ignitis group

First half year 2021

Interim report

Consolidated interim report for the six months period ended 30 June 2021 and the condensed consolidated and the condensed parent company's financial statements for the six months period ended 30 June 2021, prepared in accordance with International accounting standard 34 'Interim financial reporting' as adopted by the European Union

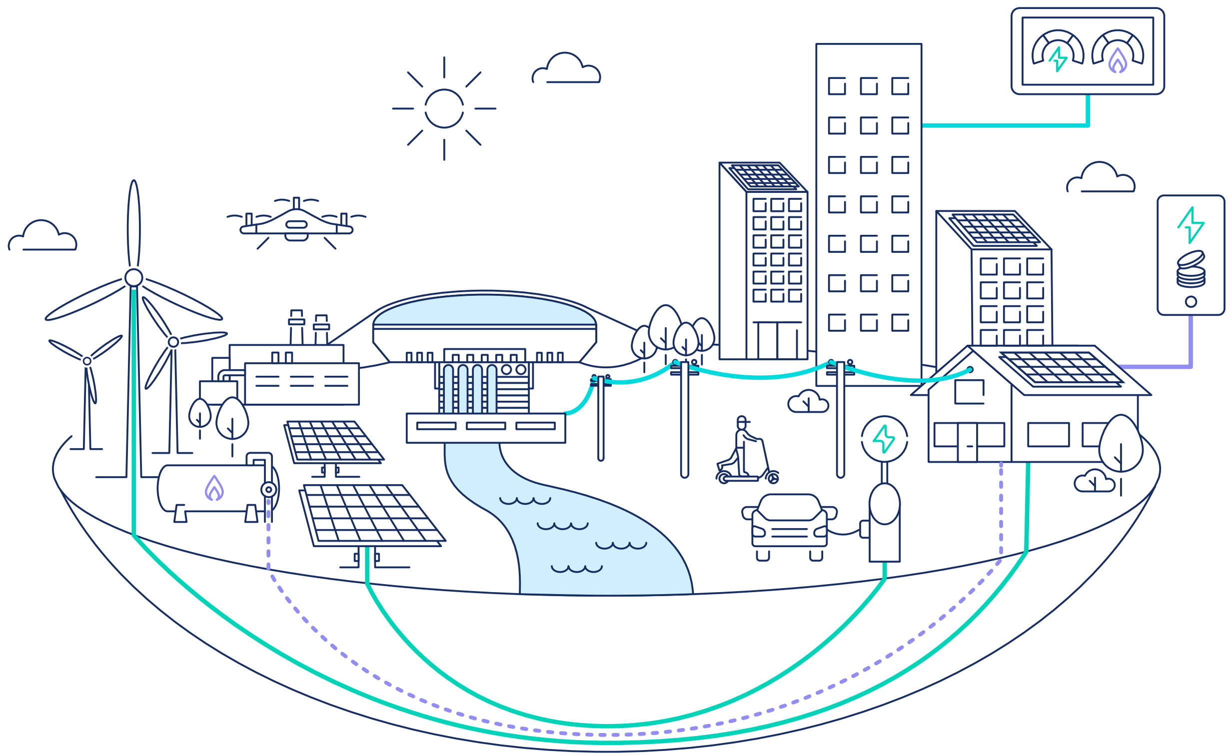
Ignitis Group – creating an energy smart world

Who we are

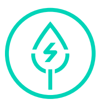
Ignitis Group is a leading utility and renewable energy group in the Baltic region.

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

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



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



Green Generation
Focused, sustainable and profitable growth.

Flexible Generation
Reliable and flexible power system.

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

Contents

Overview

1.1 CEO's statement

Highlights

Financials

Adjusted EBITDA amounted to EUR 168.4 million or 30.5% higher compared to H1 2020.

Reiterated EUR 300-310 million Adjusted EBITDA outlook for 2021, representing 3-6% increase compared to 2020 actual result.

Subject to approval at Extraordinary General Meeting of Shareholders, we intend to pay EUR 43.75 million in dividends (or dividend per share in the range of EUR 0.589 – 0.599[1]) for the first half of 2021 (in line with the Dividend Policy).

Strategy

In H1 2021, our Green Generation installed capacity increased by 19 MWe and 90 MWth as a result of commissioned Vilnius CHP, waste-to-energy unit. In addition, our Green Generation pipeline increased further by around 160 MW due to the conditional acquisition of 3 early stage wind farm development projects in Latvia. All remaining under construction / development projects are on track with exceptions, mainly due to COVID-19 and other typical development project risks, for Pomerania WF (94MW) and Polish solar portfolio I (up to 170MW).

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

In July 2021, we received ESG risk rating upgrade from MSCI from 'A' to 'AA' (on a scale of 'CCC'-'AAA'). Now it places the Group among the industry leaders and significantly above the utility group average of 'BBB'.

Governance

Our Supervisory Board term expired on 29 August 2021 and due to the delay in the selection process managed by the Majority Shareholder, no new members are assigned yet. However, it does not intend to affect our performance as the new Supervisory Board is expected to be appointed in our General Meeting of Shareholders by the end of October 2021.

Green Generation driven growth

In Q2 2021, we continued to showcase growth in financial and operational performance, which translated to guidance reiteration of EUR 300-310 million Adjusted EBITDA for 2021 or increase by 3-6% compared to 2020 actual result. That said, overall H1 2021 performance compared to H1 2020 was a continuation of Q1 2021, as factors such as favourable market conditions and Green Generation capacity additions of Kaunas (24 MWe, 70 MWth) and Vilnius (19 MWe, 60 MWth) CHPs remained the key drivers. Further Green Generation installed capacity addition as a result of Pomerania WF (94 MW) COD in H2 2021 will continue our sustainable growth.

Performance

H1 2021 Adjusted EBITDA increased by 30.5% compared to the same period last year, reaching EUR 168.4 million. Adjusted EBITDA grew in all business segments, with the main drivers being higher electricity generation due to launch of Kaunas CHP (24 MWe, 70 MWth) and Vilnius CHP WtE unit (19 MWe, 60 MWth), improved results of Kaunas HPP, as well as higher distributed volumes effect in the Networks segment driven mostly by colder weather compared to H1 2020. Worth noting, elevated distributed volumes effect will level off over the course of this year. Finally, Adjusted EBITDA growth was also supported by better Customers & Solutions business segment results, where results were driven by favourable changes in the gas market prices.

On 25 March, during the General Meeting of Shareholders, a dividend of EUR 0.579 per share for the second half of 2020 was approved and distributed in April 2021. Subject to approval at Extraordinary General Meeting of Shareholders, for the first half of 2021 we intend to pay EUR 43.75 million in dividends (or dividend per share in the range of EUR 0.589 – 0.599[1]). Our suggested dividend level is in line with our Dividend Policy, which defines an annual dividend increase by at least by 3%.

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

Following solid performance in all of business segments during H1 2021, we reiterate full-year Adjusted EBITDA guidance of EUR 300-310 million published in our Annual report 2020.

[1] *In case the parent company, based on the decision of Extraordinary General Meeting of Shareholders held on 29 July 2021, would acquire its own shares by the end of the rights accounting day, i.e. by the end of 11 October 2021 (dividend record date), dividend per share may proportionally adjust depending on the number of shares acquired by the parent company but would not exceed the maximum level of EUR 0.599 per share (calculated on the basis of maximum number of shares which the parent company is eligible to acquire). Despite that, the total amount of dividends or EUR 43.75 million would remain the same.*

Capital markets

In H1 2021, we initiated commissioned-based research by Enlight Research. The reports about the Group contain insights on the Group's results, market environment, detailed estimates and valuation and is available for all market participants. Additionally, after the reporting period, we continued to grow our sell-side analyst roster, as WOOD & Company initiated coverage of the Group, confirming a Buy rating as well. Currently, we are covered by 7 research analysts, which signifies growing market's interest in the Group and confirms our standing in the capital markets.

In recognition of the Group's contribution to the Baltic capital markets, the parent company's share was added to OMX Baltic 10 Index, which measures the performance of the most traded securities listed on the Nasdaq Baltic Exchanges. Since the IPO, the Group has been the largest and most traded publicly listed company in the Baltic markets.

Strategy delivery

Since Q1 2021, we increased both – Green Generation installed and it's pipeline capacity. In line with our guidance, we launched commercial activities of Vilnius CHP's waste-to-energy unit (19 MWe, 60 MWth) at the end of March 2021.

In addition, we entered Latvian renewable market by signing conditional agreements for an acquisition of 3 early stage wind farm development projects in Latvia of a total capacity around 160 MW. Its preliminary investments amount to EUR 200 million and acquisition price does not exceed 10% of it. Additionally, we expect the constructions to launch around 2024-2025 followed by COD around 2025-2027. Latvian onshore WF portfolio I will contribute both to building our credentials in the neighboring country as well as achieving the target of 4 GW of Green Generation installed capacity by 2030 set out in our Strategy.

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

Despite completing construction works of our first wind farm in Poland, Pomerania WF (94 MW), which already generated first electricity in May 2021, we face around 6-month COD delay (from around Q1 to Q3 2021). It is mainly COVID-19 related due to Polish grid operator being granted the right to postpone execution of various works for 12 months, resulting in the wind farms' grid connection delay. Also the delay is partly affected by commissioning faults in high voltage export line, which is usual risk for such development projects. Despite that, worth noting, this delay is relatively minor, considering the challenging environment we have been operating in over the last year. Over the estimated 30 years of the asset's lifetime, we expect it to generate around EUR 440 million of Adjusted EBITDA.

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

Despite these changes, we remain confident of reaching Green Generation capacity between 1.8 and 2.0 GW in 2024 and continuing working to ensure that. Consistently with the Group's strategy, we initiated consolidation of the Group's renewable energy assets. This will allow to ensure a more competitive, flexible and effective implementation of Green Generation projects, strengthen the financial capacity of Ignitis Renewables, as well as grow and broaden the competences of the area.

Turning to the Networks segment, in H1 2021 we concluded an agreement with infrastructure supplier for approximately 1.2 million of smart meters. After setting a framework to implement the roll-out at the most efficient way in order to comply with all high level requirements (including cybersecurity related), a project was replanned pushing the end date to 2025 (from 2023). On the other hand, we continued the Networks expansion by connecting new customers and installing upgrades as well as maintained the grid mostly by replacing the overhead lines to underground cables.

Sustainability

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

That being said, in H1 2021, we presented our GRI-aligned comprehensive Sustainability Report for 2020, thereby joining the ranks of leading companies who use this globally recognised sustainability reporting standard. We continue to refine our disclosures to provide a wide set of stakeholders a clear view of our performance and progress.

In Q2 2021, we also submitted our GHG management plan and targets to the Science-based Targets initiative to assure independently that our interim reduction targets are in line with the pathway towards net zero emissions by 2050. Additionally, after the reporting period, we submitted for the first time the CDP climate change questionnaire, which will serve as additional comprehensive disclosure of our environmental performance as well as of the alignment of our strategy and risk management with climate-related issues.

Furthermore, we finished a comprehensive stakeholder engagement exercise across the Group involving over 40 different stakeholder groups and nearly 3 000 respondents. We are working with the gathered feedback in order to shape our sustainability priorities and will share the results later this year.

And finally, as a result of our efforts to move towards ESG excellence, we are now ranked as a leader among global industry peers rated by MSCI, with an ESG rating of 'AA' (on a scale of 'CCC-'AAA'), which was upgraded from 'A' in July 2021. This upgrade is in large part due to the recognition of the Group's continuous commitment to reducing carbon dioxide emissions to combat climate change, expanding renewable energy portfolio, and strengthening key social and governance practices.

Looking ahead

While H1 2021 results put as on a solid footing in reaching our full-year guidance, we are closely monitoring upcoming developments that have significant implications for the Group's performance. While working on Green Generation installed capacity additions we continue following our disciplined investment criteria. On the other hand, regulatory developments, especially for Networks electricity business for which new regulatory period is due to start in 2022, are of considerable importance. The regulator (NERC) is currently in the final stages of setting the regulatory framework which will remove uncertainty for the upcoming years. Despite the outcome, we will continue delivering accretive growth both for our shareholders and the society as a whole.

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

1.2 Business highlights

February

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

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

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

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

Strategy:
Published the 2021-2024 Strategic Plan.

March

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

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

Sustainability:
Sustainable Brand Index™ ranked Ignitis brand 1st in energy category and a 15th in the general ranking.

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

Governance:
Updated Remuneration Policy.

Green Generation:
Vilnius CHP, waste-to-energy unit (19 MWe, 60 MWth) started its commercial activities.

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

April

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

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

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

May

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

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

Governance:
A part of Ignitis Gamyba minority shares have been transferred to the parent company.

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

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

June

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

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

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

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

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

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

After the reporting period

July

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

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

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

August

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

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

Governance:
Received a letter from the Majority Shareholder regarding the status of selection process of candidates to the parent company's Supervisory Board. New Supervisory Board is expected to be fully appointed by the end of October 2021.

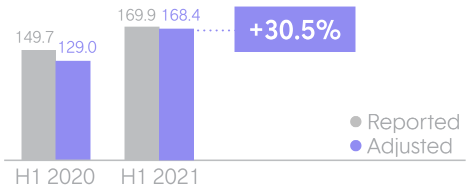
Customerts & Solutions:
Implemented costs reducing driven change by agreeing the terms of contract with Equinor amendment for LNG cargoes supply saving EUR ~14-17 million for Lithuanian gas consumers during 2022-2024. This amendment is not expected to result in higher earnings for the company but significantly mitigates the risk of losses communicated previously in relation to the potential regulatory changes.

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

1.3 Performance highlights

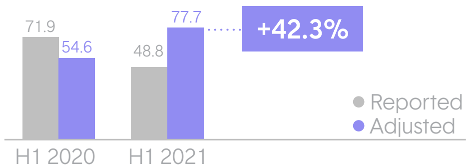
Financial[1]

EBITDA, Adjusted EBITDA APM
EURm



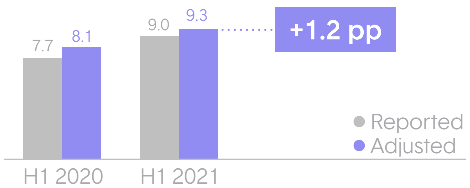
Adjusted EBITDA increased in all segments, but mostly in Green Generation. An increase in Green Generation was driven by Vilnius CHP WtE unit, Kaunas CHP (due to launches) and Kaunas HPP (due to higher electricity prices), Customers & Solutions increased due to favourable changes in gas market prices,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

Net profit, Adjusted net profit APM
EURm



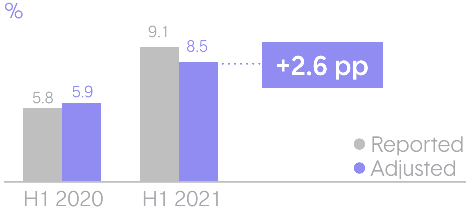
Adjusted net profit increased by 42.3% driven by growth in Adjusted EBITDA, which was partly offset by higher income tax expenses. Reported Net profit decreased mostly due to lower temporary regulatory differences and one-off financial activity adjustments.

ROE LTM, Adjusted ROE LTM APM
%



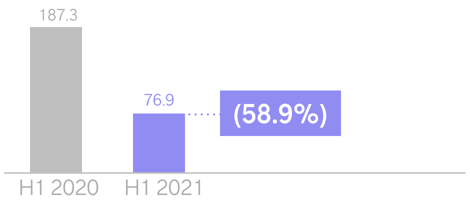
Adjusted ROE LTM increased to 9.3%. An effect of increased Adjusted net profit LTM was partly offset by increase of capital during the IPO in Q3 2020.

ROCE LTM, Adjusted ROCE LTM APM
%



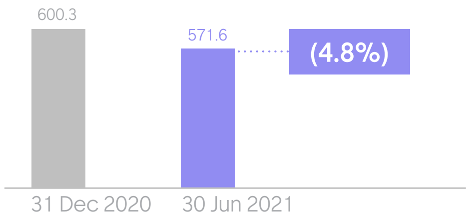
Adjusted ROCE LTM increased to 8.5% mostly due to increased Adjusted EBIT LTM, which was mostly influenced by the same effects as Adjusted EBITDA.

Investments APM
EURm



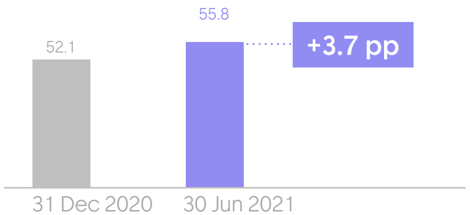
Investments decreased mainly due to lower investments in Vilnius CHP due to rescheduled investment timeline, Kaunas CHP as it was launched in August 2020, Pomerania WF as it is approaching COD. The decrease was partly offset by higher investments in the Networks segment.

Net debt APM
EURm



Net debt decreased by 4.8% mainly due to higher EBITDA.

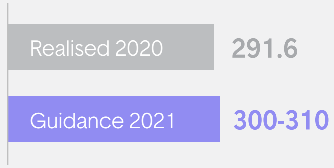
FFO LTM/Net debt APM
%



FFO LTM/Net debt improved from 52.1% to 55.8%, as FFO LTM increased due to higher EBITDA while Net Debt decreased.

Outlook for 2021

Adjusted EBITDA APM
EURm

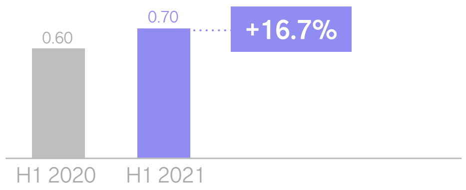


In the outlook announced with Annual report 2020, we expected adjusted EBITDA to be in the range of EUR 300–310 million for 2021. Solid financial performance in H1 2021 affirms our expectations and we maintain our full year guidance at the same level mainly supported by the growth in Green Generation segment.

[1] *In case of a change of calculation of APM in H1 2021, measures of H1 2020 were recalculated as to calculation of H1 2021. Calculations of Net working capital and FCF were changed from Q1 2021.*
APM *Alternative Performance Measure - Adjusted figures used in this report refer to measures used for internal performance management. As such, they are not defined or specified under International Financial Reporting Standards (IFRS), nor do they comply with IFRS requirements. Definitions of alternative performance measures can be found on the Group's website (link).*

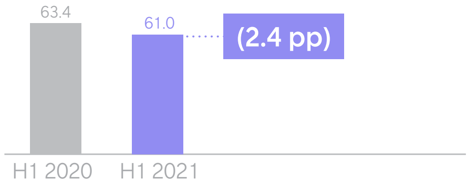
Environment

Green electricity generated
TWh



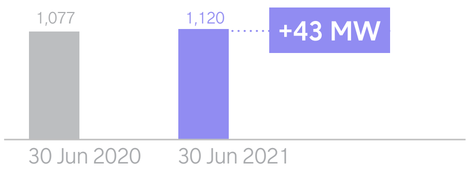
Increase in green electricity generated by 16.7% was mainly driven by higher generation at Kaunas CHP and Vilnius CHP (which commenced commercial operations in 2020/2021) as well as increased generation at Kaunas HPP due to higher levels of water in the Nemunas river and higher availability factor. This was partly offset by lower generation from wind due to unfavourable weather conditions.

Green share of generation
%



Green share of generation decreased by 2.4 pp as a result of an increase of electricity generated from CCGT, caused by higher clean spark spread.

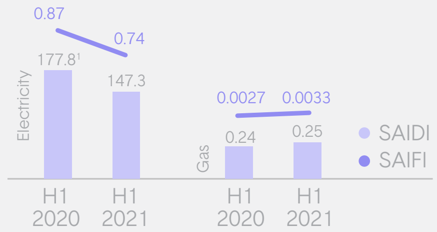
Green Generation installed capacity
MW



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

Operational efficiency

Network quality
SAIDI, min/ SAIFI, units

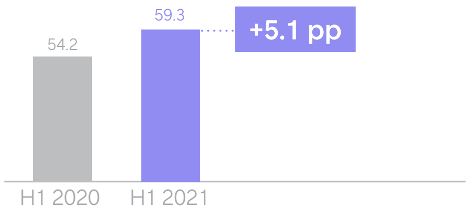


Electricity quality indicators in H1 2021 were affected by the extreme conditions caused by wet snow cover (end of January, 2021) and local storms (during May-June, 2021), but not so strongly as storm Laura in Q1 2020. Gas supply quality decreased due to a significant number of disconnections of low-capacity gas regulators caused by the extreme temperature (which dropped below minus 20°C).

[1] In H1 2020 electricity SAIDI actual results were corrected (previously 179.2) due to the updated meteorological data about storm Laura.

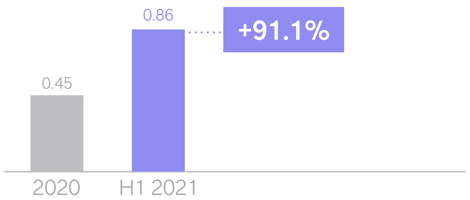
Social

Employee satisfaction
eNPS, % (1-100)



Employee satisfaction improved during H1 2021 as indicated by an increase in eNPS of 5.1 pp. to 59.3%.

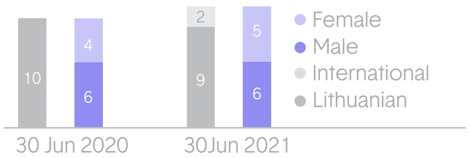
Safety
TRIR, times



During H1 2021, total recordable employee injury rate (TRIR) equated to 0.86 times for million hours worked and worsened by 1.9 times compared to 2020, which was an outlier largely as a result of the mobility restrictions imposed by the Covid-19 pandemic. It can be marked that ratio improved comparing with Q1 2021 (was 1.13 times for million hours worked).

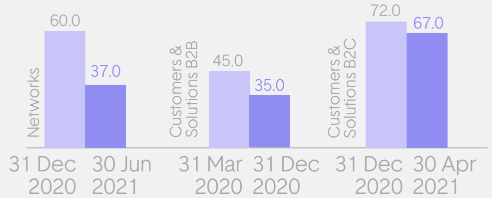
Governance

Supervisory and Management Boards
Nationality and gender diversity



As of 30 June 2021, Supervisory and Management Boards had 45% female and 18% international members. In November 2020 two new international members joined the Supervisory Board (one female and one male) resulting in an improvement of diversity in the main governing bodies. On 25 June 2021 Dominykas Tučkus left Management Board which resulted in an increase of proportion of female members.

Customer experience
NPS, %



In Q2 2021, NPS decreased by 23.0 pp in Networks segment compared with the end of previous year. It was mainly under the influence of higher number of disruptions (due to unfavorable weather conditions), higher prices of new connections and electricity market deregulation. Relationship NPS' in Customers & Solutions segment are being measured only two times a year for B2C and one time for B2B segment.

1.4 Outlook

Adjusted EBITDA guidance

In the outlook announced with Annual report 2020, we expected Adjusted EBITDA to be in the range of EUR 300–310 million for 2021 representing 3-6% growth compared to 2020 actual result. Following solid performance in all business segments during H1 2021, we reiterate our full-year guidance at the same level mainly supported by the growth in Green Generation segment due to the full-year result of Kaunas CHP which was launched last year, the start of commercial activities of Vilnius CHP's WtE unit, and Pomerania WF.

Our directional Adjusted EBITDA guidance for business segments remains unchanged. In Green Generation segment, Pomerania's WF COD delay of around 6-month (from around Q1 to Q3 2021) is offset by better than expected results of Kruonis PSHP due to more favorable spread between day and night electricity market prices.

Adjusted EBITDA outlook for 2021[1]

EURm

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

[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 2021 relative to the actual results for 2020. Double higher indicates the accelerated growth compared to other segments.

Forward-looking statements

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

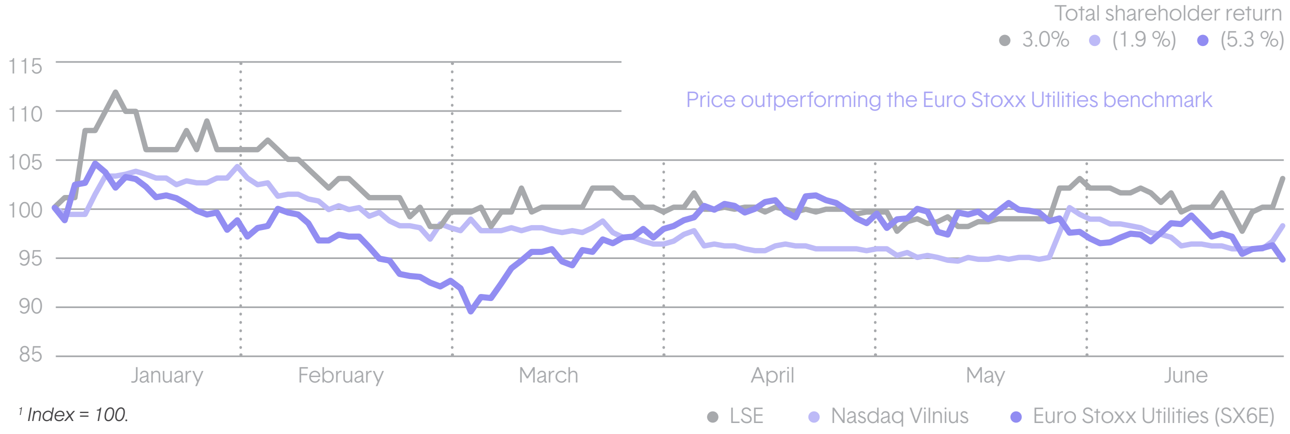
1.5 Shareholder and bondholder information

Overview

We continued to be the most liquid publicly traded company in Nasdaq Vilnius. In H1 2021, our total turnover of EUR 132.9 million was approximately 1.5 times the size than the rest of Nasdaq Vilnius (EUR 94.2 million) turnover. In comparison, H1 2020 Nasdaq Vilnius turnover was EUR 87.9 million, resulting in a 91.4% growth in H1 2021, driven by the Ignitis Group IPO.

Currently, the Group is covered by 7 research analysts. That said, in H1 2021, two new research analysts initiated coverage. Specifically, in April 2021 we initiated a commissioned-based research by Enlight Research to ensure the access to high quality analysis of the Group to all investors at no cost. Further, in July 2021, WOOD & Company initiated coverage of the Group, confirming a 'Buy' rating as well. All analysts' recommendations are available on our website.

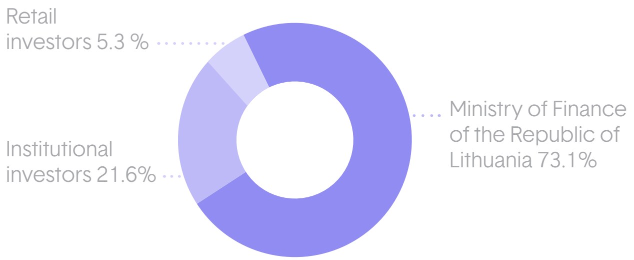
Price development[1] in H1 2021



[1] *Index = 100.*

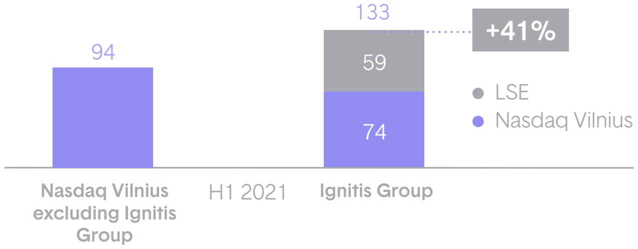
Shareholder structure

At the end of the reporting period, there are no other shareholders owning more than 5% of the parent company's shares.



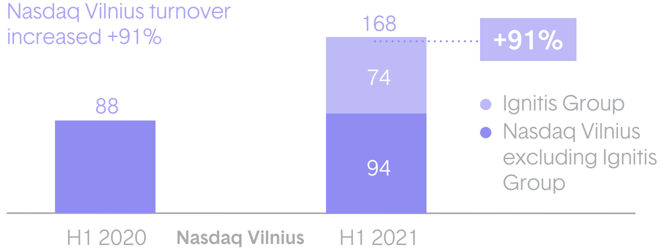
Turnover in H1 2021

Ignitis Group total turnover ~ 1.5 times the size of Nasdaq Vilnius



Nasdaq Vilnius turnover change

Post Ignitis Group IPO, Nasdaq Vilnius turnover increased +91%



General shareholders' meetings and dividends

In Q1 2021, the Annual General Meeting of Shareholders has been held, during which a dividend of EUR 0.579 per share, corresponding to EUR 43.0 million, has been confirmed. In line with our Dividend Policy, we paid EUR 85 million of dividends for the year 2020 and subject to approval at Extraordinary General Meeting of Shareholders, we intend to pay EUR 43.75 million in dividends (or dividend per share in the range of EUR 0.589 – 0.599) for the first half of 2021.

In case the parent company, based on the decision of Extraordinary General Meeting of Shareholders held on 29 July 2021, would acquire its own shares by the end of the rights accounting day, i.e. by the end of 11 October 2021 (dividend record date), dividend per share may proportionally adjust depending on the number of shares acquired by the parent company but would not exceed the maximum level of EUR 0.599 per share (calculated on the basis of maximum number of shares which the parent company is eligible to acquire). Despite that, the total amount of dividends or EUR 43.75 million would remain the same.

Further relevant information, including all decisions made during the other general meetings of shareholders is available in 'Governance' section of this report and on our website.

Credit rating

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

Share trading information in H1 2021

	LSE	Nasdaq Vilnius	Combined
Period high[1], EUR	22.40	22.05	22.40
Period low[1], EUR	19.50	19.96	19.50
Period VWAP[2], EUR	20.33	20.57	20.45
Period end[1], EUR	20.60	20.75	-
Average daily turnover, EURm	0.5	0.6	1.1
Market capitalisation, period end, EURbn	1.5		

Share information

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

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

Financial calendar 2021

30 September	Preliminary financial results for 8 months of 2021
28 October	Preliminary financial results for 9 months of 2021
30 November	Interim report for the first nine months of 2021 Preliminary financial results for 10 months of 2021
30 December	Preliminary financial results for 11 months of 2021

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

Business overview

2.1 Business profile

Creating an Energy Smart world

Core businesses

Networks

Resilient and efficient energy distribution enabling the energy transition.

Activities

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

Revenue model

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

CO_2 neutral strategy support

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

Network size and distribution volume[1]

	Size	Volume
Electricity	126,449 km[2]	5.15 TWh
Gas	9,750 km	4.73 TWh

Green Generation

Focused, sustainable, and profitable growth.

Activities

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

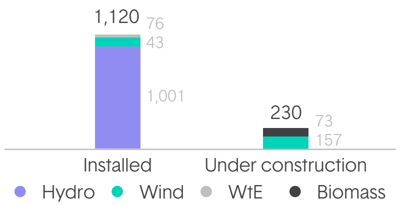
Revenue model

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

CO_2 neutral strategy support

Through development of zero carbon electricity generating assets.

Electricity capacity, MW[1]



0.70 TWh

Electricity generated

Complementary businesses

Flexible Generation

Reliable and flexible power system.

Activities

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

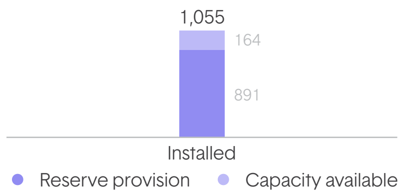
Revenue model

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

CO_2 neutral strategy support

Enabling the system to integrate more renewable energy capacities.

Electricity capacity, MW[1]



0.45 TWh

Electricity generated

Customers & Solutions

Innovative solutions for easier life and energy evolution.

Activities

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

Revenue model

Regulated tariffs and commercial contracts.

CO_2 neutral strategy support

Enabling renewable energy build-out through provision of PPAs.

Electricity and gas retail sales, TWh[1]

	B2C	B2B
Electricity Total retail sales 3.26 TWh	1.49 TWh	1.77 TWh
Gas Total retail sales 4.93 TWh	1.65 TWh	3.29 TWh

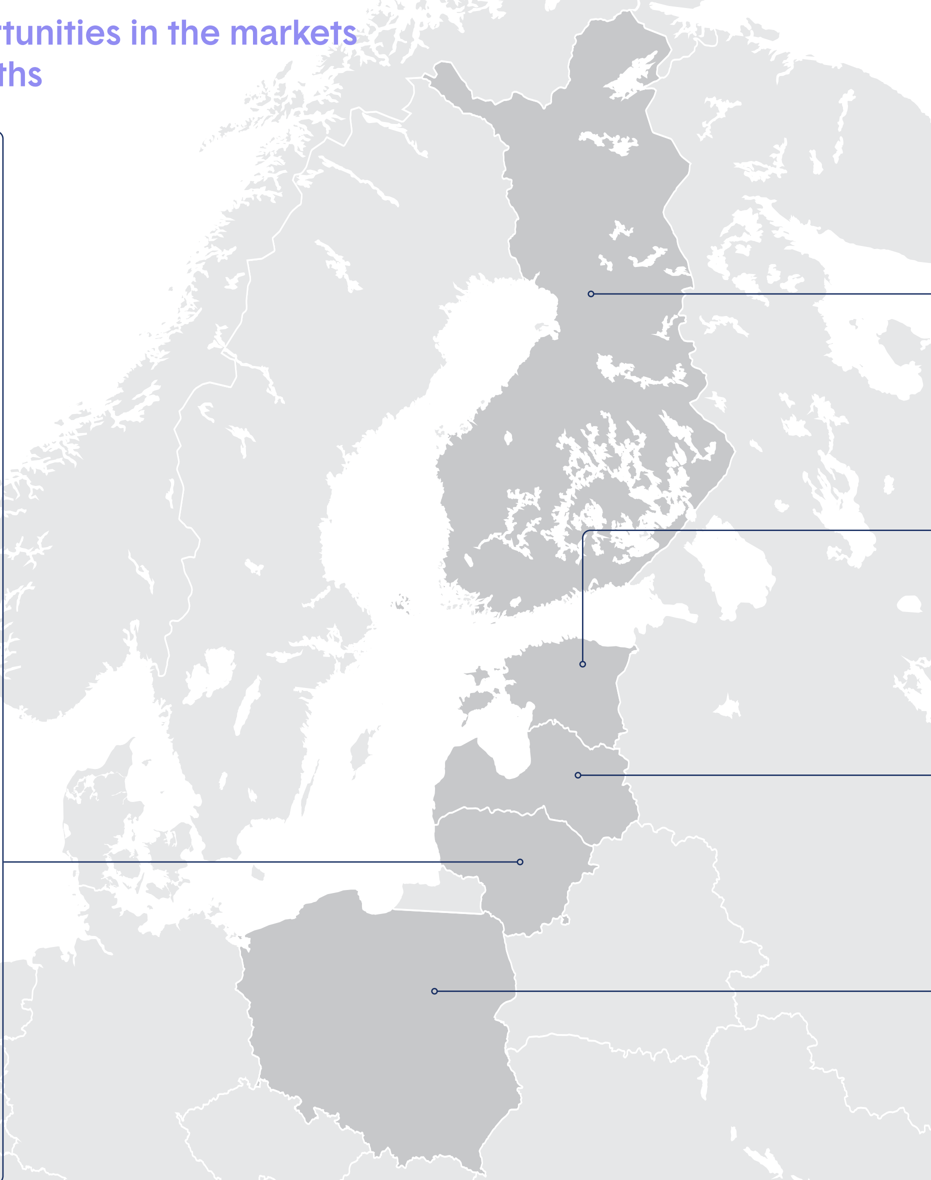
8.20 TWh

Retail sales

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

2.2 Market presence

Regional leader exploring opportunities in the markets undergoing energy transition paths



LITHUANIA

Networks

- Country-wide electricity and gas distribution

Green Generation:

OPERATIONAL
- Kruonis PSHP (900 MW)
- Kaunas HPP (100.8 MW)
- Three onshore WFs (58 MW in total)
- Kaunas CHP (24 MWe, 70 MWth)
- Vilnius CHP's WtE unit (19 MWe, 60 MWth)
- Biomass boiler in Elektrėnai (40 MWth)

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

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

Flexible generation

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

Customers & Solutions

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

FINLAND

Customers & Solutions

- B2B supply of gas

ESTONIA

Green Generation:

OPERATIONAL
- Onshore wind farm (18 MW)

Customers & Solutions

- B2B supply of electricity

LATVIA

Green Generation

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

Customers & Solutions

- B2B supply of electricity and gas

POLAND

Green Generation

APPROACHING COD
- Pomerania WF (94 MW)

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

Customers & Solutions

- B2B supply of electricity

2.3 Strategy

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

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

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

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

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

Our values

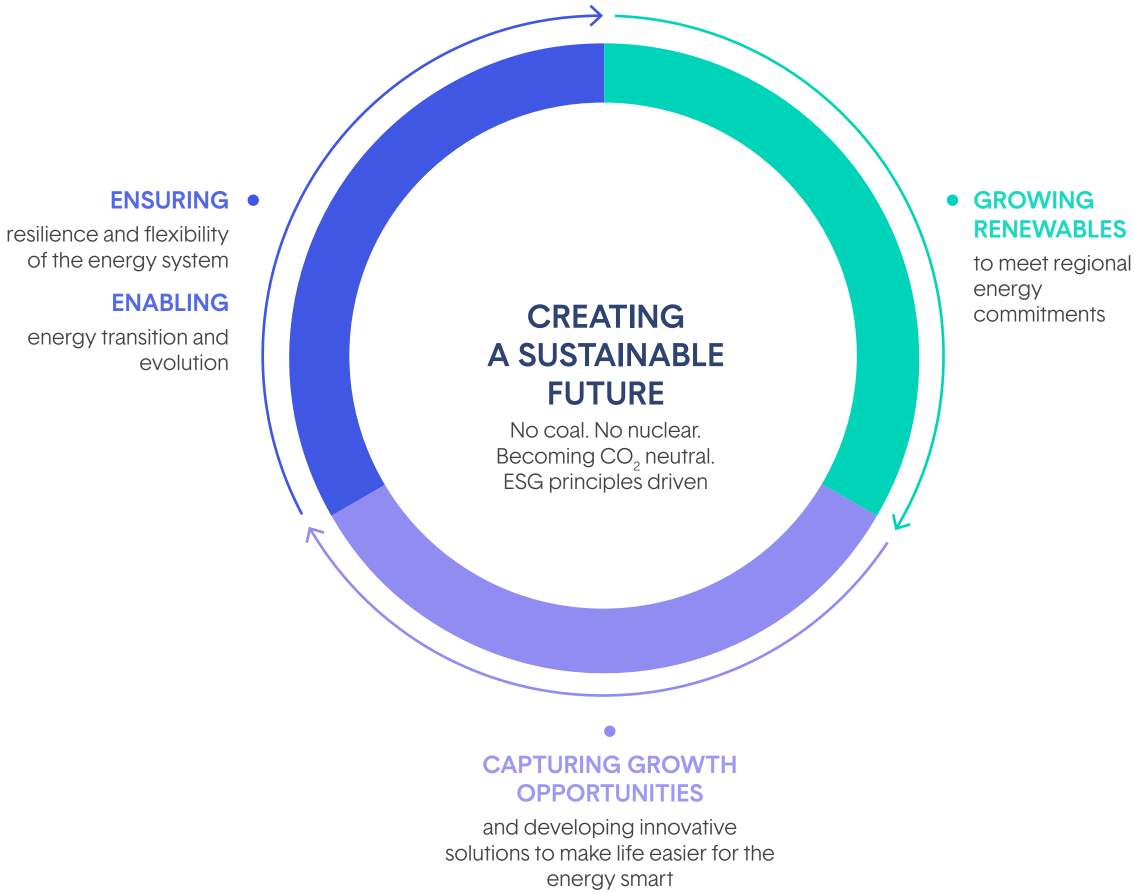
RESPONSIBILITY
Care. Do. For Earth. Starting with myself.

PARTNERSHIPS
Diverse. Strong. Together.

OPENNESS
See. Understand. Share. Open to the world.

GROWTH
Curious. Bold. Everyday.

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



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

Strategic directions in depth

Networks

Resilient and efficient energy distribution enabling the energy transition.

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

Green Generation

Focused, sustainable, and profitable growth.

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

Flexible Generation

Reliable and flexible power system.

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

Customers & Solutions

Innovative solutions for easier life and energy evolution.

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

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

Creating an **Energy Smart** world

Update on key ongoing and planned investments

As confirmed in the Strategic Plan 2021-2024, we plan to invest between EUR 1.7 to 2.0 billion, out of which 45 to 50% will be directed to Green Generation development, followed by 45 to 50% of the investments to Networks. Funds directed to Green Generation should expand our renewables' portfolio to between 1.8 and 2.0 GW, compared to 1.1 GW operational capacity at the end of H1 2021. Regarding investment in Networks, it should contribute to the grid maintenance by increasing its security and reliability, development of new customer connections and upgrades, and digitisation of the Lithuanian energy sector with the smart electricity metering programme.

Key ongoing and planned Green Generation investments

Since Q1 2021, our Green Generation pipeline increased by around 160 MW as a result of signing conditional agreements for an acquisition of 3 early stage wind farm development projects in Latvia. All remaining projects are fully on track with exceptions for Pomerania WF (94MW) and Polish solar portfolio I (up to 170MW). In Pomerania WF, due to COVID-19 and other typical development project risks, we experiencing around 6-month COD delay (from around Q1 to Q3 2021). In Polish solar portfolio I, we initiated agreement renegotiations with the developer (Sun Investment Group), as no projects were awarded CfD tariff in the last two auctions.

Under construction

Pomerania WF

- **Technology:** onshore wind
- **Capacity:** 92 MW
- **Expected COD:** around Q3 2021
- **Investment:** ~ EUR 130 million
- **Subsidy scheme:** 15-year indexed CfD at ~51 EUR/MWh[1]
- **Ownership:** 100%
- **Progress:** ●
- **Comment:**
  - First power produced in May 2021 and currently project is approaching COD (all wind turbines are currently commissioned)
  - Around 6-month COD delay (from around Q1 to Q3 2021). The delay is mainly COVID-19 related due to Polish grid operator being granted the right to postpone execution of various works for 12 months, resulting in Pomerania WF grid connection delay and partly as a result of commissioning faults in high voltage export line, which is usual risk for development projects
  - Risk assessment of scope of preventive reparation in high voltage export line is ongoing. The risk may potentially result in around 1-2 months repair

Vilnius CHP (biomass unit)

- **Technology:** biomass
- **Capacity:** 73 MWe, 169 MWth
- **Expected COD:** Q4 2022
- **Investment:** ~ EUR 210 million
- **Subsidy scheme:** ~ EUR 140 million EU CAPEX grant[2]
- **Ownership:** 100% (49% to be divested post COD according to EU CAPEX grant rules)
- **Progress:** ●
- **Comment:**
  - Completed construction of ~75%
  - Run public procurement procedures for the remaining construction works

Mažeikiai WF

- **Technology:** onshore wind
- **Capacity:** 63 MW
- **Expected COD:** 2023
- **Investment:** ~ EUR 80–85 million
- **Subsidy scheme:** Merchant
- **Ownership:** 100%
- **Progress:** ●
- **Comment:**
  - Executed preparatory construction works
  - Undergoing foundation, transformer station construction works

[1] 214.97 PLN/MWh, applying inflation index of 1.07 and 0.2212 EUR/PLN rate as of 30 June 2021.
[2] Total CAPEX grant for Vilnius CHP (i.e. waste-to-energy (operational since Q1 2021) and biomass units).

