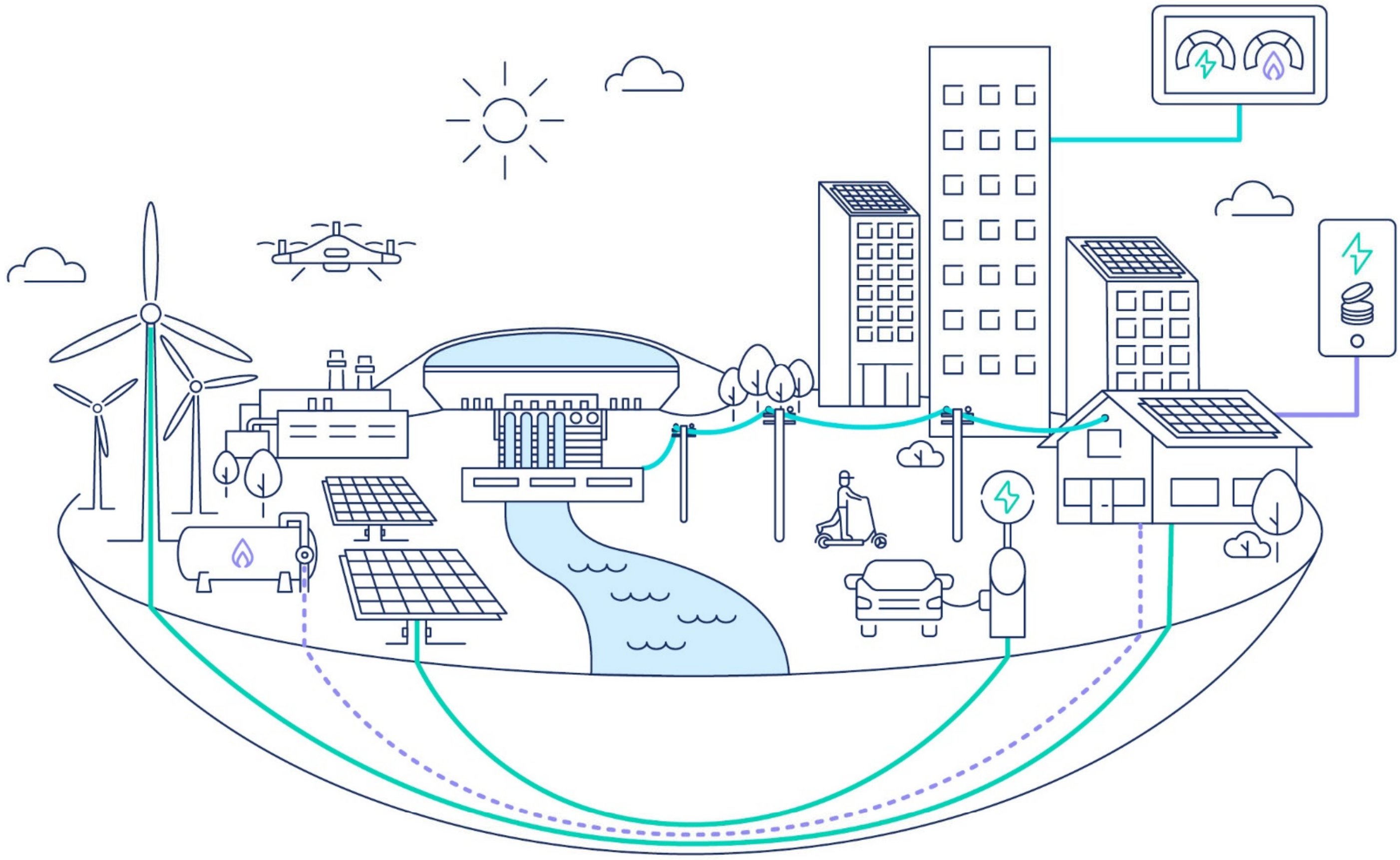
UAB Ignitis
Annual report for 2024

The consolidated annual report of the group of companies UAB Ignitis (Ignitis) for the year ended 31 December 2024, and consolidated and the parent company's financial statements for the year ended 31 December 2024, prepared in accordance with the IFRS Accounting Standards, as adopted by the European Union, presented together with independent auditor's report for the year ended 31 December 2024.



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1. Overview

1.1 CEO's statement

Green energy

2024 was a year of transformation for Ignitis. By offering innovative and sustainable energy supply solutions to our customers, we have played an important role in supporting the region's transition to green energy and empowering consumers to be active creators of a cleaner future.

Last year, we saw a record opt-in of green energy among our private customers. The number of households choosing renewable electricity has increased 15-fold. This is a rigid proof of confidence in Ignitis and a demonstration of our commitment to sustainable energy.

E-mobility

In terms of the rapid expansion of Ignitis ON's EV fast-charging network in the Baltic States, the year 2024 has led to significant progress in e-mobility. Public fast-charging points quadrupled while new charging solutions were introduced, including an updated mobile app for easier charging management. These achievements reflect our leadership in sustainable mobility and help meet the growing marketability for green transport infrastructure.

Integration into the European energy market

In a challenging geopolitical environment, Ignitis has successfully prepared for the implementation of the EU initiative to switch to shorter (15-minute) electricity trading intervals. This is a crucial step towards integrating Lithuania and the Baltic States into the European energy market.

Biomethane

As early as the end of 2022, we were the first to import biomethane as a more sustainable alternative to natural gas. And last year, the biomethane trading team was established. This initiative reflects our long-term commitment to low-carbon energy solutions.

Designated supply

The end of 2024 also marks the end of the 10-year period for LNG supply activities. This decade-long effort was essential to ensure Lithuania's and the region's energy independence. As the Klaipėda terminal transitions to a fully commercial operation, we will continue to ensure energy security through a market-led and efficient approach.

Challenges and future

Looking to 2025, we see that we will face several important milestones and hurdles. Synchronisation with Continental Europe's power grids and the third stage of market liberalisation will require strategic attention. We will have to face the challenges of electricity balancing, driven by increasing renewable energy capacity and changing consumer behaviour. At the same time, the number of prosumers is growing rapidly. The current two-way accounting for prosumers is not sustainable – it does not encourage prosumers to become active, i.e., to change their consumption habits or to acquire storage devices that contribute to the further successful development of renewable energy sources as outlined in the National Energy Strategy. It increases suppliers' losses due to the mismatch between the timing of energy generation and consumption. In addition, the regulatory and competitive environment will remain challenging, requiring flexible strategies to ensure our leadership and performance.

Despite the challenges, Ignitis expects significant growth in its home markets this year, especially in the Baltic States. With ambitious plans to expand our renewable energy supply and e-mobility infrastructure, we remain committed to providing sustainable, safe and innovative solutions that empower our customers and contribute to a greener, independent energy future.

CEO
Artūras Bortkevičius

1.2 Business highlights

During the reporting period

Quarter 1

E-mobility

- Ignitis signed a contract with Estonian company OG Elektra for the installation of zero-emission fast-charging EV charging points at 25 parking lots of Grossi retail stores across Estonia.

Management

- The share capital of the subsidiary Ignitis Eesti OÜ was increased. The cash contribution to the subsidiary's capital will be used to develop Ignitis ON's EV charging network.

Quarter 2

E-mobility

- Ignitis entered into an agreement with Baltic Shopping Centers, the operator of the Mega Shopping and Leisure Centre in Kaunas, to install 20 EV charging points in the shopping centre's car parking area. Ignitis opened an EV fast-charging park in Palanga, where 20 EVs can be charged at a time.

Management

- Since February, Maciej Kowalski, who has been the Head of Ignitis Renewables Poland, has also become the Head of Ignitis Polska, Ignitis' subsidiary in Poland.
- The Ignitis Group's Strategic Plan 2024–2027 was published.

Quarter 3

E-mobility

- Ignitis opened an EV fast-charging park in Riga, where 10 EVs can be charged at a same time.

Management

- The governance model of the subsidiaries Ignitis Polska Sp. z o.o. and Ignitis Latvija SIA changed from a two-tier governance model (Supervisory Board and Management Board) to a one-tier governance model (Management Board), with the removal of the Supervisory Board.
- T. Tatar was appointed the head of Ignitis' subsidiary in Estonia, Ignitis Eesti.

Improving the quality

- The updated "EnergySmart" smart app by "Ignitis" has already been installed on more than 61,000 devices.

Energy supply

- Ignitis and Akmenės Cementas, one of the largest electricity consumers in Lithuania and a cement production company owned by the German building materials manufacturer Schwenk Zement Beteiligungen, signed a long-term PPA with a duration of four years. Ignitis will start electricity supply under this agreement in 2026.
- UAB "Ignitis" purchased 6.5 LNG cargoes, of which 3.5 were delivered from the USA.

Quarter 4

Membership

- Ignitis joined the Transport Innovation Association.

Biomethane

- A new business activity, biomethane trading, was approved.

Management

- Ignitis' subsidiary’s Ignitis Estonia board was restructured and a new Chairman, Timo Tatar, was appointed.

Financing

- Ignitis entered into a EUR 25 million guarantee credit line with SEB Bank.

Improving the quality

- To enhance customer experience and ensure greater security of user data, "Ignitis" has updated its self-service platform at e.ignitis.lt and other IT systems.

Energy supply

- the 10-year designated supply period, during which the Group's company UAB Ignitis ensured the delivery of four LNG cargoes annually to the Klaipėda LNG terminal, expired. With the conclusion of this obligation, Lithuania’s LNG market has transitioned to a fully commercial model, further enhancing competition.
- Fault in the EstLink 2 Electricity Transmission Connection Between Finland and Estonia.

After the reporting period

E-mobility

- Ignitis entered into a cooperation agreement with the Maxima retail chain, which will see the installation of around 300 EV charging points at Maxima stores in Lithuania, Latvia and Estonia by 2025.
- From January 2025, all Ignitis ON charging stations in Lithuania, Latvia and Estonia will be visible, and the charging service will be available via a single Ignitis ON mobile app.

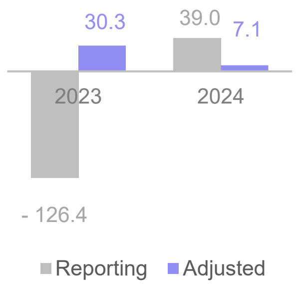
Energy independence

- the Baltic states electricity grids were successfully synchronized with the Continental European network. This event is marking the end of the BRELL agreement, thereby strengthening Baltic states energy security and system reliability.
- Baltic electricity transmission system operators launch the Baltic balancing capacity market ahead of synchronisation with Continental Europe.

1.3 Performance highlights

Financial

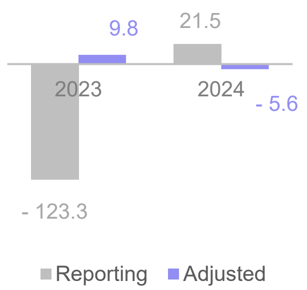
EBITDA, adjusted EBITDA APM
million EUR



In 2024, EBITDA grew to EUR 39.0 million and was 131% or EUR 165.4 million higher, while adjusted EBITDA dropped to EUR 7.1 million and was 77% or EUR 23.2 million lower compared to the same period in 2023:

- Adjusted EBITDA decreased due to the negative development of the natural gas supply business (EUR -75.8 million); in 2023, the Company had a significant positive result from the reversal of the impairment of gas stocks and over-declaration effect. This was partly offset by an improved result for the unregulated electricity supply business (EUR +26.8 million), compared to 2023, where losses amounted to EUR -33.4 million, of which EUR -15.2 million were related to the "net-metering" accounting system applied to producing consumers.
- The primary factors contributing to the substantial increase in EBITDA are associated with the Company's regulated activities of supplying natural gas to B2C customers and designated supply, as well as the impact of accounting for onerous contracts (for a detailed disclosure of the annual results, please refer to Section 3.1).

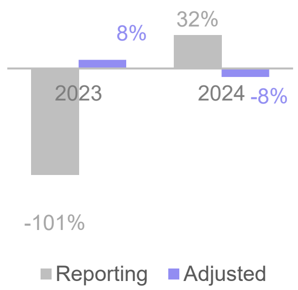
Net profit, Adjusted net profit APM
million EUR



In 2024, the net result amounted to EUR 21.5 million and was 117% or EUR 144.9 million higher, and the adjusted net result amounted to EUR -5.6 million and was 157% or EUR 15.4 million lower, compared to the same period of 2023:

- The net profit in 2024 was driven by a positive change in EBITDA (EUR 165.4 million, see the comment on EBITDA), which was offset by a decrease in expenses from financial activities (EUR +7.5 million), and the positive financial result resulted in a change in the deferred income tax liability (EUR -28.1 million).
- Adjusted net result decreased due to a negative change in adjusted EBITDA (EUR -23.2 million), which was offset by a decrease in expenses from financial activities (EUR +7.5 million).

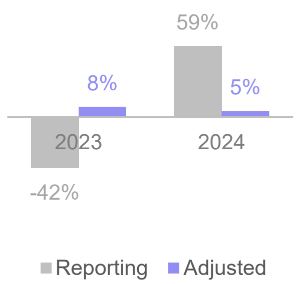
ROE (LTM), Adjusted ROE (LTM) APM
%



ROE increased by 133 pp during the year, while adjusted ROE fell by 16 pp:

- The increase in ROE was due to the change in net profit (EUR +144.9 million, see the comment on net profit) and the decrease in average equity (EUR -54.2 million), which was driven by the change in the net profit and the change in the hedging reserve for derivatives.
- Adjusted ROE decreased due to the negative change in adjusted profit (EUR -15.4 million, see the comment on the adjusted net profit), as well as the decrease in average equity (EUR -54.2 million).

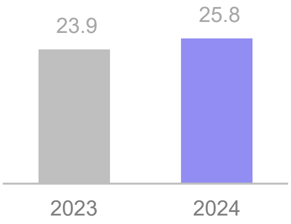
ROCE (LTM), Adjusted ROCE (LTM) APM
%



ROCE increased by 101 pp during the year, while adjusted ROCE fell by 3.5 pp:

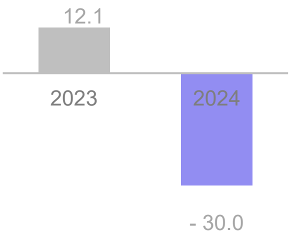
- The increase in ROCE was due to an increase in EBIT (change EUR +165.46 million), the main reasons for which are disclosed under EBITDA, and a decrease in the net debt ratio (EUR -195.8 million on average per year, see the comment on the net debt).
- Adjusted ROCE decreased due to a decrease in the adjusted EBIT (change EUR -23.11 million), the main reasons for which are disclosed in the text next to the EBITDA graph above.

Investments APM
million EUR



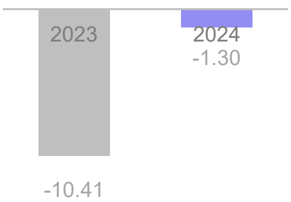
In 2024, investments were mainly related to the expansion of the Ignitis ON EV charging network (EUR 21.2 million), and the upgrading and development of information systems, applications, robotisation of daily operations and solutions for the clients in digital channels (EUR 4.7 million).

Net debt APM
million EUR



At the end of 2024, net debt amounted to EUR -30.0 million and decreased by 347% (or EUR 42.1 million) compared to the previous year. The main reasons for the decrease in net debt are the fall in natural gas prices (the average price of the TTF gas index in 2024 fell by 30% on average compared to the same period in 2023) and electricity prices (-8.9%), as well as the decrease in Ignitis' working capital and average net debt (the average net debt in 2024 was lower by EUR -195.8 million compared to in the same period in 2023). Ignitis reduced its net debt ratio by optimising its financing portfolio (including guarantee limits and trade factoring) and by signing bilateral physical power purchase agreements that do not require collateral.

FFO (LTM)/Net debt APM
%

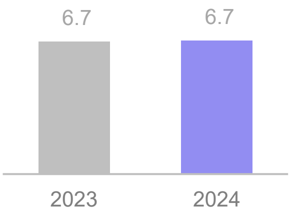


The FFO/Net Debt ratio increased due to a EUR 165.4 million improvement in EBITDA (refer to the EBITDA graph comment above). Additionally, net debt decreased by EUR 42.1 million (see the net debt comment).

APM *Alternative Performance Measures – adjusted figures used in this report refer for measurement of internal performance management. These indicators are not defined by International Financial Reporting Standards (IFRS) and do not comply with IFRS requirements. Definitions of alternative performance measures can be found on the website of the Ignitis Group (link).*

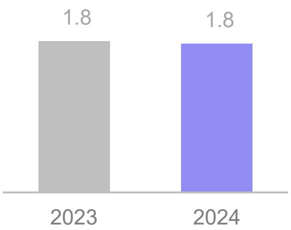
Operations

Total electricity sales APM
TWh



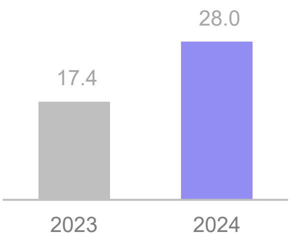
Total electricity sales on the retail market in 2024 was almost the same as in 2023, at 6.70 TWh and 6.65 TWh respectively. Ignitis maintained its customers and market share, with no significant changes observed.

Including: Unregulated supply electricity sales in Lithuania, B2C
TWh



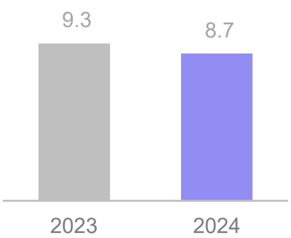
In 2024, unregulated supply electricity sales to B2C customers in Lithuania remained the same as in 2023.

Share of total green electricity sales (to end users)
%



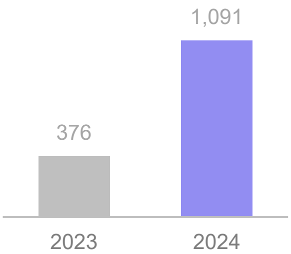
As a result of proactive actions, green electricity sales increased by 11 pp to 28% of the electricity sales portfolio in 2024. In the B2C customer segment, sales accounted for 10% (8 percentage points more than in 2023), while in the B2B segment, sales accounted for 37% (12 percentage points more than in 2023).

Total natural gas sales
TWh



In 2024, natural gas sales amounted to 8.7 TWh and decreased by 6.3% compared to 2023. Retail sales grew slightly compared to the previous year, but wholesale volumes decreased significantly by 32%.

EV charging points (Ignitis ON) (end of period),
units



At the end of 2024, the Ignitis ON platform in Lithuania, Latvia and Estonia had a total of 1,091 EV charging points, 3 times more than at the end of 2023.

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2. Business overview

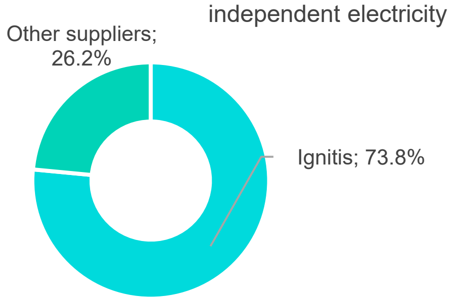
2.1 Business profile

The main activities of Ignitis are the supply of electricity and natural gas. Ignitis provides energy services to more than 1.4 million residents in Lithuania, and is gaining market share in other Baltic States and Poland. Ignitis is also developing a range of smart services, proposes electric vehicle charging solutions, electricity balancing services, solar power generation and other energy-related solutions based on technological innovations. Other activities of Ignitis include planning and (or) balancing of electricity consumption, trade in guarantees of origin and in derivative financial instruments.

Supply of electricity

Ignitis supplies electricity to the Lithuanian, Latvian, Estonian and Polish markets. In Lithuania, electricity is supplied to companies of energy, industrial and small commercial sectors as well as to B2C customers. According to the National Energy Regulatory Council (NERC), by the end of 2024, Ignitis had almost 42% of the B2B market in Lithuania. According to the data of the Company, in all its markets, it supplies electricity to over 25 thousand B2B customers.

Distribution of B2C customers by selected independent electricity suppliers



Ignitis in Lithuania holds a national electricity supplier’s licence issued by the NERC. Up to 2020, Ignitis held almost 100% of the electricity market share of residential households by carrying out the public supply activities; however, under the legislation, the public supply activity will be stopped as a result of the started market liberalisation.

At the end of 2024, the Lithuanian market had a total of four independent electricity suppliers capable of supplying electricity to B2C customers, among which Ignitis is the market leader. At the beginning of the year 2025, almost 73% of the Lithuanian population had chosen Ignitis as their independent supplier.

In 2024, in Lithuania, Ignitis sold 5.1 TWh of electricity in total, whereof 2.9 TWh to B2B customers and 2.2 TWh to B2C customers. Sales to B2B customers amounted to 0.78 TWh in Latvia and 0.80 TWh in Poland.

Ignitis continuously increases the supply of electricity generated from renewable energy sources to its customers by concluding long-term electricity purchase contracts directly with renewable energy producers. In 2024, Ignitis proactively sold green electricity and supplied a total of 1.9 TWh of green electricity, an increase of 64.6% compared to 2023. The total share of green energy in electricity sales increased by 11 pp compared to the previous period and was 28% in 2024.

Natural gas supply activity

Ignitis stands out in the region as it has ensured natural gas supply from four different sources. It has long-term LNG supply contracts, purchases natural gas in the market of short-term LNG transactions, acquires natural gas supplied through pipelines and actively uses the underground natural gas storage of Inčukalns in Latvia.

In 2024, Ignitis was active on both the retail and wholesale markets, trading natural gas on the exchange and under bilateral agreements with other wholesale market participants. It also provided natural gas flow balancing services, made a significant contribution to security of supply across the region in the face of supply constraint challenges across Europe.

In 2024, the GET Baltic natural gas exchange had a total turnover of 8.4 TWh of natural gas, which is 2.5% less than in 2023 (8.6 TWh).

Ignitis completed in 2024 the designated supply function for the LNG terminal, which it has been performing since 2014 (tendered by the Ministry of Energy for a 10-year period). Over the last few years, the market for the supply of natural gas has been transformed and the volume required to keep the LNG terminal infrastructure operating at minimum capacity will be provided under competitive supply conditions from 2025. It is planned that all uncompensated costs will be reimbursed to the Company as the designated supplier in the next natural gas supply cycle.

In 2024, Ignitis natural gas supply and sale on the exchange comprised 8.71 TWh in total, of which: 4.53 TWh are attributed to B2B and 2.34 TWh to B2C customers; the remaining part is wholesale transactions.

At the end of 2022, Ignitis was the first company in Lithuania to import biomethane and to provide customers with guarantees of biomethane origin. Biomethane is a more environmentally friendly alternative to natural gas.

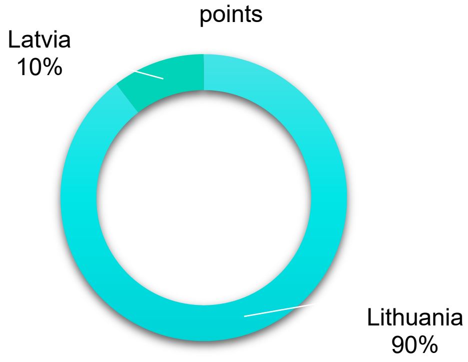
In 2024, the trading of biomethane and other renewable gases was approved by the Board as a new business area, and a new Renewable Gas Trading Division was created in the Wholesale Gas Department. The Company delivered 53.1 GWh of biomethane to customers last year, an increase of 56% compared to 2023 (33.9 GWh).

EV charging network

Ignitis operates Ignitis ON, the largest fast-charging network for EVs in Lithuania, the expansion of which was foreseen already at the end of 2022 as one of the Company's strategic areas of activity. In 2024, Ignitis ON EV charging points were installed in 190 different locations in the Baltic States. The most significant number—156 in Lithuania, 34 in Latvia and 4 in Estonia. All in all, the Ignitis ON network can accommodate more than 1,000 EVs at a time. In 2024, the number of charging points installed in the Baltics increased by 290% from 376 in 2023 to 1091 in 2024, enabling Ignitis ON to reach a new milestone and become the largest fast -charging network in Lithuania.

Succeeding with intensive development in 2024, Ignitis entered into a number of contracts for the installation of new EV charging points in Lithuania. At the beginning of the year, a contract was signed with Marijampolė Municipality to install 22 EV charging points at ten locations across the city, and 16 of them were installed in 2024. In March, Ignitis entered into an agreement with Baltic Shopping Centers, the operator of the Mega Shopping and Leisure Centre in Kaunas, to install a total of 20 EV charging points in the shopping centre's car parking area. The charging park is scheduled to be ready in Spring of 2025. The largest fast-charging park for EVs in Western Lithuania, which can accommodate up to 20 EVs at a time, opened in Palanga in Spring of 2024. At the end of the year, another important charging location halfway between Vilnius and Palanga, at Karpynė farmstead, was opened.

Distribution of Ignitis ON charging points



At the end of 2024, Lithuania had a total of 977 charging points (364 at the end of 2023), of which 657 were fast-charging stations.

In 2024, a strong focus was placed on network expansion in the neighbouring Baltic countries of Latvia and Estonia. At the beginning of last year, a contract was signed with Estonian company OG Elektra for the installation of fast-charging points for EVs in 25 parking lots of Grossi retail stores across Estonia (the first one has already been installed and the others are planned to be operational in 2025). Last summer, an EV charging park was opened in the parking lot of the Riga

Plaza shopping and entertainment centre in Riga, the capital of Latvia, with 10 charging points installed. At the end of 2024, Latvia had a total of 114 charging points installed.

In 2025, the focus will be on improving the customer experience and new features in the Ignitis ON app . It is also planned that Lithuania will see the first ultra-fast charging parks, which will be able to charge not only EVs but also commercial vehicles such as buses, trucks and construction equipment.

At the beginning of 2025, Ignitis has concluded another cooperation agreement for the installation of around 300 EV charging points at Maxima stores in Lithuania, Latvia and Estonia. More than half of the 172 access points will be installed in the parking lots of Estonian Maxima stores in 30 cities across the country over the next year.

In total, 217,000 charging sessions were carried out on the Company's Ignitis ON network last year. 100% of the charged energy is generated from renewable sources.

2.2 Business environment

Electricity

In 2024, Ignitis was active in wholesale and retail electricity trading in Lithuania, acquiring its electricity portfolio on the Nordic power exchange Nord Pool (NP) or through bilateral contracts. Last year, Ignitis continued to maintain its leading position in the retail market (49.6%). The main competitors were UAB Elektrum Lietuva and UAB Enefit.

A few years ago, the region saw a major change in the way it imports electricity from Russia and Belarus. Lithuania is now one of the European countries with the most electricity interconnections, which enables it to meet electricity demand despite reduced flows. The resilience and reliability of Lithuania's electricity system will be further enhanced when the synchronisation project with Continental Europe is completed in 2025. In the short term, electricity prices in the region will be affected and likely driven up by the damaged Estlink 2 connection between Finland and Estonia. The repair work on the damaged cable is expected to take several months.

In 2024, Lithuania already produced more than half of the country's electricity needs—58% (mostly green energy). The rest of the electricity needed was imported.

In 2024 more than a quarter (26%) of Lithuania's electricity needs were generated by wind farms. Solar power plants account for almost 10% of Lithuania's electricity needs. Around 4% of the electricity consumed in Lithuania is produced by hydroelectric power plants. This accounts for more than a tenth of our country's green energy production. The capacity of the Kaunas hydroelectric power plant is not large, but it is very important for the stability of Lithuania's energy system.

The electricity market has seen a drop in prices since 2024, with the average system price in 2024 being 36% lower compared to the same period in the previous year. The highest average prices were recorded on the Polish market, where the average price in 2024 was EUR 96.3 per MWh (a decrease of 14% compared to the previous year). In Lithuania, Latvia and Estonia, the price level in 2024 was similar – around EUR 87. The lower prices in 2024 were due to steady hydro production in Scandinavia, declining gas prices and a significant share of renewable generation due to favourable weather conditions and the expansion of wind and solar capacity. Maintenance work on power lines has led to price differences between Scandinavia and the Baltic regions.

Electricity price, Eur/MWh	2024	2023	2022	2024 vs 2023 Δ, %
Nord Pool system price	36.06	56.6	135.9	-36.3%
Lithuania	87.34	94.6	230.2	-7.7%
Latvia	87.43	94.1	226.9	-7.1%
Estonia	87.27	91.0	192.8	-4.1%
Finland	45.57	56.6	154.0	-19.5%
Poland	96.26	111.9	167.6	-14%

Natural gas

Ignitis natural gas supply activities are carried out in Lithuania, Latvia, Poland and Finland.

In Lithuania, Ignitis has a market share of more than 99% of the B2C market. In the B2B segment, in 2024, Ignitis was one of the 23 entities that supplied natural gas (H1 2024, NERC data). In H1 2024, Ignitis had a 47.3% share of the natural gas retail market in terms of volumes of natural gas sold to B2B customers.

Ignitis entered the Finnish natural gas supply market in 2020 and became one of the first players in the competitive Finnish market. In 2024, the market share was 11%.

In 2024, natural gas prices decreased (two years in a row), with the TTF ICE price averaging 30% lower in 2024 compared to the same period of 2023. The main factors contributing to the decline in natural gas prices were sufficient levels of natural gas in storage, a warm winter, growing LNG import capacity and lower consumption compared to long-term average consumption rates.

In October 2023, the Balticconnector pipeline breach shook the region's gas market and had a major impact on natural gas prices on the Finnish market. Supply via Balticconnector resumed on 22 April 2024. This breach created a temporary natural gas imbalance between Finland and the Baltic States, but did not prevent the supply of gas to either Finland or the Baltic region.

Natural gas price average, EUR/MWh	2024	2023	Δ, %
Natural gas – TTF ICE	33.8	48.5	*-30.3%*

Lithuania was the first EU Member State to suspend its purchases from Gazprom at the beginning of Q2 2022 by replacing it with LNG cargoes, mainly from the USA and Scandinavia.

The termination of natural gas flows via Nord Stream I led to a significant increase in competition for LNG cargoes in Europe; however, Ignitis has successfully and quickly adapted to the changed supply conditions, using the available capacity of the Klaipėda LNG terminal to meet its commitments to its customers, and even increased the volume of natural gas export to neighbouring countries. The rest of Europe adapted quickly to the changed market conditions. According to Gas Infrastructure Europe, more than 20 new LNG terminals have been built in Europe between 2022 and 2024. The high prices have led to increased investment in renewable energy generation, which contributed to lower natural gas prices.

In 2024, natural gas consumption in the Republic of Lithuania was 17.07 TWh, i.e. 14% more than in 2023 (14.96 TWh). The total natural gas consumption in the Lithuanian market is strongly influenced by the production schedule of the largest national consumer – AB Achema fertiliser manufacturing plant.

EV charging

In Europe, the shift to cleaner vehicles by drivers is being strongly encouraged due to growing concerns about environmental pollution, as countries become more stringent in their requirements to reduce atmospheric CO2 emissions. One way to encourage this is by installing EV charging stations.

According to AB Regitra, for the third year in a row, Lithuania's fleet of EVs has been growing by around 50% per year. Last year was no exception, although growth was a few percentage points lower than in 2022 and 2023, reaching 49.7%. According to the Lithuanian Energy Agency, Estonia saw a 52% increase in the registration of EVs between 2022 and 2024, while Latvia saw a 119% increase in the registration of EVs in 2023.

According to the Registration System for Public EV Charging Points, as of January 2025, there were 44 registered charging operators and 2502 public and semi-public EV charging points in Lithuania.

The Law of the Republic of Lithuania on Alternative Fuels foresees that by 2030, 60,000 charging points for electric vehicles will be installed in Lithuania, of which 6,000 will be public or semi-public EV charging points Around 200 public EV charging points should be installed alongside national roads by 2025 and around 1,000 by 2030, as required.

According to EV charging station data platform “Eco-movement”, at the end of 2024, there were 3,581 EV charging points in Lithuania. The largest market shares in the EV charging network at the end of 2024 are held by Ignitis ON with 30.9%, Inbalance Grid with 17.1%, Enefit Volt with 12.3%, Eldrive with 9.2% and Unipark with 9.1%.

At the end of 2024, there were 1,545 EV charging points in Latvia. Elektrum Drive had the largest market share (30.7%) in the EV charging network, followed by E-Mobi with 15.6% , Ignitis ON with 14.2%, CSDD with 13.9% and Eleport with 10.6%.

At the end of 2024, there were 1,438 EV charging points in Estonia. The largest market shares in the EV charging network were held by Enefit Volt with 29.2%, Alexela with 21.1% and Eleport with 18%.

Regulatory environment in Europe

Title	Description	Date of adoption	Impact on Ignitis
REMIT II	On 11 April 2024, the European Parliament and the Council adopted an updated Regulation on Wholesale Energy Market Integrity and Transparency (Regulation (EU) No 1227/2011 or REMIT II), together with a Regulation establishing ACER (Regulation (EU) No 2019/942), which entered into force on 7 May 2024. The Regulation aims to improve market transparency and integrity, thereby increasing public confidence in the functioning of wholesale energy markets, and also introduces new rules on algorithmic trading and new obligations for third country market participants. Key aspects of the updated Regulation: • extending the scope of data reporting to new electricity balancing markets and coupled markets as well algorithmic trading. Market participants need to design their algorithms in a way that does not cause market disruption. REMIT II also provides for monitoring and documentation obligations; • clearer and stricter requirements for EU market participants resident in third countries; • the EU Agency for the Cooperation of Energy Regulators (ACER) is mandated to investigate cross-border cases involving at least two Member States; • new tools for ACER to carry out investigations, including the possibility to carry out on-site inspections, issue information requests and receive statements; • ACER is empowered to impose periodic fines to enforce compliance with on-site inspection decisions and information requests. The power to impose fines for breaches or noncompliance with the prohibitions or essential obligations laid down in the Regulation will remain with the Member States.	11 April 2024	As of the report announcement date, financial impact cannot be evaluated, but these changes are unlikely to have a significant impact
Net-Zero Industry Act	On 13 June 2024, the European Parliament and the Council adopted the Net-Zero Industry Act (Regulation (EU) 2024/1735 or NZIA) establishing a regulatory framework to enhance the EU's competitiveness in decarbonisation technologies. The NZIA aims to attract investment, increase market access and support the transition to clean energy, thereby strengthening the EU's energy resilience. The NZIA aims to match 40% of the EU's annual deployment needs with production capacity for climate neutralisation technologies by 2030 and requires an annual storage capacity of at least 50 million tonnes of CO_2 . The scope of the NZIA covers a wide range of technologies that are necessary to reduce dependence on fossil fuels, including solar and wind energy, storage, hydrogen, sustainable fuels, carbon capture and energy efficiency technologies. It also includes nuclear energy, transport propulsion systems and biotechnology solutions. The NZIA applies to energy-intensive industries, such as steel, chemicals and cement, which produce components for climate neutralisation technologies or invest in reducing dependence on fossil fuels. The NZIA focuses on creating a skilled workforce and a more favourable environment for industries, as well as supporting projects to counteract climate impacts. It establishes Net-Zero Industry Academies, which will train 100,000 people in climate neutralisation technologies over three years. The NZIA also addresses CO_2 storage by setting a target of 50 million tonnes of operational CO_2 injection capacity by 2030, and encouraging EU oil and gas companies to invest in CO_2 capture solutions. The NZIA introduces a project the status of net-zero strategic project, which allows for faster permitting and financial support for key projects. It also introduces new procurement rules requiring public authorities to take sustainability, resilience and cybersecurity into account in cleantech contracts and renewable energy auctions. In addition, the NZIA establishes the Net-Zero Europe Platform to monitor progress, advise on financing and foster international partnerships for a global transition to clean energy.	13 June 2024	The overall impact is positive as the Regulation aims to accelerate the transformation of the energy sector, which is in line with Ignitis Group's strategy

Electricity market design	In response to the significant spike in energy prices caused by Russia's invasion of Ukraine in 2022, the EU reformed its electricity market on 13 June 2024 by adopting the so-called Electricity Market Design (EMD) package (Directive EU/2024/1711, Regulation EU/2024/1747). This reform introduces a number of key rules to protect consumers, improve the stability and competitiveness of companies, increase green electricity generation and improve preparedness for future crises. To better protect consumers, the reform provides for a range of contractual options, including fixed price, fixed term and dynamic pricing with multiple contracts. It requires clearer information before signing a contract and facilitates access to energy produced from locally traded RES. Vulnerable consumers will benefit from increased safeguards, such as a sufficient number of back-up suppliers to ensure continuity of electricity supply, and from the government's enhanced supervision of retail prices for households and SMEs. To ensure greater stability and competitiveness for companies, the reform introduces the use of long-term contracts, such as power purchase agreements (PPAs), under which electricity generators sell energy directly to consumers at agreed prices. It ensures that electricity generators can receive stable income from two-sided contracts for difference (CfDs), and supports investment in new wind, solar, geothermal, hydroelectric (without storage) and nuclear power facilities. These contracts ensure a minimum ROI and reduce excessive costs in times of crisis. The rules also aim to increase the share of green electricity by optimising the integration of renewable energy sources into the energy system. Enhanced transparency obligations for system operators and better market monitoring will facilitate more predictable RES power generation. Finally, in order to better prepare for future crises, the Council has been authorised to declare a crisis in response to high wholesale electricity prices or a rapid increase in retail prices. Member States must implement existing EU measures, such as lowering electricity prices for vulnerable consumers and ensuring fair competition between suppliers, to avoid distorting markets during the crisis.	13 June 2024	The overall impact is positive as the amendments accelerate the transformation of the energy sector, which is in line with Ignitis Group's strategy
Methane Regulation	On 13 June 2024, the European Parliament and the Council adopted Regulation (EU) 2024/1787 on the reduction of methane emissions in the energy sector and amending Regulation (EU) 2019/942. The Regulation aims to prevent avoidable methane emissions and minimise leakages from fossil fuel power plants operating in the EU. The Regulation lays down the following rules: 1. more accurate measurement, reporting and verification of methane emissions from the energy sector; 2. emissions must be reduced immediately through mandatory detection and repair of leaks, as well as a ban on venting and flaring practices that release methane directly into the atmosphere; 3. a transparency requirement on methane imports, which would collect information on whether exporting countries/companies are measuring, reporting and reducing their methane emissions, in order to determine the methane emissions intensity profile of these entities.	13 June 2024	As of the report announcement date, financial impact cannot be evaluated, but these changes are unlikely to have a significant impact

Regulatory environment in Baltic States

Title	Description	Date of adoption	Impact on Ignitis
Baltic balancing capacity market	On 14 March 2024, the National Energy Regulatory Council (NERC) approved several proposals submitted by LITGRID AB and the transmission system operators (TSOs) of Estonia, Latvia, Finland, Sweden and Poland on the balancing capacity market. These proposals included an exemption from the obligation to allow the transfer of automatic frequency restoration reserve (aFRR) and manual frequency restoration reserve (mFRR) balancing capacity to all Baltic trading zones, as well as a proposal to change the methodology for calculating the cross-zonal capacity during the balancing period. This methodology aims to regulate the coordinated and harmonised calculation of balancing period capacity. It defines how the interconnected electricity transmission systems of Estonia, Latvia, Lithuania, Finland, Sweden and Poland can provide balancing services. The methodology sets out the principles for calculating balancing period interconnection capacities when the Baltic countries are synchronised with the synchronous area of Continental Europe and when operating in isolated mode. It also details the calculation of the phases of operation of the balancing market for interconnection capacity and the calculation of the capacity posted after the end of the balancing period trading. In October 2024, the Baltic TSOs joined the European balancing market platform MARI. This coordinated effort aims to increase the efficiency and stability of the region's interconnected electricity transmission systems.	14 March 2024	As of the report announcement date, financial impact cannot be evaluated, but the overall impact is positive

Harmony Link onshore project	On 26 April 2024, the Minister of Energy approved the Engineering Infrastructure Development Plan for the Harmony Link Onshore Interconnector Project, which is a suitable technical alternative to the previously planned offshore interconnection to synchronise the electricity system. The Plan regulates the planning objectives and tasks, the stages of the planning process and the requirements for the preparation of the plan for the state-level special territorial planning document. The planned area covers the municipalities of Vilkaviškis region, Kalvarija and Marijampolė. On 19 December 2024, the Seimas also adopted amendments to the Law on the Interconnection of the Electricity System with the Continental European Grid for Synchronous Operation and the Law on Electricity, transposing Directive (EU) 2024/1711 of the European Parliament and of the Council of 13 June 2024. These amendments will allow the designated storage system operator to provide balancing services to the transmission system operator for a maximum of three years from the moment when the Lithuanian electricity system is interconnected with the Continental European electricity grid in synchronous mode. This measure aims to manage the risk of undersupply in the balancing capacity market.	26 April 2024	The overall impact is positive, as the amendments accelerate the transformation of the energy sector and the integration of the Baltic market into the European energy market
Non-renewal of the BRELL contract	On 16 July 2024, the transmission system operators (TSOs) of Estonia, Latvia and Lithuania sent a notice of non-renewal of the contract for the joint operation of electricity systems, the so-called BRELL contract. The contract set out the terms and conditions for the Baltic countries to operate in the Russian-controlled IPS/UPS electricity system. The contract will expire on 7 February 2025. On 8 February 2025, the Baltic TSOs are expected to disconnect the electricity systems of Estonia, Latvia and Lithuania from the IPS/UPS and start a joint isolated mode test. The Baltic electricity systems are scheduled to be synchronised with the synchronous area of the Continental European on 9 February 2025. Synchronisation will ensure better interconnection of EU transmission systems and market integration, allowing the Baltic electricity systems to operate under common and clear European rules, benefiting all consumers. It will also boost the development of renewable energy in the Baltic States and Poland, as newly installed power lines, substations and synchronous condensers will increase the ability of transmission grids to integrate a higher share of renewables in overall electricity generation.	16 July 2024	The overall impact is positive, as the amendments accelerate the transformation of the energy sector and the integration of the Baltic market into the European energy market
Natural gas supply standards and solidarity storage service	On 12 September 2024, the Latvian Parliament adopted amendments to the national Energy Law. Decisions on user protection have been adopted and strengthened by regulatory acts under Regulation (EU) 2017/1938 of the European Parliament and of the Council of 25 October 2017 concerning measures to safeguard the security of gas supply and repealing Regulation (EU) No 994/2010. Subsequently, implementing regulations were adopted. On 1 October 2024, Conexus Baltic Grid adopted the Regulation on the Use of the Solidarity Part of the Inčukalns Underground Gas Storage (UGS) (the "Solidarity Regulation"). The amendment to the Energy Law and the Solidarity Regulation (taking into account the type of reservation of storage capacity) divided the Inčukalns UGS into two parts, respectively: the storage part with a storage capacity of four terawatt hours (the solidarity part of the Inčukalns UGS, which is intended to meet the solidarity needs of the neighbouring countries of the European Union that have entered into agreements on solidarity measures to ensure the security of supply of gas) and the storage part intended to empower the market. In addition, the amendment and the new Solidarity Regulation establish the procedure for reserving the storage capacity of the solidarity part of the Inčukalns UGS and provide that the fee will be based on the tariff set by the Utilities Commission. For the market share of the storage system, a fee will be charged, the final amount of which will be determined at auction. The amendments create a new solidarity service, a specialised natural gas storage service to enhance regional energy security by ensuring the availability of gas reserves in times of emergency or supply disruption.	12 September 2024 and 1 October 2024 – Solidarity Regulation	As of the report announcement date, financial impact cannot be evaluated, but is will not be significant

Regulatory environment in Lithuania

Title	Description	Date of adoption	Impact on the Group
Lithuanian Hydrogen Sector Development Roadmap for 2024–2050, and the Action Plan for its Implementation	On 26 April 2024 the Ministry of Energy of the Republic of Lithuania approved the Lithuanian Hydrogen Sector Development Roadmap for 2024–2050 This document is Lithuania's main strategic document to establish a comprehensive regulatory framework for the hydrogen sector. It aims to promote the use of hydrogen in the transport and industrial sectors, foster the integration of the hydrogen and electricity sectors, develop hydrogen valleys and transport systems, assess the potential of hydrogen storage, and establish a framework for developing competences in the hydrogen value chain. To implement the goals and objectives set out in the Lithuanian Hydrogen Sector Development Roadmap for 2024–2050, on 11 December 2024 the Government approved the Action Plan of 2025–2027 for the Implementation of the Lithuanian Hydrogen	26 April 2024	The overall impact is positive as the amendments accelerate the transformation of the energy sector, which is in line with Ignitis Group's strategy

	Sector Development Roadmap. It details 8 specific objectives, measures, responsible actors and deadlines for their implementation. This document will be crucial for the further development of the hydrogen sector as it will shape the market and regulatory environment.		
Amendments to electricity and gas legislation	On 25 June 2024, amendments to the Law on Energy, the Law on Electricity and the Law on Natural Gas were adopted to regulate the energy data exchange of between market participants in the electricity sector via a centralised energy information exchange platform (data centre). ESO was appointed as the operator and developer of the centralised data centre. The procedure for public consultation of stakeholders on the use of electricity distribution networks was improved. The amendments also regulate the payment of costs for the relocation or reconstruction of electricity distribution networks. Energy supply companies are now allowed to set prices and tariffs for regulated energy supply products (gas and electricity public supply) for private customers every three months of the calendar year instead of every six months, taking into account market developments (purchase prices of products). If the energy companies do not offer recalculations, the NERC can unilaterally recalculate these prices and tariffs for private customers. In addition, the amendments stipulate that renewable energy projects with a generation capacity of 150 MW or more are considered to be projects of national interest.	25 June 2024	As of the report announcement date, no material financial impact is likely
National Energy Independence Strategy	On 27 June 2024, the Seimas of the Republic of Lithuania adopted the amendments of the National Energy Independence Strategy. The updated Strategy aims to move Lithuania further in the direction of a long-term and sustainable energy policy and to prepare for a global transition from fossil fuels to clean energy sources, with a focus on electricity. The document sets the goal of making Lithuania a fully energy independent country by 2050, producing and exporting energy for its own needs. Following a thorough analysis of studies and research on energy sector trends, the strategy sets out a number of key objectives: to achieve 100% renewable electricity generation in Lithuania and the region, to transition to an electricity-based economy and to develop a high value-added energy industry, as well as to ensure the affordability of energy resources to consumers. This includes developing onshore and offshore renewable energy capacity and promoting the transition to climate-neutral energy sources in various sectors. Lithuania aims to achieve a positive energy balance by 2030 and full climate neutrality in the energy sector by 2050. By 2050, electricity consumption is estimated to increase more than 6-fold, from 12 TWh today to a projected 74 TWh. The main contributors to the growth will be synthetic gas production (35.5 TWh), consumption in the industrial sector (12.6 TWh), consumption in the transport sector (6.3 TWh) and the heating sector (3.4 TWh). The Strategy also sets out objectives to ensure a safe and secure energy infrastructure, to enable local energy production and to support the reduction and development of the industrial sector's dependence on fossil fuels. There is a strong focus on developing electricity infrastructure and resilience to physical and cyber threats. It also focuses on attracting new investment in the production and technology of energy products. The Strategy prioritises the production of green hydrogen, sustainable biogas and biomethane, as well as other high-tech industries that can contribute to the country's economic prosperity. Finally, the Strategy sets targets to ensure that the benefits of the transition to renewable energy are felt by all citizens and companies, thereby reducing social exclusion in the energy sector. It underlines the importance of reducing energy price volatility and providing support systems for lower income groups. These amendments should help Lithuania to adapt effectively to the upcoming energy changes and promote a sustainable and resilient green energy future.	27 June 2024	The overall impact is positive as the amendments accelerate the transformation of the energy sector, which is in line with Ignitis Group's strategy
National Energy and Climate Action Plan	In cooperation with the Ministry of Environment, the Ministry of Energy of the Republic of Lithuania initiated the National Energy and Climate Action Plan for 2021–2030, which was approved by the Government on 11 December 2024. The Plan was prepared following Article 14 of Regulation (EU) 2018/1999 on the Governance of the Energy Union and Climate Action. The updated Pan sets out specific measures to meet the European Union's energy and climate change policy goals and targets by 2030. The updated Plan has incorporated a number of key strategic documents, providing a comprehensive framework for achieving its objectives. The measures aim to achieve the following objectives by 2030: • a 21% reduction in GHG emissions levels for sectors outside the EU emissions trading system, compared to 2005; • ensuring that the share of energy from renewable sources in gross final consumption is 55% and in electricity consumption – 100%;	11 December 2024	The overall impact is positive as the amendments accelerate the transformation of the energy sector, which is in line with Ignitis Group's strategy

	• meeting the projected demand for green hydrogen of 129,000 tonnes (4.26 TWh), which would require 1.3 GW of electrolysis capabilities and 6.51 TWh of clean electricity; • developing additional flexibility capacity, such as storage facilities (batteries), with the aim of installing 1.5 GW of capacity by 2030.		
A new Lithuanian Government and a new government programme	Following the October 2024 elections, a new centre-left coalition Government of Lithuania was sworn in on 12 December 2024. The new Government plans to maintain the current strategic direction in the energy sector and has prepared a comprehensive strategy for Lithuania's green energy transition. The Programme emphasises the synchronisation of the Baltic electricity grids with the Continental Europe, abandoning the current BRELL system. The focus is on the development of renewable energy technologies such as solar, wind, hydro, biomass, etc., to reduce the use of fossil fuels to the technological minimum necessary to ensure grid stability. The Government aims to generate more electricity from renewable energy sources than Lithuania consumes in a year by 2028. One of the main components of the programme is the development of energy storage capacity, including the deployment of advanced energy storage systems and the expansion of energy storage capacity at the Kruonis Hydroelectric Power Plant (Kruonis HPP). The Programme stresses the importance of developing offshore and onshore wind projects, but also stipulates that offshore wind farm projects should not significantly increase the cost of electricity for consumers and industry. The Programme also supports the development of hydrogen technology to harness surplus clean energy for the production of green hydrogen to meet the needs of the chemical industry and the production of synthetic fuels. It promotes decentralised energy production by encouraging the involvement of individuals, small and medium-sized enterprises and renewable energy communities. The focus is on developing charging infrastructure for EVs to enable more and more EVs to use it, including the installation of public charging stations and charging facilities near apartment blocks. The Government is committed to supporting investment in the modernisation and expansion of transmission and distribution networks to improve their reliability and integrate more renewable energy sources. In addition, they plan to ensure that small and vulnerable private customers have access to services provided by the public electricity supplier.	12 December 2024	The overall impact is positive as the amendments accelerate the transformation of the energy sector, which is in line with Ignitis Group's strategy
Amendment to the Standard Terms and Conditions of the Imbalance Settlement Agreement	On 9 January 2025, NERC approved an amendment to the Standard Terms and Conditions of the Imbalance Settlement Agreement of the Lithuanian transmission system operator Litgrid. Litgrid is implementing changes to the procedure for settlement of balancing capacity purchase costs. These changes are driven by the need to comply with European Commission Regulation (EU) 2017/2195 (the Code on Balancing), the increasing demand for balancing capacity and the direct link between this demand and the accuracy of generation and consumption planning. The main reasons for these changes are the need to balance production and consumption in order to maintain the stability of the system, as imbalances can lead to systemic failures. Moreover, the increasing demand for balancing capacity, in particular due to the growing share of renewables, clearly shows the direct link between the need for balancing capacity and the accuracy of generation and consumption forecasts. They also aim to promote better planning by the responsible parties, thereby reducing imbalances and ensuring that the costs of acquiring balancing capacity are fairly distributed. Countries with larger imbalances will bear a larger share of these costs. The changes to the settlement arrangements include the transfer of the cost of balancing capacity from the transmission tariff to the ancillary service components of the Responsible Parties, and then from the responsible parties to the end consumers. These responsible parties will continue to pay for the cost of balancing energy when imbalances are caused by their actions. The transfer of the cost of balancing capacity to the balance responsible parties will be implemented gradually from 1 January 2026.	9 January 2025	The overall impact is estimated to be negative, however, as of the report announcement date, financial impact cannot be evaluated

Regulatory environment in Latvia

Title	Description	Date of adoption	Impact
Net-billing system	On 6 February 2024, the Cabinet of Ministers of the Republic of Latvia adopted amendments to the Rules on the Sale and Use of Electricity, which improve the existing net-metering system by introducing a net-billing system available to all consumers, legal entities and the private sector.	6 February 2024	As of the report announcement date, financial impact cannot be evaluated,

	To use the net-billing system, active customers and electricity sellers must enter into an agreement for the use of the net-billing system. From 1 May 2024, electricity sellers must include the global net-billing system service in their net-billing system offers. Sellers are also allowed to create alternative net-billing system offers with different conditions. From the same date, private customers who use net-metering system have the option to become active customers and start using net-billing system at any time. The generated electricity that is not immediately consumed can be stored in a virtual wallet, which can be used by the active customer to pay bills and system services not only at the site where the electricity is generated but also at other sites serviced by the same electricity seller.		but the overall impact is positive
Amendments to the Rules on the Sale and Use of Electricity	On 3 December 2024, the Cabinet of Ministers of the Republic of Latvia adopted amendments to the Rules on the Sale and Use of Electricity. The following main changes were proposed: - in case of a dispute, the system operator is obliged to supply electricity to consumers who prove ownership, use or possession rights; - the early termination fee shall be set in such a way that, from the entry into force of the contract, the early termination fee shall be reduced in proportion to the period from the start of the supply of electricity to the early termination of the contract, and shall be reduced at least every three months; - the price of the guaranteed electricity supply to consumers whose electricity installations are connected to the distribution system consists of the price of the trading range of the Nord Pool electricity exchange in the Latvian trading zone on the day before the billing period, which is published on the website of the Nord Pool electricity exchange, and a mark-up determined by the supplier providing the guaranteed electricity supply services. This type of supply is available for a maximum of six months, during which consumers must sign a contract; - ensuring that the electricity imbalance period is changed to a 15-minute interval by 31 December 2024.	6 December 2024	As of the report announcement date, financial impact cannot be evaluated, but is will not be significant

Regulatory environment in Poland

Title	Description	Date of adoption	Impact
Balancing market reform	On 26 January 2024, the President of the Energy Regulatory Office approved the new Balancing Conditions, which transpose the obligations set out in Regulation (EU) 2019/943 of the European Parliament and of the Council on the internal market for electricity, and Commission Regulation (EU) 2017/2195 establishing a guideline on electricity balancing. These new Conditions govern the functioning of the balancing market. The changes have also led to amendments to the network management manuals of the transmission system operator and the five largest energy distribution operators to align them with the new Balancing Conditions. The main changes include: • shortening the settlement periods for balancing and imbalance payments to 15 minutes (previously one hour). From now on, the price of energy will also include an assessment of the operating reserve and the costs associated with maintaining the resources that stabilise the system; • participants will henceforth be referred to as balancing service providers and balance responsible entities. Entities with a minimum generation capacity of 0.2 MW will be able to participate in the balancing market (the former minimum threshold was 1 MW). The Conditions also provide for the possibility to merge smaller market players into larger groups, thus increasing competition in the balancing market; • the new balancing services now allow the purchase of balancing capacity, including frequency maintenance reserve, frequency restoration reserve and replacement reserve, in addition to electricity; • the rules are set for the participation of Polish generators in the European platform for the exchange of balancing energy produced using replacement reserves, and in the European platform for the imbalance netting. This will allow Poland to participate in the EU's energy market balancing arrangements. These updates are aimed at improving the efficiency of the Polish electricity market and integration into the wider European energy market.	26 January 2024	As of the report announcement date, no material financial impact is likely
Extension of the electricity price cap	On 23 May 2024, the Act of 27 October 2022 on Emergency Measures to Cap Electricity Prices and Support Certain Beneficiaries in 2023 and 2024 was amended. This amendment extended the application of the electricity price cap using Energy Voucher Ordinance of 23 May 2024 and the amendment of certain laws to reduce the prices of electricity, natural gas and system heating: - for private consumers, a price cap of 500 PLN/MWh was set from 1 July 2024 to 31 December 2024, except for consumers who have concluded contracts with dynamic electricity pricing. On 6 December 2024, this price cap was extended until the end of September 2025;	23 May 2024	As of the report announcement date, no material financial impact is likely

- for local government bodies and authorities, SMEs and similar entities, a price cap of PLN 693/MWh was set for the same period. On 6 December 2024, this price cap was extended until the end of March 2025.

