ignitis group

First nine months 2021

Interim report

Consolidated interim report for the nine-month period ended 30 September 2021 and the condensed consolidated and the condensed parent company's financial statements for the nine-month period ended 30 September 2021, prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting' as adopted by the European Union

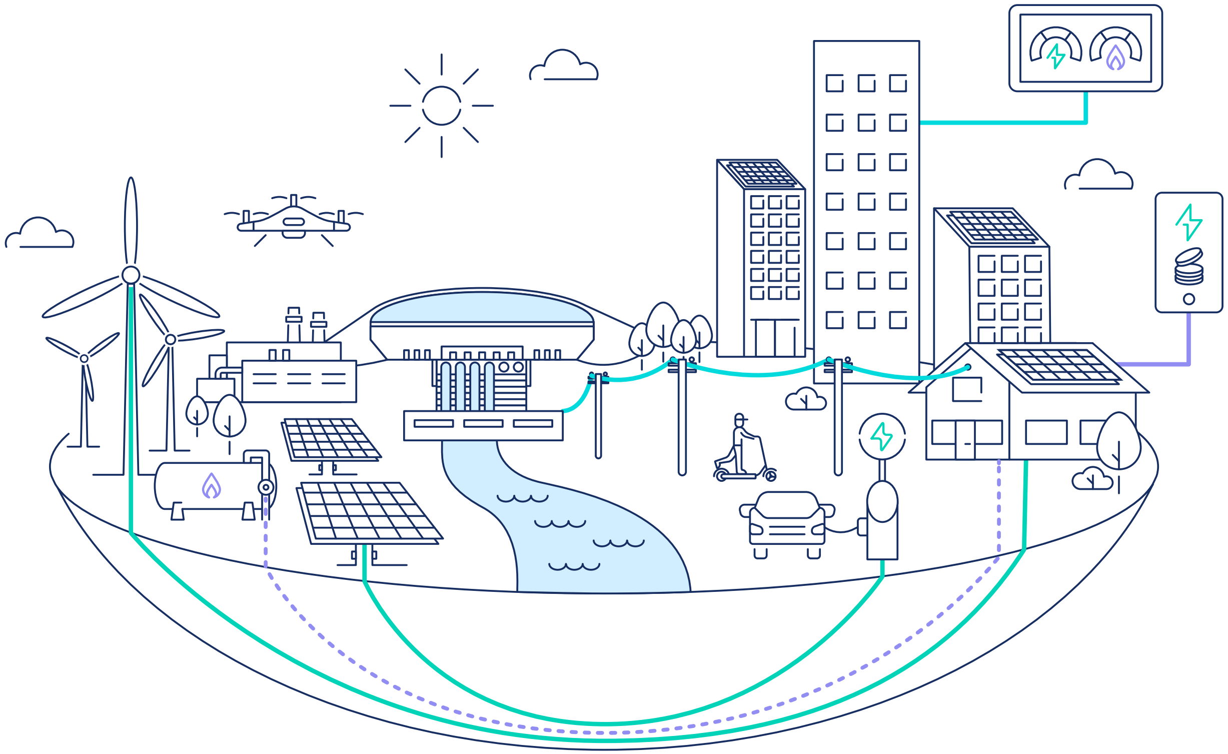
Ignitis Group – creating an energy smart world

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 natural 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.

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Overview

1.1 CEO's statement

Highlights

Financials

Adjusted EBITDA amounted to EUR 214.5 million or 31.0% increase compared to 9M 2020.

Reiterated EUR 300–310 million Adjusted EBITDA outlook for 2021.

Paid EUR 43.75 million in dividends (or EUR 0.589 dividend per share) for the first half of 2021 (in line with the Dividend Policy).

After the reporting period NERC updated Networks Methodology in essence RAB calculation method changing from LRAIC to similar to Historical cost model resulting in recalculation of Adjusted EBITDA. However, sustainable regulatory framework was maintained through the newly established additional tariff component, which offsets the change in RAB calculation method (for more in-depth information, see section 3.2 'Results by business segments').

Strategy

In 9M 2021, our Green Generation installed capacity increased by 19 MWe and 60 MWth as a result of commissioned Vilnius CHP WtE unit. In addition, our Green Generation pipeline increased further by around 160 MW due to the conditional acquisition of 3 early stage wind farm development projects in Latvia.

After the reporting period, our Green Generation pipeline increased by up to 80 MW as a result of a conditional acquisition of solar development projects in Poland.

On the Networks side, we concluded an agreement with the supplier who will be responsible for implementing the smart metering infrastructure and set a framework to comply with all high market standards, including cybersecurity, which resulted in the rescheduling of the project's end date to 2025 (from 2023).

In July 2021, we received ESG risk rating upgrade from MSCI from 'A' to 'AA' (on a scale of 'CCC–AAA'). Now it places the Group among the industry leaders and significantly above the utility group average of 'BBB'. Additionally, after the reporting period our GHG emission reduction targets across all scopes have been validated by SBTi.

Governance

In October 2021, a new Supervisory Board was elected by a General Meeting of Shareholders for a four-year term. The majority of the newly elected Supervisory Board members are independent, including the Chair. In terms of diversity, 4 out of 7 of them are women, 3 members worked in the previous term of Supervisory Board office, thus ensuring continuity, and 5 out of 7 members are international. Additionally, Supervisory Board committees were formed and the remaining candidates were submitted to General Meeting of Shareholders for the election to the Audit Committee.

Additionally, the selection process for a new term of the Management Board has been initiated.

Green Generation in the spotlight

Our 9M 2021 performance continues to be a testament to the Group's resilient business model, as our Adjusted EBITDA grew by 31.0% versus 9M 2020, even during the most turbulent of times, allowing us to reiterate our 2021 Adjusted EBITDA guidance of EUR 300–310 million. While all segments contributed to the overall performance of the Group, favourable market conditions and Green Generation capacity additions of Kaunas (24 MWe, 70 MWth) and Vilnius (19 MWe, 60 MWth) CHPs remained the key drivers. In Q4 2021, our installed capacity will further increase by 94 MW as a result of Pomerania WF starting commercial operations.

Performance

9M 2021 Adjusted EBITDA increased by 31.0% compared to the same period last year, reaching EUR 214.5 million. Adjusted EBITDA grew in all business segments, and Green Generation installed capacity expansion was its main driver, given the higher electricity generation due to launch of Kaunas CHP (24 MWe, 70 MWth) and Vilnius CHP WtE unit (19 MWe, 60 MWth) as well as better results from Kaunas HPP mostly due to higher electricity market price. Further on, Customers & Solutions also grew due to temporary positive effect on natural gas performance as a result of natural gas inventory revaluation due to increasing natural gas prices in the market, which is likely to switch direction if natural gas prices normalize. Finally, higher distributed volumes effect in the Networks segment, driven by higher consumption compared to 2020, was also a supporting factor, adding to the Group's Adjusted EBITDA (after recalculated numbers for 9M 2020 due to Networks Methodology update). Worth noting, the elevated distributed volumes effect will level off over the course of this year.

On 25 March, the General Meeting of Shareholders approved a dividend of EUR 43.00 million (or EUR 0.579 dividend per share) for the second half of 2020, which was distributed in April 2021. Further on, the Extraordinary General Meeting of Shareholders approved the dividend of EUR 43.75 million in dividends (or EUR 0.589 dividend per share) for the first half of 2021. The dividend was distributed in October 2021. With that, we maintained the dividend level in line with our Dividend Policy, which sets out an annual dividend increase of at least 3%.

Further to around 160 MW Green Generation pipeline additions after entering Latvian renewables market in Q3 2021, our Green Generation pipeline increased by up to 80 MW in Q4 2021 as a result of a conditional acquisition of solar development projects in Poland.

A healthy balance sheet has also been an important focus for us. Respectively, S&P Global Ratings affirmed 'BBB+' (stable outlook) rating after the annual credit rating review, which confirms solid and resilient financial position of the Group.

Following favourable 9M 2021 results in all business segments, we reiterate our full-year Adjusted EBITDA guidance of EUR 300–310 million published in our Annual report 2020.

After the reporting period there have been a few changes resulting both in our KPIs recalculation and decrease in uncertainty. Firstly, NERC updated Networks Methodology in essence RAB calculation method changing from LRAIC to similar to Historical cost model resulting in recalculation of Adjusted EBITDA. However, sustainable regulatory framework was maintained through the newly established additional tariff component, which offsets the change in RAB calculation method. As a result, our outlook, dividend policy and investment plans remain unchanged (for more in-depth information, see section 3.2 'Results by business segments'). Additionally, the Government of the Republic of Lithuania confirmed mandatory supply volume for the LNG terminal amounting to 4 cargoes per year for 2022-2024, which aligns with the annual mandatory supply volume set out in the agreement with Equinor ASA thus reducing the uncertainty of designated supply activities (Customers & Solutions).

Capital markets

In 9M 2021, we initiated commission-based research by Enlight Research. The reports about the Group contain insights on the Group's results, market environment, detailed estimates and valuation, and is available for all market participants. Additionally, we continued to grow our sell-side analyst roster, as WOOD & Company initiated coverage of the Group, confirming a 'Buy' rating as well. Currently, we are covered by 7 research analysts, which signifies growing market's interest in the Group and confirms our standing in the capital markets.

Corporate governance

There were significant changes on the Group's corporate governance front. First, in Q3 2021, the term of the former Supervisory Board has ended. As a result, after the reporting period, on 26 October 2021, new members of the Supervisory Board were elected by the General Meeting of Shareholders for a four-year term. The majority of the newly elected Supervisory Board members are independent, including the Chair. In terms of diversity, 4 out of 7 of them are women, 3 members worked in the previous term of Supervisory Board office, thus ensuring continuity, and 5 out of 7 members are international. Further on, the Supervisory Board committees were formed, and the remaining candidates were submitted to the General Meeting of Shareholders for the election to the Audit Committee. Finally, after the reporting period, the selection process for a new term of the Management Board has been initiated.

Strategy delivery

Green Generation installed capacity expansion and pipeline development remain for us the key areas of focus as we progress towards our 2021 and 2024 goals while during 2021 increasing both.

In 9M 2021, we grew our Green Generation installed capacity by launching Vilnius CHP's WtE unit (19 MWe, 60 MWth) at the end of March 2021.

Additionally, in Q3 2021 we entered the Latvian renewables market by signing a conditional agreement for an acquisition of 3 early stage wind farm development projects of a total capacity around 160 MW. The preliminary investments amount to EUR 200 million and its project acquisition price does not exceed 10%.

After reporting period we further expanded our Green Generation portfolio in Poland by adding up to 80 MW as a result of a conditional acquisition of solar development (Polish solar portfolio II) projects.

In Polish solar portfolio II (up to 80 MW), projects are under various development stages with expected COD around 2022-2023. When completed, the projects will operate under a CfD support scheme awarded by Polish regulator or long-term PPA. It's estimated total investments amount to around EUR 50 million.

All projects, including the construction of Vilnius CHP's biomass unit (73 MWe, 169 MWth) with 75% of works now being finished and expected COD Q4 2022, Mažeikiai WF (63 MW) for which constructions were launched earlier this year with expected start of commercial activities around 2023, both offshore projects in Scotland (800-950 MW) and Lithuania (700 MW) and lastly expansion of Kruonis PSHP (900 MW) by one additional unit of 110 MW, are on track and implemented within budget with exceptions for Pomerania WF (94MW) and Polish solar portfolio I (up to 170MW).

In Pomerania WF, due to COVID-19 and other typical development project risks, we experiencing around 8-month COD delay (from Q1 2021). Currently it generates electricity on a merchant basis as we are still awaiting regulator processing (mostly COVID-19 issues related delay) its applications for generating licence and CfD. Despite that, worth noting, this delay is relatively minor, considering the challenging environment we have been operating in over the last year. Over the estimated 30 years of the asset's lifetime, we expect it to generate around EUR 440 million of Adjusted EBITDA.

In Polish solar portfolio I we continue agreement renegotiations with the developer (Sun Investment Group) due to no projects being awarded CfD tariff in the last two auctions. If no agreement will be reached the closing transaction risk may materialize.

Despite these discrepancies, with continuation of pipeline additions we remain confident of reaching Green Generation capacity of 1.8–2.0 GW by 2024. Consistently with the Group's strategy, we initiated consolidation of the Group's renewable energy assets. This will allow us to ensure a more competitive, flexible and effective implementation of Green Generation projects, strengthen the financial capacity of Ignitis Renewables, as well as grow and broaden the competences of the area.

Turning to the Networks segment, in 9M 2021 we concluded an agreement with an infrastructure supplier for approximately 1.2 million of smart meters. After setting a framework to implement the roll-out in the most efficient way in order to comply with all high level requirements (including cybersecurity), the project was rescheduled, pushing the end date to 2025 (from 2023). On the other hand, we continued the Networks expansion by connecting new customers and installing upgrades as well as maintained the grid mostly by replacing the overhead lines with underground cables.

Sustainability

With sustainability being at the forefront of Group's strategy and activities, we place a great emphasis on environmental, social and corporate governance factors in navigating the energy transition and working towards an energy smart world.

In Q1 2021, we presented our GRI-aligned comprehensive Sustainability Report for 2020, thereby joining the ranks of leading companies who use this globally recognised sustainability reporting standard. We continue to refine our disclosures to provide a wide set of stakeholders a clear view of our performance and progress.

Speaking of our commitment to stakeholders, in 9M we completed a comprehensive stakeholder engagement exercise across the Group involving over 40 different stakeholder groups and nearly 3,000 respondents. We are working with the gathered feedback in order to shape our sustainability priorities for 2022 and beyond, and expect to share the results of the materiality assessment later this year.

In Q3 2021, we submitted for the first time the CDP climate change questionnaire, which will serve as an additional comprehensive disclosure of our environmental performance as well as the alignment of our strategy and risk management with climate-related issues.

As a result of our efforts to move towards ESG excellence, we are now ranked as a leader among global industry peers rated by

MSCI, with an ESG rating of 'AA' (on a scale of 'CCC–AAA'), which was upgraded from 'A' in July 2021. This upgrade, placing us two notches above the utility sector average ('BBB') is in large part due to the recognition of the Group's continuous commitment to reducing carbon dioxide emissions to combat climate change, expanding renewable energy portfolio, and strengthening key social and governance practices.

Additionally, we are pleased to share that after the reporting period, the Group received the highest rating for its contribution to the implementation of the principles of equal opportunities within the organisation – it was awarded with three Equal Opportunities Wings. This is the highest achievement awarded by the Office of the Equal Opportunities Ombudsperson and the Human Rights Monitoring Institute in Lithuania.

Finally, the Group became the first Lithuanian capital company to validate GHG emission reduction targets to be in line with climate science. The Science-based Targets initiative (SBTi) validated the targets' alignment with the pathway that limits global warming to 1.5 °C by mid-century. Furthermore, for the third year in a row the Parent Company received the highest possible A+ rating and was recognised as a leader in the category of large SOEs as well as a frontrunner in sustainability in Good Corporate Governance Index.

Looking ahead

Thus far, 9M 2021 results give us confidence to end the year as per our initial guidance. Despite a challenging environment due to COVID-19 as well as energy market dynamics, we showcased resilience and will continue to do so. With an expanded Green Generation project pipeline and a sustainable regulatory framework maintained, we continue to be confident with our full-year targets for 2021 and 2024.

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

1.2 Business highlights

Q1

February

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

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

Capital markets:
Received an award from Nasdaq Baltic Awards 2021 for implementing the largest ever IPO in the Baltic States in October 2020.

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

Strategy:
Published the 2021–2024 Strategic Plan.

March

Innovation
Increased investments into the Israel-based company H2Pro developing green hydrogen production technology.

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

Sustainability:
Sustainable Brand Index™ ranked Ignitis brand first in the energy category and fifteenth in the general ranking.

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

Governance:
Updated Remuneration Policy.

Green Generation:
Vilnius CHP, WtE unit (19 MWe, 60 MWth) started its commercial activities.

Green Generation:
Court case on the permits of 2 (out of 6) operational wind turbines in Tuuleenergia WF in Estonia has been cleared with no further possibility of claims.

Q2

April

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

Governance:
Ownership rights of all ESO (Networks) shares have been transferred to the parent company.

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

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 the parent company.

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

Networks:
Concluded an agreement with infrastructure supplier for approximately 1.2 million of smart meters.

June

Governance:
Dominykas Tučkus, parent company's Management Board member and Business Development and Infrastructure Director, resigned.

Green Generation: Initiated consolidation of the Group's renewable energy assets, except Kaunas HPP and Kruonis PSHP.

Governance:
The Majority Shareholder initiated a selection process for independent members of the Supervisory Board of the parent company.

Customers & Solutions: Artūras Bortkevičius appointed as the CEO and Chair of the Management Board of Ignitis.

Finance:
The parent company's shares added to OMX Baltic 10 Index, measuring the performance of the most traded securities listed on the Nasdaq Baltic Exchanges.

Finance:
Published investor letter related to Green Bonds for the year 2020.

Q3

July

Sustainability:
Received ESG risk rating upgrade from MSCI from 'A' to 'AA' (on a scale of 'CCC'–'AAA').

Governance:
Amended the Corporate Governance Guidelines in order for members of the Audit Committee to be selected by the decision of the General Meeting of the parent company's shareholders and announced the selection process for 3 (out of 5) independent members of the Audit Committee. The remaining 2 members will be elected by the parent company's Supervisory Board.

Governance:
he General Meeting of Shareholders of the parent company adopted a resolution for the parent company to acquire its own shares (in relation to the stabilized securities after the IPO) and updated the Articles of Association.

August

Networks:
WACC for 2022 confirmed at the level of 4.16% for electricity and 3.98% for natural gas businesses.

Green Generation:
A conditional agreement for an acquisition of 3 wind farm projects in an early stage of development in Latvia with total capacity of 160 MW signed.

Customers & Solutions:
Implemented changes driven by costs reduction by agreeing with the updated terms and conditions of the contract with Equinor on LNG cargoes supply, which will save ~EUR 14–17 million for Lithuanian natural gas consumers during 2022–2024. This amendment is not expected to result in higher earnings for the company but significantly mitigates the risk of losses communicated previously in relation to the potential regulatory changes.

Networks:
In order to comply with all high-level requirements (including cybersecurity), the smart meter roll-out project was rescheduled, pushing the end date to 2025 (from 2023).

September

Governance:
Ownership rights of all Ignitis Gamyba (Flexible Generation) shares have been transferred to the Group.

Finance:
Paid out a dividend of EUR 0.589 per share for the first half of 2021.

Governance:
Elected three new members of the Audit Committee for the new term.

Customers & Solutions:
Due to precedented changes in energy commodity prices, the Parliament of the Republic of Lithuania adopted amendments to the Laws on Electricity of the Republic of Lithuania and the Law on Natural Gas of the Republic of Lithuania (B2C related), postponing the 2nd stage of market deregulation by 6 months (from January to July 2022) as well as approved scheme for the Group to amortize the increase in electricity and natural gas prices.

Q4

After the reporting period

October

Networks:
NERC (regulator) updated Netwoks Methodology, in essence RAB calculation method changing from LRAIC to similar to Historical cost model (for more in-depth information, see section 3.2 'Results by business segments').

Governance:
Elected a new Supervisory Board of Ignitis Group comprising seven members – five independent members, including the Chair, and two representatives of the Majority Shareholder. In terms of diversity, 4 out of 7 of them are women, 3 members worked in the previous term of Supervisory Board office, thus ensuring continuity, and 5 out of 7 members are international.

November

Governance:
Elected new Supervisory Board committees and two candidates from the Supervisory Board submitted for the election to the Audit Committee.

Customers & Solutions:
Due to precedented changes in energy commodity prices, the Parliament of the Republic of Lithuania adopted amendments to the Laws on Electricity of the Republic of Lithuania and the Law on Natural Gas of the Republic of Lithuania (B2C related), postponing the 2nd stage of market deregulation by 6 months (from January to July 2022) as well as approved scheme for the Group to amortize the increase in electricity and natural gas prices.

Green Generation:
A conditional agreement for an acquisition of solar portfolio under development in Poland with total capacity of up to 80 MW signed.

Customers & Solutions:
The Government of the Republic of Lithuania confirmed mandatory supply volume for the LNG terminal amounting to 4 cargoes per year for 2022-2024 reducing the uncertainty of designated supply activities.

Governance:
For the third year in a row the parent company received the highest possible 'A+' rating and was recognised as a leader in the category of large SOEs as well as a frontrunner in sustainability in the Good Corporate Governance Index.

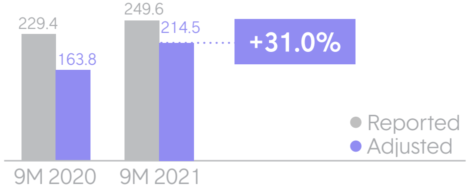
Sustainability:
Our GHG emission reduction targets across all scopes were validated by the SBTi.

Governance:
Supervisory Board initiated the selection process for the new Management Board.

1.3 Performance highlights

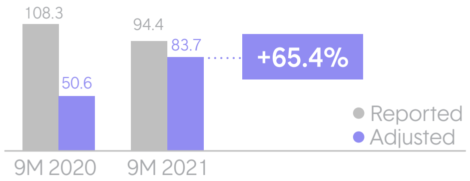
Financial[1,2]

EBITDA, Adjusted EBITDA APM
EURm



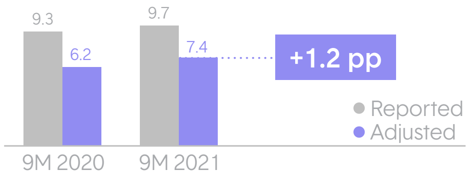
Adjusted EBITDA increased in all segments, but mostly in Green Generation. An increase in Green Generation was driven by Kaunas CHP, Vilnius CHP WtE unit (due to launches), and Kaunas HPP (due to higher electricity prices), Customers & Solutions increased due to favourable changes in natural gas market prices and Networks due to higher distributed volumes' effect, which will level off during the year.

Net profit, Adjusted net profit APM
EURm



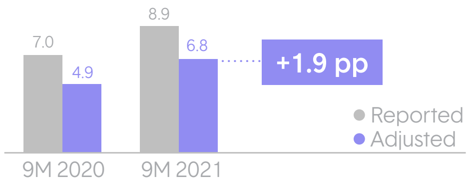
Adjusted net profit increase was driven by growth in Adjusted EBITDA, which was partly offset by higher income tax and depreciation and amortisation expenses. Reported Net profit decreased mostly due to lower temporary regulatory differences and one-off financial activity adjustments.

ROE LTM, Adjusted ROE LTM APM
%



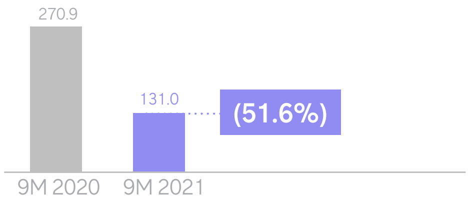
Adjusted ROE LTM increased to 7.4%. An effect of increased Adjusted net profit LTM was partly offset by increase of capital during the IPO in Q4 2020.

ROCE LTM, Adjusted ROCE LTM APM
%



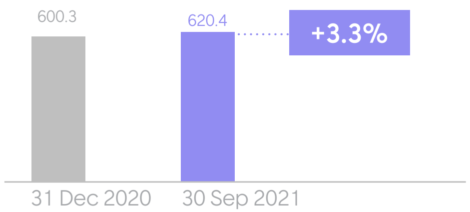
Adjusted ROCE LTM increased to 6.8% mostly due to increased Adjusted EBIT LTM, which was mostly influenced by the same effects as Adjusted EBITDA.

Investments APM
EURm



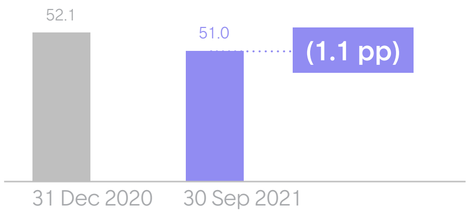
Investments decreased mainly due to lower investments in Vilnius CHP due to launch of WtE unit and rescheduled investment timeline of Biomass unit, Kaunas CHP as it was launched in August 2020, Pomerania WF as it is approaching COD. The decrease was partly offset by higher investments in the Networks segment.

Net debt APM
EURm



Net debt increased by 3.3% mainly due to higher need for working capital as increase of natural gas prices resulted increased natural gas inventory, prepayments for natural gas purchases and investment projects.

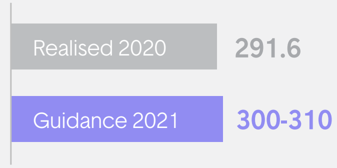
FFO LTM/Net debt APM
%



FFO LTM/Net debt decreased from 52.1% to 51.0%, as Net debt increased more than FFO.

Outlook for 2021

Adjusted EBITDA APM
EURm

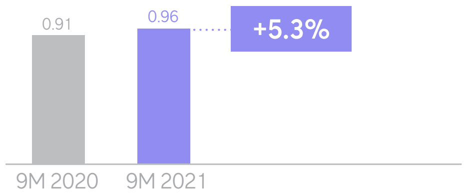


In the outlook announced with Annual report 2020, we expected adjusted EBITDA to be in the range of EUR 300–310 million for 2021. Following solid performance during 9M 2021, we reiterate our full-year guidance. The negative effect of changes in Networks Methodology update is offset by better than expected results of electricity generating assets portfolio in Green Generation and Flexible Generation segments as well as better results in Customers & Solutions segment.

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 the Group's website (link).
[1] In case of a change of calculation of APM in 9M 2021, measures of 9M 2020 were recalculated as to calculation of 9M 2021. Calculations of Net working capital and FCF were changed from Q1 2021. [2] Due to Networks Methodology update, all adjusted financial indicators were recalculated retrospectively for the year 2020 (for more information, see 'Results by business segment' section 'Networks Methodology update'). 9M 2020 Adjusted EBITDA decreased by EUR 35.2 million. [3] Due to Networks Methodology update, all adjusted financial indicators were recalculated retrospectively for the year 2020 (for more information, see 'Results by business segment' section 'Networks Methodology update'). 2020 Adjusted EBITDA approximately could decrease by EUR 48 million.

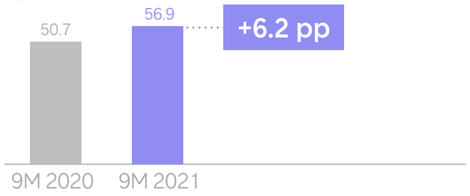
Environment

Green electricity generated (net)
TWh



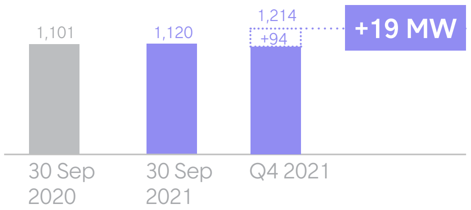
Increase in green electricity generated (net) by 5.3% was mainly driven by higher generation at Kaunas CHP and Vilnius CHP WtE unit (which commenced commercial operations in August 2020 and March 2021 respectively) as well as increased generation at Kaunas HPP due to higher levels of water in the Nemunas river. This was partly offset by lower generation from wind (due to lower wind speed) and in Kruonis PSHP (due to less favorable market conditions).

Green share of generation
%



Green share of generation increased by 6.2 pp as a result of slightly higher green electricity generated (net) and a decrease of electricity generated from CCGT (Flexible Generation).

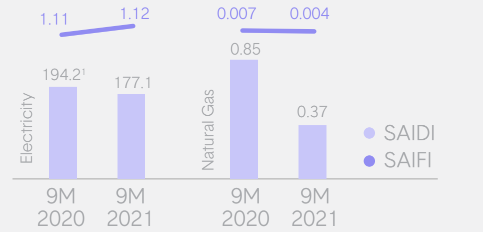
Green Generation installed capacity
MW



Installed Green Generation capacity increased by 19 MW since Vilnius CHP's WtE unit (March 2021) commenced commercial operations. In Q4 2021, our installed capacity will further increase by 94 MW as a result of Pomerania WF starting commercial operations.

Operational efficiency

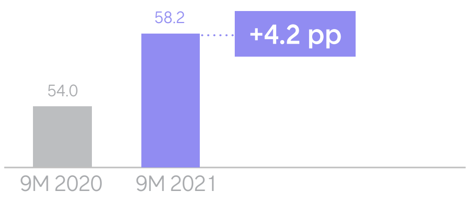
Network quality
SAIDI, min/ SAIFI, units



Electricity quality indicators during 9M 2021 were affected by the extreme conditions caused by wet snow cover (end of January 2021), local storms (during May-June 2021) and gusty wind (in July 2021), but not so strongly as storm Laura in Q1 2020. Natural gas supply quality improved as there was not significant number of disconnections during Q3 2021.

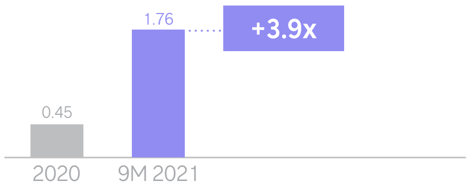
Social

Employee satisfaction
eNPS, % (1-100)



During 9M 2021 employee satisfaction improved which is indicated by an increase in eNPS of 4.2 pp to 58.2%.

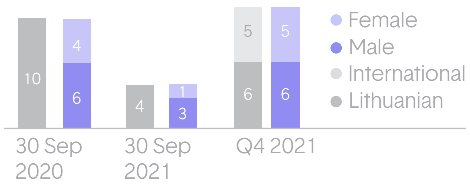
Safety
TRIR, times



During 9M 2021, total recordable employee injury rate (TRIR) equated to 1.76 incidents for million hours worked and worsened by 3.9 times compared to 2020, which was an outlier largely as a result of the mobility restrictions imposed by the COVID-19 pandemic.

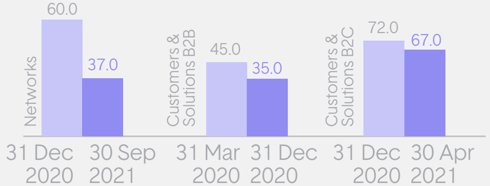
Governance

Supervisory and Management Boards
Nationality and gender diversity



As of 30 September 2021, Management Board contained one woman and three men. Previously formed Supervisory Board ended on 31 August 2021 and new one was elected after the reporting period in October 2021. New Supervisory Board contains 4 women and 5 international members, which results in improvement of diversity in the main governing bodies, having 45% female and 45% international members.

Customer experience
NPS, %



In Q2 2021, NPS decreased by 23.0 pp in Networks segment compared with the end of previous year. It was mainly under the influence of higher number of disruptions (due to unfavorable weather conditions), higher prices of new connections and electricity market deregulation. In Q3 relationship NPS in Networks segment was not performed. Relationship NPS' in Customers & Solutions segment are being measured only two times a year for B2C and one time for B2B segment.

[1] In 9M 2020 Electricity SAIDI actual results were corrected (previously 195.5) due to the updated meteorological data about storm Laura.

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. Following solid performance during 9M 2021, we reiterate our full-year guidance at the same level as well as our directional Adjusted EBITDA guidance for business segments.

The negative effect of changes in Networks Methodology update is offset by better than expected results of electricity generating assets portfolio in Green Generation and Flexible Generation segments mainly due to higher electricity market prices as well as better than expected results in Customers & Solutions segment due to temporary positive impact of natural gas inventory revaluation driven by increasing natural gas prices.

Adjusted EBITDA outlook for 2021[2]
EURm

	Realised 2020 (restated)[1]	Guidance 26 February 2021	Guidance 27 May 2021	Guidance 31 Aug 2021	Guidance 30 Nov 2021
Adjusted EBITDA APM	**291.6**	**300-310**	**300-310**	**300-310**	**300-310**
Networks	199.0	Higher	Higher	Higher	Higher
Green Generation	50.7	Higher	Higher	Higher	Higher
Flexible Generation	31.8	Lower	Lower	Lower	Lower
Customers & Solutions	11.0	Higher	Higher	Higher	Higher
Other	(0.9)	Lower	Lower	Lower	Lower

[1] Due to Networks Methodology update, all adjusted financial indicators were recalculated retrospectively for the year 2020 (for more information, see 'Results by business segment' section 'Networks Methodology update'). 2020 Adjusted EBITDA approximately could decrease by EUR 48 million.
[2] 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'.

Contents »

1.5 Shareholder and bondholder information

Overview

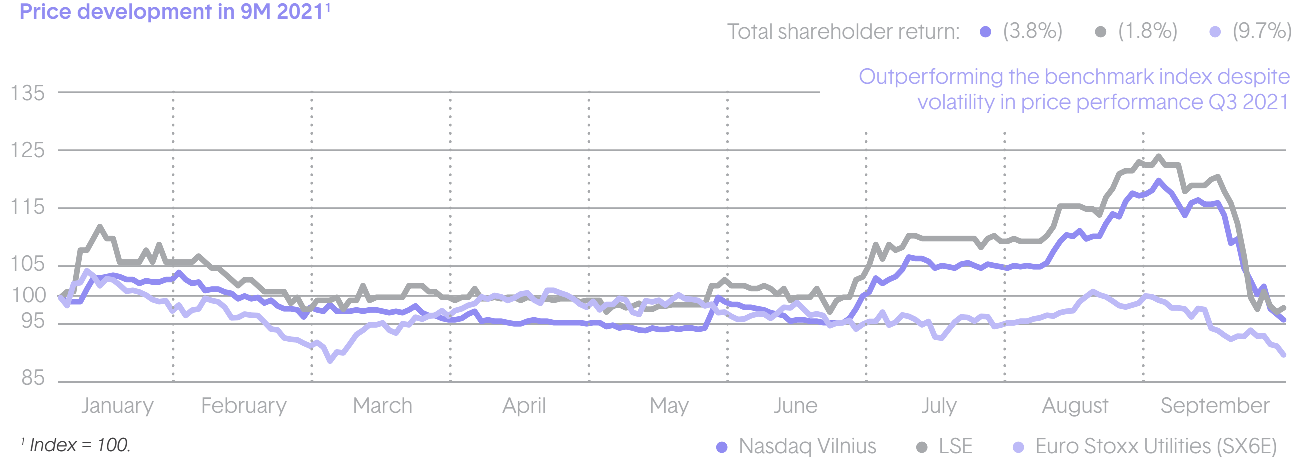
We remained the most liquid publicly traded company in Nasdaq Vilnius. In 9M 2021, our total turnover of EUR 201.4 million was considerably larger than the rest of Nasdaq Vilnius (EUR 173.6 million) turnover. In comparison, 9M 2020 Nasdaq Vilnius turnover was EUR 116.0 million, resulting in a 156.0% growth in 9M 2021, largely driven by the Ignitis Group IPO.

Currently, the Group is covered by 7 research analysts. In 9M 2021, two new research analysts initiated coverage. Specifically, in April 2021 we initiated a commission-based research by Enlight Research to provide access to high quality analysis of the Group to all investors at no cost. Further on, in July 2021, WOOD & Company initiated coverage of the Group confirming a 'Buy' rating. All analysts' recommendations are available on our website.

In Q3 2021, 3 analysts downgraded their recommendations as a result of NERC updating Networks Methodology in essence RAB calculation method changing from LRAIC to similar to Historical cost model resulting in recalculation of Adjusted EBITDA (for more in-depth information, see section 3.2 'Results by business segments'). In fact, the dip in the share price in September 2021 corresponds with the release regarding the preliminary assessment of effects.

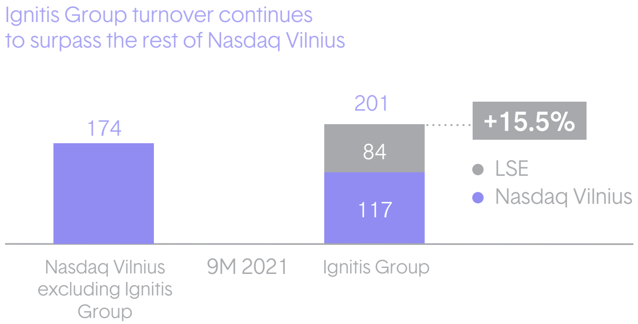
Since, as a result of maintained sustainable regulatory framework, select sell-side analysts upgraded their recommendations (from 'Sell' to 'Buy') and price targets.

Price development in 9M 2021[1]

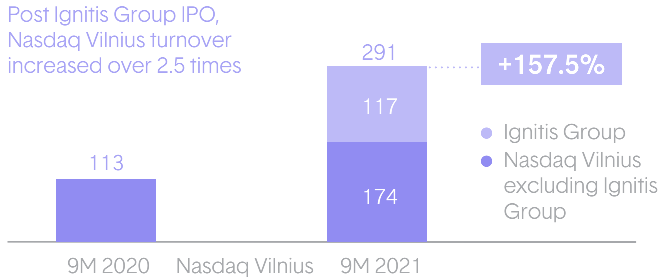


[1] Index = 100.

Turnover in 9M 2021

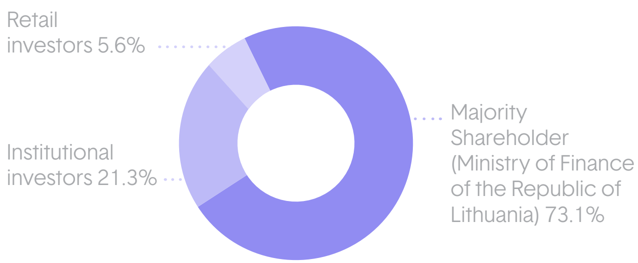


Nasdaq Vilnius turnover change



Shareholder structure

At the end of the reporting period, 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. Additionally, in Q3 2021, the Extraordinary General Meeting of Shareholders approved a dividend of EUR 43.75 million (or dividend per share of EUR 0.589) to be paid for the first half of 2021.

Further on, in 29 July 2021, the Extraordinary General Meeting of Shareholders approved the acquisition of the Group's shares (1,243,243 units) within 18 months starting from the date of adoption of the resolution. More information regarding general meetings of shareholders is available in the 'Governance' section of this report and on our website.

Credit rating

On 26 May 2021, after the annual review, a 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.

Share trading information in 9M 2021

	Nasdaq Vilnius	LSE	Combined
Period high[1], EUR	25.4	24.8	25.4
Period low[1], EUR	20.0	19.5	19.5
Period VWAP[2], EUR	21.3	20.4	20.5
Period end[1], EUR	20.4	19.7	-
Average daily turnover, EURm	0.6	0.5	1.1
Market capitalisation, period end, EURbn		1.5	

Share information

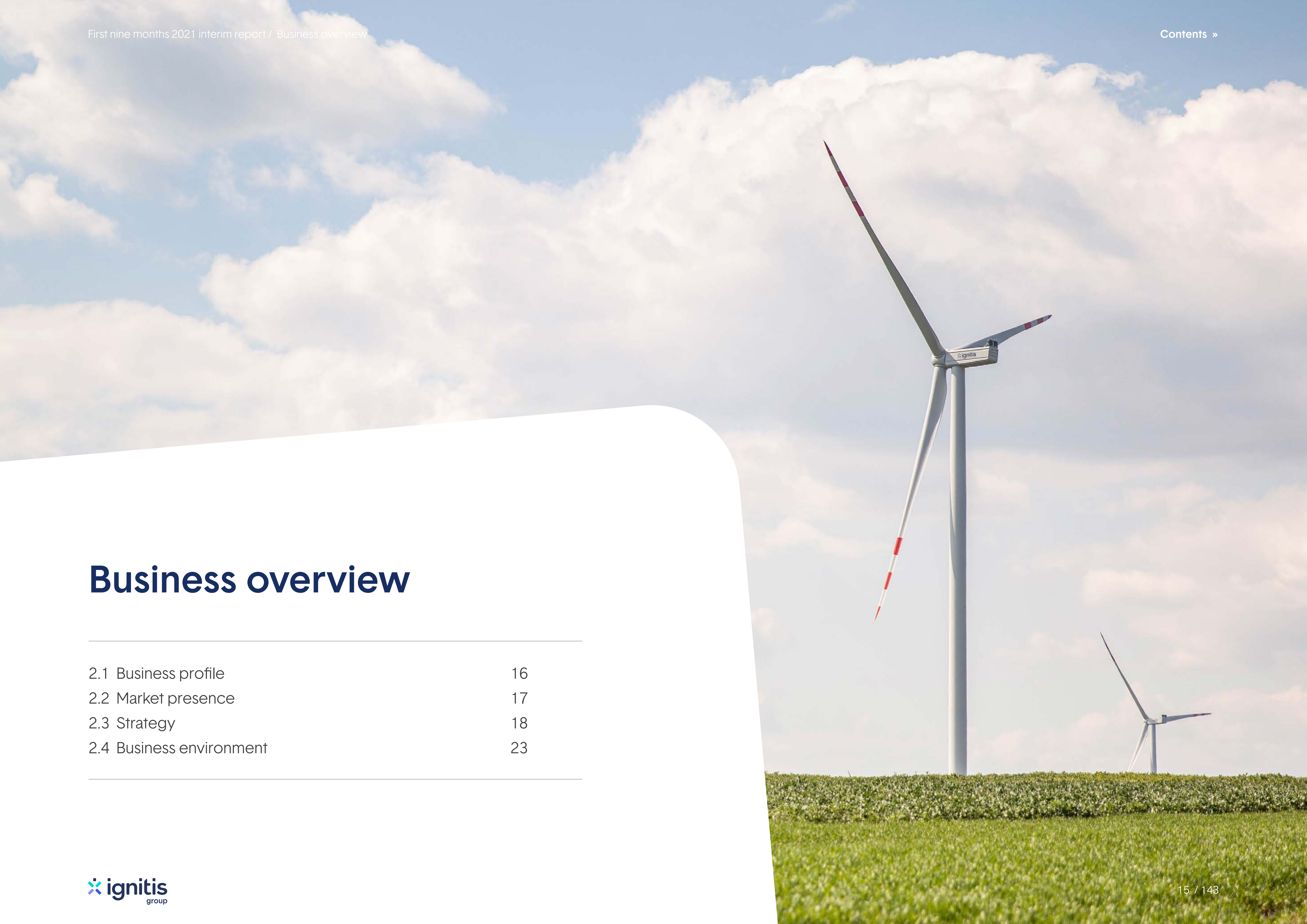
Type	Shares	GDRs	-
ISIN-code	LT0000115768	Reg S: US66981G2075; Rule 144A:US66981G1085	-
Ticker	IGN1L	IGN	-
Nominal value, EUR		22.33 per share	
Number of shares (share classes)		74,283,757 (one share class)	
Free float, shares (%)		20,000,000 (26.92%)	

[1] *As of closing trading market price.*
[2] *Weighted average volume price.*

Financial calendar 2021

30 December	Preliminary financial results for 11 months of 2021

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



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 natural 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[1]

	Size	Volume
Electricity	126,607 km[2]	7.60 TWh
Natural gas	9,796 km	5.76 TWh

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.

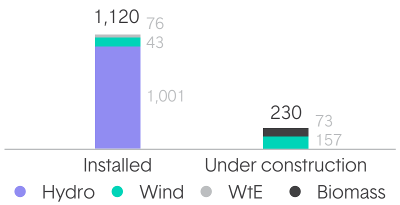
Revenue model

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[1]



0.96 TWh

Electricity generated (net)

Complementary businesses

Flexible Generation

Reliable and flexible power system.

Activities

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

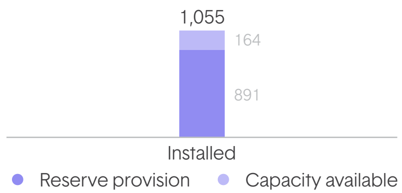
Revenue model

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[1]



0.73 TWh

Electricity generated (net)

Customers & Solutions

Innovative solutions for easier life and energy evolution.

Activities

Supply of electricity and natural 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 natural gas retail sales, TWh[1]

	B2C	B2B
Electricity Total retail sales 4.87 TWh	2.11 TWh	2.75 TWh
Natural gas Total retail sales 6.16 TWh	1.84 TWh	4.32 TWh

11.02 TWh

Retail sales

[1] Information reflects data during the reporting period (9M 2021).
[2] Whereof 67% overhead lines and 33% underground lines.

2.2 Market presence

Regional leader exploring opportunities in the markets undergoing energy transition paths

LITHUANIA

Networks
- Country-wide electricity and natural 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's WtE unit (19 MWe, 60 MWth)
- Biomass boiler in Elektrėnai (40 MWth)

UNDER CONSTRUCTION
- Vilnius CHP's biomass unit (73 MWe, 169 MWth)
- Mažeikiai WF (63 MW)

PREPARATORY WORKS
- Lithuanian offshore WF I (700 MW)
- Kruonis PSHP (110 MW)

Flexible Generation

OPERATIONAL
- Two natural 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 natural gas, solar, e-mobility, ESCO services etc.

FINLAND

Customers & Solutions
- B2B supply of natural gas

ESTONIA

Green Generation:

OPERATIONAL
- Onshore wind farm (18 MW)

Customers & Solutions
- B2B supply of electricity

LATVIA

Green Generation

UNDER DEVELOPMENT
- Latvian onshore WF portfolio I (around 160 MW)

Customers & Solutions
- B2B supply of electricity and natural gas

POLAND

Green Generation

APPROACHING COD
- Pomerania WF (94 MW)

UNDER DEVELOPMENT
- Polish solar portfolio I (up to 170 MW)
- Polish solar portfolio II (up to 80 MW)

Customers & Solutions
- B2B supply of electricity

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.

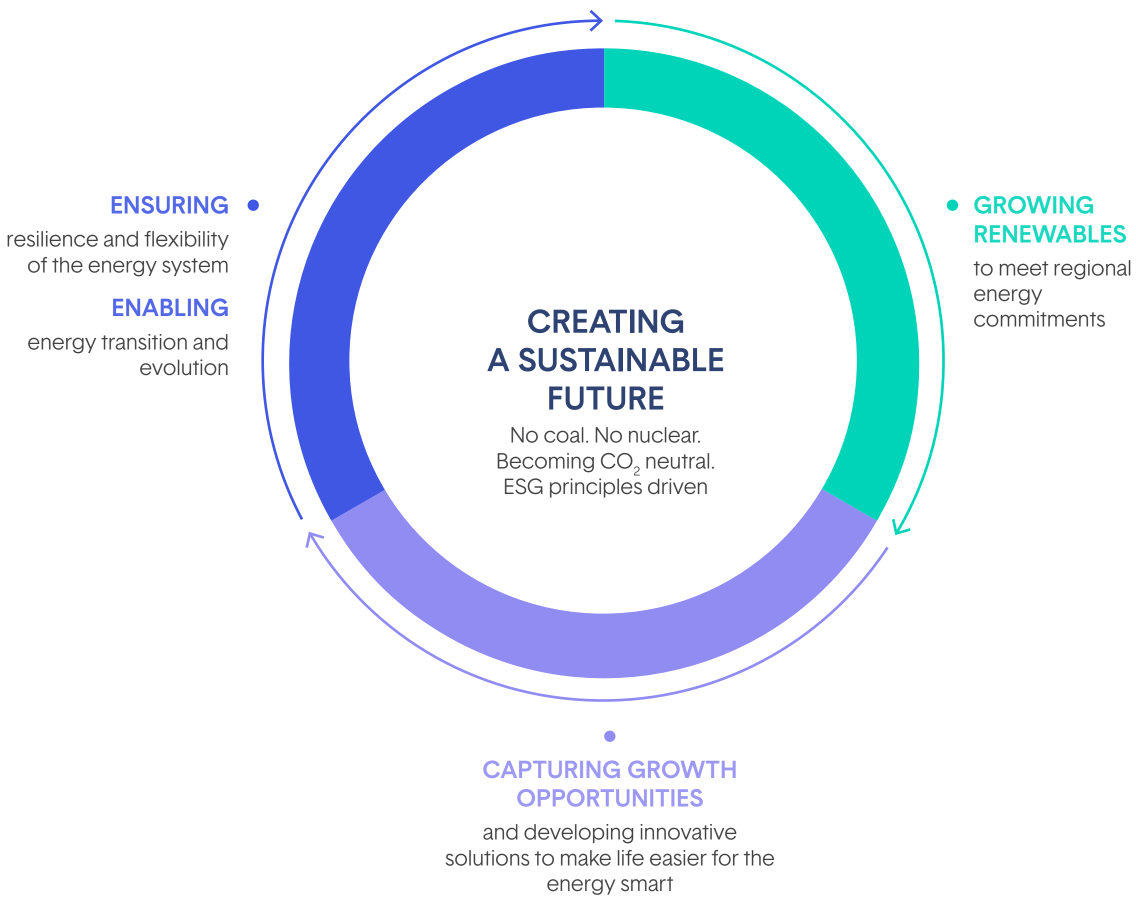
We pursue our strategic priorities with a strong focus on financial discipline. Our engaged people, agile teams, learning culture, organisation with strong governance model and digital approach are the integral parts of our strategy.

