On track to meet full-year guidance

Q2/26 adj. EBITDA was below our estimate but well on track to meet 2026 guidance. Core segments Green Capacities and Networks beat estimates. We expect positive impact from BESS starting 2027. Minor adjustments are made to estimates and FV.

On track to meet 2026 guidance

Core segments' Q2/26 adj. EBITDA beat estimates (Green Capacities EUR 2.2m beat, Networks EUR 1.6m beat) while Reserve Capacities (EUR 2.5m below), and Cust. & Sol. (EUR 4.3m below) missed. The Group adj. EBITDA of EUR 114m was 6% or EUR 7.5m below forecast but on track to meet reiterated EUR 550-600m mid-range guidance.

Positive effects from BESS projects

Ignitis Group's BESS (Battery Storage Energy Systems) projects in development have a combined capacity of 398 MW/799 MWh. By storing electricity when prices are low/neg. (midday) and selling when prices are high (mornings & evenings), the return is boosted. We estimate BESS to add EUR 65m during adj. EBITDA in 2027-28.

Sustainable +5% net yield

Our adj. EBITDA 2026 is roughly unchanged (lowered 2-3% 2027-28). Our Base case SOTP valuation is lowered slightly to EUR 27.61/shr. (prev. 28.40). Our div. forecast is unchanged implying a 2026-2028 net yield of 5.4-5.7% (in-line w/ div. policy). We retain our view that Ignitis' integrated business model ensures long-term div. growth.

Key figures (MEUR)

	2024	2025	2026E	2027E	2028E
Total revenues	2,307	2,498	2,827	2,905	2,937
Total revenue growth	-9.5%	8.3%	13.2%	2.8%	1.1%
Adj. EBITDA	528	546	590	636	650
Adj. EBITDA margin	22.9%	21.3%	20.6%	21.8%	22.1%
EBIT	350	251	301	326	349
EBIT margin	15.2%	10.1%	10.7%	11.2%	11.9%
EV/Sales	1.3	1.4	1.3	1.3	1.3
EV/adj. EBITDA	5.7	6.3	6.2	6.0	6.0
EV/adj. EBIT	8.8	10.9	11.1	10.3	10.3
PE	5.1	9.4	8.1	7.0	6.4
P/BV	0.6	0.6	0.6	0.6	0.6
EPS	3.82	2.26	2.77	3.17	3.51
EPS growth	-13.7%	-40.7%	22.2%	14.4%	10.7%
Div. per share	1.33	1.37	1.41	1.45	1.49
Dividend yield*	6.8%	6.4%	6.3%	6.5%	6.7%

Source: Company data, Enlight Research estimates
*Pre-tax yield on EUR 22.30 share price for 2026-28E and end-of-year share price for 2024 and 2025

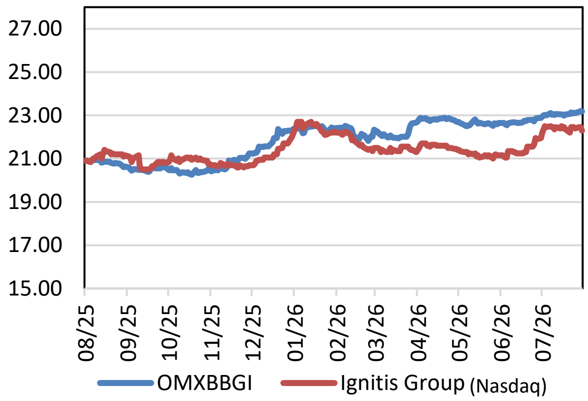
Fair value range (EUR)

Bull	33.14
Base	27.61
Bear	23.93

Key Data

Price (EUR)	22.30
Ticker	IGN1L
Country	Lithuania
Listed	Vilnius (Lithuania)
Market Cap (EURm)	1,614
Net debt (EURm)*	2,069
Shares (m)	72.4
Free float	25%