The amendment, which was also aimed at capping electricity prices and supporting certain beneficiaries in 2023 and 2024, established the procedure for granting discounts for reduced consumption in 2023.

End-users who reduced their energy consumption in 2023 compared to the comparative period from 2018 to 2022 were entitled to a 10% discount on their bills, granted by the supplier whose contract was valid on 31 December 2023. Ignitis Polska (Customers & Solutions) acts as a representative of the Settlement Administrator (*Zarządca Rozliczeń*). The company will be reimbursed by the Settlement Administrator for the discounts, so the supplier only has administrative functions.

2.3 Strategy

Our purpose and integrated strategy

Ignitis is an important part of Ignitis Group integrated business model and strategy. Ignitis Group is a renewables-focused integrated utility and the largest energy group in the Baltic States.

Our purpose is to create a 100% green and secure energy ecosystem for current and future generations. We are strengthening our contribution to Europe‘s decarbonisation and energy security in the region, while accelerating the energy transition and electrification in the Baltics and Poland.

1. **Green** (Growing green generation and green flexibility capacity)
2. **Flexible** (Creating a flexible system that can operate on 100% green energy in the short, medium, and long term)
3. **Integrated** (Utilising the integrated business model to enable Installed Green Capacities build-out)
4. **Sustainable** (Maximising sustainable value)

We invest to deliver 4–5 GW of installed Green Capacities by 2030 and reach net zero emissions by 2040–2050, with a focus on green generation and green flexibility technologies: onshore and offshore wind, batteries, pumped-storage hydro, and power-to-X.

Integrated business model

Green Capacities

Strategic focus

Delivering **4–5 GW** of installed green generation and green flexibility capacity by 2030

Networks

Strategic focus

Expanding a resilient and efficient network that enables electrification

Customers & Solutions

Strategic focus

Utilising and further expanding Customer portfolio to enable Green Capacities build-out

Reserve Capacities

Strategic focus

Contributing to the security of the energy system

Ignitis is part of the Ignitis Group and belongs to the Customers & Solutions segment.

Sustainability and ESG priorities

We deliver our strategy by focusing reducing carbon intensity of scope 1 & 2 GHG emissions, promoting safety at work with a focus on TRIR and zero fatal accidents, taking care of employee experience driven by well-being, learning and growth, equal pay, diversity and inclusion initiatives, promoting diversity in top management and creating a sustainable value through our sustainable investments and returns.

Our values

We are a team of diverse and energetic people united by a common purpose.

RESPONSIBILITY GROWTH PARTNERSHIP OPENNESS

Strategic priorities, targets and key performance indicators

Strategic priorities

The Ignitis Group strategy for 2024–2027, adopted in 2024, includes the following strategic priorities of Ignitis:

1. Utilising and further expanding the customer portfolio;
2. Building a leading EV charging network in the Baltics;
3. Speeding up the transition from gas to power.

The first priority: Utilising and further expanding the customer portfolio.

Exploiting synergies with the Green Capacities segment: Large customer base supports the Green Capacities build-out through internal PPA's

Expanding electricity supply portfolio to accelerate the green transformation of our customers:

– Form Green Capacities offtake portfolio and growing the share of green electricity supplied;
– Best in class trading and risk management competences;
– Attractive and diverse product portfolio with a focus on power and long-term value;
– Great customer experience with digitally advanced customer services

The second priority: Building a leading EV public charging network in the Baltics.

EV network will become a significant offtaker of green electricity in the future:

– Expanding in the Baltics across public, commercial and home charging segments;
– Focused on developing a public EV fast-charging network and being a first-choice provider of charging solutions for the home and business customers;
– Exploring the utilization of own EV network's balancing capabilities

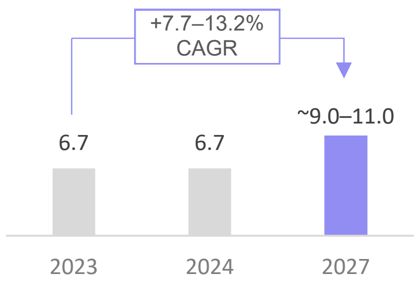
The third priority: Speeding up the transition from natural gas to power.

Optimising our natural gas supply portfolio:

– Proactively promoting customers to move from gas to power.

– Our key focus is on electricity supply.

Power supply portfolio,
TWh



We are utilising and expanding our customer portfolio and internal power purchase agreements to enable the Green Capacities build-out. We aim to increase electricity sales to ~9.0–11.0 TWh by 2027 (with a CAGR of 7.7%–13.2% between 2024 and 2027) and to accelerate the transition from gas to electricity.

Short term incentive (STI) performance objectives and their achievement for 2024 as well as STI performance objectives for 2025 are provided in the Annual Report part "4.3 People and remuneration"

Key projects and investments

The key object of Ignitis activity infrastructure is IT systems and programs as well as expansion of EV charging stations on the Ignitis ON network. In Lithuania alone, Ignitis has almost 1.4 million B2C customers and over 25 thousand B2B customers. By serving a large customer base daily, the Company is continuously searching for solutions to enhance customer relationships and to simplify daily operations both for customers and employees. Ignitis also invests in renewable energy related solutions for customers. One of the best-known products of such investments is the largest fast-charging network of electric vehicles in Lithuania – Ignitis ON. In 2023, Ignitis Group announced plans to invest up to EUR 115 million in the in the expansion of an EV charging network in the Baltics over the next 3–5 years (EUR 21.2 million was invested throughout 2024). The main purpose of the investments is the acquisition of EV charging stations in order to expand the charging network infrastructure in the Baltic States.

The investment policy of Ignitis Group, which is also followed by Ignitis, stipulates that all investments must be in line with the objectives set out in the strategic plan and with the State's objectives, as set out in the current shareholder's Letter of Expectations.

Main investment directions:

- Business sector. Business sectors must be consistent with the directions of the strategy. The majority of the investments of Ignitis Group are directed towards the Green Generation and Networks segments, with a smaller share in Flexible Generation, Customers & Solutions (Ignitis) and other activities (e.g., IT). Ignitis Group does not invest in coal-fired power plants and nuclear power. Investments in new gas-fired generation capacity are limited to those necessary to ensure system security.
- Geography. Investments are made in projects in the countries identified in the strategy and strategic plan. The majority of the investments are directed towards the "home" markets – the Baltic States, Poland, Finland. Under favourable conditions, investment projects may be considered in other markets undergoing major energy market changes.
- Partnerships. Investments in new services, technologies, new markets or other unusual investments may consider collaboration with partners.
- Governance. Ignitis Group seeks to invest in controlling interests or interests that confer significant management rights (i.e. must be able to influence operational decisions). However, when strategic benefits are present, participation in projects as a minority shareholder may be considered.

The investment actions of Ignitis Group must take into account the economic, environmental and social aspects of its operations, the greenhouse gas emission reduction targets of Ignitis Group, and sustainable value creation as described in the Sustainability Policy of Ignitis Group.

Total investment in IT systems in 2024 amounted to EUR 4.7 million, and in the expansion of Ignitis ON charging stations network – EUR 21.2 million. In 2025, the planned investment is around 15.7% will be directed towards expansion of IT systems, and the remaining 84.3% mostly towards the ongoing expansion of Ignitis ON. The investment in the Ignitis ON project is in line with Ignitis Group's strategy to accelerate the expansion of EV charging stations, to expand the largest network of fast EV charging stations in all the Baltic States.

Projects/directions	
Investing in the innovative solutions segment	**New key IT systems installed**
Expansion of Ignitis ON EV charging stations network Project-based activities	Customer Relationship Management (CRM) system Installation of main IT system (Billing)
Investment period: 2024–2026 Progress: EUR 21.2 million invested in 2024	Investment period: 2024–2026 Progress: EUR 4.7 million invested in 2024

3. Results

3.1 Annual results

Revenue

In 2024, revenue decreased by 25.5% compared to 2023, and amounted to EUR 1,227.0 million. The main reasons for the change in revenue are the following:

1. **Lower revenue from energy supply (EUR -64.2 million).** Decrease in revenue from electricity supply resulted from the drop in electricity market prices (-8.9%). Revenue from electricity supply decreased from both B2C and B2B customers. The decrease in revenue from energy supply to B2B customers (EUR -15.3 million) was driven by the above-mentioned lower average market prices. Total electricity sales to B2C customers in unregulated supply decreased (EUR -48.0 million) due to a fall in average market prices and a decrease in sales volumes (-1.3%). The decrease in revenue from public supply was due to a tariff reduction in order to reflect estimated decrease in acquisition price for 2025 H1(EUR -3.3 million).
2. **Lower revenue from natural gas supply (EUR -353.8 million).** The decrease in revenues from natural gas supply and trading was mainly due to lower market prices (the average price of the TTF gas index fell by 30% on average in 2024 compared to the same period in 2023) and lower tariffs for B2B customers. Revenues from B2C customers decreased by EUR 172.3 million; sales to B2B customers decreased by EUR 108.7 million; wholesale sales decreased by EUR 72.8 million. The total volume of gas sold decreased by 6%.
3. **Lower revenue from project-based activities and other revenue (EUR -1.8 million).** The decline was mainly due to a decrease in project-based activity income (EUR -4.6 million); the main factor was the discontinuation of sales of solar power plants to private individuals. This decrease was partly offset by the realisation of derivatives that were ineffective for financial accounting purposes (EUR +1.8 million), as well as an increase in income from changes in the market value of derivatives (EUR +0.5 million).

Revenue by nature of activity, EUR million

	2024	2023	Δ	Δ,%
Supply of electricity	771.7	835.9	*(64.2)*	*(7.7%)*
Natural gas supply	433.7	787.5	*(353.8)*	*(44.9%)*
Revenue from project activities	17.3	21.9	*(4.6)*	*(21.0%)*
Other income	4.3	1.5	*2.8*	*186.7%*
Revenue	**1,227.0**	**1,646.8**	***(419.9)***	***(25.5%)***

Main sources of revenue at Ignitis are the supply of natural gas and electricity:

- 35% of total revenue of Ignitis comprises revenue from natural gas supply. Ignitis sells natural gas to customers in Lithuania and the other Baltic States, as well as in Finland and Poland. It is sold to clients of both B2B and B2C segments. In 2024, 2.3 TWh of natural gas was sold to B2C customers, 4.5 TWh to B2B customers in the region, and 1.8 TWh as a wholesale sales.
- 63% of total revenue of Ignitis comprises revenue from electricity supply. Ignitis sells electricity in Lithuania, Latvia and Poland. It is sold to clients of both B2B and B2C segments. In 2024, 2.2 TWh of electricity was sold to B2C customers, and 4.5 TWh to B2B customers.

Revenue by country, EUR million

	2024	2023	Δ	Δ,%
Lithuania	841.1	1,143.80	*(302.7)*	*(26.5%)*
Other[1]	385.9	503.00	*(117.1)*	*(23.3%)*
Revenue	**1,227.0**	**1,646.80**	***(419.8)***	***(25.5%)***

[1] Others: Latvia, Estonia, Poland, Finland.

Other revenue of Ignitis in 2024 comprised sales of natural gas and electricity abroad.

Revenue by type, EUR million

	2024	2023	Δ	Δ,%
B2B sales revenue	875.4	1,071.7	*(196.3)*	*(18.3%)*
B2C sales revenue	351.6	575.2	*(223.5)*	*(38.9%)*
Revenue	**1,227.0**	**1,646.8**	***(419.9)***	***(25.5%)***

B2B sales revenue comprises 71% of total revenue of the Company. Most of B2C revenue (approx. 59%) comes from unregulated supply activities.

Expenses

Purchases of electricity, natural gas and other services

In 2024, the purchases of electricity and natural gas of Ignitis amounted to EUR 1,144.5 million, and decreased by 33.7% compared to 2023. The decrease was due to lower purchases of natural gas (EUR -389.8 million) and electricity (EUR -184.8 million). The decrease in expenses was driven by lower wholesale commodity prices.

Operating expenses

In 2024, operating expenses (OPEX) of Ignitis amounted to EUR 43.1 million, an increase of 9.9% compared to 2023. The main reasons for the increase in OPEX were an increase in remuneration costs (EUR +4.2 million), as the number of employees grew due to the expansion of activities and services, Ignitis also performed the annual review of employees' remuneration.

Other expenses

Expenses, EUR million

	2024	2023	Δ	Δ,%
Purchases of electricity, natural gas and other services	**1 144,5**	**1 725,2**	***(580,7)***	***(33,7%)***
Purchases of electricity and related services	749,9	934,7	*(184,8)*	*(19,8%)*
Purchases of natural gas and related services	382,7	772,5	*(389,8)*	*(50,5%)*
Other	11,9	18,0	*(6,1)*	*(33,9%)*
OPEX APM	**43,1**	**39,2**	***3,9***	***9,9%***
Wages and salaries and related expenses	20,9	16,7	*4,2*	*25,1%*
Other	22,2	22,5	*(0,3)*	*(1,3%)*
Other expenses	**4,6**	**13,1**	***(8,5)***	***(64,9%)***
Depreciation and amortisation	4,2	4,3	*(0,1)*	*(2,3%)*
Write-offs and impairment of non-current and current amounts receivable, inventories and other amounts	0,4	8,8	*(8,4)*	*(95,5%)*
Total expenses	**1 192,2**	**1 777,5**	***(585,3)***	***(32,9%)***

Adjusted EBITDA

In 2024, adjusted EBITDA amounted to EUR 7.1 million and was 76.6% or EUR 23.2 million lower than in the same period of 2023. In 2024, adjusted EBITDA margin was 0.6% (1.8% in the same period of 2023).

The main reasons behind the change in adjusted EBITDA were as follows:

1. Negative change in results from activity of supply and trade of natural gas (EUR -68.7 million). The decrease in the indicator is due to a lower result for the supply of natural gas to B2B customers resulting from the reversal of a higher impairment charge for natural gas inventories in 2023, which did not exist in 2024.
2. Positive change in results from activity of supply and trade of electricity (EUR 47.1 million) was due to an increase in the financial result from unregulated supply activities. The main reasons for this are the Company's lower losses in the B2C segment in 2024 (+EUR 26.8 million), increase in the result from wholesale trade (EUR +6.5 million), , as well as a positive change in the market value of inefficient derivatives (EUR +8.8 million).

Adjusted EBITDA by nature of activity, EUR million.

	2024	2023	Δ	Δ, %
Natural gas supply and trading activity	33.0	101.7	*(68.7)*	*(67.6%)*
Electricity supply and trading activity	(21.2)	(68.3)	*47.1*	*(69.0%)*
Other activities	(4.7)	(3.1)	*(1.6)*	*51.6%*
Adjusted EBITDA APM	**7.1**	**30.3**	***(23.2)***	***(76.6%)***

EBITDA adjustments

1. In 2024, a regulatory differential of EUR -4.5 million between the actual cost of natural gas purchases and the supply price set by the regulator was calculated. In addition, EUR 5.1 million was returned to consumers through the reduced rates. In total, the gas supply activities of B2C customers accounted for the adjustment to EBITDA of EUR +0.7 million.
2. The differences between Ignitis actual and average market LNG acquisition prices for designated supply, as well as the recoverable technological costs related to the designated supply activities of Ignitis, were calculated in 2024. The total change in regulatory differences for designated supply during the year was EUR -11.9 million, comprising of EUR 31.8 million of compensations received, and EUR 19.9 million of costs incurred. The remaining temporary regulatory differences are expected to be recovered in 2025 through the LNGT component (see Note 3.2.4.2 to the Financial Statements for more details).
3. In 2024, the differences arising from recalculation of revenue from electricity supply activities comprise elimination of differences between income and expense due to evaluation of over-declaration effects (Note 5.4). With the rapid roll-out of smart electricity meters to residential customers, the over-declaration effect has become negligible and this correction is unlikely to be needed in future periods.
4. The adjustment for loss-making contracts relates to a provision of EUR 66.5 million recognised by the Company as of 31 December 2023, which was revalued as of 31 December 2024 for the amount of EUR 45.8 million (the entire amount is a short-term part). This provisions is related to electricity purchase agreements concluded in the second half of 2022 in an environment of high prices for energy commodities. The Company actively manages the risks of energy commodity price volatility and diversifies its portfolio of acquisitions. As a result of the significant drop in market prices, as well as the optimisation of the supply cost of B2C unregulated electricity supply segment and the B2C customer migration to lower fixed price supply plans, some of the Company's electricity purchase agreements might generate losses in future periods.

EBITDA adjustments, EUR million

	2024	2023	Δ	Δ, %
EBITDA APM	**39.0**	**(126.4)**	***165.4***	***(130.8%)***
Adjustments[1]				
Temporary regulatory differences arising from the activity of	0.7	16.5	*(15.8)*	*(95.8%)*

B2C natural gas supply (1)				
Temporary regulatory differences arising from the activity of designated supply (2)	(11.9)	71.0	*(82.9)*	*(116.7%)*
Temporary regulatory differences arising from the activity of public supply (3)	-	2.6	*(2.6)*	*(100.0%)*
Loss-making contracts	(20.7)	66.5	*(87.2)*	*(131.1%)*
Total EBITDA adjustments	**(31.9)**	**156.7**	***(188.6)***	***(120.4%)***
Adjusted EBITDA APM	**7.1**	**30.3**	***(23.2)***	***(76.6%)***
Adjusted EBITDA margin APM	0.6%	1.8%	*n/a*	*(1.3 pp)*

Net profit

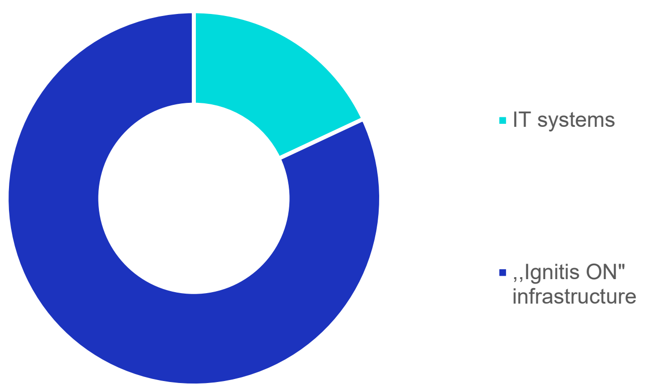
In 2024, adjusted net loss amounted to EUR -5.6 million (EUR -15.4 million, compared to the same period in 2023). Adjusted net loss was due to a negative change in adjusted EBITDA (EUR -23.2 million, the reasons for which are described in the section “Adjusted EBITDA”), and a decrease in the cost of financial activities (EUR +7.5 million).

Reported net profit for 2024 was EUR 21.5 million (EUR +144.9 million, compared to the same period in 2023). The main reasons behind the positive result: a positive change in EBITDA (EUR 165.4 million, see the comment on EBITDA), which was offset by a decrease in expenses from financial activities (EUR +7.5 million), and the positive financial result resulted in a change in the deferred income tax liability (EUR -28.1 million).

Investments

In 2024, the investments amounted to EUR 25.8 million (EUR +1.9 million, compared to the same period in 2023). EUR 4.7 million of investments were made in modernisation and installation of IT systems (customer self-service, contact centre request management systems, billing system, Ignitis ON management system, data reporting and other systems focused on customer service and employee well-being). EUR 21.2 million was spent on the expansion of the Ignitis ON EV charging network.

Investments by nature of activity in 2024, %



Statement of financial position

Assets

As of 31 December 2024, total assets amounted to EUR 479.4 million (EUR 76.3 million less, compared to 31 December 2023). The decline was mainly influenced by the decrease in value of trade receivables (EUR -30.4 million) and inventories (EUR -40.4 million) at year-end. The common reason for the decline of the mentioned asset groups is the decrease in market prices of commodities.

Equity capital

As of 31 December 2024, equity amounted to EUR 80.9 million (EUR +25.8 million, compared to 31 December 2023). The change in equity was mainly influenced by net profit in 2024 (EUR 21.5 million) and change in the revaluation reserve of derivative financial instruments (EUR +4.2 million).

Liabilities

As of 31 December 2024, liabilities amounted to EUR 398.4 million (EUR -102.1 million, compared to 31 December 2023). The decrease was due to the repayment of Ignitis loans (EUR -66.4 million). The fall in commodity prices also led to a significant decrease in long-term provisions (EUR -35.6 million).

Balance sheet, EUR million

	31/12/2024	31/12/2023	Δ	Δ, %
Non-Current Assets	100.6	102.3	*(1.7)*	*(1.6%)*
Current assets	378.8	453.4	*(74.6)*	*(16.5%)*
TOTAL ASSETS	**479.4**	**555.7**	***(76.3)***	***(13.7%)***
Equity capital	80.9	55.1	*25.8*	*46.9%*
Total liabilities	398.4	500.6	*(102.1)*	*(20.4%)*
Non-current liabilities	19.8	61.2	*(41.3)*	*(67.6%)*
Current liabilities	378.6	439.4	*(60.8)*	*(13.8%)*
TOTAL EQUITY AND LIABILITIES	**479.4**	**555.7**	***(76.3)***	***(13.7%)***
Turnover of assets APM	2.4	1.6	*0.7*	*43.8%*
ROA APM	4.2%	(12.4%)	*n/a*	*16.5 pp*
Current ratio APM	1.0	1.0	*(0.0)*	*(3.0%)*
Working capital/revenue (LTM) APM	(1.0%)	3.6%	*n/a*	*(4.7 pp)*

Financing

Net debt

As of 31 December 2024, net debt amounted to (EUR 30.0 million), a decrease of 347.0% or EUR 42.1 million, compared to 31 December 2023. The main reason for the decrease in net debt is the fall in average natural gas prices (in 2024, the average price of the TTF natural gas index fell by 30% on average compared to the same period in 2023) and electricity prices (-8.9%).

As of 31 December 2024, net debt ratio turned negative mainly due optimised financing portfolio, which effectively allowed to prolong the terms of trade payables and eliminate the need for short-term borrowing, that was previously used to cover working capital.

FFO (LTM)/Net Debt ratio decreased from (1,041.2%) to (13.0%), due to the increase in FFO (LTM). The increase in FFO (LTM) is due to an increase in EBITDA (for more information see the “EBITDA” section).

Net debt, EUR million

	31/12/2024	31/12/2023	Δ	Δ,%
Total non-current financial liabilities	**15.8**	**12.6**	***3.2***	***25.4%***
Non-current loans	11.8	11.8	*-*	*-%*
Lease liabilities (IFRS 16)	4.0	0.8	*3.2*	*415.6%*
Total current financial liabilities	**0.9**	**67.1**	***(66.1)***	***(98.6%)***
Current loans	0.5	66.8	*(66.3)*	*(99.3%)*
Lease liabilities (IFRS 16)	0.5	0.3	*0.2*	*71.2%*
Financial debts APM	**16.7**	**79.6**	***(63.0)***	***(79.0%)***
Cash, cash equivalents and funds in escrow account	**46.7**	**67.5**	***(20.8)***	***(30.9%)***
Cash and cash equivalents	46.7	67.5	*(20.8)*	*(30.9%)*
Funds in escrow account	-	-	*-*	*n/a*
Net debt APM	**(30.0)**	**12.1**	***(42.1)***	***(347.0%)***
Net debt/Adjusted EBITDA (LTM) APM	(4.2)	0.4	*(4.6)*	*(1,155.6%)*
Net debt/EBITDA (LTM) APM	(0.8)	(0.1)	*(0.7)*	*700.7%*
FFO (LTM)/Net debt APM	(130.0%)	(1,041.2%)	*n/a*	*911.2 pp*
Gross debt/Equity APM	20.6%	144.5%	*(123.9%)*	*(85.7%)*
Equity ratio APM	16.9%	9.9%	*7.0%*	*70.3%*

Dividends

Dividend policy of the subsidiary companies of Ignitis Group was approved in 2024. According to the policy:

1. governance bodies of the companies are proposing appropriation of profit for the payment of dividends for the financial year or a period shorter than the financial year to be at least 80% of the net profit for the financial period for which the dividends are proposed;

2. governance bodies of the companies may propose to distribute profit for the payment of dividends for the financial year if a Company incurred loss during the reporting period but has retained earnings accrued from the previous reporting periods and, accordingly, the amount of the Company's distributable profit (loss) for the reporting financial year is positive. This provision shall apply only when there is a necessary need for the Ignitis Group to receive dividends in the implementation of the Ignitis Group dividend policy.

3. governance bodies of the companies may propose to set a lower share of profits than it is set out in sub-paragraph 1 for the payment of dividends for companies or they may propose not to pay dividends for the reporting period if at least one of the following conditions is met:

   3.1. a company implements green generation investment projects in accordance with the strategy of Ignitis Group;

   3.2. a company's ability to allocate dividends is limited by the covenants set out in the financing agreements;

   3.3. a company implements or participates in the implementation of an economic project of state importance recognised by the decision of the Government of the Republic of Lithuania;

   3.4. a company's equity, after payment of dividends, would become less than the amount of the company's authorised capital, mandatory reserve, revaluation reserve and reserve for acquisition of own shares;

   3.5. a company is insolvent, or would become insolvent upon payment of dividends or company's debt level is too high;

   3.6. a company has received a written consent passed by the Head of Treasury and the Head of Finance and Treasury Service of the Ignitis Group to apply sub-paragraph 3 in cases which are not anticipated in sub-paragraphs 3.1–3.5.

In 2024, Ignitis did not pay dividends. In 2023, Ignitis allocated and disbursed EUR 20.0 million of dividends.

Dividends distributed for the specified years, EUR million

	2024	2023	Δ	Δ,%
Dividends paid for the period indicated	-	**20.0**	***(20.0)***	***(100.0%)***

Key operating indicators

Key operating indicators

		2024	2023	Δ	Δ, %
Electricity					
Number of customers	m	1.4	1.4	*(0.0)*	*(0.4%)*
EV charging points	units	1091	376	*715*	*190.2%*
Natural gas					
Number of customers	m	0.6	0.6	*(0.0)*	*(0.2%)*
Gas inventory	TWh	0.9	1.7	*(0.8)*	*(47.5%)*
Electricity sales					
Lithuania	TWh	5.12	5.22	*(0.10)*	*(2.9%)*
Latvia	TWh	0.78	0.75	*(0.03)*	*4.0%*
Estonia	TWh	0.00	0.00	*(0.00)*	*(48.7%)*
Poland	TWh	0.80	0.69	*0.11*	*15.9%*
Total retail	TWh	6.70	6.65	*0.04*	*0.7%*
of which: B2C	TWh	2.21	2.19	*0.02*	*0.8%*
of which: B2B	TWh	4.49	4.46	*0.03*	*0.6%*
Natural gas sales					
Lithuania	TWh	6.77	5.76	*1.01*	*17.5%*
Latvia	TWh	0.33	1.36	*(1.03)*	*(75.8%)*
Finland	TWh	1.36	1.79	*(0.44)*	*(24.4%)*
Poland	TWh	0.26	0.36	*(0.11)*	*(29.6%)*
Estonia	TWh	0.00	0.01	*(0.01)*	*(99.2%)*
Total retail	TWh	6.87	6.58	*0.29*	*4.4%*
of which: B2C	TWh	2.34	2.34	*(0.00)*	*0.0%*
of which: B2B	TWh	4.53	4.24	*0.29*	*(6.8%)*
Wholesale	TWh	1.84	2.71	*(0.87)*	*(32.1%)*
Customer experience					
NPS (B2C – Transactional)	%	69	67	*2 pp*	*n/a*
NPS (B2B – Transactional)	%	64	73	*(9 pp)*	*n/a*

3.2 Three-year annual summary

Key financial indicators

		2024	2023	2022
Revenue	EUR m	1,227.0	1,646.8	3,231.4
EBITDA APM	EUR m	39.0	(126.4)	98.3
Adjusted EBITDA APM	EUR m	7.1	30.3	15.6
Adjusted EBITDA margin APM	%	0.6%	1.8%	0.5%
EBIT APM	EUR m	34.8	(130.7)	94.9
Adjusted EBIT APM	EUR m	2.9	26.0	12.2
Net profit	EUR m	21.5	(123.3)	64.4
Adjusted net profit APM	EUR m	(5.6)	9.8	(5.9)
Investments APM	EUR m	25.8	23.9	6.4
FFO APM	EUR m	39.0	(126.4)	98.3
FCF APM	EUR m	18.0	(38.1)	129.9
ROE APM	%	31.6%	(100.9%)	48.2%
Adjusted ROE APM	%	(8.2%)	8.0%	(4.4%)
ROCE APM	%	58.9%	(42.3%)	17.9%
Adjusted ROCE APM	%	4.9%	8.4%	2.3%
ROA APM	%	4.2%	(12.4%)	5.7%
Adjusted ROA APM	%	(1.1%)	1.0%	(0.5%)
		31/12/2024	31/12/2023	31/12/2022
Total assets	EUR m	479.4	555.7	1,441.6
Equity capital	EUR m	80.9	55.1	189.4
Net debt APM	EUR m	(30.0)	12.1	361.7
Net working capital APM	EUR m	(12.5)	59.9	446.6
Equity ratio APM	%	(1.0%)	3.6%	13.8%
Net debt/EBITDA APM	times	(0.8)	(0.1)	3.7
Net debt/adjusted EBITDA APM	times	(4.2)	0.4	23.1
FFO/Net debt APM	%	(130.0%)	(1,041.2%)	27.2%
Current ratio APM	%	100.1%	103.2%	159.9%
Turnover of assets APM	times	2.4	1.6	2.9

Key operating indicators

		2024	2023	2022
Electricity sales				
Lithuania	TWh	5.12	5.22	6.18
Latvia	TWh	0.78	0.75	1.12
Estonia	TWh	0.00	0.00	0.00
Poland	TWh	0.80	0.69	0.41
Total retail	TWh	6.70	6.65	7.71
of which: B2C	TWh	2.21	2.19	2.57
of which: B2B	TWh	4.49	4.46	5.15
Number of customers	m	1.4	1.4	1.4
Natural gas sales				
Lithuania	TWh	6.77	5.76	7.09
Latvia	TWh	0.33	1.36	2.64
Finland	TWh	1.36	1.79	3.77
Poland	TWh	0.26	0.36	0.16
Estonia	TWh	0.00	0.01	0.20
Total sales of natural gas	TWh	8.71	9.29	13.86
Total retail	TWh	6.87	6.58	9.94
of which: B2C	TWh	2.34	2.34	2.55
of which: B2B	TWh	4.53	4.24	7.39
Total wholesale	TWh	1.84	2.71	3.92
Number of customers	m	0.6	0.6	0.6

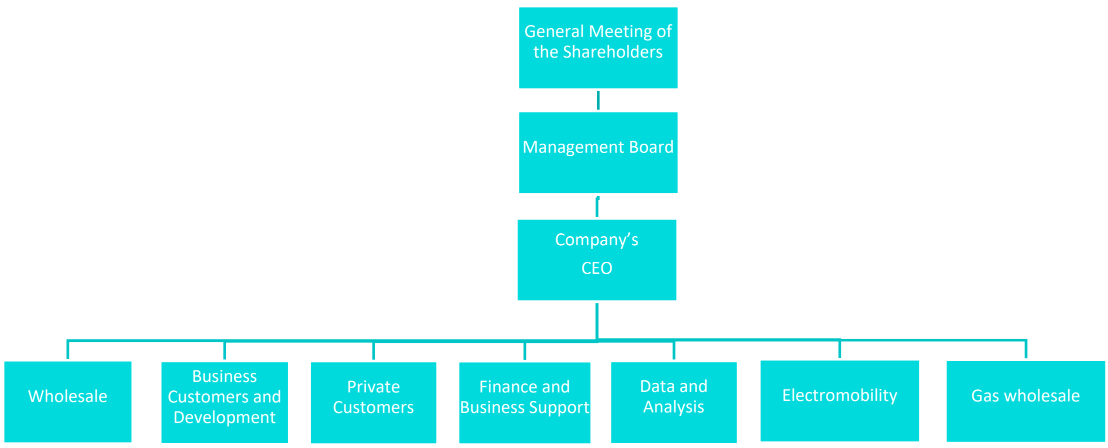
4. Governance report

4.1 Governance framework

The Company’s governance framework

The Company’s governance structure consists of the CEO and the Management Board. The CEO represents the Company in all matters and, alongside the Management Board, is responsible for the management of the Company. The CEO manages daily activities of the Company and is entitled to unilaterally represent the Company.

The Executive Committee was established by a decision of the Company's CEO. Members of the Executive Committee are managers who report directly to the Company's CEO and are responsible for their respective areas of activity. The main purpose of the Executive Committee is to work together with the Company's CEO to properly organise and conduct the Company's economic, business and financial activities, to make decisions on matters specified in the Company's Articles of Association, the Executive Committee's Operating Regulations, and other internal legal acts of Ignitis Group and/or the Company, to ensure the effective operation of the Company and the achievement of the Company's objectives. The convening and decision-making procedures of the Executive Committee is determined by the Company’s Articles of Association and other legal acts regulating the activities of the Executive Committee.



Shareholders, their rights and functions

Ignitis belongs to the state-owned energy-holding group of companies Ignitis Group (the Group), 100% of the Company’s shares is controlled by AB Ignitis grupė. The General Meeting of Shareholders is the supreme governing body of Ignitis. The competence of the General Meeting of Shareholders, the procedure for convening and decision-making is determined by laws, other legal acts and the Articles of Association of Ignitis.

4.2 Management Board

Overview

The Management Board of Ignitis is a collegial management body of the parent company set out in the Articles of Association, which performs the supervisory functions set out in the Law on Companies of the Republic of Lithuania. The members of the Board are elected and dismissed by the General Meeting of Shareholders for a term of four years. The Management Board is composed of five members, at least 1/3 of whom are independent and more than half of whom have no employment relationship with the Company. The Management Board must also include at least one civil servant. The Management Board elects the Chairman of the Management Board from among its members.

Information on selection criteria for the members of the Management Board

On 31 May 2023, the sole shareholder of Ignitis – AB Ignitis grupė – approved the following composition of the Company's Management Board according to specific areas of competence, for a four-year term of office.

Priorities for the reporting period and their implementation

Overall 17 meetings of the Company's Management Board were held in 2024. The tables below provide an overview of meeting attendance.

Overview of attendance of meetings of the Management Board members

Name, surname	
Vidmantas Salietis – Chairman	17/17
Mantas Mikalajūnas	17/17
Paulius Dambrauskas	17/17
Roger Hunter	15/17
Toma Sasnauskienė	17/17

** The numbers indicate the number of meetings attended by members out of all the meetings organized in 2024 during the reporting period.*

The main activities of the Management Board in 2024:

1. Financial issues

- Approvals of the annual and quarterly financial statements
- Revisions of budget and financial indicators
- Approval of the financial results for 2023 and distribution of profit (loss)
- Cash flow management and risk management reporting
- Tax loss carry forward and tax issues
- Objectives of the short-term incentive plan and evaluation of their achievement

2. Strategic issues and development

- Approval of strategic plans and initiatives
- Strategies for development in the Baltic States and Poland
- Status updates on projects and other strategic initiatives
- New commercial strategies

3. Organisational issues

- Updates and approvals of the organisational structure
- Management Board's self-assessment and improvement plan

- Reviews of executive remuneration and incentives

4. Business performance and market issues

- B2C and B2B profitability updates
- Updates to the electromobility strategy and EV business model
- Approvals of PPAs and terms and conditions
- Approvals of gas and electricity purchase contracts
- Electricity and gas trading strategies

5. Legal and regulatory issues

- Approvals of amendments to the Articles of Association
- Updates on public procurement and regulatory projects

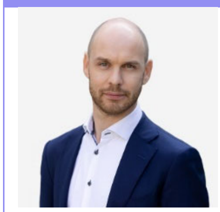
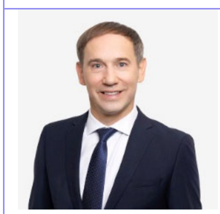
6. Risk management and reporting

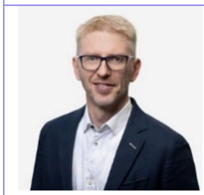
- Amendments to the Risk Management Plan and Register
- Business continuity methodology and reporting

7. Other issues

- Humanitarian aid and development issues
- Updates to the Group's strategic planning policy and framework
- Arrangements for loans and credit lines
- Approval of the Management Board’s meeting schedule for 2025

Members of the Management Board

	Description	Experience	Education	Other currently held positions
	**Vidmantas Salietis** Chairman (representative of shareholder)) Term of office: from 30/05/2023 to 29/05/2027	2018 – now Management Board member of AB Ignitis grupė, Head for Commercial Activities 2018 – now Different positions at the collegial bodies of AB Ignitis grupė companies 2015 – 2018 CEO of UAB Energijos tiekimas 2013 – 2016 Board member at AB Ignitis gamyba 2011 Market analyst at AB Ignitis gamyba 2009 – 2010 Consultant at UAB Ernst & Young Baltic (EY Lietuva)	Bachelor’s degree in business and economics, Stockholm School of Economics, Latvia (2006–2009)	AB Ignitis grupė (company code: 3018444044, address: Laisvės pr. 10, LT-04215 Vilnius) Management Board member of AB Ignitis grupė, Head for Commercial Activities Other managerial positions held: AB Ignitis gamyba (company code: 302648707, Elektrinės g. 21, LT-26108 Elektrėnai) Member of the Board and Chairman of the Board UAB Ignitis renewables (company code: 304988904, Laisvės pr. 10, LT-04215, Vilnius) Member of the Management Board
	**Mantas Mikalajūnas** Member (representative of shareholder) Term of office: from 30/05/2023 to 29/05/2027	2019 – now Management Board member of AB Ignitis grupė, Head for Regulated Activities 2017 – now Different positions at the collegial bodies of AB Ignitis grupė companies 2014 – 2019 CEO of UAB Lietuvos dujų tiekimas / UAB Lietuvos energijos tiekimas 2013 – 2014 Head of Strategic Development at UAB Lietuvos dujų tiekimas	2002 – 2004 Master’s degree in business administration and management, Vilnius University, Lithuania Bachelor’s degree in communications and information management, Vilnius University, Lithuania (1998 – 2004)	AB Ignitis grupė (company code: 3018444044, address: Laisvės pr. 10, LT-04215 Vilnius) Head for Regulated Activities and Management Board member Other managerial positions held: AB Ignitis gamyba (company code: 302648707, Elektrinės g. 21, LT-26108 Elektrėnai) Management Board member. UAB Kauno kogeneracinė jėgainė (company code:

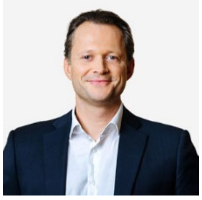
		2008 – 2013 Project Manager / Strategic Development 2006 – 2008 Business controller at E. ON Ruhrgas International		303792888, Jėgainės g. 6, Biruliškių k, LT-54469 Kauno r.) Management Board member UAB Vilniaus kogeneracinė jėgainė (company code: 303782367, Jočionių g. 13, LT-02300, Vilnius) Member of the Board and Chairman of the Board
	**Paulius Dambrauskas** Independent member Term of office: from 30/05/2023 to 29/05/2027	2020 – now CEO of UAB AL Holdingas 2017 – 2020 Head of UAB Girteka Logistics 2016 – 2017 Head for Commerce of UAB Maxima LT 2009 – 2016 CEO of UAB Cgates 2008 – 2009 Head for Development at UAB ActiveSec 1999 – 2008 Member of the Management Boards of Bite Group	2024 Certified Board Member of the Baltic Institute of Corporate Governance (BICG) 2005 – 2006 Corporate Talent Pool leadership programme INSEAD 1996 – 1998 Master's degree in international marketing, Vilnius University, Lithuania 1992 – 1996 Bachelor's degree in International trading and marketing, Vilnius University, Lithuania	UAB AL holdingas (company code: 3002288643, address: Ulonų g. 2, LT-08245 Vilnius) CEO UAB Kotryna Group (company code: 121673734, address: Dariaus ir Girėno g. 34, LT-02189 Vilnius) Chairman of the Board
	**Roger Hunter** Independent member Term of office: from 30/05/2023 to 29/05/2027	2023 – now BorgWarner Vice-president (Charging) 2021 – 2023 Vice President at Shell Electromobility 2016 – 2019 Vice-president at Shell Digital Enterprises 2014 – 2016 CEO at Shell Alternative Energy Strategy 2011 – 2014 Head of Shell UK Nordic Transactions	1994 – 1998 MSc in Electronic and Electrical Engineering, University of Birmingham, UK	
	**Toma Sasnauskienė** Member (civil servant) Term of office: from 30/05/2023 to 29/05/2027	2024 – now Senior Adviser, State Treasury Department, Ministry of Finance of the Republic of Lithuania 2012 – 2024 Head of the Borrowing and Investment Division of the Ministry of Finance of the Republic of Lithuania 2012 – 2017 Member of the Management Board of Agricultural Credit Guarantee Fund	2006 – 2008 Master's degree in economics, Vilnius University, Lithuania 2002 – 2006 Bachelor's degree in economics, Vilnius University, Lithuania	

CEO

Overview

The CEO of the Company is a single-person governing body of the parent company. The CEO organises, directs, acts on behalf of the Company and concludes transactions unilaterally, except for cases provided for in legislation and the Articles of Association. The competence of the CEO, election and recalling procedures are established by laws, other legal acts and the Articles of Association of the parent company. The CEO is elected and revoked by the Management Board. Information about the CEO is provided below:

Profile

	Description	Experience	Education	Other currently held positions
	**Artūras Bortkevičius** CEO Term of office: from 09/07/2021 to 08/07/2026	Over past years, Artūras Bortkevičius held the position of the Head of Finance and Business Support at UAB Ignitis. Up until then he held the position of the Head of Finance for the Baltic States at the international pharmaceutical company Sandoz Pharmaceuticals. He also worked as a financial expert at the consulting company Frauditoriai, he held the postilion of the Head of Finance at the company Ceres S.P.A. of the Danish group Royal Unibrew. He was also gaining experience at the Kalnapilis - Taurus group and Sicor Biotech.	Bachelor's degree in applied accounting, Oxford Brooks University, the United Kingdom (2003–2005) 2002 – 2006 Certified Public Accountants Association 1995 – 2000 Bachelor's degree in business administration LCC International University, Lithuania	Main employer – UAB Ignitis (company code: 303383884, address: Laisvės pr. 10, LT–04215 Vilnius) CEO

4.3 People and remuneration

People and culture

Overview

Ignitis Group, of which Ignitis is a part, is one of the largest employers in Lithuania. Maintaining good employee relations and contributing to employee engagement and well-being is a huge responsibility, a challenge and an opportunity at the same time.

Ignitis Group develops and strives to maintain an organisational culture that fosters a long-term partnership between employer and employee, based on values and a Code of Ethics, mutual understanding and the opportunity to work together to create an energy smart future.

The overall objective of the Group's Remuneration Policy is to attract and retain competent, fast-learning, technologically advanced, globally minded and creative employees. It includes remuneration elements that support our strategy. The Group is rapidly moving towards sustainability, including the management of human resources. Ignitis Group is rapidly moving towards sustainability, including the management of human resources. The ongoing transition requires new skills and competences as well as continuous development of the culture of Ignitis Group In 2024, the Remuneration Policy was continued to be improved to maintain the principles of transparency and clarity.

This report provides a transparent and comprehensive overview of the remuneration of the Company's CEO and the Management Board members. The remuneration is in line with the Group's Remuneration Policy.

Employees, diversity, and representation

As at 31 December 2024, UAB Ignitis had 384 employees (31 December 2023: 362 employees). Ignitis Latvija SIA had 32 employees (31 December 2023: 24 employees), Ignitis Polska Sp. Z.o.o. had 20 employees (31 December 2023: 15 employees), Ignitis Eesti OU had 12 employees (31 December 2023: 6 employees, and Ignitis Suomi Oy had 2 employees (31 December 2023: 2 employees).

In Ignitis, as in the Ignitis Group as a whole, the job opportunities are independent of the gender of an employee. Ignitis ensures diversity and equal opportunities for employees and does not tolerate direct or indirect discrimination in all their areas of activity. As of 31 December 2024, men accounted for 31% of all employees, women comprised 69%. Male specialists accounted for 28%, and female – for 72%. Distribution of Executives: men accounted for 47%, and women – for 53%.

Ignitis provides job opportunities to people of various ages. As of 31 December 2024, most employees of the Company belonged to the age group of 37–56 years (46%), and the lowest number of employees belonged to the age group of 17–24 years (3%). More than 80% of employees have gained higher education.

The Company promotes and maintains social dialogue with employee representatives. Employees are represented by the Labour Council that consists of seven members.

Remuneration

Overview

Remuneration structure of the Group is based on two key documents: the Remuneration Policy and the Remuneration Guidelines. The Remuneration Policy defines the key principles and essential provisions on remuneration management and structure whereas Remuneration Guidelines, which is an internal document, is a supporting document detailing the provisions of the Remuneration Policy (e.g., setting and evaluating objectives, determining and payment of short-term incentives). Both documents are integrated and apply to all companies of the Group.

