ignitis group

First nine 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

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Performance

Our Adjusted EBITDA amounted to EUR 345.3 million and decreased by 3.3% YoY, driven by lower captured electricity prices.

The Green Generation segment remained the largest contributor with a 44.7% share of our total Adjusted EBITDA.

Our Investments increased by 72.3% YoY and reached a record high level of EUR 633.7 million due to the Investments made in the Green Generation and Networks.

S&P Global Ratings affirmed 'BBB+' (stable outlook) credit rating.

In line with the Dividend Policy, a dividend of EUR 0.643 per share, corresponding to EUR 46.5 million, was distributed for H1 2023.

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 2.9 GW (from 1.6 GW), and Installed Capacity to 1.3 GW (from 1.2 GW).

A number of significant milestones were reached in the Green Generation Portfolio expansion and development, including:

- the Group, together with its partner Ocean Winds, confirmed as 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 in August 2023;
- Vilnius CHP biomass unit (73 MWe, 169 MWth) started to generate and supply heat to Vilnius;
- the Group made a Final Investment Decision for Latvian solar portfolio I (239 MW), the largest solar portfolio in the Baltics;
- projects with a total capacity of up to 670 MW reached the construction phase;
- projects with a total capacity of up to 620 MW reached the advanced development phase;
- the Group signed the largest external 10-year corporate PPA with Umicore Poland Sp. Z o. o. It covers a substantial part of the expected electricity production of Silesia WF II, currently under construction, with total capacity of 137 MW;
- 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 Q2 2023.

On the Networks front, the WACC methodology was updated in July 2023, which will enter into force from 2024. For 2024, this update has resulted in an electricity WACC increase to 5.09% (from 4.17% in 2023) and a natural gas WACC increase to 5.03% (from 3.99% in 2023). In addition, the total number of installed smart meters exceeded 600 thousand.

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

Sustainability

A number of ESG ratings have been reviewed and updated, placing the Group among top utility peers globally:

- ISS ESG improved the Group's ESG rating to 'B-' (from 'C');
- MSCI has awarded the Group the same rating as last year – 'AA';
- EcoVadis has awarded the Group's subsidiary Ignitis a platinum medal (top rating) for the second year in a row.

Darius Maikštėnas
Chair of the Management Board and CEO
Ignitis Group

All time high investments, start of construction of the largest onshore wind farm in the Baltics, and final investment decision taken for the largest solar portfolio in the Baltics

Performance

In 9M 2023, the Group's Adjusted EBITDA was in line with our expectations and amounted to EUR 345.3 million. The Adjusted EBITDA decrease of 3.3% YoY, or EUR 11.9 million, was primarily a result of lower captured electricity prices, mainly due to overall lower electricity market prices and the CfD subsidy scheme applied to Pomerania WF in Poland. Additionally, the Customers & Solutions segment's result decreased due to lower supply volumes, which were driven by an overall lower consumption. The Adjusted EBITDA decrease was partly offset by better results of the Reserve Capacities business segment, which were driven by a utilised option to earn additional return in the market on top of the regulated return by fixing a positive forward Clean Spark spread, and better result of the Networks segment, which increased mainly due to higher RAB. The Green Generation segment remained the largest contributor to Adjusted EBITDA (44.7% of the Group's Adjusted EBITDA).

The Group's Investments in 9M 2023 increased by 72.3% and reached a record high level of EUR 633.7 million. More than half of the Investments were made in the Green Generation segment, which in turn more than doubled and reached EUR 361.9 million, with the majority of the Investments directed towards new onshore wind farms in Lithuania and Poland. Additionally, Investments in the Networks segment increased by 38.2% YoY to EUR 246.6 million as a result of a higher number of new connection points and upgrades in the electricity distribution grid as well as higher contractor fees.

Regarding the balance sheet strength, despite the increase in Net Debt, our leverage metrics remained strong. The Group's Net Debt increased by 12.9% (EUR 1,114.1 million as of 30 September 2023 compared to EUR 986.9 million as of 31 December 2022), mainly due to negative FCF, which was influenced by high Investments. Our FFO/Net Debt ratio remained at a solid level of 39.6% (compared to 49.1% as of 31 December 2022).

Also, in line with the Dividend Policy, the Extraordinary General Meeting of Shareholders held on 21 September 2023 made a decision on the distribution of a dividend of EUR 0.643 per share, corresponding to EUR 46.5 million, for H1 2023, which the Group distributed in October 2023.

After the reporting period, in October 2023 an international credit ratings agency, S&P Global Ratings, affirmed 'BBB+' (stable outlook) credit rating following its annual review. This credit rating affirmation confirms that we follow through on our goals, ensure sustainable finances and are prepared to implement our investment plan.

Following our 9M 2023 performance, which was in line with our expectations, we maintain our full-year 2023 Adjusted EBITDA guidance of EUR 430–480 million.

Business development

Since the beginning of 2023, we have reached significant milestones in the expansion and development of our Green Generation Portfolio across all project development phases, 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 around 0.3 GW and greenfield capacity additions of around 0.8 GW. Our Secured Capacity increased to 2.9 GW (from 1.6 GW) as number of projects, including Latvian solar portfolio I (239 MW), Kelmė WF II (<195 MW), Kruonis PSHP expansion project (110 MW), Kelmė WF I (105.4 MW), and Tauragė solar project (22.1 MW) have reached the construction phase, and the 700 MW Lithuanian offshore WF project has reached the Awarded / Contracted stage. Additionally, projects with a total capacity of up to 620 MW (Tume solar project (<300 MW), Jonava solar project (252 MW), Jurbarkas solar project (37.5 MW) and Tauragė solar project II (25.2 MW)) secured the grid connection and reached the advanced development stage.

It is also worth noting that we signed the largest external 10-year corporate PPA for the supply of renewable electricity to Umicore Poland's electric vehicle battery materials plant in Nysa, Poland. It covers a significant portion of the expected electricity production of Silesia WF II (137 MW), which is currently under construction in southwestern Poland. The conclusion of the PPA is a strategic milestone for us, supporting our commitment to providing green and flexible energy solutions and enhancing the Group's ability to deliver consistent supply of clean energy to partners in the Baltic States and Poland.

The implementation of the Green Generation Portfolio is progressing as planned, although with some exceptions. Firstly, Vilnius CHP biomass unit (73 MWe, 169 MWth) in Lithuania started to generate and supply heat to Vilnius as planned for this heating season. However, due to the ongoing final testing procedures, there is a technical delay in the project's COD (postponed to Q4 2023 from Q3 2023). Nevertheless, it's important to note that a settlement agreement has been concluded with a former biomass unit's contractor, Rafako S. A., including a monetary compensation of almost EUR 30 million. A part of it (almost EUR 15 million) has already been received and the other part (EUR 15 million) will be paid by the former contractor in instalments over five years. In addition, almost EUR 2 million has already been recovered in the form of equipment and documents. It ensured the continuity of the biomass project's development. Additionally, our Polish solar portfolio II (~40 MW), which is under construction, is now expected to commence commercial operations in Q4 2023–Q4 2024 (previous COD was Q4 2023–Q1 2024). This is due to some delayed development works as well as disruptions in the supply chain (longer delivery times for equipment, especially the transformer stations). The implementation of other projects in the Portfolio is progressing as planned with no significant changes since Q2 2023.

There were two important events in the Networks segment we would like to highlight. The first was the WACC methodology update for electricity and natural gas activities, which took place in July 2023. The updated methodology will enter into force from 2024. For 2024, this update has resulted in an electricity WACC increase to 5.09 % (from 4.17% in 2023) and a natural gas WACC increase to 5.03% (from 3.99% in 2023). The second was a successful implementation of grid maintenance and expansion works, including the smart meter roll-out. In 9M 2023, the total number of installed smart meters reached around 609 thousand. Our target of completing the mass roll-out by the end of 2025 remains unchanged despite the disruptions in the production of smart meters, which are affecting the project by having the smart meters delivered in smaller quantities than planned at the beginning of the project.

Finally, on the Customers & Solutions front, we approved a plan to invest up to EUR 115 million in the development of an EV charging network in the Baltics over 3–5 years.

Sustainability

We continued to adhere to the highest ESG principles throughout the 9M 2023 period. We are committed to the UN Global Compact and support its principles consistently. As a sign of the Group's commitment to equal opportunities, we have also signed the Women's Empowerment Principles, established by UN Women and the UN Global Compact.

We are continuing our decarbonisation initiatives to minimise our environmental impact. For 9M 2023, the Group's total greenhouse gas emissions amounted to 3.65 million tonnes of CO_2 equivalent (3.9% lower than the same period in 2022). Occupational health and safety (OHS) of our employees and contractors is one of our top priorities this year. Accordingly, at the beginning of 2023 we launched an OHS education programme, "Is it safe?". Furthermore, we have tested and intend to widely deploy an innovative solution that monitors the environment while detecting and reporting unsafe behaviour.

In our previous report we mentioned that the Group have approved the Group Abuse and Harassment Prevention Policy. This allows us to ensure the well-being of the Group employees and incorporate a supporting work environment within the organisation. In the summer, we introduced mandatory abuse and harassment prevention training to ensure that all employees understand our policy and are aware of the support available to them.

We are continuing our #EnergySmartSTART programme to encourage more students to choose engineering studies. It's encouraging to see that student enrolment in our sponsored study programmes at universities increased almost 70% compared to 2022.

Our Adjusted EBITDA was in line with our expectations and amounted to EUR 345.3 million. Following our performance, we reiterate our 2023 Adjusted EBITDA guidance of EUR 430–480 million.

Collaborating and engaging with suppliers is a vital part of our commitment to sustainability. As we endeavour to maximise our sustainable procurement practices, we encourage our suppliers to do the same, which is adopting sustainability principles in their operations. Several new initiatives have been launched this year to help our suppliers comply with our Supplier Code of Ethics.

Finally, we are pleased to share that our efforts have again resulted in high ESG ratings awarded by international ESG rating agencies. ISS ESG has awarded the Group a rating of 'B-' and 'Prime' status. Last year the Group was rated 'C' (on a scale from 'D-' to 'A+', the highest rating). Sustainalytics changed the Group's ESG rating to 25.2, the previous score was 19.4. The Group's ESG ratings were also updated by other global rating agencies as MSCI and EcoVadis awarded the Group the same high ratings as last year. Our daily actions towards maintaining and improving sustainability excellence place the Group among top utility peers globally.

Looking ahead

We are continuing towards a successful implementation of our strategy and increasing value for our shareholders and society. Our position as the largest energy group in the Baltics, our clear purpose to create a 100% green and secure energy ecosystem, and our people, who believe in and work towards these goals, place us in a perfect position to lead 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.

Finance:
- The Group secured a credit facility with Citibank N.A. London Branch for EUR 100 million to manage working capital needs.
- In line with the Dividend Policy, for H2 2022 a dividend of EUR 0.624 per share, corresponding to EUR 45.2 million, was distributed.

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.

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 company shares in its portfolio. Obtained funds 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 and appointing two new members – Roger Hunter and Toma Sasnauskienė. Now the Ignitis Board with a supervisory function comprises 5 members: 2 independent members, 2 shareholder representatives, and 1 civil servant.

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), pursuant to European Commission regulation, has obliged AB "Litgrid" (TSO), within the timeframe of 6 months, to ensure that wholesale electricity market participants have the possibility to purchase long-term inter-zonal hedging products within the timeframe without the need to provide long-term transmission rights

July

Networks:
- NERC has approved the amendments to the methodology for determining electricity and natural gas WACC, entering into force from 2024.

Customers & Solutions:
- The Group announced its plans to invest up to EUR 115 million in the development of the 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) in Lithuania has reached COD.

Networks, Customers & Solutions:
- 2024 WACC for electricity and natural gas has been approved. For 2024, electricity WACC increased to 5.09% (from 4.17% in 2023) and natural gas WACC increased to 5.03% (from 3.99% in 2023).

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

September

Green Generation:
- A settlement agreement has been signed between Vilnius CHP and Rafako S.A., a former contractor of the biomass unit. Under the terms and conditions of the agreement, the Group is being compensated almost EUR 30 million. In addition, almost EUR 2 million has already been recovered the form of equipment and documents.
- Anu Eslas, an executive with international experience in offshore and onshore wind business development, has joined Ignitis Renewables and will oversee international business development.

Customers & Solutions:
- The Group and Baltisches Haus, a company that develops and manages commercial real estate (mainly retail stores) throughout Lithuania, have entered into a strategic partnership agreement to provide at least 110 public charging points for electric vehicles in 15 cities across Lithuania.

Sustainability:
- Global ESG rating agencies updated the Group's ESG ratings: ISS ESG – to 'B-' from 'C', MSCI remains at 'AA'. Updated EcoVadis rating for Ignitis remains at 78 out of 100. These ratings place the Group among the top peers globally.

Innovation:
- The Group confirmed an investment of around EUR 25 million into start-ups focused on energy and climate change solutions through a venture capital fund, the World Fund.

Finance:
- The Group extended three short-term credit lines with AB SEB bankas, AS SEB Pank, AS "SEB Banka", and OP Corporate Bank plc Lithuanian branch for a total amount of EUR 344 million to manage working capital needs and maintain adequate liquidity of the Group.

Governance:
- An EGM was held on 21 September, where resolutions, such as allocation of dividends for H1 2023 (EUR 0.643 DPS, or a total of EUR 46.5 million), were passed.

After the reporting period

October

Green Generation:
- The Group, together with its partner Ocean Winds, confirmed as winners of the 700 MW Lithuanian offshore wind tender after submitting the highest development fee of EUR 20 million.
- Vilnius CHP biomass unit (73 MWe, 169 MWth) started to generate and supply heat to Vilnius.
- The Group and Umicore Poland Sp. Z o. o. signed the largest external 10-year corporate PPA. It covers a substantial part of the expected electricity production of Silesia WF II, currently under construction, with total capacity of 137 MW.
- The Group completed the acquisition of up to 300 MW of Kelmė WF I & II in Lithuania.

Networks:
- The regulator (NERC) has set the income level for electricity distribution services in 2024 at EUR 318.04 million.

Sustainability:
- The Group was acknowledged as the best company for sustainability reporting at the Corporate ESG Awards 2023. Besides that, the Group was also a finalist in three other categories: Best company for climate transition (finalist); Best company for diversity, equity and inclusion (finalist); Best company for ESG & sustainability (finalist and runner-up).

Finance:
- In line with the Dividend Policy, for H1 2023 a dividend of EUR 0.643 per share, corresponding to EUR 46.5 million, was distributed.
- The Group extended three short-term credit lines with Citibank N.A. London Branch and Citibank Europe plc for a total amount of EUR 150 million. An additional credit line of EUR 70 million was concluded with Swedbank AB. Currently, the Group has secured credit lines for a total amount of EUR 769 million to manage working capital needs and maintain adequate liquidity.
- S&P Global Ratings affirmed 'BBB+' (stable outlook) credit rating.

Governance:
- For the fifth consecutive year, the Group has been awarded the highest 'A+' governance rating in Lithuania and acknowledged as the leader in the category of large SOEs in the Good Corporate Governance Index.

Regulatory:
- The European Council, represented by the energy ministers, has agreed on a general approach for changes to the European Union's Electricity Market Design (EMD). The aim is to make electricity prices less dependent on volatile fossil fuel prices, protect consumers from price spikes, speed up the energy transition and improve consumer protection. Among the measures agreed on are the promotion of power purchase agreements (PPAs), two-way contracts for differences (CfDs) for new power plants, the establishment of a capacity mechanism by member states with no limits on CO_2 emissions until the end of 2028, the establishment of a free choice of electricity supplier, etc.

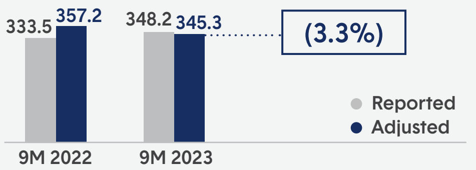
November

Green Generation:
- The Group made a Final Investment Decision for Latvian solar portfolio I (239 MW).

1.3 Performance highlights

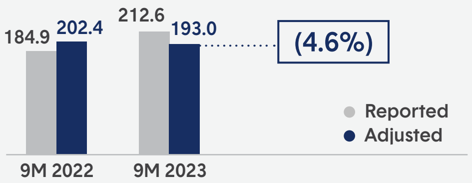
Financial

EBITDA APM
EURm



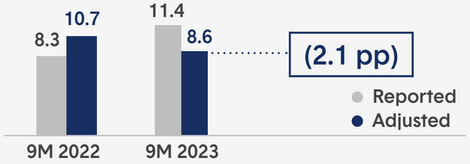
Adjusted EBITDA decrease was primarily driven by lower captured electricity prices. The Green Generation segment remains the largest contributor to Adjusted EBITDA (EUR 154.4 million or 44.7% of the Group's total).

Net profit APM
EURm



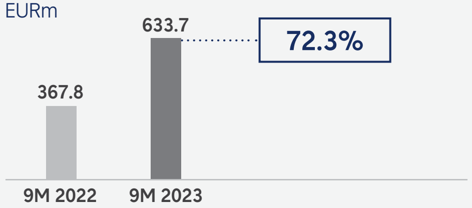
Adjusted Net Profit decrease was driven by lower Adjusted EBITDA and higher depreciation and amortization expenses which were partly offset by lower income tax expenses. Increased interest expenses were offset by higher interest income on deposits. Reported Net Profit increase was partially related to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

ROCE LTM[1] APM
%



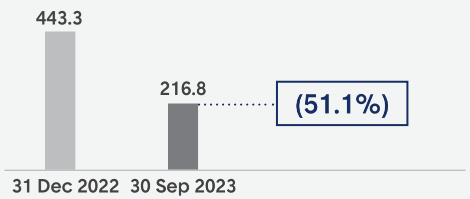
Adjusted ROCE LTM decreased to 8.6% mainly due the lag between the deployment of capital in investments and the subsequent realization of returns. Due to significant investments made average Capital Employed increased from EUR 3,086 million to EUR 3,478 million.

Investments APM
EURm



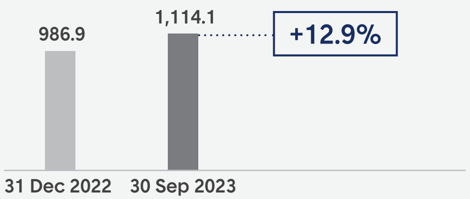
In 9M 2023, Investments significantly increased. More than half of investments were made in the Green Generation segment (57.1% of total Investments) which in turn more than doubled and amounted to EUR 361.9 million with majority directed to onshore wind farms. Additionally, Investments in the Networks segment increased by 38.2% to EUR 246.6 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



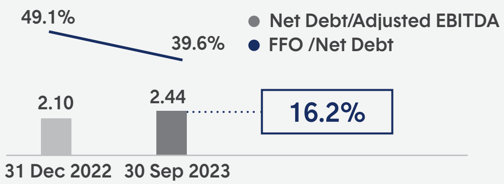
Net Working Capital decreased by 51.1%. The main drivers for the change were lower market prices for electricity and natural gas, which resulted in a decrease of inventory, trade receivables and prepayments, which was partly offset by lower trade payables.

Net Debt APM
EURm



Net Debt increased by +12.9% due to negative FCF and dividends paid.

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



FFO LTM/Net Debt ratio decreased to 39.6% due to higher Net Debt and lower FFO LTM.

[1] *These figures have been restated compared to the previous reporting period. For more information see section '6.2 Notes on restated figures' of this report.*

Outlook for 2023

Adjusted EBITDA APM
EURm

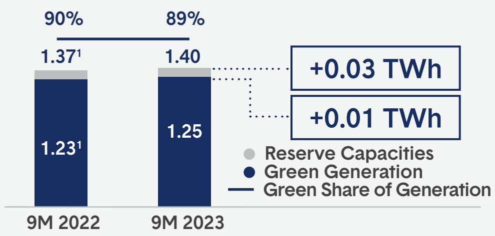
Realised 2022	469.3
Guidance 2023 (28 Feb 2023)	430–480
Guidance 2023 (23 May 2023)	430–480
Guidance 2023 (22 Aug 2023)	430–480
Guidance 2023 (21 Nov 2023)	**430–480**

In the outlook provided in our Annual report 2022, First three months 2023 Interim report and First six 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 9M 2023 was in line with our expectations, we reiterate our full-year guidance.

ESG

Electricity Generated (net), Green Share of Generation

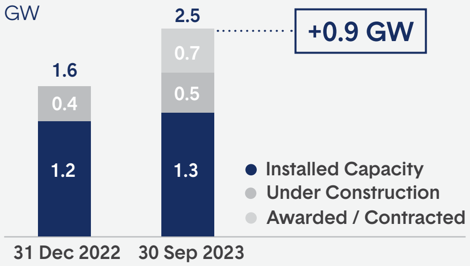
TWh, %



A 0.03 TWh or 2.5% increase in Electricity Generated (net) is driven by Mažeikiai onshore WF generation, which reached COD in August 2023. The Green Share of Generation decreased by 1 pp, to 89%, due to proportionally higher electricity generation in CCGT (Reserve Capacities).

Secured Capacity

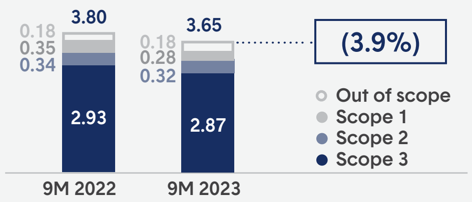
GW



Green Generation Secured Capacity increased to 2.5 GW (from 1.6 GW) as the first fully built project by the Group in Lithuania, Mažeikiai WF (63 MW), has reached COD and the Lithuanian offshore WF project (700 MW) reached the Awarded / Contracted phase. Its growth was also supported by a number of projects, including the Kruonis PSHP expansion project (110 MW), Kelmė WF I (105.4 MW), and Tauragė solar project (22.1 MW), reaching the construction phase.

Climate action

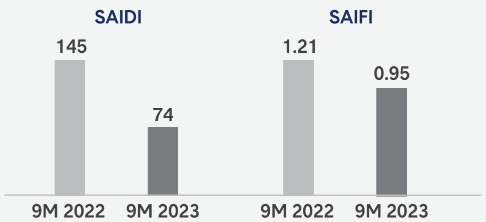
GHG emissions[2], million t CO_2-eq



In 9M 2023, the Group's total emissions decreased by 3.9% compared to 9M 2022. Scope 1 decreased by 20.1% primarily due to improved accounting of actual natural gas losses (the actual calculation on the ground showed different results than previously estimated). Scope 2 decreased by 5.8%. Even though emission factors increased, but according to public procurement requirements, renewable energy guarantees of origin were used to cover part of the electricity distribution losses and this ensured emission reduction in Scope 2. Scope 3 decreased by 2% due to lower retail natural gas sales. Out of scope emissions remained at the same level.

Network quality (electricity)

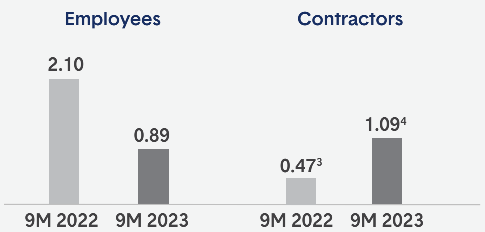
SAIDI, min/SAIFI, units



Electricity quality indicators improved YoY significantly, due to higher number of installed automatic solutions, management of staff levels based on weather forecast, and more favourable weather conditions during the first half of the year.

Safety

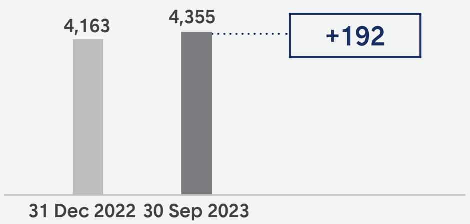
TRIR



The YoY total recordable injury rate (TRIR) for employees improved to 0.89 as the number of safety incidents decreased from 11 to 5, out of which one was life threatening. 6 contractor TRIR incidents occurred during 9M 2023.

Number of employees

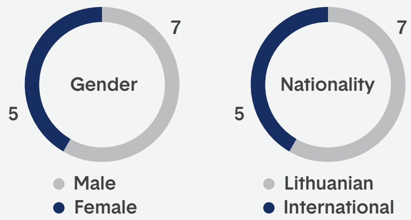
Headcount



The Group's headcount increased by 192, or 4.6%. 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 September 2023, the main governing bodies of the Group were represented by 42% female and 42% international members.

[1] These figures have been restated compared to previous reporting period. For more information see section '6.2 Notes on restated figures' of this report.".
[2] GHG emissions for 9M 2022 were recalculated following data revisions. GHG emissions for 9M 2023 are preliminary.
[3] 9M 2022 contractors TRIR covers a period from June to September 2022, as we started measuring contractors TRIR in June 2022.
[4] TRIR contractors include contracts above 0.5 EURm/year.

1.4 Outlook

Adjusted EBITDA guidance

In the outlook provided in our Annual report 2022, First three months 2023 Interim report and First six 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 9M 2023 is in line with our expectations, we reiterate our full-year guidance with no directional changes in our business segments since the First six 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 the COD of Mažeikiai WF and Vilnius CHP's biomass unit. However, 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	Guidance 21 November 2023
Adjusted EBITDA APM	**469.3**	**430–480**	**430–480**	**430–480**	**430–480**
Green Generation	252.4	Lower	Lower	Lower	Lower
Networks	164.5	Higher	Higher	Higher	Higher
Customers & Solutions	15.6	Higher	Higher	Higher	Higher
Reserve Capacities	34.6	Stable	Higher	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 9M 2023, the Group's shares and GDRs have generated a total shareholder return (TSR) of 12.2% and 11.8% respectively. During the same period, the TSR of our benchmark index (Euro Stoxx Utilities) equalled to 4.0%.

In 9M 2023, the total (shares and GDRs) turnover was EUR 57.11 million (EUR 44.30 million on Nasdaq Vilnius exchange and EUR 12.81 million on London Stock Exchange, LSE), whereas the average daily turnover totalled to EUR 0.33 million (EUR 0.23 million on Nasdaq Vilnius exchange and EUR 0.10 million on London Stock Exchange, LSE).

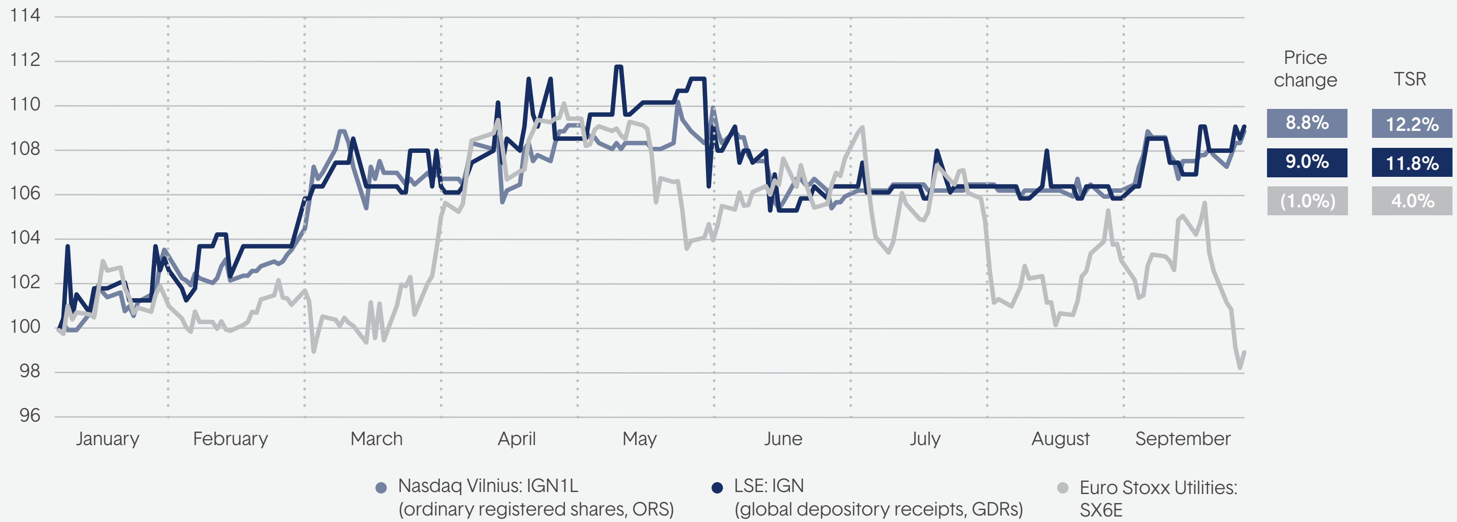
At the end of the reporting period, the Group's market capitalisation was EUR 1.5 billion.

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

Dividends

In line with the Dividend Policy, the Extraordinary General Meeting of Shareholders held on 21 September 2023 made a decision on the distribution of a dividend of EUR 0.643 per share, corresponding to EUR 46.5 million, for H1 2023, which was distributed in October 2023.

Price development in 9M 2023[1], EUR

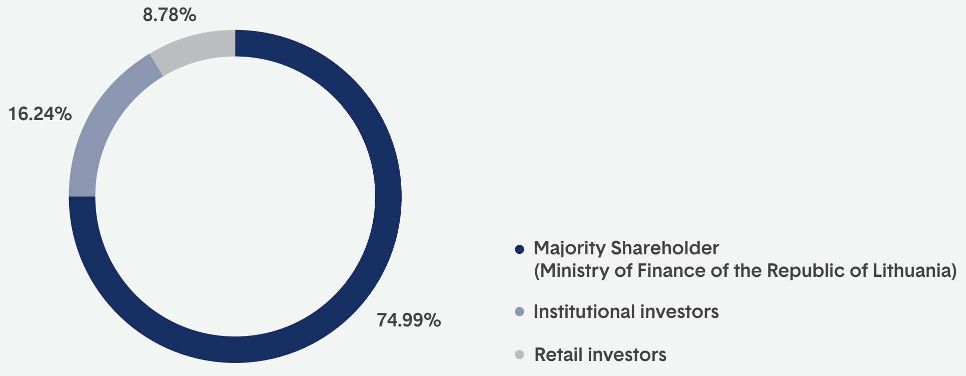


Price performance information in 9M 2023

	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	20.20	20.06	*20.11*
Period end[2], EUR	20.70	20.50	-
Period turnover (average daily), EURm	44.30 (0.23)	12.81 (0.10)	*57.11 (0.33)*
Market capitalisation, period end[2], EURbn	-	-	*1.5*

[1] Indexed at 100.
[2] Closing price.
[3] Volume-weighted average price.

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



Parameters of the securities issued

	Nasdaq Vilnius	LSE	Combined
Type	Ordinary registered shares (ORS)	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	69.1%	30.9%	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

24 September 2023 | S&P Global Ratings affirmed 'BBB+' (stable outlook) credit rating.

Selected relevant information

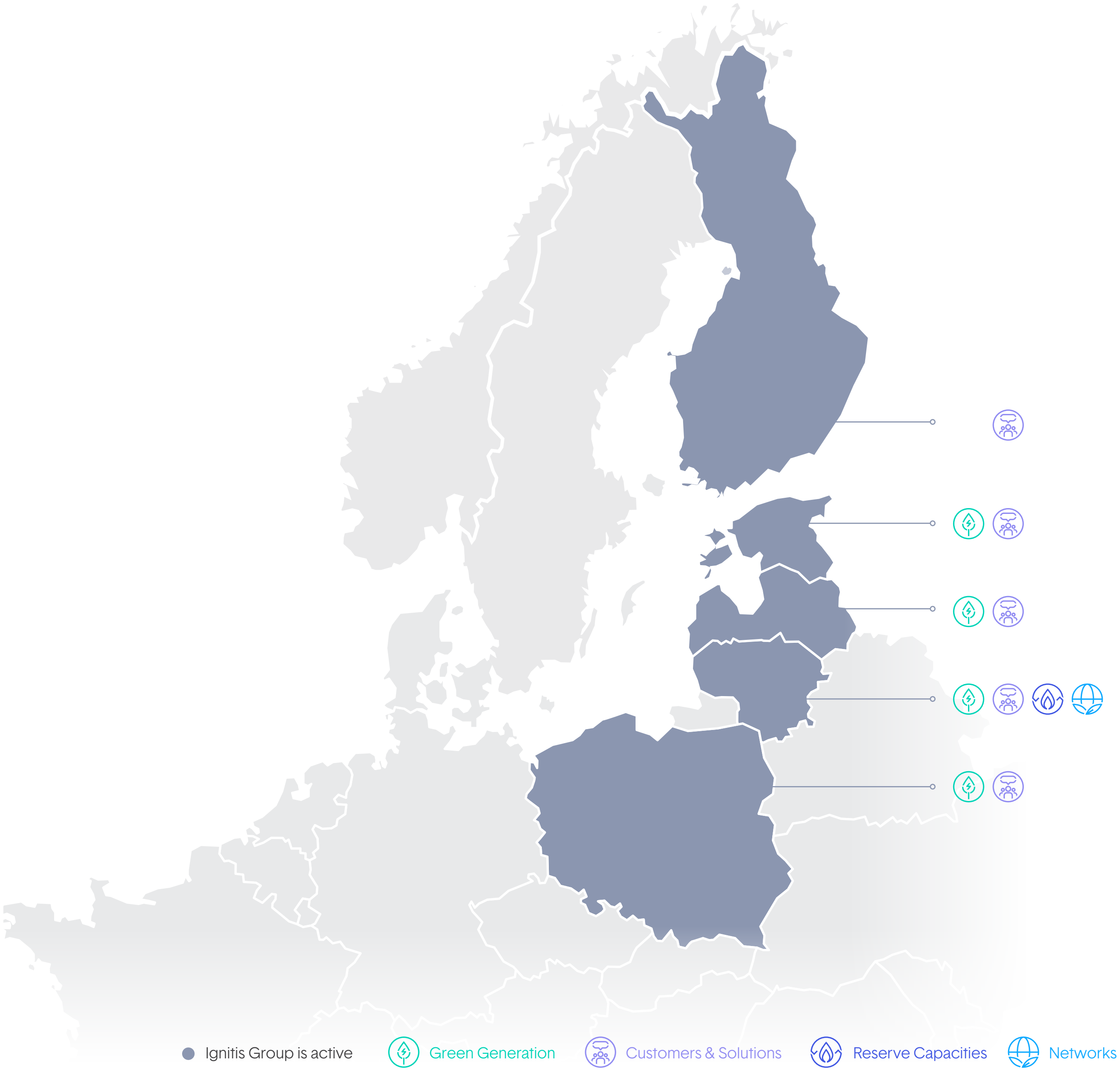
- Investor relations webpage
- Dividend Policy
- General Meetings of Shareholders
- Credit rating
- Financial calendar

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

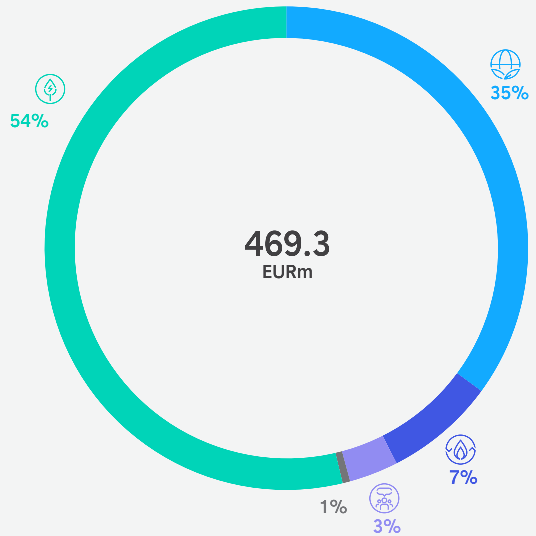
Customers & Solutions

#1 in the Baltics[1]

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



Networks

#1 in the Baltics[2]

Fully regulated country-wide natural monopoly

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

Strategic focus
Expanding a resilient and efficient network that enables electrification

Reserve Capacities

#1 in Lithuania[3]
#2 in the Baltics[3]

Highly regulated gas-fired powerplants mainly operating as system reserve

Strategic focus
Contributing to the security of the energy system

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

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

Green
1

Growing green capacities

Flexible
2

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

Integrated
3

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

Sustainable
4

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

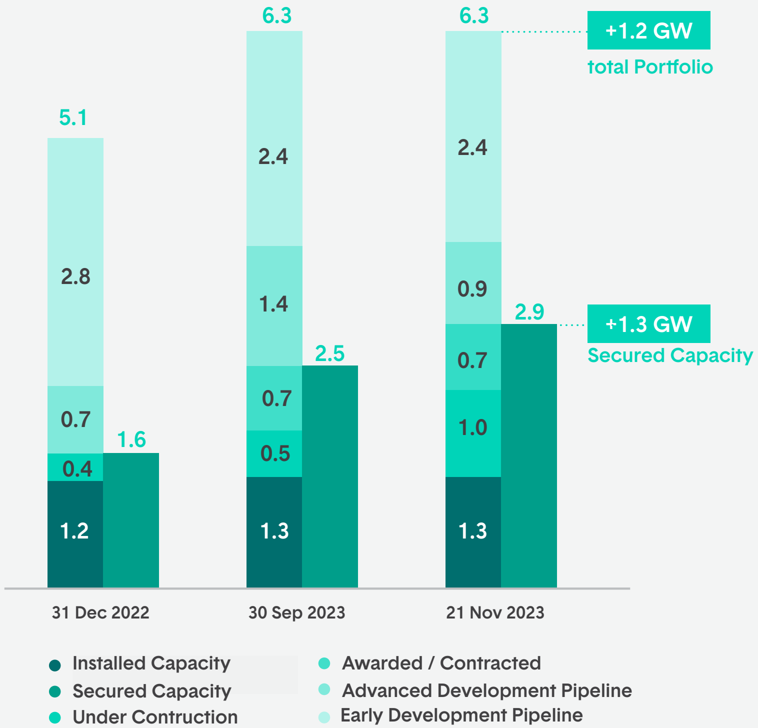
Overview

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.

