Transcript.

Investor presentation: 3M 2026 results and Strategic Plan 2026–2029

13 May 2026, 1 pm Vilnius / 11 am London

Earnings call transcript

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Disclaimer

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

Corporate participants

Darius Maikštėnas, Chair of the Management Board, CEO
Jonas Rimavičius, Member of the Management Board, CFO
Ainė Riffel-Grinkevičienė, Chief of Staff to CFO and Head of Investor Relations

Presentation

Ainė Riffel-Grinkevičienė, Chief of Staff to CFO and Head of Investor Relations

[Slide No 1]

Dear participants, welcome to the presentation of Ignitis Group's results for the first three months of 2026 and our strategic plan for the period from 2026 to 2029. Thank you for joining us today. During today's call, Ignitis Group's CEO and CFO will first present the Group's Q1 performance, followed by the review of the Group's four-year strategic plan. This will be followed by a Q&A session.

Before we begin, I would like to remind you that today's presentation contains forward-looking statements that are subject to risks and uncertainties. These statements are based on the management's current beliefs, expectations and assumptions, and actual results may differ materially from those expressed or implied.

I now hand over to Darius to present the strategic highlights.

Darius Maikštėnas, Chair of the Management Board, CEO

[Slide No 5]

Good afternoon, everyone and thank you for joining our earnings call. Over the first quarter of 2026, we delivered a solid performance, with key highlights as follows: First, our Adjusted EBITDA reached EUR 192 million, representing a 2% YoY increase. Second, we continued disciplined Green Capacities Portfolio delivery with 2.1 GW of Installed Capacity and 0.6 GW of assets Under Construction. Third, we successfully completed our debut asset rotation transaction. We have disposed a 49% stake in Vilnius CHP. 100% of asset's equity was valued at EUR 244 million and, accordingly, 49% at EUR 120 million. It represents 4.6-times multiple over our equity invested. And lastly, in line with our Dividend Policy, for H2 2025, we paid a dividend of 68.3 euro cents per share, representing a 3% YoY increase.
Now, let me take you through the remainder of strategic progress over the reporting period.

[Slide No 6]

First, the progress of our Green Capacities Portfolio development: Currently, we have 5 projects Under Construction, with a total capacity of 0.6 GW and Investments of EUR 0.4 billion. The Portfolio includes one solar farm in Latvia and 4 projects in Lithuania.
To start with 174 MW Tume solar farm in Latvia, we have already invested over EUR 83 million out of total EUR 106 million. The project is progressing on track, with 115 MW of solar panels already installed. Once completed, the project will be capable of supplying green electricity to up to 85 thousand households annually.
Next, 110 MW Kruonis PSHP expansion project: We have already invested EUR 100 million out of total EUR 150 million. The project is currently 70% completed. A critical milestone was recently reached with the delivery of unit’s runner from Austria – a hand-crafted component, specifically optimised for the plant’s infrastructure to ensure maximum efficiency. Following the arrival of a transformer in January, all key components are now being integrated into the existing system. The project will increase the plant’s total capacity to 1 GW and significantly enhance the flexibility and reliability of the Baltic energy grid.
Now, our three BESS projects Under Construction – Kelmė, Kruonis and Mažeikiai, starting with 147 MW Kelmė BESS. We have already invested more than EUR 17 million out of a total EUR 63 million, supported by a EUR 7.5 million CAPEX subsidy for the project. The first batch of battery components has been delivered. The project is co-located with 314 MW Kelmė wind farm, allowing it to benefit from shared high-voltage infrastructure. Next, 99 MW Kruonis BESS, we have already invested more than EUR 10 million out of total more than EUR 46 million, supported by a EUR 5 million CAPEX subsidy. Construction works are on track for this stand-alone project. It will unlock up to 1.1 GW of flexibility through operational synergies with Kruonis PSHP. Finally, 45 MW Mažeikiai BESS, we have already invested more than EUR 5 million out of total more than EUR 20 million, following a EUR 2 million CAPEX subsidy for the project. The first batch of battery components has been delivered. The project is co-located with 63 MW Mažeikiai wind farm, allowing it to benefit from shared high-voltage infrastructure. As of now, all projects are being implemented on time and within budget.

