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Strategic Plan 2022–2025

Ignitis Group | 2022 February

Disclaimer

This document contains certain forward-looking statements, which include, without limitation, any statements preceded by, followed by or that include the words "may", "will", "would", "should", "expect", "intend", "estimate", "forecast", "anticipate", "project", "believe", "seek", "plan", "predict", "continue", "commit", "target", "undertaking" and similar expressions or their negatives.

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Content

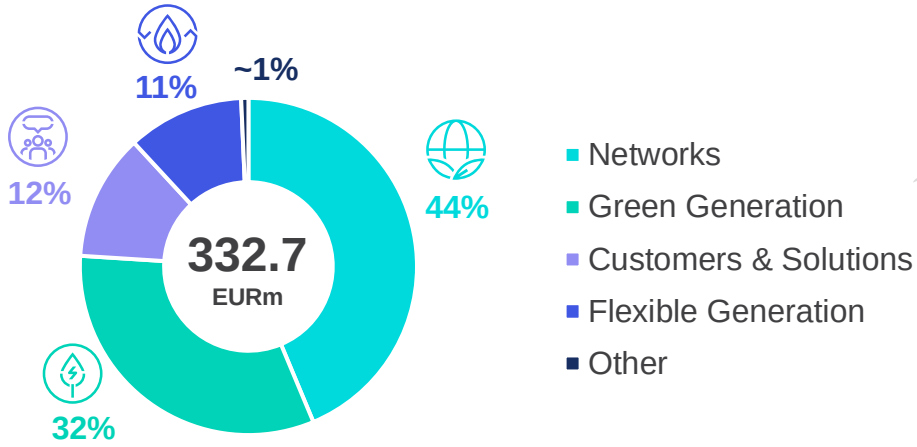
Business overview

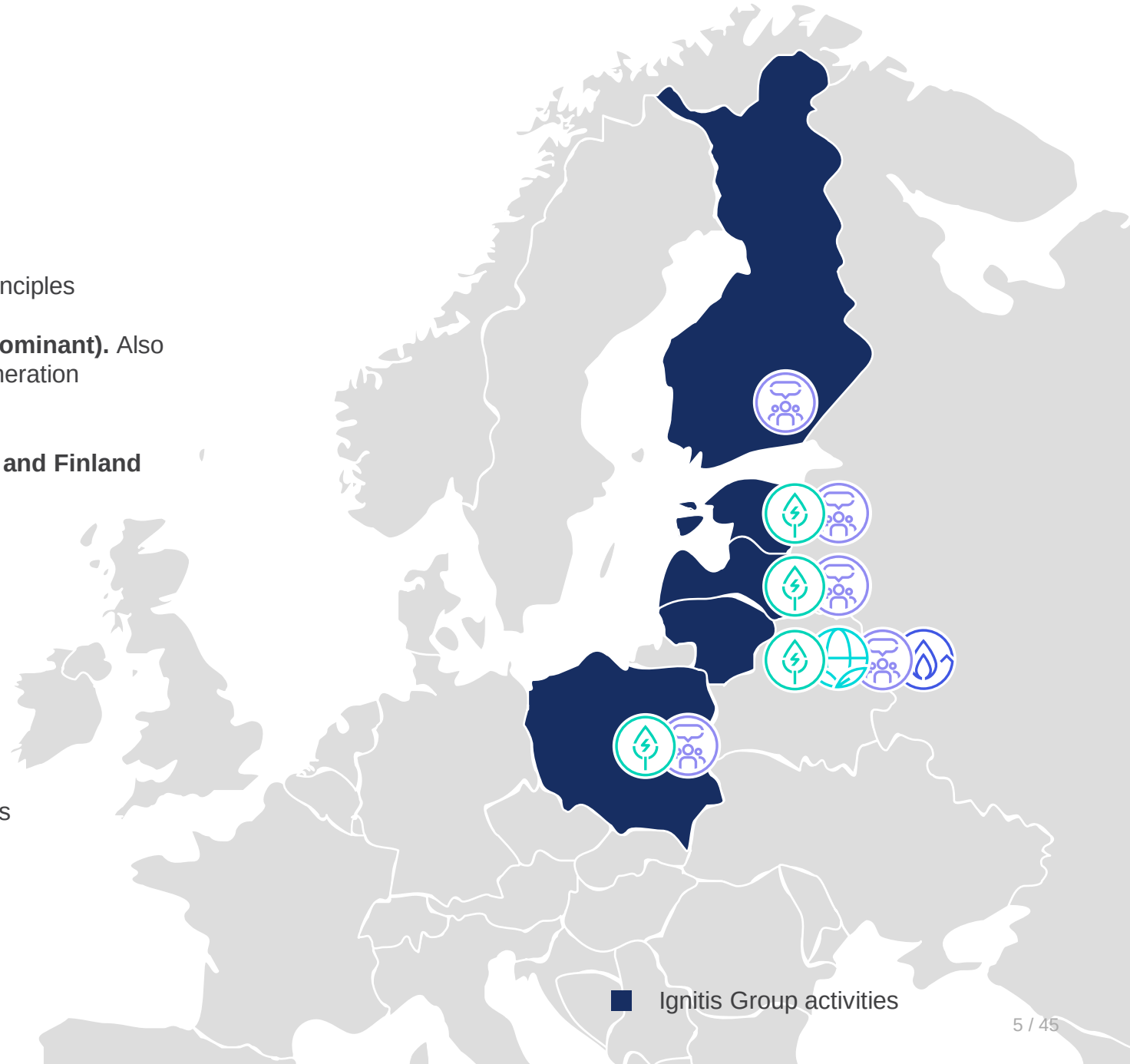
Ignitis Group

Creating an Energy Smart world

- The **largest energy group** in the Baltics
- Targeting **net zero** emissions. Aligned with the fundamental **ESG** principles
- Main businesses – **Green Generation and Networks (electricity dominant).** Also engaged in complementary Customers & Solutions and Flexible Generation businesses
- Our core focus is on the home markets – **the Baltic states, Poland and Finland**

Adjusted EBITDA 2021





Business segments

Integrated to create maximum value

Networks

Resilient and efficient distribution enabling the energy transition

Fully regulated

#1 in Baltics[1]

Country-wide natural monopoly of electricity and gas distribution networks in Lithuania

44%

145.4 EURm

Green Generation

Focused, sustainable and profitable growth

Material share of contracted activities

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

Installed capacity:1,214 MW
Generation: 1.4 TWh

32%

107.5 EURm

Customers & Solutions

Green Generation build-out enabler. Making life easier and more energy smart

Material share of regulated activities

#1 in Baltics[3]

Electricity supplied: 6.8 TWh

12%

40.3 EURm

Flexible Generation

Reliability and flexibility of the power system

Largely regulated

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

Installed capacity: 1,055 MW
Generation: 0.8 TWh

11%

37.2 EURm

Share of Group's 2021 Adjusted EBITDA

1. Based on network size and number of customers.
2. Based on installed capacity.
3. Based on the number of customers.

Strategic focus

ENSURING
resilience and flexibility of the energy system

ENABLING
energy transition and evolution

GROWING RENEWABLES
to meet regional energy commitments

CREATING A SUSTAINABLE FUTURE

Targeting net zero emissions

ESG principles driven

CAPTURING GROWTH OPPORTUNITIES
and developing innovative solutions to make life easier and more energy smart

Commitment to sustainability excellence

Among ESG leaders in our home markets

	MSCI ESG	Sustainalytics	CDP climate
Rank compared to utility peers	Top 28%[1]	Top 12%	
ignitis group	**'AA'**	**20.4**	**'B'**
Utilities average	'BBB'[1]	36.7[2]	'B'
Rating scale (worst to best)	'CCC' to 'AAA'	100 to 0	'D-' to 'A'

Following globally recognised standards

- **GRI** — Integrated reporting using globally recognised standards.
- **TCFD** (Task Force on Climate-Related Financial Disclosures) — Joined TCFD supporters list and expect to fully implement TCFD guidelines for the 2022 reporting period.
- **Science Based Targets** (Driving Ambitious Corporate Climate Action) — Validated GHG emissions targets for 2030 with the SBTi. Following net zero by 2050 trajectory.

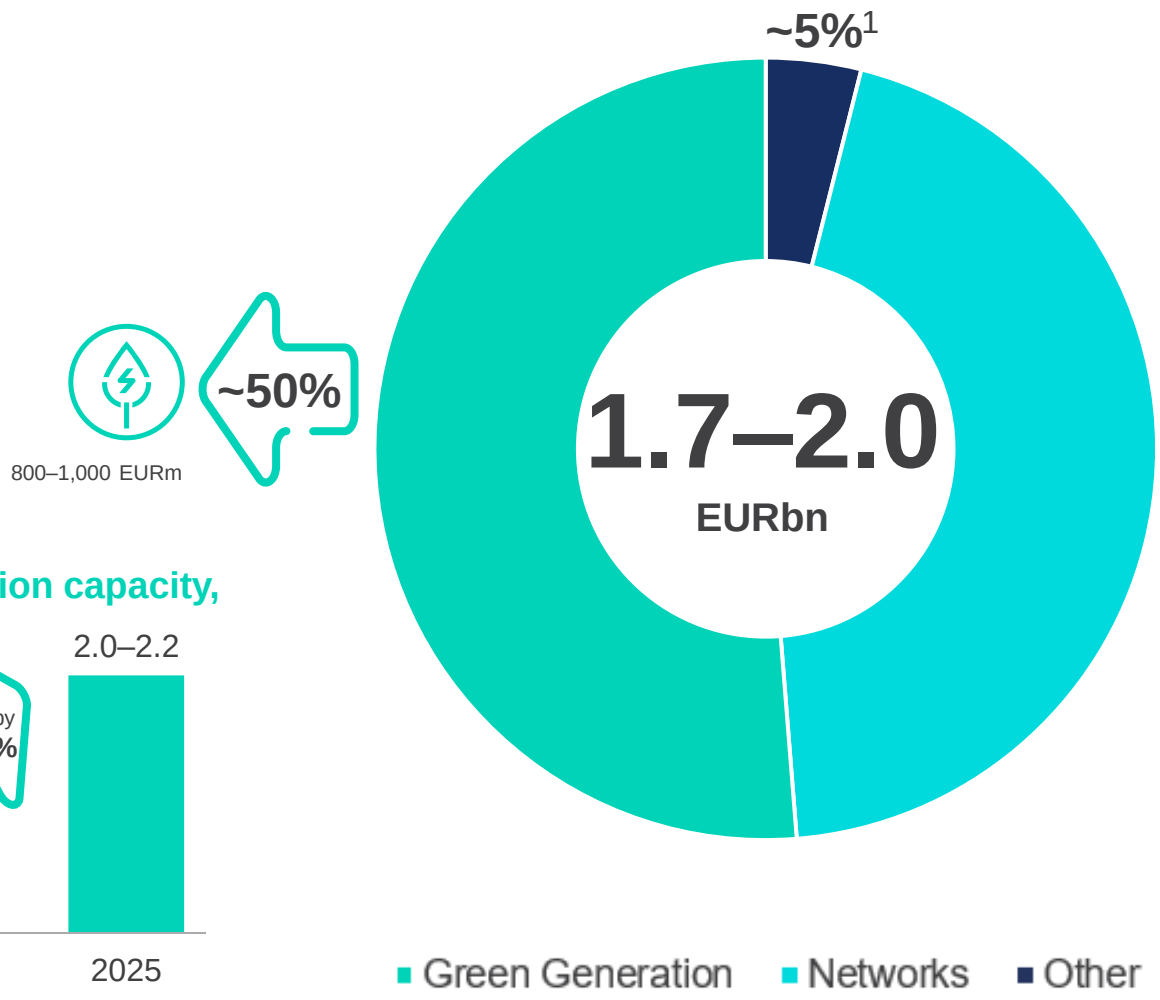
1. MSCI utilities rank and average based on utilities included in the MSCI ACWI index.
2. Based on publicly available data.

