Investor presentation: 6M 2023 results

22 August 2023

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Agenda

Darius Maikštėnas, CEO

Jonas Rimavičius, CFO

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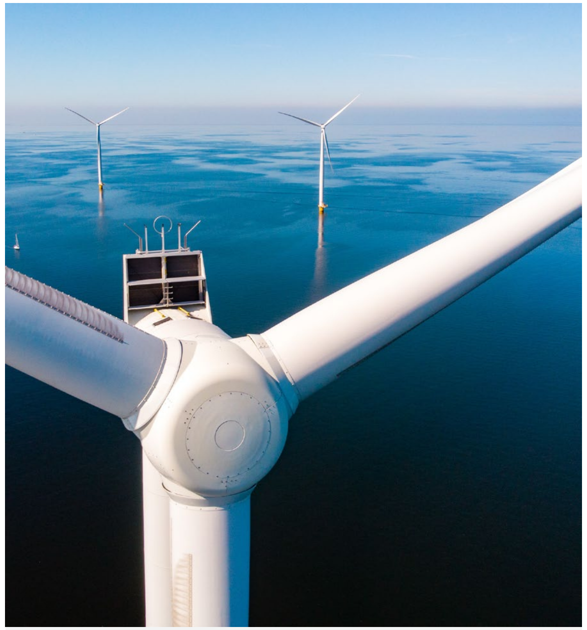
Highlights 6M 2023

Highlights 6M 2023



Strong strategic performance with significant progress in offshore wind

Continued leadership in sustainability – upgraded Sustainalytics ESG risk rating

YoY Adjusted EBITDA growth +22.8%, continued dividend commitment, and reiterated 2023 guidance

Strong strategic performance with significant progress in offshore wind

Important milestones achieved across Green Generation Portfolio

OFFSHORE WIND

Winners in Lithuania. The Group together with partners Ocean Winds are the provisional winners of the 700 MW Lithuanian offshore wind tender.

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

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

ONSHORE WIND

+63 MW installed capacity in Lithuania. Mažeikiai WF (63 MW) has reached COD.

Up to 300MW acquired in Lithuania. Kelmė WF I & II (<300 MW) onshore wind projects in Lithuania has been acquired.

SOLAR

Up to +590 MW of secured grid connections in Lithuania and Latvia.

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

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

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

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

HYDRO

FID for +110 MW hydro pumped storage. Kruonis PSHP (110 MW) expansion project reached the construction phase.

BIOMASS & WTE

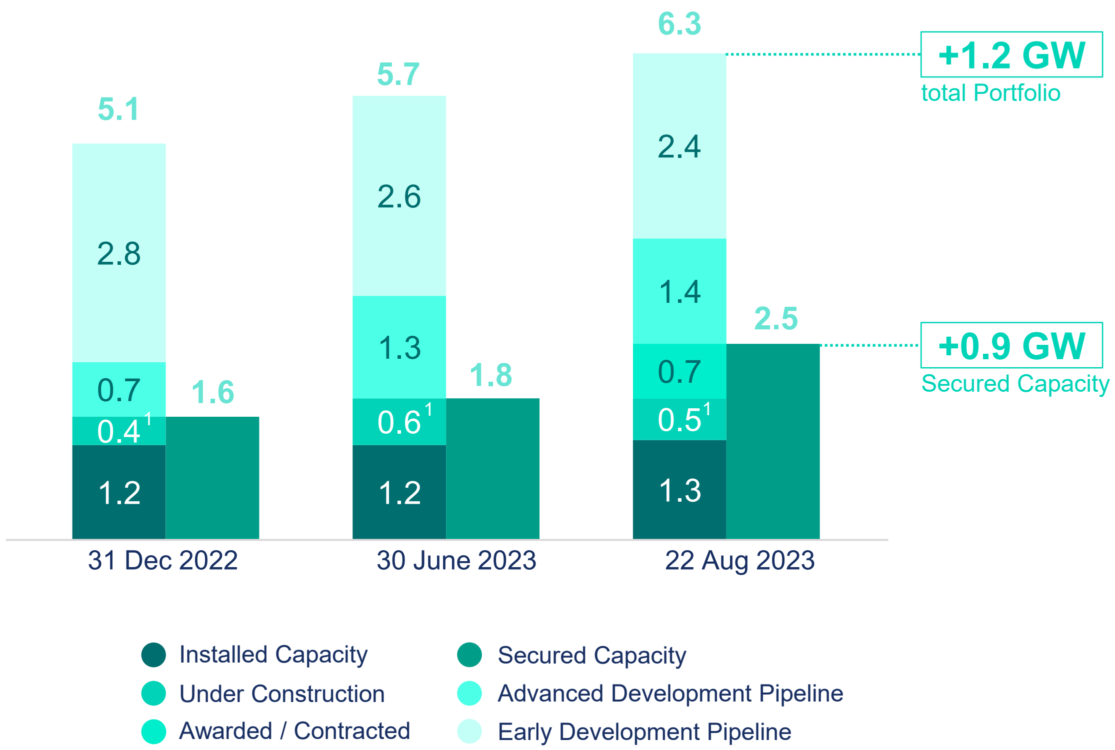
Hot tests in Vilnius CHP. Hot tests in Vilnius CHP biomass unit (73 MWe, 169 MWth) have begun.

Strong strategic performance with significant progress in offshore wind

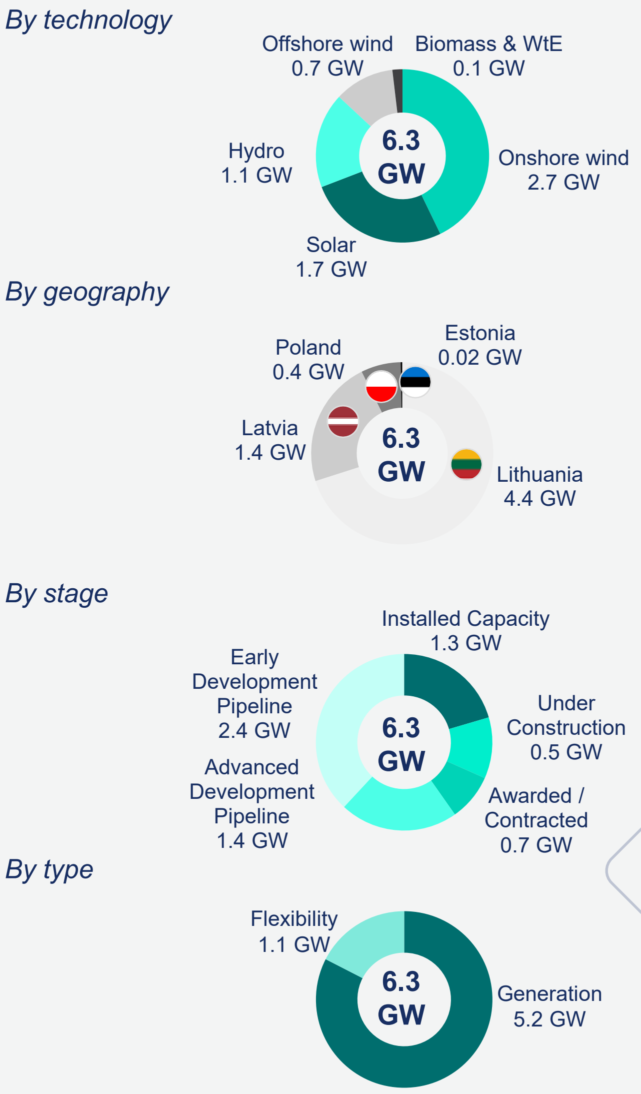
Accelerated increase in Green Generation

Green Generation Portfolio

GW



Green Generation Portfolio split



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

Strong strategic performance

Across all segments

Networks

WACC methodology update, resulting in around 1 pp increase.

Exceeded 500 thousand of smart meters installed.

Submitted a new 10-year investment plan to the regulator (2.5 EURbn vs previous 1.9 EURbn).

Reserve Capacities

TSOs of the Baltic countries agreed to synchronize the electricity networks with Western Europe in February 2025.

Customers & Solutions

Will invest of up to 115 EURm over 3-5 years to develop EV charging network in the Baltics.

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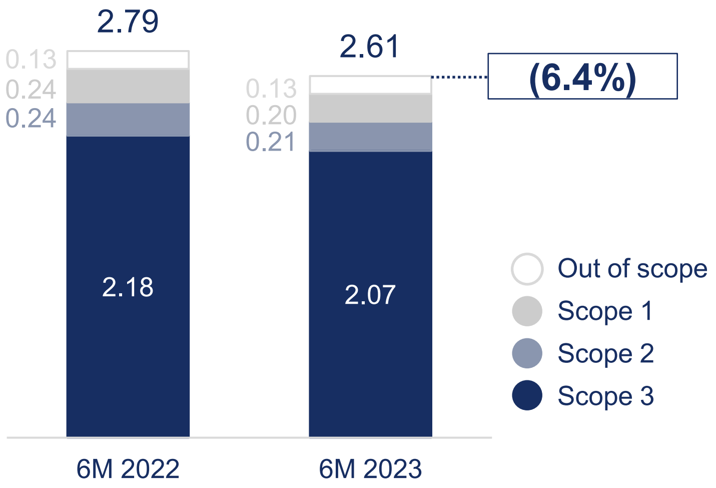
Continued leadership in sustainability

Upgraded Sustainalytics ESG risk rating

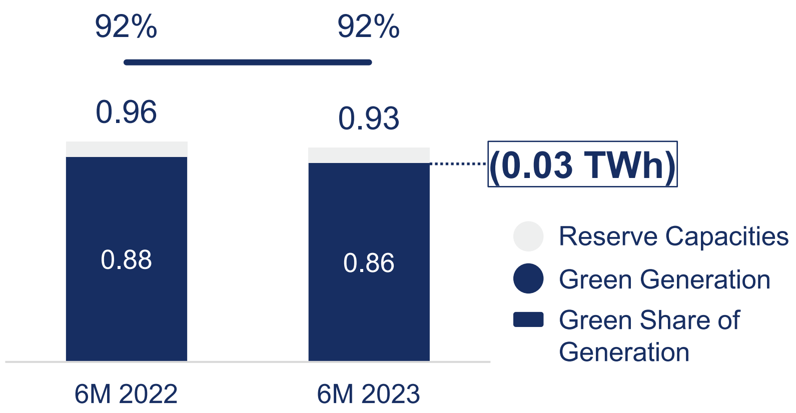
GHG emissions[1]

million t CO_2 -eq



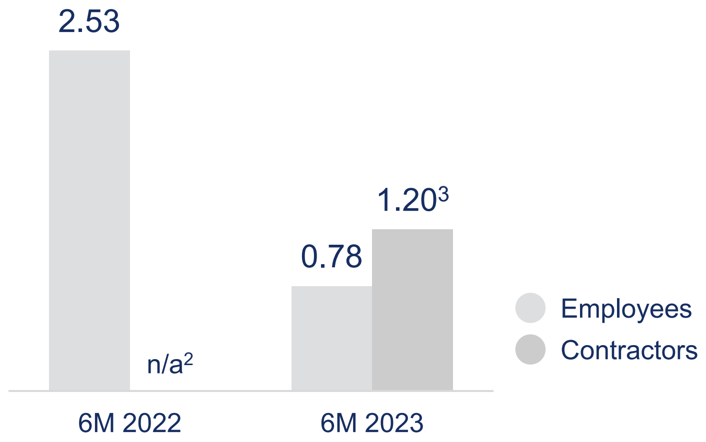
Electricity Generated (net), Green Share of Generation

TWh, %



Safety

TRIR



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	19.9 (low risk)	'AA' (leader)	'A-' (Leadership)	78 (Platinum)	'C' (medium)
Rank compared to utility peers	Top 12%	Top 39%[4]	Top 28%[5]	Top 3%[6]	6th decile

1. GHG emissions for 6M 2022 were recalculated following data revisions. GHG emissions for 6M 2023 are preliminary.
2. The comparative information for 6M 2022 is not available as we started measuring contractors' TRIR in June 2022.
3. TRIR contractors include contracts above 0.5 EURm/year.
4. MSCI utilities rank and average based on utilities included in the MSCI ACWI index
5. Leadership level in Energy utility networks.
6. In electricity, gas, steam and air conditioning supply industry. Assessment of the Group's subsidiary UAB "Ignitis" (Customers & Solutions).