[Slide No 7]

Next, our sustainability performance, over 3M 2026 our Green Share of Generation (net) increased by 14 pp to 75%, firstly, due to lower generation at Elektrėnai Complex, which increased in Q1 2025 in relation to the balancing capacity services provided, as well as the increase in green electricity generated by solar farms, primarily new assets launched, including Varme and Stelpe projects, which were not yet operating in Q1 2025.
Looking at carbon intensity, our Scope 1 & 2 decreased by 13% as a result of lower electricity generation from natural gas at Elektrėnai Complex.
Next, our greenhouse gas emissions, it amounted to 1.8 million t CO_2-eq, representing a 26% YoY increase. This increase was driven by a 40% increase in Scope 3 emissions, largely due to higher wholesale natural gas sales and electricity sales in Poland, where a higher emission factor applies. This increase was partly offset by a decrease in the emission factor in Lithuania.
Lastly, on our safety, ensuring the health and safety of our employees and contractors is one of the most fundamental priorities of the Group. However, in February 2026 a contractor employee was fatally injured during work. We are committed to take every possible measure to prevent such tragedies in the future. Our employee TRIR has improved and amounted to 0 as no incidents occurred during the reporting period, while contractor’s TRIR increased to 1.

[Slide No 8]

The updated Majority Shareholder's Letter of Expectations is another important strategic update. The updated expectations, received on 9 March 2026, express the expectation of continuity in our strategic directions while simultaneously setting new priorities for our future growth. We shall ensure continuity for: sustainable development and maintenance of Green Capacities and Networks, energy resilience and security, offshore wind projects in Lithuania, asset rotation program, good governance practices, positive customer experience and net-zero emissions by 2050.

To ensure financial discipline, the Majority Shareholder expects Net Debt/Adjusted EBITDA below 5 times and at least BBB credit rating.

Also, our Adjusted ROCE shall exceed 6.5% and we shall increase annual dividends by at least 3%.

The Majority Shareholder also sets out new priorities, including: expectations on pursuing new business models to increase energy demand and to attract businesses with high energy demand to Lithuania, giving priority to data centres. Additionally, it expects us to analyse and assess the possibilities for the development of Green Capacities while taking into account the ratio of electricity supply and demand, their potential in the market as well as invest in their development, provided that the required return is ensured. This means that, after developing projects until they receive a construction permit or are in a stage close to it, further significant investments may be made only if the projects meet the required return on investment.

Furthermore, it includes a requirement to prepare possible further scenarios for the development of the Curonian Nord offshore wind farm with proposed alternative solutions, ensuring that the project will be economically viable.

Finally, the Letter of Expectations includes an expectation to increase efficiency in our existing operational activities.

With the strategic overview concluded, I will now pass it over to Jonas for the financial update.

Jonas Rimavičius, Member of the Management Board, CFO

[Slide No 9]

Thank you, Darius. Now, let us look at the financial highlights of the first quarter of 2026. Adjusted EBITDA grew by 2% YoY and reached EUR 192 million, driven by stronger performance in Networks and Customers & Solutions. Adjusted Net Profit decreased by 20% and amounted to EUR 87 million, mainly due to higher depreciation and amortisation and lower financial activity results, which offset the Adjusted EBITDA growth. Our Investments grew by 7% YoY and amounted to EUR 157 million, with 71% allocated to the Networks and 25% directed to Green Capacities. ROCE decreased to 7.1%, mainly due to the lower Adjusted EBITDA in Green Capacities. Our Net Debt decreased to EUR 1.9 billion, driven by the completed transaction for the sale of 49% in Vilnius CHP, which was partly offset by higher working capital needs. As a result, Net Debt/Adjusted EBITDA improved to 3.4 times and FFO/Net Debt improved to 21.5%. Finally, in line with our Dividend Policy, for H2 2025 we paid a dividend of 68.3 euro cents per share, which is 3% higher than last year.

[Slide No 10]

Next, let us review each of our key performance indicators, starting with Adjusted EBITDA: first, Green Capacities' decreased by 21% to EUR 86 million, mainly driven by lower captured prices; secondly, Networks' grew by 9% and amounted to EUR 81 million, mainly due to higher RAB as a result of continued Investments into our electricity network; thirdly, Reserve Capacities' decreased by 13% to EUR 15 million, mainly due to the lower result of balancing capacity services; and finally, our Customers & Solutions' EBITDA grew to EUR 13.1 million. This growth was mainly supported by higher volumes sold and profitable natural gas wholesale transactions.