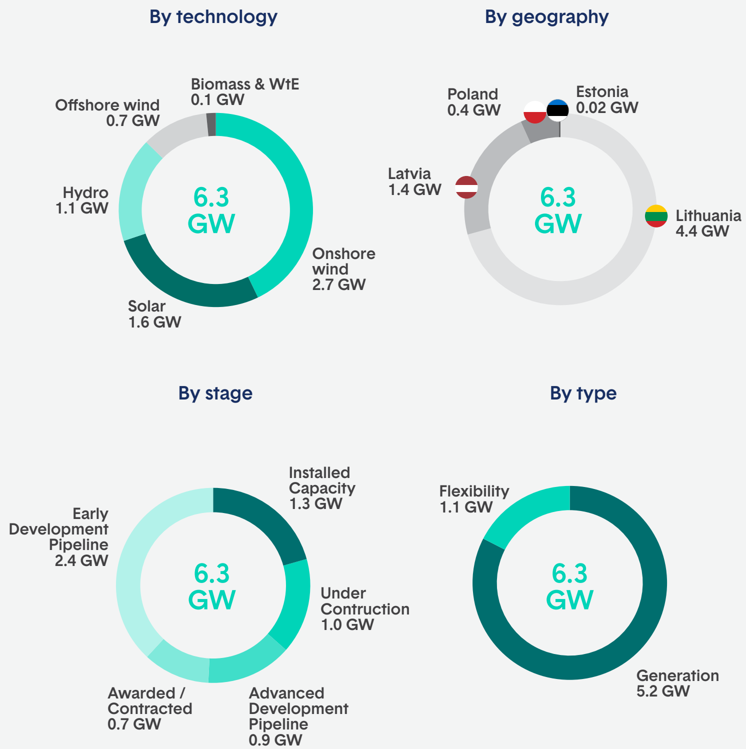
Green Generation

During 9M 2023, our 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 around 0.3 GW and greenfield capacity additions of around 0.8 GW. Our Secured Capacity increased to 2.5 GW (from 1.6 GW) as a number of projects, including Kruonis PSHP expansion project (110 MW), Kelmė WF I (105.4 MW), and Tauragė solar project (22.1 MW) reached the construction phase,

Green Generation Portfolio, GW



Green Generation Portfolio split



and 700 MW Lithuanian offshore WF project reached the awarded / contracted stage.

After the reporting period, our Secured Capacity increased by further around 0.4 GW to 2.9 GW as we reached the construction phase in two projects – Latvian solar portfolio I (239 MW) and Kelmė WF II (<195 MW) in Lithuania. Information on key milestones achieved so far this year, is available in the visual on the following page.

The implementation of the Green Generation Portfolio is progressing as planned, although with some exceptions. Firstly, Vilnius CHP biomass unit (73 MWe, 169 MWth) in Lithuania started to generate and supply heat to Vilnius as planned for this heating season. However, due to the ongoing final testing procedures, there is a technical delay in the project's COD (postponed to Q4 2023 from Q3 2023). Nevertheless, it's important to note that a settlement agreement has been concluded with a former biomass unit's contractor, Rafako S. A., including a monetary compensation of almost EUR 30 million. A part of it (almost EUR 15 million) has already been received and the other part (EUR 15 million) will be paid by the former contractor in instalments over five years. In addition, almost EUR 2 million has already been recovered in the form of equipment and documents. It ensured the continuity of the biomass project's development. Additionally, our Polish solar portfolio II (~40 MW), which is under construction, is now expected to commence commercial operations in Q4 2023–Q4 2024 (previous COD was Q4 2023–Q1 2024). This is due to some delayed development works as well as disruptions in the supply chain (longer delivery times for equipment, especially the transformer stations). The implementation of other projects in the Portfolio is progressing as planned with no significant changes since Q2 2023.

It is also worth noting that we signed the largest external 10-year corporate PPA for the supply of renewable electricity to Umicore Poland's electric vehicle battery materials plant in Nysa, Poland. It covers a significant portion of the expected electricity production of Silesia WF II (137 MW), which is currently under construction in southwestern Poland. The conclusion of the PPA is a strategic milestone for us, supporting our commitment to providing green and flexible energy solutions and enhancing the Group's ability to deliver consistent supply of clean energy to partners in the Baltic States and Poland.

More information on project milestones reached during previous quarterly periods can be found in our previous interim reports, in section '2.3 Investment program'.

Key Green Generation Portfolio development milestones

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 expansion project (110 MW) has reached a 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

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.

Tauragė solar project II (25.2 MW) has reached an advanced development stage, after securing the grid.

The Group and Copenhagen Infrastructure Partners entered a partnership to participate in the upcoming Estonian and Latvian offshore wind tenders.

After the reporting period

OCTOBER

Kelmė WF II (<195 MW) has reached a construction phase.

Signed with Umicore Poland Sp. Z o. o. a the largest external 10-year corporate PPA. It covers a substantial part of the expected electricity production of Silesia WF II, currently under construction, with total capacity of 137 MW.

Completed the acquisition of up to 300 MW of Kelmė WF I & II in Lithuania.

Vilnius CHP biomass unit (73 MWe, 169 MWth) started to generate and supply heat to Vilnius.

NOVEMBER

Latvian solar portfolio I (239 MW) has reached a construction phase, after FID made.

Status on key investment projects / UNDER CONSTRUCTION

Project name	Vilnius CHP (biomass unit)	Polish solar portfolio II	Silesia WF I	Silesia WF II	Tauragė solar project	Moray West offshore wind project[7]	Latvian solar portfolio I	Kelmė WF II	Kruonis PSHP expansion	Kelmė WF I	TOTAL
Country	Lithuania	Poland	Poland	Poland	Lithuania	The United Kingdom	Latvia	Lithuania	Lithuania	Lithuania	
Technology	Biomass	Solar	Onshore wind	Onshore wind	Solar	Offshore wind	Solar	Onshore wind	Hydro pumped storage	Onshore wind	
Capacity	73 MWe, 169 MWth	~ 40 MW	50 MW	137 MW	22.1 MW	882 MW	239 MW	<195 MW	110 MW	105.4 MW	**<1.0 GWe / 0.2 GWh**
Turbine / module / other type of unit manufacturer	1 x 73 MWe Siemens; 2 x 84.5 MWth Rafako	17 MW[5] Jinko Solar; 12 MW[5] JA Solar	14 x 3.6 MW Nordex	38 x 3.6 MW Nordex	22.1 MW Trina Solar	60 x 14.7 MW Siemens Gamesa	239 MW TBD	28 x 7.0 MW Nordex	1 x 110 MW Voith Hydro	16 x 6.6 MW Nordex	
Investment	~EUR 270 million[2]	~EUR 30 million	~EUR 75 million[4]	~EUR 240 million[4]	~EUR 16 million	Not disclosed	~EUR 178 million[4]	~EUR 360 million[4]	~EUR 150 million	~EUR 190 million[4]	**~EUR 1.5 billion[8]**
Investments made by 30 September 2023	~EUR 247 million	~EUR 13 million	~EUR 57 million	~EUR 155 million	~EUR 9 million	Not disclosed	~EUR 22 million	~EUR 8 million	~EUR 20 million	~EUR 80 million	**~EUR 0.6 billion[8]**
Proportion of secured revenue[1]	0%	75%	100%	100%	0%	85%	0%	0%	0%	0%	
Type of secured revenue	-	CfD	CfD	CfD / PPA	-	CfD / PPA	-	-	-	-	
Ownership	100%[3]	0%[6]	100%	100%	100%	5%[7]	100%	100%	100%	100%	
Partnership	n/a	n/a	n/a	n/a	n/a	Ocean Winds	n/a	n/a	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	15 / 40	14 / 14	28 / 38	13 / 22	0 / 60	0 / 239	0 / 28	0 / 1	0 / 16	
First power / heat to the grid supplied	+	+	–	–	–	–	–	–	–	–	
Expected COD	Q4 2023	Q4 2023– Q4 2024	Q1 2024	H2 2024	2024	2025	2025	2025	2026	2025	
Status	Time delay	Time delay	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 hybrid portfolio II	Latvian hybrid portfolio I	Tume solar project	Jonava solar project	Jurbarkas solar project	Tauragė solar project II	TOTAL
Country	Latvia	Latvia	Latvia	Lithuania	Lithuania	Lithuania	
Technology	Hybrid (onshore wind & solar)	Hybrid (onshore wind & solar)	Solar	Solar	Solar	Solar	
Capacity	~70 MW	~200 MW	<300 MW	252 MW	37.5 MW[4]	25.2 MW[4]	**<0.9 GW**
Investment	~EUR 90 million[1]	~EUR 270 million[1]	~EUR 180 million	~EUR 200 million	Not disclosed	Not disclosed	**~EUR 0.7 billion[3]**
Ownership	100%	100%	100%	100%	100%	100%	
Partnership	n/a	n/a	n/a	n/a	n/a	n/a	
Progress							
Land secured	+	+	+	+	+	+	
EIA completed	+	+	n/a	n/a	n/a	n/a	
Grid connection secured	+	+	+	+	+	+	
Building permits in place	-	-	-	-	-	-	
Expected COD	2025	2025–2027	2026	2026	2026	2026	
Status	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.
[4] Shall be developed in conjunction with battery storage (capacity not included).

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 0.4 billion[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 to cooperate with people who want to create an #EnergySmart future and helps companies grow by investing in the early stages of their development. 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 around EUR 11.4 million in start-ups, and by 30 June 2023 it outperformed total investments by generating a return of EUR 15.6 million after selling part of company shares in its portfolio. The obtained funds will be used to further invest in innovative start-ups focused on energy and climate change solutions through the second fund, the World Fund, which the Group joined on 13 July 2023. In September 2023 the Group confirmed to invest around EUR 25 million in the fund.

Networks

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 smoothly continues today. New customers, electricity producers and remote producers are also receiving smart meters. In 9M 2023, around 399 thousand smart meters have been installed, reaching around 609 thousand installed smart meters in total (out of 1.1–1.2 million of 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 the Networks 10-year investment plan for the 2022–2031 period for public consultation (link in Lithuanian). Following the procedure, the plan will be updated after the National Energy Regulatory Council (NERC) approves it, which is expected to take place later this year.

Finally, during the reporting period, 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 an electricity WACC increase to 5.09% (from 4.17% in 2023) and a natural gas WACC increase to 5.03% (from 3.99% in 2023).

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 9M 2023, around 685 km of power lines were reconstructed (out of which 258 km were reconstructed during Q3 2023). Around 95% of the reconstructed lines are underground cables.	– In 9M 2023, 41,463 new electricity customers were connected and 19,622 capacity upgrades were carried out. It resulted in around 721 km of new power lines installed (out of which 222 km were installed in Q3 2023).	– In total, around 609 thousand smart meters were installed (out of which around 66% of the meters were installed in 9M 2023).	
Status	On track	On track	On track	

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

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

In Q3 2023, euro area's GDP shrank by 0.1% compared to Q2 2023 but grew by 0.1% compared to Q3 2022. In the third quarter of the year, the European Union's (EU) GDP has increased by 0.1%. As we look to the future, the GDP in the euro area is forecasted to grow by 1.1% in 2023 and 1.6% in 2024, and, on a similar note, the EU's GDP is to grow by 1.1% and 1.7% respectively. Lithuania's GDP, on the other hand, in 9M 2023 showed no changes compared to the same period last year, and in 2023 and 2024 it is expected to grow by 0.5% and 2.7% respectively. According to Eurostat's spring forecast, our home markets' GDP growth prospects for 2023 lag behind the EU and the euro area (with the exception of Latvia). Conversely, a different scenario is expected for 2024 (with the exception of Finland), where the home markets are expected to outperform the rest of Europe.

Inflation

In September 2023 the annual inflation rate in the euro area settled around 4.3%, down from 5.5% in June. From all the countries we operate in, Poland suffered the highest inflation as the inflation rate there exceeded both the euro area's and the EU's average, while other countries recorded lower inflation rates compared to the EU and the euro area. By contrast, in 2023 in all home market countries inflation is expected to exceed that of the EU and the eurozone, except for Finland. In 2024, the harmonised CPI is projected to be either slightly below or at the same level as the EU's and the euro area's, except in Poland, where inflation is projected to double.

GDP change, %

	9M 2023 vs 9M 2022	2023F	2024F
Lithuania	0.0	+0.5	+2.7
Latvia	+0.6	+1.4	+2.8
Estonia	-2.5	-0.4	+3.1
Finland	-[1]	+0.2	+1.4
Poland	-[1]	+0.7	+2.7
Euro area	**+0.1**	**+1.1**	**+1.6**
EU	**+0.1**	**+1.0**	**+1.7**

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

Inflation rate change measured by harmonised CPI, %

	9M 2023	2023F	2024F
Lithuania	+4.1	+9.2	+2.2
Latvia	+3.6	+9.3	+1.7
Estonia	+3.9	+9.2	+2.8
Finland	+3.0	+4.8	+2.1
Poland	+7.7	+11.7	+6.0
Euro area	**+4.3**	**+5.8**	**+2.8**
EU	**+4.9**	**+6.7**	**+3.1**

Source: Eurostat.

Industry environment

Overview of energy industry trends

- Falling electricity prices throughout the Baltic region were mainly the result of comfortable natural gas storage levels, falling demand, and a stabilised hydro balance in Scandinavia. The maintenance of electricity lines as a result of efforts to synchronise with the EU power systems was seen as the cause of price fluctuations throughout the Baltic region.
- Healthy storage levels, mild winter conditions, improved LNG import possibilities, and below long-term average consumption levels were the main factors contributing to the decline in natural gas prices.
- Higher wind and solar generation levels contributed to the increase in Lithuania's electricity generation, whilst floods in Latvia led to higher hydro run-of-river generation. In addition, the increase in electricity generation in Finland was led by higher generation by nuclear power plants. In contrast, generation in Estonia decreased due to lower production from shale oil, while a decrease in generation in Poland was linked to lower consumption.
- Energy demand continues to decline in all countries for the second year in a row. For electricity, it is due to the energy-intensive industries not yet being recovered from last year's production slump and the demand destruction process. On the natural gas side, even though it currently has a better relative competitive position to oil products compared to last year, an overall limited impact on demand in home markets was observed during 9M 2023, with a continued significant decline in demand in Lithuania, Latvia and Estonia.

Electricity

Consumption, TWh

	9M 2023	9M 2022	Δ, %
Lithuania	8.5	9.1	*(6.6%)*
Latvia	4.7	5.1	*(7.8%)*
Estonia	5.8	6.0	*(3.3%)*
Finland	56.2	58.4	*(3.8%)*
Poland	122.7	128.3	*(4.4%)*
Total	**197.9**	**206.9**	***(4.3%)***

Generation, TWh

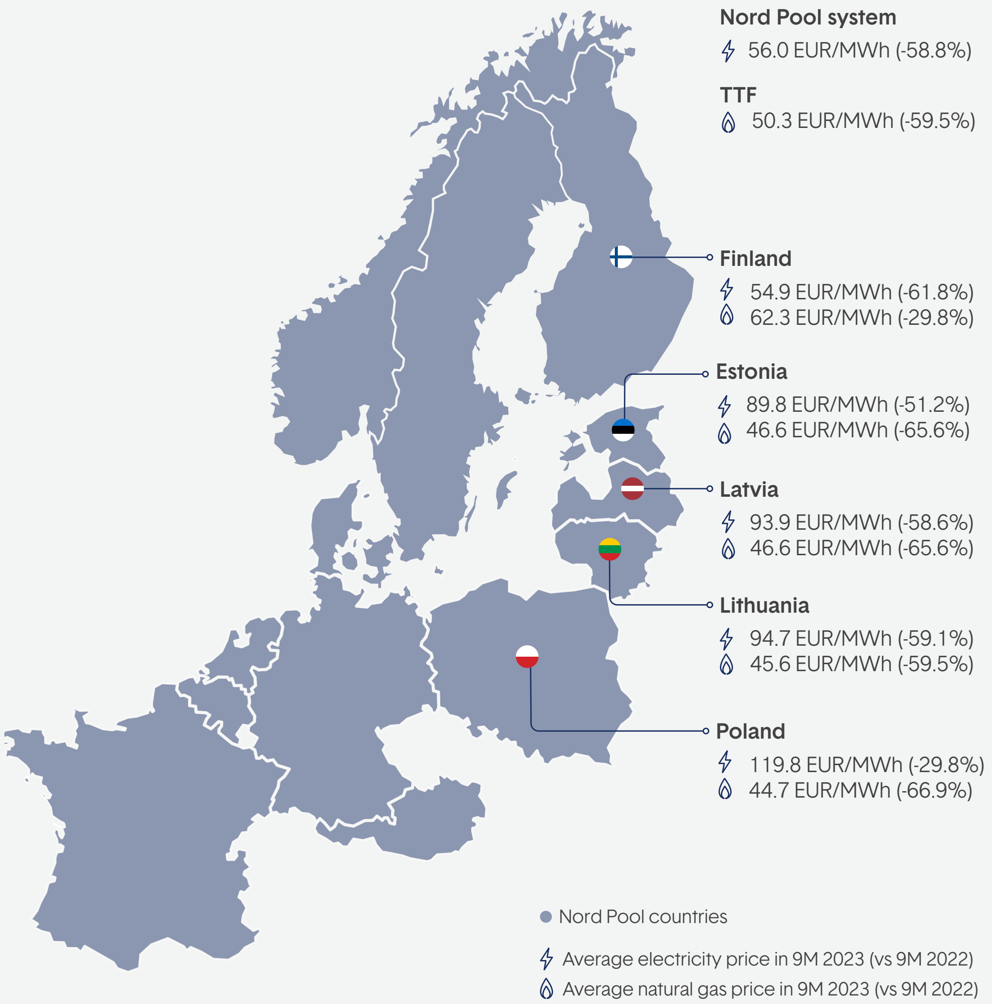
	9M 2023	9M 2022	Δ, %
Lithuania	4.3	3.3	*30.3%*
Latvia	4.4	3.3	*33.3%*
Estonia	3.4	5.3	*(35.8%)*
Finland	53.4	46.2	*15.6%*
Poland	120.0	130.9	*(8.3%)*
Total	**185.5**	**189.0**	***(1.9%)***

Natural gas

Consumption, TWh

	9M 2023	9M 2022	Δ, %
Lithuania	9.3	12.0	*(22.5%)*
Latvia	5.3	5.8	*(8.6%)*
Estonia	2.2	2.7	*(18.5%)*
Finland	9.3	9.4	*(1.1%)*
Poland	123.5	125.2	*(1.4%)*
Total	**149.6**	**155.1**	***(3.5%)***

Electricity and natural gas prices in home markets countries



Results

3.1 Results 9M

Key financial indicators

		9M 2023	9M 2022	Δ	Δ,%
Revenue	EURm	1,841.6	3,027.8	(1,186.2)	(39.2%)
EBITDA APM	EURm	348.2	333.5	14.7	4.4%
Adjusted EBITDA APM	EURm	345.3	357.2	(11.9)	(3.3%)
Green Generation	EURm	154.4	185.8	(31.4)	(16.9%)
Networks	EURm	128.7	116.7	12.0	10.3%
Reserve Capacities	EURm	38.3	17.7	20.6	116.4%
Customers & Solutions	EURm	20.9	35.3	(14.4)	(40.8%)
Other activities and eliminations[1]	EURm	3.0	1.7	1.3	76.5%
Adjusted EBITDA Margin APM	%	18.8%	11.7%	7.1 pp	n/a
EBIT APM	EURm	233.9	225.2	8.7	3.9%
Adjusted EBIT APM	EURm	231.0	248.9	(17.9)	(7.2%)
Net profit	EURm	212.6	184.9	27.7	15.0%
Adjusted Net Profit APM	EURm	193.0	202.4	(9.4)	(4.6%)
Investments APM	EURm	633.7	367.8	265.9	72.3%
FFO[2] APM	EURm	244.4	286.9	(42.5)	(14.8%)
FCF APM	EURm	(115.3)	(635.6)	520.3	(81.9%)
ROE LTM[2] APM	%	14.8%	11.5%	3.3 pp	n/a
Adjusted ROE LTM[2] APM	%	11.4%	13.7%	(2.3 pp)	n/a
ROCE LTM[2] APM	%	11.4%	8.3%	3.1 pp	n/a
Adjusted ROCE LTM[2] APM	%	8.6%	10.7%	(2.1 pp)	n/a
EPS (Basic) APM	EUR	2.94	2.54	0.40	15.7%
		30 Sep 2023	**31 Dec 2022**	**Δ**	**Δ,%**
Total assets	EURm	5,067.9	5,271.6	(203.7)	(3.9%)
Equity	EURm	2,100.9	2,125.6	(24.7)	(1.2%)
Net Debt APM	EURm	1,114.1	986.9	127.2	12.9%
Net Working Capital APM	EURm	216.8	443.3	(226.5)	(51.1%)
Net Debt/EBITDA LTM APM	times	2.01	1.83	0.18	9.8%
Net Debt/Adjusted EBITDA LTM APM	times	2.44	2.10	0.34	16.2%
FFO LTM/Net Debt APM	%	39.6%	49.1%	(9.5 pp)	n/a

[1] *Other activities and eliminations – includes consolidation adjustments, related-party transactions, and the financial results of the parent company. More information is available in section '8 Parent company's financial statements' of this report.*
[2] *These figures have been restated compared to the previous reporting period. For more information see section '6.2 Notes on restated figures' of this report.*

Overview

9M 2023 vs 9M 2022

Adjusted EBITDA amounted to EUR 345.3 million and was 3.3%, or EUR 11.9 million, lower than in 9M 2022. The Adjusted EBITDA decrease was driven by:

- the Green Generation segment, mainly as a result of lower captured electricity prices and intensive expansion, which led to increased operating expenses;
- the Customers & Solutions segment, mainly due to lower supply volumes, driven by the decreased consumption;
- the decrease was partly offset by the results 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, and the Networks segment, which was higher mainly due to higher RAB.

The Green Generation segment remains the largest contributor to Adjusted EBITDA (EUR 154.4 million or 44.7% of the Group's total).

EURm	Green Generation	Networks	Reserve Capacities	Customers & Solutions	Other activities and eliminations[1]	Total adjusted	Adjustments	Total reported
9M 2023			Adjusted					Reported
Revenue	**237.3**	**335.6**	**85.6**	**1,291.3**	**(111.1)**	**1,838.7**	**2.9**	**1,841.6**
Purchase of electricity, natural gas and other services	(48.6)	(95.4)	(33.7)	(1,235.1)	112.6	(1,300.2)	-	(1,300.2)
Wages and salaries and related expenses	(12.8)	(51.2)	(6.7)	(12.0)	(13.9)	(96.6)	-	(96.6)
Repair and maintenance expenses	(5.9)	(28.4)	(3.4)	-	(0.1)	(37.8)	-	(37.8)
Other expenses	(15.6)	(31.9)	(3.5)	(23.3)	15.5	(58.8)	-	(58.8)
EBITDA APM	**154.4**	**128.7**	**38.3**	**20.9**	**3.0**	**345.3**	**2.9**	**348.2**
Depreciation and amortisation	(21.6)	(74.4)	(8.4)	(2.3)	(5.7)	(112.4)	-	(112.4)
Write-offs, revaluation and impairment losses of PPE and intangible assets	(0.1)	(2.1)	0.3	-	-	(1.9)	-	(1.9)
EBIT APM	**132.7**	**52.2**	**30.2**	**18.6**	**(2.7)**	**231.0**	**2.9**	**233.9**
Finance activity, net						18.0	20.2	2.2
Income tax expenses						(20.0)	(3.5)	(23.5)
Net profit						**193.0**	**19.6**	**212.6**
9M 2022[2]			Adjusted					Reported
Revenue	**328.2**	**474.9**	**165.6**	**2,082.9**	**-**	**3,051.5**	**(23.7)**	**3,027.8**
Purchase of electricity, natural gas and other services	(98.8)	(264.4)	(65.3)	(1,979.3)	(20.0)	(2,427.8)	-	(2,427.8)
Wages and salaries and related expenses	(8.2)	(47.0)	(6.1)	(9.5)	(13.4)	(84.2)	-	(84.2)
Repair and maintenance expenses	(3.8)	(19.2)	(2.4)	-	-	(25.4)	-	(25.4)
Other expenses	(31.6)	(27.6)	(74.1)	(58.6)	35.0	(156.9)	-	(156.9)
EBITDA APM	**185.8**	**116.7**	**17.7**	**35.3**	**1.7**	**357.2**	**(23.7)**	**333.5**
Depreciation and amortisation	(21.0)	(66.7)	(9.0)	(1.5)	(4.3)	(102.6)	-	(102.6)
Write-offs, revaluation and impairment losses of PPE and intangible assets	(2.9)	(2.8)	-	-	-	(5.7)	-	(5.7)
EBIT APM	**161.9**	**47.3**	**8.7**	**33.8**	**(2.8)**	**248.9**	**(23.7)**	**225.2**
Finance activity, net						(16.4)	2.7	(13.7)
Income tax expenses						(30.2)	3.6	(26.6)
Net profit						**202.4**	**(17.4)**	**184.9**

[1] Other activities and eliminations – includes consolidation adjustments, related-party transactions, and the financial results of the parent company. More information is available in section '8 Parent company's financial statements' of this report.
[2] These figures have been restated compared to the previous reporting period. For more information see section '6.2 Notes on restated figures' of this report.

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Revenue

Revenue by segment

In 9M 2023, revenue decreased by EUR 1,186.2 million compared to 9M 2022 and amounted to EUR 1,841.6 million. The decrease was recorded across all business segments except the Networks. The Customers & Solutions segment's revenue decreased by EUR 932.3 million due to lower market prices and lower supplied volume. The Green Generation segment's revenue was EUR 90.9 million lower, primarily due to lower captured electricity prices, while revenue in the Reserve Capacities segment was EUR 80.0 million lower due to additional regulatory revenue recognized in 9M 2022, covering the expenses related to the acquired supplementary natural gas reserve. The Networks segment's revenue increased by EUR 28.2 million, mainly due to higher revenue from electricity distribution as higher tariff components have been approved by the regulator, expecting higher expenses from technological losses based on the higher expected electricity prices at the time of setting the tariffs. Other activities and eliminations negative change in 9M 2023 is related to increased electricity-related revenue between group companies due to signed PPA agreements.

Revenue by country

In 9M 2023, the Group earned 80.8% (74.3% in 9M 2022) of its revenue in Lithuania (EUR 1,488.0 million). The Group's revenue from other countries decreased (mostly in Finland, Poland and Latvia) to 19.2% and amounted to EUR 353.6 million (EUR 777.5 million in 9M 2022), mainly due to lower electricity and natural gas volumes sold as well as lower market prices.

Revenue by type

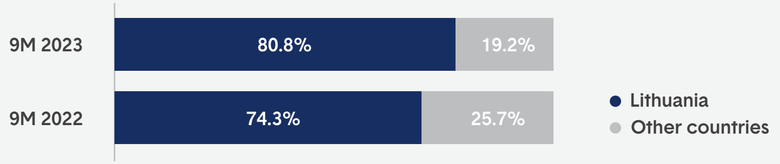
In 9M 2023, electricity-related revenue amounted to EUR 1,131.0 million and decreased by EUR 787.6 million compared to 9M 2022, mostly due to lower revenue from sale of electricity (EUR -445.9 million), lower revenue from public supply of electricity (EUR -170.3 million), and lower revenue from sale of produced electricity (EUR -138.0 million).

Natural gas-related revenue amounted to EUR 631.1 million and decreased by EUR 418.0 million compared to 9M 2022 due to lower revenue from natural gas sales (EUR -425.2 million).

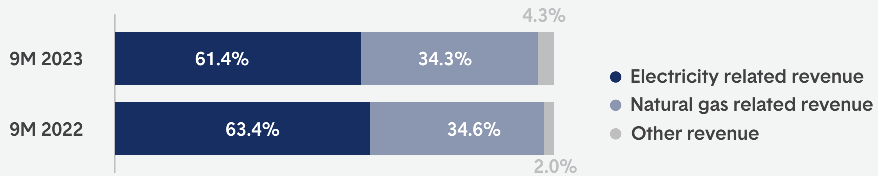
Revenue by segment, EURm

	9M 2023	9M 2022[3]	Δ	Δ, %
Customers & Solutions	1,204.5	2,136.8	*(932.3)*	*(43.6%)*
Networks	425.4	397.2	*28.2*	*7.1%*
Green Generation	237.3	328.2	*(90.9)*	*(27.7%)*
Reserve Capacities	85.6	165.6	*(80.0)*	*(48.3%)*
Other activities and eliminations[1]	(111.1)	-	*(111.1)*	*n/a*
Revenue	**1,841.6**	**3,027.8**	***(1,186.2)***	***(39.2%)***

Revenue by country, EURm



Revenue by type[2], EURm



[1] *Other activities and eliminations – includes consolidation adjustments, related-party transactions, and the financial results of the parent company. More information is available in section '8 Parent company's financial statements' of this report.*
[2] *A more detailed description is presented in section '7 Consolidated financial statements', note '6 Revenue from contracts with customers'.*
[3] *These figures have been restated compared to the previous reporting period. For more information see section '6.2 Notes on restated figures' of this report.*

Expenses

Purchase of electricity, natural gas, and other services

The Group's purchase of electricity and natural gas amounted to EUR 1,300.2 million in 9M 2023 and decreased by 46.4% compared to 9M 2022. The decrease was caused by lower electricity (EUR -929.0 million) purchase, which was mostly impacted by lower market prices and lower consumption. Expenses from natural gas purchase and related services decreased by 23.7%, or EUR 208.8 million, and were mainly impacted by lower volume sold and lower market prices.

OPEX

In 9M 2023, OPEX totalled to EUR 187.2 million and increased by 21.7% (EUR +33.4 million). This change was driven by repair and maintenance expenses (EUR +12.4 million, or +48.8%), mainly due to higher electricity network repair and maintenance costs. Salaries and related expenses increased by 14.7% or EUR +12.4 million, mainly due to the growth in the number of employees working at the Group and higher average salary. Other OPEX increased by EUR 8.6 million, mostly due to offshore wind and project financing consulting expenses as well as due to higher IT and tax expenses.

Other

Other expenses amounted to EUR 120.3 million in 9M 2023 and decreased by 45.6% compared to 9M 2022 due to lower energy hedging expenses (EUR -106.7 million). Energy hedging expenses from ineffective hedging in 9M 2022 were mainly related to the gas reserve acquired 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 under '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 +7.7 million), mostly due to Investments made.

