

CERTIFICATION STATEMENT

Referring to the provisions of the Article 13 of the Law on Securities of the Republic of Lithuania and the Rules of Disclosure of the Bank of Lithuania, we, the undersigned Ignitis gamyba AB Rimgaudas Kalvaitis, Chief Executive Officer, Andrius Valivonis, Director of Finance and Administration, and Renata Zakažauskienė, Accounting Partner of Ignitis grupės paslaugų centras UAB acting under Order No IS-66-21 of 4 August 2021, hereby confirm that, to the best of our knowledge, Ignitis gamyba AB Interim Condensed Financial Statements for six months period ended 30 June 2021 are prepared according to International Accounting Standard 34 “Interim financial reporting” adopted by the European Union, give a true and fair view of Ignitis gamyba AB assets, liabilities, financial position, profit or loss for the period and cash flows, the Interim Report for the six months period includes a fair review of the activities business development as well as the condition of Ignitis gamyba AB and with the description of the principle risk and uncertainties it faces.

Chief Executive Officer

Rimgaudas Kalvaitis

Director of Finance and Administration

Andrius Valivonis

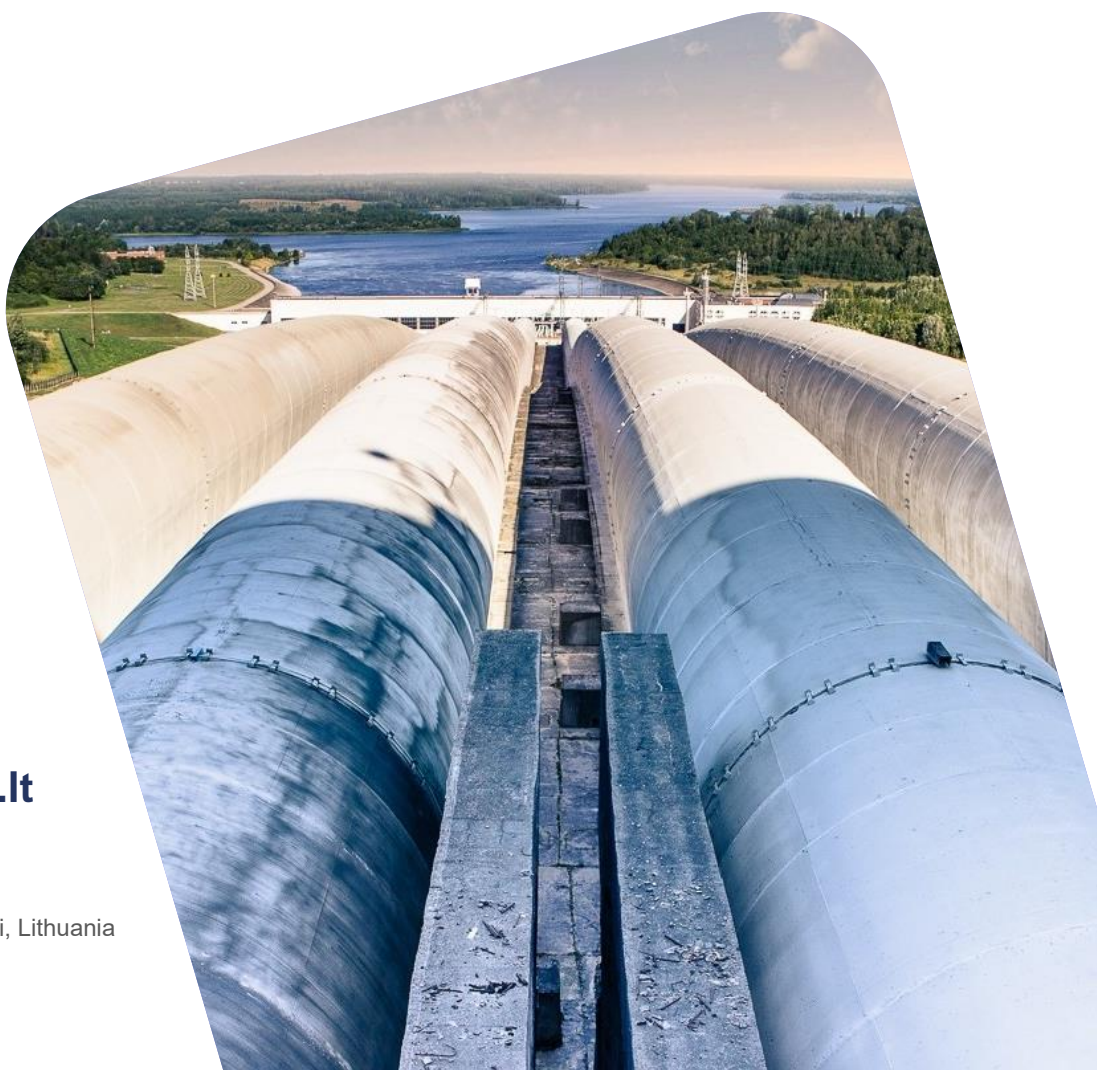
UAB Ignitis grupės paslaugų centras,
Accounting Partner, acting
under Order No IS-66-21 (signed 04/08/2021)

Renata Zakažauskienė

2021

IGNITIS GAMYBA AB

COMPANY'S INTERIM REPORT AND 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 (UNAUDITED)



www.ignitisingamyba.lt

Ignitis Gamyba AB
Elektrinės st. 21, LT-26108, Elektrėnai, Lithuania
E-mail gamyba@ignitis.lt
Company code 302648707

CONTENT

| | |
|--|--------------|
| INTERIM REPORT | 3–22 |
| INTERIM CONDENSED FINANCIAL STATEMENTS | 23–42 |
| Interim Condensed Statement of Financial Position | 24 |
| Interim Condensed Statement of Profit or Loss and Other Comprehensive Income | 25–26 |
| Interim Condensed Statement of Changes In Equity | 27 |
| Interim Condensed Statement of Cash Flows | 28 |
| Notes to the Interim Condensed Financial Statements | 29–42 |

Interim condensed financial statements of Ignitis gamyba AB were prepared and signed on 31 August 2021 by the Chief Executive Officer, the Director of Finance and Administration, and the Accounting Partner of Ignitis grupės paslaugų centras UAB (acting under Order No IS-66-21 of 04/08/2021):

Rimgaudas Kalvaitis
General Manager

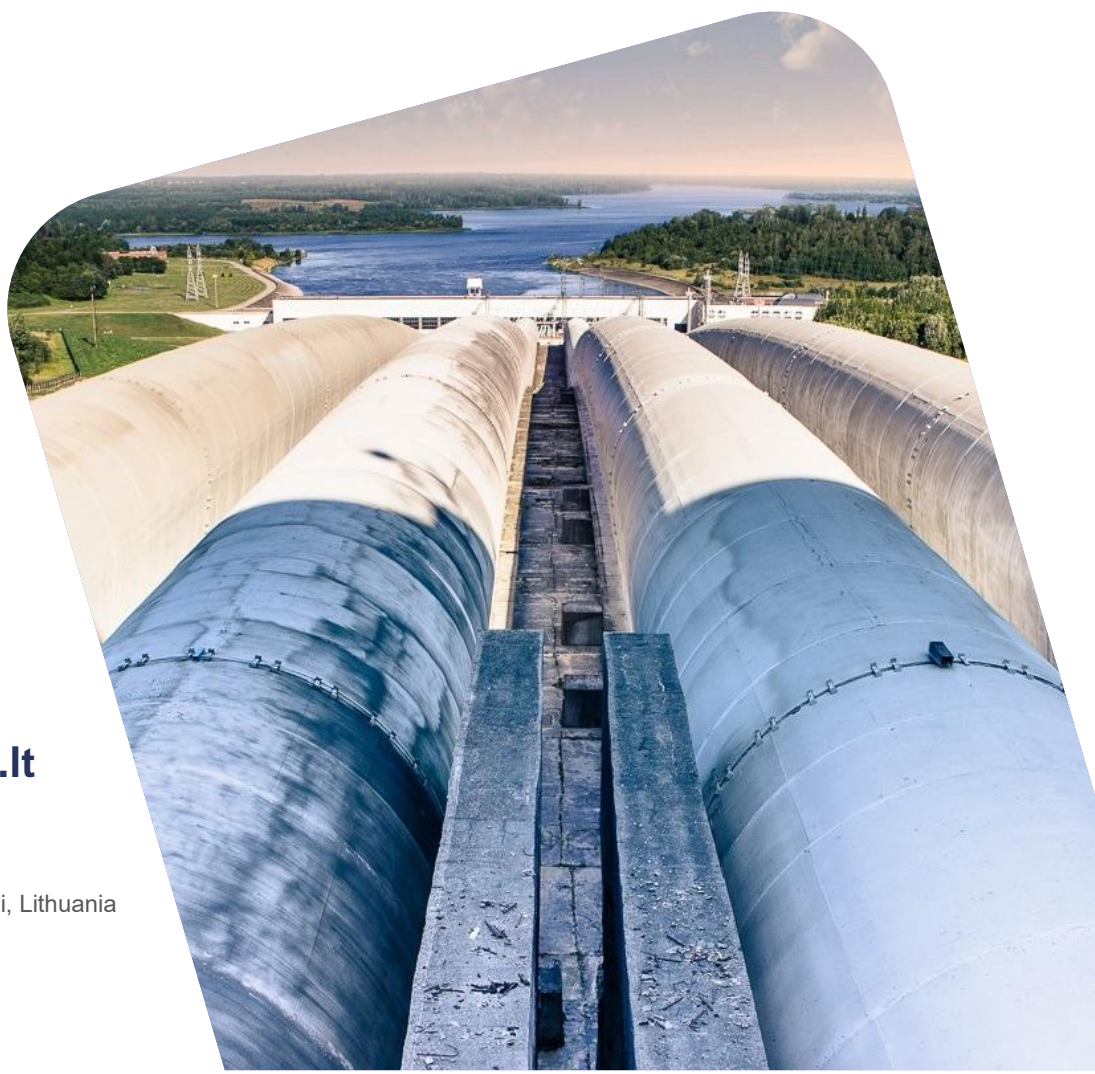
Andrius Valivonis
Director of Finance and Administration

Renata Zakažauskienė
Accounting Partner of
Ignitis grupės paslaugų centras UAB
acting under Order No IS-66-21 of
04/08/2021

2021

IGNITIS GAMYBA, AB INTERIM REPORT

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021



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Elektrinės st. 21, LT-26108, Elektrėnai, Lithuania
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Company number: 302648707

CONTENTS

INTERIM REPORT

| | |
|---|----|
| Key Performance and Financial Indicators of the Company | 6 |
| Foreword of the Chairman of the Board | 7 |
| Most Significant Events of the Company | 8 |
| Analysis of Financial Indicators | 9 |
| Key Performance Indicators of the Power Plants | 13 |
| Information about the Company's Authorised Capital and Securities | 15 |
| The Company and Corporate Governance | 16 |
| Significant Events of the Company | 22 |

INTERIM REPORT

All amounts are in EUR thousand unless otherwise stated

Reporting period covered by the Interim Report

The Interim Report provides information to the shareholders, creditors and other stakeholders of Ignitis Gamyba, AB (hereinafter - the Company) about the Company's operations for the period from January to June 2021.

Legal basis for preparation of the Interim Report

The Interim Report of Ignitis Gamyba, AB has been prepared by the Company's Administration in accordance with the Republic of Lithuania Law on Securities, the Republic of Law on Companies, the Rules for Disclosure of Information and the updated version of the Guidelines for Disclosure of Information approved by the Board of the Bank of Lithuania, the description of the guidelines for ensuring transparency of operations of state-owned entities approved by the Government of the Republic of Lithuania and other legal acts.

Persons responsible for the information contained in the Interim Report

| Position | Full name | Telephone |
|---|---------------------|----------------|
| Chairman of the Board, CEO of Ignitis Gamyba, AB | Rimgaudas Kalvaitis | +370 618 37392 |
| Member of the Board, Director of Finance and Administration of Ignitis Gamyba, AB | Andrius Valivonis | +370 618 37392 |

Information on the availability of the report and the documents used in drawing up of the report, and on means of mass media in which the Company's public reports are published

The report and the documents, on the basis of which it was drawn up, are available at the head office of Ignitis gamyba, AB (Elektrinės st. 21, Elektrėnai) on working days from Monday to Thursday from 7.30 a.m. to 4.30 p.m., and on Friday from 7.30 a.m. to 3.15 p.m.

The report is also available on the Company's website: www.ignitisgamyba.lt.

All public announcements, which are required to be published by the Company according to the effective legal acts of the Republic of Lithuania, are published on the Company's website (www.ignitisgamyba.lt).

INTERIM REPORT

All amounts are in EUR thousand unless otherwise stated

KEY PERFORMANCE AND FINANCIAL INDICATORS OF THE COMPANY

A detailed description of the Company's alternative performance indicators and the methodology for their calculation is provided in the section 'Financial Reports' (link) of the section 'For Investors' of the Company's website.

| | | 6 months of 2021 | 6 months of 2020 ¹ | Change | |
|---|---------------------|---------------------|----------------------------------|-------------|--------|
| | | | | +/- | % |
| KEY PERFORMANCE INDICATORS | | | | | |
| Electricity generated | <i>TWh</i> | 0.93 | 0.81 | 0.12 | 14.56 |
| KEY FINANCIAL INDICATORS | | | | | |
| Revenue | <i>EUR thousand</i> | 104.055 | 70.514 | 33.541 | 47.57 |
| Purchase cost of electricity, fuel and related services | <i>EUR thousand</i> | 50.662 | 27.299 | 23.363 | 85.58 |
| Operating expenses ² | <i>EUR thousand</i> | 10.854 | 10.019 | 835 | 8.33 |
| EBITDA ³ | <i>EUR thousand</i> | 35.868 | 26.362 | 9.506 | 36.06 |
| EBITDA margin ⁴ | % | 34.5 | 37.4 | -2.9 p. p. | |
| Adjusted EBITDA ⁵ | <i>EUR thousand</i> | 37.039 | 30.310 | 6.729 | 22.20 |
| Adjusted EBITDA margin ⁶ | % | 35.6 | 43.0 | -7.4 p. p. | |
| Net profit (loss) | <i>EUR thousand</i> | 13.367 | 14.857 | -1.490 | -10.03 |
| KEY FINANCIAL INDICATORS | | | | | |
| | | 6 months of 2021 | 6 months of 2020 ¹ | Change | |
| | | | | +/- | % |
| Total assets | <i>EUR thousand</i> | 714.179 | 653.730 | 60.449 | 9.25 |
| Shareholder's equity | <i>EUR thousand</i> | 461.192 | 392.256 | 68.936 | 17.57 |
| Financial debts | <i>EUR thousand</i> | 19.109 | 23.526 | -4.417 | -18.77 |
| Net debt ⁷ | <i>EUR thousand</i> | -103.973 | -56.589 | -47.384 | 83.73 |
| Return on equity (ROE) ⁸ | % | 5.8 | 7.6 | -1.8 p. p. | |
| Shareholder's equity ratio ⁹ | % | 64.6 | 60.0 | 4.6 p. p. | |
| Net debt/EBITDA for 12 months | % | -144.9 | -107.3 | -37.6 p. p. | |
| Net debt/Equity ratio | % | -22.5 | -14.4 | -8.1 p. p. | |
| Asset turnover ratio ¹⁰ | % | 29.1 | 21.6 | 7.6 p. p. | |
| Overall liquidity ratio ¹¹ | % | 485.3 | 358.8 | 126.5 p. p. | |

¹ Some of the amounts presented do not coincide with the interim condensed financial statements for the first half of 2020 and reflects the restatement of comparative information due to reclassification.

² Operating expenses, excluding purchase cost of electricity and related services, cost of fuel used for production, cost of depreciation and amortisation, cost of impairment loss, revenue from/expenses of provision and revaluation of emission allowances, financial derivatives, doubtful debts, write-down of tangible fixed assets, and cost of inventory sold.

³ Profit (loss) before tax + financial expenses – financial income – dividends received + cost of depreciation and amortisation + cost of impairment loss + cost of revenue from provision and revaluation of emission allowances + write-down cost of tangible fixed assets.

⁴ EBITDA/Revenue.

⁵ EBITDA result is reported after the adjustments made by the management, eliminating the impact of one-time factors, and by measuring the change in income (and, consequently, EBITDA) from regulated services provided by the Company, if income is recognized to the extent permitted under the NERC methodologies, volume of income, taking into account the amount of allowable return on investment and the actual cost of the services providing during the period. The purpose of these adjustments is to disclose the results of the ordinary activities of the Company, without the occurrence of atypical, one-time factors that are not directly attributable to the current period. All adjustments made by the management are disclosed in the Company's interim and annual reports.

⁶ Adjusted EBITDA/Revenue.

