**200**

26.1 Compensation to key management personnel

	2021 I qtr.	2020 I qtr.
Wages and salaries and other short-term benefits to key management personnel	231	187
Whereof:		
Short-term employee benefits	218	187
Share-based payment expenses	13	-
Number of key management personnel	12	10

In 2021 only a board and supervisory board members of parent company are assigned to the Group's key management personnel. Consequently, disclosure for comparative period was adjusted.

All amounts are in EUR thousand unless otherwise stated

27 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of directors that makes strategic decisions.

Management follows performance by operating segments that are consistent with the lines of business specified in the Group's strategy:

- Networks segment includes the activities carried out by Energijos skirstymo operatorius AB;
- Green generation segment includes activities carried out by Ignitis gamyba AB (Kaunas Algirdas' Brazauskas Hydro Power Plant, Kruonis pumped storage power plant, Biofuel and Steam Boiler), Vilniaus kogeneracinė jėgainė UAB, Kauno kogeneracinė jėgainė UAB, Eurakras UAB, Tuuleenergia OU, Vėjo gūsis UAB, Vėjo vatas UAB, VVP Investment UAB, Ignitis renewables UAB, Pomerania Wind Farm sp. z o. o.;
- Flexible generation segment includes activities carried out by Ignitis gamyba AB (except Kaunas Algirdas' Brazauskas Hydro Power Plant, Kruonis pumped storage power plant, Biofuel and Steam Boiler).
- Customers and solutions segment includes activities carried out by Ignitis UAB, Ignitis Eesti OÜ, Ignitis Latvija SIA, Ignitis Polska Sp. z o. o.

Other activities and eliminations include:

- support services company Ignitis grupės paslaugų centras UAB;
- non-core activities companies (Energetikos paslaugų ir rangos organizacija UAB, Duomenų logistikos centras (until 7July 2020) UAB, NT Valdos UAB, Transporto valdymas UAB);
- additional service entities (Elektroninių mokėjimų agentūra UAB, Gamybos optimizavimas UAB);
- parent company Ignitis grupė AB;
- consolidation corrections and eliminations of intercompany transactions.

In 2020 operating segments were changed - parent company does not constitute a separate operating segment and for clarity and easier information for readers is no longer disclosed separately, but is combined with other companies included in other activities, consolidation adjustments and eliminations of intercompany transactions.

The Group has a single geographical segment – the Republic of Lithuania, electricity sales in Latvia, Estonia and Poland are not significant for the Group. The chief operating decision-maker monitors the results with reference to the financial reports that have been prepared using the same accounting policies as those used for the preparation of the financial statements in accordance with IFRS, i.e. information on profit or loss, including the reported amounts of revenue and expenses. The primary performance measure is adjusted Earnings Before Interest, Taxes, Depreciation, and Amortization (adjusted EBITDA – a non-IFRS alternative performance measure). Another performance measure is adjusted Earnings Before Interest and Taxes (adjusted EBIT – a non-IFRS alternative performance measure). Both measures are calculated starting from the data presented in the financial statements prepared in accordance with IFRS as adjusted by management for selected items which are not defined by IFRS. Additionally to adjusted EBITDA and adjusted EBIT management also analyses Investments and Net debt of each individual segment.

The Group's management calculates EBITDA as follows:

Total revenue and other income -
Purchases of electricity, gas and other services -
Salaries and related expenses -
Repair and maintenance expenses -
Other expenses

EBITDA

The Group's management calculates adjusted EBITDA as follows:

EBITDA +
Management adjustments (for revenues) +
Management adjustments (for expenses)

Adjusted EBITDA

The Group's management calculates EBIT as follows:

Total revenue and other income -
Purchases of electricity, gas and other services -
Salaries and related expenses -
Repair and maintenance expenses -
Other expenses -
Depreciation and amortisation -
Write-offs, revaluation and impairment losses of property, plant and equipment and intangible assets -
Revaluation of emission allowances

EBIT

The Group's management calculates adjusted EBIT as follows:

EBIT +
Management adjustments (for revenues) +
Revaluation of emission allowances

Adjusted EBIT

The Group's management calculates adjusted EBITDA margin as follows:

Adjusted EBITDA ÷
(Total revenue and other income +
Management adjustments (for revenues))

Adjusted EBITDA margin

The Group;s management calculates Investments as follows:

Additions of property, plant and equipment +
Additions of intangible assets +
Assets acquired through the acquisition of subsidiaries +
Additions of other financial assets +
Additions of investment property

Investments

The Group's management calculates Net debt as indicated in Note 17.

All amounts are in EUR thousand unless otherwise stated

27.1 Management's adjustments, adjusted EBITDA and adjusted EBIT

Management's adjustments for revenues include:

- temporary regulatory differences;
- temporary fluctuations in fair value of electricity and gas derivatives;
- cash effect restatement of new connection points and upgrades;
- result of disposal of non-current assets;
- compensations received for the previous periods;
- gain earned from testing of units under development;
- revenue related to GDRs

Management's adjustments for expenses include:

- impairment and write-offs of current and non-current amounts receivables, loans, goods and others

Adjusted EBITDA is EBITDA further adjusted by adding management's adjustments for revenues and expenses. Management's adjustments for revenues and expenses all may have both positive and negative impact on the reporting period results.
Adjusted EBIT is EBIT further adjusted by adding management's adjustments for revenues and eliminating the result of revaluation of emission allowances. These adjustments may have both positive and negative impact on the reporting period results.

Management's adjustments for revenues (used in calculating adjusted EBITDA and adjusted EBIT) and expenses (used in calculating adjusted EBITDA):

Segment / Management's adjustments	2021 I qtr.	2020 I qtr.
Networks		
Temporary regulatory differences of Energijos skirstymo operatorius AB	(1,181)	(3,565)
Cash effect restatement of new connection points and upgrades of Energijos skirstymo operatorius AB	2,737	2,268
Result of disposal of non-current assets	9	(130)
Impairment and write-offs of current and non-current amounts receivables, loans, goods and others	151	247
Green generation		
Temporary regulatory differences of Ignitis gamyba AB	-	(11)
Cogeneration plant capitalised positive testing result	2,192	-
Impairment and write-offs of current and non-current amounts receivables, loans, goods and others	-	9
Flexible generation		
Temporary fluctuations in fair value of derivatives	203	(694)
Result of disposal of non-current assets	-	(6)
Impairment and write-offs of current and non-current amounts receivables, loans, goods and others	(62)	17
Customers and Solutions		
Temporary regulatory differences of Ignitis UAB	1,425	(23,950)
Temporary fluctuations in fair value of electricity and gas derivatives of Ignitis UAB	(1,533)	41,358
Result of disposal of non-current assets	(2)	-
Impairment and write-offs of current and non-current amounts receivables, loans, goods and others	128	486
Other segments and consolidation adjustment		
Result of disposal of non-current assets	(82)	(218)
Impairment and write-offs of current and non-current amounts receivables, loans, goods and others	-	(353)
Total Management's adjustments for Adjusted EBITDA	**3,985**	**15,458**
Total Management's adjustments for Adjusted EBIT	**3,768**	**15,052**

Adjusted EBIT is presented, for each period, as adjusted EBITDA less depreciation and amortisation expenses write-offs, revaluation and impairment losses of property, plant and equipment and intangible assets and impairment and write-offs of current and non-current amounts receivables, loans, goods and others.

Adjusted EBITDA and adjusted EBIT more accurately present results of operations and enable to better compare results between the periods as it indicate the amount that was actually earned by the Group in the reporting year by:

- eliminating differences between the permitted return set by the NERC and the actual return;
- adjusting for temporary fluctuations in the fair value of derivatives related to other periods (including contracts that are settled in the current period but are related to future periods);
- reflecting generated cash flow for the services provided to the new customers (hereinafter – NC) during the reporting period when those services were provided, i.e. fulfilment of the contractual connection obligations to the customers;
- reflecting generated cash flow from testing of units under development;
- adjusting for effects not related to the main activities of the Group or related to other periods.

All amounts are in EUR thousand unless otherwise stated

The table below shows the Group's information on segments for the I qtr. of 2021:

	Networks	Green generation	Flexible generation	Customers and Solutions	Other activities and eliminations	Total Group
*IFRS**						
Sales revenue from external customers	147,139	33,055	29,569	182,976	670	**393,409**
Inter-segment revenue (less dividend)	(876)	77	80	1,354	(635)	**-**
Total revenue and other income	**146,263**	**33,132**	**29,649**	**184,330**	**35**	**393,409**
Purchases of electricity, gas and other services	(62,453)	(11,248)	(17,595)	(173,496)	59	**(264,733)**
Salaries and related expenses	(14,165)	(1,855)	(1,616)	(2,996)	(4,747)	**(25,379)**
Repair and maintenance expenses	(3,533)	(664)	(1,327)	(1)	2	**(5,523)**
Other expenses	(8,486)	(2,126)	(1,178)	(3,765)	5,700	**(9,855)**
EBITDA	**57,626**	**17,239**	**7,933**	**4,072**	**1,049**	**87,919**
Depreciation and amortization	(20,336)	(4,570)	(2,864)	(415)	(1,239)	**(29,424)**
Write-offs, revaluation and impairment losses of property, plant and equipment and intangible assets	29	-	(1,018)	-	(5)	**(994)**
Revaluation of emission allowances	-	(1,031)	(5,128)	-	-	**(6,159)**
Operating profit (loss) (EBIT)	**37,319**	**11,638**	**(1,077)**	**3,657**	**(195)**	**51,342**
*Adjusted***						
EBITDA	**57,626**	**17,239**	**7,933**	**4,072**	**1,049**	**87,919**
Management adjustments (for revenues)	1,565	2,192	203	(110)	(82)	**3,768**
Management adjustments (for expenses)	151	-	(62)	128	-	**217**
Adjusted EBITDA	**59,342**	**19,431**	**8,074**	**4,090**	**967**	**91,904**
Adjusted EBITDA margin	*40.1%*	*55.0%*	*27.0%*	*2.2%*	*-138.2%*	***23.1%***
Depreciation and amortisation	(20,336)	(4,570)	(2,864)	(415)	(1,239)	**(29,424)**
Write-offs, revaluation and impairment losses of property, plant and equipment and intangible assets	29	-	(1,018)	-	(5)	**(994)**
Write-offs and impairment of non-current and current receivables, inventories and other write-offs	(151)	-	62	(128)	-	**(217)**
Total adjusted operating profit (loss) (adjusted EBIT)	**38,884**	**14,861**	**4,254**	**3,547**	**(277)**	**61,269**
Property, plant and equipment, intangible and right-of-use assets	1,616,327	755,603	423,712	6,288	19,037	**2,820,967**
Investments	19,848	7,269	25	276	734	**28,152**
Net debt	644,964	374,446	(32,467)	61,416	(469,204)	**579,155**

