



Litgrid

LITGRID AB

COMPANY'S CONDENSED INTERIM FINANCIAL STATEMENTS, PREPARED
ACCORDING TO INTERNATIONAL FINANCIAL REPORTING STANDARDS AS
ADOPTED BY THE EUROPEAN UNION (UNAUDITED), FOR THE SIX-MONTHS
PERIOD ENDED 30 JUNE 2021, PRESENTED TOGETHER WITH INTERIM
REPORT

CONFIRMATION OF RESPONSIBLE PERSONS

August 6, 2021 Vilnius

Following the Law on Securities of the Republic of Lithuania and Rules on Information Disclosure approved by the Bank of Lithuania, we, Rokas Masiulis, Chief Executive Officer of LITGRID AB, Darius Zagorskis, Head of Finance Planning and Analysis Division, acting Director of Finance Department of LITGRID AB and Raimonda Duobuvienė, Deputy Chief Financier, acting Head of Accounting Division of LITGRID AB, hereby confirm that, to the best of our knowledge, the attached LITGRID AB unaudited condensed interim financial statements for the six months period ended 30 June 2021 are prepared in accordance with the International Financial Reporting Standards adopted by the European Union, give a true and fair view of the LITGRID AB assets, liabilities, financial position, profit and cash flows, the Interim Report for the six-month period includes a fair review of the development and performance of the business.

Rokas Masiulis
Chief Executive Officer

Darius Zagorskis
Head of Finance Planning and Analysis Division,
acting Director of Finance Department

Raimonda Duobuvienė
Deputy Chief Financier,
acting Head of Accounting Division

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The condensed interim financial statements were signed on 6 August 2021.

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Head of Finance Planning and Analysis Division,
acting Director of Finance Department

Raimonda Duobuvienė
Deputy Chief Financier,
acting Head of Accounting Division



I. GENERAL INFORMATION

The report has been prepared for the period ended 30 July 2021.

The Issuer and its contact details:

Name	LITGRID AB (“LITGRID” or the “Company”)
Legal form	Public limited liability company
Date and place of registration	16 November 2010, the Register of Legal Entities of the Republic of Lithuania
Company code	302564383
Registered office address	Viršuliškių skg. 99B, LT-05131, Vilnius
Address for correspondence	Viršuliškių skg. 99B, LT-05131, Vilnius
Telephone	+370 707 02171
Email	info@litgrid.eu ; www.litgrid.eu

About LITGRID

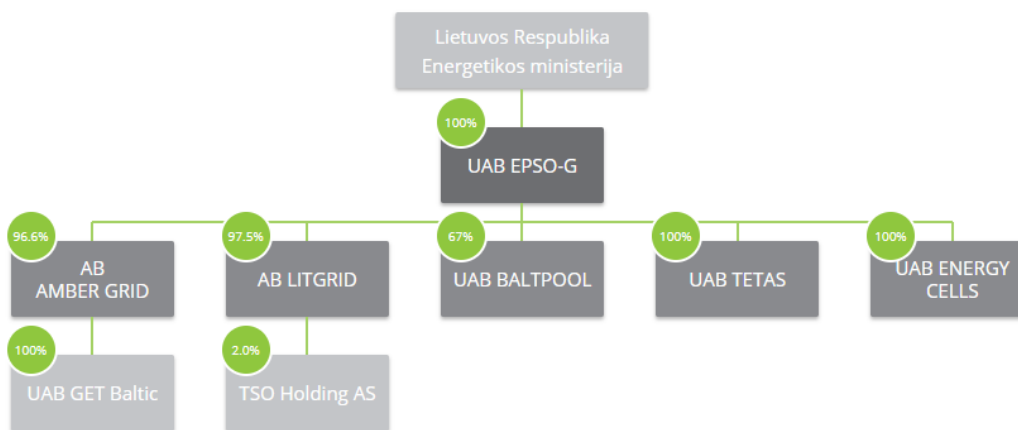
LITGRID, the Lithuanian electricity transmission system operator (the “TSO”), secures stable operation of the national electricity system, controls electricity flows and creates conditions for competition in the open electricity market.

LITGRID is responsible for maintaining the balance between electricity consumed and produced in the system and reliable transmission of electricity, implements strategic national electricity projects. Its vision and strategic operating guidelines are based on the long-term goals identified in the National Energy Independence Strategy (the NEIS).

The most important activity areas and responsibilities of the Lithuanian TSO include maintenance of the country’s electricity infrastructure and its integration with the Western and Northern European electricity infrastructure; development of the electricity market and participation in the creation of a single electricity market of the Baltic and European countries; and integration of the electricity systems of Lithuania and continental Europe for synchronous operations.

In implementing the programme on the synchronisation with the European continental networks, the Company carries out 14 projects of strategic importance approved by the Government of the Republic of Lithuania.

LITGRID is a part of the EPSO-G group of companies:



EPSO-G is a state-owned group of energy transmission and exchange companies. The rights and obligations of the shareholder of the holding company EPSO-G UAB are implemented by the Ministry of Energy of the Republic of Lithuania. EPSO-G UAB owns 97.5 % of shares of LITGRID.

**Shares of other companies owned by LITGRID AB and changes during first half of 2021:**








Name	LitPol Link Sp.z.o.o	TSO Holding AS (former name Nord Pool Holding AS)
Country of incorporation	Republic of Poland	Kingdom of Norway
Registered office address	Warszawska 165, 05-520, Konstancin-Jeziorna, Poland	PO Box 121, NO-1325 Lysaker, Norway
Country of operations	Lithuania and Poland	Norway, Sweden, Finland, Denmark, Lithuania, Latvia, Estonia, United Kingdom, Poland, Germany, Netherlands
Shares owned by LITGRID	50% of shares and voting rights attached thereto.	2% of shares and voting rights attached thereto.
Changes during 2021	The liquidation process is finalised	No changes

II. THE STRATEGY OF THE COMPANY

The Company consolidates its commitments in its mission which is to secure reliable transmission of high-quality electricity in the European market by creating value to the society. In view of this goal, LITGRID continues intensive development of the electricity market by deepening integration into the European market and applying European standards. Existing rules are being developed in order to open up new market opportunities and services to its participants, empower new users, ensure equal conditions and complete a full integration of the Lithuanian electricity market into the European electricity market.

Constant changes in the electricity system encourage the organisation to develop, increase its efficiency and meet the challenges of a rapidly changing environment. The Company aims to be an innovative and progressive entity having a long-term vision of becoming the smartest transmission system operator in Europe.

While working to fulfil its long-term development vision LITGRID has achieved the following actions steps:

-  It has gained independent control of electricity frequency after an eighty-year break.
-  It is one of the top 5 leading European transmission system operators in terms of solar and wind power integration.
-  It is listed among 10 European operators using the battery for electricity frequency management.
-  It maintains a competitive electricity transmission tariff in the region despite making relatively largest investments in the transmission network compared to other operators in Europe.
-  It retains a position among 5 most reliable European operators in the region in terms of electricity transmission.
-  It is ranked one of the most attractive employers in Lithuania.
-  It has introduced the zero-tolerance policy against disrespect for people and nature.



The Company’s mission and vision are implemented by focusing on four strategic priorities:

- Value for the society
- Balanced tariff and value for shareholders
- Efficiency
- Innovation and continuous learning

The company values which are reflected in employee behaviour:

Professionalism

Cooperation

Progress

I do my job better than it is expected from me; I say what I do, and I do what I say; I deliver my promises.

I communicate clearly and understandably; I show my position and respect others; I help others to achieve the result.

I take the initiative and learn from mistakes; I am looking for new ideas and implement them; I continuously improve my skills and share them.

Measures for the implementation of the strategy

The Company’s strategy is reviewed and updated annually taking into consideration the NEIS, the Company’s activities and amendments to the legal acts regulating the electricity sector, the strategy of EPSO-G, a holding company of the group, significant events in the Lithuanian and foreign electricity systems and electricity markets, works performed during the year as well as by assessing new external circumstances beyond the Company’s control.

The strategy comprises a ten-year (long-term) implementation period based on the main and long-term objectives in the electricity sector laid down in the NEIS. Each year the Company updates and prepares a ten-year development plan of the transmission network which is an integral part of the strategy.

The long-term strategy serves as a basis for the preparation of the upcoming three-year (medium-term) operational plan of the Company and the detailed one-year (short-term) operational plan and the budget that are approved by the Company’s Board.

Three-year medium-term operational plan is prepared according to the well-known Lean business tool Hoshin Kanri, which is a method for the organisation of a strategic planning that transforms ordinary operational plans into a visually attractive and effective planning tool - the x-matrix.

10 years	<ul style="list-style-type: none"> • The strategy (long-term) • The ten-year transmission network development plan
3 years	<ul style="list-style-type: none"> • The medium-term operational plan
1 year	<p><i>Other planning documents (areas)</i></p> <ul style="list-style-type: none"> • The budget • The list of the projects portfolio • The plan of the Company’s operating indicators • The annual procurement plans • The personnel development plan • The plans for the annual and semi-annual assessment of performance of employees • The annual communication plan

The Company also uses the following integrated planning documents and monitoring tools:

— **The long-term financial plan.** This document comprises forecasts of profit or loss, balance sheet, cash flows, investments and their funding plans for the period of the strategy implementation.

— **The list of identified and assessed risks and the plan for risk management measures.** These documents indicate the Company’s operational risks, sources of these risks, applied control measures, potential impact upon the occurrence of these risks. The preparation process of these documents is regulated by the Risk Management Policy and the Risk Management Methodology of the EPSO-G Group of Companies.



In order to regularly assess the efficiency and application of the measures selected by the Company, the Company's operational plan is reviewed after the end of each quarter. The implementation of the strategic objectives and the operational plan, performance of the divisions and employees are monitored. The measures stipulated in the operational plan are included in the operating objectives of the divisions and personal performance objectives of employees, the achievement of which at the end of the year determines a variable part of remuneration.

The strategic planning and control mechanism at the Company is based on the Integrated Planning and Monitoring Policy of the EPSO-G Group of Companies which is applied in the activities of LITGRID to a full extent.

Long-term development plan of the electricity transmission networks

According to the Law on Electricity of the Republic of Lithuania, the electricity transmission system operator (TSO) is responsible for stable and reliable operation of the electricity system, performance of the national balancing function and provision of system services in the territory of the Republic of Lithuania, operation, maintenance, management and development of the transmission network of the electricity system and the interconnectors with the electricity systems of other countries by reducing capacity restrictions in the transmission networks and taking into consideration the needs of the electricity system and users of the electricity networks.

The Plan for the Development of 400-110 kV Networks of the Lithuanian Electricity System for 2021-2030 was updated by LITGRID 30th June 2021. The plan presents forecasts of electric power and energy consumption needs, capacities of power plants (generation facilities), assessment of the electricity system adequacy, forecast of electric power and energy balances of the electricity market and system, as well as information on the electricity transmission network, its development and restoration, innovations and planned investments.

The ten-year network development plan stipulates that:

- During 2021-2030 the development of the electricity transmission network may need about EUR 1.38 billion. About half of the planned investments (EUR 675 million) will be allocated for the implementation of strategic projects. The other half (approximately EUR 648 million) of the planned investments are intended for efficient development and systematic renewal of the grid, physical and information security, IT development, as well as research and innovation.
- The transmission system operator estimates that energy consumption will grow by an average of 1.9 % annually, and by 2030 the total consumption will increase by 25 % up to 15 TWh. Last year, it amounted to 12 TWh.
- Lithuanian electricity transmission network is capable of integrating up to 3,500 MW of renewable energy sources onshore by 2030.
- According to LITGRID expert calculations, the Lithuanian electricity transmission network is capable of integrating up to 3,500 MW of renewable energy sources on land by 2030

The ten-year plan for the development of the electricity transmission network of LITGRID is available at:

<https://www.litgrid.eu/index.php/grid-development/-/electricity-transmission-grid-ten-year-development-plan/3851>

III. STRATEGIC ACTIVITIES OF THE COMPANY

Preparation of the electricity system for synchronous work with the European continental networks

One of the fundamental directions of the implementation of the National Energy Independence Strategy of the Republic of Lithuania adopted by the decision of the Parliament on 21 June 2018 establishes the connection of the electricity system of the Republic of Lithuania with the European continental networks for operation in a synchronised mode (the “Synchronisation”). The other Baltic countries also set the same objectives with the support from the EU institutional and regional partners of Poland and the Nordic countries. Following a full-fledged integration of Lithuania into the European electricity system in 2025, the European system management standards will be introduced in the electricity sector ensuring management of electricity flows based on market principles and participation in maintaining the system’s frequency.

