EPSOG Management Report 2024

Consolidated Management Report, Consolidated and the Company's Financial Statements for the year ended 31 December 2024 prepared in accordance with the International Financial Reporting Standards as adopted by the European Union

Amber Grid | Baltpool | Energy Cells | EPSOG Invest | Litgrid | TETAS

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Chairman’s Foreword

Dear readers,

The year 2024 was marked by striking global events which we hope will lead to peaceful and sustainable solutions. The energy sector is particularly affected by regional environmental factors and geopolitics. The situation has therefore in 2024 called for a focus on the primary objectives of strengthening Lithuania’s energy security, including national security.

All Baltics now are brought together for the synchronisation with continental European networks. The synchronisation of the power grids, where the EPSO-G Group companies play a crucial role, is a decisive step towards securing energy independence for Lithuania, Latvia and Estonia.

Last year, we adopted a new energy strategy 2035 of the EPSO-G Group which outlines the directions shaping future energy. At this stage, a common vision for energy development in the Baltic States is a must. The synchronisation of power grids with Western Europe, integration into the European Green Hydrogen Network are the examples of our successful cooperation with the fellow TSO’s from Nordic and Baltic countries in addressing regional energy issues.

Since Lithuania’s security concerns all of us, the Group joined a project of national security in 2024. EPSO-G Invest, an EPSO-G Group company, signed the share purchase and shareholders’ agreements with Rheinmetall, German defence technology company, and Giraitės ginkluotės gamykla. This regulates the acquisition of shares in the company Rheinmetall Defence Lietuva, which will build the 155-mm artillery shell manufacturing plant. EPSO-G Invest co-invests in the project with the state-owned enterprise Valstybinis Investicinis Kapitalas. The Group is certainly not a newcomer to the national security topic. Hitherto, EPSO-G has been responsible for the installation of a physical barrier at the border with Belarus, a project important to the security of Lithuania.

The EPSO-G Group companies are in charge for energy infrastructure of strategic importance. With hostile states posing threats and launching hybrid attacks in the Baltic Sea, the Group’s priority is to ensure reliable and uninterrupted energy transmission while further strengthening both physical and cybersecurity of infrastructure. The EPSO-G Group companies invest in strengthening the security of infrastructure, together with the responsible bodies reinforce the security of infrastructure, and attend specialised exercises.

I am proud that the EPSO-G Group companies, while strengthening Lithuania’s energy independence, find ways to help Ukrainian colleagues. In 2024, we handed over the much needed infrastructure to the energy companies in the war-torn country, and more than fifty vehicles were delivered to Ukraine.

I extend sincere thanks to all the employees of the EPSO-G Group companies who put daily efforts in strengthening Lithuania’s energy independence and ensuring energy security.

Robertas Vyšniauskas,

Chairman of the Board of EPSO-G

CEO's Foreword

Dear readers,

2024 was an eventful year for both Lithuanian and regional energy sector. One of the essential changes was the increase in local electricity generation, which accelerated to 60% and was ahead of imports, reversing the previous predominant proportion of the system's demand coverage. The EPSO-G Group, particularly Litgrid, further boosted its mobilisation to complete final preparations, and focused its efforts ahead of synchronisation with the continental European grid, a project of historic importance. We have also made another important step by adopting new long-term energy strategy 2035, which will be our roadmap towards a sustainable and secure future. Furthermore, we were actively engaged in new activities, such as national security and defence industry projects, strengthening the national resilience and independence.

9th February 2025 will go down in history as one of the most significant energy events – the synchronization of the electricity systems of the Baltic states with Continental European Network. In addition to being a historic milestone for Lithuania, it marks a special stage for the entire region, where the Baltics liberated themselves from their last chains to finally establish energy independence. Last year, the Group and other companies across the region were actively engaged in the preparations for this step, with the final follow-ups during 2025 to secure a stable and reliable continuity.

The involvement in a project that is fundamental to both national and European security was another important step for the Group. By teaming up with the German defence giant Rheinmetall and Giraitės ginkluotės gamykla, and leveraging on the investments of the state-owned enterprise Valstybinis Investicinis Kapitalas, the Group will develop a project of the 155-mm artillery shell manufacturing plant in Baisogala.

Currently, the Baltic Sea Region leads Europe in terms of the growth in renewable energy capacity per capita. This leadership is reflected through record levels of local green energy generation capacity, i.e. 41% of annual consumption, with 60% of total national energy generated annually. Early in 2025, the capacity of solar and wind power plants connected to the power grid was 3.7 GW, or 60% more than last year. As renewable electricity generation grows, the plans for battery energy storage systems are being made in the market. The capacity of 2.7 GW and almost 5.5 GWh is currently reserved for developers planning to connect to the transmission network. We hope that the market will rush to take the advantage of emerging opportunities for batteries, with the first commercial batteries connected to Litgrid's network in a year's time. The increasing capacity and opportunities of flexible energy generation facilities will boost the RES growth rate further.

Natural gas continues to be a vital resource for the stability of the country's energy system and industry. In addition to the rising consumption of gas in Lithuania during 2024, the volume of biogas being fed into the transmission network also increased. With the Baltics' electricity system synchronisation targets being met, and with the growth of local green electricity generation, reliable gas transport capacity remains important for system adequacy. Further growth in the biogas segment is also expected in 2025.

Group-owned biofuel exchange Baltpool was successful, contributing to competitive biofuel and heat prices. Despite high competition, the Company had a stable performance in foreign markets. In Lithuania, trading volumes grew by almost one tenth, mainly due to the higher activity of Vilnius Combined Heat and Power Plant. Attention should also be drawn to the Group company Energy Cells, providing Litgrid with the isolated operating reserve service and, prior to the synchronisation, the functionality to optimise the technological losses. In 2025, after the synchronisation, the Europe's largest battery system will be used to provide a balancing service, thereby contributing to maintaining an attractive electricity price for the end users. The Group company Tetas, a developer of infrastructure ensuring energy independence, also delivered positive results in 2024.

In 2024, we introduced a new energy strategy 2035 of the Group. We will also enhance energy security through projects unprecedented for both the Baltic Sea region and Europe. We are already actively contributing to the Nordic-Baltic Hydrogen Corridor project, engaging in the development of a CO2 network, and launching preparations for the infrastructure of a long-term energy storage system and energy hub. Over the next decade, we will make investments aimed at strengthening, modernising existing energy transmission networks and extending interconnections. The special focus will also remain on the competences of the Group's employees and the development of new talent, with the aim of becoming the centre of energy of the future.

The Group plays a key role not only in ensuring energy security, but also in creating value for the state and society. The Group's key operating and financial indicators show stable returns that ensure financial sustainability. After a periodic review for EPSO-G, the rating agency Moody's Investors Service affirmed its Baa1 credit rating with a stable outlook. As one of the regional leaders, the Group has strong financials, moderate and balanced debt levels and steady, diversified income flows.

The EPSO-G Group invested EUR 236,1 million in projects to strengthen Lithuania's energy independence. The largest part of the investments amounting to EUR 229,1 million was allocated to projects for the modernisation of the electricity transmission network, and synchronisation programme. In 2025, the EPSO-G Group plans to invest around EUR 270 million, approximately a quarter more than in 2024. The most significant investments will be allocated to ensuring the reliability and development of the electricity transmission system.

The Group's priority is to reduce the climate impact of its activities. In 2024, we reached a major milestone by joining the Science Based Targets initiative (SBTi) and committing to have science-based greenhouse gas (GHG) emission reduction targets set by 2030. The target to reduce greenhouse (GHG) emissions that companies create in their operations by 30% by 2026, compared to the 2019 baseline, is also included in the terms of the sustainability-related bond issued by EPSO-G in 2022.

I extend sincere thanks to the colleagues in the EPSO-G Group companies for their daily commitment to meaningful work, and for taking on the responsibility to commit to tasks that have never been done before. I am also grateful to the Board, the shareholder and its representatives, and partners for their support, stimulus, and smooth and efficient cooperation. May 2025 give us all determination and unity in overcoming challenges that will further strengthen Lithuania's energy independence!

Mindaugas Keizeris,

CEO of EPSO-G

01 EPSO-G Group of Companies: Who We Are

1. EPSO-G Group of Companies: Who We Are

1.1 Structure of the EPSO-G Group Companies

EPSO-G is a 100 % state-owned Group of energy transmission and exchange companies (hereinafter – EPSO-G Group, Group). The rights and obligations of EPSO-G UAB (hereinafter - EPSO-G, Company) holding shareholder are implemented by the Ministry of Energy of the Republic of Lithuania. EPSO-G performs the function of management, supervision and control of the Group companies, implements and ensures the implementation of the activities of the Group outlined in the Letter of Expectation of the Shareholder, coordinates the application of corporate governance in the Group and adopts common operating policies governing important areas; implements functional mentoring of activities of the companies of the Group, and carries out other management activities.

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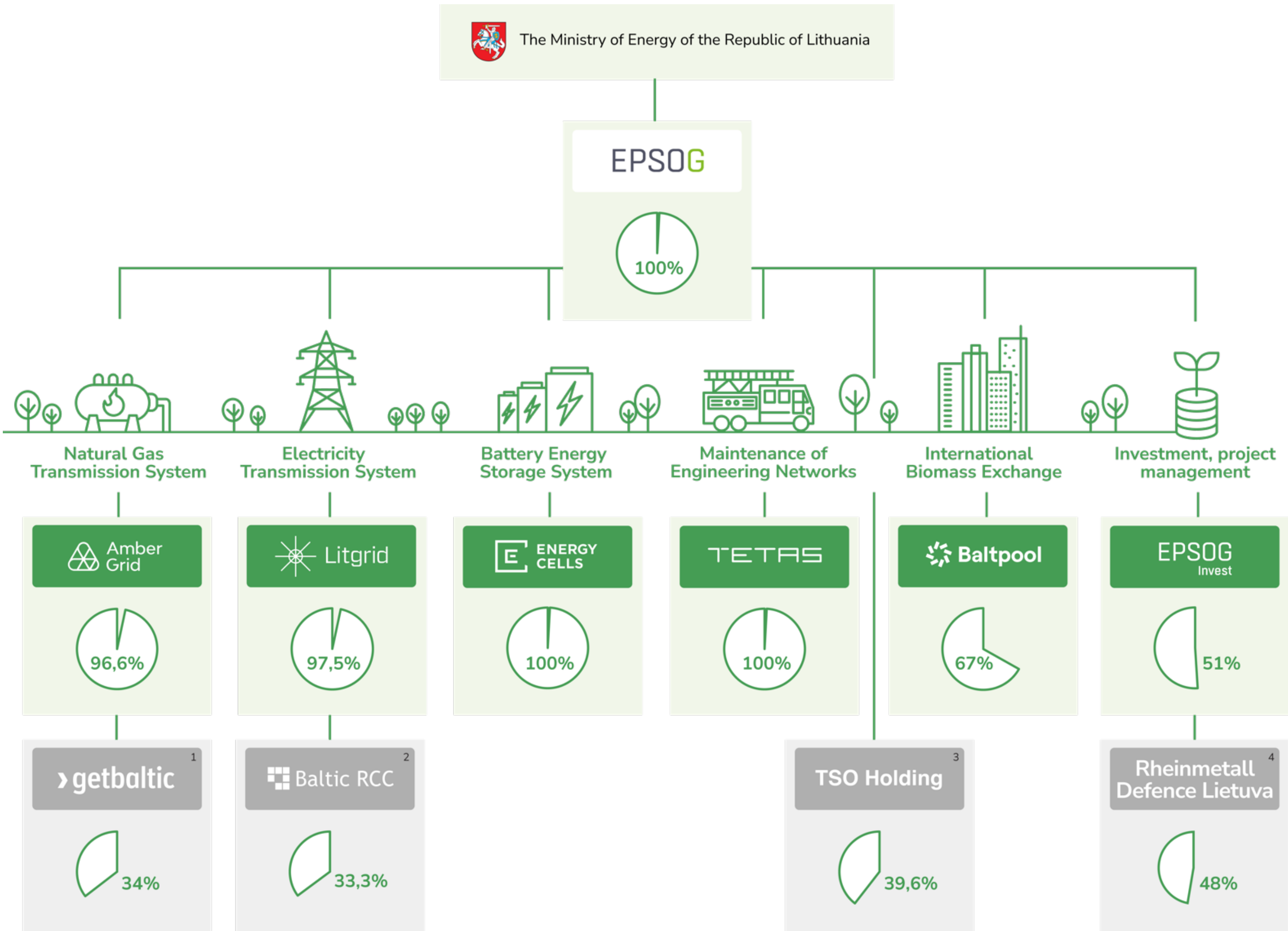

[1]**GET Baltic** UAB is gas exchange operating in the Baltic States and Finland. Amber Grid holds 34% and EEX AG 66% of shares in the company. GET Baltic is a part of the EEX AG group.

[2]**Baltic RCC OÜ** is a company established by Baltic electricity transmission system operators in 2022 to provide services ensuring safety and reliability of the electricity system and to coordinate between the transmission network operators of the Baltic region.

[3]**TSO HOLDING AS** is the minority shareholder of Norwegian company Nord Pool Holding that holds 34% of shares in the company. Nord Pool Holding holds 100% of shares in the Nord Pool electricity exchange, which provides the electricity exchange services in Central and Western Europe, the United Kingdom, Nordic and Baltic countries. The exchange provides electricity trading services, as well as clearing and settlement services.

[4]**Rheinmetall Defence Lietuva, UAB** develops project of the 155-mm artillery shell manufacturing plant in Baisogala. 51% of shares are held by Rheinmetall Waffe Munition GmbH, 48% by EPSO-G Invest UAB and 1% by Giraitės ginkluotės gamykla.

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1.2. Activities of the EPSO-G Group Companies

Our core business – to ensure energy transition and security of supply

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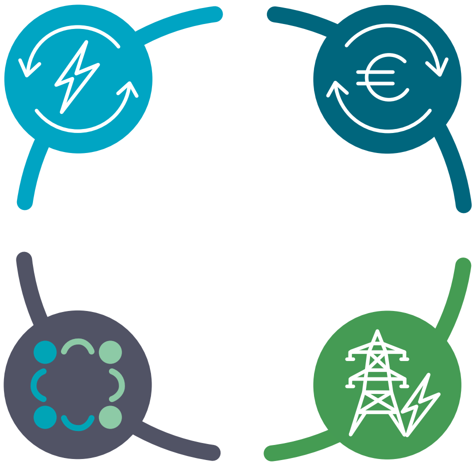
Transmission infrastructure

We deliver and manage critical infrastructure to enable secure and sustainable energy



Exchange services

We facilitate the exchange of low carbon fuels to support energy security and decarbonisation goals

System operation

We ensure safe and reliable operation of an integrated energy system

Engineering & consulting services

We provide engineering and advisory services to enable delivery of low carbon assets and infrastructure

Customer groups of Group business activities:

System operation:

Ensuring effective operations and the integration of renewable energy sources

Electricity producers and distributors responsible for network balancing/imbalance, major electricity and centralized heating production companies in Lithuania, as well as industrial enterprises and medium-sized businesses in Lithuania, energy and natural gas transmission service companies from the Baltic States and third countries.

Exchange services:

Well-established in Lithuania with ongoing international expansion

Buyers of biofuel (district heating companies, independent heat producers, and other companies using biofuel) and biofuel sellers (wood pellet and chip manufacturers and distributors); also wood buyers/sellers, fuel suppliers, electricity consumers, heat suppliers.

Transmission infrastructure:

the largest transmission network in the Baltic States

Distribution system operators; electricity/gas consumers directly connected to the transmission system; electricity producers directly connected to the transmission system; landowners and managers; renewable energy sources (biomethane, hydrogen, etc.) developers; battery park developers.

Engineering & consulting services:

A reliable and strategically important business ensuring long-term market growth

Electricity transmission system operator, electricity distribution system operator, renewable energy park developers.

Planned expansion into international markets and the development of new services, such as CO_2 and H_2 transportation. This should expand service and customer groups in the future (over the next 10 years).

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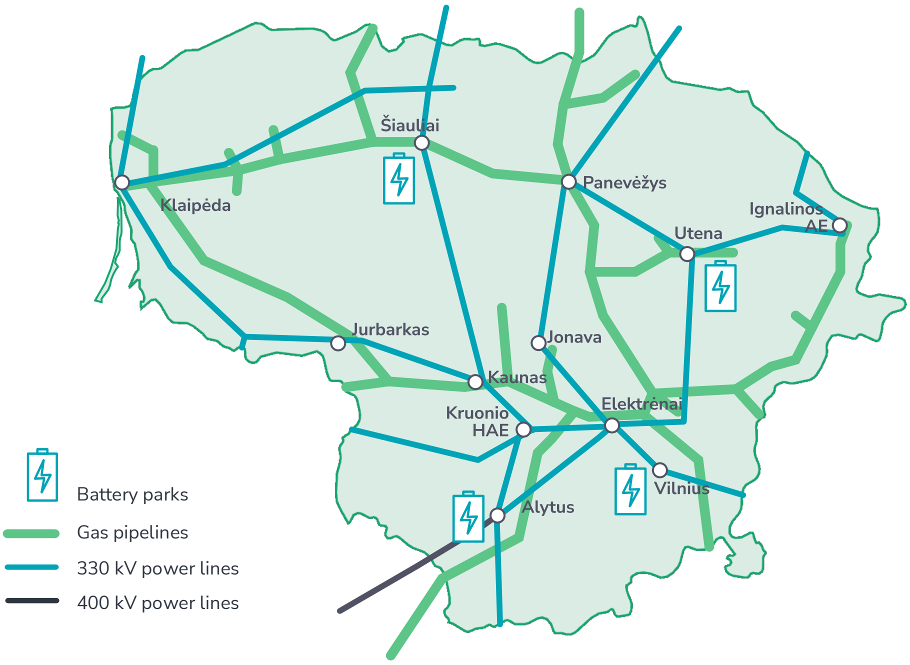
1.3. Infrastructure managed by the EPSO-G Group

Key energy infrastructure in Lithuania managed by the EPSO-G Group (as of 31 December 2024)



7,410 km

High-voltage power transmission lines and cables, of which:
103 km 400 kV
2222 km 330 kV
5086 km 110 kV

246

Transformer substations and switchyards, including:
2 at 400 kV
18 at 330 kV
226 at 110 kV

2,288 km

High-pressure pipelines

68

Gas distribution stations and gas metering stations

4 locations

Battery parks

200 MW

Total installed capacity of battery parks.

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1.4. Services of the EPSO-G Group Companies

ENERGY CELLS

Electricity storage system operator
More information on the Energy cells website.

Baltpool

Energy resources exchange operator and wood exchange administrator.
More information on the Baltpool website.

TETAS

Operation and maintenance of electrical equipment up to 400 kV voltage.
More information on the Tetas website.

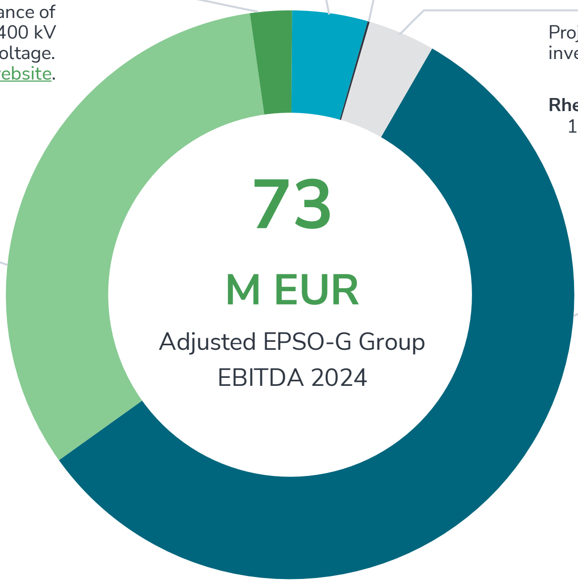
EPSOG Invest

Project management and investment company

TSO Holding

Holding, minority shareholder of the "Nord Pool" exchange.

Rheinmetall Defence Lietuva
155 mm Artillery ammunition factory



Amber Grid

Lithuanian gas transmission system operator. More information on the Amber Grid website.

getbaltic

Natural gas exchange operator

Litgrid

Lithuanian electricity transmission system operator.
More information on the Litgrid website.

Baltic RCC

Baltic regional coordination centre

Core services of the EPSO-G Group companies

Litgrid

Lithuanian electricity transmission system operator

- Maintenance and technical supervision of electricity transmission infrastructure
- Electricity transmission
- Additional services to support system operations
- Trading of balancing and regulating electricity

Amber Grid

Lithuanian gas transmission system operator

- Maintenance and technical supervision of gas transmission infrastructure
- Gas transmission
- Balancing of gas flows in the transmission system
- Administration of the renewable gas (RE) guarantees of origin registry
- Administration of compensation funds for LNG terminal maintenance costs

ENERGY CELLS

Energy storage system operator

- Isolated electricity system reserve service
- Function for reducing technological losses costs in the electricity PSO (Public Service Obligation)
- Energy consulting services

TETAS

Electricity network construction and maintenance

- Construction and operation of electrical equipment up to 400 kV voltage
- Installation of electricity supply and distribution equipment
- Electricity network installation
- Technical maintenance and reconstruction
- Equipment testing and diagnostics

EPSOG Invest

Project management and investments

- Project management
- Investments in the artillery factory

Baltpool

Biomass and wood exchange

- Operation of the biomass exchange
- Administration of wood auctions
- Organization of heat auctions
- Administration of VIAP funds
- Administration of DAEI accounting units
- Administration of emergency intervention funds

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1.5. EPSO-G Group Companies Across the Value Chain of the business activities

The national energy policy is shaped by ENMIN (Energetikos ministerija)

Exercises the shareholder's rights and duties

National regulatory authority VERT (Valstybinė energetikos reguliavimo taryba)

EPSOG

Corporate holding, coordinating the activities of the Group companies

Operates in the following segments

Production / energy storage / import	Transmission	Distribution	Supply to retail consumers
• Electricity producers • Imports from other countries • LNG terminal operator • Storage facility operators	• Transmission system operators	• Distribution system operator	• Electricity and gas suppliers
Energy Cells	Amber Grid Litgrid		

Material supply and electricity network construction	Exchange services	Non energy investments
• Material suppliers • Electricity network construction works	• Energy exchange operators	• Companies engaged in various investments
TETAS	Baltpool	EPSOG Invest

EPSO-G companies operate in this field (green): Production / energy storage / import; Transmission; Material supply and electricity network construction; Exchange services; Non energy investments

EPSO-G companies do not operate in this field (grey): Distribution; Supply to retail consumers

02 Operating and Regulatory Environment

2. Operating and Regulatory Environment

2.1. Operating Environment

Stability in energy markets

In 2024, the prices of major energy resources remained stable, similar to 2023. On the GET Baltic exchange, the natural gas price was €39.53/MWh (19% lower compared to 2023, when the price was €48.97/MWh). The wholesale electricity price in the Nord Pool exchange for the Lithuanian trading zone was €87.34/MWh (7.5% lower than in 2023, when the price was €94.44/MWh). These trends indicate stability after the energy crisis and the ability in recent years to cope with short-term energy resource price shocks. However, in recent years, resource prices have not returned to the levels seen before 2021. At the same time, in 2024, compared to 2023, there is a trend of greater price fluctuations at different hours in the wholesale electricity day-ahead market.

1

Implication: more stable energy resource prices ensure more predictable revenues; however, larger hourly electricity price differences encourage the market to seek solutions that ensure price stability throughout the day

Security challenges and new business opportunities

During Russia's invasion of Ukraine, constant attacks have been carried out against the critically important energy infrastructure of the war-torn country, especially electricity generation and transmission. This raises concerns and the need to strengthen the protection of energy companies' managed infrastructure from potential hostile actions. At the end of 2024, disruptions in internet and power cables (Estlink 2), along with recorded signs of anchor dragging near the Nordbalt interconnection in the Baltic Sea, draw the entire region's attention to the protection of underwater infrastructure during peacetime. At the same time, in the EU, NATO countries, and Lithuania, increasing attention is being given to national defense, creating opportunities to develop new business types that contribute to strengthening the country's national security

2

Implication: For the group managing crucial gas and electricity transmission facilities and operating the Nordbalt underwater electricity interconnection with Sweden, security trends create a need to invest in protection and collaborate more actively with institutions to implement security measures. The state's focus on national defense creates opportunities for investments in new business types.

Accelerated RES growth

In 2024, Lithuania saw a record increase in the allowable capacity of renewable energy sources (RES) to generate power – 1404 MW of solar and wind farms were connected to the electricity transmission and distribution networks (compared to 803 MW in 2023). The largest share of this growth came from wind capacity in the transmission network (459 MW connected) and solar capacity in the distribution network (735 MW connected). This is also reflected in the increasingly frequent hours when more electricity is generated in Lithuania than consumed. In 2024, the share of Lithuania's electricity demand covered by RES reached 41% (compared to 30% in 2023).

3

Implication: The rapid expansion of RES increases local electricity generation, but from less predictable sources than traditional generation. This ultimately means a greater need for balancing capacity to ensure the stability of the electricity system.

Declining inflation and steady economic growth

According to the State Data Agency, in 2024, a 2.4% GDP growth was recorded. According to the macroeconomic forecasts of the Bank of Lithuania for December 2024, a 3.1% growth is expected in 2025 and 2026. This indicates a more positive and stable economic situation in Lithuania compared to 2023, when inflation was still rising due to the energy crisis. On the other hand, GDP growth was driven more by the services sector than by the recovery of manufacturing. Inflation in 2024 is expected to be around 0.8% – low, lower than the 2% inflation target set by central banks. This was influenced by the high base formed by the significant price increase during 2022-2023, which was controlled by the rising (and recently decreasing) loan interest rates set by the European Central Bank. A significant uncertainty for the forecasts is created by the potential effects of U.S. economic actions

4

Implication: Stable growth and low inflation allow for more accurate forecasting of economic changes and the price movements of materials and services, affecting financial stability, cost, and investment plans. Existing global uncertainties and their effects remain.

2.2. Regulatory Environment: Pricing of Regulated and Other Services

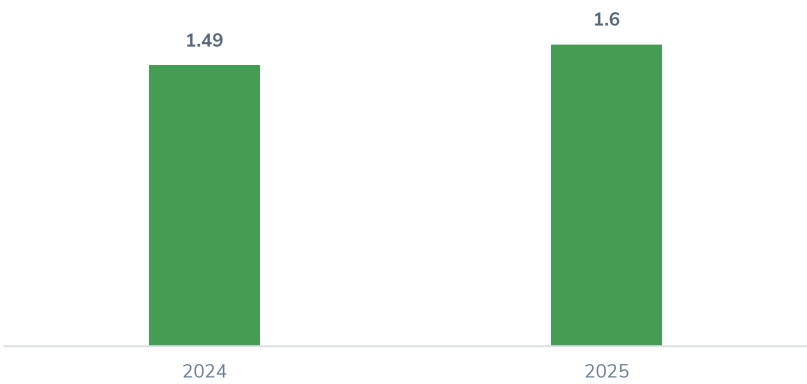
The electricity and natural gas transmission and electricity storage activities of the EPSO-G Group companies, as well as the activities of energy resources operator, are licensed and/or authorised to operate. The licences grant exclusive rights to provide transmission and market operator services in the territory of the Republic of Lithuania.

The operators of electricity and natural gas transmission systems, as well as the designated storage system operator, which are part of the EPSO-G Group companies, are the only ones in Lithuania able to provide these services. They operate under a natural monopoly, so the prices of their activities are regulated by the State. The activities of energy resources operator belonging to the EPSO-G Group set its exchange trading fees in coordination with the regulator. The regulatory function and supervision of licensed activities in Lithuania is carried out by the National Energy Regulatory Council (NERC).

The decisions taken by the regulator determine the financial performance of the regulated companies in the EPSO-G Group, the allocation of funds for necessary operating costs, investments to ensure the reliability of the electricity and gas transmission systems, and the availability of own or borrowed funds to fund strategic projects.

Amber Grid regulated activities prices

NERC approved average price of Amber Grid's gas transmission services for Lithuanian consumers, EUR/MWh



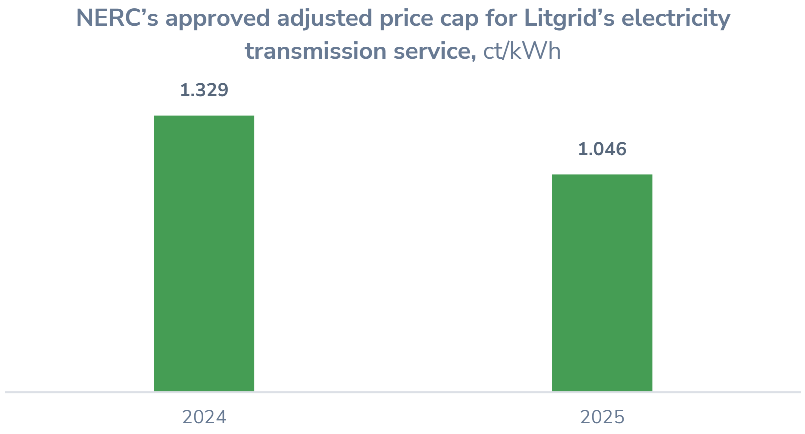
The average price of gas transmission services charged by Amber Grid for the needs of Lithuanian consumers in 2024 increased by 7% and amounted to 1.49 Eur/MWh, compared to the average price of 1.39 Eur/MWh charged in 2023. The change in the 2024 price is due to a 4.4% increase in the natural gas transmission revenue cap approved by NERC for 2024, which was driven by an increase in all operating cost categories. The revenue cap was lowered by market refunds (repayment of collected excess revenues for 2021 and 2022, in line with the regulatory principles) and the share of the previously established compensation to Poland for the GIPL project of common interest, which is significantly lower in 2024 than in 2023. The 2024 prices were also influenced by the fact that in 2024, 66.2 TWh of natural gas was planned to be transported through the Lithuanian natural gas transmission system, which is 1% less than estimated for the 2023 prices.

On 30 May 2024, NERC approved the natural gas transmission service prices approved by the CEO of Amber Grid's on 23 May 2024, effective from 1 January 2025.

It has been confirmed that the average price of gas transmission services for the needs of Lithuanian consumers in 2025 will increase by 7.4% to EUR 1.60/MWh, compared to the average price of EUR 1.49/MWh in 2024. In 2025, the change in the price for 2025 was due to the declining demand for transmitted gas in Lithuania, which is projected to decrease more in 2025 (i.e. by 19.6 % - from 21 TWh evaluated in 2024 prices to 16.9 TWh evaluated in 2025 prices) than the 4.75% lower Amber Grid's revenue cap for 2025, as approved by NERC on 10 May 2024 (compared to Amber Grid's revenue cap for 2024). The decrease of the revenue cap in 2025 was mainly due to the 41.7% lower technology costs (mainly due to the decreasing natural gas prices in the market).

In November 2024, considering the request of Amber Grid, NERC adjusted the natural gas transmission service prices for 2025. To enhance the integration of the Baltic-Finnish gas markets into the Western and Central European markets, NERC approved the gas transmission service prices for 2025 to be applied at the entry and exit points of Kiemenai for daily and within-day capacity, rounded up to the nearest price in line with the regulations of the European Energy Exchange (the prices shall correspond to the price change unit of EUR 0.025/MWh). For more details, please refer to NERC website.

Litgrid regulated activity prices



Litgrid's average non-differentiated electricity transmission service price of 1.329 ct/kWh applicable in 2024 compared to the 2023 price (0.654 ct/kWh) was 103% higher and was in line with the adjusted price cap approved by NERC on 29 September 2023 for 2024. The main contributor to this change was the use of accumulated congestion management revenues to amortise the 2023 transmission price increase. Excluding the impact of the use of congestion management revenues, the price cap for 2024 is 32% lower than that for 2023. The volume of electricity transmitted to Lithuanian consumers in 2024, which is projected to be around 15% lower than projected for 2023 prices (a factor contributing to the increase of the price cap), was also affected.

The undifferentiated ancillary services acquisition component to the transmission service price approved by NERC in October 2023 applied for 2024 at 1.3091 ct/kWh. The 2024 price increases by a factor of around 5.5 compared to the 2023 price (0.239 ct/kWh) and decreases by a factor of around 1.3 compared to the price for the second half of 2022 (1.723 ct/kWh). The main reason for the change in the 2024 price (compared to 2023) is an overly conservative price forecast for 2023, as the cost of the Generating Facility Availability Service in 2023 has increased (as compared to the projected cost of the generating facility availability service in the ancillary services price for 2023) by a factor of around 3.

On 1 October 2024, NERC approved the adjusted price cap of 1.046 ct/kWh for Litgrid's electricity transmission service for 2025. This represents a 21.3% decrease compared to the cap set for 2024 (1.329 ct/kWh). The main contributor to this change was the decrease in costs for technological needs (mainly due to a reduction of approx. 12% in electricity acquisition price due to falling wholesale electricity prices on the market), the use of accumulated congestion management revenues to amortise the 2025 transmission price changes and the correction of the mismatch in the return on investments for H1 2024 (factors reducing the price cap). The volume of electricity transmitted to Lithuanian consumers in 2025, which was projected to be around 5.8% higher than projected for 2024 prices (a factor reducing the price cap) also played a role.

In October 2024, the undifferentiated ancillary services acquisition component (price) of 1.6816 ct/kWh approved by NERC for 2025 was approx. 28% higher than in 2024 (1.3091 ct/kWh). The main reasons for the change (compared to 2024): the price estimates for 2025 include the costs actually incurred and not recovered by Litgrid in 2023 in providing such services, the cost of the Baltic power system isolated operation test (to ensure smooth synchronisation of the Baltic power system with CEN in February 2025), the deregulation of prices of ancillary services acquired by Litgrid. After the synchronization of the Baltic power system with the Continental Europe Network (CEN) in February 2025 and the launch of the common Baltic balancing capacity market, the prices of the frequency restoration reserve, i.e. an automatic frequency restoration reserve (aFRR), a manual frequency restoration reserve (mFRR), a frequency containment reserve (FCR), will no longer be regulated after the synchronisation of the Baltic power system with CEN, and the capacities of these ancillary services will increase.

Baltpool regulated and licensed activities

In 2024, the following Baltpool tariffs (excluding VAT), which had been in force and applied in the prior years, were maintained:

In 2024, the biofuel exchange trading fee for transactions where biofuel is supplied in Lithuania is EUR 41.27/1,000 MWh (applies to both parties to an exchange transaction: a buyer and a seller). The latter was set by a decision of NERC on 31 August 2020 and applied as from 1 September 2020, corresponding to the tariff of EUR 0.48/tonne applied until 1 September 2020. This means that the application of the tariff set by the decision of NERC of 18 October 2019 was extended with effect from 1 September 2020, by converting it from the ton of oil equivalent (toe) o other units of energy value, i.e. megawatt hours (MWh).

The timber exchange trading fee set in 2018 continued to apply in 2024: 0.12% of the value of the timber purchase-sell contract concluded in the ETTS (Electronic Timber Trade System) (the fee applies to both parties to ETTS transaction: buyers and sellers).

In 2024, the heat auction segment trading fee set on 1 December 2021 was EUR 15.65/1,000 MWh for the heat volume specified in the Sale (including Production) Order. Baltpool, having assessed the need for an adjustment of this tariff, approached NERC in 2024 for a revision and recalculation of this tariff. The said adjustments was not finalised in 2024 and will continue in 2025.

In 2024, the participants of the settlement system for fuel from renewable energy sources (FRES) were subject to the fee of EUR 0.017/1,000 FRES settlement units, which was set on 15 January 2022.

Unregulated activities of Baltpool

In 2024, the biofuel exchange trading fee for biofuel supplied outside Lithuania is 0.5% of the transaction value (applies to both parties to an exchange transaction: a buyer and a seller).

In 2024, the fees and charges set on 10 July 2023 for the additional services of Baltpool were as follows: a fee for the execution of a directly concluded agreement of 0.5% of the value of the biofuel actually delivered under the directly concluded (applicable only to one party to the transaction, i.e. the buyers) agreement, as well as a of EUR 2,500 per calendar year for the use of the e-trading system for informational purposes

Detailed information on the fees for Baltpool services, including data reporting, is available on Baltpool website.

Energy cells

Energy cells – the designated energy storage system operator (SSO) - is regulated by the State during the period of appointment until the completion of the project of synchronisation of the electricity system of the Republic of Lithuania with the electricity networks of continental Europe, including the prices of services.

The price of the Energy cells isolated working reserve service in 2024 was 4.19 Eur/MW/hour. (excluding VAT) which was approx. 12% lower than the 2023 level. The 2024 price was in line with the price cap for the Energy Cells isolated operation reserve service of EUR 4.19/MW/hour approved by NERC for 2024 in November 2023 (excluding VAT). The price decrease in 2024 was due to a 12% lower allowed revenue level (EUR 7.37 million) set by NERC in 2024 for Energy cells compared to 2023 (EUR 8.37 million). The main reason for the decrease in the price of the isolated operation reserve service in 2024 was that Energy Cells' costs related to the purchase of electricity were projected to be lower in 2024 compared to the costs used for the pricing of the service in 2023 (2024 - EUR 1.03 million, 2023 - EUR 3.03 million)

The price of EUR 4.17/MW/hour (excluding VAT) for isolated operation reserve service is applied from 1 January 2025, which is in line with the adjusted price cap for the Energy Cells's isolated operation reserve service approved by NERC in November 2024, which is EUR 4.17/MW/hour (excluding VAT), i.e. about 0.5% below the price cap set in 2024, and with the permitted revenue level (EUR 7.31 million) set for Energy Cells by NERC for 2025, which is, respectively, slightly lower than in 2024 (EUR 7.37 million). The decrease in the permitted revenue level was influenced by the slightly lower Energy Cells' operating expenses and lower capital costs set by NERC due to the depreciation of SSO-operated BESS in the regulatory accounting, which directly affects the value of Energy Cell's regulatory asset base (RAB) and the permitted revenue level.

The prices (price forecasts) of the isolated operation reserve services for 2023-2025 were and are included in the acquisition component of Litgrid's ancillary services to the Transmission Service Price approved by NERC for 2023-2025.

2.3. Key Regulatory and Other Legal Changes

The following legislative initiatives in 2024 at national and EU level, changes in the regulation of energy markets and strategic planning documents had a significant impact on the EPSO-G Group's activities and strategic choices:

- In March 2024, NERC approved all the ground rules for the operation of the Baltic balancing markets: a proposal (methodology) for the Baltic balancing capacity market in accordance with Articles 33(1) and 38(1) of the Commission Regulation (EU) 2017/2195 of 23 November 2017 establishing a balancing guidelines (hereinafter the "Balancing Guidelines", EBGL), translated into Lithuanian; rules on the exemption that prevents balancing service providers from transferring their obligations to provide manual frequency restoration reserve (mFRR) and automatic frequency restoration reserve (aFRR) balancing capacity between the trading zones of the Baltic States, in accordance with Article 34(1) of the EBGL; the methodology for calculating the inter-zonal balancing period inter-zonal capacity of TSOs in the Baltic Capacity Calculation Region (CCR) in accordance with Article 37(3) of the EBGL.
- In April 2024, the Guidelines for Hydrogen Development in Lithuania 2024-2050 were approved by Order of the Minister of Energy of the Republic of Lithuania It is the first document regulating the development of the hydrogen sector in Lithuania and provides strategic directions for the development of the hydrogen sector in Lithuania.