The **Remuneration Policy's** approval process is based on the Lithuanian Labour Code, the Corporate Governance Code for the Companies Listed on Nasdaq, and the Law on Companies. Ignitis Group is required to submit any proposed amendments to the Remuneration Policy for the approval of the General Meeting of Shareholders. In addition, representatives of Ignitis Group and Ignitis employees and other stakeholders are consulted on changes to the Remuneration Policy (if any). The latest version of the Remuneration Policy was approved by the General Meeting of Shareholders on 27 March 2024 with 95% of votes in favour (resolutions and voting results) and is published on the Ignitis Group website.
The **Remuneration Guidelines** are approved by the Management Board of Ignitis Group.

Remuneration policy and structure

The key objective of the Remuneration Policy is to support the Group's pathway towards achieving its goals through five key principles detailed in the table below.

Key principles of the Ignitis Group's Remuneration Policy

Internal fairness	We ensure that similar- or same-value-creating work is compensated equally throughout the organisation.
External competitiveness	Employees are entitled to receive a competitive salary based on their function, market conditions and geography.
Clarity	We aim that all employees are informed about how their performance, competences and qualification impact their remuneration package as well as on what basis it is set.
Transparency	We believe in transparency and share our objective remuneration criteria with our employees.
Equal opportunities and non-discrimination	Decisions on remuneration must be made in accordance with the provisions set out in the Remuneration Policy and the Equal Opportunities and Diversity Policy in force in the Ignitis Group.

The Remuneration Policy defines the remuneration structure, the fixed base salary (FBS) review and determination process, the composition of the maximum variable remuneration, related guidelines, principals, etc. To be competitive in the market and ensure internal fairness, Ignitis Group participates in annual remuneration market surveys to obtain a fair view of market expectations and tendencies.

The purpose of the Remuneration Policy is to attract, retain and motivate employees to achieve Ignitis Group's objectives by creating a results-oriented organisational culture. Therefore, we aim to pay the median of the market where the Group companies operate. Depending on the competitive environment in a certain country or the strategic objectives set for a Group company, a different remuneration ratio (higher or lower than the median of remuneration market) may be set. To ensure the principle of external competitiveness, the FBS salary ranges may be determined and reviewed annually while considering the data of an independent national salary survey and the remuneration market trends. Salary ranges are determined for each job level based on the median of the salary market.

The remuneration structure of the Ignitis Group is applied equally to everyone, including the CEO, whose remuneration structure is in line with that of the other Ignitis Group employees. Remuneration includes fixed and variable remuneration parts, which are described in detail in the table below. Additionally, further information on short-term variable (STV) remuneration is provided separately in the following pages. Full details of the long-term variable (LTV) remuneration can be found in the Ignitis Group's Integrated Annual Report of 2024 and on the Ignitis Group's website.

The complete Remuneration Policy and the Group's People and Culture Policy as well as other information related to HR management is provided on the Ignitis Group's website.

Remuneration structure of Ignitis Group

Type	Element	Applicability	Description and performance indicators
Fixed remuneration	Fixed base salary (FBS)	All Group employees	The FBS is set out in the contract of employment, depending on the level of the post and the level of competence of the employee. The FBS is paid monthly. The FBS review is carried out at the time of the annual remuneration review or as and when required (changes in job functions, career progression, etc.).
	Payment for being a board member (PBM)[1]	*Members of the boards of the parent company and Group companies*	*The PBM is fixed and paid monthly (for more information, see the section "Remuneration of the members of the parent company's collegial bodies" in the Group's Annual Report).*
Variable remuneration	Short-term variable part of remuneration paid for short-term results (STV)	All Group employees	Performance-based (monetary) incentives, i.e. for the achievement of targets or indicators set for a specific position. The proportion of STV is set as a percentage of FBS. 20% STV (from the annual FBS) is applied to managers and posts with strategic responsibilities, while other staff is eligible to 10% STV. Specialised reward schemes with different levels or payout intervals of STV may be introduced to make the reward system flexible for specific groups of employees.
	Long-term variable part of remuneration paid for achieving long-term objectives (LTV)	Key executives[2]	Performance-based (monetary) incentive for the achievement of the 4-year strategic objectives (not overlapping with the STV objectives[3]). The proportion of LTV is set as a percentage of the average salary, e.g. 40% LTV (from the average annual FBS over the relevant strategic period). The LTV is determined by assessing the sustainable performance of the business over a rolling 4-year period and is payable at the end of each 4-year strategic period (entitlement to STV after 4 years).
		Managers with strategic responsibilities[4]	Performance-based (monetary) incentive paid for the development of strategic long-term projects (must be consistent with the objectives of the STV[3]). The proportion of LTV is set as a percentage of the average salary, e.g. Up to 30% LTV (from the average annual FBS over the relevant strategic period). The Management Board of the parent company sets and approves the criteria and targets for the achievement of the long-term objectives.
Other rewards	Additional financial incentives	All Group employees, except for the CEO and members of the Management Board of the parent company and members of Executive Committees of Group companies	Performance-based incentives for extraordinary results and for managing the Group's strategically important initiatives. Additional financial incentives are granted at the initiative and discretion of the employer and are not a guaranteed part of the remuneration package.
	Expatriate's/attraction package	Employees who are hired from a foreign country	Reimbursement of the extra costs incurred when an employee moves from one country to another on the employer's instructions to carry out their duties. The package can also be used to attract talent from abroad.
	Additional benefits	All Group employees	Non-monetary forms of remuneration, such as accident insurance and various health insurance packages with a pre-defined benefit amount (up to EUR 1,000 per person and applied equally to all), private pension contributions to selected funds and other additional benefits, subject to internal regulations and the employee's decisions. Additional benefits are designed to boost staff motivation and loyalty. The benefits package for members of the management committees of the parent company and Group companies includes a company electric car or a travel budget.

Remuneration of the parent company's CEO

To attract high calibre professionals to management positions, the aim is to keep the remuneration close to the market median in the country where Ignitis operates. Further information on the principles for determining remuneration at the Ignitis Group is available in the Remuneration Policy and the Group's Integrated Annual report for 2024.

Remuneration of the CEO of Ignitis (Fixed Remuneration), EUR (before taxes)

Name, surname	2024	2023
Artūras Bortkevičius	151,802	135 300

Remuneration of the Management Board

Before 30 May 2023 Ignitis had the Executive Board made up of Ignitis employees. From 30 May 2023, the Company moved a one-tier governance model, where the Management Board also holds a supervisory function.

The remuneration of the members of the Company's collegial bodies is determined in accordance with the Description of the Procedure for Payment of Remuneration to Members of Collegial Bodies of State-Owned Enterprises and Municipal-Owned Enterprises, approved by the Resolution of the Government of the Republic of Lithuania No 794 of 3 August 2022, which establishes the procedure for the payment of remuneration to the members of the collegial bodies elected by the General Meeting of Shareholders of a state-owned company and its subsidiaries that are companies of importance to national security.

Remuneration of members of the current Management Board of the parent Company, EUR (before taxes)

Name, surname (position)	2024	2023[3]
Paulius Dambrauskas (Member of the Management Board)[1]	29,760	17,585
Roger Hunter (Member of the Management Board)	29,760	17,585
Toma Sasnauskienė (Member of the Management Board)	14,880	8,793
Mantas Mikalajūnas (Member of the Management Board)[2]	0	0
Vidmantas Salietis (Chairman of the Management Board)[2]	0	0

[1]Paulius Dambrauskas received income as an independent member of the Supervisory Board before May 30: EUR 11,693

[2]The remuneration of the employees of Ignitis Group (Vidmantas Salietis and Mantas Mikalajūnas) for their activities in the Company's collegial bodies is included in their remuneration and no additional remuneration is paid.

[3]As of 30 May 2023, the Company's two-tier governance model has been changed to a single-tier model. Accordingly, data are reported for the period from 30 May 2023 to 31 December 2023.

Remuneration of members of the former Management Board of the parent Company in 2023, EUR (before taxes)

Name, surname (position)	Total
Artūras Bortkevičius, Chairman of the Management Board	5,445
Andrius Kavaliauskas, Member of the Management Board	3,900
Darius Šimkus, Member of the Management Board	3,900
Haroldas Nausėda, Member of the Management Board	3,900
Tadas Adomaitis, Member of the Management Board	3,900

Until 30 May 2023, the Company had the Executive Board made up of Ignitis employees. As of 30 May 2023, the Company's two-tier governance model has been changed to a single-tier model. Accordingly, data are reported for the period from 01 January 2023 to 30 May 2023.

Remuneration of employees of the parent company

The parent company's wage bill in 2024 was equal to EUR 17.1 million (EUR 14.0 million in 2023). The table below shows the average monthly salary of employees (STV, FBS and LTV) for 2023–2024. Salary information is also available on the Company's website.

Average monthly salary of the parent company's employees, EUR (before taxes)

Position category	2023		2024	
	Number of employees	Average salary	Number of employees	Average salary
Managers	49	6,172	57	6,768
Experts, specialists	313	2,735	327	3,173
Total	**362**	**3,199**	**384**	**3,715**

Targets

Annual objectives of the CEO of the parent company are based on the strategic plan and are aligned with the annual objectives of the parent company. The criteria applicable to the STV of the CEO of the parent company for 2024 and objective achievements are available in the following table.

Meeting the 2024 targets

Performance criteria	Weight, %	Objectives	Realisation
Financial	30	**Financial targets with focus on:** • Adjusted EBITDA 2024 (20%) • Net working capital (10 %)	 100% 100%
Strategic projects and key milestones	30	**Utilising Customer Portfolio to enable Green Generation build-out:** • Optimal power off-take approach, completed milestones in 2024 (10%) • Long-mid term PPA sales model development & execution, completed milestones in 2024 (20%)	 100% 70%
	20	**Expanding public EV charging network in the Baltics:** • # of contracted new charging points	 100%
Service quality	10	**Ensuring a great customer experience:** • B2C transactional NPS (5%) • B2B transactional NPS (5%)	 100% 100%
Sustainability	10	**ESG targets with focus on:** • Increasing green electricity share in supply portfolio (5%) • Implementation of inclusive recruitment program (5%)	 96% 100%
		Total STV*, %	**94%**

* Rounded to a whole number.

2025 targets

Criteria	Weight, %	Indicators
Financial targets	30	**Financial targets with focus on:** • Adjusted EBITDA
Strategic projects and their key milestones	30	**Utilizing and further expanding customer portfolio:** • Electricity supply portfolio risk management (20%) • Electricity supply portfolio expansion in the Baltics (10%)
	25	**Building a leading EV charging network in the Baltics:** • O&M of public EV fast-charging network (10%) • Expansion of public EV fast-charging network (10%) • Development of infrastructure solutions (5%)
Service quality	10	**Ensuring a great customer experience:** • B2C transactional NPS (5%) • B2B transactional NPS (5%)
Sustainability targets	5	**ESG targets with focus on:** • Implementation of inclusive recruitment program

Information about STV payouts for the Ignitis CEO, EUR (before taxes)

	Name, surname	2024	2023
STV	Artūras Bortkevičius	28 146	18 323

Information about LTV payouts for the Ignitis CEO, EUR (before taxes)

	Name, surname	2024
LTV*	Artūras Bortkevičius	25 220

*The calculated amount of the first LTV payments

4.4 Risk management

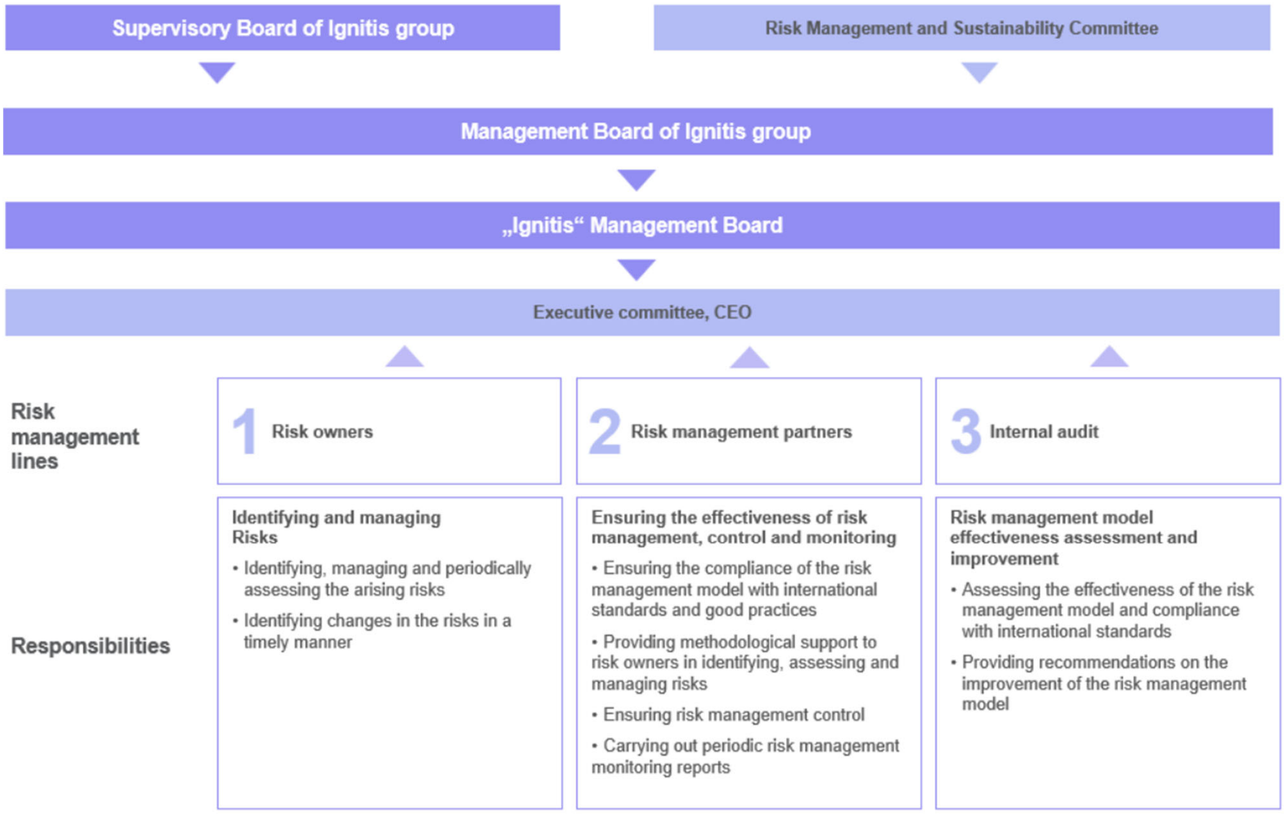
Risk management framework

Overview

In connection with the business activities, Ignitis is exposed to both internal and external risks that might affect its performance. To ensure their mitigation to an acceptable level, Ignitis Group applies uniform risk management principles, which are based on the best practices, including the guidance of the COSO (Committee of Sponsoring Organizations of the Treadway Commission) and ISO 31000:2018 principles.

A clear segregation of risk management and control duties is controlled by applying the Three-lines Enterprise Risk Management Framework in Ignitis Group, where the duties are distributed between the Company's management and supervisory bodies, structural units, and functions.

Three-lines Enterprise Risk Management Framework



A single risk management process covering all areas of the Company's business is in place and functional to ensure that decisions taken by the Ignitis's management reflect all operational developments in the Company and across Ignitis Group. To ensure effective risk management control risks, risk management measures, and key risk indicators are being monitored quarterly and reported to the Ignitis management and supervisory bodies. This chapter provides information on the Company's risk management framework, the main risk management processes, an overview of the significant Company's risks we faced in 2024 and the Risk Management Plan for 2025.

Risk management objectives:

– to ensure that all decisions taken to achieve the objectives are consistent with the Company's values;

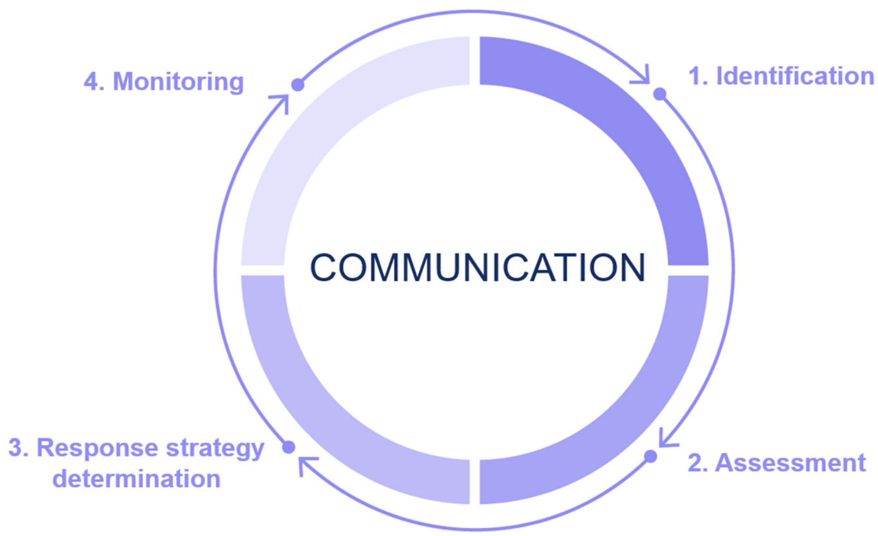
– to eliminate or minimise the impact of risks on the Company's objectives over time;
– to ensure the stability (including financial stability) and sustainability of the Company's operations;
– to ensure that accurate information reaches the interested parties on time;
– to protect the Company's reputation and ensure its credibility;
– to protect the interests of stakeholders.

Risk management process

To achieve strategic goals and respond to a dynamic operating environment, Ignitis pays special attention to proactive risk management. On a quarterly basis, Ignitis reviews risks to ensure that decisions are effective and timely. ESG risks (including climate change risks) and opportunities are fully integrated into a unified risk management process within the Company and across the Ignitis Group. More information on the risk management framework and the processes applied in Ignitis and Ignitis Group is available on the Group's website.

The risk management process comprises four stages: *risk identification, assessment, response strategy determination and monitoring*.

Risk management process



1. Risk identification. The identification stage analyses the potential impacts of climate change, regulatory changes, the geopolitical and economic situation, market trends and social issues. All employees of the Company are responsible for timely risk identification. Risks are assessed according to the period over which they occur (when the risk is most relevant): short-term (0–1 year), medium-term (2–4 years), and long-term (≥5 years) risks.

2. Risk assessment. The assessment stage determines risk levels, from low to very high, based on the ratio of probability of the risk occurrence to its potential impact. Risks are assessed in terms of their impact on four areas: finance, reputation, OHS and compliance. For each risk, the Company assigns an ESG type.

The risks that Ignitis faces while running its businesses are classified into four different categories.

Strategic risks	Financial risks	Operational risks	Legal risks
Risks affecting the Company's long-term goals and objectives, including market competition, technological and regulatory changes.	Risks related to the Company's financial performance, including credit, working capital requirements, market volatility, interest rate and liquidity issues.	Day-to-day operational risks, including system failures, supply chain disruptions and human error.	Risks related to legal obligations and compliance with them, including litigation, regulatory fines and contractual disputes.

3. Response strategy determination. At this stage, the Company decides whether to accept, mitigate, avoid or transfer the risk. Any risks that exceed the Company's risk appetite must be mitigated. The Company is committed to achieving its goals in a sustainable manner, and therefore pays particular attention to and manages risks related to occupational health and safety, corruption, climate change and the environmental protection, cyber threats, non-compliance with legal requirements, partnerships with any links to countries that are hostile to Lithuania, etc.

4. Risk monitoring. During the monitoring stage, the impact, probability and relevant sources of the Company's risks are assessed on a quarterly basis, risk mitigation measures and key risk indicators are updated and reported to management together with other risk-related information. The monitoring stage identifies new risks and removes risks that are no longer relevant. In addition, the Company's management bodies are periodically informed about sustainability matters, including all information related to double materiality assessment (DMA) – the impact, risks and opportunities of the Company's activities.

Key risks

Risk management in 2024

Overview

In 2024, the company's risk management environment was significantly affected (loss of EUR 15.2 million) by unfavourable and changing legal regulations. Private customers and small and very small enterprises are given the opportunity to unilaterally change their electricity supplier or consumption plan at any time, while suppliers are prohibited from applying contract termination fees, demanding the return of discounts provided, or failing to fulfill their obligations. In order to be able to offer fixed-price electricity plans to consumers and simultaneously secure future costs in advance, the company uses long-term power purchase agreements and derivative financial instruments. This practice aligns with the recommendations of European Union legislation and helps manage operational risks and responsibly fulfill commitments to clients. These instruments are irrevocable, and even if customers change their supplier or choose a cheaper plan, the planned costs are still incurred by the company.

Currently, the prevailing billing model for prosumers in Lithuania is the net metering model, where the energy supplied to the grid by prosumers is accounted for in kilowatt-hours (kWh). During the warm season, prosumers produce significantly more electricity than they consume for their own needs and household purposes, and during the cold season, the opposite occurs. Balancing the surplus and deficit of electricity generated by prosumers creates additional and difficult-to-predict/manage costs for the company, as the accumulated electricity can be used at any time without shifting non-essential or energy-intensive activities to non-peak electricity price hours, and without considering the exchange price or market situation. This model incurs price differences when buying and selling electricity at different times: both daily and seasonally. It does not encourage prosumers to monitor their electricity consumption and change their consumption habits. Additionally, it overloads the distribution network and destabilizes the market, which, in the long run, may lead to increased transmission prices and high electricity prices on the exchange.

For these reasons, additional risks related to the regulatory environment have been added to the Company's list of key risks.

To manage the Risk of rising electricity balancing costs, and taking into account the increasing volumes of renewable energy in the Baltic region, the disconnection from the BRELL ring and the synchronisation with the Continental European grids, and other developments related to electricity balancing, the Company has increased the probability of the risk during the risk reassessment, and the level of the risk became very high.

Taking into account the ESG aspects, sustainability objectives and strategy, the Company pays particular attention to managing the risks related to these areas, therefore the Excess CO2 emissions risk level has been adjusted from medium to very high.

In Q1 2024, the Ignitis Group's Risk Management Policy was revised to enhance compliance with ISO 31000:2018 standard and improve the accuracy of the assessment of the probability of occurrence and impact of risks (scales and their values were adjusted). Following the update of the methodology and the reassessment of risks, some of the Company's risks have been downgraded from high to medium and have been removed from the list of key risks.

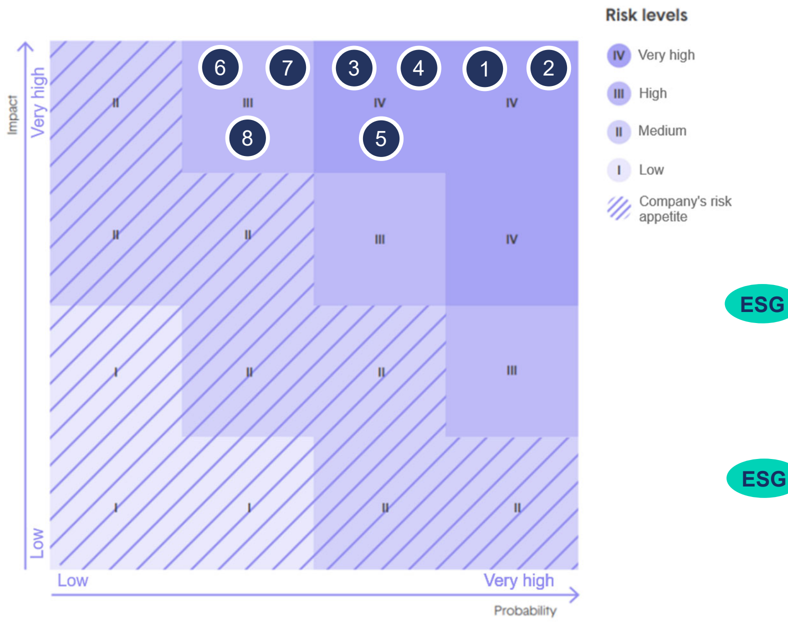
At the end of 2024, a comprehensive review and consolidation of the Ignitis Group's key risks was carried out in line with best market practices and risk disclosure standards for energy companies. Following the review and changes, the Risk of high impact cyber-attack managed by Ignitis Group is no longer included in the Company's list of key risks. For more information on Ignitis Group's Risk Management Framework, risk factors and their management, please refer to Ignitis Group's Annual Report for 2024 (link).

Risk management in 2024

Overview

Ignitis' risk reassessment at the end of 2024 identified the Company's key short-, medium- and long-term risks, which are presented in the risk heat map.

Heat map of the key risks of Ignitis



1 Risk of financial loss due to the net metering model for prosumers
2 Risk of commercial capacity constraints due to excessive electricity market regulation
3 Energy market risk
4 Risk of rising electricity balancing costs
ESG 5 Risk of excess CO2 emissions
6 Risk of financial loss due to fix contracts terminations
7 Risk of gas balancing cost and price spreads
ESG 8 Violation of GDPR* requirements

* Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation).

Management plan of the key risks of Ignitis

1 Risk of financial loss due to the net metering model for prosumers

Risk category | Financial

ESG type | Not related

Period | Long-term

Primary potential impact:
- Finance

Risk description

Key sources of risk:
- The currently used net metering model in Lithuania has a direct negative impact on the Company's financial results.

Key risk mitigation directions:

- Proactive engagement with regulators to present the current situation and propose changes.
- An action plan to move customers to net billing.
- Continuous evaluation of actions and changes to reduce direct losses.

2 Risk of commercial capacity constraints due to excessive electricity market regulation

Risk category | Strategic

ESG type | Not related

Period | Short-term

Primary potential impact:
- Finance
- Reputation
- Compliance

Risk description

Key sources of risk:
- A regulatory environment that prohibits suppliers from charging a termination fee or demanding repayment of discounts received by private customers in the event of unilateral termination of a contract by small and very small enterprises.
- The constantly changing legal framework governing electricity supply.

Key risk mitigation directions:

- Proactive engagement with regulators, including analysis of existing and draft legislation and proposing rational (annotated) amendments to it.
- Working with other market players to propose common positions on relevant legislation.
- Continuous monitoring and evaluation of regulatory initiatives and developments.
- Timely preparation for regulatory changes.

3 Energy market risk

Risk category | Financial

ESG type | Not related

Period | Short-term

Primary potential impact:
- Finance
- Reputation
- Compliance

Risk description

Key sources of risk:
- Lack of derivative hedging, transaction parties and producers in Lithuania and other Baltic states.
- Developments in long-term PPAs and future energy prices.

Key risk mitigation directions:

- Daily monitoring of the hedging portfolio.
- Increasing the share of hedging in the retail electricity portfolio.
- Long-term power purchase agreements in Lithuania/Latvia.

4 Risk of rising electricity balancing costs

Risk category | Financial

ESG type | Not related

Period | Short-term

Primary potential impact:
- Finance
- Compliance

Risk description

Key sources of risk:
- The growth of EV charging stations and a consumption pattern that is hard to predict.
- The increasing number and capacity of prosumers creates uncertainty in the balancing market.
- The increasing growth of RES in the Baltic region increases the risk of a large quantity/price imbalance.
- From 2025, the market trading unit will change to 15 min., which may have an impact on electricity balancing costs.
- The connection of the Baltic States to the new balancing platforms may have an impact on balancing prices.

Key risk mitigation directions:

- Monitoring and analysis of data provided by the market operator and historical data.
- Implementing real-time data solutions.
- Algorithmic trading.

5 Risk of excess CO2 emissions

Risk category | Strategic

ESG type | Environmental, climate

Period | Medium-term

Primary potential impact:
- Finance
- Reputation
- Compliance

Risk description

Key sources of risk:
- Increasing the share of green electricity in the overall supply portfolio is necessary to meet the greenhouse gas reduction targets adopted by the SBTi.
- Customer reluctance to switch to renewables due to higher prices.

Key risk mitigation directions:

- Programmes to encourage customers to choose green energy alternatives and use energy more efficiently are actively pursued. The activities including both Lithuanian and foreign clients.
- Green electricity certificates to reduce emissions from electricity sales.
- Guarantees on the origin of biomethane to reduce emissions from natural gas sales.

6 Risk of financial loss due to fix contracts terminations

Risk category | Financial

ESG type | Not related

Period | Short-term

Primary potential impact:
- Finance
- Reputation
- Compliance

Risk description

Key sources of risk:
- A regulatory environment that prohibits suppliers from charging termination fees or demanding repayment of discounts received by private customers in the event of unilateral termination of a contract by small and micro enterprises has a direct impact on the Company's financial results.

Key risk mitigation directions:

- Timely preparation for regulatory changes.
- Shortening the duration of fixed contracts.
- Applying discounts at the end of the contract period.

7 Risk of gas balancing cost and price spreads

Risk category | Operational

ESG type | Not related

Period | Short-term

Primary potential impact:
- Finance
- Compliance

Risk description

Key sources of risk:
- The drop in demand is hard to predict.
- Insufficient data quality.
- Exploitation of surplus gas potentially at below purchase price.
- 2-month degasification period – price differences may lead to significant losses.

Key risk mitigation directions:

- Additional bilateral agreements and intensive trading on organised markets.
- Monitoring and analysis of data provided by the market operator.
- Regular communication with the LNG terminal operator to reduce balancing costs.
- Gas storage at the Inčukalns UGS.
- Active trading on the gas exchange.

8 Violation of GDPR requirements

Risk category | Operational

ESG type | Social

Period | Short-term

Primary potential impact:
- Finance
- Reputation
- Compliance

Risk description

Key sources of risk:
- Large volumes of personal data.

Key risk mitigation directions:

- Centralised coordination of compliance issues within the Group and local oversight of GDPR matters within the Company.
- Improvement of processes and applicable control mechanisms.
- Mandatory training programmes of employees.
- Adaptation and improvement of IT systems in order to meet personal data protection requirements.
- Analysis of the market and external regulation.

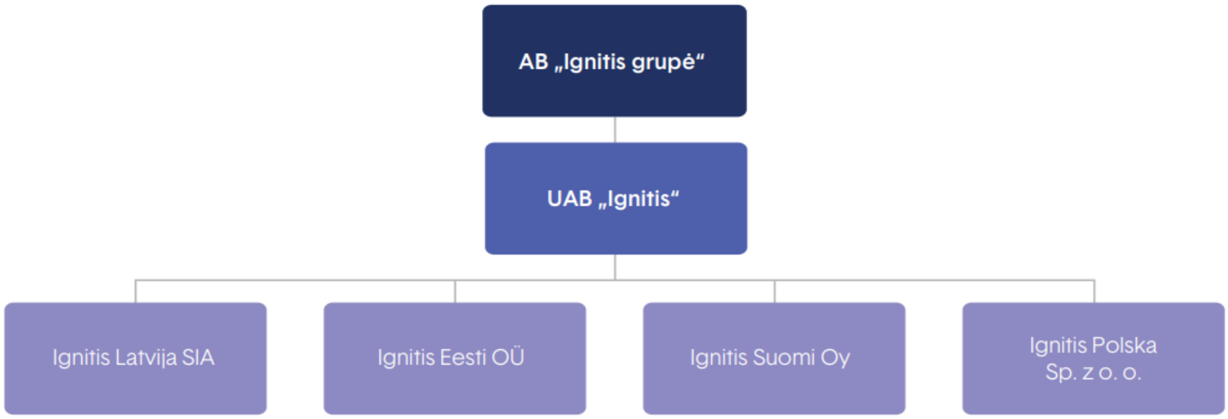
4.5 Information on subsidiaries

Overview of subsidiaries

As of the issuing date of this report, UAB Ignitis directly controls four subsidiaries presented in the picture of the structure below.

The main activity of the companies – supply of gas and electricity to B2B segments in the markets of Poland, Estonia, Latvia and Finland. The companies in Latvia and Estonia are also engaged in development of the electric vehicle charging network.

Structure



Ignitis Eesti, OÜ was established in 2013, and the company is currently actively investing in the expansion of the Ignitis ON charging station network in Estonia.

Ignitis Suomi Oy was established in 2021 to move closer to local customers in order to better understand and respond to their needs, to gain trust and knowledge of the country's legal framework. Through the new Estonian-Finnish gas interconnector Balticconector, natural gas is supplied to Finland's largest industrial companies and its largest natural gas distribution operator. In 2024, the Company's supply volumes to Finland amounted to 1.3 TWh.

In addition to supplying electricity and natural gas to the Latvian retail market, Ignitis Latvia SIA also developed solar energy projects and a network of charging stations for electric vehicles in 2024. In 2024, the company had a market share of around 12% in the supply of electricity to B2B customers (around 0.8 TWh supplied), and supplied around 0.3 TWh of natural gas.

Ignitis Polska sp. z o. o. was established in 2017 to achieve synergies with other companies of AB Ignitis grupė operating on the Polish market. The aim is also to take advantage of the supply of highly skilled employees with specific competencies available on this market. The company trades on the PolPx Polish exchange and has been supplying electricity and natural gas on the retail market since 2021. In 2024, Ignitis Polska Sp. z o. o. supplied 0.8 TWh of electricity and 0.3 TWh of natural gas to B2B customers.

Subsidiaries of UAB Ignitis and their performance at the end of the reporting period

Ignitis Latvija Electricity and gas supply, Ignitis ON EV charging network development	**Company code:** 40103642991 **Head-office address:** Gustava Zemgala gatve 74A, Riga, LV-1039, Latvia **Effective ownership interest:** 100% **Share capital:** EUR 11,500,000 **Website:** www.ignitis.lv	**Performance results (EUR million):** Revenue: 95.5 Expenses: 94.1 Adjusted EBITDA: 1.4 Net profit: 0.7 Investments: 7.7 Assets: 36.7 Liabilities: 26.4 **Number of employees: 32**
Ignitis Eesti Ignitis ON EV charging network development	**Company code:** 12433862 **Head-office address:** Hobujaama 4, 10151 Talinas, Estonia **Effective ownership interest:** 100% **Share capital:** EUR 85,000	**Performance results (EUR million):** Revenue: 0.0 Expenses: (0.7) Adjusted EBITDA: (0.7) Net profit: (0.8) Investments: 5.9 Assets: 6.6 Liabilities: 5.5 **Number of employees: 12**
Ignitis Polska Supply and sale of electricity and gas	**Company code: 0000681577** **Head-office address:** Puławska 2-B, PL-02-566, Warsaw **Effective ownership interest:** 100% **Share capital:** PLN 10,500,000 **Website:** www.ignitis.pl	**Performance results (EUR million):** Revenue: 161.1 Expenses: 154.8 Adjusted EBITDA: 6.3 Net profit: 4.6 Investments: 0 Assets: 38.2 Liabilities: 31.8 **Number of employees: 20**
Ignitis Suomi Supply and sale of gas	**Company code: 3202810–4** **Head-office address:** Firdonkatu 2, Workery West, 6th floor 00520 Helsinki, Finland **Effective ownership interest:** 100% **Share capital:** EUR 200,000 **Website:** www.ignitis.fi	**Performance results (EUR million):** Revenue: 87.3 Expenses: 85.0 Adjusted EBITDA: 2.3 Net profit: 0.7 Investments: 0 Assets: 30.3 Liabilities: 29.4 **Number of employees: 2**

5. Sustainability (Social Responsibility) Report

Overview of sustainability

Up-to-date sustainability information for Ignitis is provided in the Ignitis Group's (address of the registered office Laisvės pr. 10, 04215 Vilnius) consolidated management report.

The Ignitis Group’s consolidated management report and conclusion on sustainability reporting are available on the Group’s website.

Ignitis is a subsidiary undertaking and its sustainability information, and that of its subsidiaries, is included in the consolidated management report of the parent company AB Ignitis grupė; therefore, following Article 23(1)(1) of the Law of the Republic of Lithuania on Reporting of Enterprises and Groups of Enterprises, it qualifies as a non-discloser of the information on sustainability issues specified in that law.

The consolidated Management Report of the Ignitis Group includes the Annual Sustainability Report of 2024 that provides sustainability information for Ignitis Group and its subsidiaries, including its subsidiary undertaking Ignitis. This includes an overview of commitments and actions in areas such as environmental performance, social responsibility and governance practices. The Sustainability Report is available on the Group’s website www.ignitisgrupe.lt , on pages “For Investors” and “Sustainability”.

The Ignitis Group's Sustainability Report is prepared in accordance with the Corporate Sustainability Reporting Directive, which was transposed into Lithuanian law on 1 July 2024 and fully aligned with the European Sustainability Reporting Standards (ESRS). The disclosures are based on a double materiality assessment, which identifies the significant sustainability-related impacts, risks and opportunities (IROs) at the Group level.

The Groups Sustainability Report is prepared on a consolidated basis and its scope is aligned with the Financial Statements of 2024.

The following provides a summarised overview of the relevant sustainability information for Ignitis and where it can be found in the Ignitis Group’s Sustainability Report.

Sustainability management in Ignitis Group and the company Ignitis

Sustainability is part of the Ignitis Group's strategy and, in order to deliver on the ambition of creating a 100% green and secure energy ecosystem for present and future generations, the Group's strategy sets out clear, ambition-driven priorities to achieve its environmental, social and governance (ESG) objectives. It is important to follow best sustainability practices and maintain and continuously improve ESG ratings. The Group’s Strategic Plan for 2024–2027 established five strategic priorities for sustainability, focusing on decarbonisation, safety, employee experience, diversity and sustainable value creation. All these five areas take into account the Group's sustainability-related IROs.

The Group’s Sustainability Policy establishes shared sustainability principles and their implementation measures in all the companies of Ignitis Group, including Ignitis. It aims to create a culture and practice of responsible and sustainable business. The Sustainability Policy discloses, among other things, the commitment of Ignitis Group to the principles of the United Nations Global Compact and to aligning its strategic goals and activities with the Sustainable Development Goals, to contributing to the Paris Agreement in the fight against climate change, and to adhering to good governance practices.

Information on other policies and sustainability management is publicly disclosed and presented in the Sustainability Report of Ignitis Group of 2024. Alongside detailed information on our sustainability management, we periodically publish a sustainability overview and ESG data in our interim and annual reports. This ensures that all stakeholders receive the necessary information about the sustainability objectives of Ignitis Group.

Sustainability activities in the Group's companies are coordinated centrally through a separate Sustainability Function reporting directly to the CEO of the parent company. The Management Board of the Group decides on the formulation, approval and updating of sustainability strategic directions, policies and activities of the organisation. Detailed description of the management of sustainable activities within the Group is available in the Sustainability Report for 2024, and on the Group's website under "Sustainability".

Group membership and external initiatives

Sustainable activities within the Group are carried out together with partners. By participating in various organisations, Ignitis Group shares experiences and learns from others. The Group contributes to the following global initiatives:

- is committed to the UN Global Compact principles;
- contributes to the UN Sustainable Development Goals (SDGs) implementation;
- aims a zero emissions balance by 2040–2050 in line with the GHG emission reduction targets adopted by the SBTi;
- has signed the Women's Empowerment Principles, WEPs, thus promoting gender equality and women's empowerment.

Details of membership can be found on the Group's website.

Sustainability goals and target indicators

Ignitis places great importance on ESG aspects, and has set key status indicators for ESG and constantly monitors their values.

ESG key indicators monitored by Ignitis

Sustainable direction	Indicator	Company	Unit of measure	2023	2024
Reducing climate impacts	GHG emissions[4]	Ignitis (Lithuania, Latvia, Estonia, Finland, Poland)	mill. t CO_2 equiv.	3.17	2.94
	Scope 1[1]			-	-
	Scope 2[2]			-	-
	Scope 3			3.17	2.94
Future-fit employees	Fatal accidents (total)	Ignitis (Lithuania, Latvia, Finland, Poland)	units	0	0
	Employees		units	0	0
	Contractors		units	0	0
	TRIR (indicator of overall occupational injuries of employees)		-	0	0
	eNPS (Employee Satisfaction Score)[3]	Ignitis (Lietuva, Latvia, Poland)	%	57.1	69.1
	Share of women in management positions	Ignitis (Lithuania)	%	15.38	15.38
		Ignitis (Poland)		0	0
		Ignitis (Estonia)		0	0
		Ignitis (Latvia)		0	0
		Ignitis (Finland)		0	0

[1, 2] In case of this company, Scope 1 and Scope 2 emissions are very low and therefore not evaluated.
[3] eNPS indicator is not monitored in the company Ignitis Finland, while in Ignitis Estonia it has been monitored from Q4 of the reporting year.
[4] In 2024, the GHG calculation methodology was updated, resulting in a significant change in Ignitis's emissions. The GHG data presented in this report cannot be compared with previous reports.

Stakeholder relations and assessment of ESG priorities

Active stakeholder engagement is an essential aspect of the sustainability agenda in assessing the priorities of the ESG. The Group's stakeholder engagement guidelines underline its commitment to listening to and engaging stakeholders. Through an ongoing dialogue, the group seeks to understand their views, concerns and expectations. This ongoing dialogue guides the implementation of sustainability objectives, projects and processes that respond to the interests and views expressed by stakeholders.

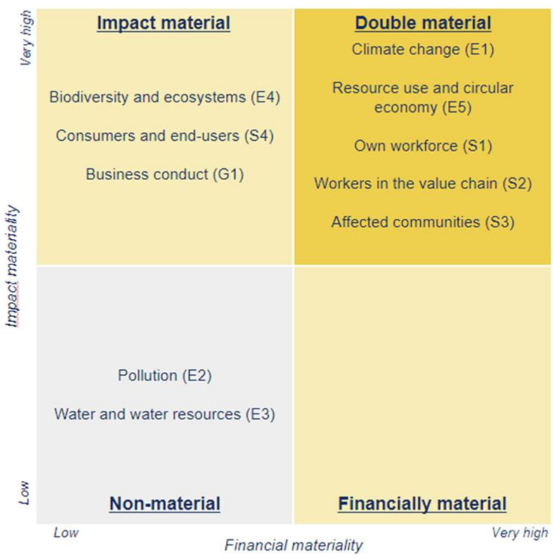
In 2024, the Group has developed guidelines for stakeholder engagement in the assessment, taking into account the principles set out in Annex I to Commission Delegated Regulation (EU) 2023/2772 of 31 July 2023, and the implementation guidance on dual materiality provided by the European Financial Reporting Advisory Group (EFRAG) in the European Sustainability Reporting Standard (ESRS). The Group has identified and assessed the impacts of its activities on people and the environment, as well as potential business risks and opportunities. In addition, the Group has assessed its value chain impacts, risks and opportunities (IROs) on a number of topics, with a strong focus on what has emerged from the value chain diagrams of different business segments, including Ignitis.

Main stakeholders of Ignitis

B2C customers	Suppliers, contractors, manufacturers	State and municipal authorities
B2B customers	Energy sector partners	Media
Employees	Associations and educational institutions	Shareholders/investors

The expectations of stakeholders expressed during this process were aligned with existing goals and objectives of Ignitis, which led to the identification of priority topics that are in line both with stakeholders' expectations and the established operational objectives of Ignitis. The outcome of the dual materiality assessment (DMA) provides for the basis for further embedding sustainability in the activities of Ignitis in a way that makes it possible to take into account the overall impact of Ignitis on its stakeholders and align the expectations expressed by the stakeholders with the strategic objectives.

The Group's Dual Materiality Assessment Matrix



The Group's comprehensive dual materiality assessment process included the following steps:

- Stakeholder involvement: involving experts from different fields and Group functions to develop a common understanding of the legislation and the objectives of the assessment.

- Value chain mapping: experts mapped the value chains of key business segments, including Ignitis, identifying impacts, risks and opportunities.
- Listing and grouping of impacts: a comprehensive list of existing and potential impacts was made, grouped according to the ESRS.
- Impact materiality assessment: impacts were scored, results documented and fed into the DMA tool.
- Screening of material impacts: they were discussed with stakeholders and assessed for their relevance. During the internal strategy sessions, the Ignitis Management Board clarified the links between the stakeholders' expectations and the operational strategy.
- The assessment of financial materiality focused on potential sustainability risks and opportunities. It was carried out involving experts in risk management, finance and sustainability. A list of risks and opportunities was compiled and their financial materiality assessed.
- Final identification of significant impacts, risks and opportunities: based on the results of meetings with companies' and Group's management, the final list of significant impacts, risks and opportunities was refined and approved.

The Group determined the sustainability matters of Climate Change (E1), Resource use and circular economy (E5), Own workforce (S1), Workers in the value chain (S2), Affected communities (S3), Consumers and end-users (S4), and Business conduct (G1) as significant, while Pollution (E2) and Water and marine resources (E3) as not significant. The materiality assessment of the Group was found to be consistent with Ignitis' material topics, except for the material matters of the Group level—affected communities (S3) and biodiversity and ecosystems (E4)—, which are not individually material to Ignitis. A detailed description of the Group-wide materiality assessment is provided in the Group's Annual Sustainability Report for 2024.

ESG risks and risk management

The key ESG Risks and risk management solutions are disclosed in more detail in section 4.7 "Risk Management" in the Annual Report of Ignitis Group.

Overview of Ignitis' most significant sustainability impacts, risks and opportunities, and links to information on their management

The following tables list the sustainability-related IROs that are material to Ignitis. The full list of material topics of Ignitis, the measures being implemented and the initiatives being pursued is provided in the Group's Annual Report of 2024. Information on Ignitis' actions, initiatives and objectives is provided in the descriptions of the Customers & Solutions business segment.

Each material ESRS topic is presented in the tables including sub-topics that identify material impacts, risks or opportunities related to, for example, climate change mitigation and adaptation.

In addition, the tables indicate whether the impacts and risks are manifested in the Group's own operations (OO) or in its value chain (VC). The Group also discloses whether its impact is positive or negative. Impact means an existing impact, unless it is indicated as a potential one.

Environment

Material IROs	Description	More detailed information on the IRO and its materiality is provided in the Group's Sustainability Report:
GHG emissions **Negative impact (OO and VC)**	GHG emissions from energy use (e.g. self-purchased electricity), energy supply (e.g. electricity retailing) and other activities have a negative impact on climate change. The Group is responding to these impacts through its strategic objectives and decarbonisation actions.	6.2 Environment – E1 Climate change – Sub-topic: Climate change mitigation

Enabling electrification **Positive impact (OO)**	Electrification is a key part of the transformation of the energy sector. Developing a resilient and efficient network that can meet electrification needs, accelerating the development of the network of electric vehicle charging stations.	6.2 Environment – E1 Climate change – Sub-topic: Climate change mitigation
Insufficient support for energy sector transformation **Risk (OO)**	Further development of green generation capacity and green flexible technologies may be hampered by political uncertainty and a lack of policy support, which will slow down the green capacities build-out and climate change mitigation activities.	6.2 Environment – E1 Climate change – Sub-topic: Climate change mitigation
Shortage of materials and components **Risk (VC)**	The growing need to transform the energy sector, combined with inflexible supply chains, stricter ESG standards and an unstable geopolitical situation, poses potential challenges. Such challenges can affect the availability, delivery times and costs of key materials and components needed for the Group's operations.	6.2 Environment – E5 Resource use and circular economy – Sub-topic: Resources inflows, including resource use
Operational and decommissioning waste **Negative impact (OO)**	The limited number of solutions available for the end-of-life management of certain materials and technologies used in the Group's activities often results in limited recycling or reuse options. This leads to increased waste and environmental challenges.	6.2 Environment – E5 Resource use and circular economy – Sub-topic: Resource outflows related to products and services

Social responsibility

Material IROs	Description	More detailed information on the IRO and its materiality is provided in the Group's Sustainability Report:
Health and safety **Negative impact (OO)**	The energy sector inevitably involves working in high-risk environments, which creates inherent risks to the occupational health and safety, with health-related impacts on the Group's own workforce.	6.3. Social responsibility – S1 Own workforce – Sub-topic: Working conditions
Ensuring a fair working environment and remuneration **Positive impact (OO)**	By making every employee feel valued and respected, the Group creates a positive working environment that attracts and retains talent. Offering competitive remuneration and fostering a fair and transparent working environment leads to higher employee engagement, positive team dynamics and overall business success.	6.3. Social responsibility – S1 Own workforce – Sub-topic: Working conditions
Occupational health and safety **Risk (OO)**	In the energy sector, it is inevitable to work in high-risk environments, such as construction sites, remote areas and dangerous conditions (altitude, voltage, etc.). This can increase the risk of physical damage, including accidents, injuries and deaths.	6.3. Social responsibility – S1 Own workforce – Sub-topic: Working conditions
Promoting a culture free from discrimination and harassment **Positive impact (OO)**	Fostering a culture free from discrimination and harassment is essential to creating a safe, inclusive and highly productive working environment. By fostering respect and equality, the Group empowers employees and strengthens cooperation.	6.3. Social responsibility – S1 Own workforce – Sub-topic: Equal treatment and opportunities for all
Promoting gender balance **Positive impact (OO)**	Promoting gender balance in the workplace not only creates a diverse and inclusive environment, but also ensures equal opportunities for all employees. This reduces the gaps related to under-represented groups.	6.3. Social responsibility – S1 Own workforce – Sub-topic: Equal treatment and opportunities for all
Human capital **Risk (OO)**	Highly skilled employees are key to the Group's strategic objectives, especially as the Group moves to the forefront of the transformation of the energy sector. The Group needs staff with new competences to succeed in this changing environment, as a lack of expertise can be a significant impediment to its progress. To maintain a competitive edge, the Group must invest in talent development and foster a culture that encourages innovation and best practice.	6.3. Social responsibility – S1 Own workforce – Sub-topic: Equal treatment and opportunities for all
Health and safety **Negative impact (VC)**	Throughout the energy sector value chain, from resource extraction to production and distribution, there are inherent risks to occupational health and safety, with health-related impacts on the Group's suppliers, contractors and other relevant parties.	6.3. Social responsibility – S2 Workers in the value chain – Sub-topic: Working conditions
Occupational health and safety **Risk (VC)**	In the energy sector, it is needed to work in high-risk environments, such as construction sites, remote areas and dangerous conditions (altitude, voltage, etc.). This can increase the risk of physical damage, including accidents, injuries and deaths.	6.3. Social responsibility – S2 Workers in the value chain – Sub-topic: Working conditions
Ensuring access to energy **Positive impact (VC)**	Recognising that energy is a key factor in social and economic development, the Group provides affordable, reliable and sustainable energy services and solutions, ensuring that everyone has access to the energy they need. In providing energy services, the Group also emphasises the importance of educating and advising on responsible energy consumption and reducing energy waste. By offering tailored advice and innovative solutions, the Group empowers clients and end-users to make informed decisions that reduce their environmental impact, optimise energy efficiency and cut costs.	6.3. Social responsibility – S4 Consumers and end-users – Sub-topic: Social inclusion of consumers and/or end-users
High impact cyber attacks **Risk (OO)**	Cyber-attacks pose a significant risk to the organisation due to the importance of the energy services it provides in Lithuania. These attacks can range from phishing to sophisticated data breaches and ransomware attacks, disrupting critical power generation systems at the Group level, leaking personal data, or stealing confidential information.	6.3. Social responsibility – S4 Consumers and end-users – Sub-topic: Information-related impacts for consumers and/or end-users

Governance

Material IROs	Description	More detailed information on the IRO and its materiality is provided in the Group's Sustainability Report:
Strong company culture **Positive impact (OO)**	Alongside the Group's commitment to a 100% green and secure energy ecosystem, a strong corporate culture based on ethics, transparency and whistleblower protection is fostered. This creates a credible and responsible environment that leads by example and inspires confidence among the Group's stakeholders.	6.4. Governance – G1 Business conduct – Sub-topic: Company culture
Sustainable procurement practices **Positive impact (OO)**	Recognising that its environmental and social impact goes beyond its operations, the Group integrates sustainability management practices into its supply chain, thereby promoting environmental and social responsibility, transparency and traceability.	6.4. Governance – G1 Business conduct – Sub-topic: Management of relationships with suppliers including payment practices
Energy security **Positive impact (OO)**	The Group plays a key role in Lithuania's energy security strategy by leading the transition to a climate-neutral, secure and independent energy ecosystem in the region, by contributing to the decarbonisation of Europe and by facilitating the movement of renewable energy flows.	6.4. Governance – G1 Business conduct – Company-specific sub-topic: Contributing to national energy security

Other financial and non-financial performance results related to climate actions (E1), personnel (S1), anti-corruption and anti-bribery (G1) are disclosed in the Group's annual report. We encourage to report possible unethical behaviour of employees or representatives, cases of discrimination or corruption, as well as other breaches of the principles of sustainability or concerns to the Trust Line by email pasitikejimolinija@ignitis.lt, by phone +370 640 88889, or by filling out an online form. Both employees and all stakeholders can use these contacts. If you have any questions concerning the content of the Group's Sustainability Report or sustainability activities of Ignitis, please contact us at sustainability@ignitis.lt.

