Kvalifikuotas elektroninis parašas
JONAS RIMAVIČIUS
2025-02-26 06:48:57 GMT+2
Paskirtis: Parašas

Kvalifikuotas elektroninis parašas
PAULIUS ŽUKOVSKIS
2025-02-26 07:06:29 GMT+2
Paskirtis: Parašas

Kvalifikuotas elektroninis parašas
DARIUS MAIKŠTĖNAS
2025-02-26 07:22:26 GMT+2
Paskirtis: Parašas

ignitis
group

Integrated Annual Report 2024

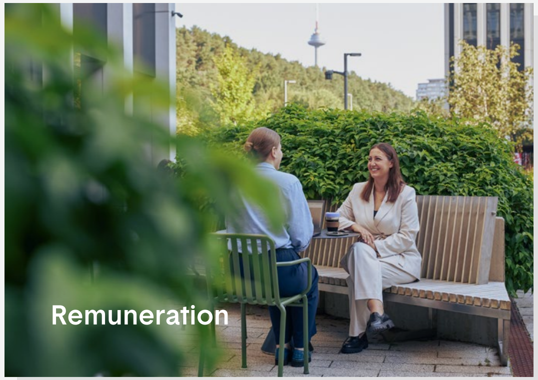
Integrated Annual Report 2024

Our Integrated Annual Report 2024 contains all relevant reports, which can be accessed through the links on the right side.

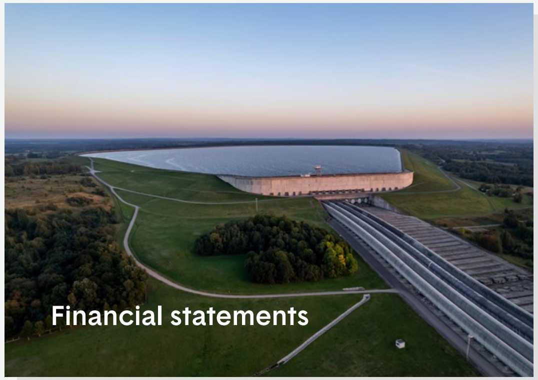
In accordance with European Single Electronic Format (ESEF) requirement, the Group's Integrated Annual Report 2024 is published as an XHTML tagged document here. For all intents and purposes, other than the XHTML document is considered as nonofficial version and ESEF version prevails in case of any questions or conflicts.

Sustainability statement

Governance



Remuneration



Financial statements

Our purpose is to create a 100% green and secure energy ecosystem for current and future generations

Renewables-Focused Integrated Utility

GREEN

Growing green generation and green flexibility capacity:
4–5 GW of installed Green Capacities by 2030

FLEXIBLE

Creating a flexible system that can operate on 100% green energy in the short, medium, and long term

INTEGRATED

Utilising the integrated business model to enable Installed Green Capacities build-out

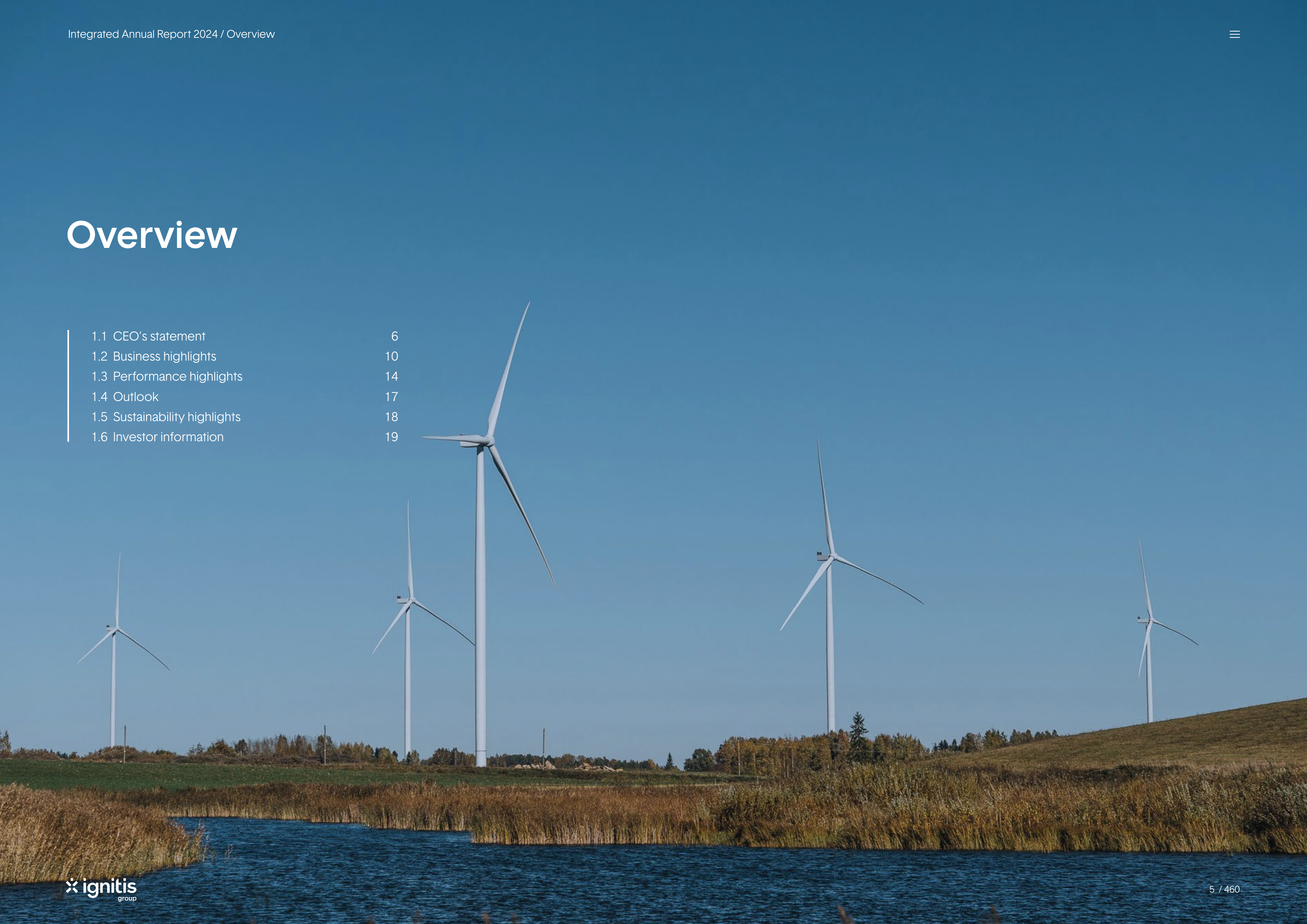
SUSTAINABLE

Maximising sustainable value:
Net zero emissions by 2040–2050

Contents

MANAGEMENT REPORT

FINANCIAL STATEMENTS



Overview

1.1 CEO's statement

Highlights

Financial performance

- Adjusted EBITDA: 527.9 EURm (+8.9% YoY); Green Capacities contributed 49.7%.
- Investments: 812.0 EURm, with 53.5% to Green Capacities.
- Dividend: EUR 1.326/share[1] (96.0 EURm in total).
- Credit rating: S&P reaffirmed 'BBB+' (stable).

For 2025, we expect Adjusted EBITDA of EUR 500–540 million and Investments of EUR 700–900 million.

Business development

Green Capacities: Portfolio increased to 8.0 GW (from 7.1 GW), Secured Capacity to 3.1 GW (from 2.9 GW), Installed Capacity to 1.4 GW (from 1.3 GW).

Key milestones:

- reached CODs at Silesia WF I (50 MW) in Poland, Vilnius CHP biomass unit (71 MWe, 170 MWth) in Lithuania, Tauragė SF (22.1 MW) in Lithuania;
- completed the construction of and supplied first power to the grid at Silesia WF II (137 MW) in Poland;
- supplied first power to the grid at Kelmė WF (300 MW) in Lithuania;
- made the Final Investment Decision for Tume SF (174 MW) in Latvia;
- secured grid connection capacity for our first BESS projects (<290 MW) in Lithuania;
- secured land for the development of hybrid projects (314 MW), i.e., we are planning to develop wind farms near our Latvian solar farms;
- secured seabed site (Liivi 1) in Estonian offshore wind tender together with CIP.

Networks: 3.5 EURbn (+40%) Investments set in 10-year Investment Plan (2024–2033); 2025 total RAB set at 1.8 EURbn (+0.2 EURbn), WACC (weighted average) – 5.79% (+0.71 pp), and additional tariff component – EUR 37.5 million (-6.3%); smart meters exceeded 1 million installed.

Customers & Solutions: 1,091 (+715 YoY) EV charging points installed.

Sustainability

- Green Share of Generation: 81.5% (-3.5 pp YoY).
- GHG emissions: Scope 1 – 0.48 million CO_2-eq (+14.8% YoY), Scope 2 – 0.12 million CO_2-eq (-35.6% YoY), Scope 3 – 3.45 million (-8.3% YoY), totalling 4.05 million t CO_2-eq (-7.2% YoY).
- Carbon intensity (Scope 1 & 2): 199 g CO_2-eq/kWh (-18.4% YoY).
- No fatalities; TRIR at 1.12 (employees) and 0.84 (contractors).
- eNPS: 65.2 (+7.7 YoY).

Darius Maikštėnas
Chair of the Management Board and CEO

---

[1] A dividend of EUR 1.326 per share for 2024 comprises of a dividend of EUR 0.663 paid for H1 2024 and a proposed dividend of EUR 0.663 for H2 2024, which is subject to the decision of our Annual General Meeting of Shareholders to be held on 26 March 2025.

Continued strategy delivery with strong underlying results. Full-year Adjusted EBITDA guidance beat

Financial performance

In 2024, our Adjusted EBITDA reached EUR 527.9 million, with an increase of EUR 43.2 million (8.9%) compared to 2023, surpassing our market guidance of EUR 480–500 million. This growth was primarily driven by stronger performance in our two largest segments: Green Capacities and Networks.

The Green Capacities segment delivered a strong increase in Adjusted EBITDA as we launched new assets: Silesia WF I, Vilnius CHP biomass unit and Tauragė SF, while Kelmė WF and Silesia WF II began supplying power to the grid. Also, Mažeikiai WF contributed to the result due to full-year effect (COD reached in August 2023). Higher captured electricity prices, supported by the flexibility of our assets, also significantly contributed to this growth. Notably, the Green Capacities segment remained the largest contributor to Adjusted EBITDA with a 49.7% of our total result.

Networks segment's Adjusted EBITDA increased mainly due to higher RAB, which resulted from continued Investments in the distribution network and a higher WACC set by the regulator.

Next, the Reserve Capacities segment delivered a strong performance in both 2024 and 2023 benefiting from the utilised option to earn additional market returns on top of the regulated return. However, the extraordinary market conditions in Q1 and Q4 of 2023, which enabled higher returns, led to a YoY decline in results.

Finally, the Customers & Solutions segment reported a decrease in Adjusted EBITDA, primarily due to lower results in B2B natural gas supply, which was impacted by a significant positive inventory write-down reversal effect in 2023. This decline was partially offset by reduced losses from B2C electricity supply and improved B2B electricity supply results in Poland.

In 2024, our Investments amounted to EUR 812.0 million (-13.3% YoY) and fell within our market guidance range (EUR 750–900 million), with 80.8% of these Investments directed towards projects in Lithuania. In total, more than half of the Investments were made in the Green Capacities segment (53.5% of the total Investments), and the majority of them were for new onshore wind farms in Lithuania.

Despite the 22.4% increase in our Net Debt (EUR 1,612.3 million as of 31 December 2024 compared to EUR 1,317.5 million as of 31 December 2023), our balance sheet remained robust, supported by strong leverage metrics. Our FFO/Net Debt ratio improved to 29.7% (compared to 29.4% as of 31 December 2023) as the FFO growth rate closely matched the increase in Net Debt.

In terms of return to shareholders, we remain committed to our Dividend Policy. For 2024 we intend to distribute a dividend of EUR 1.326 per share, corresponding to EUR 96.0 million, and a yield of 6.8–7.0% for ordinary registered shareholders and global depositary receipt holders (based on year-end closing prices). A total dividend per share for 2024 comprises of a dividend of EUR 0.663 paid for H1 2024 and a proposed dividend of EUR 0.663 for H2 2024, which is subject to the decision of our Annual General Meeting of Shareholders to be held on 26 March 2025.

For 2025, we expect our Adjusted EBITDA to be in the range of EUR 500–540 million. We anticipate growth in three of our four core segments – Green Capacities, Networks, and Reserve Capacities. We assume that Adjusted EBITDA of Green Capacities segment, will increase due to new projects with a total capacity of +700 MW reaching COD in 2025. In Networks segment, we expect growth due to approved higher RAB and higher WACC, and in Reserve Capacities segment increase is anticipated due to higher electricity generation volumes from new services provided. Also, for 2025 we expect our Investments to be in the range of EUR 700–900 million.

Business development

Since the beginning of 2024, we continued to grow and develop our Green Capacities Portfolio, increasing its total capacity by 0.8 GW to 8.0 GW (from 7.1 GW). This is a result of greenfield capacity additions of around 0.5 GW and grid connection capacity secured for our first BESS projects (<290 MW) in Lithuania.

We also increased our Secured Capacity by 0.2 GW to 3.1 GW (from 2.9 GW), as Tume SF (173.6 MW) in Latvia reached the construction

> **Our Adjusted EBITDA exceeded full-year guidance and amounted to EUR 527.9 million; Investments – fell within guidance range and amounted to EUR 812.0 million. For 2025, we expect Adjusted EBITDA of EUR 500–540 million and Investments of EUR 700–900 million.**

phase. Our Installed Capacity increased to 1.4 GW (from 1.3 GW), as Silesia WF I (50 MW) in Poland reached COD in March, Vilnius CHP biomass unit in Lithuania reached full COD for the remaining 21 MWth and 21 MWe capacities in May, and Tauragė SF (22.1 MW) in Lithuania reached COD in July.

In terms of our projects under construction, I am pleased to highlight the progress on Kelmė WF (300 MW) in Lithuania, the largest wind farm under construction in the Baltics. In Q2, we installed the first wind turbine, and by Q3, the project began supplying its first power to the grid. So far, we have successfully completed the installation of all 44 wind turbines.

It's also worth mentioning our progress on the largest solar portfolio under construction in the Baltics – Stelpe SF (145 MW), Varme SF (94 MW), and Tume SF in Latvia. At Stelpe SF 22 out of 145 solar panels have been installed, while at Varme SF nearly two-thirds of the solar panels (61 out of 94) are now in place. Both projects are expected to reach COD in 2025. For Tume SF (174 MW), we have made the Final Investment Decision and started construction with an expected COD in 2026.

Additionally, the construction of the fifth unit (110 MW) at Kruonis PSHP is progressing as planned, with the site prepared for construction. The new unit will enhance Kruonis PSHP's efficiency and flexibility as it will be capable of operating at 77–110 MW in pump mode and 44–110 MW in generator mode, with a cycle efficiency ratio of up to 80.0%, which is 6.0 pp higher than the existing units. The project is expected to reach COD in 2026.

The implementation of our remaining Green Capacities projects under construction is progressing as planned, with no significant changes since Q3 2024 apart from one exception. At our Silesia WF II (137 MW) project in Poland, we have completed the construction works both on time and within budget, with all turbines erected, installed and operational. As planned, the project supplied first power to the grid, reached partial operation (with an operational cap set at 70 MW) in Q4 2024 and has been generating revenue since then, limiting the financial impact. However, due to the delays in reinforcing the grid (that are beyond our control), we now expect the wind farm to reach full operation and capacity COD in H2 2025 (previously – Q1 2025).

Finally, with this integrated annual report, we provide an update on offshore wind development. Firstly, regarding Lithuania's second 700 MW offshore wind project CfD tender – in October 2024, we took decisions to participate in Lithuania's second 700 MW offshore wind tender and seek partners. As in January 2025 the tender has been temporarily suspended, with the tender expected to be relaunched in due course and awarded in H2 2025, we will make the decision whether to participate in the relaunched tender when we will know the conditions of it.

Next, we have been developing Curonian Nord offshore wind project in Lithuania according to the plan until now. We expect to make a Final Investment Decision after completion of development and obtaining construction permit in 2027. However, as a result of large-scale electrolysis projects being delayed across Europe, including the Baltics, possibilities to secure long-term power offtake have reduced. Combined with challenges in the current offshore wind supply chain environment, financing of the project may become challenging as we approach FID in 2027. As a result, there might be a need to delay the project COD until there is more visibility on the electrolysis demand and/or the interconnector with Germany. We will continue to monitor the market developments and will update our plans accordingly.

And lasty, regarding Estonian offshore wind project Liivi – we are exploring opportunities to participate in the potential CfD tender, which is subject to parliamentary approval in Estonia.

In the Networks segment, the regulator (NERC) has approved our 10-year (2024–2033) Investment Plan for distribution networks, which we submitted to the regulator for public consultation and coordination on 11 June 2024. The plan foresees a 40% increase in Investments to EUR 3.5 billion. The previous 10-year investment plan submitted to NERC projected EUR 2.5 billion in Investments for 2022–2031.

Also, the regulator (NERC) has adopted resolutions, setting 2025 RAB at EUR 1.8 billion (EUR 1.6 billion in 2024), WACC (weighted average) – 5.79% (5.08% in 2024), and additional tariff component – EUR 37.5 million (EUR 40 million in 2024). Finally, we are successfully continuing the roll-out of smart meters. The total number of installed smart meters has exceeded 1 million, and we remain on track to complete the mass roll-out by 2026.

In the Customers & Solutions segment, we continue to expand the EV charging network across the Baltics, with a total of 1,091 EV charging points (+715 since 31 December 2023) now installed in Lithuania, Latvia and Estonia.

> **In 2024, we increased our Green Capacities Portfolio to 8.0 GW (from 7.1 GW), Secured Capacity to 3.1 GW (from 2.9 GW), and Installed Capacity to 1.4 GW (from 1.3 GW). In total, our Investments amounted to EUR 812.0 million, with more than half directed to the Green Capacities segment (53.5% of the total Investments), mainly for new onshore wind farms in Lithuania.**

Sustainability

Sustainability remains a core element of our strategy, with a strong focus on advancing decarbonisation and ensuring health and safety. Our approach is comprehensive, encompassing environmental, social, and economic dimensions as we navigate the evolving landscape of energy transition towards a more sustainable world.

We are proud to present our latest Sustainability statement, which is integrated into this report. From this year onwards, it will be prepared according to and fully comply with the Corporate Sustainability Reporting Directive (CSRD). It reinforces our commitment to transparency and offers stakeholders a clear view of our achievements and future goals.

Our Sustainability statement includes disclosures made on a materiality basis and highlights our progress in aligning with the United Nations Global Compact (UNGC) principles and contributing to the United Nations Sustainable Development Goals (SDGs). It showcases our commitment to follow the leading sustainability reporting frameworks. The statement also features a detailed assessment of our compliance with the EU Taxonomy Regulation, underlines our dedication to meeting rigorous environmental standards and contribution to sustainable economic activities as outlined by the European Union. In 2023, our Sustainability report was accompanied for the first time by a voluntary limited assurance on selected sustainability indicators, while in 2024, we received a comprehensive limited assurance from KPMG.

Over the past year, our journey towards decarbonisation has been strategic and impactful, with a focus on identifying key areas for action, implementing targeted measures and closely monitoring their impact. Our Green Share of Generation amounted to 81.5% (-3.5 pp YoY due to proportionally higher electricity generation in CCGT (Reserve Capacities)). In 2024, our total GHG emissions, based on the updated accounting methodology, were 4.05 million t CO_2-eq, marking a 7.2% decrease YoY. Notably, we achieved a significant 35.6% reduction in Scope 2 emissions and an 8.3% decrease in Scope 3 emissions. This decrease highlights our ongoing efforts to refine our operations and contribute to a more sustainable future, while managing the complexities of overall emissions. However, our Scope 1 emissions rose by 14.8% due to increased energy production. In 2024, the carbon intensity of our Scope 1 and 2 emissions decreased by 18.4% YoY to 199 g CO_2- eq/kWh, driven by a higher electricity generation from renewables and the reduction of Scope 2 emissions.

We are ambitiously aiming for net zero emissions between 2040 and 2050. A key element of this strategy is the expansion of our Green Capacities segment, dedicated to renewable energy development. This plays a pivotal role in accelerating our decarbonisation efforts, supporting our long-term sustainability goals, and reinforcing our leadership in environmental stewardship within the industry.

Reflecting on the year 2024, we have steadfastly advanced our occupational health and safety programme, "Is it Safe?". Our focus was on comprehensive training, effective communication, innovative solutions, and sharing best practices. We had no fatalities this year, though there were several incidents resulting in injuries. Consequently, we are committed to strengthening our Health, Safety, and Environment function to raise awareness and improve safety for all our employees and contractors. In 2024 our Total Recordable Injury Rate (TRIR) for employees was 1.12, for contractors – 0.84, both well below the targeted level.

To strengthen our commitment to nurturing an internal culture where work and rest is balanced, an environment where employees feel empowered, recognised and united by common values, we have developed a burnout algorithm, i.e., guidelines for prevention, intervention and post-intervention actions, to manage the risk of burnout. When following this algorithm, we monitor burnout risk indicators within the Group, take planned actions when we identify burnout risks, review personal agreements between managers and employees and offer support at the Group level.

Scoring 65.2 in the employee overall experience survey (eNPS) and earning the Top Employer certificate for the fourth consecutive year are significant achievements. These accolades reflect our success in implementing and maintaining a comprehensive employee wellbeing approach. Additionally, we partnered with over 250 educational institutions, delivering 455 lectures to more than 10,500 students. More than 80 colleagues contributed by giving lectures, organizing quizzes, and sharing their knowledge. This initiative aims to educate students and engage communities, furthering our commitment to social impact.

Finally, we are proud that our holistic approach to sustainability is reflected in the ESG ratings and recognitions. We have expanded our Ecovadis assessment scope to include the entire Group, whereas previously it only covered one company of the Group, Ignitis (Customers & Solutions). We have also received high scores in other ESG risk ratings, reinforcing our position as a leader in addressing critical sustainability risks.

Our ongoing efforts to create a 100% green and secure energy ecosystem for current and future generations are evident in our strategic and financial performance. This performance underscores our dedication to sustainability and value creation for our shareholders and society as we lead the energy transition in our region.

Darius Maikštėnas
Chair of the Management Board and CEO

1.2 Business highlights

January

Green Capacities:

- We, together with our partner CIP, won the second seabed site (Liivi 1) in the Estonian offshore wind tender and see the site as a natural extension of the Liivi 2 seabed site secured in December 2023), which will allow for greater synergy and optimisation in developing the sites as a single offshore wind project. The actual capacity of the offshore wind farm is expected to be 1–1.5 GW.

Networks:

- ESO has agreed with the regulator (NERC) to amend the repayment schedule of the EUR 160 million regulatory difference to 2024–2031 (from 2024–2036). In this regard, NERC updated the methodology for calculating the additional tariff component and linked it to the leverage level cap of 5.5x (ESO net debt/ESO adjusted EBITDA, both calculated based on the methodology approved by NERC), which means that, if ESO's leverage level exceeds the predetermined cap, the additional tariff component will increase proportionally.

Reserve Capacities:

- For the first time, all three units in Elektrėnai Complex were operating simultaneously in commercial mode (link in Lithuanian).

Customers & Solutions:

- We have signed an agreement with OG Elektra AS to install EV charging points in the car parks of 25 Grossi stores across Estonia.

Governance:

- For the third year in a row, we were awarded the international Top Employer 2024 Lithuania Certificate for applying the highest HR management standards (link in Lithuanian).

February

Green Capacities:

- We have launched an environmental impact assessment for the Curonian Nord project.

Customers & Solutions:

- We have signed an agreement with the municipality of Marijampolė, Lithuania, to install 22 EV charging points throughout the city.

March

Green Capacities:

- Silesia WF I (50 MW) in Poland has reached COD.
- We have started taking wind and meteorological measurements in the Baltic Sea for the Curonian Nord project.

Finance:

- We concluded a EUR 105 million long-term financing agreement with EIB for the 110 MW Kruonis PSHP expansion project.
- We replaced the corporate finance loan with a project finance loan of EUR 82 million with EIB and NIB for Pomerania WF (94 MW) in Poland.

Governance:

- The AGM was held on 27 March, where the decision, among others, on the allocation of profit for 2023 (EUR 1.286 DPS, or EUR 93.1 million, in total) was made.
- A. Sungailienė was appointed as the new CEO of AB "Ignitis gamyba" (Reserve Capacities).

April

Green Capacities:

- We submitted a bid in the tender for the second 700 MW Lithuanian offshore wind project. However, due to the limited number of participants, the tender did not convene.
- We have secured land for the development of hybrid projects (314 MW), i.e., we are planning to develop wind farms near our Latvian solar projects.

Customers & Solutions:

- We have signed an agreement with Baltic Shopping Centers to install 20 EV charging points in the car park of Mega, a shopping and leisure centre in Kaunas, Lithuania.

Finance:

- In line with our Dividend Policy, a dividend of EUR 0.643 per share, corresponding to EUR 46.5 million, was distributed for H2 2023.
- Norne Securities has initiated the coverage of Ignitis Group's stock.

Governance:

- M. Kowalski, who has been leading Ignitis Renewables in Poland since February, also became the CEO of Ignitis Polska.

May

Strategy:

- We announced our Strategic Plan 2024–2027.

Green Capacities:

- Vilnius CHP biomass unit has reached full COD (71 MWe, 170 MWth).
- We have secured grid connection capacity for our first BESS projects (<260 MW) in Lithuania.
- The first wind turbine has been erected at the largest wind farm under construction in the Baltics at Kelmė WF I & II (300 MW) in Lithuania. The project is expected to reach COD in 2025.

Customers & Solutions:

- A fast charging hub with the ability to charge 20 EVs at once has been opened in Palanga, Lithuania.

Governance:

- The Ministry of Finance, authority implementing the rights and obligations of the majority shareholder, has announced a selection of an independent member of AB "Ignitis grupė" Supervisory Board.

June

Business environment:

- The updated National Energy Independence Strategy was adopted by the Lithuanian Parliament. The strategy aims to make Lithuania a fully energy independent country by 2050 that produces energy for its own needs and exports it.

July

Green Capacities:

- Tauragė SF (22.1 MW) in Lithuania has reached COD.
- We have secured additional grid connection capacity for a 38 MW BESS project in Lithuania.
- Moray West offshore WF project (882 MW), which is owned by Ocean Winds and us (a minority shareholder of 5%), has successfully supplied its first power to the grid.

Reserve Capacities:

- Ignitis Gamyba signed an agreement to donate the equipment from its old Combined Heat and Power Plant (CHP-3), which was mothballed since 2015, to Ukraine. The equipment will be used to assist the rebuilding of the destroyed energy infrastructure in Ukraine.
- Final Investment Decision regarding the refurbishment of Unit no. 7 in Elektrėnai power plant was made at the end of July. The refurbishment will be finished in Q2 2026.

Customers & Solutions:

- A fast charging hub with the ability to charge 10 EVs at once has been opened in Riga, Latvia.

August

Finance:

- S&P Global Ratings reaffirmed the Group's 'BBB+' (stable outlook) credit rating.

September

Green Capacities:

- Kelmė WF (300 MW) in Lithuania supplied first power to the grid.
- We made a Final Investment Decision regarding a 174 MW Tume SF in Latvia.

Customers & Solutions:

- We signed a 4-year PPA with Akmenės Cementas, a Lithuanian cement producer (owned by Schwenk Zement Beteiligungen), which will receive electricity from Mažeikiai WF (63 MW). The power supply will start in 2026.

Governance:

- An EGM was held on 11 September, where decisions, among others, on the allocation of dividends for H1 2024 (EUR 0.663 DPS, or EUR 48.0 million in total) and the new version of the Articles of Associations, were made.
- On 13–14 September, we invited our retail shareholders to an exclusive international event, Investor Day 2024, which took place for the first time.
- S. L. Rees has been appointed as an Independent Supervisory Board Member of the Group. She will supervise the areas of strategic management and international development.
- T. Tatar has been appointed to lead the Group's activities in Estonia.
- For the sixth consecutive year, we have been awarded the highest 'A+' governance rating in Lithuania and acknowledged as the leader in the category of larges SOEs in the Good Corporate Governance Index.

Business environment:

- We and our partners have signed a Letter of Intent with the Research Council of Lithuania to launch MIT's MISTI programme to strengthen the engineering studies in Lithuania.
- Litgrid made final investment decision regarding Harmony Link interconnector. The project should be finalized by 30 June 2031.

October

Networks:

- The regulator NERC has adopted resolutions, setting 2025 RAB at EUR 1.8 billion (EUR 1.6 billion in 2024), WACC (weighted average) – 5.79% (5.08% in 2024) and additional tariff component – EUR 37.5 million (EUR 40 million in 2024).

Finance:

- In line with our Dividend Policy, a dividend of EUR 0.663 per share, corresponding to EUR 48.0 million, was distributed for H1 2024.
- Following a decision made by the AGM held on 30 March 2023, we have provided EUR 4 million in financial humanitarian aid to Ukraine. These funds directed to acquire equipment that will provide additional 120 MW of electricity generation capacity and will ensure electricity supply to approximately 420 thousand Ukrainian households. It will also contribute to the restoration of vital functions of the energy sector.
- We signed a EUR 20.7 million financing agreement with Swedbank, these funds will be used to refinance the liabilities of a Group company Eurakras, which operates a 24 MW wind farm in the Jurbarkas district.

Business environment:

- Baltic states joined the Manually Activated Reserves Initiative (MARI) platform, which enables the exchange of Manual Frequency Restoration Reserve (mFRR) balancing energy between interconnected European TSOs. Estonia, Latvia and Lithuania became the fourth, fifth and sixth country to join the MARI platform. The Czech Republic and Germany joined the MARI platform in October 2022, followed by Austria in June 2023. Other European countries will join the platform in 2025.
- The European Commission approved a EUR 180 million Lithuanian scheme to support electricity storage. The aid will take form of direct grants to support the construction of 1,200 MWh of new battery energy storage systems.

November

Green Capacities:

- Silesia WF II (137 MW) in Poland supplied first power to the grid.

Finance:

- We signed a EUR 19.3 million financing agreement with OP Bank. The funds directed to refinance the liabilities of our subsidiaries, Vėjo Vatas and Vėjo Gūsis, which operate 34 MW wind farms in Lithuania.

December

Green Capacities:

- We have signed a co-development agreement with a renewable energy project development company for early stage onshore development projects in Estonia.

Networks:

- The total number of installed smart meters has exceeded 1 million (out of more than 1.2 million smart meters to be installed by 2026).

Reserve Capacities:

- In relation to the synchronisation of the Baltic electricity systems with the Continental Europe Synchronous area (9 February 2025), aFRR balancing capacity market was launched in Lithuania (December 2024). Since then, the CCGT unit has started to provide balancing capacity services to the Lithuanian TSO (Litgrid).

Customers & Solutions:

- A fast EV charging hub with the ability to charge 8 EVs simultaneously has been opened in Lithuania, connecting the three largest cities on the A1 highway.
- We have signed an agreement with Maxima to install more than 170 EV charging points in the car parks of 41 Maxima stores across Estonia.

Business environment:

- Ignitis Renewables will be the first company in Lithuania to install ProTecBird's advanced bird monitoring systems. These systems detect the birds approaching wind turbines in real time and halt the wind turbines to prevent collisions. The technology protects birds while maintaining wind turbine efficiency. The system is expected to be installed by spring 2025.

After the reporting period

Green Capacities:

- Thierry Aelens, the CEO of Ignitis Renewables, has resigned from his position effective from 30 March 2025. To ensure a seamless transition and maintain business continuity, Gary Bills, COO of Ignitis Renewables, has been appointed as Interim CEO, effective from 31 March 2025.
- On 29 January 2025, the Government passed Resolution No. 32 to temporarily suspend the ongoing second offshore wind farm tender and to review the requirements and conditions of the tender to ensure competitive final electricity prices. Further decisions regarding the tender will be made once the Ministry of Energy reviews the tender requirements and conditions.
- In On 5 February 2025, the joint balancing capacity market for the Baltic States began operations. As a result, the price for Kruonis mFRR balancing services is no longer regulated by the regulator (NERC), shifting to a market-driven model.

Networks:

- The regulator (NERC) has approved our 10-year (2024–2033) Investment Plan for distribution networks, which we submitted to the regulator for public consultation and coordination on 11 June 2024. The plan foresees a 40% increase in Investments to EUR 3.5 billion. The previous 10-year investment plan submitted to NERC projected EUR 2.5 billion in Investments for 2022–2031 (link in Lithuanian).

Customers & Solutions:

- On 1 January 2025, the 10-year designated supply period, during which the Group's company UAB "Ignitis" ensured the delivery of four LNG cargoes annually to the Klaipėda LNG terminal, expired. With the conclusion of this obligation, Lithuania's LNG market has transitioned to a fully commercial model, further enhancing competition.

Governance:

- For the fourth year in a row, we were awarded the international Top Employer 2025 Lithuania Certificate for applying the highest HR management standards (link in Lithuanian).
- At the Nasdaq Baltic Awards 2025, we were recognised as the best investor relations company in Lithuania and the second best company in the Baltic States.

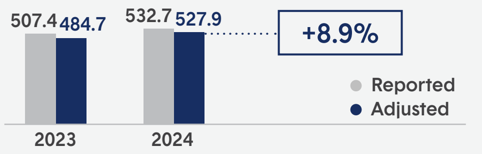
Business environment:

- On 9 February 2025, the Baltic states electricity grids were successfully synchronized with the Continental European network, marking the end of the BRELL agreement and the final disconnection from the Russian and Belarusian grids, thereby strengthening Baltic states energy security and system reliability.
- As part of the #EnergySmartSTART education programme to support the development of high-level engineering professionals and attract new talent to the energy sector, we provided EUR 300 thousand for scholarships in Lithuania in 2024 and EUR 180 thousand to the State Study Fund for Lithuanian students to study engineering abroad.

1.3 Performance highlights

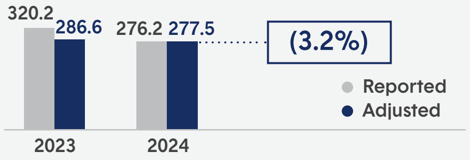
Financial

EBITDA APM
EURm



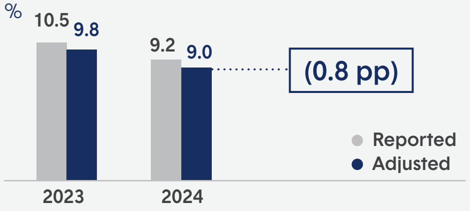
Adjusted EBITDA growth was influenced by better Green Capacities' and Networks' results. The Green Capacities segment remains the largest contributor to Adjusted EBITDA (EUR 262.4 million, or 49.7% of the Group's total).

Net profit APM
EURm



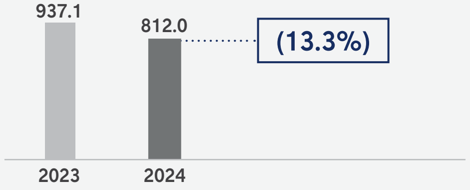
The decrease was primarily driven by higher finance activity expenses, mainly due to higher Net Debt.

ROCE APM
%



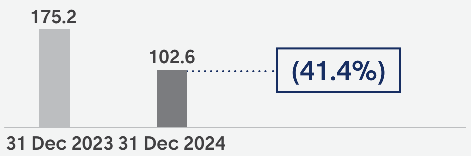
Adjusted ROCE decreased to 9.0%, mainly due to the lag between the deployment of capital in Investments and the subsequent realization of returns. Due to significant Investments made, the average Capital Employed increased by 14.0%, from EUR 3,347 million to EUR 3,815 million, while Adjusted EBIT increased by 4.8%, from EUR 329.5 to EUR 345.2 million.

Investments APM
EURm



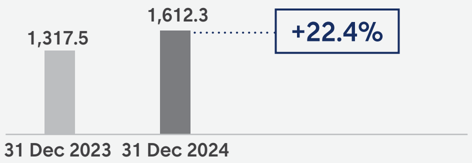
In 2024, we continued to invest heavily in renewable energy projects. More than half of the Investments were made in the Green Capacities segment (53.5% of the total Investments). However, due to successful completion of several major projects, Investments into Green Capacities decreased by 19.9% and amounted to EUR 434.5 million, with the majority of the Investments directed to onshore wind farms.

Net Working Capital APM
EURm



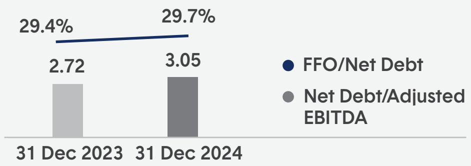
Net Working Capital decreased by 41.4%. The main drivers behind the changes were higher trade payables, due to increased balance of trade financing facilities used for natural gas purchases, and lower inventory, due to lower stored volume of natural gas.

Net Debt APM
EURm



Net Debt increased by 22.4%, driven by negative FCF and dividends paid. The negative FCF is related to considerable Investments made.

Net Debt/Adjusted EBITDA
FFO/Net Debt APM
Times, %



FFO/Net Debt ratio remained stable with a 0.3 pp increase as the FFO growth rate closely matched the increase in Net Debt.

Results comparison with the outlook for 2024

Adjusted EBITDA APM, EURm

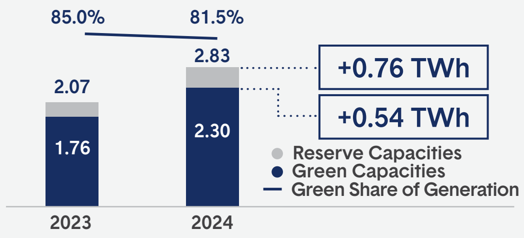
Guidance 2024 (28 Feb 2024)	440–470
Guidance 2024 (15 May 2024)	440–470
Guidance 2024 (14 Aug 2024)	450–480
Guidance 2024 (13 Nov 2024)	480–500
Realised 2024	527.9

Adjusted EBITDA amounted to EUR 527.9 million and exceeded our guidance communicated to the market (EUR 480–500 million). The outperformance was driven by better-than-expected results in Q4 2024 of the Green Capacities segment, mainly due to higher volumes generated in our onshore wind farms driven by favourable weather conditions and the Reserve Capacities segment, due to higher captured electricity prices.

ESG

Electricity Generated (net), Green Share of Generation

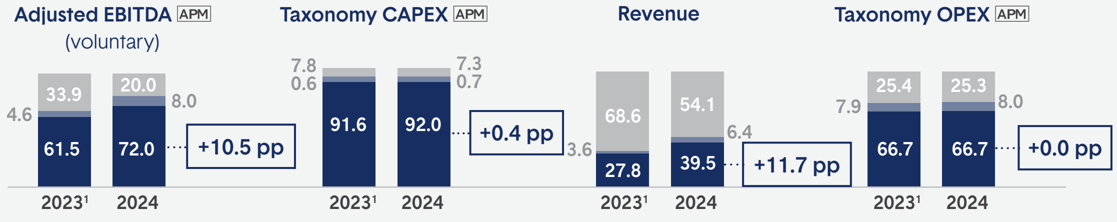
TWh, %



A 0.76 TWh (36.5%) increase in Electricity Generated (net) was driven by new assets (Green Capacities), including Mažeikiai WF and Silesia WF I as well as Vilnius CHP biomass unit. The Green Share of Generation decreased by 3.5 pp to 81.5% due to proportionally higher electricity generation at Elektrėnai Complex (Reserve Capacities). The increase in generated volume was driven by provision of aFRR balancing capacity services, in relation to the synchronisation of the Baltic electricity systems with the Continental Europe Synchronous Area as well as more favourable market conditions for generation.

EU Taxonomy KPIs

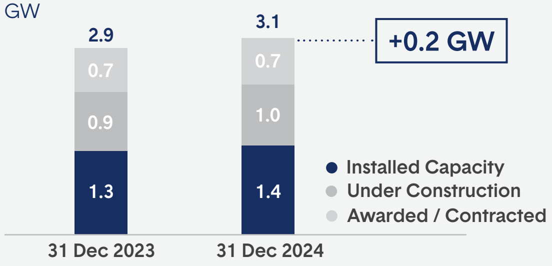
%



In 2024, an increase was observed in the share of revenue (+11.7 pp) and Adjusted EBITDA (+10.5 pp) related to activities aligned with EU Taxonomy Regulation, whereas the share of Taxonomy CAPEX and Taxonomy OPEX remained constant compared to the previous year.

Secured Green Capacities

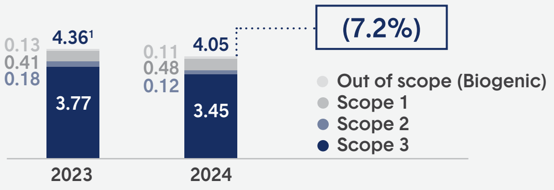
GW



Secured Capacity increased by 0.2 GW to 3.1 GW (from 2.9 GW), as Tume SF (173.6 MW) in Latvia reached the construction phase. Installed Capacity increased to 1.4 GW (from 1.3 GW), as Silesia WF I (50 MW) in Poland reached COD in March, Vilnius CHP biomass unit in Lithuania reached full COD for the remaining 21 MWth and 21 MWe capacities in May, and Tauragė SF (22.1 MW) in Lithuania reached COD in July.

Climate action

GHG emissions, million t CO_2-eq



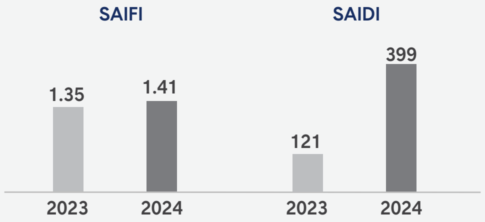
In 2024, the Group's total GHG emissions decreased by 7.2% compared to the same period in 2023. The primary drivers for the decrease were the use of green electricity by Kruonis PSHP (Green Capacities) and lower location-based emission factors for retail electricity. Scope 1 emissions rose by 14.8% due to a significant increase in biomass combustion at Vilnius CHP (Green Capacities) (biomass incineration for energy production grew sixfold) and nearly doubled electricity production at Elektrėnai Complex (Reserve Capacities) compared to 2023. In contrast, Scope 2 emissions dropped by 35.6%, driven by renewable energy guarantees used to cover the electricity consumed by Kruonis PSHP (Green Capacities) and a portion of electricity distribution losses. Scope 3 emissions fell by 8.3% due to updates in emission factors. The totals shown do not include out of scope (biogenic) emissions.

[1] *These figures have been restated compared to the Integrated Annual Report 2023. For more information, see section '7.2 Notes on restated figures' of this report.*

ESG (cont.)

Network quality (electricity)

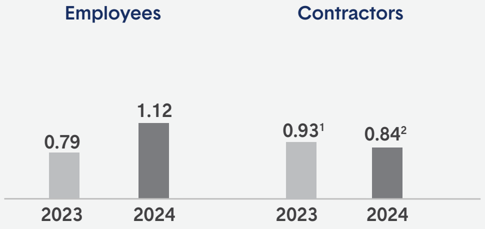
SAIFI, times/SAIDI, min



In 2024, electricity quality indicators were impacted by natural phenomena, including heavy snowfall in Q2 and strong winds and local storms in Q3, leading to an increase in SAIFI and SAIDI metrics compared to 2023.

Safety

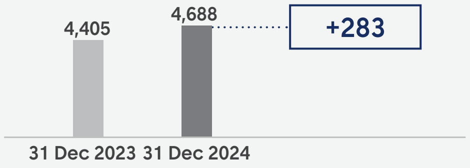
TRIR



Employee total recordable injury rate (TRIR) was recorded at 1.12 and increased compared to last year as the number of safety incidents rose from 6 to 9. A total of 9 contractor incidents were recorded in 2024 (7 incidents in 2023). No fatal accidents were recorded in 2024, nor in 2023.

Number of employees

Headcount



The Group's headcount increased by 283 (6.4%). The employee growth was driven by the Green Capacities segment in order to facilitate the growing renewables Portfolio.

Supervisory and Management Boards

Nationality and gender diversity

As of 31 December 2024, the main governing bodies of the Group were represented by an equal proportion of male and female members, 42% of whom are international members.

---

[1] Contractor TRIR only includes contracts above 0.5 EURm/year.
[2] A part of the total hours worked for contracts below 0.5 EURm/year may not be included in Contractor TRIR calculations, while all recordable incidents are included.

GRI 2-6

1.4 Outlook

Adjusted EBITDA guidance

For 2025, we expect our Adjusted EBITDA to be in the range of EUR 500–540 million. We anticipate growth in three of our four core segments – Green Capacities, Networks, and Reserve Capacities.

The guidance does not include any gains from asset rotation.

Green Capacities –higher

Increase driven by new projects with a total capacity of +700 MW reaching COD in 2025 (Kelmė WF I and II, Silesia WF II, Stelpe SF, Varme SF and Polish solar portfolio).

Networks – higher

Increase driven by higher RAB due to continued Investments into electricity distribution network and approved higher WACC reflecting higher market interest rates.

Approved total RAB for 2025 amounts to EUR 1,795 million (EUR +211 million YoY). WACC (weighted average) for 2025 is 5.79% (+0.71% YoY).

Reserve Capacities – higher

Increase due to anticipated higher electricity generation volumes from new services provided.

Customers & Solutions – lower

Decrease driven by further negative result in B2C electricity supply, including adverse prosumer effects under the current net-metering scheme.

Investments guidance

Our Investments for 2025 are expected to amount in the range of EUR 700–900 million, mainly driven by:

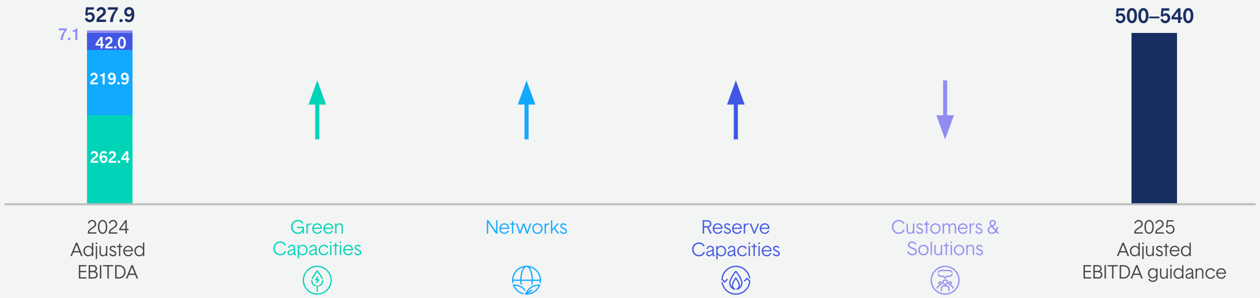
- Green Capacities (Kelmė WF I and II, Stelpe SF, Varme SF, Tume SF, and Kruonis PSHP expansion project);
- Networks due to continued expansion and maintenance of electricity distribution network.

The guidance does not include M&A activities.

Forward-looking statements

The Integrated annual report contains forward-looking statements. For further information, see section '7.8 Legal notice'.

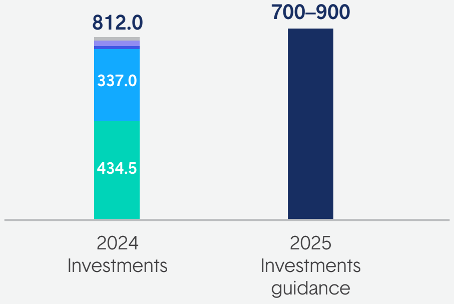
Adjusted EBITDA APM guidance for 2025
EURm[1]



---

[1] *Adjusted EBITDA indication for the Group is the prevailing guidance, whereas directional effect per business segment serves as a mean to support it. Higher/stable/lower indicates the direction of the business segment's change in 2025 relative to the actual results for 2024.*

Investments APM guidance for 2025,
EURm



1.5 Sustainability highlights

From this year, the Group's Sustainability statement starts the full application and compliance with the Corporate Sustainability Reporting Directive (CSRD). The Group starts applying CSRD requirements to disclose its sustainability information with a comprehensive approach, encompassing all levels and functions, to integrate key sustainability principles throughout the Group. We provide details of all targets, initiatives and achievements across the Group in section '6. Sustainability statement ' of this report. Our Sustainability statement has been accompanied by a limited assurance in full.

Group's sustainability reporting timeline

2020	2021	2022	2023	2024
First Sustainability report: the Group published its first Sustainability report prepared in accordance with GRI, setting a foundation for transparency and sustainable practices.	**First materiality assessment:** the Group conducted its first materiality assessment to identify and prioritise the most significant environmental, social, and governance (ESG) issues that impact our business and stakeholders.	**Alignment with EU Taxonomy:** the Group aligned its sustainability reporting and practices with the EU Taxonomy for sustainable activities.	For the first time, the Group provided a **voluntary limited assurance** on the selected sustainability indicators in the Sustainability report.	The Sustainability statement included in this report **fully adheres to and complies with** the Corporate Sustainability Reporting Directive (**CSRD**).

ESG ratings and rankings

	ISS ESG	MSCI	SUSTAINALYTICS	CDP Climate	ecovadis
Rank compared to utility peers	2nd decile	Top 23%[1]	Top 20%	n/a	Top 15%[4]
ignitis group	**54.8** **B- (Prime)** *Last rating change in May 2024*	**7.3[3]** **AA (Leader)** *Last rating change in September 2024*	**21** **(Medium risk)** *Last rating change in September 2024*	**C** **(Awareness)** *Last rating change in February 2025*	**68[5]** **(Advanced)** *Last rating change in September 2024*
Utiities average	n/a	A[1,2]	32.4[2]	n/d	n/a
Rating scale (worst to best)	D- to A+	CCC to AAA	100 to 0	D- to A	0 to 100

[1] MSCI utilities rank and average based on utilities included in the MSCI ACWI index. [2] Based on publicly available data [3] MSCI Industry-Adjusted Score. [4] In electricity, gas, steam and air conditioning supply industry. [5] Assessment of the Group, while previously the assessment included only the Group's company Ignitis (Customers & Solutions).

Contributing to global initiatives

WE SUPPORT UN GLOBAL COMPACT

SUSTAINABLE DEVELOPMENT GOALS

SCIENCE BASED TARGETS DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

UN WOMEN United Nations Entity for Gender Equality and the Empowerment of Women

1.6 Investor information

Overview

In 2024, the Group's ordinary registered shares (ORS) and global depositary receipts (GDRs) have generated a total shareholder return (TSR) of 10.6% and 8.4% respectively. During the same period, the TSR of our benchmark index (Euro Stoxx Utilities) equalled to 2.5%.

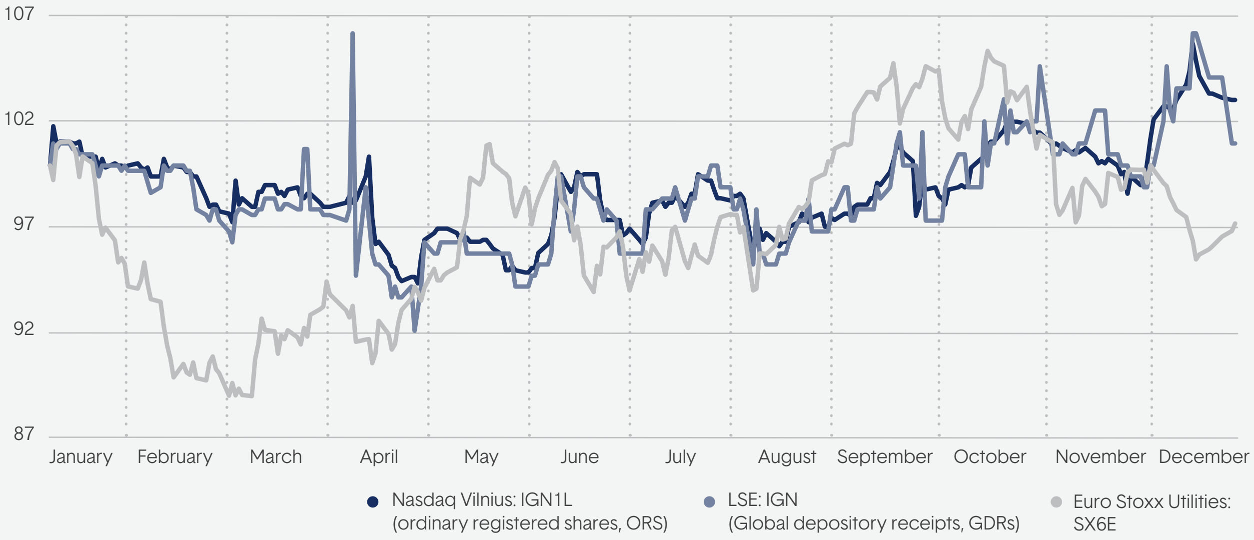
In 2024, the total (ORS and GDRs) turnover was EUR 80.31 million (EUR 60.12 million on Nasdaq Vilnius and EUR 20.18 million on London Stock Exchange, LSE), whereas the average daily turnover totalled to EUR 0.32 million (EUR 0.24 million on Nasdaq Vilnius and EUR 0.08 million on LSE).

At the end of the reporting period, the Group's market capitalisation was EUR 1.4 billion.

Currently, the Group is covered by 5 equity research analysts. Their recommendations and price targets are available on our website.

The Group's securities are included in the MSCI Frontier Markets 100 Index (since 30 November 2020), MSCI Baltic States IM index (since Q3 2023), the Nasdaq OMX Baltic Benchmark Index (since 4 January 2021), and OMX Baltic 10 (since 1 July 2021).

Price development in 2024, EUR[1]



Price change	TSR
3.2%	10.6%
1.1%	8.4%
(2.8%)	2.5%

Shareholder return KPIs[2]

	2024	2023	Δ	Δ, %
Dividends declared, EURm	96.0	93.1	*2.9*	*3.1%*
EPS APM, EUR	3.82	4.42	*(0.59)*	*(13.4%)*
DPS APM, EUR	1.33	1.29	*0.04*	*3.1%*
Dividend pay-out APM, %	29.1	29.1	*(1.7 pp)*	-
Dividend yield[3] APM, %				
For ORS owners	6.8	6.8	-	-
For GDR owners	7.0	6.9	*0.1 pp*	*n/a*

[1] Indexed at 100.

[2] Data provided based on the dividends distributed or to be distributed for a specified period. A dividend of EUR 1.326 per share for 2024 comprises of a dividend of EUR 0.663 paid for H1 2024 and a proposed dividend of EUR 0.663 for H2 2024, which is subject to the decision of our Annual General Meeting of Shareholders to be held on 26 March 2025.

[3] Dividend yield is calculated by dividing DPS by the year end price of the ordinary registered share or GDR for the respective period: (i) dividend yield for ordinary registered shares holders is calculated using the EUR 18.84 and EUR 19.58 year end closing prices for 2023 and 2024 respectively; (ii) dividend yield for GDR holders is calculated using the EUR 18.60 and EUR 19.00 year end prices for 2023 and 2024 respectively.

Share capital

The parent company's share capital is divided into 72,338,960 ORS registered in Lithuania. They are all the same class of shares, each entitled to equal voting and dividend rights, specifically – one vote at the General Meetings of Shareholders, and to equal dividend. During the reporting period there were no changes in the parent company's share capital. The parent company does not own any of its own shares and did not make any acquisitions in 2024.

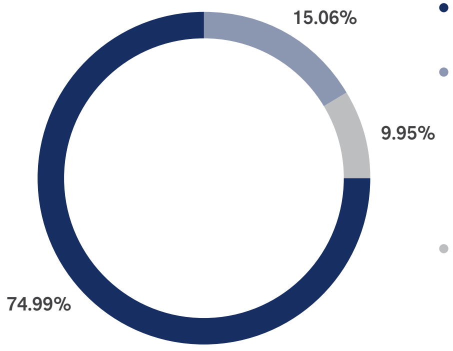
Shareholder composition

At the end of 2024, the Group had 25,116 shareholders. Over the last year, our investor base increased by 12.83% compared to the end of 2023 (22,260 shareholders) and more than tripled compared to the IPO in 7 October 2020 (6,901 shareholders), mostly due to the growing number of retail investors.

The Republic of Lithuania (the authority implementing the shareholder's rights – the Ministry of Finance of the Republic of Lithuania, the Majority Shareholder) owns 74.99% of the parent company's share capital, with the remaining being held by the institutional (15.06%) and retail investors (9.95%). There are no other parties holding more than 5% of the parent company's share capital.

The composition of the parent company's shareholder structure by type and geography is provided below.

Shareholder composition (at the end of the reporting period)



- **Majority Shareholder 74.99%**
  (Ministry of Finance of the Republic of Lithuania)
- **Institutional investors 15.06%**
  Baltics 55.00%
  United Kingdom 31.79%
  Nordics 10.98%
  USA 1.36%
  Continental Europe 0.81%
  Other 0.06%
- **Retail investors 9.95%**
  Lithuania 72.84%
  Estonia 23.28%
  Latvia 3.17%
  Other 0.70%

Performance information in 2024

	Nasdaq Vilnius	LSE	*Combined*
Year opening[1], EUR	18.98	18.80	-
Year high[1] (date), EUR	20.10 (18 Dec)	20.00 (19 Dec)	*20.10*
Year low[1] (date), EUR	17.90 (24 Apr)	17.30 (23 Apr)	*17.30*
Year VWAP[2], EUR	18.74	18.35	*18.54*
Year end[1], EUR	19.58	19.00	-
P/E (year-end), times	5.11	4.96	-
Annual turnover (average daily)[3], EURm	60.12 (0.24)	20.18 (0.08)	*80.31 (0.32)*
Market capitalisation, year-end[1], EURbn	-	-	*1.4*

Parameters of the securities issues

	Nasdaq Vilnius	LSE	*Combined*
Type	Ordinary registered shares (ORS)	Global Depositary Receipts (GDR)	-
ISIN-code	LT0000115768	Reg S: US66981G2075 Rule 144A: US66981G1085	-
Ticker	IGN1L	IGN	-
Nominal value, EUR	-	-	*22.33 per share*
Number of shares (share class)	-	-	*72,388,960 (one share class)*
Number of treasury shares (%)	-	-	-
Free float, shares (%)	-	-	*18,105,203 (25.01%)*
ORS vs GDRs split	76.3%	23.7%	*100%*

[1] *Trading day closing price.*

[2] *VWAP – volume-weighted average price.*

[3] *In 2023, the total (ORS and GDRs) turnover was EUR 84.31 million (EUR 63.30 million on Nasdaq Vilnius exchange and EUR 21.01 million on LSE), whereas the average daily turnover totalled to EUR 0.37 million (EUR 0.25 million on Nasdaq Vilnius exchange and EUR 0.12 million on LSE).*

The Group's securities are constituents of the below indices

Benchmark index	Benchmark index	Benchmark index	Tradable index
MSCI Frontier Markets 100 Index	MSCI Baltic States IM index	OMX Baltic Benchmark	OMX Baltic 10
MSCI	MSCI	Nasdaq	Nasdaq

General Meetings of Shareholders

In 2024, two General Meetings of Shareholders were held, where decisions were made on dividend distribution, election of consolidated sustainability reporting assurance service provider and other items on the agenda. Our next Annual General Meeting of Shareholders will be held on 26 March 2025. Further details, including the shareholders' rights, are available in section '4 Governance' of this report and on our website.

Dividends

Since the Group's IPO, we distribute our profits in line with our Dividend Policy. It is based on a fixed starting level of EUR 85 million distributed for 2020 and a minimum growth rate of at least 3% for each subsequent financial year.

Following our dividend commitment, for 2024 we intend to distribute a dividend of EUR 1.326 per share, corresponding to EUR 96.0 million, and a yield of 6.8–7.0% for ordinary registered shareholders and global depositary receipt holders (based on year-end closing prices). A total dividend per share for 2024 comprises of a dividend of EUR 0.663 paid for H1 2024 and a proposed dividend of EUR 0.663 for H2 2024, which is subject to the decision of our Annual General Meeting of Shareholders to be held on 26 March 2025.

Credit rating

On 12 August 2024, after an annual review, a credit rating agency S&P Global Ratings reaffirmed 'BBB+' (stable outlook) credit rating of the Group. Further information on the credit rating, including credit rating reports, is available on our website.

Investor relations

We strive to ensure the highest transparency and accountability standards in our shareholder communication. On a continuous basis, we engage with the market through quarterly and ad hoc earning calls, non-deal roadshows, conferences and other types of meetings. Our dialogue with the investors and other stakeholders is subject to restrictions prior to the announcements of any non-public information.

On the Group's website, the 'Investors' section, we provide annual, interim reports and presentations, the investor calendar, analyst recommendations and a wide range of other data which might be of interest to our stakeholders.

Additionally, further information on the parent company's ORSs, GDRs and bonds is disclosed in section '7.1 Further investor related information' of this report.

Financial calendar 2025

26 March 2025	Annual General Meeting of Shareholders
8 April 2025	Expected Ex-Dividend Date (for ordinary registered shares)
9 April 2025	Expected Dividend Record Date (for ordinary registered shares)
14 May 2025	First three months 2025 interim report
13 August 2025	First six months 2025 interim report
10 September 2025	Extraordinary General Meeting of Shareholders (regarding the potential allocation of dividends for the six-month period ended 30 June 2025)
23 September 2025	Expected Ex-Dividend Date (for ordinary registered shares)
24 September 2025	Expected Dividend Record Date (for ordinary registered shares)
12 November 2025	First nine months 2025 interim report

Financial calendar is available on our website and is immediately updated if there are any changes.

Selected relevant information

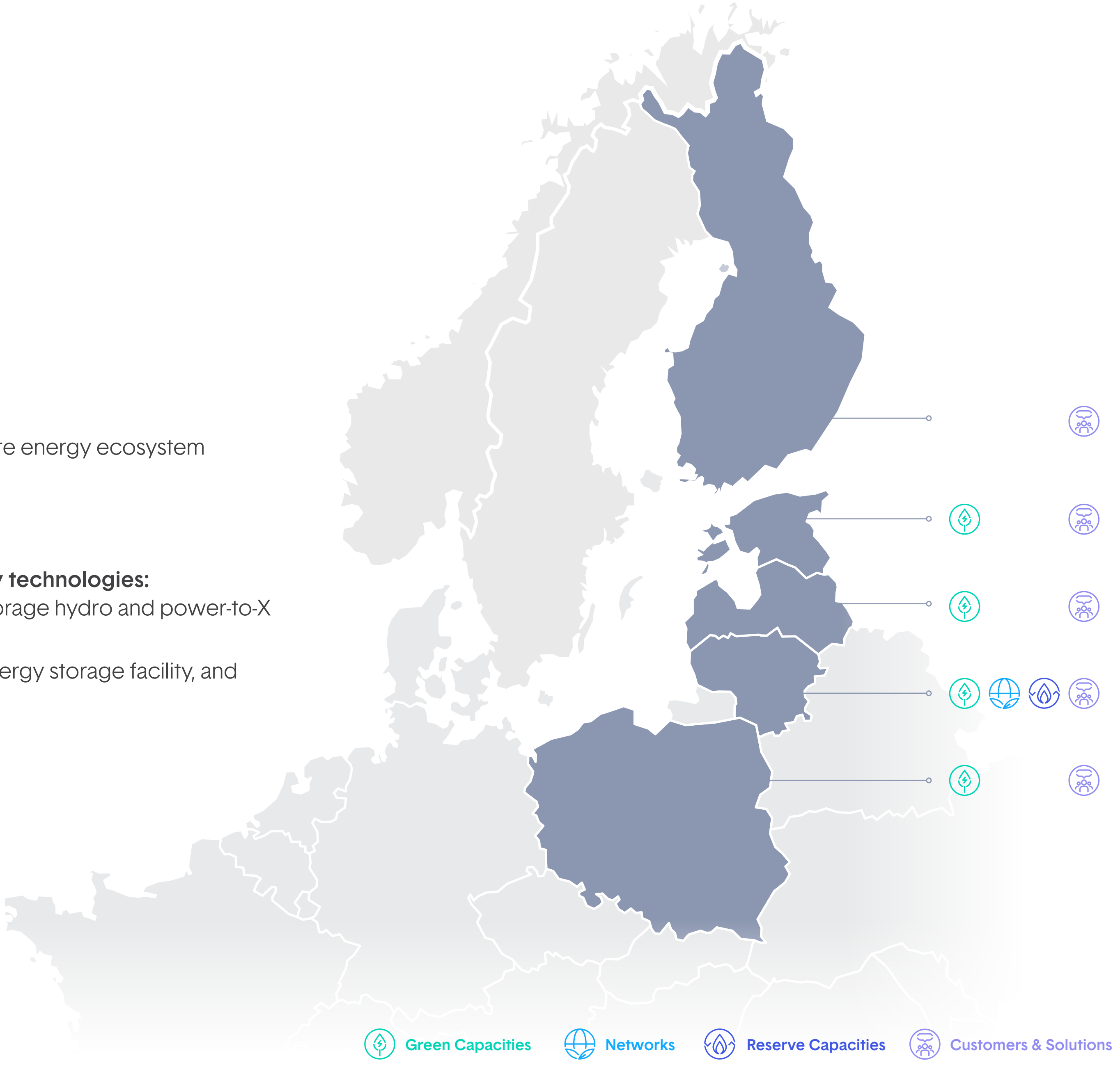
Investor relations webpage
Dividend Policy
General Meetings of Shareholders
Credit rating
Financial calendar

Business overview

2.1 Business profile

Ignitis Group

- **Renewables-focused integrated utility**
- **Our purpose** is to create a 100% green and secure energy ecosystem for current and future generations
- **4–5 GW** of installed Green Capacities by 2030
- **Net zero** emissions by 2040–2050
- **Focus on green generation and green flexibility technologies:** onshore and offshore wind, batteries, pumped-storage hydro and power-to-X
- **Integrated business model:** benefiting from the largest customer portfolio, energy storage facility, and network in the Baltics
- Active in the **Baltic states, Poland and Finland**



Integrated business model

> We are utilising integrated business model to maximise potential

Green Capacities

#1 in Lithuania[1]
#2 in the Baltics[1]

🇱🇹 🇱🇻 🇪🇪 🇵🇱

Installed Capacity: 1.4 GW
Pipeline: 6.6 GW
Total Portfolio: 8.0 GW

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

Customers & Solutions

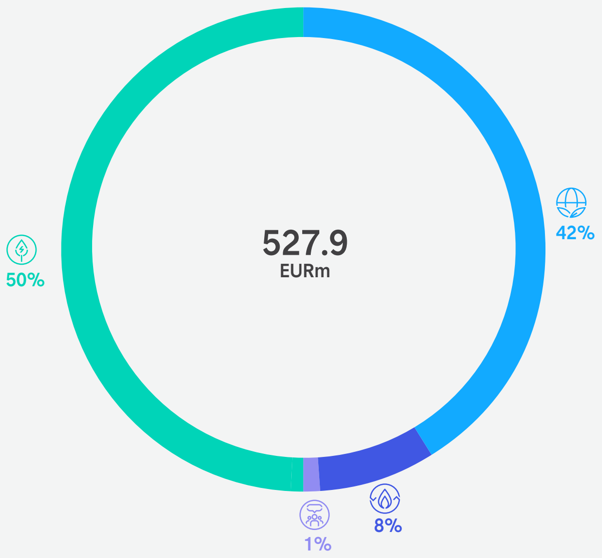
#1 in the Baltics[3]

🇱🇹 🇱🇻 🇪🇪 🇵🇱 🇫🇮

The largest customer portfolio in the Baltics:
1.4 million customers

Strategic focus
Utilising and further expanding customer portfolio to enable Green Capacities build-out

Adjusted EBITDA 2024



Networks

#1 in the Baltics[2]

🇱🇹

Fully regulated country-wide natural monopoly

Regulated asset base (RAB):
EUR 1.8 billion

Strategic focus
Expanding a resilient and efficient network that enables electrification

Reserve Capacities

#1 in Lithuania[1]
#2 in the Baltics[1]

🇱🇹

Highly regulated gas-fired power plants mainly operating as system reserve

Strategic focus
Contributing to the security of the energy system

---

[1] Based on Installed Capacity.
[2] Based on the network size and the number of customers.
[3] Based on the number of customers.

Note: data as of 31 December 2024, except for the Networks RAB amount, which is provided for 2025, as approved by the regulator (NERC). Other activities and eliminations include (1%) of Adjusted EBITDA 2024.

2.2 Strategy and targets

In 2023, we updated our Strategy. As a renewables-focused integrated utility, Ignitis Group is committed to a greener future. We invest to deliver 4–5 GW of installed Green Capacities by 2030 and reach net zero emissions by 2040–2050, thus strengthening our contribution to Europe's decarbonisation and energy security in the region.

We are utilising our integrated business model to enable the Green Capacities build-out. We are expanding our green generation technologies with a focus on onshore and offshore wind. We are also developing green flexibility technologies: battery storage, hydro pumped-storage and power-to-x technologies – with green hydrogen holding a significant potential of contributing towards net zero.

Together we innovate, grow and act with a purpose to create a 100% green and secure energy ecosystem for current and future generations.

This commitment is driven by the urgent need to address the climate change and the EU's response to it through proposed targets. Energy transition trends showcase a shift towards renewable energy, while grids play a crucial role as the key enabler of the green transition.

> **Our purpose is to create a 100% green and secure energy ecosystem for current and future generations**

We fulfil our purpose by leading the regional transition into a climate-neutral, secure and independent energy ecosystem and contributing to Europe's decarbonisation by facilitating renewable energy flows from Northern to Central Europe (incl. Germany).

By leading the regional transition in Lithuania and the Baltics, we strive to become one of the first 100% green energy systems in Europe.

By energy ecosystem we mean the combination of the multiple interdependent parties involved in the generation, consumption, transformation and transportation of clean energy (including industry, transport and heating).

Purpose-driven priorities

Green

1

Growing green generation and green flexibility capacity

Flexible

2

Creating a flexible system that can operate on 100% green energy in the short, medium, and long term

Integrated

3

Utilising the integrated business model to enable Installed Green Capacities build-out

Sustainable

4

Maximising sustainable value

- **Pumped-storage hydro:** 1.0 GW in 2026
- **Batteries:** commercial-scale by 2027
- **Power-to-X:** successful pilot project, paving the way for commercial scale

Leveraging strong position in the Baltics:

- The largest customer portfolio
- The largest energy storage facility
- The largest network

Net zero by 2040–2050

ESG leadership and Investments aligned with the EU Taxonomy

≥3% annual dividend growth

Strategic focus and our targets for 2024–2027

Our strategic targets are defined based on our purpose-driven priorities to ensure our strategy execution. The Group reviews it's strategy and updates its strategic plan every year for the next 4-year period. The latest Group's strategic plan is published on our website. Additionally, incentive-based short-term (annual) and long-term targets (for a strategic 4-year period) as well as an overview of their achievement are provided in more detail in section '5 Remuneration' of this report and on our website.

Green Capacities

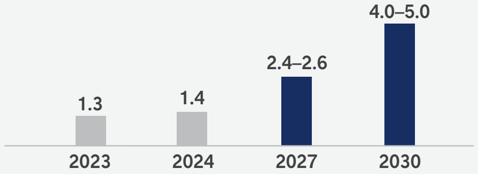
Strategic priorities

Delivering 4–5 GW of installed green generation and green flexibility capacity by 2030. Our focus is on onshore and offshore wind farms, batteries, pumped-storage hydro and power-to-X.

Focus market: The Baltic states and Poland. We are also exploring new opportunities in other EU markets undergoing energy transition

We are growing Green Capacities with a focus on technologies that can deliver a 100% green and secure energy ecosystem

Installed Capacity
GW



We expect to reach 2.4–2.6 GW of installed green generation and green flexibility capacity by 2027 and 4–5 GW by 2030.

Networks

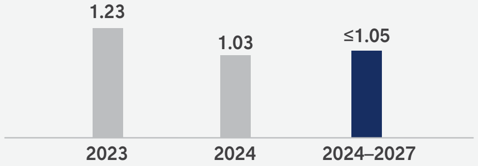
Strategic priorities

1. Resilient and efficient electricity distribution
2. Electricity network expansion and facilitation of the energy market
3. End-to-end customer experience

Focus market: Lithuania

We are expanding and maintaining a resilient electricity network to enable green electrification

Electricity SAIFI[1]
Interruptions per customer



We invest into electricity network expansion and maintenance to ensure its resilience and enable green electrification by targeting to decrease the SAIFI indicator to an average of ≤1.05 interruptions per customer over the 2024–2027 period, improving the network automation to have ~66% of consumers connected to automatically controlled power lines by 2027 and maintaining average technological losses in the electricity network of ≤5.0% over the 2024–2027 period.

Customers & Solutions

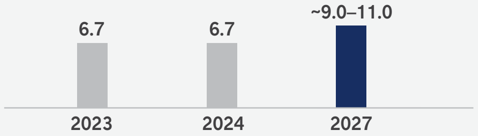
Strategic priorities

1. Utilising and further expanding our customer portfolio to enable the Green Capacities build-out
2. Building a leading EV charging network in the Baltics
3. Speeding up the transition from gas to power

Focus market: The Baltic states, Poland and Finland

We are utilising and further expanding our customer portfolio to enable the Green Capacities build-out

Electricity supply portfolio
TWh



We are utilising and further expanding our customer portfolio to enable the Green Capacities build-out through internal power purchase agreements (PPAs). We aim to increase the electricity sales volumes to around 9.0–11.0 TWh by 2027 (implying a 7.7–13.2% CAGR for 2024–2027) and speed up the transition from natural gas to power.

Reserve Capacities

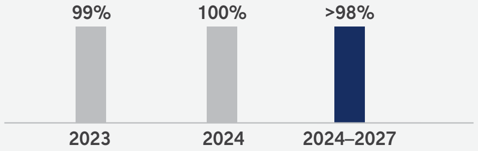
Strategic priorities

Contributing to the security of the energy system

Focus market: Lithuania

We are utilising our reserve capacities to ensure the reliability and security of the power system

Reserved Capacities[2]
Availability, %



We are targeting to retain high availability of the reserve capacities (Elektrėnai Complex), or >98% over the 2024–2027 period, to ensure reliability and security of the power system. Available assets of Elektrėnai Complex include the CCGT and Units 7&8.

---

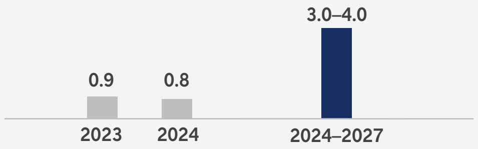
[1] *Indicators are calculated in accordance with the provisions of the Description of the Indicators of Electricity Distribution Reliability and Service Quality approved by the National Energy Regulatory Council (NERC) for the regulatory period (established on the basis of Resolution No. O3E–79 of the National Energy Regulatory Council of January 26). The SAIFI targets are determined by NERC based on the level of interruptions and the methodology in force. The methodology excludes the following cases from SAIFI calculations: (1) outages caused by catastrophic natural, meteorological and hydrological phenomena, including wind speed >28 m/s (such interruptions are eliminated at the country level (not regionally); (2) outages caused by faults in the transmission system operator's network.*

[2] *Average availability of Elektrėnai Complex, excluding scheduled repairs.*

Financial targets

Investments with a focus on Green Capacities and Networks

Investments
EURbn



We aim to invest EUR 3.0–4.0 billion over 2024– 2027 period, and ≥85–90%[1] of it will be share of Investments aligned with the EU Taxonomy. The major portion of that will be allocated to Green Capacities expansion (1.8–2.4 EURbn) and Networks expansion and maintenance (1.1–1.3 EURbn).

Target returns, mainly driven by Green Capacities and Networks

Targeted IRR–WACC spread

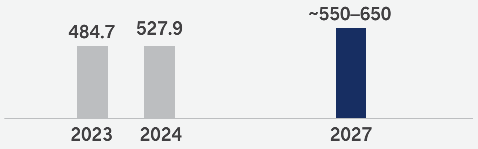
≥ 100 bps

in commercial/
non-regulated activities

≥ 0 bps

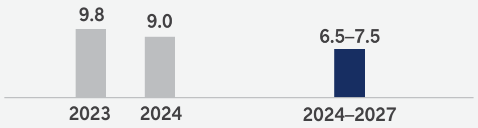
in regulated activities

Adjusted EBITDA
EURm



Adjusted EBITDA is expected to reach EUR 550–650 million in 2027 or grow up to 8% CAGR compared to 2023. The growth will be mainly driven by the Green Capacities and Networks.

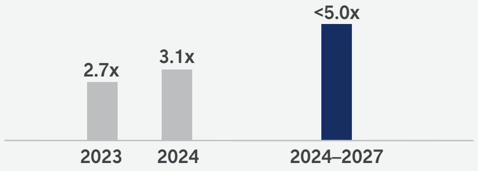
Adjusted ROCE
%



Average Adjusted ROCE during 2024–2027 is expected to be around 6.5–7.5%. Targeted level for 2024–2027 is lower compared to 2023 as results for 2023 were exceptionally strong.

Commitment to a solid investment-grade credit rating

Net Debt / Adjusted EBITDA APM
Times



Net Debt/Adjusted EBITDA is expected to be below 5x over the 2024–2027 period.

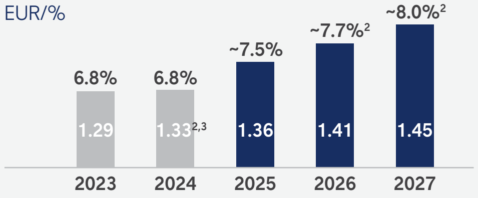
Credit rating
S&P

2022–2023: BBB+ → 2024–2027: BBB or above

We are committed to a solid investment-grade rating. We expect to maintain ‘BBB’ or a better rating over the 2024–2027 period. S&P Global Ratings, after performing annual review of the Group’s credit rating, reaffirmed ‘BBB+’ (stable outlook) credit rating for 2023–2024.

Growing dividends

Minimum DPS and dividend yield APM
EUR/%



We are committed to increase dividends to shareholders at a minimum 3% annual rate. The starting dividend level for 2020 was set at EUR 85 million with EUR 93.0 million declared for 2023 and EUR 96.0 million for 2024. Implied dividend yield for 2025–2027: 7.5–8.0%[2].

---

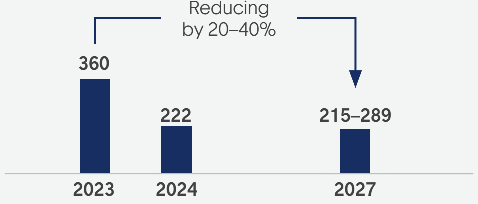
[1] Share of Investments to be directed to the maintenance or expansion of the EU Taxonomy-aligned activities. There are differences in methodologies used to calculate Investments and actual Taxonomy CAPEX KPI. [2] Calculated based on the No. of shares (72,388,960 ordinary registered shares). Implied (annual) dividend yield for the 2025–2027 period is based on the Ignitis Group share price of EUR 18.14 (closing price as of 25 April 2024). [3] A dividend of EUR 1.326 per share comprises of a dividend of EUR 0.663 paid for H1 2024 and a dividend of EUR 0.663 for H2 2024, which is subject to the decision of our Annual General Meeting of Shareholders to be held on 26 March 2025.

ESG priorities and targets

ENVIRONMENTAL

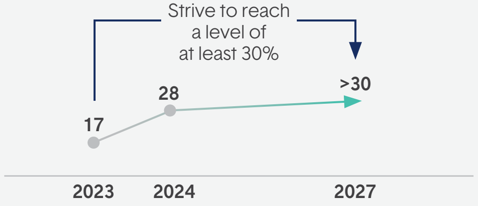
Decarbonisation pathway aligned with our business ambitions

Reducing the carbon intensity of scope 1 & 2 GHG emissions,
g CO_2-eq/kWh



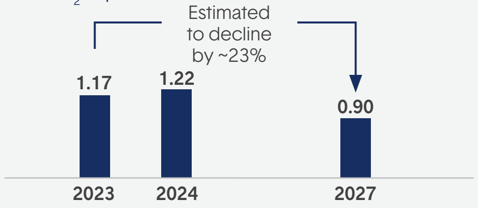
Growing green generation and green flexibility capacity installed[1] and increasing share of own green electricity used for own operations[2].

Growing share of green electricity supplied
%



Actively promoting our customers to use green electricity and expanding electricity supply portfolio within our home markets.

Reducing absolute GHG emissions from natural gas supply
m t CO_2-eq



Promoting customers transition from natural gas to electricity[3]

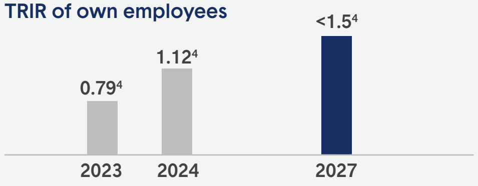
Targeting net zero emissions

Net zero
by 2040–2050

We target net zero emissions by 2040–2050

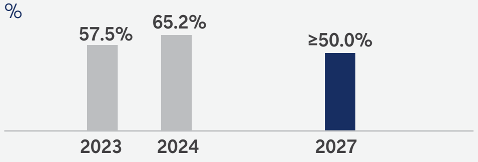
SOCIAL

Our key focus is on safety at work with Zero fatal accidents
TRIR of own employees



We aim to ensure 0 fatal accidents (contractors and own employees) over the 2024–2027 a period. Also, we are targeting for TRIR of own employees to be below 1.5 and contractors below 2.7 in 2027.

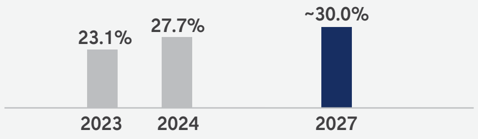
Focusing on employee experience and well-being
Employee NPS
%



Our target is to retain the current level and to have the eNPS level ≥50% over the 2024–2027 period.

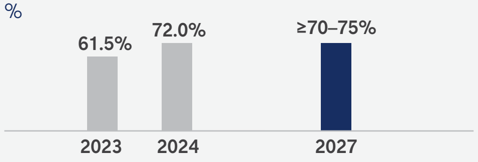
GOVERNANCE

Diversity focusing on gender diversity in top management
Share of women in top management (period end)
%



We aim to reach ~30% share of women in top management positions by 2027.

Sustainable value creation focusing on investments and returns
Share of sustainable Adjusted EBITDA[6]
%



We plan to grow share of sustainable Adjusted EBITDA to ≥70–75% by 2027 (driven by share of Investments aligned with the EU Taxonomy[6] ≥85–90% over 2024–2027; in 2023 it was 91.6%, in 2024 it was 92.0%).

---

[1] 2.4–2.6 GW by 2027, 4–5 GW by 2030, incl. Kruonis PSHP expansion in 2026, commercial-scale batteries by 2027, further offshore wind build-out post 2030. Implementing green hydrogen production and e-fuel conversion pilot project, analyzing potential carbon capture technologies and considering the development of utility scale green hydrogen and e-fuel production capabilities, and the potential to export surplus energy to contribute to Europe's decarbonization in the long-term. [2] Kruonis PSHP operations, electricity grid losses, offices, replacement of operational vehicle fleet with EVs, etc. [3] We aim to optimize our gas supply portfolio to an estimated ~5.0 TWh level in 2027 and reduce it further while securing the supply levels required for the security of the energy system during the energy transition period in Lithuania. Our key focus is on electricity supply. [4] TRIR of own employees. TRIR of contractors targeted to be below 2.7 in 2027. [5] Sustainable Adjusted EBITDA is the share of Adjusted EBITDA related to Taxonomy-aligned activities in total Adjusted EBITDA. The ratio is calculated using the Group's own methodology as it's not based of the EU Commission Delegated Regulation 2021/2178. [6] Share of Investments to be directed to the maintenance or expansion of the EU Taxonomy-aligned activities. There are differences in methodologies used to calculate Investments and actual Taxonomy CAPEX KPI. [7]The double materiality assessment (DMA) results are aligned with our strategic plan, and our strategic plan consistently reflects the insights derived from the DMA results. The business model of the Group addresses material impacts and risks and takes advantage of the material opportunities, thereby resulting in a resilient business strategy.

Our people

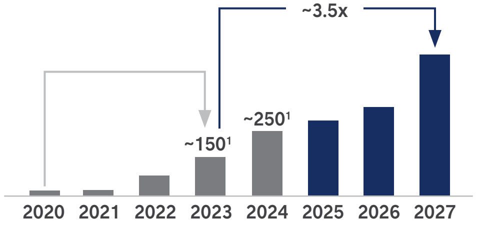
We are a **diverse team of energy smart people** united by a common purpose to create a 100% green and secure energy ecosystem for current and future generations.

We pursue our strategic priorities and contribute to Ignitis Group's purpose and strategy by attracting and retaining diverse top talents, building critical skills and competencies to execute the strategy, and having a human-centric approach (implementing a holistic employee well-being approach, growing a diverse and inclusive organisation and maintaining a positive employee experience).

We are organically building an entire organisation from the scratch in renewables

~4.700[1]
Employees in 2024
(Ignitis Group)

Ignitis Renewables organisation growth
No. of employees



The Group earns Top Employer Lithuania 2025 certification for the fourth consecutive year

Our values

RESPONSIBILITY
Care. Do. For Earth.
Starting with myself

PARTNERSHIP
Diverse. Strong.
Together

OPENNESS
See. Understand. Share.
Open to the world

GROWTH
Curious. Bold.
Everyday

---

[1] *FTEs*

Strategic enablers

We are focusing on innovation and digitalisation to keep the pace with the rapidly changing energy sector. The following strategic enablers ensure our sustainable growth and operational efficiency.

Innovation

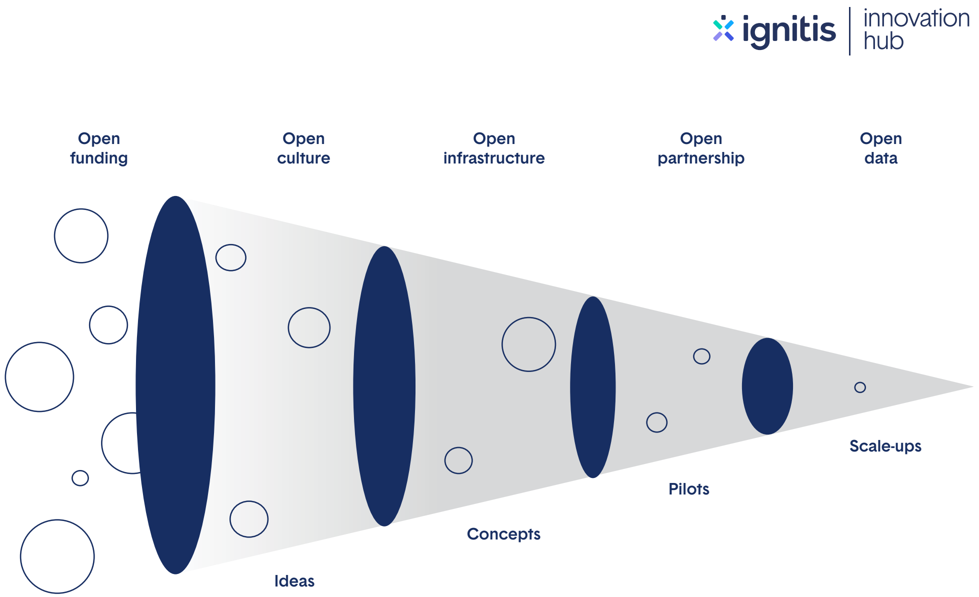
Ignitis Innovation Hub

In 2018, we launched the Ignitis Innovation Hub, which combines internal and external initiatives of Ignitis Group, thereby promoting the development of energy technologies and attracting innovative ideas. The hub is an integral part of the Group and allows other companies to receive and share open data and test their technologies, prototypes or business ideas by utilising the Group's infrastructure through the Sandbox programme. We cooperate with state authorities, universities and other companies to develop new products and services, which we then apply in the Group's activities and offer to our customers. We aim to create and support the EnergyTech ecosystem based on the principles of open innovation in Lithuania and beyond.

In 2024, the hub implemented 17 concepts and 10 pilot projects, and developed 2 solutions, including the following key highlights:

- **We started activities and building competency in the battery energy storage system (BESS) field.** We are focusing on the development of BESS systems to provide critical assets to the energy system, which will provide the energy system with ancillary services. In 2024 we focused on establishing and developing utility-scale systems. Ignitis Innovation Hub has conducted 4 studies and prepared for the active phase of BESS system deployment.
- Ignitis Innovation Hub has **successfully utilised the Plexos market simulation and modelling platform** in several case studies to assess the impact of strategic projects on market development. To reinforce its leadership position in the Baltics, the Group has expanded its modelling capabilities and secured a three-year license extension for the Plexos software. This extension aims to support the Group's interests in the commercial energy landscape and enhance its ability to navigate market complexities. In this dynamic environment, acquiring comprehensive market insights and expertise remains essential to maintaining a competitive advantage and driving forward the Group's strategic objectives.
- In 2024, we **expanded our P2X competency centre** and utilised the knowledge we gained from studies on hydrogen and its derivative technologies as well as carbon capture and storage technologies. This work supports the development of new hydrogen, eFuel, and grid flexibility markets, while also preparing for and evaluating opportunities for pilot projects, including developing critical elements and accelerating the expansion of green capacities.
- In an effort to help the Group companies develop new products and services, **we initiated partnerships with demand side response (DSR) aggregators and acquired an independent DSR activity authorisation** in Lithuania for Ignitis (Customers & Solutions). The Group plans to continue the development of innovative products and services in this area throughout 2025.

Open-innovation pillars and the process of idea development



In 2024	17 **concepts implemented**	10 **pilot projects implemented**	2 **solutions developed**

Venture capital activities

In 2017, the Group established the first energy-focused venture capital fund in the Baltics, the Smart Energy Fund powered by Ignitis Group, managed by Contrarian Ventures, following a public tender. The fund has a total size of EUR 12.5 million, with the Group as its sole investor. The fund has finished its investment period, having made investments in 24 companies. The fund has generated a return of EUR 15.6 million so far. The exit period is planned to conclude by August 2027, with the possibility of extension for up to five years.

In 2023, the Group joined a European climate tech venture capital fund, World Fund, after an international public tender. The fund has a total size of EUR 300 million, with the Group committing approximately EUR 25 million. The investment period is ongoing, with investments already made in 17 companies. The Group's commitment to the fund is expected to last until August 2032.

Priorities for 2025

The main objectives of the Group's innovation team for 2025 are to pursue new technologies applicable to the Group's business activities and to continue building essential competencies in the P2X and BESS fields. Additionally, the team will focus on improving decision-making by leveraging the modelling capabilities of Plexos, providing expertise on the Group's strategic activities, and analysing innovative market solutions to guide stakeholders in making informed strategic decisions.

Digitalisation

Through digitalisation we aim to improve the digital experience of employees, increase the operational efficiency and help create the greatest possible added value for the organisation. We do this by taking into account the needs of different teams and analysing the digital experience of the Group employees. In 2024, we focused on applying and disseminating design-thinking principles across the Group, organising hackathons, enhancing employees' digital skills, decentralising automation and piloting AI technologies.

Overview of activities in 2024

Piloting AI technologies

In 2024, with further improvements to large language models, we continued developing and piloting AI technologies in various areas of our business. Specifically, our main AI projects were focused on automating the call centre's functions, chatbots and information retrieval. Furthermore, we launched an internal ChatGPT, which is focused on information security, and piloted AI technologies in different areas of our business. It included optical character recognition (OCR)CR, automatic content generation, customer NPS analysis, and large language models. This led to over 60% employees constantly using AI-related solutions.

Hackathons

To address the internal and external challenges affecting the Group, we organised an internal hackathon. This year's hackathon had six different topics, all focusing on improving different processes and employee efficiency through automation. Teams suggested ideas for reducing manual labour through low-code applications, automated data extraction and processing, and use of AI. Prototypes of proposed solutions were developed during the hackathon and teams continue to work on implementing these into different areas of the business.

Improving digital skills

In 2024, we continued running our digital skills training programme. The main objective remained the same as before, i.e., to upskill and reskill the Group employees to increase employee efficiency and ensure the sufficiency of digital skills for the future. In addition to topics from the previous years, this year we ran more than 30 training sessions focused on large language models and their efficient and safe use, including their practical use cases. We also ran many sessions focussed on different employee groups with an aim to increase AI awareness and understanding.

Priorities for 2025

In 2025, the digitalisation team will remain focused on adopting AI technologies in different areas of our Group. We are planning to do more than 6 pilots, with an aim of automating processes and bringing new capabilities to our businesses. We will remain focused on the digital skills programme, fostering the digital culture while spreading knowledge and understanding of AI solutions within the Group, and ensuring that employees regularly and securely use AI solutions in their day-to-day work.

2.3 Investment program

Overview

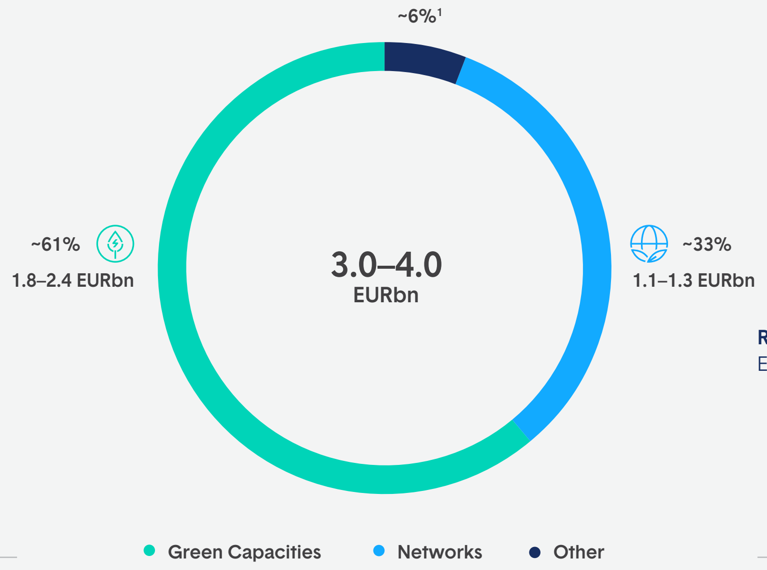
The Group makes investment decisions based on a four-year investment plan. Over the period of 2024–2027, the Group targets to invest EUR 3.0–4.0 billion or around EUR 750–1,000 million annually, primarily directed towards sustainable growth in Green Capacities and Networks business segments. Out of total, around 61% of the Investments are aimed towards Green Capacities expansion, while around 33% of the Investments are focused on the Networks segment, its maintenance and expansion.

To successfully implement our investment plan while achieving financial targets, including a commitment to increase dividends annually, we have established and apply a disciplined investment policy. We disclose the updates on our key investments in the Green Capacities and Networks segments in our interim and annual reports. The latest information on the key ongoing investment projects is presented below. More information on the investment program, including the investment strategy, is available in the Strategy section of our website.

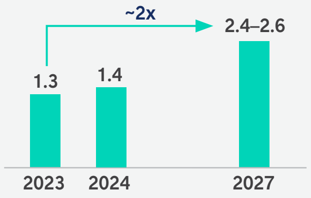
Investments aligned with the EU Taxonomy
92.0% (2024)

>85–90%[2]
2024–2027 targeted level

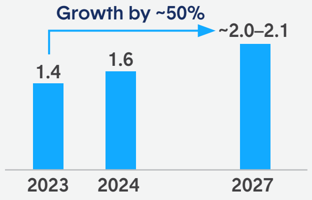
Investments over 2024–2027



Green Capacities installed
GW



Regulated Asset Base
EURbn



---

[1] *Includes Reserve Capacities segment, Customers & Solutions segment, IT and other investments.*

[2] *Share of Investments to be directed to the maintenance or expansion of the EU Taxonomy-aligned activities. There are differences in methodologies used to calculate Investments and actual Taxonomy CAPEX KPI.*

Green Capacities

Investment policy

The Group applies a disciplined investment framework with hurdle rates for returns on Green Capacities projects to ensure value-creating growth. Our Investment policy targets a spread of at least 100 basis points over WACC on an unlevered basis, depending on the risk profile on a project-by-project basis.

Pursuant to our asset rotation program, we plan to sell up to 49% of equity stakes in our implemented Green Capacities projects to capture value premium and recycle capital for future growth.

Target markets
The Baltics and Poland

Technologies
Offshore and onshore wind, batteries, pumped-storage hydro and power-to-X

Entry stage
Primarily greenfield and early-to-late development stages

Financing
Targeted 60–75% leverage at the project level

Asset rotation
Up to 49% of equity stakes in implemented projects to be sold under the program

Target returns
- ≥100 bps over targeted IRR–WACC spread
- Depends on the risk profile on a project-by-project basis

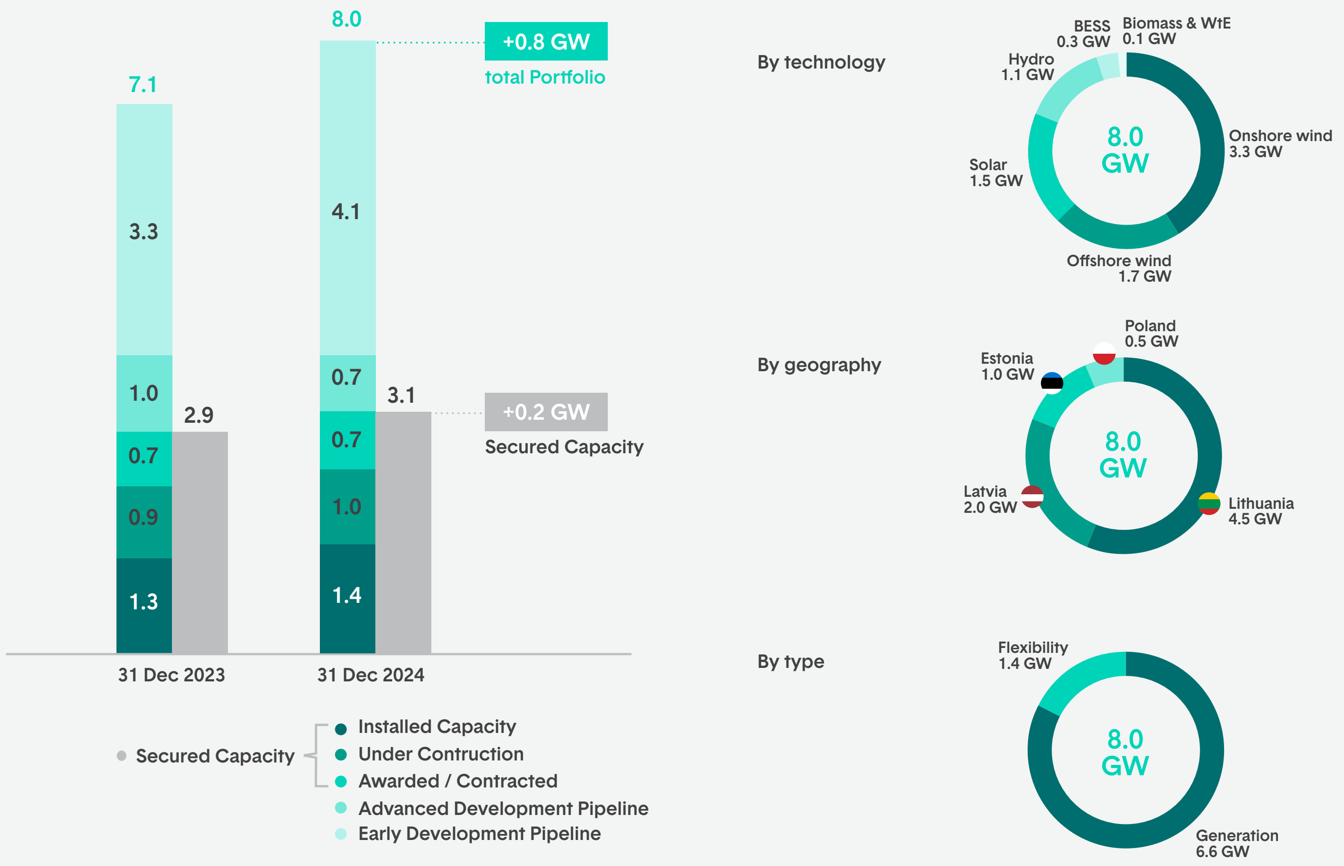
Portfolio development overview

Since the beginning of 2024, we continued to grow and develop our Green Capacities Portfolio, increasing its total capacity by 0.8 GW to 8.0 GW (from 7.1 GW). This is a result of greenfield capacity additions of around 0.5 GW and grid connection capacity secured for our first BESS projects (<290 MW) in Lithuania.

We also increased our Secured Capacity by 0.2 GW to 3.1 GW (from 2.9 GW) as Tume SF (173.6 MW) in Latvia reached the construction phase. Our Installed Capacity increased to 1.4 GW (from 1.3 GW), as Silesia WF I (50 MW) in Poland reached COD in March, Vilnius CHP biomass unit in Lithuania reached full COD for the remaining 21 MWth and 21 MWe capacities in May, and Tauragė SF (22.1 MW) in Lithuania reached COD in July.

The implementation of our Green Capacities projects under construction is progressing as planned, with no significant changes since Q3 2024 apart from one exception. At our Silesia WF II (137 MW) project in Poland, we have completed the construction works both on time and within budget, with all turbines erected, installed and operational. As planned, the project supplied first power to the grid, reached partial operation (with an operational cap set at 70 MW) in Q4 2024 and has been generating revenue since then, limiting the financial impact. However, due to the delays in reinforcing the grid (that are beyond our control), we now expect the wind farm to reach full operation and capacity COD in H2 2025 (previously – Q1 2025).

Green Capacities Portfolio overview
GW



Offshore wind development update

Lithuania's second 700 MW offshore wind project CfD tender

- In October 2024, we took decisions to participate in Lithuania's second 700 MW offshore wind tender and seek partners.
- In January 2025, the tender has been temporarily suspended, with the tender expected to be relaunched in due course and award in H2 2025.
- We will make the decision whether to participate in the relaunched tender when we will know the conditions of it.

Curonian Nord

- The project has been developing according to the plan until now. Final Investment Decision is expected after completion of development and obtaining construction permit in 2027.
- However, as a result of large-scale electrolysis projects being delayed across Europe, including the Baltics, possibilities to secure long-term power offtake have reduced. Combined with challenges in the current offshore wind supply chain environment, financing of the project may become challenging as we approach FID in 2027. As a result, there might be a need to delay the project COD until there is more visibility on the electrolysis demand and/or the interconnector with Germany.
- We will continue to monitor the market developments and will update our plans accordingly.

Liivi

- We are exploring opportunities to participate in the potential CfD tender, which is subject to parliamentary approval in Estonia.

Wind and meteorological measurements for an offshore wind project in the Baltic Sea

Status on key investment projects / UNDER CONSTRUCTION

Project name	**Polish solar portfolio**	**Silesia WF II**	**Moray West offshore wind project[3]**	**Stelpe SF**	**Vārme SF**	**Kelmė WF I**	**Kelmė WF II**	**Tume SF**	**Kruonis PSHP expansion**	**TOTAL**
Country	Poland	Poland	The United Kingdom	Latvia	Latvia	Lithuania	Lithuania	Latvia	Lithuania	
Technology	Solar	Onshore wind	Offshore wind	Solar	Solar	Onshore wind	Onshore wind	Solar	Hydro pumped storage	
Capacity	24 MW	137 MW	882 MW	145 MW	94 MW	105.4 MW	194.6 MW	173.6 MW	110 MW	**1.0 GW**
Turbine / module / other type of unit manufacturer	17 MW Jinko Solar; 7 MW JA Solar	38 x 3.6 MW Nordex	60 x 14.7 MW Siemens Gamesa	145 MW Trina Solar	94 MW Trina Solar	16 x 6.6 MW Nordex	28 x 7.0 MW Nordex	173.6 MW TBD	1 x 110 MW Voith Hydro	
Investment	~EUR 19 million	~EUR 240 million[2]	Not disclosed	~EUR 112 million[2]	~EUR 66 million[2]	~EUR 190 million[2]	~EUR 360 million[2]	~EUR 105.8 million	~EUR 150 million	**~EUR 1.2 billion[4]**
Investments made by 31 December 2024	~EUR 16 million	~EUR 235 million	Not disclosed	~EUR 65 million	~EUR 43 million	~EUR 165 million	~EUR 289 million	~EUR 8 million	~EUR 43 million	**~EUR 0.9 billion[4]**
Proportion of secured revenue[1]	100%	100%	85%	50%	50%	65%	65%	51%	0%	
Type of secured revenue	CfD	CfD / PPA	CfD / PPA	PPA	PPA	PPA	PPA	PPA	PPA	
Ownership	100%	100%	5%[3]	100%	100%	100%	100%	100%	100%	
Partnership	n/a	n/a	Ocean Winds	n/a	n/a	n/a	n/a	n/a	n/a	
Progress										
FID made	+	+	+	+	+	+	+	+	+	
WTGs erected (units) / Solar modules & inverters installed (MW) / Other type of turbines or units installed (units)	14 / 24	38 / 38	60 / 60	22 / 145	61 / 94	16 / 16	28 / 28	0 / 173.6	0 / 1	
First power / heat to the grid supplied	+	+	+	–	–	+	+	–	–	
Expected COD	H1 2025	H2 2025	2025	2025	2025	2025	2025	2026	2026	
Status	On track	Time delay	On track	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] As the Group owns a minority stake of 5%, the project's capacity is not consolidated and is not reflected in the data of the Green Capacities Portfolio.
[4] Excluding not disclosed investments.

Networks

Investment policy

Investments into our Networks segment, as a Lithuania's distribution system operator that is working in a fully regulated business environment, are clearly defined by the regulatory framework, coordinated, and approved by the regulator (National Energy Regulatory Council, NERC).

Target markets
Lithuania

Technologies
Electricity and natural gas distribution networks

Type
Expansion (new customer connections and upgrades, including prosumers and EV network, smart-meter roll-out) and maintenance

Investment capacity
10-year investment plans are updated, coordinated, and approved by the regulator (NERC)

Target returns
≥0 bps over targeted IRR–WACC spread

Update on key ongoing and planned Investments

In 2024, we have successfully continued working on grid maintenance and expansion, including the smart meter roll-out. Smart meter installation for private and business customers whose energy consumption exceeds 1,000 kWh a year began in July 2022 and is approaching final stage. Since the end of 2023, around 302 thousand smart meters were installed, exceeding 1 million installed smart meters in total (out of more than 1.2 million smart meters to be installed by 2026).

While the smart metering system is already running and performing routine daily tasks, we have continued to work on upgrading it and adding additional functionalities throughout 2024. For example, we are integrating the smart meter information system into the distribution management system, and the complete integration is estimated for mid-2025. Also, we successfully launched Readings HUB, a cloud-based big data platform for smart meters, was successfully launched in June 2024. We are now integrating data into it and setting up analytical algorithms. Additionally, a project to calculate electricity network losses using smart meter data has been initiated.

Regarding our investment programme, the regulator (NERC) has approved (link in Lithuanian) our 10-year (2024–2033) Investment Plan for distribution networks, which we submitted to the regulator for public consultation and coordination on 11 June 2024. The plan foresees a 40% increase in Investments to EUR 3.5 billion. The previous 10- year investment plan submitted to NERC projected EUR 2.5 billion in Investments for 2022–2031. The planned Investments continue to focus on the two main areas: improving the network resilience and efficiency (~38% of the planned Investments) as well as expanding the electricity network and facilitating the market (~57%). The maintenance of the natural gas network represents ~5% of the total planned Investments.

Status on key investment projects

Project name	Electricity network expansion and facilitation of the energy market	Maintenance and other	TOTAL
Country	Lithuania	Lithuania	–
Investments 2024–2033 (10-year investment plan)	~EUR 1.9 billion	~EUR 1.6 billion	**~EUR 3.5 billion**
Investments 2024–2027 (Strategic plan)	~EUR 620–750 million	~EUR 480–580 million	**~EUR 1.1–1.3 billion**
Investments covered by customers and grants (3-year average)	31.0% (covered by customers' fees)	10.7% (covered on a project-by-project basis by EU funds and customers' fees)	**21.7%**
Ownership	100%	100%	**100%**
Progress	In 2024, 40,151 new electricity customers were connected and 18,587 capacity upgrades were carried out. It resulted in around 2,647 km of new power lines (300 km in Q4 2024).	In 2024, around 766 km of power lines were reconstructed (197 km in Q4 2024). Around 85% of the reconstructed power lines were replaced with underground cables.	
Status	On track	On track	

2.4 Business environment

The Group's performance continues to be affected by macroeconomic and industry dynamics, particularly in the specific markets in which it operates. In order to assess the business environment and identify potential opportunities and challenges, we closely monitor economic indicators and industry developments. Our commitment to providing a comprehensive overview extends to highlighting relevant changes in the regulatory framework, ensuring a nuanced understanding of the markets in which we operate.

Macroeconomic environment

GDP

In 2024, GDP in the euro area and European Union (EU) grew slightly compared to 2023. Looking ahead, GDP in the euro area is expected to grow by 1.3% in 2025 and 1.6% in 2026, while the EU's GDP is projected to increase by 1.5% and 1.8% respectively. Meanwhile, Lithuania's GDP in 2024 showed a strong rebound, growing by 3.6% compared to 2023 and outperforming other countries we are active in. The growth is expected to slow down slightly to 3.0% in 2025 and in 2026 while maintaining positive momentum. According to Eurostat's autumn forecast, GDP growth in the countries we are active in should be similar to those of the EU and the euro area in 2025, but are expected to surpass them in 2026, except for Poland, which is also expected to show a growth momentum similar to Lithuania.

Inflation

In December 2024 the annual inflation rate in the euro area settled around 2.4%, down from 2.9% in 2023. Among the countries we operate in, Latvia, Estonia and Poland had the highest inflation, exceeding both the euro area and EU averages at the end of the year. Similarly, Lithuania and Finland had the lowest inflation rates compared to euro area and EU. Poland and Estonia are expected to have the highest harmonised CPI in 2025 and 2026, while all other countries we active in are expected to have inflation either slightly below or similar to the EU and euro area.

GDP change, %

	2024 vs 2023	2025F	2026F
Lithuania	+3.6	+3.0	+3.0
Latvia	-[1]	+1.0	+2.1
Estonia	(0.1)	+1.1	+2.6
Finland	-[1]	+1.5	+1.6
Poland	-[1]	+3.6	+3.1
Euro area	**+0.9**	**+1.3**	**+1.6**
EU	**+1.1**	**+1.5**	**+1.8**

Source: Eurostat.

[1] *No data is released yet.*

Inflation rate change measured by harmonised CPI, %

	2024	2025F	2026F
Lithuania	+1.9	+1.7	+1.6
Latvia	+3.4	+2.2	+2.2
Estonia	+4.1	+3.6	+2.4
Finland	+1.6	+2.0	+1.8
Poland	+3.9	+4.7	+3.0
Euro area	**+2.4**	**+2.1**	**+1.9**
EU	**+2.7**	**+2.4**	**+2.0**

Source: Eurostat.

Industry environment

Overview of energy industry trends

- The prices in the wholesale electricity market, Nord Pool, fell in 2024 across all the bidding areas compared to 2023. This was a result of normal hydro balances in Scandinavia, lower gas prices and significant growth in renewables generation, driven by favourable weather as well as wind and solar capacity additions. The maintenance of the power lines related to the preparations for the synchronisation with the EU power grid caused price differences between the Scandinavian and Baltic regions. Additionally, the periods with negative prices have increased, highlighting the need for flexible solutions, such as BESS and hydrogen, to reduce the market volatility.
- Electricity generation has increased across all countries we are active in, with most in Lithuania, which generated 36.0% more electricity compared to 2023, due to higher wind (increased by 35.8%) and solar (increased by 112.7%) generation levels. Electricity demand in all Scandinavia region 2024 has increased due to colder weather in Q1 and heat waves in Q3, which increased the cooling demand. Improved energy efficiency and higher energy savings were responsible for some of the constraints on demand.
- The Dutch TTF natural gas price experienced a declining trend in Q1 2024, resulting in a 29% decrease. However, from spring 2024 until the end of the year, the price changed the trajectory and corrected upwards by 42%. This was mainly supported by tensions in the Middle East, gas infrastructure outages in both Europe and the USA, intensifying sanctions against Russian gas and LNG, and the expiry of the gas transit agreement via Ukraine. Global market turbulences and geopolitical events continue to drive the market prices. Europe was comfortable at the start of the natural gas injection season, reducing the need for significant imports. Nevertheless, the region had to compete with Asia to attract any cargoes to the continent. European LNG imports were down YoY by 20%. In 2024, natural gas demand in the Baltics increased by 9% YoY (including Finland), tracking close to European levels, though still 34% below the pre-war average (-18% in Europe). Meanwhile, Poland saw significant growth of natural gas-based electricity generation in Poland, which pushed out the oldest hard coal-fired units out of the merit order stack.

Electricity ⚡

Consumption
TWh

	2024	2023	Δ, %
Lithuania	12.2	11.7	*3.7%*
Latvia	7.0	6.5	*7.5%*
Estonia	8.0	8.1	*(1.4%)*
Finland	82.0	79.1	*3.7%*
Poland	163.2	166.1	*(1.7%)*
Total	**272.4**	**271.5**	***0.3%***

Generation
TWh

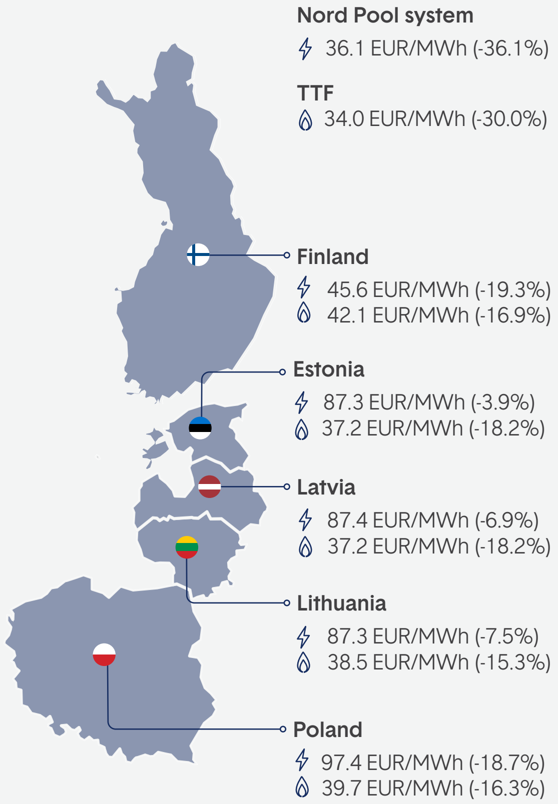
	2024	2023	Δ, %
Lithuania	8.4	6.2	*43.9%*
Latvia	5.9	5.7	*12.7%*
Estonia	4.9	4.6	*4.8%*
Finland	77.6	74.0	*3.0%*
Poland	154.7	153.3	*2.6%*
Total	**251.5**	**243.8**	***3.1%***

Natural gas 🔥

Consumption
TWh

	2024	2023	Δ, %
Lithuania	17.1	14.9	*14.9%*
Latvia	8.8	8.2	*7.5%*
Estonia	3.7	3.4	*9.2%*
Finland	14.0	13.3	*4.7%*
Poland	197.5	179.9	*9.7%*
Total	**241.1**	**219.7**	***9.7%***

Electricity and natural gas prices in the countries where the Group is active



● Countries the Group is active in

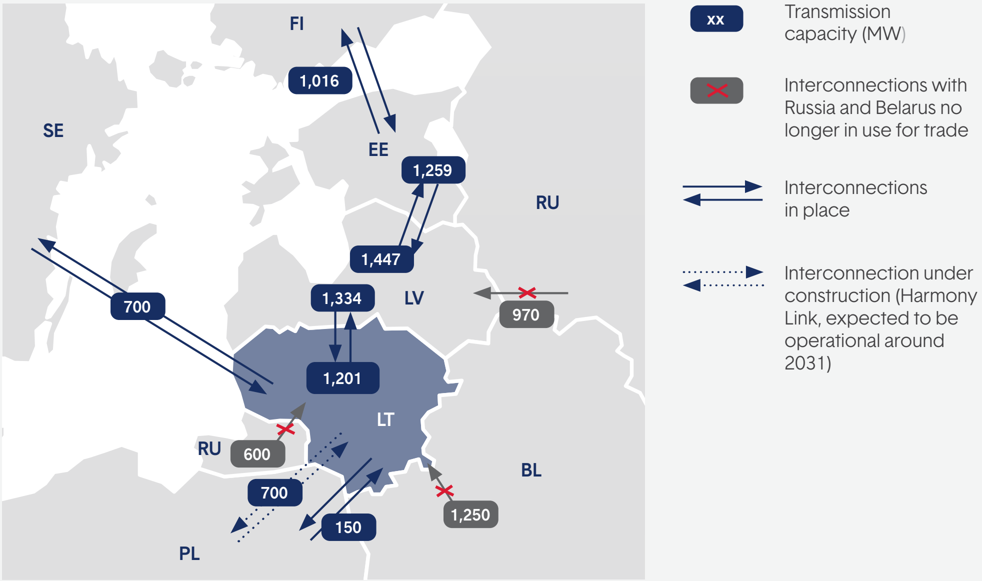
⚡ Average electricity price in 2024 (vs 2023)
🔥 Average natural gas price in 2024 (vs 2023)

Regional interconnections and infrastructure

In recent years, there have been significant changes in terms of power and natural gas 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 this has not affected the energy supply, as 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. Additionally, resilience and reliability of the Baltic electricity system is expected to increase significantly after February 2025, when the synchronization with the grid of Continental Europe is completed. This milestone will mark the end of the BRELL agreement with Russian and Belarusian operators as announced by the Baltic electricity transmission system operators Litgrid, AST and Elering (TSOs of the Baltic states), paving the way for disconnection from their grids.

Moreover, the success of the Harmony Link project is vital for regional energy independence. On 22 August 2024, the Board of Litgrid (Lithuania's TSO) made a Financial Investment Decision regarding the overland link project in Lithuania, Harmony Link interconnector, in accordance with the Harmony Link Cooperation Agreement signed with the Polish operator PSE S.A. This project will reinforce the integration of the Baltic states' electricity grids in the European grid, enhancing energy security, grid stability and the efficiency of electricity import and export. Furthermore, the project will result in a reduction in energy prices in the region, whilst also fostering market competition and thereby strengthening Baltic states' role in the European energy network. In addition to these benefits, the project will also support environmental goals through the integration of renewable energy sources. On 25 December 2024, the EstLink 2 submarine power cable experienced an unplanned failure, reducing Estonia–Finland cross-border capacity from 1,016 MW to 358 MW, raising concerns about potential sabotage due to other recent outages in the Baltic Sea. This incident further highlights the importance of diversified and resilient energy connections and reinforces the need for projects like Harmony Link to ensure a stable electricity supply and price stability in the region.

Power interconnections[1]: enough to cover the demand despite the stopped Russian power imports



Lithuanian power capacity

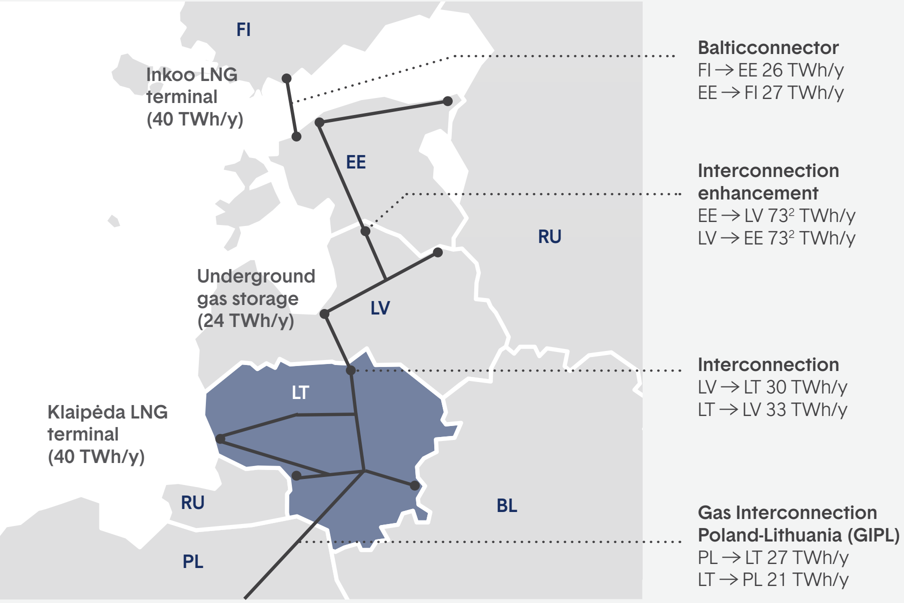
Pre-war	Current	In 2031	**Peak demand**
4.1 GW	2.2 GW	3.2 GW	2.1 GW

---

[1] *Source: Nord Pool, IEA.*

Regarding natural gas, Lithuania was the first EU member state to stop purchasing gas from Gazprom (Q2 2022) and replaced it with LNG cargoes, mainly from the USA and Scandinavia. Furthermore, on 1 July 2022, a law prohibiting natural gas imports from Russia and other countries posing threat to the country's national security has entered into force. Finally, in autumn 2022, we secured a spot for 6 additional LNG cargoes per year until the end of 2032 at the Lithuanian LNG terminal in Klaipėda. Although natural gas is not the core business of the Group, we actively participate in every way possible to reduce the natural gas dependency on Russia while ensuring uninterrupted supply to our customers. This effort was further supported by the completion of the ELLI project in 2023, which improved the Latvia-Lithuania natural gas interconnection. By increasing bi-directional capacity and integrating the Baltic and Finnish gas markets, ELLI has strengthened regional energy security and improved access to key infrastructure, such as Klaipėda LNG terminal and Latvia's Inčukalns Underground Gas Storage facility. Also, on 6 December 2024, a state-owned company, KN Energies, purchased and took over the ownership of Klaipėda LNG terminal (Floating Storage and Regasification Unit). Together, these developments ensure a more resilient and independent energy system in the region.

Natural gas infrastructure[1]: supply ensured by imports through LNG terminals and inventory in underground storage



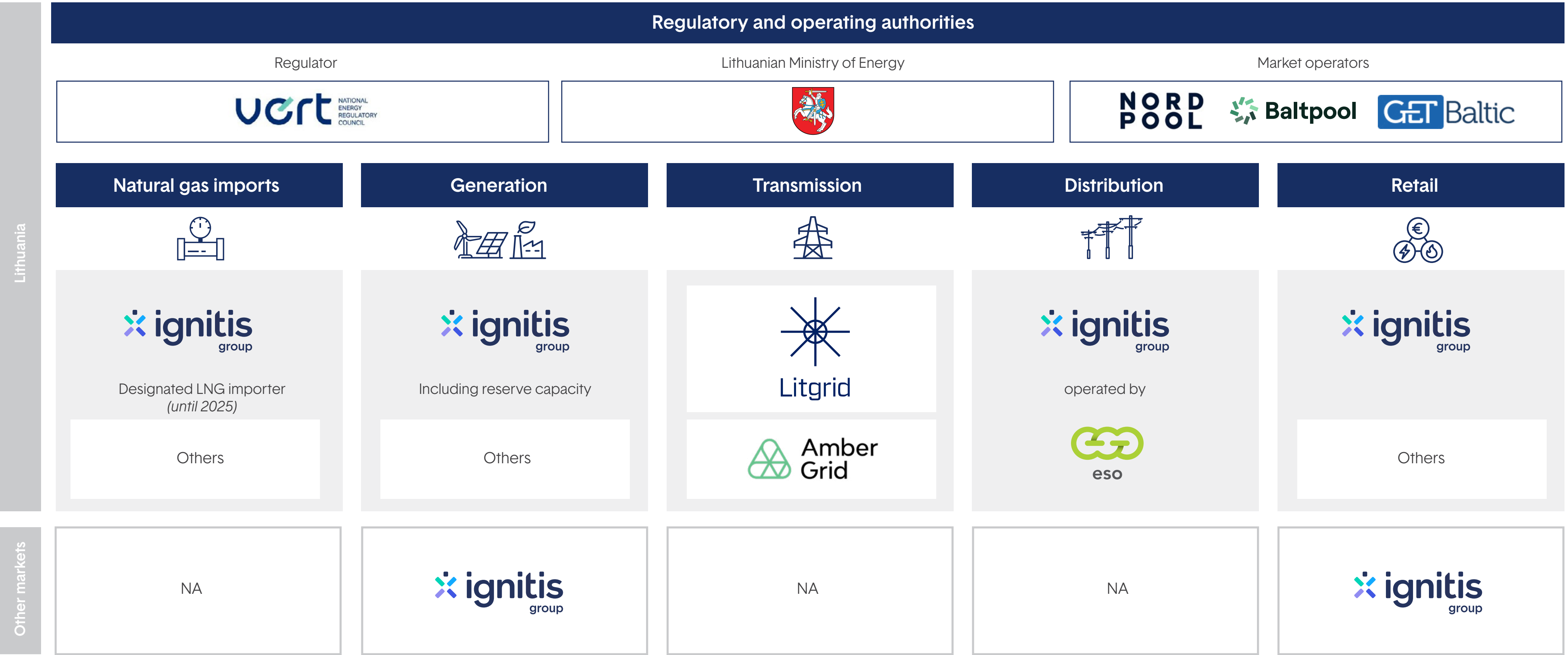
	Annual natural gas demand 2024 TWh/y	Change in natural gas consumption 2024 vs 2023,%
Poland	197.5	*9.7%*
Lithuania	17.1	*14.9%*
Finland	14.0	*4.7%*
Latvia	8.8	*7.5%*
Estonia	3.7	*9.2%*
Total	**241.1**	***9.7%***

[1] *Source: publicly available data.*
[2] *Source: based on the Group's data.*

The Group's role in home market countries

As the Group operates in the Baltic states, Poland, and Finland, its role varies from country to country. In Lithuania, the Group plays a critical role in the energy value chain by participating in all energy-related activities, except the transmission services. By comparison, in other countries we either own and operate power generation assets, manage the retail business, or both. For further details, see the figure below.

The Group's contribution to the energy market's value chain



Regulatory and operating authorities

Regulator	Lithuanian Ministry of Energy	Market operators
vert NATIONAL ENERGY REGULATORY COUNCIL		NORD POOL Baltpool GET Baltic

	Natural gas imports	Generation	Transmission	Distribution	Retail
Lithuania	ignitis group Designated LNG importer *(until 2025)* Others	ignitis group Including reserve capacity Others	Litgrid Amber Grid	ignitis group operated by eso	ignitis group Others
Other markets	NA	ignitis group	NA	NA	ignitis group

Regulatory environment: EU wide

REMIT II

On 11 April 2024, the European Parliament and the European Council adopted the updated Regulation on Wholesale Energy Market Integrity and Transparency, known as the REMIT II regulation (Regulation (EU) No 1227/2011), along with the Regulation on the Establishment of ACER (Regulation (EU) 2019/942), effective from 7 May 2024. This regulation aims to enhance market transparency and integrity, thereby increasing public trust in the functioning of wholesale energy markets, also introduces new rules on algorithmic trading and imposes new obligations on third-country market participants.

Key aspects of the updated regulation include:

- expanded scope of data reporting, encompassing new electricity balancing markets, coupled markets, and algorithmic trading. Market participants must design their algorithms to avoid causing disruptions in the market. REMIT II also stipulates monitoring and documentation obligations;
- clearer and stricter requirements for market participants in the EU who are residents of third countries;
- empowering the European Union Agency for the Cooperation of Energy Regulators (ACER) to investigate cases with a cross-border dimension, involving at least two Member States;
- introducing new tools for ACER to conduct investigations, including the ability to perform on-site inspections, issue requests for information, and take statements;
- granting ACER the power to impose periodic penalty payments to ensure compliance with on-site inspection decisions and requests for information. The authority to impose fines for infringements or breaches of the prohibitions or substantive obligations included in the regulation will remain with the Member States.

Date of adoption: 11 April 2024

Relevance to the Group's business segments:

Impact on the Group: As of report publication date, the financial impact cannot be evaluated, but is not expected to have a significant impact at the Group level

Net Zero Industry Act

On 13 June 2024, the European Parliament and the European Council adopted the Net Zero Industry Act (NZIA) (Regulation (EU) 2024/1735), which establishes a regulatory framework to enhance the EU's competitiveness in decarbonisation technologies. NZIA aims to attract investments, boost market access, and support the clean energy transition, thus strengthening the EU's energy resilience. By 2030, the NZIA targets net zero manufacturing capacity to meet 40% of the EU's annual deployment needs and mandates an annual CO_2 storage capacity of at least 50 million tonnes.

The NZIA covers a wide range of technologies that are essential for decarbonisation, including solar, wind, battery storage, hydrogen, sustainable fuels, carbon capture, and energy efficiency technologies. It also includes nuclear energy, transport propulsion, and biotech solutions. NZIA applies to manufacturers in energy-intensive industries, such as steel, chemicals, and cement, who produce components for net zero technologies or invest in decarbonisation.

The NZIA focuses on building a skilled workforce, enabling industries, and supporting net zero projects. It establishes Net-Zero Industry Academies to train 100,000 people in net zero technologies over three years. The act also addresses CO_2 storage issues by targeting 50 million tonnes of annual CO_2 injection capacity by 2030 and encourages EU oil and gas companies to invest in CO_2 capture solutions.

NZIA introduces a net zero strategic project status, which enables faster permitting and financial support for key projects. It also enforces new procurement rules, requiring public authorities to consider sustainability, resilience, and cybersecurity in clean tech contracts and renewable energy auctions. Additionally, NZIA establishes the Net Zero Europe Platform to monitor progress, advise on financing, and foster international partnerships for the global clean energy transition.

Date of adoption: 13 June 2024

Relevance to the Group's business segments:

Impact on the Group: An overall positive impact as the regulation aims to accelerate the energy transition, which is in line with the Group's Strategy

Green Capacities   Networks   Reserve Capacities   Customers & Solutions

Regulatory environment: EU wide (cont.)

Electricity Market Design Review

In response to severe energy price spikes caused by Russia's 2022 invasion of Ukraine, on 13 June 2024, the EU restructured its electricity market through the so-called Electricity Market Design (EMD) package (Directive EU/2024/1711, Regulation EU/2024/1747).

The reform establishes several key rules to protect consumers, enhance stability and competitiveness for companies, increase green electricity, and improve preparedness against future crises.

For better consumer protection, the reform introduces a variety of contract options, including fixed price, fixed term, and dynamic pricing with multiple contracts. It mandates clearer pre-signing information and facilitates easier access to locally traded renewable energy. Vulnerable consumers will benefit from enhanced protections, such as ensuring a sufficient number of suppliers of last resort to guarantee uninterrupted electricity access, and improved government oversight of retail prices for households and SMEs.

To provide more stability and competitiveness for companies, the reform establishes the use of long-term contracts like power purchase agreements (PPAs), where power producers sell directly to consumers at agreed prices. It ensures an option of the stable revenue for power producers through two-way contracts for difference (CfDs), supporting investments in new facilities for wind, solar, geothermal, hydro (without reservoir), and nuclear energy. These contracts guarantee minimum returns on investments and mitigate excessive costs during crises.

The rules also aim to increase the share of green electricity by streamlining the integration of renewables into the energy system. Enhanced transparency obligations for system operators and improved market monitoring will facilitate a more predictable renewable energy generation.

Lastly, to better prepare against future crises, the Council has been authorised to declare a crisis in response to high wholesale electricity prices or sharp retail price increases. Member States are required to implement the existing EU measures, such as reducing electricity prices for vulnerable customers and ensuring fair competition among suppliers to prevent market distortions during a crisis.

*Date of adoption:*13 June 2024

Relevance to the Group's business segments:

Impact on the Group: An overall positive impact as the amendments aim to accelerate the energy transition, which is in line with the Group's Strategy

AI Act

On 13 June 2024, the European Parliament and the European Council adopted Artificial Intelligence (AI) Act 2024/1689, establishing harmonised rules on artificial intelligence. The AI Act aims to ensure safe and secure use of AI across all EU countries.

The regulation seeks to improve the internal market by providing a uniform legal framework for the development, marketing, and use of AI systems in the EU and also aims to protect against the detrimental effects of AI systems and support innovation. AI systems are categorised by risk levels: unacceptable, high, limited, and minimal. Unacceptable AI systems will be banned from 2 February 2025. High-risk AI systems, as defined in Annex III to the regulation, include critical infrastructure for water, gas, heat, and electricity supply. Suppliers of high-risk AI systems must provide technical specifications, detailed data used for development, and a pre-market risk assessment to the supervisory authority. Users must ensure these systems are used according to suppliers' instructions and supervised by qualified personnel. The AI Act entered into force on 2 August 2024, and will fully apply from 2 August 2026, with certain exceptions. The Commission has nine months to develop codes of practice for implementation. Once the Commission drafts the necessary documents (guidelines, codes), Member States may begin discussing national legislation to implement the AI Act.

Date of adoption: 13 June 2024

Relevance to the Group's business segments: Group

Impact on the Group: As of report publication date, the financial impact cannot be evaluated, but is not expected to have a significant impact at the Group level

Regulatory environment: EU wide (cont.)

Methane Regulation

On 13 June 2024, the European Parliament and the Council adopted Regulation (EU) 2024/1787 on the reduction of methane emissions in the energy sector, amending Regulation (EU) 2019/942. This regulation aims to prevent the avoidable release of methane into the atmosphere and to minimise leaks by fossil energy companies operating in the EU. The rules introduced by the regulation include:

1. enhanced measurement, reporting, and verification of methane emissions in the energy sector;
2. immediate reduction in emissions through mandatory leak detection and repair, along with a ban on venting and flaring practices, which involve the release of methane directly into the atmosphere;
3. a transparency requirement for methane emissions from imports, collecting information on whether and how exporter countries/companies are measuring, reporting, and abating methane emissions, with the aim of establishing a methane intensity profile for those entities.

Date of adoption: 13 June 2024

Relevance to the Group's business segments:

Impact on the Group: As of report publication date, the financial impact cannot be evaluated, but is not expected to have a significant impact at the Group level

Regulatory environment: Pan-Baltic

Harmony Link Land Connection Project

On 26 April 2024, the Minister of Energy of the Republic of Lithuania confirmed the Programme of the engineering infrastructure development plan for the Harmony Link land connection project, which serves as a suitable technical alternative to the previously planned maritime connection for the synchronisation of the electricity system. The programme regulates the planning objectives and goals of the state-level special spatial planning document, the stages of the planning process, and the requirements for the preparation of the plan. The planned area includes Vilkaviškis district municipality, Kalvarija municipality, and Marijampolė municipality.

At the end of December 2024, the Polish electricity transmission system operator, PSE, has approved the financial investment decision for the onshore construction of the Harmony Link connection. According to the cooperation agreement signed by the operators, the financial investment decision made by the Lithuanian electricity transmission system operator Litgrid in September also comes into effect. This confirms the operators' commitments to finance and implement the interconnection project. Litgrid has already announced a public procurement for the design services of the onshore Harmony Link connection in the territory of Lithuania.

Date of adoption: 26 April 2024

Relevance to the Group's business segments:

Impact on the Group: An overall positive impact as amendments aim to accelerate the energy transition and the Baltic market's integration in the European energy market

Non-extension of the BRELL Agreement

On 16 July 2024, the transmission system operators (TSOs) of Estonia, Latvia, and Lithuania sent a notice of non-extension for the agreement on parallel energy system operation, known as the BRELL agreement. This agreement has defined the terms of operation for the Baltic countries within the Russia-controlled electricity system IPS/UPS. The agreement expired on 7 February 2025.

On 8 February 2025, the Baltic TSOs disconnected the Estonian, Latvian, and Lithuanian electricity systems from IPS/UPS and commenced a joint isolated operation test. On 9 February 2025, the Baltic electricity systems were synchronised with the Continental Europe Synchronous Area.

Synchronisation will enable better EU transmission system interconnectivity and market integration, allowing Baltic electricity systems to operate under common and transparent European rules to the benefit of all consumers. It will also foster the development of renewable energy in the Baltic states and Poland as newly installed power lines, substations, and synchronous condensers will enhance the transmission grids' capacity to support a higher share of renewable energy sources in overall electricity generation.

Date of adoption: 16 July 2024

Relevance to the Group's business segments:

Impact on the Group: An overall positive impact as the amendments aim to accelerate the energy transition and the Baltic market's integration in the European energy market

Green Capacities Networks Reserve Capacities Customers & Solutions

Regulatory environment: Pan-Baltic (cont.)

Natural Gas Delivery Standards and Solidarity Storage Service

On 12 September 2024, the Parliament of the Republic of Latvia adopted Amendments to the Energy Law. Decisions on the user protection were adopted and strengthened in regulatory acts in accordance with Regulation (EU) 2017/1938 of the European Parliament and the Council of 25 October 2017 concerning measures to safeguard the security of gas supply and repealing Regulation (EU) No 994/2010. Later, the implementing regulations were also adopted. On 1 October 2024, Conexus Baltic Grid adopted the Regulation on use of the solidarity section of the Inčukalns Underground Gas Storage facility (hereinafter – Regulation on Solidarity Product).

Accordingly, in the amendment to the Energy Law and in the Regulation on Solidarity Product (taking into account the type of storage capacity reservation) Inčukalns Underground Gas Storage facility was divided into two parts: the storage part with a capacity of four terawatt-hours (the Inčukalns Underground Gas Storage facility solidarity part, dedicated to meet the solidarity needs of neighboring countries of the European Union that have concluded agreements on solidarity measures to ensure the security of gas supply); the storage area in Inčukalns Underground Gas Storage for facilitating the market. Also, the amendment and new Regulation on Solidarity Product determine the procedure for reserving the storage capacity of the solidarity part of Inčukalns Underground Gas Storage facility and establish that the fee will be set according to the tariff set by the Public Utilities Commission. For the market part of the storage system services, the fee will be applied, the final amount of which will be determined by auction. The new solidarity product, developed through amendments, is a specialised natural gas storage service designed to enhance the regional energy security by ensuring the availability of gas reserves during emergencies or supply disruptions.

Date of adoption: 12 September 2024
and 1 October 2024 for the Regulation on Solidarity Product

Relevance to the Group's business segments:

Impact on the Group: As of report publication date, the financial impact cannot be evaluated, but it will not be material.

Baltic Balancing Capacity Market

On 30 January 2025, National Energy Regulatory Council (NERC) approved the start date of 5 February 2025 for the Baltic balancing capacity market being established by the Baltic electricity transmission operators Litgrid, AST, and Elering. This market is crucial for synchronization with the Continental European networks, after which the Baltic States will operate as a unified frequency control block.

Balancing capacities are necessary to ensure the balance between electricity production and consumption. Synchronization requires technical solutions to increase or decrease electricity production or consumption.

Effective balancing services can be provided by battery systems, renewable energy plants with control systems adapted for balancing, and demand aggregators.

Balancing capacity services will be procured daily through auctions. Starting in 2025, the market will procure automatic and manual frequency restoration reserves (aFRR and mFRR), and after synchronization with the Continental European networks, also the frequency containment reserve (FCR).

According to transmission system operators' calculations, up to 1512 MW of balancing capacity will be needed in 2025, with 80% of this being procured from the market. After synchronization, an additional 25 MW of FCR will be required. The expansion of renewable energy will lead to a further increase in this demand by 2031.

Group company AB "Ignitis gamyba" will provide aFRR and FCR services through the Combined Cycle Gas Turbine Plant, and mFRR services through the Kruonis Pumped Storage Hydroelectric Power Plant

Regulatory environment: Pan-Baltic (cont.)

(Kruonis PSHP). From February 2025, with the launch of the common Baltic balancing capacity market, the price of the mFRR balancing capacity services provided by Kruonis PSHP will no longer be regulated by NERC.

Date of adoption: 30 January 2025

Relevance to the Group's business segments:

Impact on the Group: Positive impact both for Green Capacities and Reserve Capacities

Regulatory environment: Lithuania

Renewable Electricity Production Contribution

On 3 April 2024, the Government of the Republic of Lithuania passed a resolution establishing the Rules of Payment Procedures for the Renewable Electricity Production Contribution and Support Funds for Local Communities. These rules govern the calculation, collection, administration, and payment procedures for the renewable electricity production contribution.
For onshore development projects, the contribution is paid for the previous calendar year and calculated by multiplying the electricity produced and supplied to the electricity grid in the last calendar year by EUR 0.0010/kWh.

For offshore development projects, the winner of the tender must grant financial support to the coastal communities. The contribution is paid starting from the day the permit to produce electricity is issued to the tender winner, throughout the project's duration. The contribution is set at EUR 1.00/MWh.

Date of adoption: 3 April 2024

Relevance to the Group's business segments:

Impact on the Group: An overall positive impact as the amendments aim to accelerate the energy transition, which is in line with the Group's Strategy

Hydrogen Guidelines 2024–2050 and Action Plan for Implementation

On 26 April 2024, the Ministry of Energy of the Republic of Lithuania adopted the Hydrogen Guidelines 2024–2050. This document serves as Lithuania's primary strategic plan for developing a comprehensive legal framework for hydrogen regulation. It aims to promote hydrogen use in the transport and industrial sectors, foster integration between the hydrogen and electricity sectors, create hydrogen valleys and transport systems, evaluate hydrogen storage possibilities, and establish a hydrogen competency development system. In order to achieve the objectives and targets set forth in the Hydrogen Guidelines, on 11 December 2024, the Government approved the Action Plan for the Implementation of the Hydrogen Development Guidelines in Lithuania for 2025–2027. It details 8 specific objectives, along with the measures, responsible parties, and timeline required to meet them. This document will be pivotal for the ongoing development of the hydrogen sector as it will shape the market and the regulatory environment.

Date of adoption: 26 April 2024

Relevance to the Group's business segments:

Impact on the Group: An overall positive impact as the amendments aim to accelerate the energy transition, which is in line with the Group's Strategy

Green Capacities Networks Reserve Capacities Customers & Solutions

Regulatory environment: Lithuania (cont.)

Effective Tax Rate

On 6 June 2024, the Law on Ensuring the Minimum Level of Taxation of Groups of Entities of the Republic of Lithuania was adopted by transposing and implementing the part of the Directive 2022/2523 on the global minimum level of taxation of multinational enterprise groups and large-scale domestic groups in the Union.

The directive was designed to prevent tax practices that allow large groups of entities to shift profits to jurisdictions where such profits are exempt or subject to very low taxation, and to ensure that these groups pay their fair share of tax, regardless of the jurisdiction in which they operate. The directive establishes rules to ensure a global minimum level of taxation for groups of entities (multinational groups of entities and domestic groups of entities) with annual revenues of EUR 750 million or more, including the taxation of the profits of such groups in each jurisdiction at an effective tax rate of at least 15%.

Date of adoption: 6 June 2024

Relevance to the Group's business segments: Group

Impact on the Group: The Group will be required to pay a top-up tax of EUR 1.2 million in Finland for the year 2024 due to the implementation of the Global Minimum Tax. For more, see Note 9 to '8. Consolidated financial statements'

Procedures for Access to the Electricity Network

On 11 June 2024, NERC adopted both the updated Rules of Procedure for Access to the Electricity Transmission Network by Litgrid and the revised Rules of Procedure for Access to the Electricity Distribution Network by ESO (Networks). These updates implement the provisions of the revised Law on Electricity and the Law on Energy from Renewable Sources, introducing several significant changes aimed at enhancing the efficiency and transparency of the electricity network procedures, and support the integration of renewable energy sources.

The substantial amendments to the Rules of Procedure for Access to the Electricity Transmission Network include updates to reflect the amendments to relevant legislation, improvements to the process of identifying, reserving, and selecting connection point locations, and the development of electricity transmission network capacity. Additionally, the procedure for reserving electricity transmission network capacity has been updated, including potential generation limits and specific cases where these limits may apply.

Detailed principles for the reception and transmission of electricity through transmission networks have been provided, including the potential generation limits and the specific cases where these limits may apply.

In the revised Rules of Procedure for Access to the Electricity Distribution Network, the system of grid capacity reservation has been significantly revised. The maximum capacity (Pmax) limit for power plants that cannot be controlled by the operator and thus cannot be connected to the grid if curtailment is required has been reduced from 250 kW to 100 kW. The exception allowing non-commercial prosumers with power plants generating up to 10 kW to connect to the grid has been extended to include other network users with power plants and storage facilities with the same generating capacity. The list of priority groups for grid capacity allocation has been streamlined from nine groups to three, providing greater opportunities to reserve grid capacity. Grid capacities for wind farms are now allocated to priority groups based on nationwide grid capacity, rather than by sections of the 110 kV grid. New rules have been established for grid access for entities seeking to participate in balancing services. A system for the application of connection and operation restrictions (curtailment) has also been established.

Date of adoption: 11 June 2024

Relevance to the Group's business segments:

Impact on the Group: An overall positive impact as the amendments aim to accelerate the energy transition, which is in line with the Group's Strategy

Regulatory environment: Lithuania (cont.)

Changes in Electricity and Gas Laws

On 25 June 2024, amendments to the Law on Energy, the Law on Electricity, and the Law on Natural Gas were adopted with the aim to regulate energy data exchange among market participants in the electricity sector through a centralised energy exchange platform (Data Hub). ESO (Networks) has been designated as the operator and developer of the centralised Data Hub.

The procedure for public consultation of stakeholders on the procedure for access to the electricity grid has been improved. Additionally, the amendments regulate the payment of costs for the relocation or reconstruction of electricity distribution grids.

Taking into account changes in the market (purchase prices of products), energy supply companies are now permitted to set prices and tariffs for regulated energy supply products (gas and electricity public supply) for private customers once every three months during the calendar year, instead of every six months. If energy companies do not propose recalculations, NERC is allowed to unilaterally recalculate those prices and tariffs for private customers.

Furthermore, the amendments establish that renewable projects with a generation capacity of 150 MW and higher are considered to be projects of state interest.

Date of adoption: 25 June 2024

Relevance to the Group's business segments:

Impact on the Group: As of report publication date, no significant financial impact is expected

National Energy Independence Strategy

On 27 June 2024, the Parliament of the Republic of Lithuania adopted amendments to the National Energy Independence Strategy. The revised strategy aims to uphold Lithuania's longstanding tradition of sustainable energy policy and to prepare for the global transition from fossil fuels to clean energy sources, with a primary focus on electricity. The document sets forth an aim to make Lithuania a fully energy independent country by 2050 that produces energy for its own needs and exports it. Developed after careful consideration of studies and research on energy sector trends, the strategy sets forth several key objectives – to achieve 100% domestic renewable energy-based electricity generation in Lithuania and the region, to transition to an electricity economy and develop a high value-added energy industry, as well as to ensure the accessibility of energy resources for consumers.

To achieve this, it includes an aim to develop renewable energy production capacities on land and sea and to promote the transition to climate-neutral energy sources across various sectors. Lithuania's objective is to achieve a positive energy balance by 2030 and complete climate neutrality in the energy sector by 2050. Electricity consumption is estimated to increase more than 6-fold by 2050, from the current demand of 12 TWh to a projected 74 TWh. The largest share of the growth will come from synthetic gas production (35.5 TWh), industrial consumption (12.6 TWh), transport consumption (6.3 TWh), and the heat sector (3.4 TWh).

The strategy also sets forth aims to guarantee a secure and dependable energy infrastructure while facilitating local energy production to support industrial decarbonisation and expansion. If focuses specifically on the development of electricity infrastructure and security from physical and cyber threats. Additionally, it focuses on attracting new investments in energy product manufacturing and technologies. The strategy prioritises the production of green hydrogen, sustainable biogas, and biomethane, as well as other high-tech industries that can contribute to the national economic prosperity.

Lastly, the strategy sets forth aims to ensure that the benefits of green transition are felt by all residents and businesses, thus reducing social disparities in the energy sector. It emphasises the importance of reducing energy price fluctuations and providing support systems for lower-income residents.

These amendments position Lithuania to effectively navigate the upcoming shifts in the energy landscape, fostering a sustainable and resilient green energy future.

Date of adoption: 27 June 2024

Relevance to the Group's business segments:

Impact on the Group: An overall positive impact as the amendments aim to accelerate the energy transition, which is in line with the Group's Strategy

Green Capacities Networks Reserve Capacities Customers & Solutions

Regulatory environment: Lithuania (cont.)

Cyber Security

On 11 July 2024, the Lithuanian Parliament adopted amendments to the Law on Cyber Security, aligning it with the NIS 2 Directive (Directive (EU) 2022/2555, adopted on 14 December 2022). Entities will be categorised as either essential or important based on their significance and size. The Group will be designated as an essential entity and will need to adhere to stricter cyber security requirements.

On 6 November 2024, the Government approved amendments to the Resolution No. 818 'On the implementation of the Law of the Republic of Lithuania on Cyber Security' implementing the Law on Cyber Security. As a result, the Group will be obliged to implement comprehensive organisational, administrative, and technical measures to comply with these amendments. These measures include enhanced risk management protocols, regular security audits, incident reporting procedures, and the development of robust cyber security policies to ensure compliance and protect against potential threats.

Date of adoption: 11 July 2024

Relevance to the Group's business segments: Group

Impact on the Group: As of report publication date, the financial impact cannot be evaluated, but is not expected to have a significant impact at the Group level

Law on Equal Opportunities for Women and Men

On 3 October 2024, the Parliament adopted an amendment to the Law on Equal Opportunities for Women and Men of the Republic of Lithuania (the Law on Equal Opportunities). This amendment transposes Directive (EU) 2022/2381 of the European Parliament and of the Council of 23 November 2022 on improving the gender balance among directors of listed companies and related measures (hereinafter – Directive on Gender Balance) into the Lithuanian legal system.

The regulation mandates that large companies, including listed companies, take measures to achieve the objective by 30 June 2026 that members of the underrepresented gender must hold at least 33% (but not exceeding 49%) of all positions of CEOs, members of the management board, and members of the supervisory board, encompassing both executive and non-executive directors. To reach this target, candidates must be selected based on a comparative assessment of their qualifications. When choosing between equally qualified candidates in terms of their suitability, competency, and professional performance, priority should be given to the candidate of the underrepresented sex.

If the process for selecting candidates for supervisory and management positions involves voting of shareholders, companies must ensure that voters are properly informed about the measures provided in the Directive on Gender Balance and the Law on Equal Opportunities, including liability for non-compliance.

In the Group, the following companies are considered as large companies: AB "Ignitis grupė", AB "Energijos skirstymo operatorius", UAB "Ignitis", AB "Ignitis gamyba", UAB Kauno kogeneracinė įėgainė, UAB Vilniaus kogeneracinė įėgainė, UAB "Ignitis grupės paslaugų centras".

