

Notice of the Extraordinary General Meeting of Shareholders

22 August 2023 (updated on 6 September 2023)



Extraordinary General Meeting of Shareholders of AB “Ignitis grupė”

On 22 August 2023, the Management Board of AB “Ignitis grupė” (hereinafter – the Group or the Company), company code: 301844044, registered office address: Laisvės Ave. 10, Vilnius, decided to convene the Extraordinary General Meeting of Shareholders (hereinafter – EGM) to be held on

21 September 2023, 13.00 pm (Vilnius time) at

Business Garden Vilnius verslo centras, Laisvės Ave. 10, Vilnius, LT-04215

Registration starts at 12.00 pm and closes at 12.45 pm (Vilnius time)

The agenda of the EGM, which was supplemented with agenda item 4 and its draft resolution upon the proposal of the Group’s Management Board on 6 September 2023, and the proposed resolutions are as follows:

No.	Item	Proposed resolution	Supplementary information
1.	Regarding agreement to the consolidated interim report of AB “Ignitis grupė” for the six-month period ended 30 June 2023.	“1.1. To agree to the consolidated interim report of AB “Ignitis grupė” for the six-month period ended 30 June 2023.”	(link)
2.	Regarding the approval of the set of audited interim condensed financial statements of AB “Ignitis grupė” for the six-month period ended 30 June 2023.	“2.1. To approve the set of audited interim condensed financial statements of AB “Ignitis grupė” for the six-month period ended 30 June 2023.”	(link)
3.	Regarding the allocation of dividends to the shareholders of AB “Ignitis grupė” for a period shorter than the financial year.	“3.1. Given the fact that all the conditions set out in Article 60 ¹ (5) of the Law on Companies of the Republic of Lithuania regarding the allocation of dividends for a period shorter than the financial year are met, to allocate a dividend of EUR 0.643 per ordinary registered share of AB “Ignitis grupė” to the shareholders of AB “Ignitis grupė” and pay dividends of EUR 46,546,101.28 in total to the shareholders for the six-month period ended 30 June 2023.”	Annex 1
4.	Regarding agreement to increase of the share capital of UAB “Ignitis”, a subsidiary of AB “Ignitis grupė”.	“4.1. To agree to increase of the share capital of UAB “Ignitis” from EUR 40,140,000.26 to EUR 41,155,000.26 with a cash contribution from AB “Ignitis grupė”, the sole shareholder, by issuing 3,500,000 ordinary registered shares (hereinafter – New Shares) with a nominal value of EUR 0.29 per share. The issue price of all New Shares is EUR 95,000,000, of which EUR 1,015,000 is the nominal value of all New Shares and EUR 93,985,000 is the share premium (the amount above the nominal value of New Shares) of all New Shares.”	Annex 2

Other information

Share capital and voting rights

The Group's share capital is EUR 1,616,445,476.80, divided into 72,388,960 ordinary registered shares with a nominal value of EUR 22.33 per share. Each share carries one vote.

Agenda

The agenda of the EGM of the Group may be supplemented on the initiative of shareholders whose shares held in the Group carry at least 1/20 of all votes at the EGM of the Group. The proposal to supplement the agenda of the respective EGM shall be accompanied by draft resolutions or, where no resolutions have to be passed, by explanations on each proposed agenda item of the EGM. The agenda shall be supplemented if the proposal is received no later than 14 days before the respective EGM.

Shareholders whose shares held in the Group carry at least 1/20 of all votes at the EGM shall have the right to propose, at any time before or during the EGM of the Group, new draft resolutions on issues that are included or will be included in the agendas of the EGM of the Group. Proposals on the supplementation of the respective agenda or relevant draft resolutions shall be submitted in writing to the Group, Laisvės Ave. 10, Vilnius, or by e-mail IR@ignitis.lt.

Record date of attendance and voting rights

Shareholders holding shares in the Group on the fifth business day before the date of the EGM (record date) are entitled to attend and vote at the EGM.

The date of registration (or record date) is 14 September 2023. At the end of the date of registration, the shareholding and voting rights are determined based on the ownership recorded in the shareholders' register. Furthermore, attendance at the EGM is at the discretion of the shareholder.

Voting

A shareholder or his authorised representative who is unable to attend the EGM may vote in writing in advance (by filling in and submitting the general ballot paper).

Obtaining a general ballot paper

- It may be downloaded from the Group's website: <https://ignitisgrupe.lt/en/gm>
- Upon a written request, the Group shall send a general ballot paper by registered mail or deliver it to the shareholder with a signed acknowledgement of receipt at least 10 days prior (or by 11 September 2023) to the EGM

Ways of submitting a general ballot paper

- A general ballot paper, completed and signed by qualified electronic signature, shall be submitted by emailing IR@ignitis.lt
- *or*
- A general ballot paper, completed and signed by qualified electronic signature, shall be submitted to the Group by registered mail or delivered to AB "Ignitis grupė", Laisvės Ave. 10, Vilnius, LT-04215, Lithuania, attn. Ainė Riffel-Grinkevičienė, no later than before the EGM, i.e., no later than 21 September 2023, 12.45 pm.

