

AB “Ignitis grupė” (hereinafter – the Group) publishes its first six months 2023 interim report, which is attached to this notice, and announces that the Group’s YoY Adjusted EBITDA increased by 22.8% and amounted to EUR 253.5 million. Growth was driven by better results of Customers & Solutions and Reserve Capacities. Customers & Solutions segment result turned positive due to better B2B natural gas activities performance. However, electricity B2C activities continued to be loss-making (EUR -17.5 million). In the Reserve Capacities segment, the Group utilised an option to earn additional return in the market on top of the regulated return by fixing positive forward clean spark spread. Green Generation segment remained the largest contributor to Adjusted EBITDA (43.0% of the Group’s Adjusted EBITDA) despite YoY decrease, driven by lower power prices.

The Group’s YoY Investments more than doubled and reached EUR 402.6 million, out of which 71.0% were directed to Lithuania. Overall growth was driven by Investments in new Green Generation segment’s projects, mainly onshore wind farms, and higher Investments in the Networks segment.

Compared to the end of 2022, the Group’s leverage metrics remained strong. Net Debt decreased by 2.0% (from EUR 986.9 million to EUR 966.7 million), mainly due to positive FCF, which was influenced by higher EBITDA and a decrease in NWC (from EUR 443.3 million to EUR 191.0 million). The Group’s FFO/Net Debt ratio remained at a solid level of 48.0% (compared to 49.1% as of 31 December 2022).

Business development

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

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

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

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

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

On the Networks front, we successfully continued network maintenance and expansion works, including the smart meter roll-out. In 6M 2023, the total number of installed smart meters reached around 482 thousand (out of 1.1–1.2 million smart meters to be installed) and exceeded 500 thousand in July 2023. Our target of finalizing the mass roll-out process by the end of 2025 remains unchanged. In addition, WACC methodology was updated in July 2023, and will enter into force from 2024. For 2024, this update has resulted in electricity WACC increase to 5.09% (from 4.17% in 2023) and natural gas WACC increase to 5.03% (from 3.99% in 2023).

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

Sustainability

Since the beginning of 2023, we have continued our decarbonisation initiatives to minimise our environmental impact. The Group's GHG emissions decreased in all scopes over 6M 2023 and was 2.61 mt CO₂-eq in total (6.4% lower compared to the same period in 2022). Also, we are progressing well with occupational health and safety initiative “Is it safe?”, which is one of the key priorities this year, focusing on strengthening the safety culture, expanding employee and contractor awareness, and deploying measures for warning about possible threats.

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

Shareholder returns and 2023 outlook

In line with the [Dividend Policy](#), for 6M 2023 we propose to distribute a dividend of EUR 0.643 per share, corresponding to EUR 46.5 million, subject to the decision of our EGM to be held on 21 September 2023.

Following strong 6M 2023 performance, we reiterate our Adjusted EBITDA guidance of EUR 430–480 million for 2023.

Key financial indicators (APM¹)

EUR, millions	6M 2023	6M 2022	Change
EBITDA	239.9	211.4	13.5%
Adjusted EBITDA	253.5	206.5	22.8%

Green Generation	109.1	119.4	(8.6%)
Networks	88.7	82.6	7.4%
Reserve Capacities ²	32.2	8.2	292.7%
Customers & Solutions	21.7	(4.7)	n/a
Other ³	1.9	1.0	90.0%
Adjusted EBITDA Margin	17.7%	11.9%	5.8 pp
Net Profit	155.8	114.8	35.7%
Adjusted Net Profit	150.1	107.9	39.1%
Investments ⁴	402.6	179.5	124.3%
FFO	165.8	185.5	(10.6%)
FCF ⁴	50.2	(249.9)	n/a
ROE LTM ⁵	15.9%	10.8%	5.1 pp
Adjusted ROE LTM ⁵	14.2%	10.6%	3.5 pp
ROCE LTM ⁵	13.0%	7.9%	5.1 pp
Adjusted ROCE LTM ⁵	11.3%	9.1%	2.2 pp
EPS (Basic)	2.15	1.58	0.57%
	30 Jun 2023	31 Dec 2022	Change
Net Debt	966.7	986.9	(2.0%)
Net Working Capital	191.0	443.3	(56.9%)
Net Debt/Adjusted EBITDA LTM, times	1.87	2.10	(11.0%)
FFO LTM/Net Debt	48.0%	49.1%	(1.1 pp)

¹ All, except net profit are Alternative Performance Measures (APMs). Definitions and formulas of the financial indicators are available on our [website](#).

² During 3M 2023 the Group has changed the name of the segment from Flexible Generation to Reserve Capacities to better represent segment activities and Group strategy objectives – the main activities of this segment include utilisation of reserve capacities to ensure reliability and security of power system (option to generate electricity in the market during low renewables generation / positive clean spark spread periods).

³ Other – other activities and eliminations (consolidation adjustments and related party transactions), including financial results of the parent company. More information is available in section ‘8 Parent company’s financial statements’ in our 6M 2023 interim report.

⁴ The Investments formula has been adjusted retrospectively from the beginning of 2022 by including prepayments for non-current assets. Such presentation depicts the amount of Investments made during the year more accurately as the amount of advance payments grew significantly along with the increase in the number of renewable energy projects. Definitions of alternative performance measures can be found on the Group’s [website](#).

⁵ Due to changes in IAS, a 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 indicator for the year 2022 was recalculated retrospectively.

Earnings call

In relation to the announcement of the first six months 2023 interim report, an earnings call will be held on Tuesday, 22 August 2023, at 1:00 pm Vilnius / 11:00 am London time.

To join the earnings call, please register at: <https://edge.media-server.com/mmc/p/xud5kb6z>

It will be also possible to join the earnings call by phone. To access the dial-in details please register [here](#). After completing the registration, you will receive dial-in details on screen and via email. You will be able to dial in using the provided numbers and the unique pin or by selecting ‘Call me’ option and providing your phone details for the system to connect you in automatically as the earnings call starts.

All questions can be directed in advance to the Group’s investor relations, after registering for the earnings call or live during the call.

Presentation slides will be available prior to the call:

<https://ignitisgrupe.lt/en/reports-and-presentations>

The interim report, including fact sheet (in Excel), will be available for download at:

<https://ignitisgrupe.lt/en/reports-and-presentations>

For additional information, please contact:

Communications

Artūras Ketlerius

+370 620 76076

arturas.ketlerius@ignitis.lt

Investor Relations

Ainė Riffel-Grinkevičienė

+370 643 14925

aine.riffel-grinkeviciene@ignitis.lt

Attachment

- [6M 2023 Interim report](#)