Date of adoption: 3 October 2024

Relevance to the Group's business segments: Group

Impact on the Group: Positive – the amendment promotes gender diversity and equality within the leadership of large and listed companies in Lithuania, which is in line with the Group's Strategy

Regulatory environment: Lithuania (cont.)

Legislation Implementing the Law on Construction

At the end of 2023, the Parliament of the Republic of Lithuania adopted a total of 13 amendments to laws, including a revised Law on Construction, which made significant changes to the construction of buildings. The aim of the amendments was to speed up the construction procedures, reduce the administrative burden, increase the transparency of construction processes and improve the quality of decisions. The main change is that construction permits are now issued on the basis of design proposals (concept designs) rather than a technical design. Therefore, the construction permit is issued at an earlier stage, following the verification of concept design solutions. However, obtaining a construction permit does not give the right to start construction as construction cannot start until the technical design (detailed design) has been prepared and approved. Also, detailed solutions must be checked by a private expert.

In 2024, the Ministry of Environment has adopted amendments to the Technical Construction Regulations (STR) to implement the amendments to the Law on Construction. The new procedures apply to the construction of new onshore and offshore projects from 1 November 2024.

Date of adoption: Over the year 2024

Relevance to the Group's business segments:

Impact on the Group: An overall positive impact as the amendments aim to accelerate the energy transition, which is in line with the Group's Strategy

Lithuanian Offshore Wind Legal Framework

The Lithuanian competent authorities have been very active in developing the legal framework for offshore wind and have adopted several laws and secondary legislation to improve the conditions for offshore tenders and continue the development of the first offshore wind farm.

The second tender for the development and operation of offshore wind farms with incentive measures (subsidies) was launched on 15 January 2024. Prior to the launch, the Government of the Republic of Lithuania included collective investment undertakings as entities eligible to participate in the tender and the NERC made changes to the tender procedure that were expected to improve the tender process. However, according to the Law on Energy from Renewable Sources effective at the time of launching the second tender, at least two tenderers were required for a tender to take place. As only one tenderer participated in the tender, the tender was declared not to have taken place.

Following the cancelled tender, members of the Parliament of the Republic of Lithuania proposed amendments to the Law on Energy from Renewable Sources aimed at improving the attractiveness of the tender. On 16 July 2024, the Parliament of the Republic of Lithuania adopted amendments to the Law on Energy from Renewable Sources, extending the tender registration period from 90 to 120 calendar days and stipulating that one participant, instead of two, is sufficient for the tender to be held. In addition, the winning transaction price (CfD) or development fee offered in the tender will also be subject to partial indexation. Finally, the first development fee, if offered by the tenderer, must be at least EUR 5 million. In the case of overlapping development fees offered by tenderers, the next development fee offered by the tenderer must be at least EUR 5 million higher than the previously offered development fee. The development fee will also be subject to indexation.

In accordance with the amendments to the Law on Energy from Renewable Sources, NERC adopted the amendments to the Description of the Offshore Tender Procedure on 13 September 2024, which bring the tender procedure in line with the Law on Energy from Renewable Sources and include the extension of the registration deadlines, the development fee requirements and the conditions for organising tenders.

On 25 September 2024, the Government passed Resolution No. 808, setting the launch date of the second offshore tender with incentive measures (subsidies), i.e. 18 November 2024. On this date, NERC published information on the tender, thus starting the second tender's procedure. The potential winner of the tender was expected to be announced in April/May 2025.

On 15 November 2024, NERC has set the maximum transaction price of EUR 125.74/MWh and the minimum transaction price of EUR 75.45/MWh that shall be used in the second offshore tender. Tenderers' bids, if they apply for state support, cannot exceed the maximum transaction price and cannot be lower than the minimum transaction price.

On 16 September 2024, the Minister of Energy has approved the Concept Plan for the Development of Offshore and Onshore Engineering Infrastructure for a Project of Special National Interest, and the alternatives for connecting the first and second offshore wind farms to the transmission grid with the least impact on the natural environment were selected. The concrete solutions in the concept plan have been drafted and published for the public and institutions. They are expected to be adopted by the end of 2025. The planned

Regulatory environment: Lithuania (cont.)

territories include Lithuania's Exclusive Economic Zone and part of the territory in the Baltic Sea, the municipalities of Palanga City and Kretinga District.

On 29 January 2025, the Government passed Resolution No. 32 to temporarily suspend the ongoing second offshore wind farm tender and to review the requirements and conditions of the tender to ensure competitive final electricity prices. Further decisions regarding the tender will be made once the Ministry of Energy reviews the tender requirements and conditions, with the new tender expected to be announced in Q1-Q2 2025.

Finally, the Law on Energy from Renewable Sources stipulates that the Government or its authorised body or bodies shall establish specific conditions for the use of land and maritime areas where offshore wind farms are to be developed and operated. Therefore, on 8 August 2024 the Government of the Republic of Lithuania published a draft resolution aimed at establishing the rights, obligations and conditions for the use of the maritime and onshore areas for the winners of the offshore wind energy tenders, including navigation and fishing rules, scientific and other research and environmental monitoring in the areas, preparation of a risk management plan and its submission and any amendments thereto to the Ministry of Energy and the Lithuanian Energy Agency, etc. However, this Government resolution is not adopted yet.

Date of adoption: Over the year 2024

Relevance to the Group's business segments:

Impact on the Group: An overall positive impact as the amendments aim to accelerate the energy transition, which is in line with the Group's Strategy

Energy System Security

On 12 November 2024, the Parliament of the Republic of Lithuania passed an amendment to the Law on Electricity, introducing new requirements related to the security of energy storage facilities and power plants. The key requirements include ensuring the protection of information management systems and industrial control systems for energy storage facilities and power plants with an installed capacity of more than 100 kW. This is to prevent entities from states identified in the National Security Strategy, namely the People's Republic of China, the Russian Federation, and the Republic of Belarus, from accessing these systems. This includes preventing remote control of electricity production or storage device power parameters and the ability to turn these devices on or off.

System operators are required to establish conditions for implementing the security requirements and verify whether energy storage facilities and power plants are compliant. In case of non-compliance, system operators must inform NERC, which will decide on the suspension of the permit for the development of electricity production capacities or energy storage capacities. If it is revealed after grid connection that the security requirements are not met, NERC will issue a binding order to the network user to suspend its activities or rectify the violation.

These requirements will apply to new connection services from 1 May 2025. All network users with energy storage facilities and power plants with generation permits issued before this date, as well as those with energy storage facilities and power plants with an installed capacity of more than 100 kW installed before this date (even if a permit is not required), must comply with these requirements by 1 May 2026, and provide a declaration to prove their compliance to the system operator by 31 May 2026.

Date of adoption: 12 November 2024

Relevance to the Group's business segments:

Impact on the Group: An overall positive impact as the amendments aim to accelerate the energy transition, which is in line with the Group's Strategy

Green Capacities Networks Reserve Capacities Customers & Solutions

Regulatory environment: Lithuania (cont.)

National Energy and Climate Action Plan

The Ministry of Energy of the Republic of Lithuania, in collaboration with the Ministry of Environment, has initiated and on 11 December 2024 the Government has approved the National Energy and Climate Action Plan of the Republic of Lithuania 2021–2030. The plan was prepared in accordance with Article 14 of Regulation (EU) No 2018/1999 of the European Parliament and of the Council on the Governance of the Energy Union and Climate Action. The updated plan outlines specific measures to achieve the European Union's energy and climate change policy objectives and targets by 2030.

Numerous key strategic documents have been integrated into the updated plan, thus providing a comprehensive framework for achieving its goals. The measures aim to achieve the following goals by 2030:

- reduce greenhouse gas emissions in sectors not covered by the Emissions Trading System by 21% compared to 2005 levels;
- ensure that the share of renewable energy sources in total energy consumption reaches 55%, and 100% in electricity consumption;
- achieve a projected demand for green hydrogen of 129,000 tonnes (4.26 TWh), requiring the installation of 1.3 GW of electrolysis capacity and the consumption of 6.51 TWh of green electricity;
- develop additional flexibility capacities, such as storage devices (batteries), with a target capacity of 1.5 GW by 2030.

Date of adoption: 11 December 2024

Relevance to the Group's business segments:

Impact on the Group: An overall positive impact as amendments aim to accelerate the energy transition, which is in line with the Group's Strategy

Formation of the New Government in Lithuania and New Programme

Following the elections in October 2024, a new centre-left coalition Government in Lithuania was sworn in on 12 December 2024. The new Government administration plans to maintain the current strategic direction in the energy sector and has outlined a comprehensive strategy for Lithuania's transition to green energy.

The programme emphasises the synchronisation of the Baltic states' electricity network with Continental Europe, moving away from the current BRELL system. It focuses on developing renewable energy sources such as solar, wind, hydro, biomass, and other renewables, aiming to minimise fossil fuel usage to the technological minimum necessary for grid stability. By 2028, the Government aims for Lithuania to produce more electricity from renewable energy sources than its annual consumption.

A key component of the programme is the expansion of energy storage capacities, including the deployment of advanced battery storage technologies and the development of electricity storage capabilities at Kruonis Pumped Storage Hydroelectric Power Plant (Kruonis PSHP). The importance of developing both offshore and onshore wind energy projects is highlighted in the programme, but it also sets out a condition that offshore projects should not significantly increase electricity costs for consumers and the industry. The programme also supports the development of hydrogen technology, aiming to use surplus renewable energy for green hydrogen production to meet the needs of the chemical industry and synthetic fuel production.

The programme promotes decentralised energy production, encouraging participation from individuals, small and medium-sized enterprises, and renewable energy communities. There is a strong emphasis on expanding electric vehicle (EV) charging infrastructure to support the increasing number of EVs, including the installation of public charging stations and charging facilities near apartment buildings.

The Government is determined to support investments in modernising and expanding the transmission and distribution grids to enhance their reliability and integrate more renewable energy sources. Additionally, the Government plans to ensure that small and vulnerable private customers retain the option to use the services provided by the public electricity supplier.

Date of adoption: 12 December 2024

Relevance to the Group's business segments:

Impact on the Group: An overall positive impact as the amendments aim to accelerate the energy transition, which is in line with the Group's Strategy

Green Capacities Networks Reserve Capacities Customers & Solutions

Regulatory environment: Lithuania (cont.)

Amendment to the Standard Terms and Conditions of the Imbalance Settlement

On 9 January 2025, NERC approved the amendment to the Lithuanian electricity transmission system operator's, Litgrid, Standard Terms and Conditions of the Imbalance Settlement Agreement. Litgrid is implementing changes to the settlement process for the costs of purchasing balancing capacity. These changes are motivated by the need to align with the European Commission's Regulation (EU) 2017/2195 (the Balancing Code), the increasing demand for balancing capacity, and the direct relationship between this demand and the accuracy of production and consumption planning.

Key reasons for these changes include the necessity to balance production and consumption to maintain system stability as imbalances can potentially cause systemic disruptions. Additionally, the growing demand for balancing capacity, particularly due to the increased share of renewable energy sources, highlights the direct link between the need for balancing capacity and the precision of production and consumption forecasts. There is also an intention to promote better planning quality of responsible parties, thus reducing imbalances and ensuring that costs related to acquiring balancing capacity are allocated fairly. The parties causing greater imbalances will bear a larger share of these costs.

Changes to the settlement procedure include shifting the costs of balancing capacity from the transmission tariff to additional service components for balance responsible parties (suppliers and producers), and, subsequently, from those parties to final customers. These responsible parties will also continue to pay for balancing energy costs when imbalances occur due to their actions. The transfer of balancing capacity costs to the parties responsible for the balance will be implemented progressively from 1 January 2026.

Date of adoption: 9 January 2025

Relevance to the Group's business segments:

Impact on the Group: As of report announcement date, a negative but not significant impact is expected on the Group level

Regulatory environment: Latvia

NET billing system

On 6 February 2024, the Cabinet of Ministers of the Republic of Latvia adopted amendments to the Rules of Sale and Use of Electricity, enhancing the existing net-metering system by introducing a net-billing system, available to all customers, legal entities, and the private sector.

To utilise the net-billing system, active users and electricity traders must enter into an agreement specifically for the use of the net-billing system.

Starting from 1 May 2024 traders are required to include the universal net-billing system service in their electricity net-billing system offers. Additionally, traders are permitted to develop alternative net-billing system offers with different conditions. Starting from the same date, private customers who use the net-metering system have the opportunity to become active users and start using the net settlement system at any time. The electricity they generate but do not consume immediately can be stored in a virtual wallet, which the active user can use to cover the cost of the electricity bill and system services not only for the facility where electricity is produced, but also for other objects served by same electricity trader.

Date of adoption: 6 February 2024

Relevance to the Group's business segments:

Impact on the Group: As of report publication date, the financial impact cannot be evaluated, but the overall impact is positive

Green Capacities Networks Reserve Capacities Customers & Solutions

Regulatory environment: Latvia (cont.)

Wind Power Station Payment Procedure for Local Community Development

The Cabinet of Ministers on 27 August 2024 approved the regulations implementing Article 22.1 of the Energy Market Law. The approved regulations outline the procedures on how the electricity producers who have installed wind farms with a capacity of one or more megawatts in Latvia, including its inland sea waters, territorial sea, or exclusive economic zone, should contribute to local community development. The regulations specify the payment amounts, their intended uses, and the monitoring arrangements.

Municipalities and residents living near the wind farm will receive EUR 2,500 per year, excluding value-added tax, for each megawatt (or part thereof) of the wind farm's nominal capacity. This payment will be divided equally, with 50% allocated to residents (building owners within 2 kilometres of the wind farm's outer boundary) and 50% to the municipality, in accordance with defined priorities.

These regulations apply to all wind turbine generators connected to the electricity transmission or distribution system after the regulations come into effect.

Date of adoption: 27 August 2024

Relevance to the Group's business segments:

Impact on the Group: An overall positive impact as the amendments aim to accelerate the energy transition, which is in line with the Group's Strategy

Military Radars

White Paper (policy document) proposes procurement of additional sensor technologies to support the development of wind energy in Latvia, proceeded in parallel with respective allocations in the national budget of Latvia for the period of 2025–2028.

The National Armed Forces have identified a solution to make a larger area of Latvia's territory available for wind farm development by positioning new defence radar locations. The plan includes relocating existing mobile radars and deploying airspace monitoring sensors. This strategy aims to significantly increase the accessibility of Latvia's land for wind farm development starting 1 January 2028.

For wind farms that fall within the legally defined protection zones around the radar installations, additional capital expenditures (CAPEX) for private mitigations may be required. These costs are to be paid as compensation to the National Armed Forces/Ministry of Defence, if applicable.

Date of adoption: 12 November 2024

Relevance to the Group's business segments:

Impact on the Group: An overall positive impact as the amendments aim to accelerate the energy transition, which is in line with the Group's Strategy

Amendments to the Rules of Sale and Use of Electricity

On 3 December 2024, the Cabinet of Ministers of the Republic of Latvia adopted amendments to the Rules of Sale and Use of Electricity.

The proposed amendments include the following key changes:

- in case of disputes, the system operator must supply electricity to consumers who confirm ownership, usage, or possession rights;
- fee for early termination of electricity trade agreement must be determined in such a way that from the moment the agreement comes into force, the fee for early termination of the agreement is reduced in proportion to the period from the start of electricity supply until the early termination of the agreement, which must be reduced at least every three months;
- the price of electricity supply of last resort for consumers whose electrical devices are connected to the distribution system comprises the day-ahead trading interval price of the Latvian trading area at the electricity exchange Nord Pool during the settlement period, which is published on the website of the electricity exchange, and the markup, which is determined by the supplier providing the supply of last resort services. Consumers can access this type of supply for a maximum of 6 months and must sign a contract during this period;
- ensuring that the electricity imbalance period transitions to a 15-minute interval by 31 December 2024.

Date of adoption: 6 December 2024

Relevance to the Group's business segments:

Impact on the Group: As of report publication date, financial impact cannot be evaluated, but it will not be material

Green Capacities Networks Reserve Capacities Customers & Solutions

Regulatory environment: Estonia

Amendment to the Energy Economy Organisation Act

On 12 June 2024, an amendment was made to the Energy Economy Organisation Act. This amendment stipulates measures to achieve the national energy efficiency goal; principles of renewable energy promotion; requirements for improving energy efficiency and for obliged parties in both public and private sectors. This amendment implements the principles and obligations arising from the European Union's legal regulation on the promotion of renewable energy, which will help achieve the European Union's energy policy objective of increasing the use of sustainable and renewable energy.

The key changes include: stipulating the conditions based on which renewable energy subsidies for produced energy, including bioenergy, which is considered renewable energy, are paid; specifying the rights of producers of renewable electricity who consume it for their own use; specifying the conditions applicable to the planning of renewable energy subsidies; establishing a requirement for the grid company to publish the expected budget for renewable energy subsidies; setting obligations for the Competition Authority in connection with renewable electricity sales contracts.

Date of adoption: 12 June 2024

Relevance to the Group's business segments:

Impact on the Group: As of report publication date, the financial impact cannot be evaluated, but the overall impact is positive

Building Code

Under the new regime established in Building Code on 21 June 2024, 3 authorisation procedures (superficies licence, building permit and water permit) are combined into one, creating a single permit under the superficies licence. This means that a superficies licence for an offshore wind farm will give the right to construct a building and the right to special use of water. Superficies licence grants the developer the right to establish both offshore wind farm and its necessary service facilities. This will make it possible to dispense with repetitive procedures, such as the submission of applications and documents to different administrative bodies or the initiation of an additional environmental impact assessment.

Date of adoption: 21 June 2024

Relevance to the Group's business segments:

Impact on the Group: An overall positive impact as the amendments aim to accelerate the energy transition, which is in line with the Group's Strategy

Regulatory environment: Poland

Balancing Market Reform

On 26 January 2024, the President of the Energy Regulatory Office adopted new Balancing Conditions, introducing obligations from Regulation (EU) 2019/943 on the internal market for electricity and Commission Regulation 2017/2195 on electricity balancing into the Polish market. These new conditions regulate the functioning of the balancing market. Following these changes, the Network Instructions for the Transmission System Operator and the Five Largest Distribution System Operators were also amended to align them with the new Balancing Conditions.

The key changes include:

- shortening the balancing and energy imbalance settlement periods to 15 minutes (previously one hour). The energy price will now also include the valuation of the operating reserve and costs associated with maintaining the sources that stabilize the system;
- participants will now be designated as Balancing Service Providers and Entities Responsible for Balancing. Entities with a minimum generation capacity of 0.2 MW will be allowed to participate in the balancing market compared to the previous threshold of 1 MW. The possibility of merging smaller market participants into larger groups has also been introduced, increasing competitiveness in the balancing market;
- new balancing services now enable not only the acquisition of electricity, but also balancing capacity, including frequency maintenance reserve, frequency restoration reserve, and replacement reserve;
- introducing the rules for the participation of Polish producers in the European platform for exchanging balancing energy generated by replacement reserves and the European platform for compensating imbalances. This will enable Poland to participate in the instruments for balancing the EU energy market.

Green Capacities Networks Reserve Capacities Customers & Solutions

Regulatory environment: Poland (cont.)

These updates aim to enhance the efficiency and integration of the Polish electricity market with the broader European energy market.

Date of adoption: 26 January 2024

Relevance to the Group's business segments:

Impact on the Group: As of report publication date, no significant financial impact is expected

Extension of Energy Prices Caps

On 23 May 2024, an amendment was made to the Act of 27 October 2022 on Emergency Measures Aimed at Limiting Electricity Prices and Supporting Certain Recipients in 2023 and 2024. This amendment, introduced by the Act of 23 May 2024 on the Energy Voucher and the Amendment of Certain Laws to Reduce the Price of Electricity, Natural Gas, and System Heat, extended the maximum price for energy:

– for private customers, the maximum price was set at PLN 500/MWh for the period from 1 July 2024 to 31 December 2024, except for customers who have contracts with dynamic electricity pricing. On 6 December 2024, this cap was extended until the end of September 2025;

– for local government institutions, local authorities, SMEs, and similar entities, the maximum price was set at PLN 693/MWh for the same period. On 6 December 2024, this cap was extended until the end March 2025.

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

End consumers who reduced their energy consumption in 2023 compared to the comparative period of 2018–2022 were entitled to a 10% discount on bills, which was granted by the supplier with whom the contract was in force as of 31 December 2023. Ignitis Polska (Customers & Solutions) acts as an agent for the settlement administrator (Zarządca Rozliczeń) and will be reimbursed for the discounts by the settlement administrator. Therefore the supplier only has the administrative functions.

Date of adoption: 23 May 2024

Relevance to the Group's business segments:

Impact on the Group: As of report publication date, no significant financial impact is expected

Green Capacities Networks Reserve Capacities Customers & Solutions

Results

3.1 Annual results

Follow-up on 2024 guidance

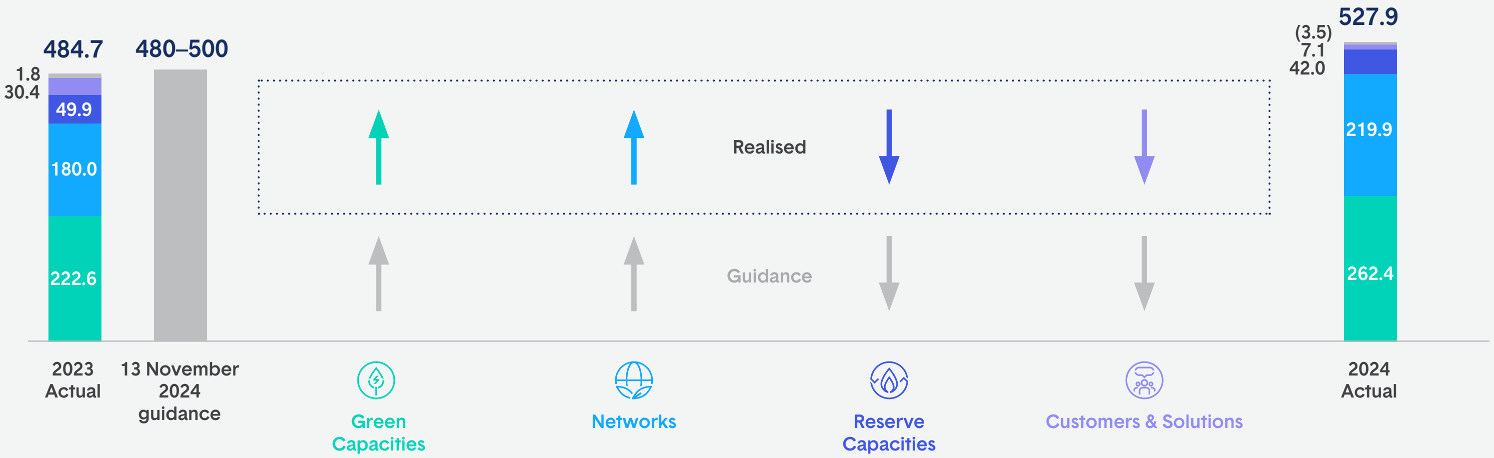
Adjusted EBITDA

In the outlook provided in our First nine months 2024 interim report, we expected Adjusted EBITDA in 2024 to be in the range of EUR 480–500 million. Adjusted EBITDA amounted to EUR 527.9 million and surpassed the higher end of our guidance communicated to the market by 5.6% (7.7% versus midpoint). The outperformance was driven by better-than-expected results in Q4 2024 of the Green Capacities segment, mainly due to higher volumes generated in our onshore wind farms driven by favourable weather conditions and the Reserve Capacities segment, due to higher captured electricity prices. Additionally, the results of all business segments were in line with provided directional guidance.

Investments

In the outlook provided in our First nine months 2024 interim report, we expected Investments in 2024 to be in the range of EUR 750–900 million. Investments amounted to EUR 812.0 million and fell within the provided guidance range. As planned, the majority of the Investments were made in our two largest business segments – Green Capacities and Networks.

Adjusted EBITDA APM, EURm



Guidance history, EURm

Date of the report	Adjusted EBITDA	Investments
28 February 2024	440–470	850–1,000
15 May 2024	440–470	850–1,000
14 August 2024	450–480	850–1,000
13 November 2024	480–500	750–900
2024 Actual	**527.9**	**812.0**

Revenue

In 2024, total revenue decreased by EUR 242.1 million compared to 2023. The main reason for the decrease was lower revenue in the Customers & Solutions segment, which outweighed the increase of revenue in all the remaining segments. A more detailed information is provided in section '8 Consolidated financial statements', note '6 Revenue'.

The Customers & Solutions segment's revenue was 25.5% (EUR 419.8 million) lower than in 2023. The YoY decrease in revenue was recorded in both natural gas and electricity activities. Revenue from natural gas activities decreased the most (EUR -353.8 million), mainly due to lower average supply price (-46.6%) and lower volume supplied (-6.3%).

The Networks segment's revenue was 18.4% (EUR 108.8 million) higher compared to 2023. The increase was mainly driven by higher revenue from electricity transmission activities (EUR +148.4 million). The result was partly offset by lower revenue from electricity distribution activities (EUR -29.2 million) due to the lower tariffs set by the regulator. The decrease in electricity distribution tariffs was mainly caused by lower expenses from electricity distribution technological losses, which have decreased due to lower electricity purchase prices.

The Green Capacities segment's revenue was 23.7%, or EUR 81.1 million, higher compared to 2023. Revenue increased primarily due to the launch of new assets (Silesia WF I, Vilnius CHP biomass unit and Tauragė SF, additionally Kelmė WF and Silesia WF II supplied first power to the grid), full-year effect of Mažeikiai WF (COD reached in August 2023) and higher captured electricity prices, mainly due to the flexibility of the assets.

Consolidated statement of profit or loss, EURm

	2024	2023	Δ	Δ, %	2024	2023	Δ	Δ, %
	Adjusted				Reported			
Total revenue	**2,302.2**	**2,526.4**	***(224.2)***	***(8.9%)***	**2,307.0**	**2,549.1**	***(242.1)***	***(9.5%)***
Purchase of electricity, natural gas and other services	(1,444.7)	(1,757.7)	*313.0*	*(17.8%)*	(1,444.7)	(1,757.7)	*313.0*	*(17.8%)*
Ineffective energy hedging expenses	-	(8.1)	*8.1*	*(100.0%)*	-	(8.1)	*8.1*	*(100.0%)*
OPEX APM	(329.6)	(275.9)	*(53.7)*	*19.5%*	(329.6)	(275.9)	*(53.7)*	*19.5%*
Salaries and related expenses	(163.1)	(136.7)	*(26.4)*	*19.3%*	(163.1)	(136.7)	*(26.4)*	*19.3%*
Repair and maintenance expenses	(66.5)	(61.1)	*(5.4)*	*8.8%*	(66.5)	(61.1)	*(5.4)*	*8.8%*
Other OPEX	(100.0)	(78.1)	*(21.9)*	*28.0%*	(100.0)	(78.1)	*(21.9)*	*28.0%*
EBITDA APM	**527.9**	**484.7**	***43.2***	***8.9%***	**532.7**	**507.4**	***25.3***	***5.0%***
Depreciation and amortization	(178.3)	(153.1)	*(25.2)*	*16.5%*	(178.3)	(153.1)	*(25.2)*	*16.5%*
Write-offs, revaluation and impairment losses of property, plant and equipment and intangible assets	(4.4)	(2.1)	*(2.3)*	*109.5%*	(4.4)	(2.1)	*(2.3)*	*109.5%*
Operating profit (EBIT) APM	**345.2**	**329.5**	***15.7***	***4.8%***	**350.0**	**352.2**	***(2.2)***	***(0.6%)***
Finance activity, net	(36.0)	(15.1)	*(20.9)*	*138.4%*	(41.7)	1.7	*(43.4)*	*n/a*
Income tax (expenses)/benefit	(31.7)	(27.8)	*(3.9)*	*14.0%*	(32.1)	(33.7)	*1.6*	*(4.7%)*
Net profit	**277.5**	**286.6**	***(9.1)***	***(3.2%)***	**276.2**	**320.2**	***(44.0)***	***(13.7%)***
EPS APM, EUR	n/a	n/a	*n/a*	*n/a*	3.82	4.42	*(0.60)*	*(13.6%)*
DPS APM, EUR	n/a	n/a	*n/a*	*n/a*	1.33	1.29	*0.04*	*3.1%*

Revenue, EURm

	2024	2023	Δ	Δ, %
Customers & Solutions	1,227.0	1,646.8	*(419.8)*	*(25.5%)*
Networks	700.8	592.0	*108.8*	*18.4%*
Green Capacities	423.7	342.6	*81.1*	*23.7%*
Reserve Capacities	150.1	128.5	*21.6*	*16.8%*
Other activities and eliminations	(194.5)	(160.8)	*(33.7)*	*(21.0%)*
Total revenue	**2,307.0**	**2,549.1**	***(242.1)***	***(9.5%)***

The Reserve Capacities segment's revenue was 16.8% (EUR 21.6 million) higher than in 2023. The increase was mainly related to favourable market conditions, utilisation of all three units in Elektrėnai Complex and increased electricity generation related to provision of aFRR balancing capacity services, in relation to the synchronisation of the Baltic electricity systems with the Continental Europe Synchronous Area.

The substantial negative amount under Other activities and eliminations primarily reflects the removal of related-party transactions, with a major portion arising from Green Capacities segment revenues generated through sales to Customers & Solutions segment companies.

EBITDA

In 2024, Adjusted EBITDA amounted to EUR 527.9 million and was EUR 43.2 million (8.9%) higher than in 2023.

The Green Capacities segment's Adjusted EBITDA was 17.9% (EUR 39.8 million) higher compared to 2023. Adjusted EBITDA increased primarily due to the launch of new assets (Silesia WF I, Vilnius CHP biomass unit and Tauragė SF, additionally Kelmė WF and Silesia WF II supplied first power to the grid), full-year effect of Mažeikiai WF (COD reached in August 2023) and higher captured electricity prices, mainly due to the flexibility of the assets.

The Networks segment's Adjusted EBITDA was EUR 39.9 million higher than in 2023, mainly due to the higher WACC effect (EUR +13.5 million) and higher RAB effect (EUR +12.1 million).

The Reserve Capacities segment's Adjusted EBITDA was 15.8% (EUR 7.9 million) lower than in 2023. Strong performance during both periods was driven by the utilised option to earn additional return in the market on top of the regulated return. However, the YoY decrease is related to the fact that in Q1 2023 and Q4 2023 the conditions to earn additional return in the market were extraordinary.

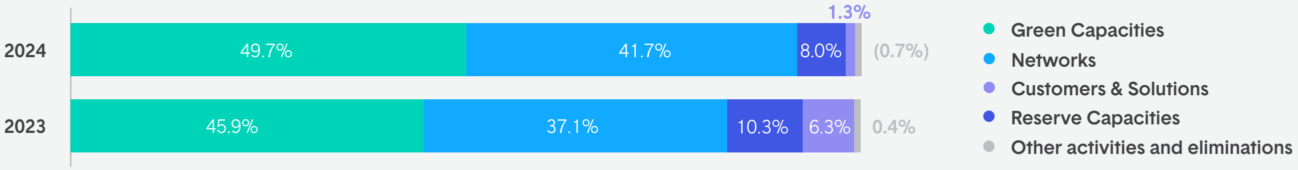
The Customers & Solutions segment's Adjusted EBITDA was EUR 23.3 million lower than in 2023. The decrease was driven by lower B2B natural gas supply results, mainly due to larger reduction of COGS in 2023 from inventory write down reversal. The decrease was partly offset by better B2B electricity supply results in Poland and lower losses from B2C electricity supply activities. In 2024, electricity B2C activities loss amounted to EUR -32.8 million (EUR -61.1 million in 2023), of which EUR -15.2 million was driven by prosumers under the current net-metering scheme, while the remaining loss was mainly related to other regulatory and competitive environment challenges.

The negative result of Other activities and eliminations primarily reflects the humanitarian aid provided to the Ukraine.

Adjusted EBITDA by segments, EURm

	2024	2023	Δ	Δ, %
Green Capacities	262.4	222.6	*39.8*	*17.9%*
Networks	219.9	180.0	*39.9*	*22.2%*
Reserve Capacities	42.0	49.9	*(7.9)*	*(15.8%)*
Customers & Solutions	7.1	30.4	*(23.3)*	*(76.6%)*
Other activities and eliminations	(3.5)	1.8	*(5.3)*	*n/a*
Adjusted EBITDA APM	**527.9**	**484.7**	***43.2***	***8.9%***

Adjusted EBITDA by segments, EURm



EBIT

In 2024, Adjusted EBIT amounted to EUR 345.2 million and was EUR 15.7 million (4.8%) higher than in 2023. The main cause of the increase was higher Adjusted EBITDA (EUR +43.2 million) (the reasons behind the increase are described in section 'EBITDA' above), and the increase was partly offset by higher depreciation and amortisation expenses (EUR -25.2 million).

Net profit

In 2024, Adjusted Net Profit amounted to EUR 277.5 million and was EUR 9.1 million (3.2%) lower than in 2023. The decrease was primarily driven by higher finance activity expenses, mainly due to higher Net Debt.

Adjusted EBIT by segment, EURm

	2024	**2023**	***Δ***	***Δ, %***
Green Capacities	217.7	193.4	*24.3*	*12.6%*
Networks	105.1	77.1	*28.0*	*36.3%*
Reserve Capacities	31.1	39.1	*(8.0)*	*(20.5%)*
Customers & Solutions	4.1	27.3	*(23.2)*	*(85.0%)*
Other activities and eliminations	(12.8)	(7.4)	*(5.4)*	*(73.0%)*
Adjusted EBIT APM	**345.2**	**329.5**	***15.7***	***4.8%***

Investments

In 2024, Investments amounted to EUR 812.0 million and were EUR 125.1 million (13.3%) lower compared to 2023. The decrease was mainly driven by lower Investments in the Green Capacities segment.

The largest share of Investments was made in the Green Capacities segment (53.5% of the total Investments). The total Investments in the Green Capacities segment decreased by EUR 108.2 million, totalling EUR 434.5 million. The main reason for the decrease was successful completion of several major projects. In 2024, Silesia WF I and Vilnius CHP biomass unit have reached COD, while Silesia WF II construction work has been completed. The decrease in Investments was partly offset by continued Investments in Kelmė WF, Stelpe SF, Vārme SF and offshore projects.

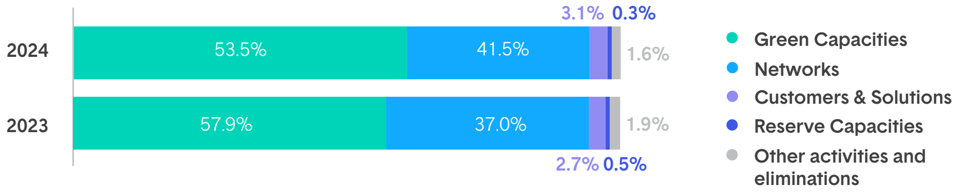
Investments in the Networks segment in 2024 amounted to EUR 337.0 million and were 2.8% (EUR 9.8 million) lower compared to 2023. The decrease is mainly related to lower Investments in the smart meters, which have decreased by EUR 19.7 million (44.1%) as the majority of smart meters were installed last year, causing a gradual decline in the number of smart meters being installed over 2024.

In the Customers & Solutions segment, we continued to expand the EV charging network across the Baltics, with Investments in the EV network reaching EUR 21.2 million in 2024. Compared to 2023, Investments in the EV charging network increased by EUR 2.6 million, or 14.0%.

In 2024, grants and Investments covered by customers amounted to EUR 76.5 million and accounted for 9.4% of the total Investments. A part of the Investments into the Networks segment that are related to new connections, upgrades and infrastructure equipment transfers were covered by customers (EUR 72.2 million). Also, in 2024, the Group has received EUR 4.3 million in grants for Investments which are related to the maintenance of electricity and natural gas distribution networks.

In 2024, EUR 656.5 million were invested in Lithuania. This amount represents 80.8% of the total Investments.

Distribution of Investments, %



Investments by segment, EURm

	2024	**2023**	**Δ**	**Δ, %**
Green Capacities	434.5	542.7	*(108.2)*	*(19.9%)*
Onshore wind	263.8	386.3	*(122.5)*	*(31.7%)*
Solar	112.4	26.8	*85.6*	*319.4%*
Offshore wind	20.9	50.8	*(29.9)*	*(58.9%)*
Hydro	25.4	24.6	*0.8*	*3.3%*
Biomass/WtE	10.7	53.4	*(42.7)*	*(80.0%)*
Other	1.3	0.8	*0.5*	*62.5%*
Networks	337.0	346.8	*(9.8)*	*(2.8%)*
Total electricity network investments:	310.2	319.2	*(9.0)*	*(2.8%)*
Expansion of electricity distribution network (excl. smart meters)	195.6	178.0	*17.6*	*9.9%*
Expansion of electricity distribution network (smart meters)	25.0	44.7	*(19.7)*	*(44.1%)*
Maintenance of the electricity distribution network	89.6	96.6	*(7.0)*	*(7.2%)*
Total gas network investments:	13.6	14.6	*(1.0)*	*(6.8%)*
Expansion of gas distribution network	6.3	7.8	*(1.5)*	*(19.2%)*
Maintenance of the gas distribution network	7.3	6.8	*0.5*	*7.4%*
Other	13.2	12.9	*0.3*	*2.3%*
Customers & Solutions	25.2	25.0	*0.2*	*0.8%*
EV charging network	21.2	18.6	*2.6*	*14.0%*
Other	4.0	6.4	*(2.4)*	*(37.5%)*
Reserve Capacities	2.6	4.9	*(2.3)*	*(46.9%)*
Other activities and eliminations	12.7	17.7	*(5.0)*	*(28.2%)*
Investments APM	**812.0**	**937.1**	***(125.1)***	***(13.3%)***
Total grants and Investments covered by customers:	(76.5)	(74.7)	*(1.8)*	*2.4%*
Grants	(4.3)	(15.9)	*11.6*	*(73.0%)*
Investments covered by customers[1]	(72.2)	(58.8)	*(13.4)*	*22.8%*
Investments (excl. grants and investments covered by customers)	**735.5**	**862.4**	***(126.9)***	***(14.7%)***

Investments by countries, EURm

	2024	**2023**	**2024, %**	**2023, %**
Lithuania	656.5	686.6	*80.8%*	*73.3%*
Other countries[2]	155.5	250.5	*19.2%*	*26.7%*
Total Investments:	**812.0**	**937.1**	***100.0%***	***100.0%***

[1] Investments covered by customers include new connections and upgrades, and infrastructure equipment transfers.
[2] Other countries mainly represent investments in Latvia, Poland and the United Kingdom.

Capital Employed

Capital Employed

As of 31 December 2024, Capital Employed amounted to EUR 4,049.1 million and increased by EUR 468.2 million compared to 31 December 2023, mainly due to significant Investments made.

Equity

As of 31 December 2024, Equity was EUR 173.4 million (7.7%) higher compared to 31 December 2023, mostly due to net profit earned in 2024 (EUR +276.2 million). The increase was partly offset by the dividends paid (EUR -94.5 million). A more detailed information is provided in section '8 Consolidated financial statements', note '21 Equity'.

Net Working Capital

As of 31 December 2024, Net Working Capital amounted to EUR 102.6 million and was EUR 72.6 million lower compared to 31 December 2023. The main drivers behind the changes were higher trade payables (EUR +68.9 million), due to increased balance of trade financing facilities used for purchasing natural gas, and lower inventories (EUR -27.1 million), due to lower volume of natural gas stored. The decrease was partly offset by higher trade receivables (EUR +28.1 million).

Capital employed, EURm

	31 Dec 2024	31 Dec 2023	Δ	Δ, %
Non-current assets	4,752.0	4,216.9	*535.1*	*12.7%*
Net Working Capital APM	102.6	175.2	*(72.6)*	*(41.4%)*
Other assets	72.4	15.4	*57.0*	*370.1%*
Grants and subsidies	(287.5)	(300.1)	*12.6*	*(4.2%)*
Deferred income	(289.9)	(241.6)	*(48.3)*	*20.0%*
Deferred tax liabilities	(84.7)	(87.4)	*2.7*	*(3.1%)*
Non-current provisions	(100.5)	(60.7)	*(39.8)*	*65.6%*
Other assets and liabilities	(115.3)	(136.8)	*21.5*	*(15.7%)*
Capital Employed APM	**4,049.1**	**3,580.9**	***468.2***	***13.1%***
Equity	**2,436.8**	**2,263.4**	***173.4***	***7.7%***
Net Debt APM	**1,612.3**	**1,317.5**	***294.8***	***22.4%***
Adjusted ROCE APM	9.0%	9.8%	*(0.8 pp)*	*n/a*

Financing

Net Debt

As of 31 December 2024, Net Debt amounted to EUR 1,612.3 million and was 22.4% (EUR 294.8 million) higher compared to 31 December 2023, mainly due to negative FCF and dividends paid. FFO/Net Debt ratio remained stable with a 0.3 pp increase as the FFO growth rate closely matched the increase in Net Debt. A more detailed information is provided in section '8 Consolidated financial statements', note '23 Financing'.

Interest rate

As of 31 December 2024, financial liabilities amounting to EUR 1,320.1 million were subject to a fixed interest rate (71.5% of Gross Debt), and the remaining amount of financial liabilities were subject to a floating interest rate, with an effective interest rate of 2.63%. In comparison as of 31 December 2023, financial liabilities amounting to EUR 1,282.5 million were subject to a fixed interest rate (78.5% of gross debt), and the remaining amount of financial liabilities were subject to a floating interest rate and the effective interest rate was 2.59%.

Currency rate

As of 31 December 2024, 95.0% of the total debt is in EUR (95.0% as of 31 December 2023), and 5.0% in PLN (5.0% as of 31 December 2023).

Net debt, EURm

	31 Dec 2024	31 Dec 2023	Δ	Δ, %
Gross Debt APM	1,846.8	1,633.2	*213.6*	*13.1%*
Short-term deposits (including accrued interests)	-	(110.4)	*110.4*	*(100.0%)*
Cash and cash equiv.	(234.5)	(205.3)	*(29.2)*	*14.2%*
Net Debt APM	**1,612.3**	**1,317.5**	***294.8***	***22.4%***
Net Debt / Adjusted EBITDA APM	3.05	2.72	*0.33*	*12.1%*
Net Debt / EBITDA APM	3.03	2.60	*0.43*	*16.5%*
FFO / Net Debt APM	29.7%	29.4%	*0.3 pp*	*n/a*

Debt summary, EURm

	Outstanding as of 31 Dec 2024	Effective interest rate (%)	Average time to maturity (years)	Fixed interest rate	Euro currency
Bonds (incl. interest)	902.7	1.96	3.8	100.0%	100.0%
Non-current loans including current portion of non-current loans	659.7	3.10	6.3	63.3%[1]	88.4%
Bank overdrafts, credit lines, and current loans	210.3	3.98	1.5	0.0%	100.0%
Lease liabilities	74.1	-	6.7	0.0%	78.7%
Gross Debt APM	**1,846.8**	**2.63**	**4.5**	**71.5%**	**95.0%**

[1] As of 31 December 2024, one loan with a floating interest rate (with an outstanding debt of EUR 93.5 million) was reclassified as a fixed interest rate loan because an interest rate swap was carried out for this loan.

Maturities

Bonds maturing in 2027 (EUR 300.0 million, green), in 2028 (EUR 300.0 million, green) and in 2030 (EUR 300.0 million) comprise the largest portion of the Group's financial liabilities. The average maturity of financial liabilities as of 31 December 2024 was 4.5 years (5.8 years on 31 December 2023).

Bond issues

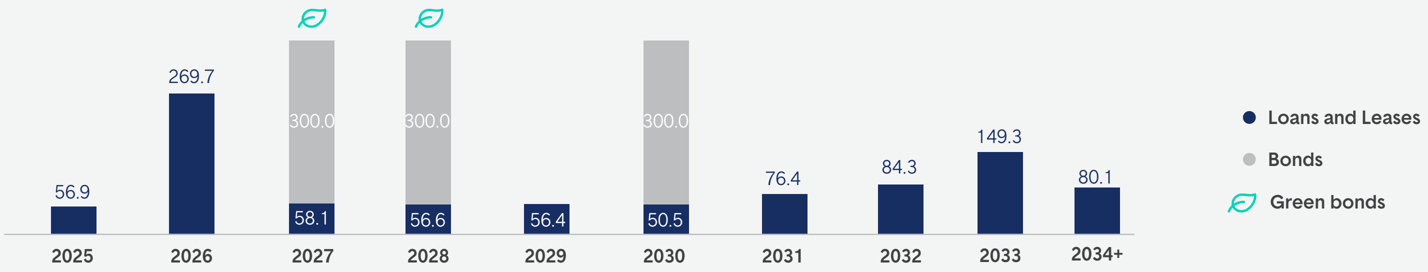
The Group has three bond issues with a total nominal outstanding amount of EUR 900.0 million. Two of them are green bonds (EUR 600.0 million).

During the reporting period, there have been no material changes regarding the bonds. The related information, including the structure of the bondholders as of the issue date, is available in section '7.1 Further investor related information' of our Integrated Annual Report 2024.

Outstanding bond issues

	2017 issue	2018 issue	2020 issue
ISIN-code	XS1646530565	XS1853999313	XS2177349912
Currency	EUR	EUR	EUR
Nominal amount	300,000,000	300,000,000	300,000,000
Coupon	2.000	1.875	2.000
Maturity	17 July 2027	10 July 2028	21 May 2030
Credit rating	BBB+	BBB+	BBB+

Repayment schedule of the Group's financial liabilities[1], EURm



[1] *The nominal value of the issued bonds amounts to EUR 900 million. As of 31 December 2024, bonds accounted for EUR 893.5 million in the Consolidated statement of financial position as the nominal remaining capital will be capitalised until maturity according to IFRS.*

Cash flows

CFO

Net cash flows from operating activities (CFO) in 2024 amounted to EUR 661.2 million. Compared to 2023, CFO decreased by EUR 139.6 million, mainly due to the lower cash inflow from changes in the working capital (EUR 104.7 million in 2024 compared to EUR 420.3 million in 2023). The decrease was partly offset by lower income tax paid (EUR 7.8 million in 2024 compared to EUR 81.0 million in 2023).

CFI

Net cash flows from investing activities (CFI) amounted to EUR -654.3 million in 2024. The CFI indicator was less negative (EUR +426.8 million), mainly due to the withdrawal of deposits in the amount of EUR 109.0 million, while in 2023 the Group made a deposit in the amount of EUR 109.0 million. Additionally, CFI was less negative due to reduced cash outflows related to the acquisition of subsidiaries (EUR +142.1 million).

CFF

Net cash flows from financing activities (CFF) amounted to EUR 22.3 million in 2024. CFF was positive, mainly due to the loans received (EUR +110.9 million) and a positive net change of overdrafts (EUR +122.8 million). Positive impact was partly offset by dividends (EUR -94.5 million) and interest (EUR -46.3 million) paid. In comparison, CFF in 2023 amounted to EUR -208.5 million and was negative due to the repaid credit lines and overdrafts (EUR -341.1 million). Negative CFF was partly offset by additional loans received in the amount of EUR 285.9 million.

A more detailed information is provided in section '8.5 Consolidated statement of cash flow'.

FFO

In 2024, FFO increased by 23.5% (EUR 91.2 million) and amounted to EUR 478.6 million. The main reasons for the increase were higher EBITDA and lower income tax paid.

FCF

In 2024, FCF amounted to EUR -193.9 million. The main reason for the negative FCF was significant Investments made. Negative FCF was partially offset by FFO and positive changes in the Net Working Capital.

Cash flows, EURm

	2024	2023	Δ	Δ, %
Cash and cash equivalents at the beginning of the period	**205.3**	**694.1**	***(488.8)***	***(70.4%)***
CFO	661.2	800.8	*(139.6)*	*(17.4%)*
CFI	(654.3)	(1,081.1)	*426.8*	*39.5%*
CFF	22.3	(208.5)	*230.8*	*n/a*
Increase (decrease) in cash and cash equivalents	**29.2**	**(488.8)**	***518.0***	***n/a***
Cash and cash equivalents at the end of period	**234.5**	**205.3**	***29.2***	***14.2%***

FFO and FCF, EURm

	2024	2023	Δ	Δ, %
EBITDA APM	532.7	507.4	*25.3*	*5.0%*
Interest paid	(46.3)	(39.0)	*(7.3)*	*18.7%*
Income tax paid	(7.8)	(81.0)	*73.2*	*(90.4%)*
FFO APM	**478.6**	**387.4**	***91.2***	***23.5%***
Interests received	6.2	10.7	*(4.5)*	*(42.1%)*
Investments APM	(812.0)	(937.1)	*125.1*	*(13.3%)*
Grants received	4.3	15.9	*(11.6)*	*(73.0%)*
Cash effect of new connection points and upgrades	53.6	39.7	*13.9*	*35.0%*
Proceeds from sale of PPE and intangible assets[1]	2.8	2.9	*(0.1)*	*(3.4%)*
Change in Net Working Capital	72.6	268.1	*(195.5)*	*(72.9%)*
FCF APM	**(193.9)**	**(212.4)**	***18.5***	***8.7%***

[1] Cash inflow indicated in the statement line 'Proceeds from sale of PPE and intangible assets' exclude the gain or loss which is already included in FFO.

Key operating indicators

In 2024, the Green Capacities Portfolio increased to 8.0 GW, up from 7.1 GW on 31 December 2023. The growth was primarily attributed to greenfield capacity additions, including the plots of land secured for the development of hybrid projects, i.e., wind farms near our Latvian solar farms (314 MW). Additionally, grid connection capacity was secured for the first BESS projects (<290 MW) in Lithuania. The growth was also supported by secured land for wind farm projects in Latvia (200 MW) and Poland (150 MW). The Secured Capacity increased by 0.2 GW to 3.1 GW (from 2.9 GW) as Tume SF (173.6 MW) has reached the construction phase. The Installed Capacity increased to 1.4 GW (from 1.3 GW), as Silesia WF I (50 MW) in Poland reached COD in March, Vilnius CHP biomass unit in Lithuania reached full COD for the remaining 21 MWth and 21 MWe capacities in May, and Tauragė SF (22.1 MW) reached COD in July.

Electricity Generated (net) increased by 0.76 TWh (36.5%) YoY and in 2024 amounted to 2.83 TWh. The increase in Electricity Generated (net) was driven by the new assets (Green Capacities) generation, including Mažeikiai WF, Silesia WF I and Vilnius CHP biomass unit.

Electricity sales increased by 0.06 TWh (0.8%) compared to 2023. The increase was noticed among both B2B and B2C customers, driven by generally higher consumption in the region.

The total distributed electricity volume rose by 0.34 TWh (3.5%) YoY, driven by higher consumption among B2B customers.

Electricity SAIFI indicator, which reflects the average number of unplanned long interruptions per customer, increased compared to the previous year and was 1.41 interruptions (1.35 interruptions in 2023). Electricity SAIDI indicator, which shows the average duration of unplanned interruptions, increased to 399 minutes (compared to 121 minutes in 2023). Electricity quality indicators were impacted by natural phenomena, including heavy snowfall in Q2 and strong winds and local storms in Q3, contributing to the higher SAIFI and SAIDI metrics compared to the previous year.

In 2024, Heat Generated (net) amounted to 1.66 TWh and increased by 0.59 TWh (55.3%) YoY due to higher generation at Vilnius CHP.

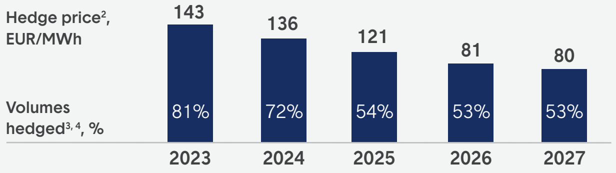
Natural gas sales decreased by 0.58 TWh (6.3%), driven by lower wholesale volumes sold in 2024 compared to the previous year.

Natural gas distribution volume in Lithuania has increased by 0.59 TWh (9.3%), driven by rising production volumes in industrial companies that use gas in their operations.

Key operating indicators

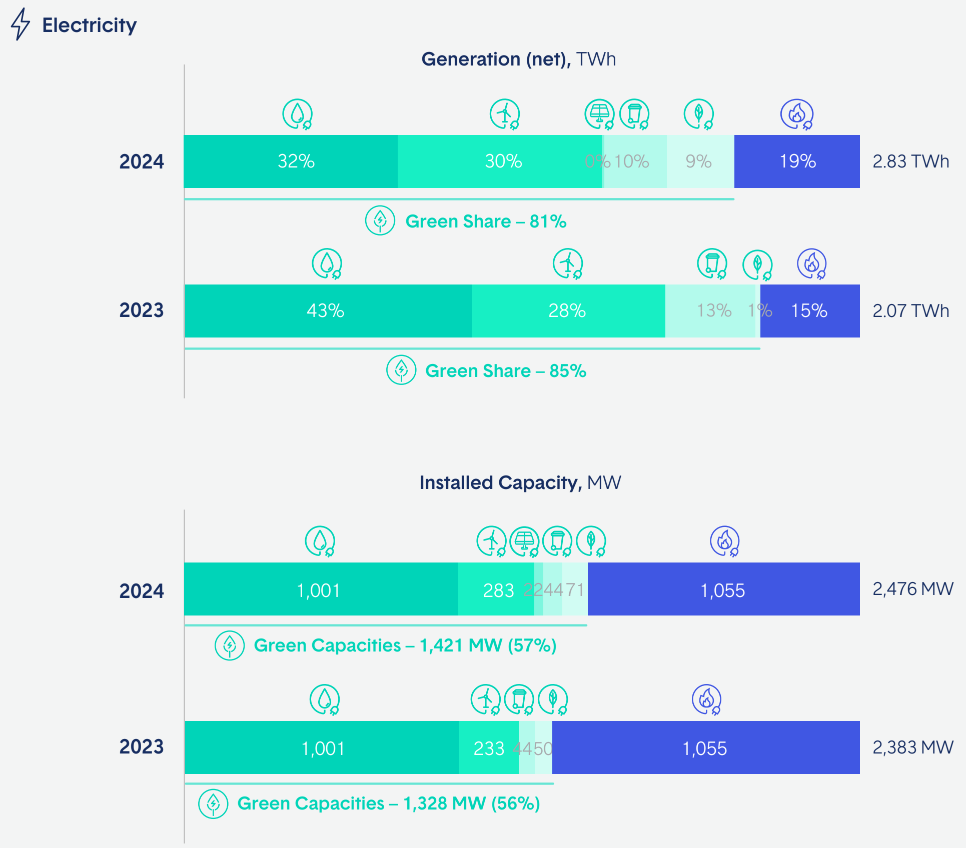
		31 Dec 2024	31 Dec 2023	Δ	Δ, %
Electricity					
Green Capacities Portfolio	GW	8.0	7.1	*0.8*	*11.7%*
Secured Capacity	GW	3.1	2.9	*0.2*	*5.6%*
Installed Capacity	GW	1.4	1.3	*0.1*	*7.0%*
Under Construction	GW	1.0	0.9	*0.1*	*8.0%*
Awarded / Contracted	GW	0.7	0.7	-	-%
Advanced Development Pipeline	GW	0.7	1.0	*(0.2)*	*(22.3%)*
Early Development Pipeline	GW	4.1	3.3	*0.9*	*27.2%*
Heat					
Heat Generation Capacity	GW	0.4	0.3	*0.0*	*0.3%*
Installed Capacity	GW	0.4	0.3	*0.0*	*6.4%*
Under Construction	GW	-	0.0	*(0.0)*	*(100.0%)*
		2024	**2023**	**Δ**	**Δ, %**
Electricity					
Electricity Generated (net)	TWh	2.83	2.07	*0.76*	*36.5%*
Green Electricity Generated (net)	TWh	2.30	1.76	*0.54*	*30.9%*
Green Share of Generation	%	81.5%	85.0%	*(3.5 pp)*	-%
Electricity sales	TWh	6.94	6.88	*0.06*	*0.8%*
Electricity distributed	TWh	10.07	9.73	*0.34*	*3.5%*
SAIFI	times	1.41	1.35	*0.06*	*4.3%*
SAIDI	min.	399	121	*278*	*230.5%*
Heat					
Heat Generated (net)	TWh	1.66	1.07	*0.59*	*55.3%*
Natural gas					
Natural gas sales	TWh	8.71	9.29	*(0.58)*	*(6.3%)*
Natural gas distributed	TWh	6.91	6.32	*0.59*	*9.3%*

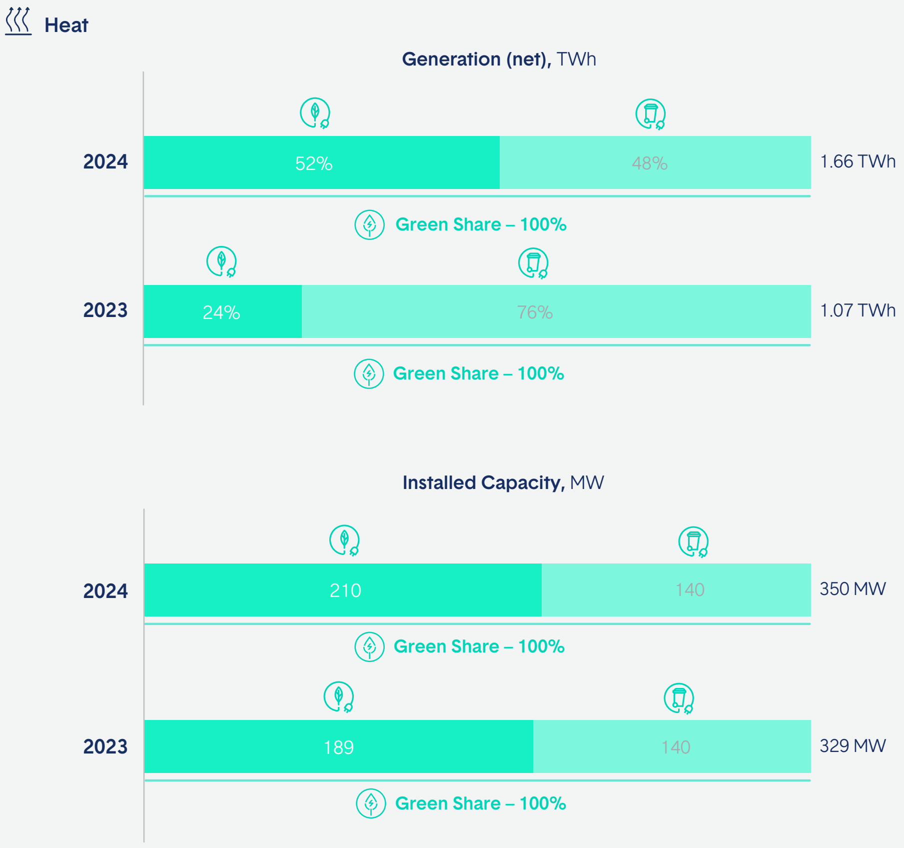
Generation Portfolio hedging levels[1]



[1] *Hedging levels are provided for the duration of the strategic period.* [2] *Most PPAs are concluded for the base load, therefore, the actual effective hedge price can differ from the price in the contract due to the profile effect.* [3] *Generation Portfolio includes the total electricity generation of Secured Capacity projects, excluding Kruonis PSHP as well as units 7, 8 and CCGT at Elektrėnai Complex.*
[4] *Some of the PPAs are internal, the graph above illustrates the Green Capacities segment's outlook (generated volumes).*

Installed Capacity and generation mix overview





Green Capacities Hydro Wind Solar Biomass Waste to energy | **Reserve Capacities** Natural gas

3.2 Five-year annual summary

Key financial indicators

		2024	2023	2022	2021	2020	*2024 vs 2023, Δ*	*2024 vs 2023, Δ %*
Total revenue	EURm	2,307.0	2,549.1	4,386.9	1,898.7	1,223.1	*(242.1)*	*(9.5%)*
Adjusted EBITDA APM	EURm	527.9	484.7	469.3	332.7	245.9	*43.2*	*8.9%*
Green Capacities	EURm	262.4	222.6	252.4	107.5	50.4	*39.8*	*17.9%*
Networks	EURm	219.9	180.0	164.5	145.4	137.7	*39.9*	*22.2%*
Reserve Capacities	EURm	42.0	49.9	34.6	37.2	29.3	*(7.9)*	*(15.8%)*
Customers & Solutions	EURm	7.1	30.4	15.6	40.6	26.7	*(23.3)*	*(76.6%)*
Other activities and eliminations	EURm	(3.5)	1.8	2.2	2.0	1.8	*(5.3)*	*n/a*
Adjusted EBITDA margin APM	%	22.9%	19.2%	10.9%	17.6%	24.8%	*3.7 pp*	*n/a*
EBITDA APM	EURm	532.7	507.4	539.7	343.2	334.3	*25.3*	*5.0%*
EBITDA margin APM	%	23.1%	19.9%	12.3%	18.1%	27.6%	*3.2 pp*	*n/a*
Adjusted EBIT APM	EURm	345.2	329.5	317.4	206.4	126.6	*15.7*	*4.8%*
Operating profit (EBIT) APM	EURm	350.0	352.2	387.8	192.1	215.0	*(2.2)*	*(0.6%)*
EBIT margin APM	%	15.2%	13.8%	8.8%	10.1%	17.6%	*1.4 pp*	*n/a*
Adjusted Net profit APM	EURm	277.5	286.6	256.0	162.8	95.5	*(9.1)*	*(3.2%)*
Net profit	EURm	276.2	320.2	293.4	160.2	170.6	*(44.0)*	*(13.7%)*
Net profit margin APM	%	12.0%	12.6%	6.7%	8.4%	13.8%	*(0.6 pp)*	*n/a*
Investments APM	EURm	812.0	937.1	521.8	234.9	346.8	*(125.1)*	*(13.3%)*
Green Capacities	EURm	434.5	542.7	226.2	32.3	197.0	*(108.2)*	*(19.9%)*
Networks	EURm	337.0	346.8	268.1	191.2	141.1	*(9.8)*	*(2.8%)*
Reserve Capacities	EURm	2.6	4.9	15.0	0.2	1.5	*(2.3)*	*(46.9%)*
Customers & Solutions	EURm	25.2	25.0	6.8	2.9	3.2	*0.2*	*0.8%*
Other activities and eliminations	EURm	12.7	17.7	5.7	8.3	4.0	*(5.0)*	*(28.2%)*
FFO APM	EURm	478.6	387.4	484.1	299.4	309.4	*91.2*	*23.5%*
FCF APM	EURm	(193.9)	(212.4)	17.3	(240.6)	5.1	*18.5*	*8.7%*
Adjusted ROE APM	%	11.8%	13.1%	12.9%	8.9%	6.0%	*(1.3 pp)*	*n/a*
ROE APM	%	11.8%	14.6%	14.7%	8.7%	10.6%	*(2.8 pp)*	*n/a*
Adjusted ROCE APM	%	9.0%	9.8%	10.7%	7.9%	5.4%	*(0.8 pp)*	*n/a*
ROCE APM	%	9.2%	10.5%	13.1%	7.3%	9.1%	*(1.3 pp)*	*n/a*
ROA APM	%	5.0%	6.1%	6.2%	3.9%	4.8%	*(1.1 pp)*	*n/a*
EPS APM	EUR	3.82	4.42	4.04	2.16	2.30	*(0.60)*	*(13.6%)*
DPS APM	EUR	1.33	1.29	1.24	1.19	1.14	*0.04*	*3.1%*

Key financial indicators (cont.)

		31 Dec 2024	31 Dec 2023	31 Dec 2022	31 Dec 2021	31 Dec 2020	*2024 vs 2023, Δ*	*2024 vs 2023, Δ %*
Total assets	EURm	5,706.0	5,244.4	5,271.6	4,258.1	3,920.9	*461.6*	*8.8%*
Equity	EURm	2,436.8	2,263.4	2,125.6	1,855.9	1,813.3	*173.4*	*7.7%*
Net Debt APM	EURm	1,612.3	1,317.5	986.9	957.2	600.3	*294.8*	*22.4%*
Net Working Capital APM	EURm	102.6	175.2	443.3	438.7	94.4	*(72.6)*	*(41.4%)*
Net Working Capital/Revenue APM	%	4.4%	6.9%	10.1%	23.1%	7.7%	*(2.5 pp)*	*n/a*
Capital Employed APM	EURm	4,049.1	3,580.9	3,112.5	2,813.2	2,413.6	*468.2*	*13.1%*
Equity Ratio APM	times	0.43	0.43	0.40	0.44	0.46	*-*	*-%*
Net Debt/Adjusted EBITDA APM	times	3.05	2.72	2.10	2.88	2.44	*0.33*	*12.1%*
Net Debt/EBITDA APM	times	3.03	2.60	1.83	2.79	1.80	*0.43*	*16.5%*
Gross Debt/Equity APM	times	0.76	0.72	0.79	0.76	0.71	*0.04*	*5.6%*
FFO /Net Debt APM	%	29.7%	29.4%	49.1%	31.3%	51.5%	*0.3 pp*	*n/a*
Current Ratio APM	times	1.35	1.55	1.87	1.87	3.36	*(0.20)*	*(12.9%)*
Asset Turnover APM	times	0.42	0.48	0.92	0.46	0.34	*(0.06)*	*(12.5%)*

Key operating indicators

		31 Dec 2024	31 Dec 2023	31 Dec 2022	31 Dec 2021	31 Dec 2020	*2024 vs 2023, Δ*	*2024 vs 2023, Δ %*
Electricity								
Green Capacities Portfolio	GW	8.0	7.1	5.1	2.6	2.6	*0.8*	*11.7%*
Secured Capacity	GW	3.1	2.9	1.6	1.4	1.4	*0.2*	*5.6%*
Installed Capacity	GW	1.4	1.3	1.2	1.2	1.1	*0.1*	*7.0%*
Under Construction	GW	1.0	0.9	0.4	0.1	0.2	*0.1*	*8.0%*
Awarded / Contracted	GW	0.7	0.7	-	-	-	*-*	*-%*
Advanced Development Pipeline	GW	0.7	1.0	0.7	0.1	-	*(0.2)*	*(22.3)%*
Early Development Pipeline	GW	4.1	3.3	2.8	1.1	1.0	*0.9*	*27.2%*
Heat								
Heat Generation Capacity	GW	0.4	0.3	0.3	0.3	0.3	*0.0*	*0.3%*
Installed Capacity	GW	0.4	0.3	0.2	0.2	0.1	*0.0*	*6.4%*
Under Construction	GW	-	0.0	0.2	0.2	0.2	*(0.0)*	*(100.0%)*

		2024	2023	2022	2021	2020	*2024 vs 2023, Δ*	*2024 vs 2023, Δ %*
Electricity								
Electricity Generated (net)	TWh	2.83	2.07	1.92	2.36	2.52	*0.76*	*36.5%*
Green Electricity Generated (net)	TWh	2.30	1.76	1.65	1.55	1.32	*0.54*	*30.9%*
Green Share of Generation	%	81.5%	85.0%	85.9%	65.4%	52.4%	*(3.5 pp)*	*n/a*
Electricity sales	TWh	6.94	6.88	7.98	7.11	6.79	*0.06*	*0.8%*
Electricity distributed	TWh	10.07	9.73	10.01	10.37	9.55	*0.34*	*3.5%*
SAIFI	times	1.41	1.35	1.52	1.45	1.34	*0.06*	*4.3%*
SAIDI	min.	399	121	179	202	208	*278*	*230.5%*
Heat								
Heat Generated (net)	TWh	1.66	1.07	0.89	0.85	0.32	*0.59*	*55.3%*
Natural gas								
Natural gas sales	TWh	8.71	9.29	12.80	11.55	14.70	*(0.58)*	*(6.3%)*
Natural gas distributed	TWh	6.91	6.32	6.68	8.49	7.06	*0.59*	*9.3%*

3.3 Results Q4

Key financial indicators, EURm

		Q4 2024	Q4 2023	Δ	Δ, %
Total revenue	EURm	685.9	707.5	*(21.6)*	*(3.1%)*
Adjusted EBITDA APM	EURm	130.9	139.4	*(8.5)*	*(6.1%)*
Adjusted EBITDA Margin APM	%	19.2%	20.3%	*(1.1 pp)*	*n/a*
EBITDA APM	EURm	134.9	159.2	*(24.3)*	*(15.3%)*
Adjusted EBIT APM	EURm	81.2	98.5	*(17.3)*	*(17.6%)*
Operating profit (EBIT) APM	EURm	85.2	118.3	*(33.1)*	*(28.0%)*
Adjusted Net Profit APM	EURm	64.1	93.5	*(29.4)*	*(31.4%)*
Net Profit	EURm	62.2	107.6	*(45.4)*	*(42.2%)*
Investments APM	EURm	228.3	303.4	*(75.1)*	*(24.8%)*
FFO APM	EURm	125.7	142.9	*(17.2)*	*(12.0%)*
FCF APM	EURm	(69.4)	(97.1)	*27.7*	*28.5%*

Financial results

Revenue

In Q4 2024, total revenue decreased by EUR 21.6 million compared to Q4 2023. The main reason for the decrease was lower revenue in the Customers & Solutions segment, which outweighed the increase of revenue in all the remaining segments.

Adjusted EBITDA

Adjusted EBITDA in Q4 2024 decreased by EUR 8.5 million (6.1%) compared to Q4 2023. The main reasons for the decrease were lower results in the Customers & Solutions and Reserve Capacities segments, which outweighed the increase of Adjusted EBITDA in the Green Capacities and Networks segments.

Adjusted Net Profit

In Q4 2024, Adjusted Net Profit decreased by EUR 29.4 million (31.4%) compared to Q4 2023. The decrease is related to lower Adjusted EBITDA (EUR -8.5 million), absence of last year's positive foreign exchange rate impact, which had favourably affected financial results in the previous period (EUR -6.9 million) and higher depreciation and amortisation expenses (EUR -5.7 million).

Investments

Compared to Q4 2023, Investments in Q4 2024 were lower due to the successful completion of several major Green Capacities projects. During the last twelve months, Silesia WF I and Vilnius CHP biomass unit have reached COD, and Silesia WF II construction work has been completed.

Operating performance

As of 31 December 2024, the Green Capacities Portfolio increased to 8.0 GW, up from 7.7 GW on 30 September 2024. The growth is attributed to greenfield capacity additions in Poland and Latvia. Secured Capacity remained flat at 3.1 GW.

Electricity Generated (net) increased by 0.27 TWh (39.6%). The increase was driven by higher generation in the Green Capacities segment, including Vilnius CHP biomass unit as well as Kelmė WF and Silesia WF II, which supplied their first power to the grid and started commissioning activities.

Electricity sales increased by 0.05 TWh (2.6%) compared to Q4 2023. The increase was driven by higher electricity sales to B2B customers.

The electricity distribution quality indicator SAIFI decreased to 0.28 interruptions (compared to 0.40 in Q4 2023), and electricity SAIDI decreased to 43 minutes (compared to 46 minutes in Q4 2023). The quarterly quality indicators improved due to higher number of installed automatic solutions, management of staff levels based on weather forecast, and more favourable weather conditions in the fourth quarter of 2024.

Heat Generated (net) in Q4 2024 amounted to 0.60 TWh and was 0.20 TWh (49.5%) higher compared to Q4 2023. The increase was driven by heat generated by Vilnius CHP biomass unit.

Natural gas sales increased by 0.12 TWh (4.5%). The growth was driven by higher retail sales to B2B customers, mainly in Lithuania and Finland.

In Lithuania, the natural gas distribution volume decreased by 0.04 TWh (1.8%) due to warmer weather conditions in Q4 2024 compared to Q4 2023.

Key operating indicators

		31 Dec 2024	30 Sep 2024	Δ	Δ, %
Electricity					
Green Capacities Portfolio	GW	8.0	7.7	0.3	3.8%
Secured Capacity	GW	3.1	3.1	(0.0)	(0.2%)
Installed Capacity	GW	1.4	1.4	-	-%
Under Construction	GW	1.0	1.0	(0.0)	(0.6%)
Awarded / Contracted	GW	0.7	0.7	-	-%
Advanced Development Pipeline	GW	0.7	0.8	(0.0)	(4.3%)
Early Development Pipeline	GW	4.1	3.8	0.3	8.6%
Heat					
Heat Generation Capacity	GW	0.4	0.4	-	-%
Installed Capacity	GW	0.4	0.4	-	-%
Under Construction	GW	-	-	-	-%

		Q4 2024	Q4 2023	Δ	Δ, %
Electricity					
Electricity Generated (net)	TWh	0.93	0.67	0.27	39.6%
Green Electricity Generated (net)	TWh	0.72	0.51	0.21	40.5%
Green Share of Generation	%	77.1%	76.6%	0.5 pp	n/a
Electricity sales	TWh	1.93	1.88	0.05	2.6%
Electricity distributed	TWh	2.73	2.70	0.03	1.2%
SAIFI	times	0.28	0.40	(0.12)	(29.9%)
SAIDI	min.	43	46	(3)	(7.3%)
Heat					
Heat Generated (net)	TWh	0.60	0.40	0.20	49.5%
Natural gas					
Natural gas sales	TWh	2.77	2.65	0.12	4.5%
Natural gas distributed	TWh	2.22	2.26	(0.04)	(1.8%)

3.4 Quarterly summary

Key financial indicators

		Q4 2024	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022
Total revenue	EURm	685.9	528.8	438.8	653.5	707.5	471.2	442.1	928.3	1,359.1	1,294.7	741.9	991.2
Adjusted EBITDA APM	EURm	130.9	107.2	108.0	181.7	139.4	91.8	103.6	149.9	112.1	150.8	95.1	111.4
Adjusted EBITDA Margin APM	%	19.2%	20.1%	24.5%	28.1%	20.3%	20.2%	20.7%	17.0%	8.9%	11.4%	13.3%	11.0%
EBITDA APM	EURm	134.9	103.6	105.3	188.9	159.2	108.3	44.6	195.3	206.2	122.1	119.8	91.6
Adjusted EBIT APM	EURm	81.2	60.6	63.2	140.3	98.5	52.7	67.1	111.3	68.5	112.0	60.0	76.9
Operating profit (EBIT) APM	EURm	85.2	56.9	60.4	147.5	118.3	69.1	8.2	156.6	162.6	83.3	84.7	57.2
Adjusted Net Profit APM	EURm	64.1	48.7	52.0	112.6	93.5	42.9	61.4	88.7	53.7	94.4	46.8	61.1
Net Profit	EURm	62.2	45.6	49.7	118.7	107.6	56.8	28.6	127.2	108.5	70.1	68.0	46.8
Investments APM	EURm	228.3	161.4	212.8	209.5	303.4	231.1	281.8	120.8	154.0	188.1	117.5	62.0
FFO APM	EURm	125.7	127.6	55.9	169.5	142.9	82.8	(23.7)	185.3	197.2	101.4	96.2	89.3
FCF APM	EURm	(69.4)	(19.5)	(110.0)	5.0	(97.1)	(165.5)	(157.8)	208.0	652.9	(385.5)	(92.8)	(157.2)
Adjusted ROE LTM APM	%	11.8%	13.7%	13.5%	14.2%	13.1%	11.4%	14.2%	13.9%	12.9%	13.7%	10.7%	10.0%
ROE LTM APM	%	11.8%	14.4%	15.0%	14.2%	14.6%	14.8%	15.9%	18.4%	14.7%	11.5%	10.8%	8.6%
Adjusted ROCE LTM APM	%	9.0%	10.3%	10.4%	11.1%	9.8%	8.6%	11.3%	12.1%	10.7%	10.7%	9.1%	8.8%
ROCE LTM APM	%	9.2%	10.9%	11.6%	10.7%	10.5%	11.4%	13.0%	16.7%	13.1%	8.3%	7.9%	7.1%
		31 Dec 2024	**30 Sep 2024**	**30 Jun 2024**	**31 Mar 2024**	**31 Dec 2023**	**30 Sep 2023**	**30 Jun 2023**	**31 Mar 2023**	**31 Dec 2022**	**30 Sep 2022**	**30 Jun 2022**	**31 Mar 2022**
Total assets	EURm	5,706.0	5,459.1	5,366.0	5,327.5	5,244.4	5,067.9	5,049.7	4,928.2	5,271.6	5,304.7	4,614.5	4,623.0
Equity	EURm	2,436.8	2,372.1	2,369.5	2,321.4	2,263.4	2,100.9	2,083.6	2,060.3	2,125.6	2,228.2	2,127.8	2,005.3
Net Debt APM	EURm	1,612.3	1,448.8	1,411.0	1,287.8	1,317.5	1,114.1	966.7	762.9	986.9	1,512.8	1,156.2	1,000.7
Net Working Capital APM	EURm	102.6	116.2	113.7	144.4	175.2	216.8	191.0	314.8	443.3	1,030.0	717.4	633.6
Capital Employed APM	EURm	4,049.1	3,820.9	3,780.5	3,609.2	3,580.9	3,214.8	3,050.1	2,823.3	3,112.5	3,741.0	3,284.0	3,006.0
Net Debt/Adjusted EBITDA LTM APM	times	3.05	2.70	2.71	2.49	2.72	2.44	1.87	1.50	2.10	3.23	2.96	2.73
Net Debt/EBITDA LTM APM	times	3.03	2.60	2.51	2.57	2.60	2.01	1.70	1.19	1.83	3.65	3.08	2.95
FFO LTM /Net Debt APM	%	29.7%	34.2%	32.0%	28.9%	29.4%	39.6%	47.6%	76.0%	49.1%	23.9%	28.4%	29.7%

Key operating indicators

		31 Dec 2024	30 Sep 2024	30 Jun 2024	31 Mar 2024	31 Dec 2023	30 Sep 2023	30 Jun 2023	31 Mar 2023	31 Dec 2022	30 Sep 2022	30 Jun 2022	31 Mar 2022
Electricity													
Green Capacities Portfolio	GW	8.0	7.7	7.7	7.4	7.1	6.3	5.7	5.3	5.1	3.6	3.0	2.7
Secured Capacity	GW	3.1	3.1	2.9	2.9	2.9	2.5	1.8	1.6	1.6	1.4	1.4	1.4
Installed Capacity	GW	1.4	1.4	1.4	1.4	1.3	1.3	1.2	1.2	1.2	1.2	1.2	1.2
Under Construction	GW	1.0	1.0	0.8	0.9	0.9	0.5	0.6	0.4	0.4	0.2	0.1	0.1
Awarded / Contracted	GW	0.7	0.7	0.7	0.7	0.7	0.7	-	-	-	-	-	-
Advanced Development Pipeline	GW	0.7	0.8	0.9	0.7	1.0	1.4	1.3	0.9	0.7	0.1	0.3	0.2
Early Development Pipeline	GW	4.1	3.8	3.8	3.8	3.3	2.4	2.6	2.8	2.8	2.1	1.4	1.1
Heat													
Heat Generation Capacity	GW	0.4	0.4	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Installed Capacity	GW	0.4	0.4	0.4	0.3	0.3	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Under Construction	GW	-	-	-	0.0	0.0	0.2	0.2	0.2	0.2	0.2	0.2	0.2

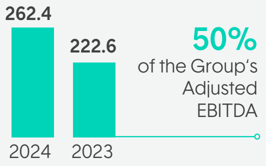
		Q4 2024	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022
Electricity													
Electricity Generated (net)	TWh	0.93	0.58	0.55	0.77	0.67	0.44	0.41	0.55	0.56	0.37	0.41	0.59
Green Electricity Generated (net)	TWh	0.72	0.47	0.50	0.61	0.51	0.36	0.36	0.53	0.42	0.31	0.37	0.55
Green Share of Generation	%	77.1%	80.8%	91.7%	79.9%	76.6%	81.1%	88.4%	95.6%	75.7%	83.3%	90.9%	93.8%
Electricity sales	TWh	1.93	1.63	1.54	1.84	1.88	1.56	1.56	1.89	1.91	1.81	2.07	2.19
Electricity distributed	TWh	2.73	2.30	2.27	2.78	2.70	2.22	2.22	2.60	2.51	2.29	2.44	2.77
SAIFI	times	0.28	0.56	0.36	0.21	0.40	0.37	0.32	0.27	0.31	0.28	0.31	0.62
SAIDI	min.	43	307	36	14	46	42	14	19	34	19	20	105
Heat													
Heat Generated (net)	TWh	0.60	0.24	0.37	0.46	0.40	0.20	0.20	0.28	0.25	0.16	0.18	0.30
Natural gas													
Natural gas sales	TWh	2.77	1.83	1.27	2.84	2.65	1.34	1.45	3.86	3.83	2.52	2.44	4.01
Natural gas distributed	TWh	2.22	0.89	1.11	2.68	2.26	0.78	0.97	2.31	2.02	0.77	1.21	2.68

3.5 Results by business segments

Overview

Green Capacities

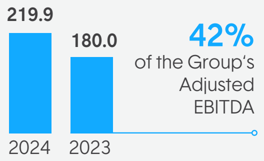
Adjusted EBITDA, EURm



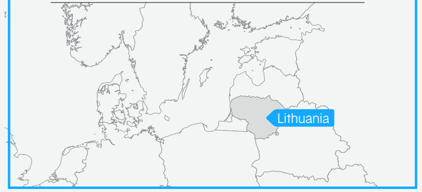
Revenue, EURm	423.7
Adjusted EBIT, EURm	217.7
Investments, EURm	434.5

Networks

Adjusted EBITDA, EURm

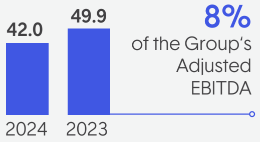


Revenue, EURm	700.8
Adjusted EBIT, EURm	105.1
Investments, EURm	337.0



Reserve Capacities

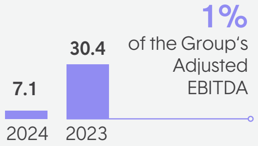
Adjusted EBITDA, EURm



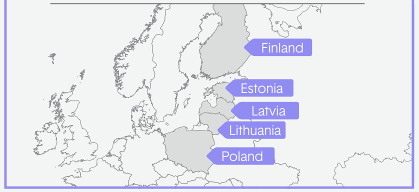
Revenue, EURm	150.1
Adjusted EBIT, EURm	31.1
Investments, EURm	2.6

Customers & Solutions

Adjusted EBITDA, EURm



Revenue, EURm	1,227.0
Adjusted EBIT, EURm	4.1
Investments, EURm	25.2



Indicators provided in this page (except Revenue) are considered as Alternative Performance Measures APM.

Green Capacities

Q4 2024 highlights

- Silesia WF II (137 MW) in Poland supplied first power to the grid.
- We have signed a co-development agreement with a renewable energy project development company for early stage onshore development projects in Estonia.

After the reporting period:

- On 5 February 2025, the joint balancing capacity market for the Baltic States began operations. As a result, the price for Kruonis mFRR balancing services is no longer regulated by the regulator (NERC), shifting to a market-driven model.

Key financial indicators, EURm

	2024	2023	Δ	Δ, %	Q4 2024	Q4 2023	Δ	Δ, %
Total revenue	423.7	342.6	*81.1*	*23.7%*	138.8	105.3	*33.5*	*31.8%*
Adjusted EBITDA APM	262.4	222.6	*39.8*	*17.9%*	81.5	68.2	*13.3*	*19.5%*
EBITDA APM	273.1	223.0	*50.1*	*22.5%*	92.2	68.6	*23.6*	*34.4%*
Adjusted EBIT APM	217.7	193.4	*24.3*	*12.6%*	69.5	60.7	*8.8*	*14.5%*
Operating profit (EBIT) APM	228.3	193.7	*34.6*	*17.9%*	80.1	61.0	*19.1*	*31.3%*
Investments APM	434.5	542.7	*(108.2)*	*(19.9%)*	99.3	180.8	*(81.5)*	*(45.1%)*
Adjusted EBITDA Margin APM	63.5%	65.1%	*(1.6 pp)*	*n/a*	63.7%	65.1%	*(1.4 pp)*	*n/a*

	31 Dec 2024	31 Dec 2023	Δ	Δ, %	31 Dec 2024	30 Sep 2024	Δ	Δ, %
PPE, intangible and right-of-use assets	1,829.0	1,325.3	*503.7*	*38.0%*	1,829.0	1,640.3	*188.7*	*11.5%*

Financial results

Q4 results

The Green Capacities segment's revenue was 31.8% (EUR 33.5 million) higher compared to Q4 2023. Revenue increased primarily due to the launch of new assets (Silesia WF I and Vilnius CHP biomass unit, additionally Kelmė WF and Silesia WF II supplied first power to the grid) and higher captured electricity prices, mainly due to the flexibility of the assets.

The Green Capacities segment's Adjusted EBITDA was 19.5% (EUR 13.3 million) higher compared to Q4 2023. Adjusted EBITDA increased primarily due to the launch of new assets (Silesia WF I and Vilnius CHP biomass unit, additionally Kelmė WF and Silesia WF II supplied first power to the grid) and higher captured electricity prices, mainly due to the flexibility of the assets.

Compared to Q4 2023, Investments in Q4 2024 were lower due to the successful completion of several major Green Capacities projects. During the last twelve months, Silesia WF I and Vilnius CHP biomass unit have reached COD, while Silesia WF II construction work has been completed. The majority of Investments in Q4 were made in Kelmė WF, Stelpe SF, Vārme SF and offshore projects.

Operating performance

Q4 results

As of 31 December 2024, the Green Capacities Portfolio increased to 8.0 GW, up from 7.7 GW on 30 September 2024. The growth is attributed to greenfield capacity additions in Poland and Latvia. Secured Capacity remained flat at 3.1 GW.

Electricity Generated (net) increased by 0.21 TWh (40.5%). The increase was driven by electricity generated by Vilnius CHP biomass unit as well as Kelmė WF and Silesia WF II, which supplied their first power to the grid and started commissioning activities.

Heat Generated (net) in Q4 2024 amounted to 0.60 TWh and was 0.20 TWh (49.5%) higher compared to Q4 2023. The increase was driven by heat generated by Vilnius CHP biomass unit.

Key operating indicators

		31 Dec 2024	31 Dec 2023	Δ	Δ, %	31 Dec 2024	30 Sep 2024	Δ	Δ, %
Electricity									
Green Capacities Portfolio	GW	7.98	7.14	0.84	11.7%	7.98	7.69	0.29	3.8%
Secured Capacity	GW	3.11	2.94	0.17	5.6%	3.11	3.11	(0.01)	(0.2%)
Installed Capacity	GW	1.42	1.33	0.09	7.0%	1.42	1.42	-	-%
Onshore wind	GW	0.28	0.23	0.05	21.4%	0.28	0.28	-	-%
Solar	GW	0.02	-	0.02	-%	0.02	0.02	-	-%
Hydro	GW	1.00	1.00	-	-%	1.00	1.00	-	-%
Pumped-storage	GW	0.90	0.90	-	-%	0.90	0.90	-	-%
Run-of-river	GW	0.10	0.10	-	-%	0.10	0.10	-	-%
Waste	GW	0.04	0.04	-	-%	0.04	0.04	-	-%
Biomass	GW	0.07	0.05	0.02	42.0%	0.07	0.07	-	-%
Under Construction	GW	0.98	0.91	0.07	8.0%	0.98	0.99	(0.01)	(0.6%)
Onshore wind	GW	0.44	0.49	(0.05)	(10.3%)	0.44	0.44	-	-%
Solar	GW	0.44	0.29	0.15	50.1%	0.44	0.44	(0.01)	(1.4%)
Hydro	GW	0.11	0.11	-	-%	0.11	0.11	-	-%
Biomass	GW	-	0.02	(0.02)	(100.0%)	-	-	-	-%
Awarded / Contracted	GW	0.70	0.70	-	-%	0.70	0.70	-	-%
Advanced Development Pipeline	GW	0.74	0.95	(0.21)	(22.3%)	0.74	0.77	(0.03)	(4.3%)
Early Development Pipeline	GW	4.13	3.25	0.88	27.2%	4.13	3.81	0.33	8.6%
Heat									
Heat Generation Capacity	GW	0.35	0.35	0.00	0.3%	0.35	0.35	-	-%
Installed Capacity	GW	0.35	0.33	0.02	6.4%	0.35	0.35	-	-%
Under Construction	GW	-	0.02	(0.02)	(100.0%)	-	-	-	-%
		2024	**2023**	**Δ**	**Δ, %**	**Q4 2024**	**Q4 2023**	**Δ**	**Δ, %**
Electricity									
Electricity Generated (net)	TWh	2.30	1.76	0.54	30.9%	0.72	0.51	0.21	40.5%
Onshore wind	TWh	0.86	0.58	0.27	47.2%	0.34	0.21	0.13	62.7%
Solar	TWh	0.01	-	0.01	-%	0.00	-	0.00	-%
Hydro	TWh	0.90	0.89	0.01	1.0%	0.20	0.22	(0.02)	(10.7%)
Pumped-storage	TWh	0.54	0.52	0.02	3.8%	0.13	0.14	(0.01)	(6.0%)
Run-of-river	TWh	0.36	0.37	(0.01)	(2.9%)	0.06	0.08	(0.01)	(19.6%)
Waste	TWh	0.29	0.27	0.02	5.5%	0.08	0.07	0.01	9.8%
Biomass	TWh	0.24	0.01	0.23	1,923.2%	0.10	0.01	0.09	748.5%
Onshore wind farms availability factor	%	95.6%	95.8%	(0.2 pp)	n/a	97.8%	96.8%	1.0 pp	n/a
Onshore wind farms load factor	%	31.2%	31.5%	(0.3 pp)	n/a	40.2%	40.6%	(0.4 pp)	n/a
Wind speed	m/s	6.8	7.0	(0.2)	(2.3%)	7.3	7.7	(0.4)	(5.3%)
Heat									
Heat Generated (net)	TWh	1.66	1.07	0.59	55.3%	0.60	0.40	0.20	49.5%
Waste[1]	TWh	0.80	0.81	(0.02)	(2.1%)	0.24	0.23	0.01	3.7%
Biomass	TWh	0.87	0.26	0.61	235.3%	0.36	0.17	0.19	113.1%

[1] *Vilnius CHP and Kaunas CHP can use natural gas for starting/stopping the plant, running tests, etc., which is included in the reported values of 'Waste'.*

Networks

Q4 2024 highlights

- The regulator NERC has adopted resolutions, setting 2025 RAB at EUR 1.8 billion (EUR 1.6 billion in 2024), WACC (weighted average) – 5.79% (5.08% in 2024) and additional tariff component – EUR 37.5 million (EUR 40 million in 2024).
- The total number of installed smart meters has exceeded 1 million (out of more than 1.2 million smart meters to be installed by 2026).

After the reporting period:

- The regulator (NERC) has approved our 10-year (2024–2033) Investment Plan for distribution networks, which we submitted to the regulator for public consultation and coordination on 11 June 2024. The plan foresees a 40% increase in Investments to EUR 3.5 billion. The previous 10-year investment plan submitted to NERC projected EUR 2.5 billion in Investments for 2022–2031.

Financial results

Q4 results

The Networks segment's revenue in Q4 2024 was 13.5% (EUR 22.5 million) higher than in Q4 2023. The increase was mainly driven by higher revenue from electricity transmission activities (EUR +40.3 million). The result was partly offset by lower revenue from electricity distribution activities (EUR -11.5 million) due to lower tariffs set by the regulator. The decrease in electricity distribution tariffs was mainly caused by lower expenses from electricity distribution technological losses, which have decreased due to lower electricity purchase prices.

The Networks segment's Adjusted EBITDA was EUR 3.0 million higher than in Q4 2023, mainly due to the higher WACC effect (EUR +3.8 million) and higher RAB effect (EUR +3.3 million). The increase was partly offset by reverse of temporary volumes effect amounting to EUR -11.4 million. Annual ROI, compensated depreciation and amortisation and additional tariff component are fixed for the year but allocated between the months based on the distributed volumes. As a higher share of these adjusted EBITDA components was earned in Q1–Q3, a reversal occurred in Q4.

In Q4 2024, Investments increased by 19.7% (EUR 19.7 million) due to higher Investments made in the expansion of the electricity distribution network (EUR +23.8 million). The increase was partly offset by lower Investments in smart meters (EUR -5.0 million) as the majority of smart meters were installed last year, causing gradual decline in the number of smart meters being installed over the Q4 2024 period.

Key financial indicators, EURm

	2024	2023	Δ	Δ, %	Q4 2024	Q4 2023	Δ	Δ, %
Total revenue	700.8	592.0	*108.8*	*18.4%*	189.1	166.6	*22.5*	*13.5%*
Adjusted EBITDA APM	219.9	180.0	*39.9*	*22.2%*	54.3	51.3	*3.0*	*5.8%*
EBITDA APM	202.7	292.2	*(89.5)*	*(30.6%)*	57.2	73.8	*(16.6)*	*(22.5%)*
Adjusted EBIT APM	105.1	77.1	*28.0*	*36.3%*	22.8	24.9	*(2.1)*	*(8.4%)*
Operating profit (EBIT) APM	87.8	189.3	*(101.5)*	*(53.6%)*	25.5	47.3	*(21.8)*	*(46.1%)*
Investments APM	337.0	346.8	*(9.8)*	*(2.8%)*	119.9	100.2	*19.7*	*19.7%*
Adjusted EBITDA Margin APM	30.6%	37.5%	*(6.9 pp)*	*n/a*	29.1%	35.4%	*(6.3 pp)*	*n/a*
	31 Dec 2024	**31 Dec 2023**	**Δ**	**Δ, %**	**31 Dec 2024**	**30 Sep 2024**	**Δ**	**Δ, %**
PPE, intangible and right-of-use assets	2,259.2	2,046.5	*212.7*	*10.4%*	2,259.2	2,177.0	*82.2*	*3.8%*

Key regulatory indicators

		2025[1]	2024	2023
Regulated activity share in Adjusted EBITDA	%	**100.00**	**100.00**	**100.00**
Total				
RAB[3]	EURm	1,795	1,584	1,429
WACC (weighted average)	%	5.79	5.08	4.14
D&A (regulatory)	EURm	99.5	79.3	74.9
Additional tariff component	EURm	37.5	40.0	28.0
Deferred part of investments covered by clients and electricity equipment transfer[2]	EURm	n/a	22.2	22.3
Electricity distribution				
RAB[3]	EURm	1,541	1,332	1,183
WACC	%	5.82	5.09	4.17
D&A (regulatory)	EURm	88.6	67.6	64.5
Additional tariff component	EURm	37.5	40.0	28.0
Deferred part of investments covered by clients and electricity equipment transfer[2]	EURm	n/a	20.6	20.7
Natural gas distribution				
RAB[3]	EURm	254	252	246
WACC	%	5.64	5.03	3.99
D&A (regulatory)	EURm	11.0	11.7	10.4
Deferred part of investments covered by clients and electricity equipment transfer[2]	EURm	n/a	1.6	1.6

[1] *Numbers approved and published by the regulator (NERC).*
[2] *Actual numbers from the Networks segment's Statement of profit or loss for the reporting period.*
[3] *RAB number at the beginning of the period.*

Operating performance

Q4 results

The volume of distributed electricity has increased by 0.03 TWh (1.2%) in Q4 2024 compared to Q4 2023. The increase was mainly driven by higher consumption among B2B customers.

The electricity distribution quality indicator SAIFI decreased to 0.28 interruptions (compared to 0.40 in Q4 2023), and electricity SAIDI decreased to 43 minutes (compared to 46 minutes in Q4 2023). The quarterly quality indicators improved due to higher number of installed automatic solutions, management of staff levels based on weather forecast, and more favourable weather conditions in the fourth quarter of 2024.

In Lithuania, the distributed natural gas volume in Q4 2024 decreased by 0.04 TWh (or 1.8%), amounting to 2.22 TWh. The decline was driven by warmer weather conditions in Q4 2024 compared to Q4 2023.

Key operating indicators

		31 Dec 2024	31 Dec 2023	Δ	Δ, %	31 Dec 2024	30 Sep 2024	Δ	Δ, %
Electricity									
Distribution network	thousand km	131	128	*3*	*2.1%*	131	131	*0*	*0.2%*
Number of customers	thousand	1,869	1,851	*18*	*1.0%*	1,869	1,863	*5*	*0.3%*
of which prosumers and producers	thousand	90	65	*25*	*38.1%*	90	85	*5*	*6.1%*
admissible power of prosumers and producers	MW	1,559	1,117	*442*	*39.5%*	1,559	1,440	*119*	*8.2%*
Number of smart meters installed	thousand	1,032	729	*302*	*41.5%*	1,032	968	*64*	*6.6%*
Natural gas									
Distribution network	thousand km	9.72	9.69	*0.03*	*0.3%*	9.72	9.71	*0.01*	*0.1%*
Number of customers	thousand	626	626	*1*	*0.1%*	626	626	*1*	*0.1%*

		2024	2023	Δ	Δ, %	Q4 2024	Q4 2023	Δ	Δ, %
Electricity									
Electricity distributed	TWh	10.07	9.73	*0.34*	*3.5%*	2.73	2.70	*0.03*	*1.2%*
of which B2C	TWh	3.26	3.25	*0.01*	*0.3%*	0.92	0.94	*(0.03)*	*(3.0%)*
of which B2B	TWh	6.80	6.47	*0.33*	*5.1%*	1.81	1.75	*0.06*	*3.4%*
Technological losses	%	5.0%	4.1%	*0.9 pp*	*n/a*	5.1%	5.0%	*0.1 pp*	*n/a*
New connection points	thousand	40.2	50.9	*(10.7)*	*(21.1%)*	9.4	9.4	*(0.0)*	*(0.1%)*
Connection point upgrades	thousand	18.6	25.1	*(6.5)*	*(26.0%)*	4.3	5.5	*(1.2)*	*(22.4%)*
Admissible power of new connection points and upgrades	MW	399	556	*(157)*	*(28.3%)*	98	126	*(28)*	*(22.1%)*
Time to connect (average)	c. d.	39	42	*(3)*	*(6.9%)*	50	40	*10*	*25.3%*
SAIFI	times	1.41	1.35	*0.06*	*4.3%*	0.28	0.40	*(0.12)*	*(29.9%)*
SAIDI	min.	399	121	*278*	*230.5%*	43	46	*(3)*	*(7.3%)*
Supply of Last Resort	TWh	0.24	0.23	*0.01*	*5.0%*	0.07	0.06	*0.01*	*17.8%*
Natural gas									
Natural gas distributed	TWh	6.91	6.32	*0.59*	*9.3%*	2.22	2.26	*(0.04)*	*(1.8%)*
of which B2C	TWh	2.29	2.29	*(0.00)*	*(0.0%)*	0.85	0.87	*(0.02)*	*(2.0%)*
of which B2B	TWh	4.62	4.03	*0.59*	*14.6%*	1.37	1.39	*(0.02)*	*(1.7%)*
New connection points and upgrades	thousand	2.0	2.5	*(0.5)*	*(18.7%)*	0.5	0.7	*(0.1)*	*(17.2%)*
Technological losses	%	1.5%	1.8%	*(0.3 pp)*	*n/a*	0.8%	1.5%	*(0.7 pp)*	*n/a*
Time to connect (average)	c. d.	63	55	*8*	*13.8%*	75	59	*17*	*28.7%*
SAIFI	times	0.005	0.003	*0.002*	*46.1%*	0.001	0.001	*(0.000)*	*(15.0%)*
SAIDI	min.	0.49	0.30	*0.20*	*65.9%*	0.07	0.04	*0.02*	*50.3%*
Customer experience									
NPS (Transactional)	%	56.2%	52.1%	*4.1 pp*	*n/a*	53.1%	53.2%	*(0.1 pp)*	*n/a*

Reserve Capacities

Q4 2024 highlights

– In relation to the synchronisation of the Baltic electricity systems with the Continental Europe Synchronous area (9 February 2025), aFRR balancing capacity market was launched in Lithuania (December 2024). Since then, the CCGT unit has started to provide balancing capacity services to the Lithuanian TSO (Litgrid).

Financial results

Q4 results

The Reserve Capacities segment's revenue was 24.5% (EUR 10.5 million) higher compared to Q4 2023. The increase was mainly driven by favourable market conditions and increased electricity generation related to provision of aFRR balancing capacity services, in relation to the synchronisation of the Baltic electricity systems with the Continental Europe Synchronous Area.

The Reserve Capacities segment's Adjusted EBITDA was 54.3% (EUR 6.3 million) lower than in Q4 2023. The YoY decrease is related to the fact that in Q4 2023 the conditions to earn additional return in the market were extraordinary.

Key financial indicators, EURm

	2024	2023	Δ	Δ, %	Q4 2024	Q4 2023	Δ	Δ, %
Total revenue	150.1	128.5	*21.6*	*16.8%*	53.4	42.9	*10.5*	*24.5%*
Adjusted EBITDA APM	42.0	49.9	*(7.9)*	*(15.8%)*	5.3	11.6	*(6.3)*	*(54.3%)*
EBITDA APM	42.1	50.0	*(7.9)*	*(15.8%)*	5.4	11.7	*(6.3)*	*(53.8%)*
Adjusted EBIT APM	31.1	39.1	*(8.0)*	*(20.5%)*	2.5	9.0	*(6.5)*	*(72.2%)*
Operating profit (EBIT) APM	31.3	39.2	*(7.9)*	*(20.2%)*	2.7	9.1	*(6.4)*	*(70.3%)*
Investments APM	2.6	4.9	*(2.3)*	*(46.9%)*	0.3	2.6	*(2.3)*	*(88.5%)*
Adjusted EBITDA Margin APM	28.0%	38.9%	*(10.9 pp)*	*n/a*	10.0%	27.2%	*(17.2 pp)*	*n/a*

	31 Dec 2024	31 Dec 2023	Δ	Δ, %	31 Dec 2024	30 Sep 2024	Δ	Δ, %
PPE, intangible and right-of-use assets	253.3	278.6	*(25.3)*	*(9.1%)*	253.3	256.7	*(3.4)*	*(1.3%)*

Key regulatory indicators

		2025[1]	2024[1]	2023[1]
Regulated activity share in Adjusted EBITDA	%	-	**28.6**	**22.0**
Total				
D&A (regulatory)	EURm	11.3	11.2	10.6
CCGT				
D&A (regulatory)	EURm	7.5	7.2	7.6
Units 7 and 8				
D&A (regulatory)	EURm	3.8	4.0	3.0

[1] Numbers approved and published by the regulator (NERC).

Operating performance

Q4 results

In Q4 2024, Electricity Generated (net) by CCGT as well as units 7 and 8 at Elektrėnai Complex amounted to 0.21 TWh and was 36.7% higher compared to Q4 2023. The increase was driven by provision of aFRR balancing capacity services, in relation to the synchronisation of the Baltic electricity systems with the Continental Europe Synchronous Area. Accordingly, it resulted in a 2.5 pp higher load factor in Q4 2024. The availability of Elektrėnai Complex increased by 1.2 pp to 99.1%.

The total Installed Capacity of Elektrėnai Complex is 1,055 MW, and, during the reporting period, 891 MW were used for isolated system operation services, with 260 MW provided by unit 7, 260 MW by unit 8 and 371 MW by CCGT.

Key operating indicators

		31 Dec 2024	31 Dec 2023	Δ	Δ, %	31 Dec 2024	30 Sep 2024	Δ	Δ, %
Electricity									
Installed Capacity	MW	1,055	1,055	-	-%	1,055	1,055	-	-%
Isolated system operation services	MW	891	891	-	-%	891	891	-	-%

		2024	2023	Δ	Δ, %	Q4 2024	Q4 2023	Δ	Δ, %
Electricity									
Electricity Generated (net)	TWh	0.52	0.31	*0.21*	*68.4%*	0.21	0.16	*0.06*	*36.7%*
Availability factor[1]	%	99.5%	99.4%	*0.2 pp*	*n/a*	99.1%	97.9%	*1.2 pp*	*n/a*
Load factor	%	5.7%	3.4%	*2.3 pp*	*n/a*	9.2%	6.7%	*2.5 pp*	*n/a*

[1] *Excluding the planned overhaul works.*

Customers & Solutions

Q4 2024 Highlights

- A fast EV charging hub with the ability to charge 8 EVs simultaneously has been opened in Lithuania, connecting the three largest cities on the A1 highway.
- We have signed an agreement with Maxima to install more than 170 EV charging points in the car parks of 41 Maxima stores across Estonia.

After the reporting period:

- On 1 January 2025, the 10-year designated supply period, during which the Group's company UAB "Ignitis" ensured the delivery of four LNG cargoes annually to the Klaipėda LNG terminal, expired. With the conclusion of this obligation, Lithuania's LNG market has transitioned to a fully commercial model, further enhancing competition.

Financial results

Q4 results

In Q4 2024, the Customers & Solutions segment's revenue was 17.2% (EUR 76.1 million) lower than in Q4 2023. The decrease in revenue was driven by natural gas supply business, mainly due to the lower average natural gas supply price (-36.3%).

Key financial indicators, EURm

	2024	2023	Δ	Δ, %	Q4 2024	Q4 2023	Δ	Δ, %
Total revenue	1,227.0	1,646.8	*(419.8)*	*(25.5%)*	366.2	442.3	*(76.1)*	*(17.2%)*
Adjusted EBITDA APM	7.1	30.4	*(23.3)*	*(76.6%)*	(4.0)	9.5	*(13.5)*	*n/a*
EBITDA APM	18.3	(59.9)	*78.2*	*n/a*	(13.5)	6.1	*(19.6)*	*n/a*
Adjusted EBIT APM	4.1	27.3	*(23.2)*	*(85.0%)*	(5.0)	8.7	*(13.7)*	*n/a*
Operating profit (EBIT) APM	15.3	(62.9)	*78.2*	*n/a*	(14.5)	5.3	*(19.8)*	*n/a*
Investments APM	25.2	25.0	*0.2*	*0.8%*	8.1	19.6	*(11.5)*	*(58.7%)*
Adjusted EBITDA Margin APM	0.6%	1.8%	*(1.2 pp)*	*n/a*	(1.1%)	2.1%	*(3.2 pp)*	*n/a*
	31 Dec 2024	**31 Dec 2023**	**Δ**	**Δ, %**	**31 Dec 2024**	**30 Sep 2024**	**Δ**	**Δ, %**
PPE, intangible and right-of-use assets	52.4	25.0	*27.4*	*109.6%*	52.4	41.7	*10.7*	*25.7%*

In Q4 2024, the Customers & Solutions segment's Adjusted EBITDA decreased by EUR 13.5 million. The results of natural gas supply activities were lower due to the positive effect in Q4 2023 as a result of the adjusted methodology for calculating the income related to customer over-declaration. The result was partly offset by lower electricity supply losses as the market is more stable compared to Q4 2023, when B2C customers migrated to lower fixed-price plans, resulting in large losses.

Operating performance

Q4 results

In Q4 2024, electricity sales increased by 0.04 TWh (2.1%) compared to Q4 2023, driven by higher sales to B2B customers, mainly in Lithuania and Latvia. The natural gas sales increased by 0.12 TWh (4.5%) in Q4 2024, driven by higher retail sales, primarily in Lithuania, due to lower natural gas market prices, and in Finland, where a rise in sales was recorded after the Balticconnector pipeline resumed its commercial operations in April 2024.

Key operating indicators

		31 Dec 2024	31 Dec 2023	Δ	Δ, %	31 Dec 2024	30 Sep 2024	Δ	Δ, %
Electricity									
Number of customers	m	1.4	1.4	(0.0)	(0.4%)	1.4	1.4	0.0	0.0%
EV charging points	units	1,091	376	715	190.2%	1,091	867	224	25.8%
Natural gas									
Number of customers	m	0.6	0.6	(0.0)	(0.2%)	0.6	0.6	0.0	0.0%
Gas inventory	TWh	0.9	1.7	(0.8)	(47.5%)	0.9	2.3	(1.4)	(60.2%)
		2024	**2023**	**Δ**	**Δ, %**	**Q4 2024**	**Q4 2023**	**Δ**	**Δ, %**
Electricity sales									
Lithuania	TWh	5.12	5.22	(0.10)	(1.8%)	1.46	1.41	0.05	3.3%
Latvia	TWh	0.78	0.75	0.03	4.0%	0.21	0.19	0.02	9.6%
Estonia	TWh	0.00	0.00	(0.00)	(48.7%)	-	0.00	(0.00)	(100.0%)
Poland	TWh	0.80	0.69	0.11	15.9%	0.19	0.22	(0.03)	(12.3%)
Total retail	TWh	6.70	6.65	0.04	0.7%	1.86	1.82	0.04	2.1%
of which B2C	TWh	2.21	2.19	0.02	0.8%	0.62	0.62	(0.00)	(0.2%)
of which B2B	TWh	4.49	4.46	0.03	0.6%	1.24	1.20	0.04	3.3%
Natural gas sales	TWh	8.71	9.29	(0.58)	(6.3%)	2.77	2.65	0.12	4.5%
Lithuania	TWh	4.98	4.58	0.40	8.6%	1.67	1.58	0.09	5.4%
Latvia	TWh	0.29	0.31	(0.02)	(4.9%)	0.06	0.08	(0.01)	(17.9%)
Estonia	TWh	0.00	0.01	(0.01)	(99.2%)	-	0.00	(0.00)	(100.0%)
Poland	TWh	0.26	0.34	(0.09)	(25.8%)	0.07	0.09	(0.03)	(27.3%)
Finland	TWh	1.34	1.34	0.01	0.4%	0.38	0.16	0.23	145.1%
Total retail	TWh	6.86	6.58	0.29	4.4%	2.18	1.91	0.27	14.2%
of which B2C	TWh	2.34	2.34	0.00	0.0%	0.87	0.89	(0.02)	(2.1%)
of which B2B	TWh	4.53	4.24	0.29	6.8%	1.31	1.02	0.29	28.5%
Wholesale market	TWh	1.84	2.71	(0.87)	(32.1%)	0.58	0.74	(0.15)	(20.8%)
Customer experience									
NPS (B2C – Transactional)	%	68.7%	67.3%	1.5 pp	n/a	68.7%	68.2%	0.5 pp	n/a
NPS (B2B – Transactional)	%	64.0%	73.0%	(9.0 pp)	n/a	61.0%	65.0%	(4.0 pp)	n/a

Governance

4.1 Supervisory Board Chair's statement

A year of significant progress: Supervisory Board's active role

As Chair of the Supervisory Board, I am privileged to lead Ignitis Group during this pivotal moment of green transition. Our strategic vision goes beyond mere adaptation – we are actively reshaping the regional energy landscape. Through focused execution and with clear purpose in mind, we are turning ambitious goals into real-world progress that will define the future of sustainable energy sector.

In 2024, the Supervisory Board has diligently supported the Group's strategic goals, ensuring their careful oversight and guidance towards a 100% green and secure energy future, always mindful of its responsibility to all stakeholders and the society.

Strategic alignment and performance

Ignitis Group's strategy is closely aligned with regional goals of accelerating green transition and achieving full energy independence. This year, the Group made substantial steps towards its objectives outlined in its 2024–2027 Strategic Plan.

Our commitment to increasing the Green Capacities remains resolute. The Group aims to expand from 1.4 GW in 2024 to 4–5 GW by 2030, demonstrating a strategic dedication to shareholders and making a positive impact on regional energy landscape. The Group's purpose, which reflects its core values and operational approach, continues to inspire and engage its customers, communities and employees across the Baltics.

Achieved milestones in renewables

In 2024, Ignitis Group significantly expanded its green energy portfolio across the Baltics and Poland. We finalized projects and started commercial operations at Silesia WF I (50 MW) in Poland, Vilnius CHP biomass unit (71 MWe, 170 MWth), and Tauragė SF (22.1 MW) in Lithuania. Our Kelmė WF (300 MW), the largest one in the Baltics, and Silesia WF II (137 MW) started feeding power to the grid. We also launched the construction of Tume SF (174 MW) in Latvia, strengthening our regional presence in renewable energy development. Furthermore, we secured grid connection capacity for our first battery energy storage system (BESS) projects (<290 MW) in Lithuania.

Financial strength and investment strategy

Following a strong performance in our two largest segments, Green Capacities and Networks, the Group's Adjusted EBITDA reached EUR 527.9 million and exceeded Adjusted EBITDA guidance of EUR 480–500 million for the full-year 2024. The Group also continued to invest heavily, with total Investments amounting to directed EUR 812.0 million. More than half of this were directed to Green Capacities projects.

Alfonso Faubel
Chair of the Supervisory Board

The Supervisory Board has approved an updated 2024–2027 Strategic Plan, with Investments increasing to EUR 3.0–4.0 billion. Approximately two-thirds of the Investments will be directed towards the Green Capacities build-out, and one-third to the Networks expansion.

Notably, S&P Global Ratings has reaffirmed the Group's 'BBB+' credit rating with a stable outlook, validating the Group's sustainable financial management despite significant investments.

Governance and human capital

We continue to prioritize corporate governance excellence. In 2024, the Group maintained its 'A+' rating in the Corporate Governance Index for SOEs, receiving the highest rating since 2012.

Recognizing that rapid renewables growth requires skilled professionals, the Group invests in talent development. By partnering with educational institutions and attracting international talent, Ignitis Group is proactively nurturing the next generation of energy professionals.

Strengthening the Supervisory Board, embracing innovation and sustainability

This year, we are pleased to welcome Sian Lloyd Rees to our Supervisory Board. Her extensive experience in renewable energy will be invaluable as we navigate the evolving energy landscape.

The Supervisory Board dedicated time to sharing their knowledge, empowering the Group to actively explore the potential of artificial intelligence (AI) in enhancing operational efficiency, sustainability, and decision-making. By leveraging AI, we aim to optimize our processes and drive innovation across the organisation.

The Supervisory Board remains committed to fostering a strong culture of sustainability. We are focused on health, safety, and environmental stewardship and actively work to reduce the Group's carbon footprint while mitigating climate change.

Looking ahead

As we move forward, our top priority remains ensuring business continuity until the end of our term in 2025. We remain committed to guiding Ignitis Group towards its ambitious goals, contributing to Lithuania's economic growth and the broader green energy transition in the Baltic region.

Our journey continues to be driven by a shared vision of creating value and driving progress across environmental, social, and governance dimensions – ultimately working towards a better world for future generations.

Alfonso Faubel
Chair of the Supervisory Board

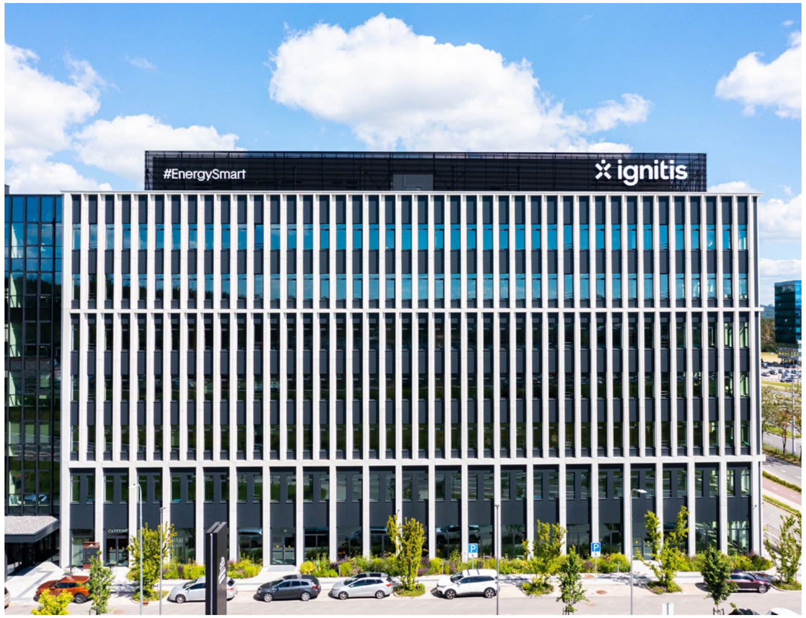
4.2 Governance framework

Overview of the Group's corporate governance

The Group's governance structure and model have been developed on the basis of the most advanced international and national practices, by following the G20/OECD Principles of Corporate Governance, the OECD Guidelines on Corporate Governance of State-Owned Enterprises (SOEs) and the recommendations published by the OECD, while having regard to the Corporate Governance Code for the companies listed on Nasdaq Vilnius. Additionally, the corporate governance model of a state-owned energy group was implemented in accordance with the description of Corporate Governance Guidelines approved by the Ministry of Finance of the Republic of Lithuania.

The parent company acknowledges the importance of good corporate governance and follows the Corporate Governance Code for the companies listed on Nasdaq Vilnius to the extent possible. This code is based on the principle of "comply or explain". In accordance with Article 12(3) of the Law on Securities and Paragraph 25.4 of the Nasdaq Vilnius Listing Rules, the parent company must disclose annually how it complies with, or reasons for non-compliance with, the Nasdaq Vilnius Corporate Governance Code (including its specific provisions or recommendations). For a detailed description, please see section '7 Additional information' of this report.

Overall, the Group's governance principles and model aim at the assessment and harmonisation of stakeholders' interests and their translation into measurable targets and indicators.



Ignitis Group headquarters

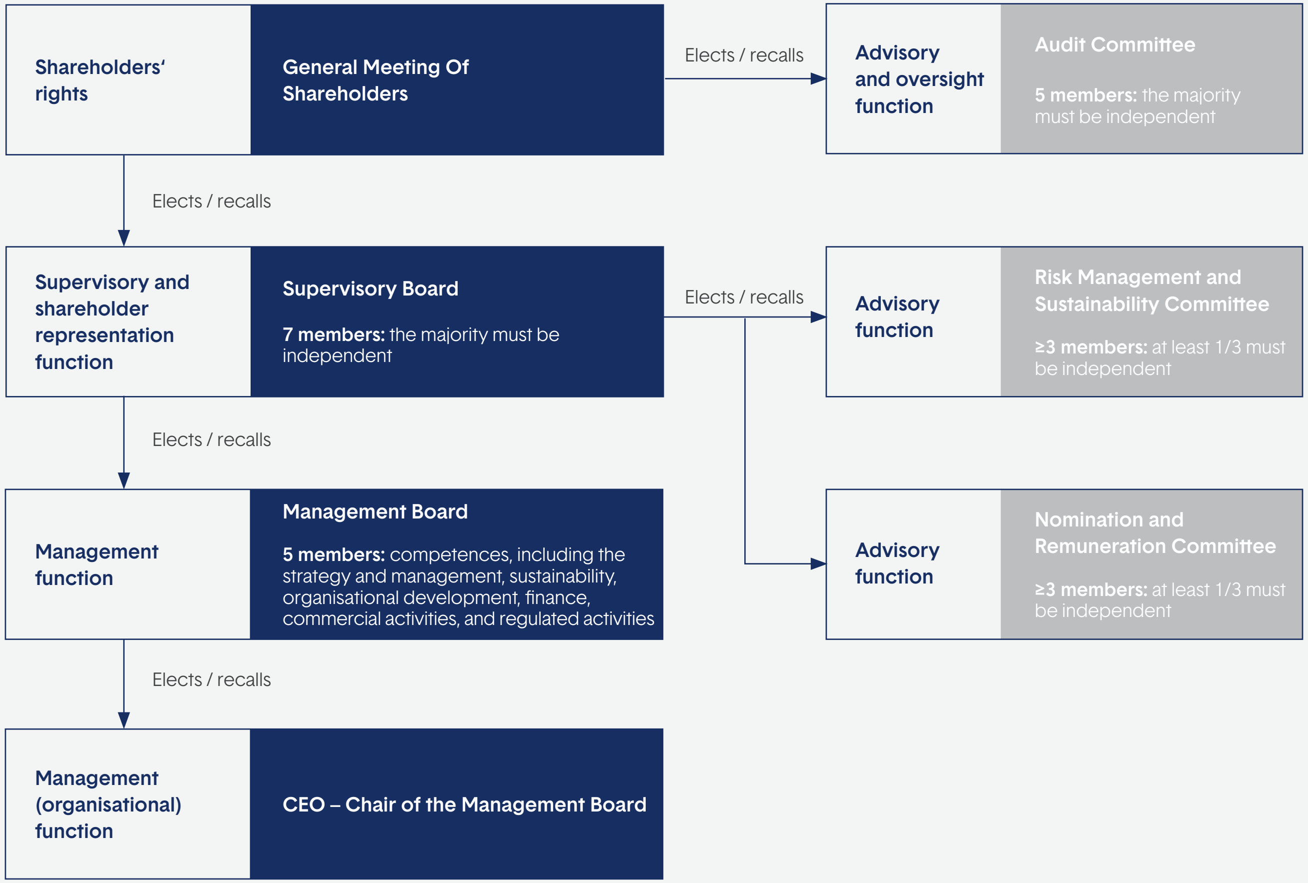
The parent's company governance model

The parent company employs a corporate governance system designed to manage and control the Group as a whole and aimed at achieving common objectives. The corporate governance of the Group is exercised through the parent company's functions, i.e., by coordinating common areas such as finance, law, risk management, etc. within the Group. Activities in these areas are based on mutual agreement within the Group, i.e., through cooperation with a focus on achieving a common result, and are coordinated by using the policies (common provisions and norms) applicable to the whole Group.

The parent company has a Chief Executive Officer (CEO) and a two-tier board system consisting of a Management Board and a Supervisory Board. The CEO represents the parent company in all matters and, together with the Management Board, is responsible for its management, while the Supervisory Board is the body that oversees the Management Board and the CEO. The CEO manages the parent company's day-to-day operations and is entitled to solely represent the parent company.

The parent company's management and supervisory bodies are designed and are to be operated in such a way as to ensure the proper representation of the Republic of Lithuania as the Majority Shareholder, alongside other stakeholders, and the separation of the management and supervisory functions.
A more detailed description of each collegial body and its members is available in the following sections.

Corporate governance model



Key competences of the Group's bodies and committees

1. **The General Meeting** is the highest decision-making body of the parent company. Shareholders can use their votes during the General Meeting to vote on important matters related to the parent company.
    - **the Audit Committee** is elected by the General Meeting and is responsible for monitoring the preparation process of financial statements of the Group, the effectiveness of the Group's internal control and risk management systems affecting the financial reporting of audited Group companies and the Group's sustainability reporting. Also, the effectiveness of the internal control and risk management systems for the prevention of corruption, bribery of foreign public officials in international transactions. The committee is also responsible for monitoring the effectiveness of internal audit, the audit of the annual financial statements of the Group companies which are public interest entities, the consolidated financial statements of the Group and the limited assurance of consolidated sustainability reporting of the Group, with a particular focus on audit performance and provision of assurance services.
2. **The Supervisory Board** is a collegial supervisory body elected by the General Meeting. The main functions and responsibilities of the Supervisory Board include consideration and approval of the Group strategy, election and removal of members of the Management Board, supervision of the activities of the Management Board and the CEO, submission of comments to the General Meeting regarding the financial statements, profit (loss) distribution, and the annual management report. The Supervisory Board has two committees that submit proposals to the Supervisory Board in these key areas:
    - **the Risk Management and Sustainability Committee** oversees the risk management (including, but not limited to, the functioning of the risk management and internal control system, the key risk factors, the status of implementation of risk management measures within the Group), sustainability management, ethical business practices, including, among others, the risks related to corruption.
    - **the Nomination and Remuneration Committee** assesses candidates for the management and supervisory bodies of the Group, their structure, composition and performance, the continuity of the activities of the management and supervisory bodies. It is also responsible for developing a Group remuneration policy.
3. **The Management Board** is a collegial management body responsible for the implementation of the key functions of corporate management and strategy.
4. **The CEO** represents the parent company in all matters and, together with the Management Board, is responsible for its management. The CEO manages the parent company's day-to-day operations and is entitled to solely represent the parent company.

Implementation of the Directive on Gender Balance

On 1 December 2024, the amendment of the Law on Equal Opportunities for Women and Men of the Republic of Lithuania (the Law on Equal Opportunities) transposing the Directive (EU) 2022/2381 of the European Parliament and of the Council of 23 November 2022 on improving the gender balance among directors of listed companies and related measures (the Directive on Gender Balance) into the Lithuanian legal system came into force.

The regulation obliges large, including listed, companies to take measures by 30 June 2026 to ensure that members of the underrepresented gender hold at least 33% (but not exceed 49%) of all manager positions (i.e. CEO, Management Board and Supervisory Board). The lawful means to implement this obligation are the following:

- candidates shall be selected based on a comparative assessment of qualifications of each candidate;
- when choosing between candidates who are equally qualified in terms of suitability, competence and professional performance, priority shall be given to the candidate of the underrepresented gender.

In 2024, women were the underrepresented gender in the management and supervisory bodies of the parent company, occupying 46% of the CEO, Management Board, and Supervisory Board positions. The gender distribution is as follows: Supervisory Board – 2 males and 5 females, Management Board – 4 males and 1 female, and CEO – 1 male.

The Equal Opportunities and Diversity Policy of the Group applies to all selections for CEO, Management Board, and Supervisory Board positions. As of 1 December, no new selections were initiated for these positions.

To achieve gender balance, since 2021 the parent company has been consistently raising its gender diversity targets for top management positions with a goal of reaching 30% female representation in top management by 2027. Additionally, from 2023 onwards the Group is including gender balance targets for shortlists in top management recruitments in the annual performance targets of the Group companies.

In 2024, the parent company undertook a series of initiatives to enhance gender balance within the top management of the parent company and its subsidiaries.

These initiatives include:

- the Women's Referral Challenge to increase referrals for female candidates;
- boosting gender balance through the succession programme;
- partnering with recruitment agencies to source diverse and qualified candidates;
- ensuring job titles in all advertisements are listed in the feminine form first, with the masculine form in parentheses (a reversal of the common market practice) to attract more female candidates;
- requiring hiring managers to pledge their commitment to equal opportunities before posting job ads;
- providing equal opportunity and anti-discrimination training for new hiring managers;
- running a public awareness campaign to address gender stereotypes in professions;
- hosting employee discussions under the #EnergiseEquality project to promote a culture supportive of women's leadership;
- conducting focus groups with female managers to better understand and improve the current leadership environment.

Corporate governance recognitions

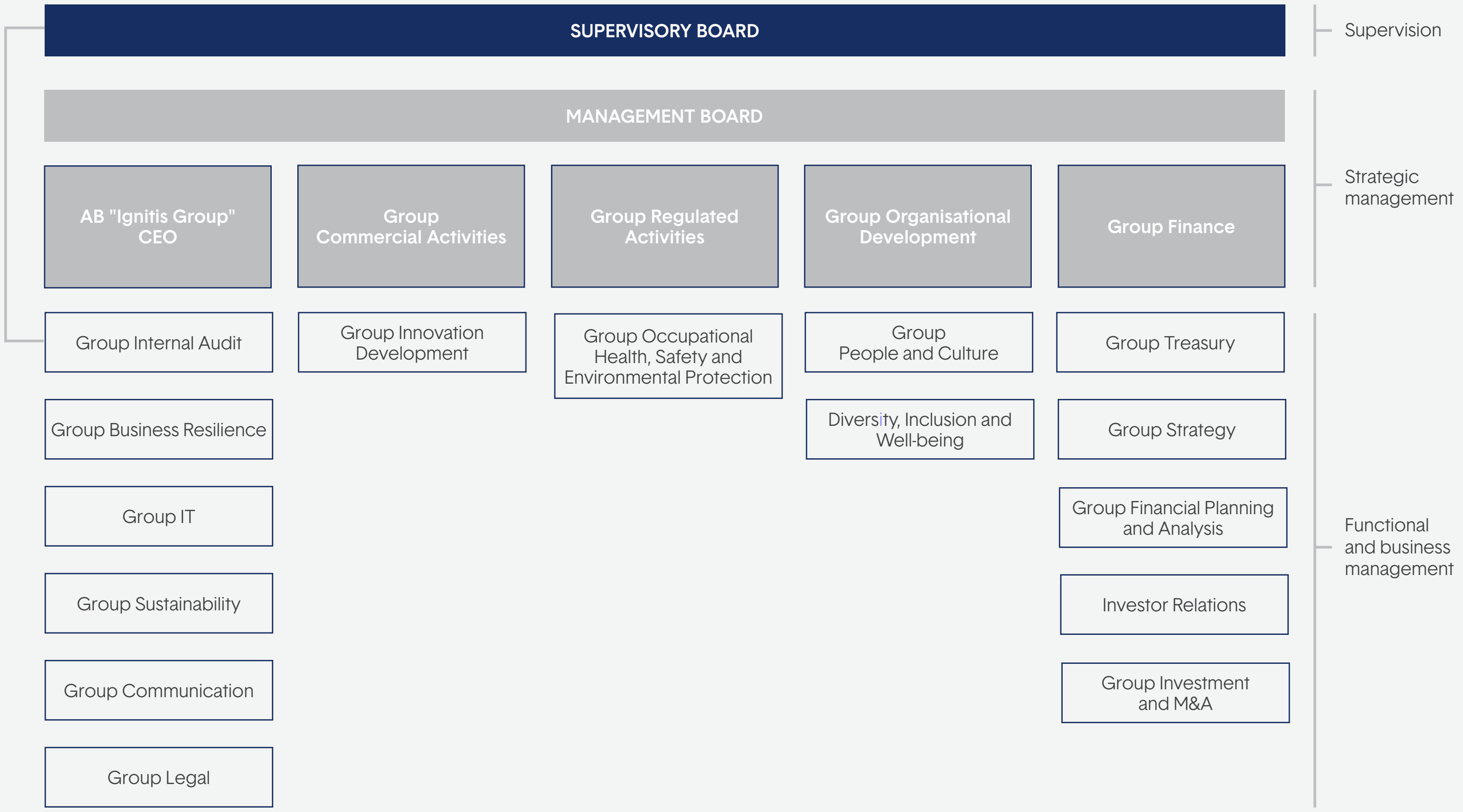
The corporate governance excellence of the Group is reflected in numerous ratings and rankings. Additionally, ESG rankings are available in Sustainability Statement, in section 'Other information' of this report.

Corporate Governance Index of Lithuanian SOEs in 2023/2024

A+	A+	A+	A+
Overall rating	Collegial bodies	Strategic planning and Implementation	Transparency

Highest possible rating since 2012 in the assessment of how SOEs have implemented good governance practices

The parent company's organisational structure at the end of the reporting period



After the reporting period:

- new departments were established: Group Regulated Activity Projects and Group Risk Management;
- the names of the departments were changed: Diversity, Inclusion and Well-being to Group Diversity, Inclusion and Well-being and Group Strategy to Group Strategic Planning.

4.3 General Meetings

Shareholders' rights and General Meetings

Our shareholders exercise their rights at the General Meeting. The General Meeting is the highest decision-making body of the parent company and passes the resolutions in accordance with the Law on Companies of the Republic of Lithuania (link in Lithuanian).

Each shareholder who has been entered in the register of shareholders of the parent company before the record date (the fifth working day before the General Meeting) has the right to attend the General Meeting and exercise his/her power of decision in the matters falling within the competence of the General Meeting. Notices about the convening of the General Meeting, including all relevant and necessary information, the annex of items on the agenda of the meeting and the decisions of the General Meeting are published on our website as well as through Nasdaq Vilnius and London Stock Exchange.

The parent company is not aware of any restrictions on shareholders' voting rights and agreements between shareholders.

Shareholders' competence

The competence of the parent company's General meeting covers the following key areas:

- electing and removing individual members of the Supervisory Board or the entire Supervisory Board of the parent company, making decisions on the payment of remuneration to members of the Supervisory Board;
- amending the Articles of Association of the parent company;
- approving the sets of annual financial statements of the parent company and annual consolidated financial statements of the Group companies;
- making decisions on the allocation of profit (loss);
- making decisions on the allocation of dividends for a period shorter than the financial year;
- agreeing or not agreeing to the consolidated annual management report of the Group and the consolidated interim management report of the Group, which is submitted together with the set of interim financial statements prepared for the purpose of making a decision on the allocation of dividends for a period shorter than the financial year;
- electing and removing an auditor or an audit firm for the auditing of the financial statements of the parent company and of the consolidated financial statements of the Group companies, setting the terms and conditions of payment for audit services as well as electing and removing an auditor, an audit firm or an independent sustainability reporting assurance service provider;
- making decisions on increasing or reducing the authorised capital of the parent company;
- making decisions on the reorganisation or separation of the parent company and the approval of the terms and conditions thereof as well as on the restructuring, liquidation or cancelation of the liquidation of the parent company;
- agreeing or not agreeing to the decisions of the Management Board of the parent company regarding the parent company becoming a founder or participant of other legal entities (except associations);
- agreeing or not agreeing to the decisions of the Management Board of the parent company regarding the transfer, pledge, other restriction, disposal of shares or rights, transfer of business, reorganisation, separation, restructuring, liquidation, transformation or other actions that change the status of the Group companies which are important to national security and engage in generation, distribution and supply activities in the energy sector as well as of the companies directly controlled by the parent company which engage in energy generation activities.

General Meetings

During the reporting period, two General Meetings of the parent company's shareholders were held::

On 27 March 2024, the Annual General Meeting passed the following resolutions:

- agreed to the Group's consolidated annual report;
- approved the set of audited annual financial statements of AB "Ignitis grupė" and the set of consolidated financial statements of AB "Ignitis grupė" group of companies for the year 2023;
- cancelled the reserve for the acquisition of own ordinary registered shares;
- allocated the profit (loss) of AB "Ignitis grupė" for the year 2023;
- approved the Group's updated Remuneration Policy and determined the updated remuneration for the members of the Supervisory Board and the Audit Committee.

On 11 September 2024, the Extraordinary General Meeting passed the following resolutions:

- agreed to the Group's consolidated interim report for the 6-month period;
- approved the set of interim financial statements and allocated interim dividends to the shareholders;
- elected an independent member of the Supervisory Board;
- elected a consolidated sustainability reporting assurance service provider;
- approved the new wording of the Articles of Association;
- approved the new wording of the Regulations of the Audit Committee.

Further information, including the resolutions of the General Meetings of the parent company's shareholders held previously, is available on our website.

Ignitis Group employees

Majority Shareholder

The Majority Shareholder of the parent company, the Republic of Lithuania, held 74.99% of the parent company's shares at the end of the reporting period. The rights and obligations of the Republic of Lithuania are exercised by the Ministry of Finance of the Republic of Lithuania. The management of the shares is carried out in accordance with the current wording of the Law on Companies (link in Lithuanian), which establishes property and non-property rights and obligations of all shareholders, the Description of the Procedure of the Implementation of State Property and Non-Property Rights in State-Owned Enterprises approved by the Resolution No 665 of the Government of the Republic of Lithuania of 6 June 2012 (the Property Guidelines) (link in Lithuanian), and the latest wording of the Articles of Association of the parent company.

One of the corporate governance principles outlined in the Corporate Governance Guidelines, approved by the order of the Minister of Finance, is the exercise of the rights conferred by shareholders' shares, which is set to ensure that the Majority Shareholder exercises the voting rights attached to the shares within its competence and undertakes its best effort to ensure that the parent company and the Group companies are able to operate independently, i.e., the Majority Shareholder:

- shall not take actions that could prevent the parent company and the Group companies from conducting business independently;
- shall not influence the day-to-day running of the parent company's business or hold or acquire a material shareholding in one or more significant subsidiaries of the Group companies;
- shall not take any action (or refuse to take any action) which would be prejudicial to the parent company's status as a listed company or the parent company's eligibility for listing, or would reasonably prevent the parent company from complying with the obligations and requirements established by the law applicable to listed companies;
- shall conduct all transactions and ensure relationships with the Group companies on the market basis (following the arm's length principle) and on a normal commercial basis;
- shall not vote in favour of or propose any decision to amend the Articles of Association of the parent company which would be contrary to the principle of independence of the parent company's business;
- shall vote in a manner that ensures that the management of the parent company complies with the principles of good governance set out in the Nasdaq's Corporate Governance Code.

For further information on the parent company's shareholders, see section '1.6 Investor information' of this report.

Expectations of Majority Shareholder

In accordance with the Property Guidelines (link in Lithuanian), the Majority Shareholder submits a Letter of Expectations to the parent company at least once every four years on the objectives pursued by the Majority Shareholder in the SOE and its expectations. With that in mind, the Letter of Expectations regarding the activities of the Group was approved by the order of the Minister of Finance on 11 May 2023.

In this letter, the Majority Shareholder indicates the following expectations in respect of the Group's strategic priorities:

- to prioritise focused, sustainable and profitable development of green generation capacities in order to significantly contribute to energy security and green transition in the region;
- to ensure the availability and the long-term operational capacity of the infrastructure that is important for national and energy security;
- to strive to increase the electricity supply in the region by supplying final consumers with clean energy generated by its green generation assets;
- to ensure the resilience of the electricity distribution network to external factors, efficient distribution, network development, facilitation of the energy market and electrification in Lithuania;
- to ensure the reliability and flexibility of the Lithuanian energy system and its development while contributing to the implementation of changes in the energy sector in Lithuania and across the region;
- to ensure sustainable development of the Group's activities.

4.4 Supervisory Board and committees

Overview

The Supervisory Board is a collegial supervisory body established in the Articles of Association of the parent company. The Supervisory Board is functioning at the Group level, i.e., where appropriate, it addresses the issues related not only to the activities of the parent company, but also to those of the Group companies or their respective management and supervisory bodies.

For the purposes of effective fulfilment of its functions and obligations, the Supervisory Board forms committees. Currently, two committees are formed – the Risk Management and Sustainability Committee and the Nomination and Remuneration Committee. If necessary, other committees may be formed according to the ad hoc principle (e.g., to solve specific issues, to prepare, supervise or coordinate strategic projects).

The Supervisory Board is elected by the General Meeting for the period of four years. The Supervisory Board members were elected by the General Meeting on 26 October 2021, their term of office ends on 25 October 2025. The Supervisory Board of the parent company comprises seven members: five independent members and two representatives of the Majority Shareholder. The Supervisory Board also elects its Chair from its members.

Key competence of the Supervisory Board covers the following:

- considering and approving the business strategy, annual budget and Investment policy of the Group;
- analysing and evaluating the implementation of the business strategy, providing this information to the General Meeting;
- electing and removing members of the Management Board;
- supervising activities of the Management Board and the CEO;
- providing comments to the General Meeting on a set of financial statements, allocation of profit or loss and consolidated annual management reports;
- making decisions regarding the parent company's transactions to be concluded with a related party;
- approving the Policy on Related-Party Transactions of the Group.

The Supervisory Board also addresses other matters within its competence as stated in the parent company's Articles of Association and the Law on Companies.

Information on selection criteria of the Supervisory Board members

The selection of the members of the Supervisory Board is initiated and conducted by the Majority Shareholder in accordance with the Description of Selection of Candidates for a Collegial Supervisory or Management Body of a State or Municipal Company, a State-Owned or Municipally-Owned Parent Company or its Subsidiary approved by the Resolution No 631 of the Government of the Republic of Lithuania of 17 June 2015 (link in Lithuanian), which sets out the obligation to ensure fair and equitable treatment of candidates in the selection process. According to the above-mentioned legislation, the Supervisory Board was formed to ensure the diversity in competencies. All its members must have at least one of the following competencies: finance (financial management, financial analysis or audit), strategic planning and management, knowledge of the industry in which the parent company operates (i.e., the energy sector) and other competencies (i.e., law, management, human resources). Therefore, the members of the Supervisory Board were selected on the basis of the general expectations and competencies set out in the Competency Profile of the Supervisory Board.

Equal Opportunities and Diversity Policy of the Group is referred during the selection of the members of the Supervisory Board and its committees of the parent company.

Information on the remuneration of the Supervisory Board members during the reporting period

The remuneration of the members of the Supervisory Board is paid to them in accordance with the Articles of Association, the Group Remuneration Policy and the Description of the Procedure for the Payment of Remuneration to Members of Collegial Bodies of State-Owned Enterprises and Municipal-Owned Enterprises approved by the Resolution No 1092 of the Government of the Republic of Lithuania of 14 January 2015 (link in Lithuanian). The terms and conditions of the agreements with the members of the Supervisory Board, including their remuneration, are determined by the General Meeting.

Details of the remuneration paid to the members of the Supervisory Board during the reporting period are provided in section '5 Remuneration' of this report.

Conflicts of interest

In accordance with the Articles of Association of the parent company, each candidate for the Supervisory Board must provide the General Meeting with a written consent to participate in the selection and the Declaration of Interests, stating therein all the circumstances which may give rise to a conflict of interest between the candidate and the parent company. If circumstances that could result in a conflict of interest between the member of the Supervisory Board and the parent company arise, the member of the Supervisory Board must immediately notify the Supervisory Board and shareholders in writing of such new circumstances. A member of the Supervisory Board must withdraw from the preparation, consideration and/or making decisions on the issue if the issue may cause a conflict of interest between the member of the Supervisory Board and the parent company and/or the Group companies and, inter alia, may not participate in making the decisions related to the issue if they may create or create a conflict of interest. If a conflict of interest becomes apparent and the member of the Supervisory Board fails to withdraw, the Supervisory Board must consider the motives and/or circumstances that may cause a conflict of interest and make a decision on the removal of that member of the Supervisory Board.


Kelmė WF in Lithuania

Supervisory Board and its committees

In order to perform its functions and duties effectively, the parent company's Supervisory Board forms committees. The committees submit their conclusions, opinions and suggestions to the parent company's Supervisory Board in accordance with their competence. A committee must have at least three members, where at least one member is a member of the Supervisory Board and at least 1/3 of the members are independent. Members of the committees are elected for a maximum term of four years. Where individual members are elected to a committee, they shall be elected only for the period until the end of the term of office of the existing committee.

Current committees of the Supervisory Board:

- **the Risk Management and Sustainability Committee**;
- **the Nomination and Remuneration Committee.**

If necessary, other committees may be formed according to the ad hoc principle (e.g., to solve specific issues, to prepare, supervise or coordinate strategic projects, etc.). At the end of the reporting period and as of the date of this report, there were no ad hoc committees operating in the parent company.

Activities, composition of the Supervisory Board and its committees as well as information on members' education, experience, place of employment and shareholdings in the Group companies at the end of the reporting period are provided below. Furthermore, details of remuneration paid to the members during the reporting period are provided in section '5 Remuneration' of this report. No members of the Supervisory Board and its committees had any participation in the capital of the parent company or its subsidiaries. Additionally, no members of the Supervisory Board and its committees had 5% or more shareholdings in other companies that are the parent company's business partners, suppliers, clients or other related companies.

Overview of the Risk Management and Sustainability Committee

The Risk Management and Sustainability Committee is responsible for submitting proposals and recommendations to the Supervisory Board on the matters of risk management, sustainability management and business ethics assurance.

The key responsibilities of the Risk Management and Sustainability Committee are the following:

- monitoring and overseeing how the risks relevant to the achievement of the parent company's and the Group companies' objectives are identified, assessed and managed, providing recommendations thereon;
- assessing the adequacy of internal control procedures, operational ethics and risk management measures for identified risks, internal control procedures related to the implementation of the sustainability policy, strategic directions and ESG targets as well as risk management in these areas;
- assessing the risks and the risk management plan of the parent company and the Group companies, as well as whether risk registers are compiled, analysing their data, submitting proposals;
- monitoring the implementation of the risk management process and the business continuity management process, the preparation of internal documents related to the risk management, the Sustainability Policy and the strategic directions related to the ESG targets of the Group companies, providing an opinion and recommendations on these targets, with a particular focus on ensuring OHS and reducing the impact on the climate;
- performing other functions assigned to the competence of the committee by the decision of the Supervisory Board and submitting a report on its activities to the Supervisory Board at least every 6 months.

Overview of the Nomination and Remuneration Committee

The Nomination and Remuneration Committee is responsible for submitting conclusions or proposals to the Supervisory Board on the matters of appointment, removal or promotion of the Management Board members and members of the supervisory and management bodies of the parent company's subsidiaries. In addition, the committee assesses the structure, size, composition and activities of the Management Board and supervisory and management bodies of the parent company's subsidiaries and their respective members while issuing the respective opinions thereon. The functions of the committee also cover the establishment of a common remuneration policy for the Group companies, including the composition and the amount of remuneration and the principles of promotion.

Key responsibilities of the Nomination and Remuneration Committee are the following:

- submitting proposals in relation to the long-term remuneration policy of the parent company and the Group companies (fixed base salary, performance-based incentives, pension, insurance, other guarantees and forms of compensation, severance pay, other items in the compensation package), and the principles of compensation for expenses related to the person's activities;
- monitoring the compliance of remuneration and incentive policies of the parent company and the Group companies with the international practices, including good governance guidelines, and providing suggestions for their improvement;
- assessing the terms and conditions of the agreements between the parent company or the Group companies and the members of the management and/or supervisory bodies;
- assessing the procedures for recruiting and hiring candidates for the management bodies of the parent company and for the management and/ or supervisory bodies of the parent company's subsidiaries: ESO (Networks), Ignitis Gamyba (Green Capacities and Reserve Capacities), Ignitis (Customers & Solutions) and Ignitis Renewables (Green Capacities), establishing qualification requirements for them and submitting comments and proposals thereon to the Supervisory Board;
- assessing the structure, size, composition and activities of management and/or supervisory bodies of the parent company and the Group companies;
- overseeing and assessing the implementation of measures ensuring the business continuity of the management and/or supervisory bodies of the parent company and the Group companies;
- performing other functions falling within the scope of competence of the committee as decided by the Supervisory Board.

Overview of the Supervisory Board and its committees (during the reporting period)

	Supervisory Board	Risk Management and Sustainability Committee	Nomination and Remuneration Committee
Term of office	26 October 2021 – 25 October 2025	22 April 2022 – 25 October 2025	3 November 2021 – 25 October 2025
Independence, including the Chair	71%	100%	67%
Meeting attendance	99%	100%	100%
Shareholdings of the parent company or its subsidiaries	None	None	None

Members of the Supervisory Board and its committees and their meeting attendance[1] (during the reporting period)

	Supervisory Board	Risk Management and Sustainability Committee	Nomination and Remuneration Committee
Alfonso Faubel Ⓘ	17/17 Ⓒ	12/12	-
Ana Riva Ⓘ	-	12/12	-
Aušra Vičkačkienė Ⓜ	16/17	-	13/13
Ingrida Muckutė Ⓜ	17/17	-	-
Judith Buss Ⓘ	17/17	-	-
Lorraine Wrafter Ⓘ	17/17	-	13/13 Ⓒ
Sian Lloyd Reeds[2] Ⓘ	5/17	-	3/13
Tim Brooks Ⓘ	17/17	12/12 Ⓒ	-
Wolf Willems Ⓘ	-	12/12	-

[1] *The numbers indicate how many meetings the members have attended out of the total meetings held during the reporting period.*

[2] *On 11 September 2024, Sian Lloyd Rees was elected as an Independent Member of the Supervisory Board of the parent company. By the decision of the Supervisory Board of 12 September 2024, Sian Lloyd Rees has been appointed to the Nomination and Remuneration Committee and has attended each meeting of the committee since joining.*

Ⓘ - *Independent member*
Ⓜ - *Majority Shareholder's representative*
Ⓒ - *Chair*

Competency matrix[1]

	Alfonso Faubel	Ana Riva	Aušra Vičkačkienė	Ingrida Muckutė	Judith Buss	Lorraine Wrafter	Sian Lloyd Rees[2]	Tim Brooks	Wolf Willems
Area of competency	**Renewable energy**	**Risk management**	**Public policy and governance**	**Public policy and governance**	**Finance management**	**Organisational development**	**Strategy development and international expansion**	**Sustainable development and risk management**	**Occupational health and safety and Sustainability/ESG**
Experience in:									
Top-level management	+	+	+	+	+	+	+	+	+
Non/Executive management bodies	+	+	+	+	+	+	+	+	+
International development/expansion	+				+	+	+	+	+
Energy sector	+	+	+	+	+	+	+	+	+
Renewable energy field	+	+	+	+	+	+	+	+	+
Listed company	+	+	+	+	+	+	+	+	+
Regulated business	+	+	+	+	+	+			
Competency[1] in:									
Corporate finance	+	+	+	+	+				
Audit		+		+	+				
Business strategy	+	+	+	+	+	+	+	+	+
Mergers & acquisitions	+		+		+	+			+
Risk management	+	+		+	+		+	+	
Innovation/Digitalisation	+	+					+	+	
Public policy and governance			+	+					+
Sustainability-related[2]:	+	+	+	+	+	+	+	+	+
Environment (incl. climate change)	+				+		+	+	+
Organisational development / HR / Diversity, equity, and inclusion	+		+		+	+	+	+	
Health & Safety	+					+	+	+	+
ESG regulatory frameworks (incl. CSRD, EU Taxonomy)		+		+	+		+	+	+

---

[1] *Competencies are assigned according to the competencies members have had during the hiring procedure and acquired while managing different strategic areas and targets and participating in various trainings. The parent company seeks to ensure its composition of management bodies reflects a range of skills, experience and perspectives that are relevant to parent company's sector, business and geographic locations – including expertise in material sustainability matters.*

[2] *On 11 September 2024, Sian Lloyd Rees was elected as an Independent Member of the Supervisory Board. By the decision of the Supervisory Board of 12 September 2024, Sian Lloyd Rees has been appointed to the Nomination and Remuneration Committee.*

Supervisory Board

Overview

During the reporting period, there was a change in the composition of the Supervisory Board and the Nomination and Remuneration Committee. On 21 December 2023, the parent company received a Letter of Resignation from Bent Christensen, an independent member of the Supervisory Board and the Nomination and Remuneration Committee. Bent Christensen's term as a member of the Supervisory Board and the Nomination and Remuneration Committee ended on 4 January 2024. On 11 September 2024, Sian Loyd Rees has been elected as an independent Supervisory Board member by the General Meeting of Shareholders to supervise the areas of strategic management and international development. On 12 September 2024, Sian Loyd Rees was appointed a member of the Nomination and the Remuneration Committee.

The Supervisory Board plans and operates its activities according to the annual action plan. On 15 December 2023, the Supervisory Board approved its 2024 work plan, which was implemented properly. After evaluating the implementation of the strategy, the Supervisory Board noted that significant progress has been made, including the Green Capacities Portfolio's increase to 8.0 GW (from 7.1 GW) since the beginning of 2023. The oversight of ESG issues, especially occupational health and safety, and Green Capacities' expansion remained the key topics discussed by the Supervisory Board throughout 2024. The Supervisory Board's objective for 2025 is to continue overseeing the Group's progress in reaching its ambitious goals.

The Supervisory Board's meetings are held at least once a quarter but planned on a monthly basis. Additionally, ad hoc meetings are being held if necessary.

During the reporting period

Overall, 17 meetings of the Supervisory Board were held in 2024, covering the following key areas:

- the annual report and annual financial statements for the year 2023;
- the submission of opinions to the Management Board on the nominations of the members of the management bodies of the main subsidiaries;
- approval of the Group's planning documents and targets for 2025;
- sustainability issues, including occupational health and safety and the results of the Double Materiality Assessment;
- the approval of the strategy and the Strategic Plan 2024–2027 of the Group;
- issues related to strategic investments;
- issues related to the remuneration system of the Group, including the long-term incentive programme for executives and the proposed peer group for the Remuneration Policy;
- the approval of the long-term incentive programme targets of the Group for the 2024–2027 period;
- approval of the updated Investment Policy;
- issues related to the consolidated interim report of the parent company for the six-month period ended 30 June 2024 and the set of audited interim condensed financial statements for the six months, and the allocation of dividends to shareholders.