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

Update on key ongoing and planned investments

As confirmed in the Strategic Plan 2021-2024, we plan to invest between EUR 1.7 to 2.0 billion, out of which 45 to 50% will be directed to Green Generation development, followed by 45 to 50% of the investments to Networks. Funds directed to Green Generation should expand our renewables' portfolio to between 1.8 and 2.0 GW, compared to 1.1 GW operational capacity at the end of 9M 2021. Regarding investment in Networks, it should contribute to the grid maintenance by increasing its security and reliability, development of new customer connections and upgrades, and digitisation of the Lithuanian energy sector with the smart electricity metering programme.

Key ongoing and planned Green Generation investments

Further to around 160 MW pipeline additions after signing conditional agreements for an acquisition of Latvian onshore WF portfolio I in Q3 2021, our Green Generation pipeline increased by up to 80 MW as a result of a conditional acquisition of solar development projects in Poland. All remaining projects are fully on track with exceptions for Pomerania WF (94 MW) and Polish solar portfolio I (up to 170 MW). In Pomerania WF, due to COVID-19 and other typical development project risks, we experiencing around 8-month COD delay (from Q1 2021). Currently it generates electricity on a merchant basis as we are still awaiting regulator processing (mostly COVID-19 issues related delay) its applications for generating licence and CfD. In Polish solar portfolio I we continue agreement renegotiations with the developer (Sun Investment Group) due to no projects being awarded CfD tariff in the last two auctions.

Under construction

Pomerania WF

- **Technology:** onshore wind
- **Capacity:** 94 MW
- **Expected COD:** Q4 2021
- **Investment:** ~ EUR 130 million
- **Subsidy scheme:** 15-year indexed CfD at ~50 EUR/MWh[1]
- **Ownership:** 100%
- **Progress:** ● (Time delay and / or budget deviation)
- **Comment:**
  - First power produced in May 2021 and currently project is approaching COD (applications for CfD and generation license are submitted) while generating electricity on a merchant basis
  - Around 8-month COD delay (from Q1). The delay is mainly COVID-19 related due to Polish grid operator being granted the right to postpone execution of various works for 12 months, resulting in Pomerania WF grid connection delay and partly as a result of commissioning faults in high voltage export line, which is usual risk for development projects
  - After risk assessment of scope of preventive reparation in high voltage export line, finalized its repair at the end of October 2021. No further technical issues are identified as of now

Vilnius CHP (biomass unit)

- **Technology:** biomass
- **Capacity:** 73 MWe, 169 MWth
- **Expected COD:** Q4 2022
- **Investment:** ~ EUR 210 million
- **Subsidy scheme:** ~ EUR 140 million EU CAPEX grant[2]
- **Ownership:** 100% (49% to be divested post COD according to EU CAPEX grant rules)
- **Progress:** ● (On track)
- **Comment:**
  - Completed ~75% of all works in biomass unit
  - Undergoing public procurement procedures for the remaining construction works
  - Signed contract with EPCM (Engineering, Procurement and Construction Management) consultant – Ramboll (Ramboll Denmark A/S and Ramboll Polska Sp. z o.o.)

Mažeikiai WF

- **Technology:** onshore wind
- **Capacity:** 63 MW
- **Expected COD:** 2023
- **Investment:** ~ EUR 80–85 million
- **Subsidy scheme:** Merchant
- **Ownership:** 100%
- **Progress:** ● (On track)
- **Comment:**
  - Roads completed
  - Undergoing construction (foundation, transformer station) and installation works of main crane pads
  - Started 30/110 kV cabling works

Under development

Polish solar portfolio I

- **Technology:** solar
- **Capacity:** up to 170 MW
- **Expected COD:** 2021–2023
- **Investment:** not disclosed[3]
- **Subsidy scheme:** 15-year indexed CfD (expected)
- **Ownership:** 100%[4]
- **Progress:** ● (Time delay and / or budget deviation)
- **Comment:**
  - Projects with total capacity of 17 MW participated in the auction in June 2021
  - As no CfD tariffs have been awarded, renegotiations with developer (Sun Investment Group) are held regarding auctions bid strategy / project pricing
  - If no agreement with developer will be reached regarding auction bid strategy / project pricing until the long stop date (31 January 2022) transaction closing risk may materialize

Polish solar portfolio II

- **Technology:** solar
- **Capacity:** up to 80 MW
- **Expected COD:** 2022-2023
- **Investment:** ~ EUR 50 million
- **Subsidy scheme:** 15-year indexed CfD (expected) / PPA
- **Ownership:** 100%[5]
- **Progress:** ● (On track)
- **Comment:**
  - A conditional agreement for an acquisition of solar portfolio in Poland signed
  - Projects are under various development stages with expected COD around 2022-2023
  - Total expected investments amount around EUR 50 million

[1] 214.97 PLN/MWh, applying inflation index of 1.07 and 0.2168 EUR/PLN rate as of 30 September 2021.
[2] Total CAPEX grant for Vilnius CHP (i.e. waste-to-energy (operational since Q1 2021) and biomass units).
[3] As of 31 December 2020, ~ EUR 2.4 million has been paid to the developer for the projects (disclosed in Ignitis Renewables audited financial statements under Note 10 ,Other financial assets').
[4] After winning auctions and completion of each project.
[5] After full completion of construction works.

● On track ● Time delay and / or budget deviation

Under development

Moray West offshore wind project

- **Technology:** offshore wind
- **Capacity:** 800–950 MW
- **Expected COD:** 2025
- **Investment:** not disclosed
- **Subsidy scheme:** 15-year indexed CfD (expected)
- **Ownership:** 5% (partnership with Ocean Winds)
- **Progress:** ●
- **Comment:**
  - Project is under active development
  - Turbines PBA (Preferred Bidder Agreement) concluded
  - Long term O&M provider selected
  - Working for surveying and engineering milestones
  - High involvement of the supply chain, negotiations with main contractors

Latvian onshore WF portfolio I

- **Technology:** onshore wind
- **Capacity:** around 160 MW
- **Expected COD:** 2025-2027
- **Investment:** ~ EUR 200 million
- **Subsidy scheme:** Merchant
- **Ownership:** 100%[1]
- **Progress:** ●
- **Comment:**
  - EIA procedures initiated
  - Working for design milestones
  - Total expected investments amount up to EUR 200 million with projects' price of the portfolio being less than 10% of it

Preparatory works

Lithuania offshore wind project

- **Technology:** offshore wind
- **Capacity:** 700 MW
- **Expected COD:** 2028
- **Investment:** not disclosed
- **Subsidy scheme:** 15-year indexed CfD (expected)
- **Ownership:** 51% (partnership with Ocean Winds)
- **Progress:** ●
- **Comment:**
  - Energy Agency and Ministry of Energy of the Republic of Lithuania have prepared and presented for public consultation drafts of SIEA (Sea Environmental Impact Assessment) and IEA (Environmental Impact Assessment)
  - Government prepared and provided to the Parliament its suggested offshore wind related legislation changes, grid connection model and CfD support scheme
  - By the end of 2021, an approval of support scheme and tender design by the Parliament is expected

Kruonis PSHP expansion

- **Technology:** hydro
- **Capacity:** 110 MW
- **Expected COD:** 2025[2]
- **Investment:** not disclosed
- **Subsidy scheme:** NA
- **Ownership:** 100%
- **Progress:** ●
- **Comment:**
  - Hired a consultant (AFRY Switzerland Ltd) to prepare technical specification (i.e. technical requirements to implement expansion) and tender documents (for contract works to implement it)
  - By the end of 2021, a decision on FID is expected

[1] *After construction permits are granted.*
[2] *Tentative schedule is targeted to be aligned with Lithuanian synchronization to European continental networks project.*

● On track ● Time delay and / or budget deviation

Key ongoing and planned Networks investments

Since H1 2021, there have been no changes both in the implementation of Networks maintenance and expansion works. As previously disclosed a smart meter roll-out has been replanned pushing the project's start of meter deployment to the H1 2022 and the end date for further 2 years or from 2023 to 2025. This was mainly due to the project to comply with high cybersecurity requirements. Currently the project is on track, however a risk of disrupted supply chain around the world (the 'semiconductor crisis') exists, potentially causing disruption in the production of smart meters thus affecting the project either by delivering smart meters in smaller quantities than planned and / or within longer timeframe.

Further, due to the Networks Methodology update which took place after the reporting period, we postponed the approval of ESO's 10-year investment plan which is usually updated during mid-year. As sustainable regulation was maintained, we do not expect significant changes in the Networks CAPEX program which is currently due to be confirmed by the end of 2021. Starting from 2022 the 10-year investment plan will have to be updated, publicly consulted and submitted for the Regulator's (NERC) approval every two years by the 1st of December.

Maintenance

- **Status:** ongoing
- **Investments 2020-2029 (10-year investment plan):** ~up to EUR 1 billion
- **Investments 2021-2024 (Strategic plan):** EUR 395–440 million
- **Subsidy scheme:** partially covered by EU funds (on a project by project basis)
- **Ownership:** 100%
- **Progress:** ●
- **Comment:**
  - During 9M 2021 reconstructed over 430 km of electricity lines (out of which 180 km during Q3 2021)
  - Continuation of the most affected lines reconstruction

Expansion
New customer connections and upgrades

- **Status:** ongoing
- **Investments 2020-2029 (10-year investment plan):** ~up to EUR 700 million
- **Investments 2021-2024 (Strategic plan):** EUR 280–315 million
- **Subsidy scheme:**partially covered by customers' fees
- **Ownership:** 100%
- **Progress:** ●
- **Comment:**
  - During 9M 2021 connected over 36 000 new electricity customers (out of which 13 000 during Q3 2021) which resulted in around 600 km of new electricity lines (out of which 220 during Q3 2021)
  - Continuation of the new customer connections and line upgrades

Expansion
Smart meter roll-out

- **Status:** ongoing
- **Investments 2020-2029 (10-year investment plan):** ~ EUR 176 million
- **Investments 2021-2024 (Strategic plan):** EUR 115–150 million
- **Subsidy scheme:** NA
- **Ownership:** 100%
- **Progress:** ●
- **Comment:**
  - Concluded an agreement with infrastructure supplier for approximately 1.2 million of smart meters
  - After setting a framework to implement the roll-out at the most efficient way in order to comply with all high level requirements (including cybersecurity), a project was replanned pushing the end date to 2025 (from 2023)
  - By the end of 2021, basic version of the systems will be prepared for testing

TOTAL

- **Investments 2020-2029 (10-year investment plan):** ~ EUR 1.9 billion
- **Investments 2021-2024 (Strategic plan):** EUR 0.8–0.9 billion
- **Subsidy scheme:** NA
- **Ownership:** 100%

● On track ● Time delay and / or budget deviation

2.4 Business environment

The Group's performance, to an extent, is governed by macroeconomic and industry dynamics in the markets it operates. As a result, we closely monitor key economic indicators and developments in the industry to assess the business environment in the Group's home markets. For the aforementioned reasons, we provide an overview of macroeconomic and industry environment below.

Macroeconomic environment

GDP change

Lower levels of new COVID-19 infections and hospitalisations, due to a massive vaccination in the European Union, has led many European economies to reopen starting in Q2 2021. As a result, based on Eurostat preliminary estimates, EU GDP is significantly more robust in 9M 2021 versus 9M 2020, as indicated by a 5.2% growth. In light of that, European Commission revised their 2021 and 2022 GDP growth projections upwards, as indicated in its Summer 2021 Economic Forecast, despite global supply chain challenges and lingering risks related to COVID-19. Specifically, EU GDP is expected to grow at 4.8% and 4.5% in 2021 and 2022 respectively.

Turning to Lithuania, softer COVID-19 restrictions have stimulated national consumption, which pushed the GDP growth in 9M 2021 to 5.2% compared to the same period last year. Assuming the current situation persists, it's economy is expected to grow by 3.8% in 2021 and by 3.9% in 2022.

GDP change, %

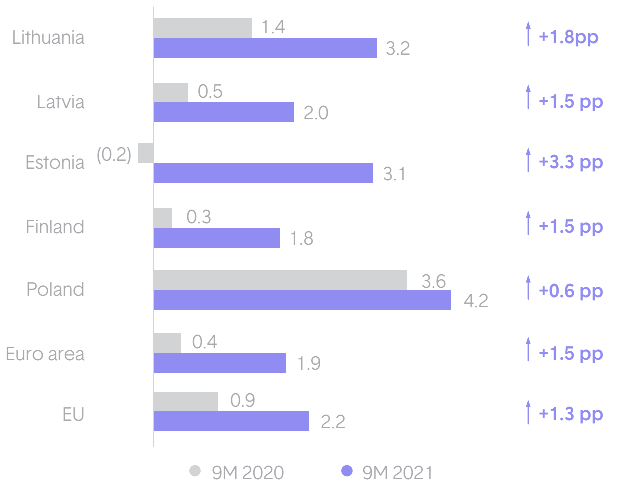
	9M 2021 vs 9M 2020	2021F	2022F
Lithuania	5.2	+3.8	+3.9
Latvia	4.9	+3.8	+6.0
Estonia	-[1]	+4.9	+3.8
Finland	3.4	+2.7	+2.9
Poland	5.0	+4.8	+5.2
Euro area	**5.2**	**+4.8**	**+4.5**
EU	**5.1**	**+4.8**	**+4.5**

[1] *No data is available.*

CPI change

Driven by European Central Bank's loose monetary policy, recovery in consumption coupled with supply chain challenges and rising commodities prices, inflation in home markets and across European Union picked up in 9M 2021, compared to 9M 2021. Per OECD data, CPI in 9M 2021 grew at 1.8-4.2% in home markets and 2.2% in EU, compared to 0.9% growth in 9M 2020. The largest CPI growth in 9M 2021 was recorded in Poland, where price growth rate reached 4.2%. At the same time, CPI growth in Finland was the lowest, reaching only 1.8% annual growth rate in 9M 2021.

CPI annual growth rate, %



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, investment 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 natural 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 actions 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

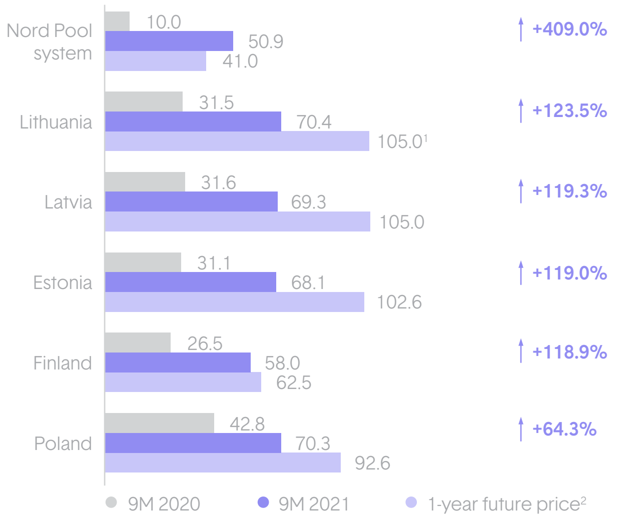
Lithuania is a part of Nord Pool, which is a leading power market in Europe offering trading, clearing, settlement and associated services in both day-ahead and intraday markets.

Nord Pool countries

During Q3 2021, prices increased remarkably in all the bidding areas of the Nord Pool power exchange compared to Q3 2020, which also meant elevated prices in 9M 2021 versus 9M 2020. The price hike was a result of a number of reasons, with the main one being rising fuel and EUA prices (latter growing by 108.0% from 27.4 EUR/t in 9M 2020 to 57.1 EUR/t in 9M 2021). New connection (Norway–United Kingdom, with a capacity of 1.4 GW) also added to the price increase in the Scandinavia, as prices in Central Europe and the United Kingdom were higher than in Scandinavia. Additionally, hydro production in Scandinavia is the key driver of electricity price in the region and in Q3 2021 hydro production was at normal levels (30.50 TWh), which resulted in price divergence, as Central Europe's prices were higher during peak hours compared to Scandinavia. Further, 17.0% lower wind generation in Q3 2021 (2.50 TWh below normal, when compared to historical levels) allowed prices to stay at elevated levels. Finally, relaxed COVID-19 restrictions and recovery of industrial consumption of electricity in Scandinavia and the Baltics, which in 9M 2021 increased by 5.0% (from 294.90 TWh in 9M 2020 to 310.70 TWh in 9M 2021), pushed power prices upwards, compared to the same period the last year.

The average system price was 409.0% higher in 9M 2021, compared to the same period the last year. The largest increase of 123.5% within our home markets was captured in Lithuania, where prices in 9M 2021 reached 70.4 EUR/MWh. In fact, the growth as well as the price level in Latvia and Estonia followed closely behind – in Latvia and Estonia prices increased by 119.3% and 119.0% to 69.3 EUR/MWh and 68.1 EUR/MWh, respectively. The smallest electricity price change was captured in the Polish Power Exchange – prices there increased by 64.3% and were driven by post-lockdown recovery and higher EUA prices. To that

Average hourly electricity spot price change in 9M 2021 compared to 9M 2020, EUR/MWh



[1] *Based on Latvia forward price (as there is no separate Lithuanian zone).*
[2] *1-year future price is as of date 30 September 2021.*

point, albeit significant on an absolute basis, relatively low price growth in Poland comes from relatively minor exposure of Polish generation to global fuel prices. Specifically, the largest part of generation in Poland relies on domestic lignite and hard coal, where price changes are rather small. As a result, electricity price movement was mainly caused by EUA volatility. Turning to 1-year future prices, Nord Pool system price and electricity prices in the Baltics are driven mainly by dryer summer and beginning of autumn, which resulted in extremely low hydro balance (lowest point was at -22.00 TWh compared to multiyear averages). Additionally, future prices are affected by projected depletion of reservoirs (filling below 15.0%) at the lowest point in 2022, as well as rising natural gas and EUAs prices in the market. On top of that, the new electricity connection of 1.4 GW between Nordics and UK (which started commercial operations on 1 October 2021) gave support to the future prices.

In 9M 2021, Lithuania produced 13.1% (or 0.47 TWh) less electricity compared to 9M 2020 mainly due to lower wind energy production levels (deteriorated by 25.0% or 0.26 TWh), driven by lower load factors as a result of unfavourable weather conditions. On the contrary, Estonia produced 23.0% (or 0.73 TWh) more electricity due to the higher production levels of oil shale power plants (increased by 58.0% or 0.87 TWh), and Poland produced 14.8% (or 15.12 TWh) more electricity compared to 9M 2020. Finally, the change in electricity generation level in Latvia and Finland in 9M 2021, compared to 9M 2020, was immaterial as both countries increased electricity generation by 0.6% (or 0.02 TWh) and 3.0% (or 1.32 TWh), respectively.

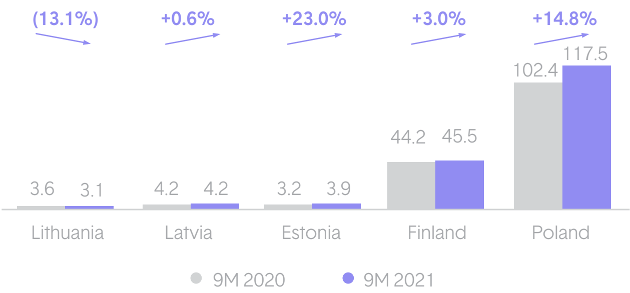
In terms of domestic generation and consumption, all home markets remained deficit countries in Q3 2021. Specifically, Lithuania, Latvia and Estonia produced around 34.2% (1.01 TWh), 44.4% (or 0.78 TWh) and 77.7% (or 1.43 TWh) of the country's demand, respectively. Also, based on ENTSO-e data, Finland and Poland produced approx. 71.2% (12.99 TWh) and 94.8% (40.11 TWh) of the total country's demand, respectively.

During the reporting period, commercial import to Lithuania increased by only 1.6% (9M 2021 – 8.18 TWh and 9M 2020 – 8.06 TWh). To that point, the ban of import from Belarus as a result of the law forbidding imports from third countries that operate unsafe nuclear power plants was partly offset by increased imports from Poland and Latvia. Due to lower prices in Northern part of Europe, import from Latvia increased by 39.1% (or 490.4 TWh), while export to Latvia decreased by 26.0% (or 66.63 TWh). Import from Poland increased by 87.4% (or 241.40 TWh), while export to Poland decreased by 37.1% (or 662.54 TWh). Import from Scandinavia to Lithuania decreased by 31.4% (1115.48 TWh), whereas export to Scandinavia increased by 157.8% (123.40 TWh) due to higher prices in Sweden. Again, changes in flows were mainly due to limitations in LiTPol Link and NordBalt connections.

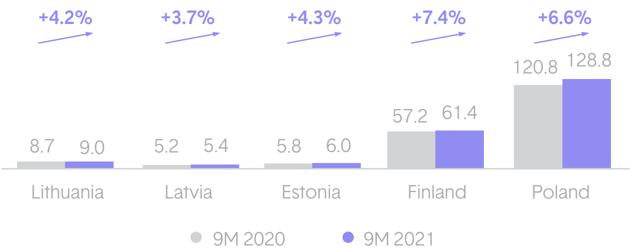
Overall, major regional impact comes from the extension of market coupling mechanism in Poland. From late June 2021, Germany, Czech Republic and Slovakia were added to the system, ending 16-year period of explicit day-ahead allocation. Regional flows at the moment are purely price and capacity dependent. Going forward, inefficiencies related with explicit allocation operations will no longer occur, thus maximizing capacity usage and transmission system operators' (PSE and LitGrid) revenues.

No material changes regarding the electricity consumption in our home markets have been captured in 9M 2021. Consumption levels grew slightly across all home markets compared to 9M 2020, mostly driven by the ease of COVID-19 restrictions.

Electricity generation change in 9M 2021 compared to 9M 2020, TWh



Electricity consumption change in 9M 2021 compared to 9M 2020, TWh

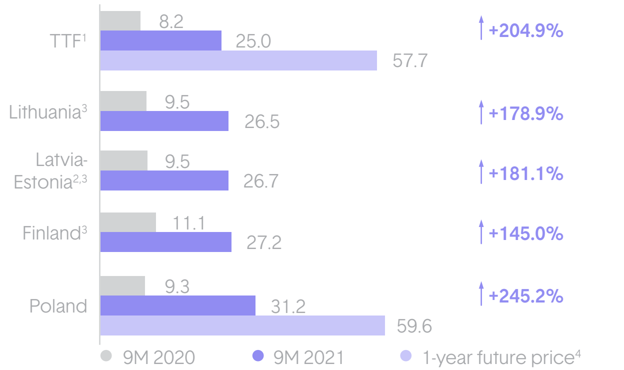


Wholesale natural gas market

Natural gas market during 9M 2021 was volatile and prices shifted upwards on a global scale. Prices in all home markets more than quadrupled in Q3 2021, compared to Q3 2020. Number of events were driving the market, including competition for LNG cargoes leading to less volumes arriving to Europe, increase in coal and carbon prices, lower than average 2021 winter temperatures and a hot summer, lower renewable energy generation as well as maintenance of the major supply routes to Europe. Some of them were driving the demand up, while others restricted additional supplies to reach the market, leading to a tension in the market. That resulted in Dutch TTF index for September 2021 being 441.0% higher than for September a year ago. Turning to future prices, among the aforementioned factors, flows of natural gas to Europe, overall temperatures and demand during the winter were additional drivers.

Storage levels in the underground natural gas storage facilities in Europe as of the end of the reporting period (30 September 2021) are at 75.0%, compared to 95.0% storage levels during the same time last year. 2020 winter season was abnormal in the sense of a warm winter and lower demand in the continent due to COVID-19-related factors, leaving above average levels in the storage after the winter season. 2021 winter demand, on the contrary, was much healthier and left natural gas storages depleted by the end of the season, signalling the need for additional supplies.

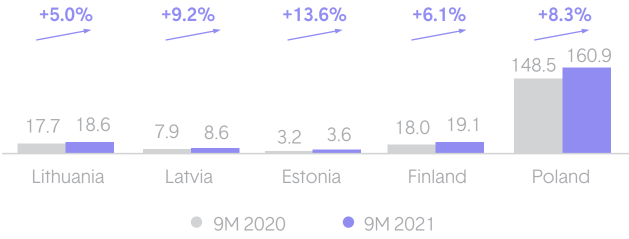
Average natural gas price change in 9M 2021 compared to 9M 2020, EUR/MWh



[1] TTF natural gas index, GET Baltic daily markets.
[2] Latvia and Estonia is a common natural gas balancing zone, therefore data is the same.
[3] There is no futures market, thus no information is provided.
[4] 1-year future price is as of date 30 September 2021.

Natural gas consumption growth during 9M 2021, compared to 9M 2020 numbers, in home markets was supported by colder-than-average 2021 winter temperatures and favourable gas-to-power conditions for generation, driven by competitive natural gas prices. Natural gas consumption during Q3 2021 in Lithuania, Latvia and Finland was below the levels seen during the same period last year. That was potentially driven by soaring natural gas prices forcing businesses choose alternative energy sources, if that is possible, or to adjust production output levels.

Natural gas consumption change in 9M 2021 compared to 9M 2020, TWh



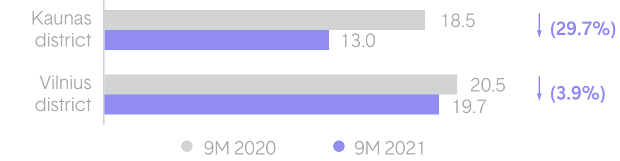
Heat market

Following the commercial launch of Kaunas and Vilnius CHPs (waste-to-energy units) in August 2020 and March 2021, respectively, interim and annual reports will include a section on heat and waste markets in Lithuania.

In Lithuania, the heat sector, together with electricity and natural gas sectors, are regulated by the National Energy Regulatory Council (NERC). In Vilnius' and Kaunas' district heating systems, where our CHPs are operating, if there is at least one independent heat producer operating, an auction is organized by the Baltpool exchange on a monthly basis. There are a few conditions in setting the price for the auction: (i) the heat purchased from the independent heat producers cannot be more expensive than the comparable heat production costs of the heat supplier; (ii) heat prices cannot exceed the income level set by NERC (determined by including the necessary operating, maintenance, fuel costs and profit and applicable only to Vilnius CHP, as company received an EU CAPEX grant); (iii) the price must be competitive compared to other heat producers in order to ensure target quantity of produced heat.

In terms of local heat price, no material changes were recorded in 9M 2021, especially in the Vilnius district. Price of heat energy in both districts was somewhat lower in 9M 2021, compared to 9M 2020, mainly because low prices in Q1 2021 are still offsetting the price increase in the second and third quarters of the year. During Q3 2021, local heat energy market price in Kaunas and Vilnius districts increased, compared to Q3 2020, due to an increase in the price of biomass.

Local heat price, EUR/MWh



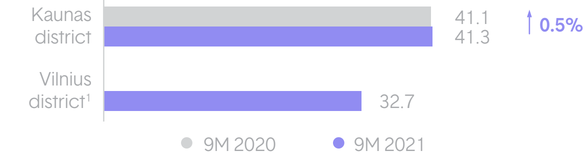
Waste incineration market

Waste incineration services market is not regulated in Lithuania. Typically, either waste incinerator or waste holder organize auctions, or contracts are concluded directly.

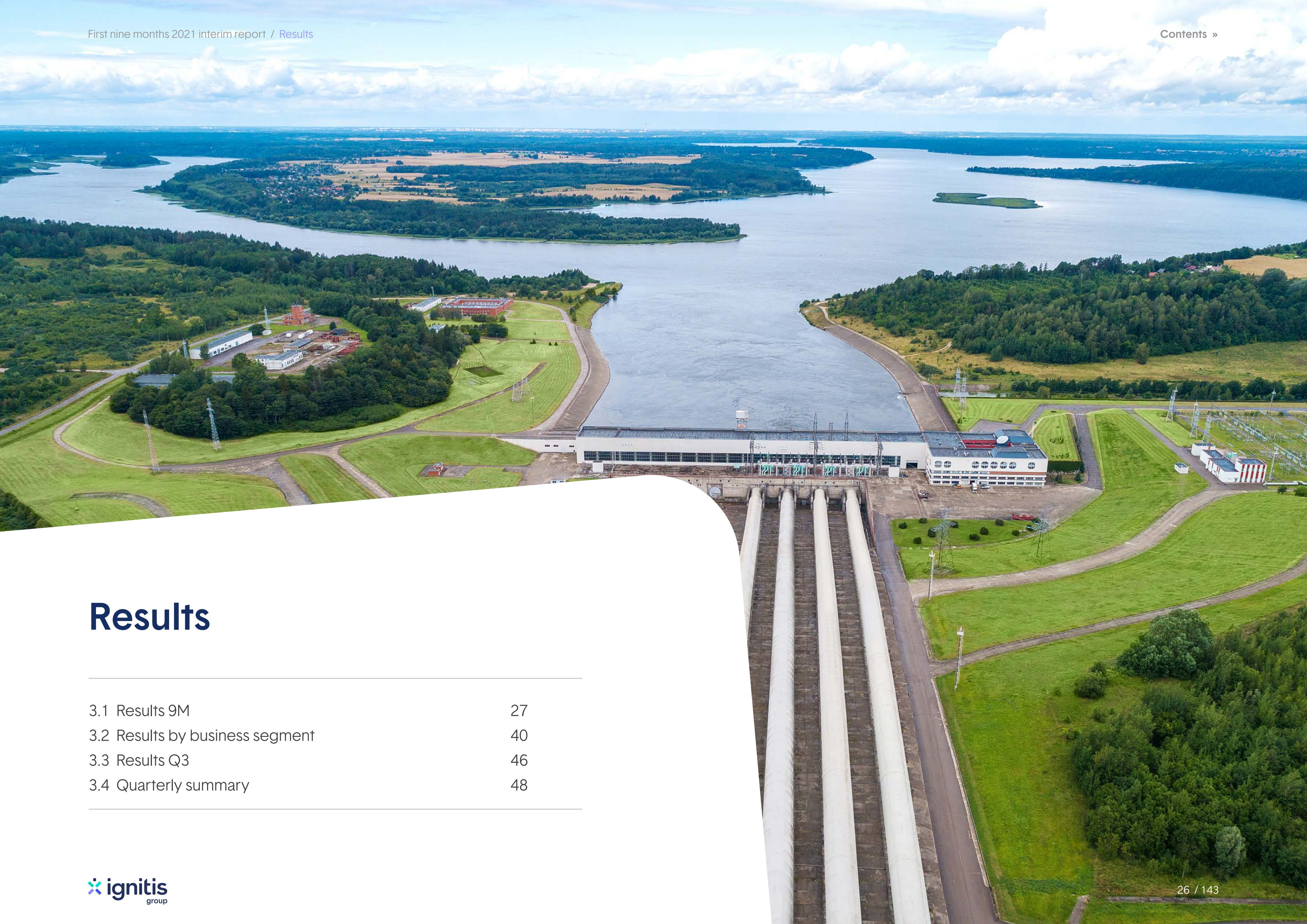
During Q3 2021, 29,000 tonnes of waste were delivered to Vilnius CHP, with cumulative deliveries for 9M 2021 amounting to 101,000 tonnes. Turning to Kaunas CHP, in 9M 2021 the power plant utilised 138,741 tonnes of waste, with 37,109 tonnes utilised in Q3 2021. The total annual capacity of Vilnius CHP and Kaunas CHP is 160,000 and 200,000 tonnes, respectively.

There have been no material changes in the national waste management sector during the reporting period, therefore the gate fee of waste incineration remained consistent.

Gate fee, EUR/t



[1] No active market in 9M 2020, as Vilnius CHP started waste incineration in Q3 2020.



Results

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3.1 Results 9M

Key financial indicators[1]

		9M 2021	9M 2020	Δ	Δ,%
Revenue	EURm	1,165.4	868.8	296.6	34.1%
EBITDA APM	EURm	249.6	229.4	20.2	8.8%
Adjusted EBITDA APM	EURm	214.5	163.8	50.7	31.0%
Networks	EURm	126.5	108.5	18.0	16.6%
Green Generation	EURm	54.3	33.0	21.3	64.5%
Flexible Generation	EURm	22.4	21.5	0.9	4.2%
Customers & Solutions	EURm	9.2	2.1	7.1	338.1%
Other[2, 3]	EURm	2.1	(1.3)	3.4	n/a
Adjusted EBITDA margin APM	%	19.0%	20.4%	n/a	(1.4 pp)
EBIT APM	EURm	145.1	142.9	2.2	1.5%
Adjusted EBIT APM	EURm	121.1	75.8	45.3	59.8%
Net profit	EURm	94.4	108.3	(13.9)	(12.8%)
Adjusted net profit APM	EURm	83.7	50.6	33.1	65.4%
Investments APM	EURm	131.0	270.9	(139.9)	(51.6%)
FFO APM	EURm	211.1	207.4	3.7	1.8%
FCF APM	EURm	21.6	39.5	(17.9)	(45.3%)
ROE LTM APM	%	9.7%	9.3%	n/a	0.4 pp
Adjusted ROE LTM APM	%	7.4%	6.2%	n/a	1.2 pp
ROCE LTM APM	%	8.9%	7.0%	n/a	1.9 pp
Adjusted ROCE LTM APM	%	6.8%	4.9%	n/a	1.9 pp
EPS (Basic)[4]	EUR	1.29	1.47	(0.18)	(12.2%)
		2021.09.30	2020.12.31	Δ	Δ,%
Total assets	EURm	4,232.2	3,969.3	262.9	6.6%
Equity	EURm	1,883.9	1,843.8	40.1	2.2%
Net debt APM	EURm	620.4	600.3	20.1	3.3%
Net working capital APM	EURm	144.1	57.9	86.2	148.9%
Net debt/EBITDA LTM APM	times	1.73	1.78	(0.05)	(2.8%)
Net debt/Adjusted EBITDA LTM APM	times	2.11	2.47	(0.36)	(14.6%)
FFO LTM /Net debt APM	%	51.0%	52.1%	n/a	(1.1 pp)

[1] Due to Networks Methodology update, all adjusted financial indicators were recalculated retrospectively for the year 2020 (for more information, see 'Results by business segment' section 'Networks Methodology update'). 9M 2020 Adjusted EBITDA decreased by EUR 35.2 million.
[2] Other – other activities and eliminations (consolidation adjustments and related party transactions).
[3] Other – when listing business segments throughout the report, 'Other' includes financial results of the parent company. More information about it is disclosed in the section '6.2 Parent company financial statements'.
[4] For the calculation of 9M 2020 EPS measure, 9M 2021 number of shares (weighted average number of nominal shares – 74,283,757) were used in order to have comparable measures. EPS for 9M 2020 would be EUR 2.01, if 9M 2020 number of shares (weighted average number of nominal shares – 54,283,757) were used.

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Highlights

9M 2021 vs 9M 2020

In 9M 2021, Adjusted EBITDA increased in all segments, 31.0% in total. The increase was mainly driven by the following factors:

- launch of Kaunas CHP and Vilnius CHP WtE unit and better results of Kaunas HPP, mostly due to higher electricity prices (Green Generation);
- favourable temporary changes in natural gas market (Customers & Solutions);
- 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 & Solutions	Other[1]	Total Adjusted	Adjust-ments	IFRS
9M 2021			Adjusted					Reported
Revenue	**367.0**	**118.5**	**111.7**	**542.2**	**(10.0)**	**1,129.4**	**36.0**	**1,165.4**
Purchases of electricity, gas and other services	(163.3)	(38.5)	(76.7)	(514.5)	0.3	(792.7)	-	(792.7)
Wages and salaries and related expenses	(38.8)	(5.9)	(5.8)	(7.6)	(12.5)	(70.6)	-	(70.6)
Repair and maintenance expenses	(14.3)	(2.6)	(4.0)	-	-	(20.9)	-	(20.9)
Other expenses	(24.1)	(17.2)	(2.8)	(10.9)	24.3	(30.7)	(0.9)	(31.6)
EBITDA APM	**126.5**	**54.3**	**22.4**	**9.2**	**2.1**	**214.5**	**35.1**	**249.6**
Depreciation and amortisation	(61.9)	(15.1)	(8.5)	(1.3)	(3.6)	(90.4)	-	(90.4)
Write-offs, revaluation and impairment losses of PPE and intangible assets	(2.0)	-	(0.1)	-	-	(2.1)	-	(2.1)
Impairment and write-offs of current and non-current amounts receivables, loans, goods and others	(0.4)	(0.1)	-	(0.4)	-	(0.9)	0.9	-
Revaluation of emission allowances	-	-	-	-	-	-	(12.0)	(12.0)
EBIT APM	**62.2**	**39.1**	**13.8**	**7.5**	**(1.5)**	**121.1**	**24.0**	**145.1**
Finance activity, net						(18.7)	(9.6)	(28.3)
Income tax expenses						(18.7)	(3.7)	(22.4)
Net profit						**83.7**	**10.7**	**94.4**
9M 2020			Adjusted					Reported
Revenue	**318.3**	**60.9**	**73.4**	**357.3**	**(8.3)**	**801.6**	**67.2**	**868.8**
Purchase of electricity, natural gas and other services	(135.9)	(16.1)	(40.3)	(318.4)	11.1	(499.6)	-	(499.6)
Wages and salaries and related expenses	(38.6)	(4.4)	(5.2)	(7.2)	(15.8)	(71.2)	-	(71.2)
Repair and maintenance expenses	(14.0)	(2.0)	(3.9)	-	(0.1)	(20.0)	-	(20.0)
Other expenses	(21.3)	(5.4)	(2.5)	(29.6)	11.8	(47.0)	(1.7)	(48.6)
EBITDA APM	**108.5**	**33.0**	**21.5**	**2.1**	**(1.3)**	**163.8**	**65.5**	**229.4**
Depreciation and amortization	(57.9)	(12.1)	(8.7)	(1.2)	(4.1)	(84.0)	-	(84.0)
Write-offs, revaluation and impairment losses of PPE and intangible assets	(2.7)	-	(0.1)	-	-	(2.8)	-	(2.8)
Impairment and write-offs of current and non-current amounts receivables, loans, goods and others	(0.6)	-	(0.1)	(0.5)	-	(1.2)	1.2	-
Revaluation of emission allowances	-	-	-	-	-	-	0.3	0.3
EBIT APM	**47.3**	**20.9**	**12.6**	**0.4**	**(5.4)**	**75.8**	**67**	**142.9**
Finance activity, net						(15.4)	-	(15.4)
Income tax expenses						(9.8)	(9.3)	(19.1)
Net profit						**50.6**	**57.7**	**108.3**

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

ignitis group

Revenue

In 9M 2021, revenue increased by 34.1%, compared to 9M 2020, and totaled EUR 1,165.4 million. The main reasons causing revenue changes were as follows:

1. **Higher revenue of the Customers & Solutions segment (EUR +179.8 million).** Positive Customers & Solutions revenue result is driven by an increase in electricity business (EUR +155.8 million) as well as gas business (EUR +21.5 million), both including hedging results. Higher revenue of B2B electricity business (EUR +121.5 million), due to higher average market prices (+123%) and higher volumes (+7%). Total B2C electricity sales have increased, due to growing independent supply (EUR +32.1 million), whereas B2C regulated activity remained almost flat (EUR +0.7 million). An increase in gas business was driven by higher natural gas export (EUR +15.6 million) and B2B natural gas (EUR +6.4 million), mainly due to higher average natural gas price index (+202% 9M 2021 average vs 9M 2020 average).
2. **Higher revenue of the Green Generation segment (EUR +44.1 million).** The increase was driven by the launch of Kaunas CHP (EUR +14.9 million) and Vilnius CHP WtE unit (EUR +6.9 million), higher revenue of Kruonis PSHP (EUR +13.3 million) and Kaunas HPP (EUR +10.1 million), mainly due to higher electricity market prices.
3. **Higher revenue of the Networks segment (EUR +38.5 million).** The increase was mainly driven by higher electricity (EUR +21.4 million) and natural gas (EUR +7.4 million) distribution revenue, mainly due to higher distributed volumes (from 6.99 TWh to 7.60 TWh and from 4.58 TWh to 5.76 TWh, respectively) as a result of colder winter compared to 2020 and overall higher consumption, and increased revenue from supply of last resort (EUR +7.6 million) due to 123% higher electricity market price.
4. **Higher revenue of the Flexible Generation segment (EUR +37.9 million).** The increase was mainly driven by higher revenue of the CCGT unit's commercial activities (EUR +31.0 million), due to higher captured electricity prices.

Revenue by segment, EURm

	9M 2021	9M 2020	Δ	Δ, %
Customers & Solutions	570.1	390.3	179.8	46.1%
Networks	388.2	349.7	38.5	11.0%
Flexible Generation	111.7	73.8	37.9	51.4%
Green Generation	105.0	60.9	44.1	72.4%
Other[1]	(9.6)	(5.9)	(3.7)	(62.7%)
Revenue	**1,165.4**	**868.8**	**296.6**	**34.1%**

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

Revenue by country, EURm

	9M 2021	9M 2020	Δ	Δ, %	9M 2021, %
Lithuania	1,029.5	801.9	227.6	28.4%	88.3%
Other[2]	135.9	66.9	69.0	103.1%	11.7%
Revenue	**1,165.4**	**868.8**	**296.6**	**34.1%**	**100.0%**

[2] *Other – Latvia, Estonia, Poland and Finland.*

In 9M 2021, the Group earned 88.3% (92.0% in 9M 2020) of its revenue in Lithuania (EUR 1,029.5 million). The Group's revenue from foreign countries increased by 103.1% mostly in Latvia and Finland and Latvia and reached EUR 135.9 million (9M 2020: EUR 66.9 million), mainly due to increasing natural gas prices.

Revenue by type[3], EURm

	9M 2021	9M 2020	Δ	Δ, %	9M 2021, %
Electricity related	870.8	675.4	195.4	28.9%	74.7%
Naturla gas related	226.9	168.8	58.1	34.4%	19.5%
Other	67.7	24.6	43.1	175.2%	5.8%
Revenue	**1,165.4**	**868.8**	**296.6**	**34.1%**	**100.0%**

[3] *A more detailed description is presented in Interim Consolidated Financial statements for 9M 2021, Note 23 'Revenue from contracts with customers'.*

In 9M 2021, electricity related revenue increased by EUR 195.4 million, compared to 9M 2020, due to higher revenue from B2B and independent B2C electricity supply and related revenue (EUR +103.3 million), higher revenue from sale of generated electricity (EUR +75.4 million) and higher electricity distribution and transmission revenue (EUR +25.7 million). Natural gas related revenue increased by EUR 58.1 million, compared to 9M 2020, due to higher revenue from natural gas sales (EUR +44.7 million) and natural gas transmission and distribution (EUR +7.4 million). Other revenue increased mostly due to positive hedging activity result (EUR +29.9 million in 9M 2021), negative hedging activity result accounted in other expenses in 9M 2020. Other revenue also increased due to Kaunas CHP and Vilnius CHP WtE unit heating and waste recycling revenue.

Expenses

Purchase of electricity, natural gas and other services

The Group's purchase of electricity and natural gas amounted to EUR 792.7 million in 9M 2021 and increased by 58.7% compared to 9M 2020. The increase was caused by higher electricity (EUR +233.6 million) and natural gas (EUR +54.2 million) purchase, mainly due to increased market prices and higher volumes due to colder winter.

OPEX

In 9M 2021, OPEX was equal to EUR 122.2 million and increased slightly by 3.4% (EUR +4.0 million). This change was driven by higher other OPEX, which increased by EUR 3.5 million (or +12.9%), mainly due to higher external customer service mostly caused by increased number of queries due to electricity B2C market liberalisation and heavy snowfall in January, and more IT expenses in 9M 2021.

New Green Generation projects under construction, under development and completed in the period during and after 9M 2020 accounted for a EUR 2.4 million increase in OPEX.

Other

Energy hedging expenses decreased due to increased electricity and natural gas market prices in 9M 2021. According to the accounting policy of the Group, the positive hedging result for the period is presented in other revenues (EUR +29.9 million in 9M 2021), while the negative result – in other energy hedging expenses (EUR -20.6 million in 9M 2020).

Depreciation and amortisation expenses increased due to Kaunas CHP (EUR +3.4 million) as the plant was launched in August 2020 and Vilnius CHP WtE unit (EUR +1.5 million) that launched in March 2021 and higher expenses of Networks segment (EUR +2.0 million), mostly due to Investments made.

Expenses of revaluation of emission allowances increased mainly due to growing market price. Provision of emission allowances is recognized every month for the generated emissions and revaluated based on the price at the end of the each month. Therefore, increasing emission allowances prices subsequently lead to an increase in liabilities and revaluation expenses. The provision can be offset against intangible assets only when the actual quantity of emissions is approved by an appropriate regulatory state authority. This is usually done in April of next year.

Expenses, EURm

	9M 2021	9M 2020	Δ	Δ,%
Purchase of electricity, natural gas and other services	**792.7**	**499.5**	***293.2***	***58.7%***
Purchase of electricity and related services	557.6	324.0	*233.6*	*72.1%*
Purchase of natural gas and related services	226.3	172.1	*54.2*	*31.5%*
Other	8.8	3.4	*5.4*	*158.8%*
OPEX APM	**122.2**	**118.2**	***4.0***	***3.4%***
Salaries and related expenses	70.7	71.1	*(0.4)*	*(0.6%)*
Repair and maintenance expenses	20.9	20.0	*0.9*	*4.5%*
Other	30.6	27.1	*3.5*	*12.9%*
Other	**105.4**	**108.3**	***(2.9)***	***(2.7%)***
Depreciation and amortisation	90.4	84.0	*6.4*	*7.6%*
Energy hedging	-	20.6	*(20.6)*	*(100.0%)*
Impairment expenses and write-offs of property, plant and equipment	2.1	2.8	*(0.7)*	*(25.0%)*
Write-offs and impairments of short term and long-term receivables, inventories and other	0.9	1.2	*(0.3)*	*(25.0%)*
Revaluation of emission allowances	12.0	(0.3)	*12.3*	*n/a*
Total	**1,020.3**	**726.0**	***294.3***	***40.5%***

EBITDA

Adjusted EBITDA amounted to EUR 214.5 million in 9M 2021 and was 31.0% or EUR 50.7 million higher than in 9M 2020. Adjusted EBITDA margin was 19.0% (9M 2020: 20.4%). Due to Networks Methodology update, Adjusted EBITDA was recalculated retrospectively for the year 2020 (for more information, see 'Results by business segment' section 'Networks Methodology update'). Negative impact for the period of 9M 2021 amounts to EUR -35.0 million and for the respective period of 2020 - EUR -35.2 million.

The main reasons behind adjusted EBITDA change were as follows:

1. **Green Generation increased by EUR 21.3 million.** The increase was mainly influenced by positive impact from Kaunas CHP (EUR +8.7 million) as the plant was launched in August 2020 and Vilnius CHP WtE unit (EUR +7.4 million) that launched in March 2021 and better result of Kaunas HPP (EUR +8.4 million), mostly due to higher captured electricity prices. Positive effects were partly offset by decreased Kruonis PSHP result (EUR -2.1 million) mostly due to change in regulation (EUR -1.7 million) (for more information, see 'Results by business segment' section 'Green generation').

2. **Networks grew by EUR 18.0 million.** The increase was mainly driven by higher distributed volumes (EUR +12.4 million) as a result of colder winter, compared to 2020, and overall higher consumption (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). Also the increase of Adjusted EBITDA was influenced by higher income from new customers connections and upgrades (EUR +3.2 million).

3. **Customers & Solutions increased by EUR 7.1 million.** The positive impact in natural gas business results (EUR +11.7 million) was partly offset by negative results in electricity business (EUR -5.4 million). The positive effect of gas results is driven by stored natural gas inventory revaluation (EUR +31.1 million) due to increasing natural gas prices and higher volumes of stored natural gas, which is expected to reverse in 2022 if natural gas prices return to a long term average level. The positive effect is partly offset by a decrease in natural gas B2B business (EUR -7.9 million) and natural gas export (EUR -6.5 million), mostly due to lower sales volumes, and by lower natural gas B2C business (EUR -5.1 million) mainly due to over-declaration effect (as clients declared and prepaid larger than actual usage of natural gas prior to tariff increase). Negative result in electricity business is driven by lower B2C independent supply activity (EUR -2.2 million), mostly from underhedged actual sales volumes and by decreased regulated B2C (EUR -1.9 million) due to negative effect of regulated distribution tariff (which is expected to be reversed in 2022 through the tariff).

