

# Long-term Incentive Plan Targets for 2025

Performance objectives Based on the strategic plan for 2022–2025 of the Ignitis group



# Performance objectives for 2022-2025

Strategic Priority		Weight	Objective	
			Entry (70%)	Target (100%)
<b>Performance</b>	<b>TSR</b> 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>	<b>Average adjusted ROCE<sup>3</sup></b> over the four years 2022–2025	20%	5.5% <sup>2</sup>	6.5% <sup>2</sup>
 <b>Growing renewables</b>	<b>Green generation installed capacity<sup>4</sup>, GW</b>	20%	2.0 <sup>2</sup>	2.2 <sup>2</sup>
 <b>Increasing efficiency in Networks</b>	<b>Increasing efficiency in regulated-monopolistic activities:</b>			
	• Average electricity SAIFI <sup>5</sup> over the four years 2022-2025 (per annum)	5%	≤1.10 (2022-2025)	≤1.10 (2022-2025) and ≤0.99 (in 2025)
	• Networks OPEX reduction <sup>6</sup> in real terms over the four years 2022-2025	5%	Stable OPEX level in real terms	OPEX reduction in real terms
<b>Targeting net zero emissions</b>	<b>GHG emissions reduction vs. 2020<sup>7</sup></b>	10%	-16% <sup>2</sup>	-23% <sup>2</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 is calculated in the two-month period (Nov and Dec accordingly) preceding the beginning and the end of the performance period (January 1, 2022–December 31, 2025), 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 entry (70%) and target (100%) thresholds.

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. Gross installed capacity (COD reached), 2025.

5. Electricity SAIFI (System Average Interruption Frequency Index) is calculated based on the National Energy Regulatory Council methodology, excluding (1) interruptions due to natural phenomena corresponding to the values of natural, catastrophic meteorological and hydrological phenomena indicators; (2) interruptions due to failures in the network of the transmission system operator. Target objective is defined based on the decision of the National Energy Regulatory Council on January 26 of 2022 no. O3E-79.

6. Cost inflation (For the specified type of expenditure, considering the economic development scenario, eliminating one-off costs) minus 1-1.5 pp according to the National Energy Regulatory Council methodology.

7. Based on the Ignitis group GHG emissions level in 2020: 5.37m t CO2-eq.