Financial highlights

Highlights 6M 2023

- **Adjusted EBITDA increase** driven by Customers & Solutions and Reserve Capacities segments.
- **Adjusted Net Profit** and **Adjusted ROCE LTM growth** in line with Adjusted EBITDA.
- **Investments more than doubled** due to the investments made in Green Generation and Networks.
- **Strong leverage metrics** driven by decrease in Net Working Capital.
- **Dividends in line with the policy.**

KPIs[1], EURm	6M 2023	6M 2022	Δ
Adjusted EBITDA	253.5	206.5	*22.8%*
Adjusted Net Profit	150.1	107.9	*39.1%*
Adjusted ROCE LTM	11.3%	9.1%	*2.2 pp*
Investments[2]	402.6	179.5	*124.3%*
FCF[3]	50.2	(249.9)	*+300.1*
DPS[4]	0.643	0.624	*3.0%*

	30 Jun 2023	31 Dec 2022	Δ, %
Net Working Capital	191.0	443.3	*(56.9%)*
Net Debt	966.7	986.9	*(2.0%)*
Net Debt/Adjusted EBITDA LTM	1.87	2.10	*(11.0%)*
FFO LTM/Net Debt	48.0%	49.1%	*(1.1 pp)*

1. All KPIs are Alternative Performance Measures (APMs).
2. The Investments formula has been adjusted retrospectively from the beginning of 2022. For more see our First six months 2023 Interim report.
3. Due to changes in IAS, a part of financial indicators were recalculated retrospectively for the year 2021. Due to the adjustment, the LTM indicator for the year 2022 was recalculated retrospectively.
4. A dividend of EUR 0.643 per share (46.5 EURm dividends in total) for 6M 2023 is subject to the decision of the EGM to be held on 21 September 2023.

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Adjusted EBITDA

Growth driven by Customers & Solutions and Reserve Capacities segments

Adjusted EBITDA APM

EURm

Development across business segments

+26.4 EURm *n/a*		Better results of natural gas B2B activities, however electricity B2C activities continued to be loss-making.
+24.0 EURm *+292.7%*		Utilised an option to earn additional return in the market on top of the regulated return by fixing positive forward Clean Spark spread.
+6.1 EURm *+7.4%*		Growth driven by higher RAB.
(10.3) EURm *(8.6%)*		Less favourable spread between peak and off-peak prices for hydro assets and lower captured electricity prices for wind assets.

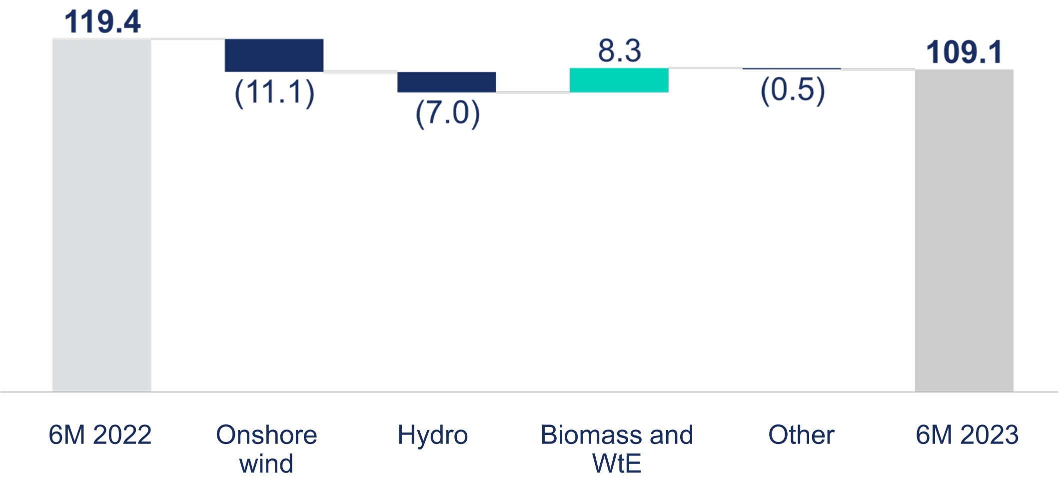
1. Other – other activities and eliminations (consolidation adjustments and related party transactions).

Green Generation

Remains the largest contributor to the Group‘s Adjusted EBITDA

Adjusted EBITDA development APM

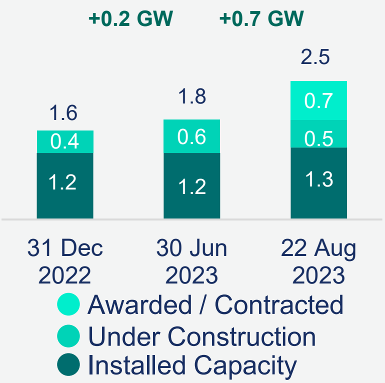
EURm



- **Wind farms:** decrease mainly due to lower volumes generated and lower captured electricity prices, mainly Pomerania WF.
- **Hydro:** decrease driven by less favourable spread between peak and off-peak prices as well as lower volume generated.
- **Biomass and WtE:** increase mainly due to growth in captured electricity and heat prices and higher electricity volume generated.

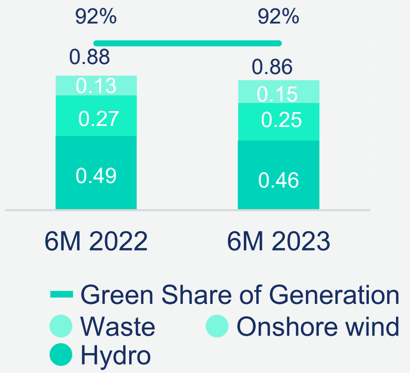
Secured Capacity

MW



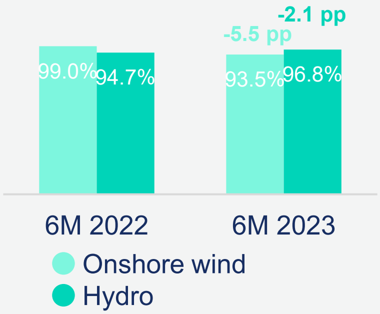
Green Electricity Generated (net), Green Share of Generation

TWh, %



Availability factor

%



Load factor

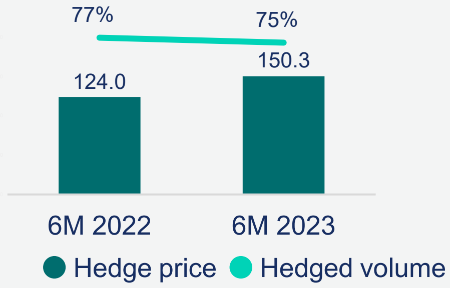
%

Market electricity price

EUR/MWh

Hedge price, hedged volume

EUR/MWh, %



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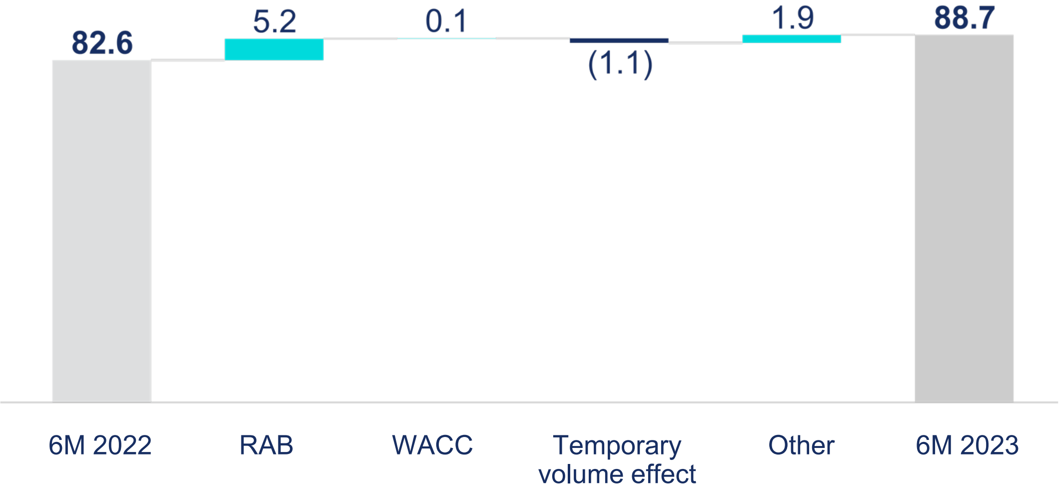
Networks

Better results driven by higher RAB

Adjusted EBITDA development APM

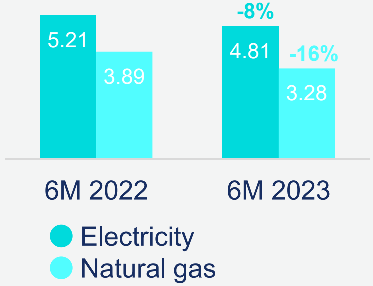
EURm



- **RAB:** electricity distribution RAB increased from EUR 1,097 million in 2022 to EUR 1,183 million in 2023.
- **WACC:** Electricity WACC increased from 4.16% in 2022 to 4.17% in 2023.
- **Temporary volume effect:** result was partly offset due to lower share of allowed return and D&A recognized in 6M 2023 vs 6M 2022 due to temporary volume effect. This effect will level off over the course of the year.