Expenses, EURm

	9M 2023	9M 2022	Δ	Δ, %
Purchase of electricity, natural gas and other services	**1,300.2**	**2,427.8**	***(1,127.6)***	***(46.4%)***
Purchase of electricity and related services	605.2	1,534.2	*(929.0)*	*(60.6%)*
Purchase of natural gas and related services	672.0	880.8	*(208.8)*	*(23.7%)*
Other purchases	23.0	12.8	*10.2*	*79.7%*
OPEX APM	**187.2**	**153.8**	***33.4***	***21.7%***
Salaries and related expenses	96.6	84.2	*12.4*	*14.7%*
Repair and maintenance expenses	37.8	25.4	*12.4*	*48.8%*
Other OPEX	52.8	44.2	*8.6*	*19.5%*
Other	**120.3**	**221.0**	***(100.7)***	***(45.6%)***
Depreciation and amortisation	112.4	102.6	*9.8*	*9.6%*
Energy hedging[1]	6.0	112.7	*(106.7)*	*(94.7%)*
Write-offs, revaluation and impairment losses of PPE and intangible assets	1.9	5.7	*(3.8)*	*(66.7%)*
Total	**1,607.7**	**2,802.6**	***(1,194.9)***	***(42.6%)***

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

EBITDA

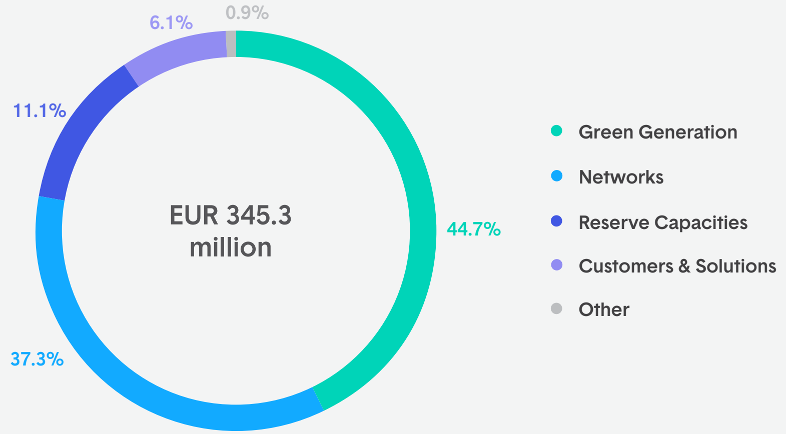
Adjusted EBITDA amounted to EUR 345.3 million in 9M 2023 and was 3.3%, or EUR 11.9 million, lower than in 9M 2022. The Adjusted EBITDA decrease was influenced by the Green Generation segment (EUR -31.4 million), mainly due to lower captured electricity prices and intensive expansion, which led to increased operating expenses. The Customers & Solutions segment's result decreased (EUR -14.4 million), mainly due to lower supply volumes, driven by the decreased consumption. The Adjusted EBITDA decrease was partly offset by better results of the Reserve Capacities segment (EUR +20.6 million), mainly 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, and the Networks segment (EUR +12.0 million), which increased mainly due to higher RAB. Despite the decrease, the Green Generation segment remained the largest contributor to Adjusted EBITDA (44.7% of the Group's total).

Adjusted EBITDA by segments, EURm

	9M 2023	9M 2022	Δ	Δ, %
Green Generation	154.4	185.8	*(31.4)*	*(16.9%)*
Networks	128.7	116.7	*12.0*	*10.3%*
Reserve Capacities	38.3	17.7	*20.6*	*116.4%*
Customers & Solutions	20.9	35.3	*(14.4)*	*(40.8%)*
Other activities and eliminations[1]	3.0	1.7	*1.3*	*76.5%*
Adjusted EBITDA APM	**345.3**	**357.2**	***(11.9)***	***(3.3%)***

[1] Other activities and eliminations – includes consolidation adjustments, related-party transactions, and the financial results of the parent company. More information is available in section '8 Parent company's financial statements' of this report.

Adjusted EBITDA, 9M 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 (NERC). A more detailed description of the management adjustments is provided in section '7 Consolidated financial statements', note '5 Business segments'.

EBITDA adjustments, EURm

	9M 2023	9M 2022	Δ	Δ, %
EBITDA APM	**348.2**	**333.5**	***14.7***	***4.4%***
Adjustments[1]				
Temporary regulatory differences (1)	(2.9)	23.7	*(26.6)*	*n/a*
Total EBITDA adjustments	**(2.9)**	**23.7**	***(26.6)***	***n/a***
Adjusted EBITDA APM	**345.3**	**357.2**	***(11.9)***	***(3.3%)***
Adjusted EBITDA Margin APM	18.8%	11.7%	*7.1 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 9M 2023, Adjusted EBIT amounted to EUR 231.0 million, and was 7.2%, or EUR 17.9 million, lower than in 9M 2022. The main effect of the decrease was lower Adjusted EBITDA (EUR -11.9 million) (the reasons behind the decrease are described in the 'EBITDA' section above) and higher depreciation and amortisation expenses (EUR -9.8 million).

Adjusted EBIT by segments, EURm

	9M 2023	9M 2022	Δ	Δ, %
Green Generation	132.7	161.9	*(29.2)*	*(18.0%)*
Networks	52.2	47.3	*4.9*	*10.4%*
Reserve Capacities	30.2	8.7	*21.5*	*247.1%*
Customers & Solutions	18.6	33.8	*(15.2)*	*(45.0%)*
Other activities and eliminations[1]	(2.7)	(2.8)	*0.1*	*(3.6%)*
Adjusted EBIT APM	**231.0**	**248.9**	***(17.9)***	***(7.2%)***
Adjusted EBIT Margin APM	12.6%	8.2%	*4.4 pp*	*n/a*

EBIT adjustments, EURm

	9M 2023	9M 2022	Δ	Δ, %
EBIT APM	**233.9**	**225.2**	***8.7***	***3.9%***
Adjustments				
Total EBITDA adjustments (1)	(2.9)	23.7	*(26.6)*	*n/a*
Total EBIT adjustments	**(2.9)**	**23.7**	***(26.6)***	***n/a***
Adjusted EBIT APM	**231.0**	**248.9**	***(17.9)***	***(7.2%)***
Adjusted ROCE LTM[2] APM	8.6%	10.7%	*(2.1 pp)*	*n/a*
ROCE LTM[2] APM	11.4%	8.3%	*3.1 pp*	*n/a*

[1] Other activities and eliminations – includes consolidation adjustments, related-party transactions, and the financial results of the parent company. More information is available in section '8 Parent company's financial statements' of this report.
[2] These figures have been restated compared to the previous reporting period. For more information see section '6.2 Notes on restated figures' of this report.

Net profit

Adjusted Net Profit amounted to EUR 193.0 million in 9M 2023 and was 4.6% lower than in 9M 2022. The decrease was mainly a result of a negative Adjusted EBIT impact (EUR -17.9 million) and higher interest expenses (EUR -3.7 million). The decrease was partly offset by higher interest income on deposits (EUR +12.2 million).

Reported net profit in 9M 2023 has increased and reached EUR 212.6 million compared to EUR 184.9 million recorded in 9M 2022. The reported net profit increase is partially related to the successful sale of company shares in the Smart Energy Fund's portfolio (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 the elimination of Smart Energy Fund's investments appreciation (EUR +20.2 million during 9M 2023 and EUR +2.7 million during 9M 2022).

(3) Adjustments' impact on income tax

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

Net profit adjustments, EURm

	9M 2023	9M 2022	Δ	Δ, %
Net profit	**212.6**	**184.9**	***27.7***	***15.0%***
Adjustments				
Total EBITDA adjustments	(2.9)	23.7	*(26.6)*	*n/a*
One-off financial activity adjustments (2)	(20.2)	(2.7)	*(17.5)*	*n/a*
Adjustments' impact on income tax (3)	3.5	(3.6)	*7.1*	*n/a*
Total net profit adjustments	**(19.6)**	**17.4**	***(37.0)***	***n/a***
Adjusted Net Profit APM	**193.0**	**202.4**	***(9.4)***	***(4.6%)***
Adjusted ROE LTM[1] APM	11.4%	13.7%	*(2.3 pp)*	*n/a*
ROE LTM[1] APM	14.8%	11.5%	*3.3 pp*	*n/a*

[1] These figures have been restated compared to the previous reporting period. For more information see section '6.2 Notes on restated figures' of this report.

Investments

In 9M 2023, Investments amounted to EUR 633.7 million and were EUR 265.9 million, or 72.3%, higher compared to 9M 2022. The increase was driven by new Green Generation projects and higher Networks Investments.

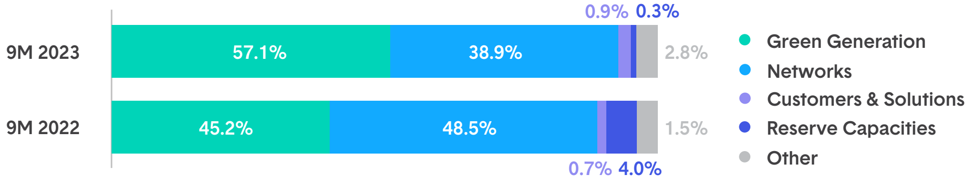
The largest share of Investments made were in the Green Generation segment (57.1% of total Investments). In total, Investments in the Green Generation segment more than doubled and reached EUR 361.9 million. Major Green Generation Investments were directed towards onshore wind farms in Lithuania and Poland, mainly Silesia WF I and II, acquisition of Kelmė WF I and II, Vilnius CHP's biomass unit as well as Kruonis PSHP expansion project.

Investments in the Networks segment in 9M 2023 amounted to EUR 246.6 million and were 38.2%, or EUR 68.1 million, higher compared to 9M 2022. Investments in the expansion of the electricity distribution network increased by EUR 52.0 million, or 64.3%, and amounted to EUR 132.9 million. The main reasons behind the increase were higher number of new connections and upgrades as well as higher contractor fees. Additionally, Investments in smart meters increased by EUR 21.8 million in comparison to 9M 2022 and amounted to EUR 32.7 million.

In 9M 2023, grants and Investments covered by customers amounted to EUR 56.0 million and accounted for 8.8% of the total Investments. A part of the Investments into the Networks segment that is related to new connections, upgrades and infrastructure equipment transfers was covered by customers (EUR 41.5 million). Also, the Group received EUR 14.5 million in grants for Investments during 9M 2023, which were related to the Vilnius CHP project (EUR 9.4 million) and the maintenance of electricity and natural gas distribution networks (EUR 5.2 million).

In 9M 2023, EUR 434.3 million of the Investments were made in Lithuania. This amount represents 68.5% of the total Investments. The second largest share of Investments (EUR 170.6 million) was made in Poland.

Investments by segment, %



Investments by segment, EURm

	9M 2023	9M 2022	Δ	Δ, %
Green Generation	361.9	166.4	195.5	117.5%
Onshore wind	229.3	104.8	124.5	118.8%
Biomass / WtE	45.2	38.5	6.7	17.4%
Solar	35.7	8.5	27.2	320.0%
Offshore Wind	28.0	13.9	14.1	101.4%
Other	23.7	0.8	22.9	2,862.5%
Networks	246.6	178.5	68.1	38.2%
Total electricity network investments:	228.5	157.3	71.2	45.3%
Expansion of electricity distribution network (excl. smart meters)	132.9	80.9	52.0	64.3%
Expansion of electricity distribution network (smart meters)	32.7	10.9	21.8	200.0%
Maintenance of the electricity distribution network	62.9	65.5	(2.6)	(4.0%)
Total gas network investments:	9.8	10.9	(1.1)	(10.1%)
Expansion of gas distribution network	5.5	6.1	(0.6)	(9.8%)
Maintenance of the gas distribution network	4.3	4.8	(0.5)	(10.4%)
Other	8.3	10.3	(2.0)	(19.4%)
Customers & Solutions	5.4	2.6	2.8	107.7%
Reserve Capacities	2.3	14.6	(12.3)	(84.2%)
Other activities and eliminations[1]	17.5	5.6	11.9	212.5%
Investments APM	**633.7**	**367.8**	**265.9**	**72.3%**
Total grants and Investments covered by customers:	(56.0)	(47.9)	(8.1)	16.9%
Grants	(14.5)	(18.1)	3.6	(19.9%)
Investments covered by customers[2]	(41.5)	(29.8)	(11.7)	39.3%
Investments (excl. grants and investments covered by customers)	**577.7**	**319.9**	**257.8**	**80.6%**

Investments by countries, EURm

	9M 2023	9M 2022	Δ	Δ, %
Lithuania	434.3	285.4	148.9	52.2%
Poland	170.6	68.1	102.5	150.5%
Other countries[3]	28.8	14.3	14.5	101.4%
Total Investments:	**633.7**	**367.8**	**265.9**	**72.3%**

[1] Other activities and eliminations – includes consolidation adjustments, related-party transactions, and the financial results of the parent company. More information is available in section '8 Parent company's financial statements' of this report.
[2] Investments covered by customers include new connections and upgrades, and infrastructure equipment transfers.
[3] Other countries mainly represent Investments in the United Kingdom and Latvia.

Statement of financial position

Assets

As of 30 September 2023, total assets amounted to EUR 5,067.9 million and from 31 December 2022 decreased by EUR 203.7 million, or 3.9%.

Non-current assets increased by EUR 578.6 million, or 17.8%, compared to 31 December 2022. The growth was mainly influenced by an increase in property, plant and equipment (EUR +336.3 million), and prepayments for non-current assets (EUR +103.4 million) due to Investments made during 9M 2023.

Current assets decreased by EUR 782.3 million, or 38.7%, 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 September 2023, equity amounted to EUR 2,100.9 million and decreased by EUR 24.7 million, or 1.2%, compared to 31 December 2022, mostly due to a decline in the hedging reserve (EUR -137.5 million), resulting from the deteriorated market prices to hedged prices ratio, which was very high last year due to extreme market prices. The decrease of equity is a result of dividends paid for H2 2022 (EUR -45.2 million). The decrease was partly offset by the net profit earned in 9M 2023 (EUR +212.6 million).

Liabilities

Total liabilities decreased by 5.7%, or EUR 179.0 million, during 9M 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 -342.3 million). The decrease was partly offset by additional loans received in the amount of EUR 275.8 million for the completion of Vilnius CHP's biomass unit and Net Working Capital financing.

Net Working Capital

As of 30 September 2023, Net Working Capital amounted to EUR 216.8 million and decreased by EUR 226.5 million compared to 31 December 2022. The decrease was mainly driven by lower energy prices. The drivers behind the changes were the following:

- a decrease in total inventory (EUR -255.1 million), mainly in Customers & Solutions (EUR -244.9 million), due to the decrease in value of stored natural gas;
- lower trade receivables (EUR -198.9 million), mainly in Customers & Solutions (EUR -338.4 million), due to lower energy prices and lower volumes sold;
- lower prepayments (EUR -79.7 million), mainly in Reserve Capacities, mostly due to significant prepayments made in Q4 2022 for natural gas to fix the Clean Spark spread.

The decrease was partly offset by:

- lower VAT payables (EUR +98.3 million) and trade payables (EUR +47.8 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 +104.0 million);
- an increase in derivative trading deposits (EUR +38.8 million) due to changes in MtM value as hedge positions were closed (Customers & Solutions).

Balance sheet, EURm

	30 Sep 2023	31 Dec 2022	Δ	Δ, %
Non-current assets	3,828.1	3,249.5	*578.6*	*17.8%*
Current assets	1,239.8	2,022.1	*(782.3)*	*(38.7%)*
TOTAL ASSETS	**5,067.9**	**5,271.6**	***(203.7)***	***(3.9%)***
Equity	2,100.9	2,125.6	*(24.7)*	*(1.2%)*
Total liabilities	2,967.0	3,146.0	*(179.0)*	*(5.7%)*
Non-current liabilities	2,240.7	2,064.2	*176.5*	*8.6%*
Current liabilities	726.3	1,081.8	*(355.5)*	*(32.9%)*
TOTAL EQUITY AND LIABILITIES	**5,067.9**	**5,271.6**	***(203.7)***	***(3.9%)***
Capital Employed APM	3,214.6	3,112.5	*102.1*	*3.3%*
Net Working Capital APM	216.8	443.3	*(226.5)*	*(51.1%)*
Net Working Capital/Revenue LTM APM	6.8%	10.1%	*(3.3 pp)*	*n/a*
Current Ratio APM	1.71	1.87	*(0.16)*	*(8.6%)*
Asset Turnover LTM APM	0.62	0.92	*(0.30)*	*(32.6%)*
ROA LTM APM	6.2%	6.2%	*0 pp*	*n/a*

[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 September 2023, Net Debt amounted to EUR 1,114.1 million, and increased by 12.9%, or EUR 127.2 million, compared to 31 December 2022, mainly due to negative FCF. In 9M 2023 FCF was negative due to a significant amount of Investments made. The FFO LTM/Net Debt ratio decreased by 9.5%, from 49.1% to 39.6%, mainly due to higher Net Debt and lower FFO LTM.

Net debt, EURm

	30 Sep 2023	31 Dec 2022	Δ	Δ, %
Total non-current financial liabilities	**1,564.0**	**1,468.3**	***95.7***	***6.5%***
Non-current loans	623.8	383.1	*240.7*	*62.8%*
Credit lines	-	150.0	*(150.0)*	*(100.0%)*
Bonds	891.4	890.1	*1.3*	*0.1%*
Interests payable (including accrued)	-	-	-	*n/a*
Lease liabilities (IFRS 16)	48.8	45.1	*3.7*	*8.2%*
Total current financial liabilities	**53.7**	**212.6**	***(158.9)***	***(74.7%)***
Current portion of non-current loans	42.5	26.1	*16.4*	*62.8%*
Current loans	-	-	-	*n/a*
Banks overdrafts	-	172.9	*(172.9)*	*(100.0%)*
Interests payable (including accrued)	5.7	10.0	*(4.3)*	*(43.0%)*
Lease liabilities (IFRS 16)	5.5	3.6	*1.9*	*52.8%*
Gross Debt APM	**1,617.7**	**1,680.9**	***(63.2)***	***(3.8%)***
Short-term deposits	**50.8**	**-**	***50.8***	***n/a***
Cash and cash equiv.	**452.9**	**694.1**	***(241.2)***	***(34.8%)***
Net Debt APM	**1,114.1**	**986.9**	***127.2***	***12.9%***
Net Debt / Adjusted EBITDA LTM APM	2.44	2.10	*0.34*	*16.2%*
Net Debt / EBITDA LTM APM	2.01	1.83	*0.18*	*9.8%*
FFO LTM / Net Debt APM	39.6%	49.1%	*(9.5 pp)*	*n/a*
Gross Debt/Equity APM	0.77	0.79	*(0.02)*	*(2.5%)*
Equity Ratio APM	0.41	0.40	*0.01*	*2.5%*

Debt summary, EURm

	Outstanding as of 30 Sep 2023	Effective interest rate (%)	Average time to maturity (years)	Fixed interest rate	Euro currency
Bonds (incl. interest)	896.1	1.96	5.6	100.0%	100.0%
Non-current loans including current portion of non-current loans	667.3	3.32	6.3	57.3%[1]	88.4%
Bank overdrafts, Credit lines, and Current loans	-	-	-	-	-
Lease liabilities	54.3	-	6.5	-	100.0%
Gross Debt APM	**1,617.7**	**2.54**	**6.0**	**79.0%**	**95.2%**

[1] As of 30 September 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.

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 September 2023, financial liabilities amounting to EUR 1,278.2 million were subject to a fixed interest rate (79.0% of gross debt), and the remaining amount of financial liabilities were subject to a floating interest rate. As of 30 September 2023, the effective interest rate was 2.54%. 95.2% of the total debt is in EUR, and 4.8% in PLN.

Liquidity reserve

The Group manages liquidity risks by entering in credit line, overdraft and loan agreements with banks. As of 30 September 2023, there were five credit line facilities available in five separate banks with a total limit of EUR 574.0 million. The disbursed amount was EUR 75.0 million. The credit line facilities are committed, i.e., funds must be paid by the bank upon request. Additionally, as of 30 September 2023 the Group had EUR 452.9 million in cash and cash equivalents, which decreased by 34.8%, or EUR 241.2 million, since 31 December 2022 and EUR 50.8 million of short-term deposits. In total, as of 30 September 2023, the Group's liquidity reserve amounted to EUR 1,002.8 million.

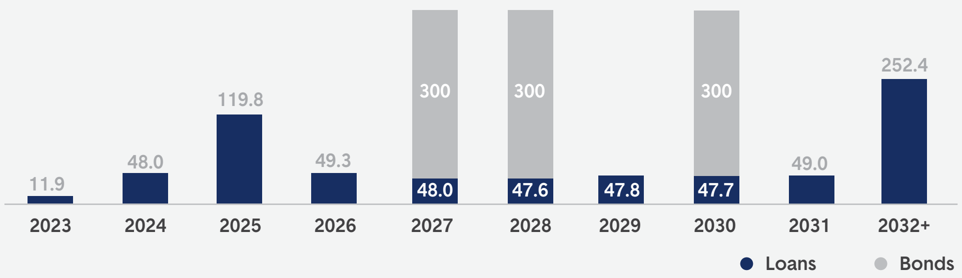
Maturities

Bonds maturing in 2027 (EUR 300.0 million, green), in 2028 (EUR 300.0 million, green) and in 2030 (EUR 300.0 million) comprise the largest portion of the Group's financial liabilities. The average maturity of financial liabilities as of 30 September 2023 was 6.0 years (5.7 years on 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 September 2023, bonds accounted for EUR 896.1 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 549.5 million in 9M 2023. Compared to 9M 2022, CFO increased by EUR 691.3 million, mainly due to cash inflow from changes in the working capital (EUR 340.6 million in 9M 2023 compared to EUR -553.8 million in 9M 2022) and higher net profit (EUR +27.7 million). They were partly offset by higher income tax paid (EUR -49.2 million).

CFI

Net cash flows from investing activities (CFI) amounted to EUR -624.2 million in 9M 2023. The CFI indicator was more negative (EUR -303.2 million), mainly due to higher cash outflows related to acquisition of PPE and intangible assets (EUR -207.9 million) compared to 9M 2022 as well as a deposit (EUR -50.0 million) and subsidiary acquisitions (EUR -40.2 million) made by the Group.

CFF

Net cash flows from financing activities (CFF) amounted to EUR -166.5 million in 9M 2023. CFF was negative due to repaid credit lines and overdrafts (EUR -342.3 million). Negative CFF was partly offset by additional loans received in the amount of EUR 275.8 million for completing Vilnius CHP's biomass unit and Net Working Capital financing. In comparison, CFF in 9M 2022 was positive, mainly due to additional bank credit lines and overdrafts received in the amount of EUR 284.3 million and due to the loans received in the amount of EUR 223.0 million, which were partly offset by repaid loans in the amount of EUR 113.6 million.

FFO

In 9M 2023, the Group's FFO decreased by 14.8% (EUR -42.5 million) and amounted to EUR 244.4 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 9M 2022, the Group's FCF amounted to EUR -115.3 million. The main reason for negative FCF was significant Investments made, which was partially offset by positive changes in the working capital.

Cash flows, EURm

	9M 2023	9M 2022[1]	Δ	Δ, %
Cash and cash equiv. at the beginning of the period	**694.1**	**449.1**	***245.0***	***54.6%***
CFO	549.5	(141.8)	*691.3*	*n/a*
CFI	(624.2)	(321.0)	*(303.2)*	*94.5%*
CFF	(166.5)	304.5	*(471.0)*	*n/a*
Increase (decrease) in cash and cash equiv.	**(241.2)**	**(158.3)**	***(82.9)***	***52.4%***
Cash and cash equiv. at the end of period	**452.9**	**290.8**	***162.1***	***55.7%***

FFO and FCF, EURm

	9M 2023	9M 2022	Δ	Δ, %
EBITDA APM	348.2	333.5	*14.7*	*4.4%*
Interest received	-	0.4	*(0.4)*	*(100.0%)*
Interest paid	(32.2)	(24.7)	*(7.5)*	*30.4%*
Income tax paid	(71.5)	(22.3)	*(49.2)*	*220.6%*
FFO[1] APM	**244.4**	**286.9**	***(42.5)***	***(14.8%)***
Interests received	8.4	-	*8.4*	*n/a*
Investments	(633.7)	(367.8)	*(265.9)*	*72.3%*
Grants received	14.6	18.1	*(3.5)*	*(19.3%)*
Cash effect of new connection points and upgrades	23.3	17.7	*5.6*	*31.6%*
Proceeds from sale of PPE and intangible assets[2]	1.2	0.8	*0.4*	*50.0%*
Change in Net Working Capital	226.5	(591.3)	*817.8*	*n/a*
FCF APM	**(115.3)**	**(635.6)**	***520.3***	***(81.9%)***

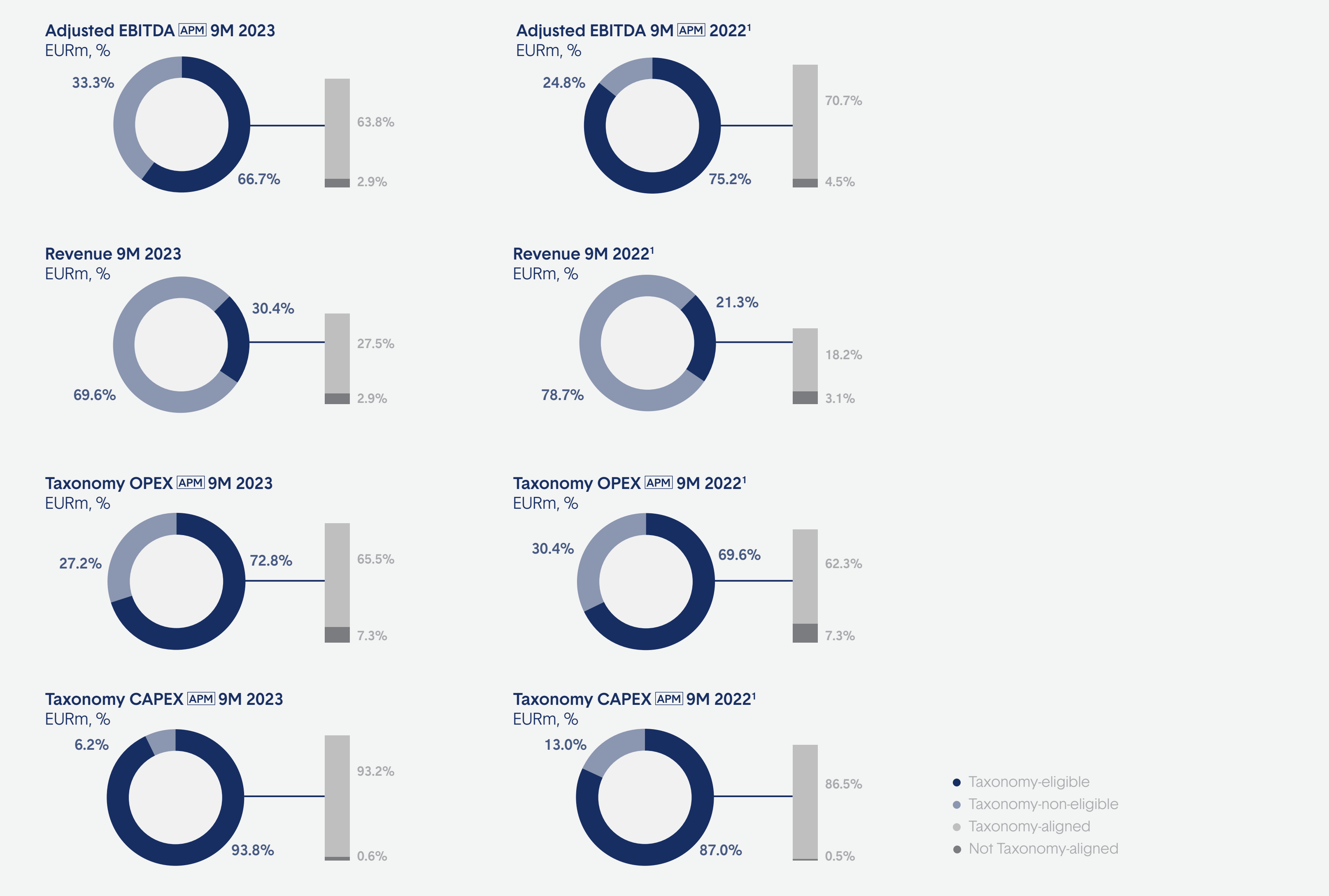
[1] These figures have been restated compared to the previous reporting period. For more information see section '6.2 Notes on restated figures' of this report.
[2] Cash inflow indicated in the CF statement line 'Proceeds from sale of PPE and intangible assets' exclude the gain or loss which is already 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 the 9M 2023 period, the alignment status of Taxonomy-eligible and Taxonomy-aligned activities listed in the Annual report 2022 have not changed, except for the alignment status of '4.24 Production of heat/cool from bioenergy', which cannot be determined for 9M 2023 reporting, thus activity is disclosed as not Taxonomy-aligned.



[1] *Data reported in this report has changed mainly because of the accounting methodology revision and adjustment in Annual report 2022, in accordance with more precise clarifications of the Taxonomy Regulation.*

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[1]	
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	

[1] *The alignment status cannot be determined for this reporting period, therefore activity is disclosed as not Taxonomy-aligned.*

Note: The listed Taxonomy-eligible activities are carried out by the Group's four business segments. Please note that there are activities carried out by the Group that are not listed in the Taxonomy Regulation. These activities include the supply of electricity and gas, operation of gas distribution network, waste-to-energy cogeneration, etc.

Key operating indicators

In 9M 2023, our 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 0.8 GW.

Our Secured Capacity increased to 2.5 GW (from 1.6 GW) as the first project fully built by the Group in Lithuania, Mažeikiai WF (63 MW), reached COD and the Lithuanian offshore WF project (700 MW) reached the Awarded / Contracted phase. Its growth was also supported by a number of projects, including the Kruonis PSHP expansion project (110 MW), Kelmė WF I (105.4 MW), and Tauragė solar project (22.1 MW), reaching the construction phase.

Electricity

Electricity Generated (net) increased by 0.03 TWh, or 2.5%, YoY and amounted to 1.40 TWh in 9M 2023. The increase in Electricity Generated (net) was driven by Mažeikiai WF (63 MW), which reached COD in August 2023.

The electricity sales decreased by 1.07 TWh, or 17.6%, compared to 9M 2022. The decline was noticed across both B2B and B2C segments and was driven by generally lower consumption in the region, growing prosumers' generation as well as increased competition.

Total distributed electricity volume decreased by 0.47 TWh, or 6.2%, YoY. The decrease was driven by the B2B segment due to a noticeable decline in industrial production, a decrease in electricity consumption by retail and service industries as well as an increase in prosumers' generation.

Electricity SAIFI indicator, which reflects the average number of unplanned long interruptions per customer, improved compared to the previous year and was 0.95 interruptions (1.21 interruptions in 9M 2022). Electricity SAIDI indicator, which shows the average duration of unplanned interruptions, improved to 74 minutes (compared to 145 minutes in 9M 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

In 9M 2023, Heat Generated (net) amounted to 0.67 TWh and increased by 0.03 TWh, or 4.8%, YoY due to higher generation at Vilnius CHP.

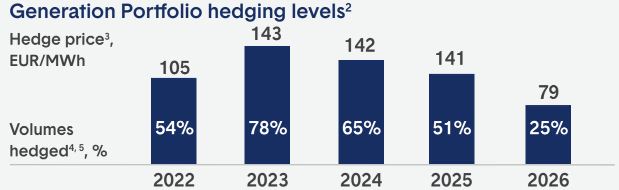
Natural gas

The natural gas sales decreased by 2.32 TWh, or 25.9%, mainly due to a fall in retail sales across all markets, except Poland. The main causes were warmer weather and reduced consumption by industrial customers. In Lithuania, natural gas distribution volume dropped by 0.60 TWh, or 13.0%, YoY.

