First quarter 2022

Interim report

Consolidated interim report for the three-month period ended 31 March 2022 and the condensed consolidated and the condensed parent company's financial statements for the three-month period ended 31 March 2022, prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting' as adopted by the European Union

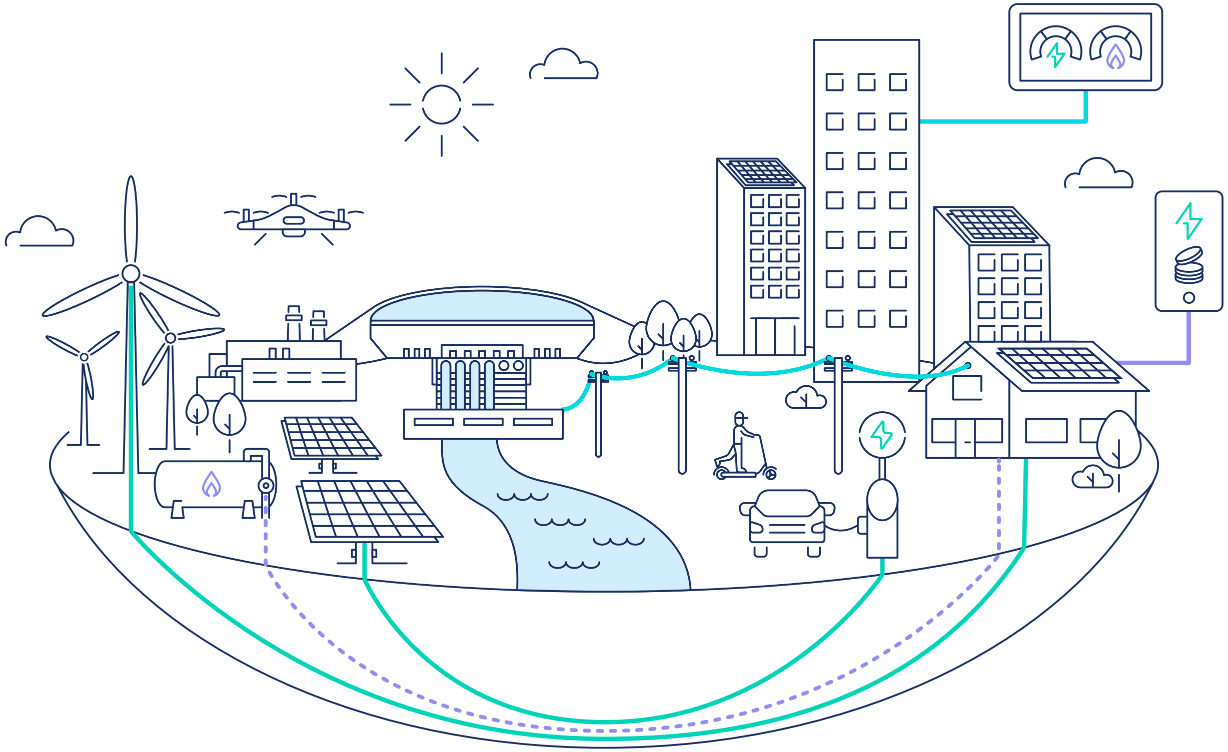
Ignitis Group – creating an energy smart world

Who we are

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

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

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



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

Green Generation
Focused, sustainable and profitable growth.

Flexible Generation
Reliable and flexible power system.

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

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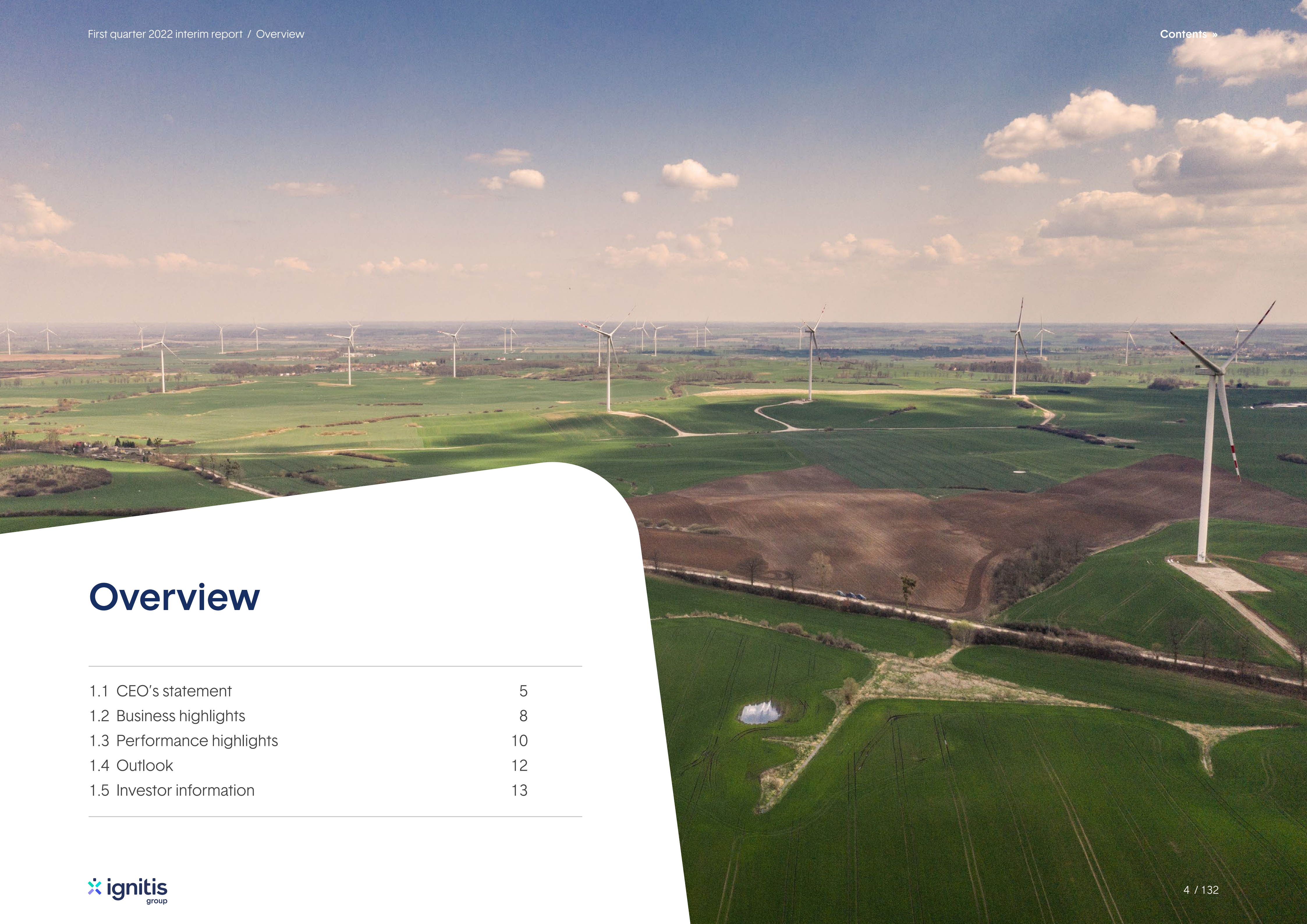

Overview

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1.1 CEO's statement

Highlights

Performance

Adjusted EBITDA grew by 42.6% to EUR 111.4 million compared to Q1 2021. The increase was mainly driven by the Green Generation segment due to the launch of Pomerania WF in Poland and better results of our hydro portfolio. Green Generation Adjusted EBITDA accounted for almost 2/3 of the Group's total results in Q1 2022.

2022 guidance for Adjusted EBITDA has been increased to EUR 330–360 million from EUR 290–335 million indicated in Annual report 2021.

A dividend of EUR 0.600 per share for the second half of 2021 confirmed and paid out after the reporting period. In line with the Dividend Policy we distributed a dividend of EUR 1.19 per share for the year 2021, corresponding to EUR 87.6 million.

In Q1 2022, the Group's green share of electricity generated increased by a third to 93.6% (from 61.0% in Q1 2021).

Business development

Since the end of 2021 we expanded our Green Generation pipeline by around 230 MW (out of which around 80 MW in Q1 2022) with greenfield projects, by securing land plots for onshore wind and solar projects in Lithuania and Poland.

Due to a global supply chain disruption and workforce shortage mainly affected by the Russia's invasion of Ukraine, we have rescheduled generation of first energy in Vilnius CHP's biomass unit (73 MWe, 169 MWth) to Q1 2023 (from Q4 2022). However, we still expect the project's COD to take place in Q2 2023.

Even though natural gas supply is not the core business of the Group, in relation to the Russia's invasion of Ukraine, we suspended natural gas purchases from Gazprom by replacing its supply with LNG cargoes.

Governance

During the reporting period, new members of the Management Board have been elected. 3 out of 5 of the members have served in the previous term of the Management Board, including CEO, thus, allowing to comfortably continue the Group's development.

Guidance increase driven by Green Generation growth

Russia's invasion of Ukraine

The Group condemns Russia's unprovoked invasion of Ukraine. This goes against our values, and we have taken and will continue to take actions supporting Ukraine and its people as well as human rights and energy independence.

On the latter, we can proudly say that Lithuania became the first EU member state which swapped Russian natural gas for LNG cargoes, meaning that, since the beginning of April 2022, the Group has stopped the purchases from Gazprom. As an alternative, we have purchased unplanned LNG cargoes from the USA to ensure the natural gas supply by exploiting the Lithuania's LNG terminal in port city Klaipėda. Even though natural gas is not the core business of the Group, we actively participate in every possible way to reduce natural gas dependency on Russia.

Thus the main financial impact for the Group is related to suspended purchase of Gazprom's natural gas, which was replaced by LNG cargoes. This, together with increase in market prices, led to an increase in working capital needs. In order to ensure market demand and uninterrupted gas supply as well as to fund working capital needs, the Group concluded credit line agreements with banks, with a total limit of around EUR 400 million. Even though there are additional risk factors, proper actions have been taken to manage them and no significant changes in risk levels of key risks of the Group were recorded. The Group constantly monitors the situation and analyses the latest information and changes in external factors, and their impact on the Group. In the same manner, the Group also ensures uninterrupted supply of energy and business continuity.

On the brighter side, all safety threats accelerated legislation changes, which should speed up renewables' expansion and energy independence even further. For this purpose, in Lithuania the Lithuanian Ministry of Energy presented the energy "Breakthrough" package (link in Lithuanian). Despite it's still pending approval in the Parliament, its goal is to speed up the development of renewables, mainly by easing the excess requirements for environmental impact assessment and sanitary protection zones and establishing a framework of a support scheme for local communities.

In addition, an important milestone was also reached on Lithuanian offshore wind development front. On 31 March 2022 the Parliament of Lithuania adopted amendments to legislation foreseeing the tender on 1 September 2023. The amendments, amongst others, also determined the winner selection method, support (CfD) and grid connection (developer build) models. The next milestones include passing the resolutions on specific tender requirements (e.g., experience and financial capability) by 1 July 2022 and an approval of tender rules by the national regulatory authority (National Energy Regulatory Council, NERC) by 1 September 2022.

We stand with the people of Ukraine and will continue to do so. Since the beginning of the invasion, we contributed to and initiated actions that helped both the people of Ukraine and our colleagues who were willing to support family members, friends or people fleeing the war. Items of medical and other humanitarian aid were collected and sent to the conflict zone. In addition, we financially support our employees who volunteer by transporting people from the war zone and arranging safe accommodation.

Performance

In Q1 2022, Adjusted EBITDA increased by 42.6% compared to the same period last year, reaching EUR 111.4 million. The increase was mainly driven by the Green Generation segment, which Adjusted EBITDA accounted for roughly 2/3 of the Group's result in Q1 2022. This, in turn, has been driven by Pomerania WF that reached COD in December 2021 and better performance of Kaunas HPP and Kruonis PSHP, mostly due to higher electricity prices.

Following the solid performance of the Green Generation segment in Q1 2022, we are increasing our Adjusted EBITDA guidance for the full-year of 2022 and expect it in the range of EUR 330–360 million (previous guidance EUR 290–335 million).

Turning to returns to our shareholders, for the second half of 2021 a dividend of EUR 0.600 per share was confirmed at the Ordinary General Meeting of Shareholders, held on 29 March 2022, and paid out after the reporting period. In line with the Dividend Policy, we distributed a dividend of EUR 1.19 per share for the year 2021, corresponding to a total of EUR 87.6 million and assuring annual dividend increase of at least 3%.

Business development

In Q1 2022, we continued working on our Green Generation expansion and thus increased the pipeline by around 80 MW with new greenfield projects. In addition, after the reporting period we increased it even further by adding around 150 MW.

After a successful start of early-stage greenfield development in 2021 by securing land plots for onshore wind and solar projects in Lithuania and Poland, our greenfield portfolio now amounts to around 400 MW. It includes different projects, and we expect them on a project-on-project basis to launch during 2024–2026.

All our Green Generation projects are fully on track with a minor deviation in the interim milestone of Vilnius CHP's biomass unit (73 MWe, 169 MWth). We still expect the project's COD to take place in Q2 2023, however, due to a global supply chain disruption and workforce shortage mainly affected by the Russia's invasion of Ukraine, generation of first energy has been rescheduled to Q1 2023 (from Q4 2022).

Other than that, in Q1 2022, our Ignitis Renewables team has been strengthened with an election of a new CEO. Thierry Aelens is a well-respected executive with a wide experience in development of offshore wind projects in leading energy companies. Over the next months, we are planning to form the remaining Ignitis Renewables management team to ensure growth continuity and broaden the competences in the area.

Turning to the Networks segment, since the end of 2021, we have successfully continued maintenance and expansion works. Smart meter roll-out project is on track with meters currently being metrologically certified. We received the first batch of them for testing in Q1 2022. The plan to finalise the information system tests, start installing the first meters in Q2 2022 and to finalise the mass roll-out process by the end of 2025 remains unchanged. However, we continue to face the risk of supply chain disruptions due to a global supply issue ('the semiconductor crisis') as well as the geopolitical crisis, potentially causing disruption in the production of smart meters and, thus, affecting the project by having the smart meters delivered in smaller quantities than planned and/or within a longer timeframe.

Sustainability

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

Our Adjusted EBITDA grew by 42.6% to EUR 111.4 million compared to Q1 2021. The increase was mainly driven by the Green Generation segment due to the launch of Pomerania WF in Poland and better results of our hydro portfolio.

Occupational safety and health issues of employees and contractors is one of the priorities of the Group. However, in the beginning of Q1 2022 a tragedy occurred when a contractor was fatally injured while clearing trees and shrubs under a high-voltage power line. Such cases severely shock both employees and contractors and we will do everything we can to make sure this doesn't happen again.

In Q1, we presented our GRI-aligned comprehensive Sustainability Report for 2021. We continue to refine our disclosures to provide a wide set of stakeholders a clear view of our performance and progress. In Q1 we also finalised our GHG emissions calculations for 2021 which were externally verified after the reporting period. Total emissions decreased by 11% compared to 2020 and were 4.76m t CO_2-eq in 2021 (including biogenic anthropogenic emissions). In Q1 2022, we became the first Lithuanian company to receive the prestigious Top Employer 2022 Lithuania certificate from the Top Employers Institute, which demonstrates that the working conditions we offer our employees are aligned with highest international standards.

Over 2022, we will devote even more attention to our strategic sustainability priorities: we will focus on fine-tuning our decarbonisation plan to be in line with science-based targets, and also devote significant attention to Taxonomy alignment, biodiversity and waste impact assessments, strengthening employee and contractor safety practices and streamlining our efforts to increase diversity and inclusion.

Corporate changes

Q1 2022 was also marked with changes on the Group's corporate governance front as new members of the Management Board have been elected by the Supervisory Board. 3 out of 5 of the members have served in the previous term of the Management Board, including CEO, thus, allowing to comfortably continue the Group's development.

Looking ahead

The Group's growing performance during such uncertain geopolitical times is an evidence of our robust business profile. Despite distressing and threatening events, we will continue working on enabling energy transition to increase the energy independence both in Lithuania and our neighbouring countries.

Darius Maikštėnas
Chair of the Management Board and CEO
Ignitis Group

1.2 Business highlights

January

Green Generation:
A tender for acquisition and installation works of 5th unit in Kruonis PSHP (110 MW increase to a total of 1,110 MW) was announced.

February

Governance:
New members of the Management Board of Ignitis Group were elected by the Supervisory Board. The new Management Board comprises five members. Three of them, including CEO, were re-elected.

Green Generation:
Thierry Aelens, a well-respected executive with extensive experience in development of offshore wind projects in leading energy companies, was appointed as the new CEO of Ignitis Renewables.

Green Generation:
As no agreement regarding acceptable return level which would be in line with our target range was reached, the conditional SPA agreement with the developer (Sun Investment Group) of Polish solar portfolio I (up to 170 MW) was terminated.

Strategy:
2022–2025 Strategic Plan was published.

March

Green Generation:
Lithuanian legislation setting general offshore development framework approved.

After the reporting period

April

Finance:
A dividend of EUR 0.600 per share was paid out for the second half of 2021.

Governance:
An international Top Employer 2022 Lithuania Certificate was awarded to the Group for applying the highest HR management standards.

Governance:
Vilnius District Court dismissed the case on the incentive share options programme for employees of the Group.

Customers & Solutions:
In relation to the Russian invasion of Ukraine, the Group suspended natural gas purchases from Gazprom by replacing its stock by LNG cargoes.

May

Green Generation:
A contract was signed with Valmet for the installation of biomass boiler systems of Vilnius CHP biomass unit. Accordingly, due to global supply chain disruption and workforce shortage, mainly affected by the Russia's invasion of Ukraine, generation of first energy in Vilnius CHP biomass unit was rescheduled to Q1 2023. However, COD in Q2 2023 remains unchanged.

Governance:
The Extraordinary General Meeting of Shareholders of the parent company was convened with a proposed resolution to reduce the parent company's share capital.

Customers & Solutions:
Lithuanian Parliament amended legislation related to providing consumers with partial compensation due to increasing prices of energy resources. From H2 2022, increasing prices as well as debt of regulated supply customers up to this point will be partially compensated directly from the state budget, which, will have a positive effect on the Group's working capital and debt level.

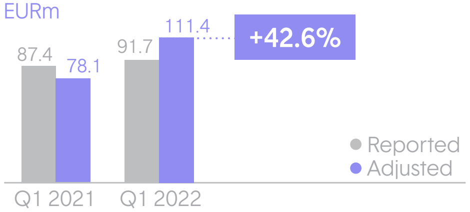
330–360 EURm

2022 Adjusted EBITDA guidance increase driven by Green Generation growth.

1.3 Performance highlights

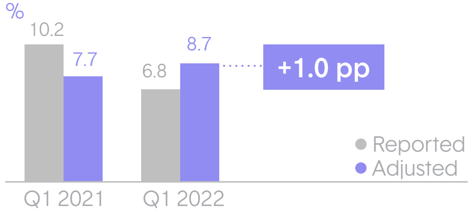
Financial[1,2]

EBITDA, Adjusted EBITDA APM
EURm



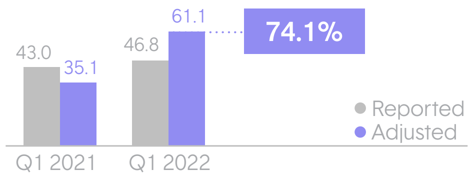
Adjusted EBITDA growth was driven by Green Generation segment. Main contributors to the growth were launch of Pomerania WF in Poland and better hydro portfolio results, both driven by higher electricity market prices.

ROCE LTM, Adjusted ROCE LTM APM
%



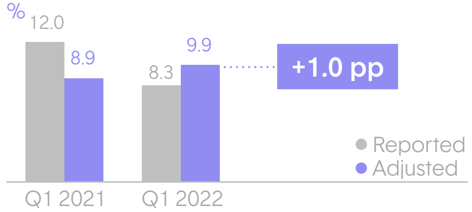
Adjusted ROCE LTM increased to 8.7%, mostly due to an increase in Adjusted EBITDA.

Net profit, Adjusted net profit APM
EURm



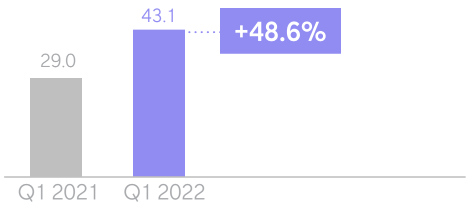
Adjusted Net Profit increase was driven by the growth in Adjusted EBITDA, which was partly offset by higher depreciation and amortisation and income tax expenses. Reported net profit was lower than Adjusted net profit mostly due to temporary regulatory differences, mainly caused by difference of energy prices included in regulated tariffs and actual market prices.

ROE LTM, Adjusted ROE LTM APM
%



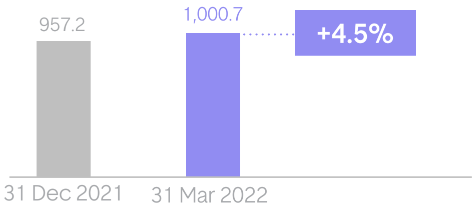
Adjusted ROE LTM increased to 9.9% mainly due to increased Adjusted net profit.

Investments APM
EURm



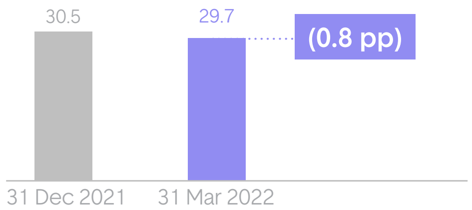
Investments increased mainly due to higher investments in the Networks segment. The increase was partly offset by lower investments in Green Generation segment, as new projects have not yet reached heavy investment phase.

Net debt APM
EURm



Net debt increased by 4.5% mainly due to higher need for working capital, which was partly offset by positive FFO and receivable from Epso-G obtained.

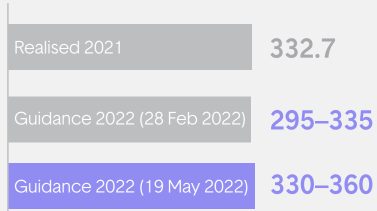
FFO LTM/Net debt APM
%



FFO LTM/Net debt decreased from 30.5% to 29.7% due to increase Net debt which was partly offset by increased FFO (from EUR 84.0 million in Q1 2021 to EUR 89.3 million in Q1 2022).

Outlook for 2022

Adjusted EBITDA APM
EURm

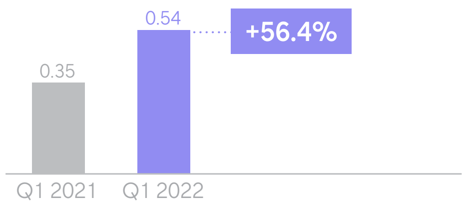


In the outlook announced with Annual report 2021, we expected Adjusted EBITDA to be in the range of EUR 290–335 million for 2022. Following solid performance of Green Generation segment in Q1 2022, we are increasing our guidance to EUR 330—360 million.

[1] To simplify the reporting the management have decided to cease using part of management's adjustments (for more information see Annual report 2021 section 'Annual results' part 'Significant changes in reporting period of 2021'). Due to the change of APM made in last two quarters of 2021, the measures of 2021 quarters were recalculated according. [2] Due to the Networks Methodology update, change in accounting policy and reclassifications, all financial indicators were recalculated retrospectively for the quarters of the year 2021 (for more information, see Annual report 2021 section 'Annual results' part 'Significant changes in reporting period of 2021'). APM Alternative Performance Measure - Adjusted figures used in this report refer to measures used for internal performance management. As such, they are not defined or specified under International Financial Reporting Standards (IFRS), nor do they comply with IFRS requirements. Definitions of alternative performance measures can be found in the 'Further information' section of this report and on the Group's website.

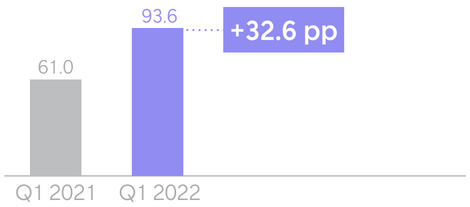
Environment

Green electricity generated (net)
TWh



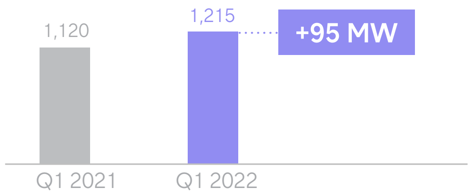
An increase in green electricity generated (net) by 56.4% was mainly driven by Pomerania WF (commercial operations started in December 2021) and higher generation at Kaunas HPP (due to higher levels of water in the Nemunas river) and Vilnius CHP's WtE unit (commercial operations started in March 2021).

Green share of generation
%



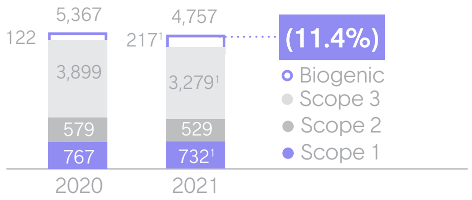
Green share of generation reached 93.6% as a result of increased green electricity generated (net) and a decline in electricity generated (net) from CCGT (Flexible Generation).

Green Generation installed capacity
MW



Installed Green Generation capacity increased by 95 MW since Pomerania WF reached COD in December 2021. Additionally, Vilnius CHP's WtE unit reached COD in March Q1 2021 and the actual electricity generation capacity was verified by NERC (+1 MW).

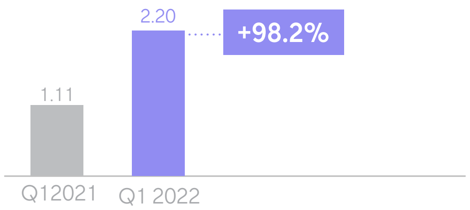
Climate action
GHG emissions, thousand t CO_2 eq



GHG emissions in 2021 decreased by 11.4% due to lower electricity generation in Elektrėnai complex (Scope 1), lower electricity consumption in Kruonis PSHP (Scope 2) and lower retail sales of natural gas (Scope 3).

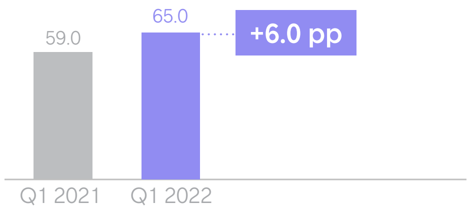
Social

Safety
TRIR, times



During Q1 2022, total recordable employee injury rate (TRIR) equated to 2.20 injuries for a million hours worked and worsened by 98.2% compared to Q1 2021, which was mainly due to challenging winter weather conditions (resulting in occurrences of slipping) and the failure to follow proper safety precautions.

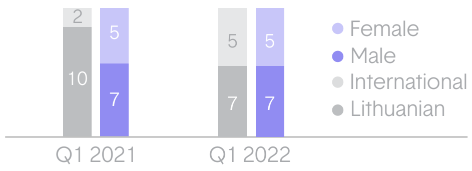
Employee satisfaction
eNPS, % (1-100)



During Q1 2022 employee experience has improved, which is indicated by an increase in eNPS of 6.0 pp to 65%.

Governance

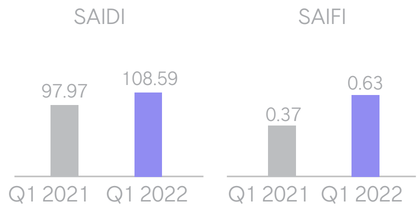
Supervisory and Management Boards
Nationality and gender diversity



Share of female and international professionals in Management and Supervisory Boards is ~42%. International board members share increased by 8.3 pp while share of female remained constant.

Operational efficiency

Networks quality (electricity)
SAIDI, min/SAIFI, units



Electricity quality indicators during Q1 2022 were affected by extreme conditions/natural disasters (that caused 4 mass disconnection in January and February 2022) and strong winds and local storms (up to 28 m/s at the end of March 2022).

[1] *Due to the change in calculation based on the auditors' recommendations, the value differs from figures provided in the Group's Annual report 2021 - Biogenic – 230; Scope 1 – 736; Scope 3 – 3 546 (see the Group's greenhouse gas inventory report here).*

1.4 Outlook

Adjusted EBITDA guidance

In the outlook announced in our Annual report 2021, we expected Adjusted EBITDA to be in the range of EUR 290–335 million for 2022. Following the solid performance of the Green Generation segment in Q1 2022, we are increasing our guidance to EUR 330–360 million and reiterate our directional Adjusted EBITDA guidance for business segments.

In 2022, compared to 2021, we expect an increase in results of both of our core segments – Green Generation and Networks. Green Generation is expected to grow mainly due to the full year effect of Pomerania WF, which reached COD in December 2021, as well as due to the implementation of asset rotation programme.

Additionally, due to increased electricity prices in the market we expect better results from our existing Green Generation units' unhedged portfolio part. Better results in the Networks segment are related to the additional tariff component established in the updated regulatory Methodology (for more information, see our Annual report 2021 section 'Significant changes in reporting period of 2021'). However, in the Customers & Solutions segment, skewed results of natural gas business between 2021 and 2022 and ineffective electricity "proxy" hedges are expected to have a negative impact.

Adjusted EBITDA outlook for 2022, EURm[1]

	Realised 2021	Guidance 28 February 2022	Guidance 27 May Q1 2022
Adjusted EBITDA APM	**332.7**	**290–335**	**330–360**
Networks	145.4	Higher	Higher
Green Generation	107.5	Higher	Higher
Flexible Generation	37.2	Lower	Lower
Customers & Solutions	40.6	Lower	Lower
Other	2.0	Stable	Stable

[1] Adjusted EBITDA indication for the Group is the prevailing guidance, whereas directional effect per business segment serves as a mean to support it. Higher/stable/lower indicates the direction of the business segment's change in 2022 relative to the actual results for 2021.

Forward-looking statements

The interim report contains forward-looking statements, which reflect current views and are, by nature, subject to risks and uncertainties. Because they relate to events and circumstances that will occur in the future, the actual development may differ materially from our expectations. We are unable to predict the impact of these events. For further information about the risks relevant to the Group's activities, see section 4.4 'Risk and risk management'.

1.5 Investor information

Overview

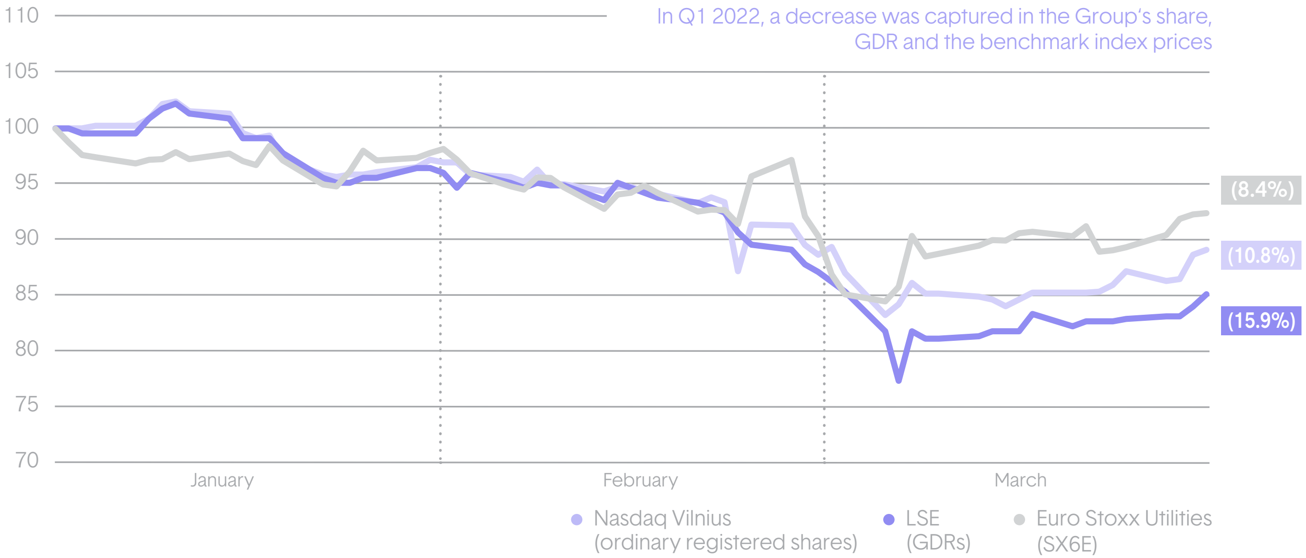
In Q1 2022, the Group's share and GDR price yielded a decrease of 10.8% and 15.6%, respectively. During the same period, the price of our benchmark index (Euro Stoxx Utilities) dropped by 8.4%.

Since the beginning of 2022, total (shares and GDRs) turnover was equal to EUR 50.5 million (EUR 34.7 million on Nasdaq Vilnius exchange and EUR 15.8 million on LSE), whereas the average daily turnover totalled to EUR 0.9 million (EUR 0.6 million on Nasdaq Vilnius exchange and EUR 0.3 million on LSE). Compared to Q1 2021, both the total turnover and the average daily turnover decreased by 28.7% and 18.2%[1], respectively.

At the end of the reporting the Group's market capitalisation was EUR 1.4 billion.

Currently, the Group is covered by 7 equity research analysts. Their recommendations and price targets are available on our website.

Price development and return in Q1 2022[2,3]



The Group is a constituent of the below indices

Benchmark index
MSCI Frontier Markets Index
MSCI

Tradable index
OMX Baltic 10
Nasdaq

Benchmark index
OMX Baltic Benchmark
Nasdaq

Price performance information in Q1 2022

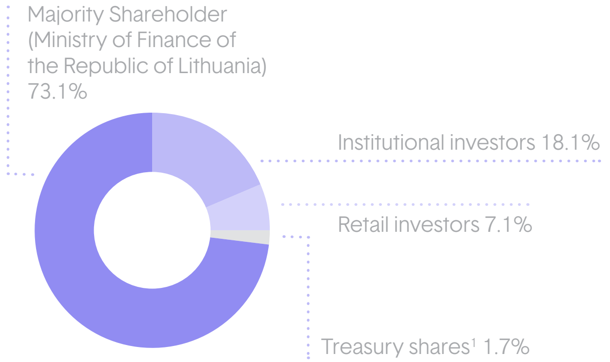
	Nasdaq Vilnius	LSE	Combined
Period opening[4], EUR	21.20	21.10	-
Period high[4] (date), EUR	21.95 (13 Jan)	21.60 (13 Jan)	21.95
Period low[4] (date), EUR	17.56 (7 Mar)	16.00 (8 May)	16.00
Period VWAP[5], EUR	19.64	18.52	19.33
Period end[4], EUR	18.90	17.80	-
Period turnover (average daily), EURm	34.7 (0.6)	15.8 (0.3)	50.5 (0.9)
Market capitalisation, period end, EURbn	-	-	1.4

[1] In Q1 2021, total (shares and GDRs) turnover was equal to EUR 70.8 million (EUR 36.1 million on Nasdaq Vilnius exchange and EUR 34.7 million on LSE) whereas the average daily turnover totalled to EUR 1.1 million (EUR 0.6 million on Nasdaq Vilnius exchange and EUR 0.5 million on LSE).
[2] Index = 100.
[3] As ex-date of the dividend for H2 2021 fall into the Q2 2022, TSR and securities price changes are equal.
[4] As of closing trading market price.
[5] Weighted average volume price.

Shareholders composition

There were no major changes in the composition of our shareholders and only the Republic of Lithuania (the authority implementing shareholder's rights – the Ministry of Finance of the Republic of Lithuania, Majority Shareholder) owns more than 5% of the parent company's share capital.

Shareholders composition



General shareholders' meetings, dividends & share capital

In Q1 2022, the Annual General Meeting of Shareholders has been held, during which a dividend of EUR 0.60 per share for the second half of 2021, corresponding to EUR 43.85 million, has been confirmed and paid out after the reporting period. In line with our Dividend Policy, we paid out a dividend of EUR 1.19 per share for the year 2021, corresponding to EUR 87.6 million.

During Q1 2022, the parent company's share capital remained unchanged, however, at the next Extraordinary General Meeting of Shareholders, to be held on 24 May 2022, the decision regarding the reduction of the parent company's share capital by annulling the acquired own ordinary registered shares will be considered.

If the acquired ordinary registered shares are annulled, the parent company's share capital will be reduced to 72,388,960 (from 74,283,757) ordinary registered shares and the nominal value of the share capital will decrease to EUR 1,616,445,476.80 (from EUR 1,658,756,293.81). This would also cause a free-float change to 25.01% and a proportional increase in each investor's shareholdings.

Further relevant information regarding general meetings of shareholders is available in the 'Governance' section of this report and on our website.

Price performance information in Q1 2022 (cont.)

	Nasdaq Vilnius	LSE	Combined
Type	Ordinary registered shares	Global Depositary Receipt (GDR)	-
ISIN-code	LT0000115768	Reg S: US66981G2075; Rule 144A:US66981G1085	-
Ticker	IGN1L	IGN	-
Nominal value, EUR	-	-	22.33 per share
Number of shares (share classes)	-	-	74,283,757 (one share class)
Number of treasury shares[2]	-	-	1,243,243
Free float, shares (%)[3]	-	-	18,756,757 (25.7%)
Ordinary registered shares vs GDRs split	58.6%	41.4%	100%

Financial calendar 2022

23 August 2022	Interim report for the first half of 2022
29 September 2022	Extraordinary General Meeting of Shareholders (regarding the potential allocation of dividends for the six-month period ended 30 June 2022)
12 October 2022	Expected Ex-Dividend Date (for ordinary registered shares)
13 October 2022	Expected Record Date for dividend payment (for ordinary registered shares)
22 November 2022	Interim report for the first nine months of 2022

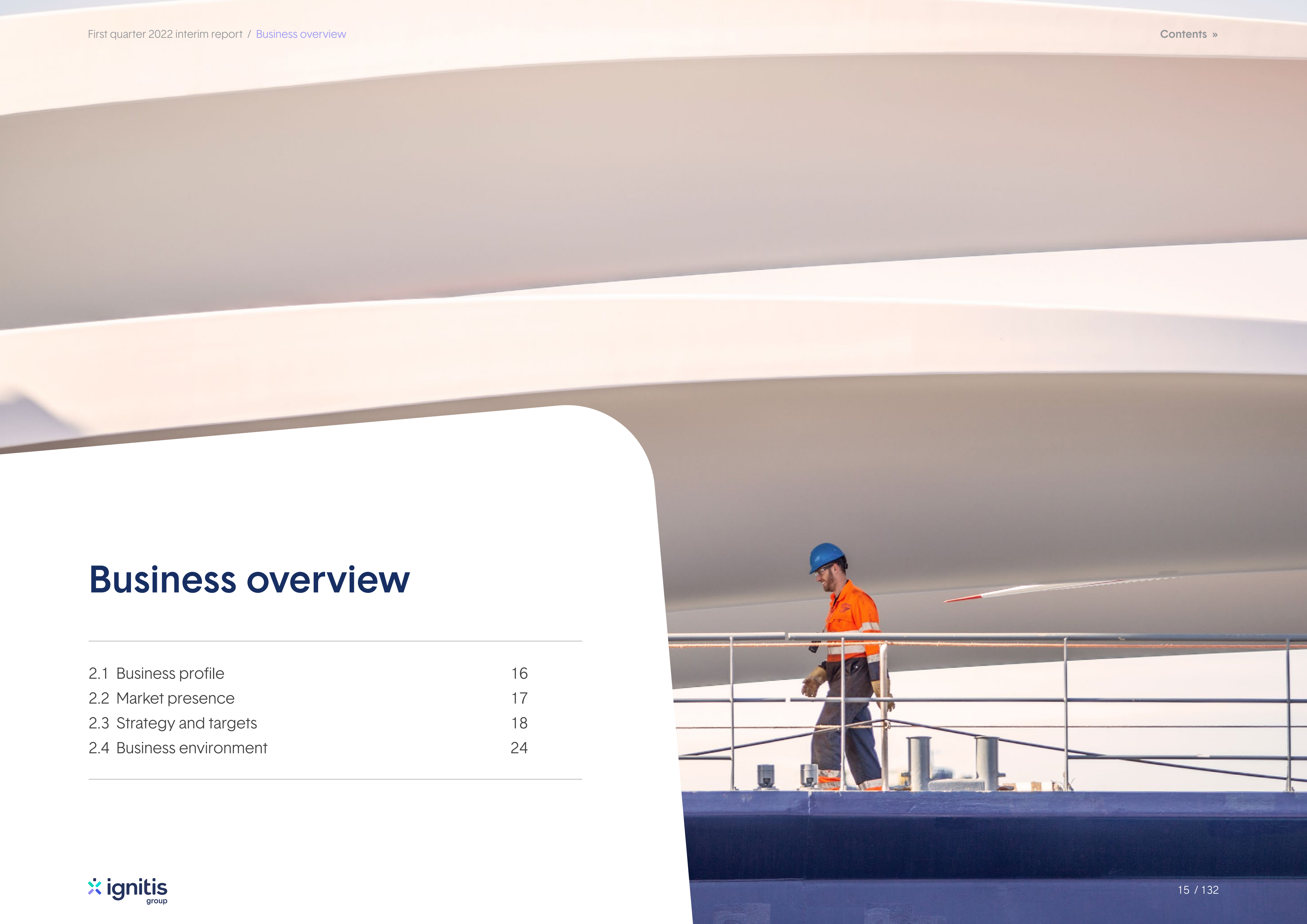
Financial calendar is available on our website and is immediately updated if there are any changes.

Credit rating

The Group has credit rating of BBB+ (stable outlook) affirmed by a credit rating agency S&P Global Ratings. Further information on the credit rating, including the credit rating report, is available on our website.

For further investor related information, see our Annual report 2021 or visit 'Investors' section on our website.

[1] After the reporting period, in April 2022 the parent company acquired further 651,554 own ordinary registered shares, thus increasing the number of treasury shares to 1,894,797 (or from 1.7% to 2.6% of the total number of the parent company's securities).
[2] Excluding treasury shares acquired by the parent company in December 2021.
[3] After the reporting period, in April 2022 the parent company acquired further 651,554 own ordinary registered shares, thus increasing the number of treasury shares to 1,894,797 (or from 1.7% to 2.6% of the total number of the parent company's securities) and reducing free float from 18,756,757 (25.7%) to 18,105,203 (24.4%). All treasury shares (1,894,797) may be annulled by the decision of the Extraordinary Meeting of Shareholders to be held on 24 May 2022.



Business overview

2.1 Business profile

Creating an Energy Smart world

Core businesses

Networks

Resilient and efficient energy distribution enabling the energy transition.

Activities

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

Revenue model

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

CO_2 neutral strategy support

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

Network size[1]

	Size	Volume
Electricity	126,814 km 67% overhead lines and 33% underground lines	10.37 TWh
Natural gas	9,563 km	8.49 TWh

Green Generation

Focused, sustainable, and profitable growth.

Activities

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

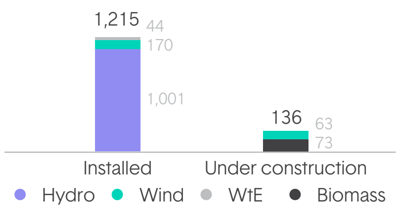
Revenue model

Contracted through renewable energy long-term support schemes (FiT, FiP, CfD), PPAs, and merchant.

CO_2 neutral strategy support

Through development of zero carbon electricity generating assets.

Electricity capacity, MW[1]



1.48 TWh

Electricity generated (net)

Complementary businesses

Flexible Generation

Reliable and flexible power system.

Activities

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

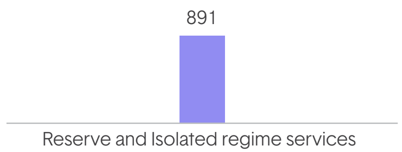
Revenue model

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

CO_2 neutral strategy support

Enabling the system to integrate more renewable energy capacities.

Electricity capacity, MW[1]



0.82 TWh

Electricity generated (net)

Customers & Solutions

Innovative solutions for easier life and energy evolution.

Activities

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

Revenue model

Regulated tariffs and commercial contracts.

CO_2 neutral strategy support

Enabling renewable energy build-out through provision of PPAs, increasing green electricity supply and reducing natural gas supply.

Electricity and natural gas retail sales, TWh[1]

	B2C	B2B
Electricity retail sales 6.77 TWh	2.91 TWh	3.86 TWh
Natural gas retail sales 8.93 TWh	2.84 TWh	6.09 TWh

15.70 TWh

Total retail sales

[1] Information reflects data for the full-year 2021, except for electricity capacity which reflects data as of 31 March 2022.

