ignitis group

Interim report

H1 2020

Consolidated interim report for the first half year of 2020 and consolidated financial statements for the period ended 30 June 2020, prepared in accordance with IAS 34

Contents

Overview

Management’s foreword

Dear Customers, Partners, Employees, Shareholders,

First half of 2020 was a challenging time for all businesses, including Ignitis Group. We faced challenges related to the coronavirus pandemic and quarantine. It affected everyone, so Ignitis Group took the necessary steps to ensure the safety of our employees, business continuation, and the provision of support to our financially affected customers.

This extraordinary situation proved that, during times of uncertainty, the help of a dedicated and professional team is of vital importance. It is fair to say now that we managed the situation well and at the same time made big steps towards the implementation of long-term goals of Ignitis Group.

In first half of 2020, Ignitis Gamyba in Lithuania installed 1 MW solar power plant and continues developing it. The solar power plant, which will be of 4 MW capacity in total, will be the biggest in the Baltic States. The construction works of an onshore 94 MW windfarm in Pomerania, Poland, were continued successfully: almost half of planned 29 turbines are already erected. At the same time, we were also preparing for the implementation of 63 MW windfarm in Mažeikiai, Lithuania – the works will start in Q3 2020.

These are just a few examples of our projects, which we implement driven by our mission. Creating an Energy Smart world and committing to a more sustainable future remains core to all our activities.

Our strategy update, released in June 2020, follows the expectations from the Group’s shareholder for the consistent and sustainable growth of Ignitis Group through the modernisation of its energy infrastructure and the further development of its green power generation portfolio.

The Strategy is aligned with the targets of Lithuania’s National Energy Independence Strategy. This includes the adoption of smart metering, innovative technologies and the digitisation of the Lithuanian energy sector, as well as the development of additional green energy generation capacity (including offshore in the Baltic sea) and synchronization with continental European energy grids.

Active development of green generation remains key priority of sustainable development for the Group. Ignitis Group targets 4 GW of installed green generation capacity by 2030 while creating value for shareholders. The Group is also looking to maintain leadership in its home markets – the Baltic countries, Poland and Finland – and will explore new opportunities in countries which are in the energy transition path.

In first half 2020, we continued transforming our company to create the leading green energy business in the region and create a more sustainable world.

Chairman of the Board and the CEO
AB Ignitis Grupė

Ignitis Group – a sustainable energy leader in the Baltics

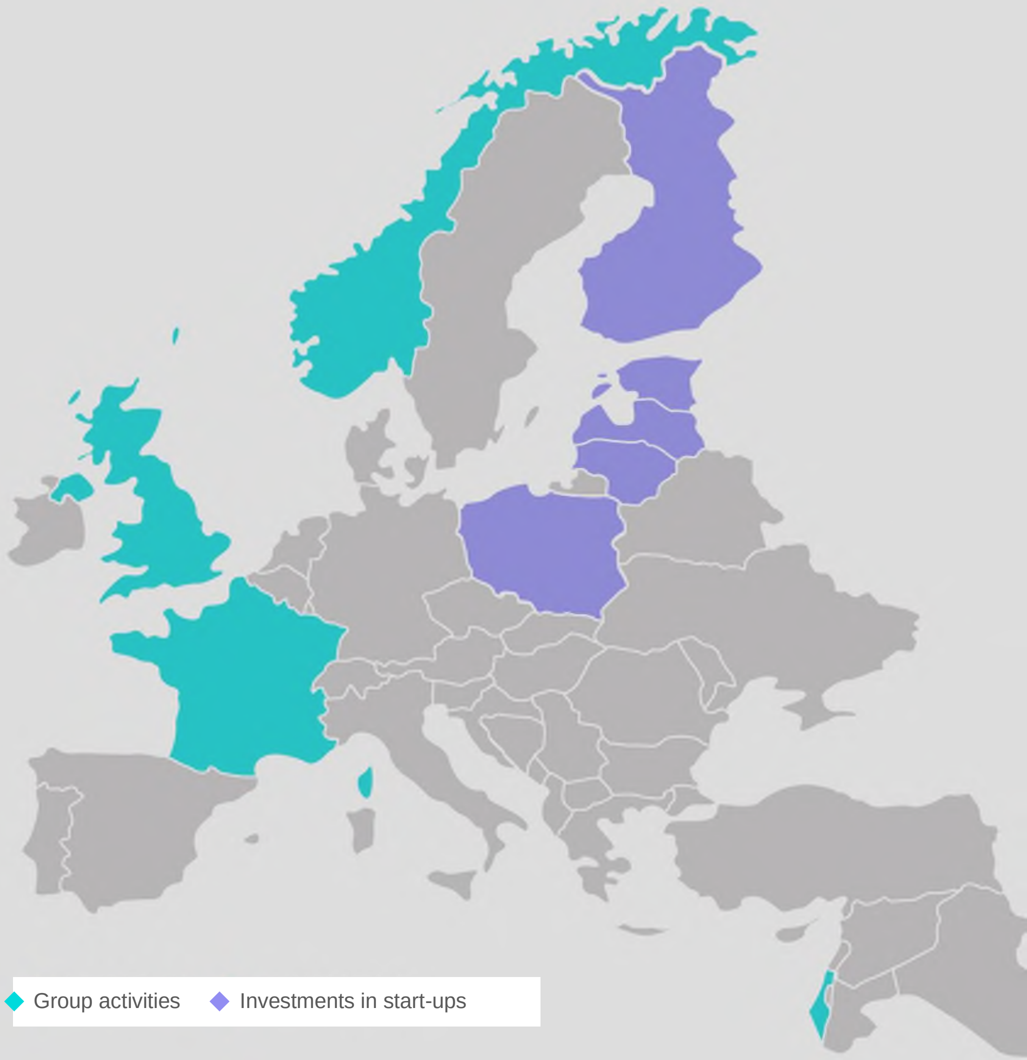
Ignitis Group is a leading utility and renewable energy company in the Baltic region.

Core business is focused on operating electricity and gas distribution Networks and managing and developing its Green Generation portfolio.

Ignitis Group also manages strategically important Flexible Generation assets and provides Customers and Solutions services, including the supply of electricity and gas, solar, e-mobility, improved energy efficiency and innovative energy solutions for household and businesses.

Ignitis Group operates in its home markets (Lithuania, Latvia, Estonia, Poland and Finland) and evaluates opportunities in other countries on the energy transition path.

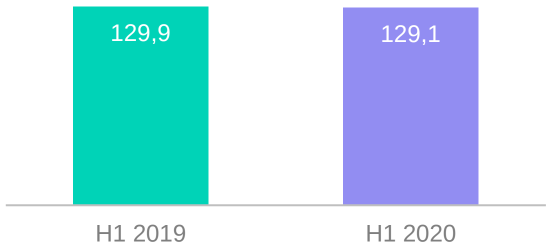
The Ministry of Finance of the Republic of Lithuania is the sole shareholder of the Company.



Performance highlights

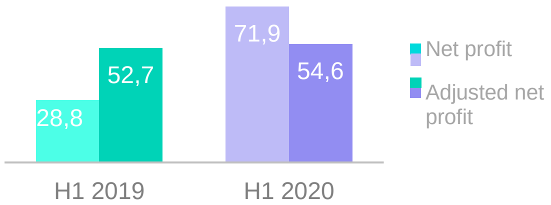
Profits and returns*

Adjusted EBITDA APM
EURm



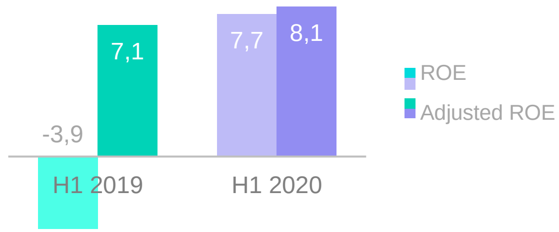
Adjusted EBITDA slightly decreased. Lower Customers and Solutions segments result caused by temporary negative result from B2B electricity activity was partly offset by strong performance of Networks segment mainly due to growing RAB.

Net profit, Adjusted net profit APM
EURm



Adjusted net profit increased by 3.6% driven by decrease of current year income tax and deferred income tax.

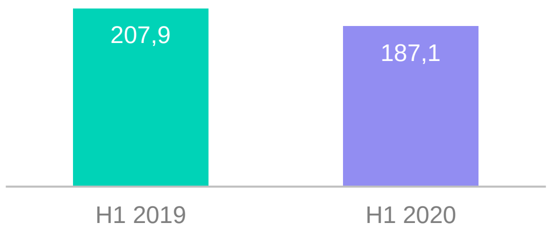
ROE, Adjusted ROE APM
%



Adjusted ROE LTM reached 8.1%.

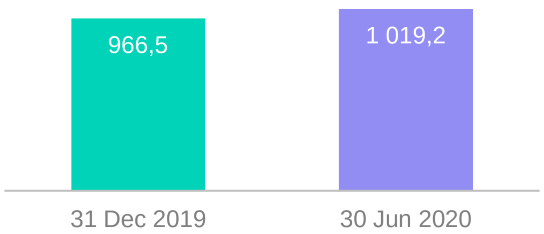
Cash flow and balance sheet*

Investments APM
EURm



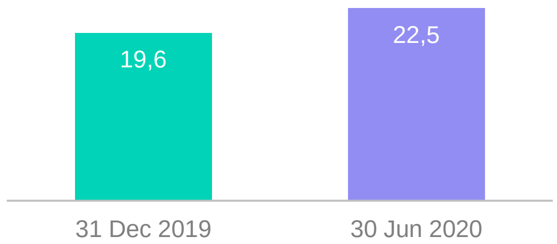
Investments decreased mainly due to delayed constructions of Vilnius CHP due to COVID 19 and lower networks segment investments mostly due to decrease of new customers connections and upgrades and lower connecting fees. Decrease was partly offset by increased investments to Kaunas CHP and Pomerania.

Net debt APM
EURm



Net debt increased by 5.5%. In H1 2020 we generated FCF of EUR -9.5 million, paid out EUR 28.0 million in dividends and bought back EUR 25.7 million worth of shares in our subsidiaries.

FFO/Net debt APM
%



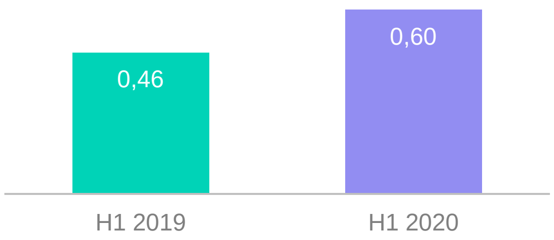
FFO / Net debt improved from 19.6% to 22.5%, as FFO LTM growth outpaced that of Net Debt.

** Because of the change of the H1 2019 financial figures, performance indicators presented here (and throughout this report) for H1 2019 might differ from those presented in the H1 2019 Interim Report. Changes of the financial figures of H1 2019 are disclosed in the H1 2020 Financial Statements. In case of a change of calculation of APM in H1 2020, measures of H1 2019 were recalculated as to calculation of H1 2020.*

APM Alternative Performance Measure - Adjusted figures used in this report refer to measures used for internal performance management. As such, they are not defined or specified under International Financial Reporting Standards (IFRS), nor do they comply with IFRS requirements. Definitions of alternative performance measures can be found on the Company's website (link).

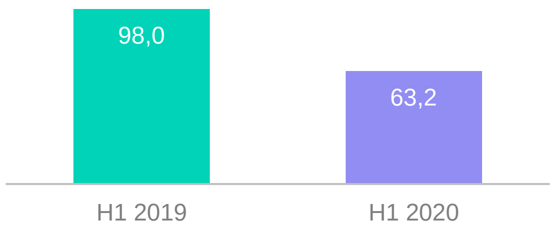
Sustainable development

Green electricity generated
TWh



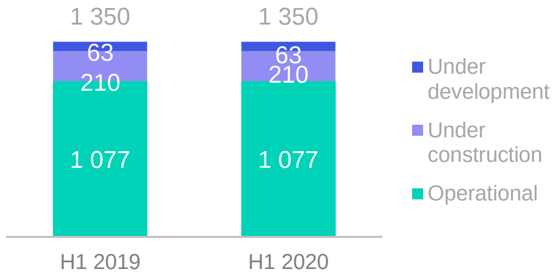
Green electricity generated increased by 29.8% which was mainly driven by higher generation at Kruonis PSHP and better wind conditions.

Green share of generation
%



Green share of generation decreased by 34.8% as a result of significant increase of electricity generated from gas fired Elektrėnai Complex, as a result of low gas and emission allowance prices and changes in the regulation of provided regulated services.

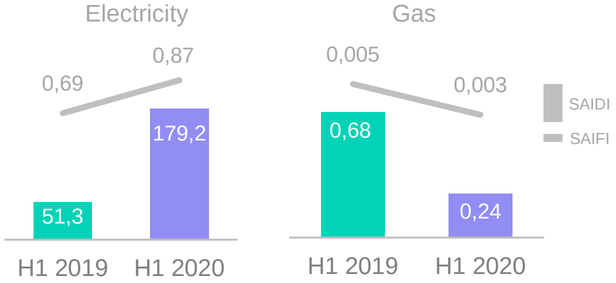
Green Generation capacity
MW



Green Generation portfolio remained unchanged. After the reporting period Kaunas CHP started was commissioned.

Quality and efficiency

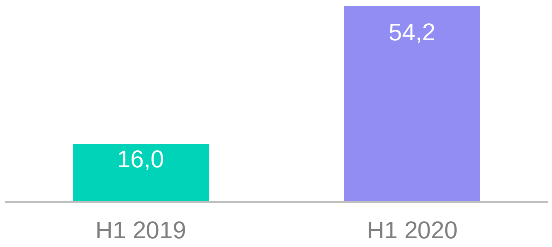
SAIDI/SAIFI
Min./Units



Deterioration of electricity quality indicators was mainly caused by storm Laura (12-13th March). Improvement of gas quality indicators resulted from the decrease in network disruptions by third parties.

Social

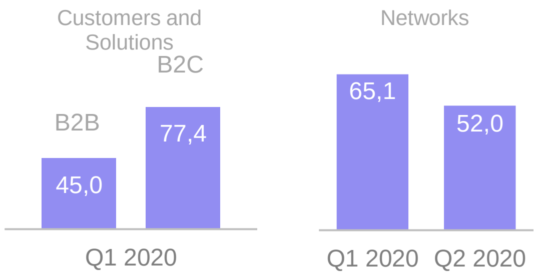
Employee Net Promoter Score (eNPS)
%



From 2019 the Group started to monitor eNPS, which improved from 16.0% in H1 2019 to 54.2% in H1 2020. The growth of the eNPS was due to the Group's actions taken during the coronavirus pandemic, updated remuneration policy and greater focus on employee development. Also, salary review in 2020 focused more on employees who do not reach the bottom of the salary range.

Customer engagement

Net Promoter Score (NPS)
%



From 2020 the Group started to monitor relationship NPS. Relationship NPS in Customers and Solutions segment will be measured only two times a year in Q1 and Q4, while in Networks monitoring will be done every quarter.

The most significant events

Q1 2020

- At the beginning of January, Ignitis entered the Finnish market, becoming one of the first independent gas suppliers in the country and reached 15% market share.
- In January, Group sold the last real estate objects offered in auction, which is in line with the Group's strategy of divesting non-core activities.
- In January, Ignitis Gamyba started the installation of the largest 3 MW solar power plant in the Baltic States.
- In February, the first heat produced from waste by Kaunas' CHP reached Kaunas households.
- In February, working group formed by Ministry of Finance, provided a recommendation to prepare for the Company's IPO and to use the primary proceeds to fund the Company's development program.
- In March, European Investment Bank (EIB) allocated EUR 60 million for the development of the first Group wind farm in Poland.
- During the extreme situation due to Covid-19, Group continued to support the community by applying preferential payment terms to the most affected, no charging self-service system service fees.
- In March, an agreement between the Company and minority shareholders of ESO and Ignitis Gamyba has been reached on the delisting of shares and the claims have been withdrawn.
- Government of the Republic of Lithuania approved the conversion of the Company from a private limited liability company (UAB) into a public limited liability company (AB) and agreed that the share capital of the public limited liability company shall be increased by additional contributions by issuing new ordinary registered uncertificated shares.
- The Articles of Association of the Company have been amended – number of Supervisory Board members has been increased from 5 to 7.
- Circulars of ESO and Ignitis Gamyba official tender offers have been approved by the Bank of Lithuania.

Q2 2020

- In April, the official tender offers of ESO and Ignitis Gamyba have been finalised.
- After the annual credit ratings review, the international credit rating agency S&P Global Ratings affirmed its BBB+ rating for Ignitis Group, leaving the negative rating outlook.
- Ignitis Group issued 10-year senior unsecured bonds in the par value of EUR 300 million, with a fixed coupon of 2.00% payable annually, yield at 2.148%. The bonds have been acquired by 70 investors. The bonds, which are listed on Luxembourg and Nasdaq Vilnius Stock Exchanges, have been acquired by institutional investors globally and across all investor types.
- Ignitis Group started the mandatory buyout of shares of its subsidiaries ESO and Ignitis Gamyba. The last day of the mandatory buyout was 17 August 2020 (inclusive).
- Nasdaq Vilnius decided to delist the shares of Ignitis Group subsidiaries ESO and Ignitis Gamyba from trading on the Baltic Main List on July 1, 2020 (the last trading day on the Baltic Main list of shares was on 30 June 2020).
- In June, the Company together with LITGRID, AB signed a sale-purchase agreement with QEIF II Development Holding Sàrl, a subsidiary of Quaero European Infrastructure Fund II, managed by Quaero Capital, regarding the sale of its subsidiary UAB Duomenų Logistikos Centras. Transaction was closed on 7 July 2020, which is in line with the Group's strategy of divesting non-core activities.
- In June, the Supervisory Board of the Company approved updated long-term corporate strategy of Ignitis Group and strategic plan for the period 2020–2023.
- The Ministry of Finance of the Republic of Lithuania, the authority implementing the rights of the sole shareholder of the Company, adopted a decision to convert UAB Ignitis Grupė into public limited liability company – AB Ignitis Grupė. On 28 July 2020 new Articles of Association which establishes the change were registered in the Register of Legal Entities.

After the reporting period

- Ignitis Group, according to Company's Green Bond Framework, published the Green Bond Investor's Letter 2019. Actual reduction of CO_2 emissions from projects financed by Green Bonds were 143 thousand tons in 2019.
- Ignitis Group demonstrated an impressive jump in this year's Corporate Reputation Index. The company jumped from 33rd place to 12-13th, which is a record growth in the entire history of this index. The reputation rating of Ignitis Group has increased significantly in the eyes of all the audiences interviewed during the survey
- The Ministry of Finance submitted for consideration draft resolutions of the Government of the Republic of Lithuania regarding the amount of dividends of UAB Ignitis Grupė.
- The Mažeikiai wind farm project is being prepared to be implemented by Ignitis Renewables: road equipping and other preparatory works will begin in Q3. In the end of 2022, up to 15 wind turbines with a total installed capacity of about 63 MW will generate electricity in this wind farm.
- Ignitis Polska, a Polish subsidiary of Ignitis, entered the country's market of electricity and natural gas supply for business customers. Strengthening the position in the Polish market is one of the goals set in the renewed long-term corporate strategy of Ignitis Group.
- The Ministry of Finance of the Republic of Lithuania announced the selection of two independent members to the Supervisory Board of the Company. The selection is being announced for two vacant positions of independent members of the Supervisory Board.
- Kaunas' CHP started its commercial activities.
- The mandatory buyout of ESO has been suspended as Vilnius Regional Court applied the temporary protection measures due to the claim received from one ESO shareholder.
- The mandatory buyout of shares of Ignitis Gamyba has been completed on 17 August 2020 (inclusive).

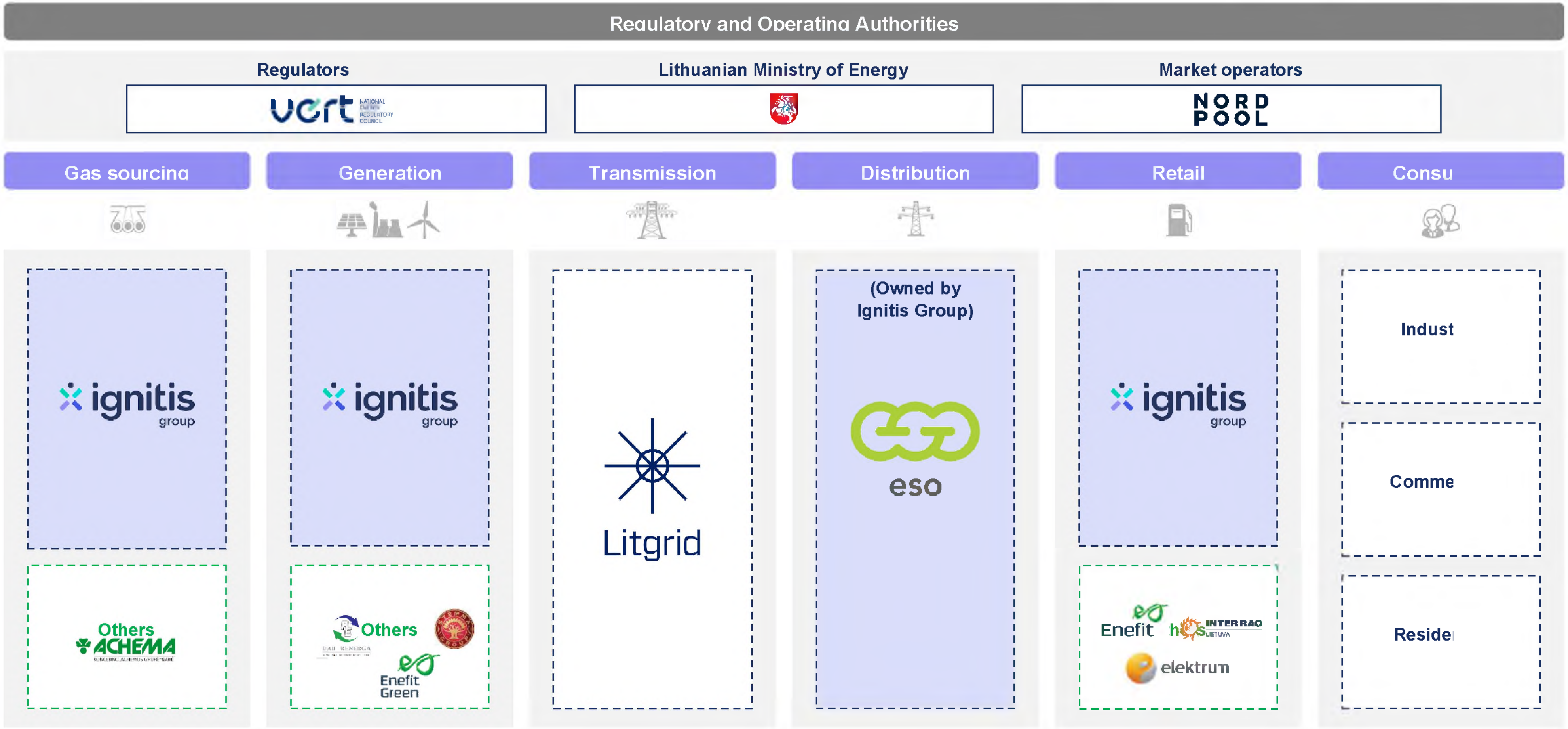
Business model

Activities of the Group

The Group is the leading company across Lithuania's energy value chain, engaged in the energy generation, distribution and supply, and the development of Energy Smart solutions.

Together, it has been transformed to lead the energy transition across the region from conventional to Green Generation asset focus, from local to regional Group and from state monopoly to the competitive and innovative business.

Group 's performance in Lithuania's energy value chain

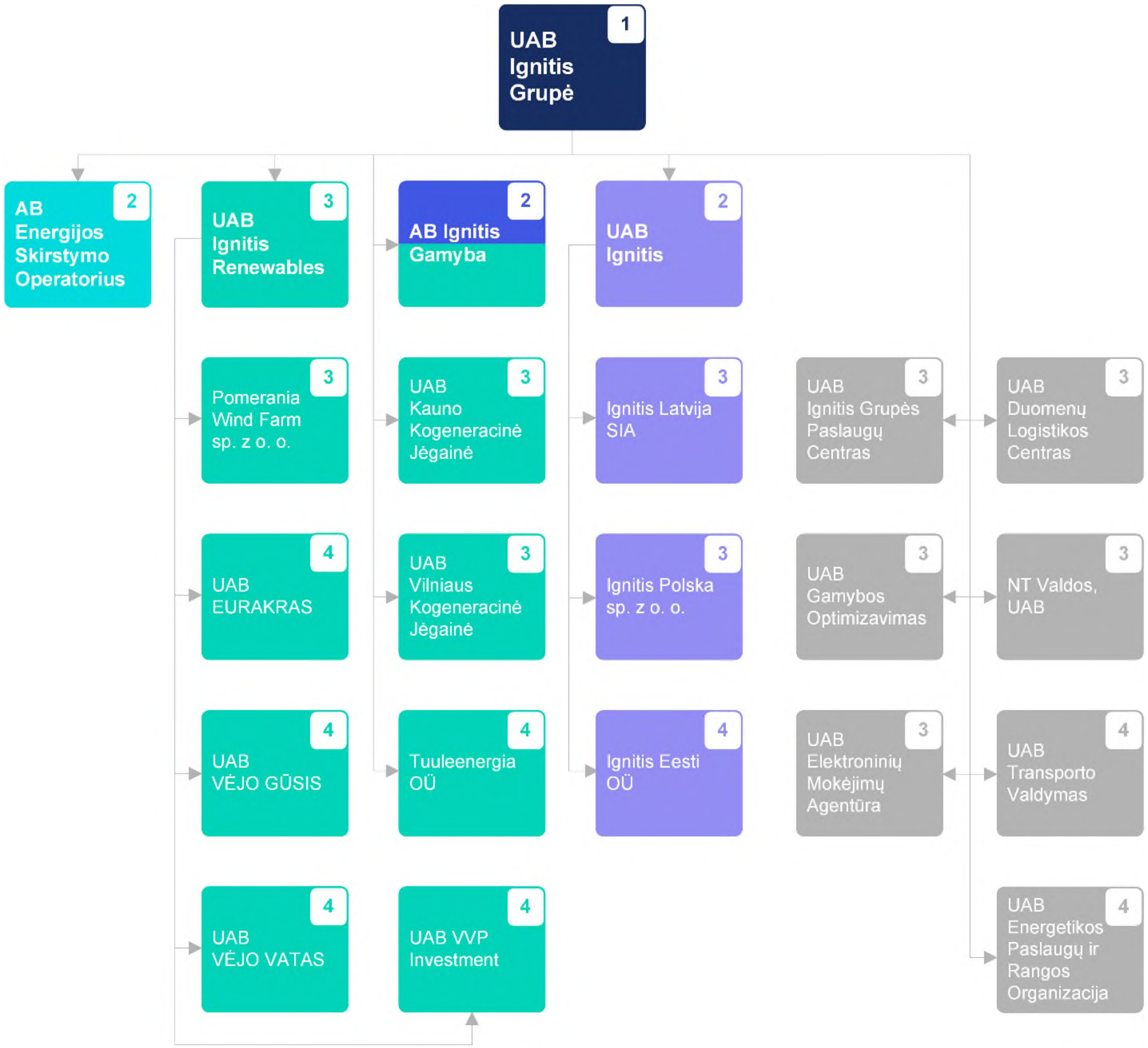


Structure of the Group

At the date of this report, the entities showed in the picture to the right were controlled, directly or indirectly, by the Group*.

Model of management:

1	**The Supervisory Board** is formed of 7 non-executive members (2 shareholder representatives, 5 independent)**. **The Board** is formed of 5 executive members. **CEO –** Chairman of the Board.
2	**The Supervisory Board** is formed of 5 non-executive members (at ESO: 2 shareholder representatives, 2 independent members and 1 employees' representative) or 3 non-executive members (2 shareholder representatives and 1 independent member). **The Board** is formed of 5 or 3 executive members. **CEO** – Chairman of the Board.
3	**The Board** is formed of 3 non-executive members (2 shareholder representatives and 1 independent member). The structure of the Board is different across companies. The Board is not formed until the company starts operations. The Board of Ignitis Grupės Paslaugų Centras is formed ensuring representation of all shareholders, taking into account the implementation of specific legislation. The Boards of Ignitis Latvija and Ignitis Polska are formed of 1 member – CEO, the Supervisory Boards are formed from shareholders representatives. **CEO** is not a member of the Board.
4	**CEO.** **The Board** is not formed.



** The color structure in the picture reflects companies' assignment to a particular business segment (according to the information on page 12 et seq. in this report).*
*** This composition of the Supervisory Board is valid from April 8, 2020, when the updated Articles of Association of the Company were registered.*
**** After the reporting period, legal form of the Company was changed from private limited liability company to a public limited liability company.*
*****After the reporting period, UAB Duomenų logistikos centras has been sold.*

Segments

Networks

Resilient and efficient energy distribution enabling the energy transition

The core activities of Networks segment are to operate, maintain, manage and develop electricity and gas distribution networks and to ensure the safe and reliable operation, as well as guaranteed electricity and gas supply.

Strategic goals:

- We continuously invest country-wide to modernize our strategic assets used for electricity and natural gas distribution to ensure network resilience and efficiency for our business and residential customers. We target to reduce electricity SAIFI by 15-17% by 2023.
- We digitise our distribution network and strive to develop a smart grid which would be one of the most advanced in the region. We target to install ~1.2 million smart meters by 2023.
- We enable energy innovations, renewable energy transition and facilitate the local energy market and its efficiency through data-driven network solutions.

75% of Group's Adjusted EBITDA H1 2020

Almost fully regulated

Green Generation

Focused, sustainable and profitable growth

The Green Generation portfolio consists of 1.1 GW of total installed capacity. This includes four operating wind farms in Lithuania and Estonia with a total installed capacity of 76MW, and two hydro powerplants in Lithuania: Kaunas HPP (101 MW) and Kruonis PSHP (900 MW) which is fundamental for enabling future renewable energy growth in the region.

In addition to operating assets, our Green Generation portfolio contains projects with additional 273 MW of electrical capacity and 299 MW of thermal capacity under construction or under development. These are two wind farms, one in Poland (94 MW) and one in Lithuania (63 MW) and two waste-to-energy/biomass CHP plants in Lithuania: Vilnius (92 MW electric, 229 MW heat) and Kaunas (24 MW electric, 70 MW heat).

Strategic goals:

- We target to reach 1.6 to 1.8 GW of installed Green Generation capacity (including hydro assets) by 2023 and 4 GW by 2030 while ensuring that the build-out creates value for our shareholders.

18% of Group's Adjusted EBITDA H1 2020

Material share of contracted activities

Flexible Generation

Reliable and flexible power system

Flexible Generation segment operates the largest electricity generation capacity in Lithuania, 1,055 MW Elektrėnai Complex. Facilities of Elektrėnai Complex provide system services and ensure stability and security of Lithuania's electricity system.

Strategic goals:

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

9% of Group's Adjusted EBITDA H1 2020

Mostly regulated

Customers and Solutions

Innovative solutions for easier life and energy evolution

Activities of Customers and Solutions segment include electricity and gas supply, trading and balancing, energy efficiency projects, installation of solar power plants for businesses and residents, installation and operation of electric vehicle charging stations, energy solutions. Our Customers and Solutions business is active in Lithuania, Latvia, Estonia, Finland and Poland.

Strategic goals:

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

-1% of Group's Adjusted EBITDA H1 2020

Serves 1.7m customers

Business environment

GDP forecast

Until the start of COVID-19 pandemic it was forecasted that the growth of Lithuania's gross domestic product (GDP), which lasted for several years will continue. However, after announcement of quarantine, the situation changed dramatically. Bank of Lithuania in its forecast published in June 2020, announced the expected GDP decrease of the Lithuanian economy by 9.7% in 2020, and recover by 8.3% in 2021.

COVID-19 factors

The Group has a COVID-19 situation management team that constantly monitors the situation and analyzes the latest information, as well as changes in external factors and their impact on the Group and makes additional decisions to ensure the health and safety of employees, customers, suppliers, visitors of the Group companies and business continuity. Customer service centers were closed during quarantine and customers were served remotely. During the quarantine, customers were given the opportunity to pay for utilities in the Ignitis self-service system free of charge. The employees of the Group, who can perform their functions remotely, work from home, others are provided with additional personal protection and personal hygiene measures, unnecessary contacts with other persons are restricted. The Group companies have developed and are implementing actions to ensure the rotation of employees and business continuity in order to ensure, first of all, the health and safety of employees, the continuity of electricity generation, ensuring the stability of the energy system, electricity and gas distribution and supply activities. The main factors affecting the Group's operations due to the situation described above in relation to COVID-19 are set out in the interim financial statements.

Energy markets review

Wholesale electricity market

In Q2 2020, prices fell remarkably in all the bidding areas of the Nord Pool Nordic power exchange. Compared to the Q2 2019, the average system price was lower by approx. 84% (Q2 2019 – 35.60 Eur/MWh, Q2 2020– 5.61 Eur/MWh), in the fourth price area of Sweden, with which Lithuania is connected through the NordBalt power link – approx. 50% (Q2 2019– 34.57 Eur/MWh, Q2 2020 – 17.29 Eur/MWh), in Finland – approx. 40% (Q2 2019 – 37,36 Eur/MWh, Q2 2020 – 22.48 Eur/MWh), in Baltic region – approx. 34% (Q2 2019 – 43.6 Eur/MWh, Q2 2020 – 28.81 Eur/MWh). As well, power prices fell in polish commodity exchange TGE – approx. 29% (Q2 2019 – 56.54 Eur/MWh, Q2 2020 – 45.23 Eur/MWh).

It is noteworthy that in Lithuania during certain periods prices were lower than in Latvia and Estonia, approx. 1.9% in Q2 2020. In Q2 2020, the average price difference between Lithuania and Sweden in the fourth zone was approx. 11.49 Eur/MWh (Q2 2019 – approx. 9.52 Eur/MWh).

In Q2 2020, compared to the same quarter 2019, total energy consumption in the price areas of Nord Pool power exchange decreased by approx. 0.8%, wind farm production increased by approx. 12.9% (in Lithuania – approx. 8.5%), hydroelectric power plant – approx. 17.4%, nuclear power plant production decreased by approx. 26.4%. Lower consumption and nuclear power production with increased hydroelectric power plant production have been affected by milder spring and COVID-19 in all price areas, in Q2 2020 average temperature was approx. 0.5 degrees lower compared to the same period 2019 and approx. 0.7 degrees higher than normal.

According to Nord Pool data electricity demand in Lithuania decreased approx. 8.63% compared to the same quarter 2019 – approx. 2.68 TWh (excl. Kruonis PSHP demand). In Latvia demand decreased by approx. 4.9%, totalled 1.63 TWh, in Estonia – approx. 3.7%, totalled 1.79 TWh. In Q2 2020 Lithuania produced approx. 35.2% more electricity than in Q2 2019, meanwhile Latvia – approx. 2.7% and Estonia – approx. 38.3% produced less. Lithuania remains an energy-deficit country, producing around 42% of the country's demand, in Latvia local production covers 80% of country's demand, Estonia remains an energy-deficit country too, producing around 46% of the country's demand. Based on ENTSO-e data during Q2 2020 demand in Poland decreased approx. 9.2% (36.7 TWh) compared to Q2 2019. Poland is still net power importer, because local production decreased by 12.3% totalling 30.3 TWh, which covered 82.7% of country's demand. In Q2 2020, compared to the same quarter 2019, wind farm and biomass production increased by approx. 4% (2.96 TWh) and 22% (0,53 TWh) respectively, while hydroelectric power plant and fossil fuel production decreased –approx. 17% (0.62 TWh) and 14% (26.22 TWh) respectively.

In Q2 2020, commercial import from third countries decreased by approx. 2.6 times compared to Q2 2019 (from approx. 1.6TWh to approx. 0.6TWh), from Scandinavia and Poland increased approx. 33%. Significant increment of the import from Scandinavia has been affected by increased production of renewable energy sources, which formed lower prices in the region.

Natural gas market

In Q2 2020, prices in the natural gas market have kept at the lowest levels in decade. Consumption fell sharply due to COVID-19, European gas storage year-on-year levels were at record high, many liquefied natural gas (LNG) vessels designated to Europe were cancelled, but flows of natural gas from Norway and Russia remained relatively high and oversupply persisted in Europe.

In May 2020, European spot and front month natural gas prices fell below US prices. Thus, with low demand around the world US LNG production facilities started shutting down to reduce surplus of LNG cargos. As a result, in a second half of Q2 2020 spot natural gas prices in Europe recovered a bit. As well, natural gas consumption in Asian market started to increase as quarantine restrictions were eased. This resulted in LNG vessel being redirected to Asia.