Under development

Polish solar portfolio I

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

Moray West offshore wind project

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

Latvian onshore wind portfolio I

- **Technology:** onshore wind
- **Capacity:** around 160 MW
- **Expected COD:** 2025-2027
- **Investment:** ~ EUR 200 million
- **Subsidy scheme:** merchant
- **Ownership:** 100%[5]
- **Progress:** ●
- **Comment:**
  - Conditional agreements for an acquisition of 3 early stage wind farm development projects in Latvia signed
  - Construction works is expected to launch around 2024-2025 with expected COD around 2025-2027
  - Total expected investments amount up to EUR 200 million with acquisition price of the portfolio being less than 10% of it

[3] As of 31 December 2020, ~ EUR 2.4 million has been paid to the developer for the projects disclosed in Ignitis Renewables audited financial statements under Note 10 ,Other financial assets').
[4] After winning auctions and completion of each project.
[5] After construction permits are granted.

● On track ● Time delay and / or budget deviation

Preparatory works

Lithuanian offshore WF I

- **Technology:** offshore wind
- **Capacity:** 700 MW
- **Expected COD:** 2028
- **Investment:** not disclosed
- **Subsidy scheme:** 15-year indexed CfD (expected)
- **Ownership:** 51% (partnership with Ocean Winds)
- **Progress:** ●
- **Comment:**
  - Energy Agency and Ministry of Energy of the Republic of Lithuania started offshore territory planning process
  - Continued consultations with the Government on legislation changes, grid connection model and CfD support scheme
  - By the end of 2021, an approval of support scheme and tender design by the Parliament is expected

Kruonis PSHP expansion

- **Technology:** hydro
- **Capacity:** 110 MW
- **Expected COD:** 2025[6]
- **Investment:** not disclosed
- **Subsidy scheme:** NA
- **Ownership:** 100%
- **Progress:** ●
- **Comment:**
  - Evaluation and public procurement procedures for preparatory expansion works
  - By the end of 2021, a decision on FID is expected

[6] *Tentative schedule is targeted to be aligned with Lithuanian synchronization to European continental networks project.*

Key ongoing and planned Networks investments

While there have been no changes in the implementation of Networks maintenance works, a smart meter roll-out has been replanned pushing the project's end date for further 2 years or from 2023 to 2025. This is mainly due to the project to comply with high level cybersecurity requirements.

Maintenance

- **Status:** ongoing
- **Investments 2020-2029 (10-year investment plan):** ~up to EUR 1 billion
- **Investments 2021-2024 (Strategic plan):** EUR 395–440 million
- **Subsidy scheme:** partially covered by EU funds (on a project by project basis)
- **Ownership:** 100%
- **Progress:** ●
- **Comment:**
  - Reconstructed over 250 km of electricity lines
  - Continuation of the most affected lines reconstruction

Expansion
New customer connections and upgrades

- **Status:** ongoing
- **Investments 2020-2029 (10-year investment plan):** ~up to EUR 700 million
- **Investments 2021-2024 (Strategic plan):** EUR 280–315 million
- **Subsidy scheme:** partially covered by customers' fees
- **Ownership:** 100%
- **Progress:** ●
- **Comment:**
  - Connected over 25 000 new customers which resulted in around 400 km of new electricity lines
  - Continuation of the new customer connections and line upgrades

Expansion
Smart meter roll-out

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

TOTAL

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

● On track ● Time delay and / or budget deviation

2.4 Business environment

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

Macroeconomic environment

GDP change

Lower levels of new COVID-19 infections and hospitalisations, due to a massive vaccination in the European Union, has led many European economies to reopen in Q2 2021. As a result, based on Eurostat preliminary estimates, EU GDP contraction in Q1 2021 has reversed and pushed the H1 2021 GDP growth to 5.5%, compared to the same quarter last year. Albeit uncertainties around new COVID-19 variations persist, milder than expected Q1 2021 data coupled with upbeat survey results from businesses and consumers have led European Commission to revise their 2021 and 2021 GDP growth projections upwards, as indicated in its Summer 2021 Economic Forecast. Specifically, EU GDP is expected to grow at 4.8% and 4.5% in 2021 and 2022 respectively.

Turning to Lithuania, softer COVID-19 restrictions have stimulated national consumption, which pushed the GDP growth in H1 2021 to 4.8% compared to the same period last year. Assuming the current situation persists, it's economy is expected to grow by 3.8% in 2021 and by 3.9% in 2022.

GDP change, %

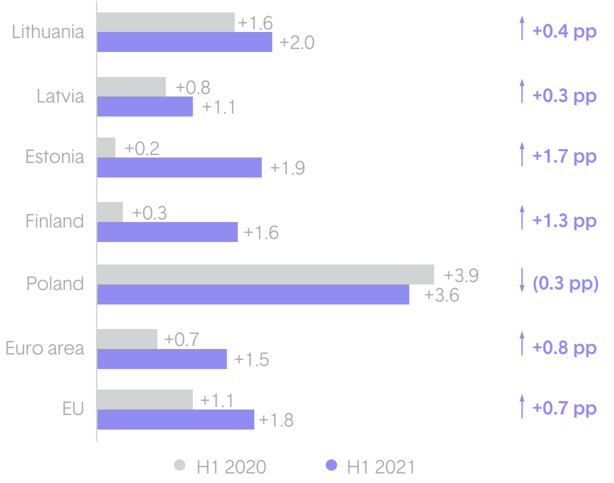
	H1 2021 vs H1 2020	2021F	2022F
Lithuania	+4.8	3.8	3.9
Latvia	+4.0	3.8	6.0
Estonia	-[1]	4.9	3.8
Finland	+2.7	2.7	2.9
Poland	+4.5	4.8	5.2
Euro area	**+5.7**	**4.8**	**4.5**
EU	**+5.5**	**4.8**	**4.5**

[1] *No data is available.*

CPI change

Driven by European Central Bank's loose monetary policy, recovery in consumption as COVID-19 restrictions relaxed, as well as rebounding oil price, inflation in home markets and across the European Union increased in H1 2021, compared to H1 2020. As per OECD data, excluding Poland, where CPI grew relatively slower, CPI in H1 2021 grew at by1.6-2.0% in home markets and 1.8% in the EU, compared to 0.2-1.6% growth in H1 2020. That said, H1 2021 CPI growth in Poland was marginally lower compared to H1 2020 (3.6% vs 3.9%), albeit Q2 2021 number was significantly higher compared to Q2 2020, largely as a result of reopening economy and central bank's dovish stance.

CPI annual growth rate, %



COVID-19

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

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

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

Industry environment

Wholesale electricity market

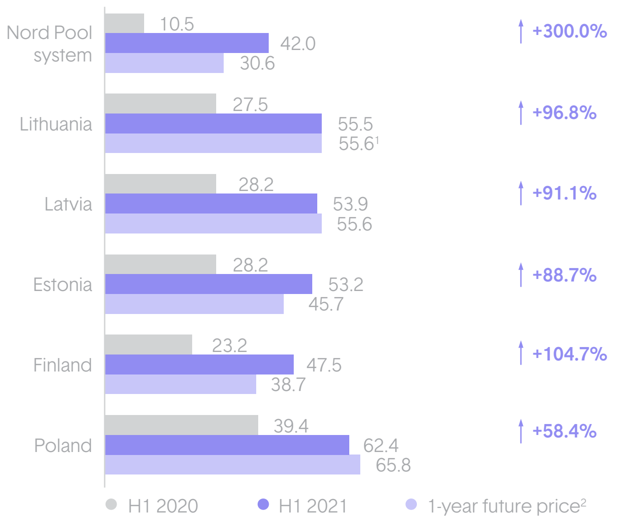
Lithuania is a part of Nord Pool, which is a leading power market in Europe offering trading, clearing, settlement and associated services in both day-ahead and intraday markets.

Nord Pool countries

During Q2 2021, prices remained at elevated levels in all the bidding areas of the Nord Pool power exchange compared to Q2 2020, which translated to significantly higher prices in H1 2021 compared to H1 2020. To that point, H1 2021 prices were mainly driven by hydro balance going from surplus (in 2020) into deficit (in 2021) compared to averages, rising overall fuel and EUA prices. During the reporting period, the latter increased by 76.0% (from 22.1 EUR/t to 38.8 EUR/t) compared to H1 2020. New connection (Norway-Germany with a capacity of 1.4 GW) also added to price increase in the whole region since prices in Central Europe were higher than in Scandinavia. Further, hydro production in Scandinavia was still above normal levels (by 13.8 TWh), which resulted in price divergence, as Central Europe's prices were higher during peak hours compared to Scandinavia. Additionally, decreased wind generation levels by 27.6% (from 33.05 TWh to 23.93 TWh) allowed to keep prices at elevated levels. Finally, recovery of industrial production led to increase of electricity consumption in Scandinavia and Baltics by 6.3% (from 209.1 TWh to 222.2 TWh), which also pushed power prices upwards compared to the same period last year.

The average system price was 300.0% higher in H1 2021, compared to the same period the last year, with the largest increase of 104.7% within our home markets captured in Finland. Similarly, in Lithuania power prices increased by 96.8% reaching 55.5 EUR/MWh. The growth as well as the price level in Latvia and Estonia were almost the same (in Latvia and Estonia, prices increased by 88.7-91.1% to 53.9 EUR/MWh and 53.2 EUR/MWh respectively). The smallest electricity price change was captured in the Polish Power Exchange – prices there increased by 58.4% and were driven by post-lockdown recovery and higher EUA prices. Turning to 1-year future prices, system prices in Nordics

Average hourly electricity spot price change in H1 2021 compared to H1 2020, EUR/MWh



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

as well as electricity prices in Baltics were driven up mainly by further shrinking hydro balance and rising gas and EUAs prices in the market.

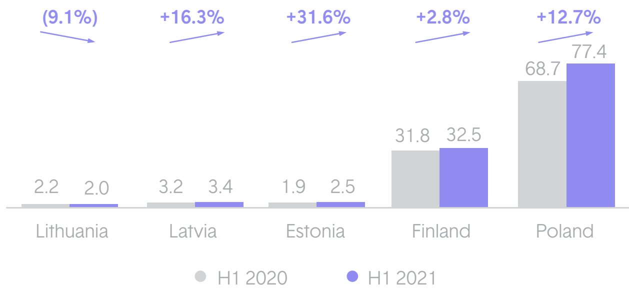
In H1 2021, Lithuania produced 9.1% (or 0.23 TWh) less electricity compared to H1 2020 mainly due to lower wind energy production levels (deteriorated by 32.5% or 0.27 TWh), driven by lower load factors as a result of unfavourable weather conditions. On the contrary, Estonia produced 31.6% (or 0.57 TWh) more electricity due to the higher production levels of oil shale power plants (increased by 99.1% or 1.30 TWh), while Poland produced 12.7% (8.71 TWh) more electricity compared to H1 2020. Finally, the electricity generation level in Latvia increased by 6.3% (or 0.23 TWh) due to the higher production levels of gas power plants (increased by 29.5% or 0.21 TWh) driven by increased electricity price. Similarly, in H1 2021, Finland produced 2.8% (0.95 TWh) more electricity compared to H1 2020.

As a result, Lithuania, Latvia and Estonia remained deficit countries, respectively producing around 36.6% (1.03 TWh), 89.9% (or 1.53 TWh) and 61.6% (or 1.10 TWh) of the countries' demand. Based on ENTSO-e data, Finland and Poland also remained deficit countries, producing around approx. 74.0% (13.99 TWh) and 90.5% (37.22 TWh) of total country's demand respectively.

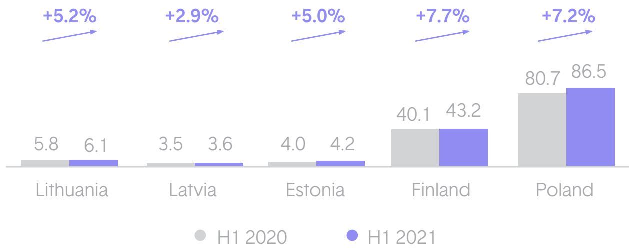
In addition, further material changes in commercial flows within home markets have been captured during H1 2021, mainly related to planned and unplanned repairs in the electricity transmission network and unavailability of cross-border electricity connections in the region in Q2 2021. During the reporting period, commercial import from third countries to Lithuania decreased approximately by half compared to Q2 2020 (by 43.9% or 0.28 TWh), mainly due to the ban of import from Belarus as a result of the law forbidding imports from third countries that operate unsafe nuclear power plants, which was partly offset by imports from Poland, Latvia and Sweden. Import from Scandinavia to Lithuania decreased by 51.0% (or 0.61 TWh), whereas export to Scandinavia increased by 3127.3% (0.08 TWh) due to higher prices in Sweden. Due to high local power generation, import from Latvia decreased by 14.5% (or 0.10 TWh), while export to Latvia decreased 50.3% (or 0.17 TWh). Import from Poland decreased by 86.9% (or 0.16 TWh), while export to Poland decreased by 84.4% (or 0.37 TWh). Again, changes in flows were mainly due to repairs in LiTPol Link connection.

No material changes regarding the electricity consumption in our home markets have been captured in H1 2021. That said, consumption levels grew slightly across all home markets compared to H1 2020, mostly driven by the ease of COVID-19 restrictions.

Electricity generation change in H1 2021 compared to H1 2020, TWh



Electricity consumption change in H1 2021 compared to H1 2020, TWh



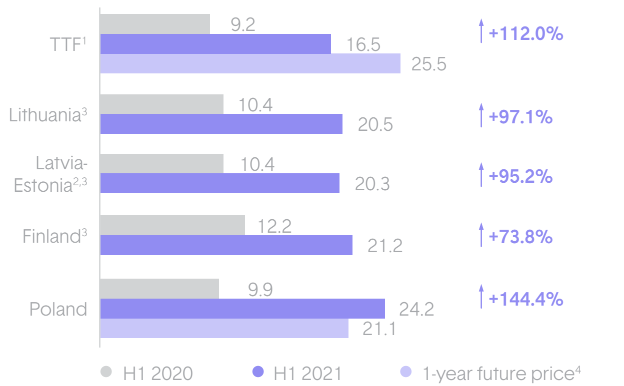
Wholesale natural gas market

Natural gas market during H1 2021 was volatile, with prices in all home markets more than doubling in Q2 2021, compared to Q2 2020. That said, a number of events were driving the market. At the beginning of the year, both Europe and Asia experienced below average winter temperatures, which boosted natural gas demand. That left less inventory in European natural gas storages, which did not start filling up in usual pattern as weather driven demand in Europe continued into spring. Elevated Asian demand competed for LNG cargoes with Europe leaving even less volumes for replenishment. European prices, amid other factors, were also supported by rising EUA prices. As long as European storage levels are below average, Asian market remains strong and pipeline supplies into Europe do not close that gap, market sentiment may remain at a higher end, as evidenced by elevated 1-year future prices.

Underground natural gas storage facilities in Europe as of reporting date are filled at 47%, compared to 80% filling the last year. Last year was abnormal in the sense of warm winter and lower demand in the continent with no support since the start of lockdown while this year both factors are supporting the withdrawal.

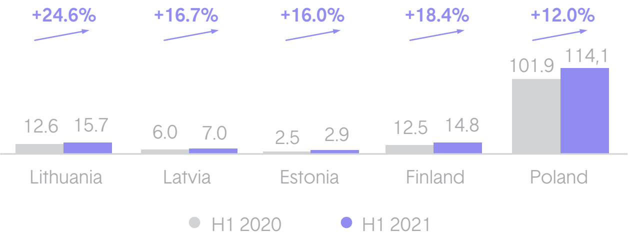
Natural gas consumption during H1 2021 in home markets was supported by colder than average winter temperatures and favourable gas-to-power conditions for generation in Lithuania. In Latvia, gas-to-power consumption during Q2 2021 was below Q2 2020 levels due to maintenance at generation facilities, which resulted in lower overall consumption during Q2 this year.

Average natural gas price change in H1 2021 compared to H1 2020, EUR/MWh



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

Natural gas consumption change in H1 2021 compared to H1 2020, TWh



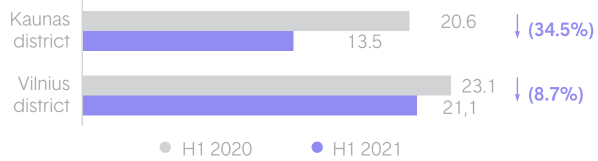
Heat market

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

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

During H1 2021, local heat energy market price in Kaunas district decreased compared to H1 2020 as a new capacity entered the market (Kaunas CHP). In 2021 market price of biomass (main fuel for competitors) started to increase, causing a slight rise of heat energy prices in Q2 2021.

Local heat price, EUR/MWh

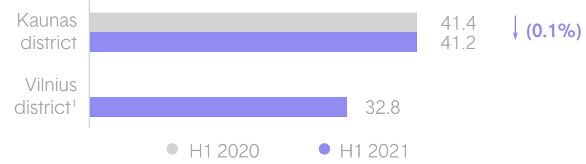


Waste incineration market

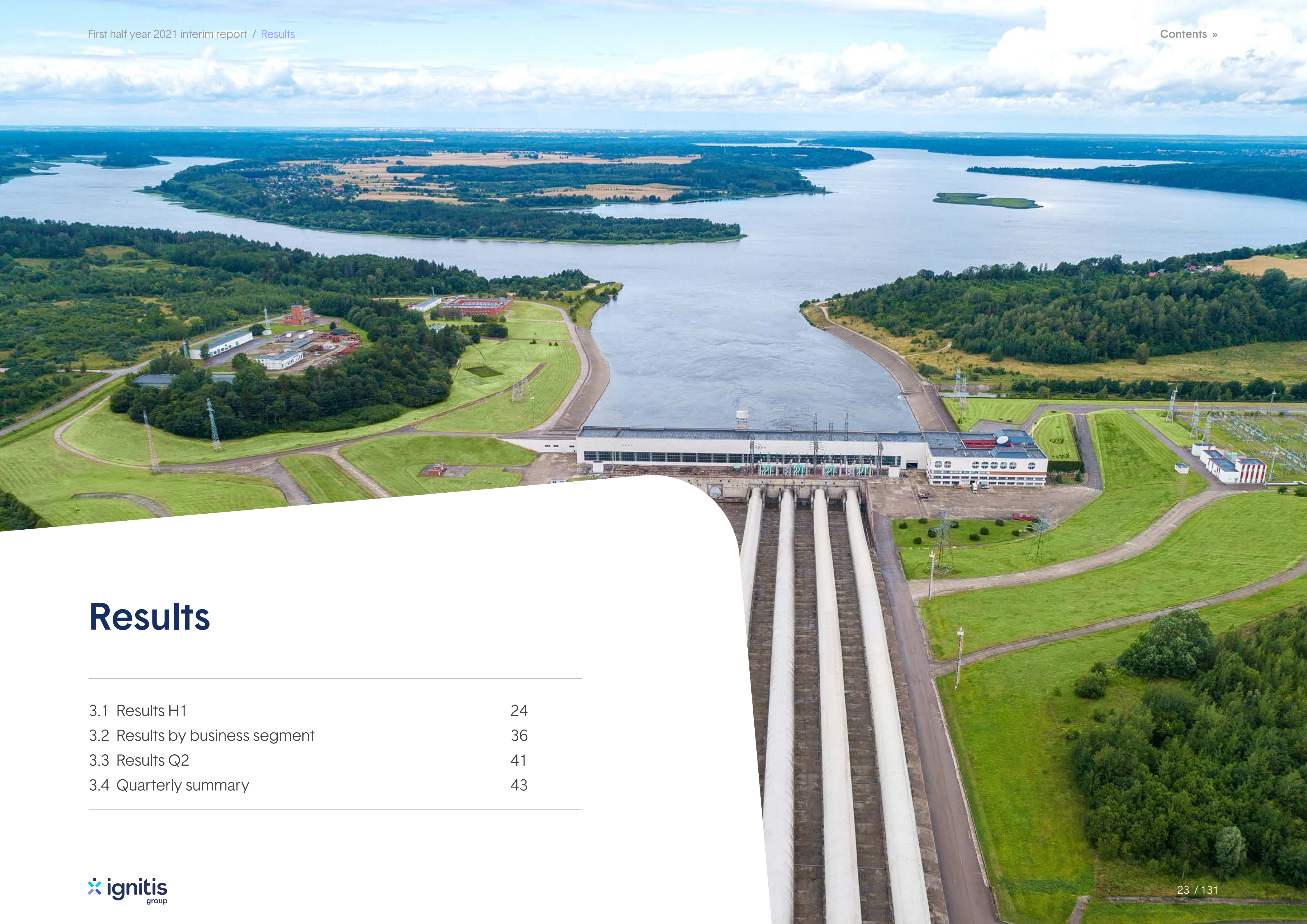
Waste incineration services market is not regulated in Lithuania. Typically, either waste incinerator or waste holder organize auctions or contracts are concluded directly.

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

Gate fee, EUR/t



[1] No active market in H1 2020, as Vilnius CHP started waste incineration in Q3 2020.



Results

3.1 Results H1

Key financial indicators

		H1 2021	H1 2020	Δ	Δ,%
Revenue	EURm	738.1	590.9	147.2	24.9%
EBITDA APM	EURm	169.9	149.7	20.2	13.5%
Adjusted EBITDA APM	EURm	168.4	129.0	39.4	30.5%
Networks	EURm	109.7	96.7	13.0	13.4%
Green Generation	EURm	37.7	23.5	14.2	60.4%
Flexible Generation	EURm	14.5	12.0	2.5	20.8%
Customers & Solutions	EURm	5.3	(1.9)	7.2	n/a
Other[1, 2]	EURm	1.2	(1.3)	2.5	n/a
Adjusted EBITDA margin APM	%	22.9%	22.7%	n/a	0.2 pp
EBIT APM	EURm	97.7	93.3	4.4	4.7%
Adjusted EBIT APM	EURm	106.3	70.7	35.6	50.4%
Net profit	EURm	48.8	71.9	(23.1)	(32.1%)
Adjusted net profit APM	EURm	77.7	54.6	23.1	42.3%
Investments APM	EURm	76.9	187.3	(110.4)	(58.9%)
FFO APM	EURm	147.7	141.4	6.3	4.5%
FCF APM	EURm	70.2	17.9	52.3	292.2%
ROE LTM APM	%	9.0%	7.7%	n/a	1.3 pp
Adjusted ROE LTM APM	%	9.3%	8.1%	n/a	1.2 pp
ROCE LTM APM	%	9.1%	5.8%	n/a	3.3 pp
Adjusted ROCE LTM APM	%	8.5%	5.9%	n/a	2.6 pp
EPS (Basic)[3]	EUR	0.66	0.97	(0.31)	(32.0%)
		2021.06.30	2020.12.31	Δ	Δ,%
Total assets	EURm	4,057.4	3,969.3	88.1	2.2%
Equity	EURm	1,899.8	1,843.8	56.0	3.0%
Net debt APM	EURm	571.6	600.3	(28.7)	(4.8%)
Net working capital APM	EURm	76.4	57.9	18.5	32.0%
Net debt/EBITDA LTM APM	times	1.60	1.78	(0.18)	(10.1%)
Net debt/Adjusted EBITDA LTM APM	times	1.73	2.06	(0.33)	(16.0%)
FFO LTM /Net debt APM	%	55.8%	52.1%	n/a	3.7 pp

[1] *Other – other activities and eliminations (consolidation adjustments and related party transactions).*
[2] *Other – includes financial results of the parent company about which more is disclosed in the section '6.2 Parent company financial statements'.*
[3] *For the calculation of H1 2020 EPS measure H1 2021 number of shares used in order to have comparable measures. EPS for H1 2020 would be 1.33 EUR if using H1 2020 number of shares.*

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Highlights

H1 2021 vs H1 2020

In H1 2021, Adjusted EBITDA increased in all segments, 30.5% in total. The increase was mainly driven by the following factors:

- launch of Kaunas CHP and Vilnius CHP WtE unit and better results of Kaunas HPP due to higher electricity prices (Green Generation);
- favourable changes in gas market prices (Customers and Solutions);
- better result of commercial activities of the CCGT unit due to higher clean spark spread (Flexible Generation);
- growth in the Networks segment mainly due to higher distributed volumes effect which will level off during the year.

	Networks	Green Generation	Flexible Generation	Customers & Solutions	Other[1]	Total Adjusted	Adjust-ments	IFRS
H1 2021			Adjusted					Reported
Revenue	**269.4**	**70.9**	**61.2**	**336.1**	**(1.3)**	**736.3**	**1.9**	**738.1**
Purchases of electricity, gas and other services	(107.5)	(23.2)	(37.2)	(318.5)	0.2	(486.2)	-	(486.2)
Wages and salaries and related expenses	(27.4)	(3.9)	(3.6)	(5.2)	(9.5)	(49.6)	-	(49.6)
Repair and maintenance expenses	(8.8)	(1.5)	(2.5)	-	-	(12.8)	-	(12.8)
Other expenses	(16.0)	(4.6)	(3.4)	(7.1)	11.8	(19.3)	(0.4)	(19.7)
EBITDA APM	**109.7**	**37.7**	**14.5**	**5.3**	**1.2**	**168.4**	**1.5**	**169.9**
Depreciation and amortisation	(40.9)	(9.7)	(5.7)	(0.8)	(2.5)	(59.6)	-	(59.6)
Write-offs, revaluation and impairment losses of PPE and intangible assets	(1.0)	-	(1.1)	-	-	(2.1)	-	(2.1)
Impairment and write-offs of current and non-current amounts receivables, loans, goods and others	(0.4)	(0.1)	0.1	-	-	(0.4)	0.4	-
Revaluation of emission allowances	-	-	-	-	-	-	(10.4)	(10.4)
EBIT APM	**67.4**	**27.9**	**7.8**	**4.5**	**(1.3)**	**106.3**	**(8.5)**	**97.7**
Finance activity, net						(12.3)	(21.6)	(33.9)
Income tax expenses						(16.3)	1.3	(15.0)
Net profit						**77.7**	**(28.9)**	**48.8**
H1 2020			Adjusted					Reported
Revenue	**237.8**	**39.2**	**42.2**	**250.7**	**(1.7)**	**568.2**	**22.7**	**590.9**
Purchases of electricity, gas and other services	(91.1)	(8.2)	(23.2)	(212.2)	2.8	(331.9)	-	(331.9)
Wages and salaries and related expenses	(27.2)	(2.9)	(3.6)	(4.6)	(11.4)	(49.7)	-	(49.7)
Repair and maintenance expenses	(8.1)	(1.3)	(1.7)	-	(0.1)	(11.2)	-	(11.2)
Other expenses	(14.7)	(3.3)	(1.7)	(35.8)	9.1	(46.4)	(2.0)	(48.4)
EBITDA APM	**96.7**	**23.5**	**12.0**	**(1.9)**	**(1.3)**	**129.0**	**20.7**	**149.7**
Depreciation and amortization	(38.1)	(7.5)	(5.8)	(0.9)	(2.2)	(54.5)	-	(54.5)
Write-offs, revaluation and impairment losses of PPE and intangible assets	(1.8)	-	-	-	(0.5)	(2.3)	-	(2.3)
Impairment and write-offs of current and non-current amounts receivables, loans, goods and others	(0.8)	-	-	(0.6)	(0.1)	(1.5)	1.5	-
Revaluation of emission allowances	-	-	-	-	-	-	0.4	0.4
EBIT APM	**56.0**	**16.0**	**6.2**	**(3.4)**	**(4.1)**	**70.7**	**22.6**	**93.3**
Finance activity, net						(9.1)	-	(9.1)
Income tax expenses						(7.0)	(5.2)	(12.2)
Net profit						**54.6**	**17.4**	**71.9**

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

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Revenue

In H1 2021, revenue increased by 24.9% compared to H1 2020, and totaled EUR 738.1 million. The main reasons causing revenue changes were as follows:

1. **Higher revenue of the Customers & Solutions segment (EUR +67.2 million).** Positive Customers and Solutions revenue result is driven by an increase in electricity business (EUR +55.2 million) as well as gas business (EUR +9.1 million). Higher revenue of B2B electricity business (EUR +46.0 million) due to higher volumes (+8%) and higher market prices (+97%). An increase in B2C deregulated (EUR +20.8 million) was nearly offset by lower B2C regulated (EUR -20.6 million) as clients shift to independent electricity suppliers. An increase in gas business was driven by higher gas export (EUR +6.0 million) mainly due to unplanned sale of 1.41 TWh LNG cargo.
2. **Higher revenue of the Networks segment (EUR +30.2 million).** The increase was mainly driven by higher electricity (EUR +17.5 million) and gas (EUR +7.0 million) distribution revenue mainly due to higher distributed volumes (from 4.69 TWh to 5.15 TWh and from 3.59 TWh to 4.73 TWh respectively) as a result of colder weather compared to 2020 and overall higher consumption, and increased revenue from supply of last resort (EUR +5.4 million) due to 97% higher electricity market price.
3. **Higher revenue of the Green Generation segment (EUR +26.8 million).** The increase was driven by Kaunas CHP (EUR +11.5 million) as the plant was launched in August 2020 and Vilnius CHP WtE unit (EUR +3.6 million) – launched in March 2021, higher revenue of Kruonis PSHP (EUR +7.9 million) and Kaunas HPP (EUR +5.1 million) mainly due to higher electricity market prices.
4. **Higher revenue of the Flexible Generation segment (EUR +22.9 million).** The increase was mainly driven by higher revenue of the CCGT unit commercial activity (EUR +21.8 million) due to higher electricity market prices (+97%) as well as higher volumes (+33%).

įdėti link'ą kai bus finansinės ataskaitos kartu sudėtos

Revenue by segment, EURm

	H1 2021	H1 2020	Δ	Δ,%
Customers & Solutions	345.3	278.1	*67.2*	*24.2%*
Networks	266.8	236.6	*30.2*	*12.8%*
Green Generation	66.0	39.2	*26.8*	*68.4%*
Flexible Generation	61.1	38.2	*22.9*	*59.9%*
Other[1]	(1.1)	(1.2)	*0.1*	*(8.3%)*
Revenue	**738.1**	**590.9**	***147.2***	***24.9%***

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

Revenue by country, EURm

	H1 2021	H1 2020	Δ	Δ,%	H1 2021, %
Lithuania	658.9	543.7	*115.2*	*21.2%*	*89.3%*
Other	79.2	47.2	*32.0*	*67.8%*	*10.7%*
Revenue	**738.1**	**590.9**	***147.2***	***24.9%***	***100.0%***

In H1 2021, the Group earned 89.3% (92.0% in H1 2020) of its revenue in Lithuania (EUR 658.9 million). The Group's revenue from foreign countries (Latvia, Estonia, Poland and Finland) increased by 67.8% and reached EUR 79.2 million (H1 2020: EUR 47.2 million) mainly due to unplanned 1.41 TWh LNG cargo sale and increasing gas prices.

Revenue by type[2], EURm

	H1 2021	H1 2020	Δ	Δ,%	H1 2021, %
Electricity related	531.3	445.9	*85.4*	*19.2%*	*72.0%*
Gas related	162.5	130.7	*31.8*	*24.3%*	*22.0%*
Other	44.3	14.3	*30.0*	*209.8%*	*6.0%*
Revenue	**738.1**	**590.9**	***147.2***	***24.9%***	***100.0%***

[2] A more detailed description is presented in Interim Consolidated Financial statements for H1 2021, Note 23 'Revenue from contracts with customers'.

In H1 2021, electricity related revenue increased by EUR 85.4 million compared to H1 2020 due to higher revenue from sale of generated electricity (EUR +46.6 million), higher revenue from B2B electricity supply (EUR +27.8 million) and higher electricity distribution and transmission revenue (EUR +19.9 million). Gas related revenue increased by EUR 31.8 million compared to H1 2020 due to higher revenue from gas sales (EUR +20.8 million) and gas transmission and distribution (EUR +7.0 million). Other revenue increased mostly due to positive hedging activity result (EUR +19.5 million in H1 2021) as negative result accounted in other expenses in H1 2020. Also other revenue increased due to Kaunas CHP and Vilnius CHP WtE unit heating and waste recycling revenue.

Expenses

Purchases of electricity, gas and other services

The Group's purchases of electricity and gas amounted to EUR 486.2 million in H1 2021 and increased by 46.5% compared to H1 2020. The increase was caused by higher electricity purchases (EUR +122.8 million) mainly due to increased electricity market price and higher volumes due to colder winter as well as higher gas purchases (EUR +28.4 million) mainly due to increased gas market price and increased volumes due to colder winter.

OPEX

In H1 2021, OPEX was equal to EUR 81.7 million and rose by 3.5% (EUR +2.8 million). This change was driven by the increase in repair and maintenance expenses by EUR 1.6 million (or +14.3%) mainly due to higher generation volumes of CCGT that led to the increase in maintenance volumes and increased repair and maintenance works required for the electricity distribution network. Also OPEX growth was driven by higher other OPEX, which increased by EUR 1.3 million (or +7.2%) mainly due to higher external customer service mostly caused by increased number of queries due to electricity market liberalisation and heavy snowfall, and more capitalised IT expenses in H1 2020.

New Green Generation projects under construction, under development and completed in the period after H1 2020 accounted for EUR 1.9 million increase in OPEX.

Other

Energy hedging expenses decreased due to increased electricity market prices in H1 2021. According to accounting policy of the Group positive hedging result for the period is presented in other revenue (EUR +19.5 million in H1 2021), negative result in other energy hedging expenses (EUR -29.0 million in H1 2020).

Expenses of revaluation of emission allowances increased mainly due to growing market price. Emission allowances liabilities are revaluated every month to the value as at the end of the month, therefore increasing emission allowances prices lead to increase liabilities and revaluation expenses, respectively.

Expenses, EURm

	H1 2021	H1 2020	Δ	Δ,%
Purchases of electricity, gas and other services	**486.2**	**331.8**	***154.4***	***46.5%***
Purchases of electricity and related services	328.4	205.6	*122.8*	*59.7%*
Purchases of gas and related services	152.3	123.9	*28.4*	*22.9%*
Other	5.5	2.3	*3.2*	*139.1%*
OPEX APM	**81.7**	**78.9**	***2.8***	***3.5%***
Salaries and related expenses	49.6	49.7	*(0.1)*	*(0.2%)*
Repair and maintenance expenses	12.8	11.2	*1.6*	*14.3%*
Other	19.3	18.0	*1.3*	*7.2%*
Other	**72.5**	**86.9**	***(14.4)***	***(16.6%)***
Depreciation and amortisation	59.6	54.5	*5.1*	*9.4%*
Energy hedging	-	29.0	*(29.0)*	*(100.0%)*
Impairment expenses and write-offs of property, plant and equipment	2.1	2.3	*(0.2)*	*(8.7%)*
Write-offs and impairments of short term and long-term receivables, inventories and other	0.4	1.5	*(1.1)*	*(73.3%)*
Revaluation of emission allowances	10.4	(0.4)	*10.8*	*n/a*
Total	**640.4**	**497.6**	***142.8***	***28.7%***

EBITDA

Adjusted EBITDA amounted to EUR 168.4 million in H1 2021 and was 30.5% or EUR 39.4 million higher than in H1 2020. Adjusted EBITDA margin reached 22.9% (H1 2020: 22.7%).

The main reasons behind adjusted EBITDA change were as follows:

1. **Green Generation increased by EUR 14.2 million.** The increase was mainly influenced by positive impact from Kaunas CHP (EUR +7.1 million) as the plant was launched in August 2020 and Vilnius CHP WtE unit (EUR +5.3 million) - launched in March 2021 and better result of Kaunas HPP (EUR +4.6 million) mainly due to higher captured electricity prices. Positive effects were partly offset by lower results of operating wind farms (EUR -1.9 million) due to less favorable weather conditions.

2. **Networks grew by EUR 13.0 million.** The increase was mainly driven by higher distributed volumes (EUR +10.1 million) as a result of colder weather compared to 2020 and overall higher consumption (this effect will level off over the course of the year as annual ROI and compensated D&A is fixed for the year but allocated between the months based on distributed volumes). Also higher RAB value influenced the increase of Adjusted EBITDA (EUR +1.9 million), as RAB increased by 2% from EUR 1,628 million in 2020 to EUR 1,663 million in 2021.

3. **Customers & Solutions increased by EUR 7.2 million.** The positive impact in gas business results (EUR +11.5 million) partly offset by negative results in electricity business (EUR -4.3 million). The positive effect on gas results is driven by gas inventory revaluation (EUR +19.9 million) due to increasing gas prices (around +110%) which is likely to switch direction in 2022 if the gas prices normalize. Positive effect is partly offset by decrease in gas B2B (EUR -5.6 million) and gas export (EUR -4.3 million) due to lower sales margins. Negative result in electricity business is driven by decreased B2C (EUR -5.0 million) due to negative effect of regulated distribution tariff (which is expected to be reversed in 2022 through tariff) and underhedged independent supply volumes. B2B electricity remains loss making due to inefficient proxy hedging.

4. **Flexible Generation increased by EUR 2.5 million.** The increase was mainly caused by better results from the CCGT unit (EUR +3.2 million) which increased due to better commercial activity results as clean spark spread was higher.

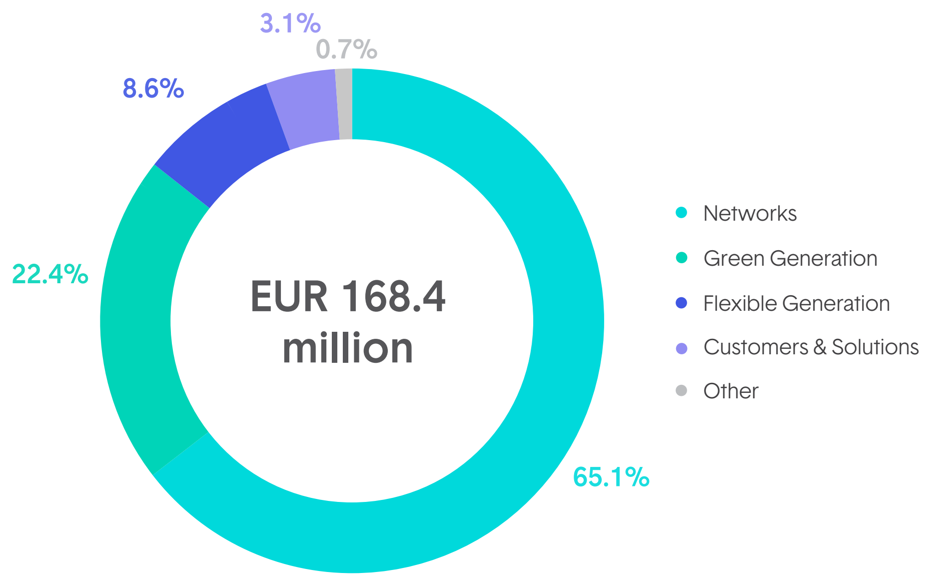
5. **Result from other activities increased by EUR 2.5 million.** The increase was mainly caused by lower Group service center and parent company operating expenses.

Adjusted EBITDA by segments, EURm

	H1 2021	H1 2020	Δ	Δ,%
Networks	109.7	96.7	*13.0*	*13.4%*
Green Generation	37.7	23.5	*14.2*	*60.4%*
Flexible Generation	14.5	12.0	*2.5*	*20.8%*
Customers & Solutions	5.3	(1.9)	*7.2*	*n/a*
Other[1]	1.2	(1.3)	*2.5*	*n/a*
Adjusted EBITDA APM	**168.4**	**129.0**	***39.4***	***30.5%***

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

Adjusted EBITDA H1 2021, EURm



Adjusted EBITDA by activity type

In H1 2021, Adjusted EBITDA from regulated and long-term contracted activities amounted to 75.2% of the total Adjusted EBITDA (H1 2020: 90.0%). The share of such activities decreased due to significantly higher Adjusted EBITDA from commercial activities, mostly Kaunas CHP, Vilniaus CHP, Kaunas HPP and CCGT unit.

Regulated activities include:

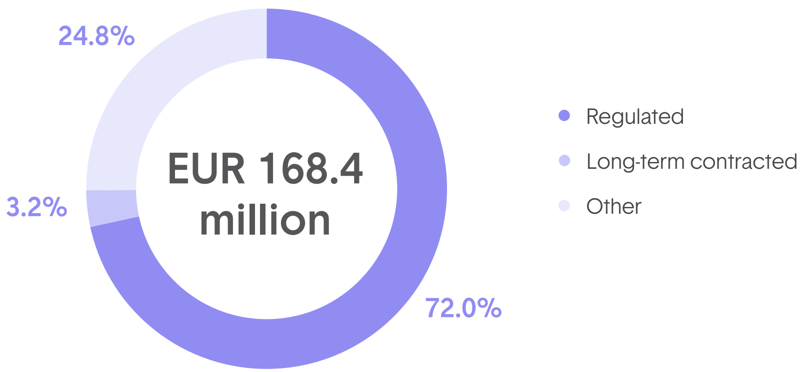
1. electricity and gas distribution;
2. reserve and ancillary services provided to the transmission system operator;
3. public supply of electricity, electricity supply of last resort, gas supply to residents of Lithuania and designated LNG supplier service.

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

Adjusted EBITDA by types of activities, EURm

	H1 2021	H1 2020	Δ	Δ,%
Regulated	121.3	108.6	*12.7*	*11.7%*
Long-term contracted	5.4	7.5	*(2.1)*	*(28.0%)*
Other	41.7	12.9	*28.8*	*223.3%*
Adjusted EBITDA APM	**168.4**	**129.0**	***39.4***	***30.5%***

Adjusted EBITDA by types of activities H1 2021, %



Regulated monopolistic activities accounted for 67.3% of total Adjusted EBITDA in H1 2021 (78.3% in H1 2020).

EBITDA adjustments, EURm

	H1 2021	H1 2020	Δ	Δ,%
EBITDA APM	**169.9**	**149.7**	***20.2***	***13.5%***
Adjustments[1]				
Temporary regulatory differences (1)	(4.0)	(45.4)	*41.4*	*(91.2%)*
Temporary fluctuations in fair value of derivatives (2)	(8.4)	17.5	*(25.9)*	*n/a*
Cash effect of new connection points and upgrades (3)	7.1	5.8	*1.3*	*22.4%*
Other (4)	3.8	1.4	*2.4*	*171.4%*
Total EBITDA adjustments	**(1.5)**	**(20.7)**	***19.2***	***(92.8%)***
Adjusted EBITDA APM	**168.4**	**129.0**	***39.4***	***30.5%***
Adjusted EBITDA margin APM	22.9%	22.7%	*n/a*	*0.1 pp*

[1]A more detailed description of the management adjustments is presented in Interim Consolidated Financial statements for H1 2021, Note 28 'Operating segments'.

(1) Elimination of the difference between the actual profit earned during the reporting period and the profit allowed by the regulator. In H1 2020, adjustment mostly consisted of elimination of higher Customers & Solutions segment profit earned from regulated activities, which resulted from lower actual electricity and gas purchase prices compared to prices set by the regulator.