⁷ Financial debts – Cash and cash equivalents – short-term investments and fixed-term deposits – share of other financial fixed assets consisting of investments in debt securities.

⁸ Net profit (loss), restated at annual value/shareholder's equity at the end of the period.

⁹ Shareholder's equity at the end of the period/total assets at the end of the period.

¹⁰ Revenue, restated at annual value/total assets at the end of the period.

¹¹ Current assets at the end of the period/current financial liabilities at the end of the period.

FOREWORD OF THE CHAIRMAN OF THE BOARD

Dear Customers, Shareholders, Partners and Employees,

in consideration of the reporting half-year, we can safely say that the Company successfully proceeded with its plans and consistently implemented the planned projects. At the beginning of the year, after the Management Board and Supervisory Board of the Company approved the business plan for the installation of the 5th hydropower unit of Kruonis PSPP, in March we announced the procurement for technical consultant. Already in August, we are going to sign a contract with a competent consultant, who will help to prepare the technical requirements for the purchase and installation of the 5th unit. Taking into account that the development of Kruonis PSPP is also provided for in the action plan approved by the Government in preparation for the synchronization with the grid of Continental Europe planned for 2025, we will pursue to adapt the implementation schedule of Kruonis PSPP to the synchronization project schedule. In addition, we have started the procurement procedures for the overhaul of the 1st unit of Kruonis PSPP, which will allow to extend the production resource of the unit for about 15, and we are going to sign contracts in the near future.

Our another successful project that has also received quite a big public attention is dismantling of two chimneys of Elektrėnai Complex that are not used any more since 2014. The use of chimneys ceased after starting to preserve and dismantle the first six units of the power plant, built in 1962 to 1968.

Today, the structures of the 180-meter-higher (of 250-meter-height) chimney and the 120-meter lower (of 150-meter-height) chimney have already been dismantled. We are going to complete the dismantling project, which is unique in the region, in the fourth quarter of this year.

The chimneys of the Lithuanian power plant visible from afar for many people driving on the Vilnius-Kaunas highway, meant that half of the road has been driven. However, these graceful, tall chimneys were also an original symbol of pollution – particularly, through these chimneys, harmful substances were emitted during the combustion of fuel oil, and were widely dispersed by wind. Over the last few years, we have launched many significant improvement projects in Elektrėnai Complex – we abandoned the use of fuel oil, which eliminated the need for high chimneys, the sources of pollution in the fuel oil and chemistry economies that are not used any more are handled intensively, the electricity economy is optimised, Obeniai territory, where we installed and handed over the farm of 4 MW solar power plants for use to remote producers, was tidied up, and we are going to expand it even more in the near future. Thus, Elektrėnai town is getting cleaner and more sustainable.



The production results of the power plants managed by the Company continued to grow. 0,929 TWh electricity were generated in the first half of 2021, i.e. 14,6 percent more than in the same period in 2020.

With regard to the Company's financial results, we can see that compared to the period from January to June 2020, key indicators have increased again. EBITDA adjusted for the first half of 2021 increased by 22.2 percent and reached 37 million euro, while income from the contracts with the customers increased by 50.9 percent, up to 103.8 million euro. The growth of financial results was mainly determined by significantly higher electricity production volumes in Elektrėnai Complex and effective use of Kruonis PSPP.

We are a strategic company, thus we have taken all possible preventive measures to protect our employees for the smooth organization of activities in quarantine conditions. The specialists operating the equipment is a necessary link to assure our strategical services. 70 percent of our employees cannot work online; they are needed at the Company's sites, so, we ensured conditions for their safe work. Moreover, we granted an opportunity for our employees to get vaccination against COVID-19 at the beginning of April which was used by as many as 252 employees by the end of the reporting period. A total of 80 percent of the Company's employees have been vaccinated or have acquired immunity after the disease by June 30.

Thus, we continue to work purposefully in order to ensure reliable production of electricity and to provide the systemic services of vital importance for the entire region. We hope that the society will be able to return to normal life soon and we will be able to continue our work in accordance with the strategic directions.

Rimgaudas Kalvaitis,
the Chairman of the Board and
the CEO of Ignitis gamyba, AB

MOST SIGNIFICANT EVENTS

During the reporting period

On 4 February 2021, the Company announced that during the installation of the floating solar power plant in the upper basin of Kruonis PSPP, the contractor found that the technological solutions currently used on the market are not adequate for the present conditions in the basin of Kruonis PSPP due to cumulative effect of external factors. After evaluating the above reasons and the results of the project, it was decided **to cease the pilot project**.

On 25 February 2021, the Company announced that as the business plan for the development of Kruonis PSPP had been approved, **the procurement procedures required for the installation of the 5th hydropower unit will be started**. First of all, there will be selected a contractor who will help the Company to prepare the technical requirements for a new unit. It will be attempted to implement the project of the development of Kruonis PSPP until the synchronisation of the Lithuanian energy system with the grid of Continental Europe network in 2025.

On 26 February 2021, the Company announced **the audited annual report**. 2,145 GWh electricity were generated in 2020 in the power plants managed by the Company, i.e. 157.9 percent more than in 2019. The Company recorded the significant growth of the financial indicators in 2020: the Company's income from the contracts with the customers increased up to 172.4 million euros – this number is 27.7 percent higher than in 2019; the adjusted EBITDA increased by 31.2 percent, up to 70.9 million euros.

On 3 March 2021, the Company **informed the society about growing water inflow to Kaunas Lagoon**. Because of the flown-in quantity of water, Kaunas HP was working using all 4 of its hydropower units, while the level of water in the lagoon was kept approx. 10-20 cm below the normal affluent. The society was informed that if the Neman carried even more water to Kaunas Lagoon, the power plant would generate more energy at night as well in order to keep the water level in Kaunas Lagoon within the limits set in the rules for the use of the pond.

On 15 March 2021, the District Court of Vilnius City considered the application of Ignitis grupė to recognise its property rights to the shares of Ignitis gamyba and **divided the application into two separate cases: the case where the concerned persons – shareholders of Ignitis gamyba are dead, and the case where the remaining shareholders of Ignitis gamyba are the concerned**

persons. The application in the separated case, where the shareholders of Ignitis gamyba, who are not dead, are considered the concerned persons, was received by the court on 15 March 2021, and the civil proceeding was instituted on 15 March 2021.

On 24 March 2021, the Company announced that the **changes in two chimneys of Elektrėnai Complex that are not used any more and thus, are being dismantled, are already seen visually**. The dismantling of the external reinforced concrete foundation was started from the middle chimney of the worst condition of 250 meters height. We dismantled 160 meters of the latter in six months. In addition, we dismantled 90 meters of the lower one of 150 meters height. The chimney dismantling project is planned to be completed in the fourth quarter of this year.

On 27 May 2021, the results of Ignitis gamyba for the first quarter were announced. **In the first quarter of this year, the significantly higher volumes in electricity production and the growth of financial indicators were recorded**. The growth in production volumes was mainly determined by the almost 4.5-fold increase in production volumes in the combined cycle unit. Significantly increased volumes in electricity production in Elektrėnai Complex and efficient use of Kruonis PSPP also increased the Company's financial indicators.

On 4 June 2021, the Company announced **the receipt of the notice of Dominykas Tučkus, the Chairman of the Supervisory Board of Ignitis gamyba, regarding the resignation as the Member and the Chairman of the Supervisory Board of Ignitis gamyba**, the last day of his duties acknowledging 25 June 2021. Dominykas Tučkus also resigned as the Member of the Management Board and the Director of Infrastructure and Development of Ignitis grupė, AB, the main shareholder of Ignitis gamyba.

On 25 June 2021 **Vilnius District Court made a decision by the order of 25 June 2021 regarding civil case No. e2YT-10738-1134/2021** to approve the statement of AB "Ignitis grupė" regarding the transfer of ownership rights of Ignitis Gamyba shares.

Further details on the above-said and other events significant to the Company are provided hereinafter in the report and on the website: www.ignitisgamyba.lt.

INTERIM REPORT

All amounts are in EUR thousand unless otherwise stated

ANALYSIS OF FINANCIAL INDICATORS

A detailed description of the Company's alternative performance indicators and the methodology for their calculation are provided in the section 'Financial Reports' (link) of the section 'For Investors' of the Company's website.

| | | 6 months of 2021 | 6 months of 2021 ¹ | 6 months of 2019 ² | 6 months of 2018 ² | 6 months of 2017 ² |
|--|-----------------|---------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| KEY PERFORMANCE INDICATORS | | | | | | |
| Electricity generated | TWh | 0.93 | 0.81 | 0.35 | 0.44 | 0.55 |
| FINANCIAL INDICATORS | | | | | | |
| Revenue from contracts with customers | EUR thousand | 103.748 | 68.761 | 66.241 | 63.287 | 63.306 |
| Other revenue | EUR thousand | 307 | 1.753 | 10.140 | 330 | 466 |
| EBITDA ³ | EUR thousand | 35.868 | 26.362 | 42.170 | 29.589 | 27.084 |
| Adjusted EBITDA ⁴ | EUR thousand | 37.039 | 30.310 | 29.169 | 27.126 | 27.084 |
| Operating profit | EUR thousand | 17.828 | 17.879 | 33.618 | 28.488 | 10.328 |
| Net profit (loss) for the reporting period | EUR thousand | 13.367 | 14.857 | 28.425 | 23.607 | 10.283 |
| Profit before tax | EUR thousand | 17.852 | 17.724 | 33.576 | 28.339 | 9.966 |
| Cash flows from operating activities | EUR thousand | 33.360 | 44.415 | 33.619 | 28.898 | 26.543 |
| Total assets | EUR thousand | 714.179 | 653.730 | 676.156 | 647.611 | 730.631 |
| Shareholder's equity | EUR thousand | 461.192 | 392.256 | 416.658 | 382.677 | 353.147 |
| Financial debts | EUR thousand | 19.109 | 23.526 | 28.046 | 46.882 | 59.857 |
| Net debt | EUR thousand | -103.973 | -56.589 | -38.090 | -23.106 | 15.798 |
| RATIOS | | | | | | |
| Liabilities/Shareholder's equity | | 0.55 | 0.67 | 0.62 | 0.69 | 1.07 |
| Financial debts/Shareholder's equity | | 0.04 | 0.06 | 0.07 | 0.12 | 0.17 |
| Financial debts/Assets | | 0.03 | 0.04 | 0.04 | 0.07 | 0.08 |
| Shareholder's equity ratio | % | 64.58 | 59.99 | 61.62 | 59.09 | 48.33 |
| Net debt/EBITDA 12 months | % | -144.94 | -107.33 | -45.16 | -39.04 | 29.16 |
| Net debt/Equity ratio | % | -22.54 | -14.43 | -9.14 | -6.04 | 4.47 |
| Asset turnover ratio | % | 29.14 | 21.57 | 22.59 | 19.65 | 17.46 |
| Overall liquidity ratio | % | 485.29 | 358.75 | 481.29 | 300.96 | 246.83 |
| LOAN COVERAGE RATIO | | | | | | |
| Loan coverage ratio (EBITDA/(interest payment + loans covered during the reporting period)) ⁵ | | 14.40 | 10.65 | 3.97 | 3.33 | 0.37 |
| PROFITABILITY RATIOS | | | | | | |
| Operating profit margin | % | 17.13 | 25.36 | 44.01 | 44.78 | 16.20 |
| Pre-tax profit margin | % | 17.16 | 25.14 | 43.96 | 44.55 | 15.63 |
| Net profit margin | % | 12.85 | 21.07 | 37.21 | 37.11 | 16.12 |
| Return on equity | % | 5.80 | 7.58 | 13.64 | 12.34 | 5.82 |
| Return on assets | % | 3.74 | 4.55 | 8.41 | 7.29 | 2.81 |
| Return on capital employed (ROCE) | % | 5.57 | 7.15 | 12.78 | 10.99 | 4.98 |

¹ Some of the amounts presented do not coincide with the interim condensed financial statements for the first half of 2020 and reflects the restatement of comparative information due to reclassification.

² Comparative indicators have not been recalculated.

³ Profit before tax - interest income + interest cost - dividends received + cost of depreciation and amortisation + cost of impairment loss + cost of/income from provision and revaluation of emission allowances + write-down cost + outcome of the sale of a share of business.

INTERIM REPORT

All amounts are in EUR thousand unless otherwise stated

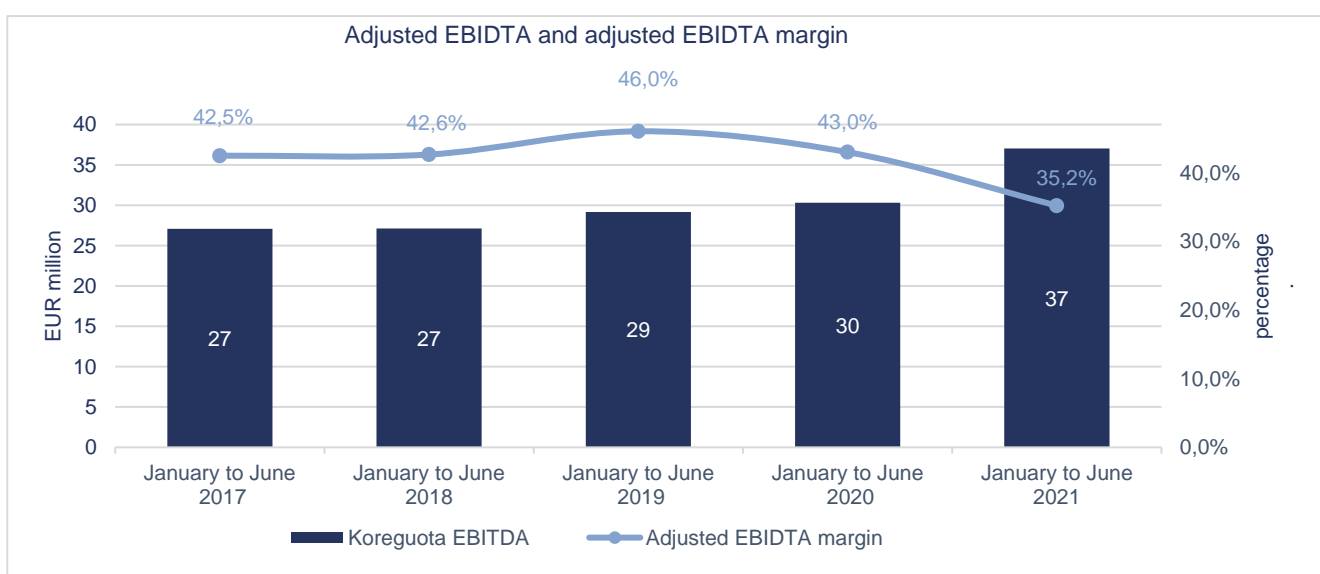
⁴ EBITDA result is reported after the adjustments made by the management, eliminating the impact of one-time factors, and by measuring the change in income (and, consequently, EBITDA) from regulated services provided by the Company, if income is recognized to the extent permitted under the NERC methodologies, volume of income, taking into account the amount of allowable return on investment and the actual cost of the services providing during the period. The purpose of these adjustments is to disclose the results of the ordinary activities of the Company, without the occurrence of atypical, one-time factors that are not directly attributable to the current period. All adjustments made by the management are disclosed in the Company's interim and annual reports.

⁵ Refinanced loans are excluded from the calculation of the indicator.

During the period from January to June 2021, the Company's adjusted EBITDA increased by 22.2 percent compared to the same period of 2020. This can also be seen in the below EBITDA dynamics graph of the period from January to June 2017 to 2021 (see Figure 1). Other ratios of the Company's profitability (operating profit margin, pre-tax profit margin, net profit margin) were lower from January to June 2021 compared to the period from January to June 2020. Operating profit and pre-tax profit from January to June 2021 remained at the level of 2020.

During the period from January to June 2021, compared to the same period of 2020, the Company's adjusted EBITDA grew due to increased production volumes and higher electricity sales prices in Kaunas A. Brazauskas Hydropower Plant, increased production in Elektrėnai Complex and efficient use of Kruonis Pumped Storage Power Plant.

Figure 1
Change in the Company's adjusted EBITDA and adjusted EBITDA margin



Statement of financial standing

As of 30 June 2021, the Company's liabilities to financial institutions amounted to EUR 19.1 million and consisted of liabilities under long-term loan agreements. As of 30 June 2020, the Company's liabilities to financial institutions amounted to EUR 23.5 million.