2.2 Market presence

Regional leader exploring opportunities in the markets undergoing energy transition paths

LITHUANIA

Networks
- Country-wide electricity and natural gas distribution

Green Generation:

OPERATIONAL (1,142.8 MWe, 180 MWth)
- Kruonis PSHP (900 MW)
- Kaunas HPP (100.8 MW)
- Eurakras WF (24 MW)
- Vėjo gūsis WF (19 MW)
- Vėjo vatas WF (15 MW)
- Kaunas CHP (24 MWe, 70 MWth)
- Vilnius CHP's WtE unit (20 MWe, 70 MWth)
- Biomass boiler in Elektrėnai (40 MWth)

UNDER CONSTRUCTION (136 MWe, 169 MWth)
- Vilnius CHP's biomass unit (73 MWe, 169 MWth)
- Mažeikiai WF (63 MW)

UNDER DEVELOPMENT (ADVANCED STAGE) (110 MW)
- Kruonis PSHP (110 MW)

UNDER DEVELOPMENT (EARLY STAGE) (around 1,080 MW)
- Lithuanian offshore WF I (700 MW)
- Greenfield portfolio (around 380 MW)

Flexible Generation

OPERATIONAL(1,055 MW)
- Two natural gas fired reserve power units in Elektrėnai (600 MW)
- Combined Cycle Gas Unit in Elektrėnai (455 MW)

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

FINLAND

Customers & Solutions
- B2B supply of natural gas

ESTONIA

Green Generation:

OPERATIONAL (18 MW)
- Tuuleenergia WF (18 MW)

Customers & Solutions
- B2B supply of electricity

LATVIA

Green Generation

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

Customers & Solutions
- B2B supply of electricity and natural gas

POLAND

Green Generation

OPERATIONAL (94 MW)
- Pomerania WF (94 MW)

UNDER DEVELOPMENT (ADVANCED STAGE) (up to 130 MW)
- Polish solar portfolio II (up to 80 MW)
- Silesia WF (50 MW)

UNDER DEVELOPMENT (EARLY STAGE) (around 20 MW)
- Greenfield portfolio (around 20 MW)

Customers & Solutions
- B2B supply of electricity

2.3 Strategy

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

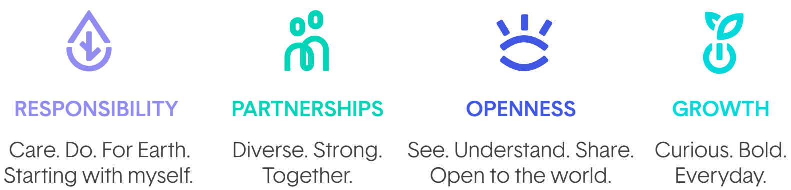
In our strategy we focus on four key strategic priorities. First, we are creating a sustainable future. ESG criteria are an integral part of our strategic goals with strong commitment to a more sustainable future. We align our business targets with the United Nations' Sustainable Development Goals and we are committed to reducing net carbon dioxide emissions to zero by 2050. We also strive to align our businesses with science-based targets to a 1.5°C-compliant business model. Second, we are ensuring resilience and flexibility of the energy system, as well as enabling energy transition and evolution. Third, we are growing renewables to meet regional energy commitments. We target to reach 4 GW of installed green generation capacity by 2030. Fourth, we are capturing growth opportunities and developing innovative solutions to make life easier for the energy smart.

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

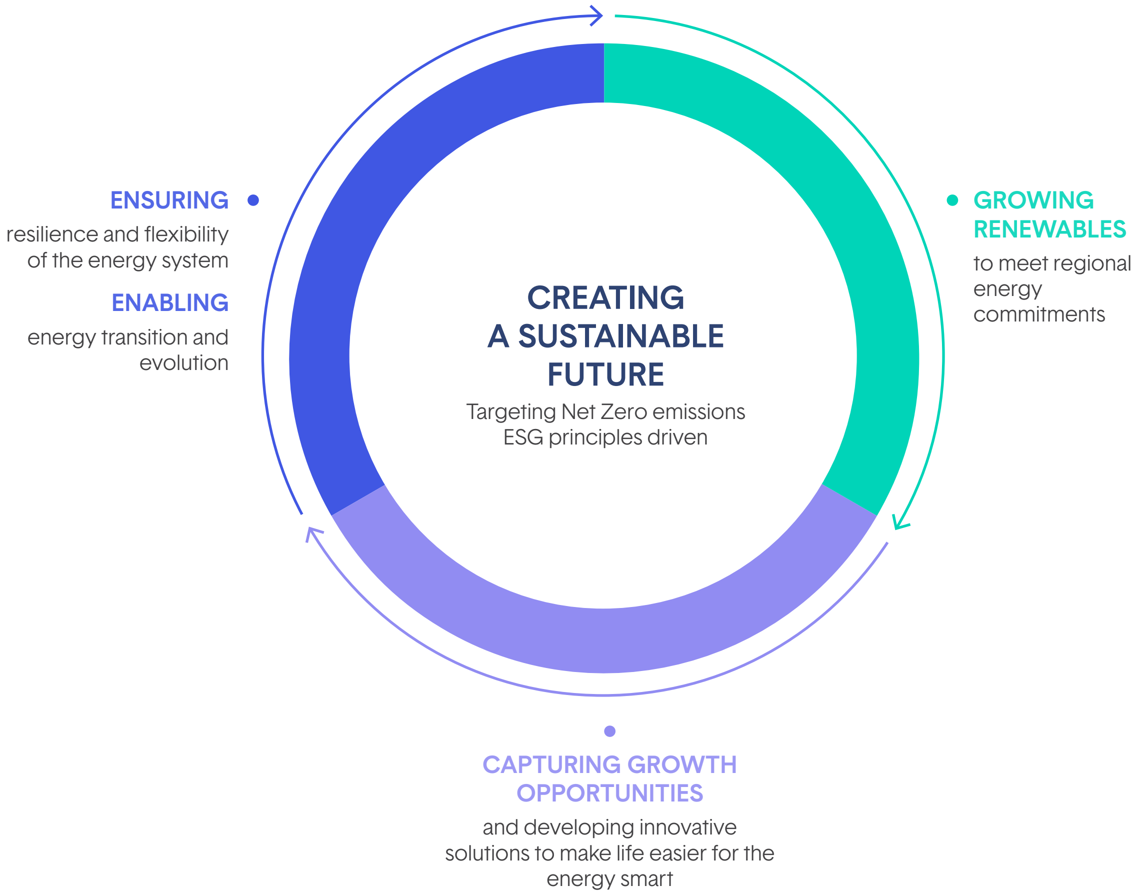
We pursue our strategic priorities with a strong focus on financial discipline. Our engaged people, agile teams, learning culture, organisation with strong governance model and digital approach are the integral parts of our strategy.

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

Our values



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



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

Our strategic goals

Our Strategic Plan 2022–2025 establishes the Group's ambition to work towards decarbonisation and focus on investments into the Green Generation and Networks segments and describes the implementation of priorities and directions of our Corporate Strategy. We provide you with the summary of key targets we aim to deliver by the end of 2025 below.

FINANCIAL	
Adjusted EBITDA, 2025	370–410 EURm
of which a sustainable share, 2025	≥70%
Adjusted EBITDA growth, 2025 vs. 2021	+11–23%
Average ROCE, 2022–2025	5.5–6.5%
Dividend policy	minimum 3% annual grow rate
Minimum DPS[1], 2025	≥1.35 EUR
Dividend yield[1], 2022–2025	6.0–6.6%
Total CAPEX, 2022–2025	1.7–2.0 EURbn
of which a sustainable share, 2022–2025	>90%
Net Debt/Adjusted EBITDA, 2022–2025	<5x
Solid investment–grade rating (S&P), 2022–2025	'BBB' or above

[1] Minimum dividend per share is calculated based on the No. of shares (73,040,514 ordinary registered shares). Dividend yield is calculated based on the Ignitis group share price: 20.5 €/sh.

BUSINESS	
Green generation installed capacity:	
2025	2.0–2.2 GW
2030	4.0 GW
Science-based emissions reduction (to align with 1.5 °C scenario alongside an explicit net-zero-by-2050 commitment):	
2025 vs. 2020	(23%)
2030 vs. 2020	(47%)
Safety at work:	
Fatal accidents of own employees and contractors, 2025	0
Total recordable injury rate (TRIR) of own employees, 2025	<1.90
Engaged employees, diverse and inclusive workplace:	
Employee Net promoter score (eNPS), 2022–2025	≥50%
Share of women in top management, 2025	≥34%
Electricity SAIFI[2]: average 2022–2026	≤1.06
Network digitalisation: # of smart meters in 2025	1.1–1.2 million
Market position in ancillary services in Lithuania, 2022–2025	#1
Green electricity share in our supply portfolio, 2025	>50%

[2] Calculated based on the National Energy Regulatory Council methodology, excluding (1) interruptions due to natural phenomena corresponding to the values of natural, catastrophic meteorological and hydrological phenomena indicators; (2) interruptions due to failures in the network of the transmission system operator.

Update on key ongoing and planned Investments

The Group's sustainable growth is led by investments in our core business segments – Green Generation and Networks. In total, we expect to deploy around EUR 1.7–2.0 billion of capital over 2022–2025, or around EUR 425–500 million per annum. A large part, or around 50%, of the investments will be directed towards the expansion of Green Generation capacity to between 2.0–2.2 GW, compared to operational portfolio of 1.2 GW at the end of Q1 2022. The second largest proportion of funds, or around 45%, will be directed to Networks maintenance and expansion. The funds will be used for grid maintenance, which will increase its security and reliability, developing new customer connections and upgrades, and digitalising the Lithuanian energy sector with the smart electricity metering programme.

Green Generation

In Q1 2022, our Green Generation pipeline increased by around 80 MW with new greenfield projects. In addition, after the reporting period we increased it even further by adding around 150 MW. After a successful start of early-stage development in 2021 by securing land plots for onshore wind and solar projects in Lithuania and Poland, our greenfield portfolio now amounts to around 400 MW. All the remaining projects are fully on track with a minor deviation in the interim milestone of Vilnius CHP's biomass unit (73 MWe, 169 MWth). We still expect the project's COD to take place in Q2 2023, however, due to global supply chain disruption and workforce shortage mainly affected by the war in Ukraine, generation of first energy is rescheduled to Q1 2023 (from Q4 2022).

Status on key investment projects

Under construction

Mažeikiai WF

- **Technology:** onshore wind
- **Capacity:** 63 MW
- **Expected COD:** Q1 2023
- **Investment:** ~ EUR 80–85 million
- **Subsidy scheme:** merchant
- **Ownership:** 100%
- **Status:**
- **Progress:**
  - In addition to roads and foundation, crane pads were completed in Q1 2022.
  - Construction works of laying underground 110 kV and 30 kV electric cables were completed and a 110/30 kV transformer station was erected.
  - Substation and grid connection point are under construction.
  - Transportation of WTGs components has been started.

Vilnius CHP (biomass unit)

- **Technology:** biomass
- **Capacity:** 73 MWe, 169 MWth
- **Expected COD:** Q2 2023
- **Investment:** ~ EUR 232 million
- **Subsidy scheme:** ~ EUR 140 million EU CAPEX grant[1]
- **Ownership:** 100% (49% to be divested post COD according to EU CAPEX grant rules)
- **Status:**
- **Progress:**
  - Due to changes in the environment of supply and construction markets, the project's budget was revised, causing a total investment increase by 10.5% (from ~EUR 210 million to ~EUR 232 million), and generation of first energy was rescheduled to Q1 2023 (from Q4 2022). However, COD in Q2 2023 remains unchanged.
  - A contract was signed with Valmet[2] for the installation of biomass boiler systems of Vilnius CHP biomass unit.
  - The remaining public procurement procedures for the remaining construction works are in their final stages.

Under development (advanced)

Polish solar portfolio II

- **Technology:** solar
- **Capacity:** up to 80 MW
- **Expected COD:** 2022–2023
- **Investment:** ~ EUR 50 million
- **Subsidy scheme:** 15-year indexed CfD (partly secured at ~53–56 EUR/MWh[3]) / PPA
- **Ownership:** 100%[4]
- **Status:**
- **Progress:**
  - Portfolio projects are under active development, with expected COD around 2022–2023.
  - Currently, 21 projects with a total capacity of around 20 MW have already secured CfD in the range of ~53–56 EUR/MWh[3].

Silesia WF

- **Technology:** onshore wind
- **Capacity:** 50 MW
- **Expected COD:** Q4 2023
- **Investment:** ~ EUR 70 million[5]
- **Subsidy scheme:** 15-year indexed CfD at ~55 EUR/MWh[6]
- **Ownership:** 100%
- **Status:**
- **Progress:**
  - The project is approaching construction phase, which is expected to start around Q3 2022.
  - Turbine (Nordex) deliveries and erection are expected to start in Q2 2023.

Moray West offshore wind project

- **Technology:** offshore wind
- **Capacity:** 850–900 MW
- **Expected COD:** 2025
- **Investment:** not disclosed
- **Subsidy scheme:** 15-year indexed CfD
- **Ownership:** 5% (partnership with Ocean Winds, the 50/50 joint venture owned by EDP Renewables and Engie)
- **Status:**
- **Progress:**
  - Layout update is continuing based on final foundation design and pile driveability analysis.
  - Undergoing negotiations with inter arrays and monopile suppliers.
  - Bank launch preparations continuing.
  - Approval of onshore cable route planning condition 'matters specified' has been obtained.
  - Offshore consent variation approved by Scottish Government.

Kruonis PSHP expansion

- **Technology:** hydro
- **Capacity:** 110 MW
- **Expected COD:** 2025[7]
- **Investment:** ~ EUR 80 million[8]
- **Subsidy scheme:** merchant
- **Ownership:** 100%
- **Status:**
- **Progress:**
  - The project is undergoing public procurement procedures for acquisition and installation of the additional unit of 110 MW.
  - A decision on FID is expected around Q4 2022.

On track   Time delay and / or budget deviation

[1] Total CAPEX grant for Vilnius CHP (i.e. waste-to-energy (operational since Q1 2021) and biomass units). [2] Other services providers are: EPCM (Engineering, Procurement and Construction Management) consultant – Ramboll (Ramboll Denmark A/S and Ramboll Polska Sp. z o.o.), engineering designer – UAB "Hidroterra", a general contractor – UAB "Conresta" and others. [3] 228–242 PLN/MWh, applying inflation index of 1.07 and 0.2154 EUR/PLN rate as of 31 March 2022. [4] After full completion of construction works. [5] Including project acquisition and construction works. [6] 237.5 PLN/MWh, applying inflation index of 1.07 and 0.2154 EUR/PLN rate as of 31 March 2022. [7] Tentative schedule is targeted to be aligned with Lithuanian synchronization to European continental networks project. [8] Preliminary estimate equal to the value of tender offer announced in January 2022.

Under development (early stage)

Greenfield portfolio

- **Technology:** onshore wind & solar
- **Capacity:** around 400 MW[2]
- **Expected COD:** 2024–2026[3]
- **Investment:** not disclosed
- **Subsidy scheme:** not disclosed
- **Ownership:** 100%
- **Status:**
- **Progress:**
  - Since the end of 2021, land lease agreements were signed to secure land plots across Lithuania and Poland for additional 230 MW (out of which around 80 MW in Q1 2022).
  - After securing the land necessary to build reasonable capacity – EIA, spatial planning and other procedures for the specific locations are usually initiated.

Latvian onshore WF portfolio I

- **Technology:** onshore wind
- **Capacity:** around 160 MW
- **Expected COD:** 2025–2027
- **Investment:** ~ EUR 200 million
- **Subsidy scheme:** merchant
- **Ownership:** 100%[1]
- **Status:**
- **Progress:**
  - The project is under active development.
  - EIA procedures in progress.
  - Working on design milestones.

Lithuanian offshore WF I

- **Technology:** offshore wind
- **Capacity:** 700 MW
- **Expected COD:** 2028
- **Investment:** not disclosed
- **Subsidy scheme:** 15-year CfD[4]
- **Ownership:** 51% (partnership with Ocean Winds, the 50/50 joint venture owned by EDP Renewables and Engie)
- **Status:**
- **Progress:**
  - The project is undergoing a public consultation on SEIA (Strategic Environmental Impact Assessment) and EIA (Environmental Impact Assessment) prepared by the Energy Agency, the Ministry of Energy of the Republic of Lithuania, together with external consultants.
  - On 31 March 2022 the Parliament of Lithuania adopted amendments to legislation supporting the development of offshore wind in the Baltic Sea and foreseeing the tender to take place on 1 September 2023.

[1] After construction permits are granted.
[2] Secured land lease agreements for development of the indicated capacity.
[3] As the indicated capacity includes different projects, expected COD depends on the progress of individual projects. Additionally, Lithuanian projects should begin operations towards the end of the indicated time range.
*[4] According to the Law that was approved by the Parliament of Lithuania, tender participant will have to provide: (i) CfD (EUR/MWh) and (ii) electricity production volume (MWh) for which CfD is asked for. If the developers do not ask for any support from the State (indicates 0 (zero) MWh), they will have to indicate the 'development fee' which they are willing to pay to the State additionally (this fee will have to be included in the primary bid). If all tender participants will ask for support from the State, the winner will be selected according to lowest 'support needed' that will be calculated according to the following formula: (CfD asked by the developer – Minimum CfD (set by the the regulator)) * Electricity production volume (MWh) for which CfD is asked for. If support from the State is not requested the winner will be selected according to the highest 'development fee' suggested.*

On track   Time delay and / or budget deviation

Networks

Since the end of 2021, we have successfully continued implementing maintenance and expansion works in the Networks segment. Smart meter roll-out project is on track with meters being metrologically certified in the EU as well as an ongoing process of registration in Lithuanian Metrology Inspectorate. We received the first batch of them for testing in Q1 2022. The plan to finalise the information system tests, start installing the first meters in Q2 2022 and to finalise the mass roll-out process by the end of 2025 remains unchanged. However, we continue to face the risk of supply chain disruptions due to the global supply issue ('the semiconductor crisis') as well as the geopolitical crisis, potentially causing disruption in the production of smart meters and, thus, affecting the project by having the smart meters delivered in smaller quantities than planned and/or within a longer timeframe.

Status on key investment projects

Maintenance

- **Investments Q1 2022–2030 (10-year investment plan)** ~EUR 1 billion
- **Investments 2022–2025 (Strategic plan):** EUR 390–410 million
- **Subsidy scheme:** partially covered by EU funds (on a project by project basis)
- **Ownership:** 100%
- **Status:**
- **Progress:**
  - In Q1 2022, over 203 km of electricity lines were reconstructed (out of which >95% are underground cable lines).
  - Reconstruction of the most affected lines are being continued.

Expansion *New customer connections and upgrades*

- **Investments Q1 2022–2030 (10-year investment plan):** ~EUR 730 million
- **Investments 2022–2025 (Strategic plan):** EUR 315–330 million
- **Subsidy scheme:** partially covered by customers' fees
- **Ownership:** 100%
- **Status:**
- **Progress:**
  - In Q1 2022 almost 7,000 new electricity customers and >5,000 capacity upgrades were connected/upgraded, which resulted in around 150 km of new electricity lines.
  - New customer connections and capacity upgrades are being continued.

Expansion *Smart meter roll-out*

- **Investments Q1 2022–2030 (10-year investment plan):** ~ EUR 150 million
- **Investments 2022–2025 (Strategic plan):** EUR 100–120 million[1]
- **Subsidy scheme:** n/a
- **Ownership:** 100%
- **Status:**
- **Progress:**
  - In Q1 2022 we received the first batch of smart meters for testing.
  - Testing and system deployment will be finished in Q2 2021, followed by the start of deliveries and installation of the first meters.

[1] Sagemcom Energy & Telecom SAS (France) is responsible for supplying the smart meters (approximately 1.2 million) and implementation of related IT services (data transfer technology – Narrowband Internet of things).

TOTAL

- **Investments Q1 2022–2030 (10-year investment plan):** ~ EUR 1.9 billion
- **Investments 2022–2025 (Strategic plan):** EUR 0.8–0.9 billion
- **Subsidy scheme:** n/a
- **Ownership:** 100%

On track   Time delay and / or budget deviation

400 MW

A successful start of early-stage greenfield development projects in 2021 in Lithuania and Poland has led to an increase in our greenfield portfolio to around 400 MW.

2.4 Business environment

The Group's performance, to an extent, is governed by macroeconomic and industry dynamics in the markets it operates. Thus, especially during this turbulent period, we closely monitor key economic indicators and developments in the industry to assess the business environment in our home market and provide an overview below.

Macroeconomic environment

GDP

After the COVID-19 recovery in 2021, the world's economy was shaken by the Russia's invasion of Ukraine in February 2022. Despite the full impact still being difficult to assess, it is projected to cause a slower growth across the countries compared to 2021. During the reporting period, an increase of 5.0% in GDP was captured in the euro area compared to Q1 2021, expecting to reach full-year 4.3% and 2.4% GDP growth in 2022 and 2023 respectively. Turning to Lithuania, the GDP in Q1 2022 increased by 4.1% compared to the same period last year. Over the course of the next two years, Lithuania's economy is expected to grow at a level of 3.4% both in 2022 and 2023. Of course, the forecasts are highly dependent on future geopolitical situation.

GDP change, %

	Q1 2022 vs Q4 2021	2022F	2023F
Lithuania	+4.1	+3.4	+3.4
Latvia	+5.6	+4.4	+3.8
Estonia	-[1]	+3.1	+4.0
Finland	-[1]	+3.0	+2.0
Poland	-[1]	+5.5	+4.2
Euro area	**+5.0**	**+4.3**	**+2.4**
EU	**+5.2**	**+4.3**	**+2.5**

Source: Eurostat.
[1] No data is released yet.

Inflation

Since the record high inflation captured in 2021, harmonised CPI of the euro area continued to increase, reaching 7.4% in March 2022, with energy prices comprising the major share of its growth.

The largest annual harmonised CPI growth of 15.6% was recorded in Lithuania, followed by Estonia, Latvia and Poland at 14.8%, 11.5% and 10.2% respectively. At the same time, harmonised CPI growth in Finland was again the lowest amongst our home market countries, reaching only 5.8% growth rate in Q1 2022.

Inflation rate change measured by harmonised CPI, %

	Q1 2022	2022F	2023F
Lithuania	+15.6	+6.7	+2.2
Latvia	+11.5	+5.9	+0.9
Estonia	+14.8	+6.1	+2.1
Finland	+5.8	+2.6	+1.9
Poland	+10.2	+6.8	+3.8
Euro area	**+7.4**	**+3.5**	**+1.7**
EU	**+7.8**	**+3.9**	**+1.9**

Source: Eurostat.

Industry environment

Commodity market overview

Commodity markets continued to be extremely volatile, especially since the start of the Russia's invasion of Ukraine. We witnessed an increase in all energy sectors in Q1 2022 from 69.7% in Brent oil to around 418.2% in natural gas at TTF compared to Q1 2021. That is mainly due to intense geopolitical environment across the globe. Due to high market volatility and in order to offset the impact of limited Russian oil exports on the supply, countries (e.g. the United States) are releasing their strategic reserves. However, limited stock constrains might rally the prices further by the end of 2022.

Additionally, coal prices spiked by around 235.5% in Q1 2022 compared to Q1 2021. The increase is a clear reaction to an extremely tight market. By putting on ambitious natural gas storage targets, Europe prioritizes natural gas storage injections over carbon emissions from additional coalfired power generation. A number of countries and companies have announced or are discussing to postpone the scheduled closure of coal plants or even to bring plants back online, which, in turn, pushed the European Union's carbon emissions (ETS) prices up by 121.3% in Q1 2022 compared to Q1 2021. On top of that, coal supply remains tight as EU countries are ceasing coal imports from Russia, which puts even more pressure on commodity pricing.

Development of commodities in Q1 2022 compared to Q1 2021[1]

		Q1 2022	Q1 2021	Δ, %
Oil – Brent	USD / bbl	104.2	61.4	*69.7%*
Coal – API2	USD / t	224.1	66.8	*235.5%*
Natural gas – TTF	EUR / MWh	93.8	18.1	*418.2%*
CO_2 (EU ETS)	EUR / t CO_2	83.2	37.6	*121.3%*

[1] Daily futures price average for the year.

Wholesale electricity market

Lithuania is part of Nord Pool, which is a leading power market in Europe.

During Q1 2022, prices increased remarkably in all bidding areas of the Nord Pool power exchange compared to Q1 2021. With high natural gas prices being the main reason behind the increase, another key driver of upward movement in electricity price in the region was lower hydro generation in Scandinavia. However, about 50% increase in wind generation in Scandinavia (from 16.0 TWh in Q1 2021 to 25.2 TWh in Q1 2022) prevented power prices from skyrocketing further.

The average system price was 161.5% higher in Q1 2022 compared to the same period last year. The largest increase of 166.1% within our home market was captured in Latvia, where prices in Q1 2022 reached 136.1 EUR/MWh. Meanwhile, the growth as well as the price level in Lithuania and Estonia followed closely behind – in Lithuania and Estonia prices increased by 161.5% and 154.4% to 136.1 EUR/MWh and 131.6 EUR/MWh respectively. Nord Pool system price and electricity prices in the Baltics continue to be mainly driven by a tense geopolitical situation, natural gas prices and power prices in the other Continental Europe countries.

Average hourly electricity spot price and its change, EUR/MWh

	Q1 2021	Q1 2022	2023F[1]	Q1 2022 vs Q1 2021 Δ, %	2023F vs Q1 2022 Δ, %
Nord Pool system	42.1	110.1	*53.8*	*161.5%*	*(51.1%)*
Lithuania	53.7	140.3	*136.1*	*161.5%*	*(3.0%)*
Latvia	52.1	138.6	*136.1*	*166.1%*	*(1.8%)*
Estonia	52.1	132.5	*131.6*	*154.4%*	*(0.7%)*
Finland	48.9	91.4	*56.9*	*86.9%*	*(37.8%)*
Poland	59.7	134.0	*176.0*	*124.5%*	*31.3%*

[1] 1-year future price as of 31 March 2022.
[2] Based on Latvia's forward price (as there is no separate Lithuanian zone).

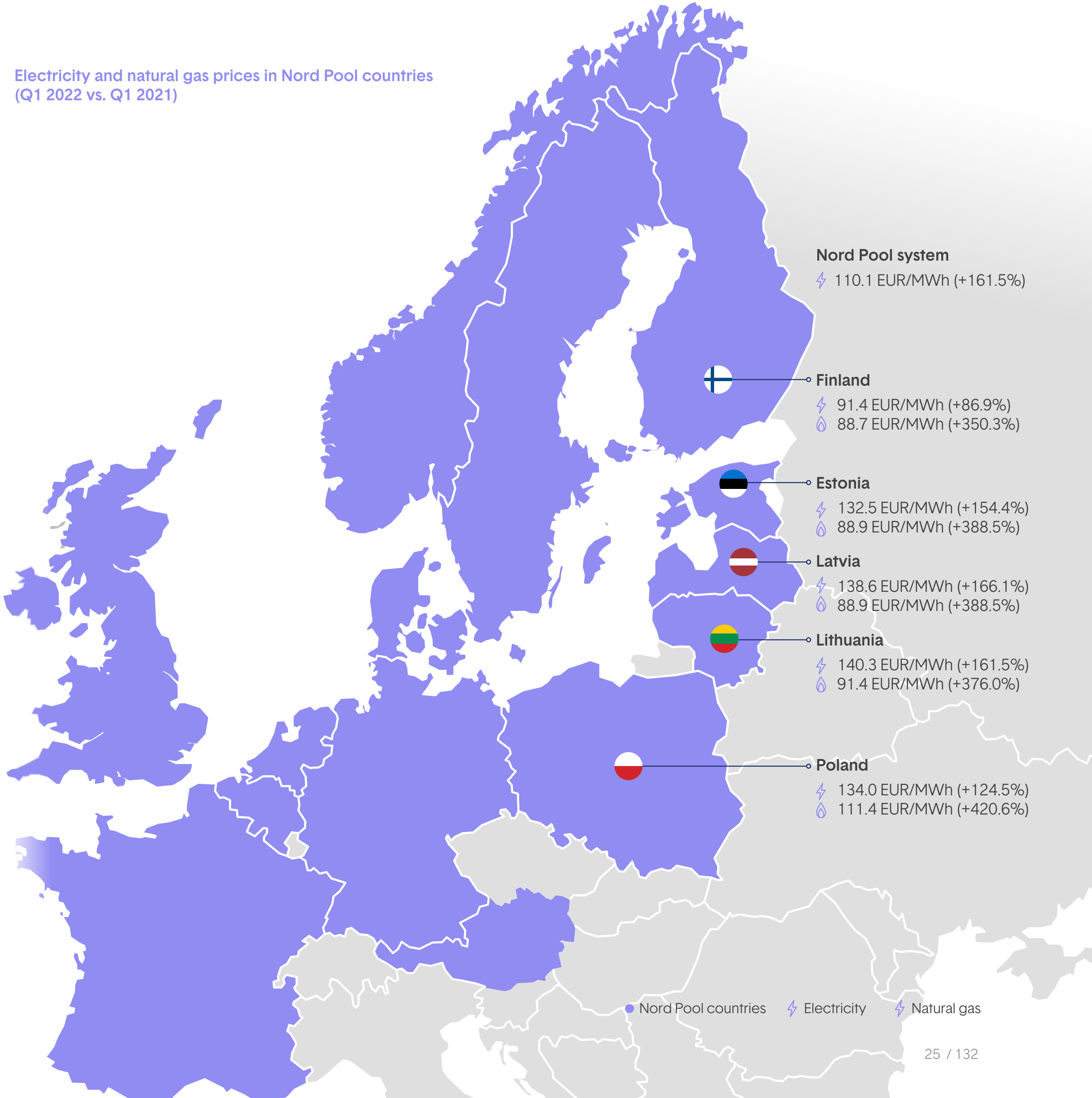
The largest electricity generation changes across our home market countries were captured in Estonia, Lithuania and Latvia. Estonia generated 26.3% more electricity compared to Q1 2021, mainly due to higher generation levels at fossil oil shale power plants (increased by 39.2%). In the same manner, Lithuania generated 9.1% more electricity compared to Q1 2021, mainly due to higher wind energy generation levels (increased by 68.4%) and higher run-of-river hydro power generation (increased by 66.7%). However, Latvia generated 26.3% less power due to lower generation levels of its fossil fuel power plants (decreased by 69.5%).

Electricity generation change in Q1 2022 compared to Q1 2021, TWh

	Q1 2022	Q1 2021	Δ, %
Lithuania	1.2	1.1	*9.1%*
Latvia	1.4	1.9	*(26.3%)*
Estonia	1.8	1.4	*28.6%*
Finland	17.8	18.6	*(4.3%)*
Poland	46.7	43.5	*7.4%*

In terms of domestic generation and consumption, our home market countries remained deficit countries during the reporting period with only Finland almost covering its all electricity needs (95.5%). There were also no material changes in electricity consumption across the countries in Q1 2022. A slight decrease in consumption levels was mainly driven by a milder winter compared to last year.

Electricity and natural gas prices in Nord Pool countries (Q1 2022 vs. Q1 2021)



Electricity consumption change in Q1 2022 compared to Q1 2021, TWh

	Q1 2022	Q1 2021	Δ, %
Lithuania	3.4	3.3	*3.0%*
Latvia	1.9	1.9	*0.0%*
Estonia	2.3	2.4	*(4.2%)*
Finland	22.8	24.4	*(6.6%)*
Poland	45.3	45.4	*(0.2%)*

Wholesale natural gas market

Natural gas prices remain elevated globally with price levels in the home market during Q1 2022 exceeding the price during the same period last year by up to 5 times. The tension in the natural gas market started back in 2021 with limited pipeline flows and relatively lower-than-expect injection into storage rates. In the first quarter of the year the tension was further fuelled by geopolitical events. This created unprecedent intraday TTF price volatility with prices reaching up to 200 EUR/MWh in several days in March 2022. As a result, a combination of high energy prices, a relatively warm winter and an impact of the war on the economies controlled the natural gas demand in Europe throughout Q1 2022.

Storage levels in underground natural gas storage facilities in Europe as of the end of the reporting period were at 26.3% compared to 30.1% during the same period a year ago. Storage levels never reached the desired levels during the injection season in 2021 and the situation could have been much worse than now if not for the LNG flows into Europe during Q1 2022, which supported the supply side and reduced the withdrawal needs from the storage. However, the fill level in storage facilities is still low and will need to be increased in the nearest future.

Average natural gas price and its change, EUR/MWh

	Q1 2021	Q1 2022	2023F[1]	*Q1 2022 vs Q1 2021 Δ, %*	*2023F vs Q1 2022 Δ, %*
TTF[2]	18.1	93.8	72.3	*418.2%*	*(22.9%)*
Lithuania[4]	19.2	91.4	-	*376.0%*	-
Latvia – Estonia[3,4]	18.2	88.9	-	*388.5%*	-
Finland[4]	19.7	88.7	-	*350.3%*	-
Poland[5]	21.4	111.4	91.1	*420.6%*	*(18.2%)*

[1] 1-year future price as of 31 March 2022.
[2] TTF natural gas front month index.
[3] Latvia and Estonia is a common natural gas balancing zone, therefore, data is the same.
[4] GET Baltic daily markets, there is no futures market, thus, no information is provided.
[5] Weighted Average Day Ahead Price (EUR/MWh).

Natural gas consumption figures during Q1 2022 compared to Q1 2021 were down in all home market countries. This was led by high natural gas prices, mild winter temperatures, uncertainty if businesses would pass rising energy costs onto final consumers and fuel switching.

Natural gas consumption change in Q1 2022 compared to Q1 2021, TWh

	Q1 2022	Q1 2021	Δ, %
Lithuania	5.7	8.7	*(34.5%)*
Latvia	3.6	5.3	*(32.1%)*
Estonia	1.6	2.1	*(23.8%)*
Finland	4.8	10.5	*(57.1%)*
Poland	52.7	57.9	*(9.0%)*

Heat market

Comparing Q1 2022 to the same period the last year, material changes in local heat price levels were recorded, which were mainly caused by an increase in the price of biomass. This has led to the price of heat energy growing significantly in both districts where our CHP assets operate.

Local heat price, EUR/MWh

	Q1 2022	Q1 2021	Δ, %
Kaunas district	36.7	16.0	*129.4%*
Vilnius district	39.1	23.6	*65.7%*

Waste incineration market

During Q1 2022, 55,000 tonnes of waste were delivered to Vilnius CHP. Turning to Kaunas CHP, the power plant incinerated a total of 51,400 tonnes of waste. The total annual capacity of Vilnius CHP and Kaunas CHP remains the same at 160,000 and 200,000 tonnes respectively. The gate fee of waste incineration remained constant with a moderate increase recorded in Kaunas CHP.

Gate fee of waste incineration, EUR/t

	Q1 2022	Q1 2021	Δ, %
Kaunas district	45.5	40.2	*13.2%*
Vilnius district[1]	33.0	32.7	*0.9%*

[1] Vilnius CHP started waste incineration in Q3 2020.

Results

3.1 Results Q1

Key financial indicators[1]

		Q1 2022	Q1 2021	Δ	Δ,%
Revenue	EURm	991.3	393.4	597.9	152.0%
EBITDA APM	EURm	91.7	87.4	4.3	4.9%
Adjusted EBITDA APM	EURm	111.4	78.1	33.3	42.6%
Green Generation	EURm	70.0	19.0	51.0	268.4%
Networks	EURm	45.1	44.1	1.0	2.3%
Flexible Generation	EURm	4.9	7.9	(3.0)	(38.0%)
Customers & Solutions	EURm	(9.7)	6.1	(15.8)	n/a
Other[2]	EURm	1.1	1.0	0.1	10.0%
Adjusted EBITDA margin APM	%	11.0%	20.3%	(9.3 pp)	n/a
EBIT APM	EURm	57.2	57.0	0.2	0.4%
Adjusted EBIT APM	EURm	76.9	47.7	29.2	61.2%
Net profit	EURm	46.8	43.0	3.8	8.8%
Adjusted net profit APM	EURm	61.1	35.1	26.0	74.1%
Investments APM	EURm	43.1	29.0	14.1	48.6%
FFO APM	EURm	89.3	84.0	5.3	6.3%
FCF APM	EURm	(138.3)	30.9	(169.2)	n/a
ROE LTM APM	%	8.3%	12.0%	(3.7 pp)	n/a
Adjusted ROE LTM APM	%	9.9%	8.9%	1.0 pp	n/a
ROCE LTM APM	%	6.8%	10.2%	(3.4 pp)	n/a
Adjusted ROCE LTM APM	%	8.7%	7.7%	1.0 pp	n/a
EPS (Basic) APM	EUR	0.64	0.57	0.07	12.3%
		31.03.2022	31.12.2021	Δ	Δ,%
Total assets	EURm	4,623.0	4,251.3	371.7	8.7%
Equity	EURm	2,005.3	1,849.0	156.3	8.5%
Net debt APM	EURm	1,000.7	957.2	43.5	4.5%
Net working capital APM	EURm	681.3	486.4	194.9	40.1%
Net debt/EBITDA LTM APM	times	2.95	2.85	0.10	3.5%
Net debt/Adjusted EBITDA LTM APM	times	2.73	2.88	(0.15)	(5.2%)
FFO LTM/Net debt APM	%	29.7%	30.5%	(0.8 pp)	n/a

[1] Due to Networks Methodology update, change in accounting policy and reclassifications as well as reduction of management adjustments, all financial indicators were recalculated retrospectively for all quarters of the year 2021 (for more information, see Annual report 2021 section 'Annual results' part 'Significant changes in reporting period of 2021').
[2] Other – other activities and eliminations (consolidation adjustments and related party transactions), including financial results of the parent company. More information about it is disclosed in the section '6.2 Parent company's financial statements'.

Highlights

Q1 2022 vs Q1 2021

Adjusted EBITDA grew by 42.6% to EUR 111.4 million compared to Q1 2021. The increase was mainly driven by the Green Generation segment due to the launch of Pomerania WF in Poland and better results of our hydro portfolio due to higher electricity market price. Green Generation Adjusted EBITDA accounted for almost 2/3 of the Group's total results in Q1 2022. Despite revenue growth in Customers & Solutions (+498.1m) Adjusted EBITDA result of the segment was negative for Q1 2022 mainly due to ineffective electricity "proxy" hedges as the spread between Lithuanian and Finish price zones has further increased.

	Networks	Green Generation	Flexible Generation	Customers & Solutions	Other[1]	Total Adjusted	Adjustments	IFRS
Q1 2022			Adjusted					Reported
Revenue	**147.2**	**120.7**	**72.4**	**684.5**	**(13.8)**	**1,011.0**	**(19.7)**	**991.3**
Purchase of electricity, natural gas and other services	(72.5)	(32.6)	(12.1)	(684.5)	0.2	(801.5)	-	(801.5)
Wages and salaries and related expenses	(16.0)	(2.5)	(2.1)	(3.1)	(4.6)	(28.3)	-	(28.3)
Repair and maintenance expenses	(4.6)	(0.9)	(0.7)	-	-	(6.2)	-	(6.2)
Other expenses	(9.0)	(14.7)	(52.6)	(6.6)	19.3	(63.6)	-	(63.6)
EBITDA APM	**45.1**	**70.0**	**4.9**	**(9.7)**	**1.1**	**111.4**	**(19.7)**	**91.7**
Depreciation and amortisation	(21.9)	(6.9)	(3.0)	(0.5)	(1.5)	(33.8)	-	(33.8)
Write-offs, revaluation and impairment losses of PPE and intangible assets	(0.6)	-	-	-	(0.1)	(0.7)	-	(0.7)
EBIT APM	**22.6**	**63.1**	**1.9**	**(10.2)**	**(0.5)**	**76.9**	**(19.7)**	**57.2**
Finance activity, net						(7.3)	(2.4)	(4.9)
Income tax expenses						(8.5)	3.0	(5.5)
Net profit						**61.1**	**(14.3)**	**46.8**
Q1 2021[2]			Adjusted					Reported
Revenue	**132.7**	**35.3**	**29.6**	**186.4**	**0.1**	**384.1**	**9.3**	**393.4**
Purchase of electricity, natural gas and other services	(62.5)	(11.7)	(17.7)	(173.5)	0.1	(265.3)	-	(265.3)
Wages and salaries and related expenses	(14.2)	(1.9)	(1.6)	(3.0)	(4.7)	(25.4)	-	(25.4)
Repair and maintenance expenses	(3.5)	(0.7)	(1.3)	-	-	(5.5)	-	(5.5)
Other expenses	(8.4)	(2.0)	(1.1)	(3.8)	5.5	(9.8)	-	(9.8)
EBITDA APM	**44.1**	**19.0**	**7.9**	**6.1**	**1.0**	**78.1**	**9.3**	**87.4**
Depreciation and amortisation	(20.3)	(4.6)	(2.9)	(0.4)	(1.2)	(29.4)	-	(29.4)
Write-offs, revaluation and impairment losses of PPE and intangible assets	-	-	(1.0)	-	-	(1.0)	-	(1.0)
EBIT APM	**23.8**	**14.4**	**4.0**	**5.7**	**(0.2)**	**47.7**	**9.3**	**57.0**
Finance activity, net						(5.9)	-	(5.9)
Income tax expenses						(6.7)	(1.4)	(8.1)
Net profit						**35.1**	**7.9**	**43.0**

[1] Other – other activities and eliminations (consolidation adjustments and related party transactions).
[2] Due to Networks Methodology update, change in accounting policy and reclassifications as well as reduction of management adjustments, all financial indicators were recalculated retrospectively for all quarters of the year 2021 (for more information, see Annual report 2021 section 'Annual results' part 'Significant changes in reporting period of 2021'). Adjusted EBITDA reported in 2021 Q1 Interim report was EUR 91.9 million.

Revenue

In Q1 2022, revenue increased by 152.0%, compared to Q1 2021, and totalled EUR 991.3 million. The main reasons causing revenue changes in our business segments were as follows:

1. **Higher revenue of the Customers & Solutions segment (EUR +493.1 million).** In Q1 revenue reached EUR 677.4 million and was 267.6%, or EUR 493.1 million, higher than in Q1 2021. Electricity part revenue increased by EUR 238.1 million, while gas part revenue increased by EUR 254.8 million. Higher revenue of B2B electricity business (EUR +187.2 million) was due to higher market prices (+122% on average) and higher volumes sold (+44%). Total B2C electricity sales have increased (EUR +50.9 million), mainly in regulated activity (EUR +42.9 million) due to increased tariffs. An increase in gas business was driven by higher natural gas B2B sales (EUR +173.4 million), mainly due to higher average TTF gas price index (+415%), which is mainly referenced in company's gas supply. Natural gas B2C sales increased (EUR +81.4 million) due to higher regulated tariff and temporary regulated differences recognized right away as revenue due to changes in regulation applicable for H1 of 2022.

2. **Higher revenue of the Green Generation segment (EUR +87.6 million).** The increase was driven by Pomerania WF (EUR +11.3 million) due to COD reached in December 2021 as well as higher revenue of hydro units – Kruonis PSHP (EUR +24.6 million) driven by higher spread between peak and off-peak market prices and Kaunas HPP (EUR +17.5 million) driven by both higher electricity market prices and volumes generated, and waste-to-energy units Kaunas CHP (EUR +6.5 million), due to higher electricity prices, and Vilnius CHP WtE unit (EUR +11.1 million), due to COD reached in March 2021.

3. **Higher revenue of the Flexible Generation segment (EUR +42.8 million).** The increase was driven by higher revenue from power reserve (EUR +49.6 million), which is mainly related to the expected revenue for additional gas reserve acquired in order to comply with new requirements for the isolated regime services. There should be no financial effect on the result as expected additional revenue should cover expenses related to isolated regime services. The increase in revenue was partly offset by lower revenue from CCGT commercial activities (EUR -7.4 million) as a result of worse market conditions (less favourable days for generation).

4. **Lower revenue of the Networks segment (EUR -11.7 million).** The decrease was mainly driven by lower electricity distribution (EUR -12.2 million) and transmission (EUR -5.0 million) revenue due to, on average, 17% lower electricity distribution and transmission tariff components approved by the regulator.

Revenue by segment, EURm

	Q1 2022	Q1 2021	Δ	Δ,%
Customers & Solutions	677.4	184.3	*493.1*	*267.6%*
Networks	134.6	146.3	*(11.7)*	*(8.0%)*
Green Generation	120.7	33.1	*87.6*	*264.7%*
Flexible Generation	72.4	29.6	*42.8*	*144.6%*
Other[1]	(13.8)	0.1	*(13.9)*	*n/a*
Revenue	**991.3**	**393.4**	***597.9***	***152.0%***

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

Revenue by country, EURm

	Q1 2022	Q1 2021	Δ	Δ,%	Q1 2022, %
Lithuania	749.2	352.1	*397.1*	*112.8%*	*75.6%*
Other[2]	242.1	41.3	*200.8*	*486.2%*	*24.4%*
Revenue	**991.3**	**393.4**	***597.9***	***152.0%***	***100.0%***

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

In Q1 2022, the Group earned 75.6% (89.5% in Q1 2021) of its revenue in Lithuania (EUR 749.2 million). The Group's revenue from foreign countries increased by 486.2%, mostly in Finland, Latvia and Poland, and reached EUR 242.1 million (Q1 2021: EUR 41.3 million), mainly due to increased natural gas prices.

Revenue by type[3], EURm

	Q1 2022	Q1 2021	Δ	Δ,%	Q1 2022, %
Electricity related	579.8	275.2	*304.6*	*110.7%*	*58.5%*
Natural gas related	389.0	101.8	*287.2*	*282.1%*	*39.2%*
Other	22.5	16.3	*6.2*	*38.0%*	*2.3%*
Revenue	**991.3**	**393.3**	***598.0***	***152.0%***	***100.0%***

[3] *A more detailed description is presented in Interim Consolidated Financial statements for Q1 2022, Note 22 'Revenue from contracts with customers'.*

In Q1 2022, electricity related revenue increased by EUR 304.6 million, compared to Q1 2021, mostly due to higher revenue from B2B, B2C electricity supply and related revenue (EUR +174.0 million), higher revenue from sale of generated electricity (EUR +58.5 million), higher income from services ensuring the isolated operation of power system and capacity reserve (EUR +50.8 million) and higher revenue from public electricity supply (EUR +43.6 million). Natural gas related revenue increased by EUR 287.2 million, compared to Q1 2021, due to higher revenue from natural gas sales (incl. LNGT security component) (EUR +288.9 million). Other revenue increased mostly due to higher revenue from heating (EUR +8.3 million).