As at 30 June 2020, the European natural gas storage filling rate stood at 80%, which was 45% higher than average of last 5 years. At the same time storage filling rate in Latvia reached 69% and in Poland 57%, 120% and 21% respectively higher than average of last 5 years.

In Q2 2020, 5.8 TWh or 4% more natural gas was supplied from the Klaipėda LNG terminal to customers of Lithuania than in Q2 2019, while customers in Poland received 12.5 TWh or 22% more from Świnoujście LNG terminal comparing the same tenors. According to the data of the Lithuanian transmission system operator, the consumption of natural gas in the country was 16% higher than in Q2 2019 and reached 5.8 TWh. In 2020 interconnection between EE-FI started operation, in 2020 Q2 - 2.1TWh, amounting to 4.8TWh in H1 2020 have been supplied to Finland from Baltics.

Securities of the Group

Issuers of shares

The shares of ESO and Ignitis Gamyba were listed on the Nasdaq Vilnius Stock Exchange as of this report date. The trading in shares of the companies was started on 11 January 2016 and 1 September 2011, respectively. Both companies concluded the securities accounting agreements on the accounting of securities issued and management of personal securities accounts with SEB bankas AB.

Structure of the issued capital and shareholders owning more than 5% of the issuer's issued capital as at 30 June 2020

Company	Number of ordinary registered shares issued	Nominal value per share	Total nominal value of shares (in EUR)	ISIN code	Securities' abbreviation	Trading list	Full name of the shareholder	Voting rights conferred by shares owned, %
Ignitis Gamyba	648,002,629	0.29	187,920,762.41	LT0000128571	LNR1L	Baltic main list	The Company	97.45%
ESO	894,630,333	0.29	259,442,796.57	LT0000130023	ESO1L	Baltic main list	The Company	97.66%

On 4 December 2019, the Extraordinary General Meetings of Ignitis Gamyba and ESO took the decision to delist the shares of these companies from the Nasdaq Vilnius Stock Exchange to approve the Company as the entity who will make a formal offer to buy out the shares of both companies listed on the Nasdaq Vilnius Stock Exchange. On 21 May 2020, Nasdaq Vilnius decided to delist the shares of ESO and Ignitis Gamyba from trading on the Baltic Main List on 1 July 2020 (the last trading day on the Baltic Main list of shares was on 30 June 2020). After the reporting period, the buy-out of Ignitis Gamyba has been finished after which the Company increased its holdings in Ignitis Gamyba to 98.20%.

Debt securities

As at 31 March 2020, the Company had two green bond issues outstanding, both listed on the Luxembourg and NASDAQ Vilnius stock exchanges. Total nominal value of these bonds was EUR 600 million. During the end of reporting period, the Company placed a bond issue of EUR 300 million.

Credit rating

In May 2020, credit rating agency S&P Global Ratings affirmed BBB+ credit rating for the Company. Credit rating outlook remained negative.

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Debt securities issued by the Company

Company	Total nominal values of the issue, EUR	ISIN code	Buy-out date
Ignitis Group	300,000,000.00	XS1646530565	2027.07.14
Ignitis Group	300,000,000.00	XS1853999313	2028.07.10
Ignitis Group	300,000,000.00	XS2177349912	2030.05.21

Significant agreements

There are no agreements concluded between the Issuer and the members of the management bodies or employees that provide for compensation in case of their resignation or dismissal without a reasonable cause or in case of termination of their employment as a result of the change in control of the Issuer.

No significant agreements were concluded to which the Issuer is a party and which would enter into force, change or terminate as a result of the changed control of the Issuer, as well as their effect, except where because of the nature of the agreements their disclosure would cause significant harm to the Issuer.

During the reporting period, the Issuer did not conclude any harmful agreements (which do not correspond to the Company's objectives, current market conditions, violate the interests of shareholders or other groups of persons, etc.) or agreements concluded in the event of a conflict of interests between the issuer's managers, the controlling shareholders or other related parties obligations to the issuer and their private interests and / or other duties.

Results

Key operating indicators

		H1 2020	H1 2019	Δ	Δ,%
Electricity					
Electricity distributed	TWh	4.69	4.81	(0.12)	(2.5%)
Electricity generated	TWh	0.95	0.47	0.48	2x
Green share of generation	%	63.2%	98.0%	-	34.8%
Green electricity generated	TWh	0.60	0.46	0.14	31.3%
Green Generation capacity	MW	1,350	1,350	-	0.0%
Green Generation installed capacity	MW	1,077	1,077	-	0.0%
Green Generation projects under construction	MW	210	210	-	0.0%
Green Generation projects under development	MW	63	63	-	0.0%
Electricity sales in retail market	TWh	3.32	2.88	0.44	15.4%
Lithuania	TWh	2.88	2.47	0.40	16.3%
Latvia	TWh	0.44	0.41	0.03	7.5%
Other	TWh	0.01	0.00	0.01	459.7x
Electricity wholesale trading	TWh	1.22	2.26	(1.04)	(46.2%)
New connection points and upgrades	units	18,246	19,025	(779.00)	(4.1%)
SAIDI	min.	179.23	51.26	127.97	3.5x
SAIFI	units	0.87	0.69	0.18	25.8%
Gas					
Gas distributed	TWh	3.59	3.80	(0.21)	(5.6%)
Gas sales	TWh	7.24	5.02	2.21	44.0%
New connection points and upgrades	units	4,030	5,850	(1,820.00)	(31.1%)
SAIDI	min.	0.24	0.68	(0.44)	(64.9%)
SAIFI	units	0.003	0.005	(0.00)	(42.9%)
Heat					
Heat generated	TWh	0.15	0.06	0.09	2.4x

Analysis of key operating indicators

Electricity

Distributed electricity in H1 2020 decreased by 2.5% and amounted to 4.69 TWh, compared to 4.81 TWh in H1 2019. Decrease was mainly influenced by COVID-19. Independent supply distribution during quarantine period decreased by about 8-9%, which was partly offset by an increase in public supply distribution during quarantine period by 5-6%.

Electricity generated increased 2 times in comparison to H1 2019 and amounted to 0.95 TWh in H1 2020. Increase was mainly driven by higher electricity generation in the CCGT at Elektrenai Complex and Kruonis PSHP. Electricity generation volumes in the CCGT at Elektrėnai Complex increased almost 67.4 times from 0.01 TWh in H1 2019 to 0.34 TWh, in H1 2020. This was the result of low gas and emission allowance prices and changes in the regulation of provided regulated services. Electricity generation volumes at Kruonis PSHP increased by 92.8% as a result of effective utilisation of fluctuations in electricity prices in H1 2020. Therefore, as a result of higher electricity generation in the CCGT at Elektrenai Complex the share of green electricity generated in H1 2020 decreased to 63.2% from 98.0% in H1 2019.

SAIDI ratio deteriorated and was 179.23 minutes (H1 2019: 51.26 minutes). SAIFI indicator was equal to 0.87 interruptions (H1 2019: 0.69 interruptions). Deterioration of quality indicators of continuous electricity supply was mainly caused by storm Laura (March 12-13).

During H1 2020, 8,502 new connection points and 10,194 upgrades were completed in the electricity distribution network. The number of new electricity connection points and upgrades decreased by 4.1% compared to H1 2019.

Gas

Gas distribution volume decreased by 5.6% and amounted to 3.59 TWh in H1 2020 (H1 2019: 3.80 TWh). In H1 2020, higher average air temperatures were the main contributor to the reduction in gas distribution. The volume of gas sold increased by 44.0% and amounted to 7.24 TWh in H1 2020 (H1 2019: 5.02 TWh). This was mainly influenced by entry into Finnish gas market and higher gas sales in Latvian market because of winning Latvenergo's tender for c. 0.9 TWh.

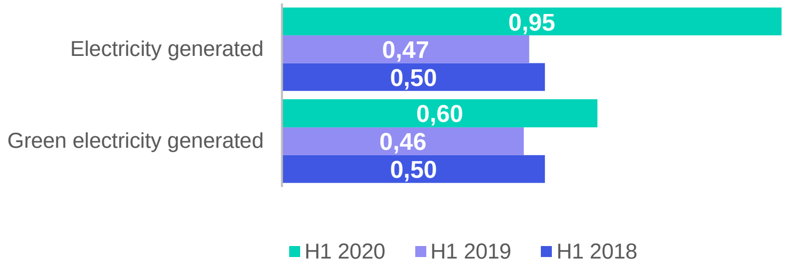
Gas distribution SAIDI ratio improved in H1 2020 and was 0.24 minutes (H1 2019: 0.68 minutes) and SAIFI ratio was equal to 0.003 interruptions (H1 2019: 0.005 interruptions). Improvement of the quality indicators resulted from the decrease in network disruptions by third parties.

In H1 2020, 4,030 new connection points and upgrades were completed in the gas distribution network, which is 31.1% less than during H1 2019 because quarters are no longer formed and the tariff per user became higher.

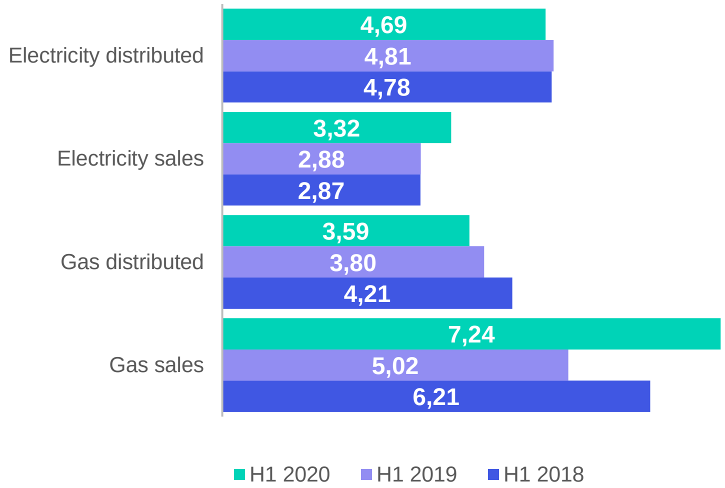
Heat

Heat generation in H1 2020 increased 2.4 times, compared to H1 2019, as a result of Kaunas CHP commissioning and test runs. The plant was commissioned in August.

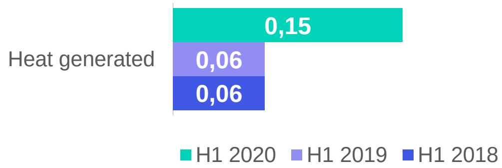
Electricity generated, TWh



Electricity distributed and sold, gas distributed and sold, TWh



Heat generated, TWh



Key financial indicators

		H1 2020	H1 2019	Δ	Δ,%
Revenue	EURm	590.9	557.9	33.0	5.9%
EBITDA APM	EURm	149.8	105.0	44.8	42.7%
EBITDA margin APM	%	25.4%	18.8%	-	-
Adjusted EBITDA APM	EURm	129.1	129.9	(0.8)	(0.6%)
Adjusted EBITDA margin APM	%	22.7%	22.3%	-	-
EBIT APM	EURm	93.4	46.0	47.4	103.0%
Adjusted EBIT APM	EURm	74.6	75.5	(0.9)	(1.2%)
Net profit	EURm	71.9	28.8	43.1	149.7%
Adjusted net profit APM	EURm	54.6	52.7	1.9	3.6%
Investments APM	EURm	187.1	207.9	(20.8)	(10.0%)
FFO APM	EURm	141.5	101.8	39.7	39.0%
FCF APM	EURm	(9.5)	(62.4)	52.9	84.8%
		2020.06.30	2019.12.31	Δ	Δ,%
Total assets	EURm	3,400.4	3,198.1	202.3	6.3%
Equity	EURm	1,337.8	1,348.6	(10.8)	(0.8%)
Net debt APM	EURm	1,019.2	966.5	52.7	5.5%
Net working capital APM	EURm	36.6	52.6	(16.0)	(30.4%)
ROE LTM APM	%	7.7%	4.4%	-	-
Adjusted ROE LTM APM	%	8.1%	8.0%	-	-
ROCE LTM APM	%	4.2%	2.9%	-	-
Adjusted ROCE LTM APM	%	4.9%	5.3%	-	-
Net debt/EBITDA LTM APM	times	4.05	4.67	-	-
Net debt/Adjusted EBITDA LTM APM	times	3.94	3.72	-	-
FFO LTM/Net debt APM	%	22.5%	19.6%	-	-

Analysis of Key Financial Indicators

Revenue*

In H1 2020 Revenue increased by 5.9% compared to the same period last year, and totalled EUR 590.9 million. The main reasons causing Revenue changes were as follows:

1. **Higher Revenue of the Networks segment (EUR +27.6 million compared to H1 2019).** The increase was mainly driven by higher electricity distribution revenue (EUR 20.3 million) and transmission revenue (EUR 13.7 million) due to on average 11 per cent higher tariff of power distribution service, which is comprised of power transmission, distribution and public service obligations (PSO) components and is approved by the regulator. Increase was partly offset by decreased supply of last resort of electricity revenue (EUR -7.4 million) due to decrease of electricity market price.
2. **Higher Revenue of the Customers and Solutions segment (EUR +11.2 million compared to H1 2019).** The increase was mainly driven by increase of revenue from B2C electricity supply activities due to 14.6% higher electricity tariff set by the regulator and higher sales volumes by 5.3% (EUR +16.9 million) and increase of B2B electricity supply revenue (EUR +16.0 million) due to higher volume of sold electricity. Increase was partly offset lower gas sales to B2B customers due to lower gas market price (EUR -17.7 million) and lower gas sales to residential customers due to lower tariff set by regulator (EUR -6.7 million).
3. **Higher Revenue of the Green Generation segment (EUR +3.5 million compared to H1 2019).** Revenue growth was driven by higher sales of Kruonis PSHP (EUR +5.4 million) and higher sales of wind farms (EUR +0.5 million).The above reasons outweighed lower revenue of Kaunas HPP (EUR -2.2 million) due to lower water level in Nemunas river and lower captured electricity prices.
4. **Lower Revenue of the Flexible Generation segment (EUR -8.9 million compared to H1 2019).** The segment's Revenue decrease was mainly driven by one-off EUR 9.3 million compensation received in H1 2019 from the Ministry of Finance of the Republic of Lithuania for the indemnification of potentially inflicted damage by Alstom Power Ltd during the implementation of the project of Lietuvos Elektrinė in 2005–2009. 2019 H1 sales were also boosted by sales of fuel oil stocks that were no longer in use (EUR -4.3 million). 2020 H1 revenue decrease was partly offset by higher revenue of CCGT (EUR +7.0 million). Due to CCGT provision of isolated regime instead of tertiary reserve services in H1 2020 CCGT was able to operate under market conditions and result of sales to the market was higher than return on investment included in tariff of 2019.

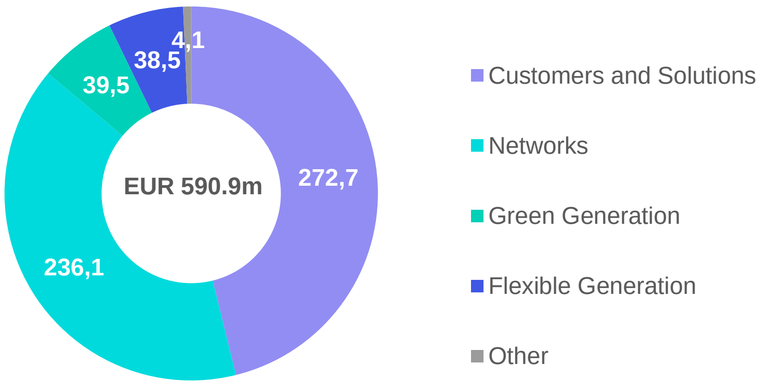
* Revenue by segments presented in this report correspond to Sales revenue from external customers presented in Consolidated Interim Financial statements for H1 2020, Note 22 "Operating segments".

Revenue by segment, EURm

	H1 2020	H1 2019	Δ	Δ,%
Customers and Solutions	272.7	261.5	11.2	4.3%
Networks	236.1	208.5	27.6	13.2%
Green Generation	39.5	36.0	3.5	9.7%
Flexible Generation	38.5	47.4	(8.9)	(18.8%)
Other*	4.1	4.5	(0.4)	(8.9%)
Revenue	**590.9**	**557.9**	**33.0**	**5.9%**

** Other – other activities and eliminations.*

Revenue by segment H1 2020, EURm



In H1 2020, the Group earned 89.6% of its revenue in Lithuania (EUR 529.6 million). The Group's Revenue from foreign countries (Latvia, Estonia, Poland and Finland) increased by 52.1% and reached EUR 61.3 million (H1 2019: EUR 40.3 million).

Revenue by country, EURm

	H1 2020	H1 2019	Δ	Δ,%	2020 H1, %
Lithuania	529.6	517.6	12.0	2.3%	89.6%
Other	61.3	40.3	21.0	52.1%	10.4%
Revenue	**590.9**	**557.9**	**33.0**	**5.9%**	**100.0%**

Expenses

In H1 2020 total operating expenses decreased by 2.8% compared to the same period last year, and totalled EUR 497.5 million.

Purchases of electricity and gas

The Group's purchases of electricity and gas amounted to EUR 360.7 million in H1 2020 and decreased by 5.2% compared to H1 2019. Decrease was caused by lower gas purchases for trade (EUR -22.1 million) due to lower gas market price.

SG&A expense

In H1 2020 SG&A expense was equal to EUR 78.9 million and rose by 8.8% (EUR +6.4 million). This change was mainly driven by increase in Salaries and related expenses by EUR 7.8 million (or +18.6%) which increased mainly due to an increase of head count, the Group's average salary growth, increased vacation accrual and increased overtime resulted from repair of failures in the electricity distribution network after storm Laura in H1 2020. Also other SG&A expenses increased by EUR 2.7 million (or +17.6%) which increased mainly due to management and other fees of „Smart Energy Fund powered by Ignitis Group" for the years 2017-2020 which were capitalised in balance sheet and now transferred to expenses (EUR +0.7 million) and higher customer service expenses (EUR +1.2 million).

Other operating expenses

Impairment expenses and write-offs of property, plant and equipment decreased due to depreciation of assets that were reclassified as assets held for sale reclassification to impairment expenses of property, plant and equipment in H1 2019.

Write-offs and impairments of short term and long-term receivables, inventories and other increased due to increase of impairments of receivables in Networks segment due to COVID-19 in 2020 and impairment of receivables reversal in Flexible Generation segment in 2019.

Revaluation of emission allowances expenses decreased due to increased prices of emission allowances in June 30, 2020 compared to June 30, 2019.

Operating expenses, EURm

	H1 2020	H1 2019	Δ	Δ,%
Purchases of electricity and gas	**360.7**	**380.6**	**(19.9)**	**(5.2%)**
Purchases of electricity and related services	236.1	238.6	(2.5)	(1.0%)
Purchases of gas for trade and related services	107.9	130.0	(22.1)	(17.0%)
Purchases of gas for production	16.7	12.0	4.7	39.2%
SG&A expense APM	**78.9**	**72.5**	**6.4**	**8.8%**
Salaries and related expenses	49.7	41.9	7.8	18.6%
Repair and maintenance expenses	11.2	15.3	(4.1)	(26.8%)
Other	18.0	15.3	2.7	17.6%
Depreciation charge	54.5	54.4	0.1	0.2%
Impairment expenses and write-offs of property, plant and equipment	2.3	4.4	(2.1)	(47.7%)
Write-offs and impairments of short term and long-term receivables, inventories and other	1.5	(0.3)	1.8	n.m.
Revaluation of emission allowances	(0.4)	0.2	(0.6)	n.m.
Total operating expenses	**497.5**	**511.8**	**(14.3)**	**(2.8%)**

Adjusted EBITDA*

Adjusted EBITDA amounted to EUR 129.1 million in H1 2020 and was 0.6% or EUR 0.8 million lower than in H1 2019. Adjusted EBITDA margin reached 21.7% (H1 2019: 22.3%).

Adjusted EBITDA by segments

The main reasons causing H1 2020 Adjusted EBITDA changes compared to H1 2019 were as follows:

1. **Networks grew by EUR 8.5 million.** The increase was mainly driven by the growing value of regulated assets. Electricity distribution regulated assets increased from EUR 1,227 million in 2019 to EUR 1,399 million in 2020, gas distribution regulated assets increased from EUR 189 million in 2019 to EUR 225 million in 2020. WACC of electricity distribution increased from 5.04% in 2019 to 5.28% in 2020, WACC of gas distribution increased from 3.59% in 2019 to 3.84% in 2020. Adjusted EBITDA also increased due to positive changes in new connection and upgrade fees.
2. **Green Generation decreased by EUR 0.2 million.** The decrease was mainly influenced by worsened result of Kaunas HPP (EUR -3.6 million) due to lower water level in Nemunas river and lower captured electricity prices. Segment's adjusted EBITDA decrease was also influenced by the increased SG&A expense of Vilnius and Kaunas CHP projects, as the launch of plants is approaching (EUR -1.0 million). Adjusted EBITDA of wind farms decreased by EUR 0.1 million. The decrease was positively impacted by better result of Kruonis PSHP (EUR +5.5 million) which was mainly caused by effective utilisation of fluctuations in electricity prices.
3. **Flexible Generation decreased by EUR 0.2 million.** Decrease was mainly caused by gain from sale of fuel oil stocks in H1 2019 (EUR -1.8 million) which was partly offset by better result from CCGT, 7 and 8 units of Elektrėnai Complex (EUR +0.9 million) due to commercial activities of CCGT and regulated activities of 7 and 8 units of Elektrėnai Complex as in 2019 these two units were delivering ancillary services only one and two months respectively.
4. **Customers and Solutions decreased by EUR 4.7 million.** The decrease was mainly driven by lower B2B electricity product results (EUR -4,7 million) due to negative impact of proxy hedge results and reduced electricity consumption of hedged volumes of our B2B customers portfolio because of COVID-19, that was not fully compensated by positive effect from increased B2B customers portfolio and higher total B2B electricity sales volumes (+43.6% YoY in Lithuanian B2B retail market).
5. **Result from other activities decreased by EUR 4.2 million** mainly due to lower results of parent company, service centre and non-core businesses.

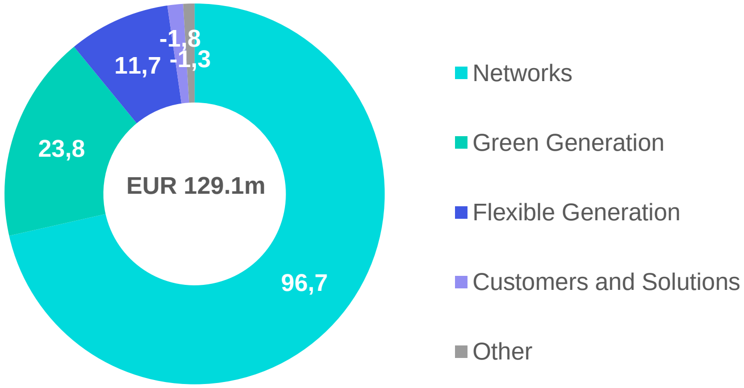
Adjusted EBITDA by segments, EURm

	H1 2020	H1 2019	Δ	Δ,%	H1 2020, %
Networks	96.7	88.2**	8.5	9.6%	74.9%
Green Generation	23.8	24.0	(0.2)	(0.8%)	18.4%
Flexible Generation	11.7	11.9	(0.2)	(1.7%)	9.1%
Customers and Solutions	(1.8)	2.9	(4.7)	(162.1%)	(1.4%)
Other*	(1.3)	2.9	(4.2)	(144.8%)	(1.0%)
Adjusted EBITDA APM	**129.1**	**129.9**	**(0.8)**	**(0.6%)**	**100.0%**

** Other – other activities* and *eliminations.*

** H1 2019 adjusted EBITDA was adjusted negatively by EUR 3.1 million after change of its calculation method which affected monthly distribution of adjusted EBITDA.

Adjusted EBITDA H1 2020, EURm



**Adjusted EBITDA is based on management adjustments. A more detailed description of the management adjustments is presented in Consolidated Interim Financial statements for H1 2020, Note 22 "Operating segments".*

Adjusted EBITDA by types of activities

In H1 2020 Adjusted EBITDA of regulated and contracted activities amounted to 90.6% of the total Adjusted EBITDA (H1 2019: 85.0%).

Regulated activities include:

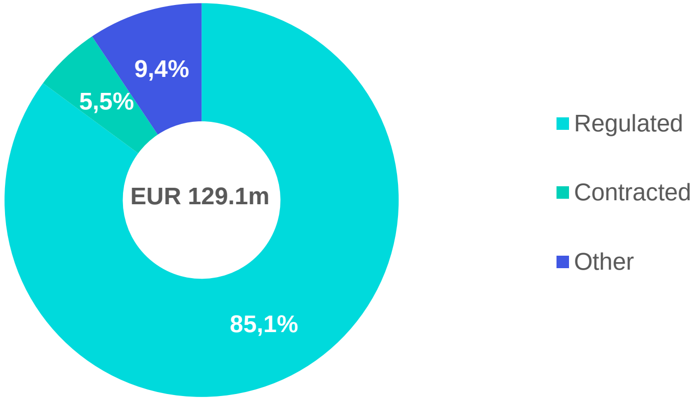
1. Electricity and gas distribution;
2. Reserve and Ancillary services provided to the transmission system operator;
3. Public supply and last resort supply of electricity, gas supply to residents of Lithuania and designated liquefied natural gas supplier service.

Contracted activity includes wind farms with fixed long-term feed-in or feed-in premium tariffs.

Adjusted EBITDA by types of activities, EURm

	H1 2020	H1 2019	Δ	Δ,%	H1 2020, %
Regulated	109.9	103.6	6.3	6.1%	85.1%
Contracted	7.1	6.9	0.2	2.9%	5.5%
Other	12.1	19.4	(7.3)	(37.6%)	9.4%
Adjusted EBITDA APM	**129.1**	**129.9**	**(0.8)**	**(0.6%)**	**100%**

Adjusted EBITDA by types of activities H1 2020, %



EBITDA adjustments*

EBITDA adjustments, EURm

	H1 2020	H1 2019	Δ	Δ,%
EBITDA APM	**149.8**	**105.0**	**44.8**	**42.7%**
Adjustments				
Temporary regulatory differences (1)**	(45.5)	16.5	(62.0)	n.m.
Temporary fluctuations in fair value of derivatives (2)	17.5	14.2	3.3	23.2%
Cash effect of new connection points and upgrades (3)	5.8	6.7	(0.9)	(13.4%)
Other (4)	1.5	(12.5)	14.0	112.0%
Total adjustments	**(20.7)**	**24.9**	**(45.6)**	**(183.1%)**
Adjusted EBITDA APM	**129.1**	**129.9**	**(0.8)**	**(0.6%)**
Adjusted EBITDA margin APM	22.7%	22.3%	-	-

(1) Elimination of the difference between the actual profit earned during the reporting period and profit allowed by the regulator. Decreased mainly due to higher Networks (EUR -20.7 million) and Customers and Solutions (EUR -45.1 million) segments profit earned from regulated activities during the reporting period than profit allowed by the regulator. Networks segment's temporary regulatory differences resulted from factual regulated operating expenses savings compared to regulated operating expenses level set by regulator. Customers and Solutions segment's temporary regulatory diffrences resulted from lower factual electricity and gas prices compared to prices set by regulator.

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

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

(4) Other adjustments include add-backs of inventory and receivables impairments and write-offs, as well as elimination of gains or losses from disposal of non-current assets. 2020 H1 other adjustments also include EUR 0.5 million elimination of management and other fees of „Smart Energy Fund powered by Ignitis Group" related to the previous periods (years 2017, 2018 and 2019), leaving only fees related to H1 2020 in Adjusted EBITDA. 2019 H1 other adjustments contains of received compensation of EUR 9.28 million for the indemnification of potentially inflicted damage by Alstom Power Ltd during the implementation of the project of the AB Lietuvos Elektrinė in 2005–2009.

** A more detailed description of the management adjustments is presented in Consolidated Interim Financial statements for H1 2020, Note 22 "Operating segments".*
*** Calculation method of Networks segments Adjusted EBITDA was changed in H1 2020 and retrospectively Adjusted EBITDA H1 2019 was corrected. Change of calculation method affect only monthly amounts distribution. Adjusted EBITDA H1 2019 without this change would be EUR 4.2 million higher.*

Adjusted EBIT

In H1 2020, Adjusted EBIT amounted to EUR 74.6 million, which was 1.2% (or EUR 0.9 million) lower than in H1 2019.

Adjusted EBIT by segments, EURm

	H1 2020	H1 2019	Δ	Δ,%
Networks	55.8	48.1	7.7	16.0%
Green Generation	17.5	17.6	(0.1)	(0.6%)
Flexible Generation	6.0	6.1	(0.1)	(1.6%)
Customers and Solutions	(5.0)	2.2	(7.2)	n.m.
Other*	0.3	1.5	(1.2)	(80.0%)
Adjusted EBIT APM	**74.6**	**75.5**	**(0.9)**	**(1.2%)**
Adjusted EBIT margin APM	*13.1%*	*13.0%*	-	-

**** Other – other activities and eliminations***

Adjusted net profit

Adjusted net profit amounted to EUR 54.6 million in H1 2020 and was 3.6% higher than in H1 2019. Current year and deferred income tax decrease (EUR +3.2 million effect) had the biggest impact on the change.

Net profit adjustments include an additional income tax adjustment of 15% (statutory income tax rate in Lithuania) applied on all other adjustments (except for those where income tax is already included in the adjustment calculations).

Adjusted net profit, EURm

	H1 2020	H1 2019	Δ	Δ,%
Adjusted EBITDA APM	**129.1**	**129.9**	**(0.8)**	**(0.6%)**
Depreciation and amortisation expenses	(54.5)	(54.4)	(0.1)	(0.2%)
Adjusted EBIT APM	**74.6**	**75.5**	**(0.9)**	**(1.2%)**
Impairment expenses and write-offs of non-current assets (excluding material one-off non-cash asset revaluation, impairment and write-off effects)	(2.3)	(4.4)	2.1	47.7%
Write-offs of inventories and receivables	(1.5)	0.3	(1.8)	n.m.
Financial income	1.0	1.3	(0.3)	(23.1%)
Financial expenses	(10.2)	(9.9)	(0.3)	(3.0%)
Current year income tax (expenses)/benefit	(5.5)	(4.6)	(0.9)	(19.6%)
Deferred income tax (expenses)/benefit	(6.8)	(4.0)	(2.8)	(70.0%)
Adjustments' impact on income tax	5.3	(1.5)	6.8	n.m.
Adjusted net profit APM	**54.6**	**52.7**	**1.9**	**3.6%**

Adjusted net profit adjustments, EURm

	H1 2020	H1 2019	Δ	Δ,%
Net profit	**71.9**	**28.8**	**43.1**	**149.7%**
Adjustments				
Temporary regulatory differences	(45.5)	16.5	(62.0)	n.m.
Temporary fluctuations in fair value of derivatives	17.5	14.2	3.3	23.2%
Cash effect of new connection points and upgrades	5.8	6.7	(0.9)	(13.4%)
Other adjustments (1)	(0.4)	(12.0)	11.6	96.7%
Adjustments' impact on income tax	5.3	(1.5)	6.8	n.m.
Total adjustments	**(17.3)**	**23.9**	**(41.2)**	**(172.4%)**
Adjusted net profit APM	**54.6**	**52.7**	**1.9**	**3.6%**
Adjusted ROE LTM APM	8.1%	7.1%	-	-
ROE LTM	7.7%	-3.9%	-	-

(1) Other adjustments consist of: i) changes in market value of emission allowances, ii) gains or losses from disposals of non-current assets, iii) management and other fees of „Smart Energy Fund powered by Ignitis Group" related to previous periods, and iv) received compensations related to the previous periods.

Reported net profit

Reported net profit in H1 2020 increased to EUR 71.9 million, compared to net profit of EUR 28.8 million in H1 2019. Reported net profit was higher mainly due to higher EBITDA of Networks and Customers and Solutions segments due to higher segment's profit earned from regulated activities during the reporting period than profit allowed by the regulator.

Reconciliation of reported net profit with EBIT and EBITDA, EURm

	H1 2020	H1 2019	Δ	Δ,%
EBITDA APM	**149.8**	**105.0**	**44.8**	**42.7%**
Reversal of depreciation and amortisation expenses	(54.5)	(54.4)	(0.1)	(0.2%)
Reversal of impairment expenses and write-offs of non-current assets	(2.3)	(4.4)	2.1	47.7%
Reversal of expenses of the revaluation of emission allowances	0.4	(0.2)	0.6	n.m.
EBIT APM	**93.4**	**46.0**	**47.4**	**103.0%**
Finance income	1.0	1.3	(0.3)	(23.1%)
Financial expenses	(10.2)	(9.9)	(0.3)	(3.0%)
Profit (loss) before tax	**84.2**	**37.4**	**46.8**	**125.1%**
Current year income tax expenses	(5.5)	(4.6)	(0.9)	(19.6%)
Deferred income tax income (expenses)	(6.8)	(4.0)	(2.8)	(70.0)%
Net profit (losses)	**71.9**	**28.8**	**43.1**	**149.7%**

Investments

In H1 2020, Investments amounted to EUR 187.1 million and were EUR 20.8 million less than in H1 2019. The largest investments were made in construction of Vilnius and Kaunas CHPs (46.4% from total Investments), construction of Pomerania (22.2% from total Investments), electricity distribution network expansion (13.1%) and gas distribution network expansion (5.8%).

Green Generation segment investments increased to EUR 130.4 million in H1 2020 and were EUR 22.9 million higher than in H1 2019. Major contributor to that was increase of investments in construction of Kaunas CHP (EUR +39.1 million) and Pomerania (EUR +11.5 million). Increase was partly offset by lower investments in construction of Vilnius CHP (EUR -28.9 million) which decreased due to COVID 19.

Networks segment investments amounted EUR 49.3 million and were lower by EUR 46.3 million compared to H1 2019. Decrease was mainly driven by lower investments in expansion of the electricity distribution network due to decrease in new customers connection and upgrades contract work fees (EUR -18.1 million) and maintenance of the electricity distribution network due to postponement of H1 2020 reconstruction works of electricity network objects for later periods (EUR -15.1 million). 18.2k new connection points and upgrades were completed in the electricity distribution network in H1 2020, 4.1% less than in H1 2019. Admissible electric power of new connection points and upgrades reached 187.0 MW in H1 2020 and was 11.5% higher than in H1 2019 (167.7 MW). In H1 2020 investments in the expansion of gas distribution network decreased by EUR 13.6 million compared to H1 2019. 114.2 km of the new gas pipelines were constructed in H1 2020 (241.8 km in H1 2019).

The Group received EUR 17.3 million subsidies for Investments in H1 2020. It contains of subsidies for Vilnius CHP project (EUR 15.4 million) the remaining subsidies were related to electricity and gas distribution networks. The Group also received distribution network new customers connections and upgrades and infrastructure equipment transfers contribution (EUR 9.5 million).

Dynamics of the Group 's Investments by segments, EURm

	H1 2020	H1 2019	Δ	Δ,%
Green Generation	130.4	107.5	22.9	21.3%
Kaunas CHP	*54.7*	*15.6*	*39.1*	*250.6%*
Pomerania	*41.6*	*30.1*	*11.5*	*38.2%*
Vilnius CHP	*32.2*	*61.1*	*(28.9)*	*(47.3%)*
Other Green Generation investments	1.9	0.7	1.2	171.4%
Networks	49.3	95.6	(46.3)	(48.4%)
Expansion of the electricity distribution network	*24.5*	*42.6*	*(18.1)*	*(42.5%)*
Expansion of gas distribution network	*10.9*	*24.5*	*(13.6)*	*(55.5%)*
Maintenance of the electricity distribution network	*10.4*	*25.5*	*(15.1)*	*(59.2%)*
Maintenance of the electricity distribution network	*2.0*	*1.5*	*0.5*	*33.3%*
Other Networks Investments	*1.5*	*1.5*	*0.0*	*0.0%*
Customers and Solutions	0.9	1.3	(0.4)	(30.8%)
Flexible Generation	0.3	0.2	0.1	50.0%
Other*	6.2	3.3	2.9	87.9%
Investments APM	**187.1**	**207.9**	**(20.8)**	**(10.0%)**
Subsidies	(17.3)	(23.3)	6.0	25.8%
Investments covered by customers**	(11.4)	(10.1)	(1.3)	(12.9%)
Investments (excl. subsidies and investments covered by customers)	**158.4**	**174.5**	**(16.1)**	**(9.2%)**

** Other – other activities and eliminations.*

*** Investments covered by customers includes new customers connections and upgrades and infrastructure equipment transfers.*

Balance sheet

Assets

As of 30 June 2020, total assets reached EUR 3,400.4 million (6.3% increase from 31 December 2019). The growth was mainly influenced by the increase in cash and cash equivalents due to issuance of additional bond issuance. Also, non-current fixed assets resulting from investments made in H1 2020 increased.

