First six months 2023

Interim report

Our purpose is to create a 100% green and secure energy ecosystem for current and future generations

Renewables-Focused Integrated Utility

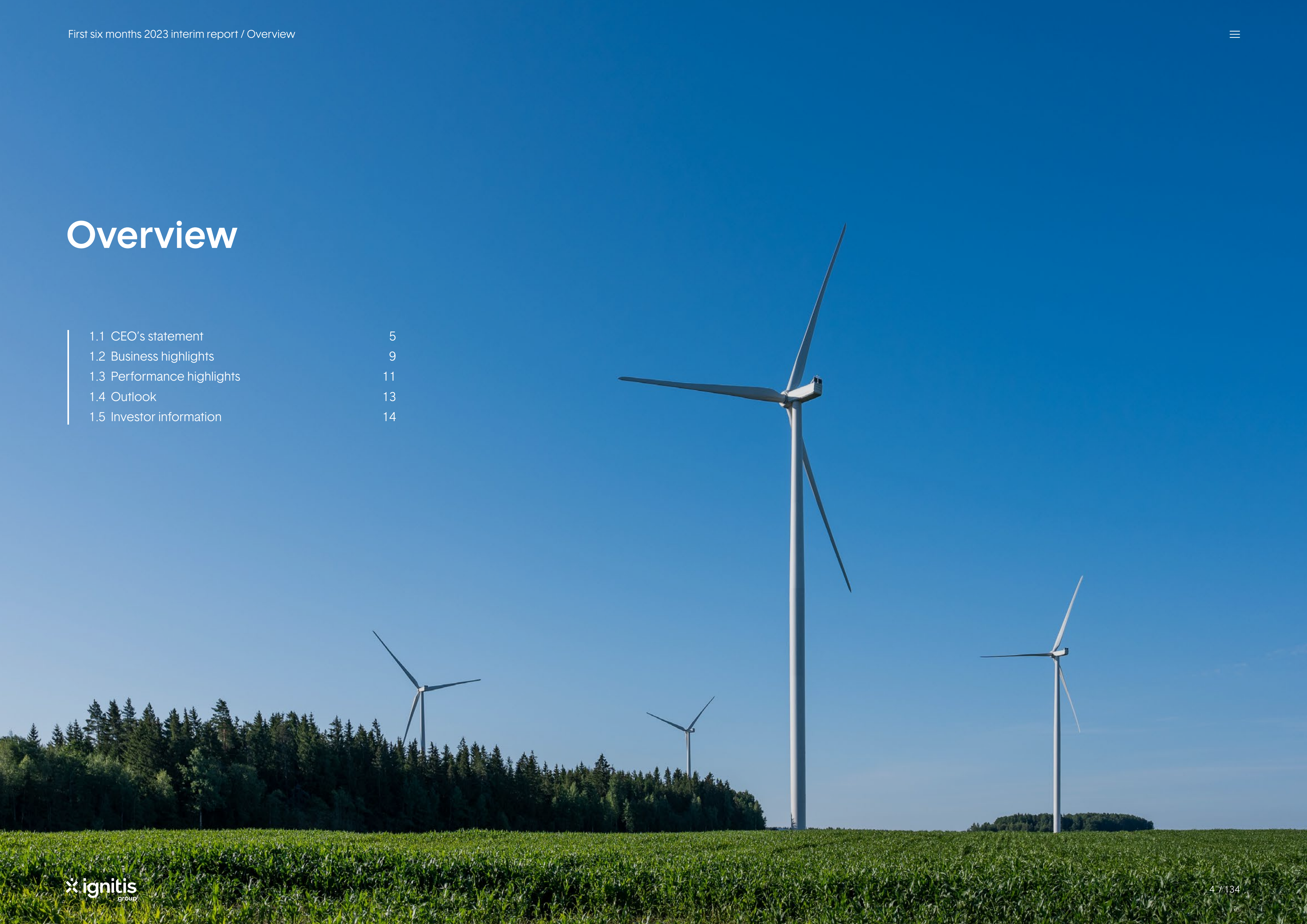
GREEN	FLEXIBLE	INTEGRATED	SUSTAINABLE
Growing green capacities: 4–5 GW green and flexible capacity by 2030	**Creating a flexible system that is able to operate on 100% green energy in short, medium, and long term**	**Utilising the integrated business model to enable green and flexible generation build-out**	**Maximising sustainable value:** Net zero by 2040–2050

Contents

MANAGEMENT REPORT

FINANCIAL STATEMENTS

ignitis group



Overview

1.1 CEO's statement

Highlights

Performance

Our YoY Adjusted EBITDA increased by 22.8% and amounted to EUR 253.5 million in 6M 2023. The increase was driven by better results of Customers & Solutions and Reserve Capacities.

The Green Generation segment remained the largest contributor with a 43.0% share of our total Adjusted EBITDA.

Our YoY Investments more than doubled and reached EUR 402.6 million due to the investments made in Green Generation and Networks.

In line with the Dividend Policy, for 6M 2023 we propose to distribute a dividend of EUR 0.643 per share, corresponding to EUR 46.5 million, subject to the decision of our EGM.

We reiterate our 2023 Adjusted EBITDA guidance of EUR 430–480 million.

Business development

Since the beginning of 2023, our Green Generation Portfolio increased to 6.3 GW (from 5.1 GW), Secured Capacity to 2.5 GW (from 1.6 GW), and Installed Capacity to 1.3 GW (from 1.2 GW).

A number of significant milestones achieved in Green Generation Portfolio expansion and development, including:

- the Group together with partners Ocean Winds are foreseen as the provisional winners of the 700 MW Lithuanian offshore wind tender;
- the Group and Copenhagen Infrastructure Partners entered a partnership to participate in the upcoming Estonian and Latvian offshore wind tenders;
- Mažeikiai WF (63 MW) has reached COD, after the legal liability transfer of wind turbines from the supplier (Nordex)[1] in August 2023;
- Kruonis PSHP expansion project (110 MW) reached the construction phase;
- Kelmė WF I & II onshore WF projects (<300 MW) in Lithuania have been acquired;
- Jonava solar project (252 MW) and Eurakras hybrid project (37.5 MW) in Lithuania as well as Tume solar project (<300 MW) in Latvia secured grid connection and reached the advanced development stage;
- Vilnius CHP biomass unit (73 MWe, 169 MWth) supplied the first heat to the grid;
- Moray West offshore wind project (882 MW) has reached the financial close.

The implementation of other Portfolio projects is progressing as planned with no significant changes since Q1 2023.

On the Networks front, WACC methodology was updated in July 2023, which will enter into force from 2024. For 2024, this update has resulted in electricity WACC increase to 5.09% (from 4.17% in 2023) and natural gas WACC increase to 5.03% (from 3.99% in 2023). In addition, the total number of installed smart meters exceeded 500 thousand in July 2023.

In Customers & Solutions, we approved a plan to invest up to EUR 115 million in the development of EV charging network in the Baltics over 3-5 years.

Sustainability

In Q2 2023, Sustainalytics improved the Group's ESG Risk Rating to 'low' from 'medium' ESG risk level (the score improved from 20.4 to 19.9). It places the Group in the top 13% among utility peers globally.

Darius Maikštėnas
Chair of the Management Board and CEO
Ignitis Group

[1] *For one of the fourteen wind turbines, a legal liability is expected to be taken over in September 2023, due to additional work required. All wind turbines are generating electricity.*

Strong performance and significant offshore wind development progress

Performance

Over the first half of this year, we delivered strong financial performance as our key financial metrics, Adjusted EBITDA, and Investments, continued to grow, while leverage metrics remained at a solid level.

Our Adjusted EBITDA amounted to EUR 253.5 million and was 22.8%, or EUR 47.0 million, higher than in 6M 2022. Growth was driven by better results of Customers & Solutions and Reserve Capacities. Customers & Solutions segment result turned positive due to better B2B natural gas activities performance. However, Customers & Solutions electricity B2C activities continued to be loss-making (EUR -17.5 million). In the Reserve Capacities segment, we utilised an option to earn additional return in the market on top of the regulated return by fixing positive forward clean spark spread. Green Generation segment remained the largest contributor to Adjusted EBITDA (43.0% of the Group's Adjusted EBITDA) despite YoY decrease, driven by lower power prices.

The Group's Investments in 6M 2023 more than doubled compared to the same period last year and reached EUR 402.6 million. More than half of the Investments were made in the Green Generation segment with the majority directed to new onshore wind farms. In total, Investments in the Green Generation segment more than tripled and reached EUR 234.0 million. Additionally, we continued to invest in the Networks segment. The Investments increased by 55.8% and reached EUR 161.9 million as a result of more new connection points and upgrades in the electricity distribution grid as well as higher contractor fees.

Regarding the balance sheet strength, our leverage metrics remained strong. Net Debt decreased by 2.0% (EUR 966.7 million as of 30 June 2023 compared to EUR 986.9 million as of 31 December 2022), mainly due to positive FCF, which was influenced by higher EBITDA and a decrease in NWC (EUR 191.0 million as of 30 June 2023 compared to EUR 443.3 million as of 31 December 2022). Our FFO/Net Debt ratio remained at a solid level of 48.0% (compared to 49.1% as of 31 December 2022).

Turning to our shareholders returns, we are continuing our dividend commitment and, subject to the decision of the Group's EGM to be held on 21 September 2023, for 6M 2023 we propose to distribute a dividend of EUR 0.643 per share, corresponding to EUR 46.5 million.

In the outlook provided in our Annual report 2022 and First three months 2023 Interim report we projected our Adjusted EBITDA for 2023 to be in the range of EUR 430–480 million. Following the strong 6M 2023 performance, which was in line with our expectations, we reiterate our full-year guidance.

Business development

Since the beginning of 2023, we have achieved significant milestones in the expansion and development of our Green Generation Portfolio, supporting the achievement of our strategic goals.

The Group's Green Generation Portfolio increased to 6.3 GW (from 5.1 GW), mainly as a result of the acquisition of onshore wind development projects (Kelmė WF I & II) in Lithuania with a total capacity of up to 0.3 GW and greenfield capacity additions of around 0.7 GW. Our Secured Capacity also grew to 2.5 GW (from 1.6 GW) as a number of projects, including Kruonis PSHP expansion project (110 MW) and Kelmė WF I (105.4 MW) reached the construction phase, while 700 MW Lithuanian offshore WF project reached the Awarded / Contracted stage. Finally, an increase in Installed Capacity was recorded to 1.3 GW (from 1.2 GW), as our first built project in Lithuania Mažeikiai WF (63 MW) has reached COD, after the legal liability transfer of wind turbines from the supplier (Nordex)[1] in August 2023.

The implementation of other Portfolio projects is progressing as planned with no significant changes since Q1 2023.

It is worth highlighting separately the progress made by the Group in developing offshore wind. In July 2023, we together with the strategic partner for the development of offshore wind farm projects, Ocean Winds, participated in the first-ever 700 MW Lithuanian offshore wind tender. During the real-time bidding process, we submitted the highest development fee of EUR 20 million and in turn are the provisional winners. Based on the tender procedures, the winner, which would be awarded the development and operation permit, granting the right to use the maritime area for 41 years, will be announced by the regulator after the screening of compliance with national security interests that is expected to be finished in Q3 2023.

[1] *For one of the fourteen wind turbines, a legal liability is expected to be taken over in September 2023, due to additional work required. All wind turbines are generating electricity.*

In terms of the project itself, the maritime area for developing the 700 MW offshore wind farm is located at approx. 30–36 km from Lithuania's Baltic Sea coast, covering an area of approximately 120 km^2. Subject to obtaining the relevant permits, contracting suppliers and securing financing, the project is expected to become operational until 2030. It should generate up to 3 TWh of electricity, which would cover up to 25% of Lithuania's current electricity demand. Finally, the offshore wind farm will operate under market conditions.

By winning the tender, we will accomplish our strategic goal of securing one offshore wind development project in Lithuania (with COD until 2030). This significant achievement represents a major milestone to quadruple our Green Generation capacity from the current 1.3 GW to 4–5 GW by 2030.

We also made further progress to ensure offshore wind portfolio expansion in the near future. In August 2023, the Group and Copenhagen Infrastructure Partners has entered into partnership to collaborate exclusively on offshore wind opportunities in Estonia and Latvia. So far, it is clear that Estonia plans to hold auctions for multiple offshore wind sites in Q4 2023, whereas an auction for the developer of a joint Estonian-Latvian state-run cross-border offshore wind project ELWIND is scheduled for 2026. We therefore intend to jointly bid with our partner in these offshore wind tenders.

Turning to the Networks segment, we wish to highlight two major events. The first is WACC methodology update for electricity and natural gas activities in July 2023, which will enter into force from 2024. For 2024, this update has resulted in electricity WACC increase to 5.09% (from 4.17% in 2023) and natural gas WACC increase to 5.03% (from 3.99% in 2023). The second is successful implementation of grid maintenance and expansion works, including the smart meter roll-out. In 6M 2023, the total number of installed smart meters reached around 482 thousand and exceeded 500 thousand in July 2023. Our target of finalizing the mass roll-out process by the end of 2025 remains unchanged despite the disruption in the production of smart meters, thus, affecting the project by having the smart meters delivered in smaller quantities than planned at the beginning of the project.

On the Customers & Solutions front, we approved a plan to invest up to EUR 115 million in the development of EV charging network in the Baltics over 3-5 years. Having our own EV network, we expect to utilise it for balancing capabilities. We also see it as a significant offtaker of green electricity in the future.

Sustainability

During 6M 2023, we continued to build a resilient and robust organisation by adhering to the highest ESG and UN Global Compact principles.

Since the beginning of 2023, we have continued our decarbonisation initiatives to minimise our environmental impact. The Group's total GHG emissions over 6M 2023 was 2.61 m t CO_2-eq (6.4% lower compared to the same period in 2022).

One of our top priorities this year is education of both our employees and contractors on occupational health and safety (OHS) issues as well as applying prevention measures. Accordingly, an OHS programme "Is it safe?" launched at the beginning of 2023 is progressing well in strengthening the safety culture, expanding employee and contractor awareness, deploying measures for warning about possible OHS threats. Currently, we are evaluating the use of novel safety tools among both our employees and contractors to help them work safely on the Group's facilities.

In an effort to take care of the wellbeing of the Group employees we have approved the Group Abuse and Harassment Prevention Policy, which allows us to ensure a protective and supportive working environment within the organisation. Additionally, we diligently monitor the well-being of our teams to prevent burnout and prioritise their mental wellbeing.

Our YoY Adjusted EBITDA increased by 22.8% and amounted to EUR 253.5 million in 6M 2023. Following strong performance, we reiterate our 2023 Adjusted EBITDA guidance of EUR 430–480 million.

Collaborating with suppliers and engaging them is a vital part of our commitment to sustainability. We strive not only to maximize the sustainability of our own procurement practices but also to encourage our suppliers and partners to embrace sustainability principles in their operations. Starting from this year, the same stringent sustainability-related requirements for procurement that were previously enforced in public procurement have been extend to commercial procurement as well.

Finally, we are pleased to share that our efforts were again reflected in the improvement of our ESG risk ratings. Sustainalytics improved our ESG Risk Rating to 'low' ESG risk level with a score of 19.9 (on a scale of 100–0, from highest to lowest risk; previously it was 'medium' with a score of 20.4), placing the Group in the top 13% among utility peers globally in managing the most significant ESG risks.

Looking ahead

So far in 2023, we are successfully carrying on in delivering our strategy and increasing value for our shareholders and the society as a whole. Our position as the largest energy group in the Baltics, our clear purpose to create a 100% green and secure energy ecosystem as well our people, who believe and work towards these goals, place us in a perfect position to bring about the change and enable the energy transition.

Darius Maikštėnas
Chair of the Management Board and CEO
Ignitis Group

1.2 Business highlights

January

Green Generation:
- The first power was supplied to the grid by our Mažeikiai WF (63 MW) in Lithuania.

Reserve Capacities:
- We won a Polish capacity mechanism auction for ensuring a 250 MW capacity availability in 2027 for approximately EUR 16 million.

Governance:
- For the second year in a row, the international Top Employer 2023 Lithuania Certificate was awarded to the Group.

February

Green Generation:
- Ignitis Ignitis Renewables Board members have been re-elected for a new term. The company's Board comprises three members, all of them were re-elected for the second term.

Regulatory:
- The Estonian Parliament (Riigikogu) passed amendments to the Electricity Market Act and other laws, allowing the organisation of competitive auctions for seabed exclusivity for offshore wind development. The announcement of specific areas designated for offshore wind development and their number were announced in Q2 2023, while the bidding process is scheduled to take place in Q4 2023.
- The Government of the Republic of Lithuania passed resolutions defining further development of onshore wind farms and solar parks, including the resolution stipulating that, once 2 GW capacity for utility-scale commercial solar parks is reached, further development shall be subject to potential curtailment.

March

Green Generation:
- Hot tests were started in Vilnius CHP biomass unit (73 MWe, 169 MWth).

Finance:
- The Group concluded financing agreements for a total of EUR 300 million. Out of the EUR 220 million loan granted by Swedbank, EUR 85 million will be allocated to finalise the construction works of Vilnius CHP biomass unit (Green Generation), and the remaining EUR 135 million will be used to refinance Vilnius CHP's loan granted by European Investment Bank, which the Group is taking over to finance renewables capacity expansion. Additionally, a credit line agreement of up to EUR 80 million was concluded with Swedbank to ensure working capital needs.

Governance:
- The AGM was held on 30 March, where decisions such as the allocation of profit for 2022 (EUR 1.248 DPS, or EUR 90.3 million, in total) and aid to Ukraine (EUR 12 million) were made.

Regulatory:
- NERC adopted AB "Litgrid" (TSO) description of the procedure for the use of electricity transmission networks in Lithuania, including rules for further development once 2 GW capacity is reached.
- The Government of the Republic of Lithuania and NERC passed resolutions regarding rules and conditions of Lithuanian offshore WF tenders, requirements for tender participants and winners.

April

Green Generation:
- The Group made a Final Investment Decision regarding a 110 MW expansion project (5th unit) in Kruonis PSHP. The planned investments into all project-related activities are around EUR 150 million and the project's COD is expected to take place by the end of 2026. In addition, contracts with a consortium of contractors that won the tender as well as FIDIC for engineering and maintenance services were concluded.
- Moray West offshore WF project (882 MW), with expected COD by the end of 2025, reached financial close. The project is owned by Ocean Winds and the Group (a minority shareholder with a stake of 5%). The GBP 2 billion secured for the project's financing are being used to secure the remaining elements of supply chain activity for offshore installation works.

Sustainability:
- Sustainalytics improved the Group's ESG Risk Rating to 'low' from 'medium' ESG risk level (the score improved to 19.9 from 20.4, on a scale of 100–0, from the highest to the lowest risk).

Finance:
- The Group secured a credit facility with Citibank N.A. London Branch for EUR 100 million to manage working capital needs.

Governance:
- Two new independent members, Ana Riva and Wolf Wilems, who will be responsible for supervision of risk management and occupational health and safety respectively, were selected for the Risk Management and Sustainability Committee.

May

Strategy:
- The Group announced an updated strategy and Strategic plan 2023–2026 as well as long-term incentive plan targets.

Governance:
- An updated Letter of Expectations was received from the Ministry of Finance of the Republic of Lithuania (Majority Shareholder). The letter expresses the Majority Shareholder's expectations regarding the continuity of the Group's strategic objectives.

Networks:
- The 10-year Investment plan has been submitted (link in Lithuanian) to NERC for review. 10-year Investment plan for 2022-2031 foresees total Investments of around EUR 2.5 billion (compared to around EUR 1.9 billion in the previous Investment plan for 2021-2030).

Finance:
- The Group secured two credit facilities with MUFG Bank (Europe) N.V. and MUFG Bank (Europe) N.V. Germany Branch for a total of EUR 225 million to manage working capital needs.

Regulatory:
- NERC approved the Methodology for Determining the Maximum Transaction Price that will be applied in the Lithuanian 700 MW offshore wind autumn tender with potential incentive measures. In accordance, the maximum transaction price was calculated and published (link in Lithuanian).

June

Green Generation:
- A conditional agreement for an acquisition of onshore WFs in Lithuania (Kelmė WF I & II) with targeted total capacity of up to 300 MW has been concluded. The first phase of the project has entered the construction stage and the second phase is in an advanced development stage, both with expected COD in 2025.
- The first heat was supplied to the grid by Vilnius CHP biomass unit (73 MWe, 169 MWth).

Innovation:
- Smart Energy Fund outperformed its total investments of EUR 11.4 million and so far, this year has generated a return of EUR 15.6 million by selling part of the portfolio company shares. Obtained fund will be used to further invest in innovative start-ups through the second fund, the World Fund, which the Group joined on 13 July 2023.

Governance:
- The governance model of Ignitis (Customers & Solutions) was optimised by changing it from a two-tier to a one-tier model, also appointing two new members – Roger Hunter and Toma Sasnauskienė. Since then, Ignitis Board with a supervisory function comprises 5 members: 2 independent members, 2 shareholder representatives, and 1 civil servant.
- An EGM was held on 29 June, where decisions to reduce the share capital of Ignitis Gamyba (Green Generation and Reserve Capacities) and to become a participant of the legal entity WF World Fund I GmbH & Co. KG. were made.

Regulatory:
- The EU Council's temporary Regulation (EU) 2022/1854 on emergency intervention to address high energy prices, which included a cap on market revenues for electricity producers at EUR 180/MWh, was not extended and expired on 30 June 2023.
- Lithuanian regulator (NERC), in accordance to European Commission Regulation, has obliged AB "Litgrid" (TSO) within the timeframe no later than within 6 months, to ensure that wholesale electricity market participants have the possibility to purchase the long-term inter-zonal hedging products without the need to provide long-term transmission rights.

After the reporting period

July

Green Generation:
- The Group, together with its partner Ocean Winds, are foreseen as the provisional winners of the 700 MW Lithuanian offshore wind tender, after submitting the highest development fee of EUR 20 million. The winner of the tender is expected to be announced after the screening of compliance with national security interests is finished in Q3 2023.
- In July 2023, the regulator (NERC) has concluded that Kaunas HPP should have been excluded from the EU revenue cap regulation. Therefore, the adjustment of EUR +4.6 million for the amount accumulated over Dec 2022-Jun 2023, having a positive impact to the segment's result, is expected to be made in P&L in Q3 2023.

Networks:
- NERC has approved the amendments to the methodology for determining electricity and natural gas WACC, entering into force from 2024. For 2024, this update has resulted in electricity WACC increase to 5.09% (from 4.17% in 2023) and natural gas WACC increase to 5.03% (from 3.99% in 2023).

Customers & Solutions:
- The Group announced its plans to invest up to EUR 115 million in the development of EV charging network in the Baltics over 3-5 years.

August

Green Generation:
- The Group and Copenhagen Infrastructure Partners entered a partnership to participate in the upcoming Estonian and Latvian offshore wind tenders.
- Mažeikiai WF (63 MW) has reached COD, after the legal liability transfer of wind turbines from the supplier (Nordex)[1] in August 2023.

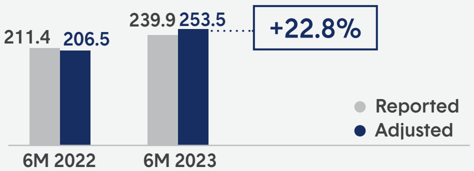
Reserve Capacities:
- TSOs of Lithuania, Latvia, and Estonia, agreed on concrete steps and term to synchronize the electricity networks of the Baltic countries with Western Europe in February 2025. The agreement also stipulates that in the summer of 2024, half a year before synchronization, the Baltic countries will refuse to extend BRELL contract concluded with Russian and Belarusian operators.

[1] For one of the fourteen wind turbines, a legal liability is expected to be taken over in September 2023, due to additional work required. All wind turbines are generating electricity.

1.3 Performance highlights

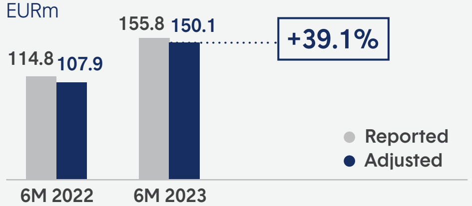
Financial

EBITDA APM
EURm



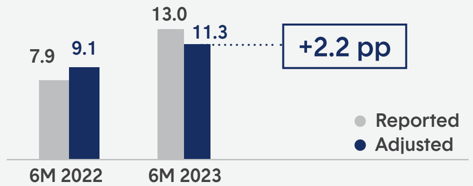
Adjusted EBITDA growth was driven by the result in the Customers & Solutions segment, which turned positive due to better results from B2B natural gas activities, and by the results in the Reserve Capacities segment, where we utilised an option to earn additional return in the market on top of the regulated retun by fixing positive forward Clean Spark spread. The Green Generation segment remains the largest contributor to Adjusted EBITDA (EUR 109.1 million or 43.0% of the Group's total).

Net profit APM
EURm



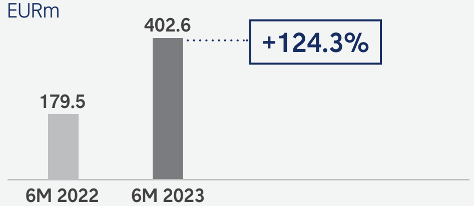
Adjusted Net Profit increase was driven by Adjusted EBITDA growth, which was partly offset by higher depreciation and amortisation, income tax and interest expenses, which were offset by higher interest income on deposits. Reported net profit increase was partially related to successful Smart Energy Fund's activities as part of the company shares in the portfolio was sold.

ROCE LTM[1] APM
%



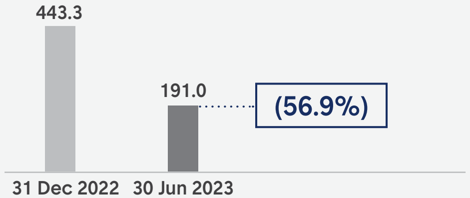
Adjusted ROCE LTM increased to 11.3%. It was mostly impacted by an increase in Adjusted EBITDA and partly offset by higher average Capital Employed, which increased from EUR 2,843 million to EUR 3,167 million.

Investments[2] APM
EURm



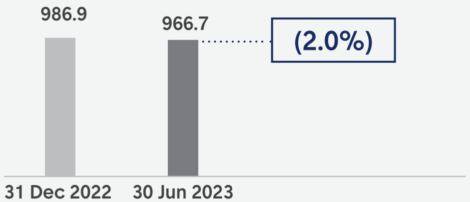
Investments more than doubled in 6M 2023. The growth was driven by new Green Generation projects and higher Investments in the Networks segment. More than half of the Investments were made in the Green Generation segment with the majority directed to onshore wind farms. In total, Investments in the Green Generation segment more than tripled and reached EUR 234.0 million. Additionally, Investments in the Networks segment increased by 55.8% to EUR 161.9 million as a result of a higher number of new connections and upgrades in the electricity distribution grid as well as higher contractor fees.

Net Working Capital APM
EURm



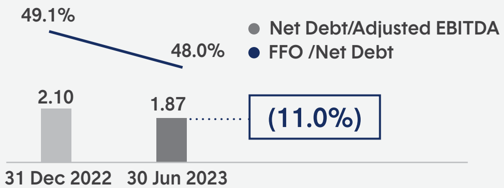
Net Working Capital decreased by 56.9%. The main drivers for the change were lower inventory, due to seasonality, and lower market prices for electricity and natural gas, which also resulted in a decrease in trade receivables as well as prepayments, which was partly offset by lower trade payables.

Net Debt APM
EURm



Net Debt decreased by 2.0%, mainly due to positive FCF, which was partly offset by dividends paid.

Net Debt/Adjusted EBITDA LTM, FFO LTM/Net Debt APM
Times, %



FFO LTM/Net Debt ratio remained flat with a decrease of 1.1% from 49.1% to 48.0% due to lower FFO LTM.

Outlook for 2023

Adjusted EBITDA APM
EURm

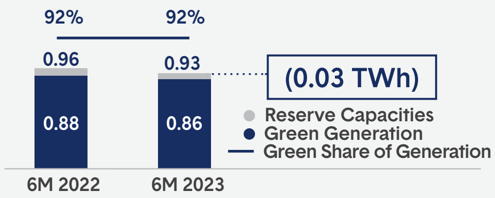
In the outlook provided in our Annual report 2022 and First three months 2023 Interim report we expected our Adjusted EBITDA for 2023 to be in the range of EUR 430–480 million. As the overall outcome for 6M 2023 is in line with our expectations, we reiterate our full-year guidance.

[1] Due to changes in IAS, part of the financial indicators were retrospectively recalculated for the year 2021 (for more information, see our Annual report 2022). As a result, LTM indicators for the year 2022 were recalculated retrospectively. Definitions of alternative performance measures can be found on the Group's website. [2] The Investments formula has been adjusted retrospectively from the beginning of 2022 by including prepayments for non-current assets. Such presentation more accurately depicts the amount of Investments made during the year as the amount of advance payments grew significantly along with the increase in the number of renewable energy projects. Definitions of alternative performance measures can be found on the Group's website.

ESG

Electricity Generated (net), Green Share of Generation

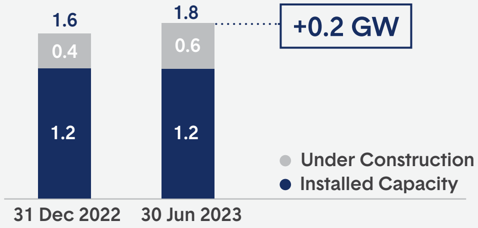
TWh, %



A 0.03 TWh, or 2.7%, decrease in Electricity Generated (net) is mainly driven by lower generation at Kruonis PSHP (-0.04 TWh, or -15.9%) due to fewer days of favourable conditions for generation. The Green Share of Generation remained flat.

Secured Capacity

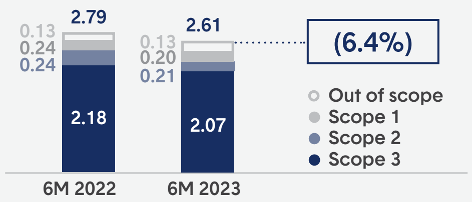
GW



Green Generation Secured Capacity increased to 1.8 GW (from 1.6 GW) as Kruonis PSHP project (110 MW), Tauragė solar project (22 MW) and Kelmė WF I (105.4 MW) reached the construction phase.

Climate action

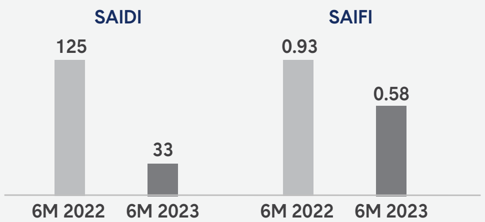
GHG emissions[1], million t CO_2-eq



The Group's YoY total GHG emissions decreased by 6.4%. Scope 1 emissions decreased by 17.3%, primarily due to improved accounting of actual natural gas losses. Scope 2 emissions decreased by 10.5%. Following the green procurement requirements, renewable energy guarantees of origin were used to cover 50% of electricity distribution losses accounted for in Scope 2. Scope 3 emissions decreased by 5.2%, mainly due to lower retail natural gas sales (-28.2% YoY). Out of scope emissions slightly increased (+0.9%) due to higher power production at Kaunas CHP (Green Generation).

Network quality (electricity)

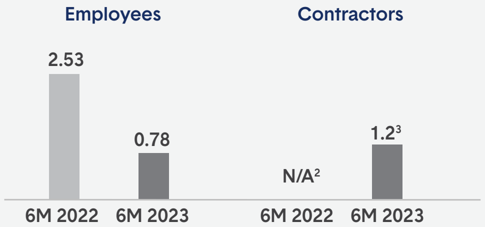
SAIDI, min/SAIFI, units



Electricity quality indicators improved YoY significantly, due to a higher number of installed automatic solutions, management of staff levels based on weather forecast, and favourable weather conditions.

Safety

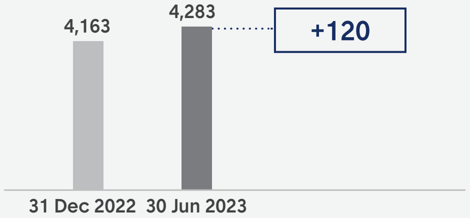
TRIR



The YoY total recordable injury rate (TRIR) for employees improved to 0.78 as the number of safety incidents decreased from 9 to 3, out of which one was life-threatening. 4 contractor TRIR incidents occurred during 6M 2023.

Number of employees

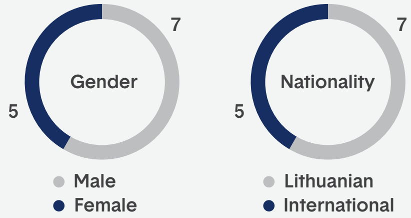
Headcount



The Group's headcount increased by 120, or 2.9%. The employee growth was driven by the Green Generation segment to facilitate the growing renewables Portfolio.

Supervisory and Management Boards

Nationality and gender diversity



As of 30 June 2023, the main governing bodies of the Group were represented by 42% female and 42% international members.

[1] GHG emissions for 6M 2022 were recalculated following data revisions. GHG emissions for 6M 2023 are preliminary.
[2] The comparative information for 6M 2022 is not available as we started measuring contractors' TRIR in June 2022.
[3] TRIR contractors include contracts above 0.5 EURm/year.

1.4 Outlook

Adjusted EBITDA guidance

In the outlook provided in our Annual report 2022 and First three months 2023 Interim report we projected our Adjusted EBITDA for 2023 to be in the range of EUR 430–480 million. As the overall outcome for 6M 2023 is in line with our expectations, we reiterate our full-year with no directional changes for business segments since our First three months 2023 Interim report.

For 2023 we assume the result of our largest segment, Green Generation, will be lower. We anticipate the negative effect of lower average price of sold electricity compared to 2022 to be the main driver, which will be partially offset by COD of Mažeikiai WF and Vilnius CHP's biomass unit as well as the implementation of the asset rotation programme. Additionally, we expect growth in our second largest segment, Networks, due to higher RAB as a result of the ongoing investment programme in the distribution grid.

Forward-looking statements

The Interim report contains forward-looking statements, for further information see section '10 Legal notice'.

Adjusted EBITDA outlook for 2023[1]
EURm

	Realised 2022	Guidance 28 February 2023	Guidance 23 May 2023	Guidance 22 August 2023
Adjusted EBITDA APM	**469.3**	**430–480**	**430–480**	**430–480**
Green Generation	252.4	Lower	Lower	Lower
Networks	164.5	Higher	Higher	Higher
Customers & Solutions	15.6	Higher	Higher	Higher
Reserve Capacities	34.6	Stable	Higher	Higher
Other	2.2	-	-	-

[1] *Adjusted EBITDA indication for the Group is the prevailing guidance, whereas directional effect per business segment serves as a mean to support it. Higher/stable/lower indicates the direction of the business segment's performance in 2023 relative to the actual results in 2022.*

1.5 Investor information

Overview

In 6M 2023, the Group's shares and GDRs have generated TSR of 9.2% and 9.0% respectively. During the same period, the TSR of our benchmark index equalled to 11.6%.

In 6M 2023, the total (shares and GDRs) turnover were EUR 38.93 million (EUR 30.09 million on Nasdaq Vilnius exchange and EUR 8.84 million on LSE), whereas the average daily turnover totalled to EUR 0.35 million (EUR 0.24 million on Nasdaq Vilnius exchange and EUR 0.11 million on LSE).

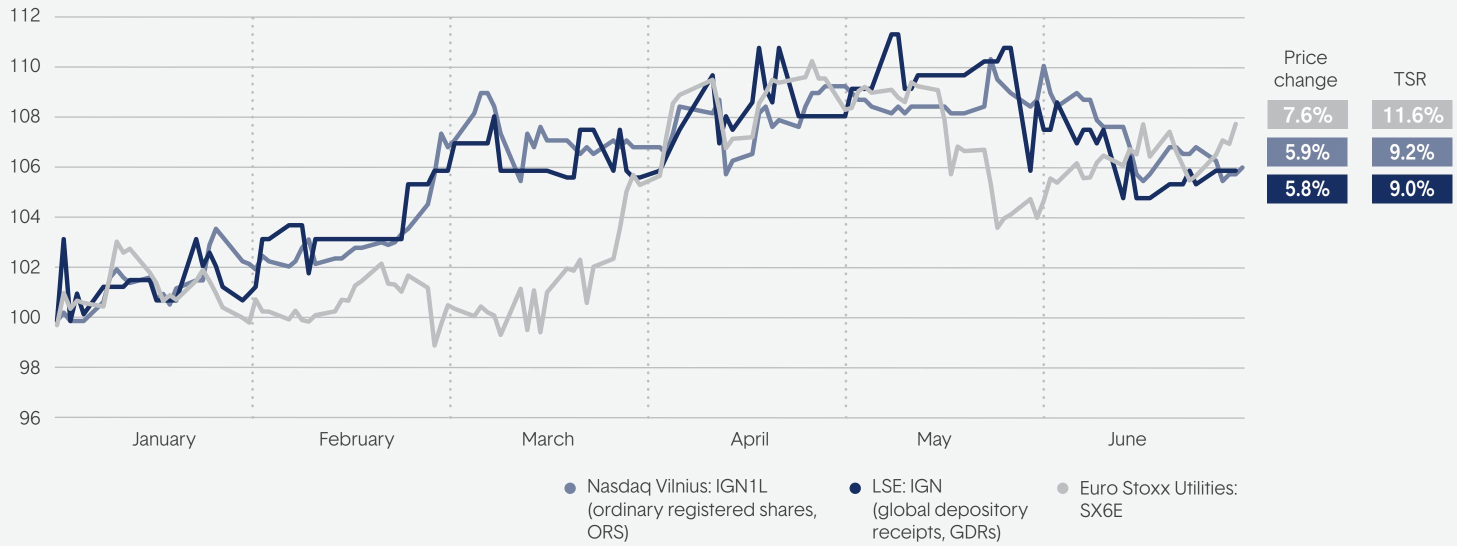
At the end of the reporting period, the Group's market capitalisation was EUR 1.5 billion.

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

Dividends

In line with our dividend commitment, for 6M 2023 we propose to distribute a dividend of EUR 0.643 per share, corresponding to EUR 46.5 million. However, it is still subject for approval at the Group's Extraordinary General Meeting of Shareholders to be held on 21 September 2023.

Price development in 6M 2023[1], EUR

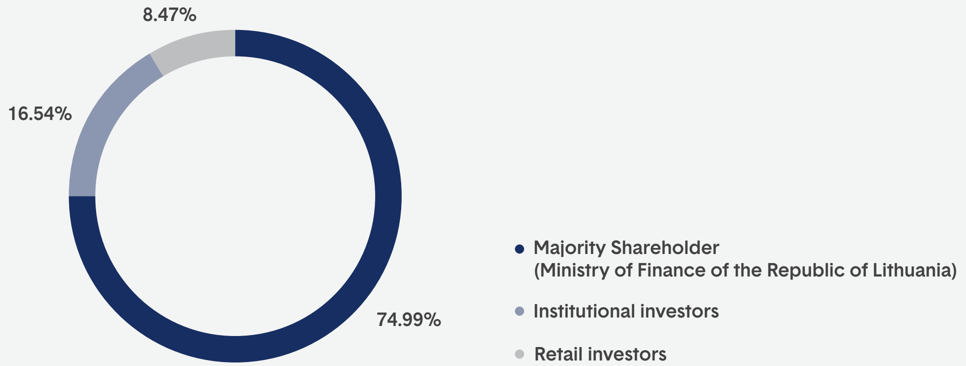


Price performance information in 6M 2023

	Nasdaq Vilnius	LSE	*Combined*
Period opening[2], EUR	19.02	18.90	-
Period high[2] (date), EUR	20.95 (23 May)	21.00 (9 May)	*21.00*
Period low[2] (date), EUR	19.02 (2 Jan)	18.90 (2 Jan)	*18.90*
Period VWAP[3], EUR	20.14	20.10	*20.11*
Period end[2], EUR	20.15	20.00	-
Period turnover (average daily), EURm	30.09 (0.24)	8.84 (0.11)	*38.93 (0.35)*
Market capitalisation, period end[2], EURbn	-	-	*1.5*

[1] Indexed at 100.
[2] Closing price.
[3] Weighted average volume price.

Shareholders composition (at the end of the reporting period)[1]



Parameters of the securities issued

	Nasdaq Vilnius	LSE	Combined
Type	Ordinary registered shares	Global Depositary Receipt (GDR)	-
ISIN-code	LT0000115768	Reg S: US66981G2075; Rule 144A:US66981G1085	-
Ticker	IGN1L	IGN	-
Nominal value, EUR	-	-	22.33 per share
Number of shares (share class)[2]	-	-	72,388,960 (one share class)
Number of treasury shares (%)	-	-	-
Free float, shares (%)	-	-	18,105,203 (25.01%)
Ordinary registered shares vs GDRs split	68.1%	31.9%	100%

[1] No other parties besides the Majority Shareholder (Ministry of Finance of the Republic of Lithuania) holds more than 5% of the parent company's share capital.
[2] They are all the same class of shares, each entitled to equal voting and dividend rights, specifically – one vote at the General Meetings of Shareholders, and to equal dividend.