Statement of comprehensive income

Revenue

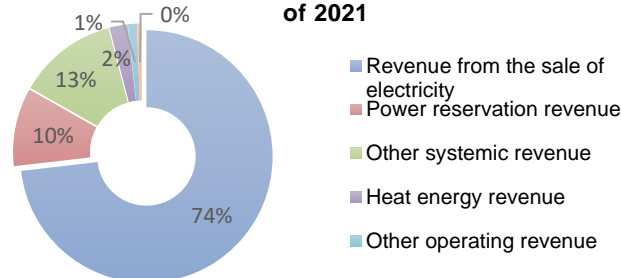
The Company's revenue from January to June 2021 amounted to EUR 104.1 million. Compared to the period from January to June 2020, the Company's revenue increased by 47.7 percent. This was mainly influenced by higher electricity sales.

| Revenue, EUR million | 6 months of 2021 | 6 months of 2020 | Change +/- |
|---------------------------|------------------|------------------|------------|
| Electricity sales revenue | 77.2 | 41.3 | 35.9 |
| Power reservation revenue | 10.4 | 12.3 | -1.9 |
| Other ancillary services | 13.3 | 12.2 | 1.1 |
| Heat energy revenue | 1.5 | 1.9 | -0.4 |

| | | | |
|-------------------------|--------------|-------------|-------------|
| Other operating revenue | 1.3 | 1.1 | 0.2 |
| Other revenue | 0.4 | 1.7 | -1.3 |
| Total | 104.1 | 70.5 | 33.6 |

The main share of the revenue consists of revenue from electricity trading and power reservation services and other ancillary services, as well as revenue from the sale of heat energy.

Revenue distribution by type for 6 months of 2021

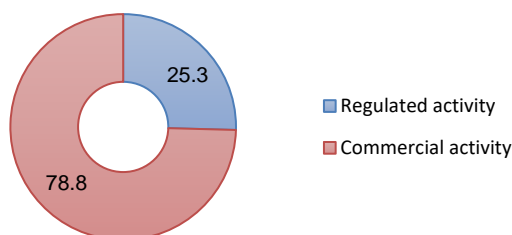


The Company's regulated operating revenue for the period from January to June 2021 amounted to 24.3 percent of the total income of the Company (from January to June 2020 – 37.9%).

INTERIM REPORT

All amounts are in EUR thousand unless otherwise stated

Revenue by segment for 6 months of 2021

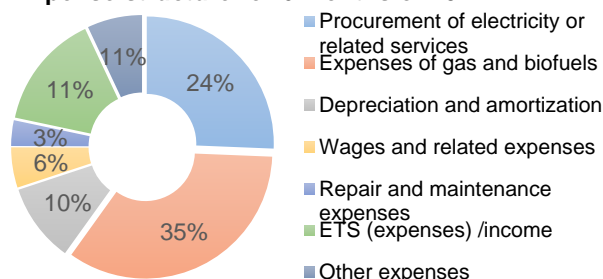


Expenses

During the period from January to June 2021, the Company incurred expenses of EUR 86.2 million (EUR 76.5 million unless the income from/cost of the use and revaluation of emission allowances is evaluated).

Operating support expenses from January to June 2021 amounted to EUR 10.9 million and were by EUR 0.8 million higher compared to the period from January to June 2020 due to the growth of repair and maintenance costs.

Expense structure for 6 months of 2021



Most of the Company's expenses (EUR 50.7 million, or 58.9%) consisted of the cost of purchase of electricity and related services and fuel for electricity generation. For the period from January to June 2020, such costs amounted to 51.9% of total expenses, or EUR 27.3 million.

| Expenses, EUR million | 6 months of 2021 | 6 months of 2020 | Change +/- |
|--|------------------|------------------|-------------|
| Purchase of electricity and related services | 20.2 | 10.0 | 10.2 |
| Cost of gas and biofuels | 30.5 | 17.3 | 13.2 |
| Depreciation and amortization | 8.6 | 8.8 | -0.2 |
| Wages and related expenses | 4.9 | 4.9 | 0.0 |
| Repair and maintenance expenses | 2.7 | 2.0 | 0.7 |
| Expenses of/revenue from emission allowances | 9.7 | (0.1) | 9.8 |
| Other expenses | 9.6 | 9.7 | -0.1 |
| Total operating expenses | 86.2 | 52.6 | 33.6 |

Cost of gas and biofuel costs from January to June 2021 were twice higher due to higher gas generation costs, the increase of which was determined by increased production volumes in Elektrėnai Complex and increased price.

The Company's depreciation and amortization costs amounted to EUR 8.6 million from January to June 2021 (EUR 8.8 million from January to June 2020).

The larger production volumes in Elektrėnai Complex also resulted in the growth of repair and maintenance costs and increased the cost of emission allowances.

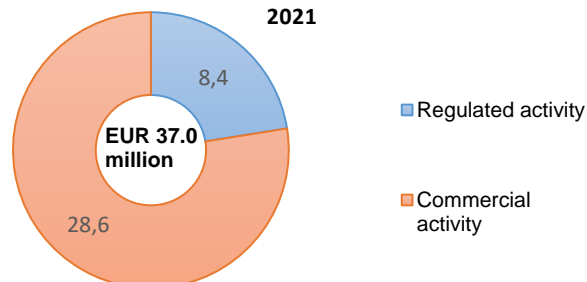
Profit

The Company's adjusted EBITDA from January to June 2021, compared to the same period of 2020, increased up to EUR 37.6 million, while the Company's adjusted EBITDA margin from January to June 2021 reached 35,2% (from January to June 2020 – 43,0%).

| | 6 months of 2021 | 6 months of 2020 | Change +/- |
|------------------------------|------------------|------------------|-------------------|
| Total revenue | 104.1 | 70.5 | 33.6 |
| Regulated activity | 25.3 | 26.7 | -1.4 |
| Commercial activity | 78.8 | 43.8 | 35.0 |
| Total adjusted EBITDA | 37.0 | 30.3 | 6.7 |
| Regulated activity | 8.4 | 10.1 | -1.7 |
| Commercial activity | 28.6 | 20.2 | 8.4 |
| EBITDA margin, % | 34.5 | 37.4 | -2.9 p. p. |
| Regulated activity, % | 33.2 | 37.8 | -4.6 p. p. |
| Commercial activity, % | 34.9 | 37.1 | -2.3 p. p. |

For the period from January to June 2021, the adjusted EBITDA for commercial activity increased up to 41.7% and amounted to 77.3% of the total adjusted EBITDA, while the adjusted EBITDA for commercial activity from January to June 2020 amounted to 66.7% of the total adjusted EBITDA. The greatest impact on the growth of the adjusted EBITDA for commercial activity from January to June 2021 had a better result of Kruonis PSPP (12% higher production volumes and higher price). The adjusted EBITDA from January to June 2021 was also increased by the unsupported production of the combined cycle unit of Elektrėnai Complex, the result of which is better due to the significantly increased volumes of electricity generated. The result of Kruonis PSPP grew due to efficient use of the power plant on the market.

Adjusted EBITDA by segments for 6 months of 2021



During the period from January to June 2021, the Company's pre-tax profit reached EUR 17.9 million, while net profit amounted to EUR 13.4 million. During the period from January to June 2020, the Company's pre-tax profit amounted to EUR 17.7 million and net profit – EUR 14.9 million.

INTERIM REPORT

All amounts are in EUR thousand unless otherwise stated

Cash flow statement

| Cash flow statement, EUR million | 6 months of 2021 | 6 months of 2020 | Change +/- |
|---|------------------|------------------|--------------|
| Cash and cash equivalents (including account surplus) at the beginning of the period | 138.1 | 58.5 | 79.6 |
| Net cash flows from operating activities | 33.4 | 44.4 | -11.0 |
| Net cash flows from investing activities | (27.2) | 16.0 | -43.2 |
| Net cash flows from financing activities | (21.2) | (38.8) | 17.6 |
| Net increase (decrease) in cash flows | (15.0) | 21.6 | -36.6 |
| Cash and cash equivalents at the end of the period | 123.1 | 80.1 | 43.0 |

For the period from January to June 2021, the net cash flows from operating activities of the Company amounted to EUR 33.4 million. In 2020, the net cash flows from operating activities of the Company for the same period was EUR 44.4 million.

The cash flows from financing activities of the Company both from January to June 2021 and 2020 were negative and amounted respectively to EUR 21.2 million and EUR 38.8 million.

Investments in fixed assets

The Company's investments in tangible and intangible fixed assets from January to June 2021 amounted to EUR 0.5 million and were 49.4% higher than in the same period of 2020.

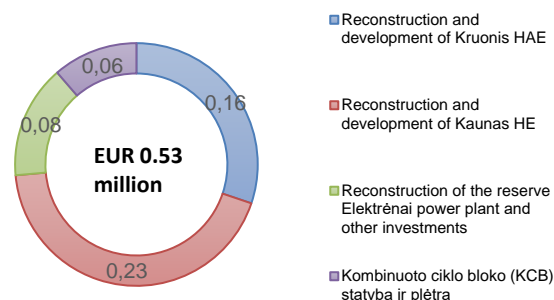
| Investments, EUR million | 6 months of 2021 | 6 months of 2020 | Change +/- |
|--|------------------|------------------|-------------|
| Reconstruction and development of Kruonis PSPP | 0.16 | 0.03 | 0.13 |
| Reconstruction and development of Kaunas HP | 0.23 | 0.14 | 0.09 |
| Reconstruction of the reserve Elektrėnai power plant and other investments | 0.08 | 0.18 | -0.10 |
| Construction and development of a combined cycle unit (CCU) | 0.06 | 0.01 | 0.05 |
| Total | 0.53 | 0.36 | 0.18 |

During the period from January to June 2021, the largest investments were made to modernize the safety systems of Kruonis PSPP and Kaunas HP (these investments amounted to EUR 0.2 million)

Activities and plans of the Company's power plant for 2021

The Company unites the state-owned electricity generation capacities: the emergency power plant and the combined cycle unit in Elektrėnai Complex, Kruonis Pumped Storage Power Plant (hereinafter – Kruonis PSPP), Kaunas Algirdas Brazauskas Hydropower Plant (hereinafter – Kaunas A. Brazauskas HP) and Vilnius 3rd Heat Power Plant (hereinafter – Vilnius HPP-3), which was taken over from Ignitis Grupė, UAB on 31 March 2018. The main task of the Company is to contribute to ensuring the country's energy security by concentrating production capacities.

Investments by power plants for 6 months of 2021, EUR million



Balance sheet

At the end of June 2021, the Company's assets amounted to EUR 714.2 million (9.3% growth per year).

The shareholder's equity increased by 17.6% per year and amounted to EUR 461.2 million at the end of June 2021.

All liabilities at the end of June 2021 amounted to EUR 253.0 million and were 3.2% lower than at the end of June 2020. The decrease in current liabilities was determined by trade payables for electricity, which at the end of June 2021 amounted to EUR 9.1 million (at the end of June 2020 – EUR 9.6 million). Long-term liabilities decreased 2.6% due to lower long-term loans and grants.

| Balance sheet, EUR million | 30 June 2021 | 30 June 2020 | Change +/- |
|--|--------------|--------------|-------------|
| Fixed assets | 537.9 | 513.8 | 24.1 |
| Current assets | 176.3 | 139.9 | 36.4 |
| Total assets | 714.2 | 653.7 | 60.4 |
| Shareholder's equity | 461.2 | 392.2 | 69.0 |
| Long-term liabilities | 216.7 | 222.5 | -5.8 |
| Current liabilities | 36.3 | 39.0 | -2.7 |
| Total shareholder's equity and liabilities | 714.2 | 653.7 | 60.5 |
| Asset turnover ratio, % | 29.1 | 21.6 | 7.5 p. p. |
| Return on equity (ROE), % | 5.8 | 7.6 | -1.8 p. p. |
| Overall liquidity ratio, % | 485.3 | 358.8 | 126.5 p. p. |
| (Current assets – Current liabilities)/ Revenue, % | 134.5 | 143.1 | -8.6 p. p. |

In the biofuel boiler house built in Elektrėnai Complex, the Company produces heat energy for the needs of Elektrėnai town, Kietaviškės greenhouses and for its own needs.

From 1 January 2019, trading in electricity generated by the Company is conducted by Gamybos Optimizavimas, UAB under the contract.

The Company provides balancing energy supply services, as well as ancillary services to the Lithuanian transmission

INTERIM REPORT

All amounts are in EUR thousand unless otherwise stated

system operator LITGRID, AB (hereinafter – TSO). Since 2020, a service of isolated power system operation has been provided.

In 2021, the tertiary active power reserve in the scope of 482 MW is ensured by the 7th and 8th units. The periodical short-term technological tests of the installation are planned in Elektrėnai Complex.

In 2021, there is provided a service of isolated power system operation – ensuring the availability of power generation facilities necessary to ensure the stability and balance of the system in cases of operation of isolated power system. The Company provides the isolated operation service in 2021 to the following extent: 371 MW of power in the CCU and 38 MW of power in the 7th unit of Elektrėnai Complex.

Under the market conditions for balancing energy supply services prepared by TSO, the demand for the emergency power reserve in the country in 2021 amounts to 390 MW. Substantial difference from previous years – the balancing energy supply service is ordered from 2021 at auction in advance at the lowest price per every hour (until 2021, the emergency power reserve has been ordered for the year ahead). Therefore, Kruonis PSPP, which has secured the emergency power reserve for the country so far, has become one of the market participants to provide the balancing energy supply service.

Profitability of commercial activities of Kruonis PSPP and production volumes will depend mostly on the market

KEY PERFORMANCE INDICATORS OF THE POWER PLANTS

Indicators of electricity generation and ancillary services from January to June 2021

For the period from January to June 2021, the Company generated electricity and heat energy, provided tertiary active power reserve ensuring service in Elektrėnai Complex, the emergency power reserve service in Kruonis PSPP, and other ancillary services.

The Company has obtained permits to generate electricity for an indefinite period of time. Compared to the period from January to June 2020, the amount of electricity generated in the Company's power plants and sold from January to June 2021 is bigger by 14.6% percent (see Figure 2). In total, 0.929 TWh of electricity was generated and sold by the Company's power plants from January to June 2021, and 0.811 TWh from January to June 2020.

The production indicators of **Kaunas A. Brazauskas HP** grew by 12.4%. For the period from January to June 2021, Kaunas A. Brazauskas HP produced 0.157 TWh of electricity, while the production at the same period of 2020 amounted to 0.140 TWh.

Kruonis PSPP worked stably and recorded production indicators similar to the first half of 2020. From January to June 2021, 0.325 TWh was produced (from January to June 2020 - 0.325 TWh).

During the period from January to June 2021, Kruonis PSPP sold 0.024 TWh and purchased 0.020 TWh of balancing

conditions, i.e. difference in the peak and off-peak prices of electricity.

In 2021, the production volumes of Kaunas A. Brazauskas HP depend mostly on the Neman yield. The power plant is affected a lot by seasonality, i.e. most electricity is generated during the spring flood, and the least during cold winters and hot summers. The constant efforts are put to make the best use of flexible production in the power plant during those hours when the highest price is reached in the stock exchange.

It is not planned to produce energy in Vilnius HPP-3 in 2021.

The Company sets availability goals for the power plants. Plants are considered available when they generate electricity or are fully prepared for generation. It is planned that the average annual availability indicators in 2021 will be at least 94.4% for the CCU, 98.7% for the 7th unit, 96.8% for the 8th unit, 95.9% for Kruonis PSPP and 94.6% for Kaunas HP.

Reliable participation of the power plants in testing the isolated power grid in accordance with the program provided by the TSO will also be sought.

There were no significant changes in the activities of the power plants managed by the Company within the reporting period.

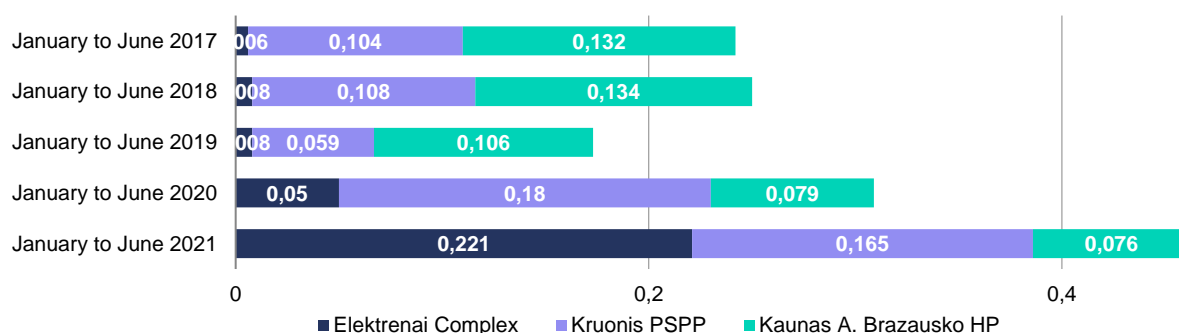
energy supply service (the service necessary to balance the surplus/shortage of electricity in the power system), and from January to June 2020 – respectively 0.019 TWh and 0.008 TWh.