4. **Flexible Generation increased by EUR 0.9 million.** The increase was mainly caused by better results of CCGT unit (EUR +1.9 million), which increased due to better commercial activity results as clean spark spread was higher.

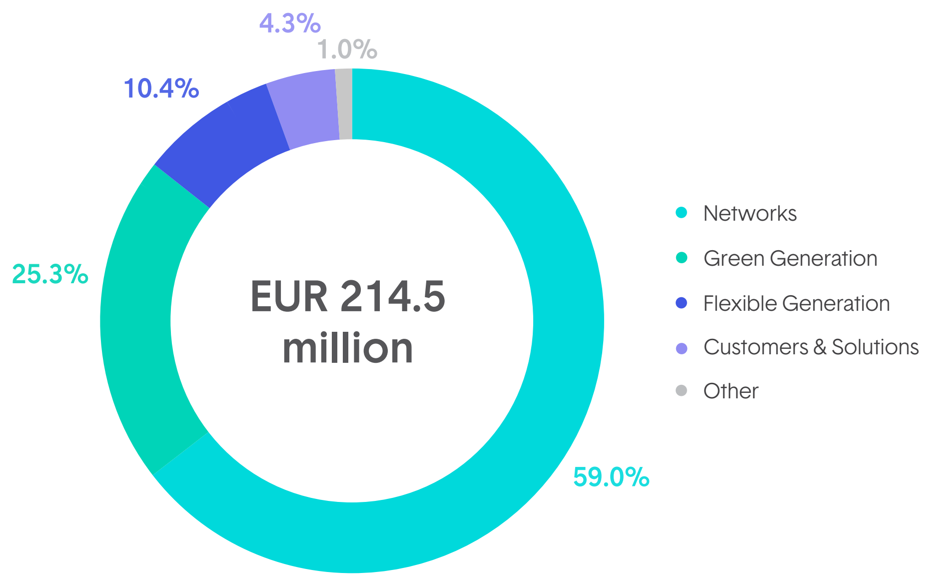
5. **Result from other activities increased by EUR 3.4 million.** The increase was mainly caused by higher revenue of Group service center and lower parent company's operating expenses.

Adjusted EBITDA by segments, EURm

	9M 2021	9M 2020	Δ	Δ, %
Networks[1]	126.5	108.5	*18.0*	*16.6%*
Green Generation	54.3	33.0	*21.3*	*64.5%*
Flexible Generation	22.4	21.5	*0.9*	*4.2%*
Customers & Solutions	9.2	2.1	*7.1*	*338.1%*
Other[2]	2.1	(1.3)	*3.4*	*n/a*
Adjusted EBITDA APM	**214.5**	**163.8**	***50.7***	***31.0%***

[1] Due to Networks Methodology update, all adjusted financial indicators were recalculated retrospectively for the year 2020 (for more information, see 'Results by business segment' section 'Networks Methodology update'). 9M 2020 Adjusted EBITDA decreased by EUR 35.2 million.
[2] Other – other activities and eliminations (consolidation adjustments and related party transactions).

Adjusted EBITDA 9M 2021, EURm



Adjusted EBITDA by activity type

In 9M 2021, Adjusted EBITDA from regulated and long-term contracted activities amounted to 69.3% of the total Adjusted EBITDA (9M 2020: 83.3%). The share of such activities decreased due to significantly higher Adjusted EBITDA from commercial activities, mostly led by Kaunas CHP, Vilnius CHP WtE unit and Kaunas HPP.

Regulated activities include:

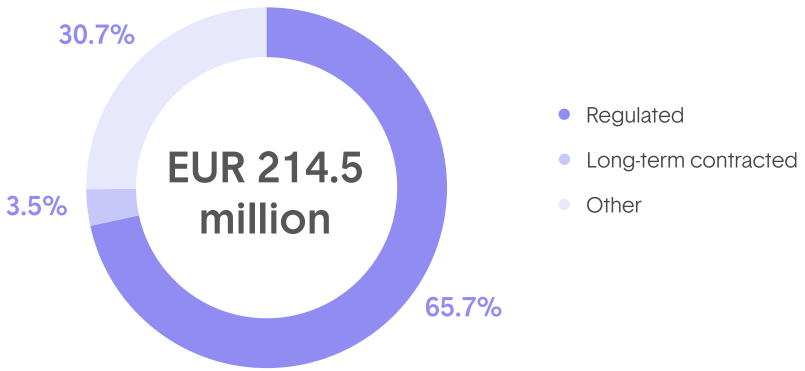
1. electricity and natural gas distribution;
2. reserve and ancillary services provided to the transmission system operator;
3. public supply of electricity, electricity supply of last resort, natural gas supply to residents of Lithuania and designated LNG supplier services.

Long-term contracted activities include wind farms with support schemes, i.e., feed-in and feed-in premium tariffs.

Adjusted EBITDA by types of activities, EURm

	9M 2021	9M 2020	Δ	Δ,%
Regulated	141.0	126.9	*14.1*	*11.1%*
Long-term contracted	7.6	9.6	*(2.0)*	*(20.8%)*
Other	65.9	27.3	*38.6*	*141.4%*
Adjusted EBITDA APM	**214.5**	**163.8**	***50.7***	***31.0%***

Adjusted EBITDA by types of activities 9M 2021, %



Regulated monopolistic activities accounted for 60.0% of total Adjusted EBITDA in 9M 2021 (70.5% in 9M 2020).

EBITDA adjustments, EURm

	9M 2021	9M 2020	Δ	Δ,%
EBITDA APM	**249.6**	**229.4**	***20.2***	***8.8%***
Adjustments[1]				
Temporary regulatory differences (1)	(39.3)	(75.1)	*35.8*	*(47.7%)*
Temporary fluctuations in fair value of derivatives (2)	(13.7)	0.5	*(14.2)*	*n/a*
Cash effect of new connection points and upgrades (3)	12.5	9.9	*2.6*	*26.3%*
Result from generation before COD (4)	4.8	-	*4.8*	*n/a*
Other (5)	0.6	(0.9)	*1.5*	*n/a*
Total EBITDA adjustments	**(35.1)**	**(65.6)**	***30.5***	***(46.5%)***
Adjusted EBITDA APM	**214.5**	**163.8**	***50.7***	***31.0%***
Adjusted EBITDA margin APM	19.0%	20.4%	*n/a*	*(1.4 pp)*

[1]A more detailed description of the management adjustments is presented in Interim Consolidated Financial statements for 9M 2021, Note 28 'Operating segments'.

(1) Elimination of the difference between the actual profit earned during the reporting period and the profit allowed by the regulator. Elimination includes retrospective adjustments made after the changes in Networks RAB methodology for the years 2021 and 2020 of EUR 35.0 million for 9M 2021 and EUR 35.2 million for 9M 2020. In 9M 2020, adjustment mostly consisted of elimination of higher Customers & Solutions segment's profit earned from regulated activities, which resulted from lower actual electricity and natural 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) recognized through P&L. The Group uses derivatives for economic hedging of electricity and natural gas supply contracts, however, it does not fully apply hedge accounting, therefore, the management eliminates them when analysing the results of the current period. Starting from July 2021 hedge accounting policy for Customers and Solutions segment was prepared. In relation to this amendment, changes in the fair value of effective derivatives is now recognized through BS. As majority of Group's derivatives is related to Customers and Solutions segment, as a result, the amount recognized through P&L has decreased significantly since the implementation of hedge accounting policy.

(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) During 9M 2021 proceeds from generation before COD (and possible formal completion procedures after COD) of Vilnius CHP WtE unit (EUR 3.6 million) and Pomerania WF (EUR 1.2 million) is added as it reflects the cash inflow which was capitalised according to IAS. According to amendments of IAS 16 to be implemented from 2022 proceeds before intended use will be recognized through P&L instead of capitalised to BS.

(5) 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, and other one-off gains or losses.

EBIT

In 9M 2021, Adjusted EBIT amounted to EUR 121.1 million, which was 59.8% (or EUR +45.3 million) higher than in 9M 2020. The main effects on Adjusted EBIT change were higher Adjusted EBITDA (EUR +50.7 million) (the reasons behind the increase are described in 'Adjusted EBITDA' section), which was partly offset by higher depreciation expenses (EUR -6.4 million).

Adjusted EBIT by segments, EURm

	9M 2021	9M 2020	Δ	Δ,%
Networks	62.2	47.2	*15.0*	*31.8%*
Green Generation	39.1	20.9	*18.2*	*87.1%*
Flexible Generation	13.8	12.6	*1.2*	*9.5%*
Customers & Solutions	7.5	0.4	*7.1*	*1,775.0%*
Other[1]	(1.5)	(5.3)	*3.8*	*(71.7%)*
Adjusted EBIT APM	**121.1**	**75.8**	***45.3***	***59.8%***
Adjusted EBIT margin APM	10.7%	9.5%	*n/a*	*1.3 pp*

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

EBIT adjustments, EURm

	9M 2021	9M 2020	Δ	Δ, %
EBIT APM	**145.1**	**142.9**	***2.2***	***1.5%***
Adjustments				
Total EBITDA adjustments	(35.1)	(65.6)	*30.5*	*(46.5%)*
Revaluation of emission allowances (6)	12.0	(0.3)	*12.3*	*n/a*
Impairment and write-offs of current and non-current amounts receivables, loans, goods and others (7)	(0.9)	(1.2)	*0.3*	*(25.0%)*
Total EBIT adjustments	**(24.0)**	**(67.1)**	***43.1***	***(64.2%)***
Adjusted EBIT APM	**121.1**	**75.8**	***45.3***	***59.8%***

(6) Elimination of revaluation of emission allowances.

(7) Add-back of impairment and write-offs of current and non-current amounts receivables, loans, goods and others as it is included in total EBITDA adjustments line.

Net profit

Adjusted net profit amounted to EUR 83.7 million in 9M 2021 and was 65.4% higher than in 9M 2020. Adjusted EBITDA positive impact (EUR +50.7 million) was partly offset by higher income tax (EUR -9.0 million), depreciation and amortisation (EUR -6.4 million) and financial activity (EUR -3.2 million) expenses. Income tax expenses grew 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.

Reported net profit in 9M 2021 decreased to EUR 94.4 million, compared to EUR 108.3 million in 9M 2020. Reported net profit decreased while Adjusted net profit increased significantly, mostly due to lower temporary regulatory differences (EUR -35.7 million) of which mainly in the Customers & Solutions segment (EUR -28.4 million), Kaunas CHP option fair value decrease (EUR -23.5 million) and negative result from revaluation of emission allowances (EUR -12.3 million) in 9M 2021. These effects were partly offset by Smart Energy Fund investments' value increase (EUR +13.8million) in 9M 2021 and positive temporary fluctuations in fair value of derivatives (EUR +13.7 million in 9M 2021 compared to EUR -0.5 million in 9M 2020).

Net profit adjustments, EURm

	9M 2021	9M 2020	Δ	Δ,%
Net profit	**94.4**	**108.3**	***(13.9)***	***(12.8%)***
Adjustments				
Total EBIT adjustments	(24.0)	(67.1)	*43.1*	*(64.2%)*
One-off financial activity adjustments (8)	9.6	-	*9.6*	*n/a*
Adjustments' impact on income tax (9)	3.7	9.3	*(5.6)*	*(60.2%)*
Total net profit adjustments	**(10.7)**	**(57.7)**	***47.0***	***(81.5%)***
Adjusted net profit APM	**83.7**	**50.6**	***33.1***	***65.4%***
Adjusted ROE LTM APM	7.4%	6.2%	*n/a*	*1.2 pp*
ROE LTM APM	9.7%	9.3%	*n/a*	*0.4 pp*

(8) One-off financial activity adjustments include elimination of Kaunas CHP option fair value decrease (EUR -23.5 million) and Smart Energy Fund investments' value increase (EUR +13.8 million).

(9) An additional income tax adjustment of 15% (statutory income tax rate in Lithuania) is applied to all EBIT adjustments (except revaluation of emission allowances).

Investments

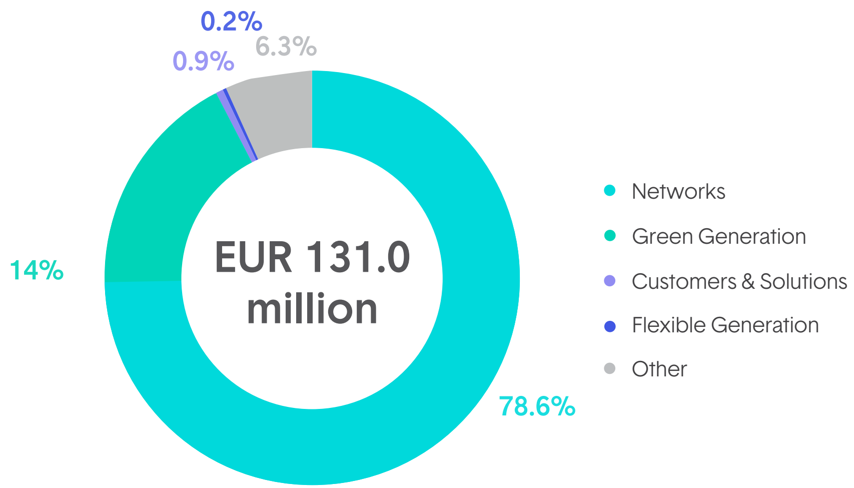
In 9M 2021, Investments amounted to EUR 131.0 million and were EUR 139.9 million lower compared to 9M 2020. The largest investments were made in electricity distribution network (64.3% of total Investments), gas distribution network (12.5%) and construction of Vilnius CHP (6.1%).

The Green Generation segment investments amounted to EUR 18.3 million in 9M 2021 and were EUR 159.0 million lower compared to 9M 2020. The main reasons for the decrease were lower investments in construction of Pomerania WF (EUR -64.3 million) as the construction was completed in March, lower investments in construction of Kaunas CHP (EUR -63.9 million) as it was launched in August 2020, and lower investments in Vilnius CHP (EUR -33.0million) due to WtE unit's COD in March and rescheduled investment timeline of Biomass unit.

The Networks segment investments amounted to EUR 103.0 million and were EUR 17.0 million higher compared to 9M 2020. Investments in maintenance of distribution networks increased by EUR +21.9 million or 80.5% and amounted to EUR 49.1 million or 37.5% of total 9M 2021 investments. The increase was partly offset by lower investments in expansion of the distribution networks which decreased by EUR -5.0 million or -8.8% due to less new connection points and upgrades and amounted to EUR 51.5 million or 39.3% of total 9M 2021 Investments.

The Group received EUR 13.5 million in grants for Investments in 9M 2021. It mainly contains grants related to maintenance of electricity and gas distribution networks (EUR 9.3 million) and grants for Vilnius CHP project (EUR 4.2 million). Also, a part of investments into Networks related to new customer connections, upgrades and infrastructure equipment transfers were covered by customers (EUR 21.3 million).

Investments by segment, 9M 2021, %



Investments by segment, EURm

	9M 2021	9M 2020	Δ	Δ,%
Networks	103.0	86.0	*17.0*	*19.8%*
Expansion of the electricity network	41.5	39.3	*2.2*	*5.6%*
Maintenance of the electricity network	42.7	21.4	*21.3*	*99.5%*
Expansion of the gas network	10.0	17.2	*(7.2)*	*(41.9%)*
Maintenance of the gas network	6.4	5.8	*0.6*	*10.3%*
Other	2.4	2.3	*0.1*	*4.3%*
Green Generation	18.3	177.3	*(159.0)*	*(89.7%)*
Vilnius CHP	8.0	41.0	*(33.0)*	*(80.5%)*
Kaunas CHP	4.3	68.2	*(63.9)*	*(93.7%)*
Pomerania WF	1.7	66.0	*(64.3)*	*(97.4%)*
Other	4.3	2.1	*2.2*	*104.8%*
Customers & Solutions	1.2	0.8	*0.4*	*50.0%*
Flexible Generation	0.2	2.9	*(2.7)*	*(93.1%)*
Other[1]	8.3	3.9	*4.4*	*112.8%*
Investments APM	**131.0**	**270.9**	***(139.9)***	***(51.6%)***
Grants	(13.5)	(19.2)	*5.7*	*(29.7%)*
Investments covered by customers[2]	(21.3)	(18.9)	*(2.4)*	*12.7%*
Investments (excl. grants and investments covered by customers)	**96.2**	**232.8**	***(136.6)***	***(58.7%)***

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

Statement of financial position

Assets

As of 30 September 2021, total assets reached EUR 4,232.2 million (6.6% increase from 31 December 2020). The growth was mainly influenced by the increase in inventories due to temporary positive natural gas inventories revaluation effect, arrival of an LNG cargo ship in September, larger deposits to derivative trading accounts and natural gas purchase related prepayments, the increase in intangible assets and property, plant and equipment, resulting from investments made in 2021. Receivable from EPSO-G for the shares of AB "LitGrid" (EUR 136.2 million) was transferred from long term to short term receivables as, according to the agreement, it must be repaid until 30 September 2022.

Equity

As of 30 September 2021, equity amounted to EUR 1,883.9 million and increased by 2.2% from 31 December 2020, mostly due to net profit for 9M 2021 and an increase in revaluation reserve of emission allowances, which was partly offset by paid dividends.

Liabilities

Total liabilities increased by 10.5% or EUR 222.8 million during 9M 2021. Current liabilities increased by 99.1% or EUR 306.5 million, which was mostly caused by Kaunas CHP loan transfer from non-current loans, liabilities related to higher natural gas price insurance contracts and the increase in payables related to natural gas and electricity.

Balance sheet, EURm

	2021.09.30	2020.12.31	Δ	Δ,%
Non-current assets	2,969.0	2,982.7	*(13.7)*	*(0.5%)*
Current assets	1,263.2	986.6	*276.6*	*28.0%*
TOTAL ASSETS	**4,232.2**	**3,969.3**	***262.9***	***6.6%***
Equity	1,883.9	1,843.8	*40.1*	*2.2%*
Total liabilities	2,348.3	2,125.5	*222.8*	*10.5%*
Non-current liabilities	1,732.5	1,816.2	*(83.7)*	*(4.6%)*
Current liabilities	615.8	309.3	*306.5*	*99.1%*
TOTAL EQUITY AND LIABILITIES	**4,232.2**	**3,969.3**	***262.9***	***6.6%***
Asset turnover LTM APM	0.40	0.34	*0.06*	*17.6%*
ROA LTM APM	4.0%	4.7%	*n/a*	*(0.7 pp)*
Current ratio APM	2.05	3.19	*(1.14)*	*(35.7%)*
Working capital/Revenue LTM APM	9.5%	4.7%	*n/a*	*4.8 pp*

Financing

Net debt

As of 30 September 2021, Net debt amounted to EUR 620.4 million, an increase of 3.3% or EUR 20.1 million compared to 31 December 2020.

FFO LTM/Net debt slightly decreased from 52.1% to 51.0% as Net debt increased.

Net debt, EURm

	2021.09.30	2020.12.31	Δ	Δ,%
Total non-current financial liabilities	**1,164.4**	**1,275.3**	***(110.9)***	***(8.7%)***
Non-current loans	233.4	359.0	*(125.6)*	*(35.0%)*
Bonds	888.1	887.0	*1.1*	*0.1%*
Interests payable (including accrued)	0.0	0.2	*(0.2)*	*(100.0%)*
Lease liabilities (IFRS 16)	42.9	29.1	*13.8*	*47.4%*
Total current financial liabilities	**137.2**	**28.8**	***108.4***	***376.4%***
Current portion of non-current loans	12.6	6.3	*6.3*	*100.0%*
Current loans	114.7	0.0	*114.7*	*n/a*
Interests payable (including accrued)	4.9	9.1	*(4.2)*	*(46.2%)*
Lease liabilities (IFRS 16)	5.0	13.4	*(8.4)*	*(62.7%)*
Gross debt APM	**1,301.6**	**1,304.1**	***(2.5)***	***(0.2%)***
Cash, cash equivalents and cash in escrow account	**681.2**	**703.8**	***(22.6)***	***(3.2%)***
Cash and cash equivalents	636.2	658.8	*(22.6)*	*(3.4%)*
Cash in escrow account	45.0	45.0	*0.0*	*0.0%*
Net debt APM	**620.4**	**600.3**	***20.1***	***3.3%***
EPSO-G receivable	136.2	150.7	*(14.5)*	*(9.6%)*
Net debt less EPSO-G receivable	**484.2**	**449.6**	***34.6***	***7.7%***
Net debt / Adjusted EBITDA LTM APM	2.11	2.47	(0.36)	(14.6%)
Net debt / EBITDA LTM APM	1.73	1.78	(0.05)	(2.8%)
FFO LTM / Net debt APM	51.0%	52.1%	n/a	(1.1 pp)
Gross debt/Equity APM	0.69	0.71	(0.02)	(2.4%)
Equity ratio APM	0.45	0.46	(0.01)	(3.1%)

Bond issues

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

Outstanding bond issues

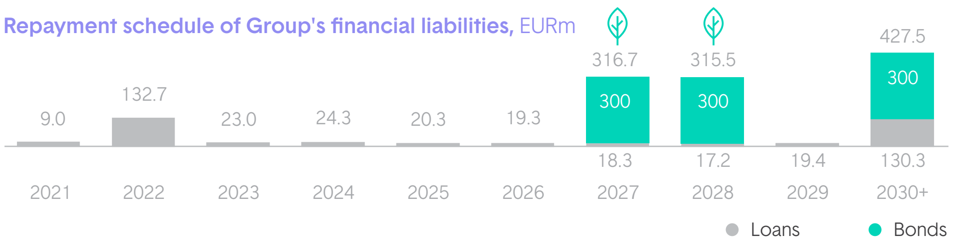
	2017 issue	2018 issue	2020 issue
ISIN-code	XS1646530565	XS1853999313	XS2177349912
Currency	EUR	EUR	EUR
Nominal amount	300,000,000	300,000,000	300,000,000
Coupon	2.000	1.875	2.000
Maturity	17 July 2027	10 July 2028	21 May 2030
Credit rating	BBB+	BBB+	BBB+

During the reporting period, there has been no material changes regarding bonds. Related information, including the structure of bondholders as of the 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 30 September 2021 was 7.8 years (31 December 2020: 7.7 years).

Repayment schedule of Group's financial liabilities, EURm



Interest rate, currency, and liquidity risk

On 30 September 2021, financial liabilities amounting to EUR 1,128.2 million were subject to the fixed interest rate (90.3% of loans and bonds) and the remaining amount of financial liabilities were subject to the floating interest rate. Effective interest rate was 1.74% as of 30 September 2021. 92.9% of loans and bonds were in EUR, while 7.1% – in PLN.

The Group manages liquidity risk by entering into the credit line agreements with banks. On 30 September 2021 the Group did not have any credit lines as one credit line facility amounting to EUR 70 million has expired in September 2021 and another credit line facility amounting to EUR 80 million was signed in October 2021. EUR 12 million are frozen for redemption of shares of Ignitis Gamyba and ESO. 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 203.6 million in 9M 2021. Compared to 9M 2020, CFO decreased by EUR 68.2 million, mainly due to an increase of working capital, which was partly offset by higher EBITDA.

In 9M 2021, Net working capital increase was mainly driven by growth of gas inventory value (including revaluation effect) (EUR +77.2 million) due to higher natural gas market prices and LNG cargo delivery in September, growth of gas and electricity derivative trading deposits (EUR +56.4 million) due to higher market prices, increase of accrued revenue related to regulatory activity of the public electricity supply (EUR +39.2 million) and higher prepayments for investment projects (EUR +10.1 million). It was partly offset by cash effect of change in reserve of effective derivatives (MtM) part (EUR -51.3 million) and increase in payables for gas (EUR -41.8 million) mostly due to higher gas prices and LNG cargo delivery in September. In 9M 2020, Net working capital decrease was mainly driven by decrease in prepayments for investment projects (EUR -27.7 million) and natural gas market inventory value (including revaluation effect) (EUR -18.0 million) due to lower natural gas market prices and increase in payables for gas (EUR -13.9 million).

Net cash flows from investing activities (CFI) amounted to EUR -125.2 million in 9M 2021. Compared to 9M 2020, CFI decreased by EUR 87.8 million, mainly due to lower Investments.

Net cash flows from financing activities (CFF) amounted to EUR -101.0 million in 9M 2021. In 9M 2021, CFF were negative due to payments of dividends, interest and lease, while in 9M 2020 CFF were positive mostly due to issue of bonds in May 2020 and loans received.

Cash flows, EURm

	9M 2021	9M 2020	Δ	Δ, %
Cash and cash equiv. at the beginning of the period	**658.8**	**131.8**	***527.0***	***399.8%***
CFO	203.6	271.8	*(68.2)*	*(25.1%)*
CFI	(125.2)	(213.0)	*87.8*	*(41.2%)*
CFF	(101.0)	91.7	*(192.7)*	*n/a*
Increase (decrease) in cash and cash equiv.	**(22.6)**	**150.5**	***(173.1)***	***n/a***
Cash and cash equiv. at the end of period	**636.2**	**282.3**	***353.9***	***125.4%***

In 9M 2021, the Group's FFO increased by 1.8% (EUR 3.7 million) and amounted to EUR 211.1 million. The main reason for the growth was higher EBITDA, which was partly offset by higher paid interest and income tax.

FFO, EURm

	9M 2021	9M 2020	Δ	Δ,%
EBITDA APM	249.6	229.4	*20.2*	*8.8%*
Interest received	0.4	0.5	*(0.1)*	*(20.0%)*
Interest paid	(23.5)	(15.0)	*(8.5)*	*56.7%*
Income tax paid	(15.4)	(7.5)	*(7.9)*	*105.3%*
FFO APM	**211.1**	**207.4**	***3.7***	***1.8%***

In 9M 2021, the Group's FCF decreased by EUR 17.9 million and amounted to EUR 21.6 million. The main reason for the decrease was the change in working capital, which was partly offset by lower Investments.

FCF, EURm

	9M 2021	9M 2020	Δ	Δ, %
FFO APM	211.1	207.4	*3.7*	*1.8%*
Investments	(131.0)	(270.9)	*139.9*	*(51.6%)*
Grants received	13.5	19.2	*(5.7)*	*(29.7%)*
Cash effect of new connection points and upgrades	12.5	9.9	*2.6*	*26.3%*
Proceeds from sale of PPE and intangible assets[1]	1.7	9.9	*(8.2)*	*(82.8%)*
Change in net working capital	(86.2)	64.0	(150.2)	n/a
FCF APM	**21.6**	**39.5**	**(17.9)**	**(45.3%)**

[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

		9M 2021	9M 2020	Δ	Δ,%
Electricity					
Green Generation capacity	MW	1,350	1,350	-	-%
Green Generation installed capacity	MW	1,120	1,101	*19*	*1.7%*
Green Generation projects under construction	MW	230	249	*(19)*	*(7.6%)*
Electricity distributed	TWh	7.60	6.99	*0.61*	*8.7%*
Electricity generated (net)	TWh	1.69	1.80	*(0.11)*	*(6.2%)*
Green electricity generated (net)	TWh	0.96	0.91	*0.05*	*5.3%*
Green share of generation	%	56.9%	50.7%	*n/a*	*(6.2 pp)*
Electricity sales	TWh	5.14	4.97	*0.17*	*3.5%*
SAIFI	units	1.12	1.11	*0.00*	*0.4%*
SAIDI	min	177.13	194.18[1]	*(17.05)*	*(8.8%)*
Heat					
Green Generation capacity (Heat)	MW	339	339	-	-%
Green Generation installed capacity	MW	170	110	*60.0*	*54.5%*
Green Generation projects under construction	MW	169	229	*(60.0)*	*(26.2%)*
Heat generated (net)	TWh	0.57	0.18	*0.39*	*217.9%*
Natural gas					
Natural gas distributed	TWh	5.76	4.58	*1.18*	*25.8%*
Natural gas sales	TWh	8.70	10.86	*(2.16)*	*(19.9%)*
SAIFI	units	0.004	0.007	*0.002*	*(34.6%)*
SAIDI	min	0.37	0.85	*(0.48)*	*(56.0%)*

[1] *Previously reported 195.5 value was adjusted with regards to new meteorological information.*

Electricity

Installed capacity of Green Generation increased by 19 MW YoY since Vilnius CHP's WtE unit (March 2021) commenced commercial operations.

The total distributed electricity increased by 8.7%. B2B distribution increased by about 8.2%, while B2C distribution increased by 9.9%. The increase was mainly a result of favourable weather conditions and remote work from home.

Electricity generation (net) decreased by 6.2%, compared to 9M 2020, and amounted to 1.69 TWh in 9M 2021. However, combined with an increase in green electricity generated (net), it increased the green share of generation. The decrease in electricity generated (net) was mainly driven by lower flexible generation from the CCGT unit at Elektrėnai Complex (FG) (-0.15 TWh) as well as decreased green generation from Kruonis PSHP (-0.09 TWh) and from wind farms (-0.03 TWh). The decrease in generation at CCGT unit at Elektrėnai Complex (Flexible Generation) and Kruonis PSHP (Green Generation) was caused by less favourable market conditions, whereas wind farms generated less energy due to lower wind speed in the first half of 2021. These effects were partly offset by increased volumes in Kaunas CHP (+0.08 TWh), Vilnius CHP's WtE unit (+0.06 TWh) and Kaunas HPP (+0.04 TWh). Electricity generation volumes (net) at Kaunas CHP and Vilnius CHP's WtE unit increased due to the launch of commercial operations in August 2020 and in March 2021, respectively, whereas the increase at Kaunas PSHP was driven by higher water levels in the Nemunas river.

An increase in electricity sales (3.5% higher, when comparing to the previous period) was mostly affected by higher B2B sales (due to increased number of B2B customers and more active economy).

Electricity SAIFI indicator, which reflects average number of unplanned long interruptions per customer, remained similar as previous year and was 1.12 interruptions (1.11 interruptions in 9M 2020). Electricity SAIDI indicator, which shows average duration of unplanned interruptions, improved to 177.13 minutes (compared to 194.18 minutes in 9M 2020). 9M 2021 quality level was negatively affected by the extreme weather conditions (wet snow cover in January 2021, local storms in May–June 2021 and gusty wind in July 2021). Nevertheless, the negative impact of the storm Laura in March 2020 (the biggest storm since 2005) was much more significant in terms of SAIDI, thus 9M 2021 SAIDI ratio improved, when comparing to the 9M 2020 ratio.

Heat

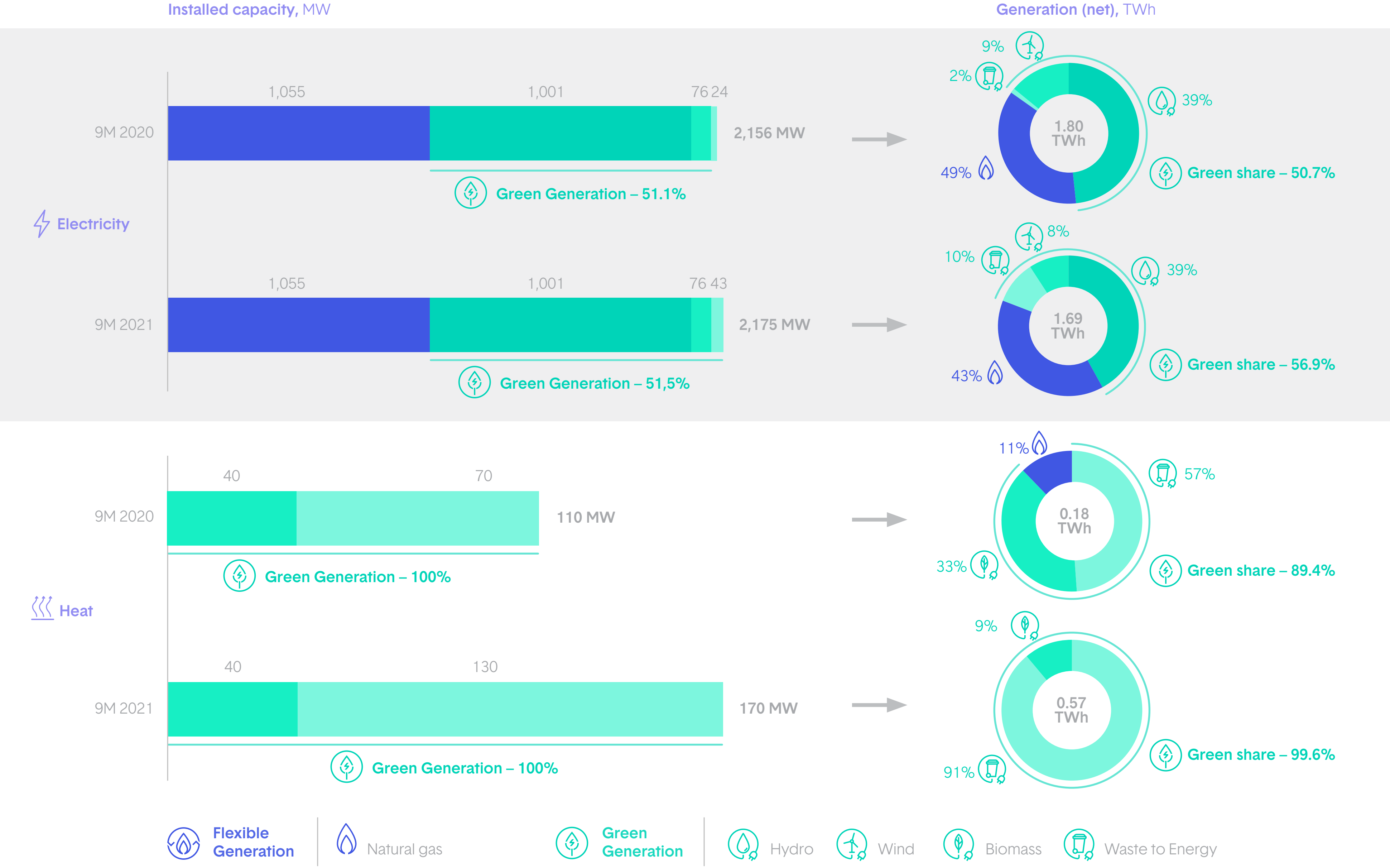
Heat generation (net) in 9M 2021 increased more than 3 times compared to 2020 as a result of the launch of Kaunas CHP and Vilnius CHP's WtE unit, which commenced commercial operations in August 2020 and in March 2021, respectively.

Natural gas

Natural gas distribution volumes increased by 25.8% as a result of colder weather during the heating season. Natural gas sales decreased by 19.9%. Despite an increase in B2C sales due to colder winter and remote working, B2B volumes sold were 46.4% lower, which were mainly driven by lower B2B sales in Lithuania and export to Latvia, Finland. Drop of sales in Lithuania (B2B) and Latvia (exports) was mainly the result of one-off gas transactions in 2020, which did not occur in 2021. The decrease in sales in Finland was affected by higher competition.

Natural gas distribution SAIFI and SAIDI indicators improved in 9M 2021, when comparing them to the corresponding last year period as there were no significant disruptions during Q3 2021. Natural gas SAIFI improved to 0.004 interruptions (from 0.007 interruptions in 9M 2020). SAIDI indicator also decreased and was 0.37 minutes (compared to 0.85 minutes in 9M 2020).

Installed capacity and generation mix overview

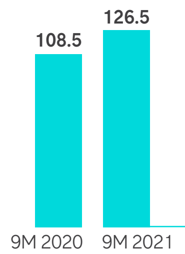


3.2 Results by business segment

Overview

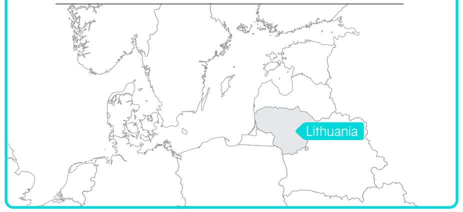
Networks

Adjusted EBITDA[1], EURm



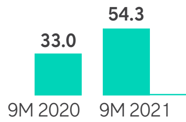
59% of the Group's Adjusted EBITDA

Revenue, EURm	388.2
Adjusted EBIT[1], EURm	62.2
Investments, EURm	103.0
Net debt, EURm	676.9



Green Generation

Adjusted EBITDA, EURm

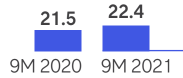


25% of the Group's Adjusted EBITDA

Revenue, EURm	105.0
Adjusted EBIT, EURm	39.1
Investments, EURm	18.3
Net debt, EURm	376.8

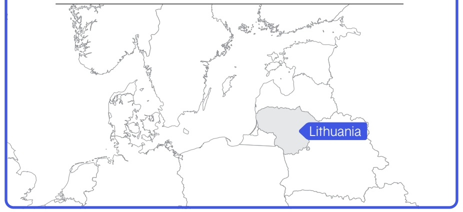
Flexible Generation

Adjusted EBITDA, EURm



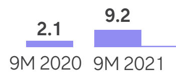
10% of the Group's Adjusted EBITDA

Revenue, EURm	111.7
Adjusted EBIT, EURm	13.8
Investments, EURm	0.2
Net debt, EURm	(40.0)



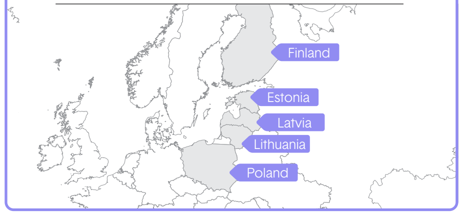
Customers & Solutions

Adjusted EBITDA, EURm



4% of the Group's Adjusted EBITDA

Revenue, EURm	570.1
Adjusted EBIT, EURm	7.5
Investments, EURm	1.2
Net debt, EURm	163.2



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

[1] *Due to Networks Methodology update, all adjusted financial indicators were recalculated retrospectively for the year 2020 (for more information, see 'Results by business segment' section 'Networks Methodology update'). 9M 2020 Adjusted EBITDA decreased by EUR 35.2 million.*

Networks

Highlights

- **The regulator (NERC) has published updated data for calculation of WACC, which as of 1 January 2022 for electricity will be 4.16% (calculated in accordance with the updated methodology on ROI), for natural gas – 3.98% (in accordance with the old methodology on ROI)**
- **Pursuant to the Methodology update, RAB calculation method was changed from LRAIC to similar to historical cost model (for more information see the next page)**
- **During 9M 2021, an agreement with an infrastructure supplier for approximately 1.2 million of smart meters was concluded. The project was rescheduled pushing the end date to 2025 (from 2023) in order to implement the most efficient roll-out in order to comply with all high level requirements (including cybersecurity)**
- **Electricity quality indicators (SAIFI and SAIDI) were strongly affected by extreme weather conditions caused by wet snow cover (end of January 2021), local storms (May–June 2021) and gusty wind (July 2021)**

Financial results

In 9M 2021, the Networks revenue reached EUR 388.2 million and was 11.0% or EUR 38.5 million higher than in 9M 2020. The increase was mainly driven by higher electricity (EUR +21.4 million) and natural gas (EUR +7.4 million) distribution revenue, mainly due to higher distributed volumes (from 6.99 TWh to 7.60 TWh and from 4.58 TWh to 5.76 TWh, respectively) as a result of colder winter, compared to 2020, and overall higher consumption, and increased revenue from supply of last resort (EUR +7.6 million) due to 123% higher electricity market price.

Adjusted EBITDA reached EUR 126.5 million and was 16.6% or EUR 18.0 million higher than in 9M 2020. The increase was driven by:

- higher distributed volumes (EUR +12.4 million) as a result of colder winter, compared to 2020, and overall higher consumption (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);
- higher income from new customers connections and upgrades (EUR +3.2 million).

Compared to 9M 2020, Investments increased by EUR 17.0 million or 19.8%. The increase was mainly driven by higher level of investments in maintenance of electricity and natural gas distribution networks (EUR +21.9 million), however, it was partly offset by lower investments in expansion of the natural gas distribution network (EUR -7.2 million) due to less new connection points and upgrades.

Operating performance

Electricity distribution

The total distributed electricity increased by 8.7% because of a colder winter and remote work from home. B2B distribution increased by about 8.2%, while B2C distribution increased by 9.9%. Technological losses ratio decreased by 0.6 pp, when comparing with last year, due to the effect of the measures taken to minimize electricity losses and the updated process, which allowed to detect undeclared distributed volumes. The number of electricity distribution customers increased by 25,200 or 1.4% in 9M 2021, when comparing to 9M 2020, which was mainly affected by growing number of new connections of prosumers and producers and relatively stable growth of traditional B2B and B2C customers. Average time to connect ratio increased by 32.8% due to disrupted supply of materials, increased workload of contractors (higher demand, unfavourable weather conditions and Covid-19 effect) and lower number of planned disconnections.

Electricity distribution quality indicator SAIFI remained similar as previous year and was 1.12 interruptions (1.11 interruptions in 9M 2020). Electricity SAIDI indicator improved to 177.13 minutes (compared to 194.18 minutes in 9M 2020). 9M 2021 quality level was negatively affected by the extreme weather conditions (wet snow cover in January 2021, local storms in May–June 2021 and gusty wind in July 2021). Nevertheless, the negative impact of the storm Laura in March 2020 (the biggest storm since 2005) was much more significant in terms of SAIDI indicator, thus 9M 2021 SAIDI ratio improved, when comparing to 9M 2020 ratio.

Natural gas distribution

Natural gas distribution volumes increased by 25.8% because of colder winter. Average time to connect ratio increased by 43.3% based on the same reasons as for electricity (described above). Both natural gas supply quality indicators SAIFI and SAIDI decreased, when comparing to the same period last year, and were equal to 0.004 interruptions and 0.37 minutes, respectively. Natural gas quality indicators improved as there were no significant disruptions during Q3 2021.

Key financial indicators[1], EURm	9M 2021	9M 2020	Δ	Δ,%
Revenue	388.2	349.7	38.5	11.0%
Adjusted EBITDA APM	126.5	108.5	18.0	16.6%
EBITDA APM	147.3	139.3	8.0	5.7%
Adjusted EBIT APM	62.2	47.2	15.0	31.8%
EBIT APM	83.5	78.6	4.9	6.2%
Investments APM	103.0	86.0	17.0	19.8%
Adjusted EBITDA margin, % APM	34.5%	34.1%	n/a	0.4 pp
	2021.09.30	**2020.12.31**	**Δ**	**Δ,%**
PPE, intangible and right-of-use assets	1,655.1	1,616.9	38.2	2.4%
Net debt APM	676.9	680.7	(3.8)	(0.6%)

Key operating indicators		9M 2021	9M 2020	Δ	Δ,%
Electricity distribution					
Electricity distributed	TWh	7.60	6.99	0.61	8.7%
Distribution network	'000 km	126.61	125.96	0.65	0.5%
Technological losses	%	4.6%	5.2%	n/a	(0.6 pp)
Number of customers	'000	1,794	1,769	25	1.4%
of which prosumers and producers	'000	16	10	6	60.3%
New connection points	'000	20.18	16.75	3.43	20.5%
Connection point upgrades	'000	17.02	13.09	3.94	30.1%
Admissible power of new connection points and upgrades	MW	236.80	287.48	81.32	28.3%
Time to connect (average)[1]	c. d.	36.47	27.46[2]	9.01	32.8%
SAIFI	unit	1.12	1.11	-	0.4%
SAIDI	min	177.13	194.18[3]	(17.05)	(8.8%)
Natural gas distribution					
Natural gas distributed	TWh	5.76	4.58	1.18	25.8%
Distribution network	'000 km	9.80	9.64	0.15	1.6%
Technological losses	%	1.9%	2.5%	n/a	(0.6 pp)
Number of customers	'000	615	607	8	1.3%
New connection points and upgrades	'000	5.75	6.16	(0.41)	(6.7%)
Time to connect (average)[1]	c. d.	75.90	52.97[2]	22.93	43.3%
SAIFI	unit	0.004	0.007	0.002	(34.6%)
SAIDI	min	0.37	0.85	(0.48)	(56.0%)

Key regulatory indicators[4]		2021	2020	Δ	Δ,%
Regulated activities share in adjusted EBITDA in 9M	**%**	**100.0**	**100.0**	**n/a**	**pp**
Total					
RAB (before Methodology update)[5]	EURm	1,663	1,628	35	2.1%
RAB (after Methodology update)[5]	EURm	1,223	1,179	44	3.7%
WACC (weighted average)	%	5.14	5.08	n/a	0.06 pp
D&A (regulatory)	EURm	91.9	89.5	2.4	2.7%
Additional component[6]	EURm	0.0	0.0	0.0	0.0%
Investments covered by clients (9 months)[7]	EURm	21.3	18.9	2.4	12.8%
Electricity distribution					
RAB (before Methodology update)[5]	EURm	1,414	1,401	13	0.9%
RAB (after Methodology update)[5]	EURm	974	952	22	2.3%
WACC (weighted average)	%	5.34	5.28	n/a	0.06 pp
D&A (regulatory)	EURm	82.4	80.0	2.4	3.0%
Additional component[6]	EURm	0.0	0.0	0.0	0.0%
Gas distribution					
RAB	EURm	249	227	22	9.7%
WACC	%	3.90	3.84	n/a	0.06 pp
D&A (regulatory)	EURm	9.5	9.6	(0.1)	(1.0%)

[1] Due to Networks Methodology update, all adjusted financial indicators were recalculated retrospectively for the year 2020 (for more information, see 'Results by business segment' section 'Networks Methodology update'). 9M 2020 Adjusted EBITDA and Adjusted EBIT decreased by EUR 35.2 million.
[2] Changes in methodology due to newly purchased contracts, changes in legislation and adjustments in algorithm for calculating engineering stages more precisely. With respect to the implementation of the new methodology, 9M 2020 data were updated as follows: "Time to Connect" ratio for electricity was 28.90 c.d., new 27.46 c.d., "Time to Connect" ratio for natural gas was 53.80 c. d., new 52.97 c.d. [3] Previously reported 195.5 value was adjusted with regards to new meteorological information. [4] Full year numbers unless stated otherwise. [5] For more information see next page. [6] Due to changes in the Networks RAB methodology additional tariff component of EUR 28 million annually will be added from year 2022. [7] Fees for new connections and upgrades and electricity equipment removal covered by clients for 9 months. 2020 full year amount EUR 26.3 million.

Networks Methodology update

Highlights

- After the reporting period, Networks regulator (NERC) updated Methodology for determining the price caps for electricity transmission, distribution and public supply services (link in Lithuanian)
- RAB calculation method changed from LRAIC to similar to Historical cost model (link)
- However, sustainable regulatory framework was ensured through the newly established additional tariff component, which offsets the change in RAB calculation method
- Despite changes, we reiterate Group's Adjusted EBITDA guidance for 2021 (EUR 300–310 million) and 2024 target (EUR 350–390 million), dividend policy and investments detailed in Strategic Plan 2021–2024

Mechanics

+ Additional tariff component

Additional tariff component offsets change in RAB calculation method as it will:
1. have direct impact on EBITDA;
2. contribute to RAB growth.

The size of additional tariff component:

Over 2022–2026:
EUR 140 million (or EUR 28 million annually)

Future periods:
similar size expected[1]

Calculation principles:

1. introduced to maintain ESO financial capacity to carry out its 10-year investment plan;
2. can be changed only if:
   (i) 10-year investment plan changes or
   (ii) it is not used for its purpose

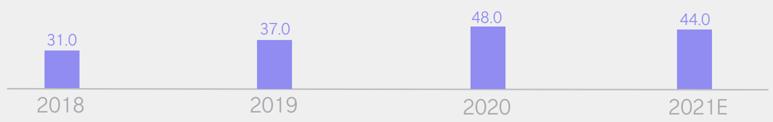
– RAB recalculation

A decrease of EUR 317 million in RAB to EUR 1,097 million starting from 2022 (from EUR 1,414 million in 2021) due to the change in RAB calculation method.

– Correction for 2018–2021

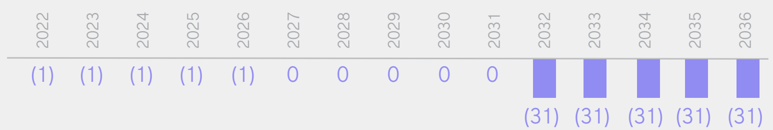
ROI and D&A for 2018–2021 were recalculated based on actual historical investments (instead of the original LRAIC model, which was applied for the period of 2016–2021). The recalculated difference approximately amounts to EUR 160 million which is due to be returned (LRAIC1 correction). Recalculated amounts refer to the periods indicated as per below:

LRAIC1 correction for 2018–2021, EURm



Temporary regulatory differences will have to be returned to the consumers (96% of payables to be returned over 2032–2036), therefore, Adjusted EBITDA has been recalculated retrospectively. Additionally, return schedule could be amended based on ESO's sustainable leverage level, which, based on the Group's calculations with the additional component, is around 6.5x Net debt/EBITDA.

