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PAULIUS ŽUKOVSKIS
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THIERRY MICHEL W AELENS
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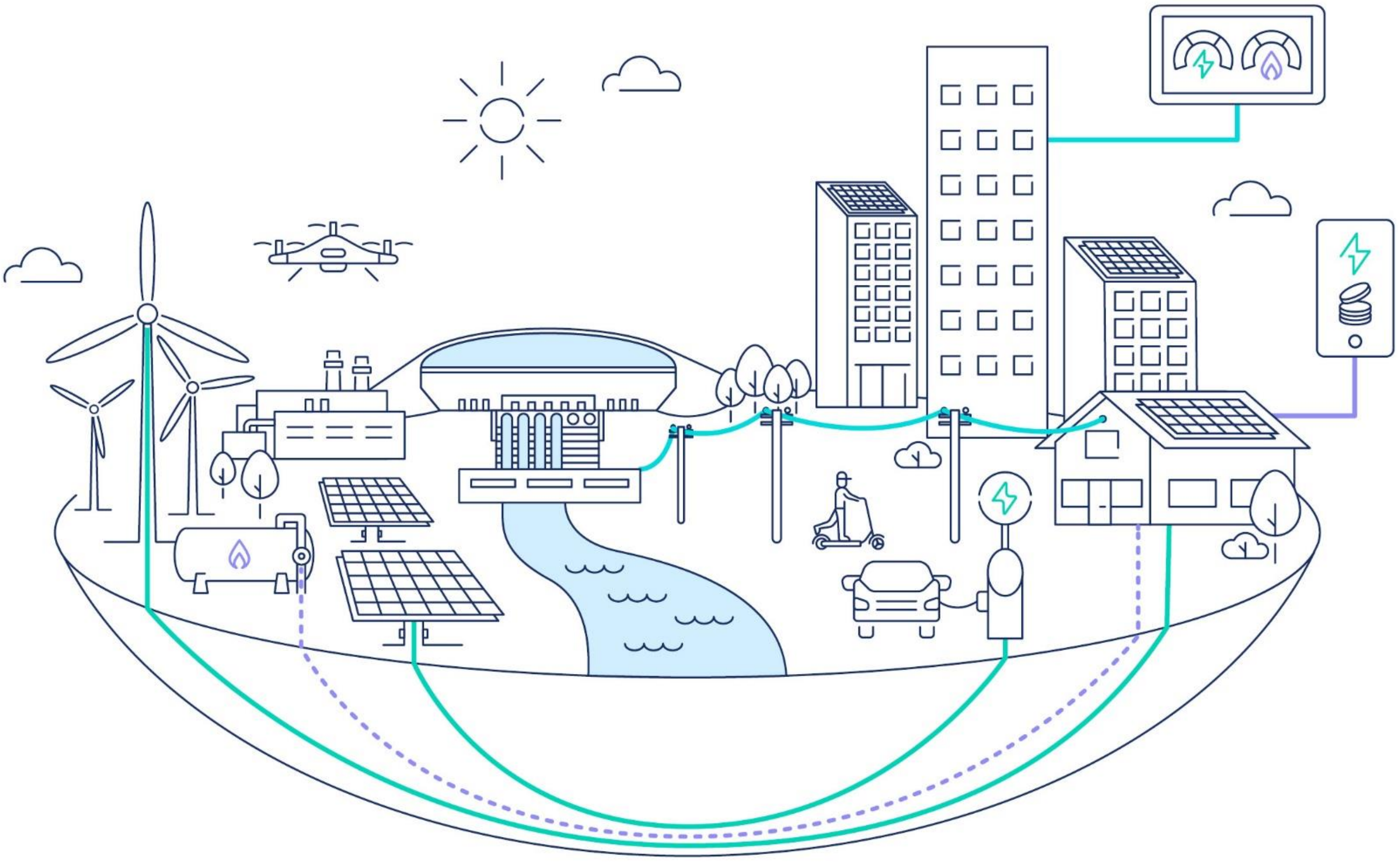
ignitis renewables

Ignitis Renewables Annual Report 2023

Consolidated Annual Report for the year ended 31 December 2023, and the consolidated and the company's financial statements for the year ended 31 December 2023 prepared according to the international Financial Reporting Standards, adopted by the European Union, and presented together with the independent auditor's report for the year ended 31 December 2023.



ignitis grupė

Contents

Overview

1.1 CEO’s statement

Dear All,

Ignitis Group is creating an energy smart world, which is green, safe, empowering, and sustainable, with a clear commitment to reach net zero emissions by 2050. Ignitis Renewables is at the core of this transformation and is leading the Green generation breakthrough in the Baltic States and Poland.

Our objective is to develop a green and flexible electricity generation portfolio with a focus on offshore wind, onshore hybrid, Power-to-X and storage technologies. By developing new projects, we are implementing the strategic goal of Ignitis Group to enable green and flexible capacity build-out and to deliver 4–5 GW of installed Green generation capacities by 2030.

In 2023, we continued our long-term growth – our project portfolio grows steadily with an increasing number of commissioning projects including Mažeikiai WF (63 MW) and Silesia WF I (50 MW) which has reached COD. Since the beginning of 2023, Ignitis Group’s Green generation portfolio increased to 7.1 GW (from 5.1 GW) with the largest impact of secured the seabed sites (Liivi 1 & 2) for expected capacity of 1-1.5 GW in Estonia, continued expansion of greenfield projects (~0.7 GW) and acquisition of onshore wind farms in Lithuania (Kelmė WF I & II) of 300 GW. Additionally, we, together with our partner Ocean Winds, were confirmed as the winners of the 700 MW Lithuanian offshore wind tender and hope to deliver the first offshore wind farm in the Baltic States.

Such achievements require a dedication. We are a diverse team of energy smart people united by a common purpose to create a 100% green and secure energy ecosystem for current and future generations. As our ambitions grow, so does the need for a wide range of competences. As of the report announcement date, our team has grown to over 150 employees. We are aiming to attract highly qualified and motivated professionals from all over Europe.

Ambitious goals, innovative solutions and motivating results empower us. We are moving ahead with the help of constantly growing innovators, talented creators, and top professionals in different fields of expertise – people who are united in their values and seek to make a meaningful impact on the world.

Thierry Aelens
CEO
Ignitis Renewables

1.2 Business highlights

During the reporting period

January

- The first power was supplied to the grid by our Mažeikiai WF (63 MW) in Lithuania;

February

- Ignitis Renewables Board members have been re-elected for a new term. The company's Board comprises three members, all of them were re-elected for the second term (Link);

April

- Moray West offshore WF project (882 MW), with expected COD by the end of 2025, reached the financial close. The project is owned by Ocean Winds and the Company (a minority shareholder with a stake of 5%). The GBP 2 billion secured for the project's financing are being used to secure the remaining elements of the supply chain for offshore installation works (Link);

June

- A conditional agreement for an acquisition of onshore WFs in Lithuania (Kelmė WF I & II) with targeted total capacity of 300 MW and expected COD in 2025 has been concluded. (Link);

August

- The Group and Copenhagen Infrastructure Partners entered a partnership to participate in the upcoming Estonian and Latvian offshore wind tenders (Link);
- Mažeikiai WF (63 MW) in Lithuania has reached COD;

September

- Anu Eslas, an executive with international experience in offshore and onshore wind business development, has joined Ignitis Renewables and will oversee international business development (Link);

October

- The Group, together with its partner Ocean Winds, were confirmed as the winners of the 700 MW Lithuanian offshore wind tender after submitting the highest bid of EUR 20 million (Link);
- The Group and Umicore Poland Sp. Z o. o. signed the largest external 10-year corporate PPA. It covers a substantial part of the expected electricity production of Silesia WF II, currently under construction, with total capacity of 137 MW (Link);
- The Group completed the acquisition of Kelmė WF I & II in Lithuania with up to 300 MW capacity (Link);

November

- The Group made the Final Investment Decision regarding the Latvian solar portfolio I (239 MW) (Link);
- The Group appointed Fugro to conduct a seabed survey for the Lithuanian offshore WF (700 MW) site (Link)

December

- The Group, together with its partner CIP, won the first seabed site (Liivi 2) in Estonia’s offshore wind tender after submitting the highest bid of EUR 1.7 million (Link);
- The Group concluded a EUR 64 million non-resource project financing agreement with the EIB and NIB for Mažeikiai WF. It covers around 75% of the total investment in Mažeikiai WF (Link);

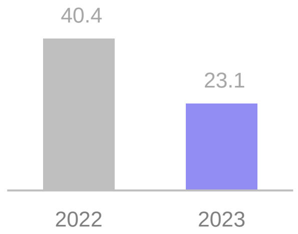
After the reporting period

- The Group, together with its partner CIP, won the second seabed site (Liivi 1) in Estonia’s offshore wind tender after submitting the highest bid of EUR 1.2 million (Link)
- Silesia WF I (50 MW) in Poland has reached COD;
- The Group has signed a limited recourse project financing agreement of EUR 82 million with the European Investment Bank (EIB) and the Nordic Investment Bank (NIB) for its 94 megawatt (MW) Pomerania wind farm in Poland;
- On 29 February 2024 the parent company issued new 22,000 thousand ordinary registered shares with a nominal value of EUR 1 each, for which the ultimate parent company undertook to pay EUR 148,000 thousand. The issue price comprised EUR 22,000 thousand of nominal values of issued shares (issued capital) and share premium equal to EUR 126,000 thousand. As of the date of these financial statements, the unpaid part of the issue price amounted to EUR 140,000 thousand;
- As at 9 April 2024 the Group issued a guarantee for amount EUR 52.5 million in favour of electricity transmission operator for the Group company Ignitis renewables projektai 5 UAB regarding the second Lithuanian offshore wind farm. Funds for the guarantee EUR 52.5 million the Group borrowed by concluding credit agreements with banks AB SEB bankas (EUR 12.5 million) and AS "SEB Banka" (EUR 40 million).

1.3 Performance highlights

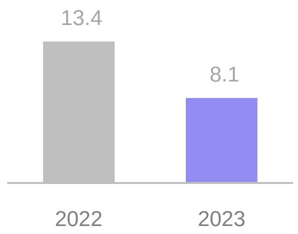
Financial

EBITDA
EURm



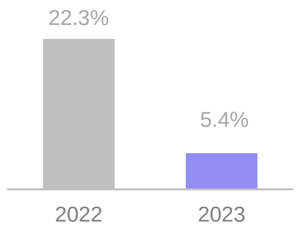
In 2023, Renewables Group’s EBITDA was 42.9%, or EUR 17.3 million, lower than in 2022 mainly due to the decreased revenue caused by lower volumes of production and generally lower electricity market prices, also increased operating expenses.

Net profit
EURm



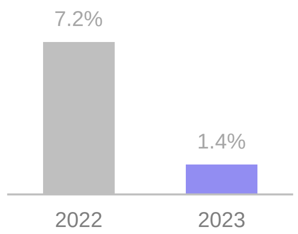
In 2023, the net profit was EUR 5.4 million (39.9%) lower compared to 2022, mainly due to the negative impact of the EBITDA which was offset by the positive impact of income tax (+9.9 million) mostly related to deferred income tax benefit.

ROE
%



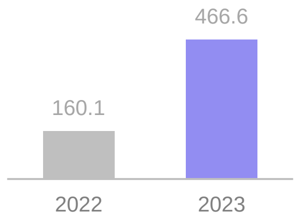
The ROE decreased from 22.3% to 5.4% mainly due to increased UAB "Ignitis renewables" authorized capital and the lower net profit.

ROCE
%



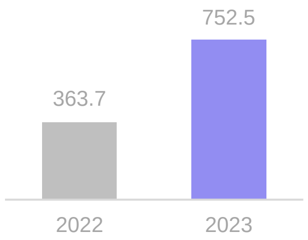
The ROCE decreased to 1.4%. One of the main drivers was the increased share capital and increased net debt, also lower EBIT, which was mostly affected by lower EBITDA.

Investments APM
EURm



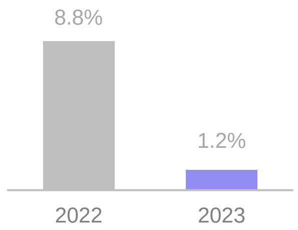
The investments in 2023 were by EUR 306.5 million higher due to capitalised expenditure related to the construction of Silesia WF I and Silesia WF II, newly acquired Kelmė WF I and II in Lithuania, and development fee paid for Lithuanian Offshore auction.

Net debt APM
EURm



In 2023 the net debt increased by 106.9% to EUR 752.5 million mostly due to the increased loans to fund new investments into wind farm projects.

FFO / Net debt APM
%

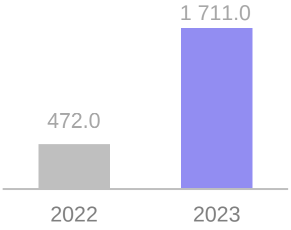


FFO / Net debt decreased from 8.8% to 1.2% due to a proportional lower FFO which was lower because of lower EBITDA and more paid interest, also higher net debt.

APM *Alternative Performance Measure - Adjusted figures used in this report refer to measures used for internal performance management. As such, they are not defined or specified under International Financial Reporting Standards (IFRS), nor do they comply with IFRS requirements. Definitions of alternative performance measures can be found in the 'Further information' section of this report and on the Ignitis Group's* website.

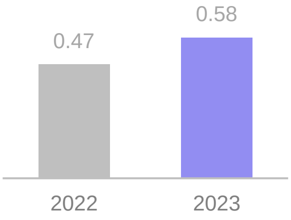
Operational

Secured capacity
MW



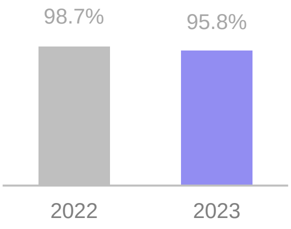
In 2023 the secured capacity increased by 1,239 MW as a number of projects, including Latvian solar portfolio I (239 MW), Kelmė WF I (105.4 MW) and Kelmė WF II (194.6 MW), and Tauragė solar project (22.1 MW) reached the construction and 700 MW Lithuanian offshore WF project reached the awarded/contracted phases.

Electricity generated (net)
TWh



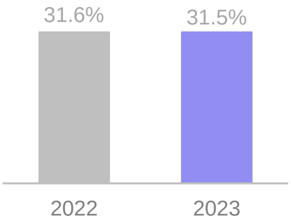
In 2023, the generated electricity volume (net) increased by 23.4%. This was the result of Mažeikiai WF reaching COD and offsetting the negative effect of the operational WFs due to lower availability related to unplanned maintenance works / technical faults and lower wind speeds.

Wind farms availability factor
%



The wind farms availability factor decreased to 95.8% due to unplanned maintenance works / technical faults of the operational WFs (mainly in Pomerania WF and Tuuleenergia WF).

Wind farms load factor
%



In 2023, the wind farms load factor remained steady compared to prior year value.

Business overview

2.1 Business model

Business

Ignitis Renewables manages assets of renewable energy in the Baltics and Poland, also is responsible for the efficient operation of wind farms, as well as supervision of farms under construction and the development of new generation capacities. By developing new wind and solar generation projects, Ignitis Renewables is implementing the strategic goal of Ignitis Group to expand its Green generation portfolio to 4-5 GW by 2030.

Revenue model

Renewable energy long-term support schemes (FiP, CfD), long-term PPAs and merchant. Feed-in premium (FiP) - provides renewables electricity projects with a fixed premium in addition to the market price. Contract for Difference (CfD) - provides renewables electricity projects with a fixed inflation indexed ‘strike’ price. If the electricity price is lower the state compensates the difference to the fixed bid price. If the electricity price exceeds the bid price, the wind farm operator must transfer the additional revenue to the state.

Main customers

The end buyers of electricity generated by the subsidiaries of the company are other Ignitis Group companies, as well as other business customers, which acquire produced electricity through power exchange.

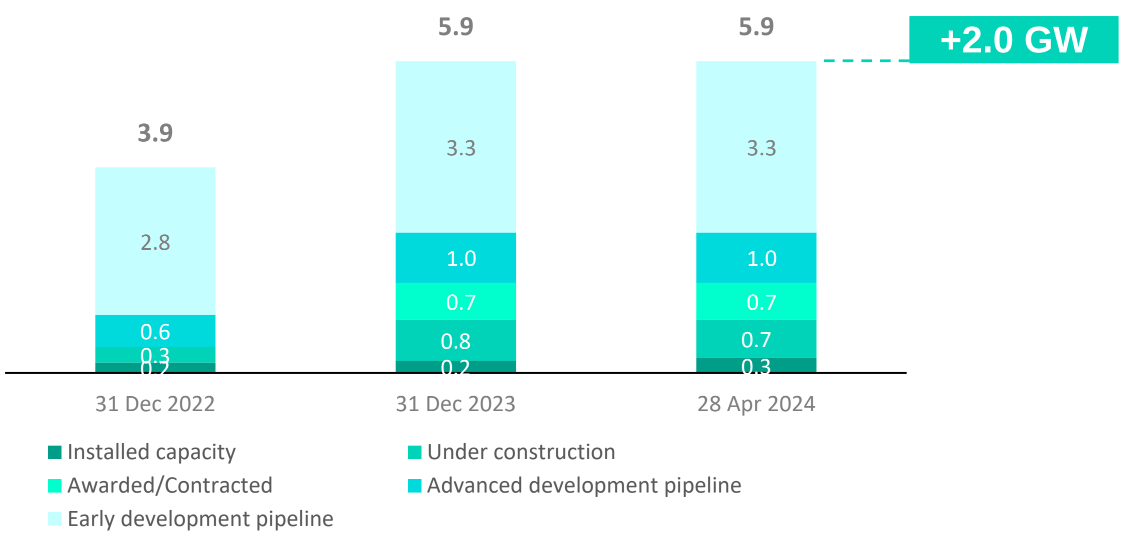
Net zero strategy support

Through development of zero carbon electricity generating assets.

Portfolio and markets

Renewables Group owns four wind farms operating in Lithuania with a combined generation capacity of 121 MW, 18 MW wind farm in Estonia, and 144 MW wind farms in Poland. Installed Capacity increased to 0,3 GW (from 0,2 GW) as Mažeikiai WF (63 MW) in Lithuania reached COD August 2023 and Silesia I WF (50 MW) in Poland reached COD in the beginning of 2024.

Renewables Group Portfolio, GW



Operational (283 MW):

- Eurakras WF (24 MW)
- Vėjo gūsis WF (19 MW)
- Vėjo vatas WF (15 MW)
- Tuuleenergia WF (18 MW)
- Pomerania WF (94 MW)
- Mažeikiai WF (63 MW)
- Silesia I WF (50 MW)

Under construction (up to 729 MW):

- Tauragė solar project (22 MW)
- Kelmė WF II (195 MW)
- Kelmė WF I (105 MW)
- Silesia II WF (137 MW)
- Latvian solar portfolio I (240 MW)
- Polish solar portfolio II (30 MW)

Awarded / contracted (700 MW):

- Lithuanian offshore WF project (up to 700 MW)

2.2 Business environment

Business environment

Recently there has been a significant shift towards renewable energy as a cleaner and more sustainable alternative to traditional fossil fuels. This shift has been driven by a combination of government policies, technological advancements, and increased awareness of climate change. The global renewable energy market has been growing and this growth is expected to continue in the coming years as more countries set ambitious targets for renewable energy adoption due to mitigation of climate change, sustainable energy and geopolitical aspects.

The Renewables Group's performance, to an extent, is governed by macroeconomic and industry dynamics in the markets it operates. Thus, especially during this turbulent period, we closely monitor developments in the industry to assess the business environment in our home market and provide an overview, including key regulatory framework changes below:

Macroeconomic environment

GDP

In 2023, GDP in the euro area and European Union (EU) remained stable compared to 2022. Looking ahead, the GDP in the euro area is expected to grow by 1.2% in 2024 and 1.6% in 2025, and, on a similar note, the EU's GDP is expected to grow by 1.3% and 1.7% respectively. Meanwhile, Lithuania's GDP in 2023 is down by 0.3% compared to last year. However, it is expected to grow by 2.5% in 2024 and by 3.4% in 2025.

Inflation

In December 2023 the annual inflation rate in the euro area settled around 2.9%, down from 4.3% in September 2023. Out of all the countries we operate in, Poland had the highest inflation, reaching 15.3% at the end of the year. Inflation in Poland was above both the euro area and EU averages, while in other countries it was lower than in the EU and the euro area. Similarly, Poland is expected to have the highest harmonised CPI in 2024 and 2025, while all other home market countries are expected to have inflation either slightly below or similar to the EU and euro area.

Regional interconnections and infrastructure

In recent years, there have been significant changes in terms of power flows in our region. Electricity imports from Russia and Belarus to Lithuania have been stopped since autumn 2021 due to the launch of the Belarusian Astravyets Nuclear Power Plant (Belarusian ANPP). In addition, all Baltic countries have stopped importing electricity from Russia since Q2 2022, after Europe's Nord Pool power market stopped trading Russian electricity. It's important to note that Lithuania is one of the most interconnected countries in Europe, which allows it to cover its electricity demand despite the reduction in flows from third countries. The resilience and reliability of its electricity system is expected to increase even further after the synchronization project with the continental Europe is completed in 2025.

EU electricity market design

On 14 March 2023, the European Commission has proposed the EU's electricity market design. The proposed reform foresees revisions to several pieces of EU legislation – notably the Electricity Regulation, the Electricity Directive, and the REMIT Regulation. It introduces measures that incentivise longer term contracts with non-fossil power production and bring more clean flexible solutions into the system to compete with gas, such as demand response and storage. Such measures will likely decrease the impact of fossil fuels on the consumer electricity bills, boost fair competition in European wholesale energy markets and ensure the price stability of energy generated using renewable and non-fossil energy technologies.

The proposal requires suppliers to manage their price risks at least to the extent of the volumes under fixed contracts and obliges Member States to establish suppliers of last resort so that no consumer ends up without electricity. Moreover, Member States will protect vulnerable consumers in arrears from being disconnected and will now be required to assess their needs, establish objectives to increase non-fossil flexibility, and will have the possibility to introduce new support schemes, especially for demand response and storage.

19 December 2023 - EU electricity market design update

The European Union has agreed to overhaul its electricity market design with the goal of speeding up the shift to renewable energy, lessening reliance on unpredictable fossil fuel prices, safeguarding consumers from sudden price hikes and market manipulation, and boosting the competitiveness of EU industries. The reforms include promoting power purchase agreements and contracts for differences, setting up capacity mechanisms, ensuring consumers can choose their electricity supplier, and implementing measures like dedicated measurement devices, updated network tariffs, increased flexibility, and clearer cooperation between transmission and distribution operators. These changes aim to stabilize electricity prices, facilitate the transition to cleaner energy sources, and strengthen consumer rights.

Introduction of Wind Power Package

On 24 October 2023, the European Commission (EC) published the Wind Power Package, which includes Communication on the Wind Power Action Plan and Communication on delivering the EU offshore renewable energy ambitions. The Wind Power Action Plan sets out 15 actions that should be urgently taken together by the EC, the Member States and the industry to support EU companies in the wind sector and improve their competitiveness to ensure that the EU wind industry can continue to play a key role in the green transition.

The Communication on delivering the EU offshore renewable energy ambitions underlines the EC’s continued commitment to offshore renewable energy and reaching the new offshore ambitions. It also takes stock of the progress achieved so far and addresses the main challenges ahead and proposes a way forward to realise the new offshore targets.

Two of the actions outlined in the Wind Power Action Plan have already been taken. Firstly, 26 national Ministers of Energy and high-level representatives of the wind sector have committed to a European Wind Charter, which contains a number of voluntary commitments aimed to align and swiftly implement the actions of the EC, the Member States and the wind sector. Secondly, 21 Member States have committed to specific, concrete pledges on wind energy deployment volumes for at least the 2024–2026 period.

Introducing the net-billing accounting system

There have been several amendments made to the laws (the Law on Energy from Renewable Sources and the Law on Electricity) to introduce the net-billing accounting system. The amendments also include the following changes and requirements:

- setting a target of at least 55% of electricity produced from renewable energy sources compared to electricity consumption by 2030;
- ensuring a harmonious and balanced development of power plants using renewable energy resources;
- clarifying the conditions and procedures for connecting and accessing electricity networks to/by the hybrid power plants and storage facilities as well as amending the rules for network capacity reservation and changing the type of activities in the electricity sector.

Lithuania regulatory environment

The development of onshore wind farms and solar parks in Lithuania

On 1 February 2023, the Government of the Republic of Lithuania passed resolutions defining the further development of onshore wind and solar photovoltaic plants:

- Resolution No. 66 established that after the limit of 2 GW of installed capacity of solar power plants is reached, further development of solar power plants will be carried out while applying the connection and operation restrictions (curtailment);
- Resolution No. 65 established the proportion of the grid capacities allocated for onshore wind and solar photovoltaic power plants.

Additionally, on 6 March 2023, the Lithuanian National Energy Regulatory Council adopted the LITGRID AB Description of the Procedure for the Use of Electricity Transmission Networks, which, among other things, set out rules for the further development of solar power plants after the limit of 2 GW of installed capacity is reached. On 7 November 2023 the Constitutional Court of Republic of Lithuania issued a Ruling on the Law on Energy from Renewable Sources and Resolution No. 66, which determined that the actions to be taken after the limit of 2 GW of installed capacity of solar power plants is reached, and the status and of network users that have already started the procedure of requesting access to the network by the time the limit was reached needed to be regulated by law. Hence on 19 December 2023 the Amendments to the Law on Energy from Renewable Sources were adopted by the Parliament, establishing that:

- after the limit of 2 GW of installed capacity of solar power plants is reached, further development of such power plants shall be allowed while applying connection and operation restrictions (curtailment);
- network users that have already started the procedure of requesting access to the network by the time the limit of 2 GW of installed capacity of solar power plants was reached shall develop their projects with a percentage of curtailment determined by the regulatory authority;
- after the limit of the generation capacity prescribed by the Government to the prosumers is reached, further development of prosumer power plants shall be allowed while applying connection and operation restrictions (curtailment).

Moreover, according to the Council Regulation 2022/1854, the regulation of mandatory cap on market revenues on inframarginal rents expired on the 30 June 2023.

Lithuanian offshore wind legal framework

The Lithuanian government has been very active in developing the legal framework for offshore wind tenders and has adopted several laws and secondary legislation to define and improve the conditions for offshore tenders. The Lithuanian government decided to launch two offshore tenders:

The first non-incentive offshore tender for the development of an offshore wind farm with a maximum permitted generation capacity of 700 MW and a minimum installed capacity of 580 MW was launched on 30 March 2023 and finished on 12 October 2023. Ignitis Renewables and its partner Ocean Winds were announced as the winners of the tender after bidding with the highest development fee of EUR 20 million;

The second offshore tender with the application of incentive measures for the development of an offshore wind farm with a maximum permitted generation capacity of 700 MW and a minimum installed capacity of 700 MW. The tender was launched on 15 January 2024, following the European Commission’s decision not to raise objections to the Lithuanian support scheme for offshore wind farms as of 4 October 2023 on the grounds that the aid under this support scheme is compatible with EU State aid rules. The maximum CfD price for the second tender was calculated and set by the National Energy Regulatory Council at 107.18 EUR/MWh and the minimum CfD price was set at 64.31 EUR/MWh.

Latvia regulatory environment

Offshore wind development

Legislation related to the development of greenfield offshore wind projects, which was initially adopted in Latvia in 2014, is currently under review by the governmental institutions to set the tender pre-qualification criteria, the bidding process, and the obligations of the tender winner.

Latvia and Estonia offshore wind projects

A joint offshore wind project

The governments of Latvia and Estonia have selected the locations in their respective parts of the Baltic Sea where a joint offshore wind energy project – ELWIND – will be built. The ELWIND should comprise two offshore wind farms situated in the Latvian and Estonian parts of the Baltic Sea, with interconnections between them and connections to both countries. ELWIND, with a total capacity between 700 MW and 1,000 MW, has been listed on the first list of renewable energy cross-border projects under the EU Connecting Europe Facility. The tender for a project developer is set to take place in 2026, and the project is expected to be completed after 2030.

Poland regulatory environment

Liberalisation of 10H rule

On 23 April 2023, the amendment to the Wind Power Plant Investment Act dated 20 May 2016 entered into force (the provisions related to virtual prosumers will become effective starting from 2 July 2024). The infamous 10H rule (the minimum distance of wind turbines from residential buildings, meaning that - ten times the height of the wind turbine) will still apply, but local governments will be able to designate the location of wind farms as part of the procedure for amending the zoning plan or adopting a new plan and set a minimum distance of 700 m. Contrary to the initial proposal, the investors will not be allowed to finance the preparation or amendment of a local zoning plan, allowing for construction of a wind farm.

The distance between the wind turbine and the transmission grid must be at least three times the maximum rotor diameter including blades (3D), or at least twice the maximum total height of the wind turbine specified in the local plan (2H), whichever is greater. Moreover, developer will be obliged to offer at least 10% of the installed capacity of a wind farm to community residents for a period of 15 years in order for them to become virtual prosumers of renewable energy (this will apply only to projects with construction permits issued starting from 2 July 2024).

Elections and new Government in Poland

Following the elections in October 2023, a new centre-right coalition government was sworn in on 13 December 2023. A change in the policy directions towards RES and green energy is expected, as already in November 2023 the soon-to-be coalition proposed a law amendment, which included liberalization of rules for the location and construction of wind farms in Poland, i.e., reduction the minimum distance of wind turbines from 700 to 500 meters. The changes also included provisions regarding locating wind farms dependent on the intensity of the sound they emit, and not, as currently, on their height. The provision has not been adopted yet and will constitute subject of a separate act in the future. In addition, this government is also expected to implement the RED III Directive.

Estonia regulatory environment

Offshore wind development

On 15 February 2023, the Estonian Parliament (est. Riigikogu) passed amendments to the Electricity Market Act and other laws, paving the way for the organisation of competitive auctions to grant seabed exclusivity for offshore wind development.

Proposal to amend the Estonian Building Code

Currently, in order to construct an offshore wind farm in Estonia, a separate superficies license, a water permit and a building permit are needed. The legislative amendments consolidate the previous requirements of three different permitting procedures (the superficies license, the environmental permit for special water use (water permit), and the building permit) into a single consolidated offshore wind farm superficies license. Also, a state fee for the superficies licences has been introduced, which must be paid after the decision to initiate the superficies licence procedure is made. The amount of the state fee may be adjusted based on the environmental impact assessment (EIA). The EIA proceedings are streamlined and should take less time than under the current regulations.

2.3 Strategy

Main objective and integrated strategy

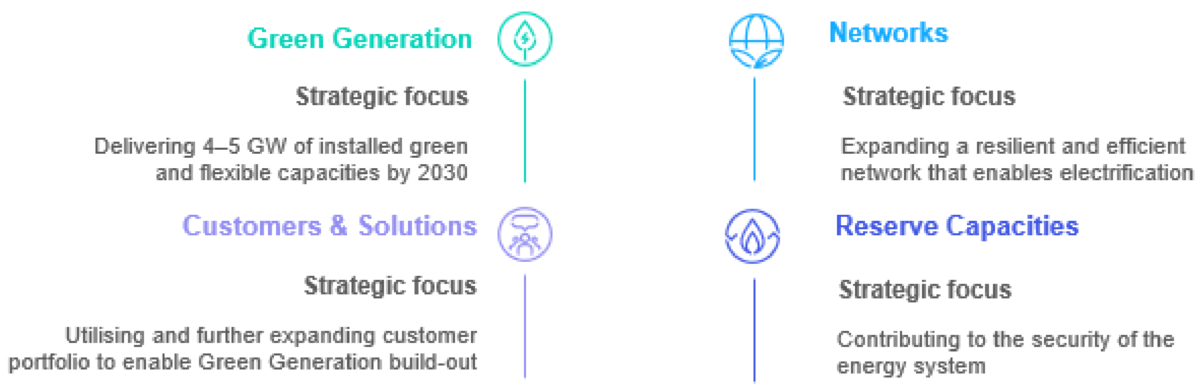
The Renewables Group is an important part of the integrated business model and strategy of Ignitis Group. Ignitis Group is a priority integrated energy services company focusing on renewable energy and the largest energy group in the Baltic States.

Our shared purpose is to create a 100% green and secure energy ecosystem for current and future generations. We are enhancing our contribution to the decarbonization and energy security in our region by accelerating the green energy transition in the Baltics and creating a purely green energy system. The Group's purpose-driven priorities:

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

The Group is planning to deliver 4–5 GW of installed green and flexible capacities by 2030 and reach net zero emissions by 2040–2050 by developing a Green generation portfolio with a focus on offshore wind, onshore hybrid, Power-to-X and storage technologies while leveraging our integrated business model.

Integrated business model



Ignitis Renewables is the part of Ignitis group and belongs to the green production segment. Ignitis Renewables manages assets of renewable energy in the Baltics and Poland, also is responsible for the efficient operation of wind farms, as well as supervision of farms under construction and the development of new generation capacities Sustainability and ESG priorities.

We deliver our strategy by focusing on decarbonization based on the science-based targets, 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 at top management level and creating sustainable value through our sustainable investments and returns.

Our values

We are a diverse team of energy smart people united by a common purpose.

RESPONSIBILITY PARTNERSHIP OPENNESS GROWTH

Strategic priorities, targets and KPIs

Ignitis Group expect to reach 2.2–2.4 GW of installed Green generation capacity by 2026 and 4–5 GW by 2030 (green and flexible capacities). More Ignitis Group strategic targets and KPIs for 2023–2026 are available on the Integrated Annual Report 2023 section(Link)

Key projects and investments

Under construction							
Project name	**Polish solar portfolio**	**Silesia WF II**	**Tauragė solar project I**	**Moray West offshore wind project[4]**	**Latvian solar portfolio I**	**Kelmė WF I**	**Kelmė WF II**
Country	Poland	Poland	Lithuania	The United Kingdom	Latvia	Lithuania	Lithuania
Technology	Solar	Onshore wind	Solar	Offshore wind	Solar	Onshore wind	Onshore wind
Capacity	30 MW	137 MW	22.1 MW	882 MW	239 MW	105.4 MW	194.6 MW
Turbine / module / other type of unit manufacturer	17 MW Jinko Solar; 13 MW JA Solar	38 x 3.6 MW Nordex	22.1 MW Trina Solar	60 x 14.7 MW Siemens Gamesa	239 MW Trina Solar	16 x 6.6 MW Nordex	28 x 7.0 MW Nordex
Investment	~EUR 18 million	~EUR 240 million[2]	~EUR 16 million	Not disclosed	~EUR 178 million[2]	~EUR 190 million[2]	~EUR 360 million[2]
Investments made by 31December 2023	~EUR 14 million	~EUR 230 million	~EUR 11 million	Not disclosed	~EUR 11 million	~EUR 108 million	~EUR 107 million
Proportion of secured revenue[1]	100%	100%	0%	85%	0%	65%	0%
Type of secured revenue	CfD	CfD / PPA	-	CfD / PPA	-	PPA	-
Ownership	0%[3]	100%	100%	5%[4]	100%	100%	100%
Partnership	n/a	n/a	n/a	Ocean Winds	n/a	n/a	n/a
FID made	+	+	+	+	+	+	+
WTGs erected (units) / Solar modules & inverters installed (MW) / Other type of turbines or units installed (units)	27 / 30	38 / 38	22 / 22	0 / 60	0 / 239	0 / 16	0 / 28
First power / heat to the grid supplied	+	-	-	-	-	-	-
Expected COD	Q1 2024–Q4 2024	H2 2024	2024	2025	2025	2025	2025
Status	Time delay	On track	On track	On track	On track	On track	On track

1 Secured revenue timeframe differs on a project-by-project basis.

2 Including project acquisition and construction works.

3 Ownership will be 100% after full completion of construction works.

4 As the Group owns a minority stake of 5%, the project's capacity is not consolidated and is not reflected in the data of Green generation Portfolio.

Awarded / Contracted	
Project name	**Lithuanian offshore WF**
Country	Lithuania
Technology	Offshore wind
Capacity	700 MW
Investment	Not disclosed
Proportion of secured revenue[1]	0%
Type of secured revenue	-
Ownership	51%
Partnership	Ocean Winds
Progress	
Seabed secured	+
Grid connection secured	+
EIA completed	-
Expected COD	2029
Status	On track

1 Secured revenue timeframe differs on a project-by-project basis.

More information of Ignitis Group key projects and investments is available on the Integrated Annual Report 2023 section (Link)

Results

3.1 Annual results

Revenue

In 2023, Renewables Group's revenue decreased by 15.6% to EUR 48.9 million compared to 2022. The main driver of the negative change was lower production caused by lower availability related to unplanned maintenance works (technical faults of the operational WFs), lower wind speeds and generally lower electricity market prices in Lithuania and Estonia. Additionally, in Poland Pomerania WF traded 2023 electricity with CfD mechanism, whereas in 2022 73.0% of electricity was sold based on market price which was higher than the tariff.

Revenue by country, EURm

	2023	2022	Δ	Δ,%
Poland	16.6	32.8	*(16.2)*	*(49.4)%*
Lithuania	27.2	15.9	*11.2*	*70.4%*
Estonia	5.2	9.2	*(4.0)*	*(43.8)%*
Revenue	**48.9**	**57.9**	***(9.0)***	***(15.6)%***

After the Mažeikiai WF started its commercial operations, the Renewables Group's revenue in Lithuania reached 55.5% in 2023 (in 2022 this amounted to 27.5%). 33.9% of revenue was earned in Poland (in 2022 this was 56.6%), and 10.6% in Estonia (in 2022 this was 15.9%).

Expenses

Purchase of electricity and other services

The Renewables Group's purchase of electricity and other services amounted to EUR 0.3 million in 2023 and decreased by 92.6% compared to 2022. The decrease was mainly caused by positive electricity hedging result (electricity realised) as according to the accounting policy of the Ignitis Group, the positive and negative hedging result of realized effective derivative transaction for the period is presented within other purchases cost line.