Another ancillary service provided by Kruonis PSPP is the emergency active power reserve, i.e. the power of facilities or hydropower units maintained by the producer activated faster than for 15 minutes. From January to June 2021, this service was needed 145 times. From January to June 2020, this service intended to ensure security of electricity supply was activated 116 times. This reserve is usually activated by the transmission system operator when it is necessary to compensate for a sudden decrease in the amount of electricity entering Lithuania. For the period from January to June 2021, the Company sold approx. 0.013 TWh of the secondary power reserve, while 0.018 TWh – at the same period of 2020.

During the period from January to June 2021, electricity production in **Elektrėnai Complex** continued to grow. There was produced 0.447 TWh of electricity, i.e. 29.1% more than from January to June 2020 (0.346 TWh). The entire amount of 2021 of electricity in Elektrėnai Complex was produced by the combined cycle unit.

Figure 2

Electricity generated at the power plants managed by the Company and electricity sold (TWh)



Other factors affecting financial indicators of the Company

The Company's **operating environment** was considered in annual report of 2020. For the period from January to June 2021, there were no changes in the Company's operating environment that would have a significant impact on the Company's results.

The quarantine was continued in the reporting period in Lithuania, however, it had no significant impact on the Company's activities and results as in 2020.

In order to control the spread of the virus in the Company, the team for control of COVID-19 situation was formed, which constantly monitors and analyses the situation and the latest information, changes in external factors and their impact on the Company, and adopts additional decisions and adjusts action plans.

In order to protect its employees from COVID-19 virus and to ensure continuity of the activities, the Company took additional preventive measures. The group employees who can perform their functions remotely work from home. Other employees are provided with additional personal protection and personal hygiene measures, and actions to ensure employee rotation have been prepared and are implemented in order to ensure, first of all, the continuity of activities ensuring electricity generation and power system stability. In June 2021, the Company's employees were given the opportunity to be vaccinated against COVID-19.

The average price of electricity in the Lithuanian bidding zone of the power exchange Nord Pool increased at the first half of 2021 up to 55.62 euros/MWh, i.e. almost twice compared to the same period of 2020 (28.18 euros/MWh). After calculating the indicators of several previous years, this is the highest average price: from January to June 2019, the average price was 45.96 euros/MWh, from January to June 2018 – 43.70 euros/MWh, from January to June 2017 – 34.50 euros/MWh. This has a positive impact on the Company's results. In addition, the growing difference between peak and off-peak prices on the power exchange also has a positive impact on the production of Kruonis PSPP.

The price of emission allowances at the beginning of 2021 (e.g. EUR 32.89 in January and EUR 42.45 in June) was growing and this had a negative impact on the Company's results due to the rising cost of gas-fired power plants.

The Company conducts its activities on the basis of the **Company's strategy**, which is reviewed annually. The strategy emphasizes that the most important activity of the Company is strategic generation as a basis for achieving the growth objectives of the entire Ignitis group. The main objective of the Company is to contribute to the successful synchronization of the Baltic States with the grid system of Continental Europe, maintaining reliable local electricity generation capacities and developing new capacities in Lithuania. The strategy also envisages that by performing its most important role – ensuring reliable and efficient strategic generation – the Company will make a significant contribution to the implementation of the LE 2030 strategy in the direction of green generation, as well as by introducing innovations. The Company's strategy provides for 10 strategic decisions – specific projects and fields of activity planned for the period 2019 to 2030. The Company's strategy document for 2019 to 2030 can be found on the Company's website ([link](#)).

During the period from January to June 2021, the Company continued to implement most of the projects and investments, described in the annual report of 2020 ([link](#), p. 26), according to the plans. The Company continued to dismantle the disused chimneys in Elektrėnai Complex. In the project of the second stage of fuel economy arrangement in 2021, the site clean-up remained. In February 2021, the business plan for the development of Kruonis PSPP was approved, and in June, the procurement for technical consultant required for the installation of the 5th hydropower unit of Kruonis PSPP was launched and on 26 August 2021 a consulting contract was signed with the winner of the tender AFRY Switzerland Ltd.

From January to June 2021, there were no significant cases of manifestation of the **Company's risks**, which are described in detail in the annual report of 2020 ([link](#), [page 28](#)).

INTERIM REPORT

All amounts are in EUR thousand unless otherwise stated

INFORMATION ON THE COMPANY'S AUTHORIZED CAPITAL AND SECURITIES

Authorized capital, securities issued

At the end of the reporting period (30 June 2021), the authorised capital of the Company amounted to EUR 187,920,762.41 and was divided into 648,002,629 pcs. of ordinary registered shares with par value of EUR 0.29 each. All the shares have been fully paid.

All the Company's shares are ordinary registered shares of the same class, conferring equal rights to their holders (shareholders).

The Extraordinary General Meeting of Shareholders of the Company, that was held on 4 December 2019, adopted the decision to delist all the Company's shares from trading on stock exchange Nasdaq Vilnius, AB. The Meeting also adopted a decision to approve the Company's shareholder – Ignitis grupė, AB, as a person who will make a formal offer to redeem the shares of the Company.

The formal offer was being implemented in the period from 3 April 2020 to 22 April of 2020. The mandatory redemption procedure of the Company's shares was launched from 18 May 2020 and was completed on 17 August 2020. After the completion of his procedure, as provided for in the Law on Securities, the redeeming shareholder – Ignitis grupė, AB exercised its right and, after making a payment to the deposit account of the shareholders who has not sold their

shares, applied to the court to oblige account managers to make entries in the securities accounts on the transfer of ownership of the remaining unsold shares to Ignitis grupė, AB. On 30 April 2021, the court admitted the application lodged by Ignitis grupė, AB on the establishment of a legally significant fact and acknowledged that 11,113,442 pcs. out of 11,688,245 pcs of unsold shares at the time of the mandatory sale of the Company's shares are the property of Ignitis grupė, AB, and obliged the share account managers to make records on the transfer of ownership to Ignitis grupė, AB. On 25 June 2021 Vilnius District Court made a decision by the order of 25 June 2021 regarding civil case No. e2YT-10738-1134/2021 to approve the statement of AB "Ignitis grupė" regarding the transfer of ownership rights of Ignitis Gamyba shares.

As of 1 July 2020 (the last day of trading the shares was 30 June 2020), the Company's shares were delisted from the Official Trading List of Nasdaq Vilnius, AB in accordance with the decision adopted at the Extraordinary General Meeting of Shareholders of the Company on 4 December 2019.

The Company did not redeem or transfer its shares during the reporting period. The Company has not redeemed its own shares.

Authorized capital structure (as of 30 June 2021)

| Class of shares | Number of shares, pcs. | Par value, EUR | Aggregate par value, EUR | Share in authorized capital, % |
|---------------------|------------------------|----------------|--------------------------|--------------------------------|
| Ordinary registered | 648,002,629 | 0.29 | 187,920,762.41 | 100.00 |

Shareholder structure

At the end of 31 March 2021, on the shareholder recording date of the Company's Ordinary General Meeting of Shareholders, the total number of the Company's shareholders was 4,020.

Shareholders holding more than 5% of the Company's shares (as of 30 June 2021)

| Shareholder's name | Class of shares | Number of shares, pcs. | Share in authorized capital, % | Share of votes in authorized capital, % |
|---|----------------------------|------------------------|--------------------------------|---|
| Ignitis grupė, AB Company number: 301844044 Žvejų st. 14, 09310 Vilnius | Ordinary registered shares | 636,314,384 | 99.91* | 99.91 |
| Other shareholders | Ordinary registered shares | 11,688,245 | 0.09 | 0.09 |
| TOTAL | Ordinary registered shares | 648,002,629 | 100 | 100 |

*A of 1 June 2021, the share held in the authorized capital reached 99.91%, respectively the share in the authorized capital held by other shareholders – 0.09%.

Shareholders' rights, shareholders with special control rights and descriptions of those rights

All shareholders of the Company have equal property and non-property rights provided by laws, other legal acts and the Articles of Association of the Company. The management bodies of the Company ensure suitable conditions for the implementation of the rights of the Company's shareholders.

None of the Company's shareholders had special control rights.

Restrictions on voting rights

There were no restrictions on voting rights.

Restrictions on the assignment of securities

INTERIM REPORT

All amounts are in EUR thousand unless otherwise stated

The Company is not aware of any shareholders' agreements that may have restricted the assignment of securities and/or voting rights.

Information on agreements with intermediaries of public trading in securities

AB SEB bankas is the Company's authorized securities account manager.

Contact details of AB SEB bankas:

Konstitucijos ave. 24, LT-08105 Vilnius;

Tel.: +370 5 268 2800.

Dividend policy and dividends

Dividend policy

The Company is subject to the **dividend policy** of the subsidiaries of Ignitis grupė, AB approved on 15 December 2020. This policy was revised due to the updated dividend policy of Ignitis grupė, AB which entered into force on 4 September 2020. According to this policy, the Group companies are proposed to allocate a share of profits to dividends for the financial year or for a period shorter than the financial year, taking into account the return on equity, financial ability of the companies to pay off dividends, implementation of important economic projects and other circumstances. For dividends paid off for the financial year or for a period shorter than the financial year, each company should allocate at least 80 percent of the company's net profit received for the reporting period for which the dividends are proposed.

The Group company will not be obliged to allocate dividends if it incurred a net loss. In addition, the Group will not pay dividends if its financial debt at the end of the reporting period for which dividends are proposed is equal to or higher than the company's EBITDA for the last twelve months (from the end of the reporting period) multiplied by six. Dividends will not be paid if the equity of the Group company after the payment of dividends becomes less than the amount of its authorized capital, legal reserve, revaluation reserve and reserve for acquisition of own shares, as well as if the

company has become insolvent or would become insolvent after paying off dividends. The Group company may not to pay off dividends even if, in accordance with the Group's strategy, it implements green generation investment projects or the company's ability to allocate dividends is limited by the covenants specified in the financing agreements. The dividend policy is publicly available on the Company's website ([link](#)).

Payment of dividends

On 31 March 2021, the Ordinary General Meeting of Shareholders of the Company approved the allocation of the Company's profit (loss) of 2020. It was envisaged to pay EUR 18,792,079 of dividends for six-month period ended on 31 December 2020 (EUR 14,904,063 of dividends were paid off for the reporting period from 1 January 2020 to 30 June 2020 in accordance with the resolution of the Extraordinary General Meeting of Shareholders of the Company). EUR 0.029 of dividends is attributable to one share for this period. Dividends were received by the persons who were the Company's shareholders at the end of the accounting day of the Company's shareholders' rights, i.e. on 15 April 2021.

The Company's net profit from continuing operations from July to December 2020 was EUR 26.93 million, and accordingly the dividends paid off for the period of 2020/net profit ratio was 0.69.

THE COMPANY AND CORPORATE GOVERNANCE

Information on the Company and contact details

| | |
|---------------------------------------|---|
| Name | Ignitis gamyba, AB |
| Legal form | Public Limited Company, private legal entity with limited civil liability |
| Date and place of registration | 20 July 2011, Register of Legal Entities of the Republic of Lithuania |
| Company number | 302648707 |
| Registered office address | Elektrinės st. 21, 26108 Elektrėnai |
| Telephone | +370 618 37392 |
| Fax | (8 5) 278 2906 |
| E-mail address | gamyba@ignitis.lt |
| Website address | www.ignitisgamyba.lt |

Nature of the Company's operating activities

The objective of the Company's activities is efficient production and supply of energy, contributing to ensuring energy security. The subject of the Company's activities is

energy production and supply, as well as trade in electricity. The Company is entitled to engage in other activities that do not contradict the objectives of its activities and the laws of the Republic of Lithuania.

The Company operates energy production capacities:

INTERIM REPORT

All amounts are in EUR thousand unless otherwise stated

- Elektrėnai Complex with a reserve power plant (the former Lietuvos Elektrinė) and the combined cycle unit (CCU);
- Kruonis Pumped Storage Power Plant;
- Kaunas Algirdas Brazauskas Hydropower Plant;
- Vilnius 3rd Heat Power Plant (since 31 March 2018).

The Company's geographic market is Lithuania. Its electricity is traded on the Nordic exchange Nord Pool.

Information on the Company's branches and representative offices

The Company has no branches or representative offices.

Subsidiaries and associates

The Company belongs to Ignitis grupė, AB, a state-owned group of companies, which is one of the biggest group of energy companies in the Baltic States. Ignitis grupė, AB, a parent company of the group, holds 99.91% of the Company's shares (as of 30 June 2021).

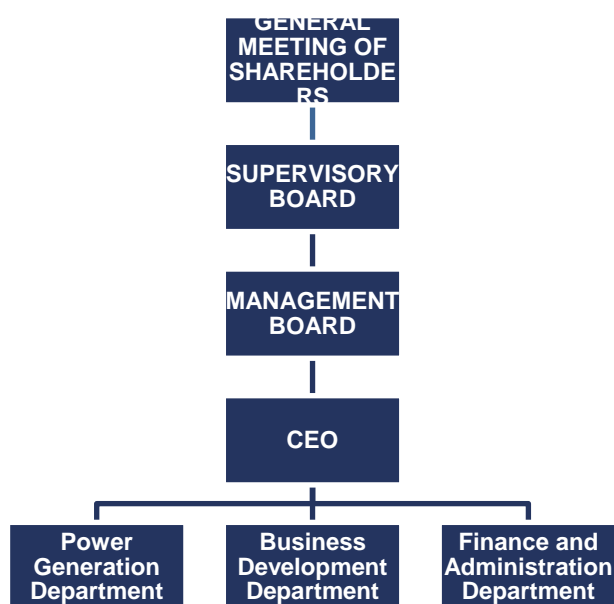
At the end of the reporting period, the Company had no subsidiaries. The Company could have a significant effect on Ignitis grupės paslaugų centras, UAB and Geoterma, UAB that is subject to liquidation due to its insolvency (see table below).

| | Ignitis grupės paslaugų centras, UAB | Geoterma, UAB subject to liquidation |
|---------------------------------------|--|--|
| Address | A. Juozapavičiaus st. 13, Vilnius | Lypkių st. 17, Klaipėda |
| Registration date | 4 December 2013 | 1 March 1996 |
| Company number | 303200016 | 123540818 |
| Contact details | (8 5) 278 2272, gpc@ignitis.lt | (8 46) 326 163, info@geoterma.lt |
| Website | www.ignitisgrupe.lt | www.geoterma.lt |
| Ownership interest | 21.45% | 23.44% |
| Nature of operating activities | Provision of information technology and telecommunications services to energy companies. | Geothermal power plant. |

Information on related party transactions

Information on related party transactions is provided in the explanatory note to the financial statements for January to June 2021.

Management structure of the Company (as of 30 June 2021)



INTERIM REPORT

All amounts are in EUR thousand unless otherwise stated

Information about the Company's management bodies

According to the Articles of Association of the Company in force on 30 June 2021, the management bodies of the Company are as follows:

- General Meeting of Shareholders;
- Supervisory Board;
- Management Board;
- Company Executive – Chief Executive Officer.

The Articles of Association of the Company are published in the section 'Corporate Governance' of the Company's website. During the reporting period, the procedure for forming the Company's management bodies was not amended. There were also no amendments in the Company's management bodies during the reporting period.

The Company complies with the provisions of the Corporate Governance Code for the Companies Listed on Nasdaq Vilnius, AB. Information on compliance with this Code of Governance is published in the Company's annual report. The Company notes that as of 1 July 2020, when the Company's shares were delisted from trading on a regulated market, the Company is no longer required to disclose its compliance with the Corporate Governance Code of the Companies Listed on Nasdaq Vilnius.

However, the Company additionally reports on compliance with the provisions of the said Code in its annual report to continue ensuring high standards of transparency and good governance,

The General Meeting of Shareholders

From 1 January 2021 until the date of issue of this notice, one General Meeting of Shareholders of the Company was convened:

The Ordinary General Meeting of Shareholders of the Company that took place on **31 March 2020** approved the Annual Report of the Company for 2020, the audited Annual Financial Statements of the Company for 2020, and the allocation of the Company's profit for 2020. It was envisaged to pay off dividends for six-month period, ended on 31 December 2020.

No shareholders registered live to participate in the General Meeting of Shareholders of the Company convened in

2021, all shareholders participated by voting in advance in writing and submitting signed general voting ballot.

Information on the results of shareholders' voting at this and previous General Meetings of Shareholders is provided in the section 'Investors' of the Company's website.

On 3 September 2021 an Extraordinary General Meeting of Shareholders will be held to discuss the election of a member of the Company's Supervisory Board and the approval of the new wording of the Company's Articles of Association and the granting of authorizations.

The Company's Supervisory Board

The composition of the Company's Supervisory Board changed during the reporting period. On 25 June 2021, Dominykas Tučkus resigned as the Member and Chairman of the Company's Supervisory Board.


The expected end of term of office of the current Supervisory Board of the Company is 25 March 2022.

During the reporting period, a total of 10 meetings of the Company's Supervisory Board were held, all of which were

attended by all members of the Company's Supervisory Board.