[Slide No 11]

Moving on, let us take a deeper look at segment-level EBITDA performance, beginning with Green Capacities. The main drivers behind 21% YoY decrease were: firstly, lower price captured by our green generation assets; and secondly, due to a very cold winter, we have had very low wind speeds in Q1 2026, which meant that, even though we launched new assets, the volumes remained similar YoY; and thirdly, higher OPEX due to our newly operational assets, which, under normal conditions, would be more than offset by new revenues. However, due to the already mentioned poor wind conditions, that did not happen. However, the decrease was partially offset by better result in balancing capacity services.

[Slide No 12]

Now, the Networks segment, 9% growth in Networks' EBITDA was mainly supported by a higher RAB, which increased by 6%, from EUR 1.8 billion to EUR 1.9 billion, driven by continued Investments into electricity network. WACC remained stable YoY at 5.74%.

[Slide No 13]

Next, Reserve Capacities segment. The segment posted 13% YoY decrease, which was mainly driven by lower results of balancing capacity services and a planned major overhaul of unit 7 at Elektrėnai Complex.

[Slide No 14]

And, finally, Customers & Solutions' Adjusted EBITDA grew to EUR 13 million, driven by both better electricity and better natural gas supply results. These better results were impacted by higher volumes, improved margins and profitable gas wholesale transactions. That being said, electricity B2C business remained loss making, mainly due to prosumers.

[Slide No 15]

Now that we have covered the business segment EBITDA drivers, let us move on to our investment activities. In Q1 of this year, our Investments amounted to EUR 157 million and were 7% higher than last year. The reason behind the growth was higher Networks investments, driven by the expansion of the electricity distribution network, mainly due to several large B2B customers connected. However, the increase in Investments was offset by lower Investments in the Green Capacities segment, due to 6 projects reaching COD in 2025.

[Slide No 16]

Next, a brief look at Free Cash Flow. FCF amounted to negative EUR 74 million in Q1 as increase in Investments and negative change in Net Working Capital outweighed the growth of Adjusted EBITDA.

[Slide No 17]

Moving on to our leverage metrics, Net Debt decreased by EUR 19 million and amounted to EUR 1.9 billion at the end of Q1 2026. This decrease was driven by the completed transaction of the sale of a 49% stake in Vilnius CHP, which was partly offset by higher Net Working Capital needs. Supported by an increase in FFO, our main credit rating metric, FFO/Net Debt, improved to 21.5%. And our Net Debt/Adjusted EBITDA decreased to 3.4 times.

[Slide No 19]

Finally, our guidance for this year, following our Q1 performance, which was in line with our expectations, we reiterate our full-year 2026 Adjusted EBITDA guidance of EUR 550–600 million and Investments guidance of EUR 590–690 million. However, we made a change in the directional guidance for Green Capacities business segments' Adjusted EBITDA. We now expect its result to be lower compared to the actual 2025 result, while previously we expected it to remain stable. This reflects lower-than-expected generation volumes in Q1, mainly due to worse wind conditions.

With that, I will hand over to Darius to continue with the presentation.

Darius Maikštėnas, Chair of the Management Board, CEO

[Slide No 20]

Thank you, Jonas. Let me summarise Ignitis Group's performance over Q1 2026. Over Q1 2026, we delivered a solid performance, with key highlights as follows:
First, our Adjusted EBITDA reached EUR 192.2 million, representing a 2% YoY increase.
Second, we continued disciplined Green Capacities Portfolio delivery with 2.1 GW of Installed Capacity and 0.6 GW of assets Under Construction.
Third, we successfully completed our debut asset rotation transaction. We have disposed a 49% stake in Vilnius CHP. 100% of asset's equity was valued at EUR 244 million and, accordingly, 49% at EUR 120 million. It represents a 4.6 multiple over our equity invested.
Fourth, in line with our Dividend Policy, for H2 2025 we paid a dividend of 68.3 euro cents per share, representing a 3% increase.
And lastly, we reiterate our full-year guidance for 2026. We expect Adjusted EBITDA to be in the range of EUR 550–600 million and Investments EUR 590–690 million.

[Slide No 22]

Now, let us move on to the presentation of our Strategic Plan for 2026–2029 period. The Group is now entering a new stage of energy transition. We are shifting from rapid capacity build out to a value-over-volume approach, with a strong focus on green flexibility and electricity networks over the 2026–2029 period, while keeping energy security as our top priority.