OPEX

In 2023, OPEX of the Renewables Group amounted to EUR 25.6 million and increased by 82.4% (EUR +11.6 million). This change was driven by an expansion of its renewables business, which led to an increased number of employees and therefore higher remuneration expenses (EUR +4.3 million or +110.1%). Repair and maintenance costs increased by 40.5% (EUR +1.2 million) due to Mažeikiai WF reaching commercial operations and technical faults of the operational WFs. Other expenses also increased (EUR +6.1 million or 84.1%) mostly due to higher expenses for legal and finance consulting (EUR +2.8 million) in relation to projects' asset rotation and financing, offshore activities and M&A projects, higher asset management and administration costs (EUR +1.0 million), more projects' insurance and compensations for land expenses (EUR +0.9 million), higher business support services costs (EUR +0.5 million), people and culture related costs (EUR +0.5 million) and telecommunications and IT services (EUR +0.4 million).

Other

Depreciation and amortisation expenses increased by 3.4% (EUR +0.4 million) mostly due to Mažeikiai WF (EUR +0.9 million) which was offset by end of amortization period in 2022 of Vėjo Gūsis WF and Vėjo Vatas WF intangible assets identified during the business merger (EUR -0.5 million).

Write-offs of intangible assets and result on lease modification decreased by 76.4% (EUR -2.1 million) as there were no write-offs of intangible assets in 2023.

Expenses, EURm

	2023	2022	Δ	Δ,%
Purchases of electricity and other services	**0.3**	**3.5**	***(3.2)***	***(92.6)%***
Purchase of electricity and related services	3.4	3.5	*0.0*	*(1.0)%*
Other purchases costs	(3.2)	0.0	*(3.2)*	*(8444.7)%*
OPEX APM	**25.6**	**14.0**	***11.6***	***82.4%***
Salaries and related expenses	8.2	3.9	*4.3*	*110.1%*
Repair and maintenance expenses	4.0	2.9	*1.2*	*40.5%*
Other	13.4	7.3	6.1	*84.1%*
Other	**12.9**	**14.5**	***(1.7)***	***(11.5)%***
Depreciation and amortisation	12.2	11.8	*0.4*	*3.4%*
Write-offs of intangible assets and result on lease modification	0.6	2.7	(2.1)	(76.4)%
Total	**38.8**	**32.0**	**6.7**	**20.7%**

EBITDA

In 2023, Renewables Group's EBITDA was 42.9%, or EUR 17.3 million, lower than in 2022 mainly due to the decreased revenue caused by lower production and generally lower electricity market prices, and increased operating expenses.

Net profit

In 2023, net profit amounted to EUR 8.1 million and was EUR 5.4 million lower than in 2022. The main driver of this change was the negative impact of the EBITDA.

Investments

Investments in 2023 amounted to EUR 466.6 million and were EUR 306.5 million higher when compared to 2022. The main drivers for the higher investments were expenditure related to Silesia I WF and Silesia II WF construction, newly acquired Kelmė WF I and Kelmė WF II which are also under construction, Latvian solar portfolio I and Tauragė solar project reaching the construction, and offshore WF related investments.

Assets

As of 31 December 2023, total assets amounted to EUR 1208.0 million (127.5% or EUR 677.1 million increase compared to 31 December 2022). This increase was mainly driven by an increase in non-current assets (157.0% or EUR 660.0 million) which was mainly caused by an increase in:

- PPE (EUR 281.9 million) related to construction-in-progress additions (EUR 272.1 million: Kelmė WF I and Kelmė WF II EUR 124.4 million, Mažeikiai WF EUR 70.9 million, Silezia I WF and Silezia II WF EUR 62.9 million, Tauragė PV EUR 10.7 million, Venta PV EUR 0.8 million, Kurzeme II CVE EUR 0.3 million and Kurzeme I BRVE EUR 0.1 million) and identified assets during business combination (EUR 9.7 million: Kelmė WF I and Kelmė WF II EUR 8.8 million, Venta PV EUR 0.7 million, Kurzeme I BRVE EUR 0.1 million and Kurzeme II CVE EUR 0.1 million);
- prepayments for PPE (EUR 169.1 million) mostly for the projects under construction: Silezia II WF (EUR 115.1 million), Silezia I WF (EUR 29.6 million) and Kelmė WF I and Kelmė WF II (EUR 60.6 million);

- intangible assets (EUR 155.5 million) mostly related to licenses and rights to produce electricity (EUR 139.1 million), goodwill (EUR 10.7 million) and other additions (EUR 4.6 million);
- non-current receivables (EUR 55.4 million) related to Moray West WF loan.

In addition to the aforementioned factors, total assets' growth was also impacted by current assets' growth mostly due to higher cash balance (EUR 15.1 million), an increase in other receivables (EUR 3.2 million) and financial derivatives (EUR 3.5 million).

Equity

As of 31 December 2023, the shareholder's equity amounted to EUR 232.3 million and was higher by 240.5% or EUR 164.0 million compared to 31 December 2022. This was due to an increase in share premium (EUR +110.0 million) and share capital (EUR +19.0 million) as AB "Ignitis grupė" increased UAB "Ignitis renewables" authorised capital by issuing new shares and due to retained earnings.

Liabilities

As of 31 December 2023, the total liabilities increased by 110.9%, or EUR 513.1 million. This was mainly driven by an increase in the loans to finance new investments.

Balance sheet, EURm

	31.12.2023	31.12.2022	Δ	Δ,%
Non-current assets	1,080.3	420.3	660.0	157.0%
Current assets	127.7	110.6	17.1	15.5%
TOTAL ASSETS	1,208.0	**530.9**	677.1	127.5%
Equity	232.3	68.2	164.0	240.5%
Total liabilities	975.8	462.7	513.1	110.9%
Non-current liabilities	884.7	434.8	449.9	103.5%
Current liabilities	91.0	27.9	63.2	226.7%
TOTAL EQUITY AND LIABILITIES	1,208.0	**530.9**	677.1	127.5%
Asset turnover APM	0.06	0.13	(0.08)	(58.0)%
ROA APM	0.9%	3.1%	*n/a*	*(2.2) p.p.*
Current ratio APM	1.40	*3.97*	(2.57)	(64.6)%

Net debt

As of 31 December 2023, net debt amounted to EUR 752.5 million, an increase of 106.9%, or EUR 388.8 million, compared to 31 December 2022.

FFO LTM / Net debt decreased from 8.8% to 1.2% due to a proportional lower FFO which was lower because of lower EBITDA and more paid interest.

Net debt, EURm

	31.12.2023	31.12.2022	Δ	Δ,%
Total non-current financial liabilities	**807.6**	**412.1**	**395.5**	**96.0%**
Non-current loans	791.9	392.8	399.1	101.6%
Lease liabilities (IFRS 16)	15.7	19.3	(3.7)	(18.9)%
Total current financial liabilities	**17.3**	**9.0**	**8.4**	**93.2%**
Current portion of non-current loans	5.8	5.3	0.6	10.9%
Current loans	-	-	-	-
Interests payable (including accrued)	10.6	3.3	7.3	219.5%
Lease liabilities (IFRS 16)	0.8	0.4	0.5	131.1%
Gross debt APM	**824.9**	**421.1**	**403.8**	**95.9%**
Cash and cash equivalents	**72.4**	**57.3**	**15.1**	**26.3%**
Net debt APM	**752.5**	**363.7**	**388.8**	**106.9%**
Net debt / EBITDA APM	32.6	*9.0*	23.6	262.3%
FFO LTM / Net debt APM	1.2%	*8.8%*	*n/a*	(7.6) p.p.
Gross debt/Equity APM	3.6	*6.2*	(2.6)	(42.5)%
Equity ratio APM	0.19	0.13	0.06	49.6%

Dividends

On 30 January 2024 the Management Board of the Ignitis Group approved the updated dividend policy of companies owned by Ignitis Group (link), according to which:

1. The management bodies of subsidiary propose to allocate the share of profit to dividends for the financial year or for a period shorter than the financial year – at least 80 percent of the subsidiary's net profit received during the reporting period for which dividends are proposed to allocate;
2. The management bodies of the subsidiary may propose to allocate a share of profit to dividends for the financial year, if the subsidiary has incurred a loss during the reporting period but has accumulated retained profit from previous reporting periods and the amount of distributable profit (loss) for the reporting period is positive. This provision shall apply only when there is a necessary need for the company to receive dividends in the implementation of the company's dividend policy;
3. management bodies of subsidiaries may propose to set a lower part of the profit for the companies to pay out than the one indicated in subparagraph 1, or propose not to allocate dividends for the reporting period if at least one of the following conditions is met:

   3.1 The Subsidiary implements green generation investment projects in accordance with the Group's strategy;

   3.2 The Subsidiary's ability to pay dividends is limited by the covenants set out in the financing agreements;

   3.3 The Subsidiary 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 The Subsidiary's equity, after payment of dividends, would become less than the amount of the Subsidiary's authorized capital, mandatory reserve, revaluation reserve and reserve for acquisition of own shares;

   3.5 The Subsidiary is insolvent, or would become insolvent upon payment of dividends, or the Subsidiary's level of debt is too high;

   3. 6 The subsidiary has received the written consent of the Head of the Treasury and the Group CFO to apply paragraph 3 in cases not provided for in Sub-Clauses 3.1 – 3.5.

No dividends for the year 2022 was approved at the Ordinary General Meeting of shareholders and therefore the Group did not pay any dividends in cash during 2023 (2022: EUR 1.8 million).

Dividends declared by the company during the year, EURm

	2023	2022	Δ	Δ,%
Dividends declared during the period	**-**	**1.8**	***(1.8)***	***(100%)***

Key operating indicators

		2023	2022	Δ	Δ,%
Secured capacity	MW	1,711	472	*1,239*	*263%*
Projects under construction	MW	778	280	*498*	*178%*
Electricity generated (net)	TWh	0.58	0.47	*0.11*	*23%*
Availability factor	%	95.8%	98.7%	*(2.9 p. p.)*	*n/a*
Load factor	%	31.5%	31.6%	*(0.1 p. p.)*	*n/a*

In 2023, electricity generated (net) by wind farms amounted to 0.58 TWh and increased by 0.11 TWh compared to 2022. This was the result of Mažeikiai WF generating and offsetting the negative effect of the operational WFs due to lower availability and lower wind speeds. Availability factor decreased by 2.9 percentage point due to unplanned maintenance works of the operational WFs (mainly Pomerania WF and Tuleenergia WF). Load factor was slightly lower, however generally it remained at high and expected level.

3.2 Three-year annual summary

Key financial indicators

		2023	2022	2021
Revenue	EURm	48.9	57.9	22.7
EBITDA APM	EURm	23.1	40.4	16.2
EBITDA margin APM	%	47.2%	69.8%	71.4%
EBIT APM	EURm	10.2	25.9	10.8
Net profit	EURm	8.1	13.4	7.6
Investments APM	EURm	466.6	160.1	13.7
ROE APM	%	5.4%	22.3%	16.1%
ROCE APM	%	1.4%	7.2%	4.3%
ROA APM	%	0.9%	3.1%	2.6%
		31.12.2023	31.12.2022	31.12.2021
Total assets	EURm	1,208.0	530.9	333.7
Equity	EURm	232.3	68.2	51.9
Net debt APM	EURm	752.5	363.7	233.0
Net debt / EBITDA APM	times	32.6	9.0	14.3
Current ratio APM	times	1.4	4.0	2.4
Asset turnover APM	times	0.1	0.1	0.1

Key operating indicators

		2023	2022	2021
Secured capacity	MW	1,711	472	170
Projects under construction	MW	778	280	63
Electricity generated (net)	TWh	0.58	0.47	0.30
Availability factor	%	95.8%	98.7%	99.1%
Load factor	%	31.5%	31.6%	31.6%

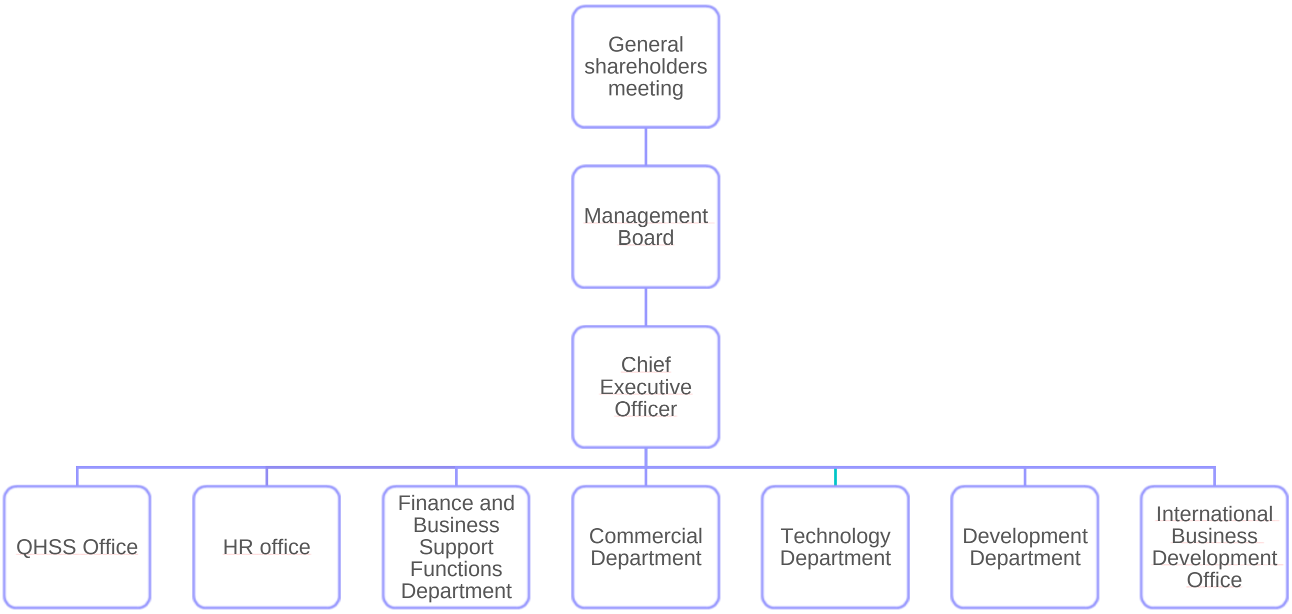
Governance

4.1 Governance model

Governance model

The company's governance structure is comprised of the Chief Executive Officer (CEO) and a one-tier management system, which is the Management Board of the company. The CEO of the company represents the company on all issues and, together with the Management Board, is responsible for managing the company. The CEO of the company manages the day-to-day operations of the company and is entitled to solely represent the company.

May 31, 2023, by the decision of the company's CEO, an advisory body called the Executive Committee has been established. It assists the CEO in addressing the company's strategic issues and provides opinions on matters of organizational activity. The competence, the procedure for convening and making decisions of the Executive Committee are determined by the company's Articles of Association and other legislation regulating the activities of the Executive Committee.



Shareholders, their rights, and functions

The company is a part of the state-owned group of energy companies belonging to Ignitis Group; 100% of the company's shares are owned by the AB "Ignitis Grupė." The General Meeting of Shareholders is the highest governing body of the company. The competence of the General Meeting of Shareholders, the procedure for the convocation of the General Meeting and the decision-making process is prescribed by the laws, other legal acts and the Articles of Association of the company.

4.2 Management Board

Overview

The Management Board is a collegial management body, as set out in the Articles of Association of the company. The Management Board's area of competence is designed to ensure the proper management of the company. The Management Board members are elected for a four-year term and are recalled by the General Meeting of Shareholders. The Management Board is comprised of three members, who elect the Chair of the Management Board from among themselves. The competence of the Management Board, as well as the procedure for decision-making, election and recalling of the members of the Management Board, are established by the laws and other legal acts, as well as the Articles of Association of the company and the Rules of Procedure of the Management Board.

Functions and responsibilities

The Management Board considers and approves the following:

- business strategy and plan of the company;
- budget of the company;
- Rules of Procedure of the Management Board;
- management (organisational) structure of the company, list of positions and the maximum headcount;
- regulations of the company's affiliates and representative offices;
- Annual Report and interim report of the company, prepared for adopting a decision on the allocation of dividends for a period which is shorter than the financial year;
- Consolidated Annual Report of the company, and the companies wherein the company is a shareholder, on the provision of financial support and its utilisation in the previous calendar year.

The Management Board analyses and evaluates the material submitted by the Chief Executive Officer of the company on the following:

- implementation of the business strategy of the company;
- organisation of the company's activities;
- financial situation of the company;
- results of the economic activities of the company, estimates of revenue and expenses, inventory data and other accounting data of changes in the assets;
- a set of annual financial statements of the company, as well as a set of interim financial statements of the company prepared for the purpose of adopting a decision on the allocation of dividends for a period shorter than the financial year, the distribution of the company's profit (loss) and the decision regarding the projects in relation to allocating dividends for a period shorter than the financial year.

The Management Board adopts decisions regarding the conclusion of the following transactions:

- the acquisition, investment, transfer or leases of non-current assets with a book value equal to or exceeding EUR 25,000,000 (twenty-five million euros) or less (in cases as specified in the procedure for concluding transactions established by the parent company (calculated separately for each type of transaction), pledge or mortgage thereof (calculated for the total amount of transactions);
- the surety or guarantee for the fulfilment of obligations of other entities if the amount exceeds EUR 25,000,000 (twenty-five million euros) or is less (in cases as specified in the procedure for concluding transactions established by the parent company);
- on the approval of the decisions of the Chief Executive Officer on granting financial support, when the amount of the transaction on financial support or gratuitous transfer of assets is more than EUR 5,000 (five thousand euros) or when the transaction on financial support is above the financial support budget of the Company for respective financial year (if such is approved);
- the decisions and conclusion of other transactions in accordance with the procedure for concluding transactions established by the parent company.

The Management Board adopts decisions regarding the following matters:

- the company becoming a founder or participant in other legal entities save for exceptions indicated in the Articles of Association; terminating their activities;
- the company establishing branches and representative offices and terminating their activities, as well as approving and amending the regulations thereof;
- the approval of candidacies for the management bodies of companies in which the Company is a shareholder, the Company's branches and representative offices, the approval of the appointment and removal of the heads thereof;
- any transfer of the shares (parts, stocks) held by the company or the rights granted thereby to other persons or restriction thereof;
- entering into shareholder's agreements regarding the entities where the company is a shareholder and terminating them thereof;
- other issues which fall within the Management Board's competence under legal acts, the Articles of Association or the General Meeting of Shareholders, as well as significant issues which are referred to the Board by the Chief Executive Officer.

The Management Board shall be responsible for convening and organising the General Meetings in a timely manner.

Selection procedure

The Management Board members are elected for a four-year term and are recalled by the General Meeting of Shareholders of the company. If the Management Board is recalled, resigns or ceases to hold office before the end of term for other reasons, a new Management Board shall be elected for a new term of office. Individual members of the Management Board shall be elected only for a term until the end of the term of the current Management Board.

Each candidate to be a member of the Management Board must provide the General Meeting with their written consent to stand for the office of the Management Board and a Declaration of Interests, stating therein all the circumstances which may give rise to a conflict of interest between the candidate and the company. The candidates to the Management Board of the company must comply with the general and special criteria set out by the legal acts. Members of the Management Board cannot do other work or hold other positions that are incompatible with their activities in the Management Board, including holding executive positions in other legal entities (except for positions within the company and the Group of companies), nor work in a civil service or statutory service position. The members of the Management Board may hold other positions or do other work, except for positions within the company and other legal entities wherein the company is a participant, and may carry out pedagogical, creative or authorship activities only after receiving the consent of the General Meeting in advance.

Priorities for the reporting period and their implementation

The Management Board meetings takes place on a weekly basis. Additionally, ad hoc meetings are held if necessary. The table below details the participation of the members in the meetings.

Overview of the meeting attendance of the Management Board members

Name, surname*	
Jonas Rimavičius	87/87
Vidmantas Salietis	87/87
Peter Overgaard*	87/87

** The numbers indicate how many meetings the members attended in 2023, out of the total meetings during the reporting period.*

Overall, 87 meetings of the Management Board were held in 2023, covering the following key areas:

- after the General Meeting of Shareholders of the company adopted a decision to elect the Management Board for a four-year term, the company's Management Board decided to elect Jonas Rimavičius as the Chair of the Board of the company;
- Approval of the company's Annual Report for the year 2022, and its submission to the General Meeting of Shareholders;
- evaluation of the company's annual financial statements and draft allocation of profit (loss) and providing comments to the General Meeting of Shareholders;
- evaluation of the most significant transactions planned by the company, approval of their conclusion and approval of essential terms of those transactions;
- making decisions on participation and voting in general meetings of shareholders of the companies in which the company is a shareholder;
- evaluation of the organisation of the company's activities and taking decisions related thereto;
- evaluation and approval of the company's operational planning documents;
- making decisions on approval of company's internal policies;
- approval of the appointment and removal of members of the management bodies and of the heads of companies in which the company is a shareholder;
- election of the audit company to perform the audit of the financial statements of the company for the period of 2023-2027;
- application to the General Meeting of Shareholders to increase the share capital and amend the Articles of Association of the company;
- making decisions on establishment of subsidiary companies, UAB "Ignitis renewables projektai 4", UAB "Ignitis renewables projektai 5", UAB "Ignitis renewables projektai 6", UAB "Ignitis renewables projektai 7", UAB "Ignitis renewables projektai 8" and a joint subsidiary, UAB "Offshore wind farm 1" together with OW OFFSHORE, S.L.;
- acquisition of 50% of shares of Estonia Offshore Wind DevCo OÜ on behalf of UAB "Ignitis renewables projektai 6";
- acquisition of 100% of UAB "Vėjas LT" shares, developing up to 105;4 MW wind park and 100% of WINDLIT, UAB shares, developing up to 194;6 MW wind park;
- conclusion of the Power Purchase Agreement between Silesia2 Wind Farm S;A; and Umicore Poland Sp. z o.o.;
- conclusion of EUR 64 million financing agreement for a 63 MW Mažeikiai wind farm with the European Investment Bank and Nordic Investment Bank;

Members of the Management Board

	Description	Experience	Education	Other current place of employment, position
	**Jonas Rimavičius** Chair Term of office: from 7 February 2023 until 6 February 2027	Jonas Rimavičius joined Ignitis Group in 2016. Before that time, he worked as a Senior Analyst at Swedbank, a Finance Business Partner at the telecommunications company Telia as well as an Associate for Strategy and Transactions at Ernst & Young Baltic.	University of Warwick – BSc in Accounting and Finance. University of Cambridge – Master's degree in Business Administration (EMBA).	Member of AB Ignitis Grupe's Management Board and CFO. Ignitis Renewables, Chair and Member of the Board; Ignitis renewables offshore development, Member of the Board; Ignitis renewables projektai 5, Member of the Board; Ignitis renewables projektai 6, Chair and Member of the Board; Vilniaus Kogeneracinė Jėgainė, Member of the Board.
	**Vidmantas Salietis** Member Term of office: from 7 February 2023 until 6 February 2027	Vidmantas Salietis joined Ignitis Group in 2011 and has 7 years of executive experience, which he acquired in the energy sector. He worked as CEO at UAB Energijos Tiekimas, and before that as Director of the Wholesale Trading Department at AB Ignitis Gamyba.	Stockholm School of Economics in Riga – Bachelor's degree in Economics and Business.	Member of the AB Ignitis Grupe's Management Board and Group Chief Commercial Officer. Ignitis, Chair and Member of the Board; Ignitis Gamyba, Chair and Member of the Board; Ignitis Renewables, Member of the Board.
	**Peter Overgaard** Independent member Term of office: from 7 February 2023 until 6 February 2027	Peter Overgaard joined Ignitis Group in 2021. Mr Overgaard gained experience as an executive in various companies involved in developing green energy, such as DONG (now Orsted) and Siemens Gamesa. He also has invaluable experience in Poland – one of the strategic markets of the Group.	Aalborg University – Master's degree in Mechanical Engineering, Energy Sector. Vitus Bering University College – Diploma in Engineering Business Administration (EBA).	-

Chief Executive Officer

Overview

The Chief Executive Officer is the sole management body of the company. The Chief Executive Officer is appointed by a decision of the company's Management Board. The Chief Executive Officer organises the activities of the company, manages it, acts on behalf of the company and concludes transactions unilaterally, except for in the exceptions provided by the legal acts and the Articles of Association. The competence of the Chief Executive Officer, as well as the procedure of election and recalling are established by the laws, other legal acts and the Articles of Association of the company.

Profile

	Description	Experience	Education	Other current place of employment, position
	**Thierry Aelens** Chief Executive Officer Term of office: from 7 March 2022 until 6 March 2027	Thierry Aelens joined Ignitis Group in 2022. Thierry Aelens has led offshore wind development projects in one of the largest energy companies in the world – RWE Innogy (now RWE renewables). He was also Senior Vice President at STX France, one of the leading offshore wind substation manufacturers, and held executive positions in the renewable energy company Elicio, as well as having accumulated experience in other international companies throughout the world.	UCL and RWTH Aachen University – Civil Engineering. Several postgraduate modules and vocational training in the areas of engineering, oil and gas, energy management and energy policy studies, and marine engineering.	-

4.3 People and remuneration

People and culture

Overview

Ignitis Group, with the Renewables Group as a part of it, is one of the largest employers in Lithuania. Maintaining good relations with employees and contributing to employee engagement and welfare is a great responsibility and challenge, but at the same time is and an opportunity.

Ignitis Group forms and strives to maintain an organisational culture that fosters long-term employer-employee partnerships based on the Group's values and its Code of Ethics, as well as mutual understanding and the opportunity to create an energy smart future together.

In the Ignitis Group strategy, the following strategic directions of the Group's People and Culture are named: engaged employees and flexible teams, learning anywhere and anytime. The Ignitis Group People and Culture Policy sets out the principles and defines the key provisions which the company follows in its operations, when managing its talent potential and culture, and when implementing its strategic goals.

The company, in accordance with the Group's People and Culture Policy, strives to maintain and attract the best employees who can develop the current operations professionally and who will create new business opportunities and innovations, thus creating a sustainable and innovative organisation. We strive to have employees who uphold the values of the organisation, who are open and willing to grow, who are responsible and who foster partnerships.

Employees, their diversity and representation

As of 31 December 2023, the Renewables Group had 163 employees compared to 79 employees on 31 December 2022).

The nature of the work in the Renewables Group, as in the entire Ignitis Group, does not depend on a person's gender. The Renewables Group ensures equal opportunities and diversity for its employees and has zero tolerance for direct or indirect discrimination in all areas of its activities. As of 31 December 2023, the share of men in the Renewables Group amounted to 52%, while women accounted for 48%. The gender distribution in middle management positions was: men – 61%, women – 39%.

Remuneration

Overview

Ignitis Group is rapidly moving towards a sustainable management model, including the management of its human resources. In order to continue the transitioning process, Ignitis Group needs new skills and competences, so it can further develop the Group's culture. In 2019, we carefully revised our remuneration system to reduce the gap between the salaries within the market (fixed base salary) and the median salary at Ignitis Group, by moving a part of the short-term incentives to the fixed base salary, in order to remain competitive. We participate in salary market surveys every year, so as to ensure external competitiveness. More information on the company's people management and salary-related issues is available on the website of Ignitis Group (link).

Remuneration Policy

The objective of the Remuneration Policy, which applies to all the companies belonging to Ignitis Group, is to increase the business efficiency and motivation to achieve the strategic goals. Ignitis Group has defined 5 key principles in its Remuneration Policy: fairness, competitiveness, clarity, transparency and flexibility.

Key principles of the Group Remuneration Policy

Internal fairness	It is ensured that the work of a similar or the same value is compensated equally throughout the organisation.
Competitive externally	Employees are entitled to receive a competitive salary based on their functions, the market conditions and the geography.
Remuneration clarity	All employees are informed about how their performance, competences and qualifications impact their remuneration package, as well as the basis on which it is set.
Transparency	We believe in transparency and share our objective remuneration criteria with our employees.
Flexibility	We are flexible in providing individual solutions for retaining strategic employees or critical positions, if they are in line with the principles listed above.

Overall, Ignitis Group's remuneration structure consists of two parts: fixed base salary (FBS) and short-term incentives (a percentage of the FBS). The short-term incentives (STI), depending on the employee's functions, are paid every three months, six months or every year, and are linked to the results of the employee, team and/or the company/Ignitis Group. Positions that are in high demand (e.g. renewable energy development project managers, wholesale electricity and gas trading specialists and salesmen) have specialised remuneration systems.

You can find the full Remuneration Policy on the website of Ignitis Group (link)

Remuneration of the company's employees

The company's salary fund in 2023 amounted to EUR 6.2 million, compared to EUR 3.0 million in 2022. The table below shows the average monthly remuneration and number of the company's employees, EUR (gross).

Average monthly remuneration and number of the company's employees, EUR (gross)

Position category	2023		2022	
	Number of employees	Average salary	Number of employees	Average salary
CEO	1	21,666	1	20,872
Top level managers	5	11,640	4	9,510
Middle managers	15	6,990	11	6,675
Experts / Specialists	81	4,255	44	4,392
Total	**102**	**5,415**	**60**	**5,426**

Remuneration of the Renewables Group's employees

The Renewables Group's salary fund in 2023 amounted to EUR 8.2 million compared to EUR 3.9 million in 2022. The table below shows the average monthly remuneration and number of the Renewables Group's employees, EUR (gross).

Average monthly remuneration and number of the Renewables Group's employees, EUR (gross)

Position category	2023		2022	
	Number of employees	Average salary	Number of employees	Average salary
CEO	4	12,093	4	11,037
Top level managers	6	11,472	4	9,510
Middle managers	18	6,884	14	6,472
Experts / Specialists	121	4,027	57	4,023
Total	**163**	**4,469**	**79**	**5,090**

Remuneration of the company's Management Board and CEO

To attract and retain competent board members, remuneration guidelines are applied. In order to attract high-level professionals to the company's management positions, we aim to keep the remuneration close to the market median of the country in which the Renewables Group operates. The remuneration structure of board members corresponds to the remuneration structure of the remaining employees of Ignitis Group (except for the allocation of a company car). The remuneration includes FBS and STI, and it is described in more detail in the table below.

Remuneration structure of the company's Management Board

Element	Purpose	Description and performance measures
Fixed base salary (FBS)	Remuneration for job responsibilities, which also reflects the skills, knowledge and experience of the individual.	Remuneration is determined by the employment contract, considering the level of the position and the level of competence of the employee required for the position. The base salary is paid on a monthly basis. A fixed base salary revision is performed during the annual remuneration review.
Remuneration of the collegial body (RCB)	Remuneration for the Management Board members' activities.	The RCB is fixed and is paid on a monthly basis. The RCB is usually reviewed before a 4-year tenure contract is signed.
Short-term incentives (STI)	Remuneration for achieving the Group's annual financial, strategic and sustainability targets.	This remuneration element is related to the performance, i.e. for meeting the objectives or indicators set for an individual position. The STI proportion is determined as a percentage of the FBS, where up to 20% STI (of the annual FBS) is applied for the executives.
Additional benefits	Benefits for aligning with the market practices and retaining the current management.	Employees are covered by health insurance schemes, unless they choose the contributions to the private pension funds and other benefits to be applied according to the internal legal acts. The benefits package for the Management Boards additionally includes a company car.

Remuneration of the company's Management Board in 2023, EURm (gross)

	FBS	STI	RCB	Total
Peter Overgaard	31,200	-	-	31,200

The company did not have any independent board members that were remunerated in 2023.
For more information about the Ignitis Group remuneration principles (Link)

The Company's targets for 2023

Performance criteria	Weight	Objective	Achieved performance, %
Strategic projects and key milestones	85%	Onshore portfolio expansion and projects under construction delivered within the parameters of Project execution plan (40%)	70%
		Offshore wind development projects (40%)	100%
		Implementing an integrated approach for optimal power off-take (5%)	100%
Sustainability and corporate culture	10%	Attracting and retaining required competences (5%)	100%
		Increasing safety at work (5%)[1]	100%
Financial objective	5%	Maintaining the high quality of operational and financial performance (5%)	80%

[1]Zero work-related fatal accidents (own employees and contractors), TRIR of own employees – 0 and TRIR contractors – <4.9 (TRIR – the rate of total recordable work-related injuries per million hours)

The Company's targets for 2024

Performance criteria	Weight	Objective
Strategic projects and key milestones	80%	Expanding Green generation onshore portfolio (35%)
		Executing Offshore wind project in Lithuania according to plan (10%)
		Developing Green Flexibility (35%)
Sustainability targets	10%	ESG targets with focus on: – Increasing safety at work [1](5%);
		– Attracting and retaining required competences (5%)
Financial target	10%	Consolidated Ignitis Renewables EBITDA

[1]Zero work related fatal accidents (own employees and contractors), TRIR the rate of total recordable work related injuries (number of recordable incidents x1,000,000 / total number of hours worked over the year).

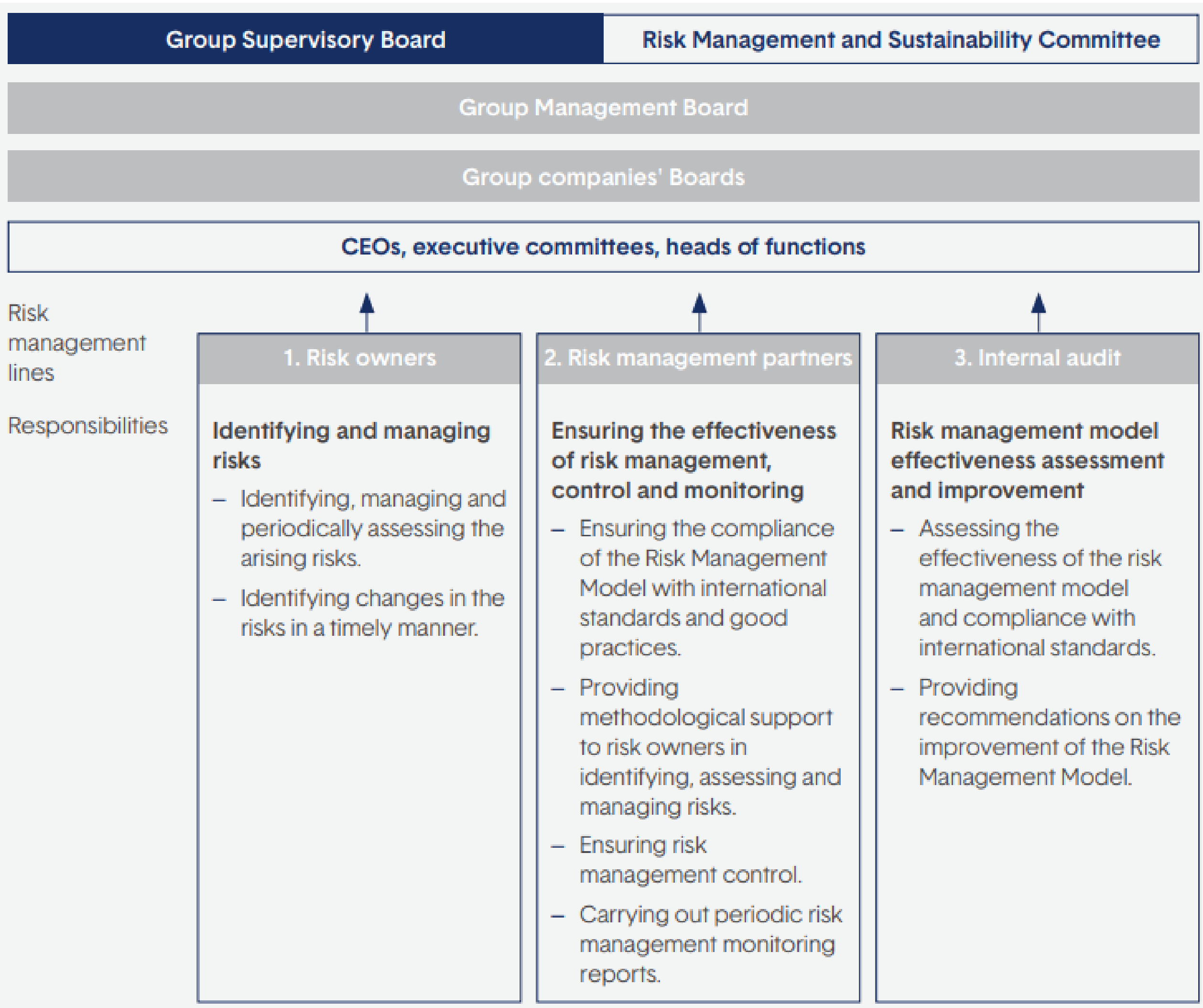
4.4 Risk management

Risk management framework

Overview

In connection with the business activities, the Renewables Group is exposed to both internal and external risks that might affect our performance. To ensure their mitigation to an acceptable level, we apply uniform risk management principles, which are based on the best market practices, including the guidance of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and AS/NZS ISO 31000:2018. A clear segregation of risk management and control duties is controlled by applying the ‘Three-lines enterprise risk management framework’ in all Ignitis Group, where the duties are distributed between management and supervisory bodies, structural units, and functions. To ensure effective risk management control, we monitor risks, risk management measures, key risk indicators and prepare internal reports to the management (both at the Renewables Group and Ignitis Group level) on a quarterly basis. In this section we provide in depth information on the Ignitis Group's risks management governance model, the main parts of the risk management process, the review of Renewables Group key risks of 2023 and the key risk management plan for 2024.