Equity

As at 30 June 2020, equity amounted to EUR 1,337.8 million (0.8% decrease from 31 December 2019).

Liabilities

Total liabilities increased by 11.5% or EUR 213.1 million during H1 2020.

Non-current liabilities rose by 31.6% or EUR 426.3 million, which was mainly influenced by the issuance of bonds (EUR +300.0 million) and increased loans from banks (EUR +110.0 million).

Current liabilities decreased by 42.7% or EUR 213.2 million. It was caused by decrease of Bank overdrafts (EUR -191.3 million) and current portion of non-current borrowings (EUR -16.3 million).

Balance sheet, EURm

	2020.06.30	2019.12.31	Δ	Δ,%
Non-current assets	2,887.9	2,770.6	117.3	4.2%
Current assets	512.5	427.5	85.0	19.9%
TOTAL ASSETS	**3,400.4**	**3,198.1**	**202.3**	**6.3%**
Equity	1,337.8	1,348.6	(10.8)	(0.8%)
Total liabilities	2,062.6	1,849.5	213.1	11.5%
Non-current liabilities	1,776.8	1,350.5	426.3	31.6%
Current liabilities	285.8	499.0	(213.2)	(42.7%)
TOTAL EQUITY AND LIABILITIES	**3,400.4**	**3,198.1**	**202.3**	**6.3%**
Asset turnover ratio LTM APM	*0.33*	*0.34*	-	-
ROA LTM APM	*3.2%*	*1.9%*	-	-
Current ratio APM	*1.76*	*0.78*	-	-
Working capital/Revenue LTM APM	3.3%	4.8%	-	-

Financing

Net debt

As of 30 June 2020, Net debt amounted to EUR 1,019.2 million, an increase of 5.5% or EUR 52.7 million compared to 31 December 2019 was mostly influenced by bonds issuance which were used to refinance banks overdrafts and by new loans obtaining which were used to finance investments to Pomerania, Vilnius CHP, and Kaunas CHP.

During H1 2020, Gross debt increased by 18.6% or EUR 204.1 million, and on 30 June 2019 amounted to EUR 1,302.5 million (on 31 December 2019 – EUR 1, 098.3 million). The main factors for this increase was bonds issuance (EUR +300.0 million) and increase of loans from banks (EUR +110.0 million), what was partly offset by decrease of bank overdrafts (EUR -191.3 million) and current portion of non-current borrowings (EUR -16.3 million). FFO/Net debt improved from 19.6% at 31 December 2019 to 22.5% at 30 June 2020.

Net debt, EURm

	2020.06.30	2019.12.31	Δ	Δ,%
Total non-current financial liabilities	**1,254.6**	**855.7**	**398.9**	**46.6%**
Non-current loans	341.8	231.7	110.1	47.5%
Bonds	886.2	590.1	296.1	50.2%
Interests payable (including accrued)	0.2	0.1	0.1	100.0%
Finance lease	0.0	0.0	0.0	0.0%
Lease liabilities (IFRS 16)	26.4	33.8	(7.4)	(21.9%)
Total current financial liabilities	**47.9**	**242.6**	**(194.7)**	**(80.3%)**
Current portion of non-current loans	21.2	37.5	(16.3)	(43.5%)
Current loans	0.0	0.0	0.0	0.0%
Current portion of finance lease liabilities	0.0	0.0	0.0	0.0%
Lease liabilities (IFRS 16)	14.8	8.4	6.4	76.2%
Banks overdrafts	0.0	191.3	(191.3)	(100.0%)
Interests payable (including accrued)	11.9	5.4	6.5	120.4%
Gross debt	**1,302.5**	**1,098.3**	**204.2**	**18.6%**
Cash, cash equivalents and short-term investments	**283.3**	**131.8**	**151.5**	**114.9%**
Cash and cash equivalents	283.3	131.8	151.5	114.9%
Short-term investments	0.0	0.0	0.0	0.0%
Net debt APM	**1,019.2**	**966.5**	**52.7**	**5.5%**
EPSO-G receivable	158.7	158.7	0.0	0.0%
Net debt less EPSO-G receivable	**860.5**	**807.8**	**52.7**	**6.5%**
Net debt / Adjusted EBITDA LTM APM	3.94	3.72	-	-
Net debt / EBITDA LTM APM	4.05	4.67	-	-
FFO LTM / Net debt APM	22.5%	19.6%	-	-
Gross debt/Equity APM	0.97	0.81	-	-
Equity ratio APM	0.39	0.42	-	-

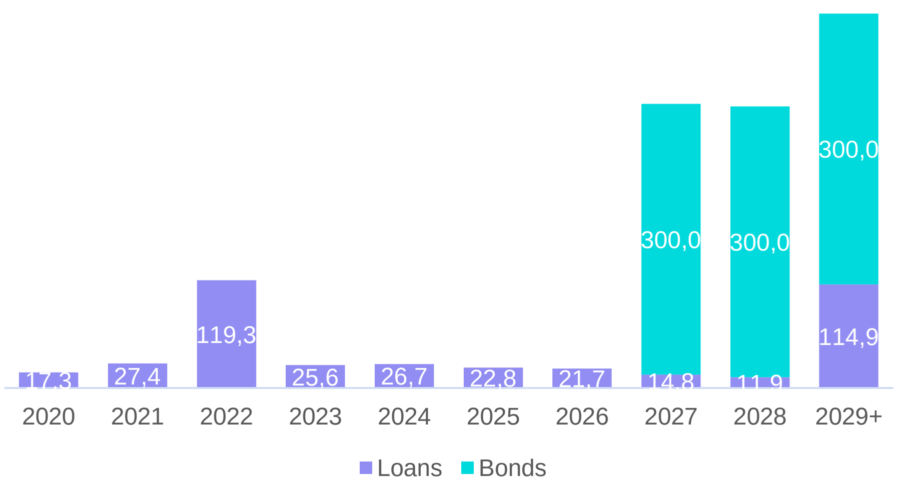
** A more detailed description presented in Consolidated Interim Financial statements for H1 2020, Note 9.*

Maturities

Bonds, which mature in 2027 (EUR 300.0 million, green), in 2028 (EUR 300.0 million, green) and in 2030 (EUR 300.0 million) make the largest portion of the Group's financial liabilities.

The average maturity of the borrowings as at 30 June 2020 was 9.5 years (31 December 2019: 6.3 years). Average maturity increased mainly due to overdraft refinanced using 10-year bonds.

Group's borrowings repayment schedule, EURm



Interest rate, currency, and liquidity risk

On 30 June 2020, borrowings amounting to EUR 1,177.3 million were subject to the fixed interest rate (90.4% of the gross debt) and the remaining amount of borrowings was subject to the floating interest rate. 96.7% of gross debt were in EUR, while 3.3% – in PLN.

The Group manages liquidity risk by entering into the credit line agreements with banks. On 30 June 2020, credit line facilities amounted to EUR 270 million of which all are undrawn, EUR 30 million are frozen for redemption of shares of Ignitis Gamyba and ESO. All the credit lines are committed, i.e. funds must be paid by the bank upon request.

Cash flows

Net cash flows from operating activities (CFO) amounted to EUR 158.0 million in H1 2020. Compared to H1 2019, CFO increased by 57.1% (EUR +57.4 million) mainly due to increase of net profit. Net cash flows to investing activities (CFI) amounted to EUR 141.3 million in H1 2020. Compared to H1 2019, CFI decreased by EUR 26.0 million, from EUR 167.3 million to EUR 141.3 million due to lower Investments. Net cash flows from financing activities (CFF) amounted to EUR 134.8 million in H1 2020. Compared to H1 2019, CFF increased by EUR 33.6 million mostly due to bonds issuance used to refinance overdrafts.

Cash flows, EURm

	H1 2020	H1 2019	Δ	Δ,%
Cash and cash equivalents at the beginning of the period	**131.8**	**127.8**	**4.0**	**3.1%**
CFO	158.0	100.6	57.4	57.1%
CFI	(141.3)	(167.3)	26.0	15.5%
CFF	134.8	101.2	33.6	33.2%
Increase (decrease) in cash and cash equival.	**151.5**	**34.5**	**117.0**	**n.m.**
Cash and cash equivalents at the end of period	**283.3**	**162.3**	**121.0**	**74.6%**

In H1 2020, the Group's FFO ratio increased by 39.0% (EUR 39.7 million) and amounted to EUR 141.5 million. The main reason for the growth was growth in EBITDA.

FFO, EURm

	H1 2020	H1 2019	Δ	Δ,%
EBITDA	149.8	105.0	44.8	42.7%
Interest received	0.0	0.0	0.0	0.0%
Interest paid	(1.9)	(1.4)	(0.5)	(35.7%)
Income tax paid	(6.4)	(1.8)	(4.6)	n.m.
FFO APM	**141.5**	**101.8**	**39.7**	**39.0%**

FCF, EURm

	H1 2020	H1 2019	Δ	Δ,%
FFO	141.5	101.8	39.7	39.0%
Investments	(187.1)	(207.9)	20.8	10.0%
Grants received	17.3	23.3	(6.0)	(25.8%)
Proceeds from sale of property, plant and equipment and intangible asset	2.8	25.7	(22.9)	(89.1%)
Change in net working capital	16.0	(5.3)	21.3	n.m.
FCF APM	**(9.5)**	**(62.4)**	**52.9**	**84.8%**

Operating segments

Operating segments

Networks

Adjusted EBITDA (EURm)

H1 2019	88.2
H1 2020	96.7

Main indicators H1 2020 (EURm)

Revenue	236.1
Adjusted EBIT	55.8
Investments	49.3
Net debt	693.4

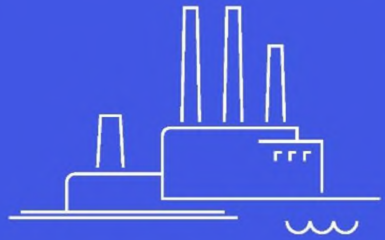
Green Generation

Adjusted EBITDA (EURm)

H1 2019	24.0
H1 2020	23.8

Main indicators H1 2020 (EURm)

Revenue	39.5
Adjusted EBIT	17.5
Investments	130.4
Net debt	325.4



Flexible Generation

Adjusted EBITDA (EURm)

H1 2019	11.9
H1 2020	11.7

Main indicators H1 2020 (EURm)

Revenue	38.5
Adjusted EBIT	6.0
Investments	0.3
Net debt	-0.3

Customers and Solutions

Adjusted EBITDA (EURm)

H1 2019	2.9
H1 2020	-1.8

Main indicators H1 2020 (EURm)

Revenue	272.7
Adjusted EBIT	-5.0
Investments	0.9
Net debt	58.8

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

Networks

Operating performance in H1 2020

Electricity distribution

Distributed electricity in H1 2020 amounted to 4.69 TWh and decreased by 2.5%, compared to 4.81 TWh in H1 2019. Independent supply distribution decreased by 5.8% whereof during quarantine period distribution decreased by about 8-9%. Decrease in independent supply was partly offset by an increase in public supply by 6.8% whereof during quarantine period distribution increased by 5-6%.

SAIDI ratio deteriorated and was 179.23 minutes (H1 2019: 51.26 minutes). SAIFI indicator was equal to 0.87 interruptions (H1 2019: 0.69 interruptions) in H1 2020. Deterioration of quality indicators of continuous electricity supply mainly caused by storm Laura (March 12-13). The Laura 's record whirlwind wind of 28-31 m/s left more than 250 thousand of residents without electricity. The hurricane Erwin of such a scope stroke Lithuania for the last time in 2005. More than 90 percent of the storm's consequences were eliminated, and electricity was restored in the record time - only in two or three days.

During H1 2020, 8,502 new connection points and 10,194 upgrades were completed in the electricity distribution network. The number of new electricity connection points and upgrades decreased by 4.1% compared to H1 2019.

Gas distribution

The volume of gas distributed in H1 2020 decreased by 5.6% and amounted to 3.59 TWh (H1 2019: 3.80 TWh). In H1 2020, higher average air temperatures were the main contributor to the reduction in gas distribution.

Gas distribution SAIDI ratio improved in H1 2020 and was 0.24 minutes (H1 2019: 0.68 minutes) and SAIFI ratio was approximately equal to 0.003 interruptions (H1 2019: 0.005 interruptions). Improvement of the quality indicators resulted from the decrease in network disruptions by third parties.

In H1 2020, 4,030 new connection points and upgrades were completed in the gas distribution network, which is 31.1% less than during H1 2019 because quarters are no longer formed and the tariff per user became higher.

Networks key operating indicators

		H1 2020	H1 2019	Δ,%
Electricity				
Electricity distributed	TWh	4.69	4.81	(2.5%)
Independent supply	TWh	2.93	3.11	(5.8%)
Public supply	TWh	1.54	1.44	6.8%
Supply of last resort	TWh	0.22	0.25	(13.7%)
Electricity distribution network	thous. km	125.9	125.1	0.6%
Technological costs in electricity distribution network	%	5.58%	5.99%	(0.4%)
New connection points and upgrades	thous.	18.3	19.0	(4.1%)
New connection points	thous.	8.1	10.7	(24.9%)
Upgrades	thous.	10.2	8.3	22.8%
Time to connect (average)	c. d.	27.8	34.4	(19.2%)
SAIDI	min.	179.23	51.26	3.5x
SAIFI	unit	0.87	0.69	25.8%
Gas				
Gas distributed	TWh	3.59	3.80	(5.6%)
Gas distribution network	thous. km	9.6	9.2	4.3%
Technological costs in gas distribution network	%	2.19%	1.91%	0.3%
New connection points and upgrades	thous.	4.0	5.9	(31.1%)
Time to connect (average)	c. d.	54.1	63.6	(15.0%)
SAIDI	min.	0.24	0.68	(64.9%)
SAIFI	unit	0.003	0.005	(42.9%)

Financial results in H1 2020

In H1 2020, Networks Revenue reached EUR 236.1 million and was 13.2% or EUR 27.6 million higher than in H1 2019. The increase was mainly driven by higher electricity distribution revenue (EUR 20.3 million) and transmission revenue (EUR 13.7 million) due to on average 11 per cent higher tariff of power distribution service, which is comprised of power transmission, distribution and public service obligations (PSO) components and is approved by the regulator. Increase was partly offset by decreased supply of last resort of electricity revenue (EUR -7.4 million) due to decrease of electricity market price.

In H1 2020, Adjusted EBITDA reached EUR 96.7 million and was 9.6% or EUR 8.5 million higher than in H1 2019. The increase was mainly driven by the growing value of regulated assets. Electricity distribution regulated assets increased from EUR 1,227.2 million in 2019 to EUR 1,399.0 million in 2020, gas distribution regulated assets increased from EUR 188.7 million in 2019 to EUR 225.2 million. WACC of electricity distribution increased from 5.04% in 2019 to 5.28% in 2020, WACC of gas distribution increased from 3.59% in 2019 to 3.84% in 2020. Adjusted EBITDA also increased due to positive changes in new connection and upgrade fees.

Compared to H1 2019, segment's property, plant and equipment, intangible and right-of-use assets increased by 2.3% or EUR 37.0 million due to following Investments made. However, compared to H1 2019, Investments decreased by EUR 46.3 million or 48.4%, mainly resulting from lower investments in expansion (EUR -18.1 million) and maintenance (EUR -15.1 million) of the electricity distribution network and expansion of gas distribution network (EUR -13.6 million).

Main financial results of Networks segment, EURm

	H1 2020	H1 2019	Δ,%
Revenue	236.1	208.5	13.2%
Adjusted EBITDA APM	96.7	88.2*	9.6%
EBITDA APM	96.1	70.6	36.1%
Adjusted EBIT APM	55.8	48.1	16.0%
EBIT	47.0	28.3	66.1%
Property, plant and equipment, intangible and right-of-use assets	1,620.3	1,583.3	2.3%
Net debt APM	693.4	640.3	8.3%
Investments APM	49.3	95.6	(48.4%)
Adjusted EBITDA margin, % APM	41.0%	39.0%	-

* H1 2019 adjusted EBITDA was adjusted negatively by EUR 3.1 million after change of its calculation method which affected monthly distribution of adjusted EBITDA.

Green Generation

Operating performance in H1 2020

Electricity generation

Electricity generated in Green Generation segment increased by 31.3% in H1 2020, compared to H1 2019. This mainly resulted from higher electricity generation in hydro portfolio. Electricity generation volumes at Kruonis PSHP increased by 92.8% as a result of effective utilisation of fluctuations in electricity prices in H1 2020, which was slightly offset by decrease in Kaunas HPP by 18.9% caused by a lower level of water in the Nemunas river. Volume of electricity generated at wind farms totalled 0.13 TWh, which is 11.1% more compared to H1 2019. Increase in wind farms generation portfolio were impacted by higher load factors as a result of better weather conditions and availability factors.

Heat generation

Heat generation in H1 2020 increased 2.4 times, compared to H1 2019, caused by Kaunas CHP commissioning and test runs for which gas was used. The plant was commissioned in August. Growth of Kaunas CHP generation was partly offset by lower heat generation in biomass portfolio.

Green Generation key operating indicators

		H1 2020	H1 2019	Δ,%
Electricity generated:	TWh	0.60	0.46	31.3%
Wind	TWh	0.13	0.12	11.1%
Hydro	TWh	0.46	0.34	36.3%
Waste	TWh	0.01	-	-
Heat generated:	TWh	0.15	0.06	2.4x
Waste	TWh	0.07	-	-
Biomass	TWh	0.06	0.06	(6.2%)
Gas	TWh	0.02	-	-
Wind farms availability factor	%	98%	97%	1.5%
Wind farms load factor	%	39%	35%	8.8%
Installed capacity:				
Installed capacity - electricity	MW	1,077	1,077	0.0%
Wind	MW	76	76	0.0%
Hydro	MW	1,001	1,001	0.0%
Projects under construction and under development - electricity	MW	273	273	0.0%
Installed capacity - heat	MW	40	40	0.0%
Projects under construction and under development - heat	MW	299	299	0.0%

Financial results in H1 2020

In H1 2020, Green Generation Revenues reached 39.5 million and was 9.7% or EUR 3.5 million higher than in H1 2019. The increase was mainly driven by higher sales of Kruonis PSHP (EUR +5.4 million) and higher sales of wind farms (EUR +0.5 million). The above reasons outweighed lower revenue of Kaunas HPP (EUR -2.2 million).

In H1 2020, Adjusted EBITDA reached EUR 23.8 million and was 0.8% or EUR 0.2 million lower than in H1 2019. The decrease was mainly driven by worsened result of Kaunas HPP (EUR -3.6 million) due to lower water level in Nemunas river and lower electricity prices. Segment's adjusted EBITDA decrease was also influenced by the increased SG&A expense of Vilnius and Kaunas CHP projects, as the launch of plants is approaching (EUR -1.0 million). Adjusted EBITDA of wind farms decreased by EUR 0.1 million. The decrease was positively impacted by better result of Kruonis PSHP (EUR +5.5 million) which was mainly caused by effective utilisation of fluctuations in electricity prices.

Compared to H1 2019, property, plant and equipment, intangible and right-of-use assets in the Green Generation segment grew due to ongoing Investments in Vilnius and Kaunas CHP plants and Pomerania wind farm. The segment's Net debt increased accordingly.

Main financial results of Green Generation segment, EURm

	H1 2020	H1 2019	Δ,%
Revenue	39.5	36.0	9.7%
Adjusted EBITDA APM	23.8	24.0	(0.8%)
EBITDA APM	23.8	24.0	(0.8%)
Adjusted EBIT APM	17.5	17.6	(0.6%)
EBIT	17.5	17.6	(0.6%)
Property, plant and equipment, intangible and right-of-use assets	670.7	396.8	69.0%
Net debt APM	325.4	147.5	120.6%
Investments APM	130.4	107.5	21.3%
Adjusted EBITDA margin, % APM	60.3%	66.7%	-

Flexible Generation

Operating performance in H1 2020

Electricity generation volumes at the Elektrėnai Complex increased almost 36.2 times in H1 2020, compared with H1 2019, and reached 0.35 TWh, as a result of low gas and emission allowance prices and changes in the regulation of provided regulated services.

In 2019, the tertiary active power reserve in the capacity of 260 MW was ensured by the most effective unit of Elektrėnai Complex – the CCGT while in 2020 tertiary power reserve is ensured by Elekrėnai Complex 7 and 8 units with the scope of 475 MW.

In 2020, CCGT is providing the service of operation of the isolated network with the scope of 370 MW. By providing this service, under favourable market conditions the CCGT can produce on a commercial basis also. The rest isolated system operation service is provided by 8 unit with the scope of 45 MW.

Flexible Generation key operating indicators

		H1 2020	H1 2019	Δ,%
Electricity generated	TWh	0.35	0.01	36.2x
Total reserve and Isolated Regime Services	MW	890	260	3.4x
Tertiary Power Reserve Services	MW	475	260	82.7%
Isolated Regime Services	MW	415	-(1)	-
Installed capacity:				
Installed capacity – electricity	MW	1,055	1,055	0%

(1) Both Units No. 7 and 8 were in preservation mode most of the year when providing this service; the exact power dedicated for the service was not indicated and is thus not provided in the table.

Financial results in H1 2020

In H1 2020, Flexible Generation Revenue reached 38.5 million and was 18.8% or EUR 8.9 million lower than in H1 2019. The segment's Revenue decrease was mainly driven by EUR 9.3 million compensation received in H1 2019 which was received from the Ministry of Finance of the Republic of Lithuania for the indemnification of potentially inflicted damage by Alstom Power Ltd during the implementation of the project of Lietuvos Elektrinė in 2005–2009. 2019 H1 sales were also boosted by sales of fuel oil stocks that were no longer in use (EUR -4.3 million). 2020 H1 revenue decrease was partly offset by higher revenue of CCGT (EUR +7.0 million). Due to CCGT provision of isolated regime instead of tertiary reserve services in H1 2020 CCGT was able to operate under market conditions and result of sales to the market was higher than return on investment included in tariff of 2019.

In H1 2020, Adjusted EBITDA reached to EUR 11.7 million and was 1.7% or EUR 0.2 million lower than in H1 2019. The decrease was mainly driven by lower gain from sale of fuel oil stocks in H1 2019 (EUR -1.8 million) which was partly offset by better result from CCGT, 7 ant 8 units of Elektrėnai Complex (EUR +0.9 million) due to commercial activities of CCGT and regulated activities of 7 and 8 units of Elektrėnai Complex as in 2019 these two units were delivering ancillary services only one and two months respectively.

Main financial results of Flexible Generation segment, EURm

	H1 2020	H1 2019	Δ,%
Revenue	38.5	47.4	(18.8%)
Adjusted EBITDA APM	11.7	11.9	(1.7%)
EBITDA APM	7.7	26.0	(70.4%)
Adjusted EBIT APM	6.0	6.1	(1.6%)
EBIT	2.4	19.7	(87.8%)
Property, plant and equipment, intangible and right-of-use assets	390.1	405.6	(3.8%)
Net debt APM	(0.3)	(3.8)	92.1%
Investments APM	0.3	0.2	50.0%
Adjusted EBITDA margin, % APM	27.5%	34.6%	-

Customers and Solutions

Operating performance in H1 2020

Electricity sales

Total electricity sales in retail market in H1 2020 increased and totalled 3.10 TWh, compared to H1 2019. Increase was mainly caused by higher sales levels due to new contracts signed at the end of 2019 for the following year with B2B Lithuanian market clients. Significant growth in total B2B electricity volumes (by 43.6 % in Lithuania) includes COVID-19 effect - due to lockdown B2B electricity consumption reduced by about 8-9% during quarantine period, while B2C - increased by 5-6%. Electricity sales volume in the wholesale market decreased by 46.2%, as a result of smaller trading portfolio in Polish market, in comparison to H1 2019.

Gas sales

The volume of gas sold increased by 44.0% and amounted to 7.24 TWh in H1 2020 (H1 2019: 5.02 TWh). This was mainly influenced by entry into Finnish gas market and higher gas sales in Latvian market because of won Latvenergo's tender for c. 0.9 TWh. Sales in Lithuanian decreased by 8.4% as a result of increased competition in B2B sector, which was partly offset by the increased sales for B2C customers. Sales in wholesale gas market increased by 3.5% in H1 2020 compared with the same period last year influenced by increase in sales through Get Baltic gas exchange, which was partly offset by decrease in sales through LNG terminal.

Customers and Solutions key operating indicators

		H1 2020	H1 2019	Δ,%
Electricity sales				
Retail	TWh	3.10	2.63	18.2%
Lithuania	TWh	2.66	2.22	19.8%
B2C	TWh	1.45	1.38	5.3%
B2B	TWh	1.20	0.84	43.6%
Latvia	TWh	0.44	0.41	7.5%
Other	TWh	0.01	0.00	459.7x
Wholesale trading	TWh	1.22	2.26	(46.2%)
Electricity customers	m.	1.70	1.66	2.3%
Gas sales	**TWh**	7.24	5.02	44.0%
Retail	TWh	5.92	3.75	58.0%
Lithuania	TWh	3.19	3.48	(8.4%)
B2C	TWh	1.26	1.18	6.5%
B2B	TWh	1.93	2.30	(16.0%)
Latvia	TWh	1.10	0.27	4.1x
Finland	TWh	1.63	-	-
Wholesale	TWh	1.32	1.28	3.5%
Gas customers	m.	0.60	0.60	1.4%

Financial results in H1 2020

In H1 2020, Customers and Solutions Revenue reached EUR 272.7 million and was 4.3% or EUR 11.2 million higher than in H1 2019. The increase was mainly driven by increase of revenue from public electricity supply activities due to 14.6% higher electricity tariff set by the regulator and higher sales volumes by 5.3% (EUR +16.9 million) and increase of B2B electricity supply revenue (EUR +16.0 million) due to higher volume of sold electricity. Increase was partly offset lower gas sales to B2B customers due to lower gas market price (EUR -17.7 million) and lower gas sales to residential customers due to lower tariff set by regulator (EUR -6.7 million).

In H1 2020, Adjusted EBITDA reached to EUR -1.8 million and was 162.1% or EUR 4.7 million lower than in H1 2019. The decrease was mainly driven by the B2B electricity product (EUR -4,7 million) due to negative impact of proxy hedge results (ineffective proxy hedge in relation to unfavourable price moves in derivative hedging products) and reduced electricity consumption of hedged volumes of our B2B customers portfolio because of COVID-19, that was not fully compensated by positive effect from increased B2B customers portfolio and higher total B2B electricity sales volumes (+43.6% YoY in Lithuanian B2B retail market).

Compared with H1 2019, Net debt decreased mostly because of lower loans balance.

Main financial results of Customers and Solutions segment, EURm

	H1 2020	H1 2019	Δ,%
Revenue	272.7	261.5	4.3%
Adjusted EBITDA APM	(1.8)	2.9	(162.1%)
EBITDA APM	25.0	(16.3)	n.m.
Adjusted EBIT APM	(5.0)	2.2	n.m.
EBIT	21.8	(17.0)	n.m.
Property, plant and equipment, intangible and right-of-use assets	37.9	43.2	(12.3%)
Net debt APM	58.8	79.0	(25.6%
Investments APM	0.9	1.3	(30.8%
Adjusted EBITDA margin, % APM	(0.7%)	1.0%	-

About the Company and the Group

Key information about the Company and the Group

Company name	AB "Ignitis Grupė"*
Company code	301844044
Issued capital	EUR 1,212,156k
Paid-up share capital	EUR 1,212,156k
Address	Žvejų st. 14, LT-09310, Vilnius, Lithuania
Telephone	(+370 5) 278 2998
Fax	(+370 5) 278 2115
E-mail	grupe@ignitis.lt
Website	www.ignitisgrupe.lt
Legal form	Public Limited Liability Company*
Date and place of registration	28 August 2008, Register of Legal Entities
Register accumulating and storing data about the Company	Register of Legal Entities, State Enterprise the Centre of Registers

*. *The change in name and legal form of the Company is valid from July 28, 2020, when the updated Articles of Association of the Company were registered.*

The company's shareholder is the Republic of Lithuania. On 13 February 2013, the Company's shares were transferred to the Ministry of Finance by the right of trust.

With effect from 30 August 2013, the Company's name Visagino Atominė Elektrinė was changed to Lietuvos Energija. As from 6 September 2019, the name of the Company was changed to Ignitis Grupė.

As of 30 June 2020, the issued capital was divided into ordinary registered shares with the nominal value of EUR 0.29 each. All the shares are fully paid.

At the date of this report, these entities* were controlled, directly or indirectly, by the Group:

Company	Company code	Registered office address	Effective ownership interest (%)	Share capital EUR	Profile of activities
Ignitis Gamyba	302648707	Elektrinės st. 21, Elektrėnai	97,45**	187 921	Production electricity
Energijos Skirstymo Operatorius	304151376	Aguonų st. 24, Vilnius	97,66	259 443	Distribution and supply of electricity to the consumers; distribution of natural gas
Ignitis	303383884	Žvejų st. 14, Vilnius	100	40 140	Supply of electricity and gas and trade
Ignitis Latvija	40103642991	Cēsu st. 31 k-2, , LV-1012, Riga	100	5 500	Supply of electricity
Ignitis Eesti	12433862	Narva st. 5, 10117 Tallinn	100	35	Supply of electricity
Ignitis Polska	0000681577	Puławska 2-B, PL-02-566, Warshaw	100	10 million PLN	Supply and trading of electricity
Ignitis Renewables	304988904	P. Lukšio st. 5B, Vilnius	100	3	Analysis and coordination of the activities of legal entities belonging to the Company
Tuuleenergia Osaühing	10470014	Žvejų st. 14, Vilnius	100	499	Production of renewable electricity
Eurakras	300576942	Žvejų st. 14, Vilnius	100	4 621	Production of renewable electricity
Vėjo Gūsis	300149876	Žvejų st. 14, Vilnius	100	7 443	Production of renewable electricity
Vėjo Vatas	110860444	Žvejų st. 14, Vilnius	100	2 896	Production of renewable electricity
VVP Investment	302661590	Žvejų st. 14, Vilnius	100	250	Development of a renewable energy (wind) power plant project
Pomerania Wind Farm	0000450928	Al. Grunwaldzka 82/368, 80-244 Gdańsk	100	44k PLN	Development of a renewable energy (wind) power plant project
Vilniaus Kogeneracinė Jėgainė	303782367	Žvejų st. 14, Vilnius	100	52 300	Modernization of the provision of centralized supply of heat in Vilnius city
Kauno Kogeneracinė Jėgainė	303792888	Žvejų st. 14, Vilnius	51	40 000	Modernization of the provision of centralized supply of heat in Kaunas city
Gamybos Optimizavimas	304972024	Žvejų st. 14, Vilnius	100	350	Planning, optimization, forecasting, trading, brokering and other electricity related services
Ignitis Grupės Paslaugų Centras	303200016	A. Juozapavičius st. 13, Vilnius	100	12 269***	Shared business support services
Elektroninių Mokėjimų Agentūra	136031358	Žvejų st. 14, Vilnius	100	1 370	Payment aggregation
NT Valdos	300634954	P. Lukšio st. 5B, Vilnius	100	5 000	Management and other related services of real estate
Transporto Valdymas	304766704	Kirtimų st. 47, Vilnius	100	2 359	Vehicle rental, leasing, repair, maintenance, renewal and service
Duomenų Logistikos Centras****	302527488	A. Juozapavičius st. 13, Vilnius	79,64	4 033	Information technology and telecommunication services
Energetikos Paslaugų ir Rangos Organizacija	304132956	Motorų st. 2, Vilnius	100	350	Construction, repair and maintenance of electricity networks and related equipment, connection of customers to electricity networks, repair of energy equipment and production of metal structures
Lietuvos Energijos Paramos Fondas	303416124	Žvejų st. 14, Vilnius	100	-	Provision of support to projects, initiatives and activities, relevant to the society

**More information about the entities and their financial indicators provided in the Company's website (link).*
*** After 19 August 2020, when process of mandatory buyout of shares of Ignitis Gamyba was completed, the Company owns 98,20 % of its shares.*
**** The change in the Company's share capital is valid from July 14, 2020, when the updated Articles of Association of the Company were registered.*
*****After the reporting period, Duomenų logistikos centras has been sold.*

Corporate governance

The sole shareholder of the Company – the Republic of Lithuania, and the rights and obligations of the shareholder are exercised by the Ministry of Finance of the Republic of Lithuania, which adopts the principal decisions relating to the exercise of property rights and obligations. The management of the shares shall be carried out in accordance with the Law on Companies, which establishes the property and non-property rights and obligations of the shareholder, and the Description of the Procedure of the Implementation of State Property and Non-Property Rights in State-Owned Enterprises approved by the Resolution No 665 of the Government of the Republic of Lithuania of 6 June 2012 (hereinafter – the Property Guidelines), Articles of Association of the Company.

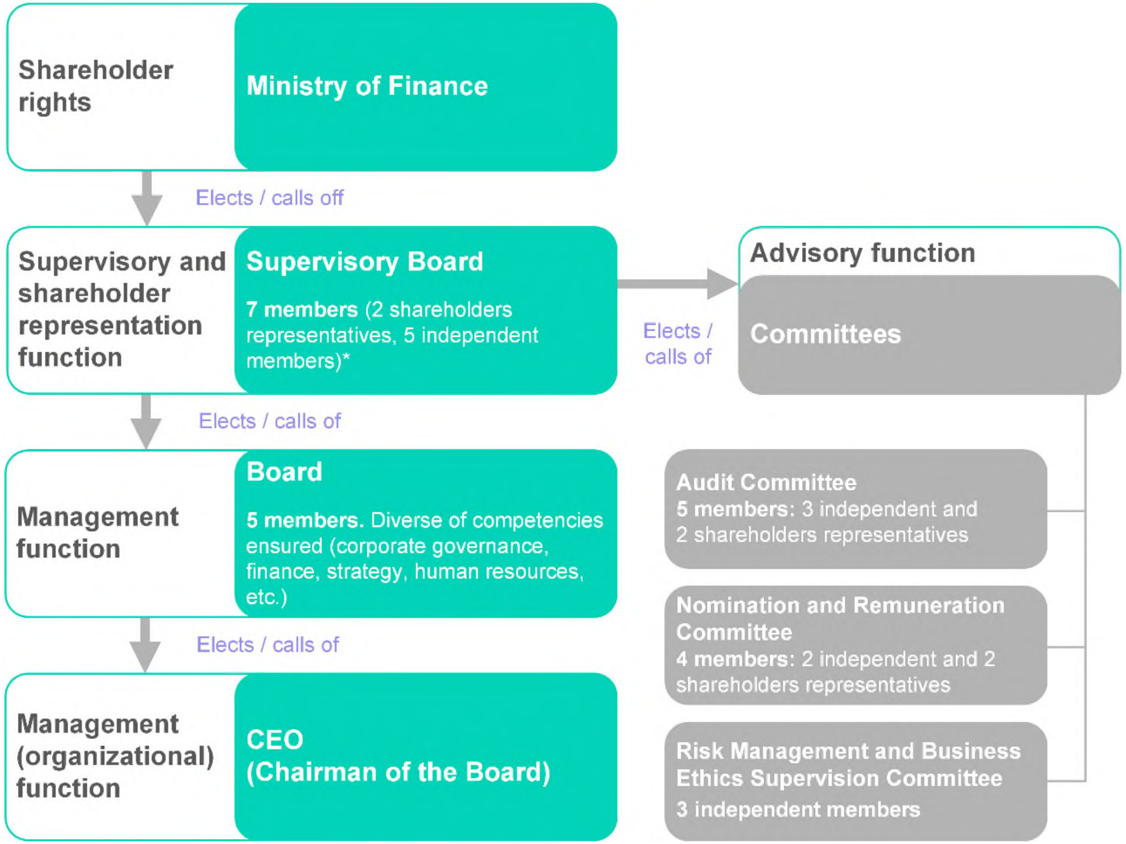
The corporate governance model of the Group was implemented following the governance guidelines approved by the Ministry of Finance of the Republic of Lithuania on 7 June 2013. The guidelines were updated on 26 March 2020 (link).

The primary goal of the corporate governance is to achieve the effect of synergy aligning different activities of the Ignitis Group companies and targeting them at the achievement of the common goals at the Group level.

Corporate governance activities are concentrated at the level of the parent company of the Group – the responsibilities of which involve coordination of such areas as finance, law, planning and monitoring, human resources, risk management, audit, technology, communication and other common areas of the Group entities. Activities of the Group entities in these areas are based on mutual agreement, i.e. cooperation with a focus on achievement of common result, and they are coordinated by policies (common provisions and norms) applicable to all Group entities.

Use this link for the description of the corporate governance principles and of the governance and control system. More information on the management bodies ant its members, committees etc. is provided in the annual report of the Company (link).