6. Financial statements

6.1 Consolidated financial statements

Unaudited consolidated financial statements prepared for the year ended 31 December 2024 in accordance with IFRS Accounting Standards as adopted by the European Union

The Group's consolidated financial statements were prepared and signed by UAB Ignitis management on 26 February 2025:

Artūras Bortkevičius	**Darius Šimkus**	**Rūta Tijūnaitienė**
General Manager	Head of Finance and Business Support	Accounting expert of UAB „Ignitis grupės paslaugų centras", acting under Decision No 24_GSC_SP_0051 of 30 September 2024

Consolidated Statement of profit or loss

For the year ended 31 December 2024

EUR thousand	Notes	2024	2023
Revenue from contracts with customers	5	1,222,703	1,645,288
Other income	6	4,267	1,543
Total revenue and other income		**1,226,970**	**1,646,831**
Purchases of electricity, natural gas and other services	7	(1,144,544)	(1,725,234)
Salaries and related expenses		(20,886)	(16,741)
Depreciation and amortisation		(4,181)	(4,289)
Other expenses	8	(22,562)	(31,242)
Total expenses		**(1,192,173)**	**(1,777,506)**
Operating profit (loss)		**34,797**	**(130,675)**
Finance income	9	3,723	6,656
Finance expenses	9	(10,417)	(20,845)
Finance activity, net		**(6,694)**	**(14,189)**
Profit (loss) before tax		**28,103**	**(144,864)**
Income tax (expenses)/benefit	10	(6,574)	21,523
Net profit (loss) for the year		**21,529**	**(123,341)**

Consolidated Statement of comprehensive income

For the year ended 31 December 2024

EUR thousand	Notes	2024	2023
Net profit (loss) for the year		**21,529**	**(123,341)**
Other comprehensive income (loss)			
Items that will not be reclassified to profit or loss in subsequent periods (net of tax)			
Change in actuarial assumptions	19	(18)	(15)
Items that will not be reclassified to profit or loss in subsequent periods, total		**(18)**	**(15)**
Items that may be reclassified to profit or loss in subsequent periods (net of tax)			
Cash flow hedges – effective portion of changes in fair value	19	196	(168,866)
Cash flow hedges – reclassified to profit or loss	19	4,014	82,426
Foreign operations – foreign currency translation differences	19	112	470
Items that may be reclassified to profit or loss in subsequent periods, total		**4,322**	**(85,970)**
Total other comprehensive income (loss) for the year		**4,304**	**(85,985)**
Total comprehensive income (loss) for the year		**25,833**	**(209,326)**

Consolidated Statement of financial position

31 December 2024

EUR thousand	Notes	31 December 2024	31 December 2023
Assets			
Intangible assets	11	20,490	18,427
Property, plant and equipment	12	40,141	19,515
Right-of-use assets		4,492	975
Prepayments for non-current assets		4,956	5,282
Non-current receivables	13	8,185	5,845
Other non-current assets		1,351	-
Deferred tax assets	10.4	20,968	52,219
Non-current assets		**100,583**	**102,263**
Inventories	14	50,053	90,435
Prepayments and deferred expenses		2,008	3,736
Trade receivables	15	197,702	203,480
Other receivables	13	74,652	73,704
Other current assets	26.1	2,893	8,933
Prepaid income tax		4,805	5,600
Cash and cash equivalents	16	46,673	67,512
Current assets		**378,786**	**453,400**
Total assets		**479,369**	**555,663**
Equity and liabilities			
Issued capital	17.2	41,155	41,155
Share premium		93,985	93,985
Reserves			
Legal reserve	18.1	4,116	5,151
Hedging reserve	18.2	(6,318)	(10,528)
Other reserves		373	261
Retained earnings (deficit)		(52,369)	(74,915)
Equity		**80,942**	**55,109**
Non-current loans	20	11,800	11,800
Non-current lease liabilities		3,955	767
Provisions	22	332	35,926
Other non-current liabilities		3,746	12,676
Non-current liabilities		**19,833**	**61,169**
Loans	20	456	66,797
Lease liabilities		488	285
Trade payables	23	257,509	183,527
Advances received	24.2	13,458	16,079
Income tax payable		-	242
Provisions	22	49,311	45,487
Deferred income	24.1	6,132	23,059
Other current liabilities	25	51,240	103,909
Current liabilities		**378,594**	**439,385**
Total liabilities		**398,427**	**500,554**
Total equity and liabilities		**479,369**	**555,663**

Consolidated Statement of changes in equity

For the year ended 31 December 2024

EUR thousand	Notes	Issued capital	Share premium	Legal reserve	Hedging reserve	Other reserves	Retained earnings (deficit)	Total
Balance as at 1 January 2023		**40,140**	**-**	**2,572**	**75,912**	**(209)**	**71,021**	**189 436**
Net profit (loss) for the year		-	-	-	-	-	(123,341)	(123,341)
Other comprehensive income (loss) for the year	19	-	-	-	(86,440)	470	(15)	(85,985)
Total comprehensive income (loss) for the year		**-**	**-**	**-**	**(86,440)**	**470**	**(123,356)**	**(209,326)**
Transfer to legal reserve		-	-	2,579	-	-	(2,579)	-
Dividends	17.3	-	-	-	-	-	(20,000)	(20,000)
Share capital increase	17.2	1,015	93,985	-	-	-	-	95,000
Balance as at 31 December 2023		**41,155**	**93,985**	**5,151**	**(10,528)**	**261**	**(74,915)**	**55,109**
Balance as at 1 January 2024		**41,155**	**93,985**	**5,151**	**(10,528)**	**261**	**(74,915)**	**55,109**
Net profit (loss) for the year		-	-	-	-	-	21,529	21,529
Other comprehensive income (loss) for the year	19	-	-	-	4,210	112	(18)	4,304
Total comprehensive income (loss) for the year		**-**	**-**	**-**	**4,210**	**112**	**21,511**	**25,833**
Transfer from legal reserve		-	-	(1,035)	-	-	1,035	-
Balance as at 31 December 2024		**41,155**	**93,985**	**4,116**	**(6,318)**	**373**	**(52,369)**	**80,942**

Consolidated Statement of cash flows

For the year ended 31 December 2024

EUR thousand	Notes	2024	2023
Net profit (loss) for the year		21,529	(123,341)
Adjustments for:			
Depreciation and amortization expenses		4,181	4,289
Fair value change of derivatives	26.1	(823)	6,714
Income tax expenses (benefit)	10	6,574	(21,523)
Increase (decrease) in provisions	22	(31,791)	60,798
Inventory write-down to net realisable value (reversal)	14	(14,103)	(88,882)
Impairment/(reversal of impairment) of financial assets		(1,093)	(1,732)
Loss (gain) on disposal/write-off of property, plant and equipment		17	(64)
Interest income	9	(3,258)	(3,197)
Interest expenses	9	4,273	17,426
Other non-monetary adjustments		(97)	-
Other finance costs (income) of financing activities		5,679	(40)
Changes in working capital:			
(Increase)/decrease in trade and other receivables		5,199	363,107
(Increase) decrease in inventories, advances and deferred expenses, other non-current and current assets		55,715	382,454
Increase (decrease) in trade payables, deferred income, advances received, other non-current and current liabilities		38,817	(242,648)
Income tax (paid) received		18,807	(34,534)
Net cash flows from operating activities		**103,546**	**318,827**
Acquisition of property, plant and equipment and intangible assets		(25,263)	(23,526)
Proceeds from sale of property, plant and equipment and intangible assets		20	216
Loans granted		(25,718)	-
Interest received		1,877	2,807
Finance lease payments received		1,617	700
Other increases/(decreases) in cash flows from investing activities		-	252
Net cash flows from investing activities		**(47,467)**	**(19,551)**
Repayments of loans	21	(27,000)	(332,000)
Lease payments	21	(405)	(353)
Interest paid	21	(4,497)	(28,354)
Dividends paid	17.3	-	(20,000)
Overdraft net change	21	23	(172,878)
AB „Ignitis grupė“ group’s cash-pool platform, net	21	(38,959)	(76,958)
Share capital increase	17.2	-	95,000
Amounts under trade finance agreements	9	(6,080)	(2,940)
Other increases/(decreases) in cash flows from financing activities		-	83
Net cash flows from financing activities		**(76,918)**	**(538,400)**
Increase (decrease) in cash and cash equivalents		**(20,839)**	**(239,124)**
Cash and cash equivalents at the beginning of the period	16	67,512	306,636
Cash and cash equivalents at the end of the period		**46,673**	**67,512**

Explanatory notes

For the year ended 31 December 2024

1 General information

UAB Ignitis (hereinafter – the parent company) is a private limited liability company registered in the Republic of Lithuania. The parent company was registered on 02 September 2014 with the Register of Legal Entities managed by the public institution the Centre of Registers. Parent company's registered office address is Laisvės pr. 10, LT-04215, Vilnius, Lithuania. Parent company code 303383884, VAT code LT100008860617. Parent company has been founded for an indefinite period.

The parent company and its subsidiaries are hereinafter collectively referred to as 'the Group'. The Group's core line of business is the supply, purchase (import), planning and sale of natural gas and electricity to consumers. The Group supplies natural gas to corporate customers operating in the sectors of energy, industry and small commercial businesses, and to private customers, including supply of liquefied natural gas (hereinafter – LNG) through the Klaipėda LNG Terminal. The Group also develops a range of smart services, offers charging solutions for electric vehicles, an electricity balancing service, solar power and other energy solutions based on technological innovations, and sells electricity origin certificates. Information on the Group's structure is provided in Note 27.

The Group's sole shareholder is AB „Ignitis grupė":

	31 December 2024		31 December 2023	
	Number of shares held	Ownership interest (%)	Number of shares held	Ownership interest (%)
AB „Ignitis grupė"	141,913,794	100	141,913,794	141,913,794
Total	**141,913,794**	**100**	**141,913,794**	**141,913,794**

The Group's sole shareholder is AB „Ignitis grupė" (company code 301844044, registered address Laisvės pr. 10, LT-04215 Vilnius, Lithuania), which owns 100% of shares as at 31 December 2024 and 2023. As at 31 December 2024 and 31 December 2023, the shareholder structure of AB „Ignitis grupė" is as follows: the Ministry of Finance of the Republic of Lithuania (74.99%), and retail and institutional investors (25.01%).

AB „Ignitis grupė" is an ultimate controlling company. AB "Ignitis grupė" group comprises AB Ignitis grupė and all of its subsidiaries (AB "Ignitis grupė" group).

These consolidated financial statements were prepared and signed for issue by Group's management on 26 February 2025.

The Group's shareholders have a statutory right to either approve or refuse to approve these financial statements and require the management to prepare a new set of financial statements. These are consolidated financial statements of the Group. The parent company also prepares separate financial statements in accordance with IFRS Accounting Standards as adopted by the EU as required by local legislation.

2 Basis of preparation of the financial statements

2.1 Basis of accounting

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards (hereinafter referred to as 'IFRS') issued by International Accounting Standards Board (hereinafter referred to as 'IASB') and endorsed for application in European Union.

The Group's financial statements as at and for the year ended 31 December 2024 have been prepared on a going concern basis applying measurement based on historical cost, except certain financial instruments measured at fair value.

The financial statements provide comparative information in respect of the previous period.

Details of the Group's accounting policies, including changes thereto, are included in the section 'Accompanying information' of these financial statements.

2.2 Functional and presentation currency

These consolidated financial statements are presented in euros, which is the Group's functional currency and all values are rounded to the nearest thousand (EUR '000), except when otherwise indicated. The Group's financial statements provide comparative information in respect of the previous period.

3 Changes of material accounting policies

3.1 Changes in accounting policy and disclosures

The accounting policies applied in the preparation of these financial statements are consistent with the accounting policies applied in the preparation of the Group's annual financial statements for the year ended 31 December 2023, with the exception of the new standards which entered into force during the year of 2024. The Group has not applied any standard, interpretation, or amendment for which the early application is permitted but is not yet effective.

More information about new standards is available in section 'Material accounting policies' of these financial statements.

4 Critical accounting estimates and judgements used in the preparation of the financial statements

In preparing these financial statements management has made judgements and estimates about the future, including climate-related risk and opportunities, that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and costs and contingencies. Change in the underlying assumptions of estimates and judgements may have a material effect on financial statements in the future.

Estimates and judgements with underlying assumptions are reviewed on ongoing basis and are consistent with the Group's risk management and climate related commitments where appropriate. Revisions to estimates and judgements are recognised prospectively. Significant accounting estimates and judgements used in the preparation of the financial statements are described in this note. For other estimates and judgements used refer to other notes of these financial statements. significant accounting estimates and judgements used in the preparation of the financial statements are described in this note. For other estimates and judgements used refer to other notes of these financial statements.

4.1 Impact of climate change

The Group pays special attention in order to reveal a potential impact of climate change and its related economic, transitional changes on the activities of the parent company. This impact may arise from physical (extreme) weather phenomena and from the aspiration of states to switch to the Green Deal, which could cause additional requirements for energy sector: to comply with new regulations, implement new technological solutions, manage reputational risks, respond to fast growing market demand for green solutions, etc. Read more on the impact of climate change and the parent company's approach on managing it in section "5.1 Sustainability overview" of the annual report. Climate change and the transition to net zero have been considered in the preparation of these financial statements. In preparing these financial statements, the following has been considered:

4.1.1 Valuation of property, plant and equipment

life of assets has not been shortened. There are no indicators suggesting that assets have reduced in value, significant impacts of climate change on the Group's assumptions used in estimating their recoverable value and there is no need to perform sensitivity analyses of the effects of climate risk within the assumptions made. The Group's management does not reasonably expect climate change to have a significant impact on the valuation of property, plant and equipment.

4.1.2 Impact of climate change on provision for risk and on ECL

The Group's management does not believe that there are any provisions for risks or potential liabilities requiring consideration in the financial statements in connection with possible disputes, specific regulatory requirements aimed at mitigating environmental damages, sanctions connected with failure to comply with environmental requirements, contracts that may become onerous, possible restructuring works aimed at achieving the climate objectives required. No significant climate and environmental risks had significant impact when calculating the ECL.

The impact of future climate change regulation is not material on the currently reported amounts of the Group's assets and liabilities.

4.2 Determining whether the Group acts as a Principal or an Agent in relation to PSO fees and LNGT security component

4.2.1 Collection and transfer of PSO and LNGT security component fees

Management has applied a significant judgment and concluded that the Group acts as an Agent in relation to collection of PSO fees and LNGT security component from customers due to the following argumentation:

- the Group is not responsible for PSO and LNGT projects/initiatives, accordingly it is not responsible that collected PSO fees and LNGT security component are used for their intended purpose;
- the Group is not exposed to any inventory risk,
- the Group has no legal power to establish pricing of these components.

4.2.2 Collection and transfer of fees for electricity transmission and distribution components

The Group's management has identified that in respect of gas distribution and transmission services the Group acts as an agent. The management relied on the following arguments:

- For all transmission and distribution services the Group is not ultimately responsible, since the owners of the transmission and distribution grid take full responsibility, as provided for in the laws and regulations, and agreements with customers;
- The Group also does not bear inventory risk since price of transmission and distribution services is determined based on meter readings, i.e. fee of transmission and distribution components is charged to the Group only to the amount of electricity consumed by the end customer;
- The prices of transmission and distribution components are determined by the grid operator and approved by the NERC.

4.2.3 Collection and transfer of fees for gas transmission and distribution components

The Group's management has identified that in respect of gas distribution and transmission services the Group acts as an agent. The management relied on the following arguments:

- For all distribution services the Group is not ultimately responsible, since the owners of the transmission and distribution grid take full responsibility, as provided for in the laws and regulations, and agreements with customers;
- The Group also does not bear inventory risk since price of distribution services is determined based on meter readings, i.e. distribution fee is charged to the Group only to the amount of electricity consumed by the end customer;
  The prices of distribution components are determined by the grid operator and approved by the NERC.

4.3 Expected credit losses of trade receivables

The Group uses a provision matrix to calculate expected credit losses for trade receivables. The Group accounts for expected credit losses (hereinafter “ECL”) assessing amounts receivable on an individual basis or on a collective basis applying provision matrices in respect of its clients.

4.3.1 Collective assessment of ECL applying provision matrix

The Group uses provision matrices to calculate ECL for trade receivables. The provision rates are based on days past due or allocation to the Group’s internal credit rating system for groupings of various customer segments that have similar loss patterns (i.e. by customer type).

The provision matrixes are initially based on the Group’s historical observed default rates. For instance, if forecast economic conditions (i.e., changes in gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECL is a significant estimate. The amount of ECL is sensitive to changes in circumstances and of forecast economic conditions. The Group’s historical credit loss experience and forecast of economic conditions may also not be representative of customer’s actual default in the future. The information about the ECL on the Group’s trade receivables is disclosed in Note 15.

4.3.2 Individual assessment of ECL

Decision to assess amounts receivable on an individual basis depends on the possibility to obtaining information on the credit history of a particular client / borrower, its financial position as at the date of assessment, including forward-looking information that would allow to timely determine whether there has been a significant increase in the credit risk of that particular client, thus enabling making judgement on the recognition of lifetime expected credit losses in respect of that particular client / borrower. These accounting estimates require significant judgement. Judgement is based on information about substantial financial difficulties experienced by the debtor, probability that the debtor will enter bankruptcy or any other reorganisation, default of delinquency in payments.

In the absence of reliable sources of information on the credit history of a particular borrower, its financial position as at the date of assessment, including forward-looking information, the Group assesses the debt on a collective basis.

4.4 Regulated activities: accrued income and provisions

Profitability of the Group’s public electricity supply is regulated by NERC through the service tariffs for residents approved for the next periods. The level of tariffs depends on the projected costs and volume of services for the next period, the extent to which the previous period earnings are at variance with the regulated level, and other factors.

Actual costs incurred by the Group during the year may be at variance with the projected costs that are considered during the approval of the tariffs, and the actual volume of services may be at variance with the projected one. Accordingly, the actual earnings of the Group may be at variance with the regulated level, and the resulting difference will affect the future tariffs of services.

4.4.1 Public electricity supply

On 25 September 2020, NERC adopted a resolution No O3E-879 “On approval of the methodology for determining electricity transmission, distribution and public supply services and the public price cap”. The resolution includes the methodology of determination of the additional component for distribution services to household consumers to compensate the difference between the actual and forecasted reasonable costs of a public supplier. The additional component is paid by household customers through the electricity distribution service price which is included as one of the components of public electricity tariff applied to the consumed electricity by household customers. This component is collected by distribution system operator (AB “Ignitis grupė” group company) from all electricity suppliers that sell electricity to household customers. The calculation of the difference includes the difference resulting from the discrepancy between the forecast electricity purchase price and the actual electricity purchase price, as well as the amount of costs resulting from the difference between the public supplier's public electricity price cap and the actual electricity distribution service price caps. If the difference is negative a loss is compensated through the increased price of additional component applied in the next year and accordingly, if the difference is positive a gain is reduced through the decreased price additional component.

This resolution also stipulates that if the Group discontinues public supply services, the Group must refund raised discrepancies between the forecasted and actual costs of providing these services if the costs actually incurred by the Group were less than the income received. The amount must be refunded to the Group if the costs actually incurred by the Group were higher than the income received. The difference shall be reimbursed by 31 December 2025.

With regard what is said above, the Group recognises contract assets and/or contract liabilities of the difference to eliminate mismatches between the current year earnings and the regulated level regardless the difference under the provision of services in the future.

As at 31 December 2024, the current part of a payable of EUR 706 thousand (31 December 2023: payable of EUR 13,171 thousand) to be set-off with the future regulatory differences of public supply activity within one year. The payable amount was accounted in the current liabilities under the caption “Provisions” (Note 22).

4.5 Assessment of onerous contracts

As at 31 December 2024, the Group’s management carried out a review of whether the Group has loss-making power purchase agreements. It was found that the Group has such contracts relating to the purchase of electricity which were entered into in the high commodity price environment prevailing in the second half of 2024. In the case of such contracts, the lesser of the cost incurred in the event of continuation of the contract or the termination of the contracts and the contractual penalty is recorded (Note 23).

5 Revenue from contracts with customers

5.1 Disaggregated revenue information

EUR thousand 2024	Non-household customers	Household customers	Total
Revenue from the sale of electricity	520,030	206,529	726,559
Revenue from gas sales	302,443	99,487	401,930
Revenue from public electricity supply	1,266	43,895	45,161
Revenue of LNGT security component	31,797	-	31,797
Revenue from project activities	13,770	1,650	15,420
Other	1,836	-	1,836
Total	**871,142**	**351,561**	**1,222,703**

EUR thousand 2023	Non-household customers	Household customers	Total
Revenue from gas sales	504,479	271,775	776,254
Revenue from the sale of electricity	531,095	256,359	787,454
Revenue from public electricity supply	-	48,423	48,423
Revenue from project activities	13,570	6,455	20,025
Revenue of LNGT security component	11,235	-	11,235
Other	1,897	-	1,897
Total	**1,062,276**	**583,012**	**1,645,288**

The Group's revenue based on the timing of transfer of goods or services:

EUR thousand	31 December 2024	31 December 2023
Performance obligation settled over time	1,168,965	1,567,788
Performance obligation settled at a point of time	53,738	77,500
Total	**1,222,703**	**1,645,288**

5.2 Contract balances

EUR thousand	Notes	31 December 2024	31 December 2023
Trade receivables	15	**197,702**	**203,480**
Accrued revenue from electricity related sales	13.3	10,766	7,828
Accrued revenue from gas sales	13.3	1,537	6,868
Other accrued income	13.3	1,621	5,945
Contract assets		**13,924**	**20,641**
Advances received	24.2	13,443	16,066
Deferred income	24.1	6,132	23,059
Contract liabilities		**19,575**	**39,125**
Non-current contract liabilities		-	-
Current contract liabilities	24	19,575	39,125

5.2.1 Contract assets

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for the amounts due from customers under the contracts. Recognised expected credit losses (if any) are disclosed in Notes 13 and 15.

5.3 Rights to returned goods assets and refund liabilities

The Group does not have any significant contracts with the customers' right to return goods.

6 Other income

EUR thousand	2024	2023
Ineffective hedging result (Note 26.2)	2,339	-
Interest on late payments	1,219	890
Gain on disposal of non-current assets	-	64
Other income	709	589
Total	**4,267**	**1,543**

7 Purchases of electricity, natural gas and other services

EUR thousand	2024	2023
Purchases of electricity and related services	749,920	934,703
Purchase of natural gas and related services	382,717	772,493
Other purchases	11,907	18,038
Total	**1,144,544**	**1,725,234**

8 Other expenses

EUR thousand	2024	2023
Customer service	6,709	8,146
Telecommunications and IT services	5,008	4,083
Asset management and administration	2,419	1,760
Communication	1,650	1,699
Finance and accounting	1,576	1,440
People and culture	1,211	915
Law	1,164	879
Tax (other than income tax) expenses	107	1,127
Ineffective hedging result (Note 26.2)	-	8,829
Other	2,718	2,364
Total	**22,562**	**31,242**

9 Finance activity

EUR thousand	2024	2023
Interest income at the effective interest rate	3,258	3,197
Positive effect of changes in exchange rates	175	2,841
Other income from financing activities	290	618
Total finance income	**3,723**	**6,656**
Amounts under trade finance agreements	6,080	2,940
Interest expenses	4,273	17,426
Other expenses from financing activities	64	479
Total finance expenses	**10,417**	**20,845**
Total	**(6,694)**	**(14,189)**

10 Income taxes

10.1 Recognised in profit or loss

EUR thousand	2024	2023
Income tax expenses (benefit) for the year	728	(1,606)
Deferred tax expenses (benefit)	3,676	(19,917)
Result from sale of tax losses	2,170	-
Total	**6,574**	**(21,523)**

10.2 Amount recognized in other comprehensive income

Income taxes during 2024 recognised in other comprehensive income comprise EUR 343 thousand in income tax benefit and EUR 1,083 thousand in deferred tax expenses (in 2023, EUR 2,675 thousand in income tax benefit and EUR 12,581 thousand in deferred tax benefit).

10.3 Reconciliation of effective tax rate

Income tax on the Group's profit before tax differs from the theoretical amount that would arise using the effective tax rates applicable to profit of the Group.

EUR thousand	2024	2024	2023	2023
Profit (loss) before tax		28,103		(144,864)
Income tax expenses (benefit) at tax rate of 15%	15.00 %	4,215	15.00 %	(21,730)
Effect of tax rates in foreign jurisdictions	1.06 %	299	0.10 %	(152)
Non-taxable income and non-deductible expenses	5.33 %	1,497	(3.89 %)	5,631
Adjustments in respect to previous years	(0.92 %)	(258)	3.12 %	(4,523)
Income tax rate change	(4.71 %)	(1,325)	-	-
Other	7.64 %	2,146	0.52 %	(749)
Income tax expenses (benefit)	**23.40 %**	**6,574**	**14.86%**	**(21,523)**

Standard income tax rate of 15% was applicable to the companies in Lithuania (starting from 2025 – 16%), in Poland – 19%, in Finland – 20%. Standard income tax rate in Latvia and Estonia is 20% on the gross amount of the distribution (starting from 2025, income tax rate in Estonia will be increased up to 22%).

10.4 Deferred tax

EUR thousand	31 December 2022	Recognised in profit or loss	Recognised in other comprehensive income	Difference on exchange rate	31 December 2023	Recognised in profit or loss	Recognised in other comprehensive income	Sold tax loss	Difference on exchange rate	31 December 2024
Deferred tax assets										
Tax loss carry forward	**36**	20,938	12,579	-	**33,553**	(333)	1,451	(24,328)	-	**10,343**
Provision for onerous contracts	**-**	9,980	-	-	**9,980**	(2,645)	-	-	-	**7,335**
Inventories write down to NRV	**15,537**	(13,333)	-	-	**2,204**	(2,109)	-	-	-	**95**
Accrued expenses	**3,562**	(193)	-	49	**3,418**	(635)	-	-	5	**2,788**
Impairment of trade and other receivables	**1,200**	(184)	-	5	**1,021**	(104)	-	-	2	**919**
Differences of financial and tax value (PPE)	**1,959**	(257)	-	-	**1,702**	(319)	-	-	-	**1,383**
Non-current employee benefits	**53**	(36)	2	-	**19**	(1)	3	-	-	**21**
Lease liability (IFRS16)	**11**	46	-	2	**59**	483	-	-	1	**543**
Other	**472**	23	-	13	**508**	(76)	-	-	1	**433**
Deferred tax asset, net	**22,830**	**16,984**	**12,581**	**69**	**52,464**	**(5,739)**	**1,454**	**(24,328)**	**9**	**23,860**
Deferred income tax liability										
Derivatives	**3,125**	(2,571)	-	-	**554**	(281)	2,537	-	-	**2,810**
Right-of-use asset (IFRS16)	**-**	45	-	-	**45**	482	-	-	-	**527**
Other	**11**	(407)	-	42	**(354)**	(94)	-	-	3	**(445)**
Deferred income tax liability, net	**3,136**	**(2,933)**	**-**	**42**	**245**	**107**	**2,537**	**-**	**3**	**2,892**
Net deferred tax	**19,694**	**19,917**	**12,581**	**27**	**52,219**	**(5,846)**	**(1,083)**	**(24,328)**	**6**	**20,968**

The Group's statement of financial position as at 31 December 2024 presents separately deferred tax assets EUR 20,968 thousand related to different subsidiaries. The net balance of deferred tax is assets of EUR 20,968 thousand. Deferred tax assets and liabilities arising from the same entity are presented on net basis in the statement of financial position (as at 31 December 2023 deferred tax assets EUR 52,219 thousand).

In Lithuania, tax losses can be carried forward for an indefinite period, except for losses incurred as a result of disposal of securities and/or derivatives. Such carrying forward is disrupted if the Group changes the activities due to which these losses are incurred, except for cases when the Group does not continue its activities due to reasons which do not depend on the Group itself. The losses from the disposal of securities and/or derivatives can be carried forward for 5 consecutive years and can only be used to reduce the taxable income earned from the transactions of the same nature. In terms of utilising the tax losses carried forward, the amount may not exceed 70% of the taxpayer's taxable profits in a given year.

In Poland, losses that could not have been set off may be carried forward for the maximum period of 5 years. Up 50% of loss may be utilised in a given year. It is also possible to reduce the losses by the amount not exceeding PLN 5.0 million at a time, with the amount not deducted being settled in the remaining years over the five-year period, provided that the amount of the reduction in any of those years may not exceed 50% of the amount of the losses.

During the year 2024 the parent company transferred tax losses for amount EUR 176,653 thousand (deferred tax asset amounts to EUR 26,498 thousand) to other Group companies and received a contribution for amount EUR 24,328 thousand.

11 Intangible assets

EUR thousand	Patents and licences	Computer software	Intangible assets identified during business combination	Software projects in progress	Total
Acquisition cost at 1 January 2023	**9**	**5,417**	**43,958**	**1,222**	**50,606**
Acquisitions	-	305	-	2,415	**2,720**
Reclassifications between categories	-	1,146	-	(1,146)	**-**
Foreign currency exchange difference	-	(3)	-	-	**(3)**
Acquisition cost at 31 December 2023	**9**	**6,865**	**43,958**	**2,491**	**53,323**
Accumulated amortisation at 1 January 2023	**(9)**	**(2,816)**	**(28,838)**	**-**	**(31,663)**
Amortisation	-	(2,035)	(1,198)	-	**(3,233)**
Accumulated amortisation at 31 December 2023	**(9)**	**(4,851)**	**(30,036)**	**-**	**(34,896)**
Carrying amount as at 31 December 2023	**-**	**2,014**	**13,922**	**2,491**	**18,427**
Acquisition cost at 1 January 2024	**9**	**6,865**	**43,958**	**2,491**	**53,323**
Acquisitions	-	195	-	4,449	**4,644**
Reclassifications between categories	-	2,448	-	(2,448)	**-**
Reclassifications (to)/from property, plant & equipment	-	-	-	4	**4**
Acquisition cost at 31 December 2024	**9**	**9,508**	**43,958**	**4,496**	**57,972**
Accumulated amortisation at 1 January 2024	**(9)**	**(4,851)**	**(30,036)**	**-**	**(34,896)**
Amortisation	-	(1,387)	(1,199)	-	**(2,586)**
Foreign currency exchange difference	-	-	1	-	**1**
Accumulated amortisation at 31 December 2024	**(9)**	**(6,238)**	**(31,234)**	**-**	**(37,481)**
Carrying amount as at 31 December 2024	**-**	**3,270**	**12,724**	**4,496**	**20,490**

As at 31 December 2024, the Group carried out an analysis to determine existence of indications of impairment for intangible assets. The Group conducted a thorough review of the business benefits provided by intangible assets, considering information from internal and external sources. Additionally, the Management assessed whether during the reporting period there have been any significant adverse changes in the technological, market, economic and legal environment in which the Group operates, which could impact the value of intangible assets. Considering all of the above criteria Management has determined that as at 31 December 2024 no indications of possible impairment could be identified with respect to intangible assets of the Group. Therefore no impairment tests for intangible assets were deemed necessary.

Assets identified during business combination: hedging activity
The carrying amount of derivative trading activities that were acquired in previous periods as at 31 December 2024 was EUR 4,565 thousand (31 December 2023: EUR 4,980 thousand). Amortisation is calculated over a period of 20 years.

Assets identified during business combination: balancing services
The carrying amount of balancing services that were acquired in previous periods was EUR 6,310 thousand as at 31 December 2024 (31 December 2023: EUR 6,884 thousand). Amortisation is calculated over a period of 20 years.

Assets identified during business combination: public electricity supply service, client contracts and relationships
The carrying amount of client contracts and relations relate to public electricity supply that were acquired in previous periods as at 31 December 2024 was EUR 1,849 thousand (31 December 2023: EUR 2,058 thousand). Amortisation is calculated over a period of 15 years.

The company's patents and licences, software and assets identified in a business combination are key intangible resources that directly contribute to the efficiency and value creation of the business model. Consistent investment in these assets can ensure the long-term growth, competitiveness and market success of the company. These resources enable the company to offer customers fixed price plans, which are the most popular in the B2C segment, to provide competitive price offers, thereby maintaining market share, and to meet the strategic objectives set by the Group for the company, which include:

- Form Green Capacities offtake portfolio and growing the share of green electricity supplied;
- Best in class trading and risk management competences;
- Attractive and diverse product portfolio with a focus on power and long-term value;
- Great customer experience with digitally advanced customer services

11.1 Fully amortised intangible assets

As at 31 December 2024 and 2023, the cost of acquisition of fully amortised intangible assets used by the Group were as follows:

EUR thousand	31 December 2024	31 December 2023
Patents and licenses	1	1
Computer software	171	2,913
Acquisition cost of fully amortised assets, total	**172**	**2,914**

11.2 Acquisition commitments

The Group has no significant acquisition commitments of intangible assets which will have to be fulfilled during the later years.

11.3 Pledged assets

As at 31 December 2024 and 2023, the Group did not have non-current intangible assets pledged.

12 Property, plant and equipment

EUR thousand	Land	Electric Vehicle charging stations	Solar plants	Other property, plant and equipment	Construction in progress	Total
Acquisition cost at 1 January 2023			**2,111**	**2,022**	**3,705**	**7,838**
Additions	-	-	-	4	15,857	**15,861**
Sales	-	-	(237)	-	-	**(237)**
Reclassified from (to) inventories	-	-	-	(15)	(1,934)	**(1,949)**
Reclassifications between categories	-	-	2,207	1,172	(3,379)	**-**
Acquisition cost at 31 December 2023	**-**	**-**	**4,081**	**3,183**	**14,249**	**21,513**
Accumulated depreciation at 1 January 2023	**-**	**-**	**(437)**	**(977)**	**-**	**(1,414)**
Depreciation	-	-	(226)	(454)	-	**(680)**
Sales	-	-	85	-	-	**85**
Reclassified from (to) inventories	-	-	-	11	-	**11**
Accumulated depreciation at 31 December 2023	**-**	**-**	**(578)**	**(1,420)**	**-**	**(1,998)**
Carrying amount as at 31 December 2023	**-**	**-**	**3,503**	**1,763**	**14,249**	**19,515**
Acquisition cost at 1 January 2024	**-**	**-**	**4,081**	**3,183**	**14,249**	**21,513**
Additions	430	-	-	10	21,306	**21,746**
Write-offs	-	-	-	-	(17)	**(17)**
Reclassified from (to) inventories	-	17,119	-	-	(17,119)	**-**
Reclassifications between categories	-	2,957	-	(2,957)	-	**-**
Reclassifications (to)/from other items of Statement of financial position	-	-	-	-	45	**45**
Acquisition cost at 31 December 2024	**430**	**20,076**	**4,081**	**236**	**18,464**	**43,287**
Accumulated depreciation at 1 January 2024	**-**	**-**	**(578)**	**(1,420)**	**-**	**(1,998)**
Depreciation	-	(737)	(364)	(47)	-	**(1,148)**
Reclassifications between categories	-	(1,292)	-	1,292	-	**-**
Accumulated depreciation at 31 December 2024	**-**	**(2,029)**	**(942)**	**(175)**	**-**	**(3,146)**
Carrying amount as at 31 December 2024	**430**	**18,047**	**3,139**	**61**	**18,464**	**40,141**

12.1 Fully depreciated property, plant and equipment

The cost of fully depreciated property, plant and equipment, but still in use by the Group were as follows:

EUR thousand	31 December 2024	31 December 2023
Other property, plant and equipment	79	56
Total	**79**	**56**

12.2 Pledged property, plant and equipment and acquisition commitments

As at 31 December 2024 and 2023, the Group did not have property, plant and equipment pledged.

13 Non-current and current receivables

13.1 Non-current receivables

EUR thousand	31 December 2024	31 December 2023
Finance lease	6,873	5,706
Other non-current amounts receivable	1,312	139
Total	**8,185**	**5,845**
Less: loss allowance	-	-
Carrying amount	**8,185**	**5,845**

13.2 Finance lease

EUR thousand	31 December 2024	31 December 2023
Non-current receivables	6,873	5,706
Other amounts receivable	1,093	943
Carrying amount	**7,966**	**6,649**

The Group's amounts receivable under the energy saving services agreements are included in the line items "Amounts receivable after one year" and "Other amounts receivable".

EUR thousand	31 December 2024	31 December 2023
Minimum payments		
Within the first year	1,366	1,050
From two to five years	5,394	4,091
More than five years	2,730	1,832
Total	**9,490**	**6,973**
Unearned finance income		
Within the first year	(273)	(107)
From two to five years	(877)	(212)
More than five years	(374)	(5)
Total	**(1,524)**	**(324)**
Carrying amount	**7,966**	**6,649**

As at 31 December 2024 and 2023, the Group assessed whether credit risk of finance lease clients has increased significantly and did not identify a significant increase.

13.3 Other current receivables

EUR thousand	31 December 2024	31 December 2023
Loans granted	25,772	160
Deposits for gas related derivatives to commodity traders	19,650	10,680
Deposits for electricity related derivatives in electricity market	12,377	38,510
Accrued revenue from electricity sales	10,766	7,828
Other accrued income	1,621	5,945
Accrued revenue from natural gas sales	1,537	6,868
Current portion of finance lease	1,093	943
Other receivables	1,836	2,770
Total	**74,652**	**73,704**
Less: loss allowance	-	-
Carrying amount	**74,652**	**73,704**

As at 31 December 2024, financial assets comprise EUR 58,892 thousand (31 December 2023: EUR 50,133 thousand). Accrued revenue from electricity sales, Accrued revenue from natural gas sales, Other accrued revenue and Other receivables are not financial assets.

13.4 Deposits related to electricity and gas derivatives

The Group has made deposits for derivative instruments as assurance of contractual obligations with the Commodities exchange and Commodity traders for trading of derivatives linked to electricity and gas market prices. Deposits are in a form of cash collateral and the value moves on a daily basis, i.e. depends on market prices. The Group estimates that the whole amount of cash collateral will be recovered as the amounts payable are related to the realization of the future hedge and the sales contracts will be realized together with the hedge, thus invoices for derivative instruments will be covered with sales income and after this payment cash collateral will be recovered. In the Group's assessment, the expected credit losses on derivative-related deposits are insignificant and therefore not accounted for.

14 Inventories

EUR thousand	31 December 2024	31 December 2023
Natural gas	46,464	83,877
Consumables, raw materials and spare parts	2,787	6,548
Other	802	10
Carrying amount	**50,053**	**90,435**

Under the Lithuanian legislation the Group is required to store a quantity of natural gas in the underground storage facility as a reserve for the smallest (the most sensitive) consumers of the Group. As at 31 December 2024, the latter quantity comprised 480 GWh or EUR 21,463 thousand (31 December 2023: 480 GWh or EUR 16,851 thousand).

The Group's inventories expensed were as follows:

EUR thousand	2024	2023
Natural gas	385,165	805,421
Consumables, raw materials and spare parts	11,864	14,803
Total	**397,029**	**820,224**

Movements on the account of inventory write-down to net realisable value were as follows:

EUR thousand	2024	2023
Carrying amount as at 1 January	**14,695**	**103,576**
Additional write-down to net realisable value	-	1,430
Reversal of write-down to net realisable value	(14,103)	(90,311)
Carrying amount as at 31 December	**592**	**14,695**

The reversal of write-down to net realisable value was made during 2024 as all the gas inventory held at end of year 2023 was sold through the first half of 2024 and market prices did not go below cost at the end of the year.

15 Trade receivables

EUR thousand	31 December 2024	31 December 2023
Amounts receivable from contracts with customers		
Receivables for electricity / gas from non-household customers	124,435	140,770
Receivables for electricity / gas from household customers	74,853	66,031
Other trade receivables	4,850	4,152
Total	**204,138**	**210,953**
Less: loss allowance	(6,436)	(7,473)
Carrying amount	**197,702**	**203,480**

As at 31 December 2024 and 2023, the Group had not pledged claim rights to trade receivables.

No interest is charged on trade receivables and the regular settlement period is 15 to 30 days. Trade receivables for which the settlement period is more than 30 days comprise insignificant part of total trade receivables. The Group didn't identify any significant financing component. For terms and conditions on settlement between related parties see Note 29.

15.1 Loss allowance of amounts receivable (lifetime expected credit losses) assessed using the loss ratio matrix

The table below presents information on the Group's trade receivables from contracts with customers as at 31 December 2024 that are assessed on a collective basis using the loss ratio matrix:

EUR thousand	Loss ratio	Trade receivables	Loss allowance
Not past due	0.20	49,326	98
Up to 30 days	0.67	8,841	59
30-60 days	3.32	1,925	64
60-90 days	2.96	2,024	60
90-120 days	12.95	363	47
More than 120 days	52.96	8,408	4,453
31 December 2024	**6.74**	**70,887**	**4,781**

The Group's trade receivables from contracts with customers as at 31 December 2023 that are assessed on a collective basis using the loss ratio matrix:

EUR thousand	Loss ratio	Trade receivables	Loss allowance
Not past due	0.19	83,367	161
Up to 30 days	1.33	5,701	76
30-60 days	4.90	1,245	61
60-90 days	11.41	640	73
90-120 days	18.56	361	67
More than 120 days	72.02	7,254	5,224
31 December 2023	**5.74**	**98,568**	**5,662**

The loss ratio matrix is based on historical data on the settlement for trade receivables during the period of validity of trade receivables and is adjusted with respect to future forecasts. The loss ratios are updated during the preparation of the annual financial statements with respect to the impact of forward-looking information where forward-looking information is indicative of any exacerbation of economic conditions during upcoming years.

15.2 Loss allowance of amounts receivable (lifetime expected credit losses) calculated using internal rating system

The table below presents information on the Group's trade receivables from contracts with customers as at 31 December 2024 that are assessed on a collective basis using the internal rating system:

Internal ratings	Trade receivables	Loss allowance
A	88,896	204
B	13,624	84
C	5,030	97
D	603	69
E	1,344	1,201
31 December 2024	**109,497**	**1,655**

The table below presents information on the Group's trade receivables from contracts with customers as at 31 December 2023 that are assessed on a collective basis using the internal rating system:

Internal ratings	Trade receivables	Loss allowance
A	72,378	184
B	12,108	129
C	6,067	113
D	460	62
E	1,534	1,323
31 December 2023	**92,547**	**1,811**

The assessment on the basis of the internal ratings assigned takes into account external and internal information about the debtor, which may be material to determine the debtor's ability to settle with the Group. External sources of information include financial status, court involvement, and debt to other entities, employee trends, arrests, and other information that is used as the basis for establishing a bankruptcy rating (bankruptcy probability model) or risk class. This external information is obtained through service agreements with third parties (Credit Agencies). The internal sources of information include the debtor's profile of actual settlements with the Group based on which the settlement rating is determined. Based on the ratio of bankruptcy ratings or risk classes to settlement ratings, the borrower is assigned internal rating on a scale from A to E, where A is the lowest risk and E is the highest risk grade.

In doing so, expected credit losses are based on the internal ratings assigned to the borrowers.

15.3 Loss allowance of amounts receivable (lifetime expected credit losses) calculated on an individual basis

The table below presents information on the Group's trade receivables from contracts with customers that are assessed on an individual basis:

	31 December 2024		31 December 2023	
EUR thousand	Trade receivables	Loss allowance	Trade receivables	Loss allowance
Not past due	23,741	-	11,167	-
Up to 30 days	-	-	8,526	-
30-60 days	-	-	134	-
60-90 days	-	-	-	-
90-120 days	-	-	11	-
More than 120 days	11	-	-	-
Carrying amount	**23,754**	**-**	**19,838**	**-**

Loss allowance of amounts receivable is stated in profit or loss of the statement of profit or loss.

Movements in the loss allowance of trade receivables during the year 2024 and 2023 were as follows:

EUR thousand	2024	2023
Carrying amount as at 1 January	**7,473**	**9,143**
Loss allowance during the year	1,987	3,295
Reversal of loss allowance	(3,024)	(4,965)
Carrying amount as at 31 December	**6,436**	**7,473**

16 Cash and cash equivalents

EUR thousand	31 December 2024	31 December 2023
Cash balances in bank accounts	43,269	67,512
One-night deposits	3,404	-
Carrying amount	**46,673**	**67,512**

Based on contracts with solar fleet developers, the Group collects on their behalf client payments for the acquisition, lease and maintenance of remote solar plants. Collected amounts are transferred to bank accounts specified by the developers. As at 31 December 2024, the amount of payments collected on behalf of such developers amounted to EUR 499 thousand (31 December 2023: EUR 1,247 thousand).

17 Equity

17.1 Capital risk management

For the purpose of capital risk management, the management uses equity as reported in the statement of financial position.

Pursuant to the Lithuanian Republic Law on Companies, the issued capital of a private limited liability company must be not less than EUR 2.5 thousand, and the shareholders' equity must be not lower than 50% of the company's issued capital. Foreign subsidiaries are subject for compliance with capital requirement according to regulation adopted in those foreign countries. As at 31 December 2024 and 2023 the parent company and all subsidiaries met requirements of capital regulation.

17.2 Issued capital

EUR thousand	31 December 2024	31 December 2023
Issued capital		
Ordinary shares	41,155	41,155
Ordinary shares issued and fully paid	**41,155**	**41,155**

As at 31 December 2024, the Group's issued capital comprised EUR 41,155 thousand (31 December 2023: EUR 41,155) and was divided into 141,913,794 registered ordinary shares with a EUR 0.29 par value per share (31 December 2023: 141,913,794 registered ordinary shares with a EUR 0.29 par value per share).

On 5 September 2023, as to the sole shareholder's decision issued capital was increased by issuing additional 3,500,000 ordinary registered shares with a par value of EUR 0,29 per share. The issue price of all newly issued shares was EUR 95,000 thousand, of which EUR 1,015 thousand is the value of all newly issued shares and EUR 93,985 thousand is the premium of all newly issued shares.

In 2023 October 9 new statutes were registered at the Register Center of VĮ.

17.3 Dividends

EUR thousand	2024 m.	2023 m.
AB „Ignitis Grupė"	-	20,000

The Group did not pay dividends in 2024.

EUR 20,000 thousand of dividends were approved by the general shareholders meeting, held on 19 April 2023.

18 Reserves

18.1 Legal reserve

The legal reserve is a compulsory reserve under the Lithuanian legislation. Companies in Lithuania are required to transfer 5% of net profit from distributable profit until the total reserve reaches 10% of the issued capital. The legal reserve shall not be used for payment of dividends and is formed to cover future losses only.

The Group's legal reserve as at 31 December 2024 and 2023 was fully formed.

18.2 Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of the hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss as the hedged cash flows or items affect profit or loss.

19 Other comprehensive income

EUR thousand	Hedging reserve	Other re-serves	Retained earnings	Total
Items that will not be reclassified to profit or loss in subsequent periods				
Result of change in actuarial assumptions	-	-	(17)	**(17)**
Tax	-	-	2	**2**
Items that may be reclassified to profit or loss in subsequent periods				
Cash flow hedges – effective portion of change in fair value	(198,666)	-	-	**(198,666)**
Cash flow hedges – reclassified to profit or loss	96,972	-	-	**96,972**
Foreign operations – foreign currency translation differences	-	470	-	**470**
Tax	15,254	-	-	**15,254**
Total as at 31 December 2023	**(86,440)**	**470**	**(15)**	**(85,985)**
Items that will not be reclassified to profit or loss in subsequent periods				
Result of change in actuarial assumptions	-	-	(21)	**(21)**
Tax	-	-	3	**3**
Items that may be reclassified to profit or loss in subsequent periods				
Cash flow hedges – effective portion of change in fair value	231	-	-	**231**
Cash flow hedges – reclassified to profit or loss	4,722	-	-	**4,722**
Foreign operations – foreign currency translation differences	-	112	-	**112**
Tax	(743)	-	-	**(743)**
Total as at 31 December 2024	**4,210**	**112**	**(18)**	**4,304**

20 Loans and lease liabilities

EUR thousand	31 December 2024	31 December 2023
Loans received	11,800	11,800
Lease liabilities	3,955	767
Total non-current	**15,755**	**12,567**
Current loans	433	27,531
Overdraft	23	-
AB "Ignitis grupė" group's cash-pool platform	-	39,266
Lease liabilities	488	285
Total current	**944**	**68,082**
Total	**16,699**	**79,649**

Loans and lease liabilities by maturity:

EUR thousand	31 December 2024	31 December 2023
Up to 1 year	944	67,082
From 1 to 2 years	425	554
From 2 to 5 years	12,788	11,800
After 5 years	2,542	210
Total	**16,699**	**79,649**

All loans and lease liabilities of the Group are denominated in euros.

20.1 Covenants and unwithdrawn balances

As at 31 December 2024 there is no the loan agreements provide for financial and non-financial covenants that the Group is obliged to comply with. As at 31 December 2023, the Group complied with all contractual commitments.

As at 31 December 2024, the balance of the Company's unwithdrawn balance 50,000 thousand (31 December 2023: EUR 441,042 thousand).

21 Net debt

Net debt is a non-IFRS liquidity metric used to determine the value of debt against highly liquid assets owned by the Group.
While implementing risk management strategy, the management monitors net debt ratio.

This note sets out an analysis of net debt, a non-IFRS measure for the purposes of these financial statements presentation defined by management as presented below.