*End of current forecast year estimate



Price range

52-week high	22.70
52-week low	20.50

Analyst

ResearchTeam@enlightresearch.net

Coverage frequency

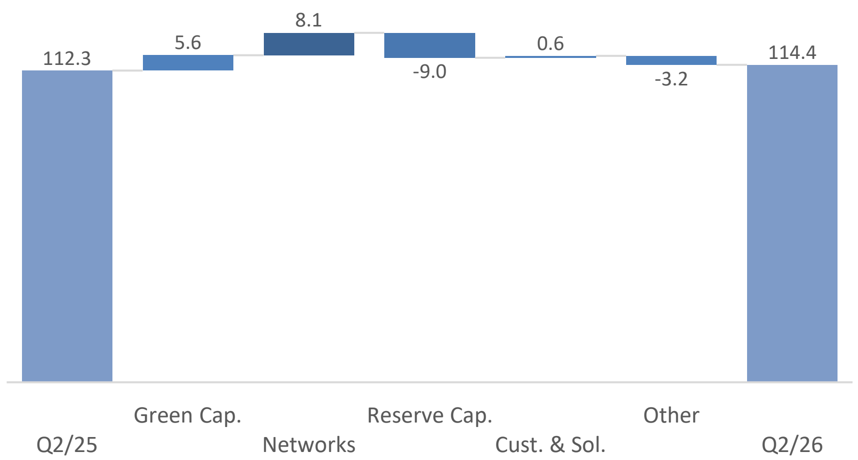
4x per year

Key takeaways

Core segments carried Q2/26

Core segments (Green Capacities, Networks) Q2/26 adj. EBITDA beat our estimates by 2-4%. Q2/26 Green Capacities adj. EBITDA of EUR 62.9m was 3.7% or EUR 2.2m above forecast, and Networks adj. EBITDA of EUR 66.6m was 2.4% or EUR 1.6m above. The EUR 3.8m better than expected adj. EBITDA could not offset the EUR 6.8m lower than expected adj. EBITDA from the Reserve Capacities and Customers & Solutions segments. A lower market premium and an overhaul of Unit 7 (Elektrenai Power Plant) pressured the result for Reserve Capacities (adj. EBITDA EUR 2.7m vs. est. EUR 5.2m). The Customers & Solutions segment adj. EBITDA loss of EUR 12.9m was EUR 4.3m higher than our forecast loss of EUR 8.6m. Worth noting is that the H1/26 break-even result is a significant improvement on the H1/25 loss of EUR 27.7m. The Q2/26 Group adj. EBITDA of EUR 114.4m was 6.2% or EUR 7.5m below forecast. However, the adj. EBITDA y/y growth of 1.9% is within range of the dividend policy minimum increase of 3%. We make only minor adjustments to our Group adj. EBITDA forecast leaving it roughly unchanged for this year and lowering it by 2-3% for 2027 and 2028.

Q2/25 to Q2/26 Adj. EBITDA development (EURm)



Source: Company reports

Adjusted EBITDA by Segment	Q2/26 Estimate	Q2/26 Outcome	Deviation EURm	%
Green Capacities	60.7	62.9	2.2	3.7%
Networks	65.0	66.6	1.6	2.4%
Reserve Capacities	5.2	2.7	-2.5	-48.3%
Customers and Solutions	-8.6	-12.9	-4.3	49.9%
Total adj. EBITDA bef. Other/eliminations	**122.3**	**119.3**	**-3.0**	**-2.4%**
Other segments/eliminations	-0.4	-4.9	-4.5	1300.0%
Total adjusted EBITDA after Other/eliminations	**121.9**	**114.4**	**-7.5**	**-6.2%**

Adjusted EBITDA margin by Segment*	Q2/26 Estimate	Q2/26 Outcome	Deviation EURm	%-pts
Green Capacities	49.7%	55.9%	6.2%p	6.2
Networks	39.5%	38.1%	-1.4%p	-1.4
Reserve Capacities	8.7%	14.4%	5.8%p	5.8
Customers and Solutions	-3.6%	-4.6%	-1.0%p	-1.0
Total adjusted EBITDA	**20.9%**	**20.4%**	**-0.5%p**	**-0.5**
Total adjusted EBITDA after Other/eliminations	**22.4%**	**21.0%**	**-1.4%p**	**-1.4**

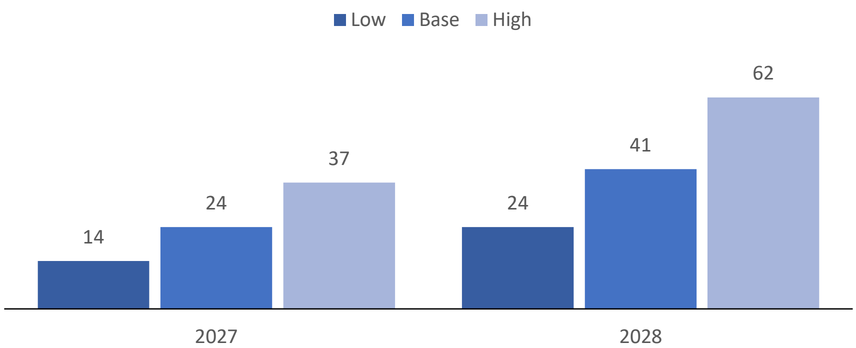
Source: Company reports (outcome), Enlight Research (estimates)

*Adjusted EBITDA divided by Adjusted Revenues (might differ from company reported Adjusted EBITDA margin calculated due to different calculation method used)

BESS adding to adj. EBITDA

The Green Capacities projects under construction and scheduled for commissioning in 2027-28 consist of four Battery Energy Storage Systems (BESS) with a total capacity of 398 MW/799 MWh. A BESS increases the return on a wind or solar farm by avoiding the sale of electricity when prices are low or even negative (usually midday), by storing the electricity in batteries and then selling it when electricity prices are high (usually mornings and evenings). A BESS also earns money from providing reserve capacity/balancing to the TSO. Assuming a net margin per MW of EUR 120K per year (after charging and operating cost), we estimate BESS could add EUR 24m in adj. EBITDA in 2027 and EUR 41m in 2028 to our 2026 estimated adj. EBITDA of EUR 590m (see below for the contribution assuming EUR 70K and EUR 180K per MW/year). This corresponds to roughly half of our estimated adj. EBITDA increase in 2027 and two-thirds of the increase in 2028. To summarize, BESS could add significantly to earnings in years to come, and BESS installed capacity is an important part of reaching the strategic target of 2.8-3.2 GW of installed green capacity in 2029, i.e., it does not have to come from a new wind or solar farm.