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Expenses

Purchase of electricity, natural gas and other services

The Group's purchase of electricity and natural gas amounted to EUR 801.5 million in Q1 2022 and increased by 202.1% compared to Q1 2021. The increase was caused by higher natural gas (EUR +323.9 million) and electricity (EUR +212.1 million) purchases, mainly due to increased market prices.

OPEX

In Q1 2022, OPEX was equal to EUR 46.6 million and increased by 14.5% (EUR +5.9 million). This change was driven by higher salaries and related expenses (EUR 2.9 million, or +11.4%), mainly due to the growth in the Group's average salary and increased overtime resulted from repair of failures in the electricity distribution network after heavy storms in 2022. Other expenses increased mostly due to higher taxes, IT, transport and utilities expenses.

Other

Changes in fair value of effective hedges that meet the qualifying criteria for hedge accounting are disclosed in Statement of Financial Position in Equity reserves. The gain or loss of settled derivatives are disclosed in the Statement of Profit or Loss as Purchases of electricity, natural gas and other services. Changes in fair value and the result of settled hedges that do not meet the qualifying criteria for hedge accounting are disclosed in the Statement of Profit or Loss, the negative result – in other expenses and the positive hedging result for the period is presented in other revenue.

Energy hedging expenses from ineffective hedging in Q1 2022 are mainly related to the acquired gas reserve in order to comply with new requirements for the isolated regime services (EUR -51.5 million in Q1 2022). There should be no material effect on the result as expenses are expected to be covered by isolated regime services tariff.

Depreciation and amortisation expenses increased due to Vilnius CHP's WtE unit (EUR +1.1 million), as it reached COD in March 2021, and Pomerania WF (EUR +0.9 million), as it reached COD in December 2021, as well as higher expenses of the Networks segment (EUR +1.8 million), mostly due to Investments made.

Expenses, EURm

	Q1 2022	Q1 2021[1]	Δ	Δ,%
Purchase of electricity, natural gas and other services	**801.5**	**265.3**	***536.2***	***202.1%***
Purchase of natural gas and related services	411.7	87.8	*323.9*	*368.9%*
Purchase of electricity and related services	385.4	173.3	*212.1*	*122.4%*
Other	4.4	4.2	*0.2*	*4.8%*
OPEX APM	**46.6**	**40.7**	***5.9***	***14.5%***
Salaries and related expenses	28.3	25.4	*2.9*	*11.4%*
Repair and maintenance expenses	6.2	5.5	*0.7*	*12.7%*
Other	12.1	9.8	*2.3*	*23.5%*
Other	**86.0**	**30.4**	***55.6***	***182.9%***
Depreciation and amortisation	33.8	29.4	*4.4*	*15.0%*
Energy hedging	51.5	-	*51.5*	*n/a*
Write-offs, revaluation and impairment losses of PPE and intangible assets	0.7	1.0	*(0.3)*	*(30.0%)*
Total	**934.1**	**336.4**	***597.7***	***177.7%***

[1] *Due to change in accounting policy and reclassifications, expenses were adjusted retrospectively for all quarters of the year 2021 (for more information, see 'Annual report 2021 section 'Annual results' part 'Significant changes in reporting period of Q1 2022').*

EBITDA

Adjusted EBITDA amounted to EUR 111.4 million in Q1 2022 and was 42.6%, or EUR 33.3 million, higher than in Q1 2021. Adjusted EBITDA increase was mainly driven by Green Generation segment due to launch of Pomerania WF in Poland and better results of hydro portfolio due to higher electricity market price.

The main reasons behind the change in Adjusted EBITDA were as follows:

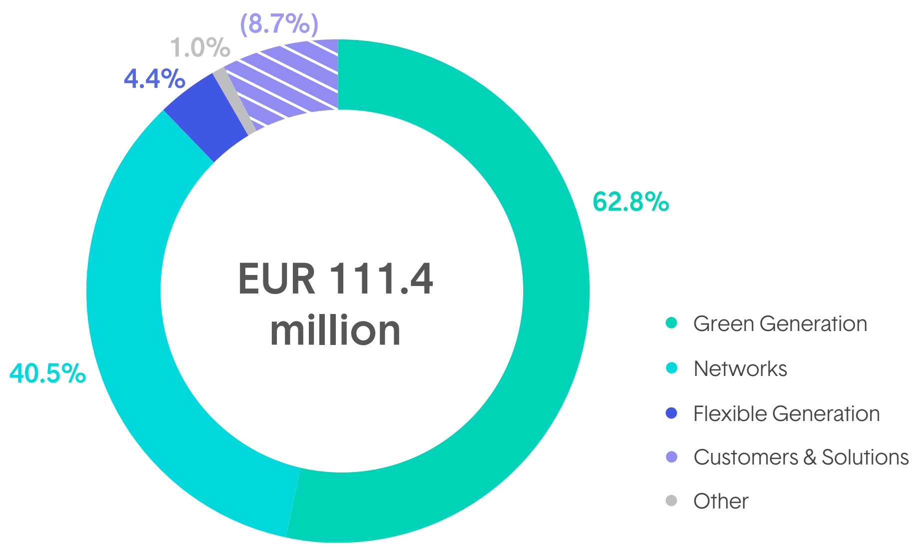
1. **Green Generation increased by EUR 51.0 million.** The increase was mainly influenced by Pomerania WF (EUR +10.9 million), due to COD reached in December 2021, better results of Kaunas HPP (EUR +13.3 million), mostly due to higher captured electricity prices and an increase in generated volumes, as well as Kruonis PSHP (EUR +12.4 million), due to better results of commercial activities, exploiting favourable spread between peak and off-peak market prices.
2. **Networks grew by EUR 1.0 million.** The increase was driven by introduction of an additional tariff component (EUR +7.5 million). The increase was partly offset by lower share of allowed return and D&A recognized in Q1 2022 vs Q1 2021 due to volume effect (EUR -3.6 million). This effect will level off over the course of the year as annual ROI and compensated D&A is fixed for the year but allocated between months based on distributed volumes. Also, Adjusted EBITDA decreased due to lower electricity WACC (4.16% in 2022 vs 5.34% in 2021) (EUR -3.2 million) as a result of the updated WACC methodology for the new regulatory period started in 2022.
3. **Flexible Generation decreased by EUR 3.0 million.** The decrease was mainly caused by worse results of commercial activities in CCGT unit (EUR -3.0 million) due to lower volume of generation (0.03 TWh in Q1 2022 compared to 0.22 TWh in Q1 2021) as clean spark spread was negatively affected by increased gas prices (less favourable days for generation).
4. **Customers & Solutions decreased by EUR 15.8 million.** Negative change in the natural gas result (EUR -3.8 million) was driven by temporary negative B2C results (EUR -4.9 million), mainly due to over-declaration (household consumers tend to declare larger than actual consumption just before the increase in tariff, which results in lower revenue and eventually negative impact on the natural gas result in the subsequent period). Negative change in electricity business (EUR -12.0 million) was driven by lower B2B results (EUR -18.0 million), mainly due to open mark-to-market (MtM) positions
(EUR -14.7 million) from ineffective "proxy" hedges as the spread between Lithuanian and Finish price zones has further increased. It was partly offset by independent supply B2C activities (EUR +4.2 million), which turned positive (EUR 1.1 million) mainly due to over-hedge.

Adjusted EBITDA by segments, EURm

	Q1 2022	Q1 2021[2]	Δ	Δ, %
Green Generation	70.0	19.0	*51.0*	*268.4%*
Networks	45.1	44.1	*1.0*	*2.3%*
Flexible Generation	4.9	7.9	*(3.0)*	*(38.0%)*
Customers & Solutions	(9.7)	6.1	*(15.8)*	*n/a*
Other[3]	1.1	1.0	*0.1*	*10.0%*
Adjusted EBITDA APM	**111.4**	**78.1**	***33.3***	***42.6%***

[1] Due to Networks Methodology update, change in accounting policy and reclassifications as well as reduction of management adjustments, all financial indicators were recalculated retrospectively for all quarters of the year 2021 (for more information, see Annual report 2021 section 'Annual results' part 'Significant changes in reporting period of 2021'). Negative Networks Methodology update's impact for comparable figures of Q1 2021 amounted to EUR -12.5 million. Q1 2021 Adjusted EBITDA was EUR 91.9 million.
[2] Other – other activities and eliminations (consolidation adjustments and related party transactions).

Adjusted EBITDA Q1 2022, EURm



Pomerania WF

The growth of our Adjusted EBITDA by 42.6% to EUR 111.4 million was mainly driven by the launch of Pomerania WF (94 MW) in Poland and better results of our hydro portfolio (1,001 MW).

Adjusted EBITDA by activity type

In Q1 2022, Adjusted EBITDA from regulated and long-term contracted activities amounted to 48.5% of the total Adjusted EBITDA (Q1 2021: 69.3%). The share of such activities decreased due to significantly higher Adjusted EBITDA from Green Generation merchant activities, mainly due to high electricity market prices.

Regulated activities include:

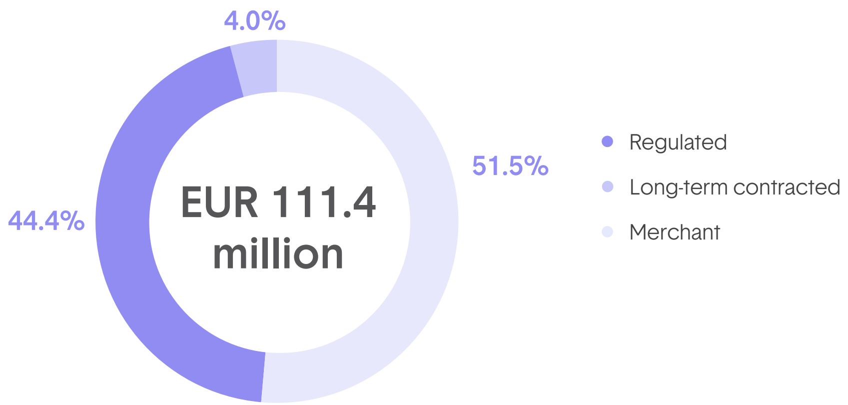
1. electricity and natural gas distribution;
2. reserve and ancillary services provided to the transmission system operator;
3. public supply of electricity, electricity supply of last resort, natural gas supply to residents of Lithuania and the designated LNG supplier services.

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

Adjusted EBITDA by types of activities, EURm

	Q1 2022	Q1 2021	Δ	Δ,%
Regulated	49.5	51.0	*(1.5)*	*(2.9%)*
Long-term contracted	4.5	3.1	*1.4*	*45.2%*
Merchant	57.4	24.0	*33.4*	*139.2%*
Adjusted EBITDA APM	**111.4**	**78.1**	***33.3***	***42.6%***

Adjusted EBITDA by types of activities Q1 2022, %



EBITDA adjustments, EURm

	Q1 2022	Q1 2021	Δ	Δ,%
EBITDA APM	**91.7**	**87.4**	***4.3***	***4.9%***
Adjustments[1]				
Temporary regulatory differences (1)	19.7	(11.5)	*31.2*	*n/a*
Result from generation before COD (2)	-	2.2	*(2.2)*	*(100.0%)*
Total EBITDA adjustments	**19.7**	**(9.3)**	***29.0***	***n/a***
Adjusted EBITDA APM	**111.4**	**78.1**	***33.3***	***42.6%***
Adjusted EBITDA margin APM	11.0%	20.3%	*(9.3 pp)*	*n/a*

[1] A more detailed description of the management adjustments is presented in Annual Consolidated Financial statements for Q1 2022, Note 29 'Operating segments'.

(1) Elimination of the difference between the actual profit earned during the reporting period and the profit allowed by the regulator. The Q1 2022 adjustment includes add-back of lower Networks and Customers & Solutions segments' profit earned from regulated activities (EUR +12.6 million and EUR +7.1 million respectively), which mainly resulted from higher actual electricity and natural gas purchase prices compared to prices set by the regulator. The Q1 2021 adjustment mostly includes retrospective adjustments made after the changes in Networks RAB methodology (EUR -12.5 million in Q1 2021).

(2) In Q1 2021 the result from generation before COD (and possible formal completion procedures after COD) of Vilnius CHP's WtE unit (EUR 2.2 million) was added as it reflects the result which was capitalised in the Statement of Financial Position according to applicable IAS 16 requirements for the reporting period of Q1 2021. From 2022 this adjustment is no longer needed as according to amendments to IAS 16 'Property, Plant and Equipment' implemented from 1st January 2022, proceeds received and related costs incurred while preparing the asset for its intended use is recognized in the Statement of Profit or Loss, previously such sales and costs were deducted from the cost of property, plant and equipment in the Balance sheet.

EBIT

In Q1 2022, Adjusted EBIT amounted to EUR 76.9 million, which was 61.2% (or EUR +29.2 million) higher than in Q1 2021. The main effect of the change in Adjusted EBIT was higher Adjusted EBITDA (EUR +33.3 million) (the reasons behind the increase are described in 'EBITDA' section), which was partly offset by higher depreciation expenses (EUR -4.4 million).

Adjusted EBIT by segments, EURm

	Q1 2022	Q1 2021[1]	Δ	Δ,%
Green Generation	63.1	14.4	*48.7*	*338.2%*
Networks	22.6	23.8	*(1.2)*	*(5.0%)*
Flexible Generation	1.9	4.0	*(2.1)*	*(52.5%)*
Customers & Solutions	(10.2)	5.7	*(15.9)*	*n/a*
Other[2]	(0.5)	(0.2)	*(0.3)*	*150.0%*
Adjusted EBIT APM	**76.9**	**47.7**	***29.2***	***61.2%***
Adjusted EBIT margin APM	7.6%	12.4%	*(4.8 pp)*	*n/a*

EBIT adjustments, EURm

	Q1 2022	Q1 2021	Δ	Δ, %
EBIT APM	**57.2**	**57.0**	***0.2***	***0.4%***
Adjustments				
Total EBITDA adjustments	19.7	(9.3)	*29.0*	*n/a*
Total EBIT adjustments	**19.7**	**(9.3)**	***29.0***	***n/a***
Adjusted EBIT APM	**76.9**	**47.7**	***29.2***	***61.2%***
Adjusted ROCE LTM APM	8.7%	7.7%	*1.0 pp*	*n/a*
ROCE LTM APM	6.8%	10.2%	*(3.3 pp)*	*n/a*

Net profit

Adjusted net profit amounted to EUR 61.1 million in Q1 2022 and was 74.1% higher than in Q1 2021. Adjusted EBITDA's positive impact (EUR +33.3 million) was partly offset by higher depreciation and amortisation (EUR -4.4 million) and income tax (EUR -1.8 million) expenses.

Reported net profit in Q1 2022 increased to EUR 46.8 million compared to EUR 43.0 million in Q1 2021. Reported net profit increase was significantly lower compared to increase in Adjusted net profit, mostly due to temporary regulatory differences (EUR -31.2 million), mainly in Networks segment (EUR -26.2 million).

Net profit adjustments, EURm

	Q1 2022	Q1 2021[1]	Δ	Δ,%
Net profit	**46.8**	**43.0**	***3.8***	***8.8%***
Adjustments				
Total EBIT adjustments	19.7	(9.3)	*29.0*	*n/a*
One-off financial activity adjustments (3)	(2.4)	-	*(2.4)*	*n/a*
Adjustments' impact on income tax (4)	(3.0)	1.4	*(4.4)*	*n/a*
Total net profit adjustments	**14.3**	**(7.9)**	***22.2***	***n/a***
Adjusted net profit APM	**61.1**	**35.1**	***26.0***	***74.1%***
Adjusted ROE LTM APM	9.9%	8.9%	*1.0 pp*	*n/a*
ROE LTM APM	8.3%	12.0%	*(3.7 pp)*	*n/a*

(3) One-off financial activity adjustments include elimination of value increase in Smart Energy Fund's investments (EUR +2.4 million).

(4) An additional income tax adjustment of 15% (statutory income tax rate in Lithuania) is applied to all EBIT adjustments.

[1] Due to Networks Methodology update, change in accounting policy and reclassifications as well as reduction of management adjustments, all financial indicators were recalculated retrospectively for all quarters of the year 2021 (for more information, see Annual report 2021 section 'Annual results' part 'Significant changes in reporting period of 2021').
[2] Other – other activities and eliminations (consolidation adjustments and related party transactions).

Investments

In Q1 2022, Investments amounted to EUR 43.1 million and were EUR 14.1 million higher compared to Q1 2021. The largest part of investments were made to electricity distribution network (61.3% of total Investments).

Investments in the Networks segment amounted to EUR 33.2 million and were EUR 13.2 million higher compared to Q1 2021. Investments in expansion of the electricity distribution network increased by EUR 7.6 million, or +79.2%, due to more new connection points and upgrades, and amounted to EUR 17.2 million, or 39.9% of total Q1 2022 Investments. Investments in maintenance of electricity distribution network increased by EUR +2.9 million, or +46.0%, and amounted to EUR 9.2 million, or 21.3% of total Q1 2022 Investments.

Investments in the Green Generation segment amounted to EUR 6.0 million in Q1 2022 and were EUR 1.3 million lower compared to Q1 2021. Investments were lower than usually as new Green Generation projects have not reached heavy investment phase yet.

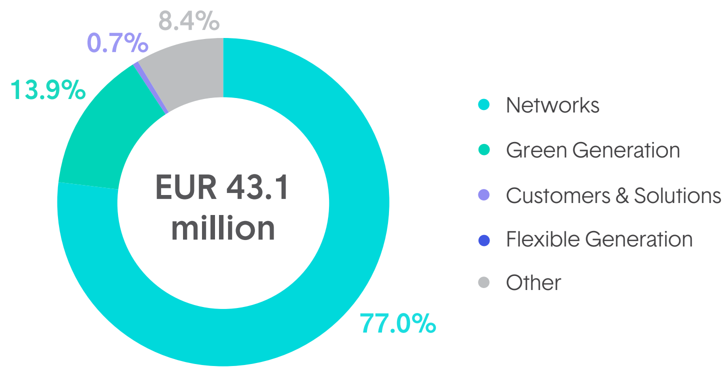
In Q1 2022, Grants and Investments covered by customers amounted to EUR 12.9 million and accounted for 29.9% of total Investments. The Group received EUR 5.1 million in grants for Investments in Q1 2022, mainly related to maintenance of electricity and natural gas distribution networks (EUR 4.6 million) and grants for Vilnius CHP project (EUR 0.5 million). Also, part of investments into Networks related to new customer connections, upgrades and infrastructure equipment transfers were covered by customers (EUR 7.8 million).

Investments by segment, EURm

	Q1 2022	Q1 2021	Δ	Δ,%
Networks	33.2	20.0	*13.2*	*66.0%*
Expansion of the electricity network	17.2	9.6	*7.6*	*79.2%*
Maintenance of the electricity network	9.2	6.3	*2.9*	*46.0%*
Expansion of the gas network	1.5	2.2	*(0.7)*	*(31.8%)*
Maintenance of the gas network	1.2	1.1	*0.1*	*9.1%*
Other	4.1	0.8	*3.3*	*n/a*
Green Generation	6.0	7.3	*(1.3)*	*(17.8%)*
Pomerania WF	4.3	0.6	*3.7*	*n/a*
Vilnius CHP	1.3	4.4	*(3.1)*	*(70.5%)*
Kaunas CHP	-	0.7	*(0.7)*	*(100.0%)*
Other	0.4	1.6	*(1.2)*	*(75.0%)*
Customers & Solutions	0.3	0.4	*(0.1)*	*(25.0%)*
Flexible Generation	-	-	-	*n/a*
Other[1]	3.6	1.3	*2.3*	*176.9%*
Investments APM	**43.1**	**29.0**	***14.1***	***48.6%***
Grants	(5.1)	(7.8)	*2.7*	*(34.6%)*
Investments covered by customers[2]	(7.8)	(5.8)	*(2.0)*	*34.5%*
IInvestments (excl. grants and investments covered by customers)	**30.2**	**15.4**	***14.8***	***96.1%***

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

Investments by segment, Q1 2022, %



Statement of financial position

Assets

As of 31 March 2022, total assets reached EUR 4,623.0 million (8.7% increase from 31 December 2021).

As of 31 March 2022 non-current assets have increased by EUR 191.7 million, or 6.5%, compared to 31 December 2021. The growth was mainly influenced by an increase in accrued amounts receivable (EUR +94.8 million) of regulated supply activities (Customers & Solutions) due to actual prices and tariffs differences, and receivables related to additional natural gas reserve acquired for isolated regime services (EUR +44.8) (Flexible Generation). Additionally, the increase in non-current assets was affected by higher (EUR +22.6 million) prepayments made the constructions of Mažeikiai WF.

As of 31 March 2022, current assets increased by EUR 180.0 million, or 13.8%, from 31 December 2021, mainly due to an increase in working capital (for more information see section 'Net working capital' below). The increase was partly offset by repaid receivable from EPSO-G for the shares of AB "LitGrid" (EUR 84.1 million).

Equity

As of 31 March 2022 equity amounted to EUR 2,005.3 million and increased by EUR 156.3 million, or 8.5%, compared to 31 December 2021, mostly due to an increase in hedging reserve (EUR +153.6 million), net profit in Q1 2022 (EUR +46.8 million), which was partly offset by dividends declared (EUR -43.8 million) for H2 of 2021.

Liabilities

Total liabilities increased by 9.0% or EUR 215.4 million in Q1 2022. Increase in non-current liabilities (+3.7%) was mostly affected by an increase in loans from banks (EUR +67.6 million) due to the loan of EUR 73 million disbursed for implementation of smart meters. Current liabilities increased by 21.7%, or EUR 151.7 million. It was mostly caused by an increase in accrued payables related to natural gas purchases (EUR +86.2 million) and dividend payables (EUR +43.8 million).

Net working capital

As of 31 March 2022 Net working capital amounted to EUR 681.3 million and increased by EUR 194.9 million compared to 31 December 2021, mainly driven by high energy prices. The drivers of the change are the following:

- growth in total inventory by EUR +237.9 million, mainly in Customers & Solutions (EUR +127.7 million), due to increasing volume and value of stored gas, and Flexible Generation (EUR +116.9 million), due to the acquisition of additional natural gas reserve;
- increase in accrued amounts receivable (EUR +94.8 million) related to regulated activities of the public supply of electricity and natural gas (Customers & Solutions) due to actual acquisition prices being higher than the ones set in the tariff by the regulator. The regulatory debt for the public supply of gas is normally an off-balance sheet item, however, according to changed legislation, it will be accounted in the balance sheet over the period of H1 2022;
- higher accrued expenses for borrowed gas (EUR -86.2 million) (Customers & Solutions);
- lower advance payments for natural gas (EUR -37.2 million) compared to 31 December 2021 as cargo was received before 31 March 2022 (Customers & Solutions).

Balance sheet, EURm

	31.03.2022	31.12.2021	Δ	Δ,%
Non-current assets	3,138.7	2,947.0	*191.7*	*6.5%*
Current assets	1,484.3	1,304.3	*180.0*	*13.8%*
TOTAL ASSETS	**4,623.0**	**4,251.3**	***371.7***	***8.7%***
Equity	2,005.3	1,849.0	*156.3*	*8.5%*
Total liabilities	2,617.7	2,402.3	*215.4*	*9.0%*
Non-current liabilities	1,768.5	1,704.8	*63.7*	*3.7%*
Current liabilities	849.2	697.5	*151.7*	*21.7%*
TOTAL EQUITY AND LIABILITIES	**4,623.0**	**4,251.3**	***371.7***	***8.7%***
Asset turnover LTM APM	0.58	0.46	*0.12*	*26.1%*
ROA LTM APM	3.7%	3.8%	*(0.1 pp)*	*n/a*
Current ratio APM	1.75	1.87	*(0.12)*	*(6.4%)*
Net working capital APM	681.3	486.4	*194.9*	*40.1%*
Net working capital/Revenue LTM APM	27.4%	37.7%	*(10.3 pp)*	*n/a*
Capital employed APM	3,006.0	2,806.1	*199.9*	*7.1%*

Financing

Net debt

As of 31 March 2022, Net debt amounted to EUR 1,000.7 million, an increase of 4.5%, or EUR 43.5 million, compared to 31 December 2021 due to higher need for working capital, and was partly offset by positive FFO and repaid receivable amount by EPSO-G (for more information see section 'Statement of financial position'). FFO LTM /Net debt slightly decreased from 30.5% to 29.7%, however, ratio is above 23% threshold required for BBB+ credit rating.

Net debt, EURm

	31.03.2022	31.12.2021	Δ	Δ,%
Total non-current financial liabilities	**1,232.4**	**1,164.4**	***68.0***	***5.8%***
Non-current loans	297.2	229.6	*67.6*	*29.4%*
Bonds	889.0	888.5	*0.5*	*0.1%*
Interests payable (including accrued)	-	-	-	*n/a*
Lease liabilities (IFRS 16)	46.2	46.3	*(0.1)*	*(0.2%)*
Total current financial liabilities	**247.6**	**241.9**	***5.7***	***2.4%***
Current portion of non-current loans	15.2	13.8	*1.4*	*10.1%*
Current loans	214.1	214.1	-	*-%*
Interests payable (including accrued)	13.8	9.3	*4.5*	*48.4%*
Lease liabilities (IFRS 16)	4.5	4.7	*(0.2)*	*(4.3%)*
Gross debt APM	**1,480.0**	**1,406.3**	***73.7***	***5.2%***
Cash and cash equivalents	**479.3**	**449.1**	***30.2***	***6.7%***
Net debt APM	**1,000.7**	**957.2**	***43.5***	***4.5%***
EPSO-G receivable	-	86.2	*(86.2)*	*(100.0%)*
Net debt less EPSO-G receivable	**1,000.7**	**871.0**	***129.7***	***14.9%***
Net debt / Adjusted EBITDA LTM APM	2.73	2.88	*(0.15)*	*(5.2%)*
Net debt / EBITDA LTM APM	2.95	2.85	*0.10*	*3.5%*
FFO LTM/ Net debt APM	29.7%	30.5%	*(0.8 pp)*	*n/a*
Gross debt/Equity APM	0.74	0.76	*(0.02)*	*(2.6%)*
Equity ratio APM	0.43	0.43	-	*-%*

Debt summary, EURm

	Outstanding as of 31.03.2022	Effective interest rate (%)	Average time to maturity (years)	Fixed interest rate	Euro currency
Bonds (incl. interest)	913.6[1]	*1.96*	7.2	*100.0%*	*100.0%*
Bank loans	526.6	*0.96*	5.5	*56.3%*	*84.0%*
Lease liabilities	50.9	-	7.1	-	*100.0%*
Total	**1,491.1**	***1.59***	**6.6**	***81.2%***	***94.3%***

[1] Nominal value of issued bonds amount to 900 EURm. As of 31 March 2022 bonds accounted for 889.0 EURm in the consolidated balance sheet as the nominal remaining capital will be capitalised until maturity according to IFRS.

Bond issues and loans

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

Outstanding bond issues

	2017 issue	2018 issue	Q1 2021 issue
ISIN-code	XS1646530565	XS1853999313	XS2177349912
Currency	EUR	EUR	EUR
Nominal amount	300,000,000	300,000,000	300,000,000
Coupon	2.000	1.875	2.000
Maturity	17 July 2027	10 July 2028	21 May 2030
Credit rating	BBB+	BBB+	BBB+

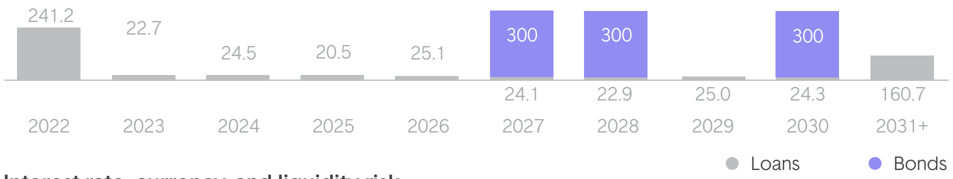
During the reporting period, there have been no material changes regarding bonds. Related information, including the structure of bondholders as of the issue date, is available in the Annual report 2021, section '7.1 Further investor related information'.

As of 31 March 2022 outstanding amount of loans from banks were EUR 526.6 million, of which 63.4% were dedicated for Green Generation segment's projects, 19.8% for working capital of Customers & Solutions segment and 13.9% for implementation of smart meters in Networks segment.

Maturities

Bonds maturing in 2027 (EUR 300.0 million, green), in 2028 (EUR 300.0 million, green) and in 2030 (EUR 300.0 million) make the largest portion of the Group's financial liabilities. Average maturity of the financial liabilities as of 31 March 2022 was 6.6 years (31 December 2021: 6.4 years).

Repayment schedule of Group's financial liabilities, EURm



Interest rate, currency, and liquidity risk

As of 31 March 2022 financial liabilities amounting to EUR 1 210.3 million were subject to fixed interest rate (84.7% of loans, bonds and interests payable) and the remaining amount of financial liabilities were subject to floating interest rate. Effective interest rate was 1.59% as of 31 March 2022. 94.1% of the total debt was in EUR, and 5.9% – in PLN.

The Group manages liquidity risk by entering into credit line agreements with banks. As of 31 March 2022 there were three credit line facilities available with a total limit of EUR 404 million. The disbursed amount was EUR 104 million. The credit line facilities are committed, i.e., funds must be paid by the bank upon request.

Cash flows

CFO

Net cash flows from operating activities (CFO) amounted to EUR 29.4 million in Q1 2022. Compared to Q1 2021, CFO decreased by EUR 36.4 million, mainly due to an increase in working capital, which was partly offset by repaid receivable from EPSO-G for the shares of AB "LitGrid" and positive fair value changes of derivatives.

CFI

Net cash flows from investing activities (CFI) amounted to EUR -65.7 million in Q1 2022. Compared to Q1 2021, CFI decreased by EUR 28.0 million, mainly due to higher payments for investments (EUR +11.7 million) and higher prepayments for non-current assets (EUR +13.5 million).

CFF

Net cash flows from financing activities (CFF) amounted to EUR 66.6 million in Q1 2022. In Q1 2022, CFF were positive mainly due to the loan of EUR 73 million disbursed for implementation of smart meters.

Cash flows, EURm

	Q1 2022	Q1 2021	Δ	Δ, %
Cash and cash equiv. at the beginning of the period	**449.1**	**658.8**	***(209.7)***	***(31.8%)***
CFO	29.4	65.8	*(36.4)*	*(55.3%)*
CFI	(65.7)	(37.7)	*(28.0)*	*74.3%*
CFF	66.6	(14.1)	*80.7*	*n/a*
Increase (decrease) in cash and cash equiv.	**30.3**	**14.0**	***16.3***	***116.4%***
Cash and cash equiv. at the end of period	**479.4**	**672.8**	***(193.4)***	***(28.7%)***

FFO

In Q1 2022, the Group's FFO increased by 6.3% (EUR 5.3 million) and amounted to EUR 89.3 million. The main reason for the growth was higher EBITDA.

FFO, EURm

	Q1 2022	Q1 2021[1]	Δ	Δ,%
EBITDA APM	91.7	87.4	*4.3*	*4.9%*
Interest received	0.1	0.1	*-*	*-%*
Interest paid	(2.1)	(1.7)	*(0.4)*	*23.5%*
Income tax paid	(0.4)	(1.8)	*1.4*	*(77.8%)*
FFO APM	**89.3**	**84.0**	***5.3***	***6.3%***

FCF

In Q1 2022, the Group's FCF decreased by EUR 169.2 million and amounted to EUR -138.3 million. The main reason for the decrease was the change in working capital.

FCF, EURm

	Q1 2022	Q1 2021[1]	Δ	Δ, %
FFO APM	89.3	84.0	*5.3*	*6.3%*
Investments	(43.1)	(29.0)	*(14.1)*	*48.6%*
Grants received	5.1	7.8	*(2.7)*	*(34.6%)*
Cash effect of new connection points and upgrades	4.8	2.7	*2.1*	*77.8%*
Proceeds from sale of PPE and intangible assets[2]	0.5	0.6	*(0.1)*	*(16.7%)*
Change in net working capital	(194.9)	(35.2)	(159.7)	*453.7%*
FCF APM	**(138.3)**	**30.9**	***(169.2)***	***n/a***

[1] Due to Networks Methodology update, change in accounting policy and reclassifications as well as reduction of management adjustments, all financial indicators were recalculated retrospectively for all quarters of the year 2021 (for more information, see Annual report 2021 section 'Annual results' part 'Significant changes in reporting period of 2021').
[2] Cash inflow indicated in CF statement line "Proceeds from sale of PPE and intangible assets" excluding gain or loss, which is already included in FFO.

Key operating indicators

Electricity

Installed capacity of Green Generation increased by 95 MW since Pomerania WF reached COD in December 2021. Additionally, Vilnius CHP's WtE unit reached COD in March Q1 2021 and the actual electricity generation capacity was verified by NERC (+1 MW).

The total distributed electricity increased by 1.9%. The slight increase was a result of the growing electricity consumption of B2B customers, mainly in retail and service industry.

Electricity generation (net) increased by 2%, compared to Q1 2021, and amounted to 0.58 TWh in Q1 2022. The increase in electricity generated (net) was mainly driven by higher Green Generation volumes: Pomerania WF (+0,10 TWh), Kaunas HPP (+0.06 TWh) and Vilnius CHP's WtE unit (+0.02 TWh). The increase was offset by lower generation of CCGT unit at Elektrėnai Complex (-0.18 TWh) due to unfavourable market conditions for gas fired generation. Increased electricity generated (net) in wind farms was mainly affected by full quarter generation of Pomerania WF (commercial operations started in December 2021). A contributing positive impact of Vilnius CHP's WtE unit was recorded because the unit started commercial operations in March 2021, whereas the increase of electricity generated (net) at Kaunas HPP was driven by higher water levels in the Nemunas river.

An increase in electricity sales (20.9% higher, when compared to the previous period) was mostly affected by higher B2B sales (due to increased number of B2B customers and sales volumes in Lithuania, Latvia and Poland), whereas B2C sales slightly decreased due to ongoing electricity market deregulation in Lithuania.

Electricity SAIFI indicator, which reflects average number of unplanned long interruptions per customer, increased compared to the previous year and was 0.63 interruptions (0.37 interruptions in Q1 2021). In line with higher number of interruptions, electricity SAIDI indicator, which shows average duration of unplanned interruptions, increased to 108.59 minutes (compared to 97.97 minutes in Q1 2021). Q1 2022 quality indicators were negatively affected by extreme weather conditions/natural disasters (that caused 4 mass disconnections in January and February 2022) and strong winds/local storms (up to 28 m/s at the end of March 2022).

		Q1 2022	Q1 2021	Δ	Δ,%
Electricity					
Green Generation capacity	MW	1,351	1,350	*1*	*0.1%*
Green Generation installed capacity	MW	1,215	1,120	*95*	*8.4%*
Green Generation projects under construction	MW	136	230	*(94)*	*(40.8%)*
Electricity distributed	TWh	2.77	2.72	*0.05*	*1.9%*
Electricity generated (net)	TWh	0.58	0.57	*0.01*	*2.0%*
Green electricity generated (net)	TWh	0.54	0.35	*0.19*	*56.4%*
Green share of generation	%	93.6%	61.0%	*32.6 pp*	*n/a*
Electricity sales	TWh	2.19	1.81	*0.38*	*20.9%*
SAIFI	units	0.63	0.37[1]	*0.26*	*72.0%*
SAIDI	min	108.59	97.97[1]	*10.62*	*10.8%*
Heat					
Green Generation capacity (Heat)	MW	349	339	*10*	*2.9%*
Green Generation installed capacity	MW	180	170	*10*	*5.9%*
Green Generation projects under construction	MW	169	169	*-*	*-%*
Heat generated (net)	TWh	0.30	0.23	*0.07*	*29.4%*
Natural gas					
Natural gas distributed	TWh	2.68	3.32	*(0.64)*	*(19.2%)*
Natural gas sales	TWh	4.00	5.25	*(1.24)*	*(23.7%)*
SAIFI	units	0.001	0.002[2]	*(0.001)*	*(65.0%)*
SAIDI	min	0.05	0.16[2]	*(0.11)*	*(67.5%)*

[1] Previously reported electricity SAIDI 100.7, SAIFI 0.38 values were adjusted with regards to new information.
[2] Previously reported natural gas SAIDI 0.18, SAIFI 0.003 values were adjusted with regards to new information.

Heat

Heat generation (net) in Q1 2022 increased by nearly a third compared to Q1 2021 as Vilnius CHP's WtE unit's commercial operations started only at the end of Q1 2021 (i.e. March 2021).

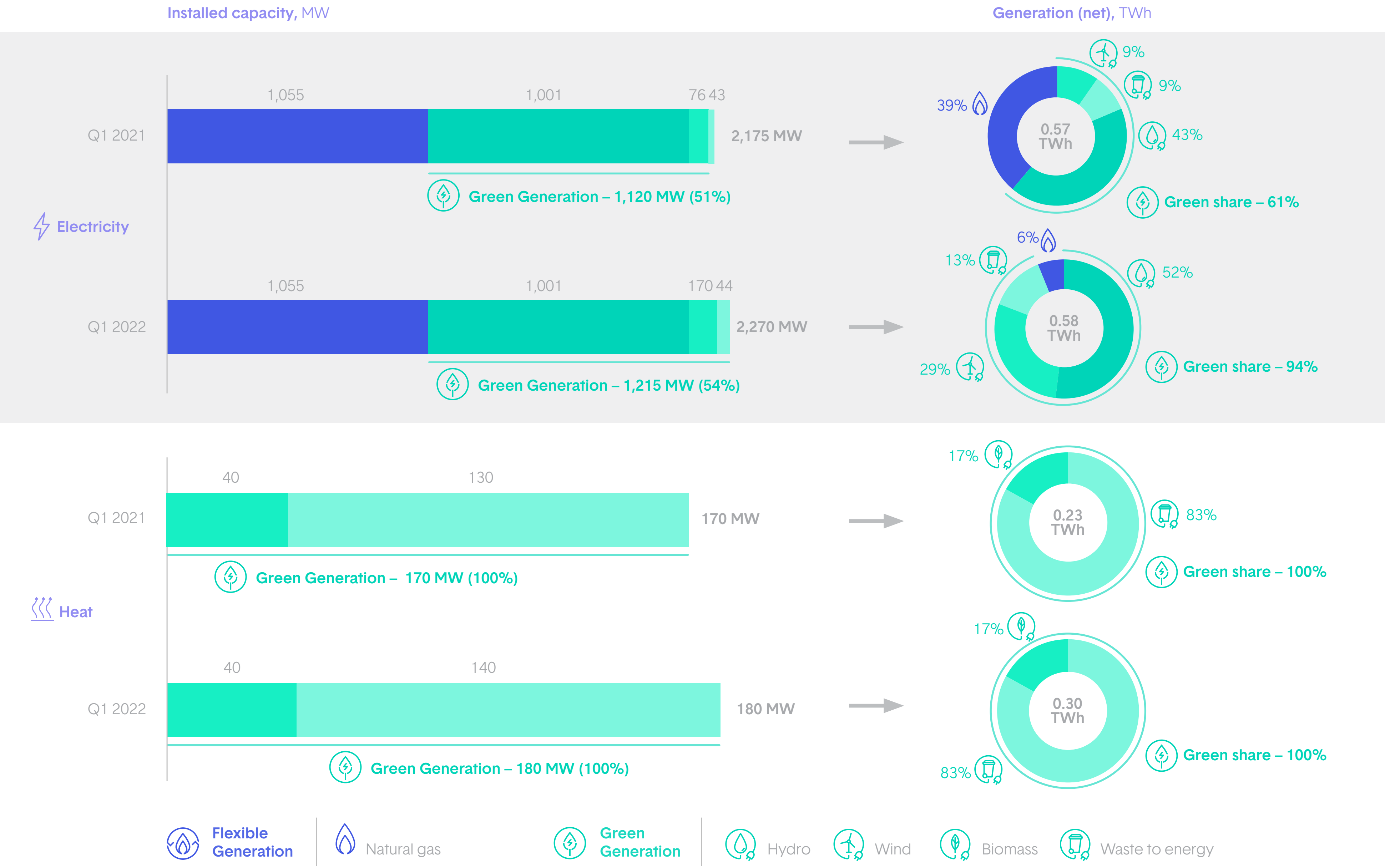
Natural gas

Natural gas distribution volumes decreased by 19.2% as a result of warmer weather during the heating season.

Natural gas sales decreased by 23.7%. The decrease was mainly influenced by lower wholesale volumes (mainly a one-off 1.44 TW LNG cargo sale in Q1 2021), whereas retail gas sales increased in Latvia, Poland and Finland.

Natural gas distribution SAIFI and SAIDI indicators improved in Q1 2022, compared to the same period last year, as there were no significant disruptions during Q1 2022. Natural gas SAIFI improved to 0.001 interruptions (from 0.002 interruptions in Q1 2021). SAIDI indicator also decreased and was 0.05 minutes (compared to 0.16 minutes in Q1 2021).

Installed capacity and generation mix overview

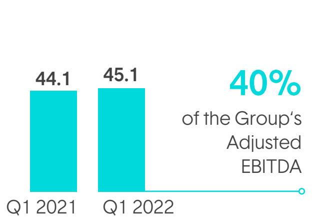


3.2 Results by business segment

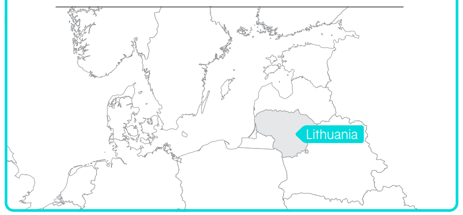
Overview[1]

Networks

Adjusted EBITDA, EURm

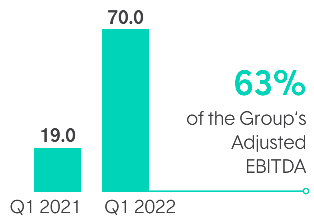


Revenue, EURm	134.6
Adjusted EBIT, EURm	22.6
Investments, EURm	33.2
Net debt, EURm	740.4



Green Generation

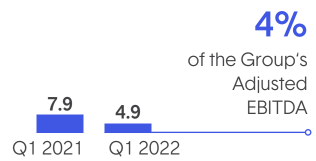
Adjusted EBITDA, EURm



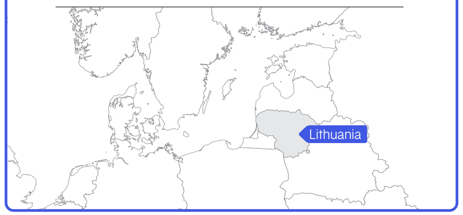
Revenue, EURm	120.7
Adjusted EBIT, EURm	63.1
Investments, EURm	6.0
Net debt, EURm	470.3

Flexible Generation

Adjusted EBITDA, EURm

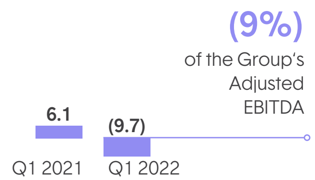


Revenue, EURm	72.4
Adjusted EBIT, EURm	1.9
Investments, EURm	–
Net debt, EURm	12.0

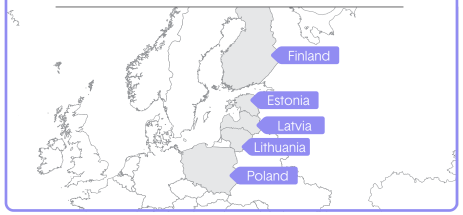


Customers & Solutions

Adjusted EBITDA, EURm



Revenue, EURm	677.4
Adjusted EBIT, EURm	(10.2)
Investments, EURm	0.3
Net debt, EURm	512.5



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

Contents »

Networks

Highlights

- Higher Investments compared to Q1 2021 due to more new connection points and upgrades.
- Distributed volumes of electricity in Q1 2022 amounted to 2,77 TWh and were 1.9% higher than in Q1 2021. Distributed volumes of natural gas in Q1 2022 decreased by 19.2%, compared to the same period in 2021, and comprised 2.68 TWh. The decrease in distributed gas volume is mostly related to warmer winter compared to 2021.
- In Q1 2022 the first batch of smart meters was received for testing. Testing and system deployment will be finished in Q2 2022, followed by the start of deliveries and installation of the first meters.
- Electricity quality indicators (SAIFI and SAIDI) were negatively affected by extreme conditions/natural disasters (that caused 4 mass disconnection in January and February 2022) and strong winds/local storms.

Financial results

Revenue

In Q1 2022, the Networks revenue reached EUR 134.6 million and was 8.0%, or EUR 11.7 million, lower than in Q1 2021. The decrease was mainly driven by lower electricity distribution (EUR -12.2 million) and transmission (EUR -5.0 million) revenue due to, on average, 17% lower electricity distribution and transmission tariff components approved by the regulator.

Adjusted EBITDA

Adjusted EBITDA reached EUR 45.1 million and was 2.3%, or EUR 1.0 million, higher than in Q1 2021. The increase was driven by introduction of an additional tariff component (EUR +7.5 million). The increase was partly offset by lower share of allowed return and D&A recognized in Q1 2022 vs Q1 2021, due to volume effect (EUR -3.6 million) (this effect will level off over the course of the year as annual ROI and compensated D&A is fixed for the year but allocated between months based on distributed volumes) and lower electricity WACC (4.16% in 2022 vs 5.34% in 2021) (EUR -3.2 million) as a result of the updated WACC methodology for the new regulatory period from 2022. Reported EBITDA decreased significantly while Adjusted EBITDA increased slightly, due to temporary regulatory differences (EUR -26.2 million).