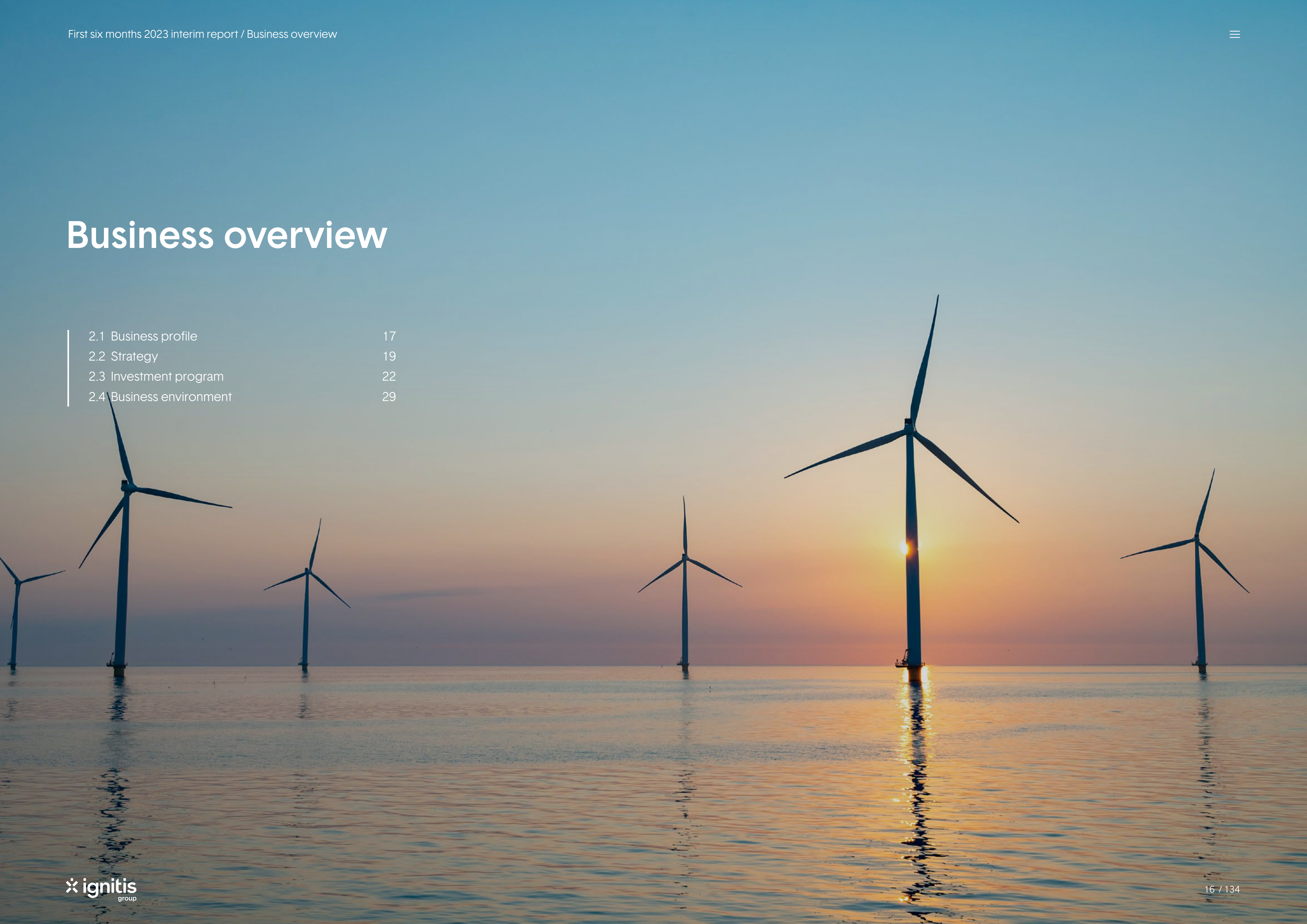
Selected investor-related events and financial calendar

5 July 2022	S&P Global Ratings affirmed 'BBB+' (stable outlook) credit rating
21 September 2023	Extraordinary General Meeting of Shareholders (regarding the potential allocation of dividends for the six-month period ended on 30 June 2023)
4 October 2023	Expected Ex-Dividend Date (for ordinary registered shares)
5 October 2023	Expected Record Date for dividend payment (for ordinary registered shares)
21 November 2023	Interim report for the first nine months of 2023

Selected relevant information

- Investor relations webpage
- Dividend Policy
- General Meetings of Shareholders
- Credit rating
- Financial calendar

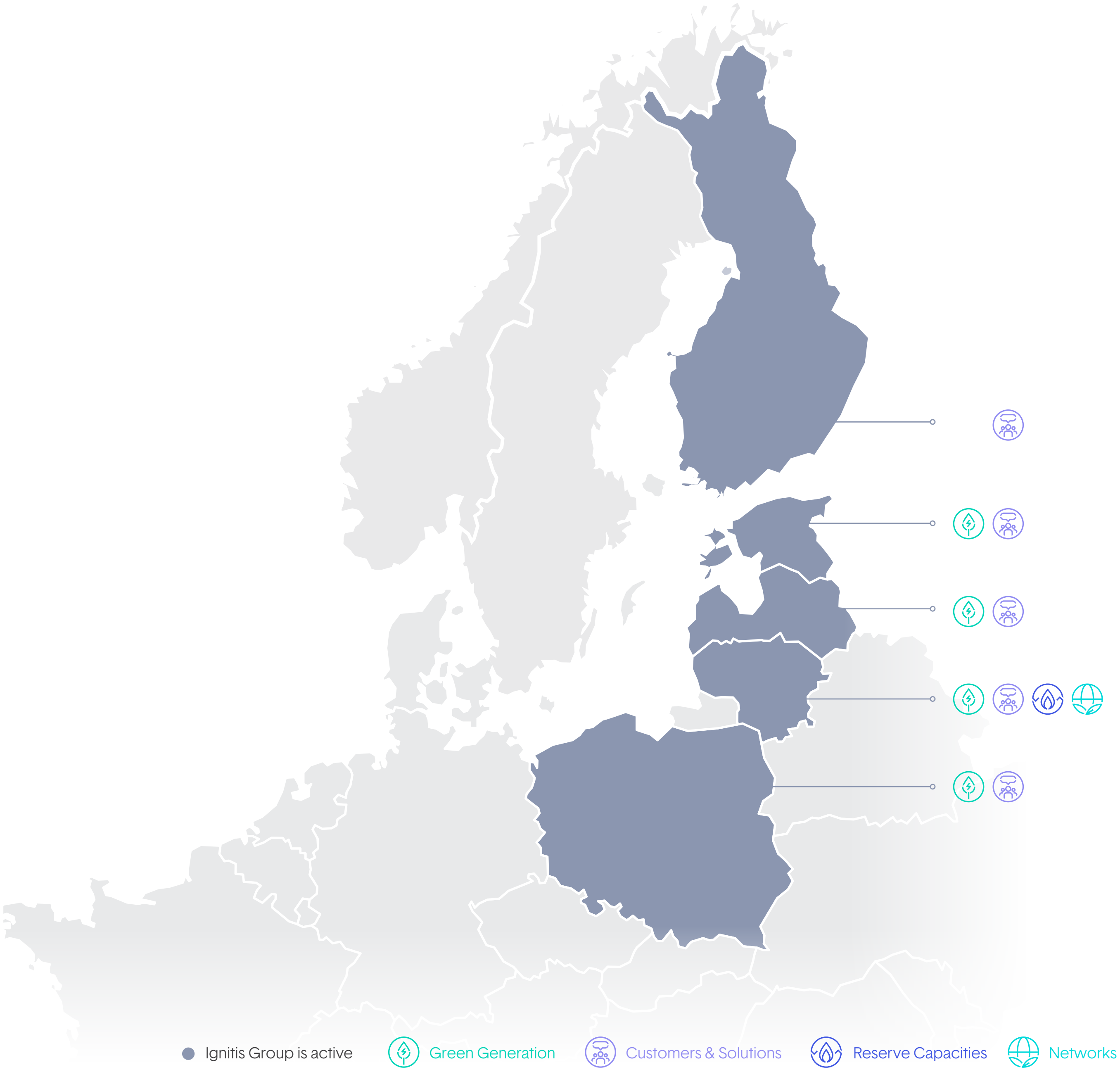
Business overview



2.1 Business profile

Ignitis Group

- **Renewables-focused integrated utility** and the largest energy group in the Baltics
- **4–5 GW** of installed Green Generation capacity by 2030
- **Net zero** emissions by 2040–2050
- Focus on green and flexible technologies such as **offshore wind, onshore hybrid, P2X & storage**
- **Integrated business model** benefiting from the largest customer portfolio, energy storage facility, network and energy hub in the Baltics
- Active in the **Baltic states, Poland and Finland**



Integrated business model

Green Generation

#1 in Lithuania[1]
#2 in the Baltics[1]

Installed capacity: 1.3 GW
Pipeline: 5.0 GW
Total portfolio: 6.3 GW

Strategic focus
Delivering **4–5 GW** of installed green and flexible capacities by 2030

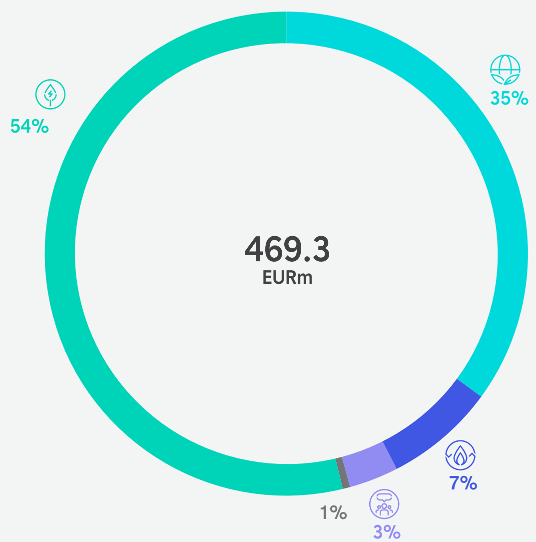
Customers & Solutions

#1 in the Baltics[2]

The largest customer portfolio in the Baltics:
1.4 million customers

Strategic focus
Utilising and further expanding customer portfolio to enable Green Generation build-out

Adjusted EBITDA 2022



Reserve Capacities

#1 in Lithuania[1]
#2 in the Baltics[1]

Highly regulated gas-fired powerplants mainly operating as system reserve

Largest energy hub in the Baltics[3]

Strategic focus
Contributing to the security of the energy system

Networks

#1 in the Baltics[4]

Fully regulated country-wide natural monopoly

Regulated asset base (RAB): **EUR 1.3bn**

Strategic focus
Expanding a resilient and efficient network that enables electrification

[1] Based on installed capacity.
[2] Based on the number of customers.
[3] By connection capacity.
[4] Based on the network size and the number of customers.

2.2 Strategy

In 2023, we updated our Strategy to strengthen our contribution to the decarbonisation and energy security in our region by accelerating the green energy transition in the Baltics and creating a purely green energy system.

Our purpose is to create a 100% green and secure energy ecosystem for current and future generations

We fulfil our purpose by leading the regional transition into a climate-neutral, secure and independent energy ecosystem and contributing to Europe's decarbonisation by facilitating renewable energy flows from Northern to Central Europe (incl. Germany).

By leading the regional transition in Lithuania and the Baltics, we strive to become one of the first 100% green energy systems in Europe.

By energy ecosystem we mean the combination of the multiple interdependent parties involved in the generation, consumption, transformation and transportation of clean energy (including industry, transport and heating).

Purpose-driven priorities

1 Green

Growing green capacities

2 Flexible

Creating a flexible system that can operate on 100% green energy in the short, medium, and long term

3 Integrated

Utilising the integrated business model to enable green and flexible generation build-out

4 Sustainable

Maximising sustainable value

- **Pumped-storage hydro:** 1.0 GW in 2026
- **Batteries:** commercial-scale by 2026
- **Power to X:** successful P2X pilot project, paving the way for commercial scale

Leveraging strong position in the Baltics:

- The largest customer portfolio
- The largest energy storage facility
- The largest network
- The largest energy hub

Net zero by 2040–2050

ESG leadership

Taxonomy-aligned investments

≥3% annual dividend growth

Strategic plan 2023–2026 summary

Our Strategic Plan 2023–2026 establishes the Group's ambition to work towards decarbonisation and focus on investments into the Green Generation and Networks segments and describes the implementation of priorities and directions of our Corporate Strategy. We provide you with the summary of key targets we aim to deliver by the end of 2026 below.

Strategic ambitions and financial guidance

Green generation installed capacity:	
2026	2.2–2.4 GW
2030	4.0–5.0 GW
Adjusted EBITDA, 2026	470–550 EURm
of which a sustainable share, 2026	*>75%*
Net Debt/Adjusted EBITDA, 2023–2026	< 5x
Solid investment–grade rating (S&P), 2023–2026	BBB or above
Dividend policy	minimum 3% annual grow rate
Minimum DPS[1], 2026	≥1.40 EUR
Dividend yield[1], 2023–2026	6.3–6.9%
Science-based GHG emissions reduction (to align with 1.5 °C scenario alongside an explicit net-zero by 2040–2050 commitment):	
2026 vs. 2020	-27%
2030 vs. 2020	-47%

[1] Minimum DPS is calculated based on the number of ordinary registered shares (72,388,960 units). Dividend yield is calculated based on the Group's (ORS and GDRs) share price of EUR 20.5.

Our strategic performance KPIs

Total CAPEX, 2023–2026	2.2–2.8 EURbn
of which a sustainable share, 2023–2026	*>85–90%*
Electricity supply portfolio, 2026	~10.5–10.9 TWh
Public EV charging network (charging points), 2026	>3000 points
Electricity SAIFI: average 2023–2026	≤1.05
Network digitalisation: # of smart meters in 2026	>1.2 million
Average availability of Reserve Capacities, 2023–2026	>98%
Safety at work:	minimum 3% annual grow rate
Fatal accidents of own employees and contractors, 2026	0
Total recordable injury rate (TRIR) of own employees, 2026	<1.75
Total recordable injury rate (TRIR) of contactors, 2026	<3.50
Engaged employees, diverse and inclusive workplace:	
Employee Net promoter score (eNPS), 2023–2026	≥50%
Diversity in top management:	
Share of women in top management, 2026	≥35%

2.3 Investment program

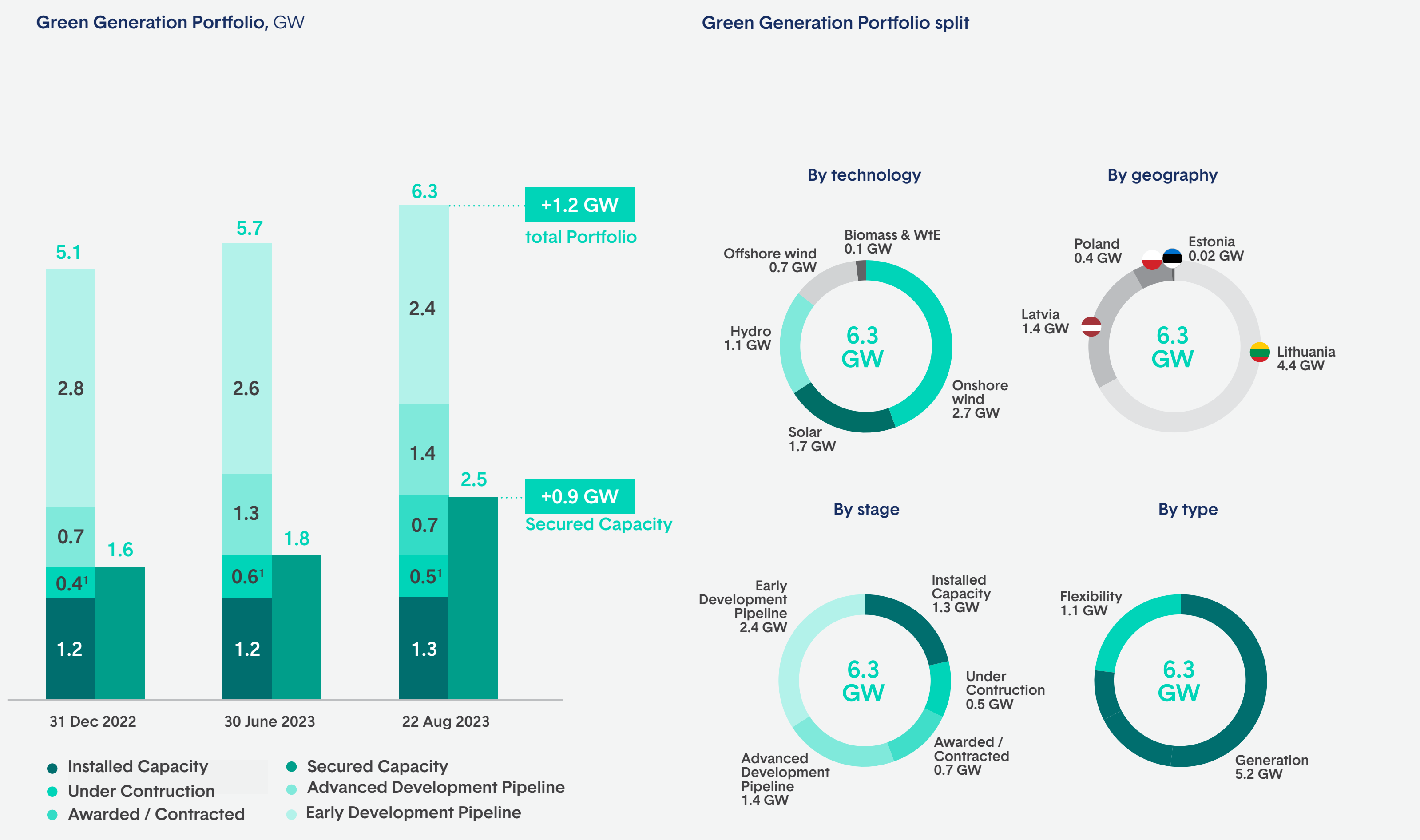
Overview

The Group makes investment decisions based on a four-year investment plan that is primarily directed toward sustainable growth in its two core segments, Green Generation and Networks. In total, EUR 2.2– 2.8 billion is expected to be invested between 2023 and 2026, with around 55% of investments aimed towards Green Generation capacity expansion, while around 40% of investments focused on the Networks segment, its maintenance and expansion. The latest information on the key ongoing investment projects is presented below. More information about investment program, including investment strategy, is available in Strategic plan 2023–2026 and First three months 2023 Interim report.

Green Generation

Since the beginning of 2023, we have achieved significant milestones in the expansion and development of our Green Generation Portfolio, leading to the achievement of a strategic goal.

During 6M 2023, Green Generation Portfolio increased to 5.7 GW (from 5.1 GW) mainly as a result of the acquisition of onshore wind development projects (Kelmė WF I & II) in Lithuania with a total capacity of up to 0.3 GW and greenfield capacity additions of around 0.2 GW. Our Secured Capacity increased to 1.8 GW (from 1.6 GW) as a number of



[1] Out of which around ~10 MW is still under development.

projects, including Kruonis PSHP expansion project (110 MW), Tauragė solar project (22.1 MW) and Kelmė WF I (105.4 MW) reached the construction phase. Information about significant milestones achieved during the reporting period is available in the visual on the right side.

After the reporting period

JANUARY

Mažeikiai WF (63 MW) supplied first power to the grid.

MARCH

Hot tests in Vilnius CHP biomass unit (73 MWe, 169 MWth) have begun.

Tauragė solar project (22 MW) reached a construction phase.

APRIL

Kruonis PSHP (110 MW) project reached the construction phase.

Moray West offshore wind project (882 MW) has reached the financial close.

Jonava solar project (252 MW) reached advanced development stage.

MAY

Tume solar project (<300 MW) reached advanced development stage.

JUNE

Kelmė WF I & II onshore wind projects, with a total capacity of up to 300 MW, in Lithuania has been acquired.

Vilnius CHP biomass unit (73 MWe, 169 MWth) supplied the first power to the grid.

JULY

Lithuanian offshore WF project has reached Awarded / Contracted stage.

AUGUST

Mažeikiai WF (63 MW) has reached COD.

Eurakras hybrid project (37.5 MW) reached advanced development stage.

After the reporting period, our Portfolio increased further by 0.6 GW to 6.3 GW mainly as a result of greenfield capacity additions of around 0.5 GW. Secured Capacity also grew by 0.7 GW to 2.5 GW, as 700 MW Lithuanian offshore WF project reached Awarded / Contracted stage (formerly part of Early Development Pipeline). Finally, an increase in Installed Capacity was recorded to 1.3 GW (from 1.2 GW), as our first fully built project in Lithuania Mažeikiai WF (63 MW) has reached COD, after the legal liability transfer of wind turbines from the supplier (Nordex)[1] in August 2023.

The implementation of other Portfolio projects is progressing as planned with no significant changes since Q1 2023.

It is worth highlighting separately the progress made by the Group in developing offshore wind. In July 2023, we together with the strategic partner for the development of offshore wind farm projects, Ocean Winds, participated in the first-ever 700 MW Lithuanian offshore wind tender. During the real-time bidding process, we submitted the highest development fee of EUR 20 million and in turn are the provisional winners. Based on the tender procedures, the winner, which would be awarded the development and operation permit, granting the right to use the maritime area for 41 years, will be announced by the regulator after the screening of compliance with national security interests that is expected to be finished in Q3 2023. More information on the tender is available on NERC's website.

In terms of the project itself, the maritime area for developing the 700 MW offshore wind farm is located at approx. 30–36 km from Lithuania's Baltic Sea coast, covering an area of approximately 120 km^2. Subject to obtaining the relevant permits, contracting suppliers and securing financing, the project is expected to become operational until 2030. It should generate up to 3 TWh of electricity, which would cover up to 25% of Lithuania's current electricity demand. Finally, the offshore wind farm will operate under market conditions.

By winning the tender, the Group will accomplish our strategic goal of securing one offshore wind development project in Lithuania (with COD until 2030). This significant achievement represents a major milestone to quadruple our Green Generation capacity from the current 1.3 GW to 4–5 GW by 2030.

We also made further progress to ensure offshore wind portfolio expansion in the near future. In August 2023, the Group and Copenhagen Infrastructure Partners has entered into partnership to collaborate exclusively on offshore wind opportunities in Estonia and Latvia. So far, it is clear that Estonia plans to hold auctions for multiple offshore wind sites in Q4 2023, whereas an auction for the developer of a joint Estonian-Latvian state-run cross-border offshore wind project ELWIND is scheduled for 2026. We therefore intend to jointly bid with our partner in these offshore wind tenders.

More detailed information regarding project milestones during Q1 2023 can be found in our First three months 2023 Interim report, section '2.3 Investment program'.

[1] *For one of the fourteen wind turbines, a legal liability is expected to be taken over in September 2023, due to additional work required. All wind turbines are generating electricity.*

Status on key investment projects / UNDER CONSTRUCTION

Project name	Vilnius CHP (biomass unit)	Silesia WF I	Polish solar portfolio II	Silesia WF II	Tauragė solar project	Moray West offshore wind project[7]	Kelmė WF I	Kruonis PSHP expansion	TOTAL
Country	Lithuania	Poland	Poland	Poland	Lithuania	The United Kingdom	Lithuania	Lithuania	
Technology	Biomass	Onshore wind	Solar	Onshore wind	Solar	Offshore wind	Onshore wind	Hydro pumped storage	
Capacity	73 MWe, 169 MWth	50 MW	~ 40 MW	137 MW	22.1 MW	882 MW	105.4 MW	110 MW	**~537.5 MWe / 169 MWth**
Turbine / module / other type of unit manufacturer	1 x 73 MWe Siemens; 2 x 84.5 MWth Rafako	14 x 3.6 MW Nordex	17 MW[5] Jinko Solar; 12 MW[5] JA Solar	38 x 3.6 MW Nordex	22.1 MW Trina Solar	60 x 14.7 MW Siemens Gamesa	16 x 6.6 MW Nordex	1 x 110 MW Voith Hydro	
Investment	~EUR 270 million[2]	~EUR 75 million[4]	~EUR 30 million	~EUR 240 million[4]	~EUR 16 million	Not disclosed	~EUR 190 million	~EUR 150 million	**~EUR 971 million[8]**
Investments made by 30 June 2023	~EUR 235 million	~EUR 47 million	~EUR 10 million	~EUR 128 million	~EUR 4 million	Not disclosed	~EUR 24 million	~EUR 20 million	**~EUR 468 million[8]**
Proportion of secured revenue[1]	0%	100%	75%	35%	0%	85%	0%	0%	
Type of secured revenue	-	CfD	CfD	CfD	-	CfD / PPA	-	-	
Ownership	100%[3]	100%	0%[6]	100%	100%	5%[7]	100%	100%	
Partnership	n/a	n/a	n/a	n/a	n/a	Ocean Winds	n/a	n/a	
Progress									
FID made	+	+	+	+	+	+	+	+	
WTGs erected (units) / Solar modules & inverters installed (MW) / Other type of turbines or units installed (units)	3 / 3	10 / 14	14 / 40	4 / 38	3 / 22	0 / 60	0 / 16	0 / 1	
First power / heat to the grid supplied	+	–	–	–	–	–	–	–	
Expected COD	Q3 2023	Q1 2024	Q4 2023–Q1 2024	H2 2024	2024	2025	2025	2026	
Status	On track	On track	On track	On track	On track	On track	On track	On track	

[1] Secured revenue timeframe differs on a project-by-project basis. [2] Includes EU CAPEX grant for Vilnius CHP (i.e., waste-to-energy (operational since Q1 2021) and biomass units) which in total amounts to ~EUR 140 million. [3] 49% to be divested post COD according to EU CAPEX grant rules. [4] Including project acquisition and construction works. [5] For the remaining capacity, the contract for the supply of modules has not yet been concluded with any manufacturer. [6] Ownership will be 100% after full completion of construction works. [7] As the Group owns a minority stake of 5%, the project's capacity is not consolidated and is not reflected in the data of Green Generation Portfolio. [8] Excluding not disclosed investments.

Status on key investment projects / AWARDED / CONTRACTED

Project name	Lithuanian offshore WF
Country	Lithuania
Technology	Offshore wind
Capacity	700 MW
Investment	Not disclosed
Proportion of secured revenue[1]	0%
Type of secured revenue	-
Ownership	51%
Partnership	Ocean Winds
Progress	
Seabed secured	+
Grid connection secured	+
EIA completed	-
Expected COD	2029
Status	On track

[1] *Secured revenue timeframe differs on a project-by-project basis.*

Ignitis Renewables Offshore team.

Status on key investment projects / ADVANCED DEVELOPMENT PIPELINE

Project name	Latvian solar portfolio I	Latvian onshore WF portfolio I: Project 1	Kelmė WF II	Jonava solar project	Tume solar project	Latvian hybrid portfolio I	Eurakras hybrid project	TOTAL
Country	Latvia	Latvia	Lithuania	Lithuania	Latvia	Latvia	Lithuania	
Technology	Solar	Onshore wind	Onshore wind	Solar	Solar	Hybrid (onshore wind & solar)	Solar	
Capacity	< 300 MW	~ 70 MW	< 195 MW	252 MW	<300 MW	~200 MW	37.5 MW	**~1,354.5 MW**
Investment	~EUR 213 million[1]	~EUR 90 million[1]	~EUR 360 million[1]	~ EUR 200 million	~EUR 180 million	~EUR 270 million[1]	Not disclosed	**~EUR 1,313 million[3]**
Ownership	100%	100%	0%[2]	100%	100%	100%	100%	
Partnership	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
Progress								
Land secured	+	+	+	+	+	+	+	
EIA completed	n/a	–	+	n/a	n/a	–	-	
Grid connection secured	+	+	+	+	+	+	+	
Building permits in place	–	–	–	–	–	–	-	
Expected COD	2025	2025	2025	2026	2026	2025–2027	2026	
Status	On track	On track	On track	On track	On track	On track	On track	

[1] *Including project acquisition and construction works.*
[2] *Ownership will be 100% after final building permits received.*
[3] *Excluding not disclosed investments.*

Status on key investment projects / EARLY DEVELOPMENT PIPELINE

Project name	Latvian onshore WF portfolio I: Project 2 & 3	Plungė WF project	Greenfield portfolio	TOTAL
Country	Latvia	Lithuania	Lithuania, Latvia, Poland	
Technology	Onshore wind	Onshore wind	Hybrid (onshore wind & solar)	
Capacity	~ 90 MW	< 218 MW	~ 2.1 GW[3]	**~ 2.4 GW**
Investment	~EUR 110 million[1]	~EUR 300 million[1]	Not disclosed	**~ EUR 410 million[5]**
Ownership	0%[2]	100%	100%	
Partnership	n/a	n/a	n/a	
Progress				
Land secured	+	+	n/a	
Expected COD	2026–2027	2026–2030	2025–2030[4]	
Status	On track	On track	On track	

[1] *Including project acquisition and construction works.*
[2] *Ownership will be 100% after construction permits are granted or prior grid deposit is paid.*
[3] *Secured land lease agreements for the development of the indicated capacity.*
[4] *As the indicated capacity includes different projects, expected COD depends on the progress of individual projects. Additionally, Lithuanian projects should begin operations towards the end of the indicated time range.*
[5] *Excluding not disclosed investments.*

Innovations

The Group seeks for cooperation with the creators of the #EnergySmart future and helps companies grow by providing early-stage investment opportunities. For that purpose, in 2017, we anchored the first energy-oriented venture capital fund in the Baltics – the Smart Energy Fund, managed by Contrarian Ventures. So far, it has invested in start-ups around EUR 11.4 million, and by 30 June 2023 outperformed total investments by generating a return of EUR 15.6 million by selling part of the portfolio company shares. We will use the obtained funds to further invest in innovative start-ups through the second fund, the World Fund, which the Group joined on 13 July 2023.

Networks

Since the end of 2022, we have successfully continued working on grid maintenance and expansion, including the smart meter roll-out. Smart meter installation for private and business customers whose energy consumption exceeds 1,000 kWh a year began in July 2022 and successfully continues today. New customers, electricity producers and remote producers are also receiving smart meters. In 6M 2023, around 272,000 smart meters have been installed, reaching around 482,000 installed smart meters in total. Additionally, this number exceeded 500,000 in July 2023 (out of 1.1–1.2 million smart meters to be installed). In addition, we are continuing to utilise and develop smart metering IT solutions, which introduced new meter management features and transformed the way we operate, including remote features such as insolvent customer management via the connect/disconnect feature, contract management as well as market facilitation. Full functionality of the new smart metering IT solutions is to be deployed by the end of 2023.

With that, our target of finalizing the mass roll-out process by the end of 2025 remains unchanged despite the disruption in the production of smart meters, thus, affecting the project by having the smart meters delivered in smaller quantities than planned at the beginning of the project.

Also, we have submitted Networks 10-year investment plan for the 2022–2031 period for public consultation (link in Lithuanian). Based on the procedure, it is expected to be updated after it is approved by the National Energy Regulatory Council (NERC) later this year.

Status on key investment projects

Project name	Maintenance and other	Expansion *New customer connections and upgrades*	Expansion *Smart metering*	TOTAL
Country	Lithuania	Lithuania	Lithuania	–
Investments 2021–2030 (10-year investment plan)	~ EUR 1 billion	~ EUR 750 million	~ EUR 150 million	**~ EUR 1.9 billion**
Investments 2023–2026 (Strategic plan)	~ EUR 350–450 million	~ EUR 470–600 million	~ EUR 80–120 million[1]	**~ EUR 0.9–1.1 billion**
Financing structure	Partially (11.0%, 3-year average) covered by EU funds (on a project-by-project basis)	Partially (30.7%, 3-year average) covered by customers' fees	Fully (100%, 3-year average) covered by the Group	**Mostly (80.5%, 3-year average) covered by the Group**
Ownership	100%	100%	100%	**100%**
Progress	– In 6M 2023, over 415 km of power lines were reconstructed (out of which 187 km were reconstructed during Q2 2023). Over 95% of the reconstructed lines are underground cables.	– In 6M 2023, 29,880 new electricity customers were connected and 13,333 capacity upgrades were carried out. It resulted in around 498 km of new power lines (out of which 225 km in Q2 2023).	– In total, around 482,000 smart meters were installed (out of which around 56% of meters were installed in 6M 2023).	
Status	On track	On track	On track	

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

Finally, on 27 July 2023, the methodology for determining electricity and natural gas WACC was updated. The amendments will enter into force from 2024. The key changes include:

1. the principle for calculating the risk-free rate has been changed to a 12-month yield average of the auctions for the 10-year Lithuanian Government Bond (in the previous version it was a 10-year average);
2. a periodic annual recalculation and application of all WACC components has been established (in the previous version only the cost of debt was set to be recalculated annually, while the remaining WACC components were set to be recalculated every 5 years).

For 2024, this update has resulted in electricity WACC increase to 5.09% (from 4.17% in 2023) and natural gas WACC increase to 5.03% (from 3.99% in 2023).

2.4 Business environment

The Group's performance is dependent on macroeconomic and industry dynamics, especially in the markets it operates. Thus, we monitor economic indicators and developments in the industry to assess the business environment, along with its opportunities and challenges, in the markets we are active and provide an overview, including key regulatory framework changes, below.

Macroeconomic environment

GDP

Russia's invasion of Ukraine, which led to an energy crisis across the EU, and tighter monetary conditions have all contributed to slower GDP growth. In 6M 2023, GDP growth in the euro area was 0.6% YoY, with GDP growth forecast of 1.1% in 2023 and 1.6% in 2024. Compared to 6M 2022, Lithuania's GDP grew by 0.9%. Positive growth is also forecasted for 2023 and 2024, as GDP is expected to increase by 0.5% and 2.7%, respectively. According to Eurostat's Spring Forecast, the GDP growth projection for 2023 in our home markets remains lower compared to the EU and the euro area (except for Latvia), while the opposite is expected for 2024 (except for Finland).

Inflation

The harmonised CPI for the euro area fell from 9.2% in December 2022 to 5.5% in June 2023. With the exception of Finland, inflation rates in the countries where we operate have been significantly higher than those of the EU and the euro area over the same period. Similarly, inflation in 2023 is projected to remain higher than in the EU and the euro area (except for Finland). In 2024, however, the harmonised CPI is forecasted to approach similar levels, with the exception of Poland, where it is expected to be twice as high at 6.0%.

GDP change, %

	6M 2023 vs 6M 2022	2023F	2024F
Lithuania	+0.9	+0.5	+2.7
Latvia	(0.5)	+1.4	+2.8
Estonia	-[1]	(0.4)	+3.1
Finland	-[1]	+0.2	+1.4
Poland	-[1]	+0.7	+2.7
Euro area	**+0.6**	**+1.1**	**+1.6**
EU	**+0.5**	**+1.0**	**+1.7**

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

Inflation rate change measured by harmonised CPI, %

	6M 2023	2023F	2024F
Lithuania	+8.2	+9.2	+2.2
Latvia	+8.1	+9.3	+1.7
Estonia	+9.0	+9.2	+2.8
Finland	+4.1	+4.8	+2.1
Poland	+11.0	+11.7	+6.0
Euro area	**+5.5**	**+5.8**	**+2.8**
EU	**+6.4**	**+6.7**	**+3.1**

Source: Eurostat.

Industry environment

Overview of energy industry trends

- Falling electricity prices throughout the Baltic region were mostly the result of lower natural gas prices and stabilised hydro balance in Scandinavia. The maintenance of electricity lines as a result of efforts to synchronize with the EU power systems was seen as the cause of price fluctuations throughout the Baltic region.
- Healthy storage levels, mild winter conditions, no severe competition for LNG from Asian countries, new LNG import capacities coming online in Europe, and resumed operations of Freeport LNG export terminal in the US were the main factors contributing to the decrease in natural gas prices.
- Growing wind power and photovoltaic generation capacities and levels, heavily influenced the spike in Lithuania's electricity generation resulting in new all-time solar and wind power generation records in May, whilst floods in Latvia led to higher hydro run-of-river generation. In addition, generation increase in Finland was led by higher generation from nuclear. In contrast, Estonia's generation fell as a result of lower generation from shale oil, whilst a drop in Poland's generation was related to lower consumption.
- Mild winter in our home markets countries as well as energy-intense B2B customers producing end products that compete in the global market being unable to continue production due to energy price differences between the continents were the key causes behind a significant drop in consumption of both electricity and natural gas. Furthermore, economic uncertainty and rising borrowing costs were variables that contributed to B2B customers operating at a reduced capacity.

Electricity

Consumption, TWh

	6M 2023	6M 2022	Δ, %
Lithuania	5.8	6.2	*(6.5%)*
Latvia	3.2	3.5	*(8.6%)*
Estonia	4.0	4.2	*(4.8%)*
Finland	39.6	41.0	*(3.4%)*
Poland	83.1	86.9	*(4.4%)*
Total	**135.7**	**141.8**	***(4.3%)***

Generation, TWh

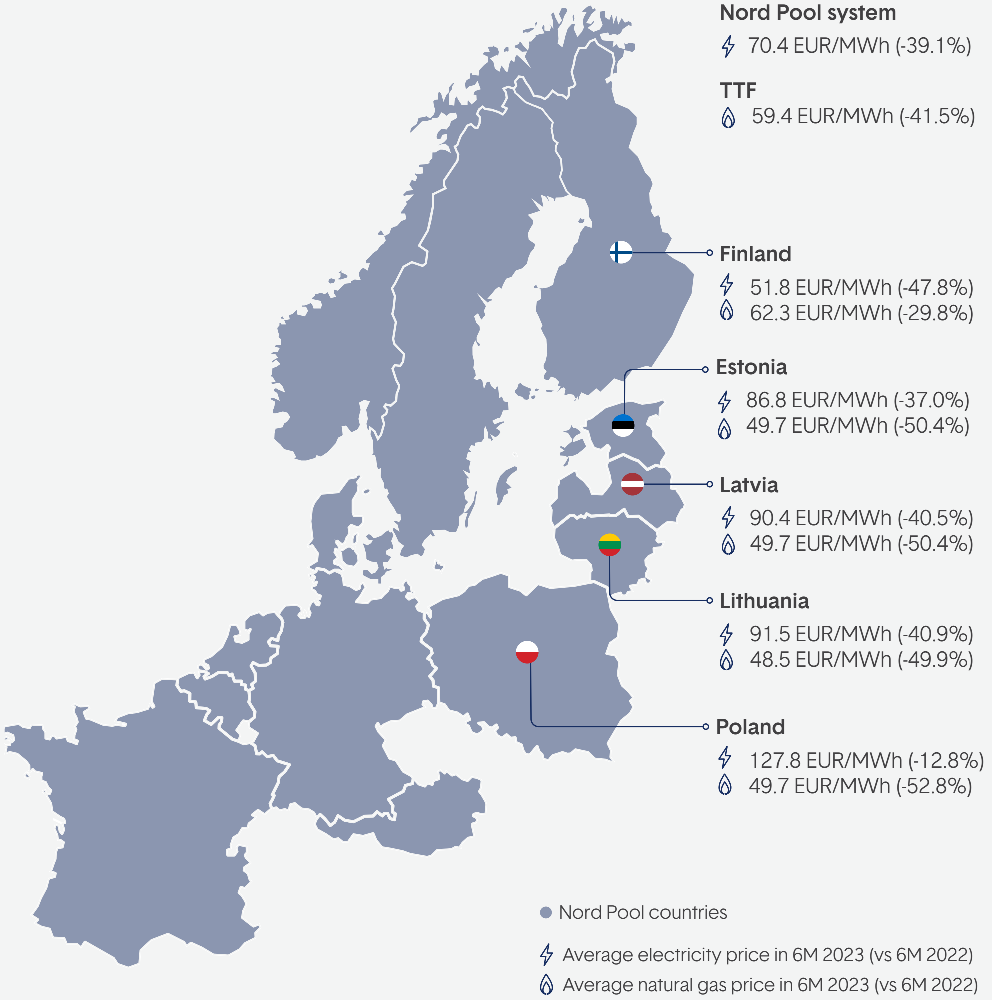
	6M 2023	6M 2022	Δ, %
Lithuania	2.8	2.3	*21.7%*
Latvia	3.8	2.7	*40.7%*
Estonia	2.5	3.5	*(28.6%)*
Finland	37.0	32.4	*14.2%*
Poland	81.6	89.4	*(8.7%)*
Total	**127.7**	**130.3**	***(2.0%)***

Natural gas

Consumption, TWh

	6M 2023	6M 2022	Δ, %
Lithuania	6.3	9.6	*(34.4%)*
Latvia	4.3	4.8	*(10.4%)*
Estonia	1.8	2.3	*(21.7%)*
Finland	6.4	7.4	*(13.5%)*
Poland	94.0	98.9	*(5.0%)*
Total	**112.8**	**123.0**	***(8.3%)***

Electricity and natural gas prices in home markets countries



Results

3.1 Results 6M

Key financial indicators

		6M 2023	6M 2022	Δ	Δ,%
Revenue	EURm	1,370.4	1,733.1	*(362.7)*	*(20.9%)*
EBITDA APM	EURm	239.9	211.4	*28.5*	*13.5%*
Adjusted EBITDA APM	EURm	253.5	206.5	*47.0*	*22.8%*
Green Generation	EURm	109.1	119.4	*(10.3)*	*(8.6%)*
Networks	EURm	88.7	82.6	*6.1*	*7.4%*
Reserve Capacities	EURm	32.2	8.2	*24.0*	*292.7%*
Customers & Solutions	EURm	21.7	(4.7)	*26.4*	*n/a*
Other[1]	EURm	1.9	1.0	*0.9*	*90.0%*
Adjusted EBITDA Margin APM	%	18.3%	11.9%	*6.4 pp*	*n/a*
EBIT APM	EURm	164.8	141.9	*22.9*	*16.1%*
Adjusted EBIT APM	EURm	178.4	137.0	*41.4*	*30.2%*
Net profit	EURm	155.8	114.8	*41.0*	*35.7%*
Adjusted Net Profit APM	EURm	150.1	107.9	*42.2*	*39.1%*
Investments[2] APM	EURm	402.6	179.5	*223.1*	*124.3%*
FFO APM	EURm	165.8	185.5	*(19.7)*	*(10.6%)*
FCF[2] APM	EURm	50.2	(249.9)	*300.1*	*n/a*
ROE LTM[3] APM	%	15.9%	10.8%	*5.1 pp*	*n/a*
Adjusted ROE LTM[3] APM	%	14.2%	10.6%	*3.6 pp*	*n/a*
ROCE LTM[3] APM	%	13.0%	7.9%	*5.1 pp*	*n/a*
Adjusted ROCE LTM[3] APM	%	11.3%	9.1%	*2.2 pp*	*n/a*
EPS (Basic) APM	EUR	2.15	1.58	*0.57*	*36.1%*
		30 Jun 2023	**31 Dec 2022**	**Δ**	**Δ,%**
Total assets	EURm	5,049.7	5,271.6	*(221.9)*	*(4.2%)*
Equity	EURm	2,083.6	2,125.6	*(42.0)*	*(2.0%)*
Net Debt APM	EURm	966.7	986.9	*(20.2)*	*(2.0%)*
Net Working Capital[2] APM	EURm	191.0	443.3	*(252.3)*	*(56.9%)*
Net Debt/EBITDA LTM APM	times	1.70	1.83	*(0.13)*	*(7.1%)*
Net Debt/Adjusted EBITDA LTM APM	times	1.87	2.10	*(0.23)*	*(11.0%)*
FFO LTM/Net Debt APM	%	48.0%	49.1%	*(1.1 pp)*	*n/a*

[1] Other – other activities and eliminations (consolidation adjustments and related parties transactions), including financial results of the parent company. More information is available in section '8 Parent company's financial statements' of this report.
[2] The Investments formula has been adjusted retrospectively from the beginning of 2022 by including prepayments for non-current assets. Such presentation depicts the amount of Investments made during the year more accurately as the amount of advance payments grew significantly along with the increase in the number of renewable energy projects. Definitions of alternative performance measures can be found on the Group's website.
[3] Due to changes in IAS, part of financial indicators were recalculated retrospectively for the year 2021 (for more information, see our Annual report 2022, part '6.1 Consolidated financial statements', note '6 Restatement of comparative figures due to changes in the accounting policy'). Due to the adjustment, the LTM indicators for the year 2022 were recalculated retrospectively. Definitions of alternative performance measures can be found on the Group's website.

Overview

6M 2023 vs 6M 2022

Adjusted EBITDA amounted to EUR 253.5 million and was 22.8%, or EUR 47.0 million, higher than in 6M 2022. Adjusted EBITDA growth was driven by:

- the result of the Customers & Solutions segment, which turned positive due to better results in B2B natural gas activities;
- the result of the Reserve Capacities segment, where we utilised an option to earn additional return in the market on top of the regulated return by fixing a positive forward Clean Spark spread.

The Green Generation segment remained the largest contributor to Adjusted EBITDA (43.0% of the total Adjusted EBITDA of the Group). However, it decreased by 8.6% to EUR 109.1 million, mainly due to less favourable spread between peak and off-peak prices for hydro assets and lower captured electricity prices for wind assets.

EURm	Green Generation	Networks	Reserve Capacities	Customers & Solutions	Other[1]	Total adjusted	Adjustments	IFRS
6M 2023			Adjusted					Reported
Revenue	**163.4**	**227.6**	**61.1**	**1,015.3**	**(83.4)**	**1,384.1**	**(13.7)**	**1,370.4**
Purchase of electricity, natural gas and other services	(32.2)	(67.3)	(20.1)	(966.7)	83.4	(1,003.0)	-	(1,003.0)
Wages and salaries and related expenses	(8.4)	(34.4)	(4.6)	(7.9)	(9.5)	(64.8)	-	(64.8)
Repair and maintenance expenses	(3.3)	(16.1)	(1.7)	-	-	(21.1)	-	(21.1)
Other expenses	(10.5)	(21.1)	(2.3)	(19.0)	11.4	(41.6)	-	(41.6)
EBITDA APM	**109.1**	**88.7**	**32.2**	**21.7**	**1.9**	**253.5**	**(13.7)**	**239.9**
Depreciation and amortisation	(14.2)	(48.8)	(5.7)	(1.6)	(3.1)	(73.4)	-	(73.4)
Write-offs, revaluation and impairment losses of PPE and intangible assets	(0.1)	(1.6)	-	-	-	(1.7)	-	(1.7)
EBIT APM	**94.8**	**38.3**	**26.5**	**20.1**	**(1.2)**	**178.4**	**(13.7)**	**164.8**
Finance activity, net						(11.1)	20.2	9.1
Income tax expenses						(17.1)	(1.0)	(18.1)
Net profit						**150.1**	**5.5**	**155.8**
6M 2022			Adjusted					Reported
Revenue	**211.3**	**270.5**	**96.4**	**1,176.0**	**(26.0)**	**1,728.2**	**4.9**	**1,733.1**
Purchase of electricity, natural gas and other services	(59.0)	(126.3)	(25.0)	(1,158.3)	1.0	(1,367.6)	-	(1,367.6)
Wages and salaries and related expenses	(5.2)	(32.6)	(4.2)	(6.2)	(9.5)	(57.7)	-	(57.7)
Repair and maintenance expenses	(2.5)	(10.9)	(1.5)	-	(0.1)	(14.8)	-	(14.8)
Other expenses	(25.2)	(18.1)	(57.5)	(16.2)	35.4	(81.6)	-	(81.6)
EBITDA APM	**119.4**	**82.6**	**8.2**	**(4.7)**	**1.0**	**206.5**	**4.9**	**211.4**
Depreciation and amortisation	(14.0)	(44.0)	(6.0)	(1.0)	(2.9)	(67.9)	-	(67.9)
Write-offs, revaluation and impairment losses of PPE and intangible assets	-	(1.6)	-	-	-	(1.6)	-	(1.6)
EBIT APM	**105.4**	**37.0**	**2.2**	**(5.7)**	**(1.9)**	**137.0**	**4.9**	**141.9**
Finance activity, net						(15.3)	2.7	(12.6)
Income tax expenses						(13.8)	(0.7)	(14.5)
Net profit						**107.9**	**6.9**	**114.8**

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

ignitis group

Revenue

Revenue by segment

In 6M 2023, revenue decreased by EUR 362.7 million compared to 6M 2022 and amounted to EUR 1,370.4 million. Decrease was recorded throughout all segments except Networks. Customers & Solutions revenue decreased by EUR 272.4 million due to lower electricity and natural gas volumes sold and lower market prices. Green Generation revenue was EUR 47.9 million lower, mainly in Kruonis PSHP due to lower electricity prices and volumes generated, while revenue in Reserve Capacities segment was EUR 35.3 million lower due to additional regulatory revenue recognized in 6M 2022, covering the expenses related to the acquired supplementary natural gas reserve. Networks revenue was higher by EUR 50.2 million mainly due to higher electricity distribution revenues as higher tariff components have been approved by the regulator because of higher expected technological losses expenses due to higher expected electricity prices at the time of setting up tariffs.

Revenue by country

In 6M 2023, the Group earned 80.2% (75.9% in 6M 2022) of its revenue in Lithuania (EUR 1,099.3 million). The Group's revenue from other countries decreased to 19.8%, mostly in Latvia and Finland, and reached EUR 271.1 million (EUR 418.4 million in 6M 2022), mainly due to lower electricity and natural gas volumes sold and lower market prices.

Revenue by type

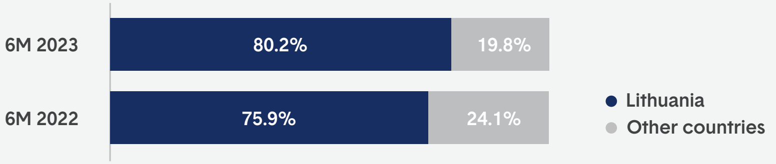
In 6M 2023, electricity-related revenue amounted to EUR 769.7 million and decreased by EUR 299.3 million compared to 6M 2022, mostly due to lower revenue from public supply of electricity (EUR -139.2 million), lower revenue from sale of electricity (EUR -101.0 million), and lower revenue form services ensuring capacity reserve and isolated operation of the electric power system (EUR -53.9 million).

Natural gas-related revenue amounted to EUR 546.0 million and decreased by EUR 77.3 million compared to 6M 2022 due to lower revenue from natural gas sales (EUR -80.1 million).

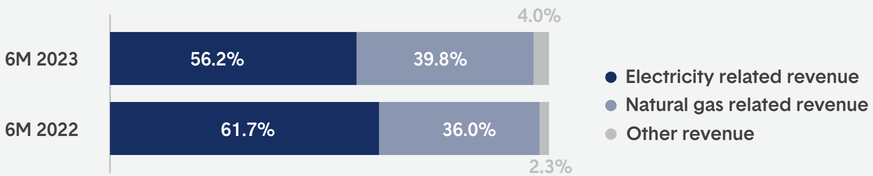
Revenue by segment, EURm

	6M 2023	6M 2022	Δ	Δ, %
Customers & Solutions	933.7	1,206.1	*(272.4)*	*(22.6%)*
Networks	295.5	245.3	*50.2*	*20.5%*
Green Generation	163.4	211.3	*(47.9)*	*(22.7%)*
Reserve Capacities	61.1	96.4	*(35.3)*	*(36.6%)*
Other[1]	(83.4)	(26.0)	*(57.4)*	*220.8%*
Revenue	**1,370.4**	**1,733.1**	***(362.7)***	***(20.9%)***

Revenue by country, EURm



Revenue by type[2], EURm



[1] Other – other activities and eliminations (consolidation adjustments and related-party transactions).
[2] A more detailed description is presented in section '7 Consolidated financial statements', note '6 Revenue from contracts with customers'.