Applied three-lines risk management framework in all Ignitis Group



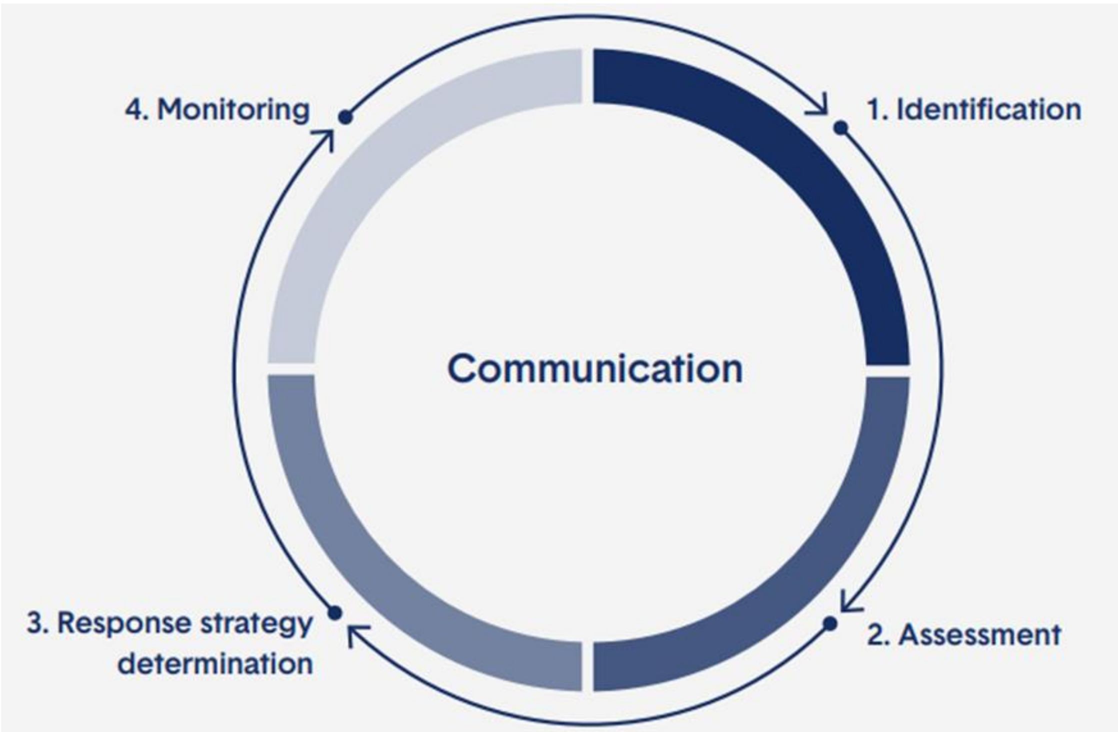
Risk management objectives:

- ensuring that all the decisions made to achieve the goals are in line with the values of the Ignitis Group;
- eliminating or reducing the impact of the risks on the Renewables Group’s goals for different periods as much as possible;
- ensuring the stability (including financial) and sustainability of the Renewables Group’s activities;
- ensuring that correct information is provided to relevant parties in a timely manner;
- protecting and ensuring the Renewables Group’s reputation and reliability;
- protecting the interests of stakeholders.

Risk management process and key principles

In order to achieve strategic goals and respond to a dynamic operating environment, the Renewables Group pays special attention to proactive risk management. Therefore, on a quarterly basis, the Renewables Group reviews risk levels, plans new risk management measures when needed, refines key risk indicators, identifies new sources of risk or new risks. The ability to proactively react to changing risks is extremely important and ensures that our management receives the most relevant information to make the necessary decisions in a timely manner. Also, ESG risks and opportunities are addressed as an integral part of the Renewables Group’s daily business and are fully integrated into the applied risk management process. Our risk management process comprises four parts: identifying risks, assessing risks, determining the risk response strategy and monitoring risks.

Risk management process



1. **Identifying risks.** The Renewables Group constantly assesses the potential impact of different sources of risks such as climate change, regulatory changes, geopolitical and economic situation, commodity/service/labour market trends, cultural and social issues that affect the achievement of the Renewables Group’s goals. All Renewables Group ‘s employees are responsible for identifying risks on time.

2. **Assessing risks.** During the assessment stage, we determine risk's level (from 'low' to 'very high' based on the probability of its occurrence and the potential impact), assign risk to specific category, ESG type and strategic direction (depending on the risk's impact) and establish key risk indicators. The Renewables Group also assess all the risks that meet the ESG risk criteria. We assign an ESG type to the risk based on these criteria, for example, 'E' type is assigned to climate related physical, transitional, and other environmental risks, 'S' to social and 'G' to governance related risks. The Renewables Group pays special attention to the potential impact of climate-change-related economic and transitional changes on the Renewables Group's activities. This impact may arise from severe (extreme) weather phenomena and from the aspiration of the states to pursue the Green Deal, which could cause additional requirements for energy sector, e.g., complying with new regulations, implementing new technological solutions, managing reputational risks, responding to fast growing market demand for green solutions, etc. Climate change can be a negative factor in assessing the likelihood of materialization of various risks and/or assessing the potential impact of risks on finance/reputation/compliance/people's health and safety.

We categorize the risks the Renewables Group faces while running its businesses into four different categories described below.

Strategic risks	Financial[1] risks	Operational risks	External risks
Risks that may impact the strategic objectives of the Group. They can materialize due to unfavorable external factors (e.g., political, legislative changes), erroneous business decisions or inadequate implementation of decisions.	Risks from financial assets and/or obligations of the Group. This category includes the risks such as the credit risk, liquidity risk, insufficient capital risk, interest rate risk, currency exchange risk, risk related to fluctuation of shares and market prices, etc.	Risks that materialize due to inadequate or poorly organized internal processes, failed or ineffective internal control procedures, employee errors and/or improper/insufficient management of IT operations, etc.	Risks that materialize due to changes in market conditions, regulatory, and legislation changes, natural resources, natural disasters, etc.

3. **Determining the response strategy.** At this stage we decide on the risk management strategy (to accept, mitigate, avoid or transfer the risk). The Renewables Group only accepts risks that are consistent with the Ignitis Group's core purpose, strategy and values. The risks exceeding the Ignitis Group's risk appetite – all 'high' and 'very high' level risks and risks with significant financial impact – must be managed. We then create a risk management plan to implement the risk mitigation strategy. The plan's implementation is controlled in the monitoring stage.

4. **Monitoring risks.** During each quarterly monitoring of risks, the management and the collegial bodies are presented with risk management measures, key risk indicators, risk signals. This stage also includes the reassessment of the level of risks, registry of new risks and elimination of the risks that are no longer relevant.

[1] Financial risks of the Group (market, currency, interest rate, credit, liquidity), which do not exceed the Group's risk appetite and KRI tolerance thresholds, in accordance with the IFRS requirements are disclosed in section 'Financial statements'.

Risk management in 2023

Overview

The Renewables Group risk management context in 2023 was mostly influenced by rapid Green generation projects portfolio expansion (various development stages) and participation in the Lithuanian offshore wind farm tender. As well, to strengthen climate-related risks management Ignitis Group initiated and conducted a climate change scenarios analysis (by collaborating with a leading climate consultancy) to assess and mitigate climate-related risks in Ignitis Group companies more efficiently.

Occupational health & safety

With the Renewables Group significant increase in construction phase projects, it is natural that construction process involves more Renewables Group's and, especially, contractors' employees. Although last year we did not have any health & safety incidents, increasing number of interactions in the construction sites also means higher probability of these incidents. Employees' health & safety is one of the core values of Renewables Group. Emphasizing it, it is crucial important to pro-actively manage arising new sources of the H&S risk. Therefore, we introduced new risk 'Risk of health & safety accidents and incidents (employees and contractors)' in our list of Renewables Group key risks (No 1). We disclose key mitigation actions of this risk in the section below 'Key risks management plan'.

Lithuanian offshore wind farm tender

Renewables Group's 'Risk of not winning the Lithuanian offshore tender' was resolved as Ignitis Renewables together with its strategic partner for the development of offshore wind farm projects, Ocean Winds, became the winners of the 700 MW Lithuanian offshore wind tender, as announced on 12 October 2023. Nevertheless, the development of offshore projects is complex and of significant importance to all the Ignitis Group's strategic objectives. Recognizing this, it is important to emphasize the risk management in the early stages of the project's development. This proactive approach will enable the Renewables Group to identify and address potential risks and develop mitigation strategies to ensure the successful achievement of the project's milestones. In line with this objective, in Q4 2023 a new risk 'Risk of not achieving Lithuanian offshore WF project goals' (No 2) was added to the list of Renewables Group key risks.

Regulation

As renewables projects are rapidly growing in Baltic countries and Poland, developers face increasing competition for available grid capacities. Grid operators, state regulators might set or change regulatory rules, schemes on capacities distribution, projects hybridization models. These changes can affect Renewables Group's development either in positive or in adverse way. Projects' permitting, environmental requirements changes are also relevant as developers together with state institutions seek to ensure sustainable projects development. Renewables Group together with the partners won Lithuanian and Estonian offshore wind tenders, however, national legislative documents must be adopted as offshore wind farms have not been ever developed in the Baltic states. Recognizing, that regulation could directly affect renewables projects development, construction and operation, Renewables Group centralized and consolidated 'Risk of negative regulatory changes in operating markets' (No 6) to have better possibility to monitor, assess and participate in discussions, related to regulatory changes in renewables market.

Supply chains

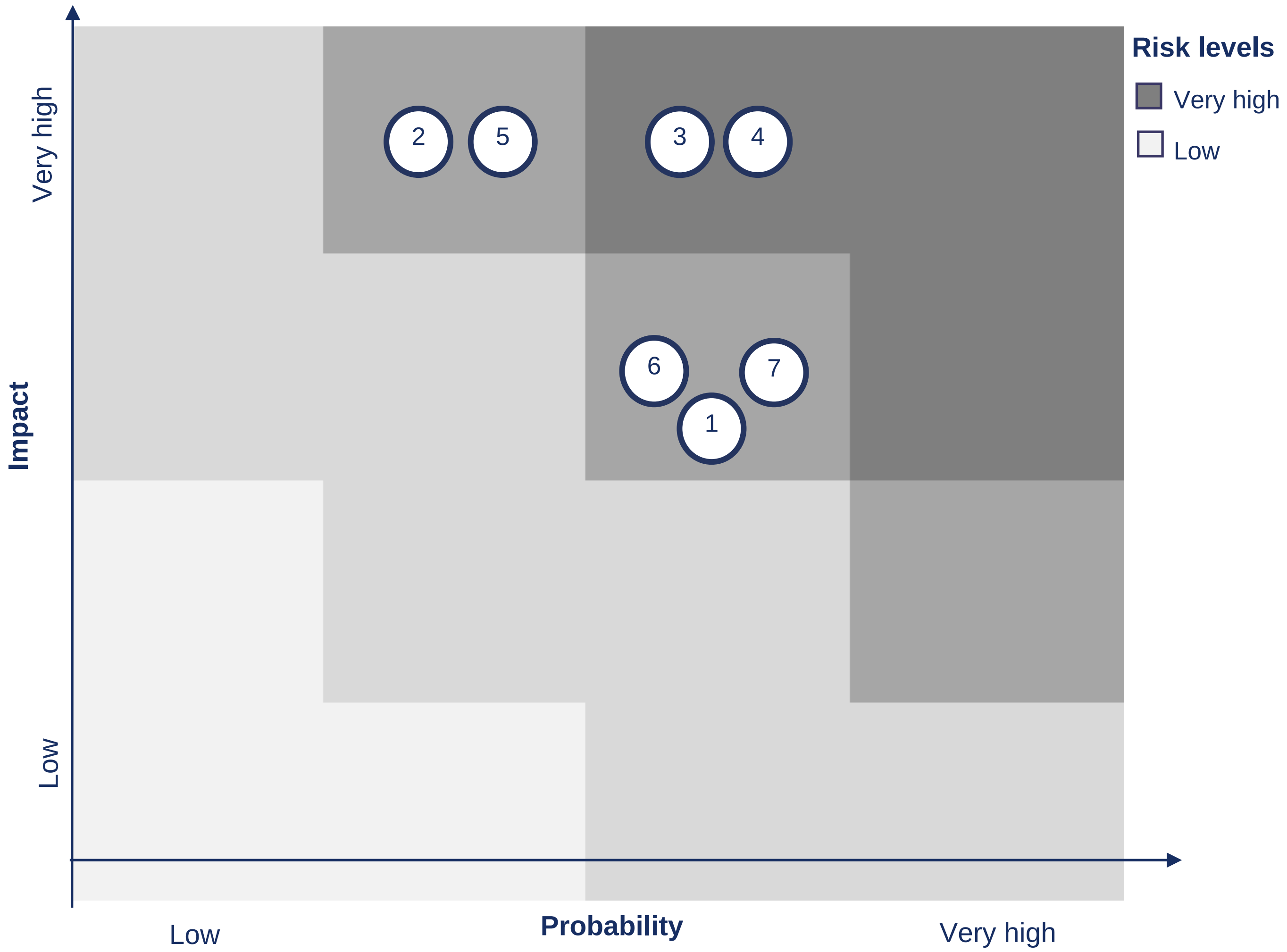
As more Renewables Group's projects reach advanced development stage, contracting of required materials, components, services become crucial to execute projects on planned budget and schedule. Currently, Green generation projects growing rapidly in global market, so the competition for the required components increases as well. In addition, unstable geo-political situation also affects the supply chains. Emphasizing this, Renewables Group are pro-actively acting on suppliers' market research, securing contracts in advance, planning projects accordingly. As supply of required components for the Green generation projects are crucial to successfully execute projects, 'Risk of supply chains disruptions' (No 4) was added to the list of key risks.

Climate-related risks

At the end of 2023, the Ignitis Group, in collaboration with a leading climate consultancy, conducted a climate change scenario analysis (CSA). The stages of this assessment included the preparation of an extensive list of all possible climate-related (both physical and transitional) risks, that could have impact on the Group's companies. According to this assessment, levels of some of the existing risks were re-evaluated, some risks were supplemented with new risk sources or new climate-related risks were identified. Results of the CSA are expected be fully integrated in Renewables Group risks register during 2024.

Risk management in 2024

After the annual risk reassessment, we determined the key risks of the Renewables Group for the year 2024, which are listed in the heat map below. The key risks of the Renewables Group include the risks that could have a significant impact on the Group's strategy and/or finances.



1. Risk of health & safety accidents and incidents (employees and contractors) (ESG)
2. Risk of not achieving Lithuanian offshore WF project goals (ESG)
3. Risk of insufficient transmission grid capacities (ESG)
4. Risk of supply chains disruptions (ESG)
5. Risk of not attracting, developing and retaining employees (ESG)
6. Risk of negative regulatory changes in operating markets (ESG)
7. Risk to perform below energy production targets (ESG)

Key risks management plan

In this section we are disclosing information on key risks of the Renewables Group management.

1 Risk of health&safety accidents and incidents (employees and contractors)

Key sources of risk:

- Breaches of internal procedures and rules
- Existing different health & safety requirements in different operating countries
- Commencement of offshore interactions (between Renewables and contractors)
- More employees (own and contractors') involvement in projects construction

Monitoring:

- Senior management audits
- Internal audits
- Employees inductions

Risk category| Operational

ESG type| Social

Period | Long-term

Impact on strategic direction
Sustainability

Primary potential impact
On people's health&safety

Risk level

High

Main risk management principles

- Monitoring of legal acts, their adjustments in operating countries (related to H&S)
- Internal policies and procedures on employees health & safety
- Organizational structure of responsibility to ensure H&S of employees and contractors. Established H&S committee
- Strict control of contractors procedures and vetting process
- H&S trainings for employees, based on gap analysis
- Communication activities on H&S topic
- Performing working places audits

2 Risk of not achieving the Lithuanian offshore WF project's goals

Key sources of risk:

- Lack of competent and experienced employees
- Project complexity, engagement of many parties with dependency on each other
- Growing demand and competition for securing the supply of the main components for offshore wind farms
- Challenges related to securing good external financing conditions due to project parameters

Monitoring:

- Periodic reporting of risk signals to the management

Risk category| Strategic

ESG type| Environmental - other

Period | Medium-term

Impact on strategic direction
Green generation

Primary potential impact
- Financial
- Reputation

Risk level

High

Main risk management principles

- Hiring consultants in order to have the necessary competences at the current project development stage
- Recruitment plan for hiring offshore experts has been prepared and is being Implemented
- Preparing a detailed project programme to assess the interfaces between different project packages
- Approaching all the main suppliers of the components necessary for offshore wind farms' construction

3 Risk of insufficient transmission grid capacities

Key sources of risk:

- Limited availability of electricity transmission network capacity reservations (both due to the technical capabilities of the network, the decisions of regulatory authorities and due to growing competition in the markets) limits the Renewables Group's opportunities to develop Green generation projects

Monitoring:

– Secured gross Green generation pipeline, GW

Period | Long-term

Impact on strategic direction
Green generation

Primary potential impact
- Financial

Risk level

Very high

Main risk management principles

- Cooperation with the state authorities in the home markets
- Project hybridisation
- Innovations related to P2X
- Development of Green generation projects in various countries

– Green generation pipeline, with grid reservations, GW
– Green generation pipeline, limited by
grid capacities, GW

Risk category| Strategic

ESG type| Environmental – climate

4 Risk of supply chains disruptions

Key sources of risk:

- Increasing demand for green energy projects implementation required materials, components in global market
- Unstable geo-political situation affects the price and lead time of required materials

Monitoring:

- Periodic reporting of risk signals to the management

Risk category| Operational

ESG type| Environmental - other

Period | Medium-term

Impact on strategic direction
Green generation

Primary potential impact
Financial

Risk level
Very high

Key mitigation directions

- Engagement on new possible suppliers, supply market monitoring
- Applying H&S, quality, other requirements for suppliers
- Insurance, defects liability, audits and other control measures are being applied

5 Employees' attraction, development, and retention risk

Key sources of risk:

- Difficulty to ensure the sufficient human resources, replacements while taking into account the rapid development of Green generation projects

Monitoring:

- Employee turnover rate
- Time-to-hire rate
- Rate of hire

Risk category| Strategic

ESG type| Social

Period | Long-term

Impact on strategic direction
People and culture

Primary potential impact
Financial

Risk level
High

Key mitigation directions

- Offering employees a competitive salary and additional benefits
- Identified critically important competences within the Group for the
- development of Green generation projects
- Providing employees with opportunities to improve their competence
- Cooperating with human resources agencies in Lithuania and abroad
- Implementing the Energy Smart Start programme
- Promoting internal career possibilities in the green energy field within the Group

6 Risk of negative regulatory changes in operating markets

Key sources of risk:

- Lack of regulation related to off-shore wind farms (from projects development, construction phases to operation)
- Changing regulation on transmission grid capacities availability, curtailments, projects hybridization
- Changing environmental/building permitting requirements for renewables projects

Monitoring:

- Periodic reporting of risk signals to the management

Risk category| External

ESG type| Governance

Period | Long-term

Impact on strategic direction
Finance

Primary potential impact
Financial

Risk level
High

Key mitigation directions

- Active participation in discussions with regulators, other stakeholders, responsible for legislation
- Participation in wind/solar/trade associations and submitting proposals for the legislation

7 Risk to perform below energy production targets

Key sources of risk:

- Wind farm's technical failures (lower availability, load factors)
- Lower, than forecasted wind speed
- Delay of projects CODs

Monitoring:

- Electricity production deviation from the plan, %

Risk category| Operational

ESG type| Environmental - climate

Period | Medium-term

Impact on strategic direction
Green generation

Primary potential impact
Financial

Risk level
High

Key mitigation directions

- Wind farms, substations maintenance service agreements, machinery insurance
- Functioning security and fire alert systems
- Functioning projects' risk management system

4.5 Information about the subsidiaries

Overview of the subsidiaries

At the reporting date, the company directly or indirectly controlled the 35 subsidiaries listed in the structural figure below.

The Renewables Group's corporate structure 2023

Changes in the Renewable Group's structure during the reporting period:

- In May 2023, Altiplano S.A. name was changed to Silezia 2 Wind Farm S.A.;
- In May 2023, UAB "Ignitis renewables" established three new subsidiaries;
- UAB "Ignitis renewables projektai 7", UAB "Ignitis renewables projektai 8" (both registered in Lithuania) and IGN RES DEV7 SIA (registered in Latvia);
- In October 2023, UAB "Ignitis renewables" completed the acquisition of UAB "Vėjas LT" and WINDLIT, UAB (Kelmė WF I & II) in Lithuania and acquired 50% shares of an Estonian company, Estonia Offshore Wind DevCo OÜ;
- In December 2023, UAB "Ignitis renewables projektai 4" name was changed to UAB "Ignitis renewables offshore development";

Subsidiaries and their performance during the reporting period (2023)

Pomerania Wind Farm Sp. z o.o. Coordination of operation, supervision, and development of renewable energy projects	**Company code: 0000450928** **Registered address: Puławska St. 2B, 02-566 Warsaw, Poland** **Effective ownership interest:** UAB "Ignitis renewables" - 100% **Share capital: PLN 44,500** **Website: link**	**Performance (EURm):** Revenue: 16.6 Expenses: (5.0) Adjusted EBITDA: 11.6 Net profit: 4.9 Investments: - Assets: 156.0 Equity: 42.7 Liabilities: 113.2 Number of employees **0**[1]
Tuuleenergia Osaühing Operation of wind farms	**Company code:** 10470014 **Registered address:** Harju maakond, Tallinn, Kesklinna linnaosa, Liivalaia tn 45, 10145 **Effective ownership interest:** UAB "Ignitis renewables" - 100% **Share capital:** EUR 499,488 **Website:** link	**Performance (EURm):** Revenue: 8.3 Expenses: (1.0) Adjusted EBITDA: 7.3 Net profit: 4.7 Investments: - Assets: 32.7 Equity: 13.9 Liabilities: 18.8 **Number of employees: 3**
UAB Eurakras Generation of renewable electricity	**Company code:** 300576942 **Registered address:** Laisvės Ave. 10, Vilnius **Effective ownership interest:** UAB "Ignitis renewables" - 100% **Share capital:** EUR 4,620,539.04 **Website:** link	**Performance (EURm):** Revenue: 8.6 Expenses: (1.9) Adjusted EBITDA: 6.7 Net profit: 4.6 Investments: - Assets: 982.9 Equity: 208.2 Liabilities: 774.7 **Number of employees: 1**
UAB Vėjo gūsis Generation of renewable electricity	**Company code:** 300149876 **Registered address:** Laisvės Ave. 10, Vilnius **Effective ownership interest:** UAB "Ignitis renewables" - 100% **Share capital:** EUR 7,442,720 **Website:** link	**Performance (EURm):** Revenue: 5.5 Expenses: (1.5) Adjusted EBITDA: 4.0 Net profit: 2.7 Investments: 10.8 Assets: 24.0 Equity: 10.1 Liabilities: 13.9 **Number of employees: 1**
UAB Vėjo vatas Generation of renewable electricity	**Company code:** 110860444 **Registered address:** Laisvės Ave. 10, Vilnius **Effective ownership interest:** UAB "Ignitis renewables" - 100% **Share capital:** EUR 2,896,000 **Website:** link	**Performance (EURm):** Revenue: 4.0 Expenses: (1.4) Adjusted EBITDA: 2.6 Net profit: 1.5 Investments: - Assets: 13.7 Equity: 4.7 Liabilities: 9.0 **Number of employees: 1**
UAB VVP Investment Development and operation of a renewable energy (wind) project	**Company code:** 302661590 **Registered address:** Laisvės Ave. 10, Vilnius **Effective ownership interest:** UAB "Ignitis renewables" - 100% **Share capital:** EUR 250,214.40 **Website:** link	**Performance (EURm):** Revenue: 8.0 Expenses: (2.5) Adjusted EBITDA: 5.5 Net profit: 8.5 Investments: 12.2 Assets: 93.5 Equity: 8.5 Liabilities: 85.0 **Number of employees: 1**

Silezia1 Wind Farm Sp. Z o.o. Development and operation of a renewable energy (wind) project	**Company code: 0000531275** **Registered address:** Puławska St. 2A, 02-566 Warsaw, Poland **Effective ownership interest:** UAB "Ignitis renewables" - 100% **Share capital:** PLN 78,414,050.00 **Website:** link	**Performance (EURm):** Revenue - Expenses: (0.3) Adjusted EBITDA: (0.3) Net profit: (0.1) Investments: 44.5 Assets: 74.6 Equity: 47.0 Liabilities: 27.6 **Number of employees: 0**[1]
UAB Ignitis renewables projektai Development of renewable energy projects	**Company code:** 305916135 **Registered address:** Laisvės Ave. 10, Vilnius **Effective ownership interest:** UAB "Ignitis renewables" - 100% **Share capital:** EUR 3,000 **Website:** link	**Performance (EURm):** Revenue: - Expenses: (0.3) Adjusted EBITDA: (0.3) Net profit: (0.4) Investments: - Assets: 0.6 Equity: 0.5 Liabilities: 0.1 **Number of employees: 1**
Ignitis Renewables Polska Sp. z o. o. Development of renewable energy projects	**Company code:** 0000871214 **Registered address:** Puławska St. 2B, 02-566 Warsaw, Poland **Effective ownership interest: :** UAB "Ignitis renewables" - 100% **Share capital:** PLN 37,500 **Website:** link	**Performance (EURm):** Revenue: 0.4 Expenses: (2.6) Adjusted EBITDA: (2.2) Net profit: (3.2) Investments: - Assets: 33.7 Equity: 33.2 Liabilities: 0.5 **Number of employees: 18**
Ignitis Res Dev Sp. z o. o. Development of renewable energy projects	**Company code:** 0000873356 **Registered address:** Puławska St. 2B, 02-566 Warsaw, Poland **Effective ownership interest:** Ignitis Renewables Polska sp. z o. o. - 100% **Share capital:** PLN 5,000 **Website:** link	**Performance (EURm):** Revenue: - Expenses: (0.1) Adjusted EBITDA: (0.1) Net profit: 0.1) Investments: 0.1 Assets: 0.4 Equity: (0.1) Liabilities: 0.6 **Number of employees: 0**[1]
IGN RES DEV1 SIA Development of renewable energy projects	**Company code:** 40203389977 **Registered address:** Gustava Zemgala St. 74A, Rīga, Latvia **Effective ownership interest:** UAB "Ignitis renewables" - 100% **Share capital:** EUR 500,000.00 **Website:** link	**Performance (EURm):** Revenue: - Expenses: (0.0) Adjusted EBITDA: (0.0) Net profit: (0.0) Investments: - Assets: 0.5 Equity: 0.5 Liabilities: 0.0 **Number of employees: 0**[1]
IGN RES DEV2 SIA Development of renewable energy projects	**Company code:** 40203390251 **Registered address:** Gustava Zemgala St. 74A, Rīga, Latvia **Effective ownership interest:** UAB "Ignitis renewables" - 100% **Share capital:** EUR 500,000.00 **Website:** link	**Performance (EURm):** Revenue: - Expenses: (0.0) Adjusted EBITDA: (0.0) Net profit: (0.0) Investments: 0.2 Assets: 0.5 Equity: 0.5 Liabilities: - **Number of employees: 0**[1]

Ignitis renewables Latvia SIA Development of renewable energy projects	**Company code:** 40203380662 **Registered address:** Gustava Zemgala St. 74A, Rīga, Latvia **Effective ownership interest:** 100% **Share capital:** EUR 2,000,000.00 **Website:** link	**Performance (EURm):** Revenue: 0.1 Expenses: (1.3) Adjusted EBITDA: (1.2) Net profit: (1.3) Investment: 0.1 Assets: 1.1 Equity: 0.5 Liabilities: 0.6 **Number of employees: 23**
Silesia2 Wind Farm S.A. Development of renewable energy projects	**Company code:** 0000508979 **Registered address:** Puławska St. 2A, 02-566 Warsaw, Poland **Effective ownership interest:** UAB “Ignitis renewables” - 100% **Share capital:** PLN 102,567,311.00 **Website:** link	**Performance (EURm):** Revenue: - Expenses: (0.4) Adjusted EBITDA: (0.4) Net profit: 1.4 Investments: 163.1 Assets: 235.9 Equity: 95.3 Liabilities: 140.6 **Number of employees: 0**[1]
UAB „Plungės vėjo energija“ Development of renewable energy projects	**Company code:** 304939316 **Registered address:** Laisvės Ave. 10, Vilnius **Effective ownership interest:** UAB “Ignitis renewables” - 100% **Share capital:** EUR 2,500 **Website:** link	**Performance (EURm):** Revenue: - Expenses: - Adjusted EBITDA: - Net profit: - Investments: 0.1 Assets: 0.1 Equity: - Liabilities: (0.1) **Number of employees: 1**
UAB „Ignitis renewables projektai 2” Development of renewable energy projects	**Company code:** 306147729 **Registered address:** Laisvės Ave. 10, Vilnius **Effective ownership interest:** UAB “Ignitis renewables” - 100% **Share capital:** EUR 2,500 **Website:** link	**Performance (EURm):** Revenue: - Expenses: (0.1) Adjusted EBITDA: (0.1) Net profit: (0.1) Investments: - Assets: 0.1 Equity: (0.1) Liabilities: 0.1 **Number of employees: 1**
UAB „Ignitis renewables projektai 3” Development of renewable energy projects	**Company code:** 306147711 **Registered address:** Laisvės Ave. 10, Vilnius **Effective ownership interest:** UAB “Ignitis renewables” - 100% **Share capital:** EUR 2,500 **Website:** link	**Performance (EURm):** Revenue: - Expenses: (0.0) Adjusted EBITDA: (0.0) Net profit: (0.1) Investments: - Assets: 0.1 Equity: (0.0) Liabilities: 0.1 **Number of employees: 1**
IGN RES DEV5 SIA Development of renewable energy projects	**Company code:** 40203447438 **Registered address:** Gustava Zemgala St. 74A, Rīga, Latvia **Effective ownership interest:** UAB “Ignitis renewables” - 100% **Share capital:** EUR 2,800 **Website:** link	**Performance (EURm):** Revenue: - Expenses: (0.0) Adjusted EBITDA: (0.0) Net profit: (0.0) Investments: 0.1 Assets: 0.1 Equity: (0.0) Liabilities: 0.1 **Number of employees: 0**[1]

UAB „Vėjo galia bendruomenei” Development of renewable energy projects	**Company code:** 306163651 **Registered address:** Laisvės Ave. 10, Vilnius **Effective ownership interest:** 100% **Share capital:** EUR 2,500 **Website:** link	**Performance (EURm):** Revenue: - Expenses: (0.0) Adjusted EBITDA: (0.0) Net profit: (0.0) Investments: - Assets: 0.0 Equity: - Liabilities: 0.0 **Number of employees: 1**
IGN RES DEV3 SIA Development of renewable energy projects	**Company code:** 40203421195 **Registered address:** Gustava Zemgala St. 74A, Rīga, Latvia **Effective ownership interest:** UAB “Ignitis renewables” - 100% **Share capital:** EUR 77,784.00 **Website:** link	**Performance (EURm):** Revenue: - Expenses: (0.0) Adjusted EBITDA: (0.0) Net profit: (0.0) Investments: - Assets: 0.1 Equity: 0.1 Liabilities: - **Number of employees: 0[1]**
IGN RES DEV4 SIA Development of renewable energy projects	**Company code:** 40203420931 **Registered address:** Gustava Zemgala St. 74A, Rīga, Latvia **Effective ownership interest:** UAB “Ignitis renewables” - 100% **Share capital:** EUR 77,784.00 **Website:** link	**Performance (EURm):** Revenue: - Expenses: (0.0) Adjusted EBITDA: (0.0) Net profit: (0.0) Investments: - Assets: 0.1 Equity: 0.1 Liabilities: - **Number of employees: 0[1]**
IGN RES DEV6 SIA Development of renewable energy projects	**Company code:** 40203447423 **Registered address:** Gustava Zemgala St. 74A, Rīga, Latvia **Effective ownership interest:** UAB “Ignitis renewables” - 100% **Share capital:** EUR 2,800 **Website:** link	**Performance (EURm):** Revenue: - Expenses: (0.0) Adjusted EBITDA: (0.0) Net profit: (0.0) Investments: 0.0 Assets: 0.1 Equity: (0.0) Liabilities: 0.1 **Number of employees: 0[1]**
UAB “Ignitis renewables projektai 2” Development of renewable energy projects	**Company code:** 306147729 **Registered address**: Laisvės Ave. 10, Vilnius **Effective ownership interest:** UAB “Ignitis renewables” - 100% **Share capital:** EUR 2,500 **Website:** link	**Performance (EUR million):** Revenue: - Expenses: (0.1) Adjusted EBITDA: (0.1) Net profit: (0.1) Investments: - Assets: 0.1 Equity: (0.1) Liabilities: 0.1 **Number of employees: 1**
UAB “Ignitis renewables offshore development” Development of renewable energy projects	**Company code:** 306281817 **Registered address:** Laisvės Ave. 10, Vilnius **Effective ownership interest:** UAB “Ignitis renewables” - 100% **Share capital:** EUR 2,500 **Website:** link	**Performance (EUR million):** Revenue - Expenses (0.0) Adjusted EBITDA (0.0) Net profit (0.0) Investments - Assets 0.0 Equity (0.0) Liabilities 0.0 **Number of employees: 0[1]**

UAB “Ignitis renewables projektai 5” Development of renewable energy projects	**Company code:** 306281226 **Registered address:** Laisvės Ave. 10, Vilnius **Effective ownership interest:** UAB “Ignitis renewables” - 100% **Share capital:** EUR 2,500 **Website:** link	**Performance (EUR million):** Revenue: - Expenses: (0.0) Adjusted EBITDA: (0.0) Net profit: (0.0) Investments: - Assets: 0.0 Equity: - Liabilities: 0.0 **Number of employees: 1**
UAB “Ignitis renewables projektai 6” Development of renewable energy projects	**Company code:** 306280455 **Registered address:** Laisvės Ave. 10, Vilnius **Effective ownership interest:** UAB “Ignitis renewables” - 100% **Share capital:** EUR 2,500 **Website:** link	**Performance (EUR million):** Revenue: - Expenses: (0.0) Adjusted EBITDA: (0.0) Net profit: (0.0) Investments: 0.0 Assets: 0.1 Equity: (0.0) Liabilities: 0.1 **Number of employees: 1**
UAB “Ignitis renewables projektai 7” Development of renewable energy projects	**Company code:** 306324841 **Registered address:** Laisvės Ave. 10, Vilnius **Effective ownership interest:** UAB “Ignitis renewables” - 100% **Share capital:** EUR 1,000 **Website:** link	**Performance (EUR million):** Revenue: - Expenses: (0.0) Adjusted EBITDA: (0.0) Net profit: (0.0) Investments: - Assets: - Equity: (0.0) Liabilities: 0.0 **Number of employees: 1**
UAB “Ignitis renewables projektai 8” Development of renewable energy projects	**Company code:** 306324987 **Registered address:** Laisvės Ave. 10, Vilnius **Effective ownership interest:** UAB “Ignitis renewables” - 100% **Share capital:** EUR 1,000 **Website:** link	**Performance (EUR million):** Revenue: - Expenses: (0.0) Adjusted EBITDA: (0.0) Net profit: (0.0) Investments: - Assets: - Equity: (0.0) Liabilities: 0.0 **Number of employees: 1**
UAB "Offshore wind farm 1” Development of renewable energy projects	**Company code:** 306640736 **Registered address:** Laisvės Ave. 10, Vilnius **Effective ownership interest:** UAB “Ignitis renewables” - 51%, OW OFFSHORE, S.L. – 49 % **Share capital:** EUR 1,000 **Website:** link	**Performance (EUR million):** Revenue: - Expenses: - Adjusted EBITDA: - Net profit: - Investments: - Assets: 0.0 Equity: 0.0 Liabilities: - **Number of employees: 0[1]**
WINDLIT, UAB Development of renewable energy projects	**Company code:** 303002760 **Registered address:** Laisvės Ave. 10, Vilnius **Effective ownership interest:** UAB “Ignitis renewables” - 100% **Share capital:** EUR 2,929 **Website:** link	**Performance (EUR million):** Revenue: - Expenses: (0.1) Adjusted EBITDA: (0.1) Net profit: (0.1) Investments: 47.1 Assets: 85.4 Equity: (0.1) Liabilities: 85.5 **Number of employees: 1**

UAB "Vėjas LT" Development of renewable energy projects	**Company code:** 305156725 **Registered address:** Laisvės Ave. 10, Vilnius **Effective ownership interest:** UAB "Ignitis renewables" - 100% **Share capital:** EUR 2,900 **Website:** link	**Performance (EUR million):** Revenue: 0.0 Expenses: (0.2) Adjusted EBITDA: (0.2) Net profit: (0.3) Investments: 66.8 Assets: 129.5 Equity: (0.5) Liabilities: (130.1) **Number of employees: 1**
IGN RES DEV7 SIA Development of renewable energy projects	**Company code:** 40203486933 **Registered address:** Gustava Zemgala St. 74A, Rīga, Latvia **Effective ownership interest:** UAB "Ignitis renewables" - 100% **Share capital:** EUR 2,800 **Website:** link	**Performance (EUR million):** Revenue: - Expenses: - Adjusted EBITDA: - Net profit: - Investments: - Assets: 0.0 Equity: 0.0 Liabilities: - **Number of employees: 0[1]**
"SP Venta" SIA Development of renewable energy projects	**Company code:** 42403048591 **Registered address:** Gustava Zemgala St. 74A, Rīga, Latvia **Effective ownership interest:** UAB "Ignitis renewables" - 100% **Share capital:** EUR 793,800 **Website:** link	**Performance (EUR million):** Revenue: - Expenses: (0.0) Adjusted EBITDA: (0.0) Net profit: (0.1) Investments: 2.7 Assets: 3.5 Equity: 0.7 Liabilities: 2.8 **Number of employees: 0[1]**
SIA CVE Development of renewable energy projects	**Company code:** 42103097282 **Registered address:** Gustava Zemgala St. 74A, Rīga, Latvia **Effective ownership interest:** UAB "Ignitis renewables" - 100% **Share capital:** EUR 3,945 **Website:** link	**Performance (EUR million):** Revenue: - Expenses: (0.0) Adjusted EBITDA: (0.0) Net profit: (0.0) Investments: 0.5 Assets: 0.7 Equity: 0.2 Liabilities: 0.5 **Number of employees: 0[1]**
SIA BRVE Development of renewable energy projects	**Company code:** 45403057233 **Registered address:** Gustava Zemgala St. 74A, Rīga, Latvia **Effective ownership interest:** UAB "Ignitis renewables" - 100% **Share capital:** EUR 3,000 **Website:** link	**Performance (EUR million):** Revenue: - Expenses: (0.0) Adjusted EBITDA: (0.0) Net profit: (0.0) Investments: 0.1 Assets: 0.3 Equity: (0.0) Liabilities: 0.4 **Number of employees: 0[1]**
Estonia Offshore Wind DevCo OÜ Development of renewable energy projects	**Company code:** 16827546 **Registered address:** Harju maakond, Tallinn, Kesklinna linnaosa, Hobujaama tn 4, 10151 **Effective ownership interest:** UAB "Ignitis renewables projektai 6" – 50%, CI NMF Estonia Sea I HoldCo Co öperatief U.A. – 50% **Share capital:** EUR 10,000 **Website:** link	**Performance (EUR million):** Revenue: - Expenses: - Adjusted EBITDA: - Net profit: Investments: - Assets: 0.0 Equity: 0.0 Liabilities: - **Number of employees: 0[1]**

[1] There was no employment contract. A company is represented by elected board member.