- As of 1 May 2024, new electricity transmission service contracts concluded by market participants with Litgrid entered into force. One of the most important changes is that electricity production and consumption will be calculated in 15-minute periods instead of one hour. The transition to a 15-minute interval stems from the provisions of the Balancing guidelines (EBGL).
- In June 2024, NERC approved updated description of the procedures for using Litgrid's transmission networks. The main objective of the update is to help RES developers to smoothly and successfully implement their projects and to simplify the necessary procedures for new entrants. This has led to a refinement of the most relevant provisions of the inventory, reducing risks for developers and financiers by detailing the processes of plant management, removing intermediate steps or requirements, and simplifying the process of RES development.
- In line with ACER's 2019 decision on the application of a single EU-wide methodology for pricing of intraday cross-zonal electricity capacity, and in order to enhance electricity trading and the further development of the EU's internal electricity market, separate auctions of intraday electricity products started to be organised from 13 June 2024, with three additional auctions to be traded after the day-ahead auctions each day, namely at 4 pm, at 11 pm, and at 11 am (Lithuanian time).
- In June 2024, the EU legislative package to decarbonise the EU gas market by facilitating the uptake of renewable and low carbon gases, including hydrogen, while ensuring security of supply and affordability of energy for all citizens in the EU, was formally adopted. Regulation (EU) 2024/1789 of the European Parliament and of the Council of 13 June 2024 on the internal markets for renewable gas, natural gas and hydrogen; Directive (EU) 2024/1788 of the European Parliament and of the Council of 13 June 2024 on common rules for the internal markets for renewable gas, natural gas and hydrogen; Regulation (EU) 2024/1787 of the European Parliament and of the Council of 13 June 2024 on the reduction of methane emissions in the energy sector. The Regulation on methane emission reduction in the energy sector lays down rules on the accurate measurement, quantification, monitoring, data reporting and verification of methane emissions in the EU energy sector, as well as on the reduction of methane emissions, including leak detection and repair surveys, repair obligations and restrictions on venting and flaring, and on the means to ensure transparency of methane emission reporting. These changes will affect activity and decisions of the Group and Amber Grid.
- To avoid significant variations in electricity prices in the future, the EU's Electricity Market Design (EMD) reform was launched in 2023. The adopted EMD package (Regulation (EU) 2024/1747 of the European Parliament and of the Council of 13 June 2024 on the improvement of the Union's electricity market design and Directive (EU) 2024/1711 of the European Parliament and of the Council of 13 June 2024 as regards improving the Union's electricity market design) was published in the EU Official Journal on 26 June 2024. These changes affect the Group's activity and the decisions of Litgrid and Energy Cells.
- The National Energy Independence Strategy (NEIS), one of the most important document for the long-term energy sector planning, was adopted in June 2024. NEIS is publicly available here.
- The updated National Energy and Climate Action Plan 2021-2030 (NECP), approved by Resolution No 1069 of the Government of the Republic of Lithuania of 11 December 2024, was submitted to the European Commission on 2 October 2024. NECP is publicly available here.
- On 9 October 2024, Litgrid, together with the Baltic TSOs (Augstprieguma Tikls in Latvia, and Elering in Estonia) connected to MARI, a single European platform for the exchange of balancing energy from frequency restoration reserves with manual activation (mFRR). As a result, as from 9 October 2024, mFRR balancing energy is booked on the single European electricity balancing market, within the Baltic bidding zones. Due to technical reasons (beyond the control of Litgrid and the Baltic electricity transmission system operators), Litgrid's connection to PICASSO, the European platform for the exchange of balancing energy from frequency restoration reserves with automatic activation (aFRR), has been delayed (the connection to PICASSO is estimated to take place in Q1 2025).
- By the Resolution No XV-54 of 12 December 2024, the Parliament (Seimas) of the Republic of Lithuania approved the Programme of the 19th Government of the Republic of Lithuania, and the Plan for the Implementation of the Programme regarding main priorities and priority actions in the energy sector was published for public consultation in January 2025. This will affect the EPSO-G Group activities at the national level.
- Taking into account Article 26(1) of the European Commission Regulation (EU) 2017/460 of 16 March 2017 establishing a network code on harmonised transmission tariff structures for gas (TAR NC), in December 2024, NERC published for public consultation (until 14 February 2025) a draft on the harmonisation of the tariff methodology for the services provided by Amber Grid, the Lithuanian transmission system operator, and indicative 2026-2028 tariffs. For more details, please refer to NERC website.

Key regulatory and other legal changes after the end of the reporting period:

- On 1 January 2025, amendments to the Law on Corporate Income Tax of the Republic of Lithuania came into force, introducing a standard 16% corporate income tax rate in Lithuania (previously 15%). These amendments may potentially affect NERC's decisions determining the rate of return on investment of Amber Grid, Energy Cells and Litgrid. In accordance with the NERC's Methodology on Rate of Return on Investments, the rate of return on investment is subject to an income tax rate applicable in Lithuania (the application of a 16% income tax rate is expected to have a positive effect on the rate of return on investments (pre-tax), by increasing it).
- On 9 January 2025, NERC approved the standard terms and conditions of the electricity imbalance settlement contract, effective as of 1 January 2026. The terms and conditions were approved in line with EU regulations and the growing demand for balancing capacity. The amendments aim to promote better quality in the planning of electricity production and consumption by Balance Responsible Parties (BRPs). Under the new regime, the costs of procuring balancing capacity, which depends on the forecasting quality, will be passed to BRPs at the component of reserve service. The costs will be calculated in accordance with the following principle: 50% of the costs will be allocated based on the imbalance, where the remaining 50% – based on the BRP consumption portfolio. Such a model will encourage BRPs to adopt effective planning and reduce imbalances. The costs of balancing capacities will be passed on to BRPs progressively: 30% from 1 January 2026, 60% from 1 January 2027, and 100% from 1 January 2028.
- On 17 January 2025, amendments to the Law on Electricity of the Republic of Lithuania and the Law on Interconnection of the Electricity System of the Republic of Lithuania with the continental European networks for Operation in Synchronous Mode of the Republic of Lithuania, adopted by the Seimas on 19 December 2024, came into force, which will allow Litgrid, after the synchronization with the Continental European networks (after 9 February 2025), to purchase a part of the balancing services necessary for the management of the electricity transmission system from the energy storage system operator Energy Cells for a limited period. Accordingly, on 30 January 2025, the European Commission adopted a decision, enabling Energy Cells to provide balancing services for a limited period of time, and, on 30 January 2025, NERC adopted a decision on coordination of the isolated electricity system operation reserve service purchase/sale agreement (its terms and conditions) between Litgrid and Energy cells. These decisions enable Litgrid to purchase a part of the balancing services from Energy Cells on a temporary basis, until the market is able to offer a sufficient supply of balancing services. The agreement provides that Energy Cells will provide 40 MW of aFRR balancing capacity in 2025 and will participate in the balancing energy (aFRR) market, where its bid will be placed at the end of the auction, i.e. Energy Cell's batteries are only activated when these services cannot be provided by other market participants.
- On 30 January 2025, NERC also adopted other important decisions for the synchronisation with the CEN: it approved the proposal of the Baltic TSOs (Estonia, Latvia, Poland, Lithuania, Finland, Sweden) to change the Day-Ahead and Intraday Capacity Calculation Methodology within the Baltic Capacity Calculation Region (the new methodology will come into effect as of the beginning of the synchronisation of the Baltics with the CEN), and agreed on the date for launching the Baltic balancing capacity market, i.e. 5 February 2025 (more detailed information on balancing capacity market is available on Litgrid's website).

2.4. Significant events of the reporting period

01

JANUARY

On 3rd of January, the European gas transmission system operators Gasgrid Finland (Finland), Elering (Estonia), Conexus Baltic Grid (Latvia), Amber Grid (Lithuania), GAZ-SYSTEM (Poland) and ONTRAS (Germany), which are involved in the Nordic-Baltic Hydrogen Corridor international project, signed an agreement on a feasibility study for a green hydrogen corridor.

On 12th of January, Litgrid and KTU completed innovative battery and thermal accumulator tests.

On 15th of January. Litgrid signed a cooperation agreement to prepare the electricity transmission network for the electrification of Rail Baltica.

On 26th of January, the ELLI gas interconnection capacity expansion project between Latvia and Lithuania, jointly implemented by Amber Grid and the Latvian gas operator Conexus Baltic Grid, was officially completed.

02 FEBRUARY

On 1st of February, a new electronic system for the registry of guarantees of origin of green gas, administered by Amber Grid, was launched.

On 8th of February, Litgrid completed 8th synchronisation project: the electricity transmission network has been reinforced with a new Automatic Generation Management System.

03 MARCH

On 12th of March, the independent member of the Board of EPSO-G, Asta Sungailienė, declared her resignation from the position of the member of the Board and of the Chairperson of the Nomination and Remuneration Committee of EPSO-G due to personal reasons, starting from 27 March 2024.

On 15th of March, a new version of the Articles of Association of EPSO-G was registered in the Register of Legal Entities.

04 APRIL

On 9th of April, Litgrid connected to the grid a solar park under construction in Molėtai district, with an authorised generation capacity of 80 MW and installed capacity of 100 MW.

On 25th of April. Litgrid completed the reconstruction of the 330 kV Klaipėda-Šyša line.

As of 30 April 2024, members have been elected to the Boards of the companies within EPSO-G Group Amber Grid, Baltpool and Litgrid for a term of 4 (four) years.

On 30th April, EPSO-G's General Meeting of Shareholders decided on the distributable profit. Dividend payments amounted to EUR 196 thousand.

05 MAY

On 9th of May. Litgrid's planned expansion of the north-western electricity transmission network has been granted the status of key national significance.

On 10th of May, the Board of Amber Grid elected Paulius Butkus, a member of Amber Grid's Board of Directors and Head of Development and Innovation at EPSO-G Group, as Chairman of the Board.

On 22th of May, Tomas Varneckas, the Head of Infrastructure and Project Management at EPSO-G Group, was elected Chairman of the Board of Litgrid for a second term of office.

On 23th of May, Simona Grinevičienė, the Head of Organisation Development and Culture of the EPSO-G Group, was elected as the new Chair of the Board of Baltpool.

On 28th of May, EPSO-G joined the Science Based Targets initiative (SBTi). By joining, the Group has committed itself to setting science-based greenhouse gas (GHG) emission reduction targets by 2030.

06 JUNE

On 6th of June, Tetas became the Baltic representatives of Maschinenfabrik Reinhausen GmbH, a world leader in transformer solutions.

On 20th of June, Amber Grid and Litgrid, companies of the EPSO-G Group, handed over humanitarian aid packages to Ukraine's energy sector. Litgrid sent a third support package consisting of an autotransformer and transmission network equipment. The second Amber Grid contribution consisted of five generators and ten pipeline reinforcement couplings. The total value is more than EUR 4.1 million.

07 JULY

On 4th of July, Litgrid switched on a new 330 kV switchyard in Tytuvėnai, which will allow wind farms to be connected to the transmission grid. The switchyard will transmit the largest amount of electricity generated from renewable energy sources in Lithuania - over 600 MW.

On 11th of July, the EPSO-G group companies provided EUR 156 thousand for scholarships for engineering students. The long-term incentive scholarships established by Amber Grid and Litgrid for bright and motivated engineering students.

On 15th of July in Vilnius, four Lithuanian companies - Amber Grid, Elektros skirstymo operatorius (ESO), Ignitis Gamyba and Tetas - signed agreements for the provision of humanitarian aid to Ukraine, as well as for measures to help rebuild the country's energy infrastructure, which was destroyed by the war.

On 16th of July, the Baltic electricity transmission system operators sent a notice to representatives of Russia and Belarus regarding the withdrawal from the Russian-controlled electricity system in February 2025 and the non-renewal of the BRELL contract.

On 18th of July, EPSO-G set up a new company, EPSO-G Invest engaged in project management and investments.

On 25th of July, Moody's Ratings affirmed the Baa1 credit rating with a stable outlook for the EPSO-G Group following the periodic review of its credit rating. The rating reflects the Group's strong financial position, moderate and balanced debt levels and stable and diversified income stream.

On 29th of July, NERC published data on the allowable rate of return on investments for Amber Grid, Energy cells and Litgrid in 2025. Taking into account the provisions of the NERC Methodology for Determination of the Rate of Return on Investments and the situation on the financial markets, NERC announced on its website that the applicable rate of return on investments (on the value of regulated assets, RAB) for the calculation of the regulated prices of Amber Grid, Energy Cells and Litgrid in 2025 will be respectively 5.63%, 5.69% and 5.72% (in 2024 it was 5.04%, 4.97% and 5.00% respectively).

08 AUGUST

On 14th of August, after the reconstruction, Litgrid switched on the 110 / 27.5 kV Lentvaris traction transformer substation - the first of 6 substations that will be connected to the Litgrid transmission network and will supply electricity to the LTG Infra contact network on the railway section Vilnius-Klaipėda.

On 23th of August, Litgrid connected to the grid a solar park under construction in Kaišiadorys district, with an authorised generation capacity of 50 MW and installed capacity of 60 MW. It is one of the largest solar power parks in the country, connected to the electricity transmission grid.

09 SEPTEMBER

On 9th of September, operators of the Ontras gas transmission system of Lithuania, Finland, Estonia, Latvia, Poland and Germany successfully completed the preliminary feasibility study of the Nordic Baltic Hydrogen Corridor (NBHC). The significant study, that was started in January 2024, examines the main conditions for the development of the NBHC project. The project aims to create opportunities for the transportation of green hydrogen between the six countries.

On 19th of September, Rasa Balevičienė was appointed as an independent member of the board of EPSO-G. She is responsible for finances and investments. Mrs. Balevičienė replaced Asta Sungailienė, who worked on the Company's board until 27th March.

On 23rd of September, Litgrid connected to the country's transmission grid a 105.4 MW wind park in Kelmė district, that is developed by Ignitis Renewables.

On 27th of September, by decision of the EPSO-G Board, Robertas Vyšniauskas was appointed a member of the EPSO-G Remuneration and Nomination Committee.

10 OCTOBER

On 7th of October, the second biomethane injection point launched operations in Lithuania - in Radviliškis district, the Amber Grid transmission system has been supplemented with a new biomethane injection point, to which the biomethane power plant of Agrokoncernas group of companies was connected.

On 10th of October, the Baltic transmission system operators Litgrid, Augstsprieguma tīkls and Elering were connected to MARI, a single European platform for the exchange of balancing energy from frequency restoration reserves.

On 18rd of October, Litgrid connected to the country's transmission grid the 85 MW wind park in Jurbarkas district, that is being developed by renewable energy company Green Genius. This is one of the largest wind parks in Lithuania.

On 23rd of October, the members of the EPSO-G Audit Committee started a new four-year term: Vytenis Lazauskas as independent member; Rasa Balevičienė as independent member of the committee and independent member of the EPSO-G Board; Dainius Bražiūnas as committee member, member of the EPSO-G board nominated by the sole shareholder.

On 24th of October, the EPSO-G group's New Energy Strategy 2035 was publicly presented.

On 25th of October, the first of the three synchronous condensers, installed by the Lithuanian electricity transmission system operator Litgrid, started operating in Telšiai transformer substation. The commissioning of the synchronous condensers is the most important step in Lithuania's efforts to consolidate its energy independence in February next year by disconnecting from the Russian electricity system and synchronising with the Continental European Network.

11

NOVEMBER

On 7th of November, the second biomethane injection point already operates in Lithuania - in Radviliškis district, the Amber Grid transmission system has been supplemented with a new biomethane injection point, to which the biomethane power plant of Agrokoncernas Group of companies was connected.

12

DECEMBER

On 3rd of December, the report of the study on the virtual grid as an electricity market product, carried out by Litgrid and Energy cells together with the Lithuanian Energy Institute (LEI), was received, and the study completion act was signed on 19th of December.

On 12th of December, the Extraordinary General Meeting of Shareholders of EPSO-G Invest adopted the decision to revoke the pre-emptive right of EPSO-G to acquire all newly issued shares of EPSO-G Invest and to grant EPSO-G the right to acquire 1,812,500 newly issued shares of EPSO-G Invest, and Valstybės Investicinis Kapitalas the right to acquire 1,837,500 newly issued shares of EPSO-G Invest.

On 20th of December, the Ministry of Energy of the Republic of Lithuania, the institution exercising the rights and obligations of the sole shareholder of EPSO-G, dismissed Tomas Daukantas from the Board of EPSO-G.

On 20th of December, the representatives of Rheinmetall, German defence technology company, the EPSO-G company EPSO-G Invest and Giraitės ginkluotės gamykla officially signed the share purchase and shareholders' agreements for the acquisition of the shares in Rheinmetall Defence Lietuva UAB, which will build the 155-mm artillery shell manufacturing plant.

On 23rd of December, EPSO-G announced audited Sustainability Performance Report for 2023 and revised the baseline for the KPI1 under the terms of the Bond Prospectus.

On 23rd of December, Poland's transmission system operator PSE approved a financial investment decision for the construction of the Harmony Link onshore interconnection. According to the cooperation agreement signed by the operators, the financial investment decision adopted by Litgrid in September has also become effective. This marks a joint commitment to fund and execute the interconnection project.

2.5. Significant Events After the End of The Financial Period

01

JANUARY

On 13th of January, the Lithuanian Navy and Lithuanian electricity transmission operator Litgrid have signed a long-term cooperation agreement. The two organisations will cooperate more closely to ensure the safety of the NordBalt high-voltage direct current cable to Sweden.

On January 13, Amber Grid announced a public selection for the position of CEO.

On 17th of January, in implementing NERC obligation to inspect safety of the GIPL gas interconnection, the experts confirmed that the GIPL gas pipeline is safe to operate. GIPL's security check was carried out in November - December, 2024 by JSC Inspecta Latvia, which won the public tender. The company didn't participate in the construction of GIPL.

On 31th of January, Litgrid connected the last sections of 330 kV Darbėnai-Bitėnai electricity transmission line. Once all the construction works on the line were completed, one of the two links was launched and electricity transmission between Latvia and Lithuania was restored via Gruobinia-Klaipėda line.

On January 31, at the extraordinary general meeting of shareholders of Rheinmetall Defence Lietuva, UAB, it was decided to increase the company's share capital, establishing that UAB EPSO-G Invest has the right to acquire 36,500,000 shares of the company, with a total value of €36,500,000.

02 FEBRUARY

On 4rd of February, Litgrid connected to the country's transmission grid the 80 MW wind park in Kelmė district, that is being developed by renewable energy company Enefit Green.

On 5th of February, the Baltic balancing capacity market has become operational.

On 8th of February, the power systems of the Baltic States were successfully disconnected from the Russia's power systems.

On 9th of February, the power systems of the Baltic States were successfully synchronised with Continental Europe.

On February 10, Energy Cells began providing balancing services to Litgrid.

On February 25, Litgrid constructed a new transformer substation and connected a company from the VMG group.

On February 26, Litgrid completed two synchronization program projects: the installation of the frequency stability assessment system and the construction of the 330 kV power line from Darbėnai to Bitėnai.

03 MARCH

On March 4, EPSO-G announced the selection of a board member nominated by the shareholder of the Group company Tetas.

On March 4, the institution exercising shareholder rights – the Ministry of Energy of the Republic of Lithuania – started the selection procedure for the board member nominated by the shareholder for UAB EPSO-G – a civil servant position.

On March 4, Litgrid joined the European balancing energy exchange platform PICASSO.

03 Business Strategy and Planned Investments

3. Business Strategy and Planned Investments

3.1. EPSO-G Group Strategy

Vision, mission and purpose

In 2024, aiming to contribute to the development of a reliable and climate-neutral energy system, to foster the growth of high value-added industries and to support the development of exports of green energy and its products, the EPSO-G Group updated its Strategy 2035. More details on the new Energy Strategy by 2035 of the EPSO-G are available on website.

OUR PURPOSE

To power a confident and green future in an ever-changing world

OUR VISION

To enable the transformation of the energy industry while simultaneously safeguarding national security interests

OUR MISSION

To accelerate energy independence and enhance system security

Values

Implementation of the mission, pursuit of the vision and all activities of the EPSO-G Group are based on the fundamental human and professional values: openness, responsibility and reliability. The EPSO-G Group team's behaviour is reflected in values.

Open

1. **I accept** people's differences, listen to others' opinions, and express my own. I treat everyone with respect.
2. **I strive** to improve, stay curious, learn, and help others grow.
3. **I share** knowledge and experience, collaborate, and seek mutual understanding.

Reliable

1. **I respect others' time**, efforts, and the results they have created.
2. **I take initiative**, acting with consideration for its impact on people and the environment.
3. **I do what I commit to** and more, acting efficiently.

Responsible

1. **I act** professionally, work safely, and follow best practices.
2. **I create** value for clients, colleagues, and partners by proposing and implementing solutions.
3. **I care** about our clients and partners, colleagues, and **society**.

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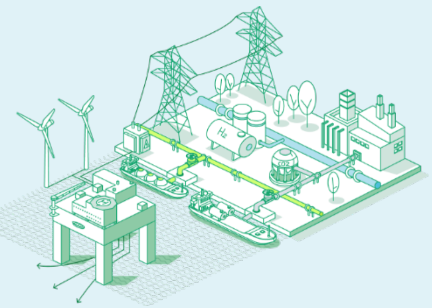
Three fundamental commitments and strategy structure

The EPSO-G Group Strategy 2035 is based on three fundamental commitments, which will serve further business developments of the Group.

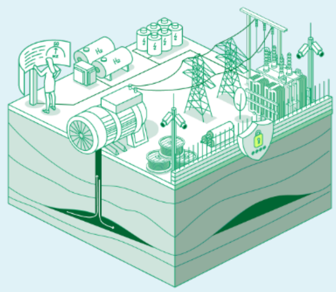
Driver of tomorrow's infrastructure



1

We see the transformation of the energy sector as a **fundamental change**. Our goal is to **provide the infrastructure** upon which the **net-zero energy system** will be based.

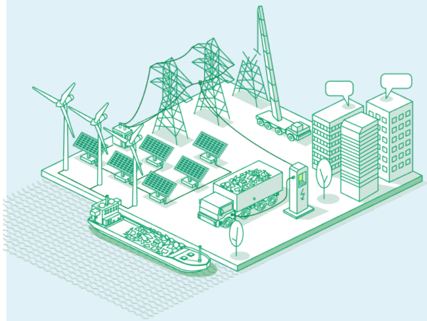
Provider of security and reliability



2

We aim to **enhance resilience and reliability** within and beyond the energy sector, strengthening **system flexibility and national security**. Our work is essential for a reliable future.

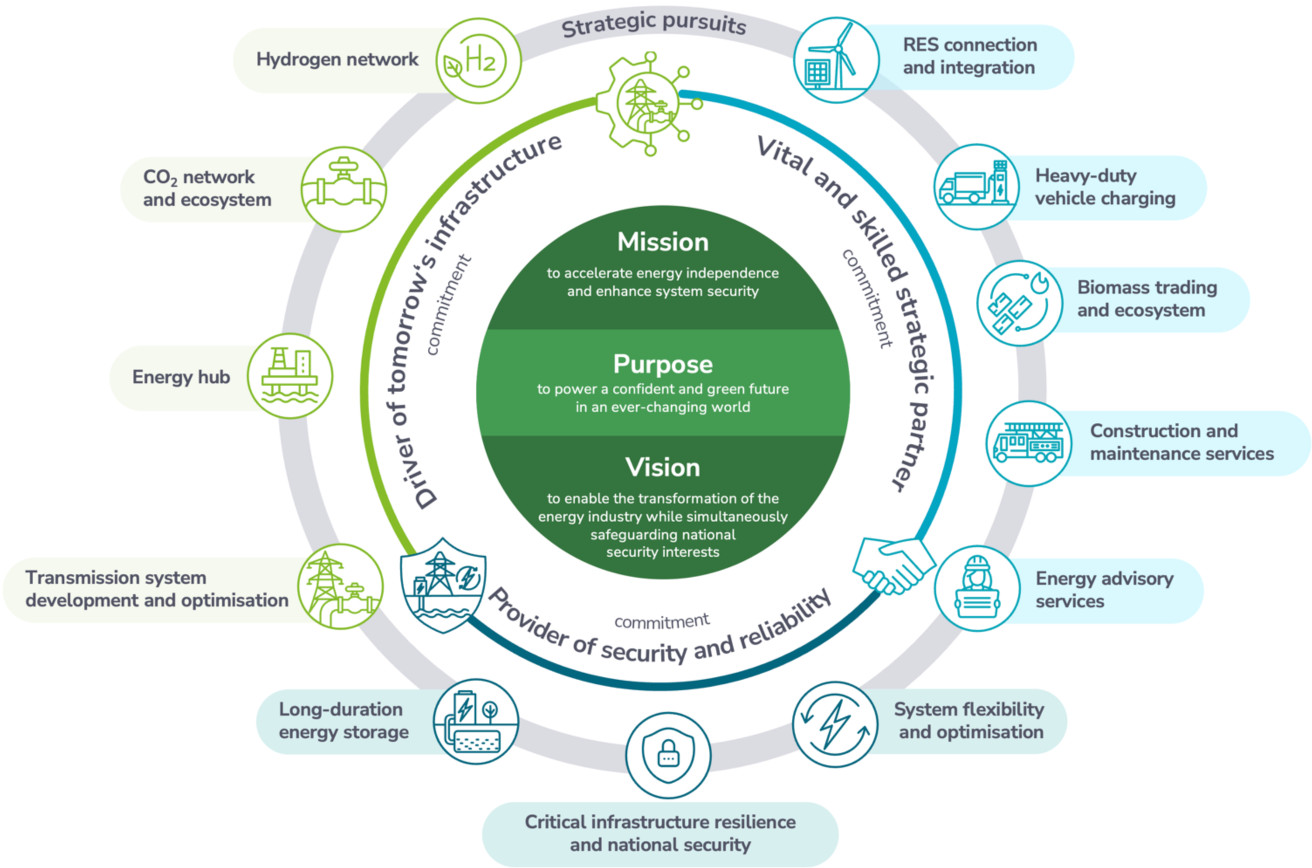
Reliable and skilled strategic partner



3

Energy **transition** requires a **close** cooperation of various industry peers, investors and governments. Our goal is to be **reliable partners** in developing environmentally friendly infrastructure and markets.

In its strategy, the Group is committed to expand existing main activities and to build new ones. Their interconnections are reflected in the strategy structure.



Sustainability commitments are integral to the Strategy. The EPSO-G Group Strategy and plans are presented in the Sustainability Report section 8.1 “ESRS 2 General disclosures”.

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Value created by the Group

The EPSO-G Group Strategy is based on the value created for the key stakeholders. The Group has defined the value it creates through strategic indicators (financial, sustainability and performance (operational)), which are grouped according to their benefits to stakeholders. They represent EPSO-G's main objectives to 2035 that will be used as a benchmark in assessing the Strategy success.

Describing 2035 Success: Value Proposition for Our Stakeholders

1 Society
thrives in a sustainable economy

-50%
GHG gas emission (Scope 1 and 2) reduction by 2030, reaching net-zero by 2050

2 Clients
experience seamless and high quality services

AIT ≤ 0,93 min ENS ≤ 27,25 MWh
Maintain electricity transmission reliability

≥ 80 points
Global Customer Satisfaction Index (GCSI) as a leading companies rating scores

0 unplanned gas interruptions
Uninterrupted gas transmission and fast fault recovery

3 Our people
are empowered

Safe, positive, and accident free workspace and culture
0 severe and fatal accidents for employees and

≥ 70%
employee engagement rate maintained

Top Employer certificate

4 Founders and investors
unlock new possibilities and reap the rewards

≥ 270 M EUR
Group adjusted EBITDA grown to by 2035

CAPEX 90-110%

High single – low double digit
Average adjusted ROE

Financial status ≥ Baa3
Credit rating (or equivalent)

5 Partners
collaborate for success

≥ 12 GW
onshore renewables capacity connected to electricity network

≥ 1,4 GW
Installed capacity of offshore wind

~2,4 TWh
of RES gases injected into the gas grid

≥ 3,5 GW
capacity of interconnectors with EU countries

≥ 26 TWh/year H_2
International transmission capacity

≥ 1.6 Mt CO_2
International transmission capacity for CO_2 captured by cement producers

≥ 12,2 GW
capacity of flexible resources

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3.2. Major Projects of the EPSO-G Group to 2035 and the Value they Create

The implementation of the Group's new strategy envisages numerous ambitious projects to deliver strategic objectives. Below are the most important projects to be developed.

Synchronisation projects for market integration

3 units

Synchronous condensers installed in Lithuania, in total

700 MW

Planned installed capacity of the Harmony Link

While the synchronization with the Continental European networks took place on 9 February 2025, the projects to complete the synchronisation programme are underway. They will allow to strengthen the integration of electricity markets and increase the stability of the electricity system. Plans for 2025 include the connection of a third, the Neris synchronous condenser, completion of the construction of the 330 kV overhead transmission lines Vilnius–Neris and Kruonis PSHP-Bitėnai, and completion of the reconstructions of the 330kV Neris transformer substations and 330 kV Darbėnai and Mūša switchyards.

After project changes in 2024, the construction of Harmony Link interconnector continues, and will increase electricity trade with Western Europe. The design works of the Link are scheduled to be launched already in 2025, and to have it developed in 2031. Following the decision of the participating countries for the onshore construction of the line, the options for early completion of the project by 2030 are being explored.

Hydrogen Network

~500 km

Planned total length of the hydrogen network in Lithuania

≥26 TWh / yr

Hydrogen transport capacity in Lithuania by 2035, reaching 100 TWh by 2050

The EPSO-G group aims to develop a transmission network for hydrogen, a new energy vector, in Lithuania and connect it to neighbouring EU countries. The Nordic-Baltic Hydrogen Corridor was granted the status of the Project of Common Interest (PCI) by the EU. It is aimed at creating a hydrogen corridor for transporting renewable hydrogen from Finland and the Baltic States to the EU's central and north-western markets, facilitating development of a renewable hydrogen market in the Baltic Sea region. Efforts are also made to accelerate the green transformation by building hydrogen infrastructure and enabling a competitive European-wide low-carbon hydrogen market. The development of the Lithuanian hydrogen network is key to enabling the hydrogen transit via the Nordic-Baltic corridor and the use of these resources for national needs. The network is scheduled to start operating after 2030.

Carbon dioxide network

≥1.6 Mt CO_2

Planned CO_2 transmission network capacity needs

2030 +

A first cement producer connected to the CO_2 network

CCS Baltic Consorcium is the first project in the Baltic States to capture carbon dioxide (CO_2) during cement production. The project aims to create a carbon capture and storage value chain in Lithuania and Latvia, allowing to transport CO_2 to ports, and subsequently to permanent storage sites. As a first step, a feasibility study will be carried out to identify the most efficient way to transport CO_2. One of the solution is transportation of captured CO_2 via pipelines, where the EPSO-G Group sees its role as developer and operator. Fossil CO_2 and biogenic CO_2 capture is critical to achieving a climate-neutral economy and reaching the EU's zero-emission targets for industry, transport, energy production and other sectors in both Europe and Lithuania by 2050. The CCS Baltic Consorcium was granted the status of the Project of Common Interest (PCI) by the EU. The network could be operational after 2030.

Energy Hub

≥4.5 GW

Installed capacity of offshore wind farms by 2050

≥2 GW

Planned capacity of a new connection with Western Europe

The Energy Hub is a longer-term project, extending beyond 2035, but the first groundworks for the Centre kick-start already now. Regional cooperation is essential to unlocking the full potential of renewable energy and to achieve the goals of energy transformation. Coordinated planning and development of energy transmission infrastructure and offshore wind generation enables optimisation of potential solutions and maximisation of the resulting socio-economic benefits. Regional cooperation paves the way for building the Baltic Sea's offshore wind potential, developing interconnectors and integrating the electricity and hydrogen sectors. To reach specific regional agreements, the Group is exploring technical and economical feasibility and looking for an optimal solution for a regional Energy Hub.

Long-duration energy storage

by 2029

Evaluation of the pilot long-term energy system storage project results

Energy storage technologies are fundamental to ensuring the development of RES in future energy systems. Solutions to store surplus energy or offset periods of low generation are being sought to ensure the network stability, security, sufficiency and resilience of the supply and to reduce electricity price volatility. Long-term energy storage solutions allow to extend the energy store time (from a few days), balancing fluctuations in energy production and prices. The EPSO-G Group is assessing the potential of installing a compressed air energy storage system using geological structures in Lithuania. The project aims to increase system resilience and security of supply whilst ensuring a smooth transition to a RES-based energy system in Lithuania and the Baltic region.

The first phase of the pilot project is projected to include a feasibility study and modelling of long-term compressed air energy storage to determine the potential capacity and to explore the opportunities to use the geological structure.

EPSO-G Invest and Rheinmetall partnership

2027

Planned commercial operations date of artillery plant

EUR 260 million

Total planned investment in the artillery plant

The EPSO-G Group is engaged in national security and defence industry projects, strengthening the national resilience and independence. In December 2024, the representatives of Rheinmetall, EPSO-G Invest and Giraitės ginkluotės gamykla officially signed the share purchase and shareholders' agreements for the acquisition of the shares in Rheinmetall Defence Lietuva UAB, which will build the 155-mm artillery shell manufacturing plant. At the moment, Rheinmetall holds 51%, EPSO-G Invest 48% and Giraitės Ginkluotės Gamykla 1% of the shares in Rheinmetall Defence Lietuva. EPSO-G Group co-invests in the project with the state-owned enterprise Valstybinis Investicinis Kapitalas.

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Strengthening resilience of energy infrastructure

Strengthened

physical and cybersecurity in the EPSO-G Group

In the context of Russia's large-scale invasion of Ukraine from February 2022, the scale of the destruction of strategic energy infrastructure and the geopolitical circumstances in the region, called for the decision to strengthen the resilience of energy infrastructure of strategic and major importance to Lithuania against hybrid threats. The programme is designed to ensure the protection of the critical electricity, gas and energy storage system infrastructure operated by the Group's companies from destruction or disruption, and to put in place the necessary measures to ensure the resilience of the energy systems, to prevent threats and to prepare for potential crises.

3.3. Planned Investments by 2035

Major investments in new infrastructure development are planned as part of the implementation of key projects and the Group's Strategy by 2035. The potential major sources to fund new investments are EU support and other external funding; attracting partners for investment; and optimising the debt and equity structure.

Significant investments to achieve Lithuania's energy independence

Low capital intensive

Vital and skilled partner

- RES connection and integration
- Heavy-duty vehicle charging
- Biomass trading and ecosystem
- Construction & maintenance services
- Energy advisory services

Medium capital intensive

Security and reliability

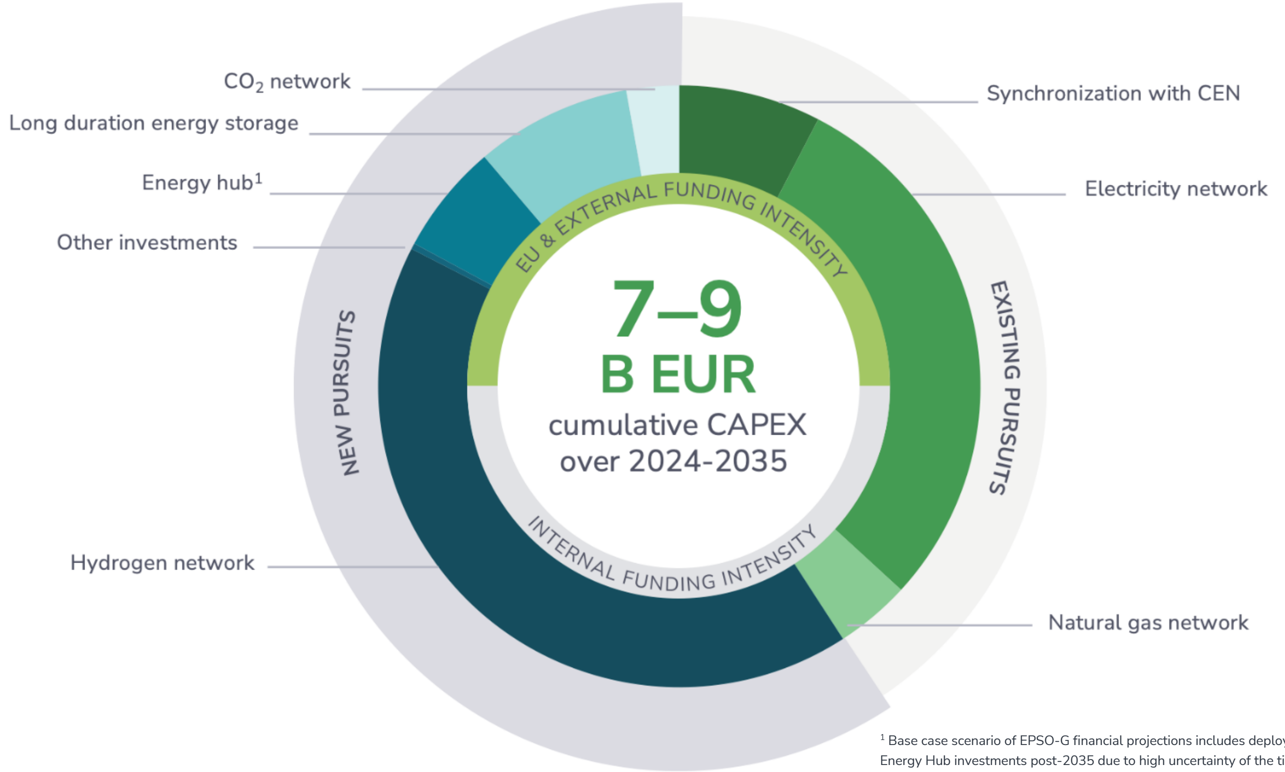
- Long-duration energy storage
- Critical infrastructure resilience and national security
- System flexibility development and optimisation

High capital intensive

Tomorrow's infrastructure

- Hydrogen network
- CO_2 network and ecosystem
- Energy hub
- Transmission system development and optimisation

Planned 2024-2035 investments by project, B EUR



[1] Base case scenario of EPSO-G financial projections includes deployment of Energy Hub investments post-2035 due to high uncertainty of the timing, requirement for regional agreement and cost-sharing arrangements. Other alternative scenarios for financial projections assume Energy Hub investment project starting year in 2028.

3.4. EPSO-G Goals in 2025

The EPSO-G Board has set 2025 targets for the Company, based on the updated operational goals and planned initiatives set out in the Group's Strategy. They include projects rolled over from 2024 and new unique initiatives.

Nr.	Annual target	Annual target delivery	Weight of the target, percent
1.	Future infrastructure	Synchronisation programme Development and optimization Development of Energy hub Development of the hydrogen and CO2 ecosystem	45
2.	Reliable strategic partners	RES development and integration Service development	15
3.	Ensuring security and reliability	Creating flexibility and adequacy Compressed air energy storage development in Lithuania Reinforcing resilience of strategic infrastructure	17,5
4.	Enabling sustainable and effective progress	Financial sustainability Sustainable business development Building a common identity	22,5

3.5. 10-Year Network Development Plan

3.5.1. Natural Gas Transmission System Operator's Ten-Year Network Development Plan

In accordance with the provisions of the Law on Natural Gas of the Republic of Lithuania, every two years, but not later than by 1

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July of the current year, Amber Grid, the gas transmission system operator, shall prepare and submit to NERC a ten-year network development plan based on existing and forecast supply and demand after having consulted the relevant stakeholders. The network development plan shall contain efficient measures in order to guarantee the adequacy of the system and the security of supply.

Amber Grid's ten-year Network Development Plan (2024-2033) includes planned investments of around EUR 214 million, of which, the investments over the next five years will amount to around EUR 150 million. They are planned to channelled into the projects to adapt the transmission system to transport hydrogen and gas mixtures, and to rehabilitate and modernise existing transmission infrastructure.

NERC approved the Amber Grid's Ten-Year Network Development Plan in October 2024.

NERC consultation paper

3.5.2 Electricity Transmission System Operator's Ten-Year Network Development Plan

In accordance with the provisions of the Law on Electricity of the Republic of Lithuania, Litgrid, the transmission system operator, shall, every two years, but not later than by 1 July of the current year, shall submit to NERC a ten-year plan for the development of transmission grids based on existing and planned energy supply and demand in the electricity system. The grid development plan shall include an assessment of current and future electricity supply and demand, findings of the probabilistic adequacy assessment of the electric power system, efficient measures for ensuring the adequacy of the system capacities and security of supply.

Litgrid's ten-year 400-110 kV Transmission Network Development Plan of Lithuanian electricity system (2024-2033) estimates that around EUR 2.7 billion may be needed over the next 10 years for the rehabilitation and development of the transmission network (excluding network user projects, the investment would be around EUR 2.3 billion). These indicative investments are planned to be used for the implementation of strategic state projects, for the efficient use and systematic renewal of the electricity transmission network managed by the Company, taking into account the needs of generators and consumers, and for ensuring the system reliability indicators (END and AIT).

NERC approved the 10-year the 400-110 kV Transmission Network Development Plan in October 2024.

3.6. Process for Updating the Strategy and Other Planning Documents

The substantially updated EPSO-G Group's new energy Strategy 2035 was publicly presented in October 2024. The strategy, operational plan, annual objectives and other planning documents are reviewed annually within the time frame set by the Group's Integrated Planning and Monitoring Policy. The process of updating plans is guided by the letter of expectations of the Ministry of Energy exercising EPSO-G's shareholder rights (the latest letter of expectations of 18 July 2023); National Energy Independence Strategy (NEIS, updated on 28 June 2024); other European Union and national legislation, and changes in strategies; changes in the business environment. At the end of each quarter, the Group assesses and monitors the strategy's progress to ensure proper implementation of the objectives of each strategic direction.