A timely implementation of the synchronisation programme in the most economically efficient manner is one of the most important goals of LITGRID.



For the purpose of the implementation of this objective the Government of the Republic of Lithuania passed Resolution No 918 of 4 September 2019 whereby it approved the Plan for the Actions and Measures of the Electricity System Synchronisation Project (the “Plan for the Actions and Measures of the Synchronisation Project” or the “PAM”) and obliged LITGRID AB, as the Lithuanian TSO, to implement this plan in close cooperation with the operators of the Baltic countries and Poland and under supervision of the Ministry of Energy of the Republic of Lithuania.

- The most important achievements in project development in the Synchronisation programme in the first half of 2021:

The contract for the reconstruction of the 330 kV overhead line Klaipėda-Grobinė and a design and contract works contract for the reconstruction of the 330 kV overhead line Jurbarkas-Bitėnai with a group of suppliers consisting of UAB Empower-Fidelitas and EMPOWER AS signed.

In the scope of the project “Expansion of the LitPol Link” the construction works of three (out of 4) objects were completed, the construction completion acts were received.

The concepts and special impact for environment reports for the projects “Harmony Link construction” and “330 kV Darbėnai TS construction” were approved.

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The public procurement of the project "Construction of 330 kV overhead line KHAE-Bitėnai" for the design and construction of 330 kV overhead line between LN 531 and LN 447 was announced, and the suppliers' offers were received.

The public procurement of the project "Construction of 330 kV overhead line Darbėnai-Bitėnai" for the design and construction of 330 kV overhead line between Klaipėda and Bitėnai has been announced.

Autotransformers AT-42 and AT-4,3 planned for the implementation of the LitPol Link expansion project were delivered to the construction site, installation started.

Harmony Link cable technical specification, purchasing strategy prepared and approved.

The investment decision of the Harmony Link project was approved.

The purchase of design and construction works for the construction of the Darbėnai 330 kV switchyard has been announced.

— Studies

A consultation agreement was signed with the consortium of members of the ENTSO-E Continental European Regional Group on studies of dynamic stability, low frequency oscillations, isolated operation, frequency stability assessment system and automatic generation control.

— Reports prepared

The annual reports of the European Network Infrastructure Facility (CEF, CEF) for 2020 have been successfully submitted and accepted for the completed activities for Synchronization Phase I (strengthening the local network) and Harmony Link studies.

STATUS: PROGRESS OF SYNCHRONISATION PROJECTS






Project	Implemented	Completion date*	Works in progress
Expansion of LitPol Link in Alytus	96 %	2021	While the auto transformers are in production, all other essential works have been completed. The first two autotransformers were delivered.
Construction of Darbėnai substation	22 %	2024	The development plan concept confirmed, land for substation acquired. Public procurement for the design and construction works announced.
Construction of Harmony Link marine cable connection	19 %	2025	Ongoing seabed survey, preparation of technical specification for design and construction, project implementation study completed.
Expansion of Bitėnai transformer substation	100 %	2019	Project completed
Construction of Pagėgiai-Bitėnai 110 kV overhead line	100 %	2020	Project completed
Reconstruction of Lietuvos E-Vilnius 330 kV overhead line	100 %	2020	Project completed
Construction of Vilnius-Neris 330 kV overhead line	28 %	2025	Infrastructure development plan approved and registered, the public tender for the construction announced.
Construction of Mūša substation	22 %	2025	Infrastructure development plan approved and registered.
Construction of Darbėnai-Bitėnai 330 kV overhead line	33 %	2025	Infrastructure development plan approved and registered, design work in reconstruction range ongoing, the public tender for the new construction range announced.
Construction of Kruonio HAE-Bitėnai 330 kV overhead line	30 %	2025	Infrastructure development plan approved and registered, design work in reconstruction range ongoing, the public tender for the new construction range announced.
Grid optimisation in North-Eastern Lithuania	95 %	2021	330 kV works at Utena and Ignalina substations completed, works at the 110 kV switchyard are ongoing.
Implementation of New Synchronous Condensers	32 %	2024	The public tender for design, production and implementation of synchronous condensers under execution, substation reconstruction works ongoing
Implementation of Frequency Stability Assessment System (FSAS)	12 %	2024	Project planning, execution of synchronisation studies.
Implementation of Automatic Generation Control System	16 %	2024	Preparation of customer requirements for the new system.

* According to Actions and Measures Plan approved by Lithuanian Government.



IV. OVERVIEW OF BUSINESS ACTIVITIES

Services provided by electricity transmission system operator LITGRID

-  electricity transmission over high voltage (110-400 kV) electrical installations
-  system services
-  trade in imbalance and balancing electricity to ensure a balance between production and consumption
-  services under public service obligation (PSO) scheme
-  granting and removal of guarantees of origin

Transmission of electricity

The electricity transmission service is electricity transmission over high voltage (400-110 kV) electrical installations. The transmission system operator transmits electricity from producers to consumers that are connected to the transmission network, and to the operators of the distribution networks. Electricity transmission is an activity regulated by the state.

System services

In order to maintain reliable system operations, LITGRID purchases from energy generating companies the services for the capacity reserve assurance at the electricity generation facilities, reactive power and voltage management, and emergency, disruption prevention and response services, and provides consumers with system services. The capacity reserve is needed when electricity production suddenly and unexpectedly falls or its consumption increases.

Trade in imbalance and balancing electricity

Imbalance electricity is electricity that is consumed or produced outside of established electricity consumption or production schedules. LITGRID organises trade in imbalance electricity, buys and sells imbalance electricity that is necessary to ensure the country's electricity production and consumption balance.

Balancing electricity is electricity that is bought and/or sold on instruction of the transmission system operator as electricity necessary for performing the function of balancing the country's electricity consumption and production. LITGRID organises trading in balancing electricity by auction. The auction participants are the suppliers of balancing energy and the TSOs of other countries possessing technical facilities that enable them to quickly change the electricity generation and consumption conditions and having concluded a relevant agreement with LITGRID.

Public service obligations services

Public service obligations (PSO) in the electricity sector are services that ensure and enhance the national energy security and promote integration and use of electricity produced from renewable energy sources. The list of PSO services, their providers and procedures for the provision of PSO services are approved by the Government of the Republic of Lithuania, or an institution authorised by it, having regard to the public interests in the electricity sector. PSO funds are funds that are paid to the providers of PSO services.

LITGRID provides the following PSO services:



Balancing of electricity produced from renewable energy sources.

Customers of the transmission system operator

LITGRID's direct customers are the electricity transmission network's users and suppliers of imbalance and balancing electricity.

Users of the transmission network include:



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ESO and Dainavos Elektra UAB the distribution network operators;



Electricity consumers whose electrical installations are connected to the electricity transmission network and who purchase electricity for use;



Electricity producers connected to the electricity transmission network.

Suppliers of imbalance and balancing electricity include electricity producers and suppliers.

Maintenance of the electricity network

In Lithuania, LITGRID's employees maintain 7,245.2 km of high-voltage lines (6,985.9 km of overhead lines and 259.3 km of cables), 237 transformer substations and switchyards and 2 HVDC converter stations.

In order to maintain a stable service life of overhead lines and ensure a stable operation of installations, during the first half of 2021 repairs and check-ups of installations were carried out in 20 transformer substations, all planned works with the voltage of 110 kV and higher made in 976.3 km of overhead lines, and 438 towers were repaired.

In order to protect overhead lines, the area of 502 thousand hectares were cleaned, 17 291 trees were removed.

Regular repair and maintenance of the transmission network's objects have impact on reliability of operation of the electricity system and electricity transmission. Scheduled works within the transmission network are carried out at the intervals established by the legal acts of the Republic of Lithuania, however when assessing the quantity and scope of works the actual condition of installations as well as the need to secure reliable operation of the network and efficient use of funds are taken into consideration.

For the increasing of the efficiency of the network's maintenance and the related processes, aero scan project of the 110 overhead lines was successfully started to implement in the first half of 2021: all 110 kV overhead lines will be scanned by unmanned gliders and manned helicopters using Lidar and photo cameras. The specialists will use the collected information to assess actual and recalculated safe distances of overhead lines from wires of electricity transmission lines to the ground, roads, plants and water.

Information received on the geographical location of towers of lines, heights of towers, spacing between towers and edge wire to the axis of the line will update the GISS data base and characteristics of wire and towers in the Company's asset management system. The obtained photos of towers and routes of overhead lines will enable the line engineers to identify defects of overhead lines by observing line installations from workplaces. The vegetation reports obtained will help identify dangerous trees along the routes of overhead lines and allow removing them immediately.

Based on the mathematical calculation model for induced voltage in electricity transmission overhead lines was developed in 2020 In 2021 a database of induced voltage of overhead lines and a GIS application were developed using the mathematical calculation model of induced voltage power transmission overhead lines, which allows to view the induced voltage sections and modelled induced voltage values. This information makes it possible to safely organize the work of repairing overhead lines when the lines are induced in voltage-affected areas.

In the first quarter of 2021, using the 2020 accurate geodetic measurements of 110 - 400 kV overhead line support points, update transmission network spatial data, transmitted to surveyors, designers and institutions for preparation of spatial planning documents, design of individual objects, can plan and design objects without violating overhead line protection zones.

The company has successfully started using flying controlled drones to determine the locations and causes of failures of airlines. The high-resolution cameras installed in the drones allow to see small damages of the line wires, supporting structures and other line elements without disconnecting the line. Airline engineers see this innovation as saving their working time and increasing the reliability of airline operations. The company plans to acquire 2 more drones and train specialists to operate drones and fly over operating overhead lines.

Operating indicators of electricity transmission and the network's reliability

In accordance with the requirements approved by the National Energy Regulatory Council (the NERC) for reliability and quality of service of electricity transmission, the following indicators are used to determine the transmission reliability level: ENS (energy not supplied), i.e. the quantity of electricity not transmitted due to interruptions, and AIT (average interruption time), i.e. the average interruption duration in electricity transmission.



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TSO's operating indicators	HY 2021	HY 2020	HY 2019
Electricity transmission quantity, million kWh	5,385	4,932	5,150
Technological costs in the transmission network, %	2.60	2.98	2.99
ENS (Energy Not Supplied due to interruptions), Mwh **	2.901	4.052	6.77
AIT (Average Interruption Time), min. **	0.099	0.138	0.23

** Only due to the operator's fault or due to undetermined causes.

In the first half of 2021, ENS and AIT indicators attributable to the operator's responsibility were better than in the first half of 2020. The goals approved for LITGRID in 2021 AIT is set to 0.29 min, ENS - 6.3 MWh.

In the first half of 2021 the transmitted energy for the needs of the country was 5.4 TWh, by 9 percent more than the same period of 2020, when it was transmitted 4.9 TWh.

The number of distantly managed equipment in the system management in the first part of 2021 was 924 (in 2020 it was 904), the percentage of distantly managed equipment is 75.51%.

Electricity interconnections

Reliably functioning interconnections are an essential part of the system enabling to operate together with the energy systems of other western and northern European countries and develop a single European market.