Debts to financial institutions, loans under cash-pool agreement to Group companies and related interest payables and lease liabilities are included in the net debt calculation.

Net debt balances:

EUR thousand	31 December 2024	31 December 2023
Cash and cash equivalents	(46,673)	(67,512)
Non-current loans	15,755	12,567
Current loans	944	67,082
Net debt	**(29,974)**	**12,137**

Reconciliation of the Group's net debt balances cash flows from financing activities:

	Assets	Lease liabilities		Loans		
EUR thousand	Cash	Non-current	Current	Non-current	Current	Total
Net debt as at 1 January 2023	**(306,636)**	**210**	**261**	**370,800**	**297,067**	**361,702**
Cash changes						
(Increase) decrease in cash and cash equivalents	239,124	-	-	-	-	**239,124**
Repayments of loans	-	-	-	(332,000)	-	**(332,000)**
Lease payments	-	-	(353)	-	-	**(353)**
Interest paid	-	-	(64)	-	(28,290)	**(28,354)**
Overdraft received (repaid)	-	-	-	-	(172,878)	**(172,878)**
AB "Ignitis grupė" group's cash-pool platform, net change	-	-	-	-	(76,958)	**(76,958)**
Non-cash changes						
Accrual of interest payable	-	-	64	-	17,362	**17,426**
Lease contracts concluded	-	841	80	-	-	**921**
Lease liabilities written-off	-	-	(2)	-	-	**(2)**
VAT on interest payable	-	-	-	-	3,494	**3,494**
Reclassifications between items	-	(299)	299	(27,000)	27,000	**-**
Change in foreign currency	-	15	-	-	-	**15**
Net debt as at 31 December 2023	**(67,512)**	**767**	**285**	**11,800**	**66,797**	**12,137**
Net debt as at 1 January 2024	**(67,512)**	**767**	**285**	**11,800**	**66,797**	**12,137**
Cash changes						
(Increase) decrease in cash and cash equivalents	20,839	-	-	-	-	**20,839**
Repayments of loans	-	-	-	-	(27,000)	**(27,000)**
Lease payments	-	-	(405)	-	-	**(405)**
Interest paid	-	-	(172)	-	(4 325)	**(4,497)**
Overdraft received (repaid)	-	-	-	-	23	**23**
AB "Ignitis grupė" group's cash-pool platform, net change	-	-	-	-	(38,959)	**(38,959)**
Non-cash changes						
Accrual of interest payable	-	-	181	-	4,087	**4,268**
Lease contracts concluded	-	3,460	539	-	-	**3,999**
VAT on interest payable	-	-	-	-	(70)	**(70)**
Reclassifications between items	-	(56)	56	-	-	**-**
Other non-monetary changes	-	(183)	(7)	-	(97)	**(287)**
Change in foreign currency	-	(33)	11	-	-	**(22)**
Net debt as at 31 December 2024	**(46,673)**	**3,955**	**488**	**11,800**	**456**	**(29,974)**

22 Provisions

EUR thousand	31 December 2024	31 December 2023
Non-current	332	35,926
Current	49,311	45,487
Total	**49,643**	**81,413**

Movement of the Group's provisions was as follows:

EUR thousand	Provisions for employee benefits	Regulatory differ-ences of public electricity supply services	Provisions for oner-ous con-tracts	Other provi-sions	Total
Balance as at 1 January 2023	**71**	**20,335**	-	**192**	**20,598**
Increase during the year	23	10,896	66,734	1,226	**78,879**
Utilised during the year	-	(18,060)	-	(21)	**(18,081)**
Result of change in assumptions	17	-	-	-	**17**
Balance as at 31 December 2023	**111**	**13,171**	**66,734**	**1,397**	**81,413**
Balance as at 1 January 2024	**111**	**13,171**	**66,734**	**1,397**	**81,413**
Increase (decrease) during the year	6	(11,010)	(20,689)	1,251	**(30,442)**
Utilised during the year	(7)	-	-	(5,212)	**(5,219)**
Result of change in assumptions	21	(1,455)	-	-	**(1,434)**
Reclassification from other categories		-	-	5,241	**5,241**
Foreign currency exchange difference	(4)	-	-	92	**88**
Balance as at 31 December 2024	**123**	**706**	**46,045**	**2,769**	**49,643**
Non-current portion	100	-	199	33	**322**
Current portion	23	706	45,846	2,736	**49,311**

The total change in provisions in 2024 is EUR (31,770) thousand. Change recognised in the statement of profit or loss – EUR (31,971) thousand, recognised in the statement of comprehensive income – EUR 21 thousand (total change in provisions in 2023 – EUR 60,815 thousand, change recognised in the statement of profit or loss – EUR 60,798 thousand, recognised in the statement of comprehensive income – EUR -17 thousand).

Regulatory differences of public electricity supply services
The provision for regulatory differences of public electricity supply activity consists of EUR 706 thousand provision (31 December 2023: EUR 13,171 thousand) related to regulatory differences of public electricity supply activity, set-off with the future regulatory differences of public electricity supply activity will be made within one year.

Provisions for onerous contracts
As at 31 December 2024, the Group recognised a provision of EUR 45,846 thousand (31 December 2023: EUR 66,535 thousand) related to electricity purchase agreements concluded in the second half of 2022 in an environment of high prices for energy commodities. The Group actively manages the risks of energy commodity price volatility and diversifies its portfolio of acquisitions. As a result of the significant drop in market prices, as well as the optimisation of the supply cost of B2C independent electricity supply segment and the migration to lower fixed price supply plans, some of the Group's electricity purchase agreements are expected to generate losses in future periods. The expected loss will be realised in roughly equal instalments over the next year.

23 Trade payables

EUR thousand	31 December 2024	31 December 2023
Amounts payable for gas	187,721	138,230
Amounts payable for electricity	62,301	37,551
Other payables	7,487	7,746
Carrying amount	**257,509**	**183,527**

24 Deferred income and advances received

24.1 Deferred income

tūkst. Eur	2024	2023
Deferred income under contracts with customers		
Deferred income related to gas	5,851	23,059
Deferred income related to electricity over declaration	281	-
In total	**6,132**	**23,059**

Movement in the Group's deferred income:

EUR thousand	2024	2023
	Current portion	Current portion
Balance as at 1 January	**23,059**	**97,722**
Increase during the year	281	-
Recognised as revenue	(17,208)	(74,663)
Balance as at 31 December	**6,132**	**23,059**

24.2 Advances received

EUR thousand	31 December 2024	31 December 2023
Current advances from contracts with customers (contract liabilities)	13,443	16,066
Current advances from other contracts	15	13
Total	**13,458**	**16,079**

25 Other current liabilities

EUR thousand	31 December 2024	31 December 2023
Accrued expenses	20,521	50,592
Taxes (other than income tax)	15,036	24,882
Derivatives (Note 26)	8,458	12,013
Payroll related liabilities	4,226	3,672
Amounts payable for property, plant and equipment	2,259	1,355
Other current liabilities	740	11,395
Carrying amount	**51,240**	**103,909**

As at 31 December 2024, financial liabilities comprise EUR 11,457 thousand (31 December 2023: EUR 24,763 thousand). Financial liabilities include the following: “Deposits received for derivatives”, “Derivatives”, “Amounts payable for property, plant and equipment”, “Other current liabilities”.

26 Derivatives

The Group’s derivatives mainly comprise:

- contracts made directly with other parties – over-the-counter (OTC);
- contracts made through Nasdaq Commodities market – Nasdaq;
- other contracts.

Fair value of Nasdaq contracts are set-off with cash on day-to-day basis. Accordingly, no financial assets or liabilities are recognised in statement of financial position, they are shown in the Net Profit (Loss) line (instead of the Adjustments line) in the Statement of Cash Flow. Gain or loss of such transactions is recognised same as all derivatives.

26.1 Derivatives included in the statement of financial position

EUR thousand	31 December 2024	31 December 2023
Other non-current assets	956	-
Other current assets	2,893	8,933
Other non-current liabilities	(2,508)	(12,676)
Other current liabilities (Note 25)	(8,458)	(12,013)
Carrying amount	**(7,117)**	**(15,756)**

Movement of derivative financial instruments were as follows:

EUR thousand	2024	2023
Carrying amount as at 1 January	**(15,756)**	**11,851**
Fair value change of OTC ineffectiveness in ‘Other activity’	823	(6,714)
Unrealised gain (loss) of Nasdaq ineffectiveness in ‘Other activity’	(322)	(17,946)
Total Unrealised gain (loss)	**501**	**(24,660)**
Fair value change of OTC effectiveness	7,816	(20,893)
Fair value change of Nasdaq effectiveness	(2,873)	(80,727)
Unrealised gain (loss) in ‘Other comprehensive income’	**4,943**	**(101,620)**
Fair value change of Nasdaq set off with cash	**3,195**	**98,673**
Carrying amount as at 31 December	**(7,117)**	**(15,756)**

26.2 Derivatives in the statements of profit or loss

EUR thousand	2024	2023
Realised gain (loss) from OTC and Nasdaq in ‘Other activity’	1,838	15,831
Unrealised gain (loss)	501	(24,660)
Total in profit or loss – ineffective energy hedging result	**2,339**	**(8,829)**
Cash flow hedges – reclassified to profit or loss from OCI	(4,722)	(96,972)
Total in profit or loss – effective energy hedging result	**(4,722)**	**(96,972)**
Total recognised in the ‘Statement of profit or loss’	**(2,383)**	**(105,801)**

27 Structure of the group

The Group’s structure as at 31 December 2024 and 2023:

Company name	Country of registered office	Activities profile	Effective ownership interest, %	Non-controlling interest’s effective ownership interest, %
UAB „Ignitis“	Lithuania	Parent company - Electricity and gas supply, trading; Expansion of EV charging stations	-	-
Subsidiaries of the Group:				
Ignitis Polska Sp. Z o. o.	Poland	Supply and trading of electricity and natural gas	100,00	-
Ignitis Latvija SIA	Latvia	Supply of electricity and natural gas; Expansion of EV charging stations	100,00	-
Ignitis Eesti, OÜ	Estonia	Supply of electricity; Expansion of EV charging stations	100,00	-
Ignitis Suomi OY	Finland	Supply of natural gas	100,00	-

28 Contingent liabilities and contingent assets

28.1 Litigations

28.1.1 Litigation concerning the designated supplier state aid scheme and LNG price component

Following the General Court on the European Union (the General Court) on 8 September 2021 judgement in case T-193/19, AB „Achema" initiated the reopening of the previously suspended proceedings in the administrative courts of the Republic of Lithuania in respect of the complaints it has lodged against the National Energy Regulatory Council (hereinafter referred to 'the Council') regarding the Council's decisions of the setting of the LNG price supplement. UAB Ignitis in these cases is intervened as a third party.

The General Court on 8 September 2021 in case T-193/19 decided to partially annul on procedural grounds the European Commission decision in case SA.44678 (2018/N) (hereinafter referred to 'Decision'). The General Court considered that the European Commission should have had doubts on the amendments regarding the designated supplier state aid scheme which have been valid for a period from 2016 to 2018 and annulled Decision on that part, however maintained the validity of the remainder of the Decision i.e. the designated supplier state aid scheme valid from 2019.

Following the General Court's judgment, the Commission has re-examined the compatibility of the 2016 amendments and has decided to open an in-depth investigation under EU State aid rules. The Commission will now investigate further to determine whether the amount of compensation received by Litgas for the period 2016-2018, in particular regarding the boil-off and balancing costs, is in line with the SGEI Framework.

The European Commission's formal investigation procedure, limited to the points of doubt raised by the General Court, should lead to the adoption of a final and complete decision of the European Commission.

During 2023, the Supreme Administrative Court of Lithuania issued final decisions in favour of the Company in three cases initiated by AB "Achema" regarding the determination of the LNG price component in 2019-2021.

After the formal investigation procedure (which started in December 2022) there will be more certainty in assessing the actual financial impact for the Group. The Group expects a decision to be taken in the first half year of 2025.

28.2 Regulatory assets and liabilities

28.2.1 Natural gas distribution to household customers

Natural gas supply to household customers activity is regulated by NERC. The NERC regulates natural gas tariff paid by customers. Regulatory differences defined as the difference between the fixed natural gas sales price and the actual natural gas purchase price were not recognised in the financial statements until 31 December 2024 as the Group had no guarantee for this difference to be repaid in the future according to the legislation base.

The undercollected unrecognised amount at 31 December 2024 is EUR 1,130 thousand (31 December 2023: EUR 437 thousand undercollected amount). The management expects that undercollected unrecognised amount of EUR 437 thousand to household customers will be included in future tariffs for upcoming next 12-month period.

28.2.2 Designated supply of natural gas

Designated supply activity is also regulated by NERC. Regulatory differences arise when the actual costs differ from those estimated, but the Group does not recognise regulated assets or liabilities in the financial statements as the difference will be refunded by providing the services in the future. The undercollected amount of EUR 6,158 thousand as at 31 December 2024 will be included in the LNGT security component in the future (undercollected amount of EUR 18,046 thousand as at 31 December 2023).

29 Related-party transactions

Related parties, in EUR thousand	Amounts receivable 31 December 2024	Loans received 31 December 2024	Amounts payable 31 December 2024	Loans payable 31 December 2024	Sales 2024	Purchases 2024	Finance income 2024	Finance (costs) 2024
AB „Ignitis grupė"	27.0	-	165,190	12.233	7,0	714	-	(9,559)
AB „Ignitis grupė" group's companies	5,267	25,718	58,346	-	43,171	384,400	1,116	(22)
State-controlled UAB EPSO-G group companies	18,388	-	5,246	-	79,216	68,439	20	-
Total	**23,682**	**25,718**	**228,782**	**12,233**	**122,394**	**453,553**	**1,136**	**(9,581)**

Related parties, in EUR thousand	Amounts receivable 31 December 2023	Loans received 31 December 2023	Amounts payable 31 December 2023	Loans payable 31 December 2023	Sales 2023	Purchases 2023	Finance income 2023	Finance (costs) 2023
AB „Ignitis grupė"	-	-	125,161	73,092	-	837	-	(19,958)
AB „Ignitis grupė" group's companies	6,117	-	65,157	4,666	36,092	386,563	-	(80)
State-controlled UAB EPSO-G group companies	7,751	-	3,202	-	111,878	55,169	-	-
Total	**13,868**	**-**	**193,520**	**77,758**	**147,970**	**442,569**	**-**	**(20,038)**

Transactions with other state-owned entities included regular business transactions and therefore they were not disclosed.

During 2024 and 2023, the Group used the group's cash-pool platform. In 2024, the funds granted were repaid and additional funds were withdrawn (Note 21). Movements of loans from related parties are disclosed in a Note 21.

29.1 Terms of transactions with related parties

The payment terms set range from 30 to 90 days. Closing debt balances are not secured by pledges, they do not yield interest, and settlements occur in cash. There were no guarantees given or received in respect of the related party payables and receivables.

29.2 Compensation to key management personnel

EUR thousand	2024	2023
Wages and salaries and other current benefits to key management personnel	251	443
Whereof:		
Short-term benefits	217	420
Long-term benefits	34	23
Number of key management personnel	6	6

In 2024 and 2023, the members of the Management Board and the Chief Executive Officer of the Group are designated as the Group's key management personnel (the Supervisory Board was also designated as key management personnel in 2023 – see below). For more information on the key management personnel, see the "Governance report" of Annual report.

In May 2023, the Supervisory Board and the Management Board of the ultimate controlling company adopted a decision to replace the Group's two-tier governance model with a one-tier governance model, i.e. to remove the Executive Board made up of employees and instead to form the Board with a supervisory function; a new composition of the Management Board was approved.

30 Risk management

30.1 Overview

Risks are a natural and integral part of business activities, and risk profile changes continuously. The Group aims to mitigate its risks and reduce them to an acceptable level through risk management. This part describes only the management of the main financial risks. Other risks management are presented in the Governance report.

30.2 Financial risk factors

The Group is exposed to a variety of financial risks in their operations: market risk (including foreign exchange risk, interest rate risk in relation to cash flows), credit risk and liquidity risk. To manage these risks, the Group seeks to minimise potential adverse effects which could negatively impact the financial performance of the Group.

30.2.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

Market risk comprises three types of risk: foreign currency exchange risk, interest rate risk and commodity risk.

30.2.1.1 Foreign currency exchange risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The sale/purchase contracts of the Group are denominated in the euro. Foreign exchange risk is mainly characteristic to contracts concluded by the Group for the purchase of natural gas from third parties. Aiming to reduce foreign exchange risk the agreement on natural gas purchase and supply is concluded in the same currency.

30.2.1.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Assuming debt obligations, it is aimed that non-current liabilities would bear a fixed interest rate. If the fixing of the interest rate is not possible due to objective reasons and the liability assumed comprises a significant amount, interest rate derivatives would be used for the purpose of interest management (the Group did not use interest rate derivatives during 2024 and 2023). The aim is that non-current loans with fixed interest rates comprised no less than 50% of the Group's non-current borrowings portfolio. The usage of any of the interest rate derivatives requires the expiry date of the derivative to correspond to the maturity date of the debt obligation.

As at 31 December 2024, there were no loans received with variable interest rate (EUR 27,000 thousand as at 31 December 2023).

Interest rate risk is assessed in relation to sensitivity of the Group's profit to potential shift in interest rates. This assessment is given in the table below.

	Increase/decrease, percentage points	(Decrease)/increase in profit
2024	1/(1)	-/-
2023	1/(1)	(270)/270

30.2.1.3 Energy and commodity risk

Commodity risk is the risk that changes in market prices (i.e. commodity prices) will affect the Group's results or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Group uses derivatives to manage the commodity risk. All such transactions are carried out according to Group's risk management policy. Generally, the Group seeks to apply hedge accounting to manage volatility in the statement of profit or loss.
In the ordinary course of its operations, the Group is exposed to commodity risks on natural gas and electricity products. The source of exposure lies with cash flows from sales of natural gas and electricity or cost cash flows incurred to procure fixed price electricity/natural gas power for sales contracts. Majority of this type of exposure is based on changes of respective commodity price in the market that the Group operates.

Commodity risk arises primarily from the following activities:
- fixed price commodity sales contracts (electricity and natural gas) for household and business customers;
- fixed price natural gas purchases contracts.

In order to manage commodity risk, the Group enters into financial derivatives contracts (cash flow hedges).

This is performed in order to secure a fixed acquisition price of the above mentioned commodities, so that optimum profit margins could be obtained from contracted or expected fixed price sales.

For electricity related hedges, the Group uses price component based hedges in the derivatives market (NASDAQ commodities) or equivalent over-the-counter contracts (OTC), and for natural gas related hedges – OTC contracts with price indexes matching hedged contracts. Assessment of economic relationship and hedge effectiveness is performed by:
- dollar offset method for electricity hedges;
- descriptive method for natural gas hedges.

The two separate components that are being used as a hedged item for electricity related hedges are SYS price and price component equivalent or similar to difference between Lithuania price area and SYS price. Their economic relationship is determined separately for each component.
- SYS price (average price of Nordpool power market, of which Lithuania is a member);
- price component equivalent or similar to difference between Lithuania price area and SYS price (commonly referred as EPAD in NASDAQ commodities market).

Source of hedge ineffectiveness is mainly related to limited supply of financial derivatives for Lithuanian electricity price area in the market. Therefore, commodity risk is partly hedged in similar price area‘s (Latvian, Estonian and other), which results in partial ineffectiveness. The designated risk component of SYS historically covered 100% of the changes in hedged item, while designated price component equivalent or similar to difference between Lithuania price and SYS price historically covered variety of percentages (depending on hedge timing and hedged price area). During the reporting period of 2024, on average 79% of all electricity hedge contracts in terms of value has been effective.

Overview of the Group's derivatives positions:

EUR thousand	31 December 2024		31 December 2023	
	Contractual nominal value	Market value	Contractual nominal value	Market value
Market derivatives – Electricity (Nasdaq commodities)	19,449	(604)	29,246	2,591
Over the counter (OTC) derivatives – Electricity (Note 26)	20,147	(3,923)	43,742	(14,051)
Over the counter (OTC) derivatives – Natural gas (Note 26)	7,997	(3,194)	10,194	(1,705)
Total	**47,593**	**(7,721)**	**83,182**	**(13,165)**

Nominal amounts (quantities in MW) hedged:

	31 December 2024		
	2025	2026	2027
Electricity hedges	1,339,238	172,686	-
Natural gas hedges	(41,285)	184,386	46,146
Total	**1,297,953**	**357,072**	**46,146**

Negative amount indicates that there are more "sell" positions than "buy" positions.

Nominal values hedged:

	31 December 2024		
EUR thousand	2025	2026	2027
Electricity hedges	12,489	23,278	3,829
Natural gas hedges	375	6,103	1,519
Total	**12,864**	**29,381**	**5,348**

Market value sensitivity analysis, due to changes in market prices:

EUR thousand	31 December 2024		
	Increase by 10%	Current prices	Decrease by 10%
	Market value	Market value	Market value
Market derivatives – Electricity (Nasdaq commodities)	1,175	(604)	(2,575)
Over the counter (OTC) derivatives – Electricity	(2,300)	(3,923)	(5,545)
Over the counter (OTC) derivatives – Natural gas	(2,168)	(3,194)	(3,889)
Total	**(3,293)**	**(7,721)**	**(12,009)**

30.2.1.4 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss.

The Group's exposure to credit risk arises from operating activities (trade and other amounts receivable) and from financing activities (granted loans, finance lease agreements, derivatives). The Group's risk related to cash is limited, as the Group keeps cash balances only in reliable financial institutions.

The Group is not exposed to significant credit risk concentration related to trade and other amounts receivable.

To make optimal decisions on the possibility of concluding agreements with the Group's customers, the Group follows a process and criteria for assessing the solvency of its customer, organizes financial/expert due diligence and, based on the information obtained, makes a decision on the customer's risk. The agreements are concluded with the Group's customers in view of the customer solvency risk assessment by applying customized settlement terms: longer settlement periods are applied to customers with a lower risk and customers with a higher risk are subject to more stringent settlement terms and (or) additional collaterals, including funds deposited in the Group's account, sureties, bills of exchange, etc. To manage the risk of counterparty default, the Group applies an approved Customer Solvency Risk Management Standard.

The Group measures receivables using expected credit loss provision matrix (Note 15.1) or on an individual basis (Note 15.2), where the financial position and credit risk of each borrower are measured individually by analysing the borrower's financial statements, settlement discipline and other publicly available information about the debtor that may be affected by the debtor's credit assessment.

The priority objective of the Group's treasury management is to ensure security of funds and maximize return on investments in pursuance of this objective. Risk of counterparties defaulting is managed by entering transactions with reliable financial institutions (or subsidiaries of such institutions) with a long-term credit rating (in foreign currency) lower than 'A-' according to the rating agency Fitch Ratings (or an equivalent rating of other rating agencies).

The maximum exposure to credit risk is equal to the carrying amount of financial assets and the nominal value of guarantees issued.

EUR thousand	Note	31 December 2024	31 December 2023
Financial assets measured at amortised cost:			
Non-current receivables		74	139
Trade receivables	15	197,702	203,480
Other receivables	13	32,027	49,190
Loans granted		25,772	160
Cash and cash equivalents	16	46,673	67,512
Amounts receivable under finance lease agreements			
Non-current portion	13.1	6,873	5,706
Current portion	13.2	1,093	943
Financial assets measured at FVPL or FVOCI			
Derivatives	26.1	3,849	8,933
Total		**314,063**	**336,063**

30.2.2 Liquidity risk

The liquidity risk is managed by planning future cash flows of the entities of the Group and ensuring sufficient cash and availability of funding through committed credit facilities and overdrafts to support the Group's ordinary activities. The refinancing risk is managed by ensuring that borrowings over a certain period were repaid from available cash, from cash flows expected from the operating activities of the Group over that period, and from unwithdrawn committed credit facilities which have to be repaid in later periods.

As at 31 December 2024, the Group's current liquidity ratio (total current assets/total current liabilities) and quick ratio (total current assets – inventories) / total current liabilities) were 1.00 and 0.87 respectively (31 December 2023: 1.03 and 0.83 respectively).
As at 31 December 2024, the Group's balance of credit and overdraft facilities not withdrawn amounted to EUR 82,740 thousand (31 December 2023: EUR 441,042 thousand).

The table below summarises the Group's financial liabilities by category:

EUR thousand	Note	31 December 2024	31 December 2023
Amounts payable measured at amortised cost			
Loan	20	12,256	78,597
Lease liabilities	21	4,443	1,052
Trade payables	23	257,509	183,527
Other current liabilities	25	2,999	12,750
Financial liabilities measured at FVPL or FVOCI			
Derivatives	26.1	10,966	24,689
Total		**288,173**	**300,615**

The table below summarises the maturity profile of the Group's financial liabilities under the contracts (based on contractual undiscounted payments of interest-bearing financial liabilities and the carrying amounts of other financial liabilities):

EUR thousand	2024				
	Less than 3 months	3 months to 1 year	From 1 to 5 years	More than 5 years	Total
Loans	541	1,654	19,849	-	22,044
Lease liabilities	-	761	2,315	3,178	6,254
Trade payables	201,269	56,240	-	-	257,509
Other current liabilities	2,999	-	-	-	2,999
Derivatives	7,216	1,242	2,508	-	10,966
31 December 2024	**212,025**	**59,897**	**24,672**	**3,178**	**299,772**

EUR thousand	2023 Less than 3 months	3 months to 1 year	From 1 to 5 years	More than 5 years	Total
Loans	66,941	185	13,298	-	**80,424**
Lease liabilities	87	277	641	210	**1,215**
Trade payables	106,117	77,410	-	-	**183,527**
Other current liabilities	12,750	-	-	-	**12,750**
Derivatives	2,208	9,805	12,676	-	**24,689**
31 December 2023	**188,103**	**87,677**	**26,615**	**210**	**302,605**

31 Fair values of financial instruments

31.1 Financial instruments measured at fair value

As at 31 December 2024 and 2023, the Group has accounted for assets and liabilities arising from financial derivatives. The Group accounts for financial derivative assets and liabilities at fair value and their accounting policies are set out in the section "Material accounting policies" Note 1.13. Market values that are based on quoted prices (Level 1) comprise quoted commodities derivatives that are traded in active markets. The market value of derivatives traded in an active market are often settled on a daily basis, thereby minimising the market value presented on the statement of financial position.

Market values based on observable inputs (Level 2) comprise derivatives where valuation models with observable inputs are used to measure fair value. All assets and liabilities measured at market value are measured on a recurring basis. The Group attributes to Level 2 of the fair value hierarchy derivatives linked with the Lithuanian/Latvian and Estonian/Finish electricity price areas. Derivatives acquired directly from other market participants (OTC contracts) and physical transmission rights acquired are estimated based on the prices of the NASDAQ Commodities exchange.

The Group's derivatives are measured at fair value (all allocations to hierarchy levels are presented in a table below).

31.2 Financial instruments for which fair value is disclosed

The fair value of the Group's financial liabilities related to loans to commercial banks and parent company's controlling shareholder is calculated by discounting future cash flows with reference to the interest rate observable in the market. The cash flows were discounted using a weighted average discount rate of 3.55% as at 31 December 2024 (31 December 2023: 6.42%). The measurement of financial liabilities related to the debts is attributed to Level 2 of the fair value hierarchy.

31.3 Financial instruments' fair value hierarchy levels

The table below presents allocation between the fair value hierarchy levels of the Group's financial instruments as at 31 December 2024:

EUR thousand	Note	Carrying amount	Level 1 Quoted prices in active markets	Level 2 Other directly or indirectly observable inputs	Level 3 Unobservable inputs	Total
Financial instruments at FVPL or FVOCI						
Assets						
Derivatives	26	**3,849**	-	8,933	-	8,933
Liabilities						
Derivatives	26	**10,966**	-	24,689	-	24,689
Financial instruments for which fair value is disclosed						
Assets						
Loans granted		**25,722**		25,722		25,722
Liabilities						
Loan of the parent company's controlling shareholder	20	**12,256**	-	10,626	-	10,626
AB "Ignitis grupė" group's cash-pool platform	20	**-**	-	-	-	-

The table below presents allocation between the fair value hierarchy levels of the Group's financial instruments as at 31 December 2023:

EUR thousand	Note	Carrying amount	Level 1 Quoted prices in active markets	Level 2 Other directly or indirectly observable inputs	Level 3 Unobservable inputs	Total
Financial instruments at FVPL or FVOCI						
Assets						
Derivatives	26	**8,933**	-	8,933	-	8,933
Liabilities						
Derivatives	26	**24,689**	-	24,689	-	24,689
Financial instruments for which fair value is disclosed						
Liabilities						
Loan of the parent company's controlling shareholder	20	**39,331**	-	37,530	-	37,530
AB "Ignitis grupė" group's cash-pool platform	20	**39,266**	-	39,266	-	39,266

32 Events after the reporting period

There were no significant events after the reporting period until the issue date of these financial statements.

Accompanying information

1 Material accounting policies

1.1 New standards, amendments and interpretations

1.1.1 Standards and their interpretations, announced and adopted by the European Union, effective for the current reporting period

The following are new standards and/or amendments to the standards that have been approved by IASB and endorsed in European Union during the year ended as at 31 December 2024.

Standards or amendments that came into force during the year of 2024
Classification of Liabilities as Current or Non-current Liabilities with Covenants
Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements
Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback

The adoption of these standards, revisions and interpretations had no material impact on the financial statements.

1.1.2 Standards issued but not yet effective and not early adopted

The Group did not adopt new IFRS and International Accounting Standards (hereinafter referred to as 'IAS'), their amendments and interpretations issued by IASB, the effective date of which is later than 31 December 2024 and early adoption is permitted. The following are new standards and/or amendments to the standards that have been issued but not yet effective:

1.1.3 Other standards

The following new and amended standards are not expected to have a significant impact on the financial statements.

Other new standards or amendments	IASB Effective date	EU Endorsement status
Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability	1 January 2025	Endorsed
Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7	1 January 2026	Not yet endorsed
Annual Improvements Volume 11	1 January 2026	Not yet endorsed
Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7	1 January 2026	Not yet endorsed
IFRS 19 Subsidiaries without Public Accountability: Disclosures	1 January 2027	Not yet endorsed
IFRS 18 Presentation and Disclosure in Financial Statements	1 January 2027	Not yet endorsed

1.2 Consolidation principles

1.2.1 Consolidation

The financial statements comprise the financial statements of the parent company and its directly and indirectly controlled subsidiaries. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Control is generally obtained by holding more than one half of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The financial statements of subsidiaries have been prepared using uniform accounting policies and for the same reporting period as that covered by the financial statements of the Group. On consolidation, all inter-company transactions, balances and unrealized gains and/or losses on transactions among the Group companies are eliminated.

Non-controlling interest represents a part of net profit and net assets which is not controlled by the Group. Non-controlling interest is reported separately in the statement of profit or loss. The share of equity attributable to the non-controlling interest and to the owners of the parent is shown separately in the consolidated statement of financial position.

1.3 Business combinations

1.3.1 Business combination applying IFRS 3 (subsidiaries that are not under common control)

Acquisition of subsidiaries that are not jointly controlled entities is accounted for using the acquisition method. When the acquisition method is applied the consideration transferred in a business combination is measured as fair value of net assets transferred to the former owners of the acquiree. Acquisition-related costs are recognised in the statement of profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

– deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 and IAS 19 respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition date (see below); and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period , or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

1.3.2 Goodwill

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable net assets assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in the statement of profit or loss as a bargain purchase gain.

1.3.3 Contingent consideration

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination.

Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in the statement of profit or loss.

1.3.4 Business combination in stages

When a business combination is achieved in stages, the Group's previously held interests (including joint operations) in the acquired entity are remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in the statement of profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to the statement of profit or loss, where such treatment would be appropriate if that interest were disposed of.

1.3.5 Business combination of entities under common control

For a business combination of entities under common control the following methods are applied:

(a) the acquisition method set out in IFRS 3; or
(b) the pooling of interests' method.

In selecting which method to apply to the accounting for business combinations of entities under common control, the Group assesses whether there is a "commercial substance" for which the following criteria are considered:

- the purpose of the transaction;
- the involvement of outside parties in the transaction, such as non-controlling interests or other third parties;
- whether or not the transaction is conducted at fair value;
- the existing activities of the entities involved in the transaction; and
- whether or not it is bringing entities together into a 'reporting entity' that did not exist before.

If the transaction has a commercial substance to the merging parties the Group applies the acquisition method as set above in paragraph "Acquisition of subsidiaries that are not under common control", accordingly if not – the Group applies the pooling of interests' method. By applying the pooling of interests' method, the business combination of entities under common control is accounted according to the following procedures:

- the assets and liabilities of the entities in business combinations are measured at their carrying amounts equal to those reported in the financial statements of the ultimate parent company;
- no newly arising goodwill is recognised on a business combination, however acquiree can recognise intangible assets that meet the recognition criteria in IAS 38;
- any difference between consideration paid and the carrying amount of net assets acquired as at the date of acquisition is recognised directly in equity within retained earnings.

1.3.6 Changes in ownership interest in a subsidiary that do not result in changes in control

Transactions with non-controlling interests that do not result in a loss of control are presented within equity, i.e. as transactions with equity owners. The difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received. recorded as equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

1.4 Foreign currency translation

1.4.1 Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (hereinafter 'the functional currency').

1.4.2 Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rate of monetary assets and liabilities denominated in foreign currencies are recognised in statement of profit or loss.

1.4.3 Group companies

On consolidation, the assets and liabilities of foreign operations are translated into euros at the rate of exchange prevailing at the reporting date and their statement of profit or loss are translated at average exchange rates observed during reporting period. The exchange differences arising on translation for consolidation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is reclassified to statement of profit or loss.

1.4.3.1 Revenue from contracts with customers

The Group in the contracts with customers identifies performance obligations (stated either explicitly or implied) to transfer either distinct goods or services or series of distinct goods or services that are substantially the same and have the same pattern of transfer to the customer. Promised goods or services represent separate performance obligation if the goods or services are distinct. A promised good or service is considered distinct if both of the following criteria are met:
- customer can benefit from the good or service on its own or with other readily available resources (i.e. distinct individually) and
- the good or service is separately identifiable from other promises in the contract (distinct within the context of the contract).

The Group's performance obligations set out in the agreements with customers are as follows:
- *Sale of electricity (Note 1.4.4)*
- *Supply of electricity (Note 1.4.4)*
- *Sale of natural gas (Note 1.4.5)*
- *Liquefied Natural Gas Terminal Security Component Services (hereinafter "LNGT services") (Note 1.4.5)*
- *Project activities (Note 1.4.6)*

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties.
For certain service contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously. When recognising revenue, the Group takes into consideration terms of contracts signed with customers and all significant facts and circumstances, including the nature, amount, timing and uncertainty relating to cash flows arising from the contract with the customer.

1.4.4 Electricity related revenue

The Group's revenue related to electricity comprises the following:
- revenue from the sale of electricity,
- revenue from supply of electricity.

Electricity related revenue is received from non-household and household customers. Electricity to household customers is supplied at electricity tariff applied for public supply (Note **Error! Reference source not found.**) or independent supply tariff (Note 1.4.4.1). Electricity to non-household customers is supplied at independent supply tariff (Note 1.4.4.1).

Accounting policy for electricity related revenue may be presented in accordance with the components of the electricity tariff applied to the consumed electricity by household and non-household customers. The tariff consists of the following components:
(a) price of electricity (Note 1.4.4.1, 1.4.4.2);
(b) fee for electricity supply services (Note 1.4.4.1, 1.4.4.2);
(c) price of electricity distribution services, which include two components: transmission over high voltage grid and distribution over medium and low voltage grid (Note 1.4.4.1);
(d) price of electricity system services (includes capacity reserve services) (Note 1.4.4.1);
(e) fee for PSO services (hereinafter "PSO fees") (Note 1.4.4.1).

Regulation of tariffs and the Group's profitability is presented in Note 1.4.7.1.

1.4.4.1 Revenue from the sale of electricity

Revenue from sales of electricity (Note 5 line item "Revenue from the sale of electricity") mainly consists of sale of electricity to non-household and household customers by providing independence supply according to bilateral agreement.

Revenue includes the price of electricity and the fee for electricity supply services. Revenue is recognised over time in each reporting period on the basis of VAT invoices issued, which includes the calculated amount of electricity consumed. Electricity consumption is calculated on the basis of the declared meter readings provided by consumers.

When performing electricity supply, through tariff paid by customers, the Group collects fees and other tariff components (Note 1.4.4) and transfers them to other entities:

Tariff component: transmission over high voltage grid and distribution over medium and low voltage grid

Electricity distribution and transmission services are acquired from transmission grid operator. The Group collects fees for these services through the electricity tariff and transfers to aforesaid operator. The Group's management has identified that in respect of electricity distribution and transmission services (Note 4.2.2) the Group acts as an agent. Revenue and costs from these services are recorded under "Purchases of electricity, natural gas and other services" in the statement of profit or loss.

Tariff component: system services

System services are provided by and acquired from the electricity transmission system operator. The Group collects fees for these services through electricity tariff and transfers to aforesaid operator. On the basis of the same arguments used to determine the agent's activities with regard to electricity transmission and distribution services (Note 4.2.2), the Group's management has identified that the Group acts as an agent system services also. Revenue and costs from these services are recorded under "Purchases of electricity, natural gas and other services" in the statement of profit or loss.

Tariff component: PSO fee

PSO fee is an integral part of electricity tariff. The Group collects PSO fees through electricity tariff from the end-customers connected to the electricity distribution network and transfers them to the PSO fund administrator UAB Baltpool. The Group's management has identified that in respect of PSO fees the Group acts as an agent (Note 4.2.1). Revenue and costs from these fees are recorded under "Purchases of electricity, natural gas and other services" in the statement of profit or loss.

1.4.4.2 Revenue from public supply of electricity

Revenue from public electricity supply (Note 5 line item "Revenue from public electricity supply") consists of the following components of public supply electricity tariff:

(i) price of public electricity, and
(ii) price of public electricity supply.

Revenue from public electricity supply to the customers is recognised over time referring to the supplied electricity quantity reading devices provided by them and verified by the distribution system operator. In case of difference between provided and verified quantities due to over-declaration (Note 4.5) the Group estimates the amount of deferred income (Note 5) and accounts for as a contract liability. If the Group doesn't receive the data of electricity consumed according to the readings of meters due to specific reasons (customer's delays to present readings, fails of the remote meter's scanner or other agreements with the customer) the revenue from sale of electricity is recognised based on the average usage estimation method. By applying the average usage estimation method consumption of the electricity is calculated according to the historical 12 months data of electricity consumption, i.e. the average consumption for the certain period is calculated, and at the end of year is adjusted according to the actual readings.

Public electricity supply is regulated (Note 1.4.7.1).

When performing public electricity supply, through tariff paid by customers, the Group collects fees (Note 1.4.4) for other tariff components and transfers them to other entities (Note 1.4.4.1).

1.4.5 Natural gas related revenue

The Group's gas related revenue includes:
sale of natural gas (Note 1.4.5.1),
income of LNGT security component (Note 1.4.5.2).

Gas related revenue is received from business customers and household customers by providing gas supply services. Income of LNGT security component is received as a compensation for providing services of designated supplier. For the purpose of these financial statements, terms "gas" and "natural gas" are inter-changeable.

Accounting policy for revenue from natural gas supply to household customers may be presented in accordance with the components of the natural gas tariff applied to the consumed gas by household customers. Final natural gas tariff to household customers comprise of the following components:
(a) price of gas (Note 1.4.5.1);
(b) price of natural gas transmission over high-pressure grid;
(c) price of natural gas distribution over medium and low pressure grid services;
(d) LNGT security component (Note 1.4.5.2).

The Group as a natural gas supplier collects payments for all tariff components from customers. The component of transmission service price and LNGT security component are transferred to transmission grid operator, gas distribution service price component – to the operator of natural gas distribution network. The Group is an agent in collection of transmission service component (Note 4.2.3), LNGT security component (Note 4.2.1) and distribution service component fees (Note 4.2.3). Revenue and costs from are recorded under "Purchases of electricity, natural gas and other services" in the statement of profit or loss.

Regulation of tariffs and the Group's profitability is presented in Note 1.4.7.2.
Accounting policy for revenue from business customers is presented in Note 1.4.5.1.

1.4.5.1 Revenue from gas sales

Revenue from sales of gas (Note 5 line item "Revenue from gas sales") consists of gas price and supply margin. Gas sales are performed by the Group as a natural gas supplier to household customers and as a designated LNG supplier to gas market.

Revenue from sale of gas to end-customers is recognised on a monthly basis referring to the supplied gas quantity readings devices provided by them and verified by the distribution system operator (an accrual basis). In case of difference between provided and verified quantities due to over-declaration (Note 4.4) the Group estimates the amount of deferred income (Note 25) and accounts for as a contract liability. Revenue and costs from are recorded under “Purchases of electricity, natural gas and other services” in the statement of profit or loss.

In Latvia natural gas distribution services are provided and acquired from the operator of gas distribution grid which is not a part of the Group. The Group as a natural gas supplier collects payments for distribution service component and transfers to operator of distribution grid. The Group is an agent in the collection of distribution service component in Latvia (Note 4.2).

1.4.5.2 LNGT security component

The Law on the Liquefied Natural Gas Terminal of the Republic of Lithuania provides that contribution so-called security component related to the following securities of natural gas supply shall be collected from end-customers and added to the natural gas transmission price:

- *for the installation of LNGT, its infrastructure and connection and all fixed operating costs that are not included in other state regulated prices, and*
- *to compensate for the reasonable costs of supplying the minimum quantity required to ensure the necessary operation of the LNGT.*

Similarly to PSO fees, LNGT security component is collected from end-customers through the natural gas tariff and transferred then to the state budget, from which the LNGT funds are distributed (i.e. disbursed) to LNGT service providers.
The Group acts as a natural gas supplier that collects LNGT security component from end-customers and as designated liquefied natural gas supplier (hereinafter “designated supplier”) the function of which is to ensure the necessary operation of the LNGT by supplying the minimum quantity of natural gas.

1.4.5.2.1 The Group’s activity as natural gas supplier to end customers

LNGT security component is an integral part of natural gas tariff to the customer. Payments for LNGT security component collected directly from customers or natural gas suppliers, if the customers don’t have a direct contract with the operator of transmission system. Collected amounts of LNGT security component are transferred to gas transmission system operator AB Amber Grid which is appointed to perform the function of administering the LNGT security component. In accordance of IFRS 15 the Group in providing these services consider itself by acting as an Agent and recognises the revenue on a net basis (Note 4.2). Income and disbursements of LNGT security component (regardless of whether the net of it is positive or negative) are recognised under the item “Purchases of electricity, natural gas and other services” in the statement of profit or loss.

Income and disbursements of LNGT security component (regardless of whether the net of it is positive or negative) are recognised under the item “Purchases of electricity, natural gas and other services” in the statement of profit or loss.

1.4.5.2.2 The Group’s activity as designated LNGT supplier to gas market

The Group provides designated LNG supply function.

In order to maintain the LNG Terminal infrastructure in minimum mode, a certain amount of natural gas, which is to be supplied through the LNG Terminal, is required for filling, regasification or transshipment and supply to the Lithuanian natural gas system or the international LNG market.

The Law on the LNG Terminal and the Description of the Natural Gas Supply Diversification Procedure determines that the required quantity shall be supplied by the designated supplier (nominated by the Ministry of Energy for 10 years, term ends on 31 December 2024) by concluding a contract with the LNG supplier.

To ensure the operation of LNG Terminal the designated supplier shall sell the required quantity on a competitive market and therefore its costs which due to the nature of its activities are exclusively borne (whereas other suppliers don’t incur) are compensated by operator of transmission system paying LNGT funds that are paid from the budget of LNGT security component collected by natural gas suppliers from end customers. Accordingly, the Group receives revenue from LNGT funds. Natural gas designated supply activities are regulated by NERC (Note 1.4.7.2).

The revenue of LNGT funds is recognised over time by issuing VAT invoices to the operator of transmission system according to the statements which are received from it and include information of degassed and (or) reload quantity of LNG and the quantity of LNG used for the Group’s technological needs at LNG Terminal. Revenue of LNGT funds is recognised under the “Revenue from contracts with customers” item in the statement of profit or loss. LNGT security component income is presented in Note 6 line item “Revenue of LNGT security component”.

Revenue from LNGT security component is regulated by NERC (Note 1.4.7.2).

1.4.6 Other significant revenue from contracts with customers

1.4.6.1 Revenue from project activities

Project-based activity comprise a number of interrelated works. Accordingly, the promise of the seller to render solar park, power saving, electric car charging and other installation services to the customer is identified as a performance obligation in the agreement concluded with the customer. The performance obligation under the agreement concluded with the customer is to be carried as soon as the object specified in the contract has been transferred to the customer. The progress of completion of the performance obligation is measured using the input method. The Group has determined that the input method, on the basis of costs incurred, provides an appropriate measure of progress towards complete satisfaction of the performance obligation.

After the completion of construction and contractual works, the seller grants a warranty period for these works and goods used. Pursuant to paragraph B31 of IFRS 15, whether the warranty is required by law, the warranty is aimed at protecting customers from the risk of purchasing defective products, therefore, it is not deemed a separate performance obligation of the seller.

The agreement concluded with the customer indicates the total price that the seller will recognise as revenue upon execution of the performance obligation over the validity period of the agreement. The seller and the customer may agree that the consideration for contractual works might increase due to additional works or other costs, but no variable consideration arises in the agreement concluded with the customer as a result of this condition.

Revenue under the agreement concluded is recognised over the time based on a stage of completion percentage. At the date of preparation of the financial statements, the seller assesses the ratio between the actually incurred expenses and the expenses projected in the estimate to the agreement and accounts for the amount of revenue as the product of the price of the agreement and the established stage of completion ratio.

1.4.7 Regulation of tariffs and profitability

Profitability of some individual activities of the Group is regulated by the National Energy Regulatory Council (NERC) through the service tariffs approved for the next periods The level of tariffs depends on the projected costs and volume of services for the next period, the extent to which the previous period earnings are at variance with the regulated level, and other factors.

Actual costs of regulated activities incurred by the Group during the year may be at variance with the projected costs that are considered during the approval of the tariffs, and the actual volume of services may be at variance with the projected one. Accordingly, actual earnings from regulated activities may be at variance with the regulated level, and the resulting difference will affect the future tariffs of services.

The Group usually does not recognise assets and liabilities of the regulated activities that are intended to eliminate the mismatches between the current year earnings and the regulated level, provided the difference will be recovered/refunded only through the provision of services in the future, except those presented in Note 4.5.

1.4.7.1 Regulation of electricity related activities

The public electricity price is regulated by NERC by setting price caps for electricity purchase price and distribution services and by adding the difference between actual purchase price of electricity and the forecasted electricity price for the previous period.

1.4.7.2 Regulation of gas related activities

The NERC regulates the prices of gas transmission and distribution services and LNGT security component, in respect of which the Group acts as an agent, which are included in gas tariff for household customers

Liquefied natural gas is sold to regulated (supervised) energy producers at the market price set and approved by NERC. Non-regulated sales of natural gas are conducted at the prices agreed between the parties.

Activity of designated supply activities is regulated by the NERC. The Group receives a compensation to cover the difference between the price of designated supply and weighted average natural gas import price, which is recognised as revenue. Revenue is received through the LNGT component. The security component of the LNGT depends on the projected gas prices and other costs for the upcoming year, the forecasted gas supply volumes, the deviation of the revenue received in previous periods from the regulated amount and other things. Actual costs incurred by the Group during the year may differ from those estimated when approving prices and the actual amount of supply may differ from the forecast. As a result, the Group's actual revenue level may deviate from the regulated level and the difference will affect the future LNG terminal security component and thus future revenue. The Group does not recognise a regulated asset or liability that is intended to equalize current year revenue to a regulated level if the difference affects future supply prices and is recovered / refunded in the future provision of services.

1.5 Intangible assets

1.5.1 Patents, licences

Patents and licenses are measured initially at acquisition cost and are amortised on a straight-line basis over the estimated useful life of 3 to 5 years or a specific validity term of a license and/or patent, if any. Useful life is reviewed on year-by-year basis.

1.5.2 Computer software

Computer software is stated at cost, less accumulated amortisation and impairment losses.

Amortisation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be available for operating in the manner intended by management. Amortisation is calculated on the straight-line basis over the estimated economic useful life of 3 to 4 years. Useful life is reviewed on year-by-year basis.

1.5.3 Assets identified during business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are recognised initially at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, intangible assets acquired in a business combination are measured at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

For assets acquired during business combination, useful life of 20 years was set for balancing services and trade in derivatives, and 15 years for customer relation assets. Amortisation is computed on a straight-line basis. Useful life is reviewed on year-by-year basis.

1.6 Property, plant and equipment

Property, plant and equipment is stated at acquisition (production) cost less accumulated depreciation and impairment losses, if any. Depreciation is calculated on a straight-line basis over the useful lives established for property, plant and equipment.

Cost includes expenditure incurred in relation to replacement of parts of property, plant and equipment if such expenditure meets the recognition criteria of the asset. The carrying amount of the replaced part is derecognised. Subsequent repair costs are included in the asset's carrying amount, only when it is probable that future economic benefits associated with these costs will flow to the Group and the costs can be measured reliably. All other repairs and maintenance costs charged to the statement of profit or loss during the financial period in which they are incurred.

The assets' residual values and useful lives are reviewed at least once per year, and adjusted if appropriate.

Construction in progress is transferred to appropriate categories of property, plant and equipment when asset is completed and ready for its intended use.

Depreciation periods (number of years):

Category of property, plant and equipment	Useful lives (number of years)
Solar plants	5-10
Other property, plant and equipment	3-4

1.7 Right-of-use assets

Right-of-use asset is the asset that reflects the right of the Group to use the leased asset over the life of a lease. The Group recognises a right-of-use asset for all types of leases, including leases of right-of-use assets in sublease, with the exception of leases of intangible assets, short-term leases and leases for which the underlying asset is of low value.

1.7.1 Initial measurement of right-of-use assets

On the lease commencement date, the Group measures right-of-use assets at cost. The cost of an asset managed under a right-of-use comprises of: the amount of the initial measurement of the lease liability, any lease payments at or before the inception date, less any lease incentives received; any initial direct costs incurred by the Group ; and an estimate of the costs that the Group will incur in dismantling and disposing of the leased asset, maintaining its location or restoring the leased asset to the condition required by the lease conditions, unless those costs are incurred in producing the inventories. The Group incurs obligation for these costs either at the commencement date or as a consequence of having used the underlying asset during a particular period. The Group recognises these costs as part of the cost of the right-of-use assets when a liability is incurred for these costs.