** Amounts are presented according to Consolidated Statement of Profit or Loss and other Comprehensive Income of these interim financial statements*
*** The indicators of Adjusted EBITDA and adjusted EBIT both of which are a non-IFRS alternative performance measures are presented in the manner calculated by the management. Management believes that adjusted indicators more accurately present results of operations and enable to better compare results between the periods*

All amounts are in EUR thousand unless otherwise stated

The table below shows the Group's information on segments for the I qtr. of 2020*:

	Networks	Green generation	Flexible generation	Customers and Solutions	Other activities and eliminations	Total Group
*IFRS***						
Sales revenue from external customers	127,861	17,808	20,055	157,200	2,735	**325,659**
Inter-segment revenue (less dividend)	212	4,714	(3,817)	3,912	(5,021)	**-**
Total revenue and other income	**128,073**	**22,522**	**16,238**	**161,112**	**(2,286)**	**325,659**
Purchases of electricity, gas and other services	(50,189)	(4,652)	(7,693)	(118,494)	1,328	**(179,700)**
Salaries and related expenses	(13,303)	(1,356)	(1,796)	(2,259)	(5,743)	**(24,457)**
Repair and maintenance expenses	(3,435)	(530)	(777)	(2)	(76)	**(4,820)**
Other expenses	(7,779)	(1,600)	(819)	(50,915)	6,487	**(54,626)**
EBITDA	**53,367**	**14,384**	**5,153**	**(10,558)**	**(290)**	**62,056**
Depreciation and amortization	(20,204)	(3,728)	(2,881)	(532)	(382)	**(27,727)**
Write-offs, revaluation and impairment losses of property, plant and equipment and intangible assets	(714)	-	-	-	(912)	**(1,626)**
Revaluation of emission allowances	-	-	(2,077)	-	-	**(2,077)**
Operating profit (loss) (EBIT)	**32,449**	**10,656**	**195**	**(11,090)**	**(1,584)**	**30,626**
*Adjusted****						
EBITDA	**53,367**	**14,384**	**5,153**	**(10,558)**	**(290)**	**62,056**
Management adjustments (for revenues)	(1,427)	(11)	(700)	17,408	(218)	**15,052**
Management adjustments (for expenses)	247	9	17	486	(353)	**406**
Adjusted EBITDA	**52,187**	**14,382**	**4,470**	**7,336**	**(861)**	**77,514**
Adjusted EBITDA margin	*41.2%*	*63.9%*	*28.8%*	*4.1%*	*-139.0%*	***22.8%***
Depreciation and amortisation	(20,204)	(3,728)	(2,881)	(532)	(382)	**(27,727)**
Write-offs, revaluation and impairment losses of property, plant and equipment and intangible assets	(714)	-	-	-	(912)	**(1,626)**
Write-offs and impairment of non-current and current receivables, inventories and other write-offs	(247)	(9)	(17)	(486)	353	**(406)**
Total adjusted operating profit (loss) (adjusted EBIT)	**31,022**	**10,645**	**1,572**	**6,318**	**(1,802)**	**47,755**
Property, plant and equipment, intangible and right-of-use assets	1,568,655	612,171	377,570	4,592	4,739	**2,567,727**
Investments	24,345	35,288	291	372	2,070	**62,366**
Net debt	639,022	240,521	1,215	87,748	(17,897)	**950,609**

**Certain amounts presented above do not correspond to the interim condensed consolidated financial statements prepared for the period of I qtr. 2020 due to restatement of comparative figures due to reclassified results related to derivatives as disclosed in the Note 3.*

*** Amounts are presented according to Interim Condensed Consolidated Statement of Profit or Loss and other Comprehensive Income of these interim financial statements*

**** The indicators of Adjusted EBITDA and adjusted EBIT both of which are a non-IFRS alternative performance measures are presented in the manner calculated by the management. Management believes that adjusted indicators more accurately present results of operations and enable to better compare results between the periods*

All amounts are in EUR thousand unless otherwise stated

28 Fair values of financial instruments

28.1 Financial instruments, measured at fair value

The Group's derivative financial instruments (Level 2 of the fair value hierarchy), the Group's price premium payable and amounts receivable for disposal of Litgrid AB shares (Level 3 of the fair value hierarchy), the Group's option right to acquire shares in subsidiary (Level 2 of the fair value hierarchy), the Group's investment into "Innovation Fund Smart Energy Fund powered by Ignitis Group" (Level 2 of the fair value hierarchy) are measured at fair value.

As at 31 March 2021 and 31 December 2020, the Group accounted for an amount receivable for the sale of LitGrid AB at fair value through profit or loss. Their fair value is attributed to Level 3 in the fair value hierarchy. Fair value was estimated on the basis of discounted cash flows using the rate of 0.298% (31 December 2020 – 0.298 %).

As at 31 March 2021 and 31 December 2020, the Group accounted for the option to acquire all the shares of Kauno kogeneracinė jėgainė UAB held by FORTUM HEAT LIETUVA UAB (49%), the calculation of which is defined in the shareholders' agreement. In the opinion of the Group's management, the exercise price of the put option that the Group will have to pay to FORTUM HEAT LIETUVA UAB for the redeemable FORTUM HEAT LIETUVA UAB owned Kauno kogeneracinė jėgainė UAB shares, if they choose to sell them, equals the fair value of these shares within materiality limits (materiality limits are set, as to best markets practice, +/-15% of market value). Fair value corresponds to level 2 in the fair value hierarchy. The fair value was approximately equal to the carrying amount.

As at 31 March 2021 and 31 December 2020, the Group has accounted for assets and liabilities arising from financial derivatives. The Group accounts for financial derivative assets and liabilities at fair value and their accounting policies are set out in Note 2.11.3 of annual financial statements. Fair value corresponds to level 2 in the fair value hierarchy.

As at 31 March 2021 and 31 December 2020, the Group has accounted for investment into "Innovation Fund Smart Energy Fund powered by Ignitis Group KŪB". The Group accounts for financial asset at fair value and their accounting policies are set out in Note 14 of annual financial statements. Fair value corresponds to level 3 in the fair value hierarchy.

The Group attributes to Level 2 of the fair value hierarchy derivative financial instruments linked with the Lithuanian/Latvian and Estonian/Finish electricity price areas. Derivatives acquired directly from other market participants (over-the-counter contracts) and physical transmission rights acquired are estimated based on the prices of the NASDAQ Commodities exchange by additionally adding price area differences (a potential risk) that are evaluated using the expert method.

28.2 Financial instruments for which fair value is disclosed

The Group's fair value of loans granted is approximately equal to carrying amount. The measurement of financial assets related to the loans issued is attributed to Level 2 of the fair value hierarchy.

The Group's bond issue debt (Note 17) fair value was calculated by discounting future cash flows related to the coupon payments with reference to the interest rate observable in the market and the regular future payments related to issued bonds. The cash flows were discounted using a weighted average discount rate of 2.62% as at 31 March 2021 (31 December 2020 – 2.186%). Discount rates for certain bond issues are determined as market interest rate increased by EUR interest rate swap for tenors that are similar to period left until redemption of issued bonds. The bond issue debt is attributed to Level 2 of the fair value hierarchy.

The Group's fair value of financial liabilities related to the debt liabilities is calculated by discounting future cash flows with reference to the interest rate observable in the market. The cash flows were discounted using a weighted average discount rate of 2.74% as at 31 March 2021 (31 December 2020 – 2.56%). The measurement of financial liabilities related to the debts is attributed to Level 2 of the fair value hierarchy.

The table below presents allocation between the fair value hierarchy levels of the Group's financial instruments as at 31 March 2021 (refer to Note 2.31 of 2020 annual financial statements for the description of the fair value hierarchy levels):

			Level 1	Level 2	Level 3	
	Note	Carrying amount	Quoted prices in active markets	Other directly or indirectly observable inputs	Unobservable inputs	In total
Financial instruments measured at fair value through profit (loss)						
Assets						
Receivable for the sale of LitGrid AB		150,693	-	-	150,693	150,693
Derivative financial instruments		5,091	-	5,091	-	5,091
Innovation Fund Smart Energy Fund powered by Ignitis Group KŪB		7,168	-	7,168	-	7,168
Liabilities			-		-	
Put option redemption liability		16,660	-	16,660	-	16,660
Derivative financial instruments		1,648	-	1,648	-	1,648
Financial instruments for which fair value is disclosed						
Assets						
Loans granted		2,390	-	2,390	-	2,390
Liabilities		-	-	-	-	-
Bonds issued	16	900,856	-	871,941	-	871,941
Debt liabilities	16	376,006	-	320,496	-	320,496

All amounts are in EUR thousand unless otherwise stated

The table below presents allocation between the fair value hierarchy levels of the Group's financial instruments as at 31 December 2020 (refer to Note 2.31 of 2020 annual financial statements for the description of the fair value hierarchy levels):

	Note	Carrying amount	Level 1 Quoted prices in active markets	Level 2 Other directly or indirectly observable inputs	Level 3 Unobservable inputs	In total
Financial instruments measured at fair value through profit (loss)						
Assets						
Receivable for the sale of LitGrid AB		**150,693**	-	-	150,693	**150,693**
Derivative financial instruments		**3,311**	-	3,311	-	**3,311**
Innovation Fund Smart Energy Fund powered by Ignitis Group KŪB		**4,912**	-	-	4,912	**4,912**
Liabilities						
Put option redemption liability		**16,660**	-	16,660	-	**16,660**
Derivative financial instruments		**2,202**	-	2,202	-	**2,202**
Financial instruments for which fair value is disclosed						
Assets						
Loans granted		**1,908**	-	1,908	-	**1,908**
Liabilities						
Bonds issued	16	**896,088**	-	894,158	-	**894,158**
Debt liabilities	16	**365,561**	-	326,853	-	**326,853**

All amounts are in EUR thousand unless otherwise stated

29 Events after the reporting period

29.1 Events related to litigation and claims

Buy-out of shares of subsidiary Energijos skirstymo Operatorius AB

On 2 April 2021 Vilnius District court approved Group's statement on the establishment and recognition of a fact of legal significance that the right of ownership of all unsold shares of its subsidiary Energijos skirstymo operatorius AB during the mandatory buyout must be transferred to the parent company and obliged the shares account managers to make records of the transfer of the rights of ownership to the Group. Shares were transferred on 15 April 2021 for the price offered during mandatory shares buy-out – 0.88 EUR per share. After the decision of the Court, the Group will acquire 100% of Energijos skirstymo operatorius AB shares.