Investments over 2022–2025

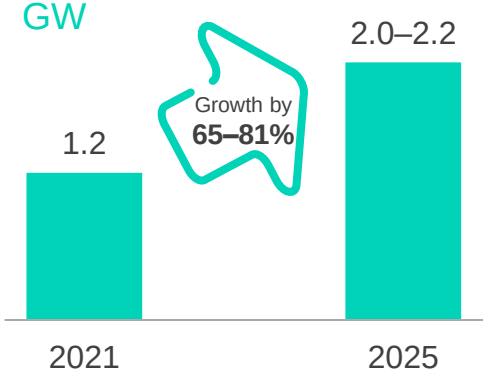
Aligned with SDGs and EU Taxonomy

85–95%
of investments are SDGs related

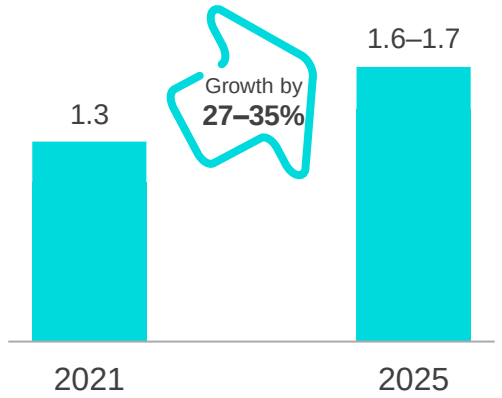
~90%
of investments are aligned with EU taxonomy



Green generation capacity,
GW



Regulated Asset Base,
EURbn



1. Includes Flexible generation (up to ~26 EURm), Customers & Solutions (up to ~14 EURm), IT and other investments (up to ~25 EURm).

Green Generation

Focused, sustainable and profitable growth

7 AFFORDABLE AND CLEAN ENERGY

8 DECENT WORK AND ECONOMIC GROWTH

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

15 LIFE ON LAND

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The home markets offer significant opportunities

Lithuania: Structural electricity deficit

Only ~1/3 of electricity consumption is **covered by national generation**. The country targets to become self-sufficient, therefore, significant build-out of domestic generation assets is expected.

Poland: Transition away from coal generation

Coal generation represented 75% of generation mix in Poland in 2021. It is expected to gradually decline and be **replaced by renewable energy.**

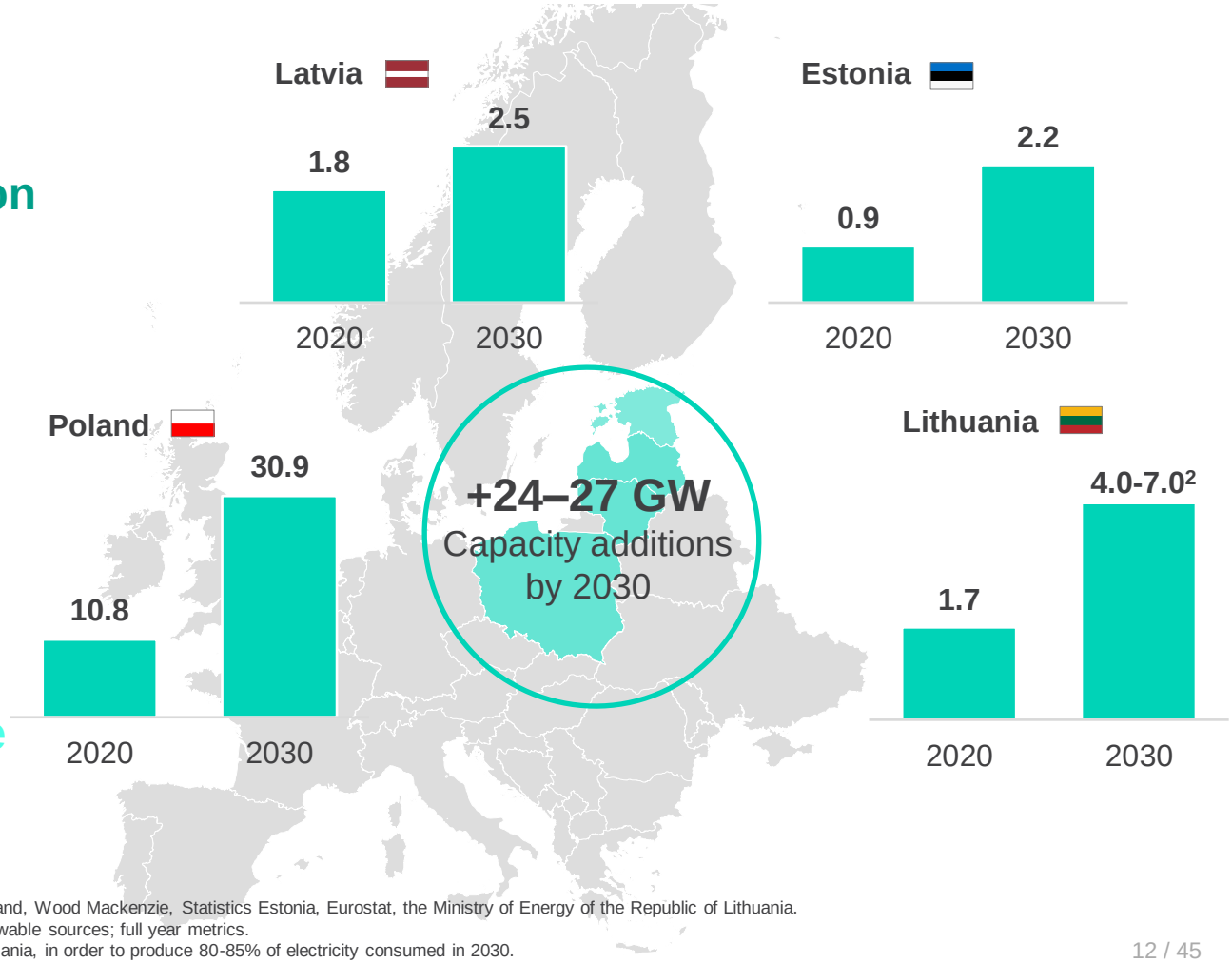
Estonia: Phase-out of oil shale

Around 40% of Estonia's electricity production in 2020 was **from oil shale** with increasing necessity to develop new capacities to cover the phase-out of oil shale.

Baltics: No electricity imports from non-EU countries after synchronisation with Europe

Electricity imports to Lithuania, Latvia and Estonia from non-EU counties will be terminated after the synchronisation with the continental European networks

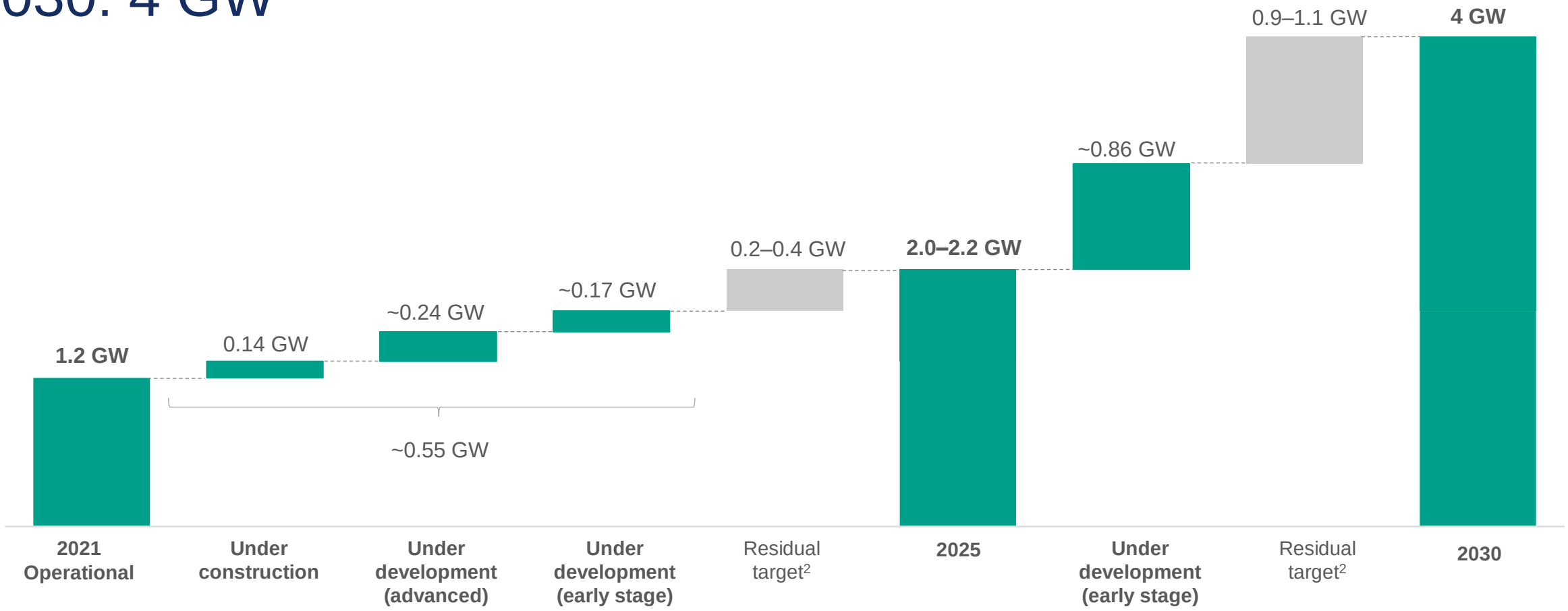
Green energy installed capacity evolution in Ignitis Group's home markets (GW)[1]



Sources: Company information, Litgrid, Arena, European Commission, Ministry of Assets of Poland, Wood Mackenzie, Statistics Estonia, Eurostat, the Ministry of Energy of the Republic of Lithuania.

1. Includes onshore wind, offshore wind, hydro (incl. pumped storage assets) and other renewable sources; full year metrics.
2. Possibilities, in accordance with the plans of the Ministry of Energy of the Republic of Lithuania, in order to produce 80-85% of electricity consumed in 2030.

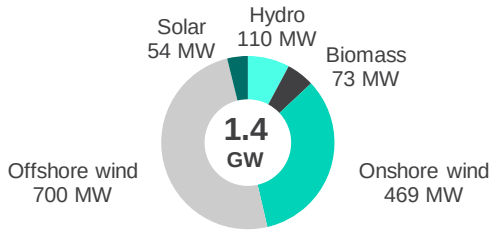
Installed green generation capacity targets: 2025: 2.0–2.2 GW[1] 2030: 4 GW[1]



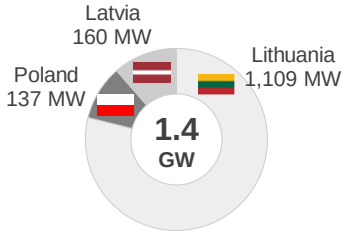
1. Gross installed capacity (includes 100% of capacity with Ignitis Group ownership of >50%).
2. Residual target is based on the assumption of 100% success rate for all projects Under construction and Under development but does not include projects in the pipeline that are under negotiations (not yet secured).