In addition, intense two-day strategic sessions took place in April and September 2024, where the latest situation in the energy sector, challenges and opportunities as well as the updated strategy of the Group, its strategic plans and the key strategic topics were discussed.

After the reporting period

Overall, 4 meetings of the Supervisory Board were held from 1 January 2025 until 25 February 2025, covering the following key areas:

- the Integrated Annual Report, including the audited annual financial statements, the Sustainability Statement and the Remuneration;
- the auditor's draft report on the audit of the annual consolidated and the separate financial statements, the conclusion of the independent assurance service provider on the Sustainability Statement;
- the draft allocation of the Company's profit (loss);
- the Audit Committee's Report to the Supervisory Board;
- evaluating the achievement of the Group's annual targets for 2024 and making a decision on the payment of the variable part of remuneration to the Management Board members and the CEO of AB "Ignitis grupė";
- evaluating the achievement of the Group's long-term targets;
- the Supervisory Board committees' reports for 2024;
- the Group's strategic plan for Governance Coordination Centre.

Performance evaluation

In line with good governance practices and the Majority Shareholder's expectations, each year the Supervisory Board conducts a self-assessmsent and agrees on further actions to improve the functioning of the Supervisory Board. It is also notable that at least once every three years, the parent company contracts an independent external consultant to carry out an evaluation of the Supervisory Board's performance. The first such evaluation was conducted in 2021. The second evaluation was carried out in 2024. After the latest evaluation, the Supervisory Board approved an action plan for the improvement of its performance while referring to the recommendations of the external consultant.

Members of the Supervisory Board

Alfonso Faubel

Chair, member since 26/10/2021
Independent
Competency: renewable energy
Committees: Risk Management and Sustainability Committee
Term of office expires: 25/10/2025

Experience
Alfonso has held executive responsibilities in Siemens Gamesa, Alstom/GE (which are leading players in the global wind power & energy markets) and Delphi Automotive. As CEO he has led the turn-around and integration of Siemens Gamesa, secured key target projects for over EUR 12 billion in new orders across Alstom/GE's power businesses, and earlier opened 16 new markets worldwide for their wind power business. Alfonso Faubel is an executive with a career that spans 34 years and five continents in automotive, digitalization and energy industries and is valued for his skills in business turnaround, improving operational excellence, working with teams in different cultural environments on assignments worldwide.

Education
University of Cologne, Business Administration & Economics, Richmond American University London, Bachelor's degree in Business Administration; INSEAD, Executive Education.

Other current place of employment, position
As of July 2024, Alfonso Faubel has been appointed Director of the Board at JERA Nex.

Shareholdings of the parent company
None.

Aušra Vičkačkienė

Member since 30/08/2017
Re-elected on 26/10/2021
Majority shareholder's representative
Competency: public policy and governance
Committees: Nomination and Remuneration Committee
Term of office expires: 25/10/2025

Experience
Aušra has more than 20 years of experience in civil service. For the last 14 years she has been the Director of Asset Management Department of the Ministry of Finance, previously managed the Financial Services Division of the Ministry's Financial Markets Department and was the Head of the Loan and Guarantee Supervision Division. In addition to this, Aušra has served on management boards of various state-owned companies: Būsto Paskolų Draudimas, Turto Bankas and Viešųjų Investicijų Plėtros Agentūra, where she was the Chair of the Management Board. She was also a member of the Supervisory Board at UAB Valstybės investicijų valdymo agentūra.

Education
Vilnius University, Master's degree in Management and Business Administration; Vilnius University, Bachelor's degree in Management and Business Administration

Other current place of employment, position
Ministry of Finance of the Republic of Lithuania, Director of Asset Management Department.

Shareholdings of the parent company
None.

Ingrida Muckutė

Member since 26/10/2021
Majority Shareholder's representative
Competency: public policy and governance
Committees: Audit Committee
Term of office expires: 25/10/2025

Experience
Ingrida is a highly experienced accounting, reporting and financial audit regulation professional with a career of over 20 years working at the Ministry of Finance. She started her career in the Ministry of Finance as a Director of Accounting Methodology Department in 2004, where she initiated and led the public sector accounting reform. In 2013, during Lithuania's presidency in the European Council, she was chairing the Task Force on Company Law meetings on Audit Directive and Regulation. Her responsibilities cover developing and coordinating legislative proposals on financial reporting, sustainability reporting, accounting, audit, insolvency and property and business valuation, as well as monitoring their implementation. She also chairs the Committee of National Accounting Standards for private and public sectors.

Before her career in the Ministry of Finance, she worked as a financial controller at Konica Minolta Baltija and as a senior auditor in Arthur Andersen, and later in Ernst & Young Baltic.

Education
Vilnius University, Master's degree in Economics, Accounting, Finance and Banking; Uppsala University, Financial Management Programme.

Other current place of employment, position
Director of the Reporting, Audit, Property Valuation and Insolvency Policy Department at the Ministry of Finance of the Republic of Lithuania.

Shareholdings of the parent company
None.

Judith Buss

Member since 12/11/2020
Re-elected on 26/10/2021
Independent
Competence: financial management
Committees: Audit Committee
Term of office expires: 25/10/2025

Experience
Judith has more than 30 years of experience in various senior leadership positions in the global energy industry and financial markets and has worked internationally in Germany, Norway and the UK. She has significant experience in corporate finance, leading and negotiating large international M&A growth acquisitions, integration processes and organisational and cultural change processes. Judith has held several executive positions at E.ON group, most recently as Chief Financial Officer of E.ON Climate & Renewables. She also has experience in corporate governance serving as a member of several boards of directors in companies operating in Germany, Norway, the UK, Russia and Algeria.

Education
University of Augsburg, Master's degree in Business Administration (Banking, Finance and Controlling); Leadership Programs at IMD Business School, Lausanne, and Massachusetts Institute of Technology, Boston. Dresdner Bank Group (OLB) Bank Appreticeship (Bankkauffrau)

Other current place of employment, position
Member of the Supervisory Board of Uniper SE; Chair of the Audit Committee of Uniper SE; Member of the Supervisory Board of Hella GmbH & Co. KGaA, Lippstadt, Germany; Member of the Shareholder's Committee of Hella GmbH & Co. KGaA, Lippstadt, Germany; Chair of the Audit Committee of Hella GmbH & Co. KGaA, Lippstadt, Germany (all starting as of Oct 1, 2022 for a term of four years).

Shareholdings of the parent company
None.

Lorraine Wrafter

Member since 26/10/2021
Independent
Competency: organisational development
Committees: Nomination and Remuneration Committee
Term of office expires: 25/10/2025

Experience
Lorraine is a Chartered HR Director with a specialisation in Organisation Effectiveness (change, culture, M&A, organisation design, reward and talent management), working with boards and executive teams to transform organisations and workforce performance to deliver business value in complex multinational organisations.
Lorraine has more than 30 years of experience in big multinational corporations: CARGILL Inc. and HOLCIM. Currently she has her own business 'The Problem' and works on varied projects such as organisation transformation, culture, team performance, and coaching. She is also a Board Advisor to a German start-up company HACK - CMP.

Education
Limerick University, Diploma in Business Studies; University West of London, Diploma in Human Resources and Fellow of the Chartered Institute of Personal Development; Leicester University, Master's degree in Human Resources Management and Development; INSEAD, Diploma in Clinical Organisational Psychology, Executive Masters, Consultancy and Coaching for Change. The Corporate Governance Institute, Diploma in Environmental, Social and Governance (ESG).

Other current place of employment, position
Consultant and owner of 'The problem'.

Shareholdings of the parent company
None.

Sian Lloyd Rees[1]

Member since 11/09/2024
Independent
Competency: strategic management and international development
Committees: Nomination and Remuneration Committee
Term of office expires: 25/10/2025

Experience
Sian is a senior executive with more than 25 years of international experience in the energy sector and over 5 years of experience as a member of a board, remuneration, nomination, audit and sustainability committees. She held senior management positions within the Aker ASA group, Stena Offshore and Halliburton Corporation. Under her leadership in the Aker group, a strategic business transformation was implemented, transitioning from servicing oil and gas industry to servicing offshore wind farms in the UK supply chain company; the strategy for offshore wind energy expansion was established which included the development of a 2.3 GW offshore wind farm in deep waters and a 200 MW hydrogen production onshore. She also worked at Oracle Corporation UK for 13 years, where she latterly led a global team responsible for development and implementation of digitalization strategies.

Education
Non-Executive Director Diploma, Financial Times. Postgraduate studies in Ecotoxicology, University of Aberdeen. BSc (Hons) Marine Biology & Oceanography, University of Swansea.

Other current place of employment, position
Non-executive board member at Ricardo plc, Serica Energy plc and Aberdeen Harbour ltd.

Shareholdings of the parent company
None.

Tim Brooks

Member since 26/10/2021
Independent
Competency: sustainable development and risk management
Committees: Risk Management and Sustainability Committee
Term of office expires: 25/10/2025

Experience
Tim is a senior executive with more than 25 years of experience in sustainability both as a consultant, and in large corporate entities. Tim is currently the Chief Sustainability Officer for FTSE 100 listed Hikma Pharmaceutical plc. Prior to this role he was Vice President and Head of Sustainability at the LEGO Group for 12 years and regularly contributed to the company's risk and compliance boards. Tim has valuable experience in developing sustainability strategies and working with a broad range of stakeholders to implement industry leading sustainability programmes.

Whilst at the LEGO Group, Tim worked with KIRKBI to support and coordinate over USD 700 million of funding for renewable energy projects, resulting in construction of two offshore wind farms, and delivery of over 70 MW of building and ground mounted solar PV. Tim has previous led Sustainability R&D for TESCO plc and has worked as Environmental Policy advisor to the Mayor of London.

Education
University of Sheffield, Bachelor's degree in Environmental Geoscience; Imperial College, Master's degree in Environmental Technology (Energy Policy); Cambridge University, Institute of Sustainability Leadership.

Other current place of employment, position
CSO Head of Sustainability, Hikma Pharmaceuticals.

Shareholdings of the parent company
None.

71%
Independence, including the Chair

71%
Share of women in the Supervisory Board

---

[1] *On 21 December 2023, the parent company received a Letter of Resignation from Bent Christensen, an Independent Member of the Supervisory Board and the Nomination and Remuneration Committee. Bent Christensen's term of office as a Member of the Supervisory Board and the Nomination and Remuneration Committee ended on 4 January 2024. On 11 September 2024, Sian Lloyd Rees was elected as an Independent Member of the Supervisory Board. By the decision of the Supervisory Board of 12 September 2024, Sian Lloyd Rees has been appointed to the Nomination and Remuneration Committee.*

Risk Management and Sustainability Committee

The Risk Management and Sustainability Committee comprises four members, two members of the Supervisory Board and two external independent members.

There were no changes in the composition of the Risk Management and Sustainability Committee during the reporting period.

Activities of the Risk Management and Sustainability Committee in 2024

The Risk Management and Sustainability Committee plans and carries out its activities according to the annual activity plan. The annual activity plan of 2024 was implemented properly. The committee had deep dive sessions during which there were discussed the main risks of the Group as well as focused on CSRD implementation and OHS incidents' analysis. The committee's objective for 2025 is to continue overseeing the Group's progress in reaching its ambitious goals. The committee will discuss the key topics, such as risk management, ESG, especially OHS, issues and the implementation of CSRD, throughout 2025.

The Risk Management and Sustainability Committee's ordinary meetings are held at least once a quarter. Additionally, ad hoc meetings are being held if necessary. During the reporting period, the Risk Management and Sustainability Committee held 12 meetings. However, in favour of work efficiency and optimisation, in 2025 the Risk Management and Sustainability Committee is planning to hold 6 ordinary meetings.

During the reporting period

Overall 12 meetings of the Risk Management and Sustainability Committee were held in 2024, covering the following key areas:

- occupational health and safety.
- periodical risk management reports of the Group;
- risk register and risk management plan of the Group;
- internal controls' governance of the Group;
- sustainability/ESG governance of the Group;
- climate risk assessment;
- CSRD implementation, double materiality assessment;
- anticorruption management system of the Group and the Group Code of Ethics;
- cooperation with the Audit Committee;
- disclosure of risks in integrated reports of the Group;
- deep-dive sessions of company risk management;
- performance report of the committee.

After the reporting period

Overall, 1 meeting of the Risk Management and Sustainability Committee was held from 1 January until 25 February 2025, covering the following key areas:

- approving of the risk management information and Sustainability Statement for Group's annual management report 2024;
- risk management, ESG information and occupational health and safety quarter reports;
- evaluating of anti-corruption management systems report 2024;
- approving of the committee's report 2024.

100%

Independence, including the Chair

25%

Share of women in the Risk Management and Sustainability Committee

Members of the Risk Management and Sustainability Committee

Tim Brooks

Chair, member since 03/11/2021
Re-elected on 22/04/2022
Independent
Competency: sustainable development and risk management
Term of office expires: 25/10/2025

Experience
See page 107.

Alfonso Faubel

Member since 03/11/2021
Re-elected on 22/04/2022
Independent
Competency: renewable energy
Term of office expires: 25/10/2025

Experience
See page 106.

Ana Riva

Member since 01/04/2023
Independent
Competency: risk management
Term of office expires: 25/10/2025

Experience
Ana has more than 20 years of experience in international companies and consulting firms, including Nouryon, Grundfos and Big4. While working in these companies, she was developing and leading internal audit and risk management strategies as well as leading financial, performance and business risk audits. She also oversaw the transformation of internal audit and risk functions at the companies while focusing on strategic partnership, digitalisation and business continuity issues.

Education
IMD Business school, Leading Digital Business Transformation; University of Oxford, Said Business School, Finance Strategy; Baltic Management Institute (EMBA), joint program by HEC & CBS; Vilnius University, Applied Macroeconomics; Vilnius University, Audit and Financial Accounting.

Other current place of employment, position
Chief Audit Executive at a Swiss company, COFRA Group.

Shareholdings of the parent company
None.

Wolf Willems

Member since 01/04/2023
Independent
Competency: occupational health and safety and sustainability/ESG
Term of office expires: 25/10/2025[1]

Experience
Wolf has over 28 years of experience in the areas of sustainability, health and safety management, security and environmental affairs. During his career, Wolf has focused on improving organisational performance by aligning governance and strategies with business models, improving organisational culture, identifying and implementing the best practices and developing leadership. He assumed global executive positions in such companies as Stora Enso, AT&T, Chassis Brakes International (now Hitachi Astemo) and LVX Consulting.

Education
Rome Business School, Sustainability and Circular Bioeconomy (in progress); Liverpool John Moores University, Security Management (in progress); Business School Nederland, Business Administration; HAS Green Academy, Environmental Engineering.

Other current place of employment, position
LVX Consulting Oy, CEO.

Shareholdings of the parent company
None.

---

[1] *The term of the Risk Management and Sustainability Committee ends on 25 October 2025, however according to the Articles of Association of the parent company, if a member of the Supervisory Board ceases to be a member of the Supervisory Board, he or she shall be deprived of the office in the committee, therefore, the term of office of individual Supervisory Board members on the committee is aligned with the term of the current Supervisory Board.*

Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises three members, all of them are members of the Supervisory Board (two independent members and one representative of the Majority Shareholder).

On 21 December 2023, the parent company received a Letter of Resignation from Bent Christensen, an Independent Member of the Supervisory Board and the Nomination and Remuneration Committee. Bent Christensen's term as a Member of the Supervisory Board and the Nomination and Remuneration Committee ended on 4 January 2024. Following the resignation of Bent Christensen, Sian Lloyd Rees was elected as an Independent Member of the Supervisory Board on 11 September 2024 and as a Member of Nomination and Remuneration Committee on 12 September 2024.

Activities of the Nomination and Remuneration Committee in 2024

The Nomination and Remuneration Committee's ordinary meetings are held at least once a quarter. Additionally, ad hoc meetings are being held if necessary. During the reporting period, the committee held 13 meetings. However, in favour of work efficiency and optimisation, in 2025 the committee is planning to hold 8 ordinary meetings.

The Nomination and Remuneration Committee plans and operates its activities according to the annual activity plan.

The Nomination and Remuneration Committee's annual activity plan of 2024 was implemented properly. The committee analysed information and submitted its opinion on issues related to the changes of Group Remuneration Policy and its application, nomination to the position of subsidiary CEO and other issues related to organisational development. In addition, the committee carried out an assessment and stated that there are no known circumstances that would call into question the independence of the independent members of the Supervisory Board of the parent company and the independent members of the collegial bodies of its subsidiaries.

The Nomination and Remuneration Committee's objective for 2025 is to continue overseeing the Group's progress in reaching its ambitious goals. The committee will discuss the key topics, such as the remuneration policy of the parent company and the Group companies as well as the plans to secure the human resources to ensure the talent pipeline for the Group's strategic projects, throughout 2025. Additionally, the committee will also focus on preparations for the upcoming end of the Supervisory Board's term of office on 25 October 2025, in view of ensuring the continuity and effectiveness of the parent company's supervisory and management bodies.

During the reporting period

Overall, 13 meetings of the Nomination and Remuneration Committee were held in 2024, covering the following key areas:

- issues related to the development of the remuneration policy;
- issues related to executive remuneration;
- evaluating the nominees for the position of CEO of Ignitis Gamyba (Green Capacities and Reserve Capacities);
- issues on succession planning of strategic positions in the Group;
- assessing the independence of the independent members of the collegial bodies of the parent company and its subsidiaries;
- issues related to the implementation of the parent company's strategy and objectives in the area of people and culture;
- committee's organisational issues.

After the reporting period

Overall 3 meetings of the Nomination and Remuneration Committee were held from 1 January 2025 until 25 February 2025, covering the following key areas:

- the performance report for the year 2024 of the committee;
- evaluation of the achievement of the objectives for which the variable remuneration is paid;
- reviewing the Remuneration (part of the management report) of the parent company for 2024;
- evaluating candidates for the management bodies of the parent company's subsidiary, Energijos Skirstymo Operatorius (Networks);
- issues related to the development and implementation of the Remuneration Policy.

Members of the Nomination and Remuneration Committee

Lorraine Wrafter

Chair, member since 03/11/2021
Independent
Competency: organisational development
Term of office[1] expires: 25/10/2025

Experience
See page 107.

Aušra Vičkačkienė

Member since 03/11/2021
Majority Shareholder's representative
Competency: public policy and governance
Term of office[1] expires: 25/10/2025

Experience
See page 106.

Sian Lloyd Rees[1]

Member since 11/09/2024
Independent
Competency: strategic management and international development
Term of office[1] expires: 25/10/2025[2]

Experience
See page 107.

67%
Independence

100%
Share of women in the Nomination and Remuneration Committee

---

[1] *The term of the Nomination and Remuneration Committee ends on 2 November 2025, however according to the Articles of Association of the parent company, if a member of the Supervisory Board ceases to be a member of the Supervisory Board, he or she shall be deprived of the office in the committee, therefore, the term of office of the individual Supervisory Board members on the committee is aligned with the term of the current Supervisory Board. On 21 December 2023, the parent company received a Letter of Resignation from Bent Christensen, an Independent Member of the Supervisory Board and the Nomination and Remuneration Committee. Bent Christensen's term of office as a Member of the Supervisory Board and the Nomination and Remuneration Committee ended on 4 January 2024. On 11 September 2024, Sian Lloyd Rees was elected as an Independent Member of the Supervisory Board. By the decision of the Supervisory Board of 12 September 2024, Sian Lloyd Rees has been appointed to the Nomination and Remuneration Committee.*

4.5 Audit Committee's report

Overview

Q4 2024 Highlights

The General Meeting of Shareholder's has approved the new version of the Regulations of the Audit Committee on 11 September 2024. The main amendments were related to the provisions of Lithuanian legal acts implementing the Corporate Sustainability Reporting Directive.

Activities of the committee

During the reporting period

- In implementing the functions laid down in the Regulations of the Audit Committee of the parent company, the Audit Committee held 17 meetings.
- In addition, continuing its cooperation with the Risk Management and Sustainability Committee, the Audit Committee held a joint meeting to discuss topics of mutual interest, mainly CSRD implementation matters, Internal Control Governance, and the Risk-Based Internal Audit Engagement Plan 2025.

Key areas covered in 2024

The committee carried out the following activities:

Financial reporting

- monitored the preparation process of financial statements of the Group companies and discussed the financial statements.
- ensured that financial statements are prepared in the European Single Electronic Format (ESEF).
- discussed accounting policies.
- discussed legal disputes in which the Group companies were involved.
-

External audit

- reviewed the external audit strategy, scope and materiality as well as key audit matters.
- periodically assessed updates from the audit company on the external audit process.
- discussed the audit company's report on AB "Ignitis grupė" separate financial statements for the period ended 30 June 2024.

Sustainability reporting

- supervised the selection procedure of a limited assurance service provider for ESG data limited assurance and ensured its independence.
- discussed the sustainability reporting process.
- discussed sustainability data management process and its improvements.
- acknowledged the Double Materiality Assessment methodology.
- reviewed the sustainability assurance plan prepared by the elected independent assurance service provider.

Internal audit

- discussed the Internal Audit's activity reports.
- discussed relevant internal audit reports.
- monitored the implementation of recommendations provided in internal audit reports.
- reviewed the implementation of internal audit plan.
- discussed the developments in the Standards of Professional Practice for Internal Audit and the issues arising from the impact of the changes in the standards.
- discussed the internal audit budget and resources plan 2025.
- reviewed and approved the Risk-Based Internal Audit Plan 2025
- reviewed the changes to the Internal Audit Charter following the amendments of the Global Internal Audit Standards.

Governance and risk management including internal controls in the context of the financial and sustainability reporting

- discussed the update on the Group's internal control governance and the Audit Committee's role therein.
- reviewed periodic reports on the Group's financial performance.
- discussed the anti-corruption management system evaluation analysis report.
- discussed the financial reporting risks and relevant internal controls.
- based on the review of internal audit report encouraged the Company to accelerate the implementation of recommendations on the whistleblowing channel.

After the reporting period

Overall, 3 meetings of the Audit Committee were held from 1 January 2025 until 25 February 2025, where committee members carried out the following activities:

- discussed legal disputes in which the Group companies were involved;
- discussed the annual report on implementation of actions resulting from the Internal Audit reports;
- submitted the Audit Committee's report on its activities to the Supervisory Board of the parent company for 2024/2025;
- reviewed the report on the Group's financial results for Q4 2024, including annual information on related party transactions;
- discussed the Group's financial statements and the audit results;
- discussed the Sustainability Statement 2024 and limited assurance exercise results.

Focus for 2025

In 2025 the Audit Committee will focus attention on:

- internal controls related to financial and sustainability reporting;
- the implementation of recommendations resulting from internal and external audits.

The Audit Committee declares that there were no factors restricting the activity of the Audit Committee and the Audit Committee received from the Group all the information necessary for the exercise of its functions.

Irena Petruškevičienė
Chair of the Audit Committee
Ignitis Group

Ignitis Group office in Vilnius

Audit Committee

The Audit Committee is responsible for monitoring the process of preparing the financial statements of the Group, with a focus on the relevance and consistency of accounting methods used. The committee is also responsible for monitoring the audit of the annual financial statements of the Group companies which are public interest entities, the consolidated financial statements of the Group and assurance of consolidated sustainability reporting of the Group, with a particular focus on audit performance and provision of assurance services. In addition, the committee is responsible for monitoring the effectiveness of the Group's internal audit, as well as the effectiveness of the internal control and risk management systems in the context of the financial reporting and the sustainability reporting (see the table for more on key responsibilities of the Audit Committee).

Audit Committee and Internal Audit function

The Group has a centralised Internal Audit function since 5 January 2015. This helps ensure the independence and objectivity of the Internal Audit, the consistency in application of uniform methodology and reporting principles, and a more rational allocation of available audit resources and competencies. To ensure the effectiveness of the Internal Audit function, the Audit Committee monitors and periodically evaluates its work, approves the internal audit plan and monitors its implementation, discusses the results of assessments, ways to eliminate identified deficiencies.

Key responsibilities of the Audit Committee are the following:

Financial reporting

- monitoring the process of preparing the parent company's and the Group companies' financial statements, paying particular attention to the assessment of suitability and consistency of applied accounting methods.

External audit

- monitoring the independence of the independent auditor and submitting recommendations regarding the selection of an audit firm;
- making sure that the rotation requirements for independent audit companies and key audit partners are not violated.

Internal audit

- monitoring the effectiveness of the Internal Audit function.
- submitting recommendations to the Supervisory Board regarding selection, appointment and dismissal of the Head of Group Internal Audit.
- periodically coordinating and evaluating the work of the Internal Audit function, the implementation of internal audit plans, discussing the assessment results and the elimination of identified deficiencies.
- approving the operational rules of the Internal Audit function and the Internal Audit Plan

Internal control and risk management

- monitoring the effectiveness of the Group's internal control and risk management systems in the context of the financial reporting and the sustainability reporting.
- monitoring the effectiveness of the Group's internal control and risk management systems for prevention of corruption, bribery of foreign public officials in international transactions, money laundering and terrorist financing.
- submitting opinions to the parent company regarding the transactions with related parties as provided in Article $37^2(5)$ of the Law on Companies of the Republic of Lithuania.

Governance

- performing the functions related to the committee's responsibilities provided in the legal acts of the Republic of Lithuania and the Corporate Governance Code for the Companies Listed on Nasdaq Vilnius.

Sustainability reporting and limited assurance

- monitoring the consolidated sustainability reporting necessary to prepare the management report.
- monitoring the selection procedure of the sustainability reporting assurance service provider and monitoring its independence.

Information about the Audit Committee

The Audit Committee's members Irena Petruškevičienė, Saulius Bakas and Marius Pulkauninkas were elected by the General Meeting of the parent company on 27 September 2021. Additionally, the Audit Committee's members Judith Buss and Ingrida Muckutė were elected by the General Meeting of the parent company on 15 December 2021.

The Audit Committee comprises five members, with four independent members, including the Chair, and one representative of the Majority Shareholder.

Information on education, experience and place of employment of the Audit Committee's members is available below. Furthermore, details of remuneration paid to the members during the reporting period are provided in section '5 Remuneration' of this report.

No members of the Audit Committee had any participation in the capital of the parent company or its subsidiaries. Additionally, no members of the Audit Committee had 5% or more shareholdings in other companies that are the parent company's business partners, suppliers, clients or other related companies.

There were no changes in the composition of the committee during the reporting period.

Overview of the Audit Committee (during the reporting period)

Term of office	27 September 2021 – 26 September 2025
Independence, including the Chair	80%
Meeting attendance	100%
Shareholdings in the parent company or its subsidiaries	None

Members of the Audit Committee and their meeting attendance[1] (during the reporting period)

Member	Attendance
Irena Petruškevičienė Ⓘ Ⓒ	17/17
Ingrida Muckutė Ⓜ	17/17
Judith Buss Ⓘ	17/17
Saulius Bakas Ⓘ	17/17
Marius Pulkauninkas Ⓘ	17/17

Ⓘ - Independent member
Ⓜ - Majority Shareholder's representative
Ⓒ - Chair

Competency matrix

	Irena Petruškevičienė	Ingrida Muckutė	Judith Buss	Saulius Bakas	Marius Pulkauninkas
Experience in:					
Top-level management	+	+	+	+	+
Non/Executive management bodies	+	+	+	+	+
International companies and organisations	+	+	+	+	+
Energy sector	+	+	+		+
Listed company	+	+	+	+	+
Regulated business	+	+	+	+	+
Competency[2] in:					
Accounting or financial statements auditing	+	+	+	+	+
Accounting or financial statements auditing, internal auditing in energy sector	+	+	+	+	+
Audit of public-interest entities	+	+	+	+	+
Risk management	+	+	+	+	+

[1] *The numbers indicate how many meetings the members have attended out of the total meetings during the reporting period.*

[2] *Competences are assigned according to the competences members have had during the hiring procedure and acquired while managing different strategic areas and targets as well as participating in various trainings.*

Members of the Audit Committee

Irena Petruškevičienė

Chair, member since 13/10/2017
Re-elected on 27/09/2021
Independent
Term of office expires: 26/09/2025

Experience
Ilrena has over 30 years of experience in the field of auditing in Lithuania and at international organisations. She worked for 10 years at an audit and consulting company PricewaterhouseCoopers, was a Head of Financial Strategy & Management Programme at ISM University of Management and Economics. Irena also worked for many years at international institutions, including the European Court of Auditors, the European Commission, the UN World Food Programme and European Stability Mechanism. She is a member of the Lithuanian Association of Certified Auditors and the Association of Chartered Certified Accountants (ACCA), and a member of the Association of Internal Auditors. She was elected as a member of the parent company's Audit Committee for the first time in November 2014.

Education
Vilnius University, Diploma in Economics.

Other current place of employment, position
Maxima Grupė, Chair of the Audit Committee. State Enterprise Centre of Register, Member of the Audit Committee. UAB "Vilniaus viešasis transportas", Member of the Audit Committee.

Shareholdings in the parent company
None.

Ingrida Muckutė

Member since 23/03/2018
Re-elected on 15/12/2021
Majority Shareholder's representative
Term of office[1] expires: 26/09/2025

Experience
See page 106.

Judith Buss

Member since 15/12/2021
Independent
Term of office[1] expires: 26/09/2025

Experience
See page 106.

---

[1] *The term of the Audit Committee ends on 26 September 2025, however, according to the Articles of Association of the parent company, if a member of the Supervisory Board ceases to be a member of the Supervisory Board, he or she shall be deprived of the office in the committee, therefore, the term of office of the individual Supervisory Board members on the committee is linked to the term of the current Supervisory Board.*

Marius Pulkauninkas

Member since 27/09/2021
Independent
Term of office expires: 26/09/2025

Experience
Marius is a highly experienced finance and audit professional with a career of 14 years working at an audit and assurance services company Ernst & Young, coupled with business experience as CFO at KN Energies (former Klaipėdos Nafta), a company operating oil and liquefied natural gas terminals in Lithuania. His business expertise was further developed at Valstybinė miškų urėdija, where he held a position of General Manager.

Education
Vilnius University, Master's degree in Business Administration and Management; Baltic Institute of Corporate Governance, Professional Board Member Education Programme.

Other current place of employment, position
General Manager and shareholder at UAB "Kalnų grupė".

Shareholdings in the parent company
None.

Saulius Bakas

Member since 27/09/2021
Independent
Term of office expires: 26/09/2025

Experience
Saulius is an experienced professional with over 25 years of experience in accounting & reporting, audit and assurance, internal controls and risk management. From the start of his career until 2020 he worked at international accounting and audit firms (Big4) and most recently from 2012 to 2020 was a partner with Deloitte Central Europe and in-charge of audit and assurance business in the Baltics region. Since 2021 he is a partner at Viridis sustainability, a boutique sustainable finance advisory firm. He is a member of the Lithuanian Association of Certified Auditors and a fellow member of the Association of Chartered Certified Accountants (ACCA).

Education
Vilnius University, Master's degree in Economics; Vilnius University, Bachelor's degree in Business Administration.

Other current place of employment, position
Co-founder and CEO of Viridis Sustainability.

Shareholdings in the parent company
None.

80%

Independence, including the Chair

60%

Share of women in the Audit Committee

4.6 Management Board

Overview

The Management Board is a collegial management body established in the Articles of Association of the parent company. The activities of the Management Board are regulated by the Law on Companies (link in Lithuanian), its implementing legislation, the Corporate Governance Guidelines, the Articles of Association of the parent company and the Rules of Procedure of the Management Board. During the reporting period, the rules governing the election of the members of the Management Board of the parent company were not amended. The Management Board comprises five executive members. The Chair of the Management Board is elected by the Management Board and is appointed as CEO of the parent company.

Key responsibilities of the Management Board are the following:

- analysing and assessing the draft strategy and strategic plan of the Group and the information of their implementation;
- analysing and assessing the drafts of the long-term financial plan, the annual budget, the risk management plan and the investment policy of the Group;
- considering and approving the top priority strategic initiatives portfolio, long-term and annual sustainability plans of the Group;
- approving the operational guidelines, rules and indicators of the Group companies, common policies, and the management of the Group companies;
- making decisions regarding the parent company becoming a founder or participant of other legal entities, the establishment of branches and representative offices of the parent company;
- making decisions regarding the approval of nominations for members of the supervisory and/or management bodies of the Group companies and the parent company's branches and representative offices while considering the opinion of the Supervisory Board;
- making decisions regarding the transactions established by the legislations, Articles of Association and internal policies;
- making other decisions assigned to the Management Board by the Law on Companies (link in Lithuanian), the Articles of Association or the decisions of the General Meeting.

The members of the Management Board were selected on the basis of the general expectations and competencies set out in the competency matrix of the Management Board, which is described on the following page. The members were selected based on the following areas of competency: strategy and management, sustainability, organisational development, finance, commercial activities, and regulated activities. Each member of the Management Board has to ensure the appropriate performance of the parent company's activities/supervise the respective areas at the Group level in the field of their competency. Also, each of them is responsible for the analysis of the issues related to their competency, i.e., when a decision must be made in the field under his/her supervision, and for the presentation of all the relevant information to other members of the Management Board so that the necessary decisions of the Management Board could be made in a timely manner.

The members of the Management Board, acting within their competence, must ensure the proper performance of the parent company's activities and supervise their respective areas at the Group level. Specific areas of competency may be changed upon the proposal of the Chair of the Management Board with the approval of the Supervisory Board of the parent company.

Information on the selection criteria of the members

The members of the Management Board are employees of the parent company. They are elected by the Supervisory Board on the proposal of the Nomination and Remuneration Committee. Each member of the Management Board is elected for a term of four years. The Management Board of the parent company is formed in view of the provision that the competencies of the members of the Management Board must be diverse.

The following persons cannot be the member of the Management Board:

- a member of the Supervisory Board;
- a member of the committee of the Supervisory Board or the Audit Committee;
- a member of a supervisory body, management body or administrative body of a legal entity engaged in electricity or natural gas transmission activities;
- an auditor, an assurance specialist, an employee of an audit company, or an independent assurance service provider who participates and/or participated in the audit of financial statements or in the verification of information on sustainability matters, which is provided in the parent company's

management report, if a period of more than 2 years has not elapsed from the performance thereof.
- a person who is not legally entitled to hold this position.

Members of the Management Board of the parent company must meet the general and specific criteria laid down by the law as well as specific competencies are determined by the Supervisory Board when forming the Management Board.

Moreover, Equal Opportunities and Diversity Policy of the Group is referred during the selection of the Management Board of the parent company.

Information on remuneration paid to the members during the reporting period

Remuneration for the activities of the Management Board, including the achievement of annual targets, is provided in section '5 Remuneration' of this report and on our website, and is paid in accordance with the Group Remuneration Policy. The policy's latest wording was approved by the General Meeting on 27 March 2024.

Conflicts of interest

In accordance with the Articles of Association of the parent company, each candidate for the Management Board must submit the Supervisory Board a written consent to stand as a candidate for 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 parent company. In the event of new circumstances that could result in a conflict of interest between the member of the Management Board and the parent company arise, the member of the Management Board must immediately notify the Management Board and the Supervisory Board in writing of such new circumstances. Also, the members of the Management Board may not do any other work or hold other positions if they are incompatible with their activities in the Management Board, including executive positions in other legal entities (except for positions within the parent company and the Group companies), work in civil service or statutory service. The members of the Management Board may hold other office or do other work, except for the positions within the parent company and other legal entities the parent company is a member of, and may carry out pedagogical, creative or authorship activities only with the prior consent of the Supervisory Board.

Ignitis Group employees

Information about the Management Board and its activities in 2024

Overview

There were no changes in the composition of the Management Board during the reporting period. The term of the Management Board started on 18 February 2022 and will end on 17 February 2026.

Information on education, experience and place of employment of the Management Board's members is available below.

All Management Board members hold shares of the Group companies (please refer to the information on the following page). The Group publishes relevant transactions through stock exchanges according to Article 19 of the Market abuse regulation (EU) No. 596/2014 and other relevant disclosure requirements. Additionally, no members of the Management Board had 5% or more shareholdings in other companies who are the parent company's business partners, suppliers, clients or other related companies.

Activities of the Management Board in 2024

Management Board meetings take place on a weekly basis. Additionally, *ad hoc* meetings are held if necessary.

During the reporting period

Overall, 84 meetings of the Management Board were held in 2024, covering the following key areas:

- approving the Group's annual report of 2023 and submitting it to the Supervisory Board and the General Meeting;
- evaluating the Group's annual financial statements and draft allocation of profit (loss) for 2023 and submitting comments to the Supervisory Board and the General Meeting
- approving the interim reports of the Group for the three-month period ended on 31 March 2024 and the nine-month period ended on 30 September 2024;
- approving the interim report of the Group for the six- month period ended on 30 June 2024 and the set of audited interim condensed financial statements for the six months, proposing to allocate dividends to shareholders and submitting the proposal to the General Meeting;
- agreeing to the updated Group Remuneration Policy and submitting it to the Supervisory Board;
- evaluating the most significant transactions planned by the Group, approving their conclusion and material terms and conditions;
- making decisions on participation and voting in General Meetings of Shareholders of the companies whose shares are held by the parent company;
- evaluating the organisation of the parent company's and the Group companies' activities and making decisions related thereto;
- evaluating and approving the Group's operational and strategic planning documents while taking into account the opinion of the parent company's Supervisory Board;
- making decisions on the approval of the Group's internal policies.

After the reporting period

Overall 8 meetings of the Management Board were held from 1 January 2025 until 25 February 2025, covering the following key areas, approving:

- the Group's strategic plan for Governance Coordination Centre;
- achievement of LTI Performance objectives 2021–2024;
- achievement of STI Performance objectives 2024.

Meeting attendance[1] and number of owned shares of the parent company (at the end of the reporting period)

Member	Position	Attendance	Number of shares
Darius Maikštėnas	Chair, CEO	84/84	3,000
Jonas Rimavičius	Member, CFO	84/84	1,300
Dr. Živilė Skibarkienė	Member, Chief Organisational Development Officer	84/84	300
Vidmantas Salietis	Member, Chief Commercial Officer	84/84	200
Mantas Mikalajūnas	Member, Chief Regulatory Officer	84/84	220

[1] *The numbers indicate how many meetings in 2024 the members have attended out of the total meetings.*

Competency matrix[1]

	Darius Maikštėnas	Jonas Rimavičius	Dr. Živilė Skibarkienė	Vidmantas Salietis	Mantas Mikalajūnas
Area of competency	**Strategy development and management**	**Finance management**	**Organisational development**	**Commercial activities**	**Regulated activities**
Experience in:					
Top-level management	+	+	+	+	+
Non/Executive management bodies	+	+	+	+	+
International development/expansion	+	+	+	+	+
Energy sector	+	+	+	+	+
Renewable energy field	+	+	+	+	+
Listed company	+	+	+	+	+
International companies and organisations	+	+	+	+	+
Regulated business	+	+	+	+	+
Commercial business	+	+	+	+	+
Competency[1] in:					
Corporate finance	+	+	+	+	
Investment portfolio policy	+	+	+	+	
Business strategy	+	+	+	+	+
Mergers & acquisitions	+	+	+	+	+
Risk Management	+	+	+		
IT/Innovation/Digitalisation	+		+	+	+
Public policy and governance	+		+	+	+
Sustainability-related:					
Environment (incl. climate change)	+			+	
Organizational development / HR / Diversity, equity, and inclusion			+		
Health & Safety			+		+
Sustainable finance		+			
ESG reporting		+			

[1] *Competencies are assigned according to the competencies members have had during the hiring procedure and acquired while managing different strategic areas and targets as well as participating in various trainings.*

Members of the Management Board

Darius Maikštėnas

Chair, CEO since 01/02/2018
Re-elected on 18/02/2022
Competency: strategy and management, sustainability
Term of office expires: 17/02/2026

Experience
Darius is a top-level executive with 20+ years of executive experience in energy, telecommunications, IT, and venture capital sectors. He joined Ignitis Group in 2018 and since then he serves as CEO and Chair of the Management Board. Darius Maikštėnas successfully prepared Ignitis Group for transitioning from a local monopoly to a renewable-focused integrated utility and the largest energy group in the Baltic states, oversaw Ignitis Group's IPO and has been leading the Group towards ESG excellence. Prior to joining Ignitis Group, he had led an international company based in Silicon Valley, offering innovative telecommunications solutions and operating in the United States and the UK.

Education
Harvard Business School, General Management Program; Baltic Management Institute, Executive MBA degree; Kaunas University of Technology, Bachelor's degree in Business Administration.

Other current place of employment, position
Eurelectric, Member of Board of Directors; Energijos Skirstymo Operatorius, Member of the Board.

Shareholdings in the parent company[1]
3,000.

Jonas Rimavičius

Member since 18/02/2022
Competency: finance
Term of office expires: 17/02/2026

Experience
Jonas is an experienced finance professional. Since joining the Group in 2016, Jonas has been leading M&A activities and capital raising projects, including Ignitis Group's IPO and green bonds' issues. Additionally, Jonas has been serving as Chair and Member of the Management Board at Ignitis Renewables since January 2019. Prior to joining the Group, Jonas had accumulated experience in the areas of investment banking and corporate finance at Swedbank, EY and Telia.

Education
University of Cambridge, Master's degree in Business Administration; University of Warwick, Bachelor's degree in Accounting and Finance; former CFA charterholder.

Other current place of employment, position
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.

Shareholdings in the parent company[1]
1,300.

Dr. Živilė Skibarkienė

Member since 01/02/2018
Re-elected on 18/02/2022
Competency: organisational development
Term of office expires: 17/02/2026

Experience
Živilė is a professional in law and organisational development with over 10 years of executive experience. She joined the Group in 2018 and has since transformed how the Group is governed, resulting in the Group being constantly awarded the highest governance rating by the Governance Coordination Centre. She also led the transformation of the organisation into an attractive employer, whose compliance with the best human resources policies and practices has been certified by the Top Employers Institute (the Netherlands). This achievement was supported by growing employee net promoter score from 9 to 65 over several years.

Živilė also serves as a Member of the Board at ESO and Chair of the Board at Ignitis Grupės Paslaugų Centras. Prior to that, Živilė gained executive experience while working in the financial sector. She was Head of Legal and Administrative Division at Šiaulių Bankas, Member of the Management Board and Deputy CEO at Finasta Bank, Head of Compliance at DNB Bankas (now Luminor), and Head of Legal Department at SEB Bankas. Živilė holds a board member's education certificate issued by the Baltic Institute of Corporate Governance.

Education
Harvard Business School, Business Leadership Program; Saïd Business School, University of Oxford, Executive Leadership Program; Mykolas Romeris University, PhD in Law; Vilnius University, Master's degree in Law.

Other current place of employment, position
Ignitis Grupės Paslaugų Centras, Chair and Member of the Board; Energijos Skirstymo Operatorius, Member of the Board.

Shareholdings in the parent company[1]
300.

---

[1] *The number indicates shares owned at the end of the reporting period.*

Vidmantas Salietis

Member since 01/02/2018
Re-elected on 18/02/2022
Competence: commercial
Term of office expires: 17/02/2026

Experience
Vidmantas, who is a professional with 10+ years of experience in top-level positions in the energy sector, joined the Group in 2011 and since has served as an executive in various Group companies. During this time, he spearheaded one of the major changes in the electricity sector – market deregulation. In addition to becoming a Member of the Management Board of the parent company in 2018, Vidmantas was also serving as Chair of the Supervisory Board at Ignitis, Chair of the Supervisory Board at Ignitis Gamyba as well as Member of the Board at Ignitis Renewables. Prior to that, he had served as CEO at Energijos Tiekimas and led an electricity wholesale trading department at Ignitis Gamyba. He had also served as Chair and Member of the Board of Elektroninių Mokėjimų Agentūra and Member of the Board of Gamybos Optimizavimas.

Education
Baltic Institute of Corporate Governance, a board member's education certificate, Stockholm School of Economics in Riga (SSE Riga), Bachelor's degree in Economics and Business.

Other current place of employment, position
Ignitis, Chair and Member of the Board; Ignitis Gamyba, Chair and Member of the Board; Ignitis Renewables, Member of the Board.

Shareholdings in the parent company[1]
200.

Mantas Mikalajūnas

Member since 18/02/2022
Competence: regulated activities
Term of office expires: 17/02/2026

Experience
Mantas, who has almost 20 years of executive experience in various energy companies, launched his career in Lietuvos Dujos. Later, he had an internship in a German energy group. After returning to Lithuania, he was working in strategic positions at Lietuvos Dujos, where he served as an executive team member and was responsible for issues related to investor relations, state authorities and the regulator as well as integration of Lietuvos Dujos into Lietuvos Energija (current Ignitis Group). Before transitioning to the current position of Chief Regulated Activities Officer, Mantas had served as Head of Business Development at Ignitis Group and CEO at Lietuvos Dujų Tiekimas (later, Lietuvos Energijos Tiekimas).

Education
Baltic Institute of Corporate Governance, a board member's and board chair's certificate, Saïd Business School, University of Oxford, Strategic Management Executive Programme; Vilnius University, Master's degree in Business Administration and Management.

Other current place of employment, position
Ignitis, Member of the Board; Vilnius CHP, Chair and Member of the Board; Kaunas CHP, Member of the Board; Ignitis Gamyba, Member of the Board.

Shareholdings in the parent company[1]
220.

0%

Independence, including the Chair (all executives)

20%

Share of women in the Management Board

---

[1] *The number indicates shares owned at the end of the reporting period.*

CEO

At the executive level, the parent company is managed by the CEO and the Management Board. CEO is a single-person management body of the parent company, who organises, directs, acts on behalf of the parent company and concludes transactions unilaterally as provided by the Law on Companies (link in Lithuanian), its implemented legislation and the Articles of Association of the parent company. CEO is entitled to solely represent the parent company and execute documents on the parent company's behalf.

The competence of a CEO, the procedure of his/her appointment and removal and the terms of office are established according to the Law on Companies (link in Lithuanian), its implemented legislation, the Corporate Governance Guidelines and the Articles of Association of the parent company. In accordance with the Corporate Governance Guidelines, the Chair of the Management Board is elected by the Management Board and is appointed as CEO of the parent company. It should be noted that the CEO of the parent company, as a SOE, is also subject to special regulations set out in the Law on Companies (link in Lithuanian), according to which the term of a CEO is limited to five years. It stipulates that the same person can only be appointed for two consecutive five-year terms. Equal Opportunities and Diversity Policy of the Group is referred to the selection of the parent company's CEO.

The term of the current CEO started on 1 March 2022 and will end on 28 February 2027.

The main functions and responsibilities of the CEO are:

- ensuring the implementation of the Group's strategy and strategic plans as well as decisions of the Management Board;
- entering into and terminating employment contracts, incentivising and imposing penalties on employees;
- ensuring the security of the parent company's assets, appropriate working conditions, security of the parent company's commercial secrets and confidential information;
- submitting proposals to the Management Board regarding the annual budgets of the parent company and the Group companies, being responsible for the preparation of the sets of annual financial statements of the parent company and the annual consolidated financial statements of the Group companies as well as the preparation of the consolidated annual and interim management reports of the Group companies;
- preparing a decision on the allocation of dividends for a period shorter than the financial year, preparing a set of interim financial statements;
- carrying out other duties set out in the Law on Companies, other laws and legal acts, the Articles of Association and in the job description of the CEO as well as resolving other issues which are not attributed to the competence of other bodies of the parent company under the laws or the Articles of Association.

At the end of the reporting period, the parent company's CEO, Darius Maikštėnas, held 3,000 shares of the parent company.

Information on education, experience and place of employment of the CEO is available in the previous section, and the details of his remuneration during the reporting period as well as key contractual terms of his employment contract with the parent company are provided in section '5 Remuneration' of this report.

4.7 Risk management

Risk management framework

Overview

The Group is exposed to a range of internal and external risks that could affect its performance. To address these risks, we adhere to standardized risk management principles based on the best practices, including COSO and ISO 31000:2018. Our 'Three-lines enterprise risk management framework' ensures a clear segregation of responsibilities among management, supervisory bodies, structural units, and functions. We ensure that our risk management information and decision-making are consistent by utilising a uniform risk management process implemented across all Group companies and functions. This process includes quarterly monitoring of risks, measures, and key risk indicators, as well as the preparation of internal reports for management. This section outlines the Group's risk management governance model, the key components of the risk management process, a review of significant risks we faced in 2024, and the risk management plan for 2025.

Our risk management objectives include:

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

Risk management process

The Group promotes proactive risk management to achieve its strategic goals and adapt to a dynamic environment. Quarterly reviews of risks ensure timely and effective decision-making in all Group companies. ESG risks (including the risks related to climate change) and opportunities are fully integrated into a Group-wide unified risk management process, which is briefly described below. More information on the risk management framework and the processes we apply in the Group is disclosed in the Group's website.

Three-lines risk management framework

Supervisory Board | **Risk Management and Sustainability Committee**

Management Board of the parent company

Management Boards of the Group companies

CEOs, executive committees, heads of functions

Risk management lines	1. Risk owners	2. Risk management partners	3. Internal audit
Responsibilities	**Identifying and managing risks** – Identifying, managing and periodically assessing the risks – Identifying changes in the risks in a timely manner	**Ensuring the effectiveness of risk management, control and monitoring** – Ensuring the compliance of our risk management model with international standards and good practices – Providing methodological support to risk owners in identifying, assessing and managing risks – Ensuring the risk management control – Preparing periodic risk management monitoring reports	**Assessing and improving the effectiveness of the risk management model** – Assessing the effectiveness of the risk management model and its compliance with international standards – Providing recommendations on the improvement of the risk management model

1. Identifying risks. The Group analyses potential impacts arising from climate change, regulatory changes, geopolitical and economic situations, market trends, and social issues. All employees are responsible for identifying risks in a timely manner. Risk are assessed based on the following periods (when the risk is the most relevant): short term (0–1 years), medium term (2–4 years), long term (≥5 years).

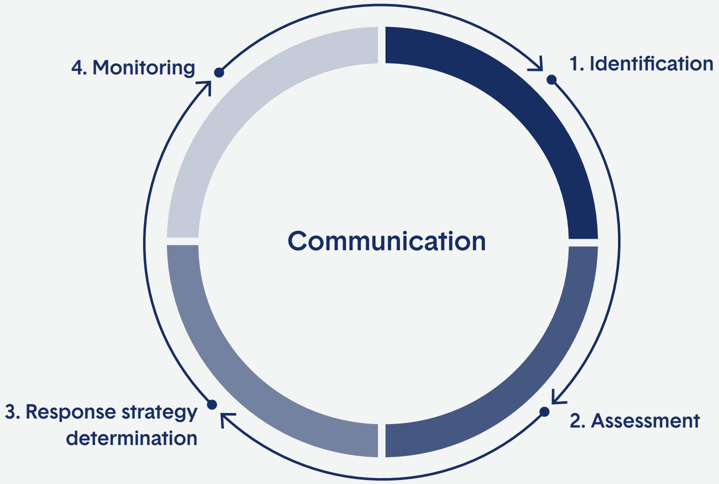
2. Assessing risks. The Group determines the level of the risks (from low to very high) based on their probability and impact assessment. The risks are assessed while considering their impact on the four categories: financial, reputational, OHS and compliance. The Group assigns ESG types to all risks.

The risks the Group faces in its operations are separated into four different categories described below.

3. Determining the response strategy. The Group decides whether to accept, mitigate, avoid, or transfer the risks. All risks exceeding the Group's risk appetite must be mitigated. The Group is determined to achieve its goals in a sustainable manner, therefore, it pays special attention to and mitigates the risks related to occupational health and safety, corruption, climate change and environmental protection, cyber threats, non-compliance with legal requirements (such as the European Union's Third Energy Package, money laundering and terrorist financing prevention requirements, the General Data Protection Regulation, etc.), partnerships that would have any links to the countries that are hostile towards Lithuania, etc.

4. Monitoring risks. The Group assesses the impact, the probability of the risks and their relevant sources, updates risk mitigation measures and key risk indicators while reporting other risk-related information to the management every quarter. During the monitoring stage, we identify new risks and eliminate the ones that are no longer relevant. The management bodies of the Group are periodically informed about sustainability matters, including all information related to double materiality assessment (DMA) – impacts, risks and opportunities.

Risk management process



Strategic risks	Financial[1] risks	Operational risks	Legal risks
Risks that affect the Group's long-term goals and objectives, including market competition, technological and regulatory changes.	Risks related to the Group's financial performance, including risks related to credit, working capital demand, market fluctuations, interest rates and liquidity issues.	Risks in day-to-day operations, including system failures, supply chain disruptions, and human errors.	Risks associated with legal obligations and compliance, including litigation, regulatory fines, and contractual disputes.

---

[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' of this report.*

Risk management in 2024

Overview of key risks

The Group's risk management context in 2024 was mostly influenced by successful completion of the Vilnius CHP biomass project and the structural changes of the Group's key risks related to the updated Group Risk Management Policy and risk assessment methodology:

- in Q1 2024, the risk of failure to complete the Vilnius CHP biomass unit properly and on time decreased from 'High' to 'Low' and dropped out from the list of key risks. In Q2 2024, the risk became obsolete as Vilnius CHP biomass project was finished;
- the objectives of the Group Risk Management Policy's revision were to enhance compliance with ISO31000:2018 standards and improve the precision in assessing the likelihood and impact of risks (adjusted scales and their values). As a result of this methodological update, the risk level associated with ensuring the security of the Lithuanian electricity system was adjusted from 'High' to 'Medium'.

Overview

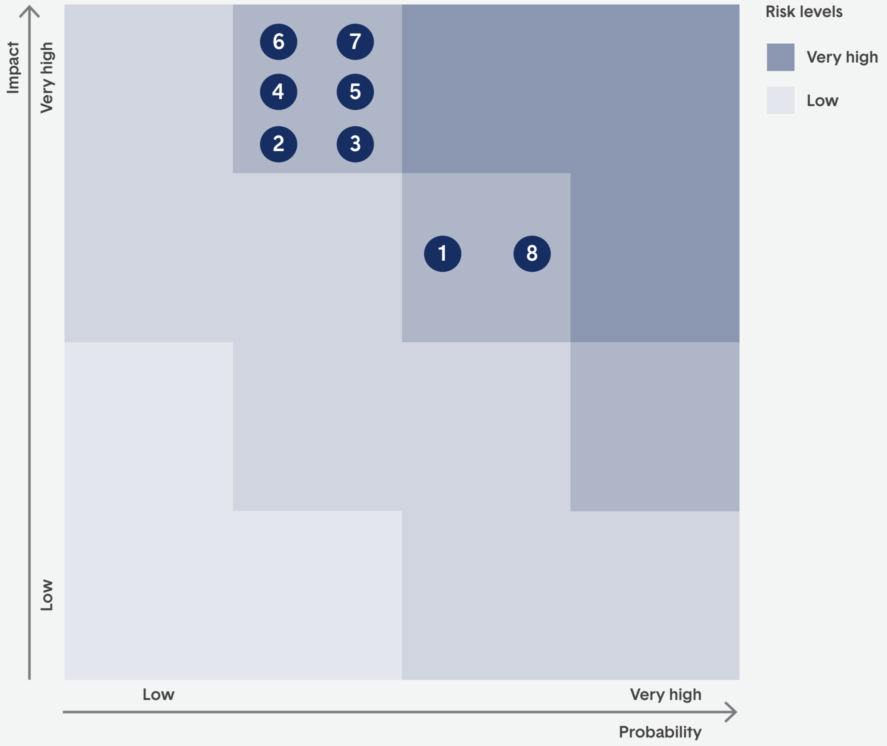
At the close of 2024, the Group undertook a comprehensive restructuring of its key risks. This initiative was influenced by several factors, including adherence to the Corporate Sustainability Reporting Directive (CSRD) and the alignment with best market practices and risk disclosure standards for energy companies.

In 2024 the Group implemented a double materiality assessment (DMA) in accordance with the CSRD and EFRAG guidelines. This process included a financial evaluation of the Group's ESG risks. Throughout this assessment, all risks of the Group were reviewed, leading to the identification of new sustainability-related risks and the consolidation of existing ones. These risks were subsequently integrated into the Group's Enterprise Risk Management (ERM) framework during the annual planning process. Risk management information on these risks is described below in section 'Management plan of the key risks of the Group'. More information on sustainability-related impacts, risks and opportunities is available in Sustainability statement.

Risk management in 2025

Business-related risks were reviewed and consolidated in accordance with best practices in the energy sector and various institutional requirements for enterprise risk disclosure. These business-related risks categorized by their likelihood and potential impact, are illustrated in the heat map below. It is worth noting that these risks exceed the Group's risk appetite and are designated as key risks. Other risks are monitored at the operational level.

Heat map of the key risks of the Group



1. Risk of occupational health & safety
2. Market risks
3. Energy infrastructure failure
4. Large-capital projects execution risk
5. Regulatory changes and political risks
6. Risk of human capital
7. Financial risks
8. Risk of high impact cyber attack

Management plan of the key risks of the Group

This section discloses the key business-related risks, those identified as material to the Group during the DMA process, and other significant sustainability-related risks to the Group, along with their sources and the control measures implemented.

Key business-related risks of the Group

1 Risk of occupational health & safety

Risk category
Operational

ESG type
Social

Period
Long-term

Primary potential impact
On peoples' lives & health

Impact on business segments
All

Risk description:

- This risk includes workplace injuries and fatalities of workers and contractors related to high-risk working environment, inadequate social and cultural context on health and safety issues, as well as failure to develop risk mitigation actions. Although the direct financial costs associated with a fatal event are not significant, the Group considers human life to have the highest value and, therefore, the highest financial impact is assigned to this risk for all time horizons.

Key mitigation directions include:

- providing employees with instructions based on the approved health and safety guidelines relevant to their roles;
- conducting compulsory training and certification of employees as required by applicable standards;
- instructing the persons responsible for contractors on our health and safety protocols;
- monitoring occupational health and safety (OHS) in workplaces, including the workplaces of contractors;
- conducting and initiating occupational risk assessments of workplaces;
- sharing accident and incident investigation materials and findings with employees and OHS specialists from other Group companies;
- ensuring that most of the Group companies are ISO 45001 certified;
- offering OHS training and education to contractors;
- periodically monitoring the Total Recordable Incident Rate (TRIR) of both employees and contractors.

2 Market risks

Risk category
Financial

ESG type
Not related

Period
Long-term

Primary potential impact
Financial

Impact on business segments
All

Risk description:

- Key sources of the market risk relevant to the Group includes price volatility: risk of fluctuating prices for natural gas, electricity, biomass, emission allowances, and waste can be influenced by changes in supply and demand, geopolitical events, and market speculation.

Key mitigation directions include:

- adhering to the Energy Commodities Market Price Fluctuation Risk Management Policy, Market Risk Management Standard, and Sales Hedging Standard;
- utilising derivative hedging instruments;
- storing gas in the Inčukalns Underground Gas Storage (UGS);
- coordinating with the LNG terminal operator regarding regasification schedule adjustments;
- tracking electricity and gas price forecasts, data, and forecasting deviations;
- maintaining biomass storage capacities to address potential fuel shortages;
- diversifying biomass fuel supply and securing fixed medium- to long-term supply contracts;
- concluding SPAs (Sales and Purchase Agreements) with counterparties in all operating markets to cover surplus supply or demand;
- diversifying supply chains and continuously monitoring the market for new supply sources.

More information on market risks management is disclosed in financial statements of this report.

3 Energy infrastructure failure

Risk category
Operational

ESG type
Not related

Period
Long-term

Primary potential impact
Reputational, financial

Impact on business segments
Green Capacities, Networks, Reserve Capacities

Risk description:

Ignitis Group owns and operates energy infrastructure for commercial use, with some assets providing national-importance services, such as reserve capacities, electricity, and gas supply and distribution. The infrastructure could fail due to various reasons:

- Some of energy infrastructure is aging and prone to failure.
- Severe weather, such as heavy rain, storms, hails, floods, heat waves can cause significant damage to energy infrastructure. These events are becoming more frequent and intense due to climate change.
- Cybersecurity threats: As the energy system becomes more digitalized, its vulnerability to cyberattacks is increasing. These attacks can disrupt operations, steal sensitive data, or even cause physical damage.
- Physical attacks and sabotage: Energy infrastructure can be targeted by physical attacks or sabotage, leading to disruptions in energy generation or supply.
- Operational failures: Energy system failures, such as equipment malfunctions or human errors, can lead to outages and other issues.
- Supply chain issues: Disruptions in the supply chain, whether due to geopolitical tensions, natural disasters, or other factors, can impact the availability of critical components needed for energy infrastructure maintenance and development.
- Regulatory and policy risks: Changes in regulations or policies can impact the operation and maintenance of energy infrastructure, potentially leading to failures if not managed properly.

Key mitigation directions include:

- preparing, regularly updating, and testing business continuity and emergency management plans;
- implementing detailed processes for managing disruptions, including mass disconnections and gas flow restrictions;
- regularly updating processes for managing mass disconnections, including IT solutions and network restoration actions;
- ensuring physical and cyber security of assets;
- conducting regular personnel training, certification, and equipment testing;
- performing timely technical maintenance and updates;
- updating a 10-year investment plan annually, focusing on replacing overhead power lines with underground power lines in forested areas;
- establishing a distribution network automation program;
- installing remote-controlled equipment and self-healing network solutions;
- strengthening internal repair teams to reduce dependency on contractors;
- maintaining gas and biomass storage facilities;
- collaborating with state institutions, i.e., conducting security-based exercises, ensuring effective communication during emergency situations.

4 Large-capital projects execution risk

Risk category
Operational

ESG type
Not related

Period
Long-term

Primary potential impact
Reputational, financial

Impact on business segments
Green Capacities, Networks, Reserve Capacities

Risk description:

Large-capital projects execution risk (risks that are relevant to the project after FID is made) could be related to issues, such as:

- Cost overruns: Large-capital projects could exceed their initial budget estimates due to unforeseen expenses, changes in project scope, or inaccurate cost estimations.
- Schedule delays: Delays can occur due to a variety of factors, including supply chain disruptions, labour shortages, or unexpected technical challenges.
- Regulatory, political changes: Changes in regulations or compliance requirements can impact project timelines and costs, especially in the regions with stringent environmental and safety standards.
- Stakeholder management: Coordination between multiple stakeholders, including the government, municipalities' bodies, contractors, and local communities, can be challenging and may lead to disputes that could cause project delays, scope adjustments or budget increase.
- Environmental and social impact: Large projects can have significant environmental and social impacts, which need to be carefully managed to avoid legal and reputational risks.

Key mitigation directions include:

- submitting regular project performance reports to the management to monitor progress, costs, and schedules, including regular updates on and adjustments to the project plans;
- developing contingency plans for potential delays or cost overruns, including setting aside contingency budgets and having backup suppliers;
- maintaining continuous communication with stakeholders to manage expectations and address concerns promptly;
- attracting highly skilled and competent talent and continuing training programmes to keep the teams updated on the latest technologies and practices;
- leveraging advanced technologies, such as project management software, automation, and data analytics, to improve operational efficiency and decision-making;
- monitoring legal and regulatory requirements to avoid compliance issues that could delay the project.

5 Regulatory changes and political risks

Risk category
Strategic

ESG type
Not related

Period
Long-term

Primary potential impact
Financial

Impact on business segments
All

Risk description:

Regulatory changes and political risks could be related to issues, such as:

- new regulatory changes could negatively impact financial performance of the Group companies;
- possible changes of legal framework for secondary and tertiary power reserves, including evolving requirements and expectations;
- challenges of coordinating investments and costs with the regulator to ensure adequate returns that cover investments and other expenses;
- economically unprofitable cost compensation for electricity supply to private customers;
- possible repayment of not notified State-aid (The EC has not been notified by the state about support allocated to AB “Ignitis gamyba” (Reserve Capacities)).

Key mitigation directions include:

- sactively cooperating with regulators and other state and municipal institutions, including analysing effective and draft regulations and proposing rational amendments thereto with explanations;
- engaging third parties (lawyers, consultants) in order to analyze regulations;
- collaborating with other market participants to propose joint positions on relevant regulations;
- aligning the Group’s decisions with regulatory requirements;
- continuously evaluating regulatory initiatives and changes while informing the Group companies about the planned regulatory changes and their potential impact.

6 Risk of human capital

Risk category
Strategic

ESG type
Social

Period
Long-term

Primary potential impact
Financial

Impact on business segments
All

Risk description:

- Attracting, retaining, and developing a highly skilled workforce is essential for achieving the Group's strategic objectives. As we rapidly expanding into onshore and offshore wind projects and power-to-x solutions, a lack of expertise could significantly hinder our progress and damage our reputation. To ensure our continued success, we must attract, retain and develop competencies while fostering innovation and excellence.

Key mitigation directions include:

- developing, implementing, monitoring, and reviewing recruitment plans for various periods;
- creating competency development plans and programmes (e.g., EnergySmartSTART, internal training courses);
- promoting internal career opportunities through Group-wide initiatives, e.g., EnergyTalentLab;
- utilising different forms of talent acquisition (B2B contracts, expat packages, regular employment contracts, etc.);
- partnering with educational institutions in all the countries we operate;
- tracking employee satisfaction rates and actively responding to negative trends;
- offering and regularly reviewing the additional benefits package.

7 Financial risks

Risk category
Financial

ESG type
Not related

Period
Long-term

Primary potential impact
Financial

Impact on business segments
All

Risk description:

Key sources of financial risks relevant to Ignitis Group are the following:

- Capital expenditure and financing: the high capital costs associated with energy projects are a significant risk. The Group needs to make substantial upfront investments, while it can be challenging to secure financing, especially in volatile markets.
- Liquidity risks: the risk of not having sufficient liquidity to meet short-term obligations is a common concern. This can be exacerbated by delays in project completion or unexpected operational issues.
- Credit risks: the risk of counterparties failing to meet their financial obligations can impact the Group's cash flow and profitability. This includes the risks related to customers and suppliers.
- Exchange rate risks: the Group operates globally and is exposed to fluctuations in exchange rates. This can affect the cost of imports and exports as well as the value of foreign investments.
- Interest rate risks: changes in the interest rates can impact the cost of borrowing and the value of the Group's financial assets and liabilities.
- Asset impairments: the risk of asset impairment can materialize due to changes in market conditions, regulatory environment or technological advancements, it can lead to significant write-downs and affect the company's financials.

Key mitigation directions include:

CAPEX:

- tendering the main capital expenditure contracts prior to making an FID, and gathering binding offers;
- including a project capital expenditure contingency buffer in the financial model of an FID.

Financing:

- sourcing financing in parallel to the FID process; obtaining offers that are at least non-binding.

Liquidity risk:

- liquidity needs are managed according monthly cashflow forecast for the current and the following year, which is prepared on a quarterly basis;
- liquidity reserve is maintained through committed multiple diversified credit lines; overdrafts, term loans and trade finance facilities;
- liquidity in concentrated daily using external cash pool platform.

Budgeting and forecasting:

- budget planning, short-term and long-term forecasting, and regular monitoring.

Credit risk:

- established credit risk policy and checking the creditworthiness of private customers.

More information on financial risks management is disclosed in financial statements of this report.

8 Risk of high impact cyber-attack

Risk category
Operational

ESG type
Social

Period
Short-term

Primary potential impact
Reputational, compliance

Impact on business segments
All

Risk description:

Due to geopolitical factors, the critical services provided by the Group are significant targets for hostile state-sponsored cyber-attacks. These attacks could exploit:

- unresolved vulnerabilities in IT and OT systems;
- human factors, such as insufficient employee resistance to social engineering attacks;
- inadequate privileged access control and monitoring of privileged users.

Key mitigation directions include:

- periodically preparing and submitting vulnerability reports to responsible personnel;
- implementing a vulnerability management process that classifies and addresses vulnerabilities based on their criticality;
- limiting and isolating critical systems within a local network;
- developing digital security competencies by developing accredited CERT team members in the organisation and participating in cybersecurity exercises with external partners;
- ensuring 24/7 Group-wide cybersecurity supervision;
- maintaining an incident management process to ensure effective response;
- conducting regular phishing simulations across all Group companies to increase the vigilance of employees.

Material sustainability-related risks of the Group identified through DMA process

During the DMA process, new ESG risks were identified, and existing ESG risks were refined. Three significant risks, that were assessed during DMA (Risk of human capital, Risk of occupational health & safety, Risk of high impact cyber attack) are listed and described in the business-related risks section above. Section below presents four newly identified ESG risks significant to the Group.

Risk of physical acute and chronic climate-related events

Risk category
Strategic

ESG type
Environmental-climate

Period
Long-term

Primary potential impact
Financial

Impact on business segments
Green Capacities, Networks

Risk description:

- This risk includes chronic physical risks referring to longer-term shifts in climate patterns and acute physical risks manifesting in increased severity and frequency of extreme weather events, such as storms, hail, cold/heat waves, heavy precipitation, floods. Chronic events may lead to uncertainty in production estimates due to renewable energy's generation dependency on natural resources, such as wind patterns. Acute events may result in disruption of construction or operation of wind farms and an increase in repair needs, especially for overhead power lines

Key mitigation directions include:

- climate scenario modelling for specific project areas;
- season-based planning for renewable projects' construction;
- defined roles and responsibilities for managing mass disconnections, including IT solutions and distribution network restoration actions;
- moving electricity distribution power lines underground in forested areas;
- implementing remote-controlled equipment and self-healing network solutions;
- consistently removing hazardous trees near overhead power lines in collaboration with the State Forests Authority;
- emergency situation management and business continuity plans for handling disruptions;
- regular testing, drills, and coordination with other institutions;
- utilising automatic braking systems in wind turbines during strong winds and icing conditions.

Risk of balancing renewable energy expansion with community interests and concerns

Risk category
Strategic

ESG type
Social

Period
Long-term

Primary potential impact
Financial

Impact on business segments
Green Capacities

Risk description:

- Ensuring that the deployment of renewable energy projects aligns with the goals of global climate action while also addressing the concerns and priorities of local communities requires finding the right balance and engaging the communities in the early development stages. Failing to address local opposition or complains of communities in the early stages of our projects may lead to longer project implementation periods, higher project development costs or even project closure.

Key mitigation directions include:

- appointing dedicated community managers in all the countries we operate;
- early and timely engagement with local communities during all project development stages;
- providing a general benefits package for communities.

Risk of lack of support for energy transition

Risk category
Strategic

ESG type
Environmental (climate transition)

Period
Long-term

Primary potential impact
Financial

Impact on business segments
All

Risk description:

- This transition risk relates to the potential lack of support for climate change mitigation and ongoing renewable energy build-out. The exposure of this risk may be related to insufficient grid expansion, strict environmental or building permit requirements for renewable energy projects, lack of support for climate-related technologies, etc. This could hamper our climate change mitigation efforts and slow the expansion of renewable energy capacity, creating uncertainty for future investments.

Key mitigation directions include:

- focusing on public awareness and education through lessons, lectures, interactive presentations, and other initiatives to highlight the societal benefits of renewable energy expansion;
- engaging actively, timely, and transparently with local communities to build trust and support. This includes hosting informational sessions, open houses, and community forums to discuss the benefits of renewable energy projects and address any concerns;
- forming strategic partnerships with other businesses, non-profits, and government agencies to create a united front in support of renewable energy initiatives;
- engaging in discussions with policymakers to demonstrate the societal benefits of energy transition.

Risk of materials and components shortage

Risk category
Operational

ESG type
Environmental

Period
Long-term

Primary potential impact
Financial, reputational

Impact on business segments
Green Capacities

Risk description:

- The surging demand for energy transition, combined with inflexible supply chains, stricter ESG requirements and unstable geopolitical situation presents potential challenges. These challenges may be related to the availability of needed materials and components, delivery terms and prices. The Group's focus is required to ensure a sustainable supply chain management.

Key mitigation directions include:

- establishing relationships with multiple suppliers across different regions to reduce dependency on any single source, thereby mitigating risks associated with geopolitical issues or regional disruptions;
- continuously monitoring the market and engaging with new suppliers;
- conducting due diligence and KYC (Know Your Customer) processes for suppliers, who are required to read and sign the Group Suppliers' Code of Ethics and Anticorruption Policy;
- including quality, insurance, defects liability, and other control measures in contracts.

Other important sustainability-related risks

Due to the applied effective risk management measures, the risk of not meeting GHG emission reduction targets and the risks related to corruption and non-compliance with market integrity regulations have not been included in the Group's key risk list. The Group understands the importance of managing these risks to achieve the Group's goals, therefore, it discloses the information about their management below. More information on the Group's sustainability goals and initiatives is available in Sustainability statement.

Risk of not meeting GHG emission reduction targets

Risk category
Strategic

ESG type
Environmental (climate)

Period
Long-term

Primary potential impact
Financial, reputational

Impact on business segments
All

Risk description:

Group's strategy includes a commitment to achieve net zero GHG emissions by 2040–2050. To achieve this goal, Ignitis Group has agreed on interim emission reduction targets with the Science Based Targets Initiative (SBTi) in 2021, covering a ten-year period. In total, four targets have been agreed, including reducing the Group's emissions by 47% by 2030 and reaching net zero by 2040–2050 compared to 2020.

Key mitigation directions include:

- calculating the Group's emissions on a quarterly basis, analysing trends and drawing conclusions after each calculation;
- setting emission reduction targets and implementing measures across the Group companies;
- increasing the share of green electricity used (Scope 2), boosting green electricity sales (Scope 3), and reducing emissions from sold gas (Scope 3), leading to significant emission reductions;
- ensuring high involvement of the Management Board of the parent company and the Group's functions responsible for innovation, transport, building management, etc.;
- conducting external studies and analyses to assess the feasibility of the Group's targets;
- monitoring the evolution of the SBTi methodology, including the emergence of new pollution abatement instruments (e.g., carbon removal solutions).

Corruption risk

Risk category
Operational

ESG type
Corporate governance

Period
Short-term

Primary potential impact
Compliance, reputational

Impact on business segments
All

Risk description:

As the Group invests unprecedented amounts of capital in the green energy sector, there is a risk of corruption. This includes instances where employees may give or accept bribes for illegal actions. While the direct financial impact of corruption may not be significant, the reputational damage, especially if high-level managers are involved, could be substantial and lead to severe financial consequences in the future.

Key mitigation directions include:

The Group is ISO 37001 (Standard for Anti-Bribery Management Systems) certified. According to the Group's system, the following controls are put in place to mitigate the corruptions risks:

- applying a centralized Code of Ethics;
- conducting thorough candidate screening;
- providing basic anti-corruption online courses for employees;
- managing conflicts of interest through systems like Private Interest Declaration System (PID), PINREG, and the Recusal Register;
- managing gifts and hospitality through a Gift Register;
- conducting thorough procurement screening before signing a contract;
- implementing a whistleblowing mechanism (Trust Line);
- conducting internal investigations;
- performing corruption risk assessments;
- thoroughly screening transactions and business partners before signing a contract;
- ensuring anti-corruption controls and commitments by business partners;
- implementing financial and non-financial control measures;
- providing additional anti-corruption training for employees;
- offering additional anti-corruption training for business partners;
- conducting an annual corruption perception survey.

Risk of non-compliance with market integrity regulations

Risk category
Legal

ESG type
Corporate governance

Period
Short-term

Primary potential impact
Compliance, reputational

Impact on business segments
All

Risk description:

As renewables-focused integrated utility group, active in Baltic states, Poland and Finland, whose shares are listed on the financial markets, Ignitis Group has to comply with various market integrity regulations: REMIT (Regulation on Wholesale Energy Market Integrity and Transparency), EMIR (European Market Infrastructure Regulation), MAR (Market Abuse Regulation), which are designed to ensure market stability and transparency. Failure to comply with these regulations may result in significant fines and might have a negative impact on the Group's reputation.

Key mitigation directions include:

- centralized coordination of market integrity regulations compliance issues in the Group;
- improving control mechanisms and procedures, internal legislation;
- mandatory periodic employee trainings;
- performing periodic internal audits;
- proactive communication with regulators.

Compliance with financial market transparency rules

The Group strives for maximum transparency, effective management of inside information and equality of all financial market participants regarding the availability of the issuer's material information. Effective prevention of market abuse is one of our main priorities. The Group is listed in both London and Nasdaq Vilnius stock exchanges and complies with all relevant EU, Lithuanian and UK laws and regulations.

The Group's own internal market abuse prevention and transparency rules are regularly updated, and the main regulations are made available to the public. The Group periodically trains its employees on market abuse and insider rules. The coordination of market abuse prevention is one of the responsibilities of the Group Business Resilience.

The main market abuse prevention projects carried out in 2024 include:

- updating the Group Market Abuse Prevention Guidelines - the document sets out prohibited insider dealing and market manipulation actions and provides recommendations to avoid them within the Group;
- updating the Group Inside Information Management Guidelines - the document provides for inside information management, disclosure requirements, compilation of an Insider list and other aspects of efficient transparency and disclosure of information to investors;
- updating the Group's inside information position matrix and presenting specialized inside information management instructions for target groups;
- a new specialized Inside information management and share trading course was introduced for those on the Insider list and other Group employees to ensure efficient market abuse prevention.

Also, the Inside Information Disclosure Committee (comprising 5 experts from finance, law, compliance, investor relations and communication areas) is operating successfully by dealing with complex inside information management issues effectively while ensuring maximum transparency. In its activities, the committee follows the principles of ensuring proper competence and the ability to manage emerging risks, promptly making appropriate decisions, constantly improving the knowledge of the Group employees in the field of market abuse prevention and implementing the best practices.

By implementing Article 19 of the Market Abuse Regulation (EU) No 596/2014 (MAR) the Group applies a stricter Closed Period calendar than the requirements of Lithuanian and UK legal acts provide, prohibiting trading for a period of 30 calendar days not only before the publication of annual and half-year financial results, but also before the publication of 3- and 9-month results, and 2 days after the publication, thus aiming to ensure even greater market abuse prevention and transparency.

In 2024, same as in the previous years, the Group has successfully ensured the compliance with all MAR requirements.

Related party transactions

The parent company follows the provisions of the Law on Companies of the Republic of Lithuania (link in Lithuanian) when conducting related party transactions. The Policy on Related Party Transactions of the Group was updated by the decision of the Supervisory Board on 16 June 2023 in accordance with changes in the provisions of the Law on Companies of the Republic of Lithuania. It must be noted that the Supervisory Board of the parent company considers the conclusions of the Audit Committee and makes decisions regarding related party transactions of the parent company and the Group companies if these transactions meet all of the following materiality criteria: (i) the type of the transaction is an investment, acquisition, transfer, lease, pledge and mortgage of assets, surety or guarantee for the fulfilment of obligations; (ii) the amount of the transaction or the aggregate amount of such transactions during the financial year exceeds 1/10 of the asset value shown in the most recent balance sheet; (iii) transactions are conducted under unusual market conditions and/or are not attributable to ordinary economic activities. We disclose information about the concluded related party transactions on our website and, in accordance with the IFRS requirements, in the section '8 Consolidated financial statements' of this report. Additionally, according to Article 372(11) of the Law on Companies of the Republic of Lithuania, the Group's management report must include transactions concluded with related parties regarding the investment, acquisition, transfer, lease, pledge and mortgage of assets, surety or guarantee for the fulfilment of obligations, which are entered into in the ordinary course of business under normal market conditions where a transaction or the aggregate amount of such transactions during the financial year exceeds 1/10 of the asset value shown in the most recent balance sheet, as well as information on the legal name, registration code, business form, official register and address of the related party and the amount of the transaction, which is also disclosed in section '8 Consolidated financial statements' of this report.

4.8 Group's structure

Overview

AB "Ignitis grupė" is a parent company of the Group, responsible for the coordination and transparent management of its activities. Information on the Group companies at the end of the reporting period is presented on the following page. Further information, including the financials of the parent company and its subsidiaries, is available in the section '7 Additional information' of this report and on our website.

Changes in the Group's structure during the reporting period

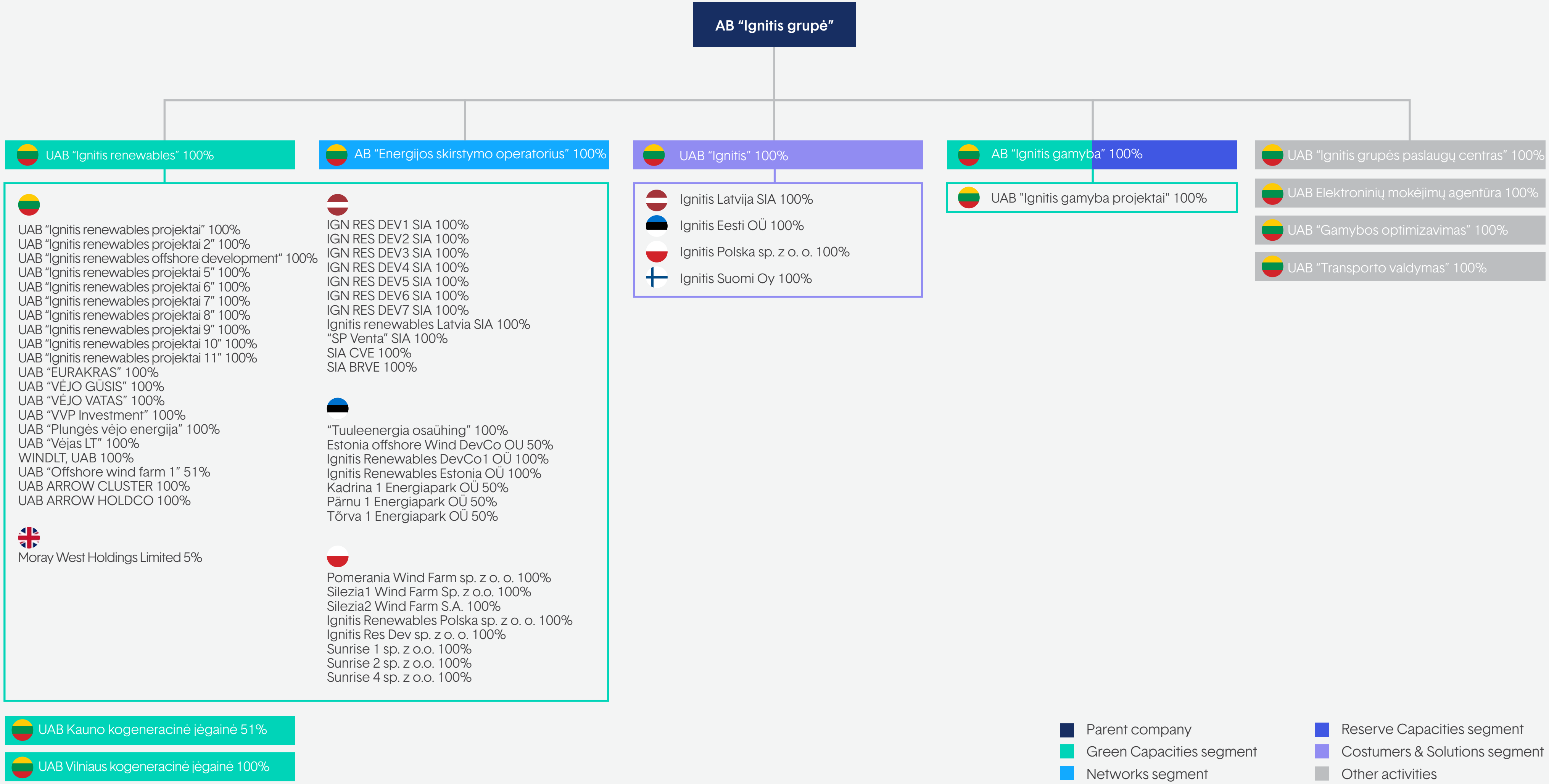
- In January 2024, AB "Ignitis gamyba" established a new subsidiary UAB "Ignitis gamyba projektai".
- In April 2024, UAB "Ignitis renewables" established two new subsidiaries: UAB "Ignitis renewables projektai 9" and UAB "Ignitis renewables projektai 10".
- In May 2024, UAB "Ignitis renewables" established a new subsidiary UAB "Ignitis renewables projektai 11".
- In June 2024, UAB "Ignitis renewables" established two new subsidiaries in Estonia: Ignitis renewables DevCo1 OÜ and Ignitis renewables Estonia OÜ.
- In August 2024, the name of UAB "Ignitis renewables projektai 3" was changed to UAB ARROW HOLDCO.
- In August 2024, the name of UAB "Vėjo galia bendruomenei" was changed to UAB ARROW CLUSTER.
- In September 2024, there was a change in shareholder composition of UAB "Ignitis renewables projektai 6". 100% of the shares of UAB "Ignitis renewables projektai 6" were acquired by UAB "Ignitis renewables projektai 11" from UAB "Ignitis renewables".
- In October 2024, UAB "Ignitis renewables" acquired 100% of the shares of the following Polish companies: Sunrise 1 Sp. z o.o., Sunrise 2 Sp. z o.o., Sunrise 4 Sp. z o.o.
- In December 2024, UAB "Ignitis renewables" acquired 50% of the shares of the following Estonian companies: Kadrina 1 Energiapark OÜ, Pärnu 1 Energiapark OÜ, Tõrva 1 Energiapark OÜ.

Changes in the Group's structure after the reporting period

- In February 2025, Ignitis renewables DevCo1 OÜ acquired 50 % shares of the following Estonian companies: Väike-Maarja 1 Energiapark OÜ and Pärnu 2 Energiapark OÜ.

Ignitis Group employees

Group's structure



AB "Ignitis grupė"

UAB "Ignitis renewables" 100%

UAB "Ignitis renewables projektai" 100%
UAB "Ignitis renewables projektai 2" 100%
UAB "Ignitis renewables offshore development" 100%
UAB "Ignitis renewables projektai 5" 100%
UAB "Ignitis renewables projektai 6" 100%
UAB "Ignitis renewables projektai 7" 100%
UAB "Ignitis renewables projektai 8" 100%
UAB "Ignitis renewables projektai 9" 100%
UAB "Ignitis renewables projektai 10" 100%
UAB "Ignitis renewables projektai 11" 100%
UAB "EURAKRAS" 100%
UAB "VĖJO GŪSIS" 100%
UAB "VĖJO VATAS" 100%
UAB "VVP Investment" 100%
UAB "Plungės vėjo energija" 100%
UAB "Vėjas LT" 100%
WINDLT, UAB 100%
UAB "Offshore wind farm 1" 51%
UAB ARROW CLUSTER 100%
UAB ARROW HOLDCO 100%

Moray West Holdings Limited 5%

IGN RES DEV1 SIA 100%
IGN RES DEV2 SIA 100%
IGN RES DEV3 SIA 100%
IGN RES DEV4 SIA 100%
IGN RES DEV5 SIA 100%
IGN RES DEV6 SIA 100%
IGN RES DEV7 SIA 100%
Ignitis renewables Latvia SIA 100%
"SP Venta" SIA 100%
SIA CVE 100%
SIA BRVE 100%

"Tuuleenergia osaühing" 100%
Estonia offshore Wind DevCo OU 50%
Ignitis Renewables DevCo1 OÜ 100%
Ignitis Renewables Estonia OÜ 100%
Kadrina 1 Energiapark OÜ 50%
Pärnu 1 Energiapark OÜ 50%
Tõrva 1 Energiapark OÜ 50%

Pomerania Wind Farm sp. z o. o. 100%
Silezia1 Wind Farm Sp. z o.o. 100%
Silezia2 Wind Farm S.A. 100%
Ignitis Renewables Polska sp. z o. o. 100%
Ignitis Res Dev sp. z o. o. 100%
Sunrise 1 sp. z o.o. 100%
Sunrise 2 sp. z o.o. 100%
Sunrise 4 sp. z o.o. 100%

UAB Kauno kogeneracinė jėgainė 51%

UAB Vilniaus kogeneracinė jėgainė 100%

AB "Energijos skirstymo operatorius" 100%

UAB "Ignitis" 100%

Ignitis Latvija SIA 100%
Ignitis Eesti OÜ 100%
Ignitis Polska sp. z o. o. 100%
Ignitis Suomi Oy 100%

AB "Ignitis gamyba" 100%

UAB "Ignitis gamyba projektai" 100%

UAB "Ignitis grupės paslaugų centras" 100%

UAB Elektroninių mokėjimų agentūra 100%

UAB "Gamybos optimizavimas" 100%

UAB "Transporto valdymas" 100%

■ Parent company
■ Green Capacities segment
■ Networks segment
■ Reserve Capacities segment
■ Costumers & Solutions segment
■ Other activities

Governance model of Group companies

The entities presented above are directly or indirectly controlled by the Group, which applies the governance model as on the right side:

Changes in collegial bodies during the reporting period

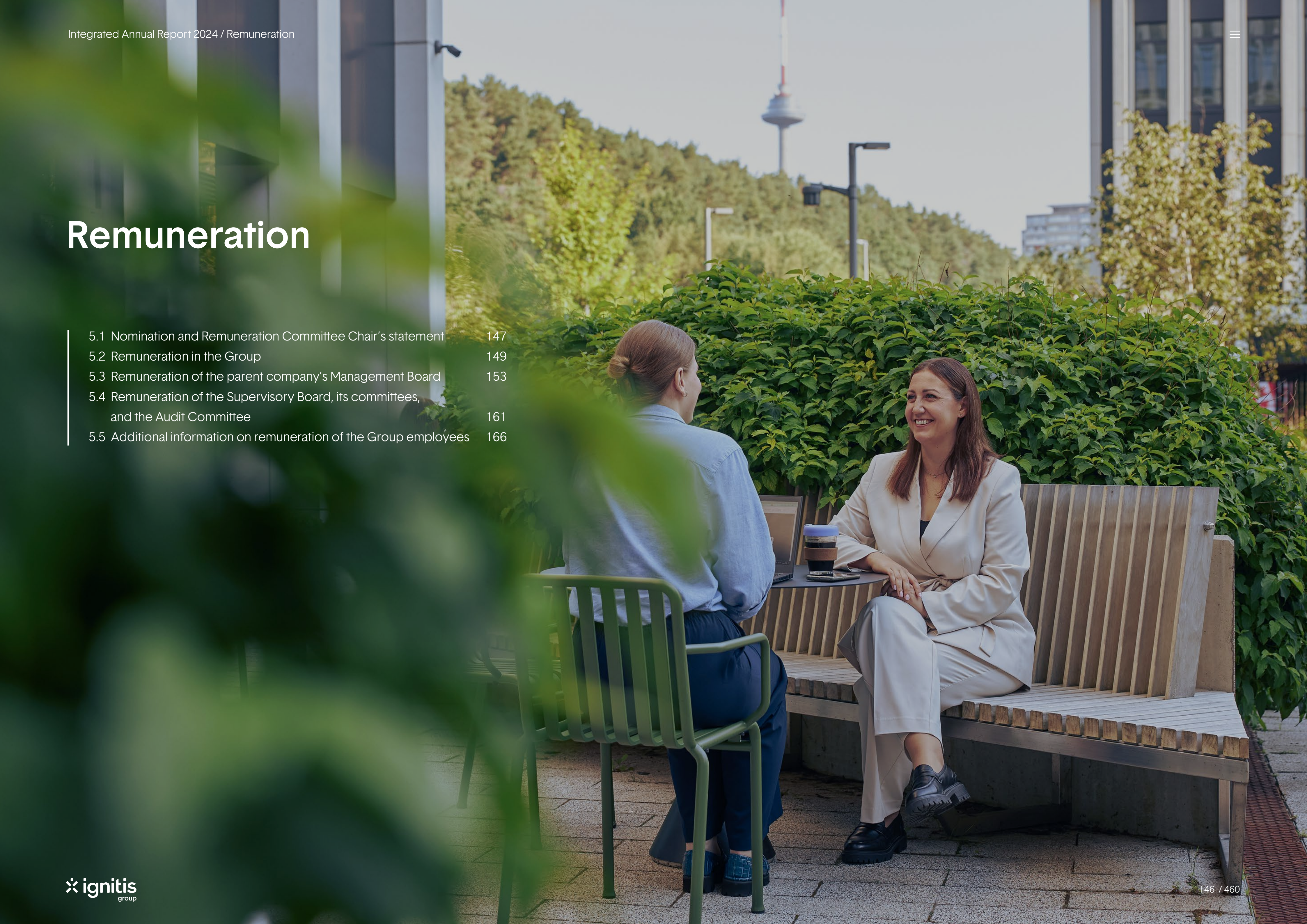
- **The composition of the Supervisory Board and the Nomination and Remuneration Committee of AB "Ignitis grupė" has changed.** Bent Christensen's term of office as a Member of the Supervisory Board and the Nomination and Remuneration Committee ended on 4 January 2024. On 11 September 2024, Sian Lloyd Rees was elected as an Independent Member of the Supervisory Board. By the decision of the Supervisory Board of 12 September 2024, Sian Lloyd Rees has been appointed to the Nomination and Remuneration Committee.
- **The composition of the Management Board of Ignitis Renewables Polska Sp. z o.o. has changed.** On 31 January 2024, the General Meeting of Shareholders of Ignitis Renewables Polska Sp. z o.o. made a decision to appoint Maciej Kowalski as the new Member and Chair of the Management Board of Ignitis Renewables Polska sp. z o.o. Therefore, Jacek Wojerz was dismissed as the Chair and Laurynas Jocys was dismissed as a Member of the Management Board.
- **The CEO of AB "Ignitis gamyba" has changed.** On 27 March 2024 Asta Sungailienė was appointed as CEO.
- **The CEO of UAB Elektroninių mokėjimų agentūra has announced her resignation.** Gabrielė Lubytė, CEO of UAB Elektroninių mokėjimų agentūra, announced her resignation. Justina Charlamova has been appointed as Interim CEO from 27 February 2024 until 8 June 2024. On 9 June 2024 Jurgita Blažienė was appointed as the new CEO for a five-year term.
- **The CEO of UAB "Transporto valdymas" has been appointed for the second term of office.** On 28 February 2024, by the decision of the sole shareholder, Jurgita Navickaitė-Dedelienė was appointed as the CEO of UAB "Transporto valdymas" for a second five-year term.
- **The Board of Kaunas CHP has been appointed for a new four-year term of office.** On 30 April 2024, the new Board of Kaunas CHP took office. The Board comprises three members: independent member Mantas Bartuška and parent company's' representatives Mantas Mikalajūnas (delegated by the parent company) and Vitalijus Žuta (delegated by UAB GREN Lietuva).
- **The corporate governance model of Ignitis Polska was changed from a two-tier to a one-tier model, abolishing the Supervisory Board on 17 June 2024.** Maciej Kowalski was appointed as the CEO and Chair of the Board of Ignitis Polska on 1 April 2024.
- **The composition of the Boards of the subsidiaries of Ignitis Renewables has changed.** In June, the composition of the Boards of the below-listed subsidiaries of Ignitis Renewables has changed, and the current Board members are indicated below.
  - the Board of Ignitis renewables Latvia SIA: Garry Bills and Baiba Lāce;
  - the Board of IGN RES DEV1 SIA: Matthew Michael Charles Braund and Baiba Lāce;

Corporate governance model	Group companies
Supervisory Board Management Board CEO	The parent company
Board CEO	AB "Energijos skirstymo operatorius", AB "Ignitis gamyba", UAB "Ignitis", UAB "Ignitis renewables", UAB Vilniaus kogeneracinė jėgainė, UAB Kauno kogeneracinė jėgainė, UAB Elektroninių mokėjimų agentūra, UAB "Ignitis grupės paslaugų centras", UAB "Ignitis renewables offshore development", UAB "Ignitis renewables projektai 5", UAB "Ignitis renewables projektai 6", UAB "Ignitis renewables projektai 11".
Supervisory Board Management Board	Silezia2 Wind Farm S.A.
CEO	UAB "VVP Investment", UAB "VĖJO GŪSIS", UAB "VĖJO VATAS", UAB "EURAKRAS", UAB "Ignitis renewables projektai", UAB "Ignitis renewables projektai 2", UAB ARROW HOLDCO, UAB "Ignitis renewables projektai 7", UAB "Ignitis renewables projektai 8", UAB ARROW CLUSTER, UAB "Plungės vėjo energija", UAB "Vėjas LT", WINDLIT, UAB, UAB "Offshore wind farm 1", UAB "Gamybos optimizavimas", UAB "Transporto valdymas", UAB "Ignitis gamyba projektai", UAB "Ignitis renewables projektai 9", UAB "Ignitis renewables projektai 10".
Management Board	Ignitis Eesti OÜ, Ignitis Latvija SIA, Ignitis Polska Sp. z o.o., Ignitis Suomi Oy, Tuuleenergia OÜ, Ignitis renewables Latvia SIA, IGN RES DEV1 SIA, IGN RES DEV2 SIA, IGN RES DEV3 SIA, IGN RES DEV4 SIA, IGN RES DEV5 SIA, IGN RES DEV6 SIA, IGN RES DEV7 SIA, SIA CVE, Pomerania Wind Farm sp. z o.o., Ignitis renewables Polska sp. z o.o., Silezia1 Wind Farm sp. z o.o, Ignitis Res Dev sp. z o.o., Estonia Offshore Wind DevCo OÜ, "SP Venta", SIA, SIA BRVE, Ignitis renewables DevCo1 OÜ, Ignitis renewables Estonia OÜ, Sunrise 1 sp. z o.o., Sunrise 2 sp. z o.o., Sunrise 4 sp. z o.o.

  - the Board of IGN RES DEV2 SIA: Garry Bills and Baiba Lāce;
  - the Board of IGN RES DEV3 SIA: Matthew Michael Charles Braund and Baiba Lāce;
  - the Board of IGN RES DEV4 SIA: Matthew Michael Charles Braund and Baiba Lāce;
  - the Board of IGN RES DEV5 SIA: Matthew Michael Charles Braund and Baiba Lāce;
  - the Board of IGN RES DEV6 SIA: Matthew Michael Charles Braund and Baiba Lāce;
  - the Board of IGN RES DEV7 SIA: Matthew Michael Charles Braund and Baiba Lāce;
  - the Board of SP Venta SIA: Garry Bills and Baiba Lāce;
  - the Board of SIA BRVE: Matthew Michael Charles Braund and Baiba Lāce;
  - the Board of SIA CVE: Matthew Michael Charles Braund and Baiba Lāce.
- **The Board members of Ignitis Eesti OÜ were re-elected for the next four-year term, which started in 16 August 2024.** Timo Tatar was appointed as CEO of Ignitis Eesti OÜ on 2 September 2024 (according to the Estonian legislation, CEO position is not considered as the management body).
- **The corporate governance model of Ignitis Latvija SIA was changed from a two-tier to a one-tier model, abolishing the Supervisory Board on 21 August 2024.**
- **A Board member of AB "Energijos skirstymo operatorius" has resigned.** Jonas Skardinskas resigned from the Board on 12 November 2024. The selection of a new member of the Board has been announced and is in progress.
- **The composition of the Management Board of Ignitis Eesti OÜ has changed.** The General Meeting of Shareholders of Ignitis Eesti OÜ made a decision to appoint Timo Tatar as the new Member of the Management Board of Ignitis Eesti OÜ. The Management Board, consisting of three members Timo Tatar, Haroldas Nausėda and Eimantas Balta, was reappointed for a new 4-year term of office, which started on 2 December 2024.

Changes in collegial bodies after the reporting period

- **Thierry Aelens, CEO of UAB "Ignitis renewables" has decided to resign from his position effective from 30 March 2025.** Gary Bills has been appointed as the interim CEO, effective from 31 March 2025.



Remuneration

5.1 Nomination and Remuneration Committee Chair's statement

Overview

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

In this report we provide a transparent and comprehensive overview of the remuneration of the CEO, members of the Management Board, Supervisory Board and its committees, as well as the Audit Committee of the parent company. The reported remuneration is in line with our Remuneration Policy.

Key activities in 2024

The Annual General Meeting of Shareholders of the parent company held on 27 March 2024 agreed to the parent company's Remuneration for 2023, as part of the parent company's Integrated Annual Report 2023.100% of shareholders, who participated in the vote, voted in favor, and the decision was adopted accordingly (resolutions and voting results). No remarks were made regarding the document during the meeting. Nevertheless, the parent company has considered the observations provided by proxy advisory.

Considering the best governance practices, we made changes to the Remuneration Policy in 2024. The changes were effective since 27 March 2024 and include the following:

- it was clarified that objectives linked to long-term incentives (LTI) are not the same as objectives linked to short-term incentives (STI), and that objectives linked to STI usually support the achievement of long-term objectives;
- to be in line with good practices of high performing organisations, a minimum threshold of achieving 70% of a target has been set;
- in order to improve the clarity of disclosure, the term "up to" has been removed from STI target percentages, and the LTI component has been clarified;

Lorraine Wrafter
Chair of the Nomination and Remuneration Committee

- emphasis was made that the variable part of remuneration is paid in cash;
- emphasis was made that the minimum vesting period for the payment of LTIs is 4 years;
- the Remuneration Policy has been supplemented with a definition of a "good leaver" and a "bad leaver" in the context of paying variable remuneration;
- in order to reflect the changing situation in the remuneration market and to maintain the motivation of the members of the company's collegial bodies, we added a possibility to review the remuneration of collegial body's members once, during the mid-term of their office, within the percentage range used during the annual fixed based salary (FBS) review within the Group for the respective year.

The Group also launched a number of additional initiatives related to the changes in the Group's economic and work/social environment, such as:

- continuing to enhance the semi-flexible benefits system by providing an increased variety of options to choose as additional benefits and by increasing the value of the benefits provided in response to the market situation;
- continuing to apply a hybrid work model by offering employees work flexibility, thus improving their work-life balance. Our hybrid work model allows employees to work 2 days per week remotely. Additionally, we are offering an opportunity to work from Lithuania, any other European Union and selected other countries for 2 consecutive weeks per calendar year.

It is important to note that over the course of 2024, the Group worked with an international external advisor to benchmark the Group's reward structure for the CEO with local and foreign peers. Despite complex market situation and the absence of companies with similar operations in the nearest regions, we have developed clear criteria based on which the peer group was established (for further details, see section 'Remuneration of the parent company's Management Board' of this report).

Plans for 2025

In 2025, we will conduct a comprehensive review of our remuneration and performance management system in response to market changes, the dynamic business environment, and the evolving priorities of the Group. Our goal is to create a high performing organisational culture and ensure alignment with the best market practices while supporting our strategic objectives. To achieve this, we are committed to design a system that reflects the highest market standards and fosters a motivating, performance-driven culture. To ensure the implementation of best-in-class market practices, we plan to collaborate with leading consultancy firms.

The initial milestone in this impactful project for the Group was achieved in 2024, marked by the calibration of all the Group's positions to uphold internal equity and reinforce the coherence of the organisational structure.

Following this review, we will continue to have transparent and open dialogue with our shareholders and other stakeholders on our remuneration arrangements and any future changes, as it is our top priority. This commitment highlights our dedication to aligning executive compensation with performance and ensuring value creation for shareholders, as outlined in our comprehensive Remuneration.

Lorraine Wrafter
Chair of the Nomination and
Remuneration Committee

> **The Group is rapidly moving towards sustainability, including the management of human resources. Hence, the ongoing transition requires new skills and competencies as well as continuous development of our culture.**

5.2 Remuneration in the Group

Remuneration-related decision-making process

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

The Remuneration Policy's approval process is based on the Lithuanian Labour Code, the Law on Companies and the Corporate Governance Code for the Companies Listed on Nasdaq. The parent company is required to submit any proposed amendments to the Remuneration Policy for the approval of the General Meeting of Shareholders. We also inform and consult the representatives of employees of the parent company and the Group companies as well as other stakeholders about changes to the Remuneration Policy (if any). The latest version of the Remuneration Policy was approved by the General Meeting on 27 March 2024 with 95% of the votes in favour (resolutions and voting results) and is available on our website.

The Remuneration Guidelines are approved by the decision of the parent company's Management Board.

Remuneration Policy and its structure

The key objective of our Remuneration Policy is to support the Group's pathway towards achieving its goals through 5 key principles detailed on the right side.

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

Overall, our Remuneration Policy is designed to attract, retain, and motivate employees to ensure the achievement of the Group's targets by creating a high performing organisational culture. Thus, we aim to pay the median of the market where the Group companies operate. Depending on the competitive environment in a certain country or the strategic objectives set for a Group company, a different remuneration ratio (higher or lower) than the median of the remuneration market may be set. To ensure the principle of external competitiveness, the FBS salary ranges may be determined and reviewed annually while considering the data of an independent national salary survey and the remuneration market trends. Salary ranges are determined for each job level based on the median of the salary market. While we are one of the biggest job market players in Lithuania, there is lack of salary data for a top management level in local remuneration surveys. For this reason, for a third year in a row, the Supervisory Board was advised by an international remuneration consultant who provides independent opinion on executive's remuneration compared to the local salary market.

The remuneration structure is consistent across the Group. It includes fixed and variable remuneration parts, which are described in detail in the following table. Additionally, further information on short-term incentives (STI) and long-term incentives (LTI) is provided separately in the following pages.

Key principles of the Remuneration Policy

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

Remuneration structure

Type	Element	Applicability	Description and performance measures
Fixed remuneration	Fixed base salary (FBS)	All Group employees	FBS is established in the employment contract while considering the level of the position and the level of competency of the employee. FBS is paid on a monthly basis. FBS revision is performed during the annual performance review or when necessary (in case of changes in functions, career, etc.).
	Payment for being a board member (PBM)[1]	Members of the parent company's or Group companies' collegial bodies	PBM is fixed and paid on a monthly basis (for more information, see section 'Remuneration of collegial bodies of the parent company').
Variable remuneration	Short-term incentives (STI)	All Group employees	This is performance-based incentivization (cash-based), i.e., for meeting targets or indicators set for an individual position. STI proportion is determined as a percentage of FBS. STI of 20% (of the annual FBS) applies to the executives and positions with strategic responsibilities, for other employees – 10%. In order to achieve the flexibility of the remuneration system for specific job groups, a specialised remuneration system with different STI size or payment frequency may be introduced.
	Long-term incentives (LTI)	Key executives[2]	This is performance-based incentivization (cash-based) for meeting targets of a four-year strategic period (not overlapping with STI targets[4]). LTI proportion is determined as a percentage of average salary, e.g., LTI of 40% of the average annual FBS for a relevant strategic period (10% for each year). Long-term incentives are determined by evaluating business performance over a rolling four-year performance period and are paid after the end of each strategic period of 4 years (vesting period is 4 years).
		Managers with strategic responsibilities[3]	This is performance-based incentivization (cash-based) paid for the development of strategic long-term projects (not overlapping with STI targets[4]). LTI proportion is determined as a percentage of average salary, e.g., LTI of up to 30% (of the average annual FBS for a relevant strategic period). Criteria for and objectives of the implementation of long-term targets may be determined and approved by the Management Board of the parent company.
Other rewards	Discretionary bonus	All Group employees except CEOs, members of the Management Board of the parent company and the executive committees of the Group companies	This is performance-based incentivization to promote extraordinary results or for managing strategically important initiatives of the Group. Additional financial incentives may be provided at the initiative and discretion of the employer and are not a guaranteed part of the remuneration package.
	Expatriate's / attraction package	Employees who are hired from a foreign country	This is reimbursement of additional expenses related to the relocation of an employee from one country to another due to his/her job functions. It also is used to attract talents from foreign countries.
	Additional benefits	All Group employees	This includes non-cash remuneration, such as accidental injury insurance and a variety of health insurance schemes with pre-set funds (amount does not exceed EUR 1,000 per person and is the same for everyone), contributions to a private pension fund and other benefits offered according to the internal procedures and each employee's decisions. It is designed to promote employee motivation and loyalty. The additional benefits package for the members of the Management Board of the parent company and the executive committees of the Group companies additionally includes a company EV or mobility allowance.

---

[1] On 18 September 2023, PBM was merged with FBS.

[2] Key executives – employees holding the position of a member of the parent company's Management Board as well as CEOs of AB "Energijos skirstymo operatorius", UAB "Ignitis", AB "Ignitis gamyba" and UAB "Ignitis renewables".

[3] Managers with strategic responsibilities – managers who have the Group's long-term (longer than one year) strategic and/or critical importance objectives.

[4] This rule was applied on 30 March 2023, following the approval of a new wording of the Remuneration Policy by the General Meeting of Shareholders of the parent company.

The complete Remuneration Policy and People and culture policy along with further information on human resources management are available on our website, and in the '6. Sustainability statement' under section '6.3 Social' of this report.

Short-term incentives

Short-term incentives (STI), i.e., a percentage of the annual FBS paid to a particular position or an employee for meeting the objectives set for him/her, are tied to performance results. Objectives linked to STI usually support the achievement of long-term objectives. The maximum STI level set for the parent company's Management Board as well as CEOs, members of executive committees and top executives of the Group companies is 20% of the annual FBS. For the remaining employees, the maximum STI level is capped at 10% (except for the employees who work with renewable energy projects and/or activities, in sales/trading, and have strategic objectives).

The maximum STI level, depending on the employee's position within the Group, is provided in the following table. Additionally, further information about STI objectives of members of the parent company's Management Board, including the CEO, and the performance results are provided in section 'Remuneration of the parent company's Management Board' below.

The minimum threshold for the achievement of a specific target is 70%, and therefore if the target is achieved at a lower percentage, the target shall be considered as not achieved. Overachievement of the targets is not rewarded (except for sales positions where it may be compensated; however, a cap on the maximum bonus amount is applied). Deferral or recovery of STIs are not possible in the Group. However, it is possible to withhold their payment, reduce or request to return the STIs in part or in full to/from an employee who commits unlawful acts whilst achieving the set targets or in cases such as the restatement of accounts or the submission of erroneous data. Further details on this matter are described in the Remuneration Policy (malus and claw-back).

The incentive schemes for members of management bodies are linked to long-term targets, which incorporate financial targets, strategic projects and key milestones, as well as sustainability matters.

The maximum STI level depending on the employee's position within the Group

Position category	Maximum STI level (of the annual FBS)
Members of the Management Board of the parent company	20%
CEOs (executives) / members of the Group companies executive committees	20%
Mid-level managers of the Group	10% / 20%[1]
Other employees of the Group	10% / 20%[1]

[1] The maximum STI level is set at 20% of the annual FBS for employees with strategic responsibilities for the development of strategic and/or critically important long-term projects and/or strategic objectives not shorter than 1 year.

Long-term incentives

Following the IPO, the company provides long-term incentives to align with shareholders' expectations, retain key executives, enhance their motivation, and connect compensation to the long-term strategy. These incentives are tied to the Group's four-year strategic plan.

When implementing the parent company's IPO in 2020, a long-term incentive share options programme for employees and executives of the Group had been introduced. However, because the Group is one of the first SOEs introducing such incentive schemes, it was challenged by a public prosecutor, questioning the programmes' compliance with national legal acts, and suspended by applying interim measures on 3 May 2021. The parties decided to resolve the dispute in the most reasonable and economic manner, considering the Group's decision to terminate the suspended programme. In May 2021, the top executives of the Group terminated the concluded executive option agreements on their own initiative and in March 2022 the collegial bodies of the Group annulled other documents disputed in the claim. As stated in the Remuneration Policy, the Group's Supervisory Board approves the long-term objectives of the top managers of the Group based on the Group's strategy, and, after the cancellation of the long-term incentive share options programme, the motivation to achieve these objectives were not linked to their financial remuneration.

Therefore, on 30 March 2023 a new wording of the Remuneration Policy was approved, where a cash-based long-term remuneration element for existing strategic targets was introduced (i.e. replaced share option programme).. The long-term objectives of the top managers that align with the strategy of the Group are approved by the Group's Supervisory Board. LTI is based on the performance during the strategic periods, and the first LTI payment was paid in Q2 and Q3 2024 for the 2020–2023 strategic period. We disclose our LTI plan, outlining the strategic objectives for the period of 2021–2024 in section 'Long-term incentive (LTI) targets', whereas objectives for other periods (2022–2025, 2023–2026, 2024–2027) are made publicly available on our website, Nasdaq Vilnius and

London Stock Exchange, thus ensuring information transparency and accessibility for our shareholders. It is important to note that the strategic objectives for the period of 2025–2028, together with a strategic plan, are expected to be announced and approved later in 2025. Therefore, these objectives are not publicly disclosed.

Long-term incentives (LTI), i.e., a percentage of the annual FBS paid to an employee in a particular position category for meeting the objectives set for him/her, are tied to performance results. The maximum LTI level set for key executives is 40% (10% for each year) of the average annual FBS paid during the strategic period. The LTI targets are tied to the objectives defined in the Group's four-year strategic plans. Long-term objectives are not the same as short-term objectives.

The awards under the LTI are subject to the following vesting schedule as described in the table on the right.

Cash-based LTI is paid based on a vesting period of four years. The payment, calculated using the specified formula below, is made after the due date.

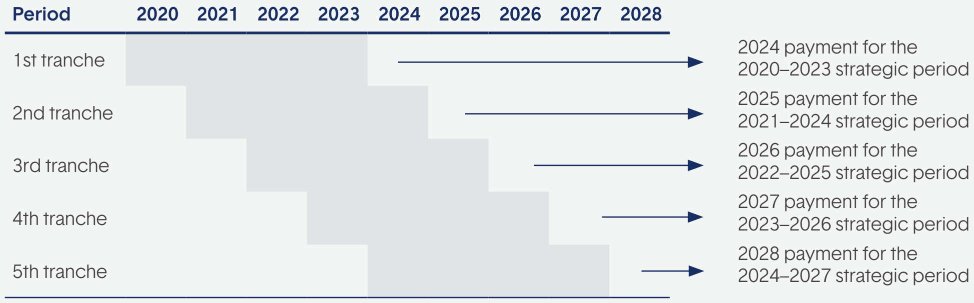
The LTI payment is calculated using the following formula:

LTI = (Total FBS paid during the strategic period) / 4 x amount of LTI (%) x percentage of achieved LTI objectives (%)

However the maximum LTI level set for managers with strategic responsibilities is up to 30% and vesting, performance and payout periods differs from those applicable to key executives. Objective-based maximum LTI level, depending on the employee's position category within the Group, is provided in the following table. Further information about LTI objectives and the performance results are provided in section 'Remuneration of the parent company's Management Board' below.

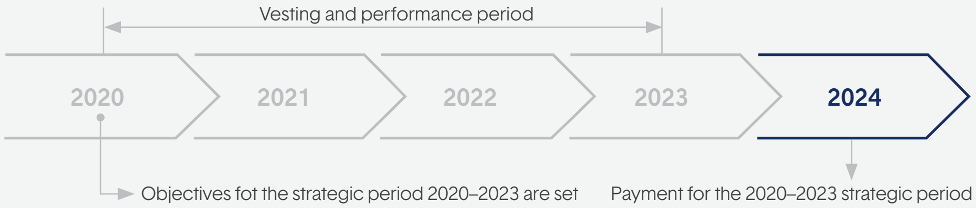
The minimum threshold for the achievement of a specific target is 70%, and if the target is achieved at a lower percentage, the target shall be considered as not achieved (0 (zero) percent). Overachievement of the targets is not rewarded. Deferral or recovery of LTIs are not possible in the Group. However, it is possible to withhold their payment, reduce or request to return the LTIs in part or in full to/from an employee who commits unlawful acts whilst achieving the set targets or in cases such as the restatement of accounts or the submission of erroneous data. Further details on this matter are described in the Remuneration Policy (malus and claw-back).

Payout periods and calculation example (according to strategic plans)



● *Vesting and performance period.*

Vesting schedule



LTI composition depending on the employee position within the Group

Position category	Maximum LTI level (of the average annual FBS paid during the strategic period)
Key executive (members of the parent company's Management Board, as well as CEOs of AB "Energijos skirstymo operatorius", UAB "Ignitis", AB "Ignitis gamyba" and UAB "Ignitis renewables")	40%
Managers with strategic responsibilities	Up to 30%

5.3 Remuneration of the parent company's Management Board

Overview

In this section we provide the development of remuneration paid to both former and current members of the Management Board. More in-depth information about the former members of the Management Board is available in the section 'Governance' of our previous annual reports, and about the current Management Board – in section '4 Governance' of this report.

The remuneration paid to the former as well as current members of the parent company's Management Board during their term of office was in line with the Group Remuneration Policy. However, in 2020 there have been changes made to our Remuneration Policy to align the STI structure within the Group companies. Accordingly, part of the parent company's Management Board's STI was transferred to the FBS, resulting in an FBS increase (STI before the transfer was 40%, now 20%). Also, during 2023 there has been an additional change – the payment for the activities in the Management Board was merged with the FBS.

The parent company Management Board's remuneration, EUR

		2024		2023		2022		2021		2020	
		Before taxes	**After taxes**	**Before taxes**	**After taxes**	**Before taxes**	**After taxes**	**Before taxes**	**After taxes**	**Before taxes**	**After taxes**
Fixed remuneration (FBS+PBM)	Darius Maikštėnas	244,054	145,110	198,673	118,270	175,158	104,975	159,178	95,597	151,911	91,234
	Jonas Rimavičius[1]	186,769	109,791	152,454	90,054	113,582	66,603	-	-	-	-
	Dr. Živilė Skibarkienė	190,727	112,720	160,355	94,678	142,666	84,755	129,778	77,578	120,154	71,731
	Vidmantas Salietis	192,283	116,331	158,657	96,571	142,020	86,744	129,550	79,205	123,257	75,398
	Mantas Mikalajūnas[1]	183,223	107,666	152,362	90,008	114,763	67,602	-	-	-	-
	Darius Kašauskas[2]	-	-	-	-	43,928	26,638	129,829	77,168	123,397	72,910
	Dominykas Tučkus[3]	-	-	-	-	-	-	70,159	40,724	123,522	72,985

[1] Jonas Rimavičius and Mantas Mikalajūnas were elected as members of the Management Board on 18 February 2022, causing comparison discrepancies.
[2] The term of office of Darius Kašauskas as a Management Board Member ended on 18 February 2022 (the job agreement was terminated on 28 February 2022) causing comparison discrepancies.
[3] On 25 June 2021, Dominykas Tučkus resigned from the position of a Member of the Management Board causing comparison discrepancies.

We remain committed to maintaining competitive compensation practices. Through our benchmarking process, we aim to align our salaries with industry standards and strive to catch-up ourselves to the median. While our employees are already at this benchmark line, our executive salaries were below the minimum of the market range. To address this disparity and retain top talent, further focus on reducing the gap between the executives' remuneration and the market practices.

Furthermore, following the Group Remuneration Policy, in 2024 a rigorous set of criteria was applied to create a peer group to ensure relevant and meaningful comparisons. The peer group serves as a benchmark for assessing the remuneration level for the CEO of the parent company, reflecting the industry's competitive landscape and optimising the Group's operational profile. The following criteria are applied to define the peer group for benchmarking purposes:

- **Industry classification:** companies from the GICS category, which is relevant to the Group, are included in the peer group (Group GICS: Electric Utilities). Similar types of activities under GICS categories are also included in the peer group, e.g., Independent Power Producers & Energy Traders, Multi-Utilities, and Renewable Electricity.
- **Market capitalisation:** based on the peer group creation methodology by ISS-Governance, companies are grouped by market capitalisation. The Group is considered a mid-sized company. For mid-sized companies, the market capitalisation of peer group companies should range from 0.25 to 4 times the market capitalisation of the mid-sized company bucket list (market capitalisation range between EUR 250 million and EUR 40 billion).
- **International scope:** selected businesses that operate in more than one country, reflecting a similar international presence as the Group, are included in the peer group.
- **Size:** companies with approximately 500 to 20,000 employees are included in the peer group, ensuring comparability in operational scope and scale.
- **Nature of business:** the peer group may consist of vertically integrated utilities (including activities in energy generation, flexibility services, distribution, supply) with a primary focus on renewables. These companies should demonstrate a commitment to sustainability and be aligned with the industry's transition to net zero, and they must not have a significant share of fossil fuel generation.
- **Group structure:** only the parent companies are included in the peer group.

Given the limited availability of companies with similar operations in the nearest regions, additional criteria were applied to include the following local market companies, thus ensuring regional relevance:

- **Companies listed on the Baltic market stock exchanges** are included in the peer group.
- **Market capitalisation:** local market companies with market capitalisation greater than EUR 500 million are included in the peer group.

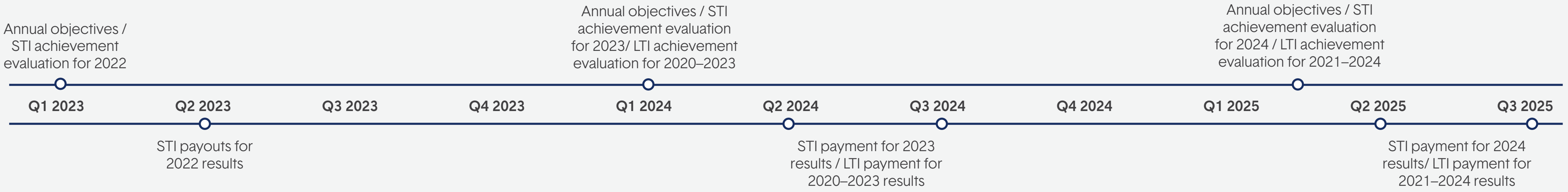
The Group's size metrics, including market capitalisation, revenue, and assets, place it near or above the median within the peer group, demonstrating its robust standing relative to peers. However, despite the inclusion of local market companies, the parent company's CEO fixed base salary is positioned at the 19th percentile compared to the peer group. Considering the geographic composition of the peer group and the significant differences in cost of living and economic conditions between these countries and Lithuania, this positioning is partly explainable.

This structured and deliberate approach to creating a peer group ensures that remuneration benchmarking remains fair, competitive, and aligned with the Group's strategic objectives and industry standards.

Overall, the Group's performance in 2024 was strong, resulting in exceeded full-year Adjusted EBITDA guidance and achievement of the 2024 STI and 2021–2024 LTI objectives. For both remuneration elements, the payments will be made in Q2 and Q3 2025 (for further details, see the sections 'Short-term incentives (STI) performance objectives' and 'Long-term incentives (LTI) performance objectives'.

The parent company Management Board's composition of cash-based remuneration in 2024, %

Remuneration payment timelines for a fiscal year[1, 2, 3]



---

[1] *FBS is paid monthly, and annual review is conducted in March with effective date being 1 April.*
[2] *STIs are paid in Q2 for the previous calendar year's results.*
[3] *LTIs are paid in Q2 and Q3 for the previous strategic period's results.*

Short-Term Incentive (STI) Performance Objectives

2024 STI Performance Objectives and their achievement overview

Annual objectives of the CEO and the members of the parent company's Management Board are based on the Group's strategic plan and are aligned with the annual objectives of the Group. The objectives are approved and their achievement is assessed by the Group's Supervisory Board.

The criteria applicable to the STI of the members of the parent company's Management Board for 2024 and objective achievements are available in the following table. The weights of performance objectives were redistributed, as BESS auctions were not announced in the region in 2024 – the possibility of this redistribution was foreseen when STI performance objectives for 2024 were set. In the event of below-access threshold achievement, the performance objective is considered as not achieved and payment for the objective is not awarded. The information on the STI performance objectives and their achievement in the previous periods is available on our website.

The parent company Management Board's 2024 STI Performance Objectives and their achievement

Performance criteria	Weight	Performance objective	Access threshold (70%)	Threshold I (80%)	Threshold II (90%)	Target and maximum (100%)	Actual result	Achieved performance	Achieved payout
Financial targets	44.4%	**Group Adjusted EBITDA,** EURm	413	[1]	[1]	459	527.9	100%	44.4%
Strategic projects or their key milestones	16.7%	**Expanding Green Capacities onshore portfolio:** – New Green Capacities projects (excl. Offshore), achieved secured capacity during 2024, MW[2]	300	[1]	[1]	500	174	0%	0%
	11.1%	**Executing Offshore wind project in Lithuania according to plan:** – Milestones[3] completed in 2024	2/3	n/a	n/a	3/3	3/3	100%	11.1%
	11.1%	**Developing Green Flexibility:** – Energy hubs: milestones[4] completed in 2024 (11.1%)	1/2	n/a	n/a	2/2	2/2	100%	11.1%
		– BESS capacities awarded in 2024, MWh (0%)	100	[1]	[1]	400	Objective removed as BESS auctions were not announced in 2024[5]	n/a	
Sustainability targets	16.7%	**ESG targets with focus on:**							14.2%
		– **Net Zero 2040 target validation[6] with SBTi during 2024** (5.6%)	Submitted	n/a	n/a	Validated	Submitted	70%	
		– **Increasing safety at work** (5.6%): – Zero work-related fatal accidents (own employees and contractors) and	0	0	0	0	0		
		– TRIR[7] of own employees (2.8%)	<2.1	[1]	[1]	<1.5	1.1	100%	
		– TRIR[7] contractors (2.8%)	<3.9	[1]	[1]	<2.7	0.8[8]		
		– **Implementation of inclusive recruitment program 2024[9]** (5.6%)	70%	[1]	[1]	100%	85%	85%	
		STI, %							**81%**
		STI, % of FBS (the maximum STI level is capped at 20% of annual FBS)							**16.2%**

[1] Target is measured according to the achievement scale with linear interpolation between the thresholds. [2] Secured Capacity – projects under the following stages: (i) Installed Capacity, or (ii) Under Construction or (iii) Awarded / Contracted. [3] Milestone No. 1: Geophysical survey completed (the first survey); Milestone No. 2: Geotechnical survey completed; Milestone No. 3: Ground model and foundation concept design completed. [4] Milestone No. 1: Offshore Energy Hub concept defined; Milestone No. 2: Onshore Energy Hub strategy prepared. [5] BESS auctions in the region were not announced in 2024, therefore the target is not applicable and removed from performance objectives, and its weight is redistributed to other targets proportionally. [6] Net Zero 2040 target validation with SBTi by 31 December 2024 is equal to 100% target (maximum) achievement; Net Zero 2040 target submitted for the validation by 31 December 2024 is equal to 70% access threshold (minimum) achievement. [7] TRIR – the rate of total recordable work-related incidents (number of recordable incidents x1,000,000 / total number of hours worked over the year). [8] Part of the total hours worked for contracts below 0.5 EURm/year may not be included in Contractor TRIR calculations, while all recordable incidents are included. [9] Ensuring gender balance in top management recruitment process: at least 33% of the underrepresented gender in shortlist of top management positions for completed recruitments of new/vacant positions in 2024 with the following exceptions: the selection of shareholder's representative is being organized and/or there is a reasonable purpose to ensure business continuity by appointing a person to the position due to structural/organizational changes; SPVs are out of the scope; for companies that have a registered office outside of the Republic of Lithuania, top management consists of Collegial bodies and CEO's only.

2025 STI Performance Objectives overview

In the table on the right we illustrate the STI performance objectives for 2025. Detailed information as of now is market-sensitive, therefore the performance and assessment will be provided in our Integrated Annual Report 2025.

The parent company Management Board's STI Performance Objectives for 2025

Performance criteria	Weight	Performance objective
Financial targets	40%	Group Adjusted EBITDA
Strategic projects or their key milestones	35%	– Expansion of the Green Capacities (excl. offshore) portfolio (15%) – Delivery of the Green Capacities projects under construction according to plan (10%) – Development of the Green Capacities offshore portfolio (10%)
Service quality	10%	– Assurance of service availability in 2025 to ensure energy security after the synchronisation of the Baltic states' grids with the European grids
Sustainability targets	15%	ESG targets with a focus on: – Increasing safety at work[1] (10%) – Implementation of inclusive recruitment program in 2025 (5%)

[1] *Zero work-related fatal accidents (own employees and contractors), TRIR (own employees and contractors).*

STI payments overview

In the table on the right we illustrate the STI variable remuneration information for 2020–2024.

The parent company Management Board's variable remuneration, EUR

		2024		2023		2022		2021		2020	
		Before taxes	After taxes	Before taxes	After taxes	Before taxes	After taxes	Before taxes	After taxes	Before taxes	After taxes
STI[1]	Darius Maikštėnas	41,564	24,715	25,231	14,925	22,427	13,273	22,005	13,046	34,829	20,637
	Jonas Rimavičius[2]	31,770	18,680	18,777	11,026	7,809	4,525	-	-	-	-
	Dr. Živilė Skibarkienė	33,155	19,600	21,000	12,329	18,666	10,971	18,315	10,826	29,008	17,112
	Vidmantas Salietis	33,155	20,059	21,000	12,705	18,666	11,293	18,315	11,081	29,008	17,550
	Mantas Mikalajūnas[2]	31,770	18,672	19,027	11,174	16,846	9,798	-	-	-	-
	Darius Kašauskas[3]	-	-	-	-	113,265	65,121	18,315	10,762	29,008	16,940
	Dominykas Tučkus[4]	-	-	-	-	-	-	26,184[4]	15,046	29,008	16,940

[1] *STI are paid in Q2 for the previous calendar year's results (e.g., STI for 2022 was paid in Q2 2023, thus STI payment in 2023 reflects the achievement of 2022 targets. For further details, see diagram 'Remuneration payment timeline for a fiscal year' below).*

[2] *Jonas Rimavičius and Mantas Mikalajūnas were elected as members of the Management Board on 18 February 2022, causing comparison discrepancies. Since the amounts of STIs are indicated for the entire calendar year, it must be noted that EUR 16,192 out of total STIs paid in 2023 to Jonas Rimavičius and Mantas Mikalajūnas (each) were paid for their 2022 performance as Management Board members, while the amounts paid to them in 2022 are related to their performance in 2021, a time when they did not hold the Management Board member positions.*

[3] *The term of office of Darius Kašauskas as a Management Board Member ended on 18 February 2022 (the job agreement was terminated on 28 February 2022) causing comparison discrepancies. Accordingly, the STI payment in 2022 includes 9 average monthly payments as a severance payment of EUR 94,599 (before taxes).*

[4] *On 25 June 2021, Dominykas Tučkus resigned from the position of a Member of the Management Board causing comparison discrepancies. Accordingly, the STI payment to Dominykas Tučkus in 2021 includes the STI for 2021 results. There was no severance payment.*

Long-Term Incentive (LTI) Performance Objectives

2021–2024 LTI Performance Objectives and their achievement overview

Long-term objectives of the key executives are based on the Group's strategic plan and are aligned with the objectives of the parent company set out in the Strategic Plan 2021–2024. The objectives are approved, and their achievement is assessed by the Group's Supervisory Board and are available in the table on the right. The required condition for 2021–2024 LTI performance objectives was achieved. In the event of below-access threshold achievement, the performance objective is considered as not achieved and payment for the objective is not awarded.

LTI performance objectives for the previous and upcoming periods (2020–2023, 2022–2025, 2023–2026, 2024–2027) are made publicly available on our website, Nasdaq Vilnius and London Stock Exchange, thus ensuring information transparency and accessibility for our shareholders. New LTI performance objectives for the 2025–2028 period will be published once they are approved as well.

The criteria applicable to the LTI of the key executives of the Group for 2021–2024 are available in the table on the right and on our website.

Key executives' 2021–2024 LTI Performance Objectives and their achievement

Performance criteria	Weight	Performance objective	Access threshold (70%)	Target and maximum (100%)	Actual result	Achieved performance	Achieved payout
Performance	40%	**TSR** TSR of Ignitis Group vs. average TSR of EURO STOXX® Utilities Index[1]	≥70%[2]	≥100%[2]	99.1%	99.1%	39.7%
Returns	20%	**Average adjusted ROCE**[3] over the four years 2021–2024	5.8%[2]	6.8%[2]	9.4%	100%	20%
Growing renewables	20%	**Green Capacities**, GW	-	1.8	1.4	0%	0%
Increasing efficiency in Networks	10%	**Increasing efficiency in regulated-monopolistic activities:** – Electricity SAIFI[4] in 2024 ≤1.09 times – Reduction of electricity network losses by at least by 5% (in 2024 vs. 2020), proportionally to the distribution volumes[5]	At least one of two indicators achieved	Both indicators achieved	Both indicators achieved[6]	100%	10%
ESG-principles-driven	10%	**Sustainability indices** MSCI ESG & Sustainalytics ESG risk indices	At least one of two indices improved[7]	Both indices improved[7]	One of two indices improved[8]	70%	7%
		LTI, %					**77%**
		LTI, % of FBS (the maximum LTI level is capped at 40% of average annual FBS paid during the strategic period)					**30.8%**

[1] TSR (Total Shareholders Return) is calculated as the ratio of the difference between the average share price at the end of the period and the beginning of the period and adding the amount of dividends per share over performance period to the share price at the beginning of the performance period. The average TSR (Total Shareholders Return) of Ignitis Group and EURO STOXX® Utilities Index (1) is calculated in the two-month period (Nov and Dec accordingly) preceding the beginning and the end of the performance period (January 1, 2021–December 31, 2024), in order to neutralize any possible volatility on the market. TSR of Ignitis Group is calculated with the assumption that dividends are reinvested as well as EURO STOXX® Utilities Index used for benchmarking (based on gross return index type and EUR currency). Change in the value of the Ignitis Group shares between the beginning and the end of the reference period calculated as a weighted average of the IGN1L (Nasdaq Baltic) and IGN GDR (London Stock Exchange) prices based on volume traded. [2] Target will be measured according to the achievement scale with linear interpolation between the thresholds. In the event of below-minimum achievement, no payment will accrue for this target. [3] ROCE is calculated by dividing Ignitis Group adjusted earnings before interest and tax (adjusted EBIT) by its capital employed (average net debt at the beginning and end of the reporting period + average book value of equity at the beginning and end of the reporting period). [4] Interruptions per customer, excluding exceptional events approved by regulatory authority (NERC) and calculated in accordance with the methodology and principles applied in the period of setting the performance objectives. System Average Interruption Frequency Index (SAIFI) is an indicator that shows the average number of interruptions to a customer during the reporting period. The indicator is calculated excluding interruptions related force major circumstances to natural, catastrophic meteorological and hydrological reasons and approved by the National Energy Regulatory Council according to the regulation of Indicators of service reliability and quality for electricity transmission.

[5] Electricity network losses – the average technological losses in the electricity distribution network lines and other network elements, as well as the losses resulting from undeclared consumption of consumers and illegal connections to the network. The 2024 target value of the ratio of electricity network losses and the total amount of electricity received in the distribution network (from TSO) is 5.5% (actual electricity network losses in 2020 – 5.8%), based on the strategic 2021–2024 plan and the methodology for determining electricity transmission, distribution and public supply services and the regulated price cap (article No. 9) approved by the National Energy Regulatory Council. [6] Electricity SAIFI in 2024 is 1.03 and reduction of electricity network losses is 14.5% (in 2024 vs. 2020), proportionally to the distribution volumes. [7] Ignitis group 2020 indices: MSCI ESG rating – "A", Sustainalytics ESG risk – classified at "Medium" risk category. The target for 2024 is to reach "AA" in MSCI rating, and/or "Low" risk category in Sustainalytics index. [8] MSCI ESG – "AA" (improved); Sustainalytics ESG risk – "Medium" (not improved).

The required condition for 2021–2024 LTI Performance Objectives

The required condition for the 2021–2024 LTI performance objectives is described below. If at least one of the two parts of required condition is achieved, the objectives are assessed and LTI is paid (applicable only for the period of 2021–2024).

The required condition of the 2021–2024 LTI performance objectives and its achievement:

1. percentage growth of Adjusted EBITDA in Green Capacities segment is at least 10 times higher compared to regulated-monopolistic activities[1] of the Group (percentage growth is calculated by comparing the Adjusted EBITDA of the last year of the strategic plan (2024) with the Adjusted EBITDA of the financial year preceding the strategic plan (2020)) – **(Actual result – 9 times higher)** AND
2. regulated-monopolistic activities account for less than 60% of the Group's Adjusted EBITDA in 2024 if the asset rotation has taken place in 2024 and generated Adjusted EBITDA equal to or higher than included in the Group's long-term financial plan approved in March 2021. If the asset rotation Adjusted EBITDA is lower than that, 63% threshold is applied (instead of 60%) **(Actual result – 42%)** AND
3. Green Capacities Adjusted EBITDA in 2024 has at least doubled compared to 2020 (i.e., Green Capacities Adjusted EBITDA ≥ EUR 101.4 million in 2024) **(Actual result – EUR 262.4 million)**

OR

1. regulated-monopolistic activities account for less than 50% of the Group's Adjusted EBITDA in 2024 **(Actual result – 42%)**.

Parent company's long-term incentive performance model and incentives objectives achievement calculations for 2021–2024 period were reviewed by by independent advisor Ernst & Young Baltic UAB.

The parent company Management Board's LTI payments, EUR (before taxes)

		2024	
		Before taxes	**After taxes**
LTI[1]	Darius Maikštėnas	54,540	32,431
	Jonas Rimavičius	21,154	12,438
	Dr. Živilė Skibarkienė	43,949	25,982
	Vidmantas Salietis	43,949	26,589
	Mantas Mikalajūnas	21,156	12,434

[1] *The initial LTI calculated payment amounts.*

Further information on contractual terms and remuneration of the members of the parent company's Management Board

Severance payments

Members of the parent company's Management Board (who are also employees of the parent company) are entitled to the severance payments, in accordance with the Labour Code, upon termination of their contractual relationship. According to the Remuneration Policy, severance payments higher than provided for in the Labour Code could only be awarded to the Management Board members by the decision of the parent company's Supervisory Board. The amount of a severance payment cannot be higher for a Management Board member than his/her 12 (twelve) average monthly salaries.

One month severance payment for a key executive was made during 2024 (a severance payment of EUR 12,919 (before taxes) was disbursed to R. Kalvaitis, former CEO of AB "Ignitis gamyba").

Handling STIs and LTIs in the event of termination

In the event of termination of the employment relationship, "good leaver" and "bad leaver" conditions are applied when paying STIs and LTIs. The payment of STIs and LTIs is reduced proportionately according to the time worked in the position during the implementation period of these objectives.

An additional condition for paying for the achievement of STI objectives, in the event of termination of the employment relationship before the end of the reporting period, specifies that intermediate STI results must be approved by the appointing body. If the achievement of STI objectives cannot be assessed because the deadline for their implementation has not yet expired, the most recent percentage of the achievement of the objectives, which has been approved or presented to the appointing body, is taken into account in order to assess the achievement of the above-mentioned objective or, in the absence of such a percentage, the achievement of the objective is considered to be 0 percent.

---

[1] *Regulated-monopolistic activities – electricity and gas distribution activities, non-auctioned reserve and ancillary services provided to the transmission system operator, public supply of electricity and gas to the regulated customers in Lithuania and regulated LNG designated supply services.*

Overview of non-compete arrangements

Non-compete agreements with members of the Management Board were concluded in 2023 together with an overall Non-Compete Policy overview of the Group. According to the Remuneration Policy, non-compete compensation higher than provided for in the Labour Code could only be awarded to the Management Board members by the decision of the parent company's Supervisory Board. The Group's Non-Compete Policy specifies in further detail the following non-compete compensation limits (when an employment contract is terminated) applicable to the Group employees:

- monthly compensation limit is 70% of the FBS with 9 months of non-competition period;
- non-compete compensation terms may be negotiated and concluded on a case-by-case basis but not exceed the above-mentioned limits.

Over the course of 2023 the Non-Compete Policy was reviewed and introduced to strategically important positions in the Group. The unified Non-Compete Policy is in force within the Group since 28 August 2023. In 2024, non-compete compensation was paid to one employee of the Group (to R. Kalvaitis, former CEO of AB "Ignitis gamyba").

Non-compete agreement conditions correspond to the Group's general and the best market practices.

Overview of the CEO's contractual terms

Employment agreement is concluded between the CEO and the parent company in accordance with the Law on Companies. The CEO may resign by a written notice addressed to the Management Board that elected him. The Management Board that elected the CEO decides on the removal of the CEO within 15 days from the date of the receipt of the resignation letter. Also, according to the Law on Companies, the CEO may be removed from office by the competent body without notice. A separate written non-compete agreement was concluded with the current CEO in accordance with the provisions of the Labour Code on 1 March 2022. Non-compete agreement conditions correspond to the general company's and the best market practices.

Other information

1. The parent company's Management Board members may own shares of the parent company, but shares are not granted as part of remuneration by the Group. For further details and the details on the trading guidelines for the parent company's executives and persons closely associated with them, see section '4 Governance' of this report.
2. The parent company's Management Board does not receive any remuneration (e.g., board fees or similar) from associated companies in the Group.
3. None of the Management Board members perform external consultancy work for the Group.
4. There are no agreements concluded between the parent company and the members of the Management Board 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 parent company.
5. The remuneration of the members of the parent company's Management Board for participating in the activities of the committees or collegial bodies of the Group companies is included in their remuneration for their activities in the Management Board, and they do not receive additional remuneration for the activities in the committees.
6. No special benefits or payments that are not required by the Labour Code or not mentioned in remuneration structure (under 'additional benefits' part) are provided to the members of the Management Board of the parent company.

5.4 Remuneration of the Supervisory Board, its committees, and the Audit Committee

Overview

The remuneration principles for members of the Supervisory Board, its committees, and the Audit Committee of the parent company are established under the Guidelines for the Corporate Governance of a State-Owned Energy Group, the Description of the Procedure for the Payment of Remuneration to Members of the Collegial Bodies of State Owned Enterprises and Municipal-Owned Enterprises, as approved by Resolution No 794 of the Government of the Republic of Lithuania of 3 August 2022 (link in Lithuanian), and Remuneration Policy. Following the recommendations of the Governance Coordination Centre and the best market practices, the principles of remuneration for the members of the collegial bodies of the parent company and the Group companies were adjusted in 2022 by starting to pay the remuneration for the civil servants that are members of the collegial bodies as well as by adjusting the amounts paid to other members. These principles came into force after the General Meeting of Shareholders' approval of the amended Remuneration Policy on 29 September 2022. We expect this change to improve the remuneration transparency, clarity and help attract civil servants in the future.

Key principles of the remuneration

The minimum monthly remuneration paid for the activities in the Supervisory Board, its committees, and the Audit Committee was set according to the Guidelines for the Corporate Governance of a State-Owned Energy Group. The Group chose to pay the minimum amounts that were set under these Corporate Governance Guidelines. The Group has also set other remuneration principles, including the following:

- remuneration for the activities in the Supervisory Board, it's committees and the Audit Committee, does not depend on the results of the performance of the parent company or the Group companies;
- remuneration for the activities in the Supervisory Board, it's committees and the Audit Committee is fixed for the full term and can be reviewed once during the entire term of office but not earlier than in the mid-term of a collegial body, during the Annual General Meeting of Shareholders of the parent company (this principle was added on 27 March, 2024);
- remuneration of the members of the parent company's Supervisory Board for participating in the activities of its committees and the Audit Committee is included in their remuneration for their activities in the Supervisory Board, and they do not receive additional remuneration for the activities in the committees;
- members of the Supervisory Board, it's committees and the Audit Committee members are not entitled to severance payments upon termination of their contractual relationship.

More information about the remuneration of collegial bodies of the Group companies is available in our Remuneration Policy.

Remuneration of members of the parent company's collegial bodies

Position in a collegial body	Monthly remuneration, EUR (before taxes)[1]
Independent chair of the Supervisory Board of the parent company	4,614
Independent member of the Supervisory Board of the parent company	3,466
Civil servant holding the position of a member of the Supervisory Board of the parent company	1,733
Chair of the parent company's Supervisory Board committees and the Audit Committee	2,208
Independent member of the committees of the parent company	1,987

[1] *Monthly remuneration was set on 29 September 2022, during the parent company's General Meeting of Shareholders in accordance with Article 17(1)(d) of the Law on the Civil Service of the Republic of Lithuania (link in Lithuanian) and the Description of the Procedure for the Payment of Remuneration to Members of the Collegial Bodies of State-Owned Enterprises and Municipal-Owned Enterprises, as approved by Resolution No 794 of the Government of the Republic of Lithuania of 3 August 2022 (link in Lithuanian). In accordance with the version of the Remuneration Policy approved on 27 March 2024, the remuneration of the members of the Supervisory Board was determined at the parent company's General Meeting of Shareholders .*

Remuneration structure

The remuneration principles for the members of the parent company's Supervisory Board, it's committees and the Audit Committee were established on 29 September 2022. The remuneration of the members of the Supervisory Board, set during the parent company's General Meeting of Shareholders on 27 March 2024, is provided in the table above.

Remuneration during 2021–2024

In 2021, the term of the former Supervisory Board has ended. As a result, on 26 October 2021, new members of the Supervisory Board were elected by the General Meeting of Shareholders for a four-year term. Further on, new Supervisory Board committees were formed, and the candidates to the Audit Committee were elected by the General Meeting of Shareholders. As a result, we provide the development of the remuneration paid to the current and former members of the Supervisory Board, its committees and the Audit Committee separately. For further details about the election process of collegial bodies as well as information about the members, see section '4 Governance' of this report.

On 27 September 2021, the principles of remuneration were changed, including the change from an hourly rate to a monthly salary. The new remuneration approach was applied with the new terms of collegial bodies, and it was not applicable to the former members of the Supervisory Board, its committees or the Audit Committee. The development of the remuneration of the members of the former Supervisory Board and its committees is detailed in the tables on the following pages.

Ignitis Group employees

Development of awarded remuneration for the activities in the parent company's current Supervisory Board, its committees and the Audit Committee, EUR (before taxes)

	2024		2023[6]		2022		2021	
Name (position)	**Supervisory Board**	**Committees[1]**	**Supervisory Board**	**Committees[1]**	**Supervisory Board**	**Committees[1]**	**Supervisory Board**	**Committees[1]**
Alfonso Faubel (Chair of the Supervisory Board, Member of the Risk Management and Sustainability Committee)	54,066	-	50,160	-	35,940	-	5,645	-
Ana Riva[2] (Member of the Risk Management and Sustainability Committee)	-	23,283	-	16,200	-	-	-	-
Aušra Vičkačkienė[3] (Member of the Supervisory Board, Member of the Nomination and Remuneration Committee)	20,307	-	18,840	-	4,710	-	-[3]	-
Bent Christensen[7] (Member of the Supervisory Board, Member of the Nomination and Remuneration Committee)	428	-	37,680	-	27,420	-	4,387	-
Ingrida Muckutė[3] (Member of the Supervisory Board, Member of the Audit Committee)	20,307	-	18,840	-	4,710	-	-[3]	-
Irena Petruškevičienė (Chair of the Audit Committee)	-	25,872	-	24,000	-	24,000	-	6,000
Judith Buss (Member of the Supervisory Board, Member of the Audit Committee)	40,614	-	37,680	-	27,420	-	4,387	-
Marius Pulkauninkas (Member of the Audit Committee)	-	23,283	-	21,600	-	21,600	-	5,400
Lorraine Wrafter (Member of the Supervisory Board, Chair of the Nomination and Remuneration Committee)	40,614	-	37,680	-	27,420	-	4,387	-
Tim Brooks (Member of the Supervisory Board, Chair of the Risk Management and Sustainability Committee)	40,614	-	37,680	-	27,420	-	4,387	-
Saulius Bakas (Member of the Audit Committee)	-	23,283	-	21,600	-	21,600	-	5,400
Sian Lloyd Rees[8] (Member of the Supervisory Board, Member of the Nomination and Remuneration Committee)	12,709	-	-	-	-	-	-	-
Šarūnas Rameikis (Member of the Risk Management and Sustainability Committee)	-	-	-	-	-	-[4]	-	-[4]
Wolf Willems[5] (Member of the Risk Management and Sustainability Committee)	-	23,283	-	16,200	-	-	-	-
Total remuneration	**229,659**	**119,004**	**238,560**	**99,600**	**155,040**	**67,200**	**23,193**	**16,800**

[1] The remuneration of the members of the parent company's Supervisory Board for participating in the activities of the committees is included in their remuneration for their activities in the Supervisory Board, and they do not receive additional remuneration for the activities in the committees.[2] Ana Riva joined the Risk Management and Sustainability Committee on 1 April 2023, causing comparison discrepancies. [3] Members of the Supervisory Board, its committees or the Audit Committee who were delegated by the Majority Shareholder were not entitled to receive remuneration from the parent company for their activities in the Supervisory Board, its committees, or the Audit Committee. This clause was changed in the General Meeting of Shareholders held on 29 September 2022. [4] Šarūnas Rameikis was elected as a member of the Risk Management and Business Ethics Supervision Committee on 20 April 2018 and his term of office ended on 19 April 2022. Due to the fact that the monthly remuneration approach delineated in the new version of the Remuneration Policy and is applicable only to the collegial body members who were elected for a new term, the remuneration of Šarūnas Rameikis remains based on hourly terms and the remuneration awarded to him is reflected in the table below 'Development of awarded remuneration for activities in the parent company's former Supervisory Board, its committees and the Audit Committee'. [5] Wolf Willems joined the Risk Management and Sustainability Committee on 1 April 2023, causing comparison discrepancies. [6] The remuneration of the members of the parent company's Supervisory Board was changed in accordance with the Government of the Republic of Lithuania Resolution No 794 of 3 August 2022 On the Approval of the Description of the Procedure for the Payment of Remuneration to Members of Collegial Bodies of State-Owned Enterprises and Municipal-Owned Enterprises, which lays down the procedure for the payment of remuneration to members of a collegial body elected by the General Meeting of Shareholders of a state-owned enterprise and its subsidiaries which are important to national security. The terms of the valid contracts for the members of the Supervisory Board were changed on 1 October 2022. [7] On 4 January 2024, Bent Christensen resigned from the position of a Member of the Supervisory Board and Member of the Nomination and Remuneration Committee causing comparison discrepancies. [8] Sian Lloyd Rees joined the Supervisory Board and the Nomination and Remuneration Committee on 11 September 2024, causing comparison discrepancies.

Development of awarded remuneration for the activities in the parent company's former Supervisory Board, its committees and the Audit Committee, EUR (before taxes)

	2022		2021		2020	
Name (position)	**Supervisory Board**	**Committees[1]**	**Supervisory Board**	**Committees[1]**	**Supervisory Board**	**Committees[1]**
Darius Daubaras (Chair of the Supervisory Board, Member of the Risk Management and Business Ethics Supervision Committee)	-	-	14,850	-	22,950	-
Andrius Pranckevičius (Member of the Supervisory Board, Chair of the Risk Management and Business Ethics	-	-	23,881	-	-[4]	-
Daiva Lubinskaitė-Trainauskienė (Member of the Supervisory Board, Chair of the Nomination and Remuneration Committee)	-	-	6,750	-	6,263	-
Judith Buss[2] (Member of the Supervisory Board)	-	-	10,125	-	3,038	-
Bent Christensen[2] (Member of the Supervisory Board)	-	-	10,725	-	2,625	-
Aušra Vičkačkienė[3] (Member of the Supervisory Board, Member of the Audit Committee)	-	-	-	-	-	-
Daiva Kamarauskienė[3] (Member of the Supervisory Board, Member of the Nomination and Remuneration Committee)	-	-	-	-	-	-
Irena Petruškevičienė (Chair of the Audit Committee)	-	-	-	14,700	-	15,488
Danielius Merkinas (Member of the Audit committee)	-	-	-	10,763	-	11,888
Šarūnas Radavičius (Member of the Audit Committee)	-	-	-	9,787	-	9,750
Ingrida Muckutė[3] (Member of the Audit Committee)	-	-	-	-	-	-
Lėda Turai – Petrauskienė (Member of the Nomination and Remuneration Committee)	-	-	-	7,650	-	4,125
Šarūnas Rameikis (Member of the Risk Management and Business Ethics Supervision Committee)	-	750	-	4,950	-	-[4]
Total remuneration	**-**	**750**	**66,331**	**47,850**	**34,876**	**41,251**

[1] The remuneration of the members of the parent company's Supervisory Board for participation in the activities of the committees is included in their remuneration for their activities in the Supervisory Board and they did not receive additional remuneration for their activities in the committees.

