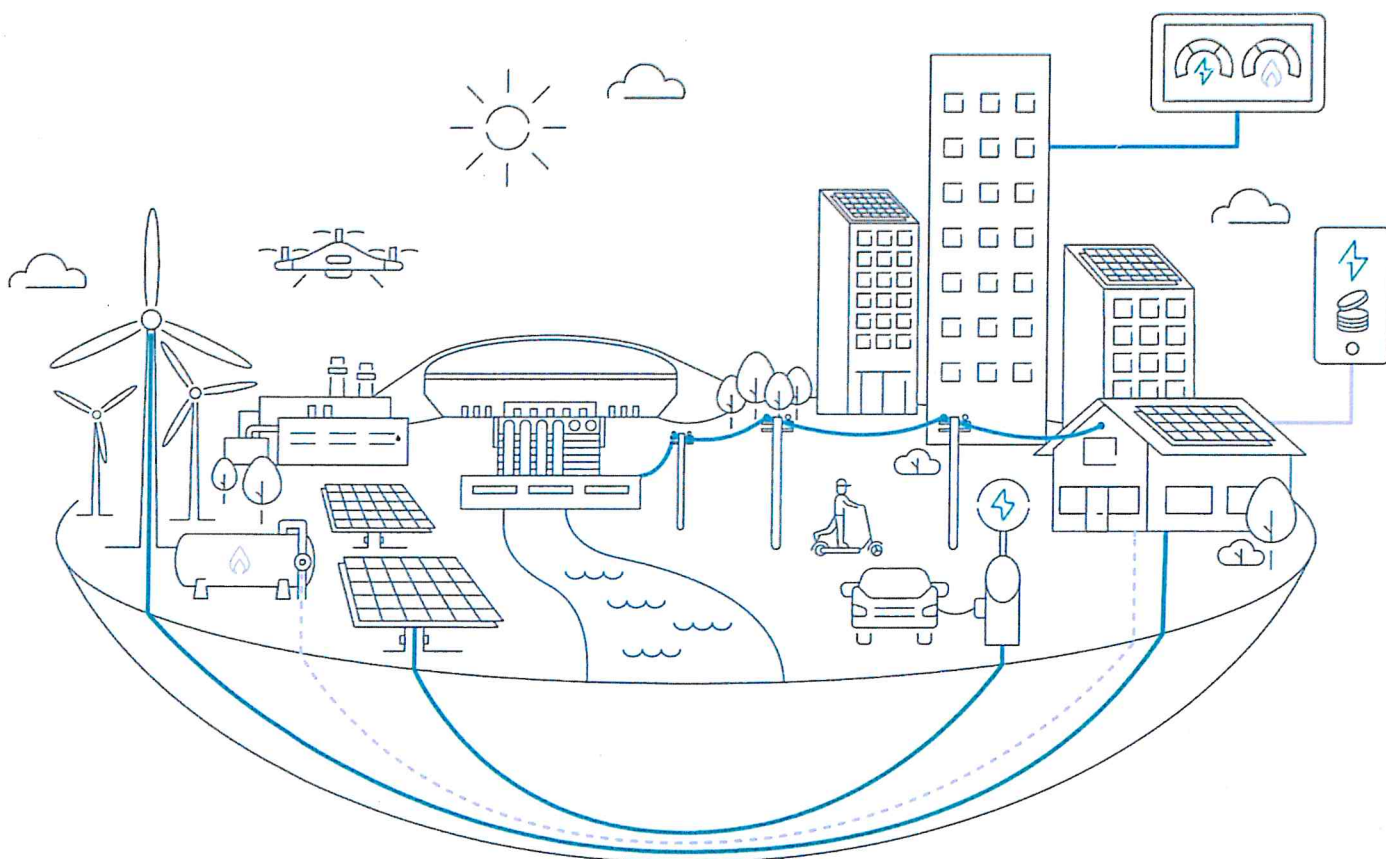


Limited liability company IGNITIS SUOMI 2022 annual report

Annual report for the year ended 31 December 2022 and the company's financial statements for the year ended 31 December 2022 prepared according to International Financial Reporting Standards, adopted by the European Union, and presented together with the independent auditor's report for the year ended 31 December 2022



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Overview

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1.1 Business highlights

During the reporting period

February

- Military invasion of Russia into Ukraine has begun, which resulted in raw materials price increase, especially increasing the uncertainty of natural gas prices

May

- The first gas contracts were signed with a total amount of 244 MWh.