BESS Adj. EBITDA impact vs. 2026E adj. EBITDA (EURm)

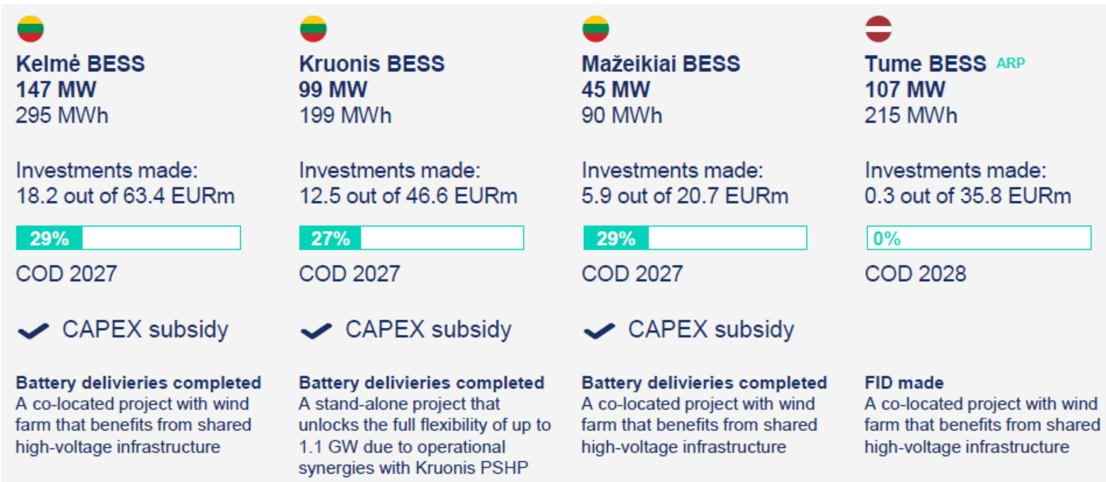


Source: Enlight Research (assuming Net margin per MW EUR 70K/120K/180K)

BESS impact on adj. EBITDA (EURm)	2026E	2027E	2028E
Enlight adj. EBITDA	590	636	650
Growth from 2026E		46	60
whereof from BESS (Base case)		24	41

Source: Enlight Research

BESS under construction



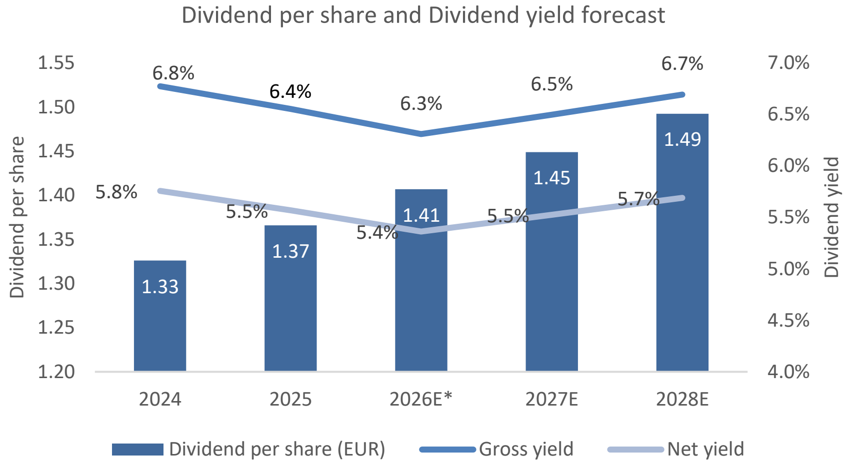
Source: Company presentation (Investor presentation 6M 2026 results)

Dividend policy standing the test of time

Ignitis Group's dividend policy is to increase dividends by a minimum of 3% annually (dividends paid semi-annually). The proposed H1/26 dividend of EUR 0.704 per share (+3.1% y/y growth) is fully in-line with policy and our estimate of EUR 0.703. The proposed H1/26 dividend implies a full-year 2026 dividend of EUR 1.41 per share (est. EUR 1.41), which is equal to a 6.3% pre-tax dividend yield (5.4% post-tax) based on the share price of EUR 22.30. Worth noting is that the Ignitis Group's dividend policy has stood the test of time, from an "all-in green expansion" to a "moderate green expansion" environment. The EV/EBITDA valuation spread between Renewable and Integrated utilities illustrates the change in environment. In 2024, our Renewable peer group traded at an EV/EBITDA premium of 49% to the Integrated peer group (10.0x vs. 6.7x) based on the current forecast year. Today, the spread has disappeared with both groups trading around 9.2-9.3x. We forecast a dividend growth of 3% per year which indicates a 2029 dividend per share of EUR 1.54. This is in-line with the company's stated minimum dividend of EUR 1.51 per share given in the strategic plan.

Dividend & yield	2024	2025	2026E	2027E	2028E
H1 dividend (EURm)	48.0	49.4	50.9	52.4	54.0
Growth y-on-y	3.1%	3.0%	3.0%	3.0%	3.0%
H2 dividend (EURm)	48.0	49.4	50.9	52.4	54.0
Growth y-on-y	3.1%	3.0%	3.0%	3.0%	3.0%
Total dividend paid (EURm)	**96.0**	**98.9**	**101.8**	**104.9**	**108.0**
Growth y-on-y	**3.0%**	**3.0%**	**3.0%**	**3.0%**	**3.0%**
H1 dividend per share (EUR)	0.663	0.683	0.704	0.724	0.746
H2 dividend per share (EURm)	0.663	0.683	0.703	0.724	0.746
Total dividend per share (EUR)	**1.326**	**1.366**	**1.407**	**1.449**	**1.492**
Dividend growth	3.1%	3.0%	3.0%	3.0%	3.0%
Pre-tax dividend yield	6.8%	6.4%	6.3%	6.5%	6.7%
Post-tax dividend yield	5.8%	5.5%	5.4%	5.5%	5.7%
Share price (EUR)	19.58	21.20	22.30	22.30	22.30

Source: Company (Historic), Enlight Research (Estimates)



Source: Company (Historic), Enlight Research (Estimates)
*H1/26 dividend EUR 0.704 proposed

