

AB "Ignitis grupė" (hereinafter – the Group) publishes its first nine months 2023 interim report, which is attached to this notice, and announces that the Group's Adjusted EBITDA amounted to EUR 345.3 million and decreased by 3.3% YoY, driven by lower captured electricity prices. Additionally, the Customers & Solutions segment's result decreased due to lower supply volumes, which were driven by the decreased consumption. The Adjusted EBITDA decrease was partly offset by better result of the Reserve Capacities business segment, which was 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 better result of the Networks segment, which increased mainly due to higher RAB. The Green Generation segment remains the largest contributor to Adjusted EBITDA (44.7% of the Group's Adjusted EBITDA).

The Group's Investments increased by 72.3% YoY and reached a record high level of EUR 633.7 million, out of which 68.5% 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, despite the increase in Net Debt, the Group's leverage metrics remained strong. The Group's Net Debt increased by 12.9% (from EUR 986.9 million to EUR 1,114.1 million), mainly due to negative FCF, which was influenced by high Investments. The Group's FFO/Net Debt ratio remained at a solid level of 39.6% (compared to 49.1% as of 31 December 2022). Also, S&P Global Ratings affirmed 'BBB+' (stable outlook) credit rating.

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 achieved in 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, we successfully continued network maintenance and expansion works, including the smart meter roll-out. In 9M 2023, the total number of installed smart meters exceeded 600 thousand (out of 1.1–1.2 million smart meters to be installed). 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 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 Customers & Solutions, 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

The Group continues decarbonisation initiatives to minimise its environmental impact. For 9M 2023, our total greenhouse gas emissions amounted to 3.65 million tonnes of CO2 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?". In 9M 2023, our total recordable injury rate for employee was 0.89, for contractors – 1.09, both well below the targeted level.

As a sign of the Group's commitment to equal opportunities, in 9M 2023 we have signed the Women's Empowerment Principles, established by UN Women and the UN Global Compact.

Our daily actions towards maintaining and improving sustainability excellence place the Group among the ESG leaders in our market as reflected in high ESG ratings awarded by international ESG rating agencies. ISS ESG has awarded the Group a rating of 'B-' and 'Prime' status (previously 'C'). 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. Sustainalytics changed the Group's ESG rating to 25.2 (previously 19.4).

Shareholder returns and 2023 outlook

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.

Following our 9M 2023 performance, which was in line with our expectations, we reiterate our Adjusted EBITDA guidance of EUR 430–480

million for 2023.

Key financial indicators (APM¹)

EUR, millions	9M 2023	9M 2022	Change
EBITDA	348.2	333.5	4.4%
Adjusted EBITDA	345.3	357.2	(3.3%)
Green Generation	154.4	185.8	(16.9%)
Networks	128.7	116.7	10.3%
Reserve Capacities	38.3	17.7	116.4%
Customers & Solutions	20.9	35.3	(40.8%)
Other activities and eliminations ²	3.0	1.7	76.5%
Adjusted EBITDA Margin	18.8%	11.7%	7.1 pp
Net Profit	212.6	184.9	15.0%
Adjusted Net Profit	193.0	202.4	(4.6%)
Investments	633.7	367.8	72.3%
FFO ³	244.4	286.9	(14.8%)
FCF	(115.3)	(635.6)	(81.9%)
ROE LTM ³	14.8%	11.5%	3.3 pp
Adjusted ROE LTM ³	11.4%	13.7%	(2.3 pp)
ROCE LTM ³	11.4%	8.3%	3.1 pp
Adjusted ROCE LTM ³	8.6%	10.7%	(2.1 pp)
EPS (Basic)	2.94	2.54	15.7%
	30 Sep 2023	31 Dec 2022	Change
Net Debt	1,114.1	986.9	12.9%
Net Working Capital	216.8	443.3	(51.1%)
Net Debt/Adjusted EBITDA LTM, times	2.44	2.10	16.2%
FFO LTM/Net Debt	39.6%	49.1%	(9.5 pp)

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

² 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 the interim report.

³ These figures have been restated compared to the previous reporting period. For more information see section '6.2 Notes on restated figures' of the first nine months 2023 interim report.

Earnings call

In relation to the announcement of the first nine months 2023 interim report, an earnings call will be held on Tuesday, 21 November 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/nyw4cuus/>

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>

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Attachment

- [First nine months 2023 Interim report](#)