1.7.2 Subsequent measurement of right-of-use assets

Subsequent to initial recognition, the Group measures the right-of-use asset at cost. Under the cost model, the Group measures a right-of-use asset at cost less any depreciation and any accumulated impairment losses adjusted for any remeasurement of the lease liability.

The right-of-use assets depreciated by the Group under the depreciation requirements of IAS 16, *Property, Plant and Equipment*.

Depreciation of right-of-use assets on a straight line basis:

Group of right-of-use assets	Depreciation period (in years)
Buildings	8-75

If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the Group depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group calculates the depreciation of the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group presents rights-of-use assets separately from property, plant and equipment in the statement of financial position.

1.8 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

1.8.1 Financial assets

The Group classifies its financial assets into the following three categories:
- financial assets subsequently measured at amortised cost;
- financial assets subsequently measured at fair value recognising the change in fair value through other comprehensive income (hereinafter – "FVOCI"); and
- financial assets subsequently measured at fair value recognising the change in fair value through profit or loss (hereinafter – "FVPL").

Transaction costs comprise all charges and commission that the Group would not have paid if it had not entered into an agreement on the financial instrument.

In order for a financial asset to be classified and measured at amortised cost or FVOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (hereinafter "SPPI")' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at FVPL, irrespective of the business model. Interest income calculated on these financial assets is recognised as finance income and amortised using the effective interest rate method. Any gain or loss arising from the write-off of assets is recognised in the statement of profit or loss. Impairment loss is accounted for as the cost of receivables and impairment of loans in the statement of profit or loss.

Subsequent to initial recognition, financial assets are classified into the afore-mentioned categories based on the business model the Group applies when managing its financial assets and characteristics of cash flows from these assets. The business model applied to the group of financial assets is determined at a level that reflects how all groups of financial assets are managed together to achieve a particular business objective of the Group . The intentions of the Group's management regarding separate instruments has no effect on the applied business model. The Group may apply more than one business model to manage its financial assets. In view of the business model applied for managing the group of financial assets, the accounting for financial assets is as follows:

1.8.1.1 Financial assets subsequently measured at FVOCI

The Group only has derivatives subsequently measured at FVOCI. More information is disclosed in Note 1.8.3.

1.8.1.2 Financial assets at amortised cost

Financial assets at amortised cost are subsequently measured using the effective interest rate (herein after "EIR") method and are subject to impairment. Amortised cost is the amount at which the financial instrument was recognised at initial recognition minus principal repayments, plus accrued interest, and, for financial assets, minus any write-down for expected credit losses.

Financial assets are recognised as current assets, except for maturities greater than 12 months after the date of the statement of financial position, in which case they are classified as non-current assets.

1.8.1.3 Financial assets at FVPL

Debt and equity instruments that do not meet the criteria of financial assets to be measured at amortised cost or financial assets to be measured at FVOCI are stated as financial assets to be measured at FVPL. The Group includes Derivatives in this category (see Note 1.8.3).

1.8.1.4 Effective interest rate method

The effective interest method is used in the calculation of the amortised cost of a financial asset and in the allocation of the interest revenue in the statement of profit or loss over the relevant period.

EIR is the rate that exactly discounts estimated future cash inflows through the expected life of the financial asset to the gross carrying amount of the financial asset that shows the amortised cost of the financial asset, before adjusting for any loss allowance. When calculating EIR, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, advance payment, extension, call and similar options) but does not consider the expected credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of EIR, transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the Group uses the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

1.8.1.5 Impairment of financial assets – expected credit losses (hereinafter "ECL")

The Group assesses on a forward-looking basis the ECL associated with its debt instruments carried at amortised cost regardless of whether there are any impairment indicators.

Credit losses incurred by the Group are calculated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive (i.e. all cash shortfalls) discounted at the original EIR. The Group estimates cash flows by considering all contractual terms of the financial instrument through the expected life of that financial instrument, including cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECL are measured in a way that reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes; the time value of money; and reasonable and supportable information about past events and current conditions, and reasonable and supportable forecasts of future events and economic conditions at the reporting date.

Lifetime expected credit losses are ECL that result from all possible default events over the period from the date of initial recognition of a financial asset to the subsequent date of settlement of the financial asset or ultimate write-off of the financial asset.

The Group seeks for lifetime expected credit losses to be recognised before a financial instrument becomes past due. Typically, credit risk increases significantly before a financial instrument becomes past due or other lagging borrower-specific factors (for example, a modification or restructuring) are observed. Consequently, when reasonable and supportable information that is more forward-looking than past due information is available without undue cost or effort, it is used to assess changes in credit risk. Expected credit losses are recognised by taking into consideration individually or collectively assessed credit risk of loans granted and trade receivables. Credit risk is assessed based on all reasonable information, including forward-looking information.

Valuation of ECLs for receivables (other than trade receivables):

– *For receivables from Group companies, ECLs are assessed on an individual basis;*
– *For other receivables, prepayments and accrued income, ECLs are assessed on an individual basis.*

The Group's management performs the assessment on an individual basis reflecting the possibility of obtaining information on the credit history of a particular debtor its financial position as at the date of assessment, including forward-looking information that would allow to timely determine whether there has been a significant increase in the credit risk of that particular borrower, thus enabling making judgement on the recognition of lifetime ECL in respect of that particular borrower. In the absence of reliable sources of information on the credit history of a particular debtor its financial position as at the date of assessment, including forward-looking information, the Group assesses the debt on a collective basis.

Recognition stages of expected credit losses:

1. Upon granting of a loan or concluding a finance lease agreement, the Group recognises the expected credit losses for the twelve-month period. Interest income from the loan is calculated on the carrying amount of financial assets without adjusting it by the amount of ECL;
2. Upon establishing that the credit risk related to the borrower or lessee has significantly increased, the Group accounts for the lifetime expected credit losses of the loan or finance lease agreement. All lifetime expected credit losses of a financial instruments are calculated only when there is a significant increase in credit risk relating to the borrower or lessee. Interest income from the loan (finance lease) is calculated on the carrying amount of financial assets without adjusting it by the amount of expected credit losses;
3. Where the Group establishes that the recovery of the loan or finance lease debt is doubtful, the Group classifies these debts as credit-impaired financial assets (doubtful loans and receivables). Interest income from the loan (finance lease) is calculated on the carrying amount of financial assets which is reduced by the amount of expected credit losses.

In stage 2, an assessment of the significant deterioration in the borrower’s or lessee's financial situation is performed by comparing the financial situation as at the time of the assessment and the financial situation as at the time of issuing the loan or finance lease.

The latest point at which the Group recognises all lifetime expected credit losses of the loan granted or a finance lease agreement is identified when the borrower is late to pay a periodic amount or the total debt for more than 90 days. In case of other evidence available, the Group accounts for all lifetime expected credit losses of the loan or a finance lease granted regardless of the more than 90 days past due presumption.

1.8.1.6 Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:
(a) significant financial difficulty of the borrower;
(b) a breach of contract, such as a default or past due event for more than 90 days;
(c) the lender, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
(d) it is becoming probable that the borrower will enter bankruptcy or another financial reorganisation;
(e) the disappearance of an active market for that financial asset because of financial difficulties;
(f) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

1.8.1.7 Derecognition of financial assets

Financial assets (or, where appropriate, part of financial assets or part of the group of similar financial assets) are derecognised when:

- the rights to receive cash flows from the asset have expired;
- the right to receive cash flows from the asset is retained, but an obligation is assumed to pay them in full without material delay to a third party under a ‘pass through’ arrangement; or
- the rights to receive cash flows from the asset are transferred and either (a) substantially all the risks and rewards of the asset have been transferred, or (b) substantially all the risks and rewards of the asset have neither been transferred nor retained, but control of the asset has been transferred:
  - if control is not retained, the financial asset is derecognised and any rights and obligations created or retained in the transfer are recognised separately as assets or liabilities;
  - if control is retained, it shall continue to recognise the financial asset is continued to be recognised to the extent of continuing involvement in the financial asset.

Whether the control of the transferred asset is retained depends on the transferee’s ability to sell the asset. If the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer, control is not retained. In all other cases, control is retained.

1.8.2 Financial liabilities and equity instruments issued

Debt or equity instruments are classified as financial liabilities or equity based on the substance of the arrangement.

The Group has not issued any equity instruments, except for issued capital.

1.8.2.1 Initial recognition and measurement of financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL (change in fair value of which is accounted through profit or loss), loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge. All financial liabilities are recognised initially at fair value and, in the case of loans, liabilities and payables, net of directly attributable transaction costs.

1.8.2.2 Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:
- Financial liabilities at FVPL;
- Financial liabilities at amortised cost.

1.8.2.3 Financial liabilities at FVPL

Financial liabilities at FVPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVPL.

Financial liabilities are classified as held for trading if they are incurred principally for the purpose of repurchasing them in the near term. This category also includes derivatives entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separate embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gain or loss arising from financial liabilities held for trading is recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at FVPL are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied.

1.8.2.4 Financial liabilities at amortised cost

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gain and loss is recognised in the statement of profit or loss and other comprehensive income when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss and other comprehensive income.

1.8.2.5 Presentation

Financial liabilities are classified as current unless the Group has an unconditional right to postpone repayment for at least 12 months after the end of the reporting period.

If a financing agreement concluded before the reporting date proves that the liability was non-current by its nature as of the date of the balance sheet, that financial liability is classified as non-current.

1.8.2.6 Effective interest method

The EIR method is used in the calculation of the amortised cost of a financial liabilities and in the allocation of the interest expenses in the statement of profit or loss over the relevant period.

The EIR is the rate that exactly discounts estimated future cash outflows through the expected life of the financial liability to the gross carrying amount of the financial liability that shows the amortised cost of the financial liability.

1.8.2.7 Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as derecognition of the original liability and the recognition of a new liability. The difference between the respective balances is recognised in the statement of profit or loss and other comprehensive income.

1.8.3 Derivatives and hedge accounting

The Group enters into derivative transactions related to purchase and sale prices of electricity and gas.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- there is ‘an economic relationship’ between the hedged item and the hedging instrument;
- the effect of credit risk does not ‘dominate the value changes’ that result from that economic relationship;
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

1.8.3.1 Presentation

Fair value of derivatives is presented in the statement of financial position as “Other non-current assets”, “Other current assets”, “Other non-current liabilities” and “Other current liabilities” (Note 26).

Changes in fair value and result of settled derivatives for hedges that do not meet the qualifying criteria for hedge accounting are disclosed in the statement of profit or loss either as “Other income” (Note 6), if result for a period of such derivatives is profit, or “Other expenses” if result of such derivatives for a period is loss (Note 8).

Changes in fair value and the result of financial instruments that have been settled and that are held for hedging and that qualify for hedge accounting are accounted for as follows:

1.8.3.2 Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in the statement of financial position, in the hedging reserve, while any ineffective portion is recognised immediately directly profit or loss of the statement of profit or loss in other income or expenses (accounting method is similar to derivatives that do not meet the hedge criteria – Note **Error! Reference source not found.**). The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item. However, at least 67% hedged item coverage not exceeding 150% is expected in order for derivative to be classified as effective for hedge accounting purposes.

When cash flow hedges are realised, gain or losses are transferred from equity and recognised in the statement of profit or loss as “Purchases of electricity, natural gas and other services”.

1.9 Energy saving solutions – Finance lease –– the Group is a lessor

The Group provides energy saving services by preparing an energy saving project, for the implementation of which it is necessary to install special equipment and carry out construction works in the client's facilities. Based on the contract with the client, acquisition of special equipment can be financed by the client or the Group. For the contracts where acquisition of equipment and construction works is financed by the Group, the recognised sales revenue of the system correspond to the minimum payments accumulated by the Group and allocated to cover the value of the installed system. The acquisition cost of the installed system, net of the present value of unguaranteed residual value, is expensed. The costs incurred in relation to negotiation and finance lease organisation at the inception of lease are expensed.

Amounts receivable are accounted for at amortised cost. On initial recognition, amounts receivable are estimated by discounting all future payments of the client for the installed energy saving system. Subsequently, amounts receivable are estimated using the annual interest rate, which was used on initial recognition when discounting the future payments of clients, and by recognising interest income from financing activities.

Interest income from financing activities is recognised over the period of lease using the effective interest rate, which was used when discounting the future payments of clients on initial recognition. Interest income from financing activities is accounted for irrespective of whether such interest is stipulated in the contract with the client.

The installed systems are transferred into the ownership of a client at no extra pay following the receipt of a full payment under the contract.

1.10 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method, except for natural gas and liquefied natural gas, the cost of which is determined using the weighted average costing method (see below). The cost of inventories comprises purchase price, taxes (other than those subsequently recoverable by the Group from the tax authorities), transportation, handling and other costs directly attributable to the acquisition of inventories. Cost does not include borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

The cost of the remaining natural gas in the pipeline and storage is established using the weighted average cost method, and of liquefied natural gas stored at the terminal – the acquisition cost. Weighted average cost is calculated as weighted average of inventories at the beginning of the months and purchases made during that month.

1.11 Lease liabilities

At the commencement date of the lease the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date: fixed payments, less any lease incentives receivable; variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date; amounts expected to be payable by the lessee under residual value guarantees; the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

1.11.1 Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Also, low-value asset lease recognition exemption to office equipment that are considered to be low value is applied. Lease related discounts are charged to the lease income proportionally over the term of the lease.

1.11.2 Group as a lessor in finance leases

Leases in which the Group does transfer substantially all the risks and rewards incidental to ownership of an asset or the lessee has the ability to continue the lease for a secondary period at a rent that is substantially lower than market rent, are classified as finance leases. At the commencement date, the Group recognises assets held under a finance lease in its statement of financial position and present them as a receivable at an amount equal to the net investment in the lease. Finance lease income for the lease term based on periodic net investment in the lease is accounted for on a straight-line basis over the lease term and included into finance income in the statement of profit or loss. Lease payments are apportioned between finance income and reduction of the lease receivable so as to achieve a constant rate of interest on the remaining balance of the receivable. Finance charges are recognised in finance income in the statement of profit or loss.

1.12 Employee benefits

1.12.1 State plans

The Group pays social security contributions to the State Social Security Fund (hereinafter "the Fund") on behalf of its employees based on the defined contribution plan in accordance with the local legal requirements. A defined contribution is a plan under which the Group pays fixed contributions into the Fund and will have no legal or constructive obligations to pay further contributions if the Fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior period. The social security contributions are recognised as expenses on an accrual basis and are included in payroll expenses.

1.12.2 Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

1.12.3 Non-current employee benefits

Each employee of retirement age who terminates his/her employment with the Group upon retirement is entitled to receive a payment equal to 2 monthly salaries according to Lithuanian laws. A liability for such pension benefits is recognised in the statement of financial position and it reflects the present value of these benefits at the date of the statement of financial position. The aforementioned non-current liability for pension benefits to employees at the reporting date is estimated with reference to actuarial valuations using the projected relative unit method. The present value of the defined non-current liability for pension benefits to employees is determined by discounting the estimated future cash flows using the effective interest rates as set for government bonds denominated in a currency in which the benefits will be paid to employees and that have maturity term similar to that of the related liability. Actuarial gains or losses are recognised immediately in other comprehensive income

1.13 Fair value

The Group measures financial instruments such as derivatives, and non-financial assets such as investment properties, at fair value at each statement of financial position date. Determination of the fair value is based on the assumption that the asset sale or liability transfer transaction is performed either:

– in the principal market for the asset or liability

or

– in the absence of principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.
The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

– Level 1: fair value of assets is based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
– Level 2: fair value of assets is based on other observable market data, directly or indirectly;
– Level 3: fair value of assets is based on non-observable market data.

For assets and liabilities that are recognised in the financial statements, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

6.2 Financial statements of the Company

Prepared for the year ended 31 December 2024 in accordance with IFRS Accounting Standards as adopted by the European Union

The company's financial statements were prepared and signed by UAB Ignitis management on 26 February 2025:

Artūras Bortkevičius	**Darius Šimkus**	**Rūta Tijūnaitienė**
General Manager	Head of Finance and Business Support	Accounting expert of UAB Ignitis grupės paslaugų centras, acting under Decision No 24_GSC_SP_0051 of 30 September 2024

Statement of profit or loss

For the year ended 31 December 2024

EUR thousand	Notes	2024	2023
Revenue from contracts with customers	5	967,180	1,380,994
Other income	6	2,332	1,028
Total revenue and other income		**969,512**	**1,382,022**
Purchases of electricity, natural gas and other services	7	(901,189)	(1,465,872)
Salaries and related expenses		(17,134)	(14,026)
Depreciation and amortisation		(3,896)	(4,079)
(Impairment)/reversal of impairment of investments in subsidiaries	13	4,100	7,800
Other expenses	8	(20,195)	(21,963)
Total expenses		**(938,314)**	**(1,498,140)**
Operating profit (loss)		**31,198**	**(116,118)**
Finance income	9	5,745	6,603
Finance expenses	9	(10,259)	(20,731)
Finance activity, net		**(4,514)**	**(14,128)**
Profit (loss) before tax		**26,684**	**(130,246)**
Income tax income (expenses)/ benefit	10	(5,751)	23,431
Net profit (loss) for the year		**20,933**	**(106,815)**

Statement of comprehensive income

For the year ended 31 December 2024

EUR thousand	Notes	2024	2023
Net profit (loss) for the year		**20,933**	**(106,815)**
Other comprehensive income (loss)			
Items that will not be reclassified to profit or loss in subsequent periods (net of tax)			
Change in actuarial assumptions	20	(12)	(16)
Items that will not be reclassified to profit or loss in subsequent periods, total		**(12)**	**(16)**
Items that may be reclassified to profit or loss in subsequent periods (net of tax)			
Cash flow hedges – effective portion of changes in fair value	20	(11,994)	(154,850)
Cash flow hedges – reclassified to profit or loss	20	3,770	83,570
Items that may be reclassified to profit or loss in subsequent periods, total		**(8,224)**	**(71,280)**
Total other comprehensive income (loss) for the year		**(8,236)**	**(71,296)**
Total comprehensive income (loss) for the year		**12,697**	**(178,111)**

Statement of financial position

As at 31 December 2024

EUR thousand	Notes	31 December 2024	31 December 2023
Assets			
Intangible assets	11	20,247	18,301
Property, plant and equipment	12	24,732	15,533
Right-of-use assets		3,611	623
Prepayments for non-current assets		2,440	4,587
Investments in subsidiaries	13	22,177	16,077
Non-current receivables	14	42,823	50,606
Other financial assets		-	2,000
Other non-current assets	27.1	1,351	99
Deferred tax assets	10	22,754	51,470
Non-current assets		**140,135**	**159,296**
Inventories	15	41,895	65,322
Prepayments and deferred expenses		703	3,025
Trade receivables	16	152,831	164,411
Other receivables	14	60,091	41,691
Other current assets	27.1	3,064	8,891
Prepaid income tax		4,500	5,600
Cash and cash equivalents	17	36,353	58,047
Current assets		**299,437**	**346,987**
Total assets		**439,572**	**506,283**
Equity and liabilities			
Share capital	18.2	41,155	41,155
Share premium		93,985	93,985
Reserves			
Legal reserve	19.1	4,116	5,151
Hedging reserve	19.2	(19,274)	(11,050)
Retained earnings (deficit)		(49,879)	(71,835)
Equity		**70,103**	**57,406**
Non-current loans	21	11,800	11,800
Non-current lease liabilities	21	3,242	408
Provisions	23	332	35,926
Other non-current liabilities	27.1	19,422	12,676
Non-current liabilities		**34,796**	**60,810**
Loans	21	433	66,797
Lease liabilities	21	402	229
Trade payables	25	235,456	175,873
Advances received	24.2	12,665	15,260
Provisions	23	46,773	44,110
Deferred income	24.1	292	-
Other current liabilities	26	38,652	85,798
Current liabilities		**334,673**	**388,067**
Total liabilities		**369,469**	**448,877**
Total Equity and liabilities		**439,572**	**506,283**

Statement of changes in equity

For the year ended 31 December 2024

EUR thousand	Notes	Issued capital	Share pre-mium	Legal reserve	Hedging reserve	Retained earnings (deficit)	Total
Balance as at 1 January 2023		**40,140**	**-**	**2,572**	**60,230**	**57,575**	**160,517**
Net profit (loss) for the year		-	-	-	-	(106,815)	(106,815)
Other comprehensive income (loss)							
Cash flow hedges	20	-	-	-	(71,280)	-	(71,280)
Result of changes of other actuarial assumptions	20	-	-	-	-	(16)	(16)
Total other comprehensive income (loss) for the year		**-**	**-**	**-**	**(71,280)**	**(16)**	**(71,296)**
Total comprehensive income (loss) for the year		**-**	**-**	**-**	**(71,280)**	**(106,831)**	**(178,111)**
Transfers to reserves		-	-	2,579	-	(2,579)	-
Dividends	18.3	-	-	-	-	(20,000)	(20,000)
Issue of share capital	18.2	1,015	93,985	-	-	-	95,000
Balance as at 31 December 2023		**41,155**	**93,985**	**5,151**	**(11,050)**	**(71,835)**	**57,406**
Balance as at 1 January 2024		**41,155**	**93,985**	**5,151**	**(11,050)**	**(71,835)**	**57,406**
Net profit (loss) for the year		-	-	-	-	20,933	20,933
Other comprehensive income (loss)							
Cash flow hedges	20	-	-	-	(8,224)	-	(8,224)
Result of changes of other actuarial assumptions	20	-	-	-	-	(12)	(12)
Total other comprehensive income (loss) for the year		**-**	**-**	**-**	**(8,224)**	**(12)**	**(8,236)**
Total comprehensive income (loss) for the year		**-**	**-**	**-**	**(8,224)**	**20,921**	**12,697**
Transfers to reserves		-	-	(1,035)	-	1,035	-
Balance as at 31 December 2024		**41,155**	**93,985**	**4,116**	**(19,274)**	**(49,879)**	**70,103**

Statement of cash flows

For the year ended 31 December 2024

EUR thousand	Notes	2024	2023
Net profit (loss) for the year		20,933	(106,815)
Adjustments for:			
Depreciation and amortisation expenses		3,896	4,079
Fair value changes of derivatives	27.2	950	(1,398)
Impairment/(reversal of impairment) of investments in subsidiaries	13	(4,100)	(7,800)
Income tax expenses (benefit)	10	5,751	(23,431)
Increase (decrease) in provisions	23	(32,946)	59,420
Inventory write-down to net realisable value (reversal)	15	(14,102)	(88,882)
Impairment/(reversal of impairment) of financial assets		(1,080)	(1,488)
Loss (gain) on disposal/write-off of property, plant and equipment		(2)	(64)
Interest income	9	(5,562)	(6,266)
Interest expenses	9	4,117	17,313
Other finance costs (income) of financing activities	9	5,959	3,081
Changes in working capital:			
(Increase)/decrease in trade and other receivables		17,388	361,966
(Increase) decrease in inventories, advances and deferred expenses, other non-current and current assets		39,456	341,459
Increase/(decrease) in trade payables, deferred revenue, prepayments received, other non-current and current liabilities		16,037	(194,080)
Income tax (paid) recovered		19,828	(34,534)
Net cash from/(used in) operating activities		**76,523**	**322,560**
Acquisition of property, plant and equipment and intangible assets		(11,721)	(18,805)
Proceeds from sale of property, plant and equipment and intangible assets		10	216
Investment in subsidiary	13	-	(4,200)
Loans granted	14.2	(53,650)	(127,500)
Loans recovered	14.2	62,600	139,000
Interest received	14.2	5,401	5,566
Finance lease payments received		1,617	700
AB “Ignitis grupė” group’s cash-pool platform, net change	14.2	(25,617)	-
Other increases / (decreases) in cash flow from investing activities		-	252
Net cash flows from investing activities		**(21,360)**	**(4,771)**
Repayments of loans	22	(27,000)	(332,000)
Lease payments	22	(366)	(290)
Interest paid	22	(4,452)	(28,241)
Dividends paid	18.3	-	(20,000)
Overdrafts, net change	22	-	(172,878)
AB “Ignitis grupė” group’s cash-pool platform, net change	22	(38,959)	(76,958)
Increase in share capital	18.2	-	95,000
Amounts under trade finance agreements		(6,080)	(2,940)
Other increases / (decreases) in cash flow from financing activities		-	83
Net cash flows from financing activities		**(76,857)**	**(538,224)**
Increase/(decrease) in cash and cash equivalent		**(21,694)**	**(220,435)**
Cash and cash equivalents at the beginning of the year	17	58,047	278,482
Cash and cash equivalents at the end of the year		**36,353**	**58,047**

Notes

1 General information

UAB Ignitis (hereinafter – the Company) is a private limited liability company registered in the Republic of Lithuania. The Company was registered on 02 September 2014 with the Register of Legal Entities managed by the public institution the Centre of Registers. The Company's registered office address is Laisvės pr. 10, LT-04215, Vilnius, Lithuania. Company code 303383884, VAT code LT100008860617 The Company has been founded for an indefinite period. Reporting period is one year ended 31 December 2024.

The Company's core line of business is the supply, purchase (import), planning and sale of natural gas and electricity to consumers. The Company supplies natural gas to corporate customers operating in the sectors of energy, industry and small commercial businesses, and to private customers, including supply of liquefied natural gas (hereinafter – LNG) through the Klaipėda LNG Terminal. The company carries out the independent supply of electricity to household customers. The Company also develops a range of smart services, offers charging solutions for electric vehicles, an electricity balancing service, solar power and other energy solutions based on technological innovations, and sells electricity origin certificates.

Shareholder of the Company:

	31 December 2024		31 December 2023	
	Number of shares held	Ownership interest (%)	Number of shares held	Ownership interest (%)
AB "Ignitis grupė"	141,913,794	100	141,913,794	100
Total	**141,913,794**	**100**	**141,913,794**	**100**

The Company's parent company is AB Ignitis grupė (company code 301844044, registered address Laisvės pr. 10, LT-04215 Vilnius, Lithuania), which owns 100% of shares of the Company as at 31 December 2024 and 2023. As at 31 December 2024, the shareholder structure of AB Ignitis grupė is as follows: the Ministry of Finance of the Republic of Lithuania (74.99%), and retail and institutional investors (25.01%). As at 31 December 2023: the Ministry of Finance of the Republic of Lithuania (74.99%), retail and institutional investors (25.01%).

AB Ignitis grupė is an ultimate controlling company. AB "Ignitis grupė" group comprises AB Ignitis grupė and all of its subsidiaries (AB "Ignitis grupė" group).

As at 31 December 2024, the Company's subsidiaries were as follows:

Subsidiary	Registered office	The Company's ownership interest, %	Main activities
Ignitis Eesti OÜ	Narva mnt 5, 10117 Tallinn, Estonia	100	Supply of electricity; Expansion of EV charging stations
Ignitis Latvija SIA	Cēsu g. 31, k-3 LV-1012 Riga, Latvia	100	Supply of electricity and natural gas; Expansion of EV charging stations
Ignitis Polska Sp.z.o.o.	Puławska g. 2A, Warsaw, 02-566, Poland	100	Supply and trading of electricity and natural gas
Ignitis Suomi OY	Firdonkatu 2, Workery West, 6th floor 00520 Helsinki, Finland	100	Supply of natural gas

The financial statements of the Company have been prepared and signed by the Company's management on 26 February 2025. These financial statements are the separate financial statements of the Company prepared in accordance with IFRS accounting standards (IFRS) as adopted by the EU as required by local law ("the financial statements").

The Company also prepares consolidated financial statements in accordance with IFRS accounting standards as approved by International Accounting Standards Board (hereinafter referred to as 'IASB') and adopted by the European Union (hereinafter referred to as 'IFRS').

2 Basis of preparation of the financial statements

2.1 Basis of accounting principles

These financial statements have been prepared in accordance with IFRS accounting standards (hereinafter referred to as 'IFRS'), approved by the International Accounting Standards Board (hereinafter referred to as 'IASB') and adopted by the European Union.

The Company's financial statements as at and for the year ended 31 December 2024 have been prepared on a going concern basis applying measurement based on historical acquisition cost, except for certain financial instruments measured at fair value.

The financial statements provide comparative information in respect of the previous period.

Details of the Company's accounting policies, including changes thereto, are included in Note 6.2 and section 'Accompanying information' of these financial statements.

2.2 Functional and presentation currency

These financial statements are presented in euros, which is the Company's functional currency and all values are rounded to the nearest thousand (EUR '000), except when indicated otherwise.

3 Changes of material accounting policies

3.1 Changes in accounting policy and disclosures

The accounting policies applied in the preparation of these financial statements are consistent with the accounting policies applied in the preparation of the Company's annual financial statements for the year ended 31 December 2023, with the exception of the new standards which entered into force during the year of 2024. The Company has not applied any standard, interpretation, or amendment for which the early application is permitted but is not yet effective.

More information about new standards is available in section 'Material accounting policies' of these financial statements.

4 Critical accounting estimates and judgements used in the preparation of the financial statements

In preparing these financial statements management has made judgements and estimates about the future, including climate-related risk and opportunities, that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and costs and contingencies. Change in the underlying assumptions of estimates and judgements may have a material effect on financial statements in the future.

Estimates and judgements with underlying assumptions are reviewed on ongoing basis and are consistent with the Company's risk management and climate -related commitments where appropriate. Revisions to estimates and judgements are recognised prospectively.

Significant accounting estimates and judgements used in the preparation of the financial statements are described in this note. For other estimates and judgements used refer to other notes of these financial statements. significant accounting estimates and judgements used in the preparation of the financial statements are described in this note. For other estimates and judgements used refer to other notes of these financial statements.

4.1 Impact of climate change

The Company pays special attention in order to reveal a potential impact of climate change and its related economic, transitional changes on the activities of the parent company. This impact may arise from physical (extreme) weather phenomena and from the aspiration of states to switch to the Green Deal, which could cause additional requirements for energy sector: to comply with new regulations, implement new technological solutions, manage reputational risks, respond to fast growing market demand for green solutions, etc. Read more on the impact of climate change and the parent company's approach on managing it in section "5.1 Sustainability overview" of the annual report.

Climate change and the transition to net zero have been considered in the preparation of these financial statements. In preparing these financial statements, the following has been considered:

Valuation of property, plant and equipment

The Company assesses the useful economic life of its property, plant and equipment annually. The useful economic life of assets has not been shortened. There are no indicators suggesting that assets have reduced in value, significant impacts of climate change on the Company's assumptions used in estimating their recoverable value and there is no need to perform sensitivity analyses of the effects of climate risk within the assumptions made. The Company's management does not reasonably expect climate change to have a significant impact on the valuation of property, plant and equipment.

Impact of climate change on provision for risk and on ECL

The Company's management does not believe that there are any provisions for risks or potential liabilities requiring consideration in the financial statements in connection with possible disputes, specific regulatory requirements aimed at mitigating environmental damages, sanctions connected with failure to comply with environmental requirements, contracts that may become onerous, possible restructuring works aimed at achieving the climate objectives required. No significant climate and environmental risks had significant impact when calculating the ECL.

The impact of future climate change regulation is not material on the currently reported amounts of the Company's assets and liabilities.

4.2 Determining whether the Company acts as a Principal or an Agent in relation to PSO fees and LNGT security component

4.2.1 Collection and transfer of PSO and LNGT security component fees

Management has applied a significant judgment and concluded that the Company acts as an Agent in relation to collection of PSO fees and LNGT security component from customers due to the following argumentation:

- the Company is not responsible for PSO and LNGT projects/initiatives, accordingly it is not responsible that collected PSO fees and LNGT security component are used for their intended purpose;
- the Company is not exposed to any inventory risk,
- the Company has no legal power to establish pricing of these components.

4.2.2 Collection and transfer of fees for electricity transmission and distribution components

The Company's management has identified that in respect of gas distribution and transmission services the Company acts as an agent. The management relied on the following arguments:

- For all transmission and distribution services the Company is not ultimately responsible, since the owners of the transmission and distribution grid take full responsibility, as provided for in the laws and regulations, and agreements with customers;
- The Company also does not bear inventory risk since price of transmission and distribution services is determined based on meter readings, i.e. fee of transmission and distribution components is charged to the Company only to the amount of electricity consumed by the end customer;
- The prices of transmission and distribution components are determined by the grid operator and approved by the NERC.

4.2.3 Collection and transfer of fees for gas transmission and distribution components

The Company's management has identified that in respect of gas distribution and transmission services the Company acts as an agent. The management relied on the following arguments:

- For all distribution services the Company is not ultimately responsible, since the owners of the transmission and distribution grid take full responsibility, as provided for in the laws and regulations, and agreements with customers;
- The Company also does not bear inventory risk since price of distribution services is determined based on meter readings, i.e. distribution fee is charged to the Company only to the amount of electricity consumed by the end customer;
  The prices of distribution components are determined by the grid operator and approved by the NERC.

4.3 Expected credit losses of trade receivables

The Company uses a provision matrix to calculate expected credit losses for trade receivables. The Company accounts for expected credit losses (hereinafter "ECL") assessing amounts receivable on an individual basis or on a collective basis applying provision matrices in respect of its clients.

4.3.1 Collective assessment of ECL applying provision matrix

The Company uses provision matrices to calculate ECL for trade receivables. The provision rates are based on days past due or allocation to the Company's internal credit rating system for groupings of various customer segments that have similar loss patterns (i.e. by customer type).

The provision matrixes are initially based on the Company's historical observed default rates. For instance, if forecast economic conditions (i.e., changes in gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECL is a significant estimate. The amount of ECL is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECL on the Company's trade receivables is disclosed in Note 16.

4.3.2 Individual assessment of ECL

Decision to assess amounts receivable on an individual basis depends on the possibility to obtaining information on the credit history of a particular client / borrower, its financial position as at the date of assessment, including forward-looking information that would allow to timely determine whether there has been a significant increase in the credit risk of that particular client, thus enabling making judgement on the recognition of lifetime expected credit losses in respect of that particular client / borrower. These accounting estimates require significant judgement. Judgement is based on information about substantial financial difficulties experienced by the debtor, probability that the debtor will enter bankruptcy or any other reorganisation, default of delinquency in payments.

In the absence of reliable sources of information on the credit history of a particular borrower, its financial position as at the date of assessment, including forward-looking information, the Company assesses the debt on a collective basis.

4.4 Regulated activities: accrued income and provisions

Profitability of the Company's public electricity supply is regulated by NERC through the service tariffs for residents approved for the next periods. The level of tariffs depends on the projected costs and volume of services for the next period, the extent to which the previous period earnings are at variance with the regulated level, and other factors.

Actual costs incurred by the Company during the year may be at variance with the projected costs that are considered during the approval of the tariffs, and the actual volume of services may be at variance with the projected one. Accordingly, the actual earnings of the Company may be at variance with the regulated level, and the resulting difference will affect the future tariffs of services.

4.4.1 Public electricity supply

On 25 September 2020, NERC adopted a resolution No O3E-879 "On approval of the methodology for determining electricity transmission, distribution and public supply services and the public price cap". The resolution includes the methodology of determination of the additional component for distribution services to household consumers to compensate the difference between the actual and forecasted reasonable costs of a public supplier. The additional component is paid by household customers through the electricity distribution service price which is included as one of the components of public electricity tariff applied to the consumed electricity by household customers. This component is collected by distribution system operator (AB "Ignitis grupė" group company) from all electricity suppliers that sell electricity to household customers. The calculation of the difference includes the difference resulting from the discrepancy between the forecast electricity purchase price and the actual electricity purchase price, as well as the amount of costs resulting from the difference between the public supplier's public electricity price cap and the actual electricity distribution service price caps. If the difference is negative a loss is compensated through the increased price of additional component applied in the next year and accordingly, if the difference is positive a gain is reduced through the decreased price additional component.

This resolution also stipulates that if the Company discontinues public supply services, the Company must refund raised discrepancies between the forecasted and actual costs of providing these services if the costs actually incurred by the Company were less than the income received. The amount must be refunded to the Company if the costs actually incurred by the Company were higher than the income received. The difference shall be reimbursed by 31 December 2025.

With regard what is said above, the Company recognises contract assets and/or contract liabilities of the difference to eliminate mismatches between the current year earnings and the regulated level regardless the difference under the provision of services in the future.

As at 31 December 2024, the current part of a payable of EUR 706 thousand (31 December 2023: payable of EUR 13,171 thousand) to be set-off with the future regulatory differences of public supply activity within one year. The payable amount was accounted in the current liabilities under the caption "Provisions" (Note 23).

4.5 Assessment of impairment of investments in subsidiaries

As at 31 December 2024, the Company's management carried out an impairment test to determine existence of indications of impairment for investments into subsidiaries with reference to the external factors (changes in economic and regulatory environment, market composition, interest rate, etc.) and internal factors (return on investments, results of operations, etc.) that might have impact on impairment of investments into subsidiaries and receivables (Note 13).

4.6 Assessment of onerous contracts

As at 31 December 2024, the Company's management carried out a review of whether the Company has loss-making power purchase agreements. It was found that the Company has such contracts relating to the purchase of electricity which were entered into in the high commodity price environment prevailing in the second half of 2024. In the case of such contracts, the lesser of the cost incurred in the event of continuation of the contract or the termination of the contracts and the contractual penalty is recorded (Note 23).

5 Revenue from contracts with customers

5.1 Revenue from contracts with customers by type

EUR thousand 2024	Non-household customers	Household customers	Total
Revenue from the sale of electricity	307,520	206,529	**514,049**
Revenue from sale of natural gas	261,266	99,487	**360,753**
Revenue from public supply of electricity	1,266	43,895	**45,161**
Revenue from the LNGT security component	31,797	-	**31,797**
Revenue from project activities	13,770	1,650	**15,420**
Total	**615,619**	**351,561**	**967,180**

EUR thousand 2023	Non-household customers	Household customers	Total
Revenue from sale of natural gas	432,345	271,775	**704,120**
Revenue from the sale of electricity	340,829	256,359	**597,188**
Revenue from public supply of electricity	-	48,423	**48,423**
Revenue from project activities	13,570	6,455	**20,025**
Revenue from the LNGT security component	11,235	-	**11,235**
Other	3	-	**3**
Total	**797,982**	**583,012**	**1,380,994**

The Company's revenue based on the timing of transfer of goods or services:

EUR thousand	31 December 2024	31 December 2023
Performance obligation settled over time	913,442	1,303,494
Performance obligation settled at a point of time	53,738	77,500
Total	**967,180**	**1,380,994**

5.2 Contract balances

EUR thousand	Notes	31 December 2024	31 December 2023
Trade receivables	16	**152,831**	**164,411**
Accrued revenue from gas sales	14	-	5,035
Accrued revenue from electricity related sales	14	1,366	102
Other accrued revenue		1,621	5,945
Contract assets		**2,987**	**11,082**
Advances received	24.2	12,650	15,247
Deferred income	24.2	292	-
Contract liabilities		**12,942**	**15,247**
Non-current contract liabilities		-	-
Current contract liabilities	24.1	12,942	15,247

5.2.1 Contract assets

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for the amounts due from customers under the contracts. Recognised expected credit losses (if any) are disclosed in Notes 14 and 16.

5.3 Rights to returned goods assets and refund liabilities

The Company does not have any significant contracts with the customers' right to return goods.

6 Other income

EUR thousand	2024	2023
Interest on late payments	1,219	864
Derivatives (commodities)	810	-
Gain on disposal of non-current assets	10	64
Other income	293	100
Total	**2,332**	**1,028**

7 Purchases of electricity, natural gas and other services

EUR thousand	2024	2023
Purchases of electricity and related services for trade	546,595	751,846
Purchases of natural gas and related services for trade in gas	342,730	698,956
Purchases of sub-contractual services	11,864	15,070
Total	**901,189**	**1,465,872**

8 Other expenses

EUR thousand	2024	2023[1]
Customer service	6,518	7,995
Telecommunications and IT services	4,494	3,381
Asset management and administration	2,021	1,486
Public relationship and marketing services	1,424	1,539
Finance and accounting	1,169	1,059
Personnel development	1,111	806
Legal	1,027	843
Tax (other than income tax) expenses	100	1,158
Consulting services	93	45
Ineffective hedging result (Note 27)	-	2,625
Other	2,238	1,026
Total	**20,195**	**21,963**

[1]In 2024, the Company classified the Consultation service costs in Asset management and administration, Finance and accounting, Legal, Consultation services, Other; therefore, the comparative figures for 2023 have been changed accordingly by reclassifying an amount of EUR 3,388 thousand from the lines Consultation services and Other.

9 Financing activities

EUR thousand	2024	2023
Interest income at the effective interest rate	5,562	6,266
Other income from financing activities	183	337
Total finance income	**5,745**	**6,603**
Amounts under trade finance agreements	6,080	2,940
Interest expenses	4,117	17,313
Other finance costs	62	478
Total finance expenses	**10,259**	**20,731**
Finance activity, net	**(4,514)**	**(14,128)**

In 2024 and 2023 the line item of Other finance costs (income) of financing activities in the Statement of cash flows consists of other finance income, amounts under trade finance agreements and other finance costs.

10 Income taxes

10.1 Recognised in profit or loss

EUR thousand	2024	2023
Adjustments in respect of current income tax expenses (benefit) of previous year	(89)	(4,523)
Deferred tax expenses (benefit)	5,840	(18,908)
Total	**5,751**	**(23,431)**

10.2 Reconciliation of effective tax rate

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the tax rate applicable to profit of the Company as follows:

EUR thousand	2024	2024	2023	2023
Profit (loss) before tax	-	26,684	-	(130,246)
Income tax expenses (benefit) at tax rate of 15%	15.00%	4,003	15.00%	(19,537)
Non-taxable income and non-deductible expenses	11.88%	3,169	(0.75%)	629
Adjustments in respect of prior years	(0.36%)	(96)	5.39%	(4,523)
Income tax rate change	(4.97%)	(1,325)	-	-
Income tax expenses (benefit)	**21.55%**	**5,751**	**19.64%**	**(23,431)**

The standard income tax rate for companies of the Republic of Lithuania in 2024 and 2023 was 15% (starting from 2025 – 16%).

10.3 Deferred tax

EUR thousand	31 December 2022	Recognised in profit or loss	Recognised in other comprehensive income	31 December 2023	Recognised in profit or loss	Recognised in other comprehensive income	Sold tax loss	31 December 2024
Deferred tax assets								
Accrued expenses	3,562	(492)	-	3,070	(509)	-	-	2,561
Impairment of trade and other receivables	1,153	(223)	-	930	(111)	-	-	819
Lease liabilities (IFRS 16)	44	52	-	96	488	-	-	584
Differences of financial and tax value (PPE)	1,959	(257)	-	1,702	(319)	-	-	1,383
Non-current employee benefits	13	4	3	20	(1)	2	-	21
Inventories write down to NRV	15,537	(13,333)	-	2,204	(2,109)	-	-	95
Tax losses carry forward	-	20,741	12,579	33,320	(461)	1,450	(24,328)	9,981
Provision for onerous contracts	-	9,980	-	9,980	(2,645)	-	-	7,335
Other	133	122	-	255	9	-	-	264
Deferred tax assets	**22,401**	**16,594**	**12,582**	**51,577**	**(5,658)**	**1,452**	**(24,328)**	**23,043**
Deferred income tax liability								
Right-of-use assets (IFRS 16)	44	52	-	96	484	-	-	580
Derivative financial instruments	2,377	(2,366)	-	11	(301)	-	-	(290)
Other	-	-	-	-	(1)	-	-	(1)
Deferred tax liability	**2,421**	**(2,314)**	**-**	**107**	**182**	**-**	**-**	**289**
Net deferred tax	**19,980**	**18,908**	**12,582**	**51,470**	**(5,840)**	**1,452**	**(24,328)**	**22,754**

Deferred income tax was calculated taking into account that, starting from 2025, the income tax rate increased from 15% to 16%.

During the year 2024 the parent company transferred tax losses for amount EUR 176,653 thousand (deferred tax asset amounts to EUR 26,498 thousand) to other Group companies and received a payment for amount EUR 24,328 thousand.

11 Intangible assets

EUR thousand	Computer software	Intangible assets identified in a business combination	Software projects in progress	Other intangible assets	Total
Acquisition cost at 1 January 2023	5,060	43,958	1,222	**10**	**50,250**
Additions	190	-	2,415	**-**	**2,605**
Reclassifications between categories	1,146	-	(1,146)	**-**	**-**
Acquisition cost at 31 December 2023	**6,396**	**43,958**	**2,491**	**10**	**52,855**
Accumulated amortisation at 1 January 2023	(2,581)	(28,838)	-	(10)	(31,429)
Amortisation	(1,927)	(1,198)	-	-	(3,125)
Accumulated amortisation at 31 December 2023	**(4,508)**	**(30,036)**	**-**	**(10)**	**(34,554)**
Carrying amount as at 31 December 2023	**1,888**	**13,922**	**2,491**	**-**	**18,301**
Acquisition cost at 1 January 2024	**6,396**	**43,958**	**2,491**	**10**	**52,855**
Additions	-	-	4,381	68	**4,449**
Reclassifications between categories	2,448	-	(2,448)	-	**-**
Reclassifications (to)/from property, plant & equipment	-	-	-	4	**4**
Acquisition cost at 31 December 2024	**8,844**	**43,958**	**4,424**	**82**	**57,308**
Accumulated amortisation at 1 January 2024	(4,508)	(30,036)	-	(10)	(34,554)
Amortisation	(1,309)	(1,198)	-	-	(2,507)
Accumulated amortisation at 31 December 2024	**(5,817)**	**(31,234)**	**-**	**(10)**	**(37,061)**
Carrying amount as at 31 December 2024	**3,027**	**12,724**	**4,424**	**72**	**20,247**

As at 31 December 2024, the Company carried out an analysis to determine existence of indications of impairment for intangible assets. The Company conducted a thorough review of the business benefits provided by intangible assets, considering information from internal and external sources. Additionally, the Management assessed whether during the reporting period there have been any significant adverse changes in the technological, market, economic and legal environment in which the Company operates, which could impact the value of intangible assets. Considering all of the above criteria Management has determined that as at 31 December 2024 no indications of possible impairment could be identified with respect to intangible assets of the Company. Therefore no impairment tests for intangible assets were deemed necessary.

Assets identified during business combination: hedging activity
The carrying amount of derivative trading activities that were acquired in previous periods as at 31 December 2024 was EUR 4,565 thousand (31 December 2023: EUR 4,980 thousand). Amortisation is calculated over a period of 20 years.

Assets identified during business combination: balancing services
The carrying amount of balancing services that were acquired in previous periods was EUR 6,310 thousand as at 31 December 2024 (31 December 2023: EUR 6,884 thousand). Amortisation is calculated over a period of 20 years.

Assets identified during business combination: public electricity supply service, client contracts and relationships
The carrying amount of client contracts and relations relate to public electricity supply that were acquired in previous periods as at 31 December 2024 was EUR 1,849 thousand (31 December 2023: EUR 2,058 thousand). Amortisation is calculated over a period of 15 years.

11.1 Fully amortised intangible assets

The cost of acquisition of fully amortised intangible assets used by the Company was as follows:

EUR thousand	31 December 2024	31 December 2023
Patents and licences	1	1
Computer software	171	2,913
Cost of fully amortised assets, total	**172**	**2,914**

11.2 Acquisition commitments

The Company has no significant acquisition commitments of intangible assets which will have to be fulfilled during the later years.

11.3 Pledged assets

As at 31 December 2024 and 2023, the Company did not have pledged non-current intangible assets.

12 Property, plant and equipment

EUR thousand	Solar plants	Other property, plant and equipment	Construction in progress	Electric Vehicle charging stations	Total
Acquisition cost at 1 January 2023	2,111	1,850	1,771	-	**5,732**
Additions	-	-	11,950	-	**11,950**
Sales	(237)	-	-	-	**(237)**
Reclassifications (to)/from inventories	-	(15)	-	-	**(15)**
Reclassifications between categories	2,207	1,172	(3,379)	-	**-**
Acquisition cost at 31 December 2023	**4,081**	**3,007**	**10,342**	**-**	**17,430**
Accumulated depreciation at 1 January 2023	(437)	(907)	-	-	**(1,344)**
Depreciation	(226)	(423)	-	-	**(649)**
Sales	85	-	-	-	**85**
Reclassifications (to)/from inventories	-	11	-	-	**11**
Accumulated depreciation at 31 December 2023	**(578)**	**(1,319)**	**-**	**-**	**(1,897)**
Carrying amount as at 31 December 2023	**3,503**	**1,688**	**10,342**	**-**	**15,533**
Acquisition cost at 1 January 2024	**4,081**	**3,007**	**10,342**	-	**17,430**
Additions	-	4	10,170	-	**10,174**
Write-offs	-	-	(8)	-	**(8)**
Reclassifications from constructions in-progress	-	-	(12,810)	12,810	**-**
Reclassifications between categories	-	(2,957)	-	2,957	**-**
Reclassifications (to)/from other items of Statement of financial position	-	-	45	-	**45**
Other movement	-	-	(9)	-	**(9)**
Acquisition cost at 31 December 2024	**4,081**	**54**	**7,730**	**15,767**	**27,632**
Accumulated depreciation at 1 January 2024	**(578)**	**(1,319)**	**-**	**-**	**(1,897)**
Depreciation	(364)	(7)	-	(632)	**(1,003)**
Other reclassifications between categories	-	1,280	-	(1,280)	**-**
Accumulated depreciation at 31 December 2024	**(942)**	**(46)**	**-**	**(1,912)**	**(2,900)**
Carrying amount as at 31 December 2024	**3,139**	**8**	**7,730**	**13,855**	**24,732**

12.1 Fully depreciated property, plant and equipment

The cost of fully depreciated property, plant and equipment, but still in use by the Company were as follows:

EUR thousand	31 December 2024	31 December 2023
Other property, plant and equipment	53	30
Total	**53**	**30**

12.2 Acquisition commitments

As at 31 December 2024 and 2023, the Company had no significant acquisition commitments of property, plant and equipment which will have to be fulfilled during the later years.

12.3 Pledged property, plant and equipment

As at 31 December 2024 and 2023, the Company did not have pledged property, plant and equipment.

13 Investments in subsidiaries

The Company's investments in subsidiaries as at 31 December 2024:

Company name, EUR thousand	Ownership interest (%)	Acquisition cost	Impairment	Carrying amount
Ignitis Eesti OÜ	100	2,085	-	2,085
Ignitis Latvija SIA	100	11,500	-	11,500
Ignitis Polska Sp.z.o.o.	100	6,192	-	6,192
Ignitis Suomi OY	100	2,400	-	2,400
Total		**22,177**	**-**	**22,177**

The Company’s investments in subsidiaries as at 31 December 2023:

Company name, EUR thousand	Ownership interest (%)	Acquisition cost	Impairment	Carrying amount
Ignitis Eesti OÜ	100	85	-	85
Ignitis Latvija SIA	100	11,500	-	11,500
Ignitis Polska Sp.z.o.o.	100	6,192	(4,100)	2,092
Ignitis Suomi OY	100	2,400	-	2,400
Total		**20,177**	**(4,100)**	**16,077**

13.1 Impairment of investments (reversal of impairment) as at 31 December 2024

As at 31 December 2024, the Company carried out an analysis to determine existence of indications of impairment for investments in subsidiaries. The Company considered information from external and internal sources.