5. Sustainability report (Corporate social responsibility report)

5.1 Sustainability overview

The sustainable activities and the results of the entire Ignitis Group of as well as its subsidiary Ignitis Renewables, are reviewed in the Sustainability Report (Corporate social responsibility report) (hereinafter referred to as the Sustainability Report), which is an integral part of the Group's Integrated Annual Report 2023. The report can be found in the 'Investors' and 'Sustainability' sections of the website www.ignitisgrupe.lt.

The Law on Corporate Accountability of the Republic of Lithuania (Article 23^2), in force at the date of this report, provides that an enterprise which is a subsidiary is exempted from the obligation to prepare a corporate social responsibility report if the information of the enterprise and its subsidiaries is included in the consolidated annual report of the parent company prepared by the Law on Consolidated Reporting of Groups of Enterprises or the legislation of another Member State or in the separate report which contains the information required to be presented in the consolidated social responsibility report. As the Ignitis Group prepares and publishes such a report integrated into the Group's annual report, Ignitis Renewables does not prepare a separate social responsibility report. The following is a summary of the sustainability information relevant to Ignitis Renewables and where it can be found in the Group's sustainability report.

The information set out in the Group's Sustainability Report covers the period from 1 January to 31 December 2023, this report complies with the requirements and recommendations for social responsibility reports. The disclosures in the Sustainability report are made on a materiality basis and reflect the Group's progress in implementing the principles of the United Nations Global Compact (UNGC) and the Group's contribution to the United Nations Sustainable Development Goals (SDGs).

The Sustainability report is prepared in accordance with the standards of the Global Reporting Initiative (GRI).

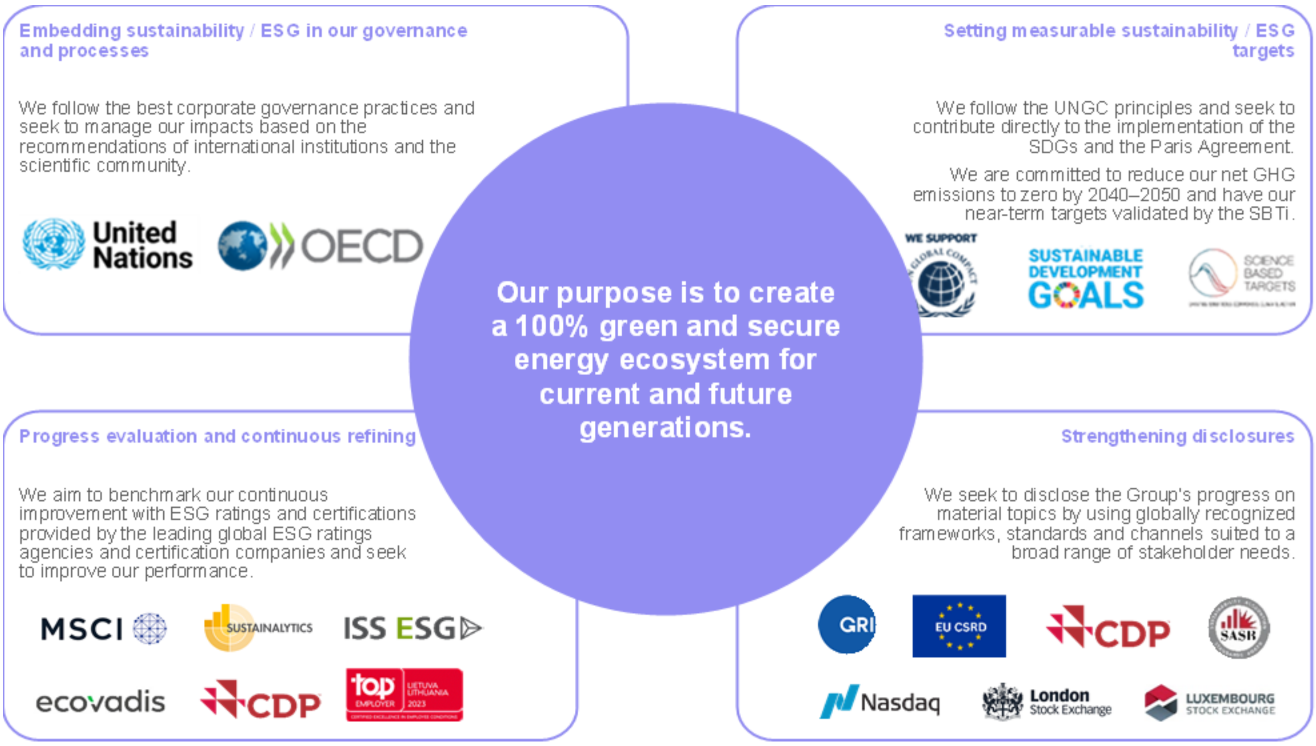
The Sustainability report complies with the relevant requirements for social responsibility reports established in the Lithuanian legislation at the end of the reporting period. At the same time, the Ignitis Group tries to follow the Corporate Sustainability Reporting Directive (CSRD) and its guidelines, which is reflected in this report. Some of the requirements and recommendations of the European Sustainability Reporting Standards (ESRS), developed by the European Financial Reporting Advisory Group (EFRAG), have already been applied to this Sustainability report. However, we understand that we will still need to meet the remaining requirements in the upcoming reports. After the CSRD provisions are transposed into the national law, the Ignitis Group will report accordingly.

The Sustainability report also includes the assessment of compliance with the EU Taxonomy Regulation.

5.2 Sustainability in the Ignitis Group and at Ignitis Renewables

As part of the Group's strategy and ambition to create a 100% green and secure energy ecosystem for present and future generations, we focus on our environmental, social and governance (ESG) activities and accountability.
The Group's Sustainability Policy sets out the Group's overall sustainability principles and the means to implement these principles across all Ignitis Group companies. It aims to create a culture and practice of responsible and sustainable business. The Sustainability Policy reflects the Group's commitment to the principles of the United Nations Global Compact, its alignment of strategic objectives and activities with the Sustainable Development Goals, also contribution to the Paris Agreement to combat climate change, and Group‘s compliance with good corporate governance practices.The Group’s sustainability management plan and a list of policies, which also apply to Ignitis Renewables, are disclosed publicly here. We publish our ESG indicator data and sustainability highlights in the interim and half-year reports, while our comprehensive ESG information is published in our Reports, presentations and fact sheets . This ensures that all our stakeholders receive information about the Group's sustainability objectives.
Sustainability is coordinated centrally at the Ignitis Group level, via a separate Sustainability function that reports directly to the Group’s CEO. The Group’s Management Board makes decisions on the formulation, approval and revision of the organisation’s strategic sustainability-related policies, guidelines and activities. You can find a detailed description of the sustainability governance at the Ignitis Group in the Sustainability Report integrated into the Group’s Integrated Annual Report 2023, as well as on the Group’s website in the ‘Sustainability' section. Below, we provide a high-level overview of our approach to ESG performance improvements.

The Group’s sustainability management framework



ESG indicators

ESG aspects are of exceptional importance for Ignitis Renewables, the main indicators determining the state of the ESG have been set, and their values are constantly monitored.

The main ESG indicators monitored by Ignitis Renewables[1]

Sustainability pillar	Indicator	Units	2022	2023
Preserving natural resources	Compliance with identified environmental impact mitigation measures	%	100	100
Future-fit employees	Fatalities, total	units	0	0
	Own employees	units	0	0
	Contractors	units	0	0
	TRIR (overall workers' injury rate at work)	per million hours worked	0	0
	Employees net promoter score (eNPS) (employee satisfaction index)	%	64.2	75.5
	Share of women in top management	%	33.33	18.18
	Share of women in IT and engineering	%	0	0
	Share of employees participating in volunteering initiatives	%	13.3	26.2
Robust organization	Corruption intolerance among employees[2]	%	94.0	95.2
	Anticorruption and Code of Ethics knowledge test, employee pass rate	%	91.53	100

[1] Only indicators from Ignitis Renewables Lithuania are presented, excluding subsidiaries in other countries.
[2] The indicator is measured at Ignitis Group level.

5.3 Stakeholder relations and assessment of the ESG priorities

Stakeholder engagement is critical to ensuring that the Ignitis Group responds proactively to new trends, issues and opportunities. When applying the ESG principles in our relations with stakeholders, which are set out in our Sustainability Policy, we aim to manage their expectations effectively, while taking their interests into account as well as looking for opportunities where our cooperation could increase the positive impact on sustainable development.

Our sustainability disclosures within the Ignitis Group are based on a comprehensive materiality impact assessment that we carried out in 2021. The materiality assessment identified and prioritised the main sustainability issues that are most relevant and material to the Ignitis Group and its stakeholders.

With the new sustainability reporting requirements, the Ignitis Group is currently undertaking a double materiality assessment. This approach seeks to ascertain the extent to which sustainability aspects affect the company and the extent to which the company affects these aspects. The Group's double materiality assessment results will be published on the Group's website and included in the 2024 Sustainability Report.

During 2021 assessment process, the stakeholder expectations were compared to the current goals and objectives of Ignitis Renewables, based on which priority topics that meet both the expectations of the stakeholders and the business goals of Ignitis Renewables were identified. The results of the materiality assessment then became a basis for the further sustainable business development in the company, allowing us to consider the general impact of Ignitis Renewables on its stakeholders and to simultaneously coordinate the expectations expressed by the stakeholders with the company's strategic goals.

During this stakeholder engagement in 2021, the following 4 key stakeholder groups were identified and surveyed:

- Company employees;
- Community members;
- Contractors and suppliers;
- State and municipality institutions or those operating under those institutions.

The main facts about the materiality assessment of Ignitis Renewables are:

- 36 stakeholder representatives were interviewed;
- 15 thematic ESG aspects have been identified as having the most relevance to the Ignitis Group and its stakeholders;
- The stakeholders shared their views on which ESG aspects should be important to the Group's companies;
- During internal strategic sessions, the managers of Ignitis Renewables refined the links between the expressed expectations of the stakeholders and the company's business strategy.

Ignitis Renewables materiality matrix 2021

The main ESG risks and risk management decisions are disclosed in more detail above in this report and in the section ’4.7 Risk management’ of the Group's Integrated annual report.

5.4 Overview of the main sustainability impacts and implemented initia-tives/measures

Environment

The main environmental impacts	Description of the impact management in this section of the Group‘s Sustainability Report
1. Climate impact and GHG emissions – generating electricity from renewable energy sources, reducing emissions of greenhouse gasses (CO_2 and others) in operations	6.2 Environment – Climate change
2. Impact on soil, water, and air quality – maintaining the good quality of soil, water, and air, preventing environmental pollution	6.2 Environment – Pollution
3. Impact on biodiversity and ecosystems – saving animals, plants, natural ecosystems, flora and fauna	6.2 Environment – Biodiversity and ecosystems
4. Using secondary raw materials, reducing waste – using secondary materials in the activities of the Ignitis Group and reducing waste from own activities	6.2 Environment – Resource use and circular economy
5. More sustainable internal energy consumption – using green energy for the Group's activities, reducing energy consumption within the Group	6.2 Environment – Climate change

Social

The main social impacts	Description of the impact management in this section of the Group‘s Sustainability Report
1. Health & safety of employees and contractors – ensuring occupational safety, nurturing the health of employees and contractors.	6.3 Social – Own workforce – Employees health and safety 6.3 Social– Workers in the value chain
2. Competent employees now and in the future – promoting professional and personal development of employees, fostering competences necessary for the energy sector.	6.3 Social – Own workforce – Competent employees
3. Employee welfare, adequate remuneration, cooperation – providing appropriate remuneration for employees, increasing employee satisfaction, ensuring freedom of association (unions).	6.3 Social – Own workforce – Employee welfare, adequate remuneration and cooperation
4. Local community welfare and relations – protecting the health of community members and their environment, paying attention to the needs of communities.	6.3 Social– Affected communities
5. Diversity, equal opportunity, human rights – ensuring equal opportunity, gender equality and promoting diversity at work.	6.3 Social – Own workforce – Diversity, inclusion, and wellbeing
6. Engagement in social activities – participating in civic initiatives and NGO activities, encouraging employee volunteering.	6.3 Social – Own workforce – Diversity, inclusion, and wellbeing

Governance

The main governance impacts	Description of the impact management in this section of the Group‘s Sustainability Report
1. Ethical business, anti-corruption and transparency – ensuring the transparent management of the Ignitis Group and companies of	6.4 Governance – Corruption prevention and detection

	The main governance impacts	Description of the impact management in this section of the Group‘s Sustainability Report
	the Group, fighting corruption, ensuring ethical market conduct	
2.	Energy system resilience and security, ensuring uninterrupted operations – ensuring energy system security and continuous operation, network reliability and resilience to climate and other external factors	6.4 Governance – Business continuity
3.	Responsibility and sustainability in the supply chain – purchasing environmentally friendly goods and services for the Group's needs and encouraging suppliers to contribute to environmental sustainability and social good	6.2 Environment – The Ignitis Group and the environment 6.4 Governance – Sustainable supply chain
4.	Sustainable financial instruments – raising funds for sustainable projects, investing in sustainable businesses	6.6 Disclosures under the EU Taxonomy Regulation

We encourage you to report possible unethical behaviour of Ignitis Group employees or representatives, cases of discrimination or corruption, as well as other breaches of the sustainability principles or concerns to the Helpline by email at pasitikejimolinija@ignitis.lt, by phone at +370 640 88889, or by filling in the online form. These contacts are available to both staff and all stakeholders.

If you have any questions concerning the content of the Sustainability Report or the Group’s sustainability activities, please contact us at: sustainability@ignitis.lt.

6. Financial statements

6.1 Consolidated financial statements

Prepared for the year ended 31 December 2023 in accordance with International Financial Reporting Standards as adopted by the European Union

The Group's consolidated financial statements were prepared and signed by UAB „Ignitis renewables" management on 19 April 2024:

Thierry Aelens

Chief Executive Officer

Augustas Dragūnas

Chief Financial Officer

Paulius Žukovskis

UAB „Ignitis grupės paslaugų centras",
Head of Financial Statements and Consultations
acting under Decision No 24_GSC_SP_0004
(signed 10 January 2024)

Content

Consolidated Statement of Profit or Loss

For the year ended 31 December 2023

EURk	Notes	2023	2022
Revenue from contracts with customers	6	47,892	57,847
Other income	7	1,012	68
Total revenue		**48,904**	**57,915**
Purchases of electricity and other services		(258)	(3,500)
Salaries and related expenses		(8,170)	(3,889)
Repair and maintenance expenses		(4,016)	(2,858)
Other expenses	8	(13,399)	(7,273)
Total expenses		**(25,843)**	**(17,520)**
EBITDA		**23,061**	**40,395**
Depreciation and amortisation	11, 12, 13	(12,231)	(11,823)
Write-offs of intangible assets and result on lease modification	11, 13.3	(640)	(2,719)
Operating profit (loss) (EBIT)		**10,190**	**25,853**
Finance income	9	6,284	755
Finance expenses	9	(13,146)	(7,987)
Finance activity, net		**(6,862)**	**(7,232)**
Profit (loss) before tax		**3,328**	**18,621**
Income tax (expenses)/benefit	10	4,723	(5,217)
Net profit for the year		**8,051**	**13,404**
Attributable to:			
Shareholder AB “Ignitis grupė”		8,051	13,404
Non-controlling interest		-	-

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2023

EURk	Notes	2023	2022
Net profit for the year		**8,051**	**13,404**
Items that will not be reclassified to profit or loss in subsequent periods (net of tax)			
Change in actuarial assumptions	22	3	19
Items that will not be reclassified to profit or loss in subsequent periods, total		**3**	**19**
Items that may be reclassified to profit or loss in subsequent periods (net of tax)			
Cash flow hedges – effective portion of change in fair value (Net of tax)	22	6,014	5,326
Cash flow hedges – reclassified to profit or loss (Net of tax)	22	(3,246)	-
Foreign operations – foreign currency translation differences	22	24,221	(693)
Items that may be reclassified to profit or loss in subsequent periods, total		**26,989**	**4,633**
Total other comprehensive income (loss) for the year		**26,992**	**4,652**
Total comprehensive income (loss) for the year		**35,043**	**18,056**
Attributable to:			
Shareholders of AB “Ignitis grupė”		35,043	18,056
Non-controlling interests			-

Consolidated Statement of Financial Position

As at 31 December 2023

EURk	Notes	31 December 2023	31 December 2022
Assets			
Non-current assets			
Intangible assets	11	237,352	81,846
Property, plant and equipment	12	476,067	194,210
Right-of-use assets	13	18,746	19,130
Prepayments for non-current assets		274,893	105,814
Non-current receivables	15	63,036	7,641
Other financial assets	16	5,005	5,000
Other non-current assets		5,232	6,255
Deferred tax assets	10.5	-	450
Total non-current assets		**1,080,331**	**420,346**
Current assets			
Inventories		-	74
Prepayments and deferred expenses		3,230	1,030
Trade receivables	17	9,776	16,601
Other receivables	18	38,485	35,235
Other current assets		3,501	-
Prepaid income tax		326	291
Cash and cash equivalents	19	72,376	57,323
Total current assets		**127,694**	**110,554**
Total assets		**1,208,025**	**530,900**

EURk	Notes	31 December 2023	31 December 2022
Equity and liabilities			
Equity			
Issued capital	20.22 0	19,022	22
Share premium	20.4	164,133	54,133
Reserves	21	29,262	2,165
Retained earnings		19,837	11,891
Equity attributable to equity holders of the parent		**232,254**	**68,211**
Non-controlling interests		-	-
Total equity		**232,254**	**68,211**
Liabilities			
Non-current liabilities			
Non-current loans	23, 24	791,881	392,757
Non-current lease liabilities	24	15,679	19,343
Deferred tax liabilities	10.5	24,000	14,436
Provisions	25	4,784	2,764
Other non-current liabilities	26	48,384	5,524
Total non-current liabilities		**884,728**	**434,824**
Current liabilities			
Loans	23, 24	16,469	8,594
Lease liabilities	24	839	363
Trade payables		1,504	1,163
Income tax payable		182	509
Other current liabilities	26	72,049	17,236
Total current liabilities		**91,043**	**27,865**
Total liabilities		**975,771**	**462,689**
Total equity and liabilities		**1,208,025**	**530,900**

Consolidated Statement of Changes in Equity

For the year ended 31 December 2023

EURk	Notes	Issued capital	Share premium	Legal reserve	Hedging reserve	Other reserves	Retained earnings	Total
Balance as at 1 January 2022		**22**	**54,133**	**325**	**-**	**(3,971)**	**1,416**	**51,925**
Net profit for the year		-	-	-	-	-	13,404	**13,404**
Other comprehensive income (loss) for the year	22	-	-	-	5,326	(693)	19	**4,652**
Total comprehensive income (loss) for the year		**-**	**-**	**-**	**5,326**	**(693)**	**13,423**	**18,056**
Transfers to legal reserve		-	-	1,178	-	-	(1,178)	**-**
Dividends	20.3	-	-	-	-	-	(1,770)	**(1,770)**
Balance as at 31 December 2022		**22**	**54,133**	**1,503**	**5,326**	**(4,664)**	**11,891**	**68,211**
Balance as at 1 January 2023		**22**	**54,133**	**1,503**	**5,326**	**(4,664)**	**11,891**	**68,211**
Net profit for the year		-	-	-	-	-	8,051	**8,051**
Other comprehensive income (loss) for the year	22	-	-	-	2,768	24,221	3	**26,992**
Total comprehensive income (loss) for the year		**-**	**-**	**-**	**2,768**	**24,221**	**8,054**	**35,043**
Transfers to legal reserve		-	-	108	-	-	(108)	**-**
Issue of share capital and share premium	20.4	19,000	110,000	-	-	-	-	**129,000**
Balance as at 31 December 2023		**19,022**	**164,133**	**1,611**	**8,094**	**19,557**	**19,837**	**232,254**

Consolidated Statement of Cash Flows

For the year ended 31 December 2023

EURk	Notes	2023	2022
Cash flows from operating activities			
Net profit for the year		8,051	13,404
Adjustments to reconcile net profit to net cash flows:			
Depreciation and amortisation expenses	11, 12, 13	12,231	11,823
Fair value changes of derivatives	27	716	-
Income tax expenses/(benefit)	10	(4,723)	5,217
Increase/(decrease) in provisions	25	480	(1,321)
Inventory write-off to net realizable value/(reversal)		75	-
Loss/(gain) on disposal/write-off of intangible assets	11	-	3,012
Interest income	**Error! Reference source not found.**	(4,755)	(755)
Interest expenses	9	12,162	6,275
Other expenses/(income) of financing activities		(545)	1,712
Changes in working capital:			
(Increase)/decrease in trade receivables and other amounts receivable		(17,835)	(4,357)
(Increase)/decrease in inventories, prepayments and other current and non-current assets		(2,395)	(516)
Increase/(decrease) in trade payables, other non-current and current liabilities		25,970	(2,044)
Income tax (paid)/received		(2,291)	(1,859)
Net cash flows from operating activities		**27,141**	**30,591**
Cash flows from investing activities			
Acquisition of property, plant and equipment and intangible assets		(351,064)	(101,684)
Acquisition of subsidiaries, net of cash acquired	14.3.1	(142,757)	(28,372)
Loans granted		(27,609)	(20,768)
Interests received		430	-
Other increases/(decreases) in cash flows from investing activities		(5)	269
Net cash flows from investing activities		**(521,005)**	**(150,555)**

EURk	Notes	2023	2022
Cash flows from financing activities			
Loans received	24	458,245	174,050
Increase of share capital and share premium	20.4	129,000	-
Repayments of loans	24	(65,356)	(11,186)
Cash-pool net change	24	-	(2,691)
Lease payments	24	(855)	(753)
Interest paid	24	(12,117)	(6,564)
Dividends paid	20.3	-	(1,770)
Net cash flows from financing activities		**508,917**	**151,086**
Increase/(decrease) in cash and cash equivalents		**15,053**	**31,122**
Cash and cash equivalents at the beginning of the period		57,323	26,201
Cash and cash equivalents at the end of the period	19	**72,376**	**57,323**

Explanatory Notes

For the year ended 31 December 2023

1 General information

UAB „Ignitis renewables" (hereinafter referred to as 'parent company') is a public limited liability company registered in the Republic of Lithuania. The parent company's registered office address is Laisvės pr. 10, LT-04215, Vilnius, Lithuania. The parent company was registered on 14 January 2019 with the Register of Legal Entities managed by the public institution the Centre of Registers. Parent company code 304988904. The 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 business is focused on production of electricity, developing Green Generation portfolio in Baltic States and Poland. Information on the Group's structure is provided in Note 14.

The Group's shareholder:

Shareholder of the Group	31 December 2023		31 December 2022	
	Share capital, in EURk	%	Share capital, in EURk	%
AB "Ignitis grupė"	19,022	100	22	100
Total	**19,022**		**22**	

AB „Ignitis grupė" (company code 301844044, registered address Laisvės pr. 10, LT-04215 Vilnius, Lithuania) is an ultimate parent company, which as at 31 December 2023 holds 100% (as at 31 December 2022 – 100 %) of shares of the parent company. The structure of ultimate parent company's shareholders as at 31 December 2023 was – Finance Ministry of the Republic of Lithuania (controls 74.99%) and retail and institutional investors (control 25.01%). The structure of ultimate parent company's shareholders as at 31 December 2022 was – Finance Ministry of the Republic of Lithuania (controls 74.99%) and retail and institutional investors (control 25,01%).

AB „Ignitis grupė" and its subsidiaries are hereinafter collectively referred to as 'the Ignitis Group'.

These consolidated financial statements were prepared and signed for issue by Group's management on 19 April 2024.

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 International Financial Reporting Standards as adopted by the European Union as required by local legislation.

2 Basis of preparation

2.1 Basis of accounting

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

Financial statements as at and for the year ended 31 December 2023 have been prepared on a going concern basis applying measurement based on historical cost, except for certain financial instruments measured at fair value.

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

The 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.

2.2 Consolidation principles

2.2.1 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.

2.2.2 Business combinations

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

Acquisition of subsidiaries that are not under common control 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 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 International Accounting Standard (hereinafter refere to as '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.

2.2.2.2 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 statement of profit or loss as a bargain purchase gain.

2.2.2.3 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 statement of profit or loss.

2.2.2.4 Business combination is achieved 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 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 statement of profit or loss, where such treatment would be appropriate if that interest were disposed of.

2.2.2.5 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.

2.2.3 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.

2.3 Foreign currency translation

2.3.1 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').

2.3.2 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.

2.3.3 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.

3 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 2022, with the exception of the new standards which entered into force during the year of 2023.

3.2 New standards, amendments and interpretations

3.2.1 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 2023.

Standards or amendments that came into force during the year of 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS12)
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12)
IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts
Definition of Accounting Estimates (Amendments to IAS 8)
Initial Application of IFRS 17 and IFRS 9 – Comparative Information (Amendments to IFRS 17)

The adoption of these standards, their revisions and interpretations had no material impact on the financial statements except the following:

3.2.1.1 Deferred tax related to assets and liabilities arising from a single transaction

The Group has adopted the *Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS12)* from 1 January 2023. The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences – e.g. leases and decommissioning liabilities.

The Group previously accounted for deferred tax on leases and decommissioning liabilities by applying the 'integrally linked' approach, resulting in similar outcome as under the amendments, except that the deferred tax asset or liability was recognised on a net basis. Following the amendments, the Group has recognised a separate deferred tax asset in relation to its lease liabilities and deferred tax liability in relation to its right-of-use assets. However, there was no impact on the Statement of financial position because the balances were qualified for offset under paragraph 74 of IAS 12. There was no impact on the opening retained earnings as at 1 January 2022 as a result of the change. The key impact for the Group relates to the disclosure of the deferred tax assets and the liabilities recognised (Note 10.5).

3.2.1.2 Material accounting policy information

The Group has adopted the *Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)* from 1 January 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require entities to disclose their material accounting policy information, rather than their material accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and updated the information presented in Chapter 3 of these financial statements.

3.2.1.3 Global minimum top-up tax

The Group has adopted the International *Tax Reform – Pillar Two Model Rules (Amendments to IAS 12)* upon their release on 23 May 2023. The amendments provide a temporary exception from deferred tax accounting for the top-up tax, which is effective immediately and require new disclosures about the Pillar Two exposure.

The mandatory exception applies retrospectively. However, because no new legislation to implement the top-up tax was enacted or substantively enacted as at 31 December 2022 in any jurisdiction in which the Group operates and no related deferred tax was recognised at that date, the retrospective application has no impact on the financial statements (Note 10.4).

3.2.2 Standards issued but not yet effective and not early adopted

While preparing these financial statements the Group did not adopt new IFRS, IAS, their amendments and interpretations issued by IASB, the effective date of which is later than 31 December 2023 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
Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	1 January 2024	Endorsed
Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)	1 January 2024	Endorsed
Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)	1 January 2024	Not yet endorsed
Lack of Exchangeability (Amendments to IAS 21)	1 January 2025	Not yet endorsed

3.3 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 obligations 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 major legal performance obligations identified in the contracts with customers are sales of produced electricity and provision of public service obligations (hereinafter - PSO services).

Revenue from contracts with customers is recognised when control of the goods or services is 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.

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.

3.3.1 Revenue from sale of produced electricity

Revenue from sales of produced electricity is received from business customers according to (i) support scheme by providing PSO services (Note 3.3.1.1) and (ii) bilateral contracts (Note 3.3.1.2) and is shown in line item "Revenue from sale of produced electricity" in Note 6. Revenue recognition is described in Note 3.3.1.3.

3.3.1.1 Revenue received according to support scheme by providing PSO services

The Group is engaged in electricity generation in wind power plants, which are subject to measures promoting the use of renewable energy sources, including support tariff (or may be called "incentive tariff").

There are different support mechanisms:

– Feed-in premium (FiP) - provides renewables electricity projects with a fixed premium in addition to the market price.
– Contract for Difference (CfD) - provides renewables electricity projects with a fixed inflation indexed "strike" price. If the electricity market price is lower the state compensates the difference to the fixed bid price. If the electricity market price exceeds the bid price, the wind farm operator must transfer the additional revenue to the state.

The term of incentive depends on each auction, during which the Group receives a support tariff applied for each generated megawatt-hour (MWh). Currently the Group has incentives for a period of 15 years in Poland and 12 years in Estonia, which begin from the date of issue of the generation license, which itself remains valid indefinitely.

The following Group companies are entitled to the following incentive tariffs:

Group company	Capacity, MW	Tariff, EUR/MWh	Subsidy scheme	Expiry of the incentive measure
Tuulenergia OU	18.3	54	FiP for 12 MW	1 December 2026
Pomerania Wind Farm sp. z o.o.	93.9	50	Indexed CfD	31 December 2035
Silesia1 wind farm sp. z o.o.	50	55	Indexed CfD	15 years from generation license received (expected in Q3 2024)
Silesia2 wind farm sp. z o.o.	137	59	Indexed CfD	15 years from generation license received and tied to 35% of the wind farm's future output

The obligation of the buyer to purchase electricity from the Group companies is established for the period during which the electricity generation facilities of the Group companies are connected to the electricity grid, and the Group companies are entitled to apply an incentive tariff for the electricity generated from renewable sources.

The computation of price of electricity supplied during the month:

– the weighted average price of electricity (i.e. the market price) calculated and declared to the Group by the electricity buyer based on the sales of electricity purchased on the Power Exchange market during the previous month;
– the amount of premium, which is calculated as the difference between the incentive tariff and the weighted average price of electricity. If the weighted average price of electricity is higher than the incentive tariff, no premium is allocated to the Group. Both the resulting negative and positive difference is recorded respectively as the reduction/increase of revenue from sales of produced electricity (line "Revenue from sale of produced electricity" in Note 6).

3.3.1.2 Revenue received according to bilateral contracts

The Group companies have bilateral contracts with partners which include prearranged price scheme for electricity sale for a specified contract period. Contracts include:

– electricity sales under agreed price for 1 MWh;
– purchase of balancing service provided by the electricity buyer. The balancing service fee is considered as a payment for distinct services and is showed under the caption "Purchases of electricity and other services" in the statement of profit or loss;
– purchase from the buyer or sale to the buyer of balancing electricity under the market price traded in Power Exchange. As the contract includes the agreed quantity which should be produced during the month, the Group companies buy or sale balancing electricity in respect of whether there is a shortage or surplus of electricity quantity produced during the month. In case of sale the Group accounts revenue under the caption of "Revenue under the contracts with customer" in the statement of profit or loss and shows under the line "Revenue from sale of produced electricity" in Note 6. In case of purchase the Group accounts purchase under the caption of "Purchases of electricity and other services" in the statement of profit or loss.

3.3.1.3 Revenue recognition

Revenue is recognised when control of electricity is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for this electricity supplied to the grid.

Upon confirmation of a transaction executed by the electricity buyer on the Power Exchange, the system of the Power Exchange forwards the confirmation of the concluded electricity sale transaction to the Group. Under this transaction, the Group fulfils its operational obligations by supplying the amount of electricity specified in the transaction confirmation to the electricity grid. Performance obligation is carried out throughout a certain period during which the supply of the agreed volume of electricity is maintained to the grid. Upon receipt of the confirmation on the conclusion of the transaction on the sale of electricity, the prices of that transaction remain unchanged.

Revenue from sales of produced electricity is recognized at the end of the month by issuing monthly invoices. Invoices show the amount of electricity supplied to the electricity grid in the current month and the price of electricity per 1 MWh. The amount of electricity supplied is determined by the readings of metering devices. The timing of satisfaction of its performance obligations is one month after which the invoice is issued for payment the term of which is set 30 days. No advances are required. Due to this there is no effect on contracts assets and contract liabilities balances.

3.4 Expense recognition

Expenses are recognised in statement of profit or loss as incurred applying accrual basis of accounting.

3.5 Current and deferred tax

3.5.1 Income tax

Income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount of income tax are those that are enacted or substantively enacted at the statement of financial position date.

Current income tax is calculated on profit before tax. Calculation of income tax is based on requirements of the countries where the Group operates and the Group company generates taxable income on applicable legislation.

Standard corporate income tax rate of 15% was applicable to the companies in Lithuania, in Poland – 19%. Standard corporate income tax rate in Latvia and Estonia is 20% (14% in certain cases) on the gross amount of the distribution.

The prepaid income tax and recognised income tax liabilities are offset in the statement of financial position of the Group when they relate to the same taxation authority.

3.5.2 Deferred tax

Deferred tax is accounted for using the liability method. Deferred tax assets and deferred tax liability are recognised for future tax purposes to reflect differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax liabilities are recognised on all temporary differences that will increase the taxable profit in future, whereas deferred tax assets are recognised to the extent that is probable to reduce the taxable profit in future. These assets and liabilities are not recognised when temporary differences arise from goodwill or from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting, nor taxable profit or loss.

The carrying amounts of deferred tax assets are reviewed at each reporting date and reduced to the extent it is no longer probable that sufficient taxable profit will be available against which such deferred tax assets could be utilised in full or in part. Deferred tax assets are reduced to an amount which is likely to reduce the taxable profit in future.

Deferred tax is determined using tax rates that are expected to apply when the related deferred income asset is realized or the deferred tax liability is settled.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority.

3.6 Intangible assets

3.6.1 Licences and rights to produce electricity

Intangible assets acquired through 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 through business combination are measured on the same basis as intangible assets that are acquired separately.

Amortisation is calculated over the estimated useful life corresponding to specific validity term of a license or right to produce electricity. For the licenses acquired through business combination (licenses to produce electricity with incentive tariff), useful life is determined to be 5 – 22 years. Useful life is reviewed on year-by-year basis.

3.6.2 Other intangible assets

Intangible assets expected to provide economic benefits in future periods are measured at acquisition cost less subsequent accumulated amortisation and any accumulated impairment losses. Amortisation is calculated on the straight-line basis over the estimated economic useful life of 3 to 4 years except for investments in businesses – see Note 11.2.

The Group’s intangible asset amortization expenses are accounted for within the item “Depreciation and amortization” in the Statement of profit or loss.

3.7 Property, plant and equipment

Property, plant and equipment is measured by applying acquisition cost model.

Cost includes replacement costs of components of property, plant and equipment when incurred and when these costs meet the recognition criteria of property, plant and equipment. 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 statement of profit or loss during the financial period in which they are incurred.

Property, plant and equipment include spare parts, spare equipment, maintenance equipment when they meet the definition of property, plant and equipment. The wind power plants and their installations includes additionally decommissioning costs (Note 25). The assets' residual values and useful lives are reviewed at least once per year, and adjusted if appropriate. For accounting of borrowing costs - see Note 3.9.2.

When asset is retired or otherwise disposed of, the cost and related accumulated depreciation are derecognised and any related gains or losses are included in statement of profit or loss. Gains or losses on disposal of property, plant and equipment are determined as proceeds received on disposal less the carrying amount of assets disposed.

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

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate the acquisition cost/revalued amounts less their residual values over their estimated useful lives (number of years), as follows:

Category of property, plant and equipment	Useful lives (number of years)
Buildings	20
Wind power plants and their installations	20-30
Other property, plant and equipment	3

3.8 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 recognise a right-of-use asset for all types of leases with the exception of leases of intangible assets, short-term leases and leases for which the underlying asset is of low value.

3.8.1 Initial measurement of right-of-use assets

At the commencement date, the Group measures the right-of-use asset at cost. The cost of the right-of-use asset comprises: the amount equal to the lease liability at its initial recognition, lease payments made at or before the commencement of the lease (less any lease incentives received), any initial direct costs incurred by the Group, and an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce 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 right-of-use asset when the Group incurs an obligation for these costs.

3.8.2 Subsequent measurement of right-of-use assets

Subsequent to initial recognition, the Group measures the right-of-use asset using the cost model. 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.

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 depreciates 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. Right-of-use assets are depreciated on a straight-line basis.

The Group presents rights-of-use assets separately from property, plant and equipment in the statement of financial position.

3.9 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.

3.9.1 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 through other comprehensive income (hereinafter "FVOCI"), and
- financial assets subsequently measured at fair value through profit or loss (hereinafter "FVPL").

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Transaction costs comprise all charges and commissions 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 statement of profit or loss. Impairment losses are accounted for as other expenses (Note 8) 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:

3.9.1.1 Financial assets subsequently measured at FVOCI

The Group only has derivatives subsequently measured at FVOCI. For detailed information see Note 3.9.3.

3.9.1.2 Financial assets at amortised cost

Financial assets at amortised cost are subsequently measured using the effective interest rate (hereinafter "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. The Group's financial assets at amortised cost includes loans granted by the Group, trade and other amounts receivable, and cash and cash equivalents are accounted for under the business model the purpose of which is to hold financial assets in order to collect contractual cash flows that can contain cash flows related to the payment of the principal amount and interest inflows.

3.9.1.3 Financial assets at FVPL

Debt 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 classified as financial assets to be measured at FVPL.

The Group classifies financial assets as assets measured at FVPL, if this eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as 'an accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising gains or losses thereof on different bases. A gain or loss on fair value measurement of debt investment is recognised in statement of profit or loss in the period in which it arises. The Group classifies in this category investments to equity instruments that do not meet the SPPI conditions.

3.9.1.4 Effective interest method

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

The 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 the EIR, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, 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 the 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).

3.9.1.5 Impairment of financial assets – expected credit losses

The Group assesses on a forward-looking basis the expected credit losses 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.

Expected credit losses 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 the expected credit losses 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 assessed credit risk of loans granted and trade receivables. Credit risk is assessed based on all reasonable information, including forward-looking information.

For short-term trade receivables without a significant financing component the Group applies a simplified approach required by IFRS 9 and measures the loss allowance at expected lifetime credit losses from initial recognition of the receivables (Note 17.1).

The lifetime expected credit losses of all amounts receivable (including loans granted) are assessed based on the individual assessment 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 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 borrower, thus enabling making judgement on the recognition of lifetime expected credit losses in respect of that particular borrower.