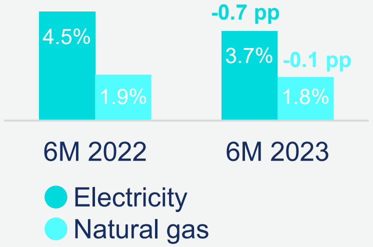
Distribution volumes

TWh



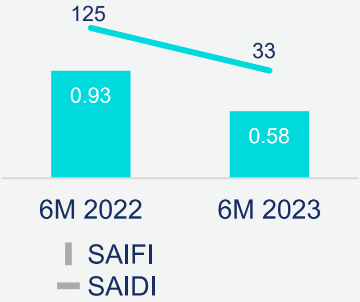
Technological losses

%



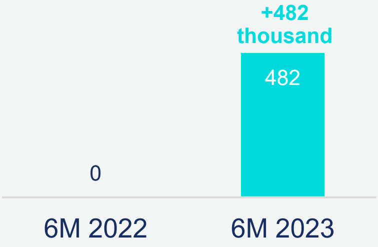
SAIFI, SAIDI (electricity)

Units, minutes



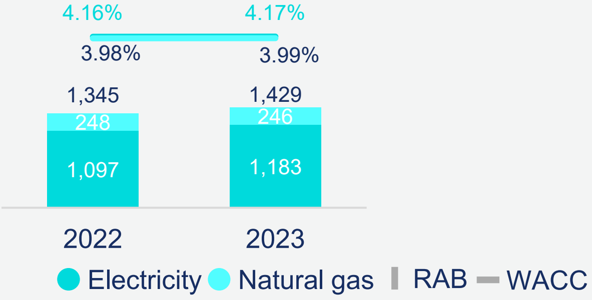
Number of smart meters installed

Thousand



RAB[1], WACC

EURm, %



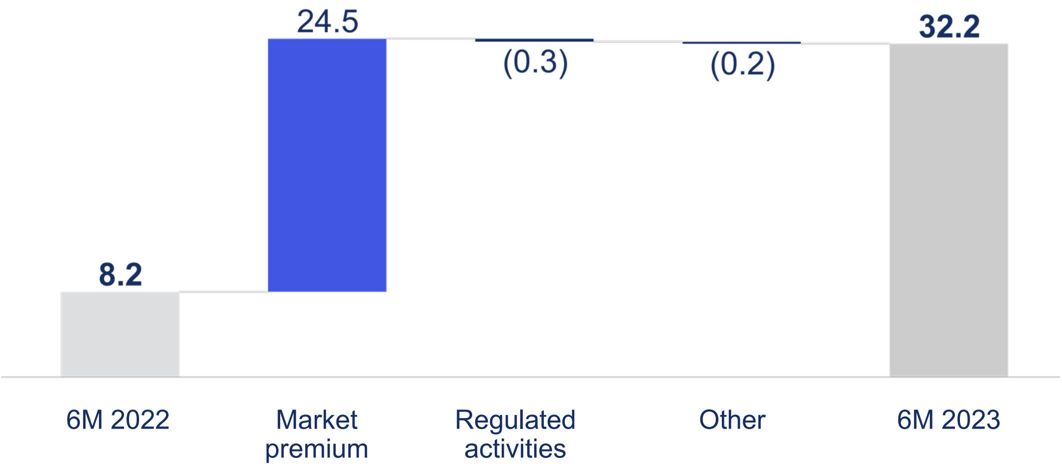
1. Numbers approved and published by the regulator (NERC).

Reserve Capacities

Utilised an option to earn additional return in the market on top of the regulated return by fixing positive forward Clean Spark spread

Adjusted EBITDA development APM

EURm



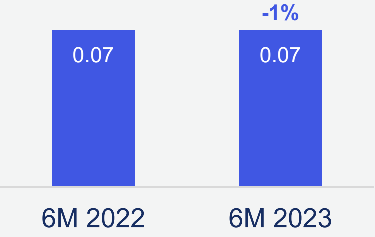
– **Market premium:** utilised an option to earn additional return in the market on top of the regulated return by fixing positive forward Clean Spark spread (fixed in Q4 2022, realized in Q1 2023). Due to changes in actual electricity and natural gas market prices, the transaction was mainly closed without physical delivery.

Capacity of services provided

MW

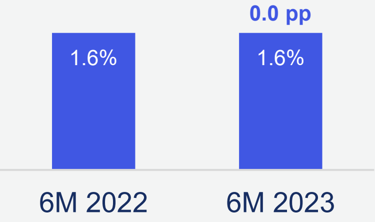
Electricity Generated (net)

TWh



Load factor

%

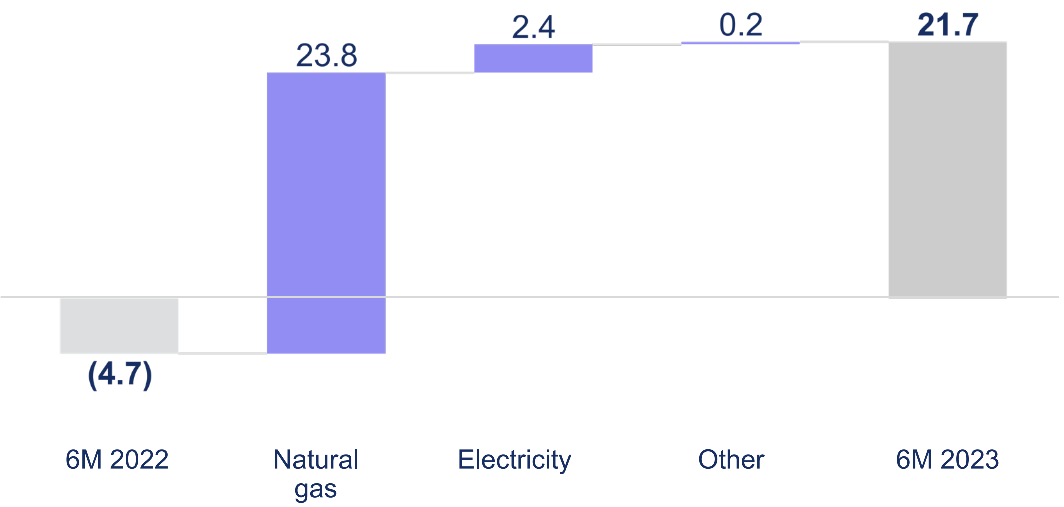


Customers & Solutions

Result driven by better B2B natural gas performance

Adjusted EBITDA development APM

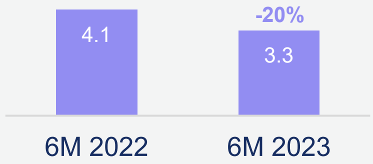
EURm



- **Natural gas:** increase driven by better results from B2B activities.
- **Electricity:** increase driven by B2B mainly due to reduced negative effect from proxy hedge. Partly offset by electricity B2C activities which continued to be loss-making.

Electricity retail sales

TWh

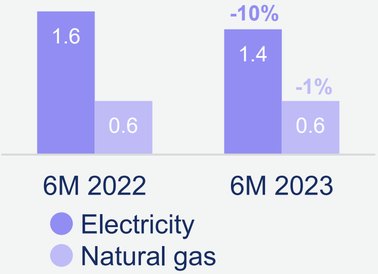


Natural gas sales

TWh

Number of customers

Million



EV charging points

Units

Investments

More than doubled due to investments made in Green Generation and Networks

Investments APM
EURm

Key drivers

+165.3 EURm
+240.6%

Investments were mostly directed towards new wind farm projects, mainly to Silesia WF I and II, acquisition of Kelmė WF I and II and Moray West offshore WF, also Vilnius CHP's biomass unit and Kruonis PSHP expansion project.

+58.0 EURm
+55.8%

Higher Investments in electricity distribution network expansion (+44.5 EURm), caused by higher contractor fees (on average +67% per client) and higher number of new connections (+108.7%), and smart meter roll-out (+16.9 EURm).

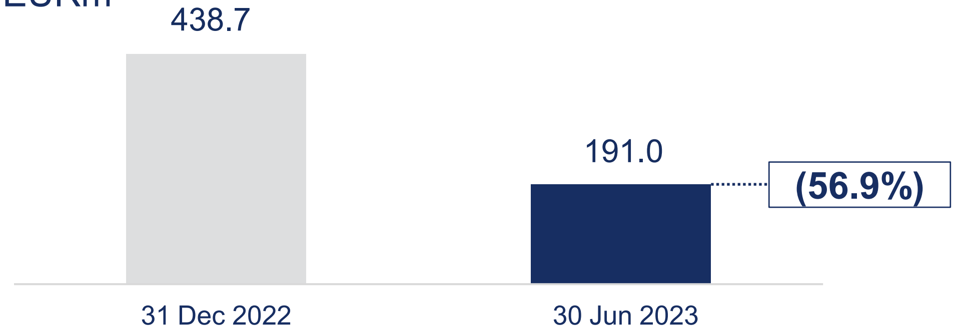
1. The Investments formula has been adjusted retrospectively from the beginning of 2022 by including prepayments for non-current assets. Such presentation shows the amount of Investments made during the year more accurately as the amount of advance payments grew significantly along with the increase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

Net Working Capital and Free cash flow

Lower NWC mainly driven by lower level of inventory and energy prices

Net Working Capital APM

EURm



Decrease in:

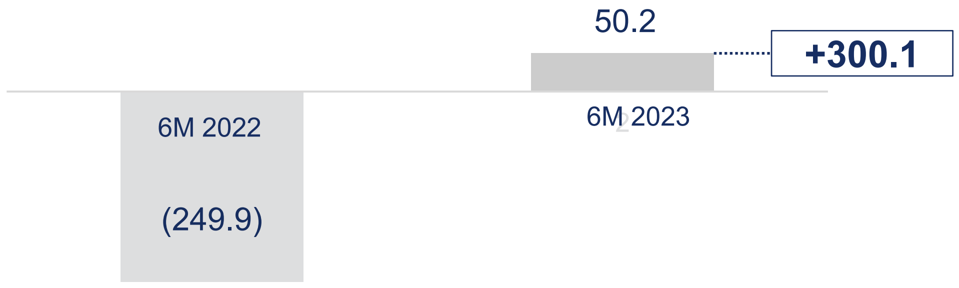
- inventory (-296.0 EURm), mainly natural gas for Customers & Solutions segment;
- trade receivables (-219.6 EURm) due to lower energy prices and volumes sold.

Partly offset by:

- lower trade payables (+134.1 EURm) and VAT payables (+107.3 EURm) due to lower energy prices and volumes.

FCF[1] APM

EURm



Main effects impacting FCF in 6M 2023 were:

- Adjusted EBITDA (253.5 EURm);
- Net Working Capital change (+252.3 EURm);
- Investments (excl. grants and investments covered by customers) (360.8 EURm).

Substantially negative FCF in 6M 2022 was mostly related to significant increase in NWC (+326.1 EURm).