Important: if the general ballot paper is signed by an authorised person, a document confirming the right to vote must be submitted as well.

- Detailed instructions on signing and submitting the general ballot paper to the Group are also available on the Group's website: <https://ignitisgrupe.lt/en/gm>

The Group shall reserve the right not to include the advance vote of a shareholder or his/her authorised representative, if the submitted general ballot papers do not conform to the provisions of Article 30(3) and (4) of the Law on Companies of the Republic of Lithuania or they are received after the end of the deadline or filled in such a manner that it is impossible to establish the true will of the shareholder on a separate issue.

Voting under the power of attorney

Persons shall have the right to vote under the power of attorney in the EGM. A power of attorney shall state in a written document that one person (the principal) grants to another person (the authorised representative) the right to represent the principal in establishing and maintaining relations with the third party. An authorisation to perform actions on behalf of a natural person in relation to legal entities must be notarised, except in cases provided by law where a different form of power of attorney is permitted. A power of attorney issued abroad must be translated into Lithuanian and legalised in accordance with the procedure established by law. The Group does not establish a special form of power of attorney. Authorised representatives must hold the power of attorney as provided by law, which must be submitted before the EGM. The authorised representative shall enjoy the same rights in the convened EGM as his/her represented shareholder would.

Shareholders entitled to attend the EGM shall have the right to authorise a natural person or a legal entity by using electronic means of communication to attend and vote on their behalf at the EGM. Such authorisation does not need to be notarised. The Group shall acknowledge authorisation granted by electronic means of communication only if the shareholder signs it by electronic signature generated by safe software and certified by a qualified certificate applicable in the Republic of Lithuania, i.e., if the security of the conveyed information is ensured and the identity of the shareholder can be established. The shareholder must notify the Group in writing about the authorisation granted by electronic means of communication by sending the authorisation by e-mail to IR@ignitis.lt no later than before the EGM.

Questions

Any shareholder of the Group may present questions related to the agenda of the EGM of the Group. Such questions must be submitted by e-mail to IR@ignitis.lt or delivered to the Group, Laisvės Ave. 10, Vilnius, Lithuania, attn. Ainė Riffel-Grinkevičienė no later than 3 working days (or by 18 September 2023 inclusive) before the EGM. After receiving the questions, the answers will be provided to the Group's shareholders in accordance with the procedure established by the Law on Companies of the Republic of Lithuania, i.e., at the same time for all shareholders of the Group prior to the EGM in the form of questions and answers on the website of the Group at <https://ignitisgrupe.lt/en/gm>.

Webcast

The EGM will not be webcasted.

Language

The EGM will be held in Lithuanian with simultaneous interpretation into English.

Available information

All statutory information related to the convened EGM and annexes to items on the agenda of the meeting will be available on the website of the Group at <https://ignitisgrupe.lt/en/gm> and in other information sources based on the procedures established by law.

Other information

The Group CEO, the Group CFO, members of the Management Board, members of the Supervisory Board, heads of the administration and other competent persons related to the Company who can provide information in relation to the agenda of the General Meeting of Shareholders are entitled to attend and speak at the EGM.

Electronic means of communication shall not be used for participation and voting at the EGM.

Annex 1. Regarding the allocation of dividends to the shareholders of AB “Ignitis grupė” for a period shorter than the financial year ended 30 June 2023

The Group’s Dividend Policy (hereinafter – the Dividend Policy), which was approved by the Group’s Management Board on 3 September 2020, is based on the initial fixed amount of EUR 85 million allocated for the financial year 2020, with a minimum increase of 3% for each subsequent financial year.

In accordance with the Dividend Policy, the Group paid EUR 85 million in dividends to the Group’s shareholders for the financial year 2020, EUR 87.6 million in dividends for the year 2021, and EUR 90.3 million for the year 2022. Under the Dividend Policy, the Group should pay at least EUR 93.1 million in dividends or a dividend of EUR 1.286 per ordinary registered share for the financial year 2023.

After receiving an application from the Ministry of Finance of the Republic of Lithuania (the Majority Shareholder) on 9 August 2023 with a proposal to allocate dividends for the first half of 2023, the Group proposes to allocate half of the dividend which could be paid under the Dividend Policy for the financial year 2023, i.e. EUR 46,546,101.28 in total or a dividend of EUR 0.643 per ordinary registered share for the six-month period ended 30 June 2023.