Key operating indicators

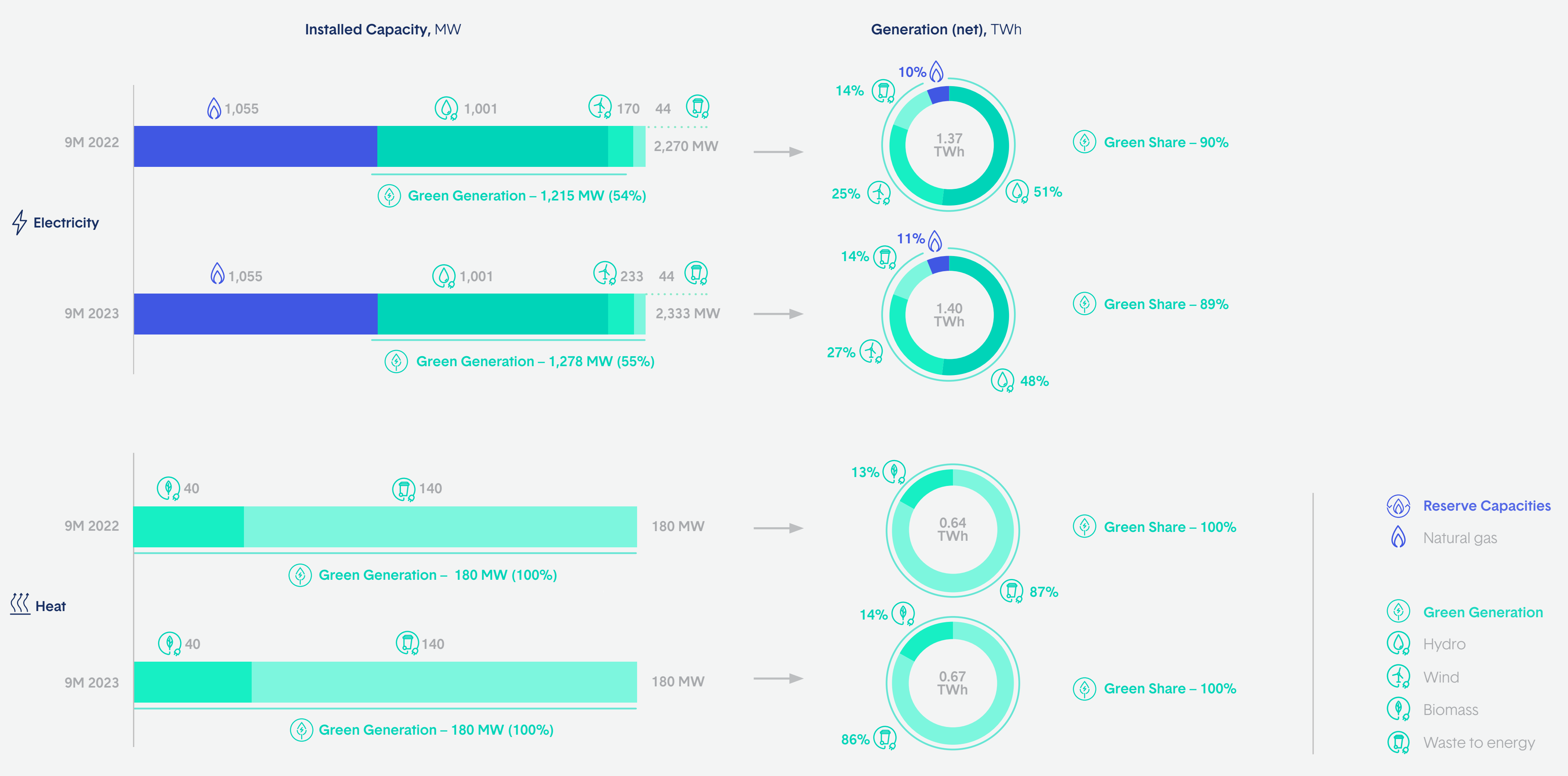
		30 Sep 2023	31 Dec 2022	Δ	Δ, %
Electricity	GW				
Green Generation Portfolio	GW	6.3	5.1	*1.1*	*22.1%*
Secured Capacity	GW	2.5	1.6	*0.9*	*59.8%*
Installed Capacity	GW	1.3	1.2	*0.1*	*5.2%*
Under Construction	GW	0.5	0.4	*0.2*	*49.3%*
Awarded / Contracted	GW	0.7	-	*0.7*	*-%*
Advanced Development Pipeline	GW	1.4	0.7	*0.7*	*95.2%*
Early Development Pipeline	GW	2.4	2.8	*(0.5)*	*(16.9%)*
Heat					
Heat Generation Capacity	GW	0.3	0.3	-	*-%*
Installed Capacity	GW	0.2	0.2	-	*-%*
Under Construction	GW	0.2	0.2	-	*-%*
		9M 2023	**9M 2022**	**Δ**	**Δ, %**
Electricity					
Electricity Generated (net)	TWh	1.40	1.37[1]	*0.03*	*2.5%*
Green Electricity Generated (net)	TWh	1.25	1.23[1]	*0.01*	*1.2%*
Green Share of Generation	%	89.0%	90.1%[1]	*(1.2 pp)*	*n/a*
Electricity sales	TWh	5.00	6.07	*(1.07)*	*(17.6%)*
Electricity distributed	TWh	7.03	7.50	*(0.47)*	*(6.2%)*
SAIFI	units	0.95	1.21	*(0.26)*	*(21.7%)*
SAIDI	min	74	145	*(71)*	*(48.8%)*
Heat					
Heat Generated (net)	TWh	0.67	0.64	*0.03*	*4.8%*
Natural gas					
Natural gas sales	TWh	6.65	8.96	*(2.32)*	*(25.9%)*
Natural gas distributed	TWh	4.06	4.66	*(0.60)*	*(13.0%)*

Generation Portfolio hedging levels[2]



[1] These figures have been restated compared to the previous reporting period. For more information see section '6.2 Notes on restated figures' of this report. [2] Hedging levels are provided until the end of the strategic period. [3] Most PPAs are concluded for the base load, therefore, the actual effective hedge price can differ from the price in the contract due to the profile effect. [4] Generation Portfolio includes the total electricity generation capacity of operating assets (Installed Capacity), the projects Under Construction and Awarded / Contracted projects, except Kruonis PSHP as well as units 7, 8 and CCGT at Elektrėnai Complex. [5] Some of the PPAs are internal, the graph above illustrates the Green Generation segment's outlook (generated volumes).

Installed Capacity and generation mix overview



3.2 Results Q3

Financial results

Revenue

Q3 2023 revenue amounted to EUR 471.2 million and decreased by EUR 823.5 million, or 63.6%, in comparison to Q3 2022, mainly due to:

– lower revenue in the Customers & Solutions segment (EUR -659.9 million), which was mainly driven by lower natural gas and electricity prices as well as due to lower natural gas and electricity volumes sold.

Adjusted EBITDA

Q3 2023 Adjusted EBITDA amounted to EUR 91.8 million and decreased by EUR 59.0 million, or 39.1%, in comparison to Q3 2022. The main contributing factors were:

– the lower result of the Customers & Solutions segment (EUR -40.8 million), mainly due to lower supply volumes and the reversed temporary natural gas inventory effect from weighted average accounting method (reversion from last year's high positive level, which was driven by steep market price increase);

– the lower result of the Green Generation segment (EUR -21.1 million), primarily as a result of lower captured electricity prices and intensive expansion, which led to increased operating expenses.

Adjusted Net Profit

Q3 2023 Adjusted Net Profit amounted to EUR 42.9 million and decreased by EUR 51.5 million, or 54.6%, in comparison to Q3 2022, mainly due to lower Adjusted EBITDA (EUR -59.0 million) and higher depreciation and amortization expenses (EUR +4.2 million), which were partly offset by lower income tax expenses (EUR - 13.5 million).

Investments

Q3 2023 Investments amounted to EUR 231.1 million and increased by EUR 43.0 million, or 22.9%, mainly due to higher Investments in the Green Generation segment, specifically, in onshore wind farms in Lithuania and Poland.

Operating performance

As of 30 September 2023, the Green Generation Portfolio increased to 6.3 GW (from 5.7 GW as of 30 June 2023). The Secured Capacity reached 2.5 GW, mainly as a result of the first project fully built by the Group in Lithuania, Mažeikiai WF (63 MW), reaching COD and the Lithuanian offshore WF project (700 MW) reaching the Awarded / Contracted phase.

Electricity

Electricity Generated (net) increased by 0.07 TWh, or 17.9%, YoY. The increase was mainly driven by higher generation at Mažeikiai WF (63 MW), which reached COD in August 2023. Electricity sales decreased by 0.25 TWh, or 14.0%, compared to Q3 2022 and were mainly driven by lower B2B sales in all countries, except Poland. The electricity distribution quality indicator SAIFI increased to 0.37 interruptions (compared to 0.28 in Q3 2022), and electricity SAIDI increased to 41 minutes (compared to 19 minutes in Q3 2022). Quarterly quality indicators deteriorated due to strong winds/local storms that caused mass disconnections during the third quarter of 2023.

Heat

Heat Generated (net) in Q3 2023 was 0.04 TWh, or 24.4%, higher compared to Q3 2022. The increase was mainly driven by higher generation at Vilnius CHP.

Natural gas

A YoY decrease in natural gas sales by 1.18 TWh, or 46.7%, was mainly driven by significantly (0.67 TWh, or 61.1%) lower wholesale sales. In Lithuania, the natural gas volumes distributed in Q3 2023 amounted to 0.78 TWh and were similar to Q3 2022.

Key financial indicators, EURm

		Q3 2023	Q3 2022	Δ	Δ, %
Revenue	EURm	471.2	1,294.7	*(823.5)*	*(63.6%)*
EBITDA APM	EURm	108.3	122.1	*(13.8)*	*(11.3%)*
Adjusted EBITDA APM	EURm	91.8	150.8	*(59.0)*	*(39.1%)*
Adjusted EBITDA Margin APM	%	20.2%	11.4%	*n/a*	*8.8 pp*
EBIT APM	EURm	69.1	83.3	*(14.2)*	*(17.0%)*
Adjusted EBIT APM	EURm	52.7	112.0	*(59.3)*	*(52.9%)*
Net profit	EURm	56.8	70.1	*(13.3)*	*(19.0%)*
Adjusted Net Profit APM	EURm	42.9	94.4	*(51.5)*	*(54.6%)*
Investments APM	EURm	231.1	188.1	*43.0*	*22.9%*
FFO APM	EURm	82.8	101.4	*(18.6)*	*(18.3%)*
FCF APM	EURm	(165.5)	*(385.5)*	*220.0*	*(57.1%)*

Key operating indicators

		30 Sep 2023	30 Jun 2023	Δ	Δ, %
Electricity					
Green Generation Portfolio	GW	6.3	5.7	*0.6*	*9.7%*
Secured Capacity	GW	2.5	1.8	*0.7*	*38.8%*
Installed Capacity	GW	1.3	1.2	*0.1*	*5.2%*
Under Construction	GW	0.5	0.6	*(0.1)*	*(10.7%)*
Awarded / Contracted	GW	0.7	-	*0.7*	
Advanced Development Pipeline	GW	1.4	1.3	*0.1*	*4.7%*
Early Development Pipeline	GW	2.4	2.6	*(0.2)*	*(8.1%)*
Heat					
Heat Generation Capacity	GW	0.3	0.3	-	-%
Installed Capacity	GW	0.2	0.2	-	-%
Under Construction	GW	0.2	0.2	-	-%
		Q3 2023	**Q3 2022**	**Δ**	**Δ, %**
Electricity					
Electricity Generated (net)	TWh	0.44	0.37[1]	*0.07*	*17.9%*
Green Electricity Generated (net)	TWh	0.36	0.31[1]	*0.05*	*14.7%*
Green Share of Generation	%	81.1%	83.3%[1]	*(2.3 pp)*	*n/a*
Electricity sales	TWh	1.56	1.81	*(0.25)*	*(14.0%)*
Electricity distributed	TWh	2.22	2.29	*(0.07)*	*(2.9%)*
SAIFI	units	0.37	0.28	*0.09*	*31.4%*
SAIDI	min	41	19	*22*	*113.6%*
Heat					
Heat Generated (net)	TWh	0.20	0.16	*0.04*	*24.4%*
Natural gas					
Natural gas sales	TWh	1.34	2.52	*(1.18)*	*(46.7%)*
Natural gas distributed	TWh	0.78	0.77	*0.01*	*1.5%*

[1] These figures have been restated compared to the previous reporting period. For more information see section '6.2 Notes on restated figures' of this report.

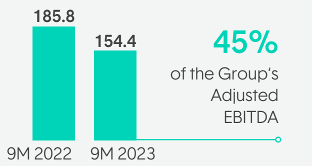
ignitis group

3.3 Results by business segments

Overview

Green Generation

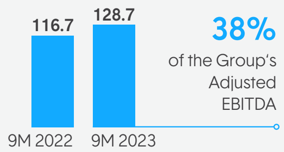
Adjusted EBITDA, EURm



Revenue, EURm	237.3
Adjusted EBIT, EURm	132.7
Investments, EURm	361.9

Networks

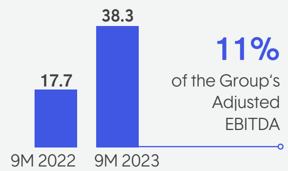
Adjusted EBITDA, EURm



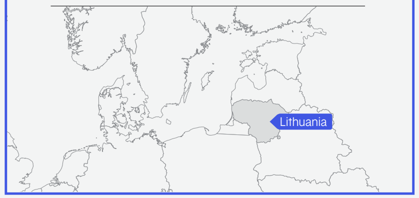
Revenue, EURm	425.4
Adjusted EBIT, EURm	52.2
Investments, EURm	246.6

Reserve Capacities

Adjusted EBITDA, EURm

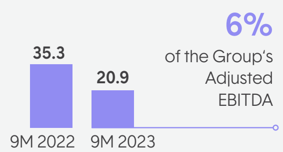


Revenue, EURm	85.6
Adjusted EBIT, EURm	30.2
Investments, EURm	2.3

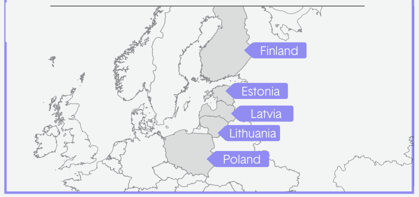


Customers & Solutions

Adjusted EBITDA, EURm



Revenue, EURm	1,204.5
Adjusted EBIT, EURm	18.6
Investments, EURm	5.4



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 2.9 GW (from 1.6 GW). For more information on Portfolio milestones, see section '2.3 Investment program' of this report.
- In August 2023, the Group and Copenhagen Infrastructure Partners entered a partnership to participate in the upcoming Estonian and Latvian offshore wind tenders.
- In August 2023, Mažeikiai WF (63 MW) in Lithuania has reached COD.
- In September 2023, a settlement agreement has been signed between Vilnius CHP and Rafako, a former contractor of the biomass unit. Under the terms and conditions of the agreement, the Group is being compensated almost EUR 30 million. In addition, almost EUR 2 million is expected to be recovered in the form of equipment and documents.
- In September 2023, Anu Eslas, an executive with international experience in offshore and onshore wind business development, has joined Ignitis Renewables and will oversee international business development.

Key financial indicators, EURm

	9M 2023	9M 2022[1]	Δ	Δ, %	Q3 2023	Q3 2022[1]	Δ	Δ, %
Revenue	237.3	328.2	*(90.9)*	*(27.7%)*	73.9	116.9	*(43.0)*	*(36.8%)*
Adjusted EBITDA APM	154.4	185.8	*(31.4)*	*(16.9%)*	45.3	66.4	*(21.1)*	*(31.8%)*
EBITDA APM	154.4	185.8	*(31.4)*	*(16.9%)*	45.3	66.4	*(21.1)*	*(31.8%)*
Adjusted EBIT APM	132.7	161.9	*(29.2)*	*(18.0%)*	37.9	56.5	*(18.6)*	*(32.9%)*
EBIT APM	132.7	161.9	*(29.2)*	*(18.0%)*	37.9	56.5	*(18.6)*	*(32.9%)*
Investments APM	361.9	166.4	*195.5*	*117.5%*	127.9	97.7	*30.2*	*30.9%*
Adjusted EBITDA Margin APM	65.1%	56.6%	*8.5 pp*	*n/a*	61.3%	56.8%	*4.5 pp*	*n/a*

	30 Sep 2023	31 Dec 2022	Δ	Δ, %	30 Sep 2023	30 Jun 2023	Δ	Δ. %
PPE, intangible and right-of-use assets	1,085.0	856.0	*229.0*	*26.8%*	1,085.0	943.9	*141.1*	*14.9%*

[1] These figures have been restated compared to the previous reporting period. For more information see section '6.2 Notes on restated figures' of this report.

- In October 2023, the Group, together with its partner Ocean Winds, were confirmed as the winners of the 700 MW Lithuanian offshore wind tender after submitting the highest development fee of EUR 20 million.
- In October 2023, Vilnius CHP biomass unit (73 MWe, 169MWth) started to generate and supply heat to Vilnius.
- In October 2023, the Group and Umicore Poland signed the largest external 10-year corporate PPA. It covers a substantial part of the expected electricity production of Silesia WF II, currently under construction, with total capacity of 137 MW.
- In October 2023, the Group completed the acquisition of Kelmė WF I & II projects (up to 300 MW) in Lithuania;
- In November 2023, the Group made a Final Investment Decision for Latvian solar portfolio I (239 MW), the largest solar portfolio in the Baltics.

Financial results

9M results

Revenue

In 9M 2023, the Green Generation segment's revenue amounted to EUR 237.3 million and was 27.7%, or EUR 90.9 million, lower than in 9M 2022. Revenue decreased primarily as a result of lower captured electricity prices, mainly due to the overall lower electricity market prices and the CfD subsidy scheme applied to Pomerania WF in Poland. In 9M 2023 Pomerania WF sold 100% of the total electricity generated under the CfD subsidy scheme, while in 9M 2022 only around 20% of the total electricity generated by the wind farm was sold under CfD.

Adjusted EBITDA

The segment's Adjusted EBITDA amounted to EUR 154.4 million in 9M 2023 and was 16.9%, or EUR 31.4 million, lower than in 9M 2022. Adjusted EBITDA decreased primarily as a result of lower captured electricity prices, mainly due to the overall lower electricity market prices and the CfD subsidy scheme applied to Pomerania WF in Poland. In 9M 2023 Pomerania WF sold 100% of the total electricity generated under the CfD subsidy scheme, while in 9M 2022 only around 20% of the total electricity generated by the wind farm was sold under CfD. Additionally, Adjusted EBITDA decrease was also influenced by intensive expansion, which led to increased operating expenses.

Key regulatory indicators

		2023[1]	2022[1]	Δ	Δ,%
Regulated activities share in Adjusted EBITDA, 9M	**%**	**0.8**	**0.8**	***0.0 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).*

Investments

Investments in 9M 2023 more than doubled compared to 9M 2022 and reached EUR 361.9 million. Major Green Generation Investments were directed towards onshore wind farms in Lithuania and Poland, mainly to Silesia WF I and II, acquisition of Kelmė WF I and II, Vilnius CHP's biomass unit and Kruonis PSHP expansion project.

Q3 results

In Q3 2023, revenue in the Green Generation segment amounted to EUR 73.9 million and was EUR 43.0 million, or 36.8%, lower than in Q3 2022. Revenue decreased primarily as a result of lower captured electricity prices.

Adjusted EBITDA amounted to EUR 45.3 million in Q3 2023 and was 31.8%, or EUR 21.1 million, lower than in Q3 2022. Adjusted EBITDA decreased primarily as a result of lower captured electricity prices. Additionally, it was influenced by intensive expansion, which led to increased operating expenses.

In Q3 2023 Investments increased by EUR 30.2 million, or 30.9%, compared to Q3 2022. Major Green Generation Investments were directed towards onshore wind farms in Lithuania and Poland, mainly to Silesia WF I and II, acquisition of Kelmė WF I and II as well as Vilnius CHP's biomass unit.

Operating performance

In 9M 2023, our 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 0.8 GW. Our Secured Capacity increased to 2.5 GW (from 1.6 GW) as the first project fully built by the Group in Lithuania, Mažeikiai WF (63 MW), reached COD and the Lithuanian offshore WF project (700 MW) reached the Awarded / Contracted phase. Its growth was also supported by a number of projects, including the Kruonis PSHP expansion project (110 MW), Kelmė WF I (105.4 MW), and Tauragė solar project (22.1 MW), reaching the construction phase.

Electricity

Electricity Generated (net) in the Green Generation segment increased by 0.01 TWh, or 1.2%, YoY. The increase was driven by higher generation at onshore wind farms (+0.03 TWh, or +9.2%), due to Mažeikiai WF (63 MW), which reached COD in August 2023, and was partly offset by lower generation at hydro assets, i.e., Kruonis PSHP (-0.01 TWh, or -2.3%), due to fewer days with favourable conditions for generation, and Kaunas HPP (-0.01 TWh, or -4.6%), due to lower water levels in the Nemunas River.

Lower average wind speed has impacted the onshore wind farm load factor, which reached 27.3% and was 3.3 pp lower than in the year prior. Wind farm availability factor decreased by 3.7 pp, totalling to 95.2%.

Key operating indicators

		30 Sep 2023	31 Dec 2022	Δ	Δ, %	30 Sep 2023	30 Jun 2023	Δ	Δ, %
Electricity									
Green Generation Portfolio	MW	6,259	5,125	*1,134*	*22.1%*	6,259	5,703	*556*	*9.7%*
Secured Capacity	MW	2,505	1,568	*937*	*59.8%*	2,505	1,805	*700*	*38.8%*
Installed Capacity	MW	1,278	1,215	*63*	*5.2%*	1,278	1,215	*63*	*5.2%*
Onshore wind	MW	233	170	*63*	*37.0%*	233	170	*63*	*37.0%*
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	527	353	*174*	*49.3%*	527	590	*(63)*	*(10.7%)*
Onshore wind	MW	292	250	*42*	*16.8%*	292	355	*(63)*	*(17.7%)*
Solar	MW	52	30	*22*	*73.3%*	52	52	-	-%
Hydro	MW	110	-	*110*	-%	110	110	-	-%
Biomass	MW	73	73	-	-%	73	73	-	-%
Awarded / Contracted	MW	700	-	*700*	-%	700	-	*700*	-%
Advanced Development Pipeline	MW	1,390	712	*678*	*95.2%*	1,390	1,327	*63*	*4.7%*
Early Development Pipeline	MW	2,364	2,845	*(481)*	*(16.9%)*	2,364	2,571	*(207)*	*(8.1%)*
Heat									
Heat Generation Capacity	MW	349	349	-	-%	349	349	-	-%
Installed Capacity	MW	180	180	-	-%	180	180	-	-%
Under Construction	MW	169	169	-	-%	169	169	-	-%

Heat

In 9M 2023, Heat Generated (net) amounted to 0.67 TWh and increased by 0.03 TWh, or 4.8%, YoY due to higher generation at Vilnius CHP.

Q3 results

As of 30 September 2023, the Green Generation Portfolio increased to 6.3 GW (from 5.7 GW as of 30 June 2023). The Secured Capacity reached 2.5 GW, mainly as a result of the first project fully built by the Group in Lithuania, Mažeikiai WF (63 MW), reaching COD and the Lithuanian offshore WF project (700 MW) reaching the Awarded / Contracted phase. Electricity Generated (net) increased by 0.05 TWh, or 14.7%. The increase was mainly driven by higher generation at Mažeikiai WF (63 MW), which reached COD in August 2023. Heat Generated (net) in Q3 2023 was 0.04 TWh, or 24.4%, higher compared to Q3 2022. The increase was mainly driven by higher generation at Vilnius CHP.

Key operating indicators

		9M 2023	9M 2022	Δ	Δ, %	Q3 2023	Q3 2022	Δ	Δ, %
Electricity									
Electricity Generated (net)	TWh	1.25	1.23[1]	*0.01*	*1.2%*	0.36	0.31[1]	*0.05*	*14.7%*
Onshore wind	TWh	0.37	0.34	*0.03*	*9.2%*	0.12	0.08	*0.04*	*56.5%*
Hydro	TWh	0.67	0.70[1]	*(0.02)*	*(3.3%)*	0.17	0.17	*0.00*	*2.5%*
Pumped-storage	TWh	0.38	0.39[1]	*(0.01)*	*(2.3%)*	0.13	0.11	*0.02*	*19.1%*
Run-of-river	TWh	0.30	0.31[1]	*(0.01)*	*(4.6%)*	0.05	0.06	*(0.02)*	*(25.1%)*
Waste	TWh	0.20	0.19	*0.01*	*3.2%*	0.06	0.07	*(0.00)*	*(2.6%)*
Onshore wind farms availability factor	%	95.2%	98.9%	*(3.7 pp)*	*n/a*	96.2%	98.8%	*(2.6 pp)*	*n/a*
Onshore wind farms load factor	%	27.3%	30.6%	*(3.3 pp)*	*n/a*	21.2%	20.2%	*0.9 pp*	*n/a*
Wind speed	m/s	6.5	7.1	*(0.6)*	*(8.2%)*	5.5	6.3	*(0.8)*	*(12.7%)*
Heat									
Heat Generated (net)	TWh	0.67	0.64	*0.03*	*4.8%*	0.20	0.16	*0.04*	*24.4%*
Waste[2]	TWh	0.58	0.56	*0.02*	*4.0%*	0.16	0.15	*0.01*	*6.1%*
Biomass	TWh	0.09	0.08	*0.01*	*10.3%*	0.04	0.01	*0.03*	*313.4%*

[1] *These figures have been restated compared to the previous reporting period. For more information see section '6.2 Notes on restated figures' of this report.*
[2] *Vilnius CHP and Kaunas CHP can use natural gas for starting/stopping the power plant, running tests, etc., which are included in the reported values of 'Waste'.*

Networks

Highlights

- NERC established the income level for electricity distribution services for 2024, comprising EUR 318,04 million, which is 19.58% lower compared to the income level set for 2023 (EUR 395,47 million). Income level change was mainly caused by lower electricity technological expenses, which have decreased due to lower electricity purchase prices (the purchase price has decreased 3 times, comparing to the purchase prices of 2023);
- In July 2023, NERC approved the amendments to the methodology for determining electricity and natural gas WACC, which will enter into force from 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) for 2024.
- The smart meter roll-out was started in July 2022. As of 30 September 2023, we have successfully installed around 609 thousand smart meters, with around 399 thousand installed in 9M 2023.
- The 10-year Investment Plan has been submitted to NERC for review. The 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 10-year Investment Plan for 2021–2030).

Key financial indicators, EURm

	9M 2023	9M 2022	Δ	Δ,%	Q3 2023	Q3 2022	Δ	Δ,%
Revenue	425.4	397.2	*28.2*	*7.1%*	129.9	151.9	*(22.0)*	*(14.5%)*
Adjusted EBITDA APM	128.7	116.7	*12.0*	*10.3%*	40.0	34.1	*5.9*	*17.3%*
EBITDA APM	218.4	39.0	*179.4*	*460.0%*	61.8	(18.4)	*80.2*	*n/a*
Adjusted EBIT APM	52.2	47.3	*4.9*	*10.4%*	13.9	10.3	*3.6*	*35.0%*
EBIT APM	142.0	(30.5)	*172.5*	*n/a*	35.8	(42.4)	*78.2*	*n/a*
Investments APM	246.6	178.5	*68.1*	*38.2%*	84.7	74.6	*10.1*	*13.5%*
Adjusted EBITDA Margin APM	38.3%	24.6%	*13.7 pp*	*n/a*	36.9%	16.7%	*20.2 pp*	*n/a*

	30 Sep 2023	31 Dec 2022	Δ	Δ, %	30 Sep 2023	30 Jun 2023	Δ	Δ. %
PPE, intangible and right-of-use assets	1,977.7	1,805.3	*172.4*	*9.5%*	1,977.7	1,915.9	*61.8*	*3.2%*

Financial results

9M results

Revenue

In 9M 2023, the Networks segment's revenue amounted to EUR 425.4 million and was 7.1%, or EUR +28.2 million, higher than in 9M 2022. The increase was mainly driven by higher revenue from electricity distribution (EUR +89.2 million) and natural gas distribution (EUR +13.6 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. The result was partly offset by lower revenue from electricity transmission (EUR -50.0 million) due to lower tariffs set by the regulator.

Adjusted EBITDA

In 9M 2023, the segment's Adjusted EBITDA amounted to EUR 128.7 million and was 10.3%, or EUR 12.0 million, higher than in 9M 2022, mainly due to higher RAB (EUR + 7.4 million).

Investments

Investments in the Networks segment in 9M 2023 amounted to EUR 246.6 million and were 38.2%, or EUR 68.1 million, higher compared to 9M 2022. Investments in expansion of the electricity distribution network increased by EUR 52.0 million, or 64.3%, and amounted to EUR 132.9 million. The main reasons behind the increase were higher number of new connections and upgrades as well as higher contractor fees. Additionally, Investments in smart meters increased by EUR 21.8 million in comparison to 9M 2022 and amounted to EUR 32.7 million.

Q3 results

Revenue was 14.5%, or EUR 22.0 million, lower compared to Q3 2022. The decrease was mainly driven by lower revenue from the supply of last resort (EUR -27.8 million), due to lower electricity market prices, and lower revenue from electricity transmission (EUR -26.5 million), due to lower tariffs set by the regulator. The decrease was partly offset by higher revenue from electricity distribution (EUR +26.8 million) and natural gas distribution (EUR +4.1 million) as higher electricity and natural gas distribution tariff components were approved by the regulator.

Adjusted EBITDA was 17.3%, or EUR 5.9 million, higher compared to Q3 2022. The increase was mainly driven by the higher RAB (EUR +2.3 million) and the temporary volumes effect (EUR +1.3 million). This effect will level off over the course of the year as annual ROI and compensated D&A is fixed for the year but allocated between months based on distributed volumes.

Investments were 13.5%, or EUR 10.1 million, higher due to higher Investments made into the expansion of the electricity distribution network and the roll-out of smart meters (EUR +7.5 million and EUR +4.9 million respectively). The Investment growth was partly offset by a decrease in electricity network maintenance investments (EUR -2.1 million).

Key regulatory indicators

		2024[1]	2023	2022
Regulated activities share in Adjusted EBITDA, 9M	**%**	**100.00**	**100.00**	**100.00**
Total				
RAB	EURm	1,584	1,429	1,345
WACC (weighted average)	%	5.08	4.14	4.13
D&A (regulatory)	EURm	79.3	74.9	67.8
Additional tariff component	EURm	28.0	28.0	28.0
Deferred part of investments covered by clients and electricity equipment transfer[2]	EURm	n/a	16.4	12.1
Electricity distribution				
RAB	EURm	1,332	1,183	1,097
WACC	%	5.09	4.17	4.16
D&A (regulatory)	EURm	67.6	64.5	58.5
Additional tariff component	EURm	28.0	28.0	28.0
Deferred part of investments covered by clients and electricity equipment transfer[2]	EURm	n/a	15.2	11.0
Natural gas distribution				
RAB	EURm	252	246	248
WACC	%	5.03	3.99	3.98
D&A (regulatory)	EURm	11.7	10.4	9.3
Deferred part of investments covered by clients and electricity equipment transfer[2]	EURm	n/a	1.2	1.1

[1] Numbers approved and published by the regulator (NERC).
[2] Actual numbers for 9M 2023 from the Networks segment's Statement of Profit or Loss.

Operating performance

Electricity distribution

Electricity distributed decreased by 0.47 TWh, or 6.2%, YoY. The decrease was driven by the B2B segment, due to a noticeable decline in industrial production, a decrease in electricity consumption by retail and service industries as well as an increase in prosumers' generation. The technological losses ratio decreased by 0.9 pp compared to last year. The number of electricity distribution customers increased by 19,391, or 1.1%, since the start of the year as new objects were connected to the network. The number of prosumers and producers continues to grow and nearly doubled since the start of the year. 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 0.95 interruptions (1.21 interruptions in 9M 2022). The electricity SAIDI indicator improved to 74 minutes (compared to 145 minutes in 9M 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 September 2023, around 609 thousand of smart meters have been successfully installed.

Natural gas distribution

Natural gas distribution volume has dropped by 0.60 TWh, or 13.0%, YoY due to unfavourable market conditions over the last year, pushing 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 approximately two thousand, or 51.4%. The YoY natural gas supply quality indicators SAIFI and SAIDI slightly increased and amounted to 0.003 interruptions and 0.25 minutes respectively.

Q3 results

Electricity distributed decreased by 0.07 TWh, or 2.9%, QoQ. The decrease was driven by the B2B segment due to a noticeable decline in industrial production, a decrease in electricity consumption by retail and service industries as well as an increase in prosumers' generation.

The Q3 2023 electricity distribution quality indicator SAIFI increased to 0.37 interruptions (compared to 0.28 in Q3 2022), and the Q3 2023 electricity SAIDI increased to 41 minutes (compared to 19 minutes in Q3 2022). The quarterly quality indicators deteriorated due to strong winds/local storms that caused mass disconnections during the third quarter of 2023.

In Lithuania, the distributed natural gas volume in Q3 2023 reached 0.78 TWh and was similar to Q3 2022 metrics as the B2B consumption increased while the B2C consumption decreased due to warmer weather conditions.

Key operating indicators

		30 Sep 2023	31 Dec 2022	Δ	Δ,%	30 Sep 2023	30 Jun 2023	Δ	Δ,%
Electricity									
Distribution network	TWh	128	128	*1*	*0.5%*	128	128	*0*	*0.2%*
Number of customers	thousand	1,845	1,825	*19*	*1.1%*	1,845	1,839	*6*	*0.3%*
of which prosumers and producers	thousand	60	35	*25*	*70.9%*	60	54	*6*	*11.3%*
admissible power of prosumers and producers	MW	1,029	588	*441*	*74.9%*	1,029	890	*139*	*15.6%*
Number of smart meters installed	thousand	609	210	*399*	*189.5%*	609	482	*127*	*26.3%*
Natural gas									
Distribution network	thousand km	10	10	*0*	*0.3%*	10	10	*0*	*0.1%*
Number of customers	thousand	625	624	*1*	*0.2%*	625	624	*0*	*0.1%*

		9M 2023	9M 2022	Δ	Δ,%	Q3 2023	Q3 2022	Δ	Δ,%
Electricity									
Electricity distributed	TWh	7.03	7.50	*(0.47)*	*(6.2%)*	2.22	2.29	*(0.07)*	*(2.9%)*
of which B2C	TWh	2.31	2.36	*(0.05)*	*(2.0%)*	0.70	0.69	*0.01*	*1.8%*
of which B2B	TWh	4.72	5.14	*(0.42)*	*(8.2%)*	1.52	1.60	*(0.08)*	*(5.0%)*
Technological losses	%	3.7%	4.6%	*(0.9 pp)*	*n/a*	3.6%	4.9%	*(1.4 pp)*	*n/a*
New Connection Points	thousand	41.5	25.7	*15.7*	*61.2%*	11.6	11.4	*0.2*	*1.6%*
Connection Point Upgrades	thousand	19.6	19.4	*0.2*	*1.1%*	6.3	8.2	*(1.9)*	*(23.3%)*
Admissible power of new connection points and upgrades	MW	430	387	*43*	*11.2%*	141	131	*9*	*7.0%*
Time to connect (average)	c. d.	43	63	*(20)*	*(31.4%)*	44	63	*(19)*	*(29.9%)*
SAIFI	unit	0.95	1.21	*(0.26)*	*(21.7%)*	0.37	0.28	*0.09*	*31.4%*
SAIDI	min.	74	145	*(71)*	*(48.8%)*	41	19	*22*	*113.6%*
Supply of Last Resort	TWh	0.17	0.20	*(0.03)*	*(15.9%)*	0.05	0.08	*(0.03)*	*(36.8%)*
Natural gas									
Natural gas distributed	TWh	4.06	4.66	*(0.60)*	*(13.0%)*	0.78	0.77	*0.01*	*1.5%*
of which B2C	TWh	1.42	1.61	*(0.19)*	*(12.1%)*	0.13	0.16	*(0.02)*	*(14.9%)*
of which B2B	TWh	2.64	3.05	*(0.41)*	*(13.4%)*	0.65	0.61	*0.03*	*5.7%*
New connection points and upgrades	thousand	1.9	3.8	*(2.0)*	*(51.4%)*	0.7	1.2	*(0.5)*	*(43.0%)*
Technological losses	%	2.0%	2.2%	*(0.2 pp)*	*n/a*	2.4%	3.8%	*(1.4 pp)*	*n/a*
Time to connect (average)	c. d.	55	60	*(5)*	*(8.0%)*	56	59	*(3)*	*(4.7%)*
SAIFI	unit	0.003	0.003	*0.000*	*0.1%*	0.001	0.001	*0.000*	*41.5%*
SAIDI	min.	0.25	0.23	*0.02*	*9.5%*	0.13	0.08	*0.05*	*61.4%*
Customer experience									
NPS (Transactional)	%	51.2%	53.3% [1]	*(2.1 pp)*	*n/a*	55.4%	53.0%	*2.4 pp*	*n/a*

[1] *Previously reported 50.0% value was corrected due to a change in the calculation methodology.*

Reserve Capacities[1]

Highlights

- TSOs of Lithuania, Latvia, and Estonia, agreed on concrete steps and a deadline to synchronize the Baltic countries' electricity networks with the synchronous grid of Continental Europe by February 2025. The agreement also stipulates that in the summer of 2024, half a year before the synchronization, the Baltic countries will refuse to extend the BRELL contracts concluded with Russian and Belarusian operators.
- During the reporting period, the segment's electricity generation assets 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 covered more than 65% of the national electricity demand.