Expenses

Purchase of electricity, natural gas, and other services

The Group's purchase of electricity and natural gas amounted to EUR 1,003.0 million in 6M 2023 and decreased by 26.7% compared to 6M 2022. The decrease was caused by lower electricity (EUR -375.9 million) purchases, which was mostly impacted by lower market prices and lower consumption. Expenses from natural gas purchase and related services remained flat with 0.5%, or EUR 3.0 million, increase mainly due to higher average natural gas cost resulting from weighted average accounting method which partially offset a decrease in volumes sold.

OPEX

In 6M 2023, OPEX totalled EUR 119.9 million and increased by 20.6% (EUR +20.5 million). This change was driven by higher salaries and related expenses (EUR +7.1 million, or +12.3%), mainly due to the growth in the number of employees working at the Group and higher average salary. Repair and maintenance expenses increased by 42.6%, or EUR 6.3 million, mainly due to higher electricity network repair and maintenance costs. Other OPEX increased by EUR 7.1 million, mostly due to higher IT, tax, and customer service expenses.

Other

Other expenses amounted to EUR 82.7 million in 6M 2023 and decreased by 33.4% compared to 6M 2022 due to lower energy hedging expenses (EUR -47.1 million). Energy hedging expenses from ineffective hedging in 6M 2022 were related to the acquired gas reserve in order to comply with the changes in the requirements for isolated regime services.

Changes in the fair value of effective hedges that meet the qualifying criteria for hedge accounting are recognised in the Statement of financial position in 'Equity' under 'Reserves'. The gain or loss of settled derivatives are recognised in the Statement of profit or loss as 'Purchase of electricity, natural gas, and other services'. Changes in the fair value and the result of settled hedges that do not meet the qualifying criteria for hedge accounting are recognised in the Statement of profit or loss, the negative result – in 'Other expenses', and the positive hedging result for the period is presented in 'Other income'.

Depreciation and amortisation increased due to higher expenses in the Networks segment (EUR +4.9 million), mostly due to Investments made.

Expenses, EURm

	6M 2023	6M 2022	Δ	Δ, %
Purchase of electricity, natural gas and other services	**1,003.0**	**1,367.6**	***(364.6)***	***(26.7%)***
Purchase of electricity and related services	394.8	770.7	*(375.9)*	*(48.8%)*
Purchase of natural gas and related services	593.1	590.1	*3.0*	*0.5%*
Other purchases	15.1	6.8	*8.3*	*122.1%*
OPEX APM	**119.9**	**99.4**	***20.5***	***20.6%***
Salaries and related expenses	64.8	57.7	*7.1*	*12.3%*
Repair and maintenance expenses	21.1	14.8	*6.3*	*42.6%*
Other OPEX	34.0	26.9	*7.1*	*26.4%*
Other	**82.7**	**124.2**	***(41.5)***	***(33.4%)***
Depreciation and amortisation	73.4	67.9	*5.5*	*8.1%*
Energy hedging[1]	7.6	54.7	*(47.1)*	*(86.1%)*
Write-offs, revaluation and impairment losses of PPE and intangible assets	1.7	1.6	*0.1*	*6.2%*
Total	**1,205.6**	**1,591.2**	***(385.6)***	***(24.2%)***

[1] Energy hedging expenses are recognised in the Statement of profit or loss under 'Other expenses'.

EBITDA

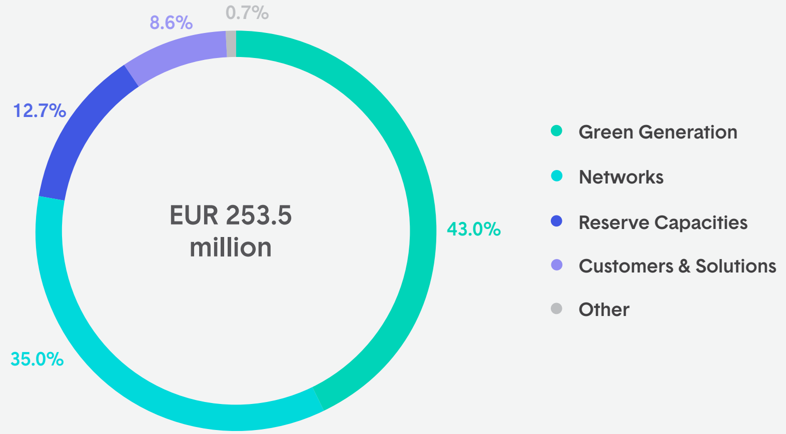
Adjusted EBITDA amounted to EUR 253.5 million in 6M 2023 and was EUR 47.0 million or 22.8% higher than in 6M 2022. Adjusted EBITDA growth was influenced by the result of the Customers & Solutions segment (EUR +26.4 million), that turned positive due to better results of natural gas B2B activities (EUR +30.4 million), as well as better result of the Reserve Capacities segment (EUR +24.0 million), which was driven by a utilised option to earn additional return in the market on top of the regulated return by fixing positive forward Clean Spark spread (EUR +27.4 million). The result of the Networks segment improved by EUR 6.1 million or 7.4% mainly due to higher RAB. The Green Generation segment remained the largest contributor to Adjusted EBITDA (43.0% of the total Adjusted EBITDA of the Group) despite a 8.6% decrease, which was driven by less favourable spread between peak and off-peak prices for hydro assets and lower captured electricity prices for wind assets.

Adjusted EBITDA by segments, EURm

	6M 2023	6M 2022	Δ	Δ, %
Green Generation	109.1	119.4	*(10.3)*	*(8.6%)*
Networks	88.7	82.6	*6.1*	*7.4%*
Reserve Capacities	32.2	8.2	*24.0*	*292.7%*
Customers & Solutions	21.7	(4.7)	*26.4*	*n/a*
Other[1]	1.9	1.0	*0.9*	*90.0%*
Adjusted EBITDA APM	**253.5**	**206.5**	***47.0***	***22.8%***

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

Adjusted EBITDA, 6M 2023, EURm



EBITDA adjustments

(1) Temporary regulatory differences

Elimination of the difference between the actual profit earned during the reporting period and the profit allowed by the regulator. The 6M 2023 adjustments include:

- Adjustments related to Networks segment regulated activities (EUR -67.9 million), include:
  - eliminating the higher than allowed current-year profit (EUR -89.2 million (EUR +8.8 million in 6M 2022)), which will be returned during the future periods. The amounts for the current year are based on the management's estimate arising from comparison between the return on investments permitted by NERC and estimated by the management using actual financial and operating data for the current period;
  - adding back higher than allowed profit earned during previous periods (EUR +21.3 million (EUR +16.4 million in 6M 2022)), which is realized through the tariffs for the current period. These amounts are based on the resolutions passed by NERC;
- Adjustments related to Customers & Solutions segment regulated activities (EUR +81.6 million). Elimination of deviations arising in the regulated activities of gas and electricity supply due to variance between actual and projected acquisition prices and other components established in the calculation methodology used by NERC, include:
  - adding back lower than established return from natural gas designated supply activities (EUR +62.9 million) (EUR -42.6 million in 6M 2022);
  - adding back lower than established return from natural gas public supply activities (EUR +16.0 million) (EUR +7.3 million in 6M 2022);
  - adding back lower than established return from electricity public supply activities (EUR +2.6 million) (EUR +5.1 million in 6M 2022);

EBITDA adjustments, EURm

	6M 2023	6M 2022	Δ	Δ, %
EBITDA APM	**239.9**	**211.4**	***28.5***	***13.5%***
Adjustments[1]				
Temporary regulatory differences (1)	13.7	(4.9)	*18.6*	*n/a*
Networks	(67.9)	25.2	*(93.1)*	*n/a*
Customers & Solutions	81.6	(30.1)	*111.7*	*n/a*
Total EBITDA adjustments	**13.7**	**(4.9)**	***18.6***	***n/a***
Adjusted EBITDA APM	**253.5**	**206.5**	***47.0***	***22.8%***
Adjusted EBITDA Margin APM	18,3 %	11.9%	*6.4 pp*	*n/a*

[1] A more detailed description of the management adjustments is provided in section '7 Consolidated financial statements', note '5 Operating segments'.

EBIT

In 6M 2023, Adjusted EBIT amounted to EUR 178.4 million, which is 30.2%, or EUR 41.4 million, higher than in 6M 2022. The main effect of the positive change was higher Adjusted EBITDA (EUR +47.0 million) (the reasons behind the increase are described in the 'EBITDA' section above), which was partly offset by higher depreciation and amortisation expenses (EUR -5.5 million).

Adjusted EBIT by segments, EURm

	6M 2023	6M 2022	Δ	Δ, %
Green Generation	94.8	105.4	*(10.6)*	*(10.1%)*
Networks	38.3	37.0	*1.3*	*3.5%*
Reserve Capacities	26.5	2.2	*24.3*	*n/a*
Customers & Solutions	20.1	(5.7)	*25.8*	*n/a*
Other[1]	(1.2)	(1.9)	*0.7*	*(36.8%)*
Adjusted EBIT APM	**178.4**	**137.0**	***41.4***	***30.2%***
Adjusted EBIT Margin APM	12.9%	7.9%	*5.0 pp*	*n/a*

EBIT adjustments, EURm

	6M 2023	6M 2022	Δ	Δ, %
EBIT APM	**164.8**	**141.9**	***22.9***	***16.1%***
Adjustments				
Total EBITDA adjustments (1)	13.7	(4.9)	*18.6*	*n/a*
Total EBIT adjustments	**13.7**	**(4.9)**	***18.6***	***n/a***
Adjusted EBIT APM	**178.4**	**137.0**	***41.4***	***30.2%***
Adjusted ROCE LTM[2] APM	11.3%	9.1%	*2.2 pp*	*n/a*
ROCE LTM APM	13.0%	7.9%	*5.1 pp*	*n/a*

[1] Other – other activities and eliminations (consolidation adjustments and related-party transactions).
[2] Due to changes in IAS, part of the financial indicators were recalculated retrospectively for the year 2021 (for more information, see Annual report 2022). Due to the adjustment, the LTM indicators for the year 2022 were recalculated retrospectively.

Net profit

Adjusted Net Profit amounted to EUR 150.1 million in 6M 2023 and was 39.1% higher than in 6M 2022. Positive EBIT impact (EUR +41.4 million) was partly offset by higher income tax (EUR -3.6 million). Additionally, higher interest expenses (EUR -4.2 million) effect was outweighed by higher interest income on deposits (EUR +6.5 million).

Reported net profit in 6M 2023 has increased and reached EUR 155.8 million compared to EUR 114.8 million in 6M 2022. Reported net profit increase is partially related to the successful sale of portfolio company shares by Smart Energy Fund (for more information about the Smart Energy Fund, see section '2.3 Investment program' of this report).

(2) One-off financial activity adjustments

One-off financial activity adjustments include elimination of Smart Energy Fund's investments appreciation (EUR +20.2 million during 6M 2023 and EUR +2.7 million during 6M 2022).

(3) Adjustments' impact on income tax

An additional income tax adjustment of 15% (statutory income tax rate in Lithuania) is applied to all of the above net profit adjustments.

Net profit adjustments, EURm

	6M 2023	6M 2022	Δ	Δ, %
Net profit	**155.8**	**114.8**	***41.0***	***35.7%***
Adjustments				
Total EBITDA adjustments	13.7	(4.9)	*18.6*	*n/a*
One-off financial activity adjustments (2)	(20.2)	(2.7)	*(17.5)*	*n/a*
Adjustments' impact on income tax (3)	1.0	0.7	*0.3*	*42.9%*
Total net profit adjustments	**(5.5)**	**(6.9)**	***1.4***	***(20.3%)***
Adjusted Net Profit APM	**150.1**	**107.9**	***42.2***	***39.1%***
Adjusted ROE LTM[1] APM	14.2%	10.6%	*3.5 pp*	*n/a*
ROE LTM[1] APM	15.9%	10.8%	*5.1 pp*	*n/a*

[1] Due to changes in IAS, part of the financial indicators were retrospectively recalculated for the year 2021 (for more information, see our Annual report 2022). Due to the adjustment, the LTM indicators for the year 2022 were recalculated retrospectively. Definitions of alternative performance measures can be found on the Group's website.

Investments

In 6M 2023 Investments amounted to EUR 402.6 million, which is more than double the amount compared to 6M 2022. The increase was driven by new Green Generation projects and higher Networks Investments.

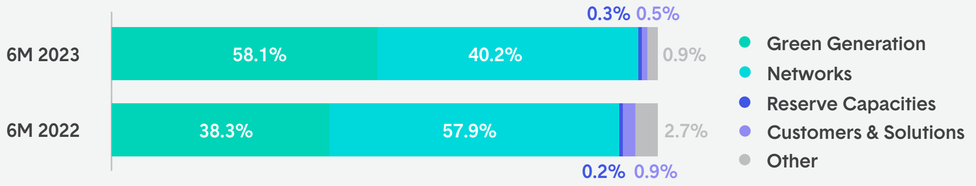
More than half of the Investments (58.1% of the total Investments) were made in Green Generation segment. In total, Investments in the Green Generation segment more than tripled and reached EUR 234.0 million which is EUR 165.3 million higher compared to 6M 2022. The Investments were mostly directed towards wind farm projects, mainly to Silesia WF I and II, acquisition of Kelmė WF I and II and Moray West offshore WF, and also Vilnius CHP's biomass unit and Kruonis PSHP expansion project.

Investments in the Networks segment in 6M 2023 amounted to EUR 161.9 million and were EUR 58.0 million, or 55.8%, higher compared to 6M 2022. Investments in expansion of the electricity distribution network increased by EUR 44.5 million, or 97.8%, and amounted to EUR 90.0 million. The main reasons behind the increase were higher number of new connections and upgrades as well as higher contractor fees. Contractor fees for new connections and upgrades increased on average by 67% per customer. Additionally, Investments in smart meters increased by EUR 16.9 million in comparison to 6M 2022 and amounted to EUR 21.8 million.

In 6M 2023, grants and Investments covered by customers amounted to EUR 41.9 million and accounted for 10.4% of the total Investments. A part of the Investments into the Networks segment related to new connections, upgrades and infrastructure equipment transfers was covered by customers (EUR 23.3 million). Also, the Group received EUR 18.6 million in grants for Investments during 6M 2023, which were related to the Vilnius CHP project (EUR 9.4 million) and the maintenance of electricity and natural gas distribution networks (EUR 9.2 million).

In 6M 2023, EUR 285.8 million of the Investments were made in Lithuania. This amount represents 71.0% of the total Investments. The second largest share of Investments (EUR 92.2 million) was made in Poland.

Investments by segment, 6M 2023, %



Investments by segment, EURm

	6M 2023	6M 2022[1]	Δ	Δ, %
Green Generation	234.0	68.7	*165.3*	*240.6%*
Onshore wind	151.7	41.7	*110.0*	*263.8%*
Biomass / WtE	32.5	20.7	*11.8*	*57.0%*
Offshore Wind	23.8	5.2	*18.6*	*357.7%*
Solar	5.2	0.9	*4.3*	*477.8%*
Other	20.8	0.2	*20.6*	*n/a*
Networks	161.9	103.9	*58.0*	*55.8%*
Total electricity network investments:	151.6	90.7	*60.9*	*67.1%*
Expansion of electricity distribution network (excl. smart meters)	90.0	45.5	*44.5*	*97.8%*
Expansion of electricity distribution network (smart meters)	21.8	4.9	*16.9*	*344.9%*
Maintenance of the electricity distribution network	39.8	40.3	*(0.5)*	*(1.2%)*
Total gas network investments:	5.8	6.3	*(0.5)*	*(7.9%)*
Expansion of gas distribution network	3.6	3.4	*0.2*	*5.9%*
Maintenance of the gas distribution network	2.2	2.9	*(0.7)*	*(24.1%)*
Other	4.5	6.9	*(2.4)*	*(34.8%)*
Customers & Solutions	2.1	1.7	*0.4*	*23.5%*
Reserve Capacities	1.3	0.4	*0.9*	*225.0%*
Other[2]	3.3	4.8	*(1.5)*	*(31.3%)*
Investments APM	**402.6**	**179.5**	***223.1***	***124.3%***
Total grants and Investments covered by customers:	(41.9)	(26.6)	*(15.3)*	*57.5%*
Grants	(18.6)	(10.2)	*(8.4)*	*82.4%*
Investments covered by customers[3]	(23.3)	(16.4)	*(6.9)*	*42.1%*
Investments (excl. grants and investments covered by customers)	**360.8**	**152.9**	***207.9***	***136.0%***

Investments by countries, EURm

	6M 2023	6M 2022[1]	Δ	Δ, %
Lithuania	285.8	168.5	*117.3*	*69.6%*
Poland	92.2	5.5	*86.7*	*n/a*
Other countries[4]	24.7	5.5	*19.2*	*349.1%*
Total Investments:	**402.6**	**179.5**	***223.1***	***124.3%***

[1] The Investments formula has been adjusted retrospectively from the beginning of 2022 by including prepayments for non-current assets. Such presentation shows the amount of Investments made during the year more accurately as the amount of advance payments grew significantly along with the increase in the number of renewable energy projects. Definitions of alternative performance measures can be found on the Group's website. [2] Other – other activities and eliminations (consolidation adjustments and related-party transactions). [3] Investments covered by customers include new connections and upgrades, and infrastructure equipment transfers. [4] Other countries mainly represent Investments in the United Kingdom and Latvia.

Statement of financial position

Assets

As of 30 June 2023, total assets amounted to EUR 5,049.7 million (a 4.2% decrease from 31 December 2022).

Non-current assets increased by EUR 387.4 million, or 11.9%, compared to 31 December 2022. The growth was mainly influenced by an increase in property, plant and equipment (EUR +160.9 million), and prepayments for non-current assets (EUR +84.6 million) due to Investments made during 6M 2023.

Current assets decreased by EUR 609.3 million, or 30.1%, compared to 31 December 2022, mainly due to a decrease in working capital items (for more information, see section 'Net Working Capital' below).

Equity

As of 30 June 2023, equity amounted to EUR 2,083.6 million and decreased by EUR 42.0 million, or 2.0%, compared to 31 December 2022, mostly due to negative changes in the hedging reserve (EUR -151.9 million), due to deteriorated hedged and market price ratio, which reflect the changes in the fair value of effective hedges that meet the qualifying criteria for hedge accounting, and due to dividends paid for H2 2022 (EUR -45.2 million). The decrease was partly offset by net profit earned in 6M 2023 (EUR +155.8 million).

Liabilities

Total liabilities decreased by 5.7%, or EUR 179.9 million, during 6M 2023. The decrease was mainly related to working capital items (for more information, see section 'Net Working Capital' below) and repaid credit lines and overdrafts (EUR -335.6 million). The decrease was partly offset by additional loans received in the amount of EUR 187.5 million for the completion of Vilnius CHP's biomass unit and additional loan received in the amount of EUR 75.0 million for Net Working Capital financing.

Net Working Capital

As of 30 June 2023, Net Working Capital amounted to EUR 191.0 million and decreased by EUR 252.3 million compared to 31 December 2022. The decrease was mainly driven by a lower level of inventory and lower energy prices. The drivers behind the changes were the following:

- a decrease in total inventory (EUR -296.0 million), mainly in Customers & Solutions (EUR -286.1 million), due to the decrease in volume and value of stored natural gas;
- lower trade receivables (EUR -219.6 million), mainly in Customers & Solutions (EUR -353.9 million), due to lower energy prices and lower volumes sold;
- higher prepayments received (EUR -83.8 million), mainly in Customers & Solutions (EUR -78.6 million), mostly due to excess compensations allocated by the Lithuanian Government to partially subsidise electricity and natural gas price increases for Ignitis household customers which will be returned to the State budget in the nearest future;
- lower prepayments (EUR -80.1 million), mainly in Reserve Capacities, mostly due to significant prepayment made in Q4 2022 for natural gas in order to fix Clean Spark spread.

Balance sheet, EURm

	30 Jun 2023	31 Dec 2022	Δ	Δ, %
Non-current assets	3,636.9	3,249.5	*387.4*	*11.9%*
Current assets	1,412.8	2,022.1	*(609.3)*	*(30.1%)*
TOTAL ASSETS	**5,049.7**	**5,271.6**	***(221.9)***	***(4.2%)***
Equity	2,083.6	2,125.6	*(42.0)*	*(2.0%)*
Total liabilities	2,966.1	3,146.0	*(179.9)*	*(5.7%)*
Non-current liabilities	2,216.6	2,064.2	*152.4*	*7.4%*
Current liabilities	749.5	1,081.8	*(332.3)*	*(30.7%)*
TOTAL EQUITY AND LIABILITIES	**5,049.7**	**5,271.6**	***(221.9)***	***(4.2%)***
Capital Employed APM	3,050.3	3,112.5	*(62.2)*	*(2.0%)*
Net Working Capital APM	191.0	443.3	*(252.3)*	*(56.9%)*
Net Working Capital/Revenue LTM APM	4.7%	10.1%	*(5.4 pp)*	*n/a*
Current Ratio APM	1.88	1.87	*0.01*	*0.5%*
Asset Turnover LTM APM	0.84	0.92	*(0.08)*	*(8.7%)*
ROA LTM APM	6.9%	6.2%	*0.7 pp*	*n/a*

The decrease was partly offset by:

- lower trade payables (EUR +134.1 million) and VAT payables (EUR +107.3 million) due to lower energy prices and volumes;
- a decrease in mark-to-market (MtM) reserve related to the Nasdaq commodities market (cash part of all open derivatives positions[1]) (EUR +94.9 million);
- an increase in derivative trading deposits (EUR +69.2 million) due to changes in MtM value as hedge positions were closed (Customers & Solutions).

[1] Mark-to-market (MtM) cash part is a sum of financial-derivatives-related cash flows, covering all payments that are settled in full each business day between counterparties. The daily cash settlement corresponds to the amount of fair value movement for futures products traded on the Nasdaq Commodities market.

Financing

Net Debt

As of 30 June 2023, Net Debt amounted to EUR 966.7 million, and decreased by 2.0%, or EUR 20.2 million, compared to 31 December 2022, mainly due to positive FCF. In 6M 2023 FCF were positive due to higher EBITDA and lower NWC. Positive FCF effect for Net Debt was partly offset by paid dividends. FFO LTM/Net Debt ratio remained flat with a decrease of 1.1%, from 49.1% to 48.0%, due to lower FFO LTM.

Net debt, EURm

	30 Jun 2023	31 Dec 2022	Δ	Δ, %
Total non-current financial liabilities	**1,564.1**	**1,468.3**	***95.8***	***6.5%***
Non-current loans	623.7	383.1	*240.6*	*62.8%*
Credit lines	-	150.0	*(150.0)*	*(100.0%)*
Bonds	891.0	890.1	*0.9*	*0.1%*
Interests payable (including accrued)	-	-	-	*n/a*
Lease liabilities (IFRS 16)	49.4	45.1	*4.3*	*9.5%*
Total current financial liabilities	**128.4**	**212.6**	***(84.2)***	***(39.6%)***
Current portion of non-current loans	38.8	26.1	*12.7*	*48.7%*
Current loans	73.6	-	*73.6*	*n/a*
Banks overdrafts	-	172.9	*(172.9)*	*(100.0%)*
Interests payable (including accrued)	12.6	10.0	*2.6*	*26.0%*
Lease liabilities (IFRS 16)	3.4	3.6	*(0.2)*	*(5.6%)*
Gross Debt APM	**1,692.5**	**1,680.9**	***11.6***	***0.7%***
Cash and cash equiv.	**725.8**	**694.1**	***31.7***	***4.6%***
Net Debt APM	**966.7**	**986.9**	***(20.2)***	***(2.0%)***
Net Debt / Adjusted EBITDA LTM APM	1.87	2.10	*(0.23)*	*(11.0%)*
Net Debt / EBITDA LTM APM	1.70	1.83	*(0.13)*	*(7.1%)*
FFO LTM / Net Debt APM	48.0%	49.1%	*(1.1 pp)*	*n/a*
Gross Debt/Equity APM	0.81	0.79	*0.02*	*2.5%*
Equity Ratio APM	0.41	0.40	*0.01*	*2.5%*

Debt summary, EURm

	Outstanding as of 30 Jun 2023	Effective interest rate (%)	Average time to maturity (years)	Fixed interest rate	Euro currency
Bonds (incl. interest)	902.9	1.96	5.8	100.0%	100.0%
Non-current loans	663.2	3.11	6.5	58.9%[1]	87.6%
Bank overdrafts, Credit lines, and Current loans	73.6	4.47	0.1	0.0%	100.0%
Lease liabilities	52.8	-	6.6	-	100.0%
Gross Debt APM	**1,692.5**	**2.6**	**5.9**	**76.4%**	**95.1%**

[1] *As of 30 June 2023, one loan with a floating interest rate (with a residual value of EUR 110 million) was classified as fixed interest rate loan because an interest rate swap was carried out for this loan.*

ignitis group

Bond issues and loans

The Group has three bond issues with a EUR 900.0 million nominal outstanding amount in total. Two of them are green bonds (EUR 600.0 million).

During the reporting period, there have been no material changes regarding bonds. Related information, including the structure of bondholders as of the issue date, is available in section '7.1 Further investor related information' of our Annual report 2022.

Interest rate and currency

As of 30 June 2023, financial liabilities amounting to EUR 1,293.5 million were subject to a fixed interest rate (76.4% of gross debt), and the remaining amount of financial liabilities were subject to a floating interest rate. As of 30 June 2023, the effective interest rate was 2.6%. 95.1% of the total debt is in EUR, and 4.9% in PLN.

Liquidity reserve

The Group manages liquidity risks by entering in credit line, overdraft and loan agreements with banks. As of 30 June 2023, there were eight credit line facilities available in six separate banks with a total limit of EUR 824.0 million. The disbursed amount was EUR 148.6 million. The credit line facilities are committed, i.e., funds must be paid by the bank upon request. Additionally, as of 30 June 2023 the Group had EUR 725.8 million in cash and cash equivalents, which increased by 4.6%, or EUR 31.7 million, since 31 December 2022. In total, as of 30 June 2023, the Group's liquidity reserve amounted to EUR 1,401.2 million.

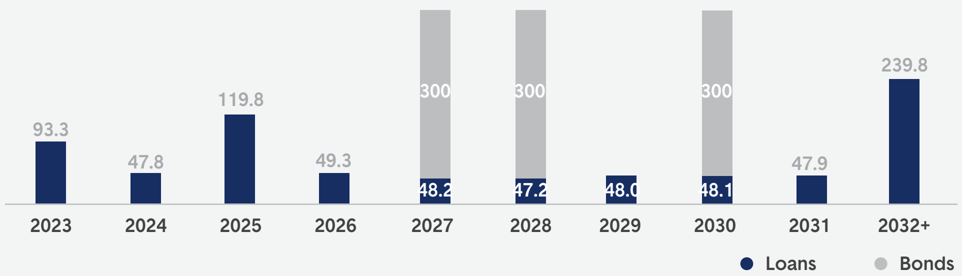
Maturities

Bonds maturing in 2027 (EUR 300.0 million, green), in 2028 (EUR 300.0 million, green) and in 2030 (EUR 300.0 million) make the largest portion of the Group's financial liabilities. The average maturity of financial liabilities as of 30 June 2023 was 5.9 years (5.7 years in 31 December 2022).

Outstanding bond issues

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

Repayment schedule of the Group's financial liabilities, EURm



[1] The nominal value of issued bonds amounts to EUR 900 million. As of 30 June 2023, bonds accounted for EUR 891.0 million in the Consolidated statement of financial position as the nominal remaining capital will be capitalised until maturity according to IFRS.

Cash flows

CFO

Net cash flows from operating activities (CFO) amounted to EUR 512.0 million in 6M 2023. Compared to 6M 2022, CFO increased by EUR 472.0 million, mainly due to cash inflow from working capital changes (EUR 398.7 million in 6M 2023, while it was EUR -199.3 million in 6M 2022) and higher net profit (EUR +41.0 million). They were partly offset by higher income tax paid (EUR -47.0 million).

CFI

Net cash flows from investing activities (CFI) amounted to EUR -327.6 million in 6M 2023. The CFI indicator was more negative (EUR -170.0 million), mainly due to higher cash outflows related to acquisition of PPE and intangible assets (EUR -164.0 million) compared to 6M 2022.

CFF

Net cash flows from financing activities (CFF) amounted to EUR -152.7 million in 6M 2023. CFF was negative due to repaid credit lines and overdrafts (EUR -335.6 million). Negative CFF was partly offset by additional loans received in the amount of EUR 187.5 million for completing Vilnius CHP's biomass unit and additional loan received in the amount of EUR 75.0 million for Net Working Capital financing. In comparison, CFF in 6M 2022 was positive, mainly due to the loans received in the amount of EUR 73.0 million.

FFO

In 6M 2023, the Group's FFO decreased by 10.6% (EUR -19.7 million) and amounted to EUR 165.8 million. The main reason for the decrease was more income tax and interest paid, while the decline was partly offset by higher EBITDA.

FCF

In 6M 2023, the Group's Free Cash Flow (FCF) amounted to EUR 50.2 million. Positive FFO effect and a decrease in Net Working Capital were partly offset by higher Investments.

Cash flows, EURm

	6M 2023	6M 2022	Δ	Δ, %
Cash and cash equiv. at the beginning of the period	**694.1**	**449.1**	***245.0***	***54.6%***
CFO	512.0	40.0	*472.0*	*1,180.0%*
CFI	(327.6)	(157.6)	*(170.0)*	*107.9%*
CFF	(152.7)	14.7	*(167.4)*	*n/a*
Increase (decrease) in cash and cash equiv.	**31.7**	**(102.9)**	***134.6***	***n/a***
Cash and cash equiv. at the end of period	**725.8**	**346.2**	***379.6***	***109.6%***

FFO and FCF, EURm

	6M 2023	6M 2022	Δ	Δ, %
EBITDA APM	239.9	211.4	*28.5*	*13.5%*
Interest received	4.2	0.3	*3.9*	*1,300.0%*
Interest paid	(15.2)	(10.2)	*(5.0)*	*49.0%*
Income tax paid	(63.0)	(16.0)	*(47.0)*	*293.8%*
FFO APM	**165.8**	**185.5**	***(19.7)***	***(10.6%)***
Investments[1]	(402.6)	(179.5)	*(223.1)*	*124.3%*
Grants received	18.6	10.2	*8.4*	*82.4%*
Cash effect of new connection points and upgrades	14.5	12.0	*2.5*	*20.8%*
Proceeds from sale of PPE and intangible assets[2]	1.6	0.6	*1.0*	*166.7%*
Change in Net Working Capital	252.3	(278.6)	*530.9*	*n/a*
FCF[1] APM	**50.2**	**(249.9)**	***300.1***	***n/a***

[1] The Investments formula has been adjusted retrospectively from the beginning of 2022 by including prepayments for non-current assets. Such presentation shows the amount of Investments made during the year more accurately as the amount of advance payments grew significantly along with the increase in the number of renewable energy projects. This adjustment also had an impact on the reported FCF figure. Definitions of alternative performance measures can be found on the Group's website.
[2] Cash inflow indicated in CF statement line 'Proceeds from sale of PPE and intangible assets' exclude gain or loss which is already included in FFO.

Sustainable finance

The Taxonomy Regulation lays down a classification and investment screening system for environmentally sustainable economic activities, which aims to create transparency for shareholders, investors, and other stakeholders. The main aim of the regulation is to steer investments towards activities that help achieve the ambitions of the EU Green Deal.

The Taxonomy Regulation also sets mandatory requirements on disclosure with the aim of providing transparency on environmental performance. The Group follows the mandatory disclosure requirements (available in section '5.9 Sustainability governance and other disclosures' in our Annual report 2022) and in addition to that will voluntarily provide interim status information on key Taxonomy KPIs.

During 6M 2023, there were no changes in the alignment of Taxonomy-eligible activities compared to the information disclosed in our Annual report 2022.

Accounting policies

The Group is calculating the financial metrics associated with Taxonomy-eligible and/or -aligned economic activities based on the accounting policies described in the Annual report 2022, section '5.9 Sustainability governance and other disclosures'. There were no significant changes in the accounting policies since the Annual report 2022. While the EU Taxonomy requires to disclose the share of revenue, Taxonomy OPEX and Taxonomy CAPEX KPIs, the Group additionally discloses the Adjusted EBITDA metric as it provides coherence with other KPIs and better reflects the relation of the Group's growth with sustainable activities (as defined in the Taxonomy Regulation).

Taxonomy-eligible	Taxonomy-aligned
4.1 Electricity generation using solar photovoltaic technology	✓
4.3 Electricity generation from wind power	✓
4.5 Electricity generation from hydropower	✓
4.9 Transmission and distribution of electricity (including EV network and Smart metering)	✓
4.10 Storage of electricity	✓
4.20 Cogeneration of heat/cool and power from bioenergy	✓
4.24 Production of heat/cool from bioenergy	✓
4.29 Electricity generation from fossil gaseous fuels	
6.5 Transport by motorbikes, passenger cars and light commercial vehicles	
6.6 Freight transport services by road	
7.3 Installation, maintenance and repair of energy efficiency equipment	✓
7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	✓
7.6 Installation, maintenance and repair of renewable energy technologies	✓
7.7 Acquisition and ownership of buildings	

Key operating indicators

The Green Generation Portfolio increased to 5.7 GW (from 5.1 GW) mainly as a result of the acquisition of onshore wind development projects (Kelmė WF I & II) in Lithuania with a total capacity of up to 0.3 GW and greenfield capacity additions of around 0.2 GW. Our Secured Capacity increased to 1.8 GW (from 1.6 GW) as Kruonis PSHP expansion project (110 MW), Tauragė solar project (22 MW), and Kelmė WF I (105.4 MW) reached the construction phase.

Electricity

Electricity Generated (net) decreased by 0.03 TWh, or 2.7%, YoY and amounted to 0.93 TWh in 6M 2023. The decrease in Electricity Generated (net) was driven by lower generation at Kruonis PSHP (-0.04 TWh, or -15.9%), due to fewer days with favourable conditions for generation.

The electricity sales decreased by 0.82 TWh, or 19.2%, compared to 6M 2022. The decline was noticed across both B2B and B2C segments and was driven by generally lower consumption in the region as well as increased competition.

The total distributed electricity volume decreased by 0.40 TWh, or 7.7%, compared to the year prior. The decrease was driven by the B2B segment due to a noticeable decline in industrial production as well as a decrease in electricity consumption by retail and service industries.

Electricity SAIFI indicator, which reflects the average number of unplanned long interruptions per customer, improved compared to the previous year and was 0.58 interruptions (0.93 interruptions in 6M 2022). Electricity SAIDI indicator, which shows the average duration of unplanned interruptions, improved to 33 minutes (compared to 125 minutes in 6M 2022). Electricity quality indicators were significantly better due higher number of installed automatic solutions, management of staff levels based on weather forecast and favourable weather conditions over the first half of 2023.

Heat

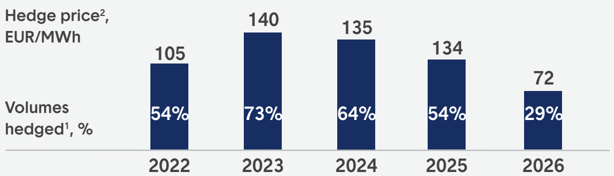
Heat Generated (net) amounted to 0.48 TWh and was in line with the year prior.

Natural gas

The natural gas sales decreased by 1.14 TWh, or 17.7%, mainly due to a fall in retail sales across all markets, except Poland. The main causes were warmer weather and market conditions over the last year, pushing B2B customers to reduce consumption or look for alternative fuels. In Lithuania, natural gas distribution volume dropped by 0.62 TWh, or 15.8%, YoY. The decrease in retail sales was offset by wholesale, where sales increased significantly as most of the accumulated excess gas was sold through the exchange (GetBaltic).

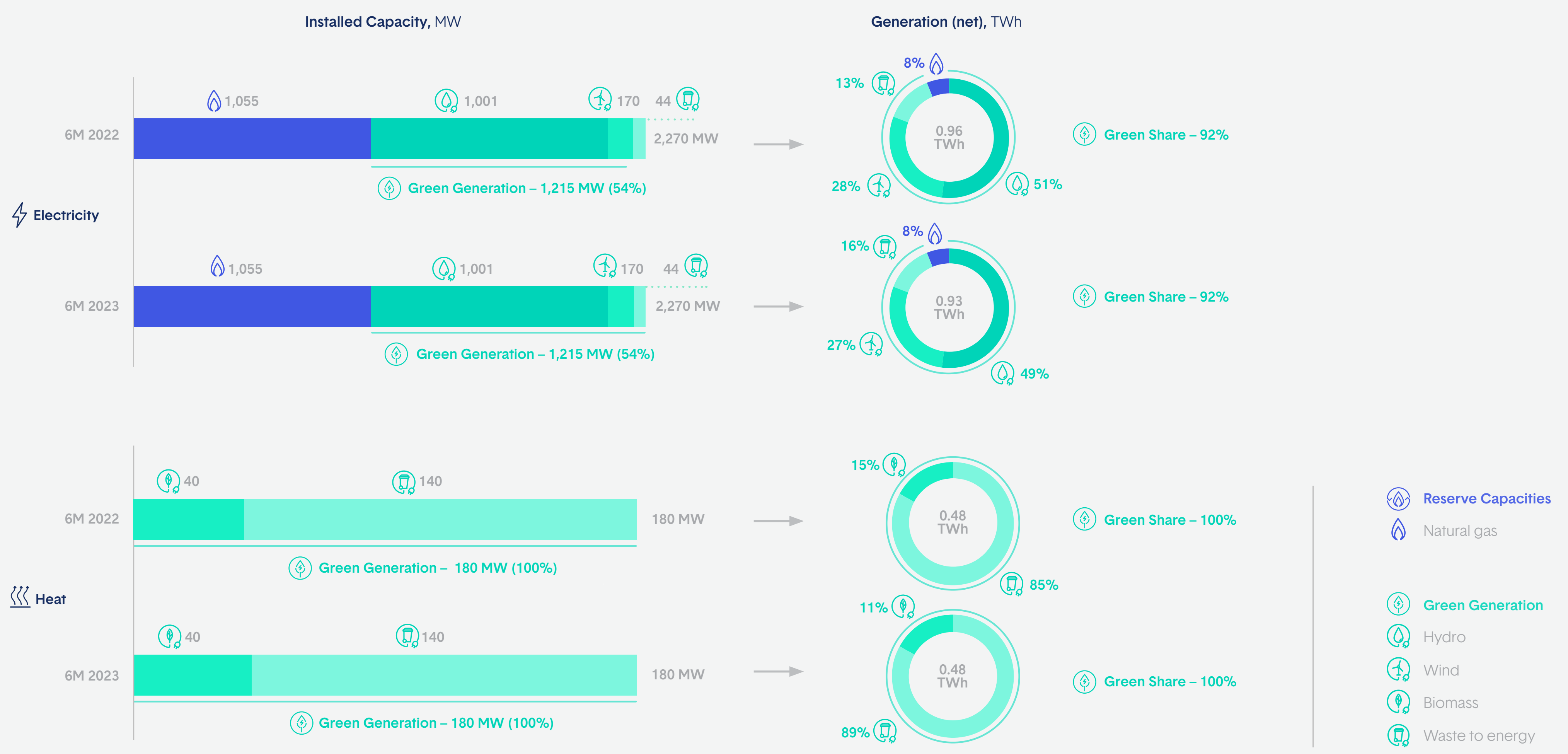
		30 Jun 2023	31 Dec 2022	Δ	Δ, %
Green Generation Portfolio	GW	5.7	5.1	*0.6*	*11.3%*
Secured Capacity	GW	1.8	1.6	*0.2*	*15.1%*
Installed Capacity	GW	1.2	1.2	*-*	*-%*
Under Construction	GW	0.6	0.4	*0.2*	*67.1%*
Advanced Development Pipeline	GW	1.3	0.7	*0.6*	*86.4%*
Early Development Pipeline	GW	2.6	2.8	*(0.3)*	*(9.6%)*
		6M 2023	**6M 2022**	**Δ**	**Δ, %**
Electricity					
Electricity Generated (net)	TWh	0.93	0.96	*(0.03)*	*(2.7%)*
Green Electricity Generated (net)	TWh	0.86	0.88	*(0.03)*	*(2.9%)*
Green Share of Generation	%	92.1%	92.3%	*(0.2 pp)*	*n/a*
Electricity sales	TWh	3.44	4.26	*(0.82)*	*(19.2%)*
Electricity distributed	TWh	4.81	5.21	*(0.40)*	*(7.7%)*
SAIFI	units	0.58	0.93	*(0.35)*	*(37.9%)*
SAIDI	min	33	125	*(92)*	*(73.8%)*
Heat					
Heat Generation Capacity	GW	0.3	0.3	*-*	*-%*
Installed Capacity	GW	0.2	0.2	*-*	*-%*
Under Construction	GW	0.2	0.2	*-*	*-%*
Heat Generated (net)	TWh	0.48	0.48	*(0.01)*	*(1.5%)*
Natural gas					
Natural gas sales	TWh	5.30	6.45	*(1.14)*	*(17.7%)*
Natural gas distributed	TWh	3.28	3.89	*(0.62)*	*(15.8%)*

Generation Portfolio hedging levels



[1] Generation Portfolio includes total electricity production of operating assets (installed capacity) and projects under construction, except Kruonis PSHP and units 7, 8 and CCGT at Elektrėnai Complex.
[2] Most PPA contracts are base load, therefore, actual effective hedge price can differ from the price in the contract, due to profile effect.

Installed Capacity and generation mix overview



3.2 Results Q2

Financial results

Revenue

YoY revenue decreased by EUR 299.8 million mainly due to:

- lower revenue in the Customers & Solutions segment (EUR -276.5 million), which was mainly driven by lower revenue from natural gas business, due to lower natural gas prices (-63.2% on average) and total volume sold (-40.7%), as well as lower revenue from electricity business, due to lower market price (-51.6% average price in the Lithuanian price area) and lower retail volumes (-25.3%).

Adjusted EBITDA

Adjusted EBITDA increased by EUR 8.5 million. The main contributing factors were:

- the higher result in the Customers & Solutions segment (EUR +15.8 million), driven by B2B natural gas results;
- the lower result in the Green Generation segment (EUR -10.3 million), mainly in hydro assets as a result of lower electricity prices and less favourable spread between peak and off-peak prices.

Adjusted Net Profit

Adjusted Net Profit increased by EUR 14.6 million due to higher Adjusted EBITDA (EUR +8.5 million) and higher interest income (EUR +4.9 million) in Q2 2023.

Investments

Investments increased by EUR 164.3 million mainly due to higher Green Generation segment investments in onshore wind farms in Lithuania and Poland.

Operating performance

In Q2 2023, the Green Generation Portfolio increased to 5.7 GW as a result of the acquisition of onshore wind development projects (Kelmė WF I & II) in Lithuania with a total capacity of up to 0.3 GW.

Electricity

Electricity Generated (net) increased by 0.02 TWh, or 4.3%. The increase was mainly driven by higher generation at Vilnius and Kaunas CHPs due to increased availability compared to the year prior. Electricity distributed decreased by 0.22 TWh, or 9.2%, compared to Q2 2022. The decrease was driven by the B2B segment due to a noticeable decline in industrial production as well as a decrease in electricity consumption by retail and service industries.

The electricity distribution quality indicator SAIFI was in line with Q2 2022 at 0.31 interruptions, electricity SAIDI decreased to 14 minutes (compared to 20 minutes in Q2 2022). The electricity SAIDI indicator improved due to higher number of installed automatic solutions and management of staff levels based on weather forecast.

Heat

Heat Generated (net) in Q2 2023 was 0.02 TWh, or 10.4%, higher compared to Q2 2022. The increase was mainly driven by higher generation at Vilnius CHP (+0.02 TWh, or 26%) as generation volume had to be decreased in Q2 2022 to meet the emission allowance set by IPPC.

Natural gas

The decrease in natural gas sales by 0.99 TWh, or 40.7%, was mainly driven by a fall in sales across all markets, except Poland. The declining trend has also been observed in natural gas distribution volume, which decreased by 0.24 TWh, or 19.8%. The main causes were warmer weather and market conditions over the last year, pushing customers to reduce consumption or look for alternative fuels.

Key financial indicators, EURm

		Q2 2023	Q2 2022[1]	Δ	Δ, %
Revenue	EURm	442.1	741.9	*(299.8)*	*(40.4%)*
EBITDA APM	EURm	44.7	119.8	*(75.1)*	*(62.7%)*
Adjusted EBITDA APM	EURm	103.6	95.1	*8.5*	*8.9%*
Adjusted EBITDA Margin APM	%	26.1%	13.3%	*12.8 pp*	*n/a*
EBIT APM	EURm	8.1	84.7	*(76.6)*	*(90.4%)*
Adjusted EBIT APM	EURm	67.1	60.1	*7.0*	*11.6%*
Net profit	EURm	28.6	68.1	*(39.5)*	*(58.0%)*
Adjusted Net Profit APM	EURm	61.4	46.8	*14.6*	*31.2%*
Investments APM	EURm	281.8	117.5	164.3	*139.8%*
FFO APM	EURm	(19.7)	96.2	*(115.9)*	*n/a*
FCF APM	EURm	(157.8)	*(92.8)*	*(65.0)*	*70.0%*

Key operating indicators

		30 Jun 2023	31 Mar 2023	Δ	Δ, %
Green Generation Portfolio	GW	5.7	5.3	*0.4*	*7.1%*
Secured Capacity	GW	1.8	1.6	*0.2*	*13.5%*
Installed Capacity	GW	1.2	1.2	-	*-%*
Under Construction	GW	0.6	0.4	*0.2*	*57.3%*
Advanced Development Pipeline	GW	1.2	0.9	*0.4*	*40.9%*
Early Development Pipeline	GW	2.6	2.8	*(0.2)*	*(7.9%)*
		Q2 2023	**Q2 2022**	**Δ**	**Δ, %**
Electricity					
Electricity Generated (net)	TWh	0.40	0.38	*0.02*	*4.3%*
Green Electricity Generated (net)	TWh	0.35	0.34	*0.01*	*1.5%*
Green Share of Generation	%	87.8%	90.2%	*(2.4 pp)*	*n/a*
Electricity sales	TWh	1.56	2.07	*(0.51)*	*(24.7%)*
Electricity distributed	TWh	2.22	2.44	*(0.22)*	*(9.2%)*
SAIFI	units	0.31	0.31	*0.01*	*1.8%*
SAIDI	min	14	20	*(6)*	*(29.5%)*
Heat					
Heat Generation Capacity	GW	0.3	0.3	-	*-%*
Installed Capacity	GW	0.2	0.2	-	*-%*
Under Construction	GW	0.2	0.2	-	*-%*
Heat Generated (net)	TWh	0.20	0.18	*0.02*	*10.4%*
Natural gas					
Natural gas sales	TWh	1.45	2.44	*(0.99)*	*(40.7%)*
Natural gas distributed	TWh	0.97	121	*(0.24)*	*(19.8%)*

[1] The Investments formula has been adjusted retrospectively from the beginning of 2022 by including prepayments for non-current assets. Such presentation shows the amount of Investments made during the year more accurately as the amount of advance payments grew significantly along with the increase in the number of renewable energy projects. Definitions of alternative performance measures can be found on the Group's website.