[Slide No 24]

We position Ignitis Group as a leading integrated energy group in the Baltics, benefiting from the largest network, energy storage capacity and our customer portfolio in the Baltics. Our purpose is to create a 100% secure and green energy ecosystem. And in relation to that, we lead the regional energy transition to strengthen competitiveness and support economic growth.

[Slide No 25]

By utilising our integrated business model, we are maximising our full potential. This is our backbone for strategy execution. It means that:

First, we focus on developing and operating green generation and green flexibility assets, reaching 2.8–3.2 GW of Installed Capacity by 2029.
Second, we are building a resilient and efficient distribution network that enables electrification.
Third, we focus on value-driven growth through outstanding customer experience.
And finally, Reserve Capacities is positioned to operate as a system reserve with a strategic focus on contributing to the security of the energy system.

[Slide No 26]

We have outlined our four strategic priorities that shape how we will advance our strategy:
First – secure – which puts priority on ensuring reliable local energy supply, resilient networks, sufficient system flexibility and reserves to safeguard energy security and support economic growth.
Second – green – as we continue to develop green generation and flexibility capacities in line with market demand and system needs to deliver disciplined and value creating decarbonisation.
Third – integrated – meaning we are capturing synergies through an integrated business model supported by our strong position in the Baltics.
Fourth – value-driven – by applying a value-over-volume approach, we deliver sustainable long-term value for customers, society, and investors.

[Slide No 27]

Next, let me briefly outline the current European energy transition trends and the need for more electricity, more flexibility and more investments into networks, which drives our strategy. The electricity demand is expected to nearly double by 2050, driven by the electrification of transport sector as well as increasing residential and industrial use of heat-pumps. We also expect BESS capacity to increase more than 7 times by 2050. And finally, grids are seen yet another key element to enable the EU's energy transition, which is leading to a growing demand for investments into distribution networks. Investments are needed to reinforce cross-border transmission and to increase capacity for the rising electrification needs. Each year the urgency to address the aging infrastructure is growing as, by now, 30–40% of distribution grids are more than 40 years old.
Let us now deep dive into strategic priorities of each of our business segments.
Jonas, passing the word to you to cover our Green Capacities business segment.

Jonas Rimavičius, Member of the Management Board, CFO

[Slide No 29]

Thank you, Darius.

Under the Green Capacities segment, our strategic priority is to reach 2.8–3.2 GW of Installed Capacity by 2029, with a focus on value-over-volume approach.

[Slide No 30]

As an introduction, our current Green Capacities Portfolio of Installed and Under Construction projects stands at 2.7 GW and contains a mix of generation and flexibility technologies. Green generation makes up 52% of the total, with onshore wind as a dominant technology. Worth to note that, among green generation portfolio, we have 0.2 GW of green baseload assets with additional flexibility, namely, hydro, biomass and waste-to-energy power plants. The other half of the portfolio, or 48%, are our green flexibility assets: Kruonis PSHP and 3 BESS projects Under Construction.

[Slide No 31]

We continue to focus on technologies that create the most value in our region. In terms of green generation technologies, we focus on onshore and offshore wind. In terms of green flexibility technologies, we focus on hydro pumped-storage and BESS. The other technologies, such as solar, hydro, biomass and waste-to-energy, we consider them complimentary, with limited growth expected.

[Slide No 32]

Now, in terms of our Green Capacities' targets and progress towards it, over the past three years, we executed a strong strategic expansion of our Installed Capacities, from 1.2 GW in 2022 to 2.1 GW in 2025. Now, for 2029 we target to reach 2.8–3.2 GW. Out of these 2.8–3.2 GW target for 2029, 2.7 GW are already covered with operational and Under Construction projects.
Over the long term, we aim to deliver a disciplined, value creating decarbonisation while ensuring energy system security. Our strategic goal is to deliver 4–5 GW of Green Capacities, prioritising value-over-volume and aligning with the market demand and system needs.

[Slide No 33]

To achieve these targets, we plan to allocate EUR 1.0–1.2 billion of Investments. Out of that, 38% will be directed to assets which we plan to launch during this strategic period. Around 53% will be invested into assets which we expect to launch post 2029. And 9% will be dedicated to asset maintenance investments.