Buy-out of shares of subsidiary Ignitis gamyba AB

On 30 April 2021 the Vilnius District Court made a decision to approve the Group's statement on the establishment and recognition of a fact of legal significance that the right of ownership of 11 113 442 out of 11 688 245 unsold shares of its subsidiary Ignitis gamyba AB (hereinafter – Ignitis Gamyba) during the mandatory buyout must be transferred to the Group and obliged the shares account managers to make records of the transfer of the rights of ownership to the Group.

It must be noted that the Court has divided the Group's statement earlier into two separate cases – a case where the stakeholders are the deceased shareholders of Ignitis Gamyba and a case where the stakeholders are all the remaining shareholders of Ignitis Gamyba. The Court decision is related only to Ignitis Gamyba shares, the owners of which were not identified as deceased.

After the decision of the Court, the Group will not acquire 100% of Ignitis Gamyba shares, the process will be continued until the Court will make a decision in respect of the remaining part of the statement.

On received court claim and adopted interim measures , termination of option agreements concluded by the key management personnel of Ignitis Group and interim measures sought to be revoked in a separate complaint

Interim measures were applied by the Court order on 3 May 2021, which, in principle, has suspended the employee stock ownership plan (note 15) as well as executive long-term incentive with share options plan until the Court decision in respect of this case takes effect.

Nine key executives of Ignitis grupė AB Group on their own initiative have terminated the concluded option agreements with the aim to implement the employee share-based payment plan successfully. The Company also submitted a standalone claim to Vilnius District Court with a request to dismiss the interim measures applied by the Court order of 3 May 2021, which, in principle, suspended the employee stock ownership plan as well as executive long-term incentive share options plan.

Litigation with Šiaulių energija AB

Šiaulių energija AB filed a claim against the Group's subsidiary Energijos skirstymo operatorius AB (hereinafter "ESO") for indemnification of losses incurred due to a failure in LitGrid AB networks on 25 March 2019.

On 6 April 2021 the claim of the Šiaulių energija AB against ESO was rejected by Vilnius District Court decision. The plaintiff AB Šiaulių energija and the defendant AB Litgrid filed appeals against the decision of the Vilnius Regional Court of 6 April 2021.

Litigation with Vilniaus energija UAB

The plaintiff Vilniaus energija UAB has filed a claim with the Vilnius Regional Court regarding the award of EUR 9,284 thousand from Energijos skirstymo operatorius AB. The plaintiff claims to have incurred EUR 9,284 thousand losses due to the fact that Energijos skirstymo operatorius AB during the year 2014 purchased only the electricity produced by the Plaintiff's cogeneration plants in the technical minimum regime. On 17 March 2017, the Plaintiff updated the subject-matter of the claim and requested the court to award damages in the amount of EUR 10,712 thousand.

By a ruling of 25 May 2021, the Supreme Court of Lithuania annulled the part of the ruling of the Court of Appeal of Lithuania of 11 June 2020 and has remitted part of the claim regarding to discrimination of other cogeneration plants (EUR 2,260 thousand) for re-examination. Remaining part of the claim was definitively rejected.

29.2 Other events

Establishment of subsidiary company in Finland

UAB "Ignitis" controlled by Ignitis grupė AB, on 1 April 2021 completed the adoption of all decisions required to establish a new subsidiary company in Finland, Ignitis Suomi Oy (hereinafter – Ignitis Suomi). Accordingly, on the basis of the formal decisions, Ignitis Suomi Oy was registered as at 22 April 2021.

Board has approved acquisition of a company by UAB "Ignitis renewables" to develop green energy projects in Poland

Management Board of the Group on 4 May 2021 approved the sale and purchase agreement according to which the Group's subsidiary Ignitis renewables UAB intends to acquire a company registered in Poland, which, prior to this, did not conduct any activities.

The company intended to be acquired will be used to accumulate competences and other resources, which will be used to acquire and develop green energy projects in the Polish market.

Liquidation of UAB "Energetikos paslaugų ir rangos organizacija", a subsidiary of AB "Ignitis grupė"

Board of the Group decided to initiate the liquidation of UAB "Energetikos paslaugų ir rangos organizacija" (hereinafter – EnePRO) starting from 14 May 2021. EnePRO liquidation procedure is estimated to be completed in less than six months from its initiation.

There were no other significant events after the reporting period till the issue of these interim financial statements.

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6.2 Unaudited interim condensed parent company financial statements

For the three months period ended 31 March 2021, prepared in accordance with International accounting standard 34 'Interim financial reporting' as adopted by the European Union (unaudited)

The Company's financial statements were prepared and signed by AB "Ignitis grupė" management on 27 May 2021:

Darius Maikštėnas
Chief Executive Officer

Darius Kašauskas
Finance and Treasury Director

Giedruolė Guobienė
UAB "Ignitis grupės paslaugų centras"
Head of Accounting Department acting under
Order No IS-29-21 of 01/04/2021

Interim Condensed Statement of Financial Position

As at 31 March 2021
All amounts are in EUR thousand unless otherwise stated

	Notes	31 March 2021	31 December 2020
ASSETS			
Non-current assets			
Intangible assets		1,874	1,874
Property, plant and equipment		52	55
Right-of-use assets		474	520
Investment property		77	77
Investments in subsidiaries	3	1,239,057	1,239,045
Non-current receivables	4	970,028	890,114
Other financial assets		7,168	4,912
Other non-current assets		19,050	19,050
Deferred tax assets		831	643
Total non-current assets		**2,238,611**	**2,156,290**
Current assets			
Prepayments and deferred expenses		126	51
Trade receivables		695	313
Other receivables	4.1, 12	127,682	14,754
Other current assets		45,000	45,000
Current loans and interest receivable	5	21,634	73,956
Cash and cash equivalents	6	398,237	421,289
Total current assets		**593,374**	**555,363**
TOTAL ASSETS		**2,831,985**	**2,711,653**
EQUITY AND LIABILITIES			
Equity	7		
Issued capital		1,658,756	1,658,756
Reserves	7	111,059	82,330
Retained earnings		113,757	71,869
Total equity		**1,883,572**	**1,812,955**
Liabilities			
Non-current liabilities			
Non-current loans and bonds	9	887,367	886,945
Non-current lease liabilities		216	267
Other non-current amounts payable and liabilities		25	-
Total non-current liabilities		**887,608**	**887,212**
Current liabilities			
Current loans	9	13,620	9,143
Lease liabilities		259	253
Trade payables		385	461
Advances received		21	50
Other current amounts payable and liabilities		46,520	1,579
Total current liabilities		**60,805**	**11,486**
Total liabilities		**948,413**	**898,698**
TOTAL EQUITY AND LIABILITIES		**2,831,985**	**2,711,653**

Interim Condensed Statement of Profit or Loss and other Comprehensive Income

For the three months period ended 31 March 2021
All amounts are in EUR thousand unless otherwise stated

	Notes	2021 I qtr.	2020 I qtr.
Revenue from contracts with customers	11	828	780
Other income		1	1
Dividend income	12	115,442	-
Total revenue and other income		**116,271**	**781**
Depreciation and amortisation		(70)	(73)
Salaries and related expenses		(1,308)	(1,340)
Other expenses		(893)	(807))
Total expenses		**(2.271)**	**(2,220)**
Operating profit (loss)		**114,000**	**(1,439)**
Finance income		5,348	4,419
Finance expenses		(5,901)	(4,048)
Finance activity, net		**(553)**	**371**
Profit (loss) before tax		**113,442**	**(1,068)**
Current year income tax (expenses)/benefit		(24)	-
Deferred tax (expenses)/benefit		188	68
Net profit for the period		**113,611**	**(1,000)**
Total other comprehensive income (loss) for the period		-	-
Total comprehensive income (loss) for the period		**113,611**	**(1,000)**

Interim Condensed Statement of Changes in Equity

For the three months period ended 31 March 2021
All amounts are in EUR thousand unless otherwise stated

	Notes	Issued capital	Treasury shares reserve	Legal reserve	Retained earnings	Total
Balance as at 1 January 2020		**1,212,156**	**-**	**80,720**	**36,525**	**1,329,401**
Other comprehensive income		-	-	-	-	**-**
Total other comprehensive income (loss) for the period		**-**	**-**	**-**	-	**-**
Net profit for the period		-	-	-	(1,000)	**(1,000)**
Total comprehensive income for the period		**-**	**-**	**-**	(1,000)	**(1,000)**
Balance as at 31 March 2020		**1,212,156**	**-**	**80,720**	**35,525**	**1,328,401**
Balance as at 1 January 2021		**1,658,756**	**-**	**82,330**	**71,869**	**1,812,955**
Other comprehensive income		-		-	-	**-**
Total other comprehensive income (loss) for the period		**-**	**-**	**-**	-	**-**
Net profit for the period		-	-	-	113,611	**113,611**
Total comprehensive income for the period		**-**	**-**	**-**	**113,611**	**113,611**
Transfer to reserves to acquire treasury shares	7	-	23,000	**-**	(23,000)	**-**
Transfers to legal reserve	7	-	-	5,729	(5,729)	**-**
Dividends	12.1	-	-	-	(43,010)	**(43,010)**
Share-based payments	8				16	**16**
Balance as at 31 March 2021		**1,658,756**	**23,000**	**88,059**	**113,757**	**1,883,572**

Interim Condensed Statement of Cash Flows

For the three months period ended 31 March 2021
All amounts are in EUR thousand unless otherwise stated

	Notes	2021 I qtr.	2020 I qtr.
Cash flows from operating activities			
Net profit for the period		113,611	(1,000)
Adjustments for non-monetary expenses (income):			
Share-based payments		11	-
Depreciation and amortisation expenses		70	73
Income tax expenses		(164)	(69)
Elimination of results of investing activities:			
Dividend income	12.2	(115,442)	-
Elimination of results of financing activities:			
Interest income		(5,347	(4,419)
Interest expenses	10	5,216	3,611
Other expenses of financing activities		684	437
Changes in working capital:			
(Increase)/decrease in trade receivables and other receivables		(2,286)	(910)
(Increase)/decrease in prepayments and deferred expenses, other current and other non-current assets		(75)	(77)
Increase/(decrease) in trade payables, advances received, other current amounts payable and liabilities		1,034	518
Net cash flows from operating activities		**(2,688)**	**(1,836)**
Cash flows from investing activities			
Loans granted		(83,629)	-
Loan repayments received		59,698	47,677
Acquisition of a subsidiary	3	(7)	(11,314)
Interest received		1,581	1,511
Dividends received	24.2	2,244	-
Net cash flows from investing activities		**(20,113)**	**37,874**
Cash flows from financing activities			
Repayments of loans		-	(10,100)
Lease payments	10	(65)	(68)
Interest paid	10	(186)	(426)
Net cash flows from financing activities		**(251)**	**(10,594)**
Increase/(decrease) in cash and cash equivalents (including overdraft)		**(23,052)**	**25,444**
Cash and cash equivalents (including overdraft) at the beginning of the period	6	421,289	(191,147)
Cash and cash equivalents (including overdraft) at the end of the period	6	**398,237**	**(165,703)**

All amounts are in EUR thousand unless otherwise stated

Explanatory Notes to the Interim Condensed Financial Statements For the three months period ended 31 March 2021

1 General information

Ignitis grupė AB (hereinafter “the Company” or “parent company”) is a public limited liability company registered in the Republic of Lithuania. The Company’s sole shareholder as at 30 June 2020 has adopted a decision to change the Company’s legal status to a public limited liability company (AB) and on 28 July 2020 the new articles were registered. On 5 October 2020 the Company has increased its share capital and on 7 October 2020 the Company has executed initial public offering (hereinafter “IPO”) distributing the increased share capital between private and institutional investors.