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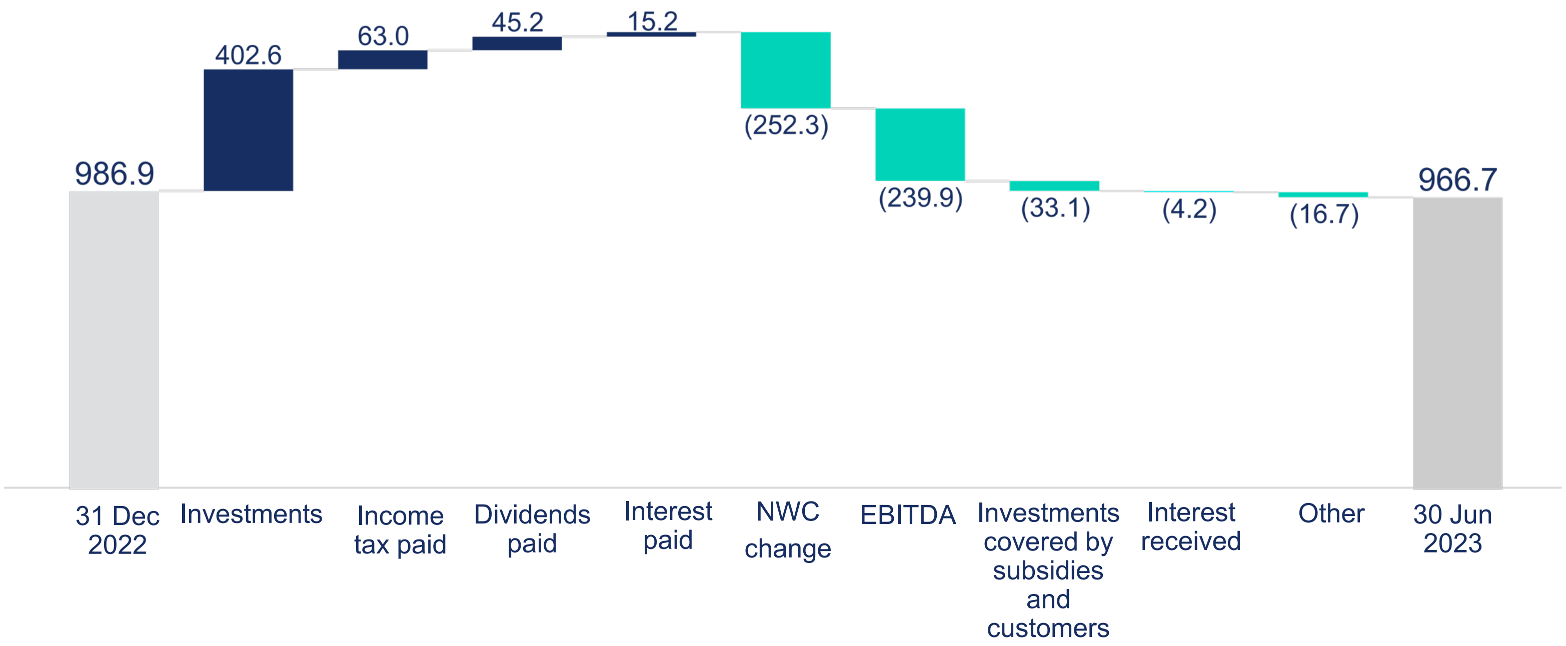
1. The Investments formula has been retrospectively from the beginning of 2022 by including prepayments for non-current assets. Such presentation shows the amount of Investments made during the adjusted year more accurately as the amount of advance payments grew significantly along with the increase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

Leverage metrics

Strong leverage metrics driven by positive FCF

Net debt development APM

EURm



Net debt/Adjusted EBIDTA LTM, FFO LTM/Net Debt

Times, %

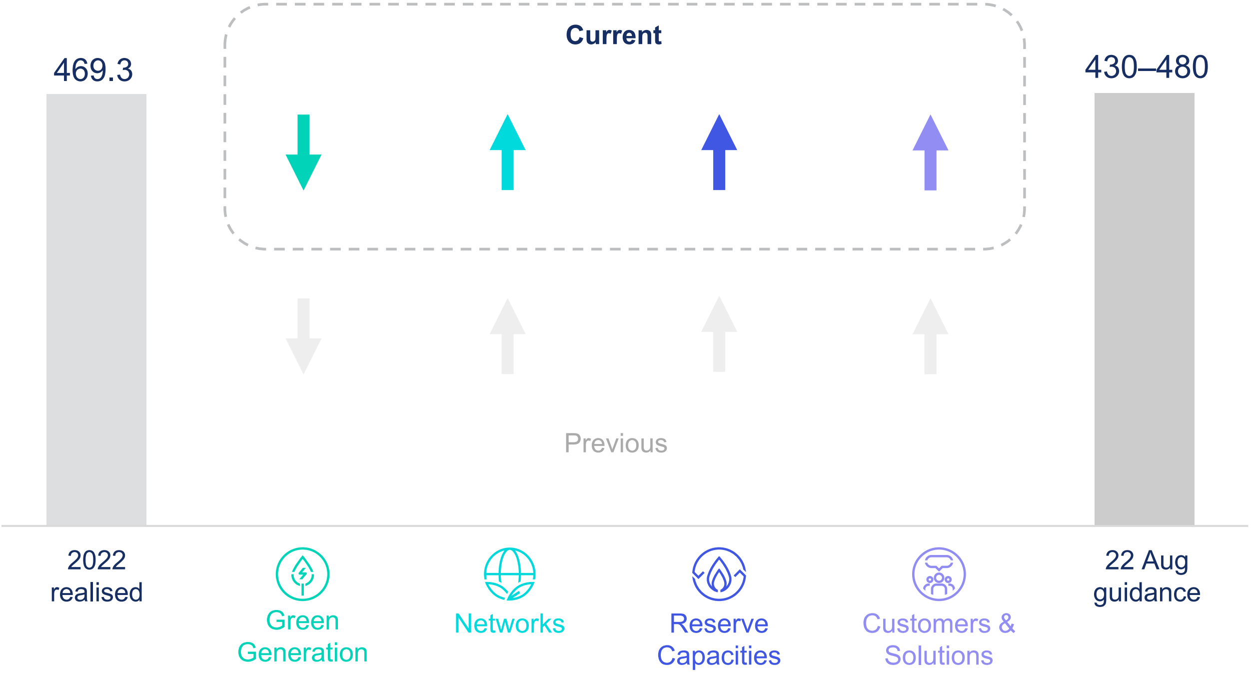
- Lower Net Debt (-20.2 EURm) mainly due to positive FCF (+50.2 EURm) and partly offset by dividends paid (-45.2 EURm).
- FFO LTM (-18.8 EURm) mainly due to higher income tax paid LTM (-47.0 EURm).

Outlook 2023

Guidance 2023

Adjusted EBITDA of 430–480 EURm guidance

Adjusted EBITDA APM EURm



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.

Main drivers *(no changes vs 28 Feb 2023 guidance)*

- Expected lower average electricity price compared to 2022.
- Partly offset by launch of new assets (Mažeikiai WF and Vilnius CHP's biomass unit) and asset rotation programme.

- Continued investments program (higher RAB value).

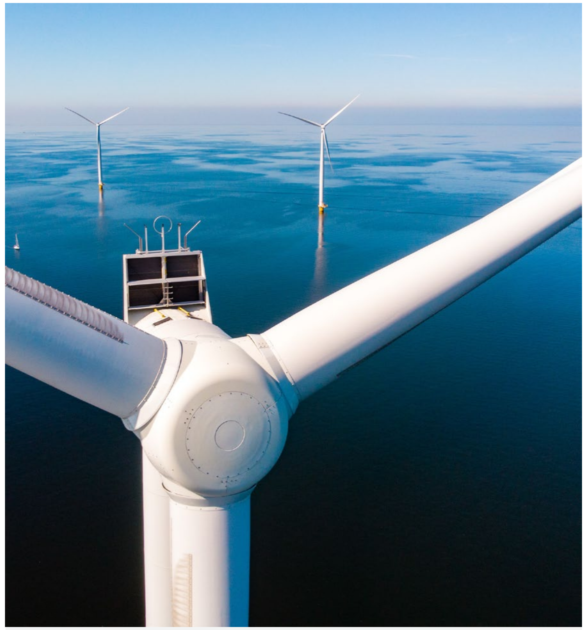
- Utilised an option to earn additional return in the market on top of the regulated return by fixing positive forward Clean Spark spread.

- Improvement of electricity supply results.

Guidance history

28 February 2023	***430–480 EURm***
23 May 2023	***430–480 EURm***
22 August 2023	***430–480 EURm***

Key take aways: 6M 2023 results



Significant progress in offshore wind development, +1.2 GW in Green Generation Portfolio, +0.1 GW in Installed Capacity

Progress on sustainability reflected in upgraded Sustainalytics (from ‘medium‘ to ‘low’) ESG risk rating

+22.8% Adjusted EBITDA growth to 253.5 EURm, full-year guidance of 430–480 EURm reiterated, and proposed DPS of 0.643[1]

1. A dividend of EUR 0.643 per share (46.5 EURm dividends in total) for 6M 2023 is subject to the decision of the EGM to be held on 21 September 2023.

Q&A

Supplementary information

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Balance sheet

EURm	30 Jun 2023	31 Dec 2022	*Δ%*
Assets			
Non-current assets			
Intangible assets	180	148	*21.5%*
Property, plant and equipment	2 972	2 811	*5.7%*
Right-of-use assets	53	49	*9.1%*
Prepayments for non-current assets	210	126	*67.2%*
Investment property	6	6	-
Non-current receivables	68	29	*134.3%*
Other financial assets	78	26	*206.3%*
Other non-current assets	8	25	*(69.0%)*
Deferred tax assets	62	31	*100.0%*
Total non-current assets	**3 637**	**3 249**	***11.9%***
Current assets			
Inventories	274	570	*(51.9%)*
Prepayments and deferred expenses	14	96	*(85.5%)*
Trade receivables	205	424	*(51.7%*
Other receivables	170	155	*9.1%*
Other current assets	19	57	*(67.0%)*
Prepaid income tax	4	0	*844.6%*
Cash and cash equivalents	726	694	*4.6%*
Assets held for sale	1	0	*25.0%*
Total current assets	**1 413**	**2 022**	***(30.1%)***
Total assets	**5 050**	**5 272**	***(4.2%)***

EURm	30 Jun 2023	31 Dec 2022	*Δ%*
Equity and liabilities			
Equity			
Issued capital	1 616	1 616	-
Reserves	227	345	*(34.1%)*
Retained earnings	240	164	*46.0%*
Equity attributable to equity holders of the parent	2 084	2 126	*(2.0%)*
Non-controlling interests	-	-	*N/A*
Total equity	**2 084**	**2 126**	***(2.0%)***
Non-current liabilities			
Non-current loans and bonds	1 515	1 423	*6.4%*
Non-current lease liabilities	49	45	*9.5%*
Grants and subsidies	309	297	*4.2%*
Deferred tax liabilities	65	55	*17.6%*
Provisions	42	18	*139.3%*
Deferred income	219	206	*6.6%*
Other non-current amounts payable and liabilities	17	21	*(17.4%)*
Total non-current liabilities	**2 217**	**2 064**	***7.4%***
Current liabilities			
Loans	125	209	*(40.2%)*
Lease liabilities	3	4	*(5.6%)*
Trade payables	43	177	*(75.7%)*
Advances received	145	62	*136.9%*
Income tax payable	7	53	*(87.1%)*
Provisions	25	38	*(35.3%)*
Deferred income	94	115	*(18.4%)*
Other current liabilities	307	424	*(27.5%)*
Total current liabilities	**749**	**1 082**	***(30.7%)***
Total liabilities	**2 966**	**3 146**	***(5.7%)***
Total equity and liabilities	**5 050**	**5 272**	***(4.2%)***

Income statement and cash flow statement

Income statement

EURm	6M 2023	6M 2022	*Δ%*	Q2 2023	Q2 2022	*Δ%*
Revenue from contracts with customers	1,368	1,730	*(20.9%)*	441	740	*(40.5%)*
Other income	3	3	*0.0%*	1	2	*(12.5%)*
Total revenue and other income	**1,371**	**1,733**	***(20.9%)***	**442**	**742**	***(40.4%)***
Purchases of electricity, gas and other services	(1,003)	(1,368)	*(26.7%*	(325)	(566)	*(42.6%)*
Salaries and related expenses	(65)	(58)	*12.4%*	(35)	(29)	*17.3%*
Repair and maintenance expenses	(21)	(15)	*42.0%*	(13)	(9)	*46.5%*
Other expenses	(42)	(82)	*(48.8%)*	(25)	(18)	*(40.0%)*
Total expenses	**(1,131)**	**(1,522)**	***(22.6%)***	**(398)**	**(622)**	***(36.1%)***
EBITDA	**240**	**211**	***13.4%***	**45**	**120**	***(62.8%)***
Depreciation and amortisation	(73)	(68)	*8.2%*	(36)	(34)	*5.3%*
Write(offs, revaluation and impairment losses of property, plant and equipment and intangible assets	(2)	(2)	*2.8%*	(1)	(1)	*(50.0%)*
Operating profit (loss) (EBIT)	**165**	**142**	***16.1%***	**8**	**85**	***(90.3%)***
Finance income	28	4	*705.1%*	26	1	*5020.0%*
Finance expenses	(19)	(16)	*18.9%*	(8)	(8)	*(4.9%)*
Finance activity, net	**9**	**(13)**	***(172.8%)***	**18**	**(8)**	***(331.2%)***
Profit (loss) before tax	**174**	**129**	***34.4%***	**26**	**77**	***(66.2%)***
Current income tax (expenses)/benefit	(16)	(18)	*(10.8%)*	1	(3)	*(125.9%)*
Deferred tax (expenses)/benefit	(2)	4	*(148.7%)*	2	(6)	*(130.2%)*
Net profit for the period	**156**	**115**	***35.6%***	**29**	**68**	***(57.9%)***