More information about the members of the Company's Supervisory Board is provided in the table below, and a description of their education and professional experience can be found in the section 'Corporate Governance' of the Company's website.

Members of the Supervisory Board (during the reporting period)

| | Participation in the activities of other companies, institutions, organizations | Education |
|---|---|---|
|  | | |
| Živilė Skibarkienė The Member, taking a temporary position of the Chairman of the Supervisory Board | <ul style="list-style-type: none">• Ignitis grupė, AB (company number: 301844044, Žvejų st. 14, 09310 Vilnius), the Member of the Management Board, the Director of the Organisational Development Department.• Ignitis grupės paslaugų centras, UAB (company number: 303200016, A. Juozapavičius st. 13, 09311 Vilnius), the Chairman of the Management Board.• Elektroninių mokėjimų agentūra, UAB (company number: 136031358, Žvejų st. 14, 09310, Vilnius), the Member of the Management Board. | <ul style="list-style-type: none">• Mykolas Romeris University, Faculty of Law, Doctoral degree in Social Science of Law;• Vilnius University, Faculty of Law, Master's degree in Law. |
| Term of office | | |
| From 26 March 2018 to 25 March 2022 | | |
| Number of shares held at the Company | | |
| – | | |
| Ownership interest in other companies (>5%) | | |
| | | |

INTERIM REPORT

All amounts are in EUR thousand unless otherwise stated

| | | |
|---|---|--|
| – | | |
|  Edvardas Jatautas The Independent Member | Participation in the activities of other companies, institutions, organizations | Education |
| Term of office | <ul style="list-style-type: none"> • Profectus Novus, UAB (company number: 302500459, Konstitucijos ave. 21C, 08130 Vilnius), the owner, the Chairman of the Management Board. • Addendum Group Inc. (company number: 46-2547117, 13955 Tahiti Way #354, Los Angeles, 90292, California, USA), the founder, the President. • Addendum Solutions, UAB (company number: 302312642, Konstitucijos ave. 21C, 08130 Vilnius), the founder, the President. • Lithuanian American Business Association in Los Angeles, the Member of the Management Board. • SIA Addendum LV (company number: 40203222589, Rīga, Ludzas iela 42 k-1 - 20, LV-1003, Latvia), the founder, the Member of Management Board. • OU Addendum EE (company number: 10903252, A.H.Tammsaare tee 47, 11316 Tallinn, Estonia), the founder, the Member of Management Board. | <ul style="list-style-type: none"> • Vilnius Gediminas Technical University, Master's degree in Informatics Engineering. • ISM University of Management and Economics, Executive Master Program. • Harvard Business School, Executive Master Program. |
| From 26 July 2019 to 25 March 2022 | | |
| Number of shares held at the Company | | |
| – | | |
| Ownership interest in other companies (>5%) | | |
| – | | |

Information on the remuneration of the members of the Supervisory Board during the reporting period

The Articles of Association of the Company (Articles 20 and 24) provide for that the Supervisory Board must consist of at least 1/3 (one third) of independent members. Only independent members of the Supervisory Board may be remunerated for their activities in the Supervisory Board by the resolution of the General Meeting of Shareholders.

The terms and conditions of the contracts of the members of the Supervisory Board and the criteria of independence

are determined by the General Meeting of Shareholders in accordance with the requirements established by legal acts and good corporate governance practice.

During the reporting period, Edvardas Jatautas was paid an average monthly remuneration of EUR 876.63 for the activity of the Member of the Supervisory Board.

The Company's Management Board

The composition of the Company's Management Board did not change during the reporting period.


The expected end of term of office of the current Management Board of the Company is 2 April 2022.

During the reporting period, a total of 22 meetings of the Company's Management Board were held, all of which

were attended by all members of the Company's Management Board.

More information about the members of the Company's Management Board is provided in the table below, and a description of their education and professional experience can be found in the section 'Corporate Governance' of the Company's website.


Members of the Management Board (during the reporting period)


| | | | |
|--|--|--|--|
|  Rimgaudas Kalvaitis The Chairman of the Management Board, the CEO | Participation in the activities of other companies, institutions, organizations | Education | Average monthly remuneration for the activity of the Member of the Management Board (before taxes, EUR) |
| | <ul style="list-style-type: none"> • Lietuvos energijos paramos fondas (company number: 303416124, Žvejų st. 14, 09310 Vilnius), the Member of the Management Board (until 15 October 2020). • Vilniaus Sostinės Lions klubas (company number: | <ul style="list-style-type: none"> • Vilnius University, Faculty of Physics, Master's degree. • Vilnius University, Faculty of Physics, Postgraduate Studies in Solid State Electronics. | 1,815 |

INTERIM REPORT

All amounts are in EUR thousand unless otherwise stated

| | | | |
|---|---|--|--|
| Term of office | 193538827, Subačiaus st. 3, Vilnius), the Member of the Management Board. | | |
| From 27 March 2019 to 2 April 2022 | | | |
| Number of shares held at the Company | | | |
| – | | | |
| Ownership interest in other companies (>5%) | | | |
| – | | | |

| | | | |
|--|--|---|--|
|  <p>Darius Kucinas The Member of the Management Board, the Director of the Power Generation Department</p> | Participation in the activities of other companies, institutions, organizations | Education | Average monthly remuneration for the activity of the Member of the Management Board (before taxes, EUR) |
| | – | <ul style="list-style-type: none"> Kaunas University of Technology, Department of Electrical Engineering and Automation, Bachelor's degree in Power Engineering. | 1,300 |
| | Term of office | | |
| | From 3 April 2018 to 2 April 2022 | | |
| | Number of shares held at the Company | | |
| | – | | |
| Ownership interest in other companies (>5%) | | | |
| – | | | |

| | | | |
|--|--|---|--|
|  <p>Andrius Valivonis The Member of the Management Board, the Director of Finance and Administration</p> | Participation in the activities of other companies, institutions, organizations | Education | Average monthly remuneration for the activity of the Member of the Management Board (before taxes, EUR) |
| | – | <ul style="list-style-type: none"> Vilnius University, Master's degree in Economics. | 1,300 |
| | Term of office | | |
| | From 29 December 2020 to 2 April 2022 | | |
| | Number of shares held at the Company | | |
| | – | | |
| Ownership interest in other companies (>5%) | | | |
| – | | | |

The Company's executives

The Chief Executive Officer is a single management body of the Company. The Chief Executive Officer organizes the activities of the Company, manages it, acts on behalf of the Company and enters into transactions unilaterally, except in the cases

INTERIM REPORT

All amounts are in EUR thousand unless otherwise stated

provided for in the Articles of Association and legal acts. The competence, the procedure of election and revocation of the Chief Executive Officer are established by laws, other legal acts and the Articles of Association of the Company.

Information on the remuneration of the Chief Executive Officer and the Chief Financial Officer (during the reporting period)

| | Average fixed monthly remuneration (before taxes, EUR) | 1/12 share of annual variable remuneration for the results of previous year (before taxes, EUR) |
|----------------------------|--|---|
| CEO Rimgaudas Kalvaitis | 7 713 | 1,389 |
| Chief Financier* | – | – |

* As of 1 December 2014, the accounting function was transferred from the Company to Verslo aptarnavimo centras, UAB (after the reorganization of the company on 2 January 2020, Verslo aptarnavimo centras, UAB was merged with Ignitis grupės paslaugų centras, UAB), therefore, the Company did not retain the positions of employees performing the accounting function and the chief financier. Ignitis grupės paslaugų centras, UAB provides the Company with all accounting services from entering primary documents into accounting programs to drawing up of financial statements.

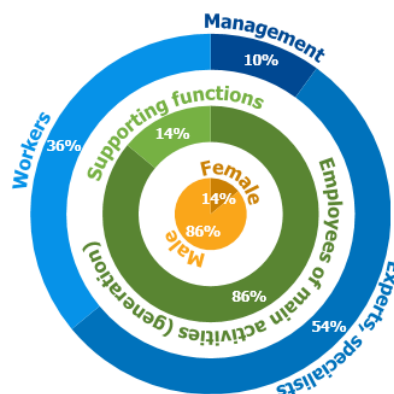
The Company has not transferred the management of assets or provided guarantees to the members of the bodies. During the reporting period, the Company did not grant loans to the members of the management bodies, did not provide guarantees and sureties to ensure the fulfilment of their obligations.

The Company's employees

As of 30 June 2021, the Company had 359 employees (including employees on parental leave). At the beginning of the reporting period, the Company had 360 employees.

The approximate composition of the employees is shown in the figure. More information about the Company employees, remuneration, organizational culture, etc. is presented in the semi-annual and annual reports of the Company.

The Company's employees



Number of the Company's employees and average wage (during the reporting period)

| | Number of employees by level of position | Average wage, EUR | Average AVR*, EUR |
|----------------------|--|-------------------|-------------------|
| Company executive | 1 | 7,713 | 1,389 |
| Top level executives | 3 | 5,890 | 964 |
| Mid-level managers | 31 | 3,595 | 330 |
| Experts, specialists | 204 | 2,208 | 192 |
| Workers | 120 | 1,478 | 143 |
| Total | 359 | 2,143 | 198 |

* This column shows the payments of the annual variable remuneration (AVR). The Company pays the AVR to its workers each month, and to employees of other positions – quarterly or once a year.

INTERIM REPORT

All amounts are in EUR thousand unless otherwise stated

Notifications of significant events during the reporting period

| | |
|------------------|---|
| 28 January 2021 | <u>Data on preliminary financial results of Ignitis gamyba for 12 months of 2020</u> |
| 25 February 2021 | Ignitis gamyba, AB approved the business plan for the development of Kruonis PSPP |
| 26 February 2021 | <u>Audited financial information of Ignitis gamyba for 2020</u> |
| 26 February 2021 | <u>Regarding the convening of the Ordinary General Meeting of Shareholders of Ignitis gamyba, AB, the agenda and draft resolutions on the issues provided for in the agenda</u> |
| 26 February 2021 | <u>Preliminary financial results of Ignitis gamyba for 1 month of 2021</u> |
| 19 March 2021 | <u>Regarding the resolutions of the Supervisory Board of Ignitis gamyba, AB</u> |
| 30 March 2021 | <u>Preliminary financial results of Ignitis gamyba for 2 month of 2021</u> |
| 31 March 2021 | <u>Regarding the resolutions of the Ordinary General Meeting of Shareholders of Ignitis gamyba, AB</u> |
| 29 April 2021 | <u>Data on preliminary financial results of Ignitis gamyba for 3 months of 2021</u> |
| 27 May 2021 | <u>Results of Ignitis gamyba for the first quarter: significant increase in electricity generation and growth in financial indicators</u> |
| 27 May 2021 | <u>Data on preliminary financial results of Ignitis gamyba for 4 months of 2021</u> |
| 4 April 2021 | <u>Regarding the resignation of Dominykas Tučkus as the Chairman of the Supervisory Board of Ignitis gamyba, AB</u> |
| 29 June 2021 | <u>Data on preliminary financial results of Ignitis gamyba for 5 months of 2021</u> |

Notifications of significant events after the end of the reporting period

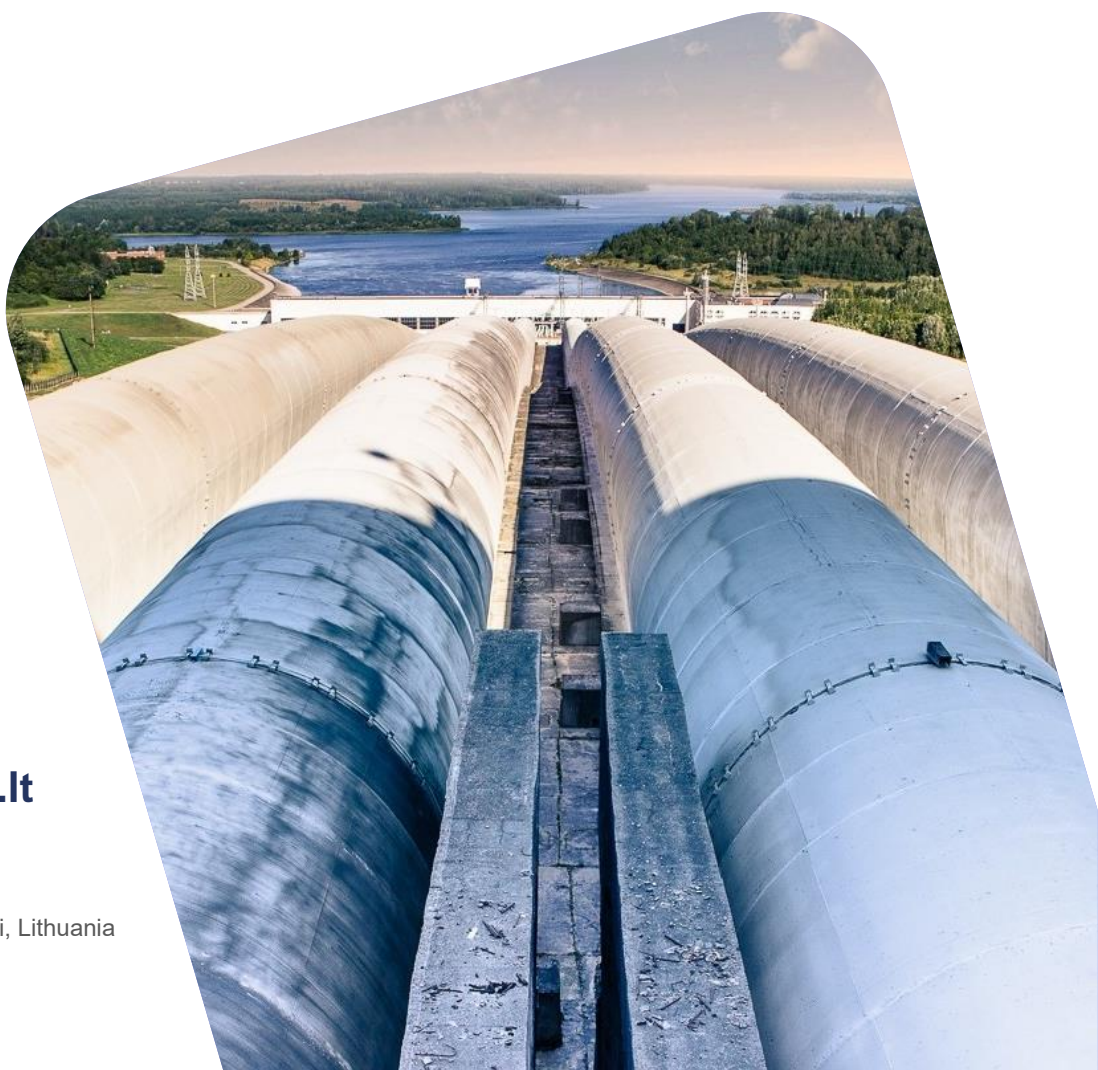
| | |
|----------------|--|
| 29 July 2021 | <u>Data on preliminary financial results of Ignitis gamyba for 6 months of 2021</u> |
| 27 August 2021 | <u>Regarding the Vilnius District Court decision to approve the statement of AB "Ignitis grupė" regarding the transfer of ownership rights of Ignitis Gamyba shares.</u> |
| 31 August 2021 | <u>Data on preliminary financial results of Ignitis gamyba for 7 months of 2021</u> |

2021

IGNITIS GAMYBA AB

COMPANY'S INTERIM CONDENSED FINANCIAL STATEMENTS

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 (UNAUDITED)



www.ignitisingamyba.lt

Ignitis Gamyba AB
Elektrinės st. 21, LT-26108, Elektrėnai, Lithuania
E-mail gamyba@ignitis.lt
Company code 302648707