Corporate governance structure



** This composition of the Supervisory Board is valid from 8 April 2020, when updated Articles of Association of the Company were registered. Until that date the Supervisory Board consisted of 5 members: 2 representatives of the Ministry of Finance and 3 independent members*

Supervisory bodies

Supervisory board

Under the Corporate Management Guidelines, the Supervisory Board is a collegial supervisory body provided in the Statute of the Company. The Supervisory Board is elected by the General Meeting of Shareholders for the period of four years. The Supervisory Board of the Company consists of 7 members: 2 representatives of the Ministry of Finance and 5 independent members.* The Supervisory Board elects its Chairman from its members. Such a method for the formation of the Supervisory Board is in line with the corporate management principles. No members of the Supervisory Board have any participation in the capital of the company or group enterprises.

The main functions and responsibilities of the Supervisory Board are consideration and approval of the business strategy of the Company and the Group companies' activities, analysis and evaluation of the information on the implementation of the business strategy, provision of this information to the annual General Meeting, election and removal of the Members of the Board, supervision of activities of the Board and the CEO, provision of comments to the General Meeting of Shareholders on a set of financial statements, appropriation of profit or loss, and annual report. The Supervisory Board also addresses other matters within its competence.
The Supervisory Board is functioning at the Group level, i.e., where appropriate, it addresses the issues related not only to the activities of the Company, but also to the activities of its subsidiaries or the activities of their management and supervisory bodies.

Term of office of the current Supervisory board is from 30 August 2017 to 29 August 2021. There were no changes in the composition of the Company's Supervisory Board during the reporting period. The procedure of electing two new independent members of the Supervisory Board is ongoing in accordance to updated Articles of Association of the Company. None of Supervisory Board members holds shares of the Group companies.

Members of the Supervisory Board (at the date of publication)

1. DARIUS DAUBARAS, chairman, independent member (since 30/08/2017)

Education: University of Cambridge, Master's degree in International Relations; University of Pennsylvania, USA, Business Administration Master's Degree in the field of finance and business management; University of Denver, USA, Bachelor's Degree in Business Administration with a major in finance and management;
Place of employment, position: Senior Executive in Strategic Finance & Development Department (part of Treasury) in Financial Advisory Division, and Project manager of strategic and M&A at Saudi Aramco; Supervisory Board Member (independent) at Valstybės investicijų valdymo agentūra (since 23/07/2020), Treasury department Member of the Supervisory Board of "Smart Energy Fund powered by Ignitis Group" (until 01/7/2019)

2. DAIVA LUBINSKAITĖ-TRAINAUSKIENĖ, independent member (since 30/08/2017)

Education: ISM University of Management and Economics, Master's Degree; Public Relations Professional Studies at Vilnius University; Vilnius University, Diploma of a Specialist in Philology
Place of employment, position: Thermo Fisher Scientific Baltics UAB, company code 122351387. Address: V.A. Graičiūno st. 8 Vilnius, Director of Personnel. Association of Personnel Management Professional, company code 300563101, address J. Galvydžio st. 5, Vilnius, Member of the Board.

3. ANDRIUS PRANCKEVIČIUS, independent member (since 22/12/2017)

Education: Kaunas University of Technology, Bachelor's degree in Business Administration and Master's degree in Marketing Management; Harvard Business School, Leadership Development
Place of employment, position: Linas Agro Group AB, company code 148030011, address Smėlynės st. 2C, Panevėžys, Deputy Chief Executive Officer, Member of the Board; Kekava PF, Kekava, Kekavos r., Kekavos mun., Kekava PF, Chief Executive Officer and Chairman of the Board; Linas Agro AB, company code 147328026, address Smėlynės st. 2C, LT-35143 Panevėžys Member of the Board; Lielzeltini SIA,"Mazzeltiņi", Janeikas, Ceraukstes pag., Bauskas nov., Latvija Chairman of the Board; Broileks SIA, company code. 50103262981, address "Mazzeltiņi", Janeikas, Ceraukstes pag., Bauskas nov., LV Chairman of the Board; (Cerova SIA, company code 43603019946, address Bauskas nov., Ceraukstes pag., Mūsa, Centra iela 11, LV, Chairman of the Board; Žilvista ŽŪB, company code 302299020, address Panevėžio r. sav., Velžio mun., Staniūnų k., Paplentės g. 20 Member

4. DAIVA KAMARAUSKIENĖ, member (since 1/2/2019)

Education: Vilnius University Faculty of Economics, master's degree.
Place of employment, position: Ministry of Finances, company code 288601650, Lukiškių st., Vilnius, Budget Department of the Ministry of Finance, Director.

5. AUŠRA VIČKAČKIENĖ, member (since 30/08/2017)

Education: Vilnius University, Master's degree in Management and Business Administration; Vilnius University, Bachelor's degree in Management and Business Administration **Place of employment, position:** Ministry of Finances, company code 288601650, Lukiškių st., Vilnius, Assets Management Department, Finance, Director; Būsto paskolų draudimas UAB, company code 110076079, Ulonų st. 5 Vilnius, Member of the Board.

** This composition of the Supervisory Board is valid from 8 April 2020, when updated Articles of Association of the Company were registered. The selection of two additional candidates for the positions of an independent members of the Supervisory Board of the Company was announced on 31 July 2020. The deadline for application is 18*

August 2020.

Committees of the Supervisory Board

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

The following committees of the Supervisory Board are operating:

- **The Risk management and business ethics supervision committee** is responsible for submission of conclusions and suggestions regarding management and control system in the group of companies and/or status of implementation of the main risk factors and risk management tools to the Supervisory Board; for compliance with business ethics, maintenance of bribery and corruption risk system and submission of recommendations to the Supervisory Board;
- **The Audit committee** is responsible for submission of objective and impartial conclusions and suggestions regarding audit, related party transactions, as provided in the Law on Companies of the Republic of Lithuania, and functioning of internal control system in the group of companies to the Supervisory Board;
- **The Nomination and remuneration committee** is responsible for submission of conclusions and suggestions about appointment, revocation of the members of management and supervisory bodies of the Group companies, and about incentive issues to the Supervisory Board, as well as for the evaluation of performance of the Board and its members and submission of appropriate opinion. The committee's functions also cover formation of common remuneration policy in the Group companies, determination of the size and composition of remuneration, incentive principles, etc.

If necessary, other committees may be formed according to the ad hoc principle (e.g., to solve special issues, to prepare, supervise or coordinate strategic projects, etc.). On the day when this report was announced, the committees of Risk management and business ethics supervision, Audit and Nomination and remuneration were operating in the Company. In addition, by the decision of the Supervisory Board, the Steering Committee of the Company's IPO has been formed from the representatives of the Company's shareholder, members of the Supervisory Board and the Board.

Composition of the Committees at the date of publication of the interim report is provided to the right. There were no changes in the composition of the Committees during the reporting period. None of the members of the Committees holds shares of the Group companies.

Detailed information on education, place of employment and position of the members of the Committees is provided in the annual report of the Company (link).

Members of the Risk Management and Business Ethics Supervision Committee

Committee member	Term of office
ANDRIUS PRANCKEVIČIUS **Chairman, independent member**	From April 2018 to April 2022
DARIUS DAUBARAS **Independent member**	From April 2018 to April 2022
ŠARŪNAS RAMEIKIS **Independent member**	From April 2018 to April 2022

The term of office of the current Risk Management and Business Ethics Supervision Committee will last until 23 April 2022.

Members of the Audit Committee

Committee member	Term of office
IRENA PETRUŠKEVIČIENĖ **Chairwoman, independent member**	From October 2017 to October 2021
DANIELIUS MERKINAS **Independent member**	From October 2017 to October 2021
ŠARŪNAS RADAVIČIUS **Independent member**	From May 2018 to October 2021
INGRIDA MUCKUTĖ **Member**	From May 2018 to October 2021
AUŠRA VIČKAČKIENĖ **Member**	From October 2017 to October 2021

The term of office of the current Audit Committee will last until 12 October 2021.

Members of the Nomination and Remuneration Committee

Committee member	Term of office
DAIVA LUBINSKAITĖ-TRAINAUSKIENĖ **Chairwoman, independent member**	From September 2017 to September 2021
LĖDA TURAI-PETRAUSKIENĖ **Independent member**	From March 2018 to September 2021
DAIVA KAMARAUSKIENĖ **Member**	From March 2019 to September 2021
AUŠRA VIČKAČKIENĖ **Member**	From September 2017 to September 2021

The term of office of the current Nomination and Remuneration Committee will last until 12 September 2021.

Management bodies

Board

The Board is a collegial management body provided for in the Articles of Association of the Company. The activities of the Board are regulated by the Law on Companies, its implementing legislation, the Guidelines for Corporate Governance of State-Owned Energy Group, the Articles of Association of the Company and the Rules of Procedure of the Board. During the reporting period, the rules governing the election of the members of the Board of the Company were not amended. The members of the Board are employees of the Company, they are elected by the Supervisory Board on the proposal of the Nomination and Remuneration Committee. The Board consists of 5 members and elects the Chairman, the CEO of the Company, from among its members.

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

The term of office of the current Board is from 1 February 2018 to 31 January 2022. There were no changes in the composition of the Company's Board during the reporting period. None of the Board members holds shares of the Group companies.

Members of the Board (at the date of publication of this report)

1. DARIUS MAIKŠTĖNAS, Chairman of the Board, CEO

Education: Harvard Business School, General Management Program; Baltic Management Institute, Executive MBA degree; Kaunas University of Technology, Bachelor's degree in Business Administration
Place of employment, position: AB Energijos Skirstymo Operatorius, company code 304151376, address Aguonų st. 24, Vilnius, Chairman and member of the Supervisory board, Eurelectric, member of the Board.

2. DARIUS KAŠAUSKAS, Member of the Board, Finance and Treasury Director

Education: ISM University of Management and Economics, Doctoral studies of Social Sciences in the field of Economics; ISM University of management and Economics, BI Norwegian Business School, Master's degree in Management; Vilnius University, Master's degree in Economics
Place of employment, position: UAB Duomenų Logistikos Centras, company code 302527488, address A.Juozapavičiaus st. 13 Vilnius, Chairman of the Board (until 07/07/2020); Lietuvos Energijos Paramos Fondas, company code K. 303416124, address Žvejų st. 14, Vilnius, Member of the Board; 288th DNSB Vingis, Member of the Revision Commission; AB Energijos skirstymo operatorius, company code 304151376, address Aguonų st. 24, Vilnius, Member of the Supervisory board.

3. VIDMANTAS SALIETIS, Member of the Board, Commerce and Services Director

Education: Stockholm School of Economics in Riga (SSE Riga), Bachelor's degree in Economics and Business
Place of employment, position: UAB Ignitis, company code 303383884, address: Žvejų st. 14, Vilnius Chairman and member of the Supervisory Board; UAB Elektroninių mokėjimų agentūra, company code 136031358, address Žvejų st. 14, Vilnius Member of the Board; NT Valdos, UAB company code 300634954, address P.Lukšio st. 5B, Vilnius, Chairman of the Board; UAB Gamybos Optimizavimas, company code 304972024, address Žvejų st. 14, Vilnius Member of the Board.

4. ŽIVILĖ SKIBARKIENĖ, Member of the Board, Organisational Development Director

Education: Mykolas Romeris University, Faculty of Law, Doctoral degree in Social Sciences Field of Law; Vilnius University, Faculty of Law, Master's degree in Law
Place of employment, position:
UAB Ignitis grupės paslaugų centras, company code 303200016, address A. Juozapavičiaus st. 13, Vilnius,Chairwoman and member of the Board; UAB Elektroninių mokėjimų agentūra, company code 136031358, address Žvejų st. 14, Vilnius Member of the Board; AB Ignitis Gamyba, company code 302648707, address Elektrinės st. 21 Member of the Supervisory Board.

5. DOMINYKAS TUČKUS, Member of the Board, Infrastructure and Development director

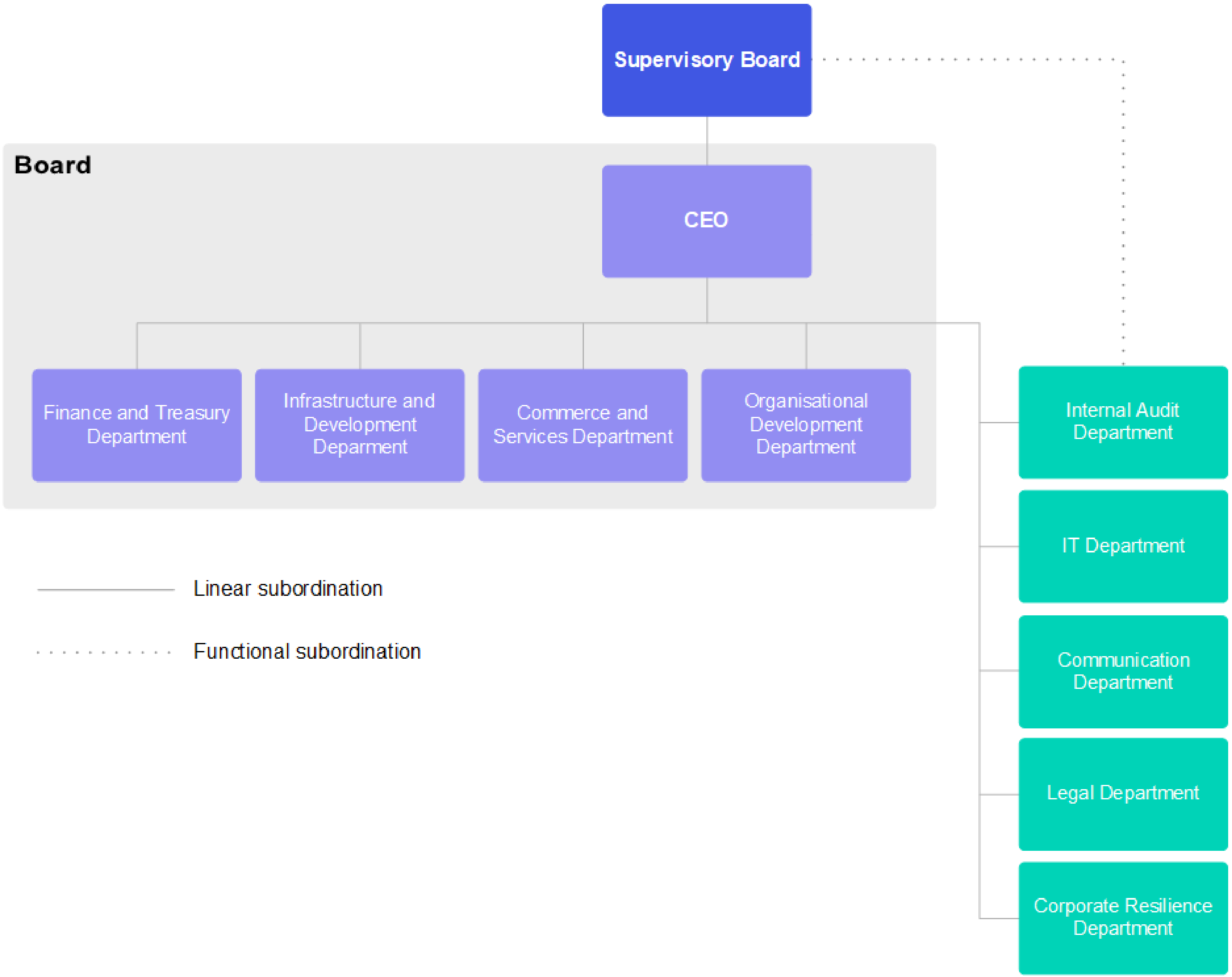
Education: L. Bocconi University (Italy), Master's degree in Finance; L. Bocconi University (Italy), Bachelor's degree in Business Management and Administration
Place of employment, position: AB Ignitis Gamyba, company code 302648707, address Elektrinės st. 21, Elektrėnai, Chairman and member of the Supervisory board; UAB Ignitis, company code 303383884, address: Žvejų st. 14, Vilnius Member of the Supervisory Board; UAB Vilniaus kogeneracinė jėgainė, company code 303782367, address Žvejų st. 14, Chairman and member of the Board; UAB Ignitis Renewables, company code 304988904, address P. Lukšio st. 5B, Vilnius, Member of the Board; Smart Energy Fund KŪB, powered by Ignitis Group, company code 304596351, address Antakalnio st. 17, Vilnius, Member of the Advisory Committee.

CEO

CEO is a single-person management body of the Company, who organizes, directs, acts on behalf of the Company and concludes transactions unilaterally, except as provided by the Law on Companies, its implementing legislation and the Articles of Association of the Company.

The competence of CEO, the procedure of appointment and removal, the terms of office shall be established by the Law on Companies, its implementing legislation, the Guidelines for Corporate Governance of State-Owned Energy Group and the Articles of Association of the Company. In accordance with the Guidelines for Corporate Governance of State-Owned Energy Group, the Chairman of the Board elected by the Board is appointed as CEO of the Company. It should be noted that CEO of the Company, as a state-owned enterprise, is also subject to the special recruitment features provided for in the Law on Companies, according to which the term of CEO is limited to 5 years. It is also stipulated that the same person may not be elected as CEO for more than two consecutive terms.

The Company's governance structure (at the end of the reporting period)



Remuneration

Number and average monthly remuneration of the employees of the Company and the Group during the reporting period (before taxes, Eur)

Employee category	Headcount at the end of the reporting period		Fixed monthly remuneration		Paid monthly share of annual variable remuneration	
	The Company	The Group	The Company	The Group	The Company	The Group
Head of the company	1	16	9,532	5,551	2,902	1,812
Top level executives	10	33	7,028	6,022	2,050	1,631
Mid-level executives	24	372	5,073	3,421	629	365
Experts, specialists	52	2598	2,949	1,844	243	105
Workers	-	750	-	1,256	-	116
Average	**87**	**3,769**	**3,984**	**1,934**	**585**	**152**

Supervisory and management bodies of the listed companies

The supervisory and management structure of the subsidiaries of the Group companies is formed considering the activities of a particular company, stock managers, legal status and other aspects. The rule is that the managing and supervisory bodies of the subsidiaries must be optimal, they must ensure the implementation of the interests of the Company as a shareholder, of other shareholders and of stakeholders, and must comply with the international and national best practices on corporate governance.

Listed companies of the Group companies are subject to the management model with the collegial supervisory body - the Supervisory Board (by including the independent member(s) and the shareholders' representatives, as well as, if necessary, and employee representative(s)), and with the collegial managing body – the Board of the Employees of the company.

As at 30 June 2020, the Supervisory Board of ESO consisted of the following members (term of office till 29 March 2022):

Full name	Participation in the capital of the Company and Group companies,%	Term of office	Place of employment
Darius Maikštėnas Chairman	-	From 30/03/2018 to 29/03/2022	Ignitis Group, Chairman of the Board, CEO
Darius Kašauskas Member	-	From 30/03/2018 to 29/03/2022	Ignitis Group, member of the Board Finance and Treasury Director
Kęstutis Betingis Independent member	-	From 28/05/2018 to 29/03/2022	Betingio ir Ragaišio Lawyer Firm, attorney at law
Žaneta Kovaliova Independent member	-	From 15/10/2019 to 29/03/2022	UP Consulting Group Ltd, CEO
Dalia Jakutavičė Employee representative, Member	-	From 15/10/2019 to 29/03/2022	Deputy Chairwoman of the Lithuanian Energy Workers' Trade Union Federation

During the reporting period, there were no changes in the composition of the Supervisory Board of ESO.

As at 30 June 2020, the Board of ESO consisted of the following members (term of office till 26 December 2022):

Full name	Participation in the capital of the Company and Group companies,%	Term of office	Place of employment
Mindaugas Keizeris Chairman	-	From 27/12/2018 to 26/12/2022	ESO, CEO
Augustas Dragūnas Member	-	From 27/12/2018 to 26/12/2022	ESO, Director of Finance and Administration
Virgilijus Žukauskas Member	-	From 27/12/2018 to 26/12/2022	ESO, Director of Network Operations
Ovidijus Martinonis Member	-	From 27/12/2018 to 26/12/2022	ESO, Director of Network Development
Renaldas Radvila Member	-	From 27/12/2018 to 26/12/2022	ESO, Director of the Services

During the reporting period, there were no changes in the composition of the Board of ESO.

As at 30 June 2020, the Supervisory Board of Ignitis Gamyba, consisted of the following members (term of office until 25 March 2022):

Full name	Participation in the capital of the Company and Group companies,%	Term of office	Place of employment
Dominykas Tučkus Chairman	-	From 26/03/2018 to 25/03/2022	Ignitis Group, member of the Board, Infrastructure and Development Director
Živilė Skibarkienė Member	-	From 26/03/2018 to 25/03/2022	Ignitis Group, member of the Board, Organisational Development Director
Edvardas Jatautas Independent member	-	From 26/07/2019 to 25/03/2022	Profectus Novus UAB owner, Chairman of the Board; Addendum Group Inc., founder, President; Addendum Solutions UAB founder, member of the Board. Lithuanian American Business Association in Los Angeles, member of the Board SIA Addendum LV founder, member of the Board. OU Addendum EE founder, member of the Board.

During the reporting period, there were no changes in the composition of the Supervisory Board of Ignitis Gamyba.

As at 30 June 2020, the Board of Ignitis Gamyba, consisted of the following members (term of office until 2 April 2022):

Full name	Participation in the capital of the Company and Group companies,%	Term of office	Place of employment
Rimgaudas Kalvaitis Chairman	-	From 27/03/2019 to 02/04/2022	Ignitis Gamyba, CEO
Darius Kucinas Member	-	From 03/04/2018 to 02/04/2022	Ignitis Gamyba, Director of Production
Mindaugas Kvekšas* Member	-	From 03/04/2018 to 02/04/2022	Ignitis Gamyba, Director of Finance and Administration

During the reporting period, there were no changes in the composition of the Board of Ignitis Gamyba.*On 7 August 2020, Ignitis gamyba received a notice of resignation from M. Kvekšas, The last day of his office on the Board of Ignitis gamyba is 21 August, 2020, and in the position of the Director of Finance and Administration - 27 August 2020.

ESG Disclosure

About ESG disclosure

The following report broadly follows the indicator structure recommended by most common sustainability reporting frameworks. The underlying structure has been derived from the Nasdaq ESG Reporting Guide and additional indicators have been added based on materiality and best-fit for the Group's activities and purpose. Where possible, the report includes references to other reporting frameworks such as the Global Reporting Initiative (GRI), the Sustainability Accounting Standards Board (SASB), the Task Force on Climate-Related Financial Disclosures (TCFD) or states relevance to specific UN Sustainable Development Goals (SDGs) or principles of the UN Global Compact (UNGC).

The ESG indicator data provided in the following report has not been externally verified and represents the best available estimates at the point of disclosure. Additionally, as indicated throughout the report, some indicator values are of preliminary nature and will be updated once more information is available.

Definition of terms used below: "Group" or "Ignitis Group" – the holding company AB Ignitis Grupė and its subsidiaries; "Company" – the holding company AB Ignitis Grupė.

ESG indicator list

Environmental indicators	In line with Nasdaq ESG reporting guide
1. GHG emissions	Yes
2. Emissions to Air	Added by Company
3. Emissions Intensity	Yes
4. Energy Usage	Yes
5. Energy Intensity	Yes
6. Energy Mix	Yes
7. Water Usage	Yes
8. Waste Management	Added by Company
9. Environmental Operations	Yes
10. Climate Oversight / Board	Yes
11. Climate Oversight / Management	Yes
12. Climate Risk Mitigation	Yes

Social indicators	In line with Nasdaq ESG reporting guide
13. CEO Pay Ratio	Yes
14. Gender Pay Ratio	Yes
15. Employee Turnover	Yes
16. Gender Diversity	Yes
17. Temporary Worker Ratio	Yes
18. Non-Discrimination	Yes
19. Injury Rate	Yes
20. Global Health & Safety	Yes
21. Child & Forced Labor	Yes
22. Human Rights	Yes
23. Staff Benefits	Added by Company
24. Training	Added by Company
25. Client and Employee Relations	Added by Company

Corporate governance indicators	In line with Nasdaq ESG reporting guide
26. Board Diversity	Yes
27. Board Independence	Yes
28. Incentivized Pay	Yes
29. Collective Bargaining	Yes
30. Supplier Code of Conduct	Yes
31. Ethics & Anti-Corruption	Yes
32. Data Privacy	Yes
33. ESG Reporting	Yes
34. Disclosure Practices	Yes
35. External Assurance	Yes
36. Bonds	Added by Company
37. Tax	Added by Company

Environmental Indicators

1. Greenhouse Gas Emissions*		H1 2020	H1 2019
Scope 1	t CO_2 eq	130,491**	11,466
Scope 2 (location-based)	t CO_2 eq	70,494	39,227
Scope 2 (market-based)	t CO_2 eq	199,501	110,712
Scope 3	t CO_2 eq	5,814***	26,365
Biomass	t CO_2 eq	32,586	38,551

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

**Not a final result; final value will be specified in future disclosures.*

***With the expansion of the scope of system services this year and favorable conditions in the electricity and gas markets, electricity production in the Elektrėnai Complex managed by Ignitis Gamyba is much more intensive this year compared to 2019.*

****The reduction in emissions is due to the sale of real estate objects by the company NT Valdos.*

2. Emissions to Air		H1 2020	H1 2019
NO_x	t	163.61*	61.86
CO	t	83.64	80.10
SO_2	t	3.28	2.90
Dust	t	10.05	10.46

**NO_x increased due to higher production from natural gas.*

3. Emissions Intensity*		H1 2020	H1 2019
GHG emissions per megawatt-hour consumed	t CO_2 eq/GJ	0.043	0.051
GHG emissions per full-time (FTE) employee	t CO_2 eq/FTE	55	21
GHG emissions per unit of revenue	t CO_2 eq/EURm	350	138

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

**Not a final result; final value will be specified in future disclosures.*

4. Energy Usage		H1 2020	H1 2019
Total energy consumption	GJ	4,755,400	1,522,169
Of which energy from natural gas	GJ	2,588,747*	173,299
Of which energy from biomass	GJ	237,965	255,089
Of which energy from petrol	GJ	4,079	6,216
Of which energy from diesel	GJ	33,777	36,382
Of which energy from electricity	GJ	1,880,258	1,041,882
Of which energy from heating	GJ	10,573	9,302
Direct Energy Consumption	GJ	2,864,568	470,986
Indirect Energy Consumption	GJ	1,890,832	1,051,183

E3 | UNGC: P7, P8 | GRI 302-1, 302-2 | SDG: 12 | SASB: General Issue / Energy Management

**Energy usage of fossil fuel increased due to higher production from natural gas.*

5. Energy Intensity		H1 2020	H1 2019
Energy per full-time (FTE) employee	GJ/FTE	1,262	414
Energy per unit of revenue	GJ/EURm	8,048	2,729

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

6. Energy Mix		H1 2020	H1 2019
Fossil Fuel	%	95*	83
Renewable Energy	%	5	17

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

**Energy usage of fossil fuel increased due to higher production from natural gas.*

7. Water Usage		H1 2020	H1 2019
From water supply network	m^3	22,448*	77,486
From own boreholes	m^3	12,702	10,993
Surface water	million m^3	4,610	4,566
Of which water usage for electricity generation in Kruonis PSHP	million m^3	1,491	836
Wastewater	m^3	343,068	489,031
Of which surface wastewater	m^3	300,925	445,055

E6 | GRI: 303-5 | SDG: 6 | SASB: General Issue / Water & Wastewater Management

**The decrease is due to the sale of real estate objects by the company NT Valdos and the subsequent reduction of water consumption.*

8. Waste Management		H1 2020	H1 2019
Total waste generated	t	3,607	5,561*
Of which municipal waste	t	221	320*
Of which non-hazardous waste	t	1,297	1285*
Of which iron and steel waste	t	1,819	3591*
Of which hazardous waste	t	270	365*

**Estimated from annual amount, so H1 2020 and H1 2019 data may not be directly compared.*

9. Environmental Operations		H1 2020	H1 2019
Does your Group follow a formal Environmental Policy?	Yes/No	Partially*	Partially*
Does your Group follow specific waste, water, energy, and/or recycling policies?	Yes/No	No	No
Does your company use a recognized energy management system?	Yes/No	No	No

E7 | GRI: 103-2 | SASB: General Issue / Waste & Hazardous Materials Management

**The largest Group companies Ignitis Gamyba and ESO have Environmental Policies. Policy for the whole Group was approved on August 17, 2020.*

10. Climate Oversight / Board		H1 2020	H1 2019
Does your Management Board oversee and/or manage climate-related risk?	Yes/No	Yes	Yes

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

11. Climate Oversight / Management		H1 2020	H1 2019
Does your Senior Management Team oversee and/or manage climate-related risks?	Yes/No	Yes	Yes

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

12. Climate Risk Mitigation		H1 2020	H1 2019
Total annual investment in climate-related infrastructure, resilience, and product development:			
Green generation	EURm	130.4	107.5
Upgrading of electricity networks	EURm	10.4	25.5

E10 | UNGC: P9 | SASB: General Issue / Physical Impacts of Climate Change, Business Model Resilience | TCFD: Strategy (Disclosure A)

Social Indicators

13. CEO Pay Ratio		H1 2020	H1 2019
CEO Salary & Bonus (X) to median FTE Salary	X:1	8.32:1*	7.49:1*

S1 | UNGC: P6 | GRI 102-38

**Average of quarters; final value will be specified in future disclosures.*

14. Gender Pay Ratio		H1 2020	H1 2019
Median total compensation for men (X) to median total compensation for women	X:1	1.11:1*	1.10:1*

S2 | UNGC: P6 | GRI: 405-2 | SASB: General Issue / Employee Engagement, Diversity & Inclusion

**Average of quarters; final value will be specified in future disclosures.*

15. Employee Turnover		H1 2020	H1 2019
Change over period for full-time employees	%	1.8*	2.6*
Change over period for part-time employees	%	14*	21*
Change over period for contractors and/or consultants	%	8.1*	14.65*

S3 | UNGC: P6 | GRI: 401-1b | SDG: 12 | SASB: General Issue / Labor Practices

**Average of quarters; final value will be specified in future disclosures.*

16. Gender Diversity		H1 2020	H1 2019
Total Group headcount held by men and women	%	Women – 28 Men – 72	Women – 28 Men – 72
Worker-level positions held by men and women	%	Women – 1 Men – 99	Women – 1 Men – 99
Specialist-level positions held by men and women	%	Women – 35 Men – 65	Women – 35 Men – 65
Mid-level positions held by men and women	%	Women – 32 Men – 68	Women – 30 Men – 70
Senior-level positions held by men and women	%	Women – 21 Men – 79	Women – 21 Men – 79
Executive-level positions held by men and women	%	Women – 19 Men – 81	Women – 18 Men – 82

S4 | UNGC: P6 | GRI: 102-8, 405-1 | SASB: General Issue / Employee Engagement, Diversity & Inclusion

17. Temporary Worker Ratio		H1 2020	H1 2019
Total headcount held by part-time employees	%	0.87*	1.65
Total headcount held by contractors and/or consultants	%	1.70*	2.42*

S5 | GRI: 102-8 | UNGC: P6

**Average of quarters; final value will be specified in future disclosures.*

18. Non-Discrimination		H1 2020	H1 2019
Does your Group follow a sexual harassment and/or non-discrimination policy?	Yes/No	Yes	Yes

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

19. Injury Rate		H1 2020	H1 2019
Total number of employee injuries and fatalities	unit	Injuries – 2 Fatalities – 0	Injuries – 25 Fatalities – 0
Total number of contractor injuries and fatalities	unit	Injuries – 0 Fatalities – 1	Injuries – 3 Fatalities – 0
Total number of resident injuries and fatalities	unit	Injuries – 2 Fatalities – 0	Injuries – 2 Fatalities – 1

S7 | GRI: 403-9 | SDG: 3 | SASB: General Issue / Employee Health & Safety

20. Global Health & Safety		H1 2020	H1 2019
Does your Group publish and follow an occupational health and/or global health & safety policy	Yes/No	Yes	Yes

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

21. Child & Forced Labor		H1 2020	H1 2019
Does your Group follow a child labor policy?	Yes/No	Yes	Yes
Does your Group follow a forced labor policy?	Yes/No	Yes	Yes
If yes, does your child and/or forced labor policy cover suppliers and vendors?	Yes/No	No	No

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

22. Human Rights		H1 2020	H1 2019
Does your Group publish and follow a human rights policy?	Yes/No	Yes	Yes
If yes, does your human rights policy cover suppliers and vendors?	Yes/No	No	No

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

23. Staff benefits	H1 2020	H1 2019
Additional benefits provided to the employees	Supplemental pension scheme, supplemental health insurance, remote working, financial and social assistance, employee referral bonuses, two days of sick leave without a medical certificate (further leave granted automatically with a medical certificate) and paid at 100% (further compensation according to national legislation), additional paid holidays, flexible working hours, training and continuous professional development, cultural and sporting activities.	

24. Training		H1 2020	H1 2019
Average training hours per employee trained	Hours	6*	5*
New trainees during period	Unit	8	19
Training and education programs		Compliance training and various development sessions and programs to improve general, vocational and managerial competencies focusing, on leadership development, team building, change management, business process & project management.	

**Not a final result; final value will be specified in future disclosures.*

25. Clients and Employees relations		H1 2020	H1 2019
Customer Satisfaction Score of ESO service (rating scale from 1 to 10)	Unit	9.1*	9.25*
ESO Net Promoter Score (rating scale from 0 to 100)	%	59*	-
Ignitis Transaction Net Promoter Score (rating scale from 0 to 100)	%	62.6*	51*
Ignitis Relationship Net Promoter Score (rating scale from 0 to 100)	%	61**	-
Employee Net Promoter Score (rating scale from 0 to 100)	%	54.2	16

**Average of quarters; final value will be specified in future disclosures.*
***Total B2C and B2B. The survey was carried out in March 2020.*

Corporate Governance Indicators

26. Board Diversity		H1 2020	H1 2019
Total Management Board seats occupied by women (as compared to men)	%	20	20
Total Supervisory Board seats occupied by women (as compared to men)	%	60	60
Committee Chairs occupied by women	%	67	67

G1 | GRI 405-1 | SDG: 10 | SASB: General Issue / Employee Engagement, Diversity & Inclusion (See also: SASB Industry Standards)

27. Board Independence		H1 2020	H1 2019
Does the company prohibit CEO from serving as Management Board chair?	Yes/No	No	No
Total Management Board seats occupied by independents	%	0*	0*
Total Supervisory Board seats occupied by independents	%	71**	60
Audit Committee meet the criteria of independence	Yes/No	Yes	Yes
All members attend at least 75% of all Management Board meetings	Yes/No	Yes	Yes
All members attend at least 75% of all Supervisory Board meetings	Yes/No	Yes	Yes
All members attend at least 75% of all committee meetings	Yes/No	Yes	Yes
Average tenure of the Management Board	Year	3.73	2.73
Average tenure of the Supervisory Board	Year	2.50	1.50
Shares owned by Management Board members	%	0	0
Shares owned by Supervisory Board members	%	0	0

**The Company has a two-tier corporate governance system. Management board is composed of 5 executive directors who are employees of the Company. Independent members are elected only to the Supervisory Board. See more in the Guidelines for Corporate Governance (link).*
***On April 8, 2020 the updated Articles of Association of the Company were registered and a total number of Supervisory Board members was changed from 5 to 7. Accordingly the selection procedure of two new independent Supervisory Board members was initiated.*

28. Incentivized Pay		H1 2020	H1 2019
Are executives formally incentivized to perform on sustainability	Yes/No	Yes	Yes

G3 | GRI: 102-35

29. Collective Bargaining		H1 2020	H1 2019
Total enterprise headcount covered by collective bargaining agreements to the total employee population	%	73	73
Percentage of employees unionized in ESO	%	27*	30*
Percentage of employees unionized in Ignitis Gamyba	%	61*	61*

G4 | UNGC: P3 | SDG: 8 |GRI: 102-41 | SASB: General Issue / Labor Practices (See also: SASB Industry Standards)
**11 trade unions operate in the Group. These unions were founded by the employees of ESO and Ignitis Gamyba, two largest companies of the Group. Annual measurement.*

30. Supplier Code of Conduct		H1 2020	H1 2019
Are your vendors or suppliers required to follow a Code of Conduct	Yes/No	Partially*	No
If yes, what percentage of your suppliers have formally certified their compliance with the code	%	n. d.**	n. d.**

G5 | UNGC: P2, P3, P4, P8 | GRI: 102-16, 103-2 (See also: GRI 308: Supplier Environmental Assessment 2016 & GRI 414: Supplier Social Assessment 2016|SDG: 12|SASB General Issue / Supply Chain Management (See also: SASB Industry Standards)
**There is a Code of Ethics. In 2021, it is planned to prepare a Supplier Code of Conduct.*
***Data collection is foreseen for 2021, once the Supplier Code of Conduct is in force.*

31. Ethics & Anti-Corruption		H1 2020	H1 2019
Does your Group y follow an Ethics and/or Anti-Corruption policy?	Yes/No	Yes	Yes
If yes, what percentage of your workforce has formally certified its compliance with the policy?	%	99*	99*

G6 | UNGC: P10 | SDG: 16 | GRI: 102-16, 103-2 (See also: GRI 205: Anti-Corruption 2016)
**Accurate data is available only for the Company. 99% of the workforce of the Company has formally certified their compliance with the Anti-Corruption policy and 76% with the Code of Ethics.*

32. Data Privacy		H1 2020	H1 2019
Does your Group follow a Data Privacy policy?	Yes/No	Yes	Yes
Has your company taken steps to comply with GDPR rules?	Yes/No	Yes	Yes

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

33. ESG Reporting		H1 2020	H1 2019
Does your Group publish a sustainability report?	Yes/No	Yes	Yes
Is sustainability data included in your regulatory filings?	Yes/No	Yes	Yes

G8 | UNGC: P8

34. Disclosure Practices		H1 2020	H1 2019
Does your Group provide sustainability data to sustainability reporting frameworks?	Yes/No	Yes	Yes
Does your Group focus on specific UN Sustainable Development Goals (SDGs)?	Yes/No	Yes	Yes
Does your Group set targets and report progress on the UN SDGs?	Yes/No	No	No

G9 | UNGC: P8

35. External Assurance		H1 2020	H1 2019
Are your sustainability disclosures assured or validated by a third party?	Yes/No	No	No

G10 | UNGC: P8 | GRI: 102-56

36. Bonds		H1 2020	H1 2019
Cumulative bonds	EURm	900	600
Cumulative green bonds	EURm	600	600
Avoided emissions from allocated green bonds	t CO_2 eq	n. d.	143,440*

**Annual measurement.*

37. Tax		H1 2020	H1 2019
Global tax paid	EURm	127.7*	89.3*
Tax paid in Lithuania	EURm	122.6	83.1
EU emissions trading system	EURm	n. d	0.880**
Resource tax	EURm	0.056	0.056

**Including dividends.*
***Annual amount.*

People

There have been 3,799 employees as of 30 June 2020 (number of employment contracts excluding long-term leave, “headcount”). Compared to the end of Q2 2019 (3,705) the number of employees mainly increased due to the development of the green energy segment and the start-up of the Vilnius CHP.