LitPol Link

LitPol Link is a double-circuit transmission line from Alytus in Lithuania to Elk in Poland and the Alytus back-to-back converter. The LitPol Link interconnection was available to the market 92.4% of the time throughout HY 2021.



The **NordBalt** electricity interconnection is one of the longest submarine cables in the world, the operation of which significantly increases safety of energy supply to Lithuania and the Baltic countries. The NordBalt interconnection was available to the market 98.13% of the time throughout HY 2021

**V. FINANCIAL INFORMATION***The Company's key financial indicators*

	2021 y. January-June	2020 y. January-June	2019 y. January-June
Financial indicators, EUR '000			
Revenue from electricity transmission and related services	111,187	100,897	92,197
Other income	1,222	557	277
EBITDA*	31,813	26,153	13,337
Profit (loss) before income tax	20,485	15,667	3,258
Net profit (loss)	17,375	13,642	2,788
Net cash flows from operating activities	50,054	12,056	20,039
Ratios			
EBITDA margin %	28.3	25.8	14.4
Operating profit margin, %	18.6	15.0	3.9
Return on equity % (last 12 months)**	14.3	6.9	-17.7
Return on assets % (last 12 months)**	7.6	3.7	-10.0
Shareholder's equity / Assets, %	53.6	52.5	54.2
Financial liabilities / Equity, %	33.3	42.2	51.6
Liquidity ratio	0.86	0.60	0.54
Total assets turnover ratio 12 months**	0.55	0.51	0.46

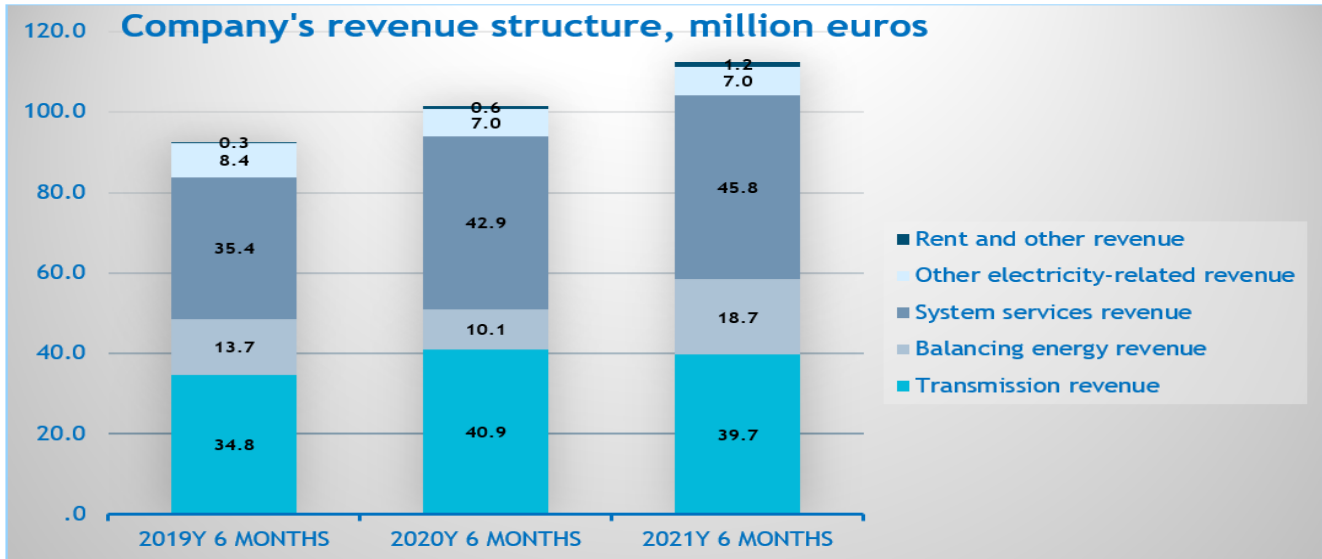
* EBITDA = operating profit + depreciation and amortisation + impairment expenses of assets + write-off expenses of assets;

** Calculations are based on the average of equity/assets at the beginning and the end of period.



Revenue

Revenue earned by the Litgrid in the first half of 2021 amounted to EUR 112.4 million, a 10.8% increase compared to the same period of 2020.



Revenue from electricity transmission decreased by 3.1% to EUR 39.7 million compared to the same period of 2020. Revenue from electricity transmission accounted for 35.3% of the Company's total revenue. Income decline was driven by 11.2% lower average actual electricity transmission price, while the amount of transmitted electricity increased by 9.2% to 5 385 million kWh due to lower average temperature of winter compared to multiannual average.

Due to higher sales quantities (+22%) and the average sale price (+51.8%), revenue from disbalance and balancing electricity increased by 84.9% up to EUR 18.7 million. Change in revenue does not affect the Company's profitability because according to disbalance pricing regulation the current year's revenue compensates expenses, including the Company's internal expenses, attributable to this activity according to the rules of the regulation accounting.

Revenue from system services increased by 6.8% to EUR 45.8 million representing 40.7% of the Company's total revenue. The main growth driver was the 8% increase in the system services volume. According to system services pricing regulation revenue must compensate expenses, including the Company's internal expenses, attributable to this activity according to the rules of the regulation accounting. Difference between revenue and expenses for the N-year is taken into consideration when determining the price of the system services for the n+2 year. The difference of revenue and cost for 2021, which exceeds EUR 2.6 million, will reduce revenue and profit for 2023.

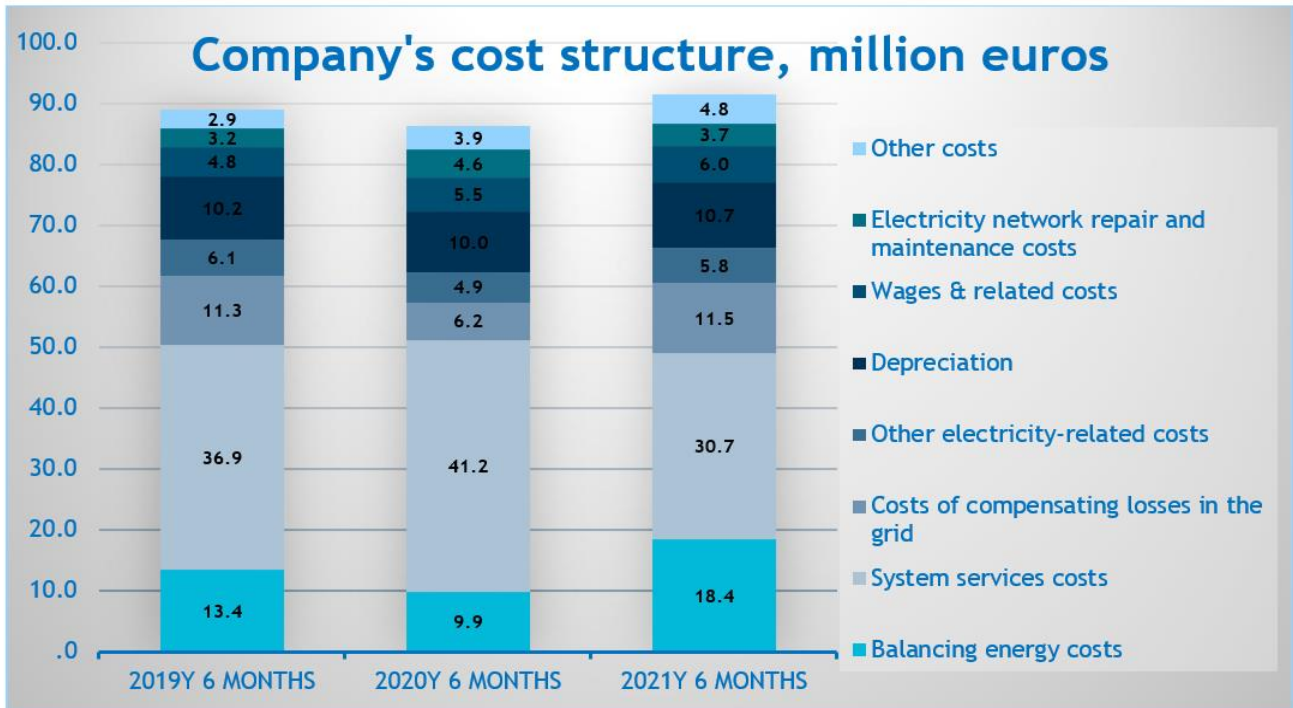
Other revenue related to the transmission activity include:

- Fee for electricity imported from or exported to countries other than the EU and inter-EU transit compensation revenue from ITC fund (ITC income - income resulting from participation in the European Inter-Transmission Operator Compensation Mechanism) - EUR 0.6 million and reactive energy income - EUR 0.7 million. This revenue group is assessed by determining the price of the transmission service and calculating the actual return on investments in the transmission service.
- Revenue from PSO services amounted to EUR 5.3 million. Change in revenue does not affect the Company's profitability because the current year revenue compensates expenses, including the Company's internal expenses, attributable to this activity according to the rules of the regulation accounting.
- Revenue from congestion management services amounted to EUR 0.3 million. Change in revenue does not affect the Company's profitability because revenue compensates expenses incurred in ensuring the use of allocated capacity of the interconnections.
- Revenue from administration of guarantees of electricity origin amounted to EUR 0.1 million.

Other income more than doubled to EUR 1.2 million due to higher penalties for contractors for late works.

Expenses

The Company’s operating expenses totalled EUR 91.6 million in the first half of 2021, which is 6.2% bigger compared to the same period of the 2020.



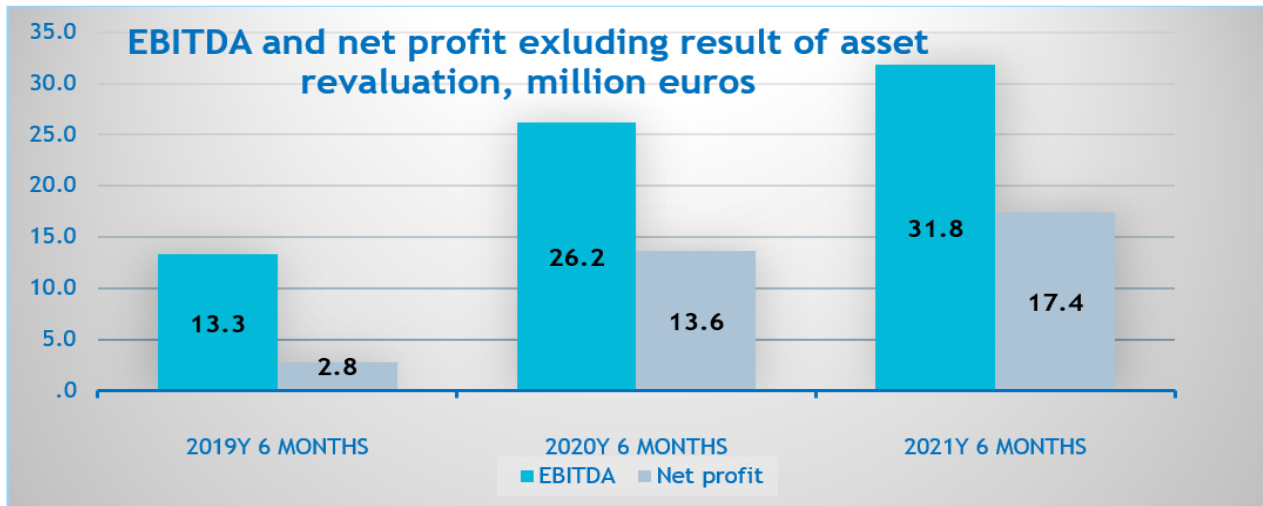
Expenses of purchase of electricity and related services accounted for a major portion of the Company’s operating expenses: EUR 66.3 million (72.4% of the Company’s total expenses). These expenses increased by 6.5% compared to the same period of 2020. Expenses for system services decreased by 25.6% to EUR 30.7 million. Disbalance and balancing electricity expenses increased by 84.9% and amounted to EUR 18.7 million due to increase in sales volumes and the average purchase price.