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

30 June 2021

All amounts are in EUR thousand unless otherwise stated

| | Notes | 30/06/2021 | 31/12/2020 |
|---|-------|----------------|----------------|
| ASSETS | | | |
| Non-current assets | | | |
| Intangible assets | 4 | 112,596 | 78,662 |
| Property, plant and equipment | 5 | 414,730 | 426,411 |
| Right-of-use assets | 6 | 5,480 | 5,627 |
| Investment property | 7 | 2,088 | 3,423 |
| Investments in associates | 8 | 2,911 | 2,867 |
| Other financial assets | | 81 | 99 |
| Total non-current assets | | 537,886 | 517,089 |
| Current assets | | | |
| Inventories | | 1,434 | 2,033 |
| Prepayments and deferred expenses | | 1,130 | 5,752 |
| Receivables from contracts with customers | 9 | 7,821 | 15,793 |
| Other receivables | 10 | 6,767 | 1,993 |
| Loans granted | 11 | 36,059 | 9,142 |
| Cash and cash equivalents | | 123,082 | 138,120 |
| Total current assets | | 176,293 | 172,833 |
| TOTAL ASSETS | | 714,179 | 689,922 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Issued capital | 12 | 187,921 | 187,921 |
| Share premium | | 89,975 | 89,975 |
| Legal reserve | | 19,609 | 17,519 |
| Revaluation reserve | | 71,364 | 37,105 |
| Retained earnings | | 92,323 | 84,993 |
| Total equity | | 461,192 | 417,513 |
| Non-current liabilities | | | |
| Long-term borrowings | 14 | 14,692 | 16,900 |
| Non-current lease liabilities | 15 | 5,486 | 5,579 |
| Grants | 16 | 147,544 | 154,035 |
| Deferred tax liabilities | | 33,288 | 27,817 |
| Provisions | 17 | 15,273 | 16,943 |
| Other non-current amounts payable and liabilities | | 377 | 452 |
| Total non-current liabilities | | 216,660 | 221,726 |
| Current liabilities | | | |
| Current portion of long-term loans | 14 | 4,417 | 4,417 |
| Current portion of lease liabilities | 15 | 126 | 150 |
| Trade payables | | 9,149 | 20,028 |
| Advances received | | 161 | 221 |
| Income tax liabilities | 17 | 1,937 | 4,173 |
| Provisions | 18 | 15,517 | 18,249 |
| Other current amounts payable and liabilities | | 5,020 | 3,445 |
| Total current liabilities | | 36,327 | 50,683 |
| Total liabilities | | 252,987 | 272,409 |
| TOTAL EQUITY AND LIABILITIES | | 714,179 | 689,922 |

INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the Six Months Period Ended 30 June 2021

All amounts are in EUR thousand unless otherwise stated

| | Notes | H1 2021 | H1 2020 (restated)* |
|---|----------|-----------------|---------------------|
| Revenue | | | |
| Revenue from contracts with customers | 19 | 103,748 | 68,761 |
| Other income | 20 | 307 | 1,753 |
| Total revenue | | 104,055 | 70,514 |
| Operating expenses | | | |
| Purchases of electricity or related services | | (20,155) | (10,002) |
| Gas, biofuel expenses | 24 | (30,507) | (17,297) |
| Cost of inventories sold | | (90) | - |
| Depreciation and amortisation | 4,5,6,16 | (8,606) | (8,787) |
| Wages and salaries and related expenses | | (4,898) | (4,857) |
| Repair and maintenance expenses | | (2,685) | (2,037) |
| Emission allowance revaluation and utilisation (expenses)/income | | (13,575) | (2,479) |
| Inventory write-down (allowance)/reversal | | (25) | 26 |
| Impairment loss on property, plant and equipment | | - | (115) |
| Other expenses | 25 | (5,686) | (7,087) |
| Operating expenses, total | | (86,227) | (52,635) |
| OPERATING PROFIT (LOSS) | | 17,828 | 17,879 |
| Finance income/(expenses) | | | |
| Finance income | | 189 | 109 |
| Whereof: interest income | | 145 | 98 |
| Finance expenses | | (369) | (277) |
| Total financial income and expenses | | (180) | (168) |
| Share of results of associates | | 204 | 13 |
| PROFIT/(LOSS) BEFORE TAX | | 17,852 | 17,724 |
| Income tax and deferred tax expenses | | (4,485) | (2,867) |
| NET PROFIT (LOSS) FOR THE PERIOD | | 13,367 | 14,857 |
| Other comprehensive income (loss) that will not be subsequently reclassified to retained earnings (loss) | | | |
| Revaluation of emission allowances | | 49,090 | 3,634 |
| TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD | | 62,457 | 18,491 |

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

INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the Three Months Period Ended 30 June 2021

All amounts are in EUR thousand unless otherwise stated

| | Notes | II qtr. 2021 | II qtr. 2020 (restated)* |
|---|----------|-----------------|-----------------------------|
| Revenue | | | |
| Revenue from contracts with customers | 19 | 52,057 | 38,942 |
| Other income | 20 | 149 | (558) |
| Total revenue | | 52,206 | 38,384 |
| Operating expenses | | | |
| Purchases of electricity or related services | | (9,129) | (5,038) |
| Gas, biofuel expenses | 24 | (15,851) | (10,032) |
| Cost of inventories sold | | (7) | - |
| Depreciation and amortisation | 4,5,6,16 | (4,290) | (4,407) |
| Wages and salaries and related expenses | | (2,683) | (2,450) |
| Repair and maintenance expenses | | (1,286) | (1,213) |
| Emission allowance revaluation and utilisation (expenses)/income | | (7,226) | (145) |
| Inventory write-down (allowance)/reversal | | (15) | 12 |
| Impairment loss on property, plant and equipment | | - | (126) |
| Other expenses | 25 | (2,858) | (5,431) |
| Operating expenses, total | | (43,345) | (28,830) |
| OPERATING PROFIT (LOSS) | | 8,861 | 9,554 |
| Finance income/(expenses) | | | |
| Finance income | | 120 | 107 |
| Whereof: interest income | | 89 | 102 |
| Finance expenses | | (184) | (137) |
| Total financial income and expenses | | (64) | (30) |
| Share of results of associates | | 36 | (82) |
| PROFIT/(LOSS) BEFORE TAX | | 8,833 | 9,442 |
| Income tax and deferred tax expenses | | (2,214) | (1,906) |
| NET PROFIT (LOSS) FOR THE PERIOD | | 6,619 | 7,536 |
| Other comprehensive income (loss) that will not be subsequently reclassified to retained earnings (loss) | | | |
| Revaluation of emission allowances | | 27,394 | 14,855 |
| TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD | | 34,013 | 22,391 |

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 | Share premium | Revaluation reserve | Legal reserve | Retained earnings | Equity Total |
|--|-------|----------------|---------------|---------------------|---------------|-------------------|----------------|
| Balance as at 1 January 2020 | | 187,921 | 89,975 | 20,554 | 15,379 | 96,224 | 410,053 |
| Revaluation of emission allowances | | - | - | 3,634 | - | - | 3,634 |
| Net profit for the reporting period | | - | - | - | - | 14,857 | 14,857 |
| Total comprehensive income for the period | | - | - | 3,634 | - | 14,857 | 18,491 |
| Legal reserve | | - | - | - | 2,140 | (2,140) | - |
| Emission allowances utilised | | - | - | (294) | - | 294 | - |
| Depreciation of revaluation reserve | | - | - | (7) | - | 7 | - |
| Dividends | 13 | - | - | - | - | (36,288) | (36,288) |
| Balance as at 30 June 2020 | | 187,921 | 89,975 | 23,887 | 17,519 | 72,954 | 392,256 |
| Balance as at 1 January 2021 | | 187,921 | 89,975 | 37,105 | 17,519 | 84,993 | 417,513 |
| Revaluation of emission allowances | | - | - | 49,090 | - | - | 49,090 |
| Net profit for the reporting period | | - | - | - | - | 13,367 | 13,367 |
| Total comprehensive income for the period | | - | - | 49,090 | - | 13,367 | 62,457 |
| Legal reserve | | - | - | - | 2,090 | (2,090) | - |
| Emission allowances utilised | | - | - | (14,824) | - | 14,824 | - |
| Depreciation of revaluation reserve | | - | - | (7) | - | 7 | - |
| Dividends | 13 | - | - | - | - | (18,792) | (18,792) |
| Share-based payments | | - | - | - | - | 14 | 14 |
| Balance at 30 June 2021 | | 187,921 | 89,975 | 71,364 | 19,609 | 92,323 | 461,192 |

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 |
|---|-------|-----------------|-----------------|
| Net profit (loss) for the reporting period | | 13,367 | 14,857 |
| Reversal of non-cash expenses (income) and other adjustments | | | |
| Share-based payments expenses | | 14 | - |
| Depreciation and amortisation expenses | 4,5,6 | 12,741 | 12,971 |
| Fair value change of financial instruments | | 1,171 | - |
| Loss from impairment of property, plant and equipment | 6 | - | 116 |
| Impairment (reversal) of inventory | | 25 | (26) |
| Expenses of provision for emission | | 8,445 | (367) |
| Impairment (reversal) of receivables | | (96) | (37) |
| Share of (profit) of associates | 8 | (204) | (13) |
| Income tax expense | | 5,084 | 2,155 |
| Change in deferred tax | | (599) | 712 |
| Amortisation of grants | 16 | (4,135) | (4,184) |
| (Decrease)/increase in provisions | | 5,967 | 4,722 |
| Elimination of results of investing activities: | | | |
| (Gain) loss on disposal/write-off of non-current assets (other than financial assets) | | 1,060 | 5 |
| Elimination of results of financing and investing activities: | | | |
| - Interest (income) | | (159) | (195) |
| - Interest expenses | | 336 | 277 |
| - Other finance (income)/costs | | 3 | 86 |
| Working capital adjustment: | | | |
| (Increase) decrease in receivables from contracts with customers and other amounts receivable | | 3,321 | 11,375 |
| (Increase) decrease in inventories and prepayments | | 5,064 | 11,974 |
| Increase/(decrease) in payables and advance amounts received | | (10,726) | (4,608) |
| Income tax (paid) | | (7,319) | (5,405) |
| Net cash flows from operating activities | | 33,360 | 44,415 |
| Investing activities | | | |
| Acquisition of property, plant and equipment and intangible assets | | (582) | (410) |
| Disposal of property, plant and equipment and intangible assets | | 19 | 7 |
| Short-term loans recovered (granted) | | (26,917) | 17,018 |
| Income from Investments in associates | | - | (934) |
| Grants received | | - | 13 |
| Interest received | | 150 | 110 |
| Dividends received | | 160 | 159 |
| Net cash flows from investing activities | | (27,170) | 15,963 |
| Financing activities | | | |
| Repayments of borrowings | | (2,208) | (2,208) |
| Lease payments | | (56) | (103) |
| Interest paid | | (227) | (165) |
| Dividend expenses | | (18,737) | (36,288) |
| Net cash flows (to) financing activities | | (21,228) | (38,764) |
| Net increase (decrease) in cash and cash equivalents | | (15,038) | 21,614 |
| Cash and cash equivalents at the beginning of the period | | 138,120 | 58,501 |
| Cash and cash equivalents at the end of the period | | 123,082 | 80,115 |

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS

All amounts are in EUR thousand unless otherwise stated

1 General information

Ignitis Gamyba AB is a public limited liability company registered in the Republic of Lithuania, Ignitis Gamyba AB (hereinafter – the Company) is a limited liability profit-oriented entity registered with the Register of Legal Entities managed by the public institution the Centre of Registers. The Company was registered on 20 July 2011, The company code 302648707, VAT payer’s code LT100006256115, The Company has been founded for an indefinite period. The Company’s registered office address is Elektrinės st, 21, LT-26108, Elektrėnai, Lithuania,

As at 30 June 2021 and 31 December 2020 the issued capital of AB Ignitis Gamyba amounted to EUR 187,920,762,41, and it was divided into 648,002,629 ordinary registered shares with the nominal value of EUR 0,29 each. All the shares are fully paid, As at 30 June 2021 and 31 December 2020 , the Company did not hold its own shares.

From 1 September 2011, the shares of Ignitis Gamyba AB have been listed on the Main List of NASDAQ OMX Vilnius Stock Exchange. On 21 May 2020, Nasdaq Vilnius AB took the decision under the request of the Company to delist all the shares of the Company from the Main List. 30 June 2020 was the last day of trading on the Nasdaq Vilnius AB Stock Exchange.

During 30 June 2021 and 31 December 2020, the Company was engaged in electricity generation and electricity trading activities. In addition to these principal activities, the Company is free to be engaged in any other business activities not forbidden under the laws and stipulated in the Company’s Articles of Association.

The Company has permits of indefinite term to engage in electricity generation activities at the Reserve Power Plant and the Combined Cycle Unit (hereinafter collectively referred to as the Elektrėnai Complex), at Kaunas Algirdas Brazauskas Hydro Power Plant and at Kruonis Pumped Storage Power Plant, as well as in electricity import and export activities. The Company also holds permits to expand electricity generation capacities at the Reserve Power Plant and Kruonis Pumped Storage Power Plant, and certificates entitling to engage in maintenance and operation of electric, thermal power, natural gas and oil facilities. On 29 July 2011, based on the decision of the National Energy Regulatory Council (hereinafter “the NERC”), Ignitis Gamyba AB obtained the licence of an independent electricity supplier.

Shareholders of the Company:

| | As at 30 June 2021 | | As at 31 December 2020 | |
|--------------------|-----------------------|----------------|------------------------|----------------|
| | Number of shares held | Ownership pct. | Number of shares held | Ownership pct. |
| Ignitis Grupė AB | 647,427,826 | 99.91 | 636,314,384 | 98.20 |
| Other shareholders | 574,803 | 0.09 | 11,688,245 | 1.80 |
| Total | 648,002,629 | 100.00 | 648,002,629 | 100.00 |

As at 30 June 2021 and 31 December 2020, the main shareholders of the Company was AB Ignitis Grupė (hereinafter “the Group”). As at 30 June 2021, the shareholders of AB Ignitis Grupė were the Ministry of Finance of the Republic of Lithuania (73.08%), and retail and institutional investors (26.92%).

The Company’s investments into associates comprised the following:

| Associate | Registered office | Company’s ownership interest As at 30/06/2021 | Company’s ownership interest As at 31/12/2020 | Main activities |
|-------------------------------------|---|---|---|--|
| Geoterma UAB, bankrupt | Lypkių st, 53, LT-94100 Klaipėda, Lithuania | 23.44% | 23.44% | Geothermal energy production |
| Ignitis Grupės Paslaugų Centras UAB | Juozapavičiaus st, 13, Vilnius, Lithuania | 21.45% | 21.45% | Information technology services, public procurement, accounting and employment relations administration services |

For the purpose of these interim condensed financial statements (hereinafter “interim financial statements), the Company’s investments in associates have been reported under the equity method (Note 8).

As at 30 June 2021 and 31 December 2020, the Company had no subsidiaries.

As at 30 June 2021, the Company had 363 employees (as at 31 December 2020 – 359).

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS

All amounts are in EUR thousand unless otherwise stated

2 Summary of significant accounting policies

2.1 Basis of preparation

The Company's interim financial statements for the six months period ended on 30 June 2021 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 include all the information and disclosures required to prepare annual financial statements, therefore these interim condensed financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2020, prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

The Company's interim financial statements 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 (thousand EUR), except when otherwise indicated. The Company's interim financial statements provide comparative information in respect of the previous period. The financial year of the Company coincides with the calendar year.

In year 2020 the management of the Company has made certain restatement of comparative figures due to reclassifications in annual financial statements. 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 Company presents figures for 2020 as restated as described in Note 3.

2.2 New standards, amendments and interpretations

Changes in accounting policy and disclosures

Accounting policies adopted in the preparation of these interim financial statements are consistent with those applied in the Company's annual financial statements for the year ended 31 December 2020, except for the new standards which entered into force on 1 January 2021.

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

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

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

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

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

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

NOTES TO INTERIM CONDENSED 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

| | Notes | H1 2020 before restatement | Restatement | H1 2020 after restatement |
|---|-------|----------------------------|----------------|---------------------------|
| Revenue | | | | |
| Revenue from contracts with customers | | 67,408 | 1,353 | 68,761 |
| Other income | | 316 | 1,437 | 1,753 |
| Total revenue | | 67,724 | 2,790 | 70,514 |
| Operating expenses | | | | |
| Purchases of electricity or related services | | (10,603) | 601 | (10,002) |
| Gas, biofuel expenses | | (17,297) | - | (17,297) |
| Depreciation and amortisation | | (8,787) | - | (8,787) |
| Wages and salaries and related expenses | | (4,857) | - | (4,857) |
| Repair and maintenance expenses | | (2,037) | - | (2,037) |
| Emission allowance revaluation and utilisation (expenses)/income | | (2,479) | - | (2,479) |
| Inventory write-down (allowance)/reversal | | 26 | - | 26 |
| Impairment loss on property, plant and equipment | | (115) | - | (115) |
| Other expenses | | (3,696) | (3,391) | (7,087) |
| Operating expenses, total | | (49,845) | (2,790) | (52,635) |
| OPERATING PROFIT (LOSS) | | 17,879 | - | 17,879 |
| Finance income (expenses) | | | | |
| Finance income | | 109 | - | 109 |
| Whereof: interest income | | 98 | - | 98 |
| Finance expenses | | (277) | - | (277) |
| Total financial income and expenses | | (168) | - | (168) |
| Share of results of associates | | 13 | - | 13 |
| PROFIT (LOSS) BEFORE TAX | | 17,724 | - | 17,724 |
| Income tax and deferred tax expenses | | (2,867) | - | (2,867) |
| NET PROFIT (LOSS) FOR THE PERIOD | | 14,857 | - | 14,857 |
| Other comprehensive income (loss) that will not be subsequently reclassified to retained earnings (loss) | | 3,634 | - | 3,634 |
| Revaluation of emission allowances | | 3,634 | - | 3,634 |
| TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD | | 18,491 | - | 18,491 |

The Company changed presentation of financial derivative-related operations in the statement of profit or loss and other comprehensive. 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 Company 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 derivatives. The reclassification was made from other lines of the statement of profit or loss and other comprehensive to Other expenses (as the total net result for the period from all transactions related to derivatives is profit). Such presentation clarifies the total impact of financial derivatives in the statement of profit or loss and other comprehensive in a more conventional way.