The Company’s registered office address is Žvejų str. 14, LT-09310, Vilnius, Lithuania. The Company was registered on 28 August 2008 with the Register of Legal Entities managed by the public institution the Centre of Registers. Company’s code 301844044. The Company has been founded for an indefinite period.

The Company is a parent company, which is responsible for the management and coordination of activities of the group companies (Note 3) engaged in electricity and heat generation (including electricity generation from renewable energy sources), supply, electricity import and export, distribution and trade, natural gas distribution and supply, as well as the maintenance and development of the electricity sector, management and coordination of activities. The Company and its subsidiaries are hereinafter collectively referred to as “the Group”.

The Company analyses the activities of group companies, represents the whole group, implements its shareholders’ rights and obligations, defines operation guidelines and rules, and coordinates the activities in the fields of finance, law, strategy and development, human resources, risk management, audit, technology, communication, etc.

The Company seeks to ensure effective operation of group companies, implementation of goals related to the Group’s activities set forth in the National Energy Independence Strategy and other legal acts, ensuring that it builds a sustainable value in a socially responsible manner.

The Company’s principal shareholder is the Republic of Lithuania (73.08%).

Shareholder of the Company	31 March 2021		31 December 2020	
	Share capital, in EUR ’000	%	Share capital, in EUR ’000	%
Republic of Lithuania represented by the Ministry of Finance of the Republic of Lithuania	1,212,156	73,08	1,212,156	73,08
Other shareholders	446,600	26,92	446,600	26,92
	1,658,756		**1,658,756**	

These interim financial statements were prepared and signed by Company’s management on 27 May 2021.

2 Summary of significant accounting policies

2.1 Basis of preparation

These interim condensed financial statements, prepared for the three months period ended 31 March 2021, cover interim condensed financial statements of the Company (hereinafter “interim financial statements”). These interim financial statements have been prepared in accordance with International Financial Reporting Standards (hereinafter “IFRS”) as adopted by the European Union and applicable to interim financial reporting (International Accounting Standard (hereinafter “IAS”) 34 “Interim Financial Reporting”). These interim financial statements do not provide all the information required for the preparation of the annual financial statements, therefore this must be read in conjunction with the annual financial statements for the year ended 31 December 2020, which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

The Company’s interim financial statements as at and for the three months period ended 31 March 2021 have been prepared on a going concern basis applying measurement based on historical cost (hereinafter “acquisition costs”), except for certain financial instruments measured at fair value.

These interim financial statements are presented in euros and all values are rounded to the nearest thousand (EUR ’000), except when otherwise indicated. The Company’s financial year coincides with a calendar year. These interim financial statements provide comparative information in respect of the previous period.

All amounts are in EUR thousand unless otherwise stated

2.2 New standards, amendments and interpretations

Changes in accounting policy and disclosures

The accounting policies applied in the preparation of these interim financial statements are consistent with the accounting policies applied in the preparation of the Company's annual financial statements for the year ended 31 December 2020, with the exception of the new standards which entered into force as at 1 January 2021.

Preparing these interim financial statements the significant management judgements regarding the application of the accounting policies and accounting estimates were the same as used in preparing the annual financial statements for the year ended 31 December 2020.

Preparing these interim financial statements, the Company did not adopt new standards, amendments and interpretations, the effective date of which is later than 1 January 2021 and early adoption is permitted. The following new standards and amendments to the standards that became effective as at 1 January 2021 and did not affect significantly these interim financial statements.

Interest Rate Benchmark Reform – Phase 2 – IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (Amendments)

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR).The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

The management of the Company has assessed that these amendments have no impact on these financial statements.

All amounts are in EUR thousand unless otherwise stated

3 Investments in subsidiaries

Information on the Company's investments in subsidiaries as at 31 March 2021 provided below:

	Acquisition cost	Impairment	Carrying amount	Company's ownership interest, %	Group's effective ownership interest, %
Subsidiaries:					
Energijos skirstymo operatorius AB	738,878	-	738,878	98.53	98.53
Ignitis gamyba AB	313,721	-	313,721	98.20	98.20
Vilniaus kogeneracinė jėgainė UAB	52,300	-	52,300	100.00	100.00
Ignitis UAB	47,138	-	47,138	100.00	100.00
Ignitis renewables UAB	44,701	-	44,701	100.00	100.00
Kauno kogeneracinė jėgainė UAB	20,400	-	20,400	51.00	51.00
Tuuleenergia OÜ	6,659	-	6,659	100.00	100.00
Ignitis grupės paslaugų centras UAB	5,975	-	5,975	50.47	99.22
NT Valdos UAB	8,958	(3,833)	5,125	100.00	100.00
Transporto valdymas UAB	2,359	-	2,359	100.00	100.00
Elektroninių mokėjimų agentūra UAB	1,428	-	1,428	100.00	100.00
Gamybos optimizavimas UAB	350	-	350	100.00	100.00
Lietuvos energijos paramos fondas	23	-	23	100.00	100.00
Energetikos paslaugų ir rangos organizacija UAB	22,961	(22,961)	-	100.00	100.00
	1,265,851	**(26,794)**	**1,239,057**		

Information on the Company's investments in subsidiaries as at 31 December 2020 provided below:

	Acquisition cost	Impairment	Carrying amount	Company's ownership interest, %	Group's effective ownership interest, %
Subsidiaries:					
Energijos skirstymo operatorius AB	738,877	-	738,877	98.53	98.53
Ignitis gamyba AB	313,720	-	313,720	98.20	98.20
Vilniaus kogeneracinė jėgainė UAB	52,300	-	52,300	100.00	100.00
Ignitis UAB	47,136	-	47,136	100.00	100.00
Ignitis renewables UAB	44,700	-	44,700	100.00	100.00
Kauno kogeneracinė jėgainė UAB	20,400	-	20,400	51.00	51.00
Tuuleenergia OÜ	6,659	-	6,659	100.00	100.00
Ignitis grupės paslaugų centras UAB	5,975	-	5,975	50.47	99.22
NT Valdos UAB	8,958	(3,833)	5,125	100.00	100.00
Transporto valdymas UAB	2,359	-	2,359	100.00	100.00
Elektroninių mokėjimų agentūra UAB	1,428	-	1,428	100.00	100.00
Gamybos optimizavimas UAB	350	-	350	100.00	100.00
Lietuvos energijos paramos fondas	16	-	16	100.00	100.00
Energetikos paslaugų ir rangos organizacija UAB	22,961	(22,961)	-	100.00	100.00
	1,265,839	**(26,794)**	**1,239,045**		

All amounts are in EUR thousand unless otherwise stated

Movement of the Company's investments during the year were as follows:

	2021 I qtr.
Carrying amount at 1 January	**1,239,045**
Coverage of losses	7
Increase in investments due to share based payments (Note 8)	5
Carrying amount at 31 March	**1,239,057**

During 2021 I qtr. total cash payments for coverage of losses amounted to EUR 7 thousand.

There were events after reporting period, which relate to acquisition and establishment of new subsidiaries, and buy-out of shares from minority shareholders. For more information – see Note 16.

Impairment test for investments into subsidiaries

There were no indications of impairment in respect of investments in the subsidiaries of the Company as at 31 March 2021, thus the Company have not performed impairment tests for the subsidiaries and have not recognised any additional impairment loss for investments during the 1st quarter of 2021.

All amounts are in EUR thousand unless otherwise stated

4 Non-current receivables

Amounts receivable after one year comprised as follows:

	31 March 2021	31 December 2020
Non-current receivables		
Amount receivable on disposal of LitGrid AB	136,212	136,212
Loans granted	833,816	753,092
Other non-current amounts receivable	-	810
Total	**970,028**	**890,114**
Less: allowance	-	-
Carrying amount	**970,028**	**890,114**

4.1 Deferred payment on disposal of shares of LitGrid AB

According to the agreement EPSO-G UAB until the end of 2022 must repay the debt to the Company for the shares of AB LitGrid acquired in 30 September 2012. Amount of the estimated final price premium during the three months period of 2021 has not changed.

The deferred consideration is due to be paid until the end of 2022, of which EUR 14,481 million is to be paid in year 2021 and the remainder EUR 136,212 thousand to be paid in full in the year 2022. The current part of the receivable is accounted for in the line item of "Other receivables" in the statement of financial position.

The amount receivable from EPSO-G UAB for shares is treated as a financial asset measured at FVPL.

4.2 Expected credit losses of loans granted

As at 31 March 2021, the Company assessed whether credit risk of recipients of non-current and current loans has increased significantly and did not establish any indications and has no information indicating that credit risk of loan recipients on an individual basis has increased significantly. Therefore, no lifetime expected credit loss was recognised neither for non-current nor for current loans granted (Note 4.3).

4.3 Loans granted

The Company's loans granted as at 31 March 2021 comprised loans granted to the following subsidiaries:

	Interest rate type	Within one year (note 5)	After one year	Total
Energijos skirstymo operatorius AB (bonds)	Fixed interest	-	616,288	**616,288**
Energijos skirstymo operatorius AB (loans taken over)	Variable interest	7,901	39,468	**47,369**
Tuuleenergia OÜ	Fixed interest	-	19,119	**19,119**
Eurakras UAB	Fixed interest	-	17,555	**17,555**
Ignitis UAB	Variable interest	-	27,000	**27,000**
Ignitis UAB	Fixed interest	207	11,800	**12,007**
Transporto valdymas UAB	Variable interest	-	16,436	**16,436**
Ignitis renewables UAB	Fixed interest	-	86,150	**86,150**
Carrying amount		**8,108**	**833,816**	**841,924**

On 2 February 2021 the Company signed a new loan agreement with subsidiary Ignitis renewables UAB for an amount of EUR 293,000 thousand (of which EUR 13,500 has been issued as at reporting date) , with the maturity of the loan 1 February 2031.