Valuation

Sum-of-the-parts valuation lowered 3%

Given the operational differences between the segments, we use the sum-of-the-parts valuation model (SOTP). For Green Capacities, we use our renewable peer group EV/EBITDA multiple, while we use the integrated utilities peer group multiple for Reserve Capacities and Customer & Solutions. For Networks, we use the 2026 RAB value. Multiplying the average peer EV/EBITDA multiples by our estimated 2026 EBITDA (except for the Networks segment) implies an EV of EUR 4,773m (Customers & Solutions segment is valued at zero as we forecast a loss in 2026). By deducting the estimated 2026 Net debt of EUR 2,069m and minority interest of EUR 39m, we get an equity value of EUR 2,665m or EUR 36.82 per share. Finally, we apply a Baltic discount (most peers are Western European) to get our fair values. Our Base case applies a discount of 25%, resulting in a fair value per share of EUR 27.61 (prev. 28.40) while our Bear and Bull case indicate a Fair value per share of EUR 23.93 (prev. 24.61), and EUR 33.14 (prev. 34.08). The only difference between our Bear and Bull case is the Baltic discount assumption (35% in Bear, 10% in Bull).

SOTP valuation

Segment	2026E adj. EBITDA	EV/EBITDA multiple	EV (EURm)
Green Capacities	280	9.3	2,607
Networks*	1,907	1.0	1,907
Reserve Capacities	28	9.2	259
Customer & Solutions	-10	0.0	0
		Total EV	**4,773**
		2026E Net debt (EURm)	2,069
		Minority interest (EURm)	38.6
		Equity value (EURm)	**2,665**
		Number of shares (m)	72.4
		Value per share (EUR)	**36.82**

* Networks segment’s valuation equal to 2026 RAB
Source: Enlight Research

Fair value	Bear case	Base case	Bull case
Value per share (EUR)	36.8	36.8	36.8
Motivated discount	35%	25%	10%
Motivated fair value (EUR)	**23.93**	**27.61**	**33.14**
Current share price (EUR)	22.30	22.30	22.30
Potential upside	7%	24%	49%

Source: Enlight Research

Peer valuation

Based on the 2026E EV/EBITDA multiple, Ignitis Group is trading at a 32-33% discount to the Integrated utilities peer group (6.2x vs. 9.2x integrated average), and the renewables peer group (6.2x vs. 9.3x renewables average), despite offering a substantially higher estimated dividend yield (6.3% vs. 3.8% for integrated, and 3.0% for renewables). The 2026E discount is even higher vs. the Regulated peer group at 42% (6.2x vs. 10.7x regulated average) while also offering a higher yield (6.3% vs. 4.7% for regulated). We believe the valuation gaps are excessive, especially given our high confidence in Ignitis Group’s long-term dividend growth. Worth noting is that the EV/EBITDA multiples have converged following the changed environment from green generation focus to a more moderate green focus (two years ago, the Renewables peer group traded at a 49% premium to the integrated peer group).

Peer valuation

	Ticker	Ccy	Price (last)	Mcap (m) (last)	EV (m) (last)	EV/EBITDA 2025	EV/EBITDA 2026E	EV/EBITDA 2027E	EV/EBITDA 2028E	Div. yield 2025	Div. yield 2026E	Div. yield 2027E	Div. yield 2028E
Ignitis Group	IGN1L	EUR	22.30	1,614	3,683	6.3	6.2	6.0	6.0	6.4%	6.3%	6.5%	6.7%

Integrated

Company	Ticker	Ccy	Price (last)	Mcap (m) (last)	EV (m) (last)	EV/EBITDA 2025	EV/EBITDA 2026E	EV/EBITDA 2027E	EV/EBITDA 2028E	Div. yield 2025	Div. yield 2026E	Div. yield 2027E	Div. yield 2028E
EDP	EDP	EUR	4.55	18,462	35,292	6.3	6.9	6.9	6.7	5.2%	4.4%	4.6%	4.8%
Endesa	ELE	EUR	41.32	42,693	53,562	7.3	8.9	9.1	9.1	4.3%	4.0%	4.1%	4.3%
Enel	ENEL	EUR	9.90	98,607	163,038	6.4	6.9	6.9	6.8	5.5%	5.2%	5.5%	5.8%
Engie	ENGI	EUR	26.85	64,300	119,685	6.3	7.9	7.5	7.3	6.0%	5.3%	5.5%	5.8%
E.ON	EOAN	EUR	17.52	47,580	91,726	8.7	9.7	9.0	8.8	3.5%	3.2%	3.3%	3.4%
Iberdrola	IBE	EUR	20.20	133,374	191,451	10.4	11.6	11.1	10.7	3.7%	3.5%	3.7%	4.0%
RWE	RWE	EUR	58.76	39,873	53,573	8.5	9.0	7.9	7.8	2.7%	2.4%	2.6%	2.8%
SSE	SSE	GBX	2420.00	31,298	41,393	8.3	12.9	10.1	9.4	4.0%	2.7%	3.1%	3.3%
Average						**7.8**	**9.2**	**8.6**	**8.3**	**4.4%**	**3.8%**	**4.0%**	**4.3%**