87 employees worked (“headcount”) in the Company on 30 June 2020 (95 on 30 June 2019). The decrease was mainly due to the part of employees being transferred to the Group subsidiary company – Ignitis Grupės Paslaugų Centras.

Employee diversity

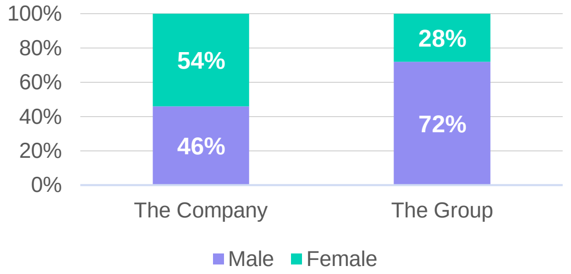
Group provides employment opportunities not dependent on gender, age, race, nationality etc. which is emphasized during the staff selection process.

In Q2 2020, males accounted to 72% and females for 28% of total Group employees. There have been 65% males and 35% females’ specialists. The gender distribution within middle level managers is similar – males accounted for 67% and females for 33%. These figures have not significantly changed compared to 2019.

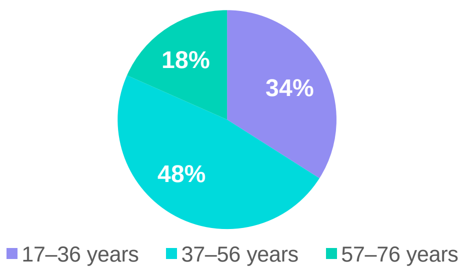
Distribution by age

The Group offers employment opportunities for people of all ages. The biggest group of the Group companies’ employees are in the age range from 37 to 56 years (~48% of total employees), followed by the age group from 17 to 36 years (34% of total employees). The smallest group (18%) include employees in the age group from 57 to 76 years.

Distribution of personnel by gender in Q2 2020



Groups‘ employees by age group in Q2 2020



Number of Group employees as of 30 June 2020

Company	Total number of employees*
Energijos Skirstymo operatorius	2,403
Ignitis Grupės Paslaugų Centras	465
Ignitis Gamyba	354
Ignitis	273
Ignitis Grupė	87
Vilnius CHP	72
Kaunas CHP	34
Transporto valdymas	24
Energetikos Paslaugų ir Rangos Organizacija	17
Duomenų Logistikos Centras**	15
Ignitis Polska	12
Ignitis Latvija	11
Ignitis Renewables	8
Gamybos Optimizavimas	7
Elektroninių Mokėjimų Agentūra	5
NT Valdos	3
Pomerania	3
Ignitis Eesti	1
Eurakras	1
Vėjo Gūsis	1
Vėjo Vatas	1
VVP Investment	1
Tuuleenenergia	1
Total	**3,799**

** In the interim report number of employees refers to the headcounts*
***After the reporting period, Duomenų Logistikos Centras has been sold.*

Culture of organisation

The Group has a strong focus on its people, and a key part of its strategy at the organisational level is maintaining an engaged, agile and constantly developing workforce, dedicated to its customers and passionate about innovation. The Group seeks diversity in skills and competencies to provide it with unique perspectives, while also empowering its teams for speed, flexibility and innovation. The Group aims to foster new and different models of collaboration in order to create an energy smart world, with its workforce able to adapt to different approaches of developing core and new energy competencies. This strategy is supported by the Group's training system, which enables a constantly growing organisation and the personal development of its staff.

Human rights and equal opportunities

In the provision of its services and activities in different communities, the Group operates in accordance with the principles of the protection of human rights, promotes and respects international protection of human rights in its sphere, and ensures that it does not contribute to violations of human rights and advocates any violation thereof.

The Group implements a fair and transparent remuneration policy, complies with the laws governing overtime and working hours, opposes any discrimination (with regard to employees or during employment) and forced or child labour, respects the right of employees to rest, and promotes work-family balance.

The Group has implemented a Code of Conduct which defines the principles and standards of business ethics, conduct and values which the Group expects each of its stakeholders to adhere to. The key principles are respect and equal opportunities, promoting a culture of safe work and environment, open and fair activities in the market, responsibility and transparency, and enabling and protecting partnerships. The Group also has a few other policies that apply to all stakeholders including the Anti-Corruption Policy, Gifts and Entertainment Management Procedures, Conflicts of Interest Management Procedures and the Rules on the Trust Line (whistleblowing).

The Code of Ethics and Equal Opportunities Policy, applicable to the entire Group, provides the principles of equal opportunities throughout the Group, measures for their implementation and describes the procedure for reporting and dealing with equal opportunities violations Reports of human rights, equal opportunities or other violations may be made directly to the head of the Company's Human Resources Department may be notified of discrimination of equal opportunities directly by email or via the Trust Line by e-mail pasitikejimolinija@ignitis.lt or by leaving a message on the answering machine +370 640 88889. In Q1 2020, no reports discrimination or other incidents related to human rights violations have been received in Group companies.

Occupational health and safety

The Group has been dedicating significant attention to developing the health and safety culture at the working places and strengthening the responsibility of the employees. The Group has approved its 'Occupational Health and Safety Policy' (OHS) designed to build safety culture in the Company based on personal responsibility and cooperation. The highest-level managers are responsible for a safe and healthy working environment, and safety culture is perceived as a component of the organisational culture.

During Q2 2020, there were no fatal incidents neither involving Group employees nor contractors. There was one light disruption of health involving ESO employee. Major risk factor during Q1 and Q2 was related to COVID –19 pandemic. In order to mitigate the risk, Group has appointed crisis coordinators in each company and Group global crisis management team to coordinate COVID response and preventative actions to ensure health and safety and business continuity. Since the end of February there were 3 COVID cases for Group employees, preventative isolation has been invoked for 110 employees. Group acquired 93k of respirators, 99k of masks, 4k gloves, 18k litres of disinfectant. During the lockdown, 2300 (out of 3777) Group employees were working remotely, to insure that a VPN access has been expanded. In order to get ready for the second wave a 6-week PPE reserve has been formed for each company of the Group.

Annexes

Other important information

The Interim Report provides information to the shareholders, creditors and other stakeholders of AB „Ignitis grupė" (hereinafter "Ignitis Group" or the "Company") about the Company's and its controlled companies, which altogether are called Group of companies (hereinafter and the "Group") operations for the period of January-June, 2020.

The Interim Report has been prepared by the Company's Administration in accordance with the Lithuanian Law on Companies, the Lithuanian Law on Consolidated Financial Reporting.

The Company's management is responsible for the information contained in the Interim Report. The report and the documents, on the basis of which it was prepared, are available at the head office of the Company (Žvejų g. 14, Vilnius), on working days from Mondays through Thursdays from 7.30 a.m. To 4.30 p.m., and on Fridays from 7.30 a.m. to 3.15 p.m. (by prior arrangement).

All public announcements, which are required to be published by the Company according to the effective legal acts of the Republic of Lithuania, are published on the Company's website (www.ignitisgrupe.lt) and the website of Nasdaq Vilnius stock exchange (www.nasdaqbaltic.com).

Significant arrangements

The Company was not a party to any significant arrangements that would take effect, be amended or terminated in the event of changes in the Company's control situation.

There were no arrangements between the Company and the members of its management bodies or its employees that would provide for payment of termination benefits in the event of their resignation or dismissal without a valid reason or in the event of termination of their employment t as a result of changes in the Company's control situation.

Detrimental transactions

No detrimental transactions were concluded during the reporting period on behalf of the Company (transactions that are not consistent with the Company's objectives or usual market terms and conditions, infringe interests of the shareholders or other stakeholders etc.), which had or potentially may have a negative impact on the Company's performance and/or results of operation, nor were any transactions concluded resulting in conflict of interests between the responsibilities of the Company's management, majority shareholders or other related parties against the Company and their own private interests and/or other responsibilities.

The main attributes of the internal control and risk management systems involved in the preparation of the consolidated financial statements

The Company's financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

The employees of the company from which the Company outsources the accounting functions, make sure that the financial statements are prepared properly, and that all data are collected in a timely and accurate manner. The preparation of the Company's financial statements, internal control and financial risk management systems, legal acts governing compilation of the financial statements are monitored and managed.

Information about audit

On 25 February 2019, General Meeting of Shareholders of the Company adopts decision regarding the election of the audit company for the audit of the Company's and its subsidiaries financial and consolidated financial reports and the terms of remuneration for the audit services (UAB „Ernst & Young Baltic" was elected as the audit company for the audits of financial reports of the Company and its subsidiaries for the period of 2019-2021). Sum of 2019 annual audit services of the Company and its subsidiaries financial and consolidated financial reports amounted to 299,991.67 EUR (VAT excluded).

Other agreements with auditors

The Company has not entered any additional arrangements with the entity that audited its financial statements.

Material events of the Company

During the reporting period (H1 2020)

30 June	The Company will be converted into public limited liability company
30 June	Regarding the conclusion of a long-term financing agreement with ESO
30 June	Preliminary financial data of the Group for 5 months of 2020
19 June	The Group publishes an updated long-term corporate strategy and the 2020-2023 strategic plan
8 June	Regarding the sale of the shares of Duomenų logistikos centras, a subsidiary of the Company
29 May	Preliminary financial data of the Group for 4 months of 2020
29 May	The results of the Group in Q1 2020: adjusted EBITDA growth was driven by investments in distribution network; group’s revenue from foreign countries increased by 39 percent
22 May	The Company listed new bond emission on the AB Nasdaq Vilnius Stock Exchange
21 May	Regarding decisions to delist the shares of ESO and Ignitis Gamyba from the Nasdaq Vilnius Stock Exchange
18 May	Regarding the beginning of the processes of mandatory buyout of shares of ESO and Ignitis Gamyba
14 May	The Company issued bonds of value EUR 300 million
11 May	The Company plans an issue of bonds
11 May	The Company retained BBB+ credit rating
8 May	Correction: The Company’s annual information for the year 2019
8 May	Summary of the Company’s webinar
8 May	The Company’s annual information for the year 2019
8 May	Regarding the resolutions of the Ordinary General Meeting of the Shareholders of the Company
7 May	The Company holds a Webinar regarding the financial results for the year 2019
7 May	Reminder of a Webinar regarding the financial results for the year 2019 of the Company
5 May	The Bank of Lithuania approved the prices at which Ignitis Grupė will offer the buy-out of ESO and Ignitis Gamyba shares
4 May	Ignitis Group will hold an Investor Conference Webinar to introduce the financial results for the year 2019
30 April	Preliminary financial data of Ignitis Group for 3 months of 2020
23 April	Regarding the end of the Company’s official tender offers for shares of ESO Ignitis Gamyba
22 April	Regarding the Company’s consolidated annual report for 2019, consolidated and separate financial statements and profit (loss) distribution project
20 April	Correction: Reporting dates of Ignitis Group in 2020
16 April	Regarding conclusion of a credit agreement with Swedbank, AB
10 April	Correction: Reporting dates of the Company in 2020
8 April	The number of members of the Supervisory Board is changed in the Company
2 April	The start of the official tender offer for shares of ESO and Ignitis Gamyba
31 March	Preliminary financial data of the Company for 2 months of 2020
31 March	Regarding approval of the official tender offer circulars of ESO and Ignitis Gamyba shares
27 March	The number of members of the Supervisory Board will be increased in the Company
23 March	The Company will start preparation for its initial public offering
19 March	Courts approved waivers of claims of minority shareholders of ESO and Ignitis Gamyba
18 March	The Government approved the conversion of The Company and the increase of share capital

17 March	The Company and minority shareholders of its subsidiaries ESO and Ignitis Gamyba reached a settlement
10 March	Financing contract for the Pomerania wind farm project is signed
5 March	Correction: Reporting dates of The Company in 2020
28 February	Preliminary financial data of The Company for 1 month of 2020
28 February	In 2019 , the year of transformation, The Company improved its financial indicators
28 February	Regarding recommendation of the working group set up by the Ministry of Finance and the proposal to approve the actions authorizing to prepare for the initial public offering of shares of the Company
25 February	Regarding financing contracts for the Pomerania wind farm project
31 January	Correction: Preliminary financial results of the Company for 12 months of 2019
31 January	Preliminary financial results of the Company for 12 months of 2019
10 January	Regarding the information submitted to the Bank of Lithuania about official tender circulars of subsidiaries shares
8 January	Regarding the decision to appeal the judgement
6 January	Regarding the decision to appeal the judgement
3 January	Regarding the decision of the Court

After the reporting period

20 August	Regarding the decision to appeal the judgement
19 August	Regarding the completed process of mandatory buyout of shares of Ignitis Gamyba
13 August	Correction: Regarding Group consolidated annual report for 2019, consolidated and separate financial statements and profit (loss) distribution project
12 August	Regarding the claim brought before the Court and the temporary protection measures applied
6 August	Regarding the pre-emptive right of the minority shareholders of Ignitis Gamyba and ESO to acquire the shares of the Company during planned initial public offer
4 August	Regarding the claim brought before the Court
31 July	Preliminary financial data of the Group for 6 months of 2020
30 July	Selection for vacant positions of independent members of the Supervisory Board of the Company is announced
28 July	UAB Ignitis Grupė is converted to AB Ignitis Grupė
23 July	The Ministry of Finance submitted for consideration draft resolutions regarding the amount of dividends of the Company
14 July	Regarding the granting a loan from the Company to Ignitis Renewables
8 July	Regarding the granting a loan from the Company to Ignitis
7 July	Regarding the completion of the sale of the shares of Duomenų logistikos centras, a subsidiary of the Company
1 July	Regarding the Investor’s Letter of the Company

Glossary

%	Per cent
000 / k	Thousand
AB	Joint stock company
B2B	Business to business
B2C	Business to consumer
BICG	Baltic Institute of Corporate Governance
bn	Billion
c.d.	Calendar days
CCGT	Combined Cycle Gas Turbine Plant
CO2	Carbon dioxide
CHP	Combined heat and power
Customers of independent suppliers	Electricity users who have selected an independent electricity supplier as their supplier
E	Electricity
EA	Emission allowances
Electricity generated	Electricity sold in wind farms, solar power plants, biofuel plants, CHP plants, hydropower plants (including Kruonis pumped storage power plant) and electricity sold in Elektrėnai Complex
Electricity sales in retail market	Amount of electricity sold in Lithuania (B2C, B2B and guaranteed customers) and in Latvia
Electricity sales in wholesale market	Proprietary trading in wholesale market in Poland
Energijos Tiekimas	Energijos Tiekimas UAB
Enerpro	UAB Energetikos paslaugų ir rangos organizacija
eNPS	Employee Net Promoter Score
ESO	AB „ESO“
etc.	et cetera
EU	European Union
Eurakras	UAB „EURAKRAS“
FTE	Full-time equivalent
GDP	Gross domestic product
GDPR	General Data Protection Regulation
Government of the Republic of Lithuania	Government of the Republic of Lithuania
GPAIS	Unified Product, Packaging and Waste Record Keeping System
GPC	UAB „Ignitis grupės paslaugų centras“
Green electricity generated	Electricity sold in wind farms, solar power plants, biofuel plants and CHP plants, hydropower plants (including Kruonis pumped storage power plant)
Green Generation capacity installed	Wind farms, solar power plants, biofuel plants, CHP plants and hydropower plants (including Kruonis pumped storage power plant) that have completed and have passed a final test
Green share of generation,%	Green share of generation shall be calculated as follows: Green electricity generated (including Kruonis pumped storage power plant) divided by total electricity generated in the Group
Group	Group companies of Ignitis Group UAB
Guaranteed supply	Supply of electricity in order to meet electricity demand of customers who have not selected an independent supplier under the established procedure, or an independent supplier selected by them does not fulfil its obligations, terminates activities or the agreement on the purchase and sale of electricity
Hydro power	Kaunas Algirdo Brazauskas hydroelectric power plant and Kruonis pumped storage power plant
IFRS	International Financial Reporting Standards
IFRS	International Financial Reporting Standards
Ignitis	Ignitis UAB (former Lietuvos energijos tiekimas and Energijos tiekimas)
Ignitis Eesti	Ignitis Eesti OÜ
Ignitis Gamyba	AB „Ignitis gamyba“
Ignitis Latvija	Ignitis Latvija SIA
Ignitis Polska	Ignitis Polska sp. z o.o.
Ignitis Renewables	UAB „Ignitis renewables“
Installed capacity	Where all assets have been completed and have passed a final test
Investments	Acquisition of property, plant and equipment and intangible assets, acquisition of shareholdings
IPO	Initial Public Offering
ISO	International Organization for Standardization

Kaunas A. Brazauskas HPP	Kaunas Algirdas Brazauskas Hydroelectric Power Plant
Kaunas CHP	UAB Kauno kogeneracinė jėgainė
Kruonis PSHP	Kruonis Pumped Storage Hydroelectric Plant
KTU	Kaunas University of Technology
Lietuvos energija	„Lietuvos energija”, UAB (current UAB „Ignitis grupė”)
Lietuvos Energijos Tiekimas	Lietuvos Energijos Tiekimas UAB
Litgas	Litgas UAB
Litgrid	Litgrid AB
LNG	Liquefied natural gas
LNGT	Liquefied natural gas terminal
LRAIC	Long-run average incremental cost
LTM	Last twelve months
LVPA	Lithuanian Business Support Agency
m.	Metai
Mažeikiai	UAB „VVP Investment“
min.	Minimum
MLN / m	Million
mnth.	Month/months
MW	Megawatt
MWh	Megawatt hour
n.m.	Not meaningful
NEIS	National Energy Independence Strategy
NERC	The National Energy Regulatory Council
New connection points and upgrades	Number of new customers connected to the network and capacity upgrades of the existing connection points
NG	Natural gas
NPS	Net promoter score
NT Valdos	NT Valdos, UAB
OECD	Organisation for Economic Co-operation and Development
OHS	Occupational Health and Safety Policy
OPEX	Operating expenses
Pomerania	Pomerania Wind Farm sp. z o. o.
PSO	Public service obligation
Public supply	Electricity supply activity performed in accordance with the procedure and terms established by legal acts by an entity holding a public supply licence
Q	Quarter
RBM	Remuneration of the Board member
RE	Renewable energy

RES	Renewable energy sources
RPA	Robotic process automation
SAIDI	Average duration of unplanned interruptions in electricity or gas transmission
SAIFI	Average number of unplanned long interruptions per customer
SOE	State-owned company
TE-3	Vilnius Third Combined Heat and Power Plant
The Company / Ignitis Group	AB „Ignitis grupė” (former „Lietuvos energija”, UAB)
Tuuleenergia	„Tuuleenergia osaühing”
TWh	Terawatt-hour
UAB	Private Limited Liability Company
UN	United Nations
Units	Units
Vėjo Gūsis	UAB „VĖJO GŪSIS“
Vėjo Vatas	UAB „VĖJO VATAS“
VGTU	Vilnius Gediminas Technical University
Vilnius CHP	UAB Vilniaus kogeneracinė jėgainė
Visagino atominė elektrinė	Visagino atominė elektrinė UAB
vs.	Versus

2020

Ignitis grupė AB interim condensed consolidated financial statements

Interim condensed consolidated financial statements for the six month period ended 30 June 2020, prepared according to International accounting standard 34 'Interim financial reporting' as adopted by the European Union, presented together with Independent Auditor’s Report on Review of Interim Financial Information

www.ignitisgrupe.lt

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Company code 301844044

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Translation note:
These interim condensed consolidated financial statements are a translation from the original, which was prepared in Lithuanian language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of this document takes precedence over this translation.

The Group's interim condensed consolidated financial statements prepared for the six month period ended 30 June 2020 were prepared by Ignitis grupė AB management and signed on 26 August 2020:

Darius Maikštėnas	**Darius Kašauskas**	**Giedruolė Guobienė**
Chief Executive Officer	Finance and Treasury Director	Ignitis grupės paslaugų centras UAB, Head of Accounting Department acting under Order No. IS-88-20 of 10/04/2020

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PVM mokėtojo kodas LT108784411
Juridinių asmenų registras

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VAT payer code LT108784411
Register of Legal Entities

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the shareholder of "Ignitis grupė", AB

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of "Ignitis grupė", AB as at 30 June 2020 which comprise the interim condensed consolidated statement of financial position as at 30 June 2020 and the related interim condensed consolidated statement of profit or loss and other comprehensive income for the three- and six-month periods then ended, the interim condensed consolidated statement of changes in equity, the interim condensed consolidated statement of cash flows for the six-month period then ended, and the explanatory notes to these interim condensed consolidated financial statements. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Financial Reporting Standards applicable to interim financial reporting as adopted by the European Union ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with International Financial Reporting Standards applicable to interim financial reporting as adopted by the European Union ("IAS 34").

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

Jonas Akelis
Auditor's licence
No. 000003

26 August 2020

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2020

All amounts in thousands of euro unless otherwise stated

	Notes	30 June 2020	31 December 2019
ASSETS			
Non-current assets			
Intangible assets	5	143,625	142,737
Property, plant and equipment	6	2,485,594	2,347,817
Right-of-use assets	7	62,051	61,044
Prepayments for non-current assets	10	246	27,809
Investment property		5,135	5,530
Non-current receivables	9	173,516	165,031
Other financial assets		4,063	3,735
Other non-current assets		5,087	5,087
Deferred tax assets		8,572	11,770
Total non-current assets		**2,887,889**	**2,770,560**
Current assets			
Inventories		26,193	46,621
Prepayments and deferred expenses	10	38,924	50,548
Trade receivables	11	117,447	117,867
Other receivables		34,733	31,780
Other current assets		2,130	5,796
Prepaid income tax		179	2,434
Cash and cash equivalents	12	283,265	131,837
		502,871	**386,883**
Assets held for sale	13	9,674	40,643
Total current assets		**512,545**	**427,526**
TOTAL ASSETS		**3,400,434**	**3,198,086**
EQUITY AND LIABILITIES			
Equity			
Issued capital	14	1,212,156	1,212,156
Reserves		264,966	259,651
Retained earnings (deficit)		(141,792)	(172,188)
Equity attributable to equity holders of the parent		**1,335,330**	**1,299,619**
Non-controlling interests		2,486	49,001
Total equity		**1,337,816**	**1,348,620**
Liabilities			
Non-current liabilities			
Non-current loans and bonds	15	1,228,151	821,929
Non-current lease liabilities	16	26,424	33,818
Grants and subsidies		282,258	267,949
Deferred income tax liabilities		44,775	38,408
Provisions	17	37,077	35,564
Deferred income	18	157,389	151,910
Other non-current amounts payable and liabilities		764	883
Total non-current liabilities		**1,776,838**	**1,350,461**
Current liabilities			
Current portion of non-current loans	15	21,203	37,454
Current loans	15	11,890	196,737
Lease liabilities	16	14,785	8,400
Trade payables		54,530	78,567
Advances received	18	39,107	51,745
Income tax payable		5,545	6,171
Provisions	17	16,056	19,818
Deferred income	18	10,084	9,749
Other current amounts payable and liabilities		109,348	85,042
		282,548	**493,683**
Liabilities directly associated with the assets held for sale	13	3,232	5,322
Total current liabilities		**285,780**	**499,005**
Total liabilities		**2,062,618**	**1,849,466**
TOTAL EQUITY AND LIABILITIES		**3,400,434**	**3,198,086**

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the three and six month periods ended 30 June 2020

All amounts in thousands of euro unless otherwise stated

	Notes	2020, I half-year	2020, II quarter	2019, I half-year (restated*)	2019, II quarter (restated*)
Revenue from contracts with customers	19	588,274	264,859	556,801	224,354
Other income		2,638	1,599	1,066	(9,977)
Revenue		**590,912**	**266,458**	**557,867**	**214,377**
Operating expenses					
Purchases of electricity, gas for trade, and related services		(343,985)	(125,332)	(368,648)	(123,609)
Purchases of gas and heavy fuel oil		(16,719)	(10,029)	(11,950)	(5,324)
Depreciation and amortisation		(54,523)	(26,796)	(54,378)	(27,364)
Salaries and related expenses		(49,716)	(24,918)	(41,900)	(20,897)
Repair and maintenance expenses		(11,234)	(6,414)	(15,349)	(7,198)
(Impairment) reversal of impairment of amounts receivable and loans		(847)	(250)	1,079	850
(Impairment) reversal of impairment of property, plant and equipment		(701)	206	(2,284)	(2,104)
Other expenses		(19,777)	(7,774)	(18,407)	(8,733)
Total operating expenses		**(497,502)**	**(201,307)**	**(511,837)**	**(194,379)**
Operating profit (loss) (EBIT)		**93,410**	**65,151**	**46,030**	**19,998**
Finance income		970	593	1,294	718
Finance expenses		(10,174)	(5,679)	(9,872)	(5,948)
Profit (loss) before tax		**84,206**	**60,065**	**37,452**	**14,768**
Current year income tax (expenses)/benefit		(5,462)	(1,842)	(4,576)	(655)
Deferred income tax (expenses)/benefit		(6,819)	(6,104)	(4,037)	(2,251)
Net profit		**71,925**	**52,119**	**28,839**	**11,862**
Attributable to:					
Equity holders of the parent		72,358	54,332	27,228	11,311
Non-controlling interest		(433)	(2,203)	1,610	551
Other comprehensive income (loss)					
Items that will not be reclassified to profit or loss in subsequent periods					
Revaluation of property, plant and equipment, net of deferred income tax effect		108	(1,877)	-	76
Revaluation of emission allowances		3,821	17,023	2,902	8,293
Recalculation of the defined benefit plan obligation, net of deferred income tax		335	19	(164)	(164)
Items that will not be reclassified to profit or loss in subsequent periods, total		**4,264**	**15,165**	**2,738**	**8,205**
Items that may be reclassified to profit or loss in subsequent periods					
Exchange differences on translation off foreign operations into the Group's presentation currency		(1,751)	684	27	32
Items that may be reclassified to profit or loss in subsequent periods, total		**(1,751)**	**684**	**27**	**32**
Total other comprehensive income (loss)		**2,513**	**15,849**	**2,765**	**8,237**
Total comprehensive income (loss) for the period		**74,438**	**67,968**	**31,604**	**19,927**
Attributable to:					
Equity holders of the parent		74,778	69,724	29,910	19,125
Non-controlling interests		(340)	(1,756)	1,694	802

**Certain amounts presented above do not correspond to the interim condensed consolidated financial statements prepared for the period of 2019 I half-year and 2019 II quarter and reflect correction of error, reclassifications and changes in accounting methods, disclosed in Note 4.*

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

Ignitis grupė AB, Company code 301844044, Žvejų g. 14, LT-09310 Vilnius, Lithuania

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2020

All amounts in thousands of euro unless otherwise stated

	Notes	Equity attributable to owners of the Company						Non-controlling interest (restated*)	Total (restated*)
		Issued capital	Legal reserve	Revaluation reserve	Other reserves	Retained earnings (restated*)	Subtotal (restated*)		
Balance at 31 December 2018 as previously reported		**1,212,156**	**49,851**	**162,935**	**16**	**(156,763)**	**1,268,195**	**48,356**	**1,316,551**
Correction of error and change of accounting methods**		-	-	-	-	(13,231)	**(13,231)**	(798)	**(14,029)**
Restated balance as at 1 January 2019 (restated*)		**1,212,156**	**49,851**	**162,935**	**16**	**(169,994)**	**1,254,964**	**47,558**	**1,302,522**
Revaluation of emission allowances		-	-	2,810	-	-	**2,810**	92	**2,902**
Exchange differences on translation of foreign operations into the Group's presentation currency		-	-	-	27	-	**27**	-	**27**
Result of change in actuarial assumptions		-	-	-	-	(156)	**(156)**	(8)	**(164)**
Total other comprehensive income (loss)		**-**	**-**	**2,810**	**27**	**(156)**	**2,681**	**84**	**2,765**
Net profit (loss) for the reporting period (restated*)		-	-	-	-	27,229	**27,229**	1,610	**28,839**
Total comprehensive income for the period (restated*)		**-**	**-**	**2,810**	**27**	**27,073**	**29,910**	**1,694**	**31,604**
Transfer of revaluation reserve to retained earnings (transfer of depreciation, net of deferred income tax)		-	-	(9,165)	-	9,165	**-**	-	**-**
Transfer to reserves and movement in reserves		-	62,797	-	(36)	(62,761)	**-**	-	**-**
Dividends	20	-	-	-	-	(13,000)	**(13,000)**	(297)	**(13,297)**
Ignitis grupės paslaugų centras UAB share capital increase portion to non-controlling interest		-	-	-	-	-	**-**	8	**8**
Restated balance as at 30 June 2019 (restated*)		**1,212,156**	**112,648**	**156,580**	**7**	**(209,517)**	**1,271,874**	**48,963**	**1,320,837**
Balance at 1 January 2020		**1,212,156**	**112,647**	**146,993**	**11**	**(172,188)**	**1,299,619**	**49,001**	**1,348,620**
Revaluation of non-current assets, net of deferred income tax effect		-	-	108	-	-	**108**	-	**108**
Revaluation of emission allowances		-	-	3,728	-	-	**3,728**	93	**3,821**
Exchange differences on translation of foreign operations into the Group's presentation currency		-	-	-	(1,751)	-	**(1,751)**	-	**(1,751)**
Result of change in actuarial assumptions		-	-	-	-	335	**335**	-	**335**
Total other comprehensive income (loss)		**-**	**-**	**3,836**	**(1,751)**	**335**	**2,420**	**93**	**2,513**
Net profit (loss) for the reporting period		-	-	-	-	72,358	**72,358**	(433)	**71,925**
Total comprehensive income for the period		**-**	**-**	**3,836**	**(1,751)**	**72,693**	**74,778**	**(340)**	**74,438**
Transfer of revaluation reserve to retained earnings (transfer of depreciation, net of deferred income tax)		-	-	(7,753)	-	7,753	**-**	-	**-**
Emission allowances utilised			-	(294)	-	294	**-**	-	**-**
Transfer to reserves, movement in reserves		-	2,353	-	-	(2,353)	**-**	-	**-**
Dividends	20	-	-	-	-	(28,000)	**(28,000)**	(2,524)	**(30,524)**
Equity acquisition from non-controlling interest	8	-	1,207	7,717	-	(19,991)	**(11,067)**	(43,651)	**(54,718)**
Balance at 30 June 2020		**1,212,156**	**116,207**	**150,499**	**(1,740)**	**(141,792)**	**1,335,330**	**2,486**	**1,337,816**

**Certain amounts presented above do not correspond to the interim condensed consolidated financial statements prepared for the period of 2019 I half-year and 2019 II quarter and reflect correction of error, reclassifications and changes in accounting methods, disclosed in Note 4.*

***Preparing annual financial statements for 2019, corrections of errors and changes in accounting methods disclosed in Note 4 paragraphs "Correction of error applied retrospectively in 2019 and previous year annual financial statements" and "Changes in accounting methods" were applied retrospectively*

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended 30 June 2020

All amounts in thousands of euro unless otherwise stated

	Notes	2020, I half-year	2019, I half-year (restated*)
Cash flows from operating activities			
Net profit*		71,925	28,839
Adjustments for non-monetary expenses (income):			
Depreciation and amortisation expenses		59,127	57,800
Impairment of property, plant and equipment, including held for sale		928	2,286
Revaluation of property, plant and equipment		(72)	(97)
Revaluation of investment property		138	335
Revaluation of derivatives		3,879	666
Impairment/ (reversal of impairment) of financial assets		1,058	(1,079)
Income tax expenses		12,281	8,614
(Amortisation) of grants		(4,604)	(4,695)
Increase (decrease) in provisions		4,623	(2,397)
Inventory write-down to net realizable value/ (reversal)		(387)	4
Expenses/(income) of revaluation of emission allowances		(278)	247
Emission allowances utilised		(241)	987
Elimination of results of investing activities:			
- Loss on disposal/write-off of property, plant and equipment		1,024	1,793
- Results of the revaluation and closing of derivative financial instruments		(195)	-
Elimination of results of financing activities:			
Interest income		(114)	(1,231)
Interest expenses		8,460	7,691
Other expenses of financing activities		858	2,120
Changes in working capital:			
(Increase) decrease in trade receivables and other amounts receivable		5,815	54,078
(Increase) decrease in inventories, prepayments and other current and non-current assets		32,574	(1,517)
Increase (decrease) in amounts payable, deferred income and advance amounts received		(32,337)	(52,064)
Income tax (paid)		(6,449)	(1,810)
Net cash flows from (to) operating activities		**158,013**	**100,570**
Cash flows from investing activities			
(Purchase) of property, plant and equipment and intangible assets		(161,914)	(189,838)
Proceeds from sale of property, plant and equipment and intangible assets		2,710	25,679
Financial leasing payments received		367	-
Acquisition of investments in subsidiaries		-	(27,673)
Grants received		17,548	25,630
Interest received		-	13
Other increases (decreases) in cash flows from investing activities		-	(1,129)
Net cash flows from (to) investing activities		**(141,289)**	**(167,318)**
Cash flows from financing activities			
Loans received	15	116,354	63,102
Issue of bonds	15	295,657	-
Repayments of borrowings	15	(22,475)	(30,669)
Lease payments	16	(5,397)	(3,185)
Interest paid	15	(1,899)	(1,439)
Dividends paid		(30,524)	(13,297)
Equity acquisition from non-controlling interest	8	(25,721)	-
Net cash flows from (to) financing activities		**325,995**	**14,512**
Increase (decrease) in cash and cash equivalents (including overdraft)		**342,719**	**(52,236)**
Cash and cash equivalents (including overdraft) at the beginning of the period	12	(59,454)	85,575
Cash and cash equivalents (including overdraft) at the end of the period		**283,265**	**33,339**

**Certain amounts presented above do not correspond to the interim condensed consolidated financial statements prepared for the period of 2019 I half-year and 2019 II quarter and reflect reclassifications and changes in accounting methods, disclosed in Note 4.*

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

All amounts in thousands of euro unless otherwise stated

1 General information

Ignitis grupė AB (hereinafter "the Company") is a public limited liability company registered in the Republic of Lithuania. The Company's sole shareholder as at 30 June 2020 has adopted a decision to change the Company's legal status to a public limited liability company (AB) and on 28 July 2020 the new articles were registered. The Company's registered office address is Žvejų str. 14, LT-09310, Vilnius, Lithuania. The Company is a limited liability profit-oriented entity registered on 28 August 2008 with the Register of Legal Entities managed by the public institution the Centre of Registers. Company code 301844044, VAT payer's code LT10004278519. The Company has been founded for an indefinite period.