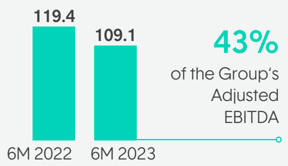
ignitis group

3.3 Results by business segments

Overview

Green Generation

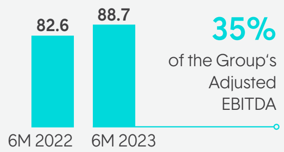
Adjusted EBITDA, EURm



Revenue, EURm.....163.4
Adjusted EBIT, EURm..... 94.8
Investments, EURm 234.0

Networks

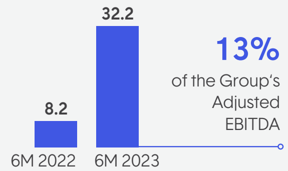
Adjusted EBITDA, EURm



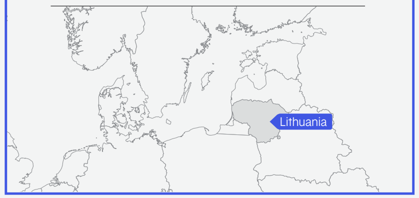
Revenue, EURm..... 295.5
Adjusted EBIT, EURm..... 38.3
Investments, EURm 161.9

Reserve Capacities

Adjusted EBITDA, EURm

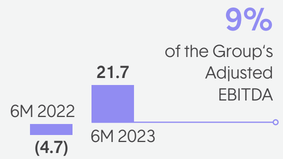


Revenue, EURm..... 61.1
Adjusted EBIT, EURm..... 26.5
Investments, EURm 1.3

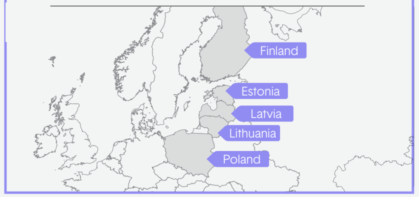


Customers & Solutions

Adjusted EBITDA, EURm



Revenue, EURm..... 933.7
Adjusted EBIT, EURm..... 21.7
Investments, EURm 2.1



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

Green Generation

Highlights

- Since the beginning of 2023, our Green Generation Portfolio increased to 6.3 GW (from 5.1 GW), and our Secured Capacity grew to 2.5 GW (from 1.6 GW).
- The first heat was supplied to the grid by Vilnius CHP's biomass unit (73 MWe, 169 MWth).
- FID was made and Kruonis PSHP expansion project (110 MW) reached the construction stage.
- Moray West offshore wind project (882 MW) has reached the financial close after securing GBP 2 billion of non-recourse project finance.
- A conditional agreement for an acquisition of onshore WFs in Lithuania (Kelmė WF I & II) with targeted total capacity of up to 300 MW has been concluded. The first phase of the project has entered the construction stage and the second phase is in an advanced development stage, both expected to reach COD in 2025.
- Tume solar project in Latvia with expected capacity of <300 MW made significant progress and, after securing the grid connection in May 2023, has entered the advanced development stage (previously, it was included in the Early Development Pipeline).

Key financial indicators, EURm

	6M 2023	6M 2022[1]	Δ	Δ,%	Q2 2023	Q2 2022	Δ	Δ,%
Revenue	163.4	211.3	*(47.9)*	*(22.7%)*	63.8	90.6	*(26.8)*	*(29.6%)*
Adjusted EBITDA APM	109.1	119.4	*(10.3)*	*(8.6%)*	39.1	49.4	*(10.3)*	*(20.9%)*
EBITDA APM	109.1	119.4	*(10.3)*	*(8.6%)*	39.1	49.4	*(10.3)*	*(20.9%)*
Adjusted EBIT APM	94.8	105.4	*(10.6)*	*(10.1%)*	31.9	42.3	*(10.4)*	*(24.6%)*
EBIT APM	94.8	105.4	*(10.6)*	*(10.1%)*	31.9	42.3	*(10.4)*	*(24.6%)*
Investments APM	234.0	68.7	*165.3*	*240.6%*	187.8	44.1	*143.7*	*325.9%*
Adjusted EBITDA Margin APM	66.8%	56.5%	*10.3 pp*	*n/a*	61.2%	54.5%	*6.7 pp*	*n/a*

	30 Jun 2023	31 Dec 2022	Δ	Δ, %
PPE, intangible and right-of-use assets	943.9	856.0	*87.9*	*10.3%*

[1] The Investments formula has been adjusted retrospectively from the beginning of 2022 by including prepayments for non-current assets. Such presentation shows the amount of Investments made during the year more accurately as the amount of advance payments grew significantly along with the increase in the number of renewable energy projects. Definitions of alternative performance measures can be found on the Group's website.

- In July 2023, the Group together with its partner Ocean Winds became the provisional winners of the 700 MW Lithuanian offshore wind tender after submitting the highest development fee of EUR 20 million. The winner of the tender is expected to be announced after the screening of compliance with national security interests is finished in Q3 2023.
- In August 2023, the Group and Copenhagen Infrastructure Partners entered a partnership to participate in the upcoming Estonian and Latvian offshore wind tenders.
- Mažeikiai WF (63 MW) has reached COD, after the legal liability transfer of wind turbines from the supplier (Nordex)[2] in August 2023.
- In August 2023, after successfully securing grid connection, Eurakras hybrid project (37.5 MW) reached advanced development stage.
- The EU Council's temporary Regulation (EU) 2022/1854 on emergency intervention to address high energy prices, which introduced a cap on market revenue for electricity producers at EUR 180/MWh, was not extended and expired on 30 June 2023.
- In July 2023, the regulator (NERC) has concluded that Kaunas HPP should have been excluded from the EU revenue cap regulation. Therefore, the adjustment of EUR +4.6 million for the amount accumulated over Dec 2022-Jun 2023, having a positive impact to the segment's result, is expected to be made in P&L in Q3 2023.

[2] For one of the fourteen wind turbines, a legal liability is expected to be taken over in September 2023, due to additional work required. All wind turbines are generating electricity.

Financial results

Key regulatory indicators

		2023[1]	2022[1]	Δ	Δ,%
Regulated activities share in Adjusted EBITDA, 6M	**%**	**0.9**	**0.8**	***0.1 pp***	***n/a***
Kruonis PSHP					
RAB	EURm	14.7	16.5	*(1.8)*	*(10.9%)*
WACC	%	3.99	4.03	*(0.04 pp)*	*n/a*
D&A (regulatory)	EURm	1.3	1.4	*(0.1)*	*(7.1%)*

[1] Numbers approved and published by the regulator (NERC).

6M results

Revenue

In 6M 2023, revenue in the Green Generation segment amounted to EUR 163.4 million and was EUR 47.9 million, or 22.7%, lower than in 6M 2022. The decrease was mainly driven by:

- lower revenue of the hydro assets, mainly Kruonis PSHP, as lower electricity prices and lower volume generated affected the result (EUR -29.6 million, or -40.1%);
- lower revenue of the wind farms, mainly Pomerania WF (EUR -9.0 million, or -53.0%), primarily as a result of lower captured electricity price since 100% of the total electricity generated was sold via the CfD subsidy scheme, while in 6M 2022 only app. 20% of the total electricity generated was sold via CfD, as well as lower volume generated.

Adjusted EBITDA

In 6M 2023, Adjusted EBITDA reached EUR 109.1 million and decreased by EUR 10.3 million, or 8.6%, compared to 6M 2022. The main contributing factors were:

- lower results of the hydro assets (EUR -7.5 million, or -10.6%) as Kruonis PSHP experienced a negative effect (EUR -10.3 million) caused by less favourable spread between peak and off-peak prices as well as lower volume generated (-40.2 GWh, or -15.9%). It was partly offset by a better result of Kaunas HPP (EUR +3.4 million), driven by higher captured electricity prices;
- lower results of the wind farms (EUR -11.1 million, or -47.1%), mainly Pomerania WF (EUR -9.4 million), as a result of lower captured electricity prices since 100% of the total electricity generated was sold via CfD subsidy scheme, while in 6M 2022 only app. 20% of the total electricity generated was sold via CfD, as well as due to lower volume generated;
- while CHPs result increased by EUR 8.3 million or 33.0% mainly due to growth in captured electricity and heat prices and higher electricity volume generated.

Investments

Investments in the Green Generation segment more than tripled and reached EUR 234.0 million and were EUR 165.3 million higher compared to 6M 2022. The Investments were mostly directed towards wind farm development, mainly to Silesia WF I and II, acquisition of Kelmė WF I and II and financing Moray West offshore WF, and also Vilnius CHP's biomass unit and Kruonis PSHP expansion project.

Q2 results

Revenue was EUR 26.8 million, or 29.6%, lower compared to Q2 2022. The main contributing factors were:

- lower revenue of hydro assets (EUR -21.3 million, or -38.4%), mainly due to lower electricity prices;
- lower revenue of wind farms, mainly Pomerania WF (EUR -3.0 million, or -53.9%), primarily as a result of lower captured electricity price since 100% of the total electricity generated was sold via CfD subsidy scheme, while in 6M 2022 only app. 20% of the total electricity generated was sold via CfD, as well as lower volumes generated;
- higher revenue of Vilnius and Kaunas CHPs (3.9 million, or 23.8%), mainly driven by the growth in captured electricity and heat prices and higher volumes generated.

Adjusted EBITDA was EUR 10.3 million, or 20.9%, lower compared to Q2 2022. The main contributing factors were:

- lower results of the hydro assets (EUR 7.9 million, or 23.8%), mainly due to lower electricity prices and less favourable spread between peak and off-peak prices;
- lower results of the wind farms, mainly Pomerania WF (EUR -3.3 million, or -69.0%), primarily as a result of lower captured electricity prices since 100% of the total electricity generated was sold via CfD subsidy scheme, while in 6M 2022 only app. 20% of the total electricity generated was sold via CfD, as well as lower volume generated;
- better results of Vilnius and Kaunas CHPs (2.8 million, or 31.1%), mainly driven by the growth in captured electricity and heat prices and higher volumes generated.

Investments were EUR 143.7 million higher compared to Q2 2022, mainly due to Investments in new Green Generation segment's projects. Major investments were directed towards onshore wind farms, Vilnius CHP's biomass unit and Kruonis PSHP expansion project.

Operating performance

During 6M 2023, our Green Generation Portfolio increased to 5,703 MW (from 5,125 MW) as a result of the acquisition of onshore wind development projects (Kelmė WF I & II) in Lithuania with a total capacity of up to 300 MW and greenfield capacity additions of around 200 MW. Our Secured Capacity increased to 1,805 MW (from 1,568 MW) as Kruonis PSHP expansion project (110 MW), Tauragė solar project (22 MW), and Kelmė WF I (105.4 MW) reached the construction phase.

Electricity

Electricity Generated (net) in the Green Generation segment decreased by 0.03 TWh, or 2.9%, YoY. The decrease was driven by lower generation at Kruonis PSHP (-0.04 TWh, or -15.9%), due to fewer days with favourable conditions for generation, as well as lower generation by onshore wind farms (-0.01 TWh, or -4.4%), due to lower wind farm availability and lower average wind speed. The decrease was offset by higher generation in waste-to-energy assets (+0.02 TWh, or +16.3%) and Kaunas HPP (+0.01 TWh, or +2.3%), due to elevated water levels in the Nemunas River.

Lower average wind speed has impacted the onshore wind farm load factor, which reached 30.4% and was 5.5 pp lower than in the year prior. Wind farm availability factor decreased by 5.5 pp, totalling 93.5%.

Heat

In 6M 2023, Heat Generated (net) amounted to 0.48 TWh and was in line with the previous year.

Key operating indicators

		30 Jun 2023	31 Dec 2022	Δ	Δ, %	30 Jun 2023	31 Mar 2023	Δ	Δ, %
Green Generation Portfolio	MW	5,703	5,125	*578*	*11.3%*	5,703	5,325	*378*	*7.1%*
Secured Capacity	MW	1,805	1,568	*237*	*15.1%*	1,805	1,590	*215*	*13.5%*
Installed Capacity	MW	1,215	1,215	-	-%	1,215	1,215	-	-%
Onshore wind	MW	170	170	-	-%	170	170	-	-%
Hydro	MW	1,001	1,001	-	-%	1,001	1,001	-	-%
Pumped-storage	MW	900	900	-	-%	900	900	-	-%
Run-of-river	MW	101	101	-	-%	101	101	-	-%
Waste	MW	44	44	-	-%	44	44	-	-%
Under Construction	MW	590	353	*237*	*67.1%*	590	375	*215*	*57.3%*
Onshore wind	MW	355	250	*105*	*42.0%*	355	250	*105*	*42.0%*
Solar	MW	52	30	*22*	*73.3%*	52	52	-	-%
Hydro	MW	110	-	*110*	-%	110	-	*110*	-%
Biomass	MW	73	73	-	-%	73	73	-	-%
Advanced Development Pipeline	MW	1,327	712	*615*	*86.4%*	1,327	942	*385*	*40.9%*
Early Development Pipeline	MW	2,571	2,845	*(274)*	*(9.6%)*	2,571	2,793	*(222)*	*(7.9%)*
		6M 2023	**6M 2022**	**Δ**	**Δ, %**	**Q2 2023**	**Q2 2022**	**Δ**	**Δ, %**
Electricity									
Electricity Generated (net)	TWh	0.86	0.88	*(0.03)*	*(2.9%)*	0.35	0.34	*0.01*	*1.5%*
Onshore wind	TWh	0.25	0.27	*(0.01)*	*(4.4%)*	0.10	0.10	*(0.00)*	*(1.7%)*
Hydro	TWh	0.46	0.49	*(0.03)*	*(7.1%)*	0.18	0.19	*(0.01)*	*(6.5%)*
Pumped-storage	TWh	0.21	0.25	*(0.04)*	*(15.9%)*	0.08	0.09	*(0.01)*	*(9.1%)*
Run-of-river	TWh	0.24	0.24	*0.01*	*2.3%*	0.10	0.10	*(0.00)*	*(4.0%)*
Waste	TWh	0.15	0.13	*0.02*	*16.3%*	0.07	0.05	*0.02*	*36.0%*
Onshore wind farms availability factor	%	93.5%	99.0%[1]	*(5.5 pp)*	*n/a*	97.2%	98.8%	*(1.6 pp)*	*n/a*
Onshore wind farms load factor	%	30.4%	35.9%	*(5.5 pp)*	*n/a*	20.4%	26.4%	*(5.9 pp)*	*n/a*
Wind speed	m/s	6.8	7.6	*(0.8)*	*(10.1%)*	5.5	6.3	*(0.8)*	*(12.7%)*
Heat									
Heat Generation Capacity	MW	349	349	-	-%	349	349	-	-%
Installed Capacity	MW	180	180	-	-%	180	180	-	-%
Under Construction	MW	169	169	-	-%	169	169	-	-%
Heat Generated (net)	TWh	0.48	0.48	*(0.01)*	*(1.5%)*	0.20	0.18	*0.02*	*10.4%*
Waste[2]	TWh	0.42	0.41	*0.01*	*3.2%*	0.19	0.16	*0.03*	*19.6%*
Biomass	TWh	0.05	0.07	*(0.02)*	*(28.1%)*	0.01	0.02	*(0.01)*	*(50.5%)*

[1] Previously reported 98.4% value was corrected.
[2] Vilnius CHP and Kaunas CHP can use natural gas for starting/stopping the power plant, running test runs, etc., which are included in the reported values of 'Waste'.

Networks

Highlights

- NERC has approved amendments to the methodology for determining electricity and natural gas WACC in July 2023, which will enter into force from 2024. For 2024, this update has resulted in electricity WACC increase to 5.09% (from 4.17% in 2023) and natural gas WACC increase to 5.03% (from 3.99% in 2023).
- The smart meter roll-out was started in July 2022. As of 30 June 2023, we have successfully installed over 482 thousand smart meters with nearly 272 thousand installed in 6M 2023. Additionally, this number has exceeded the 500 thousand threshold in July 2023.
- The 10-year Investment plan has been submitted to NERC for review. 10-year Investment plan for 2022-2031 foresees total Investments of around EUR 2.5 billion (compared to around EUR 1.9 billion in the previous Investment plan for 2021-2030).

Key financial indicators, EURm

	6M 2023	6M 2022	Δ	Δ,%	Q2 2023	Q2 2022	Δ	Δ,%
Revenue	295.5	245.3	*50.2*	*20.5%*	129.9	110.7	*19.2*	*17.3%*
Adjusted EBITDA APM	88.7	82.6	*6.1*	*7.4%*	40.0	37.5	*2.5*	*6.7%*
EBITDA APM	156.6	57.4	*99.2*	*172.8%*	64.1	24.8	*39.3*	*158.5%*
Adjusted EBIT APM	38.3	37.0	*1.3*	*3.5%*	15.8	14.4	*1.4*	*9.7%*
EBIT APM	106.2	11.9	*94.3*	*792.4%*	40.0	1.9	*38.1*	*n/a*
Investments APM	161.9	103.9	*58.0*	*55.8%*	90.3	70.7	*19.6*	*27.7%*
Adjusted EBITDA Margin APM	39.0%	30.5%	*8.5 pp*	*n/a*	37.7%	30.4%	*7.3 pp*	*n/a*

	30 Jun 2023	31 Dec 2022	Δ	Δ, %
PPE, intangible and right-of-use assets	1,915.9	1,805.3	*110.6*	*6.1%*

Financial results

6M results

Revenue

In 6M 2023, revenue in the Networks segment amounted to EUR 295.5 million and was 20.5%, or EUR +50.2 million, higher than in 6M 2022. The increase was mainly driven by higher revenue from electricity distribution (EUR +63.8 million) and natural gas distribution (EUR +12.4 million) as higher electricity and natural gas distribution tariff components were approved by the regulator. The increase in tariffs was related to expectations that expenses from technological losses would be higher as a result of increasing electricity and natural gas prices. However, actual prices in the market have decreased, thus Regulatory Debt is being accumulated and will be returned to the consumers during the upcoming regulatory periods. The share of regulatory differences during 6M 2023 comprised 23% of total sales for the same period. The result was partly offset by lower revenue from electricity transmission (EUR -22.9 million) due to lower tariffs set by the regulator.

Adjusted EBITDA

In 6M 2023, Networks Adjusted EBITDA amounted to EUR 88.7 million and was +7.4%, or EUR +6.1 million, higher than in 6M 2022, mainly due to higher RAB (EUR +5.2 million).

Investments

Investments in the Networks segment in 6M 2023 amounted to EUR 161.9 million and were +55.8%, or EUR +58.0 million, higher compared to 6M 2022. Investments in expansion of the electricity distribution network increased by EUR 44.5 million, or 97.8%, and amounted to EUR 90.0 million. The main reasons behind the increase were higher number of new connections and upgrades as well as higher contractor fees. Contractor fees for new connections and upgrades increased on average by 67% per customer. Additionally, Investments in smart meters increased by EUR 16.9 million in comparison to 6M 2022 and amounted to EUR 21.8 million.

Q2 results

Revenue was 17.3%, or EUR 19.2 million, higher compared to Q2 2022. The increase was mainly driven by higher revenue from electricity distribution (EUR +29.0 million) and natural gas distribution (EUR +2.8 million) as higher electricity and natural gas distribution tariff components were approved by the regulator. The increase was partly offset by lower revenue from electricity transmission (EUR -11.4 million) due to lower tariffs set by the regulator.

Adjusted EBITDA was 6.7%, or EUR 2.5 million, higher compared to Q2 2022. The increase was mainly driven by higher RAB (EUR +2.5 million).

Investments were 27.7%, or EUR 19.6 million, higher due to more investments made into the expansion of electricity distribution network and the roll-out of smart maters (EUR +15.9 million and EUR +9.3 million respectively). The investment growth was partly offset by a decrease in electricity network maintenance investments (EUR -7.9 million).

Key regulatory indicators

		2023[1]	2022	Δ	Δ,%
Regulated activities share in Adjusted EBITDA, 6M	**%**	**100.00**	**100.00**	***0 pp***	***n/a***
Total					
RAB	EURm	1,429	1,345	*84*	*6.2%*
WACC (weighted average)	%	4.14	4.13	*0.01 pp*	*n/a*
D&A (regulatory)	EURm	74.9	67.8	*7.1*	*10.5%*
Additional tariff component	EURm	28.0	28.0	*0.0*	*0.0%*
Deferred part of investments covered by clients and electricity equipment transfer[2]	EURm	4.9	3.7	*1.2*	*32.4%*
Electricity distribution					
RAB	EURm	1,183	1,097	*86*	*7.8%*
WACC	%	4.17	4.16	*0.01 pp*	*n/a*
D&A (regulatory)	EURm	64.5	58.5	*6.0*	*10.3%*
Additional tariff component	EURm	28.0	28.0	*0.0*	*0.0%*
Deferred part of investments covered by clients and electricity equipment transfer[2]	EURm	4.5	3.3	*1.2*	*36.4%*
Natural gas distribution					
RAB	EURm	246	248	*(2.0)*	*(0.8%)*
WACC	%	3.99	3.98	*0.01 pp*	*n/a*
D&A (regulatory)	EURm	10.4	9.3	*1.1*	*11.8%*
Deferred part of investments covered by clients and electricity equipment transfer[2]	EURm	0.4	0.4	*0.0*	*0.0%*

[1] Numbers approved and published by the regulator (NERC).
[2] Actual numbers for 6M 2023 from the Networks segment's Statement of Profit or Loss.

Operating performance

Electricity distribution

Total distributed electricity decreased by 0.40 TWh, or 7.7%. The decrease was mainly driven by the B2B segment, due to a noticeable decline in industrial production, as well as a decrease in electricity consumption by retail and service industries. The technological losses ratio decreased by 0.7 pp compared to last year. The number of electricity distribution customers increased by 25,691, or 1.4%, compared to 6M 2022 as new objects were connected to the network. The number of prosumers and producers increased by nearly 2.5 times. The increase is related to high energy prices and government's support schemes for solar parks.

The YoY electricity distribution quality indicator SAIFI improved and was 0.58 interruptions (0.93 interruptions in 6M 2022). Electricity SAIDI indicator improved to 33 minutes (compared to 125 minutes in 6M 2022). The electricity quality indicators were significantly better due a higher number of installed automatic solutions, management of staff levels based on weather forecast and favourable weather conditions over the first half of 2023.

The smart meter roll-out started in July 2022. As of 30 June 2023, over 482 thousand of smart meters have been successfully installed.

Natural gas distribution

Natural gas distribution volume has dropped by 0.62 TWh, or 15.8%, due to unfavourable market conditions over the last year, pushing B2B customers to reduce natural gas consumption, halt production or switch to alternative fuels. This also had an impact on the metrics of new connections and upgrades, which dropped by 1,500, or 55.0%. The YoY natural gas supply quality indicators SAIFI and SAIDI improved and were equal to 0.001 interruptions and 0.12 minutes respectively.

Customer experience

Net promoter score (NPS) has dropped by 8.3 pp, from 56.7% to 48.4%, due to growing number and prices of new connections and some customers being cautious about smart meters installation process.

Key operating indicators

		6M 2023	6M 2022	Δ	Δ,%	Q2 2023	Q2 2022	Δ	Δ,%
Electricity									
Electricity distributed	TWh	4.81	5.21	*(0.40)*	*(7.7%)*	2.22	2.44	*(0.22)*	*(9.2%)*
of which B2C	TWh	1.61	1.67	*(0.06)*	*(3.6%)*	0.72	0.77	*(0.05)*	*(6.1%)*
of which B2B	TWh	3.20	3.54	*(0.34)*	*(9.6%)*	1.49	1.67	*(0.18)*	*(10.6%)*
Distribution network	thousand km	128	127	*1*	*0.7%*	128	127	*1*	*0.7%*
Technological losses	%	3.7%	4.5%	*(0.7 pp)*	*n/a*	2.6%	3.0%	*(0.4 pp)*	*n/a*
Number of customers	thousand	1,839	1,813	*26*	*1.4%*	1,839	1,813	*26*	*1.4%*
of which prosumers and producers	thousand	54	22	*32*	*148.3%*	54	22	*32*	*148.3%*
admissible power of prosumers and producers	MW	890	359	*531*	*148.1%*	890	359	*531*	*148.1%*
New Connection Points	thousand	29.9	14.3	*15.6*	*108.7%*	17.8	8.8	*9.0*	*101.9%*
Connection Point Upgrades	thousand	13.3	11.2	*2.1*	*18.9%*	6.3	5.8	*0.4*	*7.3%*
Admissible power of new connection points and upgrades	MW	290	256	*34*	*13.3%*	142	129	*14*	*10.6%*
Time to connect (average)	c. d.	46	59	*(13)*	*(21.4%)*	46	59	*(13)*	*(21.4%)*
SAIFI	unit	0.58	0.93	*(0.35)*	*(37.9%)*	0.31	0.31	*0.01*	*1.8%*
SAIDI	min.	33	125	*(92)*	*(73.8%)*	14	20	*(6)*	*(29.5%)*
Number of smart meters installed	thousand	482	-	*482*	*-%*	482	-	*482*	*-%*
Supply of Last Resort	TWh	0.12	0.12	*(0.00)*	*(1.2%)*	0.05	0.05	*(0.00)*	*(1.7%)*
Natural gas									
Natural gas distributed	TWh	3.28	3.89	*(0.62)*	*(15.8%)*	0.97	1.21	*(0.24)*	*(19.8%)*
of which B2C	TWh	1.28	1.45	*(0.17)*	*(11.8%)*	0.27	0.36	*(0.09)*	*(24.2%)*
of which B2B	TWh	2.00	2.44	*(0.44)*	*(18.2%)*	0.70	0.85	*(0.15)*	*(17.9%)*
Distribution network	thousand km	10	10	*0*	*0.6%*	10	10	*0*	*0.6%*
Technological losses	%	1.8%	1.9%	*0.0 pp*	*n/a*	2.4%	2.9%	*(0.5 pp)*	*n/a*
Number of customers	thousand	624	621	*3*	*0.5%*	624	621	*3*	*0.5%*
New connection points and upgrades	thousand	1.2	2.7	*(1.5)*	*(55.0%)*	0.6	1.4	*(0.8)*	*(56.9%)*
Time to connect (average)	c. d.	57	59	*(1)*	*(2.2%)*	57	59	*(1)*	*(2.2%)*
SAIFI	unit	0.001	0.002	*(0.000)*	*(18.2%)*	0.001	0.001	*(0.000)*	*(34.3%)*
SAIDI	min.	0.12	0.15	*(0.03)*	*(19.5%)*	0.05	0.10	*(0.05)*	*(50.0%)*
Customer experience									
NPS (Transactional)	%	48.4%	56.7%[1]	*(8.3 pp)*	*n/a*	51.7%	50.2%	*1.5 pp*	*n/a*

Reserve Capacities[1]

Highlights

- TSOs of Lithuania, Latvia, and Estonia, agreed on concrete steps and term to synchronize the electricity networks of the Baltic countries with Western Europe in February 2025. The agreement also stipulates that in the summer of 2024, half a year before synchronization, the Baltic countries will refuse to extend BRELL contract concluded with Russian and Belarusian operators.
- During the reporting period, electricity generation assets of the segment contributed to the success of a unique test, organised by Litgrid (TSO), during which the Lithuanian electricity system operated completely independently. For the first time, units 7, 8 and CCGT of Elektrėnai Complex were operating simultaneously and, together with Kruonis PSHP and Kaunas HPP (Green Generation), supplied electricity to customers and generated electricity to cover more than 65% of the national electricity demand.

Financial results

6M results

Revenue

In 6M 2023, revenue in the Reserve Capacities segment amounted to EUR 61.1 million and was EUR 35.3 million, or 36.6%, lower than in 6M 2022. The decrease was driven by lower revenue from regulated activities (EUR -53.9 million), mainly due to additional regulatory revenue (EUR -50.3 million) booked in 3M 2022, covering the expenses related to the acquisition of a supplementary natural gas reserve.

Adjusted EBITDA

In 6M 2023, Reserve Capacities Adjusted EBITDA amounted to EUR 32.2 million and was 292.7%, or EUR 24.0 million, higher than in 6M 2022. The increase was related to commercial activities (EUR +24.4 million), which were driven by a utilised option to earn additional return in the market on top of the regulated return by fixing positive forward Clean Spark spread (EUR +27.4 million) (fixed in Q4 2022, realized in Q1 2023). Due to changes in actual electricity and natural gas market prices, the transaction was mainly closed without physical delivery.

Q2 results

Revenue was 94.2%, or EUR 22.6 million, higher compared to Q2 2022, mainly due to the sale of natural gas inventories acquired to fix Clean Spark spread, which was mainly realized without physical electricity generation. This transaction was recorded in COGS as a net result in 3M 2023, however in
Q2 2023 it was split into revenue and COGS in order to present this transaction more fairly based on the accounting standards.

Adjusted EBITDA was 9.1%, or EUR 0.3 million, higher compared to Q2 2022. The increase was mainly driven by higher results from regulated activities (EUR +1.2 million), which was partly offset by lower results from commercial activities (EUR -0.9 million).

Key financial indicators, EURm

	6M 2023	6M 2022	Δ	Δ,%	Q2 2023	Q2 2022	Δ	Δ,%
Revenue	61.1	96.4	*(35.3)*	*(36.6%)*	46.6	24.0	*22.6*	*94.2%*
Adjusted EBITDA[2] APM	32.2	8.2	*24.0*	*292.7%*	3.6	3.3	*0.3*	*9.1%*
EBITDA APM	32.2	8.2	*24.0*	*292.7%*	3.6	3.3	*0.3*	*9.1%*
Adjusted EBIT APM	26.5	2.2	*24.3*	*1,104.5%*	0.9	0.3	*0.6*	*200.0%*
EBIT APM	26.5	2.2	*24.3*	*1,104.5%*	0.9	0.3	*0.6*	*200.0%*
Investments APM	1.3	0.4	*0.9*	*225.0%*	1.0	0.4	*0.6*	*150.0%*
Adjusted EBITDA Margin APM	52.7%	8.5%	*44.2 pp*	*n/a*	7.7%	13.7%	*(6 pp)*	*n/a*

	30 Jun 2023	31 Dec 2022	Δ	Δ, %
PPE, intangible and right-of-use assets	281.7	288.9	*(7.2)*	*(2.5%)*

[1] In Q1 2023 the Group changed the name of the segment from 'Flexible Generation' to 'Reserve Capacities' to better represent the segment's activities and the Group's strategy objectives – the main activities of this segment include utilisation of reserve capacities to ensure reliability and security of the power system (with an option to generate electricity in the market during low renewables availability / positive Clean Spark spread periods).

Key regulatory indicators

		2023[2]	2022[2]	Δ	Δ,%
Regulated activities share in Adjusted EBITDA, 6M	**%**	**16.6**	**68.7**	***(52.1 pp)***	***n/a***
Total					
RAB	EURm	-	32.0	*(32.0)*	*(100.0%)*
WACC	%	-	4.03	*(4.03 pp)*	*n/a*
D&A (regulatory)	EURm	10.6	13.2	*(2.6)*	*(19.7%)*
CCGT					
RAB	EURm	-	-	-	-
WACC	%	-	-	-	-
D&A (regulatory)	EURm	7.6	9.3	*(1.7)*	*(18.3%)*
Units 7 and 8					
RAB	EURm	-	32.0	*(32.0)*	*(100.0%)*
WACC	%	-	4.03	*(4.03 pp)*	*n/a*
D&A (regulatory)	EURm	3.0	3.9	*(0.9)*	*(23.1%)*

[2] Numbers approved and published by the regulator (NERC).

Operating performance

Electricity Generated (net) at CCGT as well as units 7 and 8 at Elektrėnai Complex amounted to 0.07 TWh in 6M 2023 and was in line with the same period last year. Accordingly, it resulted in a load factor of 1.6%. The availability of Elektrėnai Complex remained high at the level of 99.9%.

The total Installed Capacity of Elektrėnai Complex is 1,055 MW, and 891 MW were used for isolated regime services with 260 MW provided by unit 7, 260 MW by unit 8 and 371 MW by CCGT. The tertiary active power reserve services have been abandoned. The impact of this is not material at the Group level.

Key operating indicators

		6M 2023	6M 2022	Δ	Δ,%	Q2 2023	Q2 2022	Δ	Δ,%
Installed electricity capacity	MW	1,055	1,055	-	-%	1,055	1,055	-	-%
Total reserve and isolated regime services	MW	891	891	-	-%	891	891	-	-%
Tertiary power reserve services	MW	-	519	*(519)*	*(100.0%)*	-	519	*(519)*	*(100.0%)*
Isolated system operation services	MW	891	372	*519*	*139.5%*	891	372	*519*	*139.5%*
Electricity Generated (net)	TWh	0.07	0.07	*(0.00)*	*(0.7%)*	0.05	0.04	*0.01*	*30.4%*
Availability factor	%	99.9%	100.0%	*(0.1 pp)*	*n/a*	99.9%	100.0%	*(0.1 pp)*	*n/a*
Load factor	%	1.6%	1.6%	-	*n/a*	2.1%	1.6%	*0.5 pp*	*n/a*

Customers & Solutions

Highlights

- Net Working Capital metrics have improved since the end of 2022, mainly due to lower level and value of stored natural gas inventory as well as diminished trade receivables resulting from lower energy prices and lower volumes sold.
- In 3M 2023, plans were announced to expand the EV charging network by installing up to 3,000 EV charging points by the end of 2026 in the Baltics. Additionally, after the reporting period, for that purpose an investment plan of up to EUR 115 million over 3–5 years has been approved.
- Based on decisions of the Lithuanian Government, the increase in electricity and natural gas prices in H1 2023 was partially compensated through price subsidies to household customers. However, as a result of stabilised energy prices, EUR 53 million (out of total EUR 179 million allocated to Ignitis customers) will be returned to the State budget in the nearest future. Despite that, this will have no impact on the segment's Adjusted EBITDA.
- Lithuanian regulator (NERC), in accordance to European Commission Regulation, has obliged AB "Litgrid" (TSO) within the timeframe no later than within 6 months, to ensure that wholesale electricity market participants have the possibility to purchase the long-term inter-zonal hedging products without the need to provide long-term transmission rights.

Financial results

6M results

Revenue

In 6M 2023, revenue in the Customers & Solutions segment amounted to EUR 933.7 million and was EUR 272.4 million, or 22.6%, lower than in 6M 2022. The YoY decrease in revenue was captured in both electricity and natural gas businesses. The electricity business decreased (EUR -144.0 million) due to lower market prices (-40.5% average price in the Lithuanian price area) and lower retail volume sold (-19.7%). Natural gas business also decreased (EUR -136.6 million), mainly due to a lower average TTF gas price index (-41.1%) and lower volume sold (-17.7%).

Adjusted EBITDA

In 6M 2023, Customers & Solutions Adjusted EBITDA turned positive, reaching EUR 21.7 million, and was EUR 26.4 million higher than in 6M 2022. The increase was driven by YoY stronger results from B2B natural gas activities (EUR +30.4 million) and B2B electricity activities (EUR +14.9 million), which was partly offset by a worse result from B2C electricity activities (EUR -24.4 million). In total, electricity B2C activities loss concluded EUR -17.5 million in 6M 2023.

Net Working Capital

Compared to 31 December 2022, Net Working Capital has decreased (EUR -320.7 million). The decrease was mainly driven by the reduced level (1.2 TWh at Incukalns storage facility on 30 Jun 2023 compared to 2.2 TWh on 31 Dec 2022) and lower value of the natural gas inventory (EUR -286.1 million) and a decrease in trade receivables (EUR -353.4 million).

The decrease was partly offset by a decrease in trade payables (EUR +128.9 million) and VAT payables (EUR +89.1 million), a decrease in mark-to-market (MtM) reserve related to Nasdaq commodities market (the cash part of all open derivatives positions[1]) (EUR +94.9 million), and an increase in derivative trading deposits (EUR +69.2 million), due to changes in MtM value as hedge positions were closed.

Key financial indicators, EURm

	6M 2023	6M 2022	Δ	Δ,%	Q2 2023	Q2 2022	Δ	Δ,%
Revenue	933.7	1,206.1	*(272.4)*	*(22.6%)*	252.2	528.7	*(276.5)*	*(52.3%)*
Adjusted EBITDA APM	21.7	(4.7)	*26.4*	*n/a*	20.8	5.0	*15.8*	*316.0%*
EBITDA APM	(59.9)	25.4	*(85.3)*	*n/a*	(62.4)	42.2	*(104.6)*	*(247.9%)*
Adjusted EBIT APM	20.1	(5.7)	*25.8*	*n/a*	20.0	4.5	*15.5*	*344.4%*
EBIT APM	(61.4)	24.4	*(85.8)*	*n/a*	(63.0)	41.7	*(104.7)*	*(251.1%)*
Investments APM	2.1	1.7	*0.4*	*23.5%*	1.5	1.4	*0.1*	*7.1%*
Adjusted EBITDA Margin APM	2.1%	(0.4%)	*2.5 pp*	*n/a*	6.2%	1.0%	*5.2 pp*	*n/a*

	30 Jun 2023	31 Dec 2022	Δ	Δ, %
PPE, intangible and right-of-use assets	8.7	10.7	*(2.0)*	*(18.7%)*
Net Working Capital APM	125.9	446.6	*(320.7)*	*(71.8%)*

Key regulatory indicators[2]

		2023[3]	2022[3]	Δ	Δ,%
Regulated activities share in Adjusted EBITDA, 6M	%	n/a	n/a	*n/a*	*n/a*
RAB[4]	EURm	8.3	14.2	*(5.9)*	*(41.5%)*
WACC	%	3.09	3.05	*0.04 pp*	*n/a*

[1] Mark-to-market (MtM) cash part is the sum of financial derivatives related cash flows, covering all payments that are settled in full each business day between counterparties. The daily cash settlement corresponds to the amount of fair value movement for futures products traded on Nasdaq commodities market.
[2] Full year numbers unless stated otherwise.
[3] Numbers approved and published by the regulator (NERC).
[4] RAB for businesses of the Customers & Solutions segment comprises Net Working Capital for covering the demand of public supply of electricity.

Q2 results

Revenue was EUR 276.5 million, or 52.3%, lower compared to Q2 2022. The decrease was mainly driven by lower revenue from natural gas business, due to lower natural gas prices (-63.2% on average) and total volume sold (-40.7%), as well as lower revenue from electricity business, due to lower market prices (-51.6% average price in the Lithuanian price area) and lower retail volume sold (-25.3%). Adjusted EBITDA was EUR 15.8 million, or 316.0%, higher compared to Q2 2022. The positive change was driven by better natural gas business results (+11.4 million) and less negative electricity business results (+1.7 million).

Operating performance

Electricity sales

Total electricity sales in the retail market in 6M 2023 decreased by 0.63 TWh, or 19.3%, compared to 6M 2022. The decline was noticed across all markets, except Poland, and was driven by generally lower consumption in the region as well as increased competition. Sales to B2C customers in Lithuania were 0.33 TWh, or 23.3%, lower, and the number of B2C customers decreased by around 160 thousand, or 10.6%, compared to 6M 2022 due to the ongoing electricity market deregulation in Lithuania. B2C customer share in the independent supply market by the number of objects was 78.2%, i.e. down by 2.6 pp compared to the end of 2022, however we continue to retain the market leader position in Lithuania.

Natural gas sales

The natural gas sales decreased by 1.14 TWh, or 17.7%, which was mainly driven by a fall in retail sales across all markets, except Poland. The main causes were warmer weather and market conditions over the last year, pushing B2B customers to reduce consumption or look for alternative fuels. This was offset by wholesale, which increased by 0.44 TWh, or 52.6%, as accumulated excess gas was sold through the exchange (GetBaltic).

Other

Over 6M 2023, the customer experience indicator (transactional NPS) of both B2C and B2B customers in the Customers & Solutions segment increased by 6.1 pp and 25.0 pp respectively compared to 6M 2022. The transactional customer experience improved due to continuous assessment of service quality and timely product/ service-related communications to customers.