Financial results

9M results

Revenue

In 9M 2023, the Reserve Capacities segment's revenue amounted to EUR 85.6 million and was EUR 80.0 million, or 48.3%, lower than in 9M 2022. The decrease was driven by lower revenue from regulated activities (EUR -71.9 million), mainly due to additional regulatory revenue (EUR -64.6 million), covering the expenses related to the acquisition of a supplementary natural gas reserve.

Adjusted EBITDA

In 9M 2023, the segment's Adjusted EBITDA amounted to EUR 38.3 million and was 116.4%, or EUR 20.6 million, higher than in 9M 2022. The increase was related to commercial activities (EUR +22.5 million), driven by a utilised option to earn additional return in the market on top of the regulated return by a fixing positive forward Clean Spark spread (EUR +27.4 million) (fixed in Q4 2022 and realized in Q1 2023). Due to changes in actual electricity and natural gas market prices, the transaction was mainly closed without physical delivery.

Q3 results

Revenue was 64.6%, or EUR 44.7 million, lower compared to Q3 2022. The decrease was driven by lower revenue from regulated activities, mainly due to higher revenue from the power reserve (isolated regime services) captured last year, which was acquired in order to comply with new requirements for the isolated regime services.

Adjusted EBITDA was 35.8%, or EUR 3.4 million, lower compared to Q3 2022. The decrease was driven by lower results of both regulated activities (EUR -1.6 million), mainly due to lower regulatory D&A with regards to the depreciated value of assets, and commercial activities (EUR -1.9 million), due to lower gross profit margins.

Key financial indicators, EURm

	9M 2023	9M 2022	Δ	Δ,%	Q3 2023	Q3 2022	Δ	Δ,%
Revenue	85.6	165.6	(80.0)	(48.3%)	24.5	69.2	(44.7)	(64.6%)
Adjusted EBITDA APM	38.3	17.7	20.6	116.4%	6.1	9.5	(3.4)	(35.8%)
EBITDA APM	38.3	17.7	20.6	116.4%	6.1	9.5	(3.4)	(35.8%)
Adjusted EBIT APM	30.2	8.7	21.5	247.1%	3.7	6.5	(2.8)	(43.1%)
EBIT APM	30.2	8.7	21.5	247.1%	3.7	6.5	(2.8)	(43.1%)
Investments APM	2.3	14.6	(12.3)	(84.2%)	1.0	14.2	(13.2)	(93.0%)
Adjusted EBITDA Margin APM	44.8%	10.7%	34.1 pp	n/a	24.9%	13.7%	11.2 pp	n/a

	30 Sep 2023	31 Dec 2022	Δ	Δ, %	30 Sep 2023	30 Jun 2023	Δ	Δ, %
PPE, intangible and right-of-use assets	279.4	288.9	(9.5)	(3.3%)	279.4	281.7	(2.3)	(0.8%)

[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, 9M	%	**21.7**	**57.5**	***(35.8 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 0.15 TWh in 9M 2023 and increased by 0.02 TWh, or 14.4%, due to a more favourable clean spark spread over the Q3 2023 period. Accordingly, in 9M 2023 it resulted in a load factor of 2.2%, which was 0.3 pp higher compared to the year prior. 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

		30 Sep 2023	31 Dec 2022	Δ	Δ,%	30 Sep 2023	30 Jun 2023	Δ	Δ,%
Electricity									
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%)*	-	-	-	-%
Isolated system operation services	MW	891	372	*519*	*139.5%*	891	891	-	-%

		9M 2023	9M 2022	Δ	Δ,%	Q3 2023	Q3 2022	Δ	Δ,%
Electricity									
Electricity Generated (net)	TWh	0.15	0.14	*0.02*	*14.4%*	0.08	0.06	*0.02*	*34.0%*
Availability factor	%	99.9%	100.0%	*(0.1 pp)*	*n/a*	99.9%	100.0%	*(0.1 pp)*	*n/a*
Load factor	%	2.2%	2.0%	*0.3 pp*	*n/a*	3.6%	2.7%	*0.9 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.
- The Group announced its plans to invest up to EUR 115 million in the development of the EV charging network in the Baltics over 3–5 years.
- Based on decisions of the Lithuanian Government, higher electricity and natural gas prices captured in H1 2023 were partially compensated through subsidies to private customers. However, as the energy prices stabilised, EUR 53 million (out of EUR 179 million allocated to Ignitis customers in total) were returned to the State budget. This had no impact on the segment's Adjusted EBITDA.
- The Group and Baltisches Haus, a company that develops and manages commercial real estate (mainly retail stores) throughout Lithuania, have entered into a strategic partnership agreement to provide at least 110 public charging points for electric vehicles in 15 cities across Lithuania.

Financial results

9M results

Revenue

In 9M 2023, the Customers & Solutions segment's revenue amounted to EUR 1,204.5 million and was EUR 932.3 million, or 43.6%, lower than in 9M 2022. The YoY decrease in revenue was captured in both electricity and natural gas businesses. Revenue from electricity business decreased (EUR -478.0 million) due to lower market prices (-58.8% average price in the Lithuanian market area) and lower retail volume supplied (-17.7%). Revenue from natural gas business also decreased (EUR -464.4 million), mainly due to a lower average TTF gas price index (-59.3%) and lower volume supplied (-25.9%).

Adjusted EBITDA

In 9M 2023, the segment's Adjusted EBITDA amounted to EUR 20.9 million and was 40.8%, or EUR 14.4 million, lower than in 9M 2022, mainly due to lower supply volumes, driven by the decreased consumption.

Net Working Capital

Compared to 31 December 2022, Net Working Capital has decreased (EUR -313.8 million). The decrease was mainly driven by a decrease in trade receivables (EUR -338.4 million) and a lower value of the natural gas inventory (EUR -239.4 million).

The decrease was partly offset by a decrease in trade payables (EUR 44.5 million) and VAT payables (EUR 79.8 million), a decrease in mark-to-market (MtM) reserve related to the Nasdaq commodities market (the cash part of all open derivatives positions[2]) (EUR +104.0 million), and an increase in derivative trading deposits (EUR +38.8 million), due to changes in MtM value as hedge positions were closed.

Q3 results

Revenue was EUR 659.9 million, or 70.9%, lower compared to Q3 2022. The decrease was driven by lower revenue from natural gas business, due to a lower average TTF gas price index (-81.0%) and total volume sold (-46.7%), as well as lower revenue from electricity business, due to lower market prices (-73.5% average price in the Lithuanian market area) and lower retail volume sold (-12.9%).

Adjusted EBITDA was EUR 40.8 million lower compared to Q3 2022. The decrease was mainly due to lower supply volumes and the reversed temporary natural gas inventory effect from weighted average accounting method (reversion from last year's high positive level, which was driven by steep market price increase).

Key financial indicators, EURm

	9M 2023	9M 2022[1]	Δ	Δ,%	Q3 2023	Q3 2022[1]	Δ	Δ,%
Revenue	1,204.5	2,136.8	*(932.3)*	*(43.6%)*	270.8	930.7	*(659.9)*	*(70.9%)*
Adjusted EBITDA APM	20.9	35.3	*(14.4)*	*(40.8%)*	(0.8)	40.0	*(40.8)*	*(102.0%)*
EBITDA APM	(66.0)	89.3	*(155.3)*	*n/a*	(6.1)	63.9	*(70.0)*	*(109.5%)*
Adjusted EBIT APM	18.6	33.8	*(15.2)*	*(45.0%)*	(1.5)	39.5	*(41.0)*	*(103.8%)*
EBIT APM	(68.2)	87.8	*(156.0)*	*n/a*	(6.8)	63.4	*(70.2)*	*(110.7%)*
Investments APM	5.4	2.6	*2.8*	*107.7%*	3.3	0.9	*2.4*	*266.7%*
Adjusted EBITDA Margin APM	1.6%	1.7%	*(0.1 pp)*	*n/a*	(0.3%)	4.4%	*(4.7 pp)*	*n/a*

	30 Sep 2023	31 Dec 2022	Δ	Δ, %	30 Sep 2023	30 Jun 2023	Δ	Δ, %
PPE, intangible and right-of-use assets	11.2	10.7	*0.5*	*4.7%*	11.2	8.7	*2.5*	*28.7%*
Net Working Capital APM	132.8	446.6	*(313.8)*	*(70.3%)*	132.8	125.9	*6.9*	*5.5%*

Key regulatory indicators[3]

		2023[4]	2022[4]	Δ	Δ,%
Regulated activities share in Adjusted EBITDA, 9M	%	n/a	n/a	*n/a*	*n/a*
RAB[5]	EURm	8.3	14.2	*(5.9)*	*(41.5%)*
WACC	%	3.09	3.05	*0.04 pp*	*n/a*

[1] These figures have been restated compared to the previous reporting period. For more information see section '6.2 Notes on restated figures' of this report.
[2] 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 the counterparties. The daily cash settlement corresponds to the amount of fair value movement for futures products traded on the Nasdaq commodities market.
[3] Full year numbers unless stated otherwise.
[4] Numbers approved and published by the regulator (NERC).
[5] RAB for businesses of the Customers & Solutions segment comprises Net Working Capital for covering the demand of public supply of electricity.

Operating performance

Electricity sales

Total electricity sales in the retail market in 9M 2023 decreased by 1.04 TWh, or 17.7%, compared to 9M 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 0.35 TWh, or 18.2%, lower, and the number of B2C customers decreased by around 42 thousand, or 3.0%, since 31 December 2022 due to the ongoing electricity market deregulation in Lithuania. B2C customer share in the independent supply market by the number of objects was 74.8%, i.e., down by 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 2.32 TWh, or 25.9%, YoY, which was mainly driven by a fall in retail sales across all markets, except Poland. The main causes were warmer weather and reduced consumption by industrial customers.

Other

In 9M 2023, the customer experience indicator (transactional NPS) of both B2C and B2B customers in the Customers & Solutions segment increased by 10.4 pp and 26.0 pp respectively compared to 9M 2022. The transactional customer experience improved due to continuous assessment of service quality and timely product/service-related communications to customers.

Q3 results

During Q3 2023 electricity sales decreased by 0.22 TWh, or 12.9%, compared to Q3 2022. The decrease was mainly driven by lower B2B sales in all countries, except Poland. Generally lower demand and increased competition continue to be the main reasons for the lower electricity sales. The decrease in natural gas sales by 1.18 TWh, or 46.7%, QoQ was mainly driven by significantly, i.e., 0.67 TWh, or 61.1%, lower wholesale sales.

Key operating indicators

		30 Sep 2023	31 Dec 2022	Δ	Δ,%	30 Sep 2023	30 Jun 2023	Δ	Δ,%
Electricity									
Number of customers	m	1.4	1.4	*(0.0)*	*(2.9%)*	1.4	1.4	*(0.0)*	*(0.4%)*
EV charging points	TWh	312	251	*61*	*24.3%*	312	262	*50*	*19.1%*
Natural gas									
Number of customers	m	0.6	0.6	*0.0*	*0.1%*	0.6	0.6	-	-%
Gas inventory	TWh	2.5	3.0	*(0.5)*	*(16.9%)*	2.5	1.3	*1.1*	*83.5%*
		9M 2023	**9M 2022**	**Δ**	**Δ,%**	**Q3 2023**	**Q3 2022**	**Δ**	**Δ,%**
Electricity sales									
Lithuania	TWh	3.81	4.64	*(0.83)*	*(17.9%)*	1.17	1.37	*(0.20)*	*(14.7%)*
Latvia	TWh	0.56	0.92	*(0.37)*	*(39.7%)*	0.16	0.26	*(0.10)*	*(37.8%)*
Estonia	TWh	0.00	0.00	*(0.00)*	*(24.1%)*	0.00	0.00	*(0.00)*	*(26.9%)*
Poland	TWh	0.47	0.31	*0.16*	*52.2%*	0.18	0.10	*0.08*	*74.5%*
Total retail	TWh	4.84	5.87	*(1.04)*	*(17.7%)*	1.51	1.73	*(0.22)*	*(12.9%)*
of which B2C	TWh	1.57	1.92	*(0.35)*	*(18.2%)*	0.48	0.49	*(0.01)*	*(3.0%)*
of which B2B	TWh	3.26	3.95	*(0.69)*	*(17.4%)*	1.03	1.24	*(0.21)*	*(16.8%)*
Natural gas sales	TWh	6.65	8.96	*(2.32)*	*(25.9%)*	1.34	2.52	*(1.18)*	*(46.7%)*
Lithuania	TWh	3.00	3.53	*(0.53)*	*(15.1%)*	0.49	0.53	*(0.05)*	*(8.7%)*
Latvia	TWh	0.23	0.47	*(0.24)*	*(51.3%)*	0.04	0.22	*(0.18)*	*(82.3%)*
Estonia	TWh	0.01	0.02	*(0.01)*	*(45.2%)*	0.00	0.00	*(0.00)*	*(74.4%)*
Poland	TWh	0.25	0.12	*0.13*	*107.8%*	0.06	0.02	*0.04*	*186.2%*
Finland	TWh	1.45	2.89	*(1.44)*	*(49.7%)*	0.32	0.64	*(0.32)*	*(49.5%)*
Total retail	TWh	4.94	7.03	*(2.09)*	*(29.7%)*	0.92	1.42	*(0.51)*	*(35.6%)*
of which B2C	TWh	1.45	1.64	*(0.19)*	*(11.7%)*	0.14	0.16	*(0.02)*	*(14.6%)*
of which B2B	TWh	3.49	5.39	*(1.90)*	*(35.2%)*	0.78	1.26	*(0.48)*	*(38.4%)*
Wholesale market	TWh	1.70	1.93	*(0.23)*	*(11.9%)*	0.43	1.10	*(0.67)*	*(61.1%)*
Customer experience									
NPS (B2C – Transactional)	%	66.8%	56.4%[1]	*10.4 pp*	*n/a*	71.0%	52.0%	*19.0 pp*	*n/a*
NPS (B2B – Transactional)	%	77.0%	51.0%[1]	*26.0 pp*	*n/a*	79.0%	50.0%	*29.0 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

		Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020
Revenue	EURm	471.2	442.1	928.3	1,359.1	1,294.7	741.9	991.2	733.2	427.3	344.7	393.4	354.3
EBITDA APM	EURm	108.3	44.7	195.3	206.2	122.1	119.8	91.6	88.0	83.8	83.8	87.4	105.0
Adjusted EBITDA APM	EURm	91.8	103.6	149.9	112.1	150.8	95.1	111.4	116.4	72.2	70.6	78.1	90.6
Adjusted EBITDA Margin APM	%	20.2%	20.7%	17.0%	8.9%	11.4%	13.3%	11.0%	15.3%	17.4%	21.3%	20.3%	26.7%
EBIT APM	EURm	69.1	8.1	156.6	162.6	83.3	84.7	57.2	29.5	53.0	52.5	57.0	72.5
Adjusted EBIT APM	EURm	52.7	67.1	111.3	68.5	112.0	60.0	76.9	78.0	41.4	39.3	47.7	58.1
Net profit	EURm	56.8	28.6	127.2	108.6	70.1	68.0	46.8	47.9	51.2	18.0	43.0	61.7
Adjusted Net Profit APM	EURm	42.9	61.4	88.7	53.7	94.4	46.8	61.1	70.2	29.2	28.3	35.1	49.5
Investments APM	EURm	231.1	281.8	120.8	154.0	188.1	117.5	62.0	103.1	54.1	48.7	29.0	76.0
FFO[1] APM	EURm	82.8	(23.7)	185.3	197.2	101.4	96.2	89.3	82.9	67.4	65.1	84.0	102.1
FCF APM	EURm	(165.5)	(157.8)	208.0	652.9	(385.5)	(92.8)	(157.2)	(278.5)	(47.3)	54.3	30.9	(7.7)
ROE LTM[1] APM	%	14.8%	15.9%	18.4%	14.7%	11.5%	10.8%	8.6%	8.7%	11.1%	10.1%	12.0%	10.8%
Adjusted ROE LTM[1] APM	%	11.4%	14.2%	13.9%	12.9%	13.7%	10.7%	10.0%	8.9%	9.1%	9.1%	8.9%	6.0%
ROCE LTM[1] APM	%	11.4%	13.0%	16.7%	13.1%	8.3%	7.9%	7.1%	7.3%	9.9%	9.7%	10.2%	9.1%
Adjusted ROCE LTM[1] APM	%	8.6%	11.3%	12.1%	10.7%	10.7%	9.1%	8.8%	7.9%	7.8%	7.9%	7.7%	5.4%
		30 Sep 2023	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
Total assets	EURm	5,067.9	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
Equity	EURm	2,100.9	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
Net Debt APM	EURm	1,114.1	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
Net Working Capital APM	EURm	216.8	191.0	314.8	443.3	1,030.0	717.4	633.6	438.7	169.5	99.1	129.7	94.4
Net Debt/EBITDA LTM APM	times	2.01	1.70	1.19	1.83	3.65	3.08	2.95	2.85	1.72	1.61	1.61	1.80
Net Debt/Adjusted EBITDA LTM APM	times	2.44	1.87	1.50	2.10	3.23	2.96	2.73	2.88	1.99	1.83	1.92	2.44
FFO LTM /Net Debt APM	%	39.6%	48.0%	76.1%	49.1%	23.9%	28.4%	29.7%	31.3%	51.3%	55.4%	57.5%	51.5%

[1] *These figures have been restated compared to the previous reporting period. For more information see section '6.2 Notes on restated figures' of this report.*

Key operating indicators

		30 Sep 2023	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
Electricity													
Green Generation Portfolio	GW	6.3	5.7	5.3	5.1	3.6	3.0	2.7	2.6	2.8	2.7	2.6	2.6
Secured Capacity	GW	2.5	1.8	1.6	1.6	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4
Installed Capacity	GW	1.3	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.1	1.1	1.1	1.1
Under Construction	GW	0.5	0.6	0.4	0.4	0.2	0.1	0.1	0.1	0.2	0.2	0.2	0.2
Awarded / Contracted	GW	0.7	-	-	-	-	-	-	-	-	-	-	-
Advanced Development Pipeline	GW	1.4	1.3	0.9	0.7	0.1	0.3	0.2	0.1	-	-	-	-
Early Development Pipeline	GW	2.4	2.6	2.8	2.8	2.1	1.4	1.1	1.1	1.2	1.1	1.0	1.0
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	0.2	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
		Q3 2023	**Q2 2023**	**Q1 2023**	**Q4 2022**	**Q3 2022**	**Q2 2022**	**Q1 2022**	**Q4 2021**	**Q3 2021**	**Q2 2021**	**Q1 2021**	**Q4 2020**
Electricity													
Electricity Generated (net)	TWh	0.44	0.41[1]	0.55[1]	0.56[1]	0.37[1]	0.41[1]	0.59[1]	0.61[1]	0.58[1]	0.59[1]	0.58[1]	0.66[1]
Green Electricity Generated (net)	TWh	0.36	0.36[1]	0.53[1]	0.42[1]	0.31[1]	0.37[1]	0.55[1]	0.52[1]	0.30[1]	0.37[1]	0.36[1]	0.35[1]
Green Share of Generation	%	81.1%	88.4%[1]	95.6%[1]	75.7%[1]	83.3%[1]	90.9%[1]	93.8%[1]	84.4%[1]	51.6%[1]	62.1%[1]	62.4%[1]	53.1%[1]
Electricity sales	TWh	1.56	1.56	1.89	1.91	1.81	2.07	2.19	1.97	1.67	1.67	1.81	1.83
Electricity distributed	TWh	2.22	2.22	2.60	2.51	2.29	2.44	2.77	2.77	2.45	2.43	2.72	2.55
SAIFI	units	0.37	0.31	0.26	0.31	0.28	0.31	0.62	0.35	0.38	0.36	0.37	0.23
SAIDI	min	41	14	19	34	19	20	105	29	31	45	98	13
Heat													
Heat Generated (net)	TWh	0.20	0.20	0.28	0.25	0.16	0.18	0.30	0.28	0.12	0.21	0.23	0.15
Natural gas													
Natural gas sales	TWh	1.34	1.45	3.86	3.83	2.52	2.44	4.01	2.85	1.39	2.07	5.25	3.84
Natural gas distributed	TWh	0.78	0.97	2.31	2.02	0.77	1.21	2.68	2.74	1.02	1.41	3.32	2.48

[1] *These figures have been restated compared to the previous reporting period. For more information see section '6.2 Notes on restated figures' of this report.*

ignitis group

Governance

4.1 Governance update

Overview

In this section we highlight 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 further improving customer service quality. More information can be found in our First three months 2023 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 the Group companies have carried out self-assessments

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 the Group companies carried out self-assessments during the reporting period and approved action plans to improve their performance.

Other relevant governance changes and updates

- The governance of UAB "Ignitis" (Customers & Solutions) has been optimised: UAB "Ignitis" had a two-tier governance model (the Supervisory Board and the Management Board), which on 30 May 2023 was changed to a one-tier model (the Board with a supervisory function). Additionally, two new members, Roger Hunter and Toma Sasnauskienė, have been appointed to the Board.
- Changes in the Group's structure:
  - the name of UAB "Ignitis renewables" (Green Generation) subsidiary Altiplano S.A. was changed to Silezia 2 Wind Farm S.A.;
  - in May 2023, UAB "Ignitis renewables" (Green Generation) 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);
  - in July 2023, UAB "Ignitis renewables" (Green Generation) acquired a new company UAB "Vėjas LT".
- On 29 June 2023, the General Meeting of Shareholders approved to the parent company becoming a participant of a legal entity, WF World Fund I GmbH & Co. KG, (registered in Germany).

Key changes after the reporting period

Changes in collegial bodies

- **A member of the Supervisory Board of Ignitis Polska Sp. z o. o. resigned.** Agnieszka Nosal, a Member of the Supervisory Board of Ignitis Polska Sp. z o. o., has resigned and a new member, Haroldas Nausėda, has been appointed on 16 October 2023 to assume the position until the end of the term of office of the current Supervisory Board.
- **The new Supervisory Board and Management Board of Ignitis Latvija SIA were selected.** On 18 October 2023, the new Supervisory Board of Ignitis Latvija SIA was selected for a new four-year term, comprising three members: Artūras Bortkevičius, Andrius Kavaliauskas and Darius Šimkus. The new Management Board of Ignitis Latvija SIA was also selected for a new four-year term, comprising one member Kristaps Muzikants.
- **The new Board of Vilnius CHP was selected.** On 20 October 2023, the new Board of Vilnius CHP was selected for a new four-year term, comprising three members: independent member Paul K. Dainora, shareholder representatives Mantas Mikalajūnas and Jonas Rimavičius.
- **The Boards of Ignitis Eesti OÜ and Ignitis Suomi Oy are expanded.** In accordance with the sole-shareholder's decisions of 27 October 2023, the Boards of Ignitis Eesti OÜ and Ignitis Suomi Oy have been expanded, namely Eimantas Balta has been appointed to the Board of Ignitis Eesti OÜ and Darius Šimkus to the Board of Directors of Ignitis Suomi Oy, both until the end of the current Boards' terms of office.

Changes in the Group's structure

- In October 2023, UAB "Ignitis renewables" (Green Generation) completed the acquisition of UAB "Vėjas LT" and WINDLIT, UAB (Kelmė WF I & II) in Lithuania, and acquired 50 % shares of Estonian company Estonia Offshore Wind DevCo OÜ.

Other relevant information

- For the fifth consecutive year, the Group has been awarded the highest 'A+' governance rating in Lithuania and acknowledged as leader in the category of large SOEs in the Good Corporate Governance Index.

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 Risks 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 at 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

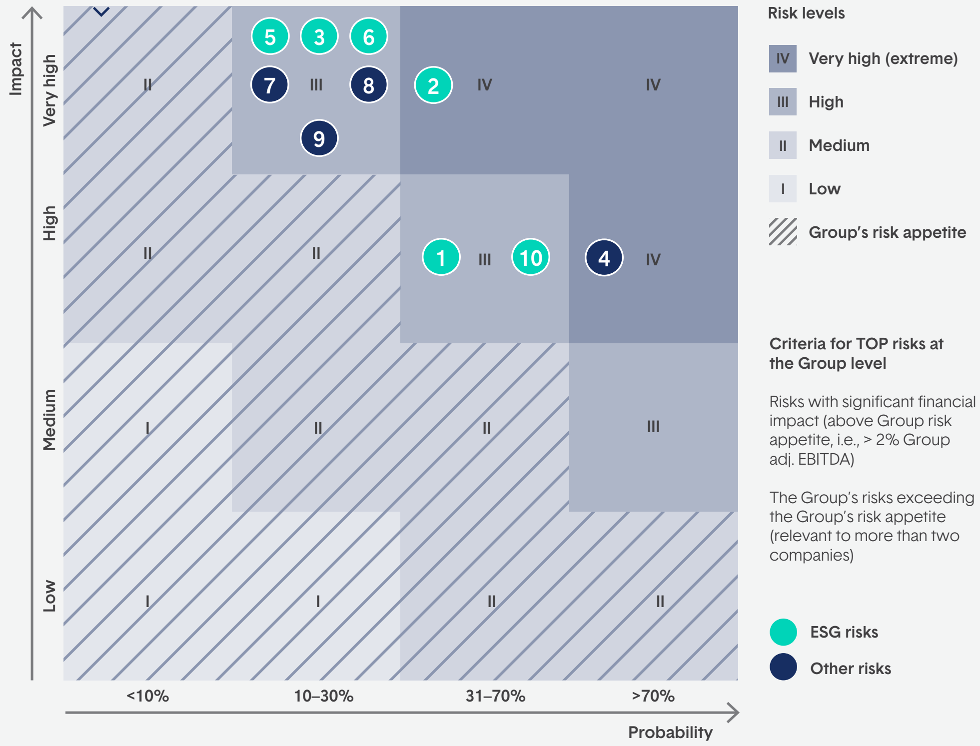
During and after the reporting period

During the reporting period, a few changes were recorded among the key risks compared to the end of Q4 2022. Firstly, 'Financial liquidity risk' was removed from the Group's list of key risks as a result of a decrease in energy prices globally, which led to lower working capital needs. Stronger liquidity position was also supported by the additional financing agreements concluded. Secondly, the level of the 'Risk of not winning the Lithuanian offshore tender' was reduced to 'Medium' (from 'Very high') as the Group, together with the strategic partner for the development of offshore wind farm projects, Ocean Winds became provisional winners for the development of 700 MW Lithuanian offshore wind tender, as announced on 10 July 2023.

After the reporting period, the Group, together with Ocean Winds, was confirmed by the Lithuanian National Energy Regulatory Council as the winner of the above-mentioned offshore wind tender, following the screening of compliance with national security interests. Accordingly, the 'Risk of not winning the Lithuanian offshore tender' was resolved.

Nevertheless, the development of offshore projects is complex and of significant importance to the Group's strategic objectives. Recognising this, it is important to emphasise risk management in the early stages of project development. This proactive approach will enable

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 achieving Lithuanian offshore WF project goals (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 high impact cyber attack (the Group)

the Group to identify and address potential risks and develop mitigation strategies to ensure the successful achievement of project objectives. In line with this objective, a new risk 'Risk of not achieving Lithuanian offshore WF project goals' (No 3) has been added to the Group's list of key risks.

Further in-depth overview of potential impact and probability of all risks indicated in the heat map on the right side of the 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 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 the first half of 2023, the compensation mechanism remained in effect, but due to the decrease in prices, the use of compensations was lower than anticipated, and the resulting surplus has been returned to the state's budget in August 2023. Compensation mechanism for the second half-year has been terminated for the electricity supply, but remains in effect regarding natural gas supply for household consumers. 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.

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

Cyber security

Due to the complicated geopolitical situation, the number of external scans and distributed denial-of-service (DDoS) attacks targeting the IT infrastructure of the Group remains high. To enhance resilience to cyber threats, our monitoring and CERT teams ensure 24/7 monitoring of both external and internal resources by proactively detecting, preventing, and mitigating malicious actions.

Impact on business segments

Overview of the impact of Russia's invasion of Ukraine

Business segment	Overall impact
Green Generation	– 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.

Employee resistance to cyber threats has been strengthened through simulations of malicious emails and the implementation of the updated digital security training for the Group employees. During the reporting period, the average rate of employees compromised by the simulated phishing emails was 5%. We have continued the development of digital security solutions to effectively protect the Group's IT infrastructure, leading to a threefold increase in the number of cyber security events analyzed compared to 2022. Approximately 35% of all security events are analyzed automatically.

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 third quarter of this year, the Group's inside information position matrix was updated and specialized inside information management instructions for target groups were presented. 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.

Raimonda Ragelyte, Senior Legal Counsel at Ignitis Group

4.3 Group's structure

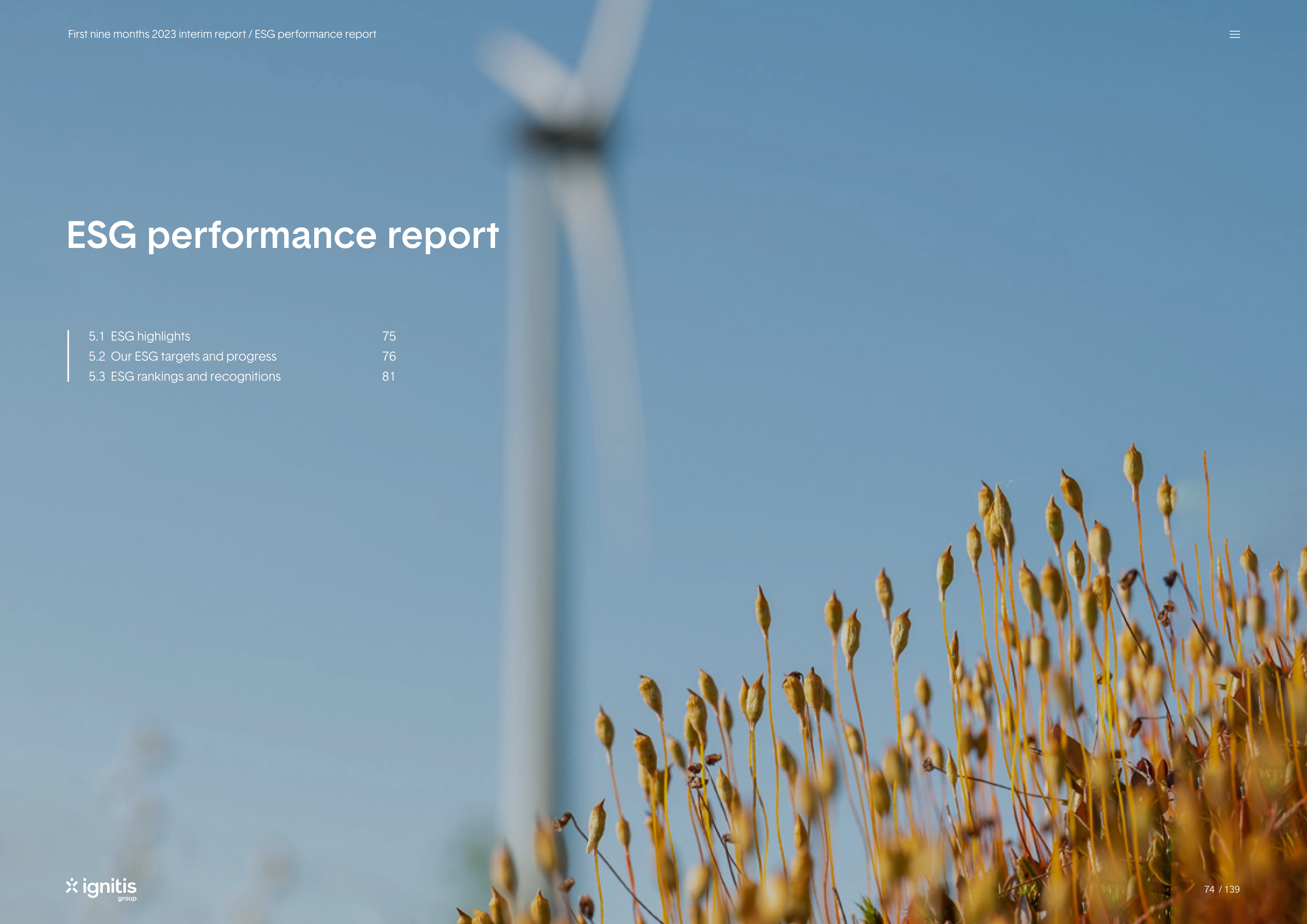
The Group's corporate structure at the end of the reporting period and its changes are presented below and in note '24 Structure of the Group' of '7 Consolidated financial statements' respectively. Detailed information on the corporate governance system of the entities and other relevant information are available in section '4.8 Information about the Group' of our Annual report 2022 and on our website.

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

- **AB "Ignitis grupė"[1, 2]**
  - UAB "Ignitis renewables"
    - UAB "Ignitis renewables projektai"
    - UAB Ignitis renewables projektai 2
    - UAB Ignitis renewables projektai 3
    - UAB Ignitis renewables projektai 4
    - UAB Ignitis renewables projektai 5
    - UAB Ignitis renewables projektai 6
    - UAB Ignitis renewables projektai 7
    - UAB Ignitis renewables projektai 8
    - UAB "EURAKRAS"
    - UAB "VĖJO GŪSIS"
    - UAB "VĖJO VATAS"
    - UAB "VVP Investment"
    - UAB "Vėjo galia bendruomenei"
    - UAB "Plungės vėjo energija"
    - UAB "Vėjas LT"
    - IGN RES DEV1 SIA
    - IGN RES DEV2 SIA
    - IGN RES DEV3 SIA
    - IGN RES DEV4 SIA
    - IGN RES DEV5 SIA
    - IGN RES DEV6 SIA
    - IGN RES DEV7 SIA
    - Ignitis renewables Latvia SIA
    - "SP Venta" SIA
    - SIA CVE
    - SIA BRVE
    - "Tuuleenergia osaühing"
    - Pomerania Wind Farm sp. z o. o.
    - Silezia1 Wind Farm Sp. z o.o.
    - Ignitis Renewables Polska sp. z o. o.
    - Ignitis Res Dev sp. z o. o.
    - Silezia2 Wind Farm S.A.
  - UAB Kauno kogeneracinė jėgainė[3]
  - UAB Vilniaus kogeneracinė jėgainė
  - AB "Energijos skirstymo operatorius"
  - AB "Ignitis gamyba"
  - UAB "Ignitis"
    - Ignitis Latvija SIA
    - Ignitis Eesti OÜ
    - Ignitis Polska sp. z o. o.
    - Ignitis Suomi Oy
  - UAB "Ignitis grupės paslaugų centras"
    - UAB Elektroninių mokėjimų agentūra
    - UAB "Gamybos optimizavimas"
    - UAB "Transporto valdymas"

[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 9M 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, which was prepared in accordance with GRI requirements and TCFD recommendations. The 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 and launched mandatory abuse and harassment prevention training for all employees of the Group;
- signed the Women's Empowerment Principles, established by UN Women and UN Global Compact;
- received updated Group's ESG ratings from the global ESG rating agencies: ISS ESG – to 'B-' from 'C', MSCI remains at 'AA'. Updated EcoVadis rating for Ignitis remains at 78 out of 100. These ratings place the Group among the top peers globally.