04 Annual Performance Report

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4. Annual Performance Report

4.1. Report on Achievement of Strategic Indicators

The Report presents strategic, financial and operational indicators in line with the EPSO-G Group's strategic package approved in January 2024, which includes information relevant for reporting on activities in 2024. A new EPSO-G Group Strategy to 2035 was approved in October 2024. This Strategy sets the EPSO-G Group's targets for 2025.

4.1.1. Strategic Financial Performance Indicators

Adjusted ROE

2024

12.5

%

2023 **10 %**

2022 **9.9 %**

For more information on adjusted financial indicators for 2024, see section 4.6.5.

Adjusted EBITDA

2024

73.0

Eur million

2023 **59.2**

2022 **63.6**

For more information on adjusted financial indicators for 2024, see section 4.6.5.

Net debt-to-adjusted EBITDA

2024

–

Times

2023 **1.4**

2022 **-**

In 2022 and 2024, the EPSO-G Group's net debt was negative. i.e. the cash balance was slightly above the Group's outstanding financial liabilities. Therefore no net debt-to-adjusted EBITDA ratio was calculated (there was no debt for which the coverage with adj. EBITDA should be calculated). For the observations on the results of financial indicators and debt in 2024, see sections 4.6.5 and 4.6.7.

Credit rating

2024

Baa1

Rating

2023 **Baa1**

2022 **Baa1**

After a periodic review for EPSO-G, on 24 July 2024, the rating agency Moody's Ratings affirmed its Baa1 credit rating with a stable outlook.

4.1.2. Strategic performance indicators

AIT

2024

1.04

Minutes

2023
0.84

2022
1.29

Average Interruption time (AIT) in the electricity network. Only for the causes falling within the scope of responsibility of the operator, AIT was 0.51 minute in 2024. NERC has set total AIT per year should not exceed 0.934 minutes.

ENS

2024

29.64

MWh

2023
23.23

2022
38.69

Total energy not supplied (ENS). Only for the causes falling within the scope of responsibility of the operator, ENS was 14.37 MWh in 2024. NERC has set total ENS per year should not exceed ENS of 27.251 MWh. In 2024, the electricity TSO experienced eight incidents resulting energy not supplied events.

Unplanned gas transmission interruptions due to the operator's responsibility in 2024

0

Units

2023
0

2022
0

There were no any unplanned gas transmission interruptions due to the operator's responsibility in 2024.

Duration of unplanned gas transmission interruptions due to the operator's responsibility in 2024

0

Hours and minutes

2023
0

2022
0

There were no any unplanned gas transmission interruptions due to the operator's responsibility in 2024, therefore, no elimination time was recorded.

RES gas entering the gas system 2024

0.18

TWh

2023
0.05

2022
0

Currently, biomethane is the only RES gas entering the gas transmission system, which is both imported and produced in Lithuania. At the end of 2024, there were two biomethane producers in Lithuania.

RES connected to the electricity system 2024

3.7

GW

2023
2.3

2022
1.5

Wind and solar energy generation capacity connected to the electricity transmission and distribution network amounted to 3.7 GW at the end of 2024, of which 1.7 GW was connected to the transmission network.

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Customer satisfaction (GCSI)

2024 m.

81

Scores

2023
79

2022
78

Once a year, the EPSO-G Group conducts the Customer Satisfaction Survey based on the GCSI methodology by interviewing Litgrid, Amber Grid, Baltpool and Tetas' customers. The average score for the Group companies was 81, with individual companies' customer satisfaction scores ranging from 74 to 90.

4.1.3. Strategic Sustainability Indicators

Change in GHG emissions

2024

6.1

%

2023
26.1%

2022
-0.9%

The Group measures the change in GHG emissions compared to 2019 on annual basis. For more information on the change in GHG emissions, see section "E1 Climate change" of the Sustainability Report.

Employee Engagement

2024

71

%

2023
74%

2022 m.
71%

Each year, EPSO-G conducts the engagement survey that shows the number of employees who are motivated at work. The Group's target employee engagement rate is no less than 70%.

Number of fatal and serious accidents involving the Group's employees in 2024

1

Units

2023
0

2022
0

In 2024, one serious accident, involving Tetas' employee, was recorded. There were no fatal accidents recorded in 2024.

Number of fatal and serious accidents involving the contractors' employees in

2024

0

Units

2023
0

2022
0

In 2024, there were no serious or fatal accidents involving contractors' employees working on the Group's sites.

4.2. Results by Relevant Energy Sectors

4.2.1. Transmission of electricity

Electricity consumption remained stable. The volume of electricity transmitted via high voltage transmission networks to households and businesses during the period was 9.5 terawatt hours (TWh), which was 0.2% less compared to the same period in 2023. Although electricity consumption in Lithuania raised by 5% to 11.5 TWh, the amount of energy transmitted by Litgrid was lower due to the growing number of prosumers connected to the distribution network.

In 2024, the overall availability of the interconnectors with Sweden NordBalt and Poland LitPol Link was 97.6% and 98.0%, respectively. The most significant impact on the availability of the links was due to annual planned works: the maintenance of LitPol Link (110.8 hours) and NordBalt (156). NordBalt availability was reduced by unplanned fault repairs on the Swedish side (49.9 hours). LitPol Link availability was reduced by routine disconnections on the Poland's TSO side (56 hours).

2024 was highlighted with accelerated development of battery energy storage facilities. Total developer commitments to the batteries at the end of the year reached the capacity of 1,740 MW and 3,586 MWh. Additional state support for the transmission-connected batteries is planned in the near future, which will further increase the number of projects under development. The successful development of batteries will create preconditions for the continued rapid development of solar and wind farms in Lithuania.

Changes in key electricity transmission performance indicators over the last 5 years:

	2024	2023	Change (2024 vs 2023)		2022	2021	2020
			+/-	%			
Volume of electricity transmitted, GWh	9,510	9,525	-15	-0.2	10,234	10,936	10,089
ENS (energy not supplied), MWh*	14.37	2.67	11.7	438.6	10.62	3.36	6.21
AIT (average interruption time), min. *	0.51	0.10	0.41	410	0.36	0.11	0.21
ENS (energy not supplied), MWh**	29.64	23.23	6.41	27.6	38.69	20.51	31.85
AIT (average interruption time), min. **	1.04	0.84	0.2	23.8	1.29	0.69	1.07
NordBalt availability, %***	97.6	92.8	4.8 pp		98.3	97.3	95.6
LitPol Link availability, %***	98.0	98.2	-0.2 pp		98.3	87.5	92.4

* Only for the causes falling within the scope of responsibility of the operator. In total, 8 incidents affecting the ENS indicator were attributed to the operator's responsibility in 2024. The two most significant incidents impacting the ENS indicator were conductor failures (10.31 MWh ENS on 2024-01-08 and 1.45 MWh ENS on 2024-12-16). The investigation findings for both incidents linked them to damages caused during the construction of the lines.

** For all reasons (including *force majeure* and external factors). In January and February 2025, NERC, by decisions/letters to the electricity transmission system operators (TSO) Litgrid, established the final ENS indicators for 2024, 2023 and 2022, after eliminating part of the disconnections due to causes not attributable to the TSO's responsibility (not exceeding the minimum power transmission reliability level of 27,251 MWh/year set by NERC for 2022-2026). The ENS indicators were set for 2024, 2023 and 2022 as follows: 24,275 MWh, 7,301 MWh and 26,980 MWh, respectively; AIT – 0,855 min., 0,280 min., 0,893 min. respectively.

*** Overall availability of LPL/NB interconnection – availability of interconnection at both sides, Lithuania and the other country.

4.2.2 Gas Transmission

Lithuania is an important gas transmission hub for neighbouring countries. In total, 29.2 TWh of natural gas was transported through the Lithuanian gas transmission system during 2024, excluding transit to the Königsberg region. This was almost 22% less than in the prior year's corresponding period, when 37.3 TWh of gas was transported to Lithuania.

In 2024, the gas transmission operator transferred 17 TWh of gas to Lithuanian gas consumers, or 14% more than in 2023 (15 TWh). Demand for gas increased due to slightly colder winter weather than last year and lower gas prices on the market. The latter has led to higher gas consumption in electricity and fertiliser production.

Last year, as a result of growing gas consumption and infrastructure constraints, Lithuania's gas imports from Latvia reached an all-time high of 4.2 TWh. This is 66.7% more than at the same time last year, when imports through the Kiemėnai entry point amounted to just under 2.5 TWh.

While domestic consumption grew, the amount of gas transported to Lithuania declined. Most notably, the Balticconector gas pipeline linking Estonia and Finland was not operational until the end of April 2024. As a result, the gas supply to Finland was not organised through the Lithuanian gas transmission system, but through the LNG terminal in Finland. In addition, the LNG terminal in Klaipėda was closed for more than a month as a result of the inspection.

The Klaipėda LNG terminal, the main source of gas imports for Lithuania and the other Baltic countries, supplied 81% or 23.9 TWh of the total gas transported into the system in 2024, compared to 85% or 31.9 TWh in 2023. Flows from Latvia accounted for 14% or 4.2 TWh, flows from Poland to Lithuania accounted for 5% or 1.5 TWh, and 130 GWh of biomethane was injected into the system from biogas producers (2023: 47 GWh).

When Lithuania stops importing Russian gas in 2022, only gas destined for Königsberg will be transported via the Lithuanian-Belarusian interconnector. Gas transit to the Königsberg region amounted to 26.1 TWh in 2024 (23.9 TWh in 2023)

Changes in key gas transmission performance indicators over the last 5 years:

	2024	2023	Change (2024 vs 2023)		2022	2021	2020
			+/-	%			
Volume of natural gas transported to the domestic exit point, GWh	16,947	14,913	2,034	13.6	15,576	24,136	25,144
Volume of natural gas transported to the adjacent transmission systems, GWh*	38,361	46,326	-7,965	-17.2	48,213	28,595	32,861
Number of unplanned gas transmission outages due to operator's responsibility	0	0	0	0	0	0	0
Total duration of unplanned gas transmission interruptions due to the operator's responsibility, h and min.	0	0	0	0	0	0	0

* Transmission systems in Latvia, Poland and the Kaliningrad Region of the Russian Federation.

4.2.3 Biomass exchange

In 2024, the volume of transactions on Baltpool's biomass exchange increased by almost 6% to 8.5 TWh, compared to 8.1 TWh traded in 2023. The total value of transactions was EUR 173 million, a decrease of 15% compared to the previous year. The change was driven by a decrease in the average transaction price from around EUR 25/MWh (2023) to EUR 20/MWh (2024), or around 18%.

The trading volume in Lithuania grew by around 9%, mainly due to the increased activity of Vilniaus kogeneracinė jėgainė UAB. Meanwhile, foreign trade fell by almost 8%. Despite the active presence of foreign participants, the biomass trading platform launched in Latvia has taken over part of the turnover of SIA Rīgas Siltums.

The volume of transactions on the heat auction amounted to 6 TWh of energy value, with the average price dropping to 2.77 ct/kWh. Compared to 2023, the energy value increased by 7%, but the weighted average purchase price by 18.3%. In 2024, the State Forest Enterprise sold 4.1 million/solid m^3 of timber in the Electronic Timber Trade System for EUR 244 million, or about 40% more than in 2023. The weighted average timber price remained stable at approx. EUR 59/solid m^3.

Changes in key biomass exchange performance indicators over the last 5 years:

	2024	2023	Change (2024 vs 2023) +/-	Change (2024 vs 2023) %	2022	2021	2020
Biomass sold on energy exchange to Lithuanian market, GWh	7,001	6,426	575	8.9	6,359	5,630	5,375
Biomass sold on energy exchange to foreign markets, GWh	1,528	1,653	-125	-7.6	397	72	108

4.3. Company's Annual Goal Progress

Based on the operational goals stated in the Letter of Expectations of the Shareholder and approved in the strategy of EPSO-G, the Board set the following operational goals for the Company for 2024:

No	Annual target	Annual target delivery	Weight of the target, percent
1.	Synchronisation with CEN programme	Implemented synchronisation actions	25
		Finalised preparations for synchronisation with CEN on February 9th, 2025	
2.	Enabling energy transformation	Development of the offshore wind farm integration	30
		Implementation of flexibility measures	
		Hydrogen programme implementation	
		RES development	
		Development of the Group's long-term strategy	
3.	Growth and development	Increasing profitability of contracting activities	20
		Development of new unregulated activities	
4.	Sustainable finance and operations	Sustainable finance management	15
		Ensuring sustainable development of activities	
5.	Enabling and effective organisational strutucture	Development of future competencies	10
		Development of functional management	
		Implemented cultural change in EPSO-G	

The Chief Executive Officer of EPSO-G is accountable to the Board for the achievement of the goals set. The Company's financial and non-financial goals are identical to those of EPSO-G's CEO. The Board annually assesses the progress achieved in respect of the implementation of the objectives.

The goals set for EPSO-G, according to the Board, were met by 93.58% in 2024. In the Board's view, there were no goals in 2024 that were not achieved at all. The underachievement of some of the goals was caused by objective external reasons (changes in shareholder priorities and the Board expectations, delays in the implementation of certain projects due to contractors' actions) as well as internal reasons (revision of priority works or emergence of unforeseen works). The financial goals for achieving the credit rating and adjusted ROE were met, while the adjusted EBITDA result was below the target threshold. For more details on the achievement of all the Group's financial goals, see paragraphs 4.1.1 and 4.6 of this Report.

The Company's goals for 2025 approved by the Board are described in section 3.4 of this Report.

4.4. Key projects implemented

- **Synchronisation of Lithuania's electricity system with CEN**

The completion rate of the synchronisation project programme at the end of 2024 was sufficient for the implementation of synchronisation with CEN, i.e. 85% of the programme as a whole, which continues beyond 2025. At the end of the reporting period, the installation of synchronous condensers in Telšiai and Alytus was completed, connecting equipment to the transmission network. The synchronous condenser in Telšiai was commissioned, and final tests of the equipment took place in Alytus at the end of the year. The Neris synchronous condenser equipment was delivered to Lithuania, and the installation of the building was completed in June 2024. In 2024, the construction of the 330 kV power transmission lines Kruonio HAE-Bitėnai and Darbėnai-Bitėnai Phase II, as well as for the construction of the 330 kV power transmission line Vilnius-Neris, and the 330 kV switchyards Darbėnai and Mūša continued. In April 2024, Phase I of the 330/110/10 kV Neris transformer substation reconstruction project was completed and the substation was put into operation. The approval for a new project concept for the construction of the Harmony Link was obtained, the project plan is updated, spatial planning was launched, and the procurement for design services was announced.

- **NordBalt interconnector control system**

Procurement of the NordBalt interconnector control system modernisation project is completed. The Frequency Stability Assessment System (FSAS) was put into operation. The processes of the New Energy Balance Information System are tested and commissioned. In November, the Regional Group Continental Europe (RG CE) of the European Association of Transmission System Operators for Electricity (ENTSO-E) confirmed readiness of the Baltic States for synchronous connection to CEN.

- **Synchronisation and desynchronisation (after the end of the reporting period)**

In July 2024, the electricity transmission system operators of the Baltic states, have notified Russian and Belarusian operators on the non-extension of the BRELL agreement and the planned desynchronisation from the IPS/UPS frequency area.

On 8 February 2025, the electricity systems of all three Baltic countries have successfully disconnected from the Russian-controlled synchronous zone and started an isolated operation test. The test ended the following day, 9 February, and was immediately followed by a connection to continental European networks.

The synchronisation with CEN has been a long-standing goal for the Baltic countries, allowing them to move away from the Russia's centrally controlled frequency area and the risks of operating the electricity system that this entails. By connecting with CEN, Lithuania's electricity system has become more secure, and frequency management is now the responsibility of the Baltic TSOs.

- **Development of offshore wind farm in the Baltic Sea**

In 2024, the cross-border consultation on the Strategic Environmental Assessment for the Engineering Infrastructure Development Plan was finalised and the concept document for development plan was approved. The seabed surveys were commissioned by the government, the results of which were published.

At the beginning of the year, the second offshore wind farm tender was launched. After the deadline for the registration of tenders had expired and only one request to participate had been received, NERC took a decision to declare the call for tenders unsuccessful. Following a change in the tender conditions, the tender was reopened for the second park in November, which was suspended in January 2025 by the decision of the Government of the Republic of Lithuania. After the amendments to the legislation were made and approved by the Seimas, the procedures for the second park, which were previously suspended, could be resumed starting from April 2025.

- **Strengthening resilience of energy infrastructure**

In the context of Russia's invasion of Ukraine from 2022, the scale of the destruction of the Ukrainian strategic energy infrastructure and the geopolitical circumstances in the region, called for the decision to strengthen the resilience of energy infrastructure of strategic and major importance to Lithuania against hybrid threats. The programme is designed to ensure the protection of the critical electricity, gas and energy storage system infrastructure operated by the Group's companies from destruction or disruption, and to put in place the necessary measures to ensure the resilience of the energy systems, to prevent threats and to prepare for potential crises.

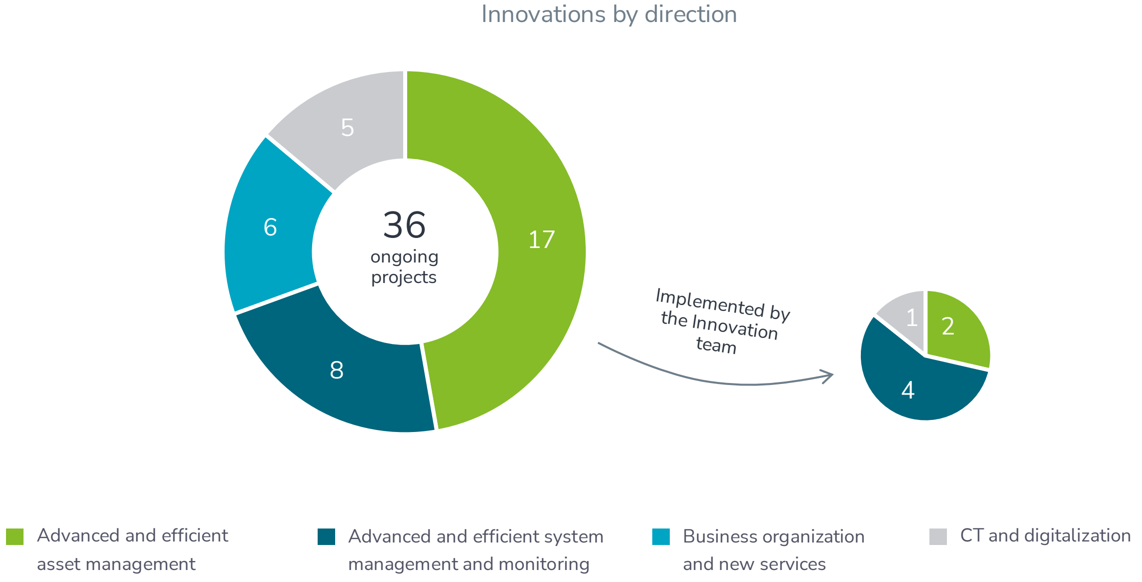
4.5. Research and Development Activities

The transformation of the energy sector is driving the EPSO-G Group's companies to respond to emerging challenges, improve existing processes, discover new technologies and methods and develop competences in a constantly changing environment. The Group places greater emphasis on research, development and innovation (R&D&I) activities to develop a net-zero energy infrastructure and to ensure the reliable and safe operation of an integrated system.

In accordance with the EPSO-G Group's R&D&I Guidelines, innovation projects help to implement the most innovative energy solutions and pilot projects. By teaming up with European and Lithuanian research institutions and business, we conduct research, studies and testing and support a culture of innovation within the Group to drive efficiency and improvements in our operations.

In 2024, 17 innovation projects were implemented in the Group, 6 were rejected and 19 new initiatives were submitted. Currently, the Group's innovation portfolio consists of 36 ongoing projects.

Overview of innovation portfolio



Key R&D&I performance results in 2024

Nordic-Baltic Hydrogen Corridor (NBHC)

In April 2024, the project was granted the status of the project of common interest (PCI), confirming its important role in Europe's energy strategy. In June, the gas transmission system operators of Lithuania, Finland, Estonia, Latvia, Poland and Germany completed a pre-feasibility study which confirmed that the corridor could become an essential green hydrogen transport chain in the region. To ensure the project's implementation, a detailed feasibility study covering technical, economic and regulatory aspects is being launched in 2025. For more on the EPSO-G Group's plans on the hydrogen development, see section 3.2 of this Report.

Development of OneNet flexible services

The project aims at creating a single platform for transmission and distribution system operators to offer flexibility services. During the Lithuanian demonstration, the testing of a real-time congestion management involved Litgrid's 1 MW Battery Energy Storage System (BESS) and Kaunas University of Technology's (KTU) P2H facilities. The results showed that the most effective overload reduction occurs by activating nearby resources, but to maintain grid balance, it is necessary to activate resources in the opposite direction at distant points.

Safe environment: "green" transformer substation

The Rėkyva and Baltupiai substations have SF_6-free circuit breakers using an environmentally friendly N_2 + O_2 gas mixture. This is to avoid the use of SF_6 gas, related taxes, accounting and recycling costs. The project reduced SF_6 emissions in the transmission network by 52 kg (1,192 t CO_2eq.) and insulating oil by 2.5 t, thus minimising the risk of fire and explosion. The technology has proved its worth and is planned to be rolled out more widely and to update the standard requirements for low-emission equipment (GWP <1).

Pilot project on lightweight structural supports

Reusable towers have been tested for swift restoration of power supply in case of emergencies and for temporary connections during reconstruction. They offer flexible solutions for the renewal of network facilities and for work over roads and railways. The tests confirmed the effectiveness of the technology, therefore it will continue to be used for its intended purpose.

Analysis of the feasibility of deploying a virtual network

The study evaluated the prospects for the introduction of virtual power lines (VPLs) in Lithuania as a solution to reduce grid congestion by using battery energy storage systems. The results show that VPLs increase grid flexibility, promote the integration of renewable energies and help to balance the load. The study compares VPLs and grid boosters, and provides a deployment roadmap with technical, regulatory and market considerations. It is recommended to adapt the regulatory framework and develop cost-sharing mechanisms to ensure effective implementation.

Creating a value chain for CO_2 capture, utilisation, and storage

In April 2024, Amber Grid and CCS Baltic Consortium signed a Memorandum of Cooperation to strengthen partnerships for CO_2 transport solutions. In September, an application for CEF funding was submitted for commercial and technical studies, and the update of PCI status was initiated to include CO_2 transport via pipelines. Amber Grid provided data on the feasibility of transporting CO_2 via pipelines, which will form the basis for a feasibility study planned for 2025 to assess the optimal pipeline route and technical parameters. For more on the EPSO-G Group's pans on the CO_2 network development, see section 3.2 of this Report.

Synthetic fuel analysis

In 2024, the analysis of the potential for the production, export and storage of synthetic gases and fuels in Lithuania was carried out and submitted to the Ministry of Energy of the Republic of Lithuania. The study assesses the EU's legal environment, market potential, technological progress and Lithuania's infrastructure capacity. This study helps the Company prepare for the energy transformation by highlighting the prospects for the development of hydrogen and CO_2 networks, enhancing the country's energy independence and contributing to decarbonisation goals.

4.6. Finance Report

4.6.1. Five-year Consolidated Financial Performance

Financial performance indicators, EUR million	2024	2023	Change (2024 vs 2023)		2022	2021	2020
			+/-	%			
Revenue	480.9	478.9	2.0	0.4	589.9	362.9	270.5
Operating costs[9]	436.8	442.0	-5.2	-1.2	636.6	318.1	230.1
EBITDA[1]	85.2	101.3	-16.1	-15.9	-11.4	79.6	74.5
Adjusted EBITDA[2]	73.0	59.2	13.8	23.4	63.6	65.2	N/A
EBIT	44.6	45.3	-0.7	-1.5	-46.7	44.8	40.4
Net profit	54.9	53.8	1.1	2.0	-42.5	39.8	40.1
Adjusted net profit[2]	41.9	26.8	15.1	56.4	24.7	27.8	N/A
Cash flows from operations (FFO)[3]	89.9	102.3	-12.3	-12.0	-27.7	65.0	66.4
Investments[4]	236.1	243.1	-7.0	-2.9	175.2	112.2	147.4
Financial ratios							
EBITDA margin, %[5]	17.7	21.2			-1.9	21.9	27.5
EBIT margin, %[13]	9.3	9.5			-7.9	12.3	14.9
Net profit margin, %[14]	11.4	11.2			-7.2	11.0	14.8
ROE (LTM), %	16.4	20.1			-17.0	15.8	18.8
Adjusted ROE (LTM), %	12.5	10.0			9.9	11.0	N/A
ROE (LTM), %	4.5	5.0			-3.0	4.1	5.1
Balance sheet KPIs, EUR million	**As of 31 December 2024**	**As of 31 December 2023**			**As of 31 December 2022**	**As of 31 December 2021**	**As of 31 December 2020**
Assets	1,207.8	1,078.5	129.3	12.0	1,425.7	962.6	787.5
Non-current assets	802.7	756.2	46.5	6.1	709.5	651.8	635.3
Current assets	405.1	322.3	82.8	25.7	515.5	310.8	152.2
Equity	361.2	307.9	53.3	17.3	227.8	271.6	233.1
Liabilities	846.6	770.6	76.0	9.9	1,198.0	691.0	554.4
Net debt[6]	-64.9	83.5	-148.4	N/A	-28.3	220.8	366.9
Working capital[12]	-86.1	-25.7	-58.6	N/A	-21.5	-72.8	-43.3
Financial ratios							
Assets turnover ratio[7]	39.8	44.4			45.2	36.8	34.3
Net debt-to-equity ratio, %	-	27.1			-	81.3	157.4
FFO to net debt ratio, %[10]	-	120.5			-	29.4	18.1
Net debt-to-EBITDA ratio[11]	-	0.8			-	2.8	4.9
Net debt-to-adjusted EBITDA	-	1.4			-	3.4	0.0
Equity-to-assets ratio, %	29.9	28.5			16.0	28.2	29.6
Current liquidity ratio[8]	1.1	1.0			0.7	0.7	0.8

Explanations:

(1) EBITDA = profit (loss) before tax + finance costs – finance income + depreciation and amortization charges + impairment charges (including a negative revaluation of non-current tangible assets) + asset write-offs

(2) Regulated revenue, expenses and profitability indicators are recalculated due to temporary regulatory deviations from the regulated profitability indicator approved by NERC, revaluation of non-current assets and other gain/loss from non-ordinary activities.

(3) Cash flows from operations (FFO) = EBITDA + interest received - interest paid - income tax paid + result of associates

(4) Investments = additions in PP&E + additions in non-current intangible assets, before consideration of offsets with grants received/receivable intended for acquisition of the related assets + movement in the balance of prepayments during the year

(5) EBITDA margin = EBITDA/Revenue

(6) Net debt = non-current borrowings + current borrowings + lease liabilities - short-term investments - term deposits - cash and cash equivalents. Net debt also includes deposits and bonds with a redemption period longer than 3 months.

(7) Asset turnover = Revenue (LTM)/Assets

(8) Total liquidity ratio = Current assets/Current liabilities

(9) Depreciation of assets is included in operating expenses

(10) FFO-to-net debt ratio = FFO (LTM)/net debt

(11) Net debt-to-EBITDA ratio = Net debt/EBITDA (LTM)

(12) Working capital = inventories + prepayments and contract assets + trade receivables + other receivables + prepaid income tax - PSO funds receivable - (trade debts + prepayments received + provisions + other current payables and liabilities - PSO payables - accrued PSO and EIF funds)

(13) EBIT margin = EBIT/Revenue

(14) Net profit margin = Net profit (loss)/Revenue

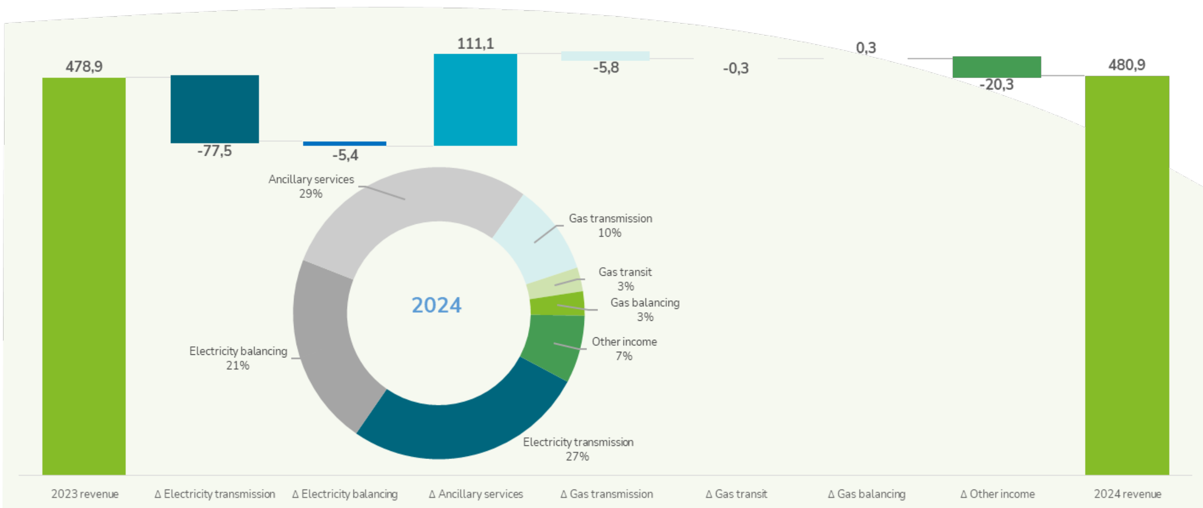
4.6.2 Revenue

Consolidated revenues of the EPSO-G Group in 2024 increased from EUR 478.9 million to EUR 480.9 million, i.e. by EUR 2.0 million, or 0.4%, compared to 2023. Revenues from regulated activities remained at a similar level, accounting for around 96% of the Group's total revenues.

Revenue by segment, EUR million	2024	2023	Change (2024 vs 2023)	
			+/-	%
Group's revenue:	480.9	478.9	2.0	0.4
Litgrid	378.3	369.8	8.5	2.3
Amber Grid	74.6	81.3	-6.8	-8.3
Elimination of other and reciprocal transactions	28.0	27.7	0.3	0.9

Litgrid revenue from electricity transmission and related services in 2024 was 2.3% or EUR 8.5 million higher than in 2023, amounting to EUR 378.3 million and accounting for 79% of the total revenue of the EPSO-G Group.

Revenue, EUR million



Despite the stable transmission of electricity in 2024, transmission revenues declined by 37.5% to EUR 129.1 million, due to EUR 142.3 million of congestion management revenues used during the year to reduce the 2023 electricity tariff. Despite the decrease in transmission revenues, the overall increase in revenues was driven by revenues from ancillary services, which increased from EUR 28.0 million to EUR 139.2 million (almost 5 times), due to the higher ancillary services acquisition component set by the NERC. The revenue from balancing and imbalance energy sale by 5.0% or EUR 5.4 million (due to decrease in the electricity sale price by 44%, although the volume of electricity sold increased by 69%) to EUR 102.8 million. The change in these revenues has no impact on the Company's profitability as, under regulated imbalance pricing, the current year's revenues compensate for the costs, including the Company's internal costs, attributable to these activities in accordance with the Regulatory Accounting Description. During the reporting period, the income generated under ENTSO-E ITC mechanism were EUR 15.3 million lower than in the previous period.

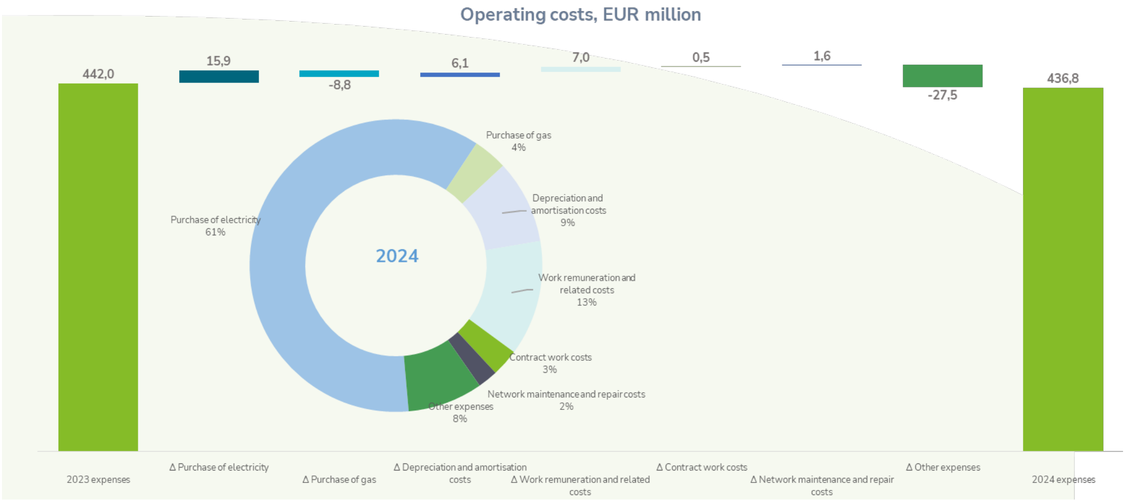
In 2024, the EPSO-G Group generated EUR 74.6 million or EUR 6.8 million less revenue from natural gas transportation and related services, which represents 15% of the EPSO-G Group's total revenue. Natural gas transmission revenues for the reporting period decreased by EUR 5.8 million or 10.8% to EUR 48.4 million compared to 2023. This was due to a 17% decrease in the volumes of natural gas transferred to the transmission systems of neighbouring countries, which was not offset by an increase in the volume of natural gas transported at the internal network. The decrease in other revenue was caused by the sales of scrap metal of EUR 0.9 million in 2023. No similar income was generated during the reporting period.

Other Group's income after elimination of the intercompany transactions remained at the same level, amounting to EUR 28.0 million or 6% of the EPSO-G Group's total revenue.

4.6.3 Operating Expenses

The Group's operating expenses in 2024 amounted to EUR 436.8 million, a decrease of EUR 5.2 million, or 1.2%, compared to 2023 (EUR 442.0 million). The decrease in 2024 was most significantly determined by the absence of the loss on impairment of property, plant and equipment.

The largest part of operating expenses consisted of purchase of energy resources and related services for technological needs – 281.5 million EUR or 64% of total expenses. Wages and salaries and related expenses amounted to 55.7 million EUR, depreciation and amortization charge – 40.4 million EUR, contract and subcontract works and materials – 13.2 million EUR, network maintenance and repair – 9.7 million EUR, and the remaining expenses amounted to 36.3 million EUR.



Operating expenses by segment, EUR million	2024	2023	Change (2024 vs 2023) +/-	%
Group's operating expenses:	436.8	442.0	-5.2	-1.2
Litgrid	340.4	333.2	7.2	2.1
Expenses for electricity and related services	271.0	251.3	19.7	7.8
Wages and salaries	20.6	17.6	2.9	16.7
Depreciation and amortisation	22.6	19.7	2.8	14.3

PP&E impairment loss	0.5	21.7	-21.3	-97.8
Other	25.8	22.8	2.9	12.9
Amber Grid	63.0	76.4	-13.3	-17.5
Natural gas purchase expenses	16.5	25.4	-8.8	-34.9
Wages and salaries	15.5	13.8	1.7	12.0
Depreciation and amortisation	14.9	12.6	2.3	18.6
PP&E impairment loss	0.0	8.0	-8.0	-100.0
Other	16.1	16.6	-0.5	-3.0
Other segments and elimination of intercompany transactions	33.4	32.4	0.9	2.9
incl. (sub)construct works and materials of Tetas	27.0	17.6	9.4	53.4

The operating expenses of Litgrid increased by EUR 7.2 million or 2.1%, and amounted to EUR 340.4 million or 78% of the Group's operating expenses. The increase was most significantly caused by the costs of purchasing electricity and related services due to overcapacity (due to the cold start of the year)..

The operating expenses of Amber Grid decreased by EUR 13.3 million or 17.5%, and amounted to EUR 63.0 million or 14% of the Group's operating expenses. Mainly due to lower costs of purchasing natural gas for technological purposes, which were caused by both lower gas prices on the market and lower gas consumption for the technology due to lower flows to Poland. The weighted average price of natural gas in the market of intraday transactions entered into on the GET Baltic exchange in 2024 was around 40 EUR/MWh and was approx. 19% below the average price in to 2023 (49 EUR/MWh).

The expenses in the other segments of the EPSO-G Group remained at a similar level and amounted EUR 33.4 million or 8% of the Group's operating expenses.

4.6.4 Results of operations

The Group's earnings before interest, taxes, depreciation and amortisation (EBITDA) in 2024 amounted to EUR 85.2 million, a decrease of EUR 16.1 million, or 15.9%, compared to 2023 (EUR 101.3 million).

In 2024, the EBITDA margin stood at 17.7% (in 2023, this indicator stood at 21.2%).

Financial results by segment, EUR million	2024	2023	Change (2024 vs 2023)	
			+/-	%
Group's EBITDA:	85.2	101.3	-16.1	-15.9
Litgrid	60.6	78.3	-17.7	-22.6
Amber Grid	26.5	25.7	0.8	3.1
Other segments and elimination of intercompany transactions	-1.9	-2.7	0.8	-30.7
Group's net profit/(loss):	54.9	53.8	1.1	2.0
Litgrid	49.0	48.4	0.6	1.3
Amber Grid	8.3	13.4	-5.1	-38.1
Other segments and elimination of intercompany transactions	-2.4	-8.0	5.6	-69.5

Litgrid's EBITDA decreased by EUR 17.7 million, or almost 23%, to EUR 60.6 million compared to 2023, and accounted for 71% of the EPSO-G Group's EBITDA. This is explained by a EUR 14.6 million underperformance of the ENTSO-e ITC mechanism.

Amber Grid's EBITDA increased by EUR 0.8 million or 3.1% to EUR 26.5 million and accounted for 31% of the Group's EBITDA. This improvement mainly resulted from a lower loss from balancing activities, which is directly impacted by the decrease in natural gas market prices.

4.6.5 Adjusted results of operations

Regulated revenue, expenses and profitability indicators are recalculated due to temporary regulatory deviations from the regulated profitability indicator approved by NERC Calculation of adjusted indicators involves estimation of adjustment for previous period revenue, which has already been approved by the decision of NERC when determining regulated transmission prices for the reporting period, and estimation of deviation of the actual profitability from the regulated profitability approved by NERC, which will be considered when determining the transmission prices by NERC for future period, with the asset revaluation results and other profit/loss from non-ordering activities being eliminated.

- Adjusted EBITDA in 2024 was EUR 73.0 million (2023: EUR 59.2 million).
- Adjusted net profit in 2024 was EUR 41.9 million (2023: EUR 26.8 million).
- Adjusted average return on equity (ROE) for the last twelve months was 12.5% (2023: 10.0%).

The Group's adjusted EBITDA increased due to a higher return on investment approved by the regulator (the WACC for both the natural gas transmission operator and the electricity transmission operator increased by approximately 1 pp), grants related to income of Energy Cells, and a positive EBITDA of Tetas (2023: was EUR -6.7 million). In addition, the Group's adjusted net profit was boosted by the operating result of associates (TSO Holding and GET Baltic), positive financial result and investment incentives applied to Litgrid.

Adjusted financial results by segment, EUR million	2024	2023	Change (2024 vs 2023)	
			+/-	%
Group's adjusted EBITDA:	73.0	59.2	13.8	23.4
Litgrid	47.6	37.2	10.4	27.8
Amber Grid	27.4	24.7	2.7	10.9
Elimination of other and reciprocal transactions	-2.0	-2.7	0.7	N/A
Group's adjusted net profit/loss:	41.9	26.8	15.1	56.4
Litgrid	34.3	25.5	8.8	34.6
Amber Grid	10.1	9.2	0.9	9.8
Elimination of other and reciprocal transactions	-2.5	-7.9	5.4	N/A

Detailed adjustments to calculate adjusted EBITDA and adjusted net profit/loss are disclosed below.