Key operating indicators

		6M 2023	6M 2022	Δ	Δ,%	Q2 2023	Q2 2022	Δ	Δ,%
Electricity sales									
Lithuania	TWh	2.64	3.27	*(0.63)*	*(19.3%)*	1.18	1.59	*(0.41)*	*(25.7%)*
Latvia	TWh	0.40	0.66	*(0.27)*	*(40.4%)*	0.16	0.31	*(0.15)*	*(48.5%)*
Estonia	TWh	0.00	0.00	*(0.00)*	*(23.0%)*	0.00	0.00	*(0.00)*	*(33.6%)*
Poland	TWh	0.29	0.21	*0.09*	*41.3%*	0.16	0.11	*0.05*	*50.0%*
Total retail	TWh	3.33	4.14	*(0.81)*	*(19.7%)*	1.50	2.01	*(0.51)*	*(25.3%)*
of which B2C	TWh	1.10	1.43	*(0.33)*	*(23.3%)*	0.50	0.70	*(0.21)*	*(29.7%)*
of which B2B	TWh	2.23	2.71	*(0.48)*	*(17.7%)*	1.01	1.31	*(0.30)*	*(22.9%)*
Number of customers	m	1.4	1.6	*(0.2)*	*(10.1%)*	1.40	1.55	*(0.16)*	*(10.1%)*
EV charging points	units	262	205	*57*	*27.8%*	262	205	*57*	*27.8%*
Natural gas sales	TWh	5.30	6.45	*(1.14)*	*(17.7%)*	1.45	2.44	*(0.99)*	*(40.7%)*
Lithuania	TWh	2.51	3.00	*(0.49)*	*(16.3%)*	0.66	0.84	*(0.18)*	*(21.6%)*
Latvia	TWh	0.19	0.25	*(0.06)*	*(23.7%)*	0.07	0.09	*(0.02)*	*(22.7%)*
Estonia	TWh	0.01	0.01	*(0.00)*	*(33.4%)*	0.00	0.01	*(0.00)*	*(51.5%)*
Poland	TWh	0.19	0.10	*0.09*	*90.1%*	0.08	0.03	*0.05*	*130.4%*
Finland	TWh	1.13	2.25	*(1.12)*	*(49.8%)*	0.33	1.03	*(0.70)*	*(67.9%)*
Total retail	TWh	4.03	5.61	*(1.58)*	*(28.2%)*	1.14	2.00	*(0.86)*	*(43.0%)*
of which B2C	TWh	1.31	1.48	*(0.17)*	*(11.4%)*	0.28	0.37	*(0.09)*	*(23.8%)*
of which B2B	TWh	2.72	4.13	*(1.41)*	*(34.2%)*	0.86	1.64	*(0.77)*	*(47.3%)*
Wholesale market	TWh	1.28	0.84	*0.44*	*52.6%*	0.30	0.44	*(0.13)*	*(30.1%)*
Number of customers	m	0.6	0.6	*0.0*	*0.5%*	0.6	0.6	*0.0*	*0.5%*
Customer experience									
NPS (B2C – Transactional)	%	64.7%	58.6%[1]	*6.1 pp*	*n/a*	67.4%	57.0%	*10.4 pp*	*n/a*
NPS (B2B – Transactional)	%	76.0%	51.0%[1]	*25.0 pp*	*n/a*	78.0%	67.0%	*11.0 pp*	*n/a*

[1] *Previously reported 59.3% and 52.3% values were corrected due to the changes in the calculation methodology.*

3.4 Quarterly summary

Key financial indicators

		Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020
Revenue	EURm	442.1	928.3	1,359.1	1,294.7	741.9	991.2	733.2	427.3	344.7	393.4	354.3	277.9
EBITDA APM	EURm	44.7	195.3	206.2	122.1	119.8	91.6	88.0	83.8	83.8	87.4	105.0	79.0
Adjusted EBITDA APM	EURm	103.6	149.9	112.1	150.8	95.1	111.4	116.4	72.2	70.6	78.1	90.6	72.9
Adjusted EBITDA Margin APM	%	26.1%	17.0%	8.9%	11.4%	13.3%	11.0%	15.3%	17.4%	21.3%	20.3%	26.7%	26.8%
EBIT APM	EURm	8.1	156.6	162.6	83.3	84.7	57.2	29.5	53.0	52.5	57.0	72.5	48.9
Adjusted EBIT APM	EURm	67.1	111.3	68.5	112.0	60.0	76.9	82.8	41.4	39.3	47.7	58.1	42.8
Net profit	EURm	28.6	127.2	108.6	70.0	68.0	46.8	47.9	51.2	18.0	43.0	61.7	36.4
Adjusted Net Profit APM	EURm	61.4	88.7	53.7	94.4	46.8	61.1	74.3	29.2	28.3	35.1	49.5	31.2
Investments[1] APM	EURm	281.8	120.8	154.0	188.1	117.5	62.0	103.1	54.1	48.7	29.0	76.0	83.7
FFO APM	EURm	(19.7)	185.5	197.2	101.4	96.2	89.3	82.9	67.4	65.1	84.0	102.1	65.3
FCF[1] APM	EURm	(157.8)	208.0	652.9	(385.5)	(92.8)	(157.2)	(278.5)	(47.3)	54.3	30.9	(7.7)	23.6
ROE LTM[2] APM	%	15.9%	18.4%	14.7%	11.5%	10.8%	8.6%	8.7%	11.1%	10.1%	12.0%	10.8%	9.4%
Adjusted ROE LTM[2] APM	%	14.2%	13.9%	12.9%	13.7%	10.7%	10.0%	8.9%	9.1%	9.1%	8.9%	6.0%	5.9%
ROCE LTM[2] APM	%	13.0%	16.7%	13.1%	8.3%	7.9%	7.1%	7.3%	9.9%	9.7%	10.2%	9.1%	7.0%
Adjusted ROCE LTM[2] APM	%	11.3%	12.1%	10.7%	10.7%	9.1%	8.8%	7.9%	7.8%	7.9%	7.7%	5.4%	4.6%

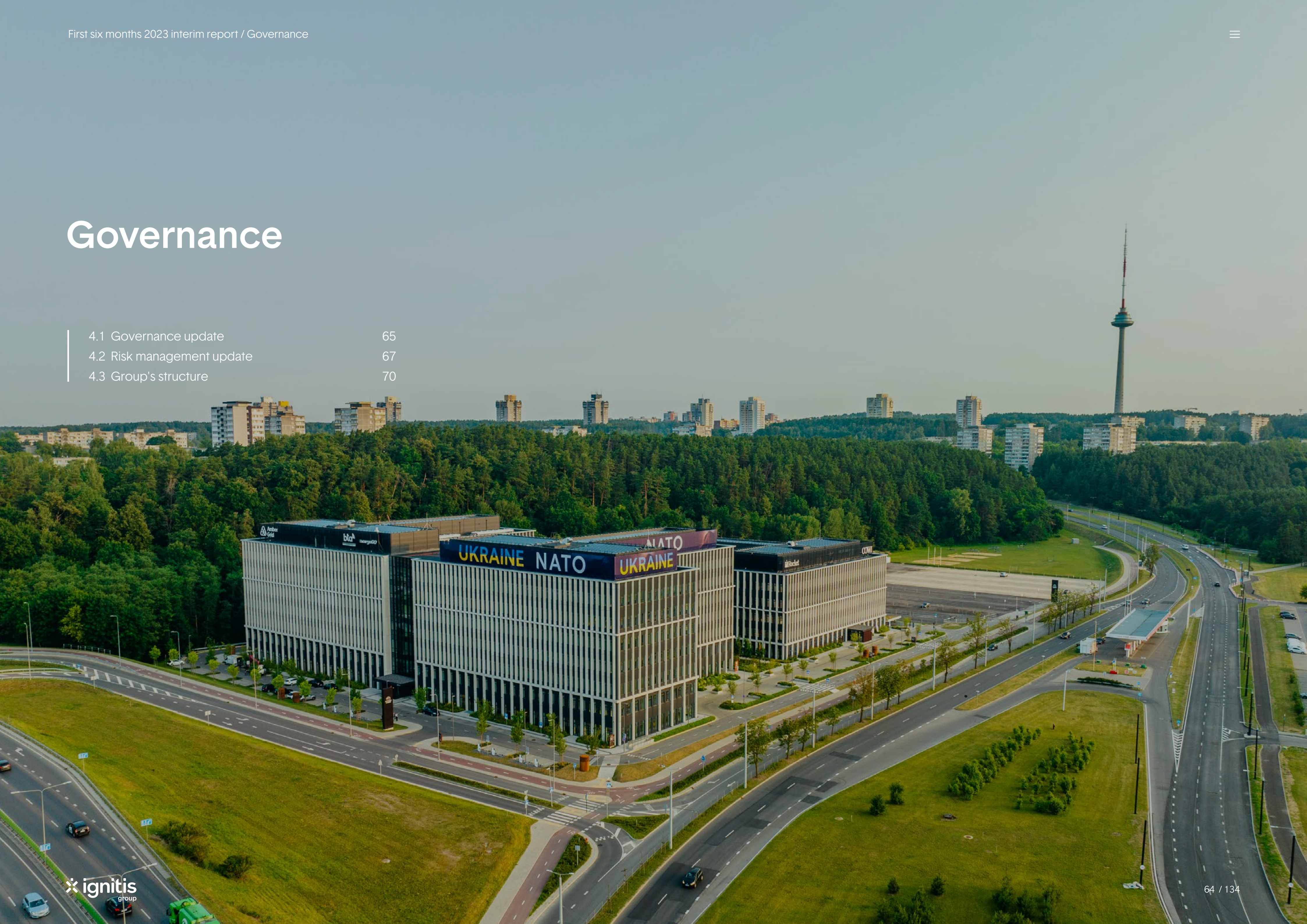
		30 Jun 2023	31 Mar 2023	31 Dec 2022	30 Sept 2022	30 Jun 2022	31 Mar 2022	31 Dec 2021	30 Sept 2021	30 Jun 2021	31 Mar 2021	31 Dec 2020	30 Sept 2020
Total assets	EURm	5,049.7	4,928.2	5,271.6	5,304.7	4,614.5	4,623.0	4,258.2	4,131.1	3,967.5	3,975.2	3,920.9	3,408.8
Equity	EURm	2,083.6	2,060.3	2,125.6	2,228.2	2,127.8	2,005.3	1,855.9	1,811.2	1,831.0	1,810.7	1,813.3	1,312.7
Net Debt APM	EURm	966.7	762.9	986.9	1,512.8	1,156.2	1,000.7	957.2	620.4	571.6	579.2	600.3	1,026.8
Net Working Capital APM	EURm	191.0	314.8	443.3	1,068.7	747.2	642.4	438.7	169.5	99.1	129.7	94.4	31.4
Net Debt/EBITDA LTM APM	times	1.70	1.19	1.83	3.65	3.08	2.95	2.85	1.72	1.61	1.61	1.80	3.64
Net Debt/Adjusted EBITDA LTM APM	times	1.87	1.50	2.10	3.23	2.96	2.73	2.88	1.99	1.83	1.92	2.44	4.51
FFO LTM /Net Debt APM	%	48.0%	76.1%	49.1%	23.9%	28.4%	29.7%	31.3%	51.3%	55.4%	57.5%	51.5%	24.8%

[1] The Investments formula has been adjusted retrospectively from the beginning of 2022 by including prepayments for non-current assets. Such presentation depicts the amount of Investments made during the year more accurately as the amount of advance payments grew significantly along with the increase in the number of renewable energy projects. Definitions of alternative performance measures can be found on the Group's website.
[2] Due to changes in IAS, part of the financial indicators were retrospectively recalculated for the year 2021 (for more information, see our Annual report 2022). Due to the adjustment, the LTM indicators for the year 2022 were recalculated retrospectively. Definitions of alternative performance measures can be found on the Group's website.

Key operating indicators

		30 Jun 2023	31 Mar 2023	31 Dec 2022	30 Sept 2022	30 Jun 2022	31 Mar 2022	31 Dec 2021	30 Sept 2021	30 Jun 2021	31 Mar 2021	31 Dec 2020	30 Sept 2020
Green Generation Portfolio	GW	5.7	5.3	5.1	3.6	3.0	2.7	2.6	2.8	2.7	2.6	2.6	1.8
Secured Capacity	GW	1.8	1.6	1.6	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4
Installed Capacity	GW	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.1	1.1	1.1	1.1	1.1
Under Construction	GW	0.6	0.4	0.4	0.2	0.1	0.1	0.1	0.2	0.2	0.2	0.2	0.2
Advanced Development Pipeline	GW	1.3	0.9	0.7	0.1	0.3	0.2	0.1	-	-	-	-	-
Early Development Pipeline	GW	2.6	2.8	2.8	2.1	1.4	1.1	1.1	1.2	1.1	1.0	1.0	0.3
		Q2 2023	**Q1 2023**	**Q4 2022**	**Q3 2022**	**Q2 2022**	**Q1 2022**	**Q4 2021**	**Q3 2021**	**Q2 2021**	**Q1 2021**	**Q4 2020**	**Q3 2020**
Electricity													
Electricity Generated (net)	TWh	0.40	0.53	0.54	0.33	0.38	0.58	0.59	0.57	0.58	0.57	0.65	0.86
Green Electricity Generated (net)	TWh	0.35	0.51	0.41	0.27	0.34	0.54	0.49	0.28	0.35	0.35	0.34	0.32
Green Share of Generation	%	87.8%	95.3%	74.8%	81.4%	90.2%	93.6%	84.1%	50.0%	61.0%	61.0%	52.0%	36.7%
Electricity sales	TWh	1.56	1.89	1.91	1.81	2.07	2.19	1.97	1.67	1.67	1.81	1.83	1.64
Electricity distributed	TWh	2.22	2.60	2.51	2.29	2.44	2.77	2.77	2.45	2.43	2.72	2.55	2.3
SAIFI	units	0.31	0.26	0.31	0.28	0.31	0.62	0.35	0.38	0.36	0.37	0.23	0.25
SAIDI	min	14	19	34	19	20	105	29	31	45	98	13	16
Heat													
Heat Generation Capacity	GW	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Installed Capacity	GW	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.1	0.1
Under Construction	GW	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Heat Generated (net)	TWh	0.20	0.28	0.25	0.16	0.18	0.3	0.28	0.12	0.21	0.23	0.15	0.03
Natural gas													
Natural gas sales	TWh	1.45	3.86	3.83	2.52	2.44	4.01	2.85	1.39	2.07	5.25	3.84	3.62
Natural gas distributed	TWh	0.97	2.31	2.02	0.77	1.21	2.68	2.74	1.02	1.41	3.32	2.48	0.99

Governance



4.1 Governance update

Overview

In this section we highlight the key changes or updates, if any, related to the governance of the Group both during and after the reporting period.

Key changes during the reporting period

The composition of the Risk Management and Sustainability Committee has changed

In the process of expanding and strengthening the competences of the Risk Management and Sustainability Committee, its composition was expanded and two new independent members, Ana Riva and Wolf Willems, have been selected to join the committee. They are responsible for the oversight of risk management and occupational health and safety as well as sustainability. They have started their roles on 1 April 2023, and the end of their term of office is the same as the current Supervisory Board's, which is 25 October 2025. Currently, the committee comprises four members in total: two members of the Supervisory Board and two external independent members. In addition, the committee's name was changed to Risk Management and Sustainability Committee (from Risk Management and Business Ethics Supervision Committee).

The Majority Shareholder's Letter of Expectations has been updated

On 11 May 2023, the Group received an updated Letter of Expectations from the Ministry of Finance of the Republic of Lithuania, which exercises the rights and obligations of the Republic of Lithuania (Majority Shareholder). The Majority Shareholder holds 74.99% of the parent company's share capital and, in accordance with the Property Guidelines, submits a Letter of Expectations to the parent company at least once every four years, detailing the objectives pursued by the Majority Shareholder in the SOE and its expectations.

The Letter of Expectations was updated in the light of the geopolitical situation and a growing need to prioritise green generation development while ensuring energy security in the region. The Majority Shareholder's expectations regarding the strategic objectives of the Group remain consistent with the expectations laid down in the previous letters, however, the new wording prioritises green generation development, ensuring energy security and improving customer service quality even more. More information can be found in our First three months 2032 Interim report as well as on our website.

Policy on Related Party Transactions of the Group has been updated

On 16 June 2023, the Supervisory Board approved the updated Policy on Related Party Transactions of the Group, which is intended to protect the interests of the parent company and its shareholders. The main amendments to this Policy are related to the amendments to the Law on Companies, on the basis of which the criteria of a material transaction with a related party have been changed: the definition of the transaction has been narrowed down, the criteria for determining the materiality of a related party transaction has been changed to (1) 1/10 of the value of the assets shown in the most recent balance sheet of the parent company and (2) the transaction is entered into under unusual market conditions (3) and/or is not attributed to ordinary economic activities. An exception has also been set out, where the rules for the approval and disclosure of related party transactions do not apply to the parent company's transactions with a subsidiary in which the parent company owns all the shares.

Collegial bodies of Group companies have carried out a self-assessment

In line with the best corporate governance practices, the aim set out in the Letter of Expectations of the Majority Shareholder, and the Corporate Governance Code for the Companies Listed on Nasdaq Vilnius, the collegial bodies of Group companies carried out a self-assessment during the reporting period and approved action plans to improve performance.

Other relevant governance changes and updates

– The governance of UAB "Ignitis" (Customers & Solutions) has been optimised. On 30 May 2023, the Board with a supervisory function was formed. Prior to this, UAB "Ignitis" had a two-tier governance model (the Supervisory Board and the Management Board), which was changed to a one-tier model (the Board with a supervisory function) also appointing two new members - Roger Hunter and Toma Sasnauskienė.
– Changes in the Group's structure. The name of Altiplano S.A. was changed to Silezia 2 Wind Farm S.A.; in May 2023, UAB "Ignitis renewables" established three new subsidiaries: UAB "Ignitis renewables projektai 7", UAB "Ignitis renewables projektai 8" (both registered in Lithuania) and IGN RES DEV7 SIA (registered in Latvia).
– The General Meeting of Shareholders agreed that the parent company would become a participant of a legal entity WF World Fund I GmbH & Co. KG (registered in Germany) on 29 June 2023.

Key changes after the reporting period

After the reporting period there were no significant changes related to the governance of the Group.

Selected information available in our Annual report 2022 as well as our website

– Shareholder's competences
– Information on the General Meetings of Shareholders
– Collegial bodies' and CEO's functions, selection criteria, management of conflicts of interests and remuneration principles as well as information on education, competences, experience, place of employment, and participation in the capital of the parent company or its subsidiaries

4.2 Risk management update

Risk management framework

In connection with its business activities, the Group is exposed to strategic, operational (activity), financial and external risks that might affect its performance. To ensure their mitigation to an acceptable level, we apply uniform risk management principles, which are based on the best market practices, including the guidance of the COSO and ISO 31000:2018 Risk management – Principles and Guidelines. A clear segregation of risk management and control duties is controlled by applying the three-lines enterprise risk management framework in the Group, where the duties are distributed between management and supervisory bodies, structural units, and functions.

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

Further information on our risk management framework is available in our Annual report 2022.

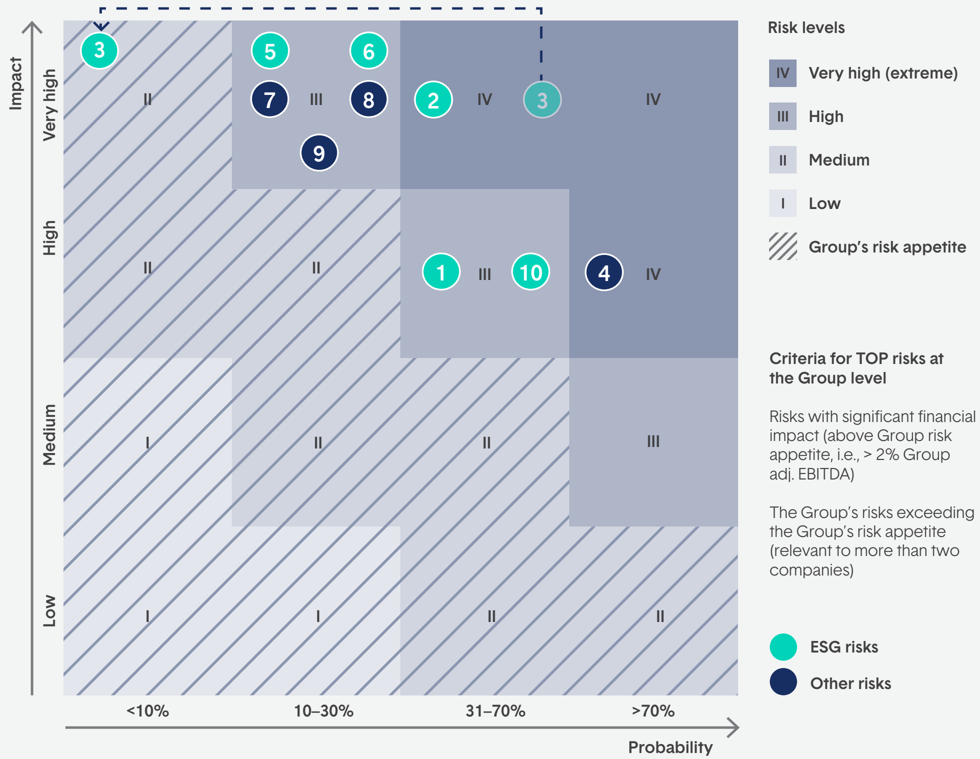
Key risks and their control

During and after the reporting period

During the reporting period, one change was recorded among the key risks' levels compared to the end of Q4 2022. In Q1 2023, 'Financial liquidity risk' (No. 6) level was reduced to 'Medium' (from 'High') due to a decrease in energy price levels in the global market, resulting in lower working capital needs (which decreased from EUR 426 million as of 31 December 2022 to EUR 313 million as of 31 March 2023), as well as additional financing agreements concluded (the Group concluded financing agreements with Swedbank for a total of EUR 300 million by 31 March 2023). Additionally, liquidity position was further strengthened post Q1 2023, when a financing agreement with Citibank for EUR 100 million was concluded. As a result, the risk was removed from the Group's key risks list.

After the reporting period, another change was recorded among the key risks' levels compared to the end of Q1 2023 period. The level of the 'Risk of not winning Lithuanian offshore tender' (No. 3) was reduced to 'Medium' (from 'Very high') as the Group's subsidiary Ignitis Renewables (Green Generation) together with the strategic partner Ocean Winds submitted the highest development fee at the tender for the 700 MW Lithuanian offshore wind project and became the provisional winners for the development of power plants in the maritime area, as announced

Heat map of the key risks of the Group



1 Risk of occupational health & safety accidents of employees and contractors (the Group)
2 Risk of insufficient transmission grid capacities (Green Generation)
3 Risk of not winning the Lithuanian offshore wind tender (Green Generation)
4 Risk of liquid hedging products' deficit (Customers & Solutions)
5 Risk of not attracting, developing, and retaining employees (Green Generation)
6 Risk of adverse/unplanned regulatory changes (the Group)
7 Risk of failure to complete the Vilnius CHP biomass unit properly and on time (Green Generation)
8 Risk of repayment of not notified State-aid (Reserve Capacities)
9 Risk of not ensuring the security of Lithuanian electricity system (Reserve Capacities)
10 Risk of cyber attacks (the Group)

on 10 July 2023. The final winner of the tender will be announced by the organiser (NERC) in Q3 2023, following the screening for compliance with national security interests.

Further in depth overview of potential impact and probability of all risks indicated in the heat map on the previous page, together with the detailed disclosure of their mitigation strategies, are available in our Annual report 2022.

The ongoing geopolitical crisis, Russia's invasion of Ukraine, still has an impact on businesses and people across the globe, therefore we provide a separate disclosure in the following pages to ensure the transparency and clarity to the extent possible as well as to cover its potential impact on the Group.

Russia's invasion of Ukraine

Overview

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

General potential effects that are tightly related to the Group's activities are an increase in electricity and natural gas prices, an increase in net working capital, possible disruptions in supply chains, rising inflation and prices of materials. To manage these effects, proper actions have been taken, including, but not limited to, conclusion of additional short-term loan agreements with banks. Additionally, at the end of 2022 the Lithuanian Parliament (Seimas) has compensated the regulatory differences accrued during 2022. In 6M 2023, the compensation mechanism remains in effect, but due to the decrease in prices, the use of compensations in the 6M 2023 is lower than anticipated, and the resulting surplus will be returned to the state's budget right after 6M 2023. Considering the increased number of cyber attacks, the level of cybersecurity vigilance is being raised nationwide. Despite the increased number of attacks, all the threats were handled successfully, therefore the cybersecurity risk level remains unchanged. It must be noted that the Group is classified as an owner of critical infrastructure.

Impact on business segments

Overview of the impact of Russia's invasion of Ukraine

Business segment	Overall impact
Green Generation	– Changes in the construction milestones and the budget of Vilnius CHP biomass unit. – Delay of spare parts for Kruonis PSHP's major overhaul. – Accelerated development of renewable energy production capacities. – Increase in investment expenditures in new projects due to greater demand for renewable energy production capacities and growing commodity prices. – Potentially longer lead times of Green Generation projects. – Insufficient transmission network's capacity due to increased development of green energy generation capacities.
Networks	– Uncertainty regarding the supply chain and an increase in the price of key materials.
Reserve Capacities	– Additional natural gas reserve of 1.1 TWh was acquired during 2022, which increased the net working capital.
Customers & Solutions	– Increased natural gas and electricity prices had an impact on the net working capital growth.

Further information about the impact on our business segments and the mitigation measures can be found in our Annual report 2022.

Cyber security

Since the outbreak of the war in Ukraine, the number of external scans and distributed denial-of-service (DDoS) attacks, which target the IT infrastructure of the Group, have been increasing. After considering the geopolitical situation and assessing the increased risks of cyber incidents, appropriate preventive measures have been taken to manage the increased cyber security risks. In order to raise the maturity of CERT management, we updated the most important processes and accredited our Ignitis CERT team. This enables our CERT team to operate more efficiently, to share information with foreign partners, and to operate according to the best international practices. Our monitoring and CERT teams ensure 24/7 monitoring of external and internal resources, which helps proactively detect, prevent, and mitigate malicious actions. In order to reduce the risks of human error and to make the management of security events more efficient, we pay great attention on the automation of security events analysis and employee awareness training. During the reporting period, the analysis of over 70 security events' categories were automated, which enabled the automatic resolution of approximately 35% of all security tickets. Performing periodic phishing simulations has increased employee awareness of phishing attacks by almost 3 times, when comparing with the proportions of compromised employees in 2022.

Compliance Programme

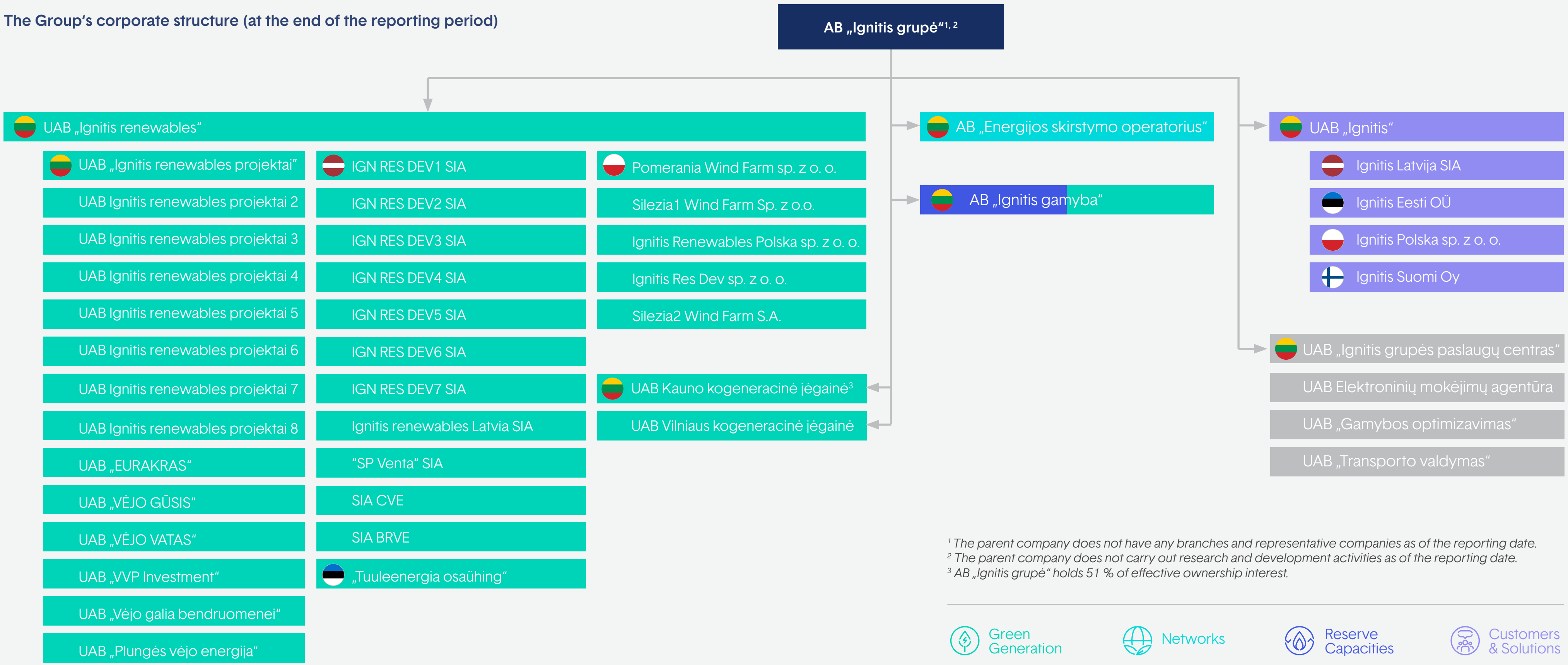
The Group strives for maximum transparency, effective management of inside information and ensuring equality for all financial market participants regarding the availability of the issuer's material information. Effective prevention of market abuse is one of our main priorities. The Group is listed in both London and EU stock exchanges – it complies with all relevant EU, Lithuanian and UK laws and regulations, including Market abuse regulation (EU) No. 596/2014 (MAR).

Persons discharging managerial responsibilities and persons associated with them are under a duty to disclose their transactions related to the Group's financial instruments when a EUR 5,000 notification threshold has been reached within a calendar year. Trading activities of such individuals is also governed by the Trading Guidelines for the Issuer's Managers and Persons Closely Associated with them. The Group's own internal insider and transparency rules are updated regularly and a specialized internal inside information management training is performed regularly by all Group employees who are included in an "insider list". During the first half of this year, about 90% of the employees to whom the training is relevant have already completed the updated inside information management training. The Group also has an Inside Information Management Committee, which effectively deals with complex insider management and other related issues. Moreover, the Group applies guidelines for preventing market abuse in practice to help employees identify illegal actions and to provide relevant recommendations. Further details on transparency and market abuse management, persons discharging managerial responsibilities and their duty to disclose, the "closed period" (which in the Group is even stricter than provided for in legal acts) as well as internal supervision of insiders and relevant affairs are available in the Annual report 2022.

4.3 Group's structure

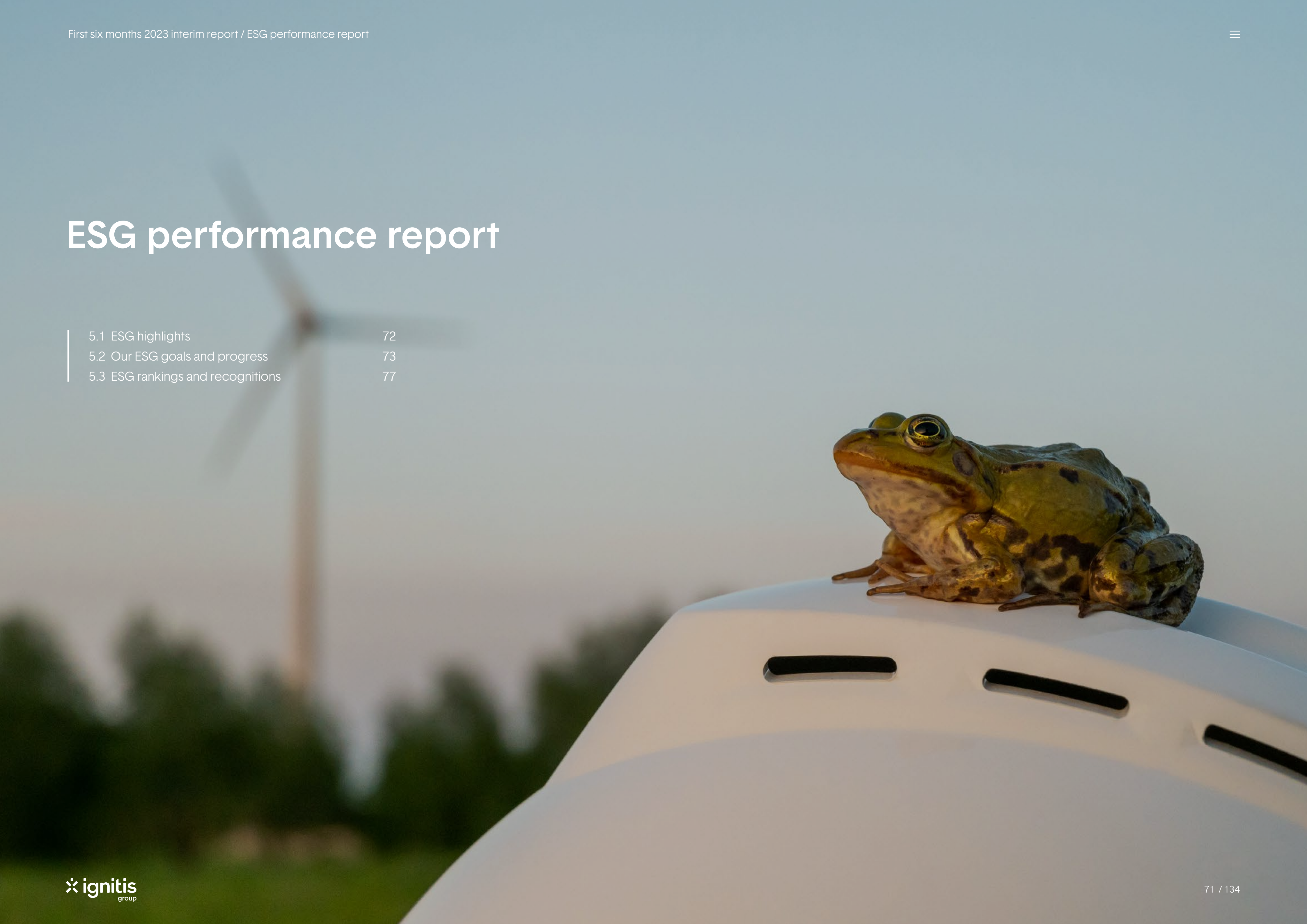
The Group's corporate structure at the end of the reporting period is presented below. The changes in the number of subsidiaries during the reporting period are available in section '7 Consolidated financial statements' of this report. Detailed information about the governance system of the entities presented below as well as other relevant information are available in section '4.8 Information about the Group' in our Annual report 2022 and our website respectively. In addition, the information about the performance of Group subsidiaries presented below during the 6M 2023 period is available on our website.

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



[1] The parent company does not have any branches and representative companies as of the reporting date.
[2] The parent company does not carry out research and development activities as of the reporting date.
[3] AB „Ignitis grupė" holds 51 % of effective ownership interest.

Green Generation | Networks | Reserve Capacities | Customers & Solutions



ESG performance report

5.1 ESG highlights

In 6M 2023, we have:

- approved the sustainability targets for the next four-year strategic period of 2023–2026, encompassing the increased ambitions regarding the development of Green Generation capacities and GHG emissions reduction;
- finished the optimisation of the management model of the Group's subsidiaries – Ignitis (Customers & Solutions), Ignitis Gamyba (Reserve Capacities), and ESO (Networks), moving from a two-tier to a one-tier management model;
- started applying the same strict sustainability requirements in commercial as in public procurement procedures;
- strengthened sustainability oversight – the Risk Management and Sustainability Committee started working at full capacity after professionals with international experience in the fields of risk management, occupational health and safety and environmental protection joined the committee;
- published the Sustainability report 2022, prepared in accordance with GRI requirements and TCFD recommendations. The Sustainability report also includes full disclosures in accordance with the EU Taxonomy Regulation;
- launched a dedicated occupational health and safety programme under the name 'Is it safe?' that emphasises the importance of strengthening the safety culture, increasing awareness and cooperation both among the Group employees and the contractors to ensure that all work is performed safely and that employees get home safe;
- approved the Group Abuse and Harassment Prevention Policy. The purpose of the policy is to provide and implement effective prevention measures in order to protect employees from abuse and harassment and help them clearly understand potential manifestations of it at work, recognise its signs, and be aware of legal defence methods.

5.2 Our ESG goals and progress

Measurable sustainability targets

In Q2 2023, the Supervisory Board of the Group approved the Strategic Plan 2023–2026, which, inter alia, establishes the Group's commitment to pursue its targets under the sustainable development pillars. Sustainability targets were set in accordance with the results of the strategic materiality assessment, thus strengthening our commitment to sustainability and ensuring that our priorities are in line with business objectives and stakeholder expectations.

The Group continues to monitor its progress in accordance with the evaluation results of various international ratings agencies assessing ESG risk management as well as CDP, a globally recognised environmental disclosure organisation. Information on the 6M 2023 progress towards strategic KPIs can be found in the table below. For more in-depth information on previous reporting periods, see section '5. Sustainability report (Corporate social responsibility report)' in Annual report 2022.

Strategic ESG KPIs of the Group

Priority		2026 strategic milestones and targets	6M 2023	6M 2022	Δ	2022
Decarbonisation	Reduction of GHG emissions in accordance with science-based targets	3.9 m t CO_2-eq[1] 27% GHG emissions reduction (vs.2020)[1]	2.50 m t CO_2-eq[1]	2.69 m t CO_2-eq[1]	*(7.3%)*	4.98m t CO_2-eq[1] (6.2% less than in 2020)
Safety	Zero fatal accidents	0 fatalities of employees & contractors	0	2	*(100%)*	3
	Total recordable injury rate	Employee TRIR <1.75	0.78	2.53	*(69.2%)*	1.69
		Contractors TRIR <3.5	1.20	n/a	*n/a*	0.49[2]
Employee experience	Employee overall experience[3]	≥50% employees promoting the Group as an employer (eNPS)	59.3%	64.9%	*(5.6 pp)*	61.8%
Diversity	Gender diversity in top management	≥35% share of women in top management positions	23.9%	22.0%	*1.9 pp*	23%
Sustainable value creation	Sustainable investments	≥85–90% share[4] of CAPEX aligned to the EU Taxonomy (2023–2026)	92.1%	86.4%	*5.7 pp*	89.5% (365 EURm)
	Sustainable returns	≥75% sustainable Adjusted EBITDA share[4]	59.4% (150.6 EURm)	80.1% (206.5 EURm)	*(20.7 pp)*	74.6% (350 EURm)

[1] GHG emissions from Vilnius CHP are not included for a better comparison as it was not included in target base year (2020).
[2] For the period: Jun-Dec 2022.
[3] Experiences of employees in areas such as well-being, learning and growth, equal pay, diversity and inclusion, etc.
[4] CAPEX and Adjusted EBITDA from EU Taxonomy-aligned activities.

Progress on our ESG targets

Decarbonisation. The Group's total GHG emissions (including Vilnius CHP) in 6M 2023 was 2.61 m t CO_2-eq (6.4% lower compared to the same period in 2022). Scope 1 emissions decreased by 17.3% primarily due to improved accounting of actual natural gas losses. Scope 2 emissions decreased by 10.5%. Following the Green Procurement requirements, renewable energy guarantees of origin were used to cover 50% of electricity distribution losses accounted for in Scope 2. Scope 3 emissions decreased by 5.2% mainly due to lower retail natural gas sales. Out of scope emissions slightly increased by 0.9% due to higher power production at Kaunas CHP (Green Generation). In addition, emissions from electricity sales increased due to the methodological change in emission factors of the countries in which the Group sells electricity to end customers. Using the same emission factors as in 2022, the total reduction of the Group's emissions would be around 16%. Detailed information on Group's GHG emissions is available in section '1.3 Performance highlights' of this report.

Safety. In Q2 2023, not a single TRIR incident occurred among the employees of the Group. However, 3 employee TRIR incidents occurred in Q1 2023, including one life-threatening incident that is currently under investigation. Additionally, in 6M 2023, four contractors incidents have occurred. Three of these incidents were minor and internally investigated by the contractors, while the fourth incident was more serious and is being investigated by the State Labour Inspectorate.

In addition, in February 2023, a trespasser suffered a fatal accident due to unsafe behaviour close to electricity networks. This incident induced efforts to further increase public awareness about the possible dangers of being around dangerous facilities and how to behave safely.

Within the framework of the occupational health and safety (OHS) programme 'Is it safe?', a pilot innovation project was initiated in June 2023 at the Kaunas CHP (Green Generation). By using digital tools, the project aims to monitor and document OHS violations within the company's premises.

Employee experience. We have created a Burnout Risk Scoreboard, an innovative tool for managers working in the Group to monitor and evaluate their team's burnout risk on a quarterly basis. This tool assesses the team's likelihood of experiencing burnout based on objective criteria such as unused holidays, overtime, and other factors. While using the tool, some teams have been identified as being at a higher risk of burnout. In 6M 2023, the percentage of teams falling into this category was 2.34% (9% in 2022).

Diversity and human rights. The Group's Abuse and Harassment Prevention Policy has been approved and entered into force in 3M 2023, which is another important milestone in ensuring emotionally positive work environment in the organisation. The most important goal of the policy is to protect employees from abuse and harassment through effective prevention measures. That includes helping employees recognise and understand potential manifestations of abuse at work, identifying signs, and being aware of legal defence methods.

In June 2023, mandatory guidelines for talent acquisition professionals were introduced to facilitate the realisation of gender diversity targets outlined in the Group's strategic plan. It provides a clear action path for talent acquisition professionals regarding the specific actions they need to take in order to enhance gender diversity more effectively.

During 6M 2023, gender diversity was ensured in 83% of the short lists of candidates.

Talent development. In 6M 2023, the Group allocated EUR 330,000 for scholarships aimed at supporting future engineers in Lithuania and Latvia. Alongside the funds we are introducing Latvian students to the #EnergySmartSTART programme, which has been successfully running in Lithuania for two years. This programme is relevant to students and anyone who is interested in energy.

Supporting communities. We continue close cooperation with the communities located near our projects in operation, under construction and under development, and have invited them to submit applications to receive financial support. This year, EUR 400,000 are allocated for local communities.

Sustainability due diligence in the supply chain. In Q2 2023, the Group carried out an assessment of its suppliers to evaluate their compliance with the Group's Supplier Code of Ethics (CES). The assessment of CES compliance included a comprehensive assessment of suppliers' environmental protection, social responsibility, business ethics and governance practices. This year, the assessment was mostly focused on social responsibility, where 87% of the assessed suppliers confirmed they comply with the requirements set out in the CES.

The Group partnered with the Lithuanian Sustainable Business Association (LAVA) to host an educational event for suppliers, focusing on environmental and OHS topics. In total, more than 50 suppliers participated in the event (more than 20% of all invited).

Sustainable procurements. The Group updated the Guidelines for the Implementation of Commercial and Regulated Procurement Policy and, in order to strengthen our procurement model from a long-term sustainability perspective, started applying the same strict sustainability requirements to commercial procurements as it did to public procurements. The Group's 2023 target is 35% of green and socially responsible commercial procurements by value.

The share of socially responsible public procurements by value increased by 39 pp compared to 6M 2022 and reached 46% in 6M 2023, while the share of green public procurements by value was nearly 100%.

The Group's subsidiary ESO (Networks) was recognised by the Ministry of Environment of the Republic of Lithuania as the leader in green procurements with 97% of its procurements meeting the green criteria in 2022.

Corruption intolerance. In Q1 2023, a survey on the level of tolerance for corruption among employees showed that 95% of the Group's employees (1 pp more than in 2022) do not tolerate corruption, and if they encountered it, they would report it. We actively educate our colleagues about anti-corruption measures, and serve as mentors at the Transparency Academy of the Special Investigation Service of the Republic of Lithuania, where we share our experience in creating a corruption-resistant business environment with the Office of the Parliament of the Republic of Lithuania.

Trust line. During 6M 2023, 132 reports were received via the Trust Line with 11 reports confirmed. They were related to potentially unethical behaviour of our business partners or employees, improper work of the customer service centre employees, theft of electricity and natural gas. We respond to each report received via the Trust Line, examine the information provided, and if the report is confirmed to be valid, we respond according to the nature of the report.

Streamlining governance. Following the best global practices, the Group has completed the process of optimising the management model of the Group's subsidiaries (Ignitis (Customers & Solutions), Ignitis Gamyba (Green Generation and Reserve Capacities) and ESO (Networks)) and moved from a two-tier management model to a one-tier one, i.e., the executive boards formed by employees were abolished and boards with a supervisory function were formed. Ignitis (Customers & Solutions) was the last company of the Group to adopt a new management model, the new Board was formed in Q2 2023.

Sustainability management. To strengthen sustainability oversight, in Q4 2022, the Group initiated a selection of 2 new independent members to join the Risk Management and Sustainability Committee, which already had 2 members. Requirements set for candidates included experience in the fields of risk management, OHS and environmental protection. In 2023, the committee was fully formed, now consisting of 4 members in total (all independent).

Sustainability report. In February 2023, the Group published a Sustainability report 2022, prepared in accordance with GRI and TCFD recommendations. The report also includes disclosures in accordance with the EU Taxonomy Regulation.

ESG risk assessment. In Q1 2023, Sustainalytics improved the score of the Group's ESG risk rating to 'low' ESG risk level from 'medium'. We received a score of 19.9 (on a scale of 100–0, from the highest to the lowest risk, the previous score was 20.4).

Approved sustainability targets. In Q2 2023, the Supervisory Board of the Group approved the sustainability targets for the next four-year strategic period of 2023–2026. It signifies our growing ambitions in relation to the development of Green Generation capacities and GHG emissions reduction. The updated strategy aims for 4–5 GW of installed green and flexible capacities by 2030, focusing on offshore wind, onshore hybrid, P2X and storage technologies. Previously, our target was 4 GW. Additionally, Ignitis Group now aims to achieve net zero by 2040–2050, compared to the previous target of 2050 outlined in the previous strategic documents.

5.3 ESG rankings and recognitions

Commitment to sustainability excellence

Sustainability is at the core of the Group's Strategy. Hence, we take a holistic approach that involves all levels and functions in applying the key principles of sustainability across the Group. Our daily actions lead to sustainability excellence, which is reflected in recognitions detailed below, placing the Group among ESG leaders in our home markets.

	SUSTAINALYTICS	MSCI	CDP	ecovadis	ISS ESG
Rank compared to utility peers	Top 13%	Top 39%[2]	Top 28%[3]	Top 3%[5]	6th decile
ignitis group	19.9 (Low risk) Last rating change in April 2023 (improved)	'AA' (Leader) Last rating change in July 2021 (improved)	'A-' (Leadership) Last rating change in December 2022 (improved)	78 (Platinum) Last rating change in July 2022 (improved)	'C' (Medium) Last rating change in July 2022 (improved)
Utiities average	32.4[1]	'A'[2]	'B'[4]	N/A	N/A
Rating scale (worst to best)	100 to 0	'CCC' to 'AAA'	'D-' to 'A'	0 to 100	'D-' to 'A+'

[1] Based on publicly available data. [2] MSCI utilities rank and average based on utilities included in the MSCI ACWI index. [3] Amongst 28% of companies that reached Leadership level in Energy utility networks. [4] In energy utility networks activity group. [5] In electricity, gas, steam and air conditioning supply industry. Assessment of the Group's subsidiary UAB "Ignitis" (Customers & Solutions).

Following globally recognised standards

SCIENCE BASED TARGETS — DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Validated GHG emissions reduction targets for 2030 with the SBTi.

TCFD

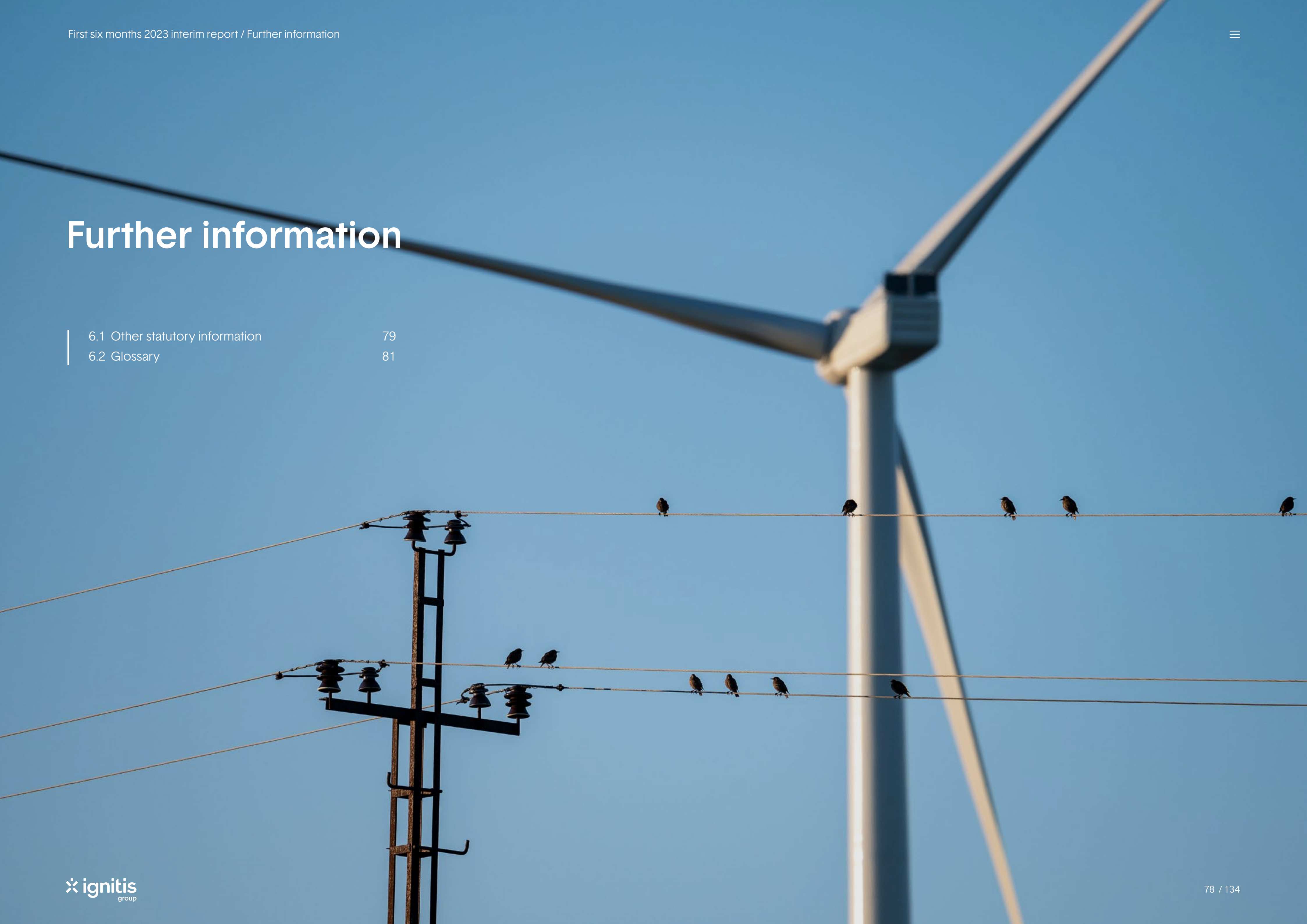
Implemented TCFD recommendations on climate-related financial disclosure.

GRI

Reporting in accordance with the globally recognised GRI standards.

Nasdaq ESG Transparency Partner

Nasdaq certified for engagement in market transparency and in raising environmental standards.