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

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

(4) Other adjustments include elimination or add-back of impairment and write-offs of current and non-current amounts receivables, loans, goods and others, gains or losses from disposal of non-current assets, gain earned from testing of units under development and other one-off gains or losses. During H1 2021 gain from testing of Vilnius CHP (EUR 3.6 million) is added as it reflects the cash inflow which was capitalised according to IFRS.

EBIT

In H1 2021, Adjusted EBIT amounted to EUR 106.3 million, which was 50.4% (or EUR +35.6 million) higher than in H1 2020. The main effects on Adjusted EBIT change were higher Adjusted EBITDA (EUR +39.4 million) (the reasons behind the increase are described in 'Adjusted EBITDA' section) partly offset by higher depreciation expenses (EUR -5.1 million).

Adjusted EBIT by segments, EURm

	H1 2021	H1 2020	Δ	Δ,%
Networks	67.4	56.0	*11.4*	*20.4%*
Green Generation	27.9	16.0	*11.9*	*74.4%*
Flexible Generation	7.8	6.2	*1.6*	*25.8%*
Customers & Solutions	4.5	(3.4)	*7.9*	*n/a*
Other[1]	(1.3)	(4.1)	*2.8*	*(68.3%)*
Adjusted EBIT APM	**106.3**	**70.7**	***35.6***	***50.4%***
Adjusted EBIT margin APM	14.4%	12.4%	*n/a*	*2.0 pp*

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

EBIT adjustments, EURm

	H1 2021	H1 2020	Δ	Δ, %
EBIT APM	**97.7**	**93.3**	***4.4***	***4.7%***
Adjustments				
Total EBITDA adjustments	(1.5)	(20.7)	*19.2*	*(92.8%)*
Revaluation of emission allowances (5)	10.4	(0.4)	*10.8*	*n/a*
Impairment and write-offs of current and non-current amounts receivables, loans, goods and others (6)	(0.4)	(1.5)	*1.1*	*(73.3%)*
Total EBIT adjustments	**8.5**	**(22.6)**	***31.1***	***n/a***
Adjusted EBIT APM	**106.3**	**70.7**	***35.6***	***50.4%***

(5) Elimination of revaluation of emission allowances.

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

Net profit

Adjusted net profit amounted to EUR 77.6 million in H1 2021 and was 42.1% higher than in H1 2020. Adjusted EBITDA positive impact (EUR +39.4 million) was partly offset by higher income tax (EUR -9.2 million), depreciation and amortisation (EUR -5.1 million) and financial activity (EUR -3.2 million) expenses. Income tax expenses increased mostly due to deferred income tax expenses which increased as profit before tax was higher and lower income tax relief for the investment projects as investments were lower.

Reported net profit in H1 2021 decreased to EUR 48.8 million, compared to EUR 71.9 million in H1 2020. Reported net profit decreased while Adjusted net profit increased significantly mostly due to lower temporary regulatory differences mainly of the Customers & Solutions segment (EUR -41.4 million), Kaunas CHP option fair value decrease (EUR -23.5 million) and Smart Energy Fund investments value increase (EUR +1.9 million) in H1 2021 and negative result from revaluation of emission allowances (EUR -10.4 million) in H1 2021. These effects were partly offset by positive temporary fluctuations in fair value of derivatives (EUR +8.5 million in H1 2021 compared to EUR -17.5 million in H1 2020).

Net profit adjustments, EURm

	H1 2021	H1 2020	Δ	Δ,%
Net profit	**48.8**	**71.9**	***(23.1)***	***(32.1%)***
Adjustments				
Total EBIT adjustments	8.5	(22.6)	*31.1*	*n/a*
One-off financial activity adjustments (7)	21.6	-	*21.6*	*n/a*
Adjustments' impact on income tax (8)	(1.3)	5.2	*(6.5)*	*n/a*
Total net profit adjustments	**28.9**	**(17.3)**	***46.2***	***n/a***
Adjusted net profit APM	**77.7**	**54.6**	***23.1***	***42.3%***
Adjusted ROE LTM APM	9.3%	8.1%	*n/a*	*1.1 pp*
ROE LTM APM	9.0%	7.7%	*n/a*	*1.4 pp*

(7) One-off financial activity adjustments include elimination of Kaunas CHP option fair value decrease (EUR -23.5 million) and Smart Energy Fund investments value increase (EUR +1.9 million).

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

Investments

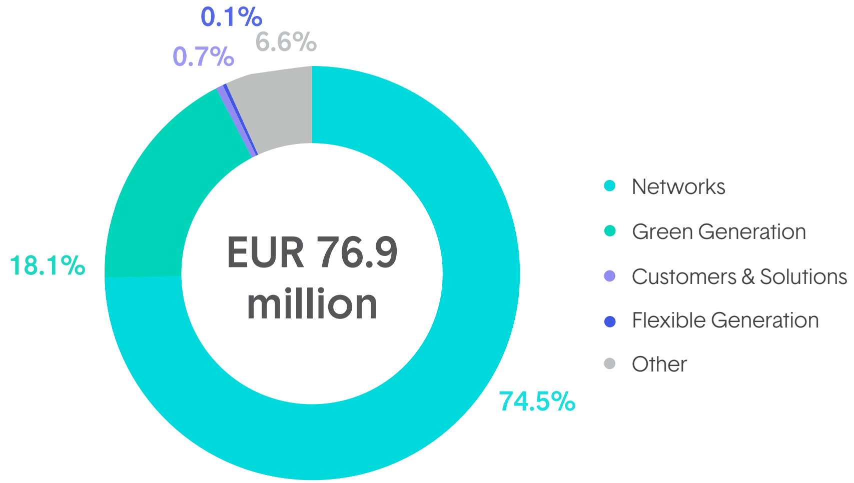
In H1 2021, Investments amounted to EUR 76.9 million and were EUR 110.4 million lower compared to H1 2020. The largest investments were made in electricity distribution network expansion (new connection points and upgrades) (29.5% from total Investments), electricity distribution network maintenance (mainly replacement of overhead lines with underground lines) (28.7%) and construction of Vilnius CHP (9.1%).

The Green Generation segment investments amounted to EUR 13.9 million in H1 2021 and were EUR 117.6 million lower compared to H1 2020. The main reasons for the decrease were lower investments in construction of Kaunas CHP (EUR -55.3 million) as it was launched in August 2020, lower investments in construction of Pomerania WF (EUR -40.4 million) as the construction was completed in March and lower investments in Vilnius CHP (EUR -25.2 million) due to WtE unit COD in March and Biomass unit majority of investments starting in H2 2021.

The Networks segment investments amounted to EUR 57.3 million and were higher by EUR 7.9 million compared to H1 2020. The increase was mainly driven by higher investments in maintenance of the electricity and gas distribution network (EUR +13.1 million), however it was partly offset by lower investments in expansion of the electricity and gas distribution networks (EUR -6.6 million) due to colder winter, ground frost and heavy snowfall.

The Group received EUR 9.5 million grants for Investments in H1 2021. It mainly contains grants related to maintenance of electricity and gas distribution networks (EUR 6.2 million) and grants for Vilnius CHP project (EUR 3.3 million). Also, part of the Networks investments related to new customer connections, upgrades and infrastructure equipment transfers were covered by customers EUR 12.8 million).

Investments by segment, H1 2021, %



Investments by segment, EURm

	H1 2021	H1 2020	Δ	Δ,%
Networks	57.3	49.4	*7.9*	*16.0%*
Expansion of the electricity network	22.7	24.5	*(1.8)*	*(7.3%)*
Maintenance of the electricity network	22.1	10.7	*11.4*	*106.5%*
Expansion of the gas network	6.1	10.9	*(4.8)*	*(44.0%)*
Maintenance of the gas network	3.7	2.0	*1.7*	*85.0%*
Other	2.7	1.3	*1.4*	*107.7%*
Green Generation	13.9	131.5	*(117.6)*	*(89.4%)*
Vilnius CHP	7.0	32.2	*(25.2)*	*(78.3%)*
Pomerania WF	2.4	42.8	*(40.4)*	*(94.4%)*
Kaunas CHP	1.5	54.8	*(53.3)*	*(97.3%)*
Other	3.0	1.7	*1.3*	*76.5%*
Customers & Solutions	0.5	0.9	*(0.4)*	*(44.4%)*
Flexible Generation	0.1	0.3	*(0.2)*	*(66.7%)*
Other[1]	5.1	5.2	*(0.1)*	*(1.9%)*
Investments APM	**76.9**	**187.3**	***(110.4)***	***(58.9%)***
Grants	(9.5)	(17.4)	*7.9*	*(45.4%)*
Investments covered by customers[2]	(12.8)	(11.4)	*(1.4)*	*12.3%*
Investments (excl. grants and investments covered by customers)	**54.6**	**158.5**	***(103.9)***	***(65.6%)***

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

Statement of financial position

Assets

As of 30 June 2021, total assets reached EUR 4,057.4 million (2.2% increase from 31 December 2020). The growth was mainly influenced by the increase in intangible assets and property, plant and equipment, resulting from investments made in 2021, the increase in inventories due to positive gas inventories revaluation effect as gas prices grew and increased cash and cash equivalents due to higher EBITDA.

Equity

As of 30 June 2021, equity amounted to EUR 1,899.8 million and increased by 3.0% from 31 December 2020 mostly due to increase in revaluation reserve of emission allowances and net profit for H1 2021.

Liabilities

Total liabilities increased by 1.5% or EUR 32.1 million during H1 2021. Current liabilities increased by 43.6% or EUR 135.0 million, which was mostly caused by Kaunas CHP loan transfer from non-current loans and the increase in payables related to gas and electricity.

Balance sheet, EURm

	2021.06.30	2020.12.31	Δ	Δ,%
Non-current assets	3,047.1	2,982.7	*64.4*	*2.2%*
Current assets	1,010.3	986.6	*23.7*	*2.4%*
TOTAL ASSETS	**4,057.4**	**3,969.3**	***88.1***	***2.2%***
Equity	1,899.8	1,843.8	*56.0*	*3.0%*
Total liabilities	2,157.6	2,125.5	*32.1*	*1.5%*
Non-current liabilities	1,713.3	1,816.2	*(102.9)*	*(5.7%)*
Current liabilities	444.3	309.3	*135.0*	*43.6%*
TOTAL EQUITY AND LIABILITIES	**4,057.4**	**3,969.3**	***88.1***	***2.2%***
Asset turnover LTM APM	0.37	0.34	*0.03*	*8.8%*
ROA LTM APM	3.9%	4.7%	*n/a*	*(0.8 pp)*
Current ratio APM	2.27	3.19	*(0.92)*	*(28.8%)*
Working capital/Revenue LTM APM	6.7%	5.3%	*n/a*	*1.4 pp*

Financing

Net debt

As of 30 June 2021, Net debt amounted to EUR 571.6 million, a decrease of 4.8% or EUR 28.7 million compared to 31 December 2020 was mostly influenced by positive FCF and partly offset by paid dividends.

During H1 2021, Gross debt decreased by 0.7% or EUR 9.1 million, and on 30 June 2021 amounted to EUR 1,295.0 million. Main factors for the decrease were lower lease liabilities.

FFO LTM/Net debt improved from 52.1% to 55.8%.

Net debt, EURm

	2021.06.30	2020.12.31	Δ	Δ,%
Total non-current financial liabilities	**1,153.7**	**1,275.3**	***(121.6)***	***(9.5%)***
Non-current loans	238.7	359.0	*(120.3)*	*(33.5%)*
Bonds	887.8	887.0	*0.8*	*0.1%*
Interests payable (including accrued)	-	0.2	*(0.2)*	*(100.0%)*
Lease liabilities (IFRS 16)	27.2	29.1	*(1.9)*	*(6.5%)*
Total current financial liabilities	**141.3**	**28.8**	***112.5***	***390.6%***
Current portion of non-current loans	10.3	6.3	*4.0*	*63.5%*
Current loans	114.7	-	*114.7*	*n/a*
Interests payable (including accrued)	12.1	9.1	*3.0*	*33.0%*
Lease liabilities (IFRS 16)	4.2	13.4	*(9.2)*	*(68.7%)*
Gross debt APM	**1,295.0**	**1,304.1**	***(9.1)***	***(0.7%)***
Cash, cash equivalents and cash in escrow account	**723.4**	**703.8**	***19.6***	***2.8%***
Cash and cash equivalents	678.4	658.8	*19.6*	*3.0%*
Cash in escrow account	45.0	45.0	*-*	*-%*
Net debt APM	**571.6**	**600.3**	***(28.7)***	***(4.8%)***
EPSO-G receivable	136.2	150.7	*(14.5)*	*(9.6%)*
Net debt less EPSO-G receivable	**435.4**	**449.6**	***(14.2)***	***(3.2%)***
Net debt / Adjusted EBITDA LTM APM	1.73	2.06	*(0.33)*	*(16.0%)*
Net debt / EBITDA LTM APM	1.60	1.78	*(0.18)*	*(10.1%)*
FFO LTM / Net debt APM	55.8%	52.1%	*n/a*	*3.7 pp*
Gross debt/Equity APM	0.68	0.71	*(0.03)*	*(3.9%)*
Equity ratio APM	0.47	0.46	*0.01*	*1.2%*

Bond issues

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

Outstanding bond issues

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

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

Maturities

Respectively bonds maturing in 2027 (EUR 300.0 million, green), in 2028 (EUR 300.0 million, green) and in 2030 (EUR 300.0 million) make the largest portion of the Group's financial liabilities. The average maturity of the financial liabilities as of 30 June 2021 was 7.7 years (31 December 2020: 7.7 years).

Group's financial liabilities repayment schedule, EURm

Interest rate, currency, and liquidity risk

On 30 June 2021, financial liabilities amounting to EUR 1,130.0 million were subject to the fixed interest rate (90.3% of loans and bonds) and the remaining amount of financial liabilities were subject to the floating interest rate. Effective interest rate is 1.64% as of 30 June 2021. 92.8% of loans and bonds were in EUR, while 7.2% – in PLN.

The Group manages liquidity risk by entering into the credit line agreements with banks. On 30 June 2021, one credit line facility from one bank amounted to EUR 70 million and is undrawn. EUR 12 million are frozen for redemption of shares of Ignitis Gamyba and ESO as there still are some cases where Court decisions are not made (part of ESO shares redeemed on 15 April, Ignitis gamyba on 21 May). All the credit lines are committed, i.e. funds must be paid by the bank upon request.

Cash flows

Net cash flows from operating activities (CFO) amounted to EUR 182.9 million in H1 2021. Compared to H1 2020, CFO increased by EUR 24.9 million mainly due to the decrease of net profit and the increase of working capital (mainly as gas inventory and prepayments for investment projects increased).

Net cash flows from investing activities (CFI) amounted to EUR -77.8 million in H1 2021. Compared to H1 2020, CFI decreased by EUR 63.4 million mainly due to lower Investments.

Net cash flows from financing activities (CFF) amounted to EUR -85.5 million in H1 2021. In H1 2021, CFF were negative due to repayments of loans, payments of interest and dividends, while in H1 2020 CFF were positive mostly due to issue of bonds in May 2020.

Cash flows, EURm

	H1 2021	H1 2020	Δ	Δ, %
Cash and cash equiv. at the beginning of the period	**658.8**	**131.8**	***527.0***	***399.8%***
CFO	182.9	158.0	*24.9*	*15.8%*
CFI	(77.8)	(141.2)	*63.4*	*(44.9%)*
CFF	(85.5)	134.7	*(220.2)*	*n/a*
Increase (decrease) in cash and cash equiv.	**19.6**	**151.5**	***(131.9)***	***(87.1%)***
Cash and cash equiv. at the end of period	**678.4**	**283.3**	***395.1***	***139.5%***

In H1 2021, the Group's FFO increased by 4.5% (EUR 6.3 million) and amounted to EUR 147.7 million. The main reason for the growth was higher EBITDA partly offset by higher paid interest and income tax.

FFO, EURm

	H1 2021	H1 2020	Δ	Δ,%
EBITDA APM	169.9	149.7	*20.2*	*13.5%*
Interest received	0.3	-	*0.3*	*n/a*
Interest paid	(10.2)	(1.9)	*(8.3)*	*436.8%*
Income tax paid	(12.3)	(6.4)	*(5.9)*	*92.2%*
FFO APM	**147.7**	**141.4**	***6.3***	***4.5%***

In H1 2021, the Group's FCF increased by EUR 52.3 million and amounted to EUR 70.2 million. The main reason for the growth was lower investments, which was partly offset by negative change in working capital, mainly due to increase in gas inventory and purchases, and prepayments for investment projects.

FCF, EURm

	H1 2021	H1 2020	Δ	Δ, %
FFO APM	147.7	141.4	*6.3*	*4.5%*
Investments	(76.9)	(187.3)	*110.4*	*(58.9%)*
Grants received	9.5	17.4	*(7.9)*	*(45.4%)*
Cash effect of new connection points and upgrades	7.1	5.8	*1.3*	*22.4%*
Proceeds from sale of PPE and intangible assets[1]	1.3	2.2	*(0.9)*	*(40.9%)*
Change in net working capital	(18.5)	38.4	*(56.9)*	*n/a*
FCF APM	**70.2**	**17.9**	**52.3**	**292.2%**

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

Key operating indicators

		H1 2021	H1 2020	Δ	Δ,%
Electricity					
Green Generation capacity	MW	1,350	1,287	63	4.9%
Green Generation installed capacity	MW	1,120	1,077	43	4.0%
Green Generation projects under construction	MW	230	210	20	9.5%
Electricity distributed	TWh	5.15	4.69	0.46	9.8%
Electricity generated	TWh	1.15	0.95	0.20	21.2%
Green electricity generated	TWh	0.70	0.60	0.10	16.7%
Green share of generation	%	61.0%	63.4%	n/a	(2.4 pp)
Electricity sales	TWh	3.48	3.32	0.15	4.6%
SAIFI	units	0.74	0.87	(0.13)	(14.9%)
SAIDI	min	147.31	177.82[1]	(30.51)	(17.2%)
Heat					
Green Generation capacity (Heat)	MW	339	339	-	-%
Green Generation installed capacity	MW	170	40	130.0	325.0%
Green Generation projects under construction	MW	169	299	(130.0)	(43.5%)
Heat generated	TWh	0.45	0.15	0.30	194.9%
Gas					
Gas distributed	TWh	4.73	3.59	1.14	31.9%
Gas sales	TWh	7.32	7.24	0.08	1.1%
SAIFI	units	0.003	0.003	0.001	22.2%
SAIDI	min	0.25	0.24	0.01	5.7%

[1] Previously reported 179.23 value was adjusted with regards to new meteorological information.

Electricity

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

The total distributed electricity increased by 9.8%. B2B distribution increased by about 8.6%, while B2C distribution increased by 12.2%. The increase for B2B and B2C as a result of favorable weather conditions (cold winter, hot summer) and remote work from home.

Electricity generation increased by 21.2% compared to H1 2020 and amounted to 1.15 TWh in H1 2021. The increase was mainly driven by higher electricity generation in the CCGT unit at Elektrėnai Complex (+0.11 TWh), Kaunas CHP (+0.07 TWh) and Vilnius CHP (+ 0.04 TWh). Higher electricity generation volumes in the CCGT were caused by higher clean spark spread. Electricity generation volumes at Kaunas CHP and Vilnius CHP increased due to start of commercial operations in August 2020 and in March 2021 respectively. Higher levels of water in the Nemunas river and higher availability factor allowed to increase electricity generation in Kaunas HPP by 0.02 TWh (comparing with the same period last year). Increase in electricity generation was partly offset by lower generation in wind farms due to unfavorable weather conditions.

Electricity distribution quality improved in H1 2021 comparing to the corresponding last year period: SAIFI indicator improved to 0.74 interruptions (from 0.87 in H1 2020) and SAIDI indicator improved to 147.31 minutes (compared to 177.82 minutes in H1 2020). H1 2021 quality level was negatively affected by the extreme weather conditions (wet snow cover in January, 2021 and local storms in May - June, 2021). Nevertheless, the negative impact of the storm Laura in March, 2020 (the biggest storm since 2005) was much more significant thus H1 2021 ratios improved comparing with H1 2020.

Heat

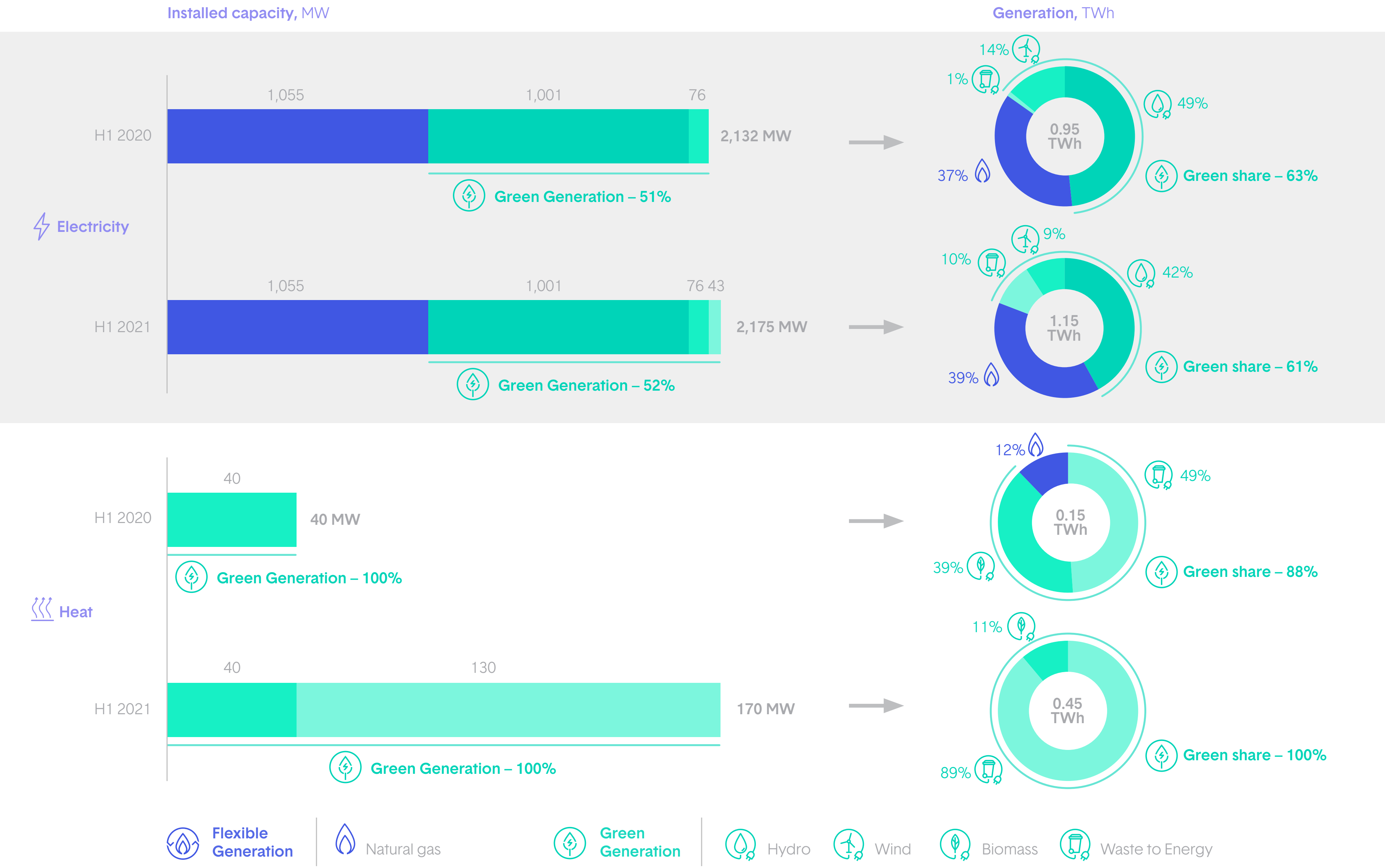
Heat generation in H1 2021 increased 3 times compared to 2020 as a result of Kaunas CHP's and Vilnius CHP's, which commenced commercial operation in August 2020 and in March 2021 accordingly.

Gas

Gas distribution volumes increased by 31.9% as a result of colder winter. Gas sales increased slightly by 1.1%. This was mainly influenced by unplanned 1.41 TWh LNG cargo sale and higher B2C sales. The latter were partly offset by lower B2B gas sales.

Gas distribution SAIFI indicator slightly worsened and was equal to 0.003 interruptions. SAIDI indicator also increased and was 0.25 minutes. Deterioration of the gas quality indicators resulted from increasing number of disconnections of low-capacity gas generators and increasing number of gas leaks due to cold weather (in Q1 2021).

Installed capacity and generation mix overview

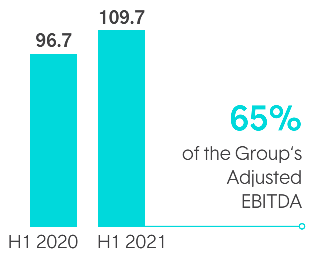


3.2 Results by business segment

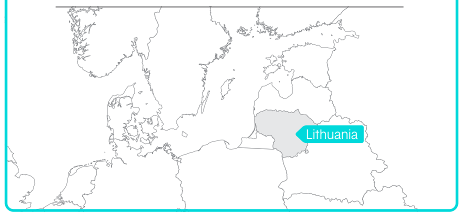
Overview

Networks

Adjusted EBITDA, EURm

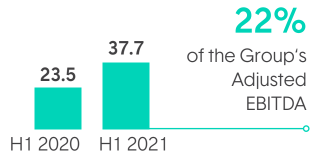


Revenue, EURm	266.8
Adjusted EBIT, EURm	67.4
Investments, EURm	57.3
Net debt, EURm	671.1



Green Generation

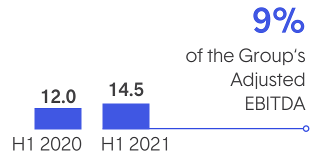
Adjusted EBITDA, EURm



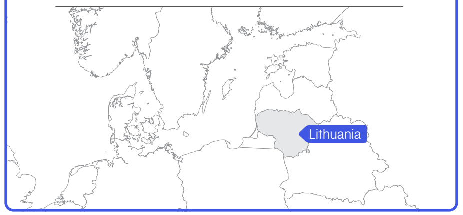
Revenue, EURm	66.0
Adjusted EBIT, EURm	27.9
Investments, EURm	13.9
Net debt, EURm	385.3

Flexible Generation

Adjusted EBITDA, EURm

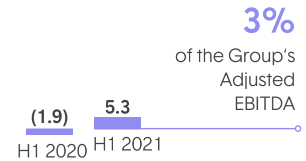


Revenue, EURm	61.1
Adjusted EBIT, EURm	7.8
Investments, EURm	0.1
Net debt, EURm	(27.1)

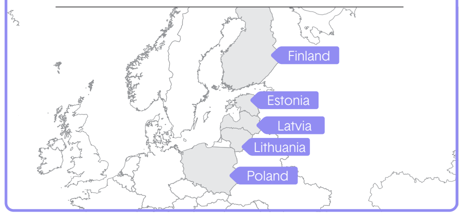


Customers & Solutions

Adjusted EBITDA, EURm



Revenue, EURm	345.3
Adjusted EBIT, EURm	4.5
Investments, EURm	0.5
Net debt, EURm	110.1



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

Networks

Highlights

- **National Energy Regulatory Council (hereinafter – NERC) has published updated data for calculation of WACC, which as of 1 January 2022 for electricity will be 4.16% (calculated in accordance with the updated methodology on ROI), for natural gas 3.98% (calculated in accordance with the old methodology on ROI)**
- **During H1 2021 there were intensive consultations with the regulator on the parameters of the new regulatory model for the upcoming electricity regulatory period. Consultations will continue till mid-October when price caps for electricity distribu-tion will be set**
- **During H1 2021 an agreement with infrastructure supplier for approximately 1.2 million of smart meters was concluded. A project was replanned pushing the end date to 2025 (from 2023) in order to implement the roll-out at the most efficient way herewith to comply with all high level requirements (including cybersecurity)**
- **Electricity quality indicators (SAIFI and SAIDI) were strongly affected by extreme conditions caused by wet snow cover (end of January 2021) and local storms (in May, June 2021)**

Financial results

In H1 2021, the Networks revenue reached EUR 266.8 million and was 12.8% or EUR 30.2 million higher than in H1 2020. The increase was mainly driven by higher electricity (EUR +17.5 million) and gas (EUR +7.0 million) distribution revenue mainly due to higher distributed volumes (from 4.69 TWh to 5.15 TWh and from 3.59 TWh to 4.73 TWh respectively) as a result of colder weather compared to 2020 and overall higher consumption, and increased revenue from supply of last resort (EUR +5.4 million) due to 97% higher electricity market price.

Adjusted EBITDA reached EUR 109.7 million and was 13.4% or EUR 13.0 million higher than in H1 2020. The increase was driven by:

- higher distributed volumes (EUR +10.1 million) as a result of colder weather compared to 2020 and overall higher consumption (this effect will level off over the course of the year as annual ROI and compensated D&A is fixed for the year but allocated between months based on distributed volumes);
- higher RAB value (EUR +1.9 million), which increased by 2% from EUR 1,628 million in 2020 to EUR 1,663 million in 2021.

Compared to H1 2020, Investments increased by EUR 7.9 million or 16.0%. The increase was mainly driven by higher of investments in maintenance of the electricity and gas distribution network (EUR +13.1 million), however it was partly offset by lower investments in expansion of the electricity and gas distribution networks (EUR -6.6 million) due to colder winter, ground frost and heavy snowfall.

Operating performance

Electricity distribution

The total distributed electricity increased by 9.8% because of a colder winter and remote work from home. B2B distribution increased by about 8.6%, while B2C distribution increased by 12.2%. Technological losses ratio decreased by 0.8 pp comparing with last year concerning an effect of the measures taken to minimize electricity losses and higher distribution. Number of electricity distribution customers increased by 24.3 thousands or 1.4% in H1 2021 comparing to H1 2020, which was mainly affected by growing number of new connections of prosumers and producers (+5.5 thousands or +65.8%) and stable growth of traditional B2B and B2C customers (+18.8 thousands or -1%).

Electricity distribution quality improved in H1 2021 comparing to the corresponding period last year: SAIFI indicator improved to 0.74 interruptions (from 0.87 in H1 2020) and SAIDI indicator improved to 147.31 minutes (compared to 177.82 minutes in H1 2020). H1 2021 quality level was negatively affected by the extreme weather conditions (wet snow cover in January, 2021 and local storms in May - June, 2021). Nevertheless, the negative impact of the storm Laura in March, 2020 (the biggest storm since 2005) was much more significant thus H1 2021 ratios improved comparing with H1 2020.

Gas distribution

Gas distribution volumes increased by 31.9% because of colder winter. Both gas supply quality indicators SAIFI and SAIDI slightly deteriorated and were equal to 0.003 interruptions and 0.25 minutes respectively. Deterioration of the gas quality indicator resulted from increasing number of disconnections of low-capacity gas generators and increasing number of gas leaks due to cold weather (in Q1 2021).

Key financial indicators, EUR m	H1 2021	H1 2020	Δ	Δ, %
Revenue	266.8	236.6	30.2	12.8%
Adjusted EBITDA APM	109.7	96.7	13.0	13.4%
EBITDA APM	106.8	94.8	12.0	12.7%
Adjusted EBIT APM	67.4	56.0	11.4	20.4%
EBIT APM	64.8	54.8	10.0	18.2%
Investments APM	57.3	49.4	7.9	16.0%
Adjusted EBITDA margin, % APM	40.7%	40.7%	n/a	- pp
	2021.06.30	2020.12.31	Δ	Δ, %
PPE, intangible and right-of-use assets	1,631.4	1,616.9	14.5	0.9%
Net debt APM	671.1	680.7	(9.6)	(1.4%)

Key operating indicators		H1 2021	H1 2020	Δ	Δ, %
Electricity distribution					
Electricity distributed	TWh	5.15	4.69	0.46	9.8%
Distribution network	'000 km	126.45	125.86	0.59	0.5%
Technological losses	%	4.8%	5.6%	n/a	(0.8 pp)
Number of customers	'000	1,788.56	1,764.29	24.28	1.4%
of which prosumers and producers	'000	13.72	8.28	5.45	65.8%
New connection points	'000	12.98	10.54	2.44	23.2%
Connection point upgrades	'000	10.85	7.71	3.15	40.9%
Admissible power of new connection points and upgrades	MW	241.88	186.99	54.88	29.4%
Time to connect (average)[1]	c. d.	35.29	25.82	9.47	36.7%
SAIFI	unit	0.74	0.87	(0.13)	(14.9%)
SAIDI	min	147.31	177.82[2]	(30.51)	(17.2%)
Gas distribution					
Gas distributed	TWh	4.73	3.59	1.14	31.9%
Distribution network	'000 km	9.75	9.59	0.16	1.7%
Technological losses	%	1.6%	2.2%	n/a	(0.6 pp)
Number of customers	'000	613.54	605.27	8.27	1.4%
New connection points and upgrades	'000	3,.57	4.03	(0.47)	(11.5%)
Time to connect (average)[1]	c. d.	70.94	48.03	22.91	47.7%
SAIFI	unit	0.003	0.003	0.001	22.2%
SAIDI	min	0.25	0.24	0.01	5.7%

Key regulatory indicators[3]		2021	2020	Δ	Δ, %
Regulated activities share in adjusted EBITDA in H1	**%**	**100.0%**	**100.0%**	**n/a**	**- pp**
Total					
RAB	EURm	1,663	1,628	35	2.1%
WACC (weighted average)	%	5.14%	5.08%	n/a	0.06 pp
Depreciation and amortisation (regulatory)	EURm	91.9	89.5	2.4	2.7%
Electricity distribution					
RAB	EURm	1,414	1,401	13	0.9%
WACC	%	5.34%	5.28%	n/a	0.06 pp
Depreciation and amortisation (regulatory)	EURm	82.4	80.0	2.4	3.0%
Gas distribution					
RAB	EURm	249	227	22	9.7%
WACC	%	3.90%	3.84%	n/a	0.06 pp
Depreciation and amortisation (regulatory)	EURm	9.5	9.6	(0.1)	(1.0%)

[1] Changes in methodology due to newly purchased contracts, changes in legislation and adjustments in algorithm for calculating engineering stages more precisely. With respect to new methodology implemented, 2020 H1 data were updated as follows: "Time to Connect" ratio for electricity was 27.81 c.d., new 25.82 c.d., "Time to Connect" ratio for gas was 54.11 c. d., new 48.03 c.d.
[2] Previously reported 179.23 value was adjusted with regards to new meteorological information.
[3] Full year numbers unless stated otherwise.

Green Generation

Highlights

- **In March Vilnius CHP WtE unit (19 MWe, 60 MWth) started operations**
- **Completed Pomerania WF (94 MW) in Poland construction works in March 2021. COD is expected around Q3 2021**
- **Approved expansion plan of Kruonis PSHP (900 MW) for an additional unit (110 MW)**
- **Overall better performance due to mainly positive impact of Vilnius CHP WtE unit as ir was launched in March 2021, Kaunas CHP as the plant was launched in August 2020 and better results of Kaunas HPP due to higher captured electricity prices**
- **The decrease in investments is mainly due to launch of Kaunas CHP and Vilnius CHP WtE projects and Pomerania WF construction completion in March 2021**

Financial results

In H1 2021, Green Generation revenue amounted to 66.0 million and was 68.4% or EUR 26.8 million higher than in H1 2020. The increase was driven by Kaunas CHP (EUR +11.5 million) as the plant was launched in August 2020 and Vilnius CHP WtE unit (EUR +3.6 million) – launched in March 2021, higher revenue of Kruonis PSHP (EUR +7.9 million) and Kaunas HPP (EUR +5.1 million) mainly due to higher electricity market prices.

In H1 2021, Adjusted EBITDA reached EUR 37.7 million and was 60.4% or EUR 14.2 million higher than in H1 2020. The main effects were:

- positive impact from Kaunas CHP (EUR +7.1 million) as the plant was launched in August 2020;
- positive impact from Vilnius CHP WtE unit (EUR +5.3 million) - launch in March 2021;
- better result of Kaunas HPP (EUR +4.6 million) due to higher captured electricity prices;
- lower results of operating wind farms (EUR -1.9 million) due to less favorable weather conditions.

Investments amounted to EUR 13.9 million in H1 2021 and were EUR 117.6 million lower compared to H1 2020. The main reasons for the decrease were lower investments in construction of Kaunas CHP (EUR -55.3 million) as it was launched in August 2020, lower investments in construction of Pomerania WF (EUR -40.4 million) as the construction was completed in March and lower investments in Vilnius CHP (EUR -25.2 million) due to WtE unit COD in March and Biomass unit majority of investments starting in H2 2021.

Operating performance

Electricity generation

Electricity generated in the Green Generation segment increased by 16.7% in H1 2021, compared to H1 2020.This was mainly due to higher electricity generation from waste as a result of Kaunas CHP and Vilnius CHP, which commenced commercial operation in August 2020 and March 2021 respectively. Another reason was increased generation at Kaunas HPP due to higher levels of water in the Nemunas river and higher availability factor.

The volume of electricity generated at wind farms was 0.10 TWh, which is 23.4% less compared to H1 2020. The decrease in wind farms generation portfolio was impacted by lower load factors due to worse weather conditions.

Heat generation

Heat generation in H1 2021 increased 3 times compared to H1 2020 as a result of Kaunas CHP's and Vilnius CHP's commercial operation commencement.

Key financial indicators, EURm	H1 2021	H1 2020	Δ	Δ,%
Revenue	66.0	39.2	26.8	68.4%
Adjusted EBITDA APM	37.7	23.5	14.2	60.4%
EBITDA APM	32.7	23.5	9.2	39.1%
Adjusted EBIT APM	27.9	16.0	11.9	74.4%
EBIT APM	21.0	16.0	5.0	31.3%
Investments APM	13.9	131.5	(117.6)	(89.4%)
Adjusted EBITDA margin, % APM	53.2%	59.9%	n/a	(6.7 pp)
	2021.06.30	2020.12.31	Δ	Δ, %
PPE, intangible and right-of-use assets	753.7	755.4	(1.7)	(0.2%)
Net debt APM	385.3	352.4	32.9	9.3%

Key operating indicators		H1 2021	H1 2020	Δ	Δ,%
Electricity generation					
Installed capacity	MW	1,120	1,077	43	4.0%
Wind	MW	76	76	-	-%
Hydro	MW	1,001	1,001	-	-%
Pumped storage	MW	900	900	-	-%
Run-of-river	MW	101	101	-	-%
Waste	MW	43	-	43	n/a
Projects under construction	MW	230	210	20	9.5%
Wind	MW	157	94	63	67.0%
Waste	MW	-	43	(43)	(100.0%)
Biomass	MW	73	73	-	-%
Electricity generated	TWh	0.70	0.60	0.10	16.7%
Wind	TWh	0.10	0.13	(0.03)	(23.4%)
Hydro	TWh	0.48	0.46	0.02	3.8%
Pumped stor-age	TWh	0.33	0.32	-	0.01%
Run-of-river	TWh	0.16	0.14	0.02	12.4%
Waste	TWh	0.12	0.01	0.11	n/a
Wind farms availability factor	%	98.8%	98.4%	n/a	0.3 pp
Wind farms load factor	%	29.9%	39.0%	n/a	(9.1 pp)
Heat generation					
Installed capacity	MW	170	40	130	325.0%
Projects under construction	MW	169	299	(130)	(43.5%)
Heat generated	TWh	0.45	0.15	0.30	194.9%
Waste	TWh	0.40	0.07	0.32	435.8%
Biomass	TWh	0.05	0.06	(0.01)	(18.1%)
Gas	TWh	-	0.02[1]	(0.02)	(91.8%)

Key regulatory indicators[2]		2021	2020	Δ	Δ,%
Regulated activities share in adjusted EBITDA in H1	**%**	**2.1%**	**7.9%**	**n/a**	**(5.8 pp)**
Kruonis PSHP					
RAB	EURm	16.8[3]	35.6	(18.8)	(52.8%)
WACC	%	3.50%	5.07%	n/a	(1.57 pp)
Depreciation and amortisation (regulatory)	EURm	1.3	1.7	(0.4)	(23.5%)

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

Flexible Generation

Highlights

- **Higher clean spark spread and increased electricity generation volumes for CCGT gas commercial activities led to higher Adjusted EBITDA**

Financial results

In H1 2021, Flexible Generation revenue reached 61.1 million and was 59.9% or EUR 22.9 million higher than in H1 2020. The increase was mainly driven by higher revenue of the CCGT unit commercial activity (EUR +21.8 million) due to higher electricity market prices (+97%) as well as higher volumes (+33%).

In H1 2021, Adjusted EBITDA reached EUR 14.5 million and was 20.8% or EUR 2.5 million higher than in H1 2020. Regulated activity reached EUR 7.3 million and was 3.9% or EUR 0.3 million lower than H1 2020. Commercial activity reached EUR 7.2 million and was 61.9% or EUR 2.7 million higher than H1 2020. The increase was mainly caused by better results from the CCGT unit (EUR +3.2 million) which increased due to higher clean spark spread.

PPE, intangible and right-of-use assets increased compared to 31 December 2020, mostly due to revaluation of emission allowances. As at 30 June 2021, intangible assets of emission allowances amounted to EUR 112.6 million (2.001.183 units) and was 43.1% or 33.9 million higher compared to 31 December 2020. The increase was caused by significantly higher emission allowances market price that was partly offset by write-off of approved emission allowances (451.666 units) used in 2020.

Operating performance

Electricity generation volumes at Elektrėnai Complex increased 29% in H1 2021, compared with H1 2020, and reached 0.45 TWh. The growth was mainly influenced by higher CCGT generation, caused by favorable gas and electricity prices.

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

In H1 2021, the CCGT is providing the service of operation of the isolated network with the scope of 371 MW. The rest of isolated system operation service is provided by unit 7 with the scope of 38 MW.