Adjusted EBITDA, EUR million		2024	2023
	Group's EBITDA	85.2	101.3
Amber Grid	Refunding of ROI deviation in relation to previous periods	7.5	10.9
	Payment to Poland for GIPL was included in 2022 revenue	-5.5	-13.8
	Current year difference between actual revenue and revenue set by NERC	5.7	-1.5
	Current year actual balancing result	0.2	5.7
	Current year difference between actual technological losses and those set in the pricing	-9.4	-3.1
	Other adjustments for difference between current year actual rates and those set in the pricing	2.3	0.8
Litgrid	Refunding of ROI deviation from transmission activities in relation to previous periods	13.1	-4.1
	Current year difference between actual technological losses and those set in the pricing	-6.1	-103.1*
	Other ROI deviations from transmission activities	-2.5	-4.2
	Refunding of ROI deviations from additional services in relation to previous periods	0.0	27.1
	Current year difference in regulatory rate of return from additional services	-17.5	43.2
	Group's adjusted EBITDA	**73.0**	**59.2****

* The actual price of energy resources was significantly lower than the price included in the tariff.

**The results for 2023 were restated.

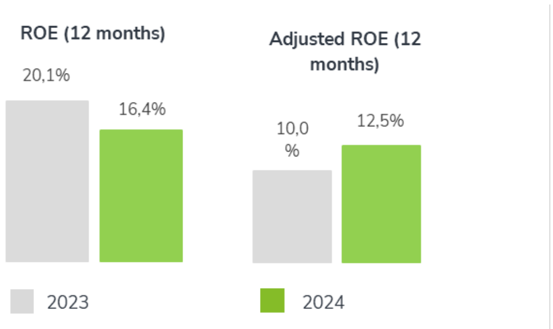
Adjusted net profit/loss, EUR million		2024	2023
	Group's net profit/(loss)	54.9	53.8
Amber Grid	Adjusted EBITDA	0.8	-1.1
	Current year difference between regulatory and financial depreciation of PP&E	0.8	-0.1
	Current year difference between actual taxes and those set in the pricing	0.0	0.1
	Effect of PP&E assessment and non-ordinary events	0.1	-3.0
Litgrid	Adjusted EBITDA	-13.0	-41.1
	Current year difference between actual taxes and those set in the pricing	-1.7	-3.5
	Effect of PP&E assessment and non-ordinary events	0.0	21.7
	Group's adjusted net profit/loss	**41.9**	**26.8***

* Litgrid assessed the effect of application of income tax incentive for investments.

4.6.6 Return on equity

The return on equity was 16.4% in 2024, a decrease of 3.7 pp compared to 2023 due to a decrease in net profit and the increase in the average equity used to calculate the indicator.

The adjusted return on equity in 2024 increased by 2.5 percentage points compared to 2023 due to higher regulatory returns. The increase in regulatory return is due to an increase in the rate of return on investment set by NERC for 2024 compared to that for 2023, as well as a higher result booked by TSO Holding and GET Baltic, and improved result from financing activities (temporary investment of funds), and income tax incentive for investments applied to Litgrid.

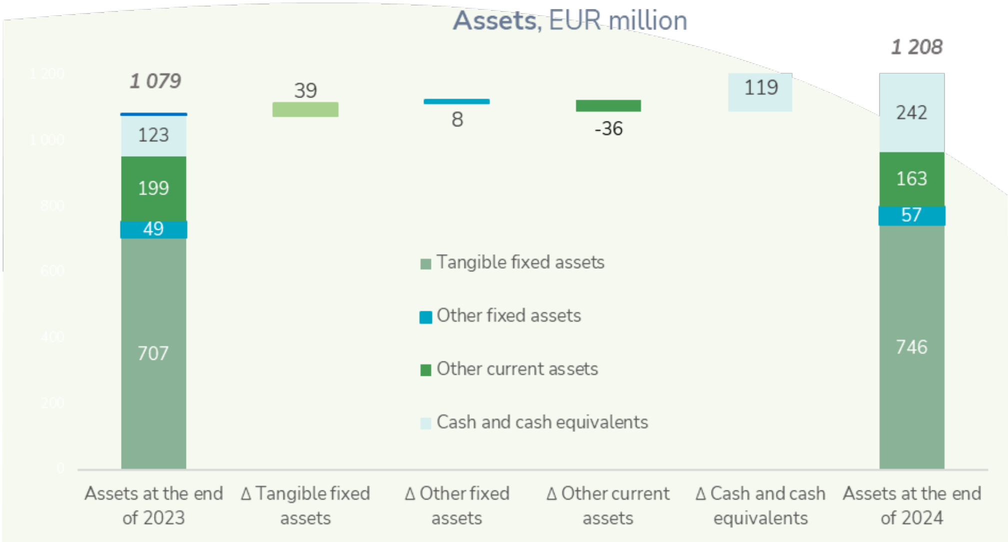


Key performance indicators of regulated activity	2024	2023	Change (2024 vs 2023) +/-	%
RAB (at the beginning of the year), EUR million				
Litgrid	348.0	351.7	-3.7	-1.1
Amber Grid	271.6	273.0	-1.4	-0.5
Energy cells	16.2	10.7	5.5	51.8
Regulatory depreciation, EUR million				
Litgrid	18.8	19.3	-0.5	-2.5
Amber Grid	13.5	12.5	1.0	7.9
Energy cells	1.0	0.3	0.7	247.2
WACC (rate of return on investments)*, %				
Litgrid	5.00	4.1	0.91 pp	
Amber Grid	5.04	4.0	1.08 pp	
Energy cells	4.97	4.0	0.98 pp	

4.6.7 Statement of financial position

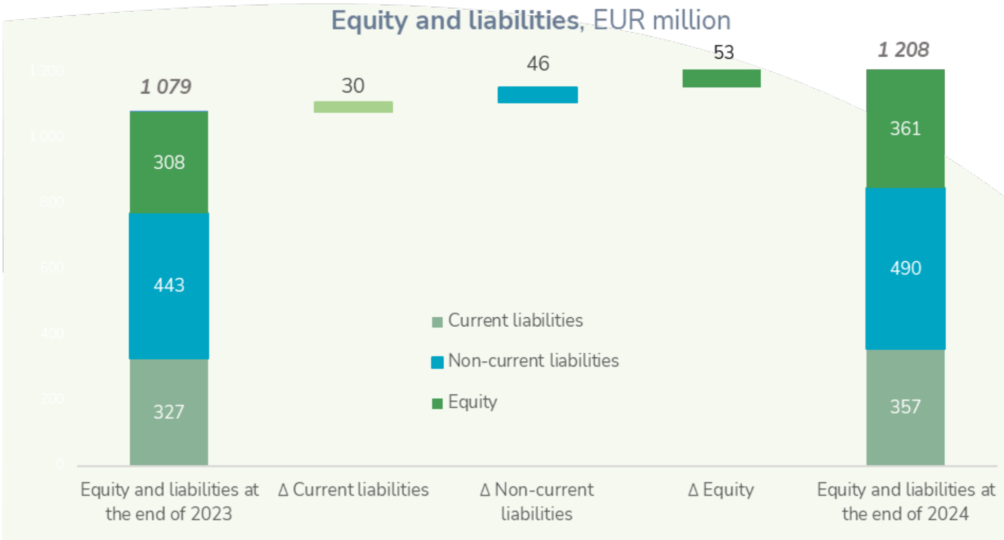
As at 31 December 2024, the Group's assets totalled EUR 1,207.8 million, and, compared to the end of 2023, the increase was 12.0% or EUR 129.3 million. This was mainly due to an increase in cash and cash equivalents (EUR +119.1 million), driven by profitable operations and congestion management funds (EUR ++135.7 million).

The Group's non-current assets amounted to EUR 802.7 million and accounted for 66.5% of the Group's total assets. Non-current assets increased by 6.1% or EUR 46.5 million compared to 2023, due to significant investments made in the electricity transmission system.

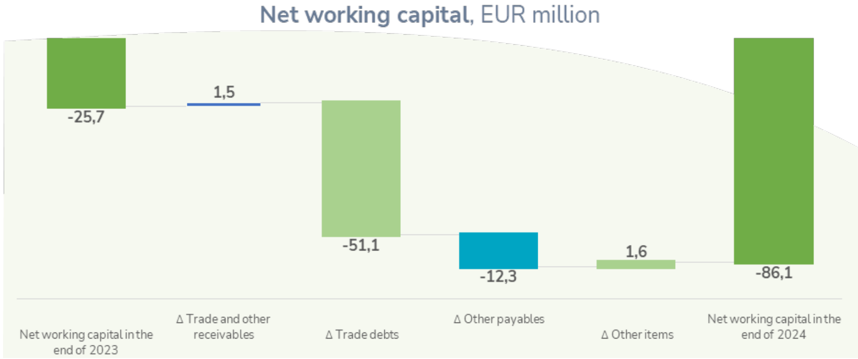


As at 31 December 2024, non-current liabilities amounted to EUR 489.7 million, an increase of 10.5% or EUR 46.4 million compared to 31 December 2023. The increase was due to the non-current congestion management fund liabilities of the electricity transmission system operator (EUR +44.6 million), which is a result of the congestion management funds received in 2024 (EUR 135.7 million).

Shareholders' equity increased by 17.3% or EUR 53.3 million to EUR 361.2 million compared to the end of 2023 due to the net profit generated during the reporting period, and the share of equity in the Group's assets at the end of December 2024 was 29.9% (2023: 28.5%).



During 2024, the decrease in working capital investment was mainly due to an increase in the electricity transmission operator's trade debts by implementing investments under the project for synchronisation with the Continental European Network and increase in debt for electricity due to a 1.8-fold increase in ancillary services and balancing costs in December.



At the end of December 2024, the Group's net financial liabilities to creditors, including lease liabilities, amounted to EUR 177.5 million. Mainly due to Litgrid's cumulative congestion funds, cash and cash equivalents and term deposits and short-term investments at the end of the period amounted to EUR 242.4 million, while net financial debt was negative and amounted to EUR -64.9 million, i.e. the balance of cash and cash equivalents exceeded financial liabilities.

Net debt, EUR million	As of 31 December 2024	As of 31 December 2023	Change (2024 vs 2023)	
			+/-	%
Group's net debt:	**-64.9**	**83.5**	N/A	N/A
Non-current and current borrowings	165.6	195.9	-30.3	-15.4
Lease liabilities	11.9	10.9	1.0	9.2
Cash and cash equivalents, deposits, bonds	242.4	123.2	119.1	96.7

For the purpose of analysing the level of net debt for management assessment purposes, the formula for calculating the indicator reduces financial debt not only by cash and cash equivalents balances, but also by the share of financial assets consisting of highly liquid and low-risk instruments, i.e. deposits of more than 3 months or government securities of high credit rating countries with a maturity of up to 360 days. The composition of the components used in the calculation of the indicator has been chosen on the basis that the conversion of these financial instruments into cash can be realised in a very short time and with no or negligible financial loss.

4.6.8 Financing

In June 2022, EPSO-G issued sustainability-related bonds, which are listed on Nasdaq's Baltic Debt Securities List. As of 31 December 2024, there were 32 bondholders.

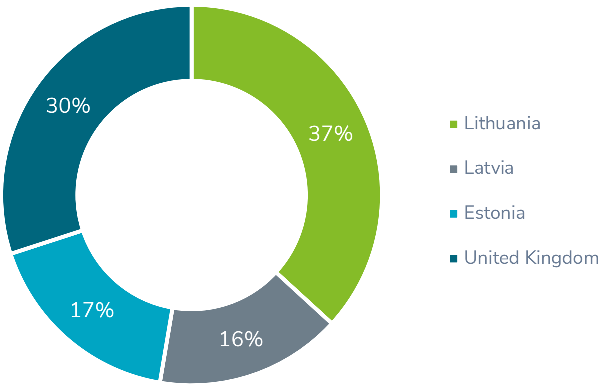
ISIN code	LT0000406530
Currency	Eur
Nominal amount	75,000,000
Coupon	3.117%
Maturity	8 June 2027

Objectives and Indicators in the Prospectus for Sustainability-Linked Bonds

Indicators (KPIs)	KPI baseline	Sustainability Performance Targets (SPT)
KPI 1: Market-based Scope 1 and 2 emissions (tCO2e)	2019	SPT1: Market-based Scope 1 and 2 emissions (tCO2e) reduction by 30% by 2026, compared to the 2019 base year
KPI 2: Energy not supplied (ENS), MWh	Baseline is not available	SPT2: Amount of electricity not transmitted through the transmission grid, which shall not exceed 136.255 MWh in 2022-2026

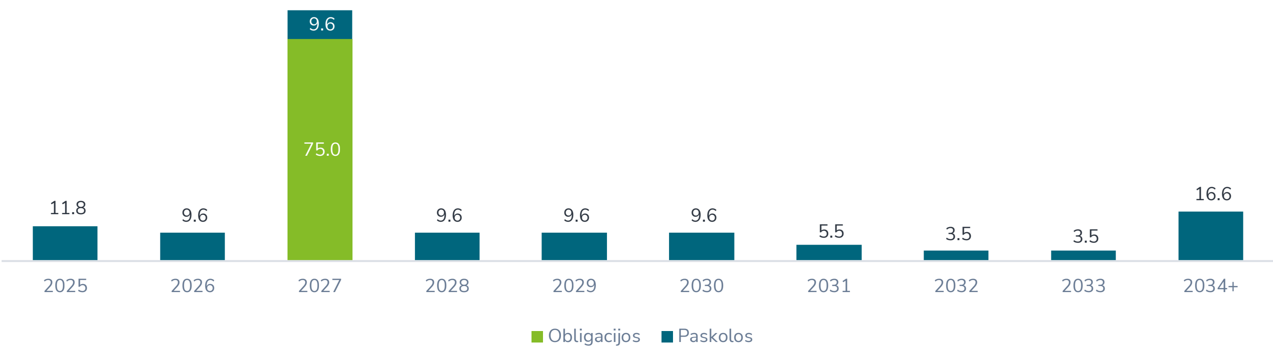
The information on the compliance with covenants of the Prospectus for Sustainability-Linked Bonds, is disclosed in sections 4.1 and 4.2 of this Report and section "E1 Climate change" of the Sustainability Report.

Structure of bond holders, % (as at 31 December 2024)



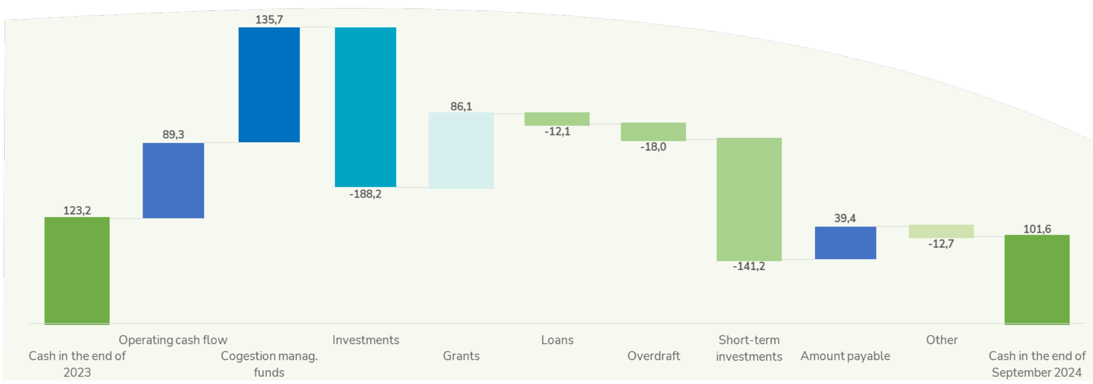
As at 31 December 2024, all financial liabilities were denominated in euros. As at 31 December 2024, 87.6% of all financial liabilities were subject to a fixed interest rate, and the remainder to a variable interest rate. As at 31 December 2024, the weighted average interest rate on financial liabilities was 2.2% (31 December 2023: 2.2%). As at 31 December 2024, the average maturity of financial liabilities was 7.1 years.

Group's borrowings by maturity, EUR million



4.6.9 Cash flows

Cash flows, EUR million



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In 2024, the EPSO-G Group's net cash flows from operating activities amounted to EUR 89.3 million (2023: EUR 111.8 million). The Group allocated EUR 188.2 million to investments in non-current assets (2023: EUR 241.9 million). During the reporting period, the EU financial support obtained to finance the investment projects amounted to EUR 86.1 million (2023: EUR 71.5 million).

In 2024, Litgrid collected the EUR 135.7 million congestion management funds, a 25% or EUR 27.6 million increase due to a greater difference between regional electricity prices compared to 2023. These funds are not recognised as revenue and have no direct impact on the Company's result of operations, and their use is regulated under the European Parliament and Council Regulation No 2019/943 and the methodology approved by the ES Agency for the Cooperation of Energy Regulators (ACER). Congestion management funds are used mostly to finance in part Litgrid's investments aimed at capacity enhancement of interconnections. The use of congestion management funds for investments in the reporting period amounted to EUR 43.5 million (2023: EUR 142.3 million was used to reduce the tariff, and EUR 15.2 million for investments).

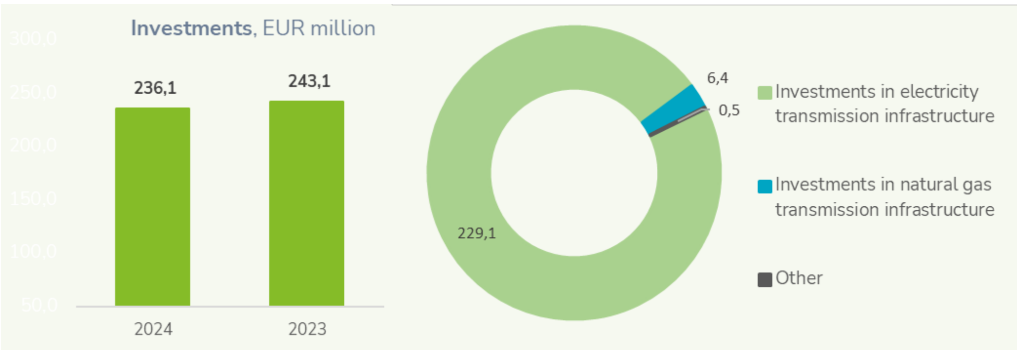
In 2024, the Group repaid loans in the amount of EUR 12.1 million (2023: EUR 30.9 million), and did not receive new long-term loans. At the beginning of 2024, the Group repaid EUR 18 million of the overdraft which was temporarily used at the end of 2023. The Group's efficient cash balance management led to an increase in current financial instruments (deposits and bonds) of EUR 141.2 million during the year.

4.6.10 Investments

In 2024, the EPSO-G Group's investments (non-current assets carried at cost, before consideration of offsets with grants received/receivable for acquisition of the related assets) amounted to EUR 236.1 million, i.e. EUR 7.0 million or 2.9% less compared to 2023 (EUR 243.1 million).

Litgrid's investments amounted to EUR 229.1 million (64% was spent on strategic and nationally important electricity projects and 36% on the reconstruction and development of the transmission network and operational support), and accounted for 96% of the Group's investments.

Amber Grid's investments in the reconstruction and modernisation of the main network amounted to EUR 6.4 million (of which EUR 1.2 million for the installation of the gas pipeline shutoff devices and the installation of the Scada, EUR 1.2 million for reconstruction of the dispatcher building, EUR 0.6 million for renovation of cathodic protection systems, EUR 0.7 million for inserts in the main gas pipeline in view of the technical condition and diagnostics results of the gas pipelines, etc.).



4.7. Related-party transactions

After considering the amendments to the Law on Companies of the Republic of Lithuania, the EPSO-G Board abolished the Policy of Transactions with Related Parties on 29 June 2023. To ensure compliance with the requirements of the Law and proper oversight and disclosure procedures of the transactions carried out by EPSO-G Group companies with related parties, the Group's boards (of Litgrid and Amber Grid) are obliged to seek the opinion of EPSO-G's Audit Committee prior to entering into any related party transactions that meet the criteria of the Law on Companies of the Republic of Lithuania, and ensure publication of such transactions in accordance with a procedure prescribed by the Law.

Information on transactions with related parties is disclosed in the annual financial statements of this report.

05 Governance Report

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5. Governance Report

In 2024, the EPSO-G Group’s corporate governance was carried out in accordance with the updated version of the Guidelines on Corporate Governance of the EPSO-G Group, approved by the Ministry of Energy of the Republic of Lithuania, exercising the rights and obligations of the sole shareholder of EPSO-G, on 29 December 2022. The guidelines establish corporate governance principles uniformly applied to all companies of the EPSO-G Group, regulate the management organization model, management structure, the system of management and control and accountability assurance.

The updated Guidelines on Corporate Governance established 7 main principles of the corporate governance:

- The principle of establishing assumptions for effective corporate management, which aims to ensure that the management of the Group and the necessary decisions are made efficiently;
- The principle of proportionality, which aims to ensure that management methods applied by EPSO-G are proportionate, i.e. do not create an unnecessary administrative burden;
- The principle of realization of shareholders' rights, which aims to create conditions for the proper realization of rights and legitimate interests of all shareholders;
- The principle of inclusiveness of all interested parties, which recognizes the rights and expectations of interested parties;
- The principle of transparency, which aims to ensure that the Group's activities are organized transparently, with proper disclosure of essential information;
- The principle of responsibility and accountability of management bodies, which aims to ensure that management bodies perform their functions in a proper and timely manner, actively exercise their rights and properly fulfil their duties;
- The principle of integrity, which aims to ensure both vertical and horizontal integrity.

EPSO-G draws on good governance practices set out in the Good Governance Recommendations published by the Organisation for Economic Co-operation and Development (OECD), the United Nations and Nasdaq Vilnius Recommendations, and other internationally recognised standards and good governance recommendations, with the overarching aim of ensuring that state-owned companies are governed in a transparent and effective manner.

In an effort to purposefully build trust in ongoing strategic projects and to focus on transparency and accountability, the joint governance quality of the EPSO-G Group companies has been rated A+ under the GCC’s Good Governance Index 2023/2024.

A+

The EPSO-G Group was awarded the highest A+ good governance rating in the large companies category.

The Group received the highest ratings across all areas:

- transparency (A+);
- strategic planning and implementation (A+);
- collegiate bodies (A).

5.1. EPSO-G’s Operational Documents

5.1.1 Articles of Association of EPSO-G

In 2024, EPSO-G’s Articles of Association were revised one time.

On 27 February 2024, a new version of the Articles of Association of EPSO-G was approved by the Ministry of Energy of the Republic of Lithuania and registered in the Register of Legal Entities on 15 March 2024. The following substantive changes were made to the new version of the Articles of Association:

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- revision of competences of EPSO-G's General Meeting of Shareholders, the Board, CEO and the committees.

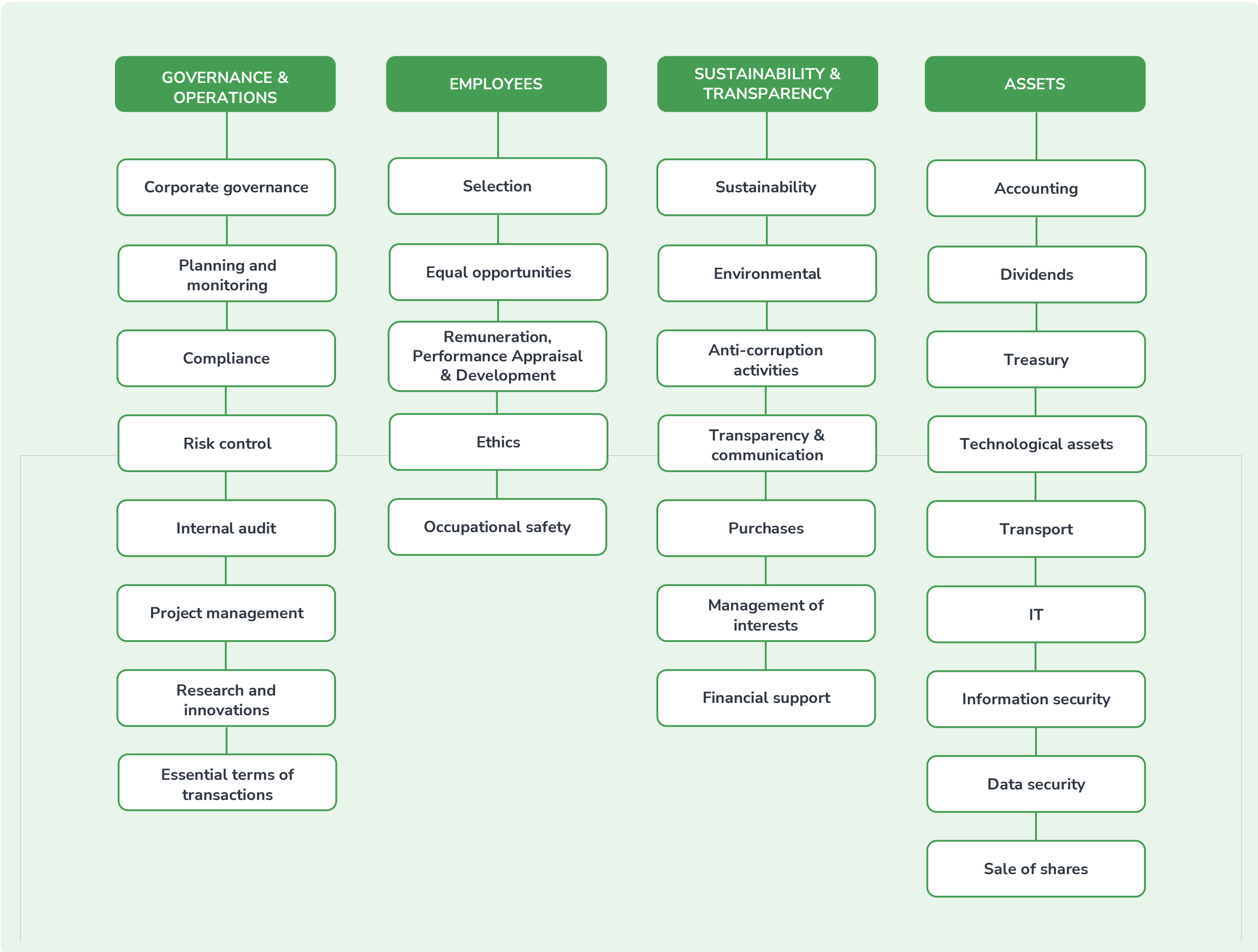
The existing corporate management model ensures the efficiency of the organizational and management structure of the EPSO-G Group companies and compliance with the highest governance standards.

The EPSO-G's Articles of Association of are available at the website: www.epsog.lt in the menu item 'Corporate Governance'.

5.1.2 Operating Policies

Good governance practices in the EPSO-G Group were implemented during the reporting period through the application and continuous targeted improvement of the operating policies that also guide the Group companies. The operating policies of the EPSO-G Group are intended to implement a consistent and effective organizational management system helping the employees in successful implementation of important strategic projects and transparent and effective benefit creation for both the people of the country and the business.

In order to meet the objectives set out in the Shareholder's Letter of Expectations, the holding company EPSO-G has established guiding principles and, where appropriate, specific rules, applicable across the Group in the following areas of activity:



During the reporting period new Policy on Material Terms and Conditions of Transactions was approved

Policies or their summaries are available on the EPSO-G website at www.epsog.lt, in the menu item Operating Policies.

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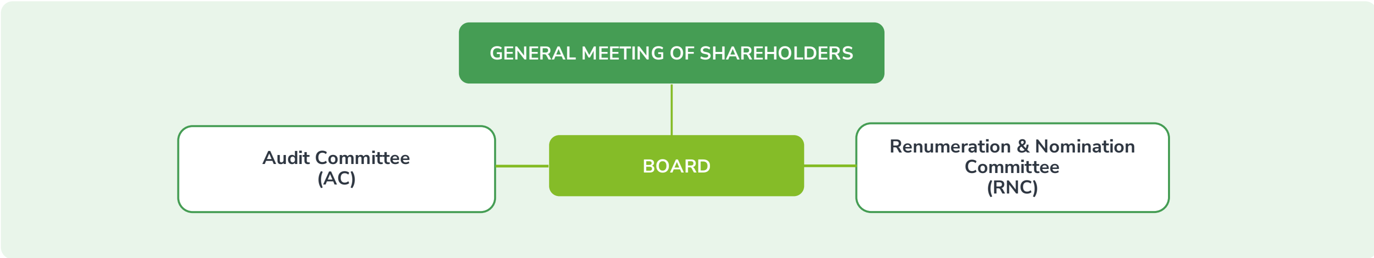
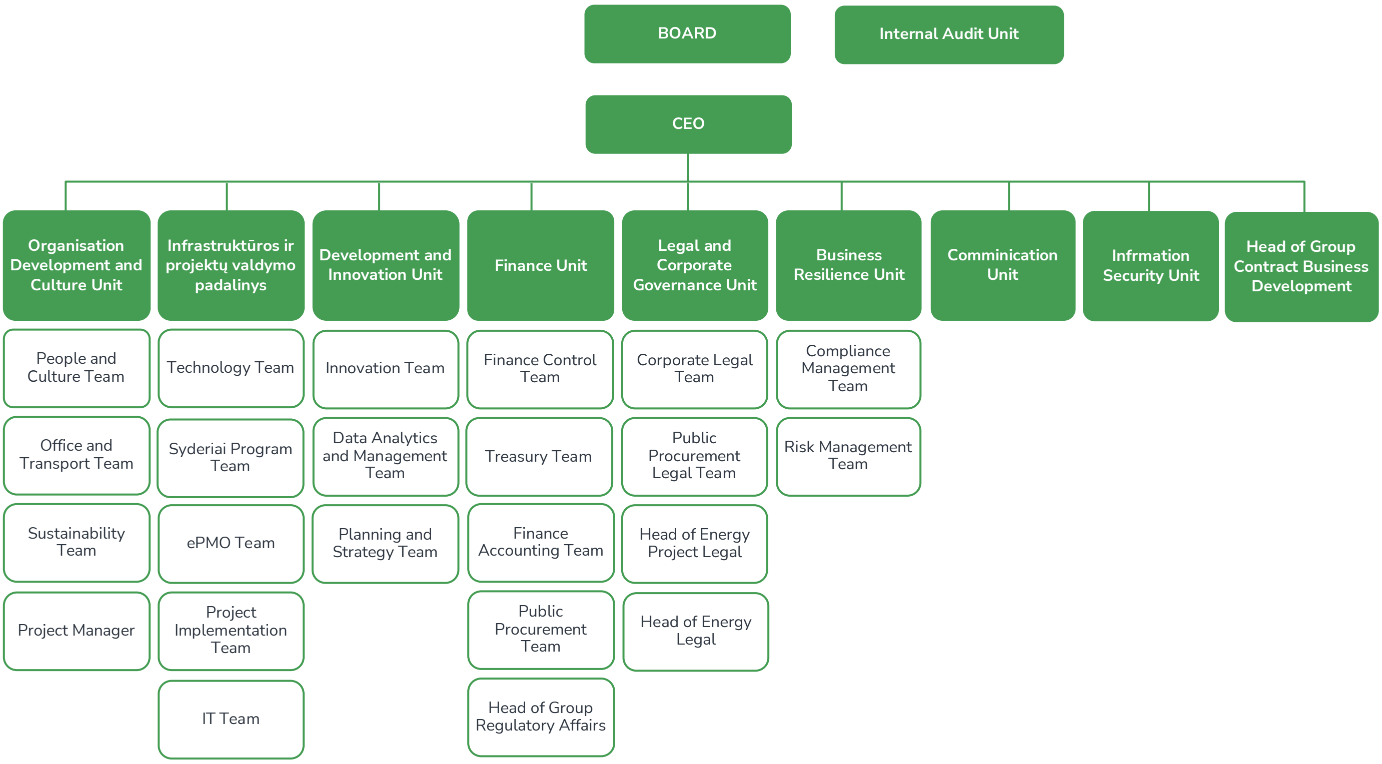
5.2. Supervisory and organisational system and functions of EPSO-G

5.2.1 Supervisory and organisational system

EPSO-G's management, supervisory and organisational structure ensures optimal organisation, accountability, process efficiency and responsibility.



Organisational structure of EPSO-G



The EPSO-G Group's corporate governance documentation system consists of the following:

- Guidelines on Corporate Governance of the EPSO-G Group companies.
- Articles of Association of the holding company and the Group companies.
- Corporate Governance Policy.
- Rules of Procedures of the Board.
- Regulations of the Audit Committee.
- Regulations of the Remuneration and Nomination Committee.
- Other corporate governance documents of the Group companies.

All the above documents are available at the website of the holding company at www.epsog.lt.

5.2.2 Function and Functional Area Governance

In 2024, the holding company EPSO-G applied a functional governance model, based on Group-wide operation of functions and functional areas, which, according to international practice, creates the most value for the Group companies. In application of this governance model, the holding company EPSO-G:

- Mostly focuses on operational efficiency, shared resources, and centralized services;
- Allocates resources and enhances competence for key, long-term value creation activities - strategy development, investment management, and innovation;
- Defines the policies of the Group companies, standardizes the core processes of the Group;
- Promotes the sharing of good practices among the patronized companies and supports initiatives to improve performance.

5.3. General Meeting of Shareholders of EPSO-G

The rights and obligations of the sole shareholder of the holding company EPSO-G are implemented by the Ministry of Energy of the Republic of Lithuania which adopts decisions on strategic issues of operational activities, approves key operational guidelines (guidelines on corporate governance, collegial body members' remuneration, etc.).

In 2024, EPSO-G's sole shareholder took the following key decisions:

Date	Key decisions
27 February 2024	Approved a new version of the Articles of Association of EPSO-G.
26 April 2024	Approved the new version of the guidelines for setting the remuneration for activities in the collegial bodies of EPSO-G and the EPSO-G Group companies.
30 April 2024	Approved the set of EPSO-G's consolidated and company's financial statements for 2023. Approved the decision on profit distribution.
4 July 2024	Endorsed the decision of the Board of EPSO-G of 28 June 2024 to establish a new company, EPSO-G Invest UAB, for the purpose of carrying out the new activities.
6 September 2024	Amended the decision of the Ministry of Energy of the Republic of Lithuania, exercising the rights and obligations of the sole shareholder of EPSO-G, of 30 August 2023 by fixing the remuneration of the auditing firm PricewaterhouseCoopers, a private limited liability company, for the audit of the financial statements for the period 2023-2025 at a maximum fee of EUR 310,000.00 (excl. VAT).
18 September 2024	Elected an independent member Rasa Balevičienė to the EPSO-G's Board until the end of the current term of office.
4 October 2024	Elected Vytenis Lazauskas, Rasa Balevičienė and Dainius Bražiūnas to the Audit Committee of EPSO-G for a new term of 4 (four) years as of 23 October 2024.
18 October 2024	Approved the updated standard terms of the Audit Committee member contract regarding the activity in the Company's Audit Committee and set the remuneration for the newly elected members of the Audit Committee.
12 December 2024	Endorsed the decision of the EPSO-G Board of 11 December 2024 to increase the number of shares of EPSO-G Invest UAB held by EPSO-G and to transfer part of the shares of EPSO-G Invest UAB to the sole shareholder of EPSO-G upon the adoption of the sole shareholder's decision to increase the issued capital of EPSO-G Invest UAB, and to grant the right to Valstybės investicinis kapitalas UAB to acquire newly issued shares of EPSO-G Invest UAB.
20 December 2024	Dismissed Tomas Daukantas from the Board and Renumeration and nomination committee as of 20 December 2024.

5.4. EPSO-G's Board and Committees

All EPSO-G's employees, including management and members of the collegial bodies, are subject to the Company's Selection Policy. For each position, candidates are given a set of requirements corresponding to their responsibilities:

- in establishing the collegial bodies, the EPSO-G Group seeks to ensure a combination of knowledge, skills and experience among its members that will enable the collegial bodies to carry out their functions properly.

- We apply high standards of values, professionalism, and good repute to all levels of employees and standards of excellent leadership skills to executives.
- The combination of competences, leadership and professional knowledge of employees and executives creates the preconditions for building the organisational culture of the Group of companies that is creative, progressive, open to innovation and change.

The detailed EPSO-G's Selection Policy is available on the Company's website.

Ensuring diversity

The EPSO-G Group's Diversity Policy is applicable to all employees, their selection process, including the selection of the Company's CEO, members of the management and supervisory bodies. The Company has Equal Opportunities Policy which defines the key principles that are applied in the Group's companies to ensure that the principles of equal opportunities and non-discrimination are respected in all areas of the employment relationship. The selection procedures shall respect the principle of equal opportunities and the prohibition to restrict or favour the rights of employees on grounds unrelated to their functional characteristics in all areas of the employment relationship, including in respect of recruitment, the validity of the employment relationship and its termination. The detailed EPSO-G's Equal Opportunities Policy is available on the Company's website.

Information on the current gender composition of the Company's collegial bodies is provided in the table below

Board (4 members in total)	
Independent board members	3 (75%)
Board members nominated by the shareholder	1 (25%)
Gender composition	1 female (25%) 3 male (75%)
Employee representatives are not part of this collegial body EPSO-G top management is not part of this collegial body	

Renumeration and nomination committee	
Independent committee members	2 (100%)
Committee member (nominated by the shareholder)	0 (0%)
Gender composition	2 male (100%)
Employee representatives are not part of this collegial body EPSO-G top management is not part of this collegial body	

Audit committee	
Independent committee members	2 (67%)
Committee member (nominated by the shareholder)	1 (33%)
Gender composition	1 female (33%) 2 male (67%)
Employee representatives are not part of this collegial body EPSO-G top management is not part of this collegial body	

5.4.1 The Board of EPSO-G

According to the current version of the Articles of Association of EPSO-G, the Board consists of five members. The members of the Board are elected for a four-year term of office by the General Meeting of Shareholders, to which the Board is accountable. At the request of General Meeting of Shareholders, the Remuneration and Nomination Committee makes a recommendation on the nomination of members of the Board.

The continuous term of office of a member of the Board shall not exceed two full consecutive terms, i.e. in any event no more than 10 consecutive years. Members of the Board are elected in accordance with the Resolution No 631 of the Government of the Republic of Lithuania of 17 June 2015 on the Approval of the Description of the Procedure for the Selection of Candidates to the Collegial Supervisory Body or Management Body of Municipal Enterprise, State or Municipal Company or Subsidiary.

On 24 March 2023, the Board of EPSO-G was elected for a new term of office, consisting of three independent members: Robertas Vyšniauskas, Asta Sungailienė and Liudas Liutkevičius, and members of the Board delegated by the Ministry of Energy of the Republic of Lithuania: Dainius Bražiūnas and Tomas Daukantas. In April 2023, Robertas Vyšniauskas, an independent member of the EPSO-G Board, was elected the Chairman of the Board, who served as chair of the Board in the previous term of office since February 2022.

An independent member Asta Sungailienė resigned from the position of the member of the Board as of 27 March 2024. Rasa Balevičienė was elected to the Board by a decision of the sole shareholder of 18 September 2024, following selection procedures until the end of the term of the current Board's office.

Tomas Daukantas, delegated by the Ministry of Energy, was dismissed from the Board as of 20 December 2024.

EPSO-G's Board responsibilities:

- Forms a common Corporate Governance Policy of the Group of companies;
- Is responsible for the organizational and systematic development and management of the Group within the scope of its competence;
- Approves the Group's strategy and monitors the implementation;
- Carries out the supervision and control of the management of the strategic projects carried out by the Group companies that are included in the national energy strategy, the projects of particular national interest, the economic projects of great state importance;
- Approves key Group-level documents: guidelines, policies, etc.
- Performs supervisory functions as provided for in the Law on Companies of the Republic of Lithuania.

The Board, having carried out performance assessment for 2024 and identified areas for improvement of the Board's activities regarding the joint work, expectations and objectives of the Board and the CEO, reviewing the Company's strategy and structure and their renewal in the context of the Letter of Expectations of the Shareholder, prepared the Company Board's activity plan for 2025.

Matrix of the EPSO-G' Board competences

For the purpose of electing a new Board in December 2022, a matrix of required competences for the Board members was built. Below is a short version of the matrix of competencies highlighting the key roles of the Board members.

Composition of the Board	**Competencies of the Board members nominated by the shareholder**		**Competencies of independent Board members**		
	Board member No 1	Board member No 2	Board member No 3	Board member No 4	Board member No 5
Areas of competencies	Oversight of NEIS implementation and the country's strategic energy projects	Oversight of energy market, regulatory and transmission activities	Finance and investments	Strategy and business development	Infrastructure and technology transformations

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EPSO-G's Board composition (31 December 2024)

Robertas Vyšniauskas

Chair of the Board from February 2022 to 20 March 2023, re-elected from April 2023, an independent member of the Board from 24 March 2023, as well as from 20 March 2019 to 20 March 2023.