Cash flow statement

EURm	6M 2023	6M 2022	*Δ%*
Cash flows from operating activities			
Net profit for the period	156	115	*35.6%*
Adjustments for non-monetary expenses (income):	7	126	*(94.7%)*
Elimination of results of investing activities:	1	1	*(5.5%)*
Elimination of results of financing activities:	12	15	*(22.1%)*
Changes in working capital:	399	(203)	*(296.9%)*
Income tax paid	(63)	(16)	*293.4%*
Net cash flows from operating activities	**512**	**40**	***1212.8%***
Cash flows from investing activities			
Acquisition of property, plant and equipment and intangible assets	(327)	(163)	*100.5%*
Proceeds from sale of property, plant and equipment and intangible assets	2	1	*147.5%*
Loans granted	(23)	(5)	*352.5%*
Acquisition of a subsidiary, net of cash acquired	(2)	0	*n/a*
Grants received	19	10	*82.6%*
Interest received	4	0	*1423.1%*
Finance lease payments received	1	1	*(29.9%)*
Investments in Innovation Fund	(0)	(2)	*(80.4%)*
Net cash flows from investing activities	**(328)**	**(158)**	***107.7%***
Cash flows from financing activities			
Loans received	262	73	*258.9%*
Repayments of loans	(163)	(6)	*2503.5%*
Lease payments	(4)	(3)	*21.1%*
Interest paid	(15)	(10)	*49.9%*
Dividends paid	(60)	(44)	*35.7%*
Overdrafts net change	(173)	20	*(969.3%)*
Other increases/(decreases) in cash flows from financing activities	(1)	0	*n/a*
Net cash flows from financing activities	**(153)**	**15**	***(1068.4%)***
Increase/(decrease) in cash and cash eq. (incl. overdraft)	**32**	**(103)**	***(130.8%)***
Cash and cash eq. (incl. overdraft) at the beginning of the year	**694**	**449**	***54.6%***
Cash and cash eq. (incl. overdraft) at the end of the period	**726**	**346**	***109.7%***

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Networks regulated WACC

Parameter	Electricity 2023	Electricity 2024	Natural gas 2023	Natural gas 2024	Methodology: Former	Methodology: Updated
(1) Risk-free rate	1.42%	2.86%	2.32%	2.86%	1. Set for a 5-year period. 2. Calculation: the average Lithuanian government bond yield at issue of the last 10 years with a maturity of 9.5-10 years.	1. Set annually. 2. Calculation: the average Lithuanian government bond yield at issue of the last 12 months with a maturity of 9.5-10 years[1].
(2) Equity risk premium	5.00%	5.00%	4.43%	5.00%	Fixed at 5.0%.	Fixed at 5.0%.
(3) Levered beta	0.779	0.769	0.720	0.761	1. Set for a 5-year period. 2. Calculation: 2.1. unlevered beta is equal to sector average beta based on data published by the Council of European Energy Regulators (CEER)[2]. 2.2 levered beta is determined by applying a 50/50 D/E ratio and a 15% income tax rate.	1. Set annually. 2. Calculation: 2.1. unlevered beta is equal to sector average beta based on data published by the Council of European Energy Regulators (CEER)[2]. 2.2 levered beta is determined by applying a 50/50 D/E ratio and a 15% income tax rate.
(4) Corporate income tax	15%	15%	15%	15%	Corporate income tax rate in Lithuania.	Corporate income tax rate in Lithuania.
Cost of equity (pre-tax)	**6,25 %**	**7,89 %**	**6,48 %**	**7,84 %**	-	-
(5) Cost of debt	2.09%	2.30%	2.32%	2.21%	1. Set annually. 2. Calculation: the lower of (1) the effective interest rate on ESO debt or (2) the average of the interest rates on outstanding euro-denominated loans to non-financial corporations/companies with a maturity of more than one year, published by the Bank of Lithuania (hereinafter - BoL average). 3. Additional incentive: if the actual ESO cost of debt is lower than the BoL average, an additional incentive is applied, calculated as the difference between the average cost of debt of the sector and the actual ESO cost of debt. If the difference is positive, it is added to the ESO cost of debt as incentive, if negative, no penalty is applied.	1. Set annually. 2. Calculation: the lower of (1) the effective interest rate on ESO debt or (2) the average of the interest rates on outstanding euro-denominated loans to non-financial corporations/companies with a maturity of more than one year, published by the Bank of Lithuania (hereinafter - BoL average). 3. Additional incentive: if the actual ESO cost of debt is lower than the BoL average, an additional incentive is applied, calculated as the difference between the average cost of debt of the sector[3] and the actual ESO cost of debt. If the difference is positive, it is added to the ESO cost of debt as incentive, if negative, no penalty is applied.
Cost of debt (pre-tax)	**2.09%**	**2.30%**	**2.32%**	**2.21%**	-	-
(6) D/(D+E)	50%	50%	60%	50%	Fixed at 50%.	Fixed at 50%.
WACC (pre-tax)	**4.17%**	**5.09%**	**3.99%**	**5.03%**	-	-

1. If there have been no auctions with such maturity in the last 12 months (until 1 July of the current year), the closest lower duration bonds are used.
2. CEER reports are available here.
3. The cost of debt of the relevant sector does not include loans provided by international financial institutions in which Lithuania is a member and their list is published on the website of the Ministry of Finance of the Republic of Lithuania (e.g., the European Investment Bank, the International Monetary Fund, the Nordic Investment Bank, etc.).

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Networks regulatory framework

1\. The largest network in the Baltics, a natural monopoly for distribution services
>99.5%[1] of the Lithuanian market

Allowed revenue

= **(1) Return on investment (RAB x WACC)** + **(2) Depreciation and amortisation** + **(3) Additional tariff component**

+ **(4) OPEX** + **Technological losses** – **Supply of last resort and reactive power income**

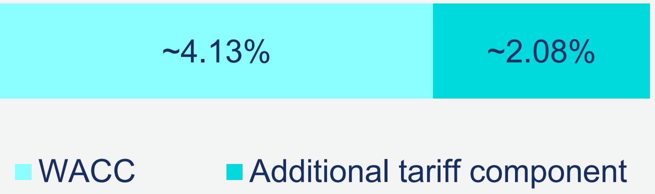
Treated as a pass-through

+ **(5) Temporary regulatory differences**

[**RAB** EUR 1.3 bn[2] X **WACC** 4.13%[2]] + **Additional tariff component** (28 EURm[2] or 2.08%[2])

=

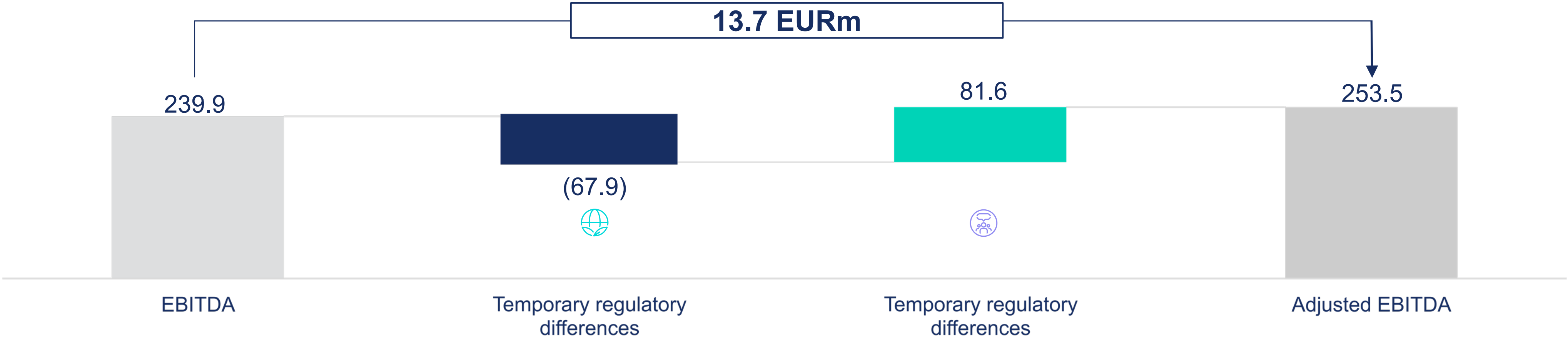
Return on investment: >6%



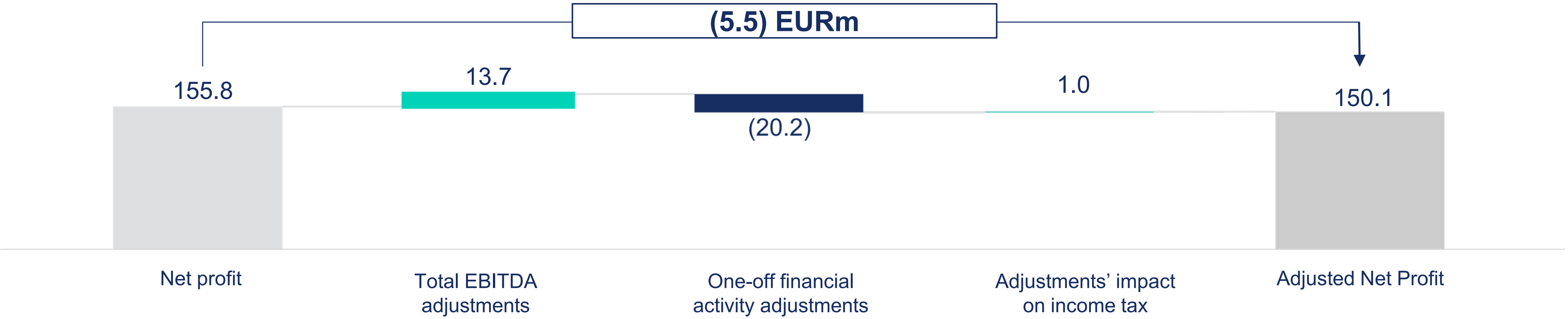
1. In 2020, based on electricity distribution volumes (Source: NERC).
2. For 2022. WACC weighted average (for electricity and natural gas) and additional tariff component calculations are based on RAB for 2022.