Pipeline overview

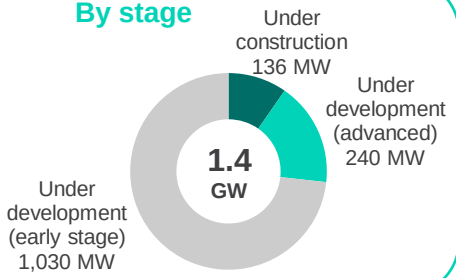
By technology



By geography



By stage



	Under construction		Under development (advanced)				Under development (early stage)		
	Mažeikiai WF	Vilnius CHP's biomass unit	Silesia WF	Polish solar portfolio II	Kruonis PSHP expansion	Moray West offshore wind project	Greenfield portfolio	Latvian onshore WF portfolio I	Lithuanian offshore WF I
Status	Under construction	Completed ~75% of all works	Ready to build	Conditional SPA signed	Procurement of main contractor is ongoing	Active development stage	Land secured, connection points identified, preparation for EIA procedures	Under development	Preparatory works[5]
Expected COD	Q1 2023	Q2 2023	Q4 2023	2022–2023	2025[4]	2025	2024–2026	2025–2027	2028
Capacity	63 MW	73 MWe/169 MWth	50 MW	Up to 80 MW	110 MW	850–900 MW	~170 MW	~160 MW	700 MW
Subsidy scheme	Merchant	~140 EURm EU CAPEX grant[1]	15-year indexed CfD at ~55 EUR/MWh	15-year indexed CfD (partly secured at ~53–56 EUR/MWh) / PPA	Merchant	15-year indexed CfD (expected)	Unknown yet	Merchant	15-year CfD (expected)
Investments	~80–85 EURm	~210 EURm	~70 EURm	~50 EURm	~ 80 mln. Eur	Not disclosed	Not disclosed	~200 EURm	Not disclosed
Ownership	100%	100% (49% to be divested post COD according to EU CAPEX grant rules)	100%	100%[2]	100%	5% (partnership with Ocean Winds)	100%	100%[3]	51% (partnership with Ocean Winds)

1.Total CAPEX grant for Vilnius CHP (i.e., waste-to-energy (operational since Q1 2021) and biomass units).
2. After full completion of construction works.
3. After construction permits are granted.
4.Tentative schedule is targeted to be aligned with Lithuanian synchronization to the grid of Continental Europe.
5. Preparing for the auction which is expected to be held in 2023.

Offshore wind · Onshore wind · Biomass · Solar · Hydro

Investment approach

1. Entry stage

Primarily greenfield and early-to-late development stages

2. Strategic partnerships

We aim to partner with strategic investors to adopt new technologies or enter new markets

3. Target returns

High single to low double digit levered IRR

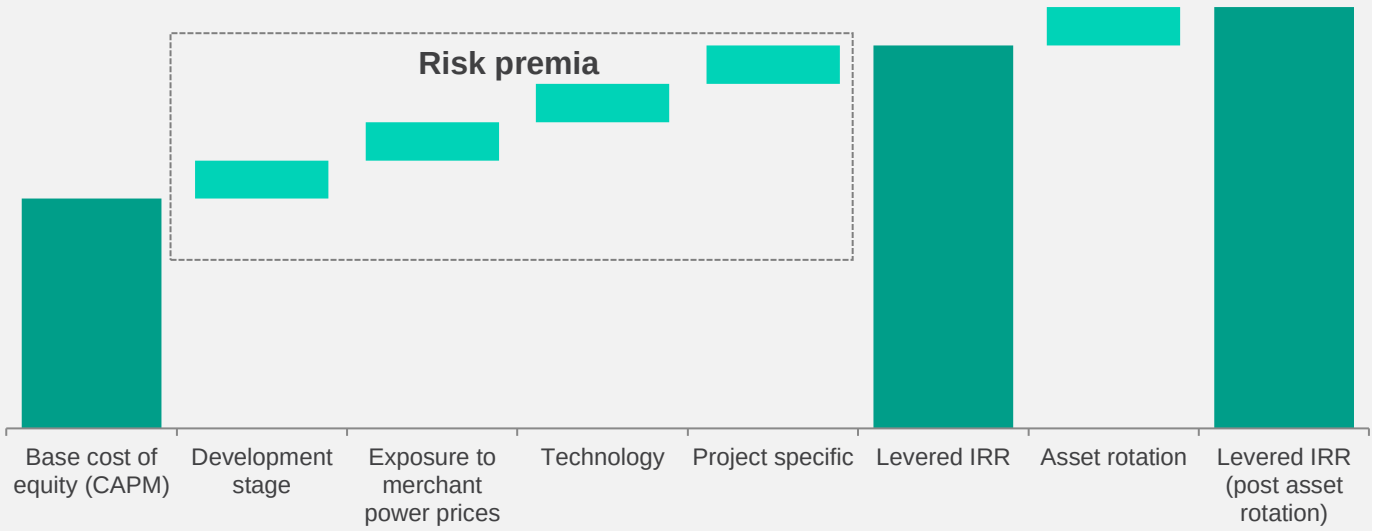
4. Sizable offtake capabilities

We plan to utilize our supply portfolio to structure offtake agreements and enable Green Generation build-out

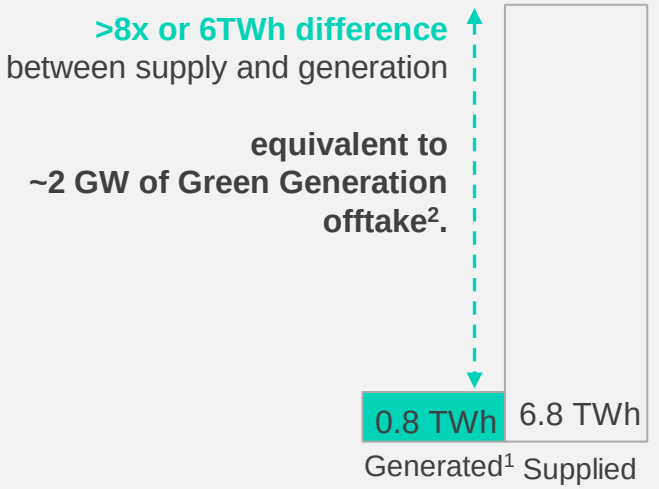
5. Asset rotation

We intend to sell up to 49% of each project to recycle capital and capture premium

Target return build-up



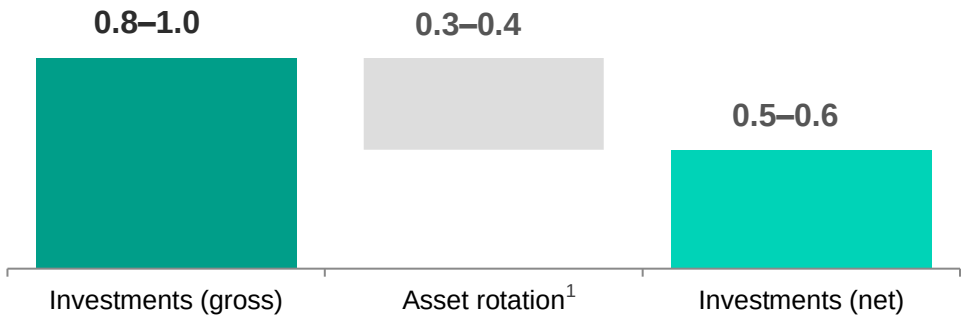
Electricity generated vs. supplied by Ignitis Group in 2021



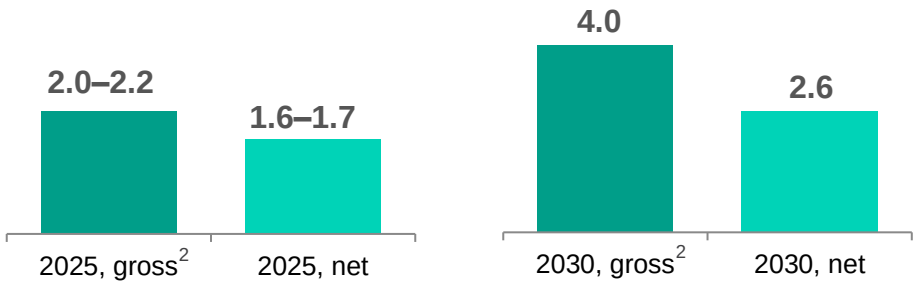
1. Excluding opportunistic assets (Elektrėnai, which accounted for 36% of the total generated volume, and Kruonis, with 28% of total generation in 2021).
2. Assuming the whole surplus of electricity supply (6TWh) can be utilised for new wind and solar generation offtake with the load factor of ~35% (80/20 split between wind and solar, with load factors of ~40% and ~20% respectively).

Asset rotation programme

Green generation investments 2022–2025, EURbn



Green generation capacity, GW



- Rotation of up to 49% stakes in each project
- Expected programme start in 2022
- Capital recycling, enabling faster growth
- Capturing value premium by selling de-risked assets

1. Assuming 49% is sold for each asset, except for hydro. No asset rotation gain included.
2. Gross installed capacity (includes 100% of capacity with Ignitis Group ownership of >50%).

Networks

Resilient and efficient distribution enabling energy transition

7 AFFORDABLE AND CLEAN ENERGY

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Networks regulatory framework

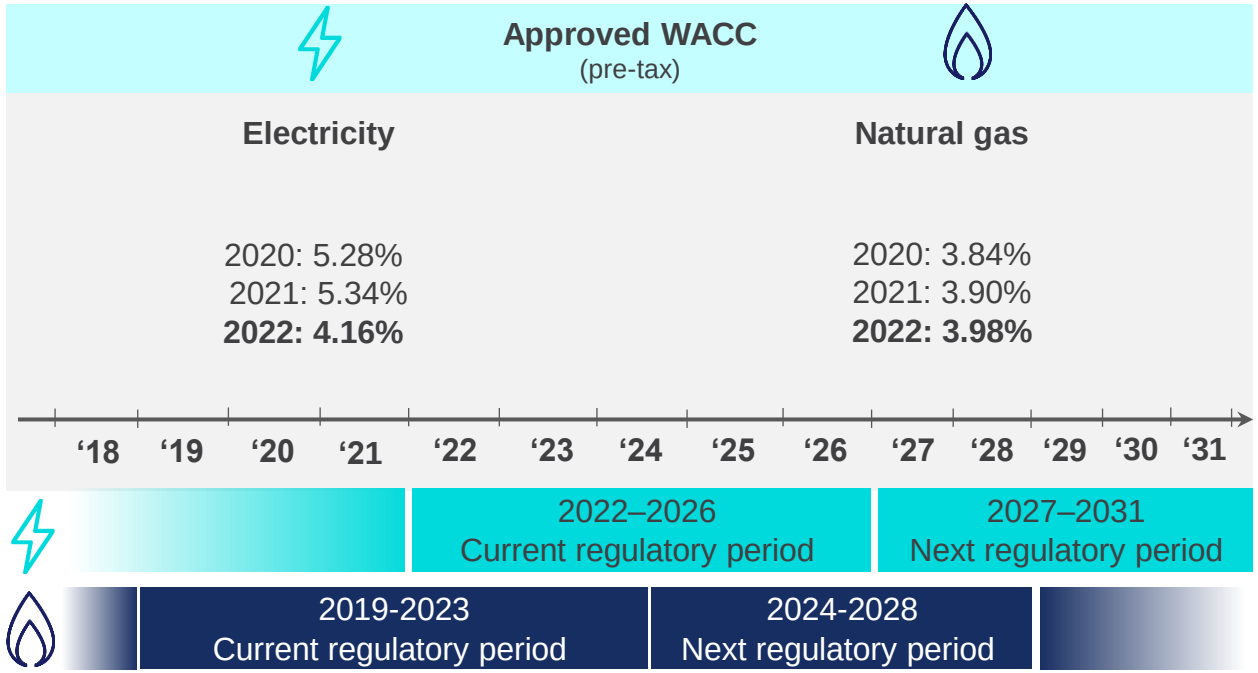
1 Largest Network in the Baltics, with a natural monopoly in both electricity and gas distribution services **>99.5%[1] of the Lithuanian market**