Recognition stages of expected credit losses:

1. upon granting of a loan, 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 expected credit losses;
2. upon establishing that the credit risk related to the borrower has significantly increased, the Group accounts for the lifetime expected credit losses of the loan 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. Interest income from the loan 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 is doubtful, the Group classifies this loan as credit-impaired financial assets (doubtful loans and receivables). Interest income from the loan 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 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.

The latest point at which the Group recognises all lifetime expected credit losses of the loan granted 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 granted regardless of the more than 90 days past due presumption.

3.9.1.6 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.

3.9.1.7 Derecognition of financial assets

A financial asset (or, where applicable a part of financial asset or group of similar financial assets) is 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.

3.9.2 Financial liabilities and equity instruments issued

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

3.9.2.1 Initial recognition and measurement of financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities measured at FVPL, loans, trade and other payables or derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans, trade and other payables, net of directly attributable transaction costs.

3.9.2.2 Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- financial liabilities at FVPL;
- financial liabilities at amortised cost.

3.9.2.3 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 for the purpose of repurchasing 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. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in 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.

3.9.2.4 Financial liabilities at amortised cost

After initial recognition, trade payables, interest-bearing loans are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in statement of profit or loss 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 statement of profit or loss.

3.9.2.5 Classification and borrowing costs

Financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

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

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial time (more than one year) to get ready for intended use or sale (qualifying assets) are capitalised as part of the costs of those assets until those assets are completely ready for use or sale. All other borrowing costs are expensed as incurred. Interest income that relate to temporal investment of borrowed funds until their use for the acquisition of the assets are deducted from the acquisition cost of the assets.

3.9.2.6 Effective interest rate 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 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 (for more information see Note 3.9.1.4).

3.9.2.7 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 carrying amounts is recognised in statement of profit or loss.

3.9.3 Derivatives and hedge accounting

The Group enters into derivatives' transactions related to sale prices of electricity.

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 and the quantity of the hedging instrument.

3.9.3.1 Presentation

Fair value of derivatives is presented In the statement of financial position as 'Other non-current assets', 'Other current assets' 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 recognised in statement of profit or loss either as 'Other income', if result for a period of such derivatives is profit, or 'Other expenses' if result of such derivatives for a period is loss.

Changes in fair value and result of settled derivatives for hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

3.9.3.2 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 hedge reserve. Ineffective portion is recognised immediately in the statement of profit or loss in 'Other income' or 'Other expenses' (accounting method is similar to derivatives that do not meet the hedge criteria – Note 3.9.3.1). 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.

When cash flow hedges are realised, gain or losses are transferred from equity and recognised in statement of profit or loss as "Purchases of electricity and other services".
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3.10 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. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

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.

3.10.1 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). The Group also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

3.11 Employee benefits

3.11.1 State plans

The Group participates only in State plans. State plans are established by legislation to cover all entities and are operated by national or local government or by another body (for example, in the case of the Group, the State Social Security Fund). State plans are defined benefit plan under which the Group pay fixed contributions into a separate entity and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. This contributions are recognised as an expense on an accrual basis and are included within remuneration expenses.

3.11.2 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 recognise 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.

3.11.3 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. If an employee belongs to trade union, he/she is also entitled to additional retirement benefit according in accordance with the collective agreement. 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.

3.12 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place 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 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 at fair value on a recurring basis, 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.

4 Risk management

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 section of the annual report.

The Group is exposed to a variety of financial risks in their operations:
- market risk (including foreign currency exchange risk, interest rate risk in relation to cash flows),
- credit risk,
- liquidity risk,
- climate change risk

While managing these risks, the Group companies seek to mitigate the impact of the factors which could adversely affect the Group's financial performance.

4.1 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,
- energy and commodity risk.

4.1.1 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.

In 2023 and 2022 the sale/purchase contracts for day-to-day operations of the Group is mainly denominated in national currencies (in Poland – zlotys, in Lithuania, Latvia and Estonia – euros) therefore the management has not identified significant exposure to foreign currency exchange risk in these operations. The significant part of purchase contracts for asset constructions in Poland is denominated in EUR currency, therefore the Group is exposed to a foreign currency exchange risk related to construction contracts.

In 2023 the Group entered into several short term (maturity of up to 1 year) PLN/EUR exchange rate (hereinafter – 'FX') forward and swaps contracts, aiming to manage the foreign exchange risk. Total notional value of FX forward and swap contracts signed in 2023 amounted to EUR 73,131 thousand, out of which EUR 13,923 thousand were still valid as at 31 December 2023. Fair value change of these derivatives is accounted for as unrealized gain (loss) of the ineffective derivatives and is recognised in the Statement of profit or loss as finance activity expenses or income (Note 27).

As well the Group is exposed to a foreign currency exchange risk related to issued loan in pound sterling (Note 15) to Moray West Holding Limited. Maturity of loan issued in pound sterling is until 1 July 2025. The Group is not planning to enter into the GBP/EUR exchange rate swaps.

The Group's management has identified significant exposure to foreign currency exchange risk related to loans granted and payments to wind power plant contractors and discloses sensitivity analysis for this risk:

31 December 2023	Profit or loss	
	Strengthening of euro against foreign currency	Weakening of euro against foreign currency
PLN (11.10% movement)	4,955	(3,964)
GBP (4.97% movement)	2,692	(2,438)

31 December 2022	Profit or loss	
	Strengthening of euro against foreign currency	Weakening of euro against foreign currency
PLN (10.25% movement)	(1,795)	1,461
GBP (9.56% movement)	2,471	(2,040)

4.1.2 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.

When 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 (in the context of the Group), the interest rate derivatives would be used for the purpose of interest management. The aim is that non-current loans with fixed interest rates comprised not less than 50% of the Group's consolidated non-current loans 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. The risk management measures are applied only when the market has obvious indications that the interest rate might significantly decrease, resulting in negative investment returns.

All of the Group's loans payable have fixed interest rates as at 31 December 2023 and 2022. Variable-rate financial instruments include the loan granted to Moray West Holdings Limited for amount EUR 51.5 million as at 31 December 2023 (as at 31 December 2022: EUR 23.4 million).

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

Group	Increase/decrease, pp	(Decrease)/increase in profit
2023	1.0/(1.0)	(445)/445
2022	1.0/(1.0)	(234)/234

4.1.3 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 optimising 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 statement of profit or loss.

In the ordinary course of its operations, the Group is exposed to commodity risks on electricity products. The source of exposure lies with cash flows from sales of electricity in the power exchange at market prices. Majority of this type of exposure is based on changes of respective commodity price on hourly basis in the market that the Group operates.

In addition to signed Power Purchase Agreements in order to manage commodity price risk the Group enters into financial derivatives contracts (cash flow hedges). This is performed in order to secure a fixed sales price regardless of the changes in the mark at power exchange, so that optimum profit margins could be obtained from contracted or expected fixed price sales. A financial derivative is related to Nordpool power exchange prices in the Estonian price zone.

When assessing the effectiveness and fair value of a hedging transaction as a hedged position, two components of price changes are taken into account:
- SYS price (average price of Nordpool power market , of which Estonia is a member of);
- price component equivalent or similar to difference between Estonia price area and SYS price (commonly referred as EPAD in NASDAQ commodities market).

The derivative is effective for hedging accounting purposes, since the production and sale of electricity are carried out in the same price zone.

Overview of Group's derivatives positions:

EURk	31 December 2023		31 December 2022	
	Contractual nominal value	Market Value	Contractual nominal value	Market Value
Over the counter (OTC) derivatives – Electricity (Note 27)	13,880	5,786	20,821	26,147
Total	**13,880**	**5,786**	**20,821**	**26,147**

Nominal amounts (quantities in MWh) hedged:

MWh	31 December 2023		
	2024	2025	2026
Electricity hedges	40,006	40,006	-
Total	**40,006**	**40,006**	**-**

Nominal values hedged:

EURk	31 December 2023		
	2024	2025	2026
Electricity hedges	6,940	6,940	-
Total	**6,940**	**6,940**	**-**

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

EURk	31 December 2023		
	Market value		
	Increase by 10%	Current prices	Decrease by 10%
Over the counter (OTC) derivatives - Electricity	6,365	5,786	5,208
Total	**6,365**	**5,786**	**5,208**

4.2 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 of the companies (trade and other amounts receivable) and from financing activities (granted loans). The Group's risk related to cash is limited, as the Group keeps cash balances only in reliable financial institutions.

The Group's exposure to credit risk arising from amounts receivable is limited because the major buyers are reliable customers. As at 31 December 2023 amounts of trade receivables in Lithuania and Poland are billed to Ignitis grupė AB group companies, in Estonia – billed to a single third party which comprises insignificant part of total trade receivables. As at 31 December 2023 and 2022, the Group had no loss allowance for trade receivables, trade receivables were of high credit quality. The Group is exposed to significant credit risk concentration, because debt is concentrated to the two main customers the debt of which comprises approximately 97% of total trade receivables (2022: the concentration was related to the one customer the debt of which comprised approximately 86% of total).

The Group is exposed to credit risk concentration related to loans granted (Note 15). The Group is evaluating cash flows and financial results of Moray West Holdings Limited, no impairment loss is recognised for the investments into Moray West Holdings Limited to which loan is granted. Due to that the Group does not consider that risk related to concentration of loans granted is significant.

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 into transactions with reliable financial institutions (or subsidiaries of such institutions) with a long-term credit rating (in foreign currency) not 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.

EURk	Note	31 December 2023	31 December 2022
Financial assets measured at amortised cost			
Non-current receivables	15	7,156	7,641
Trade receivables	17	9,776	16,601
Other receivables	18	12,078	106
Loans granted	15, 18	55,889	24,060
Cash and cash equivalents	19	72,376	57,323
Financial assets measured at FVPL or FVOCI			
Equity securities - at FVOCI	16	5,000	5,000
Derivatives	27	8,094	6,019
Total		**170,369**	**116,750**

4.3 Liquidity risk

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

As at 31 December 2023, the Group's current ratio (total current assets/total current liabilities) and quick ratio ((total current assets – inventories) / total current liabilities) were 1.56 and 1.56 respectively (31 December 2022: 3.97 and 3.96 respectively). As at 31 December 2023, the Group's balance of credit and overdraft facilities not withdrawn amounted to EUR 539,170 thousand (31 December 2022: EUR 92,473 thousand).

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

EURk	Note	31 December 2023	31 December 2022
Financial liabilities measured at amortised cost			
Loans	23	808,350	401,351
Lease liabilities	24	16,518	19,706
Trade payables		1,504	1,163
Other liabilities	26	115,725	19,978
Financial liabilities measured at FVPL or FVOCI			
Derivatives	31	716	693
Total		**942,813**	**442,891**

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):

EURk	2023				In total
	Less than 3 months	3 months to 1 year	1 and 5 years	After 5 years	
Loans	4,964	32,753	695,651	112,112	**845,480**
Lease liabilities	563	599	5,532	19,534	**26,228**
Trade payables	1,504	-	-	-	**1,504**
Other liabilities	33,075	34,266	48,384	-	**115,725**
Derivatives	716	-	-	-	**716**
As at 31 December 2023	**40,868**	**67,572**	**749,567**	**131,646**	**989,653**

EURk	2022				In total
	Less than 3 months	3 months to 1 year	1 and 5 years	After 5 years	
Loans	4,347	12,961	81,625	345,004	**443,937**
Lease liabilities	524	197	4,570	25,287	**30,578**
Trade payables	1,163	-	-	-	**1,163**
Other liabilities	7,583	6,871	5,524	-	**19,978**
Derivatives	693	-	-	-	**693**
As at 31 December 2022	**14,310**	**20,029**	**91,719**	**370,291**	**496,349**

4.3.1 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 parent company's activities. 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 parent company's approach on managing it in section 'Climate Action' 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, and impairment assessment of goodwill

The Group assesses the useful economic life of its Property, Plant and Equipment assets 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 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 management does not reasonably expect climate change to have a significant impact of valuation of property, plant and equipment, and impairment assessment of goodwill.

Estimation of decommissioning provisions

The Group holds decommissioning provisions for part of Wind power plants. It is expected that fundamental changes to weather patterns, or the impact of new wind generation capacity will not bring forward the decommissioning of the Group's current wind farm portfolio.

Impact of climate change on provision for risk and on ECL

The Group 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 are 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.

5 Critical accounting estimates and judgments used in the preparation of the financial statements

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

Estimates and judgements with underlying assumptions are reviewed on an ongoing basis and are consistent with the Group's risk management and climate -related commitments, where appropriate. Revisions to the 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 herein, refer to other notes of these financial statements.

Significant accounting estimates and judgments	Note	Estimate/judgment
Expected credit losses of trade receivables and other receivables: individual assessment of ECL	17.1	Estimate/judgment
Determining the lease term of contracts with renewal and termination options	24.1.1	Judgment
Determining whether statutory and contractual servitudes are a lease	24.1.2	Judgment
Measurement of provision for decommission	25.2	Estimate

6 Revenue from contracts with customers

6.1 Revenue from contracts with customers by type

EURk	2023	2022
Revenue from sale of produced electricity	47,892	57,847
In total	**47,892**	**57,847**

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

EURk	2023	2022
Performance obligation settled over time	47,734	57,847
Performance obligation settled at a specific point in time	158	-
In total	**47,892**	**57,847**

6.2 Contract balances

As at 31 December 2023 and 2022 the Group did not have any contract assets and liabilities under the contracts with customers. Information on trade receivables is presented in Note 17.

6.3 Rights to returned goods assets and refund liabilities

The Group does not have any significant rights to return goods specified in the contracts with customers.

6.4 Performance obligations

As at 31 December 2023 and 2022 the Group had no remaining performance obligations.

6.5 Group revenue from contracts with customers by geographic segment

EURk	2023	2022
Lithuania	26,150	15,888
Poland	16,408	32,738
Estonia	5,176	9,221
Other countries	158	-
In total	**47,892**	**57,847**

7 Other income

EURk	2023	2022
Rent income	48	-
Other income	964	68
In total	**1 012**	**68**

8 Other expenses

EURk	2023	2022 (restated)[1]
Finance and accounting	3,347	1,127
Asset management and administration	2,105	1,010
Legal	1,508	866
Taxes	1,482	1,752
People and culture	1,023	477
Communication	579	185
Telecommunications and IT services	571	207
Innovation	398	-
Sustainability	24	8
Ineffective OTC contracts (Note 27.2)	-	566
Other	2,362	1,075
In total	**13,399**	**7,273**

[1]In year 2023 the Group classified maintenance expenses in other line items "Finance and accounting", "Legal", "Asset management and administration" and "Sustainability", therefore comparative figures for the year 2022 was changed respectively by reclassifying EUR 3,011 thousand from line items "Consultation services" and "Other".

9 Finance activity

EURk	2023	2022
Interest income at the effective interest rate	4,755	755
Positive effect of changes in exchange rates	1,420	-
Other income from financing activities	109	-
Total finance income	**6,284**	**755**
Interest expenses	11,776	5,734
Interest and discount expense on lease liabilities	386	541
Negative effect of changes in exchange rates	-	1,696
Other expenses of financing activities	984	16
Total finance expenses	**13,146**	**7,987**
Finance activity, net	**(6,862)**	**(7,232)**

9.1 The Group's interest income

In 2023, the Group received in cash the amount of EUR 430 thousand (in 2022: the Group does not have any interest income) in interest income, which is presented in the Statement of cash flows under 'Interest received'.

10 Income taxes

10.1 Amounts recognised in profit or loss

EURk	2023	2022
Income tax expenses (benefit) for the year	2,808	5,482
Deferred tax expenses (benefit)	(7,531)	(265)
In total	**(4,723)**	**5,217**

10.2 Amounts recognised in other comprehensive income

Income taxes during 2023 recognised in other comprehensive income comprise EUR 880 thousand of deferred tax expenses (in 2022 EUR 180 thousand in deferred tax expenses) related to the Foreign operations – foreign currency translation differences.

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 tax rate applicable to profit of the Group:

EURk	2023	2023	2022	2022
Profit (loss) before tax		3,328		18,621
Income tax expenses (benefit) at tax rate of 15%	15.00%	499	15.00%	2,793
Effect of tax rates in foreign jurisdictions	6.61%	220	6.87%	1,279
Non-taxable income and non-deductible expenses	(18.03)%	(600)	6.19%	1,152
Income tax relief for the investment project	(152.19)%	(5,065)	-	-
Other	6.70%	223	(0.04)%	(7)
Income tax expenses (benefit)	(141.92)%	**(4,723)**	28.02%	**5,217**

Standard corporate income tax rate of 15% was applicable to the companies in Lithuania, in Poland – 19%. Standard corporate income tax rate in Latvia and Estonia is 20% (14% in certain cases) on the gross amount of the distribution.

The line item "Income tax relief for the investment project" includes the income tax relief for the investment projects in 2023.

10.4 Global minimum top up tax

The Group operates in Lithuania, Latvia, Estonia and Poland. As at 31 December 2023 neither of these countries have enacted the new legislation to implement the global minimum top-up tax. Since the newly enacted tax legislation is only effective from 1 January 2024, there is no current tax impact for the year ended 31 December 2023.

The Group has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as current, when it is incurred.

10.5 Deferred tax

EURk	As at 31 December 2021	Recognised in profit or loss[1]	Recognised in other comprehensive income	Tax losses given/ taken	Deferred taxes acquired and/or assumed through business combinations	Difference on exchange rate	As at 31 December 2022[1]	Recognised in profit or loss	Recognised in other comprehensive income	Deferred taxes acquired and/or assumed through business combinations (Note 14.3)	Difference on exchange rate	As at 31 December 2023
Deferred tax assets												
Income tax relief for the investment project	**-**	-	-	-	-	-	-	4,848	-	-	-	**4,848**
Lease liability (IFRS 16)	**969**	1,808	-	-	-	-	**2,777**	(354)	-	-	188	**2,611**
Decommissioning provision	**600**	(76)	-	-	-	-	**524**	319	-	-	-	**843**
PSO payable	**-**	1,050	-	-	-	-	**1,050**	2,023	-	-	177	**3,250**
Accrued expenses	**206**	(136)	-	-	-	-	**70**	149	-	-	5	**224**
Tax losses carry forward	**963**	1,119	-	(678)	-	-	**1,404**	1,058	-	54	-	**2,516**
Derivatives	**-**	-	-	-	-	-	**-**	107	-	-	-	**107**
Other	**373**	(7)	(3)	-	-	-	**363**	944	-	-	52	**1,359**
Deferred tax asset	**3,111**	**3,758**	**(3)**	**(678)**	**-**	**-**	**6,188**	**9,094**	**-**	**54**	**422**	**15,758**
Deferred tax liabilities												
Differences of financial and tax value (PPE)	**1,162**	1,607	-	-	-	-	**2,769**	1,573	-	-	255	**4,597**
Difference of financial and tax value of assets identified on business combination	**8,226**	(1,036)	-	-	5,791	-	**12,981**	-	-	16,746	-	**29,727**
Right of use asset (IFRS 16)	**855**	1,556	-	-	-	-	**2,411**	(898)	-	-	126	**1,639**
Decommissioning provision	**-**	524	-	-	-	-	**524**	224	-	-	-	**748**
Other	**470**	842	146	-	-	31	**1,489**	664	880	-	14	**3,047**
Deferred tax liability	**10,713**	**3,493**	**146**	**-**	**5,791**	**31**	**20,174**	**1,563**	**880**	**16,746**	**395**	**39,758**
Deferred tax, net	**(7,602)**	**265**	**(149)**	**(678)**	**(5,791)**	**(31)**	**(13,986)**	**7,531**	**(880)**	**(16,692)**	**27**	**(24,000)**

[1] *Part of the amounts do not agree with the financial statements issued for the year 2022 due to the adopted Amendments to IAS 12 requirements (Note 3.2.1). The Group has recognised a separate deferred tax asset and deferred tax liability in relation to decommissioning provision (deferred tax assets – EUR 524 thousand, deferred tax liabilities – EUR 524 thousand).*

As at 31 December 2023 the Group has temporary differences from which deferred tax asset EUR 6.6 million is not recognized. As at 31 December 2022 the Group had no temporary differences from which deferred tax asset was not recognised.

11 Intangible assets

EURk	Goodwill	Licenses and rights to produce electricity[1]	Other intangible assets[1]	In total
Acquisition cost at 1 January 2023	**5,405**	**71,602**	**10,833**	**87,840**
Additions	-	-	4,602	**4,602**
Acquisition through business combination (Note 14.3)	10,555	139,121	(526)	**149,150**
Reclassifications (to)/from other items of Statement of financial position	-	-	(230)	**(230)**
Foreign currency exchange difference	158	4,958	-	**5,116**
Acquisition cost at 31 December 2023	**16,118**	**215,681**	**14,679**	**246,478**
Accumulated amortisation at 1 January 2023	**-**	**(5,994)**	**-**	**(5,994)**
Amortisation	-	(2,919)	(12)	**(2,931)**
Foreign currency exchange difference	-	(201)	-	**(201)**
Accumulated amortisation at 31 December 2023	**-**	**(9,114)**	**(12)**	**(9,126)**
Carrying amount at 31 December 2023	**16,118**	**206,567**	**14,667**	**237,352**
Acquisition cost at 1 January 2022	**5,393**	**-**	**48,178**	**53,571**
Restatement due to reclassification[1]	-	47,212	(47,212)	-
Acquisition cost at 1 January 2022 (restated)[1]	**5,393**	**47,212**	**966**	**53,571**
Additions	-	-	9,867	**9,867**
Write-offs	-	(6,139)	-	**(6,139)**
Acquisition through business combination	51	29,987	-	**30,038**
Foreign currency exchange difference	(39)	542	-	**503**
Acquisition cost at 31 December 2022	**5,405**	**71,602**	**10,833**	**87,840**
Accumulated amortisation at 1 January 2022	**-**	**-**	**(5,679)**	**(5,679)**
Restatement due to reclassification[1]	-	(5,679)	5,679	-
Accumulated amortisation at 1 January 2022 (restated)[1]	**-**	**(5,679)**	**-**	**(5,679)**
Amortisation	-	(3,442)	-	**(3,442)**
Write-offs	-	3,127	-	**3,127**
Accumulated amortisation at 31 December 2022	**-**	**(5,994)**	**-**	**(5,994)**
Carrying amount at 31 December 2022	**5,405**	**65,608**	**10,833**	**81,846**

[1] The Group in 2023 allocated part of the intangible assets allocated to 'Other intangible assets' class to new asset class 'Licenses and rights to produce electricity', therefore comparative figures were reclassified accordingly.

11.1 Licenses and rights to produce electricity

Change in licences and rights to produce electricity identified through business combination is mainly related to the acquisition of new subsidiaries during the year 2023 (Note 14.2.1). Carrying amounts of licences and rights to produce electricity are the following:

EURk		31 December 2023	31 December 2022
Assets identified during business combination with the following subsidiaries and are related with their following rights or licences:			
WINDLIT, UAB	Licence to generate electricity	80,235	-
Silezia2 Wind Farm Sp. z o. o.	Licence to generate electricity	29,987	29,987
UAB Vėjas LT	Licence to generate electricity	22,388	-
Pomerania Wind Farm Sp. z o. o.	Right to an incentive tariff	21,036	22,665
SP Venta SIA	Licence to generate electricity	15,420	-
Silezia1 Wind Farm Sp. z o. o.	Right to an incentive tariff	9,550	9,550
CVE SIA	Licence to generate electricity	9,493	-
Plungės vėjo energija UAB	Licence to generate electricity	9,019	-
BRVE SIA	Licence to generate electricity	2,566	-
UAB "EURAKRAS"	Licence to generate electricity	2,473	3,736
Tuulenergia OU	Right to an incentive tariff	337	450
Foreign currency exchange difference arising from acquisition of a foreign operation		4,063	(780)
Carrying amount		**206,567**	**65,608**

11.2 Other intangible assets

EURk	31 December 2023	31 December 2022
Investments in businesses located in Poland and Latvia	14,387	10,797
Other assets	280	36
Carrying amount	**14,667**	**10,833**

As at 31 December 2023 and 2022 the parent company has investments into businesses located in Poland and Latvia. During the year 2023 investments into projects related to activity of solar power plants comprised EUR 5,041 thousand (2022: EUR 9,269 thousand), wind power plants – EUR 240 thousand (2022: EUR 598 thousand). As the payments in such projects do not consitute the rights of control over the companies, the parent company recognised the payments as other financial assets. After projects developed by the companies are established, the parent company will own 100% of shares of these companies.

The Group determined whether this transaction is a business combination by applying the definition of business combination, which requires that the assets acquired and liabilities assumed constitute a business. Having identified this transaction not being an acquisition of business, the Group accounted for this transaction as an intangible asset acquisition.

11.3 Goodwill

EURk	31 December 2023	31 December 2022
WINDLIT, UAB	7,823	-
Pomerania Wind Farm sp. z o. o.	2,061	2,061
UAB „VVP Investments”	1,866	1,866
UAB “EURAKRAS”	1,203	1,204
SIA CVE	988	-
SIA BRVE	821	-
Other	1,356	274
Carrying amount	**16,118**	**5,405**

Change in goodwill identified through business combination is related to the acquisition of new subsidiaries during the year 2023 (Note 14.3.1) and the reassessment of fair values of the assets identified through business combination established in the year 2022 (Note 14.3.2).

11.4 Fully amortised intangible assets

The Group has no any fully amortized intangible assets which are still in use.

11.5 Acquisition commitments

The Group has no acquisition commitments as at 31 December 2023 and 2022.

12 Property, plant, and equipment

12.1 The Group's property, plant and equipment

EURk	Land	Buildings	Wind power plants and their installations	Other property, plant and equipment	Construction-in-progress	In total
Acquisition cost at 1 January 2023	**1,447**	**602**	**209,528**	**72**	**18,714**	**230,363**
Additions	-	5	-	436	271,593	**272,034**
Reclassifications from constructions in-progress	-	-	80,213	214	(80,427)	**-**
Acquisitions through business combination (Note 14.3)	-	-	-	-	9,707	**9,707**
Foreign currency exchange difference	-	-	8,415	-	748	**9,163**
Acquisition cost at 31 December 2023	**1,447**	**607**	**298,156**	**722**	**220,335**	**521,267**
Accumulated depreciation at 1 January 2023	**-**	**(210)**	**(35,877)**	**(66)**	**-**	**(36,153)**
Depreciation	-	-	(8,575)	(82)	-	**(8,657)**
Foreign currency exchange difference	-	-	(392)	1	1	**(390)**
Accumulated depreciation at 31 December 2023	**-**	**(210)**	**(44,844)**	**(147)**	**1**	**(45,200)**
Carrying amount 31 December 2023	**1,447**	**397**	**253,312**	**575**	**220,336**	**476,067**
Acquisition cost at 1 January 2022	**1,447**	**602**	**204,573**	**115**	**8,205**	**214,942**
Additions	-	-	-	6	5,341	**5,347**
Write-offs	-	-	(455)	-	-	**(455)**
Reclassified (to)/from right-of-use asset's	-	-	7,763	-	-	**7,763**
Reclassifications (to)/from other items of Statement of financial position	-	-	-	(49)	-	**(49)**
Remeasurement of provision for decommission	-	-	(343)	-	-	**(343)**
Acquisition though business combination	-	-	-	-	5,028	**5,028**
Foreign currency exchange difference	-	-	(2,010)	-	140	**(1,870)**
Acquisition cost at 31 December 2022	**1,447**	**602**	**209,528**	**72**	**18,714**	**230,363**
Accumulated depreciation at 1 January 2022	**-**	**(180)**	**(26,680)**	**(114)**	**-**	**(26,974)**
Depreciation	-	(30)	(7,505)	(1)	-	**(7,536)**
Reclassified (to)/from right-of-use asset's	-	-	(1,692)	-	-	**(1,692)**
Reclassifications (to)/from other items of Statement of financial position	-	-	-	49	-	**49**
Accumulated depreciation at 31 December 2022	**-**	**(210)**	**(35,877)**	**(66)**	**-**	**(36,153)**
Carrying amount 31 December 2022	**1,447**	**392**	**173,651**	**6**	**18,714**	**194,210**

12.2 Acquisitions and disposals of property, plant and equipment

Acquisitions of property, plant and equipment during 2023 mainly include the acquisitions for the construction of wind farms.

The Group has significant acquisition commitments of property, plant and equipment, which will have to be fulfilled during the later years. The Group's acquisition and construction commitments amounted to EUR 327.4 million as at 31 December 2023 (31 December 2022: EUR 277.5 million).

During 2023, the Group capitalised EUR 4,477 thousand of interest expenses on loans intended to finance the development of non-current assets (2022: EUR 1,289 thousand). The average capitalised interest rate was 3.34% in 2023 (in 2022: 2.75%).

12.3 Fully depreciated property, plant and equipment

As at 31 December 2023 the Group has fully depreciated assets still in use with acquisition cost of EUR 116 thousand (31 December 2022: EUR 114 thousand).

12.4 Pledged property, plant and equipment

As at 31 December 2023 and 2022 property, plant and equipment of the Group were not pledged to banks, credit institutions, etc.

13 Right-of-use assets

13.1 The Group's right-of-use assets

EURk	Land	Buildings	Wind power plants and their installations	Other property, plant and equipment	In total
As at 1 January 2022					
Acquisition cost	16,833	110	7,753	27	**24,723**
Accumulated depreciation	(1,005)	(33)	(1,642)	(9)	**(2,689)**
Carrying amount	**15,828**	**77**	**6,111**	**18**	**22,034**
Carrying amount at 1 January 2022	**15,828**	**77**	**6,111**	**18**	**22,034**
Additions	38	-	-	95	**133**
Reclassifications (to)/from property, plant & equipment	-	-	(6,071)	-	**(6,071)**
Acquisition through business combination	5,167	-	-	-	**5,167**
Foreign currency exchange difference	197	2	-	5	**204**
Remeasurement of right-of-use assets	(1,492)	-	-	-	**(1,492)**
Depreciation	(703)	(56)	(40)	(46)	**(845)**
Carrying amount at 31 December 2022	**19,035**	**23**	**-**	**72**	**19,130**
As at 31 December 2022					
Acquisition cost	20,623	112	-	95	**20,830**
Accumulated depreciation	(1,588)	(89)	-	(23)	**(1,700)**
Carrying amount	**19,035**	**23**	**-**	**72**	**19,130**
Carrying amount at 1 January 2023	**19,035**	**23**	**-**	**72**	**19,130**
Additions	2,318	-	-	1,888	**4,206**
Acquisition through business combination (Note 14.3)	2,432	-	-	-	**2,432**
Foreign currency exchange difference	718	-	-	3	**721**
Remeasurement of right-of-use assets (Note 13.2)	(7,100)	-	-	-	**(7,100)**
Depreciation	(498)	(22)	-	(123)	**(643)**
Carrying amount	**16,905**	**1**	**-**	**1,840**	**18,746**
31 December 2023					
Acquisition cost	18,931	112	-	1,982	**21,025**
Accumulated depreciation	(2,026)	(111)	-	(142)	**(2,279)**
Carrying amount	**16,905**	**1**	**-**	**1,840**	**18,746**

The Group's major lease contracts are for land. As at 31 December 2023 the carrying amount of land lease liability amounted to EUR 16,208 thousand (31 December 2022: EUR 19,343). The remaining lease term of major contracts for land lease as at 31 December 2023 is between 14 – 33 years and 47 – 63 years.

Some of land lease contracts provide additional rent payments that are based on level of sales by lessee. The difference between fixed payment and variable payment is recognised in the statement of profit or loss (Note 13.3). Also, some of the land lease contracts provide payments to landowners indexed by the inflation rate each year, therefore the Group performs remeasurement of the lease liability and right-of-use assets at the same time when the new inflation index is applied for factual payments.

During the year of 2022 all contracts for lease of wind power plants and their installations were finalized by paying in full remaining liability. Therefore, right of use assets attributable to this group were transferred to the property, plant and equipment with its carrying amount of EUR 6,071 thousand.

During the year of 2023 the Group capitalised lease interest expenses on property, plant and equipment for amount EUR 52 thousand (2022: EUR 43 thousand).

13.2 Remeasurement of lease liability and right-of-use assets

The Group reassessed the right-of-use assets and the lease liability to reflect the lease modification and the remeasurement of the lease liability due to the change in the lease term.

The Group remeasured the land lease liability and, respectively, the right-of-use assets to reflect the changes in the assessment of the lease term. In the year 2022, at the initial recognition date a lease term was determined as a non-cancellable period, which includes the period during which the Group has a control over the contingency of the contract termination option. The termination option was assessed considering the likelihood of the triggering event occurring when determining the non-cancellable period at the commencement date. In the year 2023, the management of the Group has assessed the variability in the date of the triggering event and determined that as at 31 December 2023 the variability is not resolved and, therefore, measured the lease liability as zero. The triggering event is the obtaining of the necessary permissions and the capacity of conductivity in the electricity grid for the construction of renewable energy generating plants. The triggering event is planned to occur in 2024. The management has no intentions to cancel these land lease contracts.

The Group reduced the carrying amounts of the right-of-use assets and the lease liability for the amounts of EUR 7,100 thousand and EUR 7,221 thousand respectively. The remaining amount of the remeasurement amounted to EUR 121 thousand was recognised as loss for the reporting year and presented in the Statement of profit or loss in line item 'Write-offs of intangible assets and result on lease modification'.

13.3 Expenses and costs related to lease agreements

EURk	2023	2022
Depreciation	643	845
Interest expenses	386	498
Capitalised interests	52	43
Variable lease payment expenses	286	520
Expenses related to leases of low value assets (other expenses)	433	155
Lease remeasurement result (Lease modification gain (-)/loss (+))	640	-
Other rent expenses	33	50
Total	**2,473**	**2,111**

13.4 Future expenses related to lease agreements

EURk	31 December 2023	31 December 2022
Future expenses related to short-term and low value leases	-	374
Future variable lease payments	7,167	14,499
Future cash outflow for leases not recognised due to termination option	218,771	-
Future cash outflow for leases not yet commenced to which the lessee is committed	-	32
Future lease expenses, total	**225,938**	**14,905**

14 Structure of the group

14.1 List of subsidiaries

The Group's structure as at 31 December 2023:

Company name	Country of registered office	Business segment	Activities profile	Effective ownership interest, %	Non-controlling interest's effective ownership interest, %
UAB „Ignitis renewables"	Lithuania	Green Generation	Parent company - management and coordination of activities of the Group companies	-	-
Subsidiaries of the Group:					
Pomerania Wind Farm sp. z o. o.	Poland	Green Generation	Operation of renewable energy project	100.00	-
Ignitis renewables Latvia SIA	Latvia	Green Generation	Development of renewable energy projects	100.00	-
Ignitis Renewables Polska Sp. z o. o.	Poland	Green Generation	Development of renewable energy projects	100.00	-
UAB „EURAKRAS"	Lithuania	Green Generation	Operation of renewable energy project	100.00	-
Tuuleenergia OU	Estonia	Green Generation	Operation of renewable energy project	100.00	-
UAB „VĖJO GŪSIS"	Lithuania	Green Generation	Operation of renewable energy project	100.00	-
UAB „VĖJO VATAS"	Lithuania	Green Generation	Operation of renewable energy project	100.00	-
UAB „VVP Investment"	Lithuania	Green Generation	Operation of renewable energy project	100.00	-
UAB „Ignitis renewables projektai"	Lithuania	Green Generation	Development of renewable energy projects	100.00	-
Ignitis RES DEV Sp. z o. o.	Poland	Green Generation	Development of renewable energy projects	100.00	-
Silesia1 Wind Farm Sp. z o. o.	Poland	Green Generation	Development of renewable energy projects	100.00	-
IGN RES DEV1 SIA	Latvia	Green Generation	Development of renewable energy projects	100.00	-
IGN RES DEV2 SIA	Latvia	Green Generation	Development of renewable energy projects	100.00	-
IGN RES DEV3 SIA	Latvia	Green Generation	Development of renewable energy projects	100.00	-
IGN RES DEV4 SIA	Latvia	Green Generation	Development of renewable energy projects	100.00	-
UAB „Ignitis renewables projektai 2"	Lithuania	Green Generation	Development of renewable energy projects	100.00	-
UAB „Ignitis renewables projektai 3"	Lithuania	Green Generation	Development of renewable energy projects	100.00	-
Silesia2 Wind Farm S.A.	Poland	Green Generation	Development of renewable energy projects	100.00	-
UAB „Plungės vėjo energija"	Lithuania	Green Generation	Development of renewable energy projects	100.00	-
IGN RES DEV5 SIA	Latvia	Green Generation	Development of renewable energy projects	100.00	-
IGN RES DEV6 SIA	Latvia	Green Generation	Development of renewable energy projects	100.00	-
UAB „Vėjo galia bendruomenei"	Lithuania	Green Generation	Development of renewable energy projects	100.00	-
UAB „Ignitis renewables projektai 4"	Lithuania	Green Generation	Development of renewable energy projects	100.00	-
UAB „Ignitis renewables projektai 5"	Lithuania	Green Generation	Development of renewable energy projects	100.00	-
UAB „Ignitis renewables projektai 6"	Lithuania	Green Generation	Development of renewable energy projects	100.00	-
SP Venta SIA	Latvia	Green Generation	Development of renewable energy projects	100.00	-
BRVE SIA	Latvia	Green Generation	Development of renewable energy projects	100.00	-
CVE SIA	Latvia	Green Generation	Development of renewable energy projects	100.00	-
UAB „Ignitis renewables projektai 7"	Lithuania	Green Generation	Development of renewable energy projects	100.00	-
UAB „Ignitis renewables projektai 8"	Lithuania	Green Generation	Development of renewable energy projects	100.00	-
IGN RES DEV7 SIA	Latvia	Green Generation	Development of renewable energy projects	100.00	-
UAB "Vėjas LT"	Lithuania	Green Generation	Development of renewable energy projects	100.00	-
UAB "WINDLIT"	Lithuania	Green Generation	Development of renewable energy projects	100.00	-
UAB "Offshore wind farm 1"	Lithuania	Green Generation	Development of renewable energy projects	51.00	49.00

14.2 Changes in composition

14.2.1 Acquisition of shares in business combinations

Acquisition of shares during business combinations during the year 2023:

EURk	Date	Share capital	Share premium
SP Venta SIA	March 2023	794	-
BRVE SIA	March 2023	3	-
CVE SIA	March 2023	4	199
UAB Vėjas LT	July 2023	3	-
UAB WINDLIT	October 2023	3	188
In total		**807**	**387**

Also, during the year 2023 the consideration transferred was remeasured for investment into subsidiary UAB “Plungės vėjo energija” (acquired in year 2022) as a result of which the transferred consideration increased by EUR 7,585 thousand from EUR 321 thousand to EUR 7,906 thousand (Note 14.3.2).