Expenses of compensating for electricity purchase technological losses in the transmission network increased by 83.7% to EUR 11.5 million due to a 113.1% increase in the average purchase price of electricity. Transit (ITC) expenses totalled EUR 0.2 million, expenses for provision of PSO services equalled EUR 5.2 million and expenses of ensuring the allocated capacity of the interconnections totalled EUR 0.3 million.

Depreciation and amortization expenses increased by 7.6% to EUR 10.7 million compared to the same period of 2020. Repair and maintenance expenses of the electricity network decreased by EUR 0.9 million due to a lower scope of annual scheduled repair and maintenance works performed. Increase in remuneration expenses by EUR 0.5 million compared to the same period of 2020 was largely affected by the increase in the number of employees due to the implementation of the synchronization project. Other expenses increased by EUR 0.9 million.



Profit and return indicators



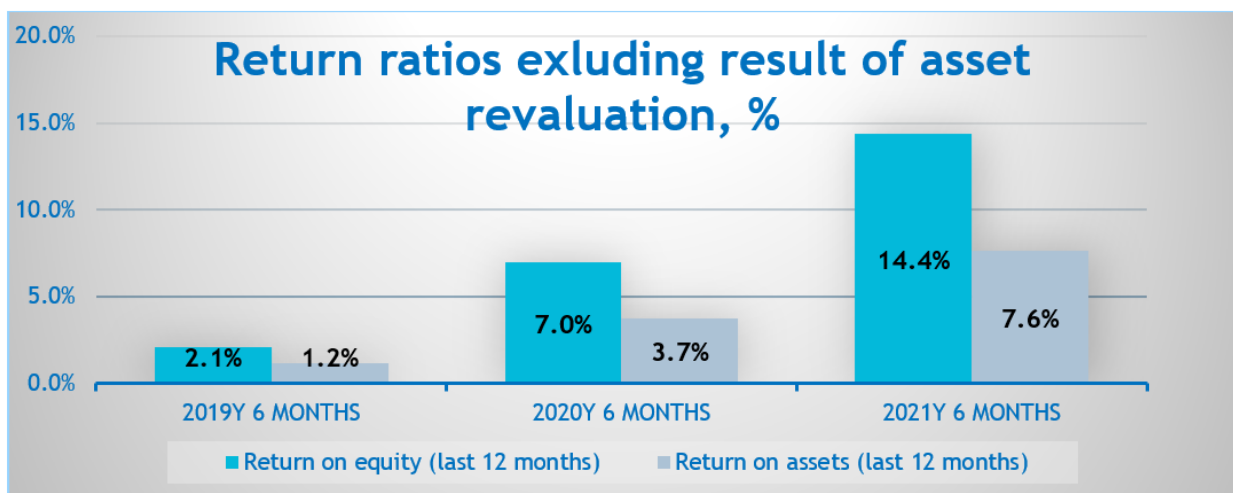
EBITDA for first half of the 2021 increased by EUR 5.7 million or 21.6% compared to the same period of 2020 and amounted to EUR 31.8 million. The EBITDA margin increased from 25.8% to 28.3%. The Company's net profit increased from EUR 13.6 million to EUR 17.4 million.

The reasons for increase in the Company's EBITDA are as follows:

- Improvement in the balance of revenue and expenses of system services by EUR 13.5 million;
- Increase in other income by EUR 0.7 million.

The reasons for EBITDA decrease:

- Increase in expenses of compensating technological losses by EUR 5.2 million;
- Decrease in transmission revenue by EUR 1.3 million;
- Increase in operating expenses by EUR 1.3 million;
- Decrease in other electricity-related revenue by EUR 0.7 million;



In the first half of 2021 annual (last 12 months) ROE and ROA ratios increased from 7% and 3.7% and to 14.4% and 7.6%, respectively, compared to 2020.



Balance sheet and cash flows

During the first half of the year the Company's assets decreased by EUR 6.3 million (1.5%) and amounted to EUR 408 million as of 30 June 2021. Non-current assets representing 86.5% of the Company's total assets decreased by EUR 16.8 million (4.5%), mainly due to the EUR 18 million lower accumulated funds balance of congestion revenue received. Current assets increased by EUR 10.5 million (26.9%). Loans granted increased by EUR 21.7 million, trade receivables decreased by EUR 6.3 million and a current portion of accumulated funds balance of congestion revenue decreased by EUR 6.8 million, cash increased by EUR 1.9 million.

Shareholders' equity increased by 0.4% during the first half of the year and accounted for 53.6% of the total assets at the 30 June 2021.

As of 30 June 2021, the Company's financial liabilities to credit institutions amounted to EUR 72.8 million (a decline of EUR 7.1 million during the first half of the year). Financial liabilities to equity ratio was 33.3%. Borrowings repayable within one year accounted for 19.5% of the total borrowings. Cash and cash equivalents amounted to EUR 1.9 million. Accumulated congestion revenue balance amounted to EUR 70.8 million as of 30 June 2021 and all of them were linked to the EPSO-G Group account, of which EUR 49.1 million was temporarily used for the financing of LITGRID's activities and EUR 21.7 million loaned to EPSO-G.

The Company's net cash flow in the first half of 2021 (excluding cash flows from financial activities and without paying the loan back) totalled EUR 50.1 million.

Investments in non-current assets

The investments of Company in the first half of 2021 (works performed and assets acquired irrespective of terms of payment) amounted to EUR 14.5 million, of which 38% were earmarked for the implementation of electricity projects of strategic and high national importance, and 62% for the reconstruction and development of the electricity transmission grid and ensuring the operation of Company.



VI. THE COMPANY'S TARGETS, REMUNERATION

The implementation of the strategy is assessed in view of the implementation of the Company's three-year operational plan and the Company's annual objectives that prioritise measures referring to the priorities identified in the Company's strategy.

For the year 2021 the Company works towards implementing these targets:



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2021

LITGRID

targets

Nr.	Yearly target	Monitored performance	Weight (%)
Client.	Client oriented	Organisation, providing innovative services	
1	AIT (average interruption time) and ENS (energy not supplied)	In the competence and responsibility of LITGRID: 1. AIT ≤ 0,29 min. 2. ENS ≤ 6,3 MWh.	10%
Owners. Competent and reliable partner in implementing national energy strategic goals			
2	Prepare for the synchronisation of electricity transmission system for synchronisation i	Implementations of strategic projects: 1. Finish LitPol Link expansion project. 2. Sign the contract for the purchase of the synchronious condensers. 3. Synchronisation program milestones implemented on time. (term Δt ≤ 41 working days tolerance margin 4. Preparation to connect the energy system of Lithuania to the grid of Poland for the synchronous operation in case of emergency; project implementation and proposals for the development of integrated Lithuanian country electric energy system development	55%
3	Ensure satisfactory ROE and salary fund compensation	1. ROE ≥ 2021 of budgeted value 2. Salary fund budgeted for 2022 compensated in tariff 2022 m. ≥ 92%.	10%
producers/Suppliers. Sustainable market and infrastructure development Society. Reliable and qualitatite energy transmission in Lithuania and Europe, with intentional lower impact on environment			
4	In the field of competence užtikrinensure that not safe energy from Astravyets does nor enter the market	1. Based on the outcome of the negotiations among Latvian, Lithuanian stakeholders (ministries, national nregulation authorities etc.) regarding the third party methodology a methodology should be drafted and submitted for aproval for thes national regulating body and the actions for the methodology renewal assigned by the ministry or Energy implemented (if the consensus with Baltic three countries is not achieved). 2. Analysis, proposals, action pland and about continuous restriction flow of unsafe energy from Belarus to Lithuania until 2025 submitting to the ministry of Energy.	15%
Vieni kitiems. Constantly improving team that we are proud of			
5	Organisational progress	1. Number of accomplished innovations ≥4; after the innovation workshop the numebr ofi nnovations accepted for implementation ≥ 2 more on Group goals: https://innovation.epsog.lt/ 2. Provide primary offers for wind energy in Baltic sea for further expansion. 3. Digital transformation	10%
			100%

**Information about employees and remuneration**

Successful fulfilment of the objectives set for the Company is achieved with the help of the team of the most competent professionals. As of June 30 2021 LITGRID had a team of 318 specialists (June 30 2020 - 305 employees, June 30 2019 - 276 employees)

The salary fund in the first half of 2021 was EUR 6,168 thousand (in the first half of 2020 - EUR 5,466 thousand, in the first half of 2019 - EUR 4,468 thousand)

	HY 2021		HY 2020		HY 2019	
	Number of employees	Average salary, EUR	Number of employees	Average salary, EUR	Number of employees	Average salary, EUR
Chief Executive Officer	1	9,387*	1	12,317	1	12,634
Top-level managers	6	8,709	6	8,551	6	8,489
Medium-level managers	39	4,701	39	4,415	38	4,178
Experts-specialists	272	2,986	259	2,674	231	2,492
Total	318	3,336	305	3,054	276	2,904

* CEO Rokas Masiulis employed from February 2021, therefore he has not been paid a variable part of remuneration for 2020.

Remuneration of the members of the Board of LITGRID AB, in EUR:

	<i>HY 2021</i>
Algirdas Juozaponis, chairman of the Board	-
Domas Sidaravičius, independent member of the Board	8,400
Artūras Vilimas, independent member of the Board	10,500
Jūratė Marcinkonienė, member of the board	-

Information on the Remuneration Policy, the Employee Performance Assessment Policy, salaries paid and the Company's targets are published on the Company's website.



VIII. GOVERNANCE

Information on the share capital and the shareholders and their rights

Since 22 December 2010, LITGRID's shares are traded on the Secondary List on the NASDAQ OMX Vilnius exchange, ISIN code of securities: LT0000128415.

LITGRID has not acquired its own shares. During the reporting period LITGRID neither acquired nor disposed of its own shares.

The share capital of LITGRID amounts to EUR 146,256,100.2, and it is divided into 504,331,380 ordinary registered shares with the nominal value of EUR 0.29 each.

EPSO-G UAB (Gedimino pr. 20, LT-01103 Vilnius, company code 302826889), a company wholly owned by the Ministry of Energy of the Republic of Lithuania, controls 97.5% of LITGRID's shares. EPSO-G UAB possesses a decisive vote in making decisions at the general meeting of shareholders.

The Company has not received any information on mutual agreements between the shareholders due to which restrictions on transfer of securities and/or voting rights may be imposed. There are no restrictions regarding voting rights at the Company.

SEB Bankas AB is the provider of accounting and related services for LITGRID.