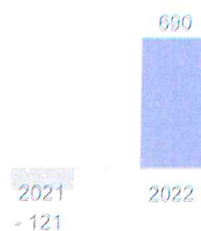
December

- December 28, 2022 Finland opens floating liquified natural gas terminal. The second such terminal in the region will help ensure energy independence in Finland and the Baltic States

1.2 Performance highlights

Financial and Business

EBITDA
EUR Thousands



EBITDA of the company has improved and reached 0.69 EURm. Main contributors were increased sales volumes.

Net profit
EUR Thousands



Compared to 2021, the net profit during the reporting year remains almost unchanged.

While EBITDA grew, financing costs and depreciation were the biggest contributors to the decline in net profit.

Net debt
EUR Thousands



2022 is the first year of the company's operational activities. Net indebtedness in the reporting year was caused by increased prices of raw materials and expected longer payment terms for customers.

Natural gas sales
GWh



Natural gas sales volume amounted to a 1,4 GWh as a result of new deals with large consumers. 2022 was the first year of trading for the company.

Business overview

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2.1 Business profile

Description of the Company's activities and service market

Ignitis Suomi Oy is an independent Lithuanian capital natural gas supplier in Finnish market. The Company's core line of business is the supply of natural gas. Company was established on 22nd of April 2021.

Company supplies natural gas to Finnish business entities since 2022.

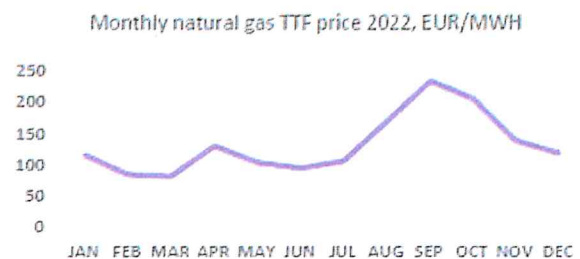
The Company's customer base has been increasing throughout the year. Through direct consumers, the amount of supplied gas is almost 1 400 GWh. Aiming to retain the existing customers and attract new ones, the Company is focusing on the current and new supply related activities in the energy sector, enabling the Company to provide customers with a wide choice of added value solutions and creates the distinctive competitive position for the Company.

Objective overview of the Company's financial position, performance and development

In 2022 Ignitis Suomi Oy started the business expansion of the Company by increasing the customer base and adding new services. The financial year was completed with a total of 3 employees.

As a result of sales strategy and natural gas supply planning, in the first year of operation, the Company managed to supply up to 1,3 GWh of natural gas to end customers. Due to significant increase in natural gas prices (see charts below), total annual turnover in 2022 was 121,5 million EUR.

Financial Indicators, in thousand EUR	2022
Sales	121 667
Net profit (loss)	-63
Assets	107 808
Shareholders' equity	2
Liabilities	107 806
Of which borrowings	19 400



Other information

The Company's activities comply with the requirements stipulated by the relevant environmental laws.

The Company did not hold its own shares at the beginning of the reporting period and did not acquire any of its own shares during the reporting period.

The Company had no branches or representative offices during the reporting period.

In 2022, the Company had no research and development activities.

2.2 Strategy

Overview

The Company is a part of Ignitis Group and performs its activities with the aim to ensure the implementation of Ignitis Group's strategy updated in 2020, which is applicable to all Group companies.

Sustainability is at the core of our strategy. At Ignitis Group, we are accelerating changes that will contribute towards reduction of greenhouse gas emissions worldwide, transforming its business models by developing and implementing smart energy solutions, expanding in the region, and exploring new opportunities in the markets undergoing energy transition.