Acquisition of shares during business combinations during the year 2022:

EURk	Date	Share capital	Share premium	Consideration transferred
Silesia2 Wind Farm S.A.	September 2022	9,790	193	34,360
Plungės vėjo energija UAB	November 2022	3	-	321
In total		**9,793**	**193**	**34,681**

14.2.2 Establishment of new subsidiaries

New subsidiaries established during the year 2023:

EURk	Date	Share capital
Ignitis renewables projektai 4 UAB	March 2023	3
Ignitis renewables projektai 5 UAB	March 2023	2
Ignitis renewables projektai 6 UAB	March 2023	2
Ignitis renewables projektai 7 UAB	May 2023	1
Ignitis renewables projektai 8 UAB	May 2023	1
IGNRES DEV7 SIA	July 2023	3
Offshore wind farm 1 UAB	December 2023	1
In total		**13**

New subsidiaries established during the year 2022:

EURk	Date	Share capital
Ignitis renewables Latvia SIA	February 2022	2,000
IGN RES DEV1 SIA	March 2022	500
IGN RES DEV2 SIA	March 2022	500
IGN RES DEV3 SIA	August 2022	3
IGN RES DEV4 SIA	August 2022	3
UAB „Ignitis renewables projektai 2”	September 2022	2
UAB „Ignitis renewables projektai 3”	September 2022	2
IGN RES DEV5 SIA	October 2022	3
IGN RES DEV6 SIA	October 2022	3
UAB „Vėjo galia bendruomenei”	October 2022	3
In total		**3,019**

14.2.3 Changes in titles of subsidiaries

On 8 December 2023 UAB “Ignitis renewables projektai 4“ title was changed into UAB “Ignitis renewables offshore development”.

14.3 Business combinations

The Group applied the acquisition accounting method to account for business combination according to the provisions of IFRS 3. Under the latter method, the acquisition cost is measured as the sum of the fair values, at the date of exchange, of assets given, liabilities incurred and equity instruments issued in exchange for control of the business being acquired.

During business combinations, the Group’s management carried out the assessment and established that the difference between the acquisition cost of the business and the fair value of the net assets acquired represents other intangible assets.

14.3.1 Acquisition of subsidiaries in 2023

At the time of business combinations of newly acquired subsidiaries in 2023 the fair values of assets acquired and liabilities assumed were as follows:

EURk	Note	"WINDLIT", UAB	UAB "Vėjas LT"	SIA SP Venta	Other	Total
Intangible assets		80,235	22,388	15,420	12,259	**130,302**
Property, plant and equipment	12	1,605	7,213	679	210	**9,707**
Right-of-use assets	13	-	2,432	-	-	**2,432**
Prepayments for non-current assets		30,578	38,332	-	-	**68,910**
Deferred tax assets	10.5	17	37	-	-	**54**
Other receivables		250	515	80	38	**883**
Cash and cash equivalents	24	2,920	1,582	-	157	**4,659**
Total assets acquired		**115,605**	**72,499**	**16,179**	**12,664**	**216,947**
Loans		-	-	-	396	**396**
Lease liabilities	24	-	2,432	-	-	**2,432**
Deferred tax liability		12,035	3,358	-	-	**15,393**
Other liabilities		96	2,661	2	13	**2,772**
Total liabilities assumed		**12,131**	**8,451**	**2**	**409**	**20,993**
Fair value of total identifiable net assets acquired		**103,474**	**64,048**	**16,177**	**12,255**	**195,954**
Consideration paid		(77,223)	(61,760)	(8,433)	(726)	**(148,142)**
Contingent consideration		(34,074)	(2,845)	(8,190)	(13,338)	**(58,447)**
Total consideration transferred		**(111,297)**	**(64,605)**	**(16,623)**	**(14,064)**	**(206,589)**
Goodwill arising from the acquisition of subsidiary	13	7,823	557	446	1,809	**10,635**
Net cash flows from acquisition of subsidiary						
Cash paid to seller of shares (current period)		(77,223)	(61,760)	(8,433)	-	**(147,416)**
Cash and cash equivalents acquired		2,920	1,582	-	157	**4,659**
Net cash flows		**(74,303)**	**(60,178)**	**(8,433)**	**157**	**(142,757)**

Current and non-current parts of contingent consideration are presented in Note 26.3.

Acquisition of "WINDLIT", UAB

On 30 October 2023, the Group acquired a 100% shareholding in "WINDLIT", UAB from a legal entity. As at 31 December 2023, ownership rights of shares were held by the Group. Total consideration transferred amounts to EUR 111,297 thousand, EUR 77,223 thousand of which were paid through a bank account, EUR 34,074 thousand were identified as contingent consideration, which relates to the fulfilment of specific seller's obligations set out in the share purchase agreement. As at 31 December 2023 contingent consideration has not been paid and will be paid only if the specific sellers obligations are fulfilled. The Group's management estimated that the range of outcomes (undiscounted) is 100% of the total contingent consideration booked as at 31 December 2023.

Since the acquisition date, the contributed revenue and profit or loss from the acquiree are not significant for the reporting period.

If the acquisition of WINDLIT, UAB had occurred on 1 January 2023, the management estimates that the Group's total revenue and net profit for the reporting period would not have changed significantly. In determining these amounts, the management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2023. The Group incurred acquisition-related costs for amount EUR 0.2 million.

Acquisition of UAB "Vėjas LT"

On 14 July 2023, the Group acquired a 100% shareholding in UAB "Vėjas LT" from a legal entity. As at 31 December 2023, ownership rights of shares were held by the Group. Total consideration transferred amounts to EUR 64,605 thousand, EUR 61,760 thousand of which were paid through a bank account, EUR 2,845 thousand were identified as contingent consideration, which relates to the fulfilment of specific seller's obligations set out in the share purchase agreement. As at 31 December 2023 contingent consideration has not been paid and will be paid only if the specific sellers obligations are fulfilled. The Group's management estimated that the range of outcomes (undiscounted) is 100% of the total contingent consideration booked as at 31 December 2023.

Since the acquisition date, the contributed revenue and profit or loss from the acquiree are not significant for the reporting period.

If the acquisition of UAB "Vėjas LT" had occurred on 1 January 2023, the management estimates that the Group's total revenue and net profit for the reporting period would not have changed significantly. In determining these amounts, the management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2023. The Group incurred acquisition-related costs for amount EUR 0.1 million.

Acquisition of SIA SP Venta

On 14 March 2023, the Group acquired a 100% shareholding in SP Venta SIA from a legal entity. As at 31 December 2023, ownership rights of shares were held by the Group. Total consideration transferred amounts to EUR 16,623 thousand, EUR 8,433 thousand of which were paid through a bank account, EUR 8,190 thousand were identified as contingent consideration, which relates to the fulfilment of specific seller's obligations set out in the share purchase agreement. As at 31 December 2023 contingent consideration has not been paid and will be paid only if the specific sellers obligations are fulfilled. The Group's management estimated that the range of outcomes (undiscounted) is 100% of the total contingent consideration booked as at 31 December 2023.

Since the acquisition date, the contributed revenue and profit or loss from the acquiree are not significant for the reporting period.

If the acquisition of SP Venta SIA had occurred on 1 January 2023, the management estimates that the Group's total revenue and net profit for the reporting period would not have changed significantly. In determining these amounts, the management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2023. The Group did not incur material acquisition-related costs.

Acquisition of Other

On 17 March 2023, the Group acquired 100% shareholding in SIA BRVE and SIA CVE from a legal entity. As at 31 December 2023 the ownership rights of shares were held by the Group. Total consideration transferred for both entities amounts to EUR 14,064 thousand, EUR 726 thousand of which were paid through a bank account, EUR 13,338 thousand were identified as contingent consideration, which relates to the fulfilment of specific seller's obligations set out in the share purchase agreement. As at 31 December 2023 contingent consideration has not been paid and will be paid only if the specific sellers obligations are fulfilled. The Group's management estimated that the range of outcomes (undiscounted) is 100% of the total contingent consideration booked as at 31 December 2023.

Since the acquisition date, the contributed revenue and profit or loss from the acquiree are not significant for the reporting period.

If the acquisition of BRVE SIA and CVE SIA had occurred on 1 January 2023, the management estimates that the Group's total revenue and net profit would not have changed significantly. In determining these amounts, the management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2023. The Group did not incur material acquisition-related costs.

14.3.2 Reassessment of fair values of assets acquired and liabilities assumed through business combination in 2022

In 2023 the Group made the reassessment of fair values of assets acquired and liabilities assumed through business combination of subsidiary UAB "Plungės vėjo energija", which was acquired in 25 November 2022. The Group's management reassessed the amount of consideration transferred and determined that the range of outcomes (undiscounted) is 100% and therefore recognised EUR 7,585 thousand contingent consideration which relates to the fulfilment of specific seller's obligations set out in the share purchase agreement. As at 31 December 2023 contingent consideration has not been paid and will be paid only if the specific seller's obligations are fulfilled. Reassessment showed that fair values of assets and liabilities should be adjusted. The adjustment is presented below:

EURk	Fair values of assets and liabilities identified as at 25 November 2022	Adjustments due to reassessment	Fair values of assets and liabilities after reassessment
Intangible assets	-	9,019	9,019
Total assets acquired	**-**	**9,019**	**9,019**
Deferred tax liability	-	1,353	1,353
Total liabilities assumed	**-**	**1,353**	**1,353**
Fair value of total identifiable net assets acquired	**-**	**7,666**	**7,666**
Consideration paid (in 2022)	(321)	-	(321)
Contingent consideration	-	(7,585)	(7,585)
Total consideration transferred	**(321)**	**(7,585)**	**(7,906)**
Goodwill arising from the acquisition of subsidiary	321	(81)	240

As at 31 December 2023 the contingent consideration for acquisition of subsidiary EUR 7,585 thousand is presented as Other non-current liabilities in the Statement of financial position (Note 26.3).

15 Non-current receivables

EURk	31 December 2023	31 December 2022
Loans granted (Note 18.1)	55,880	-
Cash reserved for guarantees	4,840	5,135
Deposits to Energy Regulatory Office in Poland	2,014	2,506
Other non-current amounts receivable	302	-
Total:	**63,036**	**7,641**
Less: loss allowance	-	-
Carrying amount	**63,036**	**7,641**

Financial assets comprise EUR 63,036 thousand from total non-current receivables (31 December 2022: EUR 7,641 thousand).

15.1 Loans granted

EURk	31 December 2023	31 December 2022
Within one year	-	23,365
From 1 to 2 years	55,880	-
In total	**55,880**	**23,365**
Less: loss allowance	-	-
Carrying amount	**55,880**	**23,365**

16 Other financial assets

EURk	31 December 2023	31 December 2022
Equity securities - at FVOCI	5,000	5,000
Other financial assets	5	-
In total	**5,005**	**5,000**

16.1 Equity securities – at FVOCI

On 14 September 2020, the Group's subsidiary UAB "Ignitis renewables" acquired 5% of Moray West Holdings Limited shares for an amount of GBP 50. After specific conditions were met, the Group paid an additional EUR 5.0 million contribution for the shares held.

17 Trade receivables

EURk	31 December 2023	31 December 2022
Amounts receivable under contracts with customers		
Receivables from electricity related sales	9,717	16,597
Other trade receivables	5	4
Amounts receivable under other contracts		
Other trade receivables	54	-
In total	**9,776**	**16,601**
Less: loss allowance	-	-
Carrying amount	**9,776**	**16,601**

As at 31 December 2023 and 2022, the Group had not pledged the claim rights to trade receivables.

No interest is charged on trade receivables and the regular settlement period is 30 days. The Group doesn't provide the settlement period longer than 1 year. The Group didn't identify any financing components. For terms and conditions on settlement between related parties see Note 29.1.

17.1 Significant accounting judgements and estimates: Expected credit losses of trade receivables and other receivables

The Group's uses a provision matrix to calculate expected credit losses for trade receivables. The Group accounts for expected credit losses (hereinafter referred to as ECL) assessing amounts receivable on an individual basis. For short-term trade receivables without a significant financing component, the Group applies a simplified approach required by IFRS 9 and measures the loss allowance at expected lifetime credit losses from initial recognition of the receivables.

ECL for other receivables and contract assets are calculated using an individual assessment.

17.1.1 Individual assessment of ECL

Decision to asses amounts receivable on an individual basis depends on the possibility to obtain the 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 to make a judgement on the recognition of lifetime ECL in respect of that particular client/borrower. These accounting estimates require significant judgement. Judgement is based on the information about substantial financial difficulties experienced by the debtor, the 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.

18 Other receivables

EURk	31 December 2023	31 December 2022
Value added tax	26,383	11,062
Amounts receivable for non-current assets	4,398	-
Other tax receivable	3,882	-
Deposits to Energy Regulatory Office in Poland	820	-
Other accrued revenue	15	7
Loans granted	9	24,060
Other receivables	2,978	106
In total	**38,485**	**35,235**
Less: loss allowance	-	-
Carrying amount	**38,485**	**35,235**

Financial assets comprise EUR 12,087 thousand from total non-current receivables (31 December 2022: EUR 24,166 thousand).

18.1 Loans granted

During 2023, a loan granted to Moray West Holdings Limited was reclassified from 'Other receivables' to 'Non-current receivables' in the Statement of financial position as the loan's repayment was extended till 1 July 2025

19 Cash and cash equivalents

EURk	31 December 2023	31 December 2022
Cash balances in bank accounts	71,846	57,323
Restricted cash	530	-
Carrying amount	**72,376**	**57,323**

According to the management's assessment, ECL on cash and cash equivalents are not significant because:

- The Group's cash and cash equivalents are kept in international group banks with good credit ratings. The banks are charged with the highest liquidity, capital adequacy, own funds, additional capital reserves and other risk-limiting requirements and regulations that banks must comply with and regularly report to supervisory authorities.
- The Group uses banks that are supervised by the European Central Bank.

20 Equity

20.1 Capital management

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

Pursuant to the Republic of Lithuania Law on Companies, the share capital of a public limited liability company must be not less than EUR 25 thousand, the share capital of a private limited liability company must not be less than EUR 2.5 thousand, and the shareholders' equity must be not lower than 50% of the company's share capital. Foreign subsidiaries are subject for compliance with capital requirements according to the regulation adopted in those foreign countries.

20.2 Issued capital

EURk	31 December 2023	31 December 2022
Authorised shares		
Ordinary shares	19,022	22
Ordinary shares issued and fully paid	**19,022**	**22**

As at 31 December 2023 the Group's issued capital was divided into 40,910 ordinary shares with EUR 1 nominal value for a share (31 December 2022: 21,910 ordinary registered shares with EUR 1 nominal value for a share).

Reconciliation of the number of shares at the beginning and at the end of the year:

	2023	2022
Number of authorised shares as at 1 January	**21,910**	**21,910**
Issuing of ordinary shares (Note 20.4)	19,000	-
Number of authorised shares as at 31 December	**40,910**	**21,910**

20.3 Dividends

Dividends declared by the parent company during the year:

EURk	2023	2022
AB "Ignitis grupė"	-	1,770

Dividends declared per share:

Declared on, EURk	Period for which dividends are allocated	Dividends per share, in EUR	Amount of dividends declared, in kEUR
Declared during 2023 year	-	-	-
Declared during 2022 year	2021 year	80.772	1,770

20.4 Increase in issued capital

On 24 July 2023, the Management Board of the ultimate parent company, as the sole shareholder of the Company has adopted the following decision: the Company issues 19,000,000 new ordinary registered shares, each with a nominal value of EUR 1.00. The issue price of all newly issued shares was EUR 129,000 thousand and consisted of EUR 19,000 thousand of the aggregate amount of the nominal values of shares and EUR 110,000 thousand of share premium. The issue price was paid for by the ultimate company by cash transfer to bank account.

21 Reserves

21.1 Legal reserve

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 2023 and 2022 was not fully formed.

21.2 Hedging reserve

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

21.3 Other reserves

Other reserves are formed based on the decision of shareholders and can be redistributed on the appropriation of the next year's profit.

As at 31 December 2023, the Group accounted for the result of the translation of the Group's net investments in Poland-based companies directly controlled by the Group (Ignitis Renewables Polska Sp. z o. o., Pomerania Wind Farm Sp. z o. o., Silezia1 Wind Farm Sp. z o.o., Silezia2 Wind Farm Sp. z o.o.) in the amount of EUR 19,557 thousand into the Group's presentation currency within the item of other reserves (31 December 2022: EUR 4,664 thousand). No other reserves were formed by the Group as at 31 December 2023 and 2022.

22 Other comprehensive income

EURk	Hedging reserve	Other reserves	Retained earnings	Total
Items that will not be reclassified to profit or loss in subsequent periods				
Result of change in actuarial assumptions	-	-	19	**19**
Items that may be reclassified to profit or loss in subsequent periods				
Cash flow hedges – effective portion of change in fair value	5,326	-	-	**5,326**
Foreign operations – foreign currency translation differences	-	(544)	-	**(544)**
Tax (Note 10.2)	-	(149)	-	**(149)**
Total as at 31 December 2022	**5,326**	**(693)**	**19**	**4,652**
Items that will not be reclassified to profit or loss in subsequent periods				
Result of change in actuarial assumptions	-	-	3	**3**
Items that may be reclassified to profit or loss in subsequent periods				
Cash flow hedges – effective portion of change in fair value	6,014	-	-	**6,014**
Cash flow hedges – reclassified to profit or loss	(3,246)	-	-	**(3,246)**
Foreign operations – foreign currency translation differences	-	25,101	-	**25,101**
Tax (Note 10.2)	-	(880)		**(880)**
Total as at 31 December 2023	**2,768**	**24,221**	**3**	**26,992**

23 Loans

EURk	31 December 2023	31 December 2022
Non-current		
Bank loans	75,143	75,082
Loans from ultimate parent company	716,738	317,675
Current		
Current portion of non-current bank loans	5,844	5,269
Current portion of non-current loans from ultimate parent company	10,603	3,325
Bank loans	22	-
In total	**808,350**	**401,351**

Loans by maturity:

EURk	31 December 2023	31 December 2022
Up to 1 year	16,469	8,594
From 1 to 2 years	6,037	5,457
From 2 to 5 years	155,771	46,881
After 5 years	630,073	340,419
In total	**808,350**	**401,351**

Loans of the Group are denominated in euros or polish zlotys.

23.1 Covenants

The loan agreements provide for financial and non-financial covenants that the individual Group entities and the Group as whole are obliged to comply with. All Group companies and the Group as whole complied with the covenants as at 31 December 2023 and 2022.

24 Net debt

Net Debt is a non-IFRS liquidity metric used to determine the value of debt against highly liquid assets owned by the parent company. Only debts to financial institutions, issued bonds and related interest payables and lease liabilities are included in the Net Debt calculation. The management defines the Net Debt measure for the purpose of these financial statements in the manner as presented on the right.

Net debt balances:

EURk	31 December 2023	31 December 2022
Cash and cash equivalents	(72,376)	(57,323)
Non-current loans	791,881	392,757
Current loans	16,469	8,594
Lease liabilities	16,518	19,706
Net debt	**752,492**	**363,734**

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

EURk	Assets	Lease liabilities		Loans		Total
	Cash and cash equivalents	Non-current	Current	Non-current	Current	
Net debt at 1 January 2022	**(26,201)**	**15,975**	**419**	**231,433**	**9,623**	**231,249**
Cash changes						
(Increase) decrease in cash and cash equivalents	(31,122)	-	-	-	-	**(31,122)**
Proceeds from loans	-	-	-	174,050	-	**174,050**
Repayments of loans	-	-	-	(6,000)	(5,186)	**(11,186)**
Lease payments	-	-	(753)	-	-	**(753)**
Interest paid[1]	-	-	(271)	-	(6,293)	**(6,564)**
Cash-pool loans - net change	-	-	-	-	(2,691)	**(2,691)**
Non-cash changes						
Lease contracts concluded	-	115	18	-	-	**133**
Accrual of interest payable	-	-	584	-	6,980	**7,564**
Lease liabilities written-off	-	-	(1)	-	-	**(1)**
Remeasurement of lease liabilities	-	(1,668)	(117)			**(1,785)**
Reclassifications between items	-	(311)	311	(5,269)	5,269	**-**
Assumed through business combination	-	5,167	-	-	-	**5,167**
Change in foreign currency	-	65	173	(1,457)	(43)	**(1,262)**
VAT on interests payable	-	-	-	-	935	**935**
Net debt at 31 December 2022	**(57,323)**	**19,343**	**363**	**392,757**	**8,594**	**363,734**
Net debt at 1 January 2023						
Cash changes						
(Increase) decrease in cash and cash equivalents	(19,712)	-	-	-	-	**(19,712)**
Proceeds from loans	-	-	-	458,245	-	**458,245**
Repayments of loans	-	-	-	(59,621)	(5,735)	**(65,356)**
Lease payments	-	(18)	(837)	-	-	**(855)**
Interest paid[1]	-	-	(334)	-	(11,783)	**(12,117)**
Acquired through business combination (Note 14.3)	4,659	-	-	-	-	**4,659**
Cash-pool loans – net change	-	-	-	-	-	**-**
Non-cash changes						
Lease contracts concluded	-	2,495	168	-	-	**2,663**
Accrual of interest payable	-	-	438	-	16,205	**16,643**
Lease liabilities written-off	-	(1)	-	-	-	**(1)**
Remeasurement of lease liabilities (Note 13.2)	-	(7,589)	368	-	-	**(7,221)**
Reclassifications between items	-	(511)	511	(5,843)	5,843	**-**
Assumed through business combination (Note 14.3)	-	2,231	201	396	-	**2,828**
Change in foreign currency	-	(271)	(39)	5,947	467	**6,104**
VAT on interests payable	-	-	-	-	2,878	**2,878**
Net debt at 31 December 2023	**(72,376)**	**15,679**	**839**	**791,881**	**16,469**	**752,492**

[1] *Interest paid during the reporting period includes VAT from interests amount.*

24.1 Significant accounting estimates and judgements

24.1.1 Determining the lease term of contracts with renewal and termination options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease, if it is reasonably certain to be exercised or any periods covered by an option to terminate the lease if it is reasonably certain not to be exercised.

The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all the relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

The Group included the renewal period as part of the lease term for leases of shorter non-cancellable period (i.e., one to three, three to five, five to seven years, etc.). The Group usually exercises its option to renew for these leases. Lease of the state-owned land is not subject to an extension clause after which the lessee has a pre-emptive right to extend the lease. The periods covered by the termination options are included as part of the lease term only when they are reasonably certain to be exercised.

24.1.2 Determining whether statutory and contractual servitudes are a lease

The management of the Group analysed whether perpetual statutory and contractual servitudes are in scope of IFRS 16 ‘Leases’. The management concluded that the statutory servitudes are not in scope since they are not limited in time and can be used by the Group for an indefinite period of time. Perpetual arrangement lacks an essential characteristic of a lease, i.e., it does not meet the definition of a lease because it does not convey a right to use an underlying asset for a specified period of time. Having analysed the contractual servitudes, the management concluded that part of them share the same characteristics as the statutory ones, and thus do not convey a right to use an underlying asset for a specified period of time.

For contractual servitudes with a clear term, or when the term can be reliably determined, or when the term is renewable on a period-by-period basis, IFRS 16 Leases is applied when all other criteria are met listed in IFRS16.

25 Provisions

EURk	31 December 2023	31 December 2022
Non-current	4,784	2,764
Current	-	-
Total	**4,784**	**2,764**

Movement of the Group’s provisions was as follows:

EURk	Provisions for employee benefits	Provision for decommission	Other provisions	Total
Carrying amount as at 1 January 2022	**14**	**3,158**	**6,278**	**9,450**
Increase during the year	13	-	-	**13**
Utilised during the year	-	-	(1,278)	**(1,278)**
Result of change in assumptions	(22)	-	-	**(22)**
Discount effect	-	(343)	-	**(343)**
Foreign currency exchange difference	-	(56)	-	**(56)**
Reclassification to “Other current liabilities”	-	-	(5,000)	**(5,000)**
Carrying amount as at 31 December 2022	**5**	**2,759**	**-**	**2,764**
Carrying amount as at 1 January 2023	**5**	**2,759**	**-**	**2,764**
Increase during the year	7	1,543	-	**1,550**
Result of change in assumptions	(3)	-	-	**(3)**
Discount effect	-	246	-	**246**
Foreign currency exchange difference	-	227	-	**227**
Carrying amount as at 31 December 2023	**9**	**4,775**	**-**	**4,784**
Non-current	9	4,775	-	**4,784**
Current	-	-	-	**-**
Carrying amount as at 31 December 2023	**9**	**4,775**	**-**	**4,784**

The total change in the provisions in 2023 amounts to EUR 2,020 thousand and is recognised as follows:
- EUR 1,543 thousand recognised as Right-of-use assets in the Statement of financial position,
- EUR 480 thousand recognised in the Statement of profit or loss,
- EUR (3) thousand recognised in the Statement of other comprehensive income.

The total change in the provisions in 2022 amounted to EUR (6,686) thousand and was recognised as follows:
- EUR (5,000) thousand reclassified from Provisions to Other current liabilities in the Statement of financial position,
- EUR (1,321) thousand recognised in the Statement of profit or loss,
- EUR (343) thousand recognised as Property, plant and equipment in the Statement of financial position,
- EUR (22) thousand recognised in the Statement of other comprehensive income.

25.1 Provision for decommission

Decommissioning provision is related to the Group's legal and contractual obligations to dismantle the wind power plants. The expected timing of resulting outflows of economic benefits is the date when operation ends (Note 25.2). The useful life of wind power plants is 30 years.

During the year 2023 the provision for amount EUR 1,543 thousand was recognised for costs which will be required in future for decommissioning of wind power plants. The obligation arises from the conditions specified in signed lease contracts that state the Group is obliged to dismantle wind power plants after the end of its operation. Having put the wind power plant into operation during the 2023 the Group recognised provision as the part of cost of right-of use asset which was recognised when the lease liability was initially measured.

25.2 Significant accounting estimate: Measurement of provision for decommission

The provision for decommission is calculated using the main assumptions:
(a) period of provision corresponds to the useful lives of wind power plants, i.e. 30 years,
(b) estimated decommission costs are discounted at discount rate,
(c) estimated decommission costs are adjusted by inflation rate.

26 Other liabilities

26.1 Other non-current liabilities

EURk	31 December 2023	31 December 2022
Contingent consideration for acquisition of subsidiaries (Note 26.3)	28,600	-
Payable related to contracts for difference (CfD) (Note 26.1.1)	19,784	5,524
Carrying amount	**48,384**	**5,524**

26.1.1 Payable related to contracts for difference (CfD)

The Group performs electricity sales in Poland according to contract for difference (hereinafter 'CfD'), which may be both positive and negative deviation comparing fixed reference price to the electricity market price in Power exchange (Note 3.3.1.1). The validation of the contract is 15 years from starting the operation (in 2022). Each month the Group accrues the difference according to received invoices from the buyer of electricity. The settlement of the difference between the Group and the State budget will be executed by the following schedule:

Operating years within CfD	Year of settlement
for the period 2022 – 2025	in 2036
for the period 2026 – 2028	in 2029
for the period 2029 – 2031	in 2032
for the period 2032 – 2035	in 2036

Financial liabilities comprise EUR 48,384 thousand from total Other non-current liabilities (31 December 2022: EUR 5,524 thousand).

26.2 Other current liabilities

EURk	31 December 2023	31 December 2022
Contingent consideration for acquisition of subsidiaries (Note 26.3)	37,432	6,268
Amounts payable for property, plant and equipment	28,474	2,928
Payroll related liabilities	1,897	796
Other amounts payable and liabilities	1,435	258
Taxes (other than income tax)	1,386	602
Derivative financial instruments (Note 27)	716	693
Accrued expenses	709	691
Moray deferred consideration (Note 16.1)	-	5,000
Carrying amount	**72,049**	**17,236**

Financial liabilities comprise EUR 67,341 thousand from total Other current liabilities (31 December 2022: EUR 14,454 thousand). Accrued expenses, taxes and payroll related liabilities are not financial liabilities.

26.3 Contingent consideration for acquisition of subsidiaries

EURk	Note	Other current liabilities	Other non-current liabilities	Total
UAB "WINDLIT"	14.3.1	24,327	9,747	34,074
UAB "Vėjas LT"	14.3.1	-	2,845	2,845
SP Venta SIA	14.3.1	7,724	466	8,190
Other	14.3.1	5,381	7,957	13,338
Reassessment of fair values of assets acquired and liabilities assumed through business combination of subsidiary UAB "Plungės vėjo energija" in 2022	14.3.2	-	7,585	7,585
Total contingent considerations		**37,432**	**28,600**	**66,032**

27 Derivatives

The Group's derivatives mainly comprises of contracts related to electricity (hedge accounting).

27.1 Derivative financial instruments included in the Statement of financial position

EURk	31 December 2023	31 December 2022
Other non-current assets	4,607	6,019
Other current assets	3,487	-
Other current liabilities (Note 26.2)	(716)	(693)
Carrying amount	**7,378**	**5,326**

Movement of derivative financial instruments were as follows:

EURk	2023	2022
Carrying amount as at 1 January	**5,326**	**-**
Fair value change of derivatives in 'Finance expenses'	(716)	-
Total unrealised gain (loss)	**(716)**	**-**
Fair value change of effective OTC	2,768	5,326
Total unrealised gain (loss) in 'Other comprehensive income'	**2,768**	**5,326**
Carrying amount as at 31 December	**7,378**	**5,326**

27.2 Derivatives included in the statement of profit or loss

EURk	2023	2022
Realised gain (loss) from OTC	109	(566)
Unrealised gain (loss)	(716)	-
Total in profit or loss – ineffective derivatives result	**(607)**	**(566)**
Effective derivatives reclassified to profit or loss from OCI	3,246	-
Total in profit or loss – effective energy hedging result	**3,246**	**-**
Total recognised in 'Statement of profit or loss'	**2,639**	**(566)**

28 Contingent liabilities and commitments

28.1 Litigations

The Group has no significant litigations as at 31 December 2023.

28.2 Significant acquisition commitments

The Group has significant acquisition commitments of property, plant and equipment which will have to be fulfilled during the later years (Notes 12.2).

28.3 Issued guarantees

The Group has provided the following guarantees:

Beneficiary of the guarantee	Currency of the amount	31 December 2023	31 December 2022
Bank guarantee to electricity grid operators	EUR	-	5,397
Bank guarantee to contractors of Moray Offshore Windfarm (West) Limited project	GBP	-	10,706
Bank guarantee to contractors of Moray Offshore Windfarm (West) Limited project	USD	-	210

29 Related-party transactions

Related parties are defined as follows:
- the parent company's controlling shareholder or those who have significant influence;
- AB „Ignitis grupė“ group companies;
- state controlled companies and their subsidiaries (only significant transactions are being disclosed with such companies);
- Ministry of Finance of the Republic of Lithuania along with agencies and enterprises that are attributable to the governance of the decisions (only significant transactions are being disclosed with such companies);
- key management personnel and close members of that personnel's family and their controlled enterprises and companies.

The Group's transactions with related parties during the year 2023 and account balances as at 31 December 2023:

Related parties	Accounts receivable	Loans payable	Accounts payable	Sales	Purchases	Finance income (expenses)
Ultimate parent company	-	716,649	10,667	-	551	(14,475)
Ignitis grupė AB group companies	17,618	-	467	53,225	(524)	(1)
Total	**17,618**	**716,649**	**11,134**	**53,225**	**27**	**(14,476)**

The Group's transactions with related parties during the year 2022 and account balances as at 31 December 2022:

Related parties	Accounts receivable	Loans payable	Accounts payable	Sales	Purchases	Finance income (expenses)
Ultimate parent company	-	317,674	3,390	-	433	(5,211)
Ignitis grupė AB group companies	14,292	-	199	44,713	1,716	(3)
Total	**14,292**	**317,674**	**3,589**	**44,713**	**2,149**	**(5,214)**

Main transactions with ultimate parent company consists of receiving loans and management fee. Main transactions with Ignitis Group companies consist of selling electricity produced, support services provided to Group companies and derivative transactions related to electricity.

Loans received from ultimate parent company are disclosed in Note 23. Derivative transactions concluded with Ignitis grupė AB group companies are disclosed in Note 27.

29.1 Terms of transactions with related parties

The payment terms set range from 15 to 30 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 receivable.

29.2 Compensation to key management personnel

EURk	2023	2022
Wages and salaries and other short-term benefits to key management personnel	343	261
Whereof:		
Short-term benefits	*213*	*261*
Other long-term benefits	*130*	*-*
Number of key management personnel	4	4

In 2023 and 2022 members of Board and Chief Executive Officer are considered to be the Group's key management personnel. For more information on the key management personnel, see the 'Governance report' of the annual report.

30 Fair values of financial instruments

30.1 Financial instruments, measured at fair value

The Group's derivatives (Level 2 of the fair value hierarchy), equity securities measured at FVOCI (Level 3 of the fair value hierarchy), as well as the contingent consideration for acquisition of subsidiaries (Level 3 of the fair value hierarchy) are measured at a fair value.

As at 31 December 2023 and 2022, 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 Note 3.9.3. 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 balance sheet. 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 Estonian electricity price areas. Derivatives acquired directly from other market participants (OTC contracts) are estimated based on the prices of the NASDAQ Commodities exchange.

As 31 December 2023 and 2022 the Group has accounted for equity securities measured at FVOCI (Note 16.1). The fair value measurement of this financial asset is based on the valuation performed by external valuator. The valuation was performed based on discounted cash flows. Their fair value corresponds to Level 3 in the fair value hierarchy.

As at 31 December 2023, the Group accounted for contingent consideration for acquisition of subsidiaries which relates to the fulfilment of specific sellers obligations set out in the share purchase agreements (Note 14.3). The measurement of its fair value is prepared using discounted cash flow principle, i.e. reasonably probable future cash flows from contingent consideration are discounted to its present value using a project related cost of debt. The measurement of the fair value of contingent consideration is attributed to Level 3 of the fair value hierarchy.

30.2 Financial instruments for which fair value is disclosed

The carrying amount of the Group's financial assets and financial liabilities is measured at an amortised cost approximated to their fair value, excluding loans received from ultimate parent company, state-owned banks. The measurement of the financial instruments related to loans received is attributed to Level 2 of the fair value hierarchy.

The Group's fair value of loans granted is approximately equal to carrying amount. The measurement of fair value of financial assets related to the loans granted is attributed to Level 3 of the fair value hierarchy.

The fair value of the Group's loans received from ultimate parent company and state-owned banks was calculated by discounting the future cash flows with reference to the interest rate observable in the market. The cash flows were discounted using a discount rate of 6.42% for loans above EUR 1 million and 5.58% for loans smaller than EUR 1 million (as at 31 December 2022: accordingly, 4.80% and 4.84%). The measurement of fair value of financial liabilities related to these debts is attributed to Level 2 of the fair value hierarchy.

30.3 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 2023:

			Level 1	Level 2	Level 3	
EURk	Note	Carrying amount	Quoted prices in active markets	Other directly or indirectly observable inputs	Unobservable inputs	In total
Financial instruments measured at FVPL or FVOCI:						
Assets						
Derivatives	27	**8,094**	-	8,094	-	**8,094**
Equity securities - at FVOCI	16	**5,000**	-	-	5,000	**5,000**
Liabilities						
Derivatives	27	**716**	-	716	-	**716**
Contingent consideration for acquisition of subsidiaries	26.3	**66,032**	-	-	66,032	**66,032**
Financial instruments for which fair value is disclosed:						
Assets						
Loans granted	15	**55,880**	-	-	55,880	**55,880**
Liabilities						
Loans received		**808,327**	-	680,012	-	**680,012**

The table below presents allocation between the fair value hierarchy levels of the Group's financial instruments as at 31 December 2022:

EURk	Note	Carrying amount	Level 1 Quoted prices in active markets	Level 2 Other directly or indirectly observable inputs	Level 3 Unobservable inputs	In total
Financial instruments measured at FVPL or FVOCI:						
Assets						
Derivatives	27	**6,019**	-	6,019	-	**6,019**
Equity securities - at FVOCI	16	**5,000**	-	-	5,000	**5,000**
Liabilities						
Derivatives	27	**693**	-	693	-	**693**
Financial instruments for which fair value is disclosed:						
Assets						
Loans granted	18	**24,060**			24,060	**24,060**
Liabilities						
Loans received		**401,351**	-	330,346	-	**330,346**

31 Events after the reporting period

On 29 February 2024 the parent company issued new 22,000 thousand ordinary registered shares with a nominal value of EUR 1 each, for which the ultimate parent company undertook to pay EUR 148,000 thousand. The issue price comprised EUR 22,000 thousand of nominal values of issued shares (issued capital) and share premium equal to EUR 126,000 thousand. As of the date of these financial statements, the unpaid part of the issue price amounted to EUR 140,000 thousand.

The Group, together with Copenhagen Infrastructure Partners P/S through its Growth Markets Fund II were announced as the winners of the auction-based competitive tender for the development of offshore wind in the Liivi 1 sea area in Estonia, having placed the highest bid in the amount of EUR 1,165 million.

The Group company Silesia1 wind farm Sp. z o.o. (50 MW) in Poland has reached commercial operation date.

The Group has signed a limited recourse project financing agreement of EUR 82 million with the European Investment Bank (EIB) and the Nordic Investment Bank (NIB) for its 94 megawatt (MW) Pomerania wind farm in Poland.

As at 9 April 2024 the Group issued a guarantee for amount EUR 52.5 million in favour of electricity transmission operator for the Group company Ignitis renewables projektai 5 UAB regarding the second Lithuanian offshore wind farm. Funds for the guarantee EUR 52.5 million the Group borrowed by concluding credit agreements with banks AB SEB bankas (EUR 12.5 million) and AS "SEB Banka" (EUR 40 million

There were no other significant events after the reporting period till the issue of these financial statements.