LRAIC1 correction for 2018–2021 return schedule, EURm



[1] *The Group's estimate is based on 6.5x Net debt/EBITDA leverage level for ESO.*

Green Generation

Highlights

- **In March 2021 Vilnius CHP WtE unit (19 MWe, 60 MWth) started operations**
- **Completed construction works of Pomerania WF (94 MW) in Poland in March 2021. COD is expected in Q4 2021**
- **Approved expansion plan of Kruonis PSHP (900 MW) for an additional unit (110 MW)**
- **Concluded conditional agreements to acquire 100% of shares of Latvian companies that are developing three wind farms in Latvia (160 MW). Estimated COD around 2025–2027**
- **Overall better performance due to positive impact of Vilnius CHP WtE unit as it was launched in March 2021, 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 the launch of Kaunas CHP and Vilnius CHP WtE projects and Pomerania WF construction completion in March 2021**

Financial results

In 9M 2021, Green Generation revenue amounted to EUR 105.0 million and was 72.4% or EUR 44.1 million higher than in 9M 2020. The increase was driven by the launch of Kaunas CHP (EUR +14.9 million) and Vilnius CHP WtE unit (EUR +6.9 million), higher revenue of Kruonis PSHP (EUR +13.3 million) and Kaunas HPP (EUR +10.1 million), mainly due to higher electricity market prices.

In 9M 2021, Adjusted EBITDA reached EUR 54.3 million and was 64.5% or EUR 21.3 million higher than in 9M 2020. The main effects were:

- positive impact from Kaunas CHP (EUR +8.7 million) as the plant was launched in August 2020;
- positive impact from Vilnius CHP WtE unit (EUR +7.4 million) launched in March 2021;
- better result of Kaunas HPP (EUR +8.4 million) due to higher captured electricity prices;
- negative effect of change in Kruonis PSHP regulation (EUR -1.7 million).

Investments amounted to EUR 18.3 million in 9M 2021 and were EUR 159.0 million lower compared to 9M 2020. The main reasons for the decrease were lower investments in construction of Pomerania WF (EUR -64.3 million) as the construction was completed in March, lower investments in construction of Kaunas CHP (EUR -63.9 million) as it was launched in August 2020 and lower investments in Vilnius CHP (EUR -33.0 million) due to WtE unit's COD in March 2021.

Operating performance

Electricity generation

Electricity generated (net) in the Green Generation segment increased by 516.37% in 9M 2021, compared to 9M 2020.This was mainly due to higher electricity generation from waste as a result of Kaunas CHP and Vilnius CHP's WtE unit, which commenced commercial operations in August 2020 and March 2021, respectively. Another reason was the increased generation at Kaunas HPP due to higher water levels in the Nemunas river and higher availability factor.

Electricity generated (net) by Kruonis PSHP was 0.66 TWh, which is 17.1% lower than in 9M 2020 due to less favourable market conditions. The volume of electricity generated (net) by wind farms was 0.140 TWh, which is 1623.74% less compared to 9M 2020. The decrease in wind farms generation (net) and load factor portfolio was impacted by lower load factors due to worse weather conditions – lower wind speed during the first half of 2021. Availability factor in 9M 2021 improved, when comparing with the same period last year..

Heat generation

Heat generation (net) in 9M 2021 increased more than 3 times compared to 9M 2020 as a result of Kaunas CHP's and Vilnius CHP WtE unit's launch of commercial operations.

Key financial indicators, EURm	9M 2021	9M 2020	Δ	Δ,%
Revenue	105.0	60.9	44.1	72.4%
Adjusted EBITDA APM	54.3	33.0	21.3	64.5%
EBITDA APM	40.8	33.0	7.8	23.6%
Adjusted EBIT APM	39.1	20.9	18.2	87.1%
EBIT APM	23.3	20.9	2.4	11.5%
Investments APM	18.3	177.3	(159.0)	(89.7%)
Adjusted EBITDA margin, % APM	45.8%	54.2%	n/a	(8.4 pp)
	2021.09.30	**2020.12.31**	**Δ**	**Δ, %**
PPE, intangible and right-of-use assets	748.9	755.4	(6.5)	(0.9%)
Net debt APM	376.8	352.4	24.4	6.9%

Key operating indicators		9M 2021	9M 2020	Δ	Δ,%
Electricity generation					
Installed capacity	MW	1,120	1,101	19	1.7%
Wind	MW	76	76	-	-%
Hydro	MW	1,001	1,001	-	-%
Pumped storage	MW	900	900	-	-%
Run-of-river	MW	101	101	-	-%
Waste	MW	43	24	19	79.2%
Projects under construction	MW	230	249	-19	(7.6%)
Wind	MW	157	157	-	-%
Waste	MW	-	19	(19)	(100.0%)
Biomass	MW	73	73	-	-%
Electricity generated	TWh	0.96	0.91	0.05	5.3%
Wind	TWh	0.14	0.17	(0.03)	(16.7%)
Hydro	TWh	0.66	0.71	(0.05)	(7.7%)
Pumped stor-age	TWh	0.44	0.53	(0.09)	(17.1%)
Run-of-river	TWh	0.21	0.18	0.04	20.3%
Waste	TWh	0.17	0.03	0.13	386.5%
Wind farms availability factor	%	99.0%	98.5%	n/a	0.5 pp
Wind farms load factor	%	28.3%	34.0%	n/a	(5.7 pp)
Heat generation					
Installed capacity	MW	170	110	60	54.5%
Projects under construction	MW	169	229	(60)	(26.2%)
Heat generated	TWh	0.57	0.18	0.39	217.9%
Waste	TWh	0.52	0.10	0.42	411.8%
Biomass	TWh	0.05	0.06	(0.01)	(17.0%)
Gas	TWh	-	0.02[1]	(0.02)	(89.2%)

Key regulatory indicators[2]		2021	2020	Δ	Δ,%
Regulated activities share in adjusted EBITDA in 9M	**%**	**2.2**	**8.5**	**n/a**	**(6.3 pp)**
Kruonis PSHP					
RAB	EURm	16.8[3]	35.6	(18.8)	(52.8%)
WACC	%	3.50%	5.07%	n/a	(1.57 pp)
D&A (regulatory)	EURm	1.3	1.7	(0.4)	(23.5%)

[1] Kaunas CHP performed test runs for which natural gas was used.
[2] Full year numbers unless stated otherwise.
[3] The regulator has halved the RAB of the secondary power reserve, but allowed to keep half of the profit earned from electricity sales from activities of the secondary power reserve in 2021.

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Flexible Generation

Highlights

– **Higher clean spark spread in CCGT commercial activities led to higher Adjusted EBITDA**

Financial results

In 9M 2021, Flexible Generation revenue reached EUR 111.7 million and was 51.4% or EUR 37.9 million higher than in 9M 2020. The increase was mainly driven by higher revenue from commercial activities of the CCGT unit (EUR +31.0 million) due to higher captured electricity prices.

In 9M 2021, Adjusted EBITDA reached EUR 22.4 million and was 4.2% or EUR 0.9 million higher than in 9M 2020. Regulated activities reached EUR 11.2 million and were 2.6% or EUR 0.3 million lower than in 9M 2020. Commercial activities reached EUR 11.3 million and were 12.6% or EUR 1.2 million higher than in 9M 2020. The increase was mainly driven by better results of the CCGT unit (EUR +1.9 million), which increased due to better results of commercial activities as clean spark spread was higher.

PPE, intangible and right-of-use assets increased compared to 31 December 2020, mostly due to revaluation of emission allowances. As of 30 September 2021, intangible assets of emission allowances amounted to EUR 123.4 million (2,001,183 units) and was 56.9% or EUR 44.8 million higher compared to 31 December 2020. The increase was caused by significantly higher emission allowances market price that was partly offset by a write-off of approved emission allowances (451,666 units) used in 2020.

Operating performance

Electricity generation (net) volumes of CCGT unit and units 7 and 8 at Elektrėnai Complex was 0.73 TWh and decreased by 18% in 9M 2021, compared to 9M 2020. The growth was mainly influenced by lower CCGT generation caused by less favourable market conditions (less favourable days for generation, but with higher margin).

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

In 9M 2021, the CCGT is providing the isolated system operation services in the scope of 371 MW. The remaining part of the isolated system operation services are provided by unit 7 in the scope of 38 MW.

Key financial indicators, EURm	9M 2021	9M 2020	Δ	Δ,%
Revenue	111.7	73.8	*37.9*	*51.4%*
Adjusted EBITDA APM	22.4	21.5	*0.9*	*4.2%*
EBITDA APM	22.4	21.9	*0.5*	*2.3%*
Adjusted EBIT APM	13.8	12.6	*1.2*	*9.5%*
EBIT APM	4.1	13.4	*(9.3)*	*(69.4%)*
Investments APM	0.2	2.9	*(2.7)*	*(93.1%)*
Adjusted EBITDA margin, % APM	20.1%	29.3%	*n/a*	*(9.2 pp)*
	2021.09.30	**2020.12.31**	**Δ**	**Δ,%**
PPE, intangible and right-of-use assets	436.0	401.0	*35.0*	*8.7%*
Net debt APM	(40.0)	(40.2)	*0.2*	*(0.5%)*

Key operating indicators		9M 2021	9M 2020	Δ	Δ,%
Installed electricity capacity	MW	1,055	1,055	-	-%
Electricity generated (net)	TWh	0.73	0.89	*(0.16)*	*(18.0%)*
Total reserve and Isolated regime services	MW	891	890	*1*	*0.1%*
Tertiary power reserve services	MW	482	475	*7*	*1.5%*
Isolated system operation services	MW	409	415	*(6)*	*(1.4%)*

Key regulatory indicators[1]		2021	2020	Δ	Δ,%
Regulated activities share in adjusted EBITDA in 9M	**%**	**49.8**	**53.3**	***n/a***	***(3.5 pp)***
CCGT					
RAB	EURm	-	-	-	-
WACC	%	-	-	-	-
D&A (regulatory)	EURm	9.9	9.8	*0.1*	*1.0%*
Units 7 and 8					
RAB	EURm	33.0	36.5	*(3.5)*	*(9.6%)*
WACC	%	3.50	5.07	*n/a*	*(1.57 pp)*
D&A (regulatory)	EURm	4.0	3.8	*0.2*	*5.3%*

[1] Full year numbers unless stated otherwise.

Customers & Solutions

Highlights

- **Started B2B natural 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 86% by volume**
- **Implemented costs-reducing-driven change by agreeing with the terms of the amended contract with Equinor related to LNG cargo supply, thus saving EUR ~14–17 million for Lithuanian natural gas consumers during 2022–2024. This amendment is not expected to result in higher earnings for the company but significantly mitigates the risk of losses communicated previously in relation to the potential regulatory changes**
- **Due to unprecedent changes in energy commodity prices, the Parliament of the Republic of Lithuania adopted amendments to the Laws on Electricity and Natural Gas of the Republic of Lithuania (B2C related), postponing the 2nd stage of market deregulation by 6-months (from January to July 2022) as well as approved scheme for the Group to amortize the increase in electricity and natural gas prices**
- **The Government of the Republic of Lithuania confirmed mandatory supply volume for the LNG terminal amounting to 4 cargoes per year for 2022-2024, which aligns with the annual mandatory supply volume set out in the agreement with Equinor ASA thus reducing the uncertainty of designated supply activities**

Financial results

In 9M 2021, Customers & Solutions revenue reached EUR 570.1 million and was 46.1% or EUR 179.8 million higher than in 9M 2020. Positive Customers & Solutions revenue result is driven by an increase in electricity business (EUR +155.8 million) as well as gas business (EUR +21.5 million), both including hedging results. Higher revenue of B2B electricity business (EUR +121.5 million) was due to higher market prices (+123%) and higher volumes (+7%). Total B2C electricity sales have increased due to growing independent supply (EUR +32.1 million), whereas B2C regulated activity remained almost flat (EUR +0.7 million). An increase in gas business was driven by higher natural gas export (EUR +15.6 million) and B2B natural gas sales (EUR +6.4 million), mainly due to higher natural gas price index (+202%).

In 9M 2021, Adjusted EBITDA reached EUR 9.2 million and was EUR 7.1 million higher than in 9M 2020. The main effects were:

- positive effect on gas results, which was driven by stored natural gas inventory revaluation (EUR +31.1 million) due to increasing natural gas prices and higher volumes of stored natural gas, which is expected to reverse in 2022 if natural gas prices return to long term average level. Positive effect is partly offset by a decrease in natural gas B2B sales (EUR -7.9 million) and natural gas export (EUR -6.5 million) due to lower sales volumes, and lower natural gas B2C business (EUR -5.1 million), mainly due to the over-declaration effect;
- negative result in electricity business is driven by lower B2C independent supply activities (EUR -2.2 million), mostly from underhedged actual sales volumes and by decreased regulated B2C sales (EUR -1.9 million) due to negative effect of regulated distribution tariff (which is expected to be reversed in 2022 through tariff).

Compared to 31 Dec 2020, Net debt increased (EUR +133.8 million), mostly because of a need for additional cash pool to cover more expensive derivative positions and an increasing spread between lower regulated public tariffs and higher actual purchase prices of natural gas and electricity.

Operating performance

Electricity volume sales

Total electricity sales in retail market in 9M 2021 increased by 4.6% compared to 9M 2020. The increase was mainly caused by higher sales in Lithuania for B2B (due to increased number of B2B customers and more active economy) as well as higher retail sales in Latvia and Poland. However, sales to B2C customers were lower (-0.04 TWh) and number of customers decreased (-0.11 million), when comparing with 9M 2020, due to liberalization effect.

Natural gas volume sales

The volume of natural gas sold in 9M 2021 decreased by 19.9%. Although B2C sales increased (+0.43 TWh) due to colder winter and remote working, B2B sales were significantly lower (-3.74 TWh). It can be explained by decreased B2B sales in Lithuania and export to Latvia, Finland. Drop of sales in Lithuania (B2B) and Latvia (exports) was mainly a result of one-off natural gas transactions in 2020, which did not occur in 2021. The decrease in sales in Finland was affected by higher competition. Better performance of wholesale market was majorly affected by unplanned sale of 1.41 TWh LNG cargo.

Key financial indicators, EURm	9M 2021	9M 2020	Δ	Δ,%
Revenue	570.1	390.3	*179.8*	*46.1%*
Adjusted EBITDA APM	9.2	2.1	*7.1*	*338.1%*
EBITDA APM	36.7	34.6	*2.1*	*6.1%*
Adjusted EBIT APM	7.5	0.4	*7.1*	*1,775.0%*
EBIT APM	35.5	33.4	*2.1*	*6.3%*
Investments APM	1.2	0.8	*0.4*	*50.0%*
Adjusted EBITDA margin, % APM	1.7%	0.6%	*n/a*	*1.1 pp*
	2021.09.30	2020.12.31	Δ	Δ,%
PPE, intangible and right-of-use assets	6.2	6.6	*(0.4)*	*(6.1%)*
Net debt APM	163.2	29.4	*133.8*	*455.1%*

Key operating indicators		9M 2021	9M 2020	Δ	Δ,%
Electricity sales					
Lithuania	TWh	4.08	4.00	*0.08*	*2.0%*
Latvia	TWh	0.71	0.64	*0.07*	*11.2%*
Other	TWh	0.07	0.01	*0.06*	*407.5%*
Total retail	TWh	4.87	4.65	*0.21*	*4.6%*
of which B2C	TWh	2.11	2.16	*(0.04)*	*(2.0%)*
of which B2B	TWh	2.75	2.49	*0.26*	*10.3%*
Number of customers[1]	m	1.55	1.66	*(0.11)*	*(6.5%)*
Natural gas sales	TWh	8.70	10.86	*(2.16)*	*(19.9%)*
Lithuania	TWh	4.06	5.38	*(1.32)*	*(24.6%)*
Latvia	TWh	0.21	1.86	*(1.65)*	*(88.9%)*
Finland	TWh	1.89	2.23	*(0.34)*	*(15.2%)*
Poland	TWh	-	-	-	-%
Total retail	TWh	6.16	9.47	*(3.31)*	*(34.9%)*
of which B2C	TWh	1.84	1.40	*0.43*	*30.9%*
of which B2B	TWh	4.32	8.06	*(3.74)*	*(46.4%)*
Wholesale market	TWh	2.54	1.39	*1.15*	*82.6%*
Number of customers	m	0.61	0.61	*0.01*	*1.1%*

Key regulatory indicators[2]		2021	2020	Δ	Δ,%
Regulated activities share in adjusted EBITDA in 9M	%	**23.4**	**198.4**	***n/a***	***(175.0 pp)***
RAB[3]	EURm	25.7	74.8	*(49.1)*	*(65.6%)*
WACC	%	2.93	2.94	*n/a*	*(0.01 pp)*

[1] Until Q4 2020, electricity to B2C was calculated as existing contracts; since Q4 2020, electricity to 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 9M 2020 was restated from 1.69m (total electricity supply customers – 1.70m) to 1.65m (total electricity supply customers – 1.66m).
[2] Full year numbers unless stated otherwise.
[3] RAB for businesses of the Customers & Solutions segment comprises net working capital for covering the demand of public supply of electricity.

3.3 Results Q3

Financial results

Revenue

In Q3 2021, compared to Q3 2020, an increase in revenue was caused by:

- electricity business (EUR +100.6 million) in Customers & Solutions segment due to higher market price and volumes
- multiple effects in Green Generation segment including higher revenue of Kruonis PSHP (EUR +5.4 million) and Kaunas HPP (EUR +5.0 million), mainly due to higher electricity market prices, as well as Kaunas CHP (EUR +3.4 million) as the plant was launched in August 2020 and Vilnius CHP WtE unit (EUR +3.3 million) that launched in March 2021
- higher electricity distribution and transmission revenue (EUR +5.7 million), mainly due to higher volumes in Networks segment
- higher revenue of commercial activities of the CCGT unit (EUR +10.4 million) due to higher electricity market prices in Flexible Generation segment

Adjusted EBITDA

Adjusted EBITDA increased by EUR 9.9 million mainly due to:

- better results of Kaunas HPP (EUR +3.8 million) due to higher captured electricity prices in Green Generation segment, Vilnius CHP WtE unit (EUR +2.1 million) launched in March 2021, Kaunas CHP (EUR +1.6 million) launched in August 2020 and Pomerania WF results during the testing phase (EUR +1.2 million)
- higher distributed volumes (EUR +2.3 million) in Networks segment (an effect which will level off during the year) and higher income from new customers connections and upgrades (EUR +1.1 million).

Adjusted net profit

Adjusted net profit increased by EUR 9.0 million mainly due to higher Adjusted EBITDA.

Investments

Investments in Q3 2021 decreased due to lower investments in construction of Pomerania WF (EUR -23.9 million) as the construction was completed in March 2021, lower investments in Kaunas CHP (EUR -8.6 million) as it was launched in August 2020 and lower investments in Vilnius CHP (EUR -7.8 million) due to WtE unit's COD in March 2021.

Operating performance

Electricity

Distributed electricity increased by 6.5%, when comparing with same quarter last year, mostly due to colder than usual weather and a more active business segment. Electricity generated (net) decreased by 36%. The decrease was mainly driven by lower electricity generation (net) of the CCGT unit at Elektrėnai Complex (-0.26 TWh) and Kruonis PSHP (-0.09 TWh), which offset an increased electricity generation (net) of Kaunas HPP (+0.02 TWh), Kaunas CHP (+0.01 TWh) and Vilnius CHP WtE unit (+0.01 TWh).

Operational capacity increased by 19 MW and capacity under construction decreased accordingly by 19 MW since Vilnius CHP WtE unit commenced commercial operations in March 2021.

Deterioration of electricity quality indicators SAIFI and SAIDI was mainly caused by gusty wind in July 2021 and higher number of network breaches by third parties.

Heat

Heat generation (net) increased as a result of Vilnius CHP WtE unit, which commenced commercial operations in March 2021 as well as better position of Kaunas CHP in heat auctions.

Natural gas

Natural gas distribution increased due to higher consumption of B2C due to quarantine and a longer cold season. Natural gas sales volumes decreased mainly due to one-off natural gas transactions in Lithuania and Latvia during Q3 2020, which did not occur in Q3 2021.
Natural gas quality indicators SAIDI and SAIFI improved, when comparing with the same period in 2020, as there were no significant disruptions during Q3 2021.

Key financial indicators[1]		Q3 2021	Q3 2020	Δ	Δ,%
Revenue	EURm	427.3	277.9	*149.4*	*53.8%*
EBITDA APM	EURm	79.7	79.8	*(0.1)*	*(0.1%)*
Adjusted EBITDA APM	EURm	68.5	58.6	*9.9*	*16.9%*
Adjusted EBITDA margin APM	%	16.5%	26.1%	*n/a*	*(9.6 pp)*
EBIT APM	EURm	47.4	49.7	*(2.3)*	*(4.6%)*
Adjusted EBIT APM	EURm	37.2	28.9	*8.3*	*28.7%*
Net profit	EURm	45.6	36.4	*9.2*	*25.3%*
Adjusted net profit APM	EURm	25.1	16.1	*9.0*	*55.9%*
Investments APM	EURm	54.1	83.7	*(29.6)*	*(35.4%)*
FFO APM	EURm	63.4	66.0	*(2.6)*	*(3.9%)*
FCF APM	EURm	(48.6)	21.6	*(70.2)*	*n/a*

Key operating indicators		Q3 2021	Q3 2020	Δ	Δ,%
Electricity					
Green Generation capacity	MW	1,350	1,350	-	*-%*
Green Generation installed capacity	MW	1,120	1,101	*19*	*1.7%*
Green Generation projects under construction	MW	230	249	*(19)*	*(7.6%)*
Electricity distributed	TWh	2.45	2.30	*0.15*	*6.5%*
Electricity generated (net)	TWh	0.55	0.86	*(0.31)*	*(36.3%)*
Green electricity generated (net)	TWh	0.26	0.32	*(0.05)*	*(16.3%)*
Green share of generation	%	48.3%	36.7%	*n/a*	*11.6 pp*
Electricity sales	TWh	1.67	1.64	*0.02*	*1.4%*
SAIFI	units	0.38	0.25	*0.13*	*51.6%*
SAIDI	min.	31.31	16.36	*14.95*	*91.4%*
Heat					
Green Generation capacity	MW	339	339	-	*-%*
Green Generation installed capacity	MW	170	110	*60*	*54.5%*
Green Generation projects under construction	MW	169	229	*(60)*	*(26.2%)*
Heat generated (net)	TWh	0.12	0.03	*0.10*	*341.3%*
Natural gas					
Natural gas distributed	TWh	1.02	0.99	*0.04*	*3.6%*
Natural gas sales	TWh	1.39	3.62	*(2.24)*	*(61.8%)*
SAIFI	units	0.001	0.004	*(0.003)*	*(73.7%)*
SAIDI	min.	0.12	0.61	*(0.49)*	*(80.0%)*

[1] Due to Networks Methodology update, all adjusted financial indicators were recalculated retrospectively for the year 2020 (for more information, see 'Results by business segment' section 'Networks Methodology update'). Q3 2020 Adjusted EBITDA decreased by EUR 11.6 million.

Results by business segments Q3

Networks

Networks revenue was 7.3% or EUR 8.3 million higher than in Q3 2020. The increase was mainly driven by higher electricity distribution and transmission revenue (EUR +5.7 million).

Adjusted EBITDA was 14.4% or EUR 5.1 million higher than in Q3 2020. The increase was driven by higher distributed volumes (EUR +2.3 million) as a result of colder winter, compared to 2020, and overall higher consumption (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). Also the increase of Adjusted EBITDA was influenced by higher income from new customers connections and upgrades (EUR +1.1 million).

Investments were 24.9% or EUR 9.1 million higher than in Q3 2020, mainly due to higher investments in maintenance of electricity distribution network (EUR +10.0 million).

Green Generation

Green Generation revenue was 79.7% or EUR 17.3 million higher than in Q3 2020. The increase was driven by higher sales of Kruonis PSHP (EUR +5.4 million) and Kaunas HPP (EUR +5.0 million), mainly due to higher electricity market prices and launch of Kaunas CHP (EUR +3.4 million) and Vilnius CHP WtE unit (EUR +3.3 million).

Adjusted EBITDA was 74.7% or EUR 7.1 million higher than in Q3 2020. The increase was mainly influenced by better results of Kaunas HPP (EUR +3.8 million), Vilnius CHP WtE unit (EUR +2.1 million) launched in March 2021 and Kaunas CHP (EUR +1.6 million) launched in August 2020.

Investments were 90.4% or EUR 41.4 million lower than in Q3 2020, mainly resulting from lower investments in construction of Pomerania WF (EUR -23.9 million) as the construction was completed in March 2021, lower investments in Kaunas CHP (EUR -8.6 million) as it was launched in August 2020 and lower investments in Vilnius CHP (EUR -7.8 million) due to WtE unit's COD in March.

Flexible Generation

Flexible Generation revenue was 42.1% or EUR 15.0 million higher than in Q3 2020. The increase was mainly driven by higher revenue of commercial activities of the CCGT unit (EUR +10.4 million) due to higher electricity market prices.

Adjusted EBITDA was 16.8% or EUR 1.6 million lower than in Q3 2020. The decrease was mainly caused by worsened results of the CCGT unit (EUR -1.3 million), mainly due to lower generation volumes and lower clean spark spread for commercial activities.

Customers & Solutions

Customers & Solutions revenue was 100.4% or EUR 112.6 million higher than in Q3 2020. The increase was mainly driven by higher revenue of electricity business (EUR +100.6 million) due to higher market price and volumes and higher revenue from natural gas sales (EUR +12.4 million) due to higher natural gas price index.

Adjusted EBITDA was EUR 1.4 million lower than in Q3 2020. The decrease was mainly influenced by worse electricity business results (EUR -1.1 million) due to ineffective hedging.

Networks[1]		Q3 2021	Q3 2020	Δ	Δ,%
Revenue	EURm	121.4	113.1	8.3	7.3%
Adjusted EBITDA APM	EURm	40.5	35.4	5.1	14.4%
EBITDA APM	EURm	40.5	44.5	(4.0)	(9.0%)
Adjusted EBIT APM	EURm	18.5	14.8	3.7	25.0%
EBIT APM	EURm	18.7	23.8	(5.1)	(21.4%)
Investments APM	EURm	45.7	36.6	9.1	24.9%
Adjusted EBITDA margin APM	%	18.5%	18.5%	n/a	0.0 pp
		2021.09.30	2020.12.31	Δ	Δ,%
PPE, intangible and right-of-use assets	EURm	1,655.1	1,616.9	38.2	2.4%
Net debt APM	EURm	676.9	680.7	(3.8)	(0.6%)
Green Generation		Q3 2021	Q3 2020	Δ	Δ, %
Revenue	EURm	39.0	21.7	17.3	79.7%
Adjusted EBITDA APM	EURm	16.6	9.5	7.1	74.7%
EBITDA APM	EURm	8.1	9.5	(1.4)	(14.7%)
Adjusted EBIT APM	EURm	11.2	4.9	6.3	128.6%
EBIT APM	EURm	2.3	4.9	(2.6)	(53.1%)
Investments APM	EURm	4.4	45.8	(41.4)	(90.4%)
Adjusted EBITDA margin APM	%	19.9%	24.7%	n/a	(4.8 pp)
		2021.09.30	2020.12.31	Δ	Δ,%
PPE, intangible and right-of-use assets	EURm	748.9	755.4	(6.5)	(0.9%)
Net debt APM	EURm	376.8	352.4	24.4	6.9%
Flexible Generation		Q3 2021	Q3 2020	Δ	Δ, %
Revenue	EURm	50.6	35.6	15.0	42.1%
Adjusted EBITDA APM	EURm	7.9	9.5	(1.6)	(16.8%)
EBITDA APM	EURm	7.8	13.9	(6.1)	(43.9%)
Adjusted EBIT APM	EURm	6.0	6.4	(0.4)	(6.2%)
EBIT APM	EURm	4.8	10.8	(6.0)	(55.6%)
Investments APM	EURm	0.1	2.6	(2.5)	(96.2%)
Adjusted EBITDA margin APM	%	9.7%	16.4%	n/a	(6.8 pp)
		2021.09.30	2020.12.31	Δ	Δ,%
PPE, intangible and right-of-use assets	EURm	436.0	401.0	35.0	8.7%
Net debt APM	EURm	(40.0)	(40.2)	0.2	(0.5%)
Customers & Solutions		Q3 2021	Q3 2020	Δ	Δ, %
Revenue	EURm	224.8	112.2	112.6	100.4%
Adjusted EBITDA APM	EURm	2.6	4.0	(1.4)	(35.0%)
EBITDA APM	EURm	22.2	9.7	12.5	128.9%
Adjusted EBIT APM	EURm	1.7	3.8	(2.1)	(55.3%)
EBIT APM	EURm	21.8	9.4	12.4	131.9%
Investments APM	EURm	0.7	(0.1)	0.8	(800.0%)
Adjusted EBITDA margin APM	%	0.7%	2.2%	n/a	(1.5 pp)
		2021.09.30	2020.12.31	Δ	Δ,%
PPE, intangible and right-of-use assets	EURm	6.2	6.6	(0.4)	(6.1%)
Net debt APM	EURm	163.2	29.4	133.8	455.1%

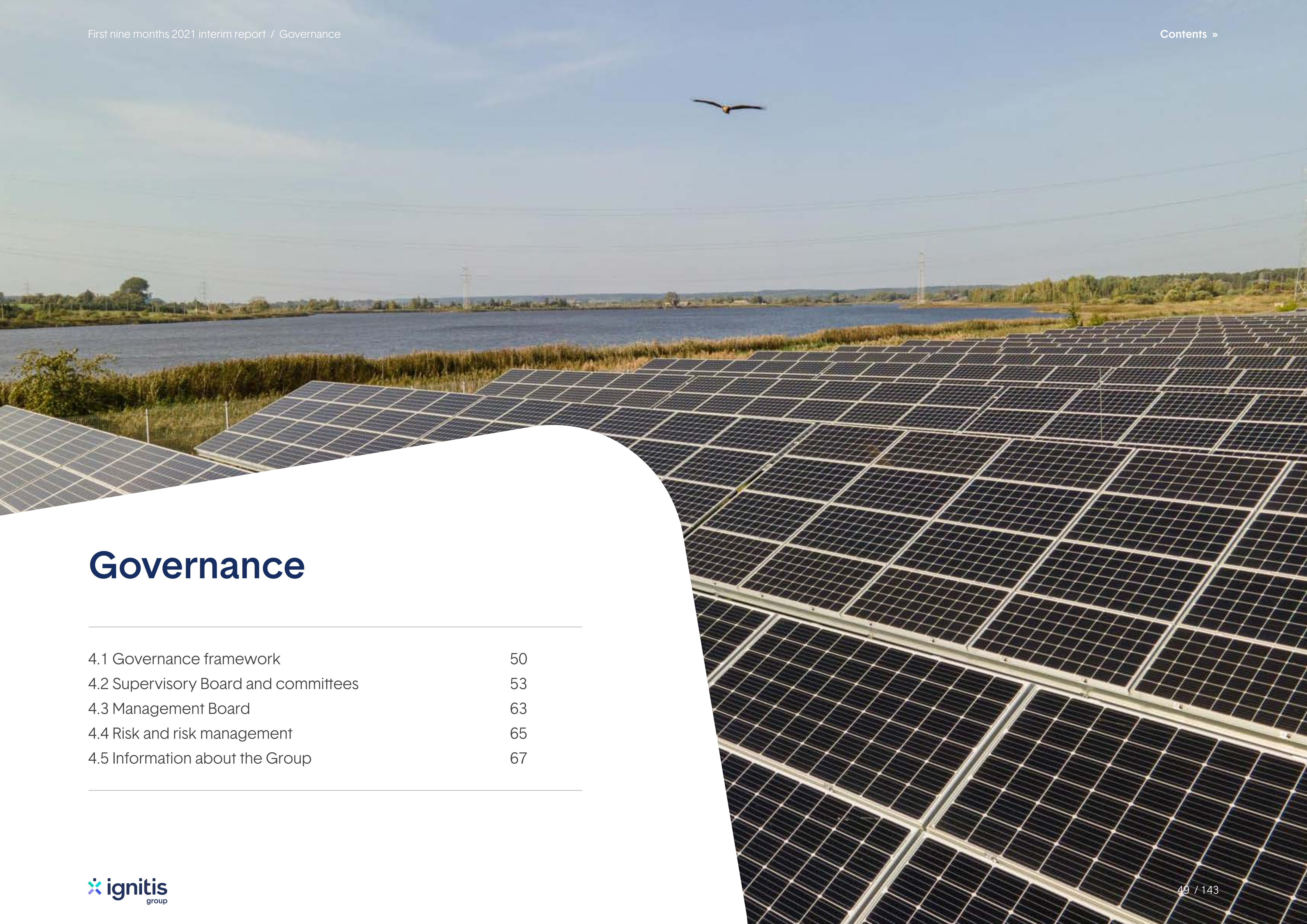
[1] Due to Networks Methodology update, all adjusted financial indicators were recalculated retrospectively for the year 2020 (for more information, see 'Results by business segment' section 'Networks Methodology update'). Q3 2020 Adjusted EBITDA decreased by EUR 11.6 million.

3.4 Quarterly summary

Key financial indicators[1]		Q3 2021	Q2 2021	Q1 2020	Q4 2020	Q3 2020	Q2 2020	Q1 2019	Q4 2019	Q3 2019
Revenue	EURm	427.3	344.7	393.4	354.3	277.9	265.3	325.6	287.0	242.6
EBITDA APM	EURm	79.7	82.0	87.9	107.8	79.8	87.8	62.0	53.1	48.9
Adjusted EBITDA APM	EURm	68.5	65.9	80.0	79.4	58.6	40.7	64.8	72.2	57.9
Adjusted EBITDA margin APM	%	16.5%	20.1%	21.5%	24.5%	22.8%	18.7%	19.8%	23.7%	23.1%
EBIT APM	EURm	47.4	46.4	51.3	71.8	49.7	62.8	30.6	18.9	18.1
Adjusted EBIT APM	EURm	37.2	34.4	49.4	44.7	28.9	12.2	35.0	36.6	27.1
Net profit	EURm	45.6	11.7	37.1	60.9	36.4	49.8	22.2	15.2	14.9
Adjusted net profit APM	EURm	25.1	23.2	35.4	35.2	16.1	2.9	31.5	31.5	21.9
Investments APM	EURm	54.1	48.7	28.2	76.0	83.7	124.5	62.6	123.7	110.4
FFO APM	EURm	63.4	63.2	84.5	104.9	66.0	81.4	60.2	47.8	39.8
FCF APM	EURm	(48.6)	41.7	28.5	25.8	21.6	1.8	16.1	(40.6)	(88.7)
ROE LTM APM	%	9.7%	9.0%	11.5%	10.6%	9.3%	7.7%	4.8%	4.4%	(0.8%)
Adjusted ROE LTM APM	%	7.4%	6.8%	5.5%	5.4%	6.2%	6.6%	7.9%	8.0%	8.9%
ROCE LTM APM	%	8.9%	9.1%	9.9%	9.0%	7.0%	5.8%	4.0%	3.8%	(0.4%)
Adjusted ROCE LTM APM	%	6.8%	6.5%	5.7%	5.1%	4.9%	4.9%	5.8%	6.2%	6.8%
		Q3 2021	Q2 2021	Q1 2020	Q4 2020	Q3 2020	Q2 2020	Q1 2019	Q4 2019	Q3 2019
Total assets	EURm	4,232.2	4,057.4	4,050.0	3,969.3	3,440.1	3,400.4	3,194.1	3,198.1	3,061.1
Equity	EURm	1,883.9	1,899.8	1,857.9	1,843.8	1,329.6	1,337.8	1,357.1	1,348.6	1,332.5
Net debt APM	EURm	620.4	571.6	579.3	600.3	1,026.8	1,019.2	950.6	966.5	925.4
Net working capital APM	EURm	144.1	76.4	96.8	59.6	30.9	60.9	62.2	68.5	69.1
Net debt/EBITDA LTM APM	times	1.73	1.60	1.59	1.78	3.63	4.05	4.42	4.67	4.92
Net debt/Adjusted EBITDA LTM APM	times	2.11	2.01	2.24	2.47	4.35	4.33	3.74	3.72	3.64
FFO/Net debt LTM APM	%	51.0%	55.8%	58.1%	52.1%	24.9%	22.5%	20.7%	19.6%	17.9%

Key operating indicators		Q3 2021	Q2 2021	Q1 2020	Q4 2020	Q3 2020	Q2 2020	Q1 2019	Q4 2019	Q3 2019
Electricity										
Green Generation capacity	MW	1,350	1,350	1,350	1,350	1,350	1,287	1,287	1,287	1,287
Green Generation installed capacity	MW	1,120	1,120	1,120	1,101	1,101	1,077	1,077	1,077	1,077
Green Generation projects under construction	MW	230	230	230	249	249	210	210	210	210
Electricity distributed	TWh	2.45	2.43	2.72	2.55	2.30	2.17	2.53	2.48	2.26
Electricity generated (net)	TWh	0.55	0.58	0.57	0.65	0.86	0.56	0.39	0.25	0.34
Green electricity generated (net)	TWh	0.26	0.35	0.35	0.34	0.32	0.26	0.34	0.24	0.34
Green share of generation	%	48.3%	61.0%	61.0%	52.0%	36.7%	46.8%	87.1%	97.3%	97.6%
Electricity sales	TWh	1.67	1.67	1.81	1.83	1.64	1.62	1.71	1.66	1.33
SAIFI	units	0.38	0.36	0.37[2]	0.23	0.25	0.41[3]	0.45	0.26[4]	0.35
SAIDI	min	31.41	45.30[5]	100.41[6]	13.49	16.36	34.15	143.67	17.66[7]	21.63[8]
Heat										
Green Generation capacity	MW	339	339	339	339	339	339	339	339	339
Green Generation installed capacity	MW	170	170	170	110	110	40	40	40	40
Green Generation projects under construction	MW	169	169	169	229	229	299	299	299	299
Heat generated (net)	TWh	0.12	0.21	0.23	0.15	0.03	0.09	0.06	0.02	-
Natural gas										
Natural gas distributed	TWh	1.02	1.41	3.32	2.48	0.99	1.18	2.41	2.26	0.91
Natural gas sales	TWh	1.39	2.07	5.25	3.84	3.62	2.98	4.26	3.28	1.53
SAIFI	units	0.001	0.001	0.002[9]	0.003	0.004	0.002	0.001	0.002	0.002
SAIDI	min	0.12	0.09[10]	0.16[11]	0.76	0.61	0.19	0.05	0.23	0.34

[1] Due to Networks Methodology update, all adjusted financial indicators were recalculated retrospectively for the year 2020 and Q1-Q2 2021 (for more information, see 'Results by business segment' section 'Networks Methodology update'). 2020 Adjusted EBITDA approximately could decrease by EUR 48 million, 9M 2021 Adjusted EBITDA decreased by EUR 35 million. [2] Previously reported 0.38 value was adjusted with regards to new information. [3] Previously reported 0.42 value was adjusted with regards to new information. [4] Previously reported 0.27 value was adjusted with regards to new information. [5] Previously reported 46.64 value was adjusted with regards to new information. [6] Previously reported 100.67 value was adjusted with regards to new information. [7] Previously reported 18.21 value was adjusted with regards to new information. [8] Previously reported 22.34 value was adjusted with regards to new information. [9] Previously reported 0.003 value was adjusted with regards to new information. [10] Previously reported 0.08 value was adjusted with regards to new information. [11] Previously reported 0.18 value was adjusted with regards to new information.



Governance

4.1 Governance framework

Governance model

The Group's Governance structure and model 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 and the Guidelines on the Governance for State-Owned Enterprises (hereinafter – SOEs) recommended by the Baltic Institute of Corporate Governance. Additionally, the corporate governance model of state-owned group of energy companies was implemented in observance of the Corporate Governance Guidelines (hereinafter – Corporate Governance Guidelines) approved by the Ministry of Finance of the Republic of Lithuania. The most recent amendments were adopted on 2 July 2021. It includes changes in the procedure of forming the parent company's Audit Committee resulting in its members being elected by the General Meeting of Shareholders (instead of the Supervisory Board), which was also reflected in the Articles of Association.

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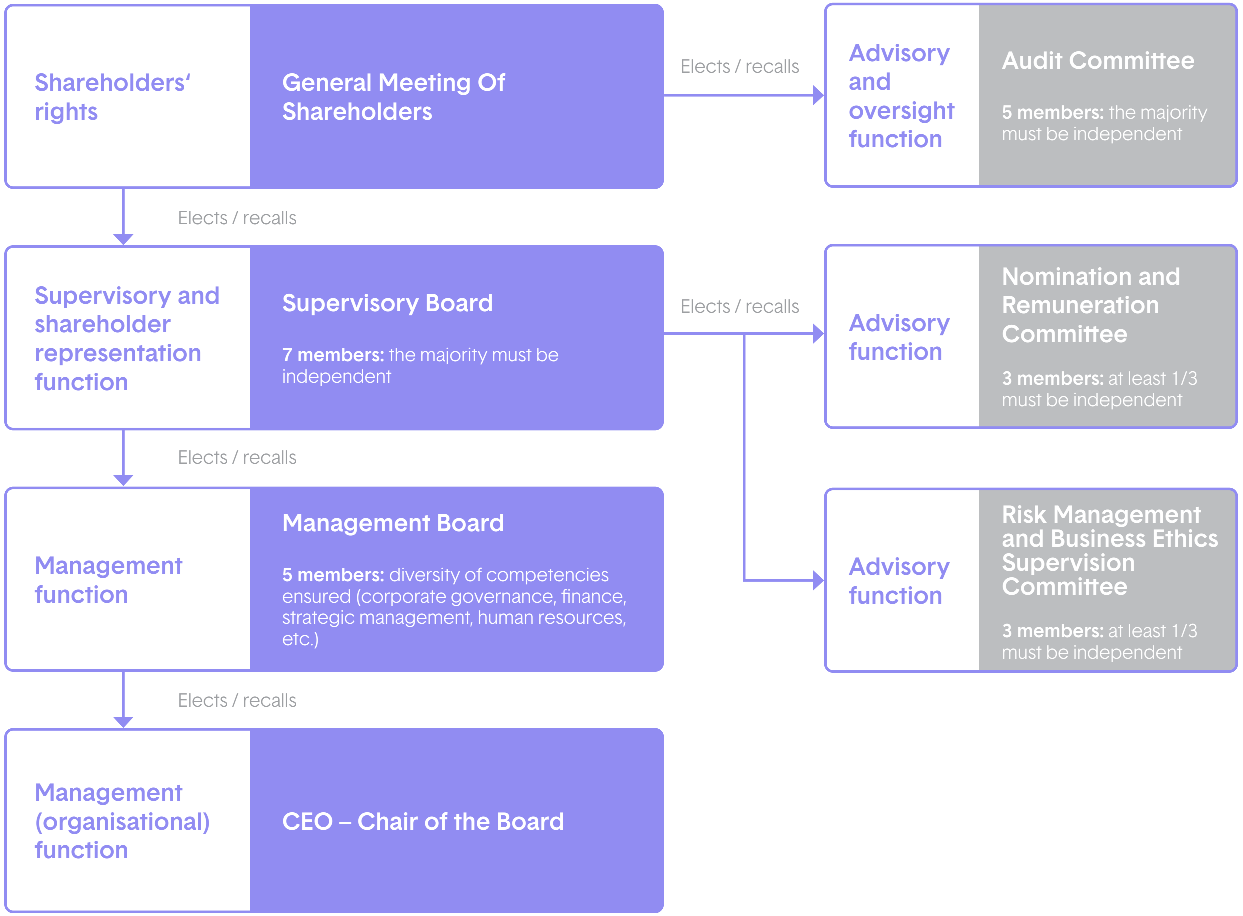
The parent company is a strong leader among Lithuanian SOEs in corporate governance field – with a track record of the highest rating in Governance Coordination Centre's Good Corporate Governance Index since 2012. Also, according to the report issued on 17 September 2020 by Sustainalytics, a leading independent provider of ESG and corporate governance ratings, research and analysis, the Group was assigned an ESG risk rating score of 26.5 ('medium risk'), with corporate governance risk

Corporate governance model



rated as 'negligible' (score of 1.9). The 54.9 management score ('strong') also indicates the parent company's strong overall management of material ESG issues. Moreover, in July 2021 the Group's rating of 'A' was upgraded to 'AA' (on a scale of 'CCC'–'AAA') in the MSCI ESG Ratings assessment. This places the Group among the leaders in the peer universe rated by MSCI. For more information on ESG, please refer to the section 'ESG performance report'.

The parent company employs a corporate governance system designed to manage and control the Group as a whole, with a view to achieve common objectives. The corporate governance of the Group is exercised trough the parent company's functions, e.g., by coordinating common Group areas such as finance, law, risk management, etc. Activities of the Group in these areas are based on mutual agreement, i.e., cooperation with a focus on achieving a common result, and are coordinated by policies (common provisions and norms) applicable to the whole Group.

The parent company has a Chief Executive Officer (hereinafter – CEO) and a two-tier board system consisting of a Management Board and a Supervisory Board. The CEO 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 CEO. The CEO manages the parent company's day-to-day operations and is entitled to solely represent the parent company.

During the reporting period, there has been a change in the composition of the Management Board. On 25 June 2021 Dominykas Tučkus resigned from the position of a member of the parent company's Management Board. Given that the term of office of the parent company's Management Board expires on 31 January 2022 as well as the fact that the selection of a new member of the Management Board would take several months, the Supervisory Board decided not to announce the selection process for the position of a new member of the Management Board and to delegate responsibilities of Dominykas Tučkus to the remaining members of the Management Board.

After the reporting period, on 26 October 2021, new members of the Supervisory Board were elected by the General Meeting of Shareholders for a four-year term. A gap of almost two months between the end of term and the election of the new Supervisory Board, caused by the delay in the selection process, did not have any effect on the Group's performance as the parent company planned its activities and decision-making processes in a way to ensure the continuous and efficient operation of the Group. Additionally, after the end of term of the Supervisory Board those former Supervisory Board members who were also members of Supervisory Board's committees were not eligible to participate in the activities of the committees and thus, during the gap between the end of term and the election of the new Supervisory Board, due to a no quorum, committees (except Audit Committee) could not operate.

On 3 November 2021, the newly elected Supervisory Board adopted a decision to form new Nomination and Remuneration Committee and elect three members for a four-year term. The Supervisory Board also adopted a decision to elect two new members of the Risk and Business Ethics Supervision Committee until the end of term of the currently effective committee (19 April 2022). More information is provided in section 4.2.

The term of office of the previous Audit Committee was to end on 12 October 2021. In view of this, the selection of independent members of the Audit Committee was announced on 5 July 2021 and on 27 September 2021 the General Meeting of Shareholders elected three independent members to the parent company's Audit Committee.

The other two members of the Audit Committee were nominated by the Supervisory Board after the reporting period, on 3 November 2021, and their candidacy was submitted for the decision of the General Meeting of Shareholders (information on the upcoming General Meeting may be found here). Finally, after the reporting period, the selection process for a new term of the Management Board has been initiated. A more detailed description of key corporate governance principles, each collegial body and its members is available in the section below and on our website.

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 resolutions in accordance with the Law on Companies of the Republic of Lithuania (link in Lithuanian). We provide detailed description of shareholders' competence in our Annual report 2020.

The majority shareholder of the parent company – the Republic of Lithuania owns 73.08% of the shares. The rights and obligations of the Republic of Lithuania are exercised by the Ministry of Finance of the Republic of Lithuania (hereinafter – Majority Shareholder). In accordance with the Property Guidelines (link in Lithuanian), the Majority Shareholder, releases a Letter of Expectations to the parent company at least once every four years on the objectives pursued by the Majority Shareholder in the SOE and its expectations. With that in mind, the Letter of Expectations in relation to the activities of the Group was approved by the Order of the Minister of Finance of 13 April 2018, with the last amendment, supporting the Group's strategy, published on 17 February 2021.

A detailed description of the expectations of Lithuania as well as Majority Shareholder's obligations are also detailed in our Annual report 2020.