In Ignitis Group's strategy, we focus on four key strategic priorities. First, we are creating a sustainable future. ESG criteria are an integral part of our strategic goals with strong commitment to a more sustainable future. At the Group, our business targets align with the United Nations' Sustainable Development Goals and Ignitis Group is committed to reducing net carbon dioxide emissions to zero by 2050. We also strives to align our businesses with science-based targets to a 1.5°C-compliant business model. Second, we are ensuring resilience and flexibility of the energy system, as well as enabling energy transition and evolution. Third, we are growing renewables to meet regional energy commitments. We target to reach 4 GW of installed green generation capacity by 2030. Fourth, we are capturing growth opportunities and developing innovative solutions to make life easier for the energy smart.

As a Group, our focus is on the home market – the Baltic countries, Poland, and Finland. We also explore new opportunities in countries on the energy transition path.

We pursue our strategic priorities with a strong focus on financial discipline. Our engaged people, agile teams, learning culture, organisation with strong governance model and digital approach are the integral parts of our strategy at Ignitis Group.

To ensure strategy implementation on an annual basis, we, at Ignitis Group, publish a strategic plan with targets and KPIs set for the next 4-year period, which all the subsidiaries of the Group follow and are responsible for their implementation.

Our values



RESPONSIBILITY

Care. Do. For Earth.
Starting with myself.



PARTNERSHIPS

Diverse. Strong.
Together.



OPENNESS

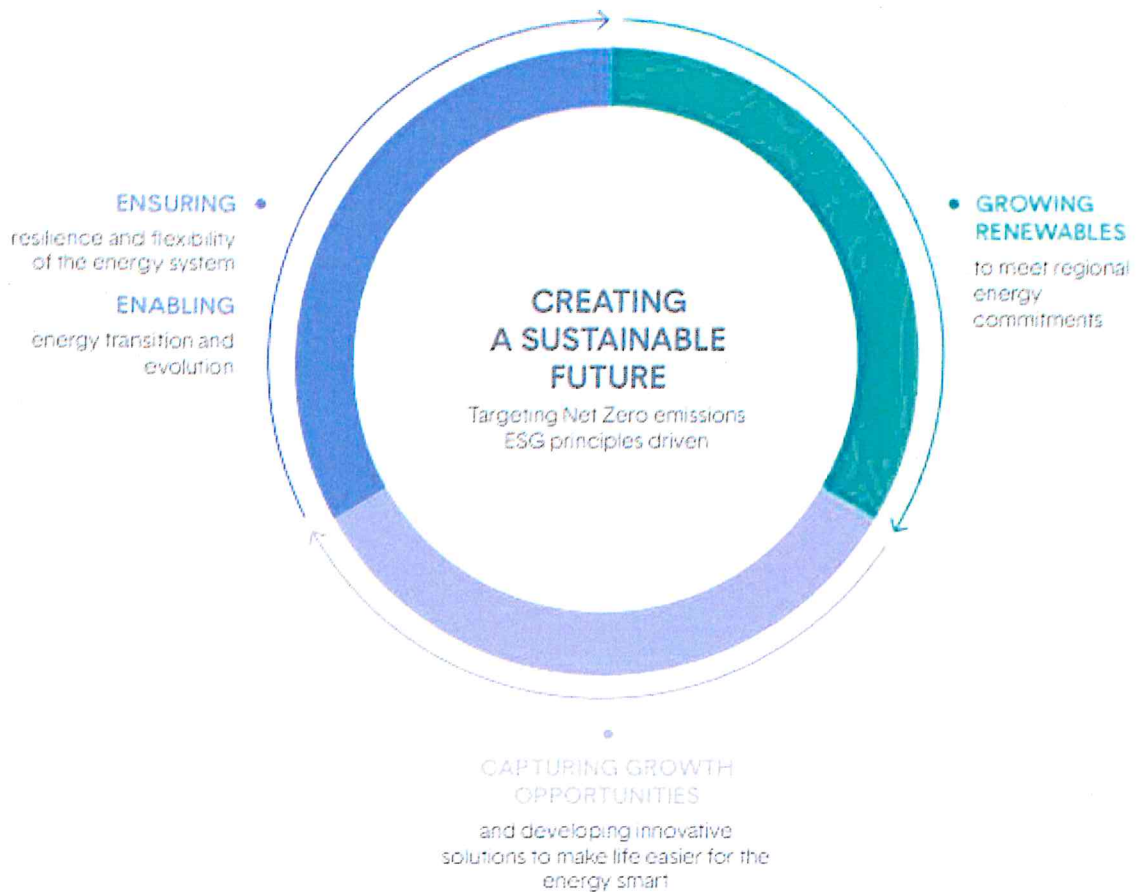
See. Understand. Share.
Open to the world.



