

AB "Ignitis grupė" (hereinafter – the Group) informs that on 27 July 2023 National Energy Regulatory Council (hereinafter – NERC) has approved (the information will be available [here](#)) the amendments to the methodology for determining electricity and natural gas weighted average cost of capital (hereinafter – WACC) for the Networks segment. The amendments will enter into force from 2024.

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).

It must be noted that WACC for electricity and natural gas for the Networks segment set by NERC for 2023 are 4.17% and 3.99% respectively. Based on a preliminary assessment with currently available data, the amendments of WACC methodology could lead up to 1 pp WACC increase. Additionally, WACC for 2024 should be approved by 18 August 2023. The Group will inform about it in a separate material event notice.

Based on the Group's assessment, the adopted changes are positive as it allow adjustments based on macroeconomic situation and changes in the financial markets. The amendments will also have a positive impact on AB "Energijos skirstymo operatorius" ability to manage cash flow and ensure timely implementation of the planned investments as well as help maintain a sustainable debt level of the Group.

The information provided in this announcement does not change the Group's Adjusted EBITDA guidance for 2023.

For additional information, please contact:

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