On 29 July 2021, the General Meeting of Shareholders of the parent company was held, which adopted a resolution on the acquisition of the parent company's own shares (the maximum number of shares to be potentially acquired – 1,243,243, corresponding to approximately 1.7% of the total number of shares, or for the maximum amount equal to a reserve formed for the acquisition of own shares, EUR 23,000,000), the purpose of which is to reduce the parent company's share capital by annulling its own shares, thus potentially increasing the Majority Shareholder's holdings.

General Meetings

During the reporting period

Three General Meetings of the parent company's shareholders were held:

- on 25 March 2021, a reserve of EUR 23,000,000 (twenty-three million euros) was formed for the acquisition of own shares, profit (loss) of AB "Ignitis grupė" for the year 2020 was allocated and updated Remuneration Policy of AB "Ignitis grupė" group of companies as well as updated Share Allocation Rules of AB "Ignitis grupė" were approved;
- on 29 July 2021, principles regarding the acquisition of AB "Ignitis grupė" own shares were adopted;
- on 27 September 2021, dividends of EUR 43.75 million for shareholders of AB "Ignitis grupė" for the six-month period ended 30 June 2021 were allocated, an audit company to perform the audit of the financial statements of AB "Ignitis grupė" was elected, updated Remuneration Policy of AB "Ignitis grupė" group of companies was approved and new members of the Audit Committee were elected.

After the reporting period

One General Meeting of the parent company's shareholders was held:

- on 26 October 2021, new members of the Supervisory Board of AB „Ignitis grupė" for the term of 4 (four) years were elected.

Further information, including resolutions of previously held general meetings of the parent company's shareholders, is available on our website.

4.2 Supervisory Board and committees

Supervisory board overview

The Supervisory Board is a collegial supervisory body established 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 amongst its members.

The Supervisory Board of the parent company comprises seven members: five independent members and two representatives of the Majority Shareholder. The term of office of the former Supervisory Board expired on 29 August 2021. In view of this, after the reporting period, on 26 October 2021, the General Meeting of Shareholders elected seven new Supervisory Board members (five independent members and two representatives of the Majority Shareholder) for a term of four years. The term of office of the new Supervisory Board expires on 25 October 2025.

Further information on the Supervisory Board's functions, selection criteria is available in our Annual report 2020.

Supervisory Board during the reporting period

The term of office of the former Supervisory Board was from 30 August 2017 to 29 August 2021. Until 12 November 2020, the Supervisory Board comprised five members, three were independent including the Chair. On 12 November 2020, two additional independent members were elected – Judith Buss and Bent Christensen.

Overall, 23 meetings of the Supervisory Board were held in 9M 2021, covering the following key areas:
- submission of proposals regarding 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, and the updated Remuneration Policy;

Overview of the Supervisory Board and its committees

Member	Supervisory Board	Audit Committee	Nomination and Remuneration Committee	Risk Management and Business Ethics Supervision Committee
Term of office	30 August 2017 – 29 August 2021	13 October 2017 – 12 October 2021	13 September 2017 – 12 September 2021[1]	20 April 2018 – 19 April 2022[1]
Independence including the Chair	71%	60%	50%	100%
Meeting attendance	96%	88%	98%	92%
Share holdings of the parent company or its subsidiaries	None	None	None	None

Overview of the meeting attendance of the Supervisory Board and its committees' members[2]

Member	Supervisory Board	Audit Committee	Nomination and Remuneration Committee	Risk Management and Business Ethics Supervision Committee
Darius Daubaras	23/23	-	-	4/4
Andrius Pranckevičius	20/23	-	-	3/4
Aušra Vičkačkienė	22/23	10/18	14/15	-
Daiva Kamarauskienė	22/23	-	15/15	-
Daiva Lubinskaitė - Trainauskienė	23/23	-	15/15	-
Judith Buss	23/23	-	-	-
Bent Christensen	22/23	-	-	-
Irena Petruškevičienė	-	18/18	-	-
Danielius Merkinas	-	16/18	-	-
Šarūnas Radavičius	-	18/18	-	-
Ingrida Muckutė	-	17/18	-	-
Lėda Turai - Petrauskienė	-	-	15/15	-
Šarūnas Rameikis	-	-	-	4/4

[1] Following the end of term of the Supervisory Board on 29 August 2021, former Supervisory Board members were not eligible to participate in the activities of the committees and thus, due to a no quorum, the Nomination and Remuneration Committee and the Risk Management and Business Ethics Supervision Committee could no longer carry out their activities.
[2] The numbers indicate how many meetings in 9M 2021 the members have attended out of total meetings during the reporting period.

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- issues related to the annual report, annual financial statements for the year 2020 as well as to the interim dividends for the first half of 2021;
- submission of opinions regarding related party transactions;
- submission of an opinion regarding the audit company.

No members of the former Supervisory Board had any participation in the capital of the parent company or its subsidiaries. The term of office of the former Supervisory Board was until 29 August 2021.

Information on education, experience and place of employment of the former Supervisory Board members is available in our Annual report 2020. There were no significant changes on the information provided during the reporting period.

Supervisory Board after the reporting period

Term of office of the former Supervisory Board ended on 29 August 2021. Selection procedure of new Supervisory Board members was announced by the Ministry of Finance on 15 July 2021. However, due to delay in the selection process, the new members of the Supervisory Board were elected by the General Meeting of Shareholders on 26 October 2021. The newly elected Supervisory Board members started their activities immediately after the end of the General Meeting of Shareholders that elected them.

The new Supervisory Board comprises seven members, five of them are independent and two represent the Majority Shareholder. On 29 October 2021, the Supervisory Board elected Alfonso Faubel as the Chair from amongst its members.

None of the members of the newly elected Supervisory Board participate in the capital of the parent company or its subsidiaries. The term of office of the new Supervisory Board ends on 25 October 2025.

Information on education, experience and place of employment of the new Supervisory Board members is provided below.

Overview of the Supervisory Board and its committees

Member	Supervisory Board	Nomination and Remuneration Committee	Risk Management and Business Ethics Supervision Committee
Term of office	26 October 2021 – 25 October 2025	3 November 2021 – 2 November 2025	20 April 2018 – 19 April 2022
Independence including the Chair	71%	67%	100%
Meeting attendance	100%	-	-
Share holdings of the parent company or its subsidiaries	None	None	None

Overview of the meeting attendance of the Supervisory Board and its committees' members[1]

Member	Supervisory Board	Nomination and Remuneration Committee	Risk Management and Business Ethics Supervision Committee
Aušra Vičkačkienė	4/4	-	-
Ingrida Muckutė	4/4	-	-
Judith Buss	4/4	-	-
Lorraine Wrafter	4/4	-	-
Tim Brooks	4/4	-	-
Alfonso Faubel	4/4	-	-
Bent Christensen	4/4	-	-
Šarūnas Rameikis	-	-	0/0

[1] *The numbers indicate how many meetings during 30 September 2021 - 30 November 2021 the members have attended out of total meetings during this period.*

Members of the new Supervisory Board

Alfonso Faubel

Chair, Independent
Competence: renewable energy
Committees: R
Term of office expires: 25/10/2025

Experience
Alfonso Faubel has held executive responsibilities in Siemens Gamesa and Alstom/GE, which are leading players in the global wind power market. When assuming the role of Senior Vice President at Alstom/GE, he contributed towards launching businesses in 16 new markets. Alfonso Faubel is an executive with 34 years of diverse experience in automotive, digitization and energy industries and is valued for his skills in business turnaround, improving operational excellence, working with teams in different cultural environments on assignments worldwide.

Education
Richmond American International University, Bachelor's degree in Business Administration; INSEAD, Executive Education; London School of Economics, the Landscape of Philanthropy and Social Entrepreneurship.

Other current place of employment, position
None.

Number of shares in parent company
None.

Lorraine Wrafter

Independent
Competence: development of the organisation
Committees: N
Term of office expires: 25/10/2025

Experience
Lorraine is a global HR director with a specialisation in Organisation Effectiveness (change, culture, M&A, organisation design, reward and talent management), working with boards and executive teams to transform organisations and workforce performance to deliver business value in complex multinational organisations. Lorraine has more than 30 years of experience in big multinational corporations: CARGILL Inc. and HOLCIM.

Currently she has her own business, 'The Problem' and works on varied projects such as Organisation Transformation, Culture, Team Dynamics, and Coaching. She is also a board Advisor to a German start-up company HACK - CMP.

Education
Limerick University, Diploma in Business Studies; University West of London, Diploma in Human Resources and Fellow of the Chartered Institute of Personal Development; Leicester University, Master's degree in Human Resources Management and Development; INSEAD, Diploma in Clinical Organisational Psychology, Executive Masters, Consultancy and Coaching for Change.

Other current place of employment, position
Consultant and owner at 'The Problem'.

Number of shares in parent company
None.

Judith Buss

Independent
Competence: financial management
Committees: A
Term of office expires: 25/10/2025

Experience
Judith Buss has more than 20 years of experience in various senior leadership positions in the global energy industry and financial markets and has worked internationally in Germany, Norway and the UK. She has significant experience in corporate finance, leading and negotiating large international M&A growth acquisitions, integration processes and organizational and cultural change processes. Judith has held several executive positions at E.ON group, most recently as Chief Financial Officer of E.ON Climate & Renewables. She also has experience in corporate governance serving as a member of several boards of directors in companies operating in Germany, Norway, the UK, Russia and Algeria.

Education
University of Augsburg, Master's degree in Business Administration (Banking, Finance and Controlling); Leadership Programs at IMD Business School, Lausanne, and Massachusetts Institute of Technology, Boston.

Other current place of employment, position
Member of the Supervisory Board of Uniper SE.

Number of shares in parent company
None.

Tim Brooks

Independent
Competence: sustainable development and risk management
Committees: R
Term of office expires: 25/10/2025

Experience
Tim is a senior executive with more than 20 years of experience in sustainable development both as a consultant, and in large corporate entities. Tim has been working at The LEGO Group for 9 years and regularly contributes to the company's risk and compliance boards. Tim has valuable experience in developing sustainability strategies and working with a broad range of stakeholders to implement industry leading sustainability programmes.

Tim Brooks has worked with KIRKB to support and coordinate over 700 million USD of funding for renewable energy projects resulting in construction of two offshore wind parks, and delivery of over 50MW of building and ground mounted solar PV for LEGO buildings. He has also launched the 'Engage2Reduce' supply chain engagement programme and the 450 million USD LEGO Sustainable Materials programme.

Education
University of Sheffield, Bachelor's degree in Environmental Geoscience; Imperial College, Master's degree in Environmental Technology (Energy Policy); Cambridge University, Institute of Sustainability Leadership.

Other current place of employment, position
Vice President, Corporate Responsibility at LEGO System A/S; Board Trustee, the Global Action Plan; Member of the Board, the Honnold Foundation.

Number of shares in parent company
None.

A Audit committee *N Nomination and remuneration committee* *R Risk management and business ethics supervision committee*

Bent Christensen

Independent
Competence: strategic management and international development
Committees: N
Term of office expires: 25/10/2025

Experience
Bent is a senior executive with more than 35 years of international experience in the energy sector. During his career he held various key positions in Siemens and Orsted and took part in developing these companies into global leading companies within renewables sector. Bent has worked with almost all kinds of energy resources and was responsible for or involved in the development and construction of several on- and off-shore wind farms and thermal power plants.

Education
University of Southern Denmark, Bachelor's degree in Electrical Engineering; Horsens University College, Engineering Business Administration; IMD Business School, Executive development program; Siemens, Leadership Excellence.

Other current place of employment, position
Christensen Management Consulting Holding ApS, Chief Executive Officer and owner; Christensen Management Consulting ApS, Chief Executive Officer and owner; Chairman of the Supervisory Board of Wind Estate A/S.

Number of shares in parent company
None.

Aušra Vičkačkienė

Majority Shareholder representative
Competence: public policy and governance
Committees: N
Term of office expires: 25/10/2025

Experience
Aušra has more than 20 years of experience in civil service. For the last 13 years she has been the Director of the Asset Management Department of the Ministry of Finance, previously managed the Financial Services Division of the Ministry's Financial Markets Department, and was the Head of the Loan and Guarantee Supervision Division. In addition to this, Aušra has served on management boards of various state-owned companies: Būsto Paskolų Draudimas, Turto Bankas and Viešųjų Investicijų Plėtros Agentūra, where she was elected as the Chair of the Management Board.

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

Other current place of employment, position
Ministry of Finance of the Republic of Lithuania, Director of Asset Management Department, Valstybės Investicijų Valdymo Agentūra, Member of the Supervisory Board (since 21/10/2020).

Number of shares in parent company
None.

Ingrida Muckutė

Majority Shareholder representative
Competence: public policy and governance
Committees: A
Term of office expires: 25/10/2025

Experience
Ingrida is a highly experienced accounting and reporting, financial audit regulation professional with a career of 17 years working at the Ministry of Finance. She started her career in the Ministry of Finance as a Director of Accounting Methodology Department in 2004, where she initiated and led the public sector accounting reform. In 2013, during Lithuania's presidency in the European Council, she was chairing Working Party on Company Law meetings on Audit Directive and Regulation. From then on, her responsibilities cover chairing the Committee of National Accounting Standards for private and public sectors. She also actively contributes to modernising the national systems of accounting, companies' insolvency and property and business valuation through proposals of legal initiatives.

Before her career in the Ministry of Finance, she worked as a financial controller at Konica Minolta Baltija and as a senior auditor in Arthur Andersen, and later in Ernst & Young Baltic.

Education
Vilnius University, Master's degree in Economics, Accounting, Finance and Banking; Uppsala University (Sweden), Financial Management Programme.

Other current place of employment, position
Director of the Reporting, Audit, Property Valuation and Insolvency Policy Department at the Ministry of Finance of the Republic of Lithuania.

Number of shares in parent company
None.

71%
Independence including the Chair

57%
Share of women in the Supervisory Board

A Audit committee *N Nomination and remuneration committee* *R Risk management and business ethics supervision committee*

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. Members of the committees are elected for the period of four years.

The following committees of the Supervisory Board are operating:

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

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

None of the members of the Supervisory Board committees participated in the capital of the parent company or its subsidiaries.

During the reporting period

Following the end of term of the Supervisory Board on 29 August 2021, former Supervisory Board members were not eligible to participate in the activities of the committees and thus, due to a no quorum, the Nomination and Remuneration Committee, as well as the Risk Management and Business Ethics Supervision Committee could no longer carry out their activities.

On 2 July 2021, the Majority Shareholder has issued an order on the amendment of the Corporate Governance Guidelines. Based on the latest amendments, the procedure for forming the parent company's Audit Committee has been changed – members of the Audit Committee are no longer elected by the parent company's Supervisory Board, but instead by the decision of the General Meeting of Shareholders. In light of this, more information on the Audit Committee is provided separately.

After the reporting period

On 26 October 2021, a new Supervisory Board was elected which, on 3 November 2021, adopted a decision to form new Nomination and Remuneration Committee and elect three members for a four-year term. The Supervisory Board also adopted a decision to elect two new members of the Risk and Business Ethics Supervision Committee until the end of term of the currently effective committee (19 April 2022).

More information on the committees of the Supervisory Board, including activities, composition, term of office is provided below.

Nomination and Remuneration Committee overview

The Nomination and Remuneration Committee is responsible for the submission of conclusions or proposals to the Supervisory Board on the matters of appointment, removal or promotion of the Management Board members and members of the supervisory and management bodies of the parent company's subsidiaries. The committee is also responsible for an assessment of the structure, size, composition and activities of the Management Board and supervisory and management boards of the parent company's subsidiaries and their respective members and issuing the respective opinions. The functions of the committee also cover the formation of a common remuneration policy at the Group level, establishment of the amount and composition of remuneration and principles of promotion.

Further information on the Nomination and Remuneration Committee's functions is available in our Annual report 2020.

Following the end of term of the Supervisory Board on 29 August 2021, former Supervisory Board members were not eligible to participate in the activities of the committees and thus, due to a no quorum, the Nomination and Remuneration Committee could no longer carry out its activities. After the election of a new Supervisory Board on 26 October 2021, a decision was adopted by the Supervisory Board on 3 November 2021 to elect three new members of the Nomination and Remuneration Committee from amongst the Supervisory Board members for a term of four years.

Activities of the committee during the reporting period
Overall 15 meetings of the Nomination and Remuneration Committee were held during the reporting period.

Key activities in 2021 covered the following areas:

- evaluation of nominations for members of the parent company subsidiaries' management and supervisory bodies (i.e., Ignitis Polska, Vilnius CHP, Ignitis Suomi, Ignitis, Tuuleenergia, Ignitis Grupės Paslaugų Centras, Ignitis Renewables, Ignitis Gamyba, Ignitis Latvija, Gamybos Optimizavimas, Elektroninių Mokėjimų Agentūra);
- issues related to the development of remuneration policy;
- issues on succession planning of strategic positions in the parent company;
- proposals on the profile of competencies of the Supervisory Board of the parent company;
- proposals on the long-term promotion of employees with share options programme;
- issues related to the implementation of the parent company's strategy and objectives in the area of people and culture.

None of the former Nomination and Remuneration Committee members held shares of the Group. The term of office of the former Nomination and Remuneration Committee was until 12 September 2021.

After the reporting period

The former committee's term of office ended on 12 September 2021, following that, the newly formed Supervisory Board adopted a decision on 3 November 2021 to elect three new members of the Nomination and Remuneration Committee from amongst the Supervisory Board members for a term of four years.

None of the new Nomination and Remuneration Committee members hold shares of the Group. The term of office of the current Nomination and Remuneration Committee is until 2 November 2025.

Information on education, experience and place of employment of the new Nomination and Remuneration Committee members is available below.

Members of the Nomination and Remuneration Committee

Lorraine Wrafter

Chair, Independent
Term of office[1] expires: 25/10/2025

Member of the Supervisory Board
See page 55

Aušra Vičkačkienė

Majority Shareholder representative
Term of office[1] expires: 25/10/2025

Member of the Supervisory Board
See page 56

Bent Christensen

Independent
Term of office[1] expires: 25/10/2025

Member of the Supervisory Board
See page 56

[1] Term of office of the Nomination and Remuneration Committee is until 02/11/2025, however according to the Articles of Association of the parent company, if a member of the Supervisory Board ceases to be a member of the Supervisory Board, he or she shall be deprived of the office in the committee, therefore the term of office of the individual Supervisory Board members on the committee is aligned with the term of office of the Supervisory Board.

67%

Independence

67%

Share of women in the Nomination and Remuneration Committee

Risk Management and Business Ethics Supervision Committee overview

The Risk Management and Business Ethics Supervision Committee is responsible for the submission of conclusions or proposals to the Supervisory Board on the functioning of management and control system in the Group and the main risk factors, as well as implementation of risk management or prevention measures.

Further information on the Risk Management and Business Ethics Supervision Committee's functions is available in our Annual report 2020.

Following the end of term of the Supervisory Board on 29 August 2021, former Supervisory Board members were not eligible to participate in the activities of the committees and thus, due to a no quorum, the Risk Management and Business Ethics Supervision Committee could no longer carry out its activities.

Activities of the committee during the reporting period

Overall, 4 meetings of the Risk Management and Business Ethics Supervision Committee were held during the reporting period.

Key activities in 9M 2021 covered the following areas:

- consolidated risk register and risk management plan of the Group;
- periodical risk management monitoring reports of the Group;
- Anticorruption Management System of the Group;
- other relevant topics for companies of the Group;
- cooperation with the Audit Committee;
- cooperation with the following functions of the Group: digital security, corporate security, risk management, occupational safety, personal data protection and compliance.

None of the former Risk Management and Business Ethics Supervision Committee members held shares of the Group. The term of office of the current Risk Management and Business Ethics Supervision Committee expires on 19 April 2022.

After the reporting period

After the election of the new Supervisory Board on 26 October 2021, a decision was adopted on 3 November 2021 to elect two new committee members from amongst the Supervisory Board members until the end of term of the currently effective committee (19 April 2022).

None of the new Risk Management and Business Ethics Supervision Committee members hold shares of the Group. The term of office of the current Risk Management and Business Ethics Supervision Committee expires on 19 April 2022.

Information on education, experience and place of employment of the new Risk Management and Business Ethics Supervision Committee members is provided below.

Members of the Risk Management and Business Ethics Supervision Committee

Tim Brooks

Chair, Independent
Term of office expires: 19/04/2022

Member of the Supervisory Board
See page 55

Alfonso Faubel

Independent
Term of office expires: 19/04/2022

Member of the Supervisory Board
See page 55

Šarūnas Rameikis

Independent
Term of office expires: 19/04/2022

Experience
Šarūnas has more than 20 years of experience in the legal field. He has worked at the Financial Crime Investigation Service for almost 15 years and was a deputy director for 5 years. Since 2017 Šarūnas has been working as an attorney at law at a private practice.

Education
Mykolas Romeris University, Master's degree in Law.

Other current place of employment, position
Law firm Litten, managing partner, attorney at law.

Number of shares in parent company
None.

100%

Independence including the Chair

0%

Share of women in the Risk Management and Business Ethics Supervision Committee

Audit Committee overview

The Group has a centralised internal audit function since 5 January 2015. This helps ensure independence and objectivity of the internal audit, consistency in application of uniform methodology and reporting principles, and a more rational allocation of the available audit resources and competences.

Overall, the Audit Committee is responsible for monitoring the process of preparation of financial statements of the Group, with a focus on the relevance and consistency of accounting methods used. In addition, it is responsible for monitoring the effectiveness of internal controls and risk management systems of the Group, analysing the need for and relevance of these systems and performing the review of the existing internal control management systems.

Further information on the Audit Committee's functions is available in our Annual report 2020.

Audit Committee during the reporting period

On 2 July 2021, the Majority Shareholder has issued an order on the amendment of the Corporate Governance Guidelines. Based on the latest amendments, the procedure for forming the parent company's Audit Committee has been changed – members of the Audit Committee are no longer elected by the parent company's Supervisory Board, but instead by the decision of the General Meeting of Shareholders. Additionally, the Audit Committee comprises five members and the majority of members of the Audit Committee must be independent, whilst two members are nominated by the Supervisory Board, which was also reflected in the Articles of Association. The Chair of the Audit Committee is elected by the members of the Audit Committee from amongst their independent members.

None of the former Audit Committee members held shares of the Group companies. The term of office of the Audit Committee was until 12 October 2021.

After the reporting period

The term of the Audit Committee was to end on 12 October 2021. In view of this, the selection of independent members of the Audit Committee was announced on 5 July 2021 and was carried out by the parent company and an agency conducting manager and managing personnel recruitment – UAB "J. Friisberg & Partners". On 27 September 2021, the General Meeting elected three independent members of the parent company's Audit Committee. The other two members of the Audit Committee were nominated by the Supervisory Board after the reporting period, on 3 November 2021, and submitted for the decision of the General Meeting (information on the upcoming General Meeting may be found here). Irena Petruškevičienė was elected as the Chair of the Audit Committee until the committee is fully composed.

Audit Committee member Saulius Bakas holds 1,800 shares of the parent company. The remaining Audit Committee members do not hold shares of the parent company. The term of office of the current Audit Committee is until 26 September 2025.

Information on education, experience and place of employment of the new Audit Committee members is available below.

Overview of the Audit Committee

	Audit Committee
Term of office	27 September 2021 – 26 September 2025[1]
Independence including the Chair	100%
Meeting attendance	100%
Share holdings of the parent company or its subsidiaries	1,800

[1] On 27 September 2021 the General Meeting of Shareholders of the parent company elected three new independent members of the Audit Committee for a new four-year term. The new members of the Audit Committee started their activity after the General Meeting of Shareholders that elected them.

Overview of the meeting attendance of the Audit Committee[2]

Member	Audit Committee
Irena Petruškevičienė	3/3
Saulius Bakas	3/3
Marius Pulkauninkas	3/3

[2] The numbers indicate how many meetings after the election of a new Audit Committee on 27 September 2021, the members have attended out of total meetings.

Members of the Audit Committee

Irena Petruškevičienė

Chair, Independent
Term of office expires: 26/09/2025

Experience
Irena has more than 25 years of experience in the field of auditing acquired in Lithuania and at international organisations. She worked for 10 years at an audit and consulting company PricewaterhouseCoopers, was a Head of Financial Strategy & Management Programme at ISM University of Management and Economics. Irena also worked for many years at international institutions including the European Court of Auditors, the European Commission and the UN World Food Programme. She is a member of the Lithuanian Association of Certified Auditors and the Association of Chartered Certified Accountants (ACCA) as well as was a member (Vice Chair) of the Board of Auditors of European Stability Mechanism. She was elected a member of the parent company's Audit Committee for the first time in November 2014.

Education
Vilnius University, Diploma in Economics.

Other current place of employment, position
Maxima Grupė Chair of the Audit Committee.

Number of shares in parent company
None.

[1] *Submitted for candidacy by the Supervisory Board. The appointment of the candidates by the General Meeting of Shareholders of the Group is expected this year.*
[2] *Assuming submitted candidates are elected.*

Saulius Bakas

Independent
Term of office expires: 26/09/2025

Experience
Saulius is an experienced professional with over 25 years of accounting & reporting, audit and assurance, internal controls, risk management experience in Lithuanian, USA and Ukrainian markets. He worked as an auditor at an audit and consulting company PricewaterhouseCoopers. Saulius was also a country managing partner at Deloitte Lithuania from 2012 to 2020. He is a member of the Lithuanian Association of Certified Auditors and a fellow member of the Association of Chartered Certified Accountants (ACCA).

Education
Vilnius University, Master's degree in Economics; Vilnius University, Bachelor's degree in Business Administration, CIA – Certified Internal Auditor.

Other current place of employment, position
Self-employed consultant at UAB Sauba.

Number of shares in parent company
1,800.

80%

Independence including the Chair[2]

Marius Pulkauninkas

Independent
Term of office expires: 26/09/2025

Experience
Marius is a highly experienced finance and audit professional with a career of 14 years at an audit and assurance services company Ernst & Young, coupled with business experience as a CFO of Klaipėdos Nafta, a company operating oil and liquefied natural gas terminals in Lithuania. His business expertise was further developed at Valstybinių miškų urėdija, where he held a position of General Manager.

Education
Vilnius University, Master's degree in Business Administration and Management; Baltic Institute of Corporate Governance, Professional Board Member Education Programme.

Other current place of employment, position
General Manager and shareholder at UAB Kalnų grupė.

Number of shares in parent company
None.

60%

Share of women in the Audit Committee[2]

Judith Buss[1]

Independent

Member of the Supervisory Board
See page 55

Ingrida Muckutė[1]

Majority Shareholder representative

Member of the Supervisory Board
See page 56

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 (link in Lithuanian), its implementing 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.

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 comprises five members and elects the Chair, who is also the CEO of the parent company, from among its members. During the reporting period, on 25 June 2021 Dominykas Tučkus resigned from the position of a member of the parent company's Management Board. Given that the term of office of the parent company's Management Board expires on 31 January 2022 as well as the fact that the selection of a new member of the Management Board would take several months, the Supervisory Board decided not to announce the selection for the position of a new member of the Management Board and to delegate responsibilities of Dominykas Tučkus to the remaining members of the Management Board. Finally, after the reporting period, the selection process for a new term of the Management Board has been initiated.

Remuneration for the activities of the Management Board, provided on our website, is paid in accordance with the Group's Remuneration Policy, the latest version of which was approved by the General Meeting of Shareholders on 27 September 2021.

All Management Board members hold shares of the parent company (please refer to the table on the right side). The Group publishes relevant transactions through stock exchanges according to Article 19 of the Market abuse regulation (EU) No. 596/2014 and other relevant disclosure requirements.

Further information on the Management Board's functions, selection criteria, experience and other place of employment, education and management of conflicts of interests is available in our Annual report 2020. There were no significant changes on the information provided during the reporting period except the ones mentioned above.

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

Overall 62 meetings of the Management Board were held in 9M 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 those 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;
- approval of the interim report of the Group and submission to 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;
- making decisions on approval of Group's internal policies.

Meeting attendance and number of shares of the parent company owned

Member	Position	Attendance[1]	Number of shares
Darius Maikštėnas	Chair, CEO	62/62	1,700
Darius Kašauskas	Member, Chief Financial Officer	62/62	250
Dr. Živilė Skibarkienė	Member, Chief Organisational Development Officer	62/62	300
Vidmantas Salietis	Member, Chief Commercial Officer	62/62	200
Dominykas Tučkus[2]	Member, Chief Infrastructure and Development Officer	31/62	300

[1] The numbers indicate how many meetings in 9M 2021 the members have attended out of total meetings during the reporting period.
[2] On 25 June 2021 Dominykas Tučkus resigned from the position of a member of the parent company's Management Board (until 25 June 2021, attended 31 meetings of the Management Board).

CEO overview

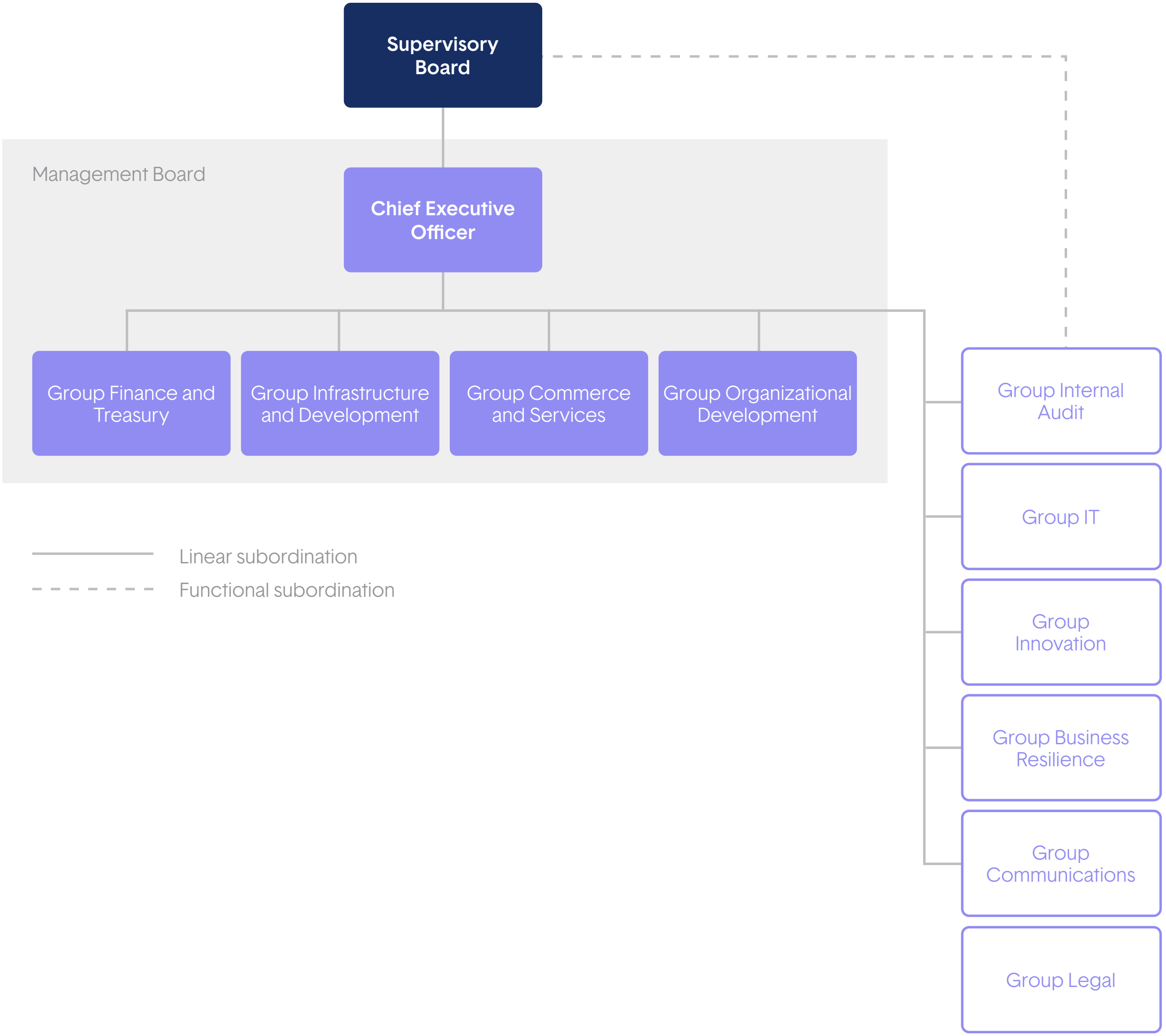
At the executive employees' level, the parent company is managed by the CEO and the Management Board. CEO is a single-person management body of the parent company, who organizes, directs, acts on behalf of the parent company and concludes transactions unilaterally, as provided by the Law on Companies (link in Lithuanian), 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 and the terms of office are established according to the Law on Companies (link in Lithuanian), 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 SOE, is also subject to the special recruitment features set out in the Law on Companies (link in Lithuanian), according to which the term of a CEO is limited to five years. It stipulates that the same person can only be appointed for two consecutive five-year terms.

During the reporting period, on 22 June 2021, the Management Board updated the parent company's organisational structure and the list of positions. In order to flatten hierarchy, the words "service", "department", "division" have been omitted from the names of structural units, reflecting only the activities at the Group level, while the title of CEO was changed in Lithuanian wording from a "General Manager" to "Manager", which was also reflected in the Articles of Association.

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

The parent company's organizational 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 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 units, 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 and its management strategies for the upcoming year. 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.

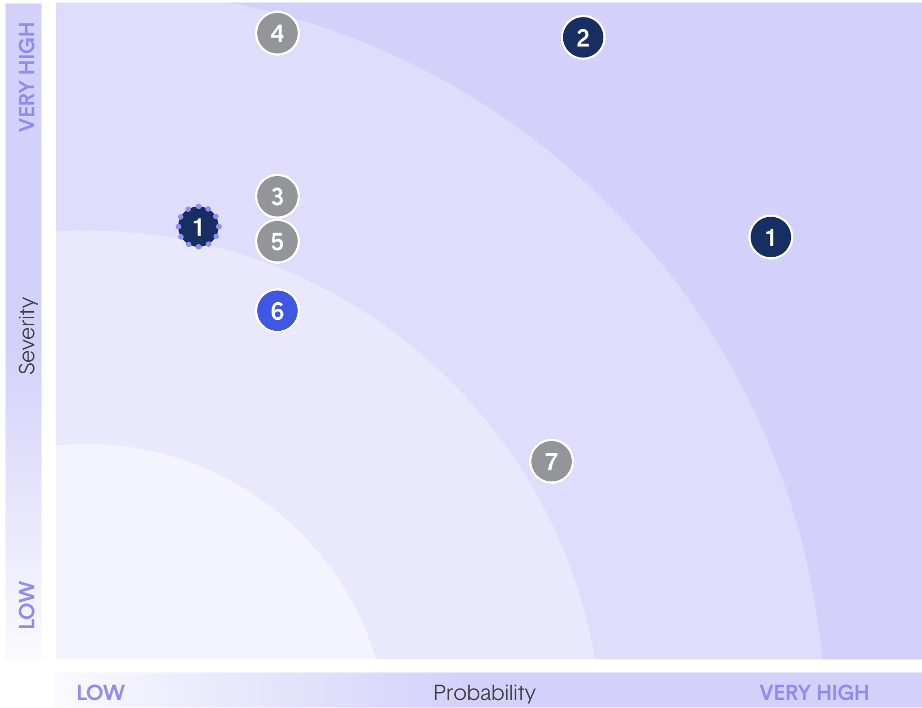
Changes during the reporting period

After risk assessment review in Q3 2021, no significant adverse changes were captured in risk levels compared to reported ones in H1 2021 Interim report. Worth noting that, during the reporting period, the Group has successfully concluded negotiations with Equinor ASA (link) by agreeing with the amended terms of the contract with Equinor regarding LNG cargoes supply, which guarantees more favorable LNG cargoes supply structure as well as mitigates the risk of losses previously communicated in relation to the potential regulatory changes. Additionally, turning to the Network segment's smart meter roll-out project, global chip shortage ('chip crisis') presents as another source of risk, potentially resulting in slower delivery of smart meters.

Changes after the reporting period

After risk assessment review, significant adverse changes were captured in risk levels compared to reported ones in H1 2021 Interim report, as in partial materialized '1 Changes in market & Regulation' risk due to NERC (regulator) updating Methodology in essence RAB calculation method changing from LRAIC to similar to Historical cost model (link). However, sustainable regulatory framework was ensured through the newly established additional tariff component, which offsets change in RAB calculation method (for more in-depth information, see section 3.2 'Results by business segments') having no impact to the Group's Adjusted EBITDA guidance for 2021 and 2024 target, dividend policy and investments detailed in Strategic Plan 2021-2024. Additionally, the Government of the Republic of Lithuania confirmed mandatory supply volume for the LNG terminal amounting to 4 cargoes per year for 2022-2024, which aligns with the annual mandatory supply volume set out in the agreement with Equinor ASA thus reducing the uncertainty of designated supply activities (Customers & Solutions). Considering this and above mentioned successfully concluded negotiations with Equinor ASA, '1 Changes in market & Regulation' risk level was reduced from Very high to High (probability was reduced from Very high to Medium). These variations are reflected in risk assessment heat map.

Risk assessment heat map



Strategic/business risks
1 Changes in market & regulation
2 Failure in new projects or businesses

1 During reporting period
1 After reporting period

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

Compliance Programme

The Group strives for maximum transparency, effective management of inside information and equality of all financial market participants regarding the availability of the 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 laws. Persons discharging managerial responsibilities and persons associated with them are under a duty to disclose their transactions related to the parent company's financial instruments when a EUR 5,000 notification threshold has been reached within a calendar year. Trading of those individuals is also governed by "Trading guidelines for the issuer's managers and persons closely associated with them" approved this year. The parent company's Management Board and Supervisory Board members as well as other Group personnel who 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, annual reports and financial statements (Closed Period). The Group's own internal insider and transparency rules are regularly updated and specialized internal inside information management training is provided to all Group employees who are included to an Insider List. Insider Management Committee effectively deals with complex insider management and relevant issues. Moreover, in the last quarter of the year, guidelines for the prevention of market abuse were developed in order to help employees identify illegal actions and provide relevant recommendations.

More detailed information regarding transparency and market abuse administration, persons discharging managerial responsibilities and a duty to disclose, Closed Period and internal supervision of insiders 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. Additionally, during the reporting period we reviewed the management of related party transactions within the Group and to ensure control, transparency and shareholder interests on 20 July 2021 we approved the Policy of the Group Transactions with Related Parties (link), setting out principles and procedures for identifying related parties, valuing, approving and disclosing transactions. It is notable that the Supervisory Board of the parent company, taking into consideration the conclusion of the Audit Committee, makes a decision regarding the Group's transactions 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 have a material impact on finance, assets and liabilities. Further details about the Group's related party transactions are disclosed in the notes of the financial statements and on our website.

4.5 Information about the Group

Corporate structure

At the time of the reporting, the Group consists of the parent company and 25 fully consolidated subsidiaries. Ignitis Grupė is the Group's parent company and is responsible for the coordination 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 below are directly or indirectly controlled by the parent company, which applies the governance system as per below:

1	**The Supervisory Board** is formed from 7 non-executive members (2 shareholder's representatives, 5 independent members). **The Management Board** is formed of 5 executive members. **CEO** – Chair of the Management Board.
2	**The Supervisory Board** is formed from 5 non-executive members[1] or 3 non-executive members (2 shareholder's representatives and 1 independent member). **The Management Board** is formed from 5 or 3 executive members. **CEO** – Chair of the Management Board.
3	**The Management Board** is formed from 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[2]. **General Manager** is not a member of the Management Board.
4	**General Manager** is a sole management body. **The Management Board** is not formed.

Changes in the Group's structure during the reporting period:

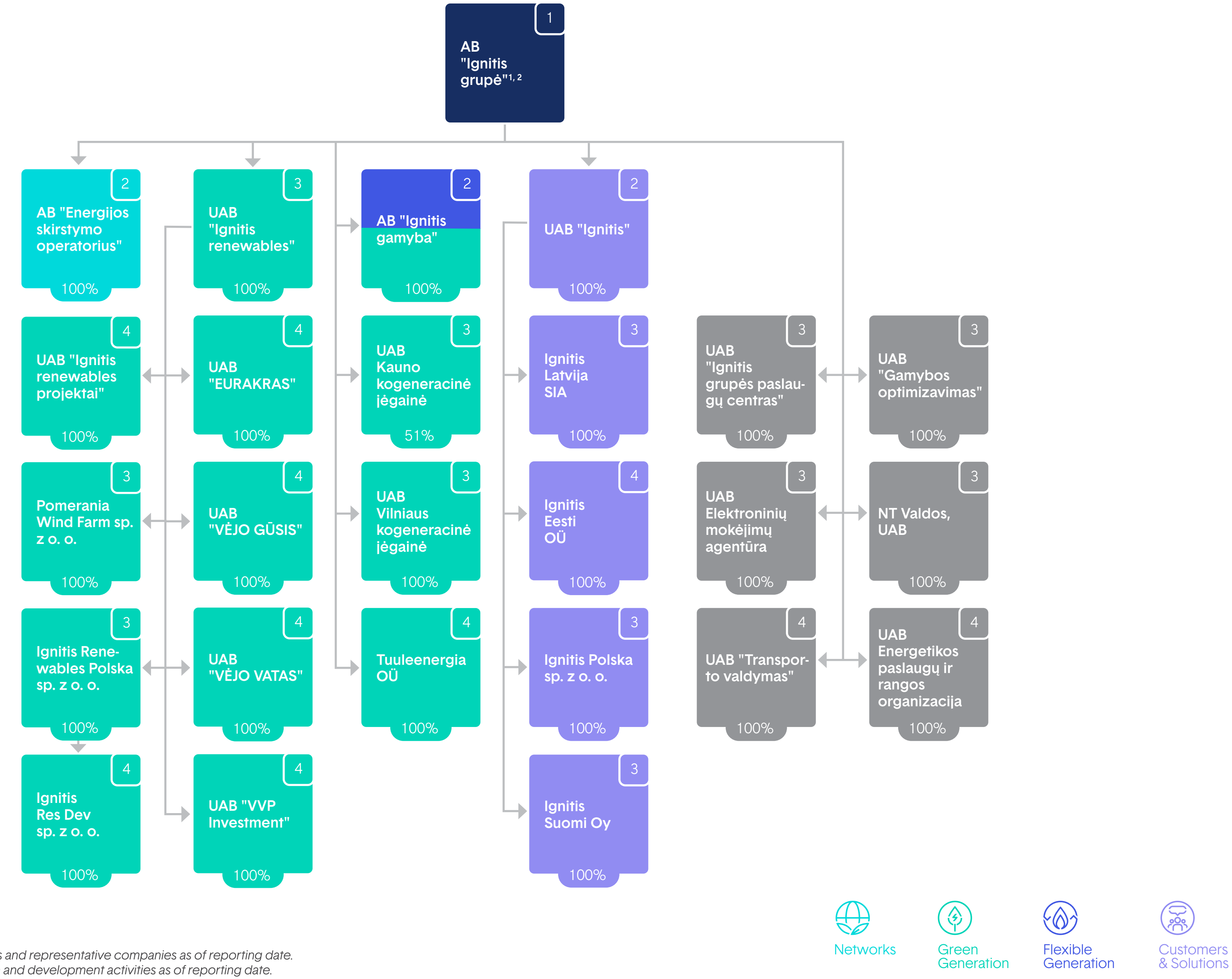
- UAB "Ignitis" established Ignitis Suomi Oy in Finland to enable more effective operations in Finnish supply markets (link);
- UAB "Ignitis renewables" acquired a company registered in Poland, which, prior to this, did not conduct any activities – Dolcetto Sp. z. o. o. (link). Dolcetto sp. z o. o. acquired a company registered in Poland Charbono Sp. z o.o.
- Dolcetto Sp. z o.o. name was changed to Ignitis Renewables Polska Sp. z o.o.
- Charbono Sp. z o. o. name was changed to Ignitis Res Dev sp. z o.o.

Changes in the Group's structure after the reporting period:

- UAB "Ignitis renewables" established UAB "Ignitis renewables projektai" in Lithuania to develop wind and solar parks.

[1] *At ESO: 2 shareholder's representatives, 2 independent members and 1 employees' representative.*
[2] *The Management Boards of Ignitis Latvija and Ignitis Polska are formed of 1 member – CEO, the Supervisory Board of Ignitis Latvija is formed from shareholder's representatives, whilst the Supervisory Board of Ignitis Polska is formed from 2 shareholder's representatives and 1 independent member. The Management Board of Ignitis Suomi Oy is formed from one ordinary member and one deputy member. The Management Board of to Ignitis Renewables Polska Sp. z o.o. is formed from two non-executive members (shareholder's representatives).*

The Group's corporate structure (at the end of the reporting period)



[1] The parent company does not have any branches and representative companies as of reporting date.
[2] The parent company does not carry out research and development activities as of reporting date.

ESG performance report

5.1 ESG highlights

GHG emission reduction targets approved by SBTi

After the reporting period, our GHG emission reduction targets have been validated by the Science Based Targets initiative (SBTi). We are the first Lithuanian capital company to be validated by SBTi.

Ignitis Group commitments are in line with the Business Ambition for 1.5 °C covering all three scopes:

- Ignitis Group commits to reduce scope 1 GHG emissions from electricity and heat generation 94% per MWh by 2030 from a 2020 base year by expanding capacity of our renewable energy sources and optimizing consumption of resources necessary for our operations, etc.
- Ignitis Group also commits to reduce scope 1 and 3 GHG emissions from all sold electricity and heat 90% per MWh within the same timeframe by expanding the share of green electricity, developing solutions that support customer energy efficiency (e. g. implementation of smart metering for customers), growing share of green electricity supplied to customers, etc.
- Ignitis Group commits to reduce absolute scope 1 and 2 GHG emissions from all other sources 42% and absolute scope 3 GHG emissions from use of sold products 25% within the same timeframe by increasing share of green electricity use, replacing operational vehicle fleet with EVs, promotion of customer transition from gas to electricity (especially residential customers), etc.

In general, total emissions will have to shrink by 47% by 2030 from a 2020 base year. This corresponds to the highest level of climate ambition – developing near-term science-based targets aligned with 1.5°C scenarios alongside an explicit net-zero-by-2050 commitment.

More information about Ignitis Group emissions and targets can be gound here (link).

For more information about SBTi visit its webpage here (link).

Climate action

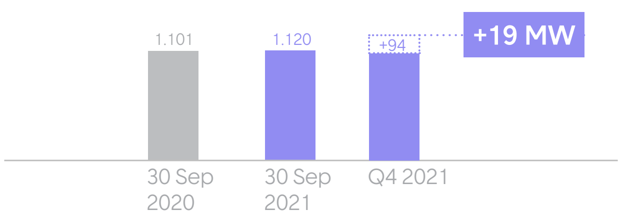
In Q1 2021, in line with our sustainability management plan target to improve climate-related disclosures, we joined Task Force on Climate-related Financial Disclosures (TCFD) supporters list. We have implemented most of the recommendations in 9M 2021 and we expect to align fully with TCFD guidelines in 2022.

In Q3 2021, the Group participated for the first time in the Carbon Disclosure Project (CDP) climate change questionnaire in order to evaluate the impact of its activities on climate initiatives, e.g., strategy, management, GHG reduction goals. The final score as well as responses are expected to be publicly available by the end of 2021.
In Q3 2021, Customers & Solutions segment has deepened the partnership with the leading European mobility platform Bolt. Bolt's electric scooters in the Baltic countries will now run on certified Ignitis green energy, which will help reduce GHG emissions by nearly 220 tonnes annually.

In Q3 2021, Ignitis and a Lithuanian electricity transmission system operator Litgrid, together with an Estonian start-up Fusebox launched Lithuania's first of its kind pilot project that will explain the possibilities of using the electric vehicle charging station network for balancing, stability and security of the electricity system.

Green Generation

Green Generation installed capacity, MW



Installed Green Generation capacity increased by 19 MW since Vilnius CHP's WtE unit (March 2021) commenced commercial operations. In Q4 2021, our installed capacity will further increase by 94 MW as a result of Pomerania WF starting commercial operations.

For more in-depth information about our Green Generation development projects please see section 2.3 'Strategy' of this report.

Energy Efficiency

Networks:

in May 2021, Networks (ESO) chose the French company Sagemcom Energy and Telecom SAS as the supplier for smart metering infrastructure, which includes acquisition and deployment of about 1.2 million new-generation smart electricity meters as well as system data management and communication solutions by 2025. Smart meters are expected to generate significant energy savings for end users by allowing them to monitor their consumption more effectively.