GROWTH

Curious. Bold.
Everyday.

In our **vision**, we transform
for a **more sustainable world**.



In everything we do, we are united by the **mission** to make the world more **energy smart**.

Governance

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3.1 Governance framework

Governance model

In accordance with the Company's Articles of Association, Company's management is carried out by the Board of Directors. The Board of Directors is the executive institution of the Company, which manages and represents the Company. The competencies of the Board of Directors, the procedure of decision-making, election and removal of its members are established by the Commercial law and Articles of Association.

Shareholders

The Company belongs to Ignitis UAB, which is registered in Republic of Lithuania and ultimately to the Lithuania state-owned energy-holding group of companies AB Ignitis grupė. The ultimate shareholder of the Company's ultimate parent company is the State of the Republic of Lithuania (74.99%).

3.2 The Board of Directors

Overview

The Board of Directors is a management body of the Company which manages and represents the Company. The Board of Directors consists of 1 (one) board member who represents the Company solely and is elected for the term of office of 4 (four) years. The competence of the Board of Directors, the procedure of adoption of decisions, election and recall of the Board of Directors members is laid down by laws, other legal acts, the present Articles of Association and the Rules of Procedure of the Board of Directors and the decisions of the General Meeting of Shareholders.


The Board of Directors must keep in confidentiality commercial secrets of the Company and the Group of Companies, as well as the confidential information which they became aware of while holding their office.

The competence of the Board of Directors, the procedure for decision-making, election and removal of its members shall be established by laws, other legal acts, Article of Association, and these Rules of Procedure for the Management of the Company

Functions and responsibilities of the Board of Directors.

- To approve the operating budget of the Company, the operational plan of the Company, the objectives (indicators) of the Company.
- To approve the business strategy of the Company.
- To organize the Company's activities.
- To assess annual financial statements, profit (loss) statement and provide to the General Meeting of Shareholders.
- To approve annual report and provide to the General Meeting of Shareholders.
- To approve the Company's management and organisational structure, the list of positions of the employees and the maximum number of positions.
- To approve the list of confidential information and commercial (industrial) secrets.

Board of Directors

	Description	Experience	Education	Other current place of employment, position
	<p>Haroldas Nausėda Member of the board of Directors Term of office: from 22 April 2021 until 22 April 2025</p>	<p>In 2008, Haroldas Nausėda started working for Lietuvos dujos as a manager at the Strategic Development Department, later he became the Company's call centre manager, and subsequent to that, he became the Head of the gas exchange GET Baltic. Since 2014 Haroldas Nausėda has held the position of the Head of Commerce at Lietuvos dujų tiekimas, and after the company became Lietuvos energijos tiekimas – he has held the position of the Head of B2B Customers and Development.</p>	<p>2011 – 2013 Business Management Courses for managers, ISM University of Management and Economics, Lithuania</p> <p>2007 – 2009 Master's degree in business management and administration, Vilnius University, Lithuania</p> <p>2003 – 2007 Bachelor's degree in informatics, Vilnius University, Lithuania</p>	<p>Main employer - UAB Ignitis (company code 303383884, address: Laisvės pr. 10, LT-04215 Vilnius) Head of B2B Customers and Development Department, Management Board member</p> <p>Other managerial positions held:</p> <p>Ignitis Eesti OÜ (company code 12433862, address: Narva mnt. 5, 10117 Tallinn, Estonia) Management Board member.</p> <p>Ignitis Suomi Oy (company code 3202810-4, address: Firdonkatu 2, Workery West, 6th floor, 00520 Helsinki, Finland) Management Board member</p> <p>AB LTG Infra (company code 305202934, address: Geležinkelio g. 2, LT-02100 Vilnius) Management Board member</p>

Managing director

Overview

The Managing Director is the sole management body of the Company. Except as provided in Articles of Association and legal, these Rules of Procedure for the Management of the Company and legal acts, the Managing Director shall organize the activities of the Company, manage them. The Managing Director shall commence his duties from the day of his election, unless otherwise provided in his employment agreement. The employment contract with the Managing Director shall be signed by the Board of Directors.