The Company is a parent company, which is responsible for the management and coordination of activities of the group companies (Note 8) engaged in electricity and heat generation (including electricity generation from renewable energy sources), supply, electricity import and export, distribution and trade, natural gas distribution and supply, as well as in service and development of electric energy industry.

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

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

The Company is wholly owned by the State of the Republic of Lithuania.

Company's shareholder	30 June 2020		31 December 2019	
	Share capital, in EUR '000	%	Share capital, in EUR '000	%
Republic of Lithuania represented by the Lithuanian Ministry of Finance	1,212,156	100	1,212,156	100

As at 30 June 2020, the Group had 3,932 employees (31 December 2019 – 3,846).

2 Accounting principles

2.1 Basis of preparation

These interim condensed consolidated financial statements, prepared for the six months period ended 30 June 2020, cover Ignitis grupė AB (hereinafter "the Company") and its subsidiaries' (hereinafter collectively "the Group") interim condensed consolidated financial statements (hereinafter "interim financial statements"). These interim financial statements have been prepared in accordance with International Financial Reporting Standards (hereinafter "IFRS") as adopted by the European Union and applicable to interim financial reporting (International Accounting Standard (hereinafter "IAS") 34 "Interim Financial Reporting"). These interim financial statements do not provide all the information required for the preparation of the annual financial statements, therefore this must be read in conjunction with the annual financial statements for the year ended 31 December 2019, which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

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

In year 2019 the management of the Group has made certain error correction, reclassifications of the statements' captions and restatements due to changes in accounting methods. Identified error, reclassifications of the statements' captions and changes in accounting methods are disclosed in Note 4. The originally issued and published interim financial statements for the six month period ended 30 June 2019 did not reflect this correction of accounting error, reclassifications and changes in accounting methods. As the 2020 I half-year interim financial statements present comparative information for the previous reporting period, the Group presents figures for 2019 I half-year and 2019 II quarter as restated as described in Note 4.

2.2 New standards, amendments and interpretations

The accounting policies applied in the preparation of these interim financial statements are consistent with the accounting policies applied in the preparation of the Group's annual financial statements for the year ended 31 December 2019, with the exception of the new standards which entered into force as at 1 January 2020.

Preparing these interim financial statements, the Group did not adopt new standards, amendments and interpretations, the effective date of which is later than 1 January 2020 and early adoption is permitted. The following new standards and amendments to the standards that became effective as at 1 January 2020 and did not affect significantly these interim financial statements.

New and/or amended International financial reporting standards and International financial reporting interpretation committee (hereinafter "IFRIC") interpretations, which entered into force from 1 January 2020 and have been endorsed in EU during the 2020 I half year

Amendments to References to the Conceptual Framework in IFRS Standards
(published 29 March 2018, effective from 1 January 2020)

The Conceptual Framework sets out a comprehensive set of concepts for financial reporting, standard setting, guidance for preparers in developing consistent accounting policies and assistance to others in their efforts to understand and interpret the standards. The IASB has also issued a separate accompanying document, Amendments to References to the Conceptual Framework in IFRS Standards, which sets out the amendments to affected standards in order to update references to the revised Conceptual Framework. Its purpose is to support transition to the revised Conceptual Framework for companies that develop accounting policies using the Conceptual Framework when no IFRS Standard applies to a particular transaction. These amendments had no impact on these interim financial statements of the Group.

Amendments to IFRS 3: Definition of a Business
(published 22 October 2018, effective from 1 January 2020)

The IASB issued amendments to the definition of a business in IFRS 3 (amendments to IFRS 3) aimed at resolving the difficulties that arise when an entity is determining whether it has acquired a business or a group of assets. The amendments are effective for business combinations for which the acquisition date is on or after 1 January 2020 and to asset acquisition that occur on or after the beginning of that period, with earlier adoption permitted. These amendments had no impact on these interim financial statements of the Group but may impact future periods if the Group enters to any business combinations.

Amendments to IAS 1 and IAS 8: Definition of a Material
(published 31 October 2018, effective from 1 January 2020)

The amendments clarify the definition of 'material' and how it should be applied. New definition clarifies that 'information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.' In addition, the explanations accompanying the definition have been improved. The amendments also ensure that the definition of material is consistent across all IFRSs. These amendments had no impact on these interim financial statements of the Group, nor is there expected to be any future impact to them.

Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform
(published 26 September 2019, effective from 1 January 2020 and must be applied retrospectively)

Amendments to IFRS 9, IAS 39 and IFRS 7 conclude phase one of its work to respond to the effects of Interbank Offered Rates (IBOR) reform on financial reporting. The amendments published, deal with issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative interest rate and address the implications for specific hedge accounting requirements in IFRS 9 Financial Instruments and IAS 39 Financial Instruments: Recognition and Measurement, which require forward-looking analysis. The amendments provided temporary reliefs, applicable to all hedging relationships that are directly affected by the interest rate benchmark reform, which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark with an alternative nearly risk-free interest rate. There are also amendments to IFRS 7 Financial Instruments: Disclosures regarding additional disclosures around uncertainty arising from the interest rate benchmark reform. Phase two (ED) will focus on issues that could affect financial reporting when an existing interest rate benchmark is replaced with a risk-free interest rate (an RFR). These amendments had no impact on these interim financial statements of the Group.

Standards, amendments and interpretations issued but not yet effective

New standards, amendments and interpretations that are not mandatory for reporting period beginning on 1 January 2020 and have not been early adopted when preparing these interim financial statements are presented below:

IFRS 17: Insurance Contracts
(published 18 May 2017, effective from 1 January 2023)

The standard is effective for annual periods beginning on or after 1 January 2021 with earlier application permitted if both IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments have also been applied. In its March 2020 meeting the Board decided to defer the effective date to 2023. IFRS 17 Insurance Contracts establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. The objective is to ensure that entities provide relevant information in a way that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that contracts within the scope of IFRS 17 have on the financial position, financial performance and cash flows of an entity. This IFRS will not have any impact on the financial position or performance of the Group as insurance services are not provided. The standard has not yet been endorsed by the EU.

Amendments to IFRS 17 and IFRS 4: The deferral of effective dates for IFRS 17 and IFRS 9 for insurers
(published 25 June 2020, effective from 1 January 2021)

The amendments to IFRS 17 are effective, retrospectively, for annual periods beginning on or after January 1, 2023, with earlier application permitted. The amendments aim at helping companies implement the Standard. In particular, the amendments are designed to reduce costs by simplifying some requirements in the Standard, make financial performance easier to explain and ease transition by deferring the effective date of the Standard to 2023 and by providing additional relief to reduce the effort required when applying IFRS 17 for the first time.

The amendments to IFRS 4 change the fixed expiry date for the temporary exemption in IFRS 4 Insurance Contracts from applying IFRS 9 Financial Instruments, so that entities would be required to apply IFRS 9 for annual periods beginning on or after January 1, 2023.

These amendments have not yet been endorsed in the EU. The management has assessed that these amendments will not have any impact on the Group's financial statements.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current
(published 23 January 2020, effective from 1 January 2022)

The amendments are effective for annual reporting periods beginning on or after January 1, 2022 with earlier application permitted. The IASB has issued an exposure draft to defer the effective date to 1 January 2023. The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of interim condensed consolidated financial position (hereinafter "statement of financial position"), debt and other liabilities with an uncertain settlement date should be classified as current or non-current. The amendments affect the presentation of liabilities in the statement of financial position and do not change existing requirements around measurement or timing of recognition of any asset, liability, income or expenses, nor the information that entities disclose about those items. Also, the amendments clarify the classification requirements for debt which may be settled by the company issuing own equity instruments. The Group is currently assessing the impact of this amendment on their interim financial statements. These amendments have not yet been endorsed by the EU.

Amendments to IFRS 3 Business combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent liabilities and Contingent Assets as well as Annual Improvements (amendments)
(published 14 May 2020, effective from 1 January 2022)

The amendments are effective for annual periods beginning on or after 1 January 2022 with earlier application permitted. The IASB has issued narrow-scope amendments to the IFRS Standards as follows:

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

These amendments have not yet been endorsed in the EU. The Group's management is currently assessing the impact of these amendments on the Group's financial statements.

Amendments to IFRS 16: COVID-19 related rent concessions/discounts
(published 28 May 2020, effective from 1 June 2020)

The amendment applies, retrospectively, to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted, including in financial statements not yet authorized for issue at 28 May 2020. IASB amended the standard to provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic. The amendment provides a practical expedient for the lessee to account for any change in lease payments resulting from the covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change was not a lease modification, only if all of the following conditions are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change.
- Any reduction in lease payments affects only payments originally due on or before 30 June 2021.
- There is no substantive change to other terms and conditions of the lease.

These amendments have not yet been endorsed in the EU. The Group's management estimated that the application of these amendments will not have a material impact on the Group's financial statements.

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
(published 11 September 2014, effective date not appointed)

The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IFRS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. In December 2015, the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. The amendments have not yet been endorsed by the EU. Management has assessed that adoption of these amendments will have no significant effect on the Group's financial statements.

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

Preparing these interim financial statements the significant management judgements regarding the application of the accounting policies and accounting estimates were the same as used in preparing the annual financial statements for the year ended 31 December 2019, except those accounting estimates and judgements presented below:

3.1 Impact of COVID-19 on critical accounting estimates, management judgements and estimation uncertainties

Below there are presented accounting estimates and judgements the uncertainty of which is changed due to COVID-19 pandemic. The following key areas considered by the Group's management in assessing the impact of COVID-19 are presented below:

Going concern
The Group's management assessed cash flows due to deferral of electricity and gas payments, reduction and slower recovery of electricity and gas consumption, as well as cash flows related to the risk of delays in major infrastructure projects, probability of bad debt growth, potential disruptions to funding sources, the risk of COVID-19 infection by workers performing critical functions. The assessment used all currently available information on the threats posed by COVID-19. The Group's management has not identified any threats to the Group's going concern when assessing the potential impact of key COVID-19 factors on the Group's results. The Group has taken actions to manage the risks that have arisen.

Residual value and useful life of property, plant and equipment
Management considered the effect of COVID-19 on the useful life and residual value of the non-current assets used in gas and electricity distribution, thermal, hydro and wind power plants and, finding that there was no change in the expected nature and purpose of these assets, did not determine any effect of COVID-19 on the asset's residual value and useful life. The review of the nature and purpose of the use of non-current assets was based on foreseeable events and economic conditions that could result from a future COVID-19 pandemic. Management has not identified any disruptions in the use of property, plant and equipment neither in the short nor in the long term.

Assessment of expected credit losses
The Group's management has assessed past events, current and future economic conditions as at the date of issue of these interim financial statements in determining the expected credit losses due to impact of COVID-19. As at 30 June 2020 the management has determined that the future economic situation of COVID-19 does not significantly change the loss ratio matrix that is used to calculate the expected credit losses of the Group's financial assets comparing to that used as at 31 December 2019. Also the Group reviewed expected credit losses for financial assets, the assessment of which is performed individually, no significant impairment losses were identified due to COVID-19. General information about the effect of COVID-19 on Group’s operations is presented below.

Fair value measurement and impairment of property, plant and equipment
Management has reviewed the key assumptions that are used to measure a fair value and in impairment tests of property, plant and equipment:

- due to COVID-19 there were no changes in the National Energy Regulatory Council’s (hereinafter NERC) legal regulatory framework that would have a significant effect on fair value of property, plants and equipment;
- due to COVID-19 NERC did not change any regulatory ratios that were previously approved, e.g. price caps, WACC (Weighted Average Capital Cost), return on investments;
- due to COVID-19 the Group did not realize any significant gap between budgeted and factual figures of expenses and revenues. Also, the management does not anticipate significant deviations in the future between the budget and the fact;
- due to COVID-19 the Group doesn’t have any disruptions in investments’ strategies that are forecasted 10 years forward;
- the management didn’t identify any significant changes in discount rate used to calculate discounted cash flows.

After reviewing the key assumptions, the management has not identified any significant circumstances related to COVID-19 that would require to make fair value measurement (for assets recognized at revalued amount) and impairment tests (for assets recognized at acquisition cost less depreciation and impairment). Therefore, the management concluded that the net book value of property, plant and equipment, which is accounted at revalued value as at 30 June 2020, corresponds to its fair value and the net book value of property, plant and equipment, which is accounted at acquisition cost less depreciation and impairment – not less than its recoverable value.

Impairment of goodwill
The management did not identify any COVID-19 related circumstances that goodwill may be impaired (refer Note 5).

Net realisable value of inventory
As the business activities were not disrupted due to COVID-19 the management evaluated that the carrying book value of inventory as at 30 June 2020 corresponds to at least its net realisable value.

Classification of financial instruments as current and non-current
Management has also reviewed the criteria for classifying loans and other borrowings, as well as other receivables / payables, into current and non-current, and has not identified any circumstances that would require a material adjustment in their classification.

Lease contracts: Revised lease term and discount rate (incremental borrowing rate)
The management assessed all relevant facts and circumstances that create an economic incentives for Group companies that are lessees to exercise the following options or not:

- to exercise an option to extend the term of the lease;
- to exercise an option to purchase the underlying asset at the end of the lease; or
- not to exercise an option to terminate the lease earlier.

All amounts in thousands of euro unless otherwise stated

The Group did not experience any significant disruptions due to COVID-19 in business activity, investments strategies and development of ongoing projects. COVID-19 had no impact on the Group's expectations to exercise or not options, stated above. Also, the Group did not receive any significant concessions due to COVID-19. The management has concluded that COVID-19 did not cause the need to remeasure the lease liability and right of use assets.

General information on the impact of COVID-19 on the Group's operations

In relation to the emergency situation the Parliament of the Republic of Lithuania adopted amendments aimed at preserving jobs and helping the people. On 16 March 2020 the Government took the decision (Protocol No.14) and concluded a Plan for the economic stimulation and the implementation of measures directed to mitigate the spread of COVID-19 (hereinafter "the Plan"). One of the measures was to make possible to defer or arrange in portions the payments for the consumed electricity and natural gas to the Company's subsidiary Ignitis UAB. This means that the Company's subsidiary Ignitis UAB and accordingly other Company's subsidiary Energijos skirstymo operatorius AB directly experienced delays in customers' payments for services. Requests for payments' deferrals were approved only during the quarantine which ended on 16 June 2020. Payments were deferred for the following period: for household customers payments were deferred for the whole quarantine period and additional 1 month after the quarantine ended, business customers – for the whole quarantine period and additional 3 month. Insignificant part exclusively was deferred for up to 9 – 12 months from the end of quarantine. The management didn't identify any significant financing component.

The main factors affecting the Group's operations due to the situation described above in relation to COVID-19 are set out below:

Factors	Effect
Cash flows from electricity and gas payments, settlement delays, agreements on longer debt repayments and expected increase in bad debts	In accordance with the recommendations of the Government of the Republic of Lithuania, during the quarantine period from 16 March 2020 till 16 June 2020 the Group provided special payment deferrals to customers who have encountered financial difficulties due to announced quarantine. Requests from private and business customers for the distribution and supply of electricity and gas individually were accepted and analysed, and decisions were made within the prescribed amount. As at 30 June 2020 total requests were received for EUR 7.3 million. The rates of deterioration in customer solvency were significantly lower than those initially estimated. As at 30 June 2020 not all requests were confirmed due to non-compliance of requirements. Total payment deferrals amounted to: B2C* electricity and gas supply and distribution – EUR 0.6 million, B2B* electricity and gas supply and distribution – EUR 3.7 million, The rest of unconfirmed requests caused an increase in the level of overdue debts. Total overdue debts caused by COVID-19 including payment deferrals amount to EUR 7.2 million. Refer to the Note 11 for more information on total credit losses booked as at 30 June 2020. **B2B (abbr. of "business-to-business", i.e. business segment),* *B2C (abbr. of "business-to-customers", i.e. household segment)*
Cash flow from declining electricity and gas consumption during the quarantine period and slower recovery after it	Changes in electricity consumption during quarantine: B2B decreased by about ~8-9% (peak reached in April of ~15-18%) B2C increased by 5-6%. It should be noted that comparing to the 2019 I half-year Ignitis UAB grew its customer portfolio, therefore the overall electricity consumption has increased by 18.2% (from 2.63 to 3.10 TWh), from which B2C increased by 5.3% (from 1.38 to 1.45 TWh), B2B – 43.6% (from 0.84 to 1.20 TWh). Natural gas consumption: • During the quarantine there was no noticeable decrease in the volume of natural gas distributed in the Energijos skirstymo operatorius AB network, which could be directly related to the impact of quarantine.
Cash flows related to the risk of delays in major infrastructure projects' development (construction and development of new power plants)	Due to impact of COVID-19 and the quarantine restrictions applied, the expected risk of delays for wind farms and cogeneration power plants or their individual phases is approximately proportional to the duration of the global quarantine, so some planned investments may be carried over to the end of 2020 or the beginning of 2021, respectively. At the date of issue of these interim financial statements, there are no significant indications of delays in achieving the set targets.

Risk management of COVID-19 infection in employees

During the quarantine period, the Group strictly follows all the recommendations provided by the Government of the Republic of Lithuania regarding the management of the potential threat of COVID-19. The Group has all the conditions for efficient work remotely and does not experience any disruption in the performance of direct functions of employees. The Group's management pays special attention to manage the risk of infection of employees whose functions are to ensure the smooth operation of electricity generation, stable operation of the electricity system, electricity and gas distribution network's and supply's equipment, as well who work on construction sites. These employees are provided with additional personal protection and personal hygiene measures, prepared and implemented actions to ensure their substitutability, the zones at control points are separated by partitions, and etc. At the date of issue of these interim financial statements, the Group did not experience any problems with the functions performed by these employees due to COVID-19.

Management of Group's liquidity risk

The Group manages its liquidity risk by using these instruments:

- Short-term liquidity risk is managed by maintaining obligatory lines of credit and overdrafts, borrowing within the Group through the Cashpool platform. The period of these credit lines and overdrafts must be at least two years, and they must account for at least 20% of the Group's consolidated net debt. Non-obligatory credit lines can be used for maintaining extra liquidity, their extent is not limited. Liquidity is also maintained by means of the Group's investment in short-term debt instruments with a high credit rating (debt securities of states and corporations), short-term deposits or their certificates, and other money-market instruments that meet the requirements of liquidity and security of investments set forth in the Treasury Management Policy of the Group.
- Long-term liquidity risk is managed through continuous assurance by the Finance and Treasury Department of possibilities to finance the activities of the Group using at least two sources, i.e. debt securities, investment bank loans or commercial bank loans, and other means. By diversifying portfolio of long-term loans the Group aims that 20 to 40 percent of the Group's consolidated long-term debt would consist of financing from sources other than commercial bank loans.

All amounts in thousands of euro unless otherwise stated

During the quarantine period, the Group concluded a loan agreement with AB Swedbank for EUR 100 million and issued bond emission for EUR 300 million. On 28 April 2020 the Group received the first tranche PLN 190 million, i.e. about EUR 43 million, of the loan, which was concluded between the Group's company Pomerania Wind Farm Sp. z o.o. and European Investment Bank (EIB) on 9 March 2020 (total amount of the loan is concluded for PLN 285 million, i.e. about EUR 60 million). At the date of issue of these interim financial statements, the Group did not experience any significant liquidity problems.

3.2 Provisions for rights to servitudes and special conditions on land use (protection zones)

Provisions for rights to servitudes

On 1 November 2017 Amendments to the Law on Electricity of the Republic of Lithuania entered into force, which provide basis for the reimbursement of easements established during the installation of electricity networks on land plots not belonging to the operator. This law stipulates that when constructing transmission, distribution networks or installing other electrical equipment, one-time compensation for losses will be paid for the establishment of statutory servitudes (which entered into force before 10 July 2004). The servitudes payment methodology came into force in 31 July 2018. Based on this methodology, in 2018, the expected total amount of easement benefits was estimated and accounted for. In making this assessment, a significant assumption was made regarding the number of landowners who will apply for compensation, as the law provides reimbursement payments to those owners who will apply for it. At initial recognition, the Group recognized EUR 28,563 thousands of Intangible assets (assets are stated at cost less impairment, their useful lifetime is indefinite) and a provision for non-current liabilities in accordance with IAS 37, which amounted to EUR 28,725 thousand (provision calculated at discounted value). During period of 31 July 2018 – 30 June 2020 the amount of compensation paid amounted to EUR 1,932 thousand. Therefore, this amount reduced the initial provision for servitudes compensation, which amounted to EUR 27,318 thousand (part of assets) and EUR 27,642 thousand (liabilities side) before further changes in assumptions described below.

However, on 8 July 2020 the Constitutional Court issued a ruling stating that servitudes payment methodology, which was based on the principles of determining the coefficient and the value of a land plot, are against the Constitution and laws of the Republic of Lithuania (due to the applied 0.1 coefficient and the principle of determining a value of the land plot, where as in the meantime different principles and different coefficient was applied to the servitude by contract). This means that the Group will not be able to examine requests and apply the methodology where the methodology applied was deemed to be in conflict with Constitution, until the new methodology is set and approved. The ruling is only valid for the future and there is no need to recalculate previously paid compensation. The Group has assessed the following changes as adjusting events and, as appropriate, the Group has recalculated the provision for servitude benefits using new coefficient assumptions:

a) The area of land on which electrical installations were installed before 10 March 1990, a coefficient of 0.1 as specified in the methodology shall apply. Such installations account for 88.93% of all installations installed before 10 July 2004. Therefore, a coefficient of 0.1 is applied to 89 percent of the area when calculating the total value of the payment. Assumption was made, that land with electricity distribution equipment installed before 10 March 1990, the land was acquired with an already installed network, so the ownership of the land was acquired with already established restrictions to the usage of the land, therefore the value and availability of this land has not changed and the servitudes payment coefficient of 0.1 should be used.
b) The area of land on which electrical installations have been installed after 11 March 1990 and until 10 July 2004 , a coefficient of 0.5 shall apply (the amount shall apply to the servitudes determined by contract). Such installations account for 11.07% of all installations installed before 10 July 2004. Therefore, a coefficient of 0.5 is applied to calculate the total value of the payment for 11 percent of the area.

The Group also reviewed other assumptions used in the calculation of the provision, specifically the expected number of applicants, the period over which all benefits will be paid, and the discount rate.

- The discount rate for calculating the provision was selected based on a borrowing rate of 0.345% for similar liabilities (2019 December 31: 0.559%).
- The expected number of applicants was estimated on the basis of available actual historical two-year information. The calculation of the total amount of benefits was based on the percentage of customers who are unlikely to apply for benefits - 65% (15% used as at 31 December 2019), which is based on management's assessment and the number of customers actually applying during 2018-2020, where, on average, only about 3% apply per year.
- The period during which customers will apply for compensation has been set at 10 years starting in 2020, as the application of the methodology has been temporarily suspended (the updated methodology is expected to be approved in the autumn of this year). An additional 1-year deadline for the payment of compensation from the date of submission of the application was applied (the methodology of servitude related compensations provides two years for the payment from the date of submission of the application, but in fact the Group pays within one year).

After assessing the changed circumstances, the Group decided to adjust a provision decreasing the amount of the provision (which was recognized as at 31 December 2019) from EUR 26,952 thousand to EUR 14,576 thousand.

It should be noted that the value of the provision may vary depending on the number of applicants. The sensitivity analysis is as follows:

30 June 2020	Number of applicants, %					
	20%	35%	50%	65%	80%	95%
Change in provision for compensations of servitudes, thousand EUR	-7,231	-	+7,701	+15,212	+22,724	+30,235

Provision for servitudes of real estate

On 8 July 2020 the Constitutional Court issued a ruling stating that servitudes payment methodology, which was based on the principles of determining the coefficient and the value of a land plot, are against the Constitution and laws of The Republic of Lithuania not only for the land plots, but also for real estate (due to the applied 0.1 coefficient, where as in the meantime different principles and different coefficient was applied to the servitude by contract). This means that the Group will not be able to examine requests and apply the methodology where the methodology applied was deemed to be in conflict with Constitution, until the new resolution is approved, issued by the Government of the Republic of Lithuania (dated 25 July 2018, resolution no. 725 approved methodology for determining the maximum amount of one-time compensations to be paid for the use of land and other real estate servitudes for the benefit of network operators established by a law or a contract (wording of 22 January 2020; TAR, 2020-01-30, No. 2103) (hereinafter - Methodology) provisions.

As the application of the Methodology is suspended and it is not clear how it will be applied in the future and what coefficient will be applied, as no servitude benefit has been paid prior to the Constitutional Court decision, it is not possible to reliably estimate the amount of provision due to:

a) as no compensations have been paid before the decision of Constitutional Court, it is not possible to estimate how many persons would apply for an servitude payment of real estate.
b) it is not clear what coefficient should be applied to statutory servitudes in real estate until the Methodology is updated.

Accordingly, with the requirements of IAS 37, the said obligation does not qualify for provision recognition and is therefore not recognized in the financial statements. Also, the Group does not have sufficient information to estimate financial effect or possibility of any reimbursement of this obligation.

Provision for special conditions on land use (protection zones)

The Law on Special Land Use Conditions of the Republic of Lithuania was approved on 6 June 2019, which obliges the Group to register special protection conditions (protection zones) for land near the Group's infrastructure objects and to pay compensations for them. This Law defines the procedure and principles for the registration of such special land territories and provides that compensation must be paid for the use of special land territories in accordance with the procedure approved by the Government of the Republic of Lithuania.

The amendment to the Real Estate Cadastre Regulations necessary for the implementation of the Law on Special Land Use Conditions of the Republic of Lithuania entered into force on 12 February 2020, which details the procedure for changing tags and cadastral provisions for development and for existing networks. This amendment provides for an alternative process for registering protection zones (avoiding the change of cadastral data and the hiring of land surveyors). According to the Law on Special Land Use Conditions of the Republic of Lithuania, the Government has an order to adopt an amendment to this legal act by 1 January 2022 at the latest.

According to the management, the implementation of the obligation provided for in the Law on Special Land Use Conditions of the Republic of Lithuania to register special protection conditions (protection zones) and related provisions for the existing electricity and natural gas distribution network will be subject to a simpler procedure than in 2019. According to the Group, the simplified procedure will lead to lower surveyor costs, as it is expected that only a part of the plots will need to adjust the measurements, which will significantly reduce protection zone's registration costs. The planned amount of expenses related to the registration of protection zones for 2021-2024 is – EUR 12,767 thousand (i.e for the 4 years period, change compared to 1 year period used for calculation as at 31 December 2019, which in turn increased the amount of the provision).

After assessing the changed circumstances, the Group decided to adjust a provision for asset's security registration expenses for 2021-2024, increasing the amount of the provision (which was recognized as at 31 December 2019) from EUR 8,328 thousand to EUR 12,767 thousand.

In addition to the above, the Ministry of Environment has prepared a methodology for the calculation and payment of Compensation for the application of special land use conditions in the territories specified in the Law on Special Land Use Conditions of the Republic of Lithuania, established in the public interest, which entered into force in 8 April 2020. In the light of the letter of the Ministry of Energy of the Republic of Lithuania issued on 18 June 2020 , which explains that the provisions of the Methodology apply to both the existing network and the newly built network. According to the provisions of the Methodology, compensation for protection zones would be paid upon registration of protection zones, i.e. under the simplified procedure, this would happen after 2023, and the amount of compensation is of an evaluative nature, taking into account the main purpose of the plot, the scope of restrictions, the specific losses incurred and / or incurred by the plot owners based on supporting documents. In view of these Methodological requirements and the data available to the Group, the Group cannot reliably estimate future compensation for registered Special Land Use Conditions (Protected Areas), therefore, in accordance with IAS 37 this liability does not qualify for recognition and is therefore not recognized in the financial statements. In addition, management is not able to provide a quantitative assessment of a possible contingency without having all the necessary information.

4 Restatement of comparative figures due to correction of error, reclassifications and changes in accounting methods

Corrections of accounting errors, reclassifications between items and changes in accounting methods done in 2019 annual financial statements must be reflected in the comparative financial information of 2019 I half-year and 2019 II quarter. The Group provides information on restatements of certain figures presented in the interim financial statements for the six-month period ended 30 June 2020:

Correction of error applied retrospectively in 2019 and previous year annual financial statements

1. Error related to revenues from electricity trading exchange market

Group company Ignitis Polska Sp. z o.o., which operates in electricity trading exchange market by concluding forward and future electricity purchase and sale transactions, recognized income and expenses from these transactions aimed to earn a profit from the resulting short-term fluctuations in electricity prices in the separate items of profit or loss and other comprehensive income. However, after a thorough analysis of IFRS 9 Financial Instruments, the Group has determined that these transactions cannot be classified using the exception of "own-use" and only result (i.e. profit or loss) of these transactions should be recognized in the statement of Profit or Loss and Other Comprehensive Income (refer to the table "Corrected and reclassified captions of the Group's statement of Profit or Loss and Other Comprehensive Income" column No.1 in this Note). Correction of this error did not affect figures presented in the statement of cash flow for period 2019 I half-year.

Reclassifications applied in 2019 annual financial statements however not reflected in the interim financial statements prepared for the period 2019 I half-year

The Group changed presentation of several items in 2019 annual financial statements. As the presentation of these items were shown differently in the interim financial statements for the 2019 I half-year, the Group decided to reclassify comparative amounts. The following reclassifications did not have material effect on net profit of the Group.

2. Reclassification of gas for trade purchases

Preparing the 2019 annual financial statements the purchases of gas for trade were reclassified between the line items “Purchases of gas and heavy fuel oil” and “Purchases of electricity, gas for trade and related services” in the statement of Profit or Loss and Other Comprehensive Income . Preparing these interim financial statements comparative figures for the period 2019 I half-year were reclassified accordingly (refer to the table “Corrected and reclassified captions of the Group’s statement of profit or loss and other comprehensive income” column No. 2 in this Note). This reclassification did not affect figures presented in the statement of cash flow for period 2019 I half-year.

3. Reclassification of related party transactions related to revenue received from electricity balancing services

Preparing the 2019 annual financial statements the additional amount of revenue received from electricity balancing services was reclassified between the line items “Revenue from contracts with customers” and “Purchases of electricity, gas for trade and related services” in the statement of Profit or Loss and Other Comprehensive Income. Preparing these interim financial statements comparative figures for the period 2019 I half-year were reclassified accordingly (refer to the table “Corrected and reclassified captions of the Group’s statement of profit or loss and other comprehensive income” column No. 3 in this Note). This reclassification did not affect figures presented in the statement of cash flow for period 2019 I half-year.

4. Reclassification of revenue received from sales of inventory, services and emission allowances

Preparing 2019 annual financial statements the Group made reclassification of the revenue received from sales of inventory items (metal scrap and other), some services and emission allowances: in the statement of Profit or Loss and Other Comprehensive Income this revenue was reclassified from “Other income” to “Revenue from contracts with customers”. Preparing these interim financial statements comparative figures for the period 2019 I half-year were reclassified accordingly (refer to the table “Corrected and reclassified captions of the Group’s statement of Profit or Loss and Other Comprehensive Income” column No. 4 in this Note). This reclassification did not affect figures presented in the statement of cash flow for period 2019 I half-year.

5. Reclassification of depreciation of assets held for sale

Preparing the 2019 annual financial statements the Group identified that depreciation expenses of the disposal group, which includes assets of subsidiaries Transporto valdymas UAB and Duomenų logistikos centras UAB held for sale, must be presented as impairment expenses. Therefore the depreciation expenses presented in the statement of Profit or Loss and Other Comprehensive Income related to the line item of “Depreciation and amortization” were reclassified to the line item “Impairment of property, plant and equipment”. Preparing these interim financial statements comparative figures for the period 2019 I half-year were reclassified accordingly (refer to the table “Corrected and reclassified captions of the Group’s statement of Profit or Loss and Other Comprehensive Income” column No. 5 in this Note).

6. Reclassification related to revenue from derivatives

As at 1 June 2019 Energijos tiekimas UAB was merged to Ignitis UAB. Preparing 2019 annual financial statements the Group identified that an additional revenue and related costs from derivatives that were merged during this business combination should be reclassified, therefore reclassifications were made between the following items in the statement of Profit or Loss and Other Comprehensive Income: “Other income” and “Purchases of electricity, gas for trade and related services”. Preparing these interim financial statements comparative figures for the period 2019 I half-year were reclassified accordingly (refer to the table “Corrected and reclassified captions of the Group’s statement of Profit or Loss and Other Comprehensive Income” column No. 6 in this Note). This reclassification did not affect figures presented in the statement of cash flow for period 2019 I half-year.

7. Other reclassifications

The Group made other not significant reclassifications so that items in 2019 I half-year would match presentation of 2019 annual financial statements (refer to the table “Corrected and reclassified captions of the Group’s statement of Profit or Loss and Other Comprehensive Income” column No. 7 in this Note). An effect of these reclassifications to the cash flow figures for the period 2019 I half-year is presented in the table “Reclassified captions of the Group’s statement of Cash Flow” in this Note.