Fair values of loans granted are presented in Note 15.

The Company's loans granted as at 31 December 2020 comprised loans granted to the following subsidiaries:

	Interest rate type	Within one year (note 5)	After one year	Total
Energijos skirstymo operatorius AB	Fixed interest	-	616,288	**616,288**
Energijos skirstymo operatorius AB (loans taken over)	Variable interest	7,901	41,444	**49,345**
Tuuleenergia OÜ	Fixed interest	-	19,119	**19,119**
Eurakras UAB	Fixed interest	-	17,555	**17,555**
Ignitis UAB	Variable interest	-	27,000	**27,000**
Ignitis UAB	Fixed interest	77	11,800	**11,877**
Transporto valdymas UAB	Variable interest	-	17,236	**17,236**
Ignitis renewables UAB	Fixed interest	56,922	2,650	**59,572**
Carrying amount		**64,900**	**753,092**	**817,992**

Loans after one year by maturity:

	31 March 2021	31 December 2020
From 1 to 2 years	7,901	6,907
From 2 to 5 years	67,139	64,958
After 5 years	758,776	681,227
Carrying amount	**833,816**	**753,092**

All amounts are in EUR thousand unless otherwise stated

5 Current loans and interests receivable

The Company's current loans comprised as follows:

	31 March 2021	31 December 2020
Current portion of non-current loans	7,901	7,901
Cash-pool loans	207	77
Current loans	-	56,922
Interest receivable	13,526	9,056
In total	**21,634**	**73,956**
Less: impairment of loans	-	-
Carrying amount	**21,634**	**73,956**

As at 31 March 2021 the Company has not identified any impairment indications.

6 Cash and cash equivalents

The Company's cash and cash equivalents comprised as follows:

	31 March 2021	31 December 2020
Cash balances in bank accounts	398,237	421,289
In total	**398,237**	**421,289**

As at 31 March 2021 and 31 December 2020, cash and cash equivalents comprised cash in bank.

The fair values of cash and cash equivalents as at 31 March 2021 and 31 December 2020 approximated their carrying amounts.

7 Equity

Issued capital of the Company consisted of:

	31 March 2021	31 December 2020
Authorised shares		
Ordinary shares, EUR	1,658,756,294	1,658,756,294
Ordinary shares issued and fully paid, EUR	**1,658,756,294**	**1,658,756,294**

As at 31 March 2021 and 31 December 2020 the Company's issued capital comprised EUR 1,658,756,294 and was divided in to 74,283,757 ordinary registered shares with EUR 22.33 nominal value for a share.

At the ordinary general meeting of shareholders held on 25th March 2021 it was decided to form a reserve of EUR 23,000 thousand for the acquisition of treasury shares. It should be noted that the Company's management has not yet made decisions to submit a proposal to the shareholders' meeting to make a decision on the acquisition of the Company's treasury shares. The formation of a reserve for the acquisition of treasury shares also does not mean that the acquisition of treasury shares will be carried out. The management board of the Company proposed to the general meeting of shareholders to make a decision on the formation of the said reserve in order to avoid the situation where the decision to implement the acquisition of treasury shares would have to wait for the next ordinary general meeting of the Company's shareholders which could take place no earlier than the first quarter of 2022. Also, the decision to form a reserve for the purchase of treasury shares does not imply that it will be used.

As at 25 March 2021 the Company transferred EUR 5,729 thousand to legal reserve. The Company's legal reserve as at 31 March 2021 and 31 December 2020 was not fully formed.

All amounts are in EUR thousand unless otherwise stated

8 Share-based payments

On 18 December 2020 share option agreements of the long-term promotion of key executives of the Company and its subsidiaries' programme have been concluded with 5 key executives of the Company and 4 key executives of subsidiaries.

Shares will be offered free of charge in 2024, after the long-term strategic targets (indicators) of the Group, approved by the Supervisory Board of the Company, which are linked with the strategic plan of the Company for 2020–2023 are achieved.

As at 31 March 2021 addition to the cost of the Company's investment in the employing subsidiary amounted to EUR 5 thousand and reflects the share-based payments agreements concluded with 4 key executives of subsidiaries (Note 3).

During the 1st quarter of 2021 share based payments costs accounted in SPLOCI salaries and related expenses amounted to EUR 11 thousand and reflects the share-based payments agreements concluded with 5 key executives of the Company.

There were events after reporting period, which relate to share-based payments agreements termination. For more information – see Note 16.

9 Loans and bonds

Borrowings of the Company consisted of:

	31 March 2021	31 December 2020
Non-current		
Bonds issued	887,367	886,945
Current		
Accrued interest	13,620	9,143
Total borrowings	**900,987**	**896,088**

For the period ended 31 March 2021 expenses related to interest on the issued bonds totalled EUR 4,768 thousand (EUR 3,186 thousand for the period ended 31 March 2020). The accrued amount of coupon payable as at 31 March 2021 amounted to EUR 13,489 thousand (31 December 2020: EUR 9,143 thousand).

Non-current borrowings by maturity:

	31 March 2021	31 December 2020
From 1 to 2 years	-	-
From 2 to 5 years	-	-
After 5 years	887,367	886,945
In total	**887,367**	**886,945**

All borrowings are denominated in euros.

During 2021 I qtr. the Company didn't have any breaches of financial and non-financial covenants due to which the classification of current and non-current liabilities could be changed.

As at 31 March 2020, the Company's unwithdrawn balance of loans and bank overdrafts amounted to EUR 167,896 thousand (31 December 2020: EUR 267,896 thousand).

All amounts are in EUR thousand unless otherwise stated

10 Net debt

Net debt is a non-IFRS liquidity metric used to determine the value of debt against highly liquid assets owned by the Company. Management is monitoring net debt metric as a part of risk-management strategy.

For the purpose of net debt calculation, borrowings comprise only debts to financial institutions, issued bonds and related interest payables.

This note sets out an analysis of net debt, a non-IFRS measure for the purposes of these financial statements presentation defined by management as presented below.

Net debt balances:

	31 March 2021	31 December 2020
Cash and cash equivalents	(398,237)	(421,289)
Deposit	(45,000)	(45,000)
Borrowings payable after one year	887,367	886,945
Borrowings payable within one financial year (including overdraft and accrued interest)	13,620	9,143
Lease liabilities	475	520
Net debt	**458,225**	**430,319**
Cash and cash equivalents	(398,237)	(421,289)
Deposit	(45,000)	(45,000)
Borrowings – fixed interest rate	900,856	896,088
Borrowings – variable interest rate	131	-
Lease liabilities	475	520
Net debt	**458,225**	**430,319**

Reconciliation of the Company's net debt balances cash flows from financing activities:

	Assets		Lease liabilities		Borrowings			
	Cash and cash equivalents	Deposit into an escrow account	Non-current	Current	Non-current portion of non-current borrowings	Current portion of non-current borrowings	Current borrowings	Total
Net debt at 1 January 2021	**(421,289)**	**(45,000)**	**267**	**253**	**886,945**	**-**	**9,143**	**430,319**
Cash changes								
(Increase)decrease in cash and cash equivalents	23,052	-	-	-	-	-	-	**23,052**
Lease payments (principal portion)	-	-	-	(65)	-	-	-	**(65)**
Interest paid	-	-	-	-	-	-	(186)	**(186)**
Non-cash changes								
Lease contracts concluded	-	-	2	18	-	-	-	**20**
Accrual of interest payable	-	-	-	-	1,902	-	3,314	**5,216**
Reclassification of interest payable from (to) trade payables	-	-	-	-	-	-	(131)	**(131)**
Reclassifications between items	-	-	(53)	53	(1,480)	-	1,480	**-**
Net debt at 31 March 2021	**(398,237)**	**(45,000)**	**216**	**259**	**887,367**	**-**	**13,620**	**458,225**

All amounts are in EUR thousand unless otherwise stated

11 Revenue from contracts with customers

The Company's revenue from contracts with customers are as follows:

	2021 I qtr	2020 I qtr.
Management fee income	828	780
Total	**828**	**780**

The Company's revenue from contracts with customers during 2021 I qtr. and 2020 I qtr. mainly comprised the revenue from advisory and management services provided to subsidiaries.

The Company's balances under the contracts with customers:

	31 March 2021	31 December 2020
Trade receivables	695	313
Total	**695**	**313**

12 Dividends

12.1 Dividends declared by the Company

Dividends declared by the Company during the 1st quarter of the year:

	2021 I qtr.	2020 I qtr.
Ignitis grupė AB	43,010	-

EUR 43 million dividends for the second half of 2020 was approved at the Annual General Meeting on 25 March 2021.

Dividends received by Stabilisation Manager („Swedbank", AB) in connection with Stabilisation Shares, shall be transferred back to the Company.

12.2 Dividends income attributable to the Company

Dividends income attributable to the Company from Group companies during 2021 I qtr. are the following:

Declared at	Dividends declared by	Period for which dividends are allocated	Dividends per share, in EUR	Amount of dividends declared	Dividend income attributable to the Company	Non-controlling interest dividends
30/03/2021	Energijos skirstymo operatorius AB	2020	0.0620	55,467	54,654	813
25/03/2021	Ignitis UAB	2020	0.2869	39,715	39,715	-
30/03/2021	Ignitis grupės paslaugų centras UAB	2020	0.0176	745	376	-
31/03/2021	Ignitis gamyba AB	2020 II half-year	0.0290	18,792	18,453	339
30/03/2021	Tuuleenergia OÜ	2020	928,000	928	928	-
30/03/2021	Transporto valdymas,UAB	2020	16.1532	1,316	1,316	-
Total				**116,963**	**115,442**	**1,152**

During the 1st qtr. of 2021 dividends received by the Company totalled EUR 2,244 thousand and the remaining amount EUR 113,198 thousand accounted for in the line item of "Other receivables" in the statement of financial position.

Company did not receive dividends from Group companies during 2020 I qtr.