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS

All amounts are in EUR thousand unless otherwise stated

4 Intangible assets

Movement of the Company's intangible assets provided below:

| | Software | Emission allowances and emission reduction units | Other intangible assets | Total |
|--|-----------|--|-------------------------|----------------|
| As at 31 December 2020 | | | | |
| Acquisition cost or revalued amount | 692 | 78,618 | 108 | 79,418 |
| Accumulated amortisation | (649) | - | (107) | (756) |
| Net book value as at 31 December 2020 | 43 | 78,618 | 1 | 78,662 |
| Period ended 30 June 2021 | | | | |
| Opening net book value as at 01/01/2021 | 43 | 78,618 | 1 | 78,662 |
| Additions | 1 | - | - | 1 |
| Sales | - | (19) | - | (19) |
| Emission allowances utilised | - | (21,170) | - | (21,170) |
| Revaluation of emission allowances and emission reduction units* | - | 55,137 | - | 55,137 |
| Amortisation | (15) | - | - | (15) |
| Net book value as at 30 June 2021 | 29 | 112,566 | 1 | 112,596 |
| As at 30 June 2021 | | | | |
| Acquisition cost or revalued amount | 693 | 112,566 | 108 | 113,367 |
| Accumulated amortisation | (664) | - | (107) | (771) |
| Net book value as at 30 June 2021 | 29 | 112,566 | 1 | 112,596 |

* The market price of the emission allowances on 30/06/2020 was EUR 26.90 per unit; on 31/12/2020 – EUR 32.04 per unit; on 30/06/2021 – EUR 56.25 per unit. The market price volatility is the main reason relate to the significant change of emission allowance revaluation effect.

The fair value of emission allowances is determined using the prices quoted in an active market, therefore, it is attributable to Level 1 in the fair value hierarchy. Emission allowances are remeasured at fair value based on the active market prices at the end of each reporting period.

During the II qtr. of 2021 amortization expenses of Company's intangible assets were EUR 7 thousand. During the II qtr. of 2020 amortization expenses of Company's intangible assets were EUR 13 thousand.

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS

All amounts are in EUR thousand unless otherwise stated

5 Property, plant and equipment

Movement of the Company's property, plant, and equipment provided below:

| | Land | Buildings | Structures and equipment | Structures and machinery of Hydro-Power Plant, Pumped Storage Power Plant | Structures and equipment of Reserve Power Plant | Combined Cycle Unit | Vilnius Thermal Power Plant No 3 | Motor vehicles | Computer hardware, communication and other office equipment | Other PP&E | Construction-in-progress | Total |
|--|--------------|------------|--------------------------|---|---|---------------------|----------------------------------|----------------|---|------------|--------------------------|----------------|
| As at 31 December 2020 | | | | | | | | | | | | |
| Acquisition cost or revalued amount | 1,845 | 599 | 1,904 | 211,264 | 382,586 | 387,435 | 4,206 | 153 | 57 | 165 | 1,845 | 992,059 |
| Accumulated depreciation | - | (28) | (193) | (113,222) | (223,247) | (121,079) | (1,549) | (141) | (48) | (153) | - | (459,660) |
| Accumulated impairment | - | - | - | - | (105,765) | - | - | - | - | - | (223) | (105,988) |
| Net book value as at 31 December 2020 | 1,845 | 571 | 1,711 | 98,042 | 53,574 | 266,356 | 2,657 | 12 | 9 | 12 | 1,622 | 426,411 |
| Period ended 30 June 2021 | | | | | | | | | | | | |
| Opening net book value as at 01/01/2021 | 1,845 | 571 | 1,711 | 98,042 | 53,574 | 266,356 | 2,657 | 12 | 9 | 12 | 1,622 | 426,411 |
| Additions | - | - | - | 8 | 35 | 60 | - | 1 | - | - | 428 | 532 |
| Write-offs | - | - | - | - | (1,018) | (7) | (35) | - | - | - | - | (1,060) |
| Reclassifications between items | - | - | - | 320 | - | - | - | - | - | - | (320) | - |
| Reclassification from/to inventories | - | - | - | 123 | 1 | 8 | - | - | - | - | - | 132 |
| Reclassification from/to investment property | - | - | - | - | - | - | 1,335 | - | - | - | - | 1,335 |
| Depreciation change | - | (7) | (48) | (2,766) | (2,113) | (7,335) | (344) | (1) | (1) | (5) | - | (12,620) |
| Net book value as at 30 June 2021 | 1,845 | 564 | 1,663 | 95,727 | 50,479 | 259,082 | 3,613 | 12 | 8 | 7 | 1,730 | 414,730 |
| As at 30 June 2021 | | | | | | | | | | | | |
| Acquisition cost or revalued amount | 1,845 | 599 | 1,904 | 211,714 | 377,789 | 387,484 | 5,470 | 154 | 57 | 165 | 1,953 | 989,134 |
| Accumulated depreciation | - | (35) | (241) | (115,987) | (294,215) | (128,402) | (1,857) | (142) | (49) | (158) | - | (541,086) |
| Accumulated impairment | - | - | - | - | (33,095) | - | - | - | - | - | (223) | (33,318) |
| Net book value as at 30 June 2021 | 1,845 | 564 | 1,663 | 95,727 | 50,479 | 259,082 | 3,613 | 12 | 8 | 7 | 1,730 | 414,730 |

During the II qtr. of 2021 depreciation expenses of Company's property, plant and equipment were EUR 6,298 thousand, from which the largest amount was EUR 3,586 thousand Combined Cycle Unit depreciation expenses. During the II qtr. of 2020 depreciation expenses of Company's property, plant and equipment were EUR 6,433 thousand, from which the largest amount EUR 3,683 thousand Combined Cycle Unit depreciation expenses.

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS

All amounts are in EUR thousand unless otherwise stated

As at 30 June 2021, the Company 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 Company analysed whether there were any significant changes in the regulatory environment or other areas which could impact fair value of property, plant and equipment which is recognized at revalued amount. The Company did not notify any significant changes which could materially impact carrying amount of such assets.

The Company has significant acquisition commitments of property, plant and equipment which will have to be fulfilled during the later years. Company's acquisition and construction commitments amounted to EUR 168 thousand as at 30 June 2021 (31 December 2020: EUR 725 thousand).

As at 30 June 2021, the Company pledged to the banks property, plant and equipment with the residual value of EUR 19,686 thousand at the statements of financial position (31 December 2020: EUR 20,121 thousand).

6 Right-of-use assets

Movement of the Company's right-of-use assets provided below:

| | Land | Buildings | Motor vehicles | Total |
|--|--------------|-----------|----------------|--------------|
| As at 31 December 2020 | | | | |
| Acquisition cost | 5,438 | 89 | 434 | 5,961 |
| Accumulated depreciation | (121) | (18) | (195) | (334) |
| Net book value as at 31 December 2020 | 5,317 | 71 | 239 | 5,627 |
| Period ended 30 June 2021 | | | | |
| Opening net book value as at 01/01/2021 | 5,317 | 71 | 239 | 5,627 |
| Additions | - | - | 3 | 3 |
| Write-offs and disposals | - | (44) | - | (44) |
| Depreciation change | (39) | (18) | (49) | (106) |
| Net book value as at 30 June 2021 | 5,278 | 9 | 193 | 5,480 |
| As at 30 June 2021 | | | | |
| Acquisition cost | 5,438 | 45 | 437 | 5,920 |
| Accumulated depreciation | (160) | (36) | (244) | (440) |
| Net book value as at 30 June 2021 | 5,278 | 9 | 193 | 5,480 |

The Company 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.

The Company's lease expenses are recognised in the statement of profit or loss and other comprehensive income as follows:

| | II qtr. | | H1 | |
|------------------------------|------------|------------|------------|------------|
| | 2021 | 2020 | 2021 | 2020 |
| Depreciation change | 53 | 53 | 106 | 123 |
| Interest charges | 55 | 54 | 110 | 107 |
| Lease expenses, total | 108 | 107 | 216 | 230 |

7 Investment property

Movement of the Company's investment property provided below:

| | Buildings | Plant and equipment | Total |
|--|--------------|---------------------|--------------|
| Period ended 30 June 2021 | | | |
| Opening net book value as at 01/01/2021 | 3,366 | 57 | 3,423 |
| Reclassification from/to property, plant and equipment | (1,335) | - | (1,335) |
| Net book value as at 30 June 2021 | 2,031 | 57 | 2,088 |

The property portfolio of Vilnius CHP 3 consisting of real estate and movable property was subject to valuation, Independent property appraiser UAB APUS TURTAS carried out the valuation of assets using the replacement cost (movable) and comparable method (real estate). Fair value of the investment property amounted to EUR 3,366 as at 16 June 2020 (valuation date). Based on the judgement of the management, no significant changes in market conditions were observed and the fair value of the investment property as at 30 June 2021 remained similar to the value set by the appraiser.

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS

All amounts are in EUR thousand unless otherwise stated

8 Investments in associates

The Company accounts for investments into associates using the equity method:

| | Residual value As at 31/12/2020 | The Company's share of results of operations | Dividends received | Net book value as at 30/06/2021 |
|---|------------------------------------|--|-----------------------|------------------------------------|
| Geoterma UAB, bankrupt UAB Ignitis grupės paslaugų centras | - 2,867 | - 204 | - (160) | - 2,911 |
| Total | 2,867 | 204 | (160) | 2,911 |

9 Receivables under contracts with customers

The Company's trade receivables under contracts with customers comprised amounts receivable from customers for goods sold and services rendered:

| | As at 30/06/2021 | As at 31/12/2020 |
|--|------------------|------------------|
| Receivables for electricity | 3,178 | 7,773 |
| Receivables for sale of reserve services | 1,902 | 3,259 |
| Receivables for sale of system recovery services | 2,700 | 4,346 |
| Receivables for sale of heat | 31 | 391 |
| Other trade receivables | 11 | 30 |
| Total | 7,822 | 15,799 |
| Less: Expected credit losses | (1) | (6) |
| Residual value | 7,821 | 15,793 |

As at 30 June 2021 and 31 December 2020, the fair value of receivables under contracts with customers approximated their carrying amount and is attributed to Level 3 in the fair value hierarchy (Note 26).

10 Other receivables

The Company's other receivables comprised the following:

| | As at 30/06/2021 | As at 31/12/2020 |
|--|------------------|------------------|
| Guarantees | 2,900 | - |
| VAT receivable from the state budget | 3,294 | 1,656 |
| Other receivables | 918 | 773 |
| Total | 7,112 | 2,429 |
| Less: Expected credit losses | (345) | (436) |
| Net book value at the end of the period | 6,767 | 1,993 |

As at 30 June 2021 and 31 December 2020, the fair value of trade receivables approximated their carrying amount (Note 26).

11 Loans granted

The Company's loans granted entered short-term loans issued to Group companies in accordance with the "Group account" agreement (cash-pool):

| | As at 30/06/2021 | As at 31/12/2020 |
|--|------------------|------------------|
| Loans granted to related companies (cash-pool) | 36,059 | 9,142 |
| Residual value | 36,059 | 9,142 |

On 30 June 2021 and 31 December 2020, the carrying amount of loans granted approximates their fair value (Note 26).

12 Issued capital

As at 30 June 2021 and 31 December 2020, issued capital of the Company amounted to EUR 187,920,762 and it was divided into 648,002,629 ordinary registered shares with the nominal value of EUR 0.29 each. All the shares are fully paid.

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS

All amounts are in EUR thousand unless otherwise stated

13 Dividends per share

Approved dividends per share are provided below:

| | H1 2021 | H1 2020 |
|---|--------------|--------------|
| Dividends (thousand EUR) | 18,792 | 36,288 |
| Weighted average number of shares (units) | 648,002,629 | 648,002,629 |
| Dividends per share (EUR) | 0.029 | 0.056 |

During the ordinary General Meeting of Shareholders of Ignitis Gamyba AB, held on 31 March 2021, a decision was made to pay out dividends of EUR 0.029 per share for July–December 2020, amounting to EUR 18,792 thousand in total.

14 Loans

The Company's borrowings by maturity grouping are as follows:

| | As at 30/06/2021 | As at 31/12/2020 |
|--|------------------|------------------|
| Long-term borrowings | | |
| Loan from Luminor Bank AB, in EUR, to be repaid by 31 March 2027 | 5,823 | 6,436 |
| Loan from SEB Bankas AB, in EUR, to be repaid by 6 July 2027 | 8,869 | 10,464 |
| Total non-current borrowings | 14,692 | 16,900 |
| Current portion of long-term loans | | |
| Loan from Luminor Bank AB, in EUR, to be repaid by 31 March 2027 | 1,226 | 1,226 |
| Loan from SEB Bankas AB, in EUR, to be repaid by 6 July 2027 | 3,191 | 3,191 |
| Current portion of long-term loans, total | 4,417 | 4,417 |

Non-current borrowings by maturity:

| | As at 30/06/2021 | As at 31/12/2020 |
|------------------------|------------------|------------------|
| From one to two years | 4,417 | 4,417 |
| From two to five years | 9,356 | 10,951 |
| After five years | 919 | 1,532 |
| Total | 14,692 | 16,900 |

15 Lease liabilities

The Company's future payments under leases were as follows:

| | As at 30/06/2021 | As at 31/12/2020 |
|-----------------------------|------------------|------------------|
| Minimum payments | | |
| Within one year | 346 | 370 |
| Two to five years | 1,033 | 1,118 |
| After five years | 15,399 | 15,516 |
| Total | 16,778 | 17,004 |
| Future finance costs | | |
| Within one year | (220) | (220) |
| Two to five years | (874) | (876) |
| After five years | (10,072) | (10,179) |
| Total | (11,166) | (11,275) |
| Residual value | 5,612 | 5,729 |

On 30 June 2021 and 31 December 2020, the lease liabilities approximates their fair value (Note 26).

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS

All amounts are in EUR thousand unless otherwise stated

16 Grants

During the six months period, ended 30 June 2021, movement of grants was as follows:

| | Asset-related grants | | | Total |
|---|--|---|--------------------------------|----------------|
| | Fuel combustion equipment and other assets | Project for renovation, improvement of environmental and safety standards | Grants for emission allowances | |
| Balance as at 1 January 2021 | 25,351 | 125,423 | 3,261 | 154,035 |
| Depreciation of property, plant and equipment | (183) | (3,952) | - | (4,135) |
| Grant for emission allowances utilised | - | - | (2,356) | (2,356) |
| Balance as at 30 June 2021 | 25,168 | 121,471 | 905 | 147,544 |

During H1 2021, the Company's asset-related grants decreased by EUR 4,135 thousand (H1 2020: EUR 4,184 thousand), during the II qtr. of 2021 decrease was EUR 2,067 thousand (II qtr. of 2020– EUR 2,092 thousand). Depreciation expenses of property, plant and equipment were reduced by this amount in the statement of profit or loss and other comprehensive income.

17 Provisions

The Company's provisions comprised the following:

| | As at 30/06/2021 | As at 31/12/2020 |
|-----------------------------------|------------------|------------------|
| Non-current provisions | 15,273 | 16,943 |
| Current provisions | 15,517 | 18,249 |
| Total amount of provisions | 30,790 | 35,192 |

Movement of provisions during were as follows:

| | Emission allowance liabilities* | Provision for capacity reserves and system services | Dismantling works | Provisions for pension benefits | Other provisions | Total |
|--|---------------------------------|---|-------------------|---------------------------------|------------------|---------------|
| As at 1 January 2021 | 14,473 | 17,261 | 2,787 | 614 | 57 | 35,192 |
| Increase during the period | 7,486 | 1,660 | 190 | - | - | 9,336 |
| Utilised during the period | (21,170) | - | (886) | (33) | (5) | (22,094) |
| Emission allowances utilised | - | - | - | - | - | - |
| Revaluation of utilised emission allowances | 8,445 | - | - | - | - | 8,445 |
| Increase/decrease due to change in actuarial assumptions | - | - | - | (89) | - | (89) |
| As at 30 June 2021 | 9,234 | 18,921 | 2,091 | 492 | 52 | 30,790 |

*In the statement of profit or loss and other comprehensive income, expenses of provisions for emissions were reported net of used government grants.