Key financial indicators, EURm	H1 2021	H1 2020	Δ	Δ,%
Revenue	61.1	38.2	*22.9*	*59.9%*
Adjusted EBITDA APM	14.5	12.0	*2.5*	*20.8%*
EBITDA APM	14.6	8.0	*6.6*	*82.5%*
Adjusted EBIT APM	7.8	6.2	*1.6*	*25.8%*
EBIT APM	(0.7)	2.6	*(3.3)*	*n/a*
Investments APM	0.1	0.3	*(0.2)*	*(66.7%)*
Adjusted EBITDA margin, % APM	23.7%	28.5%	*n/a*	*(4.8 pp)*
	2021.06.30	**2020.12.31**	**Δ**	**Δ,%**
PPE, intangible and right-of-use assets	429.4	401.0	*28.4*	*7.1%*
Net debt APM	(27.1)	(40.2)	*13.1*	*(32.6%)*

Key operating indicators		H1 2021	H1 2020	Δ	Δ,%
Installed electricity capacity	MW	1,055	1,055	-	-%
Electricity gen-erated	TWh	0.45	0.35	*0.10*	*29.1%*
Total reserve and Isolated Regime Services	MW	891	890	*1*	*0.1%*
Tertiary Power Reserve Services	MW	482	475	*7*	*1.5%*
Isolated Regime Services	MW	409	415	*(6)*	*(1.4%)*

Key regulatory indicators[1]		2021	2020	Δ	Δ,%
Regulated activities share in adjusted EBITDA in H1	**%**	**50.3%**	**63.1%**	*n/a*	*(12.8 pp)*
CCGT					
RAB	EURm	-	-	-	-
WACC	%	-	-	-	-
Depreciation and amortisation (regulatory)	EURm	9.9	9.8	*0.1*	*1.0%*
Units 7 and 8					
RAB	EURm	33.0	36.5	*(3.5)*	*(9.6%)*
WACC	%	3.50%	5.07%	*n/a*	*(1.57 pp)*
Depreciation and amortisation (regulatory)	EURm	4.0	3.8	*0.2*	*5.3%*

[1] *Full year numbers unless stated otherwise.*

Customers & Solutions

Highlights

- **Started B2B gas supply activities in Poland**
- **Started trading activities in the Dutch gas trading platform TTF**
- **Continuing B2C electricity market deregulation activities while keeping leadership in total B2C market share of 87% by volume**
- **Implemented costs reducing driven change by agreeing the terms of contract with Equinor amendment for LNG cargoes supply saving EUR ~14-17 million for Lithuanian gas consumers during 2022-2024. This amendment is not expected to result in higher earnings for the company but significantly mitigates the risk of losses communicated previously in relation to the potential regulatory changes**

Financial results

In H1 2021, Customers & Solutions revenue reached EUR 345.3 million and was 24.2% or EUR 67.2 million higher than in H1 2020. Positive Customers and Solutions revenue result is driven by an increase in electricity business (EUR +55.2 million) as well as gas business (EUR +9.1 million). Higher revenue of B2B electricity business (EUR +46.0 million) due to higher volumes (+8%) and higher market prices (+97%). An increase in B2C deregulated (EUR +20.8 million) was nearly offset by lower B2C regulated (EUR -20.6 million) as clients shift to independent electricity suppliers. An increase in gas business was driven by higher gas export (EUR +6.0 million) mainly due to unplanned sale of 1.41 TWh LNG cargo.

In H1 2021, Adjusted EBITDA reached EUR 5.3 million and was EUR 7.2 million higher than in H1 2020. The main effects were:

- positive effect on gas results is driven by gas inventory revaluation (EUR +19.9 million) due to increasing gas prices (around +110%) which is likely to switch direction in 2022 if the gas prices normalize. Positive effect is partly offset by decrease in gas B2B (EUR -5.6 million) and gas export (EUR -4.3 million) due to lower sales margins;
- negative result in electricity business is driven by decreased B2C (EUR -5.0 million) due to negative effect of regulated distribution tariff (which is expected to be reversed in 2022 through tariff) and underhedged independent supply volumes. B2B electricity remains loss making due to inefficient proxy hedging.

Compared to 31 Dec 2020, Net debt increased (EUR +80.7 million) mostly because of a need for additional cash pool to cover dividend payments and to cover increasing spread between lower regulated public tariffs and higher actual purchase prices of gas and electricity.

Operating performance

Electricity volume sales

Total electricity sales in retail market in H1 2021 increased by 5.1% compared to H1 2020. The increase was mainly caused by higher sales in Lithuania for B2B and B2C as a result of colder winter. Increase for B2C was not only influenced by weather, but also by quarantine and remote work from home. Number of customers for electricity slightly decreased due to started liberalization of the market.

Gas volume sales

The volume of gas sold in H1 2021 increased by 1.1%. This was mainly influenced by unplanned sale of 1.41 TWh LNG cargo and higher B2C sales due to colder winter, partly offset by lost tender in Latvia which was won last year.

Key financial indicators, EURm	H1 2021	H1 2020	Δ	Δ,%
Revenue	345.3	278.1	*67.2*	*24.2%*
Adjusted EBITDA APM	5.3	(1.9)	*7.2*	*n/a*
EBITDA APM	14.5	24.9	*(10.4)*	*(41.8%)*
Adjusted EBIT APM	4.5	(3.4)	*7.9*	*n/a*
EBIT APM	13.7	24.0	*(10.3)*	*(42.9%)*
Investments APM	0.5	0.9	*(0.4)*	*(44.4%)*
Adjusted EBITDA margin, % APM	1.6%	(0.8%)	*n/a*	*2.4 pp*
	2021.06.30	**2020.12.31**	**Δ**	**Δ,%**
PPE, intangible and right-of-use assets	6.1	6.6	*(0.5)*	*(7.6%)*
Net debt APM	110.1	29.4	*80.7*	*274.5%*

Key operating indicators		H1 2021	H1 2020	Δ	Δ,%
Electricity sales					
Lithuania	TWh	2.78	2.66	*0.12*	*4.5%*
Latvia	TWh	0.44	0.44	*-*	*0.7%*
Other	TWh	0.05	0.01	*0.04*	*359.0%*
Total retail	TWh	3.26	3.10	*0.16*	*5.1%*
of which B2C	TWh	1.49	1.45	*0.04*	*2.7%*
of which B2B	TWh	1.77	1.65	*0.12*	*7.3%*
Number of customers[1]	m	1.56	1.66	*(0.09)*	*(5.7%)*
Gas sales	TWh	7.32	7.24	*0.08*	*1.1%*
Lithuania	TWh	3.38	3.19	*0.19*	*6.0%*
Latvia	TWh	0.13	1.10	*(0.96)*	*(87.9%)*
Finland	TWh	1.42	1.63	*(0.21)*	*(12.7%)*
Poland	TWh	-	-	*-*	*-%*
Total retail	TWh	4.93	5.91	*(0.98)*	*(16.5%)*
of which B2C	TWh	1.65	1.26	*0.39*	*31.0%*
of which B2B	TWh	3.29	4.65	*(1.37)*	*(29.4%)*
Wholesale market	TWh	2.38	1.32	*1.06*	*79.9%*
Number of customers	m	0.61	0.60	*0.01*	*1.2%*

Key regulatory indicators[2]		2021	2020	Δ	Δ,%
Regulated activities share in adjusted EBITDA in H1	%	**66.5%**	**n/a**	n/a	n/a
RAB[3]	EURm	26	75	*(49)*	*(65.3%)*
WACC	%	2.93%	2.94%	*n/a*	*(0.01 pp)*

[1] Until Q4 2020, electricity B2C was calculated as existing contracts; since Q4 2020, electricity B2C is calculated as objects (object – an object managed by the right of ownership or other legal basis (facility, construction, etc.), which consumes electricity). For this reason, the number of electricity B2C for H1 2020 was restated from 1.69m (total electricity supply customers 1.70m) to 1.65m (total electricity supply customers 1.66m).
[2] Full year numbers unless stated otherwise.
[3] RAB for businesses of the Customers & Solutions segment comprises net working capital for covering the demand of public supply of electricity.

3.3 Results Q2

Financial results

Revenue

In 2021 Q2, compared to 2020 Q2, increase in revenue was caused by:

- Electricity business (EUR +38.1 million) in Customers and Solutions segment due to higher volumes;
- Multiple effects in Generation segment including Kaunas CHP (EUR +5.9 million) as the plant was launched in August 2020 and Vilnius CHP WtE unit (EUR +3.5 million) – launched in March 2021. As well as higher revenue of Kaunas HPP (EUR +3.3 million) and Kruonis PSHP (EUR +3.0 million) mainly due to higher electricity market prices;
- Higher electricity distribution and transmission revenue (EUR +9.8 million) due to higher volumes in Networks segment;
- Higher revenue of the CCGT unit commercial activity (EUR +7.6 million) due to higher electricity market prices and volumes in Flexible Generation segment.

Adjusted EBITDA

Adjusted EBITDA increased by EUR 24.9 million mainly due to:

- Better gas supply business results (EUR +9.7 million) in Customers and Solutions segment mostly due to gas inventory revaluation as gas prices increased;
- Better result from Vilnius CHP WtE unit (EUR +3.7 million) launched in March 2021, Kaunas CHP (EUR +3.6 million) launched in August 2020 and Kaunas HPP (EUR +2.9 million) due to higher captured electricity prices in Green Generation segment;
- Higher distributed volumes (EUR +4.7 million) in Networks segment (effect which will level off during the year).

Adjusted net profit

Adjusted net profit increased by EUR 20.0 million mainly due to higher Adjusted EBITDA.

Investments

Investments in 2021 Q2 decreased due to lower investments in Kaunas CHP (EUR -45.0 million) as it was launched in August 2020, lower investments in construction of Pomerania WF (EUR -34.4 million) as the construction was completed in March and lower investments in Vilnius CHP (EUR -14.9 million) due to WtE unit COD in March and Biomass unit majority of investments starting in H2 2021.

Operating performance

Electricity

Distributed electricity increased 12.2% comparing with same quarter last year, mostly due to COVID-19. Electricity generated increased by 4%. Increase was mainly driven by higher electricity generation in Kaunas CHP (+0.03 TWh), Vilnius CHP (+0,03 TWh), Kruonis PSHP (+0.02 TWh) and Kaunas HPP (+0.02 TWh) which offset decreased volumes generated in the CCGT unit at Elektrėnai complex (-0.06 TWh).

Operational capacity increased by 43 MW since Kaunas CHP and Vilnius CHP commenced commercial operations in August 2020 and March 2021 respectively. In Q2 2021capacity under construction increased by 20 MW comparing with Q2 2020, which was result of 63 MW increase due to construction of Mažeikiai WF and 43 MW decrease which is already reported as installed operational capacity.

Deterioration of electricity quality indicator SAIDI was mainly caused by local storms in May and June.

Heat

Heat generation increased as a result of Kaunas CHP and Vilnius CHP Plants which commenced commercial operation in August 2020 and in March 2021 respectively.

Gas

Gas distribution increased due to higher consumption of B2C and B2B concerning quarantine and longer cold season. Gas sales volumes decreased mainly due to lost tender in Latvia which was won last year.

Gas quality indicators SAIDI and SAIFI improved comparing with the same period last year.

Key financial indicators		Q2 2021	Q2 2020	Δ	Δ,%
Revenue	EURm	344.7	265.3	*79.4*	*29.9%*
EBITDA APM	EURm	82.0	87.8	*(5.8)*	*(6.6%)*
Adjusted EBITDA APM	EURm	76.5	51.6	*24.9*	*48.3%*
Adjusted EBITDA margin APM	%	22.6%	22.7%	*n/a*	*(0.1 pp)*
EBIT APM	EURm	46.4	62.8	*(16.4)*	*(26.1%)*
Adjusted EBIT APM	EURm	45.0	23.1	*21.9*	*94.8%*
Net profit	EURm	11.7	49.8	*(38.1)*	*(76.5%)*
Adjusted net profit APM	EURm	32.2	12.2	*20.0*	*163.9%*
Investments APM	EURm	48.7	124.5	*(75.8)*	*(60.9%)*
FFO APM	EURm	63.2	81.4	*(18.2)*	*(22.4%)*
FCF APM	EURm	41.7	(28.7)	*70.4*	*n/a*

Key operating indicators		Q2 2021	Q2 2020	Δ	Δ,%
Electricity					
Green Generation capacity	MW	1,350	1,287	*63*	*4.9%*
Green Generation installed capacity	MW	1,120	1,077	*43*	*4.0%*
Green Generation projects under construction	MW	230	210	*20*	*9.5%*
Electricity distributed	TWh	2.43	2.17	*0.26*	*12.2%*
Electricity generated	TWh	0.58	0.56	*0.02*	*4.2%*
Green electricity generated	TWh	0.35	0.26	*0.09*	*35.8%*
Green share of generation	%	61.0	46.8	*n/a*	*14.2 pp*
Electricity sales	TWh	1.67	1.62	*0.05*	*3.1%*
SAIFI	units	0.36	0.42	*(0.06)*	*(14.3%)*
SAIDI	min.	46.64	34.15	*12.49*	*36.6%*
Heat					
Green Generation capacity	MW	339	339	*-*	*-%*
Green Generation installed capacity	MW	170	40	*130*	*325.0%*
Green Generation projects under construction	MW	169	299	*(130)*	*(43.5%)*
Heat generated	TWh	0.21	0.09	*0.12*	*134.8%*
Gas					
Gas distributed	TWh	1.41	1.18	*0.23*	*19.2%*
Gas sales	TWh	2.07	2.98	*(0.91)*	*(30.5%)*
SAIFI	units	0.001	0.002	*(0.001)*	*(61.1%)*
SAIDI	min.	0.08	0.19	*(0.11)*	*(59.7%)*

Results by business segments Q2

Networks

Networks revenue was 11.1% or EUR 12.0 million higher than in Q2 2020. The increase was mainly driven by higher electricity distribution and transmission revenue (EUR +9.8 million).

Adjusted EBITDA was 13.3% or EUR 5.9 million higher than in Q2 2020. The increase was driven by higher distributed volumes (EUR +4.7 million) as a result of colder weather compared to 2020 and overall higher consumption (this effect will level off over the course of the year as annual ROI and compensated D&A is fixed for the year but allocated between the months based on distributed volumes).

Investments were 49.4% or EUR 12.4 million higher than in Q2 2020, mainly due to higher investments in maintenance of electricity distribution network (EUR +8.9 million).

Green Generation

Green Generation revenue was 97.0% or EUR 16.2 million higher than in Q2 2020. The increase was driven by launch of Kaunas CHP (EUR +5.9 million) Vilnius CHP WtE unit (EUR +3.5 million) and higher sales of Kaunas HPP (EUR +3.3 million) and Kruonis PSHP (EUR +3.0 million) mainly due to higher electricity market prices.

Adjusted EBITDA was 101.1% or EUR 9.2 million higher than in Q2 2020. The increase was mainly influenced by Vilnius CHP WtE unit (EUR +3.7 million) - launched in March 2021 and Kaunas CHP (EUR +3.6 million) - launched in August 2020 and better results of Kaunas HPP (EUR +2.9 million).

Investments were 93.1% or EUR 89.6 million lower than in Q2 2020, mainly resulting from lower investments in Kaunas CHP (EUR -45.0 million) as it was launched in August 2020, lower investments in construction of Pomerania WF (EUR -34.4 million) as the construction was completed in March and lower investments in Vilnius CHP (EUR -14.9 million) due to WtE unit COD in March and Biomass unit majority of investments starting in H2 2021.

Flexible Generation

Flexible Generation revenue was 42.7% or EUR +9.4 million higher than in Q2 2020. The increase was mainly driven by higher revenue of the CCGT unit commercial activity (EUR +7.6 million) due to higher electricity market prices and volumes.

Adjusted EBITDA was 14.7% or EUR 1.1 million lower than in Q2 2020. The decrease was mainly caused by worsen results from the CCGT unit (EUR -0.5 million) mainly due to lower generation volumes and lower clean spark spread for commercial activity.

Customers & Solutions

Customers & Solutions revenue was 37.6% or EUR 44.0 million higher than in Q2 2020. The increase was mainly driven by higher revenue of electricity business (EUR +38.1 million) due to higher volumes and higher revenue from gas sales (EUR +5.7 million).

Adjusted EBITDA was EUR 10.4 million higher than in Q2 2020. The increase was mainly influenced by better gas business results (EUR +9.7 million) mostly due to gas inventory revaluation as gas prices increased.

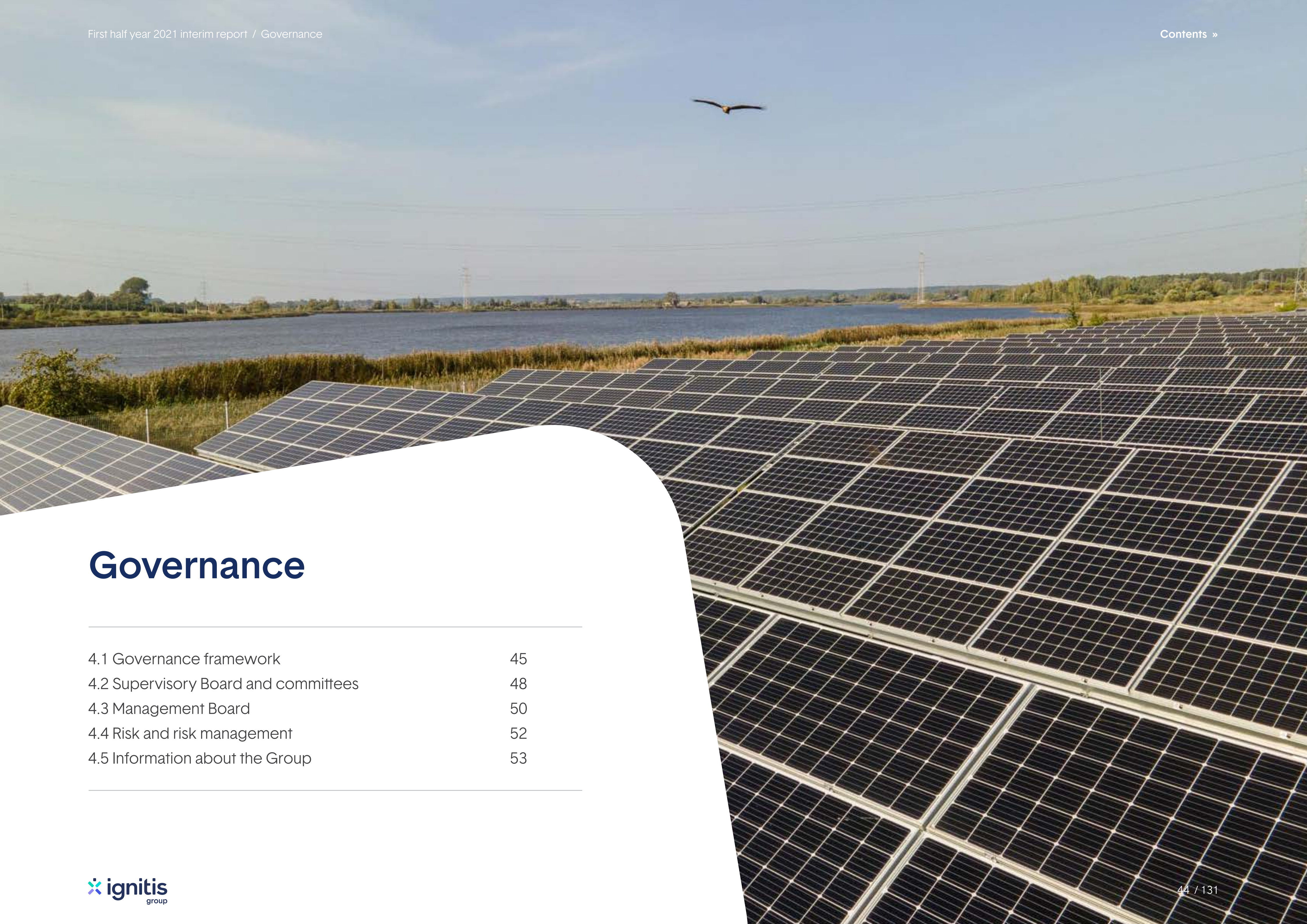
Networks		Q2 2021	Q2 2020	Δ	Δ,%
Revenue	EURm	120.5	108.5	12.0	11.1%
Adjusted EBITDA APM	EURm	50.4	44.5	5.9	13.3%
EBITDA APM	EURm	49.2	41.4	7.8	18.8%
Adjusted EBIT APM	EURm	28.5	25.0	3.5	14.0%
EBIT APM	EURm	27.5	22.4	5.1	22.8%
Investments APM	EURm	37.5	25.1	12.4	49.4%
Adjusted EBITDA margin APM	%	41.4%	40.1%	n/a	1.4 pp
		2021.06.30	2020.12.31	Δ	Δ,%
PPE, intangible and right-of-use assets	EURm	1,631.4	1,616.9	14.5	0.9%
Net debt APM	EURm	671.1	680.7	(9.6)	(1.4%)
Green Generation		**Q2 2021**	**Q2 2020**	**Δ**	**Δ,%**
Revenue	EURm	32.9	16.7	16.2	97.0%
Adjusted EBITDA APM	EURm	18.3	9.1	9.2	101.1%
EBITDA APM	EURm	15.5	9.1	6.4	70.3 %
Adjusted EBIT APM	EURm	13.0	5.4	7.6	140.7%
EBIT APM	EURm	9.4	5.3	4.1	77.4%
Investments APM	EURm	6.6	96.2	(89.6)	(93.1%)
Adjusted EBITDA margin APM	%	51.4%	54.3%	n/a	(2.9 pp)
		2021.06.30	2020.12.31	Δ	Δ,%
PPE, intangible and right-of-use assets	EURm	753.7	755.4	(1.7)	(0.2%)
Net debt APM	EURm	385.3	352.4	32.9	9.3%
Flexible Generation		**Q2 2021**	**Q2 2020**	**Δ**	**Δ,%**
Revenue	EURm	31.4	22.0	9.4	42.7%
Adjusted EBITDA APM	EURm	6.4	7.5	(1.1)	(14.7%)
EBITDA APM	EURm	6.7	2.9	3.8	131.0%
Adjusted EBIT APM	EURm	3.5	4.6	(1.1)	(23.9%)
EBIT APM	EURm	0.4	2.4	(2.0)	(83.3%)
Investments APM	EURm	0.1	-	0.1	n/a
Adjusted EBITDA margin APM	%	20.5%	28.1%	n/a	(7.7 pp)
		2021.06.30	2020.12.31	Δ	Δ,%
PPE, intangible and right-of-use assets	EURm	429.4	401.0	28.4	7.1%
Net debt APM	EURm	(27.1)	(40.2)	13.1	(32.6%)
Customers & Solutions		**Q2 2021**	**Q2 2020**	**Δ**	**Δ,%**
Revenue	EURm	161.0	117.0	44.0	37.6%
Adjusted EBITDA APM	EURm	1.2	(9.2)	10.4	n/a
EBITDA APM	EURm	10.4	35.5	(25.1)	(70.7%)
Adjusted EBIT APM	EURm	0.9	(9.7)	10.6	n/a
EBIT APM	EURm	10.0	35.1	(25.1)	(71.5%)
Investments APM	EURm	0.2	0.5	(0.3)	(60.0%)
Adjusted EBITDA margin APM	%	0.8%	(12.7%)	n/a	13.5 pp
		2021.06.30	2020.12.31	Δ	Δ,%
PPE, intangible and right-of-use assets	EURm	6.1	6.6	(0.5)	(7.6%)
Net debt APM	EURm	110.1	29.4	80.7	274.5%

3.4 Quarterly summary

Key financial indicators		Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019
Revenue	EURm	344.7	393.4	354.3	277.9	265.3	325.6	287.0	242.6	226.2
EBITDA APM	EURm	82.0	87.9	107.8	79.8	87.8	62.0	53.1	48.9	50.8
Adjusted EBITDA APM	EURm	76.5	91.9	92.3	70.2	51.6	77.5	72.2	57.9	59.3
Adjusted EBITDA margin APM	%	22.6%	23.1%	27.3%	26.1%	22.7%	22.7%	23.7%	23.1%	25.2%
EBIT APM	EURm	46.4	51.3	71.8	49.7	62.8	30.6	18.9	18.1	20.0
Adjusted EBIT APM	EURm	45.0	61.3	57.6	40.5	23.1	47.7	36.6	27.1	29.5
Net profit	EURm	11.7	37.1	60.9	36.4	49.8	22.2	15.2	14.9	11.9
Adjusted net profit APM	EURm	32.2	45.5	46.2	26.0	12.2	42.3	31.5	21.9	20.0
Investments APM	EURm	48.7	28.2	76.0	83.7	124.5	62.6	123.7	110.4	121.4
FFO APM	EURm	63.2	84.5	104.9	66.0	81.4	60.2	47.8	39.8	48.9
FCF APM	EURm	41.7	28.5	25.8	26.0	(28.7)	16.1	(40.6)	(88.7)	(53.0)
ROE LTM APM	%	9.0%	11.5%	10.6%	9.3%	7.7%	4.8%	4.4%	(0.8%)	(3.9%)
Adjusted ROE LTM APM	%	9.3%	8.1%	7.9%	8.4%	8.1%	8.7%	8.0%	8.9%	7.1%
ROCE LTM APM	%	9.1%	9.9%	9.0%	7.0%	5.8%	4.0%	3.8%	(0.4%)	(2.2%)
Adjusted ROCE LTM APM	%	8.5%	7.7%	7.1%	6.4%	5.9%	6.4%	6.2%	6.8%	6.1%
		Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019
Total assets	EURm	4,057.4	4,050.0	3,969.3	3,440.1	3,400.4	3,194.1	3,198.1	3,061.1	2,992.6
Equity	EURm	1,899.8	1,857.9	1,843.8	1,329.6	1,337.8	1,357.1	1,348.6	1,332.5	1,320.8
Net debt APM	EURm	571.6	579.3	600.3	1,026.8	1,019.2	950.6	966.5	925.4	842.0
Net working capital APM	EURm	76.4	96.8	59.6	30.9	60.9	62.2	68.5	69.1	22.5
Net debt/EBITDA LTM APM	times	1.60	1.59	1.78	3.63	4.05	4.42	4.67	4.92	5.84
Net debt/Adjusted EBITDA LTM APM	times	1.73	1.89	2.06	3.78	3.93	3.56	3.72	3.64	3.63
FFO/Net debt LTM APM	%	55.8%	58.1%	52.1%	24.9%	22.5%	20.7%	19.6%	17.9%	15.6%

Key operating indicators		Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019
Electricity										
Green Generation capacity	MW	1,350	1,350	1,350	1,350	1,287	1,287	1,287	1,287	1,287
Green Generation installed capacity	MW	1,120	1,120	1,101	1,101	1,077	1,077	1,077	1,077	1,077
Green Generation projects under construction	MW	230	230	249	249	210	210	210	210	210
Electricity distributed	TWh	2.43	2.72	2.55	2.30	2.17	2.53	2.48	2.26	2.27
Electricity generated	TWh	0.58	0.57	0.65	0.86	0.56	0.39	0.25	0.34	0.22
Green electricity generated	TWh	0.35	0.35	0.34	0.32	0.26	0.34	0.24	0.34	0.22
Green share of generation	%	61.0%	61.0%	52.0%	36.7%	46.8%	87.1%	97.3%	97.6%	99.2%
Electricity sales	TWh	1.67	1.81	1.83	1.64	1.62	1.71	1.66	1.33	1.34
SAIFI	units	0.36	0.38	0.23	0.25	0.42[1]	0.45	0.27	0.35	0.34
SAIDI	min	46.64	100.67	13.49	16.36	34.15	143.67[2]	18.21	22.34	25.06
Heat										
Green Generation capacity	MW	339	339	339	339	339	339	339	339	339
Green Generation installed capacity	MW	170	170	110	110	40	40	40	40	40
Green Generation projects under construction	MW	169	169	229	229	299	299	299	299	299
Heat generated	TWh	0.21	0.23	0.15	0.03	0.09	0.06	0.02	-	0.01
Gas										
Gas distributed	TWh	1.41	3.32	2.48	0.99	1.18	2.41	2.26	0.91	1.03
Gas sales	TWh	2.07	5.25[3]	3.84	3.62	2.98	4.26	3.28	1.53	1.38
SAIFI	units	0.001	0.003	0.003	0.004	0.002	0.001	0.002	0.002	0.003
SAIDI	min	0.08	0.18	0.76	0.61	0.19	0.05	0.23	0.34	0.47

[1] Previously reported 0.41 value was adjusted with regards to new information.
[2] Previously reported 144.6 value was adjusted with regards to new meteorological information.
[3] In first quarter 2021 interim report reported 5.60 value was corrected concerning updated sales volumes in Poland.



Governance

4.1 Governance framework

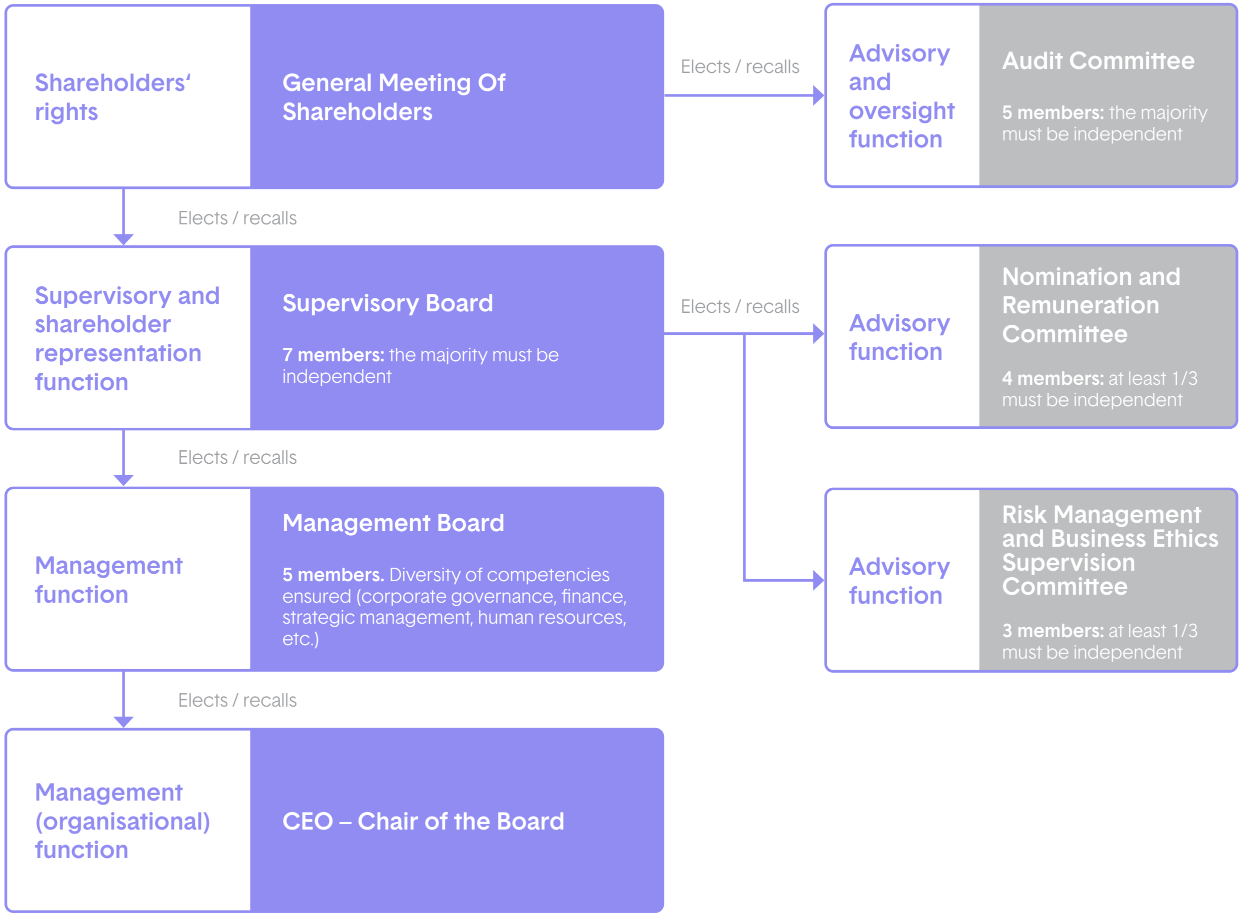
Governance model

Governance structure and model of the Group have been developed on the basis of the most advanced international and national practices, following the recommendations published by the OECD, having regard to the Corporate Governance Code for the companies listed on Nasdaq Vilnius and the Guidelines on the Governance for State-Owned Enterprises (hereinafter – 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 (hereinafter – Corporate Governance Guidelines) and amended several times. The most recent amendments were adopted after the reporting period on 2 July 2021, and the latest wording of Corporate Governance Guidelines is available here. It includes changes in the procedure of forming the parent company's Audit Committee resulting its members no longer being selected by the parent company's Supervisory Board, but instead by the decision of the General Meeting of Shareholders. In view of this, on 29 July 2021, the General Meeting of Shareholders adopted a new wording of the parent company's Articles of Association.

The parent company is a strong leader among SOEs of Lithuania in corporate governance field – with a track record of the highest rating in Good Corporate Governance Index since 2012. Also, according to the report issued on 17 September 2020 by Sustainalytics, a leading independent provider of ESG and corporate governance ratings, research and analysis, the Group was assigned an ESG risk rating score of 26.5 ('medium risk'), with corporate governance risk rated as 'negligible' (score of 1.9). The 54.9 management score ('strong') also indicates the parent company's overall management of material ESG issues being material. Moreover, in July 2021 the Group's rating of 'A' was upgraded to 'AA' (on a scale of CCC-AAA) in the MSCI ESG Ratings assessment. This places the Group among leaders in the peer universe rated by MSCI. For more information on ESG, please refer to the section 'ESG performance report'.

The parent company employs a system of corporate governance designed to manage and control the Group as a whole, with a view to achieving objectives that are common to the Group as well as the parent company. The corporate governance of the Group is exercised by the parent company through its parent functions, e.g., by coordinating such areas as

Corporate governance model



finance, law, planning and monitoring, human resources, risk management, audit, IT, communication and other common areas of the Group. Activities of the Group in these areas are based on mutual agreement, i.e. cooperation with a focus on achievement of common result, and they are coordinated by policies (common provisions and norms) applicable to the whole Group.

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

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

After the reporting period, the term of office of the parent company's Supervisory Board expired on 29 August 2021. Due to the delay in the selection process managed by the Majority Shareholder, no new members of the Supervisory Board are assigned yet but are expected by the end of October 2021. However, this does not intend to affect the Group's performance, as the parent company plans its activities and decision-making processes in a way to ensure the continuous and efficient operation of the Group. Additionally, former Supervisory Board members are not eligible to participate in the activities of the Supervisory Board committees and thus, due to a no quorum, committees (except Audit Committee) may no longer carry out their activities. It is expected to form committees, once the selection process of the new Supervisory Board members is finalized.

More detailed description of key corporate governance principles, each collegial body and its members is available in the section below and on our website.

Shareholders' rights and majority shareholder

Our shareholders exercise their rights at the General Meeting. The General Meeting is the highest decision-making body of the parent company and adopts decisions in accordance with the Law on Companies of the Republic of Lithuania. We provide detailed description of shareholders' competence in the Annual report 2020.

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

After the reporting period

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

General Meetings

25 March, 2021

During the reporting period

One General Meeting of the parent company's shareholders was held. On 25 March 2021, the Ordinary General Meeting of Shareholders adopted the following decisions:

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

29 July, 2021

After the reporting period

On 29 July 2021, the Extraordinary General Meeting of Shareholders of the parent company was held which adopted the following decisions:

1. Regarding the acquisition of AB "Ignitis grupė" own shares.
   - The purpose of the acquisition of own shares - reducing AB "Ignitis grupė" share capital by annulling AB "Ignitis grupė" own shares.
   - The maximum number of shares to be acquired - 1,243,243 shares (i.e., equal to a reserve formed for the acquisition of own shares (EUR 23,000,000) divided by the minimum purchase price as per below), corresponding to approximately 1.7% of total number of shares.
   - The period within which AB "Ignitis grupė" may acquire its own shares - 18 months after the date of adoption of this decision.
   - Minimum share purchase price - EUR 18.50, maximum share purchase price - EUR 22.50.
   - To authorize Management Board of AB "Ignitis grupė" to make decisions on the acquisition of AB "Ignitis grupė" own shares, including:
     - organizing the acquisition of own shares through Nasdaq Vilnius tender auction platform;
     - determine the procedure, time, number of shares and price, as well as to perform other actions related to the acquisition of own shares, in accordance with the conditions set in this decision of general meeting of shareholders and requirements of legal acts;
     - initiate and carry out the acquisition of own shares as many times as the Management Board deems necessary by a separate decision of the Management Board.

2. Regarding the approval of the new wording of the Articles of Association of AB "Ignitis grupė" and the power of attorney.
   - To approve the new wording of the Articles of Association of AB "Ignitis grupė".
   - To authorize the Chief Executive Officer of AB "Ignitis grupė" or another person authorized by him to sign the amended Articles of Association of AB "Ignitis grupė" and to perform all actions necessary for the implementation of this decision.

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

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

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

Activities of the Supervisory Board during the reporting period

Overall 18 meetings of the Supervisory Board were held in H1 2021, covering the following key areas:

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

After the reporting period

The term of the Supervisory Board ended on 29 August 2021. Selection procedure of new Supervisory Board members was announced by the Majority Shareholder on 15 July 2021. However, due to the delay in the selection process, no new members of the Supervisory Board are assigned yet. As the Supervisory Board shall not have the right to delegate the functions assigned to its competence by the Articles of Association of the parent company, in its absence the Group is not able to make decisions on the approval of strategy and budget, election of members of the Management Board, determination of remuneration for activities in the Management Board, and the decisions on related party transactions. In addition, no opinions of the Supervisory Board shall be provided in relation to the candidacies of members of the collegial bodies, the interim / annual reports, decisions on interim dividends, submission of proposals of the auditor and the terms of payment for audit services, and the remuneration policy. Despite that, as the new members of the Supervisory Board are expected to be selected by the end of October 2021, their absence is unlikely to affect the Group's performance, as the parent company plans its activities and decision-making processes in a way to ensure the continuous and efficient operation of the Group. Once the selection process will be finalized, candidates will have to be approved in the General Meeting of Shareholders.

Committees of the Supervisory Board

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

The following committees of the Supervisory Board are operating:

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

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

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

On 2 July 2021, the Majority Shareholder has issued an order on the amendment of the Corporate Governance Guidelines. Based on the latest amendments, the procedure for forming the parent company's Audit Committee has been changed – members of the Audit Committee will no longer be selected by the parent company's Supervisory Board, but rather by the decision of the General Meeting of Shareholders. Additionally, the majority of the members of the Audit Committee must be independent and two members shall be nominated by the Supervisory Board. In view of this, on 29 July 2021, the parent company's General Meeting of Shareholders adopted a new version of the Articles of Association, which came into force following their registration in the Commercial Register on 20 August 2021.

The term of the current Audit Committee ends on 12 October 2021. The selection of independent members of the Audit Committee was announced on 5 July 2021 and is carried out by the parent company and the agency conducting manager and managing personnel recruitment – UAB "J. Friisberg & Partners".

Following the end of term of the Supervisory Board on 29 August 2021, former Supervisory Board members are not eligible to participate in the activities of the committees and thus, due to a no quorum, Nomination and Remuneration Committee and Risk Management and Business Ethics Supervision Committee may no longer carry out their activities. Audit Committee will continue operating as only 1 out of 5 members on the current Audit Committee were also a Supervisory Board member, thus remaining 4 members of the Audit Committee are sufficient to ensure a quorum. The decisions on the formation of Remuneration and Nomination Committee and Risk Management and Business Ethics Supervision Committee are expected to be made once the selection process of the new Supervisory Board members is finalized (expected by the end of October 2021).

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

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

Overview of the meeting attendance of the Supervisory Board and its committees' members (during the reporting period)[2]

Member	Supervisory Board	Audit Committee	Nomination and Remuneration Committee	Risk Management and Business Ethics Supervision Committee
Darius Daubaras	18/18	-	-	3/3
Andrius Pranckevičius	17/18	-	-	2/3
Aušra Vičkačkienė	17/18	8/12	12/12	-
Daiva Kamarauskienė	17/18	-	12/12	-
Daiva Lubinskaitė - Trainauskienė	18/18	-	12/12	-
Judith Buss	18/18	-	-	-
Bent Christensen	17/18	-	-	-
Irena Petruškevičienė	-	12/12	-	-
Danielius Merkinas	-	11/12	-	-
Šarūnas Radavičius	-	12/12	-	-
Ingrida Muckutė	-	12/12	-	-
Lėda Turai - Petrauskienė	-	-	12/12	-
Šarūnas Rameikis	-	-	-	3/3

[1] Following the end of term of the Supervisory Board on 29 August 2021, former Supervisory Board members are not eligible to participate in the activities of the committees and thus, due to a no quorum, Nomination and Remuneration Committee and Risk Management and Business Ethics Supervision Committee may no longer carry out their activities.
[2] The numbers indicate how many meetings in H1 2021 the members have attended out of total meetings during the reporting period.

4.3 Management Board

Management Board overview

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

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

The term of office of the current Management Board is from 1 February 2018 to 31 January 2022. The Management Board consists of five members and elects the Chair, who is also the CEO of the parent company, from among its members. During the reporting period, on 25 June 2021 Dominykas Tučkus resigned from the position of a member of the parent company's Management Board. Given that the term of office of the parent company's Management Board expires on 31 January 2022, as well as the fact that the selection of a new member of the Management Board would take several months, the Supervisory Board decided not to announce the selection for the position of a new member of the Management Board and to delegate responsibilities of Dominykas Tučkus to the remaining members of the Management Board.

Remuneration for the activities of the Management Board, provided on our website, is paid in accordance with the Group's Remuneration Policy approved by the General Meeting of Shareholders.

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

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

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

Overall 32 meetings of the Management Board were held in H1 2021, covering the following key areas:
- evaluation of the most significant transactions planned by the parent company, approval of their conclusion and approval of essential terms of transactions;
- evaluation of the organisation of the parent company's and the Group's activities and taking decisions related thereto;
- making decisions on participation and voting in general meetings of shareholders of the companies in which the parent company is a shareholder;
- approval of the consolidated Annual Report of the Group and submission to the Supervisory Board and the General Meeting of Shareholders;
- evaluation of the parent company's annual financial statements, consolidated financial statements of the Group and draft allocation of profit (loss) and providing feedback to the Supervisory Board and the General Meeting of Shareholders.