[2] Elected as members of the Supervisory Board on 12 November 2020.

[3] Members of the Supervisory Board, its committees or the Audit Committee who are delegated by the Majority Shareholder did not receive any remuneration from the parent company for their activities in the Supervisory Board.

[4] Due to the late submission of the hours worked, the remuneration was paid over the following periods, thus appearing 0 in the respective years.

Further information on contractual terms and remuneration of the members

1. Under the regulation of state-owned enterprises in Lithuania, members of the Supervisory Board and its committees may not own shares in the parent company. However, members of the Audit Committee who are not the members of the Supervisory Board may own shares of the parent company. For further details, including the latter and the details on the trading guidelines for the parent company's managers and persons closely associated with them, see section '4 Governance' of this report. Also, shares may not be granted as part of remuneration by the Group to any members of collegial bodies .
2. Members of the Supervisory Board, its committees, and the Audit Committee do not receive any remuneration (e.g., board fees or similar) from associated companies in the Group.
3. None of the members of the Supervisory Board, its committees, and the Audit Committee perform consultancy work for the Group.
4. There are no agreements concluded between the parent company and Supervisory Board, its committees, or the Audit Committee 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 parent company.
5. No special benefits or payments that are not required by the Labour Code are provided to the members of the Supervisory Board, its committees, and the Audit Committee of the parent company.

Ignitis Group headquarters in Vilnius

5.5 Additional information on remuneration of the Group employees

The parent company's salary fund in 2024 amounted to EUR 5,3 million (EUR 4.1 million in 2023) and the Group's salary fund in 2024 was EUR 163,1 million (EUR 136.7 million in 2023). Average monthly salaries (FBS and STI) for the period of 2020–2024 are provided in the following tables.

As the company's performance strengthened over time, administrative expenses grew in parallel driven by an increase in headcount and rising salaries (for more detail, please refer to '8 Consolidated financial statements' under note '7 Expenses', and the table on the right). This reflects the company's commitment to expanding its workforce and enhancing talent to support its operational and financial success.

There are no agreements concluded between the parent 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 the control of the parent company.

Average monthly remuneration and the number of the parent company's employees, EUR (before taxes)

	2024		2023		2022		2021		2020	
Position category	**Number of employees**	**Average salary**	**Number of employees**	**Average salary**	**Number of employees[1]**	**Average salary**	**Number of employees[1]**	**Average salary**	**Number of employees**	**Average salary**
Managers	21	11,328	19	9,480	20	8,503	26	7,352	34	7,632
Experts / Specialists	41	4,588	34	4,042	29	3,853	47	3,750	50	3,778
Blue - collar employees	-	-	-	-	-	-	-	-	-	-
Total	**62**	**7,004**	**53**	**6,097**	**49**	**5,651**	**73**	**5,102**	**84**	**4,281**

[1] *Due to the Management Board's decision to keep only the strategic positions in the parent company, other positions were moved to other Group companies, thus reducing the number of employees.*

Average monthly remuneration and the number of Group employees[1, 2] EUR (before taxes)

	2024		2023		2022		2021		2020	
Position category	**Number of employees**	**Average salary**	**Number of employees**	**Average salary**	**Number of employees**	**Average salary**	**Number of employees**	**Average salary**	**Number of employees**	**Average salary**
Managers	519	5,986	478	5,352	445	4,850	423	4,478	426	4,557
Experts/Specialists	3,330	3,184	3,125	2,807	2,949	2,507	2,728	2,247	2,670	2,102
Blue - collar employees	821	2,390	799	2,183	769	1,990	733	1,758	736	1,670
Total	**4,670**	**3,347**	**4,402**	**2,960**	**4,163**	**2,665**	**3,884**	**2,401**	**3,832**	**2,059**

[1] *Excluding trainees: 7 in 2021,4 in 2020.*
[2] *The average salary of the employees of the Group companies operating in Poland is calculated using the official EUR/PLN exchange rate on the last day of each month during which the salary was paid.*

Employee composition

At the Group we recognise that our employees are the cornerstone of our success. Understanding the diverse composition of our workforce is crucial for fostering an inclusive and equitable workplace where everyone has the opportunity to thrive. This section provides an overview of our workforce demographics, including age, education, gender, and seniority.

By sharing this data, we aim to demonstrate our commitment to transparency and accountability while highlighting the diversity that strengthens our organisation. We believe that a well-balanced and diverse team drives innovation, collaboration, and sustainable growth, aligning with our core values and strategic goals. Below, we provide a detailed breakdown of our employee composition, offering a snapshot of the people who drive our success.

Gender distribution across organisational levels in 2024, %

	Female	Male
Managers	31.2%	68.8%
Experts/specialists	39.4%	60.6%
Blue - collar employees	0.7%	99.3%
Total	**31.6%**	**68.4%**

Employee distribution by age in 2024

Age group	Distribution
57–76	18.8%
37–56	50.6%
25–36	27.9%
17–24	2.7%

Employee distribution by education across organisational levels in 2024, %

	Higher university	Higher college	Secondary and vocational	Other / Not disclosed
Managers	83.2%	10.0%	1.5%	5.3%
Experts/specialists	65.8%	20.8%	10.2%	3.2%
Blue- collar employees	5.5%	23.1%	67.1%	4.3%
Total	**57.0%**	**19.9%**	**19.5%**	**3.6%**

Gender pay gap and pay ratio

Gender pay gap

In 2024, the overall gender pay gap within the organisation was insignificant. These results underscore our ongoing efforts to promote equity and fairness in remuneration practices, ensuring alignment with our organisational values.

However, larger discrepancies are observed when analyzing the pay gap across different employee categories. The gender pay gap is influenced by several factors, including the distribution of roles by gender, differences in years of experience, and the dominance of men or women in certain sectors. The largest pay gaps are observed at senior executive and Blue - collar employees levels.

We are committed to reducing this gap by promoting gender equality within the organisation, investing in talent management processes, and implementing equal opportunity principles at every stage of decision-making.

This figure was calculated based on the average fixed and total remuneration using the following formula:

$$\frac{\text{(Average gross monthly fixed/total remuneration of male employees – average gross monthly fixed/total remuneration of female employees) x100}}{\text{Average gross monthly fixed/total remuneration of male employees}}$$

Pay ratio

In line with our commitment to transparency and fair remuneration practices, we disclose the pay ratio between the total remuneration of highest paid employee and the median annual compensation of all other employees. As part of our broader ESG strategy, we strive to maintain a reasonable and justifiable pay ratio. Our aim is to ensure that compensation aligns with company performance while prioritizing fair wages and benefits for all employees.

For 2024, the highest paid employee-to-median employee pay ratio was 11. The total remuneration ratio was calculated using the following formula:

$$\frac{\text{Annual total remuneration of the highest paid employee}}{\text{Median employee annual total remuneration (excluding the highest paid employee)}}$$

The total remuneration (fixed remuneration, variable remuneration and additional financial incentives) does not include non-cash remuneration, such as accidental injury insurance and health insurance or contributions to a private pension fund and other benefits, as all fringe benefits are provided equally to all Group employees, without distinction as to position or time in the Group.

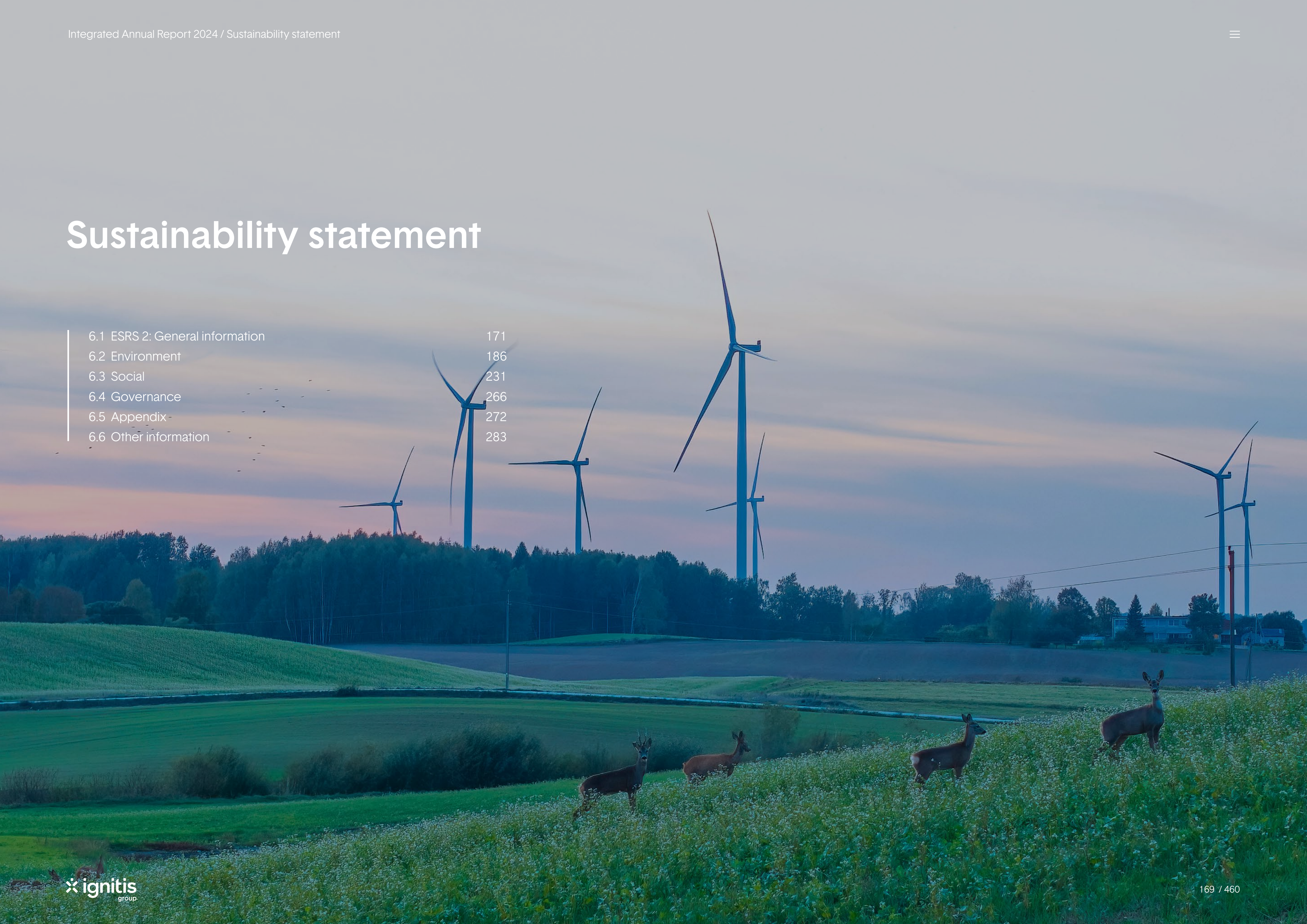
Average gap in pay between Group female and male employees in 2024, %

	Fixed remuneration	Total remuneration
Managers	(1.4)	(0.1)
Experts/specialists	7.3	7.3
Blue - collar employees	22.6	20.8
Total pay ratio	**0.2**	**0.2**

Ratio of the total remuneration of the highest paid employee to the median total cash remuneration of Group employees in 2024

Total	**11,0**

The pay ratio has stayed at the same level as last year. Based on publicly available information (such as company annual reports and proxy statements), this ratio is typical in the market for small-sized organizations.



Sustainability statement

Sustainability overview

Sustainability performance

With a purpose to create a 100% green and secure energy ecosystem for current and future generations, the Group is implementing a number of ESG targets. It is important for us to follow the best sustainable practices, maintain and constantly improve our ESG ratings.

Sustainability highlights and recognitions in 2024

Greener and more efficient energy

Green Share of Generation amounted to 81.5% (3.5 pp lower YoY)

GHG emissions increased by 14.8% in Scope 1 and decreased by 35.6% in Scope 2 compared to 2023

Carbon intensity of our Scope 1 & 2 GHG emissions decreased by 18.4% YoY to 199 g CO_2 eq/kWh due to a higher electricity generation from renewables and the reduction of Scope 2 emissions

Secured Capacity reached 3.1 GW (0.2 GW more than in 2023)

At the end of 2024, a total of 1,091 (+715 YoY) EV charging points installed

The total number of installed smart meters has exceeded 1 million, and we remain on track to complete the mass roll-out by 2026

100% of Group's public and 59.3% of commercial procurements were green (87.2% of total completed procurements in 2024)

Safer and more pleasant working environment

Employee TRIR – 1.12 (0.79 for employees in 2023)

Contractors TRIR – 0.84 (0.93 in 2023)

The Group has steadfastly advanced Occupational Health and Safety Program, "Is it Safe?". Efforts were concentrated on comprehensive training, effective communication, innovative solutions, and the dissemination of best practices

Employee satisfaction (eNPS) remained high – 65.2 in 2024 (57.5 in 2023)

For the fourth year in a row, the Group was awarded the international Top Employer 2025 Lithuania Certificate for applying the highest HR management standards (after the reporting period)

The Group has developed a burnout algorithm – a guideline that guides prevention, intervention and post-intervention actions to manage the risk of burnout of our own employees

Emphasis on equality and todays and future employees

In 2024, the main governing bodies of the Group were represented by an equal proportion of male and female members, 42% of whom are international members

27.7% women in top management positions (23.1% in 2023). 31.6% of employees in the Group are women (30.8% in 2023)

21.3 hours per employee was devoted to training in 2024 (20.8 hours per employee in 2023)

Awarded 100 scholarships for students in energy-related programs (98 in 2023)

More than 10,500 school children participated in presentation about energy led by the Group's employees (6,000 in 2023)

Recognitions and awards for sustainability excellence

Maintained the ESG ratings of 'AA' (Leader) from MSCI, and 'B-' (Prime) from ISS ESG, and a score of 21 (Medium risk) from Sustainalytics

CDP 'B' list for the climate related disclosures (scores released in 2024) and 'C' list according to the scores released in February 2025

With a score of 68 (Silver) the Group falls among the top 15% of all companies assessed by EcoVadis[1]

The highest 'A+' governance score in Lithuania for the sixth consecutive year in the SOEs Good Corporate Governance Index

In January 2024, the Group was recognised as "Most Environmentally Friendly Company" and "Workplace of the Year" for large companies at the National Responsible Business Awards. In January 2025, after the reporting period, the Group was recognized as "A Workplace That Promotes Diversity" at the same awards

---

[1] *Assessment of the Group, while previously the assessment included only the Group's company Ignitis (Customers & Solutions).*

6.1 ESRS 2: General information

The Sustainability statement offers a comprehensive overview of the Group's commitment to environmental performance, social responsibility, and governance practices. In the following statement, disclosures are based on material impacts, risks and opportunities identified during the double materiality assessment. The statement is organized into six sections:

- General information (ESRS 2);
- Environmental information (E1, E4, E5);
- Social information (S1, S2, S3 and S4);
- Governance information (G1);
- Appendixes (Indices);
- Other information.

BP-1 General basis for preparation of sustainability statements

The Sustainability statement has been restructured. This year new content and disclosures have been added to comply with the Corporate Sustainability Reporting Directive (CSRD), which was transposed into the law of the Republic of Lithuania on 1 July 2024, and fully aligned with the European Sustainability Reporting Standards (ESRS).

This Sustainability statement has been prepared on a consolidated basis, aligning with the scope of the financial statements for 2024. No subsidiary undertakings have been exempted.

All subsidiary undertakings of the Group are included in this consolidated Sustainability statement and are exempted from the individual or consolidated sustainability reporting pursuant to Articles 19a(9) or 29a(8) of Directive 2013/34/EU, noting that none of the subsidiary undertakings are obliged to report yet.

The scope of the Sustainability statement mirrors that of financial statements, ensuring consistency and comprehensive coverage of operations and activities. The Sustainability statement covers the Group's own operations, and both upstream and downstream aspects of its value chain, including suppliers, distribution, product use, and end-of-life considerations where it was possible. The Sustainability statement follows the categorisation of short-, medium- and long-term time horizons depending on a particular matter (for more, see IRO-1 of time horizons used in the double materiality assessment and MDR-A for time horizons used for actions).

All data points found in the topical standards have been subject to a double materiality assessment (DMA). For a detailed description of the scope, methodology and assumptions of the DMA process, see section ESRS 2 IRO-1.

No information corresponding to intellectual property, know-how or the results of innovation has been omitted from the Sustainability statement.

BP-2 Disclosures in relation to specific circumstances

In line with the adaptation to the CSRD and the ESRS, the Group has made changes in the preparation and presentation of sustainability information and modified its sustainability reporting structure. These modifications include:

- the sustainability report now includes new disclosures and metrics required by the ESRS. The DMA now includes impacts, risks and opportunities, in addition to ESRS-aligned policies, actions, metrics and targets;
- disclosures under the EU Taxonomy Regulations are now part of the Environmental information, included in E1 disclosures.

No data has been estimated using indirect sources in metrics that include value chain, unless otherwise stated in the accounting policy for that data (e.g., for GHG emissions). If new data has been introduced to the disclosures based on ESRS requirements, the comparative information is not provided for such data point unless this data was previously reported and comparative information is available or easily accessed. Additionally, no quantitative metric or monetary amount provided has been identified that is subject to a high level of measurement uncertainty, unless otherwise stated in the accounting policies or alongside relevant disclosure points (DP) (e.g. reporting year OPEX for Green Capacities expansion in E1-3), except forward-looking information, which is uncertain by its nature.

No external body, other than the assurance provider, was involved in validating the measurement of any metrics in the Sustainability statement.

The Sustainability statement does not include additional information required by other legislation or other sustainability reporting standards.

GOV-1 The role of the administrative, management and supervisory bodies

Disclosure requirement related to ESRS 2 GOV-1 are presented in section '4 Governance' of this report. Information related to own employees is presented in section 'S1 Own workforce'.

GOV-2 Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies

Disclosure requirement related to ESRS 2 GOV-2 are presented in section '4 Governance'.

GOV-3 Integration of sustainability-related performance in incentive schemes

Disclosure requirement related to ESRS 2 GOV-3 are presented in section '5 Remuneration'.

GOV-4 Statement on due diligence

The Group is governed by many policies to ensure the sustainability due diligence of our business operations. The table of a mapping to where in the Sustainability statement information about the Group's due diligence process is provided in the '6.5 Appendix'.

GOV-5 Risk management and internal control over sustainability reporting

The Group Sustainability function is tasked with leading the development of comprehensive Group reports on sustainability issues and Environment, Social and Corporate Governance (ESG) metrics. The Group Sustainability function works closely with the Group Finance, Group People and Culture, Group Business Resilience, and other functions to organise and lead essential activities for sustainability, including the consolidated DMA, evaluating climate risks, and managing data collection and conversion processes for sustainability reporting.
The gathering of relevant data and information for the Sustainability statement is a continuous effort. The primary risks in creating unified sustainability disclosures across multiple companies include human errors and data misalignment. To minimise reporting errors, the Group Sustainability function oversees a unified sustainability data framework for the entire Group and follows a systematic risk prioritisation methodology. This standardises definitions, calculations, and critical metrics, such as the emission factors in compliance with the GHG Protocol.

The Head of Group Sustainability in regular meetings informs the CEO and CFO about the progress of the Sustainability statement.

To enhance the reporting structure, the Group introduced a specialised internal sustainability reporting tool in 2024 to manage and structure the data for reporting purposes as well as monitor its adherence to the reporting standards. In addition, a tool for text-based data collection has been introduced in 2024, which provides a unified platform for collecting all sustainability information.

The Group is also working on a Sustainability DataHub, which will be used to consolidate the sustainability data in a central data platform.

All sustainability data is now based on the accounting principles outlined by the ESRS.

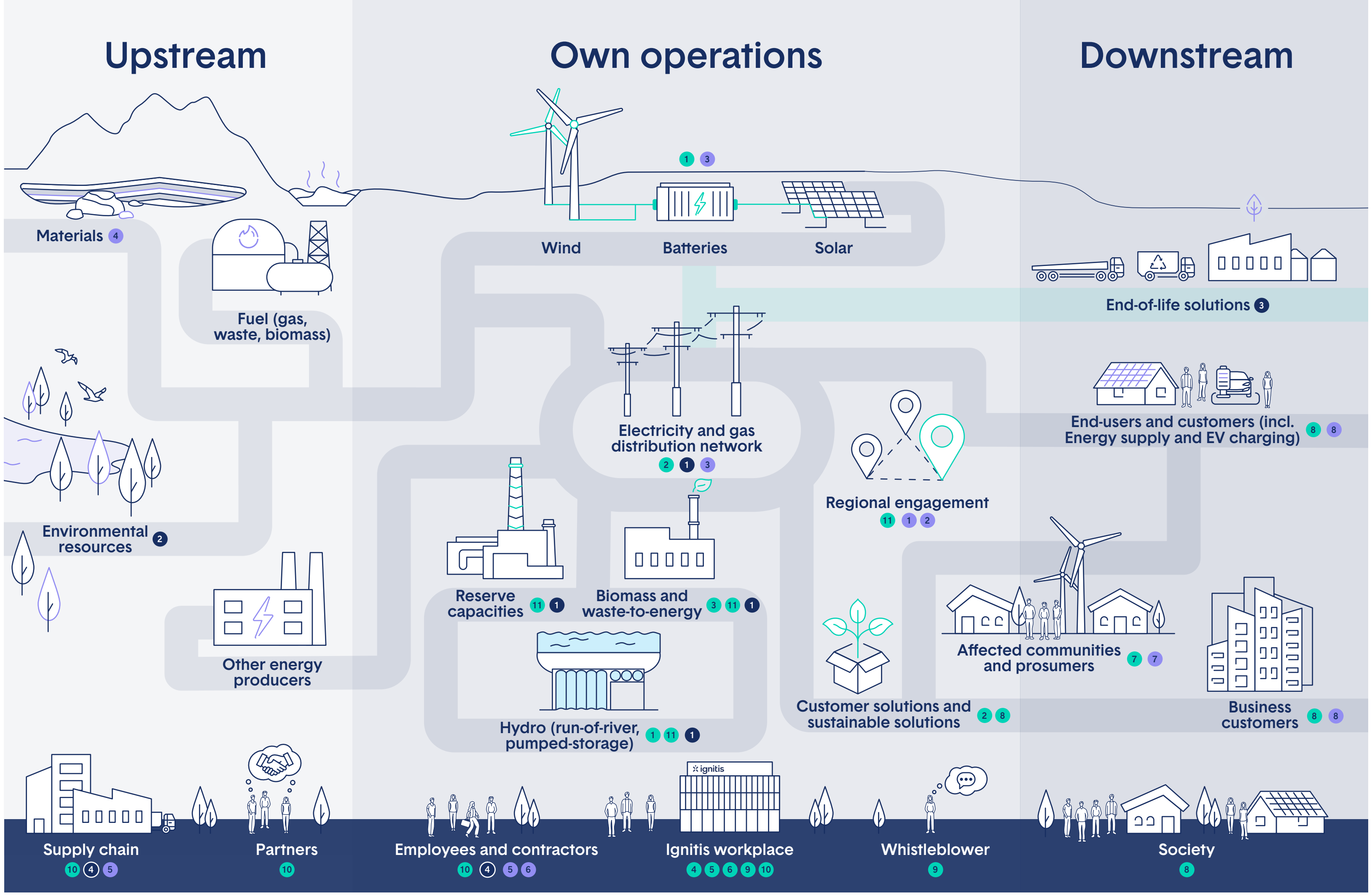
SBM-1 Strategy, business model and value chain

Sustainability is an integral part of the Group's strategy and, to achieve the goal to create a 100% green and secure energy ecosystem for current and future generations, clear purpose-driven priorities were set in the Group's strategy.

For more information on the Group's strategy and business model, see section '2.2 Strategy and targets' of this report.

Five strategic sustainability priorities with ESG targets were set in the 2024–2027 strategic plan, focusing on: decarbonisation, safety, employee experience, diversity, and sustainable value creation. Together, these five areas respond to the Group's material sustainability impacts, risks, and opportunities.

Value chain of the Group



Positive impacts:

- ① Growing green energy portfolio
- ② Enabling electrification
- ③ Waste to energy recovery
- ④ Ensuring fair working environment and remuneration
- ⑤ Promoting non-discrimination and non-harassment culture
- ⑥ Promoting gender balance
- ⑦ Enhancing communities' economic development
- ⑧ Access to energy
- ⑨ Strong corporate culture
- ⑩ Sustainable procurement practices
- ⑪ Energy security

Negative impacts:

- ① GHG emissions
- ② State and conditions of ecosystems
- ③ Waste in operations and decommissioning
- ④ Health and safety

Sustainability-related risks and opportunities:

- ① Lack of support for energy transition
- ② Global and regional renewable energy landscape
- ③ Physical acute and chronic climate-related events
- ④ Materials and components shortage
- ⑤ Occupational health and safety
- ⑥ Human capital
- ⑦ Balancing renewable energy expansion with community interests and concerns
- ⑧ High impact cyber attacks

Total revenue of the Group can be found in the '8.1 Consolidated statement of profit or loss' of the section '8 Consolidated financial statements'. The Group does not operate in the coal or oil sectors. Revenue from gas sector can be found under 'Gas related revenue' line in the note '6 Revenue' of the section '8 Consolidated financial statements'.

The information prescribed by ESRS 2 SBM-1 paragraph 40(b) (breakdown of total revenue by significant ESRS sector) and 40(c) (list of additional significant ESRS sectors) is in a phase-in period pending on the adoption of a Commission Delegated Act to pursuant to article 29b(1) third subparagraph, point (ii), of Directive 2013/34/EU.

SBM-2 Interests and views of stakeholders

Active engagement of stakeholders is a fundamental aspect of the sustainability agenda. The Group's stakeholder engagement guidelines in double materiality assessment feature its commitment to actively listen to and engage with stakeholders. Through ongoing dialogue, the Group strives to understand their views, concerns, and expectations. This continuous dialogue guides the sustainability efforts, projects, and processes, allowing us to align with the interests and views expressed by our stakeholders.

The table below showcases the Group's most significant stakeholders, methods of stakeholder engagement and organisation, as well as the objectives and applications of such interactions. Stakeholder perspectives are essential features of our materiality assessment and due diligence efforts.

The perspectives of key stakeholder groups inform the Group's strategy and business model in the following ways:

- Regular employee engagement is the cornerstone of the Group's people and culture strategy and informs sustainability initiatives related with own workforce. The Group actively incorporates the insights gained from the employee engagement surveys into human resources (HR) practices and sustainability decision-making processes.
- The perspective of the workers in our value chain, discovered through the Group's supplier engagement, informs our approach to sustainable procurement practices.
- Engaging local communities is at the core of the Group's business. Through regular consultations and feedback mechanisms, the Group listens to local residents, ensuring their thoughts and concerns are considered even at the early stage of project development. This enables us to build Green Capacities that meet community needs and enhance the local area.
- Regular engagement with consumers and end-users plays a vital role in shaping the Group's product and service development. Insights from regular customer and user engagement is reviewed and considered by relevant teams.

For more information on the Group's strategy and business model, see section '2.2 Strategy and targets' of this report.

Biodiversity in Group's wind and solar farms

Stakeholder engagement

Stakeholder	Key expectations for the Group's sustainability (according to the materiality assessment)	How the Group engages stakeholders	Key actions and results in 2024
Employees	– Health and safety of the Group employees. – Ensuring a fair working environment and compensation. – Contributing to increase energy security. – Increasing the capacity of renewable energy production. – Energy production from waste.	– The Group shares information about its activities, news and initiatives on the intranet, through newsletters and during management presentations. – The Group conducts regular surveys on various employee wellbeing issues and a quarterly employee Net Promoter Score (eNPS) survey. – The Group maintains dialogue with representatives of work councils and trade unions. – The Group has assigned a People and Culture function partner to each Group company – this is the primary contact for managers and employees on all issues related to workplace processes.	– Engaged in the dialogue during DMA to collect insights on material impacts. – Constant internal communication via different channels. – Communication from management. – Various initiatives and campaigns.
Local communities	– Ensuring a fair working environment and compensation. – Waste generation during operations and at the end of the equipment lifecycle. – Promoting economic development of communities. – Access to energy. – Contributing to increase energy security.	– The Group follows the Group Community Engagement and Relations Management Guidelines. – Communities near wind farms and around Kaunas CHP (Green Capacities) can request financial support for community projects. – Periodically, employees of the Group meet with community representatives, participate in celebrations and events organized by them, and include communities in Group's events and initiatives. – The Group provides feedback and/or proposal forms to people who engage in all public presentations to consider their views in upcoming presentations or projects. – The Group organised a community gathering.	– Engaged in the dialogue during DMA to collect insights on material impacts. – Provided financial support for community projects and initiatives. – Introduced additional formats for communication and ways to share experience.
Investors, shareholders	– Increasing the capacity of renewable energy production. – Contributing to increase energy security. – Greenhouse gas (GHG) emissions. – Promoting a culture of non-discrimination and anti-harassment. – Enabling electrification.	– The Group regularly provides result (interim, annual) disclosures to the market. – The Group organizes earnings calls, meetings with investors, investor days, general meetings of shareholders. – The Group provides ESG data to investor, ESG data platforms, ratings and publish additional information on the Group's website.	– Engaged in the dialogue during DMA to collect insights on material impacts, risks, and opportunities. – Conducted disclosure review based on investor feedback. – Responded to investor queries.
Government and municipal institutions	– Contributing to increase energy security. – Increasing the capacity of renewable energy production. – Energy production from waste. – Ensuring a fair working environment and compensation. – Access to energy.	– The Group maintains contact with various institutions, monitors relevant regulatory changes, and Group experts participate in various working groups.	– Engaged in the dialogue during DMA to collect insights on material impacts. – Aligned business model and strategy. – Provided comments on a wide range of legal acts and has adapted its activities to the new regulations and requirements, thereby creating value and managing risks.

Private customers	– Contributing to increase energy security. – Access to energy. – Energy production from waste. – Ecosystem condition and status. – Health and safety of the Group employees.	– The Group prepares articles, newsletters, organize events, communicates on social networks. – The Group conducts regular customer surveys. – Self-service platforms and call centres of ESO (Networks) and Ignitis (Customers & Solutions) make it easier for customers to access their services. – There are 6 Ignitis (Customers & Solutions) customer service centres in major cities of Lithuania.	– Engaged in the dialogue during DMA to collect insights on material impacts.
Business customers	– Energy production from waste. – Contributing to increase energy security. – Promoting economic development of communities. – Increasing the capacity of renewable energy production. – Health and safety of the Group partners' employees.	– The Group prepares articles, newsletters, organize events, communicate on social networks. – The Group conducts regular customer surveys. – Self-service platforms and call centres of ESO (Networks) and Ignitis (Customers & Solutions) make it easier for customers to access their services. – Ignitis (Customer & Solutions) has a quality management certificate for activities related to the provision of services to business customers.	– Engaged in the dialogue during DMA to collect insights on material impacts.
Suppliers and contractors	– GHG emissions. – Health and safety of the Group employees. – Increasing the capacity of renewable energy production. – Health and safety of the Group partners' employees. – Strong business culture.	– The Group discloses information on public procurement and procurement policy. – The Group cooperates with contractors to strengthen their sustainability practices: OHS and other aspects, as defined in the Supplier Code of Ethics (SCE).	– Engaged in the dialogue during DMA to collect insights on material impacts. – Continued monitoring of compliance with the SCE, enhanced monitoring of social aspects.
Media	– Ecosystem condition and status. – Ensuring a fair working environment and compensation. – Access to energy. – Contributing to increase energy security. – Energy production from waste.	– The Group discloses information publicly, through media channels. – The Group carries out media monitoring in order to identify topics that may be of relevance.	– Engaged in the dialogue during DMA to collect insights on material impacts.
Partners	– Increasing the capacity of renewable energy production. – Contributing to increase energy security. – GHG emissions. – Enabling electrification. – Energy production from waste.	– The Group enters into partnerships with non-governmental organizations (NGO's) and universities. – The Group integrates energy efficiency lessons into formal education, assisting engineering students and high-school graduates. – The Group participates in university events (i.e., career days).	– Engaged in the dialogue during DMA to collect insights on material impacts. – Concluded new cooperation agreements.

IRO-1 Materiality assessment process

The Group recognises the importance of aligning its business operations with the expectations of its stakeholders and the broader environmental and social landscape. Using the concept of materiality, the Group can identify, prioritise, and then manage the key topics of sustainability.

Following the implementation of CSRD and its ESRS, the Group conducted a DMA. This approach helps to see both the extent to which the sustainability topics impact the Group and the Group's impact on these topics.

The Group has conducted its first DMA in 2024 applying guidance available from the European Financial Reporting Advisory Group (EFRAG), combined with its experts' own interpretation of the standards, and developed a step-by-step process, scoring methodologies, and a model for aggregation and prioritisation.

To conduct the DMA, the Group has built on its previous experience with assessing the materiality of sustainability-related matters. The starting point was mapping value chains for all four business segments, later following with the impact assessment (inside-out), what impacts on the environment and the society the Group has. Impact assessment was supplemented with the Locate, Evaluate, Assess, Prepare (LEAP) assessment (environmental impacts) and internal human rights assessment (social impacts) conducted last year. The Group has also conducted a financial assessment (outside-in) of the sustainability-related risks and opportunities the Group is exposed to as a business. Where possible, the Group quantified the effects of sustainability-related risks and opportunities and supplemented them with qualitative assessments. Then, following the internal assessments conducted by internal experts, including risk management, finance, and sustainability professionals, the list of material impacts, risks and opportunities was defined. The list of material impacts, risks and opportunities was validated by the Group's management bodies and selected stakeholders. While identifying impacts and dependencies, the connections with risks and opportunities were analysed, assessing how impact or dependencied may trigger risk or opportunity.

More information regarding how sustainability risks are integrated in overall risk management process is presented in 'section '4 Governance'.

Although the Group is confident in the validity of its findings, it must be acknowledged that the methodology may not be without limitations. Consequently, the Group will be further developing and strengthening its DMA process.

Double materiality assessment methodology (incl. process steps for both impact and financial materiality)

The Group has developed methodologies with reference to the principles stated in the Annex I of Commission Delegated Regulation (EU) 2023/2772 of 31 July 2023 and in the ESRS Implementation guidance of Double materiality by EFRAG. Learnings from the 2024 process and dialogue with experts will help us mature DMA process next year.

Methodologies and assumptions

Scope

The Group has identified and assessed the impacts of its own operations on the people and the environment as well as the potential business risks and opportunities. Furthermore, the Group assessed the Impacts, Risks and Opportunities (IROs) in its value chain in most topics, focusing on what has arisen during value chain mapping for different business segments. The value chain assessments were based on our internal knowledge and mainly focused on the first-tier suppliers, while incorporating a comprehensive coverage of the second tier as much as possible. This was especially important when identifying and assessing the impacts and risks related to 'Workers in the value chain' (ESRS S2) and other standards, as we tried looking into more than just our own operations.

During the impact assessment, the Group considered both positive and negative impacts as well as actual and potential impacts related to sustainability matters. During the financial assessment, the Group assessed potential sustainability-related risks that could trigger a significant negative financial effect on the business. In the same way, the Group assessed opportunities that could trigger a significant positive financial effect. The opportunities identified in this process were directly connected to the Group's business strategy.

The Group developed a DMA process that applies to the Group companies as a whole and will be conducted annually.

Stakeholder engagement

Internal subject-matter experts from the Group companies and the Group functions were involved in the DMA, and a dedicated team was established to coordinate the project and sub-teams for impact assessment and financial assessment were developed.

As mentioned above, direct dialogue with affected stakeholders about the impacts the Group may have or has through its business activities has been included in the DMA as a form of validation of internal results. The results of material IRO assessment present a consolidated view of what the Group has assessed internally and how these results were validated by stakeholders. In addition to that, the Group engaged internal experts, who may have used scientific literature or other previously conducted research. The parent company's Management Board has been informed during the meeting of the results of the dialogue with stakeholders and their views on material impacts.

Time horizons

In double materiality assessment, the Group follows the categorisation of short-, medium- and long-term time horizons as defined in ESRS 1(6.4.), corresponding to:

- short-term – up to 1 year (corresponding to 2025);
- medium-term – 2 to 4 years (corresponding to 2026–2028);
- long-term – 5 years and more (corresponding to 2029 and further).

Scoring of impacts

As per the ESRS guidance, impact materiality is calculated by multiplying the severity of impacts by their likelihood. The average of the parameters of scale, scope, and irremediable character have been used when scoring the severity of impacts. Scorecards were developed based on the following methods of calculating different parameters of impact:

- when scoring scale, the Group assessed how grave or beneficial the impact is or could be for the environment or society;
- when scoring scope, the Group assessed how widespread the impact is or could be;
- when scoring irremediable character, the Group assessed how hard it is to counteract or remedy the resulting harm;
- when scoring likelihood, the Group assessed the chance of the potential impact happening, and for actual impact the maximum score was given.

To take into account the requirement explained in ESRS, that for the potential negative human rights impact, the severity of the impact takes precedence over its likelihood, The Group has developed specific scorecard for negative social impact identifying to what Scale or scope the impact is or may be done. It was also noted, that negative impacts are prioritized based on their relative severity and likelihood.

Scoring of risks and opportunities

Same as with impact materiality, following the ESRS guidance, the financial materiality of risks and opportunities was calculated by multiplying the likelihood of occurrence by the financial effect. When assessing the potential financial effect, both quantitative and qualitative approaches were used. The quantitative approach used profitability (adjusted EBITDA, net profit) as the key financial parameter. Additionally, the qualitative approach was used where effects could not be reliably measured in financial terms or additional effects had to be assessed, and the scoring was based on expert judgement.

Thresholds

For both impact materiality and financial materiality, the same quantitative threshold has been used.

Process

The Group has defined process phases for conducting the DMA for impact materiality and financial materiality, respectively. The impact assessment was the starting point, followed by the financial assessment. The process focused on the Group's main business segments and IROs in them. No exclusion or heightening of specific activities, geographies or business relationships used. The Group followed the six key phases presented below:

- Engaging stakeholders
- Mapping detailed value chains
- Listing and grouping IROs
- Impact and financial assessments
- Validating material IROs
- Determining final material IROs

Process phases

Impact materiality

The work on mapping sustainability-related impacts draws on the previous experience with materiality assessments, along with the latest studies and internal projects.

1. *Engaging stakeholders*
   After ten topical ESRS were analysed, subject-matter experts within the Group's companies and Group functions who have knowledge of these areas and a strong understanding of a day-to-day work of the Group were identified. Through several onboarding sessions, the Group developed a shared understanding of the new regulation, the objectives of the double materiality assessment, and stages that would follow to conduct the assessment. The map of internal stakeholders to be involved in the DMA has been created.
2. *Mapping value chains*
   Internal subject-matter experts within the Group's companies were engaged to prepare detailed value chain maps of core business segments. This stage included understanding how diverse value chains look like in different business segments, what impacts they have in different parts of the value chain.
3. *Listing and grouping impacts*
   After value chains were mapped, the extensive lists of identified actual and potential impacts were prepared. These impacts were grouped as per ESRS and merged in cases of recurrence; thus, the list of the Group's impacts was prepared.
4. *Impact assessment*
   The Group conducted several impact materiality assessment workshops to assess the summarized list of impacts. Participants adjusted the pre-defined impacts where relevant and added additional impacts, then scored all impacts (negative and positive) within the Group's own operations and the value chain according to the developed impact scoring methodology and scorecards. Scoring assumptions were documented, and relevant reference documents were captured. All input from workshops was transferred to a DMA tool to aggregate scores and calculate the materiality level.
5. *Validating material impacts*
   The list of material impacts that passed the materiality level threshold was presented and discussed with stakeholders via dialogue, where the Group asked to rate how important the Group's impact (including through business relationships) on the environment and/or people is to them in relation to the sustainability themes.
6. *Determining final material impacts*
   The consolidation of internal impact assessment and validation results allowed us to finalize the list of material impacts. Based on the views received through dialogue with stakeholders, the list of material impacts was adjusted, mostly in terms of descriptions and details of the impacts. The finalized list of material impacts was agreed upon by the parent company's Management Board.

Financial materiality

Financial materiality assessment focused on potential sustainability-related risks and potential sustainability-related opportunities. In contrast to the business risks covered in the '4.7 Risk Management' section, the Group only considers risks that relate to sustainability matters in the financial materiality assessment.

1. *Engaging stakeholders*
   The Group analysed the ten topical ESRS and identified subject-matter experts within the Group companies and Group functions who have knowledge and a strong understanding of the Group's day-to-day work. The Group also engaged relevant stakeholders to ensure appropriate consideration of sustainability-related risks. These included internal subject-matter experts in the fields of risk management, finance and sustainability, and other experts when needed. A dedicated team to conduct financial materiality assessment was established with an oversight from the CFO.
2. *Mapping value chains*
   Internal subject-matter experts within the Group's companies were engaged to prepare detailed value chain maps of core business segments. This stage included understanding how different business segments value chains look like and what risks and opportunities may arise in different parts of the value chain.
3. *Listing and grouping risks and opportunities*
   After the value chains were mapped, an extensive list of identified risks and opportunities was prepared. These risks and opportunities were grouped as per ESRS and merged in cases of recurrence; thus, the list of the Group's risks and opportunities were prepared. These risks and opportunities were also matched with already existing risks of the Group or the Group companies, where possible.
4. *Financial assessment*
   The dedicated team assessed the financial materiality of the risks and opportunities based on an established financial methodology and scorecards. Additional resources were used to verify and consolidate the results. These included internal experts and information from the business risk assessment, as well as external studies and benchmark reports.
5. *Validating material risks and opportunities*
   The list of material risks and opportunities that passed the materiality level threshold was presented and discussed with the governing bodies of the Group.
6. *Determining final material risks and opportunities*
   The internal financial materiality assessment was enhanced with inputs received during validation sessions, which allowed us to finalize the list of material risks and opportunities. The finalized list of material risks and opportunities was agreed upon by the parent company's Management Board.

IRO-2 Disclosure requirements in ESRS covered by the company's Sustainability statement

See section '6.5 Appendix' of this report for indices.

SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

The Group has identified its impacts on the environment and society (impact materiality assessment) and the sustainability-related risks and opportunities it faces (financial materiality assessment).

The results were grouped by ESRS topical standards, showing that E1, E5, S1, S2 and S3 are material sustainability matters from both impact and financial perspectives. The environmental IROs the Group has within E1 and E5 are closely linked to its strategic goals to deliver a fast build-out of renewable energy and green flexibility technologies, while noting the importance of the Networks segment in the energy transition. The deployment of green capacities mitigates climate impacts but also requires significant amounts of natural resources with indirect negative impacts on the climate and the environment. All the activities of the Group also affect people and societies around it, which is reflected in the impacts and risks the Group has within S1, S2 and S3. The Group focuses its efforts on leading the energy transition in a just and inclusive way, including for people working across its supply chains, and in a way that brings benefits to local communities.

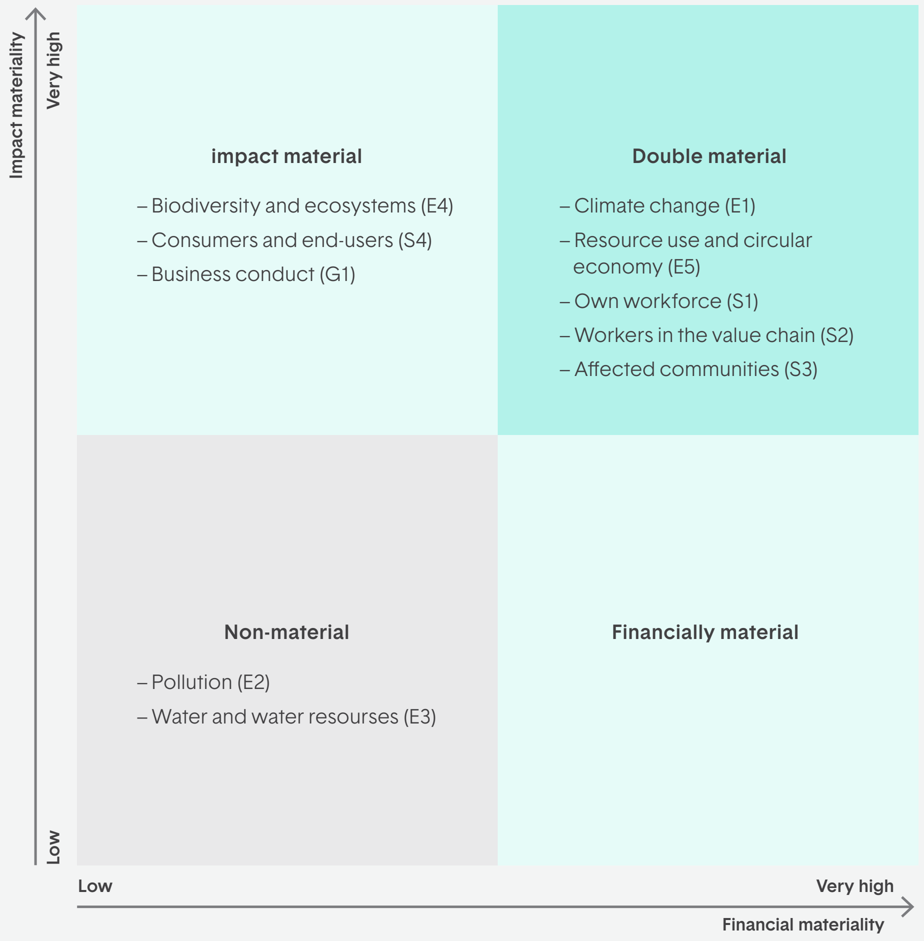
E4, S4 and G1 are also material sustainability matters from an impact perspective.

The two standards, E2 and E3, were assessed and concluded as not material to the Group.

Sustainability, by being embedded into the Group's strategy and being one of the core drivers, strengthens our resilience to material impacts and risks while opening new opportunities in a changing world. For more information on the Group's strategy and business model, see section '2.2 Strategy and targets' of this report.

During double materiality assessment process, no indication on the current financial effects of material risks and opportunities on financial position, financial performance and cash flows were noted. Likewise, no material risks and opportunities for which there is significant risk of material adjustment within next annual reporting period to carrying amounts of assets and liabilities recognized in financial statements were identified. For the future periods, the Group has opted to exercise the phase-in allowance to omit the anticipated financial effects of material risks and opportunities on its financial position, financial performance, and cash flows over short-, medium- and long-term.

DMA matrix



impact material

- Biodiversity and ecosystems (E4)
- Consumers and end-users (S4)
- Business conduct (G1)

Double material

- Climate change (E1)
- Resource use and circular economy (E5)
- Own workforce (S1)
- Workers in the value chain (S2)
- Affected communities (S3)

Non-material

- Pollution (E2)
- Water and water resourses (E3)

Financially material

Material sustainability related IROs

The following tables list the sustainability related IROs the Group has identified and assessed as material as a result of its double materiality assessment.

Each material ESRS topic is presented in the following tables, with specified sub-topics that the identified material impacts, risks or opportunities relate to, e.g. climate change mitigation and climate change adaptation.

In addition, it is indicated in the tables whether the impacts and risks are in the Group's own operations (OO) or in its value chain (VC). The Group also discloses whether its impacts are positive or negative. Impacts are actual impacts unless stated that they are potential impacts. Brief descriptions of the material impacts, risks and opportunities are included in the tables.

All IRO's are described further in their respective ESRS topic sections.

E1 CLIMATE CHANGE

	EXPECTED TIME HORIZON	MATERIAL IROs	BUSINESS SEGMENT	DESCRIPTION
Sub-topic: Climate change mitigation				
Negative impact (OO & VC)	**Short-term**	**GHG emissions**	All	The GHG emissions through energy production (e.g., emissions from incineration process), energy use (e.g., purchased electricity for own operations), energy supply (e.g., retail of electricity) and other business activities negatively contribute to climate change.
Positive impact (OO)	**Short-term**	**Growing green energy portfolio**	Green Capacities	The expansion of green generation capacities with a focus on onshore and offshore wind, also development of green flexibility technologies such as battery storage, hydro pumped-storage and power-to-x technologies to ensure green energy transition and decarbonization.
Positive impact (OO)	**Medium-term**	**Enabling electrification**	Networks, Customers & Solutions	Electrification is key part in energy transition. The development of a resilient and efficient network that would enable electrification needs, enhancing the development of electric vehicle (EV) network.
Risk (OO)	**Long-term**	**Lack of support for energy transition**	All	The continued expansion of green generation and green flexibility technologies may be hindered by both policy uncertainties and lack of political support, triggering slower green capacities expansion and climate change mitigation efforts.
Opportunity (OO)	**Long-term**	**Global and regional renewable energy landscape**	Green Capacities, Networks	The Paris Agreement and the EU Green Deal are driving a rapid shift towards renewable energy. This presents an opportunity to invest in sustainable solutions and reduce GHG emissions.
Sub-topic: Climate change adaptation				
Risk (OO)	**Long-term**	**Physical acute and chronic climate-related events**	Green Capacities, Networks	Chronic climate events may lead to uncertainty in production estimates due to renewable energy generation's dependency on natural resources, such as wind patterns. Acute climate events may result in disruption of construction or work in different assets, and an increase in repair needs, especially for overhead power lines.

E4 BIODIVERSITY AND ECOSYSTEMS

Sub-topic: Impacts on the extent and condition of ecosystems and the state of species				
	EXPECTED TIME HORIZON	**MATERIAL IROs**	**BUSINESS SEGMENT**	**DESCRIPTION**
Negative impact (OO)	**Short-term**	**State and conditions of ecosystems**	Green Capacities, Networks	The construction and operation of wind, solar and hydropower facilities can impact the state and condition of ecosystems, causing changes to landscapes and aquatic environments that may lead to ecosystem degradation or loss of valuable services. The necessity to cut down trees to ensure the safety and resilience of power lines can also impact deforestation and landscape changes.

E5 RESOURCE USE AND CIRCULAR ECONOMY

Sub-topic: Resource inflows, including resource use				
Positive impact (VC & OO)	**Short-term**	**Waste to energy recovery**	Green Capacities	By generating energy (electricity & heat) from waste, the Group diverts waste from landfills, reducing the volumes of waste and the environmental impact it may have.
Risk (VC)	**Long-term**	**Materials and components shortage**	All	Increasing demand for energy transition, coupled with inflexible supply chains, stricter ESG standards and geopolitical instability, pose potential challenges. These challenges can affect the availability, delivery times and pricing of key materials and components needed for the Group's business segments.
Sub-topic: Resource outflows related to products and services				
Negative impact (OO)	**Short-term**	**Waste in operations and decommissioning**	All	Due to limited end-of-life solutions for certain technologies and materials used in the Group's operations, recycling and reuse opportunities are often restricted. This can lead to increased waste generation and contribute to environmental challenges.

S1 OWN WORKFORCE

Sub-topic: Working conditions				
	EXPECTED TIME HORIZON	**MATERIAL IROs**	**BUSINESS SEGMENT**	**DESCRIPTION**
Negative impact (OO)	**Short-term**	**Health & Safety**	All	The energy sector inherently involves working in high-risk environment that presents inherent risks to workers' safety and health, leading to health-related impacts for the Group's own workforce.
Positive impact (OO)	**Short-term**	**Ensuring fair working environment and remuneration**	All	By creating a workplace where everyone feels valued and respected, the Group is fostering a positive work environment that attracts and retains talents. Offering competitive compensation and maintaining a fair and transparent work environment leads to improved employee engagement, positive team dynamics, and overall business success.
Risk (OO)	**Short-term**	**Occupational Health & Safety**	All	The energy sector involves working in high-risk environments, such as construction sites, remote locations, and dangerous conditions. This can increase the risk of physical harm, including accidents, injuries, and fatalities.
Sub-topic: Equal treatment and opportunities for all				
Positive impact (OO)	**Short-term**	**Promoting non-discrimination and non-harassment culture**	All	Promoting a culture of non-discrimination and non-harassment is essential for creating a safe, inclusive, and high-performance work environment. By fostering respect and equality, the Group empowers its employees and enhances collaboration.
Positive impact (OO)	**Short-term**	**Promoting gender balance**	All	Promoting gender balance in the workplace not only fosters a diverse and inclusive environment but also ensures equal opportunities for all employees. This helps to close the gap for under-represented groups.
Risk (OO)	**Long-term**	**Human capital**	All	A highly skilled workforce is crucial for achieving the Group's strategic goals, especially as the Group navigates the energy transition. New competencies are essential for being successful in this evolving landscape, and a lack of expertise may significantly impede the Group's progress. To maintain the competitive edge, the Group must invest in talent development and cultivate a culture that fosters innovation and excellence.

S2 WORKERS IN THE VALUE CHAIN

Sub-topic: Working conditions				
Negative impact (VC)	**Short-term**	**Health & Safety**	All	The energy sector, across its entire value chain – from resource extraction to generation and distribution – presents inherent risks to workers' safety and health, leading to health-related impacts on the Group's suppliers, contractors, and other involved parties.
Risk (VC & OO)	**Short-term**	**Occupational Health & Safety**	All	The energy sector involves working in high-risk environments, such as construction sites, remote locations, and dangerous conditions (heights, voltage, etc.). This can increase the risk of physical harm, including accidents, injuries, and fatalities.

S3 AFFECTED COMMUNITIES

Sub-topic: Communities' economic, social, and cultural rights

	EXPECTED TIME HORIZON	MATERIAL IROs	BUSINESS SEGMENT	DESCRIPTION
Positive impact (OO)	**Short-term**	**Enhancing communities' economic development**	Green Capacities	By promoting local business and infrastructure enhancements alongside clean energy development, the Group is driving economic growth and improving the quality of life for local communities. This includes creating jobs, boosting local businesses, and enhancing access to essential services.
Risk (OO)	**Long-term**	**Balancing renewable energy expansion with community interests and concerns**	Green Capacities	Failing to address local opposition early in projects can lead to delays and increased costs. Balancing global climate goals with local priorities is crucial for the successful implementation of renewable energy projects. Early engagement with communities and NGOs helps to ensure that both objectives are met.

S4 CONSUMERS AND END-USERS

Sub-topic: Social inclusion of consumers and/or end-users

Positive impact (VC)	**Short-term**	**Access to energy**	Networks, Customers & Solutions	Recognizing the critical role of energy in driving social and economic development, the Group provides accessible, reliable, and sustainable energy services and solutions, ensuring that everyone has access to the energy they need. The Group goes beyond providing energy by emphasizing education and advice on responsible energy use and reducing energy waste. By offering tailored guidance and innovative solutions, the Group empowers customers and end-users to make informed decisions that minimize their environmental impact, optimize energy efficiency, and reduce cost.

Sub-topic: Social inclusion of consumers and/or end-users

Risk (OO)	**Short-term**	**High impact cyber attacks**	All	Cyberattacks pose a significant threat to the organization due to its importance for the Lithuania's energy services. These attacks can range from simple phishing attempts to sophisticated data breaches and ransomware attacks, causing disruptions in the energy generation systems that are significant at the Group level, personal data leaks, theft of confidential information.

G1 BUSINESS CONDUCT

Sub-topic: Corporate culture				
Positive impact (OO)	**Short-term**	**Strong corporate culture**	All	Aligned with the Group's commitment to create a 100% green and secure energy ecosystem, a strong corporate culture built on ethics, transparency, and whistleblower protection is being fostered. This creates a trustworthy and accountable environment, leading by example and inspiring confidence among the Group's stakeholders.
Sub-topic: Management of relationships with suppliers, including payment practices				
Positive impact (VC)	**Short-term**	**Sustainable procurement practices**	All	Recognizing that the Group's environmental and social impacts extend beyond its own operations, sustainability is integrated into its supply chain management practices, promoting environmental and social responsibility, transparency, and traceability.
Entity specific sub-topic: Contribution to national energy security				
Positive impact (VC)	**Short-term**	**Energy security**	All	By leading the regional transition into a climate-neutral, secure and independent energy ecosystem, contributing to Europe's decarbonization and facilitating renewable energy flows, the Group is playing a pivotal role in Lithuania's energy security strategy.

MDR-P Policies adopted to manage material sustainability matters

All information about the management of material sustainability matters is disclosed in topical standards to which the matter is relevant.

MDR-A Actions and resources in relation to material sustainability matters

Actions taken and/or planned to be taken to prevent, mitigate and remediate actual and potential impacts, and to address risks and opportunities are presented in each topical standard. If the action is disclosed in more than one standard, then the Group explains it more detailed and assess from financial perspective in that standard where the action is internally estimated to be more significant. In addition, only main financial resources, which can be directly linked to the action, were assessed.

Where the implementation of actions or action plan for separate topical standard does not require significant operating and/or capital expenditure at Group level, no additional disclosures are made within each standard. Action plan is only presented in E1 Climate change topical standard as the Group's transition plan. Other standards present actions taken within the reporting year. For action plans, different time horizons have been used to link them with the strategic plan:

- Short- / medium-term – 2024–2027;
- Long-term – 2028 and onwards.

6.2 Environment

E1 Climate change

ESRS 2 GOV-3 Sustainability-related performance in incentive schemes

The effectiveness of the parent company's Management Board in managing sustainability topics is measured based on the achievement of short-term and long-term objectives. The remuneration of top-level executives is directly linked to the achievement of pre-set sustainability targets (as part of their variable remuneration). For more information on the parent company's Management Board, and for details on climate change-related performance in incentive schemes, see section '5 Remuneration'.

ESRS 2 IRO-1 Description of the processes to identify and assess material climate-related impacts, risks and opportunities

For details on the Group's materiality assessment and the processes to identify and assess material climate related IROs, see section 'ESRS 2: IRO - 1 Materiality assessment process'. Regarding climate change, the Group has used climate-related scenario analysis (CSA), including a range of climate scenarios, to inform the identification and assessment of physical risks and transition risks and opportunities over the short-, medium- and long-term by incorporating physical and transition risks as well as opportunities as a source of information for the long-list of topics at the commencement of the double materiality assessment. The DMA furthermore utilised assumptions used in the CSA. More information on scenario analysis is available in the paragraph E1-3, providing details on climate change adaptation.

E1-1 Transition plan for climate change mitigation

The Group is committed to limiting global warming to 1.5°C, in alignment with the Paris Agreement and the EU's climate goals. The Group intends to invest to deliver 4–5 GW of Installed Green Capacities by 2030 and reach net zero emissions by 2040–2050, thus strengthening its contribution to Europe's decarbonisation and energy security in the region.

The Group has set ambitious targets for reducing Scope 1, 2, and 3 GHG emissions, which have been validated by the Science Based Targets initiative (SBTi) to be in line with the 1.5°C pathway. Detailed information on these targets can be found in paragraph E1-4 on targets.

To meet these emissions targets, a comprehensive roadmap was developed, featuring the following decarbonisation measures, detailed further by decarbonisation level in paragraph E1-3:

- growing green generation and green flexibility capacity: the Group intends to double its Installed Green Capacities to 4–5 GW by 2030, primarily through investments in onshore and offshore wind, solar, batteries, pumped-storage hydro and power-to-X. This will significantly reduce the Group's reliance on fossil fuels and its GHG emissions;
- utilising the integrated business model to enable the Installed Green Capacities build-out: the Group's integrated business model, including power generation, distribution, and supply, plays a crucial role in enabling the transition to a green energy system. The Group leverages its expertise in each segment to optimise the flow of energy and ensure a smooth energy transition;
- maximising sustainable value: the Group is committed to maximising sustainable value by directing its strategic focus towards decarbonisation, occupational health and safety (OHS), employee experience, diversity and creating sustainable products and services. The Group strives to create a positive impact on the society and the environment while delivering value to its shareholders.

The progress towards the development of strategic Green Capacities, achievement of GHG reduction targets and other key performance indicators (KPIs) of the Group's climate change transition plan (as established in the Group's Strategic Plan 2024–2027) are reported in section '2.2 Strategy and targets'.

The Groups' locked-in emissions are mostly related to its assets using natural gas for energy production and use of sold products (natural gas). All emissions from these activities and products are accounted for in the Groups' total emissions. The Groups' GHG emission reduction targets have been carefully set to take into account for potential locked-in emissions from existing assets and products, ensuring that these emissions do not hinder the Group's decarbonisation efforts.

The Group may consider conducting a more detailed analysis of locked-in emissions of its assets and other relevant sources in the future.

The Group is included in the EU Paris-Aligned Benchmarks. The Group's climate change transition plan is fully integrated with its overall strategy and annual planning, and operations. During the annual planning table cycle, according to the Group Strategic Planning Policy, the Sustainability function, with approval from the parent company's Management Board, provide guidelines to the Group companies regarding long-term and annual sustainability plans (including expected GHG emissions level). The Group companies plan their business activities and corresponding GHG emissions concurrently to the financial planning, strategic decarbonisation and other climate-related measures are discussed at the same time. The Board of the Group company concerned approves the subsidiaries' sustainability plan (including planned GHG emissions) while the parent company's Management Board approves the Group's consolidated sustainability plan (including the Group's GHG emissions plan). Comments and proposals on this document are provided by the Supervisory Board prior to the approval. The Group's transition plan, including its targets, required investments, key risk management plan, executive remuneration incentives, is embedded in the Group's strategic plan and as such has been approved by the Supervisory Board.

The Group has allocated significant capital expenditure (Investments) and operational expenditure (OPEX) to support the implementation of the decarbonisation measures described in more detail in paragraph E1-3. Relation between these Investments and Taxonomy CAPEX and/or Taxonomy CAPEX plan under EU Commission Delegated Regulation 2021/2178 is explained in paragraph E1-3.

The Group plans to continue to align its activities with the EU Taxonomy (Commission Delegated Regulation (EU) 2021/2139) criteria – the Group's Strategic Plan 2024–2027 specifies that ≥85–90% of Investments is to be directed to the maintenance or expansion of the EU Taxonomy-aligned activities.

For more details on the objectives set out in the Group's strategy and business model for strengthening resilience to climate change, see paragraph E1-3 on climate change adaptation.

ESRS 2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

In the latest double materiality assessment, the following sub-topics related to climate were identified as being material:

- *Climate change mitigation*, encompassing the following IROs:
  - *negative impact* through GHG emissions, applicable to the Group's direct operations in all segments and the value chain. The GHG emissions through energy production (e.g., emissions from incineration process), energy use (e.g., purchased electricity for own operations), energy supply (e.g., retail of electricity) and other business activities negatively contribute to climate change. The Group responds to this impact through its strategic targets and decarbonization action;
  - *positive impact* through the growth of the Green Capacities Portfolio. The impact is related to direct operations of subsidiaries of Ignitis Renewables, Ignitis Gamyba's hydroelectric power plants (all Green Capacities). The expansion of green generation capacities with a focus on onshore and offshore wind, also development of green flexibility technologies such as batteries, pumped-storage hydro and power-to-X technologies ensures green energy transition and decarbonization;
  - *positive impact* on the energy transition by enabling electrification. This is applicable to the direct operations of ESO (Networks) and Ignitis (Customers & Solutions). This includes developing a resilient and efficient network that would enable electrification needs, enhancing the development of EV network;
  - *risk* of lacking support for the energy transition. This applies to our direct operations and all segments. The continued expansion of green energy and green flexibility technologies may be hindered by both the policy-related uncertainties and the lack of political support, triggering slower Green Capacities expansion and impeding climate change mitigation efforts;
  - *opportunity* for the Group's direct operations, including Ignitis Renewables, Ignitis Gamyba's hydroelectric power plants (all Green Capacities) and ESO (Networks), arising from favourable global and regional renewable energy landscape. The Paris Agreement and the EU Green Deal are driving a rapid shift towards renewable energy. This presents an opportunity to invest in sustainable solutions and reduce GHG emissions.
- *Climate change adaptation*, comprising of the following risk:
  - *risk* of physical acute and chronic climate-related events. This risk relates to the Group's direct operations, mostly in Ignitis Renewables (Green Capacities), Ignitis Gamyba (Reserve Capacities and Green Capacities) and ESO (Networks). Chronic events may lead to uncertainty in production estimates due to renewable energy generation's dependency on natural resources, such as wind patterns. Acute events may result in disruption of construction or work in different assets and an increase in repair needs, especially for overhead electricity lines. For more on this risk and its mitigation measures, see section '4.7 Risk management'.

Interaction of material IRO's with Group's strategy and business model and information on resilience analysis, including the scope, the results from the use of scenario analysis and ability to adapt is available in the paragraph E1-3.

E1-2 Policies related to climate change mitigation and adaptation

Policies forming the management of both climate change mitigation and adaptation at the Group are the Group Environmental Policy, Group Sustainability Policy and Climate Change Governance Guidelines. Policies, approved by the parent company's Management Board, are publicly available to the stakeholders. The CEO has a responsibility to govern the implementation of the environmental and sustainability policies, including delegating all relevant objectives. These documents state the Group's commitment to third-party standards and initiatives that are promoting the best global practices such as the United Nations Sustainable Development Goals (UN SDGs) and the SBTi.

The Group Sustainability Policy (available on our website) provides for the general principles of sustainability at the Group, with relevance to climate change mitigation and adaptation being emphasised specifically through the following principles:

- the Group is committed to reach net zero emissions in line with the European Green Deal and the Paris Agreement;
- the policy encourages rational and sustainable resource management, responsible and efficient energy consumption and participation in initiatives that increase energy efficiency and contribute to Lithuania's energy savings goals.

The Group Environmental Policy (available on our website), together with its Addendum on Climate Change Governance, defines the main principles of the Group's environmental protection, with relevance to climate change mitigation and adaptation being emphasised specifically through the following principles:

- the Group is committed to reducing the impact of its activities on the environment by following legal and environmental requirements, implementing effective processes and using the best available technologies and practices;
- the Group prioritises energy efficiency and reducing energy demand while improving the reliability and resilience of electricity and gas distribution networks. It also develops innovative solutions and services that facilitate efficient and simple energy consumption, offers customer solutions that allow customers to become more environment friendly, develops employee competences and has a responsible approach to their work and environmental protection;
- the Group initiates and supports educational projects and awareness campaigns by involving employees, customers, suppliers, local communities, young people and other stakeholders in such projects.

The Climate Change Governance Guidelines (not publicly available) further specify that the Group commits to:

- develop and implement a plan to mitigate climate change and reduce GHG emissions, aiming to limit global warming to 1.5°C;
- set interim targets and aim for net zero GHG emissions by 2040-2050;
- plan actions for managing methane emissions;
- phase out activities related to fossil fuel consumption by 2040-2050;
- promote 100% renewable energy consumption;
- invest in renewable energy and green flexibility technologies deployment and low-GHG emission technologies;
- promote energy efficiency and conservation measures;
- continuously reduce energy consumption and improve efficiency;
- conduct energy audits and implement management systems in high-energy-consuming companies;
- include the value chain in climate and energy efficiency plans.

To achieve these commitments, the Group aims to:

- integrate changing climate challenges into governance, business models, and investment decisions;
- incorporate the climate transition plan into strategic and financial planning;
- regularly assess climate risks and integrate them into the management system;
- develop adaptation plans to increase the resilience of operations and infrastructure;
- disclose information on GHG emissions and progress towards decarbonisation goals;
- Involve internal and external stakeholders in shaping the climate strategy;
- invest in research and development to reduce GHG emissions and increase efficiency;
- encourage customers to use energy more efficiently and raise their awareness;
- provide training for employees and promote their involvement in sustainability initiatives.

E1-3 Actions and resources in relation to climate change policies

Climate change mitigation

The Group recognises that the energy sector is critically important when it comes to achieving the climate neutrality in the European Union by 2050. The Group is committed to addressing the climate crisis and transitioning to a low-carbon future. The Group has set ambitious targets to reduce GHG emissions by 47% by 2030 from a 2020 baseline and achieve net zero emissions by 2040–2050. See more in paragraph E1-4 on targets.

The Group climate change mitigation measures are tailored to the specific emission profiles of different business segments:

- Green Capacities: The Group is committed to increasing installed green generation and green flexibility capacities to 4–5 GW by 2030. This will significantly reduce GHG emissions intensity from power generation.
- Networks: The Group is working to improve the efficiency of electricity distribution networks, which will reduce energy losses and emissions, and is investing in new technologies, such as smart grids, to enable demand-side management and reduce peak load.
- Customers & Solutions: The Group is offering its customers a range of low-carbon energy products (EV charging network, remote solar farms) and services and is developing energy efficiency measures.
- Reserve Capacities: The Group is maintaining and prolonging the life-cycle of Reserve capacities to keep up with legal and energy security requirements.

The Group has prepared an internal package of mitigation measures to be implemented within the Group that are in line with the policy commitments described in E1-2.

Each company of the Group is updating its measures and monitoring its progress and efficiency every year. The decisions regarding the implementation of a specific measures are made during the annual and four-year strategic planning, or by separate decisions of persons and/or collegial bodies authorised to make such decisions. It must be noted that some of the measures are considered preliminary and may be implemented to enhance operational efficiency, ensure reliability and, thereby, positively impact the emission reduction goals. New measures may also be added every year.

Key decarbonisation levers, objectives and actions taken by the Group

The key decarbonisation levers the Group relies on to achieve its targets in GHG reduction include:

- deploying renewable energy and green flexibility technologies;
- ensuring energy efficiency and reducing consumption;
- using renewable energy;
- substituting products;
- electrification;
- fuel switching;
- avoiding GHG emissions.

Biodiversity in Group's wind and solar farms

Key decarbonisation actions, targets and progress in 2024

Emissions scope	Segment	Timeframe	Action	Description	KPIs and targets	Progress in 2024	Achieved or expected GHG reductions[1]
Scope 1 & 3	Green Capacities	Short- / medium-term, long-term	Green generation and green flexibility	The Group continued to deploy and operate onshore and offshore wind, solar, battery, pumped-storage hydro and CHP capacities to increase its green generation and green flexibility capacities. The Green Capacities projects under construction and development and related investment data are discussed in further detail in section '2.3 Investment program' of this report.	Delivering 2.4–2.6 GW of installed green generation and green flexibility capacity by 2027 and 4–5 GW by 2030.	In total, 2.30 TWh of electricity was generated (net) in the Green Capacities segment (+0.5 TWh compared to 2023). The share of green generation amounted to 81.5 % (85.0 % in 2023). The amount of heat produced from biomass (woodchips) at Vilnius CHP was 807.6 GWh (168.7 GWh in 2023). The Green Capacities Portfolio increased to 8.0 GW (from 7.1 GW in 2023), which includes 1.4 GW of Installed Capacity (+0.1 GW) and 1.0 GW Under Construction (+0.1 GW).	If the emissions from the same amount of generated electricity would be accounted for using residual mix, it would cause 1,341 thousand t CO_2-eq of GHG emissions.
Scope 1	Networks	Short- / medium-term, long-term	Reducing gas network losses	The Group maintains, repairs and reconstructs the natural gas distribution network on a regular basis to reduce the natural gas losses through evaporation (the measures include: regular inspections of operational natural gas pipelines for leaks using specialised natural gas leak detectors, immediately addressing them, if any; annual inspections of steel pipelines and inspections of polyethylene pipelines every five years; using the PLEXOR system to inspect equipment that regulates the natural gas pressure in the pipelines; using the technology that allows us to connect new or switch pipelines without reducing the natural gas pressure; safeguarding approximately 99% of underground steel distribution pipelines against active corrosion, inspecting/repairing the protective layer of these pipelines every six years, and restoring the protective layer of steel distribution pipelines and inlets above the surface).	Aiming to reduce the total natural gas distribution technological losses and undertake to limit them to 2.2% under all circumstances.	The total volume of natural gas distributed in 2024 was 6.91 TWh (6.32 TWh in 2023). The technological losses related to the release of natural gas into the atmosphere were 0.57% (0.62% in 2023).	GHG emissions from the losses were 71.1 thousand t CO_2-eq (71.1 thousand t CO_2-eq in 2023), i.e., 15% of the Group's total Scope 1 emissions (17% in 2023).

Emissions scope	Segment	Timeframe	Action	Description	KPIs and targets	Progress in 2024	Achieved or expected GHG reductions[1]
Scope 1	Green capacities, Networks	Short- / medium-term, long-term	Minimizing SF6 leakages and use	The Group is taking action to manage sulphur hexafluoride (SF6, one of the most potent greenhouse gases) emissions. In Green Capacities, SF6 is used in substations and in switchgear of wind farms, and in Networks – in the distribution equipment, substations with gas isolation and gas circuit breakers. All the equipment containing SF6 gas is hermetically sealed. The manufacturer is responsible for its maintenance and ensuring leak prevention. Upon reaching the end of their life cycle, all components of this equipment are returned to the manufacturer for proper handling. The Group adheres to the established procedures for SF6 gas monitoring and data reporting during its activities. The Group is planning to prepare an action plan to comply with the requirements of the EU Regulation 2024/573 regarding the phase-out of the equipment containing SF6.	0 g of SF6 leaked.	In 2024, the total amount of of SF6 that leaked is 100 g: – 0 g from the Networks' infrastructure; – 100 g from the Green Capacities' infrastructure.	0.01 t CO_2-eq emitted
Scope 1	Networks	Short- / medium-term	Fleet electrification	The Group is electrifying its own vehicle fleet and encouraging ecological driving by organising regular training sessions and different incentives, for example, the economic driving competition.	The Group companies whose combined vehicle fleets comprise 92% of the entire fleet undertake to reduce GHG emissions from polluting fuel by 42% by 2030 (vs 2020). The Group also has a target to use electric common-purpose vehicles in at least 50% of its business travels.	24 new C1-class EVs were obtained in 2024.	-[2]

Emissions scope	Segment	Timeframe	Action	Description	KPIs and targets	Progress in 2024	Achieved or expected GHG reductions[1]
Scope 2	Networks	Short- / medium-term, long-term	Reducing electricity network losses	The Group maintains, repairs and reconstructs electricity distribution networks on a regular basis to reduce electricity distribution grid losses and improve their energy efficiency (the measures include: analysing the 0.4–10 kV network to pinpoint the components causing significant losses and to minimise the unaccounted electricity consumption; upgrading transformer stations to more modern, energy-efficient models and conducting regular metrological inspections; replacing outdated 6–10 kV transformer stations with newer, more efficient versions; modernising the heating and lighting in transformer substations and distribution points by switching to fluorescent lights or LEDs and updating heating systems with automated solutions; actively purchasing green electricity to cover the remaining grid losses).	≤5.0% technological losses over the 2024–2027 period (yearly average).	The total volume of electricity distributed in 2024 was 10.07 TWh (9.73 TWh in 2023). The technological losses of distributed electricity were 5.0% (4.1% in 2023).	GHG emissions from technological losses amounted to 101 thousand t CO2-eq (91 thousand t CO_2-eq in 2023), i.e., 86% of the Group's total Scope 2 emissions (50% in 2023).
Scope 2	Green Capacities	Short- / medium-term, long-term	Using renewable energy for own operations	The Group is increasing the consumption of renewable electricity in its operations and seeks to ensure that Kruonis PSHP, the asset consuming the largest share of electricity, consumes more green energy.		In 2024, 91.7% of electricity consumed by Kruonis PSHP was covered by green certificates (7.6% in 2023).	Green certificates covering the electricity consumption of Kruonis PSHP allowed us to avoid approximately 137 thousand t CO_2-eq of GHG emissions (27 thousand t CO_2-eq in 2023).
Scope 3	Networks	Short- / medium-term, long-term	Providing tools for energy efficiency improvement	The Group is implementing a smart metering programme to enable a more efficient energy consumption and make metering easier.	Installing 300,000 smart meters in 2024	Total number of smart meters reached 1,031 thousand in 2024 (around 519 thousand in 2023).	-[2]
Scope 3	Customers & Solutions	Short- / medium-term, long-term	Promoting behavioral changes	The Group promotes and contributes to the behavioral change in consumers by: – continuously enhancing the Ignitis EnergySmart app; – offering an electricity supply plan based on hourly market prices, thus enabling customers to take the advantage of flexible energy consumption; – offering consultations on GHG emissions assessment to companies.		The latest update allowed EV owners to charge their vehicles based on energy market prices, thus optimising their charging costs.	-[2]

Emissions scope	Segment	Timeframe	Action	Description	KPIs and targets	Progress in 2024	Achieved or expected GHG reductions[1]
Scope 3	Customers & Solutions	Short- / medium-term, long-term	Promoting use of green electricity	The Group actively promotes green electricity consumption (using guarantees of origin) and supplies it to customers, allowing them to reduce their GHG footprint while reducing the Group's downstream emissions.	The share of green energy in total independent electricity supply activities >30% by 2027.	The share of green energy in total independent electricity supply activities amounted to 28.0% (17.4% in 2023)	The guarantees of origin sold in 2024 allowed our customers to avoid approximately 1,118 thousand t CO_2-eq of GHG emissions (542 thousand t CO_2-eq in 2023).
Scope 3	Customers & Solutions	Short- / medium-term, long-term	Providing biomethane as alternative to natural gas	The Group is providing biomethane to business to business (B2B) customers as an alternative to natural gas, mainly for the transport sector, enabling its decarbonisation and reducing the Group's Scope 3 emissions.	-	The amount of biomethane sold in 2024 was 53,100 MWh (33,945 MWh in 2023).	The biomethane sold in 2024 amounted to at least 9,634 t CO_2-eq of GHG emissions, which would have been emitted if natural gas had been sold instead.
Scope 3	Networks, Customers & Solutions	Short- / medium-term, long-term	Implementing legal provisions on energy efficiency	The Group continues to implement its obligations set out in the Republic of Lithuania Law on Increasing Energy Efficiency, including: – implementing the provisions of Article 7 on energy savings agreements; – implementing the provisions of Article 8 on consumer education and consultation agreements.	The 2024 target for the estimated cumulative effect of the implemented energy saving measures by 2030 is 177.8 GWh. The 2024 target for the energy savings after the implementation of consumer education programmes is 103.7 GWh.	The estimated cumulative effect of the implemented energy saving measures by 2030 reached almost 432.2 GWh in 2024 (133.03 GWh in 2023). According to the reports submitted to the Ministry of Energy and the Lithuanian Energy Agency, the energy savings after the implementation of consumer education programmes are almost 131.1 GWh.	-[2]

[1] *These figures have been restated compared to the 2023 Integrated Annual Report. For more information, see section '7.2 Notes of restated figures' of this report.*
[2] *The Group is implementing measures to provide necessary information.*

Currently, the Group is focusing on direct emissions reduction measures (engineering or technological solutions) and has not developed specific carbon removal (including nature-based) solutions as a decarbonisation lever; however, such solutions may be considered in the future.

In 2024, the Group's significant Investments to implement the actions above were: EUR 434.5 million for Green Capacities expansion and EUR 96.9 million for Networks electricity and gas maintenance. Additionally, there has been significant OPEX of EUR 44.4 million dedicated to Networks repairs & maintenance and EUR 20.8 million to Green Capacities expansion. Due to limitations in the accounting systems, the OPEX related to the expansion of Green Capacities has been calculated using estimates and therefore is uncertain. The possibility of providing more accurate figures will be evaluated in the future periods. These Investments and OPEX comprise part of the total Investments and OPEX, for which split by segments can be found in note '5 Business segments' of the section '8 Consolidated financial statements'. Total Investments during the period 2024-2027 in the actions described above are estimated to be in the range of EUR 2,200-2,900 million, while long-term Investments and future OPEX are not disclosed as currently the Group cannot ensure the accuracy of this information. The Group will evaluate disclosure options in future periods. Part of OPEX and Investments associated with actions described above are also reflected under Taxonomy-aligned OPEX, Taxonomy-aligned CAPEX and Taxonomy CAPEX plan, which can be found in section 'Disclosures under the EU Taxonomy Regulation' of this report. It should be noted that there are differences in methodologies used to calculate Investments and Taxonomy CAPEX as well as OPEX and Taxonomy OPEX (for detailed definition of formulas, see section '7.3 Alternative performance measures' of this report).

Climate change adaptation

The Group's operations are not immune to the effects of climate change. In 2023, the Group conducted a medium-term (2030) and long-term (2050) CSA to assess its resilience. Climate scenarios are roadmaps that project potential emission pathways, their corresponding global temperature rise, and resulting climate system alterations while considering a range of assumptions pertaining to political, technological, socioeconomic, and physical environmental factors. This assessment involved a broad group of internal stakeholders, covering all business segments, and was overseen by the parent company's Management Board. More details on the assessment can be found in the Integrated Annual Report 2023 (available on our website).

The Group's selection of climate scenarios and their assumptions

Physical risks and opportunities	High physical impact (4°C warming) or no mitigation scenario: Shared Socioeconomic Pathway 5-8.5 of the 6th Assessment report of the Intergovernmental Panel on Climate Change.
	This scenario represents the most 'unprecedented' or 'worst-case' scenario from a physical climate change perspective, assuming a future with limited mitigation measures, ongoing emissions growth at current rates and a global average temperature increase of 4°C by the end of the century compared to pre-industrial levels. Future risks include: – rising temperatures; – changing rainfall patterns; – increased frequency and intensity of extreme weather.
	The assessment scope: almost 300 sites, including Kaunas HPP; Kruonis PSHP; Elektrėnai Complex; Vilnius and Kaunas CHPs; solar and wind farms; individual wind turbines.
Transitional risks and opportunities	Rapid transition (<1.5°C warming) or high-mitigation scenario: net zero scenario of the International Energy Agency was used where available; for some risks and opportunities the analysis also drew on other net zero-aligned sources to complement the findings, where additional data was needed.
	This scenario presents a pathway to effective climate mitigation, which sees global energy sector GHG emissions reach net zero by 2050, while also taking into consideration other sustainable development goals, such as universal access to energy and air quality improvements. Future risks and opportunities include: – more stringent climate policies and carbon pricing; – technology innovation to support the low carbon transition; – changing consumer market demands.
	The assessment scope: all four business segments of the Group and all scopes (total) GHG emissions of the Group.

The potential impact of key physical risks and opportunities under the 4°C scenario

Under the 4°C scenario, the Group is exposed to several physical risks that might affect its operations. However, extreme temperatures, changing wind patterns and windstorms are considered the most material due to their potential impact on the Group's business and strategy.

Physical risks and potential impacts under the 4°C scenario

Risk	Risk type	Topic	Region	Potential impact	2030	2050
Risk / Opportunity	Acute	Heatwave	Lithuania, Latvia, Estonia, Poland, Finland.	Under the 4°C scenario, heatwaves are projected to become more intense and frequent in all the countries the Group is operating in. This could affect the efficiency of solar panels, EV sites and the grid. However, heatwaves can also be an opportunity for the Customers & Solutions segment, which might sell more electricity for cooling.	● ○	● ○
Risk	Chronic	Changing wind patterns	Lithuania, Latvia, Estonia, Poland.	Projections on wind patterns show an increased annual variability under the 4°C scenario in all the countries where the Group operates, especially in the long term, which would require greater balancing capacity to deal with the periods of low production.	○	●
Risk	Acute	Windstorms	Lithuania, Latvia, Estonia, Poland, Finland.	Under the 4°C scenario, windstorms are projected to increase in frequency and intensity, especially in the long term. This could represent a moderate risk for the Group's wind energy production, depending on whether turbines need to be shut down during especially intense storms. Windstorms could also damage the grid.	●	●

Risk	● **Very low**	● **Low**	● **Moderate**	● **High**	● **Very high**
Opportunity	○ **Very low**	○ **Low**	○ **Moderate**	○ **High**	○ **Very high**

The potential impact of key transitional risks and opportunities under the 1.5°C scenario

The transition to net zero brings forth several opportunities for the Group, considering its Strategic Plan 2024–2027. However, it also holds some risks related to material acquisition and potential carbon prices.

Outcomes of scenario analysis

The CSA outcomes and, particularly, the identified opportunities enabled ability to adjust strategy and business model to climate change and reinforced the validity of the Group's strategic priorities, including the expansion of Green Capacities, resilient and efficient electricity distribution, utilising and further expanding the customer portfolio to enable the Green Capacities build-out and others (see more on strategic priorities in section '2.2 Strategy and targets'). The assessment of the climate-related risks drew upon an existing risk register while including all the risks that were not identified previously. Following a thorough internal examination of the CSA findings in 2024, the risk register was updated to incorporate new climate-related risks that had previously not been specified. They will serve as focal points for future assessments. CSA physical and transition risks and opportunities were a source of information included in the long-list of topics that was used during the double materiality assessment, and the double materiality assessment further utilised the assumptions used in the CSA.

Transitional risks and potential impacts under the 1.5°C scenario

Risk	Risk type		Topic	Region	Potential impact	2030	2050
Opportunity	Technology		Emerging storage technologies	EU	Storage technologies, such as commercial-scale batteries and green hydrogen, are essential to enable the low-carbon transition. In a 1.5°C scenario this would represent a high-to-very-high opportunity for the Group as it would enable the storage and commercialisation of surplus green energy, increasing revenues.	○	○
Risk / Opportunity	Legal / Policy	Carbon prices	Increase in energy costs due to policies on the phase-out of natural gas	EU	Carbon prices are expected to increase by ~1.7x by 2030 and 3x by 2050 under the 1.5°C scenario. This could lead to the Group facing a risk of increasing costs for energy and heat generated by the Elektrėnai Complex, Kaunas CHP and Vilnius CHP plants. However, the Group's Green Capacities Portfolio is predominantly green and still expanding, thus this represents an opportunity through the Group's comparative advantages in renewable electricity production.	● ○	● ○
			Expansion of carbon pricing regulations and policies to direct operations			● ○	● ○
Risk	Market		Increased cost of natural materials	EU	Under the 1.5°C scenario, the demand for key materials, such as aluminium, copper, silicon, and steel, is expected to increase significantly in the medium and long term, thus increasing the procurement costs and potentially creating shortages. This could represent a considerable risk for the Green Capacities expansion plans.	●	●

Risk	● **Very low**	● **Low**	● **Moderate**	● **High**	● **Very high**
Opportunity	○ **Very low**	○ **Low**	○ **Moderate**	○ **High**	○ **Very high**

The Group is committed to work continuously while strengthening its understanding of climate-related risks, including refining its approach to financial quantification of actual and potential impacts, emerging opportunities, and climate-related risks.

The financial statements are prepared in line with the climate scenarios. Further details on the significant accounting estimates and judgments used in the preparation of the financial statements can be found in note '4 Significant accounting estimates and judgments used in the preparation of the financial statements' of the section '8 Consolidated financial statements'.

E1-4 Targets related to climate change mitigation and/or adaptation

Climate change mitigation

The Group joined the Business Ambition for 1.5 °C of the United Nations in December 2019 and, thus, committed to achieve net zero emissions by 2050 and set its intermediate emission reduction targets. The Group has updated its net zero emissions targets with the Group's strategy update in 2023 by pushing the date to achieve net zero by 2040–2050. External stakeholders were not involved in emission target-setting process.

As for the intermediate targets, in November 2021 SBTi approved the Group's GHG reduction targets. After assessing the targets of the Group, the SBTi confirmed that they are in line with the latest science-based recommendations, power sector Sectoral Decarbonisation Approach and absolute contraction approaches, which should keep global warming below 1.5 °C compared to pre-industrial levels.
According to the SBTi-approved targets, the Group's total absolute GHG emissions in 2030 will have to be about 47% lower than in 2020. Emission reduction targets cover both direct and indirect GHG emissions from the Group's operations. The Group is committed to reducing emissions in all three GHG scopes (as per GHG Protocol):

- The Group commits to reduce the carbon intensity of Scope 1 GHG emissions from electricity and heat generation by 94% per MWh by 2030 from a 2020 baseline.
- The Group commits to reduce the carbon intensity of Scope 1 and 3 GHG emissions from all electricity and heat sold by 90% per MWh by 2030.
- The Group commits to reduce absolute Scope 1 and 2 GHG emissions from all other sources by 42% and reduce absolute Scope 3 GHG emissions from use of sold products by 25% by 2030.

The target boundary set in 2020 includes biogenic emissions and covers at least 95% of the Scope 1 and Scope 2 emissions (market-based method is chosen), whereas Scope 3 targets include at least two thirds of all Scope 3 emissions as defined by the SBTi criteria. As per current SBTi guidelines, the Group does not use carbon credits and does not at the moment plan to rely on carbon credits to reach the above-stated targets, although it plans to adhere to the SBTi stipulation that no more than 10% of residual emissions may be neutralized in the net zero (2040–2050) target year and ensuing years. Specific/separate targets for gross and net emissions in the year 2040–2050 are therefore at this moment unspecified. The reported 2030 targets and GHG emissions progress reported in E1-6 is for gross emissions unless explicitly stated otherwise. The Group has not yet developed an approach to residual emissions/neutralisation of remaining emissions in the net zero scenario (see more in paragraph E1-7).

The Group is not aware of any quantified external factors (such as temperature anomalies) that might influence the comparability of the baseline value against which the progress toward the target is measured. Therefore, the Group utilises the 2020 baseline value as this was the baseline validated by the SBTi. There were no significant changes in the target boundary in the reporting year. At the same time, the GHG emissions methodology was updated to align more closely with GHG Protocol and to include additional Scope 3 categories that had previously had high data uncertainty. See more on the methodology update in E1-6. The range of climate scenarios which have been considered and the decarbonization levers chosen for target achievement is discussed in detail in section E1-3.

For the 2024 –2027 strategic cycle, the Group has set the following targets:

- to reduce the carbon intensity of Scope 1 & 2 GHG emissions from 360 g CO_2-eq/kWh in 2023 to 215–289 g CO_2-eq/kWh in 2027;
- to grow the share of green electricity supplied from 17% in 2023 to more than 30% in 2027;
- to reduce absolute GHG emissions from natural gas supply by at least 23%.

Target scope	Emissions scope	Unit	2020	2021	2022	2023	2024	2030 target and expected change in 2030 vs. 2020	Change in 2024 vs. 2020
GHG emissions intensity from power generation	Scope 1 (stationary combustion) + biogenic emissions	kg CO_2-eq/MWh	237	228	201	228	281	15 (94%)	19%
GHG emissions intensity from power generation and sold electricity	Scope 1 (stationary combustion) + Scope 3 (sold electricity)	kg CO_2-eq/MWh	255	232	253	359	360	27 (90%)	41%
GHG emissions not related to power generation	Scope 1 + Scope 2	Million t CO_2-eq	0.59	0.55	0.45	0.41	0.13	0.34 (42%)	(78%)
GHG emissions from use of sold products	Scope 3 (use of natural gas sold to end-users)	Million t CO_2-eq	2.08	1.62	1.78	1.17	1.22	1.5 (25%)	(41%)

E1-5 Energy consumption and mix

Energy consumption and mix[1]		2024	2023	Δ
1. Fuel consumption from coal and coal products	MWh	n/a	n/a	-
2. Fuel consumption from crude oil and petroleum products	MWh	n/a	n/a	-
3. Fuel consumption from natural gas	MWh	1,163,461	740,429	57.1%
4. Fuel consumption from other fossil sources	MWh	22,572	21,604	4.5%
5. Consumption of purchased or acquired electricity, heat, steam and cooling from fossil sources	MWh	97,981	723,330	(86.5%)
6. Total fossil energy consumption (calculated as the sum of lines 1 to 5)	MWh	1,284,014	1,485,363	(13.6%)
Share of fossil sources in total energy consumption	%	33.3	63.2	(29.9 pp)
7. Consumption from nuclear sources	MWh	n/a	n/a	-
Share of nuclear sources in total energy consumption	%	n/a	n/a	-
8. Fuel consumption for renewable sources, including biomass (also comprising industrial and municipal waste of biologic origin, biogas, renewable hydrogen, etc.)	MWh	1,853,766	806,742	129.8%
9. Consumption of purchased or acquired electricity, heat, steam and cooling from renewable sources	MWh	721,291	58,147	1,140.5%
10. Consumption of self-generated non-fuel renewable energy	MWh	0	0	0%
11. Total renewable energy consumption	MWh	2,575,057	864,888	197.7%
Share of renewable sources in total energy consumption	%	66.7	36.8	29.9 pp
Total energy consumption (calculated as the sum of lines 6 and 11)	MWh	3,859,071	2,350,252	64.2%
Energy generation of the Group				
Non-renewable energy production	GWh	1,766	1,547	14.1%
Renewable energy production	GWh	3,047	1,816	67.7%

[1] *These figures have been restated compared to the 2023 Integrated Annual Report. For more information, see section '7.2 Notes of restated figures' of this report.*

Energy intensity per net revenue	2024	2023	Δ,%
Energy intensity (total energy consumption per net revenue)	1.7	0.9	81.8%

Accounting policies

Data regarding energy consumption is generated from our internal data collection system. Each power plant enters its operational data monthly, and the consolidated numbers are reported annually. The energy consumption and mix have been calculated and grouped according to ESRS requirements, which may result in differences when compared to previous years' reports where a different standard was used for calculations.

Direct energy consumption

Direct energy consumption encompasses all forms of energy usage, including those that contribute to Scope 1 GHG emissions. This includes all fuels used at Elektrėnai Complex (Reserve Capacities), Vilnius CHP and Kaunas CHP (both Green Capacities) as well as other forms of energy, such as petrol and diesel.

Indirect energy consumption

Heat and electricity purchased and consumed by the Group are reported for all plants, other facilities, and administrative buildings. This excludes the consumption of electricity and heat generated by our own plants. For purchased energy, we calculate direct consumption based on invoices.

Energy intensity

All of the business segments of the Group fall under high climate impact sectors. Accordingly, the net revenue from high climate impact sectors can be found under line 'Total revenue from contracts with customers' in note '6 Revenue' of the section '8 Consolidated financial statements'.

The energy intensity ratio is calculated using the following formula: Total energy consumption from activities in high climate impacts sectors (MWh)/ Net revenue from activities in high climate impact sectors (EUR).

E1-6 Gross Scopes 1, 2, 3 and total GHG emissions

GHG emissions[1]		2024	2023	Δ,%
Scope 1 GHG emissions				
Gross Scope 1 GHG emissions	thousand t CO_2eq	476	414	14.8%
% of Scope 1 GHG emissions from regulated emission trading schemes	%	62.2%	60.1%	3.5%
Scope 2 GHG emissions				
Gross location-based Scope 2 GHG emissions	thousand t CO_2eq	80	87	(8.4%)
Gross market-based Scope 2 GHG emissions	thousand t CO_2eq	118	183	(35.6%)
Scope 3 GHG emissions				
Gross Scope 3 emissions	thousand t CO_2eq	3,454	3,765	(8.3%)
Significant Scope 3 GHG emissions				
Purchased goods and services	thousand t CO_2eq	305	320	(4.7%)
Capital goods	thousand t CO_2eq	258	258	(0.1%)
Fuel and energy-related activities	thousand t CO_2eq	1.192	1.307	(8.8%)
Waste generated in operations	thousand t CO_2eq	76	74	3.0%
Business travelling	thousand t CO_2eq	1	0	196.8%
Employee travelling	thousand t CO_2eq	2	3	(16.0%)
Use of sold products	thousand t CO_2eq	1.619	1.802	(10.2%)
Downstream leased assets	thousand t CO_2eq	0	0	(17.9%)
Total GHG emissions (location-based)	thousand t CO_2eq	4,009	4,266	(6.0%)
Total GHG emissions (market-based)	thousand t CO_2eq	4,048	4,363	(7.2%)
GHG emissions outside of Scope 1-3	thousand t CO_2eq	105	126	(16.5%)

[1] *These figures have been restated compared to the 2023 Integrated Annual Report. For more information, see section '7.2 Notes of restated figures' of this report.*

Accounting policies

The Group's carbon footprint calculations are based on the Greenhouse Gas (GHG) Protocol and aligned with the ESRS requirements. Specifically, the calculations follow the GHG Protocol Corporate Accounting and Reporting Standard and the Corporate Value Chain (Scope 3) Accounting and Reporting Standard. Emissions are calculated throughout the value chain as per the standard. Emission factors for calculations have been used from research-based Life-Cycle Analyses (LCAs) sourced from ecoinvent v3.11, the UK Department for Environment, Food & Rural Affairs (DEFRA), and other known and qualified emission factor databases.

All Group companies and activities are included in the calculations. The Group uses the operational control approach for organisational boundary setting. The Group's GHG inventory includes Scope 1, Scope 2, and all relevant Scope 3 categories.

Direct GHG emissions (Scope 1)

Scope 1 emissions cover all direct emissions of greenhouse gases from the Group. The direct emissions from the combustion in heat and power plants are determined based on the fuel quantities used in accordance with the EU Emissions Trading System (ETS). Other direct emissions (mobile combustion, natural gas transmission losses, cooling agents) are primarily calculated as operational data multiplied by emission factors.

Indirect GHG emissions (Scope 2)

Scope 2 emissions include indirect GHG emissions from the generation of power, heat, and steam purchased and consumed by the Group. Scope 2 emissions are primarily calculated as the power volumes purchased multiplied by specific emission factors.
Location-based emissions are calculated based on average country-specific emission factors. Calculations using market-based emission factors consider renewable power purchased and assume that regular power is delivered as residual power. Contractual Instruments such as Power Purchase Agreements and Guarantees of Origin are used in market-based calculations and covers 74 % of total energy purchased and 26 % of Scope 2 emissions.

Indirect GHG emissions (Scope 3)

Scope 3 emissions inventory is split into 15 subcategories (C1-C15):

- C1 and C2 are categorised spend data multiplied by relevant spend-category-specific emission factors.
- C3 is calculated based on actual fuel consumption and power sales to end customers multiplied by relevant emission factors.
- C4 includes waste transport to CHP plants.
- C5 is calculated based on actual waste data multiplied by relevant emission factors. C6 is calculated based on mileage allowances for employee travel.
- C7 is calculated based on estimates of the distance travelled and travel type (e.g. car or train).
- C8 is included in Scope 1 and Scope 2 emissions.
- C11 is calculated based on actual sales of gas to both end customers and wholesalers. The different types of gas sold have specific upstream and downstream emission factors.
- C13 is calculated to cover energy use in buildings rented out by the Group.
- The subcategories C9, C10, C12 and C14-C15 are not relevant for the Group.

Due to recent expansion of Scope 3 emission calculations, the disclosure of the percentage of GHG calculated using primary data may be unreliable at this stage, as it is challenging to determine.

GHG emission totals are calculated as the sum of Scope 1, Scope 2 (market-based) and Scope 3 emissions. The Group has chosen the market-based approach as the main approach, in alignment with the GHG Protocol's guidance and the Group's strategy.

During reporting period Vilnius CHP biomass unit became fully operational. No other significant events and changes in circumstances (relevant to its GHG emissions) occurred between the reporting dates in the Group's value chain.

Updates in GHG accounting methodology

During 2024, the Group implemented several key updates to its GHG accounting methodology to enhance the accuracy and reliability of the data. These changes include advanced emission measurement techniques, expanded data collection, improved estimation methods, and sector-specific adjustments.

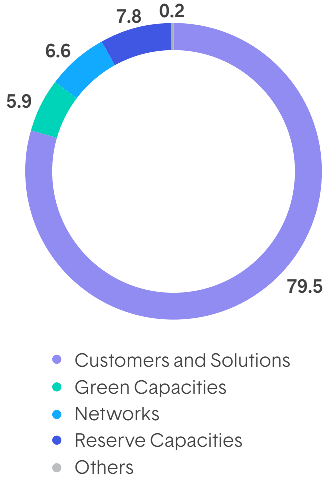
Methodology changes were implemented retrospectively for 2023 data, which is now considered the Group's baseline. The comparability in this statement between 2023 and 2024 is not affected by the implemented changes.

The main updates are:

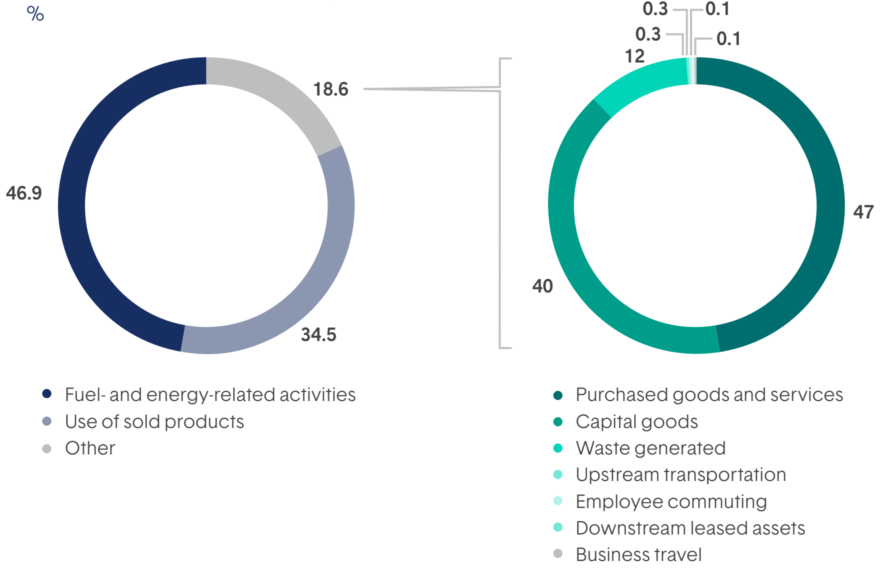
- In some Scope 1 categories (e.g., waste incineration), the Group changed previously used extrapolated emission factors to those from widely recognized databases mentioned previously.
- In Scope 2, the Group changed how emissions from electricity used for water pumping to the Kruonis PSHP upper reservoir are accounted for (previously all emissions were in Scope 2; with the update, only losses are left in Scope 2, and the remaining emissions are moved to Scope 3).
- In Scope 3:
  - Category 1 has been expanded, and Category 2 is now included using financial data for calculations.
  - The location-based method is used for all energy-related activities after the update (previously, the market-based method was used).
  - Out-of-scope (biogenic) emissions are now reported separately and no longer included in total GHG emissions (according to ESRS requirements).

A detailed description of the methodology updates can be found in the Carbon accounting report, published on the Group's website.

Share of GHG emissions by segment
%



Scope 3 GHG emissions by category
%



GHG intensity[1]		2024	2023	Δ, %
Total GHG emissions (location-based) per net revenue	t CO_2eq/EURm	1.7	1.7	3.8%
Total GHG emissions (market-based) per net revenue	t CO_2eq/EURm	1.8	1.7	2.5%

[1] These figures have been restated compared to the 2023 Integrated Annual Report. For more information, see section '7.2 Notes of restated figures' of this report.

E1-7 GHG removals and GHG mitigation projects financed through carbon credits

The Group did not engage in carbon removals or storage in the reporting year, and it did not finance any GHG mitigation projects through carbon credits. As stated in paragraph E1-4 on targets, the Group has not yet developed an approach to residual emissions / neutralisation of remaining emissions in the net zero scenario.

E1-8 Internal carbon pricing

The Group is exploring application of internal carbon pricing options by assessing life-cycle emissions of its new investment projects.

E1-9 Anticipated financial effects from material physical and transition risks and potential climate-related opportunities

The Group has opted to exercise the phase-in allowance to omit the financial effects.

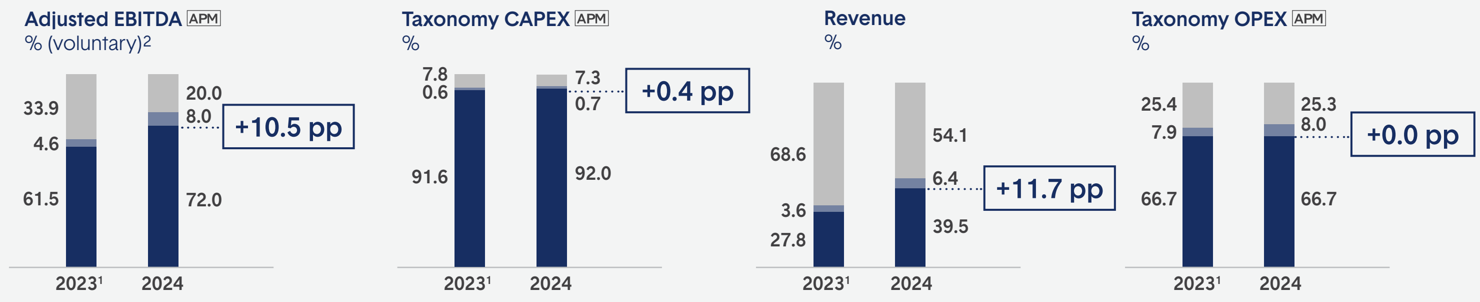
Accounting policies

Total GHG emissions (location-based) intensity based on net revenue is calculated by the following formula: Total GHG emissions (location-based) (t CO_2eq)/ Net revenue (EURm). Total GHG emissions (marked-based) intensity based on net revenue is calculated by the following formula: Total GHG emissions (marked-based) (t CO_2eq)/ Net revenue (EURm).

Net revenue can be found under the line 'Total revenue' in note '6 Revenue' of the section '8 Consolidated financial statements'.

Disclosures under the EU Taxonomy Regulation

Overview



[1] *These figures have been restated compared to the Integrated Annual Report 2023. For more information, see section '7.2 Notes on restated figures' of this report.*

[2] *Adjusted EBITDA is disclosed voluntary and calculated based on the methodology determined by the Group as it's not part of the EU Commission Delegated Regulation 2021/2178.*

Regulatory overview

The EU Taxonomy Regulation (EU) 2020/852 (hereinafter – Taxonomy Regulation) establishes a common classification system for sustainable economic activities and provides common language to describe what an environmentally sustainable activity is. The key role of this regulation is to help scale the sustainable investments, provide companies, investors, and policymakers with appropriate definitions for economic activities which can be considered as environmentally sustainable. The Group supports the need to direct investments towards sustainable projects and activities to reach the objectives of the European Green Deal.

The Group has been applying the provisions of Taxonomy Regulation since 2021, by disclosing status of Taxonomy-aligned economic activities and their share of required KPIs: capital expenditures (Taxonomy CAPEX), operating expenses (Taxonomy OPEX) and revenue. In addition, the Group voluntarily discloses its Adjusted EBIDTA.

Eligibility assessment

The Group has identified Taxonomy-eligible activities by screening the economic activities in the Climate Delegated Act (Commission Delegated Regulation (EU) 2021/2139), the Complementary Climate Delegated Act (Commission Delegated Regulation (EU) 2022/1214), the Environmental Delegated Act (Commission Delegated Regulation (EU) 2023/2486), and the amendments to the Climate Delegated Act (Commission Delegated Regulation (EU) 2023/2485).

After careful screening of all Delegated Acts, the Group has concluded that it operates the following activities from Climate Delegated Acts. No corresponding activities in the Environmental Delegated Act has been detected.

New corresponding activity to '4.10 Storage of electricity' has been identified – Battery energy storage system at its early stage. In addition, after alignment assessment, it was determined, that few projects from activity '7.6 Installation, maintenance and repair of renewable energy technologies' do not meet on-site requirement, thus are eliminated and reported as non-eligible.

No other changes to the list of Taxonomy-eligible and aligned activities have been made since previous reporting period.

Taxonomy-eligible and -aligned activities of the Group in 2024 include:

Activity listed in the Delegated Acts	Codes	Corresponding activity in the Group	Business segments	Alignment with mitigation objective
Electricity generation using solar photovoltaic technology	CCM 4.1 / CCA 4.1	Construction and electricity generation of solar farms	Green Capacities	Aligned
Electricity generation from wind power	CCM 4.3 / CCA 4.3	Construction and electricity generation of wind farms	Green Capacities	Aligned
Electricity generation from hydropower	CCM 4.5 / CCA 4.5	Electricity generation in Kaunas HPP	Green Capacities	Aligned
Transmission and distribution of electricity	CCM 4.9 / CCA 4.9	Electricity distribution	Networks	Aligned
Installation of equipment such as, but not limited to future smart metering systems or those replacing smart metering systems in line with Article 19(6) of Directive (EU) 2019/944 of the European Parliament and of the Council	CCM 4.9 (f)	Installation of smart metering systems	Networks	Aligned
Storage of electricity	CCM 4.10 / CCA 4.10	Storage of electricity in Kruonis PSHP and BESS	Green Capacities	Aligned
Cogeneration of heat/cool and power from bioenergy	CCM 4.20 / CCA 4.20	Cogeneration of heat and electricity in Vilnius CHP biomass	Green Capacities	Aligned
Production of heat/cool from bioenergy	CCM 4.24 / CCA 4.24	Production of heat in Elektrėnai biomass unit	Green Capacities	Aligned
Electricity generation from fossil gaseous fuels	CCM 4.29 / CCA 4.29	Electricity generation in Elektrėnai Complex 7, 8 units and CCGT	Reserve Capacities	Not aligned
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5 / CCA 6.5	Renting, leasing and operation of vehicles	Networks and Other	Partially aligned
Infrastructure enabling low-carbon road transport and public transport	CCM 6.15	EV charging stations network	Customers & Solutions	Aligned
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	CCM 7.4 / CCA 7.4	EV installation	Customers & Solutions	Aligned
Installation, maintenance and repair of renewable energy technologies	CCM 7.6 / CCA 7.6	PV installation and maintenance	Customers & Solutions, Green Capacities	Aligned
Acquisition and ownership of buildings	CCM 7.7 / CCA 7.7	Rental of buildings	Reserve Capacities and Other	Not aligned

Taxonomy-non-eligible economic activities of the Group include supply of electricity and natural gas, distribution of natural gas, cogeneration of heat / cool and power from waste and other non-significant activities on the Group level.

Alignment assessment

All Taxonomy-eligible activities of the Group identified in the EU Taxonomy Delegated Acts were analysed in determining substantial contribution and do no significant harm (DNSH) technical screening criteria. After screening of Taxonomy-eligible activities it was noticed, that most of the Group's activities share the same description in Annex I and II of the Climate Delegated Acts, meaning that they can be eligible for both mitigation and adaptation objectives. This year's assessment evaluated climate change mitigation objective as more relevant for our activities there the Group is currently concentrating its disclosures.

Substantial contribution to climate change mitigation

Activities 4.1, 4.3, 4.10, 7.4, 7.6 (a) automatically fulfil the substantial contribution criteria to climate change mitigation as the Group operates them in the manner requested by the criteria. Activity 4.5 meets substantial contribution criteria as the life-cycle GHG emissions from the generation of electricity from hydropower are lower than 100g CO_2e/kWh. Activity 4.9 is part of the interconnected European system, i.e. the interconnected control areas of Member States, Norway, Switzerland and the United Kingdom, and its subordinated systems, meaning this activity of the Group meets substantial contribution criteria. In addition, 4.9 (f) is applicable to the Group, as it is installing smart metering systems in line with Article 19(6) of

Directive (EU) 2019/944. Activities 4.20 and 4.24 use biomass compliant with criteria laid down in Article 29, paragraphs 2-7 of Directive (EU) 2018/2001 and complies with the GHG emission savings criteria. Activity 6.15 is dedicated to the operation of vehicles with zero tailpipe CO_2 emissions, creating a network of electric charging points, thus meet substantial contribution criteria as well. Part of 6.5 activity is low- and zero-emission light-duty vehicles.

Activities 4.29, 7.7 and the rest of 6.5 do not meet substantial contribution criteria and are not assessed for DNSH further, thus reported under not aligned. Activity 7.7 does not include operational and administrative buildings that are directly related to the operation of other Taxonomy-eligible activities.

Do no significant harm

We have assessed and documented compliance with DNSH technical screening criteria laid down for the climate change mitigation objective. This assessment was conducted for all activities that meet substantial contribution criteria for mitigation.

Climate change adaptation

In accordance with section I of Appendix A included in the Climate Delegated Act, the Group has performed a vulnerability assessment to assess the materiality of the physical climate risks on the Taxonomy-eligible economic activities when it is relevant. The Group has fully integrated climate-related risks into its overall risk management process. This includes identifying climate risks, developing risk management strategies and measures, and selecting key risk indicators. More on ESG risks read in section '4.7 Risk Management' of this report and more on climate change adaptation in section 'E1: Climate change' of this report. Additional information is available in the EU Taxonomy report 2024.

Sustainable use and protection of water and marine resources

In all activities that we are legally required to conduct Environmental Impact Assessments (EIAs) or screening of Environmental Impact Assessment (EIA screening) to ensure that potential impacts on water resources are avoided, mitigated, and addressed appropriately, the activities meet the criteria. Therefore, additional legal requirements are followed in terms of hydropower and storage of electricity activities and their impact to water resources.

Additional information is available in the EU Taxonomy report 2024.

Transition to a circular economy

Where it is feasible, we prioritize selecting highly durable materials, embracing re-use and recycling when possible. We promote the rational and sustainable use of resources and materials. Also, we have internal waste management processes in place, and we constantly seek to improve our waste management practices.

More on resource use and circular economy read in section 'E5: Resource use and circular economy' of this report. Additional information is available in the EU Taxonomy report 2024.

Pollution prevention and control

In all activities that we are legally required to conduct EIAs or EIA screening to guarantee that potential pollution impacts are avoided, mitigated, and addressed appropriately, pollution requirements are integrated into their pollution permit conditions. Based on them and all additional air pollution monitoring we exercise – the activities meet this criterion.

The Group has also screened the requirements related to substances of concerns and concluded compliance with related regulations.

Additional information is available in the EU Taxonomy report 2024.

Protection and restoration of biodiversity and ecosystems

In all activities that we are legally required to conduct EIAs or EIA screening we ensure that potential impact on biodiversity and ecosystems are avoided, mitigated, and addressed appropriately.

More on biodiversity and ecosystems read in section 'E4: Biodiversity' of this report. Additional information is available in the EU Taxonomy report 2024.

Minimum social safeguards

The Group conducts activities by ensuring the alignment with the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. The Group respects human rights and has established both the Group Code of Ethics and the Group Supplier Code of Ethics. Under the Code of Ethics, the Group is committed to respect and protect human rights and freedoms, recognised in national and international legislation, disseminate and foster democratic values in accordance with the guidelines set forth in the Universal Declaration of Human Rights and International Labour Organization Conventions (including conventions on the worst forms of child labour, maternity protection, etc.). The Group Supplier Code of Ethics sets out the minimum standards of business conduct that we expect all our suppliers to adhere to and, where possible, exceed. We request our suppliers to carry out their activities under the Group Supplier Code of Ethics, including the suppliers respecting and protecting the human rights and freedoms.

In addition to that, the Group People and Culture Policy, Equal Opportunity and Diversity Policy, Occupational Health and Safety Policy, Anti-Corruption Policy, Market Abuse Prevention Policy and Information Security Policy cover different aspects of human rights or other aspects of social safeguards that are at the highest importance to the Group. Please find the list of Group's public policies available here.

Together with our good governance practices and policies mentioned above, the Group implements ongoing systematic due diligence approach, encompassing identification, prevention, mitigation and accountability steps to ensure that we have robust minimum safeguards in place on human rights, anti-corruption, taxation, and fair competition.

The Group is actively working to enhancing its human rights due diligence process, not only to ensure the compliance with minimum social safeguards but also to begin preparation for the upcoming new regulations. The Group has prepared a roadmap for Corporate Sustainability Due Diligence Directive implementation and will work on its actions.

Additional information regarding regulated activities

Elektrėnai Complex (Reserve Capacities), Kruonis PSHP and Kaunas HPP (both Green Capacities), managed by Ignitis Gamyba, provide ancillary and balancing services to the transmission system operator (TSO) that are necessary to ensure the reliability of the Lithuanian electricity system and the quality of electricity.

More on services necessary to ensure the reliability of the Lithuanian electricity system read in section '6.4 Governance' of this report.

Biodiversity in Group's wind and solar farms

Accounting policies

Main principles

Our accounting methodology for calculating the key performance indicators required to be disclosed by Taxonomy Regulation (KPI) is based on the Group's best interpretation of the EU Commission Delegated Regulation 2021/2178 and the currently available guidelines from the European Commission. With regards to the limited industry-specific guidance, the Group made several assumptions to practically implement the Taxonomy Regulation. With the new official guidance from the European Commission or the industry's best practices, these assumptions will be amended and disclosed accordingly, if needed.

While Taxonomy Regulation requires to disclose the share of revenue, Taxonomy OPEX and Taxonomy CAPEX KPIs that are Taxonomy-aligned and/or Taxonomy-eligible, the Group voluntarily discloses the Adjusted EBITDA metric as it provides coherence with other KPIs and better reflects how much the Group's growth is linked to Taxonomy-aligned and/or Taxonomy-eligible activities. Adjusted EBITDA is calculated based on the methodology determined by the Group as it's not part of the EU Commission Delegated Regulation 2021/2178.

Taxonomy-eligible/aligned KPIs are calculated as the KPIs associated to each specific Taxonomy-eligible/aligned activity divided by the Group's total KPIs. While calculating the numerators, KPIs were allocated to Taxonomy-eligible/aligned activities based on the eligibility and the alignment assessment described in the previous paragraphs. The assumption was made that any revenue, Adjusted EBITDA, Taxonomy OPEX, or Taxonomy CAPEX that can be justifiably linked to an identified Taxonomy-eligible/aligned economic activity will be classified as Taxonomy-eligible/aligned accordingly. Revenue and Adjusted EBITDA KPIs are directly linked to the ratios used in the Group's Integrated Annual Report and financial statements, whereas Taxonomy OPEX and Taxonomy CAPEX refers to the type of costs or additions required by Taxonomy Regulation. For the consolidated EU Taxonomy figures, most consolidation adjustments are made in line with the principles used in the Consolidated financial statements.

Double counting

All reported Taxonomy KPIs exclude double counting, as the numerator is allocated to different activities, which are either independent or proxies, to split the financial numbers into the applicable Taxonomy-eligible/aligned activities. The Group considers that all its Taxonomy-eligible economic activities contribute to a climate change mitigation, therefore, they are reported only under this objective.

Proxies

Where the financial numbers cannot be directly allocated to a specific activity, proportional accounting has been used for the allocation. Proportional accounting is mostly related to the indirect costs where allocation is done using proxies primarily based on employee work time allocated to specific activities. These proxies are calculated while taking into consideration planned and/or current and/or historical data on employees' resources dedicated to an activity.

Calculation of Taxonomy-eligible/aligned revenue

As defined in the EU Commission Delegated Regulation 2021/2178, the share of the Group's Taxonomy-eligible/aligned revenue is calculated as the revenue derived from products or services associated with Taxonomy-eligible/aligned economic activities divided by the Group's total revenue (see '8.1 Consolidated statement of profit or loss').

Revenue associated with the storage of electricity, electricity generation from hydropower, fossil gaseous fuels, wind power, electricity generation using solar photovoltaic technology, cogeneration of heat/cool and power from bioenergy includes revenue associated with Kruonis PSHP, Kaunas HPP, CCGT, units 7 and 8 at Elektrėnai Complex, wind and solar farms and Vilnius CHP biomass unit, while also including the revenue of balancing activities and/or hedging, and/or regulatory activities, where the result includes figures not necessarily from the generation of electricity (for more information on regulatory activities, see section '6.4 Governance' of this report) but which are directly related to or necessary to perform Taxonomy-eligible/aligned activities. An exception was made for 2023 when classifying the sale of natural gas (EUR 30.9 million) as Taxonomy-non-eligible as it was acquired for fixing a positive forward Clean Spark Spread, but the transaction was mainly closed without physical delivery.

Calculation of Taxonomy-eligible/aligned Taxonomy OPEX

As it is defined in the EU Commission Delegated Regulation 2021/2178, the share of the Group's Taxonomy-eligible/aligned OPEX is calculated as the Taxonomy OPEX related to assets or processes associated with Taxonomy-eligible/aligned economic activities divided by the total Taxonomy OPEX of the Group.

Taxonomy OPEX numerator includes operational expenses related to repairs & maintenance and short-term leases, whereas denominator additionally includes IT maintenance costs. Currently, the scope of OPEX included in the Article 8 of the Disclosures Delegated Act is open to interpretation, and there is a lack of industry-specific guidelines providing appropriate inclusions, therefore, the Group calculated Taxonomy OPEX based on the currently available information. Where the operating expenses were not material at the Group level, they may have been excluded from the numerator, while the total Taxonomy OPEX was included in the denominator. An example of such exclusion could be the Taxonomy OPEX related to administrative buildings owned and used by the Group (7.7 Acquisition and ownership of buildings) as they are often an integral part of generation units and the significance of such expenses at the Group level is low.

Due to lack of precise allocation tools within the Group's accounting system and the uncertainties mentioned before, there are temporary limitations to the Taxonomy OPEX calculations, which include the following:

- We cannot objectively evaluate the type of IT maintenance costs that could be justifiably included; thus, we use a conservative approach and include all IT maintenance costs to the denominator, but do not include any costs to the numerator.
- Operational expenses related to the cost of employees and/or third-party services to ensure

the continued and effective functioning of these assets as well as repairs & maintenance expenses of transport vehicles are not included neither in the numerator, nor in the denominator.

In further reporting periods, the Group is planning to continue improving current processes to ensure a more precise reflection and consistent application of Taxonomy OPEX.

It should be noted that there are differences in methodologies used to calculate OPEX and Taxonomy OPEX (see the table on the right). Total OPEX reported by the Group in 2024 was EUR 329.6 million, whereas the total Taxonomy OPEX – EUR 78.6 million. For detailed definition of Taxonomy OPEX and OPEX formulas, see section '7.3 Alternative performance measures' of this report.

Calculation of Taxonomy-eligible/aligned Adjusted EBITDA

Taxonomy-eligible/aligned Adjusted EBITDA is disclosed on a voluntary basis and calculated based on the methodology determined by the Group as it is not part of the EU Commission Delegated Regulation 2021/2178. The share of the Group's Taxonomy-eligible/aligned Adjusted EBITDA is calculated as the Adjusted EBITDA associated with Taxonomy-eligible/aligned economic activities divided by the Group's total Adjusted EBITDA (see section '3.1 Annual results', part 'EBITDA'), whose calculation methodology is described in section '7.3 Alternative performance measures'. Inclusions and adjustments have been made mostly based on the principles described in the section above 'Calculation of Taxonomy-eligible/aligned revenue' and proxies were used, where appropriate.

Calculation of Taxonomy-eligible/aligned Taxonomy CAPEX

As defined in the EU Commission Delegated Regulation 2021/2178, the share of the Group's Taxonomy-eligible/aligned CAPEX is calculated as the CAPEX related to assets or processes associated with Taxonomy-eligible/aligned economic activities divided by the total Taxonomy CAPEX of the Group, which is calculated based on IAS 16 (73: I (i) and (iii)), IAS 38 (118: (e) (i)), IAS 40 (76: (a)), and IFRS 16 (53: (h)) (see section '8 Consolidated financial statements', '11 Intangible assets' (under 'Additions' and 'Acquisition through business combination'), '12 Property, plant and equipment' (under 'Additions' and 'Acquisition through business combination'), '13 Right-of-use assets' (under 'Additions')). Goodwill acquired through business combinations was excluded from the Taxonomy CAPEX KPI.

In this report, Taxonomy CAPEX related to Taxonomy-aligned activities was disclosed as follows, based on the circumstances:

- If the asset has become operational during the reported financial period, the Taxonomy CAPEX related to expansion was reported as Taxonomy-aligned.
- If the project was not completed in the year 2024, but the Final Investment Decision (FID) was made regarding the project and it was a part of the Taxonomy CAPEX plan, Taxonomy CAPEX was reported as Taxonomy-aligned. In terms of the alignment with TSC for climate change mitigation, actions have been already taken and differ depending on the project's development stage to ensure the alignment of each project.
- Following the publication of an additional FAQ on the EU Taxonomy on 29 November 2024 (Section II, point 23), all the Taxonomy CAPEX related to the projects regarding which the Final Investment Decision (FID) was not made were conservatively treated as Taxonomy-non-eligible, even if the activity was assessed as Taxonomy-aligned during the eligibility and assessment analysis. Given the uncertainty in the interpretation of the above-mentioned FAQ, after further clarification, these assumptions might be modified and changes disclosed accordingly in the future reporting, if necessary.
- If the Taxonomy CAPEX is related to the activities where the amount of investment is small or fractional and, therefore, the timeframe to become partially/fully operational is short (e.g. electricity network expansion/maintenance, EV network

	Investments APM	Taxonomy CAPEX APM
Additions of property, plant and equipment (PPE), including acquisitions through business combinations	✓	✓
Additions of Intangible assets (IA), including acquisitions through business combinations, except goodwill and contingent considerations	✓	✓
Goodwill	✓	
Contingent considerations (business combinations)		✓
Additions of investment property, including acquisitions through business combinations	✓	✓
Additions of right-of-use assets		✓
Additions of other financial assets, including acquisitions through business combinations	✓	
Prepayments for property, plant, and equipment (PPE) and non-current assets reclassified to additions of property, plant and equipment (PPE) or intangible assets (IA)	✓	
Capital granted (related with development projects with no controlling interest by the Group)	✓	

	OPEX APM	Taxonomy OPEX APM
Salaries and related expenses	✓	
Repair and maintenance expenses	✓	✓
Other expenses	✓	Only IT maintenance and short-term lease

expansion, investments in smart meters, etc.), it was reported as Taxonomy-aligned, assuming that 1) there is no or insignificant risk of non-completion and 2) compliance with the technical screening criteria (TSC) is determined through the general assessment of the Taxonomy-eligible activities.

It should be noted that there are differences in methodologies used to calculate Investments and Taxonomy CAPEX (see the table on the previous page). Total Investments reported by the Group in 2024 were EUR 812.0 million, whereas total Taxonomy CAPEX – EUR 896.9 million. For detailed definition of Taxonomy CAPEX and Investments formulas, see section '7.3 Alternative performance measures' of this report.

Changes in calculations

Following the annual revision, several changes have been made, which are related to more precise findings after thorough analysis or correction of minor technical errors, which, after corresponding recalculation of the 2023 figures, allow for more precise disclosure of the EU Taxonomy KPIs:

- Following the publication of an additional FAQ on the EU Taxonomy on 29 November 2024, the Taxonomy CAPEX as well as Taxonomy CAPEX plan have also been revised and corresponding changes have been made (activities '4.1 Electricity generation using solar photovoltaic technology', '4.3 Electricity generation from wind power', '4.10 Storage of electricity') for both 2023 and 2024 based on the best interpretation of new clarifications (see paragraph 'Calculation of Taxonomy-eligible/aligned Taxonomy CAPEX'). These changes affected the total amount of the Taxonomy CAPEX plan, the term of the Taxonomy CAPEX and the Taxonomy CAPEX KPI.
- Additions related to right-of-use assets for 2023 have been revised in both numerator and denominator due to a technical error identified, which in turn also slightly affected the Taxonomy CAPEX KPI.
- As it was mentioned in 'Eligibility assessment' paragraph of this section, after the annual eligibility and alignment assessment, part of financial figures previously reported under the activity '7.6 Installation, maintenance and repair of renewable energy technologies', were classified as Taxonomy-non-eligible.
- After revision of financial inclusions, it was noticed that part of the figures related to the '7.6 Installation, maintenance and repair of renewable energy technologies' and '6.15 Infrastructure enabling low-carbon road transport and public transport' activities were not included in the numerator, therefore both 2023 and 2024 data were recalculated respectively.
- Other minor changes are related to a more precise assessment of Taxonomy OPEX inclusions and other adjustments of technical origin made in both 2023 and 2024 data, which ensured a more precise disclosure.

Contextual information about Taxonomy Regulation KPIs

Revenue KPI

Taxonomy-eligible share of revenue in 2024 was 45.9% (EUR 1,058.3 million) and increased by 14.5 pp compared to 2023, whereas Taxonomy-aligned share was 39.5% (EUR 912.1 million) and increased by 11.7 pp.

The key drivers behind the Taxonomy-aligned share of revenue increase were:

- the increase in revenue of Taxonomy-aligned activities, with major increases in: i) revenue of electricity transmission and distribution (EUR 118.7 million), mostly due to higher revenue from electricity transmission activities, ii) revenue of cogeneration of heat/cool and power from bioenergy (Vilnius CHP biomass unit) and electricity generation from wind power (wind farms) (EUR 78.7 million) due to the launch of new assets and higher captured electricity prices;
- the decrease in revenue of Taxonomy-non-eligible activities (EUR -499.6 million), which was mainly driven by a decrease in revenue of both natural gas and electricity supply;
- the increase was partly offset by higher revenue of Taxonomy-eligible but not aligned activities, which was mainly affected by electricity generation from fossil gaseous fuels, which in 2024 increased by EUR 53.2 million. The increase was mainly driven by favourable market conditions, utilisation of all three units at Elektrėnai Complex and increased electricity generation related to provision of aFRR balancing capacity services, in relation to the synchronisation of the Baltic electricity systems with the Continental Europe Synchronous Area. This effect was also the main difference between Taxonomy-eligible and Taxonomy-aligned revenues.

Taxonomy-aligned revenue in 2024 consists only of revenue from contracts with customers. In 2024, there were no significant amounts related to Taxonomy-aligned activities pursued for the Group's own internal consumption.

Throughout the reporting period, the Group has not issued new environmentally sustainable bonds or debt securities with the purpose of financing Taxonomy-aligned activities. Nevertheless, it must be noted that the Group has issued two green bonds in 2017 and 2018, where part of the funds was used to finance Taxonomy-aligned activities.

Taxonomy OPEX KPI

Taxonomy-eligible share of Taxonomy OPEX in 2024 was 74.7% (EUR 58.7 million) and increased by 0.1 pp compared to 2023. Taxonomy-aligned share of Taxonomy OPEX in 2024 was 66.7% (EUR 52.4 million) and remained stable compared to 2023.

Taxonomy-aligned share of OPEX was mostly affected by:

- the increase in repairs and maintenance expenses related to Taxonomy-aligned activities, which amounted to EUR 51.5 million and were EUR 4.3 million higher compared to 2023. The increase was mostly related to the start of commercial operations of Vilnius CHP biomass unit in Q2 2024;
- the increase in short-term lease expenditures associated with Taxonomy-aligned activities, which amounted to EUR 0.9 million and were EUR 0.4 million higher compared to 2023;
- the increase was partly offset by IT maintenance expenses, which increased by EUR 1.4 million and are all reported as Taxonomy-non-eligible (included in the denominator only), thus they

have a negative effect on the Taxonomy-aligned OPEX KPI.

The difference between Taxonomy-eligible and Taxonomy-aligned OPEX is mostly related to electricity generation from fossil gaseous fuels, which is not Taxonomy-aligned.

Maintenance materials are reported together with other repairs and maintenance operational expenses. IT maintenance costs are included in the denominator only, whereas the salary expenses relating to the day-to-day servicing of the assets and the transport vehicle repair expenses are not included neither in the numerator, nor in the denominator, but are planned to be included in further reports with a fine-tuned reporting process.

Adjusted EBITDA KPI

Taxonomy-eligible share of Adjusted EBITDA in 2024 was 80.0% (EUR 422.3 million) and increased by 13.9 pp compared to 2023. Taxonomy-aligned share of Adjusted EBITDA in 2024 was 72.0% (EUR 380.2 million) and increased by 10.5 pp compared to 2023.

The increase of Taxonomy-aligned share of Adjusted EBITDA was mostly driven by:

- the increase in Adjusted EBITDA of Taxonomy-aligned activities, with major increases in: i) Adjusted EBITDA of electricity distribution, mostly due to higher WACC and RAB, ii) Adjusted EBITDA of storage of electricity (Kruonis PSHP), cogeneration of heat/cool and power from bioenergy (Vilnius CHP biomass unit), electricity generation from wind power (wind farms), hydropower (Kaunas HPP) and using solar photovoltaic technology (solar farms) due to the launch of new assets and higher captured electricity prices;
- the decrease of the share generated by Taxonomy-non-eligible activities, mostly due to the lower Adjusted EBITDA of B2B natural gas supply business;
- the increase was partly offset by higher Adjusted EBITDA of Taxonomy-eligible but not aligned activities, which was majorly affected by higher result of electricity generation from fossil gaseous fuels, driven by the utilised option to earn additional return in the market on top of the regulated return. This effect was also the main difference between the Taxonomy-eligible and the Taxonomy-aligned Adjusted EBITDA.

Taxonomy CAPEX KPI

Taxonomy-eligible share of Taxonomy CAPEX in 2024 was 92.7% (EUR 831.3 million) and increased by 0.5 pp compared to 2023. Taxonomy-aligned share of Taxonomy CAPEX in 2024 was 92.0% (EUR 825.2 million) and increased by 0.4 pp compared to 2023.

The main effects related to the higher Taxonomy-aligned share of Taxonomy CAPEX were:

- the increase in additions related to property plant and equipment of Taxonomy-aligned activities, which amounted to EUR 775.4 million and were EUR 123.2 million higher compared to 2023. The increase was mostly related to the investments into electricity generation from wind power (wind farms), electricity generation using solar photovoltaic technology (solar farms), storage of electricity (Kruonis PSHP expansion project) and infrastructure enabling low-carbon road transport and public transport (EV network);
- the increase in additions related to right-of-use assets of Taxonomy-aligned activities, which accounted for EUR 26.9 million and were EUR 21.0 million higher compared to 2023, mainly due to the investments into electricity generation from wind power (wind farms), electricity generation using solar photovoltaic technology (solar farms) and infrastructure enabling low-carbon road transport and public transport (EV network).
- the increase was partly offset by lower acquisitions through business combinations related to Taxonomy-aligned activities, which amounted to EUR 15.4 million in 2024 and were EUR 112.2 million lower compared to 2023. The decrease was mainly related to electricity generation from wind power (wind farms);
- the increase was partly offset by a decrease in additions of intangible assets related to Taxonomy-aligned activities, which amounted to EUR 9.6 million in 2024 and were EUR 3.1 million lower compared to 2023. The decrease was mainly related to electricity generation using solar photovoltaic technology (solar farms) and installation of smart metering systems.

In 2024, Taxonomy CAPEX considered as Taxonomy-aligned in accordance with the Taxonomy CAPEX plan was EUR 278.7 million for Electricity generation from wind power (4.3CCM), EUR 114.5 million for Electricity generation using solar photovoltaic technology (4.1CCM), and EUR 26.2 million for Storage of electricity (4.10CCM) activities. In the period 2024–2027, the Taxonomy CAPEX plan for these activities is expected to be between EUR 0.8–1 billion. It is worth noting, that Taxonomy CAPEX plan does not include potential future Investments for the expansion of Taxonomy-aligned activities, that has not yet been started but might or might not be started in the future. It is also worth noting that the actual Taxonomy CAPEX amount incurred might differ from the estimate provided for future periods in the Taxonomy CAPEX plan due to external and internal factors (including but not limited to, inflation, project rescheduling, etc.). In addition to this, Taxonomy CAPEX, related to Taxonomy-aligned activities' expansion (4.1CCM, 4.3CCM, 4.10CCM), where the projects did not have the Final Investment Decision made, thus were not included in the Taxonomy CAPEX plan and the numerator of Taxonomy CAPEX KPI, in 2024 was EUR 23.5 million (EUR 29.9 million in 2023).

Throughout the reporting period, the Group has not issued new environmentally sustainable bonds or debt securities with the purpose of financing Taxonomy-aligned activities. Nevertheless, it must be noted that the Group has issued two green bonds in 2017 and 2018, where part of the funds was used to finance Taxonomy-aligned activities.

Explanation of abbreviations (notes for the tables in the following pages)

Substantial contribution criteria	Y	Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective
	N	No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective
	N/EL	Not eligible, Taxonomy-non-eligible activity for the relevant environmental objective
DNSH criteria and Minimum safeguards	Y	Yes
	N	No
Objective	CCM	Climate change mitigation
	CCA	Climate change adaptation

Revenue under the Taxonomy Regulation

Financial year 2024	**2024**			**Substantial contribution criteria**						**DNSH criteria**									
Economic activities under Taxonomy Regulation	**Codes**	**Revenue**	**Proportion of revenue**	**climate change mitigation**	climate change adaptation	water	pollution	circularity	biodiversity	climate change mitigation	climate change adaptation	water	pollution	circularity	biodiversity	Minimum safeguards	Proportion of Taxonomy-aligned or eligible revenue 2023[2]	Category enabling activity	Category transitional activity
		EURm	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Electricity generation using solar photovoltaic technology	CCM 4.1 / CCA 4.1	0.6	0.0%	Y	N[1]	N/EL	N/EL	N/EL	N/EL	-	Y	-	-	Y	Y	Y	-	-	-
Electricity generation from wind power	CCM 4.3 / CCA 4.3	79.4	3.4%	Y	N[1]	N/EL	N/EL	N/EL	N/EL	-	Y	-	-	Y	Y	Y	1.7%	-	-
Electricity generation from hydropower	CCM 4.5 / CCA 4.5	67.2	2.9%	Y	N[1]	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	-	-	Y	Y	2.4%	-	-
Transmission and distribution of electricity	CCM 4.9 / CCA 4.9	589.5	25.6%	Y	N[1]	N/EL	N/EL	N/EL	N/EL	Y	Y	-	Y	Y	Y	Y	18.5%	E	-
Installation of equipment such as, but not limited to future smart metering systems or those replacing smart metering systems in line with Article 19(6) of Directive (EU) 2019/944 of the European Parliament and of the Council	CCM 4.9 (f)	-	-	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	-	Y	Y	Y	Y	-	E	-
Storage of electricity	CCM 4.10 / CCA 4.10	117.1	5.1%	Y	N[1]	N/EL	N/EL	N/EL	N/EL	-	Y	Y	-	Y	Y	Y	4.1%	E	-
Cogeneration of heat/cool and power from bioenergy	CCM 4.20 / CCA 4.20	51.0	2.2%	Y	N[1]	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	-	Y	Y	0.3%	-	-
Production of heat/cool from bioenergy	CCM 4.24 / CCA 4.24	4.8	0.2%	Y	N[1]	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	-	Y	Y	0.2%	-	-
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5 / CCA 6.5	-	-	Y	N[1]	N/EL	N/EL	N/EL	N/EL	Y	Y	-	Y	Y	-	Y	-	-	-
Infrastructure enabling low-carbon road transport and public transport	CCM 6.15	1.3	0.1%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	-	Y	Y	Y	Y	Y	Y	0.0%	E	-
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	CCM 7.4 / CCA 7.4	0.0	0.0%	Y	N[1]	N/EL	N/EL	N/EL	N/EL	Y	Y	-	-	-	-	Y	0.0%	E	-
Installation, maintenance and repair of renewable energy technologies	CCM 7.6 / CCA 7.6	1.2	0.1%	Y	N[1]	N/EL	N/EL	N/EL	N/EL	Y	Y	-	-	-	-	Y	0.6%	E	-

---

[1] The primary objective of our activities is to contribute to climate change mitigation, therefore they are not fully assessed for climate change adaptation and disclosed as not aligned.

[2] These figures have been restated compared to the Integrated Annual Report 2023. For more information, see section '7.2 Notes on restated figures' of this report.

Revenue under the Taxonomy Regulation (cont.)

Financial year 2024		2024		Substantial contribution criteria						DNSH criteria									
Economic activities under the Taxonomy Regulation	**Codes**	**Revenue**	**Proportion of revenue**	**climate change mitigation**	climate change adaptation	water	pollution	circularity	biodiversity	climate change mitigation	climate change adaptation	water	pollution	circularity	biodiversity	Minimum safeguards	Proportion of Taxonomy-aligned or eligible revenue 2023[1]	Category enabling activity	Category transitional activity
		millions of euro	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
Revenue of environmentally sustainable activities (Taxonomy-aligned) (A.1)		912.1	39.5%														27.8%		
Of which Enabling		709.1	30.7%														23.1%	E	
Of which Transitional		-	-														-		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Electricity generation from fossil gaseous fuels	CCM 4.29 / CCA 4.29	145.1	6.3%	EL	EL	N/EL	N/EL	N/EL	N/EL								3.6%		
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5 / CCA 6.5	0.1	0.0%	EL	EL	N/EL	N/EL	N/EL	N/EL								0.0%		
Acquisition and ownership of buildings	CCM 7.7 / CCA 7.7	1.0	0.0%	EL	EL	N/EL	N/EL	N/EL	N/EL								0.0%		
Revenue of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		146.2	6.4%														3.6%		
Revenue of Taxonomy-eligible activities (A.1 + A.2)		1,058.3	45.9%																
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Revenue of Taxonomy-non-eligible activities		1,248.7	54.1%																
Total (A + B)		2,307.0	100%																

[1] *These figures have been restated compared to the Integrated Annual Report 2023. For more information, see section '7.2 Notes on restated figures' of this report.*

Capital expenditure (Taxonomy CAPEX APM) under the Taxonomy Regulation

Financial year 2024		2024		Substantial contribution criteria						DNSH criteria									
Economic activities under the Taxonomy Regulation	**Codes**	**Taxonomy CAPEX**	**Proportion of Taxonomy CAPEX**	**climate change mitigation**	climate change adaptation	water	pollution	circularity	biodiversity	climate change mitigation	climate change adaptation	water	pollution	circularity	biodiversity	Minimum safeguards	Proportion of Taxonomy-aligned or eligible Taxonomy CAPEX 2023[2]	Category enabling activity	Category transitional activity
		EURm	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Electricity generation using solar photovoltaic technology	CCM 4.1 / CCA 4.1	116.7	13.0%	Y	N[1]	N/EL	N/EL	N/EL	N/EL	-	Y	-	-	Y	Y	Y	3.2%	-	-
Electricity generation from wind power	CCM 4.3 / CCA 4.3	334.8	37.3%	Y	N[1]	N/EL	N/EL	N/EL	N/EL	-	Y	-	-	Y	Y	Y	42.1%	-	-
Electricity generation from hydropower	CCM 4.5 / CCA 4.5	0.1	0.0%	Y	N[1]	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	-	-	Y	Y	0.0%	-	-
Transmission and distribution of electricity	CCM 4.9 / CCA 4.9	290.2	32.3%	Y	N[1]	N/EL	N/EL	N/EL	N/EL	Y	Y	-	Y	Y	Y	Y	32.9%	E	-
Installation of equipment such as, but not limited to future smart metering systems or those replacing smart metering systems in line with Article 19(6) of Directive (EU) 2019/944 of the European Parliament and of the Council	CCM 4.9 (f)	25.0	2.8%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	-	Y	Y	Y	Y	4.9%	E	-
Storage of electricity	CCM 4.10 / CCA 4.10	28.0	3.1%	Y	N[1]	N/EL	N/EL	N/EL	N/EL	-	Y	Y	-	Y	Y	Y	0.5%	E	-
Cogeneration of heat/cool and power from bioenergy	CCM 4.20 / CCA 4.20	7.7	0.9%	Y	N[1]	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	-	Y	Y	6.6%	-	-
Production of heat/cool from bioenergy	CCM 4.24 / CCA 4.24	0.2	0.0%	Y	N[1]	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	-	Y	Y	0.0%	-	-
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5 / CCA 6.5	0.9	0.1%	Y	N[1]	N/EL	N/EL	N/EL	N/EL	Y	Y	-	Y	Y	-	Y	-	-	-
Infrastructure enabling low-carbon road transport and public transport	CCM 6.15	21.6	2.4%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	-	Y	Y	Y	Y	Y	Y	1.2%	E	-
Installation, maintenance, and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	CCM 7.4 / CCA 7.4	0.0	0.0%	Y	N[1]	N/EL	N/EL	N/EL	N/EL	Y	Y	-	-	-	-	Y	-	E	-
Installation, maintenance, and repair of renewable energy technologies	CCM 7.6 / CCA 7.6	-	-	Y	N[1]	N/EL	N/EL	N/EL	N/EL	Y	Y	-	-	-	-	Y	0.2%	E	-

[1] The primary objective of our activities is to contribute to climate change mitigation, therefore they are not fully assessed for climate change adaptation and disclosed as not aligned.

[2] These figures have been restated compared to the Integrated Annual Report 2023. For more information, see section '7.2 Notes on restated figures' of this report.

Capital expenditure (Taxonomy CAPEX APM) under the Taxonomy Regulation (cont.)

Financial year 2024		2024		Substantial contribution criteria						DNSH criteria									
Economic activities under the Taxonomy Regulation	**Codes**	**Taxonomy CAPEX**	**Proportion of Taxonomy CAPEX**	**climate change mitigation**	climate change adaptation	water	pollution	circularity	biodiversity	climate change mitigation	climate change adaptation	water	pollution	circularity	biodiversity	Minimum safeguards	Proportion of Taxonomy-aligned or eligible Taxonomy CAPEX 2023[1]	Category enabling activity	Category transitional activity
		EURm	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
Taxonomy CAPEX of environmentally sustainable activities (Taxonomy-aligned) (A.1)		825.2	92.0%														91.6%		
Of which Enabling		364.8	40.7%														39.8%	E	
Of which Transitional		-	-														-		T
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities																			
Electricity generation from fossil gaseous fuels	CCM 4.29 / CCA 4.29	1.8	0.2%	EL	EL	N/EL	N/EL	N/EL	N/EL								0.6%		
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5 / CCA 6.5	4.2	0.5%	EL	EL	N/EL	N/EL	N/EL	N/EL								0.0%		
Acquisition and ownership of buildings	CCM 7.7 / CCA 7.7	0.1	0.0%	EL	EL	N/EL	N/EL	N/EL	N/EL								-		
Taxonomy CAPEX of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		6.0	0.7%														0.6%		
Taxonomy CAPEX of Taxonomy-eligible activities (A.1 + A.2)		831.3	92.7%														92.2%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Taxonomy CAPEX of Taxonomy-non-eligible activities		65.7	7.3%																
Total (A + B)		896.9	100%																

[1] *These figures have been restated compared to the Integrated Annual Report 2023. For more information, see section '7.2 Notes on restated figures' of this report.*

Operating expenses (Taxonomy OPEX APM) under the Taxonomy Regulation

Financial year 2024	2024			Substantial contribution criteria						DNSH criteria									
Economic activities under the Taxonomy Regulation	**Codes**	**Taxonomy OPEX**	**Proportion of Taxonomy OPEX**	**climate change mitigation**	climate change adaptation	water	pollution	circularity	biodiversity	climate change mitigation	climate change adaptation	water	pollution	circularity	biodiversity	Minimum safeguards	Proportion of Taxonomy-aligned or eligible Taxonomy OPEX 2023[2]	Category enabling activity	Category transitional activity
		EURm	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Electricity generation using solar photovoltaic technology	CCM 4.1 / CCA 4.1	0.0	0.0%	Y	N[1]	N/EL	N/EL	N/EL	N/EL	-	Y	-	-	Y	Y	Y	-	-	-
Electricity generation from wind power	CCM 4.3 / CCA 4.3	7.3	9.3%	Y	N[1]	N/EL	N/EL	N/EL	N/EL	-	Y	-	-	Y	Y	Y	6.1%	-	-
Electricity generation from hydropower	CCM 4.5 / CCA 4.5	0.4	0.5%	Y	N[1]	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	-	-	Y	Y	0.2%	-	-
Transmission and distribution of electricity	CCM 4.9 / CCA 4.9	40.1	51.0%	Y	N[1]	N/EL	N/EL	N/EL	N/EL	Y	Y	-	Y	Y	Y	Y	58.9%	E	-
Installation of equipment such as, but not limited to future smart metering systems or those replacing smart metering systems in line with Article 19(6) of Directive (EU) 2019/944 of the European Parliament and of the Council	CCM 4.9 (f)	-	-	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	-	Y	Y	Y	Y	-	E	-
Storage of electricity	CCM 4.10 / CCA 4.10	0.5	0.6%	Y	N[1]	N/EL	N/EL	N/EL	N/EL	-	Y	Y	-	Y	Y	Y	0.7%	E	-
Cogeneration of heat/cool and power from bioenergy	CCM 4.20 / CCA 4.20	3.6	4.6%	Y	N[1]	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	-	Y	Y	0.6%	-	-
Production of heat/cool from bioenergy	CCM 4.24 / CCA 4.24	0.3	0.3%	Y	N[1]	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	-	Y	Y	0.1%	-	-
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5 / CCA 6.5	-	-	Y	N[1]	N/EL	N/EL	N/EL	N/EL	Y	Y	-	Y	Y	-	Y	-	-	-
Infrastructure enabling low-carbon road transport and public transport	CCM 6.15	0.2	0.3%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	-	Y	Y	Y	Y	Y	Y	0.0%	E	-
Installation, maintenance, and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	CCM 7.4 / CCA 7.4	0.0	0.0%	Y	N[1]	N/EL	N/EL	N/EL	N/EL	Y	Y	-	-	-	-	Y	-	E	-
Installation, maintenance, and repair of renewable energy technologies	CCM 7.6 / CCA 7.6	0.0	0.0%	Y	N[1]	N/EL	N/EL	N/EL	N/EL	Y	Y	-	-	-	-	Y	0.0%	E	-

[1] *The primary objective of our activities is to contribute to climate change mitigation, therefore they are not fully assessed for climate change adaptation and disclosed as not aligned.*
[2] *These figures have been restated compared to the Integrated Annual Report 2023. For more information, see section '7.2 Notes on restated figures' of this report.*

Operating expenses (Taxonomy OPEX APM) under the Taxonomy Regulation (cont.)