Reconciliations

Reconciliation of Adjusted EBITDA
EURm



Reconciliation of Adjusted Net Profit
EURm



EBITDA and Net profit adjustments

EBITDA adjustments
EURm

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

Net profit adjustments
EURm

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

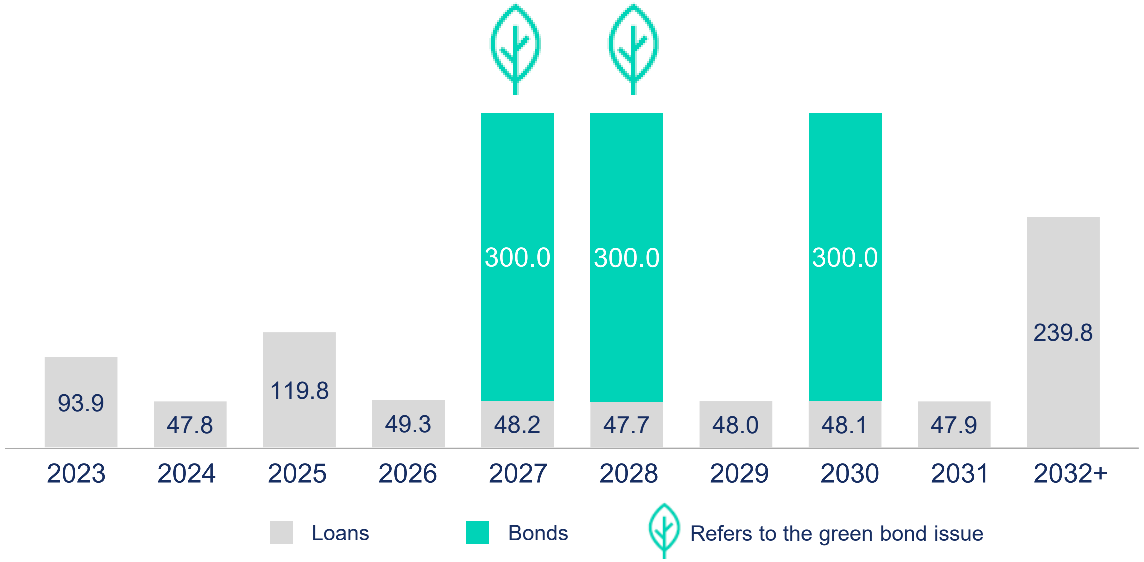
(1) Elimination of the difference between the actual profit earned during the reporting period and the profit allowed by the regulator. The 6M 2023 adjustments include:

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

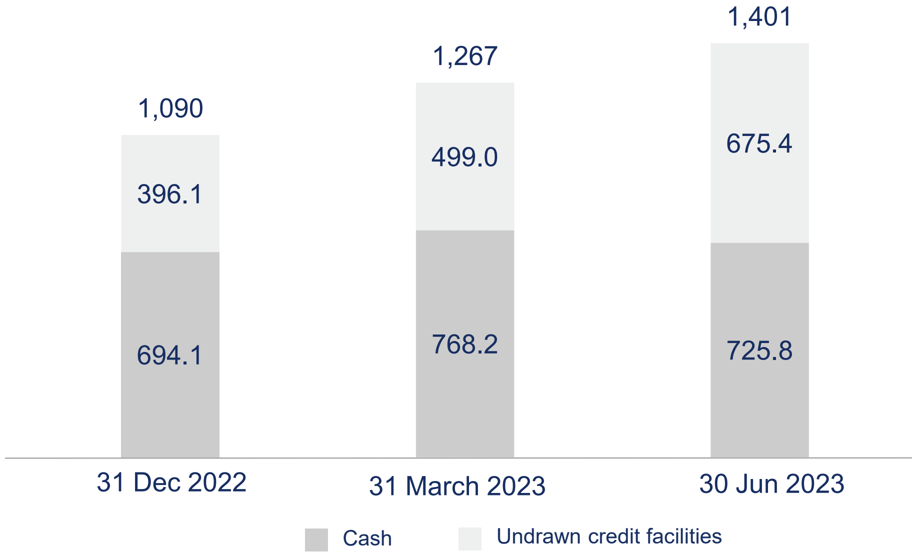
(2) One-off financial activity adjustments include elimination of Smart Energy Fund's investments appreciation (EUR +20.2 million during 6M 2023 and EUR +2.7 million during 6M 2022).
(3) An additional income tax adjustment of 15% (statutory income tax rate in Lithuania) is applied to all of the above net profit adjustments.

Financing

Debt maturity schedule
EURm



Liquidity reserve
EURm



	Outstanding amount as of 30 Jun 2023 (EURm)	Effective interest rate (%)	Average time to maturity (years)	Fixed interest rate	Euro currency
Bonds (incl. interest)	902.9	1.96	5.8	*100.0%*	*100.0%*
Non-current loans	663.2	3.11	6.5	*58.9%*[1]	*87.6%*
Bank overdrafts, Credit lines and Current loans	73.6	4.47	0.1	*0.0%*	*100.0%*
Lease liabilities	52.8	-	6.6	-	*100.0%*
Gross Debt	**1,692.5**	**2.60**	**5.9**	***76.4%***	***95.1%***

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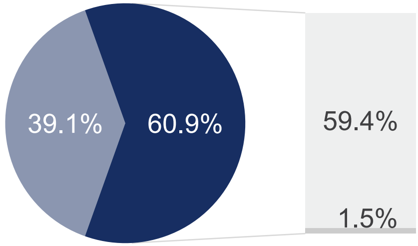
1. As of 30 June 2023, one loan with a floating interest rate (with a residual value of EUR 110 million) was classified as fixed interest rate loan because an interest rate swap was carried out for this loan.

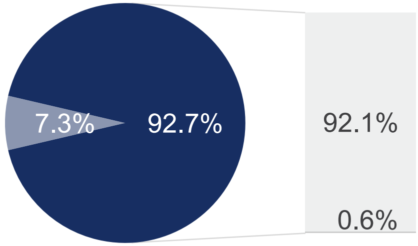
Sustainable finance

Majority of our KPIs remain to be largely Taxonomy-aligned in 6M 2023

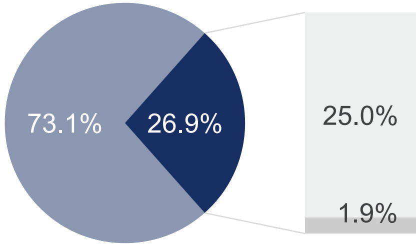
Adjusted EBITDA APM
%



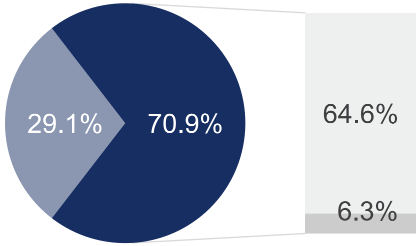
Taxonomy CAPEX APM
%



Revenue
%



Taxonomy OPEX APM
%



Taxonomy-eligible
Taxonomy-aligned
Taxonomy-non-eligible
Not Taxonomy-aligned

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

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Industry overview

Electricity

Consumption, TWh

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

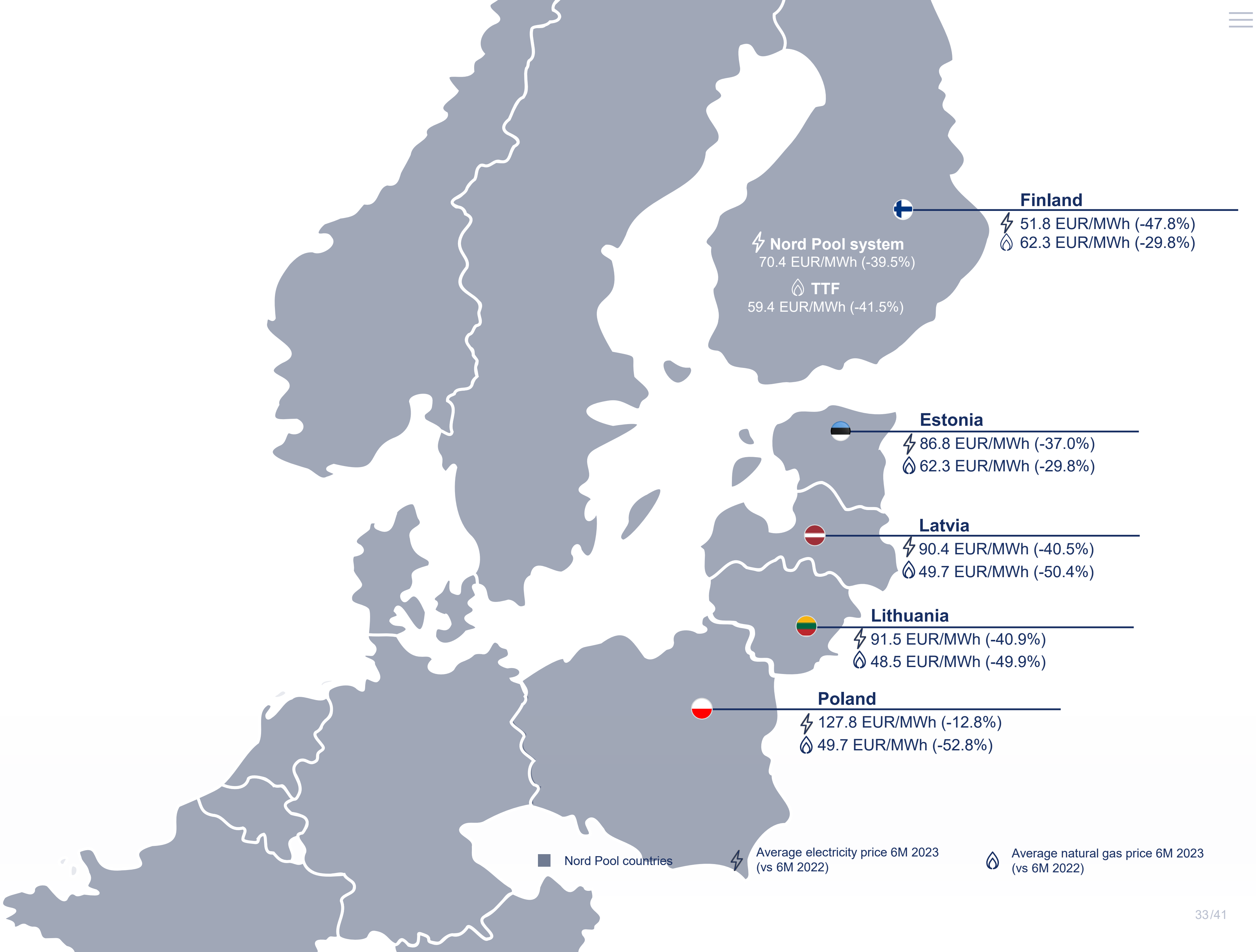
Generation, TWh

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

Natural gas

Consumption, TWh

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



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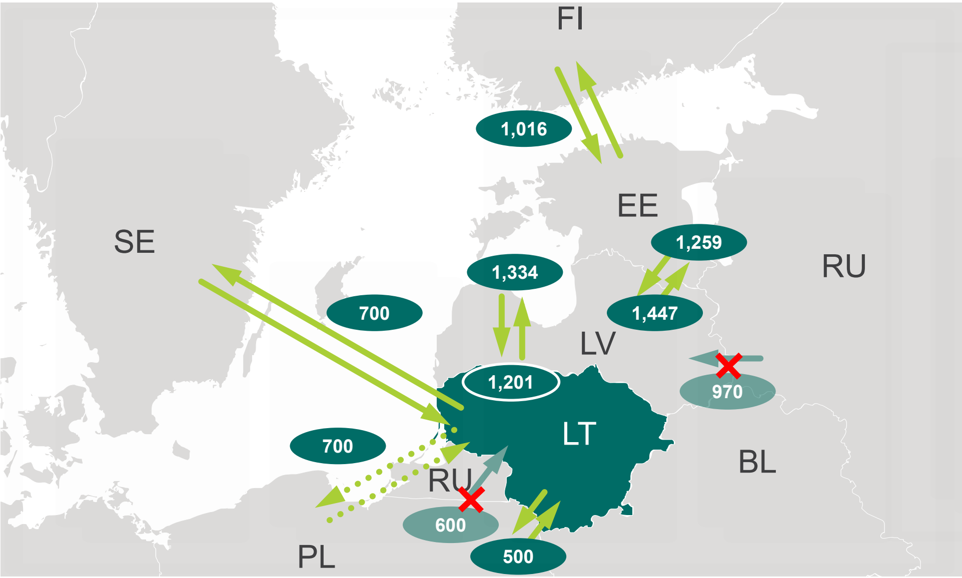
Being well interconnected regionally allowed to stop electricity imports from Russia since fall 2021, and natural gas – since April 2022