Meeting attendance and number of shares of the parent company owned

Member	Position	Attendance[1]	Number of shares
Darius Maikštėnas	Chair, CEO	32/32	1,700
Darius Kašauskas	Member, Chief Financial Officer	32/32	250
Dr. Živilė Skibarkienė	Member, Chief Organisational Development Officer	32/32	300
Vidmantas Salietis	Member, Chief Commercial Officer	32/32	200
Dominykas Tučkus[2]	Member, Chief Infrastructure and Development Officer	31/32	300

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

CEO overview

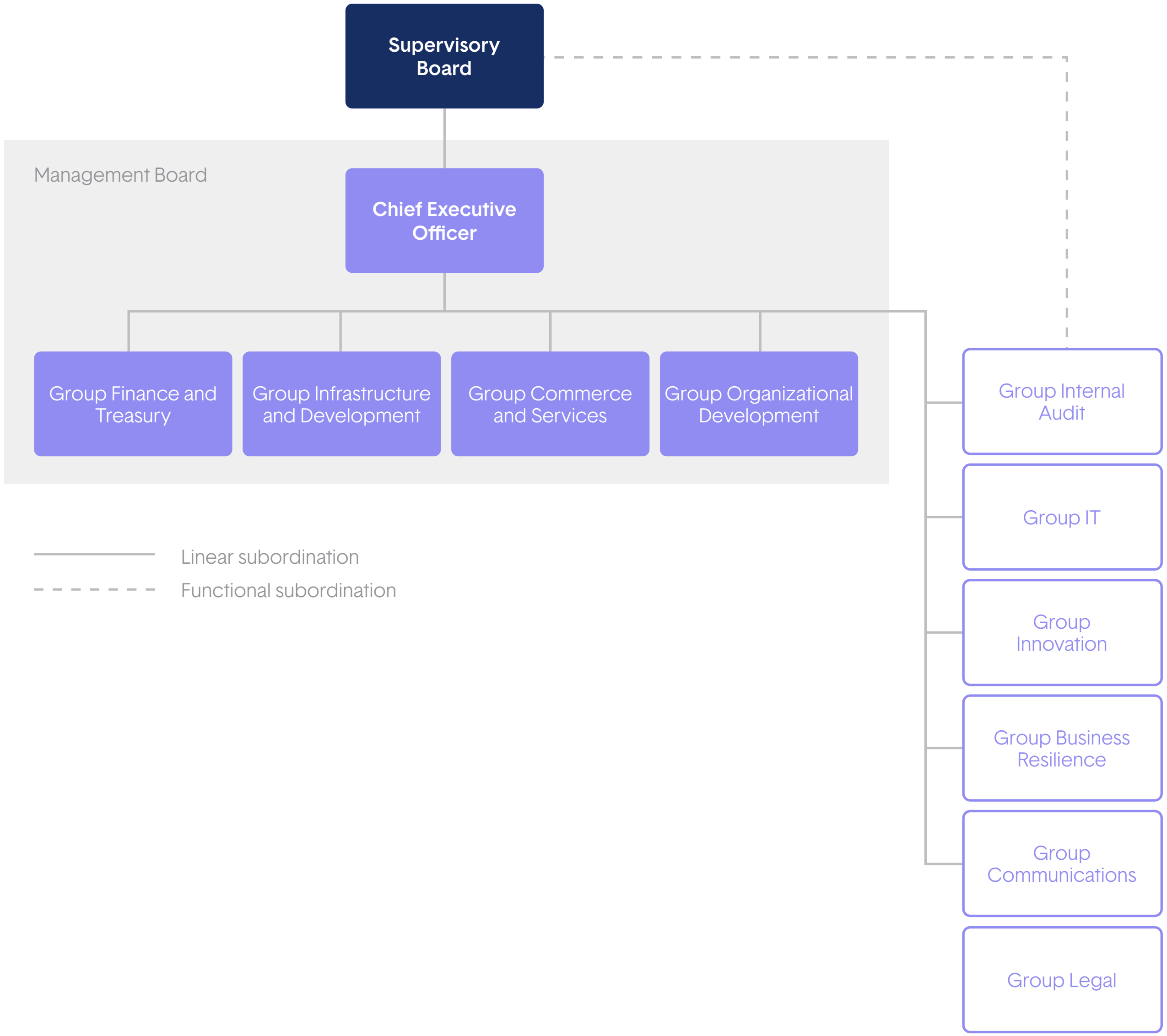
At the executive employees' level, the parent company is managed by the Chief Executive Officer and the Management Board. CEO is a single-person management body of the parent company, who organizes, directs, acts on behalf of the parent company and concludes transactions unilaterally, as provided by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

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

During the reporting period, on 22 June 2021, the Management Board updated the parent company's organisational structure and the list of positions. In order to flatten hierarchy, the words "service", "department", "division" have been omitted from the names of structure units, reflecting only the activities at the Group level and the title of CEO was changed in Lithuanian wording from a "General Manager" to "Manager". These changes have been reflected in the updated version of the Articles of Association of the parent company which has been confirmed by the Extraordinary General Meeting of Shareholders held on 29 July 2021.

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

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



4.4 Risk and risk management

Risk management framework

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

Risk assessment and control

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

After risk assessment review in Q2 2021, no significant adverse changes were captured in risk levels compared to reported ones in Q1 2021 Interim report. Thus reflecting no variations in risk assessment heat map.

Compliance Programme

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

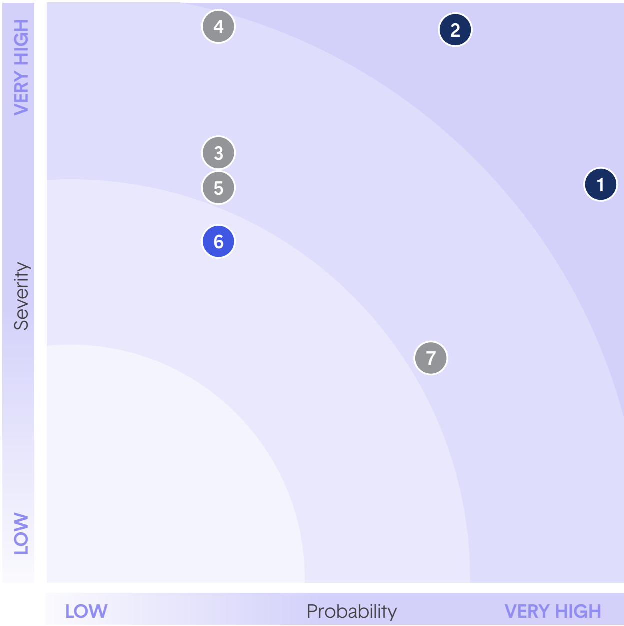
We comply with the Market abuse regulation (EU) No. 596/2014 (MAR) and all related regulations and guidelines. Persons discharging managerial responsibilities and the persons associated with them are under a duty to disclose their transactions related to the parent company's financial instruments when 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 to them" approved this year. The parent company's Management Board and Supervisory Board members as well as other Group personnel who have access to sensitive financial information of the Group may not trade in the parent company's financial instruments for a period of 30 days prior to the publication of interim, annual reports and financial statements (Closed Period). The Group's own internal insider and transparency rules are regularly updated and specialized internal inside information management training is provided to all Group employees who are included on an Insider List. Moreover, Insider Management Committee effectively deals with complex insider management and relevant issues.

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

Related party transactions

Group deals with related party transactions in accordance with the Law on Companies of the Republic of Lithuania. Additionally, during the reporting period we reviewed the management of related party transactions within Group and to ensure control, transparency and shareholder interests, on 20 July 2021 we approved the Policy of the Group Transactions with Related Parties (link), setting out principles and procedures for identifying related parties, valuing, approving and disclosing transactions. It is notable that the Supervisory Board of the parent company, taking into consideration the conclusion of the Audit Committee, makes a decision regarding the Group's transactions to be made with a related party if they are made under unusual market conditions and/or are not assigned to the usual business activities and/or have a material impact on finance, assets and liabilities. Further details about the Group's related party transactions are disclosed in the notes of the financial statements and on our website.

Risk assessment heat map



Strategic/business risks

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

Operational risks

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

Compliance/legal risks

6. Compliance

4.5 Information about the Group

Corporate structure

At the time of the reporting, the Group consists of the parent company and 24 fully consolidated subsidiaries. Ignitis Grupė is the Group's parent company and is responsible for the co-ordination of its activities and the transparent management of the Group. Detailed information regarding the subsidiaries is available on our website and in the Annual report 2020.

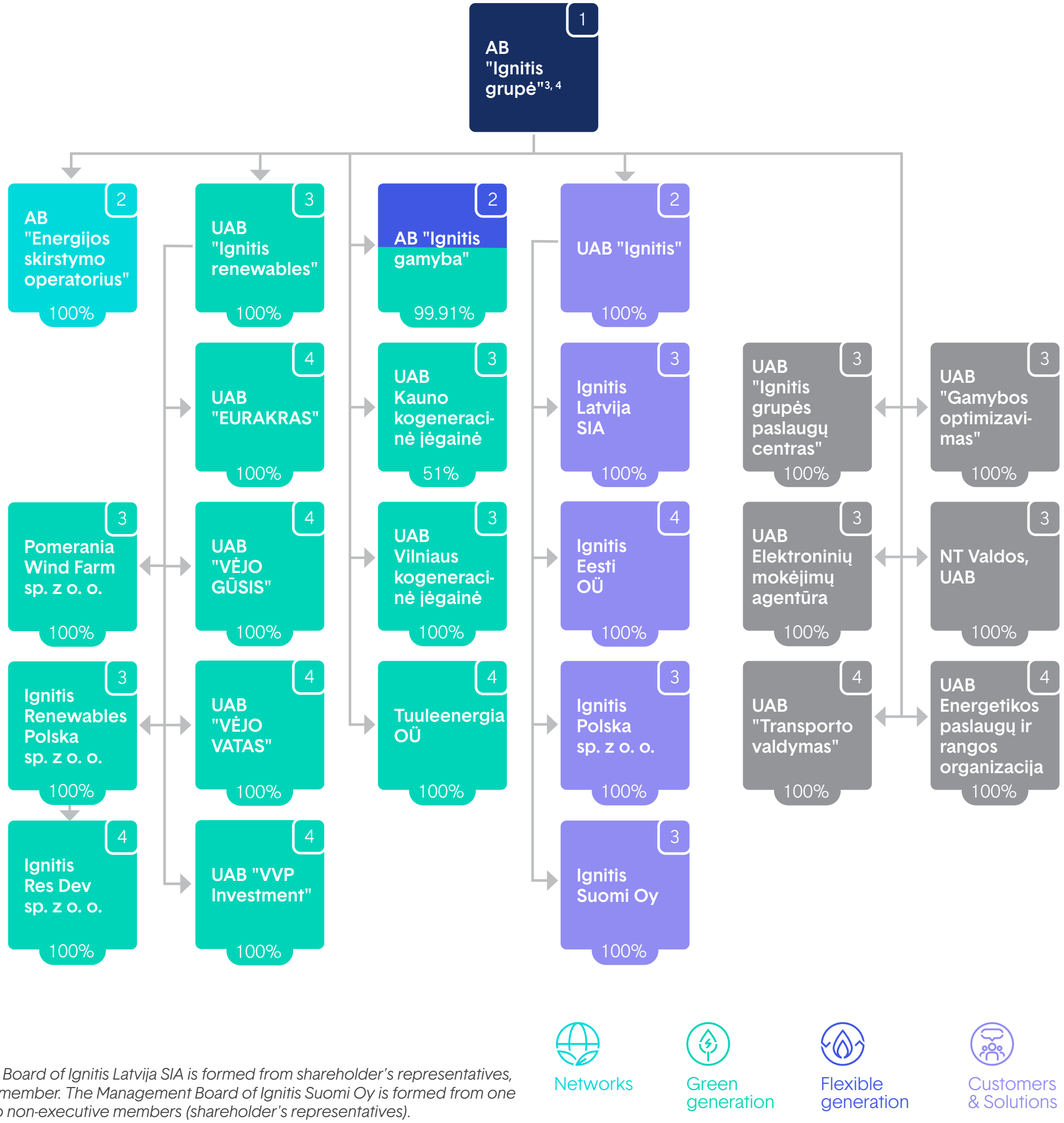
The entities showed in the figure on the right are directly or indirectly controlled by the Group, which applies the governance system as per below:

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

Changes in the Group's structure during the reporting period:
- UAB "Ignitis" established Ignitis Suomi Oy in Finland, to enable more effective operations in Finnish supply markets (link);
- UAB "Ignitis renewables" acquired a company registered in Poland, which, prior to this, did not conduct any activities – Dolcetto sp. z o. o. (link). Dolcetto sp. z o. o. acquired a company registered in Poland Charbono sp. z o.o.

Changes in the Group's structure after the reporting period:
- After the reporting period Charbono sp. z o. o. name was changed to Ignitis Res Dev sp. z o.o. and Dolcetto sp. z o. o. name was changed to Ignitis Renewables Polska sp. z o. o.

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



[1] At ESO: 2 shareholder's representatives, 2 independent members and 1 employees' representative.
[2] The Management Boards of Ignitis Latvija SIA and Ignitis Polska sp. z o. o. are formed of 1 member – CEO, the Supervisory Board of Ignitis Latvija SIA is formed from shareholder's representatives, whilst the Supervisory Board of Ignitis Polska sp. z o. o. is formed from 2 shareholder's representatives and 1 independent member. The Management Board of Ignitis Suomi Oy is formed from one ordinary member and one deputy member. The Management Board of Ignitis Renewables Polska sp. z o. o. consists of two non-executive members (shareholder's representatives).
[3] The parent company does not have any branches and representative companies as of reporting date.
[4] The parent company does not carry out research and development activities as of reporting date.

ESG performance report

5.1 ESG highlights

MSCI ESG rating upgrade to AA

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

In the following two pages we highlight the ESG milestones achieved this year so far. It all, in full or partially, contributed to the improvement of the MSCI rating. Below are some steps that had the greatest positive impact on the improvement:

- in H1 2021 we took significant steps to strengthen our management of ESG issues. We embedded strategic ESG targets into our 2021-2024 Strategic Plan, continued to remain committed to reducing carbon dioxide emissions, expanding renewable energy portfolio, and strengthening key governance practices;
- in H1 2021, we published a comprehensive Sustainability Report according to the GRI requirements - the most widely used sustainability reporting standard worldwide. Streamlining our ESG performance monitoring and disclosure will remain a priority for continuing to show strong ESG risk and opportunity management performance;
- after a preliminary Group-level materiality assessment in Q4 2020, in H1 2021 we conducted materiality assessments for key subsidiaries across all segments. This also included surveying over 40 different stakeholder groups and nearly 3 000 respondents regarding their expectations for our sustainability activities. We expect to make the results of this stakeholder engagement public in autumn 2021, and in the meantime, we are using them to update our sustainability goals and guide their implementation programmes. We look forward to incorporating the expectations of our clients, employees, partners, shareholders and other stakeholders into our sustainability plans.

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

[1] *MSCI ACWI index.*

Climate action

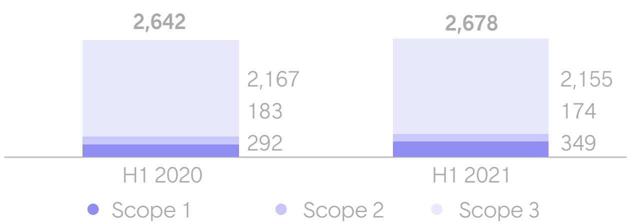
In Q1 2021, we finalised our GHG emissions calculations for 2019 and 2020. Emissions were externally verified after the reporting period (see audit reports here). The final GHG emissions are significantly lower than reported in the annual report mainly due to the exclusion of wholesale energy trading activities in Scope 3 emissions as per auditor's recommendations.

In Q2 2021, we submitted our GHG management plan and targets to the Science-based Targets initiative to assure independently that our interim reduction targets are in line with the pathway towards net zero emissions by 2050. We expect to publish our interim emissions targets in Q3 2021.

As per our sustainability management plan, we are committed to improving climate-related disclosures. We joined the formal list of TCFD supporters in Q1 and took the first step towards implementing TCFD recommendations by commissioning an expert review of our climate disclosures. We expect to align with TCFD guidelines in 2022.

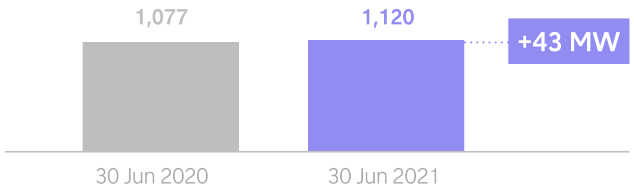
After the reporting period, Ignitis Group participated for the first time in the CDP climate change questionnaire. CDP is a not-for-profit charity that helps companies disclose and manage their environmental impacts. This comprehensive questionnaire evaluates companies' impact on climate as it relates to management, strategy, risks, opportunities, and GHG reduction goals. The final score as well as our questionnaire responses are expected to be publicly available by the end of 2021.

GHG emissions, thousand t CO_2 eq



Green Generation

Green Generation installed capacity, MW



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

Energy Efficiency

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

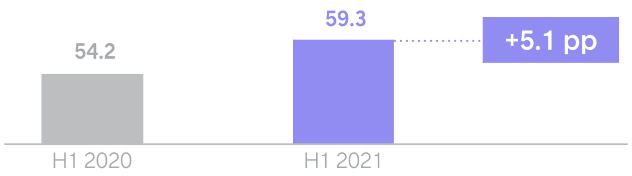
B2C initiatives:
The Group signed a cooperation agreement on energy efficiency and sustainability with the Lithuanian Confederation of Industrialists in May 2021. The main ambition of the agreement is to consult and educate companies on energy efficiency tendencies and possibilities, as well as to implement a pilot project – training for company managers to ensure that energy efficiency goals and measures would be included in company strategies.

B2C & B2B initiatives:
To encourage Customers & Solutions segment's customers to use energy more efficiently, we incorporated energy savings tips, comparative analysis of different districts' energy use and other relevant information into the electricity and gas bills issued to customers and self-service platform. In cooperation with the Alliance of Lithuanian Consumer Organisations, the electricity and gas supplier also spotlights the issue of energy poverty by adding information about opportunities to receive free advice on tackling energy poverty.

Employee satisfaction & engagement

Employee net promoter score – one of the measures of employee satisfaction – has increased in H1 2021 compared to H1 2020.

Employee satisfaction, eNPS, % (1-100)



Employee welfare is one of our sustainability priorities. During the challenging months of the global pandemic, we created resources for employees for their well-being: videos, articles, an anonymous helpline, informal monthly gatherings with external professionals to discuss different aspects of wellbeing. We also facilitated employee discussion groups on various topics (for example, work-life balance, stress management) and have had a first wave of trainings about burnout prevention.

During the reporting period, we also developed a corporate volunteering model for our employees, which allows employees to take one paid day off per year to volunteer at various non-profit initiatives and organisations. We expect the employees to start taking advantage of this opportunity in the second half of 2021.

We also started an internal sustainability awareness raising campaign that will run through the end of 2021. Through videos, articles, podcasts, games and workshops, we seek to familiarise all employees with the different domains of sustainability and involve them in working groups to co-create solutions to sustainability challenges. The topics we have already introduced to employees range from climate change to diversity, and the podcasts are publicly available. External experts and our own employees take part in all podcasts as guests

Employee diversity

In H1 2021, we began the development of a strategy to deliver on our commitment to increase gender balance among top management and in the fields of IT and engineering. To facilitate progress, we have created a new position for the Head of Diversity, Inclusion and Well-being. The recruitment is ongoing.

A group of employees passionate about diversity and equal opportunities created an informal diversity and inclusion working group in H1 2021. The group is inviting external speakers, participating in diversity trainings and working together to contribute to a more inclusive work environment.

We continued promoting diversity in the tech field through our partnership with the Women Go Tech initiative. In Q1 2021, 10 women from our organisation began to develop their tech skills as part of the 6-month training programme, whereas 16 further employees are serving as mentors to participants from other organisations.

Supplier Sustainability

In H1 2021, we devoted significant attention to our supply chain sustainability. The Management Board adopted a Group-wide Supplier Code of Ethics. It is now a mandatory clause in all standard form contracts. Our Supplier Code of Ethics formulates the Group's expectation that our suppliers adhere to certain environmental, ethical, human and labour rights standards. While we foresee potential audits of the most relevant suppliers to ensure compliance, our aim is also to create potential opportunities for joint sustainability work and facilitate supplier education on various aspects of sustainability.

Community relations

In Q1 2021, the Group took significant steps towards delivering on our 2021-2024 target to engage and consult with 100% of local communities. We published new community engagement guidelines (link) that will help us build mutually beneficial values and strategy-driven cooperation with local communities. Moreover, the Group adopted a new policy for providing financial support to communities in proximity to the sites of Green Generation (Ignitis Renewables).

After the reporting period, an invitation to submit applications to receive financial support was announced on 1 July 2021. The applications received in 2021 will be evaluated in two stages – first, the applications received before 1 September 2021 and then, the applications received between the first deadline and 1 November 2021. More information is available on our website (link).

In Q2 2021, we conducted a qualitative survey and focus groups with members of local communities (in Lithuania and in Poland, where we are currently developing the majority of Green Generation capacities) to receive qualitative data for deeper understanding of communities' issues and needs. We are working with the results to serve our communities better.

In Q1 2021, we installed a new exhibition in the Energy and Technology museum located in Vilnius. This exhibition, initiated by the Vilnius CHP and Kaunas CHP, presents different topics related to circular economy to the general public in order to raise awareness about the importance of reducing waste. The opening of the exhibition included a discussion and workshop about sustainable consumption. Between April and the end of June, the exhibition has already welcomed over 7 thousand visitors.

In June 2021, Ignitis Group became the main partner of the cinema festival "Kino karavanas" (The Film Caravan). The project brings films to smaller towns and screens them for free. The goal of the project is to bring cinema to people who would not otherwise be able to access it. The main topics of this year's festival are sustainability and ecology. From July to the end of August, the project will visit 40 locations and the open-air cinema experience will be complemented by cosy conversations about nature and energy from renewable sources, thereby increasing environmental awareness country-wide.

Other awards and recognitions

In H1 2021, our Customers & Solutions segment (Ignitis) received a silver medal for its sustainability practices from EcoVadis, a ratings platform that focuses on sustainable supply chains. Compared to the previous annual assessment, which placed it among top 31% companies globally, it now falls among the top 8% of all companies assessed by EcoVadis and among top 16% assessed electricity and natural gas suppliers globally. According to EcoVadis, to date their database counts over 75,000 rated companies in 160 countries and 200 industries.

The impact and actions of our Group in the context of biodiversity conservation were assessed in Q2 2021 by the independent Swedish organisation Ecogain. In their Biodiversity Index, which evaluates how large companies disclose information related to biodiversity, we ranked second in the overall ranking table of large Baltic companies (12 points). We were ranked 5th among 27 large energy companies evaluated across 8 countries in the Baltics and Nordics, and we were only one of two large companies in Lithuania to receive any points at all.

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

5.2 Our sustainability framework

Overview

Sustainability is at the core of the Group's strategy and 2021-2024 strategic plan. Ambition to lead the energy transition across the region towards an energy smart world requires strengthening of our ESG performance and accountability. Our sustainability management plan and a list of policies we follow are disclosed publicly. We publish Nasdaq ESG indicator data in half-year reports (please refer to section 5.4 of this report) while comprehensive ESG information is published in our Annual reports.

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

MAIN TOPICS

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

GOVERNANCE AND PROCESSES

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

ACCOUNTABILITY

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

MEASURING PROGRESS

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

Our current MSCI ESG rating of 'AA', increased from the baseline of 'A' in July 2021, places us among the industry leaders and significantly above the utility group average of 'BBB'[2], while our Sustainalytics ESG Risk Rating ranks us among the top 20% performers in the utility group.

MSCI ESG index

Status 2021: 'AA'

CCC B BBB A AA AAA

2021 → 2024

Sustainalytics ESG risk index

Status 2021: Medium, 26.5

Severe High Med Low Negligible

2021 → 2024

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

5.3 Progress towards strategic 2021-2024 ESG targets

		2020 baseline	H1 2021 status	2021-2024 target
Environmental dimension				
Climate change and energy transition	Installed green generation capacity, GW	1.1	1.1	1.8–2.0
	Align the GHG management plan with SBTi to be in line with net zero emissions by 2050 and reach CO_2 management targets specified in the plan	GHG measurement completed	GHG targets submitted to SBTi	100% management plan targets reached
	EV charging stations, units	82	82	240
Energy efficiency	Cumulative energy savings to final energy users, GWh	370[1]	n.d.[2]	290.6
	Smart meters deployed, million units	0	Contract signed with supplier	1.1–1.2[3]
Air, land and water quality	0 environmental accidents and penalties	1 minor violation	1 minor violation[4]	0
Social dimension				
Occupational health and safety	Fatal employee accidents	0	0	0
	Total recordable injury rate (TRIR) for a million hours worked by employees[5]	0.45	0.86	≤2.29
Local communities	Local communities engaged and consulted, %	Community engagement guidelines prepared	Ongoing engagement[6]	100
Employee engagement	Employee net promoter score (eNPS), %	56	59.3	≥95% of previous year's level
	Employees participating in corporate volunteering initiatives at least once	N/A	Formal volunteering model in development	20%
Employee diversity	0 human rights violations	0	0	0
	Improvement of gender balance in engineering and IT positions, % women	17	19	23
	Improvement of gender balance among top management, % women	24[7]	22	27
Governance dimension				
Supply chain sustainability	Share of procured value for which supplier screenings were conducted as part of procurement procedures, %	>90	94	100
	Supplier compliance rate with Supplier Code of Ethics, % suppliers	N/A	Supplier Code of Ethics adopted[8]	100
	Share of published procurements that receive only one bid, %	13.1	11.6	≤15
Transparency and anticorruption	Transparency rating in Good Corporate Governance Index	A+	A+	A+
	Anticorruption and Code of Ethics knowledge tests[9], employee participation rate, %	100	100	100
	Anticorruption and Code of Ethics knowledge tests, employee pass rate, %	95	92	80
Sustainability governance & accountability	Materiality assessments conducted for key subsidiaries Submission of CDP climate change questionnaire Implement TCFD recommendations	Preliminary Group-level materiality map prepared	- Completed stakeholder engagement - CDP prepared	ESG governance improvement[10]

[1] We follow a different methodology for evaluating end user savings during the period of 2021-2024; therefore, pre-2021 values should not be compared with 2021-2024 values.
[2] Measured on an annual basis.
[3] By the end of 2023.
[4] A small oil spillage in a transformer station.
[5] Due to the COVID-19 pandemic and the rise in remote working, TRIR values for 2020 are significantly lower. Occupational health and safety goals also include implementing TRIR monitoring for contractors in 2021.
[6] In Q1 2021 the Group adopted a new policy for providing financial support to communities in proximity to the sites of Ignitis Renewables. Additionally, in Q2 2021 we started conducting surveys and focus groups with community members to understand their concerns and expectations.
[7] Previously reported baseline value (22%) had excluded companies outside Lithuania. This has been updated and the baseline as well as the target for 2021-2024 adjusted accordingly.
[8] The Supplier Code of Ethics is included in standard form contracts as of the end of July 2021.
[9] Only anticorruption knowledge test is available as of H1 2021. All new employees are required to participate. Code of Ethics knowledge test is under development. Interim values for the participation and pass rate refer only to new employees.
[10] Measured by contribution to improvement of external ESG ratings.

5.4 Nasdaq ESG indicators

Environmental Indicators[1]

E1. Greenhouse Gas Emissions		H1 2021	H1 2020
Scope 1	t CO_2 eq	348,643	291,596
Scope 2 (location-based)	t CO_2 eq	33,836	35,567
Scope 2 (market-based)	t CO_2 eq	174,094	183,001
Scope 3	t CO_2 eq	2,154,842	2,166,923
Biomass	t CO_2 eq	108,635	68,425

E1 | UNGC: P7 | GRI 305-1,305-2,305-3 | SASB: General Issue / GHG Emissions | TCFD: Metrics & Targets

E2. Emissions Intensity		H1 2021	H1 2020
GHG emissions per electricity and heat energy unit generated	g CO_2 eq/kWh	147	157
GHG emissions per unit of revenue	t CO_2 eq/EURm	3,579	4,531

E2 | UNGC: P7, P8 | GRI 305-4 | SDG: 13 | SASB: General Issue / GHG Emissions, Energy Management

E3. Energy Usage		H1 2021	H1 2020
Total energy consumption	GWh	2,050	1,546
of which energy from natural gas	GWh	923	97
of which energy from biomass	GWh	90	97
of which energy from petrol	GWh	1	1
of which energy from diesel	GWh	10	9
of which energy from electricity	GWh	495	520
of which energy from water[1]	GWh	2	2
of which energy from waste	GWh	523	155
of which energy from heating	GWh	6	3
Direct Energy Consumption	GWh	1,549	1,023
Indirect Energy Consumption	GWh	501	523

E3 | UNGC: P7, P8 | GRI 302-1, 302-2 | SDG: 12 | SASB: General Issue / Energy Management
[1] Electricity generated and consumed at Kruonis PSHP.

E4. Energy Intensity		H1 2021	H1 2020
Energy consumed for production per MWh energy produced	GJ/MWh	4.3	4.5
Energy per unit of revenue	GWh/EURm	2.78	2.62

E4 | UNGC: P7, P8 | GRI 302-3 | SDG: 12 | SASB: General Issue / Energy Management

E5. Energy Mix		H1 2021	H1 2020
Renewable Energy	%	19	17
Non-Renewable Energy	%	81	83

E5 | GRI 302-1 | SDG: 7 | SASB: General Issue / Energy Management

E6. Water Usage		H1 2021	H1 2020
Total water withdrawn and consumed (ground water, municipal water supply, surface water)[1]	Thousand m3	178	228
Total water usage (Kruonis PSHP, Kaunas HPP)[2]	Thousand m3	4,889,208	4,609,729
Total water usage (Elektrėnai Complex, power plant cooling)[2]	Thousand m3	44,432	39,291

E6 | GRI: 303-5 | SDG: 6 | SASB: General Issue / Water & Wastewater Management
[1] Values differ from previously reported values due to improved methodology. Total water withdrawn and consumed is water withdrawn minus water discharged to the environment.
[2] Water usage refers to water withdrawn and released back to the environment during specified operations.

E7. Environmental Operations		H1 2021	H1 2020
Does your Group follow a formal Environmental Policy?	Yes/No	Yes	Partially[1]
Does your Group follow specific waste, water, energy, and/or recycling policies?	Yes/No	No	No
Does your company use a recognised energy management system?	Yes/No	No	No

E7 | GRI: 103-2 | SASB: General Issue / Waste & Hazardous Materials Management
[1] Group subsidiaries Ignitis Gamyba (Green Generation, Flexible Generation) and ESO (Networks) had formal Environmental Policies in H1 2020. The Group-wide Policy was adopted in August 2020.

[1] H1 2021 environmental data is based on estimations and will be updated in the Annual Report 2021.

E8. Climate Oversight / Board		H1 2021	H1 2020
Does your Management Board oversee and/or manage climate-related risk?	Yes/No	Yes	Yes

E8 | GRI: 102-19, 102-20, 102-29, 102-30, 102-31 | SASB: General Issue / Business Model Resilience, Systematic Risk Management | TCFD: Governance (Disclosure A)

E9. Climate Oversight / Management		H1 2021	H1 2020
Does your Senior Management Team oversee and/or manage climate-related risks?	Yes/No	Yes	Yes

E9 | GRI: 102-19, 102-20, 102-29, 102-30, 102-31 | SASB: General Issue / Business Model Resilience, Systematic Risk Management | TCFD: Governance (Disclosure B)

E10. Climate Risk Mitigation[1]		H1 2021	H1 2020
Total annual investment in climate-related infrastructure, resilience, and product development	EURm	39.7	144.2
of which green generation	EURm	13.9	131.5
of which upgrading of electricity distribution grid	EURm	22.1	10.7
of which gas distribution grid modernisation	EURm	3.7	2.0

E10 | UNGC: P9 | SASB: General Issue / Physical Impacts of Climate Change, Business Model Resilience | TCFD: Strategy (Disclosure A)
[1] H1 2020 investment amounts were adjusted after the annual financial audit.

Social Indicators

S1. CEO Pay Ratio		H1 2021	H1 2020
CEO Salary & Bonus (X) to median FTE Salary	X:1	7.11	8.49[1]

S1 | UNGC: P6 | GRI 102-38
[1] The value previously reported for H1 2020 was preliminary and was updated with improved data availability.

S2. Gender Pay Ratio		H1 2021	H1 2020
Median total compensation for men (X) to median total compensation for women	X:1	1.11	1.14[1]

S2 | UNGC: P6 | GRI: 405-2 | SASB: General Issue / Employee Engagement, Diversity & Inclusion
[1] The value previously reported for H1 2020 was preliminary and was updated with improved data availability.

S3. Employee Turnover[1]		H1 2021	H1 2020
Change over period for full-time employees	%	4.8	3.6
Change over period for part-time employees[2]	%	35.3	26.3
Change over period for contractors	%	25.8	14.3

S3 | UNGC: P6 | GRI: 401-1b | SDG: 12 | SASB: General Issue / Labour Practices
[1] The values previously reported for H1 2020 were updated with improved data availability.
[2] In total, there were 17 and 19 part-time employees with a permanent contract in H1 2021 and H1 2020 respectively.

S4. Gender Diversity		H1 2021	H1 2020
Total Group headcount held by women and men	%	W – 28 M – 72	W – 28 M – 72
Trainee positions held by women and men	%	W – 25 M – 75	No data available
Worker-level positions held by women and men	%	W – 1 M – 99	W – 1 M – 99
Specialist-level positions held women and men	%	W – 36 M – 64	W – 35 M – 65
Mid-level positions held by women and men	%	W – 31 M – 69	Wn – 32 M – 68
Senior-level positions held by women and men	%	W – 15 M – 85	W – 24 M – 76[1]
Executive-level positions held by women and men	%	W – 24 M – 76	W – 15 M – 85[1]

S4 | UNGC: P6 | GRI: 102-8, 405-1 | SASB: General Issue / Employee Engagement, Diversity & Inclusion
[1] Differs from data reported in H1 2020 due to the change in methodology. Previously reported data only included Lithuania-based operations. Data is updated here for comparison purposes.

S5. Temporary Worker Ratio		H1 2021	H1 2020
Total headcount held by part-time employees	%	0.67	0.84
Total headcount held by contractors and/or consultants	%	2.51	2.03

S5 | GRI: 102-8 | UNGC: P6

S6. Non-Discrimination		H1 2021	H1 2020
Does your Group follow a sexual harassment and/or non-discrimination policy?	Yes/No	Yes	Yes

S6 | UNGC: P6 | GRI: 103-2 (see also: GRI 406: Non-Discrimination 2016)|SASB: General Issue / Employee Engagement, Diversity & Inclusion

S7. Injury Rate[1]		H1 2021	H1 2020
Frequency of injury events relative to total workforce time	%	0.08	0.03

S7 | GRI: 403-9 | SDG: 3 | SASB: General Issue / Employee Health & Safety
[1] Only companies based in Lithuania.

S8. Global Health & Safety		H1 2021	H1 2020
Does your Group publish and follow an occupational health and/or global health & safety policy	Yes/No	Yes	Yes

S8 | GRI: 103-2 (See also: GRI 403: Occupational Health & Safety 2018)|SDG: 3|SASB: General Issue / Employee Health & Safety

S9. Child & Forced Labour		H1 2021	H1 2020
Does your Group follow a child labour policy?	Yes/No	Yes	Yes
Does your Group follow a forced labour policy?	Yes/No	Yes	Yes
If yes, does your child and/or forced labour policy cover suppliers and vendors?	Yes/No	Yes	No

S9 | GRI: 103-2 (See also: GRI 408: Child Labour 2016, GRI 409: Forced or Compulsory Labour, and GRI 414: Supplier Social Assessment 2016) |UNGC: P4, P5 | SDG: 8 | SASB: General Issue / Labour Practices

S10. Human Rights		H1 2021	H1 2020
Does your Group publish and follow a human rights policy?	Yes/No	Yes	Yes
If yes, does your human rights policy cover suppliers and vendors?	Yes/No	Yes	No

S10 | GRI: 103-2 (See also: GRI 412: Human Rights Assessment 2016 & GRI 414: Supplier Social Assessment 2016) |UNGC: P1, P2 | SDG: 4, 10, 16 | SASB: General Issue / Human Rights & Community Relations

Corporate Governance Indicators

G1. Board Diversity		H1 2021	H1 2020
Total Management Board seats occupied by women (as compared to men)	%	25[1]	20
Total Supervisory Board seats occupied by women (as compared to men)	%	57	60
Committee Chairs occupied by women	%	67	67

G1 | GRI 405-1 | SDG: 10 | SASB: General Issue / Employee Engagement, Diversity & Inclusion (See also: SASB Industry Standards)
[1] Change due to one unoccupied Management Board seat.

G2. Board Independence		H1 2021	H1 2020
Does the company prohibit CEO from serving as Management Board chair?	Yes/No	No	No
Total Management Board seats occupied by independents	%	0[1]	0[1]
Total Supervisory Board seats occupied by independents	%	71	71

[1] The parent company has a two-tier corporate governance system. Management Board is to be composed of 5 executive officers who are employees of the parent company (as of the reporting period, there were 4 executive officers). Independent members are elected only to the Supervisory Board and its committees. See more in the H1 2021 interim report section 'Governance' and in the Guidelines for Corporate Governance.

G3. Incentivized Pay		H1 2021	H1 2020
Are executives formally incentivised to perform on sustainability	Yes/No	Yes	Yes

G3 | GRI: 102-35

G4. Collective Bargaining		H1 2021	H1 2020
Total enterprise headcount covered by collective bargaining agreements to the total employee population[1]	%	73	73

G4 | UNGC: P3 | SDG: 8 |GRI: 102-41 | SASB: General Issue / Labour Practices (See also: SASB Industry Standards)
[1] Only includes employees in Lithuania.

G5. Supplier Code of Conduct		H1 2021	H1 2020
Are your vendors or suppliers required to follow a Code of Conduct	Yes/No	Yes	Partially[1]
If yes, what percentage of your suppliers have formally certified their compliance with the code	%	n. d.[2]	n. d.[2]

G5 | UNGC: P2, P3, P4, P8 | GRI: 102-16, 103-2 (See also: GRI 308: Supplier Environmental Assessment 2016 & GRI 414: Supplier Social Assessment 2016 |SDG: 12|SASB General Issue / Supply Chain Management (See also: SASB Industry Standards)

[1] A Code of Ethics has been in place since 2020. In H1 2021, an additional, dedicated Supplier Code of Ethics was prepared and is included as a clause in all standard form contracts.

[2] Data will be reported in the Annual Report 2021 as the Supplier Code of Ethics is in force from H1 2021 onwards.

G6. Ethics & Anti-Corruption		H1 2021	H1 2020
Does your Group follow an Ethics and/or Anti-corruption policy?	Yes/No	Yes	Yes
If yes, what percentage of your workforce has formally certified its compliance with the policy?[1]	%	99	99

G6 | UNGC: P10 | SDG: 16 | GRI: 102-16, 103-2 (See also: GRI 205: Anti-Corruption 2016)

[1] In H1 2020 the value refers only to the parent company due to data availability. In H1 2021, data refers to all Group employees who have formally certified their compliance with the Anti-corruption Policy.

G7. Data Privacy		H1 2021	H1 2020
Does your Group follow a Data Privacy policy?	Yes/No	Yes	Yes
Has your company taken steps to comply with GDPR rules?	Yes/No	Yes	Yes

G7 | GRI: 418 Customer Privacy 2016 | SASB: General Issue / Customer Privacy, Data Security (See also: SASB Industry Standards)

G8. ESG Reporting		H1 2021	H1 2020
Does your Group publish a sustainability report?	Yes/No	Yes	Yes
Is sustainability data included in your regulatory filings?	Yes/No	Yes	Yes

G8 | UNGC: P8

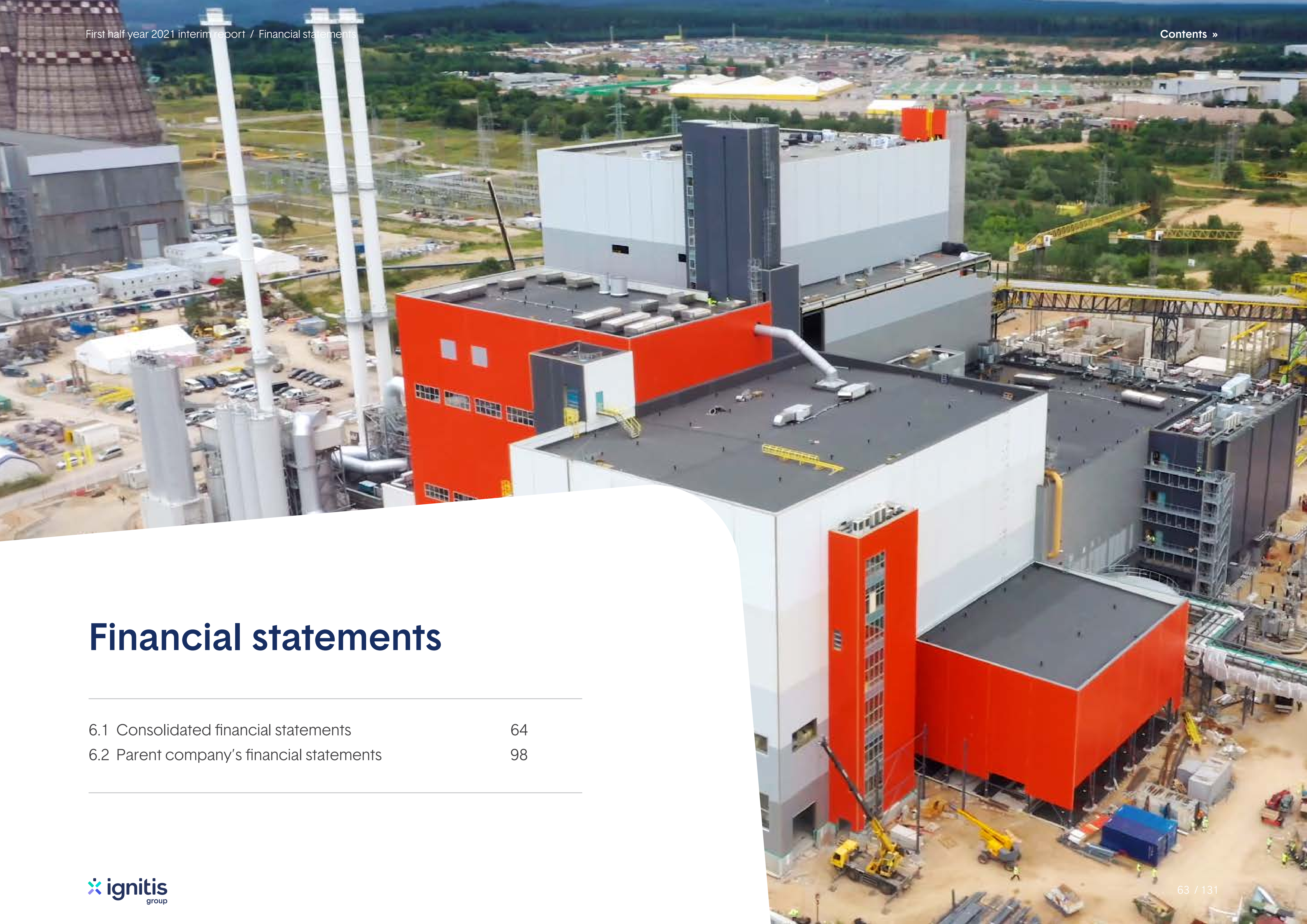
G9. Disclosure Practices		H1 2021	H1 2020
Does your Group provide sustainability data to sustainability reporting frameworks?	Yes/No	Yes	Yes
Does your Group focus on specific UN Sustainable Development Goals (SDGs)?	Yes/No	Yes	Yes
Does your Group set targets and report progress on the UN SDGs?	Yes/No	Yes	Yes

G9 | UNGC: P8

G10. External Assurance		H1 2021	H1 2020
Are your sustainability disclosures assured or validated by a third party?	Yes/No	N/A[1]	Yes

G10 | UNGC: P8 | GRI: 102-56

[1] Only GHG emissions are externally verified. Verified on an annual basis.