Financial year 2024		2024		Substantial contribution criteria						DNSH criteria									
Economic activities under the Taxonomy Regulation	**Codes**	**Taxonomy OPEX**	**Proportion of Taxonomy OPEX**	**climate change mitigation**	climate change adaptation	water	pollution	circularity	biodiversity	climate change mitigation	climate change adaptation	water	pollution	circularity	biodiversity	Minimum safeguards	Proportion of Taxonomy-aligned or eligible Taxonomy OPEX 2023[1]	Category enabling activity	Category transitional activity
		EURm	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
Taxonomy OPEX of environmentally sustainable activities (Taxonomy-aligned) (A.1)		52.4	66.7%														66.7%		
Of which Enabling		40.9	52.0%														59.6%	E	
Of which Transitional		-	-														-		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Electricity generation from fossil gaseous fuels	CCM 4.29 / CCA 4.29	6.3	8.0%	EL	EL	N/EL	N/EL	N/EL	N/EL								7.8%		
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5 / CCA 6.5	-	-	EL	EL	N/EL	N/EL	N/EL	N/EL								-		
Acquisition and ownership of buildings	CCM 7.7 / CCA 7.7	0.0	0.1%	EL	EL	N/EL	N/EL	N/EL	N/EL								0.1%		
Taxonomy OPEX of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		6.3	8.0%														7.9%		
Taxonomy OPEX of Taxonomy-eligible activities (A.1 + A.2)		58.7	74.7%														74.6%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Taxonomy OPEX of Taxonomy-non-eligible activities		19.9	25.3%																
Total (A + B)		78.6	100%																

[1] *These figures have been restated compared to the Integrated Annual Report 2023. For more information, see section '7.2 Notes on restated figures' of this report.*

Taxonomy tables for nuclear and gas as referred in Complimentary Climate Delegated Act

Template 1. Nuclear and fossil gas related activities

	Nuclear energy related activities	
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies	NO
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
	Fossil gas related activities	
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	YES
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

Template 4. Taxonomy-eligible but not taxonomy-aligned economic activities

Revenue – Taxonomy-eligible but not taxonomy-aligned economic activities

Economic activities		Amount and proportion					
		CCM+CCA		Climate change mitigation		Climate change adaptation	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
2.	Amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
3.	Amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
4.	Amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	145.1	99.2%	145.1	99.2%	-	-
5.	Amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
6.	Amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
7.	**Amount and proportion of other Taxonomy-eligible but not Taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	1.1	0.8%	1.1	0.8%	-	-
8.	**Total amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activities in the denominator of the applicable KPI**	146.2	100.0%	146.2	100.0%	-	-

Taxonomy OPEX APM – Taxonomy-eligible but not taxonomy-aligned economic activities

	Economic activities	Amount and proportion					
		CCM+CCA		Climate change mitigation		Climate change adaptation	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
2.	Amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
3.	Amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
4.	Amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	6.3	99.3%	6.3	99.3%	-	-
5.	Amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
6.	Amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
7.	**Amount and proportion of other Taxonomy-eligible but not Taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	0.0	0.7%	0.0	0.7%	-	-
8.	**Total amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activities in the denominator of the applicable KPI**	6.3	100.0%	6.3	100.0%	-	-

Taxonomy CAPEX APM – Taxonomy-eligible but not taxonomy-aligned economic activities

	Economic activities	Amount and proportion					
		CCM+CCA		Climate change mitigation		Climate change adaptation	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
2.	Amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
3.	Amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
4.	Amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	1.8	29.0%	1.8	29.0%	-	-
5.	Amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
6.	Amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
7.	**Amount and proportion of other Taxonomy-eligible but not Taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	4.3	71.0%	4.3	71.0%	-	-
8.	**Total amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activities in the denominator of the applicable KPI**	6.0	100.%	6.0	100.0%	-	-

Template 2. Eligible activities that are aligned (denominator), Template 3. Eligible activities that are aligned (numerator) and Template 5. Taxonomy-non-eligible economic activities as referred in Article 8 (6) and (7) of Complimentary Climate Delegated Act are not relevant for the Group, as it does not have any nuclear energy related activities (4.26-4.28) and fossil gas related activities (4.29-4.31) are already disclosed as Taxonomy-eligible but not aligned in template 4.

E4 Biodiversity and ecosystems

E4-1 Transition plan and consideration of biodiversity and ecosystems in strategy and business model

The Group recognises the critical importance of biodiversity and is dedicated to integrating biodiversity considerations into all aspects of its operations. The Group is committed to limiting global warming to 1.5°C, in alignment with the Paris Agreement and the EU's climate goals. By seeking to create a 100% green and secure energy ecosystem for current and future generations, the Group recognises that by committing to climate change mitigation, its actions may not do any significant harm to biodiversity and ecosystems. The Group understands that a healthy planet is essential for a sustainable energy future and a thriving society.

The Group acknowledges that its activities, including power generation and distribution, can have impacts on biodiversity. The Group plans to conduct a comprehensive biodiversity resilience analysis and set clear goals aligned with global biodiversity objectives.

Nonetheless, as sustainability is embedded in the Group's strategy, so is its efforts to biodiversity:

- Growing Green Capacities and creating a flexible energy system: The Group aims to double its Installed Green Capacities, prioritising biodiversity considerations in the development and operation onshore and offshore wind, solar, batteries, pumped-storage hydro and power-to-X technologies. This expansion of renewable energy capacities will contribute to climate change mitigation, a key factor in protecting biodiversity, while minimising impacts on ecosystems and species.
- Maximising sustainable value: By embedding biodiversity considerations into its core business strategy, the Group aims to create a positive impact on the society and the environment while delivering long-term value to its shareholders and contributing to a more sustainable and resilient future for all.

To address biodiversity-related impacts and risks, the Group has integrated biodiversity and ecosystem considerations into its core strategy and business model. Its projects are aligned with sustainability goals to ensure long-term environmental and operational health. The Group involves stakeholders in planning and decision-making processes to ensure transparency and collaborative efforts. By utilising monitoring and assessment data, the Group continuously improves its practices and mitigates negative impacts. Furthermore, it explores and implements innovative solutions to reduce environmental footprint and enhance ecosystem resilience.

ESRS 2 SBM-3 Material impacts, risks, and opportunities and how they interact with the Group's strategy and business model.

In the latest double materiality assessment, *State and conditions of ecosystems* related to the sub-topic of Impacts on the extent and condition of ecosystems and the state of species, was identified as being material, covering the following IRO:

- The Group's operations involve construction and operation of wind and hydropower facilities, construction, and maintenance of gas/electricity network lines. These activities cause changes in landscapes and aquatic environments that may lead to ecosystem degradation or loss of valuable services. This *negative impact* is relevant to the Green Capacities and Networks segments and occurs in the short term.

For details on the Group's double materiality assessment and the processes to identify and assess material biodiversity and ecosystems impacts, risks and opportunities, see section 'ESRS 2: IRO - 1 Materiality assessment process'.

More specifically, this negative impact manifests in the following ways:

- The impact from land use change arises from land acquisition or leased and initial site preparation activities, which are essential for project development but can disrupt local ecosystems. This is particularly relevant to Ignitis Renewables (Green Capacities), necessitating careful planning and execution to minimize environmental damage.
- The use of Kaunas Lagoon's water for energy production at Kaunas HPP and Kruonis PSHP (both Green Capacities) can affect fish populations, waterbed structure, and the sedimentation of organic matter, making continuous monitoring and mitigation measures crucial to maintaining the ecosystem's health.
- The impact from deforestation and landscape changes originates from the necessity to cut down trees to ensure the safety and resilience of power lines. This can significantly affect ecosystems, particularly in densely forested areas, requiring careful planning and execution to minimize negative environmental impacts and consideration of alternatives to preserve as many trees and the natural environment as possible. This impact is particularly relevant to ESO (Networks), which balances maintaining the safety and functionality of power lines with environmental conservation.

ESRS 2 IRO-1 Description of the processes to identify and assess material biodiversity and ecosystem-related impacts, risks and opportunities

For details on the Group's double materiality assessment and the processes to identify and assess material IROs related to biodiversity and ecosystems, see section 'ESRS 2: IRO - 1 Materiality assessment process'. Regarding biodiversity and ecosystems, the Group has used results of Environmental monitoring programs, Environmental Investigation Agency reports, assessment that used LEAP approach. These results were a base for incorporating in the long list of topics at the commencement of the double materiality assessment.

The Group collaborates with stakeholders, including local communities and state institutions, to identify and later implement practices that mitigate negative impacts on biodiversity. The Group engages with affected communities through meetings, surveys, and workshops, incorporating their feedback into the double materiality assessment. The Group identifies sites, raw material production, or sourcing activities that may have negative impact on biodiversity and ecosystems and assess relevant ecosystem services for affected communities. If impacts are unavoidable, the Group implements mitigation measures to maintain the value and functionality of priority services. The Group confirms that it does not have any sites located in biodiversity sensitive areas, but only in the vicinity of them. The Group implements specific biodiversity mitigation measures in line with relevant regulations and standards, such as Directive 2009/147/EC, Council Directive 92/43/EEC, and Environmental Investigation Agency requirements.

E4-2 Policies related to biodiversity and ecosystems

To avoid and/or mitigate negative impacts on biodiversity and ecosystems the Group seeks to protect biodiversity, and ecosystems in which it operates and monitors the impact of its activities on them. Environmental protection is integrated into the Group's operation management:

- The Group has identified the impacts of its activities on the natural environment, dependencies, and segments where first action will be taken to improve the state of biodiversity.
- The Group cooperates with governmental and non-governmental environmental institutions and scientists.
- The Group adheres to the highest environmental protection and ecological standards.

The Group is committed to developing a business that is responsible for nature. It assesses the impact on biodiversity and ecosystems and constantly improves processes in order not to exceed safe natural limits, including the integrity of biodiversity, climate change, changes in land cover, changes in freshwater balance and others. For more information, see section 'E.1 Climate change'.

The Group has established comprehensive policies and guidelines to manage its impact on biodiversity and ecosystems, ensuring alignment with both national and international environmental standards that apply to all companies of the Group. By integrating policies and guidelines into the Group's operational framework, the Group ensures that approach to biodiversity and ecosystem management is comprehensive, responsible, and aligned with an overall business strategy. However, there is no policy supporting traceability of products, components and raw materials with impacts on biodiversity.

Compliance with the environmental principles set out in the Environmental Policy is the responsibility of every employee of the Group. The Head of Group Business Resilience is responsible for the implementation and monitoring of this policy. The Group Environmental Policy (available on our website), defines the general principles of environmental protection, with relevance biodiversity loss and extent condition of ecosystems being emphasised specifically through the following principles:

- applying the impact mitigation hierarchy principle, avoiding and minimising the Group's activities' impact on the environment and ecosystems;
- adhering to the principle of non-disruption of protected areas and inviolability of species and habitats of high ecological value;
- avoiding reducing forest areas and converting high ecological value territories;
- developing biodiversity conservation projects while taking into account local environmental conditions (monitoring, increasing forest and natural environment areas, conserving and/or restoring habitats and species, collaborating with educational and/or scientific institutions, and assessing risks posed by invasive species);
- after discontinuing activities, restoring the area where the activities were conducted to reduce negative impacts and achieve the greatest possible benefit for the environment;
- promoting a rational and sustainable management of resources such as energy, fuels, raw materials, wastes, by-products, water (including water stress zones', where relevant), land, etc., and avoid the use of hazardous chemicals;
- following the principle of free, prior, and informed consent of local communities, where relevant;
- adhering to the principle of not trading in the species listed in the Convention on International Trade in Endangered Species and encouraging suppliers to follow this principle.

The Group's Guidelines for Biodiversity and Ecosystem Management (not publicly disclosed) further specifies that the Group commits to:

- conduct regular biodiversity and ecosystem impact assessments;
- implement measures to avoid, reduce, and mitigate negative impacts;
- manage ecosystems sustainably with regular monitoring to preserve biodiversity;
- apply the principles of avoidance, reduction, restoration, and compensation at all stages of infrastructure projects;
- apply the best practices to minimise negative impacts on species and habitats;
- avoid or reduce deforestation associated with infrastructure projects and the supply chain;
- promote the sustainable use and conservation of ocean and marine resources;
- support biodiversity and ecosystem conservation initiatives and collaborate with local communities, NGOs, and governmental institutions.

Ignitis Renewables (Green Capacities) follows the principles of the mitigation hierarchy and prioritises the avoidance and reduction of impacts wherever possible. To guide its activities, the company has established an internal framework and plan. The Environmental Management System (EMS) for the Curonian Nord offshore wind farms (OWF) (not publicly available and relevant only to Ignitis

Renewables (Green Capacities)) is a comprehensive system that outlines the environmental policies, procedures, and rules to be followed during the development, construction, operation, maintenance, and decommissioning of the Curonian Nord OWF and related infrastructure. Included within the EMS is the Biodiversity Management Plan, which specifies procedures and measures to avoid, manage, and mitigate adverse impacts, as well as to conserve and enhance biodiversity throughout all stages of the OWF's lifecycle. This plan ensures compliance with national and international regulations and standards, promoting environmental protection and sustainability through adherence to international industry best practices.

Kaunas HPP (Green Capacities) has a mandatory pollution permit, the issuing procedure of which is regulated by the Law on Environmental Protection. Kaunas HPP (Green Capacities) activity is also assessed through annual environmental monitoring of the biodiversity of Kaunas Lagoon, which is part of the National monitoring programme. The main impact on the natural environment in these areas is related to the fluctuation of the water level in Kaunas Lagoon. The values and protected species of the Special protection area under the Habitats Directive is not adversely affected by the water level fluctuations in Kaunas Lagoon.

ESO (Networks) has established an internal environmental protection management system. The Environmental Protection Standard (not publicly available) defines environmental requirements aimed at reducing environmental impact and ensuring compliance with environmental regulations. Additionally, an internal process for maintaining clearings and managing hazardous trees/shrubs to the electricity grid has been developed (not publicly available). This process defines the responsibilities and roles of participants when conducting Light Detection and Ranging scanning of clearings, identifying hazardous trees to the electricity grid, informing plot owners about hazardous trees/shrubs, and felling hazardous trees/shrubs, with the goal of identifying trees that pose a risk to 10 kV or 35 kV overhead power lines.

The Lithuanian Research Centre for Agriculture and Forestry's Forest Institute has prepared recommendations for cutting trees and shrubs that pose a danger to power lines (not publicly available). The purpose of these recommendations is for the company's employees to know which trees are strong and, based on where they grow, to assess whether they need to be cut down or if it is better to prune them.

In addition, ESO (Networks), Kaunas HPP and Kruonis PSHP (both Green Capacities) are certified according to the ISO 14001 standard. External audits are conducted every year, and internal audits are also performed periodically.

E4-3 Actions and resources related to biodiversity and ecosystems

The Group identified that the construction and operation of wind and hydropower facilities can negatively impact the state and conditions of ecosystems by altering landscapes and aquatic environments, which can lead to ecosystem degradation. Wind turbines can affect local fauna, especially birds and bats. Using the water from the Kaunas Lagoon for energy production can impact fish populations, the structure of the waterbed, and the sedimentation of organic matter. The impact of deforestation and landscape changes arises from the necessity to cut down trees to ensure the safety of power lines, which can significantly affect

Biodiversity in Group's wind and solar farms

ecosystems, particularly in densely forested areas.

Avoiding and/or mitigating drivers of biodiversity loss

The use of Kaunas Lagoon's water for energy production at Kaunas HPP and Kruonis PSHP (both Green Capacities) can affect fish populations, waterbed structure, and the sedimentation of organic matter, making continuous monitoring and mitigation measures crucial to maintaining the ecosystem's health. The following actions to prevent biodiversity and ecosystem degradation are being carried out:

- Kruonis PSHP and Kaunas HPP (both Green Capacities) have a mandatory pollution permit, regulated by the Law on Environmental Protection. The permitting procedure is governed by the Rules for Issuing, Amending, and Revoking Pollution Permits, and the permit is issued by the Environmental Protection Agency. The permit is indefinite.
- The Nature Research Centre evaluates the impact of water level fluctuations on fish and water bird populations in the Kaunas Lagoon every year from March to July.
- Monitoring of stationary pollution sources and the impact on water quality is carried out according to the environmental monitoring programme.
- The rules for the use and maintenance of the Kaunas Lagoon are prepared according to the Description of the Procedure for the Use and Maintenance of Reservoirs and Dammed Lakes. According to the requirements of these rules, monitoring of water level fluctuations and their impact on fish and water bird populations is conducted by the Nature Research Centre, which is under a contract. As monitoring is carried out, the water level can fluctuate up to 0.2 meters; if this limit is exceeded, compensation is calculated. These funds are allocated to balance the impact by taking positive actions to neutralize the effects.
- The Group cooperates with scientists who ensure the stability of slopes of water bodies related to the hydropower capacities managed by the Group.
- The Group's facilities use biodegradable, low-ecotoxicity oil.

The main stakeholders are the Environmental Protection Agency, the Nature Research Centre, local communities, and municipalities.

The impact from deforestation and landscape changes originates from the necessity to cut down trees to ensure the safety and resilience of power lines. This can significantly affect ecosystems, particularly in densely forested areas, requiring careful planning and execution to minimise negative environmental impacts while considering alternatives to preserve as many trees and the natural environment as possible. This impact is particularly relevant to ESO (Networks), which balances maintaining the safety and functionality of power lines with environmental conservation.

Investing in increasing the resilience of the network to the effects of climate change (overhead power lines are being replaced with underground ones in the most vulnerable places). This helps to adapt to extreme weather conditions caused by climate change while reducing the impact on the landscape, avoiding the fragmentation or loss of habitats, and reducing the number of trees that need to be removed.

The following actions related to preventing biodiversity and ecosystem degradation are being carried out:

- Periodic maintenance (clearing) of the protection zone around overhead power lines to protect local and protected species, control invasive species, and preserve ecological corridors to ensure the movement of animals. By performing maintenance work, negative impact on biodiversity is reduced and its conservation is supported. The removal of dangerous trees growing in the protection zone of the power lines, ensuring that the negative impact on biodiversity is minimised. ESO (Networks) contracts professionals to eradicate Sosnowsky's hogweed, which is an invasive species and is not tolerated in the green spaces of Lithuania due to its extremely rapid spread and the risk it poses to other species and humans.
- The maintenance and dismantling of white stork nests are only performed after the request is submitted to the Environmental Protection Agency and the permit is obtained. Maintaining a register of restored stork nests and providing reports on the activities related to nest maintenance and dismantling to the Ministry of the Environment. When addressing damages caused by naturally established stork nests, measures are taken to install artificial nesting sites nearby (no further than 100 meters from the removed nest). Nests are managed and relocated from 1st September to 31st March. Nests are relocated to safe places every year before the birds return, ensuring these tasks are completed outside of the breeding season.

Natural and man-made events can affect the network as well as biodiversity and ecosystem. If trees and bushes under power lines are not properly maintained, when they fall, they damage not only the power lines but also the surrounding vegetation, trees, and animals. ESO (Networks) is committed to ensure network's reliability, but planned and unplanned events can still have an impact on power outages. One such unplanned event occurred in July 2024. Lithuania was hit by the biggest storm since 2020, which caused severe power outages due to falling trees. Large teams were mobilised to deal with the network failures, but the dangerous winds made their elimination very difficult.

The main stakeholders involved are from places where the work is being carried out, including local communities and municipalities, municipal elders, landowners, environmental organisations, the State Service for Protected Areas, and Lithuania's regional parks. During the maintenance and servicing of overhead power lines, trees posing a threat to the power networks are removed, and regular maintenance of the areas around overhead power lines (clearings) is conducted. Scientists from the Forest Institute have prepared recommendations and a matrix for the felling/pruning of dangerous trees.

Avoiding and/or mitigating extent (of impact) on the condition of ecosystems

The impact of changing the land use arises from land acquisition or leased and initial site preparation activities, which are essential for project development but can disrupt local ecosystems. This is particularly relevant to Ignitis Renewables (Green Capacities), necessitating careful planning and execution to minimise environmental damage. The following actions related to improving biodiversity and ecosystem conditions are being carried out.

The mitigation measures presented below are not applicable to every project. First, studies are conducted to identify which measures are the most necessary and only then we implement them. The following measures can be applied in onshore wind farm projects:

- cooperating with local ornithologists and monitoring birds (during project planning, construction, and during a specified period after the start of operations) to assess whether wind turbines have a significant impact on bird population. If significant impacts are identified, additional mitigation measures (such as installing bird radars and/or cameras) are implemented; cooperating with local bat experts and monitoring bats;
- relocating protected species and plants located around the wind farm to suitable habitats to protect them. The locations of relocated protected plants are marked appropriately;
- using neutral colours for wind turbines to reduce visual impact;
- protecting the trees that are located at the construction site and may be affected during the construction from mechanical damage;
- if there are nesting birds in the vicinity of the wind farm's territory, carrying out construction work and/or removal of trees and shrubs at certain time while consulting with ornithologists.

Solar farms:

- Although environmental impact assessment procedures are not mandatory for solar farms, local experts – ornithologists, biodiversity experts, animal experts, and others – are involved during the project planning stage. They evaluate the project and the surrounding area and, as needed, propose measures to ensure a positive impact on various environmental components.
- Feeding and resting spots for birds of prey are installed at the edges of the fences, where possible.
- To increase biodiversity, part of the area is left for natural local vegetation, while another part is sown with specific seeds selected by experts; No solid fences are erected, gates are installed for animals and the fence is raised at least 20 cm from the ground to avoid disrupting their migration and to allow accidentally trapped animals to leave the area.

The Group is also developing Lithuania's first offshore wind project in the Baltic Sea, named Curonian Nord. Its EIA will thoroughly address all the environmental concerns and provide a comprehensive evaluation of the potential impacts across all stages of the project's development and operation. The EIA will identify potential risks, explore ways to avoid or mitigate negative impacts and outline the necessary mitigation measures to minimise disturbances to marine ecosystems, local communities, and other stakeholders.

The assessment will adhere to national regulations and meet international requirements, including Good International Industry Practices, ensuring that the Curonian Nord offshore wind farm project aligns with global sustainability standards. Currently, EIA studies are being conducted, which include 24 months of seabird monitoring as well as seabed, marine mammal, fish and other studies, which cover the entire development area, from the area designated for the offshore wind farm to the connection point to the existing onshore transmission system. Actions on improving the biodiversity and ecosystem will be identified in the EIA report, which is expected to be approved by a competent authority in Q1 2026.

The main stakeholders are local communities, municipalities, and landowners. Various authorities participate in evaluating the EIA report to determine potential impacts, including the State Service for Protected Areas, the National Public Health Centre, the Department of Cultural Heritage, and the Fire Rescue Department. Additionally, local media (newspapers, television, radio) are involved for effective communication of project progress and community meetings.

The EIA report is prepared by independent experts who have the necessary knowledge in all relevant assessment areas, including potential impacts on air quality and climate, water resources, subsoil, soil, landscape and biodiversity, protected areas, material assets, public health, and immovable cultural heritage. The EIA report is made accessible to the public during community meetings and is also published online. Feedback from all stakeholders is thoroughly reviewed, and individuals are informed on how their input has been addressed.

The Group has a seven-step community engagement strategy, which includes identifying stakeholders, assessing needs, involving the public in the decision-making, developing a communication plan, educating and providing information. Each project has a dedicated community manager responsible for ensuring effective communication, problem-solving, and facilitating interaction between the project team and the local community. For more information on community engagement, see section 'S3 Affected communities'.

The Group, including all its companies to which these impacts are relevant, does not include biodiversity compensation (biodiversity offsets) in its actions because the Group has not established compensation targets or key performance indicators and does not have the data on the financing effects (direct and indirect costs) of biodiversity offsets. Therefore, this aspect is currently not significant to the Group's activities.

E4-4 Targets related to biodiversity and ecosystems

Currently, the Group does not have specific targets related to biodiversity and ecosystems, because the Group is enhancing its understanding of this topic, analyzing regulatory requirements and in this way progressing to set efficient targets. While recognising the importance of biodiversity and ecosystem health to its sustainability commitments, the Group is actively working towards establishing comprehensive targets in the near future.

E4-5 Impact metrics related to changes in biodiversity and ecosystems

The Group's objects in or near areas of high ecological value

Object type	Number of objects in the protected area/ all Group objects of a kind	Type of protected area	Object	Distance to the nearest protected area (km)	Country	The area occupied by the technology (ha)
Wind	0/12	Natura 2000 (BAST)	Mažeikiai WF	4.5	Lithuania	24.12
		Natura 2000 (BAST & PAST)	Jurbarkas WF	2.1		
		Natura 2000 (BAST & PAST)	Tauragė WF I	>5		
		Natura 2000 (BAST & PAST)	Tauragė WF II	4		
		Regional Park Landscape Reserve	Kelmė WF I	3		
		Natura 2000 (BAST)	Kelmė WF II	2.4		
		Regional Park	Kretinga WF	3		
		Natura 2000 (BAST & PAST)	Mali WF	0.9	Estonia	
			Tamba WF	2.4		
		Natura 2000 (PAST)	Pomerania WF	<1	Poland	
		Natura 2000 (BAST)	Silesia WF I	<1		
			Silesia WF II			
Solar	0/3	Natura 2000 (PAST)	Tauragė SF	5	Lithuania	646
		Natura 2000 (BAST)	Tume SF	2	Latvia	
		EU habitats	Venta SF	<2		
Hydro	1/2	Regional Park	Kaunas HPP	In the protected area	Lithuania	587.05
		Natura 2000 (PAST & BAST)	Kruonis PHSP	Borders national and European protected areas		
Waste	0/2	Natura 2000 (BAST)	Vilnius CHP	0.95		7.71
			Kaunas CHP	2		
Thermal	0/2	Landscape reserve	Elektrėnai Complex	5.8		247.75
		Natura 2000 (BAST)	Vilnius CHP 3	0.3		

Accounting policies

During the environmental impact assessment or screening of environmental impact assessment of the planned economic activity, the distances to the protected areas (national and international) and the potential impact on them are assessed. Kaunas HPP and Kruonis PSHP (both Green Capacities) were built before the creation of a network of protected areas in Lithuania, and the artificial water body (Kaunas Lagoon) was formed more than 60 years ago. The indicator showcases which objects have a higher expected impact on biodiversity because they are located a short distance from (or are located in) the areas of high ecological value. Distances to protected areas are obtained in two ways: calculated using cartographic material (Natura 2000 Network Viewer) and measuring distances or taken from official documents of EIA procedures.

Total use of land area

		2024	2023	Δ,%
Land occupation of sites by technology (excluding Networks)[1]		1,512.6	901.6	67.8%
Wind / Solar	ha	670.1	59.1	1,033.5%
Hydro		587.1	587.1	0%
Waste		7.7	7.7	0%
Thermal		247.8	247.8[2]	0%

[1] *The area shown in the table includes only the area of production facilities.*

[2] *This figure figures has been restated compared to the 2023 Integrated Annual Report. For more information, see section '7.2 Notes of restated figures' of this report.*

E4-6 Anticipated financial effects from material biodiversity and ecosystem-related risks and opportunities

No material biodiversity and ecosystem-related risks and opportunities have been identified during the double materiality assessment, thus, no anticipated financial effects are disclosed.

Accounting policies

The area occupied by wind farms is calculated by summing up the protection zone of each wind farm where the land use has been changed. Data on the area of other objects was taken from lease agreements or official documents where the actual area of the buildings is registered.

E5 Resource use and circular economy

ESRS 2 IRO-1 Description of the processes to identify and assess material pollution-related impacts, risks and opportunities

For details on the Group's double materiality assessment and the processes to identify and assess material IROs related to resource use and circular economy, see section 'ESRS 2: IRO - 1 Materiality assessment process'. To assess its resource use and circular economy, the Group used the results of a previously conducted assessment carried out using Exploring Natural Capital Opportunities, Risks and Exposure tool developed by the Natural Capital Finance Alliance that allowed to identify key impacts during asset's lifecycle. These results were a good base for incorporating them in the long list of topics when preparing the double materiality assessment.

In the latest double materiality assessment, *Waste to energy recovery* and *Materials and components shortage* related to the sub-topic of Resource inflows, including resource use, were identified as being material, covering the following IROs:

- The Group generates energy (electricity & heat) from waste, thus diverting waste from landfills, reducing the volumes of waste and minimising the environmental impact from non-recyclable waste. This *positive impact* is relevant to the Green Capacities segment and occurs in the short term.
- The increasing demand for energy transition, coupled with inflexible supply chains, stricter ESG standards and geopolitical instability, pose potential *risk* by affecting the availability, delivery times and pricing of key materials and components needed for the Group's operations. This risk is related to all business segment and can occur in the long term.

In the latest double materiality assessment, *Waste in operations and decommissioning* related to the sub-topic of Resource outflows related to products and services, was identified as being material, covering the following IRO:

- Currently, a limited number of end-of-life solutions for certain technologies and materials used in the Group's operations exists, with often restricted recycling and reuse opportunities that lead to increased waste generation. This *negative impact* is relevant to all business segments and occurs in the short, medium and long terms.

E5-1 Policies related to resource use and circular economy

Environmental and Sustainability Policies, together with Waste Management Guidelines and the Supplier Code of Ethics, guide the main direction and are directly related to resource use and circular economy development and management within the Group. Upstream and downstream, including own operations are covered to ensure the full value chain coverage, to the extent possible.

The Group Environmental Policy (available on our website) promotes the rational and conservative management of resources, such as energy, fuel, commodities, waste, by-products and other resources, the reduction of waste from operations and ensures safe and responsible management of resources by applying pollution prevention principles. The policy and its guidelines promote the nine circular economy principles: refuse, rethink, reduce, re-use, repair, refurbish, remanufacture, repurpose, recycle. It also highlights the pathway towards the global transition to a circular economy. The Group applies the policy's principles in its activities, ensuring that resource efficiency is considered during the designing phase and environmental impacts are reduced based on the lifecycle assessment. These statements are in line with the global circular economy approach and guidelines. For additional information on this policy see section 'E1 Climate change'.

The Group Sustainability Policy (available on our website) helps support the circular economy transition pathway and includes a commitment to increase the Group's environmental responsibility where it can exercise influence and promote the development and dissemination of environmentally friendly technologies. For additional information on this policy, see section 'E1 Climate change'.

Guidelines for Resource Use and Circularity Management (not publicly available) define resource use and circularity principles and commitments within the Group. These guidelines further specify that the Group commits to:

- identifying the flows of physical resources, materials and products used and generated as well as the most critical flows with the most significant impacts based on the upstream and downstream parts of the Group's value chain;
- optimising the use of primary resources by maximising the use of materials and energy throughout their lifecycle by sourcing renewable resources and increasing the relative use of secondary (recycled) resources;
- applying the principles of the waste hierarchy to waste prevention and management, prioritising waste prevention and preparation for re-use, followed by recycling, energy recovery and waste disposal as a last resort;

- reducing waste through more efficient design and production processes and promoting reuse, recycling and recovery;
- promoting innovation in the Group's products, services and business models to increase circularity and create sustainable value.

The Group Supplier Code of Ethics (SCE) (available on our website) includes all the mandatory environmental requirements defined in the applicable legislation and the requirements of the environmental management system based on the ISO 14001 standard or the European Union Eco-Management and Audit Scheme (EMAS), or other equivalent environmental management systems based on European Union or international standards, and the requirements for the supplied products to comply with the Type I eco-label (according to ISO 14024). The suppliers who follow the SCE must actively seek to conserve natural resources and contribute to the European Union's goals of promoting circular economy, seek to integrate energy efficiency, environmental and recycling principles into their product design, including product packaging management issues, aim to reduce the amount of waste generated by their activities, ensure its safe and responsible management, reuse and recycling and seek to reduce electricity consumption and/or use renewable energy sources to produce, supply and/or use goods.

Waste Management Guidelines (not publicly available) have been approved in each operational company of the Group to ensure sound waste management and utilisation process and are based on the circular economy and waste management hierarchy principles. The Group companies ensure that they have waste management instructions, internal processes for waste accounting management and waste removal or include obligations for contractors to comply with the legal requirements for waste management.

E5-2 Actions and resources related to resource use and circular economy

Resource re-use initiatives

Kaunas CHP and Vilnius CHP (both Green Capacities) wash ultrafiltration membranes and excess pressure valve membranes when there is no longer a good performance instead of changing to the new ones. They also regenerate sampling station's cationic load. In addition, the facilities clean condensate from the main process at water treatment plant and reuse it in operations.

In addition, the bottom ash left over from the incineration process in both CHP facilities is re-used as a secondary raw material for production of construction products, in road constructions and landfill layering.

Fly ash recycling initiatives

The quantities of hazardous fly ash generated during waste incineration are increasing as the amount of waste incinerated at Vilnius and Kaunas CHPs (both Green Capacities) increases. This waste cannot be disposed of in landfills as it is hazardous waste with high concentrations of dioxines, heavy metals, chlorine and other compounds. This waste is currently being transported to an island in Norway, where, using sophisticated technological processes, the fly ash is mixed with acid and water from industrial waste to form a gypsum-like material, which is used to fill the craters created by limestone extraction, and the restored part of the island is being returned to the public domain. The amount of fly ash in the Group's operations will not decrease in the near future. The Norwegian island of Langøya, where fly ash from most European incinerators is being transported and disposed of, is rapidly filling up, so other options are being explored, such as using the hazardous fly ash for other products while utilising the principles of industrial symbiosis (recovering the useful materials such as salts, metals, which can be reused in other industrial processes). This way the Group can contribute to the development of circularity initiatives. The Group's companies – Kaunas CHP and Vilnius CHP (both Green Capacities) – are interested in these technologies and their development and are carrying out feasibility studies.

Repairs, renovations, auctions

The Group auctions the IT equipment that is still usable. Regular auctions of mobile phones and other computer equipment are conducted, so that they would not be thrown away and disposed of but could be reused.

Ignitis Gamyba (Reserve Capacities) has transferred the equipment of Vilnius CHP 3, which is no longer in use, to Ukraine to be re-used for the restoration of its energy infrastructure. ESO (Networks) has also transferred unused but functional equipment to Ukraine.

End-of-life solutions

Ignitis Renewables (Green Capacities) has initiated a wind farm decommissioning study to review the best practices from across the globe. The study will review a variety of already-completed decommissioning studies to identify the good practice examples. This data will then be used by the Group to develop the best practices in the Baltic region and Poland. The study will be conducted by the third-party provider.

At the end of life of a wind farm, solar farm or a battery energy storage system, the Group will make a decision on whether to extend lifecycle of or to decommission the project. Independent experts will provide their insights and recommendations in order to identify optimal strategies for the sustainable management of the remaining waste. On the basis of these recommendations, an environmental action plan for each project will be formulated. At the end of the operational period, a decision will be taken on the most sustainable approach, whether to continue or to cease operations.

Other services

The following are not treated as separate actions to manage the impacts but as daily services the Group or its companies provide. Therefore they are not included to the assessment of significant Investments and OPEX required for the implementation of an action plan.

Waste to energy

The waste-to-energy (WtE) units in Vilnius and Kaunas (both Green Capacities) contribute through their daily services to the positive impact on the environment by recovering energy from non-recyclable waste. Recovering energy from waste in CHPs (both Green Capacities) is a more sustainable way to manage waste than landfilling. By using sorted waste that cannot be recycled or reused as fuel for electricity and district heating, CHPs contribute to responsible waste management.

Sustainable use of biomass

The Group's two biomass units (both Green Capacities) use only sustainable biomass in their daily services. The Group is committed to sourcing sustainable biomass, i.e. agricultural biomass that complies with the criteria laid down in Article 29(2–5) of the Directive (EU) 2018/2001 and forest biomass that complies with the criteria laid down in Article 29(6–7) of the same Directive. It means, that the Group acquires all its biomass through a national biomass sustainability scheme RED BP and receives reports confirming that all biomass it uses is sustainable. See more in section 'Disclosures under the EU Taxonomy Regulation'.

E5-3 Targets related to resource use and circular economy

The Group does not currently have Group-wide targets related to resource use and circular economy, because the Group is enhancing its understanding of this topic, analyzing regulatory requirements and in this way progressing to set efficient targets. However, the Group recognises their importance and is working on an analysis of the current state of the circular economy and development opportunities within the Group.

Resource inflows		2024	2023	Δ
Small electronic devices	unit	619,128	n/d	-
Large electronic devices	unit	11,939	n/d	-
Materials	thousand m	2,052	n/d	-
Long-term assets	unit	31,322	n/d	-

E5-4 Resource inflows

The Group is implementing measures to provide necessary information of resource inflows, thus after analysing it has been identified, that at the current stage, the following types of inflows are the most material and will be disclosed further for current reporting period:

- small electronic devices;
- large electronic devices;
- materials;
- long-term assets.

Accounting policies

To ensure compliance, all new projects are planned to undergo Life Cycle Assessment (LCA). According to the internal investment policy, each new project is required to assess its life-cycle and alignment with EU Taxonomy. Although this process was adopted in 2024, it currently does not play a major role in decision-making, as it is not yet fully implemented. At this moment, obtaining reliable data remains challenging due to the early stages of this process.

In the interim, due to the lack of information being collected, data on inflows will be gathered using information from accounting systems. This approach is necessitated by the absence of data in weight, thus relying on the available quantities and types of products purchased. Furthermore, historical data is unavailable as it was neither collected nor categorized previously due to the lack of regulatory requirements. Consequently, this data cannot be provided at this time. This method provides an initial assessment while efforts are made to establish a more robust and reliable data collection framework.

To facilitate this process, the main inflows have been categorized as follows:

Small electronic devices: this category includes communication, networking and metering devices, bundled components or kits necessary for setup, computer equipment and their parts.

Large electronic devices: this category includes converters and electrical device cabinets.

Materials: this category includes key components essential for natural gas and electricity distribution network such as cables and pipelines.

Long-term assets: this category includes EV charging stations, solar modules, power transformers, and modular transformer stations.

Please note that all categories presented in the table, include, but are not limited to, the listed items.

By organizing inflows into these categories, the aim is to streamline data collection and reporting processes while ensuring compliance with the new CSRD requirements.

E5-5 Resource outflows

The Group is committed to enhancing the transparency of resource outflows. The following categories presented in the table of resource outflows have been previously identified as most material and have been consistently tracked through an established data collection process. The Group is in the process of establishing a clear framework to fully comply and report accordingly to new requirements. Future reporting will expand to include detailed information on the processing, recycling, and reuse of all identified outflows.

Resource outflows[1]		2024	2023	Δ, %
Hazardous waste, of which	Thousand t	16.5	13.9	18.1%
Fly ash		16.1	11.9	37.7%
Non-hazardous waste, of which		181.6	171.7	5.8%
Bottom ash and slag		105.6	85.1	24.1%
Iron and steel		3.8	5.2	(27.9%)
Mixed municipal waste		72.3	81.4	(11.2%)
Total waste		198.0	185.6	6.7%

[1] *These figures have been restated compared to the 2023 Integrated Annual Report. For more information, see section '7.2 Notes of restated figures' of this report.*

E5-6 Anticipated financial effects from material resource use and circular economy-related risks and opportunities

The Group has opted to exercise the phase-in allowance to omit the financial effects.

Accounting policies

Hazardous and non-hazardous waste categories are disclosed together with their largest subcategories. In hazardous waste category fly ash is transported to Norway where it is repurposed to fill the craters created by limestone extraction, and the restored part of the island is being returned to the public domain. In non-hazardous category bottom ash and slag are effectively reused for the fortification of the bottom of the landfill, providing structural stability. Iron and steel are transported for recycling, where they are processed and repurposed. Mixed municipal waste does not have proper accounting, as most of our administration sites are rented, so we are implementing a method to estimate it by calculating based on a coefficient per employee, which allows for a more accurate assessment of waste generation. The waste generated in each company of the Group is recorded and accounted for separately at each site by the companies' employees responsible for environmental issues, who collect and store it in the Unified Product, Packaging and Waste Record Keeping Information System (PPWIS).

The Group does not use radioactive components or products and therefore does not generate radioactive waste.

6.3 Social

S1 Own workforce

Working conditions

Health and safety

ESRS 2 SBM-2 Interests and views of stakeholders

All information is disclosed in section 'ESRS 2: SBM-2 Interests and views of stakeholders'.

ESRS 2 SBM-3 Material impacts, risks and opportunities and how they interact with its strategy and business model

In the latest double materiality assessment, *Health and Safety and Occupational Health and Safety* related to the sub-topic of working conditions, were identified as being material, covering the following IROs:

- The energy sector inherently involves working in a high-risk environment, such as construction sites, remote locations, and dangerous conditions (heights, voltage, etc.). This can increase the *risk* of physical harm, including accidents, injuries, and fatalities. These incidents can lead to negative outcomes for those affected. Inherent *negative impact* and risk are relevant to all business segments of the Group and can occur in the short and medium term.

All people in its own workforce who could be materially impacted by the Group are included in the scope of the disclosures related to working conditions.

No risk of incidents related to forced labour or child labour is identified as material to the Group.

S1-1 Policies related to own workforce

The Group pays significant attention to ensuring a safe work environment with no threats to health. Safety culture is also implemented at the Group by promoting employee awareness and responsibility. Safety culture is perceived at the Group as part of the organisation's culture with top-level managers behind it.

Health and safety is the main negative impact and material risk related to own workforce the Group has identified. This topic is governed by the Group Occupational Health and Safety Policy (available on our website). The key provisions of this policy include:

- prioritising OHS at the Group companies regardless of the nature of their activities;
- cooperating and sharing the best practices among the Group companies;
- basing the Group's safety culture on awareness and responsibility of its employees, including zero tolerance towards OHS violations;
- ensuring that the Group companies carrying out the Group's core activities have the ISO 45001 standard implemented, thus continuously improving the effectiveness of OHS measures.

This policy applies to all Group companies and employees. The policy is aligned with the ISO 45001 standard. The parent company's Management Board approves and ensures implementation of this policy. A three-line OHS management system has been implemented by the Group. Organisational management and control of all related or interfacing elements of the Group are clearly defined by this system. It is used to implement the OHS policy, establish OHS objectives, and achieve the processes necessary to accomplish them. OHS management system covers all workers on site (both contractors and employees). The detailed accident management policy is described in the Standard for Investigating and Accounting Work Accidents and Incidents at the Group (not publicly available).

87% of the Group's employees work in ISO 45001 certified companies (83% in 2023), including ESO (Networks), Ignitis Gamyba (Reserve Capacities and Green Capacities), Ignitis (Customers & Solutions) and Ignitis Grupės Paslaugų Centras. Ignitis Renewables (Green Capacities) plans to become ISO 45001 certified in 2025.

Ensuring the health and safety of the Group's employees is a fundamental human right. The Group conducts its activities in accordance with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. The Group respects human rights and has established the Human Rights Due Diligence Guidelines (not publicly available) and the Group Code of Ethics (available on our website). Guidelines apply across the Group's operations, supply chain, customers, and communities. The Group engages its own workforce through different channels. For more information, see paragraph 'S1-2 Processes for engaging with own workforce and workers' representatives about impacts under Health and Safety.

The Group Code of Ethics (available on our website) ensures that the Group respects and protects human rights and freedoms, recognised in national and international legislation, disseminates and fosters democratic values in accordance with the guidelines set forth in the Universal Declaration of Human Rights and International Labour Organisation (ILO) Conventions No. 100, 111 and 155. The Group does not have separate policies explicitly addressing human trafficking, forced, compulsory or child labour in place as these are already governed by national laws. For additional information, see section ‘G1-1 Business conduct policies and corporate culture’.

Policies on elimination of discrimination and grounds for discrimination are disclosed in paragraph 'S1-1 under Diversity inclusion and wellbeing'.

The Group also has a Standard for Establishing the Safety and Health Indicator (TRIR) (not publicly available) that defines a TRIR event and methodology for calculating TRIR. This standard is a supplement to the OHS policy. The Standard of Investigating and Reporting Accidents and Incidents at Work (not publicly available) establishes the requirements for recording, investigating, identifying and eliminating accidents at work, on the way to or from work and other incidents in order to prevent the reoccurrence of accidents at work and incidents in the future.

S1-2 Processes for engaging with own workforce and workers' representatives about impacts

Health and safety related questions are one of the important topics discussed while engaging with work councils and trade unions during collective bargaining. The Group engages with its own workforce according to the processes described in internal documents that align with ISO 45001. In case companies do not have an ISO 45001 management system, different engagement processes are implemented, including recurrent audits, project meetings, on-site support, and communication (Ignitis Renewables (Green Capacities)), as well as monthly meetings with the Group OHS specialist, where best practices are shared. In addition, OHS teams of Kaunas CHP and Vilnius CHP (both Green Capacities) share important information with their employees by emails, during meetings, and other internal channels. The Group maintains an active dialogue with its employees about health care, monitoring, maintaining a safe working environment and improving health and safety conditions at work. Workplace safety and health risks are regularly assessed.

The Group conducts an eNPS survey among its workforce, where employees confidentially express their opinions about OHS. For additional information, see paragraph 'S1-5 on Employee welfare, adequate remuneration and cooperation'. In addition, OHS maturity is assessed once a year, where all employees express their observations. The last OHS assessment found that involvement of own workers is sufficient.

In each Group company there is/are a person(s) authorised by the employer, who is/are tasked with implementing the requirements of OHS in the company. These individuals usually form a separate structural unit in the company and are directly subordinate to the CEO of the company.

In 2024, the Group established a new Occupational Safety, Health and Environmental function, which reports directly to the Chief Regulated Activities Officer and Member of the parent company’s Management Board. The function is managed by the Head of Group Occupational Safety, Health and Environment and regularly provides information to the parent company’s Management Board, Risk Management and Sustainability Committee and Supervisory Board.

S1-3 Processes to remediate negative impacts and channels for own workforce to raise concerns

A mobile app ‘Not safe? Report!’ has been developed and used throughout the Group to prevent health and safety issues. All employees can report identified potential hazards. The responsible member of the OHS unit will read and assess each report and, depending on the nature of the report, initiate the elimination of the hazard. Employees are rewarded for such reports with additional benefits.

The Group has established a grievance mechanism, a confidential reporting platform called Trust Line, which all internal and external stakeholders can use to report potential or actual violations of OHS principles. For additional information, see section ‘G1-1 Business conduct policies and corporate culture’.

At the Group, all employees have access to external third-party mechanisms to address their well-being and safety. If necessary, employees can contact the State Labor Inspectorate, the Fire and Rescue Department, the Ministry of Energy, the State Energy Regulatory Board, the National Crisis Management Centre, the National Public Health Centre, and other relevant authorities. These opportunities are available to all employees, regardless of their job title or position. They can also act through employee representatives or other persons who are eligible to act on their behalf. Internally, the Group provides wellbeing mentors programme - a community of trained employees that provide emotional support to their colleagues. They talk with employees in person, run courses and various team events. The Group also has an emotional support line, a special phone number, which employees and their relatives can call in order to have a completely confidential consultation with an experienced psychologist free of charge.

All Group employees are covered against injuries or critical illnesses, in the event of which an insurance benefit will be used to help them access better rehabilitation services, to purchase medicines or medical supplies, or to spend on everyday needs. The Personal Accident Insurance Memo for Ignitis Group Employees (not publicly available) outlines a scope of employee insurance coverage, including insurance details and instructions how to act, when an event occurs.

S1-4 Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions

The Group's employees and their representatives actively participate in the decision-making process related to the design and implementation of initiatives and processes aimed at improving employee health and safety and well-being.

The Group companies, Ignitis (Customers & Solutions), ESO (Networks), Ignitis Gamyba (Reserve Capacities and Green Capacities) and Ignitis Grupės Paslaugų Centras, have OHS committees, whose regulations define the role of employees and their representatives in addressing health and safety matters. Before implementing initiatives, OHS representatives conduct consultations with OHS committee to better understand the needs and expectations of the workforce, if needed. Additionally, these representatives hold regular meetings where committee members can provide their opinions and suggestions regarding the development and implementation of these initiatives. This collaboration ensures that the measures Group companies take are directly aligned with the needs of the employees of the Group and contribute to their well-being.

In line with the Group's strategic management principles, the Group companies are responsible for preventing work-related traumas and illnesses, ensuring safe workplace, complying with OHS legislation and policy principles and ensuring that OHS responsibilities and objectives are established at all levels. For more information, see the Strategic Plan 2024–2027.

OHS objectives of the Group companies are established in their strategic annual plans. Also, the Group companies carry out health inspections, OHS training, ensure internal controls, compliance with ISO 45001 and effective occupational risk management. They also encourage employee participation, support OHS committees, foster safety culture through the 'Not safe? Report!' app and prioritise data accuracy and core values.

The Group identified an OHS risk during the risk management process (4.7 Risk management). The risk includes workplace injuries and fatalities of workers and contractors related to high-risk working environment, inadequate social and cultural context for preventing health and safety issues, and failure to develop risk mitigation actions. Although the direct financial costs associated with a fatal event are not significant, the Group considers human life to be of the most important value. The risk is managed using the following continuous measures:

1. employee training: the Group carries out mandatory training and certification on safety and health instructions for employees as per requirements;
2. contractor training: the Group carries out training and education for contractors, including the Total Recordable Incident Rate (TRIR) calculation;
3. OHS control: companies monitor OHS in workplaces, including contractors;
4. risk assessment: companies conduct and initiate workplace risk assessments;
5. incident sharing: companies share accident and incident investigation findings with employees and OHS specialists for prevention;
6. ISO 45001 certification: ESO (Networks), Ignitis Gamyba (Reserve Capacities and Green Capacities), Ignitis Grupės Paslaugų Centras and Ignitis (Customers & Solutions) are ISO 45001 certified.

In addition to the Group companies' actions to manage OHS risks, the Group provides additional benefits to all employees, such as health insurance, accident insurance, paid sick days, flu vaccinations. Additionally, the strategic initiative 'Not safe? Report!' is aimed at enhancing health and safety culture and remediating negative impacts at the Group.

Planned actions related to improving the OHS culture at the Group include:

- additional civil safety training;
- expanding occupational health services;
- strengthening the interconnections between the functions of safety, health, and environmental;
- more professional investigation of workplace incidents, including root cause analysis;
- promoting the reporting of unsafe situations.

The goals of the planned actions have been set but are not yet fully documented.

Employees responsible for ensuring OHS should ensure that equipment and other products procured publicly comply with the required safety standards, certificates and have the required markings.

The Group Health, Safety and Environment function has employees in every Group company, which is also required according to the national regulation (link in Lithuanian).

S1-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

Occupational health and safety is very important to the Group, which is why the Group identified health and safety as a negative impact and as a risk, thus, the following targets related to the Group's own workforce have been set in the Strategic Plan 2024–2027:

- zero fatal accidents;
- total TRIR (per million hours worked) is ≤2.1;
- TRIR of employees is ≤1.5;
- TRIR of contractors is ≤2.7.

All strategic targets must be approved by the Supervisory Board. The scope of TRIR reporting includes all the workforce of the Group, including employees and contractors. Employees are regularly briefed about the TRIR status in periodic meetings and other internal communication. TRIR results are published in the Group's annual reports. Employees were indirectly involved in setting these targets by participating in maturity assessment of the Group's health and safety system.

Same as 2023, no fatal accidents were recorded in 2024. In 2024, employee and contractor TRIR amounts to 1.12 and 0.84 respectively (0.79 and 0.93[1] in 2023).

---

[1] *Contractor TRIR indicator only includes contracts above 0.5 EURm/year.*

S1-6 Characteristics of the undertaking's employees

All employees (split by gender, employment contract, country and employee turnover)		**2024**		**2023**		**Δ**	
		F	**M**	**F**	**M**	**F**	**M**
All employees	unit	4,688		4,405		6.4%	
By gender[1]	unit	1,481	3,207	1,358	3,047	9.1%	5.3%
Employee share	%	31.6	68.4	30.8	69.2	0.8 pp	(0.8 pp)
Employees by gender and employment contract							
Permanent	unit	4,583		4,305		6.5%	
By gender	unit	1,434	3,149	1,306	2,999	9.8%	5.0%
Temporary	unit	105		100		5.0%	
By gender	unit	47	58	52	48	(9.6%)	20.8%
Full-time	unit	4,617		4,360		5.9%	
By gender	unit	1,460	3,157	1,342	3,018	8.8%	4.6%
Part-time	unit	71		45		57.8%	
By gender	unit	21	50	16	29	31.3%	72.4%
Non-guaranteed hours[2]	unit	-		-		-	
By gender	unit	-	-	-	-	-	-
Employees by country							
Lithuania	unit	4,539		4,313		5.2%	
Latvia	unit	79		48		64.6%	
Poland	unit	49		33		48.5%	
Estonia	unit	19		9		111.1%	
Finland	unit	2		2		0%	
Employee turnover							
Number of employees who left the Group	unit	536		429		24.9%	
By gender	unit	207	329	164	265	26.2%	24.2%
Employee turnover rate	%	12.2		10.3		1.9 pp	

[1] *Gender choice as 'Other' is not applicable for the Group, as the Group operates in regions where such registration in personal identification documents is not legally recognised.*
[2] *The Group does not have non-guaranteed hours employees.*

Accounting policies

Headcount of employees

All employee data is accounted based on the records from the Group's personnel registration systems. The number of employees is determined as of the end of the financial year. The headcount excludes employees on maternity, paternity, or parental leave, those in military service, and trainees who are not on the payroll. An employee is an individual hired under an employment contract to perform tasks for compensation under the employer's direction.

Turnover

The employee turnover rate is calculated by dividing the number of employees who left the company during the financial year by the number of employees at the beginning of that period.

In all tables where own workforce numbers are presented, the headcount is used for calculations.

S1-7 Characteristics of non-employees in the undertaking's own workforce

The Group defines non-employees as people with contracts with a Group company to supply labour ('self-employed people') or people provided by the Group company primarily engaged in 'employment activities' (NACE Code N78). The Group has opted to exercise the phase-in allowance for data of non-employees. The Group is preparing to collect data from the Group companies.

S1-14 Health and safety metrics

Health and safety		2024	2023	Δ
The percentage of people in its own workforce who are covered by health and safety management system (ISO 45001)	%	87	83	4 pp
Number of fatalities in own workforce	unit	0	0	0%
Number of fatalities of other workers (contractors)	unit	0	0	0%
Number of total recordable incidents in own workforce	unit	9	6	50.0%
TRIR in own workforce	Indicator	1.12	0.79	41.8%
Number of lost-time incidents in own workforce	unit	5	6	(16.7%)
LTIR in own workforce	Indicator	0.62	0.79	(21.5%)
Number of total recordable incidents of other workers (contractors)	unit	9	7	28.6%
TRIR of other workers (contractors)	Indicator	0.84	0.93	(9.7%)

Accounting policies

Lost-time incident rate (LTIR) is calculated as the number of lost-time incidents per one million hours worked. The number of total annual working hours for employees is recorded by the Group's internal personnel management systems. LTIR includes lost-time incidents defined as incidents that result in an incapacity to work for one or more calendar days in addition to the day of the incident.

Total recordable incident rate (TRIR) is calculated in the same way as LTIR. However, in addition to lost-time incidents, TRIR also includes the incidents after which a person is able to perform work the day after the accident, as well as the incidents where the person has received medical treatment. For contractors, the actual number of hours worked is recorded based on the data provided by the contractors.

Fatalities are the number of employees who lost their lives as a result of a work-related incident. Fatalities are included in both LTIR and TRIR.

Employee welfare, adequate remuneration and cooperation

ESRS 2 SBM-2 Interests and views of stakeholders

All information is disclosed in section 'ESRS 2: SBM-2 Interests and views of stakeholders'.

ESRS 2 SBM-3 Material impacts, risks and opportunities and how they interact with its strategy and business model

In the latest double materiality assessment, *ensuring fair working environment and renumeration* related to the sub-topic of working conditions, was identified as being material, covering the following IRO:

- The Group offers competitive compensation and maintains a fair and transparent working environment, therefore leading to improved employee engagement, positive team dynamics, and overall business success. This *positive impact* is relevant to all business segments and occurs in the short term.

All people in its own workforce who could be materially impacted by the Group are included in the scope of the disclosures related to working conditions.

S1-1 Policies related to own workforce

The Group Remuneration Policy (available on our website) aims to establish clear and transparent remuneration principles, maintain employee's motivation while meeting shareholders' expectations for sustainable development, and attract and retain skilled, innovative, and globally minded employees. The key principles of this policy cover internal fairness, external competitiveness, clarity, transparency, equal opportunities, and non-discrimination. For additional information, see the Group's website.

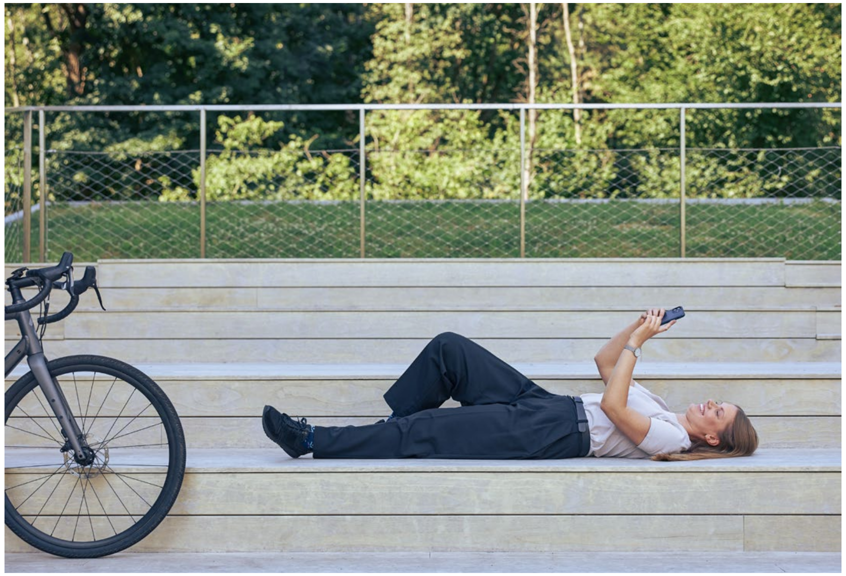
The policy was approved by the General Meeting of Shareholders of the parent company and applies to all Group companies and employees. The Supervisory Board and the Nomination and Remuneration Committee ensure the prevention of conflicts of interest when making decisions on the remuneration system. The parent company's Management Board is responsible for the implementation of the policy.

The policy is applied while considering the requirements of the Law on Companies of the Republic of Lithuania, the Labour Code of the Republic of Lithuania (link in Lithuanian) or a relevant legal act of a foreign state, collective agreements as well as other legal acts.

The Group is compliant with Directive (EU) 2022/2041. All Group employees receive a higher than minimum wage. The Group is compliant with the Labour Code of the Republic of Lithuania (link in Lithuanian), which defines freedom of association and obligates employers to conduct collective bargaining and conclude collective agreements.

The Group also defines the main principles and standards of a fair and transparent work environment in the Code of Ethics, including:

- ensuring equal employment opportunities and working conditions for all individuals, while only considering the nature of their professional activities;


Employee welfare matters

- applying equal criteria and principles when terminating an employment relationship;
- guaranteeing fair pay that depends on the functions performed, the quality of work, professional and business abilities and is the same for the same work or value. The Group applies uniform criteria for evaluating employee performance;
- respecting human rights including labour rights.

The Group also has the Internal Standard of Additional Benefits (not publicly available). This standard provides additional measures for motivating employees. If the individual provisions of the standard are inconsistent with the requirements of a collective agreement concluded within a Group company, the requirements of the standard or the collective agreement that offer more favourable conditions for employees shall apply to the employees of that company.

The working conditions and work-life balance of the Group's employees are mainly governed by internal policies. The ability to take leave differs by country and is in line with local legislation. The Group does not have separate policies explicitly addressing human trafficking, forced, compulsory or child labour in place, as these are already governed by national laws. Policies on the elimination of discrimination and grounds for discrimination are disclosed in section 'Equal treatment and opportunities for all'.

The Group engages workforce through different channels. For more, see paragraph 'S1-2 under Health and safety'.

S1-2 Processes for engaging with own workforce and workers' representatives about impacts

The Group conducts regular eNPS surveys to measure employee engagement and satisfaction. This survey is used to gather additional information from employees to better understand their experiences and identify areas for improvements. These surveys are carried out on a quarterly basis, and each survey aims to assess a topic for that period. Surveys provide valuable information on employee satisfaction, communication effectiveness and areas for improvement. The People Experience and Motivation team from the People and Culture function is responsible for overseeing and carrying out the process of organising the eNPS survey (not publicly available). Employee participation in the eNPS survey is high, reaching 75.6 in 2024.

The Group has several types of employee representatives, including trade unions in Ignitis Gamyba (Reserve Capacities and Green Capacities) and ESO (Networks) as well as work councils. These employee representatives have the right to be informed and consulted on various company decisions, restructurings or decisions concerning health and safety programmes. Collective agreements and legally binding agreements between employers and trade unions are established through collective bargaining, while unions and councils address various workforce issues, including wages, working hours, benefits, etc., in quarterly meetings. There is no formal approach to gain insight into perspective of the people who are vulnerable to impacts and/or marginalized.

S1-3 Processes to remediate negative impacts and channels for own workforce to raise concerns

No material negative impacts were found during the DMA process, eliminating the need for remediation actions. In case of an adverse event, contribution to remediation will be provided through the legitimate processes in accordance with the law.

In case of any unethical behaviour regarding employee welfare, remuneration and cooperation of the Group's employees or representatives, it shall be reported using the Trust Line. The Trust Line guarantees the confidentiality of whistleblowers and complies with the requirements of the Law on the Protection of Whistleblowers and is available to all employees. For additional information, see section 'G1-1 Business conduct policies and corporate culture'.

S1-4 Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions

No significant negative impacts have been identified in the DMA and, therefore, no preventive or mitigation action is required until assessed otherwise. The Group offers competitive compensation, maintains fair and transparent work environment, social protection, and cooperation according to national laws for all employees in the Group companies. Additional benefits of the Group include health insurance, personal accident insurance, additional days off, social allowances, referral bonuses, recognition programmes, gifts, vaccinations, etc. When assessing employee comments during the eNPS evaluation, the Group shall also evaluate and, where possible, consider actions to improve employee experience.

This year's DMA identified no material risks or opportunities that required additional actions from the Group. The Group has a People and Culture Department, which covers various functional areas related to own workforce.

S1-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

The strategic target set out in the Group's Strategic Plan 2024–2027 is to maintain an eNPS of ≥50. This metric indicates employees' willingness to recommend the Group as an employer and is used to measure employees' experience in areas such as well-being, learning and growth, equal pay, diversity, and inclusion. The Group conducts quarterly eNPS surveys since 2019. In 2024, the Group achieved a high eNPS of 65.2 (57.5 in 2023). Employees are regularly updated on the eNPS status during periodic meetings and through other internal communication methods. The employees are the key stakeholder group that helps to identify the material aspects and the priorities when setting the targets. There is no clear indication, however, how employees were directly involved in setting the targets.

The Group's eNPS

	2024	2023	Δ
eNPS - Employee Net Promoter Score	65.2	57.5	7.7 pp

S1-8 Collective bargaining coverage and social dialogue

Collective bargaining agreements and workers' representation (in companies with +50 employees, representing >10% total employees)

	Collective bargaining coverage		Social dialogue
	Employees – EEA (for countries with >50 empl., representing >10% total empl.)	Employees – Non-EEA (estimate for regions with >50 empl., representing >10% total empl.)	Workplace representation (EEA only) (for countries with >50 empl., representing >10% total empl.)
80–100%			
60–79%	Lithuania		
40–59%			Lithuania
20–39%			
0–19%			

S1-10 Adequate wages

All employees within the Group are paid an adequate wage while complying with Directive (EU) 2022/2041.

Accounting policies

The eNPS survey is conducted quarterly across the Group. All Group employees are invited to participate in it. In the survey, employees rate their agreement with the statement "I would recommend my company as a potential workplace to my friend or a good acquaintance" on a scale of 1 to 10. The recommendation index is calculated by subtracting the percentage of employees who would not recommend the employer (detractors) from the percentage of those who would (promoters).

All employee data is accounted based on the records from the Group's personnel registration systems. The number of employees is determined as of the end of the financial year. Group companies also operate in Latvia, Estonia, Poland, and Finland, but in these countries, the number of employees does not represent >10% of the total workforce. 99% of all employees work in Lithuania.

In accordance with Law on European Work Councils of Republic of Lithuania (IX-2031 Law on European Works Councils), the Group did not meet the criteria of a community-scale group of companies during the reporting period and is therefore not obliged to initiate the formation of a European Works Council.

S1-11 Social protection

Social protection with regard to the types of events by country

	Retirement	Sickness	Unemployment starting from when the own worker is working for the undertaking	Employment injury and acquired disability	Parental leave
Lithuania	All employees of the Group companies according to national laws Additional benefits[1, 6]	All employees of the Group companies[1] Health insurance Additional benefits[2]	All employees of the Group companies according to national laws[3]	All employees of the Group companies[1, 4]	All employees of the Group companies according to national laws Additional benefits[1, 5]
Latvia	All employees of the Group companies according to national laws				
Estonia					
Poland					
Finland					

[1] *According to the Standard of Additional Benefits of the Group.*

[2] *Additional benefits include sickness benefits, short-term illness leave, wellness days.*

[3] *This is not applicable when the employment contract is terminated at the employee's initiative or as a result of breaches of work rules (according to Labor Law).*

[4] *Employees are provided with additional accident insurance that covers them in case of death or disability due to an accident, an injury, additional diseases, or critical illness and provide financial. Also, employees are eligible for additional benefits (payment) if they need material support (e.g. due to a serious illness, accident, natural disaster or for any other reasons beyond the employee's control). The amount would be decided by the employer. This applies in all Group companies.*

[5] *The company provides allowances for birth or adoption and additional annual allowances for families with multiple children, disabled dependents, or single parents. A maximum of two allowances per year is allowed if multiple conditions are met. This applies in all Group companies.*

[6] *In Lithuania employees have a right to choose an optional additional benefit related to voluntary contributions to employee's pension fund.*

For additional information, see the Group's website.

S1-16 Remuneration metrics

Disclosure requirement related to S1-16 Remuneration metrics are presented in '5 Remuneration'.

Equal treatment and opportunities for all

Diversity, inclusion, and wellbeing

ESRS 2 SBM-2 Interests and views of stakeholders

Specifically in the energy sector, aspects like diversity, equal opportunity and human rights are of heightened relevance. For additional information, see section 'ESRS 2: SBM-2 Interests and views of stakeholders'.

ESRS 2 SBM-3 Material impacts, risks and opportunities and how they interact with its strategy and business model

In the latest double materiality assessment, *Promoting non-discrimination and non-harassment culture, Promoting gender balance* related to the sub-topic of equal treatment and opportunities for all, were identified as being material, covering the following IROs:

- The Group creates a safe, inclusive, and high-performing work environment by promoting a culture of non-discrimination and non-harassment. The *positive impact* is created by fostering respect, equality, empowering employees and enhancing collaboration. This positive impact is relevant to all business segments and occurs in the short term.
- The Group fosters a diverse and inclusive environment and ensures equal opportunities for all employees through promoting gender balance in the workplace. The *positive impact* is created by closing the gap of under-represented groups. This positive impact is relevant to all business segments and occurs in the short term.

All people in its own workforce who could be materially impacted by the Group are included in the scope of the disclosures related to equal treatment and opportunities for all.

S1-1 Policies related to own workforce

When describing the principles of fostering, implementing and enforcing equal opportunities and diversity, the Group Equal Opportunities and Diversity Policy (available on our website) emphasizes the main measures which are necessary for the implementation of these principles. The Group does not tolerate any discrimination, which includes direct and indirect discrimination, harassment, sexual harassment, or instruction to discriminate on the basis of gender, race, nationality, ethnic origin, language, social status, religion, faith, belief, convictions or views, age, sexual orientation, disability, state of health, family or marital status, membership in a political party or association. The employees' working conditions, salary, extra benefits, and other aspects of their work in the organisation are set in such a way that helps create equal opportunities and helps the employees to balance their work, private life, and familial responsibilities. The policy was updated in October 2024 to include provisions on diversity of collegial bodies and executive committees of the Group companies. The reports regarding the possible violations of Equal Opportunities and Diversity Policy may be submitted directly to the Head of Group Business Resilience by email or through the Trust Line. For additional information, see section 'G1-1 Business conduct policies and corporate culture'.

The policy applies to all Group companies and is approved and amended by the decision of the parent company's Management Board. The Head of Diversity, Inclusion and Well-Being is responsible for compliance with the principles of equal opportunities and diversity and the implementation of the measures provided in the policy. The CEO of a relevant Group company ensures the implementation of the provisions of the policy at the companies.

Group's Strategic Plan 2024–2027 puts special attention on women as under-represented group in the energy sector and establishes a special target to increase the share of women in top management. The Strategic Plan for Diversity, Inclusion and Wellbeing 2022–2025 establishes the following commitments in respect to the specific groups of people who are particularly sensitive: improving gender balance, creating inclusive environment for people with disabilities, ensuring inclusion of people of all ages and raising awareness of LGBT inclusion.

Recognising the link between a safe work environment and overall employee wellbeing, the Group Abuse and Harassment Prevention Policy (available on our website) was designed to foster a respectful and supportive atmosphere for all team members by protecting employees from abuse and harassment, recognise their signs and be aware of legal defence methods. Any inappropriate behavior, including psychological abuse and harassment related to gender (including sexual harassment) or the threat thereof, is strictly prohibited. This includes inappropriate behavior that affects a person physically, psychologically, sexually, or economically, whether it occurs once or repeatedly. Such behavior is prohibited if it leads to actual or potential impact on the person, undermines their dignity, creates an intimidating, hostile, degrading, or offensive environment, or results in actual or potential physical, material, and/or non-material damage. Reports on abuse and harassment may be submitted by employees who suffered, witnessed it or who heard about it, also their direct managers, senior managers, or employee representatives. Employees who suffered abuse and harassment may contact the emotional support line and receive a consultation from a psychologist as well as contact well-being mentors. In both cases employees are guaranteed confidentiality. For more information on reporting violations and a whistleblowing channel Trust Line, see section ‘G1-1 Business conduct policies and corporate culture’.

The policy is approved and amended by the decision of the parent company’s Management Board. Head of Group Business Resilience is responsible for implementing the procedure of submitting and examining the reports established in the policy, and the Head of Diversity, Inclusion and Wellbeing is responsible for implementing abuse and harassment prevention measures.

The Group People and Culture Policy (available on our website) aims to manage human potential and culture while achieving the Group’s strategic objectives by supporting the values of the organisation. In accordance with the values of the Group, the Group companies seek to be attractive employers, promote employee responsibility and sense of ownership, their ability to work in various teams, innovation, and constant improvement. The companies take care of their employees, paying particular attention to their safety and health at work, social dialogue, equal opportunities, and diversity. The policy sets expectations for the management structure, organisational culture within the Group, ways of attracting employees, employment relations, adaptation and career within the Group, including employee education, upskilling as well as social dialogue. The implementation and control of the policy at the Group’s level is the responsibility of the Head of Group People and Culture.

The Group respects and protects human rights and freedoms, recognised in national and international legislation, disseminates and fosters democratic values in accordance with the guidelines set forth in the Universal Declaration of Human Rights (UDHR) and ILO Conventions (including conventions on the worst forms of child labour, maternity protection, etc.). The Group does not have separate policies explicitly addressing human trafficking, forced, compulsory or child labour in place as these are already governed by national laws. For additional information, see section ‘G1-1 Business conduct policies and corporate culture’.

All the policies listed above are communicated to all new employees and, in case of any updates, to the entire workforce. No general approach to measuring the effectiveness of engagement with employees is established at the moment.

S1-2 Processes for engaging with own workforce and workers' representatives about impacts

To ensure that all changes to the policies and/or their amendments mentioned in the section above reflect the needs and concerns of the Group’s workforce, coordination with employee representatives (work councils and/or trade unions operating in the companies) is ensured before making a decision on their approval. Employee

Ignitis Group employees

representatives are periodically informed about the progress of implementation of the policies in accordance with the procedure set out in the Labour Code, the collective agreements concluded with the companies and the guidelines set forth in the UDHR and ILO Conventions. There is no formal approach to gain insight into perspective of the people who are vulnerable to impacts and/or marginalized. The Group People and Culture, together with Diversity, Inclusion and Wellbeing unit of the Group, are responsible for the preparation and updates of the policies and the engagement with the workforce. The Group's policies are approved and amended by the decision of the parent company's Management Board. The effectiveness of engagement with the workforce and worker's representatives is not being monitored, but regular eNPS surveys are conducted to gather employee feedback on their experience on their working environment and wellbeing. For more information, see section 'S1-2 Processes for engaging with own workforce and workers' representatives about impacts under employee welfare, adequate remuneration and welfare'.

S1-3 Processes to remediate negative impacts and channels for own workforce to raise concerns

No material negative impacts were found during the DMA process, eliminating the need for remediation actions. In case of an adverse event, contribution to remediation will be provided through legitimate processes in accordance with the law.

In case of any unethical behaviour of the Group's employees or representatives, cases of discrimination or corruption, and other issues of concern shall be reported using the Trust Line. Reports on abuse and harassment may be submitted by employees who suffered, witnessed it or who heard about it, also their direct managers, senior managers or employee representatives. The Trust Line guarantees the confidentiality of whistleblowers and complies with the requirements of the Law on the Protection of Whistleblowers and is available to all employees. For additional information, see section 'G1-1 Business conduct policies and corporate culture'.

S1-4 Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions

To promote non-discrimination and non-harassment culture, regular mandatory employee training and knowledge testing on abuse and harassment prevention is conducted together as well as non-discrimination and equal opportunities training for new managers. Additional initiatives of the Group on delivering positive impact include:

- Women in leading positions and gender equality:
  - women's referral challenge;
  - equal opportunities and anti-discrimination training;
  - SheEnergy campaign in social media on the visibility of women in energy;
  - introducing the rule of gender balance to succession planning.
- LGBT awareness:
  - participating in Vilnius Pride;
  - raising awareness through an initiative on the International Day against Homophobia, Biphobia and Transphobia.
- Physical and emotional wellbeing:
  - internal communication on the importance of mental health;
  - conducting trainings;
  - organising weekly meditations.

Effectiveness of some of these actions was tracked and assessed (i.e. women's referral challenge, wellbeing trainings, etc.). The priorities for diversity, inclusion and wellbeing actions have been identified through the equal opportunities survey, stakeholder meetings, company data analysis and diversity and inclusion market standard. The Group Strategic Plan for Diversity, Inclusion and Wellbeing 2022–2025 outlines what actions are planned or underway to mitigate material risks and pursue material opportunities of discrimination, harassment, and abuse prevention. The Diversity, Inclusion and Wellbeing unit of the Group, together with Employer Branding team and Talent Acquisition and Internal Communication functional areas are the main resources managing these actions.

No material negative impacts were found during the DMA process, therefore no remediation actions or assessment of the Group's contribution to material negative impacts on workforce were performed.

S1-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

The Group's Strategic Plan 2024–2027 established a strategic target to maintain an eNPS of ≥50. This metric indicates employees' willingness to recommend the Group as an employer and is used to gauge experiences in areas such as wellbeing, learning and growth, equal pay, diversity, and inclusion. For additional information, see section 'S1-5 Employee welfare, adequate remuneration and cooperation'. To further promote gender balance, the Group has established a strategic target to increase diversity in top management, and by 2027 to have ~30% of women in these positions.

The Group's Strategic Plan for Diversity, Inclusion and Wellbeing 2022–2025 also includes the following diversity, inclusion, and wellbeing targets:

- TOP Employer, Diversity and Inclusion area, ≥20% by 2025.
- TOP Employer, Wellbeing area, ≥20% by 2025.
- Sustainalytics, Diversity programmes area, 100/100 by 2025.
- Share of women in engineering and IT positions, 19% by 2025.

Workforce and/or workforce' representatives were not engaged directly while setting the targets or identifying lessons/improvements, but they are informed about the performance of the indicators during quarterly interim reports of the Group, where information on eNPS and women in top management positions is provided. They are also informed trough internal communications, such as emails or the Group's intranet, on eNPS changes and the progress on gender balance initiatives.

S1-9 Diversity

		2024		2023		Δ	
Diversity metrics		F	M	F	M	F	M
TOP management	unit	33	86	27	90	22.2%	(4.7%)
Share	%	27.7	72.3	23.1	76.9	4.7 pp	(4.7 pp)
All employees by age group							
Under 30 years	unit	168	324	161	294	4.3%	10.2%
Share	%	34.1	65.9	35.4	64.6	(1.2 pp)	1.2 pp
30-50 years	unit	1,022	1,638	927	1,546	10.2%	6.0%
Share	%	38.4	61.6	37.5	62.5	0.9 pp	(0.9 pp)
Over 50 years	unit	291	1,245	270	1,207	7.8%	3.1%
Share	%	18.9	81.1	18.3	81.7	0.7 pp	(0.7 pp)

Accounting policies

Top management consists of Collegial bodies, CEOs of the companies and 1st management level below CEOs (regardless of how many subordinates they have), heads of solid functions and heads of the Ignitis Grupės Paslaugų Centras platform. Special purpose vehicle (SPV) companies are out of the scope. For companies that have a registered office outside of the Republic of Lithuania, top management consists of Collegial bodies and CEOs only. Managers who hold more than one top management position in the same company are included in the list once, while those who hold more than one position in different companies are included as many times as the number of positions they hold in different companies.

All employee data is accounted based on the Group's personnel registration system records. The data of employees' age groups is as at the end of the financial year. The headcount excludes employees on maternity, paternity, or parental leave, military service employees, and trainees who are not on the payroll.

S1-12 Persons with disabilities

		2024		2023		Δ	
		F	M	F	M	F	M
Percentage of employees with disabilities	%	0.6		0.6		0 pp	
		0.8	0.6	0.8	0.6	0 pp	0 pp

S1-15 Work-life balance metrics

		2024		2023		Δ	
Family related leave		F	M	F	M	F	M
Percentage of employees entitled to take family-related leave		100		100		0 pp	
Percentage of entitled employees that took family-related leave	%	1.73		0.70		1.02 pp	
By gender		4.4	0.5	1.9	0.2	2.5 pp	0.3 pp

Accounting policies

All employee data is accounted based on the Group's personnel registration system records. The data of employees' disability status is received from Group's personnel registration system at the end of the financial year.

Employees entitled to a family-related leave are those who are covered by the applicable regulations that contain family-related leave entitlements. In all countries where the Group operates, family-related leave is applied to all employees according to the national law. The number above shows how many employees took parental leave during the financial year.

Competent employees

ESRS 2 SBM-2 Interests and views of stakeholders

Ensuring a competent workforce, both currently and in the future, is critically important. The Group anticipates challenges in acquiring the necessary expertise to drive the energy transition. Thus, fostering internal competences is imperative. For additional information, see section 'ESRS 2: SBM-2 Interests and views of stakeholders'.

ESRS 2 SBM-3 Material impacts, risks and opportunities and how they interact with its strategy and business model

In the latest double materiality assessment, *Human capital* related to the sub-topic of equal treatment and opportunities for all, was identified as being material, covering the following *risk*:

- The Group's strategic goals related to energy transition requires a highly skilled workforce and new competencies. The lack of expertise may significantly impede the progress and achievement of the Group's strategic goals, creating a *risk*, which is relevant to all business segments and occurs in the long term. To maintain the competitive edge, the Group invests in talent development and cultivates a culture that fosters innovation and excellence.

All people in its own workforce who could be materially impacted by the Group are included in the scope of the disclosures related to equal treatment and opportunities for all.

S1-1 Policies related to own workforce

The Group People and Culture Policy (available on our website) encourages education and continuous improvement by offering training programmes, workshops, and opportunities for career advancement to all Group employees. Following the principles stated in the Group Code of Ethics (available on our website), the learning content is made inclusive and non-discriminatory, human rights are fully supported and promoted throughout all training materials. All employees are treated with dignity and respect, this includes providing equal opportunities for training and preventing any form of discrimination or harassment. The Group's operations are monitored continuously to identify and prevent potential human rights issues. This includes regular audits, employee surveys, and risk assessments. Policies are set and measured in alignment with Top Employer practices and are subject to regular audits to ensure compliance and effectiveness. The Group respects and protects human rights and freedoms, recognised in national and international legislation, disseminates and fosters democratic values in accordance with the guidelines set forth in the UDHR and ILO Conventions (including conventions on the worst forms of child labour, maternity protection, etc.). The Group does not have separate policies explicitly addressing human trafficking, forced, compulsory or child labour in place as these are already governed by national laws. For additional information, see section 'G1-1 Business conduct policies and corporate culture'. For more information about policies on eliminating discrimination and/or grounds for discrimination, see section 'S1-1 Policies related to own workforce' on Diversity, inclusion and well-being.

S1-2 Processes for engaging with own workforce and workers' representatives about impacts

Open lines of communication with all employees are maintained through regular meetings, emails, training evaluation surveys and internal communication platforms. This ensures that employees are informed and can share their feedback, which is used to identify areas for improvement and make informed decisions. Engagement begins during the onboarding process, where new employees are introduced to company policies, culture, expectations, and continues throughout the employee's tenure, with regular check-ins, feedback sessions, and development opportunities. Regular eNPS surveys are conducted to gather feedback from employees about their experiences and satisfaction with the engagement initiatives while monitoring employee retention rates and participation in training programmes. Anonymous channels for employees to share their concerns and suggestions without fear of retaliation are provided. Chief Organisational Development Officer is the most senior role with operational responsibility for employee engagement.

Records of all training programmes attended by employees are maintained to monitor employee development and identify areas for further training. Employee data on performance and career progression, such as performance reviews, feedback received, and milestones achieved is regularly updated to ensure a clear view of each employee's career path and opportunities. The Group conducts in-house training sessions led by experts within the company relevant to its industry and business operations. Any mandatory trainings are assigned based on job roles and are carefully monitored, with clear communication provided to the target audience while making the training content compatible with the guidelines set forth in the UDHR and ILO Conventions.

The Group provides specialized training programmes that focus on the unique challenges faced by at-risk or vulnerable employees together with multiple channels for at-risk employees to provide feedback anonymously and support networks, which provide a safe space for vulnerable employees to share their experiences and receive support.

Training programmes are provided in multiple languages (Lithuanian, English) and formats (in person, online) to accommodate diverse needs and ensure that all employees receive information in a manner that is understandable and accessible, thus fostering a more informed and engaged workforce. When integrating diversity and inclusion topics into the Group's learning and development programmes, we ensure that human rights of all stakeholders are respected and protected, thus fostering a responsible and ethical business environment.

In case of conflict of interests among different workers, regular training sessions on conflict resolution for both employees and managers, are provided together with mediation services, where a neutral third party helps the conflicting employees reach a mutually acceptable resolution.

S1-3 Processes to remediate negative impacts and channels for own workforce to raise concerns

No material negative impacts were found during the DMA process, eliminating the need for remediation actions. In case of an adverse event, contribution to

remediation will be provided through the legitimate processes in accordance with the law.
In case of any unethical behaviour of the Group's employees or representatives, the cases of discrimination or corruption and other issues of concern shall be reported using the Trust Line. For additional information, see section 'G1-1 Business conduct policies and corporate culture'.

S1-4 Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions

To address the human capital risk, the Group provides trainings on:

- health and safety/workplace safety;
- career and development planning;
- ethical behavior and compliance with policies;
- conflict resolution;
- sustainability and eco-friendly practices;
- leadership training, certification courses, and upskilling workshops.

These programmes help employees advance their careers and achieve their professional goals. To accommodate diverse needs, the Group offers flexible training arrangements (online trainings). Educational assistance programmes, such as tuition reimbursement to support employees in pursuing further education and professional qualifications are also provided. Also, the Group supports educational institutions, enhancing the quality and appeal of energy studies, and promoting careers in the energy sector by providing scholarships for students. More information can be found on our website.

In case a specific training course is needed, the Group develops and delivers a focused training programme on that issue. Learning and Development team, in collaboration with Employee Health and Safety team and the Group's HR business partners offered training programs focused on risk management, health and safety, and conflict resolution. These programmes equip employees with the skills and knowledge to handle significant impacts effectively. By allocating resources to these critical areas, the Group ensures that its workforce is well-prepared to manage and mitigate material impacts, fostering a safer and more resilient environment in the organisation. For more information on health and safety, see section 'S1-2 - Processes for engaging with own workforce and workers' representatives about impacts' under 'Health and safety'.

In response to the changes that arise due to the transition to a greener and climate-neutral economy and, resulting in risks related to human capital, the Group introduced New Skills and Competencies Development programme to support the organisational growth and sustainability, focusing on upskilling internal talent to meet emerging demands, particularly in renewable operations and maintenance. Internal roles included in this programme were identified during the strategic workforce planning together with the evaluation of the training demand in each of the Group companies.

Feedback on training quality is regularly collected to identify potential issues and areas for improvement. The Group tracks performance metrics related to specific learning and development (L&D) initiatives, such as the completion rates of training programmes and improvements in employee skills. The effectiveness of training is evaluated through follow-up assessments and feedback from employees to make any necessary adjustments and improve processes.

S1-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

The organisation has established four key strategic competencies and implemented training programmes to enhance the competencies of employees across the Group. #EnergySmart UNI is an internal university focused on developing the Group's strategic competencies: entrepreneurship, adaptability, expertise in energy, and 'sustainovation', thus fostering personal growth and contributing to the Group's goals.
The target is for all employees within the Group to successfully complete the first level of all four competencies within their first six months. Employees were directly engaged into setting this target as various workshops were conducted and tailored to different target audiences to identify and establish the four core competencies. Employees actively participated in contributing to the content development. To identify lessons or improvements, feedback was collected after each module and shared it with the working group to enhance and refine the existing materials. The Group employed a variety of methods to monitor the progress towards achieving the four strategic competencies, including the use of articles, attendance tracking, and email notifications. Through this comprehensive approach, target was successfully reached.

L&D targets are strategically focused on the long term to ensure continuous tracking and progress evaluation. They are set and measured in alignment with the Top Employer practices and are subject to regular audits to ensure compliance and effectiveness. The Group benchmarks the performance of the indicators against industry standards and holds the distinction of being recognized as a Top Employer.

S1-13 Training and skills development metrics

Training and skills development		2024		2023		Δ	
		F	M	F	M	F	M
Employees that participated in regular performance and career development reviews	unit	1,481	3,207	1,358	3,047	9.1%	5.3%
Share	%	100	100	100	100	0 pp	0 pp
Total training hours of all employees	hours	99,653		91,660		8.7%	
By gender	hours	36,151	63,502	31,337	60,323	15.4%	5.3%
Training hours per employee on average	hours	21.3		20.8		2.2%	
By gender	hours	24.4	19.8	23.1	19.8	5.8%	0%

Accounting policies

The average number of training hours per employee is calculated by recording all training hours and dividing them by all employees. Training data is collected in the internal L&D registers. The actual headcount at the end of the year is used to calculate the indicator.

Trainings include all additional trainings ordered by employees and trainings initiated by the Learning and Development team. Mandatory trainings, such as fire safety, work procedures, etc., are considered as briefings and are not included in the number of trainings. Also, all online courses were not included in training indicators.

Within the Group, all employees participate in regular performance and career development reviews. Although the format of these reviews may vary across different companies within the Group, they consistently include all employees.

S1-17 Incidents, complaints, and severe human rights impacts

		2024	2023	Δ,%
Number of complaints filed through channels for people in own workforce to raise concerns	unit	16	n/d[1]	-
of which number of incidents of discrimination	unit	3	3	0%
of which number of confirmed incidents of discrimination	unit	3	1	200.0%
Number of complaints filed to National Contact Points for OECD Multinational Enterprises	unit	0	0	0%
The total amount of fines, penalties, and compensation for damages as a result of the incidents and complaints disclosed above	EUR	0	0	0%
Number of severe human rights issues and incidents connected to own workforce	unit	0	0	0%
of which cases of non-respect of the UN Guiding Principles on Business and Human Rights, ILO Declaration on Fundamental Principles and Rights at Work	unit	0	0	0%
Amount of fines, penalties, and compensation for severe human rights issues and incidents connected to own workforce	EUR	0	0	0%

[1] *Data for the previous year cannot be provided, as this specific categorization was not utilized in previous periods.*

Accounting policies

Reports received through the Trust Line channels are registered in the Group's internal register via JIRA (a project management and issue tracking tool). These reports are processed according to the procedures established in the Group's internal legal acts and investigated in line with the rules set by the Group's internal investigation commission.

S2 Workers in the value chain

ESRS 2 SBM-2 Interests and views of stakeholders

Contractors are one of the key groups of stakeholders in the Group's value chain, playing a crucial role in business development, expanding green generation capacity, and supporting the overall strategic objectives of the Group. Contractors were the main stakeholder included in the dialogue to identify and validate material impacts related to this standard. For more on the interests and views of stakeholders, see section 'ESRS 2: SBM-2 Interests and views of stakeholders'.

ESRS 2 SBM-3 Material impacts, risks and opportunities and how they interact with its strategy and business model

In the latest double materiality assessment, *Health and Safety and Occupational Health and Safety* related to the sub-topic of working conditions, were identified as being material, covering the following IROs:

- The energy sector inherently involves working in a high-risk environment, such as construction sites, remote locations, and dangerous conditions (heights, voltage, etc.). This can increase the *risk* of physical harm, including accidents, injuries, and fatalities. These incidents can lead to *negative impact* for those affected, across the entire value chain of the Group, from resource extraction to generation and distribution. Inherent negative impact and risk are relevant to all business segments of the Group and can occur in the short term.

The Group understands its responsibility to promote safe working conditions, perform oversight and trainings, raise awareness, and promote cooperation among the Group employees and contractors while improving OHS management, procedures, and communication within and outside the Group. The Group conducts inspections to identify any deficiencies and discrepancies and, if necessary, requires contractors to rectify these issues before work can proceed safely. Additionally, the Group collaborates with contractors to assess potential OHS risks at its facilities and other work sites while promoting a culture of safety and zero tolerance for violations. The Group's overall objective is to maintain a safe and healthy working environment for the supply chain workers in accordance with the OHS and SCE policies.

At this stage, the Group is unable to include the full scope of its value chain workers due to limited access to available information. The Group has focused on its first-tier suppliers and contractors, and therefore the material IROs identified are focused on this scope. On the other hand, the Group has considered issues of child labour or forced labour, but no significant IROs have been identified. No regions or specific countries have been identified as being particularly significant for these IROs.

S2-1 Policies related to value chain workers

The Group Occupational Health and Safety policy (available on our website) ensures that workers throughout the value chain adhere to the same OHS standards as the Group's own employees. The policy emphasises the selection of reliable partners who prioritise safety and comply with OHS requirements, thereby minimising the risks and reducing the negative impact related to occupational health and safety. Furthermore, it mandates the timely reporting of working hours and incidents, cooperation during inspections, and strict adherence to OHS regulations to mitigate the risks related to worker safety. The policy is developed and implemented by the Head of Group Business Resilience. For additional information, see 'S1-1 Policies related to own workforce'.

In line with the OHS Policy, internal standards, and instructions (not publicly available), adopted by the Group companies, the Group has established regulations to guide the work of contractors and ensure that all personnel, including dispatched staff, contractors, and other external entities, comply with work and safety requirements. These internal standards and instructions are tailored to the specific characteristics of operational activities and the types of work performed by contractors. The interests of high-risk suppliers are also considered, with certain high-risk tasks requiring additional instructions or training alongside the Group own employees. Furthermore, these instructions may vary depending on the nature of the work environment, such as remote locations or the Group company premises.

The Group Supplier Code of Ethics (SCE) (available on our website) comprehensively covers the entire supply chain. These ethical principles mandate that all stakeholders provide safe and healthy working environment for all employees, regardless of their contract or employment type. Stakeholders are expected to establish robust occupational health and safety governance frameworks that ensure compliance with all relevant laws, regulations, and customer requirements, as well as the effective management of hazards and risks associated with their operations. The SCE addresses potential risks related to labour practices in accordance with the principles set forth in the UDHR, the ILO's Convention on Fundamental Principles and Rights at Work, and the United Nations Global Compact (UNGC). The Group assesses if its suppliers comply with the Group's SCE to monitor the effectiveness of the policy's implementation. During the assessment, suppliers are asked about actions and measures they take to ensure human rights and prevent social and labour violations. This thorough assessment is coordinated by the Head of Group Procurement, who is in charge of the SCE's implementation.

Suppliers, contractors, and any other workers in the value chain can raise concerns to the Group through the Trust Line, which is intended for reporting OHS violations, any form of discrimination (based on age, gender, nationality, religion, sexual orientation, etc.) as well as any form of harassment, violence and bullying, any other suspected misconduct or potential misconduct inconsistent with the Group Code of Ethics and the Group Anti-Corruption Policy. For additional information, see section 'G1-1 Business conduct policies and corporate culture'. To raise awareness about the Trust Line among the workers in the Group's value chain, a change was initiated, mandating supplier to formally notify its employees in the value chain about the opportunity to raise concerns through the Group's Trust Line.

S2-2 Processes for engaging with value chain workers about impacts

The Group's engagement strategy unfolds in multiple stages of the supply chain procedures. It begins with the selection of suppliers, followed by the contract signing stage, where suppliers are required to accept the SCE requirements. This is followed by engagement through various channels, ongoing SCE monitoring, and inspections to assess the adherence to the OHS requirements, with the primary focus on safety, which must be maintained until the final contract stage. This structured engagement enables the Group to maintain consistent oversight over the needs of the Group's suppliers.

The Group engages with value chain workers through procurement contracts awarded by a Group company. After the Group company signs a procurement contract with a supplier, each contract is designated a contract owner, an employee of the Group company, who is assigned to ensure the proper performance of the contract. The contract owner collaborates with the supplier, providing feedback on contract performance, clarifying information, and responding to any inquires.

Prior to signing the contract, the supplier's representative is introduced to and must consent to the Group's policies, including the SCE. The Group company then cooperates with the supplier's representative and its employees prior to, during, and after the completion of the procurement contract. If concerns arise, suppliers can disclose their inquires at any time by contacting the Group company's representative. The regularity of cooperation depends on each procurement contract signed between the Group company and the supplier. The Group company's dedicated staff monitors the progress of contract work, liaising with contractors, providing feedback and visiting sites to assess contractors' health and safety performance. To achieve the best results, the Group has initiated different engagement methods, such as sending newsletters to its suppliers, contractor reinforcement programme and contractor safety days.

To evaluate the effectiveness of its engagement, the Group monitors the outcomes of its activities and relies on improvements in key performance indicators. These improvements are intended to ultimately contribute to the goal of decent work and economic growth as outlined in the Sustainable Development Goals (SDGs).

TRIR results along with suppliers' assessment on their adherence to SCE is further discussed in section S2-4. The Head of Group Business Resilience is responsible for overseeing the TRIR results, while supplier engagement is managed by the Head of Group Procurement.

Direct engagement with value chain workers or their legitimate representatives is recognised as the most effective approach for addressing labour and health and safety issues, as it facilitates open communication, a better understanding of concerns, and the development of more effective solutions. Accordingly, the Group intends to maintain structured engagement and, in the upcoming year, strengthen collaboration with contractors to increase their engagement, education while sharing the best practices.

The Group acknowledges the importance of understanding the perspectives of vulnerable and marginalized workers within the value chain, such as migrant workers. However, there is currently no dedicated procedure in place to ensure their specific perspectives are addressed. Meanwhile, the Group's contractors follow national laws that protect vulnerable workers, ensuring that their rights and wellbeing are upheld in accordance with legal standards.

S2-3 Processes to remediate negative impacts and channels for value chain workers to raise concerns

Suppliers, contractors, and any other value chain workers can raise concerns to the Group through the Trust Line. The information in relation to the Trust Line is publicly available on the Group's website and is accessible to any member of the value chain. Additionally, suppliers receive links to the Group's SCE and Trust Line in the contract details before signing the procurement contract. For additional information, see section 'G1-1 Business conduct policies and corporate culture'.

In 2024, Trust Line has not received any reports from its value chain workers concerning potential incidents of violence, harassment, or worker safety issues. In the event of adverse human rights impacts, the Group provides or contributes to remediation through legitimate processes in accordance with the law.

S2-4 Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those action

Supply chain pre-partnership assessment and follow-up

The Group is dedicated to managing negative impacts and risks related to OHS for value chain workers. Suppliers are required to confirm the absence of various grounds for exclusion and comply with social or labour law obligations. The Group's procurement contracts require suppliers to maintain safe working conditions, follow the ISO 45001 standard, and implement measures to prevent workplace violence. Their compliance is monitored throughout the contract duration, with plans to implement advanced data analysis tools for enhanced oversight.

Ignitis Renewables (Green Capacities) has additionally established several key measures.

These include a pre-qualification process and supply chain approval process map, as well as supply chain employer requirements during the pre-qualification questionnaire stage. A comprehensive review and approval process is also in place, along with the establishment of transparent procedures between both parties and agreed levels of communication and involvement. Due diligence is performed, with oversight provided by other functions such as cyber security, business continuity, and finance. Continuous improvements are pursued, with the supply chain potentially being asked to provide more specific documentation to meet the minimum required standard. These measures are designed to ensure that Ignitis Renewables (Green Capacities) can effectively manage and mitigate risks within the supply chain, ensuring compliance and maintaining high standards of safety and quality. Furthermore, Ignitis Renewables (Green Capacities) is piloting a project involving a highly intelligent tool designed to pre-assess suppliers by searching all publicly available platforms and gathering relevant information about potential suppliers, further enhancing the Group's commitment to responsible procurement practices.

Annual assessments of suppliers are conducted to ensure they adhere to human rights and comply with social and labour laws according to EU and national regulations. These assessments focus on suppliers with the most significant procurement contracts and include a random selection to represent all Group companies. The evaluations revealed that nearly all suppliers support legal norms for safe work conditions and actively promote human rights, including fair pay and labour practices, as specified by ILO standards. The Group introduced a new query to enhance human rights and safety, resulting in most suppliers reporting no work accidents in the past year. More information on the Supplier Code of Ethics Monitoring Report can be found on the Group's website. These positive results from the supplier monitoring assessment are supported by the Group's TRIR indicator remaining within target, underscoring its commitment to a safe workplace. The Group recognises that, while supplier assessments rely on their willingness to disclose adherence to social and labour rights, trust in value chain workers is crucial. Concurrently, the TRIR evaluation process involves assessing the tangible impacts on the lives of the workers.

Improving engagement through training, communication and in-person meetings

Engaging with value chain workers is crucial in ensuring the Group's positive contribution to their work and safety, as it fosters a collaborative environment and promotes adherence to safety standards. To achieve optimal results, the Group employs various engagement methods, described in 'S2-2 Processes for engaging with value chain workers about impacts'.

Depending on the nature and risk level of the work, value chain workers are instructed, trained, and issued permits to work. At Ignitis Renewables (Green Capacities), in some instances, emergency preparedness plans and procedures, as well as specialized training codes (e.g., WINDA), are required to be completed. To ensure the effectiveness of initiatives aimed at improving the well-being of value chain workers and the success of training programmes, Ignitis Renewables (Green Capacities) tracks and assesses outcomes. Ignitis Renewables (Green Capacities) conducted satisfaction evaluations by distributing forms to supply chain companies to collect anonymous feedback on the engagement process with the Health, Safety, Security, and Environment (HSSE) function. The 2024 analysis indicated that most suppliers receive accurate HSSE documentation and clear explanations of safety rules, standards, outcomes, and deadlines, along with substantial support from Ignitis Renewables (Green Capacities) partners. The findings suggest a very positive relationship and engagement between Ignitis Renewables (Green Capacities) and its suppliers. If a negative impact occurs, such as an OHS incident or an audit breach, Ignitis Renewables (Green Capacities) follows a comprehensive internal process. This process begins with the implementation of emergency measures and the identification of the concern. An immediate action plan is then put into place, followed by communication and support with all required or involved parties. The subsequent steps include conducting an investigation to identify the root cause, assessing and analysing the relevant data and evidence, implementing corrective actions, and developing long-term solutions. Finally, lessons learned are communicated to prevent future occurrences.

Meanwhile, different permits and requirements apply to the Gas Network Operations, Electrical Network Operations and Smart Metering Management units at ESO (Networks), as well as individuals or entities wishing to access and/or work at ESO's (Networks) sites. ESO (Networks) has established specific procedures for training contractors, including the training duration, instructor and other requirements. The permit issuing process outlines the requirements contractors must meet to work at the company's sites, including training, certification, instruction, and signing mutual responsibility agreements on safety.

ESO (Networks) also conducts professional excellence competitions for both contractors and employees to enhance engagement, encourage learning, and foster constructive collaboration. On 23 May, nearly 100 electricity and gas professionals participated and almost 200 guests from across Lithuania attended ESO's (Networks) professional excellence competition. This initiative significantly contributed to establishing a genuine partnership with the company. ESO (Networks) also hosted a Partnership Day, highlighting health and safety themes alongside presentations of new projects and investments. The event focused on health and safety and was led by the company's Occupational Health & Safety team to emphasize the importance of OHS for both contractor companies and the company itself. The session included a review of findings related to non-compliance and featured discussion on strategies for preventing work-related accidents.

Inspections and TRIR data collection

Inspections and TRIR data collections are considered as demonstrable evidence of the Group's efforts and commitment to ensuring the highest OHS standards for value chain workers. The Group companies collaborate with contractors to assess potential OHS risks at its facilities and other work sites, promoting a culture of safety and zero tolerance for violations. Inspections are organised to identify and promptly address OHS violations made by contractors. Every year, the Group companies prepare plans for contractor inspections and carry them out at their workplaces, with the main criterion being how safely the work is being performed.

During site visits, the Group companies check the safety performance of contractors, with the TRIR indicator considered the main measure of workplace safety. More detailed information on the TRIR indicator is provided in section 'S1 Own employees'.

During these inspections, the Group's companies record various aspects and prepare an inspection report, which is sent to the contractor afterward. If necessary, the Group company requests that any deficiencies and discrepancies be eliminated. The inspection report includes the following items:

- organisational measures;
- technical measures;
- use of collective and personal protective equipment;
- contractors' sobriety at the workplace;
- employee rights;
- required certifications;
- work and fire safety requirements at the workplace;
- and other work safety violations posing a threat to human health or life.

Furthermore, supply chain workers are required to demonstrate their competency in the services they provide, verify their training, conduct regular health and safety inspections, and undergo an introduction to the Group company's sites and project rules, where applicable. The effectiveness of these initiatives is evidently reflected in the TRIR indicator results. In 2024, the TRIR indicator was 0.84, representing a 9.7% decrease from 2023, with zero fatalities reported. This demonstrates alignment with the Group's goal of zero contractor fatalities and the TRIR below 2.7.

In the event of an accident, contractors are obliged to inform the Group company immediately, both orally and in writing, within 24 hours (or the next working day) of the occurrence. Should an accident or fatality involving the supplier's, contractor's, or subcontractor's employees occur, all possible measures must be taken to mitigate the company's potential losses, and an investigation must be organised and conducted, involving a representative of the company. The contractor is fully responsible for the safe operation of its sites and must inform the Group company of any incidents. All investigative actions are the contractor's responsibility, with the Group awaiting information about the event, the consequences, the progress of the investigation, and the conclusions reached.

Accident risk remains one of the Group's priorities, so it continues to promote the safety culture, enhance preventive measures, focus on the health of the value chain workers, and adopt other risk management strategies. During the reporting period, value chain workers did not record any fatal accidents; however, both minor and major accidents still happen at the Group companies. Specifically, during the reporting period, the Group companies experienced nine incidents involving contractor employees. Among these, one was classified as a major incident, while the remaining eight were considered minor.

The Group remains dedicated to conducting thorough inspections of contractors to uphold its commitment to the health and safety of the value chain workers. By ensuring rigorous oversight and continuous assessment, the Group aims to identify and address potential risks promptly, thereby maintaining the highest standards of occupational health and safety.

S2-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

The Group is committed to be a responsible partner for its value chain workers, continuously enhance the safety of its value chain workers and prevent any accidents or harm to its contractors. As outlined in the Strategic Plan 2024–2027, the Group has set clear safety targets, including zero fatalities among contractors and maintaining the TRIR below 2.7. The Group expects its contractors and subcontractors, collectively referred to as contractors, to work without exposing their employees, Group employees, and others who may be affected by their activities to avoidable health and safety risks.

Ignitis Renewables (Green Capacities) additionally maintains an internal objectives and targets register and has a health and safety strategy that covers all internal supply chain operations. Each construction project has its own OHS objectives and targets detailed in the project execution plan. As part of this commitment, Ignitis Renewables (Green Capacities) has established clear targets aimed at managing negative impacts, ensuring that it fosters a friendly and healthy environment with mutual understanding about opportunities and risks, and recognising the importance of minimising any negative impacts its operations may have on the value chain workers. The targets emphasise the commitment to uphold human rights throughout the supply chain, prompting Ignitis Renewables (Green Capacities) to advance towards the implementation of a supply chain risk management tool by early 2025 to facilitate a more comprehensive assessment and review of the supply chain. The company aims to provide a generic risk register for the main contractors before project starts in order for its supply chain to be familiar with project-specific risks and evaluate them before starting works to support own safety and risk mitigation.

The Group's targets related to the health and safety of the value chain employees are not directly informed by the Group's contractor workers but rather by the Group companies' representatives who have direct contact with contractors and are aware of the health and safety conditions provided to the Group's contractors. As part of the OHS strategy and commitment to transparent reporting, the Group's targets, their performance, and lessons learned are provided in the Group's Integrated Annual Report.

S3 Affected communities

ESRS 2 SBM-2 Interests and views of stakeholders

The communities engaged through the DMA process are considered as a group of people who are either impacted by the Group activities or could be impacted by them, as well as those who can impact the Group's activities in a specific area. Local communities, as the main stakeholder for this standard, have been included in the dialogue to identify and validate material impacts during the double materiality assessment. For more on interests and views of stakeholders, see section 'ESRS 2: SBM-2 Interests and views of stakeholders'.

ESRS 2 SBM-3 Material impacts, risks and opportunities and how they interact with its strategy and business model

In the latest double materiality assessment, *Enhancing communities' economic development and Balancing renewable energy expansion with community interests and concerns* related to the sub-topic of communities' economic, social, and cultural rights, were identified as being material, covering the following IROs:

- The Group drives economic growth and improves the quality of life for local communities by promoting local business and infrastructure enhancements alongside clean energy development. The *positive impact* is created through creating jobs, boosting local businesses, and enhancing access to essential services. The positive impact is relevant to the Green Capacities segment and occurs in the short term.
- Balancing global climate goals with local priorities is crucial for the successful implementation of renewable energy projects. Failing to address local opposition early in projects results in a *risk* leading to delays and increased costs. The Group engages with communities and NGOs helping to ensure that both objectives are met. This risk is relevant to the Green Capacities segment and occurs in the long term.

For more details on the Group's double materiality assessment and the processes on identifying and assessing material affected communities' impacts, risks and opportunities, see section 'ESRS 2: IRO - 1 Materiality assessment process'.

S3-1 Policies related to affected communities

The Group Code of Ethics (available on our website) defines the principles and standards of business ethics followed by the Group companies and expected from its employees in their partnership and cooperation with local communities and organisations next to whom the Group operates and develops projects. The Group Code of Ethics has not significantly changed since last year. For more details, see section 'G1-1 Business conduct policies and corporate culture'.

The Group Supplier Code of Ethics (SCE) (available on our website) sets out the minimum standards of human rights that are expected from all of the Group's suppliers and encourages them to integrate these standards in their supply chain. The SCE is aligned with international standards such as the UDHR, the ILO Declaration on Fundamental Principles and Rights at Work, and the UNGC. Evaluation of the Group suppliers' compliance with the Group's SCE is described in section 'S2-1 Workers in the value chain'. The SCE has not significantly changed since last year. For more details of the SCE see section 'E5-1 Policies related to resource use and circular economy'.

The Group Sustainability Policy (available on our website) recognises the importance of comprehensive community involvement in shaping sustainable development actions and promotes sustainable, ethical, transparent and honest cooperation with them. The policy has not significantly changed since last year. For more information, see section 'E1-2 Policies related to climate change mitigation and adaptation'.

The Group Environmental Policy (available on our website) defines general environmental provisions and principles of the Group in order to mitigate the impact on affected communities, including:

- investing in renewable energy generation while considering the interests of all stakeholders, including local communities;
- initiating and/or supporting educational projects and awareness campaigns by involving local communities;
- monitoring, controlling, and communicating about the Group's environmental goals, achieved objectives and indicators constantly and in a transparent manner to local communities.

The policy has not significantly changed since last year. For more information, see section 'E1-2 Policies related to climate change mitigation and adaptation'.

The Group Financial Support and Humanitarian Aid Policy (available on our website) determines the objective, the main criteria and principles of granting financial support for affected communities located in the vicinity of where the Group's companies operate or develop their activities. The policy is applicable to Ignitis (Customers & Solutions), Ignitis Renewables, Vilnius CHP and Kaunas CHP (all Green Capacities). The policy has been approved by the parent company's Management Board and is owned by the Group Communication function. This policy has not significantly changed since last year.

The Internal Community Engagement Strategy (not publicly available) of Ignitis Renewables (Green Capacities) includes fundamental guiding principles of effective engagement of communities that are either impacted by Ignitis Renewables' (Green Capacities) activities or could be impacted by them, as well as those that can impact their activities in a specific area. This strategy is approved by the CEO of Ignitis Renewables (Green Capacities) and owned by the Head of Group Communication. This strategy has not significantly changed since last year. To ensure the effectiveness of the strategy, the community engagement process of Ignitis Renewables (Green Capacities) includes an evaluation, measuring how effective the community engagement was in achieving its objectives, and capturing the lessons learned during the initiative.

As of the end of the reporting period, the Group has not received any information regarding incidents of non-compliance with human rights related to affected communities in their operations or value chain.

The Group recognises the importance of managing the impact of indigenous people on its projects, but as of now, neither existing nor planned projects encompass areas where indigenous people live, so this aspect was not reflected in the Group's policies and other operational documents yet.

S3-2 Processes for engaging with affected communities about impacts

The Group recognises the importance of engaging the affected communities for understanding and address actual and potential impacts on them. Since Ignitis Renewables (Green Capacities) actively develops green generation and green flexibility energy projects around the local communities, it requires a more comprehensive engagement process than for other Group companies. In 2024, the community policy team of Ignitis Renewables (Green Capacities) expanded, now covering Lithuania, Latvia and Poland. The team grew by 6 employees: 2 new community managers in Latvia, 1 community manager in Poland, 2 community managers and 1 community grant coordinator in Lithuania.

Engagement with communities occurs at various stages of the project development, including construction and operation, through dedicated community managers. It's done for all projects of Ignitis Renewables (Green Capacities) in Lithuania and Latvia. Public meetings and private consultations are conducted, direct and indirect communication is provided. The frequence of community engagement, however, is influenced by the demand for community involvement, project specifics, and the location of the project. The community engagement process of Ignitis Renewables (Green Capacities) begins at an early stage of the project development process, typically during the design phase, with the objective to minimise potential negative impacts of its renewable energy projects. The process is based on the mapped stakeholder analysis, which includes understanding the communities' interests and their influence over the project. Ignitis Renewables (Green Capacities) monitors the effectiveness of community engagement by providing feedback forms to all public presentation participants and encouraging them to evaluate the presentation, ask questions, or submit proposals.

Ignitis Renewables (Green Capacities) considers the interests of all stakeholders by working individually with each stakeholder on a project-by-project basis. In practice, community managers assist stakeholders at various stages of the project's lifecycle by tailoring the action plan based on the needs and concerns of the community.

The Group recognises the importance of getting a clear understanding of the perspectives of vulnerable and marginalised groups, however there is no specific process for ensuring the engagement of marginalised or vulnerable communities as of this moment. The process will be implemented as soon as the Group determines that such an approach is necessary. Meanwhile, the Group engages representatives from local communities and organisations, who represent all the groups within the community.

S3-3 Processes to remediate negative impacts and channels for affected communities to raise concerns

The Group strives to improve its ability to address and remedy negative impacts on communities affected by its operations. By engaging community managers, Ignitis Renewables (Green Capacities) can actively collect feedback and grievances at the local asset level, particularly during the execution phase. Ignitis Renewables (Green Capacities) tracks grievances for all the projects based in Lithuania and Latvia that are monitored by a community manager. A standardised project-based grievance mechanism is scheduled to be implemented by the end of 2025.

Furthermore, the Trust Line established by the Group allows all individuals in affected communities to report inappropriate or illegal conduct confidentially. For more information on the Trust Line and how whistleblowers are protected against retaliation, see section 'G1-1 Business conduct policies and corporate culture'.

As of now, the Group does not have a formal process for assessing whether affected communities are aware of the Trust Line or other grievance mechanisms in place for raising concerns.

S3-4 Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions

No material negative impacts have been identified during the DMA and, therefore, no preventive, mitigation and remediation action is required until assessed otherwise. However, the Group seeks to manage its material positive impact and risk through a variety of actions and initiatives:

Financial support

Financial support is provided to community projects and initiatives to contribute to the development of community infrastructure, skills, energy efficiency as well as events promoting renewable energy and environmental solutions, etc. In 2024, Ignitis Renewables (Green Capacities) launched a financial support programme in Latvia for the first time and offered voluntary financial support to communities located near Vārme SF and Stelpe SF, currently under construction. The financial support programmes in Lithuania and Poland are already in place. For more information, see Ignitis Renewables (Green Capacities) website.

Kaunas CHP (Green Capacities) provides local communities with opportunity to apply for and receive financial support. For more information, see Kaunas CHP (Green Capacities) website (link in Lithuanian). Currently, the standardised process for evaluating the effectiveness of financial support is not implemented.

Communication

Ignitis Renewables (Green Capacities) organises meetings with municipal or administrative stakeholders, local community organisations, including public and one-on-one meetings with the project neighbours. In 2024, Ignitis Renewables (Green Capacities) organised more than one hundred meetings with communities in the municipalities where it operates or develops projects. Currently, the standardised process of evaluating the effectiveness of the communication is not implemented.

Community gathering

In 2024, Ignitis Renewables (Green Capacities) organised the first community gathering in Lithuania. The event attracted 87 participants from different municipalities, where Ignitis Renewables operates and develops projects. The effectiveness of the community gathering has been evaluated using the participants' survey, where 88.89% of the respondents agreed that the event was beneficial to them. In 2025, Ignitis Renewables (Green Capacities) plan to continue with the same format.

S3-5 Targets related to managing material negative impacts, advancing positive impacts and managing material risks and opportunities. Interaction with other ESRS

Ignitis Renewables (Green Capacities) has set an internal target for 2025 to update the Community Engagement Strategy with a community engagement framework, standardise the existing and new practices. The information regarding the strategy update will be disclosed in the Sustainability statement of the next Integrated Annual Report.

The affected communities and/or their representatives were not engaged directly while setting the targets, tracking their performance, or identifying lessons/improvements.

The Group cooperates with local communities

S4 Consumers and end-users

Access to energy

ESRS 2 SBM-2 Interests and views of stakeholders

Customers, both private and business, are the main stakeholder for this standard and were included in the dialogue to identify and validate material impacts. For more on interests and views of stakeholders, see section 'ESRS 2: SBM-2 Interests and views of stakeholders'. Terms 'consumers' and 'end-users' are used in parallel to 'customers'.

ESRS 2 SBM-3 Material impacts, risks and opportunities and how they interact with its strategy and business model

In the latest double materiality assessment, *Access to energy* related to the sub-topic of social inclusion of consumers and/or end-users, was identified as being material, covering the following IRO:

- The Group ensures that everyone has access to energy and empowers customers and end-users to make informed decisions that minimise the environmental impact, optimise energy efficiency and reduce costs. This *positive impact* is established through provision of accessible, reliable, and sustainable energy services and solutions, and offering tailored guidance and innovative solutions. This positive impact is relevant to the Networks, Customers & Solutions segments and occurs in the short term.

Additionally, *High impact cyber-attacks* related to the sub-topic information-related impacts for consumers and/or end-users, was identified as being material, covering the following IRO:

- Cyberattacks pose a significant *risk* to the organisation due to its importance for the country's energy services. These attacks can range from simple phishing attempts to sophisticated data breaches and ransomware attacks, causing disruptions in systems significant to the Group, leakage of personal data, theft of confidential information. Such incidents possess a risk, which is relevant to all business segments and can occur in the short, medium, and long term.

ESO (Networks) serves 1.8 million distribution customers, and Ignitis (Customers & Solutions) supplies electricity to 1.4 million customers in Lithuania. All materially affected consumers are included in the scope of this disclosure.

In this section, the Group takes a thematic approach to the sustainability topics identified in the Group's double materiality assessment as being material – access to energy. Ensuring energy security involves reliable infrastructure, physical connections, responsible customer communication, safety risk management, and social inclusion.

ESO (Networks) ensures reliable electricity and natural gas distribution, maintains the distribution networks and provides quality services as well as the supply of last resort, while Ignitis (Customers & Solutions) offers sustainable, customer-focused energy services and solutions.

Energy fairness and affordability is crucial as it reduces energy poverty and supports social inclusion, which drives economic growth and increases demand. Energy fairness refers to the equitable distribution and access to energy resources, services, and benefits among all members of society. Both ESO (Networks) and Ignitis (Customers & Solutions) must balance profitability with cost-effective energy solutions, investing in infrastructure, innovation, and customer engagement.

In summary, ambition to provide affordable, reliable, and sustainable energy access shapes Group's strategies, promoting investments and innovations that support responsible growth and broad social and economic development.

S4-1 Policies related to consumers and end-users

The Group has established a comprehensive framework with guidelines for customer interactions and ethical behaviour standards. The Group Code of Ethics (available on our website) outlines the strategy for achieving goals, guiding customer relations, and setting ethical standards. The Group prioritises robust human rights practices and requires all companies to follow the Human Rights Due Diligence Guidelines (not publicly available) to comply with EU and national regulations. These guidelines apply across the Group's operations, supply chain, customers, and communities. The Group Code of Ethics, along with the guidelines detailed in section 'G1-1 Business conduct policies and corporate culture' highlights the Group's dedication to customer and end-user privacy and security rights, access to clear information (transparency), non-discrimination as well as grievance mechanisms, ensuring customer's fair and reliable access to energy. The Human Rights Due Diligence Guidelines were approved in 2024, while other policies had no significant changes in 2024.

Additionally, the EU's Third Energy Package, which emphasises unbundling, promotes a decentralised approach to operations by separating energy supply from the management of transmission and distribution networks. As a result, policies and guidelines concerning access to energy are formulated and implemented (including communication to their customers) separately within companies such as ESO (Networks) and Ignitis (Customers & Solutions) and are therefore presented individually.

The energy supply and distribution sectors in Lithuania are meticulously regulated by the National Energy Regulatory Council (NERC), various state agencies, and relevant ministries with NERC responsible for resolving consumer disputes, monitoring energy affordability, approving distribution prices, and ensuring regulatory compliance to maintain the balance between affordability and accessibility for consumers. Meanwhile, the State Data Protection Inspectorate (SDPI) oversees adherence to data protection laws ensuring the protection of personal data.

Together, ESO (Networks) and Ignitis (Customers & Solutions) uphold high standards in service quality, crisis management, customer satisfaction, access to energy services and fair pricing. They implement a comprehensive set of internal regulations and standards designed to ensure opportunities to access clear information (transparency), non-discriminatory access to energy services, and an effective grievance mechanism, all aimed at maintaining a strong focus on the customer. These frameworks are organised into the following categories:

Access to clear information and energy

ESO's (Networks) internal regulations, such as the Procedure for Connecting Electricity Producers and Consumers to the Electricity Grid (not publicly available) and the Customer Service Standard (not publicly available) enhance its service quality and efficiency. The company's crisis management protocols, including the Standard for Elimination of Mass Disconnections in Electrical Networks (not publicly available) and the Customer Notification Process During Extraordinary Situations (not publicly available) improve its transparency and communication. Additionally, ESO (Networks) has defined terms and conditions for the supply of electricity (link in Lithuanian) and natural gas (link in Lithuanian) of last resort as well as distribution services, detailing mutual rights and responsibilities, pricing, payment, and dispute resolution. Ignitis (Customers & Solutions) follows guidelines such as Customer Experience Book (not publicly available) and the Customer Identification Description (not publicly available) for better customer interaction and adheres to the laws such as the Law on Liquefied Natural Gas Terminal (link in Lithuanian) and the Natural Gas Supply Diversification Procedure (link in Lithuanian) to ensure a stable energy supply. These measures collectively foster trust, operational efficiency, and a reliable energy service. In both ESO (Networks) and Ignitis (Customers & Solutions), top-level managers are responsible for internal policy implementation and development. At ESO (Networks), the Head of Services oversees this area and the General Meeting of Shareholders and a collegial management body – the Board – supervises it, while at Ignitis (Customers & Solutions), the Head of B2B and Development and the Head of B2C handle their respective domains.

Non-discrimination and fairness mechanisms

ESO's (Networks) Compliance Programme (not publicly available) aims to prevent discrimination against electricity and natural gas distribution system users and ensure its independence from commercial interests in transmission, production, and supply activities. The principles outlined in the Ignitis (Customers & Solutions) Pricing Preparation Rules (not publicly available) specify that pricing must be established under equal and non-discriminatory conditions for all customers. This means that equivalent customers should be charged the same price, and any price differences between different customer groups must be justified by objectively valid reasons.

Grievance mechanism

The Group has established a grievance mechanism, a confidential reporting platform, Trust Line, that all internal and external stakeholders can use to report potential or actual violations of sustainability principles. Trust Line ensures that the Group's customers and end users can report any issues via its channels, which include a hotline and an online complaint. More information on the Trust Line is available in section 'G1-1 Business conduct policies and corporate culture'.

Several incidents related to the human rights of consumer and end-users regarding data privacy and energy access were reported this year, including a storm in Lithuania in July that left over 470,000 customers without electricity and a cyber incident in February 2024 exposing personal data of over 20,000 individuals (detailed in paragraph S4-4).

S4-2 Processes for engaging with consumers and end-users about impacts

Engaging with consumers is essential for ESO (Networks) and Ignitis (Customers & Solutions) to sustain high customer service standards. Both companies continuously interact with customers through various channels at different stages and operate 24/7 to ensure the delivery of essential energy-related services, understanding their significant impact on consumers. This engagement is integral to ensuring customers' access to energy, with interactions occurring throughout the identification of service or solution needs, during development, and post-transaction, where transactional Net Promoter Score (NPS) indicators are recorded immediately after the service was provided, to monitor their satisfaction. Customer service quality management and the customer satisfaction survey management processes are consistently evaluated and improved, and customer feedback is continuously integrated into service improvements.

ESO (Networks) operates a customer service centre to ensure effective communication, directing requests to appropriate employees. ESO (Networks) engages both with private and business customers through various channels such as email, SMS, virtual assistants, and self-service platforms, with business customers having direct access to assigned managers. Methods such as surveys and focus groups have been also used to gather insights on various topics, including service expectations following smart meter installations, application process improvements, and feedback on new solutions like the data hub and third-party usage rules. Additionally, company holds an annual 'Thank You' event to recognise employees who enhance customer service, fostering a culture of empathy. The Head of Customer Experience is responsible for coordinating the quality of customer service and communicating with customers when customer enquiries are received.

Ignitis (Customers & Solutions) maintains direct and continuous engagement with both private and business customers through various channels, including customer service centres, website information, a self-service portal, telephone consultations, live online chats, and email communications. For the largest business customers by consumption, there is an additional consultation option available during customer meetings or visits. The customer inquiries requiring an individual approach are addressed by dedicated customer support team leads, managers, quality managers, customer experience experts at Business & Private Customer Service units, and Product Development personnel, who ensure effective engagement. The Head of Product Development and the Head of Customer Experience at Ignitis (Customers & Solutions) analyse customer feedback through NPS and customer journey maps, with Channel Managers offering direct support. Additionally, Ignitis (Customers & Solutions) hosts the annual Customer Odyssey program, featuring a range of initiatives designed to engage with customers, share information, encourage collaboration, and collect feedback for ongoing service enhancement.

To assist the elderly, digitally underserved, and those in remote areas, since 2021 Ignitis (Customers & Solutions) has been offering its customers an option to sign their energy supply contracts through the Lithuanian post.

Both ESO (Networks) and Ignitis (Customers & Solutions) notify business and private customers of incurred debts through multiple channels and offer deferment or resolution options to ensure continued energy access, demonstrating their commitment to supporting financially challenged customers. Both companies also provide a Trust Line for customers to report violations anonymously, ensuring a channel for transparent feedback.

These comprehensive steps highlight both companies' dedication to inclusive service delivery, ensuring that vulnerable and marginalised consumers receive the necessary support to maintain their energy services.

S4-3 Processes to remediate negative impacts and channels for consumers and end-users to raise concerns

The Group has implemented comprehensive processes to remediate negative impacts on consumers and end-users, utilising various feedback mechanisms to effectively address customer concerns. Services are continuously monitored and enhanced, maintaining high standards of customer service and adherence to human rights through comprehensive documentation, regular surveys, and a dedicated Trust Line.

ESO (Networks) and Ignitis (Customers & Solutions) both foster a customer-oriented culture by documenting the situations affecting the customer experience in the Signal Register. Signals refer to inquiries that require changes in processes, products, or systems to address and resolve negative customer experiences. These signals are collected through multiple communication channels and managed according to the companies' procedures. Additionally, both companies request service evaluations through Transaction NPS surveys sent shortly after transactions to ensure responsible communication and maintain service quality. Ignitis (Customers & Solutions) analyses NPS results quarterly, presenting the findings to the Customer Experience Management Committee and also collects feedback on overall recommendations and key customer experience elements through Relationship NPS surveys conducted twice a year. ESO (Networks) additionally adheres to state-regulated customer service indicators, including the System Average Interruption Frequency Index (SAIFI) and the System Average Interruption Duration Index (SAIDI), which measure the frequency and duration of power interruptions. All customer data is stored in a centralised data warehouse, with feedback used to improve products, services, and inform the company's strategy and business model.

Additionally, all customers and end-users can raise their concerns through the Group's Trust line, detailed in section 'G1-1 Business conduct policies and corporate culture'. In 2024, the Group's Trust Line confirmed 3 incidents related to non-conformity with human rights, which involved the Group company's employees violating customer privacy. The Group has taken immediate steps to address these issues, including preventive training for its own employees, and has apologised to the affected customers. The Group reaffirms its commitment to upholding the highest standards of human rights and customer service.

The precise effectiveness of consumers' and end-users' awareness of and trust in the channels designed to raise their concerns or needs and have them addressed has not been evaluated.

S4-4 Taking action on material impacts on consumers and end- users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions

The Group is dedicated to implementing actions that promote fairness, affordability, and reliability, while offering sustainable services and solutions designed to prevent, mitigate, and remediate negative impacts related to access to energy.

Fairness and affordability

ESO (Networks) demonstrated its commitment to providing affordable and fair access to energy through various initiatives:

ESO (Networks) introduced a new electricity connection pricing system where customers can now easily and freely calculate costs online based on the desired power and distance to the transformer, ensuring transparent and simple pricing for all, with equal prices for all customers. During the transition, individual emails were sent to nearly 11,000 customers to explain the impact of the new pricing, offering recalculations, or maintaining the old prices based on which was more favourable. ESO (Networks) is also proactively communicating about invoices and offering flexible payment extensions for customers who could not meet standard payment terms. New functionalities have been implemented in the consumption history module of the self-service platform. These functionalities provided users with additional tools to analyse their consumption history from various perspectives. On 1 April 2024, changes to the Methodology for Determining the Rates for Connecting Electrical Installations to the Power Grid came into effect. Connection fees have become clearer and easier to calculate. The new methodology reduced uncertainties and provided more transparency in the pricing process, benefiting both private and business customers.

ESO (Networks) provides inclusive customer services with customer support available in Lithuanian, English, and Russian languages. For those lacking digital skills, alternatives are provided to ensure accessibility to services. Detailed instructions and video tutorials were provided for connecting prosumers, making the process clear and accessible. In 2024, the design and system changes to the company's website made it accessible to all third-party tools and plugins for people with disabilities, allowing it to adjust colours, contrasts, sounds, and other settings according to the browser plugins and user needs.

Additionally, in 2024, ESO (Networks) partnered with the Lithuanian Energy Institute to assess the impact of power outages and improve service fairness, demonstrating a responsible approach to customer interests and a continuous commitment to improvement by ensuring continuous electricity supply through the supply of last resort services.

Ignitis (Customers & Solutions) continues to offer fair and affordable energy solutions tailored to diverse customer needs, including smart variable price plans, electric vehicle charging services, and net billing for prosumers. With tools like the EnergySmart application, customers can monitor consumption and track energy fed into the grid. Smart electricity plan holders are notified of significant price spikes, and customers receive consumption comparisons to make cost-effective decisions. Additionally, Ignitis (Customers & Solutions) provides actionable energy-saving tips and strategies to help customers reduce their consumption and costs. In 2024, Ignitis (Customers & Solutions) introduced new plans with monthly fees, lowering the kilowatt-hour price. Short-term promotions for green electricity plans were also offered, making them more affordable by excluding the supplier's margin. An external sales team was employed to provide consultations to smaller business customers and support electricity and natural gas supply sales. More information on the energy efficiency initiatives that enhance the energy affordability is available in section 'E1-3 Actions and resources in relation to climate change policies'.

Customer service centres of Ignitis (Customers & Solutions) are equipped with ramps and level floors to facilitate movement for people with mobility impairments. Alternative communication services are offered for those without digital skills. Customers have a variety of options to receive invoices, and various payment methods are offered. To promote the integration of elderly and facilitate their use of services, Ignitis (Customers & Solutions) collaborates with a university for the elderly and public libraries, providing comprehensive training and detailed instructions on the use of self-service platforms. Elderly customers also receive essential information through SMS while excluding hyperlinks to prevent fraud and safeguard their information. Additionally, to support those who struggle financially, starting in 2024, Ignitis (Customers & Solutions) offered energy-saving tips to all customers with electricity debt and allowed them to repay the debt over six months without requiring financial documents, demonstrating a commitment to fair services for all.

Reliability

Recognising the substantial number of current electricity network customers, ESO (Networks) is committed to ensuring the energy supply reliability by monitoring and managing the supply interruptions and tracking the SAIDI and the SAIFI. For more information, see section '1.3 Performance highlights'. The Operational Management unit at ESO (Networks) monitors and responds to interruptions in the electricity and natural gas distribution networks as well as operates and develops network management systems using the Distribution Management System for real-time management of disconnections. The unit also implemented automated network restoration solutions, ensuring efficient and prompt management of supply reliability. Disconnecting a service is considered a last resort and is only carried out after all other communication efforts have failed. Additionally, exceptions are made for customers identified in the billing system as 'socially vulnerable' as well as for those whose services are essential to the public life and therefore cannot be disconnected.

Although ESO (Networks) is committed to ensuring physical energy reliability, both planned and unplanned events may still affect energy supply interruptions. In July 2024, an unplanned event occurred when the largest storm since 2020 hit Lithuania, causing significant disruptions in electricity supply for around 470,000 customers. To proactively inform customers, an automated calling system was used to send messages to the provided customer numbers, which helped increase customer satisfaction. Recognising that private customers may belong to a more sensitive social group a simplified application submission procedure and form were introduced to them. Following a meteorological warning that a storm was approaching Lithuania, potentially leaving some ESO (Networks) customers without electricity, the Head of Services invited Group employees to volunteer remotely, helping the call centre team. The volunteers assisted in registering network failures reported by customers, as the increased number of calls could lead to long wait times. Fast and efficient network failure logging helps ensure prompt resolution of issues and quicker restoration of electricity for customers.

Remote service channels, including self-service and phone support, have been enhanced with digital solutions like chat and chatbots to provide innovative and efficient customer service. This ensures the physical reliability of the power and maintains robust relationships with its customers. As market liberalisation progressed, processes related to the supply of last resort to customers was continuously improved to be efficient, customer-oriented, and effective within the ESO (Networks) value chain through an end-to-end process review.

The customer service standard was updated to emphasize the customer experience management. Customers were proactively informed about scheduled electricity network works 5 working days in advance and 1 working day before their start. Network disruptions were communicated via automated messages, ensuring transparency, and minimising inconvenience. To maintain high service quality and to measure the overall level of customer satisfaction, the company conducted customer experience surveys, with the latest NPS scores improving from 53.1 in 2023 to 54 in 2024. NPS score is measured with a single-question survey and reported with a number ranging from -100 to +100, where a higher score is desirable. Continuous monitoring and analysis of service performance indicators enabled ongoing enhancements. By recording and addressing customer queries and negative signals in the Signals Register, ESO (Networks) ensured rapid resolution and service improvement.

Ignitis (Customers & Solutions) continues to provide flexible and comprehensive customer support, addressing diverse customer needs. For business customers, Ignitis (Customers & Solutions) provides detailed consumption data and prices using different channels, such as the self-service portal, bills, website. It also organises annual events, assigns personal managers for large accounts, and offers webinars and customer service support. To maintain high service quality, Ignitis (Customers & Solutions) conducts customer experience surveys. Transactional NPS scores shows significant growth, rising from 67.3 in 2023 to 74.3 in 2024, reflecting increased satisfaction among private customers. Although data from 2024 indicates that NPS results from business customers decreased from 73 in 2023 to 65, the results still indicate high customer satisfaction and a continued appreciation for a reliable partner.

Ignitis (Customers & Solutions) ensures reliable energy access by establishing clear guidelines for managing indebted customers, as described in ‘S4-2 Processes for engaging with consumers and end-users about impacts’. Customers are informed about outstanding debts via email, SMS, and mail, with multiple reminders being sent before any disconnection is considered. Disconnections are not carried out on Fridays, holidays, or weekends, and critical institutions like hospitals are exempt. Starting in 2024, private customers with electricity debt received information on energy saving and bill monitoring. Customers were also encouraged to use the electricity plan calculator provided by Ignitis’ (Customers & Solutions) to find the best plan for them, reduce consumption, and monitor usage through the self-service portal on its website.

Sustainable services and solutions

Smart meters, installed by ESO (Networks), offer significant advantages for the company’s customers, allowing them to monitor and analyse electricity consumption data, thus promoting efficient energy use, to reduce their overall consumption, and facilitate the creation of new useful services. These meters support the integration of distributed energy sources and have enabled ESO (Networks) to manage network failures remotely, reducing the need for physical interventions. Customers received optimised email notifications of planned works, including power outages, new connections, repairs, and reconstructions, maintaining uninterrupted and high-quality power distribution. The updated website registration form featured visual aids and a topic tree to enhance online participation by addressing frequently asked questions effectively. The mass deployment, which began in July 2022, has seen more than 1 million meters installed by the end of 2024, covering 56% of private customers and 100% of business customers. Full details of the deployment are available on the website www.ismaniejiskaitikliai.lt. Additionally, smart meters also enabled ESO (Networks) to remotely manage network failures efficiently, reducing the need for physical interventions. In 2024, ESO (Networks) enhanced the Data Hub platform that ensured accurate and fast data exchange, thereby supporting market transformation and efficient energy distribution. Key updates included the expanded balancing data exchange, aggregated smart meter data access for suppliers, a new net-billing model for prosumers, and third-party access to electricity consumption data. Developing an end-to-end customer journey promoted service optimisation and innovation for sustainable products. ESO (Networks) also improved customer connections and expanded the distribution of renewable energy sources, electric vehicle charging stations, and battery integration to support renewable electricity production and electrification. New IT changes introduced mandatory net billing for new wind turbine owners and legal entities, while existing customers had the option to switch from net metering to net billing. Significant emphasis was placed on data quality and governance, with tools developed for monitoring and error detection, leading to process improvements. More information about smart meters programme is available in section ‘E1-3 Actions and resources in relation to climate change policies’.

The connection of prosumers is associated with the implementation of new technologies, better awareness, greater state support for electricity, more attractive connection prices, and recently rising electricity prices. This synergy emphasizes the movement towards a more sustainable future. For more information, see section ‘1.3 Performance highlights’. Standardised solutions and channels that met customer needs were essential for ensuring a consistent and high-quality customer experience. These enhancements aimed to create a sustainable energy ecosystem by improving customer experiences and energy efficiency.

Ignitis (Customers & Solutions) continues to offer green electricity certificates allowing customers to purchase green electricity with a guarantee of origin that specifies the production facility. Additionally, Ignitis (Customers & Solutions) facilitates the ongoing purchase of electricity from renewable energy producers, sourcing from Ignitis Renewables (Green Capacities) and other companies via PPA contracts for renewable energy. Ignitis (Customers & Solutions) is committed to developing new products and solutions and plans to offer a diverse range of products and solutions in 2025, including the demand side response, batteries, biomethane, and charge-as-a-service for bus fleets. More information on the guarantees of origin and biomethane is available in section ‘E1-3 Actions and resources in relation to climate change policies’.

Ignitis ON proceeds to focus on promoting zero and low-emission mobility by expanding its publicly accessible EV charging network across the Baltic countries, which is the largest fast-charging network in Lithuania. The network, powered entirely by renewable energy, features rapidly increasing number of charging stations, operating 24/7 and facilitating the transition from fuel-powered to electric vehicles. Equipped with charging stations with a capacity of 150 kW or higher, the network reduces the EV charging times and supports environmentally conscious consumers by using 100% green electricity. Customers can regularly view real-time availability of charging stations via an application that suggests alternative nearby stations and displays their status on Google Maps, ensuring a more reliable and convenient charging experience. Ignitis ON’s maintenance team monitors real-time web data, promptly addressing customer requests by remotely rebooting charging stations or dispatching contractors for repairs. In 2024, Ignitis ON introduced measures to ensure equitable access, such as prohibiting charging point reservations and designing infrastructure with universal access principles. Additionally, Ignitis ON established long-term partnerships with shopping malls, restaurants, and municipalities to create accessible and convenient charging locations, supporting the growing adoption of electric vehicles.

The effectiveness of the above measures was assessed using metrics such as the number of new customers, the expansion of EV charging points, and the amount of green electricity supplied to customers. Registrations for both private and business customers in the Ignitis ON application have increased significantly, as has the number of charging points across the Baltic countries. The primary KPI for assessing the effectiveness of sustainable options provided to customers was the annual amount of energy consumed through charging points. In 2024, Ignitis (Customers & Solutions) worked on increasing the number of prosumers in Lithuania by promoting the adoption of solar energy through its Eparkai.lt platform. The platform offered comprehensive customer support, including detailed product information, calculators, consultations on potential financial assistance, and clean energy at favourable prices.

S4-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

To help measure the progress, both ESO (Networks) and Ignitis (Customers & Solutions) are working to achieve access to energy, which is related to the objectives related to customers and end-users. The companies have adopted several targets in relation to this area:

Fairness and affordability

A planned change in ESO (Networks) will allow third parties to order services and view consumption data via the self-service portal. This will enable third parties to help another person who lacks the capability or skills to use digital tools. Users will also have the ability to assess their power needs for their premises at the time-of-service ordering, which will allow for more efficient power consumption. Additionally, improvements to wizards and guides are planned, making them more convenient and easier to understand for eso.lt users.
Ignitis (Customers & Solutions) is currently in the initial phase of a project designed to investigate the requirements outlined in the European Accessibility Act. The objective for 2025 is to achieve adherence to regulation and ensure fair and comprehensive service conditions for individuals with disabilities. This initiative underscores its commitment to regulatory compliance, ethical customer service, and fairness in its operations. Ignitis (Customers & Solutions) aims to comply with the directive and deliver fair solutions across all channels: digital (self-service, websites), physical (customer service centers), call centres, and written inquiries (via email or self-service). Resources have been allocated for this project, and plans include engaging with a relevant number of organisations and associations that advocate for people with disabilities. Notably, an initial meeting with an organisation representing visually impaired individuals regarding websites and self-service was successfully conducted in 2024.

Ignitis (Customers & Solutions) also has a strategic goal to achieve affordability of its services by leveraging smart solutions that allow electricity usage when market prices are low. This aim is to increase the number of services with smart plans, grow the number of the EnergySmart application users, and educate its customers so they can leverage energy flexibly. More information on energy-efficient solutions can be found in section ‘E1 Climate change’.

Reliability

ESO (Networks) has an average electricity SAIFI target over the four years 2024–2027 (annually) at ≤1.05. Intelligent and innovative solutions will be introduced at ESO (Networks) when planning, constructing, and operating the network infrastructure, with an emphasis on reliability to ensure its efficient use. This will lead to a reduction in the average number of unplanned interruptions per customer per year (SAIFI) and the average duration of unplanned interruptions per customer per year (SAIDI). SAIDI and SAIFI metrics are presented in section ‘1.3 Performance highlights’.

Sustainable services and solutions

ESO (Networks) is the key enabler of the energy transition based on digital and green initiatives. Most renewable energy sources, electric vehicle charging stations, energy storage, and heating systems will be connected to the energy distribution networks. ESO (Networks) aims to ensure uninterrupted and high-quality distribution of electricity and natural gas, seamless connection of new users, optimal integration of energy sources, and rapid restoration of supply during disruptions by setting a target to have > 1.2 million smart meters in the network in 2026. Smart meters are a part of the network, allowing users to monitor and analyse their consumption data more easily. These meters remotely transmit consumption data, helping quickly identify and resolve network failures and enhance network efficiency.

High impact cyber attacks

S4-1 Policies related to consumers and end-users

The Group, with the high priority focus on data privacy and security of human rights, has implemented a comprehensive data privacy and security policy framework, including the Group Information Security Policy (available on our website), the Group Personal Data Protection Policy (available on our website), and the Group Personal Data Protection Guidelines (not publicly available). These policies, along with internal procedures, ensure the protection of all customers and end-users in terms of customer information, compliance with General Data Protection Regulation (GDPR) and other international standards, as well as consistent data protection practices across the Group. The guidelines encompass the principles and requirements for processing personal data, including issues related to legality, security, acquisition, sharing, data breach management, and employee data handling. The framework emphasises employee training, risk management, and clear data handling procedures, including guidelines for identifying customers based on communication channels (internal document on description of customer identification) to minimise data loss. The Group companies dealing with private clients and other individuals have published privacy policies/privacy notices on their websites on how they collect and process their personal data.

The Group is dedicated to respecting consumer information and their privacy rights, adhering to the UN Guiding Principles of Business and Human Rights and international standards. The Group is committed to managing risks to acceptable levels and continuously assessing the effectiveness of their cybersecurity measures, particularly focusing on the requirements of the Directive (EU) 2022/2555 of the European Parliament and of the Council of 14 December 2022 on measures for a high common level of cybersecurity across the Union. Policies and guidelines governing the handling of personal data includes provisions for reporting data breaches and dealing with affected private individuals. Approach used prioritises data collection minimisation, encryption, regular audits, and transparency. The companies collect only the necessary data, encrypt all the personal data both in transit and at rest, conduct regular compliance checks, and provide clear and accessible information on the data collection and usage within their operations and across the value chain, ensuring adherence to all legal and regulatory requirements. Information Security and Data Protection teams of the Group regularly conducts cybersecurity and GDPR self-assessments, updates policies in response to emerging threats. This comprehensive approach ensures long-term prevention and improvement in managing material risks and pursuing opportunities related to consumers and end-users.

Given that cybersecurity risks also affect the Republic of Lithuania, this area is heavily regulated and closely monitored by various state authorities. The National Cyber Security Centre, Lithuania's primary cybersecurity institution, manages incidents, ensures compliance, and accredits information resources. Its mission is to strengthen cybersecurity expertise and prevention. Meanwhile, the SDPI, as the national data protection regulator, oversees legal data processing, investigates complaints, and handles violations of personal data processing. It also provides consultations, conducts audits, and issues guidelines on data protection. As part of its cybersecurity policy implementation, the Group collaborates with these institutions to investigate personal data breaches, thereby supporting the Sustainable Development Goal of fostering partnerships to achieve these objectives.

Ignitis (Customers & Solutions) reported one instance of consumer and end-user rights violation in Cybersecurity regarding data security and privacy this year. There was one medium-category incident in 2024, affecting the Ignitis ON platform, which is managed by Ignitis (Customers & Solutions). Affected customers were promptly informed and advised on how to protect themselves. Relevant state institutions, including the SDPI, the NCSC, and the police, were also notified. No fines were imposed, but recommendations by SDPI were made to improve data protection measures. More detailed information of category levels and incident origins is provided in S4-4. The Group's CEO oversees IT & digitalisation as well as risk management areas, while the Data Protection Officer is coordinating the data privacy framework in accordance with the best practices outlined in the GDPR. The Information Security Officer is responsible for the implementation and development of the policy, which is approved by the parent company's Management Board. The policies are reviewed annually.

The Group companies prioritise comprehensive training and strict personal data protection measures for their suppliers, especially those providing customer service centre and employee rental services. The approach includes training partners on customer service procedures, such as customer identification, inquiry management, and question resolution across various channels. Additionally, partners are required to comply with GDPR requirements and to train their employees on data protection and information security, conduct thorough analyses of any mistakes or data breaches, provide feedback, and enforce penalties for noncompliance.

S4-2 Processes for engaging with consumers and end-users about impacts

It has been confirmed that the Group's digital security incident management process is a critical process. Accordingly, Digital Security Incident Management Process Business Continuity Plan has been approved, which is tested once a year. The testing is conducted based on the tabletop exercise principle, with the last test conducted on 6 February 2024.

Ignitis Grupės Paslaugų Centras, which provides business support, including IT management and cyber security services to the Group companies has implemented and certified an Information Security Management System (ISMS) according to the requirements of the ISO 27001 standard. The ISMS includes continuous improvement and efficiency evaluation. The ongoing enhancement of the ISMS and risk management protocols to ensure cybersecurity encompasses the deployment of supplementary measures for detecting cyber incidents, automatic responses to potential cyber threats, privileged user management solutions, and continuous system updates. However, it must be noted that customers, including those who are more vulnerable, are not actively engaged in the development of these measures or processes. The Head of Information Security is responsible for the certification of the standard, while the implementation of the required actions to maintain the standard is managed by the respective teams or functions.

Incidents in the Group companies are managed in accordance with the Description of the Group's Digital Security Incident Management Process and the Law on Cybersecurity of the Republic of Lithuania. Depending on the incident that occurred, appropriate and timely customer notification is ensured through communication channels managed by the Group Communications team. Measures to mitigate the impact on services and data provided to customers are implemented, and a long-term prevention strategies are evaluated. No specific steps have been taken to gather insights from customers and end-users, who may be particularly vulnerable or marginalised, due to the sensitive nature of cybersecurity breaches. Instead, the whole digital security management system and actions prioritise strict adherence to the standards and robust risk management practices.

As part of its internal efforts to improve the effectiveness of the customer interface, the Group consistently trains employees on the best practices of GDPR compliance and data protection, underscoring its commitment to upholding high standards of data security and privacy. The Group views this initiative as a valuable prospect for enhancing cybersecurity through internal practices. The Group recognises the importance of employee training on cyber threats and social engineering by conducting quarterly simulations and mandatory annual Basic Digital Security training. Although the goal was to achieve an 80% pass rate in 2024, the actual pass rate was 74.6%. This shortfall was due to specific job duties, long-term leaves, and insufficient accountability and control among some employees. Consequently, it is crucial that both ESO (Networks) and Ignitis (Customers & Solutions) employees, who interact directly with customers and end-users and have access to their personal data are knowledgeable about the basic digital security and understand customers' concerns and expectations. Both ESO (Networks) and Ignitis (Customers & Solutions) publicly share their data protection procedures on their websites, provide a form for users to exercise their GDPR rights, and offer a transparent complaints process. Additionally, they have a trained customer service team to handle data protection inquiries, ensuring prompt resolution and fostering trust through transparency and responsiveness.

The Group companies implement appropriate and robust technical and organisational data security measures to protect personal data from accidental or unlawful destruction, alteration, disclosure, and any other unlawful processing. In the event of a personal data security breach, an active incident management process clearly outlines the duties of the Group's companies as data controllers and the actions to be taken to address the breach and mitigate its impact on the rights and freedoms of data subjects.

The Group operates a 24/7 Computer Emergency Response Team, responsible for the detection and management of incidents and vulnerabilities. The management of incidents follows a strict process, ensuring immediate measures to limit the impact and timely communication with state institutions and affected parties. To manage cyber risks, the Group companies reassess these risks quarterly and adjust their mitigation plans as needed.

S4-3 Processes to remediate negative impacts and channels for consumers and end-users to raise concerns

All digital security incidents are managed in accordance with the Group's digital security incident management process. Customers can report cyber incidents and detected vulnerabilities via an email address soc@ignitis.lt publicly provided on the Group's website. In the event of any Personal Data breach or suspicion that such a breach may have occurred or has occurred, the Personal Data breach must be immediately, but no later than two (2) hours from the moment of discovery, registered in the Ivanti Service Manager system's GDPR (PDP) incident register. After managing an incident and restoring operations, the Group companies evaluate potential improvements to prevent its recurrence. The precise effectiveness of customers' and end-users' awareness of and trust in these channels has not been evaluated.

Personal data is processed only for specific purposes, based on the grounds established by legal acts, to ensure their security and confidentiality. The Group companies implement appropriate technical and organisational measures to protect data from accidental or unlawful destruction, alteration, disclosure, or any other unlawful processing. Access to personal data is granted only to those individuals to whom this information is necessary to perform their functions. Furthermore, ESO (Networks) and Ignitis (Customers & Solutions) have established internal legal protocols for processing telephone call recordings and customer identification. In addition, ESO (Networks) has implemented an extra procedure, used specifically for handling video data.

S4-4 Taking action on material impacts on consumers and end- users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions

In 2024, the Group has continued to refine and improve risk management approach, setting targets to further minimise disruptions and enhance the resilience of the Group's operations. The Group companies aim not to be sanctioned by supervisory authorities for non-compliance with the GDPR and not to miss a deadline to report data breaches to supervisory authorities, when necessary.

Not all processes or actions had their effectiveness measured individually. However, for critical vulnerabilities in internal systems, the Group is taking steps to eliminate them within acceptable time frames.

Technological risk management

The Group companies that interact with customers comply with GDPR and incorporate data ethics into their practices. Their strategy emphasises data collection minimisation, encryption, regular audits, and transparency. The companies collect only the necessary data, encrypt all personal data both in transit and at rest, conduct regular compliance checks, and provide clear and accessible information on data collection and usage within their operations and across the value chain, ensuring adherence to all legal and regulatory requirements.

The Group is paying particular attention to infrastructure and services and has been cooperating with the National Cyber Security Centre and other authorised institutions to ensure cyber security. In 2024, the Cyber Security team actively participated in national and international cybersecurity exercises (Cyber Europe 2024, Cyber Shield Opex, Amber Mist 2024) to enhance its ability to defend the Group's IT and OT infrastructure against cybercriminal attacks in real-time.
The Group constantly evaluates the systems that store and handle personal data to ensure they comply with data protection regulations. Ongoing enhancements are implemented in these systems, encompassing updates to technical features, data synchronisation, and anonymisation projects, both within the individual Group companies and at the Group level. Any new systems and products must adhere to specific data protection and information security standards, which suppliers must meet when providing their products or systems to the Group companies. Additionally, the Group conducts annual checks on its data processors to ensure they meet the established security requirements. The Group employees receive regular training at least once a year to ensure they are familiar with data protection requirements and internal processes.

In 2024, no high-impact cyber incidents were reported within the Group, as categorised by the National Cyber Incident Management Plan. However, on 11 February, a medium-category breach affected the Ignitis ON platform, exposing the personal data of more than 20,000 customers and some employees, including names, email addresses, postal addresses, car number plates, and RFID token codes. Sensitive information such, as payment details and personal codes, remained secure. An internal investigation determined that 1,671 individuals' data should be considered sensitive and/or personally identifiable. Affected customers were promptly notified and advised to change their passwords and block RFID tokens. Relevant state institutions, including the SDPI, NCSC, and the police, as well as the media, were informed. Ignitis (Customers & solutions) received a recommendation from SDPI to review and ensure appropriate organisational and technical measures in the processing of personal data and did not receive any penalties or fines. The Group aims to improve the processes for updating its infrastructure and reducing the number of identified internal vulnerabilities.