[Slide No 34]

Now, moving on to one of our key current expansion projects, the asset which we already have in our portfolio is Kruonis PSHP with a 900 MW green flexibility capacity already installed, which is one of the largest energy storage facilities in Europe. We are currently expanding it further by building an additional 5th unit of 110 MW of very flexible capacity, which is expected to be launched in 2026. After the expansion, this 1 GW plant will be able to run at full load for around 10 hours straight and provide a massive 10 GWh of storage capacity.

[Slide No 35]

Next, our 3 other green flexibility projects Under Construction, BESS projects in Kruonis, Kelmė, and Mažeikiai. All three are located next to our operating assets. The total capacity of these projects will reach 0.3 GW and 0.6 GWh. All three projects have secured CAPEX subsidies and all three are progressing as planned and are expected to reach COD in 2027.
With this, I will pass the word to Darius to cover the remaining business segments.

Darius Maikštėnas, Chair of the Management Board, CEO

[Slide No 37]

Thanks, Jonas. Let me move now on to the Networks segment. In the Networks segment, we own and operate the largest distribution grid in the Baltics with 133 thousand kilometres of electricity and 10 thousand kilometres of natural gas network lines, both covering the entirety of Lithuania.

[Slide No 38]

In this segment, we operate as a natural monopoly, following a market-standard regulatory framework. Given the significant investments into the grid, we expect the RAB to grow from EUR 1.8 billion in 2025 to EUR 2.4 billion by 2029, representing a CAGR of up to around 7%.

[Slide No 39]

As just mentioned, our Networks segment operates under a traditional RABxWACC regulatory model, supported by additional mechanisms that enable us to carry out a significant investment programme. The regulator allows recovery of efficient operating costs, where pass-through costs grow with inflation minus an efficiency factor, along with depreciation of the asset base and a fair return on that RAB using the approved WACC. On top of that, there is an additional tariff component to support a significant investment programme, plus temporary regulatory adjustments that correct timing differences. Together, these elements determine our allowed revenue. Adjusted EBITDA reflects that allowed revenue basis – the underlying regulatory earnings of the business. Reported EBITDA then incorporates accounting timing effects, including true-ups between allowed revenue and actual revenue from previous years.

[Slide No 40]

Our focus in Networks Investments is on maintenance and expansion. 46% of the total EUR 1.4–1.6 billion allocated will be invested towards increasing network resilience, rebuilding the aging network, automation, and digitalisation. 50% will be invested towards expansion to enable electrification – building new connection points and upgrading existing ones as well as integrating prosumers.

[Slide No 41]

Overall, we see the grids as one of the key elements of the energy transition, and therefore our core focus is on electricity network and customers. First, we invest to ensure efficient and resilient electricity distribution with planned electricity SAIFI reduction by at least 10%. Second, we are expanding electricity networks capacity. This will further enable green electrification and facilitation of the energy market, including transport, industrial and heating electrification and energy efficiency. And the third priority is to enhance end-to-end customer experience, including energy market participants.

[Slide No 43]

Next, Reserve Capacities business segment, its key role is contributing to the security of the energy system, mainly by participating in the market for provision of balancing capacity services. In total, generation portfolio in this segment concludes 1.1 GW, primarily providing ancillary services with a load factor of 13% and high availability of 98%. On top of that, we will further utilise additional optionality to generate electricity in the market during low renewables generation/positive clean spark spread periods. We will also participate in market tenders/capacity auctions for provision of ancillary services to other countries, like Poland.
In 2026–2029, lower generation from the CCGT unit compared to 2025 is expected, driven by a lower expected need for balancing services. We aim to contribute to the security of the energy system, therefore, we are actively monitoring market conditions for new capacities.

[Slide No 45]

Now, in the Customers & Solutions business segment, we aim for value-driven growth through outstanding customer experience. First, we focus on value-driven portfolio growth that also enables integrated green electricity offtake. Second, we continue building a leading EV charging platform in the Baltics, enabling the electrification of transport across the Baltics. And finally, we deliver an outstanding customer experience through reliable, smart energy solutions, ensuring our continued leadership in this area.

[Slide No 47]

As we now ended with our core business segments, data centres is a new opportunity of growth for Ignitis Group as we aim to utilise new market opportunities. As data centre capacity and electricity demand grows, congestion in the main European markets intensifies, putting pressure on already constrained transmission networks. This opens opportunity for our region as Lithuania is well-positioned to take advantage of it, given available near-term grid capacity for large-scale consumers; high and further increasing renewables penetration; cool climate, large land plots and skilled workforce.