All amounts are in EUR thousand unless otherwise stated

13 Contingent liabilities and commitments

13.1 Guarantees issued and received by the Company

13.1.1 Issued guarantees related to loans

The Company's guarantees issued in respect of loans received by subsidiaries were as follows:

Name of the subsidiary	Beneficiary of the guarantee	Issue at	Maturity	Maximum amount of the guarantee	31 March 2021	31 December 2020
Vilniaus kogeneracinė jėgainė UAB	European Investment Bank	30/12/2016	07/04/2037	190,000	139,987	139,984
Kauno kogeneracinė jėgainė UAB	Swedbank AB	18/10/2017	18/10/2022	68,000	58,502	58,502
Pomerania Wind Farm sp. z o. o.	European Investment Bank	09/03/2020	31/12/2035	66,328	55,273	56,560
Pomerania Wind Farm sp. z o. o.	Nordic Investment Group	14/10/2020	31/12/2035	32,001	32,001	32,920
Ignitis grupė UAB Group companies	Ignitis grupė UAB Group companies	12/03/2021	31/05/2021	-	34,665	12,459
Vėjo gūsis UAB	Swedbank lizingas, UAB	29/01/2019	28/02/2022	9,258	1,418	4,327
Vėjo vatas UAB	Swedbank lizingas, UAB	29/01/2019	28/02/2021	-	-	5,125
				365,587	**321,846**	**309,877**

On 5 December 2016, the Company and the EIB (hereinafter "EIB") (Luxembourg) signed a guarantee and indemnity agreement under which the Company secured fulfilment of all current and future obligations of subsidiary Vilniaus kogeneracinė jėgainė UAB in the amount of EUR 190,000 thousand under the credit agreement signed on 5 December 2016 with the EIB for the term of 17 years. The guarantee cover the repayment of all types of payables related to the usage of the provided loan to the EIB. As at 31 March 2021, amounts withdrawn by Vilniaus kogeneracinė jėgainė UAB from the loan provided by the EIB totalled EUR 139,987 thousand (31 December 2020: EUR 139,984 thousand).

On 31 May 2017, the Company's subsidiary Kauno kogeneracinė jėgainė UAB and Swedbank AB signed the credit agreement for the amount of EUR 120,000 thousand. The loan is designated for the financing of construction works of the co-generation power plant complex in Kaunas and the financing of the following construction-related expenses of the project being implemented: financing of payments under the agreements on construction, supply of equipment, electrification, general construction works, general systems, installation of automation systems, insurance, management of the construction site, project management, as well as the financing of advance payments (credit funds cannot be used for the financing of interest and unforeseen expenditure), excl. VAT. As at 31 March 2021, amounts withdrawn from the loan provided totalled EUR 114,709 thousand (31 December 2020: EUR 114,709 thousand). Monetary liabilities of Kauno kogeneracinė jėgainė UAB to the bank under the credit agreement are secured by the guarantees issued by the Company and Fortum OYJ (Finland) in proportion to the number of shares of Kauno kogeneracinė jėgainė UAB held, i.e. 51% of shares is held by the Company and 49% is held by FORTUM HEAT LIETUVA UAB.

Pomerania Wind Farm Sp. z o. o., part of the group of companies owned by the Company, has entered into an agreement with the European Investment Bank by which the loan of PLN 257 million (approx. EUR 55.3 million) was disbursed to the company for the Pomerania wind farm project in Poland. The first-call guarantee agreement for this loan was concluded between the Company and EIB. The guarantee amounts to 120% of loan amount – i.e. PLN 309 million (approx. EUR 66.3 million). The Company's subsidiary Ignitis renewables UAB, which owns all the shares of Pomerania Wind Farm Sp. z o. o. signed an agreement with EIB for pledging 100% of the shares of Pomerania Wind Farm Sp. z o. o. in favour of the lender. The repayment date of the loan is 31 December 2035.

Pomerania Wind Farm Sp. z o. o., part of the group of companies owned by the Company, has entered into an agreement with the Nordic Investment Group (hereinafter "NIB") by which the loan of PLN 149 million (approx. EUR 32 million) was disbursed to the company for the Pomerania wind farm project in Poland. The first-call guarantee agreement for this loan was concluded between the Company and NIB. The guarantee amounts to 100% of loan amount. The Company's subsidiary Ignitis renewables UAB, which owns all the shares of Pomerania Wind Farm Sp. z o. o. signed an agreement with NIB for secondary pledging 100% of the shares of Pomerania Wind Farm Sp. z o. o. in favour of the lender.

The Group companies can lend each other their funds by virtually transferring them to the Group's corporate account (cashpool) opened at the bank Swedbank AB. The Company guarantees that funds borrowed by the subsidiaries at the cashpool account are timely repaid to the subsidiaries that have lent funds. As at 31 March 2021, the amount lent and borrowed by the subsidiaries at the Group's cashpool account totalled EUR 34,871 thousand (31 December 2020: EUR 12,536 thousand), including the amount of EUR 206 thousand (31 December 2020: EUR 77 thousand) lent by the Company.

13.1.2 Other issued guarantees

The Company has provided the following other guarantees for its subsidiaries:

Name of the subsidiary	Beneficiary of the guarantee	Issue at	Maturity	Maximum amount of the guarantee	31 March 2021	31 December 2020
Energetikos paslaugų ir rangos organizacija UAB	SEB bankas AB	04/07/2018	08/10/2023	-	405	405
VVP Investments UAB	Swedbank AB	11/10/2019	01/08/2023	945	945	945
Ignitis UAB	NASDAQ Clearing AB	19/12/2019	termless	55,000	55,000	55,000
Gamybos optimizavimas UAB	Ignitis gamyba AB	01/01/2020	30/06/2023	5,000	5,000	5,000
Pomerania Wind Farm sp. z o. o.	Nordex Polska Sp.z.o.o.	31/05/2019	termless	83,354	-	-
VVP Investments UAB	Nordex Polska Sp.z.o.o.	17/02/2021	termless	55,097	-	-
				199,801	**61,350**	**61,350**

13.2 Litigations

Litigation with a minority shareholder of Energijos skirstymo operatorius AB (hereinafter "ESO")

On 10 August 2020, the Company received a claim from minority shareholder of subsidiary ESO regarding buyout of shares. The claim requires to determine the correct price of ESO shares, which must be paid by the Company to the shareholders during the mandatory redemption of shares.

On 31 March 2021 the claim of plaintiff was rejected by the Court decision. On 20 May 2021 the plaintiff lodged an appeal to the Court of Appeal of Lithuania.

All amounts are in EUR thousand unless otherwise stated

14 Related-party transactions

As at 31 March 2021 and 31 December 2020, the Company's controlling party was the Government of the Republic of Lithuania represented by the Lithuanian Ministry of Finance. For the purposes of disclosure of related parties, the Republic of Lithuania excludes central and local government authorities. The below disclosures comprise transactions and balances with the shareholder, subsidiaries (the Company's transactions) and all entities controlled by or under significant influence of the state (transactions with these entities are disclosed only if they are material), and key management personnel and their close family members.

The Company's transactions with related parties during 2021 I qtr. and period-end balances arising on these transactions as at 31 March 2021 are presented below:

Related parties	Accounts Receivable	Loans receivable	Accounts Payable	Sales	Purchases	Finance income / (cost)
Subsidiaries	113,893	855,161	332	829	183	5,204
EPSO-G UAB	150,982	-	-	-	-	143
Total	**264,875**	**855,161**	**332**	**829**	**183**	**5,347**

The Company transactions with related parties during the 2020 I qtr. and year-end balances arising on these transactions as at 31 December 2020 are presented below:

Related parties	Accounts Receivable	Loans receivable	Accounts Payable	Sales	Purchases	Finance income / (cost)
Subsidiaries	313	826,903	503	779	392	4,220
EPSO-G UAB	150,839	-	-	-	-	199
Total	**151,152**	**826,903**	**503**	**779**	**392**	**4,419**

14.1 Compensation to key management personnel:

	2021 I qtr.	2020 I qtr.
Wages and salaries and other short-term benefits to key management personnel	231	187
Whereof:		
Short-term employee benefits	218	187
Share-based payment expenses	13	-
Number of key management personnel	12	10

In 2021 only a board and supervisory board members are assigned to the Company's key management personnel. Consequently, disclosure for comparative period was adjusted.

All amounts are in EUR thousand unless otherwise stated

15 Fair values of financial instruments

Financial instruments, measured at fair value

The Company's amounts receivable for disposal of LitGrid AB shares (Level 3) and investment into "Innovation Fund Smart Energy Fund powered by Ignitis Group KŪB" (Level 3) are measured at fair value.

As at 31 March 2021 and 31 December 2020, the Company accounted for an amount receivable for the sale of LitGrid AB at fair value through profit or loss. Their fair value is attributed to Level 3 in the fair value hierarchy. Fair value was estimated on the basis of discounted cash flows using the rate of 0.298% (31 December 2020 – 0.298%).

As at 31 March 2021 and 31 December 2020, the Company has accounted for investment into "Innovation Fund Smart Energy Fund powered by Ignitis Group KŪB". The Company accounts for financial asset at fair value and their accounting policies are set out in Note 8 of annual financial statements. Fair value corresponds to level 3 in the fair value hierarchy.

Financial instruments for which fair value is disclosed

The carrying amount of the Company's short-term financial assets and financial liabilities measured at amortised cost approximated their fair value, except for bond issue debts. The measurement of financial instruments related to the loans and bonds issued is attributed to Level 2, of the fair value hierarchy.

As at 31 March 2021 and 31 December 2020, the fair value of the Company's amounts receivable related to bond amounts receivable of the subsidiary Energijos skirstymo operatorius AB is estimated by discounting cash flows with market interest rate increased by EUR interest rate swap for tenors that is similar to period left until redemption of issued bonds. The cash flows were discounted using a weighted average discount rates of 2.62% (31 December 2020: 2.19%). The fair value of amounts receivables is attributed to Level 2 of the fair value hierarchy.

The Group's fair value of loans granted is calculated by discounting future cash flows with reference to the interest rate observable in the market. The cash flows were discounted using a weighted average discount rate of 2,74% as at 31 March 2021 (31 December 2020 – 2,56%). The measurement of financial liabilities related to the debts is attributed to Level 2 of the fair value hierarchy.

The Company's bond issue debt (Note 9) fair value was calculated by discounting future cash flows related to the coupon payments with reference to the interest rate observable in the market and the regular future payments related to issued bonds. The cash flows were discounted using a weighted average discount rate of 2.62% as at 31 March 2021 (31 December 2020 – 2.19%). Discount rates for certain bond issues are determined as market interest rate increased by EUR interest rate swap for tenors that is similar to period left until redemption of issued bonds. The bond issue debt is attributed to Level 2 of the fair value hierarchy.