Further information

6.1 Other statutory information

The interim report provides information to shareholders, creditors, and other stakeholders of AB „Ignitis grupė" (the parent company) about the operations of the parent company and the companies it controls, which are collectively referred to as the group of companies (the Group or Ignitis Group), for the period of January–June 2023.

The parent company's CEO is responsible for its preparation, while the parent company's Management Board considers and approves the interim report. This report has been prepared in accordance with the Law on Companies of the Republic of Lithuania (link in Lithuanian), the Law on Financial Reporting by Undertakings of the Republic of Lithuania (link in Lithuanian), the Listing of Rules of Nasdaq Vilnius as well as legal acts and recommendations of relevant supervisory authorities and operators of the regulated markets.

The report and the documents based on which it was prepared are available at the registered office of the parent company (Laisvės Ave. 10, Vilnius) on working days from Mondays through Thursdays from 7.30 am to 4.30 pm, and on Fridays from 7.30 am to 3.15 pm (by prior arrangement through IR@ignitis.lt).

Information that must be published by the parent company according to the legal acts of the Republic of Lithuania is made public, depending on the disclosure requirements, either on our website, on the websites of Nasdaq Vilnius, London and Luxembourg stock exchanges or both.

Tesla coil in the exhibition of the Energy and Technology Museum in Vilnius.

Material events of the parent company	Material events of the parent company are published on Nasdaq Vilnius, London and Luxembourg stock exchanges as well as on the Group's website.
Internal control and risk management systems involved in the preparation of the financial statements	The Group's financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. The employees of the company providing accounting services to the parent company ensure that the financial statements are prepared properly and that all data are collected in a timely and accurate manner. The preparation of the company's financial statements, internal control and financial risk management systems are monitored and managed based on the legal acts governing the preparation of financial statements.
Alternative performance measures	Alternative Performance Measures (APM) are adjusted figures used in this report that refer to measures used for internal performance management. As such, they are not defined or specified under International Financial Reporting Standards (IFRS), nor do they comply with IFRS requirements. Definitions of alternative performance measures can be found on the Group's website.
Information about the auditor	"KPMG Baltics", UAB on 30 March 2023 has been reappointed as the auditor by the General Meeting of Shareholders of the parent company to perform the audit of the financial statements of the parent company and the consolidated financial statements of the Group for the year 2023–2027. Information about the auditor, including remuneration for the services provided, is available in section '6.4 Information about the auditor' of our Annual report 2022.
Significant arrangements	The parent company was not a party to any significant arrangements that would take effect, be amended or terminated in the event of changes in the parent company's control. During the reporting period, the parent company did not conclude any harmful agreements (which do not correspond to the parent company's objectives, current market conditions, violate the interests of shareholders or other groups of persons, etc.) which had or potentially may have a negative impact on the parent company's performance and/or results of operation, nor there were any agreements concluded under a conflict of interests between the parent company's managers, the controlling shareholders or other parties related to the parent company and their private interests and/or other duties. There are no agreements concluded between the parent company and the members of the management bodies or employees that provide for compensation in case of their resignation or dismissal without a reasonable cause or in case of termination of their employment as a result of the change in control of the parent company.
Related party transactions	Related party transactions concluded during the reporting period are disclosed in section '7 Consolidated financial statements' of this report and on our website. More detailed information regarding related party transaction policy is available here.
Information on delisted companies	Since September 2021, the parent company owns 100% of shares of ESO (Networks) and Ignitis Gamyba (Reserve Capacities and Green Generation). More information about the delisted companies, including the details of payment for shares, is available in section '7.1 Further investor related information' of our Annual report 2022 and on our website.
Legal acts referred to in this report	– Law on Companies of the Republic of Lithuania (link in Lithuanian) – Property Guidelines (link in Lithuanian)

6.2 Glossary

AB	Joint stock company
Advanced Development Pipeline	Projects which have access to the electricity grid secured through preliminary grid connection agreement (agreement signed and grid connection fee has been paid). For offshore wind it also includes projects where public seabed auction has been won, but the grid connection has not yet been secured.
APM	Alternative performance measure (link)
Awarded / Contracted	Projects with one of the following: (i) awarded in government auctions and tenders (incl. CfD, FiP, FiT, seabed with grid connection), or (ii) for which offtake is secured through PPA or similar instruments (total secured offtake through PPA and other instruments should cover at least 50% of the annual expected generation volume of the asset).
CCGT	Combined Cycle Gas Turbine Plant
CDP	Carbon Disclosure Project
CfD	Contract for difference
CHP	Combined heat and power
Clean Spark	Indicative prices giving the difference between the combined cost of gas and emissions, and the equivalent price of electricity
COD (Commercial Operation Date)	The date at which the asset passed a final performance test (commissioned) and the legal liability from the supplier has been transferred to the Group. The asset has been given with permission from competent authority to operate at full power and sell electricity in the market.
COSO	The Committee of Sponsoring Organizations of the Treadway Commission
Early Development Pipeline	Projects of planned capacity higher than 50 MW with substantial share of land rights secured.
Electricity Generated (net)	Electricity sold in wind farms, solar power plants, biofuel plants, CHP plants, hydropower plants (including Kruonis pumped storage power plant) and electricity sold in Elektrėnai Complex
eNPS	Employee Net Promoter Score
EPSO-G	EPSO-G is a state-owned group of energy transmission and exchange companies. It consists of the parent management company EPSO-G, five directly owned companies Litgrid, Amber Grid, Baltpool, Tetas, Energy Cells and the indirectly controlled GET Baltic.
ESG	Environmental, social and corporate governance
ESG Risks	Risks that meet ESG risks' criteria. Based on these criteria, ESG type is assigned to the risk. E type is assigned to risks including climate-related physical, transitional, and other environmental risks, S to social and G to governance related risks.
ESO	AB „Energijos skirstymo operatorius"
Final Investment Decision (FID)	Relevant governance body decision to make significant financial commitments related to the project.
FiT	Feed-in Tariff
FIP	Feed-in premium – fixed premium to the electricity market price
Full Completion	Taking over certificate obtained implying the transfer of operational responsibility of the power plant to the Group
GDPR	General Data Protection Regulation
GDR	Global depositary receipt
Green Electricity Generated (net)	Electricity sold in wind farms, solar power plants, biofuel plants and CHP plants and hydropower plants (including Kruonis pumped storage power plant)
Green Generation Portfolio	All Green Generation projects of the Group, which include: (i) secured capacity, (ii) advanced development pipeline and (iii) early development pipeline
Green Share of Generation, %	Green share of generation shall be calculated as follows: Green electricity generated (including Kruonis pumped storage power plant) divided by total electricity generated in the Group

GRI	Global Reporting Initiative
Group or Ignitis Group	AB „Ignitis grupė" and its controlled companies
Gross Capacity	Total generation capacity, independently from actual/planned share of ownership, if the actual/planned ownership share is 51% or above.
Heat Generated (net)	Heat sold in CHP plants, biomass plants
Hydro Power	Kaunas Algirdo Brazauskas hydroelectric power plant and Kruonis pumped storage power plant
Ignitis	Ignitis UAB (former Lietuvos energijos tiekimas and Energijos tiekimas)
Ignitis Gamyba	AB „Ignitis gamyba"
Ignitis Renewables	UAB „Ignitis renewables"
Installed Capacity	Projects with commercial operation date (COD) achieved.
ISIN	International Securities Identification Number
YoY	Year over year
ISO	International Organization for Standardization
Kaunas CHP	UAB Kauno kogeneracinė jėgainė
Kaunas HPP	Kaunas Algirdas Brazauskas Hydroelectric Power Plant
Kruonis PSHP	Kruonis Pumped Storage Hydroelectric Plant
Smart Energy Fund	KŪB "Smart Energy Fund powered by Ignitis Group" is a venture capital fund launched in 2017 and managed by Contrarian Ventures.
LRAIC	Long-run average incremental cost
LTM	Last twelve months
MAR	Market Abuse Regulation
Mažeikiai	UAB „VVP Investment"
n/a	Not applicable
NERC	The National Energy Regulatory Council
Net Capacity	Net effective generation capacity owned by the Group, if actual/planned share of ownership varies from 51% to 100%
New Connection Points and Upgrades	Number of new customers connected to the network and capacity upgrades of the existing connection points

NPS	Net promoter score
NTP	Written authorization to the contractor to proceed with works or the acquisition of materials as agreed in the agreement.
Parent Company	AB „Ignitis grupė" (former „Lietuvos energija", UAB)
Pipeline	Portfolio, excluding installed capacity projects.
PPA	Power purchase agreement
pp	Percentage point
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
RAB	Regulated asset base
Regulated Activities	Activities of some individual Group companies and their individual activities which are regulated by NERC through the service tariffs approved for the next periods.
Regulatory Debt	Debt related to regulated activities.
REMIT	Regulation of the European parliament on wholesale energy market integrity and transparency
SAIDI	Average duration of unplanned interruptions in electricity or gas transmission
SAIFI	Average number of unplanned long interruptions per customer
SBTi	Science Based Targets initiative
SDG	Sustainable Development Goal
Secured Capacity	Green Generation projects under the following stages: (i) installed capacity, or (ii) under construction or (iii) awarded / contracted.
SOE	State-owned enterprise
Supply of Last Resort	Supply of electricity in order to meet electricity demand of customers who have not selected an independent supplier under the established procedure, or an independent supplier selected by them does not fulfil its obligations, terminates activities or the agreement on the purchase and sale of electricity
Taxonomy CAPEX	Capital expenditures used for calculations under EU Taxonomy
Taxonomy OPEX	Operating expenditures used for calculations under EU Taxonomy

Taxonomy-eligible	An economic activity that is described in the delegated acts supplementing Regulation (EU) 2020/852, irrespective of whether that economic activity meets any or all of the technical screening criteria laid down in those delegated acts
Taxonomy-non-eligible	Any economic activity that is not described in the delegated acts supplementing Regulation (EU) 2020/852
Taxonomy-aligned	An economic activity that complies with the requirements laid down in Article 3 of Regulation (EU) 2020/852
TCFD	Task Force on Climate-Related Financial Disclosures
TRIR	Total Recordable Incident Rate
UAB	Private Limited Liability Company
Under Construction	Project with building permits secured or permitting in process including one of following: (i) notice to proceed has been given the first contractor or (ii) final investment decision has been made.
UNGC	United Nations Global Compact
Vilnius CHP	UAB Vilniaus kogeneracinė jėgainė
WF	Wind farm
WtE	Waste-to-energy

Consolidated financial statements

7 Consolidated financial statements

Unaudited interim condensed consolidated financial statements for the six-month period ended 30 June 2023, prepared in accordance with International accounting standard 34 'Interim financial reporting' as adopted by the European Union

The Group's interim condensed consolidated financial statements were prepared and signed by AB „Ignitis grupė" management on 18 August 2023:

Darius Maikštėnas
Chief Executive Officer of the parent company

Jonas Rimavičius
Chief Financial Officer of the parent company

Giedruolė Guobienė
UAB „Ignitis grupės paslaugų centras", Head of Accounting acting under Decision No 23_GSC_SP_0010 (signed 17 February 2023)

7.1 Interim condensed consolidated statement of profit or loss

For the six-month period ended 30 June 2023

EURm	Notes	6M 2023	6M 2022	Q2 2023	Q2 2022
Revenue from contracts with customers	6	1,367.8	1,730.1	440.7	740.3
Other income		2.6	3.0	1.4	1.6
Total revenue and other income		**1,370.4**	**1,733.1**	**442.1**	**741.9**
Purchases of electricity, natural gas and other services	7	(1,003.0)	(1,367.6)	(325.2)	(566.1)
Salaries and related expenses		(64.8)	(57.7)	(34.5)	(29.4)
Repair and maintenance expenses		(21.1)	(14.8)	(12.6)	(8.6)
Other expenses	8	(41.6)	(81.6)	(25.2)	(18.0)
Total purchases and expenses		**(1,130.5)**	**(1,521.7)**	**(397.5)**	**(622.1)**
EBITDA	5	**239.9**	**211.4**	**44.6**	**119.8**
Depreciation and amortisation		(73.4)	(67.9)	(35.9)	(34.1)
Write-offs, revaluation and impairment losses of property, plant and equipment and intangible assets		(1.7)	(1.6)	(0.5)	(1.0)
Operating profit (loss) (EBIT)		**164.8**	**141.9**	**8.2**	**84.7**
Finance income	9	28.2	3.5	25.6	0.5
Finance expenses		(19.1)	(16.1)	(7.8)	(8.2)
Finance activity, net		**9.1**	**(12.6)**	**17.8**	**(7.7)**
Profit (loss) before tax		**173.9**	**129.3**	**26.0**	**77.0**
Income tax (expenses)/benefit	10	(18.1)	(14.5)	2.6	(9.0)
Net profit for the period		**155.8**	**114.8**	**28.6**	**68.0**
Attributable to:					
Shareholders in AB “Ignitis grupė”		155.8	114.8	28.6	68.0
Non-controlling interest		-	-	-	-
Basic earnings per share (in EUR)	11	**2.15**	**1.58**	**0.40**	**0.94**
Diluted earnings per share (in EUR)	11	**2.15**	**1.58**	**0.40**	**0.94**
Weighted average number of shares	11	**72,388,960**	**72,816,090**	**72,388,960**	**72,591,666**

7.2 Interim condensed consolidated statement of comprehensive income

For the six-month period ended 30 June 2023

EURm	Notes	6M 2023	6M 2022	Q2 2023	Q2 2023
Net profit for the period		**155.8**	**114.8**	**28.6**	**68.0**
Other comprehensive income (loss)					
Items that will not be reclassified to profit or loss in subsequent periods (net of tax)					
Change in actuarial assumptions		0.8	(0.2)	0.2	(0.2)
Items that will not be reclassified to profit or loss in subsequent periods, total		**0.8**	**(0.2)**	**0.2**	**(0.2)**
Items that may be reclassified to profit or loss in subsequent periods (net of tax)					
Cash flow hedges – effective portion of change in fair value		(129.1)	220.4	(13.0)	112.5
Cash flow hedges – reclassified to profit or loss		(22.8)	2.4	8.0	(43.2)
Foreign operations – foreign currency translation differences		16.8	(0.9)	14.4	(0.7)
Items that may be reclassified to profit or loss in subsequent periods, total		**(135.1)**	**221.9**	**9.4**	**68.6**
Total other comprehensive income (loss) for the period	18	**(134.3)**	**221.7**	**9.6**	**68.4**
Total comprehensive income (loss) for the period		**21.5**	**336.5**	**38.2**	**136.4**
Attributable to:					
Shareholders in AB “Ignitis grupė”		21.5	336.5	38.2	136.4
Non-controlling interests		-	-	-	-

7.3 Interim condensed consolidated statement of financial position

As at 30 June 2023

EURm	Notes	30 June 2023	31 December 2022
ASSETS			
Non-current assets			
Intangible assets	12	180.2	148.3
Property, plant and equipment	13	2,971.8	2,810.9
Right-of-use assets		53.0	48.6
Prepayments for non-current assets		210.4	125.8
Investment property		5.5	5.5
Non-current receivables		67.7	28.9
Other financial assets		78.4	25.6
Other non-current assets		7.7	24.8
Deferred tax assets		62.2	31.1
Total non-current assets		**3,636.9**	**3,249.5**
Current assets			
Inventories	14	274.4	570.4
Prepayments and deferred expenses		13.9	95.8
Trade receivables	15	204.8	424.4
Other receivables	16	170.4	179.7
Other current assets		18.8	56.9
Prepaid income tax		4.2	0.4
Cash and cash equivalents		725.8	694.1
Assets held for sale		0.5	0.4
Total current assets		**1,412.8**	**2,022.1**
TOTAL ASSETS		**5,049.7**	**5,271.6**

EURm	Notes	30 June 2023	31 December 2022
EQUITY AND LIABILITIES			
Equity			
Issued capital	17	1,616.4	1,616.4
Reserves		227.4	344.9
Retained earnings		239.8	164.3
Equity attributable to shareholders in AB "Ignitis grupė"		**2,083.6**	**2,125.6**
Non-controlling interests		-	-
Total equity		**2,083.6**	**2,125.6**
Liabilities			
Non-current liabilities			
Non-current loans and bonds	20	1,514.7	1,423.3
Non-current lease liabilities	20	49.4	45.1
Grants and subsidies		309.3	296.8
Deferred tax liabilities		64.9	55.2
Provisions	21	42.1	17.6
Deferred income	22	219.1	205.5
Other non-current liabilities		17.1	20.7
Total non-current liabilities		**2,216.6**	**2,064.2**
Current liabilities			
Loans	20	125.0	209.0
Lease liabilities	20	3.4	3.6
Trade payables		43.1	177.2
Advances received		145.4	61.6
Income tax payable		6.9	53.4
Provisions	21	24.6	38.0
Deferred income	22	93.7	114.8
Other current liabilities	23	307.4	424.2
Total current liabilities		**749.5**	**1,081.8**
Total liabilities		**2,966.1**	**3,146.0**
TOTAL EQUITY AND LIABILITIES		**5,049.7**	**5,271.6**

7.4 Interim condensed consolidated statement of changes in equity

For the six-month period ended 30 June 2023

EURm	Notes	Issued capital	Treasury shares	Legal reserve	Revaluation reserve	Hedging reserve	Treasury shares reserve	Other reserves	Retained earnings	Shareholders in AB "Ignitis grupė" interest	Non-controlling interest	Tota
Balance as at 1 January 2022		**1,658.8**	**(23.0)**	**125.8**	**84.1**	**18.6**	**23.0**	**(2.7)**	**(35.6)**	**1,849.0**	**-**	**1,849.0**
Change of accounting policy		-	-	-	-	-	-	-	6.9	6.9	-	6.9
Balance as at 1 January 2022 (restated)[1]		**1,658.8**	**(23.0)**	**125.8**	**84.1**	**18.6**	**23.0**	**(2.7)**	**(28.7)**	**1,855.9**	**-**	**1,855.9**
Net profit for the period		-	-	-	-	-	-	-	114.8	**114.8**	-	**114.8**
Other comprehensive income (loss) for the period	18	-	-	-	-	222.8	-	(0.9)	(0.2)	**221.7**	-	**221.7**
Total comprehensive income (loss) for the period		**-**	**-**	**-**	**-**	**222.8**	**-**	**(0.9)**	**114.6**	**336.5**	**-**	**336.5**
Transfer of revaluation reserve to retained earnings (net of tax)		-	-	-	(4.9)	-	-	-	4.9	**-**	-	**-**
Transfers to legal reserve		-	-	12.6	-	-	-	-	(12.6)	**-**	-	**-**
Transfer to reserves to acquire treasury shares		-	-	-	-	-	14.7	-	(14.7)	**-**	-	**-**
Treasury shares acquired		-	(10.0)	-	-	-	-	-	(4.3)	**(14.3)**	-	**(14.3)**
Dividends	17.2	-	-	-	-	-	-	-	(43.8)	**(43.8)**	-	**(43.8)**
Other movement		-	-	-	-	-	-	-	(0.3)	**(0.3)**	-	**(0.3)**
Balance as at 30 June 2022 (restated)[1]		**1,658.8**	**(33.0)**	**138.4**	**79.2**	**241.4**	**37.7**	**(3.6)**	**(15.7)**	**2,134.6**	**-**	**2,134.6**
Balance as at 1 January 2023		**1,616.4**	**-**	**138.4**	**73.0**	**100.6**	**37.7**	**(4.8)**	**164.3**	**2,125.6**	**-**	**2,125.6**
Net profit for the period		-	-	-	-	-	-	-	155.8	**155.8**	-	**155.8**
Other comprehensive income (loss) for the period	18	-	-	-	-	(151.9)	-	16.8	0.8	**(134.3)**	-	**(134.3)**
Total comprehensive income (loss) for the period		**-**	**-**	**-**	**-**	**(151.9)**	**-**	**16.8**	**156.6**	**21.5**	**-**	**21.5**
Transfer of revaluation reserve to retained earnings (net of tax)		-	-	-	(4.6)	-	-	-	4.0	**(0.6)**	-	**(0.6)**
Transfers to legal reserve		-	-	22.2	-	-	-	-	(22.2)	**-**	-	**-**
Dividends	17.2	-	-	-	-	-	-	-	(45.2)	**(45.2)**	-	**(45.2)**
Dividends paid to non-controlling interest	17.3								(14.3)	**(14.3)**		**(14.3)**
Other movement		-	-	-	-	-	-	-	(3.4)	**(3.4)**	-	**(3.4)**
Balance as at 30 June 2023		**1.616.4**	**-**	**160.6**	**68.4**	**(51.3)**	**37.7**	**12.0**	**239.8**	**2,083.6**	**-**	**2,083.6**

[1] *Some of the values do not agree with the interim financial statements issued for the 6M 2022 due to an accounting policy change in accordance with IAS 16 amendment requirements. For more information, please see Note 6 of the annual financial statements for the year ended 31 December 2022.*

7.5 Interim condensed consolidated statement of cash flows

For the six-month period ended 30 June 2023

EURm	Notes	6M 2023	6M 2022
Cash flows from operating activities			
Net profit for the period		155.8	114.8
Adjustments to reconcile net profit to net cash flows:			
Depreciation and amortisation expenses		79.6	73.6
Fair value changes of derivatives[1]	24	4.6	62.5
Fair value change of financial instruments	9	(20.2)	(2.7)
Impairment/(reversal of impairment) of financial assets		(1.0)	0.6
Income tax expenses/(benefit)	10	18.1	14.5
Depreciation and amortisation of grants		(6.2)	(5.7)
Increase/(decrease) in provisions		11.9	(19.1)
Inventory write-down to net realizable value/(reversal)	14	(80.1)	-
Loss/(gain) on disposal/write-off of assets held for sale and property, plant and equipment		1.4	1.5
Interest income		(6.9)	(0.4)
Interest expenses		16.4	13.7
Other expenses/(income) of financing activities		2.4	2.0
Other non-monetary adjustments		0.5	-
Income tax (paid)/received		(63.0)	(16.0)
Changes in working capital:			
(Increase)/decrease in trade receivables and other amounts receivable		204.6	(176.7)
(Increase)/decrease in inventories, prepayments and other current and non-current assets		456.6	(164.3)
Increase/(decrease) in trade payables, deferred income, advances received, other non-current and current liabilities		(262.5)	141.7
Net cash flows from operating activities		**512.0**	**40.0**
Cash flows from investing activities			
Acquisition of property, plant and equipment and intangible assets		(327.1)	(163.1)
Proceeds from sale of property, plant and equipment, assets held for sale and intangible assets		1.9	0.8
Acquisition of a subsidiary, net of cash acquired	29	(2.3)	-
Loans granted		(23.2)	(5.1)
Grants received		18.6	10.2
Interest received		4.2	0.3
Finance lease payments received		0.6	0.9
Investments in Smart Energy Fund		(0.3)	(1.6)
Net cash flows from investing activities		**(327.6)**	**(157.6)**

EURm	Notes	6M 2023	6M 2022
Cash flows from financing activities			
Loans received	20	262.0	73.0
Repayments of loans	20	(162.7)	(6.3)
Overdrafts net change	20	(172.9)	19.9
Lease payments	20	(3.5)	(2.9)
Interest paid	20	(15.2)	(10.2)
Dividends paid	17.2	(45.2)	(43.9)
Dividends paid to non-controlling interest	17.3	(14.3)	-
Other increases/(decreases) in cash flows from financing activities[1]		(0.9)	(0.9)
Net cash flows from financing activities		**(152.7)**	**14.7**
Increase/(decrease) in cash and cash equivalents		**31.7**	**(102.9)**
Cash and cash equivalents at the beginning of the period		694.1	449.1
Cash and cash equivalents at the end of the period		**725.8**	**346.2**

[1]For the 6M 2023 the Group has performed reclassifications in the Statement of cash flows in order to provide more reliable information for the users of financial statements. Reclassification had no impact on the Statement of financial position, the Statement of profit or loss and the Statement of changes in equity.
Accordingly, for 6M 2022 the Group has performed the following reclassifications:
1) *reclassified Personal income tax declared and paid in relation to bonds interest from 'Changes in working capital' to 'Cash flows from financing activities' (EUR 0.9 million).*
2) *reclassified the gain on the change in fair value of interest rate swap derivatives from 'Changes in working capital' to 'Fair value changes of derivates' (EUR 2.4 million).*

7.6 Notes

For the six-month period ended 30 June 2023

1 General information

AB "Ignitis grupė" (hereinafter referred to as 'the parent company') is a public limited liability company registered in the Republic of Lithuania. The parent company's registered office address is Laisvės Ave. 10, LT-04215, Vilnius, Lithuania. The parent company was registered on 28 August 2008 with the Register of Legal Entities managed by the State Enterprise Centre of Registers. The parent company's code is 301844044. The parent company has been founded for an indefinite period.

The parent company's shares are listed on the Main List of NASDAQ OMX Vilnius Stock Exchange, and the global depositary receipts are admitted to the standard listing segment of the Official List of the United Kingdom Financial Conduct Authority and to trading on the Main Market of the London Stock Exchange.

The parent company and its subsidiaries are hereinafter collectively referred to as 'the Group'. The Group's core business is focused on operating electricity distribution Network and managing and developing Green Generation Portfolio. The Group also manages strategically important Reserve Capacities and provide Customers & Solutions services, including the supply of electricity and natural gas, solar, e-mobility, energy efficiency and innovative energy solutions for private (hereinafter referred to as 'B2C') and business (hereinafter referred to as 'B2B') customers. Information on the Group's structure is provided in Note 25.

The Group's principal shareholder is the Republic of Lithuania (74.99%).

Shareholders of the Group	30 June 2023 Share capital, in EURm	30 June 2023 %	31 December 2022 Share capital, in EURm	31 December 2022 %
Republic of Lithuania represented by the Ministry of Finance of the Republic of Lithuania	1,212.1	74.99	1,212.1	74.99
Other shareholders	404.3	25.01	404.3	25.01
In total	**1,616.4**		**1,616.4**	

These interim consolidated financial statements were prepared and approved by the Group's management on 18 August 2023. These are interim condensed consolidated financial statements of the Group. The parent company also prepares separate interim condensed financial statements in accordance with International Accounting Standard (hereinafter referred to as 'IAS') 34 'Interim Financial Reporting'.

2 Basis of accounting

2.1 Basis of accounting

These interim condensed consolidated financial statements are prepared for the six-month period ended 30 June 2023 (hereinafter referred to as 'interim financial statements') in accordance with IAS 34.

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 2022, which have been prepared in accordance with International Financial Reporting Standards (hereinafter referred to as 'IFRS'), which were issued by the International Accounting Standards Board (hereinafter referred to as 'IASB') and endorsed for application in the European Union.

Interim financial statements have been prepared on a going concern basis while applying measurements based on historical costs, except for certain items of property, plant and equipment, investment property, and certain financial instruments measured at fair value.

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

2.2 Alternative performance measures

The Group presents financial measures in the interim financial statements which are not defined according to IFRS. The Group uses these alternative performance measures (hereinafter referred to as 'APM') as it believes that these financial measures provide valuable information to stakeholders and the management.
These financial measures should not be considered a replacement for the performance measures as defined under IFRS but rather as supplementary information.
The APM may not be comparable to similarly titled measures presented by other companies as the definitions and calculations may be different.

The most commonly used APM in the interim financial statements: EBITDA, EBIT, Adjusted EBITDA, Adjusted EBIT, Investments, Net Debt.

For more information on the APM – see Note 5.

3 Significant accounting policies

3.1 Changes in the accounting policy and disclosures

The accounting policies applied in the preparation of these interim financial statements are consistent with the accounting policies applied in the preparation of the Group's annual financial statements for the period ended 31 December 2022, with the except for the adoption of new standards effective as of 1 January 2023. The Group has not early adopted any standard, interpretation, or amendment that has been issued but not yet effective. Several amendments apply for the first time in 2023, but do not have a material impact on our interim financial statements.

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

While preparing these interim financial statements, the significant management judgements regarding the application of the accounting policies and accounting estimates were the same as the ones used while preparing the annual financial statements for the year ended 31 December 2022, except the following:

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

On 14 November 2019, NERC passed a resolution No O3E–715 ‘On the approval of the methodology for establishing the prices for electricity, capacity reserve and services ensuring isolated operation of the power system’. According to the resolution, if the costs actually incurred by the Group were higher than the income received from the transmission system operator, the transmission system operator must return such amount to the Group, and vice versa. Due to this reason, the Group recognizes assets or liabilities of regulated activities in order to equalize the current year’s profit to a set level.

As at 30 June 2023, the Group has recognised EUR 27.0 million (31 December 2022: EUR 2.3 million) to be refunded for tertiary capacity reserve, isolated power system operation and secondary active capacity reserve services in the non-current liabilities under ‘Provisions’ in the Statement of financial position (Note 21). The current portion of provision for isolated power system operation, tertiary active capacity reserve services, secondary active capacity reserve services and accident prevention services, amounting to EUR 1.9 million (31 December 2022: EUR 3.1 million), was recognised in the current liabilities under ‘Provisions’ in the Statement of financial position (Note 21).

4.2 Public electricity supply

On 25 September 2020, NERC passed a resolution No O3E-879 ‘On the approval of the methodology for determining electricity transmission, distribution and public supply services and the public price cap’.

This resolution also stipulates that if the Group discontinues public supply services, the Group must refund the discrepancies between the forecasted and actual costs of providing these services if the costs actually incurred by the Group were less than the income received. The amount must be refunded to the Group if the costs actually incurred by the Group were higher than the income received. The difference shall be settled by 31 December 2030.

With regard to the above, the Group recognises the discrepancies in contract assets and/or contract liabilities to eliminate mismatches between the current year earnings and the regulated level regardless of the difference under the provision of such services in the future.

As at 30 June 2023 the current payable of EUR 13.0 million (as at 31 December 2022: receivable EUR 20.3 million) is to be set off with the future regulatory differences of the public supply activity within one year. The payable amount was recognised in the current liabilities under ‘Provisions’ in the Statement of financial position (Note 21).

4.3 Fair value of Innovation Fund KŪB “Smart Energy Fund powered by Ignitis Group”

The change in carrying amount of the investments into Innovation Fund KŪB “Smart Energy Fund powered by Ignitis Group” (hereinafter referred to as ‘Smart Energy Fund’) amounted to EUR 20.5 million during 6M 2023 (in 2022: EUR 4.5 million).

The fair value increase of Smart Energy Fund was recognised for an amount of EUR 20.2 million and is presented as ‘Finance income’ in the Statement of profit or loss during 6M 2023 (Note 9). The increase was mainly driven by an agreed exit of a significant investment (the transaction between the Group and the Innovation Fund happened after the reporting period (Note 30.1.1)). The remaining changes are related to other fund expenses and distributions (EUR 0.3 million). The fair value of this financial asset was determined by reference to exits of investments, new investment rounds or other recent events and data (Note 28).

The fair value corresponds to Level 3 of the fair value hierarchy.

5 Business segments

The table below shows the information on the Group's business segments:

EURm	Adjusted: Green Generation	Networks	Reserve Capacities[4]	Customers & Solutions	Other[3]	Total adjusted	Adjustments	Reported: IFRS[1]
6M 2023								
Total revenue and other income	**163.4**	**227.6**	**61.1**	**1,015.3**	**(83.4)**	**1,384.1**	**(13.7)**	**1,370.4**
Purchases of electricity, natural gas and other services	(32.2)	(67.3)	(20.2)	(966.7)	83.4	(1,003.0)	-	(1,003.0)
Salaries and related expenses	(8.4)	(34.4)	(4.6)	(7.9)	(9.5)	(64.8)	-	(64.8)
Repair and maintenance expenses	(3.3)	(16.1)	(1.7)	-	-	(21.1)	-	(21.1)
Other expenses	(10.5)	(21.1)	(2.3)	(19.0)	11.4	(41.6)	-	(41.6)
EBITDA[2]	**109.1**	**88.7**	**32.3**	**21.7**	**1.9**	**253.5**	**(13.7)**	**239.9**
Depreciation and amortization	(14.2)	(48.8)	(5.7)	(1.6)	(3.1)	(73.4)	-	(73.4)
Write-offs, revaluation and impairment losses of property, plant and equipment and intangible assets	(0.1)	(1.6)	-	-	-	(1.7)	-	(1.7)
EBIT[2]	**94.8**	**38.3**	**26.5**	**20.1**	**(1.2)**	**178.4**	**(13.7)**	**164.8**
Finance activity, net						(11.1)	20.2	9.1
Income tax expenses						(17.1)	(1.0)	(18.1)
Net profit						**150.1**	**5.5**	**155.8**
Investments	**234.0**	**161.9**	**1.3**	**2.1**	**3.3**	**402.6**	**-**	**402.6**
6M 2022								
Total revenue and other income	**211.3**	**270.5**	**96.4**	**1,176.0**	**(25.9)**	**1,728.2**	**4.9**	**1,733.1**
Purchases of electricity, natural gas and other services	(59.0)	(126.3)	(25.0)	(1,158.3)	1.0	(1,367.6)	-	(1,367.6)
Salaries and related expenses	(5.2)	(32.6)	(4.2)	(6.2)	(9.5)	(57.7)	-	(57.7)
Repair and maintenance expenses	(2.5)	(10.9)	(1.5)	-	-	(14.8)	-	(14.8)
Other expenses	(25.2)	(18.2)	(57.5)	(16.2)	35.4	(81.6)	-	(81.6)
EBITDA[2]	**119.4**	**82.6**	**8.2**	**(4.7)**	**1.0**	**206.5**	**4.9**	**211.4**
Depreciation and amortization	(14.1)	(44.0)	(6.0)	(1.0)	(2.9)	(67.9)	-	(67.9)
Write-offs, revaluation and impairment losses of property, plant and equipment and intangible assets	-	(1.6)	-	-	-	(1.6)	-	(1.6)
EBIT[2]	**105.4**	**37.0**	**2.2**	**(5.7)**	**(1.9)**	**137.0**	**4.9**	**141.9**
Finance activity, net						(15.2)	2.7	(12.6)
Income tax expenses						(13.8)	(0.7)	(14.5)
Net profit						**107.9**	**6.9**	**114.8**
Investments[5]	**68.7**	**103.9**	**0.4**	**1.7**	**4.8**	**179.5**	**-**	**179.5**

[1] Values are presented according to the Statement of profit or loss of these interim financial statements.
[2] The indicators of Adjusted EBITDA and Adjusted EBIT, both of which are non-IFRS alternative performance measures, are presented in the manner calculated by the management. The management believes that adjusted indicators more accurately present results of operations and enable a better comparison of results between periods.
[3] Other activities and eliminations include the parent company (AB "Ignitis grupė"), a business support service company (UAB "Ignitis grupės paslaugų centras"), additional services companies (UAB Elektroninių mokėjimų agentūra, UAB "Gamybos optimizavimas", UAB "Transporto valdymas") and consolidation corrections and eliminations of intercompany transactions.
[4] During 6M 2023, the Group has changed the name of the segment from 'Flexible Generation' to 'Reserve Capacities' to better represent the segment's activities and the Group's strategic objectives – the main activities of this segment include utilisation of reserve capacities to ensure reliability and security of the power system (while having an option to generate electricity in the market during low renewables availability/ positive Clean Spark spread periods).
[5] Some of the values do not agree with the interim financial statements issued for the 6M 2022 as the Investments formula has been adjusted by including prepayments for non-current assets. Such presentation shows the amount of Investments made during the year more accurately since the number of advance payments grew significantly with the increase of renewable energy project pipeline. For the updated formula, see definitions of 'Alternative performance measures' used by the Group.

Business segments (equal to Operating segments in accordance to IFRS 8) 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 business segments, has been identified as the Management Board.

The Group is divided into four business segments based on their key activities. For more information about the segments, see Annual report 2022 sections '2.1 Business profile' and '3.2 Results by business segment'. The list of entities assigned to each segment is provided in Note 25.

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. The primary performance measures are Adjusted Earnings Before Interest, Taxes, Depreciation, and Amortization (Adjusted EBITDA – a non-IFRS alternative performance measure) and Adjusted Earnings Before Interest and Taxes (Adjusted EBIT – a non-IFRS alternative performance measure). Additionally, the management also analyses Investments of each individual segment. All measures are calculated starting from the data presented in the interim financial statements adjusted by the management for selected items which are not defined by IFRS.

The Group's management calculates the main performance measures as follows:

Performance measure	Calculation
EBITDA	Total revenue and other income - Purchases of electricity, gas and other services - Salaries and related expenses - Repair and maintenance expenses - Other expenses
Adjusted EBITDA	EBITDA + Management adjustments
EBIT	EBITDA - Depreciation and amortisation - Write-offs, revaluation and impairment losses of property, plant and equipment and intangible assets
Adjusted EBIT	EBIT + Management adjustments
Investments	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 + Prepayments for non-current assets - Prepayments for non-current assets reclassified to additions of property, plant and equipment or intangible assets

5.1 Management's adjustments, Adjusted EBITDA and Adjusted EBIT

Management's adjustments include:
- temporary regulatory differences;
- asset rotation result (if any);
- significant one-off gains or losses (if any).

Adjusted EBITDA is EBITDA further adjusted by adding management's adjustments. Management's adjustments may have both positive and negative impact on the reporting period results.

Adjusted EBIT is presented for each period as Adjusted EBITDA minus depreciation and amortisation expenses, write-offs, revaluation and impairment losses of property, plant and equipment and intangible assets, excluding significant one-off items (if any).

In management's view, Adjusted EBITDA and Adjusted EBIT more accurately present results of the operations and enable a better comparison of the results between the periods as they indicate the amount that was actually earned by the Group in the reporting year by:
- eliminating the differences between the permitted return set by NERC and the actual return for the period (temporary regulatory differences);

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

Segment / Management's adjustments, EURm	6M 2023	6M 2022
Networks		
Temporary regulatory differences of AB "Energijos skirstymo operatorius"	(67.9)	25.2
Customers & Solutions		
Temporary regulatory differences of UAB "Ignitis"	81.6	(30.1)
Total management's adjustments for Adjusted EBITDA	**13.7**	**(4.9)**
Total management's adjustments for Adjusted EBIT	**13.7**	**(4.9)**

5.2 Networks segment

Adjusted EBITDA and Adjusted EBIT results are reported after the adjustments are made by the management that comprise the impact of temporary regulatory differences resulting from NERC's resolutions while eliminating the current year difference arising between the return on investments permitted by NERC and estimated by the management. For 6M 2023, the adjustment includes:

- eliminating higher than allowed current-year profit – EUR (89.2) million for 6M 2023 (EUR 8.8 million in 6M 2022), which will be returned during the future periods. The amounts for the current year are based on the management's estimate arising from comparison between the return on investments permitted by NERC and estimated by the management using actual financial and operating data for the current period;
- adding back higher than allowed profit earned during previous periods – EUR 21.3 million for 6M 2023 (EUR 16.4 million in 6M 2022), which is realized through the tariffs for the current period. These amounts are based on the resolutions passed by NERC.

5.3 Customers & Solutions segment

Adjusted EBITDA and Adjusted EBIT results are reported after the adjustments are made by the management, eliminating deviations arising in the regulated activities of gas and electricity supply due to variance between actual and projected acquisition prices and other components established in the calculation methodology used by NERC. For 6M 2023, the adjustment according to the management's estimate includes:

- adding back lower than established return from natural gas designated supply activities EUR 62.9 million (EUR (42.6) million in 6M 2022);
- adding back lower than established return from natural gas public supply activities EUR 16.0 million (EUR 7.3 million in 6M 2022);
- adding back lower than established return from electricity public supply activities EUR 2.6 million (EUR 5.1 million in 6M 2022).

6 Revenue from contracts with customers

6.1 Revenue from contracts with customers by type

EURm	6M 2023	6M 2022
Electricity related revenue		
Revenue from the sale of electricity	356.5	457.4
Revenue from electricity transmission and distribution	225.0	184.1
Revenue from sale of produced electricity	139.3	185.4
Revenue from public electricity supply	25.8	165.0
Revenue from services ensuring the isolated operation of power system and capacity reserve	23.2	77.0
Gas related revenue		
Revenue from gas sales	509.5	589.5
Revenue from gas distribution	36.3	23.9
Revenue of LNGT security component	0.3	9.9
Other revenue		
Revenue from sale of heat energy	19.0	16.8
Revenue from new customers' connection and upgrade fees	5.1	4.5
Other revenue from contracts with customers	27.8	16.6
In total	**1,367.8**	**1,730.1**

6.2 Revenue from contracts with customers by timing

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

EURm	6M 2023	6M 2022
Performance obligation settled over time	1,297.8	1,705.0
Performance obligation settled at a specific point in time	70.0	25.1
In total	**1,367.8**	**1,730.1**

6.3 Revenue from contracts with customers by geographic segment:

EURm	6M 2023	6M 2022
Lithuania	1,037.0	1,083.9
Finland	130.4	245.3
Poland	65.0	36.5
Latvia	61.1	125.9
Estonia	8.6	10.7
Other countries	6.0	-
Sales via Nordpool	59.7	227.8
In total	**1,367.8**	**1,730.1**

6.4 Contract balances

EURm	Notes	30 June 2023	31 December 2022
Trade receivables	15	**204.8**	**424.4**
Contract assets	16	**19.5**	**32,5**
Accrued revenue from electricity sales		7.7	18.2
Accrued revenue from natural gas sales		1.2	7.7
Other accrued revenue		10.6	6.6
Contract liabilities		**377.5**	**381.0**
Advances received		64.4	60.7
Deferred income	22	312.8	320.3

6.5 Rights to returned goods assets and refund liabilities

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

6.6 Performance obligations

The remaining performance obligations expected to be recognised after the end of the reporting period related to the deferred income and advances received:

EURm	30 June 2023	31 December 2022
More than one year	219.2	205.5
Within one year	158.3	175.5
In total	**377.5**	**381.0**

7 Purchases of electricity, natural gas and other services

EURm	6M 2023	6M 2022
Purchases of natural gas and related services	593.1	590.1
Purchases of electricity and related services	394.8	770.7
Other purchases	15.1	6.8
In total	**1,003.0**	**1,367.6**

8 Other expenses

EURm	6M 2023	6M 2022
OTC and Nasdaq contracts (Note 24.2)	7.6	54.7
Asset management and administration	7.1	5.8
Customer service	5.8	5.5
Telecommunications and IT services	5.5	4.5
Taxes (other than income tax)	5.0	4.0
People and culture	2.1	1.3
Finance and accounting	1.9	0.9
Communication	1.5	0.9
Legal	1.0	0.7
Other	4.1	3.3
In total	**41.6**	**81.6**

9 Finance income

EURm	6M 2023	6M 2022
The fair value of Smart Energy Fund (Note 4.3)	20.2	2.7
Interest income at the effective interest rate	6.9	0.4
Other income from financing activities	1.1	0.4
In total	**28.2**	**3.5**

10 Income taxes

10.1 Amounts recognised in profit or loss

EURm	6M 2023	6M 2022
Income tax expenses (benefit)	16.3	18.3
Deferred tax expenses (benefit)	1.8	(3.8)
In total	**18.1**	**14.5**

10.2 Reconciliation of effective tax rate

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

EURm	6M 2023	6M 2023	6M 2022	6M 2022
Profit (loss) before tax		173.9		129.3
Income tax expenses (benefit) at tax rate of 15%	15.00%	26.1	15.00%	19.4
Effect of tax rates in foreign jurisdictions	0.23%	0.4	0.77%	1.0
Expenses not deductible for tax purposes	1.55%	2.7	4.64%	6.0
Income not subject to tax	(0.17)%	(0.3)	(7.12)%	(9.2)
Income tax relief for the investment project	(3.85)%	(6.7)	0.00%	-
Adjustments in respect of prior years	(2.65)%	(4.6)	0.00%	-
Taxable income[1]	(2.13)%	(3.7)	25.68%	33.2
Income tax recognised in other comprehensive income[1]	2.13%	3.7	(25.68)%	(33.2)
Other	0.29%	0.5	(2.09)%	(2.7)
In total	10.41%	**18.1**	11.21%	**14.5**

[1] Taxable income relates to the effective change in the fair value of derivatives recognised in other comprehensive income. The amount of income tax recognised in other comprehensive income is related to the gain on the change in the fair value of the Group's effective hedging derivatives (Note 24). For income tax purposes, this change in the fair value of the hedging derivatives is treated as deductible expenses (negative) or taxable income (positive).

'Income tax relief for the investment project' included the income tax relief for the investment projects during 6M 2023.

11 Earnings per share

The Group's earnings per share and diluted earnings per share attributable to the shareholders of the parent company were as follows:

	6M 2023	6M 2022
Net profit	**155.8**	**114.8**
Attributable to:		
Shareholders in AB "Ignitis grupė"	155.8	114.8
Non-controlling interests	-	-
Weighted average number of nominal shares	72.388.960	72.816.090
Basic earnings/(loss) per share attributable to shareholders in AB "Ignitis grupė", (in EUR)	2.15	1.58
Diluted earnings/(loss) per share attributable to shareholders in AB "Ignitis grupė", (in EUR)	2.15	1.58

Indicators of basic and diluted earnings per share have been calculated based on 72,388,960 weighted average number of ordinary shares as at 30 June 2023 (as at June 30 2022: 72,816,090). As at 30 June 2022, the Group held its own ordinary shares (treasury shares), which are not regarded as outstanding, thus they were excluded from the outstanding shares count at the period for which they were held by AB "Ignitis grupė". On 9 August 2022, the Group has reduced its share capital by annulling the acquired treasury shares.

12 Intangible assets

EURm	Patents and licences	Computer software	Goodwill	Servitudes and security zones	Other intangible assets	In total
As at 31 December 2022						
Acquisition cost	0.3	46.1	5.3	23.0	115.0	**189.7**
Accumulated amortisation	(0.3)	(27.7)	-	-	(13.4)	**(41.4)**
Carrying amount	**-**	**18.4**	**5.3**	**23.0**	**101.6**	**148.3**
Carrying amount at 1 January 2023	**-**	**18.4**	**5.3**	**23.0**	**101.6**	**148.3**
Additions	-	0.1	-	0.6	12.5	**13.2**
Reclassifications between categories	-	18.2	-	-	(18.2)	**-**
Acquisition through business combination (Note 29)	-	-	21.6	-	(1.0)	**20.6**
Foreign currency exchange difference	-	-	(0.1)	-	3.3	**3.2**
Amortisation	-	(3.4)	-	-	(1.7)	**(5.1)**
Carrying amount at 30 June 2023	**-**	**33.3**	**26.8**	**23.6**	**96.5**	**180.2**
As at 30 June 2023						
Acquisition cost	0.3	64.3	26.8	23.6	111.8	**226.8**
Accumulated amortisation	(0.3)	(31.0)	-	-	(15.3)	**(46.6)**
Carrying amount	**-**	**33.3**	**26.8**	**23.6**	**96.5**	**180.2**

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

Changes in other intangible assets identified during business combination is related to the acquisition of subsidiaries (Note 29). As at 30 June 2023, the Group did not complete the assessment of the fair value of the net assets acquired. Accordingly, the difference between the consideration transferred and the net assets acquired was recognized as goodwill. Assessment of assets acquired and liabilities assumed will be finalized during twelve months after the acquisition date.