For the purpose to determine impairment indications it is assessed whether at least one of the following criteria:

1. actual EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation) is less than budgeted EBITDA;
2. actual Net profit is negative;
3. carrying amount of investment is higher than carrying amount of net assets.

In cases where at least one of the abovementioned conditions exist, before performing impairment tests, additional analysis was performed to determine whether current conditions show impairment indications. Additionally, the management assessed whether during the reporting period there have been any significant adverse changes in the technological, market, economic and legal environment in which subsidiaries operate. Having identified indications of possible impairment of investment in Ignitis Latvija, the Company performed an impairment test as at 31 December 2024 (see below). The test showed that no impairment needs to be recognised as at 31 December 2024 in respect of investments in subsidiaries.

Additionally, as the net assets of subsidiary Ignitis PolskaSp.z.o.o exceeded the carrying amount of the investment, the Company also performed an impairment test (see below) and calculated recoverable amount of the investment in Ignitis Polska. Accordingly, an impairment reversal of EUR 4,100 thousand was made, which is accounted for in the Statement of profit or loss, under the line "(Impairment)/reversal of impairment of investments in subsidiaries".

Ignitis Polska Sp.z.o.o.

The impairment test in 2024 was performed using the discounted cash flow method and using the following key assumptions:

1. cash flows were planned until 2033;
2. the average EBITDA margin is estimated at 1.5% and the average working capital at EUR 35.3 million;
3. discount rate of 7.2% (post-tax) (8.8% pre-tax) was used to calculate discounted cash flows.

The Company exercised the fair value assessment analysis of unobservable inputs variation relying on the sensitivity of the rate of return on investment (WACC). The possible recoverable amount changes due to variation of this input are disclosed in table below (EUR million):

EUR million	WACC (post-tax)						
	5.7%	6.2%	6.7%	7.2%	7.7%	8.2%	8.7%
Δ	(1.5%)	(1.0%)	(0.5%)	0.0%	0.5%	1.0%	1.5%
Change in recoverable amount (EUR million)	18.6	10.9	4.8	-	(4.0)	(7.3)	(10.1)

Ignitis Latvija SIA

The impairment test in 2024 was performed using the discounted cash flow method and using the following key assumptions:

1. cash flows were planned until 2039;
2. the average EBITDA margin is estimated at 3.9% and the average working capital at EUR 18.5 million;
3. discount rate of 9.7% (post-tax) (12.1% pre-tax) was used to calculate discounted cash flows.

The Company exercised the fair value assessment analysis of unobservable inputs variation relying on the sensitivity of the rate of return on investment (WACC). The possible recoverable amount changes due to variation of this input are disclosed in table below (EUR million):

EUR million	WACC (post-tax)						
	8.2%	8.7%	9.2%	9.7%	10.2%	10.7%	11.2%
Δ	(1.5%)	(1.0%)	(0.5%)	0.0%	0.5%	1.0%	1.5%
Change in recoverable amount (EUR million)	36.4	22.1	10.2	-	(8.7)	(16.2)	(22.6)

13.2 Movement of the Company’s investments

Movement of the Company’s investments during the reporting year:

EUR thousand	2024	2023
Carrying amount as at 1 January	**16,077**	**6,027**
Increase in issued capital of subsidiaries	2,000	2,250
(Impairment)/reversal of impairment of investments in subsidiaries	4,100	7,800
Carrying amount as at 31 December	**22,177**	**16,077**

In January 2023, the issued capital of Ignitis Eesti OÜ was increased by capitalising a loan – EUR 50 thousand.
In December 2023, the equity capital of Ignitis Suomi OY was increased – EUR 2,200 thousand.

In January 2024, was registered an equity increase of EUR 2,000 thousand in Ignitis Eesti OÜ.

14 Non-current and current receivables

EUR thousand	31 December 2024	31 December 2023
Loans granted	35,950	44,900
Finance lease	6,873	5,706
Total non-current	**42,823**	**50,606**
AB “Ignitis grupė” group’s cash-pool platform	25,617	-
Deposits for natural gas related derivatives to commodity traders	19,650	10,680
Deposits for electricity related derivatives in electricity market	10,017	17,895
Other accrued revenue	1,621	5,945
Accrued revenue from natural gas sales	-	5,035
Accrued revenue from electricity sales	1,366	102
Current portion of finance lease (Note 15.2)	1,093	943
Other receivables	727	1,091
Total current	**60,091**	**41,691**
Less: loss allowance	-	-
Carrying amount	**102,914**	**92,297**

As at 31 December 2024, financial assets in non-current and current receivables amount to EUR 73,958 thousand (31 December 2023: EUR 80,835 thousand). Financial assets exclude accrued revenue.

14.1 Deposits for electricity and natural gas related derivatives

The Company has made deposits for derivative instruments as assurance of contractual obligations with the Commodities exchange and Commodity traders for trading of derivatives linked to electricity and natural gas market prices. Deposits are in a form of cash collateral and the value moves on a daily basis, i.e. depends on market prices. The Company estimates that the whole amount of cash collateral will be recovered as the amounts payable are related to the realization of the future hedge and the sales contracts will be realized together with the hedge, thus invoices for derivative instruments will be covered with sales income and after this payment cash collateral will be recovered. In the Company’s assessment, the expected credit losses on derivative-related deposits are insignificant and therefore not accounted for.

14.2 Loans granted

EUR thousand	31 December 2024	31 December 2023[1]
Within 1 year	25,969	380
From 1 to 2 years	6,400	10,000
From 2 to 5 years	29,550	34,900
Carrying amount	**61,919**	**45,280**

[1]The amount of EUR 34,900 thousand, in 2023, has been reclassified from the line "From 1 to 2 years" to the line "From 2 to 5 years".

Movement of loans granted during 2024 and 2023 and reconciliation with cash flow statement:

EUR thousand	2024	2023
Balance as at 1 January	**45,280**	**56,600**
Loans granted	53,650	127,500
AB “Ignitis grupė” group’s cash-pool platform, net change	25,617	-
Interest calculated	5,562	6,266
Capitalised loans (Note 13.2)	-	(50)
Loans recovered	(62,600)	(139,000)
Interest received	(5,401)	(5,566)
Reclassified from/(to) other receivables	(189)	(470)
Carrying amount as at 31 December	**61,919**	**45,280**

14.3 Finance lease receivables

EUR thousand	31 December 2024	31 December 2023
Non-current receivables	6,873	5,706
Other amounts receivables	1,093	943
Carrying amount	**7,966**	**6,649**

The Company’s amounts receivable under the energy saving services agreements are included in the line items “Amounts receivable after one year” and “Other receivables”.

EUR thousand	31 December 2024	31 December 2023
Minimum payments		
Within the first year	1,366	1,050
From two to five years	5,394	4,091
More than five years	2,730	1,832
Total	**9,490**	**6,973**
Unearned finance income		
Within the first year	(273)	(107)
From two to five years	(877)	(212)
More than five years	(374)	(5)
Total	**(1,524)**	**(324)**
Carrying amount	**7,966**	**6,649**

As at 31 December 2024 and 2023, the Company assessed whether credit risk of finance lease clients has increased significantly and did not identify a significant increase.

15 Inventories

EUR thousand	31 December 2024	31 December 2023
Natural gas	40,416	60,760
Consumables, raw materials and spare parts	1,479	4,562
Carrying amount	**41,895**	**65,322**

Under the Lithuanian legislation the Company is required to store a quantity of natural gas in the underground storage facility as a reserve for the smallest (the most sensitive) consumers of the Company. As at 31 December 2024, the latter quantity comprised 480 GWh or EUR 21,463 thousand (31 December 2023: 480 GWh or EUR 16,851 thousand).

The Company's inventories expensed were as follows:

EUR thousand	2024	2023
Natural gas	347,140	737,280
Consumables, raw materials and spare parts	11,864	14,803
Total	**359,004**	**752,083**

Movements of inventory write-down to net realisable value were as follows:

EUR thousand	2024	2023
Carrying amount as at 1 January	**14,694**	**103,576**
Additional write-down to net realisable value	-	1,430
Reversal of write-down to net realisable value	(14,102)	(90,312)
Carrying amount as at 31 December	**592**	**14,694**

The reversal of write-down to net realisable value was made during 2024 as all the gas inventory held at end of year 2023 was sold through the first half of 2024 and market prices did not go below cost at the end of the year.

16 Trade receivables

EUR thousand	31 December 2024	31 December 2023
Amounts receivable from contracts with customers		
Receivables for electricity/natural gas – non-household customers	94,455	96,964
Receivables for electricity/natural gas – household customers	58,738	66,031
Other trade receivables	4,757	7,615
Total	**157,950**	**170,610**
Less: loss allowance	(5,119)	(6,199)
Carrying amount	**152,831**	**164,411**

As at 31 December 2024 and 2023, the Company has not pledged the right of claim to trade receivables.

No interest is charged on trade receivables and the regular settlement period is 15 to 30 days. Trade receivables for which the settlement period is more than 30 days comprise insignificant part of total trade receivables. The management didn't identify any significant financing component. For terms and conditions on settlement between related parties see Note 29.

Loss allowance of amounts receivable (lifetime expected credit losses) assessed using the loss ratio matrix

The table below presents information on the Company's trade receivables from contracts with customers as at 31 December 2024 that are assessed on a collective basis using the loss ratio matrix:

EUR thousand	Loss ratio	Trade receivables	Loss allowance
Not past due	0.33	29,794	98
Up to 30 days	0.78	7,608	59
30-60 days	3.34	1,919	64
60-90 days	2.98	2,015	60
90-120 days	13.54	347	47
More than 120 days	57.14	5,488	3,136
31 December 2024	**7.34**	**47,171**	**3,464**

The Company's trade receivables from contracts with customers as at 31 December 2023 that are assessed on a collective basis using the loss ratio matrix:

EUR thousand	Loss ratio	Trade receivables	Loss allowance
Not past due	0.21	61,516	131
Up to 30 days	1.89	3,968	75
30-60 days	5.50	1,090	60
60-90 days	13.32	548	73
90-120 days	21.68	309	67
More than 120 days	72.57	5,487	3,982
31 December 2023	**6.02**	**72,918**	**4,388**

The loss ratio matrix is based on historical data on the settlement for trade receivables during the period of validity of trade receivables and is adjusted with respect to future forecasts. The loss ratios are updated during the preparation of the annual financial statements with respect to the impact of forward-looking information where forward-looking information is indicative of any exacerbation of economic conditions during upcoming years.

Loss allowance of amounts receivable (lifetime expected credit losses) calculated using internal rating system

The table below presents information on the Company's trade receivables from contracts with customers as at 31 December 2024 that are assessed on a collective basis using the internal rating system:

Internal ratings	Trade receivables	Loss allowance
A	88,896	204
B	13,624	84
C	5,030	97
D	603	69
E	1,344	1,201
31 December 2024	**109,497**	**1,655**

The table below presents information on the Company's trade receivables from contracts with customers as at 31 December 2023 that are assessed on a collective basis using the internal rating system:

Internal ratings	Trade receivables	Loss allowance
A	72,378	184
B	12,108	129
C	6,067	113
D	460	62
E	1,534	1,323
31 December 2023	**92,547**	**1,811**

The assessment on the basis of the internal ratings assigned takes into account external and internal information about the debtor, which may be material to determine the debtor's ability to settle with the Company. External sources of information include financial status, court involvement, and debt to other entities, employee trends, arrests, and other information that is used as the basis for establishing a bankruptcy rating (bankruptcy probability model) or risk class. This external information is obtained through service agreements with third parties (Credit Agencies). The internal sources of information include the debtor's profile of actual settlements with the Company based on which the settlement rating is determined. Based on the ratio of bankruptcy ratings or risk classes to settlement ratings, the borrower is assigned internal rating on a scale from A to E, where A is the lowest risk and E is the highest risk grade.

In doing so, expected credit losses are based on the internal ratings assigned to the borrowers.

Loss allowance of amounts receivable (lifetime expected credit losses) calculated on an individual basis

The table below presents information on the Company's trade receivables from contracts with customers that are assessed on an individual basis:

	31 December 2024		31 December 2023	
EUR thousand	**Trade receivables**	**Loss allowance**	**Trade receivables**	**Loss allowance**
Not past due	1,194	-	5,101	-
Up to 30 days	77	-	33	-
30-60 days	-	-	-	-
60-90 days	-	-	-	-
90-120 days	-	-	11	-
More than 120 days	11	-	-	-
Carrying amount	**1,282**	**-**	**5,145**	**-**

Loss allowance of amounts receivable is stated in profit or loss of the statement of profit or loss.

Movements in the loss allowance of trade receivables during the year 2024 and 2023 were as follows:

EUR thousand	2024	2023
Carrying amount as at 1 January	**6,199**	**7,667**
Loss allowance during the year	1,948	2,491
Reversal of loss allowance	(3,028)	(3,959)
Carrying amount as at 31 December	**5,119**	**6,199**

17 Cash and cash equivalents

EUR thousand	31 December 2024	31 December 2023
Cash balances in bank accounts	31,132	51,125
Cash in transit	5,221	6,922
Carrying amount	**36,353**	**58,047**

Based on contracts with solar fleet developers, the Company collects on their behalf client payments for the acquisition, lease and maintenance of remote solar plants. Collected amounts are transferred to bank accounts specified by the developers. As at 31 December 2024, the amount of payments collected on behalf of such developers amounted to EUR 499 thousand (31 December 2023: EUR 1,247 thousand).

18 Equity

18.1 Capital management

For the purpose of capital risk management, the management uses equity as reported in the statement of financial position.

Pursuant to the Lithuanian Republic Law on Companies, the issued capital of a private limited liability company must be not less than EUR 1 thousand, and the shareholders' equity must be not lower than 50% of the company's issued capital. As at 31 December 2024, the Company complied with these requirements.

When managing the capital risk in a long run, the Company seeks to maintain an optimal capital structure of subsidiaries to ensure a consistent implementation of capital cost and risk minimization objectives. The Company form their capital structure in view of internal factors relating to operating activities, the expected capital expenditures and developments and in view of business strategy of the Company, as well as based on external current or expected factors significant to operations relating to markets, regulation and local economic situation.

18.2 Issued capital

EUR thousand	31 December 2024	31 December 2023
Issued capital		
Ordinary shares	41,155	41,155
Ordinary shares issued and fully paid	**41,155**	**41,155**

As at 31 December 2024, the Company's issued capital comprised EUR 41,155 thousand and was divided in to 141,913,794 registered ordinary shares with par value is EUR 0.29 of each. (As at 31 December 2023 – EUR 41,155 thousand and was divided in to 141,913,794 registered ordinary shares with par value is EUR 0.29 of each.)

On 5 September 2023, the sole shareholder decided to increase the Company's issued capital by issuing additional 3,500,000 ordinary registered shares with a par value of EUR 0,29 per share. The issue price of all newly issued shares is EUR 95,000 thousand, of which EUR 1,015 thousand is the value of all newly issued shares and EUR 93,985 thousand is the premium of all newly issued shares.

18.3 Dividends

EUR thousand	2024	2023
AB Ignitis grupė	-	20,000

No dividends were paid in 2024.

EUR 20,000 thousand of dividends were approved by the general shareholders meeting, held on 19 April 2023.

19 Reserves

19.1 Legal reserve

The legal reserve is a compulsory reserve under the Lithuanian legislation. Companies in Lithuania are required to transfer 5% of net profit from distributable profit until the total reserve reaches 10% of the issued capital. The legal reserve shall not be used for payment of dividends and is formed to cover future losses only. As at 31 December 2024, the Company's legal reserve was fully formed (as at 31 December 2023 was fully formed).

19.2 Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of the hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss as the hedged cash flows or items affect profit or loss.

20 Other comprehensive income

EUR thousand	Hedging reserve	Retained earnings	Total
Items that will not be reclassified to profit or loss in subsequent periods			
Result of change in actuarial assumptions	-	(19)	**(19)**
Taxes	-	3	**3**
Items that may be reclassified to profit in subsequent periods			
Cash flow hedges – effective portion of change in fair value	(182,177)	-	**(182,177)**
Cash flow hedges – reclassified to profit or loss	98,318	-	**98,318**
Taxes	12,579		**12,579**
Total as at 31 December 2023	**(71,280)**	**(16)**	**(71,296)**
Items that will not be reclassified to profit or loss in subsequent periods			
Result of change in actuarial assumptions	-	(15)	**(15)**
Taxes	-	3	**3**
Items that may be reclassified to profit in subsequent periods			
Cash flow hedges – effective portion of change in fair value	(14,111)	-	**(14,111)**
Cash flow hedges – reclassified to profit or loss	4,437	-	**4,437**
Taxes	1,450	-	**1,450**
Total as at 31 December 2024	**(8,224)**	**(12)**	**(8,236)**

21 Loans and lease liabilities

EUR thousand	31 December 2024	31 December 2023
Loans received	11,800	11,800
Lease liabilities	3,242	408
Total non-current	**15,042**	**12,208**
AB "Ignitis grupė" group's cash-pool platform, net change	-	39,266
Current loans	433	27,531
Lease liabilities	402	229
Total current	**835**	**67,026**
Total	**15,877**	**79,234**

Loans and lease liabilities by maturity:

EUR thousand	31 December 2024	31 December 2023
Up to 1 year	835	67,026
From 1 to 2 years	353	408
From 2 to 5 years	12,788	11,800
After 5 years	1,901	-
Total	**15,877**	**79,234**

All loans and lease liabilities of the Company are denominated in euros.

21.1 Covenants and unwithdrawn balances

As at 31 December 2024 and 31 December 2023 the Company only had loan agreements AB "Ignitis grupė", which did not include any financial or non-financial covenants that the Company is obliged to comply with.

As at 31 December 2024, the balance of the Company's unwithdrawn balance 50,000 thousand (31 December 2023: EUR 441,042 thousand).

22 Net debt

Net debt is a non-IFRS liquidity metric used to determine the value of debt against highly liquid assets owned by the Company.
While implementing risk management strategy, the management monitors net debt ratio.

This note sets out an analysis of net debt, a non-IFRS measure for the purposes of these financial statements presentation defined by management as presented below.

Debts to financial institutions, loans under cash-pool agreement to AB "Ignitis grupė" group companies and related interest payables and lease liabilities are included in the net debt calculation.

Net debt balances:

EUR thousand	31 December 2024	31 December 2023
Cash and cash equivalents	(36,353)	(58,047)
Non-current portion	15,042	12,208
Current portion	835	67,026
Net debt	**(20,476)**	**21,187**

Reconciliation of the Company's net debt balances cash flows from financing activities:

	Assets	Lease liabilities		Loans		
EUR thousand	**Cash**	**Non-current**	**Current**	**Non-current**	**Current**	**Total**
Net debt as at 1 January 2023	**(278,482)**	**47**	**241**	**370,800**	**297,067**	**389,673**
Cash changes						
(Increase) decrease in cash and cash equivalents	220,435	-	-	-	-	**220,435**
Loans received	-	-	-	-	-	**-**
Repayment of loans	-	-	-	(332,000)	-	**(332,000)**
Lease payments	-	-	(290)	-	-	**(290)**
Interest paid[1]	-	-	(17)	-	(28,224)	**(28,241)**
Net change in overdraft	-	-	-	-	(172,878)	**(172,878)**
AB "Ignitis grupė" group's cash-pool platform, net change	-	-	-	-	(76,958)	**(76,958)**
Non-cash changes						
Accrual of interest payable	-	-	17	-	17,296	**17,313**
Lease contracts concluded	-	591	51	-	-	**642**
Lease contracts write-off	-	-	(3)	-	-	**(3)**
VAT on interest payable	-	-	-	-	3,494	**3,494**
Reclassifications between items	-	(230)	230	(27,000)	27,000	**-**
Net debt as at 31 December 2023	**(58,047)**	**408**	**229**	**11,800**	**66,797**	**21,187**
Net debt as at 1 January 2024	**(58,047)**	**408**	**229**	**11,800**	**66,797**	**21,187**
Cash changes						
(Increase) decrease in cash and cash equivalents	21,694	-	-	-	-	**21,694**
Loans received	-	-	-	-	-	**-**
Repayment of loans	-	-	-	-	(27,000)	**(27,000)**
Lease payments	-	-	(366)	-	-	**(366)**
Interest paid[1]	-	-	(127)	-	(4,325)	**(4,452)**
Net change in overdraft	-	-	-	-	-	**-**
AB "Ignitis grupė" group's cash-pool platform, net change	-	-	-	-	(38,959)	**(38,959)**
Non-cash changes						
Accrual of interest payable	-	-	127	-	3,990	**4,117**
Lease contracts concluded	-	2,874	499	-	-	**3,373**
Lease contracts write-off	-	-	-	-	-	**-**
VAT on interest payable	-	-	-	-	(70)	**(70)**
Reclassifications between items	-	(40)	40	-	-	**-**
Net debt as at 31 December 2024	**(36,353)**	**3,242**	**402**	**11,800**	**433**	**(20,476)**

[1]*Interest paid are presented with VAT*

23 Provisions

EUR thousand	31 December 2024	31 December 2023
Non-current	332	35,926
Current	46,773	44,110
Total	**47,105**	**80,036**

Movement of the Company's provisions was as follows:

EUR thousand	Provisions for employee benefits	Regulatory differences of public electricity supply services	Provisions for onerous contracts	Other provisions	Total
Balance as at 1 January 2023	**71**	**20,335**	**-**	**192**	**20,598**
Increase during the year	22	10,896	66,535	48	**77,501**
Utilised during the year	-	(18,060)	-	(21)	**(18,081)**
Result of change in assumptions	18	-	-	-	**18**
Balance as at 31 December 2023	**111**	**13,171**	**66,535**	**219**	**80,036**
Balance as at 1 January 2024	**111**	**13,171**	**66,535**	**219**	**80,036**
Increase (decrease) during the year	(1)	(11,010)	(20,689)	210	**(31,490)**
Result of change in assumptions	19	(1,455)	-	-	**(1,436)**
Other	(6)	-	-	1	**(5)**
Balance as at 31 December 2024	**123**	**706**	**45,846**	**430**	**47,105**
Non-current	100	-	-	232	332
Current	23	706	45,846	198	46,773

The total change in provisions in 2024 is EUR (32,931) thousand. Change recognised in the statement of profit or loss – EUR (32,946) thousand, recognised in the statement of comprehensive income – EUR 15 thousand (total change in provisions in 2023 – EUR 59,438 thousand, change recognised in the statement of profit or loss – EUR 59,420 thousand, recognised in the statement of comprehensive income – EUR (18) thousand).

Regulatory differences of public electricity supply services

The provision for regulatory differences of public electricity supply activity consists of EUR 706 thousand provision (31 December 2023: EUR 13,171 thousand) related to regulatory differences of public electricity supply activity, set-off with the future regulatory differences of public electricity supply activity will be made within one year.

Provisions for onerous contracts

As at 31 December 2024, the Company recognised a provision of EUR 45,846 thousand (31 December 2023: EUR 66,535 thousand) related to electricity purchase agreements concluded in the second half of 2022 in an environment of high prices for energy commodities. The company actively manages the risks of energy commodity price volatility and diversifies its portfolio of acquisitions. As a result of the significant drop in market prices, as well as the optimisation of the supply cost of B2C independent electricity supply segment and the migration to lower fixed price supply plans, some of the Company's electricity purchase agreements are expected to generate losses in future periods. The expected loss will be realised in roughly equal instalments over the next year.

24 Deferred income and advances received

24.1 Deferred income

EUR thousand	2024	2023
	Current portion	Current portion
Balance as at 1 January	**-**	**36,597**
Increase during the year	292	-
Recognised as revenue	-	(36,597)
Balance as at 31 December	**292**	**-**

24.2. Advances received

EUR thousand	31 December 2024	31 December 2023
Current advances from contracts with customers (contract liabilities)	12,650	15,247
Current advances from other contracts	15	13
Total	**12,665**	**15,260**

25 Trade payables

EUR thousand	31 December 2024	31 December 2023
Amounts payable for gas	186,640	136,782
Amounts payable for electricity	44,162	31,451
Other payables	4,654	7,640
Carrying amount	**235,456**	**175,873**

26 Other current liabilities

EUR thousand	31 December 2024	31 December 2023
Accrued expenses	17,280	41,831
Taxes (other than income tax)	7,137	16,306
Derivative financial instruments (Note 29)	8,458	12,424
Payroll related liabilities	3,016	2,894
Amounts payable for property, plant and equipment	2,259	1,355
Other current liabilities	502	10,988
Carrying amount	**38,652**	**85,798**

As at 31 December 2024, financial liabilities comprise EUR 11,219 thousand (31 December 2023: EUR 24,767 thousand); financial liabilities include the following: “Deposits received for derivatives”, “Derivatives”, “Amounts payable for property, plant and equipment”, “Other current liabilities”.

27 Derivative financial instruments

Derivatives relate to electricity and natural gas commodities and include:
- contracts made directly with other parties – over-the-counter (OTC);
- contracts made through Nasdaq Commodities market – Nasdaq;
- other contracts.

Fair value of Nasdaq contracts are being set-off with cash on day-to-day basis. Accordingly, no financial assets or liabilities are recognised in statement of financial position, they are shown in the Net Profit (Loss) line (instead of the Adjustments line) in the Statement of Cash Flow. Gain or loss of such transactions is recognised same as all derivatives.

27.1 Derivative financial instruments included in the statement of financial position

EUR thousand	31 December 2024	31 December 2023
Other non-current assets	956	99
Other current assets	3,064	8,891
Other non-current liabilities	(19,422)	(12,676)
Other current liabilities (Note 26)	(8,458)	(12,424)
Carrying amount	**(23,860)**	**(16,110)**

Movement of derivative financial instruments:

EUR thousand	2024	2023
Carrying amount as at 1 January	**(16,110)**	**(14,377)**
Unrealised gains (loss) on OTC	(950)	1,398
Unrealised gains (loss) on ineffective Nasdaq instruments	(322)	(17,946)
Total realised gains (loss)	**(1,272)**	**(16,548)**
Fair value change of effective OTC	(6,800)	(3,131)
Fair value change of Nasdaq effectiveness	(2,873)	(80,727)
Unrealised gains (loss) in ‘Other comprehensive income’	**(9,673)**	**(83,858)**
Fair value change of Nasdaq set off with cash	**3,195**	**98,673**
Carrying amount as at 31 December	**(23,860)**	**(16,110)**

27.2 Derivative financial instruments in the statement of profit or loss

EUR thousand	Note	2024	2023
Recognised gains (loss) on OTC and Nasdaq		2,081	13,923
Unrealised gains (loss)		(1,271)	(16,548)
Total ineffective hedging result in the statement of profit or loss	6, 8	**810**	**(2,625)**
Effective hedging instruments reclassified from hedging reserve to the statement of profit or loss		(4,437)	(98,318)
Total effective hedging result in the statement of profit or loss	19.2	**(4,437)**	**(98,318)**
Total recognised in the statement of profit or loss		**(3,627)**	**(100,943)**

28 Contingent liabilities and commitments

28.1 Litigations

28.1.1 Litigation concerning the designated supplier state aid scheme and LNG price component

Following the General Court on the European Union (the General Court) on 8 September 2021 judgement in case T-193/19, AB „Achema” initiated the reopening of the previously suspended proceedings in the administrative courts of the Republic of Lithuania in respect of the complaints it has lodged against the National Energy Regulatory Council (hereinafter referred to ‘the Council’) regarding the Council’s decisions of the setting of the LNG price supplement. Company in these cases is intervened as a third party.

The General Court on 8 September 2021 in case T-193/19 decided to partially annul on procedural grounds the European Commission decision in case SA.44678 (2018/N) (hereinafter referred to ‘Decision’). The General Court considered that the European Commission should have had doubts on the amendments regarding the designated supplier state aid scheme which have been valid for a period from 2016 to 2018 and annulled Decision on that part, however maintained the validity of the remainder of the Decision i.e. the designated supplier state aid scheme valid from 2019.

Following the General Court's judgment, the Commission has re-examined the compatibility of the 2016 amendments and has decided to open an in-depth investigation under EU State aid rules. The Commission will now investigate further to determine whether the amount of compensation received by Litgas for the period 2016-2018, in particular regarding the boil-off and balancing costs, is in line with the SGEI Framework.

The European Commission’s formal investigation procedure, limited to the points of doubt raised by the General Court, should lead to the adoption of a final and complete decision of the European Commission.

During 2023, the Supreme Administrative Court of Lithuania issued final decisions in favour of the Company in three cases initiated by AB "Achema" regarding the determination of the LNG price component in 2019-2021.

After the formal investigation procedure (which started in December 2022) there will be more certainty in assessing the actual financial impact for the Company. The Company expects a decision to be taken in the first half year of 2025.

28.2 Regulatory assets and liabilities

28.2.1 Natural gas distribution to household customers

Natural gas supply to household customers activity is regulated by NERC. The NERC regulates natural gas tariff paid by customers. Regulatory differences defined as the difference between the fixed natural gas sales price and the actual natural gas purchase price were not recognised in the financial statements until 31 December 2024 as the Company had no guarantee for this difference to be repaid in the future according to the legislation base.

The undercollected unrecognised amount at 31 December 2024 is EUR 1,130 thousand (31 December 2023: EUR 437 thousand undercollected amount). The management expects that undercollected unrecognised amount of EUR 1,130 thousand to household customers will be included in future tariffs for upcoming next 12-month period.

28.2.2 Designated supply of natural gas

Designated supply activity is also regulated by NERC. Regulatory differences arise when the actual costs differ from those estimated, but the Company does not recognise regulated assets or liabilities in the financial statements as the difference will be refunded by providing the services in the future. The undercollected amount of EUR 6,158 thousand as at 31 December 2024 will be included in the LNGT security component in the future (undercollected amount of EUR 18,046 thousand as at 31 December 2023).

29 Related-party transactions

Related parties, EUR thousand	Amounts receivable	Loans granted	Amounts payable	Loans received	Sales	Purchases	Finance income	Finance (costs)
	31 December 2024	31 December 2024	31 December 2024	31 December 2024	2024	2024	2024	2024
Parent company AB Ignitis grupė	27	-	165,190	12,233	7	714	-	(9,559)
Subsidiaries of the Company	11,062	36,147	16,972	-	84,291	17,755	2,487	-
Other AB “Ignitis grupė” group companies	5,267	25,718	58,275	-	43,171	384,090	1,117	(22)
State-controlled UAB EPSO-G group companies	17,082	-	3,554	-	70,546	57,017	19	-
Total	**33,438**	**61,865**	**243,991**	**12,233**	**198,015**	**459,576**	**3,623**	**(9,581)**

Related parties, in EUR thousand	Amounts receivable	Loans granted	Amounts payable	Loans received	Sales	Purchases	Finance income	Finance (costs)
	31 December 2023	31 December 2023	31 December 2023	31 December 2023	2023	2023	2023	2023
Parent company AB Ignitis grupė	-	-	125,161	73,092	-	837	-	(19,958)
Subsidiaries of the Company	12,617	44,900	972	-	148,843	(21,856)	3,202	-
Other AB “Ignitis grupė” group companies	6,051	-	58,960	4,666	35,543	359,847	-	(80)
State-controlled UAB EPSO-G group companies	7,751	-	3,202	-	111,878	55,169	-	-
Total	**26,419**	**44,900**	**188,295**	**77,758**	**296,264**	**393,997**	**3,202**	**(20,038)**

The Company purchased electricity, transmission and distribution of electricity and gas, accounting, procurement, customer service, transport leasing and other services from related parties.

During 2024 and 2023, the Company used the AB “Ignitis grupė” group’s cash-pool platform. Loans granted to related parties in 2024 and 2023 are disclosed in Note 14.2. Movements of loans from related parties are disclosed in Note 22. Derivatives with related parties are disclosed in Note 27.

Transactions with other state-owned entities included regular business transactions and therefore they were not disclosed.

29.1 Terms of transactions with related parties

The payment terms set range from 30 to 90 days. Closing debt balances are not secured by pledges, they do not yield interest, and settlements occur in cash. There were no guarantees given or received in respect of the related party payables and receivables.

29.2 Compensation to key management

EUR thousand	2024	2023
Wages and salaries and other current benefits to key management	285	443
Whereof:		
Current benefits	251	420
Non-current benefits	34	23
Number of key management personnel	6	6

In 2024 and 2023, the members of the Management Board and the Chief Executive Officer of the Company are designated as the Company’s key governing bodies (the Supervisory Board was also designated as key governing body in 2023 – see below). For more information on the key governing bodies, see the “Governance report” of Annual report.

In May 2023, the Supervisory Board and the Management Board of the parent company adopted a decision to replace the Company’s two-tier governance model with a one-tier governance model, i.e. to remove the Executive Board made up of employees and instead to form the Board with a supervisory function; a new composition of the Management Board was approved.

30 Risk management

30.1 Overview

Risks are a natural and integral part of business activities, and risk profile changes continuously. The Company aims to mitigate its risks and reduce them to an acceptable level through risk management. This part describes only the management of the main financial risks. Other risks management are presented in the Governance section.

30.2 Financial risk factors

The Company is exposed to a variety of financial risks in their operations: market risk (including foreign exchange risk, interest rate risk in relation to cash flows), credit risk and liquidity risk. To manage these risks, the Company seeks to minimise potential adverse effects which could negatively impact the financial performance of the Company.

30.2.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The market risk comprises three types of risk: currency risk, interest rate risk, energy and commodity price risk.

30.2.1.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

As at 31 December 2024, the Company has variable interest rate loans granted and received and is therefore exposed to interest rate risk, its revenues and cash flows are affected by fluctuations in the market interest rates.

Assuming debt obligations, it is aimed that non-current liabilities would bear a fixed interest rate. If the fixing of the interest rate is not possible due to objective reasons and the liability assumed comprises a significant amount, the interest rate derivatives would be used for the purpose of interest management (the Company did not use interest rate derivatives in 2024 and 2023). The aim is that non-current borrowings with fixed interest rates comprised no less than 50% of the Company's non-current borrowings portfolio. The usage of any of the interest rate derivatives requires the expiry date of the derivative to correspond to the maturity date of the debt obligation.

The risk of adverse changes in the interest rate of the investment is not actively insured. Risk management measures are applied only when the market has obvious indications that the interest rate might significantly decrease, resulting in negative investment returns.

As at 31 December 2024, there was no loans received with variable interest rate (EUR 27,000 thousand as at 31 December 2023). As at 31 December 2024, loans granted with variable interest rate amounted to EUR 35,950 thousand (EUR 44,900 thousand as at 31 December 2023).

Interest rate risk is assessed in relation to sensitivity of the Company's profit to potential shift in interest rates. This assessment is given in the table below.

	Increase/decrease, percentage points	(Decrease)/increase in profit
2024	1/(1)	359/(359)
2023	1/(1)	179/(179)

As at 31 December 2024, the Company had no significant valid interest rate swaps.

30.2.1.2 Energy and commodity risk

Commodity risk is the risk that changes in market prices (i.e. commodity prices) will affect the Company's results or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Company uses derivatives to manage the commodity risk. All such transactions are carried out according to Group's risk management policy. Generally, the Company seeks to apply hedge accounting to manage volatility in the statement of profit or loss.

In the ordinary course of its operations, the Company is exposed to commodity risks on natural gas and electricity products.

The source of exposure lies with cash flows from sales of natural gas and electricity or cost cash flows incurred to procure fixed price electricity/natural gas power for sales contracts. Majority of this type of exposure is based on changes of respective commodity price in the market that the Company operates.

Commodity risk arises primarily from the following activities:

- Fixed price commodity sales contracts (electricity and natural gas) for household and business customers;
- Fixed price natural gas purchases contracts.

In order to manage commodity risk, the Company enters into financial derivatives contracts (cash flow hedges).

This is performed in order to secure a fixed acquisition price of the above mentioned commodities, so that optimum profit margins could be obtained from contracted or expected fixed price sales.

For electricity related hedges, the Company uses price component based hedges in the derivatives market (NASDAQ commodities) or equivalent over-the-counter contracts (OTC), and for natural gas related hedges – OTC contracts with price indexes matching hedged contracts. Assessment of economic relationship and hedge effectiveness is performed by:

- dollar offset method for electricity hedges;
- descriptive method for natural gas hedges.

The two separate components that are being used as a hedged item for electricity related hedges are SYS price and price component equivalent or similar to difference between Lithuania price area and SYS price. Their economic relationship is determined separately for each component.

- SYS price (average price of Nordpool power market, of which Lithuania is a member);
- Price component equivalent or similar to difference between Lithuania price area and SYS price (commonly referred as EPAD in NASDAQ commodities market).

Source of hedge ineffectiveness is mainly related to limited supply of financial derivatives for Lithuanian electricity price area in the market. Therefore, commodity risk is partly hedged in similar price area's (Latvian, Estonian and other), which results in partial ineffectiveness. The designated risk component of SYS historically covered 100% of the changes in hedged item, while designated price component equivalent or similar to difference between Lithuania price and SYS price historically covered variety of percentages (depending on hedge timing and hedged price area). During the reporting period of 2024, on average 70% of all electricity hedge contracts in terms of value has been effective.

Overview of the Company's derivatives positions:

EUR thousand	31 December 2024		31 December 2023	
	Contractual nominal value	Market value	Contractual nominal value	Market value
Market derivatives – Electricity (Nasdaq commodities)	19,449	(604)	29,246	2,591
Over the counter (OTC) derivatives – Electricity	197,376	(20,518)	50,319	(14,363)
Over the counter (OTC) derivatives – Natural gas	7,850	(3,342)	10,151	(1,747)
Total	**224,675**	**(24,464)**	**89,716**	**(13,519)**

Nominal amounts (quantities in MWh) hedged:

	31 December 2024				
	2025	2026	2027	2028	2029-2036
Electricity hedges	1,754,462	294,752	406,139	232,845	1,710,379
Natural gas hedges	(41,285)	184,386	46,146	-	-
Total	**1,713,177**	**479,138**	**452,285**	**232,845**	**1,710,379**

Negative amount indicates that there are more "sell" positions than "buy" positions.

Nominal amounts hedged:

	31 December 2024				
EUR thousand	2025	2026	2027	2028	2029-2036
Electricity hedges	42,045	12,415	20,803	16,930	124,633
Natural gas hedges	227	6,103	1,519	-	-
Total	**42,272**	**18,518**	**22,322**	**16,930**	**124,633**

Market value sensitivity analysis, due to changes in market prices:

EUR thousand	31 December 2024		
	Increase by 10%	Current prices	Decrease by 10%
	Market value	Market value	Market value
Market derivatives – Electricity (commodities Nasdaq)	1,175	(604)	(2,575)
Over the counter (OTC) derivatives – Electricity	(3,555)	(20,518)	(38,756)
Over the counter (OTC) derivatives – Natural gas	(2,168)	(3,342)	(3,889)
Total	**(4,548)**	**(24,464)**	**(45,220)**

30.2.1.3 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company's exposure to credit risk arises from operating activities (trade and other amounts receivable) and from financing activities (granted loans, finance lease agreements, derivatives). The Company's risk related to cash is limited, as the Company keeps cash balances only in reliable financial institutions.

The Company is not exposed to significant credit risk concentration related to trade and other amounts receivable.

To make optimal decisions on the possibility of concluding agreements with the Company's customers, the Company follows a process and criteria for assessing the solvency of its customer, organises a financial/expert due diligence and, on the basis of the information obtained, makes a decision on the customer's risk. The agreements are concluded with the Company's customers in view of the customer solvency risk assessment by applying customised settlement terms: longer settlement periods are applied to customers with a lower risk and customers with a higher risk are subject to more stringent settlement terms and (or) additional collaterals, including funds deposited in the Company's account, sureties, bills of exchange, etc. To manage the risk of counterparty default, the Company applies an approved Customer Solvency Risk Management Standard.

The Company measures receivables using expected credit loss provision matrix (Note 4.3.1) or on an individual basis (Note 4.3.2), where the financial position and credit risk of each borrower are measured individually by analysing the borrower's financial statements, settlement discipline and other publicly available information about the debtor that may be affected by the debtor's credit assessment.

The priority objective of the Company's treasury management is to ensure security of funds and maximize return on investments in pursuance of this objective. Risk of counterparties defaulting is managed by entering into transactions with reliable financial institutions (or subsidiaries of such institutions) with a long-term credit rating (in foreign currency) lower than 'A-' according to the rating agency Fitch Ratings (or an equivalent rating of other rating agencies).

The maximum exposure to credit risk is equal to the carrying amount of financial assets and the nominal value of guarantees issued.

EUR thousand	Note	31 December 2024	31 December 2023
Financial assets measured at amortised cost			
Non-current receivables	14	35,950	44,900
Trade receivables	16	152,831	164,411
Other receivables	14	29,707	29,666
Cash and cash equivalents	17	36,353	58,047
Amounts receivable under finance lease agreements			
Non-current portion	14	6,873	5,706
Current portion	14	1,093	943
Financial assets measured at FVPL or FVOCI			
Derivatives	27	4,020	8,990
Total		**266,827**	**312,663**

30.2.2 Liquidity risk

The liquidity risk is managed by planning future cash flows of the entities of the Company and ensuring sufficient cash and availability of funding through committed credit facilities and overdrafts to support the Company's ordinary activities. The refinancing risk is managed by ensuring that borrowings over a certain period were repaid from available cash, from cash flows expected from operating activities of the Company over that period, and from unwithdrawn committed credit facilities which have to be repaid in later periods.

As at 31 December 2024, the Company's current liquidity ratio (total current assets/total current liabilities) and quick ratio ((total current assets – inventories) / total current liabilities) were 0.89 (see Note 30.3 "Going concern") and 0.77 respectively (31 December 2023: 0.89 and 0.73 respectively). As at 31 December 2024, the Company's balance of credit and overdraft facilities not withdrawn amount to EUR 50,000 thousand (31 December 2023 – EUR 441,042 thousand).

The table below summarises the Company's financial liabilities by category:

EUR thousand	Note	31 December 2024	31 December 2023
Amounts payable measured at amortised cost			
Loans	21	12,233	78,597
Lease liabilities		3,644	637
Trade payables	25	235,456	175,873
Other current liabilities		2,761	12,343
Financial liabilities measured at FVPL or FVOCI			
Derivatives	27	27,880	25,100
Total		**281,974**	**292,550**

The table below summarises the maturity profile of the Company's financial liabilities under the contracts (based on contractual undiscounted payments of interest-bearing financial liabilities and the carrying amounts of other financial liabilities):

EUR thousand	2024				Total
	Less than 3 months	3 months to 1 year	From 1 to 5 years	After 5 years	
Loans	518	245	19,849	-	**20,612**
Lease liabilities	-	644	2,231	2,537	**5,412**
Trade payables	189,758	45,698	-	-	**235,456**
Other current liabilities	2,761	-	-	-	**2,761**
Derivative financial instruments	7,347	1,674	13,522	5,900	**28,443**
31 December 2024	**200,384**	**48,261**	**35,602**	**8,437**	**292,684**

EUR thousand	2023				Total
	Less than 3 months	3 months to 1 year	From 1 to 5 years	After 5 years	
Loans	66,941	185	13,298	-	**80,424**
Lease liabilities	66	198	452	-	**716**
Trade payables	99,028	76,845	-	-	**175,873**
Other current liabilities	12,343	-	-	-	**12,343**
Derivatives	2,619	9,805	12,676	-	**25,100**
31 December 2023	**180,997**	**87,033**	**26,426**	**-**	**294,456**

30.3 Going concern

The financial statements were prepared based on the going concern assumption. During the financial year 2024, the Company earned a profit. Although the Company's current liabilities exceeded current assets by EUR 35,236 thousand as at 31 December 2024 (31 December 2023 – 41,080), the Company's management believes that this will not affect the Company's ability to continue as a going concern. The Company plans to cover the difference between current assets and current liabilities from positive cash flows from operating activities during 2025 and from available but not yet utilised loan limits.

On 13 February 2025, the Company's parent company AB Ignitis grupė submitted a confirmation letter which states that it will continue providing financial support to the Company for at least 12 months following the date of this letter to enable the Company to continue trading activities and meet its liabilities.

31 Fair values of financial instruments

31.1 Financial instruments measured at fair value

As at 31 December 2024 and 2023, the Company has accounted for assets and liabilities arising from financial derivatives. The Company accounts for financial derivative assets and liabilities at fair value and their accounting policies are set out in 6.2 Note 1.11 Market values that are based on quoted prices (Level 1) comprise quoted commodities derivatives that are traded in active markets. The market value of derivatives traded in an active market are often settled on a daily basis, thereby minimising the market value presented on the statement of financial position.

Market values based on observable inputs (Level 2) comprise derivatives where valuation models with observable inputs are used to measure fair value. All assets and liabilities measured at market value are measured on a recurring basis. The Group attributes to Level 2 of the fair value hierarchy derivatives linked with the Lithuanian/Latvian and Estonian/Finish electricity price areas. Derivatives acquired directly from other market participants (OTC contracts) and physical transmission rights acquired are estimated based on the prices of the NASDAQ Commodities exchange.

The Company's derivatives are measured at fair value (all allocations to hierarchy levels are presented in a table below).

31. 2 Financial instruments for which fair value is disclosed

The fair value of the Company's financial liabilities related to loans to commercial banks and Group companies is calculated by discounting future cash flows with reference to the interest rate observable in the market. The cash flows were discounted using a weighted average discount rate of 3.55% as at 31 December 2024 (31 December 2023: 6.42%). The measurement of financial liabilities related to the debts is attributed to Level 2 of the fair value hierarchy.

The fair value of the loans granted by the Company to Group and other companies was determined by discounting cash flows with reference to the interest rate observable in the market. The cash flows were discounted using a weighted average discount rate of 3.55% as at 31 December 2024 for loans above EUR 1 million and 3.55% for loans less than EUR 1 million (31 December 2023: 6.42% for loans above EUR 1 million and 5.58% for loans less than EUR 1 million). The measurement of financial liabilities related to the debts is attributed to Level 2 of the fair value hierarchy.

The table below presents allocation between the fair value hierarchy levels of the Company's financial instruments as at 31 December 2024:

EUR thousand	Note	Carrying amount	Level 1 Quoted prices in active markets	Level 2 Other directly or indirectly observable inputs	Level 3 Unobservable inputs	Total
Financial instruments at FVPL or FVOCI						
Assets						
Derivatives	27	**4,020**	-	4,020	-	**4,020**
Liabilities						
Derivatives	27	**27,800**	-	27,880	-	**27,880**
Financial instruments for which fair value is disclosed						
Assets						
Loans granted	14.2	**61,919**	-	62,533	-	**62,533**
Liabilities						
Loans received		**12,233**	-	11,704	-	**11,704**

The table below presents allocation between the fair value hierarchy levels of the Company's financial instruments as at 31 December 2023:

EUR thousand	Note	Carrying amount	Level 1 Quoted prices in active markets	Level 2 Other directly or indirectly observable inputs	Level 3 Unobservable inputs	Total
Financial instruments at FVPL or FVOCI						
Assets						
Derivatives	27	**8,990**	-	8,990	-	**8,990**
Liabilities						
Derivatives	27	**25,100**	-	25,100	-	**25,100**
Financial instruments for which fair value is disclosed						
Assets						
Loans granted	14.2	**45,280**	-	46,616	-	**46,616**
Liabilities						
Loan of the parent company		**39,331**	-	37,530	-	**37,530**
AB "Ignitis grupė" group's cash-pool platform	21	**39,266**	-	39,266	-	**39,266**

32 Events after the reporting period

There were no other significant events after the reporting period until the issue of these financial statements.

6.2. Accompanying information

1 Material accounting policies

1.1 New standards, amendments and interpretations

1.1.1 Standards and their interpretations, announced and adopted by the European Union, effective for the current reporting period

The following are new standards and/or amendments to the standards that have been approved by IASB and endorsed in European Union during the year ended as at 31 December 2024.

Standards or amendments that came into force during the year of 2024
Classification of Liabilities as Current or Non-current Liabilities with Covenants
Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements
Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback

The adoption of these standards, revisions and interpretations had no material impact on the financial statements.

1.1.2 Standards issued but not yet effective and not early adopted

The Company did not adopt new IFRS and International Accounting Standards (hereinafter referred to as 'IAS'), their amendments and interpretations issued by IASB, the effective date of which is later than 31 December 2024 and early adoption is permitted. The following are new standards and/or amendments to the standards that have been issued but not yet effective:

Other standards

The following new and amended standards are not expected to have a significant impact on the financial statements.

Other new standards or amendments	IASB Effective date	EU Endorsement status
Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability	1 January 2025	Endorsed
Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7	1 January 2026	Not yet endorsed
Annual Improvements Volume 11	1 January 2026	Not yet endorsed
Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7	1 January 2026	Not yet endorsed
IFRS 19 Subsidiaries without Public Accountability: Disclosures	1 January 2027	Not yet endorsed
IFRS 18 Presentation and Disclosure in Financial Statements	1 January 2027	Not yet endorsed

1.2 Revenue from contracts with customers

The Company in the contracts with customers identifies performance obligations (stated either explicitly or implied) to transfer either distinct goods or services or series of distinct goods or services that are substantially the same and have the same pattern of transfer to the customer. Promised goods or services represent separate performance obligations if the goods or services are distinct. A promised good or service is considered distinct if both of the following criteria are met:

(i) customer can benefit from the good or service on its own or with other readily available resources (i.e. distinct individually), and

(ii) the good or service is separately identifiable from other promises in the contract (distinct within the context of the contract).

Company's major legal performance obligations identified in the contracts with customers are: sale of electricity and gas, supply of electricity, sales of produced electricity, services ensuring the isolated operation of power system and capacity reserve, distribution of gas, distribution and transmission of electricity, new customers connection and upgrade, provision of Public Service Obligations (hereinafter referred to as 'PSO services') and provision of Liquefied Natural Gas Terminal Security Component Obligations (hereinafter referred to as 'LNGT services').

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties.

For certain service contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously. When recognising revenue, the Company takes into consideration terms of contracts signed with customers and all significant facts and circumstances, including the nature, amount, timing and uncertainty relating to cash flows arising from the contract with the customer.

1.2.1 Electricity related revenue

The Company's revenue related to electricity comprises the following:

- Revenue from the sale of electricity,
- Revenue from supply of electricity.

Electricity related revenue is received from non-household and household customers. For household customers, electricity is supplied at the public supply tariff (Note 1.2.1.2) or the independent supply tariff (Note 1.2.1.1). Electricity to non-household customers is supplied at independent supply tariff (Note 1.2.1.1).