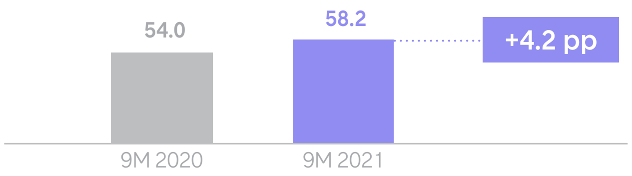
Customers & Solutions:

- the Group signed a cooperation agreement on energy efficiency and sustainability with the Lithuanian Confederation of Industrialists in May 2021. The main ambition of the agreement is to consult and educate companies on energy efficiency tendencies and possibilities as well as to implement a pilot project – a training course for company managers to ensure that energy efficiency goals and measures are included in their companies' strategies.
- to increase energy consumption efficiency, we incorporated energy savings tips, comparative analysis of different districts' energy use and other relevant information into the electricity and natural gas bills issued to customers and on the self-service platform. In cooperation with the Alliance of Lithuanian Consumer Organisations, we organize an information campaign to tackle energy poverty.

Employee satisfaction & engagement

Employee net promoter score (eNPS) – our main measure of employee satisfaction – has increased in 9M 2021 compared to 9M 2020.

Employee satisfaction, eNPS, % (1-100)



Employee welfare is one of our sustainability priorities. As a result of employee support initiatives (e.g., videos, articles, an anonymous helpline, informal monthly gatherings with external professionals to discuss different aspects of wellbeing, etc.) eNPS increased by 4.2 percentage points. We also facilitated employee discussion groups on various topics (for example, work-life balance, stress management) and have had a first wave of trainings about burnout prevention.

We also continued our internal sustainability awareness raising campaign that will run until the end of 2021. Through various initiatives, e.g., podcasts, workshops, where external experts and our employees take part, we seek to introduce all employees to different domains of sustainability and involve them in working groups to co-create solutions to sustainability challenges. The topics we have already introduced to employees range from climate change to diversity, with most of the content being publicly available.

After the reporting period, we developed and launched a corporate volunteering model for our employees, which allows employees to take one paid day off per year to volunteer at various non-profit initiatives and organisations.

Employee diversity

In 9M 2021, 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. To facilitate progress, after reporting period, we have filled the newly created position for the Head of Diversity, Inclusion and Well-being.

As part of our diversity efforts, we continued our partnership with the Women Go Tech (WGT) initiative. In Q1 2021,10 women from our organisation began to develop their tech skills as part of the 6-month training programme, whereas 6 further employees are serving as mentors to participants from other organisations. To support our employees, we have developed a mentorship programme where 10 selected employees would introduce their new skills into their work routines. After the end of the training programme, we also contributed to a summer "Discover technologies" programme organized by WGT, where women who are interested could learn about different technology fields.

To reach a younger generation, we initiated a partnership with Šiauliai STEAM centre, where we organised 2 open online workshops for girls, where our specialists shared their experience and stories from tech field.

Additionally, a group of employees passionate about diversity and equal opportunities created an informal diversity and inclusion working group in 9M 2021. The group is inviting external speakers, participating in diversity trainings and working together to contribute to a more inclusive work environment.

After the reporting period, the Group received the highest rating for its contribution to the implementation of the principles of equal opportunities within the organization – it was awarded three "Equal Opportunities Wings". This is the highest achievement awarded by the Office of the Equal Opportunities Ombudsperson and the Human Rights Monitoring Institute.

Supplier Sustainability

In 9M 2021, we devoted significant attention to our supply chain sustainability. The Management Board adopted a Group-wide Supplier Code of Ethics. It is now a mandatory clause in all standard form contracts. Our Supplier Code of Ethics formulates the Group's expectation that our suppliers adhere to certain environmental, ethical, human and labour rights standards. While we foresee potential audits of the most relevant suppliers to ensure compliance, our aim is also to create potential opportunities for joint sustainability work and facilitate supplier education on various aspects of sustainability.

Community relations

In Q1 2021, we published new community engagement guidelines (link) that will help us build mutually beneficial, value- and strategy-driven cooperation with local communities.

Among the many measures for community well-being, the Group also adopted a new policy for providing financial support to communities where it operates.

The first round of financial support scheme started in July 2021. Financial support can be granted to social, education, art, culture, science and sport (excluding extreme and high-risk sport) projects, activities. These projects and/or activities must create, encourage long-term cooperation between Ignitis Renewables, its subsidiaries and the community, also it must comply with the support granting criteria established in Financial Support Management Guidelines. More information is available on our website.

Further to the above, in Q2 2021, we conducted a qualitative survey and focus groups with members of local communities (in Lithuania and in Poland, where we are currently developing the majority of Green Generation capacities) to receive qualitative data for deeper understanding of communities' issues and needs which we may incorporate to our future initiatives.

We installed a new exhibition in the Energy and Technology museum located in Vilnius (Q1 2021), initiated by Vilnius CHP and Kaunas CHP, that presents different topics related to circular economy to raise public awareness about the importance of reducing waste generation. Between April and the end of September, the exhibition has already welcomed close to 18,000 visitors. In addition, free lectures "Ignitis klasė" (Ignitis Classroom) for 6^{th}–11^{th} grade students, initiated by the Customers & Solutions segment (Ignitis) together with the museum are being organized. The aim of this initiative is to encourage students to take an interest in energy, to get acquainted with measures to prevent pollution and mitigate climate change, and to promote energy efficiency. During the 2020–2021 academic year, about 500 students and as many participants of different age groups participated in this programme. In the 2021–2022 academic year, we are planning to extend the lectures to enable even more children to get acquainted with energy.

In June 2021, the Group became the main partner of the cinema festival "Kino karavanas" (The Film Caravan), which brings free films to smaller towns, where people would not otherwise be able to access it. The main topics of this year's festival are sustainability and ecology. From July to the end of August, the project visited 40 locations and was attended by 12,800 visitors.

After the reporting period, Kaunas CHP signed a cooperation agreement with Kaunas district municipality. The company plans to contribute to infrastructure improvement projects, events and other initiatives important to the communities of the municipality.

Other awards and recognitions

Our Customers & Solutions segment (Ignitis) received a silver medal for its sustainability practices in the year 2020 from EcoVadis, a ratings platform that assess sustainable supply chains. It placed us among the top 8% of all companies (out of 75,000 companies from 160 countries and 200 industries) assessed by the EcoVadis. Additionally, the evaluation of our practices improved twice by placing us among top 16% assessed electricity and natural gas suppliers globally (compared to being among top 31% last year).

The impact and actions of our Group in the context of biodiversity conservation were assessed for the first time in Q2 2021 by an independent Swedish organisation Ecogain. In their Biodiversity Index, which evaluates how large companies disclose information related to biodiversity, we were ranked as the second company in the overall ranking table of large Baltic companies and 5th among 27 large energy companies across the Baltics and Nordics.

Sustainable Brand Index™ ranked Ignitis (Customers & Solutions) brand 1st in the electricity and heating category and 15th in the general ranking of Lithuanian brands, placing us as the most sustainable brand within the energy industry based on the experience of Lithuanian consumers. The Index is the largest independent sustainability survey in Europe consisting of more than 1,400 brands and 60,000 consumer interviews, and it evaluates the sustainability perception of brands across industries and countries.

In September 2021, the Customers & Solutions segment (Ignitis) received three ISO certificates. The segment's activities related to the provision of services to business (B2B) customers were awarded international quality management (ISO 9001), environmental (ISO 14001) and occupational safety and health (ISO 45001) certificates. The segment's activities as an electric vehicle charging network operator are also certified.

Furthermore, after the reporting period for the third year in a row the Parent Company received the highest possible 'A+' rating and was recognised as a leader in the category of large SOEs as well as a frontrunner in sustainability in Good Corporate Governance Index.

ESG ratings upgrade

On 9 July 2021, Ignitis Group received a rating upgrade in the MSCI ESG Ratings assessment and is now ranked as a leader among global industry peers, with a rating of 'AA' (on a scale of 'CCC'–'AAA') which is significantly above the utilities industry average of 'BBB'[1].

The ESG milestones achieved this year in full or partially contributed to the improvement of the MSCI rating. We took the following steps that had the greatest positive impact on the improvement:

- embedded strategic ESG targets into our 2021–2024 Strategic Plan to commit to reducing carbon dioxide emissions, expanding renewable energy portfolio, and strengthening key governance practices for improvement and progress;
- published a comprehensive Sustainability Report, which was incorporated in our 2020 Annual Report, according to the GRI requirements – the most widely used sustainability reporting standard worldwide. Streamlining our ESG performance monitoring and disclosure will remain a priority for continuing to show strong ESG risk and opportunity management performance;
- conducted materiality assessments for key subsidiaries across all business segments. This included surveying over 40 different stakeholder groups and nearly 3,000 respondents regarding their expectations for our sustainability activities. The results of the materiality assessment are available on our website. In the meantime, we are incorporating the expectations of our clients, employees, partners, shareholders and other stakeholders into our sustainability roadmap and action plans.

MSCI ESG Ratings assessment is based on a company's resilience to financially material ESG risks. It evaluates a company's exposure to, and management of, key ESG risks and opportunities. The final ESG rating is an industry-adjusted score, meaning that it is based on a company's relative performance compared to its global industry peers.

[1] *MSCI ACWI index.*

5.2 Our sustainability framework

Overview

Sustainability is at the core of the Group's strategy and 2021-2024 strategic plan. Ambition to lead the energy transition across the region towards an energy smart world requires strengthening of 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 while comprehensive ESG information is published in our sustainability reports.

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

MAIN TOPICS

We are committed to reduce net GHG 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 'AA', increased from the baseline of 'A' in July 2021**, places us among the industry leaders and significantly above the utility group average of 'BBB'[2], while our Sustainalytics ESG Risk Rating ranks us among the top 20% performers in the utility group.

MSCI ESG index

Status 2021: 'AA'

CCC | B | BBB | A | **AA** | AAA

2021 → 2024

Sustainalytics ESG risk index

Status 2021: Medium, 26.5

Severe | High | Med | Low | Negligible

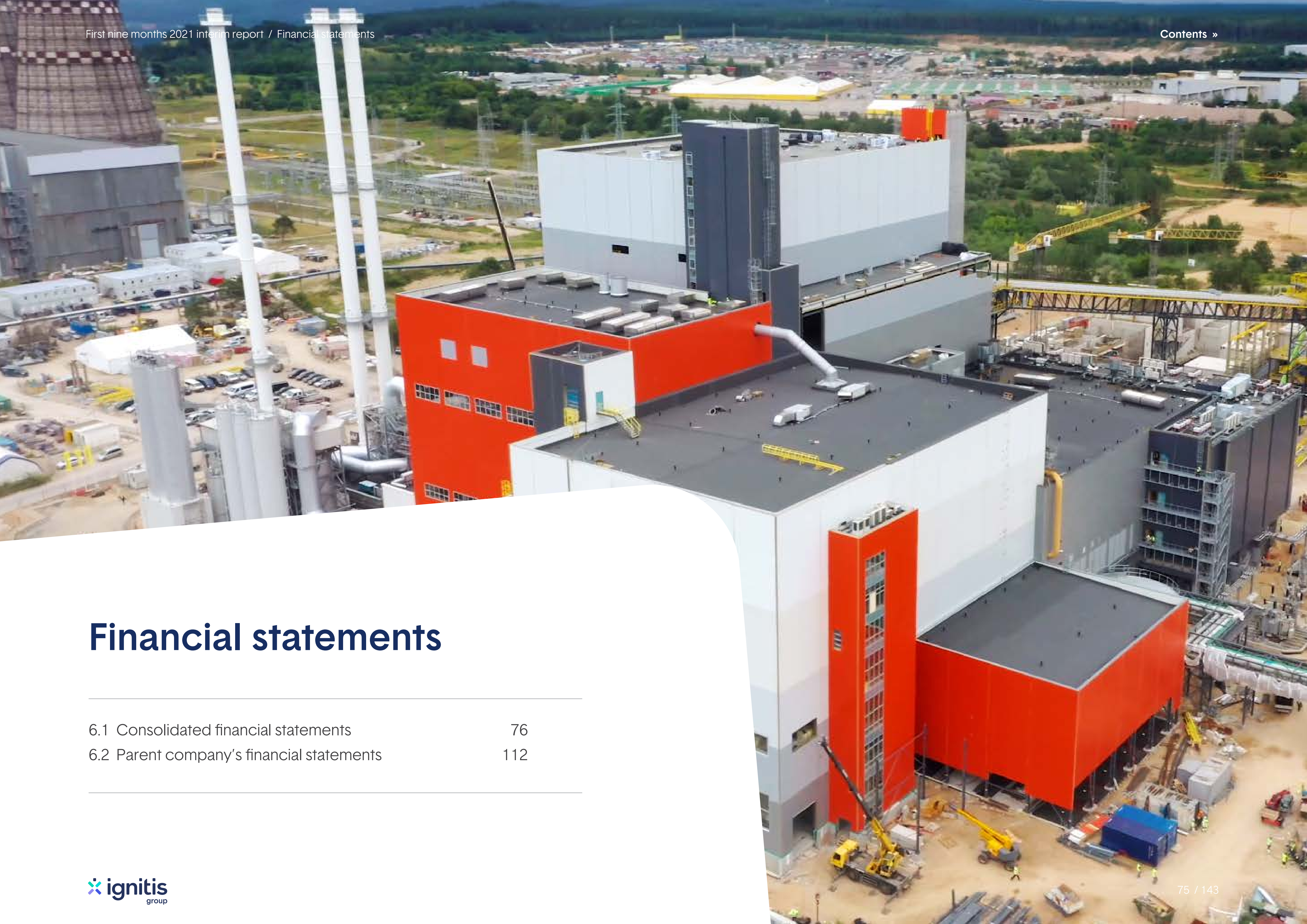
2021 → 2024

[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	9M 2021 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	GHG targets submitted to SBTi	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.d.[2]	290.6
	Smart meters deployed, million units	0	Smart meter roll-out programme[3]	1.1–1.2[4]
Air, land and water quality	0 environmental accidents and penalties	1 (minor violation)	1 (minor violation)[5]	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[6]	0.45	1.76[7]	≤2.29
Local communities	Local communities engaged and consulted, %	Community engagement guidelines prepared	Ongoing engagement[8]	100
Employee engagement	Employee net promoter score (eNPS), %	56.0	58.2	≥95% of previous year's level[9]
	Employees participating in corporate volunteering initiatives at least once	N/A	Formal volunteering model launched	20%
Employee diversity	0 human rights violations	0	0	0
	Improvement of gender balance in engineering and IT positions, % women	17	19	23
	Improvement of gender balance among top management, % women	24[10]	21	29
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 adopted[11]	100
	Share of published procurements that receive only one bid, %	13.1	14.9	≤15
Transparency and anticorruption	Transparency rating in Good Corporate Governance Index	A+	A+	A+
	Anticorruption and Code of Ethics knowledge tests[12], employee participation rate, %	100	93.6	100
	Anticorruption and Code of Ethics knowledge tests, employee pass rate, %	94.4[13]	93.6	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	- Completed materiality assessment - CDP submitted	ESG governance improvement[14]

[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] The smart meter installation for the residents who consume more than 1,000 kWh of electricity annually and business customers will commence in the first half of 2022 and will be completed by the end of 2025. It was announced previously that installation works will be started in Q4 2021 and completed by the end of 2023.
[4] By the end of 2023.
[5] Cumulative indicator, no violations in Q3.
[6] Due to the COVID-19 pandemic and the rise in remote working, TRIR values for 2020 are significantly lower. Occupational health and safety goals also include implementing TRIR monitoring for contractors in 2021. There was an increase in incidents during the 3rd quarter and fewer hours worked during the summer period.
[7] The TRIR rate increased as there were 6 incidents during 9M 2021 and the number of hours worked decreased during the summer. The indicator is calculated from the beginning of the year to the end of the period (year to date)
[8] In Q1 2021 the Group adopted a new policy for providing financial support to communities in proximity to the sites of Ignitis Renewables and the first applications were received in Q3. Additionally, in Q2 2021 we conducted several surveys and focus groups with community members in Lithuania and Poland to better understand their concerns and expectations. We will continue to deepen our engagement through other measures specified on the webpage dedicated to our communities (link).
[9] The goal is to reach at least 95 percent of the previous year's level annually by 2024.
[10] Previously reported baseline value (22%) had excluded companies outside Lithuania. This has been updated and the baseline as well as the target for 2021–2024 adjusted accordingly.
[11] The requirement to comply with the The Supplier Code of Ethics is included into standard contract forms since the end of July 2021. Standard contract forms with included Supplier Code of Ethics are used in more than 90% of public procurements initiated from 1 August 2021.
[12] Only anticorruption knowledge test is available as of H1 2021. All new employees are required to participate. Code of Ethics knowledge test is under development. Interim values for the participation and pass rate refer only to new employees.
[13] Revised data.
[14] Measured by contribution to improvement of external ESG ratings.



Financial statements

6.1 Consolidated financial statements

Unaudited interim condensed consolidated financial statements for the nine months period ended 30 September 2021, prepared in accordance with International accounting standard 34 'Interim financial reporting' as adopted by the European Union

The Group's interim condensed consolidated financial statements were prepared and signed by AB "Ignitis grupė" management on 30 November 2021:

Darius Maikštėnas
Chief Executive Officer

Darius Kašauskas
Chief Financial Officer

Giedruolė Guobienė
UAB "Ignitis grupės paslaugų centras",
Head of Accounting Department acting under
Order No IS-66-21
(signed 4 August 2021)

Interim Condensed Consolidated Statement of Financial Position

As at 30 September 2021
All amounts are in EUR thousand unless otherwise stated

	Notes	30 September 2021	31 December 2020
ASSETS			
Non-current assets			
Intangible assets	5	229,022	176,077
Property, plant and equipment	6	2,599,874	2,559,554
Right-of-use assets	7	54,042	63,879
Prepayments for non-current assets		10,711	40
Investment property		4,807	5,183
Non-current receivables	9	38,254	161,515
Other financial assets	10	25,881	7,269
Other non-current assets		-	2,788
Deferred tax assets		6,448	6,431
Total non-current assets		**2,969,039**	**2,982,736**
Current assets			
Inventories		109,988	33,110
Prepayments and deferred expenses	11	112,616	50,703
Trade receivables	12	148,207	128,423
Other receivables	13	194,378	47,468
Other current assets		59,598	67,365
Prepaid income tax		1,758	223
Cash and cash equivalents	14	636,178	658,795
		1,262,723	**986,087**
Assets held for sale		478	473
Total current assets		**1,263,201**	**986,560**
TOTAL ASSETS		**4,232,240**	**3,969,296**
EQUITY AND LIABILITIES			
Equity			
Issued capital	15	1,658,756	1,658,756
Reserves	15	310,037	269,769
Retained earnings		(86,062)	(86,164)
Equity attributable to equity holders of the parent		**1,882,731**	**1,842,361**
Non-controlling interests		1,195	1,470
Total equity		**1,883,926**	**1,843,831**
Liabilities			
Non-current liabilities			
Non-current loans and bonds	17	1,121,539	1,246,128
Non-current lease liabilities	19	42,888	29,128
Grants and subsidies		283,559	280,370
Deferred tax liabilities		68,705	52,174
Provisions	20	39,004	40,695
Deferred income	21.1	176,374	164,413
Other non-current amounts payable and liabilities		394	3,258
Total non-current liabilities		**1,732,463**	**1,816,166**
Current liabilities			
Current loans	17	132,194	15,476
Lease liabilities	19	4,995	13,401
Trade payables		106,454	51,693
Advances received	21.2	57,807	42,644
Income tax payable		3,166	7,738
Provisions	20	37,784	30,399
Deferred income	21.1	9,064	8,579
Other current amounts payable and liabilities	22	264,387	139,369
Total current liabilities		**615,851**	**309,299**
Total liabilities		**2,348,314**	**2,125,465**
TOTAL EQUITY AND LIABILITIES		**4,232,240**	**3,969,296**

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

For the three and nine months periods ended 30 September 2021
All amounts are in EUR thousand unless otherwise stated

	Notes	9M 2021	Q3 2021	9M 2020 (restated)*	Q3 2020 (restated)*
Revenue from contracts with customers	23	1,131,777	415,541	862,998	274,724
Other income		33,631	11,718	5,827	3,189
Total revenue and other income		**1,165,408**	**427,259**	**868,825**	**277,913**
Purchases of electricity, gas and other services		(792,703)	(306,486)	(499,543)	(167,722)
Salaries and related expenses		(70,692)	(21,104)	(71,122)	(21,406)
Repair and maintenance expenses		(20,925)	(8,108)	(19,986)	(8,752)
Other expenses		(31,473)	(11,820)	(48,790)	(387)
Total		**(915,793)**	**(347,518)**	**(639,441)**	**(198,267)**
EBITDA**		**249,615**	**79,741**	**229,384**	**79,646**
Depreciation and amortisation		(90,427)	(30,805)	(83,999)	(29,476)
Write-offs, revaluation and impairment losses of property, plant and equipment and intangible assets	5, 6	(2,089)	17	(2,812)	(550)
Revaluation of emission allowances	20	(12,017)	(1,598)	308	(59)
Operating profit (loss) (EBIT)**		**145,082**	**47,355**	**142,881**	**49,561**
Finance income		15,355	12,403	1,236	573
Finance expenses		(43,724)	(6,826)	(16,661)	(6,884)
Finance activity, net		**(28,369)**	**5,577**	**(15,425)**	**(6,311)**
Profit (loss) before tax		**116,713**	**52,932**	**127,456**	**43,250**
Current period income tax (expenses)/benefit		(8,954)	(3,054)	(7,750)	(2,288)
Deferred tax (expenses)/benefit		(13,351)	(4,307)	(11,367)	(4,548)
Net profit for the period		**94,408**	**45,571**	**108,339**	**36,414**
Attributable to:					
Equity holders of the parent		95,500	46,730	109,102	36,744
Non-controlling interest		(1,092)	(1,159)	(763)	(330)
Other comprehensive income (loss)					
Items that will not be reclassified to profit or loss in subsequent periods (net of tax)					
Revaluation of property, plant and equipment		-	-	104	(4)
Revaluation of emission allowances through other comprehensive income		59,995	9,605	3,090	(731)
Change in actuarial assumptions	20	(235)	22	334	(1)
Items that will not be reclassified to profit or loss in subsequent periods, total		**59,760**	**9,627**	**3,528**	**(736)**
Items that may be reclassified to profit or loss in subsequent periods (net of tax)					
Revaluation of derivatives	22.1	(26,705)	(26,705)	-	-
Exchange differences on translation of foreign operations into the Group's presentation currency		(650)	(646)	(2,277)	(526)
Items that may be reclassified to profit or loss in subsequent periods, total		**(27,355)**	**(27,351)**	**(2,277)**	**(526)**
Total other comprehensive income (loss) for the period		**32,405**	**(17,724)**	**1,251**	**(1,262)**
Total comprehensive income (loss) for the period		**126,813**	**27,847**	**109,590**	**35,152**
Attributable to:					
Equity holders of the parent		127,088	28,826	110,266	35,488
Non-controlling interests		(275)	(979)	(676)	(336)
Basic earnings per share (in EUR)	24	1.29	0.63	2.01	0.68
Diluted earnings per share (in EUR)	24	1.29	0.63	2.01	0.68
Weighted average number of shares	24	74,283,757	-	54,283,757	-

** Part of the amounts do not agree with the financial statements issued for the nine months period ended 30 September 2020 due to reclassification of comparative figures and changes in general presentation of statement of profit or loss and other comprehensive income (hereinafter – 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 28.*
EBIT – earnings before finance activity, taxes. For more information on EBIT as an alternative performance measure – see Note 28.

Interim Condensed Consolidated Statement of Changes in Equity

For the nine months period ended 30 September 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	Derivatives 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**
Net profit for the period		-	-	-	-	-	-	109,102	**109,102**	(763)	**108,339**
Other comprehensive income (loss)											
Revaluation of property, plant and equipment, net of tax		-	-	104	-	-	-	-	**104**	**-**	104
Revaluation of emission allowances		-	-	3,003	-	-	-	-	**3,003**	87	**3,090**
Result of change in actuarial assumptions		-	-	-	-	-	-	334	**334**	-	**334**
Exchange differences on translation of foreign operations into the Group's presentation currency		-	-	-	-	-	(2,277)	-	**(2,277)**	-	**(2,277)**
Total other comprehensive income (loss) for the period		**-**	**-**	**3,107**	**-**	**-**	**(2,277)**	**334**	**1,164**	**87**	**1,251**
Total comprehensive income (loss) for the period		**-**	**-**	**3,107**	**-**	**-**	**(1,751)**	**109,436**	**110,266**	**(676)**	**109,590**
Transfer of revaluation reserve to retained earnings (transfer of depreciation, net of tax)		-	-	(11,418)	-	-	-	11,418	**-**	-	**-**
Emission allowances utilised		-	-	(294)	-	-	-	294	**-**	-	**-**
Transfer to reserves and movement in reserves		-	2,523	-	-	-	-	(2,523)	**-**	-	**-**
Dividends		-	-	-	-	-	-	(70,000)	**(70,000)**	(2,524)	**(72,524)**
Equity acquisition from non-controlling interest		-	1,207	7,717	-	-	-	(20,263)	**(11,339)**	(43,651)	**(54,990)**
Sale of disposal group		-	(348)	-	-	-	-	348	**-**	(1,141)	**(1,141)**
Balance as at 30 September 2020		**1,212,156**	**116,029**	**146,105**	**-**	**-**	**(2,266)**	**(143,478)**	**1,328,546**	**1,009**	**1,329,555**
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**
Net profit for the period		-	-	-	-	-	-	95,500	**95,500**	(1,092)	**94,408**
Other comprehensive income (loss)											
Revaluation of emission allowances		-	-	59,178	-	-	-	-	**59,178**	817	**59,995**
Result of change in actuarial assumptions		-	-	-	-	-	-	(235)	**(235)**	-	**(235)**
Revaluation of derivatives	22.1	-	-	-	(26,705)	-	-	-	**(26,705)**	-	**(26,705)**
Exchange differences on translation of foreign operations into the Group's presentation currency		-	-	-	-	-	(650)	-	**(650)**	-	**(650)**
Total other comprehensive income (loss) for the period		**-**	**-**	**59,178**	**(26,705)**	**-**	**(650)**	**(235)**	**31,588**	**817**	**32,405**
Total comprehensive income (loss) for the period		**-**	**-**	**59,178**	**(26,705)**	**-**	**(650)**	**95,265**	**127,088**	**(275)**	**126,813**
Transfer of revaluation reserve to retained earnings (transfer of depreciation, net of tax)		-	-	(8,510)	-	-	-	8,510	**-**	-	**-**
Emission allowances utilised		-	-	(15,836)	-	-	-	15,836	**-**	-	**-**
Transfers to legal reserve		-	9,791	-	-	-	-	(9,791)	**-**	-	**-**
Transfer to reserves to acquire treasury shares	15	-	-	-	-	23,000	-	(23,000)	**-**	-	**-**
Dividends	25	-	-	-	-	-	-	(86,763)	**(86,763)**	-	**(86,763)**
Dividends paid to non-controlling interest	25	-	-	-	-	-	-	(1,152)	**(1,152)**	-	**(1,152)**
Other movement	25	-	-	-	-	-	-	984	**984**	-	**984**
Share-based payments	16	-	-	-	-	-	-	213	**213**	-	**213**
Balance as at 30 September 2021		**1,658,756**	**125,820**	**190,801**	**(26,705)**	**23,000**	**(2,879)**	**(86,062)**	**1,882,731**	**1,195**	**1,883,926**

Interim Condensed Consolidated Statement of Cash Flows

For the nine months period ended 30 September 2021
All amounts are in EUR thousand unless otherwise stated

	Notes	9M 2021	9M 2020
Cash flows from operating activities			
Net profit for the period		94,408	108,339
Adjustments to reconcile net profit to net cash flows:			
Share-based payments expenses	16	213	-
Depreciation and amortisation expenses	5, 6, 7	98,316	90,385
Impairment of property, plant and equipment, including held for sale	6	(678)	(33)
Revaluation of property, plant and equipment		-	(78)
Revaluation of investment property		(947)	112
Fair value changes of derivatives		10,018	3,664
Fair value changes of financial instruments		9,439	-
Impairment/(reversal of impairment) of financial assets		1	1,069
Income tax expenses/(benefit)		22,305	19,117
Amortisation of grants		(7,889)	(6,695)
Increase/(decrease) in provisions	20	(6,558)	14,756
Inventory write-off to net realizable value/(reversal)		252	29
Expenses/(income) of revaluation of emission allowances	20	12,017	(308)
Emission allowances utilised		22,904	(2,626)
Loss/(gain) on disposal/write-off of assets held for sale and property, plant and equipment		3,959	3,970
Result of other investing activities		787	-
Interest income		(715)	(1,043)
Interest expenses		17,884	14,039
Result of other financing activities		1,761	2,430
Changes in working capital:			
(Increase)/decrease in trade receivables and other receivables		(45,561)	11,340
(Increase)/decrease in inventories, prepayments and other current and non-current assets		(125,176)	19,023
Increase/(decrease) in trade payables, deferred income, advances received, other non-current and current amounts payable and liabilities		112,276	1,859
Income tax (paid)/received		(15,443)	(7,531)
Net cash flows from operating activities		**203,564**	**271,818**
Cash flows from investing activities			
Acquisition of property, plant and equipment and intangible assets		(138,788)	(246,929)
Proceeds from sale of property, plant and equipment, assets held for sale and intangible assets		1,933	12,530
Grants received		13,494	19,201
Interest received		412	522
Finance lease payments received		1,567	1,636
Other increases/(decreases) in cash flows from investing activities		(3,765)	-
Net cash flows from investing activities		**(125,147)**	**(213,040)**
Cash flows from financing activities			
Borrowings received		-	139,786
Issue of bonds		-	295,657
Repayments of borrowings	18	(3,470)	(29,866)
Lease payments	18	(12,021)	(8,269)
Interest paid	18	(23,496)	(14,999)
Dividends paid		(44,007)	(72,524)
Dividends returned	25	984	-
Equity acquisition from non-controlling interest		(19,024)	(26,783)
Net cash flows from financing activities		**(101,034)**	**283,002**
Increase/(decrease) in cash and cash equivalents (including overdraft)		**(22,617)**	**341,780**
Cash and cash equivalents (including overdraft) at the beginning of the year	14	658,795	(59,454)
Cash and cash equivalents (including overdraft) at the end of the period	14	**636,178**	**282,326**

All amounts are in EUR thousand unless otherwise stated

Explanatory Notes to the Interim Condensed Consolidated Financial Statements

For the nine months period ended 30 September 2021

1 General information

Ignitis grupė AB (hereinafter "the Company" or "the 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 Laisvės pr. 10, LT-04215, 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	30 September 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 30 November 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 are prepared for the nine months period ended 30 September 2021 (hereinafter "interim financial statements") and 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 financial statements as at and for the nine months period ended 30 September 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 restatements 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 nine months period ended 30 September 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 income (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 during the year 2021.

During Q3 of 2021 year the Group started application of the accounting policy to new transactions of effective portion of gain or loss on the hedging instruments recognition in other comprehensive income (Note 22.1).

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, except for derivative financial instruments as mentioned above.

Preparing these interim financial statements, the Group did not adopt new standards, amendments and interpretations, the effective date of which is later than 30 September 2021 and early adoption is permitted. The following are new standards and/or amendments to the standards that have been endorsed in European Union during the reporting period ended as at 30 September 2021:

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

These 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 amendments are effective in European Union for annual periods beginning on or after 1 January 2021.

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

COVID-19 Related Rent Concessions beyond 30 June 2021 (Amendments)

These amendments extend the scope of the 2020 amendments by increasing the period of eligibility to apply the practical expedient from 30 June 2021 to 30 June 2022.

On 28 May 2020, the Board issued COVID-19-Related Rent Concessions, which amended IFRS 16 Leases. The 2020 amendments permit lessees, as a practical expedient, not to assess whether rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and, instead, to account for those rent concessions as if they were not lease modifications. Among other conditions, the 2020 amendments permit a lessee to apply the practical expedient only to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2021. If a rent concession reduces lease payments both before and after 30 June 2021, IFRS 16 does not permit the practical expedient to be applied to that concession.

The amendments are effective in European Union for annual reporting periods beginning on or after 1 April 2021.

The management of the Group has assessed that these amendments have no significant impact on these interim financial statements as no significant concessions/discounts have been received during the reporting period and are not expected to be received in subsequent periods.

IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets as well as Annual Improvements 2018-2020 (Amendments)

The IASB has issued narrow-scope amendments to the IFRS Standards as follows:

- IFRS 3 Business Combinations (Amendments) update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
- IAS 16 Property, Plant and Equipment (Amendments) prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss of SPLOCI.
- IAS 37 Provisions, Contingent Liabilities and Contingent Assets (Amendments) specify which costs a company includes in determining the cost of fulfilling a contract for the purpose of assessing whether a contract is onerous.
- Annual Improvements 2018-2020 make minor amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the Illustrative Examples accompanying IFRS 16 Leases.

The amendments are effective in European Union for annual reporting periods beginning on or after 1 January 2022 with earlier application permitted.

The management of the Group is currently assessing the impact of these amendments on the financial statements.

All amounts are in EUR thousand unless otherwise stated

3 Restatement of comparative figures due to reclassifications

Restatement related to 9M of 2020

	9M 2020 before restatement	Restatement	9M 2020 after restatement
Revenue from contracts with customers	862,998	-	862,998
Other income	11,065	(5,238)	5,827
	874,063	**(5,238)**	**868,825**
Operating expenses			
Purchases of electricity, gas for trade, and related services	(501,801)	25,562	(476,239)
Purchases of gas	(23,304)	-	(23,304)
Depreciation and amortisation	(83,999)	-	(83,999)
Salaries and related expenses	(71,122)	-	(71,122)
Repair and maintenance expenses	(19,986)	-	(19,986)
Revaluation of property, plant and equipment	(112)	-	(112)
(Impairment)/reversal of impairment of amounts receivable and loans	(502)	-	(502)
(Impairment)/reversal of impairment of property, plant and equipment	(230)	-	(230)
Other expenses	(29,887)	(20,563)	(50,450)
Total operating expenses	**(730,943)**	**4,999**	**(725,944)**
Operating profit (loss)	**143,120**	**(239)**	**142,881**
Finance income	1,707	(471)	1,236
Finance expenses	(17,371)	710	(16,661)
Profit (loss) before tax	**127,456**	**-**	**127,456**
Current year income tax (expenses)/benefit	(7,750)	-	(7,750)
Deferred income tax (expenses)/benefit	(11,367)	-	(11,367)
Net profit	**108,339**	**-**	**108,339**
Attributable to:			
Equity holders of the parent	109,102	-	109,102
Non-controlling interest	(763)	-	(763)
Other comprehensive income (loss)			
Items that will not be reclassified to profit or loss in subsequent periods			
Revaluation of property, plant and equipment, net of deferred income tax effect	104	-	104
Revaluation of emission allowances	3,090	-	3,090
Recalculation of the defined benefit plan obligation, net of deferred income tax	334	-	334
Items that will not be reclassified to profit or loss in subsequent periods, total	**3,528**	**-**	**3,528**
Items that may be reclassified to profit or loss in subsequent periods			
Exchange differences on translation off foreign operations into the Group's presentation currency	(2,277)	-	(2,277)
Items that may be reclassified to profit or loss in subsequent periods, total	**(2,277)**	**-**	**(2,277)**
Total other comprehensive income (loss)	**1,251**	**-**	**1,251**
Total comprehensive income (loss) for the period	**109,590**	**-**	**109,590**
Attributable to:			
Equity holders of the parent	110,266	-	110,266
Non-controlling interests	(676)	-	(676)

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 I-III quarters of 2020.

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 nine months period ended 30 September 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 nine months period ended 30 September 2020:

Line No.	Old SPLOCI structure	New SPLOCI structure	9M 2020 after reclassification (Note 3)	Changes	9M 2020 after reclassification and changes	Explanation on changes
1	Revenue from contracts with customers	Revenue from contracts with customers	862,998	-	862,998	No changes
2	Other income	Other income	5,827	-	5,827	No changes
3	**Revenue**	**Total revenues and other income**	**868,825**	-	**868,825**	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	(476,239)	(23,304)	(499,543)	Added amounts from the line No.7, changed name to more fairly represent amounts
7	Purchases of gas		(23,304)	23,304	-	Line deleted by adding to the line No.6
8	Depreciation and amortisation		(83,999)	83,999	-	Line is presented now in the line No.19
9	Salaries and related expenses	Salaries and related expenses	(71,122)	-	(71,122)	No changes
10	Repair and maintenance expenses	Repair and maintenance expenses	(19,986)	-	(19,986)	No changes
11	Revaluation of property, plant and equipment		(112)	112	-	Line deleted by adding to the line No.20
12	(Impairment)/reversal of impairment of amounts receivable and loans		(502)	502	-	Line deleted by adding to the line No.14
13	(Impairment)/reversal of impairment of property, plant and equipment		(230)	230	-	Line deleted by adding to the line No.20
14	Other expenses	Other expenses	(50,450)	1,660	(48,790)	Added amount from line No.12, write-offs of property, plant and equipment amounted to EUR 2,470 thousand and revaluation of emission allowances amounted to EUR (308) thousand were deleted from this line by adding them to the line item No.20 and No.21 respectively.
15	**Total operating expenses**	**Total**	**(725,944)**	86,503	**(639,441)**	Changed name
16						
17		**EBITDA***	**-**	229,384	**229,384**	New line. EBITDA is calculated using the formula, which is used in the Note 28 for Operating segments and was used in IPO prospectus
18						
19		Depreciation and amortisation	-	(83,999)	(83,999)	The line is reclassified from the line No. 8
20		Write-offs, revaluation and impairment losses of property, plant and equipment and intangible assets	-	(2,812)	(2,812)	New line, to which there were reclassified the line No.12, line No.13 and a part of the line No.14 as described in line No.14
21		Revaluation of emission allowances	-	308	308	New line, to which there was reclassified a part of the line No.14 as described in line No.14

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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	9M 2020 after reclassification (Note 3)	Changes	9M 2020 after reclassification and changes	Explanation on changes
22						
23	**Operating profit (loss) (EBIT)**	**Operating profit (loss) (EBIT**)**	**142,881**	-	**142,881**	No changes
24						
25	Finance income	Finance income	1,236	-	1,236	No changes
26	Finance expenses	Finance expenses	(16,661)	-	(16,661)	No changes
27		**Finance activity, net**		(15,425)	**(15,425)**	Added name for "net" line
28						
29	**Profit (loss) before tax**	**Profit (loss) before tax**	**127,456**	-	**127,456**	No changes
30	Current year corporate income tax (expense)/benefit	Current year income tax (expenses)/benefit	(7,750)	-	(7,750)	No changes
31	Deferred corporate income tax (expense)/benefit	Deferred tax (expenses)/benefit	(11,367)	-	(11,367)	No changes
32						
33	**Net profit**	**Net profit for the period**	**108,339**	-	**108,339**	Changed name
34						
35	Attributable to:	Attributable to:				No changes
36	Equity holders of the parent	Equity holders of the parent	109,102	-	109,102	No changes
37	Non-controlling interest	Non-controlling interest	(763)	-	(763)	No changes
38						
39	**Other comprehensive income (loss)**	**Other comprehensive income (loss)**				No changes
40	**Items that will not be reclassified to profit or loss in subsequent periods**	**Items that will not be reclassified to profit or loss in subsequent periods (net of tax)**				Added "net of tax" to line name
41	Revaluation of property, plant and equipment, net of deferred income tax effect	Revaluation of property, plant and equipment	104	-	104	Deleted "net of deferred income tax effect" from line name
42	Revaluation of emission allowances	Revaluation of emission allowances through other comprehensive income	3,090	-	3,090	Added "through other comprehensive income" to line name
43	Recalculation of the defined benefit plan obligation, net of deferred income tax	Change in actuarial assumptions	334	-	334	Changed name and deleted "net of deferred income tax" from line name
44	**Items that will not be reclassified to profit or loss in subsequent periods, total**	**Items that will not be reclassified to profit or loss in subsequent periods, total**	**3,528**	-	**3,528**	No changes
45						
46	**Items that may be reclassified to profit or loss in subsequent periods**	**Items that may be reclassified to profit or loss in subsequent periods (net of tax)**				Added "net of tax" to line name
47	Exchange differences on translation off foreign operations into the Group's presentation currency	Exchange differences on translation off foreign operations into the Group's presentation currency	(2,277)	-	(2,277)	No changes
48	**Items that may be reclassified to profit or loss in subsequent periods, total**	**Items that may be reclassified to profit or loss in subsequent periods, total**	**(2,277)**	-	**(2,277)**	No changes
49	**Total other comprehensive income (loss)**	**Total other comprehensive income (loss)**	**1,251**	-	**1,251**	No changes
50	**Total comprehensive income (loss) for the period**	**Total comprehensive income (loss) for the period**	**109,590**	-	**109,590**	No changes
51						
52	Attributable to:	Attributable to:				No changes
53	Equity holders of the parent	Equity holders of the parent	110,266	-	110,266	No changes
54	Non-controlling interests	Non-controlling interests	(676)	-	(676)	No changes
55						
56		**Basic earnings per share (in EUR)**				New lines - due to listing of shares
57		**Diluted earnings per share (in EUR)**				New lines - due to listing of shares
58		**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	4	191	2,957	9,358	-	777	**13,287**
Revaluation	-	-	67,672	-	-	-	**67,672**
Reclassified (to) from property plant and equipment	-	3,037	-	88	-	-	**3,125**
Write-offs	-	-	-	(2)	-	-	**(2)**
Reclassifications between categories	-	1,511	-	(1,511)	-	-	**-**
Emission allowances utilised	-	-	(25,320)	-	-	-	**(25,320)**
Green energy certificates utilised	-	-	-	(479)	-	-	**(479)**
Disposals	-	(4)	(19)	-	-	-	**(23)**
Amortisation charge	(17)	(3,461)	-	(1,837)	-	-	**(5,315)**
Carrying amount at 30 September 2021	**50**	**11,860**	**126,530**	**50,244**	**4,927**	**35,411**	**229,022**
As at 30 September 2021							
Cost or revalued amount	312	33,874	126,530	64,132	4,927	35,411	**265,186**
Accumulated amortisation	(262)	(22,014)	-	(13,888)	-	-	**(36,164)**
Carrying amount	**50**	**11,860**	**126,530**	**50,244**	**4,927**	**35,411**	**229,022**

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 61,68 per unit as at 30 September 2021.

As at 30 September 2021 and as at 31 December 2020 other intangible assets mainly comprise of rights to produce electricity with an incentive rate.

As at 30 September 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 periods. Group's acquisition commitments amounted to EUR 2,692 thousand as at 30 September 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	Electricity networks and their structures	Gas distribution pipelines, gas technological equipment and installations	Assets of Hydro Power Plant, Pumped Storage Power Plant	Wind power plants and their installations	Combined Cycle Unit and Reserve Power Plant	Cogenera-tion plants	IT and telecommu-nication equipment	Other property, plant and equipment	Constr-uction-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	-	2	367	-	8	-	95	-	1,674	1,110	109,895	**113,151**
Sales	-	(1)	(35)	-	-	-	-	-	-	(366)	-	**(402)**
Write-offs	-	(2)	(2,481)	(129)	-	-	(1,060)	-	(5)	(29)	(6)	**(3,712)**
Reverse of impairment	-	-	-	-	-	-	-	-	-	-	678	**678**
Reclassifications between categories	-	809	59,695	12,100	360	2	-	111,110	1,064	25,974	(211,114)	**-**
Reclassified from (to) intangible assets	-	-	-	-	-	-	-	-	-	-	(3,125)	**(3,125)**
Reclassified from (to) finance lease	-	-	-	-	-	-	-	-	-	633	-	**633**
Reclassified from (to) assets held for sale	-	-	-	-	-	-	-	-	-	(1,256)	-	**(1,256)**
Reclassified from (to) investment property	-	-	-	-	-	-	1,323	-	-	-	-	**1,323**
Reclassified from (to) inventories	-	-	-	-	91	-	16	-	(117)	-	6	**(4)**
Reclassified from (to) right-of-use asset's	-	-	-	-	-	23,002	-	-	-	-	-	**23,002**
Depreciation charge	-	(3,734)	(44,539)	(5,439)	(4,046)	(2,480)	(14,699)	(6,024)	(3,434)	(4,618)	-	**(89,013)**
Foreign currency exchange difference	-	-	-	-	-	-	-	-	-	-	(955)	**(955)**
Carrying amount at 30 September 2021	**3,371**	**20,599**	**1,219,401**	**268,840**	**94,455**	**67,654**	**310,110**	**240,772**	**14,739**	**50,348**	**309,585**	**2,599,874**
As at 30 September 2021												
Cost or revalued amount	3,371	33,459	1,529,951	280,497	211,720	93,604	772,282	249,066	32,031	65,981	309,585	**3,581,547**
Accumulated depreciation	-	(12,860)	(310,550)	(11,657)	(117,265)	(25,950)	(432,890)	(8,294)	(17,292)	(15,633)	-	**(952,391)**
Accumulated impairment	-	-	-	-	-	-	(29,282)	-	-	-	-	**(29,282)**
Carrying amount	**3,371**	**20,599**	**1,219,401**	**268,840**	**94,455**	**67,654**	**310,110**	**240,772**	**14,739**	**50,348**	**309,585**	**2,599,874**

Acquisitions of property, plant and equipment during 9M of 2021 include the following major acquisitions to the construction in progress:

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

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. Other changes related to part of the property, plant and equipment that is recognized at acquisition costs – see below.

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 – see information below in "Revaluation of property, plant and equipment used in electricity distribution".

The Group has significant acquisition commitments of property, plant and equipment which will have to be fulfilled during the later periods. Group's acquisition and construction commitments amounted to EUR 144,408 thousand as at 30 September 2021 (31 December 2020: EUR 112,075 thousand).

All amounts are in EUR thousand unless otherwise stated

Revaluation of property, plant and equipment used in electricity distribution – electricity distribution CGU

New regulatory 5-year period will start in the electricity sector from 2022, it will define the principles for calculating the price caps for distribution services during the 2022 – 2026 year period. For this purpose the National Energy Regulatory Council (hereinafter - NERC) has confirmed the new wording of the methodology for determining the price caps for electricity transmission, distribution and public supply services (hereinafter – the Methodology).
Key Methodology update effects affecting property, plant and equipment used in electricity distribution are disclosed in note 30. The management is of an opinion that changes mentioned in point 2 (decrease of Regulated Asset Base) are indications of possible impairment of carrying amount of electricity distribution CGU. However, full impact should be evaluated from all changes.

According to the Group, additional tariff component (under point 1) significantly offsets the negative impact arising from the other two changes(under 2 and 3 points) ensuring sustainable regulatory framework. At the date of the interim financial statements the Group has not yet evaluated final impact of changes in regulation of property, plant and equipment used in electricity distribution, although it is expected to consider the impact till the preparation of financial statements for 31 December 2021.

The carrying amount of electricity distribution CGU is EUR 1,219,401 thousand as at 30 September 2021 (EUR 1,206,394 thousand as at 31 December 2020).

Property, plant and equipment used in gas distribution – gas distribution CGU

As at 30 September 2021 the assets related to gas distribution CGU are accounted applying cost model and are stated at acquisition cost less accumulated depreciation and impairment. During 2021 the management determined, that there is need to change accounting model to the same that is used for electricity distribution CGU - to be recognised at revalued amount less depreciation and impairment.

At the date of the interim financial statements the Group has not yet evaluated final impact of such changes in accounting policy, although it is expected to consider the impact till the preparation of financial statements for 31 December 2021.

The carrying amount of gas distribution CGU is EUR 268,840 thousand as at 30 September 2021 (EUR 262,308 thousand as at 31 December 2020).