Financial statements

ignitis group

6.1 Consolidated financial statements

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

The Group's interim condensed consolidated financial statements were prepared and signed by AB "Ignitis grupė" management on 31 August 2021:

Darius Maikštėnas
Chief Executive Officer

Darius Kašauskas
Chief Financial Officer

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

Interim Condensed Consolidated Statement of Financial Position

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

	Notes	30 June 2021	31 December 2020
ASSETS			
Non-current assets			
Intangible assets	5	211,207	176,077
Property, plant and equipment	6	2,589,601	2,559,554
Right-of-use assets	7	37,331	63,879
Prepayments for non-current assets		10,190	40
Investment property		3,848	5,183
Non-current receivables	9	177,891	161,515
Other financial assets	10	12,302	7,269
Other non-current assets		2	2,788
Deferred tax assets		4,759	6,431
Total non-current assets		**3,047,131**	**2,982,736**
Current assets			
Inventories		68,054	33,110
Prepayments and deferred expenses	11	52,348	50,703
Trade receivables	12	127,543	128,423
Other receivables	13	21,786	47,468
Other current assets		60,649	67,365
Prepaid income tax		825	223
Cash and cash equivalents	14	678,412	658,795
		1,009,617	**986,087**
Assets held for sale		673	473
Total current assets		**1,010,290**	**986,560**
TOTAL ASSETS		**4,057,421**	**3,969,296**
EQUITY AND LIABILITIES			
Equity			
Issued capital	15	1,658,756	1,658,756
Reserves		330,860	269,769
Retained earnings		(91,958)	(86,164)
Equity attributable to equity holders of the parent		**1,897,658**	**1,842,361**
Non-controlling interests		2,174	1,470
Total equity		**1,899,832**	**1,843,831**
Liabilities			
Non-current liabilities			
Non-current loans and bonds	17	1,126,528	1,246,128
Non-current lease liabilities	19	27,157	29,128
Grants and subsidies		282,508	280,370
Deferred tax liabilities		65,781	52,174
Provisions	20	39,746	40,695
Deferred income	21.1	171,201	164,413
Other non-current amounts payable and liabilities		386	3,258
Total non-current liabilities		**1,713,307**	**1,816,166**
Current liabilities			
Current portion of non-current loans	17	10,316	6,333
Current loans	17	126,848	9,143
Lease liabilities	19	4,160	13,401
Trade payables		83,452	51,693
Advances received	21.2	52,765	42,644
Income tax payable		2,245	7,738
Provisions	20	27,460	30,399
Deferred income	21.1	8,854	8,579
Other current amounts payable and liabilities	22	128,182	139,369
Total current liabilities		**444,282**	**309,299**
Total liabilities		**2,157,589**	**2,125,465**
TOTAL EQUITY AND LIABILITIES		**4,057,421**	**3,969,296**

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

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

	Notes	H1 2021	II qtr. 2021	H1 2020 (restated)*	II qtr. 2020 (restated)*
Revenue from contracts with customers	23	716,236	329,583	588,274	263,654
Other income		21,913	15,157	2,638	1,599
Total revenue and other income		**738,149**	**344,740**	**590,912**	**265,253**
Purchases of electricity, gas and other services		(486,217)	(221,484)	(331,821)	(152,121)
Salaries and related expenses		(49,588)	(24,209)	(49,716)	(25,259)
Repair and maintenance expenses		(12,817)	(7,294)	(11,234)	(6,414)
Other expenses		(19,653)	(9,798)	(48,403)	6,222
Total		**(568,275)**	**(262,785)**	**(441,174)**	**(177,572)**
EBITDA**		**169,874**	**81,955**	**149,738**	**87,681**
Depreciation and amortisation		(59,622)	(30,198)	(54,523)	(26,796)
Write-offs, revaluation and impairment losses of property, plant and equipment and intangible assets	5, 6	(2,106)	(1,112)	(2,262)	(636)
Revaluation of emission allowances	20	(10,419)	(4,260)	367	2,444
Operating profit (loss) (EBIT)**		**97,727**	**46,385**	**93,320**	**62,693**
Finance income		2,952	2,088	663	356
Finance expenses		(36,898)	(30,108)	(9,777)	(5,336)
Finance activity, net		**(33,946)**	**(28,020)**	**(9,114)**	**(4,980)**
Profit (loss) before tax		**63,781**	**18,365**	**84,206**	**57,713**
Current income tax (expenses)/benefit		(5,900)	(2,283)	(5,462)	(2,024)
Deferred tax (expenses)/benefit		(9,044)	(4,332)	(6,819)	(5,916)
Net profit for the period		**48,837**	**11,750**	**71,925**	**49,773**
Attributable to:					
Equity holders of the parent		48,770	12,134	72,358	51,976
Non-controlling interest		67	(384)	(433)	(2,203)
Other comprehensive income (loss)					
Items that will not be reclassified to profit or loss in subsequent periods (net of tax)					
Revaluation of property, plant and equipment		-	-	108	108
Revaluation of emission allowances through other comprehensive income		50,390	27,843	3,821	15,038
Remeasurement of the defined benefit plan obligation		(257)	(35)	335	360
Items that will not be reclassified to profit or loss in subsequent periods, total		**50,133**	**27,808**	**4,264**	**15,506**
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		(4)	1,177	(1,751)	684
Items that may be reclassified to profit or loss in subsequent periods, total		**(4)**	**1,177**	**(1,751)**	**684**
Total other comprehensive income (loss) for the period		**50,129**	**28,985**	**2,513**	**16,190**
Total comprehensive income (loss) for the period		**98,966**	**40,735**	**74,438**	**65,963**
Attributable to:					
Equity holders of the parent		98,262	40,899	74,778	68,072
Non-controlling interests		704	(164)	(340)	(2,109)
Basic earnings per share (in EUR)	24	0.66	0.16	1.33	0.96
Diluted earnings per share (in EUR)	24	0.66	0.16	1.33	0.96
Weighted average number of shares	24	74,283,757	-	54,283,757	-

** Part of the amounts do not agree with the financial statements issued for the six months period ended 30 June 2020 due to reclassification of comparative figures and changes in general presentation of statement of profit or loss and other comprehensive income (hereinafter – SPLOCI). See more information disclosed in Notes 3 and 4.*

*** EBITDA – earnings before finance activity, taxes, depreciation, and amortization, write-offs, revaluation and impairment losses of property, plant and equipment and intangible assets, revaluation of emission allowances. For more information on EBITDA as an alternative performance measure – see Note 28.*
EBIT – earnings before finance activity, taxes. For more information on EBIT as an alternative performance measure – see Note 28.

Interim Condensed Consolidated Statement of Changes in Equity

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

	Notes	Equity, attributed to equity holders of the parent							Non-controlling interest	Total
		Issued capital	Legal reserve	Revaluation reserve	Treasury shares reserve	Other reserves	Retained earnings	Subtotal		
Balance as at 1 January 2020		1,212,156	112,647	146,993	-	11	(172,188)	1,299,619	49,001	1,348,620
Net profit for the period		-	-	-	-	-	72,358	72,358	(433)	71,925
Other comprehensive income (loss)										
Revaluation of non-current assets, net of tax		-	-	108	-	-	-	108	-	108
Revaluation of emission allowances		-	-	3,728	-	-	-	3,728	93	3,821
Exchange differences on translation of foreign operations into the Group's presentation currency		-	-	-	-	(1,751)	-	(1,751)	-	(1,751)
Result of change in actuarial assumptions		-	-	-	-	-	335	335	-	335
Total other comprehensive income (loss) for the period		-	-	3,836	-	(1,751)	335	2,420	93	2,513
Total comprehensive income (loss) for the period		-	-	3,836	-	(1,751)	72,693	74,778	(340)	74,438
Transfer of revaluation reserve to retained earnings (transfer of depreciation, net of tax)		-	-	(7,753)	-	-	7,753	-	-	-
Emission allowances utilised		-	-	(294)	-	-	294	-	-	-
Transfer to reserves and movement in reserves		-	2,353	-	-	-	(2,353)	-	-	-
Dividends		-	-	-	-	-	(28,000)	(28,000)	(2,524)	(30,524)
Equity acquisition from non-controlling interest		-	1,207	7,717	-	-	(19,991)	(11,067)	(43,651)	(54,718)
Balance as at 30 June 2020		1,212,156	116,207	150,499	-	(1,740)	(141,792)	1,335,330	2,486	1,337,816
Balance as at 1 January 2021		1,658,756	116,029	155,969	-	(2,229)	(86,164)	1,842,361	1,470	1,843,831
Net profit for the period		-	-	-	-	-	48,770	48,770	67	48,837
Other comprehensive income (loss)										
Revaluation of emission allowances		-	-	49,753	-	-	-	49,753	637	50,390
Exchange differences on translation of foreign operations into the Group's presentation currency		-	-	-	-	(4)	-	(4)	-	(4)
Result of change in actuarial assumptions		-	-	-	-	-	(257)	(257)	-	(257)
Total other comprehensive income (loss) for the period		-	-	49,753	-	(4)	(257)	49,492	637	50,129
Total comprehensive income (loss) for the period		-	-	49,753	-	(4)	48,513	98,262	704	98,966
Transfer of revaluation reserve to retained earnings (transfer of depreciation, net of tax)		-	-	(5,613)	-	-	5,613	-	-	-
Emission allowances utilised		-	-	(15,836)	-	-	15,836	-	-	-
Transfers to legal reserve		-	9,791	-	-	-	(9,791)	-	-	-
Transfer to reserves to acquire treasury shares	15	-	-	-	23,000	-	(23,000)	-	-	-
Dividends	25	-	-	-	-	-	(43,010)	(43,010)	-	(43,010)
Dividends paid to non-controlling interest	25	-	-	-	-	-	(1,152)	(1,152)	-	(1,152)
Other movement	25	-	-	-	-	-	984	984	-	984
Share-based payments	16	-	-	-	-	-	213	213	-	213
Balance as at 30 June 2021		1,658,756	125,820	184,273	23,000	(2,233)	(91,958)	1,897,658	2,174	1,899,832

Interim Condensed Consolidated Statement of Cash Flows

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

	Notes	H1 2021	H1 2020
Cash flows from operating activities			
Net profit for the period		48,837	71,925
Adjustments to reconcile net profit to net cash flows:			
Share-based payments expenses	16	213	-
Depreciation and amortisation expenses	5, 6, 7	64,629	59,127
Impairment of property, plant and equipment, including held for sale	6	(678)	928
Revaluation of property, plant and equipment		-	(72)
Revaluation of investment property		-	138
Fair value changes of derivatives		5,196	3,684
Fair value change of financial instruments		21,606	-
Impairment/(reversal of impairment) of financial assets		(370)	1,058
Income tax expenses		14,944	12,282
Amortisation of grants		(5,007)	(4,604)
Increase/(decrease) in provisions	20	(14,564)	4,623
Inventory write-off to net realizable value/(reversal)		257	(387)
Expenses/(income) of revaluation of emission allowances	20	10,419	(278)
Emission allowances utilised		22,964	(241)
Loss on disposal/write-off of property, plant and equipment		2,889	1,024
Other expenses of investing activities		(1,255)	-
Interest income		(478)	(114)
Interest expenses		11,838	8,460
Other expenses of financing activities		(890)	768
Changes in working capital:			
(Increase)/decrease in trade receivables and other amounts receivable		10,985	5,508
(Increase)/decrease in inventories, prepayments and other current and non-current assets		(23,286)	32,310
Increase/(decrease) in amounts payable, deferred income and advance amounts received		26,868	(31,677)
Income tax paid		(12,277)	(6,449)
Net cash flows from operating activities		**182,840**	**158,013**
Cash flows from investing activities			
Acquisition of property, plant and equipment and intangible assets		(87,660)	(161,914)
Proceeds from sale of property, plant and equipment and intangible assets		1,412	2,710
Grants received		9,504	17,548
Interest received		290	-
Finance lease payments received		1,034	367
Other increases/(decreases) in cash flows from investing activities		(2,353)	-
Net cash flows from investing activities		**(77,773)**	**(141,289)**
Cash flows from financing activities			
Loans received		-	116,354
Issue of bonds		-	295,657
Repayments of loans	19	(3,173)	(22,475)
Lease payments	19	(10,446)	(5,397)
Interest paid	19	(10,187)	(1,899)
Dividends paid		(43,972)	(30,524)
Dividends returned	25	984	-
Equity acquisition from non-controlling interest	22	(18,656)	(25,721)
Net cash flows from financing activities		**(85,450)**	**325,995**
Increase/(decrease) in cash and cash equivalents (including overdraft)		**19,617**	**342,719**
Cash and cash equivalents (including overdraft) at the beginning of the year	14	658,795	(59,454)
Cash and cash equivalents (including overdraft) at the end of the period	14	**678,412**	**283,265**

All amounts are in EUR thousand unless otherwise stated

Explanatory Notes to the Interim Condensed Consolidated Financial Statements

For the six months period ended 30 June 2021

1 General information

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

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

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

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

Shareholder of the Group	30 June 2021		31 December 2020	
	Share capital, in EUR '000	%	Share capital, in EUR '000	%
Republic of Lithuania represented by the Ministry of Finance of the Republic of Lithuania	1,212,156	73.08	1,212,156	73.08
Other shareholders	446,600	26.92	446,600	26.92
	1,658,756		**1,658,756**	

These interim consolidated financial statements were prepared and signed by Group's management on 31 August 2021. These are interim condensed consolidated financial statements of the Group. The Company also prepares separate interim condensed financial statements in accordance with local requirements.

2 Summary of significant accounting policies

2.1 Basis of preparation

These interim condensed consolidated financial statements are prepared for the six months period ended 30 June 2021 (hereinafter "interim financial statements")and have been prepared in accordance with International Financial Reporting Standards (hereinafter "IFRS") as adopted by the European Union and applicable to interim financial reporting (International Accounting Standard (hereinafter "IAS") 34 "Interim Financial Reporting"). These interim financial statements do not provide all the information required for the preparation of the annual financial statements, therefore this must be read in conjunction with the annual financial statements for the year ended 31 December 2020, which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

The Group's interim financial statements as at and for the six months period ended 30 June 2021 have been prepared on a going concern basis applying measurement based on historical cost, except for certain items of property, plant and equipment, emission allowances measured at revalued amount, investment property, and certain financial instruments measured at fair value.

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

In year 2020 the management of the Group has made certain restatements of comparative figures due to reclassifications in annual financial statements. Identified reclassifications are disclosed in Note 3. The originally issued and published interim financial statements for the six months period ended 30 June 2020 did not reflect these reclassifications. As the 2021 interim financial statements present comparative information for the previous reporting period, the Group presents figures for 2020 as restated as described in Note 3.

Additionally, presentation of certain line items of SPLOCI in annual financial statements of year 2020 was changed; consequently, the presentation of comparative figures in SPLOCI of these interim financial statements was amended to correspond to such changes. See Note 4 for full disclosure.

All amounts are in EUR thousand unless otherwise stated

2.2 New standards, amendments and interpretations

Changes in accounting policy and disclosures

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

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

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

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

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

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

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

All amounts are in EUR thousand unless otherwise stated

3 Restatement of comparative figures due to reclassifications

Restatement related to I half-year of 2020

	H1 2020 before restatement	Restatement	H1 2020 after restatement
Revenue from contracts with customers	588,274	-	588,274
Other income	2,638	-	2,638
	590,912	**-**	**590,912**
Operating expenses			
Purchases of electricity, gas for trade, and related services	(343,985)	28,883	(315,102)
Purchases of gas	(16,719)	-	(16,719)
Depreciation and amortisation	(54,523)	-	(54,523)
Salaries and related expenses	(49,716)	-	(49,716)
Repair and maintenance expenses	(11,234)	-	(11,234)
(Impairment)/reversal of impairment of amounts receivable and loans	(847)	-	(847)
(Impairment)/reversal of impairment of property, plant and equipment	(701)	-	(701)
Other expenses	(19,777)	(28,973)	(48,750)
Total operating expenses	**(497,502)**	**(90)**	**(497,592)**
Operating profit (loss)	**93,410**	**(90)**	**93,320**
Finance income	970	(307)	663
Finance expenses	(10,174)	397	(9,777)
Profit (loss) before tax	**84,206**	**-**	**84,206**
Current year income tax (expenses)/benefit	(5,462)	-	(5,462)
Deferred income tax (expenses)/benefit	(6,819)	-	(6,819)
Net profit	**71,925**	**-**	**71,925**
Attributable to:			
Equity holders of the parent	72,358	-	72,358
Non-controlling interest	(433)	-	(433)
Other comprehensive income (loss)			
Items that will not be reclassified to profit or loss in subsequent periods			
Revaluation of property, plant and equipment, net of deferred income tax effect	108	-	108
Revaluation of emission allowances	3,821	-	3,821
Recalculation of the defined benefit plan obligation, net of deferred income tax	335	-	335
Items that will not be reclassified to profit or loss in subsequent periods, total	**4,264**	**-**	**4,264**
Items that may be reclassified to profit or loss in subsequent periods			
Exchange differences on translation off foreign operations into the Group's presentation currency	(1,751)	-	(1,751)
Items that may be reclassified to profit or loss in subsequent periods, total	**(1,751)**	**-**	**(1,751)**
Total other comprehensive income (loss)	**2,513**	**-**	**2,513**
Total comprehensive income (loss) for the period	**74,438**	**-**	**74,438**
Attributable to:			
Equity holders of the parent	74,778	-	74,778
Non-controlling interests	(340)	-	(340)

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

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

This restatement did not materially affect the figures presented in the statements of financial position, changes in equity and cash flows for H1 2020.

All amounts are in EUR thousand unless otherwise stated

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

During 2020 the Company's and consequently the Group's shares became listed. The management believed that changes in SPLOCI are necessary as they will provide reliable and more relevant information for users of consolidated financial statements. Thus, the management determined that there is a need to voluntarily change presentation and classification of items in SPLOCI and changed the presentation of SPLOCI as at 31 December 2020. Accordingly, the presentation of SPLOCI for the six months period ended 30 June 2020 was changed also. The management determined that main users of financial statements are:

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

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

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

As IAS 8 requires that the users of financial statements need to be able to compare the financial statements of an entity over time to identify trends, the management presents the information regarding the changes of classification and amendments of the line items in SPLOCI prepared for the six months period ended 30 June 2020:

Line No.	Old SPLOCI structure	New SPLOCI structure	H1 2020 after reclassification (Note 3)	Changes	H1 2020 after reclassification and changes	Explanation on changes
1	Revenue from contracts with customers	Revenue from contracts with customers	588,274	-	588,274	No changes
2	Other income	Other income	2,638	-	2,638	No changes
3	**Revenue**	**Total revenues and other income**	**590,912**	-	**590,912**	Added name for the "total" line
4						
5	**Operating expenses**					Deleted line name
6	Purchases of electricity, gas for trade, and related services	Purchases of electricity, gas and other services	(315,102)	(16,719)	(331,821)	Added amounts from the line No. 7, changed name to more fairly represent amounts
7	Purchases of gas and heavy fuel oil		(16,719)	16,719	-	Line deleted by adding to the line No. 6
8	Depreciation and amortisation		(54,523)	54,523	-	Line is presented now in the line No. 18
9	Salaries and related expenses	Salaries and related expenses	(49,716)	-	(49,716)	No changes
10	Repair and maintenance expenses	Repair and maintenance expenses	(11,234)	-	(11,234)	No changes
11	(Impairment) reversal of impairment of amounts receivable and loans		(847)	847	-	Line deleted by adding to the line No. 13
12	(Impairment) reversal of impairment of property, plant and equipment		(701)	701	-	Line deleted by adding to the line No. 19
13	Other expenses	Other expenses	(48,750)	347	(48,403)	Added amount from line No. 11. Write-offs of property, plant and equipment amounted to EUR 1,561 thousand and revaluation of emission allowances amounted to EUR (367) thousand were transferred from this line by adding them to the lines No. 19 and No. 20 respectively.
14	**Total operating expenses**	**Total**	**(497,592)**	56,418	**(441,174)**	Changed name
15						
16		**EBITDA***	**-**	**149,738**	**149,738**	New line. EBITDA is calculated using the formula, which is used in the Note 28 for Operating segments and was used in IPO prospectus.
17						
18		Depreciation and amortisation	-	(54,523)	(54,523)	The line is reclassified from the line No. 8
19		Write-offs, revaluation and impairment losses of property, plant and equipment and intangible assets	-	(2,262)	(2,262)	New line, in which were reclassified line No. 12 and part of the line No. 13, which corresponds to amount of EUR 1,561 thousand from write-offs of property, plant and equipment
20		Revaluation of emission allowances	-	367	367	New line

the table continues on the next page

All amounts are in EUR thousand unless otherwise stated

continuation of the table presented on the preceding page

Line No.	Old SPLOCI structure	New SPLOCI structure	H1 2020 after reclassification (Note 3)	Changes	H1 2020 after reclassification and changes	Explanation on changes
21						
22	**Operating profit (loss) (EBIT)**	**Operating profit (loss) (EBIT**)**	**93,320**	-	**93,320**	No changes
23						
24	Finance income	Finance income	663	-	663	No changes
25	Finance expenses	Finance expenses	(9,777)	-	(9,777)	No changes
26		**Finance activity, net**		(9,114)	**(9,114)**	Added name for "net" line
27						
28	**Profit (loss) before tax**	**Profit (loss) before tax**	**84,206**	-	**84,206**	No changes
29	Current year corporate income tax (expense)/benefit	Current year income tax (expenses)/benefit	(5,462)	-	(5,462)	No changes
30	Deferred corporate income tax (expense)/benefit	Deferred income tax (expenses)/benefit	(6,819)	-	(6,819)	No changes
31						
32	**Net profit**	**Net profit for the period**	**71,925**	-	**71,925**	Changed name
33						
34	Attributable to:	Attributable to:				
35	Equity holders of the parent	Equity holders of the parent	72,358	-	72,358	No changes
36	Non-controlling interest	Non-controlling interest	(433)	-	(433)	No changes
37						
38	**Other comprehensive income (loss)**	**Other comprehensive income (loss)**				No changes
39	**Items that will not be reclassified to profit or loss in subsequent periods**	**Items that will not be reclassified to profit or loss in subsequent periods (net of tax)**				Added "net of tax" to line name
40	Revaluation of property, plant and equipment, net of deferred income tax effect	Revaluation of property, plant and equipment	108	-	108	Deleted "net of deferred income tax effect" from line name
41	Revaluation of emission allowances	Revaluation of emission allowances through other comprehensive income	3,821	-	3,821	Added "through other comprehensive income" to line name
42	Recalculation of the defined benefit plan obligation, net of deferred income tax	Remeasurement of the defined benefit plan obligation	335	-	335	Deleted "net of deferred income tax" from line name
43	**Items that will not be reclassified to profit or loss in subsequent periods, total**	**Items that will not be reclassified to profit or loss in subsequent periods, total**	**4,264**	-	**4,264**	No changes
44						
45	**Items that may be reclassified to profit or loss in subsequent periods**	**Items that may be reclassified to profit or loss in subsequent periods (net of tax)**				No changes
46	Exchange differences on translation off foreign operations into the Group's presentation currency	Exchange differences on translation off foreign operations into the Group's presentation currency	(1,751)	-	(1,751)	No changes
47	**Items that may be reclassified to profit or loss in subsequent periods, total**	**Items that may be reclassified to profit or loss in subsequent periods, total**	**(1,751)**	-	**(1,751)**	No changes
48	**Total other comprehensive income (loss)**	**Total other comprehensive income (loss)**	**2,513**	-	**2,513**	No changes
49	**Total comprehensive income (loss) for the period**	**Total comprehensive income (loss) for the period**	**74,438**	-	**74,438**	No changes
50						
51	Attributable to:	Attributable to:				No changes
52	Equity holders of the parent	Equity holders of the parent	74,778	-	74,778	No changes
53	Non-controlling interests	Non-controlling interests	(340)	-	(340)	No changes
54						
55		**Basic and diluted earnings per share (in EUR)**				New lines - due to listing of shares
56		**Diluted earnings per share (in EUR)**				New lines - due to listing of shares
57		**Weighted average number of shares**				New lines - due to listing of shares

All amounts are in EUR thousand unless otherwise stated

5 Intangible assets

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

	Patents and licences	Computer software	Emission allowances	Other intangible assets	Goodwill	Servitudes and security zones	In total
As at 31 December 2020							
Cost or revalued amount	312	30,182	81,240	56,679	4,927	34,634	**207,974**
Accumulated amortisation	(249)	(19,596)	-	(12,052)	-	-	**(31,897)**
Carrying amount	**63**	**10,586**	**81,240**	**44,627**	**4,927**	**34,634**	**176,077**
Carrying amount at 1 January 2021	**63**	**10,586**	**81,240**	**44,627**	**4,927**	**34,634**	**176,077**
Additions	-	28	239	3,933	-	503	**4,703**
Revaluation	-	-	56,437	-	-	-	**56,437**
Reclassified (to) from property plant and equipment	-	3,037	-	77	-	-	**3,114**
Write-offs	-	-	-	(2)	-	-	**(2)**
Reclassifications between categories	-	1,065	-	(1,065)	-	-	**-**
Emission allowances utilised	-	-	(25,320)	-	-	-	**(25,320)**
Green energy certificates utilised	-	-	-	(296)	-	-	**(296)**
Disposals	-	-	(19)	-	-	-	**(19)**
Amortisation charge	(11)	(2,259)	-	(1,217)	-	-	**(3,487)**
Carrying amount at 30 June 2021	**52**	**12,457**	**112,577**	**46,057**	**4,927**	**35,137**	**211,207**
As at 30 June 2021							
Cost or revalued amount	307	33,640	112,577	59,323	4,927	35,137	**245,911**
Accumulated amortisation	(255)	(21,183)	-	(13,266)	-	-	**(34,704)**
Carrying amount	**52**	**12,457**	**112,577**	**46,057**	**4,927**	**35,137**	**211,207**

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

Market price of emission allowances increased from EUR 32.04 per unit as at 31 December 2020 to EUR 56.25 per unit as at 30 June 2021.

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

As at 30 June 2021 goodwill comprises from acquisition of subsidiaries in previous periods:
- VVP Investment UAB – EUR 2,150 thousand;
- Eurakras UAB – EUR 1,461 thousand;
- Pomerania Wind Farm sp. z o. o. – EUR 1,316 thousand.

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

The Group has significant acquisition commitments of intangible assets which will have to be fulfilled during the later periods. Group's acquisition commitments amounted to EUR 3,137 thousand as at 30 June 2021. As at 31 December 2020 Group's acquisition commitments amounted to EUR 6,469 thousand.

All amounts are in EUR thousand unless otherwise stated

6 Property, plant, and equipment

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

	Land	Buildings	Electricity networks and their structures	Gas distribution pipelines, gas technological equipment and installations	Assets of Hydro Power Plant, Pumped Storage Power Plant	Wind power plants and their installations	Combined Cycle Unit and Reserve Power Plant	Cogeneration plants	IT and telecommunication equipment	Other property, plant and equipment	Construction-in-progress	In total
As at 31 December 2020												
Cost or revalued amount	3,371	32,682	1,473,664	314,756	211,264	65,833	776,152	137,956	29,903	40,241	414,206	**3,500,028**
Accumulated depreciation	-	(9,157)	(267,270)	(52,448)	(113,222)	(18,703)	(410,309)	(2,270)	(14,346)	(11,341)	-	**(899,066)**
Accumulated impairment	-	-	-	-	-	-	(41,408)	-	-	-	-	**(41,408)**
Carrying amount	**3,371**	**23,525**	**1,206,394**	**262,308**	**98,042**	**47,130**	**324,435**	**135,686**	**15,557**	**28,900**	**414,206**	**2,559,554**
Carrying amount at 1 January 2021	**3,371**	**23,525**	**1,206,394**	**262,308**	**98,042**	**47,130**	**324,435**	**135,686**	**15,557**	**28,900**	**414,206**	**2,559,554**
Additions	-	-	265	-	8	-	95	-	865	847	66,907	**68,987**
Sales	-	(1)	(22)	-	-	-	-	-	-	(318)	-	**(341)**
Write-offs	-	(2)	(1,602)	(91)	-	-	(1,060)	-	(3)	(20)	(4)	**(2,782)**
Reverse of impairment	-	-	-	-	-	-	-	-	-	-	678	**678**
Reclassifications between categories	-	691	36,352	7,357	320	-	-	110,962	764	24,792	(181,238)	**-**
Reclassified from (to) intangible assets	-	-	-	-	-	-	-	-	-	-	(3,114)	**(3,114)**
Reclassified from (to) finance lease	-	-	-	-	-	-	-	-	-	421	-	**421**
Reclassified from (to) assets held for sale	-	-	-	-	-	-	-	-	(1)	(1,092)	-	**(1,093)**
Reclassified from (to) investment property	-	-	-	-	-	-	1,335	-	-	-	-	**1,335**
Reclassified from (to) inventories	-	-	-	-	123	-	9	-	-	-	5	**137**
Reclassified from (to) right-of-use asset's	-	-	-	-	-	23,002	-	-	-	-	-	**23,002**
Depreciation charge	-	(2,436)	(29,460)	(3,613)	(2,766)	(1,587)	(9,831)	(3,500)	(2,280)	(2,965)	-	**(58,438)**
Foreign currency exchange difference	-	-	-	-	-	-	-	-	-	-	1,255	**1,255**
Carrying amount at 30 June 2021	**3,371**	**21,777**	**1,211,927**	**265,961**	**95,727**	**68,545**	**314,983**	**243,148**	**14,902**	**50,565**	**298,695**	**2,589,601**
As at 30 June 2021												
Cost or revalued amount	3,371	33,361	1,507,660	264,672	211,714	93,604	772,668	248,917	31,292	64,599	298,695	**3,530,553**
Accumulated depreciation	-	(11,584)	(295,733)	1,289	(115,987)	(25,059)	(424,590)	(5,769)	(16,390)	(14,034)	-	**(907,857)**
Accumulated impairment	-	-	-	-	-	-	(33,095)	-	-	-	-	**(33,095)**
Carrying amount	**3,371**	**21,777**	**1,211,927**	**265,961**	**95,727**	**68,545**	**314,983**	**243,148**	**14,902**	**50,565**	**298,695**	**2,589,601**

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

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

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

The Group has significant acquisition commitments of property, plant and equipment which will have to be fulfilled during the later periods. Group's acquisition and construction commitments amounted to EUR 125,755 thousand as at 30 June 2021 (31 December 2020: EUR 112,075 thousand).

Revaluation of property, plant and equipment used in electricity distribution

New regulatory 5-year period will start in the electricity sector from 2022, it will define the principles for calculating the price caps for distribution services during the new regulatory period.
For this purpose the National Energy Regulatory Council (hereinafter - NERC) updated the long-run average incremental cost (LRAIC) model, which will determine the amount of cost of capital in the price of distribution services.

All amounts are in EUR thousand unless otherwise stated

At the date of the interim financial statements, NERC had not yet agreed on the new regulatory principles, although a substantive change in the regulatory environment could have a significant effect on the prices of regulated services, the Group's cash flows and the assets' carrying amount. According to the management of the Group, the updated regulatory model should ensure sufficient economic and financial capacity (cash flow) required to achieve the Group's strategic goals arising from the state and its strategic documents and legal framework, while meeting stakeholder expectations and maintaining the optimal debt to equity capital structure.

The Group will assess whether the fair value of the assets has changed when the decisions are made on new regulatory principles, including the updated LRAIC model and its results. Intensive consultations, discussions and data exchange are currently underway with NERC to make the necessary decisions. According to the management of the Group, the necessary decisions will be made in in September-October 2021, respectively, the full impact of the new regulatory change on the Group's carrying amount of assets is likely to be accounted in the Group's annual financial statements for 2021.

The carrying amount of the property, plant and equipment used in electricity distribution (electricity distribution CGU) is EUR 1,211,927 thousand as at 30 June 2021 (EUR 1,206,394 thousand as at 31 December 2020).

All amounts are in EUR thousand unless otherwise stated

7 Right-of-use assets

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

	Land	Buildings	Structures and machinery	Wind power plants and their installations	Vehicles	Other property, plant and equipment	In total
31 December 2020							
Acquisition cost	22,947	16,398	8,329	27,290	124	343	**75,431**
Accumulated depreciation	(704)	(4,594)	(1,511)	(4,492)	(35)	(216)	**(11,552)**
Carrying amount at 1 January 2021	**22,243**	**11,804**	**6,818**	**22,798**	**89**	**127**	**63,879**
Additions	459	407	-	-	12	140	**1,018**
Write-offs	-	(1,711)	(30)	-	(29)	(89)	**(1,859)**
Reclassified from / (to) property, plant & equipment	-	-	(847)	(22,155)	-	-	**(23,002)**
Depreciation	(278)	(1,995)	(103)	(258)	(38)	(33)	**(2,705)**
Carrying amount at 30 June 2021	**22,424**	**8,505**	**5,838**	**385**	**34**	**145**	**37,331**
30 June 2021							
Acquisition cost	23,352	14,070	7,213	544	104	280	**45,563**
Accumulated depreciation	(928)	(5,565)	(1,375)	(159)	(70)	(135)	**(8,232)**
Carrying amount as at 30 June 2021	**22,424**	**8,505**	**5,838**	**385**	**34**	**145**	**37,331**

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

All amounts are in EUR thousand unless otherwise stated

8 Structure of the group

The Group's structure as at 30 June 2021:

Company name	Country of business	Company type	Group's effective ownership interest, %	Non-controlling interest's effective ownership interest, %	Profile of activities
Ignitis grupė AB	Lithuania	Parent company	-	-	Parent company - management and coordination of activities of the Group companies
Subsidiaries of the Group:					
Energijos skirstymo operatorius AB	Lithuania	Subsidiary	100.0000	-	Distribution of electricity and gas, supply of last resort service
Ignitis gamyba AB	Lithuania	Subsidiary	99.9111	0.0889	Generation and trading of electricity
NT Valdos UAB	Lithuania	Subsidiary	100.0000	-	Management and other related services of real estate
Energetikos paslaugų ir rangos organizacija UAB	Lithuania	Subsidiary	100.0000	-	Construction, repair and maintenance of electricity networks and related equipment, connection of customers to electricity networks, repair of energy equipment and production of metal structures
Elektroninių mokėjimų agentūra UAB	Lithuania	Subsidiary	100.0000	-	Payment aggregation
Ignitis UAB	Lithuania	Subsidiary	100.0000	-	Electricity and gas supply, trading, energy efficiency projects
Ignitis Eesti, OÜ	Estonia	Indirectly controlled subsidiary	100.0000	-	Supply of electricity
Ignitis Latvija SIA	Latvia	Indirectly controlled subsidiary	100.0000	-	Supply of electricity and gas
Ignitis Polska Sp. z o. o.	Poland	Indirectly controlled subsidiary	100.0000	-	Supply and trading of electricity and gas
Ignitis Suomi OY	Finland	Indirectly controlled subsidiary	100.0000	-	Supply of gas
Ignitis grupės paslaugų centras UAB	Lithuania	Subsidiary	99.9809	0.0191	Shared business support services
Lietuvos Energijos Paramos Fondas	Lithuania	Subsidiary	100.0000	-	Provision of support to projects, initiatives and activities, relevant to the society (no longer pursues any of its activities)
Vilniaus Kogeneracinė Jėgainė UAB	Lithuania	Subsidiary	100.0000	-	Development and operation of cogeneration power plant project
Kauno Kogeneracinė Jėgainė UAB	Lithuania	Subsidiary	51.0000	49.0000	Electricity and heat production from waste
Tuuleenergia OÜ	Lithuania	Subsidiary	100.0000	-	Generation of renewable electricity
Transporto valdymas UAB	Lithuania	Subsidiary	100.0000	-	Vehicle rental, leasing, repair, maintenance, renewal and service
Gamybos optimizavimas UAB	Lithuania	Subsidiary	100.0000	-	Planning, optimization, forecasting, trading, brokering and other electricity related services
Ignitis renewables UAB	Lithuania	Subsidiary	100.0000	-	Coordination of operation, supervision and development of renewable energy projects
Eurakras UAB	Lithuania	Indirectly controlled subsidiary	100.0000	-	Generation of renewable electricity
Vėjo Vatas UAB	Lithuania	Indirectly controlled subsidiary	100.0000	-	Generation of renewable electricity
Vėjo Gūsis UAB	Lithuania	Indirectly controlled subsidiary	100.0000	-	Generation of renewable electricity
VVP Investment UAB	Lithuania	Indirectly controlled subsidiary	100.0000	-	Development of a renewable energy (wind) power plant project
Pomerania Wind Farm Sp. z o. o.	Poland	Indirectly controlled subsidiary	100.0000	-	Development and operation of a renewable energy (wind) power plant project
Ignitis Renewables Polska Sp. z o. o.	Poland	Indirectly controlled subsidiary	100.0000	-	Sub-holding controlling wind/solar assets
Ignitis RES DEV Sp. z o. o.	Poland	Indirectly controlled subsidiary	100.0000	-	Development of wind/solar projects

All amounts are in EUR thousand unless otherwise stated

The Group's structure as at 31 December 2020:

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

All amounts are in EUR thousand unless otherwise stated

9 Non-current receivables

Amounts receivable after one year comprised as follows:

	30 June 2021	31 December 2020
Non-current receivables		
Amount receivable on disposal of LitGrid AB	136,212	136,212
Accrued revenue related to regulatory activity of the public electricity supply	28,793	12,324
Finance lease	8,314	8,860
Loans granted	2,460	1,908
Other non-current amounts receivable	2,112	2,211
Total:	**177,891**	**161,515**
Less: allowance	-	-
Carrying amount	**177,891**	**161,515**

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

During the I half-year of 2021 EPSO-G UAB has repaid a debt by EUR 14,481 thousand which was presented in Other receivables. The deferred consideration is due to be paid until the 30 September 2022 for an amount EUR 136,212 thousand.

The amount receivable from EPSO-G UAB for shares is treated as a financial asset measured at fair value through profit or loss. This amount receivable is a significant accounting estimate and judgement as it is disclosed in the annual financial statements Note 4.7. Management judgements regarding the application of this accounting estimate were the same as used in preparing the annual financial statements for the year ended 31 December 2020.

10 Other financial assets

The Group's other financial assets comprised as follows:

	30 June 2021	31 December 2020
Innovation Fund Smart Energy Fund powered by Ignitis Group KŪB	9,292	4,912
Sun Investment Group	3,010	2,357
Platform for Financing Energy Efficiency	379	379
In total	**12,681**	**7,648**
Less: impairment	(379)	(379)
Carrying amount	**12,302**	**7,269**

Total amount of the investment to Innovation Fund Smart Energy Fund powered by Ignitis Group KŪB increased for an amount EUR 4,380 thousand during the I half-year of 2021.
The fair value gain of Innovation Fund Smart Energy Fund powered by Ignitis Group KŪB recognised for an amount EUR 1,870 thousand and is presented as "Finance income" in SPLOCI during I half-year of 2021. The fair value of this financial asset is determined by reference to new investment rounds or other recent events and data (Note 29).
Remaining change is related to new investments made during I half-year of 2021 for an amount EUR 1,700 thousand and reclassification from non-current receivables EUR 810 thousand.

11 Prepayments and deferred expenses

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

	30 June 2021	31 December 2020
Deposits related to Power exchange	33,209	37,431
Prepayments for natural gas	9,385	7,710
Deferred expenses	4,193	1,499
Prepayments for other goods and services	3,216	949
Other prepayments	2,345	3,114
Carrying amount	**52,348**	**50,703**

All amounts are in EUR thousand unless otherwise stated

12 Trade receivables

The Group's trade receivables comprised as follows:

	30 June 2021	31 December 2020
Amounts receivable under contracts with customers		
Receivables from electricity related sales	98,984	96,523
Receivables from gas related - non-household	25,630	30,311
Receivables from gas related - household	2,832	2,881
Other receivables	9,636	8,575
Amounts receivable under other contracts		
Receivables for lease of assets	14	7
In total	**137,096**	**138,297**
Less: impairment of trade receivables	(9,553)	(9,874)
Carrying amount	**127,543**	**128,423**

As at 30 June 2021 and 31 December 2020, the Group had not pledged the claim rights to trade receivables.

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

Impairment of amounts receivable (lifetime expected credit losses)

The table below presents information on the Group's trade receivables under contracts with customers as at 30 June 2021 that are assessed on a collective basis using the loss ratio matrix:

	Loss ratio	Trade receivables	Impairment
Not past due	0.26	61,359	158
Up to 30 days	1.34	5,149	69
30–60 days	6.53	1,317	86
60-90 days	16.02	668	107
90-120 days	23.73	413	98
More than 120 days	74.44	8,397	6,251
As at 30 June 2021	**8.76**	**77,303**	**6,769**

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

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

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

	30 June 2021		31 December 2020	
	Trade receivables	Impairment	Trade receivables	Impairment
Not past due	55,114	558	66,098	743
Up to 30 days	2,263	58	830	77
30–60 days	87	18	169	18
60-90 days	89	10	173	93
90-120 days	45	13	209	87
More than 120 days	2,195	2,127	2,272	2,019
Carrying value	**59,793**	**2,784**	**69,751**	**3,037**

All amounts are in EUR thousand unless otherwise stated

13 Other receivables

The Group’s other receivables comprised as follows:

	30 June 2021	31 December 2020
Unbilled accrued revenue from electricity sales (including related VAT)	5,529	6,787
Value added tax	4 952	16,654
Current portion of finance lease relating to energy saving services	2,221	2,634
Accrued revenue related to regulatory activity of the public electricity supply	1,189	3,114
Accrued amounts receivable for natural gas	158	400
Current portion of the receivable on disposal of LitGrid AB (Note 9)	-	14,481
Other receivables	8,388	4,129
In total	**22,437**	**48,199**
Less: impairment of other receivables	(651)	(731)
Carrying amount	**21,786**	**47,468**

Line items “Unbilled accrued revenue from electricity sales (including related VAT)” and “Accrued amounts receivable for natural gas” represent contract assets (Note 23).

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

14 Cash and cash equivalents

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

	30 June 2021	31 December 2020
Cash and cash equivalents	678,403	657,314
Restricted cash	9	1,481
Carrying amount	**678,412**	**658,795**

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

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

Under the loan agreements signed with the banks, the Group has pledged current and future cash inflows. As at 30 June 2021, the balance of cash pledged amounted to EUR 25,972 thousand (31 December 2020: EUR 25,350 thousand).

15 Equity

Issued capital of the Group consisted of:

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

As at 30 June 2021 and 31 December 2020 the Group’s issued capital comprised EUR 1,658,756,294 and was divided in to 74,283,757 ordinary registered shares with EUR 22.33 nominal value for a share.

At the ordinary general meeting of shareholders held on 25 March 2021 it was decided to form a reserve of EUR 23,000 thousand for the acquisition of treasury shares. There were events after reporting period, which relate to the acquisition of treasury shares. For more information – see Note 30.

All amounts are in EUR thousand unless otherwise stated

16 Share-based payments

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

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

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

There were events after reporting period, which relate to share-based payments agreements termination. For more information – see Note 30.

17 Loans and bonds

Borrowings of the Group consisted of:

	30 June 2021	31 December 2020
Non-current		
Bonds issued	887,779	886,945
Bank loans	238,749	359,183
Current		
Current portion of non-current loans	10,316	6,333
Bank loans	114,709	-
Accrued interest	12,139	9,143
In total	**1,263,692**	**1,261,604**

Non-current borrowings by maturity:

	30 June 2021	31 December 2020
From 1 to 2 years	14,074	128,720
From 2 to 5 years	50,963	44,396
After 5 years	1,061,491	1,073,012
In total	**1,126,528**	**1,246,128**

17.1 Movement of borrowings

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

17.2 Covenants and unwithdrawn balances

The loan agreements provide for financial and non-financial covenants that the individual Group entities are obliged to comply with. All Group companies complied with the covenants as at 30 June 2021 and at 31 December 2020.