Renewables

Company	Ticker	Ccy		Mcap (m) (last)	EV (m) (last)	EV/EBITDA 2025	EV/EBITDA 2026E	EV/EBITDA 2027E	EV/EBITDA 2028E	Div. yield 2025	Div. yield 2026E	Div. yield 2027E	Div. yield 2028E
EDP Renewables	EDPR	EUR	13.59	14,009	21,739	10.5	10.1	9.9	9.2	0.7%	1.3%	1.4%	1.7%
Orsted	ORSTED	DKK	139.20	186,203	219,338	8.1	7.3	7.3	5.8		2.5%	2.9%	3.1%
Hidroelectrica	H2O	RON	186.00	81,774	76,160	10.6	11.2	11.5	12.5	7.2%	6.0%	5.8%	5.5%
Acciona Ren	ANE	EUR	21.14	11,109	17,866	5.3	6.2	6.2	6.0	2.8%	2.8%	2.9%	2.8%
Audax Ren.	ADX	EUR	1.21	531	838	8.1	7.2	6.4	5.9	2.4%	2.6%	2.6%	2.6%
Polenergia	PEP	PLN	52.50	4,664	6,864	11.9	13.7	12.1	5.2				
Average						**9.1**	**9.3**	**8.9**	**7.4**	**3.3%**	**3.0%**	**3.1%**	**3.1%**

Regulated

Company	Ticker	Ccy		Mcap (m) (last)	EV (m) (last)	EV/EBITDA 2025	EV/EBITDA 2026E	EV/EBITDA 2027E	EV/EBITDA 2028E	Div. yield 2025	Div. yield 2026E	Div. yield 2027E	Div. yield 2028E
National grid	NG	GBX	1193.50	63,111	107,271	13.5	12.0	11.2	10.7	3.8%	4.2%	4.3%	4.4%
Redeia Corp.	RED	EUR	15.17	8,281	14,520	10.9	11.2	11.1	10.8	5.3%	5.3%	5.4%	5.5%
REN	RENE	EUR	3.54	2,322	4,898	9.0	8.8	8.6	8.3	5.0%	4.6%	4.7%	4.8%
Italgas	IG	EUR	8.60	8,947	19,832	10.8	9.3	8.7	8.3	4.5%	5.4%	5.9%	6.5%
Terna	TRN	EUR	9.76	19,865	35,181	11.3	12.0	11.8	11.6	4.4%	4.0%	4.1%	4.2%
Average						**11.1**	**10.7**	**10.3**	**9.9**	**4.6%**	**4.7%**	**4.9%**	**5.1%**

Source: MarketScreener (consensus), Enlight Research (Ignitis Group)
Based on peers' share prices on 14 August 2026

Estimate deviations

The most important reported line is the adjusted EBITDA, as this is the main indicator for the dividends and our SOTP model. This is also the line where the Company's guidance is provided. The Q2/26 Group adj. EBITDA of EUR 114.4m was 6.2% or EUR 7.5m below our forecast of EUR 121.9m. The Green Capacities and Networks Q2/26 adj. EBITDA were slightly better than expected beating our estimate by EUR 2.2m and EUR 1.6m, respectively. The Reserve Capacities and Customers & Solutions segments' adj. EBITDA were EUR 2.5m and EUR 4.3m below our estimates, respectively.

Forecast deviation table by Segment

Revenue by Segment (EURm)	Q2/26 Estimate	Q2/26 Outcome	Deviation EURm	%
Green Capacities	122.1	112.6	-9.5	-7.7%
Networks	164.7	170.7	6.0	3.6%
Reserve Capacities	60.2	34.6	-25.6	-42.5%
Customers and Solutions	239.0	281.0	42.0	17.6%
Revenue bef. Other segm./eliminations	**586.0**	**598.9**	**12.9**	**2.2%**
Other segments/eliminations	-40.9	-40.4	0.4	-1.1%
Revenue after Other segm./eliminations	**545.2**	**558.5**	**13.3**	**2.4%**

Revenue growth	Q2/26 Estimate	Q2/26 Outcome	Deviation EURm	%-pts
Green Capacities	5.9%	-2.3%	-8.2%p	-8.2
Networks	4.1%	7.8%	3.8%p	3.8
Reserve Capacities	-9.7%	-48.1%	-38.4%p	-38.4
Customers and Solutions	6.3%	25.0%	18.7%p	18.7
Revenue bef. Other segm./eliminations	3.7%	6.0%	2.3%p	2.3
Revenue after Other segm./eliminations	**3.8%**	**6.3%**	**2.5%p**	**2.5**

Adjusted EBITDA by Segment	Q2/26 Estimate	Q2/26 Outcome	Deviation EURm	%
Green Capacities	60.7	62.9	2.2	3.7%
Networks	65.0	66.6	1.6	2.4%
Reserve Capacities	5.2	2.7	-2.5	-48.3%
Customers and Solutions	-8.6	-12.9	-4.3	49.9%
Total adj. EBITDA bef. Other/eliminations	**122.3**	**119.3**	**-3.0**	**-2.4%**
Other segments/eliminations	-0.4	-4.9	-4.5	1300.0%
Total adjusted EBITDA after Other/eliminations	**121.9**	**114.4**	**-7.5**	**-6.2%**

Adjusted EBITDA margin by Segment*	Q2/26 Estimate	Q2/26 Outcome	Deviation EURm	%-pts
Green Capacities	49.7%	55.9%	6.2%p	6.2
Networks	39.5%	38.1%	-1.4%p	-1.4
Reserve Capacities	8.7%	14.4%	5.8%p	5.8
Customers and Solutions	-3.6%	-4.6%	-1.0%p	-1.0
Total adjusted EBITDA	**20.9%**	**20.4%**	**-0.5%p**	**-0.5**
Total adjusted EBITDA after Other/eliminations	**22.4%**	**21.0%**	**-1.4%p**	**-1.4**

Source: Company reports (historical), Enlight Research (estimates)
*Adjusted EBITDA divided by Adjusted Revenues (might differ from company reported Adjusted EBITDA margin calculated due to different calculation method used)

Estimate changes

Our Group adj. EBITDA estimate is roughly unchanged this year, as a lower Reserve Capacities estimate is offset by a higher Green Capacities estimate. Our 2027 and 2028 adj. EBITDA estimates are lowered by around 2-3% as the adj. EBITDA is lowered for both the Green Capacities and the Reserve Capacities segment.