In his activities the Managing Director shall follow laws and other legal acts, Article of Association, these Rules of Procedure for the Management of the Company and the decisions of the General Meeting of Shareholders, the resolutions of the Board of Directors.

Functions and responsibilities of the Managing Director.

- ensure the implementation of the operating strategy of the Company;
- organize the Company's activities;
- be responsible for preparation of the statements on the financial position of the Company;
- be responsible for preparation of the statements on the Company's results of economic activities, income and cost estimates, stocktaking and other accounting data of changes in assets;
- be responsible for preparation of the set of annual financial statements of the Company, the set of interim financial statements of the Company prepared for the purpose of adoption of a decision on the allocation of extraordinary dividends for a period shorter than the financial year, draft distribution of the Company's profit (loss) and draft decision on dividends for a period shorter than the financial year;
- approve the work regulations of the Company;
- employ and dismiss employees, conclude and terminate employment contracts with them, provide incentives and impose disciplinary actions;

- open and close accounts with banks and dispose the Company's funds held in such accounts;
- represent the Company before court, arbitration, other institutions and in relationships with third parties;
- issue powers of attorney and authorisations;
- guarantee the protection of the Company's assets, creation of the appropriate working conditions for the Company's employees, protection of commercial secrets and confidential information of the Company;
- publish the information specified by legal acts in accordance with the procedure laid down in these Articles of Association;
- ensure the submission of the Company's documents and data to the Enterprise Register;
- provide information to shareholders in the cases provided for by laws and these Articles of Association, or at their request;
- conclude an agreement with an sworn auditor (audit firm of sworn auditors) and ensure the submission of all documents of the Company required for the audit;
- undertake decisions on the Company's becoming a founder or a participant of other legal entities or transfer the shares or other rights granted by them that are owned by Company;
- open branches and representative offices of the Company;
- undertake decisions on the approval of the procedure of allocation of charity and sponsorship;
- undertake decision on the provision of charity and sponsorship or other disposal of assets without consideration in accordance with the procedure approved by the Supervisory Board;
- determine guidelines and regulations, annual financial plans, the annual rate of return on assets, maximum rates of debt liabilities of subsidiaries, and the determination of other operating parameters of the Company's subsidiaries in line with requirements of legal acts;
- participate and vote at general meetings of shareholders of companies in which the Company is a shareholder;
- other matters attributed to the competence of the Managing Director by virtue of other legal acts, Articles of Association or by the General Meeting.

Profile

Description	Experience	Education	Other current place of employment, position
Alex Novitsky Managing director Term of office: from 1 July 2021	Over 30 years in C- level and board level in energy and management consulting & engineering businesses in Nordics, Baltics and Eastern Europe	MSc. in Economics and Business Administration, Helsinki School of Economics (major: International Business)	Board Memberships: STR Tecoil Oy - Waste oil management and regeneration Finnish Lithuanian Trade Association

3.3 Risk and risk management

Risk management framework

In connection with the business activities, Ignitis Group is exposed to internal and external risks that might affect the performance. To ensure their mitigation to an acceptable level, Ignitis Group applies uniform risk management principles for all subsidiaries, including the Company. Risk management principles 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 31000:2009.

The main risk management objectives of Ignitis Group are the following:

- to achieve Ignitis Group's performance objectives with controllable, yet, in principle, acceptable deviations from these objectives;
- to ensure a timely provision of information of the highest possible accuracy to decision-makers, shareholders and other stakeholders;
- to protect Ignitis Group's reputation and ensure reliability;
- to protect the interests of shareholders, employees, customers, stakeholders and the public;
- ensure the stability (including financial) and sustainability of Ignitis Group's activities.

In order to effectively manage and control risks arising from its activities, Ignitis Group applies the "three lines of defence" principle by establishing a clear distribution of responsibilities for risk management and control between the management and supervisory bodies, structural units or functions of Ignitis Group.