Investments

Compared to Q1 2021, Investments increased by EUR 13.2 million, or 66.0%. Investments in expansion of the electricity distribution network increased by EUR 7.6 million, or +79.2%, due to higher number of new connection points and upgrades, and amounted to EUR 17.2 million or 39.9% of the total Q1 2022 Investments. Investments in maintenance of the electricity distribution network increased by EUR +2.9 million, or +46.0%, and amounted to EUR 9.2 million, or 21.3% of the total Q1 2022 Investments.

Key financial indicators, EURm	Q1 2022	Q1 2021[1]	Δ	Δ,%
Revenue	134.6	146.3	*(11.7)*	*(8.0%)*
Adjusted EBITDA APM	45.1	44.1	*1.0*	*2.3%*
EBITDA APM	32.6	57.6	*(25.0)*	*(43.4%)*
Adjusted EBIT APM	22.6	23.8	*(1.2)*	*(5.0%)*
EBIT APM	10.0	37.3	*(27.3)*	*(73.2%)*
Investments APM	33.2	20.0	*13.2*	*66.0%*
Adjusted EBITDA margin, % APM	30.6%	33.2%	*(2.6 pp)*	*n/a*
	31.03. 2022	31.12.2021	Δ	Δ,%
PPE, intangible and right-of-use assets	1,665.5	1,654.6	*10.9*	*0.7%*
Net debt APM	740.4	710.0	*30.4*	*4.3%*

Key regulatory indicators[2]		2022	2021[1]	Δ	Δ,%
Regulated activities share in adjusted EBITDA in Q1	**%**	**100.0**	**100.0**	**0.0 pp**	***n/a***
Total					
RAB	EURm	1,345	1,258	*87*	*6.9%*
WACC (weighted average)	%	4.13	5.05	*(0.93 pp)*	*n/a*
D&A (regulatory)	EURm	67.8	69.1	*(1.3)*	*(1.9%)*
Additional tariff component	EURm	28.0	0.0	*28.0*	*n/a*
Deferred part of investments covered by clients and electricity equipment transfer in Q1	EURm	3.7	3.7	*0.0*	*(0.8%)*
Electricity distribution					
RAB	EURm	1,097	1,009	*88*	*8.7%*
WACC	%	4.16	5.34	*(1.18 pp)*	*n/a*
D&A (regulatory)	EURm	58.5	59.6	*(1.1)*	*(1.8%)*
Additional tariff component	EURm	28.0	0.0	*28.0*	*n/a*
Deferred part of investments covered by clients and electricity equipment transfer in Q1	EURm	3.3	3.4	*(0.1)*	*(2.1%)*
Natural gas distribution					
RAB	EURm	248	249	*(1.0)*	*(0.4%)*
WACC	%	3.98	3.90	*0.08 pp*	*n/a*
D&A (regulatory)	EURm	9.3	9.5	*(0.2)*	*(2.1%)*
Deferred part of investments covered by clients and electricity equipment transfer in Q1	EURm	0.4	0.3	*0.0*	*12.4%*

[1] Due to Networks Methodology update, change in accounting policy and reclassifications as well as reduction of management adjustments, all financial indicators were recalculated retrospectively for all quarters of the year 2021 (for more information, see Annual report 2021 section 'Annual results' part 'Significant changes in reporting period of 2021').
[2] RAB, WACC, D&A and additional tariff component approved and published by NERC. Full year numbers unless stated otherwise. Share of regulated activities and deferred part of investments covered by clients and electricity equipment transfer reflect quarterly values. The annual value of deferred part of investments covered by clients and electricity equipment transfer in 2021 comprise 13.5 EURm and 1.4 EURm in electricity and gas respectively.

Operating performance

Electricity distribution

The total distributed electricity increased by 1.9%. The slight increase was a result of the growing electricity consumption of B2B customers, mainly in retail and service industry. Technological losses ratio improved by 0.7 pp, when comparing to the last year, due to the effect of the measures taken to minimize electricity losses and the updated processes, which allowed to detect undeclared distributed volumes. The number of electricity distribution customers increased by 25,461 or 1.4% in Q1 2022, when comparing to Q1 2021, which was mainly affected by growing number of new connections of prosumers and producers and relatively stable growth of traditional B2B and B2C customers. The increase in prosumers and producers is related to the support schemes for solar plants and more attractive connection pricing for prosumers. Average time to connect increased by 51.4% due to higher volume of applications, disrupted supply of materials, increased workload for contractors (higher demand and unfavourable weather conditions) as well as expanded scope of mandatory design works.

Electricity distribution quality indicator SAIFI slightly deteriorated when comparing to the previous year and was 0.63 interruptions (0.37 interruptions in Q1 2021). Electricity SAIDI indicator increased to 108.59 minutes (compared to 97.97 minutes in Q1 2021). Q1 2022 quality indicators were negatively affected by extreme weather conditions/natural disasters (that caused 4 mass disconnections in January and February 2022) and strong winds/local storms (up to 28 m/s at the end of March 2022).

Natural gas distribution

Natural gas distribution volumes decreased by 19.2% because of warmer weather. Average time to connect ratio improved by 10.7% due to stable demand, allowing contractors to complete works within agreed timelines. Both natural gas supply quality indicators SAIFI and SAIDI have improved compared to the same period last year and were equal to 0.001 interruptions and 0.05 minutes respectively. Natural gas quality indicators improved as there were less significant disruptions in Q1 2022 compared to Q1 2021.

Key operating indicators		Q1 2022	Q1 2021	Δ	Δ,%
Electricity distribution					
Electricity distributed	TWh	2.77	2.72	*0.05*	*1.9%*
Distribution network	thousand km	126.88	126.24	*0.64*	*0.5%*
Technological losses	%	5.7%	6.4%	*(0.7 pp)*	*n/a*
Number of customers	thousand	1,807	1,782	*25*	*1.4%*
of which prosumers and producers	thousand	18	12	*6*	*49.2%*
New connection points	thousand	5.52	5.16	*0.35*	*6.8%*
Connection point upgrades	thousand	5.39	4.98	*0.41*	*8.1%*
Admissible power of new connection points and upgrades	MW	127.43	117.17	*10.26*	*8.8%*
Time to connect (average)	c. d.	48.39	31.96[1]	*16.43*	*51.4%*
SAIFI	unit	0.63	0.37[2]	0.26	*72.0%*
SAIDI	min	108.59	97.97[2]	10.62	*10.8%*
Natural gas distribution					
Natural gas distributed	TWh	2.68	3.32	*(0.64)*	*(19.2%)*
Distribution network	thousand km	9.57	9.43[3]	*0.14*	*1.5%*
Technological losses	%	1.4%	1.2%	*0.2 pp*	*n/a*
Number of customers	thousand	620	613	*7*	*1.2%*
New connection points and upgrades	thousand	1.21	1.40	*(0.19)*	*(13.6%)*
Time to connect (average)	c. d.	56.56	63.31[4]	*(6.75)*	*(10.7%)*
SAIFI	unit	0.001	0.002[5]	*(0.001)*	*(65.0%)*
SAIDI	min	0.05	0.16[5]	*(0.11)*	*(67.5%)*
Customer experience					
NPS	%	62%	36%	*26 pp*	*n/a*

[1] Previously reported 38.66 value was adjusted with regards to new information.
[2] Previously reported electricity SAIDI 100.7, SAIFI 0.38 values were adjusted with regards to new information.
[3] Previously reported 9.72 value was adjusted with regards to new information.
[4] Previously reported 63.57 value was adjusted with regards to new information.
[5] Previously reported natural gas SAIDI 0.18, SAIFI 0.003 values were adjusted with regards to new information.

Green Generation

Highlights

- **Almost four times increase in EBITDA, which reached 70.0 EURm in Q1 2022, driven by new asset launches and better performance of the operating assets.**
- **Volumes of Green electricity generated increased by 56.4% compared to Q1 2021 mainly driven by Pomerania WF (COD in December 2021) and higher generation at Kaunas HPP due to higher levels of water in the Nemunas river and Vilnius CHP's WtE unit (COD in March 2021).**
- **It is envisaged that approximately 20% of total electricity generated in 2022 by Pomerania WF will be sold via CfD subsidy mechanism, remaining part - at spot market.**
- **Due to a global supply chain disruption and workforce shortage, mainly affected by the war in Ukraine, generation of first energy at Vilnius CHP's biomass unit is rescheduled to Q1 2023. However, COD in Q2 2023 remains unchanged.**

Financial results

Revenue

In Q1 2022, Green Generation revenue amounted to EUR 120.7 million and was 264.7%, or EUR 87.6 million, higher than in Q1 2021. The increase was driven by:

- Pomerania WF, which reached COD in December 2021 (EUR +11.3 million);
- hydropower plants, as a result of higher revenue in Kruonis PSHP (EUR +24.6 million), due to higher spread between peak and off-peak market prices, and Kaunas HPP (EUR +17.5 million), due to both higher electricity prices and volumes generated;
- waste-to-energy units, as revenue increased in Kaunas CHP (EUR +6.5 million), due to higher electricity prices, and Vilnius CHP's WtE unit (EUR +11.1 million), which reached COD in March 2021.

Adjusted EBITDA

In Q1 2022, Adjusted EBITDA reached EUR 70.0 million and was EUR 51.0 million, or 3.7 times higher than in Q1 2021. The main effects were:

- Pomerania WF, which reached COD in December 2021 (EUR +10.9 million);
- better results of Kaunas HPP (EUR +13.3 million) due to higher captured electricity prices and an increase in generated volume;
- better results of Kruonis PSHP (EUR +12.4 million) due to better result of commercial activities in exploiting favourable spread between peak and off-peak market prices;
- positive impact of Vilnius CHP's WtE unit (EUR +7.0 million) as the COD was reached in March 2021;
- positive impact of Kaunas CHP's WtE unit (EUR +4.3 million), mainly due to higher electricity and heat prices;
- better results of other operating wind farms (EUR +1.3 million), which generated higher electricity volumes due to more favourable weather conditions.

Investments

Investments in the Green Generation segment amounted to EUR 6.0 million in Q1 2022 and were EUR 1.3 million lower compared to Q1 2021. Investments were lower as new Green Generation projects have not reached the heavy investment phase yet.

Key financial indicators, EURm	Q1 2022	Q1 2021[1]	Δ	Δ,%
Revenue	120.7	33.1	*87.6*	*264.7%*
Adjusted EBITDA APM	70.0	19.0	*51.0*	*268.4%*
EBITDA APM	70.0	16.8	*53.2*	*316.7%*
Adjusted EBIT APM	63.1	14.4	*48.7*	*338.2%*
EBIT APM	63.1	12.3	*50.8*	*413.0%*
Investments APM	6.0	7.3	*(1.3)*	*(17.8%)*
Adjusted EBITDA margin, % APM	58.0%	53.8%	*4.2 pp*	*n/a*
	31.03.2022	**31.12.2021**	**Δ**	**Δ, %**
PPE, intangible and right-of-use assets	770.3	773.1	*(2.8)*	*(0.4%)*
Net debt APM	470.3	390.1	*80.2*	*20.6%*

Key regulatory indicators[2]		2022[3]	2021[3]	Δ	Δ, %
Regulated activities share in adjusted EBITDA in Q1	**%**	**0.7**	**2.5**	***(1.8 pp)***	***n/a***
Kruonis PSHP					
RAB	EURm	16.5[4]	16.7[4]	*(0.2)*	*(1.2%)*
WACC	%	4.03	3.50	*0.53 pp*	*n/a*
D&A (regulatory)	EURm	1.4	1.4	-	-%

[1] Due to change in accounting policy and reclassifications as well as reduction of management adjustments, all adjusted financial indicators were recalculated retrospectively for all quarters of the year 2021 (for more information, see Annual report 2021 section 'Annual results' part 'Significant changes in reporting period of 2021').
[2] Full year numbers unless stated otherwise.
[3] Numbers approved and published by NERC.
[4] The regulator has halved the RAB of the secondary power reserve since 2021, but allowed to keep half of the profit earned from electricity sales from activities of the secondary power reserve.

Operating performance

Electricity generation

Electricity generated (net) in the Green Generation segment increased by 56.4% in Q1 2022, compared to Q1 2021. This was mainly due to higher electricity generation from wind, driven by Pomerania WF (commercial operations started in December 2021), hydro by increased generation at Kaunas HPP due to higher water level in the Nemunas river, and waste by Vilnius CHP's WtE unit (commercial operations started in March 2021).

In Q1 2022 electricity generated (net) by wind farms amounted to 0.17 TWh and increased by 0.11 TWh, compared to Q1 2021; a positive effect of Pomerania WF and more favourable weather in Lithuania last quarter were the key drivers. This also had an impact on the load factor of wind farms, which increased to 45.9% in Q1 2022 compared to 33.5% in Q1 2021. Availability factor of wind farms deteriorated slightly by 1.2 pp when compared to Q1 2021 due to a couple of minor breakdowns. Electricity generated (net) by Kaunas HPP amounted to 0.14 TWh, which is 81.6% higher than in Q1 2021 due to higher water level in the Nemunas river.

Heat generation

Heat generation (net) in Q1 2022 increased by nearly a third compared to Q1 2021 as Vilnius CHP's WtE unit started commercial operations at the end of Q1 2021 (i.e. March 2021).

Installed capacity of heat generation increased by 10 MW YoY since Vilnius CHP's WtE unit reached COD in March 2021 and the actual heat generation capacity was verified by NERC (+10 MW).

Key operating indicators		Q1 2022	Q1 2021	Δ	Δ,%
Electricity generation					
Installed capacity	MW	1,215	1,120	*95*	*8.4%*
Wind	MW	170	76	*94*	*122.6%*
Hydro	MW	1,001	1,001	-	*-%*
Pumped storage	MW	900	900	-	*-%*
Run-of-river	MW	101	101	-	*-%*
Waste	MW	44	43	*1*	*2.3%*
Projects under construction	MW	136	230	*(94)*	*(40.8%)*
Wind	MW	63	157	*(94)*	*(59.8%)*
Biomass	MW	73	73	-	*-%*
Electricity generated (net)	TWh	0.54	0.35	*0.19*	*56.4%*
Wind	TWh	0.17	0.05	*0.11*	*208.7%*
Hydro	TWh	0.30	0.24	*0.06*	*24.0%*
Pumped storage	TWh	0.16	0.16	-	*(2.7%)*
Run-of-river	TWh	0.14	0.08	*0.06*	*81.6%*
Waste	TWh	0.07	0.05	*0.02*	*47.7%*
Wind farms availability factor	%	98.0%	99.2%	*(1.2 pp)*	*n/a*
Wind farms load factor[1]	%	45.9%	33.5%	*12.5 pp*	*n/a*
Heat generation					
Installed capacity	MW	180	170	*10*	*5.9%*
Projects under construction	MW	169	169	-	*-%*
Heat generated (net)	TWh	0.30	0.23	*0.07*	*29.4%*
Waste[2]	TWh	0.25	0.19	*0.06*	*29.3%*
Biomass	TWh	0.05	0.04	*0.01*	*29.8%*

[1] The wind load factor has been recalculated using weighted average method.
[2] Vilnius CHP and Kaunas CHP can use natural gas for starting/stopping the power plant, test runs, etc., which are included in reported values of "Waste".

Flexible Generation

Highlights

- **Considering the current geopolitical uncertainty, additional natural gas reserve of 1.1 TWh has been acquired according to a supplementary agreement to the isolated regime services contract. There should be no material financial effect related to this transaction, as its expenses are expected be covered by isolated regime services tariff.**
- **Clean spark spread was negatively affected by increased natural gas prices, which caused significant drop in volumes generated (-83.3%) and consequently led to a material decrease in adjusted EBITDA.**

Financial results

Revenue

In Q1 2022, Flexible Generation revenue reached EUR 72.4 million and was 144.6%, or EUR 42.8 million, higher than in Q1 2021. The increase was driven by higher revenue from the power reserve (EUR +49.6 million), which is mainly related to the expected revenue for additional natural gas reserve acquired in order to comply with new requirements for the isolated regime services. There should be no material effect on the result as expected additional revenue should cover expenses related to isolated regime services. The increase in revenue was partly offset by lower revenue from CCGT commercial activities (EUR -7.4 million).

Adjusted EBITDA

In Q1 2022, Adjusted EBITDA amounted to EUR 4.9 million and was 38.0%, or EUR 3.0 million, lower than in Q1 2021. Adjusted EBITDA from regulated activities reached EUR 4.1 million and were 17.0%, or EUR 0.6 million higher than in Q1 2021. Commercial activities amounted to EUR 0.8 million and were 81.2%, or EUR 3.6 million, lower than in Q1 2021. The decrease was mainly caused by worse results of commercial activities of CCGT unit (EUR -3.0 million) as market conditions were less favourable for generation (clean spark spread was less positive).

Operating performance

Electricity generation (net) volume of CCGT unit as well as units 7 and 8 at Elektrėnai Complex was 0.04 TWh and decreased by 83.3% in Q1 2022, compared to Q1 2021. The decrease was mainly influenced by lower CCGT generation caused by unfavourable market conditions (average clean spark spread was negative).

In Q1 2021 the tertiary active power reserve in the capacity of 482 MW was ensured by units 7 and 8 at Elektrėnai Complex, while in Q1 2022 the tertiary active power reserve was ensured in the scope of 519 MW by the same units.

In Q1 2022, the CCGT was providing isolated system operation services in the scope of 371 MW. The remaining part of the isolated system operation services were provided by unit 8 in the scope of 1 MW.

Key financial indicators, EURm	Q1 2022	Q1 2021[1]	Δ	Δ,%
Revenue	72.4	29.6	*42.8*	*144.6%*
Adjusted EBITDA APM	4.9	7.9	*(3.0)*	*(38.0%)*
EBITDA APM	4.9	7.9	*(3.0)*	*(38.0%)*
Adjusted EBIT APM	1.9	4.0	*(2.1)*	*(52.5%)*
EBIT APM	1.9	4.0	*(2.1)*	*(52.5%)*
Investments APM	-	-	-	*n/a*
Adjusted EBITDA margin, % APM	6.8%	26.6%	*(19.8 pp)*	*n/a*
	31.03.2022	**31.12.2021**	**Δ**	**Δ,%**
PPE, intangible and right-of-use assets	301.0	307.4	*(6.4)*	*(2.1%)*
Net debt APM	12.0	(37.5)	*49.5*	*n/a*

Key operating indicators		Q1 2022	Q1 2021	Δ	Δ,%
Installed electricity capacity	MW	1,055	1,055	-	*-%*
Electricity generated (net)	TWh	0.04	0.22	*(0.18)*	*(83.3%)*
Total reserve and Isolated regime services	MW	891	891	-	*-%*
Tertiary power reserve services	MW	519	482	*37*	*7.7%*
Isolated system operation services	MW	372	409	*(37)*	*(9.0%)*

Key regulatory indicators[2]		2022[3]	2021[3]	Δ	Δ,%
Regulated activities share in adjusted EBITDA in Q1	**%**	**84.4**	**44.7**	***39.7 pp***	***n/a***
CCGT					
RAB	EURm	-	-	-	-
WACC	%	-	-	-	-
D&A (regulatory)	EURm	9.3	10.0	*(0.7)*	*(7.0%)*
Units 7 and 8					
RAB	EURm	32.0	33.8	*(1.8)*	*(5.3%)*
WACC	%	4.03	3.50	*0.53 pp*	*n/a*
D&A (regulatory)	EURm	3.9	4.0	*(0.1)*	*(2.5%)*

[1] Due to change in accounting policy and reclassifications as well as reduction of management adjustments, all adjusted financial indicators were recalculated retrospectively for all quarters of the year 2021 (for more information, see Annual report 2021 section 'Annual results' part 'Significant changes in reporting period of 2021').
[2] Full year numbers unless stated otherwise.
[3] Numbers approved and published by NERC.

Customers & Solutions

Highlights

- **Natural gas inventory has been kept at high level at Incukalns storage facility due to geopolitical uncertainty, at lower average cost compared to increasing market prices, hence generating positive effect in Adjusted EBITDA due to average cost accounting method.**
- **Due to geopolitical uncertainty, Customers & Solutions has acquired three unscheduled liquefied natural gas cargoes in Q1 2022 so far and plans on purchasing additional cargoes in order to ensure uninterrupted gas supply for the customers.**
- **Continuing B2C electricity market deregulation activities while maintaining leadership in total B2C market share of 68.3% by volume.**
- **Net working capital further increased mainly due to more expensive stored gas inventory.**
- **After the reporting period, Lithuanian Parliament amended legislation related to providing consumers with partial compensation due to increasing prices of energy resources. From H2 2022, increasing prices as well as debt of regulated supply customers up to this point will be partially compensated directly from the state budget, which, will have a positive effect on the Group's working capital and debt level.**

Financial results

Revenue

In Q1 Customers & Solutions revenue reached EUR 677.4 million and was 267.6%, or EUR 493.1 million, higher than in 2021. However, higher sales did not translate into significantly better results since sales margins are fixed using hedging instruments.

Higher revenue of B2B electricity business (EUR +187.2 million) was due to higher market prices (+122% on average) and higher volume sold (+44%). Total B2C electricity sales have increased (EUR +50.9 million) driven by regulated activities (EUR +42.9 million).

An increase in gas business was driven by higher natural gas B2B sales (EUR +173.4 million), mainly due to higher average TTF gas price index (+415%), which is mainly reflected in the company's gas supply. Natural gas B2C sales increased (EUR +81.4 million) due to higher regulated tariff and temporary regulated differences recognized right away as revenue due to changes in regulation applicable for H1 of 2022.

Adjusted EBITDA

Adjusted EBITDA dropped to EUR -9.7 million and was EUR 15.8 million lower than in Q1 2021. The main effects were:

- negative change in electricity business (EUR -12.0 million) driven by lower B2B results (EUR -18.0 million), mainly due to open mark-to-market (MtM) positions (EUR -14.7 million) of ineffective "proxy" hedges as the spread between Lithuanian and Finish price zones has further increased. It was partly offset by independent supply B2C activities (EUR +4.2 million), which turned positive (EUR 1.1 million) mainly due to over-hedge;
- negative change of natural gas results (EUR -3.8 million) driven by temporary negative B2C results (EUR -4.9 million), mainly due to over-declaration (household consumers tend to declare larger than actual consumption just before the increase in tariff, which results in lower revenue and eventually negative impact on the natural gas result in the subsequent period).

Key financial indicators, EURm	Q1 2022	Q1 2021[1]	Δ	Δ,%
Revenue	677.4	184.3	*493.1*	*267.6%*
Adjusted EBITDA APM	(9.7)	6.1	*(15.8)*	*n/a*
EBITDA APM	(16.8)	4.1	*(20.9)*	*n/a*
Adjusted EBIT APM	(10.2)	5.7	*(15.9)*	*n/a*
EBIT APM	(17.3)	3.7	*(21.0)*	*n/a*
Investments APM	0.3	0.4	*(0.1)*	*(25.0%)*
Adjusted EBITDA margin, % APM	(1.4%)	3.3%	*(4.7 pp)*	*n/a*
	31.03. 2022	**31.12.2021**	**Δ**	**Δ,%**
PPE, intangible and right-of-use assets	6.1	6.5	*(0.4)*	*(6.2%)*
Net debt APM	512.5	474.4	*38.1*	*8.0%*
Net working capital APM	598.8	534.6	*64.2*	*12.0%*

Key regulatory indicators[2]		2022[3]	2021[3]	Δ	Δ,%
Regulated activities share in adjusted EBITDA in Q1	**%**	**n/a**	**46.7**	***n/a***	***n/a***
RAB[4]	EURm	14.2	25.7	*(11.5)*	*(44.7%)*
WACC	%	3.05	2.93	*0.12 pp*	*n/a*

[1] Due to change in accounting policy and reclassifications as well as reduction of management adjustments, all adjusted financial indicators were recalculated retrospectively for all quarters of the year 2021 (for more information, see Annual report 2021 section 'Annual results' part 'Significant changes in reporting period of 2021').
[2] Full year numbers unless stated otherwise.
[3] Numbers approved and published by NERC.
[4] RAB for businesses of the Customers & Solutions segment comprises net working capital for covering the demand of public supply of electricity.

Net working capital

Compared to 31 December 2021, net working capital further increased (EUR +64.2 million). The increase was mainly driven by increased value of stored gas inventory (EUR +125.2 million), regulated price differences in electricity (EUR +31.4 million) and gas (EUR +63.4 million). Partly offset by lower advance payments (EUR -37.2 million), and higher accruals (EUR -111.4 million), all related to liquefied natural gas cargoes.

Amortisation of energy price increase

After the reporting period, Lithuanian Parliament amended legislation related to providing consumers with partial compensation due to increasing prices of energy resources. From H2 2022, increasing prices as well as debt of regulated supply customers up to this point will be partially compensated directly from the state budget. Out of planned EUR 570 million from the state budget, a part will be allocated to cover regulatory differences accumulated in 2021 and 2022. It is expected not only to prevent from further increase in Group's net working capital in H2 2022, but also to reduce currently accumulated debts that have been used to finance regulatory differences until the second half of this year.

Operating performance

Electricity volume sales

Total electricity sales in retail market in Q1 2022 increased by 26.4% compared to Q1 2021. The increase was mainly caused by higher B2B sales in Lithuania, Latvia and Poland. The number of B2B customers nearly doubled due to competitive spot pricing, increased activity in the market and more effective sales processes which helped reaching targeted customers and turned into supply contracts. Sales to B2C customers in Lithuania were lower (-0.05 TWh) and number of customers decreased (-0.02 million), when comparing to Q1 2021, due to electricity market deregulation effect. However, it can be noted that we still maintain the leadership position (68.3% B2C customer share of independent supply market).

Natural gas volume sales

The volume of natural gas sold in Q1 2022 decreased by 23.7%. The main driver for the decrease is a single wholesale transaction, i.e., a one-off sale of 1.41 TWh LNG cargo last year (Q1 2021). This was offset by 11.6% increase in retail sales driven by B2B segment (Latvia, Poland and Finland).

Other

In Q1 2022 customer experience (NPS) ratio in B2B Customers & Solutions segment decreased by 9 pp compared to Q1 2021. Impaired customer experience is related to nearly doubled B2B customers between Q1 2021 and Q1 2022 as well as growing electricity and natural gas prices, which increased the number of inquiries and led to longer response time.

Key operating indicators		Q1 2022	Q1 2021	Δ	Δ,%
Electricity sales					
Lithuania	TWh	1.68	1.43	*0.25*	*17.4%*
Latvia	TWh	0.35	0.23	*0.12*	*52.8%*
Other[1]	TWh	0.10	0.02	*0.07*	*338.9%*
Total retail	TWh	2.12	1.68	*0.44*	*26.4%*
of which B2C	TWh	0.73	0.77	*(0.05)*	*(5.9%)*
of which B2B	TWh	1.40	0.91	*0.49*	*53.9%*
Number of customers	m	1.55	1.56	*(0.01)*	*(1.0%)*
Natural gas sales	TWh	4.00	5.25	*(1.24)*	*(23.7%)*
Lithuania	TWh	2.16	2.39	*(0.23)*	*(9.5%)*
Latvia	TWh	0.16	0.09	*0.07*	*79.9%*
Finland	TWh	1.22	0.75[2]	*0.47*	*62.9%*
Poland	TWh	0.06	0.00	*0.06*	*3,730.1%*
Total retail	TWh	3.60	3.22	*0.37*	*11.6%*
of which B2C	TWh	1.11	1.26	*(0.15)*	*(12.1%)*
of which B2B	TWh	2.49	1.96[2]	*0.53*	*26.8%*
Wholesale market	TWh	0.40	2.02[3]	*(1.62)*	*(80.2%)*
Number of customers	m	0.62	0.61	*0.01*	*1.1%*
Customer experience					
NPS (B2C)	%	60.3%	48.3%	*12.0 pp*	*n/a*
NPS (B2B)	%	37.0%	46.0%	*(9.0 pp)*	*n/a*

[1] Electricity sales in Poland and Estonia.
[2] Previously reported 0.72 and 1.93 values were adjusted with regards to new information.
[3] 5.60 value reported in Interim report Q1 2021 was corrected after updating the sales volumes in Poland.

3.3 Quarterly summary

Key financial indicators[1]		Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
Revenue	EURm	991.3	725.0	427.3	344.7	393.4	354.3	277.9	265.3	325.7
EBITDA APM	EURm	91.7	80.0	83.8	84.2	87.4	105.0	79.0	88.2	62.1
Adjusted EBITDA APM	EURm	111.4	111.3	72.2	71.0	78.1	90.6	72.9	60.4	22.0
Adjusted EBITDA margin APM	%	11.0%	14.7%	17.4%	21.4%	20.3%	26.7%	26.8%	25.4%	7.7%
EBIT APM	EURm	57.2	22.0	53.0	52.5	57.0	72.5	48.9	60.8	32.8
Adjusted EBIT APM	EURm	76.9	78.1	41.4	39.3	47.7	58.1	42.8	33.0	(7.3)
Net profit	EURm	46.8	41.7	51.2	18.0	43.0	61.7	36.4	48.2	24.3
Adjusted net profit APM	EURm	61.1	70.1	29.2	28.7	35.1	49.5	31.2	24.5	(9.8)
Investments APM	EURm	43.1	103.1	54.1	48.7	29.0	76.0	83.7	124.5	62.6
FFO APM	EURm	89.3	74.8	67.5	65.5	84.0	102.1	65.3	81.7	60.3
FCF APM	EURm	(138.3)	(333.4)	(47.3)	54.3	30.9	(7.7)	23.6	(1.1)	(9.9)
ROE LTM APM	%	8.3%	8.4%	11.1%	10.1%	12.0%	10.8%	9.4%	7.8%	5.0%
Adjusted ROE LTM APM	%	9.9%	8.9%	9.1%	9.1%	8.9%	6.0%	5.9%	5.2%	4.8%
ROCE LTM APM	%	6.8%	7.1%	9.9%	9.7%	10.2%	9.1%	7.0%	5.8%	4.1%
Adjusted ROCE LTM APM	%	8.7%	7.9%	7.8%	7.9%	7.7%	5.4%	4.6%	4.0%	3.9%
		Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
Total assets	EURm	4,623.0	4,251.3	4,131.1	3,967.5	3,975.2	3,920.9	3,408.8	3,368.4	3,183.4
Equity	EURm	2,005.3	1,849.0	1,811.2	1,831.0	1,810.7	1,813.3	1,312.7	1,320.4	1,356.2
Net debt APM	EURm	1,000.7	957.2	620.4	571.6	579.2	600.3	1,026.8	1,019.2	950.6
Net working capital APM	EURm	681.3	486.4	169.5	99.1	129.7	94.4	31.4	55.9	88.1
Net debt/EBITDA LTM APM	times	2.95	2.85	1.72	1.61	1.61	1.80	3.64	4.04	4.42
Net debt/Adjusted EBITDA LTM APM	times	2.73	2.88	1.99	1.83	1.92	2.44	4.51	4.80	4.50
FFO/Net debt LTM APM	%	29.7%	30.5%	51.4%	55.5%	57.5%	51.5%	24.8%	22.5%	20.7%

[1] *Due to Networks Methodology update, change in accounting policy and reclassifications as well as reduction of management adjustments, all financial indicators were recalculated retrospectively for all quarters of the years 2021 and 2020 (for more information, see Annual report 2021 section 'Annual results' part 'Significant changes in reporting period of 2021').*

Key operating indicators		Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
Electricity										
Green Generation capacity	MW	1,351	1,350	1,350	1,350	1,350	1,350	1,350	1,287	1,287
Green Generation installed capacity	MW	1,215	1,214	1,120	1,120	1,120	1,101	1,101	1,077	1,077
Green Generation projects under construction	MW	136	136	230	230	230	249	249	210	210
Electricity distributed	TWh	2.77	2.77	2.45	2.43	2.72	2.55	2.30	2.17	2.53
Electricity generated (net)	TWh	0.58	0.59	0.57	0.58	0.57	0.65	0.86	0.56	0.39
Green electricity generated (net)	TWh	0.54	0.49	0.28	0.35	0.35	0.34	0.32	0.26	0.34
Green share of generation	%	93.6%	84.1%	50.0%	61.0%	61.0%	52.0%	36.7%	46.8%	87.1%
Electricity sales	TWh	2.19	1.97	1.67	1.67	1.81	1.83	1.64	1.62	1.71
SAIFI	units	0.63	0.35	0.38	0.36	0.37	0.23	0.25	0.41	0.45
SAIDI	min	108.59	28.64	30.80	44.54	97.97	13.49	16.36	34.15	143.67
Heat										
Green Generation capacity	MW	349	339	339	339	339	339	339	339	339
Green Generation installed capacity	MW	180	170	170	170	170	110	110	40	40
Green Generation projects under construction	MW	169	169	169	169	169	229	229	299	299
Heat generated (net)	TWh	0.30	0.28	0.12	0.21	0.23	0.15	0.03	0.09	0.06
Natural gas										
Natural gas distributed	TWh	2.68	2.74	1.02	1.41	3.32	2.48	0.99	1.18	2.41
Natural gas sales	TWh	4.00	2.85	1.39	2.07	5.25	3.84	3.62	2.98	4.26
SAIFI	units	0.001	0.001	0.001	0.001	0.002	0.003	0.004	0.002	0.001
SAIDI	min	0.05	0.10	0.12	0.09	0.16	0.76	0.61	0.19	0.05

Governance

4.1 Governance framework

Governance model & recognitions

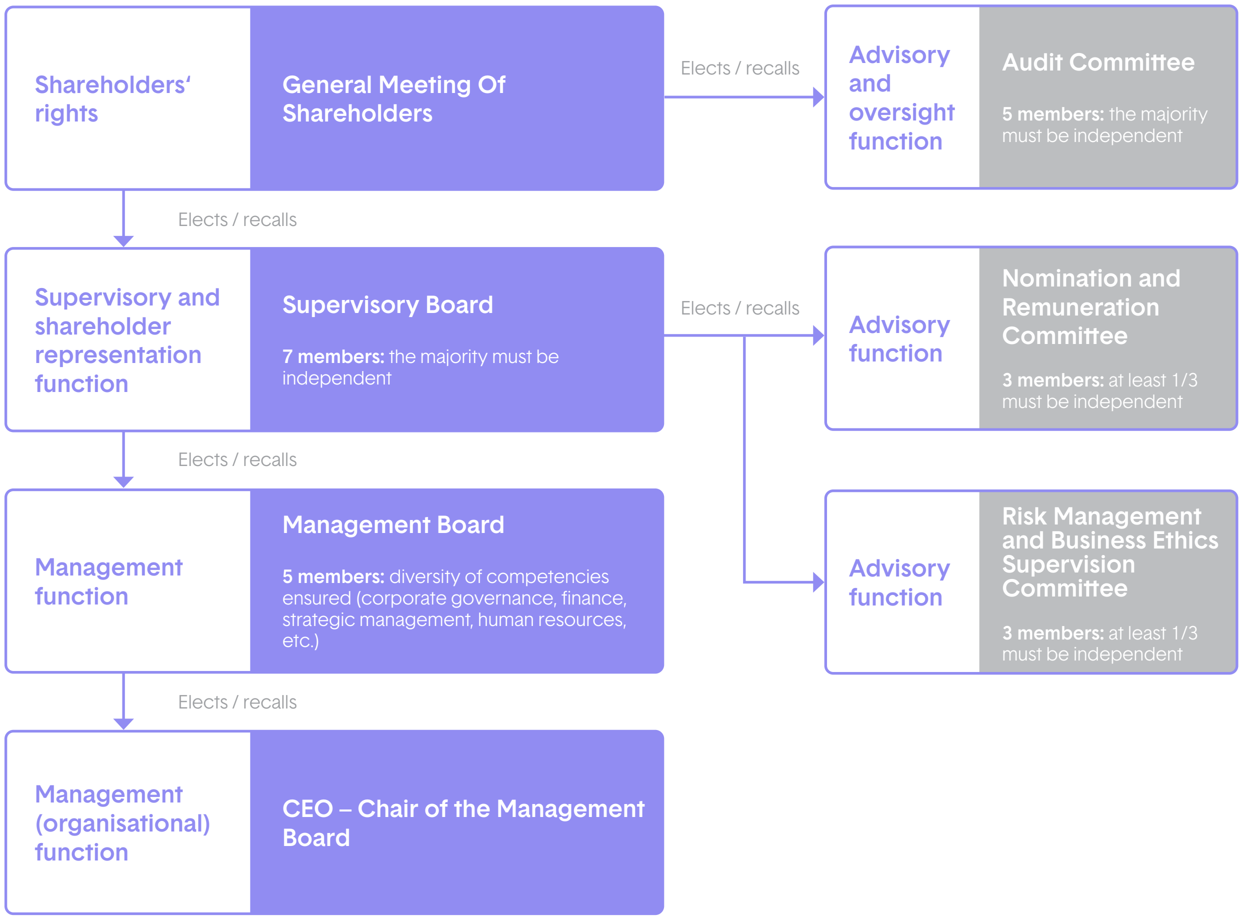
The Group's governance structure and model have been developed on the basis of the most advanced international and national practices, following the recommendations published by the OECD, having regard to the Corporate Governance Code for the companies listed on Nasdaq Vilnius and the Guidelines on the Governance for State-Owned Enterprises (SOEs) recommended by the Baltic Institute of Corporate Governance (BICG). Additionally, the corporate governance model of state-owned group of energy companies was implemented in observance of the Corporate Governance Guidelines approved by the Ministry of Finance of the Republic of Lithuania (Corporate Governance Guidelines) and amended several times. The most recent amendments were adopted on 2 July 2021, and the latest wording of Corporate Governance Guidelines is available here.

Our governance commitments were also recognised by independent parties. The parent company has a track record of being awarded the highest rating in Good Corporate Governance Index, assessing corporate governance of Lithuania's SOEs, since 2012. Additionally, the parent company has also received a separate award in the Corporate Governance Index ranking for 2020–2021 for leading in sustainability among SOEs.

In addition to local recognitions, in July 2021 the Group's rating of 'A' was upgraded to 'AA' (on a scale of 'CCC' to 'AAA') in the MSCI ESG Ratings assessment. This places the Group among the industry leaders and significantly above the utility group average of 'BBB'.

On top of that, in 2021, the Group received a score of 20.4 (on a scale of 100–0, from highest to lowest risk, previous 26.5) in the ESG Risk Rating assessment performed by Sustainalytics, a leading independent ESG ratings firm. This places the Group among the top 12 percent of utility peers that manage their ESG risks optimally. Sustainalytics designated our overall ESG risk level as 'medium' (approaching 'low' risk category), whereas overall ESG risk management was rated as 'strong'. For more information on our ESG achievements in Q1 2022, please refer to section 'ESG performance report'.

Corporate governance model



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

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

Key changes in collegial bodies

During the reporting period, there has been a change in the composition of the Management Board. The new members of the Management Board, its Chair and the CEO were elected on 18 February 2022. For more information on the new CEO and the members of the Management Board, see sections 'Management Board' and 'CEO'.

More detailed description of key corporate governance principles, each collegial body and its members is available in our Annual report 2021 and on our website.

Shareholders' rights, Majority Shareholder and General Meetings

Our shareholders exercise their rights at the General Meeting. The General Meeting is the highest decision-making body of the parent company and passes resolutions in accordance with the Law on Companies of the Republic of Lithuania (Link in Lithuanian). We provide a detailed description of shareholders' competences in our Annual report 2021.

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

On 29 July 2021 and 29 March 2022, the General Meetings of Shareholders of the parent company were held, which passed resolutions on the acquisition of the parent company's own ordinary registered shares, the purpose of which is to reduce the parent company's share capital by annulling it, thus potentially increasing each investor's shareholdings, including the Majority Shareholder's. Respectively, on 16 December 2021 and 29 April 2022, the parent company completed the acquisitions of own ordinary registered shares and in total acquired 1,894,797 units or 2.6% of total number of the parent company's securities.

In relation to the above, after the reporting period an Extraordinary General Meeting was convened to be held on 24 May 2022, during which the decision regarding the reduction of the parent company's share capital by annulling the acquired own ordinary registered shares will be considered. If the acquired ordinary registered shares are annulled, the parent company's share capital will be reduced to 72,388,960 (from 74,283,757) ordinary registered shares and the nominal value of the share capital will decrease to EUR 1,616,445,476.80 (from EUR 1,658,756,293.81). This would also cause a free-float change from to 25.01%.

General Meetings of Shareholders

During the reporting period, one General Meeting of the parent company's shareholders was held. On 29 March 2022 , the Ordinary General Meeting of Shareholders passed the following resolutions:

- regarding the assent to AB "Ignitis grupė" consolidated annual report for the year 2021, except for the part of the remuneration report;
- regarding the assent to the remuneration report of AB "Ignitis grupė", as a part of the consolidated annual report of AB "Ignitis grupė" for the year 2021;
- regarding the approval of the set of audited annual financial statements of AB "Ignitis grupė" and consolidated financial statements of AB "Ignitis grupė" group of companies for the year 2021;
- regarding the formation of reserve for acquisition of own ordinary registered shares;
- regarding the allocation of profit (loss) of AB "Ignitis grupė" for the year 2021;
- regarding the acquisition of AB "Ignitis grupė" own ordinary registered shares;
- regarding the approval of the new wording of the Articles of Association of AB "Ignitis grupė" and the power of attorney;
- regarding the approval of the updated Group Remuneration Policy of AB "Ignitis grupė";
- regarding the acknowledgement of Share Allocation Rules of AB "Ignitis grupė" as no longer effective".

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

4.2 Supervisory Board and committees

Supervisory Board overview

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

During the reporting period, the Supervisory Board of the parent company comprised seven members: five independent members and two representatives of the Majority Shareholder. The term of current Supervisory Board ends on 22 October 2025.

Further information on the Supervisory Board's functions, selection criteria, management of conflicts of interests and remuneration as well as information on education, experience and place of employment of the Supervisory Board members are available in our Annual report 2021. During the reporting period, there were no significant changes in the information provided.

There were no changes in the composition of the Supervisory Board during the reporting period and no members of the Supervisory Board had any participation in the capital of the parent company or its subsidiaries.

Activities of the Supervisory Board during the reporting period

Overall, 6 meetings of the Supervisory Board were held in Q1 2022, covering the following key areas:
- submission of proposals regarding business organisation and planning, objectives, financial position and performance of the parent company and the Group, including sustainability issues;
- issues related to the remuneration system of the Group, including long-term incentive share options programme for executives and employees;
- issues related to the annual report and annual financial statements for the year 2021;
- submission of opinions regarding related party transactions.

Committees of the Supervisory Board

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

The operating committees of the Supervisory Board are the following:
- the Risk Management and Business Ethics Supervision Committee;
- the Nomination and Remuneration Committee.

Further information on the Supervisory Board committees' functions, selection criteria, management of conflicts of interests and remuneration as well as information on education, experience and place of employment of the Supervisory Board committees' members are available in our Annual report 2021.

There were no changes in the composition of the committees during the reporting period and no members of the Supervisory Board committees had any participation in the capital of the parent company or its subsidiaries.

After the reporting period, due to the end of term (19 April 2022) of the Risk Management and Business Ethics Supervision Committee, the parent company's Supervisory Board on 22 April 2022 elected new members of the Risk Management and Business Ethics Supervision Committee for a new term, which will end on 25 October 2025. It comprises two members, Tim Brooks (the Chair of the Committee) and Alfonso Faubel and regarding the third member of the Committee there is no decision made yet. Both members also served in the previous Risk Management and Business Ethics Supervision Committee. Information on education, experience, place of employment and shareholdings in Group companies of the newly elected Risk Management and Business Ethics Supervision Committee members is available on our website.

Overview of the Supervisory Board and its committees (during the reporting period)

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

Overview of the meeting attendance[1] of members of the Supervisory Board and its committees (during the reporting period)

Member	Supervisory Board	Nomination and Remuneration Committee	Risk Management and Business Ethics Supervision Committee
Alfonso Faubel	6/6	-	1/1
Lorraine Wrafter	6/6	5/5	-
Tim Brooks	6/6	-	0/1
Judith Buss	6/6	-	-
Bent Christensen	6/6	5/5	-
Aušra Vičkačkienė	6/6	5/5	-
Ingrida Muckutė	6/6	-	-
Šarūnas Rameikis	-	-	1/1

[1] *The numbers indicate how many meetings the members have attended out of total meetings during the reporting period.*

Audit Committee overview

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

Overall, the Audit Committee is responsible for monitoring the process of preparation of financial statements of the Group, with a focus on the relevance and consistency of accounting methods used. In addition, it is responsible for monitoring the effectiveness of the Group companies' internal control and risk management systems affecting the audited Group's financial statements as well as the effectiveness of internal audit. Also, the committee oversees the audit of the annual financial statements of Group companies which are public interest entities and the consolidated financial statements of the Group.

During the reporting period, the Audit Committee of the parent company comprised five members: four independent members and one representative of the Majority Shareholder. The term of the current Audit Committee ends on 26 September 2025.

Further information on the Audit Committee's functions, selection criteria, management of conflicts of interests and remuneration as well as information on education, experience and place of employment of the Audit Committee's members are available in our Annual report 2021.