The Group has acquisition commitments of intangible assets which will have to be fulfilled during the later years. The Group's acquisition commitments amounted to EUR 9.4 million as at 30 June 2023 (as at 31 December 2022: EUR 1.3 million).

13 Property, plant, and equipment

EURm	Land	Buildings	Electricity networks and their structures	Gas distribution pipelines, gas technological equipment and installations	Assets of Hydro Power Plant, Pumped Storage Power Plant	Combined Cycle Unit and Reserve Power Plant	Wind power plants and their installations	Cogeneration plants	Other property, plant and equipment	Construction-in-progress	In total
As at 31 December 2022											
Cost or revalued amount	3.4	46.3	1,377.3	300.5	212.2	772.4	210.0	268.3	109.2	318.8	**3,618.4**
Accumulated depreciation	-	(2.6)	(69.7)	(21.4)	(123.5)	(471.5)	(36.2)	(21.7)	(39.2)	-	**(785.8)**
Accumulated impairment	-	-	-	(7.4)	-	(14.1)	-	-	-	(0.2)	**(21.7)**
Carrying amount	**3.4**	**43.7**	**1,307.6**	**271.7**	**88.7**	**286.8**	**173.8**	**246.6**	**70.0**	**318.6**	**2,810.9**
Carrying amount at 1 January 2023	**3.4**	**43.7**	**1,307.6**	**271.7**	**88.7**	**286.8**	**173.8**	**246.6**	**70.0**	**318.6**	**2,810.9**
Additions	-	-	0.1	-	-	-	-	-	2.8	228.2	**231.1**
Disposals	-	-	(1.2)	-	-	-	(0.1)	-	(0.1)	-	**(1.4)**
Write-offs	-	-	(1.3)	-	-	-	-	-	-	(0.1)	**(1.4)**
Revaluation	(0.1)	(0.4)	-	-	-	-	-	-	0.1	-	(0.4)
Reclassifications between categories	-	2.2	148.9	4.3	-	0.1	-	-	2.8	(158.3)	**-**
Reclassified from (to) finance lease	-	-	-	-	-	-	-	-	0.3	-	**0.3**
Reclassified from (to) assets held for sale	-	-	-	-	-	-	-	-	(0.4)	-	**(0.4)**
Reclassified from (to) inventories	-	-	-	-	0.1	-	-	-	-	(1.9)	**(1.8)**
Depreciation	-	(1.1)	(37.7)	(5.0)	(2.5)	(9.7)	(3.9)	(5.5)	(6.1)	-	**(71.5)**
Assets identified after business combination (Note 29)	-	-	-	-	-	-	-	-	-	0.9	**0.9**
Foreign currency exchange difference	-	-	-	-	-	-	5.4	-	-	0.4	**5.8**
Carrying amount at 30 June 2023	**3.3**	**44.4**	**1,416.4**	**271.0**	**86.3**	**277.2**	**175.2**	**241.1**	**69.4**	**387.8**	**2,972.1**
As at 30 June 2023											
Cost or revalued amount	3.3	48.1	1,523.4	304.8	212.3	772.4	215.2	268.3	115.5	388.0	**3,851.3**
Accumulated depreciation	-	(3.7)	(107.0)	(27.2)	(126.0)	(485.6)	(40.0)	(27.2)	(46.1)	-	**(862.8)**
Accumulated impairment	-	-	-	(6.6)	-	(9.6)	-	-	-	(0.2)	**(16.4)**
Carrying amount	**3.3**	**44.4**	**1,416.4**	**271.0**	**86.3**	**277.2**	**175.2**	**241.1**	**69.4**	**387.8**	**2,972.1**

Additions of property, plant and equipment during 6M 2023 include the following major acquisitions:

- acquisitions for the construction of a new high-efficiency waste-to-energy combined heat and power plant, which started comercial operations in 2022 (except the biomass unit);
- acquisitions related to the development of the electricity distribution network;
- acquisitions for the construction of wind farms.

The Group has significant acquisition commitments of property, plant and equipment, which will have to be fulfilled during the later years. The Group's acquisition and construction commitments amounted to EUR 579.2 million as at 30 June 2023 (31 December 2022: EUR 364.3 million).

14 Inventories

EURm	30 June 2023	31 December 2022
Natural gas	231.2	514.9
Emission allowances	24.1	33.6
Consumables, raw materials and spare parts	15.2	16.4
Other	3.9	5.5
Carrying amount	**274.4**	**570.4**

The carrying amount of natural gas decreased during 6M 2023 due to the end of the heating season.

During 6M 2023, changes in the write-down of inventory in the amount of EUR 80.1 million includes an additional write-down of EUR (1.3) million and a decrease in inventory write-down by EUR 81.4 million due to the write-down attributable to sold inventories. The write-down is included in 'Purchases of electricity, natural gas and other services' in the Statement of profit or loss.

15 Trade receivables

EURm	30 June 2023	31 December 2022
Amounts receivable under contracts with customers		
Receivables from electricity related sales	155.9	272.8
Receivables from gas related – B2B	35.5	135.9
Receivables from gas related – B2C	4.1	7.2
Other trade receivables	20.4	20.6
In total	**215.9**	**436.5**
Less: loss allowance	(11.1)	(12.1)
Carrying amount	**204.8**	**424.4**

As at 30 June 2023 and 31 December 2022, the Group had not pledged the claim rights to trade receivables.

No interest is charged on trade receivables, and the regular settlement period is between 15 and 30 days. Trade receivables for which the settlement period is more than 30 days comprise an insignificant part of the total trade receivables. The Group doesn't provide the settlement period longer than 1 year. The Group didn't identify any financing components. For terms and conditions on settlements between related parties, see Note 27.

15.1 Loss allowance of amounts receivable (lifetime expected credit losses)

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

EURm	Loss ratio	Trade receivables	Loss allowance
Not past due	0.71	111.9	0.8
Up to 30 days	1.47	6.8	0.1
30–60 days	7.69	2.6	0.2
60–90 days	11.76	1.7	0.2
90–120 days	15.38	1.3	0.2
More than 120 days	48.68	18.9	9.2
As at 30 June 2023	**7.47**	**143.2**	**10.7**

EURm	Loss ratio	Trade receivables	Loss allowance
Not past due	0.65	338.1	2.2
Up to 30 days	1.40	21.4	0.3
30–60 days	8.82	3.4	0.3
60–90 days	12.00	2.5	0.3
90–120 days	15.38	2.6	0.4
More than 120 days	69.17	12.0	8.3
As at 31 December 2022	**3.11**	**380.0**	**11.8**

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

	30 June 2023		31 December 2022	
EURm	Trade receivables	Loss allowance	Trade receivables	Loss allowance
Not past due	69.6	-	53.3	-
Up to 30 days	1.4	-	2.6	-
30–60 days	0.1	-	0.1	-
60–90 days	-	-	0.1	-
90–120 days	0.2	-	0.1	-
More than 120 days	1.5	0.4	0.3	0.3
As at 30 June 2023	**72.8**	**0.4**	**56.5**	**0.3**

16 Other receivables

EURm	30 June 2023	31 December 2022
Deposits for gas related derivatives to commodity traders	68.1	25.0
Value added tax	29.6	14.1
Deposits for electricity related derivatives in electricity market	27.7	57.6
Receivables for derivatives	21.2	16.9
Other accrued revenue	10.6	6.6
Accrued revenue from electricity sales	7.7	18.2
Accrued revenue from natural gas sales	1.2	7.7
Loans granted	0.6	24.2
Other receivables	4.0	9.8
In total	**170.7**	**180.1**
Less: loss allowance	(0.3)	(0.4)
Carrying amount	**170.4**	**179.7**

'Accrued revenue from electricity sales', 'Accrued revenue from natural gas sales' and 'Other accrued revenue' represent contract assets (Note 6.2).

The fair values of other receivables as at 30 June 2023 and 31 December 2022 approximated their carrying amounts.

16.1 Loans granted

During 6M 2023 a loan granted to Moray West Holdings Limited was reclassified from 'Other receivables' to 'Non-current receivables' in the Statement of financial position as the loan's repayment was extended till 1 July 2025.

16.2 Deposits for electricity- and gas-related derivatives

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

17 Equity and reserves

17.1 Issued capital

EURm	30 June 2023	31 December 2022
Authorised shares		
Ordinary shares	1,616.4	1,616.4
Ordinary shares issued and fully paid	**1,616.4**	**1,616.4**

As at 30 June 2023 the Group's issued capital comprised EUR 1,616.4 million (31 December 2022: 1,616.4 million) and was divided into 72,388,960 ordinary shares with a EUR 22.33 nominal share value (31 December 2022: issued capital divided into 72,388,960 ordinary shares with a EUR 22.33 nominal share value).

17.2 Dividends

Dividends declared by the parent company during the 6M period:

EURm	6M 2023	6M 2022
AB "Ignitis grupė"	45.2	43.8

EUR 45.2 million dividend for the second half of 2022 was approved at the Ordinary General Meeting of shareholders on 30 March 2023 and EUR 43.8 million dividend for the second half of 2021 was approved at the Ordinary General Meeting of shareholders on 29 March 2022.

17.3 Dividends declared to non-controlling interest

The Group uses anticipated-acquisition method for recognising put option redemption liability. Because under the anticipated-acquisition method the interests of the non-controlling shareholders are derecognised when the financial liability is recognised, therefore, the underlying interests are presented as already owned by the equity holders of the parent company, both in the 'Statement of financial position' and in the 'Statement of profit or loss and other comprehensive income', even though legally they are still non-controlling interest.

Due to the above, during 6M 2023 dividends declared by Group subsidiary UAB Kauno kogeneracinė jėgainė for the non-controlling interest EUR 14.3 million (no dividends declared for 6M 2022) were presented as dividends to non-controlling interest.

18 Other comprehensive income

EURm	Revaluation reserve	Hedging reserve	Other reserves	Retained earnings	Total
Cash flow hedges – effective portion of change in fair value	-	220.4	-	-	**220.4**
Cash flow hedges – reclassified to profit or loss	-	2.4	-	-	**2.4**
Result of change in actuarial assumptions	-	-	-	(0.2)	**(0.3)**
Foreign operations – foreign currency translation differences	-	-	(0.9)	-	**(0.9)**
In total for the 6M 2022	**-**	**222.8**	**(0.9)**	**(0.2)**	**221.7**
Cash flow hedges – effective portion of change in fair value	-	(129.1)	-	-	**(129.1)**
Cash flow hedges – reclassified to profit or loss	-	(22.8)	-	-	**(22.8)**
Result of change in actuarial assumptions	-	-	-	0.8	**0.8**
Foreign operations – foreign currency translation differences	-	-	16.8	-	**16.8**
In total for the 6M 2023	**-**	**(151.9)**	**16.8**	**0.8**	**(134.3)**

Hedging reserve movement comprises recognition of the effective portion of EUR (129.1) million (gross, before tax, EUR (151.6) million) (as at 30 June 2022: EUR 220.4 million (gross, before tax, EUR 253.2 million)) and the reclassification to 'Purchases of electricity, gas and other services' in the Statement of profit or loss of EUR (22.8) million (gross, before tax, EUR (26.4) million) (as at 30 June 2022: EUR 2.4 million (gross, before tax, EUR 2.8 million) (see Note 7).

19 Loans and bonds

EURm	30 June 2023	31 December 2022
Non-current		
Issued bonds	891.0	890.1
Bank loans	623.7	533.2
Current		
Current portion of non-current loans	38.8	26.1
Bank loans	73.6	-
Bank overdrafts	-	172.9
Accrued interest	12.6	10.0
In total	**1,639.7**	**1,632.3**

Non-current loans and bonds by maturity:

EURm	30 June 2023	31 December 2022
From 1 to 2 years	117.2	177.0
From 2 to 5 years	433.1	376.6
After 5 years	964.4	869.7
In total	**1,514.7**	**1,423.3**

Loans and bonds of the Group are denominated in EUR or PLN.

19.1 Movement of loans and bonds

On 9 March 2023, the Group concluded a long-term agreement of EUR 220.0 million with "Swedbank" AB. EUR 85 million out of the EUR 220 million loan granted by "Swedbank" AB will be used to finance the completion of the construction of the Group's biomass unit. The remaining EUR 135 million were used to refinance the European Investment Bank's loan granted to a Group company, which was taken over by the parent company. The maturity of the loan is 9 March 2033, and the interest rate is floating. The balance of the loan as at 30 June 2023 is EUR 187.2 million.

On 6 April 2023 the Group concluded a trade loan facility agreement with Citibank N.A. London Branch. The trade loan facility agreement was concluded for onward lending to a Group company UAB "Ignitis" for the purchase of natural gas by way of a trade loan. The total limit of the loan facility is EUR 100.0 million. The term of the loan facility agreement is 6 April 2024, and the interest rate is floating. The balance of the loan as at 30 June 2023 was EUR 73.6 million.

On 15 May the Group concluded a loan agreement with MUFG Bank (Europe) N.V. and MUFG Bank (Europe) N.V., Germany branch, which consists of a loan facility and a trade finance facility. The limit of the loan facility is EUR 75.0 million and the trade finance facility is EUR 150.0. The trade finance facility is uncommitted and could be used for cash advances and/or issuing letters of credit. The loan facility is committed and is concluded for a term of 24 months until 15 May 2025. The interest rate of both loan facilities is floating. The balance of the loan as at 30 June 2023 is EUR 74.6 million.

19.2 Covenants and unwithdrawn balances

The loan agreements provide for financial and non-financial covenants that the individual Group entities are obliged to comply with. All Group companies complied with the covenants as at 30 June 2023 and 31 December 2022.

As at 30 June 2023, the Group's unwithdrawn balance of loans and bank overdrafts amounted to EUR 708.4 million (31 December 2022: EUR 396.1 million).

20 Net Debt

Net Debt is a non-IFRS liquidity metric used to determine the value of debt against highly liquid assets owned by the Group. The management is monitoring the Net Debt metric as a part of a risk-management strategy. Only debts to financial institutions, issued bonds and related interest payables as well as lease liabilities are included in the Net Debt calculation. This note sets out an analysis of the Net Debt, a non-IFRS measure, for the purposes of presentation of these interim financial statements as defined by the management below.

Net Debt balance:

EURm	30 June 2023	31 December 2022
Cash and cash equivalents	(725.8)	(694.1)
Non-current loans and bonds payable after one year	1,514.7	1,423.3
Current loans payable within one financial year (including accrued interest)	125.0	36.1
Bank overdrafts	-	172.9
Lease liabilities	52.8	48.7
Net Debt	**966.7**	**986.9**

Reconciliation of the Group's Net Debt balance and cash flows from financing activities:

	Assets	Lease liabilities		Loans and bonds		
EURm	Cash and cash equivalents	Non-current	Current	Non-current	Current	Total
Net Debt as at1 January 2023	**(694.1)**	**45.1**	**3.6**	**1.423.3**	**209.0**	**986.9**
Cash changes						
(Increase) decrease in cash and cash equivalents	(31.5)	-	-	-	-	**(31.5)**
Proceeds from borrowings	-	-	-	262.0	-	**262.0**
Repayments of borrowings	-	-	-	(151.7)	(11.0)	**(162.7)**
Lease payments	-	(0.4)	(3.1)	-	-	**(3.5)**
Interest paid	-	-	(0.4)	-	(14.8)	**(15.2)**
Bank overdraft received (repaid)	-	-	-	-	(172.9)	**(172.9)**
Non-cash changes						
Trade loan facility agreement	-	-	-	-	73.6	**73.6**
Lease contracts concluded	-	5.2	1.1	-	-	**6.3**
Accrual of interest payable	-	0.2	0.6	0.9	17.2	**18.9**
Lease liabilities written-off	-	(0.2)	(0.1)	-	-	**(0.3)**
Reclassifications between items	-	(1.6)	1.6	(23.6)	23.6	**-**
Assumed through business combination (Note 29)	(0.2)	-	-	-	-	**0.2**
Change in foreign currency	-	1.1	0.1	3.8	0.3	**5.3**
Net Debt as at 30 June 2023	**(725.8)**	**49.4**	**3.4**	**1,514.7**	**125.0**	**966.7**

21 Provisions

EURm	30 June 2023	31 December 2022
Non-current	28.7	17.6
Current	50.6	38.0
In total	**79.3**	**55.6**

The movement of the Group's provisions was as follows:

EURm	Emission allowance provision	Provisions for employee benefits	Provisions for servitudes	Provisions for registration of protection zones	Provision for isolated power system operations' and system services	Regulatory differences of public electricity supply activity	Other provisions	Total
Balance as at 1 January 2023	**11.0**	**6.1**	**8.2**	**1.6**	**5.4**	**20.3**	**3.0**	**55.6**
Increase during the period	5.0	0.5	-	-	25.9	10.4	1.3	**43.1**
Utilised during the period	(11.1)	-	-	-	(2.4)	(17.7)	-	**(31.2)**
Result of change in assumptions	-	(0.8)	-	-	-	-	-	**(0.8)**
Balance as at 30 June 2023	**4.9**	**5.8**	**8.2**	**1.6**	**28.9**	**13.0**	**4.3**	**66.7**
Non-current	-	4.8	7.2	-	27.0	-	3.1	**42.1**
Current	4.9	1.0	1.0	1.6	1.9	13.0	1.2	**24.6**
Balance as at 30 June 2023	**4.9**	**5.8**	**8.2**	**1.6**	**28.9**	**13.0**	**4.3**	**66.7**

Description of the Group's provisions and the expected timing of the resulting outflows of economic benefits

The provision for isolated power system operation and system services relates to regulatory activities that give rise to regulatory differences, which are reimbursed during the following years. Regulatory differences and the period of reimbursement is determined and confirmed by NERC. According to NERC's letter, the period of reimbursement is the 2024–2025 period (Note 4.1).

The provision for regulatory differences of the public electricity supply activity consists of a EUR 13.0 million provision related to regulatory differences of public electricity supply, which will be set off together with future regulatory differences of the public electricity supply within one year.

22 Deferred income

EURm	30 June 2023 Current portion	30 June 2023 Non-current portion	31 December 2022 Current portion	31 December 2022 Non-current portion
Deferred income under contracts with customers				
Deferred income related to new customers connection and upgrade fees	11.2	219.1	10.5	205.5
Deferred income related to gas over declaration	49.1	-	33.7	-
Deferred income related to gas	29.9	-	61.1	-
Deferred income related to electricity over declaration	3.5	-	9.5	-
In total	**93.7**	**219.1**	**114.8**	**205.5**

Movement in the Group's deferred income:

EURm	6M 2023 Current portion	6M 2023 Non-current portion
Balance as at 1 January	**114.8**	**205.5**
Increase during the year	49.8	18.7
Recognised as revenue	(76.0)	-
Reclassifications between items	5.1	(5.1)
Balance as at 31 June	**93.7**	**219.1**

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

23 Other current liabilities

EURm	30 June 2023	31 December 2022
Derivatives (Note 24)	72.8	14.2
Amounts payable for property, plant and equipment	51.0	55.9
Accrued expenses	49.8	84.7
Put option redemption liability	38.0	38.0
Payroll related liabilities	29.7	21.7
Payable to non-controlling party for acquisition of shares	19.1	6.3
Taxes (other than income tax)	15.2	122.6
Irrevocable commitment to acquire a minority interest	3.6	3.6
Non-controlling interest dividends	3.3	3.3
Deposits received for derivative financial instruments	-	56.3
Other amounts payable and liabilities	24.9	17.9
Carrying amount	**307.4**	**424.2**

24 Derivative financial instruments

The Group's derivative financial instruments mainly comprise:

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

The fair value of Nasdaq contracts is being set off with cash on day-to-day basis. Accordingly, no financial assets or liabilities are being recognised in the Statement of financial position. Gain or loss of such transactions is recognised the same as all derivative financial instruments.

24.1 Derivative financial instruments included in the Statement of financial position

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

EURm	Note	Movement during 6M 2023
Derivative financial instruments		
Other non-current assets		24.4
Other current assets		44.2
Other non-current amounts payable and liabilities		(14.9)
Other current amounts payable and liabilities	23	(14.2)
Carrying amount as at 31 December 2022		**39.5**
Change in the value		
Fair value change of OTC recognised in 'Other expenses'		(5.4)
Fair value change of OTC recognised in 'Finance income'		0.8
Fair value change of OTC recognised in 'Other comprehensive income'		(100.8)
Total change during 6M 2023		**(105.4)**
Derivatives		
Carrying amount as at 30 June 2023		**(65.9)**
Other non-current assets		7.2
Other current assets		3.3
Other non-current amounts payable and liabilities		(3.6)
Other current amounts payable and liabilities	23	(72.8)

24.2 Derivatives included in the Statement of profit or loss and the Statement of comprehensive income

EURm	Note	6M 2023	6M 2022
Fair value change of derivative financial instruments		0.8	(0.2)
Fair value change of OTC	8	(5.4)	(62.3)
Fair value change of Nasdaq	8	(17.8)	3.9
Hedge ineffectiveness recognised - Nasdaq	8	1.9	3.0
Hedge ineffectiveness recognised - OTC	8	13.7	0.9
Total recognised in 'Other expenses' and in "Finance income"		**(6.8)**	**(54.7)**
Effective hedges reclassified from Hedging reserve to 'Statement profit or loss' line item 'Purchases of electricity, natural gas and other services'		26.5	(2.8)
Total recognised in 'Statement of profit or loss'		**19.7**	**(57.5)**

25 Structure of the Group

The Group's structure as at 30 June 2023:

Company name	Country of registered office	Business segment	Activities profile	Effective ownership interest, %	Non-controlling interest's effective ownership interest, %
AB "Ignitis grupė"	Lithuania	Other[3]	Parent company – management and coordination of activities of the Group companies	-	-
Subsidiaries of the Group:					
UAB "Ignitis renewables"	Lithuania	Green Generation	Coordination of operation, supervision and development of renewable energy projects	100.00	-
UAB "Ignitis renewables projektai"	Lithuania	Green Generation	Development of renewable energy projects	100.00	-
Ignitis Renewables Polska Sp. z o. o.	Poland	Green Generation	Development of renewable energy projects	100.00	-
Ignitis RES DEV Sp. z o. o.	Poland	Green Generation	Development of renewable energy projects	100.00	-
Pomerania Wind Farm Sp. z o. o.	Poland	Green Generation	Generation of renewable electricity	100.00	-
Tuuleenergia OÜ	Estonia	Green Generation	Generation of renewable electricity	100.00	-
UAB "EURAKRAS"	Lithuania	Green Generation	Generation of renewable electricity	100.00	-
UAB "VĖJO VATAS"	Lithuania	Green Generation	Generation of renewable electricity	100.00	-
UAB "VĖJO GŪSIS"	Lithuania	Green Generation	Generation of renewable electricity	100.00	-
UAB "VVP Investment"	Lithuania	Green Generation	Development and operation of a renewable energy (wind) project	100.00	-
Silezia1 Wind Farm Sp. z o.o.	Poland	Green Generation	Development and operation of a renewable energy (wind) project	100.00	-
Silesia2 Wind Farm S.A.	Poland	Green Generation	Development of renewable energy projects	100.00	-
IGN RES DEV1 SIA	Latvia	Green Generation	Development of renewable energy projects	100.00	-
IGN RES DEV2 SIA	Latvia	Green Generation	Development of renewable energy projects	100.00	-
Ignitis renewables Latvia SIA	Latvia	Green Generation	Development of renewable energy projects	100.00	-
UAB "Plungės vėjo energija"	Lithuania	Green Generation	Development of renewable energy projects	100.00	-
UAB "Ignitis renewables projektai 2"	Lithuania	Green Generation	Development of renewable energy projects	100.00	-
UAB "Ignitis renewables projektai 3"	Lithuania	Green Generation	Development of renewable energy projects	100.00	-
IGN RES DEV5 SIA	Latvia	Green Generation	Development of renewable energy projects	100.00	-
UAB "Vėjo galia bendruomenei"	Lithuania	Green Generation	Development of renewable energy projects	100.00	-
IGN RES DEV3 SIA	Latvia	Green Generation	Development of renewable energy projects	100.00	-
IGN RES DEV4 SIA	Latvia	Green Generation	Development of renewable energy projects	100.00	-
IGN RES DEV6 SIA	Latvia	Green Generation	Development of renewable energy projects	100.00	-
SP Venta SIA	Latvia	Green Generation	Development of renewable energy projects	100.00	-
BRVE SIA	Latvia	Green Generation	Development of renewable energy projects	100.00	-
CVE SIA	Latvia	Green Generation	Development of renewable energy projects	100.00	-
UAB "Ignitis renewables projektai 4"	Lithuania	Green Generation	Development of renewable energy projects	100.00	-
UAB "Ignitis renewables projektai 5"	Lithuania	Green Generation	Development of renewable energy projects	100.00	-
UAB "Ignitis renewables projektai 6"	Lithuania	Green Generation	Development of renewable energy projects	100.00	-
UAB "Ignitis renewables projektai 7"	Lithuania	Green Generation	Development of renewable energy projects	100.00	-
UAB "Ignitis renewables projektai 8"	Lithuania	Green Generation	Development of renewable energy projects	100.00	-
IGN RES DEV7 SIA	Latvia	Green Generation	Development of renewable energy projects	100.00	-
UAB Kauno kogeneracinė jėgainė	Lithuania	Green Generation	Electricity and heat production from waste	51.00	49.00
UAB Vilniaus kogeneracinė jėgainė	Lithuania	Green Generation	Development and operation of cogeneration power plant project	100.00	-

Company name	Country of registered office	Business segment	Activities profile	Effective ownership interest, %	Non-controlling interest's effective ownership interest, %
AB "Ignitis gamyba"	Lithuania	Green Generation[1] Reserve Capacities[2]	Generation, trading of electricity and utilisation of reserve capacities	100.00	-
AB "Energijos skirstymo operatorius"	Lithuania	Networks	Distribution of electricity and natural gas, supply of last resort service	100.00	-
UAB "Ignitis"	Lithuania	Customers & Solutions	Electricity and gas supply, trading, energy efficiency projects	100.00	-
Ignitis Polska Sp. z o. o.	Poland	Customers & Solutions	Supply and trading of electricity	100.00	-
Ignitis Latvija SIA	Latvia	Customers & Solutions	Supply of electricity and natural gas	100.00	-
Ignitis Eesti, OÜ	Estonia	Customers & Solutions	Supply of electricity	100.00	-
Ignitis Suomi OY	Finland	Customers & Solutions	Supply of natural gas	100.00	-
UAB "Ignitis grupės paslaugų centras"	Lithuania	Other[3]	Shared business support services	100.00	-
UAB "Gamybos optimizavimas"	Lithuania	Other[3]	Planning, optimization, forecasting, trading, brokering and other electricity related services	100.00	-
UAB Elektroninių mokėjimų agentūra	Lithuania	Other[3]	Payment aggregation	100.00	-
UAB "Transporto valdymas"	Lithuania	Other[3]	Vehicle rental, leasing, repair, maintenance, renewal and service	100.00	-

[1] *The company manages Kaunas Algirdas Brazauskas Hydroelectric Power Plant, Kruonis Pumped-Storage Hydroelectric Power Plant, a biofuel and a steam boiler.*
[2] *The assets mentioned in footnote 1 do not belong to the segment. From Q1 2023 the Group has changed the segment's name from 'Flexible Generation' to 'Reserve Capacities' (for more information, please see note Note 5)*
[3] *Other activities and eliminations include: business support service company (UAB "Ignitis grupės paslaugų centras"); a non-core activities company (UAB "Transporto valdymas"); additional service entities (UAB Elektroninių mokėjimų agentūra, UAB "Gamybos optimizavimas"); the parent company AB "Ignitis grupė"; consolidation corrections and eliminations of intercompany transactions.*

25.1 Acquisition of shares in business combinations

During 6M 2023, the Group acquired the following subsidiaries:
- On 14 March 2023, the Group acquired a 100% shareholding in SP Venta SIA. Total consideration amounts to EUR 21.6 million (Note 29.1).
- On 17 March 2023, the Group acquired a 100% shareholding in BRVE SIA. Total consideration amounts to EUR 0.2 million (Note 29.2).
- On 17 March 2023, the Group acquired a 100% shareholding in CVE SIA. Total consideration amounts to EUR 0.3 million (Note 29.2).

25.2 Establishment of new subsidiaries

On 24 March 2023, the Group established new subsidiaries: UAB "Ignitis renewables projektai 4", UAB "Ignitis renewables projektai 5" and UAB "Ignitis renewables projektai 6";
On 25 May 2023, the Group established new subsidiaries: UAB "Ignitis renewables projektai 7", UAB "Ignitis renewables projektai 8", IGN RES DEV7 SIA.

26 Commitments, contingent liabilities and contingent assets

26.1 Litigations

During 6M 2022, there were no significant changes in litigations reported in annual financial statements for 2022 or new significant litigations except for the ones mentioned below.

26.1.1 Litigation with Rafako S.A.

During 6M 2023 in part of the legal disputes decisions made by the court were favourable to the Group. The outcome of the legal disputes should not create additional obligations for the Group towards subcontractors.

The Group expects to succeed in defending its interests. According to the Group's management, this dispute will not have significant financial consequences for the implementation of the project.

26.1.2 Litigation with UAB "VILNIAUS ENERGIJA"

The Lithuanian Court of Appeal, by its ruling of 23 February 2023, decided to uphold the claim of UAB "VILNIAUS ENERGIJA". The Group was ordered to pay damages for 2014 and for 2015 and a procedural interest at the rate of 6% on the amount ordered from the date on which the case was brought into the court (24 March 2014) until the full execution and legal costs. As at 30 June 2023, the Group fully paid all the damages mentioned above. The total amount paid by the Group is EUR 3.4 million (damages EUR 2.2 million and interest EUR 1.2 million).

26.1.3 Litigation with AB "Šiaulių energija"

On 3 June 2022, the Supreme Court of Lithuania has accepted a cassation appeal of "LITGRID" AB. On 4 July 2022, ESO submitted a reply to the cassations appeal. On 27 April 2023, the Supreme Court of Lithuania, by a ruling of 27 April 2023, overturned the ruling of the Court of Appeal of Lithuania of 24 March 2022 and upheld the decision of the Vilnius Regional Court of 11 May 2021, which dismissed the claim against ESO in its entirety. The ruling of the Supreme Court of Lithuania entered into force immediately.

26.1.4 Litigation concerning the state-aid scheme for the designated supplier and the LNG price component

The Supreme Administrative Court of Lithuania on 19 April 2023 issued a final ruling in favour of a Group company UAB "Ignitis", rejecting the complaint of "Achema" AB regarding the setting of the LNG transmission price for 2020.

26.2 Regulatory assets and liabilities

26.2.1 Natural gas distribution to B2C customers

Natural gas supply to B2C customers is regulated by NERC. NERC regulates the natural gas tariff paid by the customers. Regulatory differences, which are defined as the difference between the fixed natural gas sale price and the actual natural gas purchase price, were not recognised in the financial statements as at 30 June 2023 as the Group had no guarantee for this difference to be considered when setting tariffs in the future according to the legislation base.

The over-collected unrecognised amount as of 30 June 2023 is EUR 0 million (the over-collected amount of EUR (16.1) million as of 31 December 2022).

26.2.2 Designated supply of natural gas

Designated natural gas supply activity is also regulated by NERC. Regulatory differences arise when the actual costs differ from those estimated, but the Group does not recognise regulated assets or liabilities in the financial statements as the difference will be refunded by providing the services in the future. The under-collected amount of EUR 9.9 million as at 30 June 2023 will be included in the LNGT security component in the future (as at 31 December 2022 the over-collected amount of was EUR (53.0) million).

27 Related party transactions

Related parties	Accounts Receivable 30 June 2023	Accounts Payable 30 June 2023	Sales 6M 2023	Purchases 6M 2023	Finance income (expenses) 6M 2023
“LITGRID” AB	14.5	12.3	63.8	56.6	-
AB “Amber Grid”	2.4	2.2	4.7	7.9	-
“BALTPOOL” UAB	10.6	0.2	47.6	0.9	-
UAB “GET Baltic”	3.9	0.1	110.9	70.8	-
Other related parties of the Group	-	1.3	0.1	5.2	-
In total	**31.4**	**16.1**	**227.1**	**141.4**	**-**

Related parties	Accounts Receivable 31 December 2022	Accounts Payable 31 December 2022	Sales 6M 2022	Purchases 6M 2022	Finance income (expenses) 6M 2022
“LITGRID” AB	26.5	36.8	48.0	92.8	-
AB “Amber Grid”	6.4	3.1	14.9	16.8	-
“BALTPOOL” UAB	0.2	1.6	(21.6)	15.7	-
UAB “GET Baltic”	84.3	3.8	26.7	18.0	-
Other related parties of the Group	0.1	1.5	0.6	2.9	0.1
In total	**117.5**	**46.8**	**68.6**	**146.2**	**0.1**

Negative sales in 6M 2022 to “BALTPOOL” UAB is related to credit invoices issued for PSO services. Revenue from PSO funds was calculated for 1 MW electricity as the difference between the fixed tariff was set by NERC and the weighted average price of electricity was sold in the power exchange. If the weighted average price on the power exchange exceeds the fixed rate set by NERC, the Group issues credit invoices to “BALTPOOL” UAB.

27.1 Terms of transactions with related parties

The payment term range is set from 15 to 90 days. Closing debt balances are not secured by pledges, they do not yield interest, and settlements occur in cash. There were no guarantees given or received in respect of the related party payables and receivables.

27.2 Compensation to key management personnel

	6M 2023	6M 2022
Remuneration, salaries and other short-term benefits to key management personnel	0.6	0.6
Whereof:	-	-
Short-term benefits: wages, salaries and other	0.6	0.6
Termination benefits	-	*0.1*
Number of key management personnel	12	12

During 6M 2023 and 2022 members of the Management Board, Supervisory Board as well as the Chief Executive Officer were considered to be the Group’s key management personnel. For more information on the key management personnel, see ‘4 Governance report’ in Annual report 2022.

28 Fair value of financial instruments

28.1 Financial instruments, measured at fair value

The Group's derivatives (Level 2 of the fair value hierarchy), investment into the Smart Energy Fund (Level 3 of the fair value hierarchy) as well as the Group's right to acquire shares in its subsidiary (Level 2 of the fair value hierarchy) are measured at a fair value.

As at 30 June 2023 and 31 December 2022, the Group has accounted for assets and liabilities arising from financial derivatives. The Group accounts for financial derivative assets and liabilities at a fair value and their accounting policies are set out in Note 3.15.3 of annual financial statements prepared for the year 2022. Market values that are based on quoted prices (Level 1) comprise quoted commodities derivatives that are traded in active markets. The market value of derivatives traded in an active market are often settled on a daily basis, thereby minimising the market value presented on the balance sheet. Market values based on observable inputs (Level 2) comprise derivatives where valuation models with observable inputs are used to measure fair value. All assets and liabilities measured at a market value are measured on a recurring basis. The Group attributes derivatives linked to the Lithuanian/Latvian and Estonian/Finish electricity market areas to Level 2 of the fair value hierarchy. Derivatives acquired directly from other market participants (OTC contracts) and the acquired physical transmission rights are estimated based on the prices of the NASDAQ Commodities exchange.

As at 30 June 2023 and 31 December 2022, the Group has accounted for investments into the Smart Energy Fund. The Group accounts for financial assets at fair value, and their accounting policies are set out in Note 3.15.1 of annual financial statements prepared for the year 2022. Its fair value corresponds to Level 3 of the fair value hierarchy. The fair value measurement of this financial asset is based on investment rounds. The fair value of this financial asset will change depending on future investment rounds or other significant events.

As at 30 June 2023 and 31 December 2022 the Group has accounted for an investment into Moray West Holdings Limited. Its fair value corresponds to Level 3 of the fair value hierarchy. The fair value measurement of this financial asset is based on the valuation performed by an external valuator. The valuation was performed based on discounted cash flows.

As at 30 June 2023 and 31 December 2022, the Group accounted for the option to acquire all the shares of UAB Kauno kogeneracinė jėgainė held by UAB “Gren Lietuva” (49%), the calculation of which is defined in the shareholders' agreement. In the opinion of the Group's management, the exercise price of the put option that the Group will have to pay to UAB “Gren Lietuva” for the redeemable UAB Kauno kogeneracinė jėgainė shares owned by UAB “Gren Lietuva”, if they choose to sell them, equals to the fair value of these shares within materiality limits (materiality limits are set, as to best markets practice, +/-15% of the market value). Its fair value corresponds to level 2 of the fair value hierarchy.

28.2 Financial instruments for which fair value is disclosed

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

The fair value of the Group's issued bonds (Note 19) 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 the issued bonds. The cash flows were discounted using a weighted average discount rate of 6.15% as at 30 June 2023 (31 December 2022 – 5.01%). Discount rates for certain bond issues are determined as bond yields for a certain issued bond. The bond issue debt is attributed to Level 2 of the fair value hierarchy.

The Group's fair value of financial liabilities related to loans is calculated by discounting future cash flows with reference to the interest rate observable in the market. The cash flows were discounted using a discount rate of 6.43% for loans above EUR 1 million and 5.16% for loans less than EUR 1 million (as at 31 December 2022: accordingly 4.80% and 4.84%). The measurement of financial liabilities related to these debts is attributed to Level 2 of the fair value hierarchy.

28.3 Financial instruments' fair value hierarchy levels

The Group's financial instruments categorised between the fair value hierarchy levels as at 30 June 2023:

	Note	Carrying amount	Level 1 Quoted prices in active markets	Level 2 Other directly or indirectly observable inputs	Level 3 Unobservable inputs	In total
Financial instruments measured at FVPL or FVOCI						
Assets						
Derivatives	24	**10.5**	-	**10.5**	**-**	**10.5**
Smart Energy Fund		**41.1**	-	-	41.1	**41.1**
Investment into Moray West Holdings Limited		**5.0**			5.0	**5.0**
Liabilities						
Put option redemption liability	23	**38.0**	-	38.0	-	**38.0**
Derivatives	24	**76.4**	-	76.4	-	**76.4**
Financial instruments for which fair value is disclosed						
Assets						
Loans granted		**49.9**			52.7	**52.7**
Liabilities						
Issued bonds	19	**902.9**	-	796.2	-	**796.2**
Loans received	19	**736.8**	-	594.6	-	**594.6**

The Group's financial instruments categorised between the fair value hierarchy levels as at 31 December 2022:

	Note	Carrying amount	Level 1 Quoted prices in active markets	Level 2 Other directly or indirectly observable inputs	Level 3 Unobservable inputs	In total
Financial instruments measured at FVPL or FVOCI						
Assets						
Derivatives	24	**68.7**	-	68.7	-	**68.7**
Smart Energy Fund		**20.6**	-	-	20.6	**20.6**
Investment into Moray West Holdings Limited		**5.0**	-	-	5.0	**5.0**
Liabilities						
Put option redemption liability	23	**38.0**	-	38.0	-	**38.0**
Derivatives	24	**29.1**	-	29.1	-	**29.1**
Financial instruments for which fair value is disclosed						
Assets						
Loans granted		**24.1**			24.1	**24.1**
Liabilities						
Issued bonds	19	**899.3**	-	774.3	-	**774.3**
Loans received	19	**733.0**	-	620.8	-	**620.8**

29 Business combinations

29.1 Acquisition of SP Venta SIA

On 14 March 2023, the Group acquired a 100% shareholding in SP Venta SIA from a legal entity. As at 30 June 2023, ownership rights of shares were held by the Group. Total consideration transferred amounts to EUR 21.6 million, EUR 2.5 million of which were paid through a bank account, EUR 19.1 million were identified as contingent consideration, which relates to the fulfillment of specific seller's obligations set out in the share purchase agreement. The amount of contingent consideration was assessed by the Group's management according to the probability of fulfillment of obligations. As at 30 June 2023 the investment was not fully paid. The Group's management estimated that the range of outcomes (undiscounted) is 100% of the total contingent consideration booked as at 30 June 2023.

The Group applied the acquisition accounting method to account for this business combination according to the provisions of IFRS 3. Under the latter method, the acquisition cost is measured as the sum of the fair values at the date of exchange, of assets given, liabilities incurred and equity instruments issued in exchange for control of the business being acquired.

As at 30 June 2023 the Group did not complete the assessment of the fair value of the net assets acquired. At the time of business combination, the values of assets and liabilities were as follows:

	Note	SP Venta SIA
Assets acquired		
Property, plant and equipment	13	0.7
Other receivables		0.1
Liabilities assumed		-
Total identifiable net assets acquired		**0.8**
Consideration paid		(2.5)
Contingent consideration		(19.1)
Total consideration transferred:		**(21.6)**
Goodwill arising from the acquisition of subsidiary	12	20.8
Net cash flows from acquisition of subsidiary		
Cash paid to seller of shares (current period)		(2.5)
Cash and cash equivalents acquired		-
Net cash flows		**(2.5)**

The amounts of revenue and profit or loss of the acquiree since the acquisition date included in the Statement of profit or loss and the Statement of other comprehensive income for the reporting period are not significant.

If the acquisition of SP Venta SIA had occurred on 1 January 2023, the management estimates that the Group's total revenue and net profit for the reporting period would not have changed significantly. In determining these amounts, the management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2023. The Group did not incur material acquisition-related costs.

29.2 Acquisition of BRVE SIA and CVE SIA

On 17 March 2023, the Group acquired 100% shareholding in BRVE SIA and CVE SIA from a legal entity. As at 30 June 2023 the ownership rights of shares were held by the Group. Total consideration transferred for both entities amounts to EUR 1 million. As at 30 June 2023 investments were fully paid.

The Group applied the acquisition accounting method to account for these business combinations according to the provisions of IFRS 3. Under the latter method, the acquisition cost is measured as the sum of the fair values at the date of exchange, of assets given, liabilities incurred and equity instruments issued in exchange for control of the businesses being acquired.

As at 30 June 2023 the Group did not complete the assessment of the fair value of the net assets acquired. At the time of business combinations, the values of assets and liabilities were as follows:

	Note	BRVE SIA and CVE SIA
Assets acquired		
Intangible assets	12	0.2
Property, plant and equipment	13	0.2
Cash and cash equivalents	20	0.2
Liabilities assumed		
Other non-current liabilities		0.4
Total identifiable net assets acquired		**0,2**
Consideration paid[1]		(1.0)
Total consideration transferred:		**(1.0)**
Goodwill arising from the acquisition of subsidiary	12	0.8
Net cash flows from acquisition of subsidiary		-
Cash paid to seller of shares (current period)		-
Cash and cash equivalents acquired	20	0.2
Net cash flows		**0.2**

[1]The consideration for the BRVE SIA and CVE SIA shares was paid in cash to the seller in previous periods.

The amounts of revenue and profit or loss of the acquiree since the acquisition date included in the Statement of profit or loss and the Statement of other comprehensive income for the reporting period are not significant.

If the acquisition of BRVE SIA and CVE SIA had occurred on 1 January 2023, the management estimates that the Group's total revenue and net profit would not have changed significantly. In determining these amounts, the management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2023.

The Group did not incur material acquisition-related costs.

30 Events after the reporting period

30.1 Other events

30.1.1 New subsidiary acquired

On 13 July 2023 the Group has acquired a 100% shareholding in UAB "Vėjas LT" for further development of a new wind farm in Lithuania. At the issue date of this Interim report the Group did not complete the assessment of the fair value of the net assets acquired.

30.1.2 Return from Smart Energy Fund

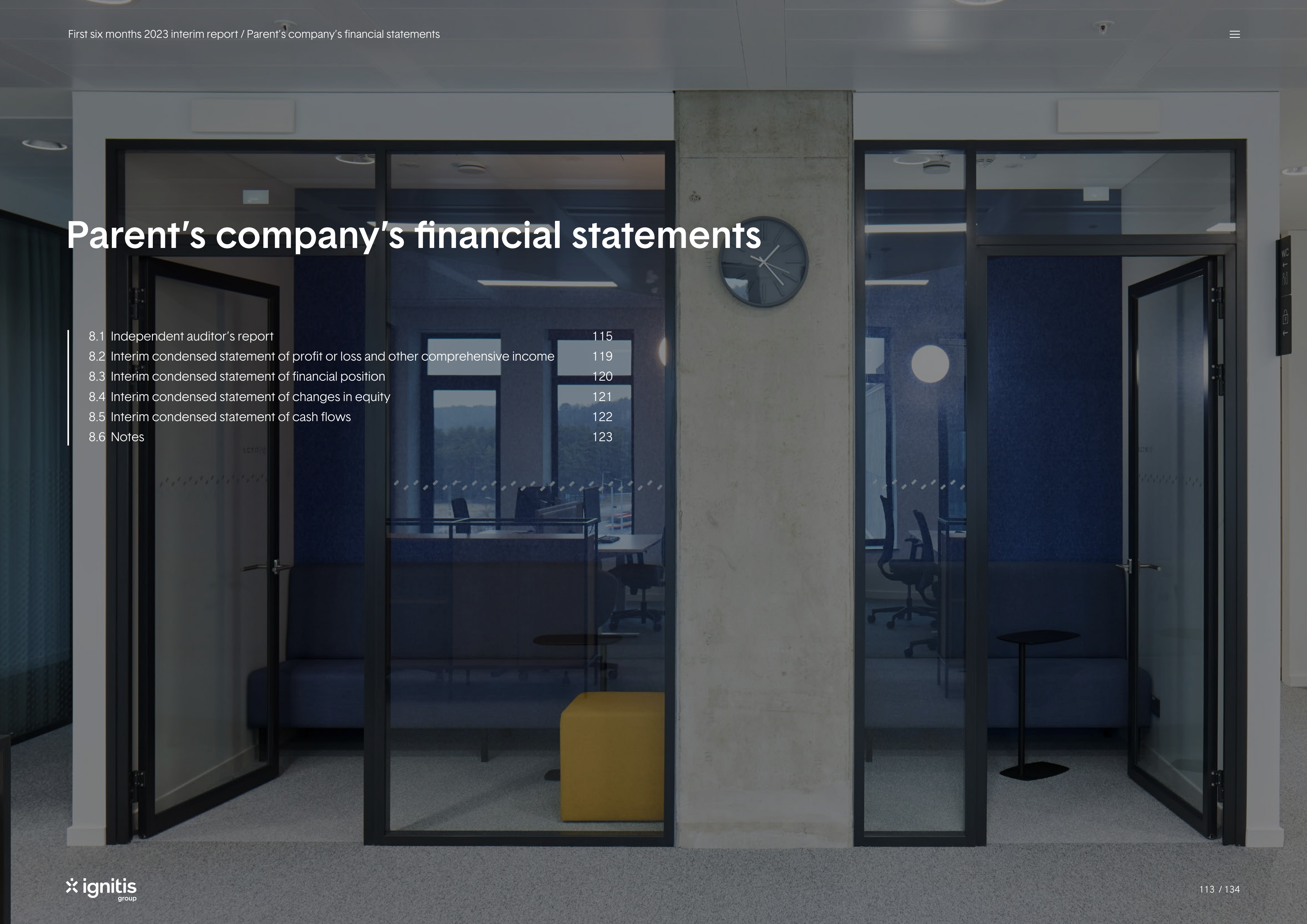
In July 2023, Smart Energy Fund outperformed its total investments of EUR 11.4 million and so far, this year has generated a return of EUR 15.6 million by selling part of the portfolio company shares. Obtained fund will be used to further invest in innovative start-ups through the second fund, the World Fund, which the Group joined on 13 July 2023. More information is available in section '2.3 Investment program' of this First half year 2023 Interim report.

