



# Long-term Incentive Plan Targets for 2024

Performance objectives Based on the strategic plan for 2021–2024 of the Ignitis group



# Performance objectives for 2021-2024 LTIP

Strategic Priority		Weight	Objective	
			Entry (70%)	Target (100%)
	<b>Performance</b> TSR TSR of Ignitis Group vs. average TSR of EURO STOXX® Utilities Index <sup>1</sup>	40%	≥70% <sup>2</sup>	≥100 <sup>2</sup>
	<b>Returns</b> Average adjusted ROCE <sup>3</sup> over the four years 2021–2024	20%	5.8% <sup>2</sup>	6.8% <sup>2</sup>
	<b>Growing renewables</b> Green generation installed capacity, GW	20%	-	1.8
	<b>Increasing efficiency in Networks</b> Increasing efficiency in regulated-monopolistic activities: <ul style="list-style-type: none"> <li>Electricity SAIFI<sup>4</sup> in 2024 ≤1.09 times</li> <li>Reduction of electricity network losses at least by 5% (in 2024 vs. 2020), proportionally to the distribution volumes<sup>5</sup></li> </ul>	10%	At least one of two indicators achieved	Both indicators achieved
<b>ESG-principles-driven</b>	<b>Sustainability indices</b> MSCI ESG & Sustainalytics ESG risk indices	10%	At least one of two indices improved <sup>6</sup>	Both indices improved <sup>6</sup>

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 <sup>(1)</sup> 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. 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.

# Required conditions for 2021-2024 LTIP

1. Percentage growth of Adjusted EBITDA in Green Generation segment is at least **10 times higher** compared to regulated-monopolistic activities<sup>1</sup> 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)), **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%), **AND**
3. Green Generation Adjusted EBITDA in 2024 **has at least doubled** compared to 2020 (i.e., Green Generation Adjusted EBITDA ≥ EUR 101.4m in 2024)

OR

1. Regulated-monopolistic activities account for less than **50%** of the Group's Adjusted EBITDA in 2024