Data on trading in LITGRID's securities on the regulated markets:

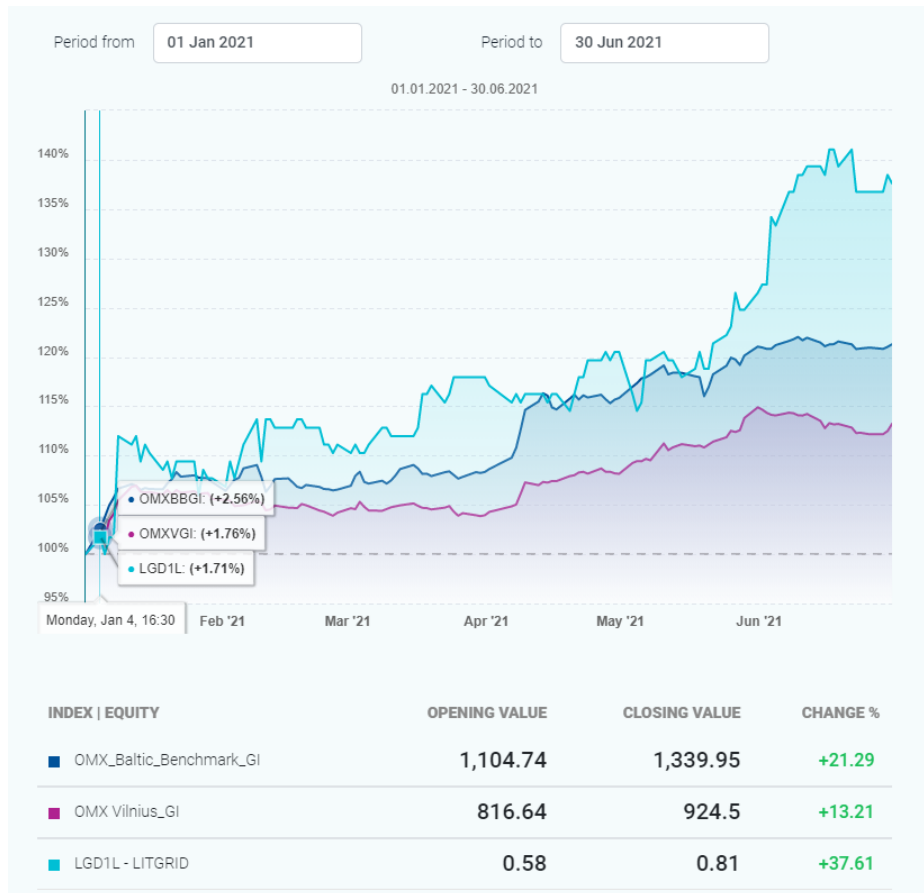
Indicator	HY 2019	HY 2020	HY 2021
Opening price, EUR	0.64	0.59	0.58
Highest price, EUR	0.705	0.63	0.85
Lowest price, EUR	0.575	0.525	0.575
Closing price, EUR	0.58	0.58	0.82
Turnover, units	187,620	270,274	548,009
Turnover, EUR million	0.12	0.15	0.39
Capitalisation, EUR million	292.51	292.51	413.55



Turnover and prices of LITGRID’s shares during the reporting period, in EUR:



The comparison of the price of LITGRID’s shares (LGD1L) with the OMX Baltic Benchmark GI (OMXBBGI) and OMX Vilnius (OMXV) indexes during the reporting period:



Dividends

On 27th March 2020, the Board of LITGRID passed a decision regarding the application of the EPSO-G UAB Group Dividend Policy, which was approved by the Board of EPSO-G UAB on 14 July 2017, at LITGRID in its entirety.

The EPSO-G Dividend Policy, which establishes the procedure for the determination of the amount of dividends, the payment and announcement of dividends for all companies of the group, provides clear guidelines for expected return on equity and investments for existing and potential shareholders, while ensuring sustainable long-term growth of the value of the companies, timely implementation of strategic projects of national significance, and consistent increase of confidence in the entire energy transmission and exchange group of companies.

On 21 April 2021, the Ordinary General Meeting of Shareholders of LITGRID was held, during which it was decided to pay out dividends amounting to EUR 0.00328 per share.

The Company's management bodies

The system of the Company's management bodies is defined in the Articles of Association and it consists of the following bodies: the General Meeting of Shareholders, the Board and the Chief Executive Officer (a single-person management body).

The Company's Articles of Association stipulate that since the Company is part of the group of companies and the Board of the parent company carries out the review of the functioning of the internal control system and risk management at the group level, the Company's General Meeting of Shareholders and the Board may take into consideration proposals and comments of the Board of the parent company that are presented on the issues relating to the competence of the respective management body of the Company. The Audit Committee is formed at the parent company operates as the Group committee, also performs functions of the Company Audit committee.

Governance principles

The main principles of the company's management are established by the Civil Code of the Republic of Lithuania, the Law on Companies and the Company's Articles of Association. The General Meeting of Shareholders of the Company resolves the amendment of the Articles of Association and the authorized capital of the Company, conversion of shares, elects the Board and the auditor, approves the annual financial statements and distributes the profit, makes decisions on the most important transactions and other issues. The Board of the Company determines the organizational structure of the Company, elects the General Director, approves the business strategy, budget, investments, makes decisions on concluding important transactions and other important management issues. The General Director is the sole management body of the Company, he organizes the activities of the Company and concludes the transactions of the Company. The competence of the Company's bodies is described in detail in the Company's Articles of Association.

The Company complies with the Corporate Governance Code for Listed Companies.

The articles of Association

The Articles of Association of LITGRID are amended in accordance with the procedure established by the Law on Companies of the Republic of Lithuania. The Articles of Association of the Company did not change during the reporting period.

General shareholders meeting

The General Meeting of Shareholders is the highest governing body of the Company. The competence of the General Meeting of Shareholders, the rights of the shareholders and their implementation are provided for in the Articles of Association of the ABĮ and the Company.

The competence, convening and decision-making procedure of the General Meeting of Shareholders shall be established by laws, other legal acts and the Articles of Association.

The Board and management of LITGRID AB

Information about the members of the Board, the Chief Executive Officer and the Chief Financial Officer of LITGRID as at 30th June 2021:

Position	Full name	Start date	End date	Number of the issuer's shares held
Chairman of the Board	Algirdas Juozaponis	07/09/2018		-
Independent member of the Board	Domas Sidaravičius	29/07/2016		-
Independent member of the Board	Artūras Vilimas	20/04/2020		-
Member of the Board	Jūratė Marcinkonienė	20/04/2020		-
Chief Executive Officer	Rokas Masiulis	09/02/2021		-
Chief Financial Officer	Vytautas Tauras	01/03/2019		76 shares

CVs of the members of the Board and the Company's Chief Executive Officer (information is also published on the website at www.litgrid.eu).



Jūratė Marcinkonienė
Member of the Board

Other positions:
The CEO of GET Baltic UAB (reg. code 302861178, Geležinio Vilko g. 18A, LT-1810, Vilnius).

Mrs Jūratė Marcinkonienė does not hold any shares of LITGRID.



Algirdas Juozaponis
Chairman of the Board

Other positions: The Chief Financial Officer of EPSO-G UAB
Chairman of the board at Amber grid AB (reg. code 303090867, Savanorių pr. 28, Vilnius LT-03116)

Mr Algirdas Juozaponis does not hold any shares of LITGRID.



Domas Sidaravičius
Independent member of the Board

Other positions: Tuvlita UAB Strategy and development director (reg. code 1105840917, Lentvario g. 7A, LT-02300, Vilnius).

Mr Domas Sidaravičius does not hold any shares of LITGRID.



Artūras Vilimas
Independent member of the Board

Other positions:
The member of the Innovation and development at the board EPSO-G.

Mr Artūras Vilimas does not hold any shares of LITGRID.



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Rokas Masiulis
CEO at LITGRID

Other positions: Independent Board member at Connect Pay (reg. code 304696889, address Algirdo g. 48, LT-03218 Vilnius)

Mr Rokas Masiulis does not hold any shares of LITGRID.

Governance and control

The Board

The Board of the Company consisting of five members, is elected for a four-year term. The term of office of the Board begins at the end of the General Meeting of Shareholders that elected the Board and ends on the day of the Ordinary General Meeting of Shareholders to be held in the year of the end of the term of office of the Board.

If the Board or a member of the Board is revoked, resigns or for other reasons ceases to hold office before the end of the term of office, a new Board or a member of the Board shall be elected for the remaining term of office. According to the requirements of the amended new Articles of Association, the election of the members of the Board ensures that the Board consists of at least 2 (two) independent members, determining their independence taking into account the requirements of the applicable legislation; it is ensured that at least 3 (three) members of the Board are not related to the employment relationship with the Company, and if possible, the aim is not to appoint employees of the Company to the Board.

The Board elects the Chairman of the Board from its members.

In its activities, the Board follows the laws, other legal acts, the Articles of Association, the decisions of the General Meeting of Shareholders and the Rules of Procedure of the Board.

The Board is a collegial management body of the Company. The competence of the Board, the decision-making procedure and the procedure for election and removal of members shall be established by laws, other legal acts and the Articles of Association. The Board is accountable to the General Meeting of Shareholders.

The areas of activities of the Board

The Board of the Company considers and approves the Strategy, three-year action plan, 10 year development plan, the budget, charity and sponsorship, other Company's documents of strategic importance. The Board makes decisions for the Company to start a new type of activity or to terminate a specific activity, when it does not contradict the purpose of the Company's activity. Also, the decisions related to the issuance of bonds, transfer of shares held by the Company to other persons, decisions on financial transactions with a value of more than EUR 3 million must be approved by the Board. The Board also resolves other issues assigned to it in the Company's Articles of Association.

Areas of activities of the CEO

The CEO is the sole governing body of the Company. The CEO organizes the activities of the Company, manages it, acts on behalf of the Company and has the right to conclude transactions unilaterally. The competence of the CEO, the procedure of election and revocation shall be established by laws, other legal acts and the Articles of Association.

Governance and control

The requirements for the governance of the Company are set forth by the Lithuanian Government's resolutions on the governance of state-owned or state-controlled companies, insofar as they apply to the EPSO-G group companies, and the Governance Code, insofar as the Company's Articles of Association do not state otherwise.

In accordance with the Integrated Planning and Monitoring Policy of the EPSO-G Group of Companies, which was approved at the meeting of the Board of the Company No 12 held on 19 May 2017 and which is directly applied at the Company in its

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entirety, the Company is preparing the strategy of the Company for a period of 5-10 years. The period of the strategy must coincide with the period of the parent company's strategy. The prepared strategy of the Company currently covers the period of 10 years up to 2028. The implementation of the strategic objectives set out in the strategy of the Company is ensured by the Company's performance, control, and risk management systems. The strategy of the Company is approved and its implementation is controlled by the Board. The Board of the Company prepares (updates) and approves the operational plan for a period of 3 years before the end of the current year. A monthly strategy implementation supervision system is introduced at the Company and is linked with the Company's administrative staff remuneration system. The composition of the Company's Board is disclosed on the Company's website.

The Company's activities of the transmission system operator are regulated by the national regulatory authority, i.e. the National Energy Regulatory Council. Within its competence, the Council performs the functions of the state regulation in the electricity sector in the Republic of Lithuania, by ensuring, *inter alia*, the supervision of and control over the performance of regulated activities in the energy sector, as well as the proper implementation of the rights and duties of electricity undertakings and consumers.

The strategy and operational plan of the Company are implemented by and the activities of the Company's administrative staff are organised by the Company's Chief Executive Officer. The Company's administrative management personnel consists of the Chief Executive Officer, the Finance Department Director, the System Department Director, the Transmission Network Department Director, the Strategic Infrastructure Department Director, the Strategy Department Director, and the ITT and Administration Department Director. The composition of the Company's management is disclosed on the Company's website.

Corporate governance accommodates the principles of good governance practice and the policies on the governance of state-controlled companies. The Board of the Company approves the following policies, the implementation of which is to be ensured by the administrative staff of the Company: corruption prevention, remuneration, remuneration for activities in the management bodies of the group companies, assessment of employees' performance, project management, integrated planning and monitoring, corporate governance, accounting, support, dividends, transport, technological property, transparency and communication, protection of sensitive information, management of interests of collegial management bodies, executives and employees, treasury management and financial risks, risk management, social responsibility and other policies, the content of which is published on the Company's website.

The internal control systems of the Company are supported by the organisational structure, management culture and implemented good governance practices, as well as process management which is currently being implemented. It should be noted that the supervisory functions are carried out by the Board of EPSO-G UAB, meanwhile recommendations, proposals and conclusions on matters which are key to the Company's activities are provided by the Remuneration and Nomination Committee and the Audit Committee. The internal control system is initiated by the Company's Board and implemented by the administrative staff, assisted by the Audit Committee of EPSO-G UAB, the external independent audit, and divisions supporting the principal activity. The procedures and policies effective at the Company ensure the reliability of accounting and financial reporting, the compliance of the Company's activities with legal acts, operational efficiency, and achievement of operational objectives.