30.2 Litigations

30.2.1 Litigation concerning the state-aid scheme for the designated supplier and the LNG price component

The Supreme Administrative Court of Lithuania on 5 July 2023 issued a final ruling in favour of the Group company UAB "Ignitis", rejecting one more complaint of "Achema" AB regarding the setting of the LNG transmission price for 2019 (Note 26.1.4).

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



Parent's company's financial statements

8 Parent's company's financial statements

Parent company's interim condensed financial statements for the six-month period ended 30 June 2023, prepared in accordance with International accounting standard 34 'Interim financial reporting' as adopted by the European Union

The parent company's interim condensed financial statements were prepared and signed by AB „Ignitis grupė" management on 18 August 2023:

Darius Maikštėnas
Chief Executive Officer of the parent company

Jonas Rimavičius
Chief Financial Officer of the parent company

Giedruolė Guobienė
UAB „Ignitis grupės paslaugų centras",
Head of Accounting acting under
Decision No 23_GSC_SP_0010
(signed 17 February 2023)

KPMG Baltics, UAB
Klaipėda branch
Liepų st. 4
LT-92114 Klaipėda
Lithuania

+370 46 48 00 12
klaipeda@kpmg.lt
home.kpmg/lt

Independent Auditor's Report

To the Shareholders of Ignitis grupė AB

Report on the Audit of the Interim Condensed Separate Financial Statements

Opinion

We have audited the interim condensed separate financial statements of Ignitis Grupė AB ("the Company"). The Company's interim condensed separate financial statements comprise:

- the interim condensed separate statement of financial position as at 30 June 2023,
- the interim condensed separate statement of profit or loss and other comprehensive income for the 6 months period then ended,
- the interim condensed separate statement of changes in equity for the year then ended,
- the interim condensed separate statement of cash flows for the year then ended, and
- the notes to the interim condensed separate financial statements, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying interim condensed separate financial statements have been prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting,* as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Interim Condensed Separate Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the requirements of the Law on Audit of Financial Statements of the Republic of Lithuania that are relevant to audit in the Republic of Lithuania, and we have fulfilled our other ethical responsibilities in accordance with the Law on Audit of Financial Statements of the Republic of Lithuania and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The other information comprises the information included in the Company's interim management report, but does not include the interim condensed separate financial statements and our auditor's report thereon. Management is responsible for the other information.

Our opinion on the interim condensed separate financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report we, do not express any form of assurance conclusion thereon.

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

In addition, our responsibility is to consider whether information included in the Company's interim management report for the 6 months period for which the interim condensed separate financial statements are prepared is consistent with the interim condensed separate financial statements and whether interim management report has been prepared in compliance with applicable legal requirements. Based on the work carried out in the course of audit of interim condensed separate financial statements, in our opinion, in all material respects:

- The information given in the Company's interim management report for the 6 months period for which the interim condensed separate financial statements are prepared is consistent with the interim condensed separate financial statements; and
- The Company's interim management report has been prepared in accordance with the requirements of the Law on Financial Reporting by Undertakings of the Republic of Lithuania.

Responsibilities of Management and Those Charged with Governance for the Interim Condensed Separate Financial Statements

Management is responsible for the preparation of the interim condensed separate financial statements in accordance with IAS 34 *Interim Financial Reporting*, as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of interim condensed separate financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor’s Responsibilities for the Audit of the Interim Condensed Separate Financial Statements

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

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

- Identify and assess the risks of material misstatement of the interim condensed separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the interim condensed separate financial statements, including the disclosures, and whether the interim condensed separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors’ report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Under decision of the general shareholders‘ meeting we were appointed on 30 March 2023 to audit the Company‘s financial statements. Our appointment to audit the Company‘s financial statements in accordance with the shareholder’s decision has been made for a five-year period. The audit of the financial statements for the year ended 31 December 2021 was our first annual audit of the Company.

We confirm that our audit opinion expressed in the Opinion section of our report is consistent with the additional report which we have submitted to the Company and its Audit Committee.

We confirm that in light of our knowledge and belief, services provided to the Company are consistent with the requirements of the law and regulations and do not comprise non-audit services referred to in Article 5(1) of the Regulation (EU) No 537/2014 of the European Parliament and of the Council.

In addition to services provided to the Company in the course of audit and disclosed in the interim management report we have provided translation of the financial statements to the Company.

The engagement partner on the audit resulting in this independent auditor’s report is Rokas Kasperavičius.

On behalf of KPMG Baltics, UAB

Rokas Kasperavičius
Partner
Certified Auditor

ROKAS KASPERAVIČIUS

Digitally signed by ROKAS KASPERAVIČIUS
Date: 2023.08.22 07:48:54 +03'00'

Klaipėda, the Republic of Lithuania
22 August 2023

The electronic auditor‘s signature applies only to the Independent Auditor‘s Report on pages 115 to 118 of this document.

8.2 Interim condensed statement of profit or loss and other comprehensive income

For the six-month period ended 30 June 2023

EURm	Notes	6M 2023	6M 2022	Q2 2023	Q2 2022
Revenue from contracts with customers	5	1.5	1.6	0.7	0.8
Dividend income	6	222.4	97.5	193.2	97.3
Total revenue and other income		**223.9**	**99.1**	**193.9**	**98.1**
Salaries and related expenses		(1.9)	(1.8)	(1.0)	(0.9)
Depreciation and amortisation		(1.0)	(1.0)	(0.5)	(0.5)
Other expenses		(3.2)	(2.2)	(1.6)	(1.2)
Total expenses		**(6.1)**	**(5.0)**	**(3.1)**	**(2.6)**
Operating profit (loss)		**217.8**	**94.1**	**190.8**	**95.5**
Finance income	7	48.5	18.4	35.5	8.6
Finance expenses	8	(13.7)	(11.9)	(7.2)	(6.1)
Finance activity, net		**34.8**	**6.5**	**28.3**	**2.5**
Profit (loss) before tax		**252.6**	**100.6**	**219.1**	**98.0**
Income tax (expenses)/benefit		(4.7)	(0.3)	(4.0)	(0.3)
Net profit for the period		**247.9**	**100.3**	**215.1**	**97.7**
Total other comprehensive income (loss) for the period		-	-	-	-
Total comprehensive income (loss) for the period		**247.9**	**100.3**	**215.1**	**97.7**
Basic earnings per share (in EUR)	9	3.42	1.38	2.97	1.35
Diluted earnings per share (in EUR)	9	3.42	1.38	2.97	1.35
Weighted average number of shares	9	**72,388,960**	**72,816,090**	**72,388,960**	**72,591,666**

8.3 Interim condensed statement of financial position

EURm	Notes	30 June 2023	31 December 2022
ASSETS			
Non-current assets			
Intangible assets		1.9	1.9
Property, plant and equipment		0.1	0.1
Right-of-use assets		17.9	15.7
Investment property		0.1	0.1
Investments in subsidiaries	10	1,255.2	1,255.2
Non-current receivables	11	1,360.4	1,530.1
Other financial assets		41.1	20.6
Total non-current assets		**2,676.7**	**2,823.7**
Current assets			
Prepayments and deferred expenses		0.2	0.1
Trade receivables		0.4	0.8
Other receivables		0.2	0.9
Other current assets		3.8	3.8
Current loans	12	262.4	227.8
Cash and cash equivalents		479.9	24.8
Total current assets		**746.9**	**258.2**
TOTAL ASSETS		**3,423.6**	**3,081.9**
EQUITY AND LIABILITIES			
Equity			
Issued capital	13	1,616.4	1,616.4
Reserves		104.7	99.6
Reserve for treasury shares		37.7	37.7
Retained earnings		376.7	179.1
Total equity		**2,135.5**	**1,932.8**
Liabilities			
Non-current liabilities			
Non-current loans and bonds	14	1,160.1	1,113.1
Non-current lease liabilities	15	16.2	14.2
Deferred tax liabilities		4.4	1.4
Total non-current liabilities		**1,180.7**	**1,128.7**
Current liabilities			
Loans	14	95.8	9.8
Lease liabilities	15	2.1	1.8
Trade payables		0.6	1.1
Income tax payable		1.7	1.8
Other current liabilities		7.2	5.9
Total current liabilities		**107.4**	**20.4**
Total liabilities		**1,288.1**	**1,149.1**
TOTAL EQUITY AND LIABILITIES		**3,423.6**	**3,081.9**

8.4 Interim condensed statement of changes in equity

For the six-month period ended 30 June 2023

EURm	Notes	Issued capital	Treasury shares	Legal reserve	Treasury shares reserve	Retained earnings	Total
Balance as at 1 January 2022		**1,658.8**	**(23.0)**	**88.1**	**23.0**	**186.4**	**1,933.3**
Net profit for the period		-	-	-	-	100.3	**100.3**
Other comprehensive income (loss) for the period		-	-	-	-	-	**-**
Total comprehensive income (loss) for the period		**-**	**-**	**-**	**-**	**100.3**	**100.3**
Transfers to legal reserve		-	-	11.5		(11.5)	**-**
Transfer to reserves to acquire treasury shares		-	-	-	14.7	(14.7)	**-**
Treasury shares acquired		-	(10.0)	-	-	(4.3)	**(14.3)**
Dividends	6	-	-	-	-	(43.8)	**(43.8)**
Other movement		-	-	-	-	0.3	**0.3**
Balance as at 30 June 2022		**1,658.8**	**(33.0)**	**99.6**	**37.7**	**212.7**	**1,975.8**
Balance as at 1 January 2023		**1,616.4**	**-**	**99.6**	**37.7**	**179.1**	**1,932.8**
Net profit for the period		-	-	-	-	247.9	**247.9**
Other comprehensive income (loss) for the period		-	-	-	-	-	**-**
Total comprehensive income (loss) for the period		**-**	**-**	**-**	**-**	**247.9**	**247.9**
Transfers to legal reserve	13	-	-	5.1	-	(5.1)	**-**
Dividends	6	-	-	-	-	(45.2)	**(45.2)**
Balance as at 30 June 2023		**1,616.4**	**-**	**104.7**	**37.7**	**376.7**	**2,135.5**

8.5 Interim condensed statement of cash flows

For the six-month period ended 30 June 2023

EURm	Notes	6M 2023	6M 2022
Cash flows from operating activities			
Net profit for the period		247.9	100.3
Adjustments to reconcile net profit to net cash flows:			
Depreciation and amortisation expenses		1.0	1.0
Fair value changes of financial instruments	7	(20.2)	(2.7)
Income tax expenses/(income)		4.7	0.3
Interest income	7	(28.3)	(15.7)
Interest expenses	8	12.3	10.3
Dividend income	6	(222.4)	(97.5)
Other expenses of financing activities		1.4	1.6
Income tax (paid)/received		(1.8)	-
Changes in working capital:			
(Increase)/decrease in trade receivables and other receivables[1]		0.7	84.4
(Increase)/decrease in prepayments and deferred expenses, other current and other non-current assets		-	16.2
Increase/(decrease) in trade payables, advances received, other current liabilities		0.1	(2.0)
Net cash flows from (to) operating activities		**(4.6)**	**96.2**
Cash flows from investing activities			
Acquisition of property, plant and equipment and intangible assets		(0.1)	-
Loans granted		(195.0)	(357.7)
Loan repayments received		405.2	6.0
Interest received	7	26.8	10.6
Dividends received		222.4	197.9
Investments in Smart Energy Fund	4.1	0.3	(1.6)
Net cash flows from investing activities		**459.6**	**(144.8)**
Cash flows from financing activities			
Loans received	15	209.5	73.0
Repayments of loans	15	(153.5)	-
Lease payments	15	(0.9)	(0.9)
Interest paid	15	(8.9)	(6.4)
Dividends paid	6.1	(45.2)	(43.8)
Dividends returned		-	0.3
Treasury shares acquisition		-	(14.3)
Other increases/(decreases) in cash flows from financing activities[1]		(0.9)	(0.9)
Net cash flows from financing activities		**0.1**	**7.0**
Increase/(decrease) in cash and cash equivalents		**455.1**	**(41.6)**
Cash and cash equivalents at the beginning of the period		24.8	125.3
Cash and cash equivalents at the end of the period		**479.9**	**83.7**

[1]The parent company has performed reclassifications in the Statement of cash flows in order to provide more reliable information for the users of financial statements. Reclassification had no impact on the Statement of financial position, the Statement of profit or loss and the Statement of changes in equity. As at 30 June 2022 the parent company has reclassified Personal income tax declared and paid in relation to bonds interest from 'Changes in working capital' to 'Cash flows from financing activities' (EUR 0.9 million).

8.6 Notes

For the six-month period ended 30 June 2023

1 General information

AB "Ignitis grupė" (hereinafter referred to as 'the parent company') is a public limited liability company registered in the Republic of Lithuania. The parent company's registered office address is Laisvės Ave. 10, LT-04215, Vilnius, Lithuania. The parent company was registered on 28 August 2008 with the Register of Legal Entities managed by the State Enterprise Centre of Registers. The parent company's code is 301844044. The parent company has been founded for an indefinite period.

The parent company's shares are listed on the Main List of NASDAQ OMX Vilnius Stock Exchange, and the global depositary receipts are admitted to the standard listing segment of the Official List of the United Kingdom Financial Conduct Authority and to trading on the Main Market of the London Stock Exchange.

AB "Ignitis grupė" is a parent company, which is responsible for the management and coordination of activities of the group companies directly controlled by the parent company (Note 10) and indirectly controlled by the parent company through subsidiary UAB "Ignitis renewables". The parent company and its directly and indirectly controlled subsidiaries are hereinafter collectively referred to as 'the Group'. The Group's core business is focused on operating electricity distribution Networks and managing and developing its Green Generation Portfolio. The Group also manages strategically important Reserve Capacities and provides Customers & Solutions services, including the supply of electricity and natural gas, solar, e-mobility, energy efficiency and innovative energy solutions for private and business customers.

The parent 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 parent 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 creates sustainable value in a socially responsible manner.

The parent company's principal shareholder is the Republic of Lithuania (74.99%).

Shareholders of the parent company	30 June 2023		31 December 2022	
	Share capital, in EURm	%	Share capital, in EURm	%
Republic of Lithuania represented by the Ministry of Finance of the Republic of Lithuania	1,212.1	74.99	1,212.1	74.99
Other shareholders	404.3	25.01	404.3	25.01
In total	**1,616.4**		**1,616.4**	

These interim condensed financial statements were prepared and approved by the parent company's management on 18 August 2023. These are interim condensed separate financial statements of the parent company. The Group also prepares consolidated interim condensed financial statements in accordance with International Accounting Standard (hereinafter referred to as 'IAS') 34 'Interim Financial Reporting'.

2 Basis of preparation

2.1 Basis of accounting

These interim condensed financial statements have been prepared for the six-month period ended 30 June 2023 (hereinafter referred to as 'interim financial statements') in accordance with IAS 34.

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 parent company's annual financial statements for the year ended 31 December 2022, which have been prepared in accordance with International Financial Reporting Standards (hereinafter referred to as 'IFRS'), which were issued by the International Accounting Standards Board (hereinafter referred to as 'IASB') and endorsed for application in the European Union.

Interim financial statements have been prepared on a going concern basis while applying measurements based on historical costs (hereinafter referred to as 'acquisition costs'), except for certain financial instruments measured at fair value.

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

2.2 Foreign currency translation

2.2.1 Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised as profit or loss in the 'Statement of profit or loss and other comprehensive income'.

3 Significant accounting policies

3.1 Changes in the accounting policy and disclosures

The accounting policies applied in the preparation of these interim financial statements are consistent with the accounting policies applied in the preparation of the parent's annual financial statements for the period ended 31 December 2022, with the except for the adoption of new standards effective as of 1 January 2023. The parent has not early adopted any standard, interpretation, or amendment that has been issued but not yet effective. Several amendments apply for the first time in 2023, but do not have a material impact on our interim financial statements.

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

While preparing these interim financial statements, the significant management judgements regarding the application of the accounting policies and accounting estimates were the same as the ones used while preparing the annual financial statements for the year ended 31 December 2022, except the following:

4.1 Fair value of Innovation Fund KŪB "Smart Energy Fund powered by Ignitis Group"

The change in carrying amount of the investments into Innovation Fund KŪB "Smart Energy Fund powered by Ignitis Group" (hereinafter referred to as 'Smart Energy Fund') amounted to EUR 20.5 million during 6M 2023 (in 2022: EUR 4.5 million).

The fair value increase of Smart Energy Fund was recognised for an amount of EUR 20.2 million and is presented as 'Finance income' in the Statement of profit or loss during 6M 2023. The increase was mainly driven by an agreed exit of a significant investment (the transaction between the parent company and the Innovation Fund happened after the reporting period (Note 19.2)). The remaining changes are related to other fund expenses and distributions (EUR 0.3 million). The fair value of this financial asset was determined by reference to exits of investments, new investment rounds or other recent events and data (Note 18).

The fair value corresponds to Level 3 of the fair value hierarchy

4.2 Impairment of investments in subsidiaries

On 30 June 2023, the parent company carried out an analysis to determine the existence of indications of impairment for investments into subsidiaries. The parent company has considered the information from external and internal sources of information.

For the purpose to determine impairment indications, assessments were made whether at least one of the following conditions exist (except for early stage companies):
1. actual Adjusted EBITDA (Earnings Before Interests Taxes Depreciation and Amortization) is less than budgeted Adjusted EBITDA;
2. the actual adjusted net profit is less than the actual dividends paid;
3. the carrying amount of investments is higher than the carrying amount of net assets.

Impairment indications were determined at the subsidiary UAB "Ignitis" as the subsidiary incurred losses for the 6M 2023, its actual EBITDA for the period was below the budgeted level and equity turned negative. Therefore the parent company performed an impairment test, which showed that the recoverable amount of the investments in the subsidiary exceeds its carrying amount (see Note 10).

No other indications of impairment of investments in subsidiaries existed as at 30 June 2023; therefore, the parent company did not perform impairment tests for other subsidiaries and did not recognize additional impairment for investments during 6M 2023.

5 Revenue from contracts with customers

EURm	6M 2023	6M 2022
Management fee income	1.5	1.6
In total	**1.5**	**1.6**

The parent company's revenue from contracts with customers during 6M 2023 and 6M 2022 mainly comprised the revenue from advisory and management services provided to subsidiaries. The parent company did not present any segment-related information as there is only one segment. All performance obligations of the parent company are settled over time.

The parent company's balances under the contracts with customers:

EURm	30 June 2023	31 December 2022
Trade receivables	0.4	0.8

6 Dividends

6.1 Dividends declared by the parent company

EURm	6M 2023	6M 2022
AB "Ignitis grupė"	45.2	43.8

EUR 45.2 million dividend for the second half of 2022 was approved at the Ordinary General Meeting of shareholders on 30 March 2023 and EUR 43.8 million dividend for the second half of 2021 was approved at the Ordinary General Meeting of shareholders on 29 March 2022.

6.2 Dividends received by the parent company

Dividends received by the parent company from the Group companies during the 6M 2023 are the following:

Declared at	Dividends declared by	Period for which dividends are allocated	Dividends per share, in EUR	Amount of dividends declared	Dividend income attributable to the Company	Non-controlling interest dividends
21/03/2023	UAB Elektroninių mokėjimų agentūra	2022	0.5000	0.2	0.2	-
28/03/2023	AB "Energijos skirstymo operatorius"	2022	0.0324	29.0	29.0	-
17/04/2023	UAB Kauno kogeneracinė jėgainė	2022	0.7306	29.2	14.9	-
19/04/2023	UAB "Ignitis"	2022	0.1445	20.0	20.0	-
27/04/2023	UAB "Ignitis grupės paslaugų centras"	2022	0.0118	0.9	0.5	-
28/04/2023	AB "Ignitis gamyba"	2022	0.2410	156.2	156.2	-
16/05/2023	UAB "Transporto valdymas"	2022	19.6391	1.6	1.6	-
Total				**237.1**	**222.4**	**-**

7 Finance income

EURm	6M 2023	6M 2022
Interest income at the effective interest rate	28.3	15.7
The fair value of Smart Energy Fund (Note 4.1)	20.2	2.7
In total	**48.5**	**18.4**

The parent company earns interest income from long-term and short-term loans, the majority of which is granted to the Group companies (Note 11.2 and 12).

8 Finance expenses

EURm	6M 2023	6M 2022
Interest expenses	12.2	10.2
Interest and discount expenses on lease liabilities	0.1	0.1
Other expenses of financing activities	1.4	1.6
In total	**13.7**	**11.9**

The parent company incurs interest expenses on long-term and short-term loans payable and issued bonds (Note 14).

9 Earnings per share

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

EURm	6M 2023	6M 2022
Net profit	**247.9**	**100.3**
Weighted average number of nominal shares	72,388,960	72,816,090
Basic earnings/(loss) per share attributable to shareholder of the parent company (EUR)	3.42	1.38
Diluted earnings/(loss) per share attributable to shareholder of the parent company (EUR)	3.42	1.38

Indicators of basic and diluted earnings per share have been calculated based on 72,388,960 weighted average number of ordinary shares as at 30 June 2023 (as at 30 June 2022: 72,816,090). As at 30 June 2022 the parent company held its own ordinary shares (treasury shares), which are not regarded as outstanding, thus they were excluded from the outstanding shares count at the period for which they were held by the parent company. On 9 August 2022 the parent company has reduced its share capital by annulling the acquired treasury shares.

10 Investments in subsidiaries

Information on the parent company's investments in subsidiaries as at 30 June 2023 are provided below:

EURm	Acquisition cost	Impairment	Carrying amount	Parent company's ownership interest, %	Group's effective ownership interest, %
Subsidiaries:					
AB "Energijos skirstymo operatorius"	750.4	-	750.4	100.00	100.00
AB "Ignitis gamyba"	321.2	-	321.2	100.00	100.00
UAB "Ignitis renewables"	54.2	-	54.2	100.00	100.00
UAB Vilniaus kogeneracinė jėgainė	52.3	-	52.3	100.00	100.00
UAB "Ignitis"	47.1	-	47.1	100.00	100.00
UAB Kauno kogeneracinė jėgainė	20.4	-	20.4	51.00	51.00
UAB "Ignitis grupės paslaugų centras"	6.0	-	6.0	50.47	100.00
UAB "Transporto valdymas"	2.4	-	2.4	100.00	100.00
UAB Elektroninių mokėjimų agentūra	0.8	-	0.8	100.00	100.00
UAB "Gamybos optimizavimas"	0.4	-	0.4	100.00	100.00
In total	**1,255.2**	**-**	**1,255.2**		

10.1 Impairment of investments in subsidiaries

As at 30 June 2023, impairment indications (see Note 4.1) were determined at the subsidiary UAB "Ignitis". Therefore the parent company performed an impairment test, which showed that the recoverable amount of the investments into the subsidiary exceeds its carrying amount. The impairment test was performed using the discounted cash flow method while applying the following key assumptions:

- the cash flow forecast covered the period from 2023 until 2032;
- the discount rate of 7.3% after tax (8.5% pre-tax) was used to calculate discounted cash flows (weighted average costs of capital after tax).

Since the impairment test includes certain assumptions, sensitivity analysis of WACC (which is one of the key assumptions) has been performed. The outcome indicates that an increase in WACC by 1% would decrease the recoverable amount by EUR 24.3 million; however the recoverable amount would still exceed the carrying amount.

11 Non-current receivables

EURm	30 June 2023	31 December 2022
Loans granted	1,360.4	1,530.1
Total	**1,360.4**	**1,530.1**
Less: loss allowance	-	-
Carrying amount	**1,360.4**	**1,530.1**

11.1 Expected credit losses of loans granted

As at 30 June 2023, the parent company assessed whether the credit risk of recipients of non-current loans has increased significantly and did not establish any indications and has no information indicating that the credit risk of loan recipients on an individual basis has increased significantly. Therefore, no lifetime expected credit loss was recognised for non-current loans granted.

11.2 Loans granted

The parent company's loans granted comprised loans granted to subsidiaries.

EURm	30 June 2023	31 December 2022
Within one year (Note 12)	238.5	205.4
From 1 to 2 years	7.9	7.9
From 2 to 5 years	214.7	247.4
After 5 years	1,137.8	1,274.8
Carrying amount	**1,598.9**	**1,735.5**

As at 30 June 2023, the granted loans with a floating interest rate amounted to EUR 136.2 million, and with a fixed interest rate – EUR 1,462.7 million.

A new loan granted to UAB "Ignitis renewables"

On 30 January 2023 the parent company granted a long-term loan to its subsidiary UAB "Ignitis renewables" with a maximum withdrawal amount of EUR 280.0 million and a fixed interest rate. The loan's maturity date is 21 May 2030. The balance of the loan as at 30 June 2023 is EUR 150.0 million.

New loans granted to UAB "Ignitis"

On 7 April 2023 the parent company granted a short-term loan to its subsidiary UAB "Ignitis" with a maximum withdrawal amount of EUR 100.0 million and a floating interest rate. The loan's maturity date is 6 April 2024. The balance of the loan as at 30 June 2023 is EUR 73.6 million.

On 18 May 2023 the parent company signed loan agreement with its subsidiary UAB "Ignitis" with a maximum withdrawal amount of EUR 200.0 million and a floating interest rate. The loan's facility agreement consists of a long -term loan of with a limit of EUR 50.0 million and maturity date of 15 May 2025 and a short short-term trade facility agreement with a limit of EUR 150.0 million. The unwithdrawn balance of the loan as at 30 June 2023 is EUR 200.0 million.

The fair value of the loans granted are presented in Note 18.

12 Current loans

EURm	30 June 2023	31 December 2022
Cash-pool loans	130.0	197.5
Current loans	100.6	-
Interest receivable on loans and issued guarantees	23.9	22.4
Current portion of non-current loans	7.9	7.9
Total	**262.4**	**227.8**
Less: loss allowance	-	-
Carrying amount	**262.4**	**227.8**

As at 30 June 2023, the parent company assessed whether the credit risk of recipients of current loans has increased significantly and did not establish any indications and has no information indicating that the credit risk of loan recipients on an individual basis has increased significantly. Therefore, no lifetime expected credit loss was recognized for current loans granted.

13 Equity and reserves

13.1 Capital management

For the purpose of capital management, the management uses 'Equity' as reported in the 'Statement of financial position'.

Pursuant to the Law on Companies of the Republic of Lithuania, the issued capital of a public limited liability company must not be less than EUR 25,000 and the shareholders' equity must be not lower than 50% of the company's issued capital. As at 30 June 2023 and 31 December 2022, the parent company has met the requirements of capital regulation.

13.2 Issued capital

EURm	30 June 2023	31 December 2022
Authorised shares		
Ordinary shares	1,616.4	1,616.4
Ordinary shares issued and fully paid	**1,616.4**	**1,616.4**

As at 30 June 2023, the parent company's issued capital comprised EUR 1,616.4 million (31 December 2022: EUR 1,616.4 million) and was divided into 72,388,960 ordinary shares with a EUR 22.33 nominal share value (31 December 2022: 72,388,960 ordinary registered shares with a EUR 22.33 nominal share value).

13.3 Reserves

During 6M 2023 the parent company transferred EUR 5.1 million to the legal reserve. The parent company's legal reserve as at 30 June 2023 was not fully formed.

14 Loans and bonds

EURm	30 June 2023	31 December 2022
Non-current		
Issued bonds	891.0	890.1
Bank loans	269.1	223.0
Current		
Bank loans	73.6	-
Current portion of non-current loans	9,6	-
Accrued interest	12.6	9.8
Total loans and bonds	**1,255.9**	**1,122.9**

The 6M 2023 expenses related to the interest on issued bonds totalled EUR 9.6 million (for the 6M 2022: EUR 9.6 million). The accrued amount of coupon payable as at 30 June 2023 amounted to EUR 12.6 million (31 December 2022: EUR 9.8 million).

Non-current loans and bonds by maturity:

EURm	30 June 2023	31 December 2022
From 1 to 2 years	84.6	150.0
From 2 to 5 years	343.6	297.0
After 5 years	731.9	666.1
In total	**1,160.1**	**1,113.1**

Loans and bonds are denominated in euros.

14.1 Movement of loans and bonds

Movement of loans and bonds during 6M 2023 mainly consisted of the following:

On 10 March 2023 the parent company took over the loans of a Group company UAB Vilniaus kogeneracinė jėgainė in the amount of EUR 190.0 million according to the long-term loan contract with the European Investment Bank. The loan was used for the construction of a biomass unit and a waste-to-energy unit. The maturity of the loans are 7 April 2037, 21 October 2036, 13 June 2036, 19 December 2035, and the interest rate is fixed. The balance of the loans as at 30 June 2023 is EUR 131.1 million.

On 6 April 2023 the parent company concluded a trade loan facility agreement with Citibank N.A. London Branch. The trade loan facility agreement was concluded for onward lending to a subsidiary UAB "Ignitis" for the purchase of natural gas by way of a trade loan. The total limit of the loan facility is EUR 100.0 million. The term of the loan facility agreement is 6 April 2024, and the interest rate is floating. The balance of the loan as at 30 June 2023 was EUR 73.6 million.

On 15 May the parent company concluded a loan agreement with MUFG Bank (Europe) N.V. and MUFG Bank (Europe) N.V., Germany branch, which consists of a loan facility and a trade finance facility. The limit of the loan facility is EUR 75.0 million and the limit of the trade finance facility is EUR 150.0. The trade finance facility is uncommitted and could be used for cash advances and/or issuing letters of credit. The loan facility is committed and is concluded for a term of 24 months until 15 May 2025. The interest rate of both loan facilities is floating. The balance of the loan as at 30 June 2023 is EUR 74.6 million.

14.2 Covenants and unwithdrawn balances

During the 6M 2023, the parent company didn't have any breaches of financial and non-financial covenants due to which the classification of current and non-current liabilities could be changed.

As at 30 June 2023 the parent company's unwithdrawn balance of loans and bank overdrafts amounted to EUR 675.4 million (31 December 2022: EUR 269.0 million).

15 Net Debt

Net Debt is a non-IFRS liquidity measure used to determine the value of debt against highly liquid assets owned by the parent company. Only debts to financial institutions, issued bonds and related interest payables as well as lease liabilities are included in the Net Debt calculation. This note sets out an analysis of the Net Debt, a non-IFRS measure, for the purposes of presentation of these financial statements as defined by the management below.

Net Debt balance:

EURm	30 June 2023	31 December 2022
Cash and cash equivalents	(479.9)	(24.8)
Non-current loans and bonds payable after one year	1,160.1	1,113.1
Current loans and bonds payable within one year (including overdraft and accrued interest)	95.8	9.8
Lease liabilities	18.3	16.0
Net Debt	**794.3**	**1,114.1**

Reconciliation of the parent company's Net Debt balance cash flows from financing activities:

	Assets	Lease liabilities		Loans and bonds		
EURm	Cash and cash equivalents	Non-current	Current	Non-current	Current	Total
Net Debt as at 1 January 2023	**(24.8)**	**14.2**	**1.8**	**1,113.1**	**9.8**	**1,114.1**
Cash changes						
(Increase) decrease in cash and cash equivalents	(455.1)	-	-	-	-	**(455.1)**
Proceeds from loans	-	-	-	198.5	11.0	**209.5**
Repayments of loans	-	-	-	(150.0)	(3.5)	**(153.5)**
Lease payments	-	-	(0.9)	-	-	**(0.9)**
Interest paid	-	-	(0.1)	-	(8.8)	**(8.9)**
Non-cash changes						
Trade loan facility agreement	-	-	-	-	73.6	**73.6**
Lease contracts concluded	-	2.9	0.3	-	-	**3.2**
Accrual of interest payable		-	0.1	0.9	11.3	**12.3**
Reclassifications between items	-	(0.9)	0.9	(2.4)	2.4	**-**
Net Debt as at 30 June 2023	**(479.9)**	**16.2**	**2.1**	**1,160.1**	**95.8**	**794.3**

16 Contingent liabilities and commitments

16.1 Guarantees issued and received by the parent company

16.1.1 Issued guarantees related to loans

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

Entity	Beneficiary of the guarantee	Maximum amount of the guarantee	30 June 2023[1]	31 December 2022[1]
Subsidiary	Banks	529.8	269.4	216.1
Subsidiary	Group companies	-	-	6.0
In total		**529.8**	**269.4**	**222.1**

[1] The amount which should be covered by the parent company in case an entity could not perform its obligations.

16.1.2 Other issued guarantees

The parent company has provided the following other guarantees:

Entity	Beneficiary of the guarantee	Maximum amount of the guarantee	30 June 2023[2]	31 December 2022[2]
Subsidiaries	Banks	77.2	75.2	28.9
Subsidiaries	Other companies	573.6	14.9	128.0
In total		**650.8**	**90.1**	**156.9**

[2] The amount which should be covered by the parent company in case an entity could not perform its obligations.

New significant guarantees issued

On 4 April 2023, the parent company has issued a guarantee in favour of NASDAQ Clearing AB for EUR 40.0 million. The guarantee is provided to guarantee the performance of obligations of a subsidiary.

On 17 May 2023, the parent company has issued a guarantee in favour of SEB bank AB for EUR 26.8 million. Guarantee maturity date is 15 May 2027.

17 Related party transactions

The balance of the parent company's transactions with related parties during the period and after the end of the period are presented below:

Related parties, EURm	Accounts Receivable 30 June 2023	Loans Receivable 30 June 2023	Accounts Payable 30 June 2023	Sales 6M 2023	Purchases 6M 2023	Finance income/ (cost) 6M 2023
Subsidiaries	0.4	1,622.3	0.3	1.5	1.9	25.4
In total	**0.4**	**1,622.3**	**0.3**	**1.5**	**1.9**	**25.4**

Related parties, EURm	Accounts Receivable 31 December 2022	Loans Receivable 31 December 2022	Accounts Payable 31 December 2022	Sales 6M 2022	Purchases 6M 2022	Finance income/ (cost) 6M 2022
Subsidiaries	0.8	1,757.9	0.4	1.6	0.9	15.7
Other related parties	-	-	-	-	-	0.1
In total	**0.8**	**1,757.9**	**0.4**	**1.6**	**0.9**	**15.8**

The parent company's dividend income received from subsidiaries during the 6M 2023 and 2022 is disclosed in Note 6.

As at 30 June 2023, the parent company has issued guarantees for financial loans to its subsidiaries (Note 16.1)

The loans provided to subsidiaries are disclosed in Notes 11 and 12.

17.1 Compensation to key management personnel

EURm	6M 2023	6M 2022
Remuneration, salaries and other short-term benefits to key management personnel	0.6	0.6
Whereof:		
Short-term benefits - wages, salaries and other	*0.6*	*0.5*
Termination benefits	*-*	*0.1*
Number of key management personnel	12	12

During 6M 2023 and 2022 members of the Management Board, Supervisory Board as well as the Chief Executive Officer were considered as the parent company's key management personnel. For more information on the key management personnel, see '4 Governance report' in our Annual report 2022.

18 Fair value of financial instruments

18.1 Financial instruments measured at fair value

The parent company's investments into Smart Energy Fund (Level 3) were measured at fair value.

As at 30 June 2023 and 31 December 2022, the parent company has accounted for investments into Smart Energy Fund. The fair value measurement of this financial asset is based on investment rounds and exits of investments. The fair value of this financial asset will change depending on exits of investments, future investment rounds or other significant events.

18.2 Financial instruments for which fair value is disclosed

The carrying amount of the parent company's short-term financial assets and financial liabilities is measured at an amortised cost approximated to their fair value, excluding issued bonds, debt liabilities to commercial, state-owned banks and loans granted. The measurement of the financial instruments related to the loans granted and issued bonds is attributed to Level 2 of the fair value hierarchy.

As at 30 June 2023 and 31 December 2022, the fair value of the parent company's amounts receivable related to loans receivable from its subsidiary AB "Energijos skirstymo operatorius" was estimated by discounting the cash flows with a market interest applied for a similar-period bond. The market interest rate for certain bonds' issues was determined as bond yields for certain issued bonds. Cash flows were discounted using an average discount rate of 4.79% as at 30 June 2023 (31 December 2022: 5.01%). The fair value of the amounts receivable is attributed to Level 2 of the fair value hierarchy.

The fair value of loans granted was calculated by discounting future cash flows with reference to the interest rate observable in the market. The cash flows were discounted using a weighted average discount rate of 6.43% as at 30 June 2023 (31 December 2022: 4.80%). The measurement of the financial instruments related to the loans granted attributed to Level 2 of the fair value hierarchy.

The fair value of the parent company's issued bonds (Note 14) 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 the issued bonds. The cash flows were discounted using a weighted average discount rate of 4.79% as at 30 June 2023 (31 December 2022: 5.01%). The discount rates for certain issued bonds were determined as bond yields for a certain issued bond. The measurement of fair value of issued bonds is attributed to Level 2 of the fair value hierarchy.

The fair value of loans received from commercial banks and state-owned banks was calculated by discounting future cash flows with reference to the interest rate observable in the market. The cash flows were discounted using a weighted average discount rate of 6.43% as at 30 June 2023 (31 December 2022: 4.80%). The measurement of fair value of loans received from commercial and state-owned banks is attributed to Level 2 of the fair value hierarchy.

The parent company's financial instruments categorised between the fair value hierarchy levels as at 30 June 2023:

EURm	Note	Carrying amount	Level 1 Quoted prices in active markets	Level 2 Other directly or indirectly observable inputs	Level 3 Unobservable inputs	In total
Financial instruments measured at FVPL						
Assets						
Innovation Fund KŪB "Smart Energy Fund powered by Ignitis Group"		**41.1**	-	-	41.1	**41.1**
Financial instruments for which fair value is disclosed						
Assets						
Loans receivables from subsidiary AB "Energijos skirstymo operatorius"	11.2	**627.4**	-	551.6	-	**551.6**
Loans granted to other Group companies	11.2, 12	**993.8**	-	828.5	-	**828.5**
Liabilities						
Issued bonds	14	**902.9**	-	796.2	-	**796.2**
Loans received	14	**353.0**	-	256.9	-	**256.9**

The parent company's financial instruments categorised between the fair value hierarchy levels as at 31 December 2022:

EURm	Note	Carrying amount	Level 1 Quoted prices in active markets	Level 2 Other directly or indirectly observable inputs	Level 3 Unobservable inputs	In total
Financial instruments measured at FVPL						
Assets						
Innovation Fund KŪB "Smart Energy Fund powered by Ignitis Group"		**20.6**	-	-	**20.6**	**20.6**
Financial instruments for which fair value is disclosed						
Assets						
Loans receivables from subsidiary AB "Energijos skirstymo operatorius"	11.2	**624.6**	-	535.9	-	**535\.9**
Loans granted to other Group companies	11.2, 12	**1,131.0**	-	1,001.2	-	**1,001.2**
Liabilities						
Issued bonds	14	**899.3**	-	774.3	-	**774.3**
Loans received	14	**223.7**	-	189.9	-	**189.9**

19 Events after the reporting period

19.1 New guarantees issued by the parent company

On 14 July 2023, the parent company has issued a guarantee in favour of UAB NORDEX LITHUANIA for EUR 71.7 million. The guarantee is provided to guarantee the performance of obligations of a group company.

19.2 Return from Smart Energy Fund

In July 2023, Smart Energy Fund outperformed its total investments of EUR 11.4 million and so far this year has generated a return of EUR 15.6 million by selling part of the portfolio company shares. Obtained fund will be used to further invest in innovative start-ups through the second fund, the World Fund, which the Group joined on 13 July 2023. More information is available in section '2.3 Investment program' of this First half year 2023 Interim report.

19.3 Share capital increase in subsidiary UAB "Ignitis renewables"

On 24 July 2023 the parent company has signed share subscription agreement with subsidiary UAB "Ignitis renewables" by subscribing to newly issued 19,000,000 units of ordinary registered shares with nominal value of EUR 1 per share. The total issue price for all issued shares is EUR 129.0 million which consist of EUR 19.0 million nominal amount and EUR 110.0 million share premium.

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

9 Responsibility statement

18 August 2023

Referring to the provisions of the Article 13 of the Law on Securities of the Republic of Lithuania and the Rules of disclosure of information of the Bank of Lithuania, we, Darius Maikštėnas, Chief Executive Officer at AB „Ignitis grupė", Jonas Rimavičius, Chief Financial Officer at AB „Ignitis grupė", and Giedruolė Guobienė, Head of Accounting at UAB „Ignitis grupės paslaugų centras", acting under Decision No 23_GSC_SP_0010 of 17 February 2023, hereby confirm that, to the best of our knowledge, AB „Ignitis grupė" interim condensed consolidated and the interim condensed parent company's financial statements for the six-month period ended 30 June 2023 prepared in accordance with International accounting standard 34 'Interim financial reporting' as adopted by the European Union, give a true and fair view of AB „Ignitis grupė" consolidated and the parent company's assets, liabilities, financial position, profit or loss, and cash flows for the period, the Interim report includes a fair review of the development and performance of the business as well as the condition of AB „Ignitis grupė" and it's group companies together with the description of the principle risks and uncertainties it faces.

Darius Maikštėnas
Chief Executive Officer of the parent company

Jonas Rimavičius
Chief Financial Officer of the parent company

Giedruolė Guobienė
UAB „Ignitis grupės paslaugų centras",
Head of Accounting,
acting under Decision No 23_GSC_SP_0010
(signed 17 February 2023)

10 Legal notice

This document has been prepared by AB „Ignitis grupė" (Ignitis Group) solely for informational purposes and must not be relied upon, disclosed or published, or used in part for any other purpose.

The document should not be treated as investment advice or provide basis for valuation of Ignitis Group securities and should not be considered as a recommendation to buy, hold, or dispose of any of its securities, or any of the businesses or assets referenced in the document.

The information in this document may comprise information which is neither audited nor reviewed by independent third parties and should be considered as preliminary and potentially subject to change.

This document may also contain certain forward-looking statements, including but not limited to, the statements and expectations regarding anticipated financial and operational performance. These statements are based on the management's current views, expectations, assumptions, and information as of the date of this document announcement as well as the information that was accessible to management at that time. Statements herein, other than statements of historical fact, regarding Ignitis Group's future results of operations, financials, business strategy, plans and future objectives are forward-looking statements. Words such as "forecast", "expect", "intend", "plan", "will", "may", "should", "continue", "predict" or variations of these words, as well as other statements regarding matters that are not a historical fact or regarding future events or prospects, constitute forward-looking statements.

Ignitis Group bases forward-looking statements on its current views, which involve a number of risks and uncertainties, which may be beyond Ignitis Group's control or difficult to predict, and could cause the actual results to differ materially from those predicted and from the past performance of Ignitis Group. The estimates and projections reflected in the forward-looking statements may prove materially incorrect and the actual results may materially differ due to a variety of factors, including, but not limited to, legislation and regulatory factors, geopolitical tensions, economic environment and industry development, commodities and markets factors, environmental factors, finance-related risks as well as expansion and operation of generation assets. Therefore, you should not rely on these forward-looking statements. For further risk-related information, please see section '4.2 Risk management' of our latest interim report and '4.7 Risk and risk management report' section in our Annual report 2022, all available at https://ignitisgrupe.lt/en/reports-and-presentations.

Certain financial and statistical information presented in this document is subject to rounding adjustments. Accordingly, any discrepancies between the listed totals and the sums of the amounts are due to rounding. Certain financial information and operating data relating to Ignitis Group presented in this document has not been audited and, in some cases, is based on the management's information and estimates, and is subject to change. This document may also include certain non-IFRS measures (e.g., Alternative Performance Measures, described at https://ignitisgrupe.lt/en/reports-and-presentations) which have not been subjected to a financial audit for any period.

In the event of any discrepancy between the Lithuanian and the English versions of the document, the English version shall prevail.

No responsibility or liability will be accepted by Ignitis Group, its affiliates, officers, employees, or agents for any loss or damage resulting from the use of forward-looking statements in this document. Unless required by the applicable law, Ignitis Group is under no duty and undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

AB „Ignitis grupė"

Laisvės Ave. 10, LT-04215 Vilnius, Lithuania
Company code 301844044
Tel. +370 5 278 2222
E-mail grupe@ignitis.lt
www.ignitisgrupe.lt/en/

Investor relations
Ainė Riffel-Grinkevičienė
Tel. +370 643 14925
E-mail ir@ignitis.lt

Sustainability
Valentas Neviera
Tel. +370 670 25997
E-mail sustainability@ignitis.lt

Corporate communication
Artūras Ketlerius
Tel. +370 620 76076
E-mail media@ignitis.lt

Images
Ričardas Čerbulėnas (p. 1, 4, 8, 31, 56, 71, 72, 73, 78, 84)
Greta Skaraitienė (p. 5)
Sjoerd van der Wal (p. 16)
Lina Jushke (p. 25)
Marius Linauskas (p. 64)
Norbert Tukaj (p. 65, 113)
Elijus Kniežauskas (p. 69)
Kęstutis Vanagas (p. 79)

Publication
22 August 2023

ignitis group