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6.2 Parent company's financial statements

Prepared for the year ended 31 December 2023 in accordance with International Financial Reporting Standards as adopted by the European Union

The parent company's financial statements were prepared and signed by UAB „Ignitis renewables" management on 19 April 2024:

Thierry Aelens

Chief Executive Officer

Augustas Dragūnas

Chief Financial Officer

Paulius Žukovskis

UAB „Ignitis grupės paslaugų centras",
Head of Financial Statements and Consultations
acting under Decision No 24_GSC_SP_0004
(signed 10 January 2024)

Content

Statement of Profit or Loss

For the year ended 31 December 2023

EURk	Notes	2023	2022
Revenue from contracts with customers	6	2,194	283
Other income		971	-
Dividend income	**Error! Reference source not found.**	32,292	9,400
Total revenue and other income		**35,457**	**9,683**
Salaries and related expenses		(6,213)	(3,029)
Depreciation and amortisation		(90)	(21)
(Impairment) / reversal of impairment of investments in subsidiaries		-	1,650
Other expenses	7	(7,589)	(3,213)
Total expenses		**(13,892)**	**(4,613)**
Operating profit (loss)		**21,565**	**5,070**
Finance income	8	13,573	2,261
Finance expenses	**Error! Reference source not found.**	(14,413)	(6,406)
Finance activity, net		**(840)**	**(4,145)**
Profit (loss) before tax		**20,725**	**925**
Income tax (expenses)/benefit	9	1,957	1,290
Net profit for the year		**22,682**	**2,215**

Statement of Comprehensive Income

For the year ended 31 December 2023

EURk	Notes	2023	2022
Net profit for the year		**22,682**	**2,215**
Total other comprehensive income (loss) for the year		3	19
Total comprehensive income (loss) for the year		**22,685**	**2,234**

Statement of Financial Position

As at 31 December 2023

EURk	Notes	31 December 2023	31 December 2022
Assets			
Non-current assets			
Intangible assets		24	36
Property, plant and equipment		4,020	205
Right-of-use assets		6	20
Prepayments for non-current assets		20,000	-
Investments in subsidiaries	10	439,621	189,017
Non-current receivables	11	487,477	132,085
Other financial assets	13	19,773	15,798
Other non-current assets		191	236
Deferred tax assets	9	2,273	1,314
Total non-current assets		**973,385**	**338,711**
Current assets			
Prepayments and deferred expenses		159	109
Trade receivables		392	219
Other receivables	12	4,956	28,453
Cash and cash equivalents	14	4,014	20,373
Total current assets		**9,521**	**49,154**
Total assets		**982,906**	**387,865**
Equity and liabilities			
Equity			
Issued capital	15	19,022	22
Share premium	15	164,133	54,133
Reserves	16	93	93
Retained earnings		24,933	2,248
Total equity		**208,181**	**56,496**
Liabilities			
Non-current liabilities			
Non-current loans	17	689,475	288,000
Non-current lease liabilities	18	1	8
Provisions		9	5
Other non-current liabilities	19	28,600	-
Total non-current liabilities		**718,085**	**288,013**
Current liabilities			
Loans	17	13,871	31,004
Lease liabilities	18	5	13
Trade payables		805	180
Other current liabilities	19	41,243	12,159
Derivatives		716	-
Total current liabilities		**56,640**	**43,356**
Total liabilities		**774,725**	**331,369**
Total equity and liabilities		**982,906**	**387,865**

Statement of Changes in Equity

For the year ended 31 December 2023

EURk	Notes	Issued capital	Share premium	Legal reserve	Retained earnings	Total
Balance as at 1 January 2022		**22**	**54,133**	**-**	**1,877**	**56,032**
Net profit for the year		-	-	-	2,215	**2,215**
Other comprehensive income		-	-	-	19	**19**
Total comprehensive income (loss) for the year		**-**	**-**	**-**	**2,234**	**2,234**
Transfers to legal reserve		-	-	93	(93)	**-**
Dividends	**Error! Reference source not found.**	-	-	-	(1,770)	**(1,770)**
Balance as at 31 December 2022		**22**	**54,133**	**93**	**2,248**	**56,496**
Balance as at 1 January 2023		**22**	**54,133**	**93**	**2,248**	**56,496**
Net profit for the year		-	-	-	22,682	**22,682**
Other comprehensive income		-	-	-	3	**3**
Total comprehensive income (loss) for the year		**-**	**-**	**-**	**22,685**	**22,685**
Share capital and share premium increase	15.3	19,000	110,000	-	-	**129,000**
Balance as at 31 December 2023		**19,022**	**164,133**	**93**	**24,933**	**208,181**

Statement of Cash Flows

For the year ended 31 December 2023

EURk	Notes	2023	2022
Cash flows from operating activities			
Net profit for the year		22,682	2,215
Adjustments to reconcile net profit to net cash flows:			
Depreciation and amortisation expenses		90	21
Impairment/(reversal of impairment) of investments in subsidiaries		-	(1,650)
Income tax expenses/(benefit)	9	(1,957)	(1,290)
Increase/(decrease) in provisions		7	13
Interest income	8	(12,047)	(2,261)
Interest expenses	8	13,697	3,979
Dividend income	**Error! Reference source not found.**	(32,292)	(9,400)
Fair value changes of derivatives		716	-
Other expenses/(income) of financing activities		(809)	2,427
Changes in working capital:			
(Increase)/decrease in trade receivables, non-current and other receivables, other financial assets		(75,647)	(5,320)
(Increase)/decrease in prepayments and deferred expenses, other non-current assets		(5)	(340)
Increase/(decrease) in trade payables, other non-current and current amounts liabilities		42,919	(475)
Income tax (paid)/received		998	-
Net cash flows from (to) operating activities		**(41,648)**	**(12,081)**
Cash flows from investing activities			
Acquisition of property, plant and equipment		(21,914)	(204)
Loans granted		(286,133)	(122,618)
Loan repayments received		5,112	9,502
Interest received	8	4,992	1,678
Dividends received	**Error! Reference source not found.**	32,292	9,400
Investments into subsidiaries	10.4	(221,398)	(61,204)
Net cash flows from investing activities		**(487,049)**	**(163,446)**
Cash flows from financing activities			
Loans received	18	458,200	202,277
Cash-pool net-change	18	(65,725)	(2,691)
Lease payments	18	(13)	(15)
Increase of share capital and share premium	15.3	129,000	-
Interest paid	18	(9,124)	(3,223)
Dividends paid	**Error! Reference source not found.**	-	(1,770)
Net cash flows from financing activities		**512,338**	**194,578**
Increase/(decrease) in cash and cash equivalents		**(16,359)**	**19,051**
Cash and cash equivalents at the beginning of the year		20,373	1,322
Cash and cash equivalents at the end of the year	14	**4,014**	**20,373**

Explanatory Notes

For the year ended 31 December 2023

1 General information

UAB "Ignitis renewables" (hereinafter - the Company or the parent company) is a private limited liability company registered in the Republic of Lithuania. The Company was registered on 14 January 2019 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 304988904, VAT payer code LT100012186012. The Company has been founded for an indefinite period.

UAB „Ignitis renewables" is a parent company, which is responsible for the management and coordination of activities of the group companies (Note 10). The parent company and its subsidiaries are hereinafter collectively referred to as 'the Group'. The Group's core business is focused on generation of electricity and developing wind and solar power generation projects.

The parent company analyses the activities of group companies, represents the group, implements it's shareholder's rights and obligations, defines operation guidelines and rules, and coordinates the activities in the fields of finance, law, strategy and development, human resources, risk management, audit, technology, communication, etc.

The parent company seeks to ensure effective operation of group companies, implementation of the shareholder's strategic goals related to expansion of its green electricity generation portfolio .

The parent company's shareholder is AB "Ignitis grupė" (100.00%):

Shareholder of the parent company	31 December 2023		31 December 2022	
	Share capital, in EURk	%	Share capital, in EURk	%
AB "Ignitis grupė"	19,022	100.00	22	100.00
Total	**19,022**		**22**	

AB "Ignitis grupė" (hereinafter – the ultimate parent company) (company code 301844044, registered address Laisvės pr. 10, LT-04215 Vilnius, Lithuania) as at 31 December 2023 and 2022 holds 100% shares of the parent company. As at 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%). As at 31 December 2022: the Ministry of Finance of the Republic of Lithuania (74.99%), retail and institutional investors (25.01%)

These financial statements were prepared and signed for issue by the Group's management on 19 April 2024.

The parent company's shareholder 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.

The Group also prepares consolidated annual financial statements in accordance with International Financial Reporting Standards (hereinafter referred to as 'IFRS') issued by International Accounting Standards Board (hereinafter referred to as 'IASB') and endorsed for application in the European Union.

2 Basis of preparation

2.1 Basis of accounting

These financial statements have been prepared in accordance with International Financial Reporting Standards (hereinafter referred to as 'IFRS') issued by International Accounting Standards Board (hereinafter referred to as 'IASB') and endorsed for application in European Union. Reporting period of these financial statements is one year ended 31 December 2023.

The parent company's financial statements as at and for the year ended 31 December 2023 (hereinafter referred to as 'financial statements') have been prepared on a going concern basis applying measurement based on historical cost (hereinafter referred to as 'acquisition costs'), except for certain financial instruments measured at fair value.

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

2.2 Foreign currency translation

2.2.1 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 the statement of profit or loss.

3 Significant accounting policies

3.1 New standards, amendments and interpretations

3.1.1 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 parent company's annual financial statements for the year ended 31 December 2022, with the exception of the new standards which entered into force during the year of 2023.

3.1.1.1 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 2023. The adoption of these standards, revisions and interpretations had no material impact on the financial statements:

Standards or amendments that came into force during 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS12)
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12)
IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts
Definition of Accounting Estimates (Amendments to IAS 8)
Initial Application of IFRS 17 and IFRS 9 – Comparative Information (Amendments to IFRS 17)

The adoption of these standards, their revisions and interpretations had no material impact on the financial statements except the following:

Material accounting policy information

The Group has adopted the *Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2*) from 1 January 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require entities to disclose their material accounting policy information, rather than their significant accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

3.1.2 Standards issued but not yet effective and not early adopted

Preparing these financial statements the parent company did not adopt new IFRS, 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 2023 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
Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	1 January 2024	Endorsed
Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)	1 January 2024	Endorsed
Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)	1 January 2024	Not yet endorsed
Lack of Exchangeability (Amendments to IAS 21)	1 January 2025	Not yet endorsed

3.2 Revenue from contracts with customers

The parent 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 obligation 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).

Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the parent company expects to be entitled in exchange for those goods or services. Revenue is measured based on the consideration to which the parent 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 parent 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.

3.2.1 Management services

The parent company provides management services to its subsidiaries. The control of management services is transferred over time and, therefore, the parent company satisfies a performance obligation and revenue is recognised over time. The parent company has concluded that it is the principal in its revenue arrangements.

For measuring a progress towards to complete satisfaction of a performance obligation the parent company applies a practical expedient allowed by IFRS 15. As the parent company has a right to consideration from a customer in an amount that corresponds directly with the value to the customer of the performance completed to date, the parent company recognises revenue in the amount to which it has a right to invoice. The parent company bills a fixed amount for each hour of service provided.

Payment term is 30 days from the date of invoice issued for the services rendered in past month. The contract has no significant financing component as there is no significant length of time between the payment and the transfer of services.

After one calendar year of providing services the parent company recalculates the price of the provided services, taking into account its actual costs incurred in providing these services to the customer and adjusts the amount payable by the customer accordingly.

3.2.2 Contract balances

3.2.2.1 Contract assets and contract liabilities

The timing of satisfaction of the parent company's performance obligation and typical timing of payment is determined according to service report which is reviewed and approved by the customer. After approval the services are recognised as satisfactory rendered to the customer. During the reporting period the parent company had no contract liability or contract assets.

3.2.2.2 Receivables

A receivable is recognised if an amount of consideration that is unconditional is due from the customer (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in Note 3.11.1.

Deferred tax is determined using tax rates that are expected to apply when the related deferred income asset is realized or the deferred tax liability is settled.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority.

3.2.3 Current and deferred tax for the reporting period

Current and deferred tax are recognised as income or expenses and included in net profit or loss for the reporting period, except for the cases when tax arises from a transaction or event that is recognised directly in equity or other comprehensive income in the same or subsequent period or on business combination.

3.3 Property, plant and equipment

Property, plant and equipment is stated at acquisition 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)
Other property, plant and equipment	3-6

3.3.1 Initial measurement of right-of-use assets

At the commencement date, the parent company measures the right-of-use asset at cost. The cost of the right-of-use asset comprises: the amount equal to the lease liability at its initial recognition, lease payments made at or before the commencement of the lease (less any lease incentives received), any initial direct costs incurred by the parent company, and an estimate of costs to be incurred by the parent company in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease. The parent 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 parent company recognises these costs as part of the cost of right-of-use asset when the parent company incurs an obligation for these costs.

3.3.2 Subsequent measurement of right-of-use assets

Subsequent to initial recognition, the parent company measures the right-of-use asset using the cost model. Under the cost model, the parent 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.

If the lease transfers ownership of the underlying asset to the parent company by the end of the lease term or if the cost of the right-of-use asset reflects that the parent company will exercise a purchase option, the parent company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the parent company depreciates 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. Right-of-use assets are depreciated on a straight-line basis.

The parent company presents rights-of-use assets separately from property, plant and equipment in the statement of financial position.

3.4 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.

3.4.1 Financial assets

The parent company classifies their financial assets into the following three categories:
(i) financial assets subsequently measured at amortised cost;
(ii) financial assets subsequently measured at fair value through other comprehensive income (hereinafter "FVOCI"); and
(iii) financial assets subsequently measured at fair value through profit or loss (hereinafter "FVPL").

Transaction costs comprise all charges and commissions that the parent 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 statement of profit or loss and other comprehensive income. Impairment losses are accounted for as other expenses in statement of profit or loss and other comprehensive income.

Subsequent to initial recognition, financial assets are classified into the afore-mentioned categories based on the business model the parent 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 parent company. The intentions of the parent company's management regarding separate instruments have no effect on the applied business model. The parent 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, except for financial assets subsequently measured at FVOCI as the parent company does not have this kind of assets, is as follows:

3.4.1.1 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.

3.4.1.2 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 parent company classifies financial assets as assets measured at FVPL, if this eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as 'an accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising gains or losses thereof on different bases. A gain or loss on fair value measurement of debt investment is recognised in profit or loss of statement of profit or loss and other comprehensive income in the period in which it arises. The parent company classifies in this category investments to equity instruments that do not meet the SPPI conditions.

3.4.1.3 Effective interest 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 profit or loss of statement of profit or loss and other comprehensive income 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 parent company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, 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 parent company uses the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

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

The parent 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 parent company are calculated as the difference between all contractual cash flows that are due to the parent company in accordance with the contract and all the cash flows that the parent company expects to receive (i.e. all cash shortfalls), discounted at the original EIR. The parent 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 parent 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. ECL are recognised by taking into consideration individually or collectively assessed credit risk of loans granted, trade and other receivables. Credit risk is assessed based on all reasonable information, including future-oriented information.

The parent company assesses impairment of amounts receivable individually or collectively, as appropriate.

ECL for receivables (other than trade receivables) are calculated:
- ECL for receivables from Group companies are calculated using individual assessment;
- ECL for other receivables, prepayments and accrual of income are calculated using individual assessment.

The parent 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 parent company assesses the debt on a collective basis.

Recognition stages of ECL:
1. upon granting of a loan, the parent company recognises ECL 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 has significantly increased, the parent company accounts for the lifetime expected credit losses of the loan 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. Interest income from the loan is calculated on the carrying amount of financial assets without adjusting it by the amount of ECL;
3. where the parent company establishes that the recovery of the loan is doubtful, the parent company classifies this loan as credit-impaired financial assets (doubtful loans and receivables). Interest income from the loan is calculated on the carrying amount of financial assets which is reduced by the amount of ECL.

In stage 2, an assessment of the significant deterioration in the borrower'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.

The latest point at which the parent company recognises all lifetime expected credit losses of the loan granted 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 parent company accounts for all lifetime expected credit losses of the loan granted regardless of the more than 90 days past due presumption.

3.4.1.5 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.

3.4.1.6 Derecognition of financial assets

A financial asset (or, where applicable a part of financial asset or group of similar financial assets) is 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.

3.4.2 Financial liabilities and equity instruments issued

3.4.2.1 Initial recognition and measurement of financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, loans and payables. All financial liabilities are recognised initially at fair value and, in the case of loans and payables, net of directly attributable transaction costs.

3.4.2.2 Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:
- financial liabilities at FVPL;
- financial liabilities at amortised cost (loans and other payables not measured at FVPL).

3.4.2.3 Financial liabilities at FVPL

Financial liabilities at FVPL include financial liabilities designated upon initial recognition as at FVPL. 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.

3.4.2.4 Financial liabilities at amortised cost

All financial liabilities of the parent company are attributed to this category. After initial recognition, interest-bearing loans are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest 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 effective interests. The effective interests amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to trade payables and interest-bearing loans. The parent company's financial liabilities include the following:

3.4.2.5 Classification

Financial liabilities are classified as current liabilities unless the parent company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

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

3.4.2.6 Recognition of instruments as debt or equity instruments

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

3.4.2.7 Equity instruments

Equity instrument is any contract that evidences an interest in the assets of the parent company after deducting all of its liabilities. Equity instruments are recorded at the value of the proceeds received net of direct issue costs. Share premium represent the difference between the nominal value of shares and the proceeds received.

3.4.2.8 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 carrying amounts is recognised in statement of profit or loss and other comprehensive income.

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

The parent 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). The parent company also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

3.5 Employee benefits

3.5.1 State plans

The parent company participates only in State plans. State plans are established by legislation to cover all entities and are operated by national or local government or by another body (for example, in the case of the Group, the State Social Security Fund). State plans are defined benefit plan under which the Group pay fixed contributions into a separate entity and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. This contributions are recognised as an expense on an accrual basis and are included within remuneration expenses

3.6 Fair value

Fair value is defined by IFRS as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The parent 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place 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 parent 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 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 at fair value on a recurring basis, 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.

4 Risk management

4.1 Overview

Risks are a natural and integral part of business activities, and risk profile changes continuously. The parent 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 of Annual report.

4.2 Financial risk factors

The parent 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.

While managing these risks, the parent company seeks to mitigate the impact of factors which could adversely affect the parent company's financial performance results.

4.2.1 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 two types of risk:
- interest rate risk and
- foreign currency exchange risk.

4.2.1.1 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 parent company's sale/purchase transactions for day-to-day operations are denominated in euros, therefore does not bear the risk of foreign exchange rate fluctuations. However the parent company is exposed to a foreign currency exchange risk related to (i) loan received and granted in polish zlotys from/to the subsidiaries (ii) loan granted in sterling pounds to Moray West Holdings Limited.

In 2023 the Company entered into several short term (maturity of up to 1 year) PLN/EUR exchange rate (hereinafter – 'FX') forward and swaps contracts, aiming to manage the foreign exchange risk. Total notional value of FX forward and swap contracts signed in 2023 amounted to EUR 73,131 thousand, out of which EUR 13,923 thousand were still valid as at 31 December 2023. Fair value change of these derivatives is accounted for as unrealized gain (loss) of the ineffective derivatives and is recognised in the Statement of profit or loss as finance activity expenses or income.

As well the Company is exposed to a foreign currency exchange risk related to issued loan in pound sterling to Moray West Holding Limited. Maturity of loan issued in pound sterling is until 1 July 2025. The Company is not planning to enter into the GBP/EUR exchange rate swaps.

Having identified significant exposure to a foreign currency exchange risk related to loans the management of the parent company discloses sensitivity analysis for this risk:

31 December 2023	Profit or loss	
	Strengthening of euro against foreign currency	Weakening of euro against foreign currency
PLN (11.10% movement)	4,955	(3,964)
GBP (4.97% movement)	2,692	(2,438)

31 December 2022	Profit or loss	
	Strengthening of euro against foreign currency	Weakening of euro against foreign currency
PLN (10.25% movement)	(1,795)	1,461
GBP (9.56% movement)	2,471	(2,040)

4.2.1.2 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.

In 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 parent company did not use such derivatives during 2023 and 2022). 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.

All of the Company's loans payable have fixed interest rates as at 31 December 2023 and 2022. Variable-rate financial instruments include the loan granted to Moray West Holdings Limited for amount EUR 51.5 million as at 31 December 2023 (as at 31 December 2022: EUR 23.4 million).

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

	Increase/decrease, pp	(Decrease)/increase in profit
2023	1.0/(1.0)	(445)/445
2022	1.0/(1.0)	(234)/234

4.2.2 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 parent company's exposure to credit risk arises from operating activities (other amounts receivable) and from financing activities (granted loans). The parent company's risk related to cash is limited, as the parent company keeps cash balances only in reliable financial institutions.

The parent company is exposed to credit risk concentration related to loans granted, although loans receivable principally consist of loans granted to subsidiaries. The parent company is evaluating cash flows and financial results of subsidiaries and Moray West Holdings Limited, no impairment is recognised for the investments into subsidiaries and Moray West Holdings Limited. Due to that the parent company does not consider that risk related to concentration of loans granted is significant.

As at 31 December 2023 and 2022 the parent company is not exposed to significant credit risk concentration related to other amounts receivable.

The priority objective of the parent 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.

EURk	Notes	31 December 2023	31 December 2022
Financial assets measured at amortised cost:			
Loans granted	11, 12	487,423	159,595
Other non-current receivables	11	580	683
Other financial assets	13	14,773	10,798
Trade receivables		392	219
Other receivables	12	3,890	11
Cash and cash equivalents	14	4,014	20,373
Financial assets measured at FVOCI:			
Equity securities - at FVOCI	13	5,000	5,000
		516,072	**196,679**

4.2.3 Liquidity risk

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

As at 31 December 2023, the parent company's current liquidity ratio (total current assets/total current liabilities) was 0.168 (31 December 2022 – 1.134) (Note 4.3). As at 31 December 2023, the parent company's balance of credit facilities not withdrawn amounted to EUR 527,225 thousand (31 December 2022 – EUR 92,473 thousand).

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

EURk	Notes	31 December 2023	31 December 2022
Amounts payable measured at amortised cost:			
Loans	17	703,346	319,004
Lease liabilities	18	6	21
Trade payables		805	180
Other liabilities	19	68,412	11,448
Financial liabilities measured at FVPL:			
Derivatives		716	-
Total		**773,285**	**330,653**

The table below summarises the maturity profile of the parent 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):

EURk	2023				In total
	Less than 3 months	3 months to 1 year	1 to 5 years	After 5 years	
Loans	6,613	26,429	627,840	67,649	**728,531**
Lease liabilities	1	4	1	-	**6**
Trade payables	805	-	-	-	**805**
Other amounts payable	5,554	34,258	28,600	-	**68,412**
Derivatives	716	-	-	-	**716**
Total	**13,689**	**60,691**	**656,441**	**67,649**	**798,470**

EURk	2022				In total
	Less than 3 months	3 months to 1 year	1 to 5 years	After 5 years	
Loans	1,707	35,959	21,683	288,000	**347,349**
Lease liabilities	4	10	8	-	**22**
Trade payables	180	-	-	-	**180**
Other amounts payable	5,180	6,268	-	-	**11,448**
Total	**7,071**	**42,237**	**21,691**	**288,000**	**358,999**

4.3 Going concern

The parent company's financial statements are prepared on the basis of the going concern assumption. As at 2023 December 31 the parent company's current liabilities exceeded current assets by EUR 47,119 thousand. The parent company's management is convinced that this circumstance will not have a significant impact on the parent company's going concern. The parent company plans to cover the difference between current assets and current liabilities from the available but not yet used borrowing reserve.

As at 2024 February 21 the ultimate parent company AB "Ignitis grupė" submitted a confirmation letter, which states that it undertakes to continue providing financial and other support to the parent company for at least the next twelve months from the date of this letter, so that the parent company can fulfil its obligations.

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

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The preparation of financial statements according to IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and costs and contingencies. Change in the underlying assumptions, estimates and judgements may have a material effect on the parent company's financial statements in the future.

Only 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 judgments	Note	Estimate/judgment
Impairment of investments into subsidiaries	10.5	Estimate

6 Revenue from contracts with customers

EURk	2023	2022
Management fee income	2,194	283
Total	**2,194**	**283**

The parent company's revenue from contracts with customers during 2023 and 2022 mainly comprised the revenue from advisory and management services provided to subsidiaries. The parent company did not present any segment information as there is only one segment. All performance obligations of the parent company are settled over time.

The parent company's balances under the contracts with customers:

EURk	31 December 2023	31 December 2022
Trade receivables	317	219

7 Other expenses

EURk	2023	2022 (restated) [1]
Finance and accounting	2,049	655
Legal	1,288	761
Asset management and administration	1,067	267
People and culture	915	463
Communication	556	183
Telecommunication and IT services	428	149
Innovation	398	-
Other expenses	888	735
In total	**7,589**	**3,213**

[1]In year 2023 the parent company classified maintenance expenses in other line items "Finance and accounting", "Legal", "Asset management and administration" and "Sustainability", therefore comparative figures for the year 2022 was changed respectively by reclassifying EUR 1,691 thousand from line items "Consultation services" and "Other".

8 Finance activity

EURk	2023	2022
Interest income at the effective interest rate	12,047	2,261
Positive effect of changes in exchange rates	1,417	-
Other income from financing activities	109	-
Total finance income	**13,573**	**2,261**
Interest expenses	13,697	3,979
Negative effect of changes in exchange rates	-	2,426
Other expenses of financing activities	716	1
Total finance expenses	**14,413**	**6,406**
Finance activity, net	**(840)**	**(4,145)**

The parent company earns interest income from long-term and short-term loans, the majority of which is granted to the Group companies. During the year 2023, the parent company received interests for amount EUR 4,992 thousand (in 2022: EUR 1,678 thousand) and paid interests for amount EUR 9,124 thousand (in 2022: EUR 3,223 thousand) in cash. Interest received and paid are presented in the Statement of cash flows accordingly under 'Interest received' and 'Interest paid'.

9 Income taxes

9.1 Amounts recognised in profit or loss

EURk	2023	2022
Deferred tax expenses/(benefit)	(959)	(743)
Contribution received for transfer of tax losses	(998)	(547)
Income tax expenses (benefit) recognised in profit or loss	**(1,957)**	**(1,290)**

9.2 Amounts recognised in other comprehensive income

No income taxes were recognised in other comprehensive income during 2023 (2022: deferred tax benefits for amount EUR 3 thousand).

9.3 Reconciliation of effective tax rate

Income tax on the parent company's profit before tax differs from the theoretical amount that would arise using the tax rate applicable to profit of the parent company:

EURk	2023	2023	2022	2022
Profit (loss) before tax		20,725		925
Income tax expenses (benefit) at tax rate of 15%	15.00%	3,109	15.03%	139
Non-taxable income and non-deductible expenses	(25.37)%	(5,258)	(154.49)%	(1,429)
Other	0.93%	192	-	-
Income tax expenses (benefit)	**(9.44)%**	**(1,957)**	**(139.46)%**	**(1,290)**

9.4 Deferred tax

EURk	As at 31 December 2022	Recognised in profit or loss	As at 31 December 2023
Deferred tax assets			
Accrued expenses	**76**	89	**165**
Derivatives	**-**	107	**107**
Tax losses carry forward	**1,238**	763	**2,001**
Deferred tax asset	**1,314**	**959**	**2,273**

EURk	As at 31 December 2021	Recognised in profit or loss	Recognised in other comprehensive income	As at 31 December 2022
Deferred tax assets				
Accrued expenses	**5**	74	(3)	**76**
Tax losses carry forward	**569**	669	-	**1,238**
Deferred tax asset	**574**	**743**	**(3)**	**1,314**

During the year 2023 the parent company transferred tax losses for amount EUR 8,121 thousand (deferred tax asset amounts to EUR 1,218 thousand) (in 2022: EUR 3,475 thousand of tax losses, deferred tax asset amounted to EUR 521 thousand) to other Group companies and received a contribution for amount EUR 998 thousand (in 2022: EUR 547 thousand).

10 Investments in subsidiaries

Information on the parent company's investments in subsidiaries as at 31 December 2023 provided below:

EURk	Acquisition cost	Impairment	Carrying amount	Company's ownership interest, %	Group's effective ownership interest, %
Subsidiaries:					
Silesia2 Wind Farm Sp. z o. o.	109,161	-	109,161	100.00	100.00
WINDLIT, UAB	75,999	-	75,999	100.00	100.00
Pomerania Wind Farm Sp. z o. o.	56,627	-	56,627	100.00	100.00
Silesia1 Wind Farm Sp. z o. o.	51,292	-	51,292	100.00	100.00
Ignitis Renewables Polska Sp. z o. o.	34,641	-	34,641	100.00	100.00
UAB Vėjas LT	19,352	-	19,352	100.00	100.00
UAB „EURAKRAS"	18,735	-	18,735	100.00	100.00
SIA SP Venta	16,623	-	16,623	100.00	100.00
UAB „VĖJO GŪSIS"	12,919	-	12,919	100.00	100.00
SIA CVE	10,680	-	10,680	100.00	100.00
Tuuleenergia OU	9,455	-	9,455	100.00	100.00
UAB "Plungės vėjo energija"	7,906	-	7,906	100.00	100.00
UAB „VĖJO VATAS"	6,132	-	6,132	100.00	100.00
SIA BRVE	3,385	-	3,385	100.00	100.00
UAB „VVP Investment"	2,532	-	2,532	100.00	100.00
Ignitis renewables Latvia SIA	2,000	-	2,000	100.00	100.00
UAB „Ignitis renewables projektai"	1,000	-	1,000	100.00	100.00
IGN RES DEV1 SIA	500	-	500	100.00	100.00
IGN RES DEV2 SIA	500	-	500	100.00	100.00
IGN RES DEV3 SIA	78	-	78	100.00	100.00
IGN RES DEV4 SIA	78	-	78	100.00	100.00
IGN RES DEV7 SIA	3	-	3	100.00	100.00
UAB „Ignitis renewables projektai 2"	3	-	3	100.00	100.00
UAB „Ignitis renewables projektai 3"	3	-	3	100.00	100.00
UAB „Ignitis renewables projektai 4"	3	-	3	100.00	100.00
UAB „Vėjo galia bendruomenei"	3	-	3	100.00	100.00
IGN RES DEV5 SIA	2	-	2	100.00	100.00
IGN RES DEV6 SIA	2	-	2	100.00	100.00
UAB „Ignitis renewables projektai 5"	2	-	2	100.00	100.00
UAB „Ignitis renewables projektai 6"	2	-	2	100.00	100.00
UAB „Ignitis renewables projektai 7"	1	-	1	100.00	100.00
UAB „Ignitis renewables projektai 8"	1	-	1	100.00	100.00
Offshore wind farm 1 UAB	1	-	1	51.00	51.00
In total	**439,621**	**-**	**439,621**		

Information on the parent company's investments in subsidiaries as at 31 December 2022 provided below:

EURk	Acquisition cost	Impairment	Carrying amount	Company's ownership interest, %	Group's effective ownership interest, %
Subsidiaries:					
Pomerania Wind Farm Sp. z o. o.	56,627	-	56,627	100.00	100.00
Ignitis Renewables Polska Sp. z o. o.	34,641	-	34,641	100.00	100.00
Silesia2 Wind Farm S.A. (former name Altiplano S.A.)	34,360	-	34,360	100.00	100.00
UAB „EURAKRAS"	18,735	-	18,735	100.00	100.00
UAB „VĖJO GŪSIS"	12,919	-	12,919	100.00	100.00
Tuuleenergia OU	9,455	-	9,455	100.00	100.00
Silesia1 Wind Farm Sp. z o. o.	9,276	-	9,276	100.00	100.00
UAB „VĖJO VATAS"	6,132	-	6,132	100.00	100.00
UAB „VVP Investment"	2,532	-	2,532	100.00	100.00
Ignitis renewables Latvia SIA	2,000	-	2,000	100.00	100.00
UAB „Ignitis renewables projektai"	1,000	-	1,000	100.00	100.00
IGN RES DEV1 SIA	500	-	500	100.00	100.00
IGN RES DEV2 SIA	500	-	500	100.00	100.00
UAB „Plungės vėjo energija"	321	-	321	100.00	100.00
UAB „Ignitis renewables projektai 2"	3	-	3	100.00	100.00
UAB „Ignitis renewables projektai 3"	3	-	3	100.00	100.00
UAB „Vėjo galia bendruomenei"	3	-	3	100.00	100.00
IGN RES DEV3 SIA	3	-	3	100.00	100.00
IGN RES DEV4 SIA	3	-	3	100.00	100.00
IGN RES DEV5 SIA	2	-	2	100.00	100.00
IGN RES DEV6 SIA	2	-	2	100.00	100.00
In total	**189,017**	**-**	**189,017**		

Movement of the parent company's investments during the year were as follows:

EURk	2023	2022
Carrying amount at 1 January	**189,017**	**119,863**
Acquisition and remeasurement of investments into subsidiaries	133,624	34,681
Established new subsidiaries	13	3,019
Decrease in investments due to received holdback amount	-	(269)
(Impairment) / reversal of impairment of investments in subsidiaries	-	1,650
Share capital and share premium increase/(decrease) in subsidiaries	116,967	30,073
Carrying amount at 31 December	**439,621**	**189,017**

10.1 Acquisition and remeasurement of investments into subsidiaries

10.1.1 Acquisition and remeasurement of investments into subsidiaries during the year 2023

EURk	Date	Share capital	Share premium	Investment into subsidiary
WINDLIT, UAB	October 2023	3	188	75,999
UAB Vėjas LT	July 2023	3	-	19,352
SIA SP Venta	March 2023	794	-	16,623
SIA CVE	March 2023	4	199	10,680
UAB „Plungės vėjo energija"	November 2023	3	-	7,585
SIA BRVE	March 2023	3	-	3,385
In total		**810**	**387**	**133,624**

During the year 2023 the consideration transferred was remeasured for investment into subsidiary UAB "Plungės vėjo energija" (acquired in year 2022) as a result of which the transferred consideration increased by EUR 7,585 thousand from EUR 321 thousand to EUR 7,906 thousand.

10.1.2 Acquisition of investments into subsidiaries during the year 2022

EURk	Date	Share capital	Share premium	Investment into subsidiary
Silesia2 Wind Farm S.A. (former name Altiplano S.A.)	September 2022	9,790	193	34,360
UAB „Plungės vėjo energija"	November 2022	3	-	321
In total		**9,793**	**193**	**34,681**

10.2 Established new subsidiaries

Established new subsidiaries in year 2023:

EURk	Date	Share capital
Ignitis renewables projektai 4 UAB	March 2023	3
Ignitis renewables projektai 5 UAB	March 2023	2
Ignitis renewables projektai 6 UAB	March 2023	2
Ignitis renewables projektai 7 UAB	May 2023	1
Ignitis renewables projektai 8 UAB	May 2023	1
IGN RES DEV7 SIA	July 2023	3
Offshore wind farm 1 UAB	December 2023	1
In total		**13**

Established new subsidiaries in year 2022:

EURk	Date	Share capital
Ignitis renewables Latvia SIA	February 2022	2,000
IGN RES DEV1 SIA	March 2022	500
IGN RES DEV2 SIA	March 2022	500
IGN RES DEV3 SIA	August 2022	3
IGN RES DEV4 SIA	August 2022	3
UAB „Ignitis renewables projektai 2"	September 2022	2
UAB „Ignitis renewables projektai 3"	September 2022	2
IGN RES DEV5 SIA	October 2022	3
IGN RES DEV6 SIA	October 2022	3
UAB „Vėjo galia bendruomenei"	October 2022	3
In total		**3,019**

10.3 Share capital and share premium increase

Increase of share capital and share premium in subsidiaries during the year 2023:

EURk	Emission date	Quantity of new share issued	Emission price for 1 share	Contri-bution	Total amount of emission	Share premium
Silesia2 Wind Farm S.A.	February 2023	55,018,811	0.21	74,801	11,508	63,293
Silesia1 wind farm Sp. z o. o.	February 2023	608,731	10.46	42,016	6,366	35,650
IGN RES DEV3 SIA	July 2023	2,678	28.00	75	75	-
IGN RES DEV4 SIA	July 2023	2,678	28.00	75	75	-
In total				**116,967**	**18,024**	**98,943**

As at 31 December 2023 there was no remaining unpaid balance of contribution.

Increase of share capital and share premium in subsidiaries during the year 2022:

EURk	Emission date	Quantity of new share issued	Emission price for 1 share	Contri-bution	Total amount of emission	Share premium
Ignitis Renewables Polska Sp. z o. o.	March 2022	180	10.58	9,718	2	9,716
Ignitis Renewables Polska Sp. z o. o.	April 2022	370	10.78	20,355	4	20,351
In total				**30,073**	**6**	**30,067**

As at 31 December 2022 there was no remaining unpaid balance of contribution.

10.4 Cash flows from investments in subsidiaries

Reconciliation of the factors that had impact on cash flows from the parent company's investments into subsidiaries to data reported in the statement of cash flows:

EURk	2023	2022
Acquisition of subsidiaries	(147,418)	(28,381)
Share capital and share premium increase in subsidiaries	(73,967)	(30,073)
Established new subsidiaries	(13)	(3,019)
Received holdback amount	-	269
Total	**(221,398)**	**(61,204)**

10.5 Significant accounting estimate: Impairment of investments

On 31 December 2023, the parent company carried out an analysis to determine existence of indications of impairment for investments into subsidiaries. The parent company considered information from external and internal sources of information.

For the purpose to determine impairment indications it is assessed whether at least one of the following conditions exists (except for early stage companies):

1. actual adjusted EBITDA (Earnings Before Interests Taxes Depreciation and Amortization) is less than budgeted adjusted EBITDA;
2. the actual adjusted net profit is less than the actual dividends paid;
3. carrying amount of investment is higher than carrying amount of net assets.

In cases at least one abovementioned conditions exists, before performing impairment tests, additional analysis was performed, helping to determine whether current conditions shows impairment indications.

Additionally, the management assessed whether during the reporting period, there have been no significant adverse changes in the technological, market, economic and legal environment in which subsidiaries operate.

Having identified no indications for possible impairment for investment in subsidiaries as at 31 December 2023 the parent company did not perform impairment test.