After the reporting period, we have:

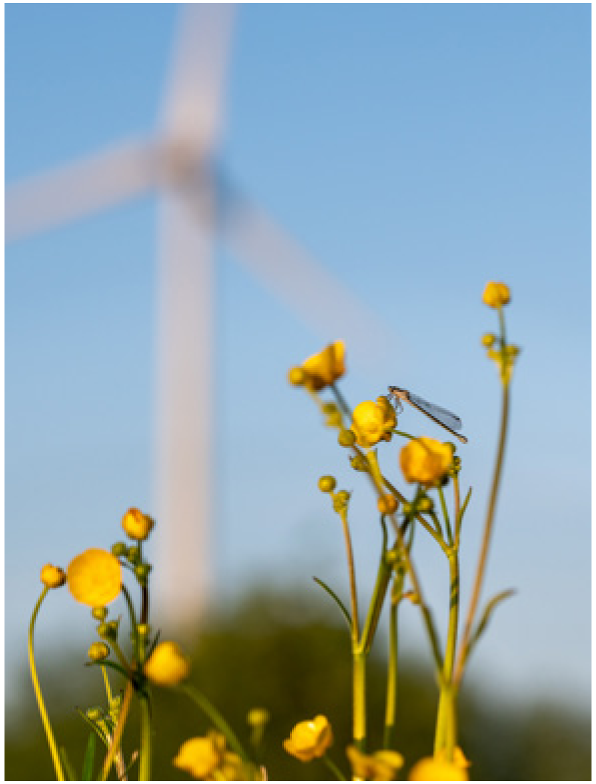
- acknowledged as the best company for sustainability reporting at the Corporate ESG Awards 2023. Besides that, the Group was also a finalist in three other categories: Best company for climate transition (finalist), Best company for diversity, equity and inclusion (finalist), Best company for ESG & sustainability (finalist and runner-up). Deloitte announced the Group as the winner of the ESG in Action Contest for the best integrated report in the Baltics;
- for the fifth consecutive year, we have been awarded the highest 'A+' governance rating in Lithuania and acknowledged as leader in the category of large SOEs in the Good Corporate Governance Index.

5.2 Our ESG targets 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 9M 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	9M 2023	9M 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]	3.49 m t CO_2-eq[1]	3.67 m t CO_2-eq[1]	*(4.9%)*	4.98 m t CO_2-eq[1] (6.2% less than in 2020)
Safety	Zero fatal accidents	0 fatalities of employees & contractors	0	3	*(100%)*	3
	Total recordable injury rate	Employee TRIR <1.75	0.89	2.1	*(57.6%)*	1.69
		Contractors TRIR <3.5	1.09	n/a	n/a	0.49[2]
Employee experience	Employee overall experience[3]	≥50% employees promoting the Group as an employer (eNPS)	51.9%	59.7%	*(7.8 pp)*	61.8%
Diversity	Gender diversity in top management	≥35% share of women in top management positions	23.9%	24.6%	*0.7 pp*	23%
Sustainable value creation	Sustainable investments	≥85–90% share[4] of CAPEX aligned to the EU Taxonomy (2023–2026)	93.2%	86.5%	*6.7 pp*	89.5% (365 EURm)
	Sustainable returns	≥75% sustainable Adjusted EBITDA share[4]	63.8% (220 EURm)	70.7% (252 EURm)	*(6.9 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] Experience of employees in areas such as well-being, learning and growth, equal pay, diversity and inclusion, etc.
[4] Taxonomy 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 9M 2023 was 3.65 m t CO_2-eq (3.9% lower compared to the same period in 2022). Scope 1 emissions decreased by 20.1%, primarily due to improved accounting of actual natural gas losses. Scope 2 emissions decreased by 5.8%. Following the Green Procurement requirements, renewable energy guarantees of origin were used to cover 51.0% of electricity distribution losses accounted for in Scope 2. Scope 3 emissions decreased by 2.0%, mainly due to lower retail natural gas sales. Out of scope emissions stayed the same. In addition, emissions from electricity sales increased due to the methodological changes in emission factors of the countries where 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 17.1%. Detailed information about the Group's GHG emissions is available in section '1.3 Performance highlights' of this report.

In Q3 2023, Ignitis and its subsidiaries (Customers & Solutions) in Latvia and Estonia made a decision to invest up to EUR 115 million over 3–5 years to develop an electric vehicle (EV) charging network in the Baltics. This investment aligns with the Group's strategy to accelerate the development of the EV charging network and contributes to the Group's decarbonisation targets. Ignitis is planning to install up to 3,000 EV charging points by the end of 2026. In addition, Ignitis and Baltisches Haus, a company that develops and manages commercial real estate throughout Lithuania, have entered into a strategic partnership agreement to provide at least 110 public charging points for electric vehicles in 15 cities across Lithuania.

Together with other institutional investors, the Group backed the World Fund in Q3 2023. The fund invests in start-ups that offer solutions to solve energy and climate change problems. During its second phase of innovation investment through a venture capital fund, the Group will invest around EUR 25 million in total.

Safety. In 9M 2023, five employee TRIR incidents involving employees have been recorded at the Group, including one life-threatening incident that is currently under investigation. Additionally, there were six TRIR incidents involving contractors. Five of these incidents were minor and were internally investigated by the contractors, whereas the sixth incident was more serious and is currently being investigated by the State Labour Inspectorate.

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.

A pilot project at Kaunas CHP (Green Generation) was initiated in June 2023 as part of the occupational health and safety (OHS) programme 'Is it safe?'. The project utilised digital tools to monitor and document OHS violations within the company's premises. As a result of the successful pilot project at Kaunas CHP, an evaluation of its implementation processes is ongoing at Vilnius CHP (Green Generation) and Ignitis Gamyba (Reserve Capacities).

Employee experience. To help managers monitor and evaluate their teams' burnout risk on a quarterly basis, we have developed a Burnout Risk Scoreboard. Based on objective criteria such as unused holidays, overtime, and other factors, this tool determines a team's likelihood of experiencing burnout. Some teams have been identified to be prone to burnout. In 9M 2023, the percentage of such teams holds at 2.3% (8.7% in 2022).

In 9M 2023, more than 40 Group managers participated in an 8-week mindfulness-based stress management programme aimed at developing managers' attention and awareness skills. The skills were measured before and after the programme. The results showed that 84.6% of managers significantly improved these skills, and 53.8% of them improved their performance.

The Employee Experience Score (eNPS) results for this period were lower than the same period last year. We are actively listening to identify the reasons for this decline and will endeavour to make any necessary adjustments.

Diversity and human rights. The Group's Abuse and Harassment Prevention Policy has been approved and entered into force in Q1 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 Q3 2023, the Group launched mandatory abuse and harassment prevention training for all employees.

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 2023–2026. 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 9M 2023, gender diversity was ensured in 85.7% of the shortlists of candidates. As a sign of the Group's commitment to equal opportunities, the Group's CEO signed the Women's Empowerment Principles (WEPs) in July 2023. Established by UN Women and UN Global Compact, WEPs are a set of principles offering guidance to businesses on how to advance gender equality and women's empowerment in the workplace, marketplace, and community.

Talent attraction. In 9M 2023, the Group allocated EUR 330,000 for scholarships supporting future engineers in Lithuania and Latvia. This year, student enrolment to our sponsored study programmes at universities increased significantly with a 69.7% growth compared to 2022. Furthermore, in Q3 2023, the #EnergySmartSTART programme offered virtual classes in Physics and Maths to senior-year students, who are studying in the regions further away from major cities and preparing for state Matura exams. We hope this will encourage more students to take exams, pass them with higher scores and choose engineering studies. Alongside the funds, we are introducing Latvian students to the #EnergySmartSTART programme. It has been running successfully in Lithuania for two years now. This programme is relevant to students and anyone interested in the energy sector.

Supporting communities. To facilitate close cooperation with the communities located near our operating, under construction, and under development projects, we have invited them to submit applications to receive financial support for the implementation of projects important for the community.

Sustainability 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 (hereinafter – SCE). The assessment of SCE 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 87.0% of the assessed suppliers confirmed they comply with the requirements set out in the SCE. Accordingly, SCE Monitoring Report was published in September 2023.

In 9M 2023 the Group launched a few new initiatives to help its suppliers comply with SCE requirements. With the Lithuanian sustainable business association (LAVA), the Group organised an educational event for its suppliers on environmental and occupational health and safety issues. The Group began publishing business-related information for suppliers on its website (expert reports, green procurement trends, news about applicable standards, environmental criteria, requirements, etc.). In addition, direct communication was used to introduce the Group's suppliers to the Just Transition framework.

To strengthen the sustainable practices in the supply chain, the Group intends to reduce the participation of suppliers who violate environmental laws. Consequently, starting from July 2023, all new international procurements must include an additional related ground for exclusion of suppliers. In any case, an exception will only be made when a market analysis shows that the application of such a requirement significantly restricts competition or the availability of the object of the procurement that meets the needs of the company.
Sustainable procurements. The Group updated the Guidelines for the Implementation of Commercial and Regulated Procurement Policy and, 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 35.0% of green and socially responsible commercial procurements by value.

The share of socially responsible public procurements by value increased by 41 pp compared to 9M 2022 and reached 49.0% in 9M 2023, while the share of green public procurements by value was nearly 100%. The share of green commercial procurements by value reached 69.8% in Q3 2023, and socially responsible commercial procurements – 94.6%, in Q3 2023.

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 96.1% 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 95.2% of the Group's employees (1 pp more than in 2022) have zero tolerance for 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 9M 2023, 191 reports were received via the Trust Line with 23 of them confirmed. They were mostly related to ESO (Networks) and Ignitis (Customers & Solutions) customer service centres. There was also one report about possible abuse and harassment, which is currently under investigation. 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 to adopt the new management model, its 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. The requirements set for candidates included experience in the fields of risk management, occupational health and safety (OHS), and environmental protection. In Q1 2023, the committee was fully formed, now comprising 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 Q3 2023, ISS ESG awarded the Group with a rating of 'B-' (on a scale from 'D-' to 'A+', where 'A+' is the top rating, the previous score was 'C'). It places the top 20% of energy companies rated by ISS globally. MSCI awarded the Group the same rating as last year – 'AA' (on a scale from 'CCC' to 'AAA'), which places it among the leading utility peers in managing the most significant ESG risks and opportunities. In addition, EcoVadis, an international ratings platform that focuses on sustainable supply chains, has awarded the Group's subsidiary Ignitis a platinum medal (top rating) for the second year in a row and confirmed that the Lithuanian smart energy solutions company is among top 1% of companies rated globally (with a score of 78 out of 100). Sustainalytics changed the Group's ESG risk rating score to 25.2 (on a scale of 100–0, from the highest to the lowest risk, the previous score was 19.4).

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 market.

	ISS ESG	MSCI	Sustainalytics	CDP	EcoVadis
Rank compared to utility peers	2nd decile	Top 40%[2]	Top 28%	Top 28%[3]	Top 3%[5]
Ignitis group	B- (Prime) Last rating change in September 2023 (improved)	AA (Leader) Last rating change in July 2021 (improved)	25.2 (Medium risk) Last rating change in October 2023 (downgraded)	A- (Leadership) Last rating change in December 2022 (improved)	78 (Platinum) Last rating change in August 2023 (improved)
Utiities average	N/A	A[2]	32.1[2]	B[4]	N/A
Rating scale (worst to best)	D- to A+	CCC to AAA	100 to 0	D- to A	0 to 100

[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 global initiatives and standards

Validated GHG emissions reduction targets for 2030 with the SBTi.

Implemented TCFD recommendations on climate-related financial disclosure.

Reporting in accordance with the globally recognised GRI standards.

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

Further information

ignitis group

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–September 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.

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.
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.
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.
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.
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.
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.
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.
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 Notes on restated figures

In this section we provide a summary of restated figures, if any, presented in this report compared to previous reporting periods.

1. Regarding Green Electricity Generated (net) figures.
Figures have been restated to include the quantities generated for balancing services. Subsequent periods have been restated to ensure comparability: 9M 2022, Q2 2023, Q1 2023, Q4 2022, Q3 2022, Q2 2022, Q1 2022, Q4 2021, Q3 2021, Q2 2021, Q1 2021, Q4 2020.

2. Regarding LTM indicators for the year 2022.
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.

3. Regarding FFO formula adjustment for year 2023.
The FFO formula has been adjusted retrospectively from the beginning of 2023 by excluding interests received. The decision was made by management to align FFO calculation methodology with credit rating agency. The indicators from year 2022 were not recalculated, because the impact is insignificant. Definitions of alternative performance measures can be found on the Group's website.

4. Regarding reclassification of inter-company derivatives gains/losses in 9M 2022 results.
The Group has performed reclassifications between Total revenue and other income, Purchase of electricity, natural gas and other services and Other expenses lines in 9M 2022 results related with inter-company derivative transactions. The reclassification was performed to off-set inter-company derivatives gains/losses and present the derivative result either within revenue or expenses based on the result of the derivative transactions.

5. Regarding reclassification reclassifications in the Statement of cash flows.
For the 9M 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 9M 2022 the Group has performed the following reclassifications:

- reclassified Personal income tax declared and paid in relation to bonds interest from 'Changes in working capital' to 'Cash flows from financing activities' (EUR 2.6 million).

6.3 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 generated and 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 generated and 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
WACC	Weighted Average Cost of Capital
WF	Wind farm
WtE	Waste-to-energy

Consolidated financial statements

7 Consolidated financial statements

Unaudited interim condensed consolidated financial statements for the nine-month period ended 30 September 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 21 November 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 nine-month period ended 30 September 2023

EURm	Notes	9M 2023	9M 2022	Q3 2023	Q3 2022
Revenue from contracts with customers	6	1,837.3	3,023.7	469.5	1,293.6
Other income		4.3	4.1	1.7	1.1
Total revenue and other income		**1,841.6**	**3,027.8**	**471.2**	**1,294.7**
Purchases of electricity, natural gas and other services	7	(1,300.2)	(2,427.8)	(297.2)	(1,060.2)
Salaries and related expenses		(96.6)	(84.2)	(31.8)	(26.5)
Repair and maintenance expenses		(37.8)	(25.4)	(16.7)	(10.6)
Other expenses	8	(58.8)	(156.9)	(17.2)	(75.3)
Total purchases and expenses		**(1,493.4)**	**(2,694.3)**	**(362.9)**	**(1,172.6)**
EBITDA	5	**348.2**	**333.5**	**108.3**	**122.1**
Depreciation and amortisation		(112.4)	(102.6)	(39.0)	(34.7)
Write-offs, revaluation and impairment losses of property, plant and equipment and intangible assets		(1.9)	(5.7)	(0.2)	(4.1)
Operating profit (loss) (EBIT)		**233.9**	**225.2**	**69.1**	**83.3**
Finance income	9	33.8	12.1	5.6	8.6
Finance expenses	9	(31.6)	(25.8)	(12.5)	(9.7)
Finance activity, net		**2.2**	**(13.7)**	**(6.9)**	**(1.1)**
Profit (loss) before tax		**236.1**	**211.5**	**62.2**	**82.2**
Income tax (expenses)/benefit	10	(23.5)	(26.6)	(5.4)	(12.1)
Net profit for the period		**212.6**	**184.9**	**56.8**	**70.1**
Attributable to:					
Shareholders in AB “Ignitis grupė”		212.6	184.9	56.8	70.1
Non-controlling interest		-	-	-	-
Basic earnings per share (in EUR)	12	**2.94**	**2.54**	**0.78**	**0.97**
Diluted earnings per share (in EUR)	12	**2.94**	**2.54**	**0.78**	**0.97**
Weighted average number of shares	12	**72,388,960**	**72,671,619**	**72,388,960**	**72,388,960**

7.2 Interim condensed consolidated statement of comprehensive income

For the nine-month period ended 30 September 2023

EURm	Notes	9M 2023	9M 2022	Q3 2023	Q3 2023
Net profit for the period		**212.6**	**184.9**	**56.8**	**70.1**
Other comprehensive income (loss)					
Items that will not be reclassified to profit or loss in subsequent periods (net of tax)					
Revaluation of property, plant and equipment		2.5	0.2	2.5	0.2
Change in actuarial assumptions		1.1	0.1	0.3	0.3
Items that will not be reclassified to profit or loss in subsequent periods, total		**3.6**	**0.3**	**2.8**	**0.5**
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		(131.1)	404.5	(2.0)	184.1
Cash flow hedges – reclassified to profit or loss		(6.4)	(101.1)	16.4	(103.4)
Foreign operations – foreign currency translation differences		6.3	(6.5)	(10.5)	(5.6)
Items that may be reclassified to profit or loss in subsequent periods, total		**(131.2)**	**296.9**	**3.9**	**75.1**
Total other comprehensive income (loss) for the period	11	**(127.6)**	**297.2**	**6.7**	**75.6**
Total comprehensive income (loss) for the period		**85.0**	**482.1**	**63.5**	**145.7**
Attributable to:					
Shareholders in AB “Ignitis grupė”		85.0	482.1	63.5	145.7
Non-controlling interests		-	-	-	-

7.3 Interim condensed consolidated statement of financial position

As at 30 September 2023

EURm	Notes	30 September 2023	31 December 2022	30 September 2022
ASSETS				
Non-current assets				
Intangible assets	13	202.1	148.3	145.5
Property, plant and equipment	14	3,147.2	2,810.9	2,721.4
Right-of-use assets		55.5	48.6	61.5
Prepayments for non-current assets		229.1	125.8	105.2
Investment property		5.8	5.5	4.7
Non-current receivables		70.4	28.9	44.0
Other financial assets	15	48.2	25.6	34.5
Other non-current assets		8.6	24.8	70.4
Deferred tax assets		61.2	31.1	27.1
Total non-current assets		**3,828.1**	**3,249.5**	**3,214.3**
Current assets				
Inventories	16	315.3	570.4	738.2
Prepayments and deferred expenses		13.1	95.8	20.5
Trade receivables	17	225.5	424.4	491.0
Other receivables	18	154.7	179.7	489.9
Other financial assets	15	50.8	-	-
Other current assets		21.5	56.9	59.0
Prepaid income tax		5.5	0.4	0.5
Cash and cash equivalents		452.9	694.1	290.9
Assets held for sale		0.5	0.4	0.5
Total current assets		**1,239.8**	**2,022.1**	**2,090.5**
TOTAL ASSETS		**5,067.9**	**5,271.6**	**5,304.8**

EURm	Notes	30 September 2023	31 December 2022	30 September 2022
EQUITY AND LIABILITIES				
Equity				
Issued capital	19	1,616.4	1,616.4	1,616.4
Reserves		231.8	344.9	565.8
Retained earnings		252.7	164.3	45.9
Equity attributable to shareholders in AB “Ignitis grupė”		**2,100.9**	**2,125.6**	**2,228.1**
Non-controlling interests		-	-	-
Total equity		**2,100.9**	**2,125.6**	**2,228.1**
Liabilities				
Non-current liabilities				
Non-current loans and bonds	20	1,515.3	1,423.3	1,426.8
Non-current lease liabilities	21	48.8	45.1	58.7
Grants and subsidies		301.6	296.8	288.6
Deferred tax liabilities		66.3	55.2	32.4
Provisions	22	55.5	17.6	26.4
Deferred income	23	231.1	205.5	199.0
Other non-current liabilities		22.1	20.7	2.8
Total non-current liabilities		**2,240.7**	**2,064.2**	**2,034.7**
Current liabilities				
Loans	22	48.2	209.0	314.9
Lease liabilities	21	5.5	3.6	3.2
Trade payables		129.3	177.2	95.0
Advances received		64.5	61.6	108.5
Income tax payable		5.5	53.4	94.8
Provisions	22	27.2	38.0	25.9
Deferred income	23	100.1	114.8	53.9
Other current liabilities	24	346.0	424.2	345.8
Total current liabilities		**726.3**	**1,081.8**	**1,042.0**
Total liabilities		**2,967.0**	**3,146.0**	**3,076.7**
TOTAL EQUITY AND LIABILITIES		**5,067.9**	**5,271.6**	**5,304.8**

7.4 Interim condensed consolidated statement of changes in equity

For the nine-month period ended 30 September 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	Total
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		-	-	-	-	-	-	-	184.9	184.9	-	184.9
Other comprehensive income (loss) for the period	11	-	-	-	0.2	303.4	-	(6.5)	0.1	297.2	-	297.2
Total comprehensive income (loss) for the period		-	-	-	0.2	303.4	-	(6.5)	185.0	482.1	-	482.1
Transfer of revaluation reserve to retained earnings (net of tax)		-	-	-	(7.4)	-	-	-	7.4	-	-	-
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	19.2	-	-	-	-	-	-	-	(89.0)	(89.0)	-	(89,0)
Share capital reduction		(42.4)	33.0						9.4	-	-	-
Other movement		-	-	-	-	-	-	-	0.4	0.4	-	0.4
Balance as at 30 September 2022 (restated)[1]		1,616.4	-	138.4	76.9	322.0	37.7	(9.2)	52.9	2,235.1	-	2,235.1
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		-	-	-	-	-	-	-	212.6	212.6	-	212.6
Other comprehensive income (loss) for the period	11	-	-	-	2.5	(137.5)	-	6.3	1.1	(127.6)	-	(127.6)
Total comprehensive income (loss) for the period		-	-	-	2.5	(137.5)	-	6.3	213.7	85.0	-	85.0
Transfer of revaluation reserve to retained earnings (net of tax)		-	-	-	(6.6)	-	-	-	6.2	(0.4)	-	(0.4)
Transfers to legal reserve		-	-	22.2	-	-	-	-	(22.2)	-	-	-
Dividends	19.2	-	-	-	-	-	-	-	(91.7)	(91.7)	-	(91.7)
Dividends paid to non-controlling interest	19.3								(14.3)	(14.3)	-	(14.3)
Other movement		-	-	-	-	-	-	-	(3.3)	(3.3)	-	(3.3)
Balance as at 30 September 2023		1.616.4	-	160.6	68.9	(36.9)	37.7	1.5	252.7	2,100.9	-	2,100.9

[1] Some of the values do not agree with the interim financial statements issued for the 9M 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 nine-month period ended 30 September 2023

EURm	Notes	9M 2023	9M 2022	Q3 2023	Q3 2022
Cash flows from operating activities					
Net profit for the period		212.6	184.9	56.8	70.1
Adjustments to reconcile net profit to net cash flows:					
Depreciation and amortisation expenses		121.9	111.4	42.3	37.8
Depreciation and amortisation of grants		(9.5)	(8.8)	(3.3)	(3.1)
Revaluation of investment property and equipment		(0.3)	-	(0.3)	-
Fair value changes of derivatives	25	4.1	87.3	(0.5)	24.8
Fair value change of financial instruments	9	(20.2)	(2.7)	-	-
Impairment/(reversal of impairment) of financial assets		(0.4)	1.6	0.6	1.0
Income tax expenses/(benefit)	10	23.5	26.6	5.4	12.1
Increase/(decrease) in provisions		26.8	(19.1)	14.9	-
Inventory write-down to net realizable value/(reversal)	16	(99.0)	24.5	(18.9)	24.5
Loss/(gain) on disposal/write-off of assets held for sale and property, plant and equipment		2.9	5.4	1.5	3.9
Interest income		(13.0)	(0.8)	(6.1)	(0.4)
Interest expenses		24.9	21.1	8.5	7.4
Other expenses/(income) of financing activities		6.1	2.9	3.7	0.9
Other non-monetary adjustments		-	-	(0.5)	-
Income tax (paid)/received		(71.5)	(22.3)	(8.5)	(6.3)
Changes in working capital:					
(Increase)/decrease in trade receivables and other amounts receivable		214.0	(335.6)	9.4	(158.9)
(Increase)/decrease in inventories, prepayments and other current and non-current assets		436.3	(517.4)	(20.3)	(353.1)
Increase/(decrease) in trade payables, deferred income, advances received, other non-current and current liabilities		(309.7)	299.2	(47.2)	157.5
Net cash flows from operating activities		**549.5**	**(141.8)**	**37.5**	**(181.8)**
Cash flows from investing activities					
Acquisition of property, plant and equipment and intangible assets		(512.3)	(304.4)	(185.2)	(141.3)
Proceeds from sale of property, plant and equipment, assets held for sale and intangible assets		1.9	1.1	-	0.3
Acquisition of a subsidiary, net of cash acquired	30	(62.4)	(22.2)	(60.1)	(22.2)
Prepayment for acquisition of a subsidiary		(8.4)	-	(8.4)	-
Loans granted		(27.0)	(13.9)	(3.8)	(8.8)
Grants received		18.3	18.1	(0.3)	7.9
Interest received		8.4	0.4	4.2	0.1
Finance lease payments received		1.2	1.3	0.6	0.4
(Increase)/decrease of deposits		(50.0)	-	(50.0)	-
Investments in/return from investment funds	15	6.1	(1.7)	6.4	(0.1)
Other increases/(decreases) in cash flows from investing activities		-	0.3	-	0.3
Net cash flows from investing activities		**(624.2)**	**(321.0)**	**(296.6)**	**(163.4)**

EURm	Notes	9M 2023	9M 2022	Q3 2023	Q3 2022
Cash flows from financing activities					
Loans received	21	275.8	223.0	13.8	150.0
Repayments of loans	21	(169.4)	(113.6)	(6.7)	(107.3)
Overdrafts net change	21	(172.9)	284.3	-	264.4
Lease payments	21	(4.2)	(4.0)	(0.7)	(1.1)
Interest paid	21	(32.2)	(24.7)	(17.0)	(14.5)
Dividends paid	19.2	(45.2)	(43.9)	-	-
Dividends paid to non-controlling interest	19.3	(14.3)	-	-	-
Treasury shares acquisition		-	(14.3)	-	-
Other increases/(decreases) in cash flows from financing activities[1]		(4.1)	(2.6)	(3.2)	(1.7)
Net cash flows from financing activities		**(166.5)**	**304.5**	**(13.8)**	**289.8**
Increase/(decrease) in cash and cash equivalents		**(241.2)**	**(158.3)**	**(272.9)**	**(55.4)**
Cash and cash equivalents at the beginning of the period		694.1	449.1	694.1	449.1
Cash and cash equivalents at the end of the period		**452.9**	**290.8**	**421.2**	**393.7**

[1]For the 9M 2023 period the Group has performed reclassifications in the Statement of cash flows in order to provide a 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 the 9M 2022 period the Group has performed the following reclassifications:
reclassified Personal income tax declared and paid in relation to bonds interest from 'Changes in working capital' to 'Cash flows from financing activities' (EUR 2.6 million).

7.6 Notes

For the nine-month period ended 30 September 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 Lithuania's electricity distribution network (Networks) and managing and developing its Green Generation Portfolio (Green Generation). The Group also manages strategically important reserve capacities (Reserve Capacities) and provide services to its customers (Customers & Solutions), 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 26.

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

Shareholders of the Group	30 September 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
Total	**1,616.4**		**1,616.4**	

These interim consolidated financial statements were prepared and approved by the Group's management on 21 November 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 nine-month period ended 30 September 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 (EURm), 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. Several amendments the adoption of which is effective from 1 January 2023 were applied, but they did not have a material impact on our interim financial statements. The Group has not applied any standard, interpretation, or amendment for which the early application is permitted but is not yet effective.

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 changes mentioned below:

Significant accounting estimates and judgments	Note	Estimate/judgement	Significant changes during 9M 2023
Revaluation and impairment of property, plant and equipment, used in electricity distribution		Estimate/judgement	None
Impairment of property, plant and equipment, used in natural gas distribution		Estimate/judgement	None
Impairment of goodwill		Estimate	None
Control over UAB Kauno kogeneracinė jėgainė		Estimate/judgement	None
Fair value of KŪB „Innovation Fund Smart Energy Fund powered by Ignitis Group"	15	Estimate	Change in estimated amount
Provisions for rights to servitudes		Estimate	None
Provision for servitudes of real estate		Estimate	None
Provision for special conditions on land use (protection zones)		Estimate	None
Provision for compensations for the Special Land Use Conditions (Protected Areas)		Estimate	None
Determining whether statutory and contractual servitudes are a lease		Judgement	None
Principal or an Agent in relation to electricity transmission and distribution services		Judgement	None
Principal or an Agent in relation to gas distribution services		Judgement	None
Principal or an Agent in relation to gas transmission services		Judgement	None
Principal or an Agent in relation to PSO fees and LNGT security component		Judgement	None
Leases: determining the lease term of contracts with renewal and termination options		Judgement	None
Leases: estimating the incremental borrowing rate		Estimate	None
Expected credit losses of trade receivables and other receivables: collective assessment of ECL applying provision matrix and individual assessment of ECL		Estimate/Judgement	None
Over declaration of electricity and natural gas usage by private customers and accounting for deferred income		Estimate	None
Regulated activity: accrual of income and regulatory provision from services ensuring isolated operation of the power system and capacity reserve	22.1	Estimate	Change in estimated amount
Regulated activity: accrual of income and regulatory provision from public electricity supply	22.2	Estimate	Change in estimated amount
Collection of cash on a suspense account		Judgement	None
Separate of the Group's household and non-household consumer funds		Judgement	None

5 Business segments

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

EURm	Green Generation	Networks	Reserve Capacities	Customers & Solutions	Other activities and eliminations	Total adjusted	Adjustments	Total reported
9M 2023								
Total revenue and other income	**237.3**	**335.6**	**85.6**	**1,291.3**	**(111.1)**	**1,838.7**	**2.9**	**1,841.6**
Purchases of electricity, natural gas and other services	(48.6)	(95.4)	(33.7)	(1,235.1)	112.6	(1,300.2)	-	(1,300.2)
Salaries and related expenses	(12.8)	(51.2)	(6.7)	(12.0)	(13.9)	(96.6)	-	(96.6)
Repair and maintenance expenses	(5.9)	(28.4)	(3.4)	-	(0.1)	(37.8)	-	(37.8)
Other expenses	(15.6)	(31.9)	(3.5)	(23.3)	15.5	(58.8)	-	(58.8)
EBITDA	**154.4**	**128.7**	**38.3**	**20.9**	**3.0**	**345.3**	**2.9**	**348.2**
Depreciation and amortization	(21.6)	(74.4)	(8.4)	(2.3)	(5.7)	(112.4)	-	(112.4)
Write-offs, revaluation and impairment losses of property, plant and equipment and intangible assets	(0.1)	(2.1)	0.3	-	-	(1.9)	-	(1.9)
EBIT	**132.7**	**52.2**	**30.2**	**18.6**	**(2.7)**	**231.0**	**2.9**	**233.9**
Finance activity, net						(18.0)	20.2	2.2
Income tax expenses						(20.0)	(3.5)	(23.5)
Net profit						**193.0**	**19.6**	**212.6**
Investments	**361.9**	**246.6**	**2.3**	**5.4**	**17.5**	**633.7**	**-**	**633.7**
9M 2022								
Total revenue and other income[1]	**328.2**	**474.9**	**165.6**	**2,082.9**	**0.0**	**3,051.5**	**(23.7)**	**3,027.8**
Purchases of electricity, natural gas and other services[1]	(98.8)	(264.4)	(65.3)	(1,979.3)	(20.0)	(2,427.8)	-	(2,427.8)
Salaries and related expenses	(8.2)	(47.0)	(6.1)	(9.5)	(13.4)	(84.2)	-	(84.2)
Repair and maintenance expenses	(3.8)	(19.2)	(2.4)	-	-	(25.4)	-	(25.4)
Other expenses[1]	(31.6)	(27.6)	(74.1)	(58.6)	35.0	(156.9)	-	(156.9)
EBITDA	**185.8**	**116.7**	**17.7**	**35.3**	**1.7**	**357.2**	**(23.7)**	**333.5**
Depreciation and amortization	(21.0)	(66.7)	(9.0)	(1.5)	(4.3)	(102.6)	-	(102.6)
Write-offs, revaluation and impairment losses of property, plant and equipment and intangible assets	(2.9)	(2.8)	-	-	-	(5.7)	-	(5.7)
EBIT	**161.9**	**47.3**	**8.7**	**33.8**	**(2.8)**	**248.9**	**(23.7)**	**225.2**
Finance activity, net						(16.4)	2.7	(13.7)
Income tax expenses						(30.2)	3.6	(26.6)
Net profit						**202.4**	**(17.4)**	**184.9**
Investments	**166.4**	**178.5**	**14.6**	**2.6**	**5.6**	**367.7**	**-**	**367.7**

[1]The Group has performed reclassifications between 'Total revenue and other income', 'Purchase of electricity, natural gas and other services' and 'Other expenses' lines for 9M 2022 results related to inter-company derivative transactions. The reclassification was performed to offset inter-company derivatives' gains/losses and present the derivatives' result either under revenue or expenses based on the result of the derivative transactions.

Performance of business segments (equal to operating segments according to IFRS 8) is 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 core activities. For more information about the segments, see sections ‘2.1 Business profile’ and ‘3.2 Results by business segment’ of Annual report 2022. 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 EBITDA and Adjusted EBIT. Additionally, the management also analyses Investments in each individual segment. All measures are calculated using the data presented in the interim financial statements, and selected items which are not defined by IFRS are adjusted by the management.

The Group’s management calculates the main performance measures as described by the definitions of alternative performance measures, which can be found on the Group’s website.

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).

In management’s view, Adjusted EBITDA and Adjusted EBIT more accurately present the results of the operations and enable a better comparison 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	9M 2023	9M 2022
EBITDA	**348.2**	**333.5**
Adjustments		
Temporary regulatory differences	(2.9)	23.7
Total EBITDA adjustments	**(2.9)**	**23.7**
Adjusted EBITDA	**345.3**	**357.2**

Segment / Management’s adjustments, EURm	9M 2023	9M 2022
EBIT	**233.9**	**225.2**
Adjustments		
Total EBITDA adjustments	(2.9)	23.7
Total EBIT adjustments	**(2.9)**	**23.7**
Adjusted EBIT	**231.0**	**248.9**

5.2 Temporary regulatory differences

Temporary regulatory differences include elimination of the differences between the actual profit earned during the reporting period and the profit allowed by the regulator (NERC).