In accordance with Article 69(5)(1) of the Law on Audit of Financial Statements of the Republic of Lithuania, an audit committee has a duty to inform the manager or supervisory body of an audited entity about the results of the audit of financial statements and explain how this audit has contributed to the credibility of the financial statements and what role has been performed therein by the audit committee. Accordingly, the Audit Committee made a decision before the Extraordinary General Meeting of Shareholders of the Group, in which it stated that it was not aware of anything significant that would suggest that these financial statements could not be submitted to the bodies of the Group for further acknowledgement and approval.

According to Article 19.10 of the Articles of Association of the Group, the General Meeting of Shareholders makes a decision regarding the allocation of dividends for a period shorter than the financial year. Article 32(1)(8) of the Law on Companies of the Republic of Lithuania and Article 31.5 of the Articles of Association of the Group provide that the Supervisory Board of the Group submits its comments and proposals to the General Meeting of Shareholders regarding the allocation of dividends for a period shorter than the financial year, the set of interim financial statements and the interim report prepared for the purpose of making a decision. Accordingly, the Supervisory Board made the respective decisions before the Extraordinary General Meeting of Shareholders of the Group.

Annex 2. Regarding agreement to increase of the share capital of UAB “Ignitis”, a subsidiary of AB “Ignitis grupė”

On 25 May 2023, UAB “Ignitis”, which is a subsidiary of the Group, assessed that the share capital of UAB “Ignitis” became negative and as a result no longer complied with the requirement which is set out in the Law on Companies of the Republic of Lithuania (hereinafter – the Law on Companies) that the equity of a company may not fall below 1/2 of the amount of the share capital referred to in the articles of association (Article 38(3) of the Law on Companies). Article 11 of the Articles of Association of UAB “Ignitis” specifies that the share capital of UAB “Ignitis” is EUR 40,140,000.26.

At the date of the financial statements on 31 July 2023, the equity of UAB “Ignitis” was EUR -57,759,000. The equity of UAB “Ignitis” has become negative due to the use of the hedging reserve – a temporary accounting effect which is related to fixing future electricity and natural gas purchase prices and which will be offset in the future against revenue from existing contracts with customers.

UAB “Ignitis”, which is a subsidiary of the Group, has no additional need for funds, and the increase of the share capital is a technical action. The funds allocated to increase the share capital will immediately return to AB “Ignitis grupė”, reducing the debt of UAB “Ignitis” to the Group. The need for this proposal results from the requirement which is set out in the Law on Companies of the Republic of Lithuania and the Law on Electricity of the Republic of Lithuania that the equity of a subsidiary may not fall below 1/2 of the amount of the share capital referred to in the articles of association. At the date of the financial statements on 31 July 2023, the equity of UAB “Ignitis” was EUR -57,759,000.

Such equity of the subsidiary was mainly due to a temporary effect caused by accounting standards. To secure the cost price for the purchase of natural gas and electricity, UAB “Ignitis” uses hedging instruments which have already been accounted for while the hedged quantities of natural gas and electricity have not yet been supplied and accounted for. Once these quantities of natural gas and electricity are supplied and accounted for, a negative effect on equity will be reversed. Most of this temporary negative effect is expected to be reversed by the end of 2023.

Considering the above, in order to remedy the existing situation, on 6 September 2023, the Group, which is the sole shareholder of UAB “Ignitis”, adopted a decision to increase the share capital of UAB “Ignitis” from EUR 40,140,000.26 to EUR 41,155,000.26 with a cash contribution from the Group, the sole shareholder, by issuing 3,500,000 ordinary registered shares (hereinafter – New Shares) with a nominal value of EUR 0.29 per share. The issue price of all New Shares is EUR 95,000,000, of which EUR 1,015,000 is the nominal value of all New Shares and EUR 93,985,000 is the share premium (the amount above the nominal value of New Shares) of all New Shares. Following the registration of New Shares in the Register of Legal Entities, the share capital of UAB “Ignitis” would be equal to EUR 41,155,000.26 and would be divided into 141,913,794 ordinary registered shares with a nominal value of EUR 0.29 per share.

In the light of the above, it is proposed that the General Meeting of Shareholders of the Group agrees to increase of the share capital of UAB “Ignitis” from EUR 40,140,000.26 to EUR 41,155,000.26 with a cash contribution from the Group, the sole shareholder, by issuing 3,500,000 ordinary registered shares (hereinafter – New Shares) with a nominal value of EUR 0.29 per share. The issue price of all New Shares is EUR 95,000,000, of which EUR 1,015,000 is the nominal value of all New Shares and EUR 93,985,000 is the share premium (the amount above the nominal value of New Shares) of all New Shares.

Information provided in this announcement does not change the Company’s group of companies’ Adjusted EBITDA guidance.