The Minister of Energy of the Republic of Lithuania by Order No 1-212 of 7 September 2015 approved the Corporate Governance Guidelines for the State-Owned Group of Energy Companies (the "Guidelines"). The Guidelines establish uniform principles of corporate governance to be applied to the entire EPSO-G group of companies and prescribe the purpose of the group of companies, its operational objectives, corporate governance organisation model, governance structure, as well as the system for accountability, supervision and control of operations. These Corporate Governance Guidelines are intended to support and further improve the procedures and policies of good governance practice applied at the Company.

Good governance practice of the EPSO-G group of companies upon the approval of the Guidelines by the Minister of Energy, the company controlling the EPSO-G group of companies is improving the governance practice in its operations and the operations of the group of companies, with reference to the recommendations set forth in the Governance Code and by implementing the recommendations of the international organisations, such as the OECD, intended to enhance the governance of state-controlled companies. The basis for the practical realisation of these Guidelines was created on 17 December 2015, with the approval of the newly revised Articles of Association of EPSO-G (the "Articles of Association of EPSO-G"), as the company controlling the entire EPSO-G group of companies, by the Ministry of Energy, which is the owner of the shares of EPSO-G. The newly revised Articles of Association of EPSO-G laid down the foundations for the establishment of the new management bodies at the level of EPSO-G, i.e. the Board, the Audit Committee, and the Remuneration and Nomination Committee, which, in turn, perform certain supervisory and management functions at the level of the entire group of companies.



VIII. SIGNIFICANT EVENTS OF THE REPORTING PERIOD

As the Company fulfils its obligations set forth in the legal acts regulating the securities market, it publishes notices of its material events and other regulated information on the EU-wide basis. The information is available on the Company's official website (www.litgrid.eu) and on the official website of NASDAQ Vilnius stock exchange (www.nasdaqbaltic.com).

Summary of the significant achievements and events in the LITGRID's activities in the first half of 2021

January

On 1 January 2021, the electricity transmission price, approved by the National Energy Regulatory Council (NERC), entered into force. The approved average price of the electricity transmission service decreased by nearly 11% from 1 January 2021 to 0.721 ct/kWh. This change is caused by bigger investment return in previous periods, the part of it being returned in 2021.

2021 January 11 The Extraordinary General Meeting of Shareholders of LITGRID adopted the decision on the total annual budget for 2021 for the remuneration of the members of the Board of the Company and additional expenses for the Company to ensure the activities of the Board is EUR 41,580. Also, the decision No1 to the agreement dated April 30 2020 for the „Reconstruction of 330 kV voltage overhead line Lithuanian E - Alytus (LN 330)“ design and contract works procurement contract number 20VP-SUT47 was approved.

2021 January 12 LITGRID has completed an important stage in the project "Optimization of the network in the Northeast and preparation for synchronous operation with the networks of continental Europe". After the reconstruction, 330 kV switchyards of Utena and Ignalina NPP transformer substations were switched on. Utena 330 kV autotransformer also started operations. Similar device was switched on at the Ignalina NPP substation, completing all project works in the 330-kV network. The project is planned to be completed by the end of 2021.

2021 January 18 Lithuanian electricity transmission system operator LITGRID has signed an agreement on the design and construction of the 330-kV electricity transmission overhead line Klaipėda - Grobinė.

February

2021 February 3 LITGRID and the Polish electricity transmission system operator PSE started a seabed survey for Harmony Link. During the research, a 290 km long and 300 m wide route in the Baltic Sea will be explored, soil samples will be examined, and objects identified on the seabed, including dangerous wreckage or explosives, will be analysed. The data from the study report will be used to develop a cable construction and protection strategy.

2021 February 9 Having evaluated the results of the selection and the candidate's competence and experience, the Board of LITGRID appointed Rokas Masiulis as the General Director of LITGRID. He started this position on February 22, 2021.

2021 February 18 LITGRID presented the development plans of two synchronization projects - the overhead lines Darbėnai - Bitėnai and Kruonis HPP-Bitėnai. During the public hearings people were introduced to the solutions of the prepared development plans, and people were provided with the possibility to submit the proposals for the solutions of the territorial planning document.

February 24, 2021 The State Energy Regulatory Council approved the grid development plan submitted by LITGRID in the middle of the last year. Lithuanian electricity transmission system operator LITGRID anticipates that the development of the electricity transmission network will require an investment of EUR 1.3 billion over the next decade, both for the synchronization with the continental European networks and for the further development of the transmission network.

March

2021 March 4 LITGRID entered into a management holding agreement with its parent company, EPSO-G. The maximum price of the contract (excluding VAT) is EUR 425,000, the term of the contract is 36 months.

2021 March 4 Harmony Link, a project implementation study commissioned by LITGRID and PSE, has been completed. It provides the basis for the conditions of the planned purchase of converter stations and the cable. The study conducted by ILF Consulting Engineers Polska indicates the optimal solution of the technical parameters of the connection, the recommended installation method, on the basis of which a detailed technical specification of the connection is prepared, which includes such parameters as voltage, conductor materials, etc.

2021 March 16 the seabed survey of the Harmony Link connection in the Swedish EEZ has been authorized.

2021 March 24 LITGRID has completed the project of relocating a 180 MVar controlled shunt reactor from Ignalina to Elektrėnai. This device for voltage control in the system ensures the quality of electricity supply by regulating the voltage and reactive power in the transmission network.

2021 March 31 While Lithuania is synchronizing its electricity networks with the continental Europe, LITGRID and the Lithuanian Road Administration have signed a cooperation agreement on the exchange of information in the construction, maintenance, reconstruction and erection of engineering networks, projects and long-term plans.



April

2021 April 2 LITGRID has started the reconstruction works of the 330 kV power transmission line connecting the 330 kV switchyard of the Lithuanian power plant and the Alytus transformer substation. During the reconstruction, 210 overhead line supports, and wires will be replaced, and a lightning protection cable with a fibre optic cable will be installed. The reconstruction of the airline will contribute to ensuring the reliable and stable operation of the electricity system transmission network, uninterrupted supply of electricity to the consumers of this region and the whole of Lithuania. Reconstruction works will be partially financed by European Union funds. EUR 15.088 million will be invested in the network upgrade. According to the contract signed in April 2020 works will be performed by a group of companies - AB Kauno tiltai and UAB Litenergosiservis.

2021 April 14 LITGRID announced public procurements for design and construction works for the construction of 330 kV transmission lines Darbėnai - Bitėnai and Kruonis HPP - Bitėnai. These lines will ensure reliable operation of the transmission network after Harmony Link is built and high-voltage electricity transmission lines in the Kaliningrad region of Russia and Belarus are disconnected.

2021 April 21 LITGRID has signed a contract for the installation of additional sound management measures at the LitPol Link converter station and transformer substation in Alytus district. Construction is planned to be completed by the end 2021. The Alytus substation is currently equipped with two sound management devices - a wall and an embankment. After the implementation of additional technical solutions, the noise level will be ensured to be in accordance with the requirements of the Hygiene Standards near the electrical equipment. It is planned to invest 1.8 million. euros.

2021 April 21 LITGRID has signed the contract with APS grupė for the reconstruction of Salotė transformer substation in Vilnius, Bitėnų Street. In the scope of the reconstruction, Vilniaus Bitėnų str. 110 kV switchyard will be renewed, the transformer substation scheme will be changed. Reconstruction of the switchyard will help to increase the reliability of electricity transmission in the eastern part of Lithuania and reduce the network operating costs. The value of the design and contract is EUR 889 thousand. The project is financed by LITGRID. The reconstruction is planned to be completed in May 2023.

May

2020 May 13 The autotransformer for the expansion of the Lithuanian-Polish electricity system connection LitPol Link was delivered to Klaipėda port. The high-voltage direct current connection LitPol Link is being expanded by installing three 400/330 kV autotransformers, expanding 400 kV and 330 kV switchyards, reconstructing power lines, and reorganizing the 400 kV self-supply power switchyard. The total investment of the project amounts to EUR 22.5 million., the project is co-financed by the EU's Connecting Europe Facility.

2020 May 17 The Extraordinary General Meeting of Shareholders of LITGRID approved the investment decision of the implementation phase of the Harmony Link connection construction project.

2020 May 19 LITGRID has completed the territorial planning of the 330 kV power transmission line Vilnius-Neris. This is one of the strategic projects necessary for the synchronization of the Lithuanian electricity system with the continental European networks. The new line will significantly strengthen the electricity network of the Vilnius region and ensure a reliable supply for residents and businesses.

2020 May 31 The shareholders of LITGRID and PSE approved the investments for the construction of the Harmony Link submarine connection. This is the largest of all projects that will ensure the synchronization of the Baltic electricity networks with continental Europe.

Once the financing decision has been made, both countries will move to the project implementation phase and the work scheduled for the project will start. The investments planned for the Harmony Link project amount to EUR 680 million, of which EUR 493 million is the largest possible support from the Connecting Europe Facility (CEF).

June

2020 June 4 LITGRID informed the other parties to the BRELL agreement, including the Belarusian operator, about the initiation of legal proceedings regarding the control of electricity connections between Lithuania and Belarus. LITGRID has taken these actions in compliance with the provisions of the Law on Necessary Measures to Protect Against Unsafe Threats of Nuclear Power Plants in Third Countries. The provisions of this law prohibit access to the Lithuanian electricity market for the electricity from the third countries with production in unsafe nuclear power plants.

2020 June 11 Three Baltic electricity transmission operators - LITGRID, AST in Latvia and Elering in Estonia - have launched a new Baltic Transparency Dashboard. The new solution will be more convenient for the market participants, and operators will have more flexibility and will be able to publish even more data.

2020 June 30 LITGRID submitted 10-year grid development plan to the National Energy Regulatory Council a for 2021-2030. Over the next decade, investment in the network and strategic energy system projects may reach up to EUR 1.38 billion. By renewing and developing the network, LITGRID will intensively expand the possibilities to connect power plants producing



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electricity from renewable sources. LITGRID ensures that by 2030, the capacity of wind power plants planned for in the state targets will be able to be connected to the onshore grid.