Power interconnections: enough to cover demand needs, despite its reduction as a result of power from Russia / Belarus halt



xx Transmission capacity (MW)

Interconnections in place

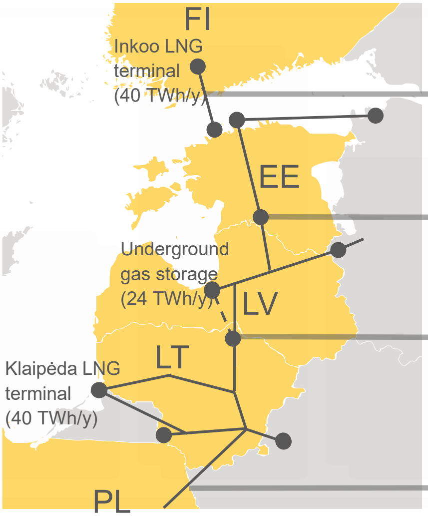
Interconnection planned (Harmony Link, construction is expected to be completed in Q1 2028)

Interconnections with Russia and Belarus no longer in use

Lithuanian power capacity

Pre-war	Current	In 2027	Peak demand
4.1 GW	2.5 GW	3.2 GW	2.0 GW

Natural gas infrastructure: supply ensured by the imports through LNG terminal (LT) and inventory in underground storage (LV)



Balticconnector
FI -> EE 28 TWh/y
EE -> FI 24 TWh/y

Interconnection enhancement
EE -> LV 73[3] TWh/y
LV -> EE 73[3] TWh/y

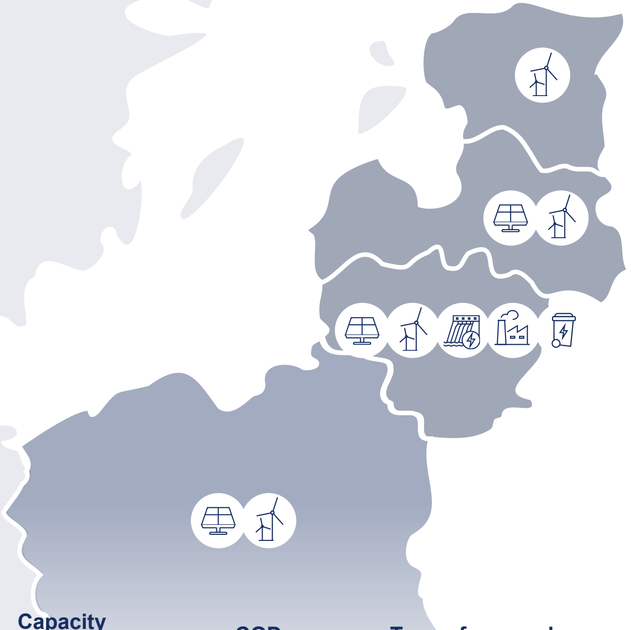
Interconnection
LV -> LT 24 TWh/y
LT -> LV 33 TWh/y

Gas Interconnection Poland-Lithuania (GIPL)
PL -> LT 27 TWh/y
LT -> PL 21 TWh/y

	Demand 6M 2023, TWh/y	***Consumption change 6M 2023 vs 6M 2022, %***
Poland	94.0	*(5.0%)*
Lithuania	6.3	*(34.4%)*
Finland	6.4	*(13.5%)*
Latvia	4.3	*(10.4%)*
Estonia	1.8	*(21.7%)*
Total	**112.8**	***(8.3%)***

1. Source: Nord Pool, IEA.
2. Source: publicly available data.
3 .Source: based on the Group's data.

Diversified Green Generation Portfolio



Installed Capacity

Name	Capacity (MWe)	Capacity (MWth)	COD	Type of secured revenue	Proportion of secured revenue[1]
Kruonis PSHP	900	–	1992–1998	-	0%
Kaunas HPP	101	–	1959	PPA	75%
Kaunas CHP	24	70	2020	PPA	90%
Vilnius CHP's WtE unit	20[2]	70[2]	2021	PPA	95%
Eurakras[3]	24	–	2016	PPA	72%
Vėjo gūsis[3]	19	–	2008–2010	PPA	70%
Tuuleenergia	18	–	2013–2014	PPA	70%
Vėjo vatas[3]	15	–	2011	PPA	73%
Elektrėnai biomass boiler	–	40	2015	-	0%
Pomerania WF	94	–	Q4 2021	CfD	100%
Mažeikiai WF	63	–	2023	PPA	65%
Total	**1,278**	**180**			

1. Secured revenue timeframe differs on a project-by-project basis.
2. Vilnius CHP's WtE unit reached COD in March 2021, and the actual electricity and heat generation capacity was verified by NERC (+1 MWe; +10 MWth).
3. Starting 1 July 2022, Vėjo gūsis WF, Vėjo vatas WF, Eurakras WF and Tuuleenergia WF are selling agreed part of total electricity generated via Power Purchase agreement (PPA) mechanism.
4. Moray West offshore wind project capacity is 882 MW. However. As the Group owns a minority stake (5%), the capacity is not consolidated.

Under Construction

Name	Capacity (MWe)	Capacity (MWth)	Expected COD	Type of secured revenue	Proportion of secured revenue[1]
Vilnius CHP's biomass unit	73	169	Q3 2023	–	0%
Silesia WF I	50	–	Q1 2024	CfD	100%
Polish solar portfolio II	~40	–	2023 Q4-Q1 2024	CfD	75%
Silesia WF II	<137	–	H2 2024	CfD	35%
Tauragė solar project	22.1	–	2024	–	0%
Moray West offshore wind[4]	882	–	2025	CfD / PPA	85%
Kelmė WF I	105.4	–	2025	–	0%
Kruonis PSHP expansion	110	–	2026	–	0%
Total	**~537.5**	**169**			

Awarded / Contracted

Name	Capacity (MWe)	Capacity (MWth)	Expected COD
Lithuanian offshore WF	700	–	2029
Total	**700**	–	

Advanced Development Pipeline

Name	Capacity (MWe)	Capacity (MWth)	Expected COD
Latvian solar portfolio I	<300	–	2025
Latvian onshore WF portfolio I: Project 1	~70	–	2025
Kelmė WF II	<195	–	2025
Jonava solar project	252	–	2026
Tume solar project	<300	–	2026
Latvian hybrid portfolio I	~200	–	2025–2027
Eukrakras hybrid project	37.5	–	2026
Total	**~1,354.5**		

Early Development Pipeline

Name	Capacity (MWe)	Capacity (MWth)	Expected COD
Latvian onshore WF portfolio I: Project 2 & 3	~90	–	2026–2027
Plungė WF project	~218	–	2026–2030
Greenfield portfolio	~2,072	–	2025–2030
Total	**~2,380**	–	
TOTAL PORTFOLIO	**~6,250**	**169**	

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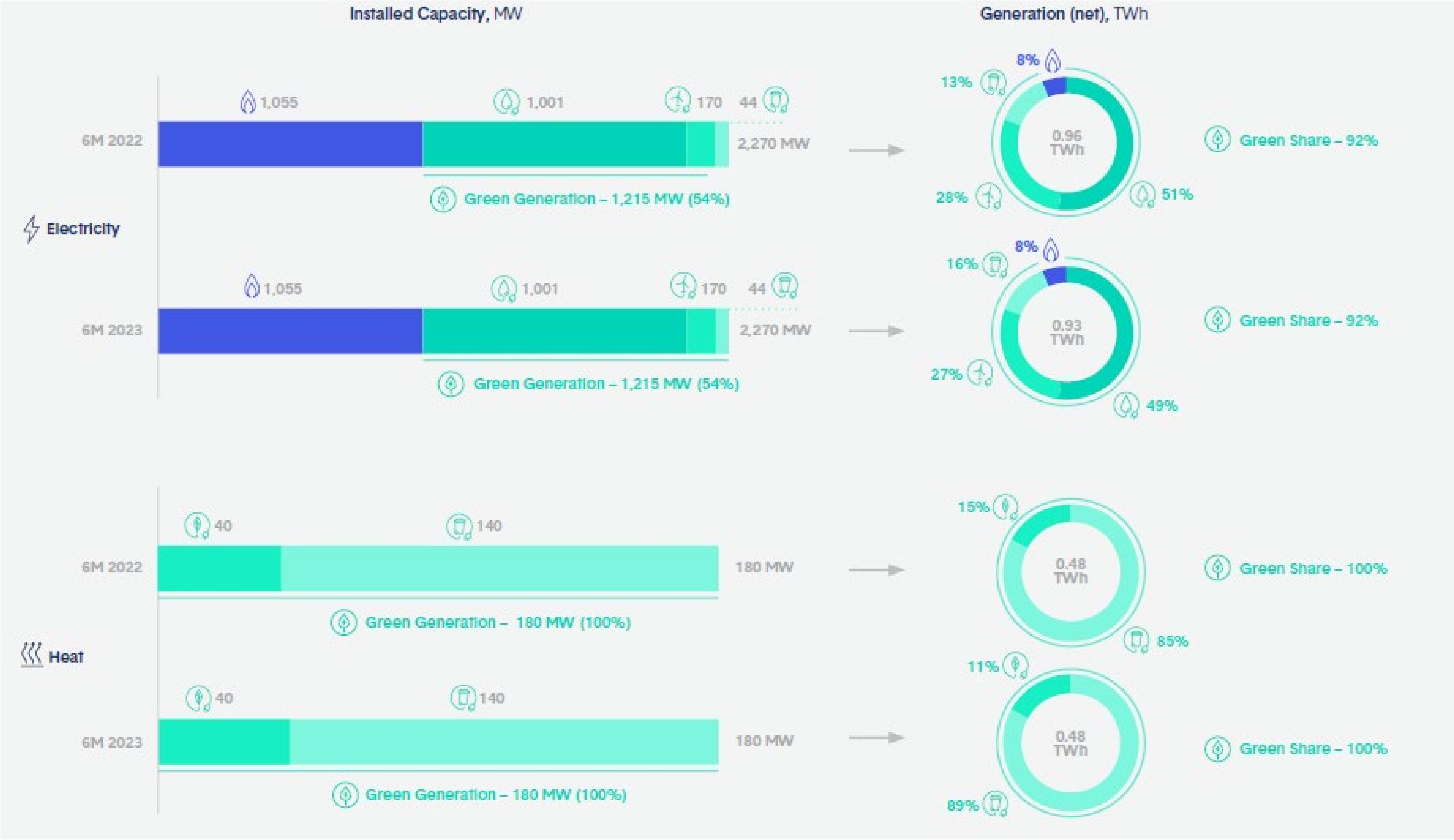
Generation mix and potential synergies

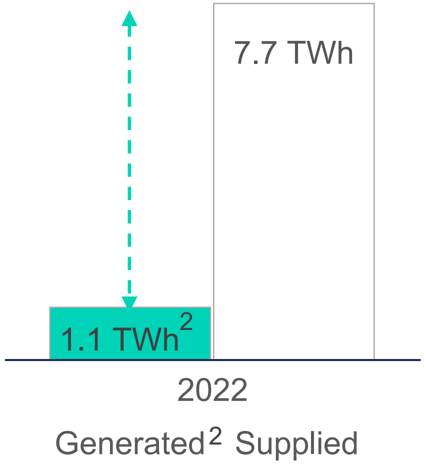


Reserve Capacities | Natural gas | Green Generation | Hydro | Wind | Biomass | Waste to energy

Electricity generated vs. supplied (TWh) by Ignitis Group in 2022

>7x or 6.6 TWh difference between supply and generation

equivalent to ~2.4 GW of Green Generation offtake[1].