There were no changes in the composition of the committee during the reporting period. During the reporting period, Saulius Bakas hold 1,800 shares of the parent company which he sold after 31 March 2022. No other members of the Audit Committee had any participation in the capital of the parent company or its subsidiaries.

Activities of the Audit Committee during the reporting period

Overall, 4 meetings of the Audit Committee were held in Q1 2022, covering the following key areas:

- an opinion was submitted to the Group on the conclusion of related party transactions in compliance with Article 372 of the Law on Companies of the Republic of Lithuania;
- the internal audit plan for 2022 was reviewed and approved;
- the reports on interim audit results of the Group were discussed;
- the process of preparation of the Group's financial statements was supervised;
- the legal disputes in which the Group was involved were discussed;
- actions were implemented following the results of internal audit reports;
- the audit firm's reports on the Group's public interest companies were discussed;
- semi-annual reports of Audit Committee's activities for 2021/2022 were submitted to supervisory boards of the Group's public interest companies;
- the impact of the Russia's invasion of Ukraine on the Group was discussed;
- the performance report of the parent company's investments into a venture capital fund Smart Energy Fund powered by Ignitis Group was reviewed.

Overview of the Audit Committee (during the reporting period)

	Audit Committee
Term of office	27 September 2021 – 26 September 2025
Independence, including the Chair	80%
Meeting attendance	95%
Share holdings of the parent company or its subsidiaries	1,800

Overview of the meeting attendance[1] of the Audit Committee members (during the reporting period)

Member	Attendance
Irena Petruškevičienė	4/4
Saulius Bakas	4/4
Marius Pulkauninkas	4/4
Ingrida Muckutė	4/4
Judith Buss	3/4

[1] The numbers indicate how many meetings the members have attended out of total meetings during the reporting period.

Management Board

New members of the Management Board have been elected. 3 out of 5 members have served in the previous term of the Management Board, including CEO.

4.3 Management Board

Management Board overview

Management Board is a collegial management body set out in the Articles of Association of the parent company. The activities of the Management Board are regulated by the Law on Companies (link in Lithuanian), its implementing legislation, the Corporate Governance Guidelines, the Articles of Association of the parent company and the Rules of Procedure of the Management Board. During the reporting period, the rules governing the election of the members of the Management Board of the parent company were not amended.

The main functions of the Management Board include developing and implementing the Group's strategy, making decisions regarding the acquisition and establishment of new companies as well as approving candidates for supervisory and management bodies of subsidiaries. Its responsibilities also cover approval of material transactions, making decisions on common rules and principles (policies, guidelines, recommendations) applicable to the entire Group, and other decisions assigned by the Law on Companies, the Articles of Associations or the decisions of the General Meeting of Shareholders.

During the reporting period, there were changes in the composition of the parent company's Management Board. On 18 February 2022, the Supervisory Board recalled the previous Management Board in corpore and elected new members to the Management Board as well as submitted an opinion regarding the CEO of the Group. After the decision of the Supervisory Board, the new Management Board elected its Chair from among its members in its first meeting, who was also appointed as CEO of the parent company. The term of the current Management Board ends on 17 February 2026.

The Management Board comprises five members. Information on their education, experience and place of employment is provided in the next section.

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

Further information on the Management Board's functions, selection criteria, management of conflicts of interests is available in our Annual report 2021. Remuneration for the activities of the Management Board, available on our website, is paid in accordance with the Group's Remuneration Policy approved by the General Meeting of Shareholders.

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

Overall 20 meetings of the Management Board were held in Q1 2022, covering the following key areas:

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

Meeting attendance and number of owned shares of the parent company

Member	Position	Attendance[1]	Number of shares
Darius Maikštėnas	Chair, CEO	20/20	3,000
Jonas Rimavičius	Member, CFO	10/10[2]	500
Dr. Živilė Skibarkienė	Member, Group Head of Organisational Development	20/20	300
Vidmantas Salietis	Member, Group Head of Commercial Activities	20/20	200
Mantas Mikalajūnas	Member, Group Head of Regulated Activities	10/10[2]	220

[1] The numbers indicate how many meetings in Q1 2022 the members have attended out of total meetings during the reporting period.
[2] Darius Maikštėnas, Dr. Živilė Skibarkienė and Vidmantas Salietis were re-elected, while Jonas Rimavičius and Mantas Mikalajūnas were newly elected members of the Management Board on 18/02/2022, causing attendance differences.

Members of the Management Board

Darius Maikštėnas

Chair, CEO since 01/02/2018
Re-elected 18/02/2022
Area of supervision: Strategy and Management, Sustainability
Term of office expires 17/02/2026

Experience
Darius is a top-level executive with 10+ years of executive experience in energy, telecommunications, IT, and venture capital sectors. He joined the Group in 2018 and since then he served as Member, Chair of the Management Board, and CEO. Darius successfully prepared the Group for transitioning from a local monopoly to a competitive customer-oriented regional player, oversaw Ignitis Group's IPO, and has been leading the Group towards ESG excellence. Prior to joining the Group, he had led an international company based in Silicon Valley that offers innovative telecommunications solutions and operates in the United States and the UK under the WiderFi brand, had worked as an advisor for a venture capital fund Nextury Ventures, and had served as Vice President at Telia (previously Omnitel).

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

Other positions
Energijos Skirstymo Operatorius, Chair and Member of the Supervisory Board; Eurelectric, Member of the Management Board.

Owned shares of the parent company
3,000.

Jonas Rimavičius

Member, CFO since 18/02/2022
Area of supervision: Finance
Term of office expires 17/02/2026

Experience
Jonas is a strategic-level finance professional. Since joining the Group in 2016, Jonas has been leading M&A activities and capital raising projects, including Ignitis Group's IPO, and Green Bonds issues. Additionally, Jonas has been serving as Chair and Member of the Management Board at Ignitis Renewables since January 2019. Prior to joining the Group, Jonas had accumulated experience in the areas of investment banking and corporate finance at Swedbank, EY and Telia.

Education
University of Cambridge, Master's degree in Business Administration; University of Warwick, Bachelor's degree in Accounting and Finance; former CFA charterholder.

Other positions
Ignitis Renewables, Chair and Member of the Management Board; Vilniaus Kogeneracinė Jėgainė, Member of the Management Board.

Owned shares of the parent company
500.

Dr. Živilė Skibarkienė

Member, Group Head of Organisational Development since 01/02/2018
Re-elected 18/02/2022
Area of supervision: Organisational Development
Term of office expires 17/02/2026

Experience
Živilė is a professional in law and organisational development with 5+ years of executive experience. She joined the Group in 2018 and since then she has transformed how the Group is governed, and has successfully implemented digitalisation and operational excellence programmes. She also serves as Member of the Supervisory Board at Ignitis Gamyba. Prior to that, Živilė had gained executive experience while working in the financial sector. She was Head of Legal and Administrative Department at Šiaulių Bankas, Member of the Management Board and deputy CEO at Finasta Bank as well as Head of Compliance at DNB Bankas (now Luminor), and Head of Legal Department at SEB Bankas.

Education
Mykolas Romeris University, Doctoral degree in Social Sciences Field of Law; Vilnius University, Master's degree in Law; Saïd Business School, University of Oxford, Executive Leadership Programme.

Other positions
Ignitis Grupės Paslaugų Centras, Chair and Member of the Management Board; Elektroninių Mokėjimų Agentūra, Member of the Management Board; Ignitis Gamyba, Member of the Supervisory Board.

Owned shares of the parent company
300.

Vidmantas Salietis

Member, Group Head of Commercial Activities since 01/02/2018
Re-elected 18/02/2022
Area of supervision: Commercial activities
Term of office expires 17/02/2026

Experience
Vidmantas, who is a professional with 10+ years of experience in top-level positions in the energy sector, joined the Group in 2011 and since has served as an executive in various Group companies. During this time, he spearheaded one of the major changes in the electricity sector – market deregulation. In addition to becoming a Member of the Management Board of Group in 2018, Vidmantas has also been serving as Chair of the Supervisory Board of Ignitis Gamyba and Member of the Management Board of Ignitis Renewables. Prior to that, he had served as CEO at Energijos Tiekimas, and had led an electricity wholesale trading department at Ignitis Gamyba. He had also served as Chair and Member of the Management Board of Elektroninių Mokėjimų Agentūra and Member of the Management Board of Gamybos Optimizavimas.

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

Other positions
Ignitis, Chair and Member of the Supervisory Board; Ignitis Gamyba, Chair and Member of the Supervisory Board; Ignitis Renewables, Member of the Management Board.

Owned shares of the parent company
200.

Mantas Mikalajūnas

Member, Group Head of Regulated Activities since 18/02/2022
Area of supervision: Regulated activities
Term of office expires 17/02/2026

Experience
Mantas, who has almost 20 years of executive experience in various energy sector's companies, launched his career in Lietuvos Dujos. Later, he had an internship in a German energy group. After returning to Lithuania, he was working in strategic positions at Lietuvos Dujos, where he served as an executive team member and was responsible for issues related to investor relations, state authorities and the regulator as well as integration of Lietuvos Dujos into Lietuvos Energija (current Ignitis Group). Before transitioning to the current position of Group Head of Regulated Activities, Mantas had served as Head of Business Development of Ignitis Group and CEO of Lietuvos Dujų Tiekimas (later, Lietuvos Energijos Tiekimas).

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

Other positions
Ignitis, Member of the Management Board; Elektroninių Mokėjimų Agentūra, Member of the Management Board; Vilniaus Kogeneracinė Jėgainė, Member of the Management Board; Kauno kogeneracinė jėgainė, Member of the Management Board.

Owned shares of the parent company
220.

Conflicts of interest

In accordance with the Articles of Association of the parent company, each candidate for the Management Board must provide the Supervisory Board with a written consent to stand as a candidate of the members of the Management Board and the declaration of interests of the candidate, by stating therein all circumstances which may give rise to a conflict of interests between the candidate and the parent company. In the light of new circumstances that could result in a conflict of interests between a member of the Management Board and the parent company, the member of the Management Board must immediately notify the Management Board and the Supervisory Board in writing of such new circumstances. Also, members of the Management Board cannot do other work or hold other positions which are incompatible with their activities on the Management Board, including executive positions in other legal entities (except for positions within the parent company and the Group companies), work in civil service, statutory service. The members of the Management Board may hold another office or do other work, except for positions within the parent company and other legal entities of which the parent company is a member, and may carry out pedagogical, creative, or authorship activities only with the prior consent of the Supervisory Board. This rule also applies to the management of all Group companies.

CEO overview

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

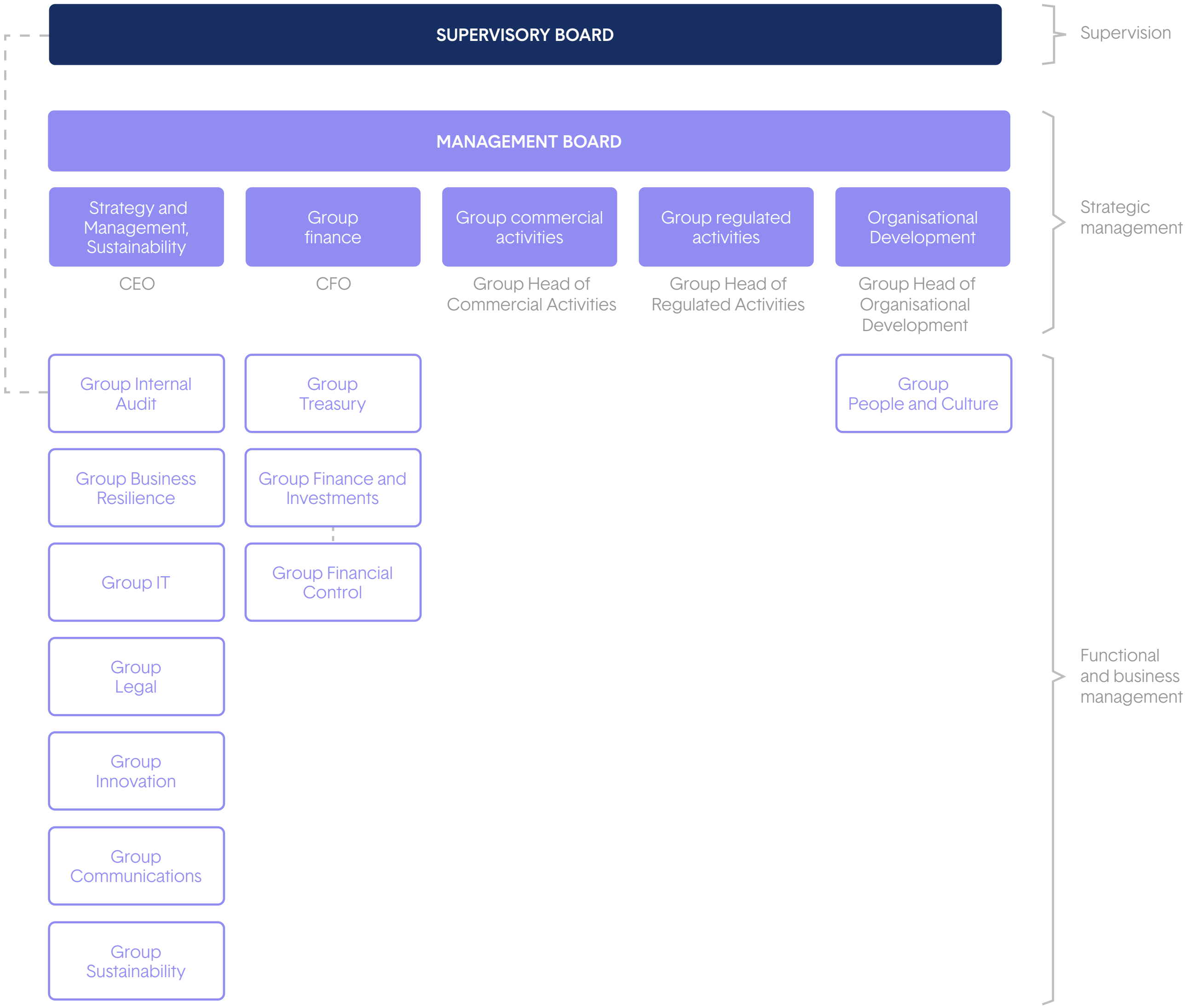
The competence of a CEO, the procedure of appointment and removal, the terms of office are established according to the Law on Companies (link in Lithuanian), its implemented legislation, the Corporate Governance Guidelines and the Articles of Association of the parent company. In accordance with the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

During the reporting period, on 18 February 2022 the Supervisory Board elected the new members of the Management Board and submitted an opinion regarding the CEO of the parent company. During the first meeting of the new Management Board held on the same day, Darius Maikštėnas was elected as the CEO of the parent company.

At the end of the reporting period, the parent company's CEO Darius Maikštėnas held 3,000 shares of the parent company.

Further information on the CEO's functions, responsibilities remuneration, including key contractual terms and conditions of his employment agreement with the parent company, is available in our Annual report 2021.

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



4.4 Risk and risk management

Risk management framework

In connection with the business activities, the Group is exposed to strategic, operational (activity), financial and external risks that might affect our performance. To ensure their mitigation to an acceptable level, we apply uniform risk management principles, which are based on the best market practices, including the guidance of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and AS/NZS ISO 31000:2009. A clear segregation of risk management and control duties is controlled by applying the three-lines-of-defence principle in the Group, where the duties are distributed between management and supervisory bodies, structural units, and functions.

In order to ensure that risk management information and decisions are relevant to and reflect the changes in the Group, each year the Group initiates a risk management process related to the Group's risks and the Group's strategic objectives, which include all the Group companies and functions. In order to ensure control, we monitor risks, risk management measures, key risk indicators and prepare internal reports to the management (both at the level of individual functions or Group companies and at the Group level) on a quarterly basis.

Further information on our risk management framework is available in our Annual report 2021.

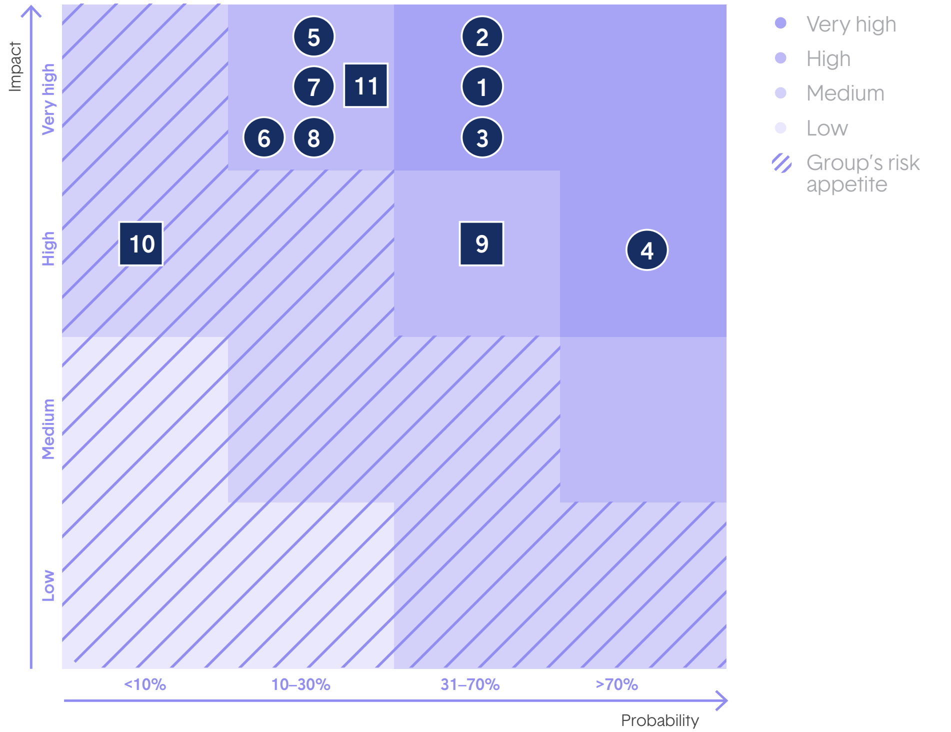
Key risks and their control

During and after the reporting period

During and after the risk review of Q1 2022, no significant adverse changes were recorded among the risks and their levels identified for 2022 compared to the 2021 year-end. An overview of their potential impact and probability is provided as a heat map below with detailed disclosure of their mitigation strategies available in our Annual report 2021. Additionally, Risk of occupational health & safety accidents (of employees and contractors) on Group level is added to the heat map (risk No. 10). Although this risk is assessed as medium risk level and falls within Group's risk appetite, it is also being actively monitored because it is closely related with achievement of strategic goals of the Group. Moreover, Working capital management / liquidity risk assessed as relevant on Group level (risk No. 11) for the current period and added to the heat map.

However, in addition to the COVID-19 crisis continuing for the third year, at the end of February 2022 the world faced a new geopolitical crisis – the Russia's invasion of Ukraine. Considering that both challenges have impact on businesses and people across the globe, we provide separate disclosures on the issues below to ensure the transparency to the extent possible of their potential impact on the Group.

Key risks of the Group



1. Employee attraction, development and retention risk (Green Generation)
2. Risk of not achieving Green Generation installed capacity on time (Green Generation)
3. Risk of not winning the Lithuanian offshore wind tender (Green Generation)
4. Risk of liquid hedging product deficit (Customers & Solutions)
5. Risk of failure to complete the Vilnius CHP biomass unit project properly and on time (Green Generation)
6. Risk of recovery of possibly unlawful state-aid (Flexible Generation)
7. Risk of market changes (Flexible Generation)
8. Risk of unplanned and adverse regulatory changes (Networks)
9. Risk of cyberattacks using publicly known system vulnerabilities (the Group)
10. Risk of occupational health & safety accidents of employees and contractors (the Group)
11. Working capital management / liquidity risk (the Group)

Regarding the Russia's invasion of Ukraine

Overview

The Group has assessed the actual and potential direct and indirect impact of Russia's invasion of Ukraine on business activities, the Group's exposure to the affected markets, supply chains, its financial situation and economic performance using all the information available at the time and did not identify any material threats to the Group's business continuity. However, it should be noted that, due to the ongoing uncertainty, the final impact of the Russia's invasion of Ukraine on the business of the Group companies cannot be assessed in full yet.

General potential effects that are tightly related to the Group's activities, are an increase in electricity and natural gas prices, possible disruptions in supply chains as well as increased inflation and growing prices of other materials. Furthermore, the level of vigilance in cybersecurity is being raised nationwide while the Group is classified as the owner of critical infrastructure.

Impact on business segments

The Networks segment is highly exposed to the growing energy prices, which may increase the need for working capital due to temporary regulatory differences as the gap between actual energy prices and the ones included in tariff may widen. Nevertheless, in the long run, the regulatory mechanism should ensure that the effects on consumption and prices will be eliminated. Currently, no significant changes in the level of bad debts was detected.

Growing electricity prices have positive impact on EBITDA result of Green Generation segment. However, considering Green Generation projects, there is a risk of longer lead times and higher expenditures for investments due to growing price of materials. Currently, there is a risk of possible delays in the milestones of constructions in Vilnius CHP biomass unit (first energy generation was rescheduled to Q1 2023 due to global supply chain disruption and shortage of workforce) and major overhaul of Kruonis PSHP (spare parts were manufactured in Ukraine, thus alternative solutions are needed). Furthermore, due to growing price of materials, expenditures for investments may increase.

Given the geopolitical situation, Flexible Generation segment, as a provider of isolated regime services, was directly affected through an emerged need to prepare for uninterrupted electricity generation in advance, which required to acquire approx. 1.1 TWh of natural gas. Another issue is related to the supply of spare parts for the major overhaul of unit 8 of Elektrėnai Complex, as the necessary parts were manufactured in Ukraine, thus an alternative solution is needed.

The main impact on Customers & Solutions segment is related to the suspended purchase of Gazprom's natural gas, which was replaced by LNG cargoes. This led to an increase in working capital needs and additional hedging transactions. With the refusal of Russian natural gas, potential new challenges related to the infrastructure (slot booking in the terminal and storage issues) and a more limited supply are being closely monitored and addressed. From other perspective, possible pipeline gas disruptions might open up new opportunities for additional LNG sales to Finland and other Baltic countries. Growing energy prices increased working capital due to higher temporary regulatory differences as the gap, between actual energy prices and the ones included in the tariff, widens. Despite growing electricity and natural gas prices, any significant changes in the level of bad debts were not detected but the risk of increase in receivables will be closely monitored.

Overview of the impact of the Russia's invasion of Ukraine

Business segment	Overall impact
Networks	– Growing energy prices may cause temporary regulatory differences. – Uncertainty regarding the supply and increase in price of key materials.
Green Generation	– Growing electricity prices have positive impact on EBITDA of Green Generation portfolio. – Rescheduled first energy generation in Vilnius CHP's biomass unit. – Shortage of spare parts for Kruonis PSHP major overhaul. – Potential increase in investment expenditures in new projects due to growing commodity prices. – Potentially longer lead times of Green Generation projects.
Flexible Generation	– Shortage of spare parts for major overhaul of unit 8 of Elektrėnai Complex. – Additional natural gas reserve of 1.1 TWh acquired.
Customers & Solutions	– Natural gas purchases from Gazprom replaced by LNG cargoes increased net working capital and caused infrastructure issues as well as more limited supply. – Growing electricity and natural gas prices cause higher temporary regulatory differences and increase net working capital needs. – Possible pipeline gas disruptions open up new opportunities for additional LNG sales to Finland and other Baltic countries.

Mitigation

Even though there are risk factors, proper actions have been taken to manage them and no significant changes in risk levels of key risks of the Group were recorded. In order to ensure market demand and uninterrupted gas supply as well as to fund growth in working capital needs, the Group concluded several short-term loan agreements with banks (as for 31 March 2022 there were three credit line facilities with total limit of EUR 404 million). After the reporting period, Lithuanian Parliament amended legislation related to providing consumers with partial compensation due to increasing prices of energy resources. From H2 2022, increasing prices as well as debt of regulated supply customers up to this point will be partially compensated directly from the state budget. Out of planned EUR 570 million from the state budget, a part will be allocated to cover regulatory differences accumulated in 2021 and 2022. It is expected not only to prevent from further increase in Group's net working capital in H2 2022, but also to reduce currently accumulated debts that have been used to finance regulatory differences until the second half of this year.

The Group constantly monitors the situation and analyses the latest information as well as changes in external factors, and their impact on the Group. In the same manner, the Group also ensures uninterrupted supply of energy and business continuity.

COVID-19

Despite the resilient economic environment in the home market, COVID-19-related crisis could impact the Group's activities mostly by affecting our employees, contractors, suppliers, customers, and capital markets. We manage risks related to employees based on their functions and by ensuring the possibility to work remotely. Additionally, for some employees we provide additional personal protection, hygiene measures and restrict unnecessary contact with others.

So far we did not experience any significant disruptions due to COVID-19 in main business activities, investment strategies and development of projects, except for some delays in projects' milestones. However, using all the information available at this time, we are continuously assessing potential disruptions of cash flow, supply of services or goods, issues with attracting sources of financing, potential decrease in electricity and gas consumption due to economic slowdown, the risks of COVID-19 infection of critical personnel and the risk of delays in ongoing projects. We have not identified any circumstances yet which may give a reason to doubt the actions of the Group as a whole and the business continuity of subsidiaries of the Group, and we have also taken actions to manage risks arising from the Group's activities.

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

Compliance Programme

The Group strives for maximum transparency, effective management of inside information and equality of all financial market participants in respect of availability of the issuer's material information. Effective prevention of market abuse is one of our main priorities. The Group is listed both in London and Nasdaq Vilnius stock exchanges – it complies with all relevant EU, Lithuanian and UK laws and regulations.

We comply with the Market abuse regulation (EU) No. 596/2014 (MAR) and all related laws. Persons discharging managerial responsibilities and persons associated with them are under a duty to disclose their transactions related to the parent company's financial instruments when a EUR 5,000 notification threshold has been reached within a calendar year. Trading of those individuals is also governed by "Trading guidelines for the issuer's managers and persons closely associated with them". The Group's own internal insider and transparency rules are updated regularly and a specialized internal inside information management training is regularly performed by all Group employees who are included in an Insider List. Insider Management Committee effectively deals with complex insider management and relevant issues. Moreover, guidelines for the prevention of market abuse have been creasted in order to help employees identify illegal actions and provide relevant recommendations.

More detailed information regarding transparency and market abuse administration, persons discharging managerial responsibilities and a duty to disclose, Closed Period and internal supervision of insiders and relevant affairs is available in the Annual report 2021.

Related party transactions

The parent company follows the provisions of the Law on Companies of the Republic of Lithuania when conducting related party transactions. It must be noted that the Supervisory Board of the parent company considers the conclusions of the Audit Committee and makes decisions regarding the related party transactions of the parent company and the Group companies if they are conducted under unusual market conditions and/or are not attributable to the usual economic activities, and/or have a significant impact on the parent company, its finances, assets and obligations, i.e., the value of such transaction is over 1/50 of the parent company's equity (excluding transactions that are necessary to ensure core activities of the Group companies and transactions which must be concluded under the requirement of the law, also short-term lending transactions as well as lending, collateral of obligations and services of collateral transactions between the parent company and a subsidiary of the Group (including subsequent subsidiaries), if the value of this transaction during the financial year does not exceed 1/10 of the value of the assets indicated in the latest published audited balance sheet of the parent company).

We disclose information about the concluded related party transactions on our website and in accordance with the IFRS requirements in the section 'Financial statements' of this report.

4.5 Information about the Group

Corporate structure

At the time of reporting, the Group consists of the parent company and 27 fully consolidated subsidiaries. Ignitis Grupė is the Group's parent company and is responsible for coordinating its activities and transparent management of the Group. Detailed information regarding the subsidiaries is available on our website and in the Annual report 2021.

The entities showed on the next page are directly or indirectly controlled by the Group, which applies the governance system as per below (i.e. each number indicated below and on the next page corresponds to governance system type the company uses):

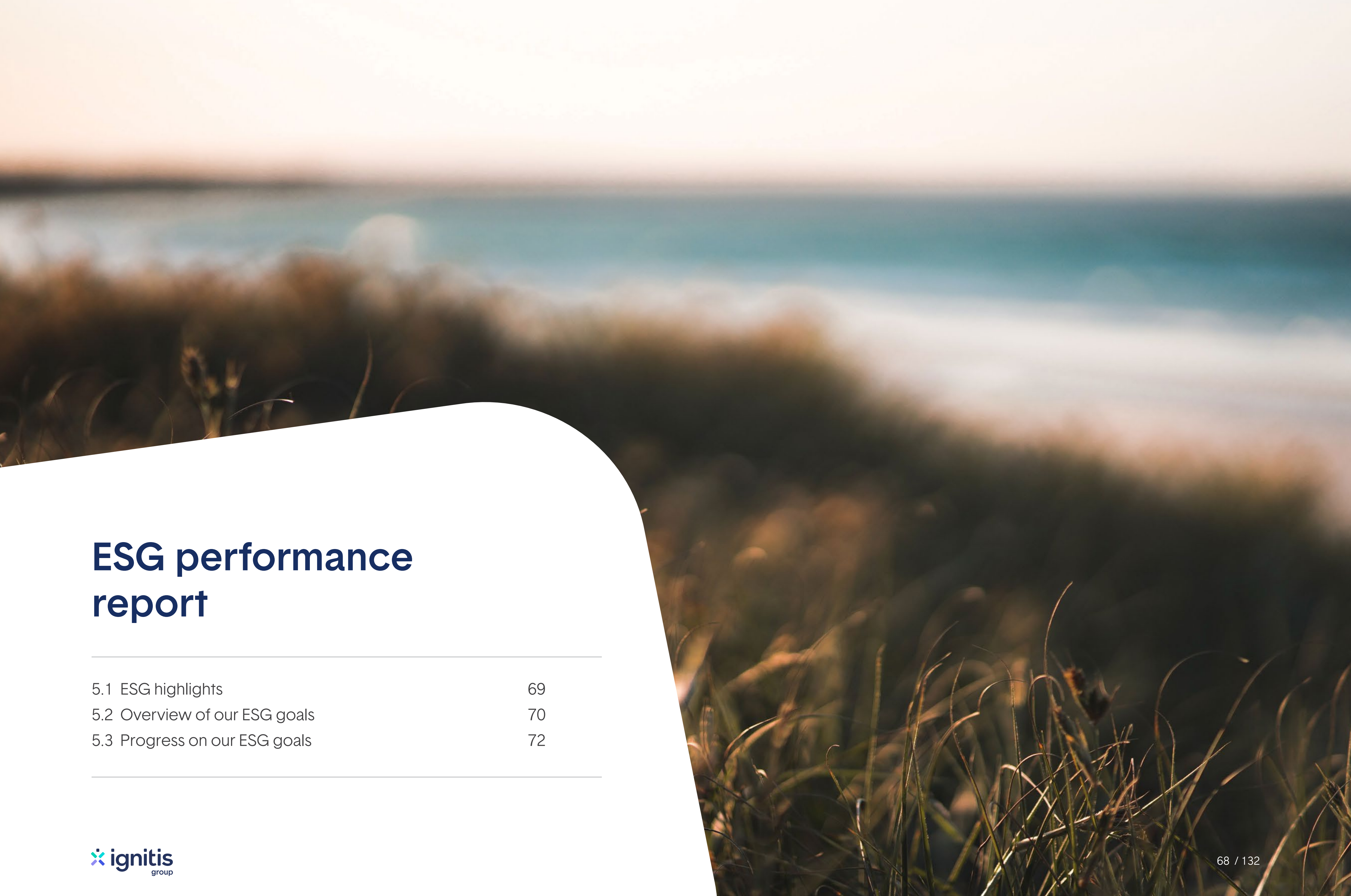
1	**The Supervisory Board** is formed out of 7 non-executive members (2 shareholder's representatives, 5 independent). **The Management Board** is formed out of 5 executive members. **Chief Executive Officer** is also the Chair of the Management Board.
2	**The Supervisory Board** is formed out of 5 non-executive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

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

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

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

Networks
Green generation
Flexible generation
Customers and solutions



ESG performance report

5.1 ESG highlights

Commitment to sustainability excellence

Sustainability is at the core of the Group's strategy. The ambition to lead the energy transition across the region towards an energy smart world requires strengthening of our ESG performance and accountability. The most significant external benchmarks marking the Group's progress in implementing the principles of sustainability are presented below.

	MSCI ESG	Sustainalytics	CDP climate
Rank compared to utility peers	Top 28%[1]	Top 12%	In line
ignitis group	'AA'	20.4	'B'
Utiities average	'BBB'[1]	36.7[2]	'B'
Rating scale (worst to best)	'CCC' to 'AAA'	100 to 0	'D-' to 'A'

[1] MSCI utilities rank and average based on utilities included in the MSCI ACWI index.
[2] Based on publicly available data.

Following globally recognised standards

GRI	Integrated reporting using globally recognised standards.
TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES	Joined TCFD supporters list and expect to fully implement TCFD guidelines for the 2022 reporting period.
SCIENCE BASED TARGETS DRIVING AMBITIOUS CORPORATE CLIMATE ACTION	Validated GHG emissions targets for 2030 with the SBTi. Following net zero by 2050 trajectory.

5.2 Overview of our ESG goals

Ambitious ESG goals have been set

In Q1 2022, the Supervisory Board of the Group approved the Strategic Plan 2022–2025, which establishes the Group's commitment to create a sustainable future and pursue its goals under the four main pillars: Climate action, Preserving natural resources, Future-fit employees and a Robust organisation. The overview of the Group's ESG goals and progress towards them is presented in the table below and detailed in section '5.3 Progress on our ESG goals'.

The Group will continue to monitor its progress in accordance with the evaluation results of international ratings agencies Sustainalytics and MSCI, which asses ESG risk management, as well as CDP, a globally recognised environmental disclosure organisation. For more in-depth information, see section 'Sustainability (Corporate Social Responsibility) report' in the Group's Annual report 2021.

Sustainability pillar		2020 baseline	2021	Q1 2022 status	2022–2025 target
Environmental dimension					
Climate action	Installed green generation capacity, GW	1.1	1.2	1.2	2.0–2.2
	GHG emissions reduction, million t CO_2-eq[1]	5.37	4.76	4.76 (2021)	23% reduction (vs. 2020)
Preserving natural resources	Each business segment to implement at least one circularity transformation[2]	N/A	N/A	N/A	Implemented at least one circularity transformation in each business segment
	Net gain in biodiversity[3]	N/A	N/A	N/A	Net gain in biodiversity
Social dimension					
Future-fit employee	Fatal employee and contractor accidents	0	0	1	0
	Total recordable injury rate (TRIR) for a million hours worked by employees[4]	0.45	2.01	2.20	≤1.90
	Employee net promoter score (eNPS), %	56.0	57.4	65.0	≥50
	Share of women in top management[5], %	28	27	21	≥34%
Governance dimension					
Robust organisation	Share of employees intolerant of corruption[6], %	96	97	97 (2021)	≥95
	Share of sustainable adjusted EBITDA[7]	70% (EUR 171 million)	64% (EUR 212 million)	64% (EUR 212 million; 2021)	≥70%

[1] Including scope 1,2,3 and biogenic emissions. 2020 value is the baseline for the validated science-based 2030 targets.
[2] Four business segments, for each: at least one significant initiative involving significant resource use reduction, reuse or recycling.
[3] Involving first, an assessment of total biodiversity impact, and second, coordination with environmental experts to create a positive impact on biodiversity (restore, compensate natural habitat and species loss).
[4] Total recordable injury rate: Total recordable injuries x 1 million hours worked divided by all hours worked during the reporting period. After implementing contractor TRIR monitoring we plan to set targets that also cover contractors.
[5] Includes boards, general managers and 1st management level below them. Excludes double-counting (when same person holds more than one top management position in the same company).
[6] Based on an annual employee survey question about how likely employees are to report potential corruption if they see it. Lithuania's public sector average – 19% (2020).
[7] Sustainable activity as defined by the EU Taxonomy version in force as of Q1 2022.

Top Employer

We received the prestigious TOP Employer 2022 Lithuania certificate, which demonstrates that our HR practices and working conditions are aligned with highest international standards.

5.3 Progress on our ESG goals

ENVIRONMENTAL

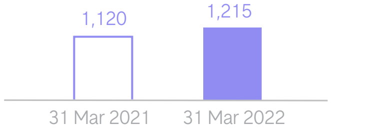
Sustainability pillar	Climate action		Preserving natural resources	
Sustainability programme	Expanding green generation	Decarbonising operations & living	Adopting circularity	Preserving ecosystems & biodiversity
At the end of 2021	1,214 MW of installed Green Generation capacity	GHG emissions: 4.76m t CO_2-eq	N/A	N/A
2025 strategic milestones and goals	2.0–2.2 GW of installed Green Generation capacity	23% GHG emissions reduction (vs. 2020)[2]	Each business segment to implement at least one circularity transformation[3]	Net gain in biodiversity[4]

Progress in Q1 2022

Expanding green generation

- We increased the installed capacity of the Green Generation segment by 95 MW in Q1 2022 compared to Q1 2021.

Green Generation installed capacity, MW

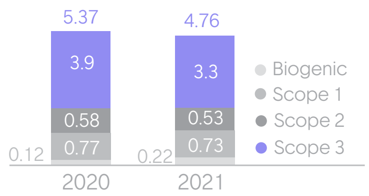


- Since the end of 2021 we expanded our Green Generation pipeline by around 230 MW (out of which around 80 MW in Q1 2022) with greenfield projects, by securing land plots for onshore wind and solar projects in Lithuania and Poland. Our greenfield portfolio now amounts to around 400 MW.
- In addition, we sold 5 times more solar plants – 1,195, representing 6.4 MW, to business and private customers compared to the same period last year.
- Increase in prosumers: ESO received a record number of applications for the connection of residential solar power plants to the grid. Last year in Q1 the company received 2,801 applications, and in Q1 2022 – as many as 5,811, twice as much as usual.

Decarbonising operations & living

- The final GHG emissions of the Group for the year 2021 were calculated (using the market-based method) and externally verified after the reporting period. Total emissions decreased by 11% compared to 2020 (from 5.37m t CO_2-eq in 2020 to 4.76m t CO_2-eq in 2021, including biogenic anthropogenic emissions).[1]

Total emissions, million t CO_2-eq



- Pursuant to the agreement with the Lithuanian Ministry of Energy, we have reported our achievements in implementing consumer education and consultation and energy savings measures to the Lithuanian Ministry of Energy and the Lithuanian Energy Agency. The validation process of the reports is ongoing.

Adopting circularity

- The ISO 14001 environmental management system was implemented in Vilnius CHP. Now, 72% of the Group's operations are covered by certified environmental management systems.
- The Environmental Protection Agency under the Ministry of Environment approved the Environmental Impact Assessment Report according to which Kaunas CHP will be able to convert 255,000 tonnes of non-hazardous waste remaining after sorting into energy per year (a 55,000 tonne increase compared to the current capacity). Currently procedures of increasing capacity are ongoing.
- Successfully completed demolition works of 250 m and 150 m tall chimneys of the Elektrėnai Complex (Flexible Generation) which are no longer used and pose a threat to people and the surrounding buildings. Hazardous and non-hazardous waste generated during the demolition was transferred to waste management companies, and the waste that can be recycled or reused has been treated accordingly.

Preserving ecosystems & biodiversity

- There were no new environmental inspections in Q1 2022. However, an unscheduled inspection was ongoing since Q4 2021 and was completed in March 2022 in Vilnius CHP. Accordingly, a written warning due to a minor violation in the procedure for filling in documents was issued.
- The analysis of the Group's biodiversity and ecosystems management started in Q1 2022. After completing the analysis, we plan to implement measures to mitigate our impact on natural ecosystems.

[1] Due to the change in calculation based on the auditors' recommendations, the value differs from figures provided in the Group's Annual report 2021 (see the Group's greenhouse gas inventory report here).
[2] Including scopes 1, 2 and 3 and biogenic emissions. 2020 value is the baseline for the validated science-based 2030 targets.
[3] Four business segments, where each must implement at least one significant initiative involving significant resource use reduction, reuse or recycling.
[4] Involving (1) an assessment of total biodiversity impact, and (2) coordination with environmental experts to create a positive impact on biodiversity (restore, compensate the loss of natural habitat and species).

SOCIAL

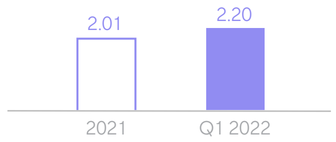
Sustainability pillar: Future-fit employees

Sustainability programme: Increasing safety at work

Progress in Q1 2022

- Total recordable injury rate (TRIR) for a million hours worked by employees was 2.20 in Q1 2022. The change was largely due to the challenging weather conditions and the failure to follow proper safety precautions.

TRIR, times



- Working with contractors on occupational safety and health (OSH) issues is one of the priorities of the Group. The importance of it were, unfortunately, illustrated by real examples. In January 2022, a tragedy occurred – a contractor employee was fatally injured while clearing trees and shrubs under a high-voltage power line.
- The entire month of February 2022 was devoted to employee health – a series of events about healthy living, well-being, sports, food, sustainable fashion, etc. were held. 10 different lectures and practices were organised during the Health Month, which introduced exceptional personalities: a virologist, designer, Paralympic champion and others. Several hundred employees of the Group attended the events.

At the end of 2021: TRIR 2.01

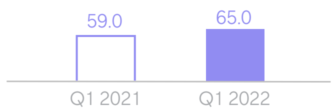
2025 strategic milestones and goals: 0 employee and contractor fatalities
TRIR <1.90

Sustainability programme: Cultivating a collaborative and nurturing workplace

Progress in Q1 2022

- The Group became the first Lithuanian company to receive the prestigious Top Employer 2022 Lithuania certificate from the global certification company Top Employers Institute, which demonstrates that our HR practices and working conditions are aligned with highest international standards.
- Employee net promoter score (eNPS) – one of the measures of employee satisfaction – has increased by 6 pp.

Employee satisfaction, eNPS, % (1–100)



- At the beginning of the year, the Well-being Mentors' project was launched with a community of trained employees acting as volunteer mentors that provide emotional support to their colleagues. In the first quarter, mentors had 34 individual conversations with their colleagues who reached out to mentors to talk about various troubling issues: relationship with colleagues or managers, self-esteem, anxiety, workload, illness, career, family relationships, etc. On 24 February 2022, after Russia invaded Ukraine, many employees of the Group felt anxious. To take care of employees' emotional well-being, the Group organised three special meetings during which the employees could ask questions related to the Russia's invasion of Ukraine and discuss aspects of safety and business security and resilience.
- In Q1 2022, the Group's employees actively engaged in voluntary activities to help refugees from Ukraine and other initiatives. The Group's actions in support of Ukraine and war impact to the Group are described in more detail in the 'CEO's statement' and 'Risk and risk management' sections of the report.

At the end of 2021: eNPS 57.4%

2025 strategic milestones and goals: ≥50%
net share of employees promoting the Group as an employer (eNPS)

Sustainability programme: Growing a diverse and inclusive workplace

Progress in Q1 2022

- We are focusing our diversity efforts on improving gender balance at the Group. We pay particular attention to two areas where there is an identified gender disbalance: among our colleagues who work in engineering and IT as well as among top management. Women in top management share was 21%, in IT and engineering positions - 20% in Q1 2022.
- As part of our diversity efforts, we continued our partnership with the Women Go Tech initiative. In Q1 2022, 10 women from our organisation began to develop their tech skills as part of the 6-month training programme, whereas 7 further employees are serving as mentors to participants from other organisations.
- Employee Diversity and Inclusion Group organised 4 online educational events that attracted an audience of almost 200 employees. The topics of presentations and discussions included diversity and inclusion at international energy companies, spotting discrimination and understanding anti-discrimination laws, and best practices from other organisations.
- The Group conducted an employee survey called "Equal Opportunity Ruler" that measures the status of equal opportunities at the workplace on different dimensions, namely organisational culture, discriminatory attitudes, HR processes, and the company's policy on diversity and inclusion. The Equal Opportunity Ruler is certified and managed by the Office of the Equal Opportunities Ombudsperson of Lithuania. After evaluating the results, the Office awarded the Group with a score of 8.9 out of 10 (10 being the maximum score), which signifies a very high level of equal opportunities at the Group.