As at 30 June 2021, the Group unwithdrawn balance of loans and bank overdrafts amounted to EUR 173,187 thousand (31 December 2020: EUR 344,504 thousand).

All amounts are in EUR thousand unless otherwise stated

18 Net debt

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

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

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

Net debt balances:

	30 June 2021	31 December 2020
Cash and cash equivalents	(678,412)	(658,795)
Deposit	(45,000)	(45,000)
Borrowings payable after one year	1,126,528	1,246,128
Borrowings payable within one financial year (including overdraft and accrued interest)	137,164	15,476
Lease liabilities	31,317	42,529
Net debt	**571,597**	**600,338**
Cash and cash equivalents	(678,412)	(658,795)
Deposit	(45,000)	(45,000)
Borrowings – fixed interest rate	1,129,623	1,125,342
Borrowings – variable interest rate	134,069	136,262
Lease liabilities	31,317	42,529
Net debt	**571,597**	**600,338**

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

	Assets		Lease liabilities		Borrowings			
	Cash and cash equivalents	Deposit into an escrow account	Non-current	Current	Non-current portion of non-current borrowings	Current portion of non-current borrowings	Current borrowings	Total
Net debt at 1 January 2021	**(658,795)**	**(45,000)**	**29,128**	**13,401**	**1,246,128**	**6,333**	**9,143**	**600,338**
Cash changes								
(Increase) decrease in cash and cash equivalents	(19,617)	-	-	-	-	-	-	**(14,013)**
Proceeds from borrowings	-	-	-	-	-	(3,129)	-	**(3,129)**
Lease payments (principal portion)	-	-	(305)	(10,141)	-	-	-	**(10,446)**
Interest paid	-	-	(21)	(399)	-	-	(9,767)	**(10,187)**
Non-cash changes								
Lease contracts concluded	-	-	982	36	-	-	-	**1,018**
Accrual of interest payable	-	-	21	446	834	-	12,588	**13,889**
Reclassification of interest payable from (to) trade payables	-	-	-	(47)	-	-	-	**(47)**
Lease liabilities written-off	-	-	(1,140)	(644)	-	-	-	**(1,784)**
Reclassifications between items	-	-	(1,508)	1,508	(121,203)	6,316	114,887	**-**
Foreign currency exchange difference	-	-	-	-	769	837	-	**1,606**
Net debt at 30 June 2021	**(678,412)**	**(45,000)**	**27,157**	**4,160**	**1,126,528**	**10,316**	**126,848**	**571,597**

All amounts are in EUR thousand unless otherwise stated

19 Lease liabilities

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

	30 June 2021	31 December 2020
Minimum payments		
Within the first year	4,666	14,022
From two to five years	9,809	11,835
More than five years	38,519	38,484
In total	**52,994**	**64,341**
Future finance costs		
Within the first year	(506)	(621)
From two to five years	(2,762)	(2,416)
More than five years	(18,409)	(18,775)
In total	**(21,677)**	**(21,812)**
Carrying amount	**31,317**	**42,529**

20 Provisions

The Group's provisions were as follows:

	30 June 2021	31 December 2020
Non-current	39,746	40,695
Current	27,460	30,399
Total	**67,206**	**71,094**

Movement of the Group's provisions was as follows:

	Emission allowance liabilities	Provisions for employee benefits	Provisions for servitudes	Provisions for registration of protection zones	Provision for isolated power system operations' and system services	Other provisions	Total
Balance as at 1 January 2021	**17,224**	**3,649**	**14,679**	**15,069**	**17,261**	**3,212**	**71,094**
Increase during the year	9,855	179	-	-	1,660	268	**11,962**
Utilised during the year	(25,320)	(66)	-	-	-	(1,293)	**(26,679)**
Revaluation of emission allowances utilised	10,419	-	-	-	-	-	**10,419**
Result of change in assumptions	-	410	-	-	-	-	**410**
Balance as at 30 June 2021	**12,178**	**4,172**	**14,679**	**15,069**	**18,305**	**2,187**	**67,206**

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

All amounts are in EUR thousand unless otherwise stated

21 Deferred income and advances received

21.1 Deferred income

Movements in the Group's deferred income:

	H1 2021	
	Current portion	Non-current portion
Balance as at 1 January 2021	**8,579**	**164,413**
Increase during the year	333	10,773
Recognised as revenue	(4,043)	-
Reclassifications between items	3,985	(3,985)
Balance as at 30 June 2021	**8,854**	**171,201**

As at 30 June 2021 and 31 December 2020 deferred income mainly represents an income from connection of new customers to natural gas system and to the electricity grid under the contracts with customers. Revenue from connection of new customers to natural gas system and to electricity grid is recognised over the average useful life of related items of property, plant and equipment.

21.2 Advances received

The Group's advances received were as follows:

	30 June 2021	31 December 2020
Current prepayments under contracts with customers (contract liabilities)	51,784	40,617
Current prepayments under other contracts	981	2,027
In total	**52,765**	**42,644**

The advances received for electricity and overdeclared electricity from the customers amounted to EUR 6,694 thousand as of 30 June 2021 (31 December 2020: EUR 11,239 thousand).

22 Other current amounts payable and liabilities

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

	30 June 2021	31 December 2020
Put option redemption liability	40,136	16,660
Payroll related liabilities	21,345	16,268
Amounts payable for property, plant and equipment	19,630	26,583
Taxes (other than income tax)	12,652	15,271
Derivative financial instruments	11,594	2,202
Accrued expenses	8,991	37,937
Amounts payable for acquisition of minority interest	3,642	-
Non-controlling interest dividends	3,402	3,212
Irrevocable commitment to acquire a minority interest	368	19,025
Other amounts payable and liabilities	6,422	2,211
Carrying amount	**128,182**	**139,369**

During I half-year of 2021 the Group have acquired shares from minority shareholders of subsidiaries Energijos skirstymo operatorius AB (13,118,175 shares for the price of 0.88 EUR per share) and Ignitis gamyba AB (11,113,442 shares for the price of 0.64 EUR per share). Acquisition lead to increased ownership by 1.47 in Energijos skirstymo operatorius AB and 1.72 percentage point in Ignitis gamyba AB. Total consideration paid for the acquired shares equal to EUR 18,656 thousand.

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

All amounts are in EUR thousand unless otherwise stated

23 Revenue from contracts with customers

23.1 Disaggregated revenue information

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

	H1 2021	H1 2020*
Electricity related revenue		
Revenue from the sale of electricity*	130,115	81,545
Revenue from public electricity supply	64,237	86,455
Revenue from sale of produced electricity	87,303	40,661
Income from services ensuring the isolated operation of power system and capacity reserve	24,112	28,311
Revenue from electricity transmission and distribution*	222,489	202,580
Revenue from PSO	3,071	6,368
Gas related revenue		
Revenue from gas sales	118,330	97,498
LNGT security component income	18,148	14,119
Revenue from gas transmission and distribution	26,015	19,034
Other revenue		
Revenue from new customers' connection fees	3,985	3,644
Proceeds from the sale of heat energy	5,114	1,867
Other revenue from contracts with customers	13,317	6,192
Total	**716,236**	**588,274**

** the presentation of revenue line items for period of I half-year of 2020 does not correspond to that presented in interim financial statements issued for the six months period ended 30 June 2020. Changes have been made to comply presentation of revenue line items in annual financial statements issued for the year 2020.*

During the I half-year of 2021 the revenue from public electricity supply decreased due to liberalisation of the electricity supply market. Part of the public electricity revenue transformed to independent electricity supply revenue and shifted to the „Revenue from the sale of electricity" line for an amount of EUR 20,792 thousand.

23.2 Contract balances

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

	Notes	30 June 2021	31 December 2020
Trade receivables*	12	**127,529**	**128,416**
Contract assets		**5,687**	**7,187**
Accrued revenue from electricity related sales	13	5,529	6,787
Accrued revenue from gas sales	13	158	400
Contract liabilities		**231,839**	**213,609**
Advances received	21	51,784	40,617
Deferred income	21	180,055	172,992

** Trade receivables related to lease contracts are excluded*

23.3 Rights to returned goods assets and refund liabilities

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

23.4 Performance obligations

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

	30 June 2021	31 December 2020
More than one year	171,201	164,413
Within one year	8,854	8,579
Total liability under connection contracts	**180,055**	**172,992**

All amounts are in EUR thousand unless otherwise stated

24 Earnings per share

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

	H1 2021	H1 2020
Net profit for the period	**48,837**	**71,925**
Attributable to:		
Equity holders of the parent	48,770	72,358
Non-controlling interests	67	(433)
Weighted average number of nominal shares	74,283,757	54,283,757
Basic earnings/(loss) per share attributable to shareholders of the Parent Company	0.66	1.33
Diluted earnings/(loss) per share attributable to shareholders of the Parent Company	0.66	1.33

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

25 Dividends

Dividends declared by the Company during the I half-year:

	H1 2021	H1 2020
Ignitis grupė AB	43,010	28,000

During 2020, the Group applied an accounting policy of derecognising the non-controlling interest (subsidiaries Energijos skirstymo operatorius AB and Ignitis gamyba AB) as it is disclosed in Note 11.1 of the annual financial statements for the year ended 31 December 2020. As at 30 June 2021 the Group have not acquired yet all 100% of Ignitis gamyba AB shares (Note 26), thus dividends were declared for non-controlling interest.

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

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

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

All amounts are in EUR thousand unless otherwise stated

26 Contingent liabilities and commitments

26.1 Litigations

During I half-year of 2021 there were no significant changes in litigations reported in annual financial statements for 2020 or new significant litigations except for mentioned below. Litigations and changes in ongoing litigations after the reporting period are disclosed in Note 30:

Litigation with a minority shareholder of Energijos skirstymo operatorius AB

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

On 31 March 2021 the claim of plaintiff was rejected by the court decision. On 20 May 2021 the plaintiff lodged an appeal to the Court of Appeal of Lithuania. The date of the court hearing in the appellate court has not yet been set.

Buy-out of shares of subsidiary Energijos skirstymo Operatorius AB

On 2 April 2021 Vilnius District court approved Group's statement on the establishment and recognition of a fact of legal significance that the right of ownership of all unsold minority shareholders shares of its subsidiary Energijos skirstymo operatorius AB during the mandatory buyout must be transferred to the parent company and obliged the shares account managers to make records of the transfer of the rights of ownership to the Group. Shares were transferred on 15 April 2021 for the price offered during mandatory shares buy-out – 0.88 EUR per share. After the decision of the court, the Group owns 100% of Energijos skirstymo operatorius AB shares. On 19 April 2021 the plaintiff filed an appeal to the court. The date of the next court hearing is 7 September 2021.

Buy-out of shares of subsidiary Ignitis gamyba AB

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

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

After the implementation of the decision of the court on 30 June 2021, the Group owns 99.91% of Ignitis Gamyba shares. For the remaining shares – see information in Note 30.

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

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

Nine key executives of the Group on their own initiative have terminated the concluded option agreements with the aim to implement the employee share-based payment plan successfully. The Group also submitted a standalone claim to Vilnius District Court with a request to dismiss the interim measures applied by the Court order of 3 May 2021.

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

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

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

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

There were events after reporting period, which relate to option agreements termination. For more information – see Note 30.

Litigation with Šiaulių energija AB

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

On 6 April 2021 the claim of the Šiaulių energija AB against ESO was rejected by Vilnius District Court decision. The plaintiff AB Šiaulių energija and the defendant AB Litgrid filed appeals against the decision of the Vilnius Regional Court of 6 April 2021. The date of the court hearing in the appellate court has not yet been set.

Litigation with Vilniaus energija UAB

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

All amounts are in EUR thousand unless otherwise stated

By a ruling of 25 May 2021, the Supreme Court of Lithuania annulled the part of the ruling of the Court of Appeal of Lithuania of 11 June 2020 and has remitted part of the claim regarding to discrimination of other cogeneration plants (EUR 2,260 thousand) for re-examination. Remaining part of the claim was definitively rejected. Next court hearing in this case is scheduled for 14 September 2021.

27 Related-party transactions

As at 30 June 2021 and 31 December 2020 the ultimate parent was the Republic of Lithuania represented by Ministry of Finance. For the purpose of disclosure of related parties, the Republic of Lithuania does not include central and local government authorities. The disclosures comprise transactions and balances of these transactions with the shareholder, associates and all entities controlled by or under significant influence of the state (transactions with these entities are disclosed only if they are material), and key management personnel and their close family members.

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

	Accounts Receivable 30 June 2021	Accounts Payable 30 June 2021	Sales H1 2021	Purchases H1 2021	Finance income (expenses) H1 2021
EPSO-G UAB	136,642	-	14	-	281
Litgrid AB	7,020	14,970	35,250	87,291	-
Amber Grid AB	4,674	4,335	20,577	23,842	-
Baltpool UAB	5,194	11,326	34,612	57,610	-
GET Baltic UAB	881	1	17,400	19,928	-
Other related parties	247	1,082	160	1,475	-
Total	**154,658**	**31,714**	**108,013**	**190,146**	**281**

	Accounts Receivable 31 December 2020	Accounts Payable 31 December 2020	Sales H1 2020	Purchases H1 2020	Finance income (expenses) H1 2020
EPSO-G UAB	150,842	-	-	-	398
Litgrid AB	9,407	18,900	43,469	80,349	-
Amber Grid AB	4,217	5,227	15,073	21,625	-
Baltpool UAB	10,334	11,353	73,093	31,462	-
GET Baltic UAB	-	-	16,208	15,301	-
Other related parties	2,984	1,557	58	2,513	-
Total	**177,784**	**37,037**	**147,901**	**151,250**	**398**

27.1 Compensation to key management personnel

	H1 2021	H1 2020
Wages and salaries and other short-term benefits to key management personnel	368	186
Whereof:		
Short-term employee benefits	*216*	*186*
Termination benefits	*8*	-
Share-based payment expenses	*144*	-
Number of key management personnel	12	12

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

28 Operating segments

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

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

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

Other activities and eliminations include:

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

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

The Group's management calculates EBITDA as follows:

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

EBITDA

The Group's management calculates adjusted EBITDA as follows:

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

Adjusted EBITDA

The Group's management calculates EBIT as follows:

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

EBIT

The Group's management calculates adjusted EBIT as follows:

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

Adjusted EBIT

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

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

Adjusted EBITDA margin

The Group's management calculates Investments as follows:

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

Investments

The Group's management calculates Net debt as indicated in Note 18.

All amounts are in EUR thousand unless otherwise stated

28.1 Management's adjustments, adjusted EBITDA and adjusted EBIT

Management's adjustments for revenues include:

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

Management's adjustments for expenses include:

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

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

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

Segment / Management's adjustments	H1 2021	H1 2020
Networks		
Temporary regulatory differences of Energijos skirstymo operatorius AB	(4,525)	(4,551)
Cash effect restatement of new connection points and upgrades of Energijos skirstymo operatorius AB	7,121	5,820
Result of disposal of non-current assets	6	(140)
Impairment and write-offs of current and non-current amounts receivables, loans, goods and others	358	831
Green generation		
Temporary fluctuations in fair value of derivatives	1,289	-
Cogeneration plant capitalised positive testing result	3,616	-
Impairment and write-offs of current and non-current amounts receivables, loans, goods and others	-	9
Flexible generation		
Temporary fluctuations in fair value of derivatives	-	3,948
Result of disposal of non-current assets	-	(6)
Impairment and write-offs of current and non-current amounts receivables, loans, goods and others	(71)	66
Customers and Solutions		
Temporary regulatory differences of Ignitis UAB	499	(40,947)
Temporary fluctuations in fair value of electricity and gas derivatives of Ignitis UAB	(9,703)	13,564
Result of disposal of non-current assets	(3)	-
Impairment and write-offs of current and non-current amounts receivables, loans, goods and others	5	589
Other segments and consolidation adjustment		
Result of disposal of non-current assets	(187)	(412)
Ignitis grupė AB management and other fee's collected from controlled fund "Smart Energy Fund powered by Ignitis Group" for periods other than reporting period.	-	500
Impairment and write-offs of current and non-current amounts receivables, loans, goods and others	76	-
Total Management's adjustments for Adjusted EBITDA	**(1,519)**	**(20,729)**
Total Management's adjustments for Adjusted EBIT	**(1,877)**	**(22,724)**

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

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

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

All amounts are in EUR thousand unless otherwise stated

The table below shows the Group's information on segments for the I half-year of 2021:

	Networks	Green generation	Flexible generation	Customers and Solutions	Other activities and eliminations	Total Group
*IFRS**						
Sales revenue from external customers	268,509	65,825	61,005	341,451	1,359	**738,149**
Inter-segment revenue (less dividend)	(1,693)	147	148	3,806	(2,408)	**-**
Total revenue and other income	**266,816**	**65,972**	**61,153**	**345,257**	**(1,049)**	**738,149**
Purchases of electricity, gas and other services	(107,517)	(23,179)	(37,210)	(318,486)	175	**(486,217)**
Salaries and related expenses	(27,418)	(3,880)	(3,564)	(5,247)	(9,479)	**(49,588)**
Repair and maintenance expenses	(8,809)	(1,514)	(2,492)	(2)	-	**(12,817)**
Other expenses	(16,284)	(4,662)	(3,336)	(7,008)	11,637	**(19,653)**
EBITDA	**106,788**	**32,737**	**14,551**	**14,514**	**1,284**	**169,874**
Depreciation and amortization	(40,911)	(6,844)	(8,606)	(855)	(2,406)	**(59,622)**
Write-offs, revaluation and impairment losses of property, plant and equipment and intangible assets	(1,043)	-	(1,060)	-	(3)	**(2,106)**
Revaluation of emission allowances	-	(1,974)	(8,445)	-	-	**(10,419)**
Operating profit (loss) (EBIT)	**64,834**	**21,017**	**(658)**	**13,659**	**(1,125)**	**97,727**
*Adjusted***						
EBITDA	**106,788**	**32,737**	**14,551**	**14,514**	**1,284**	**169,874**
Management adjustments (for revenues)	2,602	4,905	-	(9,207)	(187)	**(1,887)**
Management adjustments (for expenses)	358	-	(71)	5	76	**368**
Adjusted EBITDA	**109,748**	**37,642**	**14,480**	**5,312**	**1,173**	**168,355**
Adjusted EBITDA margin	*40.7%*	*53.1%*	*23.7%*	*1.6%*	*-149.6%*	***22.9%***
Depreciation and amortisation	(40,911)	(9,746)	(5,704)	(855)	(2,406)	**(59,622)**
Write-offs, revaluation and impairment losses of property, plant and equipment and intangible assets	(1,043)	-	(1,060)	-	(3)	**(2,106)**
Write-offs and impairment of non-current and current receivables, inventories and other write-offs	(358)	-	71	(5)	(76)	**(368)**
Total adjusted operating profit (loss) (adjusted EBIT)	**67,436**	**27,896**	**7,787**	**4,452**	**(1,312)**	**106,259**
Property, plant and equipment, intangible and right-of-use assets	1,631,408	753,712	429,418	6,124	17,477	**2,838,139**
Investments	57,255	13,881	141	508	5,068	**76,853**
Net debt	671,147	385,337	(27,061)	110,063	(567,889)	**571,597**

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

All amounts are in EUR thousand unless otherwise stated

The table below shows the Group's information on segments for the I half-year of 2020*:

	Networks	Green generation	Flexible generation	Customers and Solutions	Other activities and eliminations	Total Group
*IFRS***						
Sales revenue from external customers	236,087	31,496	49,524	269,688	4,117	**590,912**
Inter-segment revenue (less dividend)	561	7,753	(11,306)	8,376	(5,384)	**-**
Total revenue and other income	**236,648**	**39,249**	**38,218**	**278,064**	**(1,267)**	590,912
Purchases of electricity, gas and other services	(91,086)	(8,189)	(23,188)	(212,194)	2,836	**(331,821)**
Salaries and related expenses	(27,201)	(2,863)	(3,622)	(4,639)	(11,391)	**(49,716)**
Repair and maintenance expenses	(8,101)	(1,300)	(1,706)	(2)	(125)	**(11,234)**
Other expenses	(15,499)	(3,411)	(1,699)	(36,347)	8,553	**(48,403)**
EBITDA	**94,761**	**23,486**	**8,003**	**24,882**	**(1,394)**	149,738
Depreciation and amortization	(38,132)	(7,452)	(5,786)	(867)	(2,286)	**(54,523)**
Write-offs, revaluation and impairment losses of property, plant and equipment and intangible assets	(1,792)	1	11	-	(482)	**(2,262)**
Revaluation of emission allowances	-	-	367	-	-	**367**
Operating profit (loss) (EBIT)	**54,837**	**16,035**	**2,595**	**24,015**	**(4,162)**	93,320
*Adjusted****						
EBITDA	**94,761**	**23,486**	**8,003**	**24,882**	**(1,394)**	149,738
Management adjustments (for revenues)	1,129	-	3,942	(27,383)	(412)	**(22,724)**
Management adjustments (for expenses)	831	9	66	589	500	**1,995**
Adjusted EBITDA	**96,721**	**23,495**	**12,011**	**(1,912)**	**(1,306)**	129,009
Adjusted EBITDA margin	*40.7%*	*59.9%*	*28.5%*	*-0.8%*	*-175.5%*	***22.7%***
Depreciation and amortisation	(38,132)	(7,452)	(5,786)	(867)	(2,286)	**(54,523)**
Write-offs, revaluation and impairment losses of property, plant and equipment and intangible assets	(1,792)	1	11	-	(482)	**(2,262)**
Write-offs and impairment of non-current and current receivables, inventories and other write-offs	(831)	(9)	(66)	(589)	(500)	**(1,995)**
Total adjusted operating profit (loss) (adjusted EBIT)	**55,966**	**16,035**	**6,170**	**(3,368)**	**(4,574)**	70,229
Property, plant and equipment, intangible and right-of-use assets	1,566,181	707,620	394,151	5,757	17,561	**2,691,270**
Investments	49,351	1,315	342	901	5,164	**57,073**
Net debt	693,436	332,079	(6,925)	58,848	(58,250)	**1,019,188**

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

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

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

All amounts are in EUR thousand unless otherwise stated

29 Fair values of financial instruments

29.1 Financial instruments, measured at fair value

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

As at 30 June 2021 and 31 December 2020, the Group accounted for an amount receivable for the sale of LitGrid AB at fair value through profit or loss. Fair value was estimated on the basis of discounted cash flows using the rate of 0.298% (31 December 2020 – 0.298 %).

As at 30 June 2021 and 31 December 2020, the Group accounted for the option to acquire all the shares of Kauno kogeneracinė jėgainė UAB held by Gren Lietuva UAB (former FORTUM HEAT LIETUVA UAB) (49%), the calculation of which is defined in the shareholders' agreement. In the opinion of the Group's management, the exercise price of the put option that the Group will have to pay to Gren Lietuva UAB for the redeemable 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 was approximately equal to the carrying amount.

As at 30 June 2021 and 31 December 2020, the Group accounted for assets and liabilities arising from financial derivatives. The Group accounts for financial derivative assets and liabilities at fair value and their accounting policies are set out in Note 2.11.3 of annual financial statements.

As at 30 June 2021 and 31 December 2020, the Group has accounted for investment into "Innovation Fund Smart Energy Fund powered by Ignitis Group KŪB". The Group accounts for financial asset at fair value and their accounting policies are set out in Note 14 of annual financial statements.

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

29.2 Financial instruments for which fair value is disclosed

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

The Group's bond issue debt (Note 17) fair value was calculated by discounting future cash flows related to the coupon payments with reference to the interest rate observable in the market and the regular future payments related to issued bonds. The cash flows were discounted using a weighted average discount rate of 2.49% as at 30 June 2021 (31 December 2020 – 2.19%). Discount rates for certain bond issues are determined as market interest rate increased by EUR interest rate swap for tenors that are similar to period left until redemption of issued bonds. The bond issue debt is attributed to Level 2 of the fair value hierarchy.

The Group's fair value of financial liabilities related to the debt liabilities is calculated by discounting future cash flows with reference to the interest rate observable in the market. The cash flows were discounted using a weighted average discount rate of 2.57% as at 30 June 2021 (31 December 2020 – 2.56%). The measurement of financial liabilities related to the debts is attributed to Level 2 of the fair value hierarchy.

29.3 Financial instruments fair value hierarchy levels

The table below presents allocation between the fair value hierarchy levels of the Group's financial instruments as at 30 June 2021 (refer to Note 2.31 of 2020 annual financial statements for the description of the fair value hierarchy levels):

	Note	Carrying amount	Level 1 Quoted prices in active markets	Level 2 Other directly or indirectly observable inputs	Level 3 Unobservable inputs	In total
Financial instruments measured at fair value through profit (loss)						
Assets						
Receivable for the sale of LitGrid AB		**136,212**	-	-	136,212	**136,212**
Derivative financial instruments		**7,507**	-	7,507	-	**7,507**
Innovation Fund Smart Energy Fund powered by Ignitis Group KŪB		**9,292**	-	-	9,292	**9,292**
Liabilities						
Put option redemption liability		**40,136**	-	40,136	-	**40,136**
Derivative financial instruments		**11,594**	-	11,594	-	**11,594**
Financial instruments for which fair value is disclosed						
Assets						
Loans granted		**2,460**	-	2,460	-	**2,460**
Liabilities						
Bonds issued	17	**899,744**	-	879,700	-	**879,700**
Debt liabilities	17	**363,948**	-	309,401	-	**309,401**

All amounts are in EUR thousand unless otherwise stated

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

	Note	Carrying amount	Level 1 Quoted prices in active markets	Level 2 Other directly or indirectly observable inputs	Level 3 Unobservable inputs	In total
Financial instruments measured at fair value through profit (loss)						
Assets						
Receivable for the sale of LitGrid AB		**150,693**	-	-	150,693	**150,693**
Derivative financial instruments		**3,311**	-	3,311	-	**3,311**
Innovation Fund Smart Energy Fund powered by Ignitis Group KŪB		**4,912**	-	-	4,912	**4,912**
Liabilities						
Put option redemption liability		**16,660**	-	16,660	-	**16,660**
Derivative financial instruments		**2,202**	-	2,202	-	**2,202**
Financial instruments for which fair value is disclosed						
Assets						
Loans granted		**1,908**	-	1,908	-	**1,908**
Liabilities						
Bonds issued	17	**896,088**	-	894,158	-	**894,158**
Debt liabilities	17	**365,561**	-	326,853	-	**326,853**

All amounts are in EUR thousand unless otherwise stated

30 Events after the reporting period

30.1 Events related to litigation and claims

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

On 8 July 2021 the Vilnius Regional Court did not satisfy the separate complaint of Ignitis grupė AB, which requested the dismiss of the decision of the Vilnius City District Court of 3 May 2021 an order granting interim measures.

On 28 September 2021 a court hearing in this case scheduled, during this Court hearing a civil case will be examined.

Buy-out of shares of subsidiary Ignitis gamyba AB

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

After the enforcement of the Court decision of 27 August 2021 the Company will obtain 100% of Ignitis Gamyba's shares

30.2 Other events

On 7 July 2021, with the approval of the Board of the Company, the Company has signed an agreement according to which the date of the agreement with Swedbank AB (the Stabilization Manager) described in the Company's IPO prospectus, from which the Stabilization Manager shall have the right to freely dispose of the securities purchased during stabilization, is changed to 1 July 2022 (previously 7 May 2021) (Long Stop Date). Prior to this date the Stabilization Manager may transfer or dispose of the stabilized securities in dialogue with the Group. The decision to extend the Long Stop Date with respect to the Company's shares acquired by Swedbank during the Stabilization Period was made to ensure further fulfilment of the Stabilization Manager's obligations until further decisions, related to the Stabilized Securities will be made.

On 29 July 2021, with the resolution of Extraordinary General Meeting of Shareholders, it was decided to acquire treasury shares in order to subsequently reduce Group's share capital by annulling Group's treasury shares. The maximum number of shares to be acquired – 1,243,243 shares (i.e., equal to a treasury shares reserve formed for the acquisition of treasury shares EUR 23,000 thousand, divided by the minimum purchase price), corresponding to approximately 1.7% of total number of shares. The period within which the Group may acquire its treasury shares – 18 months after the date of adoption of this decision. Minimum share purchase price – EUR 18.50, maximum share purchase price – EUR 22.50.

On 3 August 2021 National Energy Regulatory Council (hereinafter – NERC) has published updated data for calculation of weighted average cost of capital (hereinafter – WACC) for electricity and gas distribution and other sectors. According to NERC data, WACC as of 1 January 2022 will be 4.16% for the Group's electricity distribution segment, 3.98% for the Group's gas distribution segment. New WACC rates correspond with the management's expectations communicated during the I qtr. 2021. The Group will assess whether the fair value of the assets has changed when the decisions are made on new regulatory principles (Note 6).

On the statement of the principal shareholder of the Company with a proposal to distribute dividends for the H1 2021

The Company on 27 August 2021 received a statement from the Ministry of Finance of Republic of Lithuania, who owns 73.08% of Company's shares, (hereinafter – the Majority Shareholder) with a proposal to distribute dividends to shareholders of the Company for the H1 2021.

According to the Paragraph 2 of Article 601 of Law on Companies, the right of initiating the distribution of dividends for a period which is shorter than the financial year is with the shareholders who own the number of shares providing at least 1/3 of all the votes. Decision on the distribution of dividends for a period which is shorter than the financial year must be adopted by the General Meeting of Shareholders of the Company. Considering the statement submitted by the Majority Shareholder, which proposes to distribute dividends for a period which is shorter than the financial year, the Management Board of the Company will adopt the necessary decisions regarding the convening of the Extraordinary General Meeting of Shareholders.

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

*****

6.2 Parent company financial statements

Parent company's interim condensed financial statements for the six months period ended 30 June 2021, prepared in accordance with International accounting standard 34 'Interim financial reporting' as adopted by the European Union, presented together with the Independent Auditor's Report

The parent company's interim condensed financial statements were prepared and signed by AB "Ignitis grupė" management on 31 August 2021:

Darius Maikštėnas
Chief Executive Officer

Darius Kašauskas
Chief Financial Officer

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

Building a better
working world

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VAT payer code LT108784411
Register of Legal Entities

INDEPENDENT AUDITOR'S REPORT

To the shareholders of "Ignitis grupė", AB

Opinion

We have audited the accompanying interim condensed financial statements of "Ignitis grupė", AB (hereinafter the Company), which comprise the interim condensed statement of financial position as of 30 June 2021, the interim condensed statements of profit or loss and other comprehensive income for the three- and six-month periods then ended, the interim condensed statement of changes in equity, the interim condensed statement of cash flows for the six-month period then ended, and notes to the interim condensed financial statements.

In our opinion, the accompanying interim condensed financial statements have been prepared, in all material respects, in accordance with International Financial Reporting Standards applicable to interim financial reporting as adopted by the European Union ("IAS 34").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities (regulation (EU) No 537/2014 of the European Parliament and of the Council). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the interim condensed financial statements* section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the requirements of the Law on Audit of the financial statements of the Republic of Lithuania that are relevant to the audit in the Republic of Lithuania, and we have fulfilled our other ethical responsibilities in accordance with the Law on Audit of the financial statements of the Republic of Lithuania and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Other information consists of the information included in the Interim Report for the six-month period ended 30 June 2021 other than the interim condensed financial statements and our auditor's report thereon. Management is responsible for the other information presentation.

Our opinion on the interim condensed financial statements does not cover the other information and we do not express any form of assurance conclusion thereon, except as indicated below.

In connection to our audit of the interim condensed financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the interim condensed financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

We also have to evaluate, if the financial information included in the Interim Report corresponds to the interim condensed financial statements for the same period and if the Interim Report was prepared in accordance with the relevant legal requirements. In our opinion, based on the work performed in the course of the audit of interim condensed financial statements, in all material respects:

- The financial information included in the Interim Report corresponds to the financial information included in the interim condensed financial statements for the six-month period ended 30 June 2021; and
- The Interim Report was prepared in accordance with the requirements of the Law on Financial Reporting by Undertakings of the Republic of Lithuania.

Responsibilities of management and those charged with governance for the interim condensed financial statements

Management is responsible for the preparation and fair presentation of the interim condensed financial statements in accordance with International Financial Reporting Standards applicable to interim financial reporting as adopted by the European Union ("IAS 34"), and for such internal control as management determines is necessary to enable the preparation of interim condensed financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the interim condensed financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's interim condensed financial reporting process.

Auditor's responsibilities for the audit of the interim condensed financial statements

Our objectives are to obtain reasonable assurance about whether the interim condensed financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these interim condensed financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the interim condensed financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the interim condensed financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

The partner in charge of the audit resulting in this independent auditor's report is Jonas Akelis.

UAB ERNST & YOUNG BALTIC
Audit company's licence No. 001335

Jonas Akelis
Auditor's licence
Nr. 000003

31 August 2021

Interim Condensed Statement of Financial Position

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

	Notes	30 June 2021	31 December 2020
ASSETS			
Non-current assets			
Intangible assets		1,863	1,874
Property, plant and equipment		48	55
Right-of-use assets		147	520
Investment property		77	77
Investments in subsidiaries	3	1,252,717	1,239,045
Non-current receivables	4	972,617	890,114
Other financial assets	5	9,292	4,912
Other non-current assets		4,036	19,050
Deferred tax assets		442	643
Total non-current assets		**2,241,239**	**2,156,290**
Current assets			
Prepayments and deferred expenses		137	51
Trade receivables		299	313
Other receivables		280	14,754
Other current assets		45,000	45,000
Current loans and interest receivable	6	72,092	73,956
Cash and cash equivalents	7	439,747	421,289
Total current assets		**557,555**	**555,363**
TOTAL ASSETS		**2,798,794**	**2,711,653**
EQUITY AND LIABILITIES			
Equity	8		
Issued capital		1,658,756	1,658,756
Reserves		111,059	82,330
Retained earnings		121,818	71,869
Total equity		**1,891,633**	**1,812,955**
Liabilities			
Non-current liabilities			
Non-current loans and bonds	10	887,779	886,945
Non-current lease liabilities		48	267
Other non-current amounts payable and liabilities		20	-
Total non-current liabilities		**887,847**	**887,212**
Current liabilities			
Current loans	10	11,965	9,143
Lease liabilities		100	253
Trade payables		408	461
Advances received		21	50
Other current amounts payable and liabilities		6,820	1,579
Total current liabilities		**19,314**	**11,486**
Total liabilities		**907,161**	**898,698**
TOTAL EQUITY AND LIABILITIES		**2,798,794**	**2,711,653**

Interim Condensed Statement of Profit or Loss and Other Comprehensive Income

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

	Notes	H1 2021	II qtr. 2021	H1 2020	II qtr. 2020
Revenue from contracts with customers	12	1,617	789	1,571	791
Other income		1	-	1	-
Dividend income	13	122,320	6,878	103,848	103,848
Total revenue and other income		**123,938**	**7,667**	**105,420**	**104,639**
Depreciation and amortisation		(151)	(81)	(138)	(65)
Salaries and related expenses		(2,577)	(1,269)	(2,720)	(1,380)
(Impairment) / reversal of impairment of investments in subsidiaries	3	-	-	(3,833)	(3,833)
(Impairment) / reversal of impairment of amounts receivable and loans		-	-	806	806
Other expenses		(1,874)	(981)	(2,544)	(1,737)
Total expenses		**(4,602)**	**(2,331)**	**(8,429)**	**(6,209)**
Operating profit (loss)		**119,336**	**5,336**	**96,991**	**98,430**
Finance income	14	12,858	7,510	8,966	4,547
Finance expenses	15	(11,908)	(6,007)	(8,857)	(4,809)
Finance activity, net		**950**	**1,503**	**109**	**(262)**
Profit (loss) before tax		**120,286**	**6,839**	**97,100**	**98,168**
Current year income tax (expenses)/benefit		(33)	(9)	-	-
Deferred tax (expenses)/benefit		289	101	402	334
Net profit for the period		**120,542**	**6,931**	**97,502**	**98,502**
Total other comprehensive income (loss) for the period		-	-	-	-
Total comprehensive income (loss) for the period		**120,542**	**6,931**	**97,502**	**98,502**
Basic earnings per share (in EUR)		**1.62**	**0.09**	**1.80**	**1.81**
Diluted earnings per share (in EUR)		**1.62**	**0.09**	**1.80**	**1.81**
Weighted average number of shares		**74,283,757**	**-**	**54,283,757**	**-**

Interim Condensed Statement of Changes in Equity

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

	Notes	Issued capital	Treasury shares reserve	Legal reserve	Retained earnings	Total
Balance as at 1 January 2020		**1,212,156**	**-**	**80,720**	**36,525**	**1,329,401**
Net profit for the period		-	-	-	97,502	**97,502**
Other comprehensive income		-	-	-	-	-
Total comprehensive income for the period		**-**	**-**	**-**	97,502	**97,502**
Dividends	13.1	-	-	-	(28,000)	**(28,000)**
Transfers to legal reserve		-	-	1,610	(1,610)	**-**
Balance as at 30 June 2020		**1,212,156**	**-**	**82,330**	**104,417**	**1,398,903**
Balance as at 1 January 2021		**1,658,756**	**-**	**82,330**	**71,869**	**1,812,955**
Net profit for the period		-	-	-	120,542	**120,542**
Other comprehensive income		-		-	-	**-**
Total comprehensive income for the period		**-**	**-**	**-**	**120,542**	**120,542**
Transfer to reserves to acquire treasury shares	8	-	23,000	-	(23,000)	**-**
Transfers to legal reserve	8	-	-	5,729	(5,729)	**-**
Dividends	13.1	-	-	-	(43,010)	**(43,010)**
Other movement	13.1	-	-	-	984	**984**
Share-based payments	9	-	-	-	162	**162**
Balance as at 30 June 2021		**1,658,756**	**23,000**	**88,059**	**121,818**	**1,891,633**

Interim Condensed Statement of Cash Flows

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

	Notes	H1 2021	H1 2020
Cash flows from operating activities			
Net profit for the period		120,542	97,502
Adjustments to reconcile profit before tax to net cash flows:			
Share-based payments expenses	9	162	-
Depreciation and amortisation expenses		151	138
Fair value changes of financial assets at fair value through profit or loss	5	(1,870)	-
Impairment/(reversal of impairment) of financial assets		-	(806)
Impairment/(reversal of impairment) of investments in subsidiaries	3	-	3,833
Income tax expenses/(benefit)		(256)	(402)
Dividend income	13.2	(122,320)	(103,848)
Interest income	14	(10,987)	(8,966)
Interest expenses	15	10,475	7,884
Other expenses of financing activities		(438)	973
Changes in working capital:			
(Increase)/decrease in trade receivables and other receivables	4.1	15,670	(5)
(Increase)/decrease in prepayments and deferred expenses, other current and other non-current assets	3	14,928	(752)
Increase/(decrease) in trade payables, advances received, other current amounts payable and liabilities		3,738	(1,172)
Income tax (paid)/received		490	-
Net cash flows from operating activities		**30,285**	**(5,621)**
Cash flows from investing activities			
Loans granted	4.3	(140,110)	(18,817)
Loan repayments received		63,209	29,426
Acquisition of subsidiaries	3	(18,663)	(37,185)
Interest received	14	7,095	3,705
Dividends received	13.2	122,320	103,848
Return of capital from subsidiaries	3	4,997	-
Other increases/(decreases) in cash flows from investing activities		(1,700)	(529)
Net cash flows from investing activities		**37,148**	**80,448**
Cash flows from financing activities			
Repayments of borrowings		-	(20,201)
Issue of bonds		-	295,657
Lease payments	11	(130)	(131)
Interest paid	15	(6,819)	(808)
Dividends paid	13.2	(43,010)	(28,000)
Dividends returned	13.2	984	-
Net cash flows from financing activities		**(48,975)**	**246,517**
Increase/(decrease) in cash and cash equivalents (including overdraft)		**18,458**	**321,344**
Cash and cash equivalents (including overdraft) at the beginning of the period	7	421,289	(191,147)
Cash and cash equivalents (including overdraft) at the end of the period	7	**439,747**	**130,197**

All amounts are in EUR thousand unless otherwise stated

Explanatory Notes to the Interim Condensed Financial Statements

For the six months period ended 30 June 2021

1 General information

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

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

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

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

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

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

Shareholder of the Company	30 June 2021		31 December 2020	
	Share capital, in EUR '000	%	Share capital, in EUR '000	%
Republic of Lithuania represented by the Ministry of Finance of the Republic of Lithuania	1,212,156	73.08	1,212,156	73.08
Other shareholders	446,600	26.92	446,600	26.92
	1,658,756		**1,658,756**	

These interim financial statements were prepared and signed by Company's management on 31 August 2021. These are interim condensed separate financial statements of the Company which are prepared in accordance with local law requirements. The Group also prepares consolidated interim condensed financial statements.

2 Summary of significant accounting policies

2.1 Basis of preparation

These interim condensed financial statements are prepared for the six months period ended 30 June 2021 (hereinafter "interim financial statements") and have been prepared in accordance with International Financial Reporting Standards (hereinafter "IFRS") as adopted by the European Union and applicable to interim financial reporting (International Accounting Standard (hereinafter "IAS") 34 "Interim Financial Reporting"). These interim financial statements do not provide all the information required for the preparation of the annual financial statements, therefore this must be read in conjunction with the annual financial statements for the year ended 31 December 2020, which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

The Company's interim financial statements as at and for the six months period ended 30 June 2021 have been prepared on a going concern basis applying measurement based on historical cost (hereinafter "acquisition costs"), except for certain financial instruments measured at fair value.

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

All amounts are in EUR thousand unless otherwise stated

2.2 New standards, amendments and interpretations

Changes in accounting policy and disclosures

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

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

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

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

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

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

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

All amounts are in EUR thousand unless otherwise stated

3 Investments in subsidiaries

Information on the Company's investments in subsidiaries as at 30 June 2021 provided below:

	Acquisition cost	Impairment	Carrying amount	Company's ownership interest, %	Group's effective ownership interest, %
Subsidiaries:					
Energijos skirstymo operatorius AB	750,422	-	750,422	100.00	100.00
Ignitis gamyba AB	320,834	-	320,834	99.91	99.91
Vilniaus kogeneracinė jėgainė UAB	52,300	-	52,300	100.00	100.00
Ignitis UAB	47,138	-	47,138	100.00	100.00
Ignitis renewables UAB	44,701	-	44,701	100.00	100.00
Kauno kogeneracinė jėgainė UAB	20,400	-	20,400	51.00	51.00
Tuuleenergia OÜ	6,659	-	6,659	100.00	100.00
Ignitis grupės paslaugų centras UAB	5,975	-	5,975	50.47	99.98
NT Valdos UAB	3,961	(3,833)	128	100.00	100.00
Transporto valdymas UAB	2,359	-	2,359	100.00	100.00
Elektroninių mokėjimų agentūra UAB	1,428	-	1,428	100.00	100.00
Gamybos optimizavimas UAB	350	-	350	100.00	100.00
Lietuvos energijos paramos fondas	23	-	23	100.00	100.00
Energetikos paslaugų ir rangos organizacija UAB	22,961	(22,961)	-	100.00	100.00
	1,279,511	**(26,794)**	**1,252,717**		

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

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

All amounts are in EUR thousand unless otherwise stated

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

	H1 2021
Carrying amount at 1 January	**1,239,045**
Coverage of losses	7
Share capital decrease in subsidiaries	(4,997)
Buy-out of shares in subsidiaries	18,656
Increase in investments due to share based payments	6
Carrying amount at 30 June	**1,252,717**

The Company has acquired shares from minority shareholders of subsidiaries Energijos skirstymo operatorius AB (13,118,175 shares for the price of 0.88 EUR per share) and Ignitis gamyba AB (11,113,442 shares for the price of 0.64 EUR per share) during I half-year of 2021. Acquisition lead to increased ownership by 1.47 in Energijos skirstymo operatorius AB and 1.72 percentage point in Ignitis gamyba AB.