Adj. EBITDA (EURm)

Green Capacities	2026E	2027E	2028E
Old estimate	271	305	314
New estimate	280	299	306
Change	9	-6	-8
Change (pct)	3.4%	-1.8%	-2.5%

Networks	2026E	2027E	2028E
Old estimate	293	298	303
New estimate	293	298	303
Change	0	0	0
Change (pct)	0.0%	0.0%	0.0%

Reserve Capacities	2026E	2027E	2028E
Old estimate	39	41	42
New estimate	28	32	33
Change	-11	-9	-9
Change (pct)	-27.7%	-21.5%	-21.7%

Customers & Solutions	2026E	2027E	2028E
Old estimate	-10	7	8
New estimate	-10	7	9
Change	0	0	1
Change (pct)	0.0%	0.0%	7.3%

Group Adjusted EBITDA	2026E	2027E	2028E
Old estimate	592	650	667
New estimate	590	636	650
Change	-2	-14	-16
Change (pct)	-0.3%	-2.1%	-2.5%

Adj. EBITDA Guidance	2026E		2028E
Adj. EBITDA high	600		680
Adj. EBITDA mid	575		640
Adj. EBITDA low	550		600
Forecast	590		650
Diff to high	-1.6%		-4.4%
Diff to mid	2.7%		1.6%
Diff to low	7.3%		8.4%

Source: Company (Guidance), Enlight Research (Estimates)

Forecast

Adjusted EBITDA by Segment	Q1/26	Q2/26	Q3/26E	Q4/26E	2025	2026E	2027E	2028E
Green Capacities	86	63	50	81	292	280	299	306
Networks	81	67	71	74	263	293	298	303
Reserve Capacities	15	3	6	5	38	28	32	33
Customers and Solutions	13	-13	-8	-2	-49	-10	7	9
Total adjusted EBITDA bef. Other/eliminations	195	119	119	158	544	591	637	651
Other segments/eliminations	-3	-5	3	5	2	-1	-1	-1
Total adjusted EBITDA after Other/eliminations	192	114	121	162	546	590	636	650

Adjusted EBITDA margin by Segment	Q1/26	Q2/26	Q3/26E	Q4/26E	2025	2026E	2027E	2028E
Green Capacities	57.3%	55.9%	48.4%	55.2%	56.7%	54.6%	55.1%	55.6%
Networks	30.8%	38.1%	40.4%	32.2%	33.7%	34.7%	34.9%	36.2%
Reserve Capacities	22.6%	14.4%	13.8%	4.8%	16.5%	12.5%	13.9%	14.4%
Customers and Solutions	2.5%	-4.6%	-2.9%	-0.7%	-4.0%	-0.7%	0.5%	0.6%
Total adjusted EBITDA	19.3%	20.4%	20.1%	18.4%	19.9%	19.4%	20.5%	20.8%
Total adjusted EBITDA after Other/eliminations	20.1%	21.0%	21.7%	20.3%	21.3%	20.6%	21.8%	22.1%

Income statement (EURm)	Q1/26	Q2/26	Q3/26E	Q4/26E	2025	2026E	2027E	2028E
Total Revenue & Other income	**939**	**559**	**556**	**773**	**2,498**	**2,827**	**2,905**	**2,937**
Purchase of electricity, gas for trade	-664	-330	-356	-516	-1,625	-1,866	-1,903	-1,909
Salaries and related expenses	-53	-52	-49	-61	-189	-215	-223	-226
Repair and maintenance expenses	-15	-18	-23	-29	-78	-85	-87	-88
Other expenses	-33	-31	-17	-19	-124	-99	-102	-88
Total expenses	*-764*	*-430*	*-445*	*-626*	*-2,016*	*-2,264*	*-2,315*	*-2,311*
EBITDA	**175**	**128**	**112**	**147**	**482**	**563**	**590**	**626**
Adj. EBITDA	**192**	**114**	**121**	**162**	**546**	**590**	**636**	**650**
Depreciation and amortization	-63	-64	-65	-65	-220	-257	-262	-275
Write-offs, revaluations PP&E, Intang.	-3	-1	-1	-1	-11	-5	-3	-3
EBIT	**110**	**63**	**46**	**82**	**251**	**301**	**326**	**349**
Financial net	*-20*	*-17*	*-16*	*-16*	*-61*	*-69*	*-62*	*-57*
Pre-tax profit	**89**	**46**	**31**	**66**	**190**	**232**	**264**	**292**
Current year income tax (expenses)/benefit	-16	-6	-3	-7	-26	-32	-35	-38
Net profit (loss)	**73**	**40**	**27**	**60**	**164**	**200**	**229**	**254**

Revenue growth (IFRS reported)	Q1/26	Q2/26	Q3/26E	Q4/26E	2025	2026E	2027E	2028E
Group Revenue growth (y/y)	21.5%	6.3%	11.1%	10.6%	8.3%	13.2%	2.8%	1.1%

Margins	Q1/26	Q2/26	Q3/26E	Q4/26E	2025	2026E	2027E	2028E
EBITDA	18.7%	22.9%	20.1%	19.1%	19.3%	19.9%	20.3%	21.3%
EBIT	11.7%	11.3%	8.3%	10.6%	10.1%	10.7%	11.2%	11.9%
Pre-tax profit	9.5%	8.2%	5.5%	8.6%	7.6%	8.2%	9.1%	9.9%
Net profit	7.8%	7.2%	4.9%	7.7%	6.6%	7.1%	7.9%	8.6%

Source: Company reports (historical), Enlight Research (estimates)

Risk factors

Below is a list of risk factors that we have chosen to highlight. It should not be regarded as an extensive list of all risk factors. For more risk factors, we recommend reading the Ignitis Group IPO prospectus, and annual/interim reports.