The table below presents allocation between the fair value hierarchy levels of the Company's financial instruments as at 31 March 2021:

	Note	Carrying amount	Level 1 Quoted prices in active markets	Level 2 Other directly or indirectly observable inputs	Level 3 Unobser-vable inputs	In total
Financial instruments measured at fair value through profit (loss)						
Assets						
Receivable for the sale of LitGrid AB	4	150,693	-	-	150,693	150,693
Innovation Fund Smart Energy Fund powered by Ignitis Group KŪB		7,168	-	7,168	-	7,168
Financial instruments for which fair value is disclosed						
Assets						
Bond receivables from subsidiary Energijos skirstymo operatorius AB	4	616,288	-	551,626	-	551,626
Loans granted	4	225,636	-	194,813	-	194,813
Liabilities						
Bonds issued	9	900,856	-	871,941	-	871,941

The table below presents allocation between the fair value hierarchy levels of the Company's financial instruments as at 31 December 2020 :

	Note	Carrying amount	Level 1 Quoted prices in active markets	Level 2 Other directly or indirectly observable inputs	Level 3 Unobser-vable inputs	In total
Financial instruments measured at fair value through profit (loss)						
Assets						
Receivable for the sale of LitGrid AB	4	150,693	-	-	150,693	150,693
Innovation Fund Smart Energy Fund powered by Ignitis Group KŪB		4,912	-	-	4,912	4,912
Financial instruments for which fair value is disclosed						
Assets						
Bond receivables from subsidiary Energijos skirstymo operatorius AB	4	616,288	-	614,862	-	614,862
Loans granted	4	201,704	-	198,049	-	198,049
Liabilities						
Bonds issued	9	896,088	-	894,158	-	894,158

All amounts are in EUR thousand unless otherwise stated

16 Events after the reporting period

16.1 Events related to litigation and claims

Buy-out of shares of subsidiary Energijos skirstymo Operatorius AB

On 2 April 2021 Vilnius District court approved Company's statement on the establishment and recognition of a fact of legal significance that the right of ownership of all unsold shares of its subsidiary Energijos skirstymo operatorius AB during the mandatory buyout must be transferred to the holding company and obliged the shares account managers to make records of the transfer of the rights of ownership to the Company. Shares were transferred on 15 April 2021 for the price offered during mandatory shares buy-out – 0.88 EUR per share. After the decision of the Court, the Group will acquire 100% of Energijos skirstymo operatorius AB shares.

Buy-out of shares of subsidiary Ignitis gamyba AB

On 30 April 2021 the Vilnius District Court made a decision to approve the Company's statement on the establishment and recognition of a fact of legal significance that the right of ownership of 11 113 442 out of 11 688 245 unsold shares of its subsidiary Ignitis gamyba AB (hereinafter – Ignitis Gamyba) during the mandatory buyout must be transferred to the Company and obliged the shares account managers to make records of the transfer of the rights of ownership to the Company.

It must be noted that the Court has divided the Company's statement earlier into two separate cases – a case where the stakeholders are the deceased shareholders of Ignitis Gamyba and a case where the stakeholders are all the remaining shareholders of Ignitis Gamyba. The Court decision is related only to Ignitis Gamyba shares, the owners of which were not identified as deceased.

After the decision of the Court, the Company will not acquire 100% of Ignitis Gamyba shares, the process will be continued until the Court will make a decision in respect of the remaining part of the statement.

On received court claim and adopted interim measures, termination of option agreements concluded by the key management personnel of Ignitis Group and interim measures sought to be revoked in a separate complaint

Interim measures were applied by the Court order on 3 May 2021, which, in principle, has suspended the employee stock ownership plan (note 8) as well as executive long-term incentive with share options plan until the Court decision in respect of this case takes effect.

Nine key executives of Ignitis grupė AB Group on their own initiative have terminated the concluded option agreements with the aim to implement the employee share-based payment plan successfully. The Company also submitted a standalone claim to Vilnius District Court with a request to dismiss the interim measures applied by the Court order of 3 May 2021, which, in principle, suspended the employee stock ownership plan as well as executive long-term incentive share options plan.

16.2 Other events

Establishment of subsidiary company in Finland

UAB "Ignitis" controlled by Ignitis grupė AB, on 1 April 2021 completed the adoption of all decisions required to establish a new subsidiary company in Finland, Ignitis Suomi Oy (hereinafter – Ignitis Suomi). Accordingly, on the basis of the formal decisions, Ignitis Soumi Oy was registered as at 22 April 2021.

Board has approved acquisition of a company by UAB "Ignitis renewables" to develop green energy projects in Poland

Management Board of the Company on 4 May 2021 approved the sale and purchase agreement according to which the Company's subsidiary UAB "Ignitis renewables" (hereinafter – Ignitis Renewables) intends to acquire a company registered in Poland, which, prior to this, did not conduct any activities.

The company intended to be acquired will be used to accumulate competences and other resources, which will be used to acquire and develop green energy projects in the Polish market.

Liquidation of UAB "Energetikos paslaugų ir rangos organizacija", a subsidiary of AB "Ignitis grupė"

Board of the Group decided to initiate the liquidation of UAB "Energetikos paslaugų ir rangos organizacija" (hereinafter – EnePRO) starting from 14 May 2021.

EnePRO liquidation procedure is estimated to be completed in less than six months from its initiation.

There were no other significant events after the reporting period till the issue of these financial statements.

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Further information

7.1 Material events of the parent company

During the reporting period (the first three months of 2021)

Date	Event
30 March	Preliminary financial data of Ignitis Group for 2 months of 2021
25 March	Resolutions of Ordinary General Meeting of AB "Ignitis grupė" shareholders
22 March	AB "Ignitis grupė" approved the strategic objectives and their indicators of long-term incentive plan for the period of 2021-2024
12 March	Regarding the resolutions of AB "Ignitis grupė" Supervisory Board
8 March	A selection for the position of CEO and Member of the Management Board of UAB "Ignitis", a subsidiary of AB "Ignitis grupė", has been announced
5 March	Notice on the contract concluded by the person discharging managerial responsibilities regarding AB "Ignitis grupė" financial instruments
1 March	EBITDA outlook for Pomerania Wind Farm has been released
26 February	AB Ignitis grupė will announce a tender for the provision of financial statement audit services
26 February	Preliminary financial data of Ignitis Group for 1 month of 2021
26 February	2021–2024 Strategic Plan of AB "Ignitis grupė" group of companies has been approved
26 February	Notice convening the Ordinary General Meeting of AB "Ignitis grupė" shareholders
26 February	Ignitis Group grew in all segments in 2020 leading to 10% higher adjusted EBITDA than previously forecasted
26 February	12-month interim results of Ignitis Group for 2020
25 February	AB "Ignitis gamyba" approved Kruonis Pumped Storage Hydroelectric Powerplant expansion plan
23 February	Ignitis Group to present full-year 2020 results and 2021-2024 Strategic Plan on 2 March
18 February	AB "Ignitis grupė" initiated coordination process to update remuneration policy
17 February	Regarding AB "Ignitis grupė" issue of guarantee to fulfil obligations of its owned company UAB "VVP Investment"
17 February	AB "Ignitis grupė" received the Letter of Expectations revised by the Ministry of Finance
11 February	Regarding the intent of UAB "Ignitis", managed by AB "Ignitis grupė", to establish a subsidiary company in Finland
9 February	ESO, subsidiary of AB "Ignitis grupė", established a tender ranking of the procurement of smart metering infrastructure
1 February	Regarding the AB "Ignitis grupė" intention to loan up to 293m euros to UAB "Ignitis renewables"
28 January	Correction: Preliminary financial data of Ignitis Group for 12 months of 2020
28 January	Preliminary financial data of Ignitis Group for 12 months of 2020
13 January	Correction: Decision made regarding the long-term promotion of the managers of AB "Ignitis grupė" group of companies with share options programme
8 January	Information regarding the long-term promotion programme of AB "Ignitis grupė" executives

After the reporting period

Date	Event
26 May	AB “Ignitis grupė” has retained BBB+ credit rating after annual review
21 May	On the conclusion of the guarantee service agreement of AB “Ignitis grupė”
21 May	Ownership rights of part of Ignitis Gamyba's shares have been transferred to Ignitis Group
18 May	Correction: AB “Ignitis grupė” intends to sign a guarantee with NASDAQ Clearing AB
18 May	AB “Ignitis grupė” intends to sign a guarantee with NASDAQ Clearing AB
17 May	Ignitis Group to present Q1 2021 results on 27 May
14 May	Regarding the ownership rights of part of Ignitis Gamyba's shares and transfer of money for shareholders
13 May	On termination of concluded option agreements by Ignitis Group key executives and a standalone claim requesting to dismiss interim measures
10 May	On the liquidation of UAB “Energetikos paslaugų ir rangos organizacija”, a subsidiary of AB “Ignitis grupė”
7 May	Regarding the stabilized securities
5 May	On the decision of General Court of the European Union to annul the decision of European Commission to coordinate aid scheme for renewable energy projects
4 May	Approved acquisition of a company by UAB “Ignitis renewables” to develop green energy projects in Poland
4 May	On received court claim and adopted interim measures
30 April	The Court allowed to transfer Ignitis Gamyba shares to Ignitis Grupė
29 April	Preliminary financial data of Ignitis Group for 3 months of 2021
27 April	On the information distributed via media sources regarding the incentive with stock ownership plan of key executives and employees of companies of AB “Ignitis grupė”
20 April	Enlight Research coverage on Ignitis Group
15 April	Ownership rights of all ESO shares have been transferred to Ignitis Group
14 April	After the successful proof of concept, the decision was made by ESO, a subsidiary company of AB “Ignitis grupė”, to conclude the contract with the supplier for the procurement of smart metering
2 April	The Court allowed to transfer ESO shares to Ignitis Grupė
1 April	Regarding the establishment of a subsidiary company in Finland by UAB “Ignitis”, managed by AB “Ignitis grupė”

7.2 Other statutory information

The interim report provides information to the shareholders, creditors and other stakeholders of AB „Ignitis grupė" (hereinafter AB „Ignitis grupė" or the "parent company") about the parent company's and its controlled companies, which altogether are called group of companies (hereinafter and the "Group" or "Ignitis Group") operations for the period of January-March, 2021.

The interim report has been prepared by the parent company's Administration in accordance with the Lithuanian Law on Companies, the Lithuanian Law on Consolidated Financial Reporting.

The parent company's management is responsible for the information contained in the interim report. The report and the documents, on the basis of which it was prepared, are available at the head office of the parent company (Žvejų g. 14, Vilnius), on working days from Mondays through Thursdays from 7.30 a.m. to 4.30 p.m., and on Fridays from 7.30 a.m. to 3.15 p.m. (by prior arrangement).