[Slide No 48]

As Ignitis Group, we plan to utilise our strategic asset locations, development capabilities and power supply in order to attract partners for data centre development projects, leading to an increased power demand and enabling further green capacity build-out.
With that, again, I give the floor to Jonas to cover our financial targets.

Jonas Rimavičius, Member of the Management Board, CFO

[Slide No 50]

Thank you, Darius. Over the next four years, we plan to invest EUR 2.5–3.0 billion. 55% of our Investments, or EUR 1.4–1.6 billion, will be directed to Networks. This will increase our networks resilience and enable the electrification of other sectors, at the same time increasing our RAB by around 33% by 2029.
Another significant part of our Investments will be dedicated to the Green Capacities segment. There we will invest 40% of the total program, or EUR 1.0–1.2 billion, resulting in a 40% increase in our Installed Green Capacities by 2029.

[Slide No 51]

Next, our target returns, which all these Investments are expected to generate. First, in terms of IRR/WACC spread, we target at least 100 basis points above WACC in commercial non-regulated activities, while in regulated activities we target to earn above WACC. Secondly, we target our Adjusted ROCE to be in the range of 6.5–7.5% over the 2026–2029 period.

[Slide No 52]

Now, turning to operational efficiency, over the 2026–2029 period, we aim to increase our operational efficiency to deliver a sustainable 10% cost reduction by 2029. Our focus is on reducing the addressable cost base of EUR 156 million while protecting long-term value creation through growth investments. Our main measures to achieve the target will be process optimisation, organisational structure simplification, selective insourcing, digitalisation and AI-enabled productivity.

[Slide No 53]

Our bottom-line growth will be driven by focused expansion and operational efficiency. By 2029 we expect to reach EUR 640–700 million of Adjusted EBITDA and EUR 250–290 million of Adjusted Net Profit, both representing around 6.5% CAGR.

[Slide No 54]

We continue our commitment towards financial discipline and, therefore, a solid investment-grade credit rating of BBB or above over the strategic period. We also keep our targeted FFO/Net Debt level above 23%. In addition to that, we are tightening our Net Debt/Adjusted EBITDA target level to 3–4 times.

[Slide No 55]

Finally, regarding shareholder returns, we expect Adjusted EPS to be in the range of EUR 3.5–4.0 in 2029, which is up to 30% higher than what we posted in 2025. We also reconfirm our DPS floor for the strategic period, with at least EUR 1.54 DPS for 2029. This implies an estimated dividend yield of 7.2% for 2029.
With this, I pass the word back to Darius.

Darius Maikštėnas, Chair of the Management Board, CEO

[Slide No 57]

Let me now move on to the most important asset – our people, who all together contribute to the execution of our strategy. We are a purpose-driven organisation of around 4,800 individuals. Powered by our mindsets, we strive for excellence in employee experience and a diverse workforce through strategic talent gravity. We strengthen the energy sector talent ecosystem and critical skills for the energy transition.

[Slide No 58]

Together, we innovate to shape the future energy sector and create new opportunities for our customers. We are actively pursuing innovation across our strategic pillars to unlock further value by harnessing ideas and knowledge through open innovation activities, which include open funding, open infrastructure, open culture, and open partnerships. This fosters the development of innovative solutions and accelerates the adoption of innovation in core operational areas and establishes new strategic business activities.

[Slide No 60]

Next – sustainability. We align our business goals and ambitious sustainability priorities with the material sustainability topics and focus on decarbonisation, safety, employee experience, diversity, customer experience and sustainable value creation.

[Slide No 61]

We focus our efforts on decarbonisation that drives business value and ensures energy security. Our first priority, while progressing towards decarbonisation, is energy security – ensuring the reliability and security of the power system. Next, we are growing Installed Green Capacities when it creates business value. Finally, we provide our customers with alternatives to use more green electricity and fossil-free gas, such as biomethane. This may lead to the reduction of carbon intensity of the grid while safeguarding reliable operation of the power system and balancing needs, which will strengthen regional competitiveness in the long term.