Regulatory risk

Tariffs for electricity and gas distribution, which form one of Ignitis Group's core business areas, are set by the Lithuanian regulator, NERC, based on regulated assets and a reasonable rate of return (WACC). The regulated asset base (RAB) depends on approved investments, while the allowed rate of return (WACC) depends on the approved calculation method. Both values are reconsidered on an annual basis.

Financing risk

To execute expansion plans, the Company is using external financing sources such as bonds and bank loans. Changes in the financing environment (base interest rate or finance rating) could negatively impact the Company's financial performance.

Operational risk

Ignitis Group is operating complex energy generation and distribution assets that can be affected by various external forces (e.g., weather conditions). Disturbed assets could result in unplanned downtime or additional expenses.

Commodities price risk

The Green Capacities, Reserve Capacities, and Customers & Solutions segments are exposed to the electricity market price volatility. In addition, the Reserve Capacities and Customers & Solutions segments are exposed to the natural gas market price volatility. Changes in electricity and natural gas market prices can significantly impact the financial performance of the mentioned business segments.

Dividend risk

If, for whatever reason (large investments, weak financial performance, regulatory changes), the dividend growth is below our forecast, the forecast dividend yield will most likely change compared to our forecast.

Political risk

The Lithuanian Ministry of Finance is Ignitis Group's main shareholder (~75%). Changes in Lithuania's long-term energy strategy can potentially influence Ignitis Group's short-term and long-term financials.

Income Statement	2024	2025	2026e	2027e	2028e
Total revenues	2,307	2,498	2,821	2,905	2,937
Total operating costs	-1,774	-2,016	-2,258	-2,315	-2,311
EBITDA	**533**	**482**	**563**	**590**	**626**
Depreciation	-178	-220	-257	-262	-275
Amortizations	0	0	0	0	0
Impairment charges	-4	-11	-5	-3	-3
EBIT	**350**	**251**	**301**	**326**	**349**
Associated companies'	0	0	0	0	0
Net financial items	-42	-61	-69	-62	-57
Exchange rate differences	0	0	0	0	0
Pre-tax profit (PTP)	**308**	**190**	**232**	**264**	**292**
Net earnings	**276**	**164**	**200**	**229**	**254**

Balance Sheet	2024	2025	2026e	2027e	2028e
Assets (EURm)					
Cash and cash equivalent	235	296	335	345	352
Receivables	294	272	282	290	294
Inventories	248	240	271	279	282
Other current assets	178	190	190	190	190
Total current assets	**954**	**999**	**1,078**	**1,104**	**1,118**
Tangible assets	4,027	4,699	4,943	5,181	5,396
Goodwill & Other Intangibles	306	293	288	286	283
Long-term investments	7	4	4	4	4
Associated Companies	0	0	0	0	0
Other non-current assets	380	235	190	192	193
Total fixed assets	**4,720**	**5,231**	**5,425**	**5,663**	**5,877**
Deferred tax assets	32	49	49	49	49
Total assets	**5,706**	**6,279**	**6,552**	**6,817**	**7,044**
Liabilities					
Non-ib current liabilities	246	221	197	203	206
Short-term debt	67	223	243	257	265
Other current liabilities	396	465	465	465	465
Total current liabilities	**709**	**908**	**906**	**925**	**936**
Long-term IB debt	1,712	1,888	2,063	2,180	2,248
Convertibles & Lease liabilities	68	98	98	98	98
Other long-term liabilities	596	639	639	639	639
Total long-term	**2,375**	**2,625**	**2,800**	**2,917**	**2,986**
Total (liabilities)	**3,269**	**3,784**	**3,956**	**4,093**	**4,172**
Deferred tax liabilities	85	90	90	90	90
Provisions	101	160	160	160	160
Shareholders' equity	2,437	2,495	2,596	2,724	2,873
Minority interest (BS)	0	0	0	0	0
Total shareholders equity	2,437	2,495	2,596	2,724	2,873
Total equity & liabilities	**5,706**	**6,279**	**6,552**	**6,817**	**7,044**

DCF valuation		Cash flow (EURm)	
WACC (%)	6.18%	NPV FCF (2026-2028)	67
		NPV FCF (2029-2035)	580
Assumptions 2022-2028 (%)		NPV FCF (2036+)	3,364
CAGR Sales growth	-6.5%	Non-operating assets	392
Average EBIT margin	11.7%	Interest-bearing debt	-2,403
		Fair value estimate	1,999
		Fair value per share (EUR)	27.62
		Share price (EUR)	22.30

Free Cash Flow	2024	2025	2026e	2027e	2028e
Operating profit	276	164	301	326	349
Depreciation	178	220	261	264	277
Change in wc	105	90	-64	-11	-4
Other oper. CF items	102	142	-41	-43	-46
Operating CF	**661**	**615**	**457**	**537**	**576**
CF from Investments	-654	-711	-600	-500	-490
Other CF items	22	158	120	0	0
Free Cash Flow	**-194**	**-192**	**-23**	**37**	**86**

Capital structure	2024	2025	2026e	2027e	2028e
Equity ratio	43%	40%	40%	40%	41%
Debt/Equity	76%	89%	93%	93%	91%
Capital invested (EURm)	4,284	4,703	5,000	5,258	5,484