At the end of 2021: Women in top management share 27%

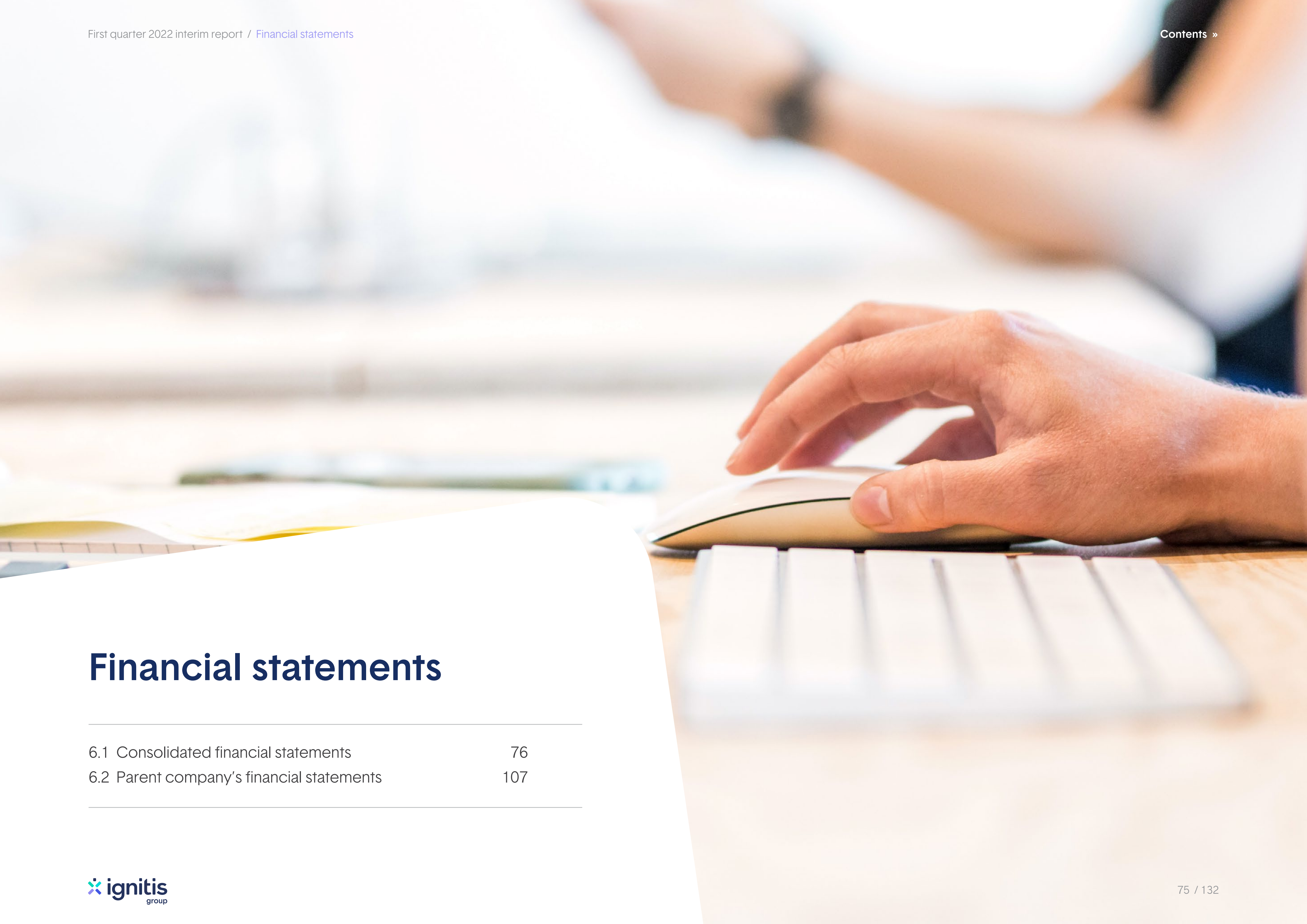
2025 strategic milestones and goals: ≥34%
share of women in top management

[1] *Total recordable injury rate (TRIR): Total recordable injuries x 1 million hours worked divided by all hours worked during the reporting period. After implementing the contractor TRIR monitoring, we plan to set targets that also cover contractors.*
[2] *Includes boards, heads of companies and the 1st management level below them. Excludes double-counting (when same person holds more than one top management position in the same company).*

GOVERNANCE

Sustainability pillar	**Robust organisation**	
Sustainability programme	Running transparent and ethical operations	Ensuring operational resilience and sustainable value creation
Progress in Q1 2022	– 100% of new employees participated in Anticorruption and Code of Ethics knowledge tests (2021–2024 target – 100%[1]), pass rate – 97.4% (2021–2024 target – 80%[1]). Testing of all employees is scheduled for Q3 2022. – In Q1 2022, the Group published a Sustainability Report, prepared in accordance with GRI and Nasdaq requirements. – At the beginning of 2022, the Group launched a socially responsible procurements initiative aimed at having a positive impact on society by including new criteria for assessing social aspects, promoting employment opportunities, upskilling and retraining, decent work, social inclusion, equal opportunity, diversity, good corporate governance practice, transparency, ethical trade, etc. The share of socially responsible procurements in terms of value of all successfully completed procurements in Q1 2022 was 9%. – Mandatory compliance with the Supplier Code of Ethics is incorporated in more than 90% of public procurement. – Share of procurements (by value) where supplier screenings were conducted as part of procurement procedures was 96.5%. – Share of published procurements that received only one bid was 14.86% (2021–2024 target – ≤15)[2].	– Q1 2022 started with intense storms – wind reached catastrophic speed and lasted for five days. About 400,000 people faced power outages. Nevertheless, only 2% of customers experienced disruptions for longer than 12 hours. 59% of all affected customers had their electricity supply restored in less than 3 minutes using automated solutions. Compared to the record-breaking snowfall in the winter of 2021, a single power interruption has been fixed, on average, in about half the time compared to 2021. – In March 2022, the Networks (ESO), together with the State Forest Service (SFS), finished the pilot project of identifying trees that pose the greatest threat to the electricity grid. Special LiDAR (Light Detection and Ranging) technology was used to identify the trees too close to the medium-voltage power lines. An inter-institutional agreement between ESO and SFS was signed, which will implement the principles of long-term cooperation and long-term management plans for trees posing a threat to power lines in the forests managed by the SFS. This cooperation will help to balance forest conservation and the stability of electricity supply. – ESO has agreed with the transmission system operator LITGRID on a faster connection process for large electricity producers (>15 MW): large producers can apply directly to LITGRID, which accelerates the process by 5 business days. – Given the geopolitical situation, NATO allies are deploying an increasing number of forces in Lithuania, leading to the formation of new military camps in Marijampolė, Kazlų Rūda and Pabradė. The Ministry of National Defence approached the Group for help in setting up the camps (to urgently increase power capacity, install new electrical inlets, etc.). At the end of Q1 2022, we completed the work on increasing the available power capacity by installing a new transformer substation in the 'Herkus' camp. The whole process was completed 6 to 7 times faster than usual since this is a priority for us as we are contributing to ensure the national energy security of Lithuania.
At the end of 2021	Corruption intolerance among employees 97%	Sustainable Adjusted EBITDA share 64% (EUR 212 million out of EUR 332.7 million)
2025 strategic milestones and goals	≥95% corruption intolerance among employees[3]	≥70% Sustainable Adjusted EBITDA share[4]

[1] The goals of the Group's Strategic Plan 2021–2024 in some cases do not overlap with the goals included in the Strategic Plan 2022–2025, therefore the progress towards them is noted separately.
[2] A low value of the indicator could indicate good governance practices in procurement. A low share of published procurements that received only one bid could signal that there are sufficient providers of such services or goods on the market and/or that procurement terms are not favouring any particular suppliers.
[3] Based on an annual employee survey question about how likely employees are to report potential corruption if they see it. Lithuania's average was 21% (2021).
[4] Sustainable activity as defined by the EU Taxonomy and delegated acts adopted as of Q1 2022.



Financial statements

6.1 Consolidated financial statements

Unaudited interim condensed consolidated financial statements for the three months period ended 31 March 2022, prepared in accordance with International accounting standard 34 'Interim financial reporting' as adopted by the European Union

The Group's interim condensed consolidated financial statements were prepared and signed by AB "Ignitis grupė" management on 19 May 2022:

Darius Maikštėnas
Chief Executive Officer

Jonas Rimavičius
Chief Financial Officer

Giedruolė Guobienė
UAB "Ignitis grupės paslaugų centras",
Head of Accounting acting under
Order No IS-22-22
(signed 4 April 2022)

Interim Condensed Consolidated Statement of Financial Position

As at 31 March 2022
All amounts are in EUR thousand unless otherwise stated

	Notes	31 March 2022	31 December 2021
ASSETS			
Non-current assets			
Intangible assets	5	117,742	114,035
Property, plant and equipment	6	2,616,170	2,609,576
Right-of-use assets	7	51,104	57,543
Prepayments for non-current assets		38,977	15,768
Investment property		4,546	4,546
Non-current receivables	9	245,267	96,139
Other financial assets	10	33,919	30,094
Other non-current assets		13,860	3,712
Deferred tax assets		17,109	15,547
Total non-current assets		**3,138,694**	**2,946,960**
Current assets			
Inventories	11	423,522	185,606
Prepayments and deferred expenses		33,578	68,476
Trade receivables	12	282,292	274,897
Other receivables	13	209,634	292,529
Other current assets		55,655	33,218
Prepaid income tax		112	134
Cash and cash equivalents		479,369	449,073
		1,484,162	**1,303,933**
Assets held for sale		176	360
Total current assets		**1,484,338**	**1,304,293**
TOTAL ASSETS		**4,623,032**	**4,251,253**
EQUITY AND LIABILITIES			
Equity			
Issued capital	14.1	1,658,756	1,658,756
Treasury shares		(23,000)	(23,000)
Reserves		426,065	248,861
Retained earnings		(56,493)	(35,636)
Equity attributable to equity holders of the parent		**2,005,328**	**1,848,981**
Non-controlling interests		-	-
Total equity		**2,005,328**	**1,848,981**
Liabilities			
Non-current liabilities			
Non-current loans and bonds	16	1,186,109	1,118,077
Non-current lease liabilities		46,299	46,275
Grants and subsidies		281,419	279,134
Deferred tax liabilities		40,659	47,187
Provisions	19	26,093	30,058
Deferred income	18	187,382	183,608
Other non-current amounts payable and liabilities		536	420
Total non-current liabilities		**1,768,497**	**1,704,759**
Current liabilities			
Loans	16	243,027	237,274
Lease liabilities		4,592	4,688
Trade payables		109,392	100,183
Advances received		53,435	57,508
Income tax payable		48,249	11,567
Provisions	19	34,989	41,561
Deferred income	18	14,262	18,046
Other current amounts payable and liabilities	20	341,261	226,686
Total current liabilities		**849,207**	**697,513**
Total liabilities		**2,617,704**	**2,402,272**
TOTAL EQUITY AND LIABILITIES		**4,623,032**	**4,251,253**

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

For the three months period ended 31 March 2022
All amounts are in EUR thousand unless otherwise stated

	Notes	I qtr. 2022	I qtr. 2021 (restated)[1]
Revenue from contracts with customers	22	989,807	386,653
Other income		1,449	6,756
Total revenue and other income		**991,256**	**393,409**
Purchases of electricity, natural gas and other services		(801,492)	(265,224)
Salaries and related expenses		(28,348)	(25,379)
Repair and maintenance expenses		(6,174)	(5,523)
Other expenses		(63,592)	(9,855)
Total		**(899,606)**	**(305,981)**
EBITDA[2]		**91,650**	**87,428**
Depreciation and amortisation		(33,814)	(29,424)
Write-offs, revaluation and impairment losses of property, plant and equipment and intangible assets		(634)	(994)
Operating profit (loss) (EBIT)[2]		**57,202**	**57,010**
Finance income		3,002	864
Finance expenses		(7,920)	(6,790)
Finance activity, net		**(4,918)**	**(5,926)**
Profit (loss) before tax		**52,284**	**51,084**
Current period income tax (expenses)/benefit	24	(15,576)	(3,387)
Deferred tax (expenses)/benefit	24	10,067	(4,712)
Net profit for the period		**46,775**	**42,985**
Attributable to:			
Equity holders of the parent		46,775	42,116
Non-controlling interest		-	869
Other comprehensive income (loss)			
Items that will not be reclassified to profit or loss in subsequent periods (net of tax)			
Change in actuarial assumptions		20	(222)
Items that will not be reclassified to profit or loss in subsequent periods, total		**20**	**(222)**
Items that may be reclassified to profit or loss in subsequent periods (net of tax)			
Cash flow hedges – effective portion of change in fair value		107,971	-
Cash flow hedges – reclassified to profit or loss		45,585	-
Foreign operations – foreign currency translation differences		(180)	(1,181)
Items that may be reclassified to profit or loss in subsequent periods, total		**153,376**	**(1,181)**
Total other comprehensive income (loss) for the period		**153,396**	**(1,403)**
Total comprehensive income (loss) for the period		**200,171**	**41,582**
Attributable to:			
Equity holders of the parent		200,171	40,713
Non-controlling interests		-	869
Basic earnings per share (in EUR)	25	**0.64**	**0.57**
Diluted earnings per share (in EUR)	25	**0.64**	**0.57**
Weighted average number of shares	25	**73,040,514**	**74,283,757**

[1] Part of the amounts do not agree with the interim condensed financial statements issued for the three months period ended 31 March 2021 due to accounting policy changes. See more information disclosed in Note 4.

[2] EBITDA – earnings before finance activity, taxes, depreciation, and amortization, write-offs, revaluation and impairment losses of property, plant and equipment and intangible assets. For more information on EBITDA as an alternative performance measure – see Note 29.
EBIT – earnings before finance activity, taxes. For more information on EBIT as an alternative performance measure – see Note 29.

Interim Condensed Consolidated Statement of Changes in Equity

For the three months period ended 31 March 2022
All amounts are in EUR thousand unless otherwise stated

	Notes	Equity, attributed to equity holders of the parent										Non-controlling interest	Total
		Issued capital	Share premium	Treasury shares	Legal reserve	Revaluation reserve	Hedging reserve	Treasury shares reserve	Other reserves	Retained earnings	Subtotal		
Balance as at 1 January 2021 (restated)[1]		**1,658,756**	**-**	**-**	**116,029**	**119,132**	**-**	**-**	**(2,229)**	**(79,864)**	**1,811,824**	**1,469**	**1,813,293**
Net profit for the period[1]		-	-	-	-	-	-	-	-	42,116	**42,116**	869	**42,985**
Other comprehensive income (loss) for the period[1]	15	-	-	-	-	-	-	-	(1,181)	(222)	**(1,403)**	-	**(1,403)**
Total comprehensive income (loss) for the period (restated)[1]		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(1,181)**	**41,894**	**40,713**	**869**	**41,582**
Transfer of revaluation reserve to retained earnings (transfer of depreciation, net of tax)		-	-	-	-	(2,741)	-	-	-	2,741	**-**	-	**-**
Transfers to legal reserve		-	-	-	10,153	-	-	-	-	(10,153)	**-**	-	**-**
Transfer to reserves to acquire treasury shares	14.2	-	-	-	-	-	-	23,000	-	(23,000)	**-**	-	**-**
Dividends	26	-	-	-	-	-	-	-	-	(43,010)	**(43,010)**	-	**(43,010)**
Dividends paid to non-controlling interest	26	-	-	-	-	-	-	-	-	(1,152)	**(1,152)**	-	**(1,152)**
Share-based payments		-	-	-	-	-	-	-	-	16	**16**	-	**16**
Balance as at 31 March 2021 (restated)[1]		**1,658,756**	**-**	**-**	**126,182**	**116,391**	**-**	**23,000**	**(3,410)**	**(112,528)**	**1,808,391**	**2,338**	**1,810,729**
Balance as at 1 January 2022		**1,658,756**	**-**	**(23,000)**	**125,820**	**84,148**	**18,639**	**23,000**	**(2,746)**	**(35,636)**	**1,848,981**	**-**	**1,848,981**
Net profit for the period		-	-	-	-	-	-	-	-	46,775	**46,775**	-	**46,775**
Other comprehensive income (loss) for the period	15	-	-	-	-	-	153,556	-	(180)	20	**153,376**	-	**153,376**
Total comprehensive income (loss) for the period		**-**	**-**	**-**	**-**	**-**	**153,556**	**-**	**(180)**	**46,795**	**200,171**	**-**	**200,171**
Transfer of revaluation reserve to retained earnings (depreciation, disposals and other movements, net of tax)		-	-	-	-	(2,450)	-	-	-	2,450	**-**	-	**-**
Transfers to legal reserve		-	-	-	11,618	-	-	-	-	(11,618)	**-**	-	**-**
Transfer to reserves to acquire treasury shares	14.2	-	-	-	-	-	-	14,660	-	(14,660)	**-**	-	**-**
Dividends	26	-	-	-	-	-	-	-	-	(43,824)	**(43,824)**	-	**(43,824)**
Balance as at 31 March 2022		**1,658,756**	**-**	**(23,000)**	**137,438**	**81,698**	**172,195**	**37,660**	**(2,926)**	**(56,493)**	**2,005,328**	**-**	**2,005,328**

[1] *Part of the amounts do not agree with the interim condensed financial statements issued for the three months period ended 31 March 2021 due to accounting policy changes. See more information disclosed in Note 4.*

Interim Condensed Consolidated Statement of Cash Flows

For the three months period ended 31 March 2022
All amounts are in EUR thousand unless otherwise stated

	Notes	I qtr. 2022	I qtr. 2021 (restated)[1]
Cash flows from operating activities			
Net profit for the period		46,775	42,985
Adjustments to reconcile net profit to net cash flows:			
Depreciation and amortisation expenses	5, 6, 7	36,639	31,759
Impairment of property, plant and equipment, including held for sale		-	(678)
Fair value changes of derivatives	21	40,273	(2,334)
Fair value change of financial instruments	10	(2,408)	-
Impairment/(reversal of impairment) of financial assets	10, 12, 13	635	(258)
Income tax expenses/(benefit)	24	5,509	8,099
Depreciation and amortisation of grants		(2,825)	(2,335)
Increase/(decrease) in provisions		(13,623)	3,403
Inventory write-off to net realizable value/(reversal)		11	266
Expenses/(income) of revaluation of emission allowances		-	142
Loss/(gain) on disposal/write-off of assets held for sale and property, plant and equipment		529	1,620
Share-based payments expenses		-	16
Interest income		(222)	(245)
Interest expenses		6,650	5,884
Other expenses of financing activities		898	287
Changes in working capital:			
(Increase)/decrease in trade receivables and other amounts receivable		(74,380)	(13,032)
(Increase)/decrease in inventories, prepayments and other current and non-current assets		(203,912)	(22,517)
Increase/(decrease) in trade payables, deferred income, advances received, other non-current and current amounts payable and liabilities		189,268	14,583
Income tax (paid)/received		(432)	(1,802)
Net cash flows from operating activities		**29,385**	**65,843**
Cash flows from investing activities			
Acquisition of property, plant and equipment and intangible assets		(70,401)	(46,686)
Proceeds from sale of property, plant and equipment, assets held for sale and intangible assets		442	550
Grants received		5,110	7,788
Interest received		139	120
Finance lease payments received		442	533
Investments in Innovation Fund	10	(1,417)	-
Net cash flows from investing activities		**(65,685)**	**(37,695)**
Cash flows from financing activities			
Loans received	17	73,000	-
Repayments of loans	17	(2,780)	(3,129)
Lease payments	17	(1,565)	(9,217)
Interest paid	17	(2,051)	(1,785)
Other cash flow from financing activities		(8)	(4)
Net cash flows from financing activities		**66,596**	**(14,135)**
Increase/(decrease) in cash and cash equivalents (including overdraft)		**30,296**	**14,013**
Cash and cash equivalents (including overdraft) at the beginning of the period		449,073	658,795
Cash and cash equivalents (including overdraft) at the end of the period		**479,369**	**672,808**

[1] Part of the amounts do not agree with the interim condensed financial statements issued for the three months period ended 31 March 2021 due to accounting policy changes. See more information disclosed in Note 4.

All amounts are in EUR thousand unless otherwise stated

Explanatory Notes to the Interim Condensed Consolidated Financial Statements

For the three months period ended 31 March 2022

1 General information

Ignitis grupė AB (hereinafter – “the Company” or “parent company”) is a public limited liability company registered in the Republic of Lithuania. The Company’s registered office address is Laisvės pr. 10, LT-04215, Vilnius, Lithuania. The Company was registered on 28 August 2008 with the Register of Legal Entities managed by the public institution the Centre of Registers. Company code 301844044.

The Company’s shares are listed on the Main List of NASDAQ OMX Vilnius Stock Exchange, as well the global depositary receipts are admitted to the standard listing segment of the Official List of the United Kingdom Financial Conduct Authority and to trading on the Main Market of the London Stock Exchange. The Company has been founded for an indefinite period.

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

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

Shareholders of the Group	31 March 2022		31 December 2021	
	Share capital, in EUR ’000	%	Share capital, in EUR ’000	%
Republic of Lithuania represented by the Ministry of Finance of the Republic of Lithuania	1,212,156	73.08	1,212,156	73.08
Other shareholders	418,838	25.25	418,838	25.25
Own shares	27,762	1.67	27,762	1.67
	1,658,756		**1,658,756**	

These interim consolidated financial statements were prepared and signed by Group’s management on 19 May 2022. These are interim condensed consolidated financial statements of the Group. The Company also prepares separate interim condensed financial statements in accordance with local requirements.

2 Summary of significant accounting policies

2.1 Basis of preparation

These interim condensed consolidated financial statements are prepared for the three months period ended 31 March 2022 (hereinafter “interim financial statements”) and have been prepared in accordance with International Accounting Standard (hereinafter “IAS”) 34 “Interim Financial Reporting”.

These interim financial statements do not provide all the information required for the preparation of the annual financial statements, therefore this must be read in conjunction with the annual financial statements for the year ended 31 December 2021, which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (hereinafter “IFRS”).

The Group’s interim financial statements as at and for the three months period ended 31 March 2022 have been prepared on a going concern basis applying measurement based on historical cost, except for certain items of property, plant and equipment, investment property, and certain financial instruments measured at fair value.

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

During 2021 the Group made changes in accounting policy – see Note 2.2.1 of annual financial statements for the year ended 31 December 2021 and Note 4 for detailed explanation.

2.2 New standards, amendments, interpretations and changes in accounting policy

2.2.1 Changes in accounting policy and disclosures

The accounting policies applied in the preparation of these interim financial statements are consistent with the accounting policies applied in the preparation of the Group's annual financial statements for the year ended 31 December 2021, with the exception of the new standards which entered into force during I qtr. of 2022.

Preparing these interim financial statements the significant management judgements regarding the application of the accounting policies and accounting estimates were the same as used in preparing the annual financial statements for the year ended 31 December 2021 except for mentioned in Note 3.

All amounts are in EUR thousand unless otherwise stated

2.2.2 Standards issued but not yet effective and not early adopted

Preparing these interim financial statements, the Group did not adopt new standards, amendments and interpretations, the effective date of which is later than 31 March 2022 and early adoption is permitted. The following are new standards and/or amendments to the standards that have been endorsed in European Union (hereinafter – EU) during the reporting period ended as at 31 March 2022:

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies

The objective of the Amendments is to develop guidance and examples to help entities apply materiality judgements to accounting policy disclosures. More specifically, the Amendments require entities to disclose their “material” accounting policy information rather than their “significant” accounting policies. The Amendments shall be applied prospectively for annual periods beginning on or after 1 January 2023 with earlier application permitted.

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

Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates

The objective of the Amendments is to help entities distinguish accounting policies from accounting estimates introducing a definition of accounting estimates and provide other clarifications to help entities distinguish accounting policies from accounting estimates. The Amendments shall be applied for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted. An entity shall apply the amendments to changes in accounting estimates and policies that occur on or after the beginning of the first annual reporting period in which it applies the Amendments.

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

All amounts are in EUR thousand unless otherwise stated

3 Critical accounting estimates and judgements used in preparation of the financial statements

Preparing these interim financial statements the significant management judgements regarding the application of the accounting policies and accounting estimates were the same as used in preparing the annual financial statements for the year ended 31 December 2021 except the following:

3.1 Innovation Fund Smart Energy Fund powered by Ignitis Group KŪB

Total amount of the investment to Innovation Fund Smart Energy Fund powered by Ignitis Group KŪB increased for an amount EUR 3,825 thousand during the I qtr. of 2022.

The fair value gain of Innovation Fund Smart Energy Fund powered by Ignitis Group KŪB recognised for an amount EUR 2,408 thousand and is presented as “Finance income” in SPLOCI for the I qtr. of 2022. The fair value of this financial asset is determined by reference to new investment rounds or other recent events and data (Note 30).

Remaining change is related to new investments made during I qtr. of 2022 for an amount EUR 1,417 thousand.

Fair value corresponds to Level 3 in the fair value hierarchy. Fair value of this financial asset will change depending on future investment rounds or other significant events

3.2 Services ensuring isolated operation of the power system and capacity reserve

On 14 November 2019, NERC adopted a resolution No O3E–715 ‘On approval of the methodology for establishing the prices for electricity, capacity reserve and services ensuring isolated operation of the power system’. This resolution stipulates that Companies that discontinue capacity reserve ensuring services or services ensuring isolated operation of the power system shall reimburse any discrepancies between the projected and actual costs of providing these services to the transmission system operator if the costs actually incurred by the Group were less than the revenues received from the transmission system operator. If the actual costs incurred by the Group were higher than the income of the transmission system operator, the transmission system operator shall reimburse this amount to the Group.

With regard to the resolution above, the Group recognises assets and liabilities of the regulated activities that are intended to eliminate the mismatches between the current year earnings and the regulated level regardless the difference under the provision of services in the future.

On 8 February 2022 an additional agreement with LitGrid AB was signed. Under the agreement the Group undertook to purchase the required amount of gas and sell the set amount of electricity in advance on the electricity market in accordance with the electricity generation schedule submitted by LitGrid AB, and LitGrid AB undertook to reimburse the costs incurred by the Group under the schedule - the difference between the balancing energy price and the electricity exchange price will be reimbursed. Due to this additional agreement during I qtr. of 2022 the Group has entered into a derivative financial instruments transaction, which hedges the sale price of gas. As at 31 March 2022 the Group accounted accrued revenue to cover the loss associated with this transaction total amount of loss which will be reimbursed EUR 49 million:

- EUR 7,258 thousand decreased provision for isolated power system operations’ and system services accounted as at 31 December 2021 (Note 19);
- EUR 41,786 thousand accounted as accrued income related to the gas derivative transaction (Note 9).

As at 31 March 2022 the Group has also accounted EUR 13,185 thousand as current liabilities under the caption “Provisions” in the statement of financial position as this part already confirmed by NERC as liability (Note 19) (as at 31 December 2021 the Group accounted EUR 7,107 thousand as non-current liabilities and EUR 15,161 thousand as current liabilities under the caption “Provisions” in the statement of financial position).

According to the Rules for the Use of Electricity Networks, the result of the sale of gas required for the provision of a regulated service will have to be assessed in the price of the regulated service in future periods.

3.3 Natural gas supply to household customers

On 4 November 2021 amendments were established to Laws on Natural Gas and Electricity, which provide for price amortization mechanisms in the face of high gas and electricity market prices. The price amortization mechanism means that the gas or electricity supplier agrees to set a lower price for the product and to spread the return of the accumulated losses within 5 year period.

The Group did take an opportunity to set lower prices, due to that the losses (loss of revenue) caused by the lower gas price in the tariff will be returned to the Group through the additional component which is included in distribution service tariff. Losses will be reimbursed regardless of whether the Group continues to provide supply services in the future or not. Therefore with regard to these Law amendments the Group did recognize accrued revenue in amount of EUR 63,346 thousand (Note 9) to eliminate mismatches between the current period earnings and the regulated level. According to Law at the end of reporting period the Group did not expect to receive part of this amount during upcoming 12 months period, due to that total amount was recognised as non-current receivable. More information on amendments on legislation after the reporting period is provided in Note 31.2.

All amounts are in EUR thousand unless otherwise stated

4 Restatement of comparative figures due to change of accounting policy

Restatement of comparative figures due to change of accounting policy

The Group participates in the greenhouse gas emissions (hereinafter – European Union emission allowances or EUEA) trading system. In 2021 the management has concluded that the current accounting policy for emission allowances does not present the SPLOCI and the statement of financial position in the best interest of the users of the financial statements. Therefore, the management has determined that there is a need for a voluntary change in accounting policy. The new accounting policy is described in Note 2.3 of annual financial statements as at 31 December 2021.

The main arguments for changing the accounting policy are:
1. Revaluation of provision for EUEA will no longer have impact to the SPLOCI of the future periods.
2. More fairly presentation of SPLOCI and better relationship with cash flows.
3. More fairly presentation of the statement of financial position as EUEAs are used in the Group's operations rather than for sale.

As IAS 8 requires that the users of financial statements need to be able to compare the financial statements of an entity over time to identify trends, the management presents the information regarding the accounting policy changes, that are performed retrospectively.

Retrospective corrections of consolidated SPLOCI for three months period ended 31 March2021:

	I qtr. 2021 before restatement	Restatement	I qtr. 2021 after restatement
Revenue from contracts with customers	386,653	-	386,653
Other income	6,756	-	6,756
Total revenue and other income	**393,409**	**-**	**393,409**
Purchases of electricity, natural gas and other services	(264,733)	(491)	(265,224)
Salaries and related expenses	(25,379)	-	(25,379)
Repair and maintenance expenses	(5,523)	-	(5,523)
Other expenses	(9,855)	-	(9,855)
Total	**(305,490)**	**(491)**	**(305,981)**
EBITDA	**87,919**	**(491)**	**87,428**
Depreciation and amortisation	(29,424)	-	(29,424)
Write-offs, revaluation and impairment losses of property, plant and equipment and intangible assets	(994)	-	(994)
Revaluation of emission allowances	(6,159)	6,159	-
Operating profit (loss) (EBIT)	**51,342**	**5,668**	**57,010**
Finance income	864	-	864
Finance expenses	(6,790)	-	(6,790)
Finance activity, net	**(5,926)**	**-**	**(5,926)**
Profit (loss) before tax	**45,416**	**5,668**	**51,084**
Current income tax (expenses)/benefit	(3,617)	230	**(3,387)**
Deferred tax (expenses)/benefit	(4,712)	-	(4,712)
Net profit for the period	**37,087**	**5,898**	**42,985**
Attributable to:			
Equity holders of the parent	36,636	5,480	42,116
Non-controlling interest	451	418	869
Other comprehensive income (loss)			
Items that will not be reclassified to profit or loss in subsequent periods (net of tax)			
Revaluation of emission allowances through other comprehensive income	22,547	(22,547)	-
Change in actuarial assumptions	(222)	-	(222)
Items that will not be reclassified to profit or loss in subsequent periods, total	**22,325**	**(22,547)**	**(222)**
Items that may be reclassified to profit or loss in subsequent periods (net of tax)			-
Exchange differences on translation of foreign operations into the Group's presentation currency	(1,181)	-	(1,181)
Items that may be reclassified to profit or loss in subsequent periods, total	**(1,181)**	**-**	**(1,181)**
Total other comprehensive income (loss) for the period	**21,144**	**(22,547)**	**(1,403)**
Total comprehensive income (loss) for the period	**58,231**	**(16,649)**	**41,582**
Attributable to:			
Equity holders of the parent	57,363	(16,649)	40,713
Non-controlling interests	869	-	869
Basic earnings per share (in EUR)	**0.49**	**0.08**	**0.57**
Diluted earnings per share (in EUR)	**0.49**	**0.08**	**0.57**
Weighted average number of shares	**74,283,757**	**-**	**74 283,757**

All amounts are in EUR thousand unless otherwise stated

Retrospective corrections of consolidated statement of cash flows for three months period ended 31 March 2021:

	I qtr. 2021 before restatement	Restatement	I qtr. 2021 after restatement
Cash flows from operating activities			
Net profit for the period	37,087	5,898	42,985
Adjustments to reconcile net profit to net cash flows:			
Depreciation and amortisation expenses	31,759	-	31,759
Impairment of property, plant and equipment, including held for sale	(678)	-	(678)
Fair value changes of derivatives	(2,334)	-	(2,334)
Impairment/(reversal of impairment) of financial assets	(258)	-	(258)
Income tax expenses/(benefit)	8,329	(230)	8,099
Depreciation and amortisation of grants	(2,335)	-	(2,335)
Increase/(decrease) in provisions	4,736	(1,333)	3,403
Inventory write-off to net realizable value/(reversal)	266	-	266
Expenses/(income) of revaluation of emission allowances	6,159	(6,159)	-
Emission allowances utilised	(1,682)	1,824	142
Loss/(gain) on disposal/write-off of assets held for sale and property, plant and equipment	1,620	-	1,620
Share based payments	16	-	16
Interest income	(245)	-	(245)
Interest expenses	5,884	-	5,884
Other expenses of financing activities	287	-	287
Changes in working capital:			
(Increase)/decrease in trade receivables and other amounts receivable	(13,032)	-	(13,032)
(Increase)/decrease in inventories, prepayments and other current and non-current assets	(22,536)	19	(22,517)
Increase/(decrease) in trade payables, deferred income, advances received, other non-current and current amounts payable and liabilities	14,583	-	14,583
Income tax (paid)/received	(1,802)	-	(1,802)
Net cash flows from operating activities	**65,824**	**19**	**65,843**
Cash flows from investing activities			
Acquisition of property, plant and equipment and intangible assets	(46,686)	-	(46,686)
Proceeds from sale of property, plant and equipment, assets held for sale and intangible assets	569	(19)	550
Grants received	7,788	-	7,788
Interest received	120	-	120
Finance lease payments received	533	-	533
Net cash flows from investing activities	**(37,676)**	**(19)**	**(37,695)**
Cash flows from financing activities			
Repayments of loans	(3,129)	-	(3,129)
Lease payments	(9,217)	-	(9,217)
Interest paid	(1,785)	-	(1,785)
Other cash flow from financing activities	(4)	-	(4)
Net cash flows from financing activities	**(14,135)**	**-**	**(14,135)**
Increase/(decrease) in cash and cash equivalents (including overdraft)	**14,013**	**-**	**14,013**
Cash and cash equivalents (including overdraft) at the beginning of the period	658,795	-	658,795
Cash and cash equivalents (including overdraft) at the end of the period	**672,808**	**-**	**672,808**

All amounts are in EUR thousand unless otherwise stated

5 Intangible assets

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

	Patents and licences	Computer software	Other intangible assets	Goodwill	Servitudes and security zones	In total
As at 31 December 2021						
Acquisition cost	310	40,702	72,588	4,927	33,567	**152,094**
Accumulated amortisation	(267)	(23,246)	(14,546)	-	-	**(38,059)**
Carrying amount	**43**	**17,456**	**58,042**	**4,927**	**33,567**	**114,035**
Carrying amount at 1 January 2022	**43**	**17,456**	**58,042**	**4,927**	**33,567**	**114,035**
Additions	-	8	2,852	-	3,488	**6,348**
Reclassified from (to) property plant and equipment	-	(23)	-	-	-	**(23)**
Reclassifications between categories	-	11	(11)	-	-	**-**
Amortisation	(6)	(1,585)	(1,027)	-	-	**(2,618)**
Carrying amount at 31 March 2022	**37**	**15,867**	**59,856**	**4,927**	**37,055**	**117,742**
As at 31 March 2022						
Acquisition cost	310	40,698	75,428	4,927	37,055	**158,418**
Accumulated amortisation	(273)	(24,831)	(15,572)	-	-	**(40,676)**
Carrying amount	**37**	**15,867**	**59,856**	**4,927**	**37,055**	**117,742**

As at 31 March 2022 and 31 December 2021 other intangible assets mainly comprise of rights to produce electricity with an incentive rate.

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

The Group has significant acquisition commitments of intangible assets which will have to be fulfilled during the later years. Group's acquisition commitments amounted to EUR 3,657 thousand as at 31 March 2022 (EUR 2,310 thousand as at 31 December 2021).

All amounts are in EUR thousand unless otherwise stated

6 Property, plant, and equipment

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

	Land	Buildings	Electricity networks and their structures	Gas distribution pipelines, gas technological equipment and installations	Assets of Hydro Power Plant, Pumped Storage Power Plant	Wind power plants and their installations	Combined Cycle Unit and Reserve Power Plant	Cogeneration plants	Other property, plant and equipment	Construction-in-progress	In total
As at 31 December 2021											
Cost or revalued amount	3,371	42,629	1,166,416	285,812	212,108	194,973	772,490	258,827	96,650	251,289	**3,284,565**
Accumulated depreciation	-	(390)	-	(13,282)	(118,614)	(27,063)	(441,451)	(10,821)	(28,130)	-	**(639,751)**
Accumulated impairment	-	-	-	(9,392)	-	-	(25,623)	-	-	(223)	**(35,238)**
Carrying amount	**3,371**	**42,239**	**1,166,416**	**263,138**	**93,494**	**167,910**	**305,416**	**248,006**	**68,520**	**251,066**	**2,609,576**
Carrying amount at 1 January 2022	3,371	42,239	1,166,416	263,138	93,494	167,910	305,416	248,006	68,520	251,066	**2,609,576**
Additions	-	-	56	2	4	4,153	10	24	1,320	29,789	**35,358**
Sales	-	-	(8)	-	-	-	-	-	(42)	-	**(50)**
Write-offs	-	(2)	(592)	(11)	-	-	-	-	(29)	1	**(633)**
Reclassifications between categories	-	1,041	35,484	1,822	-	-	41	(787)	2,631	(40,232)	**-**
Reclassified from (to) intangible assets	-	-	-	-	-	-	-	-	23	-	**23**
Reclassified from (to) finance lease	-	-	-	-	-	-	-	-	130	-	**130**
Reclassified from (to) assets held for sale	-	-	-	-	-	-	-	-	(104)	-	**(104)**
Reclassified from (to) inventories	-	-	-	-	9	-	12	(63)	(22)	-	**(64)**
Reclassified from (to) right-of-use assets	-	-	-	-	-	6,061	-	-	-	-	**6,061**
Depreciation	-	(564)	(16,912)	(1,592)	(1,355)	(1,696)	(5,104)	(2,663)	(2,766)	-	**(32,652)**
Foreign currency exchange difference	-	-	-	-	-	(1,433)	-	-	-	(42)	**(1,475)**
Carrying amount at 31 March 2022	**3,371**	**42,714**	**1,184,444**	**263,359**	**92,152**	**174,995**	**300,375**	**244,517**	**69,661**	**240,582**	**2,616,170**
As at 31 March 2022											
Cost or revalued amount	3,371	43,668	1,201,386	287,573	212,121	205,446	772,593	258,000	100,001	240,805	**3,324,964**
Accumulated depreciation	-	(954)	(16,942)	(15,524)	(119,969)	(30,451)	(449,870)	(13,483)	(30,340)	-	**(677,533)**
Accumulated impairment	-	-	-	(8,690)	-	-	(22,348)	-	-	(223)	**(31,261)**
Carrying amount	**3,371**	**42,714**	**1,184,444**	**263,359**	**92,152**	**174,995**	**300,375**	**244,517**	**69,661**	**240,582**	**2,616,170**

Additions of property, plant and equipment during I qtr. of 2022 include the following major acquisitions to the construction in progress:

- acquisitions related to the development of the electricity and gas distribution network;
- acquisitions related with the construction of new high-efficiency waste-fired cogeneration power plant and its biofuel unit.

The Group reviewed the carrying amount of its property, plant and equipment which are recognised at acquisition cost less depreciation and impairment to determine whether there are any indications that those assets have suffered an impairment loss. As at 31 March 2022 the Group has not identified any property, plant and equipment impairment indications. Additionally, the Group analysed whether there were any significant changes in the regulatory environment or other areas which could impact fair value of property, plant and equipment which is recognized at revalued amount. The Group did not notify any significant changes which could materially impact carrying amount of such assets.

The Group has significant acquisition commitments of property, plant and equipment which will have to be fulfilled during the later years. Group's acquisition and construction commitments amounted to EUR 154,558 thousand as at 31 March 2022 (31 March 2021: EUR 111,324 thousand).

All amounts are in EUR thousand unless otherwise stated

7 Right-of-use assets

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

	Land	Buildings	Structures and machinery	Wind power plants and their installations	Vehicles	Other property, plant and equipment	In total
As at 31 December 2021							
Acquisition cost	28,319	31,321	78	7,753	354	170	**67,995**
Accumulated depreciation	(1,409)	(7,136)	(67)	(1,652)	(143)	(45)	**(10,452)**
Carrying amount	**26,910**	**24,185**	**11**	**6,101**	**211**	**125**	**57,543**
Carrying amount as 1 January 2022	**26,910**	**24,185**	**11**	**6,101**	**211**	**125**	**57,543**
Additions	735	935	2	-	-	-	**1,672**
Write-offs	-	(1)	-	-	-	-	**(1)**
Reclassifications between categories	-	(28)	-	-	28	-	**-**
Reclassified from / (to) property, plant & equipment	-	-	-	(6,061)	-	-	**(6,061)**
Depreciation	(189)	(1,077)	(3)	(40)	(43)	(17)	**(1,369)**
Foreign currency exchange difference	(676)	(2)	-	-	(2)	-	**(680)**
Carrying amount at 31 March 2022	**26,780**	**24,012**	**10**	**-**	**194**	**108**	**51,104**
31 March 2022							
Acquisition cost	28,379	32,137	17	-	380	170	**61,083**
Accumulated depreciation	(1,599)	(8,125)	(7)	-	(186)	(62)	**(9,979)**
Carrying amount	**26,780**	**24,012**	**10**	**-**	**194**	**108**	**51,104**

During I qtr. of 2022 the lease agreements were finalised by paying in full remaining liability of the group of wind power plants and other installations. Therefore, right of use assets attributable to this group were transferred to the property, plant and equipment with its carrying value of EUR 6,061 thousand.

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

All amounts are in EUR thousand unless otherwise stated

8 Structure of the group

The Group's structure as at 31 March 2022:

Company name	Country of business	Group's effective ownership interest, %	Non-controlling interest's effective ownership interest, %	Profile of activities
Ignitis grupė AB	Lithuania	-	-	Parent company - management and coordination of activities of the Group companies
Subsidiaries of the Group:				
Energijos skirstymo operatorius AB	Lithuania	100.00	-	Distribution of electricity and gas, supply of last resort service
Ignitis gamyba AB	Lithuania	100.00	-	Generation and trading of electricity
NT Valdos UAB	Lithuania	100.00	-	The subsidiary is under liquidation
Energetikos paslaugų ir rangos organizacija UAB	Lithuania	100.00	-	The subsidiary is under liquidation
Elektroninių mokėjimų agentūra UAB	Lithuania	100.00	-	Payment aggregation
Ignitis UAB	Lithuania	100.00	-	Electricity and gas supply, trading, energy efficiency projects
Ignitis Eesti, OÜ	Estonia	100.00	-	Supply of electricity
Ignitis Latvija SIA	Latvia	100.00	-	Supply of electricity and gas
Ignitis Polska Sp. z o. o.	Poland	100.00	-	Supply and trading of electricity and gas
Ignitis Suomi OY	Finland	100.00	-	Supply of gas
Ignitis grupės paslaugų centras UAB	Lithuania	100.00	-	Shared business support services
Vilniaus Kogeneracinė Jėgainė UAB	Lithuania	100.00	-	Development and operation of cogeneration power plant project
Kauno Kogeneracinė Jėgainė UAB	Lithuania	51.00	49.00	Electricity and heat production from waste
Tuuleenergia OÜ	Lithuania	100.00	-	Generation of renewable electricity
Transporto valdymas UAB	Lithuania	100.00	-	Vehicle rental, leasing, repair, maintenance, renewal and service
Gamybos optimizavimas UAB	Lithuania	100.00	-	Planning, optimization, forecasting, trading, brokering and other electricity related services
Ignitis renewables UAB	Lithuania	100.00	-	Coordination of operation, supervision and development of renewable energy projects
Eurakras UAB	Lithuania	100.00	-	Generation of renewable electricity
Vėjo Vatas UAB	Lithuania	100.00	-	Generation of renewable electricity
Vėjo Gūsis UAB	Lithuania	100.00	-	Generation of renewable electricity
VVP Investment UAB	Lithuania	100.00	-	Development of a renewable energy (wind) power plant project
Pomerania Wind Farm Sp. z o. o.	Poland	100.00	-	Generation of renewable electricity
Ignitis Renewables Polska Sp. z o. o.	Poland	100.00	-	Sub-holding controlling wind/solar assets
Ignitis Res Dev Sp. z o. o.	Poland	100.00	-	Development of wind/solar projects
Ignitis renewables projektai, UAB	Lithuania	100.00	-	Development of wind/solar projects
Altiplano Elektrownie Wiatrowe B1 Sp. z o. o.	Poland	100.00	-	Development of wind/solar projects
Ignitis renewables Latvia SIA	Latvia	100.00	-	Development of wind/solar projects
IGN RES DEV1 SIA	Latvia	100.00	-	Development of wind/solar projects
IGN RES DEV2 SIA	Latvia	100.00	-	Development of wind/solar projects

The Group established 3 new entities in Latvia during the I qtr. of 2022 which were established for further development of wind and solar projects in Latvia:

– On February 16 Ignitis renewables Latvia SIA was registered;
– On March 29, IGN RES DEV1 SIA was registered;
– On March 30 IGN RES DEV2 SIA was registered.

All amounts are in EUR thousand unless otherwise stated

9 Non-current receivables

Amounts receivable after one year comprised as follows:

	31 March 2021	31 December 2021
Accrued revenue related to regulatory activity of the public electricity supply	128,120	86,520
Accrued revenue related to natural gas supply to household customers (Note 3.3)	63,346	-
Accrued revenue related to isolated power system operations' and system services (Note 3.2)	41,786	-
Finance lease	7,105	7,600
Loans granted	87	87
Other non-current amounts receivable	4,823	1,932
Carrying amount	**245,267**	**96,139**

9.1 Accrued revenue related to regulatory activity of the public electricity supply

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

During I qtr. of 2022 electricity prices in the market remained high. As at 31 March 2021 amount of regulatory difference is almost EUR 157 million (for current part see Note 13), EUR 42 million of this amount is related to services provided during the I qtr. of 2022 (to equalize the current period's profit to the regulated level, regardless of whether the services will be provided in the future). Full amount will have to be returned to the Group through the electricity distribution system operator (Group company) in future periods (not later than 31 December 2027).