All amounts in thousands of euro unless otherwise stated

Corrected and reclassified captions of the Group's statement of Profit or Loss and Other Comprehensive Income

Correction of error and reclassifications related to six months period ended as at 30 June 2019

	2019 I half-year as previously reported	Correction of error	Reclassifications						2019 I half-year after correction of error and reclassifi-cations
		Netting of revenues and expenses related to electricity trading exchange market	Reclassi-fication of purchases of gas for trade	Reclassification of revenue related to sales electricity balancing services	Reclassification of revenue related to sales of inventory, services and emission allowances	Reclassifi-cation of depreciation of assets held for sale	Reclassifi-cation of revenue from financial derivatives	Other reclassi-fications	
		1	2	3	4	5	6	7	
Revenue from contracts with customers	762,301	(130,173)	-	(11,330)	5,537	-	-	-	626,335
Other income	5,010	-	-	-	(5,537)	-	1,252	341	1,066
Revenue	**767,311**	**(130,173)**	**-**	**(11,330)**	**-**	**-**	**1,252**	**341**	**627,401**
Operating expenses									
Purchases of electricity, gas for trade and related services	(425,987)	130,173	(144,034)	11,330	-	-	(1,252)	-	(429,770)
Purchases of gas and heavy fuel oil	(155,984)	-	144,034	-	-	-	-	-	(11,950)
Depreciation and amortisation	(54,572)	-	-	-	-	1,957	-	(593)	(53,208)
Salaries and related expenses	(41,900)	-	-	-	-	-	-	-	(41,900)
Repair and maintenance expenses	(15,349)	-	-	-	-	-	-	-	(15,349)
Reversal of (impairment) of amounts receivable and loans	1,079	-	-	-	-	-	-	-	1,079
Impairment of property, plant and equipment	(327)	-	-	-	-	(1,957)	-	-	(2,284)
Other expenses	(18,140)	-	-	-	-	-	-	(267)	(18,407)
Total operating expenses	**(711,180)**	**130,173**	**-**	**11,330**	**-**	**-**	**(1,252)**	**(860)**	**(571,789)**
Profit (loss) from operations	**56,131**	**-**	**-**	**-**	**-**	**-**	**-**	**(519)**	**55,612**
Finance income	1,294	-	-	-	-	-	-	-	1,294
Finance costs	(9,872)	-	-	-	-	-	-	-	(9,872)
Profit (loss) before tax	**47,553**	**-**	**-**	**-**	**-**	**-**	**-**	**(519)**	**47,034**
Current year income tax (expenses)/benefit	(4,576)	-	-	-	-	-	-	-	(4,576)
Deferred income tax (expenses)/benefit	(5,487)	-	-	-	-	-	-	77	(5,410)
Net profit (loss) from continuing operations	**37,490**	**-**	**-**	**-**	**-**	**-**	**-**	**(442)**	**37,048**
Net profit (loss) from discontinued operations	-	-	-	-	-	-	-	-	-
Net profit (loss)	**37,490**	**-**	**-**	**-**	**-**	**-**	**-**	**(442)**	**37,048**
Attributable to:									
Equity holders of the parent	35,468	-	-	-	-	-	-	(442)	35,026
Non-controlling interests	2,022	-	-	-	-	-	-	-	2,022
Other comprehensive income (loss)									
Items that will not be reclassified to profit or loss in subsequent periods									
Revaluation of Emission allowances	2,934	-	-	-	-	-	-	(32)	2,902
Recalculation of the defined benefit plan obligation, net of deferred income tax	(164)	-	-	-	-	-	-	-	(164)
Items that will not be reclassified to profit or loss in subsequent periods, total	**2,770**	**-**	**-**	**-**	**-**	**-**	**-**	**(32)**	**2,738**
Items that may be reclassified to profit or loss in subsequent periods, total									
Exchange differences on translation of foreign operations into the Group's presentation currency	27	-	-	-	-	-	-	-	27
Items that may be reclassified to profit or loss in subsequent periods, total	**27**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**27**
Total other comprehensive income (loss)	**2,797**	**-**	**-**	**-**	**-**	**-**	**-**	**(32)**	**2,765**
Total comprehensive income (loss) for the period	**40,287**	**-**	**-**	**-**	**-**	**-**	**-**	**(474)**	**39,813**
Attributable to:									
Equity holders of the parent	38,181	-	-	-	-	-	-	(474)	37,707
Non-controlling interests	2,106	-	-	-	-	-	-	-	2,106

All amounts in thousands of euro unless otherwise stated

Reclassified captions of the Group's statement of Cash Flow

Reclassifications related to six month period ended as at 30 June 2019

	2019, I half-year as previously reported	Reclassifi-cations	2019, I half-year after reclassifications
Cash flows from operating activities			
Net profit	37,490	(442)	37,048
Adjustments for non-monetary expenses (income):			
Depreciation and amortisation expenses	57,994	(1,364)	56,630
Impairment of property, plant and equipment, including held for sale	329	1,957	2,286
Revaluation of property, plant and equipment	(97)	-	(97)
Revaluation of investment property	335	-	335
Revaluation of derivatives	666	-	666
Impairment/ (reversal of impairment) of financial assets	(1,079)	-	(1,079)
Corporate income tax expenses	10,064	(77)	9,987
(Depreciation) of grants	(4,695)	-	(4,695)
Increase (decrease) in provisions	(2,315)	-	(2,315)
Inventory write-down to net realizable value/ (reversal)	4	-	4
Expenses/(income) of revaluation of emission allowances	247	-	247
Emission allowances utilised	987	-	987
Elimination of results of investing activities:			
(Gain)/loss on disposal/write-off of property, plant and equipment	1,793	-	1,793
Elimination of results of financing activities:			
Interest income	(1,231)	-	(1,231)
Interest expenses	7,691	-	7,691
Other (income)/expenses of financing activities	2,120	-	2,120
Changes in working capital:			
(Increase) decrease in trade receivables and other amounts receivable	54,156	(78)	54,078
(Increase) decrease in inventories, prepayments and other current and non-current assets	(1,517)	-	(1,517)
Increase (decrease) in amounts payable, deferred income and advance amounts received	(60,300)	(258)	(60,558)
Income tax (paid)	(1,810)	-	(1,810)
Net cash flows from (to) operating activities	**100,832**	**(262)**	**100,570**
Cash flows from investing activities			
(Purchase) of property, plant and equipment and intangible assets	(189,838)	-	(189,838)
Proceeds from sale of property, plant and equipment and intangible assets	25,679	-	25,679
Acquisition of investments in subsidiaries	(27,940)	267	(27,673)
Grants received	25,630	-	25,630
Interest received	13	-	13
Other increases (decreases) in cash flows from investing activities	(1,129)	-	(1,129)
Net cash flows from (to) investing activities	**(167,585)**	**267**	**(167,318)**
Cash flows from financing activities			
Loans received	63,102	-	63,102
Repayments of borrowings	(30,669)	-	(30,669)
Lease payments	(3,185)	-	(3,185)
Interest paid	(1,439)	-	(1,439)
Dividends paid	(13,292)	(5)	(13,297)
Net cash flows from (to) financing activities	**14,517**	**(5)**	**14,512**
Increase (decrease) in cash and cash equivalents (including overdraft)	**(52,236)**	**-**	**(52,236)**
Cash and cash equivalents (including overdraft) at the beginning of the period	85,575	-	85,575
Cash and cash equivalents (including overdraft) at the end of the period	**33,339**	**-**	**33,339**

Changes in accounting methods

1. Change in the accounting method for new customers connection fees

From 1 January 2018 connection fees in gas distribution activities were recognized as revenue when the customer's connection to the distribution network is finished. In electricity distribution activities from 1 January 2018 until 1 October 2018 connection fees were recognized as income over the useful life of the related, newly created property, plant and equipment (connection infrastructure), from 1 October 2018 (after the activity of public electricity supply was transferred from one group company to another) – revenue was recognized when the customer's connection to the distribution network is finished. After an in-depth analysis of the provisions stated in IFRS 15 Revenue from Contracts with Customers, the Group changed the accounting treatment for recognition of revenue from connection fees, which are received from new customers for connection to the gas and electricity distribution networks, determining that revenue should be recognized over the useful life of the related assets, which corresponds to the best estimate of customer relationship's period (refer to the table "Restated captions of the Group's statement of Profit or Loss and Other Comprehensive Income" column No.1, 2 and 3 in this Note).

2. Change in the accounting method for public service obligations' services (hereinafter "PSO")

Through the electricity tariff paid by electricity end-users, the Group collects PSO fees from business customers and private individuals connected to the electricity distribution network and transfers them to the PSO fund administrator (Baltpool UAB). The PSO fee, as an integral part of the electricity tariff, was not identified as a separate performance obligation. In 2018, the management considered the Group to be the principal party to the PSO fees, therefore the collected PSO fees were accounted for as revenue and when they were transferred to the PSO fund administrator as an expense. Preparing the 2019 annual financial statements, the Group changed the method of accounting for PSO fees, treating the Group as an agent for PSO fees, and accounted the income from collection and expenses after transfer of PSO fees in one expense line "Purchases of electricity, gas and related services" in the statement of profit or loss and other comprehensive income (refer to the table "Restated captions of the Group's statement of Profit or Loss and Other Comprehensive Income" column No.4 in this Note).

3. Change in accounting method for electricity transfer and gas distribution services supplied in Latvia

During 2018 in providing electricity and gas supply services in Latvia, the Group did not consider electricity transmission and gas distribution services, which are provided by a non-Group company and are included in the total price paid by end users for electricity and gas supply services, as separate performance obligations and therefore treated itself as the main provider of such services. Fees collected from customers for electricity transmission and gas distribution services were recognized as revenue and, when transferred to the electricity transmission network operator and the gas distribution system operator, as expenses. Preparing the 2019 annual financial statements the Group changed the accounting method of fees for electricity transfer and gas distribution services in Latvia, considering itself an agent, and accounted for the collection and transfer of these charges under one expense line "Purchases of electricity, gas for trading and related services" (refer to the table "Restated captions of the Group's statement of Profit or Loss and Other Comprehensive Income" column No.5 in this Note).

4. Change in the accounting method for liquified natural gas terminal's security component (hereinafter "LNGT")

The Group acts as a natural gas supplier, which collects the LNGT security component through a gas tariff paid by final gas customers and transfers it to the operator of transfer system. The LNGT security component, as an integral part of the natural gas tariff, has not been identified as a separate performance obligation. In 2018, the Group, acting as a supplier of natural gas to end users, was treated by management as a main party in respect of LNGT security component, therefore collected LNGT security component fees were accounted for as revenue and after transfer to the operator as an expense. Preparing the 2019 annual financial statements, the Group changed the method of accounting for the LNGT security component treating the Group as an agent in respect to the LNGT security component and collected and transferred LNGT security component fees accounted in one expense line "Purchases of electricity, gas and related services" (refer to the table "Restated captions of the Group's statement of Profit or Loss and Other Comprehensive Income" column No.6 in this Note).

The effect of changes in accounting methods to the cash flow figures for period 2019 I half-year is presented in the table "Restated captions of the Group's statement of Cash Flow" in this Note.

All amounts in thousands of euro unless otherwise stated

Restated captions of the Group's statement of Profit or Loss and other Comprehensive Income

Restatements related to the six months period ended at 30 June 2019

	2019 I half-year after correction of error and reclassifi-cations	Restatements due to changes in accounting methods						2019 I half-year after correction of error, reclassifi-cations and restatements
		Deferral of new customers connection fees revenue over time	Amendments of fair value of gas pipelines related to new connection fees	Impact of amendments to non-controlling interests	Netting of income and expenses related to PSO fees	Netting of income and expenses related to electricity transfer and gas distribution in Latvia	Netting of income and expenses related to LNGT security component	
		1	1	1	2	3	4	
Revenue from contracts with customers	626,335	(8,045)	(367)	-	(41,625)	(7,398)	(12,099)	556,801
Other income	1,066	-	-	-	-	-	-	1,066
Revenue	**627,401**	**(8,045)**	**(367)**	**-**	**(41,625)**	**(7,398)**	**(12,099)**	**557,867**
Operating expenses								
Purchases of electricity, gas for trade and related services	(429,770)	-	-	-	41,625	7,398	12,099	(368,648)
Purchases of gas and heavy fuel oil	(11,950)	-	-	-	-	-	-	(11,950)
Depreciation and amortisation	(53,208)	(1,581)	411	-	-	-	-	(54,378)
Salaries and related expenses	(41,900)	-	-	-	-	-	-	(41,900)
Repair and maintenance expenses	(15,349)	-	-	-	-	-	-	(15,349)
Reversal of (impairment) of amounts receivable and loans	1,079	-	-	-	-	-	-	1,079
Impairment of property, plant and equipment	(2,284)	-	-	-	-	-	-	(2,284)
Other expenses	(18,407)	-	-	-	-	-	-	(18,407)
Total operating expenses	**(571,789)**	**(1,581)**	**411**	**-**	**41,625**	**7,398**	**12,099**	**(511,837)**
Profit (loss) from operations	**55,612**	**(9,626)**	**44**	**-**	**-**	**-**	**-**	**46,030**
Finance income	1,294	-	-	-	-	-	-	1,294
Finance costs	(9,872)	-	-	-	-	-	-	(9,872)
Profit (loss) before tax	**47,034**	**(9,626)**	**44**	**-**	**-**	**-**	**-**	**37,452**
Current year income tax (expenses)/benefit	(4,576)	-	-	-	-	-	-	(4,576)
Deferred income tax (expenses)/benefit	(5,410)	1,206	167	-	-	-	-	(4,037)
Net profit (loss) from continuing operations	**37,048**	**(8,420)**	**211**	**-**	**-**	**-**	**-**	**28,839**
Net profit (loss) from discontinued operations	-	-	-	-	-	-	-	-
Net profit (loss)	**37,048**	**(8,420)**	**211**	**-**	**-**	**-**	**-**	**28,839**
Attributable to:								
Equity holders of the parent	35,026	-	-	(7,797)	-	-	-	27,229
Non-controlling interests	2,022	-	-	(412)	-	-	-	1,610
Other comprehensive income (loss)								
Items that will not be reclassified to profit or loss in subsequent periods								
Revaluation of Emission allowances	2,902	-	-	-	-	-	-	2,902
Recalculation of the defined benefit plan obligation, net of deferred income tax	(164)	-	-	-	-	-	-	(164)
Items that will not be reclassified to profit or loss in subsequent periods, total	**2,738**	**-**	**-**	**-**	**-**	**-**	**-**	**2,738**
Items that may be reclassified to profit or loss in subsequent periods, total								
Exchange differences on translation of foreign operations into the Group's presentation currency	27	-	-	-	-	-	-	27
Items that may be reclassified to profit or loss in subsequent periods, total	**27**	**-**	**-**	**-**	**-**	**-**	**-**	**27**
Total other comprehensive income (loss)	**2,765**	**-**	**-**	**-**	**-**	**-**	**-**	**2,765**
Total comprehensive income (loss) for the period	**39,813**	**(8,420)**	**211**	**-**	**-**	**-**	**-**	**31,604**
Attributable to:								
Equity holders of the parent	37,707	-	-	(7,797)	-	-	-	29,910
Non-controlling interests	2,106	-	-	(412)	-	-	-	1,694

All amounts in thousands of euro unless otherwise stated

Restated captions of the Group's statement of Cash Flow

Restatements related to the six month period ended as at 30 June 2019

	2019 I half-year after correction of error and reclassifications	Restatements	2019 I half-year after correction of error, reclassifications and restatements
Cash flows from operating activities			
Net profit	37,048	(8,209)	28,839
Adjustments for non-monetary expenses (income):			
Depreciation and amortisation expenses	56,630	1,170	57,800
Impairment of property, plant and equipment, including held for sale	2,286	-	2,286
Revaluation of property, plant and equipment	(97)	-	(97)
Revaluation of investment property	335	-	335
Revaluation of derivatives	666	-	666
Impairment/ (reversal of impairment) of financial assets	(1,079)	-	(1,079)
Corporate income tax expenses	9,987	(1,373)	8,614
(Depreciation) of grants	(4,695)	-	(4,695)
Increase (decrease) in provisions	(2,315)	(82)	(2,397)
Inventory write-down to net realizable value/ (reversal)	4	-	4
Expenses/(income) of revaluation of emission allowances	247	-	247
Emission allowances utilised	987	-	987
Elimination of results of investing activities:			
- (Gain)/loss on disposal/write-off of property, plant and equipment	1,793	-	1,793
Elimination of results of financing activities:			
Interest income	(1,231)	-	(1,231)
Interest expenses	7,691	-	7,691
Other (income)/expenses of financing activities	2,120	-	2,120
Changes in working capital:			
(Increase) decrease in trade receivables and other amounts receivable	54,078	-	54,078
(Increase) decrease in inventories, prepayments and other current and non-current assets	(1,517)	-	(1,517)
Increase (decrease) in amounts payable, deferred income and advance amounts received	(60,558)	8,494	(52,064)
Income tax (paid)	(1,810)	-	(1,810)
Net cash flows from (to) operating activities	**100,570**	**-**	**100,570**
Cash flows from investing activities			
(Purchase) of property, plant and equipment and intangible assets	(189,838)	-	(189,838)
Proceeds from sale of property, plant and equipment and intangible assets	25,679	-	25,679
Acquisition of investments in subsidiaries	(27,673)	-	(27,673)
Grants received	25,630	-	25,630
Interest received	13	-	13
Other increases (decreases) in cash flows from investing activities	(1,129)	-	(1,129)
Net cash flows from (to) investing activities	**(167,318)**	**-**	**(167,318)**
Cash flows from financing activities			
Loans received	63,102	-	63,102
Repayments of borrowings	(30,669)	-	(30,669)
Lease payments	(3,185)	-	(3,185)
Interest paid	(1,439)	-	(1,439)
Dividends paid	(13,297)	-	(13,297)
Net cash flows from (to) financing activities	**14,512**	**-**	**14,512**
Increase (decrease) in cash and cash equivalents (including overdraft)	**(52,236)**	-	**(52,236)**
Cash and cash equivalents (including overdraft) at the beginning of the period	85,575	-	85,575
Cash and cash equivalents (including overdraft) at the end of the period	**33,339**	-	**33,339**

All amounts in thousands of euro unless otherwise stated

5 Intangible assets

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

	Patents and licences	Computer software	Emission allowances	Other intangible assets	Goodwill	In total
As at 31 December 2019						
Acquisition cost	4,665	25,958	51,805	89,164	3,611	**175,203**
Accumulated amortisation	(2,435)	(20,207)	-	(9,824)	-	**(32,466)**
Net book value	**2,230**	**5,751**	**51,805**	**79,340**	**3,611**	**142,737**
Net book value at 1 January 2020	**2,230**	**5,751**	**51,805**	**79,340**	**3,611**	**142,737**
Additions	-	130	677	3,349	-	**4,156**
Revaluation	-	-	4,684	-	-	**4,684**
Reclassified to/from property plant and equipment	-	-	-	-	1,316	**1,316**
Reclassifications between categories	(270)	2,721	-	(2,451)	-	**-**
Emission allowances utilised	-	-	(385)	-	-	**(385)**
Re-measurement of provision related to Rights to servitudes and security zones	-	-	-	(7,607)	-	**(7,607)**
Grant received on emission allowances	-	-	1,992	-	-	**1,992**
Amortisation change	(11)	(1,851)	-	(1,406)	-	**(3,268)**
Net book value at 30 June 2020	**1,949**	**6,751**	**58,773**	**71,225**	**4,927**	**143,625**
As at 30 June 2020						
Acquisition cost	2,186	25,807	58,773	82,041	4,927	**173,734**
Accumulated amortisation	(237)	(19,056)	-	(10,816)	-	**(30,109)**
Net book value	**1,949**	**6,751**	**58,773**	**71,225**	**4,927**	**143,625**

As at 30 June 2020 the Group's other intangible assets include rights to servitudes for an amount EUR 18,322 thousand (31 December 2019: EUR 29,975 thousand) and protection zones for an amount EUR 12,767 thousand (31 December 2019: EUR 8,328 thousand). Significant decrease was caused by change in management's assumptions used to evaluate the period-end balance of provisions of rights to servitudes and protection zones: provision for protection zones decreased by EUR 12,046 thousand, provision for rights to servitudes increased by EUR 4,439 thousand (Note 3.2).

Market price of emission allowances increased from EUR 24.93 per unit as at 31 December 2019 to EUR 26.90 per unit as at 30 June 2020 which led to revaluation of EUR 4,684 thousand during the period.

As at 30 June 2020 the Group performed impairment test for its goodwill. The tests showed that there is no need for impairment of goodwill as at 30 June 2020. The impairment test was performed using the discounted cash flow method and using the following key assumptions:

1. The cash flow forecast covered the period until the year 2040 as usual period of wind farm parks operations last for 25 years;
2. The production volume is stable each year, based on the study of the wind power farm prepared by a third party or actual volume of production (depends on wind farm park).
3. During the first twelve years of operation, the price of electricity is equal to agreed tariff. After end of period when agreed tariff is applied, projection of electricity prices prepared by third party are used;
4. The cash flows were discounted using a discount rate (weighted average cost of capital after tax) of 5.3% (6.2% pre-tax).

All amounts in thousands of euro unless otherwise stated

6 Property, plant and equipment

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

	Land	Buildings	Structures and machinery	Gas distribution pipelines, gas technological equipment and installations	Assets of Hydro Power Plant, Pumped Storage Power Plant	Wind power plants and their insta-llations	Structures and machinery of Thermal Power Plant	Vehicles	IT and telecommunication equipment	Other property, plant and equipment	Constr-uction-in-progress	In total
As at 31 December 2019												
Acquisition cost	3,371	30,981	1,390,318	290,446	210,729	65,234	776,583	3,618	22,827	12,574	374,248	**3,180,929**
Accumulated depreciation	-	(4,561)	(209,365)	(48,158)	(107,520)	(15,319)	(326,962)	(1,179)	(11,341)	(2,095)	-	**(726,500)**
Accumulated impairment	-	-	-	-	-	-	(106,277)	-	-	-	(335)	**(106,612)**
Net book value	**3,371**	**26,420**	**1,180,953**	**242,288**	**103,209**	**49,915**	**343,344**	**2,439**	**11,486**	**10,479**	**373,913**	**2,347,817**
Net book value at 1 January 2020	**3,371**	**26,420**	**1,180,953**	**242,288**	**103,209**	**49,915**	**343,344**	**2,439**	**11,486**	**10,479**	**373,913**	**2,347,817**
Additions	-	1,381	215	-	22	-	78	1,548	609	491	177,709	**182,053**
Sales	-	(9)	(34)	(6)	-	-	-	(134)	(1)	-	-	**(184)**
Write-offs	-	(2)	(1,383)	(143)	-	-	(11)	-	(6)	(16)	-	**(1,561)**
Revaluation	-	-	-	-	-	-	-	78	-	-	-	**78**
Reclassifications between categories	-	481	32,048	11,894	137	599	10	(2)	639	914	(46,720)	**-**
Reclassified from (to) assets, intangible assets	-	-	-	-	-	-	-	-	(1)	-	(1,316)	**(1,317)**
Reclassified from (to) assets held for sale (Note 13)	-	-	-	-	-	-	-	10,203	-	-	-	**10,203**
Reclassified from (to) investment property	-	-	(57)	-	-	-	314	-	-	-	-	**257**
Reclassified from (to) inventories	-	-	-	-	107	-	(11)	-	(1)	(4)	(12)	**79**
Reclassified from (to) right-of-use asset's	-	-	-	-	-	-	356	-	-	-	-	**356**
Depreciation change	-	(2,298)	(28,968)	(2,661)	(2,888)	(1,682)	(9,912)	(947)	(1,886)	(945)	-	**(52,187)**
Net book value at 30 June 2020	**3,371**	**25,973**	**1,182,774**	**251,372**	**100,587**	**48,832**	**334,168**	**13,185**	**10,839**	**10,919**	**503,574**	**2,485,594**
As at 30 June 2020												
Acquisition cost	3,371	32,832	1,418,838	302,442	210,988	65,833	777,629	15,878	20,929	11,832	503,909	**3,364,481**
Accumulated depreciation	-	(6,859)	(236,064)	(51,070)	(110,401)	(17,001)	(337,184)	(2,693)	(10,090)	(913)	-	**(772,275)**
Accumulated impairment	-	-	-	-	-	-	(106,277)	-	-	-	(335)	**(106,612)**
Net book value	**3,371**	**25,973**	**1,182,774**	**251,372**	**100,587**	**48,832**	**334,168**	**13,185**	**10,839**	**10,919**	**503,574**	**2,485,594**

All amounts in thousands of euro unless otherwise stated

The Group reviewed the carrying amount of its property, plant and equipment which are recognized at acquisition cost less depreciation and impairment to determine whether there are any indications that those assets have suffered an impairment loss. Assets with carrying amount of EUR 251,372 thousand (attributable to gas distribution CGU) showed some indications (see below point 1) and impairment test was performed. The impairment test showed that there is no need for impairment loss as at 30 June 2020. The following key assumptions were used by the Group in making impairment test:

(1) Depreciation expenses from the share of new customers for the assets, which were entered into operation before 2020, will be included into the income (regulated tariffs) of gas distribution; Depreciation expenses from the share of new customers for the assets, which were entered into operation after 2020, will not be included into the income of gas distribution;
(2) Discount rate was not changed compared to test performed as at 31 December 2019 – 5.07% (after tax) (5.96% pre-tax)
(3) Updated long-term investment forecast of gas segment and its financing in accordance with the Group's updated 10-year investment plan: 1) based on cost-benefit analysis, the decision was made not to install smart meters (recommendation to update cost-benefit analysis every 4 years); 2) increase investments into new customers, increase financing of new customers.

The Group reviewed the carrying amount of its property, plant and equipment which are recognized at revalued amount (attributable to electricity CGU with carrying amount of EUR 1,245,921 thousand) to determine whether there are any indications that those assets have suffered an impairment loss or its fair value significantly changed. Analysis did not show any indication of impairment or significant change of fair value compared to 31 December 2019.

The Group did not identify any other assets which could have indications of impairment.

Acquisitions of tangible assets during 2020 I half-year include the following major acquisitions to the construction in progress:

- acquisitions for the construction of new high-efficiency waste-fired cogeneration power plants, the final exploitation and start of commercial activities of which are planned for the end of 2020,
- acquisitions related to the development of the electricity distribution network,
- acquisitions for construction projects of wind farms.

The Group has significant acquisition commitments of property, plant and equipment which will have to be fulfilled during the later years. Group's acquisition and construction commitments amounted to EUR 134,351 thousand as at 30 June 2020 (31 December 2019: EUR 128,504 thousand).

7 Right-of-use assets

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

	Land	Buildings	Structures and machinery	Wind power plants and their installations	Vehicles	Other property, plant and equipment	In total
31 December 2019							
Acquisition cost	16,143	13,874	8,232	27,290	823	317	**66,679**
Accumulated depreciation	(123)	(2,114)	(726)	(2,246)	(345)	(81)	**(5,634)**
Net book value at 1 January 2020	**16,020**	**11,760**	**7,506**	**25,044**	**478**	**236**	**61,044**
Additions	1,633	3,163	3	-	-	15	**4,814**
Write-offs	-	-	(5)	-	(84)	(59)	**(148)**
Reclassifications between categories	-	12	(12)	-	-	-	**-**
Reclassified from (to) tangible assets	-	-	-	-	(356)	-	**(356)**
Reclassified from (to) assets held for sale	-	144	90	-	-	-	**234**
Depreciation	(228)	(1,716)	(387)	(1,123)	(21)	(62)	**(3,537)**
Net book value at 30 June 2020	**17,425**	**13,363**	**7,195**	**23,921**	**17**	**130**	**62,051**
As at 30 June 2020							
Acquisition cost	17,774	16,646	8,304	27,290	21	261	**70,296**
Accumulated depreciation	(349)	(3,283)	(1,109)	(3,369)	(4)	(131)	**(8,245)**
Net book value	**17,425**	**13,363**	**7,195**	**23,921**	**17**	**130**	**62,051**

All amounts in thousands of euro unless otherwise stated

8 The structure of the Group

Directly and indirectly controlled subsidiaries

Reorganization of the Company's subsidiaries Ignitis grupės paslaugų centras UAB and Verslo aptarnavimo centras UAB was completed as at 1 January 2020. The subsidiary Verslo aptarnavimo centras UAB, which ceased operations after the reorganization, was reorganized by merging with the continuing Ignitis grupės paslaugų centras UAB. All assets, rights and obligations of Verslo aptarnavimo centras UAB were transferred to the continuing Ignitis grupės paslaugų centras UAB.

On 8 June 2020 announcement was made to dispose of all shares of Duomenų logistikos centras UAB. Transaction was not finalised as at interim reporting date due to pending decision by the Competition Council. For further information refer to Note 25 "Events after the reporting period".

The Group's structure as at 30 June 2020:

Company name	Country of business	Company type	Group's effective ownership interest, %	Non-controlling interest's effective ownership interest, %	Profile of activities
Ignitis grupė AB	Lithuania	Parent company	-	-	Parent company
Subsidiaries of the Group:					
Energijos skirstymo operatorius AB	Lithuania	Subsidiary	97.6578	2.3422	Supply and distribution of electricity to the consumers; distribution of natural gas
Ignitis gamyba AB	Lithuania	Subsidiary	97.4463	2.5537	Electricity generation, supply, import, export and trade
NT Valdos UAB	Lithuania	Subsidiary	100.0000	-	Disposal of real estate, other related activities and provision of services
Duomenų logistikos centras UAB	Lithuania	Subsidiary	79.6360	20.3640	Information technology and telecommunication services
Energetikos paslaugų ir rangos organizacija UAB	Lithuania	Subsidiary	100.0000	-	Construction, repair, technical maintenance of electricity networks and related equipment, connection of users to the electricity networks, repair of energy equipment
Elektroninių mokėjimų agentūra UAB	Lithuania	Subsidiary	100.0000	-	Provision of collection services
Ignitis Eesti, OÜ	Estonia	Indirectly controlled subsidiary	100.0000	-	Supply of electricity
Ignitis Latvija SIA	Latvia	Indirectly controlled subsidiary	100.0000	-	Supply of electricity
Ignitis Polska Sp. z o.o.	Poland	Indirectly controlled subsidiary	100.0000	-	Supply of electricity
Ignitis grupės paslaugų centras UAB	Lithuania	Subsidiary	98.8339	1.1661	Provision of information technology and telecommunications and other services
Ignitis UAB	Lithuania	Subsidiary	100.0000	-	Supply of electricity and gas
Ignitis paramos fondas	Lithuania	Subsidiary	100.0000	-	Provision of support to projects, initiatives and activities, relevant to the society
Vilniaus Kogeneracinė Jėgainė UAB	Lithuania	Subsidiary	100.0000	-	Modernization of the provision of centralized supply of heat in Vilnius city
Kauno Kogeneracinė Jėgainė UAB	Lithuania	Subsidiary	51.0000	49.0000	Modernization of the provision of centralized supply of heat in Kaunas city
Tuuleenergia OÜ	Lithuania	Subsidiary	100.0000	-	Production of renewable electricity
Eurakras UAB	Lithuania	Indirectly controlled subsidiary	100.0000	-	Production of renewable electricity
Transporto valdymas UAB	Lithuania	Subsidiary	100.0000	-	Transport management activity
Vėjo Vatas UAB	Lithuania	Indirectly controlled subsidiary	100.0000	-	Production of renewable electricity
Vėjo Gūsis UAB	Lithuania	Indirectly controlled subsidiary	100.0000	-	Production of renewable electricity
Gamybos optimizavimas UAB	Lithuania	Subsidiary	100.0000	-	Supply of electricity and natural gas
VVP Investment UAB	Lithuania	Indirectly controlled subsidiary	100.0000	-	Production of renewable electricity
Ignitis renewables UAB	Lithuania	Subsidiary	100.0000	-	Production of renewable electricity
Pomerania Wind Farm Sp. z o. o.	Poland	Indirectly controlled subsidiary	100.0000	-	Production of renewable electricity

During April 2020 the Company has acquired shares from minority shareholders of subsidiaries Energijos skirstymo operatorius AB (23,932 thousand shares for the price of 0.88 EUR per share) and Ignitis gamyba, AB (4,082 thousand shares for the price of 0.64 EUR per share). Acquisition leads to increased percentage of ownership by 2.68% in Energijos skirstymo operatorius, AB and 0.63% in Ignitis gamyba, AB. Total consideration paid for the acquired shares equal to EUR 25,721 thousand, including premium equal to dividends for year 2019.

As at 18 May 2020 Ignitis grupė AB has exercised its right as the majority shareholder of Energijos skirstymo operatorius AB and Ignitis gamyba AB and has initiated the process of mandatory shares buyout from minority shareholders of these companies, as granted to by the law on securities of the Republic of Lithuania. Deadline for buy-out process was set as at 17 August 2020. The price of shares during mandatory buyout was agreed with the Bank of Lithuania and was set at same level as during the non-competitive tender offers (EUR 0.88 per share for Energijos skirstymo operatorius AB and EUR 0.64 per share for Ignitis gamyba AB). On 10 August 2020 the Group received a claim from minority shareholder of Energijos skirstymo operatorius AB and the buyout of this company's shares is postponed – for more information see note 25.

All amounts in thousands of euro unless otherwise stated

Despite the claim, the management of the Group determined, that the Group has plan and contractual obligation to buyout all the shares of the abovementioned subsidiaries. Consequently, the liability of EUR 29,030 thousand was recognized under the financial position caption "Other current amounts payable and liabilities" as at 30 June 2020. The management determined that the Company does not have a present ownership interest for the non-controlling interest, and applied an accounting policy of derecognizing the non-controlling interest. The difference between the liability of EUR 29,030 thousand and the non-controlling interest derecognized was recognized in equity, using above mentioned agreed prices of EUR 0.88 per 20 954 thousand shares of Energijos skirstymo operatorius AB and EUR 0.64 per 16 548 thousand shares of Ignitis gamyba AB. The price per share was determined using recommendation from Bank of Lithuania and was based on 6 months weighted average price of shares. The Group believes that the price for shares will not significantly change. As mentioned in note 25, mandatory buyout of Ignitis gamyba UAB was finished as at 17 August 2020.

On 21 May 2020 Nasdaq Vilnius AB has made a decision to remove the shares of the Company's subsidiaries Energijos skirstymo operatorius and Ignitis gamyba AB from the Official Trading List. The shares of Energijos skirstymo operatorius and Ignitis gamyba AB were removed on 1 July 2020 (the last day of trading on the Nasdaq Vilnius shares is 30 June 2020).

During 2020 I half-year there were no other significant changes in Group's structure than described above. There were no restructure, business combinations or activity discontinuations as well.

The Group's structure as at 31 December 2019:

Company name	Country of business	Company type	Group's effective ownership interest, %	Non-controlling interest's effective ownership interest, %	Profile of activities
Ignitis grupė AB	Lithuania	Parent company	-	-	Parent company
Subsidiaries of the Group:					
Energijos skirstymo operatorius AB	Lithuania	Subsidiary	94.9827	5.0173	Supply and distribution of electricity to the consumers; distribution of natural gas
Ignitis gamyba, AB	Lithuania	Subsidiary	96.8164	3.1836	Electricity generation, supply, import, export and trade
NT Valdos UAB	Lithuania	Subsidiary	100.0000	-	Disposal of real estate, other related activities and provision of services
Duomenų logistikos centras UAB	Lithuania	Subsidiary	79.6360	20.3640	Information technology and telecommunication services
Energetikos paslaugų ir rangos organizacija UAB	Lithuania	Subsidiary	100.0000	-	Construction, repair, technical maintenance of electricity networks and related equipment, connection of users to the electricity networks, repair of energy equipment
Elektroninių mokėjimų agentūra UAB	Lithuania	Subsidiary	100.0000	-	Provision of collection services
Ignitis Eesti, OÜ	Estonia	Indirectly controlled subsidiary	100.0000	-	Supply of electricity
Ignitis Latvija SIA	Latvia	Indirectly controlled subsidiary	100.0000	-	Supply of electricity
Ignitis Polska sp. z o.o.	Poland	Indirectly controlled subsidiary	100.0000	-	Supply of electricity
Ignitis grupės paslaugų centras, UAB	Lithuania	Subsidiary	97.9447	2.0553	Provision of information technology and telecommunications and other services
Verslo aptarnavimo centras UAB	Lithuania	Subsidiary	98.4061	1.5939	Organisation and execution of public procurement, accounting, legal, personnel administration services
Ignitis UAB	Lithuania	Subsidiary	100.0000	-	Supply of electricity and gas
Ignitis paramos fondas	Lithuania	Subsidiary	100.0000	-	Provision of support to projects, initiatives and activities, relevant to the society
Vilniaus Kogeneracinė Jėgainė UAB	Lithuania	Subsidiary	100.0000	-	Modernization of the provision of centralized supply of heat in Vilnius city
Kauno Kogeneracinė Jėgainė UAB	Lithuania	Subsidiary	51.0000	49.0000	Modernization of the provision of centralized supply of heat in Kaunas city
Tuuleenergia OÜ	Lithuania	Subsidiary	100.0000	-	Production of renewable electricity
Eurakras UAB	Lithuania	Indirectly controlled subsidiary	100.0000	-	Production of renewable electricity
Transporto valdymas UAB	Lithuania	Subsidiary	100.0000	-	Transport management activity
Vėjo Vatas UAB	Lithuania	Indirectly controlled subsidiary	100.0000	-	Production of renewable electricity
Vėjo Gūsis UAB	Lithuania	Indirectly controlled subsidiary	100.0000	-	Production of renewable electricity
Gamybos optimizavimas UAB	Lithuania	Subsidiary	100.0000	-	Supply of electricity and natural gas
VVP Investment UAB	Lithuania	Indirectly controlled subsidiary	100.0000	-	Production of renewable electricity
Ignitis renewables UAB	Lithuania	Subsidiary	100.0000	-	Production of renewable electricity
Pomerania Invall Sp. z o. o.	Poland	Indirectly controlled subsidiary	100.0000	-	Production of renewable electricity

All amounts in thousands of euro unless otherwise stated

Investments in associates

The Group's investments in associates did not change during 2020 I half-year and as at 30 June 2020 and 31 December 2019 were as follows:

	30 June 2020		31 December 2019	
	Carrying amount	Group's ownership interest, %	Carrying amount	Group's ownership interest, %
Geoterma UAB (Bankrupt)	2,142	23.44	2,142	23.44
Total	**2,142**		**2,142**	
Group's share of losses of associate	(2,142)		(2,142)	
Balance	**-**		**-**	

9 Non-current receivables

Non-current receivables comprised as follows:

	30 June 2020	31 December 2019
Non-current receivables		
Amount receivable on disposal of LitGrid AB	158,658	158,658
Finance lease	13,292	3,043
Accrued Kaunas cogeneration plant infrastructure installation cost compensation	-	606
Accrued revenue related to the capacity reserve	777	475
Loans granted	179	211
Other non-current amounts receivable	610	2,126
Total:	**173,516**	**165,119**
Less: allowance	-	(88)
Balance	**173,516**	**165,031**

Under the valid agreement between the Company and EPSO-G, during the period until year 2022 EPSO-G will have to cover the debt for the shares of Litgrid AB acquired in year 2012. The fair value of the amount receivable comprises the amount receivable for shares (30 June 2020 and 31 December 2019: EUR 174,535 thousand) and final price premium. The final price premium did not change during 2020 I half-year. The management's assessment of the amount of price premium as at 30 June 2020 was negative and equal to EUR 15,877 thousand. The amount receivable for EPSO-G shares is classified as financial assets at fair value through profit or loss. In more detail, the situation is described in Notes 3.1 and 4.8 of the 2019 annual financial statements.

10 Prepayments and deferred expenses

The Group's non-current prepayments as at 30 June 2020 and 31 December 2019 were as follows:

	30 June 2020	31 December 2019
Prepayments for property, plant, equipment	246	27,809
Balance	**246**	**27,809**

The Group's current prepayments as at 30 June 2020 and 31 December 2019 were as follows:

	30 June 2020	31 December 2019
Prepayments for natural gas	6,542	8,880
Deposits related to Power Exchange	22,892	19,195
Deferred expenses	3,682	1,306
Prepayments for other goods and services	3,293	13,693
Prepayments for electricity due to over-declaration by customers	-	5,194
Other prepayments	2,515	2,280
Balance	**38,924**	**50,548**

11 Trade receivables

The Group's trade receivables consist of:

	30 June 2020	31 December 2019
Amounts receivable under contracts with customers		
Trade receivables for electricity	83,534	77,439
Trade receivables for gas from non-household customers	24,162	31,990
Trade receivables for gas from household customers	2,969	3,479
Trade receivables for waste management	1,034	-
Trade receivables for exported electricity and electricity produced abroad	189	621
Trade receivables for sale of heat	56	545
Trade receivables for IT and telecommunications services	-	173
Other trade receivables	15,099	11,675
Trade receivables from other contracts		
Trade receivables for lease of assets	-	722
Total	**127,043**	**126,644**
Less: impairment of trade receivables	(9,596)	(8,777)
Balance	**117,447**	**117,867**

All amounts in thousands of euro unless otherwise stated

As at 30 June 2020 and 31 December 2019, the Group had not pledged the claim rights to trade receivables. Interest is not accrued on receivables under agreements with customers, and the regular settlement term is usually 15-30 days. Settlement term for deferred payments due to COVID-19 (Note 3.1) is described in Note 19.