Profitability	2024	2025	2026e	2027e	2028e
ROE %	11.8%	6.6%	7.9%	8.6%	9.1%
EBITDA %	23.1%	19.3%	19.9%	20.3%	21.3%
EBIT %	15.2%	10.1%	10.7%	11.2%	11.9%
Net Margin	12.0%	6.6%	7.1%	7.9%	8.6%

Valuation (x)	2024	2025	2026e	2027e	2028e
P/E	5.1	9.4	8.1	7.0	6.4
P/E adjusted	5.1	9.4	8.1	7.0	6.4
P/Sales	0.6	0.6	0.6	0.6	0.5
EV/Sales	1.3	1.4	1.3	1.3	1.3
EV/EBITDA*	5.7	6.3	6.2	6.0	6.0
EV/EBIT*	8.8	10.9	11.1	10.3	10.3
P/BV	0.6	0.6	0.6	0.6	0.6

*Calculated using adj. EBITDA and adj. EBIT figures

Per share measures	2024	2025	2026e	2027e	2028e
EPS	3.82	2.26	2.77	3.17	3.51
EPS adjusted	3.82	2.26	2.77	3.17	3.51
CEPS	9.13	8.50	6.32	7.42	7.96
EBITDA/share	7.36	6.66	7.77	8.15	8.65
Capital empl./share	59.2	65.0	69.1	72.6	75.8
Div. per share	1.33	1.37	1.41	1.45	1.49
Payout ratio	35%	60%	51%	46%	43%
Dividend yield (%)	6.8%	6.4%	6.3%	6.5%	6.7%

Shareholders	
Ministry of Finance	74.99%
Institutional investors	13.43%
Retail invetors	11.58%

Key people	
Chair, CEO	Darius Maikštėnas
Member, CFO	Jonas Rimavičius
Member, Chief Organisational Development Officer	Dr. Živilė Skibarkien
Member, Chief Commercial Officer	Vytenis Koryzna
Member, Head of Group Regulated Activities	Mantas Mikalajūnas

P/E $\frac{\text{Price per share}}{\text{Earnings per share}}$	**EPS** $\frac{\text{Profit before extraordinary items and taxes – income taxes + minority interest}}{\text{Number of shares}}$
P/Sales $\frac{\text{Market cap}}{\text{Sales}}$	**DPS** Dividend for financial period per share
P/BV $\frac{\text{Price per share}}{\text{Shareholders' equity + taxed provisions per share}}$	**CEPS** $\frac{\text{Gross cash flow from operations}}{\text{Number of shares}}$
P/CF $\frac{\text{Price per share}}{\text{Operating cash flow per share}}$	**EV/Share** $\frac{\text{Enterprise value}}{\text{Number of shares}}$
EV (Enterprise value) Market cap + Net debt + Minority interest at market value – share of associated companies at market value	**Sales/Share** $\frac{\text{Sales}}{\text{Number of shares}}$
Net debt Interest-bearing debt – financial assets	**EBITDA/Share** $\frac{\text{Earnings before interest, tax, depreciation and amortization}}{\text{Number of shares}}$
EV/Sales $\frac{\text{Enterprise value}}{\text{Sales}}$	**EBIT/Share** $\frac{\text{Operating profit}}{\text{Number of shares}}$
EV/EBITDA $\frac{\text{Enterprise value}}{\text{Earnings before interest, tax, depreciation and amortization}}$	**EAFI/Share** $\frac{\text{Pre-tax profit}}{\text{Number of shares}}$
EV/EBIT $\frac{\text{Enterprise value}}{\text{Operating profit}}$	**Capital employed/Share** $\frac{\text{Total assets – non-interest-bearing debt}}{\text{Number of shares}}$
Div yield, % $\frac{\text{Dividend per share}}{\text{Price per share}}$	**Total assets** Balance sheet total
Payout ratio, % $\frac{\text{Total dividends}}{\text{Earnings before extraordinary items and taxes – income taxes + minority interest}}$	**Interest coverage (x)** $\frac{\text{Operating profit}}{\text{Financial items}}$
Net cash/Share $\frac{\text{Financial assets – interest-bearing debt}}{\text{Number of shares}}$	**Asset turnover (x)** $\frac{\text{Turnover}}{\text{Balance sheet total (average)}}$
ROA, % $\frac{\text{Operating profit + financial income + extraordinary items}}{\text{Balance sheet total – interest-free short-term debt – long-term advances received and accounts payable (average)}}$	**Debt/Equity, %** $\frac{\text{Interest-bearing debt}}{\text{Shareholders' equity + minority interest + taxed provisions}}$
ROCE, % $\frac{\text{Profit before extraordinary items + interest expenses + other financial costs}}{\text{Balance sheet total – non-interest-bearing debt (average)}}$	**Equity ratio, %** $\frac{\text{Shareholders' equity + minority interest + taxed provisions}}{\text{Total assets – interest-free loans}}$
ROE, % $\frac{\text{Profit before extraordinary items – income taxes}}{\text{Shareholders' equity + minority interest + taxed provisions (average)}}$	**CAGR, %** Cumulative annual growth rate = Average growth rate per year

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Enlight Research OÜ’s main valuation methods are discounted cash flow valuation and peer valuation with common multiples such as Price to Earnings, Enterprise Value to EBITDA, dividend yield, etc. The aforementioned methods are used to estimate a company’s fair value according to the following three scenarios: Bull (positive), Base (main scenario), and Bear (negative).

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ResearchTeam@enlightresearch.net

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Contact information

ResearchTeam@EnlightResearch.net