Education: Mykolas Romeris University, Master's of Law

Other positions:

- Chair of the Board at Vilniaus Vystymo Kompanija UAB
- Audit committee member at Vilniaus Vystymo Kompanija UAB
- Associate professor at Vilnius University Business school
- Chair of the Supervisory Council at KN Energies
- Member of the Audit Committee at KN Energies
- Member of the Nomination and Remuneration Committee at KN Energies

Experience:

R. Vyšniauskas has gained experience in strategy and business development as a member of the collegial bodies of various state-owned enterprises, including EPSO-G and KN Energies. Until December 2024, he headed the company Valstybės investicinis kapitalas. R. Vyšniauskas is also a corporate governance, legal, and tax consultant, as well as an associate professor at Vilnius University Business School.

Mr Vyšniauskas does not hold shares of the EPSO-G Group companies.

Liudas Liutkevičius

Independent member of the Board from 24 March 2023

Education: Vilnius University, Master in International Finances.

Other positions: Managing Partner at INVL Renewable Energy Fund I

Experience:

L. Liutkevičius has experience in leadership and work in the energy sector as an expert in infrastructure and technology transformation. L. Liutkevičius has been CEO of Energijos Skirstymo Operatorius (ESO) and the former Lietuvos Dujos, and has worked in executive teams, boards, and supervisory boards of other energy supply, transmission, and distribution companies. Currently, L. Liutkevičius is an executive partner at "INVL Renewable Energy Fund I."

Mr Liutkevičius does not hold shares of the EPSO-G Group companies.

Rasa Balevičienė

Independent member of the Board from 18 September 2024

Education:

- Vilnius University's Vilnius International School, Master in Management and Business Administration
- Baltic Institute of Corporate Governance, studies of a professional council and board members

Other positions: independent member of the Board at a financial start-up Nium

Experience:

R. Balevičienė has experience in the fields of finance and investment. Previously, R. Balevičienė held the positions of CEO and Chair of the Board at two life and non-life insurance companies, Swedbank P&C Insurance AS and Swedbank Life Insurance SE, operating in Lithuania, Latvia, and Estonia. She also served as Chief Financial Officer at AB Hansabankas and was the Director of the Financial Reporting and Accounting Department and Chief Accountant at AB Swedbank.

Mrs Balevičienė does not hold shares of the EPSO-G Group companies.

Dainius Bražiūnas

Member of the Board from 24 March 2023, as well as from 20 March 2019 to 20 March 2023

Education: Vilnius Gediminas Technical University, Bachelor in Energy Sciences

Other positions:

- Head of Energy Security Group at the Ministry of Energy of the Republic of Lithuania
- President of the association Koturnos

Experience:

D. Bražiūnas has extensive experience in the implementation of strategic energy projects and national energy security policy at the Ministry of Energy, as well as serving on the collegial bodies of strategic energy companies under the Ministry's supervision. Currently, D. Bražiūnas is the Head of the Energy Security Group at the Ministry of Energy.

Mrs Bražiūnas does not hold shares of the EPSO-G Group companies.

Attendance at the Board meetings during 2024

During the reporting period, 23 meetings of the Board were held in which 5 decisions were adopted by a written vote.

No	Member of the Board	Meeting attendance
1.	Dainius Bražiūnas	23/23
2.	Tomas Daukantas*	23/23
3.	Robertas Vyšniauskas**	21/23
4.	Liudas Liutkevičius	23/23
5.	Asta Sungailienė*	5/5
6.	Rasa Balevičienė*	9/9

* Term of office of the Board member Mrs Sungailienė ended on 26 March 2024, and Mr Daukantas on 20 December 2024. Mrs Balevičienė was elected to the Board on 18 September 2024. ** A member of the Board was not present in 2 meetings because he withdrew from the matters under discussion.

Board decisions taken in 2024

01 JANUARY

On 11th of January, the updated strategy of the EPSO-G Group to 2030 was approved. EPSO-G's performance targets for 2024 were approved, which are identical to those of EPSO-G CEO. The budget of EPSO-G for 2024 was approved. Decision regarding the initiation of selection of the Board of Baltpool was made. Determination of EPSO-G's risk appetite and approval of the plan of risk management measures for 2024. The terms and conditions of employment of the CEO of EPSO-G were updated.

02 FEBRUARY

On 2nd of February, the report on the implementation of the 2023 performance targets was approved. It was agreed that EPSO-G, as the sole shareholder of Tetas, should make transactional decision. The Extraordinary General Meeting of Shareholders of EPSO-G is convened to approve the new version of EPSO-G's Articles of Association.

The decision to vote at Litgrid's Extraordinary General Meeting of Shareholders on 12th of February 2024 was adopted on 7th of February. The policy on material terms and conditions for the EPSO-G Group transactions was adopted.

A decision was taken on 14th of February to change the term of the lending and borrowing agreement between Litgrid and EPSO-G.

03 MARCH

On 15th of February, the report on the implementation of the EPSO-G Group's strategy for the period up to 2030 was approved for 2023. The Board's performance improvement plan for 2024 was developed. A new version of the list of compliance priorities for EPSO-G was approved.

04 APRIL

The Audit Committee activity report was approved on 23rd of April. The annual report of the Company and the Consolidated Annual Report for 2023 was approved, the Company's and Consolidate Financial Statements for 2023 were approved, the draft distribution of profits for 2023 was approved, and the Ordinary General Meeting of Shareholders was convened. A decision was taken to conclude an overdraft facility agreement and to approve the material terms of the agreement.

On 26th of April, a decision was taken on the review of the performance appraisal, financial incentives and remuneration of the EPSO-G CEO for 2023. A decision was taken on voting at the ordinary general meetings of shareholders of Litgrid, Amber Grid, Tetas, Energy Cells and Baltpool. A decision was taken to approve the updated internal audit plan for the centralised internal audit of the EPSO-G Group for the period 2024-2026. A decision is taken to launch a public selection procedure for an independent member of the EPSO-G Audit Committee.

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05

MAY

On 21st of May, a decision was taken to change the term of the lending and borrowing agreement between Litgrid and EPSO-G.

On 31st of May, a decision was taken on voting at the Ordinary General Meeting of Shareholders of TSO Holding on 7 June 2024. A decision was taken to vote at the Extraordinary General Meeting of Shareholders of Amber Grid to approve the decision of the Board of Directors of Amber Grid to enter into a humanitarian aid agreement.

06

JUNE

On 6th of June, a decision was taken to launch a new activity to set up a counselling service centre. A decision was taken to launch a new activity to provide project coordination, investment and related services. Establish a new legal entity, EPSO-G Invest, to carry out the new activities and convene an Extraordinary General Meeting of Shareholders. A decision was taken to adopt EPSO-G's organisational structure and list of posts from 1 July 2024. A decision is taken to enter into inter-group lending and borrowing agreements.

08

AUGUST

On 30th of August. The decision to vote at Litgrid's Extraordinary General Meeting of Shareholders was taken on 30 August. A decision was taken on the adoption of the decision of Tetas's sole shareholder. A decision was taken for EPSO-G to become a member of the Baltic Institute of Corporate Governance. The General Meeting of Shareholders of EPSO-G was convened to amend the terms of remuneration for the audit services provided to EPSO-G and to determine the remuneration to be paid to the audit firm PricewaterhouseCoopers for 2023-2025. A decision was taken to cooperate with the Innovation Agency, a public enterprise, under the joint arrangement/partnership.

09

SEPTEMBER

On 27th of September , the General Meeting of Shareholders of EPSO-G was convened to elect member of the EPSO-G's Audit Committee. The decision was taken to appoint Robertas Vyšniauskas as the member of the Remuneration and Nomination Committee of EPSO-G for the remaining term of office of the Board. The Audit Committee activity report for H1 2024 was approved.

10

OCTOBER

On 8th of October, the decision to vote at Amber Grid's Extraordinary General Meeting of Shareholders was taken on 8 October. The Board's performance improvement plan for 2024 was developed.

On 23rd of October, the decision was taken to approve the EPSO-G Group Strategy 2035.

On 28th of October, the decision of the Remuneration and Nomination Committee of 7th of January 2024 to elect Robertas Vyšniauskas as a chair was endorsed. The material terms of the cashpool agreements made between EPSO-G and Litgrid, and between EPSO-G and Baltpool and were amended.

11

NOVEMBER

On November 29th of, EPSO-G's monthly remunerations bands were approved for 2025. The updated organisational structure and a maximum number of posts. The decision to vote at Baltpool's Extraordinary General Meeting of Shareholders on 2 December 2024 was adopted. The calendar for the meetings and activity plan of the EPSO-G Board for 2025 were approved.

12

GRUODIS

On 9th of December, a decision was taken on voting at the Extraordinary General Meeting of Shareholders of TSO Holding on 10 December 2024.

On 11th of December, the decision was taken to adopt the decision of the sole shareholder of EPSO-G Invest to endorse the decision of EPSO-G Invest CEO to become a shareholder of Rheinmetall Defence Lietuva by concluding share purchase and sale agreements; to increase the number of shares of EPSO-G Invest held by EPSO-G and to transfer part of the shares of EPSO-G Invest to the sole shareholder of EPSO-G upon the adoption of the sole shareholder's decision; to convene the Extraordinary General Meeting of Shareholders of EPSO-G.

On 13th of December, the decision was taken to adopt the decision of the sole shareholder of Tetas to approve the

Board's decision to conclude the holding management services agreement between Tetas and EPSO-G. The decision to vote at Litgrid's Extraordinary General Meeting of Shareholders on 30th of December 2024 was adopted. EPSO-G internal audit unit's budget for 2025 was approved. Determination of EPSO-G's risk appetite and approval of the plan of risk management measures for 2025. The activity plans of the Remuneration and Nomination Committee for 2025 were approved.

5.4.2 The Remuneration and Nomination Committee of EPSO-G

Under the current Articles of Association of EPSO-G, the Remuneration and Nomination Committee shall be composed of at least three members appointed by the Board for a period of up to four years by a reasoned decision. The nomination of members of the Remuneration and Nomination Committee ensures that this Committee has at least one independent member. The continuous term of office of a member of the Remuneration and Nomination Committee shall not exceed two consecutive terms of office. The term of office of the Committee coincides with the term of office of the Board.

During the reporting period, the Remuneration and Nomination Committee had the following members: Asta Sungailienė (until March 26th, 2024, Tomas Daukantas until December 20th, 202), Robertas Vyšniauskas from September 27th, 2024 and Ramūnas Bagdonas.

EPSO-G's Remuneration and Nomination Committee's responsibilities:

- Assists in carrying out the selections of candidates to the members of the bodies in all companies of the Group;
- Provides the companies of the Group with recommendations regarding the nomination of the members of the management bodies, entry into contracts with them and setting remuneration;
- makes recommendations on the Group's corporate governance documents relating to the selection, appointment and determination of independence criteria for the governing bodies, senior management;
- makes recommendations on the system for succession of the Group's managers and critical positions;
- makes recommendations on the system of equal opportunities, inclusion and diversity promotion within the Group;
- and etc.

Remuneration and Nomination Committee's composition (31 December 2024)

Robertas Vyšniauskas

Chair of the Remuneration and Nomination Committee and independent member from 27 September 2024. For more details on Mr Vyšniauskas, see section 5.4.1.

Ramūnas Bagdonas

Independent member of the Remuneration and Nomination Committee from 6 June 2023

Education:

- Vytautas Magnus University, Master degree in Business Administration and Management
- Baltic Management Institute, EMBA

Other positions:

- Head of HR at Telia Lietuva
- Founder of the Association of Personnel Management Professionals and chair of the Board

Experience:

R. Bagdonas has over 20 years of experience in various companies in the fields of human resources, personnel management, and organizational culture. R. Bagdonas also has experience serving on collegial bodies of companies. Currently, he holds the position of Head of Human Resources at Telia Lietuva.

Mr Bagdonas does not hold shares of the EPSO-G Group companies.

Attendance of the Remuneration and Nomination Committee in 2024:

In 2024, 11 meetings of the Remuneration and Nomination Committee were held.

No	Member of the Board	Meeting attendance
1.	Asta Sungailienė*	5/5
2.	Tomas Daukantas*	11/11
3.	Robertas Vyšniauskas*	2/2
4.	Ramūnas Bagdonas	11/11

* Term of office of the Committee member Mrs Sungailienė ended on 26 March 2024, the Committee member Mr Daukantas on 20 December 2024. Mr. Vyšniauskas was elected to the Committee on 27 September 2024.

Substantive decisions taken by the Remuneration and Nomination Committee in 2024, substantive issues discussed

01 JANUARY

18th of January. Recommendations on candidates for the positions of members of the Boards of Amber Grid and Litgrid.

02 FEBRUARY

6th of February. Approval of the activity report of the Remuneration and Nomination Committee for 2023. Consideration of thee remuneration of the Boards of the Group companies. Recommendations on candidates for the positions of members of the Boards of Amber Grid and Baltpool. Self-assessment of the Remuneration and Nomination Committee's performance for 2023.

03 MARCH

7th of March. Recommendation on the remuneration policy of the CEO and the Board members of Amber Grid and Litgrid. Revision of EPSO-G's annual report, as far as the competence of the Remuneration and Nomination Committee is concerned.

13rd of March. Recommendation on the review of the remuneration of the Group's CEOs.

21st of March. A recommendation for a review of the remuneration of the CEO of EPSO-G. Consideration of the remuneration of the Group's collegial bodies. Discussion of the self-assessment process of the Group's collegial bodies, approval of the general areas of improvement of the Group's activities.

04 APRIL

11th of April. Recommendation on a candidate for the position of member of the Board of Baltpool.

06 JUNE

17th of June. Recommendation on the appointment of a candidate for the position as the CEO of EPSO-G's newly established company, and the definition of his/her working conditions.

26th and 27th of June. Recommendation on the candidates for the position of independent member of the EPSO-G Audit Committee.

08 AUGUST

8th of August. Periodic assessment of the independence of the Remuneration and Nomination Committee member. Consideration of the report on the Employee Remuneration, Performance Review and Training Policy and the Policy on Management of Interests of Employees and Members of Collegial Bodies (to the extent it is related to the independence criteria of the collegial bodies and their assessment). Monitoring of the new remuneration system's implementation. Obtaining understanding of the situation of equal opportunities, inclusion and diversity within the EPSO-G Group.

10

OCTOBER

On 7th of October, Robertas Vyšniauskas was elected a chair of the Remuneration and Nomination Committee. Assessment of the independence of the Committee member. Recommendation on the Group's remuneration bands from 2025. Discussion on the structure and resources of the People and Culture function. Approval of the schedule of ordinary meetings of the Committee for 2025 and the activity plan for 2025.

12

DECEMBER

3rd of December. Consideration of the succession of LITGRID and Amber Grid CEO's. Revision of the self-assessment questionnaire for the Group's collegiate bodies.

5.4.3 EPSO-G's Audit Committee

According to the current version of the Articles of Association of EPSO-G, the Audit Committee shall be composed of at least three members appointed by the sole shareholder of EPSO-G for a maximum period of four years, subject to the recommendations (if any) of the Remuneration and Nomination Committee. The continuous term of office of a member of the Audit Committee shall not exceed two consecutive terms. Only an independent member may be elected to chair the Audit Committee.

During the reporting period, until 23 October 2024, the Audit Committee had two independent members: Gediminas Šiušas and Robertas Vyšniauskas. Dainius Bražiūnas was nominated by the Ministry of Energy y as a member of the Audit Committee.

As of 23 October 2024, a new Audit Committee was set up for a four-year term: Vytenis Lazauskas, independent member; Rasa Balevičienė, independent member; Dainius Bražiūnas, member, member of the EPSO-G board nominated by the Ministry of Energy of the Republic of Lithuania Rasa Balevičienė, an independent member, was elected Chair of the Audit Committee at the first meeting of the new Audit Committee.

EPSO-G's Audit Committee's responsibilities:

- Carries out the monitoring of the preparation and auditing of the financial statements of the Group companies;
- Is responsible for the ensuring of the observance of the independence and objectivity principles by the auditors of the Group companies and of audit firms;
- Is responsible for the monitoring of effectiveness of the internal control of the Group companies, compliance and risk management, and internal audit, activity processes;
- Is responsible for the control of provision of non-audit services by the auditor of the Group companies and / or audit firm;
- Evaluates the transactions concluded by the Group companies, the shares of which are admitted to trading on a regulated market, with the parties concerned.

EPSO-G' Audit Committee composition (31 December 2024)

Rasa Balevičienė

Chair of the Audit Committee and independent member from 23 October 2024. For more details on Mrs Balevičienė, see section 5.4.1 of the Report.

Vytenis Lazauskas

Independent member of the Audit Committee from 23 October 2024
Education: Vilnius University, Master Degree in Finances
Other positions: Head of group risk management at INVL Asset Management
Experience:
V. Lazauskas has extensive experience in financial auditing and consulting gained at the international audit firm PwC. Since 2018, he has been working at the INVL Group: until July 2024, he held the position of Group Chief Financial Officer and currently serves as the Group Head of Risk Management.
Mr Lazauskas does not hold shares of the EPSO-G Group companies.

Dainius Bražiūnas

Member of the Audit Committee from 23 October 2024. For more details on Mr Bražiūnas, see section 5.4.1 of the Report.

Attendance of the Audit Committee members at meetings in 2024

In 2024, 15 meetings of the Audit Committee were held in which 5 decisions were adopted by a written vote.

No	Member of the Board	Meeting attendance
1.	Gediminas Šiušas*	13/13
2.	Robertas Vyšniauskas*	13/13
3.	Dainius Bražiūnas	15/15
4.	Rasa Balevičienė*	2/2
5.	Vytenis Lazauskas*	2/2

* Term of offices of the Committee members Mr Šiušas and Mr Vyšniauskas ended in 23 October 2024. The Committee members Mrs Balevičienė and Mr Lazauskas were elected to the Committee on 23 October 2024.

Decisions taken by the Audit Committee in 2024

01 JANUARY

15th of January. Recommendation to the Boards of Group companies to strengthen internal control. Recommendation to the EPSO-G Board on the maturity level of information systems management.

02 FEBRUARY

26th of February. Approval of the new version of the list of compliance priorities for Litgrid, Baltpool, EPSO-G. Approval of the updated plan for centralised internal audits of the EPSO-G Group for the period 2024-2026. The performance improvement plan of the Audit Committee for 2024 was approved.

03 MARCH

5th of March. Approval of the Audit Committee's conclusion on the audited financial statements of Teas for 2023.

18th of March. Approval of the Audit Committee's conclusion on the audited financial statements of Energy Cells for 2023.

22nd of March. Approval of the Audit Committee's conclusion on the audited separate and consolidated financial statements of EPSO-G.

25th of March. Approval of a new version of the list of compliance priorities of Amber Grid and Tetas. Recommendations to the EPSO-G Board on the inclusion of the proposed priority risks in the list of EPSO-G group level risks for 2024. Approval of the report on the activities of the EPSO-G Audit Committee for 2023. Approval of the report by the Head of Internal Audit of EPSO-G on the achievement of the 2023 objectives.

27th of March. Approval of Amber Grid's audited separate and consolidated financial statements for 2023.

29th of March. Approval of Litgrid's audited financial statements for 2023.

04 APRIL

22nd of April. Recommendation to Amber Grid on the adoption of a management action plan and periodic reporting to the Audit Committee.

05 MAY

27th of May. The independence assessment of independent the Audit Committee members.

06 JUNE

26th of June. Recommendation to the Litgrid's Board on the project management-related KPIs.

08 AUGUST

26th of August. Approval of the Audit Committee report for H1 2024. Resolving to recommend to the EPSO-G Board to propose to the General Meeting of Shareholders to determine the remuneration of the auditing firm for the audit of the financial statements for the period 2023-2025. Approval of non-audit services to be provided by a firm auditing financial statements.

09

SEPTEMBER

On 27th of September , the General Meeting of Shareholders of EPSO-G was convened to elect member of the EPSO-G's Audit Committee. The decision was taken to appoint Robertas Vyšniauskas as the member of the Remuneration and Nomination Committee of EPSO-G for the remaining term of office of the Board. The Audit Committee activity report for H1 2024 was approved.

10

OCTOBER

21st of October. Recommendation to the EPSO-G's Board to focus on Group level risks above a critical level. Confirmation of the review of the selected decisions for H2 2023 made by the Boards and senior management of Litgrid and Tetas, identifying no any significant breaches and/or inconsistencies.

11

NOVEMBER

25th of November. Election of Rasa Balevičienė the Chair of the Audit Committee. Election of a lawyer of the Audit Committee. Confirmation of the independence of independent members of the Audit Committee. Conclusion on the potential threat to the independence from the services to be provided by the firm auditing the financial statements. The Audit Committee's activity plan for 2025 was approved. Agreement on Amber Grid's risk appetite and plan of risk management measures for 2025, recommendation to the Amber Grid's Board on the approval thereof. Agreement on Tetas's risk appetite and plan of risk management measures for 2025, recommendation to the Tetas's Board on the approval thereof. Agreement on Energy Cells's risk appetite and plan of risk management measures, recommendation to the Energy Cells's Board on the approval thereof.

12

DECEMBER

9th of December. Agreement on the EPSO-G internal audit unit's budget for 2025, recommendation to the EPSO-G's Board on the approval thereof. Agreement on Litgrid's risk appetite and plan of risk management measures for 2025, recommendation to the Litgrid's Board on the approval thereof. Agreement on Baltpool's risk appetite and plan of risk management measures for 2025, recommendation to the Baltpool's Board on the approval thereof. Agreement on the risk appetite and plan of risk management measures of EPSO-G for 2025, recommendation to the Board of EPSO-G on the approval thereof.

5.5. Performance self-assessment and results of the activities of the collegial bodies

With respect to the guidelines prepared by the Remuneration and Nomination Committee, at the beginning of 2025, the management bodies of the holding company EPSO-G and the Group's subsidiaries carried out the self-assessment of performance for 2024. The summarised performance assessments of the members of each collegial body and the Group's Committees were discussed during the meeting of each collegial body. The fields of activity to be improved were identified and the directions for improvement of the operational processes were established by drawing up a coherent plan of actions and tasks for 2025.

Self-assessment of the activities of the collegial bodies was coordinated and summarised by the Remuneration and Nomination Committee of EPSO-G. The Committee identified the following main common areas of the collegial bodies for improvement in 2025:

- Strengthening the sustainability expertise of the EPSO-G Group's collegial bodies, and including sustainability as an element on collegial bodies agendas.
- Focus on digitisation and physical security by the EPSO-G Group's collegial bodies and periodic monitoring of the status of implementation in these areas.

At its meeting on 29 January 2025, the EPSO-G Board assessed the results of the Plan 2024 (the plan to focus on strategic matters and cooperation with the Boards of the Group companies was found fulfilled). After the self-assessment of performance for 2024, the Board members drew the Board's Performance Improvement Plan 2025, which identifies, inter alia, the Board's priority areas: strategic projects (including new activities) and their risk management controls, physical and cyber security project controls, the Group's digitalisation and data protection.

5.6. Company's CEO and Management

The Chief Executive Officer of EPSO-G is appointed by the Board of the Company taking into account the recommendations of the Remuneration and Nomination Committee. The Company's CEO is accountable to the EPSO-G's Board.

The competence of CEO of EPSO-G does not differ from the competence of the head of the company established by the Law on Companies of the Republic of Lithuania, except for the additional competence provided for in the Articles of Association. CEO of EPSO-G:

- arranges and controls the implementation of the Group's strategy, approves the Group strategy's action plan, and ensures the implementation of the Group's strategy, within the limits set by law;
- Controls the activities of the Group companies, makes suggestions and conclusions to the Board of EPSO-G regarding the organization of the Group's activities and development thereof;
- implements the guidelines, procedures, policies, codes and other documents approved by the Board in relation to the Group's activities and functioning within EPSO-G, and, within the scope of his/her authority, takes measures to ensure their implementation in the Group companies;
- approves Group-wide procedures, rules, descriptions and other Group-level documents, if the relevant areas of the Group are not governed by Group-level documents approved by the Board or the relevant Group-level documents approved by the Board confer the relevant competences on CEO;
- and etc.

Members of EPSO-G's top management:

Mindaugas Keizeris

CEO of EPSO-G from 22 August 2022
Education:
- Vilnius University, Master in International Finances
- Baltic Institute of Corporate Governance, studies of a professional board members

Other positions:
Member of the Board at Litgrid from 22 December 2022, re-elected for second term 30 April 2024
Mr. Kaizeris does not hold shares of the EPSO-G Group companies.

Darius Kašauskas

Head of Finance at the EPSO-G Group from 16 January 2023
Education:
- Vilnius University, Master in Economics
- ISM University of Management and Economics, Master in Management
- BI Norwegian Business School, Master in Management

Other positions:
- Chair of the Board at Tetas from 30 March 2023
- Member of the Board at Amber Grid from 30 April 2024

Mr. Kaišauskas does not hold shares of the EPSO-G Group companies.

Tomas Varneckas

Head of Infrastructure and Project Management at the EPSO-G Group from 9 August 2021
Education:
- Vilnius Tech – Vilnius Gediminas Technical University, Master in Engineering IT
- Vilnius Tech – Vilnius Gediminas Technical University, Bachelor in Environmental Engineering

Other positions:
- Litgrid Board member since 20 April 2022, Chair of the Board at Litgrid from 29 December 2022, re-elected for second term and as Chair of the Board 22 May 2024
- CEO of EPSO-G Invest from 18 July 2024

Mr. Varneckas does not hold shares of the EPSO-G Group companies.

Simona Augėnaitė

Head of Legal and Corporate Governance at the EPSO-G Group from 1 January 2023
Education:
- Vilnius University, Master of Law
- Baltic Institute of Corporate Governance, studies of a professional board members

Other positions:
- Rheinmetall Defence Lietuva UAB, member of Supervisory Board, serving since March, 2025

Ms Augėnaitė does not hold shares of the EPSO-G Group companies.

Simona Grinevičienė

Head of Organisation Development and Culture at the EPSO-G Group from 24 April 2023
Education:
- Vilnius University, Master of Law
- Vilnius University's Vilnius International School, Business Administration
- Baltic Institute of Corporate Governance, studies of a professional board members

Other positions:
- Chair of the Board at Baltpool from 24 May 2024
- Independent member of the Supervisory Council at European Merchant Bank
- Baltic Institute of Corporate Governance, chair of the Policy Group

Mrs. Grinevičienė does not hold shares of the EPSO-G Group companies.

Paulius Butkus

Head of Development and Innovation at the EPSO-G Group from 20 February 2023
Education:
- Vilnius University, Bachelor in Nuclear Physics
- Vilnius Tech – Vilnius Gediminas Technical University, Master in Electrical Engineering
- Vilnius Tech – Vilnius Gediminas Technical University, PhD in Electrical and Electronics Engineering
- Baltic Institute of Corporate Governance, studies of a professional board members

Other positions:
- Amber Grid board member since 17 March 2023, re-elected for second term and as Chair of the Board at Amber Grid from 10 May 2024
- Chair of the Board at Energy Cells from 11 May 2023
- Member of the Board at National Lithuanian Energy Association from 28 February 2024

Mrs. Butkus does not hold shares of the EPSO-G Group companies.

Andrius Svobonas

Group's Head of Business Resilience from 2 August 2024
Education:
Mykolas Romeris University, Master in Law
Mr. Svobonas does not hold shares of the EPSO-G Group companies.

5.7. Additional information on the Chairman of the Board, the Chief Financial Officer and the Head of the Internal Audit:

Žydrūnas Augutis, Chief Financial Officer. Mr. Augutis has more than 20 years of experience in financial accounting and taxation and holds the position of the Chief Financial Officer of EPSO-G from April 2019. Before joining EPSO-G, he held the position of the Chief Financial Officer of the subsidiary Litgrid for two years, was the head of the Accounting Department of Lietuvos Dujos (following the separation of the transmission activities from it, Amber Grid was established). In 2017-2019, Mr. Augutis was a member of the Board of EPSO-G's subsidiary Tetas. Mr. Augutis holds a Master's degree in Accounting and Auditing in Economics from Vilnius University.

Ms. Rasa Juodelytė, Head of Internal Audit. Holds the position of the Head of Internal Audit Unit at EPSO-G from January 2017. Before starting to serve in this position, she was responsible for the Internal Audit Unit's activities at the subsidiary Litgrid for four years; she held the same position at the international company of wholesale and retail trade in petroleum products. In 2017-2020, Ms. Juodelytė was also a member of the Audit and Risk Committee of SE Ignalina Nuclear Power Plant. Ms. Juodelytė holds a Master in Economics, Accounting and Auditing from Vilnius University.

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5.8. Membership in organisations

In 2024, the holding company EPSO-G and the Group companies actively participated in the activities of the national and various international organisations and associations. The involvement in the activities of Lithuanian and foreign organisations allows the Group companies to build their competences, share best practices, and participate in joint projects with other countries that contribute to strengthening Lithuania's energy independence.

European network of electricity transmission system operators www.entsoe.eu	Association Bionergy Europe www.bioenergyeurope.org	Association EASEE-gas www.easee-gas.eu
European network of gas transmission system operators www.entsog.eu	European clean hydrogen alliance www.europa.eu/...	European network of network operators for hydrogen – www.ennoh.eu
European renewable gas registry - www.ergar.org	European hydrogen backbone initiative – www.ehb.eu	Association Infobalt - www.infobalt.lt
International council onf large electric systems (CIGRE) - www.cigre.org	Association of issuing bodies - www.aib-net.org	Polish – Lithuanian chamber of commerce - www.plcc.lt
Lietuvos projektų vadybos asociacija - www.ipma.lt	LIETUVOS CO_2 PLATFORMA — Lithuanian CO2 platform - enmin.lrv.lt/...	LIETUVOS VANDENILIO PLATFORMA — Lithuanian hydrogen platform – enmin.lrv.lt/...
Nacionalinė Lietuvos energetikos asociacija – www.nlea.lt	Personalo valdymo profesionalų asociacija - www.pvpa.lt	Lietuvos atsakingo verslo asociacija – www.atsakingasverslas.lt
Kauno prekybos, pramonės ir amatų rūmai – www.chamber.lt	Oil and gas methane partnership 2.0 – www.ogmpartnership.com/	Baltic Institute of Corporate Governance - www.bicg.eu
Hydrogen energy association - www.h2lt.eu		

5.9. Risk Management Framework

The EPSO-G Group follows the Group's Risk Management Policy and Risk Management Methodology approve by the Board. These documents embedded a uniform risk management system that is based on common principles and meeting good practice according to COSO ERM (Committee of Sponsoring Organisations of the Treadway Commission Enterprise Risk Management) methodology applicable in the international practice.

The Risk Management Policy defines the Group's key risk management principles and responsibilities to ensure a unified corporate risk management process based on common principles. The EPSO-G Group companies define risk management principles and responsibilities in the Risk Management Policy. This policy is available on EPSO-G website.

The Risk Management Policy defines the Company's risk appetite that is below the highest level of risk. This level (the product of the probability and the impact of the risk on the Company) is equal to or greater than a score of 15, or the level of risk the EPSO-G's governing bodies willing to accept to achieve the strategy and performance objectives set. Risks exceeding the score set for the risk appetite are subject to additional management measures.

The Group has in place the following risk management process (stages):

1. Environment understanding. The aspects that may have an impact on the Company's failure to achieve its goals are identified based on EPSO-G's internal and external environment, planning documents, the risk assessment history and the monitoring of the implementation of the risk management measures. Regular environmental assessments are carried out to adapt to changes and to prepare in advance for unexpected threats.

2. Risk assessment. Risks are regularly identified, analysed and assessed, key risk indicators are identified, and a list of EPSO-G's risks is prepared. the risk appetite is also identified, and the risks in the list of risks are categorized according to their priority and the appetite identified.

3. Developing a Plan on risk Management Measures. EPSO-G develops a Plan on Risk Management Measures for risks exceeding risk appetite.

4. Monitoring of risks and the implementation of the Plan on Risk Management Measures. This process involves continuous monitoring of EPSO-G's List of Risks and the Plan on Risk Management Measures, as well as monitoring of the Group-level risks and the list of the Group-level risks management measures. The monitoring results are communicated to CEO of EPSO-G, the Board, the Audit Committee, in accordance with the remit of each of them.

5. Communication and information. Regular and effective sharing of information among the participants in the Risk Management process that has impact on the assessment of the Group companies' risks and their management. Relevant information on risks and their management is communicated to EPSO-G's employees during staff meetings.

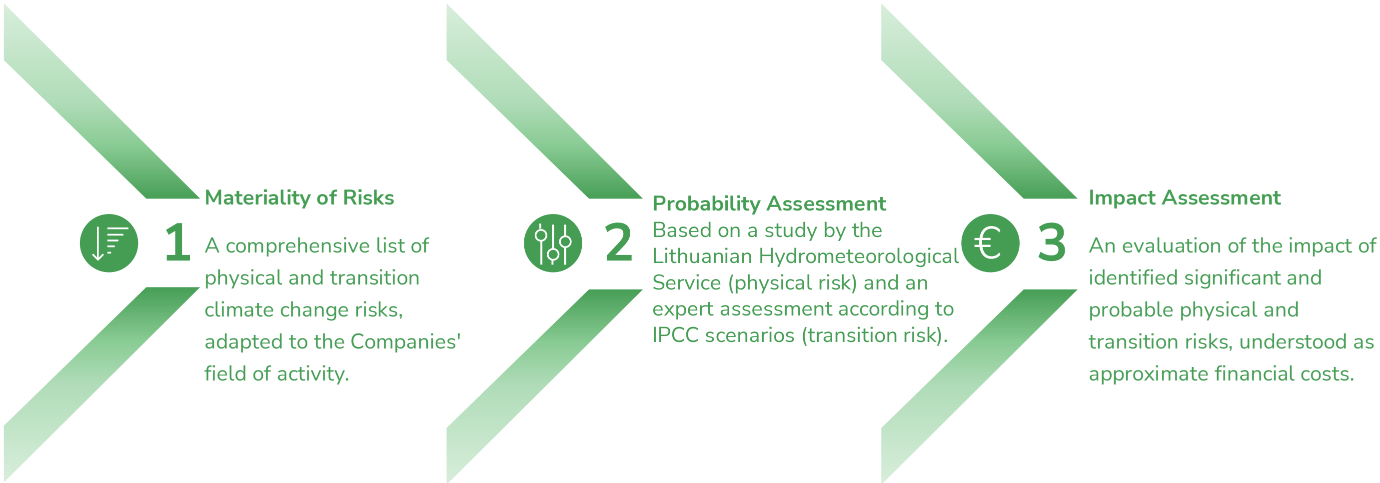
5.9.1 Climate-related risk assessment process

Given the importance of climate-change challenges in the energy sector, the EU regulations (the EU Taxonomy Regulation, the European Sustainability Reporting Standards (ESRS), etc.), climate-related risk disclosures, in 2023, the EPSO-G Group conducted a comprehensive analysis of the Group's climate-related risks, opportunities and climate scenarios (based on IPCC climate change scenarios) in the short-term (2026), medium-term (2030) and long-term (until 2050). The assessment was carried out in the Group in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

The assessment comprised climate-related physical risks (impact of occurrence of extreme weather events on transmission infrastructure, buildings, offices) and transition risks (regulatory, technology, reputation, market, public pressure), measures and indicators were developed to manage these risks.

Climate-related issues fall within the wide range of sustainability topics and are integrated into the Group's decision-making process.

Climate-related risk assessment process



The scale for assessing climate risks is based on the EPSO-G Group's risk management methodology (the same scale is being used), and the impact is understood as the financial impact compared to the income level. The impact assessment was carried out at the individual level of each Group company, and then aggregated in the Group-level analysis.

5.9.2 Key risks and their management

The EPSO-G Group companies identified operational risks for 2024, assessed them, set risk monitoring indicators and provided risk management measures. Sustainability risks are treated as an integral part of the EPSO-G Group's day-to-day operations and are integrated into the risk management process. The Group assess all the risks against the criteria set for the sustainability risks. Risks that meet these criteria are assigned to the relevant sustainability risk type.

For the purpose of the climate risk assessment, physical and transition risks are identified as moderate or low due to the existing risk management measures already adapted within the Group. The Group, being aware of the importance of these risks for the achievement of the sustainability objectives, gives particular attention to the management these risks, better disclosures and integration of risk-related opportunities into business strategy. More disclosures on the sustainability (climate) related risks are presented in the Sustainability report unit 8.2.1 Information disclosure in accordance with EU taxonomy regulation and "E1 Climate change".

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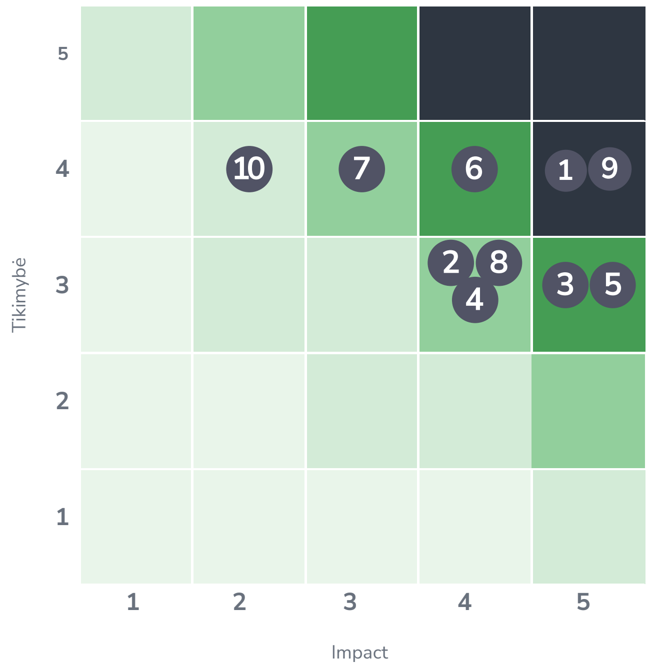
Group‘s risk map

ESG	1	Risk of delays in strategic projects	▲
	2	Long-term funding risk	▼
ESG	3	Regulatory risk	▲
	4	Risk of disruption to systems used in core business	▲
ESG	5	Risk of non-compliance with occupational safety requirements	■
ESG	6	Risk of lack of relevant qualification employees, employee turnover and motivation	▼
ESG	7	Risk of too little competition in procurement procedures carried out	▼
ESG	8	Cybersecurity risk	▲
	9	Risk of failing to meet the Group companies’ budget	▲
ESG	10	Environmental impact mitigation risk	■

ESG - environmental, social, governance



Risk level change tendency:

▲ Increasing

■ No change

▼ Decreasing

Risk level (RL) asssesment scale:

Very high	20-25
High	15-19
Medium	10-14
Low	5-9
Very low	0-4

5.9.3 Full description of the Group's risks

1. Risk of delays in strategic projects

Risk level

VERY HIGH

Risk factors
External – technological
Internal – processes

Risk impact
Finances, reputation, business continuity

ESG type
Governance

Risk area
Project management

Risk description

EPSO-G implements complex, large-scale projects included in strategic planning documents at national level, which are crucial for the development of Lithuania's energy system, the smooth integration of RES, and the creation of additional opportunities for market participants to choose to consume climate-neutral energy. Delays in government and Group projects have a negative impact on the achievement of the Company's and/or the Group's strategic objectives.

Management measures

- The EPSO-G group companies, together with the Group's Project Management Officer (PMO), monitor and control government projects.
- Ongoing (passive and active) controls are in place, such as monitoring of automated State and Group project reports and KPIs, and active involvement in risk management and problem solving.
- The EPSO-G Group companies, together with the Group's PMO, participate in meetings between the programme, the project team and the project developer and contractors, joint problem solving and risk assessment.
- Project process audits are carried out to review in detail risks, issues, benefits, timeliness and compliance with approved processes.

2. Long-term funding risk

Risk level

MEDIUM

Risk factors
External – economic
Internal – processes

Risk impact
Finances, reputation

ESG type
-

Risk area
Finance management

Risk description

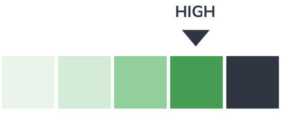
There is a risk that EPSO-G (and/or its Group companies) will face difficulties in attracting new funding and/or will be forced to pay significantly higher than normal prices for new funding, which would jeopardise the implementation of its strategic plans. Risks may arise from unsustainable financial conditions (e.g., overleveraging, underperformance), adverse changes in the business environment (e.g., downgrading of a country's credit rating, unfavourable regulatory developments), or inability to achieve the intended strategic objectives.