Allowed revenue cap

Allowed revenue =

1. **Return on investment (RAB x WACC)** +
2. **Depreciation and amortisation** +
3. **Additional tariff component** +
4. **OPEX** + **Technological losses** − **Supply of last resort and reactive power income**
   - Treated as a pass-through
5. \+ **Temporary regulatory differences**

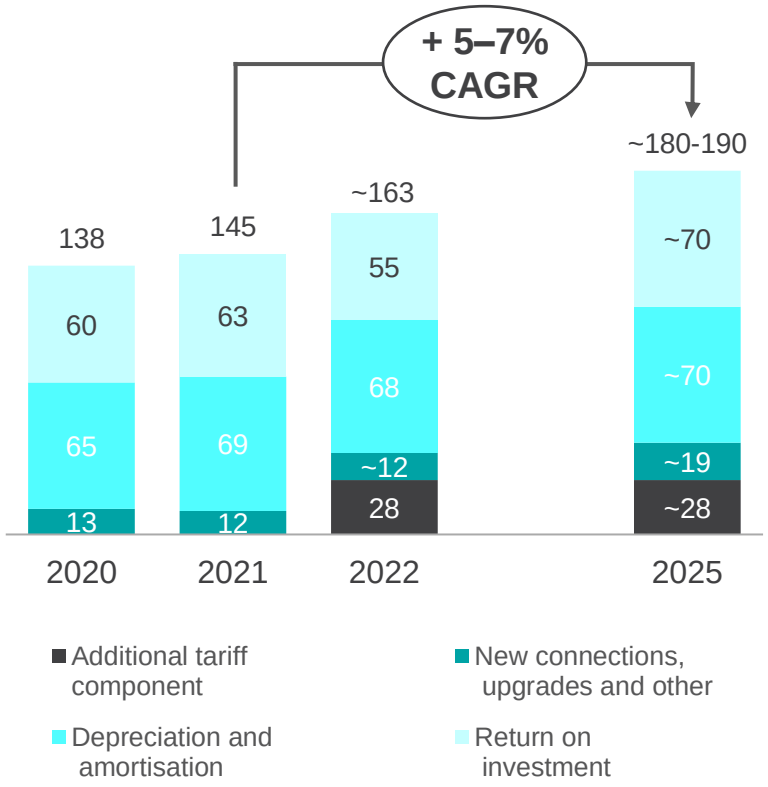
Regulated WACC & regulatory periods



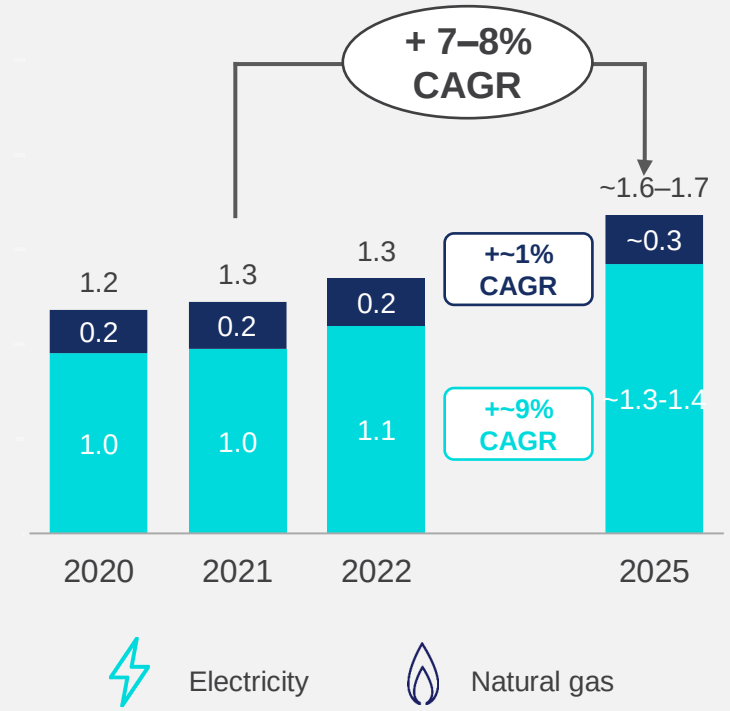
1. In 2020, based on electricity distribution volumes (Source: NERC).

RAB x WACC and Additional Tariff Component driven returns

Adjusted EBITDA, EURm



Regulated Asset Base, EURbn



+

Value of Additional Tariff Component EURm

RAB equivalent value:

124 EURm over 2022–2026 regulatory period:

(28 EURm each year for period 2022–2026)

$$\sum_{t=1}^{5}\left(\frac{28}{(1+4.16\%)^{t}}\right)$$

308 EURm over 3 regulatory periods:

(28 EURm each year for period 2022–2036)

$$\sum_{t=1}^{15}\left(\frac{28}{(1+4.16\%)^{t}}\right)$$

673 EURm overall value

(28 EURm each year for indefinite period)

$$\sum_{t=1}^{\infty}\left(\frac{28}{(1+4.16\%)^{t}}\right)=\frac{28}{4.16\%}$$

Investing to enable the energy transition and ensure Networks resilience

Investment focus areas over 2022–2025

- Transition from overhead lines to underground cables
- Facilitating grid connections, empowering prosumers, decentralised generation and EV infrastructure
- Roll-out of smart meters
- Predictive maintenance by applying AI and RPA to improve network reliability and efficiency

All resulting in higher service quality, efficiency and resilience of the network

Investments over 2022–2025

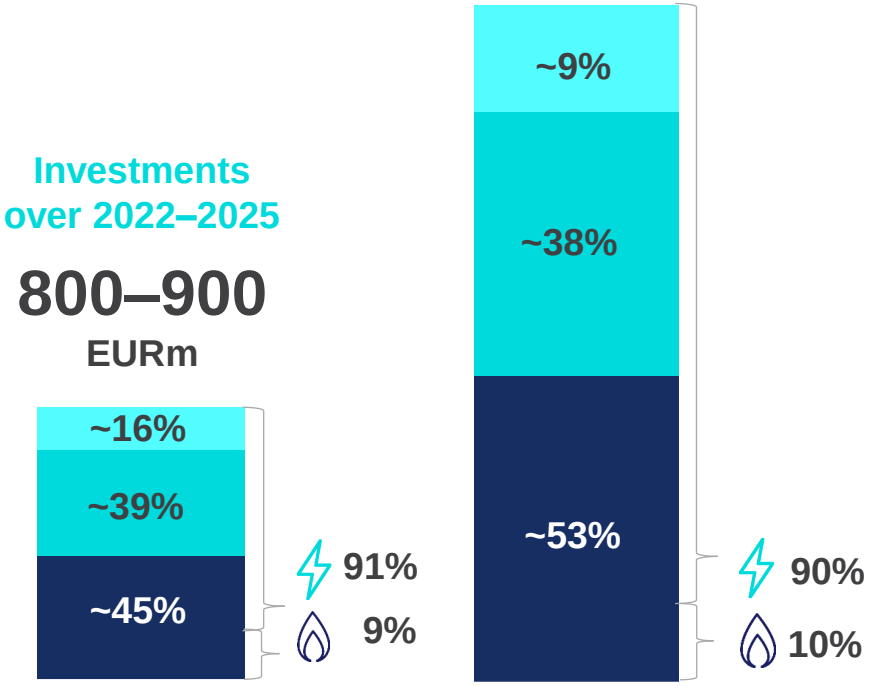
800–900

EURm

Investments over the next 10 years: 2021–2030

~1,900

EURm



Networks in 2021

Residential and business customers	1.8 m
Electricity distribution network	126,814 km 10.37 TWh
Gas distribution network	9,563 km 8.49 TWh

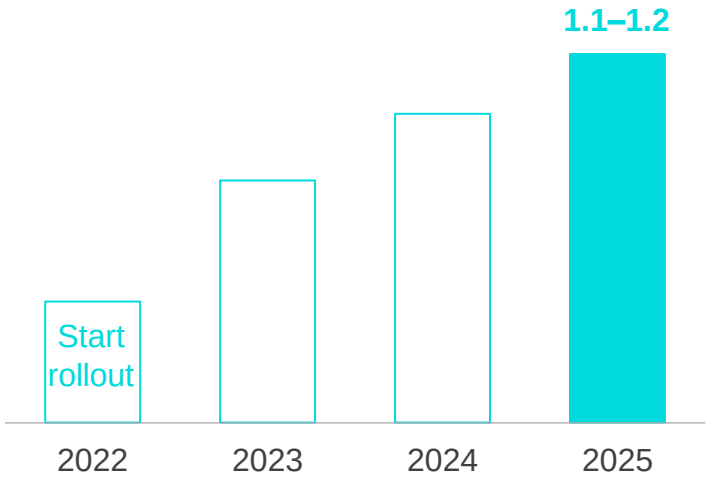
Focus on Networks digitalisation and reliability

Networks digitalisation – Smart meter rollout

By the end of 2025, we aim to install smart meters for all business customers and households, consuming >1,000 kWh/year[1].