Risk assessment and control

Each year, Ignitis Group carries out the risk assessment identifying key risks and its management strategies for the upcoming year. To ensure that risks and their mitigation strategies correspond to recent developments and changes in both the business environment and the activities of Ignitis Group, we review the relevance of the existing and new risk factors on a quarterly basis and define additional actions to manage risks, if needed.

More information about risk management model, risk factors and risk management of Ignitis Group is available on [Ignitis Group Annual report 2022](#).

4.1 Company's financial statements

For the year ended 31 December 2022 prepared according to local GAAP

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Balance sheet

ASSETS	31.12.2022	31.12.2021
Non-current assets		
Right-of-use assets		
Right-of-use assets	45 727,46	37 081,56
Intangible assets in total	45 727,46	37 081,56
Non-current assets in total	45 727,46	37 081,56
Current assets		
Inventory		
Materials, supplies and goods	63 078 237,81	0,00
Inventory in total	63 078 237,81	0,00
Receivables		
Long term		
Deferred tax assets	67 417,72	0,00
Long-term debtors in total	67 417,72	0,00
Short term		
Accounts receivable	27 977 160,95	0,00
Other receivables	5 436,00	9 869,24
Prepayments and accrued income	11 509,69	6 348,76
Short-term debtors in total	27 994 106,64	16 218,00
Receivables in total	28 061 524,36	16 218,00
Cash in hand and at bank	16 622 264,79	83 902,71
Current assets in total	107 762 026,96	100 120,71
ASSETS IN TOTAL	107 807 754,42	137 202,27

LIABILITIES	31.12.2022	31.12.2021
Capital and reserves		
Sharecapital	200 000,00	200 000,00
Retained earnings (loss)	-134 704,41	0,00
Profit (loss) for the financial year	-63 392,54	-134 704,41
Capital and reserves in total	1 903,05	65 295,59
Creditors		
Long term liabilities		
Lease liabilities	19 337,77	17 763,22
Long term liabilities in total	19 337,77	17 763,22
Short term liabilities		
Lease liabilities	26 389,69	19 306,93
Prepayments	60 620 875,26	0,00
Trade creditors	286 819,82	7 026,80
Liabilities to group companies	40 241 324,53	0,00
Other creditors	6 500 088,47	4 883,12
Accruals and deferred income	111 015,83	22 926,61
Short term liabilities in total	107 786 513,60	54 143,46
Creditors in total	107 805 851,37	71 906,68
LIABILITIES IN TOTAL	107 807 754,42	137 202,27

Income statement

	01.01.2022 - 31.12.2022	06.04.2021 -31.12.2021
Net revenue	121 667 858,12	0,00
Materials and services		
Materials, supplies and goods		
Purchases during the financial year	-183 700 168,94	0,00
Increase (+) or decrease (-) of inventories	63 078 237,81	0,00
External services	-508,00	0,00
Materials and services in total	-120 622 439,13	0,00
Personel expenses		
Wages and salaries	-294 373,28	-73 352,72
Social security expenses	-60 970,00	-14 951,45
Pension expenses	-53 928,37	-12 931,50
Other social security expenses	-7 041,63	-2 019,95
Personel expenses in total	-355 343,28	-88 304,17
Depreciation and reduction in value		
Depreciation according to plan	-46 360,36	-13 290,05
Depreciation and reduction in value in total	-46 360,36	-13 290,05
Other operating charges	-424 290,05	-32 725,97
Operating profit (loss)	219 425,30	-134 320,19
Financial income and expenses		
Other interest and financial income		
From others	14,62	0,41
Interest and other financial expenses		
For group companies	-318 759,34	0,00
For others	-30 985,65	-384,63
Financial income and expenses in total	-349 730,37	-384,22
Profit (loss) before financial statement transfers and taxes	-130 305,07	-134 704,41
Income taxes		
Deferred taxes	66 912,53	0,00
Profit (loss) for the financial year	-63 392,54	-134 704,41

Notes to the financial statements

The company is a small company as defined in the Accounting Act and the financial statements have been prepared in compliance with the rules pertaining to small enterprises laid down in Chapters 2–3 of the Government Decree on the information presented in the financial statements of small and micro enterprises.