All public announcements, which are required to be published by the parent company according to the effective legal acts of the Republic of Lithuania, are published on our website and the websites of Nasdaq Vilnius, London and Luxembourg stock exchanges.

Significant arrangements

The parent company was not a party to any significant arrangements that would take effect, be amended or terminated in the event of changes in the parent company's control situation. There were no arrangements between the parent company and the members of its management bodies or its employees that would provide for payment of termination benefits in the event of their resignation or dismissal without a valid reason or in the event of termination of their employment t as a result of changes in the parent company's control situation.

Detrimental transactions

No detrimental transactions were concluded during the reporting period on behalf of the parent company (transactions that are not consistent with the parent company's objectives or usual market terms and conditions, infringe interests of the shareholders or other stakeholders etc.), which had or potentially may have a negative impact on the parent company's performance and/or results of operation, nor were any transactions concluded resulting in conflict of interests between the responsibilities of the parent company's management, majority shareholders or other related parties against the parent company and their own private interests and/or other responsibilities.

The main attributes of the internal control and risk management systems involved in the preparation of the consolidated financial statements

The Group's financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.
The employees of the company from which the company outsources the accounting functions, make sure that the financial statements are prepared properly, and that all data are collected in a timely and accurate manner. The preparation of the company's financial statements, internal control and financial risk management systems, legal acts governing compilation of the financial statements are monitored and managed.

Information on the auditors

On 9 March 2021, the parent company signed the agreement with Ernst & Young, UAB to provide audit services for the period of the first six months of 2021. Further information related, including the remuneration, to the previous auditors of the parent company and its subsidiaries is available in the Annual report 2020.

Significant agreements

There are no agreements concluded between the parent company and the members of the management bodies or employees that provide for compensation in case of their resignation or dismissal without a reasonable cause or in case of termination of their employment as a result of the change in control of the parent company. No significant agreements were concluded to which the parent company is a party and which would enter into force, change or terminate as a result of the changed control of the parent company, as well as their effect, except where because of the nature of the agreements their disclosure would cause significant harm to the parent company. During the reporting period, the parent company did not conclude any harmful agreements (which do not correspond to the parent company's objectives, current market conditions, violate the interests of shareholders or other groups of persons, etc.) or agreements concluded in the event of a conflict of interests between the parent company's managers, the controlling shareholders or other related parties obligations to the parent company and their private interests and / or other duties.

Notice on the language

In case of any differences between Lithuanian and English versions of the document, English version should be referred as main.

Glossary

Glossary

#	Number
%	Per cent
'000 / k	Thousand
AB	Joint stock company
B2B	Business to business
B2C	Business to consumer
BICG	Baltic Institute of Corporate Governance
bn	Billion
CCGT	Combined Cycle Gas Turbine Plant
CDP	Carbon Disclosure Project
CHP	Combined heat and power
CO_2	Carbon dioxide
COD (commercial operation date) / commissioned	The start of energy generation after the test on completion
E	Electricity
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
Electricity generated	Electricity sold in wind farms, solar power plants, biofuel plants, CHP plants, hydropower plants (including Kruonis pumped storage power plant) and electricity sold in Elektrėnai Complex
Electricity sales	Amount of electricity sold in Lithuania (B2C, B2B and guaranteed customers), Poland, Latvia and Estonia
Energijos Tiekimas	Energijos Tiekimas UAB
Enerpro	UAB Energetikos paslaugų ir rangos organizacija
eNPS	Employee Net Promoter Score
EPS	Earnings per share
ESG	Environmental, social and corporate governance
ESO	AB „ Energijos skirstymo operatorius "
etc.	et cetera
EU	European Union
Eurakras	UAB „EURAKRAS"
FBS	Fixed base salary
FTE	Full-time equivalent
Full completion	Taking over certificate obtained implying the transfer of operational responsibility of the power plant to the Group
GDP	Gross domestic product
GDR	Global depositary receipt
GHG	Greenhouse Gas
GPC	UAB „Ignitis grupės paslaugų centras"
Green electricity generated	Electricity sold in wind farms, solar power plants, biofuel plants and CHP plants and hydropower plants (including Kruonis pumped storage power plant)
Green Generation capacity installed	Wind farms, solar power plants, biofuel plants, CHP plants and hydropower plants (including Kruonis pumped storage power plant) that have completed and have passed a final test
Green share of generation,%	Green share of generation shall be calculated as follows: Green electricity generated (including Kruonis pumped storage power plant) divided by total electricity generated in the Group
GRI	Global Reporting Initiative
Group or Ignitis Group	AB „Ignitis grupė" and its controlled companies
GW	Gigawatt
Hydro power	Kaunas Algirdo Brazauskas hydroelectric power plant and Kruonis pumped storage power plant
IFRS	International Financial Reporting Standards
Ignitis	Ignitis UAB (former Lietuvos energijos tiekimas and Energijos tiekimas)
Ignitis Eesti	Ignitis Eesti OÜ
Ignitis Gamyba	AB „Ignitis gamyba"
Ignitis Latvija	Ignitis Latvija SIA
Ignitis Polska	Ignitis Polska sp. z o.o.
Ignitis Renewables	UAB „Ignitis renewables"
Installed capacity	Where all assets have been completed and have passed a final test
Investments	Acquisition of property, plant and equipment and intangible assets, acquisition of shareholdings
YoY	Year over year
IPO	Initial Public Offering
ISO	International Organization for Standardization
Kaunas CHP	UAB Kauno kogeneracinė įėgainė
Kaunas HPP	Kaunas Algirdas Brazauskas Hydroelectric Power Plant
Kruonis PSHP	Kruonis Pumped Storage Hydroelectric Plant
Lietuvos energija	„Lietuvos energija", UAB (current AB „Ignitis grupė")
Lietuvos Energijos Tiekimas	Lietuvos Energijos Tiekimas UAB
Litgas	Litgas UAB
Litgrid	Litgrid AB
LNG	Liquefied natural gas
LNGT	Liquefied natural gas terminal

LRAIC	Long-run average incremental cost
LTIP	Long-Term Incentive Programme
LTM	Last twelve months
m	Million
Mažeikiai	UAB „VVP Investment"
min	Minimum
MW	Megawatt
MWh	Megawatt hour
n/a	Not applicable
NERC	The National Energy Regulatory Council
New connection points and upgrades	Number of new customers connected to the network and capacity upgrades of the existing connection points
NPS	Net promoter score
NT Valdos	NT Valdos, UAB
OECD	Organisation for Economic Co-operation and Development
OPEX	Operating expenses
Parent company	AB „Ignitis grupė" (former „Lietuvos energija", UAB)
PBM	Payment of the activities of Board member
Pomerania	Pomerania Wind Farm sp. z o. o.
pp	Percentage point
PPE	Property, plant and equipment
PSO	Public service obligation
Public supply	Electricity supply activity performed in accordance with the procedure and terms established by legal acts by an entity holding a public supply licence
Q	Quarter
RAB	Regulated asset base

Regulated monopolistic activities	Electricity and gas distribution, electricity supply of last resort, public supply of electricity, gas supply to residents of Lithuania and designated LNG supplier service, secondary reserve (till the end of 2020).
RES	Renewable energy sources
SAIDI	Average duration of unplanned interruptions in electricity or gas transmission
SAIFI	Average number of unplanned long interruptions per customer
SBTi	Science Based Targets initiative
SDG	Sustainable Development Goal
SOE	State-owned company
Spark spread including emission allowances price	The difference between electricity wholesale market price and its cost of natural gas including emission allowances price
STI	Short-Term Incentives
Supply of last resort	Supply of electricity in order to meet electricity demand of customers who have not selected an independent supplier under the established procedure, or an independent supplier selected by them does not fulfil its obligations, terminates activities or the agreement on the purchase and sale of electricity
TCFD	Task Force on Climate-Related Financial Disclosures
TE-3	Vilnius Third Combined Heat and Power Plant
TRIR	Total Recordable Incident Rate
Tuuleenergia	„Tuuleenergia osaühing"
TWh	Terawatt-hour
UAB	Private Limited Liability Company
UN	United Nations
UNGC	United Nations Global Compact

Units	Units
Vėjo Gūsis	UAB „VĖJO GŪSIS"
Vėjo Vatas	UAB „VĖJO VATAS"
Vilnius CHP	UAB Vilniaus kogeneracinė jėgainė
Visagino atominė elektrinė	Visagino atominė elektrinė UAB
vs.	Versus
WACC	Weighted average cost of capital

Certification statement

ignitis group

Certification statement

27 May 2021

Referring to the provisions of the Article 14 of the Law on Securities of the Republic of Lithuania and the Rules of disclosure of information of the Bank of Lithuania, we, Darius Maikštėnas, Chief Executive Officer of AB "Ignitis grupė" and, Darius Kašauskas, Finance and Treasury Director of AB "Ignitis grupė", and Giedruolė Guobienė Head of Accounting department UAB "Ignitis grupės paslaugų centras" acting under Order No IS-29-21 of 1 April 2021, hereby confirm that, to the best of our knowledge, AB "Ignitis grupė" interim condensed consolidated financial statements for the three month period ended 31 March 2021 prepared according to International accounting standard 34 'Interim financial reporting' as adopted by the European Union, give a true and fair view of AB "Ignitis grupė" consolidated assets, liabilities, financial position, profit or loss for the period and cash flows, the Interim Report includes a fair review of the development and performance of the business as well as the condition of AB "Ignitis grupė" together with the description of the principle risks and uncertainties it faces.

Darius Maikštėnas
Chief Executive Officer

Darius Kašauskas
Finance and Treasury Director

Giedruolė Guobienė
UAB "Ignitis grupės paslaugų centras"
Head of Accounting Department acting under
Order No IS-29-21 of 01/04/2021

AB "Ignitis grupė"
Žvejų str. 14, LT-09310, Vilnius, Lithuania

+370 5 278 2998
grupe@ignitis.lt

www.ignitisgrupe.lt

Company code 301844044
VAT payer code LT100004278519

AB "Ignitis grupė"

14 Žvejų st., LT-09310 Vilnius, Lithuania
Company code 301844044
Tel. +370 5 278 2998
E-mail grupe@ignitis.lt
www.ignitisgrupe.lt/en/

Investor relations
Ainė Riffel-Grinkevičienė
Tel. +370 643 14925
E-mail ir@ignitis.lt

Sustainability
Valentas Neviera
Tel. +370 670 25997
E-mail sustainability@ignitis.lt

Corporate communication
Artūras Ketlerius
Tel. +370 620 76076
E-mail media@ignitis.lt

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