IX. SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD

No significant events to be reported



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X. MATERIAL EVENTS AT THE COMPANY IN THE FIRST HALF OF 2021

(<https://nasdaqbaltic.com/statistics/lt/news?num=100&page=1&issuer=LGD&filter=1>)

DAY	SUBJECT
2 Jun	Concerning the opinion of the Audit Committee
31 May	Nasdaq event "CEO Meets Investors 2021"
17 May	Decisions taken in the extraordinary general meeting of shareholders of LITGRID AB
5 May	Litgrid results for the three months of 2021
29 Apr	Procedure for the Payment of LITGRID AB Dividends for 2020
23 Apr	Convocation of the Extraordinary General Meeting of LITGRID AB shareholders
20 Apr	Ex-Dividend Date
20 Apr	Decisions taken in the ordinary general meeting of shareholders of LITGRID AB
31 Mar	Correction: LITGRID AB publishes Financial statements and Annual report for the year 2020 in ESEF format
26 Mar	Convocation of the Ordinary General Meeting of LITGRID AB shareholders
23 Mar	LITGRID AB publishes Financial statements and Annual report for the year 2020 in ESEF format
16 Mar	Audited financial statements and annual report of LITGRID AB for the year 2020
5 Mar	LITGRID AB entered into the Management Holding Services Agreement with UAB EPSO-G
3 Mar	LITGRID AB entered into a mutual lending and borrowing agreement with EPSO-G
23 Feb	Concerning the opinion of the Audit Committee
18 Feb	Concerning the opinion of the Audit Committee
9 Feb	Rokas Masiulis has been appointed as Director General of LITGRID AB
4 Feb	Unaudited financial results of Litgrid AB for the twelve months of 2020
3 Feb	Regarding the selection of the General Director of LITGRID AB
2 Feb	Regarding media report about the selection of the director general of LITGRID AB
11 Jan	Decisions taken in the extraordinary general meeting of shareholders of LITGRID AB



CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
(All amounts in EUR thousands unless otherwise stated)

	Notes	30-06-2021	31-12-2020
ASSETS			
Non-current assets			
Intangible assets	4	6,095	6,248
Property, plant and equipment	5	331,493	331,709
Right-of-use assets	6	4,654	4,795
Deferred income tax assets		15,264	13,506
Financial assets		1,089	1,089
Non-current portion of unused funds balance of congestion management revenue	13	-	18,041
Total non-current assets		358,595	375,388
Current assets			
Inventories		29	26
Prepayments		1,237	988
Trade receivables under contracts with customers	8	20,241	22,944
Trade receivables	9	688	2,211
Other amounts receivable		940	3,284
Loans granted	7	22,700	1,000
Current portion of unused funds balance of congestion management revenue	13	-	6,860
Other financial assets		1,706	1,619
Cash and cash equivalents	10	1,910	33
Total current assets		49,451	38,965
TOTAL ASSETS		408,046	414,353
EQUITY AND LIABILITIES			
Equity			
Authorised share capital		146,256	146,256
Share premium		8,579	8,579
Legal reserve		14,626	14,626
Other reserves		32,034	23,144
Retained earnings (deficit)		17,375	25,432
Total equity		218,870	218,037
Liabilities			
Non-current liabilities			
Non-current borrowings	11	58,565	65,677
Lease liabilities	12	4,473	4,590
Congestion management revenue	13	64,082	55,659
Provisions		2,597	2,597
Other non-current amounts payable and liabilities		1,747	1,677
Total non-current liabilities		131,464	130,200
Current liabilities			
Current portion of non-current borrowings	11	14,225	14,225
Current portion of lease liabilities	12	254	267
Trade payables	14	19,027	25,234
Current portion of congestion management revenue	13	6,860	6,860
Advance amounts received		5,425	5,399
Income tax liability		2,934	5,938
Provisions		1,400	795
Other current amounts payable and liabilities		7,587	7,398
Total current liabilities		57,712	66,116
Total liabilities		189,176	196,316
TOTAL EQUITY AND LIABILITIES		408,046	414,353

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



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CONDENSED INTEREM STATEMENT OF COMPREHENSIVE INCOME
(All amounts in EUR thousands unless otherwise stated)

	Notes	30-06-2021	30-06-2020
Revenue			
Revenue from electricity transmission and related services	16	111,187	100,897
Other income	17	1,222	557
Total revenue		112,409	101,454
Expenses			
Expenses of electricity transmission and related services		(66,318)	(62,297)
Depreciation and amortisation	4,5,6	(10,721)	(9,966)
Wages and salaries and related expenses		(6,037)	(5,531)
Repair and maintenance expenses		(3,662)	(4,576)
Telecommunications and IT maintenance expenses		(881)	(784)
Property, plant and equipment write-off expenses		(299)	(196)
Impairment of investments		-	(765)
Other expenses		(3,638)	(2,113)
Total expenses		(91,556)	(86,228)
Operating profit (loss)		20,853	15,226
Finance income		16	932
Finance costs		(384)	(491)
Profit (loss) before income tax		20,485	15,667
Income tax			
Current year income tax expenses		(4,866)	(4,720)
Deferred income tax income (expenses)		1,756	2,695
Total income tax		(3,110)	(2,025)
Net profit (loss)		17,375	13,642
Other comprehensive income that will not be reclassified to profit or loss			
Change in fair value of financial assets		-	(61)
Effect of deferred income tax		-	9
Total other comprehensive income that will not be reclassified to profit or loss		-	(52)
Total comprehensive income (expenses) for the period		17,375	13,590
Basic and diluted earnings/(deficit) per share (in EUR)	19	0.034	0.027



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CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
(All amounts in EUR thousands unless otherwise stated)

	Notes	01-04 - 30-06-2021	01-04 - 30-06-2020
Revenue			
Revenue from electricity transmission and related services		50,010	47,709
Other income		593	367
Total revenue		50,603	48,076
Expenses			
Expenses of electricity transmission and related services		(30,737)	(31,366)
Depreciation and amortisation		(5,336)	(4,965)
Wages and salaries and related expenses		(2,893)	(2,730)
Repair and maintenance expenses		(2,460)	(2,551)
Telecommunications and IT maintenance expenses		(478)	(429)
Property, plant and equipment write-off expenses		(46)	(183)
Impairment of investments		-	(765)
Other expenses		(1,546)	(734)
Total expenses		(43,496)	(43,723)
Operating profit (loss)		7,107	4,353
Finance income		8	913
Finance costs		(184)	(236)
Profit (loss) before income tax		6,931	5,030
Income tax			
Current year income tax expenses		(1,792)	(1,821)
Deferred income tax income (expenses)		763	1,322
Total income tax		(1,029)	(499)
Net profit (loss)		5,902	4,531
Other comprehensive income that will not be reclassified to profit or loss			
Change in fair value of financial assets		-	(61)
Effect of deferred income tax		-	9
Total other comprehensive income that will not be reclassified to profit or loss		-	(52)
Total comprehensive income (expenses) for the period		5,902	4,479
Basic and diluted earnings/(deficit) per share (in EUR)	19	0.012	0.009

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

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
(All amounts in EUR thousands unless otherwise stated)

	Share capital	Share premium	Reserve of changes in fair value of financial assets	Legal reserve	Other reserves	Retained earnings	Total
Balance at 1 January 2020	146,256	8,579	52	14,626	23,099	4,130	196,742
Comprehensive income (expenses) for the year	-	-	(52)	-	-	13,642	13,590
Transfer to reserves	-	-	-	-	45	(45)	-
Dividends	-	-	-	-	-	(4,085)	(4,085)
Balance at 30 June 2020	146,256	8,579	-	14,626	23,144	13,642	206,247
Balance at 1 January 2021	146,256	8,579	-	14,626	23,144	25,432	218,037
Comprehensive income (expenses) for the year	-	-	-	-	-	17,375	17,375
Transfer to reserves	-	-	-	-	8,890	(8,890)	-
Dividends	-	-	-	-	-	(16,542)	(16,542)
Balance at 30 June 2021	146,256	8,579	-	14,626	32,034	17,375	218,870

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



CONDENSED INTERIM STATEMENT OF CASH FLOWS
(All amounts in EUR thousands unless otherwise stated)

	Notes	30-06-2021	30-06-2020 (restated)
Cash flows from operating activities			
Profit (loss) for the period		17,375	13,642
Adjustments for non-cash items and other adjustments:			
Depreciation and amortisation expenses	4,5,6	10,721	9,966
Impairment of financial assets		-	765
Impairment/(reversal of impairment) of assets		(60)	-
Income tax expenses		3,110	2,025
(Gain) loss on disposal/write-off of property, plant and equipment		299	196
Elimination of results of financing and investing activities:			
Interest income		(11)	(24)
Interest expenses		383	473
Dividend income		-	(895)
Other finance costs (income)		(4)	5
Changes in working capital:			
(Increase) decrease in trade receivables and other amounts receivable		3,524	(2,930)
(Increase) decrease in inventories, prepayments and other current assets		(208)	(351)
Increase (decrease) in amounts payable, grants, deferred income and advance amounts received		(2,018)	(1,066)
Changes in other financial assets		24,814	(7,809)
Income tax (paid)		(7,871)	(1,941)
Net cash flows from operating activities		50,054	12,056
Cash flows from investing activities			
(Purchase) of property, plant and equipment and intangible assets		(18,776)	(21,256)
Grants received		5,095	4,519
Loans to related parties		(21,700)	-
Revenue received from congestion management		11,385	16,531
Interest received		19	24
Dividends received		-	895
Net cash flows from investing activities		(23,977)	713
Cash flows from financing activities			
Repayments of borrowings		(7,112)	(7,113)
Lease payments		(168)	(172)
Interest paid		(429)	(532)
Dividends paid		(16,491)	(4,084)
Net cash flows from financing activities		(24,200)	(11,901)
Increase (decrease) in cash and cash equivalents			
		1,877	868
Cash and cash equivalents at the beginning of the period	10	33	30
Cash and cash equivalents at the end of the period	10	1,910	898

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



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

1. General information

LITGRID AB (hereinafter “the Company”) is a public limited liability company registered in the Republic of Lithuania. The address of its registered office is: Viršuliškių skg. 99B, LT-05131, Vilnius, Lithuania. The Company was established as a result of the unbundling of Lietuvos Energija AB operations. The Company was registered with the Register of Legal Entities on 16 November 2010. The Company’s code is 302564383.

LITGRID is an operator of electricity transmission system, operating electricity transmissions in the territory of Lithuania and ensuring the stability of operation of the whole electric power system. In addition, the Company is responsible for the integration of the Lithuanian power system into the European electricity infrastructure and common electricity market.

On 27 August 2013, the National Energy Regulatory Council granted a license to the Company to engage in electricity transmission activities for indefinite term.

The principal objectives of the Company’s activities include ensuring the stability and reliability of the electric power system in the territory of Lithuania within its areas of competence, creation of objective and non-discriminatory conditions for the use of the transmission networks, management, use and disposal of electricity transmission system assets and its appurtenances.

As at 30 June 2021, the Company’s authorised share capital amounted to EUR 146,256,100.20 and it was divided into 504,331,380 ordinary registered shares with the nominal value of EUR 0.29 each. All shares are fully paid.

As at 30 June 2021 and 31 December 2020, the Company’s shareholders structure was as follows:

Company’s shareholders	Number of shares held	Number of shares held (%)
UAB EPSO-G	491,736,153	97.5
Other shareholders	12,595,227	2.5
Total:	504,331,380	100.0

The ultimate controlling shareholder of EPSO-G UAB (company code 302826889, address Gedimino Ave. 20, Vilnius, Lithuania) is the Ministry of Energy of the Republic of Lithuania.

As from 22 December 2010, the shares of the Company are listed on the additional trading list of NASDAQ OMX Vilnius Stock Exchange, issue ISIN code LT0000128415.

Company’s investments in joint ventures comprised of the following:

Company	Address of the company’s registered office	Shareholding as at 30 June 2021	Shareholding as at 31 December 2020	Profile of activities
LitPol Link Sp.z.o.o	Warszawska 165, 05-520, Konstancin-Jeziorna, Poland	-	50 %	Liquidated

On 19 June 2019, Polish and Lithuanian transmission system operators PSE and LITGRID, the sole shareholders of LitPol Link, each holding 50 percent of the company, decided to liquidate the company. The Company’s share of monetary funds equal to EUR 45.6 thousand was received on 15 October 2020. The liquidation process of the joint venture was completed on 10 March 2021.

As at 30 June 2021, the Company had 318 employees (31 December 2020: 308).



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

2. Summary of principal accounting policies

These condensed interim Company's financial statements, for the period ended 30 June 2021 are prepared in accordance with the International Financial Accounting Standards, as adopted by the European Union and applicable to interim financial statements (IAS 34 „Interim Financial Reporting“).

In order to better understand the data presented in this condensed interim financial statements, this financial statements should be read in conjunction with the audited Company's financial statements for the year 2020, prepared according to International Financial Reporting Standards as adopted by the European Union.

The presentation currency is euro. These financial statements are presented in thousands of euro, unless otherwise stated.

The financial year of the Company coincides with the calendar year.

These financial statements have been prepared on a historical cost basis, except for property, plant and equipment which is recorded at revalued amount, less accumulated depreciation and estimated impairment loss, and available-for-sale financial assets which are carried at fair value.

These financial statements for the six-months period ended 30 June 2021 are not audited. Financial statements for the year ended 31 December 2020 are audited by the external auditor UAB „PricewaterhouseCoopers“.