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	21	18,454	-	-	198	168	**18,841**
Write-offs	(1)	(1,722)	(30)	-	(9)	(93)	**(1,855)**
Reclassifications between categories	-	-	(5,927)	5,927	-	-	**-**
Reclassified from / (to) property, plant & equipment	-	-	(847)	(22,155)	-	-	**(23,002)**
Depreciation	(420)	(2,999)	(13)	(432)	(77)	(48)	**(3,989)**
Foreign currency exchange difference	168	-	-	-	-	-	**168**
Carrying amount at 30 September 2021	**22,011**	**25,537**	**1**	**6,138**	**201**	**154**	**54,042**
30 September 2021							
Acquisition cost	23,074	31,875	4	7,753	286	408	**63,400**
Accumulated depreciation	(1,063)	(6,338)	(3)	(1,615)	(85)	(254)	**(9,358)**
Carrying amount as at 30 September 2021	**22,011**	**25,537**	**1**	**6,138**	**201**	**154**	**54,042**

The Group concluded a new lease agreement for office premises and car parking spaces with the lease term 10 years and carrying amount of EUR 17,985 thousand as at 30 September 2021.

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 30 September 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	100.00	-	Distribution of electricity and gas, supply of last resort service
Ignitis gamyba AB	Lithuania	Subsidiary	100.00	-	Generation and trading of electricity
NT Valdos UAB	Lithuania	Subsidiary	100.00	-	Management and other related services of real estate
Energetikos paslaugų ir rangos organizacija UAB	Lithuania	Subsidiary	100.00	-	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	100.00	-	Payment aggregation
Ignitis UAB	Lithuania	Subsidiary	100.00	-	Electricity and gas supply, trading, energy efficiency projects
Ignitis Eesti, OÜ	Estonia	Indirectly controlled subsidiary	100.00	-	Supply of electricity
Ignitis Latvija SIA	Latvia	Indirectly controlled subsidiary	100.00	-	Supply of electricity and gas
Ignitis Polska Sp. z o. o.	Poland	Indirectly controlled subsidiary	100.00	-	Supply and trading of electricity and gas
Ignitis Suomi OY	Finland	Indirectly controlled subsidiary	100.00	-	Supply of gas
Ignitis grupės paslaugų centras UAB	Lithuania	Subsidiary	100.00	-	Shared business support services
Vilniaus Kogeneracinė Jėgainė UAB	Lithuania	Subsidiary	100.00	-	Development and operation of cogeneration power plant project
Kauno Kogeneracinė Jėgainė UAB	Lithuania	Subsidiary	51.00	49.00	Electricity and heat production from waste
Tuuleenergia OÜ	Lithuania	Subsidiary	100.00	-	Generation of renewable electricity
Transporto valdymas UAB	Lithuania	Subsidiary	100.00	-	Vehicle rental, leasing, repair, maintenance, renewal and service
Gamybos optimizavimas UAB	Lithuania	Subsidiary	100.00	-	Planning, optimization, forecasting, trading, brokering and other electricity related services
Ignitis renewables UAB	Lithuania	Subsidiary	100.00	-	Coordination of operation, supervision and development of renewable energy projects
Eurakras UAB	Lithuania	Indirectly controlled subsidiary	100.00	-	Generation of renewable electricity
Vėjo Vatas UAB	Lithuania	Indirectly controlled subsidiary	100.00	-	Generation of renewable electricity
Vėjo Gūsis UAB	Lithuania	Indirectly controlled subsidiary	100.00	-	Generation of renewable electricity
VVP Investment UAB	Lithuania	Indirectly controlled subsidiary	100.00	-	Development of a renewable energy (wind) power plant project
Pomerania Wind Farm Sp. z o. o.	Poland	Indirectly controlled subsidiary	100.00	-	Development and operation of a renewable energy (wind) power plant project
Ignitis Renewables Polska Sp. z o. o.	Poland	Indirectly controlled subsidiary	100.00	-	Sub-holding controlling wind/solar assets
Ignitis RES DEV Sp. z o. o.	Poland	Indirectly controlled subsidiary	100.00	-	Development of wind/solar projects

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	98.53	1.47	Distribution of electricity and gas, supply of last resort service
Ignitis gamyba AB	Lithuania	Subsidiary	98.20	1.80	Generation and trading of electricity
NT Valdos UAB	Lithuania	Subsidiary	100.00	-	Management and other related services of real estate
Energetikos paslaugų ir rangos organizacija UAB	Lithuania	Subsidiary	100.00	-	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	100.00	-	Payment aggregation
Ignitis Eesti, OÜ	Estonia	Indirectly controlled subsidiary	100.00	-	Supply of electricity
Ignitis Latvija SIA	Latvia	Indirectly controlled subsidiary	100.00	-	Supply of electricity and gas
Ignitis Polska Sp. z o. o.	Poland	Indirectly controlled subsidiary	100.00	-	Supply and trading of electricity and gas
Ignitis grupės paslaugų centras UAB	Lithuania	Subsidiary	99.23	0.77	Shared business support services
Ignitis UAB	Lithuania	Subsidiary	100.00	-	Electricity and gas supply, trading, energy efficiency projects
Lietuvos Energijos Paramos Fondas	Lithuania	Subsidiary	100.00	-	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	100.00	-	Development and operation of cogeneration power plant project
Kauno Kogeneracinė Jėgainė UAB	Lithuania	Subsidiary	51.00	49.00	Electricity and heat production from waste
Tuuleenergia OÜ	Lithuania	Subsidiary	100.00	-	Generation of renewable electricity
Eurakras UAB	Lithuania	Indirectly controlled subsidiary	100.00	-	Generation of renewable electricity
Transporto valdymas UAB	Lithuania	Subsidiary	100.00	-	Vehicle rental, leasing, repair, maintenance, renewal and service
Vėjo Vatas UAB	Lithuania	Indirectly controlled subsidiary	100.00	-	Generation of renewable electricity
Vėjo Gūsis UAB	Lithuania	Indirectly controlled subsidiary	100.00	-	Generation of renewable electricity
Gamybos optimizavimas UAB	Lithuania	Subsidiary	100.00	-	Planning, optimization, forecasting, trading, brokering and other electricity related services
VVP Investment UAB	Lithuania	Indirectly controlled subsidiary	100.00	-	Development of a renewable energy (wind) power plant project
Ignitis renewables UAB	Lithuania	Subsidiary	100.00	-	Coordination of operation, supervision and development of renewable energy projects
Pomerania Wind Farm Sp. z o. o.	Poland	Indirectly controlled subsidiary	100.00	-	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:

	30 September 2021	31 December 2020
Non-current receivables		
Accrued revenue related to regulatory activity of the public electricity supply	25,304	12,324
Finance lease	7,546	8,860
Loans granted	3,028	1,908
Amount receivable on disposal of LitGrid AB	-	136,212
Other non-current amounts receivable	2,376	2,211
Total:	**38,254**	**161,515**
Less: allowance	-	-
Carrying amount	**38,254**	**161,515**

Total amount of the accrued revenue related to regulatory activity of the public electricity supply has increased during Q3 of 2021. Increase related to as mentioned in note 4.15.2 to the annual financial statements discrepancies between the Group's forecasted and actual costs incurred in providing public electricity supply services during the reporting period are recognized as assets or liabilities of regulated activities. For more information – see Note 13.

Line item "Amount receivable on disposal of LitGrid AB" has decreased as receivable on disposal of LitGrid AB EUR 136,212 thousand was reclassified to "Other receivables" during Q3 of 2021. For more information – see Note 13.

10 Other financial assets

The Group's other financial assets comprised as follows:

	30 September 2021	31 December 2020
Innovation Fund Smart Energy Fund powered by Ignitis Group KŪB	22,186	4,912
Sun Investment Group	3,476	2,357
Platform for Financing Energy Efficiency	379	379
Other financial assets	219	-
In total	**26,260**	**7,648**
Less: impairment	(379)	(379)
Carrying amount	**25,881**	**7,269**

Total amount of the investment to Innovation Fund Smart Energy Fund powered by Ignitis Group KŪB increased for an amount EUR 17,274 thousand during the 9M of 2021.

The fair value gain of Innovation Fund Smart Energy Fund powered by Ignitis Group KŪB recognised for an amount EUR 14,037 thousand and is presented as "Finance income" in SPLOCI during 9M of 2021. The fair value of this financial asset is determined by reference to new investment rounds or other recent events and data (Note 29).

Remaining change is related to new investments made during 9M of 2021 for an amount EUR 2,427 thousand and reclassification from non-current receivables EUR 810 thousand.

11 Prepayments and deferred expenses

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

	30 September 2021	31 December 2020
Deposits related to Power exchange	81,468	37,431
Prepayments for natural gas	24,897	7,710
Deferred expenses	3,974	1,499
Prepayments for other goods and services	1,606	949
Other prepayments	671	3,114
Carrying amount	**112,616**	**50,703**

All amounts are in EUR thousand unless otherwise stated

12 Trade receivables

The Group's trade receivables comprised as follows:

	30 September 2021	31 December 2020
Amounts receivable under contracts with customers		
Receivables from electricity related sales	110,326	96,523
Receivables from gas related - non-household	39,423	30,311
Receivables from gas related - household	2,916	2,881
Other receivables	5,364	8,575
Amounts receivable under other contracts		
Receivables for lease of assets	19	7
In total	**158,049**	**138,297**
Less: impairment of trade receivables	(9,842)	(9,874)
Carrying amount	**148,207**	**128,423**

As at 30 September 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 30 September 2021 that are assessed on a collective basis using the loss ratio matrix:

	Loss ratio	Trade receivables	Impairment
Not past due	0.24	60,729	145
Up to 30 days	1.49	4,149	62
30–60 days	4.83	1,429	69
60-90 days	10.27	594	61
90-120 days	16.47	425	70
More than 120 days	72.69	8,800	6,397
As at 30 September 2021	**8.94**	**76,126**	**6,804**

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:

	30 September 2021		31 December 2020	
	Trade receivables	Impairment	Trade receivables	Impairment
Not past due	78,130	810	66,098	743
Up to 30 days	1,275	54	830	77
30–60 days	180	27	169	18
60-90 days	52	9	173	93
90-120 days	27	10	209	87
More than 120 days	2,259	2,128	2,272	2,019
Carrying amount	**81,923**	**3,038**	**69,751**	**3,037**

All amounts are in EUR thousand unless otherwise stated

13 Other receivables

The Group's other receivables comprised as follows:

	30 September 2021	31 December 2020
Current portion of the receivable on disposal of LitGrid AB	136,212	14,481
Accrued revenue related to regulatory activity of the public electricity supply	29,357	3,114
Unbilled accrued revenue from electricity sales	13,651	6,787
Value added tax	5,996	16,654
Current portion of finance lease relating to energy saving services	2,258	2,634
Accrued amounts receivable for natural gas	390	400
Other receivables	7,246	4,129
In total	**195,110**	**48,199**
Less: impairment of other receivables	(732)	(731)
Carrying amount	**194,378**	**47,468**

Current portion of the receivable on disposal of LitGrid AB

Line item "Current portion of the receivable on disposal of LitGrid AB" has increased as receivable on disposal of LitGrid AB EUR 136,212 thousand was classified from non-current receivables to other receivables during Q3 of 2021. The deferred consideration is due to be paid until the 30 September 2022.

According to the agreement EPSO-G UAB until the 30 September 2022 must repay the debt to the Group for the shares of LitGrid AB acquired in 30 September 2012. Amount of the estimated final price premium during the nine 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. This amount receivable is a significant accounting estimate and judgement as it is disclosed in the annual financial statements Note 4.7. Management judgements regarding the application of this accounting estimate were the same as used in preparing the annual financial statements for the year ended 31 December 2020.

Accrued revenue related to regulatory activity of the public electricity supply

Line item "Accrued revenue related to regulatory activity of the public electricity supply" has increased because as mentioned in note 4.15.2 to the annual financial statements, discrepancies between the Group's forecasted and actual costs incurred in providing public electricity supply services during the reporting period are recognized as assets or liabilities of regulated activities.

During 2021 electricity prices in the market increased significantly, especially in Q3 of 2021. As at 30 September 2021 amount of regulatory difference is almost EUR 55 million (for non-current part see Note 9), EUR 42 million related to services during 9M 2021 (to equalize the current year's profit to the regulated level, regardless of whether the services will be provided in the future). Full amount will have to be returned to the Group through the electricity distribution system operator (Group company) in future periods (no later than 31 December 2025).

As to decision of the National Energy Regulatory Council during the year 2022 EUR 39 million have to be returned to the Group through the electricity distribution system, due to that EUR 29.3 million was recognised as current portion of accrued revenue related to regulatory activity of the public electricity supply as at 30 September 2021.

Unbilled accrued revenue from electricity sales

Line items "Unbilled accrued revenue from electricity sales" and "Accrued amounts receivable for natural gas" represent contract assets (Note 23).

The fair values of other receivables as at 30 September 2021 and 31 December 2020 approximated their carrying amounts.

All amounts are in EUR thousand unless otherwise stated

14 Cash and cash equivalents

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

	30 September 2021	31 December 2020
Cash and cash equivalents	635,376	657,314
Restricted cash	802	1,481
Carrying amount	**636,178**	**658,795**

The fair values of cash and cash equivalents as at 30 September 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 30 September 2021, the balance of cash pledged amounted to EUR 9,858 thousand (31 December 2020: EUR 25,350 thousand).

15 Equity

Issued capital of the Group consisted of:

	30 September 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 30 September 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 25 March 2021 it was decided to form a reserve of EUR 23,000 thousand for the acquisition of treasury shares.

All amounts are in EUR thousand unless otherwise stated

16 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 key executives of the Group.

On 12 May 2021 the Supervisory Board of the Group approved the suggestions of key executives of the Group to terminate executives' option agreements.

During the 9M of 2021 share based payments costs accounted in SPLOCI salaries and related expenses amounted to EUR 213 thousand and reflects the share-based payments agreements concluded with key executives. As share-based payments agreements were voluntarily terminated without any compensation to executives and cancellation is not related to the failure of meeting vesting conditions, thus accounted as accelerated vesting of share based payments therefore full expense and related increase in equity recognised immediately.

17 Loans and bonds

Borrowings of the Group consisted of:

	30 September 2021	31 December 2020
Non-current		
Bonds issued	888,139	886,945
Bank loans	233,400	359,183
Current		
Current portion of non-current loans	12,546	6,333
Bank loans	114,709	-
Accrued interest	4,939	9,143
In total	**1,253,733**	**1,261,604**

Non-current borrowings by maturity:

	30 September 2021	31 December 2020
From 1 to 2 years	18,025	128,720
From 2 to 5 years	55,504	44,396
After 5 years	1,048,010	1,073,012
In total	**1,121,539**	**1,246,128**

17.1 Movement of borrowings

The loan, with a balance of EUR 114,709 thousand, was transferred from non-current bank loans to current bank loans. The repayment of this loan is in full amount on 31 May 2022. There were no other significant movement of borrowings during I-III quarters of 2021 other than interest and loans payments.

17.2 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 30 September 2021 and at 31 December 2020.

As at 30 September 2021, the Group's unwithdrawn balance of loans and bank overdrafts amounted to EUR 120,100 thousand (31 December 2020: EUR 344,504 thousand).

All amounts are in EUR thousand unless otherwise stated

18 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:

	30 September 2021	31 December 2020
Cash and cash equivalents	(636,178)	(658,795)
Deposit	(45,000)	(45,000)
Borrowings payable after one year	1,121,539	1,246,128
Borrowings payable within one financial year (including overdraft and accrued interest)	132,194	15,476
Lease liabilities	47,883	42,529
Net debt	**620,438**	**600,338**
Cash and cash equivalents	(636,178)	(658,795)
Deposit	(45,000)	(45,000)
Borrowings – fixed interest rate	1,120,820	1,125,342
Borrowings – variable interest rate	132,913	136,262
Lease liabilities	47,883	42,529
Net debt	**620,438**	**600,338**

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

	Assets		Lease liabilities		Borrowings		
	Cash and cash equivalents	Deposit into an escrow account	Non-current	Current	Non-current borrowings	Current borrowings	Total
Net debt at 1 January 2021	**(658,795)**	**(45,000)**	**29,128**	**13,401**	**1,246,128**	**15,476**	**600,338**
Cash changes							
(Increase) decrease in cash and cash equivalents	22,617	-	-	-	-	-	**22,617**
(Repayments) of borrowings	-	-	-	-	-	(3,470)	**(3,470)**
Lease payments – principal portion	-	-	(2)	(12,019)	-	-	**(12,021)**
Interest paid	-	-	-	(241)	-	(23,255)	**(23,496)**
Non-cash changes							
Lease contracts concluded	-	-	17,205	1,636	-	-	**18,841**
Accrual of interest payable	-	-	-	620	1,194	18,942	**20,756**
Reclassification of interest payable from (to) trade payables	-	-	-	(200)	-	-	**(200)**
Lease liabilities written-off	-	-	(1,156)	(671)	-	-	**(1,827)**
Reclassifications between items	-	-	(2,469)	2,469	(124,643)	124,643	**-**
Foreign currency exchange difference	-	-	182	-	(1,140)	(142)	**(1,100)**
Net debt at 30 September 2021	**(636,178)**	**(45,000)**	**42,888**	**4,995**	**1,121,539**	**132,194**	**620,438**

All amounts are in EUR thousand unless otherwise stated

19 Lease liabilities

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

	30 September 2021	31 December 2020
Minimum payments		
Within the first year	6,034	14,022
From two to five years	22,730	11,835
More than five years	41,862	38,484
In total	**70,626**	**64,341**
Future finance costs		
Within the first year	(1,039)	(621)
From two to five years	(3,287)	(2,416)
More than five years	(18,417)	(18,775)
In total	**(22,743)**	**(21,812)**
Carrying amount	**47,883**	**42,529**

20 Provisions

The Group's provisions were as follows:

	30 September 2021	31 December 2020
Non-current	39,004	40,695
Current	37,784	30,399
Total	76,788	**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	17,527	1,044	-	-	2,014	268	**20,853**
Utilised during the year	(25,320)	(93)	-	-	-	(1,998)	**(27,411)**
Revaluation of emission allowances utilised	12,017	-	-	-	-	**-**	**12,017**
Result of change in assumptions	-	235	-	-	-	**-**	**235**
Balance as at 30 September 2021	**21,448**	**4,835**	**14,679**	**15,069**	**19,275**	**1,482**	**76,788**

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

21 Deferred income and advances received

21.1 Deferred income

Movements in the Group's deferred income:

	9M 2021	
	Current portion	Non-current portion
Balance as at 1 January 2021	**8,579**	**164,413**
Increase during the year	543	18,010
Recognised as revenue	(6,107)	-
Reclassifications between items	6,049	(6,049)
Balance as at 30 September 2021	**9,064**	**176,374**

As at 30 September 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.

21.2 Advances received

The Group's advances received were as follows:

	30 September 2021	31 December 2020
Current prepayments under contracts with customers (contract liabilities)	56,643	40,617
Current prepayments under other contracts	1,164	2,027
In total	**57,807**	**42,644**

The advances received for electricity and overdeclared electricity from the customers amounted to EUR 5,840 thousand as of 30 September 2021 (31 December 2020: EUR 11,239 thousand).

22 Other current amounts payable and liabilities

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

	30 September 2021	31 December 2020
Derivative financial instruments	98,264	2,202
Dividend payable (Note 25)	43,753	-
Put option redemption liability	40,136	16,660
Amounts payable for property, plant and equipment	21,228	26,583
Payroll related liabilities	20,128	16,268
Taxes (other than income tax)	13,601	15,271
Accrued expenses	11,608	37,937
Non-controlling interest dividends	3,367	3,212
Irrevocable commitment to acquire a minority interest	-	19,025
Other amounts payable and liabilities	12,302	2,211
Carrying amount	**264,387**	**139,369**

22.1 Derivative financial instruments

Liability from derivative financial instruments has increased significantly comparing to prior period mainly due to increased gas prices in the market, moreover more hedging transactions were executed.

Additionally, derivatives financial instruments meeting hedge accounting requirements were classified as used for hedging purposes and their hedging considered effective from Q3 of 2021, due to that fair value changes of effective derivatives are now recognized through Derivatives revaluation reserve in Statement of Changes in Equity.

22.2 Put option redemption liability

At 30 September 2021, the Group accounted for EUR 40,136 thousand (31 December 2020: EUR 16,660 thousand) put option redemption liability measured as net present value of the single future cash outflow, which would be paid to Gren Lietuva UAB (former FORTUM Heat Lietuva UAB) for Kauno kogeneracinė jėgainė UAB (hereinafter – KKJ) shares in a deadlock situation in case the put option is exercised. The fair value of put option redemption liability has increased by EUR 23,476 thousand during 9M of 2021 and presented as "Finance expenses" in SPLOCI. According to the shareholders agreement, the exercise price of the put option changed from amounts invested to market value since the lock-up period expired. Therefore, at 30 September 2021 this financial liability determined by the market value of Gren Lietuva UAB owned KKJ shares with 15% discount based on the shareholders agreement conditions. The valuation was performed using discounted cash flow method.

All amounts are in EUR thousand unless otherwise stated

23 Revenue from contracts with customers

23.1 Disaggregated revenue information

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

	9M 2021	9M 2020*
Electricity related revenue		
Revenue from the sale of electricity*	230,718	127,393
Revenue from public electricity supply	114,705	116,107
Revenue from sale of produced electricity	157,380	81,964
Income from services ensuring the isolated operation of power system and capacity reserve	38,195	40,779
Revenue from electricity transmission and distribution*	326,690	301,024
Revenue from PSO	3,091	8,086
Gas related revenue		
Revenue from gas sales	168,380	123,679
LNGT security component income	26,863	20,861
Revenue from gas transmission and distribution	31,638	24,265
Other revenue		
Revenue from new customers' connection fees	6,049	5,469
Proceeds from the sale of heat energy	6,810	2,191
Other revenue from contracts with customers	21,258	11,180
Total	**1,131,777**	**862,998**

** the presentation of revenue line items for period of 9M of 2020 does not correspond to that presented in interim financial statements issued for the nine months period ended 30 September 2020. Changes have been made to comply presentation of revenue line items in annual financial statements issued for the year 2020.*

Due to liberalisation of the electricity supply market during the I-III quarters of 2021 part of the public electricity supply revenue transformed to independent electricity supply revenue and therefore shifted from line item of "Revenue from public electricity supply" to the line item „Revenue from the sale of electricity" for an amount of EUR 28,132 thousand.

23.2 Contract balances

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

	Notes	30 September 2021	31 December 2020
Trade receivables*	12	**148,188**	**128,416**
Contract assets		**14,041**	**7,187**
Accrued revenue from electricity related sales	13	13,651	6,787
Accrued revenue from gas sales	13	390	400
Contract liabilities		**242,081**	**213,609**
Advances received	21	56,643	40,617
Deferred income	21	185,438	172,992

** Trade receivables related to lease contracts are excluded*

23.3 Rights to returned goods assets and refund liabilities

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

23.4 Performance obligations

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

	30 September 2021	31 December 2020
More than one year	176,374	164,413
Within one year	9,064	8,579
Total liability under connection contracts	**185,438**	**172,992**

All amounts are in EUR thousand unless otherwise stated

24 Earnings per share

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

	9M 2021	9M 2020
Net profit for the period	**94,408**	**108,339**
Attributable to:		
Equity holders of the parent	95,500	109,102
Non-controlling interests	(1,092)	(763)
Weighted average number of nominal shares	74,283,757	54,283,757
Basic earnings/(loss) per share attributable to shareholders of the Parent Company	1.29	2.01
Diluted earnings/(loss) per share attributable to shareholders of the Parent Company	1.29	2.01

Basic and diluted earnings per share indicators have been calculated based on a weighted average number of ordinary shares for 2021 and 2020 9M as 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 9M of 2021 (54,283,757 for 9M of 2020).

25 Dividends

Dividends declared by the Company during the 9M:

	9M 2021	9M 2020
Ignitis grupė AB	86,763	70,000

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. Only in the Q3 of 2021 the Group have acquired all 100% of Ignitis gamyba AB shares and only in the II qtr. of 2021 the Group have acquired all 100% Energijos skirstymo operatorius AB shares, thus dividends were declared for non-controlling interest.

During the 9M of 2021 dividends declared for non-controlling interest were EUR 1,152 thousand (EUR 2,524 thousand for 9M of 2020).

EUR 43.010 million dividends for the second half of 2020 was approved at the Annual General Meeting on 25 March 2021.

EUR 43.753 million dividends for the first half of 2021 was approved at the Annual General Meeting on 27 September 2021.

Dividends received by IPO Stabilisation Manager (Swedbank AB) in connection with acquired Stabilisation Shares according True up agreement, were returned back to the Group for an amount EUR 984 thousand after withholding tax deduction.

All amounts are in EUR thousand unless otherwise stated

26 Contingent liabilities and commitments

26.1 Litigations

During 9M of 2021 there were no significant changes in litigations reported in annual financial statements for 2020 or new significant litigations except for mentioned below.

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

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 Group 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.

On 14 June 2021 the Group and ESO provided response for the Court of Appeal regarding the appeal. The date of the court hearing in the appellate court has not yet been set.

Buy-out of shares of subsidiary ESO

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 minority shareholders shares of its subsidiary ESO 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 enforcement of the Court decision, the Group owns 100% of ESO shares. On 19 April 2021 the plaintiff filed an appeal to the court.

On 7 September 2021 Vilnius District Court applied order, which rejected ESO minority shareholders appeal regarding decision of the Vilnius District Court approving the Group's order regarding the transfer of the rights of ESO shares ownership to the Group.

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 minority shareholders 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.

On 27 August 2021 the Vilnius District Court has taken decision to approve the Group's statement on the establishment and recognition of a fact of legal significance that the right of ownership of ordinary nominal shares of its subsidiary Ignitis Gamyba, which belonged to the deceased shareholders of Ignitis gamyba (outstanding 574,803 shares from the abovementioned) and which were not transferred during the mandatory buyout, must be transferred to the Group and obliged the shares accounts managers to make records of the transfer of the rights of ownership to the Group.

After the enforcement of the Court decision since 9 September 2021, the Group owns 100% of Ignitis gamyba's shares.

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 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 the Group on their own initiative have terminated the concluded option agreements with the aim to implement the employee share-based payment plan successfully. The Group 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.

On 19 May 2021 the Group submitted a response to the Vilnius City District Court regarding the claim of the prosecutor of the Vilnius Regional Prosecutor's Office, in which disagreed with the claim and requested to terminate the civil case, if the case is refused to be terminated, limitation period should be applied, and if the case is not terminated and limitation period not applied, the claim shall be rejected.

On the same day, the nine key executives of the Group of companies also submitted their responses to the claim, requesting to terminate the civil case against each of them, and to reject the claim if they refused to terminate it.

On 9 June 2021 Vilnius District Court confirmed part of the claim refusal provided by the Vilnius District Prosecutor's Office in relation to invalidation of the Group nine key executives option agreements.

On 22 June 2021 by the Vilnius City District Court ruling the nine key executives of the Group were removed from the civil case.

On 8 July 2021 the Vilnius Regional Court dismissed the separate complaint of Ignitis grupė AB, requested the annulment of the order of the Vilnius City District Court of 3 May 2021 on the imposition of interim protective measures.

Next court hearing is set for 9 December 2021.

All amounts are in EUR thousand unless otherwise stated

Litigation with Šiaulių energija AB

Šiaulių energija AB filed a claim against the Group's subsidiary 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. The date of the court hearing in the appellate court has not yet been set.

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 ESO. The plaintiff claims to have incurred EUR 9,284 thousand losses due to the fact that ESO during the year 2014 purchased only the electricity produced by the plaintiff's cogeneration plants applying 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 11 June 2020 ruling the Court of Appeal of Lithuania replaced the decision of the Vilnius Regional Court on 28 January 2020 and Vilniaus energija UAB claim for an amount of EUR 10,712 thousand was rejected.

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, by which the part of the Vilniaus energija UAB claim regarding to discrimination of Vilniaus energija UAB in relation to other cogeneration plants was remitted (EUR 2,260 thousand) for re-examination.

On August 2021 the parties of the case exchanged written explanations and replies to the other party's written explanations.

On 19 August 2021 the Court of Appeal of Lithuania invited the parties to consider the possibility of appointing an expert examination in the case, to submit the proposed candidatures of the experts and the questions to be asked to the expert.

On 9 September 2021 parties submitted opinions on the appointment of expert opinion in the case, on proposing possible expert candidates and exchanged feedback on the opinions of the opposing party.
On 28 September 2021 the Court of Appeal of Lithuania suspended the civil proceedings and decided to order an expert examination of the case, which will be carried out by two experts.

27 Related-party transactions

As at 30 September 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 30 September 2021	Accounts Payable September 30 2021	Sales 9M 2021	Purchases 9M 2021	Finance income (expenses) 9M 2021
EPSO-G UAB	136,215	-	21	-	414
LitGrid AB	8,551	17,443	55,835	129,620	-
Amber Grid AB	4,504	5,114	30,543	35,238	-
Baltpool UAB	1,042	9,819	41,014	76,620	-
GET Baltic UAB	6,165	1	23,737	43,778	-
Other related parties	261	1,361	200	2,391	2
Total	**156,738**	**33,738**	**151,350**	**287,647**	**416**

	Accounts Receivable 31 December 2020	Accounts Payable 31 December 2020	Sales 9M 2020	Purchases 9M 2020	Finance income (expenses) 9M 2020
EPSO-G UAB	150,842	-	21	-	602
LitGrid AB	9,407	18,900	63,417	118,118	-
Amber Grid AB	4,217	5,227	22,446	33,028	-
Baltpool UAB	10,334	11,353	98,097	59,384	-
GET Baltic UAB	-	-	17,128	17,279	-
Other related parties	2,984	1,557	430	3,716	-
Total	**177,784**	**37,037**	**201,539**	**231,525**	**602**

27.1 Compensation to key management personnel

	9M 2021	9M 2020
Wages and salaries and other short-term benefits to key management personnel	776	576
Whereof:		
Short-term employee benefits	*611*	*576*
Termination benefits	*8*	*-*
Share-based payment expenses	*157*	*-*
Number of key management personnel	4	12

In 2021 only members of Board, Supervisory board and Chief Executive Officer 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

28 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 OÜ, Vėjo gūsis UAB, Vėjo vatas UAB, VVP Investment UAB, Ignitis renewables UAB, Pomerania Wind Farm sp. z o. o., Ignitis Renewables Polska Sp. z o. o., Ignitis RES DEV 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., Ignitis Suomi OY.

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.

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 18.

All amounts are in EUR thousand unless otherwise stated

28.1 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;
- result from generation before COD;
- revenue related to Global Depository Receipts

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	9M 2021	9M 2020
Networks		
Temporary regulatory differences of Energijos skirstymo operatorius AB*	(33,760)	(41,092)
Cash effect restatement of new connection points and upgrades of Energijos skirstymo operatorius AB	12,503	9,822
Result of disposal of non-current assets	14	(140)
Impairment and write-offs of current and non-current amounts receivables, loans, goods and others	411	658
Green generation		
Temporary fluctuations in fair value of electricity derivatives	8,724	-
Result from generation before COD	4,777	-
Flexible generation		
Temporary fluctuations in fair value of electricity derivatives	-	(431)
Result of disposal of non-current assets	-	(6)
Impairment and write-offs of current and non-current amounts receivables, loans, goods and others	(5)	4
Customers and Solutions		
Temporary regulatory differences of Ignitis UAB	(5,544)	(33,936)
Temporary fluctuations in fair value of electricity and gas derivatives	(22,406)	911
Result of disposal of non-current assets	(3)	-
Impairment and write-offs of current and non-current amounts receivables, loans, goods and others	452	497
Other segments and consolidation adjustment		
Result of disposal of non-current assets	(290)	(2,356)
Ignitis grupė AB management and other fee's collected from controlled fund Smart Energy Fund powered by Ignitis Group KŪB for periods other than reporting period.	-	534
Impairment and write-offs of current and non-current amounts receivables, loans, goods and others	55	-
Total Management's adjustments for Adjusted EBITDA	**(35,072)**	**(65,535)**
Total Management's adjustments for Adjusted EBIT	**(35,985)**	**(67,228)**

**Due to Networks Methodology update, adjusted financial indicators were recalculated retrospectively for the years 2020 and 2021*

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). Starting from July 2021 hedge accounting policy for Customers & Solutions segment was prepared. In relation to this amendment, changes in the fair value of effective derivatives is now recognized through BS. As majority of Group's derivatives is related to Customers & Solutions segment, as a result, the amount recognized through P&L has decreased significantly since the implementation of hedge accounting policy;
- 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 generation of units before COD (according to amendments of IAS 16 to be implemented from 2022 proceeds before intended use will be recognized through P&L instead of capitalised to BS, therefore this adjustment will no longer be needed);
- adjusting for effects not related to the main activities of the Group or related to other periods.

Pursuant to the Networks Methodology update (link in Lithuanian), RAB calculation method was changed from LRAIC to similar to historical cost model. Thus, ROI and D&A for 2018-2021 were recalculated based on actual historical investments (instead of the original LRAIC model, which was applied for the period 2016-2021). Recalculated difference approximately amounts to EUR 160 million which is due to be returned. According to preliminary estimate by the Group, from this amount, EUR 48 million is related to 2020 and EUR 44 million is related to 2021. From the date of the Resolution these amounts are treated as temporary regulatory differences (included in Management's adjustments line 'Temporary regulatory differences of Energijos skirstymo operatorius AB') and will have to be returned to the consumers (96% of payable to be returned over 2032-2036), therefore Adjusted EBITDA has been recalculated retrospectively. Negative impact for Adjusted EBITDA for the period of January – September 2021 amounts to EUR 35.0 million and for the respective period of 2020 – EUR 35.2 million. For more information, see 'Results by business segment' section 'Networks Methodology update'.

All amounts are in EUR thousand unless otherwise stated

The table below shows the Group's information on segments for the 9M of 2021:

	Networks	Green generation	Flexible generation	Customers and Solutions	Other activities and eliminations	Total Group
*IFRS**						
Sales revenue from external customers	390,632	104,804	111,457	556,559	1,956	**1,165,408**
Inter-segment revenue (less dividend)	(2,386)	215	204	13,582	(11,615)	**-**
Total revenue and other income	**388,246**	**105,019**	**111,661**	**570,141**	**(9,659)**	**1,165,408**
Purchases of electricity, gas and other services	(163,297)	(38,548)	(76,712)	(514,480)	334	**(792,703)**
Salaries and related expenses	(38,844)	(5,908)	(5,760)	(7,643)	(12,537)	**(70,692)**
Repair and maintenance expenses	(14,322)	(2,564)	(4,032)	(4)	(3)	**(20,925)**
Other expenses	(24,473)	(17,239)	(2,744)	(11,271)	24,254	**(31,473)**
EBITDA	**147,310**	**40,760**	**22,413**	**36,743**	**2,389**	**249,615**
Depreciation and amortization	(61,882)	(15,147)	(8,506)	(1,288)	(3,604)	**(90,427)**
Write-offs, revaluation and impairment losses of property, plant and equipment and intangible assets	(1,973)	-	(113)	-	(3)	**(2,089)**
Revaluation of emission allowances	-	(2,354)	(9,663)	-	-	**(12,017)**
Operating profit (loss) (EBIT)	**83,455**	**23,259**	**4,131**	**35,455**	**(1,218)**	**145,082**
*Adjusted***						
EBITDA	**147,310**	**40,760**	**22,413**	**36,743**	**2,389**	**249,615**
Management adjustments (for revenues)	(21,243)	13,501	-	(27,953)	(290)	**(35,985)**
Management adjustments (for expenses)	411	-	(5)	452	55	**913**
Adjusted EBITDA***	**126,478**	**54,261**	**22,408**	**9,242**	**2,154**	**214,543**
Adjusted EBITDA margin	*34.5%*	*42.9%*	*21.6%*	*1.7%*	*(167.5%)*	***19.0%***
Depreciation and amortisation	(61,882)	(15,147)	(8,506)	(1,288)	(3,604)	**(90,427)**
Write-offs, revaluation and impairment losses of property, plant and equipment and intangible assets	(1,973)	-	(113)	-	(3)	**(2,089)**
Write-offs and impairment of non-current and current receivables, inventories and other write-offs	(411)	-	5	(452)	(55)	**(913)**
Total adjusted operating profit (loss) (adjusted EBIT)	**62,212**	**39,114**	**13,794**	**7,502**	**(1,508)**	**121,114**
Property, plant and equipment, intangible and right-of-use assets	1,655,117	748,921	435,950	6,199	36,751	**2,882,938**
Investments	102,962	18,304	166	1,212	8,377	**131,021**
Net debt	676,919	376,754	(39,962)	163,241	(556,514)	**620,438**

** 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*
**** Due to Networks Methodology update, adjusted financial indicators were recalculated retrospectively for the years 2020 and 2021*

All amounts are in EUR thousand unless otherwise stated

The table below shows the Group's information on segments for the 9M of 2020*:

	Networks	Green generation	Flexible generation	Customers and Solutions	Other activities and eliminations	Total Group
*IFRS***						
Sales revenue from external customers	349,008	60,681	75,060	376,250	7,826	**868,825**
Inter-segment revenue (less dividend)	705	239	(1,263)	14,089	(13,770)	**-**
Total revenue and other income	**349,713**	**60,920**	**73,797**	**390,339**	**(5,944)**	**868,825**
Purchases of electricity, gas and other services	(135,861)	(16,095)	(40,280)	(318,429)	11,122	**(499,543)**
Salaries and related expenses	(38,558)	(4,356)	(5,193)	(7,221)	(15,794)	**(71,122)**
Repair and maintenance expenses	(13,960)	(1,985)	(3,907)	(4)	(130)	**(19,986)**
Other expenses	(22,051)	(5,477)	(2,528)	(30,076)	11,342	**(48,790)**
EBITDA	**139,283**	**33,007**	**21,889**	**34,609**	**596**	**229,384**
Depreciation and amortization	(57,940)	(12,133)	(8,699)	(1,217)	(4,010)	**(83,999)**
Write-offs, revaluation and impairment losses of property, plant and equipment and intangible assets	(2,705)	1	(125)	-	17	**(2,812)**
Revaluation of emission allowances	-	-	308	-	-	**308**
Operating profit (loss) (EBIT)	**78,638**	**20,875**	**13,373**	**33,392**	**(3,397)**	**142,881**
*Adjusted****						
EBITDA	**139,283**	**33,007**	**21,889**	**34,609**	**596**	**229,384**
Management adjustments (for revenues)	(31,410)	-	(437)	(33,025)	(2,356)	**(67,228)**
Management adjustments (for expenses)	658	-	4	497	534	**1,693**
Adjusted EBITDA****	**108,531**	**33,007**	**21,456**	**2,081**	**(1,226)**	**163,849**
Adjusted EBITDA margin	*34.1%*	*54.2%*	*29.2%*	*0.6%*	*(189.6%)*	***20.4%***
Depreciation and amortisation	(57,940)	(12,133)	(8,699)	(1,217)	(4,010)	**(83,999)**
Write-offs, revaluation and impairment losses of property, plant and equipment and intangible assets	(2,705)	1	(125)	-	17	**(2,812)**
Write-offs and impairment of non-current and current receivables, inventories and other write-offs	(658)	-	(4)	(497)	(534)	**(1,693)**
Total adjusted operating profit (loss) (adjusted EBIT)	**47,228**	**20,875**	**12,628**	**367**	**(5,753)**	**75,345**
Property, plant and equipment, intangible and right-of-use assets	1,582,119	750,789	388,614	5,319	19,422	**2,746,263**
Investments	85,968	2,913	177,267	769	3,985	**270,902**
Net debt	672,125	365,570	(34,384)	42,937	(19,442)	**1,026,806**

**Certain amounts presented above do not correspond to the interim condensed consolidated financial statements prepared for I-III quarters of 2020 period 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*
***** Due to Networks Methodology update, adjusted financial indicators were recalculated retrospectively for the years 2020 and 2021*

All amounts are in EUR thousand unless otherwise stated

29 Fair values of financial instruments

29.1 Financial instruments, measured at fair value

The Group's derivative financial instruments (Level 2), the Group's price premium payable and amounts receivable for disposal of Litgrid AB shares (Level 3), the Group's put option redemption liability (Level 2), the Group's investment into "Innovation Fund Smart Energy Fund powered by Ignitis Group KŪB" (Level 3) are measured at fair value (the allocation to hierarchy levels is showed in the table below).

As at 30 September 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. Fair value was estimated on the basis of discounted cash flows using the rate of 0.298% (31 December 2020 – 0.298 %).

As at 30 September 2021 and 31 December 2020, the Group accounted for the option to acquire all the shares of Kauno kogeneracinė jėgainė UAB held by Gren Lietuva UAB (former 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 Gren Lietuva UAB for the redeemable Kauno kogeneracinė jėgainė UAB shares owned by Gren Lietuva UAB, 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 was approximately equal to the carrying amount.

As at 30 September 2021 and 31 December 2020, the Group 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.

As at 30 September 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.

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.

29.2 Financial instruments for which fair value is disclosed

The Group's fair value of loans granted (Note 9) 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 2.48% as at 30 September 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 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 2.46% as at 30 September 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.

29.3 Financial instruments fair value hierarchy levels

The table below presents allocation between the fair value hierarchy levels of the Group's financial instruments as at 30 September 2021 (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) or other comprehensive income						
Assets						
Receivable for the sale of LitGrid AB	13	**136,212**	-	-	136,212	**136,212**
Derivative financial instruments		**6,619**	-	6,619	-	**6,619**
Innovation Fund Smart Energy Fund powered by Ignitis Group KŪB	10	**22,186**	-	-	22,186	**22,186**
Liabilities						
Put option redemption liability	22	**40,136**	-	40,136	-	**40,136**
Derivative financial instruments	22	**98,264**	-	98,264	-	**98,264**
Financial instruments for which fair value is disclosed						
Assets						
Loans granted	13	**3,028**	-	3,028	-	**3,028**
Liabilities						
Bonds issued	17	**892,839**	-	872,932	-	**872,932**
Debt liabilities	17	**360,894**	-	331,184	-	**331,184**

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	17	**896,088**	-	894,158	-	**894,158**
Debt liabilities	17	**365,561**	-	326,853	-	**326,853**

All amounts are in EUR thousand unless otherwise stated

30 Events after the reporting period

30.1 Decisions of National Energy Regulatory Council

On 15 October 2021 National Energy Regulatory Council (hereinafter – NERC) pursuant to the new wording of the Methodology for determining the price caps for electricity transmission, distribution and public supply services (hereinafter – the Methodology) adopted the resolution on the price caps for electricity distribution services of Energijos skirstymo operatorius AB (hereinafter – ESO) for the following regulatory period (hereinafter – the Resolution).
Key Methodology update effects reflected in the Resolution:

1. NERC included an additional tariff component, which will be calculated for network expansion, maintenance and other CAPEX, set out in the 10-year investment plans of ESO. It will amount to EUR 28 million per annum for the regulatory period of 2022–2026 (or to EUR 140 million in total over 2022–2026 regulatory period). The additional component of the tariff is calculated to ensure the sustainable leverage level of ESO, which according to the Group's expectations should be under 6.5x Net debt / EBITDA ratio;
2. On the basis of provisions of Methodology the Regulated Asset Base (RAB) is recalculated, which compared to 2021 decreased by EUR 317 million (from EUR 1,414 million to EUR 1,097 million);
3. Recalculated difference of ROI and D&A for 2018-2021, approximately amounting to EUR 160 million, is expected in large (96%) to be repaid to consumers through the distribution tariff over the period of 2032-2036. It is expected that the repayment schedule, subject to NERC consent, may be adjusted to ensure ESO sustainable leverage level (sub-clauses of Methodology 23.8, 25.2, 25.3), which according to Group expectations should be under 6.5x Net debt / EBITDA ratio.

As to the Group, additional tariff component (under point 1) significantly offsets the negative impact arising from the changes described above (under 2 and 3 points) ensuring sustainable regulatory framework. For the analysis of impact on Group's carrying amount of property, plant and equipment see Note 6.

On 28 October 2021 NERC adopted a resolution regarding the price caps for natural gas distribution services of ESO for 2022. According to the NERC Resolution, the determined ESO income level for natural gas distribution services for 2022 amounts to EUR 44.6 million and is 12.5 % higher compared to the income level determined for the year 2021 (EUR 39.7 million).

30.2 Decisions related to Supervisory Board

On 26 October 2021, with the resolution of Extraordinary General Meeting of Shareholders, it was decided to elect the following members to the Supervisory Board for the term of 4 (four) years: Judith Buss; Bent Christensen; Lorraine Wrafter; Tim Brooks; Alfonso Faubel; Aušra Vičkačkienė; Ingrida Muckutė.

On 29 October 2021 the Supervisory Board elected a new Chair – Alfonso Faubel.

30.3 On the legislation amendments relevant to the Customers & Solutions segment

On 4 November 2021 the Parliament of the Republic of Lithuania adopted amendments to the Law on Electricity of the Republic of Lithuania (hereinafter – LoE) and the Law on Natural Gas of the Republic of Lithuania (hereinafter – LoNG), which change the legal regulation of the supply of natural gas as well as public and independent supply of electricity to B2C customers. Ignitis UAB, a Customers & Solutions company controlled by the Group, carries out public supply, independent supply of electricity and supply of natural gas to private customers, thus such legislation amendments will impact the activities of the segment.
The main changes to LoE and LonG influenced by the ongoing price increase in energy commodities, including electricity and gas, in the global market:

1. the amendments to LoE extend the deadline of stage II of the market liberalisation by half a year to 1 July 2022 and establish procedures of informing the consumers related to the change. The final electricity market liberalisation deadline remains unchanged, and the liberalisation process shall be implemented by 1 January 2023;
2. the amendments to LoE provide an opportunity for the Ignitis UAB to apply to NERC and propose to NERC to adopt the decision not to recognise a part of electricity purchase price when determining price caps for public supply of electricity, and to spread out the difference between the actual price and the price determined by NERC throughout the period until 31 December 2027 by including an additional component to the price of the transfer services. This opportunity would be available to the Ignitis UAB if the public electricity price for private customers would increase by more than 40%. LoE provides that the Ignitis UAB would be compensated for the borrowing costs experienced due to the amortisation;
3. the amendments to LoNG establishes the Ignitis UAB an opportunity to propose NERC to adopt a decision regarding the reduction of the forecasted natural gas (product) prices and to spread out the difference from the unrecognised part, due to income that was not actually received or was exceeded, throughout a period of 5 years by including an additional component to the price of natural gas distribution services applied to households. Natural gas supply companies may submit such proposals to NERC if the difference between the natural gas tariff for private customers estimated by the natural gas supplier and the currently effective tariff for private customers is more than 40%. LoNG provides that the Ignitis UAB would be compensated for the borrowing costs experienced during the amortisation.

According to the assessment of the Group, the amendments to LoE and LoNG will not have a significant impact on the activities and performance of the Group but will ensure the interests of the consumers because postponing the deadline of stage II of the market liberalisation will provide consumers an opportunity to make decisions in line with their interests over a longer period.

All amounts are in EUR thousand unless otherwise stated

30.4 Other events

On 11 October 2021, the Management Board approved the intention to conclude a short-term loan agreement of up to EUR 104 million with SEB bankas AB. The loan will be used to fund the increased working capital needs. The working capital needs formed under high natural gas and electricity market prices, financial trading and difference between actual commodities price in the market and electricity and natural gas tariffs approved for household consumers for the period of 2021.

On 10 November 2021 AB the Group's subsidiary Ignitis UAB concluded a credit agreement valued up to EUR 35 million (hereinafter – the Credit Agreement) with SEB bankas AB.
As the Group announced on 27 August 2021, the Management Board of the Company approved the amendment of the purchase contract (hereinafter – the Contract) with Equinor ASA related to the designated liquefied natural gas (hereinafter – LNG) supply. The Contract established a more favourable LNG cargo supply structure and, after the amendment of the Contract, the difference between the price paid for purchasing LNG cargoes as per the Contract and the average price of gas imported to the Republic of Lithuania will be much more stable.
The Credit Agreement is concluded in accordance with the condition provided in the amendment of the Contract which obligates to increase the value of collaterals in order to ensure a proper performance of contractual obligations during the validity of the Contract.
The Credit Agreement does not include additional measures ensuring the fulfilment of Credit Agreement obligations.