18 Other amounts payable and liabilities

The Company's other amounts payable comprised the following:

| | As at 30/06/2021 | As at 31/12/2020 |
|--|------------------|------------------|
| Derivative financial instruments | 1,171 | - |
| Dividends payable | 1,153 | 1,098 |
| Vacation reserve | 1,098 | 1,027 |
| Employment-related liabilities | 867 | 584 |
| Taxes payable | 221 | 477 |
| Other payables and current liabilities | 510 | 259 |
| Residual value | 5,020 | 3,445 |

As at 30 June 2021 and 31 December 2020, the fair value of other accounts payable approximates their carrying amounts (Note 26).

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS

All amounts are in EUR thousand unless otherwise stated

19 Revenue from contracts with customers

Revenue recognised from contracts with customers:

| | II qrt. | | H1 | |
|---------------------------------------|---------------|---------------------|----------------|---------------------|
| | 2021 | 2020 (restated)* | 2021 | 2020 (restated)* |
| Revenue from sale of electricity | 39,148 | 25,562 | 77,188 | 41,310 |
| Other system services | 6,730 | 6,006 | 13,306 | 12,236 |
| Revenue from power reserve services | 5,149 | 5,919 | 10,365 | 12,251 |
| Revenue from supply of thermal energy | 325 | 539 | 1,495 | 1,867 |
| Sale of inventory | 2 | 10 | 86 | 10 |
| Other operating income | 703 | 906 | 1,308 | 1,087 |
| Total revenue | 52,057 | 38,942 | 103,748 | 68,761 |

* Results from derivatives were reclassified to Other expenses in order to give more reliable information for the users of the financial statements (Note 3).

All revenue from agreements concluded with customers is calculated with regard to the price of the transaction as defined in the agreement. The Company usually receives payments immediately after rendering respective services. In rare cases, the terms of delayed payment might be agreed upon, however, any delay of payments cannot exceed twelve months, and therefore, the transaction price is not adjusted in view of the financing impact on revenue recognition. The Company earns its operating income from sale of services to Lithuanian companies or electricity on the power exchange Nord Pool, however, trading takes place in the Lithuanian trading zone, therefore the Company's management considers these sales as trading on the local market of Lithuania.

19.1 Contract balances

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

| | Notes | As at 30/06/2021 | As at 31/12/2020 |
|---|-----------|------------------|------------------|
| Receivables under contracts with customers | 10 | 7,821 | 15,793 |
| Contract assets | | - | 2 |
| Accrued revenue from capacity reserve and services ensuring isolated operation of the power system are subject to indirect regulation (current portion) | | - | 2 |
| Contract liabilities | | 124 | 177 |
| Contract liabilities | | 124 | 177 |

19.2 Revenue by the moment of recognition

Breakdown of revenue by the moment of recognition

| | II qrt. | | H1 | |
|--|---------------|---------------|----------------|---------------|
| | 2021 | 2020 | 2021 | 2020 |
| Products and services sold during the period | 51,403 | 38,078 | 102,569 | 67,770 |
| Products and services sold at point in time | 654 | 864 | 1,179 | 991 |
| Total | 52,057 | 38,942 | 103,748 | 68,761 |

20 Other income

The Company's other expenses were as follows:

| | II qrt. | | H1 | |
|---|------------|---------------------|------------|---------------------|
| | 2021 | 2020 (restated)* | 2021 | 2020 (restated)* |
| Property rental income | 114 | 116 | 237 | 250 |
| Derivatives | - | (705) | - | - |
| Fee for early contract termination of derivatives | - | - | - | 1,437 |
| Gain on disposal of property, plant and equipment | - | - | - | 6 |
| Other income | 35 | 31 | 70 | 60 |
| Total | 149 | (558) | 307 | 1,753 |

* Results from derivatives were reclassified to Other expenses in order to give more reliable information for the users of the financial statements (Note 3).

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS

All amounts are in EUR thousand unless otherwise stated

21 Segment reporting

The Company's management analyses the Company's operations by separating them into regulated activities and commercial activities. The regulated activities include the Reserve Power Plant's revenue from heat and electricity production, needed for the provision of regulated services, balancing and regulation, isolated operation of the power system and capacity reserve services, including capacity reserve revenue of Kruonis Pumped Storage Power Plant. The commercial activities include electricity trade in a free market, including isolated operation of the power system service provided in reserve power plant, electricity production at Kaunas Algirdas Brazauskas Hydro Power Plant and Kruonis Pumped Storage Power Plant, and the related balancing and regulation services. Administrative expenses are allocated between the regulated activities and the commercial activities based on operating expenses. Total revenue of segments is generated from external customers, Items in the statement of financial position are not further refined into segments.

The primary performance measure is adjusted EBITDA, which is calculated based on data presented in the financial statements prepared in accordance with IFRS as adjusted for selected items which are not recognised under IFRS.

Information on the Company's segments for H1 2021 is presented below:

| 2021 | Regulated activities | Commercial activities | Total |
|--|----------------------|-----------------------|----------------|
| Revenue from sale of electricity | 151 | 77,037 | 77,188 |
| Other system services | 13,306 | - | 13,306 |
| Income from capacity reserve services | 10,365 | - | 10,365 |
| Revenue from supply of thermal energy | 1,495 | - | 1,495 |
| Sale of inventory | - | 86 | 86 |
| Other operating income | - | 1,308 | 1,308 |
| Other income | - | 307 | 307 |
| Total revenue of segments | 25,317 | 78,738 | 104,055 |
| Purchases of electricity, gas for trade, and related services, gas purchases | (10,306) | (47,099) | (57,405) |
| Operating expenses | (6,603) | (4,179) | (10,782) |
| EBITDA* | 8,408 | 27,460 | 35,868 |
| Management's adjustments | | | |
| Change in market value of derivatives | - | 1,171 | 1,171 |
| Adjusted EBITDA** | 8,408 | 28,631 | 37,039 |
| Other adjustments | | | |
| Depreciation and amortisation expenses of non-current assets | (6,302) | (2,304) | (8,606) |
| Increase (decrease) in value of non-current and other assets | - | 71 | 71 |
| Non-current assets write-off | - | (1,060) | (1,060) |
| Revaluation of emission allowances and provisions | - | (8,445) | (8,445) |
| Profit from operations | 2,106 | 15,722 | 17,828 |
| Finance income | | | 189 |
| Finance expenses | | | (369) |
| Share of results of associates | | | 204 |
| Profit before tax | | | 17,852 |

* EBITDA = Profit (loss) before tax + finance costs – finance income – dividends received + depreciation and amortisation costs + impairment losses - reversal of impairment losses + revenues/expenses of revaluation of emission allowances + write-offs of property, plant and equipment.

** Adjusted EBITDA = EBITDA + management's adjustments.

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS

All amounts are in EUR thousand unless otherwise stated

Information on the Company's segments for H1 2020 is presented below:

| 2020 (restated)* | Regulated activities | Commercial activities | Total |
|--|----------------------|-----------------------|---------------|
| Revenue from sale of electricity | 341 | 40,969 | 41,310 |
| Income from capacity reserve services | 12,251 | - | 12,251 |
| Other system services | 12,236 | - | 12,236 |
| Revenue from supply of thermal energy | 1,867 | - | 1,867 |
| Sale of inventory | - | 10 | 10 |
| Other operating income | - | 1,087 | 1,087 |
| Other income | - | 1,753 | 1,753 |
| Total revenue of segments | 26,695 | 43,819 | 70,514 |
| Purchases of electricity, gas for trade, and related services, gas purchases | (10,048) | (20,654) | (30,702) |
| Operating expenses | (6,512) | (6,938) | (13,450) |
| EBITDA** | 10,135 | 16,227 | 26,362 |
| Management's adjustments | | | |
| Change in market value of open financial derivative instruments*** | - | 3,948 | 3,948 |
| Adjusted EBITDA**** | 10,135 | 20,175 | 30,310 |
| Other adjustments | | | |
| Depreciation and amortisation expenses of non-current assets | (6,447) | (2,340) | (8,787) |
| Increase (decrease) in value of non-current and other assets | - | (52) | (52) |
| Non-current assets write-off | - | (11) | (11) |
| Revaluation of emission allowances and provisions | - | 367 | 367 |
| Profit from operations | 3,688 | 14,191 | 17,879 |
| Finance income | | | 109 |
| Finance expenses | | | (277) |
| Share of results of associates | | | 13 |
| Profit before tax | | | 17,724 |

* Results from derivatives were reclassified to Other expenses in order to give more reliable information for the users of the financial statements (Note 3).

** EBITDA = Profit (loss) before tax + finance costs – finance income – dividends received + depreciation and amortisation costs + impairment losses - reversal of impairment losses + revenues/expenses of revaluation of emission allowances + write-offs of property, plant and equipment.

** The management's adjustment consists of the elimination of changes in the value of two derivatives that were concluded with Ignitis UAB on 26 March 2020. The transactions include the sale of electricity and the purchase of natural gas.

**** Adjusted EBITDA = EBITDA + management's adjustments.

22 Related party transactions

The Company's transactions with related parties conducted during H1 2021 and balances arising on these transactions at 30 June 2021 are presented below:

| Related parties | Payables and accrued expenses | Receivables and unbilled revenue | Loans granted | Purchases | Sales |
|---|-------------------------------|----------------------------------|------------------|---------------|---------------|
| | As at 30/06/2021 | As at 30/06/2021 | As at 30/06/2021 | H1 2021 | H1 2021 |
| Associates of the Company | 166 | 2 | - | 837 | 4 |
| Group companies | 2,295 | 36 | 36,059 | 8,130 | 312 |
| Parent company Ignitis grupė AB | 32 | - | - | 247 | - |
| State-controlled EPSO G UAB Group companies | 2,899 | 7,219 | - | 32,993 | 46,608 |
| Total | 5,392 | 7,257 | 36,059 | 42,207 | 46,924 |

The Company carries out the functions of a designated entity, i.e. it bought the total quantity of electricity expected to be produced by wind-power generators and sold it at the power exchange. Purchases (EUR 5,869 thousand during H1 2021; EUR 7,594 thousand during H1 2020) and sales (EUR 13,481 thousand during H1 2021; EUR 37,817 thousand during H1 2020) of electricity produced by wind farms as reported in the tables on the related-party transactions cover the total amount of the transactions in the Company's sales revenue.

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS

All amounts are in EUR thousand unless otherwise stated

The Company's transactions with related parties conducted during H1 2020 and balances arising on these transactions as at 31 December 2020 are presented below:

| Related parties | Payables and accrued expenses | Receivables and unbilled revenue | Loans granted | Purchases | Sales |
|---|-------------------------------|----------------------------------|------------------|---------------|---------------|
| | As at 31/12/2020 | As at 31/12/2020 | As at 31/12/2020 | H1 2020 | H1 2020 |
| Associates of the Company | 224 | 1 | - | 798 | 5 |
| Group companies | 4,648 | 35 | 9,142 | 10,713 | 4,130 |
| Parent company AB Ignitis grupė | 34 | - | - | 243 | - |
| State-controlled EPSO G UAB Group companies | 2,882 | 17,322 | - | 23,375 | 79,441 |
| Total | 7,788 | 17,358 | 9,142 | 35,129 | 83,576 |

There were no guarantees or pledges given or received in respect of the related party payables and receivables. Related-party payables and receivables are expected to be settled in cash or by set-off against payables/receivables to/from a respective related party.

23 Compensation to key management personnel

| | H1 2021 | H1 2020 |
|--|---------|---------|
| Wages and salaries and other short-term benefits to key management personnel | 211 | 189 |
| Whereof: | | |
| Short-term employee benefits | 197 | 189 |
| Share-based payment expenses | 14 | - |
| Wages and salaries and other short-term benefits to key management personnel | 6 | 6 |

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

24 Gas and biofuel expenses

| | II qrt. | | H1 | |
|------------------------|---------------|---------------|---------------|---------------|
| | 2021 | 2020 | 2021 | 2020 |
| Gas purchase expenses* | 15,739 | 9,856 | 29,888 | 16,594 |
| Biofuel expenses | 112 | 176 | 619 | 703 |
| Total | 15,851 | 10,032 | 30,507 | 17,297 |

* Gas expenses were higher due to significantly larger Elektrėnai Complex electricity generation during H1 2021.

25 Other expenses

| | II qrt. | | H1 | |
|--|--------------|------------------|--------------|------------------|
| | 2021 | 2020 (restated)* | 2021 | 2020 (restated)* |
| Results from derivatives | 1,286 | 3,947 | 1,523 | 3,947 |
| Non-current assets write-off | 42 | - | 1,060 | 11 |
| Operating taxes | 420 | 467 | 937 | 934 |
| Business support and management services | 326 | 349 | 680 | 681 |
| Asset protection | 100 | 94 | 177 | 169 |
| Insurance | 63 | 38 | 119 | 82 |
| Audit | 16 | 16 | 32 | 31 |
| Lease | 6 | 3 | 11 | 6 |
| Impairment (reversal) of receivables | (25) | (78) | (96) | (37) |
| Other expenses | 624 | 595 | 1,243 | 1,263 |
| Total | 2,858 | 5,431 | 5,686 | 7,087 |

* Results from derivatives were reclassified to Other expenses in order to give more reliable information for the users of the financial statements (Note 3).

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS

All amounts are in EUR thousand unless otherwise stated

26 Fair values of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction under current market conditions in the main (or the most favourable) market independent on whether this price is directly observable or established using valuation techniques.

| | Carrying amount | | Fair value | |
|--|-----------------|----------------|------------|-----------------|
| | Total | Level 1 | Level 2 | Level 3 |
| Carrying amount at 31 December 2020 | | | | |
| Financial assets | | | | |
| Receivables from contracts with customers | 15,793 | - | - | 15,793 |
| Other financial assets | 2,092 | - | - | 2,092 |
| Loans granted | 9,142 | - | - | 9,142 |
| Cash and cash equivalents | 138,120 | 138,120 | - | - |
| Total financial assets | 165,147 | 138,120 | - | 27,027 |
| Financial liabilities | | | | |
| Loans | (21,317) | - | - | (20,017) |
| Lease liabilities | (5,729) | - | - | (5,729) |
| Payables and liabilities | (20,028) | - | - | (20,028) |
| Total financial liabilities | (47,074) | - | - | (45,774) |
| Net book value as at 30 June 2021 | | | | |
| Financial assets | | | | |
| Receivables from contracts with customers | 7,821 | - | - | 7,821 |
| Other financial assets | 6,848 | - | - | 6,848 |
| Loans granted | 36,059 | - | - | 36,059 |
| Cash and cash equivalents | 123,082 | 123,082 | - | - |
| Total financial assets | 173,810 | 123,082 | - | 50,728 |
| Financial liabilities | | | | |
| Loans | (19,109) | - | - | (17,448) |
| Lease liabilities | (5,612) | - | - | (5,612) |
| Payables and liabilities | (9,149) | - | - | (9,149) |
| Total financial liabilities | (33,870) | - | - | (32,209) |

Due to its short-term and stable variable interest rates on 30 June 2021 and 31 December 2020 the value of receivables under contracts with customers, other financial assets, loans granted, loan liabilities, lease liabilities, payables and liabilities approximated their carrying value attributable to Level 3 in the fair value hierarchy.

27 Contingent liabilities and assets

27.1 Litigations

On 2019 August 7 the Company appealed to the Vilnius Regional Administrative Court regarding the annulment of the decision taken by NERC on 8 July 2019 No. R2- (E) -1340 "On compensation for the amount of funds of public interest services for public services provided in 2016" (hereinafter – the NERC's decision) and to oblige the NERC when determining the need for funds for public interest services (for the first year for which the need of PSO funds will be determined after the effective date of this court decision to estimate the resulting difference EUR 2.51 million between the Company's 2016 forecast revenue and actual costs incurred. The Supreme Administrative Court of Lithuania on 2 December 2020 partially upheld the Company's appeal - annulled the decision of the Vilnius Regional Administrative Court in 21 November 2019 to dismiss the Company's appeal and remitted the case to the Court of First Instance for reconsideration.

Vilnius Regional Administrative Court on 10 March 2021 partially upheld the Company's appeal – annulled the NERC's decision and obliged the NERC when determining the need for funds for public interest services for the first year for which the need of PSO funds will be determined after the effective date of this court decision to examine the Company's request ant to estimate the resulting difference EUR 2.51 million between the Company's 2016 forecast revenue and actual costs incurred.

The Supreme Administrative Court of Lithuania on 9 June 2021 rejected the NERC's appeal. The decision of Vilnius Regional Administrative Court of 10 March 2021 came into force on 9 June 2021 and became mandatory for the NERC.

As at 30 June 2021, the amount of the Company's contingent assets (these contingent assets are not recognised in the financial statements) related to the legal dispute concerning the NERC decision, by which the Company was declared as an undertaking with significant power in the electricity generation market and thus the amount of the payable PSO funds was additionally reduced by EUR 2.51 million, amounted to EUR 2.51 million and remains unchanged from 31 December 2020.

28 Events after the reporting period

There were no significant events after 30 June 2021 and until the date of approval of the interim financial statements.