6 Revenue from contracts with customers

6.1 Revenue from contracts with customers by type

EURm	9M 2023	9M 2022
Electricity related revenue	**1,131.0**	**1,918.5**
Revenue from the sale of electricity	515.2	961.1
Revenue from electricity transmission and distribution	330.9	289.7
Revenue from sale of produced electricity	208.1	351.4
Revenue from services ensuring the isolated operation of power system and capacity reserve	41.6	110.8
Revenue from public electricity supply	35.2	205.5
Gas related revenue	**631.1**	**1,049.0**
Revenue from gas sales	580.8	1,005.9
Revenue from gas distribution	44.6	28.7
Revenue of LNGT security component	5.7	14.4
Other revenue	**75.2**	**56.2**
Revenue from sale of heat energy	23.5	20.5
Revenue from new customers' connection and upgrade fees	7.8	6.8
Other revenue from contracts with customers	43.9	28.9
Total	**1,837.3**	**3,023.7**

6.2 Revenue from contracts with customers by timing

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

EURm	9M 2023	9M 2022
Performance obligation settled over time	1,740.6	2,820.9
Performance obligation settled at a specific point in time	96.7	202.8
Total	**1,837.3**	**3,023.7**

6.3 Revenue from contracts with customers by geographic segment:

EURm	9M 2023	9M 2022
Lithuania	1,390.1	1,841.3
Finland	143.5	296.0
Poland	98.3	81.8
Latvia	80.2	378.3
Estonia	17.1	17.5
Other countries	14.4	3.9
Sales via Nordpool	93.7	404.9
Total	**1,837.3**	**3,023.7**

6.4 Contract balances

EURm	Notes	30 September 2023	31 December 2022
Trade receivables	17	**225.5**	**424.4**
Contract assets	18	**24.7**	**32.5**
Accrued revenue from electricity related sales		8.2	18.2
Accrued revenue from gas related sales		0.9	7.7
Other accrued revenue		15.6	6.6
Contract liabilities		**394.8**	**381.0**
Advances received		63.6	60.7
Deferred income	23	331.2	320.3

6.5 Obligations for returns and refunds

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

6.6 Performance obligations

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

EURm	30 September 2023	31 December 2022
More than one year	231.1	205.5
Within one year	163.7	175.5
Total	**394.8**	**381.0**

7 Purchases of electricity, natural gas and other services

EURm	9M 2023	9M 2022
Purchases of natural gas and related services	672.0	880.8
Purchases of electricity and related services	605.2	1 534.2
Other purchases	23.0	12.8
Total	**1,300.2**	**2,427.8**

8 Other expenses

EURm	9M 2023	9M 2022
Asset management and administration	11.0	8.7
Telecommunications and IT services	8.6	7.2
Customer service	8.2	9.7
Taxes (other than income tax)	7.5	5.5
OTC and Nasdaq contracts (Note 25.2)	6.0	112.7
People and culture	3.2	2.1
Finance and accounting	3.2	1.5
Communication	2.1	1.7
Legal	2.0	0.9
Other	7.0	6.9
Total	**58.8**	**156.9**

9 Finance activity

EURm	9M 2023	9M 2022
Finance income		
The fair value of Smart Energy Fund (Note 15.1)	20.2	2.7
Interest income at the effective interest rate	13.0	0.8
Other income from financing activities	0.6	8.6
Total finance income	**33.8**	**12.1**
Finance expenses		
Interest expenses	24.1	20.2
Interest and discount expense on lease liabilities	0.8	0.9
Negative effect of changes in exchange rates	4.3	2.2
Other expenses of financing activities	2.4	2.5
Total finance expenses	**31.6**	**25.8**
Finance activity, net	**2.2**	**(13.7)**

10 Income taxes

10.1 Amounts recognised in profit or loss

EURm	9M 2023	9M 2022
Income tax expenses (benefit)	23.9	52.5
Deferred tax expenses (benefit)	(0.4)	(25.9)
Total	**23.5**	**26.6**

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	9M 2023	9M 2023	9M 2022	9M 2022
Profit (loss) before tax		236.1		211.5
Income tax expenses (benefit) at tax rate of 15%	15.00%	35.4	15.00%	31.7
Effect of tax rates in foreign jurisdictions	0.04%	0.1	0.09%	0.2
Expenses not deductible for tax purposes	2.71%	6.4	4.68%	9.9
Income not subject to tax	(1.48)%	(3.5)	(5.30)%	(11.2)
Income tax relief for the investment project	(3.90)%	(9.2)	(1.23)%	(2.6)
Adjustments in respect of prior years	(1.95)%	(4.6)	0.14%	0.3
Taxable income[1]	(1.69)%	(4.0)	29.46%	62.3
Income tax recognised in other comprehensive income[1]	1.69%	4.0	(29.46)%	(62.3)
Other	(0.47)%	(1.1)	(0.80)%	(1.7)
Total	**9.95%**	**23.5**	**12.58%**	**26.6**

[1] Taxable income related to the effective change in the fair value of derivatives is recognised as other comprehensive income. The amount of income tax recognised as other comprehensive income is related to the change in the fair value of the Group's effective hedging derivatives (Note 25). 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' includes the income tax relief for the investment projects during 9M 2023.

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11 Other comprehensive income

EURm	Revaluation reserve	Hedging reserve	Other reserves	Retained earnings	Total
Revaluation of property, plant and equipment, net of tax	0.2	-	-	-	**0.2**
Cash flow hedges – effective portion of change in fair value	-	404.5	-	-	**404.5**
Cash flow hedges – reclassified to profit or loss	-	(101.1)	-	-	**(101.1)**
Result of change in actuarial assumptions	-	-	-	0.1	**0.1**
Foreign operations – foreign currency translation differences	-	-	(6.5)	-	**(6.5)**
Total for the 9M 2022	**0.2**	**303.4**	**(6.5)**	**0.1**	**297.2**
Revaluation of property, plant and equipment, net of tax	2.5	-	-	-	**2.5**
Cash flow hedges – effective portion of change in fair value	-	(131.1)	-	-	**(131.1)**
Cash flow hedges – reclassified to profit or loss	-	(6.4)	-	-	**(6.4)**
Result of change in actuarial assumptions	-	-	-	1.1	**1.1**
Foreign operations – foreign currency translation differences	-	-	6.3	-	**6.3**
Total for the 9M 2023	**2.5**	**(137.5)**	**6.3**	**1.1**	**(127.6)**

Hedging reserve movement comprises recognition of the effective portion of EUR (131.1) million (gross, before tax, EUR (153.7) million) (as at 30 September 2022: EUR 404.5 million (gross, before tax, EUR 484.7 million)) and the reclassification to 'Purchases of electricity, gas and other services' in the Statement of profit or loss of EUR (6.4) million (gross, before tax, EUR (7.5) million) (as at 30 September 2022: EUR 101.1 million (gross, before tax, EUR (119.0) million).

12 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:

EURm	9M 2023	9M 2022
Net profit	**212.6**	**184.9**
Attributable to:		
Shareholders in AB "Ignitis grupė"	212.6	184.9
Non-controlling interests	-	-
Weighted average number of nominal shares	72,388,960	72,671,619
Basic earnings/(loss) per share attributable to shareholders in AB "Ignitis grupė", (in EUR)	2.94	2.54
Diluted earnings/(loss) per share attributable to shareholders in AB "Ignitis grupė", (in EUR)	2.94	2.54

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 September 2023 (as at September 30 2022: 72,671,619). During 9M 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 during 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.

13 Intangible assets

EURm	Patents and licences	Computer software	Goodwill	Servitudes and security zones	Other intangible assets	Total
Acquisition cost at 31 December 2022	**0.3**	**46.1**	**5.3**	**23.0**	**115.0**	**189.7**
Acquisition cost at 1 January 2023	**0.3**	**46.1**	**5.3**	**23.0**	**115.0**	**189.7**
Additions	-	0.3	-	0.8	18.6	**19.7**
Reclassifications between categories	-	19.0	-	-	(19.0)	**-**
Reclassifications (to)/from property, plant & equipment	-	-	-	-	2.0	**2.0**
Acquisition through business combination (Note 29)	-	-	41.1	-	(1.0)	**40.1**
Foreign currency exchange difference	-	-	(0.1)	-	0.9	**0.8**
Acquisition cost at 30 September 2023	**0.3**	**65.4**	**46.3**	**23.8**	**116.5**	**252.3**
Accumulated amortisation at 31 December 2022	**(0.3)**	**(27.7)**	**-**	**-**	**(13.4)**	**(41.4)**
Accumulated amortisation at 1 January 2023	**(0.3)**	**(27.7)**	**-**	**-**	**(13.4)**	**(41.4)**
Amortisation	-	(6.0)	-	-	(2.7)	**(8.7)**
Foreign currency exchange difference	-	-	(0.1)	-	-	**(0.1)**
Accumulated amortisation at 30 September 2023	**(0.3)**	**(33.7)**	**(0.1)**	**-**	**(16.1)**	**(50.2)**
Carrying amount at 31 December 2022	**-**	**18.4**	**5.3**	**23.0**	**101.6**	**148.3**
Carrying amount at 30 September 2023	**-**	**31.7**	**46.2**	**23.8**	**100.4**	**202.1**

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 September 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 within 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 9.7 million as at 30 September 2023 (as at 31 December 2022: EUR 1.3 million).

14 Property, plant, and equipment

EURm	Land[1]	Buildings[1]	Electricity networks and their structures[1]	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	Total
Acquisition cost or revalued amount at 31 December 2022	**3.4**	**46.3**	**1,377.3**	**300.5**	**212.2**	**772.4**	**210.0**	**268.3**	**109.2**	**318.8**	**3,618.4**
Restatement due to reclassification1	(0.1)	(45.0)	45.1	-	-	-	-	-	-	-	-
Restated acquisition cost or revalued amount at 1 January 2023	**3.3**	**1.3**	**1,422.4**	**300.5**	**212.2**	**772.4**	**210.0**	**268.3**	**109.2**	**318.8**	**3,618.4**
Additions	-	-	0.2	-	-	0.2	-	-	4.7	433.5	438.6
Revaluation	(0.1)	(0.4)	-	-	-	-	-	-	2.1	-	1.6
Disposals	-	-	(1.6)	-	-	(0.4)	(0.2)	-	-	-	(2.2)
Write-offs	-	-	(3.1)	(0.2)	-	-	-	-	(0.2)	-	(3.5)
Reclassifications from constructions in-progress	-	-	231.0	7.4	0.8	0.1	81.0	-	4.4	(324.7)	-
Reclassifications (to)/from other items of Statement of financial position	-	-	-	-	0.1	(0.1)	-	-	(1.9)	(3.9)	(5.8)
Assets identified after business combination (Note 29)	-	-	-	-	-	-	-	-	-	10.9	10.9
Foreign currency exchange difference	-	-	-	-	-	-	1.2	-	-	0.1	1.3
Acquisition cost or revalued amount at 30 September 2023	**3.2**	**0.9**	**1,648.9**	**307.7**	**213.1**	**772.2**	**292.0**	**268.3**	**118.3**	**434.7**	**4,059.3**
Accumulated depreciation and impairment losses at 31 December 2022	**-**	**(2.6)**	**(69.7)**	**(28.8)**	**(123.5)**	**(485.6)**	**(36.2)**	**(21.7)**	**(39.2)**	**(0.2)**	**(807.5)**
Restatement due to reclassification1	-	2.1	(2.1)	-	-	-	-	-	-	-	-
Restated accumulated depreciation and impairment losses at 1 January 2023	**-**	**(0.5)**	**(71.8)**	**(28.8)**	**(123.5)**	**(485.6)**	**(36.2)**	**(21.7)**	**(39.2)**	**(0.2)**	**(807.5)**
Depreciation	-	-	(59.5)	(6.8)	(3.7)	(14.5)	(6.1)	(8.3)	(9.9)	0.1	(108.7)
Revaluation									1.0		1.0
Disposals	-	-	0.4	-	-	0.4	0.1	-	-	-	0.9
Write-offs	-	-	0.7	0.1	-	-	-	-	0.1	-	0.9
Reclassifications (to)/from other items of Statement of financial position	-	-	-	-	-	0.1	-	-	1.4	-	1.5
Accumulated depreciation and impairment losses at 30 September 2023	**-**	**(0.5)**	**(130.2)**	**(35.5)**	**(127.2)**	**(499.6)**	**(42.2)**	**(30.0)**	**(46.6)**	**(0.1)**	**(911.9)**
Restated carrying amount at 31 December 2022	**3.3**	**0.8**	**1,350.6**	**271.7**	**88.7**	**286.8**	**173.8**	**246.6**	**70.0**	**318.6**	**2,810.9**
Carrying amount at 30 September 2023	**3.2**	**0.4**	**1,518.7**	**272.2**	**85.9**	**272.6**	**249.8**	**238.3**	**71.7**	**434.6**	**3,147.4**

[1]As at 30 September 2023 the Group has performed reclassifications between the property, plant and equipment classes in order to provide more reliable information for the users of financial statements. The Group has reclassified a part of 'Land and Buildings' amounts that are directly related to electricity networks to 'Electricity networks and their structures' group. Accordingly, the Group has performed the following reclassifications of 31 December 2022 data:
EUR 45.1 million was reclassified from the acquisition cost of 'Land and Buildings' to the acquisition cost of 'Electricity networks and their structures';
EUR (2.1) million was reclassified from the accumulated depreciation of 'Land and Buildings' to the accumulated depreciation of 'Electricity networks and their structures'.

Additions of property, plant and equipment during 9M 2023 include the following major acquisitions:
- acquisitions related to the development of the electricity distribution network;
- acquisitions related to the construction of wind farms.
- acquisitions related to 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).

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 677.1 million as at 30 September 2023 (31 December 2022: EUR 364.3 million).

15 Other financial assets

EURm	30 September 2023	31 December 2022
Other non-current financial assets		
Fair value of investment funds	34.7	20.6
Advance payment in accordance to share purchase agreement	8.5	-
Fair value of investment into Moray West Holdings Limited shares	5.0	5.0
Carrying amount	48.2	**25.6**
Other current financial assets		
Short-term deposits	50.8	-
Carrying amount	**50.8**	**-**

15.1 Movement of fair value in investment funds

EURm	30 September 2023	31 December 2022
Fair value as at 1 January	**20.6**	**25.1**
Change in fair value (Smart Energy Fund)	20.2	(6.2)
Return from investments (Smart Energy Fund)	(15.7)	-
Additional investments (World Fund)	9.3	-
Additional investments (Smart Energy Fund)	0.3	1.7
Carrying amount	**34.7**	**20.6**

15.1.1 Smart Energy Fund

On 26 July 2017 the Group signed the establishment agreement of a limited partnership Smart Energy Fund powered by Ignitis Group (hereinafter ‘the Partnership’) with UAB Contrarian Ventures. As per the management’s judgment, the Group does not have control over the Partnership because, under the terms of the Partnership, the Group does not have the power to manage the activities of the Smart Energy Fund.

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 9M 2023 (Note 9). As at 30 September 2023 the carrying value of the Smart Energy Fund amounted to EUR 25.4 million.

The fair value of Smart Energy Fund was determined by reference to exits of investments, new investment rounds or other recent events and data (Note 29).

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

15.1.2 World Fund

On 13 July 2023 the Group has joined a second investment fund, World Fund, which will be used for investing in innovative start-ups. As per the management’s judgment, the Group does not have control over the World Fund as the Group has joined the fund under a partnership agreement and does not have control over the partnership. As at 30 September 2023 the carrying value of the World Fund amounted to EUR 9.3 million and constituted investments by the Group. The fair value of this financial asset was determined by reference to new investments made (Note 29).

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

15.2 Advance payment in accordance to share purchase agreement

The Group has paid an amount of EUR 8.5 million for the acquisition of shares of a wind farm in accordance with the signed share purchase agreement (for more information please see Note 31.1).

16 Inventories

EURm	30 September 2023	31 December 2022
Natural gas	275.5	514.9
Emission allowances	24.1	33.6
Consumables, raw materials and spare parts	12.7	16.4
Other	3.0	5.5
Carrying amount	**315.3**	**570.4**

The carrying amount of natural gas decreased during 9M 2023 due to lower inventory cost per MWh.

During 9M 2023, changes in the write-down of inventory in the amount of EUR 99.0 million includes an additional write-down of EUR (1.4) million and a decrease by EUR 100.4 million due to sold inventories and recalculation. The write-down is included in ‘Purchase of electricity, natural gas and other services’ in the Statement of profit or loss.

17 Trade receivables

EURm	30 September 2023	31 December 2022
Amounts receivable under contracts with customers		
Receivables from electricity related sales	160.4	272.8
Receivables from gas related sales – B2B	55.2	135.9
Receivables from gas related sales – B2C	4.7	7.2
Other trade receivables	17.0	20.6
Total	**237.3**	**436.5**
Less: loss allowance	(11.8)	(12.1)
Carrying amount	**225.5**	**424.4**

As at 30 September 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 a settlement period that is longer than 1 year. The Group didn’t identify any financing components. For terms and conditions on settlements between related parties, see Note 28.

17.1 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	0.82	134.2	1.1
Up to 30 days	3.39	5.9	0.2
30–60 days	5.56	1.8	0.1
60–90 days	6.67	1.5	0.1
90–120 days	11.11	0.9	0.1
More than 120 days	57.31	17.1	9.8
As at 30 September 2023	**7.06**	**161.4**	**11.4**

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 September 2023		31 December 2022	
EURm	Trade receivables	Loss allowance	Trade receivables	Loss allowance
Not past due	63.9	-	53.3	-
Up to 30 days	7.2	-	2.6	-
30–60 days	1.8	-	0.1	-
60–90 days	1.5	-	0.1	-
90–120 days	0.1	-	0.1	-
More than 120 days	1.4	0.4	0.3	0.3
As at 30 September 2023	**75.9**	**0.4**	**56.5**	**0.3**

18 Other receivables

EURm	30 September 2023	31 December 2022
Deposits for gas related derivatives to commodity traders	47.5	25.0
Value added tax	38.1	14.1
Deposits for electricity related derivatives in electricity market	16.7	57.6
Receivables for derivatives	15.0	16.9
Other accrued revenue	15.6	6.6
Accrued revenue from electricity related sales	8.2	18.2
Accrued revenue from gas related sales	0.9	7.7
Loans granted	0.4	24.2
Other receivables	12.7	9.8
Total	**155.1**	**180.1**
Less: loss allowance	(0.4)	(0.4)
Carrying amount	**154.7**	**179.7**

‘Accrued revenue from electricity sales’, ‘Accrued revenue from natural gas sales’ and ‘Other accrued revenue’ represent contract assets (Note 6.4).

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

18.1 Loans granted

During 9M 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.

18.2 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.

19 Equity and reserves

19.1 Issued capital

EURm	30 September 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 September 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 was divided into 72,388,960 ordinary shares with a EUR 22.33 nominal share value).

19.2 Dividends

Dividends declared by the parent company during the 9M period:

EURm	9M 2023	9M 2022
AB “Ignitis grupė”	91.7	89.0

EUR 46.5 million dividend for the first half of 2023 was approved at the Extraordinary General Meeting of shareholders on 21 September 2023 and EUR 45.2 million dividend for the second half of 2022 was approved at the Ordinary General Meeting of shareholders on 30 March 2023. EUR 43.8 million dividend for the second half of 2021 was approved at the Ordinary General Meeting of shareholders on 29 March 2022 and EUR 45.2 million dividends for the first half of 2022 was approved at the Extraordinary General Meeting of shareholders on 29 September 2022.

19.3 Dividends declared to non-controlling interest

The Group uses the anticipated-acquisition method for recognising put option redemption liability. As the interests of the non-controlling shareholders under the anticipated-acquisition method are derecognised when the financial liability is recognised, 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 a non-controlling interest.

Due to the above, during 9M 2023 dividends declared by the Group’s subsidiary UAB Kauno kogeneracinė jėgainė for the non-controlling interest in the amount of EUR 14.3 million (no dividends declared for 9M 2022) were presented as a separate line in the Statement of changes in equity, but included in ‘Shareholders in AB "Ignitis grupė" interest’.

20 Loans and bonds

EURm	30 September 2023	31 December 2022
Non-current		
Issued bonds	891.4	890.1
Bank loans	623.9	533.2
Current		
Current portion of non-current loans	42.5	26.1
Bank overdrafts	-	172.9
Accrued interest	5.7	10.0
Total	**1,563.5**	**1,632.3**

Non-current loans and bonds by maturity:

EURm	30 September 2023	31 December 2022
From 1 to 2 years	116.2	177.0
From 2 to 5 years	735.6	376.6
After 5 years	663.5	869.7
Total	**1,515.3**	**1,423.3**

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

20.1 Movement of loans and bonds

On 9 March 2023, the Group concluded a long-term agreement for 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 September 2023 is EUR 200.9 million.

On 15 May the Group concluded a loan facility agreement with MUFG Bank (Europe) N.V. and MUFG Bank (Europe) N.V., Germany branch, with a limit of EUR 75.0. The loan facility is concluded for a term of 24 months until 15 May 2025. The interest rate on the loan facility is floating. The balance of the loan as at 30 September 2023 is EUR 74.6 million.

20.2 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 September 2023 and 31 December 2022.

As at 30 September 2023, the Group's unwithdrawn balance of loans, credit lines and bank overdrafts amounted to EUR 518.0 million (31 December 2022: EUR 396.1 million).

During 9M of 2023 the Group has concluded trade financing agreements which are accounted for as trade payables. As at September 2023 the Group's unwithdrawn balance of trade financing facilities amounted to EUR 118.7 million.

21 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 September 2023	31 December 2022
Cash and cash equivalents	(452.9)	(694.1)
Short-term deposits	(50.8)	-
Non-current loans and bonds payable after one year	1,515.3	1,423.3
Current loans payable within one financial year (including accrued interest)	48.2	36.1
Bank overdrafts	-	172.9
Lease liabilities	54.3	48.7
Net Debt	**1,114.1**	**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**	**Short-term deposits**	**Non-current**	**Current**	**Non-current**	**Current**	**Total**
Net Debt as at 1 January 2023	**(694.1)**	**-**	**45.1**	**3.6**	**1,423.3**	**209.0**	**986.9**
Cash changes							
(Increase) decrease in cash and cash equivalents	239.3	(50.0)	-	-	-	-	**189.3**
Proceeds from loans	-	-	-	-	275.8	-	**275.8**
Repayments of loans	-	-	-	-	(151.6)	(17.8)	**(169.4)**
Lease payments	-	-	-	(4.2)	-	-	**(4.2)**
Interest paid	-	-	-	(0.6)	-	(31.6)	**(32.2)**
Bank overdraft received (repaid)	-	-	-	-	-	(172.9)	**(172.9)**
Assumed through business combination (Note 30)	1.9	-	-	-	-	-	**1.9**
Non-cash changes							
Lease contracts concluded	-	-	6.0	1.1	-	-	**7.1**
Accrual of interest receivable	-	(0.8)	-	-	-	-	**(0.8)**
Accrual of interest payable	-	-	0.4	0.8	1.2	27.1	**29.5**
Reclassifications between items	-	-	(4.5)	4.5	(34.2)	34.2	**-**
Assumed through business combination (Note 30)	-	-	2.2	0.2	-	-	**2.5**
Change in foreign currency	-	-	(0.4)	0.1	0.8	0.1	**0.6**
Net Debt as at 30 September 2023	**(452.9)**	**(50.8)**	**48.8**	**5.5**	**1,515.3**	**48.2**	**1,114.1**

22 Provisions

EURm	30 September 2023	31 December 2022
Non-current	55.5	17.6
Current	27.2	38.0
Total	**82.7**	**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 (Note 22.1)	Regulatory differences of public electricity supply activity (Note 22.2)	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	7.3	0,8	-	-	38.6	11.0	2.6	**60.3**
Utilised during the period	(11.0)	(0,1)	-	-	(2.8)	(18.2)	-	**(32.1)**
Result of change in assumptions	-	(1,2)	-	-	-	-	-	**(1.2)**
Discount effect	-	-	-	-	-	-	0.1	**(0.1)**
Balance as at 30 September 2023	**7.3**	**5.6**	**8.2**	**1.6**	**41.2**	**13.1**	**5.7**	**82.7**
Non-current	-	4.6	7.2	-	39.1	-	4.6	**55.5**
Current	7.3	1.0	1.0	1.6	2.1	13.1	1.1	**27.2**
Balance as at 30 September 2023	**7.3**	**5.6**	**8.2**	**1.6**	**41.2**	**13.1**	**5.7**	**82.7**

22.1 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.

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.

22.2 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.

23 Deferred income

EURm	30 September 2023 Current portion	30 September 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	10.5	231.1	10.5	205.5
Deferred income related to gas over declaration	55.8	-	33.7	-
Deferred income related to gas	30.3	-	61.1	-
Deferred income related to electricity over declaration	3.5	-	9.5	-
Total	**100.1**	**231.1**	**114.8**	**205.5**

Movement in the Group's deferred income:

EURm	9M 2023 Current portion	9M 2023 Non-current portion
Balance as at 1 January	**114.8**	**205.5**
Increase during the year	57.1	33.4
Recognised as revenue	(79.6)	-
Reclassifications between items	7.8	(7.8)
Balance as at 30 September	**100.1**	**231.1**

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

24 Other current liabilities

EURm	30 September 2023	31 December 2022
Amounts payable for property, plant and equipment	60.8	55.9
Accrued expenses	54.1	84.7
Derivative financial instruments	51.6	14.2
Dividends payable	46.5	-
Put option redemption liability	38.0	38.0
Payroll related liabilities	29.7	21.7
Taxes (other than income tax)	23.9	122.6
Contingent consideration for acquisition of shares	21.0	6.3
Irrevocable commitment to acquire a minority interest	3.5	3.6
Non-controlling interest dividends	3.3	3.3
Deposits received for derivative financial instruments	-	56.0
Other current liabilities	13.6	17.9
Carrying amount	**346.00**	**424.2**

25 Derivative financial instruments

The Group's derivative financial instruments are related to electricity and natural gas commodities and comprise:
contracts made directly with other parties – over-the-counter (OTC);
contracts made through Nasdaq commodities market – Nasdaq;
other contracts.

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.

25.1 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 9M 2023
Derivative financial instruments		
Other non-current assets		24.4
Other current assets		44.2
Other non-current liabilities		(14.9)
Other current liabilities	24	(14.2)
Carrying amount as at 31 December 2022		**39.5**
Change in the value		
Fair value change of OTC recognised in 'Other expenses'		(6.0)
Fair value change of OTC recognised in 'Finance activity"		0.1
Fair value change of OTC recognised in 'Other comprehensive income'		(73.6)
Total change during 9M 2023		**(79.5)**
Derivatives		
Carrying amount as at 30 September 2023		**(40.0)**
Other non-current assets		8.0
Other current assets		6.6
Other non-current liabilities		(3.0)
Other current liabilities	24	(51.6)

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

EURm	Note	9M 2023	9M 2022
Fair value change of derivative financial instruments		0.1	6.8
Fair value change of OTC	8	(4.2)	(94.1)
Fair value change of Nasdaq	8	(18.5)	20.2
Hedge ineffectiveness recognised - Nasdaq	8	2.9	(53.7)
Hedge ineffectiveness recognised - OTC	8	13.8	14.9
Total recognised in 'Other expenses' and in "Finance income"		**(5.9)**	**(105.9)**
Effective hedges reclassified from Hedging reserve to 'Statement profit or loss' line item 'Purchases of electricity, natural gas and other services'		7.5	119.0
Total recognised in 'Statement of profit or loss'		**1.6**	**13.1**

26 Structure of the Group

The Group's structure as at 30 September 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 activities and eliminations [1]	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	Operation of renewable energy projects	100.00	-
Tuuleenergia OÜ	Estonia	Green Generation	Operation of renewable energy projects	100.00	-
UAB "EURAKRAS"	Lithuania	Green Generation	Operation of renewable energy projects	100.00	-
UAB "VĖJO VATAS"	Lithuania	Green Generation	Operation of renewable energy projects	100.00	-
UAB "VĖJO GŪSIS"	Lithuania	Green Generation	Development and operation of renewable energy projects	100.00	-
UAB "VVP Investment"	Lithuania	Green Generation	Development and operation of renewable energy projects	100.00	-
Silezia1 Wind Farm Sp. z o.o.	Poland	Green Generation	Development of renewable energy projects	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 "Vėjas LT"	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 Reserve Capacities	Operation and development of renewable energy projects. Operation of reserve capacities assets.	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	Supply and trading of energy, EV network development.	100.00	-
Ignitis Polska Sp. z o. o.	Poland	Customers & Solutions	Supply and trading of energy	100.00	-
Ignitis Latvija SIA	Latvia	Customers & Solutions	Supply and trading of energy, EV network development.	100.00	-
Ignitis Eesti, OÜ	Estonia	Customers & Solutions	Supply and trading of energy, EV network development.	100.00	-
Ignitis Suomi OY	Finland	Customers & Solutions	Supply and trading of energy	100.00	-
UAB "Ignitis grupės paslaugų centras"	Lithuania	Other activities and eliminations [1]	Shared business support services	100.00	-
UAB "Gamybos optimizavimas"	Lithuania	Other activities and eliminations [1]	Planning, optimization, forecasting, trading, brokering and other electricity related services	100.00	-
UAB Elektroninių mokėjimų agentūra	Lithuania	Other activities and eliminations [1]	Payment aggregation	100.00	-
UAB "Transporto valdymas"	Lithuania	Other activities and eliminations [1]	Vehicle rental, leasing, repair, maintenance, renewal and service	100.00	-

[1] *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 inter-company transactions.*

26.1 Acquisition of shares in business combinations

During 9M 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 30.1).
- On 17 March 2023, the Group acquired a 100% shareholding in BRVE SIA. Total consideration amounts to EUR 0.2 million (Note 30.2).
- On 17 March 2023, the Group acquired a 100% shareholding in CVE SIA. Total consideration amounts to EUR 0.5 million (Note 30.2).
- On 14 July 2023, the Group acquired a 100% shareholding in UAB "Vėjas LT". Total consideration amounts to EUR 19.5 million (Note 30.3).

26.2 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.

27 Commitments, contingent liabilities and contingent assets

27.1 Litigations

During 9M 2023, there were no significant changes in litigations reported in annual financial statements for 2022 or new significant litigations except for the ones mentioned below.

27.1.1 Litigation with Rafako S.A.

On 11 September 2023, UAB Vilniaus kogeneracinė jėgainė (hereinafter referred to as 'subsidiary') and Rafako S. A. has signed a settlement agreement, agreeing to a monetary compensation of nearly EUR 30.0 million to the subsidiary, a part of which (EUR 15.0 million) the subsidiary has already received, and the other part (EUR 15.0 million) will be paid by Rafako S.A. to the subsidiary in instalments over five years.

27.1.2 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, including legal costs. As at 30 September 2023, the Group fully paid all the damages mentioned above. The total amount paid by the Group is EUR 3.4 million (EUR 2.2 million in damages and an interest of EUR 1.2 million).

27.1.3 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 cassation 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.

27.1.4 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, and on 5 July 2023 it 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.

27.2 Regulatory assets and liabilities

27.2.1 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 September 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 September 2023 is EUR (1.6) million (the over-collected amount of EUR (16.1) million as of 31 December 2022).

27.2.2 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 17.0 million as at 30 September 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).

28 Related party transactions

Related parties, EURm	Accounts Receivable 30 September 2023	Accounts Payable 30 September 2023	Sales 9M 2023	Purchases 9M 2023	Finance income (expenses) 9M 2023
"LITGRID" AB	16.9	12.4	107.1	88.3	-
AB "Amber Grid"	5.3	2.9	11.7	15.1	-
"BALTPOOL" UAB	9.6	-	72.1	1.0	-
UAB "GET Baltic"	1.3	-	111.4	50.4	-
Other related parties of the Group	-	2.4	0.2	8.7	-
Total	**33.1**	**17.7**	**302.5**	**163.5**	**-**

Related parties, EURm	Accounts Receivable 31 December 2022	Accounts Payable 31 December 2022	Sales 9M 2022	Purchases 9M 2022	Finance income (expenses) 9M 2022
"EPSO-G" UAB	-	-	-	-	0.1
"LITGRID" AB	26.5	36.8	130.5	166.1	-
AB "Amber Grid"	6.4	3.1	20.7	24.1	-
"BALTPOOL" UAB	0.2	1.6	(61.1)	10.5	-
UAB "GET Baltic"	84.3	3.8	88.3	50.8	-
Other related parties of the Group	0.1	1.5	8.2	5.2	-
Total	**117.5**	**46.8**	**186.6**	**256.7**	**0.1**

Negative sales in 9M 2022 to "BALTPOOL" UAB are 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.

28.1 Terms of transactions with related parties

The payment term range is set from 15 to 90 days. The closing debt balances are not secured by pledges, 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.

28.2 Compensation to key management personnel

EURm	9M 2023	9M 2022
Remuneration, salaries and other short-term benefits to key management personnel	0.9	0.8
Whereof:	-	-
Short-term benefits: wages, salaries and other	0.9	0.7
Termination benefits	-	*0.1*
Number of key management personnel	12	12

During 9M 2023 and 9M 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.

29 Fair value of financial instruments

29.1 Financial instruments, measured at fair value

The Group's derivatives (Level 2 of the fair value hierarchy), investment into Smart Energy Fund and World 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 September 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 is 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 September 2023 the Group has accounted for investments into Smart Energy Fund and World Fund (Note 15.1) (as at 31 December 2022: only into 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. Their fair value corresponds to Level 3 of the fair value hierarchy. The fair value measurement of these financial assets is based on investment rounds. The fair value of these financial assets will change depending on future investment rounds or other significant events.

As at 30 September 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 internal management's valuation. The valuation was performed based on the discounted cash flows.

As at 30 September 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.

29.2 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 20) was calculated by discounting the 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 4.71% as at 30 September 2023 (31 December 2022 – 5.01%). Discount rates for certain bond issues are determined as bond yields. 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 the future cash flows with reference to the interest rate observable in the market. The cash flows were discounted using a discount rate of 6.57% for loans above EUR 1 million and 6.10% for loans smaller 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.