As to decision of the National Energy Regulatory Council the remaining amount to be returned during II-IV qtr. of 2022 is EUR 28 million. Amount will be returned to the Group through the electricity distribution system and therefore are recognised as current portion of accrued revenue related to regulatory activity of the public electricity supply as at 31 March 2021.

10 Other financial assets

The Group's other financial assets comprised as follows:

	31 March 2022	31 December 2021
Innovation Fund Smart Energy Fund powered by Ignitis Group KŪB (Note 3.1)	28,919	25,094
Investment into Moray West Holdings Limited	5,000	5,000
Carrying amount	**33,919**	**30,094**

11 Inventories

The Group's inventories comprised as follows:

	31 March 2022	31 December 2021
Natural gas	391,518	149,112
Emission allowances	23,678	30,172
Consumables, raw materials and spare parts	3,388	2,916
Other	4,938	3,406
Carrying amount	**423,522**	**185,606**

During I qtr. 2022 the Group wrote down its inventory by EUR 11 thousand. The write-down is included in Other expenses in SPLOCI (during I qtr. 2021 the Group wrote down its inventory by EUR 278 thousand).

Carrying amount of natural gas 31 March 2022 increased as during I qtr. 2022 the Group has borrowed from the terminal part of upcoming month's gas cargo (Note 20).

All amounts are in EUR thousand unless otherwise stated

12 Trade receivables

The Group's trade receivables comprised as follows:

	31 March 2022	31 December 2021
Amounts receivable under contracts with customers		
Receivables from electricity related sales	162,058	170,167
Receivables from gas related - non-household	111,448	102,182
Receivables from gas related - household	4,285	4,309
Other receivables under contracts with customers	14,707	8,109
Amounts receivable under other contracts		
Receivables for lease of assets	38	50
Other receivables	61	-
In total	**292,597**	**284,817**
Less: impairment of trade receivables	(10,305)	(9,920)
Carrying amount	**282,292**	**274,897**

As at 31 March 2022 and 31 December 2021, the Group had not pledged the claim rights to trade receivables.

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

12.1 Impairment of amounts receivable (lifetime expected credit losses)

The table below presents information on the Group's trade receivables under contracts with customers as at 31 March 2022 that are assessed on a collective basis using the loss ratio matrix:

	Loss ratio	Trade receivables	Impairment
Not past due	0.02	233,787	1,455
Up to 30 days	0.34	7,137	384
30–60 days	1.16	3,370	176
60-90 days	7.94	315	105
90-120 days	6.98	315	115
More than 120 days	88.85	9,722	6,567
As at 31 March 2022	**3.46**	**254,646**	**8,802**

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

	31 March 2021	
	Trade receivables	Impairment
Not past due	34,988	-
Up to 30 days	1,068	-
30–60 days	45	1
60-90 days	188	17
90-120 days	197	57
More than 120 days	1,465	1,428
Carrying amount	**37,951**	**1,503**

13 Other receivables

The Group's other receivables comprised as follows:

	31 March 2022	31 December 2021
Deposits for electricity related derivatives in electricity market (Note 13.2)	79,820	60,210
Value added tax	33,106	14,612
Accrued revenue related to regulatory activity of the public electricity supply (Note 9.1)	28,437	39,024
Accrued amounts receivable for natural gas	23,151	1,416
Unbilled accrued revenue from electricity sales	20,950	26,254
Deposits for gas related derivatives to commodity traders	5,852	39,210
Granted current loans	5,455	3,578
Current portion of finance lease	2,440	2,517
Cash reserved for guarantees	774	3,648
Other receivables	10,759	15,027
Receivable on sale of LitGrid AB (Note 13.1)	-	84,128
Receivable payments made to SIG (Note 13.3)	-	3,782
In total	**210,744**	**293,406**
Less: impairment of other receivables	(1,110)	(877)
Carrying amount	**209,634**	**292,529**

Line items "Unbilled accrued revenue from electricity sales" and "Accrued amounts receivable for natural gas" represent contract assets (Note 22.2).

The fair values of other receivables as at 31 March 2022 and 31 December 2021 approximated their carrying amounts.

13.1 Receivable on sale of LitGrid AB

In 2012, the shares of LitGrid AB held by the parent company were transferred to a newly established private limited liability company EPSO-G UAB in return for a certain consideration based on the market value of the shares established by independent valuers. According to the shares sale-purchase agreement EPSO-G UAB must repay the debt to the Group for the shares of AB LitGrid acquired in 30 September 2012 until 30 September 2022. During the I qtr. of 2022 EPSO-G UAB has repaid total debt of EUR 84,128 thousand to the parent company.

All amounts are in EUR thousand unless otherwise stated

13.2 Deposits related to derivatives

The Group has made deposits for derivative instruments as assurance of contractual obligations with the Commodities exchange and Commodity traders for trading of derivatives linked to electricity and gas market prices. Deposits are in a form of cash collateral and the value moves on a daily basis, i.e. depends on market prices. The Group estimates that the whole amount of cash collateral will be recovered as the amounts payable are related to the realization of the future hedge and the sales contracts will be realized together with the hedge, thus invoices for derivative instruments will be covered with sales income and after this payment cash collateral will be returned.

13.3 Sun Investment GroupReceivable payments made to SIG

On 16 September 2020 the Group's subsidiary Ignitis renewables UAB signed preliminary share purchase agreement with UAB "SIG Poland 3" having the intention to purchase all the shares in all project companies – "Sun Investment Group" (hereinafter "SIG") once the photovoltaic installations become operational.

Due to the fact that there were no operational projects started in 2020 and 2021, share purchase agreement was not signed and the Management was of an opinion, that the development will not continue and whole investment will be returned as to the agreement. Accordingly, total carrying amount of investment related with SIG was classified as "Other receivables" as at 31 December 2021. The Group received whole investment amount related to SIG during the I qtr. of 2022.

14 Equity and reserves

14.1 14.1 Issued capital

Issued capital of the Group consisted of:

	31 March 2022	31 December 2021
Authorised shares		
Ordinary shares, EUR	1,658,756,294	1,658,756,294
Ordinary shares issued and fully paid, EUR	**1,658,756,294**	**1,658,756,294**

As at 31 March 2022 and 31 December 2021 the Group's issued capital comprised EUR 1,658,756,294 and was divided in to 74,283,757 ordinary registered shares with EUR 22.33 nominal value for a share.

14.2 Treasury shares reserve

At the ordinary general meeting of shareholders held on 29 March 2022 it was decided to form additional reserve of EUR 14,660 thousand for the acquisition of treasury shares in 2022. As at 31 March 2022 reserve for treasury shares amounted to EUR 37,660 thousand (31 December 2021: EUR 23,000 thousand).

The Group anticipates to carry out second round of acquisition of ordinary registered shares of the Group in 2022 (Note 31).

All amounts are in EUR thousand unless otherwise stated

15 Other comprehensive income

Other comprehensive income (loss) in reserves:

	Equity, attributed to equity holders of the parent				
	Revaluation reserve	Hedging reserve	Other reserves	Retained earnings	Total
Result of change in actuarial assumptions	-	-	-	(222)	**(222)**
Foreign operations – foreign currency translation differences	-	-	(1,181)	-	**(1,181)**
Balance as at 31 March 2021	**-**	**-**	**(1,181)**	**(222)**	**(1,403)**
Cash flow hedges – effective portion of change in fair value	-	107,971	-	-	**107,971**
Cash flow hedges – reclassified to profit or loss	-	45,585	-	-	**45,585**
Result of change in actuarial assumptions	-	-	-	20	**20**
Foreign operations – foreign currency translation differences	-	-	(180)	-	**(180)**
Balance as at 31 March 2021	**-**	**153,556**	**(180)**	**20**	**153,376**

Hedging reserve movement comprises recognition of effective portion of EUR 107,971 thousand (gross before tax EUR 127,024 thousand) and reclassification to profit or loss of SPLOCI of EUR 45,586 thousand (gross before tax 53,630 thousand) Purchases of electricity, gas and other services.

16 Loans and bonds

Borrowings of the Group consisted of:

	31 March 2022	31 December 2021
Non-current		
Bonds issued	888,955	888,524
Bank loans	297,154	229,553
Current		
Current portion of non-current loans	15,209	13,857
Bank loans	214,068	214,100
Accrued interest	13,750	9,317
In total	**1,429,136**	**1,355,351**

Non-current borrowings by maturity:

	31 March 2022	31 December 2021
From 1 to 2 years	25,089	18,880
From 2 to 5 years	64,988	73,793
After 5 years	1,096,032	1,025,404
In total	**1,186,109**	**1,118,077**

16.1 Movement of borrowings

Movement of borrowings during the I qtr. 2022 mainly consisted of the following:

During the I qtr. of 2022 the Group borrowed EUR 73,000 thousand according to the long-term loan contract with European Investment bank signed on 21 September 2020. The balance of loan as at 31 March 2022 is EUR 73,000 thousand.

16.2 Covenants and unwithdrawn balances

The loan agreements provide for financial and non-financial covenants that the individual Group entities are obliged to comply with. All Group companies complied with the covenants as at 31 March 2022 and 31 December 2021.

As at 31 March 2021, the Group's unwithdrawn balance of loans and bank overdrafts amounted to EUR 37,000 thousand (31 December 2021: EUR 115,291thousand).

All amounts are in EUR thousand unless otherwise stated

17 Net debt

Net debt is a non-IFRS liquidity metric used to determine the value of debt against highly liquid assets owned by the Group. Management is monitoring net debt metric as a part of risk-management strategy. For the purpose of net debt calculation, borrowings comprise only debts to financial institutions, issued bonds and related interest payables. This note sets out an analysis of net debt, a non-IFRS measure for the purposes of these financial statements presentation defined by management as presented below.

Net debt balances:

	31 December 2021	31 December 2021
Cash and cash equivalents	(479,369)	(449,073)
Non-current borrowings payable after one year	1,186,109	1,118,077
Current borrowings payable within one financial year (including overdraft and accrued interest)	243,027	237,274
Lease liabilities	50,891	50,963
Net debt	**1,000,658**	**957,241**

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

	Assets	Lease liabilities		Borrowings		
	Cash and cash equivalents	Non-current	Current	Non-current	Current	Total
Net debt at 1 January 2022	**(449,073)**	**46,275**	**4,688**	**1,118,077**	**237,274**	**957,241**
Cash changes						
(Increase) decrease in cash and cash equivalents	(30,296)	-	-	-	-	**(30,296)**
Proceeds from borrowings	-	-	-	73,000	-	**73,000**
Repayments of borrowings	-	-	-	-	(2,780)	**(2,780)**
Lease payments	-	-	(1,565)	-	-	**(1,565)**
Interest paid	-	-	(216)	-	(1,835)	**(2,051)**
Non-cash changes						
Lease contracts concluded	-	1,389	283	-	-	**1,672**
Accrual of interest payable	-	-	305	431	6,268	**7,004**
Reclassification of interest payable from (to) trade and other payables	-	-	(58)	-	-	**(58)**
Lease liabilities written-off	-	(2)	(14)	-	-	**(16)**
Reclassifications between items	-	(1,178)	1,178	(4,164)	4,164	**-**
Change in foreign currency	-	(185)	(9)	(1,235)	(64)	**(1,493)**
Net debt at 31 March 2022	**(479,369)**	**46,299**	**4,592**	**1,186,109**	**243,027**	**1,000,658**

All amounts are in EUR thousand unless otherwise stated

18 Deferred income

Deferred income of the Group consisted of:

	31 March 2022		31 December 2021	
	Current portion	Non-current portion	Current portion	Non-current portion
Deferred income under contracts with customers				
Deferred income related to new customers fees	9,593	187,382	9,347	183,608
Deferred income related to electricity over declaration	-	-	1,502	-
Deferred income related to gas over declaration	4,649	-	7,197	-
Deferred revenue related to other contracts with customers	20	-	-	-
In total	**14,262**	**187,382**	**18,046**	**183,608**

Movement in the Group's deferred income:

	I qtr. 2022	
	Current portion	Non-current portion
Balance as at 1 January	**18,046**	**183,608**
Increase during the period	5,799	5,972
Recognised as revenue	(11,781)	-
Reclassifications between items	2,198	(2,198)
Balance as at 31 March	**14,262**	**187,382**

Revenue from new customers fees is recognised over the average useful life of related items of property, plant and equipment.

All amounts are in EUR thousand unless otherwise stated

19 Provisions

The Group's provisions were as follows:

	31 March 2022	31 December 2021
Non-current	26,093	30,058
Current	34,989	41,561
Total	**61,082**	**71,619**

Movement of the Group's provisions was as follows:

	Emission allowance liabilities	Provisions for employee benefits	Provisions for servitudes	Provisions for registration of protection zones	Provision for isolated power system operations' and system services	Other provisions	Total
Balance as at 1 January 2022	**12,207**	**5,521**	**14,376**	**10,687**	**22,268**	**6,560**	**71,619**
Increase (decrease) during the period	2,149	78	-	-	(7,258)	3,110	**(1,921)**
Utilised during the period	(6,494)	(3)	-	-	(1,976)	(132)	**(8,605)**
Result of change in assumptions	-	(24)	-	-	-	-	**(24)**
Discount effect	-	-	-	-	151	-	**151**
Reclassifications between categories	-	-	1	-	-	(1)	**-**
Foreign currency exchange difference	-	-	-	-	-	(138)	**(138)**
Balance as at 31 March 2022	**7,862**	**5 572**	**14,376**	**10,687**	**13,185**	**9,400**	**61,082**
Non-current	-	4,942	13,397	4,511	-	3,243	**26,093**
Current	7,862	630	979	6,176	13,185	6,157	**34,989**
Balance as at 31 March 2022	**7,862**	**5,572**	**14,376**	**10,687**	**13,185**	**9,400**	**61,082**

EUR 13,185 thousand current provision for isolated power system operations' and system services is related to NERC's letter where stated that reimbursement period is 2022. During I qtr. of 2022 provision for isolated power system operation and system services was decreased by EUR 7,258 thousand, as isolated power system operation and system services related accrued income were booked to reimburse loss incurred (see Note 3.2 for detail explanation).

During the I qtr. of 2022 "Other provision" has also increased due to formed dismantling provision EUR 3,110 thousand, as to Poland Law dismantling provision should be formed for dismantling of wind farms, as the Group has wind farms operating in Poland, dismantling provision was formed.

All amounts are in EUR thousand unless otherwise stated

20 Other current amounts payable and liabilities

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

	31 March 2022	31 December 2021
Accrued expenses	152,744	48,046
Taxes (other than income tax)	53,807	30,600
Dividend payable	43,824	-
Payroll related liabilities	27,289	19,157
Put option redemption liability	20,919	20,919
Derivative financial instruments	16,821	71,431
Amounts payable for property, plant and equipment	12,433	23,263
Irrevocable commitment to acquire a minority interest	3,714	3,751
Non-controlling interest dividends	3,350	3,358
Other amounts payable and liabilities	6,360	6,160
Carrying amount	**341,261**	**226,685**

Accrued expenses has increased mainly due to increased quantity of gas (Note 11), as the Group has borrowed from the terminal part of upcoming month's gas cargo.

21 Derivative financial instruments

The Group's derivative financial instruments mainly comprises of:

- Contracts related to electricity and natural gas commodities (hedge accounting)
- Contracts made directly with other parties – over-the-counter (OTC)
- Contracts made through "Nasdaq Commodities" market – Nasdaq
- Other contracts (non-hedge accounting)
- Other contracts – derivative financial instruments

Fair value of Nasdaq contracts are being set-off with cash on day-to-day basis. Accordingly no financial assets or liabilities are being recognized in statement of financial position. Gain or loss of such transactions is recognized same as all derivative financial instruments.

21.1 Derivative financial instruments included in the statement of financial position

Movement of assets and liabilities related to the Group's agreements on derivative financial instruments were as follows:

	Note	Movement during I qtr. 2022
Derivative financial instruments		
Other non-current assets		3,624
Other current assets		9,859
Other non-current amounts payable and liabilities		(21)
Other current amounts payable and liabilities	20	(71,431)
Carrying amount as at 31 December 2021		**(57,969)**
Change in the value		
Fair value change of derivative financial instruments recognised in Other expenses		(168)
Fair value change of OTC recognised in Other expenses		(40,105)
Fair value change of OTC recognised in OCI		126,542
Total change during I qtr. 2022		**86,269**
Derivative financial instruments		
Carrying amount as at 31 March 2022		**28,300**
Other non-current assets		13,524
Other current assets		31,597
Other current amounts payable and liabilities	20	(16,821)

All amounts are in EUR thousand unless otherwise stated

21.2 Derivative financial instruments included in SPLOCI

Derivative financial instruments included in SPLOCI:

	Note	I qtr. 2022	I qtr. 2021
Fair value change of derivative financial instruments	21.1	(168)	-
Fair value change of OTC	21.1	(40,105)	2,202
Fair value change of Nasdaq		(14,072)	(1,234)
Hedge ineffectiveness recognised - Nasdaq		2,410	4,968
Hedge ineffectiveness recognised - OTC		437	(562)
Total recognised in Other income/ (Other expenses)	23	**(51,498)**	**5,374**
Effective hedges reclassified from Hedging reserve to SPLOCI		(53,630)	-
In total		**(105,128)**	**5,374**

22 Revenue from contracts with customers

22.1 Disaggregated revenue information

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

	I qtr. 2022	I qtr. 2021
Electricity related revenue		
Revenue from the sale of electricity	242,507	68,530
Revenue from sale of produced electricity	101,929	44,509
Revenue from electricity transmission and distribution	96,045	117,158
Revenue from public electricity supply	76 681	33,102
Revenue from services ensuring the isolated operation of power system and capacity reserve	62,672	11,923
Gas related revenue		
Revenue from gas sales	367,255	74,177
Revenue from gas distribution	16,447	18,178
Revenue of LNGT security component	5,314	9,450
Other revenue		
Revenue from sale of heat energy	11,451	3,120
Revenue from new customers’ connection fees	2,198	1,972
Other revenue from contracts with customers	7,308	4,534
In total	**989,807**	**386,653**

The Group’s revenue based on the timing of transfer of goods or services:

	31 March 2022	31 December 2021
Performance obligation settled over time	988,399	1,854,368
Performance obligation settled at a specific point in time	1,408	14,549
In total	**989,807**	**1,868,917**

22.2 Contract balances

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

	Notes	31 March 2022	31 December 2021
Trade receivables[1]	12	**282,193**	**274,847**
Contract assets		**44,101**	**27,670**
Accrued revenue from gas sales	13	23,151	1,416
Accrued revenue from electricity related sales	13	20,950	26,254
Contract liabilities		**251,619**	**256,624**
Deferred income	18	201,644	201,654
Advances received		49,975	54,970

[1] *Trade receivables related to lease contracts and other trade receivables are excluded.*

All amounts are in EUR thousand unless otherwise stated

22.3 Rights to returned goods assets and refund liabilities

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

22.4 Performance obligations

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

	31 March 2022	31 December 2021
More than one year	187,382	183,608
Within one year	14,262	18,046
Total liability under connection contracts	**201,644**	**201,654**

23 Other expenses

The Group's other expenses were as follows:

	I qtr. 2022	I qtr. 2022
OTC and Nasdaq contracts (Note 21.2)	51,498	-
Customer service	2,090	2,147
Taxes	1,992	1,526
Telecommunications and IT services	1,981	1,496
Utilities	1,098	831
Transport	1,008	748
Impairment/(reversal of impairment) of financial assets	635	(258)
Consultation services	589	599
Personnel development	532	65
Expenses of low-value inventory items	415	685
Write-offs of non-current and current amounts receivable (bad debts)	209	271
Other	1,545	1,745
In total	**63,592**	**9,855**

24 Income tax

24.1 Amounts recognised in profit or loss

The Group's income taxes recognised in profit or loss were as follows:

	I qtr. 2022	I qtr. 2021[1]
Income tax expenses (benefit) for the year	15,576	3,387
Deferred tax expenses (benefit)	(10,067)	4,712
In total	**5,509**	**8,099**

[1] Part of the amounts do not agree with the interim condensed financial statements issued for the three months period ended 31 March 2021 due to accounting policy changes. See more information disclosed in Note 4.

24.2 Reconciliation of effective tax rate

Income tax on the Group's profit before tax differs from the theoretical amount that would arise using the tax rate applicable to profit of the Group:

	I qtr. 2022	I qtr. 2022	I qtr. 2021 (restated)[2]	I qtr. 2021 (restated)[2]
Profit (loss) before tax		52,284		51,084
Income tax expenses (benefit) at tax rate of 15%	15.00%	7,843	15.00%	7,663
Expenses not deductible for tax purposes	16.15%	8,446	5.39%	2,753
Income not subject to tax	(18.60)%	(9,726)	(4.11)%	(2,101)
Income tax recognised in other comprehensive income	48.15%	25,175	-	-
Other	(2.02)%	(1,054)	(0.42)%	(216)
Income tax expenses (benefit)	**58.69%**	**30,684**	**15.85%**	**8,099**

[2] Part of the amounts do not agree with the interim condensed financial statements issued for the three months period ended 31 March 2021 due to accounting policy changes. See more information disclosed in Note 4.

Income tax recognised in other comprehensive income related to derivative financial instruments held by the Group. They are treated as deductible expenses (or taxable income) for tax purposes.

All amounts are in EUR thousand unless otherwise stated

25 Earnings per share

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

	I qtr. 2022	I qtr. 2021[1]
Net profit (loss)	**46,775**	**42,985**
Attributable to:		
Equity holders of the parent	46,775	42,116
Non-controlling interests	-	869
Weighted average number of nominal shares	73,040,514	74,283,757
Basic earnings/(loss) per share attributable to shareholders of the parent company	0.64	0.57
Diluted earnings/(loss) per share attributable to shareholders of the parent company	0.64	0.57

[1] Part of the amounts do not agree with the interim condensed financial statements issued for the three months period ended 31 March 2021 due to accounting policy changes. See more information disclosed in Note 4.

Basic and diluted earnings per share indicators have been calculated based on 73,040,514 weighted average number of ordinary shares for I qtr. of 2022 as Ignitis grupė AB reacquired its own ordinary shares (treasury shares) as at 16 December 2021. Treasury shares are not regarded as outstanding, thus were excluded from the outstanding shares count at the period for which they are held by Ignitis grupė AB.

26 Dividends

Dividends declared by the Company during the I qtr.:

	I qtr. 2022	I qtr. 2021
Ignitis grupė AB	43,824	43,010

EUR 43,824 thousand dividends for the second half of 2021 was approved at the Ordinary General Meeting of shareholders on 29 March 2022.

27 Commitments, contingent liabilities and contingent assets

27.1 Litigations

During I qtr. of 2022 there were no significant changes in litigations reported in annual financial statements for 2021 or new significant litigations except for mentioned below.

Litigation with Šiaulių energija AB

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

On 6 April 2021 the Vilnius Regional Court has ruled to dismiss the claim of AB Šiaulių energija against ESO. On 11 May 2021 Šiaulių energija AB and LitGrid AB filed appeals against the decision. On 30 May 2021, ESO filed its replies to the appeals.

By a ruling of 24 March 2022 the Lithuanian Court of Appeal upheld the 6 April 2021 decision of the Vilniaus Regional Court against ESO. The ruling became info effect immediately, but within 3 months a cassation appeal may be lodged against the ruling.

The Group believes that it will defend its interests in these proceedings successfully and has not made provisions for these proceedings.

27.2 Regulatory assets and liabilities

Natural gas distribution to household customers

Natural gas supply to household customers activity is regulated by NERC. The NERC regulates natural gas tariff paid by customers. Regulatory differences defined as the difference between the fixed natural gas sale price and the actual natural gas purchase price are were not recognized in the financial statements till 31 December 2021 as Company had no guarantee for this difference will be returned in future according to the legislation base.

On 4 November 2021 amendments were established to Laws on Natural Gas and Electricity, which provide for price amortization mechanisms in the face of high gas and electricity market prices (Note 3.3). The Group did take an opportunity to set lower prices, due to that the losses (loss of revenue) caused by the lower gas price in the tariff will be returned to the Group through the additional component which is included in distribution service tariff.

Total uncollected unrecognised amount as at 31 March 2022 is EUR 71 million (31 December 2021: EUR 64 million).

Designated supply of natural gas

Designated supply activity is also regulated by NERC. When the actual costs differ from those estimated Company recognize them as regulatory differences but does not account a regulated asset or liability in the financial statements as the difference will be refunded by providing the services in the future. The overcollected amount of EUR 56 million as of 31 March 2022 will be included in the LNGT security component in the future (overcollected amount of EUR 53 million as of 31 December 2021).

All amounts are in EUR thousand unless otherwise stated

28 Related party transactions

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

	Accounts Receivable 31 March 2022	Accounts Payable 31 March 2022	Sales I qtr. 2022	Purchases I qtr. 2022	Finance income (expenses) I qtr. 2022
EPSO-G UAB	3	-	7	-	64
LitGrid AB	11,636	18,010	19,929	46,368	-
Amber Grid AB	5,794	8,891	8,205	9,638	-
Baltpool UAB	5,455	4,615	(12,377)	8,706	-
GET Baltic UAB	3,523	4,439	16,579	9,007	-
Other related parties	246	9,144	386	1,527	2
Total	**26,657**	**45,099**	**32,729**	**75,246**	**64**

	Accounts Receivable 31 December 2021	Accounts Payable 31 December 2021	Sales I qtr. 2021	Purchases I qtr. 2021	Finance income (expenses) I qtr. 2021
EPSO-G UAB	84,131	78	7	-	143
LitGrid AB	19,520	38,727	19,403	47,601	-
Amber Grid AB	8,146	5,009	10,940	12,560	-
Baltpool UAB	788	33,587	15,081	30,110	-
GET Baltic UAB	7,304	-	12,986	9,518	-
Other related parties	701	2,760	68	999	-
Total	**120,590**	**80,161**	**58,509**	**100,788**	**143**

Negative sales amount in I qtr. of 2022 to Baltpool UAB is related with credit invoices issued for PSO services. Revenue from PSO funds is calculated for 1 MW electricity as the difference between the fixed tariff set by the NERC and the weighted average price of electricity sold in Power exchange of electricity. If the electricity market prices exceeds fixed tariff credit invoices are issued.

28.1 Compensation to key management personnel

	I qtr. 2022	I qtr. 2022
Wages and salaries and other short-term benefits to key management personnel	330	231
Whereof:	-	-
Short-term benefits	*235*	*218*
Termination benefits	*95*	-
Share-based payment expenses	-	*13*
Number of key management personnel	12	12

29 Operating segments

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

Management follows performance by operating segments that are consistent with the lines of business specified in the Group's strategy:
- Networks segment includes the activities carried out by Energijos skirstymo operatorius AB;
- Green generation segment includes activities carried out by Ignitis gamyba AB (Kaunas Algirdas' Brazauskas Hydro Power Plant, Kruonis pumped storage power plant, Biofuel and Steam Boiler), Vilniaus kogeneracinė jėgainė UAB, Kauno kogeneracinė jėgainė UAB, Eurakras UAB, Tuuleenergia OU, Vėjo gūsis UAB, Vėjo vatas UAB, VVP Investment UAB, Ignitis renewables UAB, Pomerania Wind Farm sp. z o. o., Altiplano Elektrownie Wiatrowe B1 Sp. z o. o., Ignitis Renewables Polska Sp. z o. o., Ignitis Res Dev Sp. z o. o., Ignitis renewables projektai, UAB, IGN RES DEV1 SIA, IGN RES DEV2 SIA, Ignitis renewables Latvia SIA;
- Flexible generation segment includes activities carried out by Ignitis gamyba AB (except Kaunas Algirdas' Brazauskas Hydro Power Plant, Kruonis pumped storage power plant, Biofuel and Steam Boiler).
- Customers and solutions segment includes activities carried out by Ignitis UAB, Ignitis Eesti OÜ, Ignitis Latvija SIA, Ignitis Polska Sp. z o. o., Ignitis Suomi OY.

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

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

All amounts are in EUR thousand unless otherwise stated

The Group management calculates EBITDA as follows:

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

EBITDA

The Group management calculates adjusted EBITDA as follows:

EBITDA +
Management adjustments

Adjusted EBITDA

The Group management calculates EBIT as follows:

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

EBIT

The Group management calculates adjusted EBIT as follows:

EBIT +
Management adjustments -
Significant one-off revaluation and impairment losses of property, plant and equipment and intangible assets

Adjusted EBIT

The Group management calculates adjusted EBITDA margin as follows:

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

Adjusted EBITDA margin

The Group management calculates Investments as follows:

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

Investments

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

29.1 Management's adjustments, adjusted EBITDA and adjusted EBIT

Management's adjustments include:

- temporary regulatory differences;
- result from generation before COD.

In 2021, to simplify the reporting the management have decided to cease the use of management's adjustments (for more detailed information on reduction of management's adjustments see Annual report section '3.1 Annual Results') for:

- cash effect of new connection points and upgrades;
- temporary fluctuations in fair value of derivatives;
- result of disposal of non-current assets;
- impairment and write-offs of current and non-current amounts receivables, loans, goods and others.

Adjusted EBITDA is EBITDA further adjusted by adding management's adjustments. Management's adjustments all may have both positive and negative impact on the reporting period results. Adjusted EBIT is EBIT further adjusted by adding management's adjustments and eliminating the result of significant one-off revaluation and impairment losses of property, plant and equipment and intangible assets related to electricity and natural gas assets of Networks segment in 2021.

Management's adjustments used in calculating adjusted EBITDA and adjusted EBIT:

Segment / Management's adjustments	I qtr. 2022	I qtr. 2021 (restated)[1]
Networks		
Temporary regulatory differences of Energijos skirstymo operatorius AB	12,584	(13,551)
Green generation		
Result from generation before COD	-	2,192
Customers and Solutions		
Temporary regulatory differences of Ignitis UAB	7,121	2,073
Total Management's adjustments for Adjusted EBITDA	**19,705**	**(9,286)**
Total Management's adjustments for Adjusted EBIT	**19,705**	**(9,286)**

[1]Part of the amounts do not agree with the interim condensed financial statements issued for three months period ended as at 31 March 2021 due to change in accounting policy (see more information disclosed in Note 4) and Alternative performance measurement (hereinafter – APM) calculation changes as disclosed in Annual report section '3.1 Annual results'.

Adjusted EBIT is presented, for each period, as adjusted EBITDA less depreciation and amortisation expenses, write-offs, revaluation and impairment losses of property, plant and equipment and intangible assets and impairment and write-offs of current and non-current amounts receivables, loans, goods and others except significant one-off items (if any).
In managements view, adjusted EBITDA and adjusted EBIT more accurately present results of operations and enable to better compare results between the periods as it indicate the amount that was actually earned by the Group in the reporting period by:

- eliminating differences between the permitted return set by the NERC and the actual return for the period;
- adjusting for effects not related to the main activities of the Group or related to other periods.

All amounts are in EUR thousand unless otherwise stated

The table below shows the Group's information on segments for the I qtr. of 2022:

	Networks	Green generation	Flexible generation	Customers and Solutions	Other activities and eliminations	Total Group
IFRS[1]						
Sales revenue from external customers	134,521	120,578	72,306	663,198	653	**991,256**
Inter-segment revenue (less dividend)	75	109	87	14,158	(14,429)	**-**
Total revenue and other income	**134,596**	**120,687**	**72,393**	**677,356**	**(13,776)**	**991,256**
Purchases of electricity, natural gas and other services	(72,474)	(32,613)	(12,148)	(684,462)	205	**(801,492)**
Salaries and related expenses	(16,019)	(2,477)	(2,078)	(3,050)	(4,724)	**(28,348)**
Repair and maintenance expenses	(4,583)	(902)	(680)	(2)	(7)	**(6,174)**
Other expenses	(8,963)	(14,660)	(52,617)	(6,679)	19,327	**(63,592)**
EBITDA	**32,557**	**70,035**	**4 870**	**(16,837)**	**1,025**	**91,650**
Depreciation and amortization	(21,928)	(6,941)	(2,978)	(502)	(1,465)	**(33,814)**
Write-offs, revaluation and impairment losses of property, plant and equipment and intangible assets	(632)	(1)	-	-	(1)	**(634)**
Operating profit (loss) (EBIT)	**9,997**	**63,093**	**1,892**	**(17,339)**	**(441)**	**57,202**
Adjusted[2]						
EBITDA	**32,557**	**70,035**	**4,870**	**(16,837)**	**1,025**	**91,650**
Management adjustments	12,584	-	-	7,121	-	**19,705**
Adjusted EBITDA[2]	**45,141**	**70,035**	**4,870**	**(9,716)**	**1,025**	**111,355**
Adjusted EBITDA margin	*30.7%*	*58.0%*	*6.7%*	*(1.4%)*	*(7.4%)*	***11.0%***
Depreciation and amortisation	(21,928)	(6,941)	(2,978)	(502)	(1,465)	**(33,814)**
Write-offs, revaluation and impairment losses of property, plant and equipment and intangible assets	(632)	(1)	-	-	(1)	**(634)**
Total adjusted operating profit (loss) (adjusted EBIT)	**22,581**	**63,093**	**1,892**	**(10,218)**	**(441)**	**76,907**
Property, plant and equipment, intangible and right-of-use assets	1,665,455	770,341	301,001	6,126	42,093	**2,785,016**
Investments	33,226	5,952	37	251	3,656	**43,122**
Net debt	740,360	470,264	11,997	512,537	(734,500)	**1,000,658**

[1] Amounts are presented according to Consolidated Statement of Profit or Loss and other Comprehensive Income of these financial statements

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

All amounts are in EUR thousand unless otherwise stated

The table below shows the Group's information on se qtr. of 2021[1]:

	Networks	Green generation	Flexible generation	Customers and Solutions	Other activities and eliminations	Total Group
IFRS[2]						
Sales revenue from external customers	147,139	33,055	29,569	182,976	670	**393,409**
Inter-segment revenue (less dividend)	(876)	77	80	1,354	(635)	**-**
Total revenue and other income	**146,263**	**33,132**	**29,649**	**184,330**	**35**	393,409
Purchases of electricity, natural gas and other services	(62,453)	(11,666)	(17,668)	(173,496)	59	**(265,224)**
Salaries and related expenses	(14,165)	(1,855)	(1,616)	(2,996)	(4,747)	**(25,379)**
Repair and maintenance expenses	(3,533)	(664)	(1,327)	(1)	2	**(5,523)**
Other expenses	(8,486)	(2,125)	(1,178)	(3,765)	5,699	**(9,855)**
EBITDA	**57,626**	**16,822**	**7,860**	**4,072**	**1,048**	87,428
Depreciation and amortization	(20,336)	(4,570)	(2,864)	(415)	(1,239)	**(29,424)**
Write-offs, revaluation and impairment losses of property, plant and equipment and intangible assets	29	-	(1,018)	-	(5)	**(994)**
Operating profit (loss) (EBIT)	**37,319**	**12,252**	**3,978**	**3,657**	**(196)**	57,010
Adjusted[3]						
EBITDA	**57,626**	**16,822**	**7,860**	**4,072**	**1,048**	**87,428**
Management adjustments	(13,551)	2,192	-	2,073	-	**(9,286)**
Adjusted EBITDA[3]	**44,075**	**19,014**	**7,860**	**6,145**	**1,048**	78,142
Adjusted EBITDA margin	*33.2%*	*53.8%*	*26.5%*	*3.3%*	*2,994.3%*	***20.3%***
Depreciation and amortisation	(20,336)	(4,570)	(2,864)	(415)	(1,239)	**(29,424)**
Write-offs, revaluation and impairment losses of property, plant and equipment and intangible assets	29	-	(1,018)	-	(5)	**(994)**
Total adjusted operating profit (loss) (adjusted EBIT)	**23,768**	**14,444**	**3,978**	**5,730**	**(196)**	47,724
Property, plant and equipment, intangible and right-of-use assets	1,616,327	752,130	319,588	6,288	19,037	**2,713,370**
Investments	20,042	7,269	25	387	1,296	**29,019**
Net debt	644,964	374,446	(32,467)	61,416	(424,204)	**624,155**

[1] Certain amounts presented above do not correspond to the consolidated financial statements prepared for three months period ended as at 31 March 2021 due to change in accounting policy (see more information disclosed in Note 4) and APM calculation changes as disclosed in Annual report section '3.1 Annual results'.
[2] Amounts are presented according to Consolidated Statement of Profit or Loss and other Comprehensive Income of these financial statements
[3] The indicators of Adjusted EBITDA and adjusted EBIT both of which are a non-IFRS alternative performance measures are presented in the manner calculated by the management. Management believes that adjusted indicators more accurately present results of operations and enable to better compare results between the periods

All amounts are in EUR thousand unless otherwise stated

30 Fair values of financial instruments

30.1 Financial instruments, measured at fair value

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

As at 31 March 2022 and 31 December 2021, the Group has accounted for assets and liabilities arising from financial derivatives. The Group accounts for financial derivative assets and liabilities at fair value and their accounting policies are set out in Note 2.31 in annual financial statements prepared for the year 2021. Market values that are based on quoted prices (Level 1) comprise quoted commodities derivatives that are traded in active markets. The market value of derivatives traded in an active market are often settled on a daily basis, thereby minimising the market value presented on the balance sheet. Market values based on observable inputs (Level 2) comprise derivatives where valuation models with observable inputs are used to measure fair value. All assets and liabilities measured at market value are measured on a recurring basis. The Group attributes to Level 2 of the fair value hierarchy derivative financial instruments linked with the Lithuanian/Latvian and Estonian/Finish electricity price areas. Derivatives acquired directly from other market participants (OTC contracts) and physical transmission rights acquired are estimated based on the prices of the NASDAQ Commodities exchange.

As at 31 March 2022 and 31 December 2021, the Group has accounted for investment into "Innovation Fund Smart Energy Fund powered by Ignitis Group KŪB". Fair value corresponds to level 3 in the fair value hierarchy. The fair value measurement of this financial asset is based on investment rounds. Fair value of this financial asset will change depending on future investment rounds or other significant events.

As at March 2022 and 31 December 2021 the Group the Group has accounted for investment into Moray West Holdings Limited. Fair value corresponds to level 3 in the fair value hierarchy. The fair value measurement of this financial asset is based on the valuation performed by external valuator. The valuation was performed based on discounted cash flows.

As at 31 March 2022 and 31 December 2021, the Group accounted for the option to acquire all the shares of Kauno kogeneracinė jėgainė UAB held by Gren Lietuva UAB (49%), the calculation of which is defined in the shareholders' agreement. In the opinion of the Group's management, the exercise price of the put option that the Group will have to pay to Gren Lietuva UAB for the redeemable Gren Lietuva UAB owned Kauno kogeneracinė jėgainė UAB shares, if they choose to sell them, equals the fair value of these shares within materiality limits (materiality limits are set, as to best markets practice, +/-15% of market value). Fair value corresponds to level 2 in the fair value hierarchy.

30.2 Financial instruments for which fair value is disclosed

The Group's fair value of loans granted is approximately equal to carrying amount. The measurement of financial assets related to the loans issued is attributed to Level 3 of the fair value hierarchy.

The Group's fair value of financial liabilities related to the debt liabilities to commercial banks and state-owned investment banks is calculated by discounting future cash flows with reference to the interest rate observable in the market. The cash flows were discounted using a weighted average discount rate of 3.19% as at 31 March 2022 (31 December 2021 – 2.76%). The measurement of financial liabilities related to the debts is attributed to Level 2 of the fair value hierarchy.

The Group's bond issue debt (Note 16) fair value was calculated by discounting future cash flows related to the coupon payments with reference to the interest rate observable in the market and the regular future payments related to issued bonds. The cash flows were discounted using a weighted average discount rate of 4.39% as at 31 March 2022 (31 December 2021 – 2.90%). Discount rates for certain bond issues are determined as market interest rate increased by EUR interest rate swap for tenors that are similar to period left until redemption of issued bonds. The bond issue debt is attributed to Level 2 of the fair value hierarchy.

30.3 Financial instruments' fair value hierarchy levels

The table below presents allocation between the fair value hierarchy levels of the Group's financial instruments as at 31 March 2022:

	Note	Carrying amount	Level 1 Quoted prices in active markets	Level 2 Other directly or indirectly observable inputs	Level 3 Unobservable inputs	In total
Financial instruments measured at fair value through profit (loss) or other comprehensive income						
Assets						
Derivative financial instruments	21	**45,121**	-	45,121	-	**45,121**
Innovation Fund Smart Energy Fund powered by Ignitis Group KŪB	10	**28,919**	-	-	28,919	**28,919**
Investment into Moray West Holdings Limited	10	**5,000**	-	-	5,000	**5,000**
Liabilities						
Put option redemption liability	20	**20,919**	-	20,919	-	**20,919**
Derivative financial instruments	21	**16,821**	-	16,821	-	**16,821**
Financial instruments for which fair value is disclosed						
Assets						
Loans granted	9, 13	**5,698**	-	-	5,698	**5,698**
Liabilities						
Bonds issued	16	**902,444**	-	791,814	-	**791,814**
Debt liabilities to commercial banks	16	**229,864**	-	228,738	-	**228,738**
Debt liabilities to state-owned investment banks	16	**296,828**	-	230,974	-	**230,974**

All amounts are in EUR thousand unless otherwise stated

31 Events after the reporting period

31.1 Events related to litigation and claims

On received court claim of the prosecutor of the Vilnius Regional Prosecutor's Office and adopted interim measures

On 22 April 2022 the Vilnius District Court approved the settlement agreement and dismissed the civil case. Under the settlement agreement, the Prosecutor has abandoned the claims brought against the Group and the Ministry of Finance of the Republic of Lithuania. The parties have also agreed under the settlement agreement to waive any current or future claims regarding the basis and subject matter of the case.

31.2 Other events

Acquisition of own shares

The Group on 19–27 April 2022 has conducted an acquisition of the Group's ordinary registered shares (hereinafter – ORS or treasury shares) through the auction for tender offers of AB "Nasdaq Vilnius" stock exchange, with AB SEB bankas acting as an intermediary. Treasury shares acquired by the Group on 29 April 2022, when the right of ownership transferred to the Group. Shares purchase price EUR 15.30 per share, number of shares acquired 651,554 and total value of treasury shares acquired EUR 9,967 thousand.

The purpose of the ORS acquisition is the reduction of share capital by annulling the ORS acquired by the Group in relation to the stabilisation that occurred after the initial public offering of 5 October 2020.The Group acquired the majority of the stabilised securities and does not intend to initiate further acquisitions of own ORS in relation to the stabilisation.

Legislation amendments related with the compensation of increased prices of energy sources

On 12 May 2022 Lithuanian Parliament amended legislation related to providing consumers with partial compensation due to increasing prices of energy resources. It is planned that EUR 570 million will be allocated from the state budget. Part of the allocated funds will be used to cover Ignitis UAB regulatory differences accumulated until the second half of 2022 in the public electricity supply and natural gas supply for households customers and to amortize electricity and natural gas prices increase during the second half of 2022 for all household customers, including independent supply. Accordingly, part out of planned EUR 570 million from the state budget will be allocated to cover the regulatory differences accumulated in the Group, while other part will be allocated to the customers of Ignitis UAB or other independent suppliers in the market as compensation. Due to these amendments, the regulatory differences arising in the public supply will be reduced in the forthcoming periods and the energy prices for the customers of independent suppliers will be lower. From the Group perspective, these amendments are expected not only to prevent from further increase in Group's net working capital in second half of 2022, but also to reduce currently accumulated debts that have been used to finance regulatory differences until the second half of 2022.