Further installations of smart meters will be continued as ongoing operating activities

# of Smart meters,
million



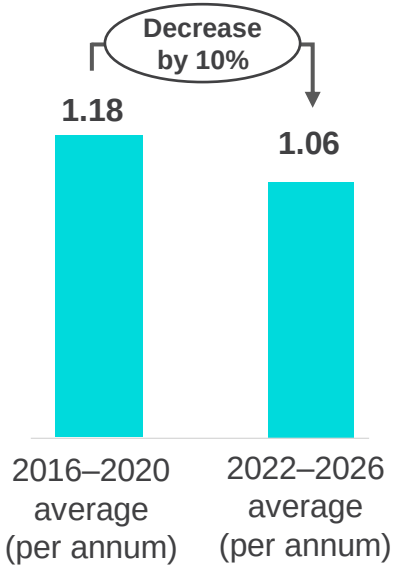
Reducing technological losses

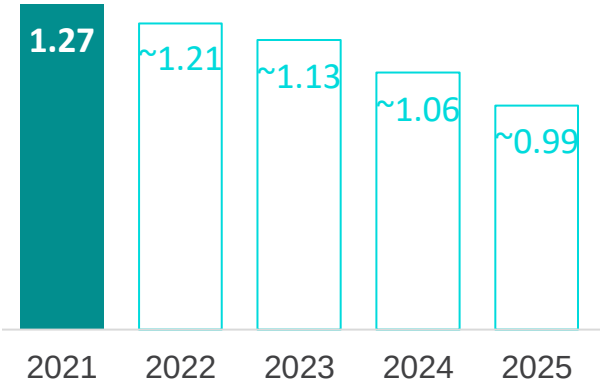
≤5.5%
in 2025
in electricity distribution network

Improving resilience and quality of service – Electricity SAIFI

Investments in service quality and network efficiency will boost the network resilience, resulting in an expected decline of the SAIFI[2] indicator

Electricity SAIFI,
times





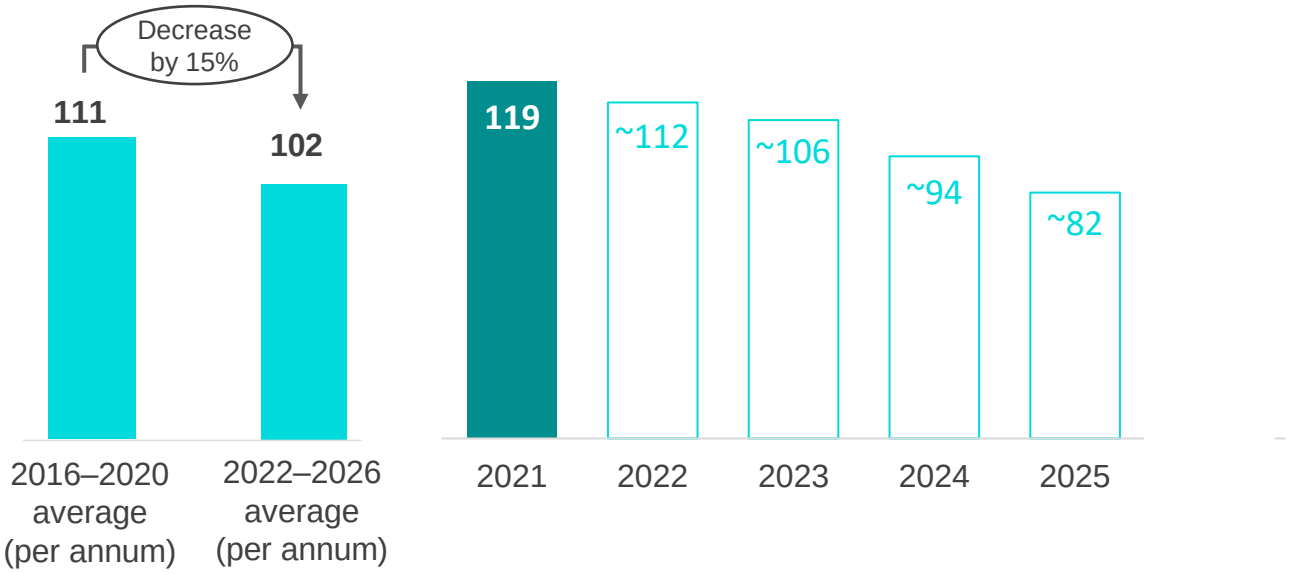
1. According to our estimates, this will cover ~90% of the electricity consumption in the distribution network and smart meters will account for ~65% of all meters in the network.
2. SAIFI (System Average Interruption Frequency Index) is calculated based on the National Energy Regulatory Council methodology, 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.

Increasing Networks operational efficiency

Improving efficiency of network operations

Predictive maintenance of distribution networks and investment focused on network resiliency and digitalisation will boost network operational efficiency, resulting in a planned decline of the SAIDI[1] indicator

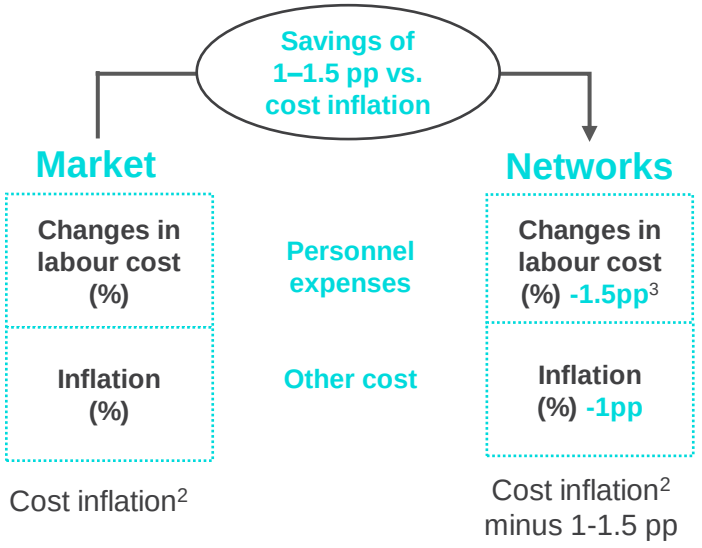
Electricity SAIDI,
min.



Reducing OPEX in real terms

Regulator sets allowed annual OPEX based on the previous regulatory period's OPEX. Allowed OPEX growth rate is 1-1.5 pp lower than cost inflation for respective categories.

OPEX growth,
%



1 SAIDI (System Average Interruption Duration Index) is calculated based on the National Energy Regulatory Council's (NERC) 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.
2 For the specified type of expenditure, considering the economic development scenario, eliminating one-off costs. Adjusts for changes in the economic development scenario.
3 For the electricity part, efficiency per staff cost is equal to half of the changes in labour costs announced by the Ministry of Finance, but not more than -1.5pp. For gas part -1pp.

Customers & Solutions

Innovative solutions for easier life
and energy evolution

7 AFFORDABLE AND CLEAN ENERGY

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

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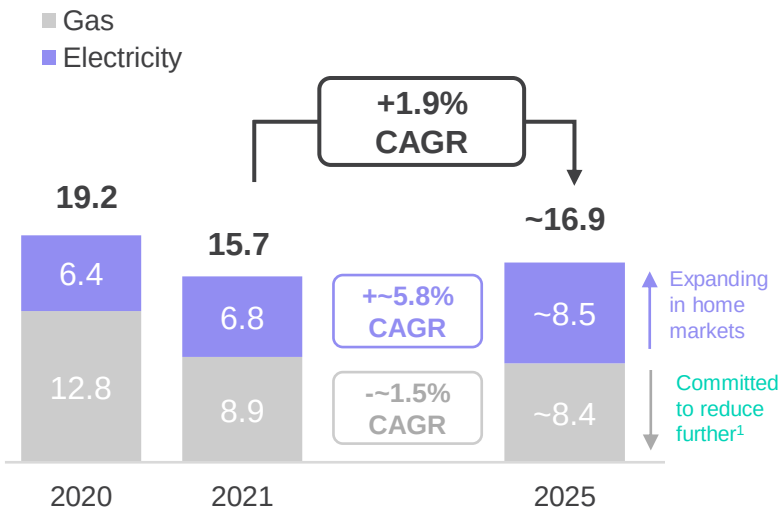
Enabling Green Generation build-out.
Making life easier and more energy smart for our customers

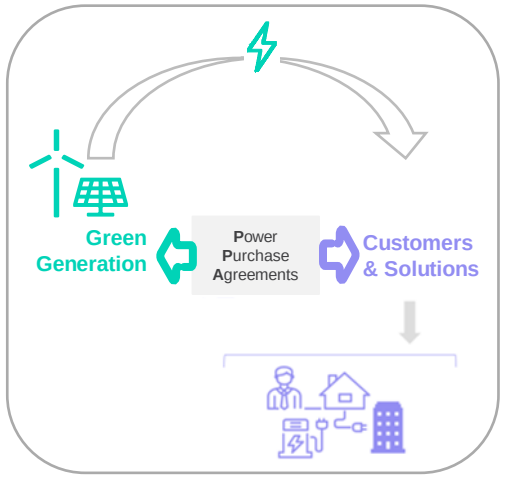
Customers B2B & B2C | **1.6 M** in 2021 | Largest retail customer base in the Baltics

Retail sales volumes, TWh



We aim to keep the leading position in Lithuania with targeted 70% market share in B2C segment in the deregulated market at the end of 2023.

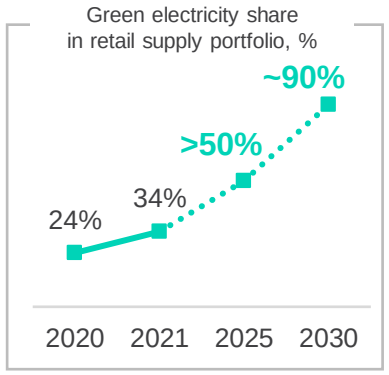
Utilising synergies with the Green Generation segment



Large customer base supports the Green Generation build out through internal power purchase agreements (PPA's)

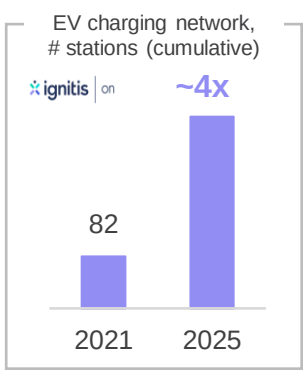
Contributing to our customers' environmental goals

Green energy supply



Growing share of green electricity supplied to customers (Scope 3).

Transport Electrification



Distributed Generation

Remote solar platform

>90 MW by the end of 2025

ignitis | saulės parkai

Solar sales

>120 MW over 2022–2025

Developing and scaling innovative energy solutions and platforms

1. Retail gas sales plan is in line with SBTi requirements. Scope 3 (sale of natural gas to end-users) target value 2030 (vs. 2020): -25% of GHG emissions (million t CO_2 eq). Reducing GHG emissions from sales of natural gas to end-users (Scope 3) by promoting customer transition from gas to electricity (especially household customers).

Flexible Generation

Reliable and flexible power system

8 DECENT WORK AND ECONOMIC GROWTH

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13 CLIMATE ACTION

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Ensuring reliability and flexibility of the power system

We aim to contribute to the synchronisation with the grid of continental Europe in 2025

1.1 GW

0.9 GW
reserved to provide
ancillary services[1]

Available for
merchant generation

2021

No major changes expected over 2022–2025

The same ancillary services expected to be provided

Merchant generation expected to fluctuate around or below 2021 levels

2022-2025

Provision of new ancillary and reserve services in 2026+

New ancillary services are expected after synchronization with the grid of continental Europe

Merchant generation will depend on market conditions and GHG emissions management plan
(Scope 1)

2026+

	2021	2022-2025	2026+
Load factor	**<10%**	⇔	⇓
Share of Regulated/contracted [2] EBITDA	**~41%**	⇔	⇑

[1] Tertiary power reserve services (519 MW/Units 7&8) and isolated regime services (372 MW/CCGT) services provided to the TSO (in 2022).
[2] Pre-contracted, incl. ancillary/capacity services