29.3 Financial instruments' fair value hierarchy levels

The levels of the fair value hierarchy within which the Group's financial instruments are categorised as at 30 September 2023:

			Level 1	Level 2	Level 3	
EURm	**Note**	**Carrying amount**	**Quoted prices in active markets**	**Other directly or indirectly observable inputs**	**Unobservable inputs**	**Total**
Financial instruments measured at FVPL or FVOCI						
Assets						
Derivatives	25	**14.6**	-	14.6	-	**14.6**
Smart Energy Fund and World Fund		**34.7**	-	-	34.7	**34.7**
Investment into Moray West Holdings Limited		**5.0**			5.0	**5.0**
Liabilities						
Put option redemption liability	24	**38.0**	-	38.0	-	**38.0**
Derivatives	25	**54.6**	-	54.6	-	**54.6**
Financial instruments for which fair value is disclosed						
Assets						
Loans granted		**55.1**			57.6	**57.6**
Liabilities						
Issued bonds	20	**896.1**	-	795.7	-	**795.7**
Loans received	20	**667.4**	-	531.9	-	**531.9**

The levels of the fair value hierarchy within which the Group's financial instruments are categorised 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	Total
Financial instruments measured at FVPL or FVOCI						
Assets						
Derivatives	25	**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	24	**38.0**	-	38.0	-	**38.0**
Derivatives	25	**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	20	**899.3**	-	774.3	-	**774.3**
Loans received	20	**733.0**	-	620.8	-	**620.8**

30 Business combinations

30.1 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 September 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 September 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 September 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 September 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:

EURm	Note	SP Venta SIA
Assets acquired		
Property, plant and equipment	14	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	13	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.

30.2 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 September 2023 the ownership rights of shares were held by the Group. Total consideration transferred for both entities amounts to EUR 0.7 million. As at 30 September 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 September 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:

EURm	Note	BRVE SIA and CVE SIA
Assets acquired		
Intangible assets	13	0.2
Property, plant and equipment	14	0.2
Cash and cash equivalents		0.2
Liabilities assumed		
Other non-current liabilities		0.3
Total identifiable net assets acquired		**0.3**
Consideration paid[1]		(0.7)
Total consideration transferred:		**(0.7)**
Goodwill arising from the acquisition of subsidiary	13	0.4
Net cash flows from acquisition of subsidiary		
Cash paid to seller of shares (current period)		-
Cash and cash equivalents acquired		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.

30.3 Acquisition of UAB "Vėjas LT"

On 14 July 2023, the Group acquired a 100% shareholding in UAB "Vėjas LT" from a legal entity. As at 30 September 2023, ownership rights of shares were held by the Group. Total consideration transferred amounts to EUR 64.8 million, EUR 61.8 million of which were paid through a bank account, EUR 3.0 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 September 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 September 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 September 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:

EURm	Note	UAB "Vėjas LT"
Assets acquired		
Property, plant and equipment	14	10.0
Right-of-use assets		2.4
Prepayments for non-current assets		38.0
Other receivables		1.2
Cash and cash equivalents		1.7
Liabilities assumed		
Lease liabilities		2.4
Other liabilities		6.0
Total identifiable net assets acquired		**44.9**
Consideration paid		(61.8)
Contingent consideration		(3.0)
Total consideration transferred:		**(64.8)**
Goodwill arising from the acquisition of subsidiary	13	19.9
Net cash flows from acquisition of subsidiary		
Cash paid to seller of shares (current period)		(61.8)
Cash and cash equivalents acquired		1.7
Net cash flows		**(60.1)**

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.

31 Events after the reporting period

31.1 New subsidiary acquired

On 30 October 2023 the Group has acquired a 100% shareholding in WINDLIT, UAB 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.

31.2 Litigations

31.2.1 Litigation with Rafako S.A.

On 24 October 2023 the arbitral tribunal confirmed the settlement agreement concluded by the Rafako S.A. and UAB Vilniaus kogeneracinė jėgainė (Note 27.1.1).

31.3 Other events

31.3.1 Group confirmed as winner of 700 MW Lithuanian offshore wind tender

On 12 October 2023 Group company UAB “Ignitis renewables” together with the strategic partner for the development of offshore wind farm projects, Ocean Winds, have been confirmed as winners of the 700 MW Lithuanian offshore wind tender. Subject to obtaining the relevant permits, contracting suppliers and securing financing, the project is expected to become operational until 2030.

31.3.2 Networks segment income level of electricity distribution for 2024

NERC established ESO’s income level for electricity distribution services for 2024, comprising EUR 318.0 million, which is 19.6% lower compared to the income level set for the year 2023 (EUR 395.5 million). The income level changes were mainly influenced by:

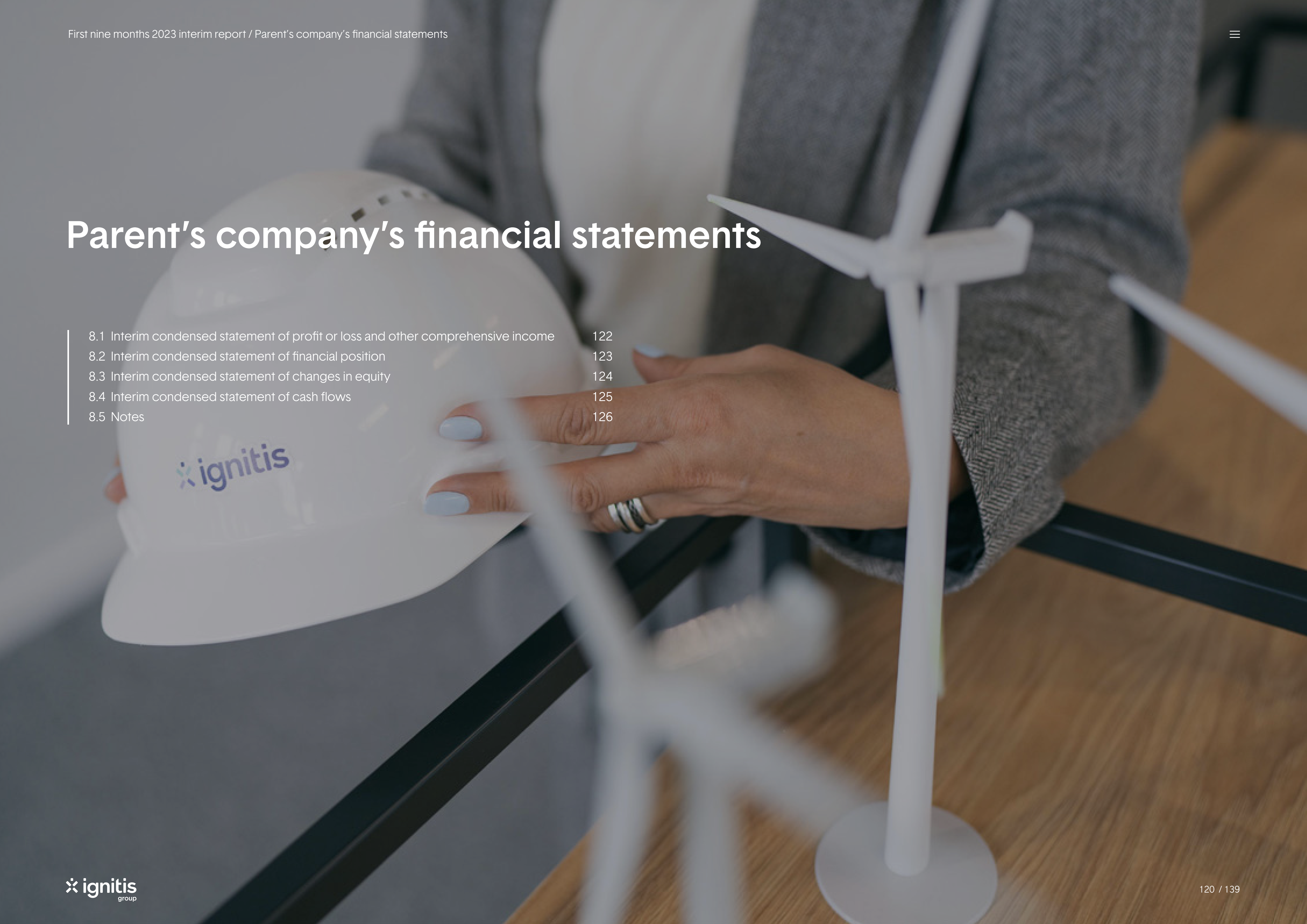
Decrease

- lower electricity technological expenses, which have decreased due to lower electricity purchase price (the electricity purchase price has decreased 3 times comparing to the electricity purchase prices of 2023);
- higher return on investment, which increases as a result of consistently implemented investments into the development and renewal of the electricity distribution network in recent years and the higher weighted cost of capital (weighted average cost of capital, WACC);

Increase

- the income level for the year 2024 has also increased due to the growth in operating costs, which reflects the tendencies in the market. also considering inflation and growth of wages, taking into account the additional repair costs and additional employee positions needed to carry out the repairs for the year 2024.

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

Unaudited parent company's interim condensed financial statements for the nine-month period ended 30 September 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 21 November 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)

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

For the nine-month period ended 30 September 2023

EURm	Notes	9M 2023	9M 2022	Q3 2023	Q3 2022
Revenue from contracts with customers	5	2.3	2.3	0.8	0.7
Other income		-	0.3	-	0.3
Dividend income	6	222.4	97.5	-	-
Total revenue and other income		**224.7**	**100.1**	**0.8**	**1.0**
Salaries and related expenses		(2.8)	(2.7)	(0.9)	(0.9)
Depreciation and amortisation		(1.6)	(1.4)	(0.6)	(0.4)
Other expenses		(4.7)	(3.9)	(1.5)	(1.7)
Total expenses		**(9.1)**	**(8.0)**	**(3.0)**	**(3.0)**
Operating profit (loss)		**215.6**	**92.1**	**(2.2)**	**(2.0)**
Finance income	7	68.0	29.2	19.5	10.8
Finance expenses	7	(20.4)	(17.9)	(6.7)	(6.0)
Finance activity, net		**47.6**	**11.3**	**12.8**	**4.8**
Profit (loss) before tax		**263.2**	**103.4**	**10.6**	**2.8**
Income tax (expenses)/benefit		(5.5)	(0.8)	(0.8)	(0.5)
Net profit for the period		**257.7**	**102.6**	**9.8**	**2.3**
Total other comprehensive income (loss) for the period		**-**	**-**	**-**	**-**
Total comprehensive income (loss) for the period		**257.7**	**102.6**	**9.8**	**2.3**
Basic earnings per share (in EUR)	8	3.56	1.41	0.14	0.03
Diluted earnings per share (in EUR)	8	3.56	1.41	0.14	0.03
Weighted average number of shares	8	72,388,960	72,671,619	72,388,960	72,388,960

8.2 Interim condensed statement of financial position

As at 30 September 2023

EURm	Notes	30 September 2023	31 December 2022	30 September 2022
ASSETS				
Non-current assets				
Intangible assets		1.7	1.9	1.8
Property, plant and equipment		0.1	0.1	0.1
Right-of-use assets		17.3	15.7	16.2
Investment property		0.1	0.1	0.1
Investments in subsidiaries	9	1,286.3	1,255.2	1,255.2
Non-current receivables	10	1,407.5	1,530.1	1,435.3
Other financial assets	12	129.7	20.6	29.5
Deferred tax asset		-	-	0.1
Total non-current assets		**2,842.7**	**2,823.7**	**2,738.3**
Current assets				
Prepayments and deferred expenses		0.1	0.1	0.1
Trade receivables		0.5	0.8	0.4
Other receivables	9.1	58.8	0.9	-
Other financial assets	12	50.8	-	-
Other current assets		3.6	3.8	3.7
Current loans	11	267.1	227.8	352.1
Cash and cash equivalents		267.7	24.8	25.5
Total current assets		**746.9**	**258.2**	**381.8**
TOTAL ASSETS		**3,423.6**	**3,081.9**	**3,120.1**
EQUITY AND LIABILITIES				
Equity				
Issued capital	13	1,616.4	1,616.4	1,616.4
Reserves		104.7	99.6	99.6
Reserve for treasury shares		37.7	37.7	37.7
Retained earnings		340.0	179.1	179.2
Total equity		**2,098.8**	**1,932.8**	**1,932.9**
Liabilities				
Non-current liabilities				
Non-current loans and bonds	14	1,158.1	1,113.1	1,112.7
Non-current lease liabilities	15	15.5	14.2	14.7
Deferred tax liabilities		3.7	1.4	-
Total non-current liabilities		**1,177.3**	**1,128.7**	**1,127.4**
Current liabilities				
Loans	14	71.5	9.8	5.2
Lease liabilities	15	2.1	1.8	1.8
Trade payables		0.7	1.1	0.7
Income tax payable		2.6	1.8	0.8
Other current liabilities		138.3	5.9	51.3
Total current liabilities		**215.2**	**20.4**	**59.8**
Total liabilities		**1,392.5**	**1,149.1**	**1,187.2**
TOTAL EQUITY AND LIABILITIES		**3,491.3**	**3,081.9**	**3,120.1**

8.3 Interim condensed statement of changes in equity

For the nine-month period ended 30 September 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		-	-	-	-	102.6	**102.6**
Other comprehensive income (loss) for the period		-	-	-	-	-	**-**
Total comprehensive income (loss) for the period		**-**	**-**	**-**	**-**	**102.6**	**102.6**
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	-	-	-	-	(89.0)	**(89.0)**
Share capital reduction		(42.4)	33.0	-	-	9.4	**-**
Other movement		-	-	-	-	0.3	**0.3**
Balance as at 30 September 2022		**1,614.4**	**-**	**99.6**	**37.7**	**179.2**	**1,932.9**
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	-	-	-	-	(91.7)	**(91.7)**
Balance as at 30 September 2023		**1,616.4**	**-**	**104.7**	**37.7**	**340.0**	**2,098.8**

8.4 Interim condensed statement of cash flows

For the nine-month period ended 30 September 2023

EURm	Notes	9M 2023	9M 2022	Q3 2023	Q3 2022
Cash flows from operating activities					
Net profit for the period		257.7	102.6	9.8	2.3
Adjustments to reconcile net profit to net cash flows:					
Depreciation and amortisation expenses		1.6	1.4	0.6	0.4
Fair value changes of financial instruments	7	(20.2)	(2.7)	-	-
Income tax expenses/(income)		5.5	0.8	0.8	0.5
Interest income	7	(47.8)	(26.5)	(19.5)	(10.8)
Interest expenses	7	20.1	15.7	7.8	5.4
Dividend income	6	(222.4)	(97.5)	-	-
Other expenses of financing activities		0.2	2.2	(1.2)	0.6
Income tax (paid)/received		(1.8)	0.5	-	0.5
Changes in working capital:					
(Increase)/decrease in trade receivables and other receivables[1]		1.2	84.0	0.5	(0.4)
(Increase)/decrease in prepayments and deferred expenses, other current and other non-current assets		(0.3)	16.3	(0.3)	0.1
Increase/(decrease) in trade payables, advances received, other current liabilities		3.2	(0.7)	3.1	1.3
Net cash flows from (to) operating activities		**(3.0)**	**96.1**	**1.6**	**(0.1)**
Cash flows from investing activities					
Acquisition of property, plant and equipment and intangible assets		(0.1)	-	-	-
Proceeds from sale of property, plant and equipment and intangible assets		0.2	-	0.2	-
Loans granted		(283.8)	(578.1)	(88.8)	(220.4)
Loan repayments received		459.0	16.2	53.8	10.2
Interest received	7	53.2	25.9	26.4	15.3
Dividends received	6.2	222.4	197.9	-	-
Return of capital from subsidiaries	9.1	39.1	1.0	39.1	1.0
Investments into subsidiaries	9.1	(43.0)	-	(43.0)	-
Prepayment for investments in subsidiaries	12.2	(95.0)	-	(95.0)	-
(Increase)/decrease of deposits		(50.0)	-	(50.0)	-
Investments in/return from investment funds	12	6.1	(1.7)	5.8	(0.1)
Net cash flows from investing activities		**308.1**	**(338.8)**	**(151.5)**	**(194.0)**
Cash flows from financing activities					
Loans received	15	222.3	223.0	12.8	150.0
Repayments of loans	15	(212.0)	-	(58.5)	-
Lease payments	15	(1.4)	(1.3)	(0.5)	(0.4)
Interest paid	15	(23.3)	(18.4)	(14.4)	(12.0)
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]		(2.6)	(2.6)	(1.7)	(1.7)
Net cash flows from financing activities		**(62.2)**	**142.9**	**(62.3)**	**135.9**
Increase/(decrease) in cash and cash equivalents		**242.9**	**(99.8)**	**(212.2)**	**(58.2)**
Cash and cash equivalents at the beginning of the period		24.8	125.3	24.8	125.3
Cash and cash equivalents at the end of the period		**267.7**	**25.5**	**(187.4)**	**67.1**

[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 September 2022 the parent company has reclassified Personal income tax declared

8.5 Notes

For the nine-month period ended 30September 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 9) and indirectly controlled by the parent company through its 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 Lithuania's electricity distribution network (Networks) and managing and developing its Green Generation Portfolio (Green Generation). The Group also manages strategically important reserve capacities (Reserve Capacities) and provide services to its customers (Customers & Solutions), 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 set forth in the National Energy Independence Strategy and other legal acts that are related to the Group's activities, 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 September 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
Total	**1,616.4**		**1,616.4**	

These interim condensed financial statements were prepared and approved by the parent company's management on 21 November 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 nine-month period ended 30 September 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 (EURm), 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.

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. Several amendments the adoption of which is effective from 1 January 2023 were applied, but they did not have a material impact on our interim financial statements. The Group has not applied any standard, interpretation, or amendment for which the early application is permitted but is not yet effective.

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 changes mentioned below:

Significant accounting estimates and judgments	Note	Estimate/ judgement	Significant changes during 9M 2023
Impairment of investments in subsidiaries	9.2	Estimate	None
Fair value of Innovation Fund KŪB "Smart Energy Fund powered by Ignitis Group"	12.1.1	Estimate	Change in estimated amount
Option agreement over UAB Kauno kogeneracinė jėgainė shares	-	Estimate/ judgement	None
Estimating the incremental borrowing rate	-	Estimate	None

5 Revenue from contracts with customers

EURm	9M 2023	9M 2022
Management fee income	2.3	2.3
Total	**2.3**	**2.3**

The parent company's revenue from contracts with customers during the 9M 2023 and 9M 2022 periods mainly comprised 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 September 2023	31 December 2022
Trade receivables	0.5	0.8

6 Dividends

6.1 Dividends declared by the parent company

EURm	9M 2023	9M 2022
AB "Ignitis grupė"	91.7	89.0

EUR 46.5 million dividend for the first half of 2023 was approved at the Extraordinary General Meeting of shareholders on 21 September 2023 and 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, and EUR 45.2 million dividends for the first half of 2022 was approved at the Extraordinary General Meeting of shareholders on 29 September 2022.

6.2 Dividends received by the parent company

Dividends received by the parent company from the Group companies during the 9M 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 activity

EURm	9M 2023	9M 2022
Finance income		
Interest income at the effective interest rate	47.8	26.5
The fair value of Smart Energy Fund (Note 12)	20.2	2.7
Total finance income	**68.0**	**29.2**
Finance expenses		
Interest expenses	19.9	15.5
Interest and discount expenses on lease liabilities	0.2	0.2
Other expenses of financing activities	0.3	2.2
Total finance expenses	**20.4**	**17.9**
Finance activity, net	**47.6**	**11.3**

The parent company earns interest income from long-term and short-term loans, the majority of which is granted to the Group companies (Note 10.2 and 11).

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

8 Earnings per share

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

EURm	9M 2023	9M 2022
Net profit	**257.7**	**102.6**
Weighted average number of nominal shares	72,388,960	72,671,619
Basic earnings/(loss) per share attributable to shareholder of the parent company (in EUR)	3.56	1.41
Diluted earnings/(loss) per share attributable to shareholder of the parent company (in EUR)	3.56	1.41

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 September 2023 (as at 30 September 2022: 72,671,619). During 9M 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 during 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.

9 Investments in subsidiaries

Information on the parent company's investments in subsidiaries as at 30 September 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"	223.3	-	223.3	100.00	100.00
UAB "Ignitis renewables"	183.2	-	183.2	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
Total	**1,286.3**	**-**	**1,286.3**		

9.1 Movement of the investments in subsidiaries

EURm	30 September 2023
Carrying amount at 1 January	**1,255.2**
Share capital and share premium decrease in subsidiaries (AB "Ignitis gamyba")	(97.9)
Share capital and share premium increase in subsidiaries (UAB "Ignitis renewables")	129.0
Carrying amount	**1,286.3**

During 9M 2023 the parent company decreased share capital and share premium of the subsidiary AB "Ignitis gamyba" by total amount EUR 97.9 million. As at 30 September 2023 part of the amount EUR 39.1 million was paid to parent company in cash, the remaining amount EUR 58.8 million will be paid during Q4 2023 and is accounted within the caption 'Other receivables' in the statement of Financial position.

During 9M 2023 the parent company increased share capital and share premium of the subsidiary UAB "Ignitis renewables" by total amount EUR 129 million. As at 30 September 2023 part of the amount EUR 43.0 million was paid to subsidiary in cash, the remaining amount EUR 86.0 million should be paid as at 24 July 2024 and is accounted within the caption 'Other current liabilities' in the statement of Financial position.

9.2 Impairment of investments in subsidiaries

On 30 September 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.

To determine impairment indications, assessments were made whether at least one of the following conditions exist (except for the early-stage companies):
1. actual Adjusted EBITDA is lower than budgeted Adjusted EBITDA;
2. the actual adjusted net profit is lower 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 9M 2023 period, its actual EBITDA for the period was negative and below the budgeted level while equity remained negative. Therefore, the parent company performed an impairment test. 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.

No other indications of impairment of investments in subsidiaries existed as at 30 September 2023; therefore, the parent company did not perform impairment tests for other subsidiaries and did not recognize additional impairment for investments during 9M 2023.

10 Non-current receivables

EURm	30 September 2023	31 December 2022
Loans granted	1,407.5	1,530.1
Total	**1,407.5**	**1,530.1**
Less: loss allowance	-	-
Carrying amount	**1,407.5**	**1,530.1**

10.1 Expected credit losses of loans granted

As at 30 September 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.

10.2 Loans granted

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

EURm	30 September 2023	31 December 2022
Within one year (Note 11)	252.4	205.4
From 1 to 2 years	7.9	7.9
From 2 to 5 years	211.5	247.4
After 5 years	1,188.1	1,274.8
Carrying amount	**1,659.9**	**1,735.5**

As at 30 September 2023, the granted loans with a floating interest rate amounted to EUR 115.6 million, and with a fixed interest rate – EUR 1,544.3 million.

10.3 New loans 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 September 2023 is EUR 154.3 million.

On 9 August 2023 the parent company granted a long-term loan to its subsidiary UAB "Ignitis renewables" with a maximum withdrawal amount of EUR 510.0 million and a fixed interest rate. The loan's maturity date is 21 May 2030. The unwithdrawn balance of the loan as at 30 September 2023 is EUR 510.0 million.

On 20 September 2023 the parent company granted a long-term loan to its subsidiary UAB "Ignitis renewables" with a maximum withdrawal amount of EUR 58.0 million and a fixed interest rate. The loan's maturity date is 30 June 2025. The unwithdrawn balance of the loan as at 30 September 2023 is EUR 58.0 million.

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

11 Current loans

EURm	30 September 2023	31 December 2022
Cash-pool loans	161.2	197.5
Current loans	83.3	-
Interest receivable on loans and issued guarantees	14.7	22.4
Current portion of non-current loans	7.9	7.9
Total	**267.1**	**227.8**
Less: loss allowance	-	-
Carrying amount	**267.1**	**227.8**

11.1 Expected credit losses of current loans

As at 30 September 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 the current loans granted.

11.2 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 September 2023 is EUR 43.5 million.

On 18 May 2023 the parent company signed a 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, with a limit of EUR 50.0 million and a maturity date of 15 May 2025, and a short short-term trade facility agreement, with a limit of EUR 150.0 million. The balance of the short-term loan as at 30 September 2023 is EUR 12.8 million.

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

12 Other financial assets

EURm	30 September 2023	31 December 2022
Other non-current financial assets		
Paid consideration for subsidiary's shares	95.0	-
Fair value of investment funds	34.7	20.6
Carrying amount	**129.7**	**20.6**
Other current financial assets		
Short-term deposits	50.8	-
Carrying amount	**50.8**	**-**

12.1 Movement of fair value in investment funds

EURm	30 September 2023	31 December 2022
Fair value as at 1 January	**20.6**	**25.1**
Change in fair value (Smart Energy Fund)	20.2	(6.2)
Return from investments (Smart Energy Fund)	(15.7)	-
Additional investments (World Fund)	9.3	-
Additional investments (Smart Energy Fund)	0.3	1.7
Fair value	**34.7**	**20.6**

12.1.1 Smart Energy Fund

On 26 July 2017 the parent company signed the establishment agreement of a limited partnership Smart Energy Fund powered by Ignitis Group (hereinafter 'the Partnership') with UAB Contrarian Ventures. (hereinafter 'SEF'). As per the management's judgment, the parent company does not have control over the Partnership because, under the terms of the Partnership, the Group does not have the power to manage the activities of the SEF as the Group is not a partner of SEF.

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 9M 2023 (Note 7). As at 30 September 2023 the carrying value of the Smart Energy Fund amounted to EUR 25.4 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.

12.1.2 World Fund

On 13 July 2023 the parent company has joined a second investment fund, World Fund, which will be used for investing in innovative start-ups. As per the management's judgment, the Group does not have control over the World Fund as the Group has joined the fund under a partnership agreement and does not have control over the partnership. As at 30 September 2023 the carrying value of the World Fund amounted to EUR 9.3 million and constituted investments by the parent company. The fair value of this financial asset was determined by reference to new investments made (Note 18).

12.2 Paid consideration for subsidiary's shares

The parent company has transferred the consideration for new issue of ordinary shares and share premium by UAB "Ignitis". The issue took part after the reporting date (Note 19.2).

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 September 2023 and 31 December 2022, the parent company has met the requirements of capital regulation.

13.2 Issued capital

EURm	30 September 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 September 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 9M 2023 the parent company transferred EUR 5.1 million to the legal reserve. The parent company's legal reserve as at 30 September 2023 was not fully formed.

14 Loans and bonds

EURm	30 September 2023	31 December 2022
Non-current		
Issued bonds	891.4	890.1
Bank loans	266.7	223.0
Current		
Bank loans	56.3	-
Current portion of non-current loans	9,6	-
Accrued interest	5.6	9.8
Total loans and bonds	**1,229.6**	**1,122.9**

The 9M 2023 expenses related to the interest on issued bonds totalled EUR 14.4 million (for the 9M 2022: EUR 14.4 million). The accrued amount of coupon payable as at 30 September 2023 amounted to EUR 5.6 million (31 December 2022: EUR 9.8 million).

Non-current loans and bonds by maturity:

EURm	30 September 2023	31 December 2022
From 1 to 2 years	84.7	150.0
From 2 to 5 years	640.8	297.0
After 5 years	432.6	666.1
Total	**1,158.1**	**1,113.1**

Loans and bonds are denominated in euros.

14.1 Movement of loans and bonds

Movement of loans and bonds during 9M 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 September 2023 is EUR 128.6 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 using 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 September 2023 was EUR 43.5 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 includes a loan facility and a trade financing facility. The limit of the loan facility is EUR 75.0 million and the limit of the trade financing facility is EUR 150.0. The trade financing 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 September 2023 is EUR 74.7 million.

14.2 Covenants and unwithdrawn balances

During the 9M 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 September 2023 the parent company's unwithdrawn balance of loans and bank overdrafts amounted to EUR 617.7 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 September 2023	31 December 2022
Cash and cash equivalents	(267.7)	(24.8)
Short-term deposits	(50.8)	-
Non-current loans and bonds payable after one year	1,158.1	1,113.1
Current loans and bonds payable within one year (including overdraft and accrued interest)	71.5	9.8
Lease liabilities	17.6	16.0
Net Debt	**928.7**	**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	Short-term deposits	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	(249.9)	(50.0)	-	-	-	-	**(292.9)**
Proceeds from loans	-	-	-	-	198.6	23.7	**222.3**
Repayments of loans	-	-	-	-	(150.0)	(62.0)	**(212.0)**
Lease payments	-	-	-	(1.4)	-	-	**(1.4)**
Interest paid	-	-	-	(0.2)	-	(23.1)	**(23.3)**
Non-cash changes							
Trade loan facility agreement	-	-	-	-	-	99.6	**99.6**
Lease contracts concluded	-	-	2.7	0.3	-	-	**3.0**
Accrual of interest receivable	-	(0.8)	-	-	-	-	**(0.8)**
Accrual of interest payable	-	-	-	0.2	1.2	18.7	**20.1**
Reclassifications between items	-	-	(1.4)	1.4	(4.8)	4.8	**-**
Net Debt as at 30 September 2023	**(267.7)**	**(50.8)**	**15.5**	**2.1**	**1 158.1**	**71.5**	**928.7**

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:

Beneficiary of the guarantee	Maximum amount of the guarantee	30 September 2023[1]	31 December 2022[1]
Banks	523.2	257.1	216.1
Group companies	-	-	6.0
Total	**523.2**	**257.1**	**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:

Beneficiary of the guarantee	Maximum amount of the guarantee	30 September 2023[2]	31 December 2022[2]
Banks	75.2	75.2	28.9
Other companies	672.2	42.8	128.0
Total	**747.4**	**117.9**	**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 5 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.

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 subsidiary.

On 25 September 2023, the parent company has issued a guarantee in favour of AB "Energijos skirstymo operatorius" for EUR 30.0 million. The guarantee is provided to guarantee the performance of obligations of a subsidiary.

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 September 2023	Loans Receivable 30 September 2023	Accounts Payable 30 September 2023	Sales 9M 2023	Purchases 9M 2023	Finance income/ (cost) 9M 2023
Subsidiaries	59.3	1,674.5	86.4	2.3	2.7	41.4
Total	**59.3**	**1,674.5**	**86.4**	**2.3**	**2.7**	**41.4**

Related parties, EURm	Accounts Receivable 31 December 2022	Loans Receivable 31 December 2022	Accounts Payable 31 December 2022	Sales 9M 2022	Purchases 9M 2022	Finance income/ (cost) 9M 2022
Subsidiaries	0.8	1,757.9	0.4	2.3	2.7	41.4
Total	**0.8**	**1,757.9**	**0.4**	**2.3**	**2.7**	**41.4**

The parent company's dividend income received from subsidiaries during the 9M 2023 and 2022 periods is disclosed in Note 6.

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

The loans provided to subsidiaries are disclosed in Notes 10 and 11.

17.1 Compensation to key management personnel

EURm	9M 2023	9M 2022
Remuneration, salaries and other short-term benefits to key management personnel	0.9	0.8
Whereof:		
Short-term benefits - wages, salaries and other	*0.9*	*0.7*
Termination benefits	*-*	*0.1*
Number of key management personnel	12	12

During 9M 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 and World Fund (Level 3) were measured at fair value.

As at 30 September 2023 the parent company has accounted for investments into Smart Energy Fund and World Fund (as at 31 December 2022: only into Smart Energy Fund). The fair value measurement of these financial assets is based on investment rounds and exits of investments. The fair value of these financial assets 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 bonds issued is attributed to Level 2 of the fair value hierarchy.

As at 30 September 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 4.71% as at 30 September 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 6.57% as at 30 September 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 the 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 4.71% as at 30 September 2023 (31 December 2022: 5.01%). The discount rates for certain issued bonds were determined as bond yields. The measurement of the 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 the 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 6.57% as at 30 September 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 levels of the fair value hierarchy within which the parent company's financial instruments are categorised as at 30 September 2023:

EURm	Note	Carrying amount	Level 1 Quoted prices in active markets	Level 2 Other directly or indirectly observable inputs	Level 3 Unobser-vable inputs	Total
Financial instruments measured at FVPL						
Assets						
Smart Energy Fund and World Fund		**34.7**	-	-	34.7	**34.7**
Financial instruments for which fair value is disclosed						
Assets						
Loans receivables from subsidiary AB "Energijos skirstymo operatorius"	10.2	**620.6**	-	549.0	-	**549.0**
Loans granted to other Group companies	10.2, 11	**1,052.5**	-	882.1	-	**882.1**
Liabilities						
Issued bonds	14	**896.1**	-	795.7	-	**795.7**
Loans received	14	**333.5**	-	238.7	-	**238.7**

The levels of the fair value hierarchy within which the parent company's financial instruments are categorised 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 Unobser-vable inputs	Total
Financial instruments measured at FVPL						
Assets						
Smart Energy Fund		**20.6**	-	-	**20.6**	**20.6**
Financial instruments for which fair value is disclosed						
Assets						
Loans receivables from subsidiary AB "Energijos skirstymo operatorius"	10.2	**624.6**	-	535.9	-	**535.9**
Loans granted to other Group companies	10.2, 11	**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 20 October 2023, the parent company has issued a guarantee in favour of TOTALENERGIES GAS & POWER LIMITED for EUR 31.6 million. The guarantee is provided to guarantee the performance of obligations of a subsidiary.

On 30 October 2023, the parent company has issued a guarantee in favour of UAB NORDEX LITHUANIA for EUR 138.9 million. The guarantee is provided to guarantee the performance of obligations of a subsidiary.

On 31 October 2023, the parent company has issued a guarantee in favour of EQUINOR ASA for EUR 51.0 million. The guarantee is provided to guarantee the performance of obligations of a subsidiary.

19.2 Issue of ordinary shares and share premium

On 9 October 2023 UAB "Ignitis" has issued 3,500,000 units of ordinary registered with a nominal (par) value of EUR 0.29. Total price for the issued shares is EUR 95.0 million, which consist of the aggregated par values of the issued shares amounting to EUR 1.0 million and the share premium amounting to EUR 94.0 million. The share emission is fully paid.

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

9 Responsibility statement

21 November 2023

Referring to the provisions of the Article 14 of the Law on Securities of the Republic of Lithuania and the Rules of disclosure of information of the Bank of Lithuania, we, Darius Maikštėnas, Chief Executive Officer at AB "Ignitis grupė", Jonas Rimavičius, Chief Financial Officer at AB "Ignitis grupė", and Giedruolė Guobienė, Head of Accounting at UAB "Ignitis grupės paslaugų centras", acting under 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 nine-month period ended 30 September 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)

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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.

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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.

ignitis group

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