[Slide No 62]

Let me now sum up the key points of our Strategic Plan 2026–2029:
We aim to create value through growth and efficiency, reaching Adjusted EBITDA of EUR 640–700 million by 2029, which translates into an increase of 17–28% compared to 2025. As we sharpen our value-led selective growth, we target to maintain Investments of EUR 2.5–3.0 billion over the next 4 years. This will support capital discipline by maintaining our Net Debt/Adjusted EBITDA ratio within the 3–4 times range. Aiming to translate this value into higher shareholder returns, we reconfirm our DPS floor for the strategic period, with a dividend floor of at least EUR 1.54 per share for 2029, which represents a 12% increase compared to 2025.
With that, thank you for patiently listening to us today.

Ainė Riffel-Grinkevičienė, Chief of Staff to CFO and Head of Investor Relations

[Slide No 62]

Thank you to the speakers. We will now proceed with the Q&A session. Our first question is: 'Congrats on a solid start to the year! Specifically on surprisingly swift turnaround in C&S! Could you please help us understand how you managed to improve EBITDA in the electricity part by such magnitude?'

Jonas Rimavičius, Member of the Management Board, CFO

Thank you. So, in the C&S segment, the better result was driven by both electricity and natural gas supply activities. In both of these parts, better results were a combination of higher volumes due to cold winter, improved margins and better wholesale results.

Ainė Riffel-Grinkevičienė, Chief of Staff to CFO and Head of Investor Relations

Second question: 'Also, the gas side in C&S was helped by an LNG cargo delivery to Ukraine, as I understand. Is that truly a one-off or more such deliveries could be reasonably expected going forward?'

Jonas Rimavičius, Member of the Management Board, CFO

Ok, just to highlight a few key points regarding this LNG cargo delivered to Ukraine. The first thing, which is important, is that the transaction did not have any material impact on our results in the quarter because the margin was very symbolic. And the second thing, it was more of a test of ability to supply gas to Ukraine, which was successful, and in the future we will see. So, right now we know that this corridor works, and we will see whether these cargoes in that direction will repeat in the future.

Ainė Riffel-Grinkevičienė, Chief of Staff to CFO and Head of Investor Relations

Next question: 'And thanks for providing additional targets (net profit and EPS) in the updated strategy! Could you please elaborate a bit more on the 10% efficiency (cost reduction) improvement target by 2029? That is, why now?'

Jonas Rimavičius, Member of the Management Board, CFO

Yes, we are indeed putting more focus on our bottom line, where we see further growth coming from two pillars: new investments and operational efficiencies. On the operational efficiency program, we target 10% reduction in addressable cost base in real terms. And we aim to achieve that by optimising our processes, simplifying the organisational structure and focusing on digitalisation and AI-enabled productivity increase.

Ainė Riffel-Grinkevičienė, Chief of Staff to CFO and Head of Investor Relations

Next question: ‘Updated strategy envisages an increase in Installed Green Capacities to 2.8–3.2 GW by 2029. Previously, you had a goal of hitting 4–5 GW by 2030. Do I understand correctly that the 4–5 GW target remains intact, though not by 2030, but rather in the longer term (implying a change in wording vs. previously)?’

Darius Maikštėnas, Chair of the Management Board, CEO

That is correct. We keep the 4–5 GW target of Installed Green Capacities, but define at as a long term, reflecting our value-over-volume approach.

Ainė Riffel-Grinkevičienė, Chief of Staff to CFO and Head of Investor Relations

One more question: ‘Finally, the targeted CAPEX of EUR 2.5–3.0 billion for 2026–2029. Could you please guide us a bit on how that amount is expected to fall between the years? Would the outlays be front-end loaded, back-end loaded or more like an even flow?’

Jonas Rimavičius, Member of the Management Board, CFO

On the Networks side, the Investments will be spread out more or less evenly among the years. On the Green Capacities side, they are more back-end loaded. So, the program is slightly back-end loaded.

Ainė Riffel-Grinkevičienė, Chief of Staff to CFO and Head of Investor Relations

The following question: ‘Ignitis Group must submit a report no later than the end of June on how the company is implementing the recommendations of the National Audit Office regarding the offshore wind farm under construction. What recommendations the Group has already implemented and what key changes to the project could the Group outline at the moment? Also, will the recommendations be implemented on time?’

Darius Maikštėnas, Chair of the Management Board, CEO

Three recommendations were provided by the national State audit post the Curonian Nord State audit review. We already have implemented two recommendations ahead of their deadlines. And we are continuing working on the third recommendation, which relates to the analysis of internal and external factors, affecting the project. This recommendation we will also implement by its deadline.