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

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6.2 Parent company financial statements

Unaudited parent company's interim condensed financial statements for the nine months period ended 30 September 2021, prepared in accordance with International accounting standard 34 'Interim financial reporting' as adopted by the European Union

The parent company's interim condensed financial statements were prepared and signed by Ignitis grupė AB "Ignitis grupė" management on 30 November 2021:

Darius Maikštėnas
Chief Executive Officer

Darius Kašauskas
Chief Financial Officer

Giedruolė Guobienė
UAB "Ignitis grupės paslaugų centras",
Head of Accounting Department acting under
Order No IS-66-21
(signed 4 August 2021)

Interim Condensed Statement of Financial Position

As at 30 September 2021
All amounts are in EUR thousand unless otherwise stated

	Notes	30 September 2021	31 December 2020
ASSETS			
Non-current assets			
Intangible assets		1,856	1,874
Property, plant and equipment		49	55
Right-of-use assets		18,067	520
Investment property		77	77
Investments in subsidiaries	3	1,246,403	1,239,045
Non-current receivables	4	820,672	890,114
Other financial assets	5	22,186	4,912
Other non-current assets		3,808	19,050
Deferred tax assets		475	643
Total non-current assets		**2,113,593**	**2,156,290**
Current assets			
Inventories		13	-
Prepayments and deferred expenses		91	51
Trade receivables		303	313
Other receivables	6	136,220	14,754
Other current assets		45,000	45,000
Current loans and interest receivable	7	131,231	73,956
Cash and cash equivalents	8	386,121	421,289
		698,979	**555,363**
Assets held for sale	3	6,659	-
Total current assets		**705,638**	**555,363**
TOTAL ASSETS		**2,819,231**	**2,711,653**
EQUITY AND LIABILITIES			
Equity			
Issued capital	9	1,658,756	1,658,756
Reserves	9	111,059	82,330
Retained earnings		88,327	71,869
Total equity		**1,858,142**	**1,812,955**
Liabilities			
Non-current liabilities			
Non-current loans and bonds	11	888,139	886,945
Non-current lease liabilities		16,585	267
Other non-current amounts payable and liabilities		15	-
Total non-current liabilities		**904,739**	**887,212**
Current liabilities			
Current loans	11	4,765	9,143
Lease liabilities		1,504	253
Trade payables		296	461
Advances received		21	50
Other current amounts payable and liabilities		49,764	1,579
Total current liabilities		**56,350**	**11,486**
Total liabilities		**961,089**	**898,698**
TOTAL EQUITY AND LIABILITIES		**2,819,231**	**2,711,653**

Interim Condensed Statement of Profit or Loss and Other Comprehensive Income

For the three and nine months periods ended 30 September 2021
All amounts are in EUR thousand unless otherwise stated

	Notes	9M 2021	Q3 2021	9M 2020	Q3 2020
Revenue from contracts with customers	13	2,222	605	2,298	727
Other income		2	1	1,464	1,463
Dividend income	14	122,320	-	118,483	14,635
Total revenue and other income		**124,544**	**606**	**122,245**	**16,825**
Depreciation and amortisation		(234)	(83)	(205)	(67)
Salaries and related expenses		(3,688)	(1,111)	(4,023)	(1,303)
(Impairment)/reversal of impairment of investments in subsidiaries	3	-	-	(3,833)	-
(Impairment)/reversal of impairment of amounts receivable and loans		-	-	806	-
Other expenses		(2,863)	(989)	(3,750)	(1,206)
Total expenses		**(6,785)**	**(2,183)**	**(11,005)**	**(2,576)**
Operating profit (loss)		**117,759**	**(1,577)**	**111,240**	**14,249**
Finance income	15	30,714	17,856	14,539	5,573
Finance expenses	16	(17,949)	(6,041)	(14,674)	(5,817)
Finance activity, net		**12,765**	**11,815**	**(135)**	**(244)**
Profit (loss) before tax		**130,524**	**10,238**	**111,105**	**14,005**
Current periodincome tax (expenses)/benefit		(42)	(9)	-	-
Deferred tax (expenses)/benefit		322	33	509	107
Net profit for the period		**130,804**	**10,262**	**111,614**	**14,112**
Total other comprehensive income (loss) for the period		-	-	-	-
Total comprehensive income (loss) for the period		**130,804**	**10,262**	**111,614**	**14,112**
Basic earnings per share (in EUR)		**1.76**	**0.14**	**2.06**	**0.26**
Diluted earnings per share (in EUR)		**1.76**	**0.14**	**2.06**	**0.26**
Weighted average number of shares		**74,283,757**	**-**	**54,283,757**	**-**

Interim Condensed Statement of Changes in Equity

For the nine months period ended 30 September 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**
Net profit for the period		-	-	-	111,614	**111,614**
Other comprehensive income		-	-	-	-	-
Total comprehensive income (loss) for the period		**-**	**-**	**-**	111,614	**111,614**
Dividends	14.1	-	-	-	(70,000)	**(70,000)**
Transfers to legal reserve		-	-	1,610	(1,610)	**-**
Balance as at 30 September 2020		**1,212,156**	**-**	**82,330**	**76,529**	**1,371,015**
Balance as at 1 January 2021		**1,658,756**	**-**	**82,330**	**71,869**	**1,812,955**
Net profit for the period		-	-	-	130,804	**130,804**
Other comprehensive income		-	-	-	-	-
Total comprehensive income (loss) for the period		**-**	**-**	**-**	**130,804**	**130,804**
Transfer to reserves to acquire treasury shares	9	-	23,000	-	(23,000)	**-**
Transfers to legal reserve	9	-	-	5,729	(5,729)	**-**
Dividends	14.1	-	-	-	(86,763)	**(86,763)**
Other movement	14.1	-	-	-	984	**984**
Share-based payments	10	-	-	-	162	**162**
Balance as at 30 September 2021		**1,658,756**	**23,000**	**88,059**	**88,327**	**1,858,142**

Interim Condensed Statement of Cash Flows

For the nine months period ended 30 September 2021
All amounts are in EUR thousand unless otherwise stated

	Notes	9M 2021	9M 2020
Cash flows from operating activities			
Net profit for the period		130,804	111,614
Adjustments to reconcile profit before tax to net cash flows:			
Share-based payments expenses	10	162	-
Depreciation and amortisation expenses		234	205
Fair value changes of financial instruments	5	(14,037)	-
Impairment/(reversal of impairment) of financial assets		-	(806)
Impairment/(reversal of impairment) of investments in subsidiaries		-	3,833
Income tax expenses/(benefit)		(280)	(509)
Dividend income	14.2	(122,320)	(118,483)
Loss/(gain) on disposal/write-off of assets held for sale and property, plant and equipment		-	(1,462)
Result of other investing activities		23	-
Interest income	15	(16,676)	(14,539)
Interest expenses	16	15,770	13,001
Result of other financing activities		2,178	1,673
Changes in working capital:			
(Increase)/decrease in trade receivables and other receivables	4.1	15,103	(7,617)
(Increase)/decrease in prepayments and other current and non-current assets	3	15,189	(1,047)
Increase/(decrease) in trade payables, advances received, other non-current and current amounts payable and liabilities		2,053	(1,566)
Income tax (paid)/received		490	560
Net cash flows from operating activities		**28,693**	**(15,143)**
Cash flows from investing activities			
Proceeds from sale of assets held for sale		-	6,167
Borrowings granted	4.3	(194,768)	(217,000)
Borrowings repayments received		67,085	208,219
Acquisition of subsidiaries	3	(19,031)	(40,295)
Interest received	15	19,118	15,964
Dividends received	14.2	122,320	118,483
Return of capital from subsidiaries	3	4,997	-
Other increases/(decreases) in cash flows from investing activities		(2,427)	-
Net cash flows from investing activities		**(2,706)**	**91,538**
Cash flows from financing activities			
Repayments of borrowings		-	(26,551)
Issue of bonds		-	295,657
Lease payments	12	(195)	(235)
Interest paid	16	(18,934)	(12,757)
Dividends paid	14.2	(43,010)	(70,000)
Dividends returned	14.2	984	-
Net cash flows from financing activities		**(61,155)**	**186,114**
Increase/(decrease) in cash and cash equivalents (including overdraft)		**(35,168)**	**262,509**
Cash and cash equivalents (including overdraft) at the beginning of the period	8	421,289	(191,147)
Cash and cash equivalents (including overdraft) at the end of the period	8	**386,121**	**71,362**

All amounts are in EUR thousand unless otherwise stated

Explanatory Notes to the Interim Condensed Financial Statements

For the nine months period ended 30 September 2021

1 General information

Ignitis grupė AB (hereinafter "the Company" or "the 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 Laisvės pr 10, LT-04215, 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 power system, management and coordination of activities. The Company and its subsidiaries are hereinafter collectively referred to as "the Group".

The Company analyses the activities of the 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	30 September 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 30 November 2021. These are interim condensed separate financial statements of the Company which are prepared in accordance with local law requirements. The Group also prepares consolidated interim condensed financial statements.

2 Summary of significant accounting policies

2.1 Basis of preparation

These interim condensed financial statements are prepared for the nine months period ended 30 September 2021 (hereinafter "interim financial statements") and 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 nine months period ended 30 September 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 30 September 2021 and early adoption is permitted. The following are new standards and/or amendments to the standards that have been endorsed in European Union during the reporting period ended as at 30 September 2021:

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

These 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 amendments are effective in European Union for annual periods beginning on or after 1 January 2021.

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

COVID-19 Related Rent Concessions beyond 30 June 2021 (Amendments)

These amendments extend the scope of the 2020 amendments by increasing the period of eligibility to apply the practical expedient from 30 June 2021 to 30 June 2022.

On 28 May 2020, the International Accounting Standards Board (IASB) issued COVID-19-Related Rent Concessions, which amended IFRS 16 Leases. The 2020 amendments permit lessees, as a practical expedient, not to assess whether rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and, instead, to account for those rent concessions as if they were not lease modifications. Among other conditions, the 2020 amendments permit a lessee to apply the practical expedient only to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2021. If a rent concession reduces lease payments both before and after 30 June 2021, IFRS 16 does not permit the practical expedient to be applied to that concession.

The amendments are effective in European Union for annual reporting periods beginning on or after 1 April 2021.

The management of the Company has assessed that these amendments have no significant impact on these interim financial statements as no significant concessions/discounts have been received during the reporting period and are not expected to be received in subsequent periods.

IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets as well as Annual Improvements 2018-2020 (Amendments)

The IASB has issued narrow-scope amendments to the IFRS Standards as follows:

- IFRS 3 Business Combinations (Amendments) update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
- IAS 16 Property, Plant and Equipment (Amendments) prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss of the statement of profit or loss and other comprehensive income.
- IAS 37 Provisions, Contingent Liabilities and Contingent Assets (Amendments) specify which costs a company includes in determining the cost of fulfilling a contract for the purpose of assessing whether a contract is onerous.
- Annual Improvements 2018-2020 make minor amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the Illustrative Examples accompanying IFRS 16 Leases.

The amendments are effective in European Union for annual reporting periods beginning on or after 1 January 2022 with earlier application permitted.

The management of the Company is currently assessing the impact of these amendments on the 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 30 September 2021 provided below:

	Acquisition cost	Impairment	Carrying amount	Company's ownership interest, %	Group's effective ownership interest, %
Subsidiaries:					
Energijos skirstymo operatorius AB	750,422	-	750,422	100.00	100.00
Ignitis gamyba AB	321,202	-	321,202	100.00	100.00
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
Ignitis grupės paslaugų centras UAB	5,975	-	5,975	50.47	100.00
NT Valdos UAB	3,961	(3,833)	128	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
Energetikos paslaugų ir rangos organizacija UAB	22,961	(22,961)	-	100.00	100.00
	1,273,197	**(26,794)**	**1,246,403**		

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 period were as follows:

	9M 2021
Carrying amount at 1 January	**1,239,045**
Buy-out of shares in subsidiaries	19,024
Reclassification (to)/from assets held for sale	(6,659)
Share capital decrease in subsidiaries	(4,997)
Investments write-off	(23)
Coverage of losses	7
Increase in investments due to share based payments	6
Carrying amount at 30 September	**1,246,403**

Buy-out of shares in subsidiaries

The Company has acquired shares from minority shareholders of subsidiaries Energijos skirstymo operatorius AB (13,118,175 shares for the price of 0.88 EUR per share) and Ignitis gamyba AB (11,688,245 shares for the price of 0.64 EUR per share) during 9M of 2021. Acquisition lead to increased ownership by 1.47 in Energijos skirstymo operatorius AB and 1.80 percentage point in Ignitis gamyba AB.

As at 31 December 2020 the Company had a contractual obligation to buy out all the shares of the subsidiaries Energijos skirstymo operatorius AB and Ignitis gamyba AB. In accordance with buy out procedures, the Company made deposit in a bank account to cover the price of shares (which was presented in „Other non-current assets"). As mentioned above, during 9M of 2021 the Company acquired part of the shares which had main impact on cashflows caption „(Increase)/decrease in prepayments and deferred expenses, other current and other non-current assets".

Total cash payments for acquisition of investments in subsidiaries amount to EUR 19,024 thousand and total cash payments for coverage of losses amounted to EUR 7 thousand during 9M of 2021.

Reclassification to assets held for sale

During 9M of 2021 the Company's Management Board approved the initiation of the consolidation project of renewable energy companies of the Company's group of companies. The project proposed to consolidate the operating and under-development wind energy (onshore and offshore), solar energy, waste and biofuel projects and competences of Ignitis Group in a single entity while directing their further development and to choose Ignitis renewables UAB, 100% of shares whereof is owned by the Company, for such purpose. After receiving all the necessary consents and performing the arrangements, the shares of Kauno kogeneracinė jėgainė, UAB, Vilniaus kogeneracinė jėgainė UAB and Tuuleenergia OÜ would be disposed to Ignitis Renewables UAB.

In management's opinion all relevant decisions have been made and, consequently, all criteria listed in IFRS 5 for classification a non-current asset as held for sale are met at 30 September 2021 regarding the investment to Tuuleenergia OÜ for an amount EUR 6,659 thousand thus it was reclassified to assets held for sale. Investments to Kauno kogeneracinė jėgainė UAB and Vilniaus kogeneracinė jėgainė UAB were not reclassified to assets held for sale as not all necessary criteria to classify a non-current asset as held for sale listed in IFRS 5 are met at the reporting period.

Option agreement over Kauno kogeneracinė jėgainė UAB shares

As at 30 September 2021, the Company held 51% shareholding in Kauno kogeneracinė jėgainė UAB (hereinafter "KKJ"), and the remaining 49% of shares was held by Gren Lietuva UAB (hereinafter "GREN"; previously FORTUM Heat Lietuva UAB).

Both shareholders have signed the Shareholders' Agreement under which key decisions over the business should be taken unanimously by the shareholders and / or by the Board which consists of equal number of representatives from both shareholders and one independent member. If the shareholders fail to reach the consensus on the deadlock situation, the Company has an option to buy (call option) all the shares of KKJ held by GREN and thus, whereas GREN has an option to sell (put option) to the Company its shareholding in KKJ, for the price, the calculation of which is defined in the Shareholders' Agreement.

In the Company's management view, the call option is a derivative instrument. The option is exercisable at the amount which approximates fair value of the underlying shares at the date of exercise (both put and call option). In management view, the fair value of the derivative is not significant.

Other changes

Share capital of the subsidiary NT Valdos UAB was decreased for an amount EUR 4,997 thousand during 9M of 2021. The decrease of subsidiaries share capital accounted by reducing the Company's acquisition cost of investment.

There were no other indications of impairment in respect of investments in the subsidiaries during 9M of 2021. The Company has not performed impairment tests for subsidiaries and has not recognised any additional impairment loss for investments during the 9M of 2021.

There were events after reporting period, which relate to possible indications of impairment in respect of investments. For more information – see Note 20.2.

On 13 April 2018, the board of the Company made a decision to start minimizing activities of Energetikos paslaugų ir rangos organizacija UAB. On 10 May 2021 the shareholders of the Company made a decision to liquidate Energetikos paslaugų ir rangos organizacija UAB. On 21 May 2021 the legal status of this subsidiary changed to "currently in liquidation".

All amounts are in EUR thousand unless otherwise stated

4 Non-current receivables

Amounts receivable after one year comprised as follows:

	30 September 2021	31 December 2020
Non-current receivables		
Loans granted	820,529	753,092
Amount receivable on disposal of LitGrid AB	-	136,212
Other non-current amounts receivable	143	810
Total	**820,672**	**890,114**
Less: allowance	-	-
Carrying amount	**820,672**	**890,114**

4.1 Deferred payment on disposal of shares of LitGrid AB

Line item "Amount receivable on disposal of LitGrid AB" has decreased as receivable on disposal of LitGrid AB EUR 136,212 thousand was reclassified to other receivables during Q3 of 2021. For more information – see Note 13.

4.2 Expected credit losses of loans granted

As at 30 September 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 30 September 2021 comprised loans granted to the following subsidiaries:

	Interest rate type	Within one year (Note 7)	After one year	Total
Energijos skirstymo operatorius AB (green bonds)	Fixed interest	-	616,288	**616,288**
Energijos skirstymo operatorius AB (loans taken over)	Fixed interest	7,902	35,517	**43,419**
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	100,792	11,800	**112,592**
Ignitis UAB	Fixed interest	111	-	**111**
Transporto valdymas UAB	Variable interest	13,000	-	**13,000**
Ignitis renewables UAB	Fixed interest	-	93,250	**93,250**
Energijos skirstymo operatorius AB	Fixed interest	3,343	-	**3,343**
Carrying amount		**125,148**	**820,529**	**945,677**

On 2 February 2021 the Company signed a new loan agreement with subsidiary Ignitis renewables UAB for an amount of EUR 293,000 thousand, with the maturity of the loan being 1 February 2031.

According to valid loan agreements the Company has not granted yet loans for an amount of EUR 303,450 thousand as at 30 September 2021.

Fair values of loans granted are presented in Note 19.

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

	Interest rate type	Within one year (Note 7)	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:

	30 September 2021	31 December 2020
From 1 to 2 years	7,901	6,907
From 2 to 5 years	54,616	64,958
After 5 years	758,012	681,227
Carrying amount	**820,529**	**753,092**

5 Other financial assets

The Company's other financial assets comprised as follows:

	30 September 2021	31 December 2020
Innovation Fund Smart Energy Fund powered by Ignitis Group KŪB	22,186	4,912
In total	**22,186**	**4,912**

Total amount of the investment to Innovation Fund Smart Energy Fund powered by Ignitis Group KŪB increased for an amount EUR 17,274 thousand during the 9M of 2021.
The fair value gain of Innovation Fund Smart Energy Fund powered by Ignitis Group KŪB was recognised for an amount EUR 14,037 thousand and is presented as "Finance income" in the statement of Profit or loss and other comprehensive income (hereinafter – SPLOCI) during 9M of 2021 (Note 15). The fair value of this financial asset is determined by reference to new investment rounds or other recent events and data (Note 19).
Remaining change is related to new investments made during 9M of 2021 for an amount EUR 2,427 thousand and reclassification from non-current receivables EUR 810 thousand.

All amounts are in EUR thousand unless otherwise stated

6 Other receivables

The Company's other receivables comprised as follows:

	30 September 2021	31 December 2020
Current portion of the receivable on disposal of LitGrid AB	136,212	14,481
Other receivables	8	273
In total	**136,220**	**14,754**

Line item "Current portion of the receivable on disposal of LitGrid AB" has increased as receivable on disposal of LitGrid AB EUR 136,212 thousand was classified from non-current receivables to other receivables during Q3 of 2021. The deferred consideration is due to be paid until the 30 September 2022.

According to the agreement EPSO-G UAB until the 30 September 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 nine 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. This amount receivable is a significant accounting estimate and judgement as it is disclosed in the annual financial statements Note 4.3. Management judgements regarding the application of this accounting estimate were the same as used in preparing the annual financial statements for the year ended 31 December 2020.

7 Current loans and interests receivable

The Company's current loans comprised as follows:

	30 September 2021	31 December 2020
Cash-pool loans	104,246	77
Current loans	13,000	56,922
Current portion of non-current loans	7,902	7,901
Interest receivable	6,083	9,056
In total	**131,231**	**73,956**
Less: impairment of loans	-	-
Carrying amount	**131,231**	**73,956**

As at 30 September 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 (from here on further - ECL) was recognized.

8 Cash and cash equivalents

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

	30 September 2021	31 December 2020
Cash balances in bank accounts	385,895	421,289
Restricted cash	226	
In total	**386,121**	**421,289**

As at 30 September 2021 and 31 December 2020, cash and cash equivalents comprised cash in bank.

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 Company's day-to-day operations.

The fair values of cash and cash equivalents as at 30 September 2021 and 31 December 2020 approximated their carrying amounts.

9 Equity

Issued capital of the Company consisted of:

	30 September 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 30 September 2021 and 31 December 2020 the Company's issued capital comprised EUR 1,658,756,294 and was divided into 74,283,757 ordinary registered shares with EUR 22.33 nominal value for a share.

At the ordinary general meeting of shareholders held on 25 March 2021 it was decided to form a reserve of EUR 23,000 thousand for the acquisition of treasury shares.

As at 25 March 2021 the Company transferred EUR 5,729 thousand to the legal reserve. The Company's legal reserve as at 30 September 2021 and 31 December 2020 was not fully formed.

All amounts are in EUR thousand unless otherwise stated

10 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 key executives of the Company and subsidiaries.

On 12 May 2021 the Supervisory Board of the Company approved the suggestions of key executives of the Company and subsidiaries to terminate executives' option agreements.

During the 9M of 2021 share based payments costs accounted in SPLOCI "Salaries and related expenses" for an amount of EUR 157 thousand and reflects the share-based payments agreements concluded with key executives. As share-based payments agreements were voluntarily terminated without any compensation to executives and cancellation is not related to the failure of meeting vesting conditions, thus they have been accounted for as accelerated vesting of share based payments and therefore full expense and related increase in equity recognised immediately.

11 Loans and bonds

Borrowings of the Company consisted of:

	30 September 2021	31 December 2020
Non-current		
Bonds issued	888,139	886,945
Current		
Accrued interest	4,765	9,143
Total borrowings	**892,904**	**896,088**

For the period ended 30 September 2021 expenses related to interest on the issued bonds totalled EUR 14,376 thousand (EUR 11,870 thousand for the period ended 30 September 2020).

Non-current borrowings by maturity:

	30 September 2021	31 December 2020
From 1 to 2 years	-	-
From 2 to 5 years	-	-
After 5 years	888,139	886,945
In total	**888,139**	**886,945**

All borrowings are denominated in euros.

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 during I-III quarters of 2021.

As at 30 September 2021, the Company's unwithdrawn balance of loans and bank overdrafts amounted to EUR 110,000 thousand (31 December 2020: EUR 267,896 thousand).

All amounts are in EUR thousand unless otherwise stated

12 Net debt

Net debt is a non-IFRS liquidity measure 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:

	30 September 2021	31 December 2020
Cash and cash equivalents	(386,121)	(421,289)
Deposit	(45,000)	(45,000)
Borrowings payable after one year	888,139	886,945
Borrowings payable within one financial year (including overdraft and accrued interest)	4,765	9,143
Lease liabilities	18,089	520
Net debt	**479,872**	**430,319**
Cash and cash equivalents	(386,121)	(421,289)
Deposit	(45,000)	(45,000)
Borrowings – fixed interest rate	892,839	896,088
Borrowings – variable interest rate	65	-
Lease liabilities	18,089	520
Net debt	**479,872**	**430,319**

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

	Assets		Lease liabilities		Borrowings		Total
	Cash and cash equivalents	Deposit into an escrow account	Non-current	Current	Non-current portion of non-current borrowings	Current borrowings	
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	35 168	-	-	-	-	-	**(35,168)**
Lease payments – principal portion	-	-	-	(195)	-	-	**(195)**
Interest paid	-	-	-	(1)	-	(18,933)	**(18,934)**
Non-cash changes							
Lease contracts concluded	-	-	16,549	1,454	-	-	**18,003**
Accrual of interest payable	-	-	-	21	1,194	14,555	**15,770**
Write-off of liabilities	-	-	(120)	(139)	-	-	**(259)**
Reclassifications between items	-	-	(111)	111	-	-	**-**
Net debt at 30 September 2021	**(386 121)**	**(45,000)**	**16,585**	**1,504**	**888,139**	**4,765**	**479,872**

All amounts are in EUR thousand unless otherwise stated

13 Revenue from contracts with customers

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

	9M 2021	9M 2020
Management fee income	2,222	2,298
Total	**2,222**	**2,298**

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

The Company does not have any impact of seasonality on its revenue. Also, the Company did not present any segment information as there is only one segment.

The Company's balances under the contracts with customers:

	30 September 2021	31 December 2020
Trade receivables	303	313
Total	**303**	**313**

14 Dividends

14.1 Dividends declared by the Company

Dividends declared by the Company:

	9M 2021	9M 2020
Ignitis grupė AB	86,763	70,000

EUR 43.010 million dividends for the second half of 2020 were approved at the Annual General Meeting on 25 March 2021.

EUR 43.753 million dividends for the first half of 2021 was approved at the Annual General Meeting on 27 September 2021.

Dividends received by IPO Stabilisation Manager (Swedbank AB) in connection with acquired Stabilisation Shares according to True up agreement, were returned back to the Company for an amount of EUR 984 thousand after withholding tax deduction.

14.2 Dividends income attributable to the Company

Dividends income attributable to the Company from Group companies during 9M of 2021 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	II half-year 2020	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	-
04/05/2021	Ignitis renewables UAB	2019-2020	2,218	6,655	6,655	-
27/04/2021	Energetikos paslaugų ir rangos organizacija UAB	2020	0.1838	223	223	-
Total				**123,841**	**122,320**	**1,152**

During the 9M of 2021 dividends received by the Company totalled EUR 122,320 thousand.

Dividends income attributable to the Company from Group companies during 9M of 2020 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
14/04/2020	Eurakras UAB	2019	14.6225	2,333	2,333	-
22/04/2020	Ignitis grupės paslaugų centras UAB	2019	0.0271	739	373	366
27/04/2020	NT Valdos UAB	2019	21.7890	3,762	3,762	-
30/04/2020	Ignitis gamyba AB	2nd half of 2019	0.0560	36,288	35,361	927
30/04/2020	Energijos skirstymo operatorius AB	2019	0.0760	67,992	66,399	1,593
03/08/2020	Vėjo vatas UAB	2019	22.2847	2,229	2,229	-
03/08/2020	Vėjo gūsis UAB	2019	20.3539	5,231	5,231	-
28/09/2020	Ignitis gamyba AB	I half of 2020	0.0230	14,904	14,635	269
Total				**133,478**	**130,336**	**2,793**

According to the Tender Offer Circular approved by the Bank of Lithuania (see Note 24.3 of annual financial statements) the Company paid additional bonuses included in the table above equal to the amount of dividends to the former shareholders of Ignitis gamyba AB in May 2020 in the amount of EUR 229 thousand and additional bonuses equal to the amount of dividends to the former shareholders of Energijos skirstymo operatorius AB in May 2020 in the amount of EUR 1,819 thousand. I half-year 2020 SPLOCI "Dividend income" line was reduced by the same amount.

All amounts are in EUR thousand unless otherwise stated

15 Finance income

The Company's finance income are as follows:

	9M 2021	9M 2020
Interest income at the effective interest rate	16,676	14,539
Fair value change of Innovation Fund Smart Energy Fund powered by Ignitis Group KŪB (Note 5)	14,037	-
Other income from financing activities	1	-
Total	**30,714**	**14,539**

The Company earns interest income from long-term and short-term loans, the majority of which is granted to the Group companies (Note 4, 7). During 9M of 2021, the Company received EUR 19,118 thousand (during 9M of 2020: EUR 15,964 thousand) interest income in cash, which is presented in the cash flow statement under 'Interest received'.

16 Finance expenses

The Company's finance expenses are as follows:

	9M 2021	9M 2020
Bonds interest expenses	14,376	11,870
Loans and other interest expenses	1,373	1,132
Interest expense on lease liabilities	21	(1)
Other expenses of financing activities	2,179	1,673
Total	**17,949**	**14,674**

The Company incurs interest expense on long-term and short-term loans payable and bonds issued (Note 11). During 9M of 2021, the Company paid EUR 18,934 thousand (during 9M of 2020: EUR 12,757 thousand) interest, which is presented in the cash flow statement under 'Interest paid'.

17 Contingent liabilities and commitments

17.1 Guarantees issued and received by the Company

17.1.1 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	30 September 2021	31 December 2020
Vilniaus kogeneracinė jėgainė UAB	European Investment Bank	30/12/2016	07/04/2037	190,000	139,813	139,984
Kauno kogeneracinė jėgainė UAB	Swedbank AB	18/10/2017	18/10/2022	61,200	58,502	58,502
Pomerania Wind Farm sp. z o. o.	European Investment Bank	09/03/2020	31/12/2035	66,823	55,686	56,560
Pomerania Wind Farm sp. z o. o.	Nordic Investment Bank	14/10/2020	31/12/2035	32,302	32,302	32,920
Group companies	Group companies	25/05/2021	24/05/2022	-	41,029	12,459
Vėjo gūsis UAB	Swedbank lizingas, UAB	29/01/2019	28/02/2022	9,258	645	4,327
Vėjo vatas UAB	Swedbank lizingas, UAB	29/01/2019	28/02/2021	-	-	5,125
				359,583	**327,977**	**309,877**

On 5 December 2016, the Company and the European Investment Bank (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 30 September 2021, amounts withdrawn by Vilniaus kogeneracinė jėgainė UAB from the loan provided by the EIB totalled EUR 139,813 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 30 September 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 Luxembourg Investment Company 414 S.A R.L. 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 Gren Lietuva UAB.

All amounts are in EUR thousand unless otherwise stated

Pomerania Wind Farm sp. z o. o., part of the group of companies owned by the Company, has entered into an agreement with the EIB by which the loan of PLN 258 million (approx. EUR 56 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 67 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 Bank (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 (cash-pool) opened at the bank Swedbank AB. The Company guarantees that funds borrowed by the subsidiaries at the cash-pool account are timely repaid to the subsidiaries that have lent funds. As at 30 September 2021, the amount lent and borrowed by the subsidiaries at the Group's cash-pool account totalled EUR 145,275 thousand (31 December 2020: EUR 12,536 thousand), including the amount of EUR 104,246 thousand (31 December 2020: EUR 77 thousand) lent by the Company.

17.1.2 Other issued guarantees

The Company has provided the following other guarantees::

Name of the subsidiary	Beneficiary of the guarantee	Issue at	Maturity	Maximum amount of the guarantee	30 September 2021	31 December 2020
VVP Investments UAB	Swedbank AB	11/10/2019	01/08/2023	945	945	945
Energetikos paslaugų ir rangos organizacija UAB	SEB bankas AB	04/07/2018	08/10/2023	-	-	405
Ignitis UAB	NASDAQ Clearing AB	24/05/2021	termless	110,000	-	-
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	-	-
Gamybos optimizavimas UAB	Ignitis gamyba AB	01/01/2020	30/06/2023	5,000	-	5,000
Moray Offshore Windfarm (West) Limited	Engie UK Markets Limited	21/04/2021	termless	1,235	-	-
Moray Offshore Windfarm (West) Limited	Siemens Gamesa Renewables Energy Limited	08/09/2021	31/12/2025	2,079	-	-
				257,710	**945**	**6,350**

All amounts are in EUR thousand unless otherwise stated

17.2 Litigations

During 9M of 2021 there were no significant changes in litigations reported in annual financial statements for 2020 or new significant litigations except for mentioned below.

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.

On 14 June 2021 the Company and ESO provided response for the Court of Appeal regarding the appeal. The date of the court hearing in the appellate court has not yet been set.

Buy-out of shares of subsidiary Energijos skirstymo Operatorius AB

On 2 April 2021 Vilnius District court approved the Company's statement on the establishment and recognition of a fact of legal significance that the right of ownership of all unsold minority shareholders shares of its subsidiary ESO 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 enforcement of the Court decision, the Group owns 100% of ESO shares. On 19 April 2021 the plaintiff an appeal to the Court.

On 7 September 2021 Vilnius District Court applied order, which rejected ESO minority shareholders appeal regarding decision of the Vilnius District Court approving the transfer of the rights of ESO shares ownership to the Company.

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 minority shareholders 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.

On 27 August 2021 the Vilnius District Court has taken decision to approve the Company's statement on the establishment and recognition of a fact of legal significance that the right of ownership of ordinary nominal shares of its subsidiary Ignitis gamyba, which belonged to the deceased shareholders of Ignitis gamyba (outstanding 574,803 shares from the abovementioned) and which were not transferred during the mandatory buyout, must be transferred to the Company and obliged the shares accounts managers to make records of the transfer of the rights of ownership to the Company.

After the enforcement of the Court decision since 9 September 2021, the Company owns 100% of Ignitis gamyba's shares.

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 as well as executive long-term incentive with share options plan until the Court decision in respect of this case takes effect.

Subsequently nine key executives of the Company 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.

On 19 May 2021 the Company submitted a response to the Vilnius City District Court regarding the claim of the prosecutor of the Vilnius Regional Prosecutor's Office, in which it disagreed with the claim and requested to terminate the civil case, if the case is refused to be terminated, limitation period should be applied, and if the case is not terminated and limitation period is not applied, the claim shall be rejected.

On the same day, the nine key executives of the Company also submitted their responses to the claim, requesting to terminate the civil case against each of them, and to reject the claim if they refused to terminate it.

On 9 June 2021 Vilnius District Court confirmed part of the claim refusal provided by the Vilnius District Prosecutor's Office in relation to invalidation of the Group nine key executives option agreements.

On 22 June 2021 by the Vilnius City District Court ruling the nine key executives of the Group were removed from the civil case.

On 8 July 2021 the Vilnius Regional Court dismissed the separate complaint of Company, requested the annulment of the order of the Vilnius City District Court of 3 May 2021 on the imposition of interim protective measures.

Next court hearing is set for 9 December 2021.

All amounts are in EUR thousand unless otherwise stated

18 Related-party transactions

As at 30 September 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 9M of 2021 and period-end balances arising on these transactions as at 30 September 2021 are presented below:

Related parties	Accounts Receivable	Loans receivable	Accounts Payable	Sales	Purchases	Finance income / (cost)
Subsidiaries	303	951,749	280	2,222	1,177	16,251
EPSO-G UAB	136,212	-	-	-	-	414
Total	**136,515**	**951,749**	**280**	**2,222**	**1,177**	**16,665**

The Company transactions with related parties during the 9M of 2020 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	931	831,308	281	2,299	1,177	13,937
EPSO-G UAB	158,739	599	-	-	-	602
Total	**159,670**	**831,907**	**281**	**2,299**	**1,177**	**14,539**

18.1 Compensation to key management personnel:

	9M 2021	9M 2020
Wages and salaries and other short-term benefits to key management personnel	776	576
Whereof:		
Short-term employee benefits	*611*	*576*
Termination benefits	*8*	*-*
Share-based payment expenses	*157*	*-*
Number of key management personnel	4	12

In 2021 only members of Board, Supervisory board and Chief Executive Officer 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

19 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 30 September 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 30 September 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. The fair value measurement of this financial asset is based on investment rounds (Note 5). Fair value of this financial asset will change depending on future investment rounds or other significant events.

Financial instruments for which fair value is disclosed

As at 30 September 2021 and 31 December 2020, the fair value of the Company's amounts receivable related to loans 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 rate of 2.48% (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 other 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 2.46% as at 30 September 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 11) 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 2.48% as at 30 September 2021 (31 December 2020 – 2.19%). Discount rate 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 30 September 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		136,212	-	-	136,212	136,212
Innovation Fund Smart Energy Fund powered by Ignitis Group KŪB	5	22,186	-	-	22,186	22,186
Financial instruments for which fair value is disclosed						
Assets						
Loans (green bonds) receivable from subsidiary Energijos skirstymo operatorius AB	4.3, 7	620,580	-	606,878	-	606,878
Other loans granted	4.3, 7	331,180	-	326,143	-	326,143
Liabilities						
Bonds issued	11	892,839	-	872,932	-	872,932
Debt liabilities	11	65	-	65	-	65

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	5	4,912	-	-	4,912	4,912
Financial instruments for which fair value is disclosed						
Assets						
Loans (green bonds) receivable from subsidiary Energijos skirstymo operatorius AB	4.3, 7	616,288	-	614,862	-	614,862
Other loans granted	4.3, 7	201,704	-	198,049	-	198,049
Liabilities						
Bonds issued	11	896,088	-	894,158	-	894,158

All amounts are in EUR thousand unless otherwise stated

20 Events after the reporting period

20.1 Decisions of National Energy Regulatory Council

On 15 October 2021 National Energy Regulatory Council (hereinafter – NERC) pursuant to the new wording of the Methodology for determining the price caps for electricity transmission, distribution and public supply services (hereinafter – the Methodology) adopted the resolution on the price caps for electricity distribution services of Energijos skirstymo operatorius AB (hereinafter – ESO) for the following regulatory period (hereinafter – the Resolution).
Key Methodology update effects reflected in the Resolution:

1. NERC included an additional tariff component, which will be calculated for network expansion, maintenance and other CAPEX, set out in the 10-year investment plans of ESO. It will amount to EUR 28 million per annum for the regulatory period of 2022–2026 (or to EUR 140 million in total over 2022–2026 regulatory period). The additional component of the tariff is calculated to ensure the sustainable leverage level of ESO, which according to the Group's expectations should be under 6.5x Net debt / EBITDA ratio;
2. Regulated Asset Base (RAB) is recalculated, which compared to 2021 decreased by EUR 317 million (from EUR 1,414 million to EUR 1,097 million);
3. Recalculated difference of ROI and D&A for 2018-2021, approximately amounting to EUR 160 million, is expected in large (96%) to be repaid over the period of 2032-2036. It is expected that the repayment schedule, subject to NERC consent, may be adjusted to ensure ESO sustainable leverage level, which according to Group expectations should be under 6.5x Net debt / EBITDA ratio.

As to the Company, additional tariff component (under point 1) significantly offsets the negative impact arising from the changes described above (under 2 and 3 points) ensuring sustainable regulatory framework.

The management is of an opinion that changes mentioned in point 2 (decrease of Regulated Asset Base) are possible indications of impairment of investment to ESO carrying amount. However, full impact should be evaluated from all changes.

At the date of the interim financial statements the Group has not yet evaluated final impact of changes in regulation of the carrying amount of investment, although it is expected to consider the impact till the preparation of financial statements for 31 December 2021.

20.2 Decisions related to Supervisory Board

On 26 October 2021, with the resolution of Extraordinary General Meeting of Shareholders, it was decided to elect the following members to the Supervisory Board for the term of 4 (four) years: Judith Buss; Bent Christensen; Lorraine Wrafter; Tim Brooks; Alfonso Faubel; Aušra Vičkačkienė; Ingrida Muckutė.

On 29 October 2021 the Supervisory Board elected a new Chair – Alfonso Faubel.

20.3 Other events

On 22 November 2021 the Supervisory Board approved the conclusion of the loan agreement, which would not exceed EUR 300 million, (hereinafter – the Loan) with UAB "Ignitis". The approval of the Loan was also submitted by the Audit Committee. The funds from the Loan will be allocated, as necessary, to finance differences between actual electricity/natural gas purchase prices and the approved tariffs for household consumers throughout 2021–2022. The Loan agreement provides a possibility to use the Loan in parts, as necessary, over the period of one year from the conclusion of the Loan agreement. The repayment period for each part of the Loan – no longer than 6 years from the moment of the money transfer. Each part of the Loan can be repaid before the end of the ultimate Loan repayment period.

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 (during 9M 2021)

Date	Event
30 September	Preliminary financial data of Ignitis Group for 8 months of 2021
28 September	Notice on convening the Extraordinary General Meeting of Shareholders
27 September	Resolutions of Extraordinary General Meeting of AB "Ignitis grupė" shareholders
17 September	Regarding the public consultation on the methodology of the Networks segment for the new regulatory period
9 September	Ownership rights of all Ignitis Gamyba shares have been transferred to Ignitis Group
9 September	On the decision of General Court of the European Union to annul the decision of European Commission to coordinate the designated supplier scheme in Lithuania
31 August	Preliminary financial data of Ignitis Group for 7 months of 2021
31 August	Notice on convening the Extraordinary General Meeting of Shareholders of AB "Ignitis grupė"
31 August	Interim report for the first half-year 2021: Green Generation driven growth
27 August	The court allowed to transfer the remaining shares of Ignitis Gamyba to Ignitis Group
27 August	On the rescheduling of smart meter roll-out programme in the Networks segment
27 August	On the statement of the majority shareholder of AB "Ignitis grupė" with a proposal to distribute dividends for the first half of 2021
27 August	On the designated supply contract of liquefied natural gas with Equinor ASA
26 August	Due to consolidation of green energy companies of Ignitis Group, a selection for the position of Chief Executive Officer of UAB "Ignitis renewables" has been announced
23 August	Ignitis Group to present H1 2021 results on 31 August
17 August	Regarding the letter from the majority shareholder received by AB "Ignitis grupė" concerning the selection of candidates for the positions of the members of the Supervisory Board
13 August	On the intention to acquire three wind farms developed in Latvia
3 August	On the established rate of return on investments for 2022
29 July	Resolutions of Extraordinary General Meeting of AB "Ignitis grupė" shareholders
29 July	Preliminary financial data of Ignitis Group for 6 months of 2021
12 July	AB "Ignitis grupė" receives ESG risk rating upgrade from MSCI
7 July	Notice convening the Extraordinary General Meeting of AB "Ignitis grupė" shareholders
7 July	Concerning the decision of the Management Board of AB Ignitis grupė to extend the Long Stop Date of Stabilized securities
2 July	On the amendment of the procedure for forming the Audit Committee of AB "Ignitis grupė"
29 June	Preliminary financial data of Ignitis Group for 5 months of 2021
23 June	Regarding the Investor's Letter of AB Ignitis Grupė
23 June	Concerning the appointment of the General Manager and the Chairman of the Board of UAB Ignitis, a subsidiary of AB Ignitis grupė
18 June	On updated areas of activities supervised by Management Board members of AB "Ignitis grupė"
15 June	Initiated selection process for the positions of independent members of AB "Ignitis grupė" Supervisory Board

Date	Event
10 June	The Management Board of AB "Ignitis grupė" approved the consolidation project of renewable energy companies
4 June	On the resignation of Dominykas Tučkus, Management Board Member of AB "Ignitis grupė"
31 May	Notice on the contract concluded by the person discharging managerial responsibilities regarding AB "Ignitis grupė" financial instruments
27 May	Preliminary financial data of Ignitis Group for 4 months of 2021
27 May	Interim report for the first quarter of 2021: robust growth and full-year guidance reiteration supported by strategy delivery
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"
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

Date	Event
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
29 November	The selection of the new Management Board of AB "Ignitis grupė" has been launched
26 November	The Science-Based Target initiative validated ambitious GHG reduction targets of Ignitis Group
24 November	Notice on convening the Extraordinary General Meeting of Shareholders of AB "Ignitis grupė"
23 November	Ignitis Group to present 9M 2021 results on 30 November
22 November	Regarding the AB "Ignitis grupė" intention to loan up to EUR 300m to UAB "Ignitis"
17 November	On the determined mandatory supply volume for the LNG terminal for 2022–2024 relevant to Customers & Solutions segment
16 November	On the initiated selections of independent Supervisory Board members of AB "Energijos skirstymo operatorius" and AB "Ignitis gamyba", subsidiaries of AB "Ignitis grupė"
15 November	Regarding the conditional agreement to acquire a solar projects portfolio under development in Poland
10 November	On the conclusion of EUR 35 million credit agreement by UAB "Ignitis", a subsidiary of AB "Ignitis grupė"
8 November	The General Manager is leaving Ignitis Renewables, a subsidiary of Ignitis Group
4 November	On the legislation amendments relevant to the Customers & Solutions segment

Date	Event
3 November	On members elected to the Supervisory Board committees of AB "Ignitis grupė"
29 October	Elected a new Chair of the Supervisory Board of AB "Ignitis grupė"
28 October	Regarding Networks segment income level of natural gas distribution for 2022
28 October	Preliminary financial data of Ignitis Group for 9 months of 2021
26 October	Resolutions of Extraordinary General Meeting of AB "Ignitis grupė" shareholders
20 October	Information on Networks Methodology update: sustainable regulation ensured
20 October	Notification on Ignitis Group conference call to be held on 20 October 2021
18 October	Regarding Networks segment income level of electricity distribution for 2022
12 October	Regarding the intention of AB "Ignitis grupė" subsidiary UAB "Ignitis" to loan up to EUR 104 million
1 October	NERC approved the updated methodology for determining the price caps for electricity services

7.2 Other statutory information

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

The interim report has been prepared by the parent company's administration in accordance with the Law on Companies of the Republic of Lithuania (link in Lithuanian) and the Law on Consolidated Financial Reporting of the Republic of Lithuania (link in Lithuanian).

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 (Laisvės av. 10, Vilnius) on working days from Mondays through Thursdays from 7.30 am to 4.30 pm, and on Fridays from 7.30 am to 3.15 pm (by prior arrangement through IR@ignitis.lt).

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.

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.) which had or potentially may have a negative impact on the parent company's performance and/or results of operation nor there were any agreements concluded in the event of a conflict of interests between the obligations of the parent company's managers, the controlling shareholders or other related parties to the parent company and their private interests and/or other duties.

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.

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 providing accounting services to the parent company ensure 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 annex to the agreement of 26 March 2019 with UAB "Ernst & Young Baltic" to provide audit services for the period of the first six months of 2021 (value of which amounts to EUR 20,000). Further information related, including the remuneration, to the auditors of the parent company and its subsidiaries is available in our Annual report 2020.

During the reporting period, on 27 September 2021, the General Meeting of Shareholders of the parent company adopted the resolution to elect "KPMG Baltics" as the audit company for the audit of financial statements of the parent company and the consolidated financial statements of the Group for the year 2021 and 2022 and to pay for audit services no more than EUR 203,000.00 (VAT excluded).

Information on delisted companies

Following the mandatory buy-out procedures of ESO (Networks) and Ignitis Gamyba (Flexible Generation and Green Generation) shares, on 15 April 2021 the parent company became a 100% shareholder of ESO and on 9 September 2021 – of Ignitis Gamyba. The decisions have been enforced on 7 September 2021 (regarding ESO) and 27 September 2021 (regarding Ignitis Gamyba).

Information related to the delisted companies, including the guidance of payment for shares, is available on our website.

Notice on the language

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

Glossary

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Glossary

#	Number
%	Per cent
'000 / k	Thousand
AB	Joint stock company
Adjusted EBITDA	EBITDA after eliminating items, which are non-recurring, and/or non-cash, and/or related to other periods, and/or non-related to the main activities of the Group, and after adding back items, which better reflect the result of the current period
APM	Alternative performance measure
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
CfD	Contract for difference
CHP	Combined heat and power
Clean spark	Indicative prices giving the difference between the combined cost of natural gas and emissions, and the equivalent price of electricity
CO_2	Carbon dioxide
COD (commercial operation date) / commissioned	The start of energy generation after the test on completion
CPI	Consumer Price Index
E	Electricity
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation

Electricity generated (net)	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
EURbn	billion EUR
EURm	million EUR
EU	European Union
Eurakras	UAB „EURAKRAS"
FBS	Fixed base salary
FCF	Free Cash Flow
FFO	Funds from operations
FiT	Feed-in Tariff
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 (net)	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
Heat generated (net)	Heat sold in CHP plants, biofuel plants
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
ISIN	International Securities Identification Number
YoY	Year over year
IPO	Initial Public Offering
ISO	International Organization for Standardization
Kaunas CHP	UAB Kauno kogeneracinė jėgainė
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
Net debt/ Adjusted EBITDA	Leverage ratio, which shows the Group's ability to repay its debt from the profit earned
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 natural gas distribution, electricity supply of last resort, public supply of electricity, natural gas supply to residents of Lithuania and designated LNG supplier service, secondary reserve (till the end of 2020).
RES	Renewable energy sources
ROCE	Return on Capital Employed
ROE	Return of Equity
ROI	Return on Investment
SAIDI	Average duration of unplanned interruptions in electricity or natural gas transmission
SAIFI	Average number of unplanned long interruptions per customer
SBTi	Science Based Targets initiative
SDG	Sustainable Development Goal
SOE	State-owned company
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
WF	Wind farm
WtE	Waste-to-energy

Certification statement

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Certification statement

30 November 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 at AB "Ignitis grupė", Darius Kašauskas, Chief Financial Officer at AB "Ignitis grupė", and Giedruolė Guobienė, Head of Accounting department at UAB "Ignitis grupės paslaugų centras", acting under Order No IS-66-21 of 4 August 2021, hereby confirm that, to the best of our knowledge, AB "Ignitis grupė" interim condensed consolidated financial statements for the nine-month period ended 30 September 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
Chief Financial Officer

Giedruolė Guobienė
UAB "Ignitis grupės paslaugų centras",
Head of Accounting department,
acting under Order No. IS-66-21
(signed 4 August 2021)

AB "Ignitis grupė"

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