1. Assuming the whole surplus supply of electricity (6.6 TWh) can be utilised for new wind and solar generation offtake with the load factor of ~35% (80/20 split between wind and solar, with load factors of ~40% and ~20% respectively).
2. Excluding opportunistic assets (Elektrėnai Complex, which accounted for 13% of the total generated volume, and Kruonis PSHP, with 25% of total generation in 2022). If not eliminated – generated electricity would amount to 1.8 TWh.

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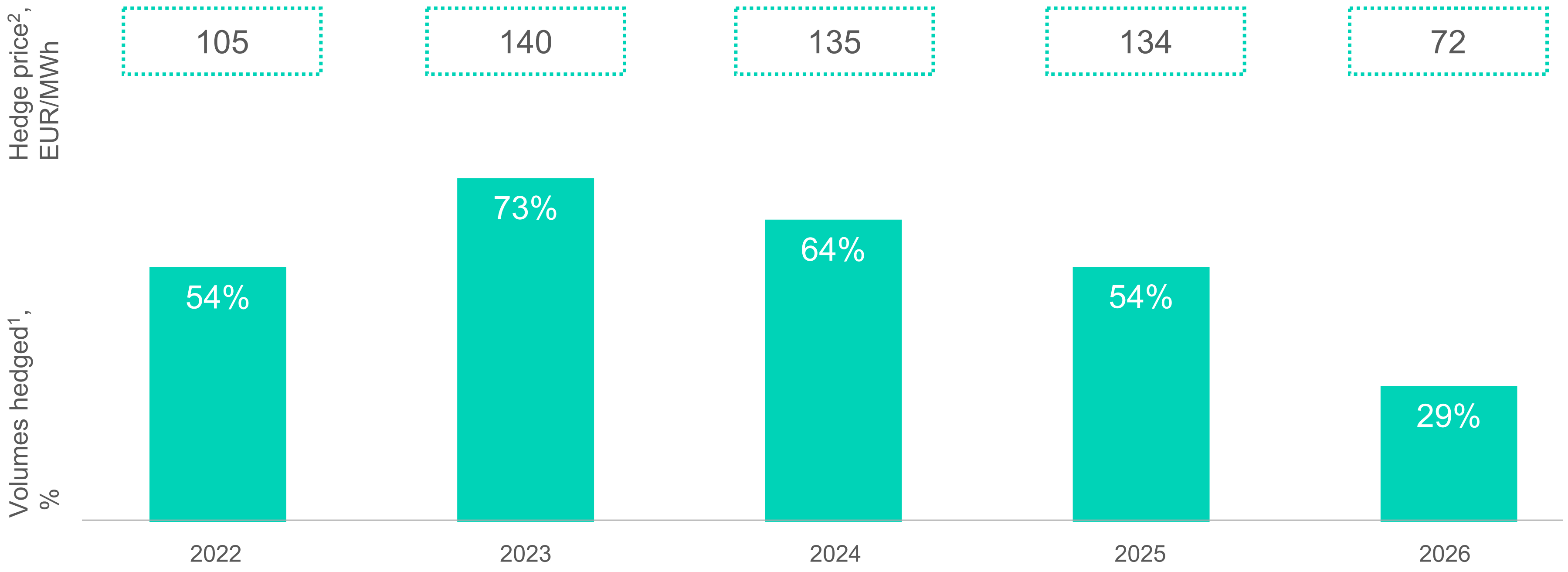
Hedging levels

Generation Portfolio



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

Strategic plan 2023-2026: disclosure summary

Strategic ambitions and financial guidance

Green generation installed capacity: - 2026 - 2030	 2.2–2.4 GW 4.0–5.0 GW
Adjusted EBITDA, 2026 - *of which a sustainable share, 2026*	470–550 EURm *>75%*
Average ROCE, 2023–2026	6.5–7.5%
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 - Dividend yield[1], 2023–2026	≥1.40 EUR 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 - 2030 vs. 2020	 -27% -47%

Our strategic performance KPIs

Total CAPEX, 2023–2026 *- of which a sustainable share, 2023–2026*	2.2–2.8 EURbn *>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: - Fatal accidents of own employees and contractors, 2026 - Total recordable injury rate (TRIR) of own employees, 2026 - Total recordable injury rate (TRIR) of contactors, 2026	 0 <1.75 <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%

1. Minimum dividend per share is calculated based on the No. of shares (72,388,960 ordinary shares). Dividend yield is calculated based on the Ignitis group share price: 20.5 €/sh.

ignitis group

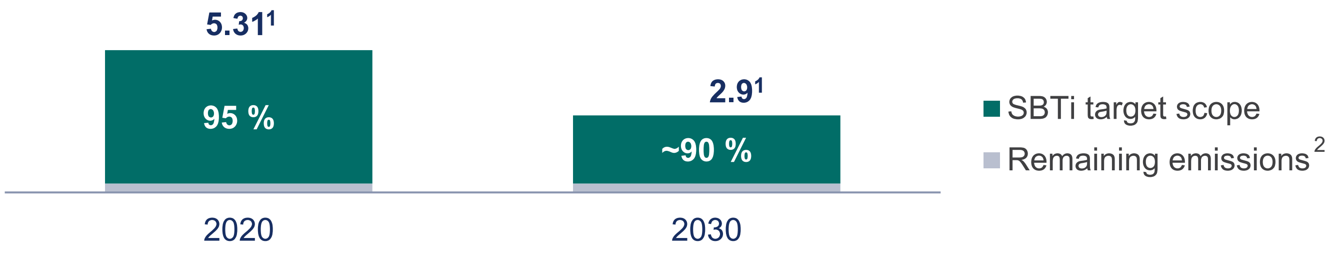
Science-based emissions reduction targets

Most of the Group‘s GHG emissions are covered by emission reduction targets validated by the SBTi. We expect that the remaining emissions will not change significantly.

The projected effect of the validated targets on total Group emissions is a 47% reduction by 2030 (vs. 2020)[1].

Share of Group‘s GHG emissions covered by targets validated by the SBTi

Millions t CO_2-eq



Target scope	Target value 2030 (vs. 2020)	Emissions scope	Main reduction areas
GHG emissions intensity from power generation	**15 g CO_2-eq/kWh** (-94%)	Scope 1 (stationary combustion) + biogenic emissions	Increasing green electricity generation capacity
			Optimising consumption of resources necessary for operations
GHG emissions intensity from power generation and sold electricity	**27 g CO_2-eq/kWh** (-90%)	Scope 1 (stationary combustion) + Scope 3 (sold electricity and heat)	Increasing green electricity generation capacity
			Developing solutions that support customer energy efficiency (e. g. implementation of smart metering for customers)
			Increasing share of green electricity sold to customers
GHG emissions not related to power generation	**0.34m t CO_2-eq** (-42%)	Scope 1 + Scope 2	Increasing share of green electricity usage
			Natural gas grid loss reduction
			Replacing operational vehicle fleet with EVs
GHG emissions from use of sold products	**1.5m t CO_2-eq** (-25%)	Scope 3 (sale of natural gas to end-users)	Promotion customer transition from gas to electricity

1. GHG emissions from Vilnius CHP are not included (see slide 44). The historical data has been recalculated.
2. Emissions not covered by emission reduction targets validated by SBTi (remaining emissions) come from electricity grid losses, well-to-tank of fuel, etc. The exclusion of these emissions is consistent with the SBTi methodology for target validation. In 2020, these emissions in total amounted to 0.33 million t CO2-eq.

Glossary

Indicator	Definition
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.
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).
B2B	Business to business
B2C	Business to consumer
CAPEX	Capital expenditure
CCGT	Combined cycle gas turbine
CfD	Contract for difference
CHP	Combined heat and power
CO_2	Carbon dioxide
COD	Commercial operations date
Early Development Pipeline	Projects of planned capacity higher than 50 MW with substantial share of land rights secured.
eNPS	Employee Net Promoter Score
ESG	Environmental, social and corporate governance
EURbn	billion EUR
EURm	million EUR
FCF	Free cash flow
FFO	Funds from operations
FiD	Final investment decision
FIT	Feed-in tariff – fixed electricity purchase tariff
FIP	Feed-in premium – fixed premium to the electricity market price
Green Generation Portfolio	All Green Generation projects of the Group, which include: (i) secured capacity, (ii) advanced development pipeline and (iii) early development pipeline.
GHG	Greenhouse Gas

Indicator	Definition
Gross Capacity	Total generation capacity, independently from actual/planned share of ownership, if the actual/planned ownership share is 51% or above
Installed Capacity	Where all assets have been completed and have passed a final test
Investments	Acquisition of property, plant and equipment and intangible assets, acquisition of shareholdings
LNG	Liquefied natural gas
MtM	Mark to market
MWe	Megawatts electric
MWth	Megawatt thermal
Net Capacity	Net effective generation capacity owned by the Group, if actual/planned share of ownership varies from 51% to 100%
NTP	Notice to proceed
Pipeline	Portfolio, excluding "Installed capacity" projects.
Portfolio	All Green Generation projects of the Group, which include: (i) secured capacity, (ii) advanced development pipeline and (iii) early development pipeline
PPA	Power purchase agreement
RAB	Regulated asset base
ROCE	Return on Capital Employed
SAIFI/SAIDI	System Average Interruption Frequency Index/System Average Interruption Duration Index
SBTi	Science Based Targets initiative
Secured Capacity	Green Generation projects under the following stages: (i) installed capacity, or (ii) under construction or (iii) awarded / contracted.
TCFD	Task Force on Climate-Related Financial Disclosures
TRIR	Total recordable injury rate: Total recordable injuries x 1 million hours worked divided by all hours worked during the reporting period.
TWh	Terawatt-hour
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.
vs.	versus
WACC	Weighted average cost of capital
WtE	Waste-to-energy

More about Ignitis Group

Reports & presentations

Sustainability

Strategy

IR contacts

IR team

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Financial calendar 2023

25 August 2023	Kruonis PSHP site visit for retail investors
21 September 2023	Extraordinary General Meeting of Shareholders (regarding the potential allocation of dividends for the six-month period ended 30 June 2023)
4 October 2023	Expected Ex-Dividend Date (for ordinary registered shares)
5 October 2023	Expected Record Date for dividend payment (for ordinary registered shares)
21 November 2023	Interim report for the first nine months of 2023