Management measures

- The Treasury and Financial Risk Management Policy guides day-to-day operations and decision-making, aiming at ensuring a sustainable financial position, maintaining a rating of at least investment grade (BBB-/Baa3 or above), and ensuring compliance with non-financial commitments and financial indicator commitments.
- Regular monitoring of budgets and long-term financial forecasts to ensure that the long-term financial targets (e.g., debt/EBITDA, ROE) set in the operational strategy are met
- When drawing up short-term and/or long-term operational plans, decisions on dividends must take into account the potential impact of the decisions on the long-term financial sustainability of EPSO-G and/or its Group companies, the fulfilment of financial targets and liquidity.

3. Regulatory risk

Risk level



Risk factors

External – economic, political
Internal - personnel

Risk impact

Finances, reputation, business continuity

ESG type

Governance

Risk area

Regulatory

Risk description

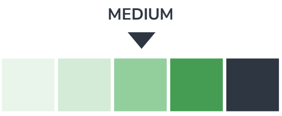
The prices of electricity and natural gas transmission and related services are regulated, the price and/or revenue caps are set by NERC. These decisions have a direct effect on the EPSO-G Group's performance and the allocation of funds for necessary operating costs, investments to ensure the transmission grid's reliability, as well as the possibility of financing strategic projects with own or borrowed funds.

Management measures

- In order to achieve clear and consistent regulation that should not adversely affect performance, the Group companies actively communicate with NERC, participate in the discussions on amendments to legislation, and submit their comments on the improvement of the legislation, arguing the impact of future decisions and the importance of the companies' long-term strategic objectives. Proactive engagement with NERC will also be crucial in coordinating decisions on the costs of climate neutrality activities.

4. Risk of disruption to systems used in core business

Risk level



Risk factors

External – political, technological
Internal – personnel, infrastructure

Risk impact

Finances, reputationi, business continuity

ESG type

-

Risk area

Electricity and natural gas system management
Management of the assets attributed to the transmission system

Risk description

One of the key roles and responsibilities of the EPSO-G Group companies is to ensure secure, reliable, and efficient operation of natural gas and electricity transmission systems. Technological risk management aims to avoid disruptions to operations and the disconnection of natural gas or electricity to consumers.

Management measures

- To ensure reliable operation of transmission systems, the Group companies implement specialized information systems, modern business management systems, update accident and technological disruption and emergency management, business continuity plans on a continuous basis, and set high standards for the contractors.
- To avoid disruptions to the transmission systems, the systems are continuously monitored, maintenance plans are drawn up accordingly, and the necessary new investments in network upgrades are planned in time.

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5. Risk of non-compliance with occupational safety requirements

Risk level

HIGH

Risk factors
Internal – personnel

Risk impact
Human health, finances, reputation

ESG type
Corporate social responsibility

Risk area
Occupational safety

Risk description
The Group companies place great emphasis on occupational safety. Given the applicable and most relevant occupational safety requirements and the current implementation situation, there is a risk of non-compliance with the OHS requirements.

Management measures

- Proper installation of workstations, timely maintenance and control of systems, equipment, work tools.
- Internal documents on health and safety have been approved.
- Staff training, certification and briefings on safety and health issues.
- Continuous monitoring and supervision of employees' and contractors' compliance with OHS requirements

6. Risk of lack of relevant qualification employees, employee turnover and motivation

Risk level

HIGH

Risk factors
Internal – personnel

Risk impact
Finances, reputation

ESG type
Corporate social responsibility

Risk area
Personnel education and renumeration management

Risk description
The EPSO-G Group companies are facing challenges on the labour market and competition for highly skilled professionals is intensifying.

Management measures

- Group companies are improving shift plans for critical positions. Over the next few years, the focus will be on updating the competency model, improving employer branding and developing talent.

7. Risk of too little competition in procurement procedures carried out

Risk level

MEDIUM

Risk factors

Internal – processes, personnel

External – economic

Risk impact

Finances, reputation

ESG type

Governance

Risk area

Purchases

Risk description

The EPSO-G Group companies carry out large-scale projects as part of NEIS. There is a risk that insufficient competition from suppliers will lead to economically unfavourable tenders exceeding the planned budget/not meeting the company's needs or to the procurement having to be cancelled and re-tendered.

Management measures

- The requirement to publish all procurements with the value exceeding EUR 15 thousand on the CPP IS have been taken into the consideration, and additional publicity platforms have been utilised.
- Requirement for promoters to identify at least 3 suppliers in their application or justify a smaller number of suppliers.
- Requirement to carry out a market consultation in all simplified and international procurement.
- The principle of "4-eye" control is set as a minimum.
- Events are organised for the suppliers.

8. Cybersecurity risk

Risk level

MEDIUM

Risk factors

External – technological

Internal - personnel

Risk impact

Finances, reputation, business continuity

ESG type

Governance

Risk area

Information security

Risk description

The information and data managed by the EPSO-G Group are of strategic importance for the security of Lithuania, therefore, loss of such information or data, illegal change or disclosure, damage thereof, or termination of the data flow which is necessary for a secure operation of transmission systems may cause disturbances of the activities of the EPSO-G Group companies, cause damage to other natural persons and legal entities.

Management measures

- In order to prevent cyber incidents, threats to the information systems, physical protection and security management systems of the EPSO-G Group companies are regularly assessed, existing security measures, systems and/or tools are constantly updated and new ones are introduced to comply with the strict requirements of the EU and the Republic of Lithuania's legislation on information security.
- EPSO-G staff actively participate in cybersecurity exercises to train how to manage and respond to cyber incidents targeting critical information systems and networks, and to ensure the functioning of their services.

9. Risk of failing to meet the Group companies' budget

Risk level

VERY HIGH

Risk factors
External – economic
Internal – processes, personnel

Risk impact
Finances, reputation

ESG type
-

Risk area
Finance management

Risk description

There is a risk that Group companies will fail to meet their budgets and financial plans, which will adversely affect their ability to meet the commitments of specific companies and EPSO-G as the Group's, as well as ability to meet financial covenants and other obligations, and to pay dividends.

Management measures

- Performance control (monitoring by EPSO-G, the Boards) is a part of the Integrated Planning and Monitoring Policy.
- For the purpose of regulated activities, comments and recommendations, as appropriate, on decisions related to recognition of expenses, changes in a methodology, and development of a common Group position.
- For the purpose of non-regulated activities, review of, amendments to the activity plan, where appropriate.

10. Environmental impact mitigation risk

Risk level

LOW

Risk factors
Internal – processes, personnel

Risk impact
Environment, reputation, finances

ESG type
Environmental

Risk area
Environmental
Sustainability development

Risk description

Untimely or inaccurate recording and reporting of sustainability-related indicators, inaccurate calculation of GHG emissions from the Group's operations, or delays in reporting compliance with requirements to institutional investors may result in sanctions from the exchange authorities, and fines for defaulting on commitments to investors. There is also a risk of non-achievement of EPSO-G's long-term strategic objectives and its commitments (sustainability indicators) related to the issued bonds when the regulatory approval for the necessary investments to reduce environmental impacts (GHG emissions) is not obtained due to regulatory restrictions or lack of cost-effectiveness.

Management measures

- The Group companies have been provided with a list of environmental, social responsibility and governance (ESG) indicators to be collected. Additional measures are also being put in place: ESG system (IT solution) is developed for the timely collection of sustainability-related indicators.
- Group companies are required to develop and implement cost-effective mitigation plans and related measures.

5.10. Compliance, Anti-Corruption Activities and Conflict of Interest Management

5.10.1 Compliance Management

The EPSO-G Group has compliance management system in place designed to:

- protect the Group companies from financial or reputational damage that may result from behaviour that does not meet internal and external requirements;
- manage the risks of non-compliance and mitigate their impact and likelihood of occurrence;
- promote a culture of compliance, i. e. encourage the Group's employees to work in accordance with the set requirements and to justify their application on the Group's values.

The Group's compliance is based on the Three Lines Principle and principle governing the use of the risk-based approach. In 2024, the Group companies focused their compliance activities on the following high-risk compliance priority areas:

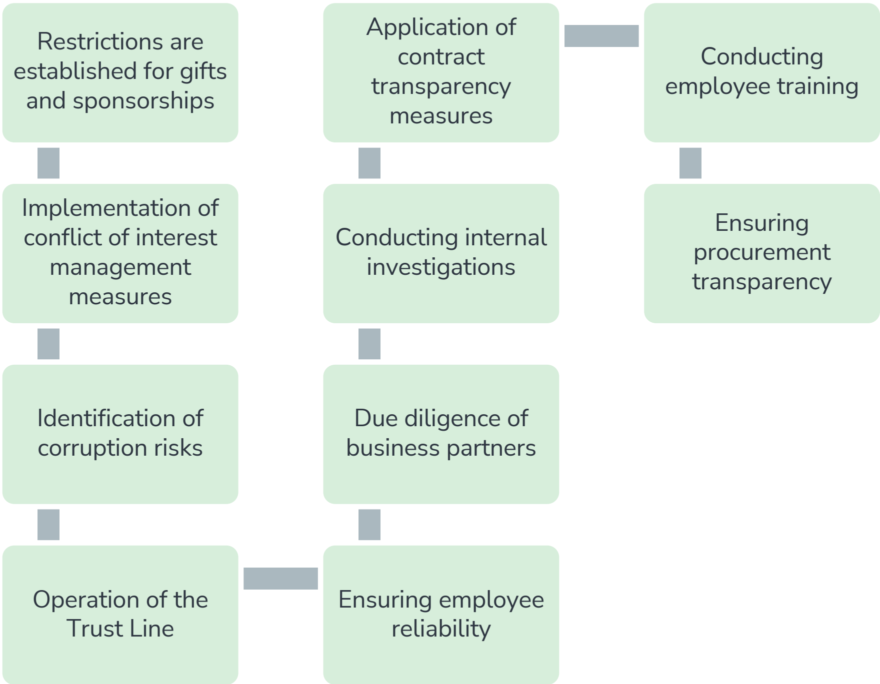
<table>
<tr><th>Litgrid</th><th>Tetas</th><th>EPSO-G</th><th>Amber Grid</th><th>Baltpool</th></tr>
<tr><td colspan="5">Protection of personal data</td></tr>
<tr><td colspan="4">Compliance with sustainability requirements</td><td>Information related to the performance of the functions of an exchange operator and other trading/accounting systems' administrator to be published and submitted publicly (from 2022)</td></tr>
<tr><td colspan="2">Projects implementation</td><td></td><td></td><td>Accounting, financial information, and information on the administration of PSO funds to be published and submitted publicly (from 2022)</td></tr>
<tr><td>Information to be published publicly</td><td></td><td></td><td></td><td></td></tr>
<tr><td>Integration of renewable energy sources</td><td></td><td></td><td></td><td></td></tr>
<tr><td></td><td></td><td></td><td>Operation/Materials Control</td><td></td></tr>
</table>

To improve compliance management, in 2024, the Group's Compliance Management Methodology was updated, the Group's key compliance management indicators were defined and the Group's compliance management maturity assessment methodology was established. The methodology guided the compliance management maturity assessment of all the Group companies during the reporting period. In view of the outcome of this assessment and the drive for a higher level of maturity, the Group's 2035 strategy priorities, shareholder expectations and regulatory developments, the Group has, for the first time, established the Compliance Management Framework 2025-2027, outlining the key priorities and directions for these activities over a three-year period. To promote a culture of compliance, as it was every year, the communication with employees involved external and internal regulatory requirements, training, and encouragement to report non-compliance.

The compliance audits in 2024 did not identify significant non-compliances in the Group companies. During the reporting period, NERC imposed a EUR 81 thousand fine on the Group company Amber Grid for the non-compliance related to the improper operation of the GIPL pipeline. Due to the installation of improper components in the GIPL pipeline, Amber Grid is engaged in legal proceedings in court, which also involve resolving the issue of compensation for replacing the improper components with proper ones. The case is being heard in the court of first instance in closed sessions, and the case materials are not public. NERC issued a warning to another Group company, Litgrid, for an identified infringement of the conditions for unregulated activities.

5.10.2 Anti-corruption activities

The EPSO-G Group's business decisions are guided by the principles of objectivity, impartiality, transparency, accountability and the rule of law, combined with the Group's zero tolerance to corruption or any other forms and manifestations thereof. We aim to build a transparent and trust-based Group, therefore continuously assess corruption risks and implement measures to manage these risks. The EPSO-G Group's anti-corruption activities are based on the international standard ISO 37001:2016 Anti-bribery management systems — Requirements with guidance for use, as well as the following measures implemented in the Group companies:



In 2024, an international management accreditation body issued certificates to three of the Group's companies, Litgrid, Amber Grid and EPSO-G, confirming their anti-corruption management systems compliance with the standard requirements. It demonstrates the ability of companies to prevent corruption risks, build trust in the supply chain and protect their reputation through tangible and organised measures.

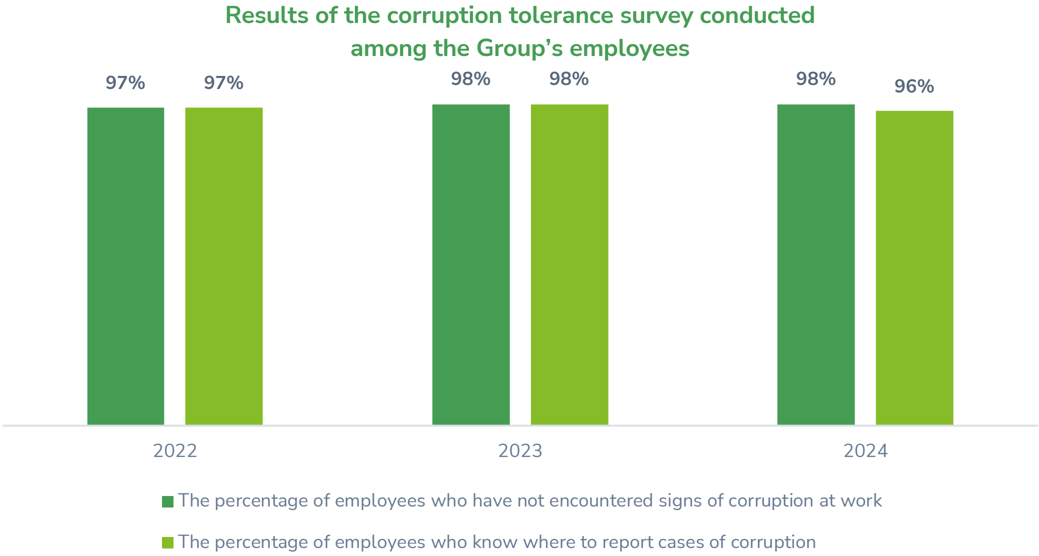
Corruption risk assessment is carried out in the Group's companies on annual basis in accordance with the Group's Risk Management Policy and methodology, and the status of implementation of the measures identified to manage corruption risk is assessed on quarterly basis. To improve the management of third-party corruption risks, the Group implemented a business partner screening system in 2024. It defines the procedures for assessing the business partner-related risks.

In 2024, the following key corruption-related risks were identified in the Group's companies:

- Risk of breach of a corrupt nature
- Risk of inadequate conflict of interest management
- Risk of non-compliant hiring people who do not comply with legal requirements.

Anti-corruption education of employees is an important part of the Group's anti-corruption activities, delivered in various forms: training sessions for external or in-house coaches, and communication messages on the current anti-corruption related issues. To ensure consistent anti-corruption awareness-rising among employees, we have developed an interactive mandatory anti-corruption training in 2024. All employees of the Group companies will be required to complete the training from 2025 onwards, starting with all new hires. The competences of anti-corruption experts are also developed by inviting guest speakers to give a talk on practical topics of conflict of interest management.

An annual corruption tolerance survey is conducted among the EPSO-G Group's employees. The anti-corruption culture survey helps to determine employees' approach to corruption and to identify aspects of anti-corruption requiring improvement. The employees' participation number remained similar to recent years (456 in 2024, 465 in 2023 and 431 in 2022). The answers to the main survey questions are systematically positive for several consecutive years.



In 2024, the following key anti-corruption objectives were set within the Group:

- Certify the anti-corruption management systems of EPSO-G, Litgrid, and Amber Grid. Information regarding the achievement of this objective is provided above.
- Ensure the proper implementation of the Group's employee and collegial bodies' interest management policy. This objective was achieved across all Group companies by approving the Interest Management Procedure Descriptions, which detail the Group's interest management model defined in the aforementioned Policy.

Key anti-corruption performance indicators and information about the active Trust Line are provided in the Sustainability Report. More information on EPSO-G anti-corruption policy and the employee anti-corruption behavior procedure description can be found here.

5.10.3 Anti-corruption Activities Related to Foreign Countries and Entities

EPSO-G's anti-corruption activities are targeted to managing corruption risks in Lithuania and abroad. The Company's employees cooperating with foreign officials or officials acting in foreign countries shall be guided in their activities by the principle of zero tolerance to corruption set out in the Anti-Corruption Policy and shall comply with other principles of anti-corruption activities. The EPSO-G Group companies' Anti-Corruption Policy is available here.

In 2024, no cases of bribery of officials in international business transactions, corruption or other corruption manifestations abroad or in Lithuania were detected in EPSO-G and the Group companies.

5.10.4 Management of Conflicts of Interest

The EPSO-G Group's governance framework promotes avoidance of conflicts of interest among the Group companies' employees and members of collegial bodies, and ensures a transparent and an effective conflict of interest disclosure mechanism. The Group has an integrated model for the declaration of private interests as defined in the Policy of Management of Interests of Employees and Members of Collegial Bodies. It requires to disclose all private interests of the Group's employees and members of the collegiate bodies in an internal declaration form prescribed by the Group, and, when applicable to the job position and functions, in PINREG, the register of private interests. The detailed EPSO-G's conflict-of interest management policy is available here.

The Group implements active monitoring, control and supervision of private interests: assessing potential conflict of interest situations during the job application process, reviewing and analysing declarations, recommending on potential conflicts of interest management and actions and/or decisions requiring refraining.

As part of the implementation of the Policy of Management of Interests of Employees and Members of Collegial Bodies, and to ensure the proper functioning of the conflict of interest framework, the legislation governing the management of interests in the Group companies was updated in 2024, clarifying the procedures for declaring, and refraining, removing, monitoring, supervising and controlling in the context of private interests.

At the end of the reporting period:

- The members of the collegial management bodies and the Group companies' CEOs do not have any shares in EPSO-G group companies, except for Nemunas Biknius, CEO of Amber Grid, who holds 0.001055% of shares in Amber Grid. His shareholding remained unchanged during the reporting period.
- The declarations of interests of all members of the collegial management bodies and the Group companies' CEOs are submitted and published in the Register of Private Interests (PINREG), on the website of the Chief Official Ethics Commission (COEC) and at www.epsog.lt.
- No any potential conflicts of interest of the members of the collegial management bodies and the Group companies' CEOs as regards their obligations to EPSO-G and their private interests and/or other duties have been identified.
- There were no family relationships between members of the collegial management bodies and the Group companies' CEOs.
- Members of the collegial management bodies and Group companies' CEOs have not been convicted of any criminal offence, have not been subject to any indictment or sanction by any regulatory authority in the last five years, have not been barred by a court from holding any office as a member of the administrative, management or supervisory bodies of the company or from holding any managerial position or from managing the affairs of any issuer.
- EPSO-G has not entered into any transactions with the above-mentioned persons which are outside the operating activities of the company or which have not been duly notified to and authorised by EPSO-G collegiate management bodies.

5.11. Information on the Audit

5.11.1 Information on the Internal Audit

The mission of EPSO-G internal audit function is to create added value for all entities of the Group, and to contribute to the achievement of their operational goals through systematic and comprehensive assessment of the effectiveness of governance, risk management and control processes, .and through assistance with the improvement thereof. These functions are implemented through an independent and objective assurance and advisory activity.

To ensure transparency and efficiency of operations, a centralized Internal Audit Unit operates in the EPSO-G Group companies. The Unit carries out the functions assigned at the Group level and is directly accountable to the EPSO-G Board, the majority of which are independent members.

The auditors of the holding company EPSO-G are not subordinate to the administration of a company audited. This creates better preconditions for identifying possible deficiencies in order to eliminate them and to highlight the areas for increasing efficiency.

The staff members of the Unit carry out internal audits and monitor on a regular basis the way the recommendations of the internal audit are implemented.

The activities of the centralized Internal Audit Unit covered the following areas that were selected based on the performed assessment of risks and by identifying the priority companies and processes to be inspected or as separately directed by the Board:

- Management of technological costs of transmission system operators.
- Adequacy of gas transmission network maintenance.
- Reliability of data on the progress of synchronisation projects.
- Effectiveness of procurement process controls.

- Ensuring compliance of construction products.

Internal audits of technological costs, procurement also assessed control measures aimed to prevent corruption. Much attention was also paid to monitoring the implementation of internal audit recommendations by companies and to assessing the impact of implemented actions.

Internal audit findings along with recommendations for areas subject to improvement are submitted to the management of the audited companies and the Boards of the companies of the Group, as well as to the Board and Audit Committee of EPSO-G. In addition, a regular assessment of the effectiveness of the internal control system is carried out in all Group companies, identifying the strengths and weaknesses of the system, discussing them with the boards of the respective companies and planning actions to strengthen internal control. The overall effectiveness of the internal control system is assessed as strong.

5.11.2 Information on the External Audit

In 2023, Amber Grid, the EPSO-G Group company, carried out a joint procurement of audit services for the audit of the financial statements of the Group companies for the period 2023-2025, through a negotiated procedure. With regard to the results of the public procurement of external audit services, the offer of PricewaterhouseCoopers was recognized as the winner.

The Audit Committee of EPSO-G, having assessed the results of the selection procedure for the audit firm, decided to recommend the boards of the Group companies to propose to their General Meetings of Shareholders to select PricewaterhouseCoopers as an audit firm to perform the audit of financial statements for the period 2023-2025 by paying the remuneration for the audit services specified in the offer of this audit firm.

At the General Meetings of Shareholders of the Group companies, decisions were made to select PricewaterhouseCoopers as the audit firm to perform the audit of financial statements for the period of 2023-2025 and to set the annual remuneration for the audit services of financial and related statements specified in the offer of the audit firm.

Information on the external audit firms of the EPSO-G Group companies and their remuneration for audit services:

Company	Firm that performed the audit of the financial statements 2024	Remuneration for the audit firm for the audit of the financial statements 2024, EUR (VAT excluded)	Firm that performed the audit of the financial statements 2023	Remuneration for the audit firm for the audit of the financial statements 2023, EUR (VAT excluded)
EPSO-G	PricewaterhouseCoopers UAB	100.000	PricewaterhouseCoopers UAB	56.000
Litgrid		85.000		86.000
Amber Grid		75.000		77.000
Baltpool		19.000		18.000
Tetas		32.000		31.000
Energy cells		17.000		16.000

During 2024, PricewaterhouseCoopers provided uninsured non-audit services for EUR 64,950 (2023: EUR 65,690) to the EPSO-G Group companies. Non-audit services included assurance services for banks on financial ratios, real-time monitoring of sustainability performance indicators, and verification for regulated activity reports. The services were procured in accordance with the provisions of the EPSO-G Group's Policy on Acquisition of Non-Audit Services from an audit firm or any network to which the audit firm belongs.

5.12. Information on the Shareholders and Dividends

5.12.1 Shareholders

The Republic of Lithuania is the sole shareholder of EPSO-G (100% of the shares). The property and non-property rights of the shareholder, in accordance with Clause 2.3 of the Resolution No 826 On the Establishment of a Private Limited Liability Company and Investment of State-Owned Capital of the Government of the Republic of Lithuania of 4 July 2012, are implemented by the Ministry of Energy of the Republic of Lithuania represented by the Minister of Energy of the Republic of Lithuania.

In 2024, there were no changes in the shareholder structure of EPSO-G.

As of 31 December 2024, the issued capital of EPSO-G amounted to EUR 189,631,000.

The Company's shareholder	Number of shares	Nominal value per share, EUR	Share capital, EUR	Shareholding
The Republic of Lithuania, represented by the Ministry of Energy of the Republic of Lithuania	653,900,000	0.29, EUR	189,631,000	100%

Restrictions on the transfer of securities other than those stipulated in the legal acts are not applied for the shares of EPSO-G. Neither EPSO-G nor the Group companies have issued the convertible securities. EPSO-G has not acquired own shares. EPSO-G has neither acquired nor transferred own shares during the reporting period. The subsidiaries of the Company have not acquired the shares of the Company either. The shareholder of EPSO- G does not have special rights of control other than those stipulated by the legal acts of the Republic of Lithuania.

Shares of EPSO-G's subsidiaries Litgrid and Amber Grid are traded on Nasdaq Vilnius stock exchange.

Company	ISIN code	Ticker	Trading list	Securities manager
LITGRID AB	LT0000128415	LGD1L	BALTIC SECONDARY	SEB bankas AB
Amber Grid AB	LT0000128696	AMG1L	BALTIC SECONDARY	SEB bankas AB

In early June 2022, sustainability-related bonds issued by EPSO-G have been listed on Nasdaq's Baltic Debt Securities List.

The securities of other companies owned by EPSO-G are not traded on the stock exchange.

5.12.2 Dividend Policy

The Dividend Policy of EPSO-G that governs the procedure of determining the dividend amount, pay-out and publication on dividends for all companies forming the Group, establishes clear guidelines of expected return on equity and return on investment for the existing and potential shareholders while at the same time ensuring a sustainable long-lasting growth of corporate value, timely implementation of strategic projects that are of great importance for the country, thereby gradually strengthening confidence in the entire Group of energy transmission and exchange.

The Dividend Policy of EPSO-G directly links the amount of payable dividends with the efficiency of use of the Company's equity - the bigger benefit is created by the Company for the shareholder, the bigger share of profit it may allocate for the further development and implementation of other important projects.

The Dividend Policy is published on EPSO-G's website here.

5.12.3 Dividends

On the basis of Resolution No 208 of the Government of the Republic of Lithuania of 29 March 2023 On the payment of dividends by EPSO-G UAB for the shares held by the State by the right of ownership, until 2026, EPSO-G must pay to the state budget dividends equal to 0.5% of profit available for direct distribution, if the conditions set in the resolution are met.

On the basis of the resolution of the Government of the Republic of Lithuania, EPSO-G paid directly to the state budget dividends amounting to EUR 196 thousand for the year 2023 (EUR 66 thousand for 2022), while ensuring a sustainable financial position of the Group.

5.13. Legal disputes and uncertainties

Information on litigations and contingencies, if any, is disclosed in the financial statements

06 Information on Employees and Remuneration Policy

6. Information on Employees and Remuneration Policy

6.1. Employees and Workforce Composition

EPSO-G creates an open, progressive organization guided by the objectives of sustainable development, where the professional partnership between an employer and employees prevails. The Group's goal is give every employee the opportunity to self-realize, to grow together with the organization and to take responsibility for their decisions and actions. In their activities, the EPSO-G Group's employees are guided by the following main values: we are open, responsible and reliable. For more details on EPSO-G's values see section 3.1 on values of this Report.

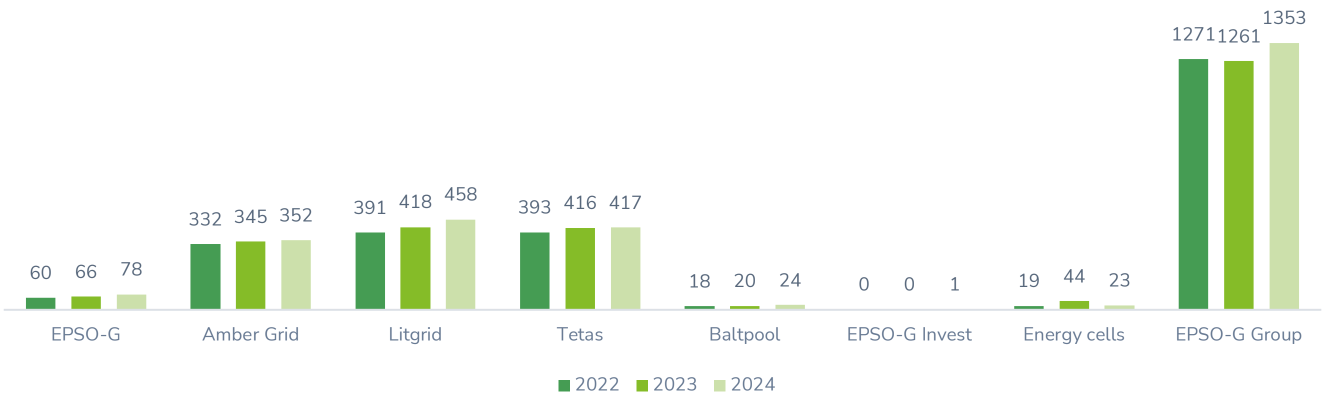
The EPSO-G Group constantly fosters employee improvement and upgrade of their skills, encourages employees' to develop professional (functional) and general (values-based) competencies, and managers – their management and leadership skills.

The Group set goals for its employees related to the organisation's strategy and evaluates their achievement. Employees are encouraged to propose and implement innovations: from methods and tools facilitating everyday processes to breakthrough innovations that lead to new activities.

The EPSO-G Group operates efficiently, ensures optimal operating costs and takes responsible approach in managing the remuneration budget. Employees are paid a performance-based salary, they are offered incentives for achieving goals that require additional efforts. For more information on employee performance assessment and processes thereof, see section 8.3. "Social area" in the Sustainability Report.

6.1.1 Information on the Employee Number and Job Positions

Number of employees in the EPSO-G Group and seperate companies 2022-2024



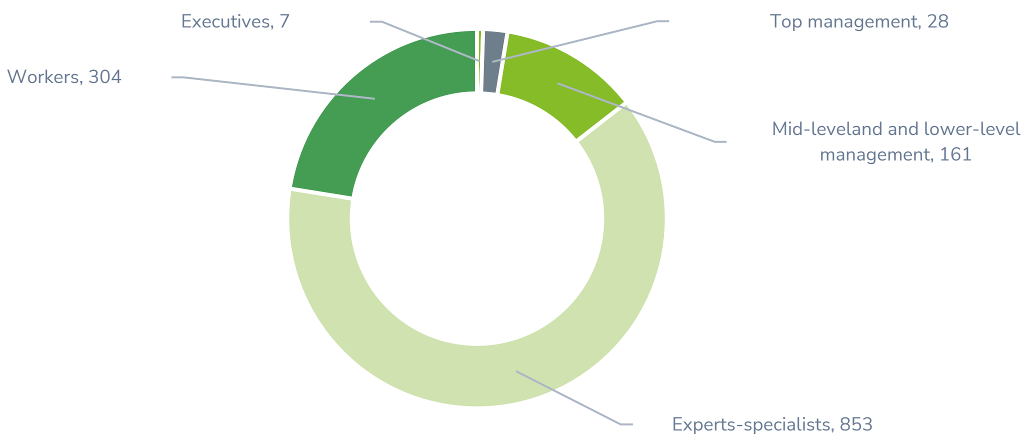
The number of employees in the graph and following tables and the text in this section of the report represents the number of employees on payroll (rather than FTEs) as at 31 December 2024.

Due to the specifics of the project work, majority of the employees of Energy Cells worked under fixed-term contracts and part-time in 2022. In FTE terms, the Company had 19.5 FTEs as at 31 December 2022.

The major holding of GET Baltic (66%) was sold in May 2023, therefore it is no longer considered the Group company. EPSO-G Invest was established in on 18 July 2024.

All employees were hired in Lithuania, and there are no employees employed abroad. It is planned that over the next 10 years, the number of employees will increase by more than 20%. It is expected that the team will include not only Lithuanian but also international experts, which may lead to the geographical expansion of the organization.

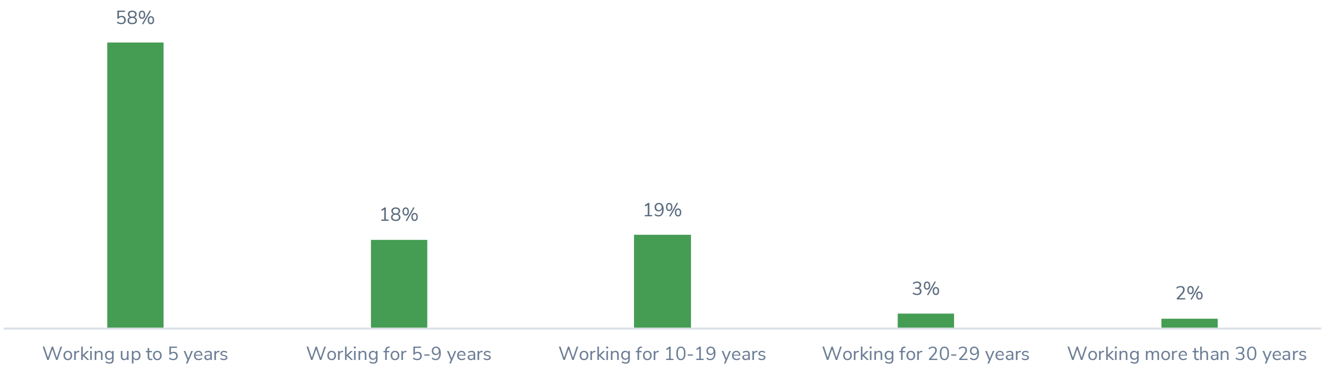
Distribution of staff by grade at 31 December 2024



6.1.2 Information on the Workforce Composition

6.1.2.1 Distribution of Employees by Age Group

Distribution of employees by age group at 31 December 2024



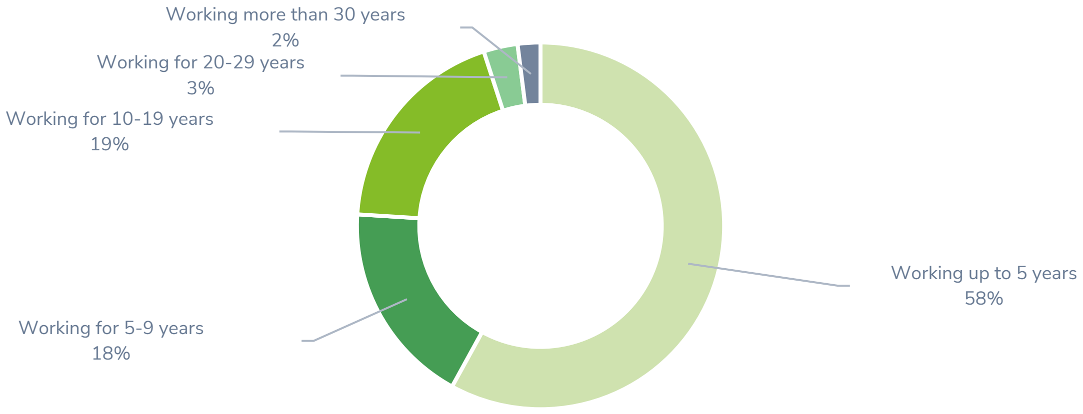
In 2023, the situation was similar, where 61% of the employees were recorded in age group of 30-50 years. 28% of employees were recorded in the age group over 50 years, and 11% in the age group under 30 years. In 2022, 60% of employees were recorded in the age group of 30-50 years, 28% in the age group over 50 years, and 11% in the age group under 30 years.

The age structure of employees is the result of the high-level qualifications required for most positions, therefore the EPSO-G Group attempts to retaining professionals in their respective fields and providing them with favourable and motivating working conditions until retirement. The EPSO-G Group actively cooperates with educational institutions to raise interest of young professionals in the energy sector and career prospects, ensuring the employees succession in different fields.

6.1.2.2 Number of employees by length of service

As at 31 December 2024, the distribution of the EPSO-G Group's employees by length of service was as follows: 58% of the employees (789) had less than 5 years of service, 19% (252) had 10-19 years of service and 18% (243) had 5-9 years of service. The remainder of the employees fall into the category of long service, with 3% of employees (39) having 20-29 years of service and 2% (30) having more than 30 years of service. These figures, compared to the previous year, have not varied greatly and the distribution by the length of service in the EPSO-G Group remains stable.

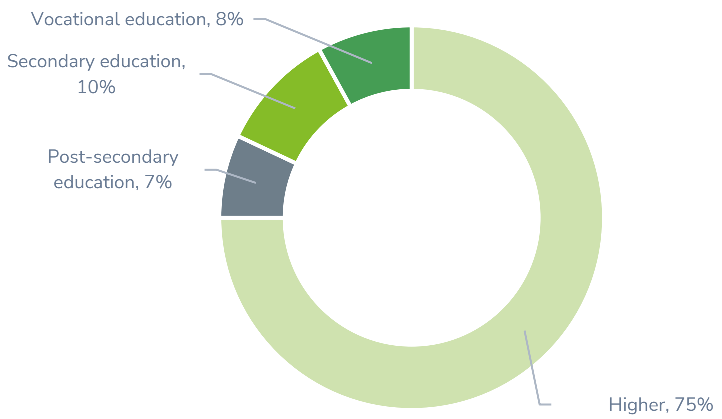
Distribution by service record at 31 December 2024



6.1.2.3 Distribution of Employees by Educational Background

At the end of 2024, there was a slight change in the secondary and vocational education groups in the EPSO-G Group compared to the previous year, with an increase in the percentage of employees in these groups. The largest share of the employees, i.e. 75% (1,014), had a higher education, 10% (132) secondary, 8% (115) vocational education. The lowest share of the employees, i.e. 7% (92), had a post-secondary education.

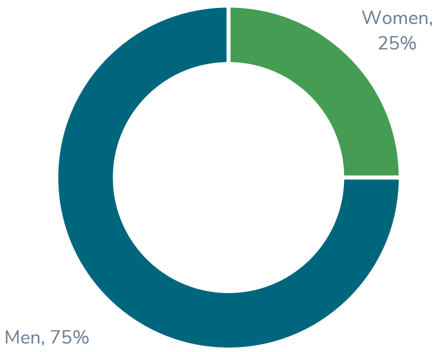
Distribution by educational background at 31 December 2024



6.1.2.4 Other Information on the Employee Structure

As at 31 December 2024, the EPSO-G Group's employment rate was 25% (333) for women and 75% (1,020) for men. A similar gender structure of employees has been established over recent years and is due to the specific nature of the Group's activities, where the majority of employees are required to have a degree and/or qualification in engineering. Historically, in the Lithuanian labour market, women are less likely to undertake studies in engineering field. Consequently, the gender structure of the EPSO-G Group companies' employees reflects the situation on the labour market in this sector.

Distribution by gender at
31 December 2024



A larger variety of information on the Group companies' employees, including more detailed information on the employee distribution by gender, can be found in unit 8.3. of the Sustainability report, sub-unit 'S1 Own Workforce'.

6.2. Formation and Monitoring of the Remuneration and Nomination Policy

The Board of the Company is responsible for the formation and implementation supervision of the Remuneration and Nomination Policy of EPSO-G. In order to ensure the proper formation, monitoring and management of the remuneration fund, the EPSO-G Group has a three-member Remuneration and Nomination Committee, the majority of which are independent members. The main functions of the Remuneration and Nomination Committee are listed in section 5.4.2 of this report.

6.2.1 Remuneration Policy

The EPSO-G Group of companies has the Employee Remuneration, Performance Review and Training Policy (hereinafter the "EPSO-G remuneration policy") based on the principles of responsibility, transparency and accountability. Its aim is to effectively manage the Group's payroll costs and to create motivational incentives to ensure that the level of remuneration is directly linked to the achievement of the objectives set for the Group companies and for each employee.

The EPSO-G's remuneration policy provides that the remuneration of management and staff consists of two main components: monthly remuneration and financial incentives. The monthly remuneration depends on the level of responsibility of the job position, which is determined according to a methodology used in international practice. Financial incentives are linked to the achievement of the Group company's targets: financial incentives can only be awarded when the annual targets of the relevant Group company are achieved by at least 80%. The Board of the Company may decide to reduce the minimum threshold for the achievement of the Company's objectives set for the financial incentive due to objective and reasonable circumstances, after assessing the impact of such circumstances on the Company's performance. Financial incentives for individual staff members depend on their individual performance, including the objective achievement, value behaviours and performance criteria.

Based on international good governance practice, the Remuneration Policy of EPSO-G is approved or amended by the Board only following the recommendations of the Remuneration and Nomination Committee, which is composed of a majority of independent members.

More detailed information on the EPSO-G's Remuneration, Performance Review and Training Policy available here.

6.2.2 Principles of Remuneration Policy

All companies of the Group are subject to the same principles of the EPSO-G Remuneration Policy:

- The principles of the remuneration policy are identical for executives and employees.