The assessment model for valuation of amounts receivables did not change during 2020 I half-year: significant amounts receivable – individually, and all immaterial amounts – collectively by using the loss ratio matrix.

The table below presents information on the Group's trade receivables under contracts with customers as at 30 June 2020 that are assessed on a collective basis using the loss ratio matrix.

Group	Loss ratio	Trade receivables	Decrease in value
Not past due	1.31	53,753	702
Up to 30 days	4.66	8,792	410
30–60 days	10.49	1,458	153
60-90 days	26.04	1,640	427
90-120 days	32.36	924	299
More than 120 days	56.40	10,554	5,952
As at 30 June 2020	**10.30**	**77,121**	**7,943**

The table below presents information on the Group's trade receivables under contracts with customers as at 31 December 2019 that are assessed on a collective basis using the loss ratio matrix.

	Loss ratio	Trade receivables	Decrease in value
Not past due	0.19	46,329	86
Up to 30 days	4.22	8,337	352
30–60 days	7.44	833	62
60-90 days	17.24	609	105
90-120 days	23.16	354	82
More than 120 days	49.88	13,018	6,494
As at 31 December 2019	**10.34**	**69,480**	**7,181**

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

	30 June 2020		31 December 2019	
	Trade receivables	Decrease in value	Trade receivables	Decrease in value
Not past due	37,990	44	53,824	437
Up to 30 days	6,632	101	550	35
30–60 days	3,597	223	214	28
60-90 days	533	125	78	21
90-120 days	1,170	1,160	109	7
More than 120 days	-	-	2,389	1,068
Balance	**49,922**	**1,653**	**57,164**	**1,596**

12 Cash and cash equivalents

Cash, cash equivalents and a bank overdraft include the following for the purposes of the interim condensed consolidated cash flow statement:

	30 June 2020	31 December 2019
Cash and cash equivalents	283,265	131,837
Bank overdraft	-	(191,291)
Balance	**283,265**	**(59,454)**

Cash and cash equivalent as at 30 June 2020 and 31 December 2019 comprise cash in bank accounts.

13 Assets held for sale

The Group's non-current assets held for sale consist of as follows:

	30 June 2020	31 December 2019
Property, plant and equipment and investment property	1,811	4,753
Disposal group	7,863	35,890
Balance	**9,674**	**40,643**

All amounts in thousands of euro unless otherwise stated

Movement of non-current assets held-for-sale during the 2020 I half-year and 2019 I half-year were as follows:

	2020 I half-year	2019 I half-year
Balance as at 1 January	**40,643**	**65,706**
Disposals	(1,989)	(33,392)
Write-offs	-	(19)
Result of revaluation of non-current assets	(3)	(608)
Change of other assets attributed to disposal group	-	11,394
Increase (decrease) in property, plant and equipment and investment property	(928)	(572)
Impairment loss recognised on the remeasurement to fair value less costs to sell	-	(4,067)
Reclassified (to) from:		
Intangible assets	-	*15*
Property, plant, and equipment	*(10,203)*	*1,062*
incl. impairment	-	-
Investment property	-	*1,124*
Non-current receivables	*(17,846)*	-
Balance as at 30 June	**9,674**	**40,643**

As at 31 December 2019 the line item ‘Disposal group’ includes assets of subsidiaries Transporto valdymas UAB and Duomenų logistikos centras UAB amounting to EUR 35,890 thousand, which were intended to be disposed by the Group. During 2020 I half-year the management changed its decision to sell a subsidiary Transporto valdymas UAB. Therefore, as at 30 June 2020 a subsidiary intended to be sold is Duomenų logistikos centras UAB, the assets of which amounts to EUR 7,863 thousand. As at 30 June 2020 liabilities of EUR 3,232 thousand being disposed along with these assets were reported under the line item ‘Liabilities related to non-current assets held for sale’ (31 December 2019: EUR 5,322 thousand).

14 Issued capital

As at 30 June 2020 the Group‘s share capital comprised EUR 1,212,156,294 and was divided in to 4,179,849,289 ordinary shares with par value is EUR 0.29 of each. As at 31 December 2019 the Group‘s share capital comprised EUR 1,212,156,294 and was divided in to 4,179,849,289 ordinary shares with par value is EUR 0.29 of each.

As at 30 June 2020 and 31 December 2019 all shares were fully paid.

15 Loans and bonds

Borrowings

Borrowings of the Group consisted of:

	30 June 2020	31 December 2019
Non-current		
Bonds issued	886,215	590,120
Bank borrowings	341,936	231,809
	1,228,151	**821,929**
Current		
Current portion of non-current loans	21,203	37,454
Bank overdrafts	-	191,291
Accrued interest	11,890	5,446
	33,093	**234,191**
Total borrowings	**1,261,244**	**1,056,120**

On 10 March 2020 Pomerania Wind Farm Sp. z o.o. concluded an agreement with the European Investment Bank (EIB) for PLN 258 million (approximately EUR 60 million) loans for the implementation of its wind farm project. The first part of PLN 190 million (about EUR 43 million) was received on 28 April 2020. The Company and the EIB entered into a first call guarantee agreement to secure this loan. The Company's subsidiary Ignitis renewables UAB, which owns all Pomerania Wind Farm sp. z o.o. shares, entered into an agreement with the EIB for 100% of Pomerania Wind Farm sp. z o.o. shares’ pledging in the favour of lender. The loan repayment term is 31 December 2035.

On 16 April 2020 the Group has signed an overdraft agreement with Swedbank AB for EUR 100 million. As at 30 June 2020, the undrawn credit facilities amounted to EUR 100 million. The repayment date of the loan is 16 October 2020.

On 14 May 2020, the Group placed a EUR 300 million issue of bonds with a 10-year term to maturity. Annual interest of 2.00% will be payable for bonds and they have been issued with the yield of 2.148%. Net cash inflows from bond emission comprise 98.55% of the par value of the bond issue or EUR 295,657,500.

1st half of 2020, expenses related to interest on the issued bonds totalled EUR 7,076 thousand (during 1st half of 2019: EUR 6,360 thousand). The accrued amount of coupon payable as at 30 June 2020 amounted to EUR 11,884 thousand (31 December 2019: EUR 5,446 thousand).

Non-current borrowings by maturity:

	30 June 2020	31 December 2019
From 1 to 2 years	108,911	32,104
From 2 to 5 years	63,621	95,719
After 5 years	1,055,619	694,106
In total	**1,228,151**	**821,929**

All amounts in thousands of euro unless otherwise stated

During 2020 I half-year the Group didn't have any breaches of financial and non-financial covenants due to which the classification to current and non-current should be changed.

The weighted average interest rates (%) on the Group's borrowings payable with fixed and variable interest rates:

	30 June 2020	31 December 2019
Non-current borrowings		
Fixed interest rate	2.069	2.069
Variable interest rate	0.958	0.958
Current borrowings		
Variable interest rate	0.446	0.446

Reconciliation of the Group's cash, borrowings and other financial liabilities except leasing liabilities and cash flows from financing activities:

	Assets	Borrowings and other liabilities				
	Cash	Non-current portion of non-current borrowings	Current portion of non-current borrowings	Current borrowings	Financial instruments and derivatives	Total
Balance at 1 January 2020	**(131,837)**	**821,929**	**37,454**	**196,737**	**(2,741)**	**921,542**
Cash changes						
Increase (decrease) in cash and cash equivalents	(151,428)	-	-	-	(227)	(151,655)
Proceeds from issued bonds	-	295,657	-	-	-	295,657
Proceeds from borrowings		116,354	-	-	-	116,354
(Repayments) of borrowings	-	-	(18,458)	(4,017)	-	(22,475)
Interest paid	-	(491)	(492)	(916)	-	(1,899)
Overdraft	-	-	-	(191,291)	-	(191,291)
Result from realization of financial instrument and derivatives	-	-	-	-	33	33
Non-cash changes						
Accrual of interest payable	-	4,238	496	5,009	-	9,743
Revaluation of financial instruments and derivatives	-	-	-	-	3,878	3,878
Reclassification of interest payable from (to) trade payables	-	(458)	(4)	(537)	-	(999)
Lease contracts concluded	-	-	-	34	-	34
Reclassifications between items	-	(9,078)	2,207	6,871	-	-
Balance at 30 June 2020	**(283,265)**	**1,228,151**	**21,203**	**11,890**	**943**	**978,922**

16 Lease liabilities

Movements in the Group lease liabilities during the 2020 I half-year:

	Non-current lease liabilities	Current lease liabilities	Total
Opening balance as at 1 January 2020	**33,818**	**8,400**	**42,218**
Cash changes			
Lease payments (principal portion)	(1,011)	(4,386)	(5,397)
Interest paid	-	(159)	(159)
Non-cash changes			
Lease contracts concluded	3,290	666	3,956
Interest charges	13	293	306
Reclassifications between items	(9,953)	9,953	-
Reclassifications to trade and other payables	(29)	(140)	(169)
Reclassification to liabilities attributable to assets held for sale	285	158	443
Other changes	11	-	11
Balance as at 30 June 2020	**26,424**	**14,785**	**41,209**

17 Provisions

Provisions of the Group consisted of:

	30 June 2020	31 December 2019
Non-current provisions	37,077	35,564
Current provisions	16,056	19,818
Total amount of provisions	**53,133**	**55,382**

All amounts in thousands of euro unless otherwise stated

Movement of the Group's provisions during the 2020 I half-year were as follows:

	Environmental emission allowance liabilities	Provisions for employee benefits	Provisions for rights to servitudes	Other provisions	Total
Balance as at 1 January 2020	**479**	**3,540**	**26,952**	**24,411**	**55,382**
Increase during the period	3,472	322	-	4,990	8,784
Utilised during the period	(385)	(269)	(258)	(2,667)	(3,579)
Revaluation of emission allowances utilised	980	-	-	-	980
Result of change in actuarial assumptions	-	(177)	-	3,861	3,684
Result of change in other assumptions	-	-	(12,118)	-	(12,118)
Balance as at 30 June 2020	**4,546**	**3,416**	**14,576**	**30,595**	**53,133**

As at 30 June 2020 significant part of other provisions includes:

- provisions for protection zones for an amount of EUR 12,766 thousand (31 December 2019: EUR 8,328 thousand),
- provisions for capacity reserve and system services for an amount of EUR 14,827 thousand (31 December 2019: EUR 12,718 thousand).

Significant change in provisions for rights to servitudes (compensations of servitudes) and protection zones were caused by change in management's key assumptions used to estimate the period-end balance (Note 3.2).

18 Advances received and deferred income

Deferred income

Movements in the Group deferred income during 2020 I half-year:

	Current portion	Non-current portion
Balance as at 1 January 2020	**9,749**	**151,910**
Received during the period	-	9,463
Recognised as income	(3,661)	-
Reclassification from other payable amounts	12	-
Reclassifications between items	3,984	(3,984)
Balance as at 30 June 2020	**10,084**	**157,389**

As at 30 June 2020 as well as 31 December 2019 deferred income represents an income from connection of new customers to natural gas system and to the electricity grid under the contracts with customers. Revenue from connection of new customers to natural gas system and to electricity grid is recognised over the average useful life of related items of property, plant and equipment. Due to COVID-19 impact the management reviewed useful lives of property, plant and equipment (Note 3.1) and didn't identify any indications that terms might be changed.

Advances received

The Group's advances received as at 30 June 2020 and 31 December 2019 were as follows:

	30 June 2020	31 December 2019
Current prepayments under contracts with customers (contract liabilities)	38,438	51,665
Current prepayments under other agreements	669	80
Balance	**39,107**	**51,745**

19 Revenue from contracts with customers

The Group's revenue from contracts with customers during 2020 and 2019 I half-year consisted of:

	2020, I half-year	2019, I half-year
Electricity related revenue		
Revenue from the sale of electricity	6,484	5,635
Revenue from public electricity supply	86,455	69,568
Revenue from sale of produced electricity	40,406	36,587
Income from capacity reserve services	28,311	30,473
Electricity distribution	278,885	245,051
Gas related revenue		
Revenue from gas sales	97,440	120,212
Gas security component income	14,119	14,859
Gas distribution	19,034	19,688
Other revenue		
Revenue from Public service obligation services	6,368	4,020
Connection fees	3,644	2,072
Proceeds from the sale of heat energy	1,442	2,653
Other revenue from contracts with customers	5,686	5,983
Total	**588,274**	**556,801**

All amounts in thousands of euro unless otherwise stated

Contract balances

Contract assets consists of trade receivables excluding receivables related to lease contracts. Contract liabilities consists of advances received EUR 38,438 thousand (31 December 2019: EUR 51,665 thousand), and deferred income. Balances arising from contracts with customers are as follows:

	Notes	30 June 2020	31 December 2019
Contracts' with customers – assets			
Trade receivables*	11	117,435	117,145
		117,435	**117,145**
Contracts' with customers – liabilities			
Advances received	18	38,438	51,665
Deferred income	18	167,473	161,659
		205,911	**213,324**

** Accounts receivables related to lease contracts are excluded*

Rights to returned good assets and refund liabilities

Rights to returned goods assets and refund liabilities did not change from previous reporting period.

Performance obligations

Due to measures taken in respect of quarantine by the Government of Republic of Lithuania on 16 March 2020 (Note 3.1) to make possible to defer or arrange in portions the payments for the consumed electricity and natural gas, the Group provided special payments deferrals to customers for distribution and supply of electricity and gas.

As at 30 June 2020 requests for payments' deferrals do not exceed EUR 7.3 million, satisfied requests amount to about EUR 4.3 million, the rest led to a natural increase in the level of overdue debts. Payments were deferred for the following period: for household customers payments were deferred for 1 month after the quarantine ended, business customers – 3 months. Insignificant part exclusively was deferred for up to 9 – 12 months from the end of quarantine. The management didn't identify any significant financing component.

The regular payment term, except the term of deferred payments above, as at 30 June 2020 and 31 December 2019 was defined 30 days.

There are no warranties specified in the contracts. During 2020 I half-year there were no changes in timing of transfer of the goods and services: performance obligations of gas and electricity sale, supply, distribution, thermal energy, connection fees are satisfied over time, sales of inventory and scrap – at a specific point in time.

20 Dividends

The Company's announced distribution of dividends during the first half-year of 2020 and 2019:

	2020, I half-year		2019, I half-year	
	Dividends	Dividends per share	Dividends	Dividends per share
Ignitis grupė AB	28,000	0.0067	13,000	0.0031

21 Transactions with related parties

As at 30 June 2020 and 31 December 2019 the ultimate parent was the Republic of Lithuania represented by Ministry of Finance. For the purpose of disclosure of related parties, the Republic of Lithuania does not include central and local government authorities. The disclosures comprise transactions and balances of these transactions with the shareholder, associates and all entities controlled by or under significant influence of the state (transactions with these entities are disclosed only if they are material), and management and their close family members.

The Group's transactions with related parties during the 2020 I half-year and 2019 I half-year are presented below:

Related party	2020, I half-year			2019, I half-year		
	Sales	Purchases	Finance incomes (expenses)	Sales	Purchases	Finance incomes (expenses)
Entity's controlled or under significant influence by the state						
EPSO-G UAB	-	-	398	18	-	541
Litgrid AB	43,468	80,349	-	38,765	64,362	-
Amber Grid AB	15,073	21,625	-	36,310	32,315	-
Baltpool UAB	73,093	31,462	-	8	16,446	-
Tetas UAB	58	2,513	-	311	1,546	4
GET Baltic UAB	16,208	15,301	-	19,932	1,144	-
Group's associate and other related parties	-	-	-	-	-	-
Total	**147,900**	**151,250**	**398**	**95,344**	**115,813**	**545**

All amounts in thousands of euro unless otherwise stated

The Group's balances with related parties as at 30 June 2020 and 31 December 2019 are presented below:

Related party	30 June 2020		31 December 2019	
	Amounts receivable	Amounts payable	Amounts receivable	Amounts payable
Entity's controlled or under significant influence by the state:				
EPSO-G UAB	159,338	-	158,943	-
Litgrid AB	11,778	15,286	10,297	14,749
Amber Grid AB	3,345	5,229	4,203	6,329
Baltpool UAB	9,927	6,160	11,682	10,177
Tetas UAB	16	575	84	869
GET Baltic UAB	1,181	1	754	-
Group's associate and other related parties	**-**	**-**	**116**	**217**
Total	**185,585**	**27,251**	**186,079**	**32,341**

Key management personnel's benefits for 2020 I half-year and 2019 I half-year were as follows:

	2020 I half-year	2019 I half-year*
Salaries and other short-term benefits	2,486	2,330
Whereof: Termination benefits and benefits to Board Members	219	249
Number of management staff	60	59

**Data for 2019 I half-year is revised by adding related information of Group companies which register seat is not in Lithuania.*

Key Management personnel includes heads of administration, their deputies and board members.

22 Operating segments

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

In year 2018 a new strategy of the Group was approved. This strategy sets out four main lines of business for the Group - strategic generation, green generation, solutions for customers and an activity of distribution grid operator. Following the adoption of the new strategy, steps have been taken to refine the actions due. The scope of the operating segments has been modified following the changes as well as due to the changes in the Group's structure, which were completed in 2nd quarter of 2019, management from then follows its performance by operating segments that are consistent with the line of business specified in the Group's strategy:

- electricity supply and distribution and gas distribution segment renamed Networks and now includes only the distribution of electricity and gas activities carried out by Energijos skirstymo operatorius AB. Electricity public supply activity transferred to the segment of solutions for customers following the transfer from Energijos skirstymo operatorius AB to Ignitis UAB of this business activity;
- electricity generation segment separated into two segments – Flexible generation and Green generation. Flexible generation segment includes activities carried out by Ignitis gamyba AB (except Kaunas Algirdas' Brazauskas Hydro Power Plant, Kruonis pumped storage power plant, Biofuel and steam boiler). Green generation segment includes activities carried out by Ignitis gamyba AB (Kaunas Algirdas' Brazauskas Hydro Power Plant, Kruonis pumped storage power plant, Biofuel and steam boiler), Vilniaus kogeneracinė jėgainė UAB, Kauno kogeneracinė jėgainė UAB, Eurakras UAB, Tuuleenergia OU, Vėjo gūsis UAB, Vėjo vatas UAB, VVP Investment UAB, Ignitis renewables UAB, Pomerania Invall Sp. z o.o.;
- trade in gas and trade in electricity segments merged into one segment named Customers and Solutions. It includes activities carried out by Ignitis UAB, Energijos Tiekimas UAB (until 31 May 2019), Ignitis Eesti OÜ, Ignitis Latvija SIA, Ignitis Polska Sp. z o.o. Electricity energy public supply activity is taken over from networks segment following the transfer from Energijos skirstymo operatorius AB to Ignitis UAB of this business activity.

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

In 2020 operating segments were changed - parent company does not constitute a separate operating segment and for clarity and easier information for readers is no longer disclosed separately, but is combined with other companies included in other activities, consolidation adjustments and eliminations of intercompany transactions.

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

All amounts in thousands of euro unless otherwise stated

The Group management calculates EBITDA as follows:

Revenue -
Operating expenses +
Depreciation and amortisation expenses (Notes 5, 6, 7) +
Expenses on revaluation and provisions for emission allowances +
Impairment expenses of non-current assets (Notes 6, 13) +
Write-off expenses of non-current assets

EBITDA

The Group management calculates adjusted EBIT as follows:

EBIT +
Management adjustments (for revenues)+
Management adjustments (for expenses)-
Impairment and write-offs expenses of non-current assets -
Expenses on revaluation and provisions for emission allowances

Adjusted EBIT

The Group management calculates Investments as follows:

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

Investments

The Group management calculates Net debt as follows:

Total borrowings (Note 15) +
Total lease liabilities (Note 16) -
Cash and cash equivalents (Note 12)

Net Debt

Management's adjustments, adjusted EBITDA and EBIT

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

Segment / Management's adjustments	2020 I half-year	2019 I half-year
Networks		
Temporary regulatory differences of Energijos skirstymo operatorius AB	(4,551)	16,054
Cash effect restatement new connection points and upgrades of Energijos skirstymo operatorius AB	4,484	4,092
Compensation received for the previous periods	-	(2,613)
Result of disposal of non-current assets	(140)	(71)
Impairment and write-offs of current and non-current amounts receivables, loans, goods and others	831	173
Flexible generation		
Temporary regulatory differences of Ignitis gamyba AB	-	(3,725)
Received compensation related to carried out projects in previous periods	-	(9,276)
Temporary fluctuations in fair value of derivatives	3,948	-
Result of disposal of non-current assets	(6)	-
Impairment and write-offs of current and non-current amounts receivables, loans, goods and others	66	(1,113)
Green generation		
Impairment and write-offs of current and non-current amounts receivables, loans, goods and others	9	4
Customers and Solutions		
Temporary regulatory differences of Ignitis UAB	(40,947)	4,192
Temporary fluctuations in fair value of electricity and gas derivatives of Ignitis UAB and Energijos tiekimas UAB (until 31 May 2019)	13,564	14,240
Impairment and write-offs of current and non-current amounts receivables, loans, goods and others	589	785
Other segments and consolidation adjustment		
Result of disposal of non-current assets	(416)	(321)
Impairment and write-offs of current and non-current amounts receivables, loans, goods and others	6	(159)
Ignitis grupė AB management and other fee's collected from controlled fund "Smart Energy Fund powered by Ignitis Group" for periods other than reporting period.	495	-
Consolidation adjustment of cash effect restatement for new consumers connection of Energijos skirstymo operatorius AB	1,336	2,559
	(20,732)	**24,821**

All amounts in thousands of euro unless otherwise stated

Group information about operating segments for 2020 I half-year is provided below:

	Networks	Flexible generation	Green generation	Customers and Solutions	Other activities and eliminations	Total Group
Sales revenue from external customers	236,087	38,527	39,488	272,693	4,117	**590,912**
Inter-segment revenue (less dividend)	1,879	(707)	159	(10,050)	8,719	**-**
Revenue	**237,966**	**37,820**	**39,647**	**262,643**	**12,836**	**590,912**
Purchases of electricity, gas for trade, and related services, gas and heavy fuel oil	(91,086)	(23,133)	(8,244)	(225,662)	(12,579)	**(360,704)**
Wages and salaries and related expenses	(27,201)	(3,561)	(2,924)	(4,639)	(11,391)	**(49,716)**
Repair and maintenance expenses	(8,101)	(1,701)	(1,305)	(2)	(125)	**(11,234)**
Other expenses	(15,481)	(1,736)	(3,374)	(7,331)	8,491	**(19,431)**
EBITDA	**96,097**	**7,689**	**23,800**	**25,009**	**(2,768)**	**149,827**
Depreciation and amortization	(40,970)	(5,698)	(6,289)	(3,242)	1,676	**(54,523)**
Impairment and write-offs expenses of non-current assets	(8,119)	11	1	-	5,846	**(2,261)**
Expenses on revaluation and provisions for emission allowances	-	367	-	-	-	**367**
Operating profit (loss) (EBIT)	**47,008**	**2,369**	**17,512**	**21,767**	**4,754**	**93,410**
EBITDA	**96,097**	**7,689**	**23,800**	**25,009**	**(2,768)**	**149,827**
Management adjustments (for revenues)	(207)	3,942	-	(27,383)	920	**(22,728)**
Management adjustments (for expenses)	831	66	9	589	501	**1,996**
Adjusted EBITDA	**96,721**	**11,697**	**23,809**	**(1,785)**	**(1,347)**	**129,095**
Depreciation and amortisation	(40,970)	(5,698)	(6,289)	(3,242)	1,676	**(54,523)**
Total adjusted operating profit (loss) (adjusted EBIT)	**55,751**	**5,999**	**17,520**	**(5,027)**	**329**	**74,572**
Property, plant and equipment, intangible and right-of-use assets	1,620,321	390,119	670,660	37,902	(27,732)	**2,691,270**
Investments	49,316	341	130,363	900	6,169	**187,089**
Net debt	693,436	(257)	325,411	58,848	(58,250)	**1,019,188**

Group information about operating segments for 2019 I half-year is provided below*:

	Networks	Flexible generation	Green generation	Customers and Solutions	Other activities and inter-company eliminations	Total Group
Sales revenue from external customers	208,466	47,430	35,980	261,530	4,461	**557,867**
Inter-segment revenue (less dividend)	3,152	67	2,014	5,507	(10,740)	**-**
Revenue	**211,618**	**47,497**	**37,994**	**267,037**	**(6,279)**	**557,867**
Purchases of electricity, gas for trade, and related services, gas and heavy fuel oil	(91,594)	(15,270)	(8,839)	(272,879)	7,984	**(380,598)**
Wages and salaries and related expenses	(22,122)	(3,239)	(1,843)	(2,204)	(12,492)	**(41,900)**
Repair and maintenance expenses	(11,489)	(2,406)	(1,041)	-	(413)	**(15,349)**
Other expenses	(15,848)	(569)	(2,309)	(8,263)	12,014	**(14,975)**
EBITDA	**70,565**	**26,013**	**23,962**	**(16,309)**	**814**	**105,045**
Depreciation and amortization	(40,141)	(5,784)	(6,338)	(670)	(1,445)	**(54,378)**
Impairment and write-offs expenses of non-current assets	(2,137)	(295)	-	-	(1,958)	**(4,390)**
Expenses on revaluation and provisions for emission allowances	-	(247)	-	-	-	**(247)**
Operating profit (loss) (EBIT)	**28,287**	**19,687**	**17,624**	**(16,979)**	**(2,589)**	**46,030**
EBITDA	**70,565**	**26,013**	**23,962**	**(16,309)**	**814**	**105,045**
Management adjustments (for revenues)	17,462	(13,001)	-	18,432	2,238	**25,131**
Management adjustments (for expenses)	173	(1,113)	4	785	(159)	**(310)**
Adjusted EBITDA	**88,200**	**11,899**	**23,966**	**2,908**	**2,893**	**129,866**
Depreciation and amortisation	(40,141)	(5,784)	(6,338)	(670)	(1,445)	**(54,378)**
Total adjusted operating profit (loss) (adjusted EBIT)	**48,059**	**6,115**	**17,628**	**2,238**	**1,448**	**75,488**
Property, plant and equipment, intangible and right-of-use assets	1,583,305	405,632	396,791	43,194	(61,138)	**2,367,784**
Investments	95,578	225	107,486	1,323	3,314	**207,926**
Net debt	640,255	(3,838)	147,494	78,987	(20,916)	**841,982**

**Certain amounts presented above do not correspond to the interim condensed consolidated financial statements prepared for the period of 2019 I half-year and reflect correction of error, reclassifications and changes of accounting methods, disclosed in Note 4.*

All amounts in thousands of euro unless otherwise stated

Seasonality

The Group does not have significant seasonal fluctuations in its operations. Management has analysed seasonal fluctuations in significant subsidiaries (which revenue comprises approximately 90% of the Group's revenue) and did not identify significant fluctuations in main alternative performance measures in any of those subsidiaries. Only 1 component had fluctuations of revenue above 5% comparing 1st and 2nd half of the 2019 and similarly 2020 calendar year. During 1st half of 2020 that subsidiary earns app. 58% of its revenue, however, seasonality impact on main alternative performance measures is not significant.

23 Fair values of financial instruments

The Group's derivative financial instruments (Level 2 of the fair value hierarchy), the Group's price premium payable and amounts receivable for disposal of Litgrid AB shares (Level 3) are measured at fair value.

Fair value is determined on the basis of discounted cash flow models and option pricing models as appropriate.

The balance of the Group's financial assets and financial liabilities measured at amortised cost approximated their fair value, except for bond issue debts.

The bond issue debt of EUR 886,215 thousand (31 December 2019: EUR 590,120 thousand) (Note 15), the fair value of which was equal to EUR 897,652 thousand as at 30 June 2020 (31 December 2019: EUR 630,732 thousand), was reported in the Group's statement of financial position at 30 June 2020. The fair value was calculated by discounting future cash flows related to the coupon payments with reference to the interest rate observable in the market and the regular future payments related to issued bonds. The cash flows were discounted using a weighted average discount rate of 1.94% (31 December 2019 – 1.29%). Discount rates for certain bond issues are determined as 120 base points interest rate increased by EUR interest rate swap for tenors that is similar to period left until redemption of issued bonds. The bond issue debt is attributed to Level 2 of the fair value hierarchy.

The balance of debt liabilities to OP Corporate Bank Plc and SEB Bankas AB was equal to EUR 62,046 thousand as at 30 June 2020 (31 December 2019: EUR 82,246 thousand). The fair value of financial liabilities related to the debts, which is calculated by discounting future cash flows with reference to the interest rate observable in the market, is equal to EUR 57,540 thousand (31 December 2019 – EUR 80,936 thousand). The cash flows were discounted using a discount rate of 0.981% (31 December 2019 – 0.973%). The measurement of financial liabilities related to the debts is attributed to Level 2 of the fair value hierarchy.

The balance of the loans of the Group company Ignitis gamyba AB was equal to EUR 19,109 thousand (31 December 2019 – EUR 25,734 thousand). The fair value of these borrowings was approx. EUR 18,015 thousand as at 30 June 2020 (31 December 2019 – EUR 24,101 thousand). The fair value was measured as present value of discounted cash flows at a discount rate of 1.23% (31 December 2019 – 3.00%).

As at 30 June 2020, the Group accounted for an amount receivable for the sale of LitGrid AB at fair value through profit or loss. The carrying amount of the amount receivable was equal to EUR 158,658 thousand (31 December 2019 – EUR 158,658 thousand). Their fair value is attributed to Level 3 in the fair value hierarchy. Fair value was estimated on the basis of discounted cash flows using the rate of 0.614% (31 December 2019 – 0.614%).

The table below presents allocation between the fair value hierarchy levels of the Group's financial instruments as at 30 June 2020 (refer to Note 2.30 of 2019 annual financial statements for the description of the fair value hierarchy levels):

Group	Note	Balance	Level 1 Quoted prices in active markets	Level 2 Other directly or indirectly observable inputs	Level 3 Unobservable inputs	In total
Financial instruments measured at fair value through profit (loss)						
Assets						
Receivable for the sale of LitGrid AB	9	158,658	-	-	158,658	158,658
Derivative financial instruments		2,084	-	2,084	-	2,084
Liabilities						
Put option redemption liability		16,660	-	16,660	-	16,660
Derivative financial instruments		3,015	-	3,015	-	3,015
Financial instruments for which fair value is disclosed						
Liabilities						
Bonds issued	15	886,215	-	897,652	-	897,652
Debt liabilities to OP Corporate Bank Plc and SEB Bankas AB		62,046	-	57,540	-	57,540
Loans of Ignitis gamyba AB		19,109	-	18,015	-	18,015

24 Litigations

During 2020 I half-year there were no significant changes in litigations reported in annual financial statements for 2019 or new significant litigations except for mentioned below. Litigations after the reporting period are disclosed in note 25.

On 12 March 2020, AB "Šiaulių energija" ("SE") brought a claim against group company Energijos skirstymo operatorius AB before the Vilnius Regional Court claiming damages of EUR 1.3 million. The claim is in relation to losses suffered by SE due to an accident that occurred on 25 March 2019 on an electricity grid owned by a third person, a Lithuanian electricity transmission system operator, Litgrid AB, who is also a party to these proceedings. The damages account for repair works, electricity costs and loss of earning suffered by SE due to the accident. A hearing in relation to this claim is scheduled for 24 September 2020. The Group believes that it will defend its interests these proceedings successfully and has not made provisions for these proceedings.

On 11 June 2020 Lithuanian Court of Appeal changed judgement of Vilnius Regional Court dated 28 January 2020 and fully declined claim by Vilniaus energija UAB. The judgement is effective, but can be appealed till 11 September 2020.

25 Events after the reporting period

On 7 July 2020, the Group together with LITGRID AB (hereinafter ‘Litgrid’) concluded a share sale-purchase agreement with QEIF II Development Holding Sàrl, a subsidiary of Quaero European Infrastructure Fund II, managed by Quaero Capital, regarding the sale of shares of subsidiary Duomenų logistikos centras UAB (hereinafter ‘DLC’). Under the agreement, the Group sold 79.64% of shares, and Litgrid – 20.36% of shares of DLC. Upon closing, QEIF II Development Holding Sàrl has acquired a title to 100% of DLC. The title to shares of DLC to QEIF II Development Holding Sàrl were transferred following the decision of Coordination Commission for the Protection of Objects of National Security on compliance of the transaction with national security interests, and the adoption of decision on consent for the transfer of the DLC shares by extraordinary General Meeting of Shareholders of Litgrid. The total value of the transaction is EUR 10.1 million. The subsidiary was sold with profit.

On 23 July 2020, the Ministry of Finance of the Republic of Lithuania (hereinafter ‘the Ministry of Finance’), the authority implementing the rights of the sole shareholder of the Company, submitted for consideration draft resolution of the Government of the Republic of Lithuania ‘On the amendments to the Resolution No 20 of the Government of the Republic of Lithuania of 14 January 1997 ‘On the dividends of company shares held by the State and profit contributions from state enterprises’ and draft resolution of the Government of the Republic of Lithuania “On dividends paid by Ignitis grupė UAB”. After the consideration, the draft resolutions will be submitted to the Government of the Republic of Lithuania. Following the approval of the resolutions by the Government of the Republic of Lithuania, the Company will approve the updated dividend policy. The Company will inform about further related actions in the manner set forth by laws.

On 28 July 2020 a new version of the Company's Articles of Association was registered and entered into force in the Register of Legal Entities, which changed the legal form of the Company from a private limited company to a public company and established the name of the Company - Ignitis grupė AB. The company's Articles of Association were amended in 30 June 2020 by the decision of the Ministry of Finance of the Republic of Lithuania.

On 3 August 2020, the Group received a claim from minority shareholder of subsidiary Ignitis gamyba AB regarding buyout of shares (Note 8). The claim asks to determine fair price of the shares. The Group thinks that this claim does not have significant effect on delisting of both subsidiaries or buyout.

On 10 August 2020, the Group received a claim from minority shareholder of subsidiary Energijos skirstymo operatorius AB regarding buyout of shares (Note 8). The claim asks to determine fair price of the shares ant to postpone buyout of shares till the fair price will be determined. There is a possibility, that buyout of Energijos skirstymo operatorius AB shares might be postponed, but the Group thinks that this claim would not have significant effect on buyout of Energijos skirstymo operatorius AB shares.

The mandatory buyout of shares of group company AB Ignitis gamyba (hereinafter – GEN) was finished on 17 August 2020. Completed transactions were settled on 19 August 2020. During the period of the mandatory buyout, which lasted from 18 May 2020 to 17 August 2020, 4 859 782 (four million eight hundred fifty-nine thousand seven hundred and eighty-two) shares of GEN were bought out, which equals to 0.75 % of the authorized capital of GEN. After the mandatory buyout of shares of GEN, the Group owns 98.20% of the shares of GEN, other shareholders own 1.8% or 11 688 245 (eleven million six hundred eighty-eight thousand two hundred and forty-five) of the shares of GEN. At the time of the mandatory buyout of shares of GEN, the Group offered the price agreed with the Bank of Lithuania for the shares, which was the same as that paid during the non-competitive tender offer, i.e. EUR 0.640 per share.

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26/08/2020

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 information of the Bank of Lithuania, we, Darius Maikštėnas, Chief Executive Officer of AB Ignitis grupė and, Darius Kašauskas, Finance and Treasury Director of AB Ignitis grupė, and Giedruolė Guobienė Head of Accounting department UAB Ignitis grupės paslaugų centras acting under Order No IS-88-20 of 10 April 2020, hereby confirm that, to the best of our knowledge, AB Ignitis grupė interim condensed consolidated financial statements for the six month period ended 30 June 2020 prepared according to International accounting standard 34 'Interim financial reporting' as adopted by the European Union, give a true and fair view of AB Ignitis grupė consolidated assets, liabilities, financial position, profit or loss for the period and cash flows, the Interim Report includes a fair review of the development and performance of the business as well as the condition of AB Ignitis grupė together with the description of the principle risks and uncertainties it faces.

AB Ignitis grupė Chief Executive Officer		Darius Maikštėnas
AB Ignitis grupė Finance and Treasury Director		Darius Kašauskas
UAB Ignitis grupės paslaugų centras, Head of Accounting department, acting under Order No. IS-88-20 (signed 10 April 2020)		Giedruolė Guobienė