3. Adjustment of comparative figures

As at 30 June 2020 in Company's cashflow statement the decrease/(increase) in the balance of congestion management revenue was wrongly presented within cash flows from investing activities, therefore the comparatives were restated accordingly by decreasing changes in other financial assets by EUR 7 719 thousand and Cash flows from investing activities increased by EUR and the same amount.

4. Intangible assets

	Intangible assets
Net book amount at 31 December 2019	4,857
Additions	315
Amortization charge	(566)
Net book amount at 30 June 2020	<u>4,606</u>
Net book amount at 31 December 2020	6,248
Additions	388
Transfer from PPE	20
Amortization charge	(561)
Net book amount at 30 June 2021	<u>6,095</u>



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

5. Property, plant and equipment

	Property, plant and equipment
Net book amount at 31 December 2019	321,201
Additions	15,723
Prepayments for PPE	545
Write-offs	(24)
Transfer to inventories	(29)
Set-off of grants with non-current assets	(5,289)
Depreciation charge	(9,248)
Net book amount at 30 June 2020	322,679
Net book amount at 31 December 2020	331,709
Additions	14,115
Prepayments for PPE	550
Write-offs	(329)
Transfer to inventories	(14)
Transfer to intangible assets	(20)
Set-off of grants with non-current assets	(4,505)
Depreciation charge	(10,013)
Net book amount at 30 June 2021	331,493

Property, plant and equipment is stated at acquisition cost reduced by the amount of grants received/receivable for the purpose of acquiring the related assets. Grants include grants received from EU structural funds, the portion of congestion management revenue used to finance investments and compensation received from producers for connection to the grid service or from third parties for reallocation/reconstruction of the grid infrastructure.

Had the value of property, plant and equipment not been reduced by the amount of grants, the carrying amount would be higher by EUR 315,115 thousand as at 30 June 2021 (EUR 302,023 thousand as at 30 June 2020). Below is information about property, plant and equipment, the value of which was reduced by the amount of grants received/receivable:

	30-06-2021	30-06-2020
Opening balance	313,067	300,876
Additions	6,615	5,289
Depreciation charge	(4,567)	(4,142)
Closing balance	315,115	302,023

6. Right-of-use assets

	Right-of-use assets
Net book amount at 31 December 2019	5,004
Additions	59
Amortisation	(152)
Net book amount at 30 June 2020	4,911
Net book amount at 31 December 2020	4,795
Additions	6
Amortisation	(147)
Net book amount at 30 June 2021	4,654

7. Loans granted

	30-06-2021	31-12-2020
Loan to TETAS, UAB	1,000	1,000
Loan to EPSO-G, UAB (Group intercompany borrowing agreement)	21,700	-
Carrying amount	22,700	1,000

On 25 June 2018 the company has granted a loan to UAB TETAS in the amount to EUR 1 million (annual interest rate - 2.2 %). The loan was repaid by UAB TETAS on 1 July 2021.

Following the NERC's permission, an agreement between the Company and EPSO-G was signed on 26 February 2021, which allows to use the available congestion management funds for intercompany borrowing purposes. As at 30 June 2021 the Company had a loan of EUR 21,700 thousand granted to UAB EPSO-G through a cash pool facility.

8. Trade receivables under contracts with customers

	30-06-2021	31-12-2020
Amounts receivable for electricity transmission	19,609	22,766
Accumulated amounts receivable for electricity services	727	333
Less: impairment of trade receivables	(95)	(155)
Carrying amount	20,241	22,944

9. Trade receivables

	30-06-2021	31-12-2020
Amounts receivable for electricity transmission	108	388
Other trade receivables	580	1,823
Carrying amount	688	2,211

10. Cash and cash equivalents

	30-06-2021	31-12-2020
Cash at bank	1,910	33
Carrying amount	1,910	33

11. Borrowings

Borrowings of the Company were as follows:

	30-06-2021	31-12-2020
Non-current borrowings		
Borrowings from banks	58,565	65,677
Current borrowings		
Current portion of non-current borrowings	14,225	14,225
Total	72,790	79,902

Maturity of non-current borrowings:

	30-06-2021	31-12-2020
Between 1 and 2 years	14,225	14,225
From 2 to 5 years	24,340	29,452
After 5 years	20,000	22,000
Total	58,565	65,677

As at 30 June 2021 and 31 December 2020 the weighted average interest rate on the Company's borrowings was 1 %.



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

12. Lease liabilities

Lease liabilities and their movement were as follows:

	30-06-2021	30-06-2020
Carrying amount at the beginning of the period	4,857	5,041
Concluded lease contracts	6	59
Expenses of interest charged	32	33
Lease payments (principal and interest)	(168)	(172)
Carrying amount at the end of the period	<u>4,727</u>	<u>4,961</u>
Non-current lease liabilities	4,473	4,686
Current lease liabilities	254	275

13. Congestion management revenue

	30-06-2021	30-06-2020
Opening balance of congestion management revenue	62,519	39,135
Congestion management revenue received during the period	10,615	17,465
Reclassified to property, plant and equipment	(1,866)	(740)
Congestion management revenue recognised as income during the period	(326)	(561)
Closing balance of congestion management revenue	<u>70,942</u>	<u>55,299</u>
Non-current portion of congestion management revenue included in liabilities	64,082	50,836
Current portion of congestion management revenue included in liabilities	6,860	4,463

As at 30 June 2021 the liabilities in relation to congestion management revenue amounted to EUR 70,942 thousand. The difference in liabilities assets in relation to congestion management revenue is mainly due to a loan of EUR 21,700 thousand issued to UAB EPSO-G (through a cashpool facility). The remaining part of the difference is due to the remaining available congestion management revenue being used to finance Company's operating activities.

14. Trade payables

	30-06-2021	31-12-2020
Amounts payable for electricity	10,807	13,123
Amounts payable for contractual works, services	1,829	1,714
Amounts payable for property, plant and equipment and inventories	6,391	10,397
Carrying amount	<u>19,027</u>	<u>25,234</u>

15. Information by segments

The Company is engaged in electricity transmission and related services activities and operates as one segment. All non-current assets of the Company are located in Lithuania, where the Company carries out its activity. During the six months of 2021, the Company earned 93 percent of its revenue from Lithuanian clients (during the six months of 2020: - 94 percent).

16. Revenue from electricity transmission and related services

	30-06-2021	30-06-2020
Electricity transmission services	39,689	40,944
Trade in balancing/imbalance electricity	18,716	10,122
System services	45,770	42,864
Revenue from other sales of electricity and related services	1,322	2,137
Revenue from PSO services	5,299	4,131
Revenue from connection of new consumers	3	71
Congestion revenue	326	562
Revenue from administration of guarantees of origin	62	66
Total	111,187	100,897

In the first six months of 2021 the amount of revenue from contracts with customers amounted to EUR 105,497 thousand (the first six months of 2020 amounted to EUR 96,067 thousand).

Revenue from electricity transmission and related services increased by 10 percent compared to the first six months of 2020. The increase is mainly due to the increase in balancing/imbalance related revenue by EUR 8.6 million (85 percent), which is due to the 52 percent higher average selling price and 22 percent increase in sales volumes. There was also an increase in system service revenue due to 8 percent increase in sales volumes.

17. Other income

	30-06-2021	30-06-2020
Income from lease of assets	255	235
Other income	967	322
Total	1,222	557

For the first six months of 2021 m. most of other income - EUR 966 thousand consisted of interest and penalties due to the delay in works performed by contractors. (for the first six months of 2020 - EUR 316 thousand).

18. Related-party transactions

The Company's related parties were as follows:

- EPSO-G (the parent company). 100% of EPSO-G share capital is owned by the Ministry of Energy of the Republic of Lithuania;
- EpsO-G UAB Group companies:
 - Amber Grid AB (common shareholders);
 - Tetas UAB (common shareholders);
 - Baltpool UAB (common shareholders).
- Ignitis grupė UAB companies
- Other state-controlled companies:
 - VĮ Ignalinos atominė elektrinė;
 - Other state-controlled companies or those under significant influence.
- Management.

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

Transactions with related parties are carried out in accordance with the requirements of the Law on Public Procurement or the tariffs approved under legislation.

The Company's transactions with related parties between January and June of 2021 and balances arising from these transactions as at 30 June 2021 were as follows:

Related parties	Receivables and accrued income	Amounts payable and accrued charges	Loans granted	Purchase	Sales	Finance income
<u>EPSO-G UAB group companies</u>						
EPSO-G UAB	-	55	21,700	99	-	-
TETAS UAB	139	526	1,000	6,565	33	11
BALTPOOL UAB	388	-	-	203	2,705	-
<u>State-controlled companies</u>						
Energijos skirstymo operatorius AB	13,874	622	-	960	79,556	-
Ignitis gamyba AB	895	6,506	-	33,191	4,069	-
Ignitis grupės paslaugų centras UAB	28	-	-	-	136	-
Ignitis UAB	314	-	-	1,436	4,392	-
Vilniaus kogeneracinė jėgainė UAB	45	114	-	80	203	-
Kauno kogeneracinė jėgainė UAB	9	21	-	92	37	-
Transporto valdymas UAB	-	18	-	90	-	-
Ignalinos atominė elektrinė VĮ	93	33	-	93	471	-
LGT Infra AB	44	-	-	-	248	-
	15,829	7,895	22,700	42,809	91,850	11

The Company's transactions with related parties between January and June of 2020 and balances arising from these transactions as at 30 June 2020 were as follows:

Related parties	Receivables and accrued income	Amounts payable and accrued charges	Loans granted	Purchase	Sales	Finance income
<u>EPSO-G UAB group companies</u>						
EPSO-G UAB	-	32	-	76	-	-
TETAS UAB	222	1,452	2,203	3,806	125	24
BALTPOOL UAB	508	246	-	203	2,620	-
<u>State-controlled companies</u>						
Energijos skirstymo operatorius AB	14,309	1,494	-	362	75,788	-
Ignitis gamyba AB	912	8,810	-	40,953	2,676	-
Duomenų logistikos centras UAB	25	1	-	5	111	-
Ignitis grupės paslaugų centras UAB	26	-	-	-	129	-
Ignitis UAB	2	1,067	-	1,280	2,247	-
Vilniaus kogeneracinė jėgainė UAB	-	35	-	-	-	-
Kauno kogeneracinė jėgainė UAB	11	82	-	78	170	-
Energetikos paslaugų ir rangos organizacija UAB	-	254	-	676	-	-
Transporto valdymas UAB	-	18	-	90	-	-
Ignalinos atominė elektrinė VĮ	104	16	-	93	538	-
Lietuvos geležinkelių infrastruktūra AB	47	-	-	-	246	-
	16,166	13,507	2,203	47,622	84,650	24

Payments to the key management personnel

	30-06-2021	30-06-2020
Employment-related payments	381	382
Whereof: termination benefits	26	-
Number of the key management personnel (average annual)	7	7

During the first six months of 2021 and 2020 the Management of the Company did not receive any loans, guarantees, or any other payments or property transfers were made or accrued.

Key management personnel consists of the Company's head of administration and department directors and Board members. Payments to the Board members for the first six months of 2021 amounted to EUR 18,900 (compared to EUR 18,514 for the first six months of 2020).



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

19. Dividends

During the Ordinary General Meeting of Shareholders of LITGRID AB held on 20 April 2021, the decision was made in relation to the payment of dividends in the amount of EUR 16,542,069. Dividends per share amounted to EUR 0.0328.

20. Basic and diluted earnings per share

During the first six months of 2021 and 2020, the Company's basic and diluted earnings per share were as follows:

	30-06-2021	30-06-2020
Net profit (loss) attributable to the Company's shareholders (EUR thousands)	17,375	13,642
Weighted average number of shares (units)	<u>504,331,380</u>	<u>504,331,380</u>
Basic and diluted earnings (deficit) per share (in EUR)	<u>0.034</u>	<u>0.027</u>