- The remuneration fund is approved by the Boards of the companies.
- The remuneration of EPSO-G's management and staff consists of two parts: monthly remuneration and financial incentives.
- Monthly salary depends on the level and competencies of the employee, while financial incentives depend on the achievement of the Group's annual targets and on the individual performance of the employee.
- No financial incentive is payable if performance does not meet expectations according to the established evaluation criteria.
- The amount of a financial incentive is estimated in the company's budget and recorded in the financial result, which is audited and made public.
- CEO's financial incentives depend on the outcome of the company's annual objectives, which are linked to the implementation of the company's strategy and published on the company's website.
- Members of the collegiate bodies are not paid a financial incentive.
- The termination benefits for executives and staff do not exceed the amount set by the legislation of the Republic of Lithuania.
- A lump-sum premium may be awarded for outstanding performance.
- The relevant board of the Group company must be informed about the financial incentive to be granted at its next meeting.
- Prior agreements on severance pays, except for companies' managers whose terms of employment are determined by the Board, are not concluded.
- Termination benefits are paid to employees in accordance with the procedure laid down in the Labour Code of the Republic of Lithuania and in employment contracts.
- The EPSO-G Remuneration Policy does not provide for any remuneration entitling the company CEO, a member of the collegial body or an employee to shares, stock options or to receive remuneration based on changes in share prices other financial instruments;
- To promote employee engagement and loyalty, the EPSO-G Group companies offer a wide range of non-financial rewards, including voluntary health insurance, additional leave days, seminars on wellness and psychological well-being, seasonal vaccinations, employee events and traditions, flexible working time arrangements, recognition programmes, and career advancement within the Group.

To ensure the effectiveness of the Remuneration Policy, the amounts of fixed remuneration and financial incentives are made public by functional groups. This practice creates assumptions for the companies of the EPSO-G Group companies to adequately remunerate the employees for meeting targets and exceeding expectations, on the basis of the average market value. The competitiveness of remuneration of employees in the Group companies is assessed based on market research data. External consultants were not engaged to prepare the Remuneration Policy of EPSO-G.

6.2.3 Information on CEO's remuneration

The Remuneration Policy for EPSO-G's CEO is the same as for all employees of the Company, as described in paragraphs 6.2.1 and 6.2.2. EPSO-G CEO's remuneration and benefits consist of the following main components:

- **Monthly remuneration.** The monthly remuneration of CEO is set by the Board of the Company, taking into account CEO's experience, competence and performance.
- **Financial incentive.** Since 2023, EPSO-G applies the updated Remuneration, performance appraisal and development policy. This policy replaced the variable remuneration for all employees, including CEO, with a financial incentive, paid at the initiative of the employer, in the form of an annual bonus. Financial incentive is awarded by the Board of the Company, based on CEOS' performance in achieving the objectives of the Company, which are linked to the implementation of the Company's strategy, values and the quality of performance.
- **Fringe benefits.** The fringe benefits granted to CEO are defined in the company's internal legislation. CEO, the same as all employees, is provided with voluntary health insurance, the option of hybrid working and a company car included in the package of fringe benefits for top managers.

The information on the actual remuneration received by EPSO-G's CEO (monthly remuneration and financial incentives) is presented in section 6.3.2 of this Report.

6.3. Information on Employee Remuneration

6.3.1 Information on Remuneration in EPSO-G Group

Remuneration by category of employees	Group					
	Number of employees (at the end of the period)			Average monthly remuneration (including financial incentive)		
	2024	2023	2022	2024	2023	2022
Executives	7	6	7	12,712	12,092	10,256
Top-level managers	28	25	23	9,072	8,862	7,929
Medium-level managers	161	144	145	5,847	5,790	4,970
Specialists	853	783	780	3,638	3,450	2,910
Workers	304	303	316	2,302	1,937	1,583
Total	1,353	1,261	1,271	3,729	3,492	2,857
Wage Guarantee Fund, EUR thousand				59,133	52,937	45,460

6.3.2 Information on the fixed remuneration and financial incentive applicable in the holding company EPSO-G

Remuneration by category of employees	Company								
	Number of employees (at the end of the period)			2024		2023		2022	
	2024	2023	2022	Average monthly pay, EUR	Financial incentive for performance in 2023, EUR	Average monthly pay, EUR	Financial incentive for performance in 2022, EUR	Average monthly pay, EUR	Financial incentive for performance in 2021, EUR
Chief Executive Officer	1	1	1	13,158	2,021	13,803	971	9,708	
Top-level managers	6	6	3	9,116	1,261	8,034	1,207	7,099	1,791
Medium-level managers	21	19	17	6,644	394	6,379	1,243	5,040	1,019
Specialists	50	40	39	4,001	253	3,792	458	3,278	276
Total	78	66	60	5,305	406	5,049	748	4,063	559
Wage Guarantee Fund, EUR thousand Eur					4,661		4,447		4,627

6.4. Information on Remuneration of Members of Collegial Bodies

6.4.1 Guidelines for Remuneration of Members of Collegial Bodies

The members of EPSO-G's collegial bodies, the Board, the Remuneration and Nomination Committee and the Audit Committee, are appointed for the term of office of four years. Civil contracts have been signed with members, detailing their responsibilities, duties, rights and functions.

The Ministry of Energy of the Republic of Lithuania, exercising the rights and obligations of the sole shareholder, approved the new version of the Guidelines for Determining the Remuneration for Activities in the Management Bodies of EPSO-G UAB and the EPSO-G Group of Companies (hereinafter the "Remuneration Guidelines") on 21 October 2022. The Guidelines were updated on 26 April 2024.

The currently valid version of the Remuneration Guidelines establishes that remuneration for activities in the collegial bodies of the Group companies can be paid to such members who meet at least one of the conditions set below and the payment of remuneration to these members is not prohibited by the legislation in force in the Republic of Lithuania:

- independent members the independence of whom is determined in accordance with applicable normative legal acts and internal documents;
- members who are civil servants.

Remuneration is not paid to employees of the Group companies and/or employees of shareholders of the Group companies.

The updated version of the Remuneration Guidelines effective from 21 October 2022:

	EPSO-G	Subsidiaries and downstream subsidiaries
Chair of the Board	1/3 AMP (CEO)*	1/3 AMP (CEO)
Member of the Board	1/4 AMP (CEO)	1/4 AMP (CEO)
Member of the Board (civil servant)	1/4 AMP (CEO)**	1/5 AMP (CEO)**
Chair of the Group's AC and RNC	1/3 AMP (CEO) less 400 EUR	-
Member of the Group's AC and RNC	1/4 AMP (CEO) less 400 EUR	-

* AMP (CEO) means average monthly pay of the CEO of EPSO-G or the CEO of a subsidiary or downstream subsidiary.

** In the event that a Board member (civil servant) holds the position and is engaged in activities of the collegial body of another state enterprise/state-owned enterprise and/or municipal enterprise/municipally-owned enterprise, they are paid 1/8 of the average monthly salary of the head of the relevant Group company. The Board member (civil servant) is not remunerated for activities in the Board Committee.

By the decision of the Ministry of Energy of the Republic of Lithuania of 21 October 2022, the following fixed monthly pay components (excluding payable taxes) were established for the members of EPSO-G Board and the Audit Committee, which apply from 1 October 2022:

Position	Monthly fixed pay component (EUR)
Chair of the Board	3,406
Member of the Board	2,555
Member of the Board (civil servant), if the civil servant does not hold the position and is not engaged in activities of the collegial body of another SE/SOE and/or ME/MOE*	2,044
Member of the Board (civil servant), if the civil servant holds the position and is engaged in activities of the collegial body of another SE/SOE and/or ME/MOE	1,277
Chair of the Audit Committee	3,006
Member of the Audit Committee	2,155

* SE - state enterprise, SOE - state-owned enterprise, ME - municipal enterprise, MOE - municipality-owned enterprise

By the decision of the Board of EPSO-G of 25 November 2022, the following amounts of remuneration were set for the members of the Remuneration and Nomination Committee (excluding payable fees):

Position	Monthly fixed pay component (EUR)
Chair of the Audit Committee	3,006
Member of the Audit Committee	2,155

The updated version of the Remuneration Guidelines effective from 26 April 2024:

The general meetings of shareholders and/or other bodies of EPSO-G and the Group companies shall take a decision, falling within their remit, on the specific fixed monthly remuneration and the procedure for its payment to collegial bodies' members, taking into account the amounts (gross) given in the table below, and shall have the right to round up the amount of the monthly remuneration to the nearest EUR 200 (two hundred euros) calculated on the basis of these amounts:

	EPSO-G	Subsidiaries and downstream subsidiaries
Chair of the Board	1/3 AMP (CEO)*	1/3 AMP (CEO)
Member of the Board	1/4 AMP (CEO)	1/4 AMP (CEO)
Member of the Board (civil servant)	1/5 AMP (CEO)**	1/5 AMP (CEO)**
Chair of the Group's AC and RNC	1/3 AMP (CEO) less 1,300 EUR	-
Member of the Group's AC and RNC	1/4 AMP (CEO) less 1100 EUR	-

* AMP (CEO) means average monthly pay of CEO of a company or CEO of a subsidiary or downstream subsidiary.

A fixed monthly remuneration for EPSO-G collegial body members is calculated from the average monthly salary calculated and paid to the company's CEO for the previous calendar year at the time of remuneration determination and is not recalculated for the entire term of office of the collegial body's member, except if the previously determined remuneration no longer meets the requirements established in legal acts.

By the decision of the Ministry of Energy of the Republic of Lithuania of 26 April 2024, the following fixed monthly pay components (excluding payable taxes) were established for the members of EPSO-G Board, which apply from 1 May 2024:

Position	Monthly fixed pay component (EUR)
Chair of the Board	4,400
Member of the Board	3,300
Member of the Board (civil servant), if the civil servant does not hold the position and is not engaged in activities of the collegial body of another SE/SOE and/or ME/MOE*	2,600
Member of the Board (civil servant), if the civil servant holds the position and is engaged in activities of the collegial body of another SE/SOE and/or ME/MOE	1,700

* SE - state enterprise, SOE - state-owned enterprise, ME - municipal enterprise, MOE - municipality-owned enterprise

By the decision of the Ministry of Energy of the Republic of Lithuania of 18 October 2024, the following fixed monthly pay components (excluding payable taxes) were established for the newly elected members of EPSO-G Board, which apply from 23 October 2024:

Position	Monthly fixed pay component (EUR)
Chair of the Audit Committee	3,100
Member of the Audit Committee	2,200

In the event that a member of the Board of the Company is elected as a member of the Board Committee formed in the Group and/or the Chairman of the Board, or a member of the Board of the Company is revoked/resigns from the position of a member of the Board Committee formed in the Group and/or the Chairman of the Board, the remuneration of such member of the Board of the Company shall be changed without a separate decision of the Company's shareholder with reference to a salary set by the Company shareholder's decision depending on the position held.

10% from the total relevant collegial body's budget of the company is allocated to the additional costs of the company intended to ensure the activities of the collegial body. The budget allocated to the costs of ensuring the activities of the collegial body can be used for the organization of joint collegial bodies' trainings, cooperation sessions or joint events of collegial bodies organized in any other form, where knowledge and good practices are exchanged. The Company's collegial bodies' training budgets are not used for individual training of collegial bodies' members.

The contracts entered into with the members of supervisory and management bodies do not grant any rights to the shares of the companies of the EPSO-G Group, other forms of remuneration or additional benefits. The contracts do not provide for any severance pays and notice periods.

6.4.2 Payments Received by Members of Collegial Bodies

Information on activities and pay-outs for the members of the holding company EPSO-G's collegial supervisory and management bodies

	As at 31 December 2024	As at 31 December 2023	As at 31 December 2022
Number of meetings of collegial supervisory and management	49	55	94
Number of members of collegial bodies remunerated (persons)*	11	7	6
Pay-outs related to members of management bodies (thousand EUR)	262	257	209

Information on individual payments to the members of the EPSO-G Board

Member's full name	As at 31 December 2024	As at 31 December 2023	As at 31 December 2022
Gediminas Almantas	-	6,759	32,073
Robertas Vyšniauskas	48,824	40,152	40,480
Ramūnas Abazorius	-	-	6,698
Tomas Daukantas	28,054	24,330	6,132
Dainius Bražiūnas	28,976	24,330	6,132
Liudas Liutkevičius	36,620	23,654	-
Asta Sungailienė	7,253	23,654	-
Rasa Balevičienė	11,330	-	-
Total:	**161,057**	**142,880**	**91,516**

Information on individual payments to the members of the Audit Committee

Member's full name	As at 31 December 2024	As at 31 December 2023	As at 31 December 2022
Gediminas Šiušas	29,187	36,072	34,473
Robertas Vyšniauskas	20,924	25,860	22,480
Rasa Balevičienė	5,039	-	-
Vytenis Lazauskas	5,039	-	-
Ramūnas Abazorius	-	-	3,204
Total:	**60,189**	**61,932**	**60,157**

Information on individual payments to the members of the Remuneration and Nomination Committee

Member's full name	As at 31 December 2024	As at 31 December 2023	As at 31 December 2022
Gediminas Almantas	-	5,700	22,480
Jolita Lauciuvienė	-	7,951	34473
Asta Sungailienė	8,533	24,127	-
Ramūnas Bagdonas	25,860	14,726	-
Robertas Vyšniauskas	6,752	-	-
Total:	**41,145**	**52,504**	**56,953**

07 Information on Special Obligations

7. Information on Special Obligations

7.1. PSO Funds Administration Activities

Baltpool, a company of the EPSO-G Group, was appointed to implement the special obligation to perform the functions of the administrator of funds of public service obligations (PSO) in the power sector from 1 January 2013 under the Resolution No 1338 of the Government of the Republic of Lithuania of 7 November 2012 On the Appointment of the Administrator of Funds of Public Service Obligations (PSO) in the Power Sector.

This activity included in the List of Special Obligations Performed by State-Owned Enterprises and their Subsidiaries, as approved by the Order No 4- 193 of the Minister of Economy and Innovation of the Republic of Lithuania of 16 March 2021 (hereinafter the "List of Special Obligations"), is performed by Baltpool in accordance with the Law on Electricity of the Republic of Lithuania, the Law on Energy from Renewable Source of the Republic of Lithuania, the Description of the Procedure for the Provision of PSO in the Electricity Sector and Establishment of Their Scopes, as approved by the Resolution of the Government of the Republic of Lithuania No 916 of 18 July 2012, the Description of the Procedure for the Administration of Funds Raised from PSO in the Electricity Sector, as approved by the Resolution of the Government of the Republic of Lithuania No 1157 of 19 September 2012 (hereinafter the "Description of the Procedure for the Administration of PSO Funds") and other regulations governing administration of PSO funds.

The objective of the administration of the PSO funds is to ensure the proper and legal collection, payment, recovery and administration of the PSO funds. To ensure the proper implementation of this objective, Baltpool puts special emphasis on the proper safekeeping of the PSO funds balance, the smooth and transparent collection and payment of the PSO funds, and the proper representation of Baltpool in legal disputes related to the administration of the PSO funds. In light of this, Baltpool has identified in its documents governing planning, compliance and risk management, and carried out in 2024 (the same as in 2023) regular monitoring of the proper implementation of these performance targets:

- information related to the administration of PSO funds is made public and/or submitted to the National Energy Regulatory Council within time limits set in the applicable legislation (target delay value: 0 days);
- the balance of PSO funds is ensured by flow forecasting of PSO funds, controlling of PSO funds balance through borrowing arrangements which, in the event of a shortfall in PSO funds balance, would enable immediate and proper fulfilment of Baltpool's obligations for payment of PSO funds;
- Baltpool participation in legal disputes related to the administration of PSO funds (target value: 100%).

The legislation governing the administration of PSO funds does not entitle Baltpool to profit from these activities. In accordance with the provisions of the description of the procedure for the administering PSO funds, Baltpool costs incurred in performing the activity of administering PSO funds are compensated from the collected PSO funds, but not more than 1/12 of the amount of the administration of PSO funds approved by NERC for the current calendar year, which is set on an annual basis in accordance with the Methodology for the pricing of public-interest services in the electricity sector as adopted by NERC by its resolution No O3-279 of 28 September 2012 (hereinafter the "PSO Pricing Methodology"). Baltpool accounts PSO funds separately from its other activities. PSO prices for the coming calendar year and the amounts of PSO funds to be paid to the providers of PSO services in the current calendar year are set by the Council in accordance with the PSO Pricing Methodology.

In 2024, Baltpool provided NERC with the data necessary to determine the need for PSO funds and PSO prices for 2025 in accordance with the PSO Pricing Methodology. By Resolution No O3E-1353 of 30 October 2024, NERC decided to allocate EUR 208 thousand to Baltpool to compensate the costs of administering PSO funds in 2025 (by Resolution No O3E-1480 of 12 October 2023, NERC allocated EUR 245 thousand for 2024), and fixed PSO price at -0.039 ct/kWh excl. VAT (less than zero, i.e. negative) applicable to all entities in 2025 (fixed PSO price at 0 ct/kWh excl. VAT applicable to all entities in 2024). The price for the services (generation of energy using renewable energy sources) specified in Article 74(2)(1) of the Law on Energy of the Republic of Lithuania was set at -0.039 ct/kWh excl. VAT for 2025 (0 ct/kWh excl. VAT for 2024), the price for the services specified in Article 74(2)(2) to (8) of the Law on Energy of the Republic of Lithuania was set at 0 ct/kWh (also 0 ct/kWh for 2024). The cash flow forecast of PSO funds, together with other reports on the administration of PSO funds and detailed information on PSO, is available on Baltpool's website at: reports ir Administration of PSO funds (in Lithuanian only).

The balance sheet of PSO funds administration activities as at 31 December 2024 and 2023 was as follows: balance of PSO funds, PSO funds receivable, related obligations are listed in the following table:

(All amounts are in EUR thousands unless otherwise stated)

	2024	2023	Change	
			+/-	%
Administered PSO funds receivable	26,627	33,427	-6,800	-20
Balance of PSO funds	12,766	35,571	-22,805	-64
	39,393	**68,998**	**-32,808**	**-43**
Short-term financial debts	-	-	-	-
PSO funds payable	3,486	12,636	-9,150	-72
VAT payable	0	0	-0	0
Accrued PSO funds payable	35,907	56,362	-20,455	-36
	39,393	**68,998**	**-32,808**	**-43**

In carrying out the PSO funds administration activities during the year ended 31 December 2024 and 2023, Baltpool, the EPSO-G Group company, incurred the below costs which were reimbursed in accordance with the PSO Pricing Methodology. The reimbursed costs were recognised as income, and therefore revenue and costs, including financial result, related to PSO activities were reported under the following line items in the income statement of EPSO-G:

(All amounts are in EUR thousands unless otherwise stated)

	For the period of twelve months ended 31 December 2024	For the period of twelve months ended 31 December 2023	Change	
			+/-	%
Revenue	245	181	64	35
Total revenue and other income:	**245**	**181**	**64**	**35**
Wages and salaries and related expenses	-136	-94	**-42**	**45**
Legal services and stamp duty	-34	-40	6	-15
Other expenses	-19	-22	3	-14
Total expenses	**-189**	**-156**	**-33**	**21**
EBIDTA	56	25	31	124
Depreciation and amortisation	-20	-16	-4	25
Operating profit (loss) EBIT	36	9	27	300
Income tax	0	0	0	0
Profit (loss) for the period	36	9	27	300

7.2. Implementation of the Functions of the Project Executor for the Installation of a Physical Barrier at the Border with Belarus

Upon the implementation of the Law on the Installation of a Physical Barrier on the Territory of the Republic of Lithuania at the EU External Border with the Republic of Belarus (hereinafter the "Law on the Physical Barrier"), EPSO-G was assigned a special obligation, i. e. to perform the functions of the executor of the project for the installation of a physical barrier, as defined in Article 2(1) of the Law on the Physical Barrier, under the Resolution No 680 of the Government of the Republic of Lithuania of 23 August 2021 On the Implementation of the Law on the Installation of a Physical Barrier on the Territory of the Republic of Lithuania at the EU External Border with the Republic of Belarus. EPSO-G used its controlled legal entities to perform the assigned functions.

The physical barrier installation works were completed on time (30 December 2022) and within the scope of the budget.

Detailed information on the physical barrier project implemented, and related project objectives is available on EPSO-G website.

Given that EPSO-G has implemented the functions of the project executor for the installation of a physical barrier at the border with Belarus, the implementation the functions of the project executor for the installation of a physical barrier at the border with

Belarus, as a specific obligation of EPSO-G, was removed from the List of Special Obligations in accordance with Order No 4-198 of the Minister of Economy and Innovation of the Republic of Lithuania of 11 April 2024.

Information on the special obligations fulfilled by EPSO-G and the Group companies is provided in the List of Special Obligations (available here), which currently specifies a single obligation, i.e. the administration of public service obligations funds (BALTPOOL UAB).

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Sustainability Report

8. Sustainability Report

8.1. ESRS 2 General disclosures

This section presents the EPSO-G Group's consolidated sustainability statement (hereinafter - "Sustainability Report") for 2024, prepared in accordance with the European Union's Corporate Sustainability Reporting Directive (CSRD), the Law on Accountability of Companies and Groups of Companies (LACGC) of the Republic Of Lithuania, and the European Sustainability Reporting Standards (ESRS). It is an integrated part of the Consolidated Management Report 2024 (hereinafter – Management Report). EPSO-G provides a sustainability report according to ESRS starting from the reports published in 2025 for the financial year 2024. This report covers the period from 1 January to 31 December 2024. It is consistent with the scope of the financial statements.

BP-1 General basis for preparation of sustainability statements

The sustainability information presented in this report includes consolidated information for all Group companies. The Group consists of the parent company EPSO-G and six directly owned subsidiaries LITGRID AB, AMBER GRID, AB, BALTPOOL UAB, TETAS, UAB, Energy cells UAB, and EPSO-G Invest, UAB, UAB, EPSO-G and its Group companies also own part of the shares of GET Baltic, UAB, Baltic RCC OÜ, TSO Holding, AS, and Rheinmetall Defence Lietuva, UAB but do not have control over them.

The Sustainability Report discloses the Group's most material sustainability topics and their impacts, risks and opportunities, based on the Group's Double Materiality Assessment (DMA) carried out by the principles and requirements of ESRS. The Sustainability Report presents the Group's targets and results in the environmental, social and governance areas (ESG).

The information provided in the Sustainability Report covers the Group's direct activities and the upstream and downstream parts of its value chain, as specified in ESRS 1, Section 5.1 Reporting undertaking and value chain. The marking of the locations in (parts of) the value chain is disclosed for each topic. The DMA methodology and assessment are outlined in the Report's sections "SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model. Identifying and assessing sustainability impacts, risks and opportunities" and "IRO-1 Description of the processes to identify and assess material impacts, risks and opportunities".

EPSO-G did not make use of the option to withhold certain information on intellectual property, know-how or results of innovation, as set out in ESRS 1, section 7.7 Classified and sensitive information, and information on intellectual property, know-how or results of innovation. The Company has also not used the option not to disclose information on future business developments or on matters relating to ongoing negotiations, as set out in Directive 2013/34/EC, Articles 19a (3) and 29a (3).

BP-2 Disclosures in relation to specific circumstances

In 2024, EPSO-G revised its methodology for calculating the Group's Scope 1 and Scope 2 greenhouse gas ("GHG") emissions to estimate GHG emissions with a greater precision. Following the GHG Protocol's "Corporate Accounting and Reporting Standard" and best practices in emissions accounting, the Group's baseline year 2019 and historical values up to 2024 have been recalculated and adjusted (rebaselining). The revised baseline year value has been confirmed in an independent limited assurance report along with the EPSO-G Sustainability Indicators Progress Report 2023.

To ensure the comparability of the data, the Group revised the calculations of EU taxonomy-eligible and non-taxonomy-eligible 2023 taxonomy indicators for revenue, capital expenditure, and operating expenditure. Details of the calculation of the indicators are disclosed in section '8.2.1. Disclosure under the EU Taxonomy Regulation'. The report goes on to clearly indicate where data have been revised and (or) recalculated.

Where new data have been added to the disclosures by the requirements of ESRS (E5-4 Resource inflows), comparative information for such data is not provided unless it has been previously reported, and comparative information is available.

No significant level of measurement uncertainty has been identified for the reported quantifiable indicators or monetary amounts, except for GHG Scope 3 emissions, which are subject to various assumptions and can result in several calculation uncertainties. No data have been estimated using indirect source indicators that include a value chain, unless otherwise specified in the calculation methodology for such data (e.g. GHG emissions).

The Sustainability Report does not contain additional information required by other legislation or other sustainability reporting standards and frameworks.

As the Sustainability Report is an integral part of the Management Report, references are made to other clearly identified sections of the Management Report to provide more detailed information and ensure its integrity.

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Sustainability Governance

GOV-1 The role of the administrative, management and supervisory bodies

EPSO-G Group's corporate sustainability governance structure is in line with the Group's corporate governance structure. Management, supervisory and advisory bodies oversee and manage sustainability matters by their respective areas of responsibility and competencies. The number of non-executive members and the percentage of independent board members are provided in section 5.4 of the Management Report, "EPSO-G's Board and Committees." There are no executive members. There are no representatives of employed staff or other workers in the management and supervisory bodies. More information on the Group's governance can be found in sections 5.1–5.6 of the Management Report.

The table below sets out the sustainability governance structure, providing information on the structure, role and responsibilities of the Group's administrative, management and supervisory bodies in managing the sustainability topic.

Sustainability governance and monitoring

The Board	The Board decides on the formulation, approval and implementation of the Group's sustainability-related policies. It sets out the Group's strategic sustainability directions, approves strategic sustainability objectives and monitors their implementation. The Board also analyses and evaluates the material provided by the Company on strategic issues related to the development of the Group's sustainability (environmental, social and human rights, and governance) and ensures that appropriate organisational and technical measures are in place to manage the Company's activities in this area.
Audit Committee	The Audit Committee oversees the Group's financial reporting and auditing processes, sustainability reporting processes; it also oversees the Group's internal controls, risk and compliance management, and the effectiveness of its business processes (including in the area of sustainability), and makes recommendations on these matters.
Remuneration and Nomination Committee	The Committee makes recommendations on the framework for strengthening equal opportunities, inclusion and diversity within the Group, assists in the selection of members of the management and supervisory bodies, addresses other recommendations on the appointment of members, and makes recommendations on the remuneration system and its implementation.
EPSO-G's CEO	The CEO organises, monitors and ensures that the Group's sustainability strategy is implemented to the extent required by law; implements recommendations, procedures, policies, codes and sustainability development plans related to the Group's sustainability activities and operations.

Sustainability coordination and implementation

Group Sustainability Function	The Group Sustainability Function ensures the implementation of sustainability-related policies, the functioning of the sustainability function and the coordination of sustainability matters at Group level, and coordinates the preparation of sustainability-related reports.
Group functions	Ensuring coordination and (or) implementation of sustainability matters and activities within the function, within the operational areas.
Group companies	Implementing the Group's strategic sustainability objectives, preparing sustainability reports and ensuring regulatory compliance.

The Group also has a Group Executives' Committee (GMC), composed of the CEOs of all the Group companies and EPSO-G's top managers. The GMC approves the annual objectives and measures of the Group's sustainability function, decides on resources at Group level, evaluates the results achieved and carries out other functions.

Composition and diversity of the members of the collegial bodies

The members of the collegial bodies have a wide range of professional experience and competencies providing the basis for effective management of the Group. These include experts with specialised knowledge including sustainability management (environmental, social and governance). These competences ensure that the collegial bodies contribute effectively to sustainability initiatives that are in line with the organisation's strategic priorities and stakeholder expectations. In this way, the diverse professional experience and knowledge of its members supports the responsible and sustainable development of the organisation. For further details on the professional experience and backgrounds of the members of the collegial bodies, please refer to the Management Report section 5.4.1 "The Board of EPSO-G's", 5.4.2, "EPSO-G Remuneration and Nomination Committee", and 5.4.3, "EPSO-G's Audit Committee".

The Guidelines for determining remuneration for activities in the corporate bodies of EPSO-G and EPSO-G Group of companies set out that members of collegial bodies may receive remuneration. A percentage of the collegial body's budget may also be used to organise joint training for the collegial body allowing members to develop essential knowledge and competencies, including

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but not limited to sustainability. Members of collegial bodies do not receive financial incentives for the performance of the Group companies, including in the area of sustainability.

The percentage distribution of collegial body members by gender and other diversity aspects is provided in section 5.4 of the Management Report, "EPSO-G's Board and Committees."

GOV-2 Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies

The table below shows which sustainability-related issues were discussed in the meetings of the collegial bodies during the reporting period.

Sustainability-related (environmental, social, governance) matters on the agenda of the collegial bodies in 2024

Matters	Collegial body (frequency of discussions per reporting period)
On the preparation for sustainability-related disclosures in the Group (including the status and outcome of the Group's Double Materiality Assessment process)	Audit Committee (discussed 8 times)
Status of the Group's GHG reduction targets	Audit Committee (discussed 1 time)
Group risk management reports	Audit Committee (discussed 3 times)
List of the Group's priority risks	Audit Committee (discussed 1 time)
EPSO-G's sustainability priorities and immediate plans	Board (discussed 1 time)
EPSO-G sustainability issues system	Board (discussed 1 time)
Adoption of the EPSO-G Group's strategy until 2035	Board (discussed 1 time)
2024 performance reports (KPIs monitored, risk reports)	Board (discussed 4 times)
Setting the EPSO-G objectives for 2024 (including sustainability)	Board (discussed 1 time)
On the functioning of the collegial bodies of EPSO-G Group companies (one of the recommended areas for improvement of the collegial bodies is sustainability)	Remuneration and Nomination Committee (discussed 1 time)
Equal opportunities, inclusion and diversity status in the Group	Remuneration and Nomination Committee (discussed 1 time)
Workforce continuity status of Amber Grid and Litgrid (the matter covered talent attraction and retention, and gender balance)	Remuneration and Nomination Committee (discussed 1 time)

GOV-3 Integration of sustainability-related performance in incentive schemes

In line with the Remuneration, Performance Assessment and Training Policy for EPSO-G Group's employees, the Company's Board establishes objectives and criteria for operational quality for the Company's CEO, evaluates their achievement and awards financial incentives. The objectives of the Company's CEO align with the Company's annual targets, which are announced publicly. These typically include financial, strategic project and sustainability objectives. Achievement of targets is measured by the percentage of achievement. For more information on the remuneration policy please refer to Management Report, section 6.2. "Formation and Monitoring of the Remuneration Policy".

Members of collegial bodies do not receive financial incentives for the performance of the Group company, including in the area of sustainability.

For more detailed information on the implementation of the remuneration policy is please refer to Management Report, Part 6 "Information on Employees and Remuneration Policy".

GOV-4 Statement on due diligence

The Group has a number of operational policies in place to ensure a thorough review of the sustainability in its operations. The Group continuously assesses potential negative impacts in its operations and value chain, seeks to avoid them, and commits to cooperate in addressing negative impacts should they occur or be contributed to by the Group. The annexes to this report contain the table "ESRS 2 GOV-4 Statement on Due Diligence", which provides information on the Group's due diligence process.

GOV-5 Risk management and internal controls over sustainability reporting

Sustainability reporting is in line with Group-level principles and processes related to regulatory compliance, risk management and internal control. Internal control in sustainability reporting is based on risk identification, analysis and focus on the most significant risks identified.

The preparation of the Sustainability Report is coordinated by the Group's Sustainability function, and sustainability-related information and data is collected and consolidated by sustainability and other ESG specialists.

The role of management, supervisory bodies and functions related to sustainability reporting:

- **The Board.** Setting strategic directions and objectives for sustainability, ensuring their implementation and approving sustainability-related policies.
- **Remuneration and Nomination Committee.** Evaluating the structure, size, composition and performance of the Group's corporate governance bodies, and making recommendations on the remuneration policy and the framework for strengthening equal opportunities, inclusion and diversity within the Group.
- **Audit Committee.** Overseeing processes related to sustainability reporting, monitoring third-party assurance checks.
- **Internal Audit Unit .** Conducting audits, including those related to sustainability, in line with internal audit plans approved by the EPSO-G Board.
- **Group Sustainability Function**. Coordinating the implementation of sustainability strategic objectives at Group level and ensuring the preparation of sustainability reports.

EPSO-G's Consolidated Sustainability Report is the responsibility of EPSO-G's management.

SBM-1 Strategy, business model and value chain

Sustainability is part of the Group's strategy and is integrated into all business processes. The strategic sustainability priorities and objectives set out in the Strategy are linked to the expectations of stakeholders, securing a sustainable future by building an independent and secure energy system for society and the planet. The Group's strategy also contributes directly to the sustainability of the country and the region as a whole. By 2029, the industrial, transport and energy sectors are set to be significantly electrified by interconnecting the country's electricity systems with the continental European grid and accelerating the development of renewable energy sources. Plans by 2035 foresee the development of a smart electricity grid and hydrogen infrastructure, allowing Lithuania to make significant progress towards decarbonisation. Those whose activities pose particular challenges to the achievement of this objective will be offered CO_2 transporting services. For more information on the Group's business model and strategy, please refer to Management Report, section 1 “EPSO-G Group of companies – Who we are”, section 3 “Business Strategy and Planned Investments”, and section 4 “Annual Performance Report”. The sections provide information on ongoing feasibility studies to build the infrastructure of the future, new opportunities and (or) services for stakeholders and ensure that Lithuanian industry can decarbonise. Information on employees is provided in section 6 ‘Information on Employees and Remuneration Policies’.

The EPSO-G Group's activities are guided by the principles of governance for a sustainable future. These principles enable a smooth transition to the climate neutral economy.

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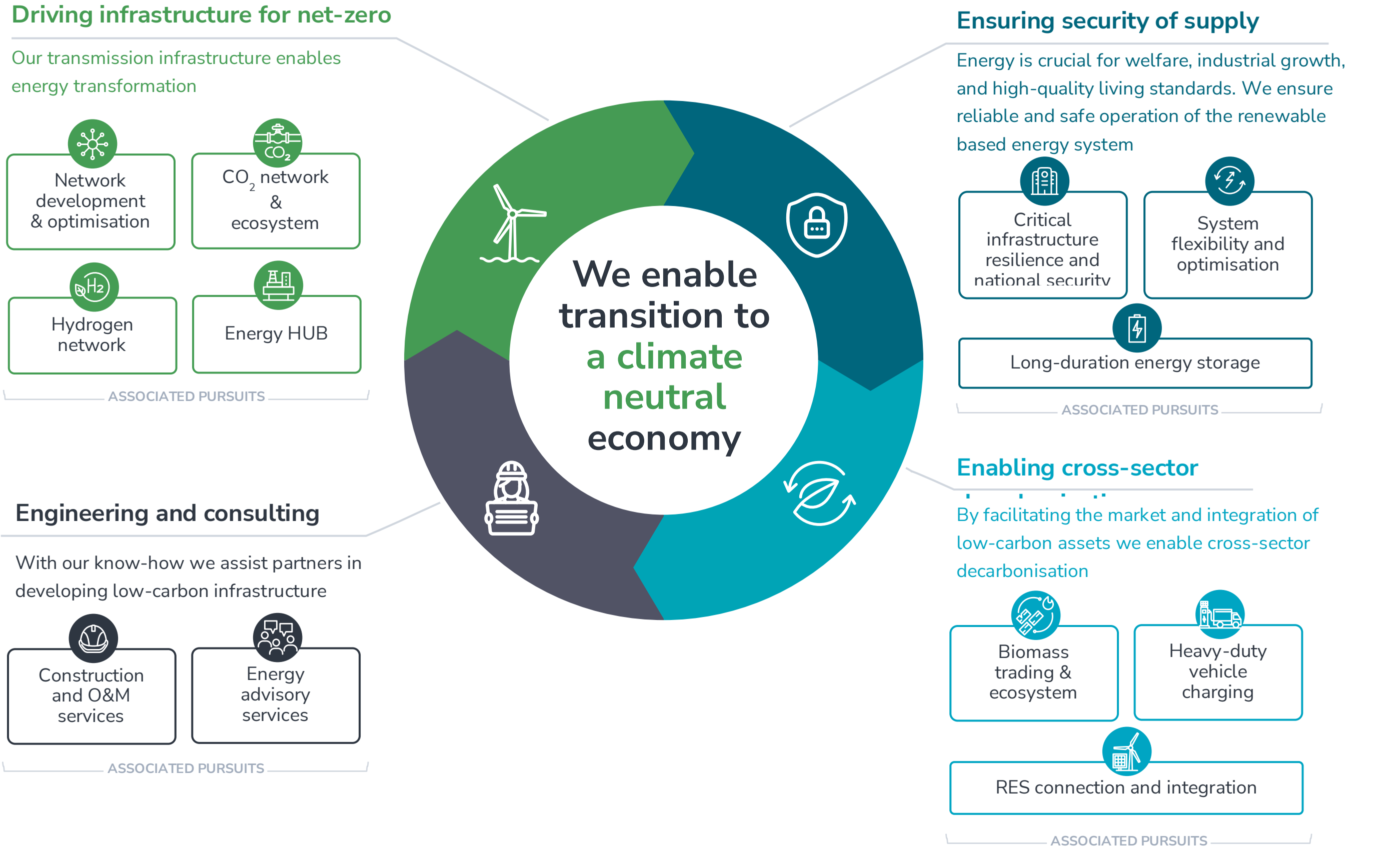
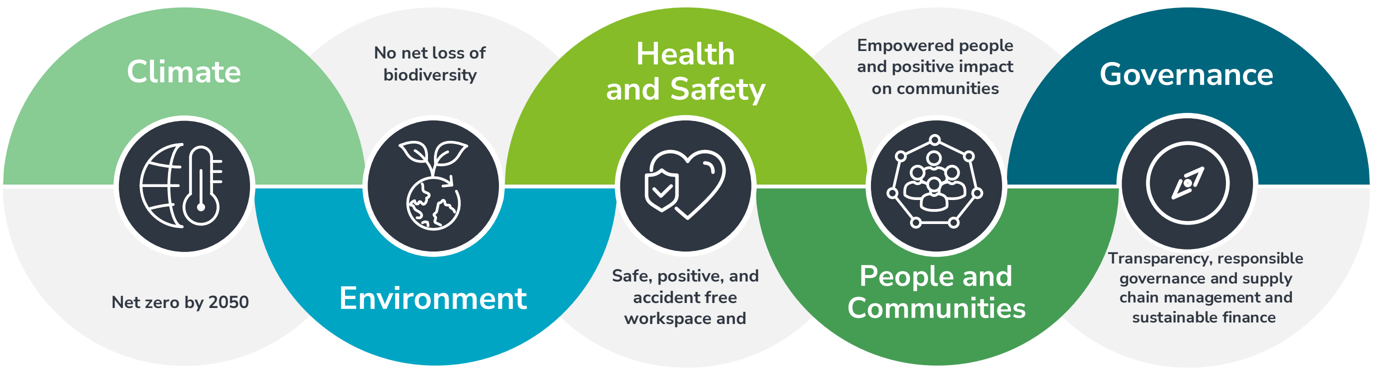


Principles and directions for the Group's sustainability governance

We have set out key directions covering the following sustainability topics:

- **Climate:** Mitigating climate change by reducing GHG emissions across the value chain;
- **Nature**: Reducing impacts on the environment, biodiversity and resource use;
- **Health and Safety:** Creating a positive culture and a safe and accident-free working environment;
- **People and communities:** Fostering a culture of diversity, equality and inclusion, and promoting responsible relations with communities;
- **Governance:** Ensuring a sustainable supply chain and sustainable finance.



These areas contribute to the Global Sustainable Development Goals as well as create long-term value for both our organisation and the Group's stakeholders.

Group Strategic Sustainability Indicators (ESG)

Area			Commitments and goals	Values	
				2024	2023
Environmental area		Climate	Reduced Scope 1 and Scope 2 emissions compared to the 2019 base year: 30% by 2026; 50% by 2030.	6.1%	26.1%
		Nature	Zero emissions by 2050*	n/a	n/a
			No net loss of biodiversity resources in new projects*	n/a	n/a
Social area		Health and safety	Zero serious or fatal accidents (employees and contractors).	1	0
		People and communities	Women in top management positions: ≥ 21% by 2027 ≥ 30% by 2035	13%	15%
			Employee engagement rate ≥70%	72%	74%
Governance		Governance	50% of suppliers will have a GHG reduction target by 2035*	n/a	n/a
			Transition to circular procurement by 2035*	n/a	n/a

*Note: The commitments have been approved for 2024 with an update of the Group's strategy, so there are no historical and reference year values (n/a). Action plans to achieve these commitments are envisaged.

Indicators linked to sustainability are also disclosed in the Management Report, section 4.1 “Report on Achievement of Strategic Indicators”.