Accounting policy for electricity related revenue may be presented in accordance with the components of the electricity tariff applied to the consumed electricity by household and non-household customers. The tariff consists of the following components:

a) price of electricity (Note 1.2.1.1, 1.2.1.2);
b) fee for electricity supply services (Note 1.2.1.1, 1.2.1.2);
c) price of electricity distribution services, which include two components: transmission over high voltage grid and distribution over medium and low voltage grid (Note 1.2.1.1);
d) price of electricity system services (includes capacity reserve services) (Note 1.2.1.1);
e) fee for PSO services (hereinafter "PSO fees") (Note 1.2.1.1).

Information on price regulation and the Company's profitability is provided in Note 1.2.4.1.

1.2.1.1 Revenue from the sale of electricity

Revenue from the sale of electricity (Note 5, line "Revenue from the sale of electricity") mainly consists of sales of electricity to non-household customers and to household customers through the provision of an independent supply service under a bilateral contract.

Revenue includes the price of electricity and the fee for electricity supply services. Revenue is recognised over time in each reporting period on the basis of VAT invoices issued, which includes the calculated amount of electricity consumed. Electricity consumption is calculated on the basis of the declared meter readings provided by consumers.

When performing electricity supply, through tariff paid by customers, the Company collects fees and other tariff components (Note 1.2.1) and transfers them to other entities:

- *Tariff component: transmission over high voltage grid and distribution over medium and low voltage grid*

Electricity distribution and transmission services are acquired from transmission grid operator. The Company collects fees for these services through the electricity tariff and transfers to aforesaid operator. The Company's management has identified that in respect of electricity distribution and transmission services (Note 4.2.2) the Company acts as an agent. Revenue and costs from these services are recorded under "Purchases of electricity, natural gas and other services" in the statement of profit or loss.

- *Tariff component: system services*

System services are provided by and acquired from the electricity transmission system operator. The Company collects fees for these services through electricity tariff and transfers to aforesaid operator. On the basis of the same arguments used to determine the agent's activities with regard to electricity transmission and distribution services (Note 4.2.2), the Company's management has identified that the Company acts as an agent system services also. Revenue and costs from these services are recorded under "Purchases of electricity, natural gas and other services" in the statement of profit or loss.

- *Tariff component: PSO fee*

PSO fee is an integral part of electricity tariff. The Company collects PSO fees through electricity tariff from the end-customers connected to the electricity distribution network and transfers them to the PSO fund administrator UAB Baltpool. The Company's management has identified that in respect of PSO fees the Company acts as an agent (Note 4.2.1). Revenue and costs from these fees are recorded under "Purchases of electricity, natural gas and other services" in the statement of profit or loss.

1.2.1.2 Revenue from public supply of electricity

Revenue from public supply of electricity (Note 5, line item "Revenue from public supply of electricity") consists of the following components of the public supply tariff:

(i) price of public electricity, and
(ii) price of public electricity supply.

Revenue from public electricity supply to the customers is recognised over time referring to the supplied electricity quantity reading devices provided by them and verified by the distribution system operator. In case of difference between provided and verified quantities due to over declaration, the Company estimates the amount of deferred income (Note 23) and accounts for as a contract liability. If the Company doesn't receive the data of electricity consumed according to the readings of meters due to specific reasons (customer's delays to present readings, fails of the remote meter's scanner or other agreements with the customer) the revenue from sale of electricity is recognised based on the average usage estimation method. By applying the average usage estimation method consumption of the electricity is calculated according to the historical 12 months data of electricity consumption, i.e. the average consumption for the certain period is calculated, and at the end of year is adjusted according to the actual readings.

Public electricity supply is regulated (Note 1.2.4.1).

When performing public electricity supply, through tariff paid by customers, the Company collects fees (Note 1.2.1) for other tariff components and transfers them to other entities (Note 1.2.1.1).

1.2.2 Natural gas related revenue

The Company's natural gas related revenue includes:

- revenue from sale of natural gas (Note 1.2.2.1),
- income of LNGT security component (Note 1.2.2.2).

Natural gas related revenue is received from business customers and household customers by providing natural gas supply services. Income of LNGT security component is received as a compensation for providing services of designated supplier. For the purpose of these financial statements, terms "gas" and "natural gas" are inter-changeable.

Accounting policy for revenue from natural gas supply to household customers may be presented in accordance with the components of the natural gas tariff applied to the consumed gas by household customers. Final natural gas tariff to household customers comprise of the following components:

(a) price of gas (Note 1.2.2.1);
(b) price of natural gas transmission over high-pressure;
(c) price of natural gas distribution over medium and low pressure grid services;
(d) LNGT security component (Note 1.2.2.2).

The Company as a natural gas supplier collects payments for all tariff components from customers. The component of transmission service price and LNGT security component are transferred to transmission grid operator, gas distribution service price component - to the operator of natural gas distribution network. The Company is an agent in collection of transmission service component (Note 4.2.3), LNGT security component (Note 4.2.1) and distribution service component fees (Note 4.2.3). Revenue and costs from are recorded under "Purchases of electricity, natural gas and other services" in the statement of profit or loss.

Regulation of tariffs and the Company's profitability is presented in Note 1.2.4.2.

Accounting policy for revenue from business customers is presented in Note 1.2.2.1.

1.2.2.1 Revenue from sale of natural gas

Revenue from sale of natural gas (Note 5 line item "Revenue from sale of natural gas") consists of natural gas price and supply margin. Natural as sales are performed by the Company as a natural gas supplier to household customers and as a designated LNG supplier to gas market.

Revenue from sale of natural gas to end-customers is recognised on a monthly basis referring to the supplied gas quantity readings devices provided by them and verified by the distribution system operator (an accrual basis). In case of difference between provided and verified quantities due to over declaration, the Company estimates the amount of deferred income (Note 24) and accounts for as a contract liability. Revenue and costs from are recorded under "Purchases of electricity, natural gas and other services" in the statement of profit or loss.

1.2.2.2 LNGT security component

The Law on the Liquefied Natural Gas Terminal of the Republic of Lithuania provides that contribution so-called security component related to the following securities of natural gas supply shall be collected from end-customers and added to the natural gas transmission price:

- for the installation of LNGT, its infrastructure and connection and all fixed operating costs that are not included in other state regulated prices, and
- to compensate for the reasonable costs of supplying the minimum quantity required to ensure the necessary operation of the LNGT.

Similarly to PSO fees, LNGT security component is collected from end-customers through the natural gas tariff and transferred then to the state budget, from which the LNGT funds are distributed (i.e. disbursed) to LNGT service providers.

The Company acts as a natural gas supplier that collects LNGT security component from end-customers and as designated liquefied natural gas supplier (hereinafter "designated supplier") the function of which is to ensure the necessary operation of the LNGT by supplying the minimum quantity of natural gas.

1.2.2.2.1 The Company as a natural gas supplier to end-customers

LNGT security component is an integral part of natural gas tariff to the customer. Payments for LNGT security component collected directly from customers or natural gas suppliers, if the customers don't have a direct contract with the operator of transmission system. Collected amounts of LNGT security component are transferred to gas transmission system operator AB Amber Grid which is appointed to perform the function of administering the LNGT security component. In accordance of IFRS 15 the Company in providing these services consider itself by acting as an Agent and recognises the revenue on a net basis (Note 5.2). Income and disbursements of LNGT security component (regardless whether the net of it is positive or negative) are recognised under the item "Purchases of electricity, natural gas and other services" in the statement of profit or loss. Income and disbursements of LNGT security component (regardless whether the net of it is positive or negative) are recognised under the item "Purchases of electricity, natural gas and other services" in the statement of profit or loss.

1.2.2.2.2 The Company as a designated LNGT supplier to gas market

The Company provides designated LNG supply function.

In order to maintain the LNG Terminal infrastructure in minimum mode, a certain amount of natural gas, which is to be supplied through the LNG Terminal, is required for filling, regasification or transhipment and supply to the Lithuanian natural gas system or the international LNG market.

The Law on the LNG Terminal and the Description of the Natural Gas Supply Diversification Procedure determines that the required quantity shall be supplied by the designated supplier (nominated by the Ministry of Energy for 10 years, term ends on 31 December 2024) by concluding a contract with the LNG supplier.

To ensure the operation of LNG Terminal the designated supplier shall sell the required quantity on a competitive market and therefore its costs which due to the nature of its activities are exclusively borne (whereas other suppliers don't incur) are compensated by operator of transmission system paying LNGT funds that are paid from the budget of LNGT security component collected by natural gas suppliers from end customers. Accordingly, the Company receives revenue from LNGT funds. The designated supply of natural gas is regulated by NERC (Note 1.2.4.2).

The revenue of LNGT funds is recognised over time by issuing VAT invoices to the operator of transmission system according to the statements which are received from it and include information of degassed and (or) reload quantity of LNG and the quantity of LNG used for the Company's technological needs at LNG Terminal. Revenue of LNGT funds is recognised under the "Revenue from contracts with customers” item in the statement of profit or loss. LNGT security component income is presented in Note 5 line item “LNGT security component income”.

Revenue from LNGT security component is regulated by NERC (Note 1.2.4.2).

1.2.3 Other significant revenue from contracts with customers

1.2.3.1 Revenue from project activities

Project-based activity comprise a number of interrelated works. Accordingly, the promise of the seller to render solar park, power saving, electric car charging and other installation services to the customer is identified as a performance obligation in the agreement concluded with the customer. The performance obligation under the agreement concluded with the customer is to be carried as soon as the object specified in the contract has been transferred to the customer. The progress of completion of the performance obligation is measured using the input method. The Company has determined that the input method, on the basis of costs incurred, provides an appropriate measure of progress towards complete satisfaction of the performance obligation.

After the completion of construction and contractual works, the seller grants a warranty period for these works and goods used. Pursuant to paragraph B31 of IFRS 15, whether the warranty is required by law, the warranty is aimed at protecting customers from the risk of purchasing defective products, therefore, it is not deemed a separate performance obligation of the seller.

The agreement concluded with the customer indicates the total price that the seller will recognise as revenue upon execution of the performance obligation over the validity period of the agreement. The seller and the customer may agree that the consideration for contractual works might increase due to additional works or other costs, but no variable consideration arises in the agreement concluded with the customer as a result of this condition.

Revenue under the agreement concluded is recognised over the time based on a stage of completion percentage. At the date of preparation of the financial statements, the seller assesses the ratio between the actually incurred expenses and the expenses projected in the estimate to the agreement and accounts for the amount of revenue as the product of the price of the agreement and the established stage of completion ratio.

1.2.4 Regulation of tariffs and profitability

Profitability of some individual activities of the Company is regulated by the National Energy Regulatory Council (NERC) through the service tariffs approved for the next periods The level of tariffs depends on the projected costs and volume of services for the next period, the extent to which the previous period earnings are at variance with the regulated level, and other factors.

Actual costs of regulated activities incurred by the Company during the year may be at variance with the projected costs that are considered during the approval of the tariffs, and the actual volume of services may be at variance with the projected one. Accordingly, actual earnings from regulated activities may be at variance with the regulated level, and the resulting difference will affect the future tariffs of services.

The Company usually does not recognise assets and liabilities of the regulated activities that are intended to eliminate the mismatches between the current year earnings and the regulated level, provided the difference will be recovered/refunded only through the provision of services in the future, except those presented in Note 5.2.

1.2.4.1 Regulation of electricity related activities

The public electricity price is regulated by NERC by setting price caps for electricity purchase price and distribution services and by adding the difference between actual purchase price of electricity and the forecasted electricity price for the previous period.

1.2.4.2 Regulation of gas related activities

The NERC regulates the prices of gas transmission and distribution services and LNGT security component, in respect of which the Company acts as an agent, which are included in gas tariff for household customers

Liquefied natural gas is sold to regulated (supervised) energy producers at the market price set and approved by NERC. Non-regulated sales of natural gas are conducted at the prices agreed between the parties.

Activity of designated supply activities is regulated by the NERC. The Company receives a compensation to cover the difference between the price of designated supply and weighted average natural gas import price, which is recognised as revenue. Revenue is received through the LNGT component. The security component of the LNGT depends on the projected gas prices and other costs for the upcoming year, the forecasted gas supply volumes, the deviation of the revenue received in previous periods from the regulated amount and other things. Actual costs incurred by the Company during the year may differ from those estimated when approving prices and the actual amount of supply may differ from the forecast. As a result, the Company’s actual revenue level may deviate from the regulated level and the difference will affect the future LNG terminal security component and thus future revenue. The Company does not recognise a regulated asset or liability that is intended to equalize current year revenue to a regulated level if the difference affects future supply prices and is recovered / refunded in the future provision of services.

1.3 Intangible assets

1.3.1 Patents, licences

Patents and licences are initially measured at acquisition cost and amortised using the straight-line method over their estimated useful lives of 3 to 5 years, or over the specific period of validity of the licence/patent, if any. Useful life is reviewed on year-by-year basis.

1.3.2 Computer software

Computer software is stated at cost, less accumulated amortisation and impairment losses.

Amortisation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be available for operating in the manner intended by management. Amortisation is calculated on the straight-line basis over the estimated economic useful life of 3 to 4 years. Useful life is reviewed on year-by-year basis.

1.3.3 Assets identified during business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are recognised initially at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, intangible assets acquired in a business combination are measured at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

For assets acquired during business combination, useful life of 20 years was set for balancing services and trade in derivatives, and 15 years for customer relation assets. Amortisation is computed on a straight-line basis. Useful life is reviewed on year-by-year basis.

1.4 Property, plant and equipment

Property, plant and equipment is stated at acquisition (production) cost less accumulated depreciation and impairment losses, if any. Depreciation is calculated on a straight-line basis over the useful lives established for property, plant and equipment.

Cost includes expenditure incurred in relation to replacement of parts of property, plant and equipment if such expenditure meets the recognition criteria of the asset. The carrying amount of the replaced part is derecognised. Subsequent repair costs are included in the asset's carrying amount, only when it is probable that future economic benefits associated with these costs will flow to the Company and the costs can be measured reliably. All other repairs and maintenance costs charged to the statement of profit or loss during the financial period in which they are incurred.

The assets' residual values and useful lives are reviewed at least once per year, and adjusted if appropriate.

Construction in progress is transferred to appropriate categories of property, plant and equipment when asset is completed and ready for its intended use.

Depreciation periods (number of years):

Category of property, plant and equipment	Useful lives (number of years)
Solar plants	5-10
Electric Vehicle charging stations	12
Other property, plant and equipment	3-4

1.5 Right-of-use assets

Right-of-use asset is the asset that reflects the right of the Company to use the leased asset over the life of a lease. The Company recognises a right-of-use asset for all types of leases, including leases of right-of-use assets in sublease, with the exception of leases of intangible assets, short-term leases and leases for which the underlying asset is of low value.

1.5.1 Initial measurement of right-of-use assets

On the lease commencement date, the Company measures right-of-use assets at cost. The cost of an asset managed under a right-of-use comprises of: the amount of the initial measurement of the lease liability, any lease payments at or before the inception date, less any lease incentives received; any initial direct costs incurred by the Company; and an estimate of the costs that the Company will incur in dismantling and disposing of the leased asset, maintaining its location or restoring the leased asset to the condition required by the lease conditions, unless those costs are incurred in producing the inventories. The Company incurs obligation for these costs either at the commencement date or as a consequence of having used the underlying asset during a particular period. The Company recognises these costs as part of the cost of the right-of-use assets when a liability is incurred for these costs.

1.5.2 Subsequent measurement of right-of-use assets

Subsequent to initial recognition, the Company measures the right-of-use asset at cost. Under the cost model, the Company measures a right-of-use asset at cost less any depreciation and any accumulated impairment losses adjusted for any remeasurement of the lease liability.

The right-of-use assets depreciated by the Company under the depreciation requirements of IAS 16, *Property, Plant and Equipment*.

Depreciation of right-of-use assets on a straight line basis:

Group of right-of-use assets	Depreciation period (in years)
Buildings	8-75

If the lease transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Company calculates the depreciation of the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Company presents rights-of-use assets separately from property, plant and equipment in the statement of financial position.

1.6 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

1.6.1 Financial assets

The Company classifies its financial assets into the following three categories:

(i) financial assets subsequently measured at amortised cost;
(ii) financial assets subsequently measured at fair value recognising the change in fair value through other comprehensive income (hereinafter – “FVOCI”); and
(iii) financial assets subsequently measured at fair value recognising the change in fair value through profit or loss (hereinafter – “FVPL”).

Transaction costs comprise all charges and commission that the Company would not have paid if it had not entered into an agreement on the financial instrument.

In order for a financial asset to be classified and measured at amortised cost or FVOCI, it needs to give rise to cash flows that are ‘solely payments of principal and interest (hereinafter “SPPI”)’ on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at FVPL, irrespective of the business model. Interest income calculated on these financial assets is recognised as finance income and amortised using the effective interest rate method. Any gain or loss arising from the write-off of assets is recognised in the statement of profit or loss. Impairment loss is accounted for as the cost of receivables and impairment of loans in the statement of profit or loss.

Subsequent to initial recognition, financial assets are classified into the afore-mentioned categories based on the business model the Company applies when managing its financial assets and characteristics of cash flows from these assets. The business model applied to the group of financial assets is determined at a level that reflects how all groups of financial assets are managed together to achieve a particular business objective of the Company. The intentions of the Company’s management regarding separate instruments has no effect on the applied business model. The Company may apply more than one business model to manage its financial assets. In view of the business model applied for managing the group of financial assets, the accounting for financial assets is as follows:

1.6.1.1 Financial assets subsequently measured at FVOCI

The Company only has derivatives subsequently measured at FVOCI. Additional information is presented in Note 1.6.3.

1.6.1.2 Financial assets at amortised cost

Financial assets at amortised cost are subsequently measured using the effective interest rate (herein after “EIR”) method and are subject to impairment. Amortised cost is the amount at which the financial instrument was recognised at initial recognition minus principal repayments, plus accrued interest, and, for financial assets, minus any write-down for expected credit losses. Financial assets are recognised as current assets, except for maturities greater than 12 months after the date of the statement of financial position, in which case they are classified as non-current assets.

1.6.1.3 Financial assets at FVPL

Debt and equity instruments that do not meet the criteria of financial assets to be measured at amortised cost or financial assets to be measured at FVOCI are stated as financial assets to be measured at FVPL. The Company includes Derivatives in this category (see Note 1.6.3).

1.6.1.4 Effective interest rate method

The effective interest method is used in the calculation of the amortised cost of a financial asset and in the allocation of the interest revenue in the statement of profit or loss over the relevant period.

EIR is the rate that exactly discounts estimated future cash inflows through the expected life of the financial asset to the gross carrying amount of the financial asset that shows the amortised cost of the financial asset, before adjusting for any loss allowance. When calculating EIR, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, advance payment, extension, call and similar options) but does not consider the expected credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of EIR, transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the Company uses the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

1.6.1.5 Impairment of financial assets – expected credit losses (hereinafter “ECL”)

The Company assesses on a forward-looking basis the ECL associated with its debt instruments carried at amortised cost regardless of whether there are any impairment indicators.

Credit losses incurred by the Company are calculated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls) discounted at the original EIR. The Company estimates cash flows by considering all contractual terms of the financial instrument through the expected life of that financial instrument, including cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECL are measured in a way that reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes; the time value of money; and reasonable and supportable information about past events and current conditions, and reasonable and supportable forecasts of future events and economic conditions at the reporting date.

Lifetime expected credit losses are ECL that result from all possible default events over the period from the date of initial recognition of a financial asset to the subsequent date of settlement of the financial asset or ultimate write-off of the financial asset.

The Company seeks for lifetime expected credit losses to be recognised before a financial instrument becomes past due. Typically, credit risk increases significantly before a financial instrument becomes past due or other lagging borrower-specific factors (for example, a modification or restructuring) are observed. Consequently, when reasonable and supportable information that is more forward-looking than past due information is available without undue cost or effort, it is used to assess changes in credit risk. Expected credit losses are recognised by taking into consideration individually or collectively assessed credit risk of loans granted and trade receivables. Credit risk is assessed based on all reasonable information, including forward-looking information.

The Company assesses impairment of amounts receivable individually or collectively, as appropriate.

Valuation of ECLs for receivables (other than trade receivables):

- For receivables from Group companies, ECLs are assessed on an individual basis;
- For other receivables, prepayments and accrued income, ECLs are assessed on an individual basis.

The Company's management performs the assessment on an individual basis reflecting the possibility of obtaining information on the credit history of a particular debtor its financial position as at the date of assessment, including forward-looking information that would allow to timely determine whether there has been a significant increase in the credit risk of that particular borrower, thus enabling making judgement on the recognition of lifetime ECL in respect of that particular borrower. In the absence of reliable sources of information on the credit history of a particular debtor its financial position as at the date of assessment, including forward-looking information, the Company assesses the debt on a collective basis.

Recognition stages of expected credit losses:

1. Upon granting of a loan or concluding a finance lease agreement, the Company recognises the expected credit losses for the twelve-month period. Interest income from the loan is calculated on the carrying amount of financial assets without adjusting it by the amount of ECL;
2. Upon establishing that the credit risk related to the borrower or lessee has significantly increased, the Company accounts for the lifetime expected credit losses of the loan or finance lease agreement. All lifetime expected credit losses of a financial instruments are calculated only when there is a significant increase in credit risk relating to the borrower or lessee. Interest income from the loan (finance lease) is calculated on the carrying amount of financial assets without adjusting it by the amount of expected credit losses;
3. Where the Company establishes that the recovery of the loan or finance lease debt is doubtful, the Company classifies these debts as credit-impaired financial assets (doubtful loans and receivables). Interest income from the loan (finance lease) is calculated on the carrying amount of financial assets which is reduced by the amount of expected credit losses.

In stage 2, an assessment of the significant deterioration in the borrower's or lessee's financial situation is performed by comparing the financial situation as at the time of the assessment and the financial situation as at the time of issuing the loan or finance lease.

The latest point at which the Company recognises all lifetime expected credit losses of the loan granted or a finance lease agreement is identified when the borrower is late to pay a periodic amount or the total debt for more than 90 days. In case of other evidence available, the Company accounts for all lifetime expected credit losses of the loan or a finance lease granted regardless of the more than 90 days past due presumption.

1.6.1.6 Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

(a) significant financial difficulty of the borrower;
(b) a breach of contract, such as a default or past due event for more than 90 days;
(c) the lender, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
(d) it is becoming probable that the borrower will enter bankruptcy or another financial reorganisation;
(e) the disappearance of an active market for that financial asset because of financial difficulties;
(f) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

The combined effect of several events that may occur simultaneously or subsequently throughout the term of validity of the agreement on the financial assets may have caused financial assets to become credit-impaired.

1.6.1.7 Derecognition of financial assets

Financial assets (or, where appropriate, part of financial assets or part of the group of similar financial assets) are derecognised when:

- the rights to receive cash flows from the asset have expired;
- the right to receive cash flows from the asset is retained, but an obligation is assumed to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- the rights to receive cash flows from the asset are transferred and either (a) substantially all the risks and rewards of the asset have been transferred, or (b) substantially all the risks and rewards of the asset have neither been transferred nor retained, but control of the asset has been transferred:
  - if control is not retained, the financial asset is derecognised and any rights and obligations created or retained in the transfer are recognised separately as assets or liabilities;
  - if control is retained, it shall continue to recognise the financial asset is continued to be recognised to the extent of continuing involvement in the financial asset.

Whether the control of the transferred asset is retained depends on the transferee's ability to sell the asset. If the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer, control is not retained. In all other cases, control is retained.

1.6.2 Financial liabilities and equity instruments issued

Debt or equity instruments are classified as financial liabilities or equity based on the substance of the arrangement.

The Company has not issued any equity instruments, except for issued capital.

1.6.2.1 Initial recognition and measurement of financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL (change in fair value of which is accounted through profit or loss), loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge. All financial liabilities are recognised initially at fair value and, in the case of loans, liabilities and payables, net of directly attributable transaction costs.

1.6.2.2 Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at FVPL;
- Financial liabilities at amortised cost.

1.6.2.3 Financial liabilities at FVPL

Financial liabilities at FVPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVPL.

Financial liabilities are classified as held for trading if they are incurred principally for the purpose of repurchasing them in the near term. This category also includes derivatives entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separate embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gain or loss arising from financial liabilities held for trading is recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at FVPL are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied.

1.6.2.4 Financial liabilities at amortised cost

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gain and loss is recognised in the statement of profit or loss and other comprehensive income when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss and other comprehensive income.

1.6.2.5 Presentation

Financial liabilities are classified as current unless the Company has an unconditional right to postpone repayment for at least 12 months after the end of the reporting period.
If a financing agreement concluded before the reporting date proves that the liability was non-current by its nature as of the date of the balance sheet, that financial liability is classified as non-current.

1.6.2.6 Effective interest rate method

The EIR method is used in the calculation of the amortised cost of a financial liability and in the allocation of the interest expenses in the statement of profit or loss over the relevant period.

The EIR is the rate that exactly discounts estimated future cash outflows through the expected life of the financial liability to the gross carrying amount of the financial liability that shows the amortised cost of the financial liability.

1.6.2.7 Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as derecognition of the original liability and the recognition of a new liability. The difference between the respective balances is recognised in the statement of profit or loss and other comprehensive income.

1.6.3 Derivatives and hedge accounting

The Company enters into derivative transactions related to purchase and sale prices of electricity and gas.

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Company will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- there is 'an economic relationship' between the hedged item and the hedging instrument;
- the effect of credit risk does not 'dominate the value changes' that result from that economic relationship;
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Company actually hedges and the quantity of the hedging instrument that the Company actually uses to hedge that quantity of hedged item.

1.6.3.1 Presentation

Fair value of derivative financial instruments is presented in the statement of financial position as "Other non-current assets", "Other current assets", "Other non-current liabilities" and "Other current liabilities" (Note 27).

Changes in fair value and result of settled derivatives for hedges that do not meet the qualifying criteria for hedge accounting are disclosed in the statement of profit or loss either as "Other income" (Note 6), if result for a period of such derivatives is profit, or "Other expenses" if result of such derivatives for a period is loss (Note 8).

Changes in fair value and the result of financial instruments that have been settled and that are held for hedging and that qualify for hedge accounting are accounted for as follows:

1.6.3.2 Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in the statement of financial position, in the hedging reserve, Ineffective portion is recognised immediately in the statement of profit or loss in "Other income" or "Other expenses". The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item. For a derivative to be considered effective for hedge accounting purposes, the coverage of the value of the hedged item shall be at least 67% and not more than 150%.

When cash flow hedges are realised, gain or losses are transferred from equity and recognised in the statement of profit or loss as "Purchases of electricity, natural gas and other services". Monetary change in fair value of effective hedging instruments is shown in the statement of cash flows under "(Increase) decrease in trade and other non-current and current receivables"; change in fair value of ineffective derivatives is shown in the statement of cash flows under "Change in the fair value of derivatives".

1.7 Energy saving solutions – Finance lease — the Company is a lessor

The Company provides energy saving services by preparing an energy saving project, for the implementation of which it is necessary to install special equipment and carry out construction works in the client's facilities. Based on the contract with the client, acquisition of special equipment can be financed by the client or the Company. For the contracts where acquisition of equipment and construction works is financed by the Company, the recognised sales revenue of the system correspond to the minimum payments accumulated by the Company and allocated to cover the value of the installed system. The acquisition cost of the installed system, net of the present value of unguaranteed residual value, is expensed. The costs incurred in relation to negotiation and finance lease organisation at the inception of lease are expensed.

Amounts receivable are accounted for at amortised cost. On initial recognition, amounts receivable are estimated by discounting all future payments of the client for the installed energy saving system. Subsequently, amounts receivable are estimated using the annual interest rate, which was used on initial recognition when discounting the future payments of clients, and by recognising interest income from financing activities.

Interest income from financing activities is recognised over the period of lease using the effective interest rate, which was used when discounting the future payments of clients on initial recognition. Interest income from financing activities is accounted for irrespective of whether such interest is stipulated in the contract with the client.

The installed systems are transferred into the ownership of a client at no extra pay following the receipt of a full payment under the contract.

1.8 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method, except for natural gas and liquefied natural gas, the cost of which is determined using the weighted average costing method (see below). The cost of inventories comprises purchase price, taxes (other than those subsequently recoverable by the Company from the tax authorities), transportation, handling and other costs directly attributable to the acquisition of inventories. Cost does not include borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. The cost of the remaining natural gas in the pipeline and storage is established using the weighted average cost method, and of liquefied natural gas stored at the terminal – the acquisition cost. Weighted average cost is calculated as weighted average of inventories at the beginning of the months and purchases made during that month.

1.9 Lease liabilities

At the commencement date of the lease the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date: fixed payments, less any lease incentives receivable; variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date; amounts expected to be payable by the lessee under residual value guarantees; the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; payments of penalties for terminating the lease, if the lease term reflects the Company exercising an option to terminate the lease.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

1.9.1 Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Also, low-value asset lease recognition exemption to office equipment that are considered to be low value is applied. Lease related discounts are charged to the lease income proportionally over the term of the lease.

1.9.2 Company as a lessor in finance leases

Leases in which the Company does transfer substantially all the risks and rewards incidental to ownership of an asset or the lessee has the ability to continue the lease for a secondary period at a rent that is substantially lower than market rent, are classified as finance leases. At the commencement date, the Company recognises assets held under a finance lease in its statement of financial position and present them as a receivable at an amount equal to the net investment in the lease. Finance lease income for the lease term based on periodic net investment in the lease is accounted for on a straight-line basis over the lease term and included into finance income in the statement of profit or loss. Lease payments are apportioned between finance income and reduction of the lease receivable so as to achieve a constant rate of interest on the remaining balance of the receivable. Finance charges are recognised in finance income in the statement of profit or loss.

1.10 Employee benefits

1.10.1 State plans

The Company participates only in State plans. State plans are established by legislation and cover all entities and are operated by national or local government or by another body (for example, in the case of the Company, the State Social Security Fund). State plan is a defined contribution plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligations to pay further contributions if the Fund does not hold sufficient assets to pay employees benefits relating to employee service in the current and prior period. These contributions are recognised as expenses on an accrual basis and are included in payroll expenses.

1.10.2 Termination benefits

Termination benefits are payable whenever an employee’s employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Non-current benefits are recognised at present value discounted using market interest rate.

Actuarial gains or losses arising from adjustments based on experience or from changes in actuarial assumptions are recognised immediately within the Company’s other comprehensive income. All past service costs are recognised immediately.

1.10.3 Non-current employee benefits

Each employee of retirement age who terminates his/her employment with the Company upon retirement is entitled to receive a payment equal to 2 monthly salaries according to Lithuanian laws. A liability for such pension benefits is recognised in the statement of financial position and it reflects the present value of these benefits at the date of the statement of financial position. The aforementioned non-current liability for pension benefits to employees at the reporting date is estimated with reference to actuarial valuations using the projected relative unit method. The present value of the defined non-current liability for pension benefits to employees is determined by discounting the estimated future cash flows using the effective interest rates as set for government bonds denominated in a currency in which the benefits will be paid to employees and that have maturity term similar to that of the related liability. Actuarial gains or losses are recognised immediately in other comprehensive income.

1.11 Fair value

The Company measures financial instruments such as derivatives, and non-financial assets such as investment properties, at fair value at each statement of financial position date. Determination of the fair value is based on the assumption that the asset sale or liability transfer transaction is performed either:

– in the principal market for the asset or liability

or

– in the absence of principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

– Level 1: fair value of assets is based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
– Level 2: fair value of assets is based on other observable market data, directly or indirectly;
– Level 3: fair value of assets is based on non-observable market data.

For assets and liabilities that are recognised in the financial statements, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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Independent Auditor's Report

To the Shareholders of UAB Ignitis

Opinion

We have audited the separate financial statements of UAB Ignitis ("the Company"). The Company's separate financial statements comprise:

- the separate statement of profit or loss for the year ended 31 December 2024,
- the separate statement of comprehensive income for the year then ended,
- the separate statement of financial position as at 31 December 2024,
- the separate statement of changes in equity for the year then ended,
- the separate statement of cash flows for the year then ended, and
- the notes to the separate financial statements, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying separate financial statements give a true and fair view of the non-consolidated financial position of the Company as at 31 December 2024, and of its non-consolidated financial performance and its non-consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards, as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Separate Financial Statements section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) issued by the International Ethics Standards Board for Accountants and the requirements of the Law on Audit of Financial Statements and Other Assurance Services of the Republic of Lithuania that are relevant to audit in the Republic of Lithuania, and we have fulfilled our other ethical responsibilities in accordance with the Law on Audit of Financial Statements and Other Assurance Services of the Republic of Lithuania and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The other information comprises the information included in the Company's management report, but does not include the separate financial statements and our auditor's report thereon. Management is responsible for the other information.

Our opinion on the separate financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Company code: 111494971
VAT code: LT114949716

In addition, our responsibility is to consider whether information included in the Company's management report for the financial year for which the separate financial statements are prepared is consistent with the separate financial statements and whether management report has been prepared in compliance with applicable legal requirements. Based on the work carried out in the course of audit of separate financial statements, in our opinion, in all material respects:

- The information given in the Company's management report for the financial year for which the separate financial statements are prepared is consistent with the separate financial statements; and
- The Company's management report has been prepared in accordance with the requirements of the Law on Reporting by Undertakings and Groups of Undertakings of the Republic of Lithuania.

Responsibilities of Management and Those Charged with Gove ance for the Separate Financial Statements

Management is responsible for the preparation of the separate financial statements that give a true and fair view in accordance with IFRS Accounting Standards, as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

On behalf of KPMG Baltics, UAB

Rokas Kasperavičius
Partner
Certified Auditor

Vilnius, the Republic of Lithuania

26 February 2025

6.4 Information about the auditor

Overview

On 19 April 2023, the Company's Meeting of Shareholders re-appointed KPMG Baltics, UAB (KPMG) to audit the Company's financial statements for the period 2023 – 2027. Under the previous agreement, KPMG also audited the Company's financial statements for 2021 and 2022.

Worth noting that all independent auditor related tenders are carried out in accordance with best practice. Additionally, as public procurement law requirements are applicable to the parent company, all audit tenders are carried out in accordance to them. The key criterion of implementing public tenders is to ensure competitiveness and accordingly the only specific audit selection criterion eligible to be included is an experience in auditing energy sector companies. Finally, the whole audit selection process is supervised by the Audit Committee and the independent auditor is appointed by the decision of the General Meeting of Shareholders of the parent company and subsequently by the General Meeting of Shareholders of each Group company.

Independent auditors and financial period during which audit services have been provided

2021–2024
KPMG Baltics, UAB Lvivo g. 101 LT-08104 Vilnius, Lithuania

Services and fees

During the period 2023–2024, the following services have been provided to the Company by the independent auditor in conjunction with the firm's international partners.

Independent auditor's services and fees

EUR thousand	2024	2023
Audit of the annual financial statements under the agreements	70	70
Total	**70**	**70**

Based on the Group's policy the annual fee for non-audit services provided by our statutory auditor cannot exceed the annual fee for statutory audit services measured at Group level. The cap may be exceeded subject to approval by the Audit Committee of the parent company.

7. Additional information

7.1 Other statutory information

This annual report includes a consolidated annual management report and financial statements, in which UAB Ignitis (hereinafter - Ignitis), informs shareholders, creditors and other stakeholders about the operations of the Company and the companies it controls for the period of January–December 2024. The composition of this document corresponds to the composition of the set of annual accounts as per Article 6 of the Law on Financial Reporting by Undertakings and Groups of Undertakings of the Republic of Lithuania.

The Annual Report has been prepared by Ignitis administration in accordance with the Law of the Republic of Lithuania on Financial Reporting by Undertakings, Law on Companies of the Republic of Lithuania and taking into consideration the description of the guidelines for transparency of the activities of state-owned enterprises. Shares of Ignitis are not included and they are not traded on the regulated stock exchange. Articles of Association of Ignitis do not set any other requirements for the content of Ignitis Annual Report than the ones provided for in the legislation specified above.

Ignitis management is responsible for the information contained in the Annual Report. The report and the documents, on the basis of which it was prepared, are available at the head office of the company (Laisvės pr. 10, Vilnius) on working days from Mondays to Thursdays from 7.30 am to 4.30 pm, and on Fridays from 7.30 am to 3.15 pm (with a prior arrangement).

Company details

1. Company name: Ignitis
2. Legal form: Private Limited Liability Company
3. Share capital: EUR 41,155,000.26
4. Registration date and place: 2 September 2014, the Register of Legal Entities
5. Company code: 303383884
6. Company address: Laisvės pr. 10, LT-04215 Vilnius
7. Company‘s register: Register of Legal Entities
8. Phone: +370 5 278 2222
9. Email: info@ignitis.lt
10. Website: www.ignitis.lt

Legal notes

1. There were no significant events after the end of the financial year except those revealed in Business highlights.
2. The Company uses derivatives and hedging instruments that are subject to accounting of hedging transactions.
3. As at the beginning of the reporting period, the Company did not have own shares and did not acquire any during the reporting period.
4. The Company does not have any branches or representative offices.
5. The Company foresees further sustainable development of its existing operations seeking to ensure higher profitability of the activities and efficiency of asset use in a long term. Research will be carried out as and when required.
6. The Company’s operations are in compliance with the requirements of environmental protection legislation.

Alternative performance measures

Alternative Performance Measures (APM) – adjusted figures used in this report refer for measurement of internal performance management. As such, they are not defined or specified under IFRS, nor do they comply with IFRS requirements. Definitions of alternative performance measures can be found on the website of AB Ignitis grupė (link).
Information about agreements of the company or its governing body members or employees, providing for compensation in the event of their resignation or termination of employment on no grounds or in case their employment is terminated due to changes in controls of the parental company (official proposal).

Internal control and risk management systems relevant to the preparation of financial statements

The Company’s financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.
The staff of the company's accounting firm ensures that the financial statements are properly prepared and that the data is collected in a timely and accurate manner. The preparation of the company's financial statements, the systems of internal control and financial risk management are controlled and managed according to legal acts, that regalement financial statements.

Information about agreements of the company or its governing body members or employees, providing for compensation in the event of their resignation or termination of employment on no grounds or in case their employment is terminated due to changes in controls of the parental company (official proposal).

Company and its governing body members or employees have not entered into agreements that provide for compensation in the event of their resignation or termination of employment on no grounds or in case their employment is terminated due to changes in controls of the parental company

Information about the restrictions on the transfer of the company's equity securities established in legal acts, articles of association or shareholder agreements

There are no restrictions on the transfer of the company's equity securities set out in legal acts, articles of association or shareholder agreements.

Information about the company's branches and representative offices and research and development activities

The company has no branches and representative offices and does not carry out research and development activities

Notice on the language

In the event of discrepancies between the Lithuanian and English versions of the documents, the Lithuanian version shall prevail.

7.2 Information on compliance with the Guidelines on Transparency in State-Owned Companies

Information on compliance with the Guidelines on Transparency in State-Owned Companies

Point in the description of the Guidelines on Transparency in State-Owned Companies (version as at 30 April 2021)	Disclosure	Explanation
Chapter II. Disclosure of information by a State-owned enterprise		
5. The following data and information must be published on the website of a state-owned entity:		Information available on www.ignitis.lt
5.1. name;	Yes	
5.2. the code and register in which the company's data is collected and stored;	Yes	
5.3. registered office (address);	Yes	
5.4. the legal status if the state-owned entity is being restructured, reorganised (indicating the type of reorganisation), liquidated, bankrupt or insolvent;	Yes	
5.5. the name of the authority representing the State and a link to its website;	Yes	
5.6. operational objectives, vision and mission;	Yes	
5.7. structure;	Yes	
5.8. data about the head of the company;	Yes	
5.9. data about the chairman and members of the management board, if the management board established under the articles of association;	Yes	
5.10. data about the chairman and members of the supervisory council, if the supervisory council is established under the articles of association;	Not applicable	The supervisory council is not established in the company
5.11. names of committees, data about their chairmen and members, if committees are established under the articles of association;	Not applicable	Management or supervisory body committees have not been established in the company
5.12. the sum of the nominal values of the shares owned by the State (to the nearest euro cent) and the share (as a percentage) in the authorised capital of the State-owned company;	Yes	Information available on www.ignitis.lt
5.13. special obligations shall be carried out in accordance with the guidelines approved by the Minister of Economy and Innovation of the Republic of Lithuania: the purpose of the special obligations shall be specified, the state budget allocations for their execution in the current calendar year and the legal acts by which the state-owned companies is entrusted with the execution of the special obligation shall be indicated, the terms and conditions of the execution of the special obligation shall be set and/or the pricing shall be regulated;	Not applicable	The company has no special obligations
5.14. information on social responsibility initiatives and measures, major investment projects underway or planned.	Yes	Information available on www.ignitis.lt
6. In order to ensure publicity regarding the professionalism of the members of the management and supervisory bodies and committees of State-owned companies, the following data shall be published for the persons referred to in sub-paragraphs 5.8 to 5.11 of the Description: name, surname, date of commencement of the current position, other managerial positions held in other legal entities, education, qualifications, professional experience. If the person referred to in points 5.9 to 5.11 is elected or appointed as an independent member, this shall be indicated in addition to his/her data.	Yes	Information available on www.ignitis.lt
7. The following documents shall be published on the website of a State-owned enterprise:		Information available on www.ignitis.lt
7.1. Articles of Association;	Yes	
7.2. statement from the representative body of the State on the definition of the State's objectives and expectations in a State-owned enterprise;	Not applicable	A Letter of Expectations is submitted to the Parent com-

		pany and is available on www.ignitis-grupe.lt
7.3. the business strategy or a summary thereof where the business strategy contains confidential information or information considered to be a commercial/industrial secret;	Yes	Information available on www.ignitis.lt
7.4. a document setting out the remuneration policy covering the remuneration of the chief executive of a State-owned enterprise and the remuneration of the members of the collegiate bodies and committees of a State-owned enterprise, as detailed in the Corporate Governance Code;	Yes	
7.5. annual and interim reports of a State-owned enterprise , and annual and interim activity reports of a State-owned enterprise for a period of at least 5 years;	Yes	Annual reports are available on www.ignitis.lt The Company does not prepare interim reports
7.6. sets of annual and interim financial statements for a period of at least 5 years and auditor's reports on the annual financial statements.	Yes	Annual financial statements and auditor's reports are available on www.ignitis.lt The Company does not prepare interim financial statements
8. If the State-owned company is the parent company, its website shall publish the structure of the group of companies, as well as the particulars referred to in points 5.1 to 5.3 of the Description concerning the subsidiaries and entities of subsequent rows, the website addresses, the percentage of the parent company's shareholding in their share capital as well as the annual consolidated financial statements and the consolidated annual reports.	Yes	Information available on www.ignitis.lt
9. If a State-owned company is a participant in legal entities other than those referred to in point 8 of the Description, the data and website addresses of those legal entities referred to in points 5.1 to 5.3 of the Description shall be published on its website.	Yes	Information available on www.ignitis.lt
9^1. If the entity is a subsidiary or an entity of a subsequent row of the State-owned company, the website shall contain the parent company's data referred to in points 5.1 to 5.3 of the Description and a link to the website of the parent company.	Yes	
10. Any change or publication of incorrect data, information and documents referred to in points 5 and 6, 7.1 to 7.4, 8, 9 and 91 of the Schedule shall be promptly amended and published on the website.	Yes	Information and documents that have changed are updated immediately
11. The set of annual financial statements of the State-owned company, the annual report of the State-owned company, the annual activity report of the State-owned company, as well as the auditor's report on the annual financial statements of the State-owned company, must be published on the website of the State-owned company within 10 working days from the date of the approval of the annual financial statements of the State-owned company.	Yes	Documents are published on the website within a set time limit
12. The sets of interim financial statements of the State-owned company, the interim reports of the State-owned company and the interim activity reports of the State-owned company must be published on the website of the State-owned company at the latest 2 months after the end of the reporting period.	Yes	Documents are published on the website within a set time limit
13. The documents referred to in point 7 of the Description shall be published in PDF format and shall be technically printable.	Yes	Documents are published in PDF format
Chapter III. Preparation of financial statements, reports and activity reports		
14. State-owned companies shall maintain their accounting in such a way as to ensure the preparation of financial statements in accordance with international accounting standards.	Yes	The Company's accounting is in accordance with IFRS
15. In addition to the annual financial statements, a State-owned company prepares a set of 6-month interim financial statements, and a state enterprise prepares sets of 3-month, 6-monthly and 9-month interim financial statements.	Not applicable	The Company does not prepare interim financial statements
16. A State-owned company classified as a public interest entity under the Law on Audit of Financial Statements of the Republic of Lithuania prepares a 6-month interim report in addition to the annual report. A State-owned enterprise classified as a public-interest entity under the Law on Audit of Financial Statements of the	Not applicable	The Company does not meet the criteria of a public-

Republic of Lithuania shall, in addition to the annual activity report, prepare a 6-month interim activity report.		interest entity established by law
17. The annual report of a State-owned company or the annual activity report of a State-owned company shall, in addition to the content requirements set out in the Law on Financial Reporting of Enterprises of the Republic of Lithuania or the Law on State and Municipal Enterprises of the Republic of Lithuania, contain:		The Company presents information in the annual report
17.1. a brief description of the business model of the State-owned company;	Yes	
17.2. information on significant events that occurred during and after the financial year (prior to the preparation of the annual report or the annual activity report) that had a material impact on the activities of the State-owned enterprise;	Yes	
17.3. the results of the achievement of the objectives set out in the State-owned company's operational strategy;	Yes	
17.4. profitability, liquidity, asset turnover, debt ratios;	Yes	
17.5. fulfilment of specific obligations;	Not applicable	The Company has no special obligations
17.6. Implementation of the investment policy, ongoing and planned investment projects and Investments during the year under review;	Yes	The Company presents information in the annual report
17.7. implementation of the risk management policy in a State-owned company;	Yes	
17.8. implementation of dividend policy in State-owned companies;	Yes	
17.9. implementation of remuneration policy;	Yes	
17.10. the total annual payroll fund, the average monthly salary by position and/or department;	Yes	
17.11. information on compliance with the provisions of Chapters II and III of the Description: how they are being implemented, which provisions are not being complied with and an explanation of why.	Yes	
18. State-owned companies and state enterprises that are not required to prepare a corporate social responsibility report are recommended to include in their annual report or annual activity report, as appropriate, information on environmental, social and human resources, human rights, anti-corruption and anti-bribery issues.	Not applicable	The social responsibility report (included in the annual report) is prepared at the level of Ignitis Group and published on www.ignitisgrupe.lt
19. If the information referred to in point 17 of the Description is considered to be a commercial (industrial) secret or confidential information of the State-owned company, the State-owned company may not disclose such information, but state in the annual report of the State-owned company or the annual activity report of the State-owned company, as the case may be, that the information is not to be disclosed and under what reason.	Not applicable	The Company presents information in the annual report
20. The annual report of the State-owned company or the annual activity report of the State enterprise may also contain other information not specified in the Description.	Yes	The annual report also contains other information
21. A State-owned company which is the parent company shall disclose in its consolidated annual report or, if it is not required by law to prepare a consolidated annual report, in its annual report, the structure of the group of companies, as well as the data referred to in points 5.1 to 5.3, for each of its subsidiaries and subsequent-row subsidiaries, the shareholding (in percentage of share capital) in the authorised capital of the subsidiary and the financial and non-financial results of its operations for the financial year. Where a State-owned company which is the parent company prepares a consolidated annual report, the requirements of point 17 of the Description shall apply *mutatis mutandis* to it.	Yes	The Company presents information in the annual report
22. The interim report of a State-owned enterprise or the interim performance report of a State-owned enterprise shall include a brief description of the business model of the State-owned enterprise, an analysis of its financial performance for the period under review, information on significant events that occurred during the period under review, as well as the indicators of profitability, liquidity, turnover, assets and debt, and the changes of these indicators as compared to the corresponding period of the previous year.	Not applicable	The Company does not prepare interim report

Glossary

#	Number
%	In percent
'000	Thousand
12-month	The period of the previous twelve months
AB	Joint Stock Company
RE	Renewable energy
RES	Renewable energy sources
ESG	Environmental, Social and Corporate Governance
company	UAB Ignitis
B2B	Business to business
B2C	Business to consumer
CO2	Carbon dioxide
CAGR	Compound Annual Growth Rate
d	days
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, taxes, depreciation and amortisation.
eNPS	Employee Net Promoter Score
EU	European Union
GW	Gigawatts
Ignitis Eesti	Ignitis Eesti OÜ
Ignitis grupė	The group of companies AB Ignitis grupė
Ignitis Latvija	Ignitis Latvija SIA
Ignitis Polska	Ignitis Polska sp. z o.o
ISO	International Organisation for Standardisation
Litgas	UAB Litgas
y	Year
month	Month/month
m	Million
MW	Megawatt
MWh	Megawatt hour
n/a	Not applicable
NPS	Net promoter score
OPEX	Operating expenses
Parent company	UAB Ignitis
pp	Percentage point
ROA	Return on Assets
ROCE	Return on Capital Employed
ROE	Return on Equity
ROI	Return on Investment
SBTi	Science Based Targets initiative
LNG	Liquefied Natural Gas
LNGT	Liquefied Natural Gas Terminal
GHG	Greenhouse gas
TRIR	Total Recordable Incident Rate
TWh	Terawatt hour
UAB	Private Limited Liability Company
UNGC	United Nations Global Compact
NERC	National Energy Regulatory Council
Public supply	Electricity supply activity performed in accordance with the procedure and terms established by legal acts by an entity holding a public supply licence
PBM	Payment for the activities of Board member

Certification statement

26 February 2025

We, Artūras Bortkevičius, General Manager at UAB Ignitis, Darius Šimkus, Manager of Finance and Business Support Department at UAB Ignitis and Rūta Tijūnaitienė, Accounting Expert at UAB Ignitis grupės paslaugų centras acting under Decision No 24_GSC_SP_0051 of 30 September 2024, hereby confirm that, to the best of our knowledge, the UAB Ignitis consolidated and parent company's financial statements for the year ended 31 December 2024 prepared in accordance with IFRS Accounting Standards as adopted by the European Union, give a true and fair view of UAB Ignitis consolidated and parent company's assets, liabilities, financial position, profit or loss and cash flows for the period, and that the annual report for the year 2024 includes a fair review of the development and performance of the business as well as the position of UAB Ignitis and its group companies together with the description of the main risks and uncertainties they face.

Artūras Bortkevičius	**Darius Šimkus**	**Rūta Tijūnaitienė**
General Manager	Head of Finance and Business Support	Accounting expert of UAB Ignitis grupės paslaugų centras, acting under Decision No 24_GSC_SP_0051 of 30 September 2024

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