Prevent & promote

The risk of non-compliance with data protection requirements is managed both at the Group level and individually within each Group company. The cyber security risk has its own risk management measures and strategy, which are assessed and reviewed quarterly according to the risk monitoring process approved in the Group. The results of the Group's management of the cyber security risk are regularly reported to the collegial bodies of the Group companies. Certain information is also disclosed in the annual report published by the Group.

Data protection breaches and incidents identified by customers, or a Group company are promptly recorded in an internal incident register, thoroughly analysed, and addressed according to the Group's personal data protection incident management process. Significant threats to individuals' rights and freedoms are reported to the Data Protection Inspectorate and the affected customers, with guidance provided on mitigating potential threats.

To ensure the security and confidentiality of its customers' personal data, the Group has implemented robust technical and organisational measures, including encryption, access controls, and firewalls, which are regularly reviewed and updated. Access to information systems is restricted based on necessity (the "need-to-know" principle), and all employees are bound by confidentiality obligations in their contracts. Additionally, contractors handling customer data must adhere to strict data provision agreements, ensuring compliance with data protection laws through appropriate technical and organisational safeguards.

The Group collaborates with state institutions, such as the NCSC, to monitor publicly accessible information for compromised login credentials of employees and customers, forwarding relevant findings to the Group companies' CERT for analysis. Significant risks are managed to an acceptable level through quarterly reviews and annual planning processes, which include reassessing the risks' significance, evaluating existing measures, and planning updated risk mitigation strategies. The Group is committed to meeting the requirements of the NIS2 directive and measures the effectiveness of its risk management through procedures set out in the ISO 27001 standard. Business Continuity Plans and Disaster Recovery Plans are periodically tested and updated, with the Group also conducting annual reassessments of essential information systems and infrastructure to ensure their security and minimise their impact on customers and operations.

S4-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

The Group is committed to enhancing its approach to managing cybersecurity-related risks by setting targets aimed at minimising disruptions and strengthening the resilience of its operations. These measures and targets are specifically designed to reduce the potential consequences for the Group's customers arising from cybersecurity risks, ensuring a more secure and reliable service. Consequently, for 2025, the Group has established a goal for its companies to avoid sanctions from supervisory authorities for non-compliance with the GDPR and to ensure timely reporting of data breaches to the relevant supervisory authorities, when required. Additionally, as outlined in S4-2, the Group aims to achieve an 85% pass rate among all employees in the Basic Digital Security training in 2025 to support internal risk mitigation efforts. The Group does not engage directly with consumers or end-users when setting targets, tracking the performance against them, or identifying lessons and improvements. However, it ensures their interests are protected by treating personal data in accordance with the Group's cybersecurity procedures. Any personal data breaches or other cybersecurity incidents, along with their origins and statuses, are communicated annually in the Group's Integrated Annual Report report.

The Group enhances cybersecurity to ensure resilient and secure services

6.4 Governance

G1 Business Conduct

ESRS 2 SBM-3 Material impacts, risks and opportunities and how they interact with its strategy and business model

In the latest double materiality assessment, *Strong corporate culture* related to the sub-topic corporate culture, was identified as being material, covering the following IRO:

- The Group upholds strong corporate culture, that is built on ethics, transparency, and whistleblower protection. The *positive impact* is created by fostering trustworthy and accountable environment, leading by example and inspiring confidence among the Group's stakeholders. This positive impact is relevant to all business segments and occurs in the short term.

Also, *Sustainable procurement practices* related to the sub-topic management of relationships with suppliers including payment practices, was identified as being material, covering the following IRO:

- The Group integrates sustainability management practices into its supply chain by recognising that the Group's environmental and social impacts extend beyond its own operations. The *positive impact* is created through promoting environmental and social responsibility, transparency and traceability. This positive impact is relevant to all business segments and occurs in the short term.

In addition, *Energy security* related to the sub-topic contribution to national energy strategy, was identified as being material and is the only entity specific impact, covering the following IRO:

- The Group plays a pivotal role in Lithuania's National Energy Independence Strategy. The *positive impact* is created by leading the regional transition into a climate-neutral, secure and independent energy ecosystem and contributing to Europe's decarbonisation by facilitating renewable energy flows. This positive impact is relevant to all business segments and occurs in the short term.

ESRS 2 GOV-1 The role of the administrative, supervisory and management bodies

All information disclosed in section '4 Governance'.

ESRS 2 IRO-1 Description of the processes to identify and assess material impacts, risks and opportunities

For details on the Group's double materiality assessment and the processes to identify and assess material IROs related to business conduct, see section 'ESRS 2: IRO - 1 Materiality assessment process'. Regarding its business conduct, the Group has used results of ESG ratings and previous materiality assessment. These results were a base for incorporating the long list of topics at the commencement of the double materiality assessment.

G1-1 Business conduct policies and corporate culture

The Group applies good governance practices in its stakeholder relations and operates in a consistent and transparent manner, taking responsibility for its activities and cooperating with various organisations.

The Group Code of Ethics (available on our website) outlines the principles and standards of business ethics and conduct that the Group companies adhere to and expect their employees to follow in their daily activities. The Code of Ethics applies to all employees and members of the collegial bodies of the Group companies, irrespective of their position, company, or country they work in, and to the business partners of the Group.

The Group Code of Ethics covers various aspects, including respect and equal opportunities, a culture of occupational safety and growth, open and fair conduct in the market, responsibility, transparency, and enabling and protecting partnerships.

Ensuring and monitoring proper compliance with the provisions of the Code of Ethics is the responsibility of the managers of various levels that work in the Group and of the employees of Group Business Resilience, Group Sustainability, and Group Internal Audit functions, as well as of the Risk Management and Sustainability Committee in accordance with the three-line model described below:

- Line 1. Managers of various levels of the Group companies. Function: Introducing provisions of the Code of Ethics to the employees, collecting feedback.
- Line 2. Employees of the Group Business Resilience and Group Sustainability functions working in the Group companies. Function: Monitoring compliance with the Code of Ethics, knowledge testing, result summary.
- Line 3. The Group Internal Audit and the Risk Management and Sustainability Committee. Function: Evaluating results of compliance with the Code of Ethics and making recommendations.

The Group Sustainability Policy (available on our website) sets general sustainability principles for the Group companies, creating a business culture and practice based on corporate responsibility and sustainable development. For additional information, see section ‘E1 Climate change’.

The Group Anti-Corruption Policy (available on our website) is the main document setting out the principles and obligations of creating a transparent environment for the Group’s companies, which is essential for a strong corporate culture. For additional information, see section ‘G1-3 - Prevention and detection of corruption and bribery’.

The Anti-Corruption Policy is consistent with the principles of the United Nations Convention against Corruption and the Law on Prevention of Corruption (link in Lithuanian). Additionally, this policy is also compliant with the Anti-Corruption Management System (ACMS) standard based on ISO 37001. Furthermore, the guidance and recommendations provided by the Council of Europe's Group of States against Corruption and the OECD were incorporated into the policy development process.

The policy applies to all employees of the Group, as well as to members of the collegial bodies and committees of the Group companies and other persons acting on behalf of entities that belong to the Group, irrespective of the form of the relationship and the nature of the remuneration (Principle of Universal Obligation). Employees working with the officials of foreign countries or operating in foreign countries must adhere to the principles of zero tolerance of corruption and to the provisions set out in the Anti-Corruption Policy. The parent company’s Management Board approves this policy and its amendments.

The Group Corporate Security function periodically organises trainings to promote an anti-corruption environment and is responsible for timely implementation of the policy. This policy outlines the responsibility for ensuring that the policy and related legal acts are implemented and communicated in the Group via periodic training, training for new employees, etc. All existing and newly recruited employees must familiarise themselves with the policy and comply with its requirements.

The Trust Line (available on our website) is an internal whistleblower reporting channel which provides the opportunity to report violations of the Anti-Corruption Policy or Code of Ethics committed by the Group companies’ employees or business partners. The Trust Line can be used by all employees, customers, partners, or other stakeholders of the Group companies. If an employee of the Group has received information that makes it reasonable to believe that a criminal offence of a corrupt nature has been committed, is being committed, or is being prepared to be committed, and if there are no restrictions on the disclosure of reportable information in legal acts, in such a case, the employee of the Group must report this to the Prosecutor's Office of the Republic of Lithuania, Special Investigations Service or other pretrial investigation institution. This duty is stipulated in the Law on Prevention of Corruption (link in Lithuanian).

The Trust Line contacts can be found in all the Group companies' websites. Reports may be received in any language where the Group operates. The reporting methods available at the Group are writing email, recording a message on the Trust Line's answering machine, filling out a Trust Line form, or mailing. Additional information is available on our website. Whether and how the Group assesses people in its own workforce if they have trust in the reporting structures or processes is not disclosed.

Reports are processed promptly, independently, and objectively by the procedure established in the Group's internal legal acts and investigated in accordance with the rules of the internal investigation commission approved by the Group. The information provided in the reports is assessed by Corporate Security experts appointed by the Head of Group Business Resilience. If necessary, other experts shall be involved.

The Trust Line guarantees the anonymity of whistleblowers and meets the requirements of the Law on Whistleblower Protection (link in Lithuanian), into which the provisions of the Directive (EU) 2019/1973 have been transposed. The Law on Whistleblower Protection also establishes the rights and obligations of persons who report violations in the institutions, the grounds, and forms of their legal protection, as well as measures for the protection, encouragement, and assistance of such persons, in order to enable them to adequately report violations of the law that threaten or violate the public interest, and to ensure the prevention and disclosure of such violations. There is no specific policy in place regarding the protection of individuals (other than Law on Whistleblower Protection (link in Lithuanian) and there is no plan to implement internal whistle-blowers policy in near future.

G1-2 Management of relationships with suppliers

The Group Supplier Code of Ethics (SCE) (available on our website) sets out the minimum standards of business conduct that the Group expects all of its suppliers to adhere to and, where possible, exceed. The Group also hopes that suppliers will encourage their subcontractors to comply with the respective requirements. The SCE includes environmental protection, social responsibility, occupational health and safety, business ethics and governance topics. It also covers the supplier monitoring, their responsibilities and the requirement to inform on their compliance with the Supplier Code of Ethics, which includes suppliers’ assessments and inspections. The SCE is approved by the parent company’s Management Board and communicated to all employees during the onboarding process. No significant changes were made in 2024. For additional information, see section ‘E5-1 - Policies related to resource use and circular economy’.

The Group Public Procurement Policy (available on our website) sets out the key principles for planning, implementing, and controlling public procurements of the Group companies. The policy applies to all the Group companies registered and operating in Lithuania that act as contracting authorities or entities. The policy also applies to the Group companies registered and operating abroad that have the duty to carry out public procurements under the laws of the country in question to the extent where it does not contradict the regulation of public procurements of that country. The application scope of the policy regarding a particular foreign Group company is agreed between the Group company and the Head of Group Procurement. The Head of Group Procurement function is responsible for implementing and controlling the policy at the Group level. All procurements are done according to the Group Public Procurement Policy and the Group Commercial and Regulated Procurement Policy.

The Group Commercial and Regulated Procurement Policy (available on our website) is the main policy for setting principles for planning, execution, and control of procurements of all the Group companies that conduct commercial and regulated procurements. The Group applies environmental procurement requirements that encourage suppliers to implement more sustainable solutions in their business environment and offers products with the lowest possible impact on climate change, pollution, waste generation, etc. Also, the Group applies socially responsible procurement requirements to have a positive impact on society by promoting fair trade criteria, employing disadvantaged people, paying fair wages, reconciling family and work commitments, etc. The Head of Group Procurement function is responsible for implementing and controlling the policy at the Group level.

The Group Policy on the Use of Collateral and Assessment of the Financial Condition of Suppliers (available on our website) regulates the use of collateral in transactions and the assessment and monitoring of the financial condition of the suppliers of the Group. This policy applies to all Group companies. The Group companies may apply this policy directly or, if necessary, enforce the internal legal acts implementing it. The Head of Treasury is responsible for developing and amending the policy. Rules on late payment prevention are also set in the Group companies' (Ignitis (Customers & Solutions) and ESO (Networks)) internal procedures and in the Law on the Prevention of Late Payment in Commercial Transactions (link in Lithuanian).

The Group is focused on strengthening its sustainable relationship with its suppliers by promoting legal, professional, and fair business practices that incorporate environmental, social responsibility, business ethics and governance objectives. Therefore, the Group has established the SCE, which suppliers must commit to and comply with as a legal contractual obligation. The Group has a supplier due diligence process in place, which allows it to assess suppliers' compliance with the SCE.

At the procurement planning stage, the Group carries out a market analysis and, if necessary, a public market consultation with potential procurement participants to determine which environmental (eco-label, environmental management system standard, content of recycled materials) and social (fair trade, fair wages, non-discrimination, etc.) procurement conditions could be applied. This ensures that the Group procures the item that meets its needs the best and is also sustainable and competitive in the market. During the performance of the contract, the Group collects and evaluates information from suppliers to confirm their sustainability commitments during the contract period.

The Group conducts regular supplier assessments to determine how suppliers comply with the practices and standards set out in the SCE, which covers environmental, social, business ethics and governance areas. In addition, the Group prepares and publishes an annual monitoring report on compliance with the SCE, which is then followed by an assessment, plans for improvement actions and communication to suppliers. To ensure the compliance with the requirements of ACMS and the Group Risk Management Policy (available on our website), as well as with the provisions of the Law on Prevention of Corruption (link in Lithuanian), the Group applies a due diligence process during the supplier pre-selection stage of a procurement.

The Group maintains regular communication with its supply chain. It communicates with suppliers prior to the conclusion of the procurement contract, during the execution of the contract or as part of the supplier due diligence process. It also shares sustainability-related material within the Group's own supply chain, e.g. there is a section for suppliers on the Group's website.

The procurement staff is regularly trained on sustainable procurement topics with the aim of strengthening staff skills in sustainable procurement, addressing common mistakes in practice, and improving the sustainable procurement process itself. For higher-value public procurement, the Group carries out supplier screening.

G1-3 Prevention and detection of corruption and bribery

Business partners of the Group, employees, and other parties maintaining relations with the Group companies must base their activities on the principles of ethical and responsible behaviour and comply with anti-corruption provisions enshrined in legislation. The Group's business decisions and actions are based on the principles of mutual trust, objectivity, impartiality, and the supremacy of the public interest. The Group constantly strengthens the development of responsible business principles, has zero tolerance for any form of corruption, and adheres to high standards of ethics, accountability, and transparency. The Group integrates not only the EU legislation regulating market abuse, but also the documents and guidelines of the Bank of Lithuania, Nasdaq Vilnius, the London Stock Exchange, and the European Securities and Market Authority.

Each year, the Group Business Resilience function's employees conduct a corruption risk assessment in accordance with the Group Corruption Risk Assessment Standard (not publicly available). The standard follows the Group Anti-Corruption Policy and the ACMS, which is implemented in the Group while following the ISO 37001 requirements. The Group's ACMS includes a variety of measures to prevent corruption and bribery. It involves identifying and analysing corruption risks, assessing the effectiveness of existing anti-corruption and other control measures, and planning new or additional measures as necessary.

As part of the application of the Group's anti-corruption control measures, the Head of Anti-Corruption Compliance monitors the performance

Functions-at-risk covered by training programmes		2024	2023	Δ,%
Percentage of functions-at-risk covered by training programmes[1]	%	100	100	0%

[1] *As the Group is a state-owned enterprise operating in the energy sector, all employees are considered to work in high-risk functions and are therefore required to undergo anti-corruption training.*

of the actions outlined in the Standard for the Application of the Group's Anti-Corruption Control Measures. If non-compliance is detected, the Head of Anti-Corruption Compliance informs the employees implementing them and provides them with binding instructions. If the employees accountable for implementing the standard do not take corrective action, the Head of Anti-Corruption Compliance shall inform the CEO directly.

The Risk Management and Sustainability Committee is responsible for submitting conclusions or proposals to the Supervisory Board on the functioning of the management control system in the Group and the status of key risk factors and risk management measures. It also oversees and supervises compliance with ethical business practices, the bribery and corruption risk system, and makes recommendations on them to the Supervisory Board.

The policies related to the prevention and detection of corruption and bribery are communicated through various channels according to the communication plan of the Corporate Safety functional area and the anti-corruption management system as well as published on the Group's website. The information related to these topics is published on the Group's intranet and website and is also communicated during training activities. Training is mandatory for new employees. New employees must undergo this training no later than 30 calendar days after the start of work. Ultimately, all employees of the Group must undergo training in anti-corruption and anti-bribery measures, which introduces employees to Corporate Security team, safety activities and measures in place, ACMS and other key requirements. The training sessions are conducted based on needs and relevance, covering one or more of the following corporate security topics:

1. Anti-Corruption Policy and the Code of Ethics;
2. Anti-Corruption Management System;
3. declaration of interests, conflict of interest management, recusal;
4. corruption risk assessment of business partners and transactions;
5. gifts and hospitality;
6. Trust Line and whistleblower protection, employees' obligation to report known instances of corruption;
7. corporate security introduction: key areas of activity.

Considering that the Group Supervisory Board is not own workforce, training is not mandatory for its members. However, all information is provided to them to familiarise themselves with the basic provisions.

All relevant information regarding prevention of business safety issues is disseminated according to an approved plan and published on the Group's intranet and the Group's website. Communication also takes place during training activities.

G1-4 Incidents of corruption or bribery

		2024	2023	Δ,%
Number of convictions for violation of anti-corruption and anti- bribery laws	unit	0	0	0%
Amount of fines for violation of anti-corruption and anti- bribery laws	EUR	0	0	0%
The total number and nature of confirmed incidents of corruption or bribery	unit	0	2	(100%)
The number of confirmed incidents in which own workers were dismissed or disciplined for corruption or bribery-related incidents	unit	0	0	0%
Number of confirmed incidents relating to contracts with business partners that were terminated or not renewed due to violations related to corruption or bribery	unit	0	0	0%

G1-5 Political influence and lobbying activities

The Group's Anti-Corruption Policy establishes a commitment that the Group does not tolerate illegal lobbying.

The Group is registered in the EU Transparency Register (REG No. 867306231644-34). The Group participates in legislation activities in the energy sector within the scope of exception of the Law on Lobbying Activities of the Republic of Lithuania, when such registration is not required. Therefore, no data or records of lobbying activities are registered in Lithuania. The Group Legal function oversees the lobbying activities. The sole entity within the Group, SIA Ignitis Renewables Latvia, engages the services of professional lobbyists and has entered into a service agreement for 2024 with a local lobbyist firm in Latvia to address potential legislative amendments in Latvia, specifically pertaining to the Energy Market Law.

The Group promotes its interests by providing feedback and proposals for improvement of energy sector policies, legislation, and other regulations during public consultations in accordance with established legal procedures, particularly concerning national legislative proposals or policies of the EU related to significant areas such as climate change, environmental protection, energy market transformation.

The Financial Support and Humanitarian Aid Policy (available on our website) states that the financial support may not be provided and used for financing political parties, state politicians, political advertisement or political campaigns and covering debt obligations of participants of political campaigns occurred during the period of political campaigns or related to political campaigns; funds and establishments established by public servants of political (personal) confidence, the Parliament of the Republic of Lithuania, the Government, members of the municipality boards, members of single and collegial management bodies of political parties, their close relatives, spouses, partners, when the partnership is registered according to the procedure set out in law. In addition, the policy states that all employees must avoid nepotism. There were no financial or in-kind political contributions made either directly or indirectly by the Group.

Two members of the Supervisory Board are majority shareholder's representatives working at the Ministry of Finance: Aušra Vičkačkienė and Ingrida Muckutė. There are civil servants on the Boards of three subsidiary companies: ESO (Networks) (Jonas Skardinskas, who worked at the National Cyber Security Centre under the Ministry of National Defence (resigned from the Board as of 13 November 2024)), Ignitis Gamyba (Reserve Capacities and Green Capacities) (Vilmantas Vitkauskas, who works at the Office of the Government) and Ignitis (Customers & Solutions) (Toma Sasnauskienė, who works at the Ministry of Finance).

The Group companies are members of various local or international associations and participate in their activities by sharing knowledge, preparing joint policy documents, addressing sector regulatory improvement issues, and providing opinions on regulatory enhancements. For example, the Group companies are members of National Energy Association of Lithuania, ESO (Networks) is a legally obligated to be a member of European Distribution System Operators, Ignitis (Customers & Solutions) is a member of Lithuanian Solar Energy Association and Transport Innovation Association.

Accounting policies

Reports received through the Trust Line channels are registered in the Group's internal register via JIRA (a project management and issue tracking tool). These reports are processed according to the procedures established in the Group's internal legal acts and investigated in line with the rules set by the Group's internal investigation commission.

G1-6 Payment practices

The Group understands the importance of timely cash flows to business partners, especially with respect to late payments to small and medium enterprises (SMEs). The payment practices adopted by the Group do not discriminate against SMEs. The Group's standard payment term is 60 calendar days. The payment terms are specified in the contracts by mutual agreement. The Group does not disclose the average time to pay an invoice, there were 2 legal proceedings outstanding for late payments as of end of 2024.

Energy security

As an entity-specific positive impact, the Group contributes to the national energy security.

The Group utilises the largest customer portfolio, energy storage facility and network in the Baltic states, with four segments ranging from energy generation to distribution and supply. The Group is aware of its great responsibility and role, and this is reflected in the Strategic Plan 2024–2027. It is worth mentioning that the Group not only focuses on developing local renewable energy sources but also understands their importance in providing balancing and ancillary services.

Entity-specific policies

Elektrėnai Complex (Reserve Capacities), Kruonis PSHP and Kaunas HPP (both Green Capacities), all managed by Ignitis Gamyba (Reserve Capacities and Green Capacities), provide ancillary and balancing services to the TSO that are necessary to ensure the reliability of the Lithuanian electricity system and the quality of electricity.

Ignitis Gamyba (Reserve Capacities and Green Capacities) is also participating in the project of synchronising the grid of the Baltic states with the grid of Continental Europe (link in Lithuanian), which aims to increase Lithuania's ability to independently manage its electricity system.

The Group also follows the Law on Liquefied Natural Gas (LNG) Terminal (link in Lithuanian) and the Description of the Natural Gas Supply Diversification Procedure (not available online). The Lithuanian Ministry of Energy appoints a designated supplier for Lithuania's LNG terminal for a 10-year tendering process. The designated supplier is responsible for procuring a mandatory quantity of natural gas through a contract with an LNG supplier. As of 2019, Ignitis (Customers & Solutions) is providing designated supplier services for Lithuania's LNG terminal.

Actions

Other services

The following are not treated as separate actions to manage the impact but as daily services the Group or its companies provide. Therefore they are not included to the assessment of significant Investments and OPEX required for the implementation of an action plan.

Ignitis Gamyba (Reserve Capacities and Green Capacities) manages the largest electricity generation capacities in Lithuania: Kruonis PSHP, Kaunas HPP (both Green Capacities) and Elektrėnai Complex (Reserve Capacities). The principal activities of these facilities are generation of electricity and provision of ancillary and balancing services to the TSO. These activities are considered as daily services provided by Ignitis Gamyba (Reserve Capacities and Green Capacities), even though through these services the Group contributes to ensuring energy security.

In 2024, Ignitis Gamyba (Reserve Capacities and Green Capacities) provided the following services:

- Balancing capacity services:
  - The manual frequency restoration reserve (mFRR) capacity is reserved and used in case of imbalances in the system due to imbalances between generation and consumption and in case of the disconnection of a major network or generation element. In 2024 mFRR balancing capacity was provided by two units of Kruonis PSHP (Green Capacities) for a capacity of 350 MW (369 MW in 2023).
  - The mFRR capacity is activated within 15 minutes and balancing energy can be delivered in amount and duration required and requested by the TSO. Balancing services are sold in the Manually Activated Reserves Initiative platform through common merit orders and activations by TSOs to balance the Baltic power systems and manage the imbalances between generation and consumption across the Baltic control block.
- Voltage control services which are not related to frequency regulation and balancing: They are provided by Kruonis PSHP's (Green Capacities) units operating in synchronous compensator mode while regulating the reactive power and voltage. The service is activated when the TSO lacks the capacity of voltage management facilities on the transmission network elements to ensure power quality, i.e., when the voltage is not maintained within the specified limits at certain points on the transmission network.
- Ancillary services for accident prevention and restoring the power system after a complete blackout: In such cases, the diesel generators of Kruonis PSHP and Kaunas HPP (both Green Capacities) are started to activate the capacities of Kruonis PSHP and Kaunas HPP (both Green Capacities). They maintain the voltage in the transmission grid and supply the electricity needed to restore the electricity supply to Lithuanian consumers after an accident or a total blackout.
- Isolated regime services that are not related to frequency regulation but designed to ensure that the capacity providing the service is available in the event of isolated operation of the Lithuanian power system: These services are activated by the TSO if, for unforeseen reasons, the Lithuanian electricity system must operate in an isolated operation mode without interconnections with other neighboring systems. In 2024, emergency balancing was activated 577 times, the amount of energy produced was more than 48.8 GWh (in 2023, it was activated 535 times, and over 45.5 GWh of energy was produced).

Entity-specific metrics and targets

The Group does not have specific metrics and targets as energy security is a qualitative key target for the Group.

6.5 Appendix

ESRS 2 IRO-2 Content index of ESRS disclosure requirements

List of material DRs	Page number
ESRS 2 - General Disclosures	
BP-1 General basis for preparation of the sustainability statement	174
BP-2 Disclosures in relation to specific circumstances	174
GOV-1 The role of the administrative, management and supervisory bodies	92, 94, 175
GOV-2 Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	88, 175
GOV-3 Integration of sustainability-related performance in incentive schemes	159, 175
GOV-4 Statement on due diligence	284
GOV-5 Risk management and internal controls over sustainability reporting	175
SBM-1 Strategy, business model and value chain	175–177
SBM-2 Interests and views of stakeholders	177–179
SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model	183–188
IRO-1 Description of the processes to identify and assess material impacts, risks and opportunities	180–182
IRO-2 Disclosure Requirements in ESRS covered by the undertaking's sustainability statement	275
E1 - Climate change	
ESRS 2 GOV-3-E1 Integration of sustainability-related performance in incentive schemes	189
E1-1 Transition plan for climate change mitigation	189–190
ESRS 2 SBM-3-E1 Material impacts, risks and opportunities and their interaction with strategy and business model	190
ESRS 2 IRO-1-E1 Description of the processes to identify and assess material climate-related impacts, risks and opportunities	189,
E1-2 Policies related to climate change mitigation and adaptation	191
E1-3 Actions and resources in relation to climate change policies	192–199
E1-4 Targets related to climate change mitigation and adaptation	200
E1-5 Energy consumption and mix	201
E1-6 Gross Scopes 1, 2, 3 and Total GHG emissions	202–204
E1-7 GHG removals and GHG mitigation projects financed through carbon credits	204
E1-8 Internal carbon pricing	204
E1-9 Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	204
E4 - Biodiversity and ecosystems	
E4-1 Transition plan and consideration of biodiversity and ecosystems in strategy and business model	223
ESRS 2 SBM-3-E4 Material impacts, risks and opportunities and their interaction with strategy and business model	223
ESRS 2 IRO-1-E4 Description of processes to identify and assess material biodiversity and ecosystem-related impacts, risks dependencies and opportunities	224
E4-2 Policies related to biodiversity and ecosystems	224–225
E4-3 Actions and resources related to biodiversity and ecosystems	225–227
E4-4 Targets related to biodiversity and ecosystems	227
E4-5 Impact metrics related to biodiversity and ecosystems change	228–229
E4-6 Anticipated financial effects from material biodiversity and ecosystem-related risks and opportunities	229

List of material DRs	Page number
E5 - Resource use and circular economy	
ESRS 2 IRO-1-E5 Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities	230
E5-1 Policies related to resource use and circular economy	230–231
E5-2 Actions and resources related to resource use and circular economy	231–232
E5-3 Targets related to resource use and circular economy	232
E5-4 Resource inflows	232
E5-5 Resource outflows	233
E5-6 Anticipated financial effects from material resource use and circular economy-related impacts, risks and opportunities	233
S1 - Own workforce	
ESRS 2 SBM-2-S1 Interests and views of stakeholders	234, 239, 243, 248
ESRS 2 SBM-3-S1 Material impacts, risks and opportunities and their interaction with strategy and business model	234, 239, 243, 248
S1-1 Policies related to own workforce	234-235, 239–240, 243–244, 248
S1-2 Processes for engaging with own workforce and workers' representatives about impacts	235, 240, 244–245, 248
S1-3 Processes to remediate negative impacts and channels for own workforce to raise concerns	235, 240, 245, 248–249
S1-4 Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	236, 240, 245, 249
S1-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	236, 241, 245, 249
S1-6 Characteristics of the undertaking's employees	237
S1-7 Characteristics of non-employees in the undertaking's own workforce	238
S1-8 Collective bargaining coverage and social dialogue	241
S1-9 Diversity metrics	246
S1-10 Adequate wages	241
S1-11 Social protection	242
S1-12 Persons with disabilities	247
S1-13 Training and skills development metrics	250
S1-14 Health and safety metrics	238
S1-15 Work-life balance metrics	247
S1-16 Remuneration metrics (pay gap and total remuneration)	242
S1-17 Incidents, complaints and severe human rights impacts	251
S2 - Workers in the value chain	
ESRS 2 SBM-2-S2 Interests and views of stakeholders	252
ESRS 2 SBM-3-S2 Material impacts, risks and opportunities and their interaction with strategy and business model	252
S2-1 Policies related to value chain workers	252–253
S2-2 Processes for engaging with value chain workers about impacts	253
S2-3 Processes to remediate negative impacts and channels for value chain workers to raise concerns	253
S2-4 Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions	253–255
S2-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	255
S3 - Affected communities	
ESRS 2 SBM-2-S3 Interests and views of stakeholders	256
ESRS 2 SBM-3-S3 Material impacts, risks and opportunities and their interaction with strategy and business model	256
S3-1 Policies related to affected communities	256–257
S3-2 Processes for engaging with affected communities about impacts	257
S3-3 Processes to remediate negative impacts and channels for affected communities to raise concerns	257
S3-4 Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions	257–258
S3-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	258

List of material DRs	Page number
S4 - Consumers and End-users	
ESRS 2 SBM-2-S4 Interests and views of stakeholders	259
ESRS 2 SBM-3-S4 Material impacts, risks and opportunities and their interaction with strategy and business model	259
S4-1 Policies related to consumers and end-users	259-260, 265
S4-2 Processes for engaging with consumers and end-users about impacts	260–261, 266
S4-3 Processes to remediate negative impacts and channels for consumers and end-users to raise concerns	261, 266,
S4-4 Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions	261–264, 266-267
S4-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	264, 267–268
G1 - Business Conduct	
ESRS 2 SBM-3-G1 Material impacts, risks and opportunities and their interaction with strategy and business model	269
ESRS 2 GOV-1-G1 The role of the administrative, management and supervisory bodies	269
ESRS 2 IRO-1-G1 Description of the processes to identify and assess material impacts, risks and opportunities	269
G1-1 Business conduct policies and corporate culture	269–270
G1-2 Management of relationships with suppliers	270–271
G1-3 Prevention and detection of corruption and bribery	271–272
G1-4 Incidents of corruption or bribery	273
G1-5 Political influence and lobbying activities	273
G1-6 Payment practices	274

ESRS 2 IRO-2 EU Datapoint List

Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Material / Not material	Page number
ESRS 2 GOV-1 Board's gender diversity paragraph 21 (d)	Indicator number 13 of Table #1 of Annex 1		Commission Delegated Regulation (EU) 2020/1816, Annex II		Material	95, 124
ESRS GOV-1 Percentage of board members who are independent paragraph 21 (e)			Delegated Regulation (EU) 2020/1816, Annex II		Material	124
ESRS 2 GOV-4 Statement on due diligence paragraph 30	Indicator number 10 Table #3 of Annex 1				Material	175
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities paragraph 40 (d) i	Indicators number 4 Table #1 of Annex 1	Article 449a Regulation (EU) No 575/2013: Commission Implementing Regulation (EU) 2022/2453 Table 1: Qualitative information on Environmental risk and Table 2: Qualitative information on Social risk	Delegated Regulation (EU) 2020/1816, Annex II		Phase-in approach taken	
ESRS 2 SBM-1 Involvement in activities related to chemical production paragraph 40 (d) ii	Indicator number 9 Table #2 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II		Not material	
ESRS 2 SBM-1 Involvement in activities related to controversial weapons paragraph 40 (d) iii	Indicator number 14 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1818, Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		Not material	
ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco paragraph 40 (d) iv			Delegated Regulation (EU) 2020/1818, Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		Not material	
ESRS E1-1 Transition plan to reach climate neutrality by 2050 paragraph 14				Regulation (EU) 2021/1119, Article 2(1)	Material	189
ESRS E1-1 Undertakings excluded from Paris-aligned Benchmarks paragraph 16 (g)		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article 12.1 (d) to (g), and Article 12.2		Not material	
ESRS E1-4 GHG emission reduction targets paragraph 34	Indicator number 4 Table #2 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 6		Material	200
ESRS E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) paragraph 38	Indicator number 5 Table #1 and Indicator n. 5 Table #2 of Annex 1				Material	201
ESRS E1-5 Energy consumption and mix paragraph 37	Indicator number 5 Table #1 of Annex 1				Material	201

Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Material / Not material	Page number
ESRS E1-5 Energy intensity associated with activities in high climate impact sectors paragraphs 40 to 43	Indicator number 6 Table #1 of Annex 1				Material	201
ESRS E1-6 Gross Scope 1, 2, 3 and Total GHG emissions paragraph 44	Indicators number 1 and 2 Table #1 of Annex 1	Article 449a; Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book – Climate change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article 5(1), 6 and 8(1)		Material	202
ESRS E1-6 Gross GHG emissions intensity paragraphs 53 to 55	Indicators number 3 Table #1 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 8(1)		Material	204
ESRS E1-7 GHG removals and carbon credits paragraph 56				Regulation (EU) 2021/1119, Article 2(1)	Not material, but disclosed	204
ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks paragraph 66			Delegated Regulation (EU) 2020/1818, Annex II Delegated Regulation (EU) 2020/1816, Annex II		Phase-in approach taken	
ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk paragraph 66 (a) ESRS E1-9 Location of significant assets at material physical risk paragraph 66 (c).		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraphs 46 and 47; Template 5: Banking book - Climate change physical risk: Exposures subject to physical risk.			Phase-in approach taken	
ESRS E1-9 Breakdown of the carrying value of its real estate assets by energy-efficiency classes paragraph 67 (c).		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraph 34; Template 2: Banking book -Climate change transition risk: Loans collateralised by immovable property - Energy efficiency of the collateral			Phase-in approach taken	
ESRS E1-9 Degree of exposure of the portfolio to climate-related opportunities paragraph 69			Delegated Regulation (EU) 2020/1818, Annex II		Phase-in approach taken	
ESRS E2-4 Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil, paragraph 28	Indicator number 8 Table #1 of Annex 1 Indicator number 2 Table #2 of Annex 1 Indicator number 1 Table #2 of Annex 1 Indicator number 3 Table #2 of Annex 1				Not material	

Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Material / Not material	Page number
ESRS E3-1 Water and marine resources paragraph 9	Indicator number 7 Table #2 of Annex 1				Not material	
ESRS E3-1 Dedicated policy paragraph 13	Indicator number 8 Table 2 of Annex 1				Not material	
ESRS E3-1 Sustainable oceans and seas paragraph 14	Indicator number 12 Table #2 of Annex 1				Not material	
ESRS E3-4 Total water recycled and reused paragraph 28 (c)	Indicator number 6.2 Table #2 of Annex 1				Not material	
ESRS E3-4 Total water consumption in m^3 per net revenue on own operations paragraph 29	Indicator number 6.1 Table #2 of Annex 1				Not material	
ESRS 2- SBM-3 - E4 paragraph 16 (a) i	Indicator number 7 Table #1 of Annex 1				Material	223
ESRS 2- SBM-3 - E4 paragraph 16 (b)	Indicator number 10 Table #2 of Annex 1				Material	223
ESRS 2- SBM-3 - E4 paragraph 16 (c)	Indicator number 14 Table #2 of Annex 1				Material	223
ESRS E4-2 Sustainable land / agriculture practices or policies paragraph 24 (b)	Indicator number 11 Table #2 of Annex 1				Not relevant	
ESRS E4-2 Sustainable oceans / seas practices or policies paragraph 24 (c)	Indicator number 12 Table #2 of Annex 1				Material	224
ESRS E4-2 Policies to address deforestation paragraph 24 (d)	Indicator number 15 Table #2 of Annex 1				Not relevant, but disclosed	224
ESRS E5-5 Non-recycled waste paragraph 37 (d)	Indicator number 13 Table #2 of Annex 1				Material	233
ESRS E5-5 Hazardous waste and radioactive waste paragraph 39	Indicator number 9 Table #1 of Annex 1				Material	233
ESRS 2- SBM3 - S1 Risk of incidents of forced labor paragraph 14 (f)	Indicator number 13 Table #3 of Annex I				Not relevant	

Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Material / Not material	Page number
ESRS 2- SBM3 - S1 Risk of incidents of child labor paragraph 14 (g)	Indicator number 12 Table #3 of Annex I				Not relevant	
ESRS S1-1 Human rights policy commitments paragraph 20	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex I				Material	234, 239, 243, 248
ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labor Organization Conventions 1 to 8, paragraph 21			Delegated Regulation (EU) 2020/1816, Annex II		Material	235, 244, 248
ESRS S1-1 processes and measures for preventing trafficking in human beings paragraph 22	Indicator number 11 Table #3 of Annex I				Material	234, 239, 243, 248
ESRS S1-1 workplace accident prevention policy or management system paragraph 23	Indicator number 1 Table #3 of Annex I				Material	235, 240, 245. 248-249
ESRS S1-3 grievance/complaints handling mechanisms paragraph 32 (c)	Indicator number 5 Table #3 of Annex I				Material	235, 240, 245, 248-249
ESRS S1-14 Number of fatalities and number and rate of work-related accidents paragraph 88 (b) and (c)	Indicator number 2 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		Material	238
ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness paragraph 88 (e)	Indicator number 3 Table #3 of Annex I				Phase-in approach taken	
ESRS S1-16 Unadjusted gender pay gap paragraph 97 (a)	Indicator number 12 Table #1 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		Material	171, 242
ESRS S1-16 Excessive CEO pay ratio paragraph 97 (b)	Indicator number 8 Table #3 of Annex I				Material	171
ESRS S1-17 Incidents of discrimination paragraph 103 (a)	Indicator number 7 Table #3 of Annex I				Material	251

Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Material / Not material	Page number
ESRS S1-17 Nonrespect of UNGPs on Business and Human Rights and OECD Guidelines paragraph 104 (a)	Indicator number 10 Table #1 and Indicator n. 14 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818 Art 12 (1)		Material	251
ESRS 2- SBM-3 – S2 Significant risk of child labor or forced labor in the value chain paragraph 11 (b)	Indicators number 12 and n. 13 Table #3 of Annex I				Not relevant	
ESRS S2-1 Human rights policy commitments paragraph 17	Indicator number 9 Table #3 and Indicator n. 11 Table #1 of Annex 1				Material	252
ESRS S2-1 Policies related to value chain workers paragraph 18	Indicator number 11 and n. 4 Table #3 of Annex 1				Material	252
ESRS S2-1 Nonrespect of UNGPs on Business and Human Rights principles and OECD guidelines paragraph 19	Indicator number 10 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		Material	252-253
ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labor Organization Conventions 1 to 8, paragraph 19			Delegated Regulation (EU) 2020/1816, Annex II		Material	252
ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain paragraph 36	Indicator number 14 Table #3 of Annex 1				Material	253
ESRS S3-1 Human rights policy commitments paragraph 16	Indicator number 9 Table #3 of Annex 1 and Indicator number 11 Table #1 of Annex 1				Material	256
ESRS S3-1 non-respect of UNGPs on Business and Human Rights, ILO principles or and OECD guidelines paragraph 17	Indicator number 10 Table #1 Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		Material	256
ESRS S3-4 Human rights issues and incidents paragraph 36	Indicator number 14 Table #3 of Annex 1				Material	256

Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Material / Not material	Page number
ESRS S4-1 Policies related to consumers and end-users paragraph 16	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex 1				Material	259, 265
ESRS S4-1 Non-respect of UNGPs on Business and Human Rights and OECD guidelines paragraph 17	Indicator number 10 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		Material	260, 265
ESRS S4-4 Human rights issues and incidents paragraph 35	Indicator number 14 Table #3 of Annex 1				Material	262, 267
ESRS G1-1 United Nations Convention against Corruption paragraph 10 (b)	Indicator number 15 Table #3 of Annex 1				Material	270
ESRS G1-1 Protection of whistle-blowers paragraph 10 (d)	Indicator number 6 Table #3 of Annex 1				Material	270
ESRS G1-4 Fines for violation of anti-corruption and anti-bribery laws paragraph 24 (a)	Indicator number 17 Table #3 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II)		Material	273
ESRS G1-4 Standards of anti-corruption and anti- bribery paragraph 24 (b)	Indicator number 16 Table #3 of Annex 1				Material	269

ESRS 2 GOV-4 Due diligence table

Core elements of Due Diligence	Paragraphs or pages in the Sustainability Statement	Does the disclosure relate to people and/or the environment?
a) Embedding due diligence in governance, strategy and business model	ESRS 2 GOV-2, 88	People and environment
	ESRS 2 GOV-3, 159	People and environment
	ESRS 2 SBM-3, 183	People and environment
	ESRS 2 SBM-3-E1, 190 ESRS 2 SBM-3-E4, 223	Environment
	ESRS 2 SBM-3-S1, 234, 239, 243, 248 ESRS 2 SBM-3-S2, 252 ESRS 2 SBM-3-S3, 256 ESRS 2 SBM-3-S4, 259	People
	ESRS 2 SBM-3-G1, 269	People and environment
b) Engaging with affected stakeholders in all key steps of the due diligence	ESRS 2 GOV-2, 88	People and environment
	ESRS 2 SBM-2, 177	People and environment
	ESRS 2 IRO-1, 180	People and environment
	ESRS 2 MDR-P: E1-2, 191 E4-2, 224 E5-1, 230	Environment
	ESRS 2 MDR- P: S1-1, 234, 239, 243, 248 S2-1, 252 S3-1, 256 S4-1, 259, 265	People
	G1-1, 269	People and environment
	Topical ESRS: S1-2, 235, 240, 244, 248 S2-2, 253 S3-1, 256 S4-2, 260, 266	People
c) Identifying and assessing adverse impacts	ESRS 2 IRO-1, 180	People and environment
	ESRS 2 SBM-3, 183	People and environment
	ESRS 2 SBM-3-E1, 190 ESRS 2 SBM-3-E4, 223	Environment
	ESRS 2 SBM-3-S1, 234, 239, 243, 248 ESRS 2 SBM-3-S2, 252	People

Core elements of Due Diligence	Paragraphs or pages in the Sustainability Statement	Does the disclosure relate to people and/or the environment?
d) Taking actions to address those adverse impacts	*ESRS 2 MDR-A:* E1-3, 192 E4-3, 225 E5-2, 231	Environment
	ESRS 2 MDR-A: S1-4, 236, 240, 245, 249 S2-4, 253	People
	E1-1, 189 E4-1, 223	Environment
	G1-1, 269 G1-2, 270 G1-3, 271	People and environment
e) Tracking effectiveness of these efforts and communicating	*ESRS 2 MDR-M:* E1-5, 201 E1-6, 202 E4-5, 228 E5-4, 232 E5-5, 233	Environment
	ESRS 2 MDR-M: S1-8, 241 S1-9, 246 S1-10, 241 S1-11, 242 S1-12, 247 S1-13, 250 S1-14, 238 S1-15, 247 S1-16, 242 S1-17, 251	People
	G1-4, 273 G1-5, 273 G1-6, 274	People and environment
	E1-4, 200 E4-4, 227 E5-3, 232	Environment
	S1-5, 236, 241, 245, 249 S2-5, 255	People

6.6 Other information

Ratings and rankings

	2024	2023	
MSCI ESG RATINGS AA	'AA' (Leader)	'AA' (Leader)	MSCI ESG Rating aims to measure a company's management of financially relevant ESG risks and opportunities. Ratings range on a scale from 'AAA' to 'CCC' (where 'AAA' is the top score). Copyright ©2024 MSCI. More information available here.
Corporate ESG Performance Prime RATED BY ISS ESG	'B-' (Prime)	'B-' (Prime)	ISS ESG Corporate Rating provides highly relevant, material and forward looking environmental, social and governance data and performance assessments. Companies are rated, from 'D-' (Poor) to 'A+' (Excellent), on their sustainability performance on an absolute best-in-class basis. More information available here.
Rated MORNINGSTAR SUSTAINALYTICS	21.0 (Medium)	25.2 (Medium)	Sustainalytics ESG Risk Rating helps to identify and understand the financially material ESG issues that can affect organization's long-term performance. The rating scores the ESG performance from negligible (0–10) to severe risk (40+). More information available here. Copyright© 2023 Sustainalytics. For further information, see sustainalytics.com/legal-disclaimers.
CDP Climate	'C' (Awareness)	'B' (Management)	A CDP score is a snapshot of a company's environmental disclosure and performance. The companies are assessed and scored across four consecutive levels from 'D-' (Disclosure) to 'A' (Leadership). More information available here.
PLATINUM Top 1% 2023 ecovadis Sustainability Rating	68 (Silver)	-[1]	The EcoVadis Rating covers a broad range of non-financial management systems including Environmental, Labour & Human Rights, Ethics and Sustainable Procurement impacts. The EcoVadis overall score (0–100, where 100 is the top score) reflects the quality of the company's sustainability management system at the time of the assessment. More information available here.
VKC Valdymo koordinavimo centras	'A+'	'A+'	The Good Corporate Governance Index has been compiled since 2012 by the Lithuanian Governance Coordination Centre on annual basis with the aim to assess and measure how each SOE implements key good governance practices. The rating ranges on the scale from 'D' to 'A+' ('A+' meaning the best). More information available here.
top EMPLOYER LIETUVA LITHUANIA 2024	Top Employer Lithuania	Top Employer Lithuania	Top Employers Institute is the global authority on recognising excellence in people practices. It provides a certification programme that enables organisations to assess and improve the workplace environment. More information available here.
LYGIŲ GALIMYBIŲ SPARNAI	3 Equal Opportunity Wings	3 Equal Opportunity Wings	Equal Opportunity Wings is an acknowledgment of organization's achievements in mainstreaming equal opportunities in the workplace and creating a diverse and inclusive culture in organization. The maximum number of wings awarded is three, which signifies, that the organization not only successfully integrates equal opportunities in its culture, but also actively promotes equal opportunities in the public domain. More information available here.
LIETUVOS ĮVAIROVĖS CHARTIJA	**1st place** Ignitis (Customers & Solutions) and ESO (Networks)	**1st place** Ignitis (Customers & Solutions) **2nd place** ESO (Networks) and Ignitis Gamyba (Reserve Capacities and Green Capacities)	For the third year in a row, Group companies were rated as leaders in equal opportunities reporting. The Lithuanian Diversity Charter conducted a new study, during which it investigated whether companies have and are pursuing diversity goals, reporting progress, etc. Due to the specificity of the methodology, the companies of the Group were evaluated separately. Ignitis (Customers & Solutions) and ESO (Networks) took first place. More information available here.

---

[1] *Assessment of the Group, while previously the assessment included only the Group's company Ignitis (Customers & Solutions).*

Memberships and external initiatives

The Group carries out sustainable activities together with its partners. By participating in the activities of various organisations, experience is shared and learned from others. More detailed information on our partnerships, is available on our website.

The Group:
- is committed to adhering to the principles of the United Nations Global Compact;
- aims to contribute to the achievement of the Sustainable Development Goals of the United Nations;
- is committed to reduce net GHG emissions to zero by 2040-2050 and has near-term targets validated by the SBTi;
- has signed the Women's Empowerment Principles to advance gender equality and women's empowerment.

More detailed information on our memberships, is available on our website.

UN Global Compact index table

Sustainability Policy emphasises the commitment to the ten principles of the Global Compact (UNGC), which Group joined in 2016. This agreement – the generally accepted guidelines for responsible business conduct – is a clear guide for the development of responsible business. The control over the implementation of these principles and the management of the related risks are an integral part of the overall control and risk management of the Group companies.

Commitment		**Page(s) of Integrated Annual Report**
Human rights		
1	We support and respect internationally recognised human rights.	207, 234–235, 239–240, 243–244, 248, 252
2	We are committed not to be complicit in human rights abuses.	243–245, 248, 253
Labour		
3	We guarantee freedom of association, including trade union membership, and recognise the right of workers to collective bargaining.	240–241
4	We do not use forced or compulsory labour and seek to contribute to its elimination in an environment where we have influence.	235, 240, 244, 248
5	We do not use child labour and contribute to its elimination in an environment where we have influence.	235, 240, 244, 248
6	We do not tolerate any form of discrimination and contribute to its elimination in the work and professional environment where we have influence.	243
Environment		
7	We apply preventive measures in order to ensure the protection of the environment.	191–196, 223–227, 230–232
8	We undertake initiatives to increase environmental responsibility where we have influence.	191–196, 223–227, 230–232
9	We encourage the development and wide application of environmentally friendly technologies.	193–196, 226–227, 230–232
Anti-Corruption		
10	We create an environment which has zero tolerance for corruption and we fight all forms of corruption, including bribery, graft and trading in influence.	271–272

Contribution to the Sustainable Development Goals

The Group's goals are in line with the United Nations' Agenda for Sustainable Development, consisting of 17 universal interlinked Sustainable Development Goals that embrace the idea of social progress and improving the quality of life in the world. In pursuit of strategic goals, the Group contributes to the implementation of this agenda.

We contribute significantly to the implementation of these SDGs

7 AFFORDABLE AND CLEAN ENERGY

7.1 Access to energy

7.2 Renewable energy

7.3 Energy efficiency

To ensure that everyone has access to affordable, reliable, sustainable and modern energy services:

- we ensure the availability of energy services;
- we are expanding green generation capacity;
- we promote the development and consumption of clean energy;
- we proactively look for innovations in energy sector and incorporate them into our business;
- we promote energy efficiency.

8 DECENT WORK AND ECONOMIC GROWTH

8.2 Economic productivity

8.5 Decent work

8.8 Labour rights and safe working environment

Promoting sustainable economic growth and decent work:

- we ensure equal working and pay conditions for employees;
- we respect human rights and freedoms;
- we do not tolerate any form of discrimination and harassment;
- safe work for employees and contractors is the Group's priority.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

9.2 Sustainable industrialisation

9.4 Modern industry

By developing flexible infrastructure, promoting inclusive and sustainable industrialization and innovation:

- we invest in sustainable infrastructure and its improvement;
- we contribute to scientific research and invest in development projects;
- we support international cooperation;
- we help those who develop innovations useful to society.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

12.2 Sustainable management of natural resources

12.5 Reduce waste generation

12.6 Corporate social responsibility

Ensuring responsible consumption and production:

- we carefully select reliable partners and ensure a fair partnership;
- we promote responsible energy consumption;
- we aim to use resources efficiently when creating products and services;
- we promote waste recycling, rational management and use, and re-use of resources;
- we are expanding green generation capacity.

13 CLIMATE ACTION

13.1 Strengthen resilience and adaptivity

13.3 Education

Contributing to climate change mitigation:

- we implement decarbonization plans;
- we reduce the impact of our activities on the environment and aim to manage emissions to achieve net zero in GHG emissions in the long run;
- we adhere to the highest environmental protection and ecological standards;
- we increase the resilience of the energy infrastructure and adaptation to the effects of climate change.

Other SDGs to which we contribute

5 GENDER EQUALITY

5.1 End all forms of discrimination

5.5 Equal opportunities for leadership

Our contribution to gender equality:

- we have commitment at the highest strategic level to achieve gender balance and are implementing measures to achieve this goal;
- we promote careers of female employees in IT and engineering areas;
- we aim to consistently increase the share of female employees in management positions;
- we promote awareness of gender equality among all employees – women and men.

15 LIFE ON LAND

15.1 Protection of terrestrial ecosystems

15.5 Reduce the degradation of biodiversity

To reduce and/or offset negative impacts on biodiversity and ecosystems:

- we have committed at the highest strategic level to achieve a net gain in biodiversity by 2025;
- we protect biodiversity, habitats and ecosystems in which we operate and monitor the impact of our activities on them; Environmental protection is integrated into our operation management policy;
- we have identified the impacts of our activities on the natural environment, dependencies, and segments where we must first take action to improve the state of biodiversity;
- we cooperate with governmental and non-governmental environmental institutions and scientists;
- we adhere to the highest environmental protection and ecological standards.

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

16.5 Anti-corruption

16.10 Access to information

Promoting transparency, anti-corruption and justice:

- we constantly improve anti-corruption management in the Group;
- we educate employees, partners and cooperate with state institutions.

Additional data points

Data points below materiality thresholds

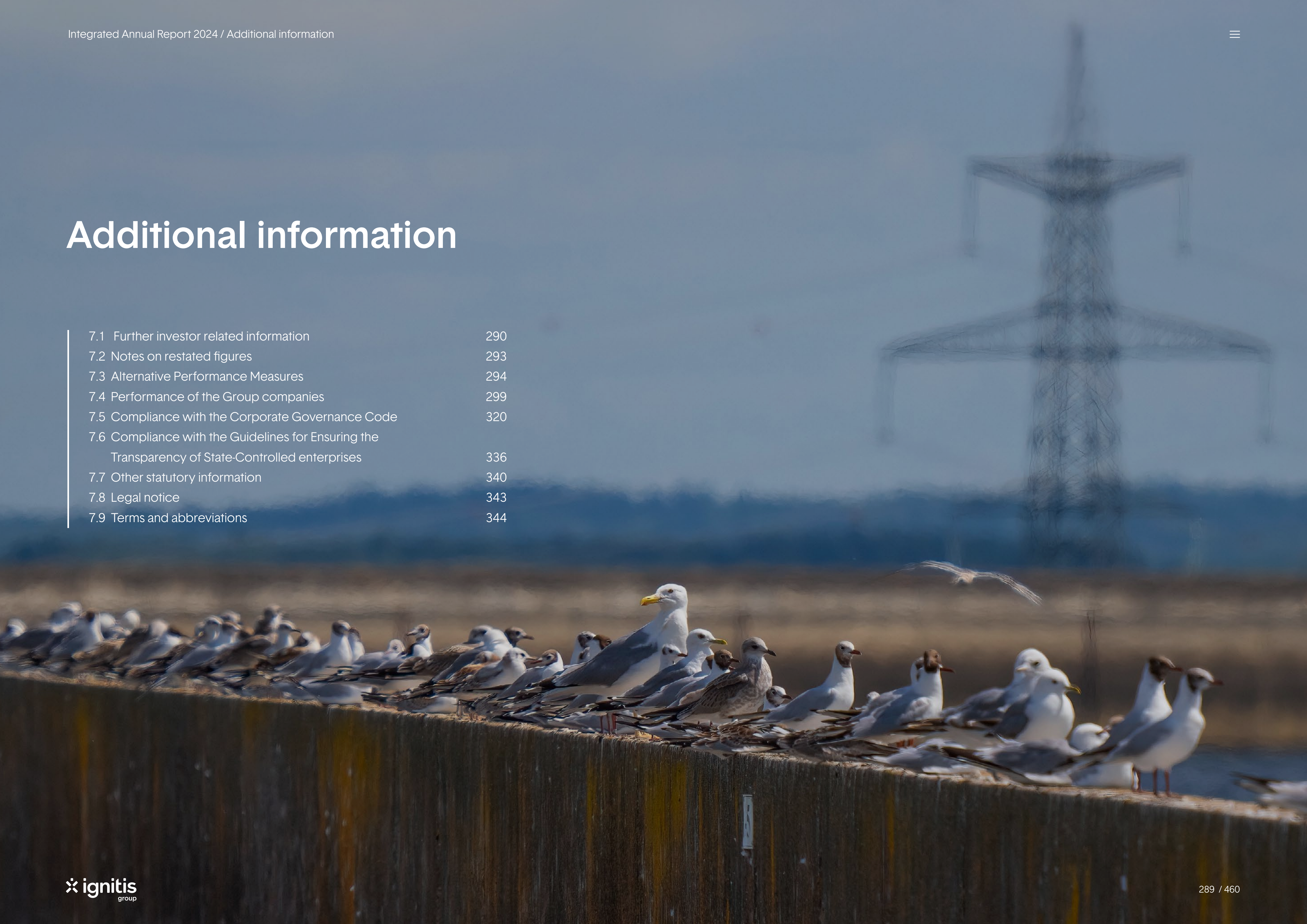
Air emissions	unit	2024	2023	Δ, %
SO_2	t	11	8	47%
NO_x		565	486	16%
Particulate matter		17	18	(2%)
CO		166	149	11%
Air emission intensity				
SO_2	g/kWh	0.004	0.004	(8%)
NO_x		0.190	0.263	(28%)
Particulate matter		0.006	0.009	(39%)
CO		0.056	0.081	(31%)

E3-4 Total water consumption	unit	2024	2023	Δ, %
Water withdrawal (total):	thousand m^3	9,983,539	10,077,707	(0.9%)
Groundwater		18.9	22.1	(14.4%)
Municipal water supply or other public/private water utilities		493.9	377.1	31.0%
Surface water (wetlands, rivers, lakes, etc.)		363.7	307.7	18.2%
of which water withdrawal and reuse:				
Surface water for hydropower plants (Kruonis PSHP and Kaunas HPP)		9,904,787	10,020,452	(1.2%)
Surface water for Elektrėnai Complex power plant cooling		77,875.1	56,548	37.7%
Total water consumption		74.6	68.5	8.9%

Accounting policies

Air emissions of SO_2 , NOx, CO and solid particles are calculated using automatic measurement systems or periodic measurements. The total is obtained by adding the emissions of individual facilities. The intensity is calculated using total emissions data for each pollutant divided by total production numbers (kWh). This approach provides a measure of emissions per unit of production.

Water withdrawal, reuse data is obtained from the companies' performance data files. The data is tracked and recorded by the companies' employees responsible for environmental issues by monitoring the water meter readings, applying the water quantity calculation methodologies or the data is obtained from the utility bills provided to the companies (in leased objects). Water consumption is calculated by subtracting the water discharged (except surface rainwater) from the water withdrawn (except hydropower and cooling water as it is withdrawn but reused).



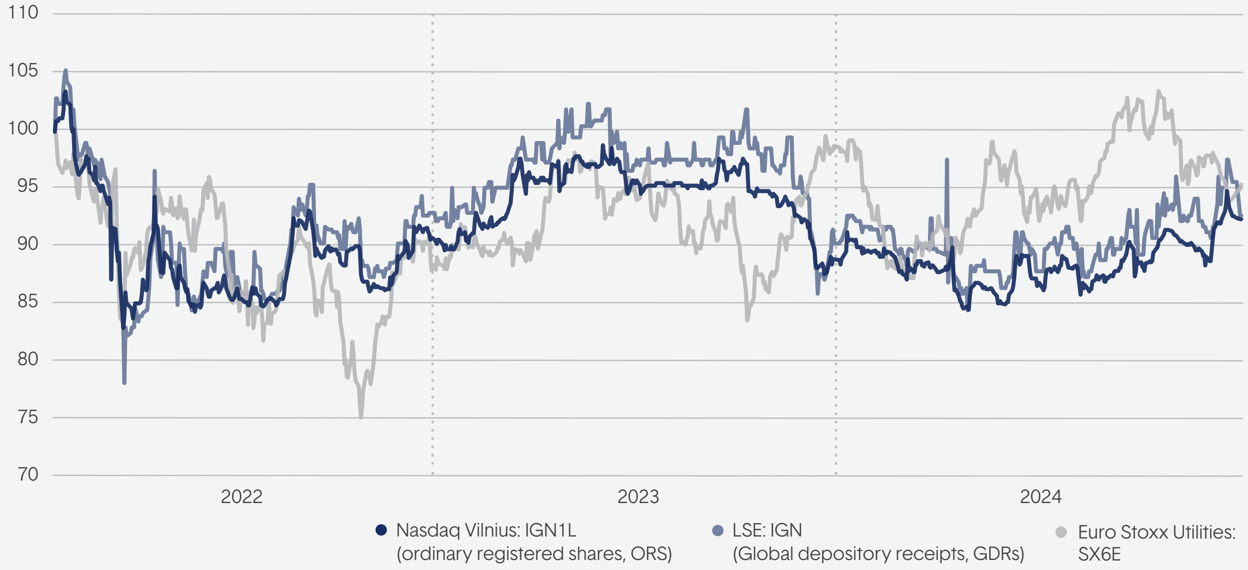
Additional information

7.1 Further investor related information

Overview

In addition to the information provided in section '1.6 Investor information', further details on the Group's ordinary registered shares (ORS), global depositary receipts (GDRs) and bonds are provided in this section.

Price development 2022–2024[1]



Price change	TSR
(7.3%)	13.0%
(7.6%)	12.4%
(4.6%)	10.8%

---

[1] *Indexed at 100.*

ORS and GDRs

Below is an overview of ORS and GDR trading data for the period 2022–2024.

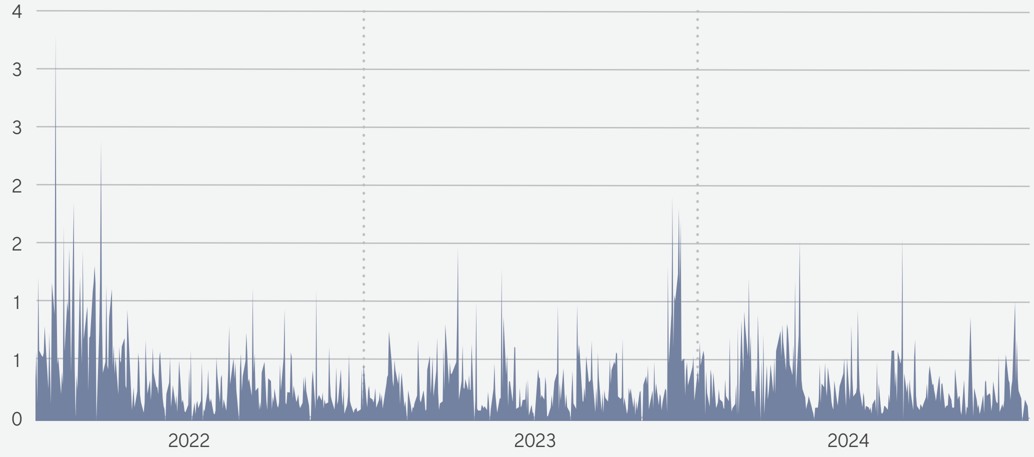
Performance information 2022–2024

	Nasdaq Vilnius	LSE	*Combined*
Period opening[1], EUR	21.20	21.10	-
Period high[1] (date), EUR	21.95 (14 Jan 2022)	21.60 (14 Jan 2022)	*21.95*
Period low[1] (date), EUR	17.00 (28 Nov 2024)	16.00 (8 Mar 2022)	*16.00*
Period VWAP[2], EUR	19.30	18.70	*19.30*
Period end[1], EUR	19.58	19.00	-
Period turnover (average daily), EURm	201.62 (0.27)	68.48 (0.12)	*270.10 (0.39)*
Market capitalisation, year-end[1], EURbn	-	-	*1.4*

[1] *As of closing trading market price.*
[2] *VWAP – volume-weighted average price.*
[3] *Combined data of ORSs and GDRs.*

Daily turnover 2022–2024, EURm[3]

In 2022–2024, the Group's total turnover amounted to EUR 270.1 million, with the split between ORS and GDRs of 74.6% and 25.4% respectively.



Bonds

On 31 December 2024, the Group had three outstanding bond issues (two of which are green bonds) listed on the Nasdaq Vilnius and Luxembourg stock exchanges. The total nominal value of these bonds is EUR 900 million.

Bond-specific information and the composition of bondholders are provided in the figures below. At the date of issue, there were 121 holders of the 2017 bond, 115 holders of the 2018 and 91 holders of the 2020 bond.

Further information on debt instruments and related information are available on the Group's website.

Information on the delisted subsidiaries

On 4 December 2019, the Extraordinary General Meetings of ESO (ISIN-code: LT0000130023) and Ignitis Gamyba (ISIN-code: LT0000128571) made the decisions to delist the shares of these companies from trading on the Nasdaq Vilnius stock exchange and to approve the parent company as the entity that will make a formal offer to buy-out the shares of both companies. On 21 May 2020, Nasdaq Vilnius delisted the shares of ESO (Networks) and Ignitis Gamyba (Reserve Capacities and Green Capacities) from trading on the Baltic Main List (the last trading day was on 30 June 2020).

Following the mandatory buy-out procedures of ESO and Ignitis Gamyba shares, the parent company became a 100% shareholder of ESO on 15 April 2021 and of Ignitis Gamyba on 9 September 2021. The decisions were enforced on 7 September 2021 (in respect of ESO) and 27 September 2021 (in respect of Ignitis Gamyba).

Information related to the delisted companies, including the details of payment for shares, is available on our website.

Bonds outstanding

2017 issue

Issuer	Ignitis Group
Issued amount	EUR 300,000,000
Coupon	2.000%
Maturity date	2027.07.14
ISIN-code	XS1646530565
Credit rating	BBB+

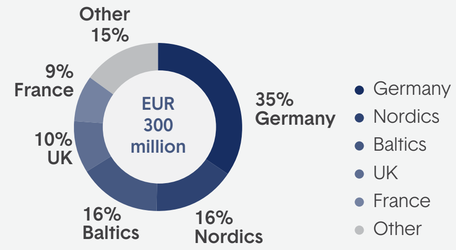
2018 issue

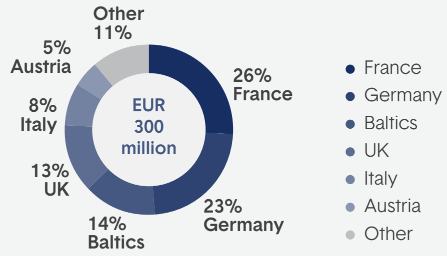
Issuer	Ignitis Group
Issued amount	EUR 300,000,000
Coupon	1.875%
Maturity date	2028.07.10
ISIN-code	XS1853999313
Credit rating	BBB+

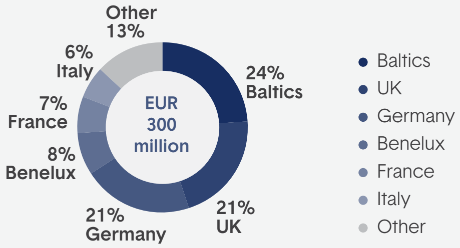
2020 issue

Issuer	Ignitis Group
Issued amount	EUR 300,000,000
Coupon	2.000%
Maturity date	2030.05.21
ISIN-code	XS2177349912
Credit rating	BBB+

Bondholder composition at issue date







7.2 Notes on restated figures

In this section we provide a summary of restated figures, if any, presented in this report compared to previous reporting periods.

1. Regarding restated EU Taxonomy figures and updated methodology for calculations

Due to changes in methodology of calculating EU Taxonomy ratios, figures were recalculated retrospectively for the year 2023 reported in Integrated Annual report 2023. For more detailed information, see part 'Changes in calculations' of the section '6.2 Environment' under 'Disclosures under the EU Taxonomy Regulation' of this report.

2. Regarding changes in methodology for GHG accounting

Due to changes in the methodology for calculating GHG emissions, the figures in sections '1.3 Performance highlights' (Climate action), '6.2 Environment', in the tables 'Key Decarbonisation Actions, Targets, and Progress in 2024', 'GHG Emissions', 'GHG Intensity' and 'Resource outflows' have been recalculated retrospectively for the year 2023 as reported in the Integrated Annual Report 2023. These methodological changes mainly involve the addition of new categories and the clarification of previously calculated. More detailed information can be found on the Group's website in Carbon accounting report.

3. Regarding the incorrect conversion of units of measurement

Due to an incorrect conversion of units of measurement, the figure in section '6.2 Environment', table 'Total Use of Land Area' (Thermal) has been amended retrospectively for the year 2023 as reported in the Integrated Annual Report 2023. There has been no physical increase in the area.

4. Regarding the affect of CSRD requirements on energy consumption accounting

Due to the implementation of CSRD requirements, the figures in '6.2 Environment', table 'Energy consumption and mix' have been calculated and grouped differently, which may result in differences retrospectively for the year 2023 as reported in the Integrated Annual Report 2023, as a different standard for calculations was used.

7.3 Alternative Performance Measures

Indicator	Formula	Definition	Meaning and interpretation of indicator
Adjusted EBIT	Adjusted EBITDA - depreciation and amortization expenses - write-offs, revaluation and impairment losses of property, plant and equipment and intangible assets (excluding significant one-off items)	Adjusted EBITDA less depreciation and amortization expenses, write-offs, revaluation and impairment losses of property, plant and equipment and intangible assets except significant one-off items (if any).	Adjusted EBIT is a profit measure, which allows for a more reliable comparison of the Group's results over time and with peers, than EBIT.
Adjusted EBIT margin	$\frac{\text{Adjusted EBIT}}{\text{Total revenue + management adjustments (for revenues)}}$	Profitability ratio, which shows Adjusted EBIT as a percentage of revenue	The higher the indicator value, the higher the profitability of the Group.
Adjusted EBITDA	EBITDA + temporary regulatory differences + result of asset rotation + significant one-off gains or losses	EBITDA after eliminating items, which are nonrecurring, and/or non-cash, and/or related to other periods, and/or non-related to the main activities of the Group, and after adding back items, which better reflect the result of the current period.	Adjusted EBITDA is a key measure of the Group's performance, used as a measure for Group's targets. This indicator allows for a more reliable comparison of the Group's results over time and with peers, than EBITDA.
Adjusted EBITDA margin	$\frac{\text{Adjusted EBITDA}}{\text{Total revenue + management adjustments (for revenues)}}$	Profitability ratio, which shows Adjusted EBITDA as a percentage of revenue.	The higher the indicator value, the higher the profitability of the Group. The indicator is also useful for monitoring Group's efficiency. The higher the Adjusted EBITDA margin of the Group, the lower the Group's OPEX compared to Revenue, and the higher the efficiency.
Adjusted net profit	Adjusted EBIT + finance income – finance expenses - Income tax (expenses)/benefit - adjustments' impact on income tax	Net profit after eliminating items which are non-recurring, and/or related to other periods, and/or non-related to the main activities of the Group, and after adding back items, which better reflect the result of the current period.	This is one of the key indicators that measures profitability of the Group. It is also used for computing Adjusted ROE, which is another key indicator of the Group's performance.
Adjusted net profit margin	$\frac{\text{Adjusted net profit}}{\text{Total revenue + management adjustments (for revenues)}}$	Profitability ratio, which shows Adjusted net profit as a percentage of revenue.	The higher the indicator value, the higher the profitability of the Group. The indicator is also useful for monitoring Group's efficiency.

Indicator	Formula	Definition	Meaning and interpretation of indicator
Adjusted return on equity (Adjusted ROE)	$\frac{\text{Adjusted net profit}}{\text{Average equity at the beginning and end of the reporting period}}$	Profitability ratio of Adjusted net profit in relation to equity.	Adjusted ROE is a key measure of Group's performance, used for setting up and monitoring of Group's targets. The principal shareholder of the Group express expectation in terms of Adjusted ROE. Adjusted return on equity shows how effectively the company is using shareholders' capital to generate profits.
Asset turnover	$\frac{\text{Total revenue}}{\text{Average Total assets at the beginning and end of the reporting period}}$	Efficiency ratio, which measures revenues relative to total assets.	The indicator shows the effectiveness of use of the Group's assets. A higher value indicates a higher degree of effectiveness in managing the assets.
Capital employed	Net debt + Equity	Capital employed is a financial metric that represents the total amount of capital used by a company to generate profits	The indicator represents the total amount of financial resources employed in a business.
Current ratio	$\frac{\text{Current assets at the end of the period}}{\text{Current liabilities at the end of the period}}$	Liquidity ratio, which shows how many times current assets cover current liabilities.	Current ratio shows the ability of the Group to meet its current liabilities by using its current assets and reflects the liquidity position of the Group. The higher the ratio, the better the liquidity position.
Dividend pay-out	$\frac{\text{Dividend per share (DPS)}}{\text{Earnings per share (EPS)}}$	The ratio of the total amount of dividends to be paid out to shareholders relative to the net profit of the parent company.	The indicator shows the percentage of earnings to be paid to shareholders via dividends.
Dividend per share (DPS)	$\frac{\text{Total proposed dividend for the reporting period}}{\text{Weighted average numbers of nominal shares for the reporting period}}$	Profitability ratio, which shows proposed dividends for the period attributable to one ordinary nominal share.	The higher the indicator value, the higher the dividends attributable to one security for the period.
Dividend yield	$\frac{\text{DPS}}{\text{Ordinary registered shares or GDR price at the end of reporting period}}$	Profitability ratio, which shows how much a company pays out in dividends each year relative to its security price.	The dividend yield is an estimate of the dividend-only return of a security investment.
Earnings per share (EPS)	$\frac{\text{Net profit of the period attributable to equity holders of the parent company}}{\text{Weighted average numbers of nominal shares for the reporting period}}$	Profitability ratio, which shows net profit for the period attributable to equity holders of the parent to one security at the end of reporting period.	The higher the indicator value, the higher the profitability attributable to one security for the period.

Indicator	Formula	Definition	Meaning and interpretation of indicator
EBIT	EBITDA - Depreciation and amortisation - Write-offs, revaluation and impairment losses of property, plant and equipment and intangible assets	EBIT – earnings before interest and tax expenses are deducted.	Profit measure used as a proxy for operating cash flow, after accounting for estimate of capital expenditures through depreciation and amortization expenses
EBIT margin	$\frac{\text{EBIT}}{\text{Total revenue}}$	Profitability ratio, which shows EBIT as a percentage of revenue.	The higher the indicator value, the higher the profitability of the Group.
EBITDA	Total revenue - Purchases of electricity, gas and other services - Salaries and related expenses - Repair and maintenance expenses - Other expenses	EBITDA - earnings before interest, taxes, depreciation, and amortization.	Profit measure used as a proxy for operating cash flow.
EBITDA margin	$\frac{\text{EBITDA}}{\text{Total revenue}}$	Profitability ratio, which shows EBITDA as a percentage of revenue.	The higher the indicator value, the higher the profitability of the Group.
Equity ratio	$\frac{\text{Equity at the end of the period}}{\text{Total assets at the end of the period}}$	Leverage ratio, which shows the proportion of the total assets financed by equity	This indicator shows the share of equity in the capital structure. The lower the ratio, the more the Group depends on debt financing to fund its activities.
Free Cash Flow (FCF)	FFO + interests received- Investments + grants received + investments covered by guarantee + cash effect of new connection points and upgrades + cash inflow of proceeds from sale of property, plant, and equipment less gain or loss - change in net working capital.	Free cash flow is the cashflow remaining to the Group after covering operating and capital expenditures.	The higher the FCF, the more cash flow is available for shareholders and lenders of the Group. If FCF is negative, the Group needs to raise additional financing to fund its operations.
Funds from operations (FFO)	EBITDA - interest paid - income tax paid	FFO is the proxy for Group's cashflow after taking into account EBITDA, interest paid, and income tax paid.	FFO shows the Group's ability to generate cash from operations. This indicator is used during the credit rating review process of the Group.
Gross debt	Non-current loans and bonds + Current loans+ Lease liabilities	Total debt of the Group.	Indicator shows the level of debt of the Group.

Indicator	Formula	Definition	Meaning and interpretation of indicator
Gross debt/Equity	$\frac{\text{Gross debt}}{\text{Equity}}$	Leverage ratio, which measures of the degree to which the Group is financing its operations through debt versus equity.	The lower the indicator value, the greater the Group's ability to meet its financial liabilities and attract new debt capital. It is one of the indicators specified in the Group's dividend policy.
Investments	Additions of property, plant and equipment and intangible assets + assets acquired through the acquisition of subsidiaries + additions of other financial assets + additions of investment property + Capital granted (related with development projects with no controlling interest by the Group) + Prepayments for property, plant, and equipment - Prepayments for non-current assets reclassified to additions of property, plant and equipment or intangible assets – Contingent considerations (business combinations)	Capital spent on acquiring property, plant and equipment, intangible assets, other financial assets, and investment property, prepayments for non-current assets as well as assets acquired through the acquisition of subsidiaries.	Indicator shows the amount of capital the Group spends on acquiring, upgrading, and repairing non-current tangible and intangible assets, other financial assets and investment property, as well as assets acquired through the acquisition of subsidiaries. This is one of the main indicators that significantly impacts the Group's cash flows and leverage levels.
Net debt	Non-current loans and bonds + Current loans+ Lease liabilities - Cash and cash equivalents - Short-term deposits	Net debt of the Group is the total debts to financial institutions, issued bonds and related interest payables and lease liabilities, net of cash and cash equivalents and short-term deposits.	Net debt shows the level of indebtedness of the Group if its cash and cash equivalents and short-term deposits were used to pay out the outstanding debt. Indicator is used during the credit rating review process of the Group.
Net debt/Adjusted EBITDA	$\frac{\text{Net debt}}{\text{Adjusted EBITDA}}$	Leverage ratio, which shows the Group's ability to repay its debt from the profit earned.	The value of the indicator shows how many years it would take for the Group to pay back its debt if Net debt and Adjusted EBITDA were held constant. The lower the indicator value, the greater the Group's ability to cover its financial liabilities from the profit earned. This is one of the key indicators of the Group's leverage level.
Net debt/EBITDA	$\frac{\text{Net debt}}{\text{EBITDA}}$	Leverage ratio, which shows the Group's ability to repay its debt from the profit earned.	The value of the indicator shows how many years it would take for the Group to pay back its debt if Net debt EBITDA were held constant. The lower the indicator value, the greater the Group's ability to cover its financial liabilities from the profit earned. This indicator is used during the credit rating review process of the Group.
Net working capital	Current assets (excluding non-current assets held for sale) - cash and cash equivalents - other current financial assets - short-term deposits - short term interest receivables – prepaid income tax - derivative financial instruments assets - amounts receivable on disposal of property plant and equipment + non-current receivables (excluding EPSO-G) - current liabilities (excluding non-current liabilities of assets held for sale) + current portion of non-current loans + current loans + current lease liabilities + payable income tax + current portion of deferred revenue related to new customers connection and upgrade fees + derivative financial instruments liabilities + current provision + dividends payable	Net working capital shows the amount of capital, other than that used for investing in noncurrent assets, tied in business operations.	Net working capital is a measure of operating efficiency. The lower the net working capital, the more efficient the Group's operations and use of funds.

Indicator	Formula	Definition	Meaning and interpretation of indicator
Net working capital/ Revenue	$\frac{\text{Net working capital}}{\text{Total revenue}}$	Efficiency ratio, which shows Net working capital as proportion of revenue.	Net working capital/Revenue is a measure of operating efficiency. The lower the indicator, the more efficient the Group's operations and use of funds.
OPEX	Salaries and related expenses + repair and maintenance expenses + other expenses - Ineffective energy hedging result	Selling, general and administrative expense.	This indicator helps management to evaluate the effectiveness of the Group's operations by monitoring the overhead expenses.
Return on assets (ROA)	$\frac{\text{Net profit}}{\text{Average assets at the beginning and end of the reporting period}}$	Profitability ratio, which shows how well the Group employs its total assets.	This indicator shows how well the Group utilizes its assets to generate profit. A higher indicator value shows higher profitability of the Group's total assets.
Return on Capital Employed (ROCE)	$\frac{\text{EBIT}}{\text{Average Capital employed at the beginning and end of the reporting period}}$	Profitability ratio, which shows how well the Group employs its capital.	This indicator shows how well the Group utilizes its capital employed to generate profit. A higher indicator value shows higher profitability of the Group's capital employed.
Return on equity (ROE)	$\frac{\text{Net profit}}{\text{Average equity at the beginning and end of the reporting period}}$	Profitability ratio of net profit in relation to equity.	ROE is a measure of Group's performance. Return on equity shows how effectively the Group is using shareholders' capital to generate profits.
Taxonomy CAPEX	Additions (including acquisitions through business combinations) of property, plant and equipment, intangible assets (except goodwill), investment property + additions of right-of-use assets	Capital expenditures calculated as defined by the EU Commission Delegated Regulation 2021/2178.	This indicator shows capital expenditures related with additions and acquisitions through business combinations of property, plant and equipment, intangible assets (except goodwill) and investment property as well as additions of right-of-use assets and is used to calculate capital expenditure KPI under the EU Taxonomy.
Taxonomy OPEX	Repair and maintenance expenses + short-term lease expenses + IT maintenance expenses	Operational expenses calculated as defined by the EU Commission Delegated Regulation 2021/2178 (including differences described in 'Accounting policies' of the section '6.2 Environment' under 'Disclosures under the EU Taxonomy Regulation').	This indicator shows costs related to maintenance and repair, short-term lease, IT maintenance expenses and is used to calculate operating expenditure KPIs under the EU Taxonomy.

7.4 Performance of the Group companies

The parent company, the Group companies and their performance during the reporting period (2024)[1]

AB “Ignitis grupė”
Parent company – management and coordination of activities of the Group companies

Company code: 301844044
Legal form: Public Limited Liability Company
Registered address: Laisvės Ave. 10, Vilnius
Effective ownership interest: n/a
Share capital: EUR 1,658,756,293.81
Website: https://ignitisgrupe.lt/en
Email: grupe@ignitis.lt
Establishment date and register: 28 August 2008, Lithuanian Register of Legal Entities

Performance, EURm	**Consolidated**[2]	**Standalone**
Revenue	2,307.0	214.0
Expenses	(1,774.3)	(20.5)
Adjusted EBITDA	527.9	(14.2)
Net profit	276.2	223.3
Investments	812.0	3.8
Assets	5,706.0	3,729.1
Equity	2,436.8	2229.8
Liabilities	3,269.2	1,499.3
Number of employees	**4,688**	**63**

UAB “Ignitis renewables”
Coordination of operation, supervision, and development of renewable energy projects

Company code: 304988904
Registered address: Laisvės Ave. 10, Vilnius
Effective ownership interest: AB “Ignitis grupė” - 100%
Share capital: EUR 19,021,910.00
Website: https://ignitisrenewables.com/

Performance, EURm	**Consolidated**[3]	**Standalone**
Revenue	85.2	12.4
Expenses	(46.2)	(26.0)
Adjusted EBITDA	29.3	(18.3)
Net profit	4.6	(13.5)
Investments	416.7	50.1
Assets	1,659.5	1,341.5
Equity	256.1	213.3
Liabilities	1,403.4	1,128.2
Number of employees	**276**	**172**

[1] *Unaudited results, except for AB “Ignitis grupė”, AB “Energijos skirstymo operatorius“, AB “Ignitis gamyba” UAB “Ignitis “, UAB “Vėjo vatas”, UAB “VVP investment”, UAB “Eurakras” and UAB Elektroninių mokėjimų agentūra.*

[2] *AB “Ignitis grupė” consolidated numbers include results of all Group companies detailed in section ‘4.8 Group’s structure‘ of this report.*

[3] *UAB “Ignitis renewables” consolidated numbers include results of UAB “Ignitis renewables”, Pomerania Wind Farm Sp. z o. o., Silezia1 Wind Farm Sp. z o.o., Tuuleenergia OÜ, UAB “EURAKRAS”, UAB “VĖJO VATAS”, UAB “VĖJO VATAS”, UAB “VVP Investment”, UAB “VĖJO GŪSIS”, Sunrise 1 sp. z o.o., Sunrise 2 sp. z o.o., Sunrise 4 sp. z o.o., Ignitis Renewables Polska Sp. z o. o., Ignitis RES DEV Sp. z o. o. Silezia2 Wind Farm S.A., IGN RES DEV1 SIA, IGN RES DEV2 SIA, IGN RES DEV3 SIA, IGN RES DEV4 SIA, IGN RES DEV5 SIA, IGN RES DEV6 SIA, IGN RES DEV7 SIA, SP Venta SIA, BRVE SIA, CVE SIA, Ignitis renewables Latvia SIA, UAB “Plungės vėjo energija”, UAB "WINDLIT", UAB “Vėjas LT”, UAB ARROW CLUSTER, UAB “Ignitis renewables projektai”, UAB “Ignitis renewables projektai 2”, UAB ARROW HOLDCO, UAB “Ignitis renewables projektai 5”, UAB “Ignitis renewables projektai 6”, UAB “Ignitis renewables projektai 7”, UAB “Ignitis renewables projektai 8”, UAB “Ignitis renewables projektai 9”, UAB “Ignitis renewables projektai 10”, UAB “Ignitis renewables projektai 11”,UAB “Ignitis renewables offshore development”, UAB "Offshore wind farm 1”, Ignitis renewables Estonia OÜ, Ignitis renewables DevCo1 OÜ, TÕRVA 1 ENERGIAPARK OÜ, PÄRNU 1 ENERGIAPARK OÜ, KADRINA 1 ENERGIAPARK OÜ.*

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: https://ignitisgrupe.lt/en/ignitis-renewables-projektai-uab

Performance, EURm	
Revenue	-
Expenses	(0.1)
Adjusted EBITDA	(0.1)
Net profit	(0.1)
Investments	0.4
Assets	0.7
Equity	0.4
Liabilities	0.3
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: https://ignitisgrupe.lt/en/ignitis-renewables-projektai-2-uab

Performance, EURm	
Revenue	-
Expenses	(0.1)
Adjusted EBITDA	(0.1)
Net profit	(0.1)
Investments	0.0
Assets	0.2
Equity	(0.2)
Liabilities	0.3
Number of employees	**1**

UAB "ARROW HOLDCO"
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: https://ignitisgrupe.lt/en/companies/arrow-holdco-uab

Performance, EURm	
Revenue	-
Expenses	(0.0)
Adjusted EBITDA	(0.0)
Net profit	(0.0)
Investments	-
Assets	0.2
Equity	(0.1)
Liabilities	0.3
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: https://ignitisgrupe.lt/en/ignitis-renewables-offshore-development-uab

Performance, EURm	
Revenue	-
Expenses	(1.5)
Adjusted EBITDA	(1.5)
Net profit	(1.4)
Investments	2.2
Assets	3.4
Equity	(1.4)
Liabilities	4.8
Number of employees	**2**

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: https://ignitisgrupe.lt/en/ignitis-renewables-projektai-5-uab

Performance, EURm	
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	**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: https://ignitisgrupe.lt/en/ignitis-renewables-projektai-6-uab

Performance, EURm	
Revenue	-
Expenses	(0.1)
Adjusted EBITDA	(0.1)
Net profit	(0.4)
Investments	2.9
Assets	3.3
Equity	(0.4)
Liabilities	3.7
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: https://ignitisgrupe.lt/en/ignitis-renewables-projektai-7-uab

Performance, EURm	
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	**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: https://ignitisgrupe.lt/en/ignitis-renewables-projektai-8-uab

Performance, EURm	
Revenue	-
Expenses	(0.2)
Adjusted EBITDA	(0.2)
Net profit	(0.2)
Investments	0.1
Assets	0.2
Equity	(0.2)
Liabilities	0.4
Number of employees	**1**

UAB "Ignitis renewables projektai 9"
Development of renewable energy projects

Company code: 306734961
Registered address: Laisvės Ave. 10, Vilnius
Effective ownership interest: UAB "Ignitis renewables" - 100%
Share capital: EUR 1,000
Website: https://ignitisgrupe.lt/en/ignitis-renewables-projektai-9-uab

Performance, EURm	
Revenue	-
Expenses	(0.1)
Adjusted EBITDA	(0.1)
Net profit	(0.1)
Investments	0.1
Assets	0.2
Equity	(0.1)
Liabilities	0.4
Number of employees	**1**

UAB "Ignitis renewables projektai 10"
Development of renewable energy projects

Company code: 306735351
Registered address: Laisvės Ave. 10, Vilnius
Effective ownership interest: UAB "Ignitis renewables" - 100%
Share capital: EUR 1,000
Website: https://ignitisgrupe.lt/en/ignitis-renewables-projektai-10-uab

Performance, EURm	
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	**1**

UAB "Ignitis renewables projektai 11"
Development of renewable energy projects

Company code: 306741831
Registered address: Laisvės Ave. 10, Vilnius
Effective ownership interest: UAB "Ignitis renewables" - 100%
Share capital: EUR 1,000
Website: https://ignitisgrupe.lt/en/companies/ignitis-renewables-projektai-11-uab

Performance, EURm	
Revenue	-
Expenses	(0.0)
Adjusted EBITDA	(0.0)
Net profit	(0.0)
Investments	0.0
Assets	0.0
Equity	(0.0)
Liabilities	0.0
Number of employees	**1**

Sunrise 1 sp. z o.o.
Operation and development of renewable energy projects

Company code: 0000915519
Registered address: Kongresowa 7, 25-672 Kielce, Poland
Effective ownership interest: UAB "Ignitis renewables" - 100%
Share capital: PLN 5,000
Website: https://ignitisgrupe.lt/en/companies/Sunrise-1

Performance, EURm	
Revenue	0.1
Expenses	(0.1)
Adjusted EBITDA	(0.1)
Net profit	(0.2)
Investments	0.2
Assets	6.5
Equity	(0.1)
Liabilities	6.5
Number of employees	**0**[1]

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

Sunrise 2 sp. z o.o.
Operation and development of renewable energy projects

Company code: 0000915740
Registered address: Kongresowa 7, 25-672 Kielce, Poland
Effective ownership interest: UAB "Ignitis renewables" - 100%
Share capital: PLN 5,000
Website: https://ignitisgrupe.lt/en/companies/Sunrise-2

Performance, EURm	
Revenue	0.1
Expenses	(0.1)
Adjusted EBITDA	(0.0)
Net profit	(0.1)
Investments	0.2
Assets	5.8
Equity	0.0
Liabilities	5.8
Number of employees	**0**[1]

Sunrise 4 sp. z o.o.
Operation and development of renewable energy projects

Company code: 0000915737
Registered address: Kongresowa 7, 25-672 Kielce, Poland
Effective ownership interest: UAB "Ignitis renewables" - 100%
Share capital: PLN 5,000
Website: https://ignitisgrupe.lt/en/companies/Sunrise-4

Performance, EURm	
Revenue	0.0
Expenses	(0.0)
Adjusted EBITDA	(0.0)
Net profit	(0.0)
Investments	1.6
Assets	9.9
Equity	(0.0)
Liabilities	10.0
Number of employees	**0**[1]

UAB "EURAKRAS"
Operation of renewable energy projects

Company code: 300576942
Registered address: Laisvės Ave. 10, Vilnius
Effective ownership interest: UAB "Ignitis renewables" - 100%
Share capital: EUR 4,620,539.04
Website: https://ignitisgrupe.lt/en/eurakras-uab

Performance, EURm	
Revenue	8.5
Expenses	(2.5)
Adjusted EBITDA	6.0
Net profit	4.1
Investments	0.0
Assets	35.7
Equity	14.2
Liabilities	21.5
Number of employees	**1**

---

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

UAB "VĖJO GŪSIS"
Operation of renewable energy projects

Company code: 300149876
Registered address: Laisvės Ave. 10, Vilnius
Effective ownership interest: UAB "Ignitis renewables" - 100%
Share capital: EUR 7,442,720.00
Website: https://ignitisgrupe.lt/en/vejo-gusis-uab

Performance, EURm	
Revenue	5.1
Expenses	(1.6)
Adjusted EBITDA	3.5
Net profit	2.9
Investments	2.7
Assets	29.8
Equity	13.8
Liabilities	16.1
Number of employees	**1**

UAB "VVP Investment"
Operation of renewable energy projects

Company code: 302661590
Registered address: Laisvės Ave. 10, Vilnius
Effective ownership interest: UAB "Ignitis renewables" - 100%
Share capital: EUR 253,110.40
Website: https://ignitisgrupe.lt/en/vvp-investment-uab

Performance, EURm	
Revenue	15.3
Expenses	(4.1)
Adjusted EBITDA	11.1
Net profit	3.3
Investments	-
Assets	91.5
Equity	20.2
Liabilities	71.3
Number of employees	**1**

UAB "VĖJO VATAS"
Operation of renewable energy projects

Company code: 110860444
Registered address: Laisvės Ave. 10, Vilnius
Effective ownership interest: UAB "Ignitis renewables" - 100%
Share capital: EUR 2,896,000.00
Website: https://ignitisgrupe.lt/en/vejo-vatas-uab

Performance, EURm	
Revenue	4.0
Expenses	(1.3)
Adjusted EBITDA	2.7
Net profit	1.6
Investments	0.1
Assets	13.3
Equity	6.2
Liabilities	7.1
Number of employees	**1**

UAB ARROW CLUSTER
Development of renewable energy projects

Company code: 306163651
Registered address: Laisvės Ave. 10, Vilnius
Effective ownership interest: UAB "Ignitis renewables" - 100%
Share capital: EUR 2,500
Website: https://ignitisgrupe.lt/en/companies/uab-arrow-cluster

Performance, EURm	
Revenue	-
Expenses	(0.0)
Adjusted EBITDA	(0.0)
Net profit	(0.1)
Investments	-
Assets	0.0
Equity	(0.1)
Liabilities	0.1
Number of employees	**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: https://ignitisgrupe.lt/en/plunges-vejo-energija-uab

Performance, EURm	
Revenue	-
Expenses	(0.1)
Adjusted EBITDA	(0.1)
Net profit	(0.1)
Investments	0.0
Assets	0.2
Equity	(0.1)
Liabilities	0.4
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: https://ignitisgrupe.lt/en/offshore-wind-farm-1-uab

Performance, EURm	
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	**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 6,002,929.24
Website: https://ignitisgrupe.lt/en/uab-windlit

Performance, EURm	
Revenue	0.2
Expenses	(0.5)
Adjusted EBITDA	(0.3)
Net profit	(0.4)
Investments	177.0
Assets	266.0
Equity	41.5
Liabilities	224.5
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 4,002,900.16
Website: https://ignitisgrupe.lt/en/vejas-uab

Performance, EURm	
Revenue	2.3
Expenses	(0.5)
Adjusted EBITDA	1.8
Net profit	1.5
Investments	45.9
Assets	178.5
Equity	25.0
Liabilities	153.4
Number of employees	**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: https://ignitisgrupe.lt/en/companies/sia-ign-res-dev1

Performance, EURm	
Revenue	-
Expenses	(0.0)
Adjusted EBITDA	(0.0)
Net profit	(0.0)
Investments	0.0
Assets	0.5
Equity	0.5
Liabilities	0.0
Number of employees	**0**[1]

---

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

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: https://ignitisgrupe.lt/en/sia-ign-res-dev2

Performance, EURm	
Revenue	-
Expenses	(0.4)
Adjusted EBITDA	(0.4)
Net profit	(0.5)
Investments	8.1
Assets	21.7
Equity	10.0
Liabilities	11.7
Number of employees	**0**[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: https://ignitisgrupe.lt/en/sia-ign-res-dev3

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: https://ignitisgrupe.lt/en/sia-ign-res-dev4

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]

---

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

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: https://ignitisgrupe.lt/en/sia-ign-res-dev5

Performance, EURm	
Revenue	-
Expenses	(0.0)
Adjusted EBITDA	(0.0)
Net profit	(0.0)
Investments	0.1
Assets	0.3
Equity	0.1
Liabilities	0.2
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: https://ignitisgrupe.lt/en/sia-ign-res-dev6

Performance, EURm	
Revenue	-
Expenses	(0.0)
Adjusted EBITDA	(0.0)
Net profit	(0.0)
Investments	0.1
Assets	0.2
Equity	0.1
Liabilities	0.1
Number of employees	**0**[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: https://ignitisgrupe.lt/en/sia-ign-res-dev7

Performance, EURm	
Revenue	-
Expenses	(0.0)
Adjusted EBITDA	(0.0)
Net profit	(0.0)
Investments	0.0
Assets	0.1
Equity	0.0
Liabilities	0.0
Number of employees	**0**[1]

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

Ignitis renewables Latvia SIA
Development of renewable energy projects

Company code: 40203380662
Registered address: Gustava Zemgala St. 74A, Rīga, Latvia
Effective ownership interest: UAB "Ignitis renewables" - 100%
Share capital: EUR 2,000,000.00
Website: https://ignitisgrupe.lt/en/sia-ignitis-renewables-latvia

Performance, EURm	
Revenue	2.5
Expenses	(3.8)
Adjusted EBITDA	(1.2)
Net profit	(1.4)
Investments	0.4
Assets	3.0
Equity	0.5
Liabilities	2.5
Number of employees	**47**

"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 6,793,800
Website: https://ignitisgrupe.lt/en/companies/sia-sp-venta

Performance, EURm	
Revenue	-
Expenses	(0.6)
Adjusted EBITDA	(0.6)
Net profit	(0.6)
Investments	91.2
Assets	143.2
Equity	121.1
Liabilities	22.1
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: https://ignitisgrupe.lt/en/companies/cve-sia

Performance, EURm	
Revenue	-
Expenses	(0.1)
Adjusted EBITDA	(0.1)
Net profit	(0.1)
Investments	0.6
Assets	4.5
Equity	3.1
Liabilities	1.4
Number of employees	**0**[1]

---

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

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: https://ignitisgrupe.lt/en/companies/brve-sia

Performance, EURm	
Revenue	-
Expenses	(0.1)
Adjusted EBITDA	(0.1)
Net profit	(0.1)
Investments	0.6
Assets	3.8
Equity	2.9
Liabilities	1.0
Number of employees	**0**[1]

Tuuleenergia osaühing
Operation of renewable energy projects

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: https://ignitisgrupe.lt/en/companies/osauhing-tuuleenergia

Performance, EURm	
Revenue	4.8
Expenses	1.8
Adjusted EBITDA	6.6
Net profit	4.3
Investments	-
Assets	27.7
Equity	8.9
Liabilities	18.8
Number of employees	**1**

Pomerania Wind Farm sp. z o. o.
Operation 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: https://ignitisgrupe.lt/en/companies/sp-z-o-o-pomerania-wind-farm

Performance, EURm	
Revenue	24.9
Expenses	(5.2)
Adjusted EBITDA	19.7
Net profit	11.4
Investments	-
Assets	165.7
Equity	62.2
Liabilities	103.5
Number of employees	**0**[1]

---

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

Silezia1 Wind Farm Sp. z o. o.
Operation of renewable energy projects

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: https://ignitisgrupe.lt/en/companies/sp-z-oo-silesia1-wind-farm

Performance, EURm	
Revenue	7.0
Expenses	(1.3)
Adjusted EBITDA	5.6
Net profit	2.7
Investments	7.6
Assets	84.6
Equity	50.6
Liabilities	34.0
Number of employees	**0**[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: https://ignitisgrupe.lt/en/companies/ignitis-renewables-polska-sp-z-oo

Performance, EURm	
Revenue	0.5
Expenses	(3.7)
Adjusted EBITDA	(3.2)
Net profit	(2.8)
Investments	-
Assets	32.4
Equity	30.9
Liabilities	1.5
Number of employees	**29**

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: https://ignitisgrupe.lt/en/companies/sp-z-o-o-ignitis-res-dev

Performance, EURm	
Revenue	-
Expenses	(0.2)
Adjusted EBITDA	(0.2)
Net profit	(0.3)
Investments	1.4
Assets	2.0
Equity	(0.4)
Liabilities	2.4
Number of employees	**0**[1]

---

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

Silezia2 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: https://ignitisgrupe.lt/en/companies/sa-silesia2-wind-farm

Performance, EURm	
Revenue	3.7
Expenses	(3.5)
Adjusted EBITDA	0.2
Net profit	3.3
Investments	24.5
Assets	251.4
Equity	100.3
Liabilities	151.1
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: https://ignitisgrupe.lt/en/companies/devco-ou-estonia-offshore-wind

Performance, EURm	
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]

Ignitis renewables Estonia OÜ
Development of renewable energy projects

Company code: 17035681
Registered address: Harju maakond, Tallinn, Kesklinna linnaosa, Hobujaama tn 4, 10151
Effective ownership interest: UAB "Ignitis renewables" – 100%
Share capital: EUR 2,500
Website: https://ignitisgrupe.lt/en/companies/estonia-ou-ignitis-renewables

Performance, EURm	
Revenue	-
Expenses	(0.2)
Adjusted EBITDA	(0.2)
Net profit	(0.2)
Investments	-
Assets	0.1
Equity	(0.2)
Liabilities	0.3
Number of employees	**66**

---

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

Ignitis renewables DevCo1 OÜ
Development of renewable energy projects

Company code: 17031447
Registered address: Harju maakond, Tallinn, Kesklinna linnaosa, Hobujaama tn 4, 10151
Effective ownership interest: UAB "Ignitis renewables" – 100%
Share capital: EUR 2,500
Website: https://ignitisgrupe.lt/en/companies/estonia-ou-ignitis-renewables

Performance, EURm	
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]

Kadrina 1 Energiapark OÜ
Development of renewable energy projects

Company code: 17122397
Registered address: Harju maakond, Tallinn, Kesklinna linnaosa, Tartu mnt 82, 10112
Effective ownership interest: Ignitis renewables DevCo1 OÜ – 50%, RNW Projects OÜ – 50%
Share capital: EUR 100
Website: https://ignitisgrupe.lt/en/companies/kadrina-1-energiapark-ou-en

Performance, EURm	
Revenue	-
Expenses	-
Adjusted EBITDA	-
Net profit	-
Investments	-
Assets	0.0
Equity	0.0
Liabilities	-
Number of employees	**0**[1]

Pärnu 1 Energiapark OÜ
Development of renewable energy projects

Company code: 17122397
Registered address: Harju maakond, Tallinn, Kesklinna linnaosa, Tartu mnt 82, 10112
Effective ownership interest: Ignitis renewables DevCo1 OÜ – 50%, RNW Projects OÜ – 50%
Share capital: EUR 100
Website: https://ignitisgrupe.lt/en/companies/parnu-1-energiapark-ou-en

Performance, EURm	
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.*

Tõrva 1 Energiapark OÜ
Development of renewable energy projects

Company code: 17122374
Registered address: Harju maakond, Tallinn, Kesklinna linnaosa, Tartu mnt 82, 10112
Effective ownership interest: Ignitis renewables DevCo1 OÜ – 50%, RNW Projects OÜ – 50%
Share capital: EUR 100
Website: https://ignitisgrupe.lt/en/companies/torva-1-energiapark-ou-en

Performance, EURm	
Revenue	-
Expenses	-
Adjusted EBITDA	-
Net profit	-
Investments	-
Assets	0.0
Equity	0.0
Liabilities	-
Number of employees	**0**[1]

UAB Vilniaus kogeneracinė jėgainė
Development and operation of cogeneration power plant project

Company code: 303782367
Registered address: Laisvės Ave. 10, Vilnius
Effective ownership interest : AB "Ignitis grupė" - 100%
Share capital: EUR 52,300,000.12
Website: https://www.vkj.lt/

Performance, EURm	
Revenue	88.8
Expenses	(50.1)
Adjusted EBITDA	38.7
Net profit	17.5
Investments	8.9
Assets	423.6
Equity	91.8
Liabilities	331.8
Number of employees	**126**

UAB Kauno kogeneracinė jėgainė
Electricity and heat production from waste

Company code: 303792888
Registered address: Jėgainės St. 6, Biruliškės, Karmėlava mun., Kaunas district
Effective ownership interest: AB “Ignitis grupė” – 51%, UAB Gren Lietuva – 49%
Share capital: EUR 40,000,000
Website: https://kkj.lt/en

Performance, EURm	
Revenue	53.9
Expenses	(16.9)
Adjusted EBITDA	37.0
Net profit	26.4
Investments	1.7
Assets	172.1
Equity	70.7
Liabilities	101.4
Number of employees	**43**

---

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

AB “Energijos skirstymo operatorius”
Distribution of electricity and natural gas, supply of last resort service

Company code: 304151376
Registered address: Laisvės Ave. 10, Vilnius
Effective ownership interest: AB "Ignitis grupė" - 100%
Share capital: EUR 259,442,796.57
Website: https://www.eso.lt/web/en

Performance, EURm	
Revenue	703.5
Expenses	(498.0)
Adjusted EBITDA	222.8
Net profit	62.6
Investments	337.5
Assets	2,416.1
Equity	763.7
Liabilities	1,652.4
Number of employees	**2,620**

AB “Ignitis gamyba”
Operation and development of renewable energy projects and operation of reserve capacities assets

Company code: 302648707
Registered address: Elektrinės St. 21, Elektrėnai
Effective ownership interest: AB "Ignitis grupė" - 100%
Share capital: EUR 187,920,762.41
Website: https://ignitisgamyba.lt/en

Performance, EURm	
Revenue	345.8
Expenses	(146.7)
Adjusted EBITDA	199.1
Net profit	155.7
Investments	28.2
Assets	656.6
Equity	355.9
Liabilities	300.7
Number of employees	**405**

UAB “Ignitis gamyba projektai”
Operation and development of renewable energy projects and operation of reserve capacities assets

Company code: 306668333
Registered address: Elektrinės St. 21, Elektrėnai
Effective ownership interest: AB "Ignitis grupė" - 100%
Share capital: EUR 20,000[1]
Website: https://ignitisgrupe.lt/en/companies/ignitis-gamyba-projektai-uab

Performance, EURm	
Revenue	-
Expenses	(0.0)
Adjusted EBITDA	(0.0)
Net profit	(0.0)
Investments	-
Assets	0.0
Equity	0.0
Liabilities	-
Number of employees	**1**

[1] *On February 3, 2025, the company's share capital was increased to EUR 10,240,000.*

UAB “Ignitis”
Supply and trading of energy, EV network development

Company code: 303383884
Registered address: Laisvės Ave. 10, Vilnius
Effective ownership interest: AB "Ignitis grupė" - 100%
Share capital: EUR 41,155,000.26
Website: https://ignitis.lt/en/electricity-home

Performance, EURm	**Consolidated**[1]	**Standalone**
Revenue	1,227.0	969.5
Expenses	(1,188.0)	(938.5)
Adjusted EBITDA	7.1	(0.9)
Net profit	(21.5)	20.9
Investments	25.8	12.5
Assets	479.4	439.6
Equity	80.9	70.1
Liabilities	398.5	369.5
Number of employees	**450**	**384**

Ignitis Eesti OÜ
Supply and trading of energy, EV network development

Company code: 12433862
Registered address: Narva St. 5, 10117 Tallinn, Estonia
Effective ownership interest: UAB “Ignitis” - 100%
Share capital: EUR 170,000
Website: https://ignitis.ee/

Performance, EURm	
Revenue	0.0
Expenses	(0.7)
Adjusted EBITDA	(0.7)
Net profit	(0.8)
Investments	5.9
Assets	6.6
Equity	1.1
Liabilities	5.5
Number of employees	**12**

Ignitis Latvia, SIA
Supply and trading of energy, EV network development

Company code: 40103642991
Registered address: Gustava Zemgala St. 74A, Riga, Latvia
Effective ownership interest: UAB “Ignitis” - 100%
Share capital: EUR 11,500,000
Website: https://ignitis.lv/

Performance, EURm	
Revenue	95.5
Expenses	(94.1)
Adjusted EBITDA	1.4
Net profit	0.7
Investments	11.7
Assets	36.7
Equity	10.2
Liabilities	26.4
Number of employees	**32**

---

[1] UAB “Ignitis” consolidated numbers include results of Ignitis Latvija SIA, Ignitis Eesti OÜ, Ignitis Polska Sp. z o. o., Ignitis Suomi Oy.

Ignitis Polska sp. z o. o.
Supply and trading of energy

Company code: 0000681577
Registered address: Puławska St. 2A, 02-566, Warsaw, Poland
Effective ownership interest: UAB "Ignitis" - 100%
Share capital: PLN 10,500,000
Website: https://ignitis.pl/en/

Performance, EURm	
Revenue	161.1
Expenses	(154.8)
Adjusted EBITDA	6.3
Net profit	4.6
Investments	-
Assets	38.2
Equity	6.5
Liabilities	31.8
Number of employees	**20**

Ignitis Suomi Oy
Supply and trading of energy

Company code: 3202810-4
Registered address: Firdonkatu 2, Workery West, 6th floor 00520 Helsinki, Finland
Effective ownership interest: UAB "Ignitis" - 100%
Share capital: EUR 200,000
Website: https://www.ignitis.fi/

Performance, EURm	
Revenue	87.3
Expenses	(85.0)
Adjusted EBITDA	2.3
Net profit	0.7
Investments	-
Assets	30.3
Equity	0.9
Liabilities	29.5
Number of employees	**2**

UAB "Ignitis grupės paslaugų centras"
Shared business support services

Company code: 303200016
Registered address: Laisvės Ave. 10, Vilnius
Effective ownership interest: AB "Ignitis grupė" - 100%
Share capital: EUR 12,269,006.25
Website: https://ignitisgrupe.lt/en/companies/-ignitis-grupes-paslaugu-centras-uab

Performance, EURm	
Revenue	50.6
Expenses	(41.7)
Adjusted EBITDA	8.9
Net profit	1.3
Investments	12.6
Assets	43.3
Equity	13.8
Liabilities	29.5
Number of employees	**677**

UAB Elektroninių mokėjimų agentūra
Payment aggregation

Company code: 136031358
Registered address: Laisvės Ave. 10, Vilnius
Effective ownership interest: AB "Ignitis grupė" - 100%
Share capital: EUR 1,000,000
Website: https://ignitisgrupe.lt/en/companies/elektroniniu-mokejimu-agentura-uab

Performance, EURm	
Revenue	0.9
Expenses	(0.6)
Adjusted EBITDA	0.3
Net profit	0.2
Investments	0.2
Assets	1.8
Equity	1.7
Liabilities	0.1
Number of employees	**7**

UAB "Gamybos optimizavimas"
Planning, optimization, forecasting, trading, brokering and other electricity related services

Company code: 304972024
Registered address: Laisvės Ave. 10, Vilnius
Effective ownership interest: AB "Ignitis grupė" - 100%
Share capital: EUR 350,000
Website: https://ignitisgrupe.lt/en/companies/gamybos-optimizavimas-uab

Performance, EURm	
Revenue	1.1
Expenses	(1.2)
Adjusted EBITDA	(0.1)
Net profit	(0.1)
Investments	-
Assets	0.6
Equity	0.3
Liabilities	0.3
Number of employees	**9**

UAB "Transporto valdymas"
Vehicle rental, leasing, repair, maintenance, renewal, and service

Company code: 304766704
Registered address: Laisvės Ave. 10, Vilnius
Effective ownership interest: AB "Ignitis grupė" - 100%
Share capital: EUR 2,359,371.20
Website: https://www.tpvaldymas.eu/en/

Performance, EURm	
Revenue	5.6
Expenses	(1.9)
Adjusted EBITDA	3.7
Net profit	1.3
Investments	0.1
Assets	13.8
Equity	11.5
Liabilities	2.2
Number of employees	**11**

7.5 Compliance with the Corporate Governance Code

AB "Ignitis grupė" (the parent company), acting in compliance with Article 12(3) of the Law on Securities of the Republic of Lithuania (link in Lithuanian) and paragraph 24.5 of the Listing Rules of Nasdaq Vilnius AB, hereby discloses how it complies with the Corporate Governance Code for the Companies listed on Nasdaq Vilnius AB as well as its specific provisions or recommendations. In case of non-compliance with some of the provisions or recommendations of this Code or in case the requirements not being applicable the reasons are specified in the table below.

Overview of corporate governance

The corporate governance model of the Group was implemented following the governance guidelines approved by the Ministry of Finance of the Republic of Lithuania on 7 June 2013. The guidelines were updated several times and the current version was approved on 30 August 2022

Corporate governance activities are concentrated at the level of the parent company of the Group – the responsibilities of which involve coordination of such areas as finance, law, planning and monitoring, human resources, risk management, audit, technology, communication and other common areas of the Group entities. Activities of the Group entities in these areas are based on mutual agreement, i.e. cooperation with a focus on achievement of common result, and they are coordinated by policies (common provisions and norms) applicable to all Group entities. Use this link for the description of the corporate governance principles and of the governance and control system. More information on the management bodies ant its members, committees etc. is provided in the section '4 Governance' of this report and in the table below, in which information on compliance with the Corporate Governance Code for the Companies listed on Nasdaq Vilnius is disclosed.

The Group's disclosure was prepared in accordance with the current version of the Corporate Governance Code for the Companies listed on Nasdaq Vilnius, approved at the meeting of the Management Board of AB Nasdaq Vilnius on 15 January 2019 (Minutes No. 19-63), at the meeting of the Bank of Lithuania on 7 January 2019 (Decision No. 241-3) website.

Full-scope Governance is available in section 4 of this report.

Ignitis Group employees

Principles / recommendations	Yes / No / Not applicable	Commentary
Principle 1: General meeting of shareholders, equitable treatment of shareholders, and shareholders' rights. The corporate governance framework should ensure the equitable treatment of all shareholders. The corporate governance framework should protect the rights of shareholders.		
1.1. All shareholders should be provided with access to the information and/or documents established in the legal acts on equal terms. All shareholders should be furnished with equal opportunity to participate in the decision-making process where significant corporate matters are discussed.	Yes	All information that shall be public in accordance with legal acts is published in Lithuanian and English via informational system of stock-exchange Nasdaq Vilnius, London and on the website of the parent company. The place, date and time of the General Meeting of Shareholders convened by the parent company is determined in order to enable all shareholders to participate in the decision-making process where significant corporate matters are discussed.
1.2. It is recommended that the company's capital should consist only of the shares that grant the same rights to voting, ownership, dividend and other rights to all of their holders.	Yes	The parent company's authorized share capital consists of EUR 22.33 nominal value ordinary registered shares, which provide their holders equal property and non-property rights.
1.3. It is recommended that investors should have access to the information concerning the rights attached to the shares of the new issue or those issued earlier in advance, i.e. before they purchase shares.	Yes	The rights provided by the shares are indicated in the parent company's Articles of Association, which is publicly available on the parent company's website.

1.4. Exclusive transactions that are particularly important to the company, such as transfer of all or almost all assets of the company which in principle would mean the transfer of the company, should be subject to approval of the general meeting of shareholders.	Yes	The Articles of Association of the parent company provide that the General Meeting of Shareholders shall approve these particularly important decisions regarding:
		– the parent company becoming a founder or participant of other legal entities (except the decisions regarding becoming a founder or participant of associations);
		– the following of the companies of the Group companies of the parent company which have the status of companies of importance to national security and engage in generation, distribution and supply activities in the energy sector as well as of companies directly managed by the parent company which engage in activities in the energy generation sector:
		  – transfer, pledge, other restriction or disposal of shares or rights attached thereto;
		  – increase or reduction of the authorised capital or other actions that may alter the structure of the authorised capital (e.g. issue of convertible bonds);
		  – reorganization, separation, restructuring, liquidation, transformation or other actions changing the status of these companies;
		  – transfer of business or a substantial part of it.

1.5. Procedures for convening and conducting a general meeting of shareholders should provide shareholders with equal opportunities to participate in the general meeting of shareholders and should not prejudice the rights and interests of shareholders. The chosen venue, date and time of the general meeting of shareholders should not prevent active participation of shareholders at the general meeting. In the notice of the general meeting of shareholders being convened, the company should specify the last day on which the proposed draft decisions should be submitted at the latest.	Yes	The parent company convenes General Meetings of Shareholders and implements other meeting-related procedures in accordance with the procedure established in the Law on Companies of the Republic of Lithuania and provides all shareholders with equal opportunities to participate in the meeting, get familiarized with the draft resolutions and materials necessary for adopting the decisions. The notice of General Meetings of Shareholders specifies that the proposed draft decisions could be submitted at any time before or during the General Meeting of Shareholders in accordance to Law on Companies of the Republic of Lithuania.

Principles / recommendations	Yes / No / Not applicable	Commentary
1.6. With a view to ensure the right of shareholders living abroad to access the information, it is recommended, where possible, that documents prepared for the general meeting of shareholders in advance should be announced publicly not only in Lithuanian language but also in English and/or other foreign languages in advance. It is recommended that the minutes of the general meeting of shareholders after the signing thereof and/or adopted decisions should be made available publicly not only in Lithuanian language but also in English and/or other foreign languages. It is recommended that this information should be placed on the website of the company. Such documents may be published to the extent that their public disclosure is not detrimental to the company or the company's commercial secrets are not revealed.	Yes	All documents and information related to the General Meeting of Shareholders including notices of the meetings, draft decisions, decisions of the meetings are publicly announced in Lithuanian and English via information system of Nasdaq Vilnius and London stock exchange and on the parent company's website
1.7. Shareholders who are entitled to vote should be furnished with the opportunity to vote at the general meeting of shareholders both in person and in absentia. Shareholders should not be prevented from voting in writing in advance by completing the general voting ballot.	Yes	All shareholders may exercise their right to attend the General Meeting of Shareholders under the procedure laid down in the legal acts and this right is not restricted. The parent company provides information on how to implement this right in the notice of General Meeting of Shareholders.
1.8. With a view to increasing the shareholders' opportunities to participate effectively at general meetings of shareholders, it is recommended that companies should apply modern technologies on a wider scale and thus provide shareholders with the conditions to participate and vote in general meetings of shareholders via electronic means of communication. In such cases the security of transmitted information must be ensured and it must be possible to identify the participating and voting person.	No	At the moment the parent company does not comply with this recommendation as currently there are no means to ensure proper identification of the voting persons using electronic means of communication. Nevertheless, the parent company is actively looking for ways to address this issue. I the meantime, the parent company's Articles of Association have been amended to enable the option of attending and voting at the General Meeting by electronic means.
1.9. It is recommended that the notice on the draft decisions of the general meeting of shareholders being convened should specify new candidatures of members of the collegial body, their proposed remuneration and the proposed audit company if these issues are included into the agenda of the general meeting of shareholders. Where it is proposed to elect a new member of the collegial body, it is recommended that the information about his/her educational background, work experience and other managerial positions held (or proposed) should be provided.	Yes	Information on candidates to a collegial body of a state-controlled company elected by the General Meeting of Shareholders is provided under the procedure established in the laws. The nominees are publicly announced as soon as the parent company receives nominations. The selection procedures and selection requirements are set by separate legal acts. Information on the candidate's education, work experience, competence, position held and former positions (CV), their proposed remuneration and other documents specified in the legal acts are provided with the notice of General Meeting of Shareholders. The name of proposed audit company and proposed remuneration for the audit services are presented in advance as a proposed draft decision for the General Meeting of Shareholders.
1.10. Members of the company's collegial management body, heads of the administration[1] or other competent persons related to the company who can provide information related to the agenda of the general meeting of shareholders should take part in the general meeting of shareholders. Proposed candidates to member of the collegial body should also participate in the general meeting of shareholders in case the election of new members is included into the agenda of the general meeting of shareholders.	Yes	Usually General Meetings of Shareholders of the parent company are attended by members of management bodies and other competent persons in order to provide information related to the agenda of the General Meeting of Shareholders to the shareholders. The General Meeting of Shareholders of the parent company held on 27 September 2021 was also attended by the candidates to the Audit Committee of the parent company, where they introduced themselves. The candidates to the Supervisory Board of the parent company had to participate in and introduce themselves at the General Meeting of Shareholders of the parent company held on 26 October 2021. The introduction of the candidates did not occur because not a single shareholder participated in the meeting in person (i.e., all shareholders who participated in the meeting had voted in advance).

---

[1] *For the purposes of this Code, heads of the administration are the employees of the company who hold top level management positions.*

Principles / recommendations	Yes / No / Not applicable	Commentary
Principle 2: Supervisory board		
2.1. Functions and liability of the supervisory board **The supervisory board of the company should ensure representation of the interests of the company and its shareholders, accountability of this body to the shareholders and objective monitoring of the company's operations and its management bodies as well as constantly provide recommendations to the management bodies of the company.** **The supervisory board should ensure the integrity and transparency of the company's financial accounting and control system.**		
2.1.1. Members of the supervisory board should act in good faith, with care and responsibility for the benefit and in the interests of the company and its shareholders and represent their interests, having regard to the interests of employees and public welfare.	Yes	All members of the Supervisory Board act in good will with respect to the parent company, with due regard to the parent company's interests and public welfare. The duties set out in this recommendation are embedded in the agreement on activities of a member of the Supervisory Board and agreement on activities of an independent member of the Supervisory Board.
2.1.2. Where decisions of the supervisory board may have a different effect on the interests of the company's shareholders, the supervisory board should treat all shareholders impartially and fairly. It should ensure that shareholders are properly informed about the company's strategy, risk management and control, and resolution of conflicts of interest.	Yes	Collegial bodies of the parent company follow the prescribed recommendations. Before taking decisions, members of the collegial bodies discuss their influence to the parent company's performance and the shareholders. The parent company's Articles of Association oblige the collegial bodies of the parent company and also each of their members to act on behalf of the parent company and its shareholders. Communication with the shareholders and obligations for them are established in accordance with requirements of legal acts.
2.1.3. The supervisory board should be impartial in passing decisions that are significant for the company's operations and strategy. Members of the supervisory board should act and pass decisions without an external influence from the persons who elected them.	Yes	The parent company's Supervisory Board is independent from the parent company's management bodies and takes decisions that are significant to the parent company's activities and strategy, acts independently in accordance with requirements of legal acts.
2.1.4. Members of the supervisory board should clearly voice their objections in case they believe that a decision of the supervisory board is against the interests of the company. Independent[1] members of the supervisory board should: a) maintain independence of their analysis and decision-making; b) not seek or accept any unjustified privileges that might compromise their independence.	Yes	Members of the Supervisory Board have the right to express their opinion concerning all questions included to the agenda that according to work regulations of the Supervisory Board must be properly reflected in the minutes of the meeting. The duties set out in this recommendation are embedded in the agreement on activities of a member of the Supervisory Board and agreement on activities of an independent member of the Supervisory Board.
2.1.5. The supervisory board should oversee that the company's tax planning strategies are designed and implemented in accordance with the legal acts in order to avoid faulty practice that is not related to the long-term interests of the company and its shareholders, which may give rise to reputational, legal or other risks.	Yes	In exercising its competence to supervise the activities of the parent company's management bodies, the Supervisory Board performs the duties specified in the recommendation and submits its opinion on tax planning issues.
2.1.6. The company should ensure that the supervisory board is provided with sufficient resources (including financial ones) to discharge their duties, including the right to obtain all the necessary information or to seek independent professional advice from external legal, accounting or other experts on matters pertaining to the competence of the supervisory board and its committees.	Yes	The parent company ensures that the Supervisory Board is supplied with all of the resources required for its activities (monitors technical aspects of the Supervisory Board meetings, provides all the required information and performs other functions specified in the Supervisory Board's Work Regulations). Agreement of activities of a member of the supervisory board defines that the parent company commits to creating proper working conditions for the supervisory board and its members by supplying them with technical and administrative tools required for work. The Articles of Association set out that the supervisory board has the right to apply to the board and chief executive officer asking for documents and information pertaining to the parent company's operations, and the management board and chief executive officer must ensure that the documents and information so requested are produced to the supervisory board within reasonable time. The provision regarding supply of information is also included in the agreement on activities of a member of the supervisory board.

---

[1] *For the purposes of this Code, the criteria of independence of members of the supervisory board are interpreted as the criteria of unrelated parties defined in Article 31(7) and (8) of the Law on Companies of the Republic of Lithuania (link in Lithuanian).*

Principles / recommendations	Yes / No / Not applicable	Commentary
2.2. Formation of the supervisory board **The procedure of the formation of the supervisory board should ensure proper resolution of conflicts of interest and effective and fair corporate governance.**		
2.2.1. The members of the supervisory board elected by the general meeting of shareholders should collectively ensure the diversity of qualifications, professional experience and competences and seek for gender equality. With a view to maintain a proper balance between the qualifications of the members of the supervisory board, it should be ensured that members of the supervisory board, as a whole, should have diverse knowledge, opinions and experience to duly perform their tasks.	Yes	Pursuant to the Law on Companies of the Republic of Lithuania, the Supervisory Board is elected and the qualification of its members is assessed at the General Meeting of Shareholders. Five out of seven members are women. The main activities of the parent company are the exercise of the functions of the parent company of the group, and the majority of the members of the Supervisory Board have experience in the field of corporate governance as well as experience in energy sector which is the sector in which the parent company and its subsidiaries operate.
2.2.2. Members of the supervisory board should be appointed for a specific term, subject to individual re-election for a new term in office in order to ensure necessary development of professional experience.	Yes	The members of the Supervisory Board are elected according to the maximum term of office, specified in the Law on Companies of the Republic of Lithuania – for 4 years per term of office. The parent company's Articles of Association provide a possibility to revoke (dismiss) both separate members of the Supervisory Board and the whole Supervisory Board in corpore, without waiting for their mandates' terms to end. The members of the Supervisory Board (separate or the body itself) may be dismissed by the General Shareholder Meeting. There are no restrictions provided in the Articles of Association of the parent company limiting the re-election of members of the Supervisory Board, however, there are restrictions established in the effective legal acts which apply for the candidates to collegial bodies themselves.
2.2.3. Chair of the supervisory board should be a person whose current or past positions constituted no obstacle to carry out impartial activities. A former manager or management board member of the company should not be immediately appointed as chair of the supervisory board either. Where the company decides to depart from these recommendations, it should provide information on the measures taken to ensure impartiality of the supervision.	Yes	The Chair of the parent company's Supervisory Board and the CEO of the parent company is not the same person. The Chair of the parent company's Supervisory Board is independent. The members of the Supervisory Board and the Chair have not been members of the Management Board of the parent company or the CEO of the parent company.
2.2.4. Each member should devote sufficient time and attention to perform his duties as a member of the supervisory board. Each member of the supervisory board should undertake to limit his other professional obligations (particularly the managing positions in other companies) so that they would not interfere with the proper performance of the duties of a member of the supervisory board. Should a member of the supervisory board attend less than a half of the meetings of the supervisory board throughout the financial year of the company, the shareholders of the company should be notified thereof.	Yes	Members of the Supervisory Board are active participants of the meetings of the collegial body and devote sufficient time to perform their duties as members of the collegial body. There were 17 Supervisory Board meetings held in 2024 and all of the meetings were attended by all Supervisory Board members, except one member of the supervisory board did not participate in one meeting.
2.2.5. When it is proposed to appoint a member of the supervisory board, it should be announced which members of the supervisory board are deemed to be independent. The supervisory board may decide that, despite the fact that a particular member meets all the criteria of independence, he/she cannot be considered independent due to special personal or company-related circumstances.	Yes	Information on the candidates to the parent company's Supervisory Board members (as well as information on the candidate's compliance with the independence requirements) is provided to the General Meeting of Shareholders in accordance with the Law on Companies of the Republic of Lithuania (see commentary on recommendation 1.9).

Principles / recommendations	Yes / No / Not applicable	Commentary
2.2.6. The amount of remuneration to members of the supervisory board for their activity and participation in meetings of the supervisory board should be approved by the general meeting of shareholders.	Yes	The member of the Supervisory Board is remunerated for his/her activity in the Supervisory Board according to the procedure and terms established in the agreement signed with him/her on activity as a member of the Supervisory Board. The conditions, including the remuneration, of the agreement with the member of the Supervisory Board are approved by the General Meeting of Shareholders. The General Meeting of Shareholders of the parent company passed resolutions on 27 March 2024 to determine the fixed remuneration per calendar month to be paid to the members of the Supervisory Board of AB "Ignitis grupė" starting from 1 April 2024.
2.2.7. Every year the supervisory board should carry out an assessment of its activities. It should include evaluation of the structure of the supervisory board, its work organization and ability to act as a group, evaluation of the competence and work efficiency of each member of the supervisory board, and evaluation whether the supervisory board has achieved its objectives. The supervisory board should, at least once a year, make public respective information about its internal structure and working procedures.	Yes	The Supervisory Board carries out an assessment of its activities every year. The Supervisory Board assesses the organisation of meetings, their efficiency, the need for competencies, mutual cooperation, and the sufficiency of the information provided by the management to make decisions. Information on the internal structure and working procedures of the Supervisory Board is published in the parent company's annual management reports and on its website. Good corporate governance practice calls for the boards to conduct an evaluation of the board chair, board as a whole, its committees and individual executives regularly, as well as an external review at least once every three years. In line with this practice, the parent company procures external review services at least every three years. External assessments were conducted in 2021 and 2024. Following these assessments, the Supervisory Board considered the recommendations and then prepared and approved an action plan to implement the suggested measures for improvement.
Principle 3: Management Board		
3.1. Functions and liability of the management board **The management board should ensure the implementation of the company's strategy and good corporate governance with due regard to the interests of its shareholders, employees and other interest groups.**		
3.1.1. The management board should ensure the implementation of the company's strategy approved by the supervisory board if the latter has been formed at the company. In such cases where the supervisory board is not formed, the management board is also responsible for the approval of the company's strategy.	Yes	The parent company's Management Board carries out the duty of implementation of the parent company's strategy and strategic plan approved by the parent company's Supervisory Board.
3.1.2. As a collegial management body of the company, the management board performs the functions assigned to it by the Law and in the Articles of Association of the company, and in such cases where the supervisory board is not formed in the company, it performs inter alia the supervisory functions established in the Law. By performing the functions assigned to it, the management board should take into account the needs of the company's shareholders, employees and other interest groups by respectively striving to achieve sustainable business development.	Yes	As there is the Supervisory Board formed in the parent company, the Management Board performs the functions of the parent company's collegial management body. The obligation to take into account the interests of the parent company, the shareholders, the employees and other stakeholders is established in the agreement on performance in the Management Board signed by each member of the Management Board.
3.1.3. The management board should ensure compliance with the laws and the internal policy of the company applicable to the company or a group of companies to which this company belongs. It should also establish the respective risk management and control measures aimed at ensuring regular and direct liability of managers.	Yes	The Management Board of the parent company adheres to the above-mentioned recommendation, approves and ensures compliance with internal policies.

Principles / recommendations	Yes / No / Not applicable	Commentary
3.1.4. Moreover, the management board should ensure that the measures included into the OECD Good Practice Guidance[1] on Internal Controls, Ethics and Compliance are applied at the company in order to ensure adherence to the applicable laws, rules and standards.	Yes	The Management Board of the parent company follows the above-mentioned recommendation.
3.1.5. When appointing the manager of the company, the management board should take into account the appropriate balance between the candidate's qualifications, experience and competence.	Yes	When appointing the CEO of the parent company the Management Board takes into account the balance of his/her qualifications, experience and competence as well as the opinion of the parent company's Supervisory Board.
3.2. Formation of the management board		
3.2.1. The members of the management board elected by the supervisory board or, if the supervisory board is not formed, by the general meeting of shareholders should collectively ensure the required diversity of qualifications, professional experience and competences and seek for gender equality. With a view to maintain a proper balance in terms of the current qualifications possessed by the members of the management board, it should be ensured that the members of the management board would have, as a whole, diverse knowledge, opinions and experience to duly perform their tasks.	Yes	The Management Board of the parent company ensures the balance of its members' qualifications. The main activities of the parent company are the exercise of the functions of the parent company of the group, and the majority of the members of the Management Board have experience in the field of corporate governance as well as experience in energy sector which is the sector in which the parent company and its subsidiaries operate.
3.2.2. Names and surnames of the candidates to become members of the management board, information on their educational background, qualifications, professional experience, current positions, other important professional obligations and potential conflicts of interest should be disclosed without violating the requirements of the legal acts regulating the handling of personal data at the meeting of the supervisory board in which the management board or individual members of the management board are elected. In the event that the supervisory board is not formed, the information specified in this paragraph should be submitted to the general meeting of shareholders. The management board should, on yearly basis, collect data provided in this paragraph on its members and disclose it in the company's annual report.	Yes	Information on candidates to the Management Board of a state-controlled company is provided under the procedure established in the laws. The selection procedures and selection requirements are set by separate legal acts. An opinion on the suitability of candidates is submitted by the Selection Commission formed in accordance with the procedure established by legal acts. Information on the candidate's education, work experience, competence, position held and former positions (CV), declaration of interests and other documents specified in the legal acts are provided at the meeting of the parent company's Supervisory Board, which elects the Management Board or its individual members. Information on offices held by members of the Management Board or their involvement in activities of any other companies is constantly collected, accumulated, and published in the annual report, as well as on the parent company's website.
3.2.3. All new members of the management board should be familiarized with their duties and the structure and operations of the company.	Yes	The members of the Management Board after their election are acquainted with the parent company's activities, organizational and management structure, strategy, activities and financial plans.
3.2.4. Members of the management board should be appointed for a specific term, subject to individual re-election for a new term in office in order to ensure necessary development of professional experience and sufficiently frequent reconfirmation of their status.	Yes	The members of the Management Board are elected according to the maximum term of office, specified in the Law on Companies of the Republic of Lithuania – for 4 years per term of office. Limitations concerning re-election of the members of the Management Board are not provided in the parent company's Articles of Association, nevertheless, limitations provided by valid legal acts are applied to candidates to members of the Management Board. The parent company's Articles of Association provide a possibility to revoke (dismiss) both separate members of the Management Board and the whole collegial body in corpore, without waiting for their mandates' terms to end. The members of the Management Board (separate or the body itself) may be dismissed by the Supervisory Board.

---

[1] *Link to the OECD Good Practice Guidance on Internal Controls, Ethics and Compliance: https://www.oecd.org/daf/anti-bribery/44884389.pdf*

Principles / recommendations	Yes / No / Not applicable	Commentary
3.2.5. Chair of the management board should be a person whose current or past positions constitute no obstacle to carry out impartial activity. Where the supervisory board is not formed, the former manager of the company should not be immediately appointed as chair of the management board. When a company decides to depart from these recommendations, it should furnish information on the measures it has taken to ensure the impartiality of supervision.	Yes	Current or past positions of the Chair of the Management Board of the parent company do not create preconditions for possible impartiality. The Chair of the Management Board of the parent company is a member of the Management Board and CEO of the parent company, but in this case the impartiality of its activities is ensured, as there is the Supervisory Board formed in the parent company.
3.2.6. Each member should devote sufficient time and attention to perform his duties as a member of the management board. Should a member of the management board attend less than a half of the meetings of the management board throughout the financial year of the company, the supervisory board of the company or, if the supervisory board is not formed at the company, the general meeting of shareholders should be notified thereof.	Yes	The members of the Management Board of the parent company actively participate in the meetings of the Management Board and devoted sufficient time to the performance of their duties as a member of the collegial body. In 2024, all members of the Management Board participated in all meetings of the Management Board.
3.2.7. In the event that the management board is elected in the cases established by the Law where the supervisory board is not formed at the company, and some of its members will be independent[1], it should be announced which members of the management board are deemed as independent. The management board may decide that, despite the fact that a particular member meets all the criteria of independence established by the Law, he/she cannot be considered independent due to special personal or company-related circumstances.	Not applicable	There is the Supervisory Board formed in the parent company.
3.2.8. The general meeting of shareholders of the company should approve the amount of remuneration to the members of the management board for their activity and participation in the meetings of the management board.	Not applicable	The parent company has a Supervisory Board that has the competence to elect and revoke the members of the Management Board, set the remuneration of the Management Board members. The remuneration of the Management Board members is determined in accordance with the Group Remuneration Policy, which is approved by the resolution of the General Meeting of Shareholders of the parent company.
3.2.9. The members of the management board should act in good faith, with care and responsibility for the benefit and the interests of the company and its shareholders with due regard to other stakeholders. When adopting decisions, they should not act in their personal interest; they should be subject to no-compete agreements and they should not use the business information or opportunities related to the company's operations in violation of the company's interests.	Yes	The members of the Management Board act in good faith towards the parent company and in accordance with the interests of the parent company and taking into account the welfare of the society.
3.2.10. Every year the management board should carry out an assessment of its activities. It should include evaluation of the structure of the management board, its work organization and ability to act as a group, evaluation of the competence and work efficiency of each member of the management board, and evaluation whether the management board has achieved its objectives. The management board should, at least once a year, make public respective information about its internal structure and working procedures in observance of the legal acts regulating the processing of personal data.	Yes	Each year the members of the parent company's Management Board perform an assessment of their activities by completing the questionnaires, which include the evaluation of the work of the Management Board. Information on the internal structure and working procedures of the Management Board is published in the parent company's annual management report.

---

[1] *For the purposes of this Code, the criteria of independence of the members of the board are interpreted as the criteria of unrelated persons defined in Article 33(7) of the Law on Companies of the Republic of Lithuania.*

Principles / recommendations	Yes / No / Not applicable	Commentary
Principle 4: Rules of procedure of the supervisory board and the management board of the company The rules of procedure of the supervisory board, if it is formed at the company, and of the management board should ensure efficient operation and decision-making of these bodies and promote active cooperation between the company's management bodies.		
4.1. The management board and the supervisory board, if the latter is formed at the company, should act in close cooperation in order to attain benefit for the company and its shareholders. Good corporate governance requires an open discussion between the management board and the supervisory board. The management board should regularly and, where necessary, immediately inform the supervisory board about any matters significant for the company that are related to planning, business development, risk management and control, and compliance with the obligations at the company. The management board should inform the supervisory board about any derogations in its business development from the previously formulated plans and objectives by specifying the reasons for this.	Yes	Legal acts, Articles of Association and rules of procedure governing activities of the parent company's supervisory and management bodies lay down the principles and procedure of cooperation between supervisory and management bodies of the parent company and ensure that management and supervisory bodies cooperate to attain the greatest possible benefit to the parent company and its shareholders.
4.2. It is recommended that meetings of the company's collegial bodies should be held at the respective intervals, according to the pre-approved schedule. Each company is free to decide how often meetings of the collegial bodies should be convened but it is recommended that these meetings should be convened at such intervals that uninterruptable resolution of essential corporate governance issues would be ensured. Meetings of the company's collegial bodies should be convened at least once per quarter.	Yes	Meetings of collegial bodies proceed according to the pre-approved schedule. An annual plan of meetings and their agendas are formed for the Supervisory Board which, with consideration to activities of the Group and processes going on in them, are supplemented in the course of the year. The Supervisory Board's meetings are held at least once a quarter but planned on a monthly basis. Additionally, ad hoc meetings are being held if necessary. Members of the Supervisory Board suggest issues to be discussed during meetings. Members of the Supervisory Board are familiarized with activities pursued not only by the parent company, but also those of subsidiary companies of the Group. Meetings of the Management Board are held once a week.
4.3. Members of a collegial body should be notified of the meeting being convened in advance so that they would have sufficient time for proper preparation for the issues to be considered at the meeting and a fruitful discussion could be held and appropriate decisions could be adopted. Along with the notice of the meeting being convened all materials relevant to the issues on the agenda of the meeting should be submitted to the members of the collegial body. The agenda of the meeting should not be changed or supplemented during the meeting, unless all members of the collegial body present at the meeting agree with such change or supplement to the agenda, or certain issues that are important to the company require immediate resolution.	Yes	Members of the collegial body are informed on the agenda of a meeting in advance and issues are included into the agenda of the future meeting by consensus. In the course of the meeting, the agenda is not usually changed. All members of collegial bodies receive the material necessary for decision-making on issues on the agenda in advance and have a possibility to become familiar with them, also to ask questions before the meeting and during the meeting; they have the right to suggest that materials of the issue discussed should be supplemented, or ask to specify it. All members of the collegial bodies are informed about any received comments or specification.
4.4. In order to coordinate the activities of the company's collegial bodies and ensure effective decision-making process, the chairs of the company's collegial supervision and management bodies should mutually agree on the dates and agendas of the meetings and closely cooperate in resolving other matters related to corporate governance. Meetings of the company's supervisory board should be open to members of the management board, particularly in such cases where issues concerning the removal of the management board members, their responsibility or remuneration are discussed.	Yes	Members of the Supervisory Board have the right to express their opinion concerning all questions included in the agenda that according to work regulations of the Supervisory Board must be properly reflected in the minutes of the meeting. The duties set out in this recommendation are embedded in the agreement on activities of a member of the Supervisory Board and agreement on activities of an independent member of the Supervisory Board.

Principles / recommendations	Yes / No / Not applicable	Commentary
Principle 5: Nomination, remuneration and audit committees		
5.1. Purpose and formation of committees **The committees formed at the company should increase the work efficiency of the supervisory board or, where the supervisory board is not formed, of the management board which performs the supervisory functions by ensuring that decisions are based on due consideration and help organise its work in such a way that the decisions it takes would be free of material conflicts of interest.** **Committees should exercise independent judgment and integrity when performing their functions and provide the collegial body with recommendations concerning the decisions of the collegial body. However, the final decision should be adopted by the collegial body.**		
5.1.1. Taking due account of the company-related circumstances and the chosen corporate governance structure, the supervisory board of the company or, in cases where the supervisory board is not formed, the management board which performs the supervisory functions, establishes committees. It is recommended that the collegial body should form the nomination, remuneration and audit committees[1].	Yes	The parent company forms the following Supervisory Board committees: Risk Management and Sustainability Committee, Nomination and Remuneration Committee, and the Audit Committee, which is formed by the decision of the General Meeting of Shareholders. All aforementioned committees operate at the Group level.
5.1.2. Companies may decide to set up less than three committees. In such case companies should explain in detail why they have chosen the alternative approach, and how the chosen approach corresponds with the objectives set for the three different committees.	Not applicable	
5.1.3. In the cases established by the legal acts the functions assigned to the committees formed at companies may be performed by the collegial body itself. In such case the provisions of this Code pertaining to the committees (particularly those related to their role, operation and transparency) should apply, where relevant, to the collegial body as a whole.	Not applicable	See the comments for recommendation 5.1.1.
5.1.4. Committees established by the collegial body should normally be composed of at least three members. Subject to the requirements of the legal acts, committees could be comprised only of two members as well. Members of each committee should be selected on the basis of their competences by giving priority to independent members of the collegial body. The chair of the management board should not serve as the chair of committees.	Yes	Committees consist of at least 3 members while also involving independent members. The current Risk Management and Sustainability Committee comprises four members: two members of the Supervisory Board and two external independent members (the Chair of the committee is an independent member).
5.1.5. The authority of each committee formed should be determined by the collegial body itself. Committees should perform their duties according to the authority delegated to them and regularly inform the collegial body about their activities and performance on a regular basis. The authority of each committee defining its role and specifying its rights and duties should be made public at least once a year (as part of the information disclosed by the company on its governance structure and practice on an annual basis). In compliance with the legal acts regulating the processing of personal data, companies should also include in their annual reports the statements of the existing committees on their composition, the number of meetings and attendance over the year as well as the main directions of their activities and performance.	Yes	Nomination and Remuneration Committee and Risk Management and Sustainability Committee are advisory bodies to the Supervisory Board. Their Regulations are approved, and their members are elected by the Supervisory Board. Members of the Audit Committee are elected, and its Regulations are approved by the General Meeting of Shareholders. The committees of the Supervisory Board submit the report on their activities at least once in 6 (six) months, which they present at the Supervisory Board meeting. The Audit Committee provides performance report to the General Meeting and the Supervisory Board when a set of financial statements is submitted for the approval of the General Meeting of the parent company. Information on composition of the committees, the number of meetings, attendance and main activities are disclosed in the parent company's annual report and website.

Principles / recommendations	Yes / No / Not applicable	Commentary
5.1.6. With a view to ensure the independence and impartiality of the committees, the members of the collegial body who are not members of the committees should normally have a right to participate in the meetings of the committee only if invited by the committee. A committee may invite or request that certain employees of the company or experts would participate in the meeting. Chair of each committee should have the possibility to maintain direct communication with the shareholders. Cases where such practice is to be applied should be specified in the rules regulating the activities of the committee.	Yes	All Chairs of committees are independent members, there are members of the Supervisory Board in the composition of the committees. The members of the Supervisory Board have the right to attend meetings of committees. If necessary, at the invitation of committees, particular employees or experts attend the meetings.
5.2. Nomination committee		
5.2.1. The key functions of the nomination committee should be the following: 1) to select candidates to fill vacancies in the membership of supervisory and management bodies and the administration and recommend the collegial body to approve them. The nomination committee should evaluate the balance of skills, knowledge and experience in the management body, prepare a description of the functions and capabilities required to assume a particular position and assess the time commitment expected; 2) assess, on a regular basis, the structure, size and composition of the supervisory and management bodies as well as the skills, knowledge and activity of its members, and provide the collegial body with recommendations on how the required changes should be sought; 3) devote the attention necessary to ensure succession planning.	Yes	The main functions of the Nomination and Remuneration Committee are described in the Corporate Governance Guidelines and conform with, including, but not limited to, the functions laid down in this principle.
5.2.2. When dealing with issues related to members of the collegial body who have employment relationships with the company and the heads of the administration, the manager of the company should be consulted by granting him/her the right to submit proposals to the Nomination Committee.	Yes	The Nomination and Remuneration Committee submits an opinion on candidatures to the management and supervision bodies of the Group companies (if necessary, it may submit an opinion also regarding other candidatures). An opinion on the suitability of the mentioned candidatures (including the CEO) is also submitted by the parent company's Supervisory Board. Decisions on the approval of such candidatures are adopted by the Management Board.
5.3. Remuneration committee		
5.3.1. The main functions of the remuneration committee should be as follows: 1) submit to the collegial body proposals on the remuneration policy applied to members of the supervisory and management bodies and the heads of the administration for approval. Such policy should include all forms of remuneration, including the fixed-rate remuneration, performance-based remuneration, financial incentive schemes, pension arrangements and termination payments as well as conditions which would allow the company to recover the amounts or suspend the payments by specifying the circumstances under which it would be expedient to do so; 2) submit to the collegial body proposals regarding individual remuneration for members of the collegial bodies and the heads of the administration in order to ensure that they would be consistent with the company's remuneration policy and the evaluation of the performance of the persons concerned; 3) review, on a regular basis, the remuneration policy and its implementation.	Yes	The main functions of the Nomination and Remuneration Committee are described in the Corporate Governance Guidelines and comply with, including, but not limited to, the functions listed in this principle.

Principles / recommendations	Yes / No / Not applicable	Commentary
5.4. Audit committee		
5.4.1. The key functions of the audit committee are defined in the legal acts regulating the activities of the audit committee[1].	Yes	The main functions of the Audit Committee are described in the Corporate Governance Guidelines and conform with the functions laid down in the legal acts regulating the activities of the audit committee.
5.4.2. All members of the committee should be provided with detailed information on specific issues of the company's accounting system, finances and operations. The heads of the company's administration should inform the audit committee about the methods of accounting for significant and unusual transactions where the accounting may be subject to different approaches.	Yes	All members of the Audit Committee are provided with detailed information on specific issues of the parent company's accounting system.
5.4.3. The audit committee should decide whether the participation of the chair of the management board, the manager of the company, the chief finance officer (or senior employees responsible for finance and accounting), the internal and external auditors in its meetings is required (and, if required, when). The committee should be entitled, when needed, to meet the relevant persons without members of the management bodies present.	Yes	Meetings of the Audit Committee are attended by, upon invitation of the committee, CFO of the Group, and, if necessary, by other employees when discussing specific issues. The Audit Committee also cooperates with other committees, and, if necessary, joint meetings are organised. If necessary, a meeting of the Audit Committee is attended by representatives of the company conducting an independent audit of financial statements.
5.4.4. The audit committee should be informed about the internal auditor's work program and should be furnished with internal audit reports or periodic summaries. The audit committee should also be informed about the work program of external auditors and should receive from the audit firm a report describing all relationships between the independent audit firm and the company and its group.	Yes	The Audit Committee receives the information referred to in this paragraph, approves the annual internal audit plan. The Internal Audit informs the Audit Committee on the implementation of internal audit plans and submits quarterly reports on its implementation, as well as summaries on results of Internal Audit's inspections (audits) and reports on implementation of its recommendations to the audited companies. Each year, the Audit Committee is informed about the audit plan (work programme) of an external statutory audit company and is informed on the progress of its implementation in regular Audit Committee meetings. The Audit Committee receives reports on statutory auditor's independence.
5.4.5. The audit committee should examine whether the company complies with the applicable provisions regulating the possibility of lodging a complaint or reporting anonymously his/her suspicions of potential violations committed at the company and should also ensure that there is a procedure in place for proportionate and independent investigation of such issues and appropriate follow-up actions.	Yes	The Audit Committee performs these functions.
5.4.6. The audit committee should submit to the supervisory board or, where the supervisory board is not formed, to the management board its activity report at least once in every six months, at the time that annual and half-yearly reports are approved.	Yes	The Audit Committee submits its performance reports to the Supervisory Board and the General Meeting at the time of approval of annual and six-months reports.

---

[1] *The legal acts may provide for the obligation to form a respective committee. For example, the Law on the Audit of Financial Statements of the Republic of Lithuania provides that public-interest entities (including but not limited to public limited liability companies whose securities are traded on a regulated market of the Republic of Lithuania and/or of any other Member State) are under the obligation to set up an audit committee (the legal acts provide for the exemptions where the functions of the audit committee may be carried out by the collegial body performing the supervisory functions).*

Principles / recommendations	Yes / No / Not applicable	Commentary
Principle 6: Prevention and disclosure of conflicts of interest **The corporate governance framework should encourage members of the company's supervisory and management bodies to avoid conflicts of interest and ensure a transparent and effective mechanism of disclosure of conflicts of interest related to members of the supervisory and management bodies.**		
6.1. Any member of the company's supervisory and management body should avoid a situation where his/her personal interests are or may be in conflict with the company's interests. In case such a situation did occur, a member of the company's supervisory or management body should, within a reasonable period of time, notify other members of the same body or the body of the company which elected him/her or the company's shareholders of such situation of a conflict of interest, indicate the nature of interests and, where possible, their value.	Yes	The parent company does observe the recommendations. According to the parent company's Articles of Association, each candidate to a member of the collegial body is obliged to provide a declaration of interest to the body electing him/her stating all of circumstances which could lead to a conflict of interests between the candidate and the parent company. In the event a new circumstance emerge that may give rise to a conflict of interest between a member of the collegial body and the parent company, a member of the collegial body must immediately inform in writing the parent company and the collegial body of such new circumstances. Besides, according to the parent company's Articles of Association, members of the Management Board may not have any other job or hold any other office that would be incompatible with their activity on the Management Board, including the holding of management positions in other legal entities (except for the position and work in the Group companies), work in civil service, statutory service. Members may hold any other position or have other job, except for the position held in the parent company and other legal entities the participant whereof the parent company is, also engage in educational, creative, or authorship activity only on receipt of prior consent from the Supervisory Board.
Principle 7: Remuneration policy of the company **The remuneration policy and the procedure for review and disclosure of such policy established at the company should prevent potential conflicts of interest and abuse in determining remuneration of members of the collegial bodies and heads of the administration, in addition it should ensure the publicity and transparency of the company's remuneration policy and its long-term strategy.**		
7.1. The company should approve and post the remuneration policy on the website of the company; such policy should be reviewed on a regular basis and be consistent with the company's long-term strategy.	Yes	The Remuneration Policy of the parent company governs the setting and payment of remuneration in the parent company. The parent company's Remuneration Policy is published on the parent company's website.
7.2. The remuneration policy should include all forms of remuneration, including the fixed-rate remuneration, performance-based remuneration, financial incentive schemes, pension arrangements and termination payments as well as the conditions specifying the cases where the company can recover the disbursed amounts or suspend the payments.	Yes	The Remuneration Policy defines remuneration components, their maximum amounts, the principles of allocation and payment, which are common for all companies of the Group. According to the provisions of the Remuneration Policy, the variable remuneration component is paid only if the target achievement value is at least 70 percent. If criteria for the evaluation of performance results are not met, i.e. the target achievement value is below 70 percent, the variable remuneration component is not paid.
7.3. With a view to avoid potential conflicts of interest, the remuneration policy should provide that members of the collegial bodies which perform the supervisory functions should not receive remuneration based on the company's performance.	Yes	The Group's Remuneration Policy sets out that remuneration for activities in collegial bodies of the parent company or the Group companies does not depend on the performance results of the parent company or the Group companies.
7.4. The remuneration policy should provide sufficient information on the policy regarding termination payments. Termination payments should not exceed a fixed amount or a fixed number of annual wages and in general should not be higher than the non-variable component of remuneration for two years or the equivalent thereof. Termination payments should not be paid if the contract is terminated due to inadequate performance.	Yes	The parent company follows this recommendation. The Group's Remuneration Policy sets out the severance payment procedure.