11 Non-current receivables

EURk	31 December 2023	31 December 2022
Loans granted	486,897	131,402
Cash reserved for guarantees	580	683
Total	**487,477**	**132,085**
Less: loss allowance	-	-
Carrying amount	**487,477**	**132,085**

11.1 Expected credit losses of loans granted and other non-current receivables

As at 31 December 2023, the parent company assessed whether credit risk of recipients of non-current and current loans has increased significantly and did not establish any indications and has no information indicating that credit risk of loan recipients on an individual basis has increased significantly. Therefore, no lifetime expected credit loss was recognised neither for non-current nor for current loans granted.

11.2 Loans granted

EURk	31 December 2023	31 December 2022
Within one year (Note 12)	526	28,193
From 1 to 2 years	55,880	-
From 2 to 5 years	415,200	-
After 5 years	15,817	131,402
Carrying amount	**487,423**	**159,595**

12 Other receivables

EURk	31 December 2023	31 December 2022
Loans granted	526	28,193
Value added tax	472	249
Other receivables	3,958	11
Total	**4,956**	**28,453**
Less: loss allowance	-	-
Carrying amount	**4,956**	**28,453**

13 Other financial assets

EURk	31 December 2023	31 December 2022
Investments in business located in Poland	14,551	9,510
Equity securities - at FVOCI	5,000	5,000
Investments in business located in Latvia	222	788
Other financial assets	-	500
Carrying amount	**19,773**	**15,798**

Investments in business located in Poland and Latvia

As at 31 December 2023 and 2022 the parent company has investments into businesses located in Poland and Latvia. As the payments in such businesses do not constitute the rights of control over the companies, the parent company recognised the payments as other financial assets measured at amortised cost (Note 22). After projects developed by the companies are established, the parent company will own 100% of shares of these companies.

Equity securities - at FVOCI

On 14 September 2020, the parent company acquired 5% of Moray West Holdings Limited shares for an amount of GBP 50. After specific conditions were met, the parent company paid an additional EUR 5.0 million contribution for the shares held.

14 Cash and cash equivalents

EURk	31 December 2023	31 December 2022
Cash balances in bank accounts	4,014	20,373
In total	**4,014**	**20,373**

As at 31 December 2023 and 2022, cash and cash equivalents comprised cash in bank.

Parent company has no pledged current and future cash inflows.

According to the management‘s assessment, ECL on cash and cash equivalents are not significant because:

- The parent company’s cash and cash equivalents are kept in international group banks with good credit ratings. The banks are charged with the highest liquidity, capital adequacy, own funds, additional capital reserves and other risk-limiting requirements and regulations that banks must comply with and regularly report to supervisory authorities.
- The parent company uses banks that are supervised by the European Central Bank.

15 Equity

15.1 Capital management

For the purpose of capital 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. As at 31 December 2023 and 2022, the parent company met requirements of capital regulation.

15.2 Issued capital

EURk	31 December 2023	31 December 2022
Authorised shares		
Ordinary shares	19,022	22
Ordinary shares issued and fully paid	**19,022**	**22**

As at 31 December 2023 the Group’s issued capital was divided into 40,910 ordinary shares with EUR 1 nominal value for a share (31 December 2022: 21,910 ordinary registered shares with EUR 1 nominal value for a share).

Reconciliation of the number of shares at the beginning and at the end of the year:

In thousand	2023	2022
Number of authorised shares as at 1 January	**21,910**	**21,910**
Issuing of ordinary shares (Note 15.3)	19,000	-
Number of authorised shares as at 31 December	**40,910**	**21,910**

15.3 Increase in issued capital

On 24 July 2023, the Management Board of the ultimate parent company, as the sole shareholder of the Company has adopted the following decision: the Company issues 19,000,000 new ordinary registered shares, each with a nominal value of EUR 1.00. The issue price of all newly issued shares was EUR 129,000 thousand and consisted of EUR 19,000 thousand of the aggregate amount of the nominal values of shares and EUR 110,000 thousand of share premium. The issue price was paid for by the ultimate company by cash transfer to bank account.

15.4 Dividends

15.4.1 Dividends declared by the parent company

EURk	2023	2022
AB „Ignitis grupė”	-	1,770

The parent company declared no dividends during 2023 year. EUR 1,770 thousand dividends for the year 2021 was approved at the Annual General Meeting of shareholders on 23 May 2022, dividends were paid in cash.

Dividends declared per share:

Declared on	Period for which dividends are allocated	Dividends per share, in EUR	Amount of dividends declared EUR
Declared during 2023 year	-	-	-
Declared during 2022 year	2021 year	80.772	**1,769,719**

15.4.2 Dividends received by the parent company

Dividends received by the parent company from Group companies during the year 2023 are the following:

Declared at	Dividends declared by	Period for which dividends are allocated	Dividends per share, in EUR	Amount of dividends declared	Dividend income attributable to the parent company
28 July 2023	Pomerania Wind Farm sp. z o. o.	2022 year	23,015.3110	20,484	20,484
2 May 2023	Tuuleenergia OU	2022 year	5,301,648.1700	5,302	5,302
2 May 2023	UAB „EURAKRAS“	2022 year	20.2000	3,223	3,223
2 May 2023	UAB „Vėjo gūsis“	2022 year	7.9900	2,054	2,054
2 May 2023	UAB „Vėjo vatas“	2022 year	12.3000	1,229	1,229
Total				**32,292**	**32,292**

Dividends received by the parent company from Group companies during the year 2022 are the following:

Declared at	Dividends declared by	Period for which dividends are allocated	Dividends per share, in EUR	Amount of dividends declared	Dividend income attributable to the parent company
31 August 2022	Tuuleenergia OU	2021 year	3,933,086.0000	3,933	3,933
31 May 2022	UAB „EURAKRAS“	2021 year	16.4652	2,627	2,627
31 May 2022	UAB „Vėjo gūsis“	2021 year	4.1207	1,059	1,059
31 May 2022	UAB „Vėjo vatas“	2021 year	17.8081	1,781	1,781
Total				**9,400**	**9,400**

16 Reserves

16.1 Legal reserve

The legal reserve is a compulsory reserve under the Lithuanian legislation. Companies in Lithuania are required to transfer at least 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 parent company's legal reserve as at 31 December 2023 was not fully formed (31 December 2022: was fully formed).

17 Loans

EURk	31 December 2023	31 December 2022
Non-current		
Loans from ultimate parent company	689,475	288,000
Current		
Loans from ultimate parent company	10,137	31
Loans rom related party	3,734	30,973
Total loans	**703,346**	**319,004**

Loans by maturity:

EURk	31 December 2023	31 December 2022
Up to 1 year	13,871	31,004
From 1 to 2 years	-	-
From 2 to 5 years	103,000	-
After 5 years	586,475	288,000
In total	**703,346**	**319,004**

Loans are denominated mainly in euros and insignificant part – in polish zlotys.

17.1 Covenants and unwithdrawn balances

During the year 2023 the parent company didn't have any breaches of financial and non-financial covenants due to which the classification of current and non-current could be changed.

As at 31 December 2023, the parent company's unwithdrawn balance of loans amounted to EUR 527,225 thousand (31 December 2022: EUR 92,473 thousand).

18 Net debt

Net Debt is a non-IFRS liquidity metric used to determine the value of debt against highly liquid assets owned by the parent company. Only debts to financial institutions, issued bonds and related interest payables and lease liabilities are included in the Net Debt calculation. The management defines the Net Debt measure for the purpose of these financial statements in the manner as presented below.

Net debt balances:

EURk	31 December 2023	31 December 2022
Cash and cash equivalents	(4,014)	(20,373)
Non-current loans	689,475	288,000
Current loans	13,871	31,004
Lease liabilities	6	21
Net debt	**699,338**	**298,652**

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

EURk	Assets	Lease liabilities		Loans and bonds		
	Cash and cash equivalents	Non-current	Current	Non-current	Current	Total
Net debt at 1 January 2022	**(1,322)**	**4**	**10**	**113,950**	**3,879**	**116,521**
Cash changes						
(Increase) decrease in cash and cash equivalents	(19,051)	-	-	-	-	**(19,051)**
Proceeds from loans	-	-	-	174,050	28,227	**202,277**
Lease payments	-	-	(15)	-	-	**(15)**
Interest paid[1]	-	-	-	-	(3,223)	**(3,223)**
Cash-pool loans - net change	-	-	-	-	(2,691)	**(2,691)**
Non-cash changes						
Lease contracts concluded	-	22	-	-	-	**22**
Accrual of interest payable	-	-	1	-	3,978	**3,979**
Lease liabilities write-off	-	-	(1)	-	-	**(1)**
Reclassifications between items	-	(18)	18	-	-	**-**
VAT on interest payable	-	-	-	-	834	**834**
Net debt at 31 December 2022	**(20,373)**	**8**	**13**	**288,000**	**31,004**	**298,652**
Net debt at 1 January 2023						
Cash changes						
(Increase) decrease in cash and cash equivalents	16,359	-	-	-	-	**16,359**
Proceeds from loans	-	-	-	458,200	-	**458,200**
Repayment of loans	-	-	-	(56,725)	(9,000)	**(65,725)**
Lease payments	-	-	(13)	-	-	**(13)**
Interest paid[1]	-	-	(1)	-	(9,123)	**(9,124)**
Non-cash changes						
Lease contracts concluded	-	2	2	-	-	**4**
Accrual of interest payable	-	-	1	-	13,696	**13,697**
Off-set loans	-	-	-	-	(16,526)	**(16,526)**
Reclassifications between items	-	(4)	4	-	-	**-**
VAT on interest payable	-	-	-	-	2,793	**2,793**
Other	-	(5)	(1)	-	-	**(6)**
Change in foreign currency	-	-	-	-	1,027	**1,027**
Net debt at 31 December 2023	**(4,014)**	**1**	**5**	**689,475**	**13,871**	**699,338**

[1] *Interest paid during the reporting period includes VAT from interests amount.*

19 Other non-current and current liabilities

EURk	31 December 2023	31 December 2022
Other non-current liabilities		
Contingent consideration for acquisition of subsidiaries (Note 19.1)	28,600	-
Carrying amount	**28,600**	**-**
Other current liabilities		
Contingent consideration for acquisition of subsidiaries (Note 19.1)	37,432	6,268
Amounts payable for property, plant and equipment	2,380	-
Moray deferred consideration (Note 13)	-	5,000
Payroll related liabilities	1,327	616
Accrued expenses	104	95
Other amounts payable and liabilities	-	180
Carrying amount	**41,243**	**12,159**

Financial liabilities comprise EUR 68,412 thousand from total Other current and non-current liabilities (31 December 2022: EUR 11,448 thousand). Accrued expenses and payroll related liabilities are not financial liabilities.

19.1 Contingent consideration for acquisition of subsidiaries

EURk	Other current liabilities	Other non-current liabilities	Total
UAB "WINDLIT"	24,327	9,747	34,074
UAB "Vėjas LT"	-	2,845	2,845
SP Venta SIA	7,724	466	8,190
Other	5,381	7,957	13,338
Reassessment of fair values of assets acquired and liabilities assumed through business combination of subsidiary UAB "Plungės vėjo energija" in 2022	-	7,585	7,585
Total contingent considerations	**37,432**	**28,600**	**66,032**

20 Contingent liabilities and commitments

20.1 Litigations

There are no significant litigations as at 31 December 2023.

20.2 Issued guarantees

The parent company has provided the following guarantees:

Beneficiary of the guarantee	Currency of the amount	31 December 2023	31 December 2022
Bank guarantee to contractors of Moray Offshore Windfarm (West) Limited project	GBP	-	10,706,227
Bank guarantee to contractors of Moray Offshore Windfarm (West) Limited project	USD	-	210,000

21 Related-party transactions

Related parties are defined as follows:
- Group companies;
- parent company's controlling shareholder or those who have significant influence;
- other parent company's controlling shareholder's subsidiaries;
- associated companies;
- state controlled companies and their subsidiaries (only significant transactions are being disclosed with such companies);
- Ministry of Finance of the Republic of Lithuania along with agencies and enterprises that are attributable to the governance of the decisions (only significant transactions are being disclosed with such companies);
- key management personnel and close members of that personnel's family and their controlled enterprises and companies.

The parent company's transactions with related parties during the year 2023 and year-end balances arising on these transactions as at 31 December 2023 were as follows:

Related parties, EURk	Loans receivable	Accounts receivable	Loans payable	Accounts payable	Sales	Purcha-ses	Finance income (expenses)
Ultimate parent company	-	-	699,612	65	-	543	(13,300)
Subsidiaries	431,538	810	3,734	-	2,519	4	7,515
Ignitis grupė AB group companies	-	6	-	279	23	1,863	(1)
Total	**431,538**	**816**	**703,346**	**344**	**2,542**	**2,410**	**(5,786)**

The parent company transactions with related parties during the year 2022 and year-end balances arising on these transactions as at 31 December 2022 were as follows:

Related parties, EURk	Loans receivable	Accounts receivable	Loans payable	Accounts payable	Sales	Purcha-ses	Finance income (expenses)
Ultimate parent company	-	286	290,796	-	-	432	(3,830)
Subsidiaries	135,502	-	28,227	-	9,680	19	1,495
Ignitis grupė AB group companies	-	-	-	115	-	828	(3)
Total	**135,502**	**286**	**319,023**	**115**	**9,680**	**1,279**	**(2,338)**

The parent company's dividend income received from subsidiaries during the year 2023 and 2022 is disclosed in Note 15.4. Loans received from ultimate parent company are disclosed in Note 17. Loans provided to subsidiaries are disclosed in Note 11.

21.1 Compensation to key management personnel

EURk	2023	2022
Wages and salaries and other short-term benefits to key management personnel	343	261
Whereof:		
Short -term benefits	*213*	*261*
Other long-term benefits	*130*	*-*
Number of key management personnel	4	4

In 2023 and 2022 members of Board and Chief Executive Officer are considered to be the parent company's key management personnel. For more information on the key management personnel, see the 'Governance report' of Annual report.

22 Fair values of financial instruments

22.1 Financial instruments, measured at fair value

The parent company's derivatives (Level 2 of the fair value hierarchy), equity securities measured at FVOCI (Level 3 of the fair value hierarchy), as well as the contingent consideration for acquisition of subsidiaries (Level 3 of the fair value hierarchy) are measured at a fair value.

As at 31 December 2023, the parent company has accounted for assets and liabilities arising from financial derivatives. 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 parent company attributes to Level 2 of the fair value hierarchy derivatives linked to cash flows hedges related to fluctuation of polish zloty currency exchange rate.

As 31 December 2023 and 2022 the parent company has accounted for equity securities measured at FVOCI (Note 13). The fair value measurement of this financial asset is based on the valuation performed by external valuator. The valuation was performed based on discounted cash flows. Their fair value corresponds to Level 3 in the fair value hierarchy.

As at 31 December 2023, the parent company accounted for contingent consideration for acquisition of subsidiaries which relates to the fulfilment of specific sellers obligations set out in the share purchase agreements. The measurement of its fair value is prepared using discounted cash flow principle, i.e. reasonably probable future cash flows from contingent consideration are discounted to its present value using a project related cost of debt. The measurement of the fair value of contingent consideration is attributed to Level 3 of the fair value hierarchy.

22.2 Financial instruments for which fair value is disclosed

The carrying amount of the parent company's financial assets and financial liabilities is measured at an amortised cost approximated to their fair value, excluding loans received from ultimate parent company and the Group company. The measurement of the financial instruments related to loans received is attributed to Level 2 of the fair value hierarchy. The measurement of fair value of financial assets related to loans granted is attributed to Level 3 of the fair value hierarchy.

The fair value of the parent company's loans received and loans granted was calculated by discounting the future cash flows with reference to the interest rate observable in the market. The cash flows were discounted using a discount rate of 6.42% for loans above EUR 1 million and 5.58% for loans smaller than EUR 1 million (as at 31 December 2022: accordingly, 4.80% and 4.84%). The measurement of fair value of financial liabilities related to these debts is attributed to Level 2 of the fair value hierarchy.

EURk	Carrying amount	Level 1 Quoted prices in active markets	Level 2 Other directly or indirectly observable inputs	Level 3 Unobser-vable inputs	In total
Financial instruments measured at FVPL or FVOCI:					
Assets					
Equity securities - at FVOCI	**5,000**	-	-	5,000	**5,000**
Liabilities					
Derivatives	**716**	-	716	-	**716**
Contingent consideration for acquisition of subsidiaries	**66,032**	-	-	66,032	**66,032**
Financial instruments for which fair value is disclosed:					
Assets					
Loans granted	**487,399**	-	-	462,840	**462,840**
Other financial assets	**14,773**	-	-	14,733	**14,733**
Liabilities					
Loans received	**703,323**	-	599,938	-	**599,938**

The table below presents allocation between the fair value hierarchy levels of the company's financial instruments as at 31 December 2022:

EURk	Carrying amount	Level 1 Quoted prices in active markets	Level 2 Other directly or indirectly observable inputs	Level 3 Unobser-vable inputs	In total
Financial instruments measured at FVPL or FVOCI:					
Assets					
Equity securities - at FVOCI	**5,000**	-	-	5,000	**5,000**
Financial instruments for which fair value is disclosed					
Assets					
Loans granted	**159,595**	-	-	151,674	**151,674**
Other financial assets	**10,798**			10,798	**10,798**
Liabilities					
Loans received	**319,004**	-	266,229	-	**266,229**

23 Events after the reporting period

On 29 February 2024 the parent company issued new 22,000 thousand ordinary registered shares with a nominal value of EUR 1 each, for which the ultimate parent company undertook to pay EUR 148,000 thousand. The issue price comprised EUR 22,000 thousand of nominal values of issued shares (issued capital) and share premium equal to EUR 126,000 thousand. As of the date of these financial statements, the unpaid part of the issue price amounted to EUR 140,000 thousand.

The parent company, together with Copenhagen Infrastructure Partners P/S through its Growth Markets Fund II were announced as the winners of the auction-based competitive tender for the development of offshore wind in the Liivi 1 sea area in Estonia, having placed the highest bid in the amount of EUR 1,165 million.

As at 9 April 2024 the parent company issued a guarantee for amount EUR 52.5 million in favour of electricity transmission operator for the Group company Ignitis renewables projektai 5 UAB regarding the second Lithuanian offshore wind farm. Funds for the guarantee EUR 52.5 million the parent company borrowed by concluding credit agreements with banks AB SEB bankas (EUR 12.5 million) and AS "SEB Banka" (EUR 40 million).

There were no other significant events after the reporting period till the issue of these financial statements.

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Independent Auditor's Report

To the Shareholders of UAB Ignitis renewables

Opinion

We have audited the separate financial statements of UAB Ignitis Renewables ("the Company") and the consolidated financial statements of UAB Ignitis Renewables and its subsidiaries ("the Group"). The Company's separate and the Group's consolidated financial statements comprise:

- the separate and the consolidated statements of financial position as at 31 December 2023,
- the separate and the consolidated statements of profit or loss and other comprehensive income for the year then ended,
- the separate and the consolidated statements of changes in equity for the year then ended,
- the separate and the consolidated cash flow statements for the year then ended, and
- the notes to the separate and the consolidated financial statements, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying separate and consolidated financial statements give a true and fair view of the non-consolidated financial position of the Company and the consolidated financial position of the Group as at 31 December 2023, and of their non-consolidated and consolidated financial performance and their non-consolidated and consolidated cash flows for the year then ended in accordance with Lithuanian Financial Reporting Standards.

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 and Consolidated Financial Statements section of our report. We are independent of the Company and the Group 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 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 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 consolidated annual management report on pages 130 to 132, but does not include the separate and consolidated financial statements and our auditor's report thereon. Management is responsible for the other information.

Our opinion on the separate and consolidated 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 and consolidated 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 and consolidated 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.

In addition, our responsibility is to consider whether information included in the consolidated annual management report for the financial year for which the separate and consolidated financial statements are prepared is consistent with the separate and consolidated financial statements and whether consolidated annual management report has been prepared in compliance with applicable legal requirements. Based on the work carried out in the course of audit of separate and consolidated financial statements, in our opinion, in all material respects:

- The information given in the consolidated annual management report for the financial year for which the financial statements are prepared is consistent with the separate and consolidated financial statements; and
- The consolidated annual management report has been prepared in accordance with the requirements of the Law of the Republic of Lithuania on Consolidated Financial Reporting by Groups of Undertakings respectively.

Responsibilities of Management and Those Charged with Governance for the Separate and Consolidated Financial Statements

Management is responsible for the preparation of the separate and consolidated financial statements that give a true and fair view in accordance with Lithuanian Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of separate and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate and consolidated financial statements, management is responsible for assessing the Company's and the Group'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 and the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Separate and Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate and consolidated 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 and consolidated 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 and consolidated 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 and the Group'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 and the Group'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 and consolidated 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 and the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate and consolidated financial statements, including the disclosures, and whether the separate and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Digitally signed by ROKAS KASPERAVIČIUS
Date: 2024.04.19 16:49:07 +03'00'

Rokas Kasperavičius
Partner
Certified Auditor

Vilnius, the Republic of Lithuania
19 April 2024

6.4 Information about the auditor

Selection of the independent auditor

“KPMG Baltics”, UAB on 30 March 2023 has been reappointed as the auditor to perform the audit of the financial statements of the Parent company and the consolidated financial statements of the Group for the year 2023–2027. Based on the previous agreement, KPMG also audited the Parent company’s financial statements, the Group’s consolidated financial statements and the Group companies financial statements for the years of 2021 and 2022.

Worth noting that all independent auditor related tenders are carried out according to the prevailing best practices. Additionally, as public procurement law requirements are applicable to the parent company, all audit tenders are carried out in accordance to them. The key criteria of implementing public tenders is to ensure competitiveness and accordingly the only specific audit selection criteria 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 Ignitis Group and subsequently by the General Meeting of Shareholders of each Ignitis Group company.

Independent auditors

2021 - 2027
UAB KPMG Baltics Lvovo st. 101 LT-08104 Vilnius, Lithuania

Independent auditor’s services and fees

During the period of 2021–2023, the following services have been provided by the independent auditors and its international partners:

	2023	2022	2021
Audit of the financial statements under the agreements	161	163	114
Expenses of other services	-	-	1
Total	**161**	**163**	**115**

7. Further information

Other statutory information

The Annual report provides information to the shareholders, creditors and other stakeholders of UAB Ignitis Renewables (hereinafter the “company”) about the company’s and its controlled companies’, which together are called the group of companies (hereinafter the “Renewables Group”.

The Annual report has been prepared by the company’s administration in accordance with the Law on Companies of the Republic of Lithuania and the Law on Consolidated Financial Reporting of the Republic of Lithuania, while at the same time considering the description of the guidelines for ensuring the transparency of the activities of state-owned enterprises. The company’s securities are not listed and are not traded on a regulated market. The Articles of Association of the company do not provide for more requirements regarding the content of the company’s Annual Report than are provided for in the above-mentioned laws.

The company’s management is responsible for the information contained in the Annual Report. The Report and the documents, on the basis of which the Report was prepared, are available from the head office of the company (Laisvės Ave. 10, Vilnius) on working days from Mondays through Thursdays from 7.30 am to 4.30 pm, and on Fridays from 7.30 am to 3.15 pm (by prior arrangement through IR@ignitis.lt).

Information about the company

1.Company name: Ignitis renewables, UAB
2. Legal form of the company: private limited company
3. Share capital: 19 021 910 EUR
4. Registration date and place: 2019-01-14, Vilnius, Lithuania
5. Company code: 304988904
6. Company address: Laisvės Av. 10, LT-04215, Vilnius, Lithuania
7. Company register: Register of Legal Entities of the Republic of Lithuania
8. Phone number: +370 612 46715
9. Email address: renewables@ignitis.lt
10. Website page: https://ignitisrenewables.com/

Legal notices

1. There were no significant events after the end of the financial year.
2. The Company did not have any treasury shares at the beginning of the reporting period and did not acquire any treasury shares during the reporting period.
3. The Company has no branches and representative offices.
4. The Company envisages further sustainable development of its existing operations in order to ensure higher profitability of operations and efficient use of assets in the long run. Research will be conducted as needed.
5. The activities performed by the Company comply with the requirements established in the legal acts regulating environmental protection.

Alternative Performance Measures

Alternative Performance Measures (APM) are adjusted figures used in this report that refer to measures used for internal performance management. As such, they are not defined or specified under International Financial Reporting Standards (IFRS), nor do they comply with IFRS requirements. Definitions of alternative performance measures can be found on the AB “Ignitis grupė“ website (link).

Internal control and risk management systems involved in the preparation of the financial statements

The Company’s financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

The employees of the company providing accounting services to the parent company ensure that the financial statements are prepared properly and that all data are collected in a timely and accurate manner. The preparation of the company’s financial statements, internal control and financial risk management systems are monitored and managed based on the legal acts governing the preparation of financial statements.

Information on agreements concluded between the company, the members of the management and supervisory bodies or employees, that provide for compensation in case of their resignation or dismissal without a reasonable cause or in case of termination of their employment as a result of the change in control of the company (official offer)

The Company and the members or employees of the management and supervisory bodies do not have agreements in place that provide for compensation in the event that they resign or are dismissed without just cause, or if their employment is terminated as a result of a change of control of the Company.

Information on restrictions on the transfer of securities of the company imposed by law, articles of association or shareholders' agreements

There are no restrictions on the transfer of the company's equity securities imposed by law, the articles of association or shareholders' agreements.

Information on the company's subsidiaries and representative offices and research and development activities

The company has no branches or representative offices and does not carry out research and development activities.

Notice on the language

In the event of any discrepancy between the Lithuanian and the English versions of the document, the English version shall prevail.

7.2 Information on compliance with the Guidelines on Transparency in State-Owned Enterprises

Information on compliance with the Guidelines on Transparency in State-Owned Enterprises

Point of the Description of the Guidelines for Ensuring the Transparency of the activities of State-Controlled Enterprises (according to the wording of 30 April 2021)	Disclosure	Explanation
Section 2. Disclosure of information of a State-Owned company		
5. The following data and information must be published on the website of a State-owned company:		Information is published on www.ignitisrenewables.lt
5.1. name;	Ongoing	
5.2. code and register that collects and stores data on the enterprise;	Ongoing	
5.3. registered office (address);	Ongoing	
5.4. legal status if a State-owned company is being reformed, reorganized (the method of reorganization shall be specified), liquidated, is facing bankruptcy or is bankrupt;	Ongoing	
5.5. name of the authority representing the State and a link to its website;	Ongoing	
5.6. operational goals, vision and mission;	Ongoing	
5.7. structure;	Ongoing	
5.8. details of the Head;	Ongoing	
5.9. details of the Chair and of the members of the Management Board, if, according to the Articles of Association, the Management Board is formed	Ongoing	
5.10. details of the Chair and of the members of the Supervisory Board, if, according to the Articles of Association, the Supervisory Board is formed;	Ongoing	
5.11. names of the committees, details of their chairmen and of the member, if committees are formed;	Ongoing	
5.12. the sum of the nominal values of the state-owned shares (in euro to the nearest euro cent) and share (percentage) in the authorized capital of a State-owned company;	Ongoing	
5.13. special obligations being fulfilled, which are determined in accordance with the recommendations approved by the Minister of Economy and Innovation of the Republic of Lithuania: the purpose of the special obligations, the state budget appropriations allocated to their implementation in the current calendar year, and the legislation entrusting a State-owned company with the performance of a special obligation shall be indicated, the conditions for fulfilling a special obligation and/or regulated pricing shall be established;	Not relevant	
5.14. information on social responsibility initiatives and measures, important ongoing or planned Investment projects.	Ongoing	
6. For publicity purposes in connection with the management and supervisory bodies set up in State-owned companies, as well as in connection with the professionalism of the members of the committees, the following data of the persons specified in sub-clauses 5.8–5.11 of the Description are published: forename, surname, date of commencement of the current position, other management posts held in other legal entities, educational background, qualification, professional experience. If the person specified in Sub-clauses 5.9–5.11 of the Description is elected or appointed as an independent member, this shall be additionally specified along with his/her details.	Ongoing	Information is published on www.ignitisrenewables.lt
7. The following documents must be published on the website of a state-owned company:	Ongoing	Information is published on www.ignitisrenewables.lt
7.1. articles of Association;	Ongoing	
7.2. an official letter from an authority representing the State on the setting state goals and expectations in a State-owned company	Ongoing	
7.3. operations strategy or its summary in cases where the operations strategy contains confidential information or information that is considered a commercial (industrial) secret;	Ongoing	
7.4. document that establishes the remuneration policy covering determining the	Ongoing	

salary of the Head of a State-owned company and the remuneration of the members of collegial bodies and committees formed in a State-owned company.		
7.5. annual and interim reports of a state-owned company, annual and interim activity reports of a State Enterprise for a period of at least 5 years;	Ongoing	
7.6. sets of annual and interim financial statements for a period of at least 5 years and reports of an auditor of annual financial statements.	Ongoing	
8. If a state-owned company is the parent company, the structure of the Group of Companies, as well as the data referred to in Sub-clauses 5.1 to 5.3 of the Description of the subsidiaries and subsequent subsidiaries, website addresses, portion (percentage) of shares held by the parent company in their authorized capital, as well as annual consolidated financial statements and consolidated annual reports must be published on its website.	Ongoing	Information is published on www.ignitisrenewables.lt
9. If a state-owned company is a participant of legal entities other than those specified in Point 8 of the Description, the data referred to in Sub-clauses 5.1–5.3 of the Description of those legal entities and the addresses of their websites must be published on its website.	Ongoing	Information is published on www.ignitisrenewables.lt
9.1 If a company is a subsidiary or a second tier subsidiary of a state-owned company, the data referred to in Sub-clauses 5.1–5.3 of the Description of the parent company and the link to the parent company's website must be published on its website.	Ongoing	The specified information must be published on the websites of subsidiaries and second tier subsidiaries of the parent company
10. Data, information and documents referred to in Points 5 and 6, Sub-clauses 7.1 to 7.4, and in Points 8, 9 and 91 of the Description, that have changed or in cases where incorrect data of this kind has been published, must be changed immediately on the website too.	Ongoing	Information and documents that have changed are updated immediately
11. A set of annual financial statements of a state-owned company, annual report of a state-owned company, annual activity report of a State Enterprise, as well as report of an auditor of the annual financial statements of a state-owned company must be published on the website of a state-owned company within 10 working days from the approval of the set of annual financial statements of a state-owned company.	Ongoing	Documents are published on the website within the set deadline
12. The sets of interim financial statements of a State-owned company, the interim reports of a state-owned company and the interim activity reports of a State Enterprise must be published on the website of a State-owned company no later than 2 months after the end of the reporting period.	Ongoing	Documents are published on the website within the set deadline
13. The documents referred to in Point 7 of the Description shall be published in PDF format and technical possibilities for their printing shall be ensured.	Ongoing	Published PDF documents
Section 3. Preparation of sets of financial statements, reports and activity reports		
14. State-owned companies shall keep their accounts in such a way as to ensure the preparation of financial statements in accordance with international accounting standards.	Ongoing	The parent company keeps its accounts in accordance with IFRS
15. In addition to the set of annual financial statements, a state-owned company prepares a set of 6-month interim financial statements, while a State Company - sets of interim financial statements for 3, 6 and 9 months.	Not relevant	
16. A State-owned company, which according to the Law on Audit of Financial Statements of the Republic of Lithuania, is classified as a public interest entity, in addition to the annual report, additionally prepares a 6-month interim report. A State Enterprise, which according to the Law on Audit of Financial Statements of the Republic of Lithuania, is classified as a public interest enterprise, in addition to the annual activity report, additionally prepares a 6-month interim report.	Not relevant	
17. In addition to the Contents requirements established in the Law on Financial Re-	Ongoing	

porting of Enterprises of the Republic of Lithuania or in the Law on State and Municipal Enterprises of the Republic of Lithuania, in the annual report of a State-owned company or in the annual activity report of a State Enterprise additionally must be provided:		The company provides information in the annual report
17.1. a brief description of the business model of a state-owned company;	Ongoing	
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) and which were essential to the operation of a state-owned company;	Ongoing	
17.3. results of the implementation of the objectives provided for in the operational strategy of a state-owned company;	Ongoing	
17.4. profitability, liquidity, asset turnover, debt indicators;	Ongoing	
17.5. fulfilment of special obligations;	Not relevant	
17.6. implementation of Investment policy, ongoing and planned Investment projects and Investments during the reporting year;	Ongoing	
17.7. implementation of the risk management policy applied in a state-owned company;	Ongoing	
17.8. implementation of dividend policy in state-owned companies;	Ongoing	
17.9. implementation of remuneration policy;	Ongoing	
17.10. total annual payroll fund, average monthly salary by current position and/or units;	Ongoing	
17.11. information on compliance with the provisions of Sections 2 and 3 of the Description: shall be specified how they are implemented, which provisions are not complied with, and explanation as to why they are not complied with shall be provided.	Ongoing	
18. State-Owned companies and State Enterprises, that are not mandatory required to prepare social responsibility reports, are recommended to provide in the annual report or in the annual activity report, as appropriate, information related to environmental, social and personnel, human rights, fight against corruption and bribery matters.	Ongoing	The company prepares a social responsibility report (integrated in the annual report)
19. If information referred to in Point 17 of the Description is considered a commercial (industrial) secret or confidential information of a state-owned company, a state-owned company may not disclose such information. However, it must be specified in the annual report of a state-owned company or in the annual activity report of a State Enterprise, as appropriate, that this information is not being disclosed and the reason for the non-disclosure must be specified.	Ongoing	The company provides information in the annual report
20. Other information not specified in this Description may also be specified in the annual report of a State-owned company or in the annual activity report of a State Enterprise.	Ongoing	Other information is also provided in the annual report
21. A state-owned company, which is the parent company, shall present in the consolidated annual report and, if it is not required by law to draw up a consolidated annual report, then in its annual report the structure of the Group of Companies, as well as the data referred to in Sub-clauses 5.1 to 5.3 of the Description of each subsidiary and second tier subsidiary, portion (percentage) of shares held in the authorized capital of a subsidiary, financial and non-financial performance for the financial year. If a State-owned company, which is the parent company, draws up a consolidated annual report, the requirements of Point 17 of the Description shall apply to it mutatis mutandis.	Ongoing	The company provides information in the annual report
22. The interim report of a state-owned company or the interim activity report of a State Enterprise presents a brief description of the business model of a State-owned company, analysis of financial performance for the reporting period, information on significant events that occurred during the reporting period, as well as profitability, liquidity, asset turnover, debt indicators and their changes compared to the corresponding period of the previous year.	Ongoing	The company provides information in the interim report

8. Glossary

#	Number
%	Per cent
'000 / k	Thousand
AB	Joint Stock Company
APM	Alternative performance measure
Advanced development Pipeline	Projects which have access to the electricity grid secured through preliminary grid connection agreement (agreement signed and grid connection fee has been paid). For offshore wind it also includes projects where public seabed auction has been won, but the grid connection has not yet been secured
COD (commercial operation date)	The date at which the asset passed a final performance test (commissioned) and the legal liability from the supplier has been transferred to the Renewables Group. The asset has been given with permission from competent authority to operate at full power and sell electricity in the market.
Company	UAB Ignitis Renewables
Ignitis Group	AB Ignitis Grupė and its controlled companies
Parent company	UAB Ignitis Renewables
Renewables Group	UAB Ignitis Renewables and its controlled companies
Group	UAB Ignitis Renewables and its controlled companies
CfD	Contract for difference
COD (commercial operation date) / commissioned	The start date of energy generation after the test on the project's completion
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
Early development Pipeline	Projects of planned capacity higher than 50 MW with substantial share of land rights secured.
Electricity generated (net)	Electricity sold in wind farms and solar power plants.
EURm	million euros
EU	European Union
Eurakras	UAB EURAKRAS
FBS	Fixed base salary
Final investment decision (FID)	Relevant governance body decision to make significant financial commitments related to the project
FiT	Feed-in tariff
FTE	Full-time equivalent
Green generation Portfolio	All Green generation projects of the Renewables Group, which include: (i) secured capacity, (ii) advanced development pipeline and (iii) early development pipeline
GW	Gigawatt
IFRS	International Financial Reporting Standards
Installed capacity	All assets that have been completed and have passed a final test
YoY	Year-on-year
m	Million
Mažeikiai	UAB VVP Investment
MW	Megawatt
MWh	Megawatt hours
n/a	Not applicable
OPEX	Operating expenses
Pomerania	Pomerania Wind Farm Sp. z o.o.
pp	Percentage points
ROA	Return on assets
ROCE	Return on capital employed
ROE	Return on equity
ROI	Return on investment
Tuuleenergia	Tuuleenergia Osaühing
UAB	Private Limited Liability Company

Units	Units
Vėjo Gūsis	UAB VĖJO GŪSIS
Vėjo Vatas	UAB VĖJO VATAS
Vs.	Versus
WF	Wind farm
Kelmė WF I	UAB “Vėjas LT”
Kelmė WF II	WINDLIT, UAB
Silesia WF I	Silezia1 Wind Farm Sp. Z o.o.
Silesia WF II	Silesia2 Wind Farm S.A.
EIB	European Investment Bank
NIB	Nordic Investment Bank

9. Certification statement

19 April 2024

We, Thierry Aelens, Chief Executive Officer at UAB Ignitis renewables, Augustas Dragūnas, Chief Financial Officer at UAB Ignitis renewables, and Paulius Žukovskis, Head of Accounting at UAB Ignitis grupės paslaugų centras, acting under Decision No 23_GSC_SP_0010 of 17/02/2023, hereby confirm that, to the best of our knowledge, UAB Ignitis renewables consolidated and the stand-alone financial statements for the year ended 31 December 2023 prepared in accordance with International Financial Reporting Standards as adopted by the European Union, give a true and fair view of UAB Ignitis renewables consolidated and stand-alone assets, liabilities, financial position, profit or loss and cash flows for the period, the Annual Report 2023 includes a fair review of the development and performance of the business as well as the condition of UAB Ignitis renewables and it's group companies together with the description of the principle risks and uncertainties it faces.

Thierry Aelens	**Augustas Dragūnas**	**Paulius Žukovskis**
Chief Executive Officer	Chief Financial Officer	UAB Ignitis Grupės Paslaugų Centras Head of Accounting acting under Decision No 23_GSC_SP_0010 of 17/02/2023

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