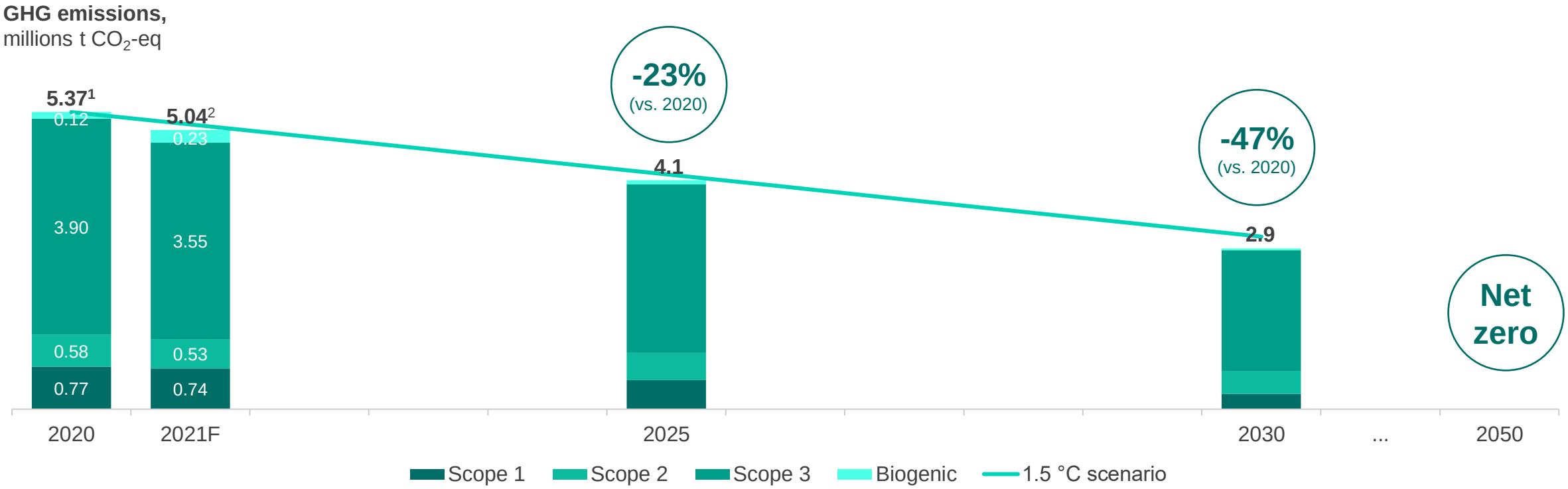
We deliver on our promise of a sustainable future

Science-based emissions reduction pathway

Ignitis Group plans to halve its emissions by 2030 – our targets were validated by the Science Based Targets initiative (SBTi).

Near-term targets aligned with 1.5 °C scenario alongside an explicit net-zero-by-2050 commitment.

Group's GHG emissions reduction: the largest decline, in percentage terms, is planned in Scope 1 and, in absolute terms, in Scope 3



1. The historical data has been recalculated following a revision of the grid loss emissions calculation methodology (using a market-based approach instead of location-based).
2. Based on preliminary data. At the time of writing, Bureau Veritas was in the process of verifying the GHG data.

Our commitment to a sustainable future: 2025 goals

	ENVIRONMENTAL				SOCIAL			GOVERNANCE	
Sustainability pillar	Climate action		Preserving natural resources		Future-fit employees			Robust organisation	
Sustainability programme	Expanding Green Generation	Decarbonising operations & living	Adopting circularity	Preserving ecosystems & biodiversity	Increasing safety at work	Cultivating a collaborative & nurturing workplace	Growing a diverse and inclusive organisation	Running transparent and ethical operations	Ensuring operational resilience and sustainable value creation
2025 strategic milestones and goals	**2.0–2.2 GW** installed green generation capacity	**-23%** GHG emissions reduction (vs. 2020)	**Each business segment** to implement at least one circularity transformation[1]	**Net gain** in biodiversity[2]	**0** employee and contractor fatalities and employee **TRIR <1.90**	**≥50%** net share of employees promoting the Group as an employer (eNPS)	**≥34%** share of women in top management	**≥95%** corruption intolerance among employees[3]	**≥70%** Sustainable adjusted EBITDA share[4]
2021	1.2 GW	5.04m t CO_2-eq	N/A	N/A	2.01	57.4%	27%	97%	64% (212 EURm)
2020	1.1 GW	5.37m t CO_2-eq	N/A	N/A	0.45	56.0%	28%	96%	70% (171 EURm)
SDG contribution	7 AFFORDABLE AND CLEAN ENERGY; 13 CLIMATE ACTION		12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 15 LIFE ON LAND		8 DECENT WORK AND ECONOMIC GROWTH; 5 GENDER EQUALITY			9 INDUSTRY, INNOVATION AND INFRASTRUCTURE; 7 AFFORDABLE AND CLEAN ENERGY	

Sustainability focus areas were defined based on a materiality assessment that involved the opinion of nearly 3,000 stakeholders of the Group. The full report is available on our website (link).

1. Four business segments, for each: at least one significant initiative involving significant resource use reduction, reuse or recycling.
2. Involving first, an assessment of total biodiversity impact, and second, coordination with environmental experts to create a positive impact on biodiversity (restore, compensate natural habitat and species loss).
3. Based on an annual employee survey question about how likely employees are to report potential corruption if they see it. Lithuania's public sector average –19% (2020).
4. Sustainable activity as defined by the EU Taxonomy draft version 2021.12.31.

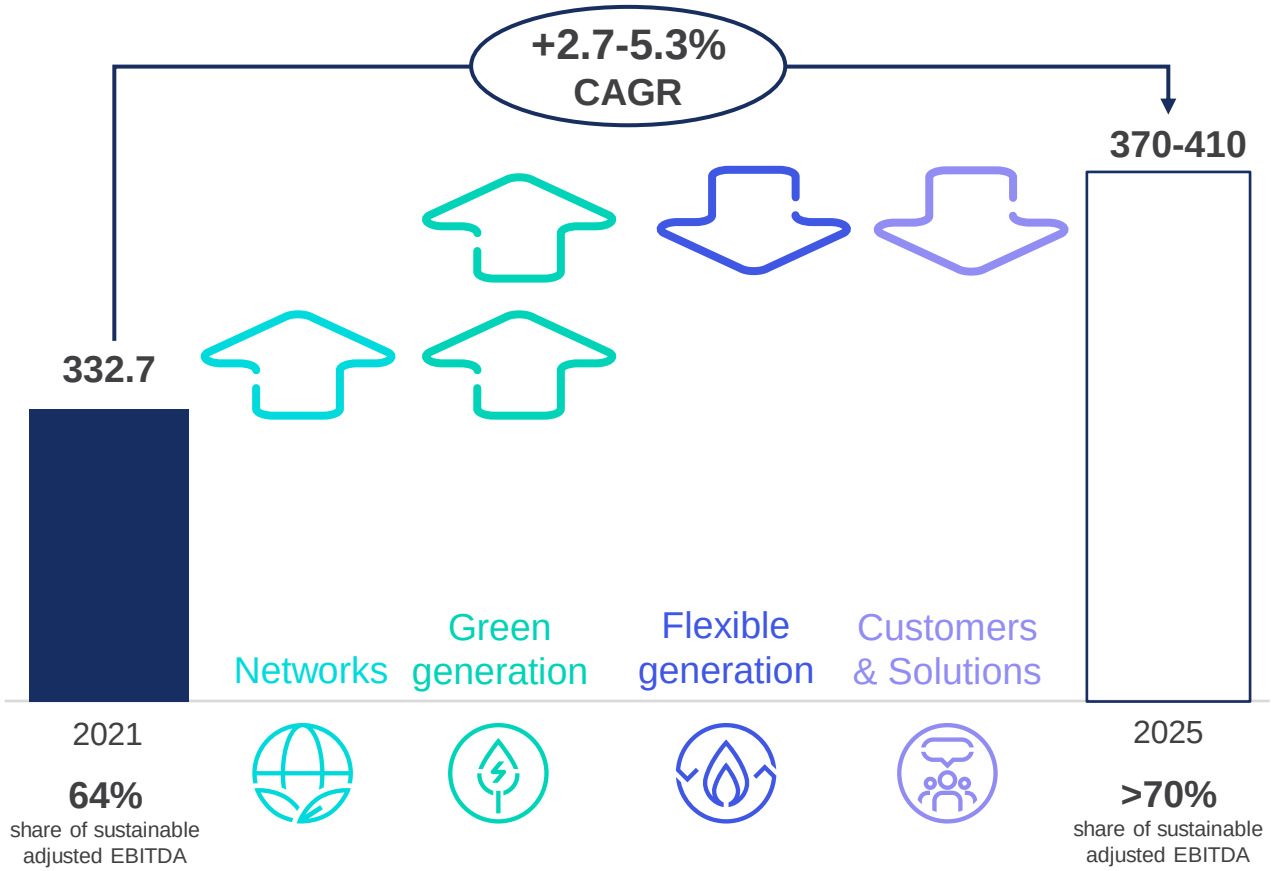
Financials

Target returns, leverage and dividends

Target returns

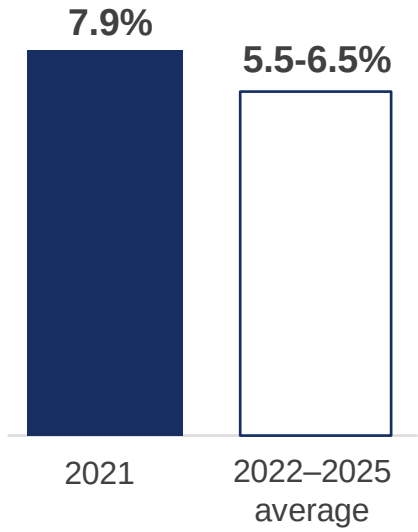
EBITDA expected to grow **by 11–23%** in 2025 vs. 2021 mainly driven by Green Generation

Adjusted EBITDA, EURm



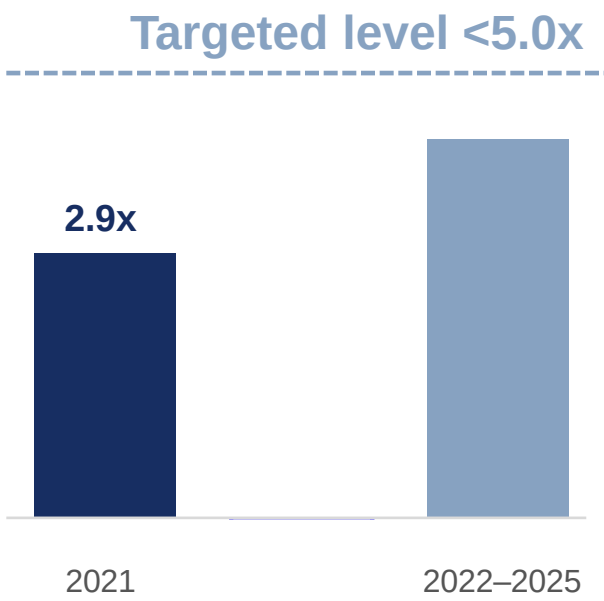
Adjusted ROCE, %

Revised WACC in electricity DSO and better than usual results in 2021 for Flexible generation and Customers & Solutions segments are the key drivers for lower ROCE in 2022–2025