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

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6.2 Parent company's financial statements

Unaudited parent company's interim condensed financial statements for the three months period ended 31 March 2022, prepared in accordance with International accounting standard 34 'Interim financial reporting' as adopted by the European Union

The Group's interim condensed consolidated financial statements were prepared and signed by AB "Ignitis grupė" management on 19 May 2022:

Darius Maikštėnas
Chief Executive Officer

Jonas Rimavičius
Chief Financial Officer

Giedruolė Guobienė
UAB "Ignitis grupės paslaugų centras",
Head of Accounting acting under
Order No IS-22-22
(signed 4 April 2022)

Interim Condensed Statement of Financial Position

As at 31 March 2022
All amounts are in EUR thousand unless otherwise stated

	Notes	31 March 2022	31 December 2021
ASSETS			
Non-current assets			
Intangible assets		1,823	1,839
Property, plant and equipment		80	64
Right-of-use assets		17,142	17,602
Investment property		77	77
Investments in subsidiaries	4	1,255,858	1,255,858
Non-current receivables	5	1,163,322	1,088,397
Other financial assets	8	28,919	25,094
Deferred tax assets		495	513
Total non-current assets		**2,467,716**	**2,389,444**
Current assets			
Prepayments and deferred expenses		169	80
Trade receivables		479	494
Other receivables	7	211	184,597
Other current assets		19,975	20,014
Current loans and interest receivable	8	218,767	136,452
Cash and cash equivalents		229,569	125,323
Total current assets		**469,170**	**466,960**
TOTAL ASSETS		**2,936,886**	**2,856,404**
EQUITY AND LIABILITIES			
Equity			
Issued capital	9.1	1,658,756	1,658,756
Treasury shares acquired		(23,000)	(23,000)
Reserves	9.2	99,637	88,059
Reserve for treasury shares	9.2	37,660	23,000
Retained earnings (deficit)		118,809	186,393
Total equity		**1,891,862**	**1,933,208**
Liabilities			
Non-current liabilities			
Non-current loans and bonds	11	961,955	888,524
Non-current lease liabilities		15,554	15,994
Other non-current amounts payable and liabilities		4	9
Total non-current liabilities		**977,513**	**904,527**
Current liabilities			
Loans	11	13,578	9,143
Lease liabilities		1,760	1,755
Trade payables		1,035	976
Advances received		21	99
Other current amounts payable and liabilities		51,117	6,696
Total current liabilities		**67,511**	**18,669**
Total liabilities		**1,045,024**	**923,196**
TOTAL EQUITY AND LIABILITIES		**2,936,886**	**2,856,404**

Interim Condensed Statement of Profit or Loss and Other Comprehensive Income

For the three months period ended 31 March 2022
All amounts are in EUR thousand unless otherwise stated

	Notes	I qtr. 2022	I qtr. 2021
Revenue from contracts with customers	13	803	828
Other income		1	1
Dividend income	14.2	185	115,442
Total revenue and other income		**989**	**116,271**
Salaries and related expenses		(969)	(1,308)
Depreciation and amortisation		(481)	(70)
Other expenses		(1,070)	(893)
Total expenses		**(2,520)**	**(2,271)**
Operating profit (loss)		**(1,531)**	**114,000**
Finance income	15	9,800	5,348
Finance expenses	16	(5,764)	(5,901)
Finance activity, net		**4,036**	**(553)**
Profit (loss) before tax		**2,505**	**113,447**
Current period income tax (expenses)/benefit		(9)	(24)
Deferred tax (expenses)/benefit		(18)	188
Net profit for the period		**2,478**	**113,611**
Total other comprehensive income (loss) for the period		-	-
Total comprehensive income (loss) for the period		**2,478**	**113,611**
Basic earnings per share (in EUR)		**0.03**	**1.53**
Diluted earnings per share (in EUR)		**0.03**	**1.53**
Weighted average number of shares		**73,040,514**	**74,283,757**

Interim Condensed Statement of Changes in Equity

For the three months period ended 31 March 2022
All amounts are in EUR thousand unless otherwise stated

	Notes	Issued capital	Treasury shares	Share premium	Legal reserve	Treasury shares reserve	Retained earnings	Total
Balance as at 1 January 2021		**1,658,756**	**-**	**-**	**82,330**	**-**	**71,869**	**1,812,955**
Net profit for the period		-	-	-	-	-	113,611	**113,611**
Other comprehensive income (loss) for the period		-	-	-	-	-	-	**-**
Total comprehensive income (loss) for the period		**-**	**-**	**-**	**-**	**-**	**113,611**	**113,611**
Transfer to reserves to acquire treasury shares	9.2	-	-	-	-	23,000	(23,000)	-
Transfers to legal reserve	9.2				5,729	-	(5,729)	-
Dividends	14.2	-	-	-	-	-	(43,010)	(43,010)
Share-based payments		-	-	-	-	-	16	16
Balance as at 31 March 2021		**1,658,756**	**-**	**-**	**88,059**	**23,000**	**113,757**	**1,883,572**
Balance as at 1 January 2022		**1,658,756**	**(23,000)**	**-**	**88,059**	**23,000**	**186,393**	**1,933,208**
Net profit for the period		-	-	-	-	-	**2,478**	**2,478**
Other comprehensive income (loss) for the period		-	-	-	-	-	-	**-**
Total comprehensive income (loss) for the period		**-**	**-**	**-**	**-**	**-**	**2,478**	**2,478**
Transfer to reserves to acquire treasury shares	9.2	-	-	-	-	14,660	(14,660)	**-**
Transfers to legal reserve	9.2	-	-	-	11,578	-	(11,578)	**-**
Dividends	14.2	-	-	-	-	-	(43,824)	**(43,824)**
Balance as at 31 March 2022		**1,658,756**	**(23,000)**	**-**	**99,637**	**37,660**	**118,809**	**1,891,862**

Interim Condensed Statement of Cash Flows

For the three months period ended 31 March 2022
All amounts are in EUR thousand unless otherwise stated

	Notes	I qtr. 2022	I qtr. 2021
Cash flows from operating activities			
Net profit for the period		2,478	113,611
Adjustments to reconcile net profit to net cash flows:			
Depreciation and amortisation expenses		481	70
Fair value changes of financial instruments	8	(2,408)	-
Income tax expenses/(income)		27	(164)
Share-based payments expenses		-	11
Interest income	15	(7,392)	(5,347)
Interest expenses	16	5,067	5,216
Dividends	14	(185)	(115,442)
Other expenses of financing activities		697	684
Changes in working capital:			
(Increase)/decrease in trade receivables and other receivables		84,215	(2,286)
(Increase)/decrease in prepayments and deferred expenses, other current and other non-current assets		(50)	(75)
Increase/(decrease) in trade payables, advances received, other current amounts payable and liabilities		(1,343)	1,034
Net cash flows from (to) operating activities		**81,587**	**(2,688)**
Cash flows from investing activities			
Acquisition of property, plant and equipment and intangible assets		(21)	-
Loans granted		(153,255)	(83,629)
Loan repayments received		3,075	59,698
Acquisition of a subsidiary		-	(7)
Interest received	15	1,473	1,581
Dividends received		100,440	2,244
Investments in Innovation Fund	8	(1,417)	-
Net cash flows from investing activities		**(49,705)**	**(20,113)**
Cash flows from financing activities			
Loans received	11	73,000	-
Lease payments	11	(435)	(65)
Interest paid	11	(201)	(186)
Net cash flows from financing activities		**72,364**	**(251)**
Increase/(decrease) in cash and cash equivalents (including overdraft)		**104,246**	**(23,052)**
Cash and cash equivalents (including overdraft) at the beginning of the period		125,323	421,289
Cash and cash equivalents (including overdraft) at the end of the period		**229,569**	**398,237**

All amounts are in EUR thousand unless otherwise stated

Explanatory Notes to the Interim Condensed Financial Statements

For the three months period ended 31 March 2022

1 General information

Ignitis grupė AB (hereinafter "the Company" or "the parent company") is a public limited liability company registered in the Republic of Lithuania. The Company's registered office address is Laisvės pr 10, LT-04215, Vilnius, Lithuania. The Company was registered on 28 August 2008 with the Register of Legal Entities managed by the public institution the Centre of Registers. Company's code 301844044.

The Company's shares are listed on the Main List of NASDAQ OMX Vilnius Stock Exchange, as well the global depositary receipts are admitted to the standard listing segment of the Official List of the United Kingdom Financial Conduct Authority and to trading on the Main Market of the London Stock Exchange. The Company has been founded for an indefinite period.

The Company is a parent company, which is responsible for the management and coordination of activities of the group companies (Note 4) engaged in electricity and heat generation (including electricity generation from renewable energy sources), supply, electricity import and export, distribution and trade, natural gas distribution and supply, as well as the maintenance and development of the power system, management and coordination of activities. The Company and its subsidiaries are hereinafter collectively referred to as "the Group".

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

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

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

Shareholders of the Company	31 March 2022		31 December 2021	
	Share capital, in EUR '000	%	Share capital, in EUR '000	%
Republic of Lithuania represented by the Ministry of Finance of the Republic of Lithuania	1,212,156	73.08	1,212,156	73.08
Other shareholders	418,838	25.25	418,838	25.25
Own shares	27,762	1.67	27,762	1.67
	1,658,756		**1,658,756**	

These interim condensed financial statements were prepared and signed by Company's management on 19 May 2022. These are interim condensed separate financial statements of the Company which are prepared in accordance with local law requirements. The Group also prepares consolidated interim condensed financial statements.

2 Summary of significant accounting

2.1 Basis of preparation

These interim condensed financial statements are prepared for the three months period ended 31 March 2022 (hereinafter "interim financial statements") and have been prepared in accordance with International Accounting Standard (hereinafter – IAS) 34 "Interim Financial Reporting".

These interim financial statements do not provide all the information required for the preparation of the annual financial statements, therefore this must be read in conjunction with the annual financial statements for the year ended 31 December 2021, which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (hereinafter – IFRS).

The Company's interim financial statements as at and for the three months period ended 31 March 2022 have been prepared on a going concern basis applying measurement based on historical cost (hereinafter "acquisition cost"), except for certain financial instruments measured at fair value.

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

2.2 New standards, amendments, interpretations and changes in accounting policy

2.2.1 Changes in accounting policy and disclosures

The accounting policies applied in the preparation of these interim financial statements are consistent with the accounting policies applied in the preparation of the Company's annual financial statements for the year ended 31 December 2021, with the exception of the new standards which entered into force during I qtr. 2022.

All amounts are in EUR thousand unless otherwise stated

2.2.2 Standards issued but not yet effective and not early adopted

Preparing these interim financial statements, the Company did not adopt new standards, amendments and interpretations, the effective date of which is later than 31 March 2022 and early adoption is permitted. The following are new standards and/or amendments to the standards that have been endorsed in European Union (hereinafter – EU) during the reporting period ended as at 31 March 2022:

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies

The objective of the Amendments is to develop guidance and examples to help entities apply materiality judgements to accounting policy disclosures. More specifically, the Amendments require entities to disclose their material accounting policy information rather than their significant accounting policies. The Amendments shall be applied prospectively for annual periods beginning on or after 1 January 2023 with earlier application permitted.

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

Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates

The objective of the Amendments is to help entities distinguish accounting policies from accounting estimates introducing a definition of accounting estimates and provide other clarifications to help entities distinguish accounting policies from accounting estimates. The Amendments shall be applied for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted. An entity shall apply the amendments to changes in accounting estimates and policies that occur on or after the beginning of the first annual reporting period in which it applies the Amendments.

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

3 Critical accounting estimates and judgements used in the preparation of the financial statements

Preparing these interim financial statements the significant management judgements regarding the application of the accounting policies and accounting estimates were the same as used in preparing the annual financial statements for the year ended 31 December 2021 except the following:

3.1 Innovation Fund Smart Energy Fund powered by Ignitis Group KŪB

Total amount of the investment to Innovation Fund Smart Energy Fund powered by Ignitis Group KŪB increased for an amount EUR 3,825 thousand during the I qtr. of 2022.

The fair value gain of Innovation Fund Smart Energy Fund powered by Ignitis Group KŪB recognised for an amount EUR 2,408 thousand and is presented as “Finance income” in SPLOCI for the I qtr. of 2022. The fair value of this financial asset is determined by reference to new investment rounds or other recent events and data (Note 19).

Remaining change is related to new investments made during I qtr. of 2022 for an amount EUR 1,417 thousand.

Fair value corresponds to Level 3 in the fair value hierarchy. Fair value of this financial asset will change depending on future investment rounds or other significant events

All amounts are in EUR thousand unless otherwise stated

4 Investments in subsidiaries

Information on the Company's investments in subsidiaries as at 31 March 2022 provided below:

	Acquisition cost	Impairment	Carrying amount	Company's ownership interest, %	Group's effective ownership interest, %
Energijos skirstymo operatorius AB	750,422	-	750,422	100.00	100.00
Ignitis gamyba AB	321,202	-	321,202	100.00	100,00
Ignitis renewables UAB	54,156	-	54,156	100.00	100.00
Vilniaus kogeneracinė jėgainė UAB	52,300	-	52,300	100.00	100.00
Ignitis UAB	47,138	-	47,138	100.00	100.00
Kauno kogeneracinė jėgainė UAB	20,400	-	20,400	51.00	51.00
Ignitis grupės paslaugų centras UAB	5,975	-	5,975	50.47	100.00
Transporto valdymas UAB	2,359	-	2,359	100.00	100.00
Elektroninių mokėjimų agentūra UAB	1,428	-	1,428	100.00	100.00
Gamybos optimizavimas UAB	350	-	350	100.00	100.00
NT Valdos UAB	3,961	(3,833)	128	100.00	100.00
Energetikos paslaugų ir rangos organizacija UAB	22,961	(22,961)	-	100.00	100.00
	1,282,652	**(26,794)**	**1,255,858**		

The Company's investments in subsidiaries during the I qtr. of 2022 remained the same as at 31 December 2021.

The Company carried out an analysis to determine existence of indications of impairment for investments into subsidiaries as at 31 March 2022. During the I qtr. of 2022 there have been no significant adverse changes in the technological, market, economic and legal environment in which subsidiaries operate, and such changes are unlikely to occur soon. The Company considered other information from external and internal sources. Thus, no impairment indications were identified as at 31 March 2022.

All amounts are in EUR thousand unless otherwise stated

5 Non-current receivables

Amounts receivable after one year comprised as follows:

	31 March 2022	31 December 2021
Non-current receivables		
Loans granted	1,163,179	1,088,254
Other non-current amounts receivable	143	143
Total	**1,163,322**	**1,088,397**
Less: impairment	-	-
Carrying amount	**1,163,322**	**1,088,397**

5.1 Expected credit losses of loans granted

As at 31 March 2022, the Company assessed whether credit risk of recipients of non-current and current loans has increased significantly and did not establish any indications and has no information indicating that credit risk of loan recipients on an individual basis has increased significantly. Therefore, no lifetime expected credit loss was recognised neither for non-current nor for current loans granted (Note 5.2).

5.2 Loans granted

The Company's loans granted as at 31 March 2022 comprised loans granted to the following subsidiaries:

	Interest rate type	Within one year	After one year	Total
Non-current loans				
Energijos skirstymo operatorius AB (green bonds)	Fixed interest	-	616,288	**616,288**
Energijos skirstymo operatorius AB (loans taken over)	Variable interest	7,901	31,567	**39,468**
Ignitis UAB	Fixed interest	-	275,000	**275,000**
Ignitis UAB	Variable interest	-	27,000	**27,000**
Ignitis UAB	Fixed interest	-	11,800	**11,800**
Ignitis renewables UAB	Fixed interest	-	46,950	**46,950**
Ignitis renewables UAB	Fixed interest	-	109,000	**109,000**
Tuuleenergia OÜ	Fixed interest	-	19,119	**19,119**
Eurakras UAB	Fixed interest	-	16,555	**16,555**
Current loans				
Transporto valdymas UAB	Variable interest	-	9,900	**9,900**
Ignitis grupės paslaugų centras UAB (cash-pool)	Fixed interest	3,513	-	**3,513**
Ignitis UAB (cash-pool)	Fixed interest	119,603	-	**119,603**
Energijos skirstymo operatorius AB (cash-pool)	Fixed interest	69,294	-	**69,294**
Total loans		**200,311**	**1,163,179**	**1,363,490**

Loan granted to subsidiary Transporto valdymas UAB was reclassified to non-current loans as on 2 February 2022 loan amendment was signed and the final repayment date changed to 30 June 2025.

Fair values of loans granted are presented in Note 19.

Loans after one year by maturity:

	31 March 2021	31 December 2021
From 1 to 2 years	7,901	6,708
From 2 to 5 years	60,566	47,125
After 5 years	1,094,712	1,034,421
Carrying amount	**1,163,179**	**1,088,254**

6 Other receivables

The Company's other receivables comprised as follows:

	31 March 2022	31 December 2021
Dividends receivable	185	100,440
Other receivables	29	29
Amount receivable on disposal of LitGrid AB	-	84,128
Total	**211**	**184 597**
Less: impairment	-	-
Carrying amount	**211**	**184,597**

6.1 Amount receivable on sale of shares of LitGrid AB

In 2012, the shares of LitGrid AB held by the Company were transferred to a newly established private limited liability company EPSO-G UAB in return for a certain consideration based on the market value of the shares established by independent valuers. According to the shares sale-purchase agreement EPSO-G UAB had to repay debt to the Company for the shares of AB LitGrid acquired in 30 September 2012 until 30 September 2022. During the I qtr. of 2022 EPSO-G UAB has repaid total debt of EUR 84,128 thousand to the Company.

All amounts are in EUR thousand unless otherwise stated

7 Current loans and interests receivable

The Company's current loans comprised as follows:

	31 March 2022	31 December 2021
Cash-pool loans	192,410	106,155
Interest receivable on loans and issued guarantees	18,456	11,396
Current loans	-	11,000
Current portion of non-current loans	7,901	7,901
Total	**218,767**	**136,452**
Less: impairment	-	-
Carrying amount	**218,767**	**136,452**

As at 31 March 2022, the Company assessed whether credit risk of recipients of non-current and current loans has increased significantly and did not establish any indications and has no information indicating that credit risk of loan recipients on an individual basis has increased significantly. Therefore, no lifetime expected credit loss (from here on further - ECL) was recognized.

8 Other financial assets

The Company's other financial assets comprised as follows:

	31 March 2022	31 December 2021
Innovation Fund Smart Energy Fund powered by Ignitis Group KŪB (Note 3.1)	28,919	25,094
Carrying amount	**28,919**	**25,094**

9 Equity and reserves

9.1 Issued capital

Issued capital of the Company consisted of:

	31 March 2022	31 December 2021
Authorised shares		
Ordinary shares, EUR	1,658,756,294	1,658,756,294
Ordinary shares issued and fully paid, EUR	**1,658,756,294**	**1,658,756,294**

As at 31 March 2022 and 31 December 2021 the Company's issued capital comprised EUR 1,658,756,294 and was divided into 74,283,757 ordinary registered shares with EUR 22.33 nominal value for a share.

9.2 Reserves

At the ordinary general meeting of shareholders held on 29 March 2022 it was decided to form additional reserve of EUR 14.660 thousand for the acquisition of treasury shares in 2022. As at 31 March 2022 reserve for treasury shares amounted to EUR 37,660 thousand (31 December 2021: EUR 23,000 thousand). The Company anticipates to carry out second round of acquisition of ordinary registered shares of the Group in 2022 (Note 20).

As at 29 March 2022 the Company transferred EUR 11,578 thousand to the legal reserve. The Company's legal reserve as at 31 March 2022 and 31 December 2021 was not fully formed.

All amounts are in EUR thousand unless otherwise stated

10 Earnings per share

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

	I qtr. 2022	I qtr. 2021
Net profit (loss)	**2,478**	**113,611**
Attributable to:		
Equity holders of the parent	2,478	113,611
Non-controlling interests	-	-
Weighted average number of nominal shares	73,040,514	74,283,757
Basic earnings/(loss) per share attributable to shareholders of the Parent Company	0.03	1.53
Diluted earnings/(loss) per share attributable to shareholders of the Parent Company	0.03	1.53

Basic and diluted earnings per share indicators have been calculated based on 73,040,514 weighted average number of ordinary shares for I qtr. 2022 as Ignitis grupė AB reacquired its own ordinary shares (treasury shares) as at 16 December 2021. Treasury shares are not regarded as outstanding, thus were excluded from the outstanding shares count at the period for which they are held by Ignitis grupė AB.

11 Loans and bonds

Loans and bonds of the Company consisted of:

	31 March 2022	31 December 2021
Non-current		
Bonds issued	888,955	888,524
Bank borrowings	73,000	-
Current		
Accrued interest	13,587	9,143
Total loans and bonds	**975,533**	**897,667**

For I qtr. of 2022 expenses related to interest on the issued bonds totalled EUR 4,777 thousand (I qtr. of 2021: EUR 4,768 thousand).

Bonds by maturity:

	31 March 2022	31 December 2021
From 1 to 2 years	-	-
From 2 to 5 years	-	-
After 5 years	888,955	888,524
In total	**888,955**	**888,524**

Loans and bonds are denominated in euros.

During the I qtr. of 2022 the Company borrowed EUR 73,000 thousand according to the long-term loan contract with European Investment bank signed on 21 September 2020. The balance of loan as at 31 March 2022 is EUR 73,000 thousand.

During I qtr. of 2022 The Company didn't have any breaches of financial and non-financial covenants due to which the classification of current and non-current liabilities could be changed.

As at 31 March 2022, the Company's unwithdrawn balance of loans and bank overdrafts amounted to EUR 37,000 thousand (31 December 2021: EUR 110,000 thousand).

All amounts are in EUR thousand unless otherwise stated

12 Net debt

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

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

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

Net debt balances:

	31 March 2022	31 December 2021
Cash and cash equivalents	(229,569)	(125,323)
Non-current borrowings payable after one year	961,955	888,524
Current borrowings payable within one year (including overdraft and accrued interest)	13,578	9,143
Lease liabilities	17,314	17,749
Net debt	**763,278**	**790,093**

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

	Assets	Lease liabilities		Borrowings		Total
	Cash and cash equivalents	Non-current	Current	Non-current	Current	
Net debt at 1 January 2022	**(125,323)**	**15,994**	**1,755**	**888,524**	**9,143**	**790,093**
Cash changes						
(Increase) decrease in cash and cash equivalents	(104,246)	-	-	-	-	**(104,246)**
Proceeds from borrowings	-	-	-	73,000	-	**73,000**
Lease payments	-	-	(435)	-	-	**(435)**
Interest paid	-	-	(61)	-	(140)	**(201)**
Non-cash changes						
Accrual of interest payable	-	-	61	431	4,575	**5,067**
Reclassifications between items	-	(440)	440	-	-	**-**
Net debt at 31 March 2022	**(229,569)**	**15,554**	**1,760**	**961,955**	**13,578**	**763,278**

All amounts are in EUR thousand unless otherwise stated

13 Revenue from contracts with customers

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

	I qtr. 2022	I qtr. 2021
Management fee income	790	828
Other revenue from contracts with customers	13	-
Total	**803**	**828**

The Company's revenue from contracts with customers during I qtr. of 2022 and 2021 mainly comprised the revenue from advisory and management services provided to subsidiaries.

Also, the Company did not present any segment information as there is only one segment.

The Company's balances under the contracts with customers:

	31 December 2022	31 December 2021
Trade receivables	479	494

14 Dividends

14.1 Dividends declared by the Company

Dividends declared by the Company:

	I qtr. 2022	I qtr. 2021
Ignitis grupė AB	43,824	43,010

EUR 43,824 thousand dividends for the second half of 2021 was approved at the Ordinary General Meeting of shareholders on 29 March 2022.

14.2 Dividends received by the Company

Dividends received by the Company from Group companies during the I qtr. of 2022 are the following:

Declared at	Dividends declared by	Period for which dividends are allocated	Dividends per share, in EUR	Amount of dividends declared	Dividend income attributable to the Company	Non-controlling interest dividends
31/03/2022	Elektroninių mokėjimų agentūra UAB	2021	0.1931	185	185	-
Total				**185**	**185**	**-**

15 Finance income

The Company's finance income are as follows:

	I qtr. 2022	I qtr. 2021
Interest income at the effective interest rate	7,392	5,347
The fair value of Innovation Fund Smart Energy Fund powered by Ignitis Group KŪB (Note 8)	2,408	1
In total	**9,800**	**5,348**

The Company earns interest income from long-term and short-term loans, the majority of which is granted to the Group companies (Note 5.2 and 7). During the I qtr. of 2022, the Company received EUR 1,473 thousand (I qtr. of 2021: EUR 1,581 thousand) interest income in cash, which is presented in the cash flow statement under 'Interest received'.

16 Finance expenses

The Company's finance expenses are as follows:

	I qtr. 2022	I qtr. 2021
Interest expenses	5,006	5,216
Interest and discount expense on lease liabilities	61	-
Negative effect of changes in exchange rates	2	6
Other expenses of financing activities	695	679
In total	**5,764**	**5,901**

All amounts are in EUR thousand unless otherwise stated

17 Contingent liabilities and commitments

17.1 Guarantees issued and received by the Company

17.1.1 Issued guarantees related to loans

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

Name of the subsidiary	Beneficiary of the guarantee	Issue at	Maturity	Maximum amount of the guarantee	31 March 2022	31 December 2021
Vilniaus kogeneracinė jėgainė UAB	European Investment Bank	30/12/2016	07/04/2037	190,000	139,298	139,649
Kauno kogeneracinė jėgainė UAB	Swedbank AB	18/10/2017	18/10/2022	59,000	56,100	56,100
Pomerania Wind Farm sp. z o. o.	European Investment Bank	09/03/2020	31/12/2035	66,325	53,641	55,311
Pomerania Wind Farm sp. z o. o.	Nordic Investment Bank	14/10/2020	31/12/2035	31,186	31,186	32,157
Group companies	Group companies	25/05/2021	24/05/2022	-	10,180	67,973
Vėjo gūsis UAB	Swedbank lizingas, UAB	29/01/2019	28/02/2022	9,258	-	258
				365,456	**290,405**	**351,448**

17.1.2 Other issued guarantees

The Company has provided the following other guarantees:

Name of the subsidiary	Beneficiary of the guarantee	Issue at	Maturity	Maximum amount of the guarantee	31 March 2022	31 December 2021
Ignitis UAB	NASDAQ Clearing AB	24/05/2021	termless	110,000	3,827	3,494
Pomerania Wind Farm sp. z o. o.	Nordex Polska sp. z o.o.	31/05/2019	termless	83,354	-	874
VVP Investments UAB	Nordex Polska sp.z o.o.	17/02/2021	termless	55,097	-	-
Gamybos optimizavimas UAB	Ignitis gamyba AB	01/01/2020	30/06/2023	5,000	-	-
Moray Offshore Windfarm (West) Limited	Engie UK Markets Limited	21/04/2021	termless	1,270	-	-
Moray Offshore Windfarm (West) Limited	Siemens Gamesa Renewables Energy Limited	08/09/2021	31/12/2025	2,079	-	-
VVP Investments UAB	Swedbank AB	11/10/2019	01/08/2023	945	945	945
Altiplano Elektrownie Wiatrowe B1 Sp. z o. o.	Nordex Polska Sp.z.o.o.	31/01/2022	termless	50,211	-	-
				257,745	**4,772**	**5,313**

During I qtr. 2022 the Company has issued guarantee for its subsidiary Altiplano Elektrownie Wiatrowe B1 Sp. z o. o. as Altiplano Elektrownie Wiatrowe B1 Sp. z o. o. entered into supply and installation agreement with Nordex Polska sp.z o.o. for the supply and installation of wind turbine equipment for a wind farm. The Company undertakes and guarantees the performance of all payment obligations under the agreement concluded.

On 20 January 2022, the Company issued a confirmation letter for Kauno kogeneracinė jėgainė UAB (hereinafter – KKJ) which states that it will continue providing financial support for at least 12 months following the issue date of the letter to enable KKJ to continue trading activities and meet its liabilities. As at December 2021 KKJ's current liabilities exceeded current assets by EUR 95,167 thousand. The Company does not expect that there will be need of material support to KKJ or that loss will be incurred by the Company due to activities of KKJ. More information on additional confirmation letter issued in 2022 is provided in Note 20.

17.2 Litigations

During the I qtr. of 2022 there were no significant changes in litigations reported in annual financial statements for 2021 or new significant litigations.

All amounts are in EUR thousand unless otherwise stated

18 Related party transactions

The Company's transactions with related parties during the I qtr. of 2022 and period-end balances arising on these transactions as at 31 March 2022 are presented below:

Related parties	Accounts Receivable	Loans receivable	Accounts Payable	Sales	Purchases	Finance income / (cost)
Subsidiaries	678	1,381,922	638	791	173	7,322
EPSO-G UAB	-	-	-	-	-	64
Total	**678**	**1,381,922**	**638**	**791**	**173**	**7,386**

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

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

The Company's dividend income received from subsidiaries during the I qtr. of 2022 is disclosed in Note 14.

As at 31 March 2022 the Company has issued guarantees for financial loans to its subsidiaries (Note 17.1)

18.1 Compensation to key management personnel

	I qtr. 2022	I qtr. 2021
Wages and salaries and other short-term benefits to key management personnel	330	231
Whereof:	-	-
Short-term benefits	*235*	*218*
Termination benefits	*95*	-
Share-based payment expenses	-	*13*
Number of key management personnel	12	12

19 Fair values of financial instruments

Financial instruments, measured at fair value

The Company's investment into "Innovation Fund Smart Energy Fund powered by Ignitis Group KŪB" (Level 3) is measured at fair value.

As at 31 March 2022 and 31 December 2021, the Company has accounted for investment into "Innovation Fund Smart Energy Fund powered by Ignitis Group KŪB". The fair value measurement of this financial asset is based on investment rounds. Fair value of this financial asset will change depending on future investment rounds or other significant events.

Financial instruments for which fair value is disclosed

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

As at 31 March 2022 and 31 December 2021, the fair value of the Company's amounts receivable related to loans receivable from the subsidiary Energijos skirstymo operatorius AB is estimated by discounting cash flows with market interest rate increased by EUR interest rate swap for tenors that is similar to period left until redemption of issued bonds. The cash flows were discounted using an average discount rate of 4.39% (31 December 2021: 2.90%). The fair value of amounts receivables is attributed to Level 2 of the fair value hierarchy.

The Company's fair value of loans granted is calculated by discounting future cash flows with reference to the interest rate observable in the market. The cash flows were discounted using a weighted average discount rate of 3,19% as at 31 March 2022 (31 December 2021 – 2,76%). The measurement of financial liabilities related to the debts is attributed to Level 2 of the fair value hierarchy.

The Company's bond issue debt (Note 11) fair value was calculated by discounting future cash flows related to the coupon payments with reference to the interest rate observable in the market and the regular future payments related to issued bonds. The cash flows were discounted using a weighted average discount rate of 4.39% as at 31 March 2022 (31 December 2021 – 2.90%). Discount rates for certain bond issues are determined as market interest rate increased by EUR interest rate swap for tenors that is similar to period left until redemption of issued bonds. The bond issue debt is attributed to Level 2 of the fair value hierarchy.

All amounts are in EUR thousand unless otherwise stated

The table below presents allocation between the fair value hierarchy levels of the Company's financial instruments as at 31 March 2022:

	Note	Carrying amount	Level 1 Quoted prices in active markets	Level 2 Other directly or indirectly observable inputs	Level 3 Unobser-vable inputs	In total
Financial instruments measured at fair value through profit (loss)						
Assets						
Innovation Fund Smart Energy Fund powered by Ignitis Group KŪB	8	**28,919**	-	-	28,919	**28,919**
Financial instruments for which fair value is disclosed						
Assets						
Bond receivables from subsidiary Energijos skirstymo operatorius AB	5	**628,608**	-	549,784	-	**549,784**
Loans granted	5, 7	**752,825**	-	724,388	-	**724,388**
Liabilities						
Bonds issued	11	**902,444**	-	791,814	-	**791,814**

20 Events after the reporting period

Comfort letter issued to Ignitis grupės paslaugų centras UAB

On 21 April 2022, the Company issued a confirmation letter for Ignitis grupės paslaugų centras UAB (hereinafter – GSC) which states that it will continue providing financial support for at least 12 months following the issue date of the letter to enable GSC to continue its operations and meet its liabilities. As at December 2021 GSC's current liabilities exceeded current assets by EUR 1,883 thousand. The Company does not expect that there will be need of material support to GSC or that loss will be incurred by the Company due to activities of GSC.

New loan issued to Energijos skirstymo operatorius AB

On 20 April 2022 the Company signed loan agreement for issuing EUR 73 million loan to Energijos skirstymo operatorius AB.

The loan will be financed using the funds received from the European Investment Bank. Loan maturity date – 14 February 2038. The agreement does not include additional measures ensuring the fulfilment of obligations.

Acquisition of own shares

The Company on 19–27 April 2022 has conducted an acquisition of the Company's ordinary registered shares (hereinafter – ORS or treasury shares) through the auction for tender offers of AB "Nasdaq Vilnius" stock exchange, with AB SEB bankas acting as an intermediary. Treasury shares acquired by the Company on 29 April 2022, when the right of ownership transferred to the Company. Shares purchase price EUR 15.30 per share, number of shares acquired 651,554 and total value of treasury shares acquired EUR 9,967 thousand.

The purpose of the ORS acquisition is the reduction of share capital by annulling the ORS acquired by the Company in relation to the stabilisation that occurred after the initial public offering of 5 October 2020.The Company acquired the majority of the stabilised securities and does not intend to initiate further acquisitions of own ORS in relation to the stabilisation.

Guarantee provided

On 29 April 2022 the Company provided a guarantee in favour of NASDAQ Clearing AB for EUR 70 million. The guarantee is provided to guarantee performance obligations of subsidiary Ignitis UAB related with clearing services provided by NASDAQ Clearing AB.

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

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Further information

7.1 Material events of the parent company

During the reporting period (Q1 2022)

Date	Event
30 March	The Court ruled that the price paid for ESO's shares during the mandatory buyout is correct
29 March	Resolutions of Ordinary General Meeting of AB "Ignitis grupė" shareholders
23 March	Regarding the intention of AB "Ignitis grupė" subsidiary UAB Kauno kogeneracinė jėgainė to take a loan of EUR 110 million
18 March	Regarding the resolutions of AB "Ignitis grupė" Supervisory Board for General Meeting
14 March	Update: Regarding the supplementation of the agenda of the Ordinary General Meeting of Shareholders of AB Ignitis grupė and draft resolutions on the issues provided for in the agenda
14 March	Regarding the intention of AB "Ignitis grupė" subsidiary UAB "Ignitis" to take a loan up to EUR 150 million
8 March	Notice on convening the Ordinary General Meeting of Shareholders of AB "Ignitis grupė"
3 March	Notice on the contract concluded by the person discharging managerial responsibilities regarding AB "Ignitis grupė" financial instruments
28 February	Correction: Regarding the intention of AB "Ignitis grupė" subsidiary UAB "Ignitis" to take a loan up to EUR 150 million
28 February	Regarding the intention of AB "Ignitis grupė" subsidiary UAB "Ignitis" to loan up to EUR 150 million
28 February	Strategic Plan 2022–2025 of AB "Ignitis grupė" has been approved
28 February	2021 m. metinis pranešimas: dvigubas Žaliosios gamybos augimas ir ASV iniciatyvų įvertinimas
28 February	Annual report 2021: twofold Green Generation increase, recognition of ESG excellence
28 February	Interim report for the twelve months of 2021
22 February	Chief Executive Officer of Ignitis Renewables has been appointed
21 February	Ignitis renewables terminated agreement to acquire portfolio of solar PV projects under development in Poland
21 February	Ignitis Group to present full-year 2021 results and 2022–2025 Strategic Plan on 28 February
18 February	The Management Board, its Chair and CEO of the Group have been elected
9 February	Correction: On the supplementary agreement to the isolated regime services contract of Flexible Generation segment
8 February	On the supplementary agreement to the isolated regime services contract of Flexible Generation segment
1 February	The Supervisory Board of AB "Ignitis grupė" approved the candidates for the new term of the Management Board and the CEO
25 January	On the intent to establish a subsidiary of UAB "Ignitis renewables" in Latvia
21 January	On the intention of AB "Ignitis grupė" to amend key conditions of the internal loan agreement with UAB "Ignitis renewables"

After the reporting period

Date	Event
13 May	On the compensation for consumers due to increasing energy prices
12 May	Ignitis Group to present Q1 2022 results on 19 May
3 May	Notice on convening the Extraordinary General Meeting of Shareholders of AB "Ignitis grupė"
27 April	AB "Ignitis grupė" completed an acquisition of its own ordinary registered shares
22 April	Vilnius District Court dismissed the case on the incentive share options programme for employees of AB "Ignitis grupė"
13 April	On the decision of AB "Ignitis grupė" Management Board regarding the acquisition of own ordinary registered own shares
5 April	Regarding the intention of AB "Ignitis grupė" to conclude internal loan agreement of EUR 73 million with AB "Energijos skirstymo operatorius"
4 April	Regarding the plan of the government of the Republic of Lithuania to compensate consumers for the increase in energy commodity prices

7.2 Other statutory information

The interim report provides information to the shareholders, creditors and other stakeholders of AB "Ignitis grupė" (hereinafter – the parent company) about the parent company's and its controlled companies', which together are called group of companies (hereinafter – the "Group" or "Ignitis Group"), operations for the period of January–March 2022.

The interim report has been prepared by the parent company's administration in accordance with the Law on Companies of the Republic of Lithuania (link in Lithuanian) and the Law on Consolidated Financial Reporting of the Republic of Lithuania (link in Lithuanian).

The parent company's management is responsible for the information contained in the interim report. The report and the documents, on the basis of which it was prepared, are available at the head office of the parent company (Laisvės Ave. 10, Vilnius) on working days from Mondays through Thursdays from 7.30 am to 4.30 pm, and on Fridays from 7.30 am to 3.15 pm (by prior arrangement through IR@ignitis.lt).

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

Significant arrangements

The parent company was not a party to any significant arrangements that would take effect, be amended or terminated in the event of changes in the parent company's control situation.

During the reporting period, the parent company did not conclude any harmful agreements (which do not correspond to the parent company's objectives, current market conditions, violate the interests of shareholders or other groups of persons, etc.) which had or potentially may have a negative impact on the parent company's performance and/or results of operation nor there were any agreements concluded in the event of a conflict of interests between the obligations of the parent company's managers, the controlling shareholders or other related parties to the parent company and their private interests and/or other duties.

There are no agreements concluded between the parent company and the members of the management bodies or employees that provide for compensation in case of their resignation or dismissal without a reasonable cause or in case of termination of their employment as a result of the change in control of the parent company.

Internal control and risk management systems involved in the preparation of the consolidated financial statements

The Group's financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

The employees of the company providing accounting services to the parent company ensure that the financial statements are prepared properly and that all data are collected in a timely and accurate manner. The preparation of the company's financial statements, internal control and financial risk management systems, legal acts governing compilation of the financial statements are monitored and managed.

Information on the auditors

UAB "KPMG Baltics" on 27 September 2021 has been appointed as the new auditor (previously, audit services were provided by UAB "Ernst & Young Baltic") by the General Meeting of Shareholders of the parent company to provide audit services of financial statements of the parent company and the consolidated financial statements of the Group for the full years of 2021 and 2022.

More information about the auditor, including remuneration for services, is available in our Annual report 2021.

Information on delisted companies

Since September 2021, the parent company owns 100% of shares of ESO (Networks) and Ignitis Gamyba (Flexible Generation). More information about delisted companies, including the guidance of payment for shares, is available on our website.

Notice on the language

In the event of any discrepancy between the Lithuanian and the English versions of the document, the English version shall prevail.

Glossary

Glossary

#	Number
%	Per cent
'000 / k	Thousand
AB	Joint stock company
Adjusted EBITDA	EBITDA after eliminating items, which are non-recurring, and/or non-cash, and/or related to other periods, and/or non-related to the main activities of the Group, and after adding back items, which better reflect the result of the current period
APM	Alternative performance measure (link)
	Business to consumer
B2B	Business to business
B2C	Business to consumer
BICG	Baltic Institute of Corporate Governance
bn	Billion
CCGT	Combined Cycle Gas Turbine Plant
CDP	Carbon Disclosure Project
CfD	Contract for difference
CHP	Combined heat and power
Clean spark	Indicative prices giving the difference between the combined cost of gas and emissions, and the equivalent price of electricity
CO2	Carbon dioxide
COD (commercial operation date) / commissioned	The start of energy generation after the test on completion
CPI	Consumer Price Index
E	Electricity
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
Electricity generated (net)	Electricity sold in wind farms, solar power plants, biofuel plants, CHP plants, hydropower plants (including Kruonis pumped storage power plant) and electricity sold in Elektrėnai Complex
Electricity sales	Amount of electricity sold in Lithuania (B2C, B2B and guaranteed customers), Poland, Latvia and Estonia
Energijos Tiekimas	Energijos Tiekimas UAB
Enerpro	UAB Energetikos paslaugų ir rangos organizacija
eNPS	Employee Net Promoter Score
EPS	Earnings per share
ESG	Environmental, social and corporate governance
ESO	AB „ Energijos skirstymo operatorius "
etc.	et cetera
EURbn	billion EUR
EURm	million EUR
EU	European Union
Eurakras	UAB „EURAKRAS"
FCF	Free Cash Flow
FFO	Funds from operations
FiT	Feed-in Tariff
Full completion	Taking over certificate obtained implying the transfer of operational responsibility of the power plant to the Group
GDP	Gross domestic product
GDR	Global depositary receipt
GHG	Greenhouse Gas
Green electricity generated (net)	Electricity sold in wind farms, solar power plants, biofuel plants and CHP plants and hydropower plants (including Kruonis pumped storage power plant)
Green Generation capacity installed	Wind farms, solar power plants, biofuel plants, CHP plants and hydropower plants (including Kruonis pumped storage power plant) that have completed and have passed a final test
Green share of generation,%	Green share of generation shall be calculated as follows: Green electricity generated (including Kruonis pumped storage power plant) divided by total electricity generated in the Group
GRI	Global Reporting Initiative
Group or Ignitis Group	AB „Ignitis grupė" and its controlled companies
GW	Gigawatt
Heat generated (net)	Heat sold in CHP plants, biomass plants
Hydro power	Kaunas Algirdo Brazauskas hydroelectric power plant and Kruonis pumped storage power plant
IFRS	International Financial Reporting Standards
Ignitis	Ignitis UAB (former Lietuvos energijos tiekimas and Energijos tiekimas)
Ignitis Eesti	Ignitis Eesti OÜ
Ignitis Gamyba	AB „Ignitis gamyba"
Ignitis Latvija	Ignitis Latvija SIA
Ignitis Polska	Ignitis Polska sp. z o.o.
Ignitis Renewables	UAB „Ignitis renewables"

Installed capacity	Where all assets have been completed and have passed a final test
Investments	Acquisition of property, plant and equipment and intangible assets, acquisition of shareholdings
ISIN	International Securities Identification Number
YoY	Year over year
IPO	Initial Public Offering
ISO	International Organization for Standardization
Kaunas CHP	UAB Kauno kogeneracinė jėgainė
Kaunas HPP	Kaunas Algirdas Brazauskas Hydroelectric Power Plant
Kruonis PSHP	Kruonis Pumped Storage Hydroelectric Plant
Lietuvos energija	„Lietuvos energija", UAB (current AB „Ignitis grupė")
Lietuvos Energijos Tiekimas	Lietuvos Energijos Tiekimas UAB
Litgas	Litgas UAB
Litgrid	Litgrid AB
LNG	Liquefied natural gas
LNGT	Liquefied natural gas terminal
LTM	Last twelve months
m	Million
Mažeikiai	UAB „VVP Investment"
min	Minimum
MW	Megawatt
MWh	Megawatt hour
n/a	Not applicable
NERC	The National Energy Regulatory Council
Net debt/ Adjusted EBITDA	Leverage ratio, which shows the Group's ability to repay its debt from the profit earned
New connection points and upgrades	Number of new customers connected to the network and capacity upgrades of the existing connection points
NPS	Net promoter score
NT Valdos	NT Valdos, UAB
OECD	Organisation for Economic Co-operation and Development
OPEX	Operating expenses
Parent company	AB „Ignitis grupė" (former „Lietuvos energija", UAB)
Pomerania	Pomerania Wind Farm sp. z o. o.
pp	Percentage point
PPE	Property, plant and equipment
Public supply	Electricity supply activity performed in accordance with the procedure and terms established by legal acts by an entity holding a public supply licence
Q	Quarter
RAB	Regulated asset base
ROCE	Return on Capital Employed
ROE	Return of Equity
ROI	Return on Investment
SAIDI	Average duration of unplanned interruptions in electricity or gas transmission
SAIFI	Average number of unplanned long interruptions per customer
SBTi	Science Based Targets initiative
SDG	Sustainable Development Goal
SOE	State-owned company
STI	Short-Term Incentives
Supply of last resort	Supply of electricity in order to meet electricity demand of customers who have not selected an independent supplier under the established procedure, or an independent supplier selected by them does not fulfil its obligations, terminates activities or the agreement on the purchase and sale of electricity
TE-3	Vilnius Third Combined Heat and Power Plant
TRIR	Total Recordable Incident Rate
Tuuleenergia	„Tuuleenergia osaühing"
TWh	Terawatt-hour
UAB	Private Limited Liability Company
Units	Units
Vėjo Gūsis	UAB „VĖJO GŪSIS"
Vėjo Vatas	UAB „VĖJO VATAS"
Vilnius CHP	UAB Vilniaus kogeneracinė jėgainė
Visagino atominė elektrinė	Visagino atominė elektrinė UAB
vs.	Versus
WACC	Weighted average cost of capital
WF	Wind farm
	Units
Vėjo Gūsis	UAB „VĖJO GŪSIS"
Vėjo Vatas	UAB „VĖJO VATAS"
Vilnius CHP	UAB Vilniaus kogeneracinė jėgainė
vs.	Versus
WACC	Weighted average cost of capital
WF	Wind farm
WtE	Waste-to-energy

Certification statement

ignitis group

Certification statement

19 May 2022

Referring to the provisions of the Article 14 of the Law on Securities of the Republic of Lithuania and the Rules of disclosure of information of the Bank of Lithuania, we, Darius Maikštėnas, Chief Executive Officer at AB "Ignitis grupė", Jonas Rimavičius, Chief Financial Officer at AB "Ignitis grupė", and Giedruolė Guobienė, Head of Accounting at UAB "Ignitis grupės paslaugų centras", acting under Order No IS-22-22 of 4 April 2022, hereby confirm that, to the best of our knowledge, AB "Ignitis grupė" interim condensed consolidated financial statements for the three months period ended 31 March 2022 prepared according to International accounting standard 34 'Interim financial reporting' as adopted by the European Union, give a true and fair view of AB "Ignitis grupė" consolidated and stand-alone assets, liabilities, financial position, profit or loss and cash flows for the period, the Interim Report includes a fair review of the development and performance of the business as well as the condition of AB "Ignitis grupė" and it's group companies together with the description of the principle risks and uncertainties it faces.

Darius Maikštėnas
Chief Executive Officer

Jonas Rimavičius
Chief Financial Officer

Giedruolė Guobienė
UAB "Ignitis grupės paslaugų centras", Head of Accounting acting under Order No IS-22-22 (signed 4 April 2022)

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Publication
19 May 2022

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