Ainė Riffel-Grinkevičienė, Chief of Staff to CFO and Head of Investor Relations

Next question: 'As the lower end of capacity target is mostly secured currently, could this be interpreted that the market for green capacities has matured and there is no room for major solar and onshore wind projects?'

Jonas Rimavičius, Member of the Management Board, CFO

On the Green Capacities target, we indeed target 2.8–3.2 GW by 2029. Our current Installed Capacity stands at 2.1 GW with additional 0.6 GW of capacity Under Construction. And, in terms of going forward, we still see room for onshore wind projects in the market. However, these need to be the best projects out there with good locations, good wind resource, etc. So, there's still room to grow, but you need to be selective on the projects which you choose.

Ainė Riffel-Grinkevičienė, Chief of Staff to CFO and Head of Investor Relations

The following question: 'Could you provide an update on the current situation regarding prosumers? In previous communications, there was a mention of a proposed new law, aimed at reducing the technical or financial losses, associated to prosumer-generated energy. Has this legislation been officially passed and what is the expected impact on the Group's results?'

Jonas Rimavičius, Member of the Management Board, CFO

The prosumer legislation has not yet been passed. It's currently in the Parliament, so there are no changes to what we have communicated previously. We do expect some legislative changes to happen. In terms of magnitude, the current wording of the legislation would essentially solve around 70% of prosumer issues, in our view.

Ainė Riffel-Grinkevičienė, Chief of Staff to CFO and Head of Investor Relations

Next question: 'Regarding the battery storage projects currently under development, will these facilities be commissioned and brought online in stages during their construction phase, or is the plan to start operations only once the entire farm is fully completed?'

Jonas Rimavičius, Member of the Management Board, CFO

The fairer statement would be that the majority of the results will start to flow properly when the assets are fully completed. There might be some revenues in the testing phase, but, essentially, it would be more fair to assume that the actual full results will fall only when the assets are fully completed.

Ainė Riffel-Grinkevičienė, Chief of Staff to CFO and Head of Investor Relations

One more question: 'Regarding the upcoming bond maturities, when do you expect to begin the refinancing process and what preparatory steps are already being taken? Furthermore, given the current market environment, what interest rate levels are you anticipating and how will these higher borrowing costs affect the overall business case and internal rate of return for your future projects?'

Jonas Rimavičius, Member of the Management Board, CFO

In terms of bond market, we are constantly monitoring the situation there, so it's not only refinancing but the new debt is also constantly being evaluated, whether we do capital market transactions or whether we do it through banks. In terms of the current market environment, depending on the maturity of the bond, we would see borrowing costs probably 3.5–4.5%. And in terms of its impact on our business cases, when we do a new investment decision, we are taking the cost of borrowing which is available at that particular time when the decision is being made, which means that, already, for the last several years we were taking investment decisions based on the actual cost of borrowing, which is close to the levels which I mentioned. And it's also worth to note that a quite big part of our bonds is being used in our Networks activities, and in the Networks regulation works in a way that it compensates the actual cost of debt. The impact of the increase in debt is partially protected in the regulatory framework.

Ainė Riffel-Grinkevičienė, Chief of Staff to CFO and Head of Investor Relations

Next question: 'Regarding the Group's ambition on data centres. Could you clarify, what specific stage these development plans are currently in? What concrete milestones have been achieved so far in terms of site selection or partnership negotiations? Furthermore, how does the Group intend to balance the high CAPEX required for such projects with its existing commitments in green generation and network expansion?'

Darius Maikštėnas, Chair of the Management Board, CEO

In this area for 2026 our key priorities are site preparation and selection of partners.

Ainė Riffel-Grinkevičienė, Chief of Staff to CFO and Head of Investor Relations

And the last question: 'How do you expect to reach the Net Debt/EBITDA target given that the investments over the strategic period seem to exceed EBITDA generation and lead to negative free cash flow?'

Jonas Rimavičius, Member of the Management Board, CFO

In terms of our guidance for Net Debt/EBITDA over the strategic period of 2026–2029, we intend to stay at 3–4x Net Debt/EBITDA. We see it as perfectly achievable in our base-case scenario with expected EBITDA generation and expected Investments.

Ainė Riffel-Grinkevičienė, Chief of Staff to CFO and Head of Investor Relations

This concludes our earnings call. Our Investor Relations team remains available for any follow-up questions. We thank you for your participation and look forward to engaging with you again next quarter. Stay safe.