Valuation principles and methods

Measurement principles applied to receivables, investments and liabilities

Receivables, investments and other similar financial assets as well as liabilities are valued according to Chapter 5, Section 2 of the Accounting Act.

Other than this, the financial statements have been prepared in accordance with the default valuation and recognition principles and methods laid down in Chapter 3, Section 1 (2–3) of the Government Decree on the information presented in the financial statements of a small and micro enterprises.

Other information that complements the correct and sufficient picture

The figures for the comparison year are unaudited.

The financial statements have been prepared for the calendar year 2022. The financial statements for the comparison year have been prepared correspondingly for the period 6 April 2021 to 31 December 2021. The actual business started during the 2022 financial year. For the reasons mentioned above, the financial years are not comparable.

Information about the parent company

The company is a 100 % subsidiary of the group, whose parent company is IGNITIS UAB (business ID 3171138-2) and is domiciled in Vilnius, Lithuania.

Transactions with interested parties

Short-term loans from companies in the same group	19.400.000,00
Accrued liabilities to companies in the same group	20.841.324,53
Purchases from companies in the same group	183.648.786,11
Interest expenses for companies in the same group	318.759,34

Personnel

Average number of personnel

	31.12.2022	31.12.2021
Employees	3	1

Deferred taxes

The company has a calculated tax receivable of 67,417.72 euros on the balance sheet on 31 December 2022. Deferred tax assets have been recorded based on the losses of this and the previous financial period. According to the company's calculations, the company's results for the financial years 2023-2024 are profitable and the deferred tax receivable can be used during the financial years 2023-2024. If the company's profit development does not develop according to the management's view, these may include the need for write-downs.

Lease and leasing liabilities

Lease agreements in which a substantial part of the risks and benefits characteristic of ownership have been transferred to the company are classified as finance leases. An asset leased under a

finance lease is entered in the balance sheet at the lease term's starting point at the fair value of the leased asset or at the lower present value of the minimum rent. The rental obligations of finance leases are entered in interest-bearing liabilities on the balance sheet. The rents to be paid are divided into financial expenses and debt reduction. Finance leased assets are depreciated over the useful life of the asset or the shorter lease period.

Finance leasing contracts:

Intangible right-of-use assets include assets acquired through finance leases as follows: 45 727,46 euros.

Maturity periods of finance leasing debts: 1-3 years

Fixed assets or lease liabilities that are not recorded in the balance sheet

- short-term (rental period no more than 12 months)

The company records the rental costs related to these leases as expenses over the lease period in equal installments.

Lease liabilities	31.12.2022	31.12.2021
Short term	26.389,69	19.306,93
Long term	19.337,77	17.763,22

Items recorded with an effect on profit	2022	2021
Depreciation on right-of-use assets	46.360,36	13.290,05
Interest expenses on lease liabilities	3.552,65	0,00

Changes in capital and reserves

	31.12.2022	31.12.2021
Subscribed capital 01.01	200 000,00	0,00
Subscribed capital 31.12	200 000,00	200 000,00
Restricted equity in total	200 000,00	200 000,00
Retained earnings (loss) 01.01	-134 704,41	0,00
Retained earnings (loss) 31.12	-134 704,41	0,00
Profit (loss) for the period	-63 392,54	-134 704,41
Unrestricted equity in total	-198 096,68	-134 704,41
CAPITAL AND RESERVES IN TOTAL	1 903,05	65 295,59

Calculation of distributable unrestricted equity in accordance with Chapter 13,
Section 5 of the Limited Liability Companies Act

Retained earnings	-134 704,41
Profit for the period	-63 392,54
Unrestricted equity in total	-198 096,68
Distributable equity in total	0,00

Proposal of the Board of Directors for the use of distributable equity

Company's distributable non-restricted equity is -198 096,68 EUR, of which the loss for the financial year is -63 392,54 EUR.

The Board of Directors proposes that dividend will be not distributed.

Signatures of the financial statements

The official language of the company is Finnish. The financial statements have been prepared in Finnish language. The English version is an unofficial translation.

Helsinki 21.06.2023

Alex Novitsky
Managing Director



Haroldas Nauséda
Member of the Board of Directors