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

Total cash payments for acquisition of investments in subsidiaries amount to EUR 18,656 thousand and total cash payments for coverage of losses amounted to EUR 7 thousand during I half-year of 2021.

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

Share capital of the subsidiary NT Valdos UAB was decreased

Option agreement over Kauno kogeneracinė jėgainė UAB shares

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

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

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

Impairment test for investments into subsidiaries and other changes

NT Valdos UAB made repayments to the Company that directly reduce the share capital as return of capital for an amount EUR 4,997 thousand. These returns of capital accounted in statement of profit or loss and other comprehensive (hereinafter "SPLOCI") line "Other income".

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

All amounts are in EUR thousand unless otherwise stated

4 Non-current receivables

Amounts receivable after one year comprised as follows:

	30 June 2021	31 December 2020
Non-current receivables		
Amount receivable on disposal of LitGrid AB	136,212	136,212
Loans granted	836,405	753,092
Other non-current amounts receivable	-	810
Total	**972,617**	**890,114**
Less: allowance	-	-
Carrying amount	**972,617**	**890,114**

4.1 Deferred payment on disposal of shares of LitGrid AB

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

During the I half-year of 2021 EPSO-G UAB has repaid a debt by EUR 14,481 thousand which was presented in Other receivables (and comprises main part of change in cashflows caption „Increase)/decrease in trade receivables and other receivables“). The deferred consideration is due to be paid until the 30 September 2022 for an amount EUR 136,212 thousand.

The amount receivable from EPSO-G UAB for shares is treated as a financial asset measured at fair value through profit or loss. This amount receivable is a significant accounting estimate and judgement as it is disclosed in the annual financial statements Note 4.3. Management judgements regarding the application of this accounting estimate were the same as used in preparing the annual financial statements for the year ended 31 December 2020.

4.2 Expected credit losses of loans granted

As at 30 June 2021, the Company assessed whether credit risk of recipients of non-current and current loans has increased significantly and did not establish any indications and has no information indicating that credit risk of loan recipients on an individual basis has increased significantly. Therefore, no lifetime expected credit loss was recognised neither for non-current nor for current loans granted (Note 4.3).

4.3 Loans granted

The Company's loans granted as at 30 June 2021 comprised loans granted to the following subsidiaries:

	Interest rate type	Within one year (Note 6)	After one year	Total
Energijos skirstymo operatorius AB	Fixed interest	-	616,288	**616,288**
Energijos skirstymo operatorius AB (loans taken over)	Variable interest	7,901	37,493	**45,394**
Tuuleenergia OÜ	Fixed interest	-	19,119	**19,119**
Eurakras UAB	Fixed interest	-	17,555	**17,555**
Ignitis UAB	Variable interest	-	27,000	**27,000**
Ignitis UAB	Fixed interest	50,587	-	**50,587**
Ignitis UAB	Fixed interest	-	11,800	**11,800**
Transporto valdymas UAB	Variable interest	-	14,900	**14,900**
Ignitis renewables UAB	Fixed interest	-	92,250	**92,250**
Carrying amount		**58,488**	**836,405**	**894,893**

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

According to valid loan agreements the Company has not granted yet loans for an amount of EUR 324,450 thousand as at 30 June 2021.

Fair values of loans granted are presented in Note 18.

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

	Interest rate type	Within one year (Note 6)	After one year	Total
Energijos skirstymo operatorius AB	Fixed interest	-	616,288	**616,288**
Energijos skirstymo operatorius AB (loans taken over)	Variable interest	7,901	41,444	**49,345**
Tuuleenergia OÜ	Fixed interest	-	19,119	**19,119**
Eurakras UAB	Fixed interest	-	17,555	**17,555**
Ignitis UAB	Variable interest	-	27,000	**27,000**
Ignitis UAB	Fixed interest	77	11,800	**11,877**
Transporto valdymas UAB	Variable interest	-	17,236	**17,236**
Ignitis renewables UAB	Fixed interest	56,922	2,650	**59,572**
Carrying amount		**64,900**	**753,092**	**817,992**

Loans after one year by maturity:

	30 June 2021	31 December 2020
From 1 to 2 years	22,801	6,907
From 2 to 5 years	56,592	64,958
After 5 years	757,012	681,227
Carrying amount	**836,405**	**753,092**

All amounts are in EUR thousand unless otherwise stated

5 Other financial assets

The Company's other financial assets comprised as follows:

	30 June 2021	31 December 2020
Innovation Fund Smart Energy Fund powered by Ignitis Group KŪB	9,292	4,912
In total	**9,292**	**4,912**

Total amount of the investment to Innovation Fund Smart Energy Fund powered by Ignitis Group KŪB increased for an amount EUR 4,380 thousand during the I half-year of 2021.
The fair value gain of Innovation Fund Smart Energy Fund powered by Ignitis Group KŪB was recognised for an amount EUR 1,870 thousand and is presented as "Finance income" in SPLOCI during I half-year of 2021 (Note 14). The fair value of this financial asset is determined by reference to new investment rounds or other recent events and data (Note 18).
Remaining change is related to new investments made during I half-year of 2021 for an amount EUR 1,700 thousand and reclassification from non-current receivables EUR 810 thousand.

6 Current loans and interests receivable

The Company's current loans comprised as follows:

	30 June 2021	31 December 2020
Current portion of non-current loans	7,901	7,901
Cash-pool loans	50,587	77
Current loans	-	56,922
Interest receivable	13,604	9,056
In total	**72,092**	**73,956**
Less: impairment of loans	-	-
Carrying amount	**72,092**	**73,956**

As at 30 June 2021, the Company assessed whether credit risk of recipients of non-current and current loans has increased significantly and did not establish any indications and has no information indicating that credit risk of loan recipients on an individual basis has increased significantly. Therefore, no lifetime expected credit loss (from here on further - ECL) was recognized.

7 Cash and cash equivalents

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

	30 June 2021	31 December 2020
Cash balances in bank accounts	439,747	421,289
In total	**439,747**	**421,289**

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

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

8 Equity

Issued capital of the Company consisted of:

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

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

At the ordinary general meeting of shareholders held on 25th March 2021 it was decided to form a reserve of EUR 23,000 thousand for the acquisition of treasury shares. There were events after reporting period, which relate to the acquisition of treasury shares. For more information – see Note 19.

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

All amounts are in EUR thousand unless otherwise stated

9 Share-based payments

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

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

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

There were events after reporting period, which relate to share-based payments agreements termination. For more information – see Note 16.2.

10 Loans and bonds

Borrowings of the Company consisted of:

	30 June 2021	31 December 2020
Non-current		
Bonds issued	887,779	886,945
Current		
Accrued interest	11,965	9,143
Total borrowings	**899,744**	**896,088**

For the period ended 30 June 2021 expenses related to interest on the issued bonds totalled EUR 9,574 thousand (EUR 7,076 thousand for the period ended 30 June 2020).

Non-current borrowings by maturity:

	30 June 2021	31 December 2020
From 1 to 2 years	-	-
From 2 to 5 years	-	-
After 5 years	887,779	886,945
In total	**887,779**	**886,945**

All borrowings are denominated in euros.

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

As at 30 June 2021, the Company's unwithdrawn balance of loans and bank overdrafts amounted to EUR 167,896 thousand (31 December 2020: EUR 267,896 thousand).

All amounts are in EUR thousand unless otherwise stated

11 Net debt

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

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

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

Net debt balances:

	30 June 2021	31 December 2020
Cash and cash equivalents	(439,747)	(421,289)
Deposit	(45,000)	(45,000)
Borrowings payable after one year	887,779	886,945
Borrowings payable within one financial year (including overdraft and accrued interest)	11,965	9,143
Lease liabilities	148	520
Net debt	**415,145**	**430,319**
Cash and cash equivalents	(439,747)	(421,289)
Deposit	(45,000)	(45,000)
Borrowings – fixed interest rate	899,662	896,088
Borrowings – variable interest rate	82	-
Lease liabilities	148	520
Net debt	**415,145**	**430,319**

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

	Assets		Lease liabilities		Borrowings		
	Cash and cash equivalents	Deposit into an escrow account	Non-current	Current	Non-current portion of non-current borrowings	Current borrowings	Total
Net debt at 1 January 2021	**(421,289)**	**(45,000)**	**267**	**253**	**886,945**	**9,143**	**430,319**
Cash changes							
(Increase)decrease in cash and cash equivalents	(18,458)	-	-	-	-	-	**(18,458)**
Lease payments (principal portion)	-	-	-	(130)	-	-	**(130)**
Interest paid	-	-	-	(1)	-	(6,818)	**(6,819)**
Non-cash changes							
Lease contracts concluded	-	-	-	19	-	-	**19**
Accrual of interest payable	-	-	-	1	834	9,640	**10,475**
Write-off of liabilities	-	-	(120)	(141)	-	-	**(261)**
Reclassifications between items	-	-	(86)	86	-	-	**-**
Off-set interest	-	-	(13)	13	-	-	**-**
Net debt at 30 June 2021	**(439,747)**	**(45,000)**	**48**	**100**	**887,779**	**11,965**	**415,145**

All amounts are in EUR thousand unless otherwise stated

12 Revenue from contracts with customers

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

	H1 2021	H1 2020
Management fee income	1,617	1,571
Total	**1,617**	**1,571**

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

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

The Company's balances under the contracts with customers:

	30 June 2021	31 December 2020
Trade receivables	299	313
Total	**299**	**313**

13 Dividends

13.1 Dividends declared by the Company

Dividends declared by the Company during the I half-year:

	H1 2021	H1 2020
Ignitis grupė AB	43,010	28,000

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

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

13.2 Dividends income attributable to the Company

Dividends income attributable to the Company from Group companies during I half-year of 2021 are the following:

Declared at	Dividends declared by	Period for which dividends are allocated	Dividends per share, in EUR	Amount of dividends declared	Dividend income attributable to the Company	Non-controlling interest dividends
30/03/2021	Energijos skirstymo operatorius AB	2020	0.0620	55,467	54,654	813
25/03/2021	Ignitis UAB	2020	0.2869	39,715	39,715	-
30/03/2021	Ignitis grupės paslaugų centras UAB	2020	0.0176	745	376	-
31/03/2021	Ignitis gamyba AB	II half-year 2020	0.0290	18,792	18,453	339
30/03/2021	Tuuleenergia OÜ	2020	928,000	928	928	-
30/03/2021	Transporto valdymas,UAB	2020	16.1532	1,316	1,316	-
04/05/2021	Ignitis renewables UAB	2019-2020	2,218	6,655	6,655	-
27/04/2021	Energetikos paslaugų ir rangos organizacija UAB	2020	0.1838	223	223	-
Total				**123,841**	**122,320**	**1,152**

During the I half-year of 2021 dividends received by the Company totalled EUR 122,320 thousand.

Dividends income attributable to the Company from Group companies during I half-year of 2020 are the following:

Declared at	Dividends declared by	Period for which dividends are allocated	Dividends per share, in EUR	Amount of dividends declared	Dividend income attributable to the Company	Non-controlling interest dividends
22/04/2020	Ignitis grupės paslaugų centras UAB	2019	0.0271	739	373	366
27/04/2020	NT Valdos UAB	2019	21.7890	3,762	3,762	-
30/04/2020	Ignitis gamyba AB	2nd half of 2019	0.0560	36,288	35,361	927
30/04/2020	Energijos skirstymo operatorius AB	2019	0.0760	67,992	66,399	1,593
Total				**108,781**	**105,895**	**2,886**

According to the Tender Offer Circular approved by the Bank of Lithuania (see Note 24.3 of annual financial statements) the Company paid additional bonuses included in the table above equal to the amount of dividends to the former shareholders of Ignitis gamyba AB in May 2020 in the amount of EUR 229 thousand and additional bonuses equal to the amount of dividends to the former shareholders of Energijos skirstymo operatorius AB in May 2020 in the amount of EUR 1,819 thousand. I half-year 2020 SPLOCI "Dividend income" line was reduced by the same amount.

All amounts are in EUR thousand unless otherwise stated

14 Finance income

The Company's finance income during I half-year of 2021 and 2020 were as follows:

	H1 2021	H1 2020
Interest income at the effective interest rate	10,987	8,966
Fair value change of Innovation Fund Smart Energy Fund powered by Ignitis Group (Note 5)	1,870	-
Other income from financing activities	1	-
Total	**12,858**	**8,966**

The Company earns interest income from long-term and short-term loans, the majority of which is granted to the Group companies (Note 4, 6). During I half-year of 2021, the Company received EUR 7,095 thousand (during I half-year of 2020: EUR 3,705 thousand) interest income in cash, which is presented in the cash flow statement under 'Interest received'.

15 Finance expenses

The Company's finance expenses during I half-year of 2021 and 2020 were as follows:

	H1 2021	H1 2020
Bonds interest expenses	9,574	7,076
Loans and other interest expenses	900	807
Interest expense on lease liabilities	1	1
Other expenses of financing activities	1,433	973
Total	**11,908**	**8,857**

The Company incurs interest expense on long-term and short-term loans payable and bonds issued (Note 10). During I half-year of 2021, the Company paid EUR 6,819 thousand (during I half-year of 2020: EUR 808 thousand) interest, which is presented in the cash flow statement under 'Interest paid'.

16 Contingent liabilities and commitments

16.1 Guarantees issued and received by the Company

16.1.1 Issued guarantees related to loans

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

Name of the subsidiary	Beneficiary of the guarantee	Issue at	Maturity	Maximum amount of the guarantee	30 June 2021	31 December 2020
Vilniaus kogeneracinė jėgainė UAB	European Investment Bank	30/12/2016	07/04/2037	190,000	139,813	139,984
Kauno kogeneracinė jėgainė UAB	Swedbank AB	18/10/2017	18/10/2022	68,000	58,502	58,502
Pomerania Wind Farm sp. z o. o.	European Investment Bank	09/03/2020	31/12/2035	68,352	56,960	56,560
Pomerania Wind Farm sp. z o. o.	Nordic Investment Group	14/10/2020	31/12/2035	33,037	33,037	32,920
Ignitis grupė AB Group companies	Ignitis grupė AB Group companies	25/05/2021	24/05/2022	-	39,216	12,459
Vėjo gūsis UAB	Swedbank lizingas, UAB	29/01/2019	28/02/2022	9,258	1,031	4,327
Vėjo vatas UAB	Swedbank lizingas, UAB	29/01/2019	28/02/2021	-	-	5,125
				368,647	**328,559**	**309,877**

On 5 December 2016, the Company and the EIB (hereinafter "EIB") (Luxembourg) signed a guarantee and indemnity agreement under which the Company secured fulfilment of all current and future obligations of subsidiary Vilniaus kogeneracinė jėgainė UAB in the amount of EUR 190,000 thousand under the credit agreement signed on 5 December 2016 with the EIB for the term of 17 years. The guarantee cover the repayment of all types of payables related to the usage of the provided loan to the EIB. As at 30 June 2021, amounts withdrawn by Vilniaus kogeneracinė jėgainė UAB from the loan provided by the EIB totalled EUR 139,813 thousand (31 December 2020: EUR 139,984 thousand).

On 31 May 2017, the Company's subsidiary Kauno kogeneracinė jėgainė UAB and Swedbank AB signed the credit agreement for the amount of EUR 120,000 thousand. The loan is designated for the financing of construction works of the co-generation power plant complex in Kaunas and the financing of the following construction-related expenses of the project being implemented: financing of payments under the agreements on construction, supply of equipment, electrification, general construction works, general systems, installation of automation systems, insurance, management of the construction site, project management, as well as the financing of advance payments (credit funds cannot be used for the financing of interest and unforeseen expenditure), excl. VAT. As at 30 June 2021, amounts withdrawn from the loan provided totalled EUR 114,709 thousand (31 December 2020: EUR 114,709 thousand). Monetary liabilities of Kauno kogeneracinė jėgainė UAB to the bank under the credit agreement are secured by the guarantees issued by the Company and Fortum OYJ (Finland) in proportion to the number of shares of Kauno kogeneracinė jėgainė UAB held, i.e. 51% of shares is held by the Company and 49% is held by Gren Lietuva UAB.

All amounts are in EUR thousand unless otherwise stated

Pomerania Wind Farm Sp. z o. o., part of the group of companies owned by the Company, has entered into an agreement with the European Investment Bank by which the loan of PLN 257 million (approx. EUR 57 million) was disbursed to the company for the Pomerania wind farm project in Poland. The first-call guarantee agreement for this loan was concluded between the Company and EIB. The guarantee amounts to 120% of loan amount – i.e. PLN 309 million (approx. EUR 68.35 million). The Company's subsidiary Ignitis renewables UAB, which owns all the shares of Pomerania Wind Farm Sp. z o. o. signed an agreement with EIB for pledging 100% of the shares of Pomerania Wind Farm Sp. z o. o. in favour of the lender. The repayment date of the loan is 31 December 2035.

Pomerania Wind Farm Sp. z o. o., part of the group of companies owned by the Company, has entered into an agreement with the Nordic Investment Group (hereinafter "NIB") by which the loan of PLN 149 million (approx. EUR 33 million) was disbursed to the company for the Pomerania wind farm project in Poland. The first-call guarantee agreement for this loan was concluded between the Company and NIB. The guarantee amounts to 100% of loan amount. The Company's subsidiary Ignitis renewables UAB, which owns all the shares of Pomerania Wind Farm Sp. z o. o. signed an agreement with NIB for secondary pledging 100% of the shares of Pomerania Wind Farm Sp. z o. o. in favour of the lender.

The Group companies can lend each other their funds by virtually transferring them to the Group's corporate account (cashpool) opened at the bank Swedbank AB. The Company guarantees that funds borrowed by the subsidiaries at the cashpool account are timely repaid to the subsidiaries that have lent funds. As at 30 June 2021, the amount lent and borrowed by the subsidiaries at the Group's cashpool account totalled EUR 89,803 thousand (31 December 2020: EUR 12,536 thousand), including the amount of EUR 50,587 thousand (31 December 2020: EUR 77 thousand) lent by the Company.

16.1.2 Other issued guarantees

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

Name of the subsidiary	Beneficiary of the guarantee	Issue at	Maturity	Maximum amount of the guarantee	30 June 2021	31 December 2020
VVP Investments UAB	Swedbank AB	11/10/2019	01/08/2023	945	945	945
Energetikos paslaugų ir rangos organizacija UAB	SEB bankas AB	04/07/2018	08/10/2023	-	405	405
Ignitis UAB	NASDAQ Clearing AB	24/05/2021	termless	110,000	-	-
Pomerania Wind Farm sp. z o. o.	Nordex Polska Sp.z.o.o.	31/05/2019	termless	83,354	-	-
VVP Investments UAB	Nordex Polska Sp.z.o.o.	17/02/2021	termless	55,097	-	-
Gamybos optimizavimas UAB	Ignitis gamyba AB	01/01/2020	30/06/2023	5,000	-	5,000
Moray West Offshore Wind Farm	Engie UK Markets Limited	21/04/2021	termless	1,242	-	-
				255,638	**1,350**	**6,350**

All amounts are in EUR thousand unless otherwise stated

16.2 Litigations

During I half-year of 2021 there were no significant changes in litigations reported in annual financial statements for 2020 or new significant litigations except for mentioned below. Litigations and changes in ongoing litigations after the reporting period are disclosed in Note 19:

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

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

On 31 March 2021 the claim of plaintiff was rejected by the court decision. On 20 May 2021 the plaintiff lodged an appeal to the Court of Appeal of Lithuania. The date of the court hearing in the appellate court has not yet been set.

Buy-out of shares of subsidiary Energijos skirstymo Operatorius AB

On 2 April 2021 Vilnius District court approved the Company's statement on the establishment and recognition of a fact of legal significance that the right of ownership of all unsold minority shareholders shares of its subsidiary Energijos skirstymo operatorius AB during the mandatory buyout must be transferred to the holding company and obliged the shares account managers to make records of the transfer of the rights of ownership to the Company. Shares were transferred on 15 April 2021 for the price offered during mandatory shares buy-out – 0.88 EUR per share. After the decision of the Court, the Group owns 100% of Energijos skirstymo operatorius AB shares. On 19 April 2021 the plaintiff an appeal to the Court. The date of the next court hearing is 7 September 2021.

Buy-out of shares of subsidiary Ignitis gamyba AB

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

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

After the implementation of the decision of the court on 30 June 2021, Company owns 99.91% of Ignitis Gamyba shares. For the remaining shares – see information in Note 19.

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

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

Subsequently nine key executives of the Company on their own initiative have terminated the concluded option agreements with the aim to implement the employee share-based payment plan successfully. The Company also submitted a standalone claim to Vilnius District Court with a request to dismiss the interim measures applied by the Court order of 3 May 2021.

On 19 May 2021 the Company submitted a response to the Vilnius City District Court regarding the claim of the prosecutor of the Vilnius Regional Prosecutor's Office, in which it disagreed with the claim and requested to terminate the civil case, if the case is refused to be terminated, limitation period should be applied, and if the case is not terminated and limitation period is not applied, the claim shall be rejected.
On the same day, the nine key executives of the Company also submitted their responses to the claim, requesting to terminate the civil case against each of them, and to reject the claim if they refused to terminate it.

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

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

There were events after reporting period, which relate to option agreements termination. For more information – see Note 19.

All amounts are in EUR thousand unless otherwise stated

17 Related-party transactions

As at 30 June 2021 and 31 December 2020, the Company's controlling party was the Government of the Republic of Lithuania represented by the Lithuanian Ministry of Finance. For the purposes of disclosure of related parties, the Republic of Lithuania excludes central and local government authorities. The below disclosures comprise transactions and balances with the shareholder, subsidiaries (the Company's transactions) and all entities controlled by or under significant influence of the state (transactions with these entities are disclosed only if they are material), and key management personnel and their close family members.

The Company's transactions with related parties during I half-year of 2021 and period-end balances arising on these transactions as at 30 June 2021 are presented below:

Related parties	Accounts Receivable	Loans receivable	Accounts Payable	Sales	Purchases	Finance income / (cost)
Subsidiaries	299	908,069	253	1,617	702	10,705
EPSO-G UAB	136,212	427	-	-	-	281
Total	**136,511**	**908,496**	**253**	**1,617**	**702**	**10,986**

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

Related parties	Accounts Receivable	Loans receivable	Accounts Payable	Sales	Purchases	Finance income / (cost)
Subsidiaries	931	831,308	281	1,572	769	8,569
EPSO-G UAB	158,739	599	-	-	-	398
Total	**159,670**	**831,907**	**281**	**1,572**	**769**	**8,967**

17.1 Compensation to key management personnel:

	H1 2021	H1 2020
Wages and salaries and other short-term benefits to key management personnel	599	373
Whereof:		
Short-term employee benefits	*434*	*373*
Termination benefits	*8*	-
Share-based payment expenses	*157*	-
Number of key management personnel	12	12

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

All amounts are in EUR thousand unless otherwise stated

18 Fair values of financial instruments

Financial instruments, measured at fair value

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

As at 30 June 2021 and 31 December 2020, the Company accounted for an amount receivable for the sale of LitGrid AB at fair value through profit or loss. Their fair value is attributed to Level 3 in the fair value hierarchy. Fair value was estimated on the basis of discounted cash flows using the rate of 0.298% (31 December 2020 – 0.298%).

As at 30 June 2021 and 31 December 2020, the Company has accounted for investment into "Innovation Fund Smart Energy Fund powered by Ignitis Group KŪB". The Company accounts for financial asset at fair value and their accounting policies are set out in Note 8 of annual financial statements. Fair value corresponds to level 3 in the fair value hierarchy. The fair value measurement of this financial asset is based on investment rounds (Note 5). Fair value of this financial asset will change depending on future investment rounds or other significant events.

Financial instruments for which fair value is disclosed

As at 30 June 2021 and 31 December 2020, the fair value of the Company's amounts receivable related to loans receivable of the subsidiary Energijos skirstymo operatorius AB is estimated by discounting cash flows with market interest rate increased by EUR interest rate swap for tenors that is similar to period left until redemption of issued bonds. The cash flows were discounted using a weighted average discount rate of 2.49% (31 December 2020: 2.19%). The fair value of amounts receivables is attributed to Level 2 of the fair value hierarchy.

The Group's fair value of other loans granted is calculated by discounting future cash flows with reference to the interest rate observable in the market. The cash flows were discounted using a weighted average discount rate of 2.57% as at 30 June 2021 (31 December 2020 – 2.56%). The measurement of financial liabilities related to the debts is attributed to Level 2 of the fair value hierarchy.

The Company's bond issue debt (Note 10) fair value was calculated by discounting future cash flows related to the coupon payments with reference to the interest rate observable in the market and the regular future payments related to issued bonds. The cash flows were discounted using a weighted average discount rate of 2.49% as at 30 June 2021 (31 December 2020 – 2.19%). Discount rate for certain bond issues are determined as market interest rate increased by EUR interest rate swap for tenors that is similar to period left until redemption of issued bonds. The bond issue debt is attributed to Level 2 of the fair value hierarchy.

The table below presents allocation between the fair value hierarchy levels of the Company's financial instruments as at 30 June 2021:

	Note	Carrying amount	Level 1 Quoted prices in active markets	Level 2 Other directly or indirectly observable inputs	Level 3 Unobser-vable inputs	In total
Financial instruments measured at fair value through profit (loss)						
Assets						
Receivable for the sale of LitGrid AB	4	136,212	-	-	136,212	136,212
Innovation Fund Smart Energy Fund powered by Ignitis Group KŪB	5	9,292	-	-	9,292	9,292
Financial instruments for which fair value is disclosed						
Assets						
Loans receivable from subsidiary Energijos skirstymo operatorius AB	4,3	627,223	-	613,161	-	613,161
Other loans granted	4,3	281,274	-	276,020	-	276,020
Liabilities						
Bonds issued	10	899,744	-	879,700	-	879,700

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

	Note	Carrying amount	Level 1 Quoted prices in active markets	Level 2 Other directly or indirectly observable inputs	Level 3 Unobser-vable inputs	In total
Financial instruments measured at fair value through profit (loss)						
Assets						
Receivable for the sale of LitGrid AB	4	150,693	-	-	150,693	150,693
Innovation Fund Smart Energy Fund powered by Ignitis Group KŪB	5	4,912	-	-	4,912	4,912
Financial instruments for which fair value is disclosed						
Assets						
Loans receivable from subsidiary Energijos skirstymo operatorius AB	4,3	616,288	-	614,862	-	614,862
Other loans granted	4,3	201,704	-	198,049	-	198,049
Liabilities						
Bonds issued	10	896,088	-	894,158	-	894,158

All amounts are in EUR thousand unless otherwise stated

19 Events after the reporting period

19.1 Events related to litigation and claims

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

On 8 July 2021 the Vilnius Regional Court did not satisfy the separate complaint of Ignitis grupė AB, which requested the dismiss of the decision of the Vilnius City District Court of 3 May 2021 an order granting interim measures.

On 28 September 2021 a court hearing in this case scheduled, during this Court hearing a civil case will be examined.

Buy-out of shares of subsidiary Ignitis gamyba AB

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

After the implementation of the Court decision of 27 August 2021 the Company will obtain 100% of Ignitis Gamyba's shares

19.2 Other events

On 7 July 2021, with the approval of the Board of the Company, the Company has signed an agreement according to which the date of the agreement with Swedbank AB (the Stabilization Manager) described in the Company's IPO prospectus, from which the Stabilization Manager shall have the right to freely dispose of the securities purchased during stabilization, is changed to 1 July 2022 (previously 7 May 2021) (Long Stop Date). Prior to this date the Stabilization Manager may transfer or dispose of the stabilized securities in dialogue with the Company. The decision to extend the Long Stop Date with respect to the Company's shares acquired by Swedbank during the Stabilization Period was made to ensure further fulfilment of the Stabilization Manager's obligations until further decisions related to the Stabilized Securities will be made.

On 29 July 2021, with the resolution of Extraordinary General Meeting, it was decided to acquire treasury shares in order to subsequently reduce the Company's share capital by annulling the Company's treasury shares. The maximum number of shares to be acquired – 1,243,243 shares (i.e., equal to a treasury shares reserve formed for the acquisition of treasury shares of EUR 23,000 thousand, divided by the minimum purchase price), corresponding to approximately 1.7% of total number of shares. The period within which Company may acquire its treasury shares – 18 months after the date of adoption of this decision. Minimum share purchase price – EUR 18.50, maximum share purchase price – EUR 22.50.

On 3 August 2021 National Energy Regulatory Council (hereinafter – NERC) has published updated data for calculation of weighted average cost of capital (hereinafter – WACC) for electricity and gas distribution and other sectors. According to NERC data, WACC as of 1 January 2022 will be 4.16% for electricity distribution segment of the Group, 3.98% for gas distribution segment of the Group. New WACC rates correspond with the management's expectations communicated during the I qtr. 2021. The Company will assess whether impairment indications arise in respect of investments in subsidiaries when the decisions are made on new regulatory principles.

On the statement of the principal shareholder of the Company with a proposal to distribute dividends for the H1 2021

The Company on 27 August 2021 received a statement from the Ministry of Finance of Republic of Lithuania, who owns 73.08% of Company's shares, (hereinafter – the Majority Shareholder) with a proposal to distribute dividends to shareholders of the Company for the H1 2021.

According to the Paragraph 2 of Article 601 of Law on Companies, the right of initiating the distribution of dividends for a period which is shorter than the financial year is with the shareholders who own the number of shares providing at least 1/3 of all the votes. Decision on the distribution of dividends for a period which is shorter than the financial year must be adopted by the General Meeting of Shareholders of the Company. Considering the statement submitted by the Majority Shareholder, which proposes to distribute dividends for a period which is shorter than the financial year, the Management Board of the Company will adopt the necessary decisions regarding the convening of the Extraordinary General Meeting of Shareholders.

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

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Further information

7.1 Material events of the parent company

During the reporting period (during H1 2021)

Date	Event
29 June	Preliminary financial data of Ignitis Group for 5 months of 2021
23 June	Regarding the Investor's Letter of AB Ignitis Grupė
23 June	Concerning the appointment of the General Manager and the Chairman of the Board of UAB Ignitis, a subsidiary of AB Ignitis grupė
18 June	On updated areas of activities supervised by Management Board members of AB "Ignitis grupė"
15 June	Initiated selection process for the positions of independent members of AB "Ignitis grupė" Supervisory Board
10 June	The Management Board of AB "Ignitis grupė" approved the consolidation project of renewable energy companies
4 June	On the resignation of Dominykas Tučkus, Management Board Member of AB "Ignitis grupė"
31 May	Notice on the contract concluded by the person discharging managerial responsibilities regarding AB "Ignitis grupė" financial instruments
27 May	Preliminary financial data of Ignitis Group for 4 months of 2021
27 May	Interim report for the first quarter of 2021: robust growth and full-year guidance reiteration supported by strategy delivery
26 May	AB "Ignitis grupė" has retained BBB+ credit rating after annual review
21 May	On the conclusion of the guarantee service agreement of AB "Ignitis grupė"
21 May	Ownership rights of part of Ignitis Gamyba's shares have been transferred to Ignitis Group
18 May	Correction: AB "Ignitis grupė" intends to sign a guarantee with NASDAQ Clearing AB
18 May	AB "Ignitis grupė" intends to sign a guarantee with NASDAQ Clearing AB
17 May	Ignitis Group to present Q1 2021 results on 27 May
14 May	Regarding the ownership rights of part of Ignitis Gamyba's shares and transfer of money for shareholders
13 May	On termination of concluded option agreements by Ignitis Group key executives and a standalone claim requesting to dismiss interim measures
10 May	On the liquidation of UAB "Energetikos paslaugų ir rangos organizacija", a subsidiary of AB "Ignitis grupė"
7 May	Regarding the stabilized securities
5 May	On the decision of General Court of the European Union to annul the decision of European Commission to coordinate aid scheme for renewable energy projects
4 May	Approved acquisition of a company by UAB "Ignitis renewables" to develop green energy projects in Poland
4 May	On received court claim and adopted interim measures
30 April	The Court allowed to transfer Ignitis Gamyba shares to Ignitis Grupė
29 April	Preliminary financial data of Ignitis Group for 3 months of 2021
27 April	On the information distributed via media sources regarding the incentive with stock ownership plan of key executives and employees of companies of AB "Ignitis grupė"
20 April	Enlight Research coverage on Ignitis Group

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

After the reporting period

Date	Event
27 August	The court allowed to transfer the remaining shares of Ignitis Gamyba to Ignitis Group
27 August	On the rescheduling of smart meter roll-out programme in the Networks segment
27 August	On the statement of the majority shareholder of AB "Ignitis grupė" with a proposal to distribute dividends for the first half of 2021
27 August	On the designated supply contract of liquefied natural gas with Equinor ASA
26 August	Due to consolidation of green energy companies of Ignitis Group, a selection for the position of Chief Executive Officer of UAB "Ignitis renewables" has been announced
23 August	Ignitis Group to present H1 2021 results on 31 August
17 August	Regarding the letter from the majority shareholder received by AB "Ignitis grupė" concerning the selection of candidates for the positions of the members of the Supervisory Board
13 August	On the intention to acquire three wind farms developed in Latvia
3 August	On the established rate of return on investments for 2022
29 July	Resolutions of Extraordinary General Meeting of AB "Ignitis grupė" shareholders
29 July	Preliminary financial data of Ignitis Group for 6 months of 2021
12 July	AB "Ignitis grupė" receives ESG risk rating upgrade from MSCI
7 July	Notice convening the Extraordinary General Meeting of AB "Ignitis grupė" shareholders
7 July	Concerning the decision of the Management Board of AB Ignitis grupė to extend the Long Stop Date of Stabilized securities
2 July	On the amendment of the procedure for forming the Audit Committee of AB "Ignitis grupė"

7.2 Other statutory information

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

The interim report has been prepared by the parent company's Administration in accordance with the Law on Companies of the Republic of Lithuania and the Law on Consolidated Financial Reporting of the Republic of Lithuania.

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

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

Significant arrangements

The parent company was not a party to any significant arrangements that would take effect, be amended or terminated in the event of changes in the parent company's control situation.

During the reporting period, the parent company did not conclude any harmful agreements (which do not correspond to the parent company's objectives, current market conditions, violate the interests of shareholders or other groups of persons, etc.) or agreements concluded in the event of a conflict of interests between the parent company's managers, the controlling shareholders or other related parties obligations to the parent company and their private interests and / or other duties.

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.

Detrimental transactions

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

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

The Group's financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

The employees of the company from which the company outsources the accounting functions, make sure that the financial statements are prepared properly, and that all data are collected in a timely and accurate manner. The preparation of the company's financial statements, internal control and financial risk management systems, legal acts governing compilation of the financial statements are monitored and managed.

Information on delisted companies

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

On 21 May 2021, part of Ignitis Gamyba shares have been transferred to the parent company, resulting in its ownership increase to 99.91%. The remaining part of minority shares is expected to be transferred on 9 September 2021 according to the decision of Vilnius District Court made on 27 August 2021. Information related to the delisted companies, including the guidance of payment for shares, is available on our website.

Information on the auditors

On 9 March 2021, the parent company signed the annex to the agreement of 26 March 2019 with UAB "Ernst & Young Baltic" to provide audit services for the period of the first six months of 2021 (value of which amounts to EUR 20,000). Further information related, including the remuneration, to the auditors of the parent company and its subsidiaries is available in the Annual report 2020.

Notice on the language

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

Glossary

ignitis group

Glossary

#	Number
%	Per cent
'000 / k	Thousand
AB	Joint stock company
Adjusted EBITDA	EBITDA after eliminating items, which are non-recurring, and/or non-cash, and/or related to other periods, and/or non-related to the main activities of the Group, and after adding back items, which better reflect the result of the current period
APM	Alternative performance measure
B2B	Business to business
B2C	Business to consumer
BICG	Baltic Institute of Corporate Governance
bn	Billion
CCGT	Combined Cycle Gas Turbine Plant
CDP	Carbon Disclosure Project
CfD	Contract for difference
CHP	Combined heat and power
Clean spark	Indicative prices giving the difference between the combined cost of gas and emissions, and the equivalent price of electricity
CO_2	Carbon dioxide
COD (commercial operation date) / commissioned	The start of energy generation after the test on completion
CPI	Consumer Price Index
E	Electricity
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
Electricity generated	Electricity sold in wind farms, solar power plants, biofuel plants, CHP plants, hydropower plants (including Kruonis pumped storage power plant) and electricity sold in Elektrėnai Complex
Electricity sales	Amount of electricity sold in Lithuania (B2C, B2B and guaranteed customers), Poland, Latvia and Estonia
Energijos Tiekimas	Energijos Tiekimas UAB
Enerpro	UAB Energetikos paslaugų ir rangos organizacija
eNPS	Employee Net Promoter Score
EPS	Earnings per share
ESG	Environmental, social and corporate governance
ESO	AB „ Energijos skirstymo operatorius "
etc.	et cetera
EURbn	billion EUR
EURm	million EUR
EU	European Union
Eurakras	UAB „EURAKRAS"
FBS	Fixed base salary
FCF	Free Cash Flow
FFO	Funds from operations
FiT	Feed-in Tariff
FTE	Full-time equivalent
Full completion	Taking over certificate obtained implying the transfer of operational responsibility of the power plant to the Group
GDP	Gross domestic product
GDR	Global depositary receipt
GHG	Greenhouse Gas
GPC	UAB „Ignitis grupės paslaugų centras"
Green electricity generated	Electricity sold in wind farms, solar power plants, biofuel plants and CHP plants and hydropower plants (including Kruonis pumped storage power plant)
Green Generation capacity installed	Wind farms, solar power plants, biofuel plants, CHP plants and hydropower plants (including Kruonis pumped storage power plant) that have completed and have passed a final test
Green share of generation,%	Green share of generation shall be calculated as follows: Green electricity generated (including Kruonis pumped storage power plant) divided by total electricity generated in the Group
GRI	Global Reporting Initiative
Group or Ignitis Group	AB „Ignitis grupė" and its controlled companies
GW	Gigawatt
Hydro power	Kaunas Algirdo Brazauskas hydroelectric power plant and Kruonis pumped storage power plant
IFRS	International Financial Reporting Standards
Ignitis	Ignitis UAB (former Lietuvos energijos tiekimas and Energijos tiekimas)
Ignitis Eesti	Ignitis Eesti OÜ
Ignitis Gamyba	AB „Ignitis gamyba"
Ignitis Latvija	Ignitis Latvija SIA
Ignitis Polska	Ignitis Polska sp. z o.o.
Ignitis Renewables	UAB „Ignitis renewables"
Installed capacity	Where all assets have been completed and have passed a final test

Investments	Acquisition of property, plant and equipment and intangible assets, acquisition of shareholdings
ISIN	International Securities Identification Number
YoY	Year over year
IPO	Initial Public Offering
ISO	International Organization for Standardization
Kaunas CHP	UAB Kauno kogeneracinė jėgainė
Kaunas HPP	Kaunas Algirdas Brazauskas Hydroelectric Power Plant
Kruonis PSHP	Kruonis Pumped Storage Hydroelectric Plant
Lietuvos energija	„Lietuvos energija", UAB (current AB „Ignitis grupė")
Lietuvos Energijos Tiekimas	Lietuvos Energijos Tiekimas UAB
Litgas	Litgas UAB
Litgrid	Litgrid AB
LNG	Liquefied natural gas
LNGT	Liquefied natural gas terminal
LRAIC	Long-run average incremental cost
LTIP	Long-Term Incentive Programme
LTM	Last twelve months
m	Million
Mažeikiai	UAB „VVP Investment"
min	Minimum
MW	Megawatt
MWh	Megawatt hour
n/a	Not applicable
NERC	The National Energy Regulatory Council
Net debt/ Adjusted EBITDA	Leverage ratio, which shows the Group's ability to repay its debt from the profit earned
New connection points and upgrades	Number of new customers connected to the network and capacity upgrades of the existing connection points
NPS	Net promoter score
NT Valdos	NT Valdos, UAB
OECD	Organisation for Economic Co-operation and Development
OPEX	Operating expenses
Parent company	AB „Ignitis grupė" (former „Lietuvos energija", UAB)
PBM	Payment of the activities of Board member
Pomerania	Pomerania Wind Farm sp. z o. o.
pp	Percentage point
PPE	Property, plant and equipment
PSO	Public service obligation
Public supply	Electricity supply activity performed in accordance with the procedure and terms established by legal acts by an entity holding a public supply licence
Q	Quarter
RAB	Regulated asset base
Regulated monopolistic activities	Electricity and gas distribution, electricity supply of last resort, public supply of electricity, gas supply to residents of Lithuania and designated LNG supplier service, secondary reserve (till the end of 2020).
RES	Renewable energy sources
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
TCFD	Task Force on Climate-Related Financial Disclosures
TE-3	Vilnius Third Combined Heat and Power Plant
TRIR	Total Recordable Incident Rate
Tuuleenergia	„Tuuleenergia osaühing"
TWh	Terawatt-hour
UAB	Private Limited Liability Company
UN	United Nations
UNGC	United Nations Global Compact
Units	Units
Vėjo Gūsis	UAB „VĖJO GŪSIS"
Vėjo Vatas	UAB „VĖJO VATAS"
Vilnius CHP	UAB Vilniaus kogeneracinė jėgainė
Visagino atominė elektrinė	Visagino atominė elektrinė UAB
vs.	Versus
WACC	Weighted average cost of capital
WF	Wind farm
WtE	Waste-to-energy

Certification statement

ignitis group

Certification statement

31 August 2021

Referring to the provisions of the Article 13 of the Law on Securities of the Republic of Lithuania and the Rules of disclosure of information of the Bank of Lithuania, we, Darius Maikštėnas, Chief Executive Officer at AB "Ignitis grupė", Darius Kašauskas, Chief Financial Officer at AB "Ignitis grupė", and Giedruolė Guobienė, Head of Accounting department at UAB "Ignitis grupės paslaugų centras", acting under Order No IS-66-21 of 4 August 2021, hereby confirm that, to the best of our knowledge, AB "Ignitis grupė" interim condensed consolidated financial statements for the six months period ended 30 June 2021 prepared according to International accounting standard 34 'Interim financial reporting' as adopted by the European Union, give a true and fair view of AB "Ignitis grupė" consolidated assets, liabilities, financial position, profit or loss for the period and cash flows, the Interim Report includes a fair review of the development and performance of the business as well as the condition of AB "Ignitis grupė" together with the description of the principle risks and uncertainties it faces.

Darius Maikštėnas
Chief Executive Officer

Darius Kašauskas
Chief Financial Officer

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

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