Principles / recommendations	Yes / No / Not applicable	Commentary
7.5. In the event that the financial incentive scheme is applied at the company, the remuneration policy should contain sufficient information about the retention of shares after the award thereof. Where remuneration is based on the award of shares, shares should not be vested at least for three years after the award thereof. After vesting, members of the collegial bodies and heads of the administration should retain a certain number of shares until the end of their term in office, subject to the need to compensate for any costs related to the acquisition of shares.	Not applicable	
7.6. The company should publish information about the implementation of the remuneration policy on its website, with a key focus on the remuneration policy in respect of the collegial bodies and managers in the next and, where relevant, subsequent financial years. It should also contain a review of how the remuneration policy was implemented during the previous financial year. The information of such nature should not include any details having a commercial value. Particular attention should be paid on the major changes in the company's remuneration policy, compared to the previous financial year.	Yes	The parent company publishes information on the implementation of Remuneration Policy in the annual report.
7.7. It is recommended that the remuneration policy or any major change of the policy should be included on the agenda of the general meeting of shareholders. The schemes under which members and employees of a collegial body receive remuneration in shares or share options should be approved by the general meeting of shareholders.	Yes	The latest wording of the Group Remuneration Policy was approved by the resolution of the General Meeting of Shareholders on 27 March 2024. The current Remuneration Policy does not provide for share-based remuneration.
Principle 8: Role of stakeholders in corporate governance **The corporate governance framework should recognize the rights of stakeholders entrenched in the laws or mutual agreements and encourage active cooperation between companies and stakeholders in creating the company value, jobs and financial sustainability. In the context of this principle the concept "stakeholders" includes investors, employees, creditors, suppliers, clients, local community and other persons having certain interests in the company concerned.**		
8.1. The corporate governance framework should ensure that the rights and lawful interests of stakeholders are protected.	Yes	The parent company's management system provides protection for the rights of the stakeholders that are protected by laws. The parent company pursues the maximum possible transparency in its relations with all stakeholders and the compliance with the highest ethical requirements and principles – in its activities, because honest and open business activities are one of the key elements of impeccable business reputation. The parent company takes into account the changing customer needs, constantly improving its operational processes, empowering employees, taking care of the safety and health of its employees, seeking to maintain a close relationship with investors and ensure information accessible to all, continuously updating the information and posting it in the 'Investors' section of its website.
8.2. The corporate governance framework should create conditions for stakeholders to participate in corporate governance in the manner prescribed by law. Examples of participation by stakeholders in corporate governance include the participation of employees or their representatives in the adoption of decisions that are important for the company, consultations with employees or their representatives on corporate governance and other important matters, participation of employees in the company's authorized capital, involvement of creditors in corporate governance in the cases of the company's insolvency, etc.	Yes	The parent company observes these recommendations when establishing the general rules applied to the Group companies. Interest holders (e.g. trade unions of employees of subsidiary companies) may participate in the management of subsidiary companies to the extent provided for by the laws.

Principles / recommendations	Yes / No / Not applicable	Commentary
8.3. Where stakeholders participate in the corporate governance process, they should have access to relevant information.	Yes	The parent company does observe the recommendations. The stakeholders are given access to the necessary information.
8.4. Stakeholders should be provided with the possibility of reporting confidentially any illegal or unethical practices to the collegial body performing the supervisory function.	Yes	The parent company has a trust line, information can also be provided anonymously by e-mail: pasitikejimolinija@ignitis.lt.
Principle 9: Disclosure of information **The corporate governance framework should ensure the timely and accurate disclosure of all material corporate issues, including the financial situation, operations and governance of the company.**		
9.1. In accordance with the company's procedure on confidential information and commercial secrets and the legal acts regulating the processing of personal data, the information publicly disclosed by the company should include but not be limited to the following:		
9.1.1. operating and financial results of the company;	Yes	The parent company's operating and financial results are published in the parent company's interim and annual management reports.
9.1.2. objectives and non-financial information of the company;	Yes	The parent company's business objectives and non-financial information is published in the parent company's interim, annual management reports, the parent company's strategic plans, and the parent company's website.
9.1.3. persons holding a stake in the company or controlling it directly and/or indirectly and/or together with related persons as well as the structure of the group of companies and their relationships by specifying the final beneficiary;	Yes	The information is published in the parent company's annual management reports, and on the parent company's website.
9.1.4. members of the company's supervisory and management bodies who are deemed independent, the manager of the company, the shares or votes held by them at the company, participation in corporate governance of other companies, their competence and remuneration;	Yes	The information is published in the parent company's interim and annual management reports, and on the parent company's website.
9.1.5. reports of the existing committees on their composition, number of meetings and attendance of members during the last year as well as the main directions and results of their activities;	Yes	The information is published in the parent company's annual management reports, and on the parent company's website.
9.1.6. potential key risk factors, the company's risk management and supervision policy;	Yes	The information is published in the parent company's annual management reports, and on the parent company's website..
9.1.7. the company's transactions with related parties;	Yes	The information is published on the parent company's website and in the annual financial statements
9.1.8. main issues related to employees and other stakeholders (for instance, human resource policy, participation of employees in corporate governance, award of the company's shares or share options as incentives, relationships with creditors, suppliers, local community, etc.);	Yes	The information is published in the parent company's annual management reports, and on the parent company's website.
9.1.9. structure and strategy of corporate governance;	Yes	The information is published in the parent company's annual management reports, and on the parent company's website.

Principles / recommendations	Yes / No / Not applicable	Commentary
9.1.10. initiatives and measures of social responsibility policy and anti-corruption fight, significant current or planned Investment projects. This list is deemed minimum and companies are encouraged not to restrict themselves to the disclosure of information included into this list. This principle of the Code does not exempt companies from their obligation to disclose information as provided for in the applicable legal acts.	Yes	The information is published in the parent company's annual management reports, and on the parent company's website.
9.2. When disclosing the information specified in paragraph 9.1.1 of recommendation 9.1, it is recommended that the company which is a parent company in respect of other companies should disclose information about the consolidated results of the whole group of companies.	Yes	The parent company discloses the Group's consolidated results in the parent company's interim and annual management reports.
9.3. When disclosing the information specified in paragraph 9.1.4 of recommendation 9.1, it is recommended that the information on the professional experience and qualifications of members of the company's supervisory and management bodies and the manager of the company as well as potential conflicts of interest which could affect their decisions should be provided. It is further recommended that the remuneration or other income of members of the company's supervisory and management bodies and the manager of the company should be disclosed, as provided for in greater detail in Principle 7.	Yes	The information is published in the parent company's annual management report and on the parent company's website. The parent company makes public the salary to the parent company's CEO and other benefits associated with the functions as members of the management bodies.
9.4. Information should be disclosed in such manner that no shareholders or investors are discriminated in terms of the method of receipt and scope of information. Information should be disclosed to all parties concerned at the same time.	Yes	The parent company discloses the information via the information disclosure system used by the stock-exchange Nasdaq Vilnius and London in the Lithuanian and English languages simultaneously in accordance with legal regulations. The parent company complies with the Market abuse regulation (EU) No 596/2014 and always discloses inside information that may affect the price of financial instruments as soon as possible through the Exchange Information Systems, and only then transmits it in other ways. The parent company observes the recommendation and announces its material events before or after a trading session on the Vilnius Stock Ex-change, except for the cases provided for by legal acts, when the information should be disclosed as soon as possible.
Principle 10: Selection of the company's audit firm **The company's audit firm selection mechanism should ensure the independence of the report and opinion of the audit firm.**		
10.1. With a view to obtain an objective opinion on the company's financial condition and financial results, the company's annual financial statements and the financial information provided in its annual report should be audited by an independent audit firm.	Yes	The parent company executes its annual financial statement audit on a yearly basis. An independent audit firm audits the parent company's financial and consolidated financial statements, and verifies that information in the annual management report is consistent with the parent company's and consolidated financial statements.
10.2. It is recommended that the audit firm would be proposed to the general meeting of shareholders by the supervisory board or, if the supervisory board is not formed at the company, by the management board of the company.	Yes	Articles of Association of the parent company states that Supervisory Board considers and submits proposals regarding the auditor or audit firm elected by the General Meeting and the terms of payment for the audit services.
10.3. In the event that the audit firm has received remuneration from the company for the non-audit services provided, the company should disclose this publicly. This information should also be available to the supervisory board or, if the supervisory board is not formed at the company, by the management board of the company when considering which audit firm should be proposed to the general meeting of shareholders.	Yes	The parent company does observe the recommendations. Information about remuneration from the parent company for the non-audit services provided to the audit firm is disclosed in annual management reports.

7.6 Compliance with the Guidelines for Ensuring the Transparency of State-Owned Enterprises

Point of the Description of the Guidelines for Ensuring the Transparency of the activities of SOEs (according to the wording of 30 April 2021) (link in Lithuanian)	Disclosure	Explanation
Section 2. Disclosure of information of a SOE		
5. The following data and information must be published on the website of a SOE:		
5.1. name;	Ongoing	Information is published on www.ignitisgrupe.lt
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 SOE 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 CEO;	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 chairs and of the members, 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 SOE;	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 applicable	
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.ignitisgrupe.lt

Point of the Description of the Guidelines for Ensuring the Transparency of the activities of SOEs (according to the wording of 30 April 2021) (link in Lithuanian)	**Disclosure**	**Explanation**
7. The following documents must be published on the website of a state-owned company:	Ongoing	Information is published on www.ignitisgrupe.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 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;	Ongoing	
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.ignitisgrupe.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.ignitisgrupe.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 is published on the Group companies or the parent company's websites.
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 www.ignitisgrupe.lt 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 www.ignitisgrupe.lt 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	All documents are published in PDF format
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

Point of the Description of the Guidelines for Ensuring the Transparency of the activities of SOEs (according to the wording of 30 April 2021) (link in Lithuanian)	Disclosure	Explanation
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.	Ongoing	The parent company prepares sets of interim financial statements for 3, 6 and 9 months
16. A state-owned company, which according to the Law on Audit of Financial Statements and Other Assurance Services 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 and Other Assurance Services 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.	Ongoing	The parent company prepares a 6-month interim report
17. In addition to the Contents requirements established in the Law on Financial Reporting by Undertakings and Groups of Undertakings 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:	Ongoing	The parent company provides information in the integrated 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 applicable	
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 parent company prepares a social responsibility report (integrated in the integrated 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 parent company provides information in the integrated annual report

Point of the Description of the Guidelines for Ensuring the Transparency of the activities of SOEs (according to the wording of 30 April 2021) (link in Lithuanian)	**Disclosure**	**Explanation**
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	The parent company provides information in the integrated 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 parent company provides information in the integrated 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 parent company provides information in the interim reports

7.7 Other statutory information

This Integrated Annual Report 2024 includes a consolidated annual management report and financial statements, which provide information to shareholders, creditors and other stakeholders of AB "Ignitis grupė" (the parent company) about the operations of the parent company and the companies it controls, which are collectively referred to as the Group companies (the Group or Ignitis Group), for the period of January–December 2024. The composition of this document corresponds to the composition of the set of annual accounts as per Article 6 of the Law on Financial Reporting by Undertakings and Groups of Undertakings of the Republic of Lithuania.

The parent company's CEO is responsible for its preparation, while the parent company's Management Board considers and approves the Integrated Annual Report. The Integrated Annual Report 2024, including the consolidated and the parent company's financial statements, was considered and approved by the parent company's Management Board on 25 February 2025. This report has been prepared in accordance with the Law on Companies of the Republic of Lithuania (link in Lithuanian), the Law on Financial Reporting by Undertakings and Groups of Undertakings of the Republic of Lithuania (link in Lithuanian), the Listing of Rules of Nasdaq Vilnius as well as legal acts and recommendations of relevant supervisory authorities and operators of the regulated markets.

Information that must be published by the parent company according to the legal acts of the Republic of Lithuania is made public, depending on the disclosure requirements, either on our website, on the websites Nasdaq Vilnius and London stock exchanges or both.

Ignitis Group employees

Compliance with the Transparency Directive	In compliance with Article 4 of the Transparency Directive introduced by the European Commission, the Group files the Integrated Annual Report 2024 in accordance with the European Single Electronic Format (ESEF) by providing consolidated financial statements, including notes, in the XHTML format, using block tagging with Inline eXtensible Business Reporting Language (iXBRL). For all intents and purposes, other than the XHTML, the Integrated Annual Report 2024 document is considered as non-official version, and ESEF version prevails in case of any issues or conflicts.
Material events notifications of the parent company	The parent company's securities are being traded on regulated exchanges, which ensure transparency, protection of the legitimate interests of market participants and fair pricing. In respect of this, regulated information, including the Group's reports, material events, strategic decisions and other relevant information, is being published on London Stock Exchange and Nasdaq Vilnius to ensure investors' right to access relevant and reliable information.
Information on the parent company's ordinary registered shares account manager	AB SEB bankas (info@seb.lt) is appointed as the parent company's ordinary registered shares' account manager for the purposes of accounting securities and paying dividends. The owners of Global Depositary Receipts representing the ordinary registered shares (hereinafter – GDR) of the parent company must consult with the GDR issuer (the Bank of New York Mellon), its authorised party or their securities' account managers for GDR-related information.
Alternative performance measures	Alternative Performance Measures (APM) are adjusted figures used in this report that refer to the 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 section '7.3 Alternative performance measures' of this report and on the Group's website.
Internal control and risk management systems involved in the preparation of the financial statements	The Group'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 the data is 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.
Related party transactions	Related-party transactions concluded during the reporting period are disclosed in section '9 Parent company's financial statements' of this report and on our website. More detailed information regarding our related-party transaction policy is available here.
Compliance with the code of corporate governance	This Integrated Annual Report 2024 has been prepared in accordance with Article 12(3) of the Law on Securities of the Republic of Lithuania (link in Lithuanian) and paragraph 24.5 of the Listing Rules of Nasdaq Vilnius. For detailed information of how the parent company complies with the Corporate Governance Code for the Companies listed on Nasdaq Vilnius as well as its specific provisions or recommendations, see section '7.5 Compliance with the Corporate Governance Code' of this report.

Information on significant arrangements to which the parent company is a party and which would take effect, be amended or terminated in the event of changes in the parent company's control, and their impact, except where by reason of the nature of the arrangements, disclosure would cause material prejudice to the parent company	Significant arrangements concluded by the parent company during the reporting period that would take effect, be amended or terminated in the event of changes in the parent company's control: **13 March 2024:** Ignitis Group concluded EUR 105 million long-term financing agreement with EIB
Information on agreements concluded between the parent 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 parent company (official offer)	There were no agreements concluded between the parent 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 parent company.
Information on restrictions on the transfer of securities of the parent company imposed by law, articles of association or shareholders' agreements	There were no restrictions on the transfer of securities of the parent company imposed by law, articles of association or shareholders' agreements.
Information on the parent company's branches and representative offices and research and development activities	The parent company has no branches and representative offices and parent company does not carry out research and development activities.
Information on key intangible resources	Information on the key intangible resources, as well as an explanation of how the Group fundamentally depends on these resources and how they contribute to value creation, can be found in sections '2.2 Strategy and targets', '6.3 Social', and '6.4 Governance' of this report, as well as in our Remuneration Policy and People and Culture Policy, which are available on our website.
Information on delisted companies	Since September 2021, the parent company owns 100% of shares of ESO (Networks) and Ignitis Gamyba (Reserve Capacities and Green Capacities). More information about the delisted companies, including the details of the share buy-out, is available in section '7.1 Further investor related information' of this report and on our website.
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.

7.8 Legal notice

This document has been prepared by AB "Ignitis grupė" (hereinafter – Ignitis Group) solely for informational purposes and must not be relied upon, disclosed or published, or used in part for any other purpose.

The document should not be treated as investment advice or provide basis for valuation of Ignitis Group's securities and should not be considered as a recommendation to buy, hold, or dispose of any of its securities, or any of the businesses or assets referenced in the document.

The information in this document may comprise information which is neither audited nor reviewed by independent third parties and should be considered as preliminary and potentially subject to change.

This document may also contain certain forward-looking statements, including but not limited to, the statements and expectations regarding anticipated financial and operational performance. These statements are based on the management's current views, expectations, assumptions, and information as of the date of this document announcement as well as the information that was accessible to the management at that time. Statements herein, other than the statements of historical fact, regarding Ignitis Group's future results of operations, financials, business strategy, plans and future objectives are forward-looking statements. Words such as "forecast", "expect", "intend", "plan", "will", "may", "should", "continue", "predict" or variations of these words, as well as other statements regarding the matters that are not a historical fact or regarding future events or prospects, constitute forward-looking statements.

Ignitis Group bases its forward-looking statements on its current views, which involve a number of risks and uncertainties, which may be beyond Ignitis Group's control or difficult to predict, and could cause the actual results to differ materially from those predicted and from the past performance of Ignitis Group. The estimates and projections reflected in the forward-looking statements may prove materially incorrect and the actual results may materially differ due to a variety of factors, including, but not limited to, legislative and regulatory factors, geopolitical tensions, economic environment and industry development, commodity and market factors, environmental factors, finance-related risks as well as expansion and operation of generation assets. Therefore, you should not rely on these forward-looking statements. For further risk-related information, please see section '4.2 Risk management update' of our latest interim report and '4.7 Risk management' section of this report, all available at https://ignitisgrupe.lt/en/reports-presentations-and-fact-sheets.

Certain financial and statistical information presented in this document is subject to rounding adjustments. Accordingly, any discrepancies between the listed totals and the sums of the amounts are due to rounding. Certain financial information and operating data relating to Ignitis Group presented in this document has not been audited and, in some cases, is based on the management's information and estimates, and is subject to change. This document may also include certain non-IFRS measures (e.g., Alternative Performance Measures, described in '7.3 Alternative performance measures' section of this report and at https://ignitisgrupe.lt/en/reports-presentations-and-fact-sheets, which have not been subjected to a financial audit for any period.

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

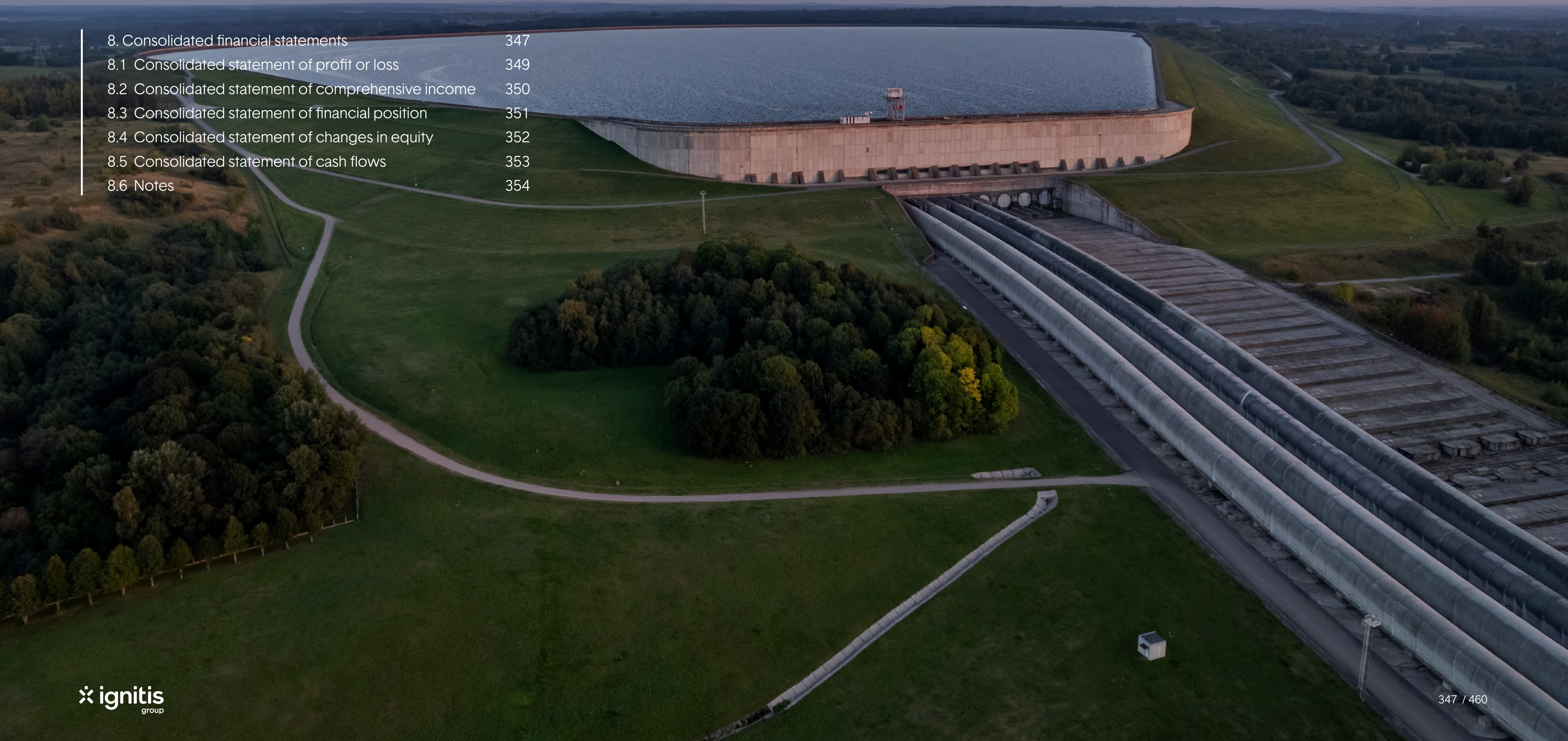
No responsibility or liability will be accepted by Ignitis Group, its affiliates, officers, employees, or agents for any loss or damage resulting from the use of forward-looking statements in this document. Unless required by the applicable law, Ignitis Group is under no duty and undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

7.9 Terms and abbreviations

#	Number
%	Per cent
‘000 / k	Thousand
AB	Public limited liability company
Advanced Development Pipeline	Projects which have electricity grid connection secured through a preliminary grid connection agreement (the agreement has been signed and the grid connection fee has been paid)
AML	Anti-money laundering
APM	Alternative performance measure (link)
Awarded / Contracted	Projects with one of the following: (i) awarded in government auctions and tenders (incl. CfD, FiP, FiT, seabed with grid connection), or (ii) for which offtake is secured through PPA or similar instruments (total secured offtake through PPA and other instruments should cover at least 50% of the annual expected generation volume of the asset)
B2B	Business to business
B2C	Business to consumer
BESS	Battery energy storage system
BICG	Baltic Institute of Corporate Governance
bn	Billion
CCGT	Combined Cycle Gas Turbine
CDP	Carbon Disclosure Project
CfD	Contract for difference
CHP	Combined heat and power (cogeneration) plant
Clean Spark Spread	The difference between the combined cost of gas and emissions allowances and the price of electricity
CO_2	Carbon dioxide
COD	Projects with installed capacity achieved
CPI	Consumer Price Index
CSRD	Corporate Sustainability Reporting Directive
DMA	Double Materiality Assessment
E	Electricity
Early Development Pipeline	Projects with planned capacity above 50 MW and where substantial share of land rights are secured
Electricity Generated (net)	Electricity generated and sold by wind farms, solar farms, biomass and WtE CHPs, hydropower plants (including Kruonis Pumped Storage Hydroelectric Power Plant) and Elektrėnai Complex
EMIT	European Market Infrastructure Regulation
eNPS	Employee Net Promoter Score
ESG	Environmental, social and corporate governance
ESRS	European Sustainability Reporting Standards
EURbn	Billion euros
EURm	Million euros
FBS	Fixed base salary
Final Investment Decision (FID)	Final investment decision, a decision of a relevant governance body on making significant financial commitments related to the project
FiT	Feed-in tariff

FIP	Feed-in premium, a fixed premium to the electricity market price
FTE	Full-time equivalent
Full Completion	The action of obtaining a project completion certificate, implying the transfer of operational responsibilities of a power plant to the Group
GDP	Gross domestic product
GDPR	General Data Protection Regulation
GDR	Global depositary receipt
General Meeting	General meeting of shareholders
GHG	Greenhouse gas
Green Electricity Generated (net)	Electricity generated by wind farms, solar farms, biomass and WtE CHPs, hydroelectric power plants (including Kruonis Pumped Storage Hydroelectric Power Plant)
Green Capacities	Previously, Green Generation business segment
Green Capacities Portfolio	All projects in the Green Capacities business segment, including: (i) Secured Capacity, (ii) Advanced Development Pipeline and (iii) Early Development Pipeline
Green Capacities Pipeline	Green Capacities Portfolio, excluding Installed Capacity
Green Share of Generation	Green Share of Generation is calculated as follows: Green Electricity Generated (including Kruonis Pumped Storage Hydroelectric Power Plant) divided by the total electricity generated by the Group
GRI	Global Reporting Initiative
Group or Ignitis Group	AB "Ignitis grupė" and the companies it controls
GW	Gigawatt
Heat Generated (net)	Heat generated by biomass and WtE CHPs
HPP	Hydroelectric power plant
IFRS	International Financial Reporting Standards
Installed Capacity	The date at which all the equipment is: (1) installed, (2) connected, (3) authorized by a competent authority to generate energy, and (4) commissioned. Performance testing may still be ongoing.
ILO	International Labour Organisation
ISIN	International Securities Identification Number
YoY	Year over year
IPO	Initial Public Offering
ISO	International Organization for Standardization
LNG	Liquefied natural gas
LRAIC	Long-run average incremental cost
LTIP	Long-Term Incentive Programme
LTIR	Lost-Time Incident Rate
LTM	Last twelve months
m	Million
MAR	Market Abuse Regulation
MCM	Million Cubic Meters
min	Minutes
MW	Megawatt
MWh	Megawatt hour
n/a	Not applicable
n/d	No data
NERC	National Energy Regulatory Council
New connection points and upgrades	Number of new customers connected to the network and capacity upgrades of the existing connection points

NPS	Net promoter score
OECD	Organisation for Economic Co-operation and Development
OHS	Occupational health and safety
Other activities and eliminations	Includes consolidation adjustments, related-party transactions and financial results
Parent company	AB "Ignitis grupė"
PPA	Power purchase agreement
pp	Percentage point
PPE	Property, plant and equipment
PSHP	Pumped-storage hydroelectric power plant
PSO	Public service obligation
Public supply	Electricity supply activity performed in accordance with the procedure and terms established by legal acts by an entity holding a public supply licence
Q	Quarter
RAB	Regulated asset base
Regulated monopolistic activities	Electricity and gas distribution, electricity supply of last resort, public supply of electricity, gas supply to residents of Lithuania and designated LNG supplier service, secondary reserve (till the end of 2020)
RES	Renewable energy sources
REMIT	Regulation (EU) 1227/2011 on wholesale energy market integrity and transparency
ROI	Return on Investment
SAIDI	Average duration of unplanned interruptions in electricity or gas transmission
SAIFI	Average number of unplanned long interruptions per customer
SBTi	Science Based Targets initiative
Secured Capacity	Green Capacities projects under the following stages: (i) installed capacity, or (ii) under construction, or (iii) awarded / contracted
SOE	State-owned enterprise
STI	Short-term incentives
SF	Solar farm
Supply of Last Resort	Supply of electricity to customers who have not selected an independent supplier in accordance with the established procedure or whose independent supplier fails to fulfil its obligations, terminates its activities or power purchase and sale agreement
Taxonomy-eligible	An economic activity that is described in the delegated acts supplementing Regulation (EU) 2020/852, irrespective of whether that economic activity meets any or all of the technical screening criteria laid down in those delegated acts
Taxonomy-non-eligible	Any economic activity that is not described in the delegated acts supplementing Regulation (EU) 2020/852
Taxonomy-aligned	An economic activity that complies with the requirements laid down in Article 3 of Regulation (EU) 2020/852
TCFD	Task Force on Climate-Related Financial Disclosures
TE-3	Vilnius Third Combined Heat and Power Plant
TRIR	Total Recordable Incident Rate
TWh	Terawatt-hour
UAB	Private limited liability company
UN	The United Nations
Under Construction	Project with building permits secured or permitting in process, including one of following: (i) a notice to start the construction has been given to the first contractor or (ii) a Final Investment Decision has been made
UDHR	Universal Declaration of Human Rights
UN SDGs	United Nations Sustainable Development Goals
UNGC	United Nations Global Compact
Units	Units
vs.	Versus
WACC	Weighted average cost of capital
WF	Wind farm
WtE	Waste-to-energy



Consolidated financial statements

8 Consolidated financial statements

Prepared for the year ended 31 December 2024 in accordance with International Financial Reporting Standards as adopted by the European Union

8.1 Consolidated statement of profit or loss

For the year ended 31 December 2024

EURm	Note	2024	2023
Revenue from contracts with customers	6	2,295.6	2,542.4
Other income	6	11.4	6.7
Total revenue		**2,307.0**	**2,549.1**
Purchases of electricity, natural gas and other services	7	(1,444.7)	(1,757.7)
Salaries and related expenses	7	(163.1)	(136.7)
Repair and maintenance expenses	7	(66.5)	(61.1)
Other expenses	7	(100.0)	(86.2)
Total expenses		**(1,774.3)**	**(2,041.7)**
EBITDA	**5**	**532.7**	**507.4**
Depreciation and amortisation	11, 12, 13, 24	(178.3)	(153.1)
Write-offs, revaluation and impairment losses of property, plant and equipment and intangible assets	11, 12, 13, 24	(4.4)	(2.1)
Operating profit (EBIT)	5	350.0	352.2
Finance income	8	23.2	41.7
Finance expenses	8	(64.9)	(40.0)
Finance activity, net		**(41.7)**	**1.7**
Profit (loss) before tax		**308.3**	**353.9**
Income tax (expenses)/benefit	9	(32.1)	(33.7)
Net profit for the year		**276.2**	**320.2**
Attributable to:			
Shareholders in AB “Ignitis grupė”		276.2	320.2
Non-controlling interest		-	-
Basic and diluted earnings per share (EUR)	21.6	**3.82**	**4.42**
Weighted average number of shares	21.6	**72,388,960**	**72,388,960**

8.2 Consolidated statement of comprehensive income

For the year ended 31 December 2024

EURm	Note	2024	2023
Net profit for the year		**276.2**	**320.2**
Revaluation of property, plant and equipment		(0.2)	3.8
Change in actuarial assumptions		-	1.3
Items that will not be reclassified to profit or loss in subsequent periods (net of tax), total		**(0.2)**	**5.1**
Cash flow hedges – effective portion of change in fair value	29	(3.4)	(136.7)
Cash flow hedges – reclassified to profit or loss	29	1.8	34.4
Foreign operations – foreign currency translation differences		5.3	24.7
Items that may be reclassified to profit or loss in subsequent periods (net of tax), total		**3.7**	**(77.6)**
Total other comprehensive income (loss) for the year		**3.5**	**(72.5)**
Total comprehensive income (loss)		**279.7**	**247.7**
Attributable to:			
Shareholders in AB “Ignitis grupė”		279.7	247.7
Non-controlling interests		-	-

8.3 Consolidated statement of financial position

As at 31 December 2024

EURm	Note	31 December 2024	31 December 2023
Assets			
Intangible assets	11	305.8	315.4
Property, plant and equipment	12	4,027.4	3,362.5
Right-of-use assets	13	77.6	49.9
Prepayments for non-current assets		236.1	309.9
Investment property		6.6	5.9
Non-current receivables	14.1	27.4	76.3
Other financial assets	15	35.2	37.0
Other non-current assets	16.1	4.0	3.5
Deferred tax assets	9.9	31.9	56.5
Non-current assets		**4,752.0**	**4,216.9**
Inventories	17	247.7	274.8
Prepayments and deferred expenses		17.1	14.4
Trade receivables	19	294.0	265.9
Other receivables	14.2	145.2	126.0
Other financial assets	15	-	110.4
Other current assets	16.2	9.4	24.0
Prepaid income tax		5.5	6.2
Cash and cash equivalents	20	234.5	205.3
Assets held for sale		0.6	0.5
Current assets		**954.0**	**1,027.5**
Total assets		**5,706.0**	**5,244.4**

EURm	Note	31 December 2024	31 December 2023
Equity and liabilities			
Share capital	21.2	1,616.4	1,616.4
Reserves	22	258.7	284.4
Retained earnings		561.7	362.6
Equity attributable to shareholders in AB "Ignitis grupė"		**2,436.8**	**2,263.4**
Non-controlling interests		-	-
Equity		**2,436.8**	**2,263.4**
Non-current loans and bonds	23.1	1,711.6	1,521.2
Non-current lease liabilities	23.2	68.1	42.3
Grants and subsidies	24	287.5	300.1
Deferred tax liabilities	9.9	84.7	87.4
Provisions	25	100.5	60.7
Deferred income	26.1	289.9	241.6
Other non-current liabilities		18.2	66.6
Non-current liabilities		**2,560.5**	**2,319.9**
Loans	23.1	61.1	64.5
Lease liabilities	23.2	6.0	5.2
Trade payables	27	246.1	177.2
Advances received	26.2	75.5	61.8
Income tax payable		16.1	4.9
Provisions	25	28.5	27.6
Deferred income	26.1	20.6	35.2
Other current liabilities	28	254.8	284.7
Current liabilities		**708.7**	**661.1**
Total liabilities		**3,269.2**	**2,981.0**
Total equity and liabilities		**5,706.0**	**5,244.4**

8.4 Consolidated statement of changes in equity

For the year ended 31 December 2024

EURm	Note	Share capital	Legal reserve	Revaluation reserve	Hedging reserve	Treasury shares reserve	Other reserves	Retained earnings	Shareholders in AB "Ignitis grupė" interest	Non-controlling interest	Total
Balance as at 1 January 2023		**1,616.4**	**138.4**	**73.0**	**100.6**	**37.7**	**(4.8)**	**164.3**	**2,125.6**	**-**	**2,125.6**
Net profit for the year		-	-	-	-	-	-	320.2	**320.2**	-	**320.2**
Other comprehensive income (loss)	10	-	-	3.8	(102.3)	-	24.7	1.3	**(72.5)**	-	**(72.5)**
Total comprehensive income (loss) for the year		**-**	**-**	**3.8**	**(102.3)**	**-**	**24.7**	**321.5**	**247.7**	**-**	**247.7**
Transfer of revaluation reserve to retained earnings (net of tax)		-	-	(9.0)	-	-	-	8.4	**(0.6)**	-	**(0.6)**
Transfers to legal reserve		-	22.3	-	-	-	-	(22.3)	**-**	-	**-**
Dividends	21.3	-	-	-	-	-	-	(91.7)	**(91.7)**	-	**(91.7)**
Dividends paid to non-controlling interest	21.4	-	-	-	-	-	-	(14.3)	**(14.3)**	-	**(14.3)**
Other movement		-	-	-	-	-	-	(3.3)	**(3.3)**	-	**(3.3)**
Balance as at 31 December 2023		**1,616.4**	**160.7**	**67.8**	**(1.7)**	**37.7**	**19.9**	**362.6**	**2,263.4**	**-**	**2,263.4**
Balance as at 1 January 2024		**1,616.4**	**160.7**	**67.8**	**(1.7)**	**37.7**	**19.9**	**362.6**	**2,263.4**	**-**	**2,263.4**
Net profit for the year		-	-	-	-	-	-	276.2	**276.2**	-	**276.2**
Other comprehensive income (loss)	10	-	-	(0.2)	(1.6)	-	5.4	(0.1)	**3.5**	-	**3.5**
Total comprehensive income (loss) for the year		**-**	**-**	**(0.2)**	**(1.6)**	**-**	**5.4**	**276.1**	**279.7**	**-**	**279.7**
Transfer of revaluation reserve (net of tax)		-	-	(7.7)	-	-	-	7.7	**-**	-	**-**
Transfers to legal reserve		-	16.1	-	-	-	-	(16.1)	**-**	-	**-**
Transfers to treasury shares reserve	22.4	-	-	-	-	(37.7)	-	37.7	**-**	-	**-**
Dividends	21.3	-	-	-	-	-	-	(94.5)	**(94.5)**	-	**(94.5)**
Dividends paid to non-controlling interest	21.4	-	-	-	-	-	-	(11.8)	**(11.8)**	-	**(11.8)**
Balance as at 31 December 2024		**1,616.4**	**176.8**	**59.9**	**(3.3)**	**-**	**25.3**	**561.7**	**2,436.8**	**-**	**2,436.8**

8.5 Consolidated statement of cash flow

For the year ended 31 December 2024

EURm	Note	2024	2023
Net profit for the year		276.2	320.2
Adjustments for:			
Depreciation and amortisation expenses	11,12,13	195.2	165.7
Depreciation and amortisation of grants	24	(16.9)	(12.6)
Impairment (reversal) of property, plant and equipment and goodwill		1.8	(1.1)
Fair value changes of derivatives	29.1	(1.4)	6.8
Fair value change of financial instruments	8	5.7	(16.7)
Income tax expenses/(benefit)	9	32.1	33.7
Increase/(decrease) in provisions	25	43.4	36.0
Inventory write-off to net realizable value/(reversal)	17	(13.2)	(88.6)
Loss/(gain) on disposal/write-off of assets held for sale and property, plant and equipment		5.5	3.6
Interest income	8	(14.0)	(17.6)
Interest expenses	8	46.6	34.6
Other expenses/(income) of financing activities		4.0	(1.9)
Other non-monetary adjustments		(0.7)	(0.6)
Changes in working capital:			
(Increase)/decrease in trade receivables and other receivables		21.7	204.0
(Increase)/decrease in inventories, prepayments and deferred expenses, other current and non-current assets and other financial assets		48.0	495.8
Increase/(decrease) in trade payables, deferred income, advances received, other non-current and current liabilities		35.0	(279.5)
Income tax (paid)/received		(7.8)	(81.0)
Net cash flows from operating activities		**661.2**	**800.8**
Acquisition of property, plant and equipment and intangible assets		(773.8)	(838.6)
Proceeds from sale of property, plant and equipment, assets held for sale and intangible assets		3.2	3.4
Investments in subsidiaries, net of cash acquired	30.3	(0.7)	(142.7)
Loans granted		(1.1)	(27.6)
Grants received	24	4.3	15.9
Interest received	8.1	6.2	10.7
Finance lease payments received		2.4	1.5
(Increase)/decrease of deposits	23.2	109.0	(109.0)
(Investments in)/return from investment funds	15.1	(3.8)	5.3
Net cash flows from investing activities		**(654.3)**	**(1,081.1)**
Loans received	23.2.2	110.9	285.9
Repayments of loans	23.2.2	(48.6)	(180.7)
Overdrafts net change	23.2.2	122.8	(160.4)
Lease payments	23.2.2	(7.4)	(5.7)
Interest paid	23.2.2	(46.3)	(39.0)
Dividends paid	21.3	(94.5)	(91.7)
Dividends paid to non-controlling interest	21.4	(11.8)	(14.3)
Other increases/(decreases) in cash flows from investing activities		(2.8)	(2.6)
Net cash flows from financing activities		**22.3**	**(208.5)**
Increase (decrease) in cash and cash equivalents		**29.2**	**(488.8)**
Cash and cash equivalents at the beginning of the period		205.3	694.1
Cash and cash equivalents at 31 December	**20**	**234.5**	**205.3**

8.6 Notes

For the year ended 31 December 2024

1 General information

AB "Ignitis grupė" (hereinafter referred to as 'the parent company') is a public limited liability company registered in the Republic of Lithuania. The parent company's registered office address is Laisvės Ave. 10, LT-04215, Vilnius, Lithuania. The parent company was registered on 28 August 2008 with the Register of Legal Entities managed by the State Enterprise Centre of Registers. The parent company's code is 301844044. 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 managing and developing its Green Capacities Portfolio (Green Capacities) and operating Lithuania's electricity distribution network (Networks). The Group also manages strategically important reserve capacities (Reserve Capacities) and provide services to its customers (Customers & Solutions), including the supply, trading of electricity and natural gas, and developing EV charging network for private (hereinafter referred to as 'B2C') and business (hereinafter referred to as 'B2B') customers. Information on the Group's structure is provided in Note 30.

These are consolidated financial statements of the Group. The parent company also prepares separate financial statements in accordance with IFRS Accounting Standards (hereinafter referred to as 'IFRS') as adopted by the EU 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 IFRS issued by International Accounting Standards Board (hereinafter referred to as 'IASB') and endorsed for application in the European Union.

Financial statements as at and for the year ended 31 December 2024 have been prepared on a going concern basis by applying the measurements based on historical cost, except for certain items of property, plant and equipment (see Note 35.1), investment property and certain financial instruments measured at fair value.

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

Details of the Group's Material accounting policies, including changes thereto, are included in Note 8.7 and section 'Accompanying information' of these financial statements.

2.2 Functional and presentation currency

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

2.3 ESEF reporting

The Group is required to file annual report in the European Single Electronic Format ('ESEF') using the XHTML format and to tag the consolidated financial statements including notes using Inline eXtensible Business Reporting Language (iXBRL). The prepared financial statements comply with 2022 taxonomy. Where a financial statement line item or text block is not defined in the ESEF taxonomy, an extension to the taxonomy has been created.

2.4 Alternative performance measures

The Group presents financial measures in the financial statements which are not defined according to IFRS. The Group uses these alternative performance measures (hereinafter referred to as 'APM') as it believes that these financial measures provide valuable information to stakeholders and the management.

The financial measures should not be considered a replacement for the performance measures as defined under IFRS, but rather as supplementary information.

The APM may not be comparable to similar-titled measures presented by other companies as the definitions and calculations may be different.

The APM most commonly used in the Group's financial statements: EBITDA, EBIT, Adjusted EBITDA, Adjusted EBIT, Investments, Net Debt.

For more information on the APM, see Note 5.

3 Changes in material accounting policies

3.1 Changes in accounting policy and disclosures

The accounting policies applied in the preparation of these financial statements are consistent with the accounting policies applied in the preparation of the Group's annual financial statements for the year ended 31 December 2023, with the exception for the adoption of new standards effective as of 1 January 2024. The Group has not applied any standard, interpretation, or amendment for which the early application is permitted but is not yet effective.

Information about new standards is available in Note 8.7 section 'Accompanying information' of these financial statements.

4 Significant accounting estimates and judgments used in the preparation of the financial statements

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
Principal or an Agent in relation to electricity transmission and distribution services	6.4.1.	Judgment
Principal or an Agent in relation to gas distribution services	6.4.2.	Judgment
Principal or an Agent in relation to gas transmission services	6.4.3.	Judgment
Principal or an Agent in relation to PSO fees and LNGT security component	6.4.4.	Judgment
Deferred tax assets from temporary differences	9.9	Estimate/judgment
Impairment of goodwill	11.5	Estimate
Revaluation and impairment of property, plant and equipment used in electricity distribution	12.1.1.	Estimate
Impairment of property, plant and equipment, used in natural gas distribution	12.7.2.	Judgment
Expected credit losses of trade receivables and other receivables: collective assessment of ECL applying provision matrix and individual assessment of ECL	14.2.4/19.2.	Estimate/judgment
Fair value of Investment funds – at FVTPL	15.2	Estimate
Leases: determining the lease term of contracts with renewal and termination options	23.3.1.	Judgment
Leases: estimating the incremental borrowing rate	23.3.2.	Estimate
Determining whether statutory and contractual servitudes are a lease	23.3.3	Judgment
Provisions for rights to servitudes	25.2.1.	Estimate
Provision for servitudes of real estate	25.2.2.	Estimate
Provision for compensations for the Special Land Use Conditions (Protected Areas)	25.2.3.	Estimate
Control over UAB Kauno kogeneracinė jėgainė	28.1	Estimate/judgment
Regulated activity: accrual of income and regulatory provision from services ensuring isolated operation of the power system and capacity reserve	32.2.2.1.	Estimate
Regulated activity: accrual of income and regulatory provision from public electricity supply	32.2.2.2.	Estimate

5 Business segments

EURm	Green Capacities	Networks	Reserve Capacities	Customers & Solutions	Other activities and eliminations	Total adjusted	Adjustments	Total reported
2024								
Total revenue	**412.9**	**718.1**	**149.9**	**1,215.8**	**(194.5)**	**2,302.2**	**4.8**	**2,307.0**
Purchases of electricity, natural gas and other services	(75.1)	(316.8)	(83.1)	(1,165.2)	195.5	(1,444.7)	-	(1,444.7)
Salaries and related expenses	(24.1)	(82.2)	(11.9)	(20.9)	(24.0)	(163.1)	-	(163.1)
Repair and maintenance expenses	(15.1)	(44.4)	(6.7)	(0.3)	-	(66.5)	-	(66.5)
Other expenses	(36.2)	(54.8)	(6.2)	(22.3)	19.5	(100.0)	-	(100.0)
EBITDA	**262.4**	**219.9**	**42.0**	**7.1**	**(3.5)**	**527.9**	**4.8**	**532.7**
Depreciation and amortization	(42.7)	(111.6)	(11.6)	(3.0)	(9.4)	(178.3)	-	(178.3)
Write-offs, revaluation and impairment losses of property, plant and equipment and intangible assets	(2.0)	(3.2)	0.7	-	0.1	(4.4)	-	(4.4)
EBIT	**217.7**	**105.1**	**31.1**	**4.1**	**(12.8)**	**345.2**	**4.8**	**350.0**
Finance activity, net						(36.0)	(5.7)	(41.7)
Income tax expenses						(31.7)	(0.4)	(32.1)
Net profit						**277.5**	**(1.3)**	**276.2**
Investments	**434.5**	**337.0**	**2.6**	**25.2**	**12.7**	**812.0**	**-**	**812.0**
2023								
Total revenue	**342.1**	**479.8**	**128.3**	**1,736.9**	**(160.7)**	**2,526.4**	**22.7**	**2,549.1**
Purchases of electricity, natural gas and other services	(68.9)	(135.5)	(57.8)	(1,658.7)	163.2	(1,757.7)	-	(1,757.7)
Salaries and related expenses	(18.2)	(71.9)	(9.6)	(16.7)	(20.3)	(136.7)	-	(136.7)
Repair and maintenance expenses	(8.7)	(46.2)	(6.0)	-	(0.2)	(61.1)	-	(61.1)
Other expenses	(23.7)	(46.2)	(5.0)	(31.1)	19.8	(86.2)	-	(86.2)
EBITDA	**222.6**	**180.0**	**49.9**	**30.4**	**1.8**	**484.7**	**22.7**	**507.4**
Depreciation and amortization	(29.1)	(101.2)	(11.1)	(3.1)	(8.6)	(153.1)	-	(153.1)
Write-offs, revaluation and impairment losses of property, plant and equipment and intangible assets	(0.1)	(1.7)	0.3	-	(0.6)	(2.1)	-	(2.1)
EBIT	**193.4**	**77.1**	**39.1**	**27.3**	**(7.4)**	**329.5**	**22.7**	**352.2**
Finance activity, net						(15.1)	16.8	1.7
Income tax expenses						(27.8)	(5.9)	(33.7)
Net profit						**286.6**	**33.6**	**320.2**
Investments	**542.7**	**346.8**	**4.9**	**25.0**	**17.7**	**937.1**	**-**	**937.1**

Business segments (equal to Operating segments in accordance with IFRS 8) are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Management Board.

The Group is divided into four business segments based on their core activities. For more information about the segments, see the Integrated Annual Report's sections '2.1 Business profile' and '3.5 Results by business segment'. The list of entities assigned to each segment is provided in Note 30.

The chief operating decision-maker monitors the results with reference to the financial reports that have been prepared using the same accounting policies as those used for the preparation of these financial statements. The primary APM is Adjusted EBITDA. Additionally, the management also analyses Investments of each individual segment. All measures are calculated using the data presented in the financial statements, and selected items which are not defined by IFRS are adjusted by the management. The Group's management calculates the main performance measures as described by the definitions of Alternative Performance Measures, which can be found in section '7.3 Alternative Performance Measures' of the Integrated Annual Report 2024.

5.1 EBITDA

Management's adjustments include:
- temporary regulatory differences (if any);
- asset rotation result (if any);
- significant one-off gains or losses (if any).

In the management's view, Adjusted EBITDA more accurately presents the results of the operations and enable a better comparison of the results between the periods as they indicate the amount that was actually earned by the Group in the reporting year by eliminating the differences between the permitted return set by NERC and the actual return for the period (temporary regulatory differences) as well as significant one-off gains.

The management's adjustments used in calculating the Adjusted EBITDA and Adjusted EBIT:

	2024	2023	Δ	Δ, %
EBITDA APM	**532.7**	**507.4**	**25.3**	**5.0%**
Adjustments[1]				
Temporary regulatory differences[1]	**5.0**	**(22.7)**	***27.7***	***n/a***
Networks	17.3	(112.2)	*129.5*	n/a
Customers & Solutions	(11.2)	90.2	*(101.4)*	*n/a*
Reserve Capacities	(0.2)	(0.2)	-	*0.0%*
Green Capacities	(0.9)	(0.5)	*(0.4)*	*(80.0%)*
Significant one-off gains or losses	**(9.8)**	**-**	**(9.8)**	**n/a**
Green Capacities	(9.8)	-	*(9.8)*	*n/a*
Total EBITDA adjustments	**(4.8)**	**(22.7)**	***17.9***	***78.9%***
Adjusted EBITDA APM	**527.9**	**484.7**	**43.2**	**8.9%**
Adjusted EBITDA Margin APM	22.9%	19.2%	3.7%	n/a

[1] *Temporary regulatory differences – elimination of the difference between the actual profit earned during the reporting period and the profit allowed by the regulator.*

Adjustments related to the Networks segment's temporary regulatory differences (EUR +17.3 million) include:
- eliminating the higher-than-allowed current-year profit of EUR -36.1 million (EUR -153.9 million in 2023), which will be returned during the future periods. The amounts for the current year are based on the management's estimate arising from comparison between the return on investments permitted by NERC and estimated by the management using actual financial and operating data for the current period;
- adding back the higher-than-allowed profit earned during the previous periods of EUR 53.4 million (EUR 41.7 million in 2023), which is returned to the customers through the tariffs for the current period. These amounts are based on the resolutions passed by NERC.

Adjustments related to the Customers & Solutions segment's temporary regulatory differences (EUR -11.2 million) include:
- eliminating the higher-than-allowed profit (EUR -11.9 million), which is established in the calculation methodology used by NERC, from natural gas designated supply activities (EUR 71.0 million in 2023);
- adding back the lower-than-allowed return (EUR 0.7 million), which is established in the calculation methodology used by NERC, from natural gas public supply activities (EUR 16.5 million in 2023);
- no amount is added back due to lower return than established in the calculation methodology used by NERC from electricity public supply activities due to the over-declared consumption by customers (EUR 2.6 million in 2023).

Adjustments related to the Green Capacities segment's temporary regulatory differences and significant one-off gains or losses (EUR -10.7 million) include:
- eliminating the higher-than-allowed return (EUR -0.9 million), which is established in the calculation methodology used by NERC, from Kruonis pumped storage power plant's regulated services (EUR -0.5 million in 2023);
- eliminating the recognized discount effect on non-current liabilities, related to CfD (contract for difference). CfDs are settled in Poland under the Renewable Energy Sources (RES) Act. Normally, CfD settlements occur within a three-year period. However, since regulatory changes in the RES Act occurred after Pomerania CfD contract was signed, the payment of the first settlement period is deferred until the end of the contract (year 2036). Due to this reason, the discounting effect of the liability related to Pomerania CfD is treated as a significant one-ff item that does not reflect the Group's regular operating performance.

Adjustments related to the Reserve Capacities segment's temporary regulatory differences (EUR -0.2 million) include:
- eliminating the higher-than-allowed return (EUR -0.2 million), which is established in the calculation methodology used by NERC, from Elektrėnai complex's regulated services (EUR -0.2 million in 2023).

5.2 Operating profit (EBIT)

Operating profit (EBIT) adjustments:

	2024	2023	Δ	Δ, %
Operating profit (EBIT) APM	**350.0**	**352.2**	***(2.2)***	***(0.6%)***
Adjustments				
Total EBITDA adjustments	(4.8)	(22.7)	*17.9*	*78.9%*
Total Operating profit (EBIT) adjustments	**(4.8)**	**(22.7)**	***17.9***	***78.9%***
Adjusted EBIT APM	**345.2**	**329.5**	***15.7***	***4.8%***

5.3 Net profit

Net profit adjustments, EUR:

	2024	2023	Δ	Δ, %
Net profit	**276.2**	**320.2**	**(44.0)**	**(13.7%)**
Adjustments				
Total EBITDA adjustments	(4.8)	(22.7)	*17.9*	*78.9%*
One-off financial activity adjustments (1)	5.7	(16.8)	*22.5*	*n/a*
Adjustments' impact on income tax (2)	0.4	5.9	*(5.5)*	*(93.2%)*
Total net profit adjustments	**1.3**	**(33.6)**	**34.9**	**n/a**
Adjusted Net Profit APM	**277.5**	**286.6**	**(9.1)**	**(3.2%)**

(1) One-off financial activity adjustments

One-off financial activity adjustments for 2024 include elimination of investment funds' decrease in fair value (EUR 5.7 million). One-off financial activity adjustments for 2023 include elimination of investment funds' increase in fair value (EUR 16.8 million).

(2) Adjustments' impact on income tax

An additional income tax adjustment of 15% (statutory income tax rate in Lithuania) is applied to all of the above net profit adjustments.

6 Revenue

6.1 Revenue by type

EURm	2024	2023
Revenue from the sale of electricity	574.7	682.2
Revenue from electricity transmission and distribution	571.8	452.8
Revenue from sale of produced electricity	410.1	310.1
Revenue from services ensuring the isolated operation of power system and capacity reserve	81.5	63.3
Revenue from public electricity supply	43.9	48.4
Revenue from other electricity related activity	10.8	9.0
Electricity related revenue	**1,692.8**	**1,565.8**
Revenue from gas sales	398.3	807.0
Revenue from gas distribution	69.2	73.1
Revenue of LNGT security component	31.8	11.2
Revenue from other gas related activity	1.5	1.6
Gas related revenue	**500.8**	**892.9**
Revenue from sale of heat energy	55.4	39.8
Other revenue	46.6	43.9
Other revenue from contracts with customers	**102.0**	**83.7**
Total revenue from contracts with customers	**2,295.6**	**2,542.4**
Other	11.4	6.7
Other income	**11.4**	**6.7**
Total revenue	**2,307.0**	**2,549.1**

6.2 Revenue by geographic segment

In 2024, the Group earned 82.7% (82.0% in 2023) of its revenue in Lithuania (EUR 1,909.4 million). The Group's revenue from other countries decreased to 17.3%, mostly in Finland and Latvia, and reached EUR 398.0 million (EUR 458.7 million in 2023), mainly due to lower electricity and natural gas volumes sold and lower market prices, mostly in Finland and Latvia.

EURm	2024	2023
Lithuania	1,909.0	2,090.4
Poland	167.5	133.6
Latvia	99.7	117.3
Finland	85.5	167.7
Estonia	11.5	19.0
Other countries	33.8	21.1
Total	**2,307.0**	**2,549.1**

6.3 Revenue from contracts with customers by timing

EURm	2024	2023
Performance obligation settled over time	2,231.0	2,424.7
Performance obligation settled at a specific point in time	64.6	117.7
Total	**2,295.6**	**2,542.4**

6.4 Significant accounting estimates and judgements

6.4.1 Determining whether the Group acts as a Principal or an Agent in relation to electricity transmission and distribution services

In providing electricity transfer services, which include transmission and distribution services, to end-users, the Group in Lithuania and Latvia acquires electricity transmission services from the transmission system operator (not a part of the Group), and in Latvia it acquires electricity distribution services from the distribution system operator which is not a part of the Group. The management of the Group analysed the related contracts with the electricity transmission and distribution system operators and the contracts with customers, and also evaluated the applicable regulatory environment to conclude whether the Group is acting as a Principal or as an Agent in relation to the electricity transmission services in Lithuania and the electricity transfer (includes both transmission and distribution) services in Latvia. The management has concluded that the Group acts:

- as an Agent in relation to the electricity transmission and distribution services acquired from the Latvian operator of the electricity transmission system;
- as a Principal in relation to the electricity transmission services acquired from the Lithuanian operator of the transmission system.

6.4.2 Determining whether the Group acts as a Principal or an Agent in relation to gas distribution services

When providing gas distribution services to customers in Lithuania, the Group uses its own distribution network, in Latvia – the Group acquires these services from the company which is not a part of the Group. The management of the Group analysed the related contracts with the Latvian gas distribution system operator and the contracts with customers, evaluated the applicable regulatory environment and, to conclude whether the Group is acting as a Principal or as an Agent in relation to the gas distribution services in Latvia, the management has considered the following arguments:

- the Group is not ultimately responsible for gas distribution services since, according to the laws and regulations and agreements with customers, the owner of the distribution grid takes full responsibility;
- the Group also does not bear the inventory risk since the price of distribution services is determined based on meter readings, i.e., the distribution fee is charged to the Group only to the amount of gas consumed by the end customer;
- the price of the distribution component is determined by the system operator, which is not a part of the Group, and approved by the regulator.

Following the arguments presented above, the management has applied a significant judgement and concluded that the Group acts as an Agent in relation to the gas distribution services acquired from the operator of the Latvian gas distribution system.

6.4.3 Determining whether the Group acts as a Principal or an Agent in relation to gas transmission services

The Group provides gas supply services to customers and collects payments from them for gas transmission services that are provided by the transmission system operator (does not belong to the Group). The management has applied a significant judgment and concluded that the Group acts as an Agent in relation to collecting the transmission service component from customers due to the following argumentation:

- the Group is not ultimately responsible for gas transmission services since, according to the laws and regulations, the owner of the transmission grid takes full responsibility;
- the Group also does not bear the inventory risk since the price of transmission services is determined based on meter readings, i.e., the transmission fee is charged to the Group only to the amount of natural gas consumed by the end customer;
- the price of the transmission component is determined by the transmission system operator, which is not a part of the Group, and approved by the regulator.

Following the arguments presented above, the management has applied a significant judgement and concluded that the Group acts as an Agent in relation to gas transmission services for which the Group collects payments from the end customers.

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

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

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

7 Expenses

7.1 Purchases of electricity, natural gas and other services

EURm	2024	2023
Purchases of electricity and related services	945.8	840.8
Purchases of natural gas and related services	451.3	886.1
Other purchases	47.6	30.8
Total	**1,444.7**	**1,757.7**

The Group's purchase of electricity, natural gas and other purchases amounted to EUR 1,444.7 million in 2024 and decreased by 17.8% compared to 2023. The decrease was caused by lower purchase of natural gas and related services (EUR -434.8 million), mainly impacted by lower volume sold and lower market prices. Expenses from purchase of electricity and related services increased by 12.5% (EUR 105.0 million), mostly impacted by higher electricity transmission expenses.

7.2 Salaries and related expenses

EURm	2024	2023
Fixed wages and salaries	159.5	132.9
Variable wages and salaries	28.6	23.6
Other wages and salaries expenses	5.5	5.0
Attributable cost to property, plant and equipment and intangible assets	(30.5)	(24.8)
Total	**163.1**	**136.7**

In 2024, salaries and related expenses were EUR 26.4 million (19.3%) higher compared to 2023, which increased mainly due to the growth in Group's average salary and headcount.

7.3 Repairs and maintenance expenses

EURm	2024	2023
Electricity network	40.1	42.1
Electricity and heat power generation equipment	20.6	14.6
Gas network	4.2	4.0
Other	1.6	0.4
Total	**66.5**	**61.1**

7.4 Other expenses

EURm	2024	2023
Asset management and administration	19.4	15.8
Telecommunications and IT services	14.4	12.8
Taxes (other than income taxes)	11.8	9.2
Customer service	10.1	11.6
People and culture	7.4	5.2
Finance and accounting	7.0	5.0
Communication	4.2	3.2
Legal	3.9	2.7
Ineffective energy hedging result	-	8.1
Other	21.8	12.6
Total	**100.0**	**86.2**

8 Finance activity

EURm	2024	2023
Interest income at the effective interest rate	14.0	17.6
Gain from foreign currency exchange differences	5.9	4.6
Fair value change of derivatives	0.7	0.1
Investment funds – at FVTPL (Note 15.1)	-	16.7
Other income from financing activities	2.6	2.7
Total finance income	**23.2**	**41.7**
Interest expenses	44.9	33.4
Amounts under trade finance agreements	5.8	2.9
Investments funds – at FVTPL (Note 15.1)	5.7	-
Interest and discount expense on lease liabilities	1.7	1.2
Fair value change of derivatives	0.2	0.8
Other expenses of financing activities	6.6	1.7
Total financial expenses	**64.9**	**40.0**
Finance activity, net	**(41.7)**	**1.7**

8.1 The Group's interest income

In 2024, the Group received in cash EUR 6.2 million (2023: EUR 10.7 million) in interest income, which is presented in the Statement of cash flows under 'Interest received'.

9 Income taxes

9.1 Overview

The Group adheres to a responsible and transparent tax policy, which is based on legitimate tax principles and reflects a commitment to complying with applicable tax laws in the countries where the Group operates. Taxes are an important part of the Group's strategy to ensure long-term operational sustainability and value creation for shareholders, investors, and society.

The Group operates in strict compliance with local and international tax laws, ensuring the timely and responsible fulfilment of tax obligations. The Group continuously monitors changes in tax legislation to adapt promptly to the latest requirements. The Group responsibly avoids aggressive, illegal, and dubious tax planning that could harm its reputation or result in negative legal consequences.

The Group's tax team is essential for tax planning and review. They ensure that major business decisions comply with tax laws and manage risks effectively. They also monitor and update tax risks and controls regularly.

9.2 Risk management

To manage potential tax risks, the Group constantly conducts thorough analysis and risk assessment procedures, collaborates with tax administrators and consultants, and ensures that all potential risks are properly managed to avoid unplanned tax expenses or other negative consequences that could affect its financial results.

Given the complexities of tax laws and their interpretations, which can change over time, tax risks are an inherent challenge. In managing tax risks, the Group also considers uncertain tax positions, such as those arising from ambiguous legal wording, unclear policy intentions, or inconsistent application by tax authorities or judicial bodies in the countries where the Group operates.

The Group's strategy to mitigate tax risks includes preventing unnecessary disputes through solid technical positions, comprehensive documentation, strict compliance procedures, and proactive dialogues with tax authorities. The Group employs a standardized review process, continuously evaluating and, when necessary, replacing controls with automated systems.

9.3 Amounts recognised in profit or loss

EURm	2024	2023
Income tax expenses (benefit) for the year	40.3	32.4
Deferred tax expenses (benefit)	(9.4)	1.3
Global minimum top-up tax	1.2	-
Total	**32.1**	**33.7**

9.4 Amounts recognised in other comprehensive income

Income taxes in 2024 recognised in other comprehensive income comprise EUR 1.3 million in income tax benefit and EUR -2.1 million in deferred tax expenses (2023: EUR 4.5 million in income tax benefit and EUR 11.1 million in deferred tax benefit).

9.5 Effective tax rate

EURm	2024	2024	2023	2023
Profit (loss) before tax		308.3		353.9
Income tax expenses (benefit) at tax rate of 15%	15.00%	46.2	15.00%	53.1
Income tax expenses related to global minimum top-up tax	0.39%	1.2	-	-
Effect of tax rates in foreign jurisdictions	0.45%	1.4	0.03%	0.1
Non-taxable income and non-deductible expenses	0.48%	1.5	1.32%	4.7
Income tax relief for the investment project	(4.77%)	(14.7)	(5.15%)	(18.3)
Adjustments in respect of prior years	0.13%	0.4	(1.42%)	(5.0)
Income tax rate change	(0.96%)	(3.0)	-	-
Other	(0.30%)	(0.9)	(0.25%)	(0.9)
Income tax expenses (benefit)	**10.42%**	**32.1**	**9.54%**	**33.7**

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

Standard income tax rate of 15% was applicable to the companies in Lithuania (starting from 2025 – 16%), in Poland – 19%, in Finland – 20%. Standard income tax rate in Latvia and Estonia is 20% on the gross amount of the distribution (starting from 2025, income tax rate in Estonia will be increased up to 22%). 'Income tax relief for the investment project' included the income tax relief for the investment projects in 2024 and the income tax relief from previous periods, for which the deferred tax assets were not recognized.

9.6 Global minimum tax

In December 2021, the Organisation for Economic Co-operation and Development (OECD) introduced the Pillar 2 model rules, aimed at overhauling international corporate taxation. The primary objective of these regulations is to guarantee that large multinational enterprises, specifically those with global revenues surpassing EUR 750 million, are subject to a minimum effective tax rate of 15%. These rules need to be incorporated into the national laws of the countries that choose to adopt them.

The Group's effective income tax rate in Lithuania is below the minimum threshold of 15% due to the tax relief on investment project incentive applied at the Group level in Lithuania. In other countries where the Group operates, namely Latvia, Estonia, Poland, and Finland, the Group's effective income tax rate exceeds 15% or the activities result in a loss.

Within all jurisdictions where the Group operates, only Finland adopted a new law on 31 December 2023, implementing the Global Minimum Tax, which came into effect on 1 January 2024. Since the provisions for the Global Minimum Tax will be fully incorporated into national law in Poland and take effect on 1 January 2025 and there are currently no plans to implement the Global Minimum Tax in Lithuania, Latvia, or Estonia, the Group will be obligated to pay a top-up tax in Finland for the year 2024. For the year 2025, the Group will be obligated to pay a top-up tax in both Poland and Finland.

For the year 2024, the Group has calculated the top-up tax of EUR 1.2 million. The aggregated jurisdictional profit for Lithuania was calculated by considering mandatory exclusions and optional elections. Based on the jurisdictional net profit, the jurisdictional effective tax rate was calculated by incorporating the accounted income tax and assessing deferred taxes related to tax relief. The top-up tax rate was derived by subtracting the jurisdictional effective tax rate from the minimum effective tax rate of 15%. The top-up tax rate was applied to the excess profit, which was calculated by deducting the jurisdictional substance-based income (i.e., salary expenses and average carrying amount of property, plant, and equipment) from the aggregated jurisdictional profit. No deferred tax was recognized related to top-up tax.

9.7 Information on income tax

In accordance with the provisions of Directive (EU) 2021/2101, multinational companies that for two consecutive financial years have consolidated revenues exceeding EUR 750 million on their balance sheet date, will be required to prepare a report on income tax information by publicly disclosing how much tax they pay in each EU Member State. The obligation to prepare the report will arise for the first time for financial years beginning after 21 June 2024. As the Group's current financial year started on 1 January 2024, it is not yet required to prepare a separate report on income tax information. However, the Group is committed to transparency and provides key tax-related information voluntarily.

Report on income tax information is provided in the section '10 Report on income tax information' of the Integrated Annual Report.

9.8 Taxes paid by the Group

The Group discloses the taxes paid by the Group for the fiscal year. This includes indirect, income, payroll and other taxes. By providing a detailed breakdown of the Group's tax contributions, the Group aims to offer stakeholders a clear view of financial practices and a role in supporting public finances. This disclosure reflects the Group's dedication to ethical business conduct and contribution to the economic development of the jurisdictions in which the Group operates.

	Lithuania		Poland		Latvia		Estonia		Finland		Total	
EURm	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
Indirect taxes	203.0	334.6	(1.8)	(13.3)	12.4	18.5	0.4	0.7	15.4	33.0	229.4	373.5
Income tax	3.7	78.4	3.2	1.5	-	-	0.9	1.1	-	-	7.8	81.0
Payroll taxes	76.8	67.2	1.2	1.4	1.4	0.7	0.2	0.1	0.1	0.1	79.7	69.5
Other taxes	3.3	3.7	0.9	1.0	-	0.4	-	-	-	-	4.2	5.1
Total taxes	**286.8**	**483.9**	**3.5**	**(9.4)**	**13.8**	**19.6**	**1.5**	**1.9**	**15.5**	**33.1**	**321.1**	**529.1**
Dividends to the State	70.9	68.8	-	-	-	-	-	-	-	-	70.9	68.8
Total to the State	**357.7**	**552.7**	**3.5**	**(9.4)**	**13.8**	**19.6**	**1.5**	**1.9**	**15.5**	**33.1**	**392.0**	**597.9**

Indirect taxes

Indirect taxes include taxes on the production and consumption of goods and services (VAT) and excise duties.

Most indirect taxes consist of VAT, amounting to EUR 201.1 million, while the remaining amount of EUR 1.9 million is attributed to excise duties. The indirect taxes paid by the Group in 2024 decreased by EUR 144.1 million (38.6 %) compared to 2023. This decrease was related to lower electricity and natural gas prices in the market.

Income tax

Income taxes include taxes on the Group companies' profits, including withholding taxes and taxes that are ultimately borne by the parent company.

The income taxes paid by the Group in 2024 decreased by EUR 73.9 million (90.5 %) compared to 2023. The decrease is due to the fact that in 2024 a more significant amount of accrued tax losses was used from 2023 to cover that payable income tax.

Payroll taxes

Payroll taxes include taxes on employment (personal income tax) and social security contributions.

In 2024, the Group paid social security contributions of EUR 42.3 million and personal income tax (PIT) of EUR 37.4 million. The social security contributions and PIT paid by the Group in 2024 increased by EUR 10.2 million (14.7%) compared to 2023. The increase in social security contributions and PIT was driven by the increasing wages of the Group's employees and the growing number of employees.

9.9 Deferred tax

EURm	As at 31 December 2022	Recognised in profit or loss	Recognised in other comprehensive income	Deferred taxes assumed through business combinations and recognised directly in equity	Difference on exchange rate	As at 31 December 2023	Recognised in profit or loss	Recognised in other comprehensive income	Deferred taxes assumed through business combinations and recognised directly in equity	Set off with income tax	Difference on exchange rate	As at 31 December 2024
Deferred tax assets												
Revaluation of property, plant and equipment (PPE)	**20.0**	(2.0)	(0.7)	-	-	**17.3**	0.7	(0.8)	-	-	-	**17.2**
Inventories write down to NRV	**15.9**	(14.7)	-	-	-	**1.2**	(1.1)	-	-	-	-	**0.1**
Difference on recognition of income from new customers' connection and upgrade fees	**12.1**	(0.8)	-	-	-	**11.3**	-	-	-	-	-	**11.3**
Income tax relief for the investment project	**9.4**	0.2	-	-	-	**9.6**	9.8	-	-	-	-	**19.4**
Lease liability (IFRS16)	**9.0**	(0.8)	-		0.2	**8.4**	2.1	-	-	-	0.1	**10.6**
Accrued expenses	**5.4**	(1.2)	-	-	0.1	**4.3**	1.1	-	-	-	-	**5.4**
Impairment of trade receivables	**1.7**	0.1	-	-	-	**1.8**	-	-	-	-	-	**1.8**
Tax losses carry forward	**1.4**	22.0	12.6	-	-	**36.0**	8.3	1.4	-	(28.5)	-	**17.2**
Impairment of PPE	**0.8**	-	-	-	-	**0.8**	(0.1)	-	-	-	-	**0.7**
Other	**8.5**	(1.7)	(0.1)	-	0.2	**6.9**	-	-	-	-	0.1	**7.0**
Deferred tax asset	**84.2**	**1.1**	**11.8**	**-**	**0.5**	**97.6**	**20.8**	**0.6**	**-**	**(28.5)**	**0.2**	**90.7**
Deferred tax liabilities				**-**								
Differences of financial and tax value (PPE)	**77.9**	6.3	-	-	0.3	**84.5**	8.5	-	-	-	0.1	**93.1**
Difference of financial and tax value of assets acquired through business combination	**9.4**	(0.3)	-	16.8	(0.2)	**25.7**	(0.3)	-	0.7	-	-	**26.1**
Right-of-use asset (IFRS16)	**8.4**	(1.3)	-	-	0.1	**7.2**	3.7	-	-	-	0.1	**11.0**
Derivatives	**4.9**	(4.9)	-	-	-	**-**	(0.4)	2.5	-	-	-	**2.1**
Write-off grants	**3.1**	0.1	-	-	-	**3.2**	0.2	-	-	-	-	**3.4**
Other	**4.6**	2.5	0.7	-	0.1	**7.9**	(0.3)	0.2	-	-	-	**7.8**
Deferred tax liability	**108.3**	**2.4**	**0.7**	**16.8**	**0.3**	**128.5**	**11.4**	**2.7**	**0.7**	**-**	**0.2**	**143.5**
Deferred tax, net	**(24.1)**	**(1.3)**	**11.1**	**(16.8)**	**0.2**	**(30.9)**	**9.4**	**(2.1)**	**(0.7)**	**(28.5)**	**-**	**(52.8)**

The Group's Statement of financial position as at 31 December 2024 presents separately deferred tax assets of EUR 31.9 million and deferred tax liabilities of EUR 84.7 million related to different subsidiaries. The net balance of deferred tax is liability of EUR 52.8 million. Deferred tax assets and liabilities arising from the same entity are presented on the net basis in the Statement of financial position (as at 31 December 2023 deferred tax asset was EUR 56.5 million, deferred tax liability – EUR 87.4 million).

As at 31 December 2024, the Group did not recognise the deferred tax assets from temporary differences of EUR 88.5 million (e.g. investment tax relief, taxable losses), as it is not clear whether future taxable profits will be available against which they can be used (in 31 December 2023, the Group did not recognise deferred tax assets on investment tax relief in the amount of EUR 44.2 million). The group will be able to benefit from investment project incentives, for which they did not recognize deferred income tax, over the next four years, until 2028 inclusive. The Group's tax losses can be used over five years, until 2029 inclusive.

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

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

10 Other comprehensive income

EURm	Revaluation reserve	Hedging reserve	Other reserves	Retained earnings	Total
Items that will not be reclassified to profit or loss in subsequent periods					
Revaluation of property, plant and equipment	4.5	-	-	-	**4.5**
Result of change in actuarial assumptions	-	-	-	1.4	**1.4**
Tax	(0.7)	-	-	(0.1)	**(0.8)**
Items that may be reclassified to profit or loss in subsequent periods					
Cash flow hedges – effective portion of change in fair value	-	(159.9)	-	-	**(159.9)**
Cash flow hedges – reclassified to profit or loss	-	40.5	-	-	**40.5**
Foreign operations – foreign currency translation differences	-	-	25.4		**25.4**
Tax	-	17.1	(0.7)	-	**16.4**
Total as at 31 December 2023	**3.8**	**(102.3)**	**24.7**	**1.3**	**(72.5)**
Items that will not be reclassified to profit or loss in subsequent periods					
Revaluation of property, plant and equipment	0.6	-	-	-	**0.6**
Result of change in actuarial assumptions	-	-	-	(0.1)	**(0.1)**
Tax	(0.8)	-	-	-	**(0.8)**
Items that may be reclassified to profit or loss in subsequent periods					
Cash flow hedges – effective portion of change in fair value	-	(3.9)	-	-	**(3.9)**
Cash flow hedges – reclassified to profit or loss	-	2.1	-	-	**2.1**
Foreign operations – foreign currency translation differences	-	-	5.6	-	**5.6**
Tax	-	0.2	(0.2)	-	**-**
Total as at 31 December 2024	**(0.2)**	**(1.6)**	**5.4**	**(0.1)**	**3.5**

Total amount of taxes recognised in other comprehensive income in 2024 was EUR -0.8 million. This amount includes EUR 1.3 million in income tax benefit and EUR -2.1 million in deferred tax expenses (9.9 Note) (the total amount of taxes recognised in 2023 was EUR 15.6 million. This amount includes EUR 4.5 million in income tax benefit and EUR 11.1 million in deferred tax benefit).

11 Intangible assets

EURm	Patents and licences	Computer software	Goodwill	Servitudes and security zones	Licenses and rights to produce electricity	Other intangible assets	Total
Acquisition cost at 1 January 2024	**0.3**	**68.8**	**15.9**	**20.9**	**218.1**	**45.3**	**369.3**
Additions	-	0.5	-	1.0	-	18.7	**20.2**
Write-offs	-	(1.4)	-	-	-	(0.1)	**(1.5)**
Reclassifications between categories	-	35.4	-	-	-	(35.4)	**-**
Reclassifications (to)/from property, plant & equipment	-	5.7	-	-	-	0.8	**6.5**
Re-measurement of provision related to rights to servitudes and security zones	-	-	-	(5.1)	-	-	**(5.1)**
Acquisition through business combination (Note 30.3.1)	-	-	2.0	-	-	-	**2.0**
Reclassifications (to)/from other items of Statement of financial position	-	-	0.7	-	-	(14.3)	**(13.6)**
Foreign currency exchange difference	-	-	0.1	-	1.2	-	**1.3**
Acquisition cost at 31 December 2024	**0.3**	**109.0**	**18.7**	**16.8**	**219.3**	**15.0**	**379.1**
Accumulated amortisation at 1 January 2024	**(0.3)**	**(36.4)**	**-**	**-**	**(12.4)**	**(4.8)**	**(53.9)**
Amortisation	-	(16.4)	-	-	(2.3)	(0.3)	**(19.0)**
Impairment (Note 11.5)	-	-	(2.0)	-	-	-	**(2.0)**
Write-offs	-	1.4	-	-	-	0.1	**1.5**
Foreign currency exchange difference	-	-	-	-	0.1	-	**0.1**
Accumulated amortisation at 31 December 2024	**(0.3)**	**(51.4)**	**(2.0)**	**-**	**(14.6)**	**(5.0)**	**(73.3)**
Carrying amount at 31 December 2024	**-**	**57.6**	**16.7**	**16.8**	**204.7**	**10.0**	**305.8**
Acquisition cost at 1 January 2023	**0.3**	**46.1**	**5.3**	**23.0**	**73.7**	**41.3**	**189.7**
Additions	-	0.4	-	1.2	-	25.3	**26.9**
Reclassifications between categories	-	22.3	-	-	-	(22.3)	**-**
Reclassifications (to)/from property, plant & equipment	-	-	-	-	-	2.0	**2.0**
Re-measurement of provision related to rights to servitudes and security zones	-	-	-	(3.3)	-	-	**(3.3)**
Acquisition through business combination	-	-	10.6	-	139.3	(0.7)	**149.2**
Reclassifications (to)/from other items of Statement of financial position	-	-	-	-	-	(0.3)	**(0.3)**
Foreign currency exchange difference	-	-	-	-	5.1	-	**5.1**
Acquisition cost at 31 December 2023	**0.3**	**68.8**	**15.9**	**20.9**	**218.1**	**45.3**	**369.3**
Accumulated amortisation at 1 January 2023	**(0.3)**	**(27.7)**	**-**	**-**	**(8.9)**	**(4.5)**	**(41.4)**
Amortisation	-	(8.7)	-	-	(3.3)	(0.3)	**(12.3)**
Foreign currency exchange difference	-	-	-	-	(0.2)	-	**(0.2)**
Accumulated amortisation at 31 December 2023	**(0.3)**	**(36.4)**	**-**	**-**	**(12.4)**	**(4.8)**	**(53.9)**
Carrying amount at 31 December 2023	**-**	**32.4**	**15.9**	**20.9**	**205.7**	**40.5**	**315.4**

11.1 Goodwill

Change in goodwill identified through business combination mainly relates to the acquisition of new subsidiaries in 2024 (Note 30.3.1) and the recognition of impairment losses (Note 11.5).

11.2 Fully amortised intangible assets

The acquisition cost of fully amortised intangible assets used by the Group were as follows:

EURm	31 December 2024	31 December 2023
Patents and licences	0.1	0.1
Computer software	7.4	11.6
Other intangible assets	0.8	0.2
Acquisition cost of fully amortised assets, total	**8.3**	**11.9**

11.3 Acquisition commitments

The Group's acquisition commitments amounted to EUR 8.7 million as at 31 December 2024 (31 December 2023: EUR 4.0 million).

11.4 Servitudes and protection zones

The movement of intangible assets 'Servitudes and protection zones' in 2024 is presented below:

Servitudes and protection zones, EURm	31 December 2023	Change	31 December 2024
Statutory servitudes – provision (Note 25.2.1)	5.5	(4.7)	0.8
Protection zones – provision	1.0	(0.4)	0.6
Statutory and contractual servitudes - acquisition cost	6.6	0.5	7.1
Protection zones – acquisition cost	7.8	0.5	8.3
Servitudes and protection zones, total	**20.9**	**(4.1)**	**16.8**

11.5 Significant accounting estimate: Impairment of goodwill

The Group performed an impairment test of goodwill recognised on acquisitions of the subsidiaries and determined that no impairment is needed as at 31 December 2024 except for goodwill identified through business combination of subsidiaries Sunrise 1 sp. z o.o., Sunrise 2 sp. z o.o. and Sunrise 4 sp. z o.o., which were acquired in 2024 (Note 30.3.1). The Group recognised an impairment loss in the amount of EUR 2.0 million.

The impairment test was performed using the discounted cash flow method for each Cash-Generating Unit (CGU), which for impairment testing purposes is treated to be every individual Green Capacities project acquired, using the following key assumptions:

1. The cash flow forecast covered the period from 2025 until 2046–2060, with reference to the typical operational period of 30 years.
2. The cash flow forecast also included the envisaged capital expenditure amounts required to complete the projects under development or under construction for the period from 2025 until 2027-2030 based on actually signed contracts, as well as taking into account inflation and learning curve developments provided by reputable market forecasters.
3. The production volume is stable each year according to a third-party study of a wind farm or actual production capacity (depending on the wind and solar farm).
4. The price of electricity is set at the agreed tariff if the project is awarded in government auctions or tenders, or offtake is secured through PPA (Power Purchase Agreement) or similar instruments. Otherwise, a third-party electricity price forecast is applied.
5. A discount rate of 5.79–7.39% after tax (weighted average costs of capital after tax) (6.91–8.79% pre-tax) was used to calculate the discounted cash flows.

The carrying amount of goodwill, other intangible asset, licenses and rights to produce electricity, property, plant and equipment and right-of-use assets allocated to CGUs amounted to EUR 906.0 million as at 31 December 2024.

The Group exercised goodwill impairment assessment analysis of unobservable inputs variation, relying on the following scenarios:

- sensitivity of variation in the (1) average captured electricity price for the period of 2025–2060 (real), as well as (2) the discount rate (WACC). The possible changes in enterprise value due to the variation of these inputs are disclosed in the tables below (EUR million):

UAB "Eurakras"

			Average discount rate (after tax)				
			4.79%	5.29%	5.79%	6.29%	6.79%
		Δ	(1.0)%	(0.5)%	(0.0)%	0.5%	1.0%
Average captured electricity price in 2025-2060 (real), EUR/MWh	54.25	(10.0)%	(2.2)	(3.8)	(5.4)	(6.8)	(8.2)
	57.26	(5.0)%	0.8	(1.0)	(2.7)	(4.3)	(5.7)
	60.27	0.0%	3.7	1.8	-	(1.7)	(3.3)
	63.29	5.0%	6.7	4.6	2.7	0.9	(0.8)
	66.30	10.0%	9.6	7.4	5.4	3.5	1.7

Pomerania Wind Farm Sp. z o. o.

			Average discount rate (after tax)				
			6.39%	6.89%	7.39%	7.89%	8.39%
		Δ	(1.0)%	(0.5)%	(0.0)%	0.5%	1.0%
Average captured electricity price in 2025-2060 (real), EUR/MWh	62.61	(10.0)%	11.2	1.6	(7.4)	(15.7)	(23.4)
	66.09	(5.0)%	15.7	5.6	(3.7)	(12.3)	(20.4)
	69.56	0.0%	20.2	9.7	-	(9.0)	(17.3)
	73.04	5.0%	24.7	13.8	3.7	(5.6)	(14.3)
	76.52	10.0%	29.2	17.8	7.4	(2.3)	(11.2)

UAB "VVP Investment"

			Average discount rate (after tax)				
			4.79%	5.29%	5.79%	6.29%	6.79%
		Δ	(1.0)%	(0.5)%	(0.0)%	0.5%	1.0%
Average captured electricity price in 2025-2060 (real), EUR/MWh	54.25	(10.0)%	5.1	(4.3)	(12.8)	(20.7)	(27.9)
	57.26	(5.0)%	12.4	2.6	(6.4)	(14.7)	(22.3)
	60.27	0.0%	19.8	9.5	-	(8.7)	(16.7)
	63.29	5.0%	27.2	16.3	6.4	(2.7)	(11.1)
	66.30	10.0%	34.6	23.2	12.8	3.3	(5.5)

UAB "Plungės vėjo energija"

			Average discount rate (after tax)				
			5.94%	6.44%	6.94%	7.44%	7.94%
		Δ	(1.0)%	(0.5)%	(0.0)%	0.5%	1.0%
Average captured electricity price in 2025-2060 (real), EUR/MWh	54.25	(10.0)%	1.1	(17.4)	(33.5)	(47.5)	(59.7)
	57.26	(5.0)%	20.9	0.8	(16.7)	(32.1)	(45.5)
	60.27	0.0%	40.8	19.0	-	(16.7)	(31.3)
	63.29	5.0%	60.6	37.3	16.7	(1.3)	(17.1)
	66.30	10.0%	80.5	55.5	33.5	14.1	(2.9)

SP Venta SIA

			Average discount rate (after tax)				
			5.36%	5.86%	6.36%	6.86%	7.36%
		Δ	(1.0)%	(0.5)%	(0.0)%	0.5%	1.0%
Average captured electricity price in 2025-2060 (real), EUR/MWh	48.96	(10.0)%	9.7	(20.0)	(46.8)	(70.9)	(92.7)
	51.68	(5.0)%	36.7	5.1	(23.4)	(49.1)	(72.3)
	54.40	0.0%	63.7	30.2	-	(27.2)	(51.8)
	57.12	5.0%	90.7	55.3	23.4	(5.4)	(31.4)
	59.84	10.0%	117.7	80.4	46.8	16.4	(11.0)

BRVE SIA

			Average discount rate (after tax)				
			5.91%	6.41%	6.91%	7.41%	7.91%
		Δ	(1.0)%	(0.5)%	(0.0)%	0.5%	1.0%
Average captured electricity price in 2025-2060 (real), EUR/MWh	51.95	(10.0)%	0.2	(6.6)	(12.8)	(18.4)	(23.4)
	54.84	(5.0)%	7.5	0.2	(6.4)	(12.4)	(17.8)
	57.73	0.0%	14.8	7.0	-	(6.4)	(12.1)
	60.61	5.0%	22.0	13.8	6.4	(0.4)	(6.5)
	63.50	10.0%	29.3	20.6	12.8	5.7	(0.8)

CVE SIA

			Average discount rate (after tax)				
			5.91%	6.41%	6.91%	7.41%	7.91%
		Δ	(1.0)%	(0.5)%	(0.0)%	0.5%	1.0%
Average captured electricity price in 2025-2060 (real), EUR/MWh	51.95	(10.0)%	1.7	(12.3)	(25.0)	(36.4)	(46.8)
	54.84	(5.0)%	15.9	1.0	(12.5)	(24.7)	(35.8)
	57.73	0.0%	30.2	14.3	-	(13.0)	(24.7)
	60.61	5.0%	44.5	27.7	12.5	(1.2)	(13.7)
	63.50	10.0%	58.7	41.0	25.0	10.5	(2.6)

UAB "Vėjas LT"

			Average discount rate (after tax)				
			5.36%	5.86%	6.36%	6.86%	7.36%
		Δ	(1.0)%	(0.5)%	(0.0)%	0.5%	1.0%
Average captured electricity price in 2025-2060 (real), EUR/MWh	54.25	(10.0)%	10.4	(3.5)	(16.3)	(28.0)	(38.8)
	57.26	(5.0)%	19.9	5.2	(8.2)	(20.4)	(31.7)
	60.27	0.0%	29.3	14.0	-	(12.8)	(24.6)
	63.29	5.0%	38.8	22.8	8.2	(5.2)	(17.5)
	66.30	10.0%	48.2	31.6	16.3	2.4	(10.4)

UAB "WINDLIT"

			Average discount rate (after tax)				
			5.36%	5.86%	6.36%	6.86%	7.36%
		Δ	(1.0)%	(0.5)%	(0.0)%	0.5%	1.0%
Average captured electricity price in 2025-2060 (real), EUR/MWh	54.25	(10.0)%	21.9	(3.3)	(26.3)	(47.3)	(66.7)
	57.26	(5.0)%	37.4	11.0	(13.1)	(35.2)	(55.4)
	60.27	0.0%	52.8	25.2	-	(23.1)	(44.2)
	63.29	5.0%	68.3	39.5	13.1	(10.9)	(33.0)
	66.30	10.0%	83.8	53.7	26.3	1.2	(21.8)

12 Property, plant, and equipment

EURm	Land	Buildings	Electricity networks and their structures	Gas distribution pipelines, gas technological equipment and installations	Assets of Hydro Power Plant, Pumped Storage Hydroelectric Power Plant	Combined Cycle Gas Turbine and Reserve Power Plant	Wind farms and their installations	Cogeneration plants	Other property, plant and equipment	Construction-in-progress	Total
Acquisition cost or revalued amount at 1 January 2024	**3.2**	**0.8**	**1,752.6**	**311.8**	**213.6**	**777.5**	**300.6**	**268.9**	**110.4**	**575.1**	**4,314.5**
Additions	0.7	0.1	4.5	-	-	0.4	1.7	0.2	8.7	812.6	**828.9**
Revaluation	-	-	-	-	-	-	-	-	(0.6)	-	**(0.6)**
Disposals	-	-	(4.8)	(0.1)	-	(0.5)	-	-	(0.1)	-	**(5.5)**
Write-offs	-	-	(3.0)	(0.3)	(0.3)	(1.4)	-	(0.4)	(0.6)	(0.8)	**(6.8)**
Re-measurement of decommissioning provision	-	-	-	-	-	-	(0.3)	-	-	-	**(0.3)**
Reclassifications from constructions in-progress	-	-	323.0	10.7	4.3	0.2	84.4	244.8	15.5	(682.9)	**-**
Other reclassifications between categories	-	-	2.4	-	-	-	-	9.0	(11.4)	-	**-**
Reclassifications (to)/from other items of Statement of financial position	-	-	-	-	0.2	(0.7)	-	-	(4.4)	(6.5)	**(11.4)**
Acquisitions through business combination (Note 30.3.1)	-	-	-	-	-	-	8.7	-	-	6.6	**15.3**
Foreign currency exchange difference	-	-	-	-	-	-	2.5	-	-	1.3	**3.8**
Acquisition cost or revalued amount at 31 December 2024	**3.9**	**0.9**	**2,074.7**	**322.1**	**217.8**	**775.5**	**397.6**	**522.5**	**117.5**	**705.4**	**5,137.9**
Accumulated depreciation and impairment losses at 1 January 2024	**-**	**(0.5)**	**(155.2)**	**(37.5)**	**(128.5)**	**(504.1)**	**(45.2)**	**(32.7)**	**(48.1)**	**(0.2)**	**(952.0)**
Depreciation	-	-	(88.4)	(7.3)	(5.1)	(19.6)	(13.0)	(24.5)	(11.1)	-	**(169.0)**
Revaluation and/or impairment	-	-	-	-	-	0.2	-	-	1.2	-	**1.4**
Disposals	-	-	1.2	-	-	0.5	-	-	0.1	-	**1.8**
Write-offs	-	-	0.4	0.1	0.3	1.4	-	0.3	0.6	-	**3.1**
Other reclassifications between categories	-	-	(0.8)	-	-	-	-	(1.0)	1.8	-	**-**
Reclassifications (to)/from other items of Statement of financial position	-	-	-	-	-	0.8	-	-	3.6	-	**4.4**
Foreign currency exchange difference	-	-	-	-	-	-	(0.2)	-	-	-	**(0.2)**
Accumulated depreciation and impairment losses at 31 December 2024	**-**	**(0.5)**	**(242.8)**	**(44.7)**	**(133.3)**	**(520.8)**	**(58.4)**	**(57.9)**	**(51.9)**	**(0.2)**	**(1,110.5)**
Carrying amount at 31 December 2024	**3.9**	**0.4**	**1,831.9**	**277.4**	**84.5**	**254.7**	**339.2**	**464.6**	**65.6**	**705.2**	**4,027.4**

(Cont'd on the next page)

EURm	Land	Buildings	Electricity networks and their structures	Gas distribution pipelines, gas technological equipment and installations	Assets of Hydro Power Plant, Pumped Storage Hydroelectric Power Plant	Combined Cycle Gas Turbine and Reserve Power Plant	Wind farms and their installations	Cogeneration plants	Other property, plant and equipment	Construction-in-progress	Total
Acquisition cost or revalued amount at 1 January 2023	**3.3**	**1.2**	**1,432.9**	**300.5**	**212.2**	**772.4**	**210.0**	**268.3**	**98.8**	**318.8**	**3,618.4**
Additions	-	-	0.6	-	-	0.2	-	0.3	5.8	678.9	**685.8**
Revaluation	-	-	2.1	-	-	-	-	-	2.9	-	**5.0**
Disposals	-	-	(3.8)	-	-	(0.5)	(0.2)	-	(0.1)	-	**(4.6)**
Write-offs	-	-	(2.2)	(0.1)	-	(0.1)	-	-	(0.7)	(0.5)	**(3.6)**
Reclassifications from constructions in-progress	-	-	323.0	11.4	1.4	5.6	82.4	0.3	4.5	(428.6)	**-**
Reclassifications (to)/from other items of Statement of financial position	(0.1)	(0.4)	-	-	-	(0.1)	-	-	(0.8)	(3.9)	**(5.3)**
Acquisitions through business combination	-	-	-	-	-	-	-	-	-	9.7	**9.7**
Foreign currency exchange difference	-	-	-	-	-	-	8.4	-	-	0.7	**9.1**
Acquisition cost or revalued amount at 31 December 2023	**3.2**	**0.8**	**1,752.6**	**311.8**	**213.6**	**777.5**	**300.6**	**268.9**	**110.4**	**575.1**	**4,314.5**
Accumulated depreciation and impairment losses at 1 January 2023	**-**	**(0.5)**	**(73.7)**	**(28.8)**	**(123.5)**	**(485.6)**	**(36.2)**	**(21.7)**	**(37.3)**	**(0.2)**	**(807.5)**
Depreciation	-	-	(82.6)	(8.8)	(5.0)	(19.2)	(8.7)	(11.0)	(12.3)	-	**(147.6)**
Revaluation and/or impairment (impairment reversal)	-	-	-	-	-	-	-	-	0.6	-	**0.6**
Disposals	-	-	0.9	-	-	0.5	0.1	-	-	-	**1.5**
Write-offs	-	-	0.2	0.1	-	0.1	-	-	0.6	-	**1.0**
Reclassifications (to)/from other items of Statement of financial position	-	-	-	-	-	0.1	-	-	0.3	-	**0.4**
Foreign currency exchange difference	-	-	-	-	-	-	(0.4)	-	-	-	**(0.4)**
Accumulated depreciation and impairment losses at 31 December 2023	**-**	**(0.5)**	**(155.2)**	**(37.5)**	**(128.5)**	**(504.1)**	**(45.2)**	**(32.7)**	**(48.1)**	**(0.2)**	**(952.0)**
Carrying amount at 31 December 2023	**3.2**	**0.3**	**1,597.4**	**274.3**	**85.1**	**273.4**	**255.4**	**236.2**	**62.3**	**574.9**	**3,362.5**

12.1 Impairment and revaluation of property, plant and equipment

12.1.1 Revaluation of property, plant and equipment used in electricity distribution

The carrying amount of PPE allocated to this CGU is EUR 1,908.9 million as at 31 December 2024 (EUR 1,691.6 million as at 31 December 2023).

As mentioned in Note 12.7.1, the Group performed assessment of fair value of this CGU and decided not to perform the full revaluation. For this, the Group analysed whether the assumptions made in the full revaluation in 2021 had not changed significantly – it was noted that only several assumptions changed:

- discount rate (after-tax) was 4.89% (5.82% pre-tax);
- rate of return set by NERC for 2025 – 5.82% (approximates the pre-tax discount rate);
- the advance schedule for returning the EUR 137.5 million regulatory difference, which has formed due to the long run average increase costs ('LRAIC') model, will reduce the Group's revenue by EUR 137.5 million in 2025–2031.
- changes to the calculation of the additional component were made, which will allow to keep the sustainable debt level of 5.5x, as determined in the approved methodology.

However, these changes did not significantly impact the fair value of property, plant and equipment used in electricity distribution. Other assumptions did not change significantly and were used in the valuation in 2024 accordingly.

The following key assumptions were used in 31 December 2024 valuation:

- discount rate (after-tax) was 4.89% (5.82% pre-tax);
- WACC (rate of return set by NERC) for 2025 – 5.82%, (approximates the pre-tax discount rate);
- an additional tariff component was established for funding investments, on the basis whereof the amount will be included annually in the Group's regulated income for the period of 2025–2026 and subsequent periods, which will allow to maintain the sustainable debt level, which was determined in the approved methodology. According to the management's assessment, even though there is a possibility that after the forecast period (2025–2039) the additional component will remain, thus maintaining a sustainable debt level of 5.5x in accordance with the methodology over the entire period, an additional tariff component is not included in the measurement of a continuous value;
- a long-term forecast for investments in the electricity segment was applied, including their funding according to the updated 10-year investment plan of the Group;
- according to the measurement model, the calculated return adjustment, amounting to EUR 137.5 million, formed due to the main network elements' depreciation and investment return level being optimized and not optimized by the long run average increase costs ('LRAIC') model and due to the actual depreciation and investment return level, will reduce the Group's revenue by EUR 137.5 million in 2025–2031 and, in addition, the interest will be charged on the outstanding portion on a yearly basis;
- the fair value of assets was determined using the revenue model when forecasting cash flows until 2039, taking into consideration the projected adjustments of investment returns due to the LRAIC asset depreciation and the expected repayment term of return differences in 2018–2021.

Sensitivity analysis

The Group exercised the fair value assessment analysis of unobservable inputs' variation, relying on the following scenarios:

- sensitivity of variation in the investment return rate (WACC) (starting from the regulation period of 2027) and the discount rate. The possible fair value changes due to the variation of these inputs are disclosed in the table below (EUR million):

			WACC (pre-tax)						
			4.89%	5.25%	5.55%	5.82%	6.12%	6.40%	6.70%
		Δ	(16)%	(10)%	(5)%	0%	5%	10%	15%
Discount rate (pre-tax)	4.89%	(16)%	263	255	249	243	237	231	225
	5.25%	(10)%	164	157	151	145	139	134	128
	5.82%	0%	17	11	5	-	(6)	(11)	(16)
	6.40%	10%	(121)	(127)	(133)	(137)	(143)	(148)	(153)
	6.70%	15%	(189)	(195)	(200)	(205)	(210)	(214)	(219)

12.2 Revalued property, plant and equipment

If property, plant and equipment had not been revalued, the carrying amount of the Group's property, plant and equipment would have been following:

EURm	Electricity networks and their structures	Other property, plant and equipment	Total
As at 31 December 2023	1,714.2	6.3	**1,720.5**
As at 31 December 2024	1,933.6	9.5	**1,943.1**

The table below includes the information on the results of impairment loss and/or revaluation of property, plant and equipment conducted in 2024:

EURm	Recognised in Statement of comprehensive income and revaluation reserve in equity	Recognised in profit or loss	Total revaluation effect
Increase (decrease) in carrying amount	0.6	-	**0.6**
Total	**0.6**	**-**	**0.6**

Results of impairment loss and/or revaluation of property, plant and equipment conducted in 2023:

EURm	Recognised in Statement of comprehensive income and revaluation reserve in equity	Recognised in profit or loss	Total revaluation effect
Increase (decrease) in carrying amount	4.5	1.1	**5.6**
Total	**4.5**	**1.1**	**5.6**

12.3 Acquisitions and disposals of property, plant and equipment

Acquisitions of property, plant and equipment in 2024 include the following major acquisitions for the construction in progress:

- acquisitions related to the development of the electricity distribution network;
- acquisitions for the wind farm construction projects.

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 548.1 million as at 31 December 2024 (31 December 2023: EUR 780.1 million).

In 2024, the Group capitalised EUR 2.9 million of interest expenses on loans and bonds intended to finance the development of non-current assets (2023: EUR 6.1 million). The average capitalised interest rate was 3.71% in 2024 and 3.54% in 2023.

12.4 Fully depreciated property, plant and equipment

The cost or revalued amount of fully depreciated property, plant and equipment, but still used by the Group, were as follows:

EURm	31 December 2024	31 December 2023
Buildings	-	0.1
Electricity networks and their structures	21.8	17.6
Gas distribution pipelines, gas technological equipment and installations	16.8	14.3
Assets of Hydro Power Plant, Pumped Storage Power Plant	20.0	28.4
Combined Cycle Unit and Reserve Power Plant	80.8	81.3
Other property, plant and equipment	13.3	11.1
Total	**152.7**	**152.8**

12.5 Fair value hierarchy of property, plant and equipment

In the opinion of the Group's management, the carrying amount of substantially all assets stated at the revalued amount as at 31 December 2024 and 2023 did not differ significantly from their fair value.

The table below presents the allocation between the fair value hierarchy levels of the Group's property, plant and equipment that was stated at the revalued amount as at 31 December 2024 (refer to Note 1.18 for the description of the fair value hierarchy levels). The last full revaluation was performed in 2023 for other property, plant and equipment, in 2021 for land, buildings and electricity networks and their structures.

	Level 1	Level 2	Level 3	
EURm	Quoted prices in active markets	Other directly or indirectly observable inputs	Unobservable inputs	Total
Electricity networks and their structures	-	-	1,813.6	**1,813.6**
Other property, plant and equipment	-	-	12.0	**12.0**
Total	**-**	**-**	**1,825.6**	**1,825.6**

The table below presents the allocation between the fair value hierarchy levels of the Group's property, plant and equipment that was stated at the revalued amount as at 31 December 2023:

	Level 1	Level 2	Level 3	
EURm	Quoted prices in active markets	Other directly or indirectly observable inputs	Unobservable inputs	Total
Electricity networks and their structures	-	-	1,597.1	**1,597.1**
Other property, plant and equipment	-	-	9.6	**9.6**
Total	**-**	**-**	**1,606.7**	**1,606.7**

Assets are attributed to level 3 in the fair value hierarchy if the value is determined using either the income method, comparative value, cost method, depreciated replacement method or a mix of these approaches.

12.6 Pledged property, plant and equipment

As at 31 December 2024, the Group had pledged to the banks its property, plant and equipment in the carrying amount of EUR 621.1 million (31 December 2023: EUR 278.7 million).

12.7 Significant accounting estimates and judgements

12.7.1 Revaluation and impairment of property, plant and equipment used in electricity distribution

A major part of assets presented in 'Electricity networks and their structures' are used in electricity distribution activities performed by AB "Energijos skirstymo operatorius" and attributable to electricity distribution CGU in the Group. The carrying amount of PPE allocated to this CGU (incl. construction in progress and assets in other groups) is EUR 1,908.9 million as at 31 December 2024 (EUR 1,691.6 million as at 31 December 2023).

Taking into account the fact that there were no significant changes in the legal regulatory environment related to electricity, after evaluating all related assumptions, the Group determined that the carrying amount of the property, plant and equipment used in electricity distribution as at 31 December 2023 would change insignificantly (up to 5%). Taking this into account, the Group's management decided not to carry out a full revaluation of such assets in order to represent them at their new fair value. For more detailed information, see Note 12.1.

12.7.2 Impairment of property, plant and equipment used in natural gas distribution

The group of property, plant and equipment 'Gas distribution pipelines, gas technological equipment and installations' is managed by a Group company AB "Energijos skirstymo operatorius" and attributable to gas distribution CGU in the Group. This property, plant and equipment is accounted by applying the cost model and is stated at the acquisition cost less accumulated depreciation and impairment. The carrying amount of PPE allocated to this CGU (incl. construction in progress and assets in other groups) is EUR 259.5 million as at 31 December 2024 (EUR 276.6 million as at 31 December 2023).

During the assessment, the Group's management determined that during the year 2024 there were no significant changes in the legal regulatory environment related to the natural gas distribution activity. The Group's management did not identify any significant impairment indications. Accordingly, no impairment test was performed for 2024 and no additional impairment loss or reversal was recognised as at 31 December 2024.

13 Right-of-use assets

13.1 The Group's right-of-use assets

EURm	Land	Buildings	Other property, plant and equipment	Total
As at 1 January 2024				
Acquisition cost	28.4	33.6	3.4	**65.4**
Accumulated depreciation	(2.6)	(12.0)	(0.9)	**(15.5)**
Carrying amount as at 1 January 2024	**25.8**	**21.6**	**2.5**	**49.9**
Additions	25.6	4.3	2.5	**32.4**
Write-offs	(0.2)	-	-	**(0.2)**
Acquisition through business combination	1.3	-	-	**1.3**
Foreign currency exchange difference	0.5	-	-	**0.5**
Remeasurement of right-of-use assets	0.9	-	-	**0.9**
Depreciation	(1.3)	(5.2)	(0.7)	**(7.2)**
Carrying amount as at 31 December 2024	**52.6**	**20.7**	**4.3**	**77.6**
As at 31 December 2024				
Acquisition cost	56.5	37.9	5.9	**100.3**
Accumulated depreciation	(3.9)	(17.2)	(1.6)	**(22.7)**
Carrying amount as at 31 December 2024	**52.6**	**20.7**	**4.3**	**77.6**
As at 1 January 2023				
Acquisition cost	29.4	32.1	0.7	**62.2**
Accumulated depreciation	(2.0)	(11.1)	(0.5)	**(13.6)**
Carrying amount as at 1 January 2023	**27.4**	**21.0**	**0.2**	**48.6**
Additions	3.1	5.0	2.7	**10.8**
Acquisition through business combination (Note 30.3.1)	2.4	-	-	**2.4**
Foreign currency exchange difference	0.7	-	-	**0.7**
Remeasurement of right-of-use assets	(7.1)	0.3	-	**(6.8)**
Depreciation	(0.7)	(4.7)	(0.4)	**(5.8)**
Carrying amount as at 31 December 2023	**25.8**	**21.6**	**2.5**	**49.9**
As at 31 December 2023				
Acquisition cost	28.4	33.6	3.4	**65.4**
Accumulated depreciation	(2.6)	(12.0)	(0.9)	**(15.5)**
Carrying amount as at 31 December 2023	**25.8**	**21.6**	**2.5**	**49.9**

The Group's major lease contracts are for land and buildings. As at 31 December 2024, the carrying amount of land lease liability amounted to EUR 50.6 million, building lease liability – EUR 21.8 million (31 December 2023: EUR 24.3 million and EUR 22.4 million respectively).

The most significant part of land leases is for wind farms and typically run for a period of 30 – 60 years. Some of the land lease contracts provide additional rent payments that are based on the level of sales by the lessee. The difference between the fixed payment and the variable payment is recognised in the Statement of profit or loss (Note 13.2). 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.

The lease liability for buildings mainly consists of a lease of the main office located in Vilnius. As at 31 December 2024 the carrying amount of this lease liability amounted to EUR 17.3 million (31 December 2023: EUR 17.1 million), the remaining lease term of this contract as at 31 December 2024 is 7 years, the lease payments each year are indexed by inflation rate.

In 2024 and 2023, the Group capitalised a not significant amount of lease interest expenses on property, plant and equipment construction in progress.

13.2 Expenses related to lease agreements recognised in the Statement of profit or loss

The Group's lease expenses recognised in Statement of profit or loss were as follows:

EURm	2024	2023
Depreciation	7.2	5.8
Interest expenses	2.1	1.2
Expenses related to short-term leases (other expenses)	0.6	0.3
Expenses related to leases of low value assets (other expenses)	0.1	0.1
Variable lease payment expenses	0.2	0.3
Lease remeasurement result (Lease modification gain (-)/loss (+))	-	0.7
Other rent expenses	0.5	0.4
Lease expenses, total	**10.7**	**8.8**

13.3 Future expenses related to lease agreements

The Group's future lease expenses:

EURm	31 December 2024	31 December 2023
Future expenses related to short-term and low value leases	0.1	0.1
Future variable lease payments	19.3	7.2
Future cash outflow for leases not recognised due to termination option	213.7	245.0
Future cash outflow for leases not yet commenced to which the lessee is committed	44.1	0.2
Future lease expenses, total	**277.2**	**252.5**

14 Other receivables

14.1 Other non-current receivables

EURm	31 December 2024	31 December 2023
Cash reserved for guarantees	14.9	10.1
Finance lease	7.8	7.2
Other non-current amounts receivable	3.6	3.1
Loans granted	1.1	55.9
Total:	**27.4**	**76.3**
Less: loss allowance	-	-
Carrying amount	**27.4**	**76.3**

Financial assets comprise EUR 27.4 million of the total Other non-current receivables (31 December 2023: EUR 76.3 million).

14.2 Other current receivables

EURm	31 December 2024	31 December 2023
Loans granted	64.0	0.2
Deposits for gas related derivatives to commodity traders	19.7	10.7
Value added tax	18.1	27.6
Deposits for electricity related derivatives in electricity market	13.3	38.5
Accrued revenue from electricity related sales	11.1	9.5
Other accrued revenue	1.9	7.2
Accrued revenue from natural gas related sales	1.5	6.9
Other receivables	15.9	25.7
Total	**145.5**	**126.3**
Less: loss allowance	(0.3)	(0.3)
Carrying amount	**145.2**	**126.0**

Financial assets comprise EUR 112.6 million of the total 'Other receivables' (31 December 2023: EUR 74.8 million). 'Value added tax', 'Accrued revenue from electricity related sales', 'Accrued revenue from natural gas related sales' and 'Other accrued revenue' are not financial assets.

14.2.1 Deposits for electricity and gas related derivatives

The Group has made deposits for derivative instruments as assurance of contractual obligations with the commodities exchange and commodity traders for trading derivatives linked to electricity and gas market prices. Deposits are in a form of cash collateral and the value moves on a daily basis, i.e., depends on the market prices. The Group estimates that the whole amount of cash collateral will be recovered because the amounts payable are related to the realisation of the future hedge, and the sales contracts will be realised together with the hedge, thus invoices for derivative instruments will be covered with the sales income and, after this payment, the cash collateral will be returned.

14.2.2 Loans granted

In 2024, a loan granted to Moray West Holdings Limited was reclassified from 'Non-current receivables' to 'Other current receivables' in the Statement of financial position as the loan's repayment is set to 1 July 2025. No impairment loss was recognised for the loan granted in 2024.

14.2.3 Significant accounting estimates and judgements: expected credit losses of other receivables

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

14.2.4 Individual assessment of ECL

Decision to assess the 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 the 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 the lifetime expected credit losses in respect of that particular client/borrower. These accounting estimates require significant judgement. The judgement is based on the information about the 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.

15 Other financial assets

EURm	31 December 2024	31 December 2023
Other non-current financial assets		
Investment funds - at FVTPL	30.1	32.0
Equity securities - at FVOCI	5.0	5.0
Other	0.1	-
Carrying amount	**35.2**	**37.0**
Other current financial assets		
Short-term deposits	-	110.4
Carrying amount	**-**	**110.4**

15.1 Movement of fair value in investment funds

EURm	31 December 2024	31 December 2023
Carrying amount as at 1 January	**32.0**	**20.6**
Additional investments	3.8	10.3
Return from investments	-	(15.6)
Change in fair value	(5.7)	16.7
Carrying amount	**30.1**	**32.0**

15.2 Significant accounting estimates: Investment funds – at FVTPL

The Group has invested into investment funds. The funds are managed by independent entities (managers), which are responsible for the investment decisions. Accordingly, in the Group management's view, the Group does not have the power to manage the activities of the funds and does not have the control over them.

As at 31 December 2024, the carrying value of the Smart Energy Fund amounted to EUR 18.6 million (31 December 2023: EUR 22.4 million), the carrying value of the World Fund amounted to EUR 11.5 million (31 December 2023: EUR 9.6 million).

The fair value of the funds was determined by reference to the exits of investments, new investment rounds or other recent events and data (Note 35).

Fair value of the funds corresponds to Level 3 in the fair value hierarchy.

16 Other assets

16.1 Other non-current assets

EURm	31 December 2024	31 December 2023
Derivatives (Note 29.1)	2.3	2.6
Other non-current assets	1.7	0.9
Carrying amount	**4.0**	**3.5**

16.2 Other current assets

EURm	31 December 2024	31 December 2023
Deposit related to buyout of shares in subsidiaries	3.5	3.5
Derivatives (Note 29.1)	2.9	8.9
Deposits related to guarantee independent electricity suppliers activity	2.7	11.3
Cash reserved for guarantees	0.3	0.3
Carrying amount	**9.4**	**24.0**

17 Inventories

EURm	31 December 2024	31 December 2023
Natural gas	194.4	231.9
Emission allowances	36.8	27.0
Consumables, raw materials and spare parts	11.8	12.8
Other	4.7	3.1
Carrying amount	**247.7**	**274.8**

The carrying amount of natural gas decreased during 2024 due to lower inventory quantity and lower inventory cost per MWh. As at 31 December 2024, the Group had 1,926,285 units of emission allowances (31 December 2023: 1,838,204 units).

The Group's inventories expensed were as follows:

EURm	2024	2023
Natural gas	440.6	918.4
Biofuel	25.4	8.8
Other inventories	16.6	3.6
Total	**482.6**	**930.8**

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

EURm	2024	2023
Carrying amount at 1 January	**17.4**	**106.0**
Additional write-down to net realisable value	2.8	2.3
Reversal of write-down to net realisable value	(16.0)	(90.9)
Carrying amount at 31 December	**4.2**	**17.4**

In 2024, the reversal of write-down to net realisable value was made because market price of natural gas increased during the year, which more than offset an increase in the average cost of natural gas in the inventory.

The write-down is included in 'Purchase of electricity, natural gas and other services' in the Statement of profit or loss.

18 Contract balances

EURm	Note	31 December 2024	31 December 2023
Trade receivables	**19**	**294.0**	**265.9**
Accrued revenue from electricity related sales	14	11.1	9.5
Other accrued revenue	14	1.9	7.2
Accrued revenue from gas related sales	14	1.5	6.9
Contract assets		**14.5**	**23.6**
Advances received	26.2	75.1	61.3
Deferred income	26.1	310.5	276.8
Contract liabilities		**385.6**	**338.1**
Non-current contract liabilities	26.1	289.9	241.6
Current contract liabilities	26.1, 26.2	95.7	96.5

18.1 Contract assets

There has been no change in the estimation techniques or significant assumptions made during the current reporting period while assessing the loss allowance for the amounts due from customers under the contracts. Recognised expected credit losses (if any) are disclosed in Notes 14 and 19.

18.2 Remaining performance obligations

The remaining performance obligations expected to be recognised after the end of the financial year are related to the deferred income of new customer connection and upgrade fees, over-declaration of electricity and gas supply and gas sales. The maturity of the remaining performance obligations is as follows:

EURm	31 December 2024	31 December 2023
After more than one year	289.9	241.6
Within one year	20.6	35.2
Remaining performance obligations	**310.5**	**276.8**

19 Trade receivables

EURm	31 December 2024	31 December 2023
Amounts receivable under contracts with customers		
Receivables from electricity related sales	204.6	168.1
Receivables from gas related sales	76.8	91.3
Other trade receivables	23.8	18.5
Total	**305.2**	**277.9**
Less: loss allowance	(11.2)	(12.0)
Carrying amount	**294.0**	**265.9**

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

No interest is charged on trade receivables and the regular settlement period is between 15 and 30 days. Trade receivables for which the settlement period is more than 30 days comprise insignificant part of the total trade receivables. The Group doesn't provide the settlement period longer than 1 year. The Group didn't identify any significant financing components. For terms and conditions on settlements between related parties, see Note 34.

19.1 Loss allowance of amounts receivable (lifetime expected credit losses)

The Group's trade receivables from Networks and Customers & Solutions segments are usually assessed on a collective basis, and trade receivables in other segments – on an individual basis.

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

EURm	Loss ratio, %	Trade receivables	Loss allowance
Not past due	0.41	218.8	0.9
Up to 30 days	1.74	11.5	0.2
30–60 days	5.41	3.7	0.2
60–90 days	2.94	3.4	0.1
90–120 days	16.67	0.6	0.1
More than 120 days	56.14	17.1	9.6
As at 31 December 2024	**4.35**	**255.1**	**11.1**

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

EURm	Loss ratio, %	Trade receivables	Loss allowance
Not past due	0.41	195.0	0.8
Up to 30 days	1.04	9.6	0.1
30–60 days	4.17	2.4	0.1
60–90 days	8.33	1.2	0.1
90–120 days	14.29	0.7	0.1
More than 120 days	61.27	17.3	10.6
As at 31 December 2023	**5.22**	**226.2**	**11.8**

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

	31 December 2024		31 December 2023	
EURm	Trade receivables	Loss allowance	Trade receivables	Loss allowance
Not past due	48.8	-	42.2	-
Up to 30 days	1.2	-	8.8	-
30–60 days	-	-	0.3	-
60–90 days	-	-	0.1	-
90–120 days	-	-	0.1	-
More than 120 days	0.1	0.1	0.2	0.2
Carrying amount	**50.1**	**0.1**	**51.7**	**0.2**

Movements in the account of loss allowance of trade receivables:

EURm	2024	2023
Carrying amount as at 1 January	**12.0**	**12.1**
Impairment loss of the year	3.5	5.1
Reversal of loss allowance	(4.3)	(5.2)
Carrying amount at 31 December	**11.2**	**12.0**

Impairment loss of receivables was recognised in line item 'Other expenses' in the Statement of profit or loss.

19.2 Significant accounting estimates and judgements

19.2.1 Expected credit losses of trade receivables

The Group's uses a provision matrix to calculate the expected credit losses for trade receivables. The Group accounts for the expected credit losses (hereinafter referred to as 'ECL') by assessing the amounts receivable on an individual basis or on a collective basis and applying the provision matrixes adopted by the Group companies in respect of their customers.

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

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 the expected lifetime credit losses from the initial recognition of the receivables.

19.2.2 Collective assessment of ECL applying provision matrix

The Group companies use provision matrixes to calculate the ECL for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by customer type).

The provision matrixes are initially based on the Group companies' historical observed default rates. The Group companies calibrate the matrixes to adjust the historical credit loss experience with forward-looking information. For instance, if forecasted economic conditions (i.e., changes in gross domestic product) are expected to deteriorate over the next year, which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the observed historical default rates are updated and the changes in the forward-looking estimates are analysed. The assessment of the correlation between the observed historical default rates, the forecast economic conditions and the ECL is a significant estimate. The amount of the ECL is sensitive to the changes in circumstances and the forecast of economic conditions. The Group's historical credit loss experience and the forecast of economic conditions may also not be representative of the customer's actual default in the future.

19.2.3 Individual assessment of ECL

Decision to assess the 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 the assessment, including the 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 the lifetime ECL in respect of that particular client/borrower. These accounting estimates require significant judgement. The 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 its debt on a collective basis.

20 Cash and cash equivalents

EURm	31 December 2024	31 December 2023
Cash balances in bank accounts	191.4	204.8
Restricted cash	22.4	0.5
Deposits less than 3 months	20.7	-
Carrying amount	**234.5**	**205.3**

Under the loan agreements signed with banks, the Group has pledged a part of the current and future cash inflows. As at 31 December 2024, the balance of cash pledged amounted to EUR 17.4 million (31 December 2023: EUR 26.2 million).

21 Equity

21.1 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.

21.2 Share capital

The Group's share structure and shareholders were as follows:

	31 December 2024		31 December 2023	
Shareholder of the Group	**Share capital, EURm**	**%**	**Share capital, EURm**	**%**
Republic of Lithuania represented by the Ministry of Finance of the Republic of Lithuania	1,212.1	74.99	1,212.1	74.99
Other shareholders	404.3	25.01	404.3	25.01
Total	**1,616.4**		**1,616.4**	

As at 31 December 2024, the Group's share capital comprised EUR 1,616.4 million (31 December 2023: 1,616.4 million) and was divided into 72,388,960 ordinary shares with a EUR 22.33 nominal value per share (31 December 2023: 72,388,960 ordinary registered shares with a EUR 22.33 nominal value per share).

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

	2024	2023
Number of authorised shares as at 1 January	**72,388,960**	**72,388,960**
Number of authorised shares as at 31 December	**72,388,960**	**72,388,960**

21.3 Dividends

Dividends declared by the parent company during the year:

EURm	2024	2023
AB "Ignitis grupė"	94.5	91.7

In total, the Group paid EUR 94.5 million dividends in cash during 2024 (EUR 91.7 million during 2023).

Dividends declared per share:

Declared on, EURm	Period for which dividends are allocated	Dividends per share, EUR	Amount of dividends declared
September 2024	2024 I half-year	0.663	48.0
March 2024	2023 II half-year	0.643	46.5
Total declared during 2024		**1.306**	**94.5**
September 2023	2023 I half-year	0.643	46.5
March 2023	2022 II half-year	0.624	45.2
Total declared during 2023		**1.267**	**91.7**

21.4 Dividends declared to non-controlling interest

The Group uses the anticipated-acquisition method for recognising the put option redemption liability because, under the anticipated-acquisition method, the interests of the non-controlling shareholders are derecognised when the financial liability is recognised, therefore, the underlying interests are presented as already owned by the equity holders of the parent company both in the Statement of financial position and in the Statement of profit or loss and other comprehensive income, even though legally they are still the non-controlling interest.

Due to the above, dividends declared in 2024 by the Group's subsidiary UAB Kauno kogeneracinė jėgainė for the non-controlling interest in the amount of EUR 11.8 million (2023: EUR 14.3 million) were presented as dividends to the non-controlling interest.

21.5 Earnings per share

The Group's earnings per share and diluted earnings per share were as follows:

EURm	2024	2023
Net profit for the year	**276.2**	**320.2**
Attributable to:		
Shareholders in AB "Ignitis grupė"	**276.2**	**320.2**
Non-controlling interests	-	-
Weighted average number of nominal shares (units)	72,388,960	72,388,960
Basic and diluted earnings/(loss) per share attributable to shareholders in AB "Ignitis grupė" (EUR)	3.82	4.42

Basic and diluted earnings per share indicators have been calculated based on 72,388,960, the weighted average number of ordinary shares as at 31 December 2024 (31 December 2023: 72,388,960).

22 Reserves

22.1 Legal reserve

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

The Group's legal reserve as at 31 December 2024 and 2023 was not fully formed.

22.2 Revaluation reserve

The revaluation reserve arises from the revaluation of property, plant and equipment due to the increase in value. The revaluation cannot be used to cover losses (Note 10).

22.3 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.

22.4 Treasury shares reserve

At the Annual General Meeting of Shareholders held on 27 March 2024, it was decided to cancel the reserve for the acquisition of own ordinary registered shares and to transfer EUR 37.7 million from the 'Treasury shares reserve' to 'Retained earnings'.

22.5 Other reserves

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

As at 31 December 2024, the Group accounted for the result of the translation of the Group's net investments in Poland-based companies indirectly controlled by the Group in the amount of EUR 25.2 million into the Group's presentation currency within the item of other reserves (31 December 2023: EUR 19.9 million). No other reserves were formed by the Group as at 31 December 2024 and 2023.

23 Financing

23.1 Loans, bonds and lease liabilities

EURm	31 December 2024	31 December 2023
Bonds issued	893.5	891.8
Bank loans	682.8	629.4
Bank overdrafts, credit line	135.3	-
Lease liabilities	68.1	42.3
Total non-current	**1,779.7**	**1,563.5**
Current portion of non-current loans received	51.9	42.7
Current portion of bonds issued	9.2	9.2
Bank overdrafts, credit line	-	12.6
Lease liabilities	6.0	5.2
Total current	**67.1**	**69.7**
Total	**1,846.8**	**1,633.2**

Loans, bonds and lease liabilities by maturity:

EURm	31 December 2024	31 December 2023
Up to 1 year	67.1	69.7
From 1 to 2 years	270.1	131.1
From 2 to 5 years	772.9	736.3
After 5 years	736.7	696.1
Total	**1,846.8**	**1,633.2**

Loans and lease liabilities of the Group are denominated in euros or Polish zlotys, bonds – in euros.

23.1.1 Covenants

The loan agreements provide for financial and non-financial covenants that the individual Group companies 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 2024 and 2023.

23.2 Net Debt

Net Debt is a non-IFRS liquidity metric used to determine the value of debt against highly liquid assets owned by the Group. The management is monitoring the Net Debt metric as a part of its risk management strategy. Only the 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:

EURm	31 December 2024	31 December 2023
Cash and cash equivalents	(234.5)	(205.3)
Short term deposits	-	(110.4)
Non-current portion	1,779.7	1,563.5
Current portion	67.1	69.7
Net Debt	**1,612.3**	**1,317.5**

23.2.1 Liquidity reserve

The Group manages liquidity risks by entering in credit line, overdraft agreements with banks. As of 31 December 2024, there were six credit line facilities available in four separate banks with a total limit of EUR 570.2 million. The disbursed amount was EUR 135.5 million (31 December 2023: 87.4 million). The credit line facilities are committed, i.e., the funds must be paid by the bank upon request.

EURm	31 December 2024	31 December 2023
Credit line agreements	270.0	270.1
Overdraft agreements	164.7	287.5
Total unwithdrawn balances	**434.7**	**557.6**
Cash balances in bank accounts	212.1	204.8
Restricted cash	22.4	0.5
Total cash and cash equivalents	**234.5**	**205.3**
Short-term deposits	-	110.4
Total short-term deposits	**-**	**110.4**
Total liquidity reserve	**669.2**	**873.3**

23.2.2 Reconciliation of the Group's Net Debt balances and cash flows from financing activities

	Loans and bonds		Lease liabilities		Assets		
EURm	**Non-current**	**Current**	**Non-current**	**Current**	**Cash and cash equivalents**	**Short-term deposits**	**Total**
Net Debt at 1 January 2023	**1,423.3**	**209.0**	**45.1**	**3.6**	**(694.1)**	**-**	**986.9**
Cash changes							
(Increase) decrease in cash and cash equivalents	-	-	-	-	375.1	-	**375.1**
Loans received	285.9	-	-	-	-	-	**285.9**
Repayments of loans	(152.1)	(28.6)	-	-	-	-	**(180.7)**
Lease payments	-	-	-	(5.7)	-	-	**(5.7)**
Interest paid	-	(37.9)	-	(1.1)	-	-	**(39.0)**
Overdrafts net change	-	(160.4)	-	-	-	-	**(160.4)**
Assumed through business combination	-	-	-	-	4.7	-	**4.7**
Reclassifications between items	-	-	-	-	109.0	(109.0)	**-**
Non-cash changes							
Lease contracts concluded	-	-	8.2	1.0	-	-	**9.2**
Accrual of interest receivable	-	-	-	-	-	(1.4)	**(1.4)**
Accrual of interest payable	1.7	37.9	-	1.2	-	-	**40.8**
Remeasurement of lease liabilities	-	-	(7.4)	0.4	-	-	**(7.0)**
Reclassifications between items	(43.9)	43.9	(5.6)	5.6	-	-	**-**
Assumed through business combination	0.4	-	2.2	0.2	-	-	**2.8**
Other non-monetary changes	-	0.2	-	-	-	-	**0.2**
Change in foreign currency	5.9	0.4	(0.2)	-	-	-	**6.1**
Net Debt at 31 December 2023	**1,521.2**	**64.5**	**42.3**	**5.2**	**(205.3)**	**(110.4)**	**1,317.5**
Net Debt at 1 January 2024	**1,521.2**	**64.5**	**42.3**	**5.2**	**(205.3)**	**(110.4)**	**1,317.5**
Cash changes							
(Increase) decrease in cash and cash equivalents	-	-	-	-	79.8	-	**79.8**
Proceeds from loans	102.9	8.0	-	-	-	-	**110.9**
Repayments of loans	-	(48.6)	-	-	-	-	**(48.6)**
Lease payments	-	-	-	(7.4)	-	-	**(7.4)**
Interest paid	-	(45.1)	-	(1.2)	-	-	**(46.3)**
Overdrafts net change	135.3	(12.5)	-	-	-	-	**122.8**
Received interest	-	-	-	-	-	3.1	**3.1**
Reclassifications between items	-	-	-	-	(109.0)	109.0	**-**
Non-cash changes							
Lease contracts concluded	-	-	29.4	2.1	-	-	**31.5**
Accrual of interest receivable	-	-	-	-	-	(1.7)	**(1.7)**
Accrual of interest payable	1.5	45.8	-	2.1	-	-	**49.4**
Remeasurement of lease liabilities	-	-	0.8	0.1	-	-	**0.9**
Reclassifications between items	(48.8)	48.8	(5.2)	5.2	-	-	**-**
Assumed through business combination (Note 30.3.1)	-	-	1.3	-	-	-	**1.3**
Other non-monetary changes	(1.9)	-	(0.2)	-	-	-	**(2.1)**
Change in foreign currency	1.4	0.2	(0.3)	(0.1)	-	-	**1.2**
Net Debt at 31 December 2024	**1,711.6**	**61.1**	**68.1**	**6.0**	**(234.5)**	**-**	**1,612.3**

23.3 Significant accounting estimates and judgements

23.3.1 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.

23.3.2 Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (hereinafter 'IBR') to measure the lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow, over a similar term and with a similar security, the funds necessary to obtain the asset of a similar value to the right-of-use asset in a similar economic environment.

The major new lease contracts that were recognised in 2024 by the Group are for land and buildings. The Group also assumed liabilities of lease contracts through business combination (Note 30.3.1). To measure the lease liability of those contracts, the following incremental borrowing rate was used:

Type of leased asset	Weighted average incremental borrowing rate, %
Land lease (including contracts acquired through business combination)	7.26%
Buildings lease	3.45%

23.3.3 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 listed in IFRS16 are met.

24 Grants and subsidies

EURm	Asset-related grants – projects for renovation, improvement of environmental and safety standards	Asset-related grants – other projects of the Group	Total
Carrying amount as at 1 January 2023	**187.2**	**109.6**	**296.8**
Depreciation and amortisation	(5.0)	(7.6)	(12.6)
Grants received	15.9	-	15.9
Carrying amount as at 31 December 2023	**198.1**	**102.0**	**300.1**
Carrying amount as at 1 January 2024	**198.1**	**102.0**	**300.1**
Depreciation and amortisation	(9.3)	(7.6)	(16.9)
Grants received	4.3	-	4.3
Carrying amount as at 31 December 2024	**193.1**	**94.4**	**287.5**

Amortisation of grants is accounted for under depreciation and amortisation in the Statement of profit or loss and reduces the depreciation expenses of the related property, plant and equipment.

25 Provisions

EURm	31 December 2024	31 December 2023
Non-current	100.5	60.7
Current	28.5	27.6
Total	**129.0**	**88.3**

Movement of the Group's provisions was as follows:

EURm	Emission allowance	Employee benefits	Servitudes (Note 25.2.1)	Regulatory difference of isolated power system operations and system services (Note 32.2.2.1)	Regulatory differences of public electricity supply activity (Note 32.2.2.2)	Other	Total
Balance as at 1 January 2023	**11.0**	**6.1**	**8.2**	**5.4**	**20.3**	**4.6**	**55.6**
Increase (decrease) during the year	8.8	1.4	-	48.5	10.9	4.1	**73.7**
Utilised during the year	(11.0)	(0.1)	-	(9.8)	(18.1)	(0.6)	**(39.6)**
Result of change in assumptions	-	(1.4)	(2.7)	-	-	-	**(4.1)**
Discount effect	-	-	-	2.2	-	0.2	**2.4**
Foreign currency exchange difference	-	-	-	-	-	0.3	**0.3**
Balance as at 31 December 2023	**8.8**	**6.0**	**5.5**	**46.3**	**13.1**	**8.6**	**88.3**
Balance as at 1 January 2024	**8.8**	**6.0**	**5.5**	**46.3**	**13.1**	**8.6**	**88.3**
New provisions that were not calculated before	-	-	-	-	-	0.2	**0.2**
Increase (decrease) during the year	18.8	1.3	-	42.4	(11.0)	4.0	**55.5**
Utilised during the year	(9.3)	(0.4)	-	(1.2)	-	(6.5)	**(17.4)**
Result of change in assumptions	-	0.1	(4.7)	-	(1.4)	0.7	**(5.3)**
Discount effect	-	-	-	2.1	-	0.2	**2.3**
Reclassification from other categories	-	-	-	-	-	5.2	**5.2**
Foreign currency exchange difference	-	-	-	-	-	0.2	**0.2**
Balance as at 31 December 2024	**18.3**	**7.0**	**0.8**	**89.6**	**0.7**	**12.6**	**129.0**
Non-current	-	5.6	0.6	86.5	-	7.8	**100.5**
Current	18.3	1.4	0.2	3.1	0.7	4.8	**28.5**

The total change in the provisions in 2024 was EUR 40.7 million. The change recognised in the Statement of profit or loss was EUR 43.4 million, capitalised to Right-of-use assets was EUR 0.9 million, recognised in the Statement of other comprehensive income was EUR 0.1 million, recognised in the Intangible assets was EUR -5.1 million and recognised in the Property, plan and equipment was EUR 1.4 million (the total change in the provisions in 2023 was EUR 32.7 million. The change recognised in the Statement of profit or loss was EUR 36.0 million, capitalised to Right-of-use assets was EUR 1.5 million, recognised in the Statement of other comprehensive income was EUR -1.5 million, recognised in the Intangible assets was EUR -3.3 million).

25.1 Description of the Group's provisions and the expected timing of resulting outflows of economic benefits

Provisions for employee benefits include a statutory retirement benefit, payable to the Group's employees (Material accounting policies, Note 1.17.3). The period of non-current provision is calculated according to each employee using actuarial assumptions that include the age of employee, mortality probability, index of staff turnover, discount rate (3.56% as at 31 December 2024, 3.37% as at 31 December 2023), long-term salary increase rate (5% as at 31 December 2024, 5% as at 31 December 2023).

The provision for servitudes relates to the compensation of easements to third parties when the distribution system operator (a Group company) installs electricity networks on land belonging to them. A one-time compensation for the use of statutory easements is paid to compensate for losses when a third party applies the request for compensation. The Group's management estimated that the period during which third parties will apply for compensation is 10 years starting from 2023. An additional 1-year deadline for the payment of compensation from the date of submission of the application was applied (the methodology of servitude-related compensations provides two years for the payment from the date of submission of the application, but in fact the Group pays them within one year).

The provision for isolated power system operation and system services relates to regulatory activities that give rise to regulatory differences, which are reimbursed during the next years. The regulatory differences and the period of reimbursement is determined and confirmed by NERC.

The provision for regulatory differences of public electricity supply activity consists of EUR 0.7 million provision related to the regulatory differences of the public electricity supply activity, which will be set-off with the future regulatory differences of the public electricity supply activity within one year.

25.2 Significant accounting estimates and judgements

25.2.1 Provisions for rights to servitudes

Following the amendments to the Law on Electricity of the Republic of Lithuania entered into force on 1 November 2017, which provide a basis for the reimbursement of easements established during the installation of electricity networks on land plots not belonging to the operator, and the servitudes payment methodology, which entered into force in 31 July 2018, the total amount of easement benefits was estimated and accounted for. In making this assessment, a significant assumption was made regarding the number of landowners who will apply for compensation, as the law provides reimbursement payments to those owners who will apply for it.

The Group reviewed the assumptions used in the calculation of the provision, specifically, the expected number of applicants and the period over which all benefits will be paid:

- In 2023, the expected number of applicants was estimated on the basis of available actual historical four-year information. The percentage of clients who are unlikely to claim benefits was used to calculate the total amount of benefits. 81.86% was used as at 31 December 2023, which was based on the management's assessment and the number of clients actually submitting claims over the 2018–2019 and 2022–2023 periods, with an average annual rate of around 1.42% (historical data for 2021 and 2020 are not included in the methodology calculations due to the methodological break described above, which would distort the overall average).
- In 2024, the expected number of applicants was estimated on the basis of available actual 2022–2023 information, with an average annual rate of only around 0.24%. The percentage of clients who are unlikely to claim benefits is around 91.41% and it was used in the calculations as at 31 December 2024.

After assessing the changed circumstances, the Group decided to adjust the provision, decreasing the amount of the provision from EUR 5.5 million to EUR 0.8 million. In the part of intangible assets, this provision decreased from EUR 5.5 million down to EUR 0.6 million (Note 11.4).

25.2.2 Provision for compensations for the Special Land Use Conditions (Protected Areas)

In addition to the above, the Ministry of Environment has prepared a methodology for the calculation and payment of compensation for the application of special land use conditions in the territories specified in the Law on Special Land Use Conditions of the Republic of Lithuania, established in the public interest, which entered into force on 8 April 2020. In the light of the letter of the Ministry of Energy of the Republic of Lithuania issued on 18 June 2020, the provisions of the methodology apply to both the existing network and the newly built network. According to the provisions of the methodology, compensation for protection zones would be paid upon registration of protection zones, i.e., this would happen after 2023 under a simplified procedure, and the amount of compensation is of an evaluative nature, while taking into account the main purpose of the plot, the scope of restrictions, the specific losses incurred and/or incurred by the plot owners based on the supporting documents.

In view of these Methodological requirements and the data available to the Group, the Group cannot reliably estimate future compensation for registered Special Land Use Conditions (Protected Areas), therefore, in accordance with IAS 37, this liability does not qualify for recognition and is therefore not recognised in the financial statements. In addition, the management is not able to provide a quantitative assessment of a possible contingency without having all the necessary information.

26 Deferred income and advances received

26.1 Deferred income

	2024			2023		
EURm	**Current portion**	**Non-current portion**	**Total**	**Current portion**	**Non-current portion**	**Total**
Deferred income under contracts with customers						
Deferred income related to new customers connection and upgrade fees	14.5	289.9	**304.4**	12.1	241.6	**253.7**
Deferred income related to gas	5.8	-	**5.8**	23.1	-	**23.1**
Other deferred income	0.3	-	**0.3**	-	-	**-**
Total	**20.6**	**289.9**	**310.5**	**35.2**	**241.6**	**276.8**

Movement in the Group's deferred income:

EURm	2024			2023		
	Current portion	Non-current portion	Total	Current portion	Non-current portion	Total
Balance as at 1 January	**35.2**	**241.6**	**276.8**	**114.8**	**205.5**	**320.3**
Increase during the year	2.7	60.9	63.6	1.7	46.7	48.4
Recognised as revenue	(29.9)	-	(29.9)	(91.9)	-	(91.9)
Reclassifications between items	12.6	(12.6)	-	10.6	(10.6)	-
Balance as at 31 December	**20.6**	**289.9**	**310.5**	**35.2**	**241.6**	**276.8**

Revenue from new customer connection and upgrade fees is recognised over the average useful life of related items of property, plant and equipment (Material accounting policies, Note 1.4.3.1).

26.2 Advances received

EURm	31 December 2024	31 December 2023
Current prepayments under contracts with customers (contract liabilities)	75.1	61.3
Current prepayments under other contracts	0.4	0.5
Total	**75.5**	**61.8**

27 Trade payables

EURm	31 December 2024	31 December 2023
Amounts payable for gas	180.7	131.2
Amounts payable for electricity	34.2	16.1
Other trade payables	31.2	29.9
Carrying amount	**246.1**	**177.2**

28 Other current liabilities

EURm	31 December 2024	31 December 2023
Amounts payable for property, plant and equipment	68.4	69.2
Put option redemption liability	38.0	38.0
Contingent consideration for acquisition of subsidiaries (Note 30.3.2)	33.4	27.5
Payroll related liabilities	32.3	27.1
Accrued expenses	29.5	56.1
Taxes (other than income tax)	28.7	33.5
Other current liabilities	9.4	17.3
Derivative financial instruments (Note 29)	8.4	9.2
Irrevocable commitment to acquire a minority interest	3.5	3.5
Non-controlling interest dividends	3.2	3.3
Carrying amount	**254.8**	**284.7**

Financial liabilities comprise EUR 164.3 million from total Other current amounts payable and liabilities (31 December 2023: EUR 168.0 million). Accrued expenses, taxes and payroll-related liabilities are not financial liabilities.

The fair value of put option redemption liability did not change in 2024 and 2023.

28.1 Judgements and accounting estimates pertaining to control over UAB Kauno kogeneracinė jėgainė

As at 31 December 2024, the Group held 51% of shares in UAB Kauno kogeneracinė jėgainė (hereinafter 'Kaunas CHP'), and the remaining 49% of shares was held by UAB Gren Lietuva.

Both shareholders have signed the Shareholders' Agreement under which key decisions over the business should be taken unanimously by the shareholders and/or by the Board, which consists of equal number of representatives from both shareholders and one independent member. If the shareholders fail to reach the consensus on the deadlock situation, the Group has an option to buy (call option) all the shares of Kaunas CHP held by UAB Gren Lietuva and thus, whereas UAB Gren Lietuva has an option to sell (put option) to the Group its shareholdings in Kaunas CHP for the price, the calculation of which is defined in the Shareholders' Agreement.

As a result, the management believes the Group exercises control over Kaunas CHP as this can be exercised when decisions need to be made.

In the Group's management view, the call option's exercise price that the Group will have to pay to UAB Gren Lietuva for buyout of Kaunas CHP shares owned by UAB Gren Lietuva, in case the Group accepts the option executed by UAB Gren Lietuva, approximates the fair value of the shares less 15% within the limits of the materiality (materiality threshold is based on the best estimate practice, such as +/- 15% of the market value).

At 31 December 2024, the Group accounted for EUR 38.0 million (31 December 2023: EUR 38.0 million) put option exercise liability measured as net present value of the single future cash outflow, which would be paid to UAB Gren Lietuva for Kaunas CHP shares in a deadlock situation in case the put option is exercised.

29 Derivatives

The Group's derivative financial instruments are related to electricity and natural gas commodities and comprise:

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

The fair value of Nasdaq contracts is being set off with cash on day-to-day basis. Accordingly, no financial assets or liabilities are being recognised in the Statement of financial position. Gain or loss of such transactions is recognised the same as all derivative financial instruments.

29.1 Derivative financial instruments included in the Statement of financial position

EURm	31 December 2024	31 December 2023
Other non-current assets (Note 16.1)	2.3	2.6
Other current assets (Note 16.2)	2.9	8.9
Other non-current liabilities	-	(8.1)
Other current liabilities (Note 28)	(8.4)	(9.2)
Carrying amount	**(3.2)**	**(5.8)**

Movement of derivative financial instruments were as follows:

EURm	2024	2023
Carrying amount as at 1 January	**(5.8)**	**39.5**
Fair value change of derivatives in 'Finance income'	0.7	0.1
Fair value change of derivatives in 'Finance expenses'	(0.2)	(0.8)
Fair value change of OTC ineffectiveness	0.9	(6.1)
Unrealised gain (loss) of OTC and other financial instruments ineffectiveness	**1.4**	**(6.8)**
Unrealised gain (loss) of Nasdaq ineffectiveness	**(0.3)**	**(17.9)**
Total Unrealised gain (loss)	***1.1***	***(24.7)***
Fair value change of OTC effectiveness	1.2	(38.6)
Fair value change of Nasdaq effectiveness	(2.9)	(80.7)
Unrealised gain (loss) in 'Other comprehensive income'	***(1.7)***	***(119.3)***
Fair value change of Nasdaq set off with cash	***3.2***	***98.7***
Carrying amount at 31 December	**(3.2)**	**(5.8)**

29.2 Derivatives included in Statement of profit or loss

EURm	2024	2023
Realised gain (loss) from OTC and Nasdaq	2.7	15.9
Unrealised gain (loss)	1.1	(24.7)
Total in profit or loss – ineffective energy hedging result	***3.8***	***(8.8)***
Cash flow hedges – reclassified to profit or loss from OCI	(2.1)	(40.5)
Total in profit or loss – effective energy hedging result	***(2.1)***	***(40.5)***
Total recognised in 'Statement of profit or loss'	**1.7**	**(49.3)**

30 Composition of the Group

30.1 List of subsidiaries

The Group's structure as at 31 December 2024:

Company name	Business segment	Country of registered office	Activities profile	Effective ownership interest, %	Non-controlling interest's effective ownership interest, %
AB "Ignitis grupė"	Other activities and eliminations		Parent company – management and coordination of activities of the Group companies	-	-
Subsidiaries of the Group:					
UAB "Ignitis renewables"	Green Capacities	Lithuania	Coordination of operation, supervision and development of renewable energy projects	100.00	-
UAB "EURAKRAS"	Green Capacities	Lithuania	Operation of renewable energy projects	100.00	-
UAB "VĖJO VATAS"	Green Capacities	Lithuania	Operation of renewable energy projects	100.00	-
UAB "VVP Investment"	Green Capacities	Lithuania	Operation of renewable energy projects	100.00	-
UAB "VĖJO GŪSIS"	Green Capacities	Lithuania	Operation of renewable energy projects	100.00	-
UAB "Plungės vėjo energija"	Green Capacities	Lithuania	Development of renewable energy projects	100.00	-
UAB "WINDLIT"	Green Capacities	Lithuania	Development of renewable energy projects	100.00	-
UAB "Vėjas LT"	Green Capacities	Lithuania	Development of renewable energy projects	100.00	-
UAB ARROW CLUSTER	Green Capacities	Lithuania	Development of renewable energy projects	100.00	-
UAB "Ignitis renewables projektai"	Green Capacities	Lithuania	Development of renewable energy projects	100.00	-
UAB "Ignitis renewables projektai 2"	Green Capacities	Lithuania	Development of renewable energy projects	100.00	-
UAB ARROW HOLDCO	Green Capacities	Lithuania	Development of renewable energy projects	100.00	-
UAB "Ignitis renewables projektai 5"	Green Capacities	Lithuania	Development of renewable energy projects	100.00	-
UAB "Ignitis renewables projektai 6"	Green Capacities	Lithuania	Development of renewable energy projects	100.00	-
UAB "Ignitis renewables projektai 7"	Green Capacities	Lithuania	Development of renewable energy projects	100.00	-
UAB "Ignitis renewables projektai 8"	Green Capacities	Lithuania	Development of renewable energy projects	100.00	-
UAB "Ignitis renewables projektai 9"	Green Capacities	Lithuania	Development of renewable energy projects	100.00	-
UAB "Ignitis renewables projektai 10"	Green Capacities	Lithuania	Development of renewable energy projects	100.00	-
UAB "Ignitis renewables projektai 11"	Green Capacities	Lithuania	Development of renewable energy projects	100.00	-
UAB "Ignitis renewables offshore development"	Green Capacities	Lithuania	Development of renewable energy projects	100.00	-
UAB "Offshore wind farm 1"	Green Capacities	Lithuania	Development of renewable energy projects	51.00	49.00
UAB Kauno kogeneracinė jėgainė	Green Capacities	Lithuania	Electricity and heat production from waste	51.00	49.00
UAB Vilniaus kogeneracinė jėgainė	Green Capacities	Lithuania	Electricity and heat production from waste and biomass	100.00	
Ignitis Renewables Polska Sp. z o. o.	Green Capacities	Poland	Development of renewable energy projects	100.00	-
Ignitis RES DEV Sp. z o. o.	Green Capacities	Poland	Development of renewable energy projects	100.00	-
Silesia2 Wind Farm S.A.	Green Capacities	Poland	Development of renewable energy projects	100.00	-
Pomerania Wind Farm Sp. z o. o.	Green Capacities	Poland	Operation of renewable energy projects	100.00	-
Silezia1 Wind Farm Sp. z o.o.	Green Capacities	Poland	Operation of renewable energy projects	100.00	-
Sunrise 1 sp. z o.o.	Green Capacities	Poland	Operation and development of renewable energy projects	100.00	-
Sunrise 2 sp. z o.o.	Green Capacities	Poland	Operation and development of renewable energy projects	100.00	-
Sunrise 4 sp. z o.o.	Green Capacities	Poland	Operation and development of renewable energy projects	100.00	-
Tuuleenergia OÜ	Green Capacities	Estonia	Operation of renewable energy projects	100.00	-
Ignitis renewables Estonia OÜ	Green Capacities	Estonia	Development of renewable energy projects	100.00	-
Ignitis renewables DevCo1 OÜ	Green Capacities	Estonia	Development of renewable energy projects	100.00	-
TÕRVA 1 ENERGIAPARK OÜ	Green Capacities	Estonia	Development of renewable energy projects	50.00	50.00
PÄRNU 1 ENERGIAPARK OÜ	Green Capacities	Estonia	Development of renewable energy projects	50.00	50.00
KADRINA 1 ENERGIAPARK OÜ	Green Capacities	Estonia	Development of renewable energy projects	50.00	50.00
IGN RES DEV1 SIA	Green Capacities	Latvia	Development of renewable energy projects	100.00	-

Continuation in next page

Continuation

Company name	Business segment	Country of registered office	Activities profile	Effective ownership interest, %	Non-controlling interest's effective ownership interest, %
IGN RES DEV4 SIA	Green Capacities	Latvia	Development of renewable energy projects	100.00	-
IGN RES DEV5 SIA	Green Capacities	Latvia	Development of renewable energy projects	100.00	-
IGN RES DEV6 SIA	Green Capacities	Latvia	Development of renewable energy projects	100.00	-
IGN RES DEV7 SIA	Green Capacities	Latvia	Development of renewable energy projects	100.00	-
SP Venta SIA	Green Capacities	Latvia	Development of renewable energy projects	100.00	-
BRVE SIA	Green Capacities	Latvia	Development of renewable energy projects	100.00	-
CVE SIA	Green Capacities	Latvia	Development of renewable energy projects	100.00	-
Ignitis renewables Latvia SIA	Green Capacities	Latvia	Development of renewable energy projects	100.00	-
IGN RES DEV2 SIA	Green Capacities	Latvia	Development of renewable energy projects	100.00	-
IGN RES DEV3 SIA	Green Capacities	Latvia	Development of renewable energy projects	100.00	-
AB "Ignitis gamyba"	Green Capacities Reserve Capacities	Lithuania	Operation and development of renewable energy projects Operation of reserve capacities assets	100.00	-
UAB "Ignitis gamyba projektai"	Green Capacities Reserve Capacities	Lithuania	Operation and development of renewable energy projects Operation of reserve capacities assets	100.00	-
AB "Energijos skirstymo operatorius"	Networks	Lithuania	Distribution of electricity and natural gas, supply of last resort service	100.00	-
UAB "Ignitis"	Customers & Solutions	Lithuania	Supply and trading of energy, EV network development	100.00	-
Ignitis Polska Sp. z o. o.	Customers & Solutions	Poland	Supply and trading of energy	100.00	-
Ignitis Eesti, OÜ	Customers & Solutions	Estonia	Supply and trading of energy, EV network development	100.00	-
Ignitis Latvija SIA	Customers & Solutions	Latvia	Supply and trading of energy, EV network development	100.00	-
Ignitis Suomi OY	Customers & Solutions	Finland	Supply and trading of energy	100.00	-
UAB "Ignitis grupės paslaugų centras"	Other activities and eliminations	Lithuania	Shared business support services	100.00	-
UAB "Gamybos optimizavimas"	Other activities and eliminations	Lithuania	Planning, optimization, forecasting, trading, brokering and other electricity related services	100.00	-
UAB Elektroninių mokėjimų agentūra	Other activities and eliminations	Lithuania	Payment aggregation	100.00	-
UAB "Transporto valdymas"	Other activities and eliminations	Lithuania	Vehicle rental, leasing, repair, maintenance, renewal and service	100.00	-

Performance overview of the Group companies is provided in section '7.4 Performance of the Group companies', while the Group's structure is provided in section '4.8 Group's structure' of the Integrated Annual Report.