Commitment to solid investment–grade credit rating

Net debt/Adjusted EBITDA



We expect to secure

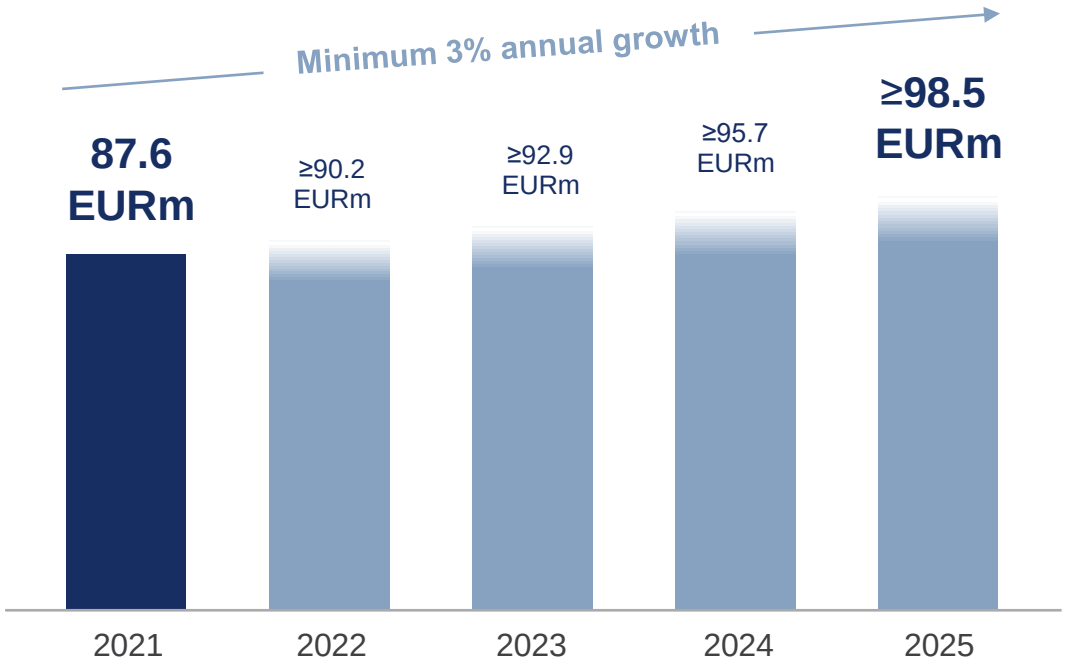
BBB or above

rating over the 2022-2025 period

Growing dividends

Minimum annual dividends, EURm

(declared during the financial year)



	2021	2022	2023	2024	2025
Minimum DPS[1]	1.19 EUR	≥1.23 EUR	≥1.27 EUR	≥1.31 EUR	≥1.35 EUR
Dividend yield[2]	~5.8%	~6.0%	~6.2%	~6.4%	~6.6%

Dividend policy

We aim to grow our dividends to shareholders at a minimum 3% annual rate.

The starting dividend level for 2020 was set at EUR 85 million and EUR 87.6 million declared for 2021.

We also have the flexibility to distribute excess cash if available.

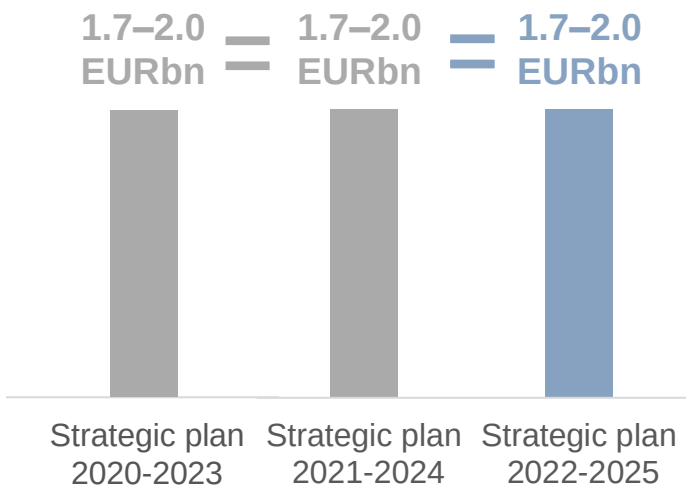
6.0-6.6%

Implied dividend yield 2022-2025

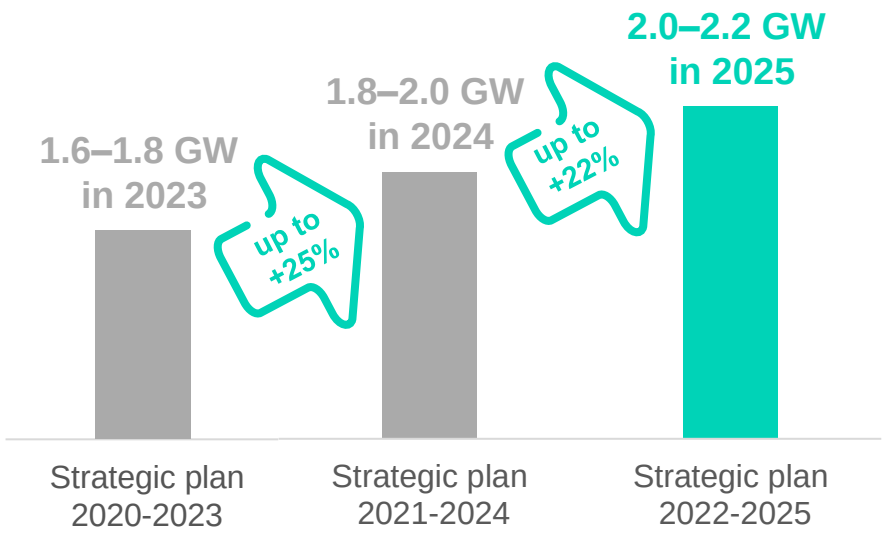
1. Calculated based on the No. of shares (73,040,514 ordinary shares).
2. Implied dividend yield (annual) over the 2022-2025 period is calculated based on the Ignitis group share price: 20.5 €/sh. Dividend yield for GDR's: 5.7% in 2021.

Strategic plan 2022–2025 vs. 2021–2024 & 2020-2023

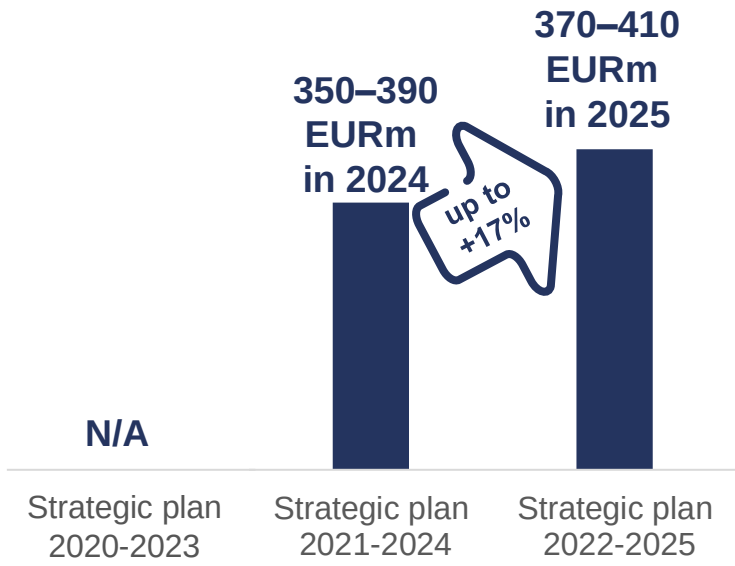
INVESTMENTS



GREEN GENERATION CAPACITY



ADJUSTED EBITDA



Highlights

Highlights

1 Adjusted EBITDA growth of 11-23% (2025 vs. 2021) to **EUR 370-410m**, driven by:

- Green Generation installed capacity increase (to 2.0-2.2 GW in 2025)
- RAB growth in Networks (to 1.6-1.7 EURbn in 2025)

2 Delivering on our promise of creating a sustainable future

- Reducing GHG emissions (-23% in 2025 vs. 2020)
- Bringing forward Net Zero emissions

3 Committed to dividend growth

- Growing dividends by minimum 3% annually
- Solid implied dividend yield 6.0-6.6%[1] during 2022-2025:

[1] Dividend yield for the 2022-2025 period is calculated based on the Ignitis group share price: 20.5 €/sh.

Ignitis Group: an attractive blend of yield and green energy growth

1. A leading utility and renewable energy group in the Baltic region with a critical role for the region's decarbonisation and energy security
2. Resilient business with highly visible cash flows from regulated or long-term contracted activities
3. Attractive growth driven by green energy and distribution network investments
4. Strong and disciplined financial profile supporting shareholder returns
5. Experienced management team with a track record of building a sustainable energy platform

Annexes

Disclosure summary

Strategic ambitions and financial guidance	
Green generation installed capacity: - 2025 - 2030	 2.0-2.2 GW 4.0 GW
Adjusted EBITDA, 2025 - *of which a sustainable share, 2025* Adjusted EBITDA growth, 2025 vs. 2021	370-410 EURm *≥70%* +11-23%
Average ROCE, 2022-2025	5.5–6.5%
Net Debt/Adjusted EBITDA, 2022-2025	< 5x
Solid investment–grade rating (S&P), 2022-2025	BBB or above
Dividend policy	minimum 3% annual grow rate
- Minimum DPS[1], 2025 - Dividend yield[1], 2022-2025	≥1.35 EUR 6.0-6.6%
Science-based emissions reduction (to align with 1.5 °C scenario alongside an explicit net-zero-by-2050 commitmen): - 2025 vs. 2020 - 2030 vs. 2020	 -23% -47%

Our KPIs for creating a sustainable future	
Total CAPEX, 2022-2025 *- of which a sustainable share, 2022-2025*	1.7–2.0 EURbn *>90%*
Network digitalisation: # of smart meters in 2025	1.1-1.2 million
Electricity SAIFI: average 2022-2026	≤1.06
Green electricity share in our supply portfolio, 2025	>50%
Market position in ancillary services in Lithuania, 2022-2025	#1
Safety at work: - Fatal accidents of own employees and contractors, 2025 - Total recordable injury rate (TRIR) of own employees, 2025	 0 < 1.90
Engaged employees, diverse and inclusive workplace: - Employee Net promoter score (eNPS), 2022-2025 - Share of women in top management, 2025	 ≥50% ≥34%

1. Minimum dividend per share is calculated based on the No. of shares (73,040,514 ordinary shares). Dividend yield is calculated based on the Ignitis group share price: 20.5 €/sh.

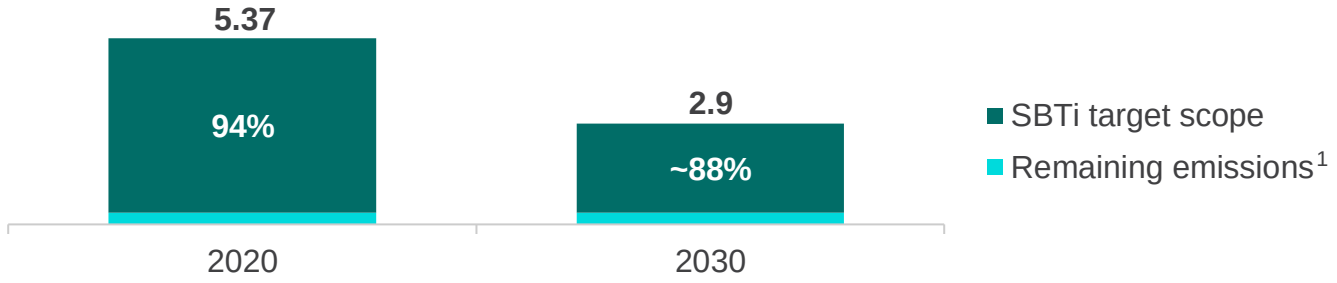
Science-based emissions reduction targets

Most of the Group‘s GHG emissions are covered by emission reduction targets validated by the SBTi. We expect that the remaining emissions will not change significantly.

The projected effect of the validated targets on total Group emissions is a 47% reduction by 2030 (vs. 2020).

Share of Group‘s GHG emissions covered by targets validated by the SBTi

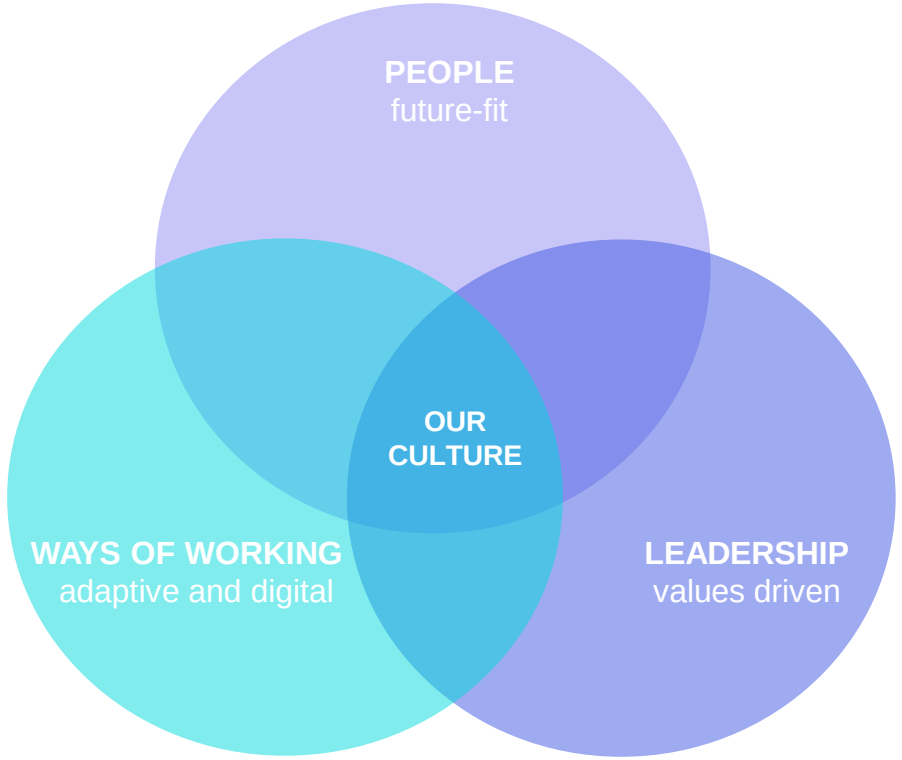
Millions t CO_2-eq



Target scope	Target value 2030 (vs. 2020)	Emissions scope	Main reduction areas
GHG emissions intensity from power generation	**15 g CO_2-eq/kWh** (-94%)	Scope 1 (stationary combustion) + biogenic emissions	Increasing green electricity generation capacity
			Optimising consumption of resources necessary for operations
GHG emissions intensity from power generation and sold electricity	**27 g CO_2-eq/kWh** (-90%)	Scope 1 (stationary combustion) + Scope 3 (sold electricity and heat)	Increasing green electricity generation capacity
			Developing solutions that support customer energy efficiency (e. g. implementation of smart metering for customers)
			Increasing share of green electricity sold to customers
GHG emissions not related to power generation	**0.34m t CO_2-eq** (-42%)	Scope 1 + Scope 2	Increasing share of green electricity usage
			Natural gas grid loss reduction
			Replacing operational vehicle fleet with EVs
GHG emissions from use of sold products	**1.5m t CO_2-eq** (-25%)	Scope 3 (sale of natural gas to end-users)	Promotion customer transition from gas to electricity

1. Emissions not covered by emission reduction targets validated by SBTi (remaining emissions) come from electricity grid losses, well-to-tank of fuel etc. The exclusion of these emissions is consistent with the SBTi methodology for target validation. In 2020, these emissions in total amounted to 0.33 million t CO2-eq.

We are future-fit, values driven, adaptive and digital organisation



Creating a sustainable organisational culture

Our KPI's for 2025

TOP Employer	**Certification** „Continent“ **Top of mind employer** in Renewables in regions where we operate
Employee experience	**≥50%** Employee NPS
Diverse workforce	**≥23%** women in IT and engineering **≥34%** women in Top management positions
Skills and competencies	**100%** Ensured **talent pipeline** for strategy execution **80%** People involved into **digital** skills training program **80%** Having **strategic** competencies

2021

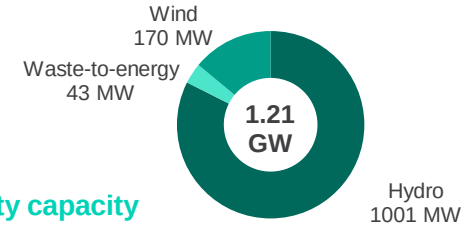
Ensured excellence in people practices and certified as Top Employer[1]

LYGIŲ GALIMYBIŲ SPARNAI
(Equal Opportunity Wings)

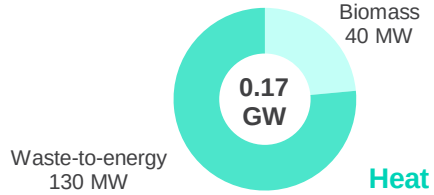
Received highest acknowledgement in Lithuania for equal opportunities in the workplace[2]

1. The certificate was issued in January 2022.
2. In 2021 the Group received three 'Equal Opportunity Wings', the highest acknowledgement given by the Office of the Equal Opportunities Ombudsperson in Lithuania.

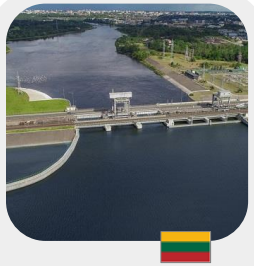
Green Generation operating assets



Electricity capacity



Heat capacity

	Kruonis PSHP	Kaunas HPP	Eurakras, Vėjo vatas, Vėjo gūsis	Tuuleenergia	Pomerania WF	Kaunas CHP	Vilnius CHP	Elektrėnai boiler
								
Electricity capacity	900 MW	101 MW	58 MW	18 MW	94 MW	24 MW (WtE)	19 MW (WtE)	-
Heat capacity	-	-	-	-	-	70 MW (WtE)	60 MW (WtE)	40 MW
Energy source	Hydro (pumped storage)	Hydro (river flow)	Wind	Wind	Wind	Waste	Waste	Biomass
Revenue source	~4/96% regulated/merchant[1]	Merchant	FIT	FIP	Indexed CfD	Merchant	Merchant	Merchant
Other info	4 units of 225 MW	4 units of 25 MW	26 turbines	6 turbines	29 turbines	Partnership with Fortum	EU CAPEX subsidy	-
Investments 2022-2025	~17 EURm[2]	~17-18 EURm[2]	0 EURm	0 EURm	0 EURm	~3 EURm	0 EURm	0 EURm

1. Proportions based on 2021 adjusted EBITDA.
2. Major refurbishments included. Normal level of maintenance capex is substantially lower. Kruonis PSHP 1-4 units (excluding additional capacity expansion).

Expected auctions by 2025

Baltics and Poland

Country	Auction date	Technology	Capacity	Status	Support scheme	Support period	Group project relevance
Poland	2022-2027[1]	Neutral	9.0 GW	Planned	Indexed CfD	15 years	Polish solar portfolio II
Poland	2025-2027	Offshore	5.0 GW	Planned	Indexed CfD	25 years	TBD
Lithuania	2023	Offshore	0.7 GW[2]	Planned	Fixed CfD	15 years	Lithuanian offshore wind farm project
Estonia	2022-2023	Neutral	0.4 GW[3]	Planned	Fixed CfD	12 years	TBD
Estonia & Latvia joint	2025-2026	Offshore	1.0 GW	Planned	TBD	TBD	TBD
		Total:	**16.1 GW**				

Sources: Information provided based on publicly available information, Wood Mackenzie and might be changed by the relevant regulatory bodies.
1. Extension of current REC (Renewable Energy Certificate) auction system up to 2027 was approved by European Commission. Provided capacity is illustrative and will depend on split between technologies.
2. Second stage of the auction with additional 700 MW capacity to be held on 2024 is currently under consideration.
3. Capacity calculated based on the following assumptions: auctions technology neutral, wind capacity factor equal to 35%, solar – 11.5%. In Polish auction proportion between wind and solar project, win equal to 50:50, whereas in the remaining countries all auctions are won by wind projects.

Flexible Generation operating assets

	CCGT of Elektrėnai complex	Units 7-8 of Elektrėnai complex
Electricity capacity	455 MW	600 MW
Energy source	Gas	Gas
Location	Lithuania	Lithuania
Revenue source	~25%/75% regulated/merchant[1]	100% regulated
Other info	COD in 2012	2 units of 300 MW
Investments 2022-2025	Up to 26 EURm[2]	

1. Proportions based on 2021 adjusted EBITDA.
2. Include ~8 EURm for planned 8th unit major repair.

Abbreviations

Indicator	Definition
#	Number
%	Per cent
Adjusted EBITDA	EBITDA after eliminating items, which are non-recurring, 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
B2B	Business to business
B2C	Business to consumer
CAPEX	Capital expenditure
CAGR	Compound Annual Growth Rate
CCGT	Combined cycle gas turbine
CfD	Contract for difference
CHP	Combined heat and power
CO2	Carbon dioxide
COD	Commercial operations date
Designated supplier	The designated supplier sells the mandatory quantity of LNG on the competitive market, being compensated only for expenses which it incurred due to the specifics of its activity as the designated supplier and which other natural gas suppliers do not incur
DPS	Dividend per share
eNPS	Employee Net Promoter Score
ESG	Environmental, social and corporate governance
EURbn	billion EUR
EURm	million EUR
EV	Electric vehicle
FA	Fatal Accidents
FFO	Funds from operations
FI	Finland
FIT	Feed-in tariff – fixed electricity purchase tariff
FIP	Feed-in premium – fixed premium to the electricity market price
GHG	Greenhouse Gas
GRI	Global Reporting Initiative
GW	Gigawatt
Installed capacity	Where all assets have been completed and have passed a final test

Indicator	Definition
Investments	Acquisition of property, plant and equipment and intangible assets, acquisition of shareholdings
IRR	Internal Rate of Return
LY	Last year
LNG	Liquefied natural gas
LT	Lithuania
LV	Latvia
MW	Megawatt
MWe	Megawatts electric
MWth	Megawatt thermal
Net debt/EBITDA	Leverage ratio, which shows the Group's ability to repay its debt from the profit earned.
OPEX	Operating expenses
PL	Poland
PPA	Power purchase agreement
RAB	Regulated asset base
ROCE	Return on Capital Employed
SAIFI/SAIDI	System Average Interruption Frequency Index/System Average Interruption Duration Index
SBTi	Science Based Targets initiative
SDG	Sustainable Development Goal
Supply of last resort	Supply of electricity in order to meet electricity demand of customers who have not selected an independent supplier under the established procedure, or an independent supplier selected by them does not fulfil its obligations, terminates activities or the agreement on the purchase and sale of electricity
TBD	To be determined
TCFD	Task Force on Climate-Related Financial Disclosures
Top management	Includes boards, general managers and 1st management level below them. When calculating the share of women, double-counting is avoided (when the same person holds more than one top management position in the same company).
TRIR	Total recordable injury rate: Total recordable injuries x 1 million hours worked divided by all hours worked during the reporting period.
TSR	Total Shareholder Return
TWh	Terawatt-hour
UN	United Nations
vs.	versus
WACC	Weighted average cost of capital
WtE	Waste-to-energy