30.2 Changes in the composition

30.2.1 Acquisition of shares through business combinations

In 2024, the Group acquired the following subsidiaries operating in the development of renewables projects:

- On 1 October 2024, the Group acquired a 100% shareholding in Sunrise 1 sp. z o.o., a 100% shareholding in Sunrise 2 sp. z o.o. and a 100% shareholding in Sunrise 4 sp. z o.o.
- On 20 December 2024, the Group acquired a 50% shareholding in TÕRVA 1 ENERGIAPARK OÜ, a 50% shareholding in PÄRNU 1 ENERGIAPARK OÜ and a 50% shareholding in KADRINA 1 ENERGIAPARK OÜ.

Business combination with the companies listed above is presented in Note 30.3.1.

30.2.2 Establishment of new subsidiaries

In January 2024, AB "Ignitis gamyba" established a new subsidiary UAB "Ignitis gamyba projektai".
In April 2024, UAB "Ignitis renewables" established two new subsidiaries: UAB "Ignitis renewables projektai 9" and UAB "Ignitis renewables projektai 10".
In May 2024, UAB "Ignitis renewables" established a new subsidiary, UAB "Ignitis renewables projektai 11".
In July 2024, UAB "Ignitis renewables" established two new subsidiaries: Ignitis renewables Estonia OÜ and Ignitis renewables DevCo1 OÜ.

30.2.3 Title change of subsidiaries

On 1 August 2024, UAB "Vėjo galia bendruomenei" title was changed to UAB ARROW CLUSTER.
On 2 August 2024, UAB "Ignitis renewables projektai 3" title was changed to UAB ARROW HOLDCO.

30.3 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 goodwill.

30.3.1 Acquisition of subsidiaries in 2024

At the time of business combinations of newly acquired subsidiaries in 2024, the fair values of assets acquired and liabilities assumed were as follows:

EURm	Note	Sunrise 1 sp. z o.o. Sunrise 2 sp. z o.o. Sunrise 4 sp. z o.o.
Assets acquired		
Property, plant and equipment	12	15.3
Right-of-use assets	13	1.3
Other receivables		2.7
Liabilities assumed		
Lease liabilities	24.2.2	(1.3)
Other liabilities		(3.7)
Total identifiable net assets acquired		**14.3**
Consideration paid		(16.0)
Contingent consideration		(0.3)
Total consideration transferred		**(16.3)**
Goodwill arising from the acquisition of subsidiaries	11	2.0
Net cash flows from acquisition of subsidiary		
Cash paid to seller of shares (current period)		(0.7)
Cash and cash equivalents acquired		-
Net cash flows		**(0.7)**

Acquisition of Sunrise 1 sp. z o.o., Sunrise 2 sp. z o.o. and Sunrise 4 sp. z o.o.

On 1 October 2024, the Group acquired 100% shareholding in Sunrise 1 sp. z o.o., Sunrise 2 sp. z o.o. and Sunrise 4 sp. z o.o. from a legal entity. As at 31 December 2024, the ownership rights of shares were held by the Group. Total consideration transferred for all entities amounts to EUR 16.3 million, EUR 16.0 million of which were paid through a bank account, EUR 0.3 million 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 2024, 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 2024.

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 subsidiaries Sunrise 1 sp. z o.o., Sunrise 2 sp. z o.o. and Sunrise 4 sp. z o.o. had occurred on 1 January 2024, 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 2024. The Group did not incur material acquisition-related costs.

As at 31 December 2024, the contingent consideration for acquisition of these subsidiaries amounts to EUR 0.3 million and is presented as 'Other current liabilities' in the Statement of financial position.

Acquisition of TÕRVA 1 ENERGIAPARK OÜ, PÄRNU 1 ENERGIAPARK OÜ and KADRINA 1 ENERGIAPARK OÜ

On 20 December 2024, the Group acquired a 50% shareholding in TÕRVA 1 ENERGIAPARK OÜ, PÄRNU 1 ENERGIAPARK OÜ and KADRINA 1 ENERGIAPARK OÜ from a legal entity. As at 31 December 2024, the 50% of ownership rights of shares were held by the Group. According to the Shareholders' Agreement, the Group has an option to buy (call option) any time all remaining shares (50%). As a result, the Group's management determined the Group exercises the control over TÕRVA 1 ENERGIAPARK OÜ, PÄRNU 1 ENERGIAPARK OÜ and KADRINA 1 ENERGIAPARK OÜ. All three companies were registered on 27 November 2024. The total consideration transferred by the Group for all entities amounts to EUR 0.2 million and was paid through a bank account. No contingent consideration has been identified. The fair values of assets acquired and liabilities assumed are immaterial, therefore, the disclosure is not presented.

30.3.2 Contingent consideration for acquisition of subsidiaries

The contingent consideration for acquisition of subsidiaries is presented in the Statement of financial position as follows:

	31 December 2024		31 December 2023	
EURm	Other non-current liabilities	Other current liabilities	Other non-current liabilities	Other current liabilities
Contingent consideration for acquisition of subsidiaries	4.7	33.4	38.5	27.5

30.4 Non-controlling interest

The tables below have been prepared on the basis of the financial statements of subsidiaries adjusted for consolidation purposes and present data before intercompany eliminations.

Summarised Statement of financial position of the Group companies with non-controlling interest:

EURm	31 December 2024	31 December 2023
Non-current assets	123.0	129.7
Current assets	49.1	49.4
Non-current liabilities	(86.2)	(93.5)
Current liabilities	(15.2)	(16.2)
Net assets	70.7	69.4
Non-controlling interest	-	-

Summarised Statement of profit or loss of the Group companies with non-controlling interests:

EURm	31 December 2024	31 December 2023
Revenue	53.9	53.6
Net profit (loss) from continuing operations	26.4	25.4
Other comprehensive income (loss)	(1.0)	(4.7)
Total comprehensive income (loss) for the year	25.4	20.7
Profit (loss) attributable to non-controlling interest[1]	-	-
Dividends paid to non-controlling interest	11.8	14.3

[1] *The Group uses anticipated-acquisition method for recognizing put option redemption liability (Note 29.1). Accordingly, profits (loss) attributable to the holder of the non-controlling interest subject to the put option are presented as attributable to the owners of the parent company and not as attributable to those non-controlling shareholders.*

Summarised Statement of cash flows of the Group companies with non-controlling interest:

	31 December 2024	31 December 2023
Cash flows from operating activities	37.4	35.1
Income tax (paid) recovered	-	-
Net cash flows from operating activities	37.4	35.1
Net cash flows from investing activities	(1.0)	0.1
Net cash flows from financing activities	(34.6)	(39.9)
Net increase (decrease) in cash and cash equivalents	1.8	(4.7)
Cash and cash equivalents at beginning of the year	27.1	31.8
Cash and cash equivalents at the end of the year	28.9	27.1

31 Contingent liabilities and commitments

31.1 Litigations

The most significant litigations as at 31 December 2024:

Litigation	Is the Group or the Group company a party to the process?	Is the Group or the Group company a party as defendant or plaintiff in the process?	Provision recognised in the Statement of financial position?
Litigation concerning the designated supplier state aid scheme and LNG price component	No	-	No
Investigation by the European Commission on State aid in the context of a strategic reserve measure	No	-	No
Litigation with UAB Kauno termofikacijos elektrinė	Yes	Plaintiff	No

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

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

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

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

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

The Supreme Administrative Court of Lithuania in 2023 issued three final rulings in favour of a Group company UAB "Ignitis", rejecting complaint of AB "Achema" regarding the setting of the LNG transmission price for 2019, 2020 and 2021.

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

31.1.2 Investigation by European Commission

Based on a press release of the European Commission, the Group informs that on 3 June 2019, the European Commission has opened an in-depth investigation to assess whether EU State aid rules were respected when allocating public interest service monies to the Group in the context of a strategic reserve measure.

The Group's management is not aware of any circumstances that could result in potential significant liabilities for the Group in this respect, so therefore no provisions are recognized.

31.1.3 Litigation with UAB Kauno termofikacijos elektrinė

On 17 December 2018, the Group's company UAB "Ignitis" appealed to the Vilnius Court of Commercial Arbitration for compensation of EUR 1.7 million for losses incurred due to UAB Kauno termofikacijos elektrinė failure to acquire the entire required amount of liquefied natural gas assigned for 2015, and for the award of EUR 0.1 million of interest on late payment.

UAB Kauno termofikacijos elektrinė filed a counterclaim in the case, requesting the annulment of one of the terms of the LNG Sales and Purchase Agreement and the Additional Agreement. The proceedings are suspended until the courts of general jurisdiction have ruled on the non-arbitrable part of the parties' dispute as to whether the national regulatory legislation relevant to the period in question is in conformity with the Constitution and other national laws, as well as with the principles of EU law.

On 13 June 2024, the Vilnius City District Court dismissed the claim of UAB Kauno termofikacijos elektrinė.

On 15 July 2024, UAB Kauno termofikacijos elektrinė filed two appeals: (1) against the supplementary judgment of the Vilnius City District Court dated 25 June 2024, by which UAB Kauno termofikacijos elektrinė was ordered to pay the costs of the proceedings (incurred for legal aid) to the Ministry of Energy; (2) against the judgment of the Vilnius City District Court dated 13 June 2024, which dismissed UAB Kauno termofikacijos elektrinė claim against UAB "Ignitis". On 19 August 2024, on behalf of UAB "Ignitis", a defence to the appeals of UAB Kauno termofikacijos elektrinė was prepared and submitted to the court. See Note 36.1 for information about the events after the reporting period.

According to the Group's management, the outcome of the litigation should not create additional obligations for the Group.

31.2 Significant acquisition commitments

At the end of the reporting year, the Group had significant acquisition commitments of property, plant and equipment and intangible assets, which will have to be fulfilled during the later years (Notes 11.3 and 12.3).

32 Temporary regulatory differences

32.1 Regulatory activity: Accrual of income and regulatory provisions from regulated activities

The profitability of some individual Group companies and their individual activities is regulated by NERC through the service tariffs approved for the next periods. The level of tariffs depends on the projected costs and volume of services for the next period, the extent to which the previous period earnings are at variance with the regulated level, and other factors. The actual costs of regulated activities incurred by the Group during the year may be at variance with the projected costs that are considered during the approval of the tariffs, and the actual volume of services may be at variance with the projected one. Accordingly, actual earnings from regulated activities may be at variance with the regulated level, and the resulting difference will affect the future tariffs of services.

The Group has these regulated activities: electricity distribution (Networks), natural gas distribution (Networks), designated supply of natural gas (Customers & Solutions), natural gas supply to B2C customers (Customers & Solutions), isolated power system operation and system services (Reserve Capacities and Green Capacities), public supply of electricity (Customers & Solutions).

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

The Group recognises the assets and liabilities of the regulated activities only when the Group has a guarantee (stipulated in NERC resolutions or laws) that even in case of discontinuing regulated activities, the differences would be refunded to the Group in case of undercollection or the Group will have to refund in case of overcollection.

Changes in regulatory assets and liabilities include:

- 'New temporary regulatory differences' that are the management's estimates for the current year, which are calculated using the actual financial and operational data and are not yet confirmed by NERC;
- 'Received previous years differences' that are the amounts received during the current year for the differences in previous periods through tariffs based on the resolutions passed by NERC;
- 'Returned previous years differences' that are the amounts repaid during the current year for the differences in previous periods through tariffs based on the resolutions passed by NERC;
- 'Recalculation of previous years differences' that appplies in case the regulatory differences confirmed by NERC do not agree with the differences estimated by the management.

32.2 Movement of regulatory assets and liabilities

	Not recognised in the Statement of financial position					Recognised in the Statement of financial position			
EURm	Electricity distribution	Natural gas distribution	Designated supply of natural gas	Natural gas supply to B2C customers	Subtotal not recognised in the Statement of financial position	Isolated power system operation and system services	Public supply of electricity	Subtotal recognised in the Statement of financial position	Total
Balance as at 1 January 2023	**(194.8)**	**1.2**	**(53.0)**	**(16.0)**	**(262.6)**	**(5.4)**	**(20.3)**	**(25.7)**	**(288.3)**
New temporary regulatory differences	(120.5)	(21.9)	82.0	-	(60.4)	(42.7)	(14.4)	(57.1)	(117.5)
Received previous years differences	-	-	(11.0)	-	(11.0)	-	-	-	(11.0)
Returned previous years differences	31.0	6.6	-	16.0	53.6	3.1	17.7	20.8	74.4
Recalculation of previous years differences	-	-	-	0.5	0.5	(0.7)	3.9	3.2	3.7
Balance as at 31 December 2023	**(284.3)**	**(14.1)**	**18.0**	**0.5**	**(279.9)**	**(45.7)**	**(13.1)**	**(58.8)**	**(338.7)**
Balance as at 1 January 2024	**(284.3)**	**(14.1)**	**18.0**	**0.5**	**(279.9)**	**(45.7)**	**(13.1)**	**(58.8)**	**(338.7)**
New temporary regulatory differences	(28.3)	(7.8)	19.3	0.6	(16.2)	(44.5)	11.0	(33.5)	(49.7)
Received previous years differences	-	-	(31.2)	-	(31.2)	-	-	-	(31.2)
Returned previous years differences	51.0	2.4	-	-	53.4	0.6	-	0.6	54.0
Recalculation of previous years differences	(1.7)	(4.9)	-	-	(6.6)	-	1.4	1.4	(5.2)
Balance as at 31 December 2024	**(263.3)**	**(24.4)**	**6.1**	**1.1**	**(280.5)**	**(89.6)**	**(0.7)**	**(90.3)**	**(370.8)**
Non-current	(186.0)	(16.8)	-	-	(202.8)	(86.5)	-	(86.5)	(289.3)
Current	(77.3)	(7.6)	6.1	1.1	(77.7)	(3.1)	(0.7)	(3.8)	(81.5)

32.2.1 Regulatory assets and liabilities not recognised in the Statement of financial position

32.2.1.1 Electricity distribution

Regulatory differences are determined in accordance with the Methodology for setting the price caps for electricity transmission, distribution and public supply services (hereinafter – the Methodology) and are of two types: adjusted by NERC or estimated by the Group.

NERC adjusts the regulatory differences after the first two years of the regulatory period for the regulated activities, and then after four years of the regulatory period as well as after the entire regulatory period (including the extension of the regulatory period), which reduces the level of revenue allowed for the regulated activities for the following year.

The Group has agreed with the regulator (NERC) to amend the repayment period of the EUR 160.0 million regulatory difference to 2024–2031 (from 2024–2036). In this regard, NERC upgraded the methodology for calculating the additional tariff component and linked it to the leverage level cap of 5.5x (ESO Net Debt/ ESO Adjusted EBITDA, both calculated based on the methodology approved by NERC), which means that if ESO's leverage level exceeds the predetermined cap, the additional tariff component will increase proportionally.

According to the amendment, the regulatory differences for B2C customers (EUR 57.1 million, including accrued interest) will be repaid over a period of 2 years and 3 months (from 1 April 2024 to 30 June 2026). For B2B customers (EUR 100.6 million, including accrued interest), the repayment period is 7 years and 9 months (from 1 April 2024 to 31 December 2031).

The regulatory difference mentioned above relates to the changes in the Networks methodology in 2021 and, in turn, the recalculated ROI and D&A for the period 2018–2021. Accordingly, after the agreement was made, the Methodology for determining the price caps for electricity transmission, distribution and public supply services has been changed.

The evaluation of the return on investment for 2024 will be performed in 2026, when setting the electricity distribution price caps for 2027.

As at 31 December 2024, from the total balance EUR 238.6 million have been approved by NERC (31 December 2023: EUR 172.6 million).

32.2.1.2 Natural gas distribution

Regulatory differences are determined in accordance with the Methodology for setting state-regulated prices in the natural gas sector (hereinafter – the Methodology) and are of two types: adjusted by NERC or estimated by the Group.

NERC adjusts the regulatory differences of the regulated activities after the first two years of the regulatory period, and then after four years of the regulatory period as well as after the entire regulatory period (including the extension of the regulatory period), which changes the level of revenue allowed for the regulated activities for the following year.

By the Resolution No. O3E-1571 passed on 20 October 2023, NERC has set the price cap for the natural gas distribution price for 2024 on the basis of a certificate No.O5E-904 issued on 19 October 2023.

The evaluation of the return on investment for 2024 will be performed in 2026, when setting the natural gas distribution income level for 2027.

As at 31 December 2024, from the total balance EUR 14.9 million have been approved by NERC (31 December 2023: EUR 1.8 million).

32.2.1.3 Designated supply of natural gas

Designated supply activity is also regulated by NERC. The regulatory differences arise when the actual costs differ from those estimated, but the Group does not recognise the regulated assets or liabilities in the financial statements as the difference will be refunded by providing the services in the future.

32.2.1.4 Natural gas supply to B2C customers

Natural gas supply to B2C customers is regulated by NERC. NERC regulates the natural gas tariff paid by the customers. The regulatory differences, defined as the difference between the fixed natural gas sale price and the actual natural gas purchase price, were not recognised in the financial statements till 31 December 2024 as the Group had no guarantee for this difference to be considered when setting tariffs in the future according to the legislation base.

32.2.2 Regulatory assets and liabilities recognised in the Statement of financial position

32.2.2.1 Temporary regulatory differences of isolated power system operations and system services

On 14 November 2019, NERC adopted a Resolution No. O3E–715 ‘On the approval of the methodology for establishing the prices for electricity, capacity reserve and services ensuring isolated operation of the power system’. This resolution stipulates that the companies that discontinue the services ensuring capacity reserve or isolated operation of the power system shall reimburse any discrepancies between the projected and actual costs of providing these services to the transmission system operator (related company – LITGRID AB) if the costs actually incurred by the Group were lower than the revenue received from the transmission system operator. If the actual costs incurred by the Group were higher than the income of the transmission system operator, the transmission system operator shall reimburse this amount to the Group. Formulas determined for period ‘y’ in the resolution for isolated operation of the power system and capacity reserve services:

- in the case of capacity reserve assurance services: the amount of the discrepancy between the assigned investment return that meets the reasonableness criteria compared to the determined investment return during the reporting period (y-2);
- in the case of isolated operation of the power system: the amount of the discrepancy between the costs assigned during the reporting period (y-2) compared to the amount of income received from transmission system operator during the reporting period (y-2).

With regard to the resolution above, if the costs actually incurred by the Group were higher than the income received from the transmission system operator, the transmission system operator must return such amount to the Group and vice versa. Due to this reason, the Group recognises the assets or liabilities of regulated activities, the purpose of which is to equalize the current year's profit to a set level.

On 8 February 2022, an additional agreement with the transmission system operator was signed. Under the agreement, the Group undertook to purchase the required amount of gas and sell the set amount of electricity in advance on the electricity market in accordance with the electricity generation schedule submitted by the transmission system operator, and transmission system operator undertook to reimburse the costs incurred by the Group under the schedule.

32.2.2.2 Temporary regulatory differences of public electricity supply activity

On 25 September 2020, NERC adopted a Resolution No. O3E-879 ‘On the approval of the methodology for determining the electricity transmission, distribution and public supply services and the public price cap’. The resolution includes the methodology for determining the additional component for the distribution services to B2C consumers to compensate the difference between the actual and forecasted reasonable costs of a public supplier. The additional component is paid by B2C customers through the electricity distribution service price, which is included as one of the components of the public electricity tariff applied to the electricity consumed by B2C customers. This component is collected by the distribution system operator (a Group company) from all electricity suppliers that sell electricity to B2C customers. The calculation of the difference includes the difference resulting from the discrepancy between the forecasted electricity purchase price and the actual electricity purchase price as well as the amount of costs resulting from the difference between the public supplier's public electricity price cap and the actual electricity distribution service price caps. If the difference is negative, the loss is compensated through the increased price of the additional component applied in the next year and, accordingly, if the difference is positive, the gain is reduced through the decreased price of the additional component.

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

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

33 Related-party transactions

Related parties are defined as follows:

- the parent company's controlling shareholders or those who have significant influence;
- associated companies;
- state controlled companies and their subsidiaries (only significant transactions are being disclosed with such companies);
- the 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);
- the key management personnel and close members of that personnel's family and their controlled enterprises and companies.

In 2024 and 2023, the Group did not conclude any asset investment, acquisition, transfer, lease, pledge and mortgage, obligation fulfilment surety or guarantee transactions with a related party which (or the sum of which) exceed 1/10 of the assets provided in the Statement of financial position.

The table below summarises the main types of transactions carried out with related parties were as follows:

Related parties	**Registration code**	**Official register**	**Address**	**Relationship**	**Nature of main transactions**
LITGRID AB	302564383	SE Centre of Registers	Karlo Gustavo Emilio Manerheimo St. 8, LT-05131 Vilnius	Indirectly controlled by the Ministry of Energy of Lithuania	Sales and purchase of electricity transmission services, capacity services
AB "Amber Grid"	303090867	SE Centre of Registers	Laisvės Ave. 10, LT-04215 Vilnius	Indirectly controlled by the Ministry of Energy of Lithuania	Sales of gas, purchases of gas transmission services
BALTPOOL UAB	302464881	SE Centre of Registers	Žalgirio St. 90, D, LT-09303 Vilnius	Indirectly controlled by the Ministry of Energy of Lithuania	Sales and purchases of electricity, provision of PSO services
UAB GET Baltic	302861178	SE Centre of Registers	Geležinio Vilko St. 18A, LT-08104 Vilnius	Indirectly controlled by the Ministry of Energy of Lithuania	Sales and purchases of gas
Other related parties	-	-	-	Other entities controlled by state bodies	Sales of electricity, provision of electricity transmission and distribution services

Transactions with related parties as at 31 December were as follows:

Related parties	**Accounts receivable 31 December 2024**	**Accounts payable 31 December 2024**	**Sales 2024**	**Purchases 2024**	**Finance income (expenses) 2024**
LITGRID AB	31.3	29.9	163.9	262.8	-
AB "Amber Grid"	7.9	4.3	37.3	32.5	-
BALTPOOL UAB	0.4	-	20.8	0.1	-
UAB GET Baltic	13.1	0.7	24.8	68.9	-
Associates and other related parties of the Group	1.7	5.2	19.0	31.3	-
Total	**54.4**	**40.1**	**265.8**	**395.6**	**-**

Related parties	**Accounts receivable 31 December 2023**	**Accounts payable 31 December 2023**	**Sales 2023**	**Purchases 2023**	**Finance income (expenses) 2023**
LITGRID AB	15.4	15.2	143.1	125.2	-
AB "Amber Grid"	6.0	3.4	20.6	24.4	-
BALTPOOL UAB	0.1	1.7	72.9	1.0	-
UAB GET Baltic	4.2	0.2	116.7	104.1	-
Associates and other related parties of the Group	10.3	3.9	18.5	23.9	-
Total	**36.0**	**24.4**	**371.8**	**278.6**	**-**

33.1 Terms of transactions with related parties

The payment terms set the range from 15 to 90 days. Closing debt balances are not secured by pledges, they do not yield interest, and settlements occur in cash. There were no guarantees given or received in respect of the related-party payables and receivables.

33.2 Compensation to key management personnel

EURm	**2024**	**2023**
Wages and salaries and other short-term benefits to key management personnel	1.7	1.3
Whereof:	-	-
Short-term benefits: wages, salaries and other	*1.5*	*1.1*
Long-term benefits	*0.2*	*0.2*
Number of key management personnel	12	12

In 2024 and 2023 members of the Management Board (incl. CEO) and the Supervisory Board were considered to be the Group's key management personnel. For more information on the key management personnel, see section '4 Governance' of this report.

34 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. Management of other risks is presented in section '4 Governance' of this report.

The Group is exposed to a variety of financial risks in their operations:
- market risk;
- 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.

34.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in the market prices. The market risk comprises three types of risk:
- foreign currency exchange risk;
- interest rate risk;
- energy and commodity risk.

34.1.1 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 the changes in the foreign exchange rates.

The sale/purchase contracts of the Group are mainly denominated in euro. The foreign exchange risk is mainly exposed to subsidiaries of the Group that operate in Poland, but the overall Group exposure remains low.

34.1.2 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 the changes in the 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 and bonds with fixed interest rates comprise not less than 50% of the Group's consolidated non-current loans and bonds 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.

Most of the Group's loans and bonds had fixed interest rates as at 31 December 2024. Variable-rate financial instruments include the loans received in the amount of EUR 452.3 million and the loans granted in the amount of EUR 54.0 million as at 31 December 2024 (as at 31 December 2023, the loans received amounted to EUR 302.7 million and the loans granted – EUR 51.5 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
2024	1.0/(1.0)	(4.0)/4.0
2023	1.0/(1.0)	(2.5)/2.5

34.1.3 Energy and commodity risk

Commodity risk is the risk that the changes in the market prices (i.e., commodity prices) will affect the Group's results or the value of its holdings of financial instruments. The objective of the energy and commodity risk management is to manage and control the 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 the Group's risk management policy. Generally, the Group seeks to apply hedge accounting to manage the volatility in the Statement of profit or loss.

In the ordinary course of its operations, the Group is exposed to commodity risks on natural gas and electricity products. The source of exposure lies with the cash flows from the sales of natural gas and electricity or the cost cash flows incurred to procure the fixed-price electricity/natural gas for the sales contracts. Majority of this type of exposure is based on the changes in the respective commodity prices in the market where the Group operates.

The commodity risk arises primarily from the following activities:
- fixed-price commodity sale contracts (electricity and natural gas) for B2C and B2B;
- fixed-price natural gas purchase contracts.

In order to manage the commodity price risk, the Group enters into financial derivatives contracts (cash flow hedges). This is performed in order to secure a fixed acquisition price for the above-mentioned commodities, so that the optimum profit margins could be obtained from the contracted or expected fixed-price sales.

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

- the dollar offset method for electricity hedges;
- the descriptive method for natural gas hedges.

The two separate components that are being used as a hedged item for electricity-related hedges are the SYS price and price component equivalent or similar to the difference between the Lithuanian price area and the SYS price. Their economic relationship is determined separately for each component:

- SYS price (the average price in the Nord Pool power market, of which Lithuania is a member);
- price component equivalent or similar to the difference between the Lithuanian price area and the SYS price (commonly referred as EPAD in NASDAQ Commodities market).

The source of hedge ineffectiveness is mainly related to the limited supply of financial derivatives for Lithuanian electricity price area in the market. Therefore, commodity risk is partly hedged in the similar price areas (Latvian, Estonian and other), which results in partial ineffectiveness. The designated risk component of SYS historically covered 100% of the changes in the hedged item, while the designated price component equivalent or similar to the difference between the Lithuanian price and the SYS price historically covered a variety of percentages (depending on the hedge timing and the hedged price area). However, at least 67% coverage is expected in order for a derivative to be classified as effective for hedge accounting purposes. During the reporting period of 2024, on average, nearly 70% of all electricity hedge contracts in terms of value have been effective.

Overview of the Group's derivatives positions:

	31 December 2024		31 December 2023	
EURm	**Contractual nominal value**	**Market value[1]**	**Contractual nominal value**	**Market value[1]**
Market derivatives – Electricity (Nasdaq Commodities)	19.4	(0.6)	29.2	2.6
Over-the-counter (OTC) derivatives – Electricity (Note 29)	8.6	(1.4)	29.9	(6.0)
Over-the-counter (OTC) derivatives – Natural gas (Note 29)	7.8	(3.2)	10.2	(1.7)
Total	**35.8**	**(5.2)**	**69.3**	**(5.1)**

[1] *Non-commodity derivatives are not included in the table above, their fair value as at 31 December 2024 was EUR 1.4 million (as at 31 December 2023 was EUR 1.9 million) (Note 29).*

Nominal amounts (quantities in TWh) hedged:

	31 December 2024		
	2025	**2026**	**2027**
Electricity hedges	1.3	-	-
Natural gas hedges	-	0.2	-
Total	**1.3**	**0.2**	**-**

Nominal values hedged:

EURm	31 December 2024		
	2025	**2026**	**2027**
Electricity hedges	28.0	-	-
Natural gas hedges	0.2	6.1	1.5
Total	**28.2**	**6.1**	**1.5**

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

EURm	31 December 2024		
	Market value		
	Increase by 10%	**Current prices**	**Decrease by 10%**
Market derivatives – Electricity (Nasdaq Commodities)	1.2	(0.6)	(2.6)
Over-the-counter (OTC) derivatives – Electricity	(2.0)	(1.4)	(0.4)
Over-the-counter (OTC) derivatives – Natural gas	(2.2)	(3.2)	(3.9)
Total	**(3.0)**	**(5.2)**	**(6.9)**

34.2 Credit risk

Credit risk is a 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 (loans granted, finance lease agreements). The Group's risk related to cash is limited as the Group keeps cash balances only in reliable financial institutions.

The Group is not exposed to significant credit risk concentration related to trade receivables. The Group is exposed to credit risk concentration related to loans granted (Note 14.2.2). The Group evaluates cash flows and financial results of Moray West Holdings Limited, no impairment loss is recognised for the investment into Moray West Holdings Limited to which the loan is granted. Therefore, the Group does not consider the risk associated with the concentration of loans granted to be significant.

The priority objective of the Group's treasury management is to ensure the security of the funds and maximise the return on investments in pursuance of this objective. The 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.

EURm	Note	31 December 2024	31 December 2023
Financial assets measured at amortised cost:			
Non-current receivables	14	18.5	13.2
Trade receivables	19	294.0	265.9
Other receivables	14	46.8	72.4
Other current financial assets	15	-	110.4
Loans granted	14	65.1	56.1
Cash and cash equivalents	20	234.5	205.3
Amounts receivable under finance lease agreements			
Non-current portion	14.1	7.8	7.2
Current portion		1.8	2.2
Financial assets measured at FVTPL or FVOCI			
Investment funds - at FVTPL	15	30.1	32.0
Equity securities - at FVOCI	15	5.0	5.0
Derivatives	29	5.2	11.5
Total		**708.8**	**781.2**

34.3 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 the 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 2024, the Group's current ratio (total current assets/total current liabilities) and quick ratio ((total current assets – inventories) / total current liabilities) were 1.13 and 0.84 respectively (31 December 2023: 1.56 and 1.14 respectively). As at 31 December 2024, the Group's balance of credit lines, overdraft facilities and loan agreements not withdrawn amounted to EUR 434.7 million (31 December 2023: EUR 566.4 million).

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

EURm	Note	31 December 2024	31 December 2023
Financial liabilities measured at amortised cost			
Loans and bonds	23	1,772.7	1,585.7
Lease liabilities	23	74.1	47.5
Trade payables and non-current amounts payable to suppliers		248.2	177.7
Other current and non-current liabilities		133.9	178.7
Financial liabilities measured at FVTPL or FVOCI			
Derivatives	29	8.4	17.3
Put option redemption liability	28.1	38.0	38.0
Total		**2,275.3**	**2,044.9**

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):

EURm	2024				Total
	Less than 3 months	3 months to 1 year	1 to 5 years	More than 5 years	
Loans and bonds	15.9	71.8	1,168.4	703.1	**1,959.2**
Lease liabilities	1.0	7.8	32.3	88.2	**129.3**
Trade payables and non-current amounts payable to suppliers	79.2	166.9	2.1	-	**248.2**
Other current and non-current liabilities	70.8	85.0	6.6	18.8	**181.2**
Derivatives	7.6	0.8	-	-	**8.4**
As at 31 December 2024	**174.5**	**332.3**	**1,209.4**	**810.1**	**2,526.3**

EURm	2023				Total
	Less than 3 months	3 months to 1 year	1 to 5 years	More than 5 years	
Loans and bonds	74.8	126.3	1,157.3	692.6	**2,051.0**
Lease liabilities	1.2	5.1	22.4	44.1	**72.8**
Trade payables and non-current amounts payable to suppliers	100.3	76.8	0.5	-	**177.6**
Other current and non-current liabilities	97.7	62.4	58.0	-	**218.1**
Derivatives	2.4	6.9	8.1	-	**17.4**
As at 31 December 2023	**276.4**	**277.5**	**1,246.3**	**736.7**	**2,536.9**

34.3.1 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 adopt the Green Deal, which could cause additional requirements for the energy sector: to comply with new regulations, implement new technological solutions, manage reputational risks, respond to fast growing market demand for green solutions, etc. Read more on the impact of climate change and the parent company's approach on managing it in section '6.2 Environment' of Integrated Annual Report 2024.

Climate change and the transition to net zero have been considered in the preparation of these financial statements. While 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 analysis of the effects of climate risk within the assumptions made. The Group's management does not reasonably expect the climate change to have a significant impact of valuation of property, plant and equipment, and the impairment assessment of goodwill.

Estimation of decommissioning provisions

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

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

35 Fair values of financial instruments

35.1 Financial instruments, measured at fair value

The Group's derivatives (Level 2 of the fair value hierarchy), investment funds measured at FVTPL and equity securities measured at FVOCI (Level 3 of the fair value hierarchy), as well as the put-option redemption liability (Level 3 of the fair value hierarchy) and contingent consideration for acquisition of subsidiaries (Level 3 of the fair value hierarchy) are measured at a fair value.

As at 31 December 2024 and 2023, the Group has accounted for assets and liabilities arising from financial derivatives. The Group accounts for financial derivative assets and liabilities at fair value and their accounting policies are set out in Note 1.9.3, section '8.7 Accompanying information'. 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 is 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 derivatives linked to the Lithuanian/Latvian and Estonian/Finish electricity market areas to Level 2 of the fair value hierarchy. Derivatives acquired directly from other market participants (OTC contracts) and the acquired physical transmission rights are estimated based on the prices of the Nasdaq Commodities market.

As at 31 December 2024 and 2023, the Group has accounted for investment funds measured at FVTPL (Note 15). The fair value measurement of these financial assets is based on investment rounds. The fair value of these financial assets will change depending on exits of investments, future investment rounds or other significant events. Their fair value corresponds to Level 3 of the fair value hierarchy.

As 31 December 2024 and 2023 the Group has accounted for equity securities measured at FVOCI (Note 15). 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 2024 and 2023, the Group accounted for put-option redemption liability (Note 38) to acquire all the shares of UAB Kauno kogeneracinė jėgainė held by UAB Gren Lietuva (49%). The measurement of its fair value is disclosed in Note 28.1. The measurement of the fair value of put-option redemption liability is attributed to Level 3 of the fair value hierarchy.

As at 31 December 2024, 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. The measurement of its fair value is disclosed in Note 30.3. The measurement of the fair values of contingent consideration is attributed to Level 3 of the fair value hierarchy.

35.2 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 issued bonds and loans received from commercial, state-owned banks. The measurement of the financial instruments related to the issued bonds and loans received is attributed to Level 2 of the fair value hierarchy.

The fair value of the Group's issued bonds was calculated by discounting future cash flows related to the coupon payments, with reference to the interest rate observable in the market, and the regular future payments related to issued bonds. The cash flows were discounted using a weighted average discount rate of 3.55% as at 31 December 2024 (31 December 2023: 3.95%). The discount rate for each bond issue was determined as the yield of certain bonds issued. The measurement of the fair value of issued bonds is attributed to Level 2 of the fair value hierarchy.

The fair value of the Group's loans received was calculated by discounting the cash flows with a market interest rate applied for a similar-period bond. The cash flows were discounted using a weighted average discount rate of 3.55% as at 31 December 2024 (31 December 2023: 3.95%). The measurement of the fair value of loans received is attributed to Level 2 in the fair value hierarchy.

35.3 Financial instruments' fair value hierarchy levels

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

			Level 1	Level 2	Level 3	
EURm	**Note**	**Carrying amount**	**Quoted prices in active markets**	**Other directly or indirectly observable inputs**	**Unobservable inputs**	**Total**
Financial instruments measured at FVTPL or FVOCI						
Assets						
Derivatives	29	**5.2**	-	5.2	-	**5.2**
Investment funds – at FVTPL	15	**30.1**	-	-	30.1	**30.1**
Equity securities – at FVOCI	15	**5.0**	-	-	5.0	**5.0**
Liabilities						
Put option redemption liability	28	**38.0**	-	-	38.0	**38.0**
Derivatives	29	**8.4**	-	8.4	-	**8.4**
Contingent consideration for acquisition of subsidiaries	30.3.2	**38.1**	-	-	38.1	**38.1**
Financial instruments for which fair value is disclosed						
Assets						
Loans granted		**64.8**			64.6	**64.6**
Liabilities						
Bonds issued		**902.6**	-	859.6	-	**859.6**
Loans received		**870.1**	-	837.2	-	**837.2**

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	
EURm	**Note**	**Carrying amount**	**Quoted prices in active markets**	**Other directly or indirectly observable inputs**	**Unobser-vable inputs**	**Total**
Financial instruments measured at FVTPL or FVOCI						
Assets						
Derivatives	29	**11.5**	-	11.5	-	**11.5**
Investment funds – at FVTPL	15	**32.0**	-	-	32.0	**32.0**
Equity securities – at FVOCI	15	**5.0**	-	-	5.0	**5.0**
Liabilities						
Put option redemption liability	28	**38.0**	-	-	38.0	**38.0**
Derivatives	29	**17.3**	-	17.3	-	**17.3**
Contingent consideration for acquisition of subsidiaries	30.3.2	**66.0**	-	-	66.0	**66.0**
Financial instruments for which fair value is disclosed						
Assets						
Loans granted		**55.9**			55.9	**55.9**
Liabilities						
Bonds issued		**900.9**	-	831.8	-	**831.8**
Loans received		**684.7**	-	640.3	-	**640.3**

36 Events after the reporting period

36.1 Litigation with UAB Kauno termofikacinė elektrinė

On 14 January 2025, the Court of Appeal of Lithuania reviewed the case on appeal (see Note 31.1.3 for more information on this litigation) and on 13 February 2025 decided to return the case back to the Court of First Instance for re-examination.

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

8.7 Accompanying information

1 Material accounting policies

1.1 New standards, amendments and interpretations

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

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

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

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

1.1.2 Standards issued but not yet effective and not adopted early

While preparing these financial statements, the Group did not adopt the new IFRS, IAS, their amendments and interpretations issued by IASB, the effective date of which is later than 31 December 2024 and whose early adoption is permitted. The following are new standards and/or amendments to the standards that have been issued but not yet effective:

Other standards

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

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

1.2 Consolidation principles

1.2.1 Consolidation

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

The financial statements of the 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 unrealised 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 company is shown separately in the consolidated Statement of financial position.

1.2.2 Business combinations

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

Acquisition of the subsidiaries that are not under a 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 the fair value of net assets transferred to the former owners of the acquiree. The acquisition-related costs are recognised in the Statement of profit or loss as incurred.
At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- the deferred tax assets or liabilities and the assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with International Accounting Standard (hereinafter referred to as 'IAS') 12 and IAS 19 respectively;
- the liabilities or equity instruments related to the share-based payment arrangements of the acquiree or the share-based payment arrangements the Group entered into to replace the share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition date (see below); and
- the assets (or the disposal groups) that are classified as held for sale in accordance with IFRS 5 are measured in accordance with that standard.

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

1.2.2.2 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 (i) the sum of the consideration transferred, (ii) the amount of any non-controlling interests in the acquiree and (iii) the fair value of the acquirer's previously held interest in the acquiree (if any), then this excess is recognised immediately in Statement of profit or loss as a bargain purchase gain.

1.2.2.3 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 the Statement of profit or loss.

1.2.2.4 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 the Statement of profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to the Statement of profit or loss, where such treatment would be appropriate if that interest were disposed of.

1.2.2.5 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 section 'Acquisition of subsidiaries that are not under common control', and if not – the Group applies the pooling of interests' method. By applying the pooling of interests' method, the business combination of entities under common control is accounted according to the following procedures:

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

1.2.3 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 is recorded as equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

1.3 Foreign currency translation

1.3.1 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').

1.3.2 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.

1.3.3 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 the 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 the Statement of profit or loss.

1.4 Revenue from contracts with customers

The Group's major legal performance obligations identified in the contracts with customers are: sale of electricity and gas, supply of electricity, sales of produced electricity, services ensuring the isolated operation of power system and capacity reserve, distribution of gas, distribution and transmission of electricity, new customer connections and upgrades, provision of Public Service Obligations (hereinafter 'PSO services') and provision of Liquefied Natural Gas Terminal Security Component Obligations (hereinafter 'LNGT services').

For certain service contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously. When recognising revenue, the Group takes into consideration the terms of the contracts signed with customers and all significant facts and circumstances, including the nature, amount, timing and uncertainty relating to cash flows arising from the contract with the customer.

1.4.1 Electricity-related revenue

The Group's electricity-related revenue includes:

- sale of electricity (Note 1.4.1.1);
- revenue from public electricity supply (Note 1.4.1.2);
- sale of produced electricity (Note 1.4.1.3);
- revenue from services ensuring the isolated operation of power system and capacity reserve (Note 1.4.1.4);
- revenue from electricity distribution and transmission (Note 1.4.1.5);
- revenue from public service obligations funds (hereinafter 'PSO funds') (Note 1.4.1.6).

Electricity-related revenue is received from B2B and B2C customers. Electricity to B2C customers is supplied at the electricity tariff applied for public supply (Note 1.4.1.2), electricity tariff applied for independent supply (Note 1.4.1.1) or electricity tariff applied for supply of last resort (Note 1.4.1.1). Electricity to B2B customers is supplied at the electricity tariff applied for independent supply (Note 1.4.1.1) or electricity tariff applied for supply of last resort (Note 1.4.1.1).

Accounting policy for electricity-related revenue may be presented in accordance with the components of the electricity tariff applied to the consumed electricity by B2C and B2B customers. The tariff comprises of the following components:

- the price of electricity (Note 1.4.1.1, 1.4.1.2);
- the fee for electricity supply services (Note 1.4.1.1, 1.4.1.2);
- the price of electricity transfer services, which include two components: transmission over high voltage grid and distribution over medium and low voltage grid (Note 1.4.1.5);
- the price of electricity system services (includes capacity reserve services) (Note 1.4.1.4);
- the fee for PSO services (hereinafter 'PSO fees') (Note 1.4.1.6.).

Regulation of tariffs and the Group's profitability is presented in Note 32.

1.4.1.1 Revenue from the sale of electricity

Revenue from the sale of electricity (Note 6, line item 'Revenue from the sale of electricity') mainly consists of electricity sales to:

- B2B customers; and
- B2C customers by providing:
- the independent supply services according to bilateral agreements; or
- supply of last resort services.

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

Revenue from the sale of electricity when providing the supply of last resort services is regulated (Note 1.4.4.1).

1.4.1.2 Revenue from public electricity supply

Revenue from public electricity supply (Note 6, line item 'Revenue from public electricity supply') consists of the following components of public supply electricity tariff: (i) sale of consumed public electricity and (ii) public supply service fee. Revenue from public electricity supply to customers is recognised over time while referring to the supplied electricity quantity reading devices provided by them and verified by the distribution system operator. In case of differences between the provided and the verified quantities due to over declaration (Note 32), the Group estimates the amount of deferred income (Note 18) and accounts for as a contract liability.

Revenue from public electricity supply is regulated (Note 32).

1.4.1.3 Revenue from sale of produced electricity

The sales of electricity produced (Note 6, line item 'Revenue from sale of produced electricity') using own resources are conducted at the power exchange by submitting electricity sale offers to the power exchange. On the day-ahead market, the transaction for the purchase and sale of electricity is considered as concluded if the automatic coupling algorithm does not by default reject the submitted offer of selling electricity. Transactions on the intraday market are approved by market participants. Following the approval of the transaction, the system of the power exchange sends a confirmation of the concluded electricity sale transaction to the seller. The seller's performance obligation under the concluded transaction is to supply the volume of electricity as indicated in the seller's offer to the electricity transmission system. The performance obligation is to be carried out throughout a certain period, during which the supply of the agreed volume of electricity is maintained to the network. The progress of fulfilment of the performance obligation is assessed while considering the volume of electricity indicated in respect of the transaction.

The price of the transaction and the consideration to be paid to the seller correspond to the amount indicated in the confirmation notice of the transaction. The entire consideration of the seller is paid at a flat rate. Upon receipt of the confirmation on the conclusion of the transaction on the sale of electricity, the prices of that transaction remain unchanged.

Revenue is recognised while considering the actually supplied electricity pertaining to the transaction, without any deduction of commissions that might be deducted by trading intermediaries representing the Group at the power exchange.

1.4.1.4 Revenue from services ensuring the isolated operation of the power system and capacity reserve

The Group provides services ensuring capacity reserve and isolated operation of the power system (Note 6, line item 'Revenue from the services ensuring the isolated operation of power system and capacity reserve'), for the provision of which is responsible transmission system operator. The transmission system operator purchases the services from the Group according to bilateral agreements.

Capacity reserve services ensure the required power reserve and are understood as the potential of electricity generation which is used to maintain the power grid frequency, to ensure the balance of the electricity system and to generate electricity in the event of a decrease in production or an increase in consumption. Capacity reserve services are provided continuously, 24 hours a day.

Revenue from services ensuring the isolated operation of the power system and capacity reserve services is recognised over time. The price of these services, which is paid by the transmission system operator to the Group, is set by NERC for one MW/h and the quantity is measured as MW for the whole year. The measurement of the service is performed by the readings of electricity meters.

Revenue from capacity reserve services and services ensuring the isolated operation of the power system are regulated by NERC (Note 32).

1.4.1.5 Revenue from electricity transmission and distribution

Revenue from electricity transfer, which includes transmission and distribution (Note 6, line item 'Revenue from electricity transmission and distribution'), to B2C customers is recognised in each reporting period on the basis of declared or actual, i.e., determined upon inspection or received via smart meters, readings. If declared or actual meter readings are not available, revenue from transmission and distribution of electricity is recognised based on the average usage estimation method.

Electricity transmission services in Lithuania are provided by and acquired from the transmission system operator, which is not a part of the Group. The Group collects electricity transmission fees from B2B customers and B2C customers and transfers them to the transmission system operator. The Group is a principal for transmission services fees and recognises the revenue of them (Note 6.4).

Because the Group has no control over electricity transmission and distribution service obligations provided in Latvia (Note 6.4), the Group treats itself as an agent in the provision of electricity transfer, which includes both transmission and distribution.

Revenue from transmission and distribution of electricity is regulated (Note 32).

1.4.1.6 Revenue from Public Service Obligations: PSO fees and PSO funds

The purpose of providing PSO services is to implement the strategic objectives of the energy, economic and environmental policy of the Republic of Lithuania and ensure the implementation of the interests of all electricity consumers. Under the public service obligation scheme approved by the Ministry of Energy, PSO fees are collected by electricity suppliers from end users through the electricity tariff. Power exchange operator BALTPOOL UAB is engaged in the collection of PSO fees from electricity suppliers and disbursement of PSO funds to PSO service providers. The list of services supported by PSO is determined by the Government of the Republic of Lithuania.

1.4.1.7 The Group as an electricity supplier

PSO fee is an integral part of electricity tariff to the customer. The Group collects PSO fees from end-customers connected to the electricity distribution grid and transfers them to the administrator of PSO funds, BALTPOOL UAB. The Group is an agent for PSO fees, collected from the end-customers, and doesn't recognise the revenue of them (Note 6.4).

1.4.1.7.1 The Group as a PSO service provider

The Group generates electricity using renewable energy sources, which are considered as PSO services and are financed by PSO funds through the PSO budget. Revenue from PSO funds is recognised over time according to issued monthly invoices to BALTPOOL UAB. For measuring the progress of completion, the Group, using the practical expedient, recognises revenue in the amount to which it has a right to invoice. Revenue of PSO funds for 1 MW of electricity supplied to the electricity grid during the month is recognised as the difference between the fixed tariff set by the NERC and the weighted average price of electricity sold in the power exchange in the previous month. The quantity of electricity supplied is determined by the readings of the metering devices. Revenue from PSO funds (Note 6, line item 'Revenue from PSO') is regulated (Note 32).

1.4.2 Gas-related revenue

The Group's gas-related revenue includes:

- revenue from gas sales (Note 1.4.2.1);
- revenue from gas distribution (Note 1.4.2.2);
- revenue from the LNGT security component (1.4.2.3.2).

Gas-related revenue is received from B2B customers and B2C customers by providing services of gas supply. Revenue of LNGT security component is received as a compensation for providing services of a designated supplier. For the purpose of these financial statements, terms "gas" and "natural gas" are used for referring to the same items.

Accounting policy for gas-related revenue received from B2C customers may be presented in accordance with the components of the natural gas tariff applied to the consumed gas by B2C customers.

Final natural gas tariff to B2C customers comprise of the following components:
- the price of gas (Note 1.4.2.1);
- the price of natural gas transmission over high-pressure network (Note 1.4.2.2);
- the price of natural gas distribution over medium- and low-pressure network (Note 1.4.2.2);
- LNGT security component (Note 1.4.2.3.2).

The Group as a natural gas supplier collects payments for all components from customers. The component of transmission service price and LNGT security component are transferred to the transmission system operator. The Group is an agent in collection of the transmission service component (Note 6.4) and the LNGT security component fees (Note 6.4).

Regulation of tariffs and the Group's profitability is presented in Note 32.
Accounting policy for revenue from B2B customers is presented in Notes 1.4.2.1, 1.4.2.2.

1.4.2.1 Revenue from gas sales

Revenue from sales of gas (Note 6 line, item 'Revenue from gas sales') consists of gas price and supply margin. Gas sales are performed by the Group as a natural gas supplier to B2C customers and as a designated LNG supplier to gas market.

Revenue from gas sales to end-customers is recognised on a monthly basis while referring to the supplied gas quantity readings devices provided by them and verified by the distribution system operator (an accrual basis). In case of differences between the provided and the verified quantities due to over declaration (Note 6.4), the Group estimates the amount of deferred income (Note 18) and accounts for as a contract liability.

1.4.2.2 Revenue from gas distribution

The Group provides natural gas distribution services to B2C and B2B customers.

Revenue from B2B customers for the distribution of natural gas (Note 6, line item 'Revenue from gas distribution') is recognised over time based on the readings of metering devices declared by users or, if users did not declare the readings of metering devices, referring to the quantities of gas calculated according to the approved methodology for the calculation of quantities of natural gas, as agreed with NERC (an accrual basis).

Revenue from B2C customers is recognised over time based on the actual natural gas quantity supplied, which is calculated according to the approved methodology for the calculation of quantities of natural gas, i.e., the calculation of revenue takes into account mismatches between the quantities of gas declared by B2C customers and the quantities of gas transferred to them (an accrual basis).

Revenue from gas distribution is regulated (Note 32).

In Latvia, natural gas distribution services are provided and acquired from the gas distribution system operator, which is not a part of the Group. The Group, as a natural gas supplier, collects payments for the distribution service component and transfers it to the distribution system operator. The Group is an agent in the collection of the distribution service component in Latvia (Note 6.4).

1.4.2.3 LNGT security component

The Law on the Liquefied Natural Gas Terminal of the Republic of Lithuania provides that contribution to the security component, which is related to the following securities of natural gas supply, shall be collected from end users and added to the natural gas transmission price:
- for the installation of LNGT, its infrastructure and connection and all fixed operating costs that are not included in other state regulated prices; and
- to compensate for the reasonable costs of supplying the minimum quantity required to ensure the necessary operation of the LNGT.

Similarly to the PSO fees, the LNGT security component is collected by natural gas suppliers from end users through the natural gas tariff and then transferred to the state budget, from which the LNGT funds are distributed (i.e., disbursed) to LNGT service providers.

The Group (through the Group company UAB "Ignitis") acts as a natural gas supplier that collects LNGT security component from end users and as a designated liquefied natural gas supplier (hereinafter 'designated supplier'), the function of which is to ensure the necessary operation of the LNGT by supplying the minimum required quantity of natural gas.

1.4.2.3.1 The Group's activity as natural gas supplier to end users

LNGT security component is an integral part of the natural gas tariff to the customer. Payments for the LNGT security component are collected directly from customers or natural gas suppliers, if the customers don't have a direct contract with the operator of transmission system. Collected amounts of the LNGT security component are transferred to the gas transmission system operator AB "Amber Grid" (doesn't belong to the Group), which is appointed to perform the function of administering the LNGT security component. In accordance to the IFRS 15, the Group, when providing these services, considers itself as an Agent and recognises the revenue on a net basis (Note 6.4). Income and disbursements of the LNGT security component (regardless whether the net of it is positive or negative) are recognised under the item 'Purchases of electricity, gas and other services' in the Statement of profit or loss.

1.4.2.3.2 The Group's activity as designated LNG supplier to the gas market

The Group is providing a dedicated LNG supplier function.

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

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

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

The revenue of LNGT funds is recognised over time by issuing VAT invoices to the transmission system operator according to the statements which are received from it and include information of regassified and/or reloaded quantity of LNG and the quantity of LNG used for the Group's technological needs at the LNG Terminal. Revenue from the LNGT funds is recognised under item 'Revenue from contracts with customers' in the Statement of profit or loss. Revenue from the LNGT security component is presented in Note 6, line item 'Revenue of LNGT security component'.

Revenue from the LNGT security component is regulated (Note 32).

1.4.3 Other significant revenue from contracts with customers

1.4.3.1 New customer connection and upgrade fees

The Group obtains revenue from services of new customer connections and upgrades to the electricity and natural gas distribution networks (Note 6, line item 'Revenue from new customers' connection and upgrade fees'). Connection and upgrade fees obtained by the Group are non-refundable upfront fees paid by the customers for the connection to and upgrade of the electricity and gas distribution network.

The Group signs separate agreements with customers for connection services. The Group also signs agreements with B2C and B2B customers for electricity and gas distribution. Connection and upgrade fees do not represent a separate performance obligation from the sale of ongoing distribution of electricity or gas services as they are highly interrelated. Therefore, revenue from connection and upgrade fees is deferred and recognised as revenue over the estimated average useful life of assets providing the connection service, which is 27 years for the electricity grid and 46–55 years for the gas network.

Connection and upgrade fees received from customers which are deferred are accounted for as deferred revenue as a contract liability (Note 18).

According to connection contracts client is obliged to pay an advance before connection works are started. Advances received from clients are accounted for as prepayments received as a contract liability (Note 18).

1.5 Expense recognition

Expenses are recognised in the Statement of profit or loss as incurred while applying the accrual basis of accounting.

1.6 Intangible assets

1.6.1 Patents, licences and trademarks

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

1.6.2 Computer software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (2 to 4 years).

1.6.3 Servitudes

The Group's intangible assets include servitudes, which comprise the Group's rights to use the land plots owned by third persons on the basis of servitudes. Servitudes comprise statutory and contractual servitudes:

- statutory servitudes comprise the Group's rights to use the land plots owned by third persons in which electricity networks were established before 10 July 2004 on the basis of statutory servitudes;
- contractual servitudes comprise the Group's rights to use the land plots owned by third persons in which electricity networks were established since 2018 on the basis of contractual servitudes.

The useful life of an intangible asset (right to use the land which has a servitude) is indefinite, therefore, these assets are not subject to amortisation. Useful life of intangible assets is indefinite since the right to use the land is granted for an indefinite period of time, according to the conditions of agreements for compensation for servitudes as well as the Civil Code of Republic of Lithuania. Accordingly, right to use the land (to which servitude is applied) is retained by the Group regardless of the condition, repairs or renewals of the Group's assets constructed on the mentioned land. Since these right-to-use land contracts concluded as perpetual arrangements, the contractual and statutory servitudes are out of scope of IFRS 16 Leases. This is because a lease conveys the right to control the use of an identified asset for a specified period of time in exchange for consideration. Perpetual is not a specified period of time when identifying a lease. Therefore, a 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. A perpetual arrangement is effectively a form of ownership interest in an asset that lasts forever.

However, the Group has accounted for provision to compensate land owners for servitudes in accordance with the requirements of IAS 37 Provisions, Contingent Liabilities and Contingent Assets (see Note 25). Remeasurement of provision due to changes in underlying assumptions is accompanied with respective adjustment of carrying amount of intangible assets.

The Group tests the intangible assets of servitudes for potential impairment by comparing their recoverable value with the carrying value at least once per year or when there are signs of impairment. If the value of the asset changes, such change is accounted for by decreasing/increasing the value of the servitudes.

1.6.4 Special conditions on land use (protection zones)

The Group's intangible assets include the Group's obligations to register and the right to use a third-party land on the basis of special conditions on land use. The accounting policies applied are similar to those applied for intangible assets under 'Servitudes'.

1.6.5 Licenses 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 an incentive tariff), useful life is determined to be 12 years. Useful life is reviewed on year-by-year basis.

1.6.6 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.

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

1.7 Property, plant and equipment

Accounting policy according to asset classes is as follows:

At cost	Revalued
Land Buildings Gas distribution pipelines, gas technological equipment and installations Assets of Hydroelectric Power Plant, Pumped Storage Hydroelectric Power Plant Wind farms and their installations Combined Cycle Gas Turbine and Reserve Power Plant Cogeneration plants Other property, plant and equipment Construction-in-progress	Electricity networks and their structures Construction-in-progress

'Construction-in-progress' is assigned to various asset classes, therefore, part of the assets of this class is accounted for at cost method, the other part – at revalued amount.

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 are recognised in 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. For accounting of borrowing costs, see Note 1.9.

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

Increases in the carrying amount arising on revaluation of property, plant and equipment are recognised in other comprehensive income of the Statement of comprehensive income and accumulated to the revaluation reserve in equity. However, the increase is recognised in the Statement of profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss. Decreases in the carrying amount of an asset arising on revaluation are generally recognised in profit or loss; decreases that offset previous increases of the same asset are recognised in other comprehensive income and recognised against the revaluation reserve. Each year, the difference between the depreciation based on the revalued amount of the asset (when the carrying amount increases after revaluation) is recognised in the Statement of profit or loss and depreciation based on the asset's original acquisition cost is transferred from revaluation reserve to retained earnings, net of deferred tax.

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	8–75
Electricity networks and their structures	
- electrical and communication devices	20–25
- electricity distribution equipment	15–45
- electrical equipment	15–35
- other equipment	5–50
Gas distribution pipelines, gas technological equipment and installations	18–55
Assets of Hydro Power Plant, Pumped Storage Power Plant, and Combined Cycle Unit and Reserve Power Plant	
Assets of Hydro Power Plant, Pumped Storage Power Plant:	
- hydrotechnical waterway structures and equipment	75
- pressure pipelines	50
- hydrotechnical turbines	25–40
- other equipment	8-15
Structures and machinery of Reserve Power Plant:	
- structures and infrastructure	10–70
- thermal and electricity equipment	10–60
- measuring devices and equipment	5–30
- other equipment	8–15
Structures and machinery of Combined Cycle Unit:	
- structures and infrastructure	20–50
- electricity lines	20–40
- electricity generation equipment	20–50
Wind power plants and their installations	20–30
Cogeneration plants and their installations	30–45
Other property, plant and equipment	2–35

1.8 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 recognises right-of-use assets for all types of leases, including leases of right-of-use assets in sublease, with the exception of leases of intangible assets, short-term leases and leases for which the underlying asset is of low value.

1.8.1 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.

1.8.2 Subsequent measurement of right-of-use assets

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

1.9 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.

1.9.1 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 'FVTPL').

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 FVTPL, irrespective of the business model. Interest income calculated on these financial assets is recognised as finance income and amortised using the effective interest rate method. Any gain or loss arising from the write-off of assets is recognised in the Statement of profit or loss. Impairment losses are accounted for as other expenses (Note 7) 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 have no effect on the applied business model. The Group may apply more than one business model to manage its financial assets. In view of the business model applied for managing the group of financial assets, the accounting for financial assets, is as follows:

1.9.1.1 Financial assets subsequently measured at FVOCI

The Group has derivatives and equity securities (debt investment) subsequently measured at FVOCI. For detailed information for derivatives, see Note 1.9.3.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

1.9.1.2 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.

1.9.1.3 Financial assets at FVTPL

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 FVTPL.

The Group classifies financial assets as assets measured at FVTPL if this eliminates or significantly reduces the 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 the 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.

1.9.1.4 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 the 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).

1.9.1.5 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; 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 or collectively 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 19.2).

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

For the purpose of determining the lifetime expected credit losses of amounts receivable, the Group on a collective basis applies the loss ratio matrix. The loss ratio matrix is based on historical data on the settlement for trade receivables during the period of validity of trade receivables and is adjusted with respect to future forecasts. The loss ratios are updated during the preparation of the annual financial statements with respect to the impact of operational prospects, where these prospects are indicative of any exacerbation of economic conditions during upcoming years or of customer types. To measure expected credit losses, trade receivables are grouped based on shared credit risk characteristics. The non-recoverability analysis is conducted for the last several years in order to determine the general default ratio. As regards to the different groups of consumers, a different loss ratio matrix is used.

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

In stage 2, an assessment of the significant deterioration in the borrower's 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 or a finance lease agreement is identified when the borrower is late to pay a periodic amount or the total debt for more than 90 days. In case of other evidence available, the Group accounts for all lifetime expected credit losses of the loan granted regardless of the more-than-90-days-past-due presumption.

1.9.1.6 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.

1.9.1.7 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,the financial asset is continued to be recognised to the extent of continuing involvement in the financial asset.

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

1.9.2 Financial liabilities and equity instruments issued

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

1.9.2.1 Initial recognition and measurement of financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, loans and bonds, 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 and bonds and trade ant other payables, as net of directly attributable transaction costs.

1.9.2.2 Subsequent measurement

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

1.9.2.3 Financial liabilities at FVTPL

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

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 the Statement of profit or loss.
Financial liabilities designated upon initial recognition at FVTPL are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied.

1.9.2.4 Financial liabilities at amortised cost

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

1.9.2.5 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 relates to temporal investment of borrowed funds until their use for the acquisition of the assets is deducted from the acquisition cost of the assets.

1.9.2.6 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 the Statement of profit or loss over the relevant period.

The EIR is the rate that exactly discounts estimated future cash outflows through the expected life of the financial liability to the gross carrying amount of the financial liability that shows the amortised cost of the financial liability (for more information, see Note 1.9.2).

1.9.2.7 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 the Statement of profit or loss.

1.9.3 Derivatives and hedge accounting

The Group enters into derivatives' transactions related to purchase and sale prices of electricity and gas and emission allowances forwards.

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.

1.9.3.1 Presentation

Fair value of derivatives is presented in the Statement of financial position as 'Other non-current assets' (Note 16.1), 'Other current assets' (Note 16.2), 'Other non-current and liabilities' and 'Other current liabilities' (Note 28).

Changes in fair value and the result of settled derivatives for hedges that do not meet the qualifying criteria for hedge accounting are recognised in the 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 (Note 29).

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

1.9.3.2 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 1.9.3.1). 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 the fair value of the hedged item.

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

1.10 Put option arrangements

The Group uses anticipated-acquisition method for recognizing put option redemption liability (hereinafter – option).

The amount that may become payable under the option on exercise is initially recognised at the present value of the redemption amount within liabilities with a corresponding charge directly to non-controlling interest in equity. This is because the recognition of the financial liability implies that the interests subject to the option are deemed to have been acquired already.

Subsequently, the value of liability is measured at FVTPL for the purpose to present the redemption liability that is payable at the date at which the option first becomes exercisable. The change in fair value is presented in 'Financial expenses' of the Statement of profit or loss. In the event that the option expires unexercised, the liability is derecognised with a corresponding adjustment to non-controlling interest in equity.

1.11 Inventories

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

The weighted average price is calculated as the weighted average of the inventory at the beginning of the month and the purchases during the month.

1.12 Emission allowances

Based on the European Union (hereinafter – EU) Directive 2003/07/EC, a greenhouse gas emissions trading scheme was developed, which came into force on 1 January 2005. The first period of operation of this scheme covered 3 years, from 2005 to 2007; the second period covered 5 years, from 2008 to 2012, and the third period covers 7 years, from 2013 to 2020. From 2022 the fourth period has started, which will last until 2030. The scheme's operation period is in line with the period established under the Kyoto Agreement. The system functions on 'Cap' and 'Trade' basis.

The governments of the EU Member States are required to set caps for each emission unit in the scheme and for the period of implementation. These caps are specified in the National Allocation Plan (hereinafter referred to as 'NPP') to be developed by a responsible authority of each Member State (in Lithuania – the Ministry of Environment). NPP determines the annual emission amount (measured as tonnes of carbon dioxide equivalent) for each emission unit and each period and allocates annual emission allowances.

A Member State has an obligation to allocate emission allowances by 28 February of each year in accordance with the National Allocation Plan (part of the allowances is set aside for new entrants).

A Member State is to assure that an operator of each emission unit will submit data on the unit's actual amount of greenhouse gas emissions during the current calendar year not later than by 30 April of the next year.

1.12.1 Inventory

EU emission allowances are inventories that are dedicated by the state or are acquired by the Group. EU emission allowances acquired by the Group are recognized at cost. EU emission allowances dedicated by the state are recognized in the accounts at nominal (zero) value. The Group accounts for the purchased emission allowances and the emission allowances received for free separately. Their write-down to net realisable value is calculated if the market price becomes lower than the acquisition price.

1.12.2 Provision for emission allowances used

When the Group emits pollutants into the environment, it is obliged to pay for the pollution using the state permits, the nominal value of which would correspond to the amount of emitted pollutants. This liability is a provision that is measured at the value which correspond to amount of expenses that Group will incur to cover this obligation as at the date of the Statement of financial position. If the Group has acquired emission allowances, the value of the provision is equal to their carrying amount. If the actual amount of pollutants exceed the number of emission allowances available, an obligation to purchase additional emission allowances equal to the market value is accounted for. The obligation can only be covered with inventories if the amount of pollutants is approved by the responsible regulatory authority.

Changes in the value of a liability related to insufficient emission allowances are recognized in the Statement of profit or loss.

1.13 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

For the purposes of the Statement of cash flows, cash and cash equivalents comprise cash on hand deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are presented under 'Loans' in the Statement of financial position.

1.14 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.

1.14.1 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.

1.14.2 The Group as a lessor in operating leases

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in the item 'Other income' in the Statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

1.15 Grants and subsidies

1.15.1 Asset-related grants

For presentation of grants related to the assets, the Group uses a method, which recognises the grant as deferred income that is recognised in Statement of profit or loss on a systematic basis over the useful life of the asset. Government and EU asset-related grants comprise grants received in the form of non-current assets or in the form of cash intended for the acquisition of non-current assets. Grants are initially recorded at the fair value of the asset received and subsequently recognised in the Statement of profit or loss by reducing the depreciation charge of the related asset over the expected useful life of the asset. Liability related to the received asset-related grants is presented in the Statement of financial position under the non-current liabilities' item 'Grants and subsidies'.

Upon the revaluation of non-current assets and in case impairment was recognised on revaluation, grants related to the non-current assets are written off in a respective proportion.

1.15.2 Income-related grants

Government and EU grants received as a compensation for the expenses or unearned income of the current or previous reporting period, also, all the grants, which are not grants related to assets, are considered as grants related to income. Income-related grants are recognised as used to the extent of the expenses incurred during the reporting period or unearned income to be compensated by that grant. Grants related to income are presented as part of the Statement of profit or loss.

1.16 Provisions

Provisions are recognised when the Group has a legal obligation or irrevocable commitment as a result of a past event. It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate may be made about the amount of the obligation. Expenses related to provisions are recorded in the Statement of profit or loss, net of compensation receivable. If the effect of the time value of money is material, the amount of provision is discounted using the effective pre-tax discount rate based on the interest rates for the period while taking into account specific risks associated with the provision, as appropriate. When discounting is applied, an increase in the provisions reflecting the period of past time is accounted for as finance expense.

1.16.1 Provisions for servitudes

Costs related to provision for servitudes are recognised as intangible assets and are measured at the amounts to be compensated.

Payments of compensations to land owners are recorded as decreases of provision, while remeasurement of provision due to the changes in underlying assumptions is recorded as a change in the respective intangible asset (Note 1.6.3).

1.16.2 Provisions for registration of protection zones

Costs related to provision for registration of protection zones and compensations are recognised as intangible assets based on the amounts to be compensated.

Payments related to registration of protection zones are recorded as decreases of provision, while remeasurement of provision due to the changes in underlying assumptions is recorded as change in respective intangible asset (Note 1.6.4).

1.17 Employee benefits

1.17.1 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 a defined benefit plan under which the Group pays 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. These contributions are recognised as an expense on an accrual basis and are included within remuneration expenses.

1.17.2 Termination benefits

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

1.17.3 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 a trade union, he/she is also entitled to additional retirement benefit 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 the currency in which the benefits will be paid to employees and that have maturity term similar to that of the related liability.

1.18 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 best economic interest.

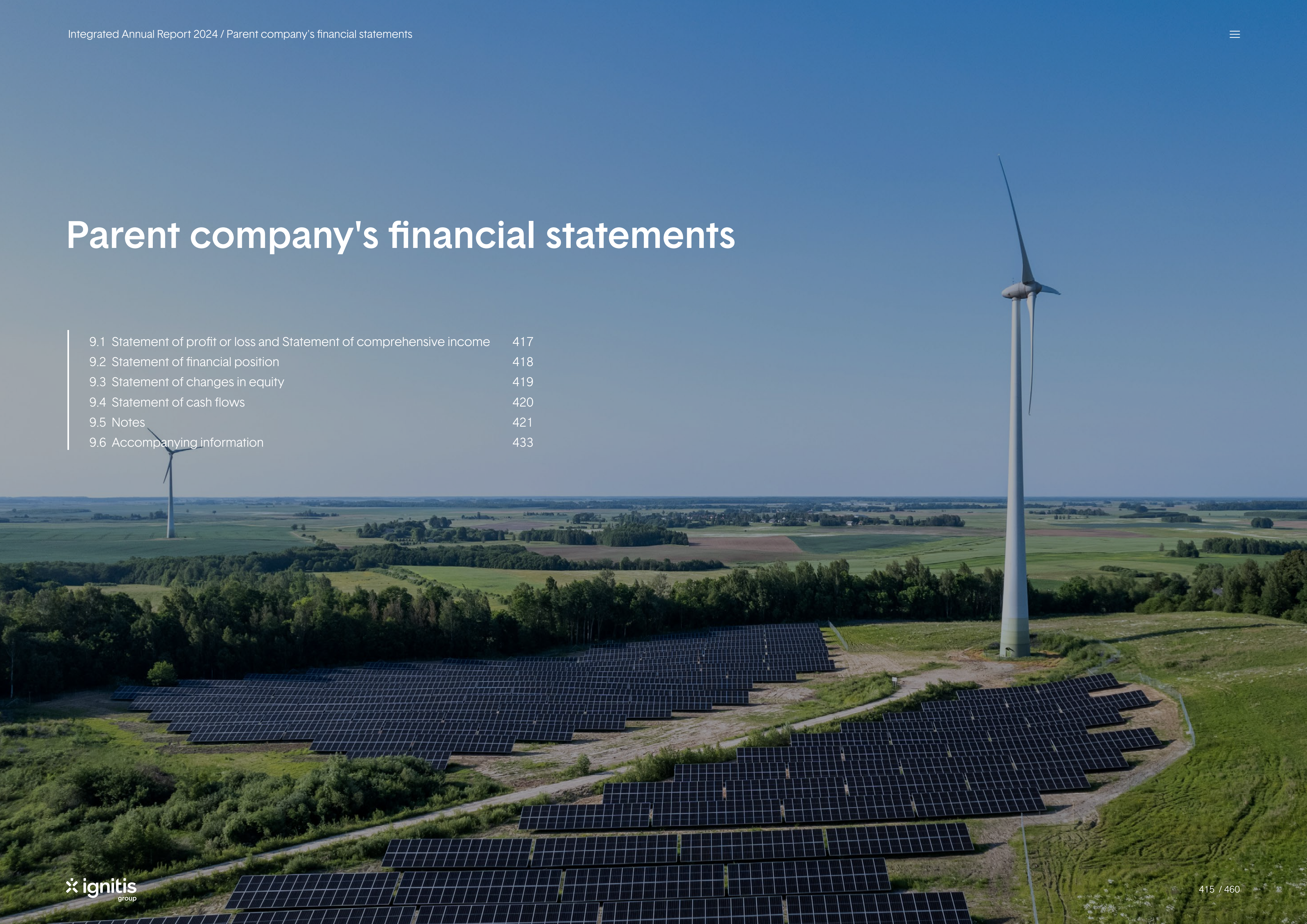
A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, thus maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which the fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, which is described below, 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.



Parent company's financial statements

9 Parent company's financial statements

Prepared for the year ended 31 December 2024 in accordance with International Financial Reporting Standards as adopted by the European Union

9.1 Statement of profit or loss

For the year ended 31 December 2024

EURm	Note	2024	2023
Revenue from contracts with customers	5	3.7	3.2
Dividend income		210.3	222.4
Total revenue and other income		**214.0**	**225.6**
Salaries and related expenses		(5.3)	(4.1)
Depreciation and amortisation		(2.6)	(2.2)
Other expenses	7	(12.6)	(6.4)
Total expenses		**(20.5)**	**(12.7)**
Operating profit		**193.5**	**212.9**
Finance income	8	74.9	82.5
Finance expenses	8	(43.6)	(29.5)
Finance activity, net		**31.3**	**53.0**
Profit (loss) before tax		**224.8**	**265.9**
Income tax (expenses)/benefit	9	(1.5)	(6.0)
Net profit for the year		**223.3**	**259.9**

Statement of comprehensive income

For the year ended 31 December 2024

EURm	Note	2024	2023
Net profit for the year		**223.3**	**259.9**
Total other comprehensive income (loss) for the year		**-**	**-**
Total comprehensive income (loss) for the year		**223.3**	**259.9**

9.2 Statement of financial position

As at 31 December 2024

EURm	Note	31 December 2024	31 December 2023
Assets			
Intangible assets		1.6	1.7
Property, plant and equipment		-	0.1
Right-of-use assets	10	16.9	16.9
Investment property		0.1	0.1
Investments in subsidiaries	11	1,407.4	1,388.2
Non-current receivables	12	1,880.3	1,558.8
Other financial assets	13	30.1	32.0
Deferred tax assets		0.9	-
Non-current assets		**3,337.3**	**2,997.8**
Prepayments and deferred expenses		0.3	0.3
Trade receivables	5	0.7	0.3
Other receivables	12	386.1	329.6
Other financial assets	13	-	110.4
Other current assets		3.5	3.5
Cash and cash equivalents	14	1.2	3.2
Current assets		**391.8**	**447.3**
Total assets		**3,729.1**	**3,445.1**
Equity and liabilities			
Share capital	15	1,616.4	1,616.4
Reserves	16	117.8	142.4
Retained earnings		495.6	342.2
Equity		**2,229.8**	**2,101.0**
Non-current loans and bonds	17	1,283.3	1,156.1
Non-current lease liabilities	17	14.8	15.1
Other non-current liabilities		1.2	-
Deferred tax liabilities		-	3.2
Non-current liabilities		**1,299.3**	**1,174.4**
Loans	17	184.7	156.4
Lease liabilities	17	2.6	2.1
Trade payables		2.1	0.8
Income tax payable		0.8	3.3
Other current liabilities	18	9.8	7.1
Current liabilities		**200.0**	**169.7**
Total liabilities		**1,499.3**	**1,344.1**
Total equity and liabilities		**3,729.1**	**3,445.1**

9.3 Statement of changes in equity

For the year ended 31 December 2024

EURm	Note	Share capital	Legal reserve	Treasury shares reserve	Retained earnings	Total
Balance as at 1 January 2023		**1.616.4**	**99.6**	**37.7**	**179.1**	**1,932.8**
Net profit for the year		-	-	-	259.9	**259.9**
Other comprehensive income		-	-	-	-	**-**
Total comprehensive income (loss) for the year		**-**	**-**	**-**	**259.9**	**259.9**
Transfers to legal reserve		-	5.1	-	(5.1)	**-**
Dividends	6.1	-	-	-	(91.7)	**(91.7)**
Balance as at 31 December 2023		**1.616.4**	**104.7**	**37.7**	**342.2**	**2,101.0**
Balance as at 1 January 2024		**1.616.4**	**104.7**	**37.7**	**342.2**	**2,101.0**
Net profit for the year		-	-	-	223.3	**223.3**
Other comprehensive income		-	-	-	-	**-**
Total comprehensive income (loss) for the year		**-**	**-**	**-**	**223.3**	**223.3**
Transfers to legal reserve		-	13.1	-	(13.1)	**-**
Transfers to/(from) treasury shares reserve		-	-	(37.7)	37.7	**-**
Dividends	6.1	-	-	-	(94.5)	**(94.5)**
Balance as at 31 December 2024		**1.616.4**	**117.8**	**-**	**495.6**	**2,229.8**

9.4 Statement of cash flows

For the year ended 31 December 2024

EURm	Note	2024	2023
Net profit for the year		223.3	259.9
Adjustments for:			
Depreciation and amortisation expenses		2.6	2.2
Fair value changes of financial instruments	13	5.7	(16.7)
Income tax expenses/(income)	9	1.5	6.0
Interest income	8	(74.9)	(65.7)
Interest expenses	8	34.4	28.6
Dividend income	6	(210.3)	(222.4)
Other expenses/(income) of financing activities		3.5	0.9
Other expenses/(income) of investing activities		-	(0.1)
Changes in working capital:			
(Increase)/decrease in trade receivables, other receivables and other financial assets		10.3	0.9
(Increase)/decrease in inventories, prepayments and deferred expenses and other current and non-current assets		-	0.1
Increase/(decrease) in trade payables and other current liabilities		(3.2)	2.2
Income tax (paid)/received		(6.5)	(2.2)
Net cash flows from operating activities		**(13.6)**	**(6.3)**
Acquisition of property, plant and equipment and intangible assets		-	(0.1)
Proceeds from sale of property, plant and equipment and intangible assets		-	0.2
Loans granted		(441.2)	(519.5)
Loan repayments received		251.5	540.2
Investments into subsidiaries	11	(19.2)	(133.0)
Interest received	8	60.7	62.3
Dividends received		210.3	222.4
(Increase)/decrease of short-term deposits	17	109.0	(109.0)
(Investments in)/return from investment funds	13.1	(3.8)	5.3
Net cash flows from investing activities		**167.3**	**68.8**
Loans received	17	-	270.7
Repayments of loans	17	(146.3)	(244.8)
Overdrafts net change	17	122.8	12.5
Lease payments	17	(2.4)	(1.9)
Interest paid	17	(32.8)	(26.1)
Dividends paid	6	(94.5)	(91.7)
Other increases/(decreases) in cash flows from financing activities		(2.5)	(2.8)
Net cash flows from financing activities		**(155.7)**	**(84.1)**
Increase/(decrease) in cash and cash equivalents		**(2.0)**	**(21.6)**
Cash and cash equivalents at the beginning of the year	14	3.2	24.8
Cash and cash equivalents at the end of the year	**14**	**1.2**	**3.2**

9.5 Notes

For the year ended 31 December 2024

1 General information

AB "Ignitis grupė" (hereinafter – the parent company) is a public limited liability company registered in the Republic of Lithuania. The parent company's registered office address is Laisvės Ave. 10, LT-04215, Vilnius, Lithuania. The parent company was registered on 28 August 2008 with the Register of Legal Entities managed by the State Enterprise Centre of Registers. The parent company's code is 301844044. The parent company has been founded for an indefinite period.

AB "Ignitis grupė" is a parent company, which is responsible for the management and coordination of activities of the group of companies it controls directly (Note 11) and the group of companies it controls indirectly through its subsidiaries. The parent company and its directly and indirectly controlled companies are hereinafter collectively referred to as 'the Group'. The Group's core business is focused on managing and developing its Green Capacities Portfolio (Green Capacities) and operating Lithuania's electricity distribution network (Networks). The Group also manages strategically important reserve capacities (Reserve Capacities) and provide services to its customers (Customers & Solutions), including the supply, trading of electricity and natural gas, and developing EV charging network for private (hereinafter referred to as 'B2C') and business (hereinafter referred to as 'B2B') customers.

The parent company sets the strategy of the Group and oversees its implementation, analyses the activities of the Group companies, represents the whole Group, implements its shareholders' rights and obligations, defines operation guidelines and rules, and coordinates the activities across different functions and functional areas.

The parent company seeks to ensure effective operation of the Group companies, implementation of goals set forth in the National Energy Independence Strategy and other legal acts that are related to the Group's activities, ensuring that it creates sustainable value in a socially responsible manner.

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

2 Basis of preparation

2.1 Basis of accounting

These financial statements have been prepared in accordance with IFRS issued by IASB and endorsed for application in the European Union. The reporting period of these financial statements is one year ended 31 December 2024.

The parent company's financial statements as at and for the year ended 31 December 2024 (hereinafter referred to as 'financial statements') have been prepared on a going concern basis by applying the measurements based on historical cost (hereinafter referred to as 'acquisition costs'), except for certain financial instruments measured at fair value.

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

Details of the Group's accounting policies, including changes thereto, are included in Note 3 and section 'Accompanying information' of these financial statements.

2.2 Functional and presentation currency

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

3 Changes in 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 parent company's annual financial statements for the year ended 31 December 2023, with the exception for the adoption of new standards effective as of 1 January 2024. The parent company has not applied any standard, interpretation, or amendment for which the early application is permitted but is not yet effective.

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

4 Significant accounting estimates and judgments used in the preparation of the financial statements

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 parent company'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 parent company'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/judgement
Option agreement over UAB Kauno kogeneracinė jėgainė shares	11.2.1	Estimate/judgement
Impairment of investments in subsidiaries	11.2.2	Estimate
Investment funds – at FVTPL	13.2	Estimate/judgement
Estimating the incremental borrowing rate	17.3	Estimate

5 Revenue from contracts with customers

EURm	2024	2023
Management fee income	3.7	3.2
Total	**3.7**	**3.2**

The parent company's revenue from contracts with customers during 2024 and 2023 mainly comprised the revenue from advisory and management services provided to its subsidiaries.

The parent company did not present any segment-related 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:

EURm	31 December 2024	31 December 2023
Trade receivables	0.7	0.3

6 Dividends

6.1 Dividends declared by the parent company

EURm	2024	2023
AB "Ignitis grupė"	94.5	91.7

In total, the parent company paid EUR 94.5 million in dividends in cash during 2024 (2023: EUR 91.7 million).

Dividends declared per share:

Declared on	Period for which dividends are allocated	Dividends per share, in EUR	Amount of dividends declared EURm
September 2024	2024 I half-year	0.663	48.0
March 2024	2023 II half-year	0.643	46.5
Total declared during 2024		**1.306**	**94,5**
September 2023	2023 I half-year	0.643	46.5
March 2023	2022 II half-year	0.624	45.2
Total declared during 2023		**1.267**	**91,7**

7 Other expenses

EURm	2024	2023
Humanitarian aid	4.5	-
Communication	2.2	1.5
Finance and accounting	1.4	1.1
People and culture	1.0	1.1
Legal	1.0	0.6
Other expenses	2.5	2.1
Total	**12.6**	**6.4**

8 Finance activity

EURm	2024	2023
Interest income at the effective interest rate	74.9	65.7
Investment funds – at FVTPL (Note 13.1)	-	16.7
Other income from financing activities	-	0.1
Total finance income	**74.9**	**82.5**
Interest expenses	34.4	28.6
Investment funds – at FVTPL (Note 13.1)	5.7	-
Other expenses of financing activities	3.5	0.9
Total finance expenses	**43.6**	**29.5**
Finance activity, net	**31.3**	**53.0**

The parent company earns interest income from the long-term and short-term loans, the majority of which is granted to the Group companies (Note 12, 13). During the year 2024, the parent company received interests in the amount of EUR 60.7 million (in 2023: EUR 62.3 million) and paid interests in the amount of EUR 32.8 million (in 2023: EUR 26.1 million) in cash. Interest received and paid are presented in the Statement of cash flows, under 'Interest received' and 'Interest paid' accordingly.

9 Income taxes

9.1 Amounts recognised in profit or loss

EURm	2024	2023
Income tax expenses (benefit) for the reporting period	4.8	4.2
Global minimum top-up tax	1.2	-
Deferred tax expenses (benefit)	(4.1)	1.8
Result from purchase of tax losses	(0.4)	-
Income tax expenses (benefit) recognised in profit or loss	**1.5**	**6.0**

9.2 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 the profit of the parent company:

EURm	2024	2024	2023	2023
Profit (loss) before tax		224.8		265.9
Income tax expenses (benefit) at tax rate of 15%	15.00%	33.7	15.00%	39.9
Income tax expenses related to global minimum top-up tax	0.53%	1.2	-	-
Non-taxable income and non-deductible expenses	(14.90%)	(33.5)	(12.74%)	(33.9)
Adjustments in respect of prior years	0.26%	0.6	-	-
Other	(0.22%)	(0.5)	-	-
Income tax expenses (benefit)	**0.67%**	**1.5**	**2.26%**	**6.0**

9.3 Global minimum tax

For the year 2024, the Group has calculated the top-up tax of EUR 1.2 million. The aggregated jurisdictional profit for Lithuania was calculated while considering mandatory exclusions and optional elections. Based on the jurisdictional net profit, the jurisdictional effective tax rate was calculated by incorporating the accounted income tax and assessing deferred taxes related to tax relief. The top-up tax rate was derived by subtracting the jurisdictional effective tax rate from the minimum effective tax rate of 15%. The top-up tax rate was applied to the excess profit, which was calculated by deducting the jurisdictional substance-based income (i.e., salary expenses and average carrying amount of property, plant, and equipment) from the aggregated jurisdictional profit. No deferred tax was recognized related to top-up tax.

The top-up tax was recognized and will be paid by the Group company in Finland. However, the parent company has agreed to reimburse these expenses.

10 Right-of-use assets

EURm	Buildings	Vehicles	Total
1 January 2024			
Acquisition cost	18.9	0.1	19.0
Accumulated depreciation	(2.1)	-	(2.1)
Carrying amount as at 1 January 2024	**16.8**	**0.1**	**16.9**
Additions	2.6	-	2.6
Depreciation	(2.6)	-	(2,6)
Carrying amount as at 31 December 2024	**16.8**	**0.1**	**16.9**
31 December 2024			
Acquisition cost	21.4	0.1	21.5
Accumulated depreciation	(4.6)	-	(4.6)
Carrying amount as at 31 December 2024	**16.8**	**0.1**	**16.9**
1 January 2023			
Additions	18.0	0.2	18.2
Accumulated depreciation	(2.3)	(0.2)	(2.5)
Carrying amount as at 1 January 2023	**15.7**	**-**	**15.7**
Acquisition cost	2.8	0.1	2.9
Remeasurement of right-of-use assets	0.4	-	0.4
Depreciation	(2.1)	-	(2.1)
Carrying amount as at 31 December 2023	**16.8**	**0.1**	**16.9**
31 December 2023			
Acquisition cost	18.9	0.1	19.0
Accumulated depreciation	(2.1)	**-**	(2.1)
Carrying amount as at 31 December 2024	**16.8**	**0.1**	**16.9**

The parent company's right-of-use assets mainly consist of a contract for leasing the office premises. Its validity term is until the end of the year 2031.

10.1 Expenses related to lease agreements recognised in Statement of profit or loss

EURm	2024	2023
Depreciation	2.6	2.1
Interest charges	0.4	0.3
Expenses related to short-term leases (other expenses)	0.1	-
Lease expenses, total	**3.1**	**2.4**

11 Investments in subsidiaries

Information on the parent company's investments in subsidiaries as at 31 December 2024 is provided below:

EURm	Acquisition cost	Impairment	Carrying amount	Parent company's ownership interest, %	Group's effective ownership interest, %
Subsidiaries:					
AB "Energijos skirstymo operatorius"	750.4	-	750.4	100.00	100.00
AB "Ignitis gamyba"	223.3	-	223.3	100.00	100.00
UAB "Ignitis renewables"	201.8	-	201.8	100.00	100.00
UAB "Ignitis"	142.1	-	142.1	100.00	100.00
UAB Vilniaus kogeneracinė jėgainė	52.3	-	52.3	100.00	100.00
UAB Kauno kogeneracinė jėgainė	20.4	-	20.4	51.00	51.00
UAB "Ignitis grupės paslaugų centras"	12.9	-	12.9	100.00	100.00
UAB "Transporto valdymas"	2.4	-	2.4	100.00	100.00
UAB Elektroninių mokėjimų agentūra	1.4	-	1.4	100.00	100.00
UAB "Gamybos optimizavimas"	0.4	-	0.4	100.00	100.00
	1,407.4	**-**	**1,407.4**		

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

EURm	Acquisition cost	Impairment	Carrying amount	Parent company's ownership interest, %	Group's effective ownership interest, %
Subsidiaries:					
AB "Energijos skirstymo operatorius"	750.4	-	750.4	100.00	100.00
AB "Ignitis gamyba"	223.3	-	223.3	100.00	100.00
UAB "Ignitis renewables"	183.2	-	183.2	100.00	100.00
UAB "Ignitis"	142.1	-	142.1	100.00	100.00
UAB Vilniaus kogeneracinė jėgainė	52.3	-	52.3	100.00	100.00
UAB Kauno kogeneracinė jėgainė	20.4	-	20.4	51.00	51.00
UAB "Ignitis grupės paslaugų centras"	12.9	-	12.9	100.00	100.00
UAB "Transporto valdymas"	2.4	-	2.4	100.00	100.00
UAB Elektroninių mokėjimų agentūra	0.8	-	0.8	100.00	100.00
UAB "Gamybos optimizavimas"	0.4	-	0.4	100.00	100.00
	1,388.2	**-**	**1,388.2**		

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

EURm	2024	2023
Carrying amount at 1 January	**1,388.2**	**1,255.2**
Acquisition of shares from non-controlling interest	-	6.9
Share capital and share premium increase in subsidiaries	19.2	224.0
Share capital decrease in subsidiaries	-	(97.9)
Carrying amount at 31 December	**1,407.4**	**1,388.2**

During 2024, the share capital of UAB "Ignitis renewables" was increased by EUR 18.6 million with the amount paid in cash in 2024, and the share capital of UAB Elektroninių mokėjimų agentūra was increased by EUR 0.6 million with the full amount paid in cash in 2024.

11.1 Cash flows from investments in subsidiaries

Reconciliation of cash flows from the parent company's investments into subsidiaries with the data reported in the Statement of cash flows:

EURm	31 December 2024	31 December 2023
Share capital and share premium increase in subsidiaries	(19.2)	(224.0)
Return of capital from subsidiaries	-	97.9
Buyout of shares in subsidiaries	-	(6.9)
Total	**(19.2)**	**(133.0)**

11.2 Significant accounting estimates and judgements

11.2.1 Option agreement over UAB Kauno kogeneracinė įėgainė shares

As at 31 December 2024, the parent company held 51% of the shares in UAB Kauno kogeneracinė įėgainė (hereinafter 'Kaunas CHP'), and the remaining 49% of the shares was held by UAB Gren Lietuva.

Both shareholders have signed a Shareholders' Agreement which states that the key decisions over the business should be made unanimously by the shareholders and/or by the Board, which consists of equal number of representatives from both shareholders and one independent member. If the shareholders fail to reach the consensus on the deadlock situation, the parent company has an option to buy (call option) all the shares of Kaunas CHP held by UAB Gren Lietuva and thus, whereas UAB Gren Lietuva has an option to sell (put option) to the parent company its shareholdings in Kaunas CHP for the price the calculation of which is defined in the Shareholders' Agreement.

In the view of the parent company's management, the call option is a derivative instrument. The option is exercisable at the amount which approximates fair value of the underlying shares at the date of exercise (both put and call options). In the management's view, the fair value of the derivative is not significant.

11.2.2 Impairment of investments

On 31 December 2024, the parent company carried out an analysis to determine the existence of indications of impairment for investments into subsidiaries. The parent company considered information from external and internal sources of information.

For the purpose of determining the impairment indications, an assessment was carried out whether at least one of the following conditions exists (except for the early-stage companies):

1. the actual Adjusted EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation) is lower than the budgeted Adjusted EBITDA;
2. the actual Adjusted Net Profit is lower than the actual dividends paid;
3. the carrying amount of investments is higher than the carrying amount of net assets.

In case at least one of the abovementioned conditions existed before performing the impairment tests, additional analysis was performed, helping to determine whether the current conditions show any impairment indications.

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

The management did not find any impairment indications for investments in subsidiaries as at 31 December 2024.

12 Receivables

12.1 Non-current receivables

EURm	31 December 2024	31 December 2023
Loans granted	1,880.3	1,558.8
Total	**1,880.3**	**1,558.8**
Less: loss allowance	-	-
Carrying amount	**1,880.3**	**1,558.8**

12.2 Current loans

EURm	31 December 2024	31 December 2023
Cash-pool	177.6	146.2
Current loans	164.3	150.5
Current portion of non-current loans	44.2	32.9
Total	**386.1**	**329.6**
Less loss allowance	-	-
Carrying amount	**386.1**	**329.6**

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

As at 31 December 2024, 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 the 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 (Note 12.1, 12.2).

12.4 Loans granted

The parent company's loans granted comprised the loans granted to subsidiaries.

EURm	31 December 2024	31 December 2023
Within one year	386.1	329.6
From 1 to 2 years	7.9	7.9
From 2 to 5 years	488.1	226.6
After 5 years	1,384.3	1,324.3
Carrying amount	**2,266.4**	**1,888.4**

13 Other financial assets

EURm	31 December 2024	31 December 2023
Other non-current financial assets		
Investment funds – at FVTPL	30.1	32.0
Carrying amount	**30.1**	**32.0**
Other current financial assets		
Short-term deposits	-	110.4
Carrying amount	**-**	**110.4**

13.1 Movement of fair value in investment funds

EURm	31 December 2024	31 December 2023
Carrying amount as at 1 January	**32.0**	**20.6**
Additional investments	3.8	10.3
Return from investments	-	(15.6)
Change in fair value	(5.7)	16.7
Carrying amount	**30.1**	**32.0**

13.2 Significant accounting estimates: Investment funds – at FVTPL

The parent company has invested into investment funds. The funds are managed by independent entities (managers), which are responsible for the investment decisions. Accordingly, in the parent company's management's view, the parent company does not have the power to manage the activities of the funds and does not have the control over them.

As at 31 December 2024, the carrying value of the Smart Energy Fund amounted to EUR 18.6 million (31 December 2023: EUR 22.4 million), the carrying value of the World Fund amounted to EUR 11.5 million (31 December 2023: EUR 9.6 million).

The fair value of the fund was determined by reference to the exits of investments, new investment rounds or other recent events and data (Note 22).

The fair value of the funds corresponds to Level 3 in the fair value hierarchy.

14 Cash and cash equivalents

EURm	31 December 2024	31 December 2023
Cash balances in bank accounts	1.2	3.2
Total	**1.2**	**3.2**

As at 31 December 2024 and 2023, cash and cash equivalents comprised cash in banks.

The fair values of cash and cash equivalents as at 31 December 2024 and 2023 approximated their carrying amounts. The parent company has no pledged current and future cash inflows.

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 Republic of Lithuania Law on Companies, the issued capital of a public limited liability company must be not lower than EUR 25 thousand and the shareholders' equity must be not lower than 50% of the company's issued capital. As at 31 December 2024 and 2023, the parent company has met the requirements of capital regulation.

15.2 Share capital

Shareholders of the parent company	31 December 2024 Share capital, EURm	%	31 December 2023 Share capital, EURm	%
Republic of Lithuania represented by the Ministry of Finance of the Republic of Lithuania	1,212.2	74.99	1,212.2	74.99
Other shareholders	404.2	25.01	404.2	25.01
	1,616.4		**1,616.4**	

As at 31 December 2024, the parent company's share capital comprised EUR 1,616.4 million (31 December 2023: 1,616.4 million) and was divided into 72,388,960 ordinary registered shares with a EUR 22.33 nominal value per share (31 December 2023: 72,388,960 ordinary registered shares with a EUR 22.33 value per share).

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

	2024	2023
Number of authorised shares as at 1 January	**72,388,960**	**72,388,960**
Number of authorised shares as at 31 December	**72,388,960**	**72,388,960**

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 2024 and 2023 was not fully formed.

16.2 Treasury shares reserve

At the Annual General Meeting of Shareholders held on 27 March 2024, it was decided to cancel the reserve for the acquisition of own ordinary registered shares and to transfer EUR 37.7 million from the 'Treasury shares reserve' to 'Retained earnings'.

17 Financing

17.1 Loans, bonds and lease liabilities

EURm	31 December 2024	31 December 2023
Non-current		
Bonds issued	893.5	891.8
Bank loans	254.5	264.3
Bank overdrafts	135.3	-
Lease liabilities	14.8	15.1
Current		
Current portion of non-current loans	9.6	9.6
Current loans	175.1	134.3
Bank overdrafts	-	12.5
Lease liabilities	2.6	2.1
Total loans and bonds	**1,485.4**	**1,329.7**

Loans, bonds and lease liabilities by maturity:

EURm	31 December 2024	31 December 2023
Up to 1 year	187.3	158.5
From 1 to 2 years	228.3	95.8
From 2 to 5 years	652.6	641.1
After 5 years	417.2	434.3
Total	**1,485.4**	**1,329.7**

Loans, bonds and lease liabilities are denominated in euros.

17.1.1 Covenants

The loan agreements provide for financial and non-financial covenants that the parent company is obliged to comply with. The parent company complied with the covenants as at 31 December 2024 and 2023.

17.2 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:

EURm	31 December 2024	31 December 2023
Cash and cash equivalents	(1.2)	(3.2)
Short-term deposits	-	(110.4)
Non-current portion	1,298.1	1,171.2
Current portion	187.3	158.5
Net Debt	**1,484.2**	**1,216.1**

17.2.1 Reconciliation of the parent company's Net Debt balances and cash flows from financing activities

	Loans and bonds		Lease liabilities		Assets		
EURm	Non-current	Current	Non-current	Current	Cash and cash equivalents	Short-term deposits	Total
Net Debt at 1 January 2023	**1,113.1**	**9.8**	**14.2**	**1.8**	**(24.8)**	**-**	**1,114.1**
Cash changes					-	-	
Increase (decrease) in cash and cash equivalents	-	-	-	-	21.6	(109.0)	**(87.4)**
Loans received	198.6	72.1	-	-	-	-	**270.7**
Repayments of loans	(150.1)	(94.7)	-	-	-	-	**(244.8)**
Overdrafts net change	-	12.5	-	-	-	-	**12.5**
Lease payments	-	-	-	(1.9)	-	-	**(1.9)**
Interest paid	-	(25.8)	-	(0.3)	-	-	**(26.1)**
Non-cash changes							
Loan contracts concluded	-	148.7	-	-	-	-	**148.7**
Lease contracts concluded	-	-	2.8	0.3	-	-	**3.1**
Accrual of interest receivable	-	-	-	-	-	(1.4)	**(1.4)**
Accrual of interest payable	1.7	26.6	-	0.3	-	-	**28.6**
Reclassifications between items	(7.2)	7.2	(1.9)	1.9	-	-	**-**
Net Debt at 31 December 2023	**1,156.1**	**156.4**	**15.1**	**2.1**	**(3.2)**	**(110.4)**	**1,216.1**
Net Debt at 1 January 2024	**1,156.1**	**156.4**	**15.1**	**2.1**	**(3.2)**	**(110.4)**	**1,216.1**
Cash changes							
(Increase) decrease in cash and cash equivalents	-	-	-	-	111.0	-	**111.0**
Repayments of loans	(0.1)	(146.2)	-	-	-	-	**(146.3)**
Overdrafts net change	135.3	(12.5)	-	-	-	-	**122.8**
Lease payments	-	-	-	(2.4)	-	-	**(2.4)**
Interest paid	-	(32.4)	-	(0.4)	-	-	**(32.8)**
Received interest	-	-	-	-	-	3.1	**3.1**
Reclassifications between items	-	-	-	-	(109.0)	109.0	**-**
Non-cash changes							
Loan contracts concluded	-	177.1	-	-	-	-	**177.1**
Lease contracts concluded	-	0.3	2.2	0.4	-	-	**2.9**
Accrual of interest receivable	-	-	-	-	-	(1.7)	**(1.7)**
Accrual of interest payable	1.7	32.3	-	0.4	-	-	**34.4**
Reclassifications between items	(9.7)	9.7	(2.5)	2.5	-	-	**-**
Net Debt at 31 December 2024	**1,283.3**	**184.7**	**14.8**	**2.6**	**(1.2)**	**-**	**1,484.2**

17.3 Significant accounting estimates and judgements

The parent company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (hereinafter 'IBR') to measure the lease liabilities. The IBR is the rate of interest that the parent company would have to pay to borrow, over a similar term and with a similar security, the funds necessary to obtain the asset of a similar value to the right-of-use asset in a similar economic environment. The major new lease contracts that were recognised in 2024 by the Parent company are for buildings. To measure the lease liability of those contracts, the 3.45% incremental borrowing rate was used.

18 Other current liabilities

EURm	31 December 2024	31 December 2023
Irrevocable commitment to acquire a minority interest	3.5	3.5
Personal income tax payable from bonds interest	1.4	1.4
Payroll related liabilities	1.2	1.0
Taxes (other than income tax)	1.2	1.1
Accrued expenses	2.5	0.1
Carrying amount	**9.8**	**7.1**

Financial liabilities comprise EUR 4.9 million of the total 'Other current liabilities' (EUR 4.9 million as at 31 December 2023). Accrued expenses, taxes and payroll related liabilities are not financial liabilities.

19 Contingent liabilities and commitments

19.1 Guarantees issued and received by the parent company

19.1.1 Issued guarantees related to loans

The parent company's guarantees issued in respect of loans received by the subsidiaries were as follows:

Beneficiary of the guarantee	Maximum amount of the guarantee	31 December 2024[1]	31 December 2023[1]
Banks	-	-	288.4
Group companies	-	-	-
Total	**-**	**-**	**288.4**

[1] The amount which should be covered by the parent company in case an entity could not perform its obligations.

19.1.2 Other issued guarantees

The parent company has provided the following other guarantees for its subsidiaries:

Beneficiary of the guarantee	Maximum amount of the guarantee	31 December 2024[2]	31 December 2023[2]
Banks	81.1	81.1	75.2
Other companies	710.0	31,4	46,7
Total	**791.1**	**112.5**	**121.9**

[2] The amount which should be covered by the parent company in case an entity could not perform its obligations.

The parent company has issued guarantees for its subsidiaries as they entered into supply and installation agreements with wind turbine equipment suppliers. The parent company undertakes and guarantees the performance of all payment obligations under the agreements concluded. The maximum amount of guarantees as at 31 December 2024 was EUR 791.1 million (31 December 2023: EUR 497.8 million).

19.2 Litigations

There were no significant litigations as at 31 December 2024.

20 Related-party transactions

Related parties are defined as follows:

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

In 2024 and 2023, the parent company did not conclude any asset investment, acquisition, transfer, lease, pledge and mortgage, obligation fulfilment surety or guarantee transactions with a related party which exceed 1/10 of the parent company's assets provided in the Statement of financial position.

The table below summarises the main types of transactions carried out with related parties:

Related parties	Relationship	Nature of main transactions
Subsidiaries	Directly and indirectly controlled subsidiaries	Provision of financing, provision of management services, purchases of business support services

The parent company's transactions with related parties as at 31 December were as follows:

Related parties, EURm	Accounts receivable 31 December 2024	Loans receivable 31 December 2024	Accounts payable 31 December 2024	Sales 2024	Purchases 2024	Finance income 2024	Finance cost 2024
Subsidiaries	0.7	2,266.2	2.7	3.7	5.8	72.5	-
Total	**0.7**	**2,266.2**	**2.7**	**3.7**	**5.8**	**72.5**	**-**

Related parties, EURm	Accounts receivable 31 December 2023	Loans receivable 31 December 2023	Accounts payable 31 December 2023	Sales 2023	Purchases 2023	Finance income 2023	Finance cost 2023
Subsidiaries	0.3	1,888.4	0.4	3.4	3.9	57.3	0.5
Total	**0.3**	**1,888.4**	**0.4**	**3.4**	**3.9**	**57.3**	**0.5**

As at 31 December 2024, the parent company has issued guarantees for financial loans to its subsidiaries (Note 19.1.2). The loans provided to subsidiaries are disclosed in Notes 12.2.

20.1 Compensation to key management personnel

EURm	2024	2023
Wages and salaries and other short-term benefits to key management personnel	1.7	1.3
Whereof:		
Short -term benefits – wages, salaries and other	1.5	1.2
Other long-term benefits	0.2	0.1
Termination benefits	-	-
Number of key management personnel	12	12

In 2024 and 2023 members of the Management Board (incl. CEO), and the Supervisory Board were considered to be the Group's key management personnel. For more information on the key management personnel, see section '4 Governance' of this report.

21 Risk management

Risks are a natural and integral part of business activities, and risk profile changes constantly. 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. The management of other risks is presented in section '4 Governance' of this Integrated Annual Report.

The parent company is exposed to a variety of financial risks in its operations:

- market risk;
- credit risk;
- liquidity risk.

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

21.1 Market risk

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

- foreign currency exchange risk;
- interest rate risk.

21.1.1 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' sale/purchase transactions are denominated in euros, therefore, they do not bear the risk of foreign exchange rate fluctuations.

21.1.2 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.

The parent company's income and cash flows are affected by fluctuations in market interest rates because the loans granted had fixed and variable interest rates as at 31 December 2024, therefore, it is exposed to the interest rate risk.

When assuming debt obligations, the parent company aims that the non-current liabilities would bear a fixed interest rate. If the fixing of the interest rate is not possible due to objective reasons and the liability assumed comprises a significant amount, the interest rate derivatives would be used for the purpose of interest management (the parent company did not use such derivatives in 2024 and 2023). 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.

Variable-rate financial instruments include a loan received from a commercial bank in the amount of EUR 374.4 million and loans granted in the amount of EUR 182.1 million as at 31 December 2024 (as at 31 December 2023, a loan was received from a commercial bank in the amount of EUR 210.7 million and loans were granted in the amount of EUR 179.5 million).

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

	Increase/decrease, pp	(Decrease)/increase in profit
2024	1.0/ (1.0)	(1.9)/ 1.9
2023	1.0/ (1.0)	(0.3)/ 0.3

21.2 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or a 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).

As at 31 December 2024 and as at 31 December 2023, the parent company was not exposed to significant credit risk concentration related to other amounts receivable.

The parent company is exposed to credit risk concentration related to the loans granted (Note 12.4), although all the loans granted are due from related parties (Note 20). A total of EUR 2,046.5 million of loans has been granted to two subsidiaries (31 December 2023: EUR 1,604.5 million). The parent company is evaluating cash flows and financial results of these related parties, no impairment is recognised for the investments into subsidiaries to related parties to which the loans were granted. Due to the above, the parent company does not consider that the risk related to concentration of loans granted is significant.

The priority objective of the parent company's treasury management is to ensure the security of funds and maximise the return on investments in pursuit of this objective. The 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.

EURm	Note	31 December 2024	31 December 2023
Financial assets measured at amortised cost:			
Trade receivables		0.7	0.3
Other current financial assets	13	-	110.4
Loans granted	12.4	2,266.4	1,888.4
Cash and cash equivalents	14	1.2	3.2
Financial assets measured at FVTPL			
Investment funds - at FVTPL	13	30.1	32.0
Total		**2,298.4**	**2,034.3**
Off-balance sheet commitments:			
Open guarantees issued	19	112.5	410.3
Total		**2,410.9**	**2,444.6**

21.3 Liquidity risk

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

As at 31 December 2024, the parent company's current liquidity ratio (total current assets/total current liabilities) was 1.96 (31 December 2023: 2.64). As at 31 December 2024, the parent company's balance of credit and overdraft facilities not withdrawn amounted to EUR 575.4 million (31 December 2023: EUR 633.9 million).

To support the fulfilment of obligations of the Group companies to credit institutions and other creditors, the parent company issued guarantees in the amount of EUR 112.5 million as at 31 December 2024 (31 December 2023: EUR 410.3 million) (Note 19.1).

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

EURm	Note	31 December 2024	31 December 2023
Loans and bonds	17	1,468.0	1,312.5
Lease liabilities	17	17.4	17.2
Trade payables		2.1	0.8
Other current and non-current liabilities		6.2	4.9
Total		**1,493.7**	**1,335.4**

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):

	2024				Total
EURm	**Less than 3 months**	**3 months to 1 year**	**1 to 5 years**	**More than 5 years**	
Loans and bonds	1.1	194.0	926.9	426.0	**1,548.0**
Lease liabilities	-	2.9	13.8	1.9	**18.6**
Trade payables	2.1	-	-	-	**2.1**
Other current liabilities and non-current liabilities	-	4.9	1.2	-	**6.1**
Total	**3.2**	**201.8**	**941.9**	**427.9**	**1,574.8**

	2023				Total
EURm	**Less than 3 months**	**3 months to 1 year**	**1 to 5 years**	**More than 5 years**	
Loans and bonds	63.3	92.1	982.0	430.2	**1,567.6**
Lease liabilities	-	2.4	12.0	4.1	**18.5**
Trade payables	0.8	-	-	-	**0.8**
Other current liabilities	-	4.9	-	-	**4.9**
Total	**64.1**	**99.4**	**994.0**	**434.3**	**1,591.8**

21.4 Impact of climate change

The parent company pays special attention to reveal the 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 adopt the Green Deal, which could cause additional requirements for the energy sector to comply with new regulations, implement new technological solutions, manage reputational risks, respond to fast growing market demand for green solutions, etc.

Read more on the impact of climate change and the parent company's approach on managing it in section '6.2 Environment' of Integrated Annual Report 2024.

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

Impact of climate change on investments in subsidiaries and loans granted

Each year, the parent company assesses whether there are any impairment indications for investments in subsidiaries (Note 11.1). There were no indicators suggesting that the investments in subsidiaries have decreased in value. Significant impacts of climate change on the parent company's assumptions were used in estimating their recoverable value, and there is no need to perform the sensitivity analysis of the effects of climate risk within the assumptions made. Additionally, the parent company assessed whether the credit risk of subsidiaries has increased due to the climate change impact and did not establish any indications and has no information indicating that the credit risk of loan recipients on an individual basis has increased significantly. Thus, the parent company's management does not reasonably expect climate change to have a significant impact on the value of investments in subsidiaries and the loans' receivable amounts.

Impact of climate change on provisions for risks

The parent company's management does not believe that there are any provisions for risks or potential liabilities requiring consideration in the financial statements in connection with possible disputes, specific regulatory requirements aimed at mitigating environmental damages, sanctions connected to the failure to comply with environmental requirements, contracts that may become onerous or possible restructuring works aimed at achieving the climate objectives required.

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

22 Fair values of financial instruments

22.1 Financial instruments, measured at fair value

As at 31 December 2024 and 2023, the parent company has accounted for the investment funds, measured at FVTPL (Note 13). The fair value measurement of these financial assets is based on investment rounds. The fair value of these financial assets will change depending on the exits of investments, future investment rounds or other significant events. Their fair value corresponds 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 measured at an amortised cost approximates to their fair value, excluding the issued bonds, loans received from commercial, state-owned banks and the loans granted. The measurement of the financial instruments related to the issued bonds, the loans received and the loans granted is attributed to Level 2 of the fair value hierarchy.

As at 31 December 2024 and 31 December 2023, the fair value of loans granted to its subsidiary AB "Energijos skirstymo operatorius" was estimated by discounting the cash flows with a market interest applied for a similar-period bond. The market interest rate for certain bonds' issues was determined as bond yields for the certain issued bonds. Cash flows were discounted using an average discount rate of 3.55% as at 31 December 2024 (31 December 2023: 3.95%). The measurement of financial instruments related to the loans granted to subsidiary AB "Energijos skirstymo operatorius" is attributed to Level 2 of the fair value hierarchy.

The fair value of loans granted to other Group companies 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 weighted average discount rate of 3.55% as at 31 December 2024 (31 December 2023: 6.42%). The measurement of the financial instruments related to the loans granted is attributed to Level 2 of the fair value hierarchy.

The fair value of the parent company's issued bonds was calculated by discounting the future cash flows related to the coupon payments, with reference to the interest rate observable in the market and the regular future payments related to the issued bonds. The cash flows were discounted using a weighted average discount rate of 3.55% as at 31 December 2024 (31 December 2023: 3.95%). The discount rates for certain issued bonds were determined as certain bond yields. The measurement of the fair value of issued bonds is attributed to Level 2 of the fair value hierarchy.

The fair value of loans received from commercial banks 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 weighted average discount rate of 3.55% as at 31 December 2024 (31 December 2023: 6.57%). The measurement of fair value of loans received from commercial and state-owned banks is attributed to Level 2 of the fair value hierarchy.

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

			Level 1	Level 2	Level 3	
EURm	**Note**	**Carrying amount**	**Quoted prices in active markets**	**Other directly or indirectly observable inputs**	**Unobservable inputs**	**Total**
Financial instruments measured at FVTPL						
Assets						
Investment funds – at FVTPL	13	**30.1**	-	-	30.1	**30.1**
Financial instruments for which fair value is disclosed						
Assets						
Loans granted to other Group companies		**1,641.5**	-	1,536.2	-	**1,536.2**
Loans granted to subsidiary AB "Energijos skirstymo operatorius"		**624.5**	-	593.7	-	**593.7**
Liabilities						
Bonds issued		**902.6**	-	859.6	-	**859.6**
Loans received		**565.3**	-	522.0	-	**522.0**

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

			Level 1	Level 2	Level 3	
EURm	**Note**	**Carrying amount**	**Quoted prices in active markets**	**Other directly or indirectly observable inputs**	**Unobservable inputs**	**Total**
Financial instruments measured at FVTPL						
Assets						
Investment funds – at FVTPL	13	**32.0**	-	-	32.0	**32.0**
Financial instruments for which fair value is disclosed						
Assets						
Loans granted to other Group companies		**1,263.4**	-	1,092.8	-	**1,092.8**
Loans granted to subsidiary AB "Energijos skirstymo operatorius"		**624.6**	-	575.1	-	**575.1**
Liabilities						
Bonds issued		**900.9**	-	831.8	-	**831.8**
Loans received		**411.5**	-	320.9	-	**320.9**

23 Events after the reporting period

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

***

9.6 Accompanying information

1 Material accounting policies

1.1 New standards, amendments and interpretations

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

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

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

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

1.1.2 Standards issued but not yet effective and not adopted early

While preparing these financial statements, the Group did not adopt the new IFRS, IAS, their amendments and interpretations issued by IASB the effective date of which is later than 31 December 2024 and whose early adoption is permitted. The following are new standards and/or amendments to the standards that have been issued but not yet effective:

Other standards

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

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

1.2 Revenue from contracts with customers

The parent company, in its contracts with customers, identifies the 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. The promised goods or services represent a 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) the customer can benefit from the goods or services on its own or with other readily available resources (i.e. distinct individually); and
(ii) the goods or services are separately identifiable from other promises in the contract (distinct within the context of the contract).

Revenue from contracts with customers is recognised when the 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 the amounts collected on behalf of third parties.

For certain service contracts, revenue is recognised based on the actual service provided by 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 the terms of the contracts signed with its customers and all the significant facts and circumstances, including the nature, amount, timing and uncertainty relating to cash flows arising from the contract with the customer.

1.2.1 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 a 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 a 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.

The payment term is 30 days from the date of invoice issued for the services rendered in the 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.

1.2.2 Contract balances

1.2.2.1 Contract assets and contract liabilities

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

1.2.2.2 Receivables

A receivable is recognised if an amount of the consideration that is unconditional is due from the customer (i.e., only the passage of time is required before the payment of the consideration is due). For more, refer to the accounting policies of financial assets in Note 1.6.1.

1.3 Dividend income

Dividend income is recognised after the shareholders' rights to receive payment have been established. The dividends received are attributed to the investment activities in the Statement of cash flows.

1.3.1 Current and deferred tax for the reporting period

Current and deferred taxes are recognised as income or expenses and included in net profit or loss for the reporting period, except for the cases when the 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 a business combination.

1.4 Right-of-use assets

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

1.4.1 Initial measurement of right-of-use assets

At the commencement date, the parent company measures a right-of-use asset at cost. The cost of a 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.

1.4.2 Subsequent measurement of right-of-use assets

Subsequent to the initial recognition, the parent company measures a right-of-use asset using a 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 ownership of the underlying asset is transferred 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 the right-of-use assets separately from property, plant and equipment in the Statement of financial position.

1.5 Investments in subsidiaries

Investments in subsidiaries are stated in the Statement of financial position at acquisition cost less impairment loss, when the investment's carrying amount exceeds its estimated recoverable amount. An adjustment to the value is made to write-down the difference as expense in the Statement of profit or loss and other comprehensive income. If the basis for the write-down can no longer be justified at the Statement of financial position date, it is reversed. If there is a present obligation to cover a deficit in subsidiaries, a provision is recognised for this.

1.6 Financial instruments

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

1.6.1 Financial assets

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

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 outstanding principal amount. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at FVPL, irrespective of the business model. Interest income calculated on these financial assets is recognised as finance income and amortised using the effective interest rate method. Any gain or loss arising from the write-off of assets is recognised in the Statement of profit or loss and other comprehensive income. Impairment losses are accounted for as other expenses in the Statement of profit or loss and other comprehensive income.

Subsequent to their 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 the 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 these kind of assets, is as follows:

1.6.1.1 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 of expected credit losses.

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

1.6.1.2 Financial assets at FVTPL

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 FVTPL.

The parent company classifies financial assets as assets measured at FVTPL 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 in the fair value measurement of debt investment is recognised in profit or loss of the Statement of profit or loss and other comprehensive income in the period in which it arises. The parent company classifies in this category of investments to equity instruments that do not meet the SPPI conditions.

1.6.1.3 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 to profit or loss in the Statement of profit or loss and other comprehensive income over the relevant period.

EIR is the rate that exactly discounts the 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 the parties to the contract that are an integral part of the EIR, the 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 a group of financial instruments), the parent company uses the contractual cash flows over the full contractual term of the financial instrument (or the group of financial instruments).

1.6.1.4 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 the collateral held or other enhancements that are integral credit 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, the reasonable and supportable information about the past events and current conditions and the 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 the ultimate write-off of the financial asset.

The parent company seeks for the 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 the past due information is available without undue cost or effort, it is used to assess the 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 the impairment of amounts receivable individually or collectively, as appropriate.

ECL for receivables (other than trade receivables) are calculated as the following:

- ECL for receivables from the Group companies are calculated using an individual assessment;
- ECL for other receivables, prepayments and accrual of income are calculated using an 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 the 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 the management to make a 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 the assessment, including the 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 the 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 the 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 the 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). The interest income from the loan is calculated on the carrying amount of financial assets, which is reduced by the amount of the ECL.

In stage 2, an assessment of the significant deterioration in the borrower's financial situation is performed by comparing the financial situation at the time of the assessment and the financial situation 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.

1.6.1.5 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 the observable data about the following events:

(a) a significant financial difficulty of the borrower;
(b) a breach of contract, such as a default or past due event for more than 90 days;
(c) the lender, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
(d) it is becoming probable that the borrower will enter bankruptcy or another financial reorganisation;
(e) the disappearance of an active market for that financial asset because of financial difficulties;
(f) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

1.6.1.6 Derecognition of financial assets

A financial asset (or, where applicable, a part of financial asset or a 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 the 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, the financial asset is continued to be recognised to the extent of continuing the 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, the control is not retained. In all other cases, the control is retained.

1.6.2 Financial liabilities and equity instruments issued

1.6.2.1 Initial recognition and measurement of financial liabilities

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

1.6.2.2 Subsequent measurement

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

- financial liabilities at FVPL (there were no cush financial liabilities);
- financial liabilities at amortised cost (loans, bonds and other payables not measured at FVTPL).

1.6.2.3 Financial liabilities at amortised cost

All financial liabilities of the parent company are attributed to this category. After initial recognition, interest-bearing loans and bonds are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised as profit or loss 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, interest-bearing loans and bonds. The parent company's financial liabilities include the following:

1.6.2.4 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.

1.6.2.5 Financial guarantee contracts

The parent company provides financial guarantees to subsidiaries in relation to loans taken from banks or other liabilities and receives a consideration, which is recognised in the Statement of profit or loss and other comprehensive income on an accrual basis. The fair value of financial guarantee is determined based on the present value, which corresponds to the reduced payments that subsidiaries would pay to banks if the guarantee would not be received from the parent company. If the consideration corresponds to a reduction of payments, the parent company does not account for financial guarantees as their fair value is approximate to 0, while subsidiaries recognise the liability at fair value including the value of the guarantee provided. If the consideration is at lower amount than the reduction of payments, the parent company recognise the fair value of the financial guarantee as 'Investment in subsidiary' and 'Financial guarantee obligation' accordingly in its separate financial statements, while the subsidiaries recognise the liability without the guarantee and the difference recognised as a capital contribution. The methods to determine the expected credit losses for financial guarantees contracts correspond to the ones used as for financial assets (see Note 1.7.1.4). Financial guarantee contracts are measured as the higher of the expected credit loss and as the amount that is initially recognised less any cumulative amount of the income/amortisation recognised. No expected credit losses were identified as at 31 December 2024.

1.6.2.6 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.

1.6.2.7 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 represents the difference between the nominal value of shares and the proceeds received.

1.6.2.8 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 the Statement of profit or loss and other comprehensive income.

1.7 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

For the purposes of the Statement of cash flows, cash and cash equivalents comprise the cash on hand deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are presented under the current liabilities in the Statement of financial position.

1.8 Lease liabilities

At the commencement date of the lease, the parent company recognises the lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include the fixed payments (including in-substance fixed payments), less any lease incentives receivable, variable lease payments that depend on an index or a rate and the amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option that is reasonably certain to be exercised by the parent company and the payments of penalties for terminating the lease, if the lease term reflects the parent company 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 parent company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or a rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

1.8.1 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.

1.9 Employee benefits

1.9.1 State plans

The parent company participates only in the state plans. The 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 a defined benefit plan under which the Group pays 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 the employee service in the current and prior periods. These contributions are recognised as an expense on an accrual basis and are included in the remuneration expenses.

1.10 Related parties

Related parties are defined as follow:
- the Group companies;
- the parent company's controlling shareholders or those who have significant influence;
- associated companies;
- state-controlled companies and their subsidiaries (only significant transactions are being disclosed with such companies);
- the 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);
- the key management personnel and close members of that personnel's family and their controlled enterprises and companies.

1.11 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 Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, thus maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which the fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, which is described below, 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 their 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.

Report on income tax information

Report on income tax information

10.1. General information

Pursuant to Article 48b(1) of Directive 2013/34/EU (further – Directive), Member States are to require undertakings to draw up, publish and make accessible a report on income tax information as regards the latter of the two consecutive financial years in each of which the consolidated revenue on their balance sheet date exceeded a total of EUR 750 million.

Despite the fact that Member States should ensure that the Directive's requirements to report on income tax information apply, at the latest, from the commencement date of the first financial year starting on or after 22 June 2024, the Group has voluntarily disclosed the required information in accordance with the European Commission's common template, published on 1 August 2024, even though it has not yet been fully finalized.

This report is presented in euros, and all values are rounded to the nearest million (EURm).

Name of the ultimate parent of the group	AB "Ignitis grupė"
Country where the ultimate parent has its registered office	Lithuania
Financial Year – start date	1 January 2024
Financial Year – end date	31 December 2024
Reporting currency	EUR
Is the information in the report based on reporting instructions used for tax purposes, pursuant to Section III, Parts B and C, of Annex III to Council Directive 2011/16/EU (yes/no)?	Yes

10.2. Overview of allocation of elements on a country-by-country basis

Tax jurisdiction	Country code	Revenues	Profit (loss) before income tax	Income tax paid - on cash basis	Income tax accrued - current year	Accumulate earnings	Number of employees
Lithuania	LT	2,387.3	539.4	3.7	36.4	1130.2	4,535
Latvia	LV	98.5	(1.9)	-	0.1	(3.5)	79
Estonia	EE	4.8	4.2	0.9	0.9	3.1	13
Poland	PL	202.7	20.6	3.2	3.0	15	49
Finland	FI	87.3	1.8	-	-	(1.5)	2
Total		**2,780.6**	**564.1**	**7.8**	**40.4**	**1,143.3**	**4 678**

Please be noticed that figures above are prepared in accordance with the Lithuanian Tax Authorities Order No. VA-47 issued on 31 May 2017., i.e. without eliminations of related parties' transactions.

10.3. List of subsidiaries and activities

The list of subsidiaries of all Group companies operating in Lithuania, Latvia, Estonia, Poland and Finland, their business activities and performance are presented in Sections 7.4 and 32 of the Integrated Annual Report for 2024.

10.4. Temporarily omitted information

The Group hereby affirms that, for this financial year, all relevant information has been disclosed in full, and there has been no temporary omission of any details, if applicable. This declaration is made to ensure transparency and compliance with all applicable regulatory and reporting requirements.

As the Group did not prepare the report on income tax information last year, there is no omitted information from the previous financial year to be disclosed in this financial year.

Responsibility statement, information on the auditors and auditors reports

11.1 Responsibility statement

25 February 2025

Referring to the provisions of the Article 12 of the Law on Securities of the Republic of Lithuania and the Rules of disclosure of information of the Bank of Lithuania, we, Darius Maikštėnas, Chief Executive Officer at AB "Ignitis grupė", Jonas Rimavičius, Chief Financial Officer at AB "Ignitis grupė", and Paulius Žukovskis, Head of Financial Statements and Consultations at UAB "Ignitis grupės paslaugų centras", acting under Decision No 24_GSC_SP_0051 of 30 September 2024, hereby confirm that, to the best of our knowledge, AB "Ignitis grupė" consolidated and the parent company's financial statements for the year ended 31 December 2024 prepared in accordance with International Financial Reporting Standards as adopted by the European Union, give a true and fair view of AB "Ignitis grupė" consolidated and the parent company's assets, liabilities, financial position, profit or loss, and cash flows for the period, the Integrated Annual Report includes a fair review of the development and performance of the business as well as the condition of AB "Ignitis grupė" and it's group companies together with the description of the principle risks and uncertainties it faces, and that the information on sustainability matters has been prepared in accordance with the European Sustainability Reporting Standards and the provisions implementing Article 8(4) of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088.

Darius Maikštėnas
Chief Executive Officer

Jonas Rimavičius
Chief Financial Officer

Paulius Žukovskis
UAB "Ignitis grupės paslaugų centras",
Head of Financial Statements and Consultations,
acting under Decision No 24_GSC_SP_0051
(signed 30 September 2024)

11.2 Information on the auditors

Overview

"KPMG Baltics", UAB on 30 March 2023 has been reappointed as the auditor by the General Meeting of Shareholders of the parent company 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 parent company and subsequently by the General Meeting of Shareholders of each Group company.

Independent auditors and financial period during which audit services have been provided

2021–2024
"KPMG Baltics", UAB Lvivo St. 101, LT-08104, Vilnius Lithuania

Services and fees

During the period of 2023–2024, the following services have been provided to the Group by the independent auditors and its international partners.

Independent auditor's services and expenses incurred for the indicated period, EURk

	2024	2023
Annual financial statements audit	719	715
Interim financial statements audit	44	26
Assurance services	77	38
Other[1]	-	1
Total	**840**	**780**

Based on the Group's policy the annual fee for non-audit services provided by our statutory auditor cannot exceed the annual fee for statutory audit services measured at Group level. The cap may be exceeded subject to approval by the Audit Committee of the parent company.

11.3 Independent auditors report

Legal notice

In compliance with article 4 of the Transparency Directive introduced by the European Commission, the Group files annual report in the European Single Electronic Format (ESEF) using the XHTML format tagging consolidated financial statements, including notes, using Inline eXtensible Business Reporting Language (iXBRL), which is available here. For all intents and purposes, other than the XHTML annual report document is considered as nonofficial version and ESEF version prevails in case of any questions or conflicts. Accordingly, the independent auditor's report on Integrated Annual Report 2024 filed in ESEF, is presented below.

KPMG Baltics, UAB
Lvivo g. 101
LT 08104 Vilnius
Lithuania

+370 5 2102600
vilnius@kpmg.lt
home.kpmg/lt

Independent Auditor's Report

To the Shareholders of AB "Ignitis grupė"

Report on the Audit of the Separate and the Consolidated Financial Statements

Opinion

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

- the separate and the consolidated statement of profit or loss for the year ended 31 December 2024,
- the separate and the consolidated statement of other comprehensive income for the year then ended,
- the separate and the consolidated statement of financial position as at 31 December 2024,
- the separate and the consolidated statement of changes in equity for the year then ended,
- the separate and the consolidated statement of cash flows 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 2024, 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 IFRS Accounting Standards, as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Separate 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 and Other Assurance Services of the Republic of Lithuania that are relevant to audit in the Republic of Lithuania, and we have fulfilled our other ethical responsibilities in accordance with the Law on Audit of Financial Statements and Other Assurance Services of the Republic of Lithuania and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate and consolidated financial statements of the current period. These matters were addressed in the context of our audit of the separate and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Each audit matter and our respective response are described below.

Allowances for impairment losses in trade receivables (consolidated financial statements)

We refer to the financial statements:

The carrying value of trade receivable in the consolidated statement of financial position as at 31 December 2024 amounts to EUR: 294.0 million.

Material accounting policies – Note 1.9 “Financial instruments”; financial disclosures – Note 34 “Risk management”, Note 19 “Trade receivables”.

The key audit matter	How the matter was addressed in our audit
Impairment allowances represent Management’s best estimate of the expected credit losses within the trade receivables at the reporting date. We focused on this area as the determination of impairment allowances requires a significant amount of judgment over the amounts of any such impairment. Trade receivables are assessed by the Group for impairment at each reporting date on a collective and individual basis. For those trade receivables, measured on collective basis, the Management measures the loss allowance at an amount equal to expected credit losses (ECLs) being a probability weighted estimate of credit losses. Credit losses are measured as the present value of expected cash shortfalls (i.e. the difference between the cash flows due to the Group and the cash flows expected to be received). The estimate takes into account, among other things, repayment history and past credit loss experience and an assessment of both the current and forecast general economic conditions at the reporting date. Accordingly, the key areas of estimation uncertainty and judgement associated with recognition of impairment allowances for trade receivables are: • Assumptions used to assess credit risk for a given exposure and the expected future cash flows from the customer; • Timely identification of exposures with significant increase in credit risk or those credit impaired (defaulted).	Our audit procedures in the area included, among others: • Assessing the appropriateness of the Group’s impairment methodology against the relevant financial reporting requirements; • Independently assessing the relevant forward-looking information and macroeconomic forecasts used in the ECL assessment by inspecting publicly available information, our knowledge of business and through discussions with Management; • Assessing the accuracy and completeness of the Group’s ECL estimates at 31 December 2024 including: - Assessing the key impairment model parameters, by reference to the Group’s own historical credit loss experience, our understanding of the business and current economic trends and expectations; - Performing a retrospective assessment of the historical accuracy of the Management Board’s impairment assumptions and estimates, including estimated loss rates, against actual outcomes; • Evaluating whether the disclosures in the financial statements in respect of the expected credit losses for trade receivables satisfy the requirements of the relevant financial reporting standards.

Due to the magnitude of the amounts involved, together with the complexity of judgements and assumptions required in estimating expected credit losses, the area required our increased attention in the audit and was determined to be a key audit matter.	

Impairment testing of goodwill and underlying cash-generating units in Green Capacities segment (consolidated financial statements)

We refer to the financial statements:

The carrying amount of goodwill as at 31 December 2024: EUR 16.7 million; carrying amount assets grouped to CGU where goodwill is allocated as at 31 December 2024: EUR 906 million.

Material accounting policies – 1.6 “Intangible assets”, 1.7 “Property, plant and equipment”, financial disclosures – Note 11.5 “Significant accounting estimate: Impairment of goodwill”.

The key audit matter	**How the matter was addressed in our audit**
The Group has recognized goodwill and other intangible assets acquired 2021 - 2024 as a part of business combinations within the Green Capacities segment. At each reporting date, the Group's management tests goodwill and the underlying cash-generating unit (CGU) for impairment. The recoverable amounts of the goodwill and CGU were determined based on their value in use, estimated using the discounted cash flow method. Management groups assets to CGUs according to individual Green Capacities projects. Determining the CGU’s recoverable amount is a process which requires significant judgment and estimation, especially in respect of the amounts of future cash flows, and associated discount rates and growth rates, based on management’s projections of future performance. The projected operating cash flows from the Group’s activities are influenced primarily by assumptions concerning quantity electricity produced, changes in sales prices as well as level of main related costs. Accordingly, this matter was considered by us to be associated with significant judgement and estimation and required our increased attention in the audit. As such, we determined it to be a key audit matter.	Our procedures in the area included, among other things, the following: • Evaluating, against the requirements of the relevant financial reporting standards, the Group’s accounting policy for identification of impairment indicators; • Assessing the appropriateness of the impairment methodology applied by the Group against methodologies commonly used for similar assets and the requirements of relevant financial reporting standards. As part of the above, we identified the relevant methods, assumptions and sources of data, and assessed, whether such methods, assumptions, data and application are appropriate in the context of the said requirements; • Evaluating the quality of the Group’s forecasting by comparing historical projections with actual outcomes of prior years. • Assessing the appropriateness of asset grouping into CGUs, based on our understanding of the Group’s operations and business units. • Challenging the reasonableness of the Group’s key assumptions and judgment used in the estimation of the recoverable amount, including: - Assisted by our own valuation specialists, challenging reasonableness of the key macroeconomic assumptions used, such as those in respect of discount rates, by reference to publicly available external sources;

	- Tracing the key assumptions used in the discounted cash flows calculation, such as those in respect of the future demand, revenue growth and operating costs, by reference to the budgets approved by the Management Board, our understanding of the Group's operations and trends, and publicly available industry data; • Testing the internal consistency, underlying formulas and mathematical accuracy of the discounted cash flow model. • Assessing susceptibility of the impairment models and the resulting impairment conclusions to management bias, by challenging the Group's analysis of the model's sensitivity to changes in key underlying assumptions. • Considering the adequacy of the disclosures related to impairment in the Group's financial statements.

Other Information

The other information comprises the information included in the consolidated management report, including the requirements for the information on corporate governance matters, remuneration and sustainability matters, 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 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 management report, including the requirements for the information on corporate governance matters and remuneration and excluding the requirements for the information on sustainability matters on which the separate assurance report on sustainability reporting is issued by us on 25 February 2025, has been prepared in compliance with applicable legal requirements. Based on the work carried out in the course of audit of the separate and consolidated financial statements, in our opinion, in all material respects:

- The information given in the consolidated 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
- The consolidated management report, including the requirements for the information on corporate governance matters and remuneration and excluding the requirements for the information on sustainability matters, has been prepared in accordance with the requirements of the Law on Reporting by Undertakings and Groups of Undertakings of the Republic of Lithuania.

Responsibilities of Management and Those Charged with 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 IFRS Accounting Standards, as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of separate 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.

- Plan and perform the Group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purpose 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate and consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Under decision of the general shareholders' meeting we were appointed on 27 September 2021 for the first time to audit the Company's and the Group's separate and consolidated financial statements. Our appointment to audit the Company's and the Group's separate and consolidated financial statements was renewed on 30 March 2023 under decision of the general shareholders' meeting, and the total uninterrupted period of engagement is 4 years.

We confirm that our audit opinion expressed in the Opinion section of our report is consistent with the additional report which we have submitted to the Company and the Group and their Audit Committee.

We confirm that in light of our knowledge and belief, services provided to the Company and the Group are consistent with the requirements of the law and regulations and do not comprise non-audit services referred to in Article 5(1) of the Regulation (EU) No 537/2014 of the European Parliament and of the Council.

In addition to services provided to the Company and the Group in the course of audit and disclosed in the consolidated management report or separate and consolidated financial statements, we have provided translation of the financial statements and review of interim financial statements.

Report on the compliance of format of the separate and consolidated financial statements with the requirements for European Single Electronic Reporting Format

We have been engaged based our agreement by the management of the Company to conduct a reasonable assurance engagement for the verification of compliance with the applicable requirements of the European single electronic reporting format of the separate and consolidated financial statements, including consolidated management report, for the year ended 31 December 2024 (the “Single Electronic Reporting Format of the separate and consolidated financial statements”) contained in the file abignitisgrupe-2024-12-31-en.zip (ParsePort generated hashcode: MOXaLPH1T6g120g=).

Description of a subject and applicable criteria

The Single Electronic Reporting Format of the separate and consolidated financial statements has been applied by the management of the Company to comply with the requirements of art. 3 and 4 of the Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format (the “ESEF Regulation”). The applicable requirements regarding the Single Electronic Reporting Format of the separate and consolidated financial statements are contained in the ESEF Regulation.

The requirements described in the preceding sentence determine the basis for application of the Single Electronic Reporting Format of the separate and consolidated financial statements and, in our view, these requirements constitute appropriate criteria to form a reasonable assurance conclusion.

Responsibilities of management and those charged with governance

The management of the Company is responsible for the application of the Single Electronic Reporting Format of the separate and consolidated financial statements that complies with the requirements of the ESEF Regulation.

This responsibility includes the selection and application of appropriate markups in iXBRL using ESEF taxonomy and designing, implementing and maintaining internal controls relevant for the preparation of the Single Electronic Reporting Format of the separate and consolidated financial statements which is free from material non-compliance with the requirements of the ESEF Regulation.

Those charged with governance are responsible for overseeing the financial reporting process.

Our responsibility

Our responsibility was to express a reasonable assurance conclusion whether the Single Electronic Reporting Format of the separate and consolidated financial statements complies with the ESEF Regulation.

We conducted our engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) ‘Assurance Engagements other than Audits and Reviews of Historical Financial Information’ (the “ISAE 3000 (R)”). This standard requires that we comply with ethical requirements, plan and perform procedures to obtain reasonable assurance whether the Single Electronic Reporting Format of the separate and consolidated financial statements is prepared, in all material aspects, in accordance with the applicable requirements. Reasonable assurance is a high level of assurance, but it does not guarantee that the service performed in accordance ISAE 3000 (R) will always detect the existing material misstatement (significant non-compliance with the requirements).

Summary of the work performed

Our planned and performed procedures were aimed at obtaining reasonable assurance that the Single Electronic Reporting Format of the separate and consolidated financial statements was applied, in all material aspects, in accordance with the applicable requirements and such application is free from material errors or omissions. Our procedures included in particular:

- obtaining an understanding of the internal control system and processes relevant to the application of the Single Electronic Reporting Format of the separate and consolidated financial statements, including the preparation of the XHTML format and marking up the separate and consolidated financial statements;
- verification whether the XHTML format was applied properly;
- evaluating the completeness of marking up the consolidated financial statements using the iXBRL markup language according to the requirements of the implementation of single electronic format as described in the ESEF Regulation;
- evaluating the appropriateness of the Group's' use of XBRL markups selected from the ESEF taxonomy and the creation of extension markups where no suitable element in the ESEF taxonomy has been identified; and
- evaluating the appropriateness of anchoring of the extension elements to the ESEF taxonomy.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Conclusion

In our opinion, the Single Electronic Reporting Format of the separate and consolidated financial statements for the year ended 31 December 2024 complies, in all material respects, with the ESEF Regulation.

The engagement partner on the audit resulting in this independent auditor’s report is Rokas Kasperavičius.

On behalf of KPMG Baltics, UAB

Rokas Kasperavičius
Partner
Certified Auditor

Vilnius, the Republic of Lithuania
26 February 2025

11.4 Independent limited assurance report on sustainability statement

KPMG Baltics, UAB
Lvivo g. 101
LT 08104 Vilnius
Lithuania

+370 5 2102600
vilnius@kpmg.lt
home.kpmg/lt

EU/EEA Independent Practitioners' Limited Assurance Report on AB "Ignitis Grupė" Sustainability Statement

To: the Management of AB "Ignitis Grupė"

Limited assurance conclusion

We have performed a limited assurance engagement on whether the Sustainability Statement, of AB "Ignitis Grupė" (the "Group", an EU/EEA entity) included in section Sustainability Statement on pages 169–288 of the Management Report (the "Sustainability Statement") as at and for the year ended on 31 December 2024, including Greenhouse Gas Information (the "GHG information") presented in section" 6.2 Environment" on pages 199–201 of Sustainability Statement, has been prepared in accordance with Law on Reporting by Undertakings and Groups of Undertakings of the Republic of Lithuania.

Based on the procedures performed and evidence obtained, nothing has come to our attention to cause us to believe that the Sustainability Statement of the Group, including GHG information, as at and for the year ended 31 December 2024 is not prepared, in all material respects, in accordance with Law on Reporting by Undertakings and Groups of Undertakings of the Republic of Lithuania, including:

- compliance with the European Sustainability Reporting Standards (ESRS), including that the process carried out by the Group to identify the information reported in the Sustainability Statement (the "Process") is in accordance with the description set out in subsection "IRO-1 Materiality assessment process" within note "6.1 ESRS 2: General Disclosures"; and

- compliance of the disclosures in subsection "Disclosures under the EU Taxonomy Regulation" within note "6.2. Environment" of the Sustainability Statement with Article 8 of EU Regulation 2020/852 (the "Taxonomy Regulation").

Our conclusion on the Sustainability Statement does not extend to any other information that accompanies or contains the Sustainability Statement and our report.

Basis for conclusion

We conducted our limited assurance engagement on Sustainability Statement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and GHG information in accordance with International Standard on Assurance Engagements (ISAE) 3410, Assurance Engagements on Greenhouse Gas Statements, issued by the International Auditing and Assurance Standards Board (IAASB). Our responsibilities under those standards are further described in the “Our responsibilities” section of our report.

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA), together with the ethical requirements that are relevant to our assurance engagement on the Sustainability Statement in Lithuania.

Our firm applies International Standard on Quality Management (ISQM) 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements, issued by the IAASB. This standard requires the firm to design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Other matter

The Subject Matter Information (further “SMI”) for the year ended 31 December 2023 was not subject to our limited assurance engagement and, accordingly, we do not express a conclusion, or provide any assurance on such information. Our conclusion is not modified with respect to this matter.

Responsibilities for the Sustainability Statement

Management of the Group is responsible for designing and implementing and maintaining a process to identify the information reported in the Sustainability Statement in accordance with the ESRS and for disclosing this process in subsection “ESRS 2 IRO-1 Materiality assessment process” within the Note "6.1 ESRS 2: General information" of the Sustainability Statement. This responsibility includes:

- understanding the context in which the Group’s activities and business relationships take place and developing an understanding of its affected stakeholders;
- identifying the actual and potential impacts (both negative and positive) related to sustainability matters, as well as risks and opportunities that affect, or could reasonably be expected to affect, the Group’s financial position, financial performance, cash flows, access to finance or cost of capital over the short-, medium-, or long-term;
- assessing the materiality of the identified impacts, risks and opportunities related to sustainability matters by selecting and applying appropriate thresholds; and
- developing methodologies and making assumptions that are reasonable in the circumstances.

Management of the Group is further responsible for the preparation of the Sustainability Statement, including GHG information, in accordance with Law on Reporting by Undertakings and Groups of Undertakings of the Republic of Lithuania, including:

- compliance with the ESRS;
- preparing the disclosures in subsection "Disclosures under the EU Taxonomy Regulation" within note "6.2. Environment" of the Sustainability Statement, in compliance with Article 8 of EU Regulation 2020/852 (the "Taxonomy Regulation")*; and*
- designing, implementing and maintaining such internal controls that Management of the Group determines are necessary to enable the preparation of the Sustainability Statement, including GHG information, such that they are free from material misstatement, whether due to fraud or error; and
- selecting and applying appropriate sustainability reporting methods and making assumptions and estimates about individual sustainability disclosures that are reasonable in the circumstances.
- making judgments and estimates that are reasonable in the circumstances;
- preventing and detecting fraud;
- selecting the content of the Sustainability Statement, including identifying and engaging with intended users to understand their information needs;
- establishing targets, goals and other performance measures, and implementing actions to achieve such targets, goals and performance measures;
- supervision of other staff involved in the preparation of the Sustainability Statement, including GHG information.

Those charged with governance are responsible for overseeing the reporting process for the Group's Sustainability Statement, including GHG information.

Inherent limitations in preparing the Sustainability Statement

In reporting forward-looking information in accordance with ESRS, Management of the Group is required to prepare the forward-looking information on the basis of disclosed assumptions about events that may occur in the future and possible future actions by the Group. The actual outcome is likely to be different since anticipated events frequently do not occur as expected.

In determining the disclosures in the Sustainability Statement, Management of the Group interprets undefined legal and other terms. Undefined legal and other terms may be interpreted differently, including the legal conformity of their interpretation and, accordingly, are subject to uncertainties.

As described in Note "E1-6 Gross Scopes 1, 2, 3 and total GHG emissions" to the GHG Information, GHG emissions quantification is unavoidably subject to significant inherent limitations, because of incomplete scientific knowledge used to determine emissions factors and limitations inherent in the nature of and methods used for determining emissions data. The selection by Management of the Group of different but acceptable emissions factors or measurement techniques could have resulted in materially different GHG emissions being reported.

Our responsibilities

Our objectives are to plan and perform the assurance engagement to obtain limited assurance about whether the Sustainability Statement, including GHG information, are free from material misstatement, whether due to fraud or error, and reporting our limited assurance conclusion to the Management of the Group. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of the Sustainability Statement as a whole.

Our responsibilities in relation to the Process for reporting the Sustainability Statement include:

- Obtaining an understanding of the Process but not for the purpose of providing a conclusion on the effectiveness of the Process, including the outcome of the Process; and
- Designing and performing procedures to evaluate whether the Process is consistent with the Group's description of its Process, as disclosed in subsection “Disclosures under the EU Taxonomy Regulation” within note “6.2. Environment”.

Our other responsibilities in respect of the Sustainability Statement, including GHG information, include:

- Obtaining an understanding of the Group’s control environment, processes and information systems relevant to the preparation of the Sustainability Statement, including GHG information, but not evaluating the design of particular control activities, obtaining evidence about their implementation or testing their operating effectiveness;
- Identifying disclosures where material misstatements are likely to arise, whether due to fraud or error; and
- Designing and performing procedures focused on disclosures in the Sustainability Statement, including GHG information, where material misstatements are likely to arise. 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.

Summary of the work we performed as the basis for our conclusion

A limited assurance engagement involves performing procedures to obtain evidence about the Sustainability Statement, including GHG information. We designed and performed our procedures to obtain evidence about the Sustainability Statement, including GHG information, that is sufficient and appropriate to provide a basis for our conclusion. The nature, timing and extent of our procedures depended on our understanding of the Sustainability Statement, including GHG information, and other engagement circumstances, including the identification of disclosures where material misstatements are likely to arise, whether due to fraud or error, in the Sustainability Statement, including GHG information. We exercised professional judgment and maintained professional scepticism throughout the engagement.

In conducting our limited assurance engagement, with respect to the Process, the procedures we performed included:

- Obtaining an understanding of the Process by:
    - performing inquiries to understand the sources of the information used by Management of the Group (e.g., stakeholder engagement, business plans and strategy documents); and
    - reviewing the Group's internal documentation of its Process; and
- Evaluating whether the evidence obtained from our procedures about the Process was consistent with the description of the Process set out in subsection "Disclosures under the EU Taxonomy Regulation" within note "6.2. Environment".

In conducting our limited assurance engagement with respect to the Sustainability Statement, including GHG information, the procedures we performed included:

- Obtaining an understanding of the Group's reporting processes relevant to the preparation of its Sustainability Statement, including GHG information by:
    - performing inquiries to obtain an understanding of the Group's reporting process relevant to the preparation of the Sustainability Statement and GHG information;
    - assessed data management processes, information systems and working methods used to gather and consolidate the Sustainability Statement disclosures, including the disclosures on GHG information; and
- Evaluating whether material information identified by the Process is included in the Sustainability Statement;
- Evaluating whether the structure and the presentation of the Sustainability Statement is in accordance with the ESRS;
- Performing inquiries of relevant personnel and analytical procedures on selected disclosures in the Sustainability Statement;
- Performing substantive assurance procedures based on a sample basis on selected disclosures in the Sustainability Statement;
- Obtaining evidence on the methods, assumptions and data for developing material estimates and forward-looking information and on how these methods were applied;
- Obtaining an understanding of the process to identify taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the Sustainability Statement;
- Selecting items to test from the GHG information and vouching the activity data disaggregated by scope and categories in the GHG inventory disclosures to relevant documentation.
- Other procedures performed with respect to the EU taxonomy disclosures.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

On behalf of KPMG Baltics, UAB

Rokas Kasperavičius
Partner

Vilnius, the Republic of Lithuania
25 February 2025

AB "Ignitis grupė"

Laisvės Ave. 10, LT-04215 Vilnius, Lithuania
Company code 301844044
+370 5 278 2222
grupe@ignitis.lt
www.ignitisgrupe.lt/en/

Investor relations
ir@ignitis.lt

Sustainability
sustainability@ignitis.lt

Corporate communication
media@ignitis.lt

Publication
26 February 2025