Activities in the fossil fuels sector

Amber Grid, a Group company, is active in the transmission of fossil fuels (natural gas). Revenue from natural gas transmission activities is disclosed in Note 31 to the consolidated Financial Statements. Group companies do not carry out taxonomy-eligible economic activities related to fossil gas (4.29, 4.30, 4.31), and therefore do not derive any income from these activities.

Value chain

The Group's value chain consists of the upstream (the supply chain), the direct activities of the Group's companies (middle of the chain), and the downstream (users of the services, and the waste generated by the activities). The picture below shows the main parts of the supply chain, the main services provided, the resources used and the dependencies.

Group value chain

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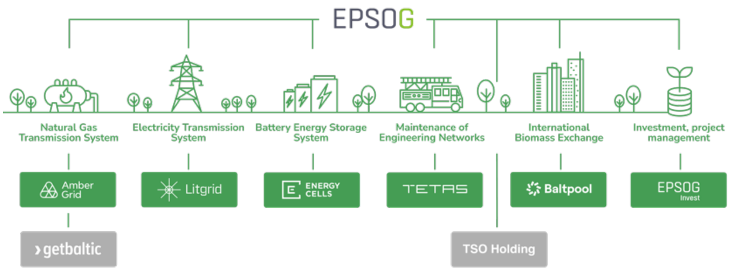
Upstream value chain ← Own activities → Downstream value chain

Upstream value chain

Supply chain

- Infrastructure and reconstruction work and equipment/machineries
- LNGT exploitation
- Energy for balancing and own use
- VIAP funds

Own activities



Downstream value chain

Market/end use

- Timber, biomass, biofuel market users (traders)
- Energy infrastructure owners
- Energy sector (producers and users)

End of life

- Construction and demolition waste. Demolished concrete and ferroconcrete are reused in our other projects. Most of the functioning but not needed machinery is given as humanitarian aid.

Resources and key dependencies

Raw materials: Steel, concrete

Natural resources: Renewable energy; biomass and timber; renewable fuel

Energy: natural gas, electricity, carbon fuel

Real estate: Buildings and offices; gas grid infrastructure; electricity grid infrastructure; battery park infrastructure

Key assets: car fleet; heavy machinery

Human resources:

74 % of office employees; 26 % of outdoors employees

Services: consulting; security; reconstruction

IT: IT systems; security systems; biomass, timber and renewable energy trade system

Financial resources: green financing; loans

SBM-2 Interests and views of stakeholders

Stakeholder engagement is essential to ensure that the Group's activities are carried out responsibly. Our aim is to contribute to a sustainable future for society and to encourage others to do their part. We also address environmental and social challenges in partnership with stakeholders. The Group takes stakeholders' expectations into account as an important part of its business strategy and sustainability priorities.

The Group's new long-term strategy has been developed in response to the expectations of stakeholders to enable the transformation of Lithuania's energy sector and to ensure sustainable and innovative development of the Group's companies. Within the Group, we strive to continuously improve the way we engage our stakeholders and ensure that their expectations and views are relevant to the Group's sustainability priorities and objectives.

The table below describes methods of the Group's stakeholder engagement:

Key stakeholders	Methods of engagement	Why stakeholder engagement is important to the Group and how their views are taken into account
Clients	Initiating and organizing informative events, publishing articles, newsletters and communicating with clients on social media.	The Group's companies operate in a B2B (business-to-business) environment, therefore it is crucial to understand the needs of our clients and to develop tailored services and solutions that contribute to the implementation of the Group's strategy.
Employees	Conducting regular employee engagement surveys; Applying uniform principles of equal pay and social responsibility towards employees;	Empowered, professional and values-driven employees are essential to achieving the Group's vision and strategic objectives. We are committed to creating a safe, positive working environment and culture as part of

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	Organizing employee meetings, sharing information on intranets; Setting goals and monitoring results.	the Group's long-term strategy. To do this, we develop internal policies and improvement plans.
Shareholders and investors	Publishing interim (quarterly) and annual reports on the Group's financial and operational performance. Holding regular meetings to discuss topical issues.	The company's business strategy is designed to meet the national and international expectations of the region. The success of our strategic projects depends directly on the trust of our shareholders and quick decisions. The Group takes shareholders' expectations into account when shaping strategic priorities and improving sustainability-related governance.
Foreign partners energy transmission and biofuels exchange operators	Initiating and participating in professional meetings and (or) conferences to present the objectives of the strategy. Participating in joint working groups, conferences and events. Membership in international organisations joining electricity and gas transmission operators.	We are actively involved in national and international activities in order to safeguard the country's interests and to position ourselves in the Baltic region and Europe. Partnerships with foreign operators are helpful at developing new markets, they contribute to the development of innovative solutions and increase the overall sustainability and efficiency of the sector.
National regulatory authority	Providing the information needed to carry out the regulator's functions in a timely manner. Cooperating on implementation of new market mechanisms; Initiating regular meetings to discuss topical issues.	Cooperation with the regulator helps our companies to ensure regulatory compliance as well as build long-term operational stability and social trust, contributing to sustainable growth and enhanced market reputation.
State representatives	Holding regular meetings to discuss topical issues. Presenting or speaking on topical issues in the committees of the Lithuanian Parliament and at the meetings of the Lithuanian Government. Participating in inter-institutional working groups.	Cooperation with government representatives is essential to ensure a coherent and long-term vision for the energy sector and the smooth implementation of important national and regional projects.
Suppliers of services and goods	Consulting market players and conducting market research. Making public procurement plans and procurement policies. organizing Supplier Day events.	The contribution of suppliers to the continuity and efficiency of the Group's activities is crucial to strengthening and improving the value chain. Their contribution not only supports a stable supply process, but also promotes compliance with quality standards, innovation and sustainability objectives. Suppliers become strategic partners that ensure the efficiency, resilience and adaptability of the value chain to dynamic market conditions and increasing environmental and social demands.
Contractors	Organizing annual informative events for potential contractors. Announcing procurement plans and consultations in advance to ensure stronger competition among bidders. Auditing the work carried out by contractors.	Contracting goes beyond cost efficiency or process optimization. Contractors can make a significant contribution to the implementation of sustainability objectives. By working with sustainable contractors, our undertakings can reduce its negative environmental and social footprint, ensure responsible use of resources and achieve stricter environmental standards. This partnership model strengthens value chain resilience, increases performance and contributes to long-term sustainable development.
Non-governmental organisations (NGOs)	Cooperating on investment projects. Memberships in associations. Sharing information for common progress.	Working with NGOs helps our companies focus on global progress. It is also an opportunity to use specialised knowledge and resources and reach wider target audiences.
Trade unions	Facilitating activities of trade unions and (or) labour councils. Negotiating collective agreements with trade unions. Discussing the implementation of the collective agreement at periodic meetings with employees or their representatives.	Employee engagement is key to the success of the Group. We find it important to maintain a dialogue, listen to expectations and integrate them into performance improvement processes.

	Informing and consulting trade unions or labour councils when taking decisions relating to labour management relations.	
General public and media	Maintaining a constructive relationship with the energy media, providing sufficient information to assess the Group's financial and non-financial performance and the projects under way. Organising press conferences. Disclosing information for the benefit of the society.	It is important for the Group to maintain alignment with the public interest and to provide up-to-date information on its progress.
Local communities	Group companies share experiences on spatial planning. Organising informative events for local communities on planned and ongoing projects, and meets periodically with community representatives.	Community support plays a vital role in the implementation of significant energy projects. We aim to consider valid comments when implementing projects. In our long-term strategy, we are committed to creating a positive impact on communities.

The methods in which stakeholders were engaged in the Group's Double Materiality Assessment process are described in the section below.

SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model

and

IRO-1 - Description of the processes to identify and assess material impacts, risks and opportunities

Group's double materiality assessment

Evaluation overview

In 2024, the materiality assessment process followed a principle of Double Materiality Assessment, assessing the sustainability issues set out in the European Union's Corporate Sustainability Reporting Directive. A sustainability issue is material when it meets the defined criteria of impact materiality and (or) financial materiality. The double materiality was determined following the ESRS EFRAG implementation guidelines (version May 2024). The assessment takes into account the Group's strategy, value chain and stakeholders.

The following information is in line with ESRS requirements "IRO-1 Description of the processes to identify and assess material impacts, risks and opportunities" and "SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model. Identifying and assessing sustainability impacts, risks and opportunities".

The Double Materiality Assessment (DMA) was carried out at the consolidated level, i.e. for the entire EPSO-G group of companies (Litgrid, Amber Grid, Baltpool, Tetas, Energy cells, EPSO-G Invest), excluding the associated companies GET Baltic, UAB, TSO Holding, AS, and ", Rheinmetall Defence Lietuva UAB. Associated companies are included in the value chain, but have not been assessed in the double materiality assessment (due to the lack of control over the associates and because their activities have little impact on people and the environment).

The DMA was carried out in three phases:

Phase 1: Understanding the context of the undertaking's activities, value chain partners and stakeholders.

Phase 2: Preliminary assessment – identification of potentially material sustainability issues for the EPSO-G Group.

Phase 3: Assessment of sustainability issues of potential materiality to the Group from the double materiality perspective: impact and financial materiality.

To understand the context and scope of the assessment, the Group's activities and the upstream and downstream parts of the value chain were analysed (the value chain analysis was not limited to direct contractual business relationships). The process resulted in a map of the Group's value chain and key stakeholders. This map was used for the Double Materiality Assessment.

Compiling a list of potentially relevant sustainability issues

The ESRS provides a list of sustainability topics, sub-topics and sub-sub-topics (hereafter referred to as 'sustainability matters') that the Group considered in its DMA. Sustainability matters are covered by topical ESRS. Phase 2 encompassed a pre-assessment which identified sustainability matters that are not material to the Group. Non-material sustainability matters were not included in the Double Materiality Assessment.

Stakeholder engagement

The Group's DMA engaged the stakeholders mentioned above. The assessment also included Nature, which was considered a silent stakeholder in the assessment. Following good practice, nature's perspective was integrated into the process during the analysis of topical regulations, internal articles, and other publicly available sources.

Both impact and financial materiality assessments were carried out engaging stakeholders. Stakeholder engagement approaches (i.e. different levels or methods of engagement) have been developed according to the AA1000 Stakeholder Engagement Standard.

Methods of stakeholder engagement

- **Direct engagement.** Direct survey and (or) written questions to stakeholders.
- **Analysis of documentation and available sources**. Analysis of documents indicating the actions and commitments of stakeholders, e.g. sustainability reports, supplier policies, results of questionnaires. This method was chosen to understand opinions and expectations at company level or when individual responses were not available or irrelevant.

Identified stakeholders and methods of engagement in the DMA process

Affected stakeholders	Methods of engagement
Shareholder	Documentary analysis: Overview of the Letter of Expectations of the Ministry of Energy of the Republic of Lithuania
General public and local communities	Written questions to the Group's community relations officers
NGOs	Documentary analysis: analysis of publicly available information
Employees	Written questions: to HR representatives, to the Labour Council; analysis of internal documents and sustainability reports.
Trade unions	Written questions
Business partners	Documentary analysis: publicly available information from the largest and smallest suppliers, reports, results of the Supplier Survey
Clients	Documentary analysis: publicly available information from major clients, reports
Nature	Analysis of regulations, scientific articles, internal company documents and other sources.

Users of sustainability information	Methods of engagement
Shareholder	Documentary analysis: Overview of the Letter of Expectations of the Ministry of Energy of the Republic of Lithuania
National regulatory authority (NRA)	Documentary analysis: overview of activity field and information of the key regulators (National Energy Regulatory Council; the Agency for the Cooperation of Energy Regulators (ACER), which supervises and advises the NRAs of the EU Member States); Lithuanian laws and relevant Directives and (or) Regulations.

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NGOs	Documentary analysis: analysis of publicly available information.
Media	Documentary analysis: analysis of publicly available information.

Different methods of engaging various stakeholders were chosen with regard to:

- whether the relationship with stakeholders is linked to an area of high impact or major dependency, as assessed in the preliminary and main assessments;
- how stakeholders view the Group.

Location in the value chain	Stakeholder group	Material sustainability matters
Overall importance	Shareholder	All matters
	National regulatory authority	
	General public and local communities	Affected communities
	Non-governmental organisations (NGOs)	
	Media	All matters
	Nature	Environmental issues
Group activities	Employees	Own workforce
Supply chain	Business partners	Value chain employees, supplier relationship management
End users	Customers (B2B)	Consumers and end users

Materiality of impact and financial impact

A detailed assessment of potentially material sustainability issues has been carried out to identify material impacts, risks and opportunities. The assessment focused on areas where impacts, risks and opportunities are likely to arise, given the nature of the Group's activities, business relationships, geographical locations and other relevant risk factors.

The value chain perspective in the ESRS implies including essential value chain information. The assessment of material impacts, risks and opportunities focuses on respective significant relationships, such as relationships with:

- The players that are involved in 'hot spots', i.e. likely to cause actual or potential impacts, or
- the players on whom the undertaking's business model is heavily dependent for goods and services.

During the DMA, the starting point of the evaluation was the impact assessment, meaning that the connections between the Group's impacts and dependencies with risks and opportunities were taken into account. However, there may also be material risks and opportunities that are not directly related to the impact areas of the Group's companies.

Time perspectives

The DMA followed the time perspective framework defined by ESRS:

- short-term period: the reporting period in the undertaking's financial statements;
- medium-term period: 2 to 5 years;
- long-term period: more than 5 years.

Methodology for assessing the impact materiality

The impact materiality assessment has been carried out considering the Group's material actual or potential, positive or negative impacts on people or the environment in the short, medium and long term.

The materiality of actual negative impacts is based on the severity of the impact, while the materiality of potential negative impacts is based on their severity and likelihood.

The severity of the impact is based on the following factors:

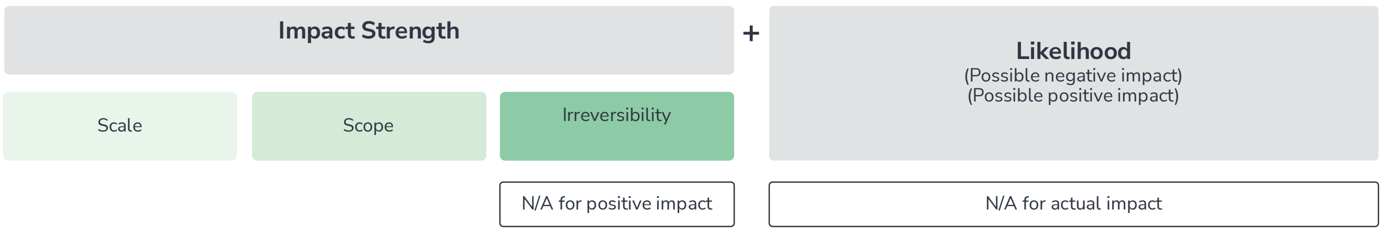
- **Scale of impact** (the extent of the negative impact may depend on compliance with laws, regulations and relevant intergovernmental instruments that the organisation is expected to follow. For example, if the negative impacts result in violations of human rights or fundamental labour rights, or non-compliance with greenhouse gas emission limits as defined under the United Nations (UN) Framework Convention on Climate Change (Paris Agreement), the scale of the impacts may be greater).
- **Scope** (the scope is determined by the geographical parameter of environmental damage ('environmental area'), the number of stakeholders ('social area'), the impact of business ethics on the environment and on stakeholders ('governance area').
- **Irreversible nature of the impact** (the assessment considers whether there is any possibility of remediation at all, depending on the nature of the damage and the remediation solutions (natural, technological, etc.). It also considers the time and resources needed to eliminate the impact and (or) the cause of the impact. (In the case of actual or potential positive effects, irreversibility is not assessed.)

When assessing the potential negative impact on human rights, the severity of the impact is more important than the likelihood.

The materiality of the positive impact is based on:

- in the case of actual impacts - the scale and scope;
- in the case of potential impacts - the scale, scope and likelihood.

Establishing impact materiality scoring categories:



Impact materiality categories (actual and potential impacts):

- Informative
- Important
- Material
- Critical

Assessment and categorisation of the materiality of impacts

Impact materiality assessment principles and sources to determine environmental impacts

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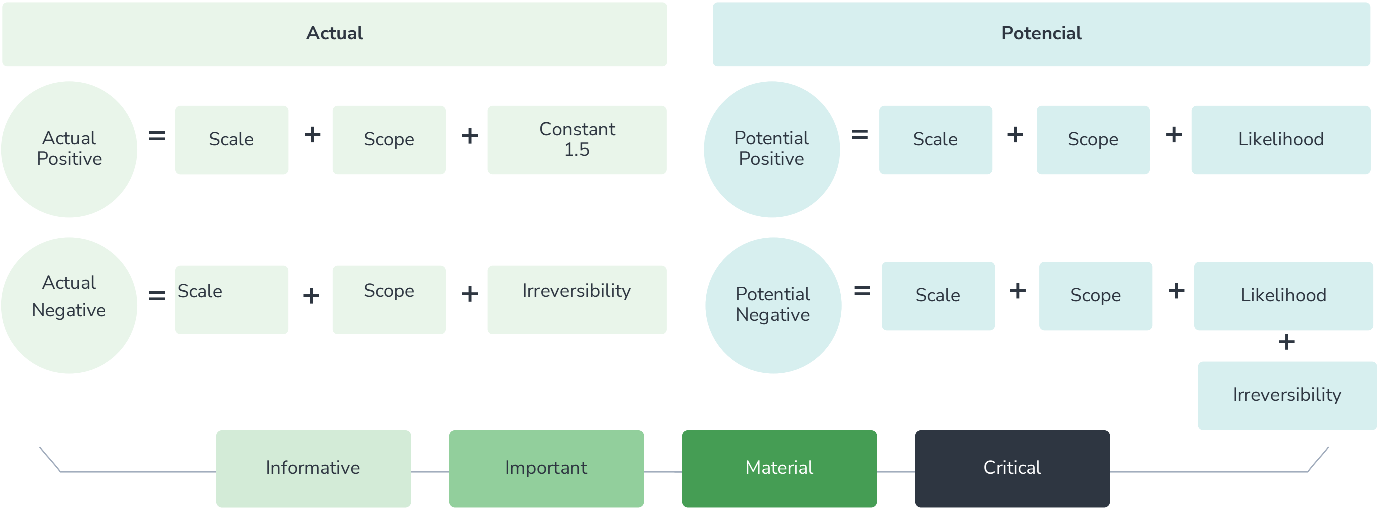
Impact Classification



Principles	Sources
The energy sector as a 'hot spot'. EPSO-G is a state-owned Group of energy transmission and exchange companies, and as such, activities related to the transmission of electricity, the transport of natural gas, and the operation, maintenance and development of transmission systems have been identified as the most important environmental impact areas.	The severity and likelihood parameters were assessed based on available information and sources, including publicly available information on the EPSO-G Group companies and interviews with company employees; research data; and reviews by international organisations on the environmental impacts of the energy sector (*ENCORE, Forest Landscape Integrity Index*).
Conservative approach. The impact materiality assessment employed conservative approach. If the analysis of the direct operations of the EPSO-G Group companies revealed that at least one company in the group was affected, either positively or negatively, this impact was considered material for the EPSO-G Group as a whole. Material impacts arising from the activities of Group companies are attributed based on scientific literature.	
Severity and likelihood of impact. In assessing the severity and likelihood of impacts, account was taken of the Group's policies and mitigation measures to manage environmental issues.	

Principles and sources for impact materiality assessment on social issues

Principles	Sources
Conservative approach. The impact severity parameters were assessed using a conservative approach, i.e. considering the potential for non-compliance or the most material potential impact. If certain sub-topics could be associated with both negative and positive impacts (e.g. Working Time and Work-Life Balance), only negative impacts were assessed, depending on the sub-group of the stakeholder.	The severity and likelihood parameters were assessed based on available information and sources. These sources included Group companies' publicly available reports, internal procedures and current policies (Equal Opportunities Policy, Remuneration, Performance Appraisal and Development Policy, Occupational Health and Safety Policy, Selection Policy, Personal Data Protection Policy, Undisclosed Information Protection Policy); annual reports and material topics from business partners, where accessible; industry ratings and materiality maps (e.g. SASB, MSCI); EU, national legislation and international organisation studies and surveys (e.g. UN, EU, LT, ILO, OECD); statistical data studies and analyses (Official Statistics Portal, NUMBEO); information from industry stakeholders regarding social and human rights impacts; and the outcomes of the stakeholder engagement assessment conducted as part of the DMA.
'Hot spots' in the impact area. The pre-assessment highlighted hotspots in some sub-topics and scores were given based on the potential impact associated with the hotspot. For example, the evaluation of the topic of Own Workforce, specifically the sub-topics of Working Conditions and Work-Life Balance, concentrated on infrastructure and engineering employees, whose working conditions differ from those of other employees, such as those in administrative roles.	
Severity and likelihood of impact. The assessment of the severity and likelihood of impacts has considered the policies and mitigation measures applied by the Group and the tangible results they produce. In the case of a human rights violation, the severity of the impact takes precedence over the likelihood, so likelihood was not assessed.	

Principles and sources for assessing the significance of impacts on governance issues

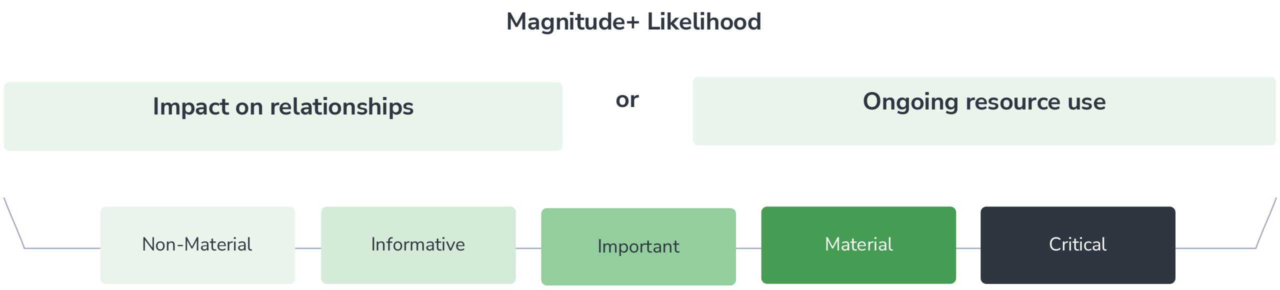
Principles	Sources
'Hot spots' in the sector. EPSO-G's business and management model is largely subject to sectoral regulations and restrictions. The main regulator of the company's activities is the National Energy Regulatory Council. Also relevant are the National Regulatory Authorities (NRAs) of the EU Member States, along with the Agency for the Cooperation of Energy Regulators (ACER), which supervises and provides advice. The undertaking's performance was assessed in the context of the local business environment, the regulatory framework, as well as national and international requirements and applicable policies.	The severity and likelihood parameters were assessed based on available information and sources, including information from National Energy Regulatory Council and the Agency for the Cooperation of Energy Regulatory Authorities; existing policies (Anti-Corruption Policy, Employees' Anti-Corruption Procedures, Interest Management Policy, Employees' Code of Conduct, Suppliers' Code of Conduct, Groups' Procurement Policy, Transparency and Communication Policy, Compliance Management Policy, Risk Management Policy, Corporate Governance Policy); annual reports of business partners and topics of materiality to them; other publicly available information of the Group; the Whistleblower Protection Act of the Republic of Lithuania in accordance with the EU Whistleblowers Directive; the results of the stakeholder engagement as part of the dual materiality assessment.
Regulation of the value chain. The Group's businesses are inextricably linked to the value chain. Therefore, policies and management practices related to the value chain (e.g. Supplier Code of Conduct, supplier selection criteria, commitments and management practices for the largest and smallest suppliers) were assessed.	
Severity and likelihood of impact. In assessing the severity and likelihood of the impact, account was taken of the Group's policies and mitigating measures in place to address business ethics issues.	

Methodology for assessing financial impact

The assessment of financial materiality was carried out to assess the financial risks and opportunities to the Group's sustainability. The assessment considered the magnitude and likelihood of financial impacts that could arise both in the direct activities and along the value chain in the short and long term.

The Group risk assessment methodology was used and adapted for this phase. The assessment considered that risks and opportunities related to sustainability may arise from the Group's environmental and stakeholder impacts and (or) resource dependencies (including relationships). Therefore, the assessment of financial materiality was carried out after the impact materiality assessment.

Establishment of financial materiality scoring categories



For the assessment of the Group's financial materiality, sustainability matters were assessed in the following sequence:

1. If the topic is included in the Group/Group Companies Risk Register, the risk assessment is transferred directly (Group-wide).

2. If the financial expression of the risk is known (the amount of the fine or the cost of the project/investment), it is compared to the Group's annual revenue to determine the impact of the risk (using the Group's risk assessment methodology).

3. If the financial expression of the risk cannot be determined, the financial impact on the Group shall be assessed expertly and by applying a risk impact scale (impact on human health, business continuity, reputation or environment).

DMA results

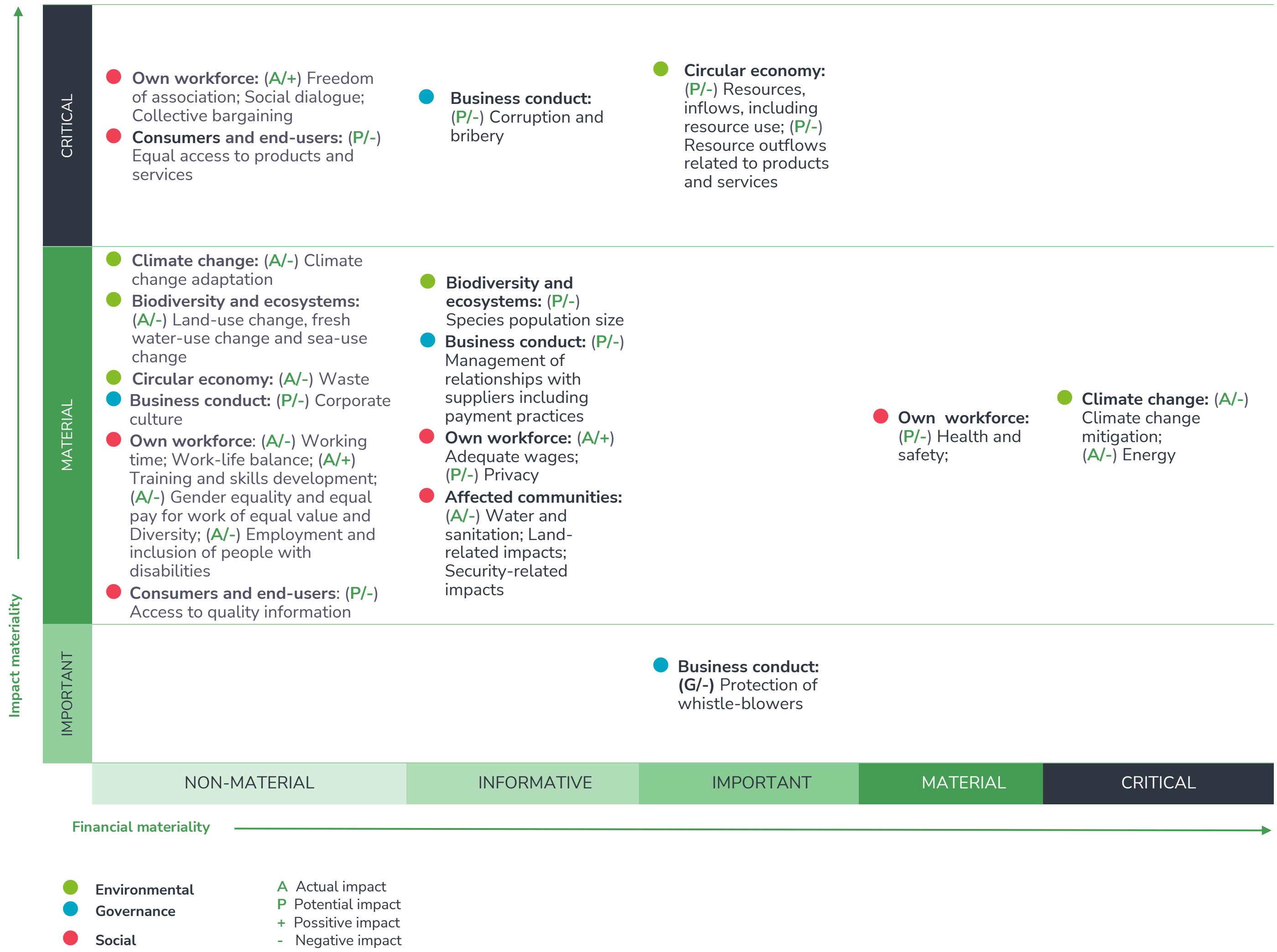
The DMA results are presented below and in the topical sections on sustainability matters.

The matrix below presents the most material sustainability matters for the EPSO-G Group, excluding those categorized by the assessment as "important", "informative", or "non-material" regarding the materiality of impacts, as well as "important", "informative", or "non-material" in terms of the materiality of financial impact.

The identification of the most material categories of sustainability issues was based on the specific nature of the Group's business, its long-term business strategy, its commitment to stakeholders, shareholder expectations and best practice and expert advice. The sustainability issue Business Ethics (Whistleblower Protection) is, with an exception, classified as a material sustainability issue to the Group (given that the Companies of the EPSO-G Group are state-owned enterprises).

The Group will continue to strive to integrate the DMA methodology, principles, and results consistently into its strategy and risk management processes.

Group's Double materiality matrix



The disclosures in accordance with SBM-3, paragraphs 48(b)-(h) are presented together with the relevant topical ESRS throughout the report.

IRO-2 Disclosure requirements in ESRS covered by the undertaking's sustainability statement

A table of contents listing the disclosure requirements that have been met in the preparation of the Sustainability Report considering the results of the DMA can be found in the ESRS Index section of this report. A table of all data points in the ESRS that derive from other EU legislation, ESRS 2 Appendix B, is provided in the section 'Annexes'. Climate change is a material topic for the Group and is included in this report. If any other topic is identified as non-material, the reasons are briefly commented on in the relevant part of the report. The material information to be disclosed has been determined by the Group based on the DMA performed.

Minimum Disclosure Requirements

The undertaking applies and discloses information in accordance with the Minimum Disclosure Requirements on policies (MDR-P), actions (MDR-A), metrics (MDR-M), and targets (MDR-T), together with the relevant disclosure requirements set out in the topical ESRS further in this report.

8.2. Environmental area

8.2.1. Disclosure under the EU Taxonomy Regulation

General disclosure principles in the European Commission's (EC) Action Plan on Financing Sustainable Growth defines key measures aimed at directing capital towards environmentally sustainable activities, thereby helping the European Union (EU) become a climate-neutral continent by 2050 as outlined in the European Green Deal.

The EC laid the foundation for Regulation (EU) 2020/852 on establishing a framework to facilitate sustainable investment, which amends Regulation (EU) 2019/2088. This regulation, also known as the EU Taxonomy Regulation, defines what is considered environmentally sustainable economic activity and the criteria by which an economic activity is classified as environmentally friendly. The purpose of the Taxonomy Regulation is to classify economic activities across the EU based on defined requirements, considering their contribution to six environmental objectives (as outlined in Article 9 of the Taxonomy Regulation). This classification aims to support the EU's transition to a climate-neutral economy.

Objectives of the EU Taxonomy Regulation

Article 3 of the EU Taxonomy Regulation defines that an economic activity is considered environmentally sustainable when:

- It makes a substantial contribution to at least one or more of the environmental objectives set out in Article 9 (in accordance with Articles 10–16 of the EU Taxonomy Regulation);
- It does not cause significant harm to any of the environmental objectives set out in Article 9 (in accordance with Article 17 of the EU Taxonomy Regulation);
- It is carried out in compliance with the minimum safeguards established (in accordance with Article 18 of the EU Taxonomy Regulation);
- It meets the technical screening criteria defined by the EC in the Environmental Delegated Act (EU) 2023/2486 of June 4, 2021.

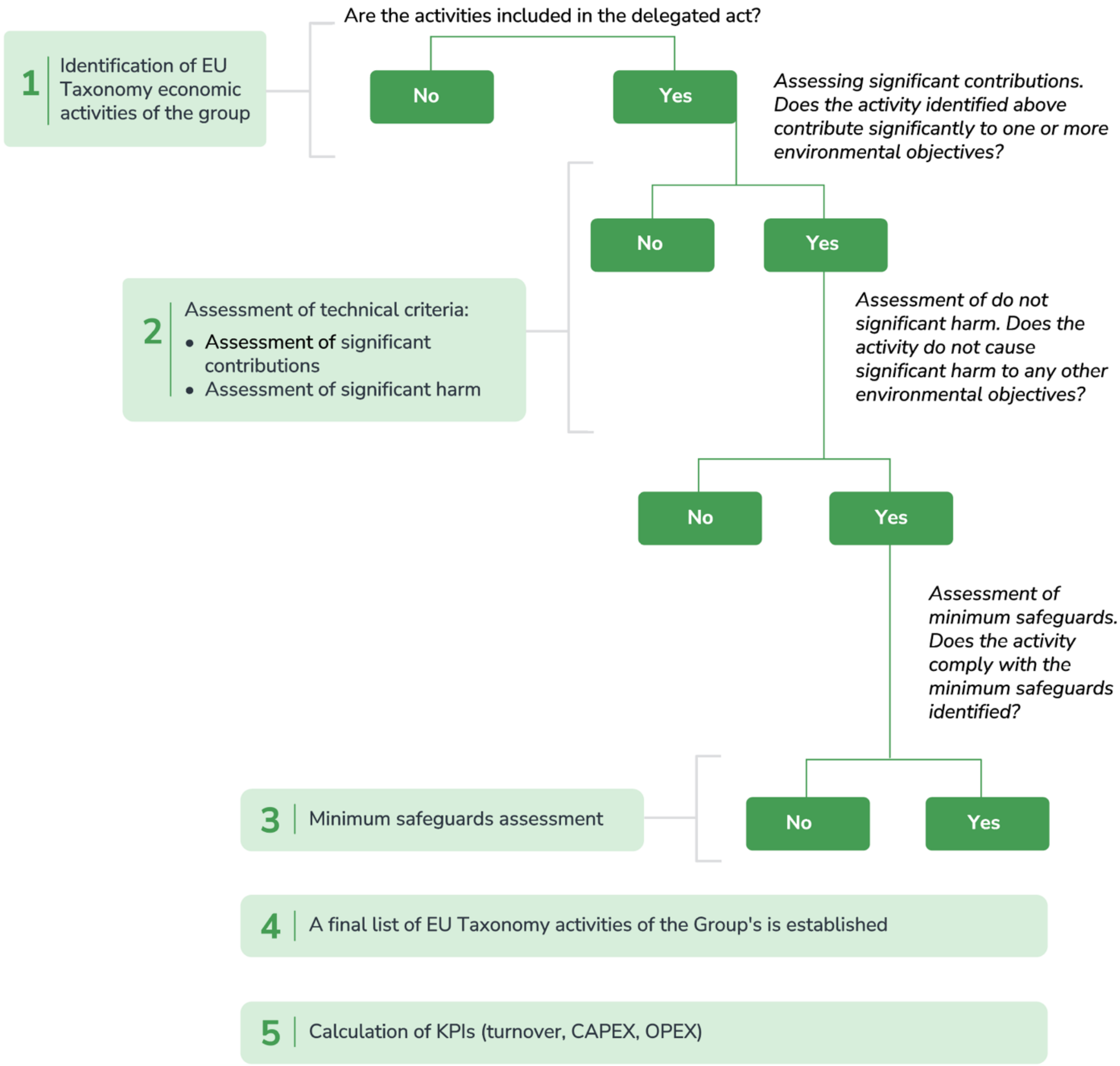
In accordance with EC Delegated Regulation (EU) 2021/2178 of July 6, 2021, EPSO-G, as a non-financial company, is required to disclose the percentage of its total turnover, capital expenditures, and operating expenses that consist of taxonomy-aligned, taxonomy-eligible, and non-taxonomy-eligible economic activities. Additionally, it must provide relevant qualitative information explaining these data, as specified in Annexes I and II of the same regulation.

The table provides an 2024 overview of the EU Taxonomy activities meeting the criteria set out in the EU Taxonomy Regulation and the activities not meeting those criteria, according to the six environmental objectives. No activities have been identified that meet the objectives of adaptation to climate change, sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, protection and restoration of biodiversity and ecosystems.

Environmental Objectives	Share of revenue		Share of capital expenditure		Share of operational expenditure	
	Taxonomy-aligned activity	Taxonomy-non-aligned activity	Taxonomy-aligned activity	Taxonomy-non-aligned activity	Taxonomy-aligned activity	Taxonomy-non-aligned activity
Climate change mitigation	81.4%	0.0%	95.3%	0.6%	66.1%	0.4%
Climate change adaptation	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Sustainable use and protection of water and marine resources	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Transition to a circular economy	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Pollution prevention and control	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Protection and restoration of biodiversity and ecosystems	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

EU Taxonomy Implementation Process within the Group

Following the EU Taxonomy Regulation and delegated acts, the analysis of the Group's activities was carried out according to the following steps:



Identification of Taxonomy-Eligible Economic Activities

Assigning activities to taxonomy-eligible economic activities means that such activities are included in the delegated acts on climate change mitigation and/or adaptation. The identification of the Group's taxonomy-eligible activities was carried out based on the criteria set out in EC Delegated Regulation (EU) 2021/2139 of June 4, 2021, and the Environmental Delegated Act (EU) 2023/2486. Taxonomy-aligned economic activities are classified into transition activities and enabling activities, with the corresponding NACE classification code assigned to them.

It is noted that since the previous reporting period, a new taxonomy-eligible but taxonomy-non-aligned activity has been identified – Renovation of existing buildings. This activity is listed in the Group's taxonomy-eligible economic activities list as partially meeting the criteria for the climate change mitigation objective. Additionally, a taxonomy-aligned activity has been identified – the Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings). This activity is listed in the Group's taxonomy-eligible economic activities list as meeting the criteria for the climate change mitigation objective. No activities were identified that align with the climate change adaptation objective.

List of Taxonomy-Eligible Economic Activities of the Group Companies

Objective, Code, and Activity as Specified in Delegated Acts	Description of Activity	Group Companies Contributing to Taxonomy-Eligible Activity	Group Companies' Activity Alignment with Climate Change Mitigation Objective	Group Companies' Activity Alignment with Climate Change Mitigation Objective
CCM 4.1 / CCA 4.1 Electricity generation using solar photovoltaic technology	Construction or operation of electricity generation facilities that produce electricity using solar photovoltaic technology.	Litgrid Amber Grid	Taxonomy-aligned	Non-aligned
CCM 4.9 / CCA 4.9 Transmission and distribution of electricity	Construction and operation of transmission systems that transport the electricity on the extra high-voltage and high-voltage interconnected system.	Litgrid TETAS	Taxonomy-aligned	Non-aligned
CCM 4.10 / CCA 4.10 Storage of electricity	Construction and operation of facilities that store electricity and return it at a later time in the form of electricity. The activity includes pumped hydropower storage.	Energy Cells	Taxonomy-aligned	Non-aligned
CCM 4.14 / CCA 4.14 Transmission and distribution networks for renewable and low-carbon gases	Conversion, repurposing or retrofit of gas networks for the transmission and distribution of renewable and low-carbon gases. Construction or operation of transmission and distribution pipelines dedicated to the transport of hydrogen or other low-carbon gases.	Amber Grid	Taxonomy-aligned	Non-aligned
CCM 6.5 / CCA 6.5 Transport by motorbikes, passenger cars and light commercial vehicles	Purchase, financing, renting, leasing and operation of vehicles designated as category M1, N1, both falling under the scope of Regulation (EC) No 715/2007 of the European Parliament and of the Council, or L (2- and 3-wheel vehicles and quadricycles).	All Group companies	Taxonomy-eligible	Non-aligned
CCM 7.2 / CCA 7.2 Renovation of existing buildings	Construction and civil engineering works or preparation thereof.	Amber Grid	Taxonomy-eligible	Non-aligned
CCM 7.4 / CCA 7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	Installation, maintenance and repair of charging stations for electric vehicles in buildings and parking spaces attached to buildings.	Litgrid Amber Grid	Taxonomy-aligned	Non-aligned
CCM 7.6 / CCA 7.6 Installation, maintenance and repair of renewable energy technologies	On-site installation, maintenance, and repair of renewable energy technologies, consisting of one of the following individual measures, when installed on-site as technical building systems: (a) Installation, maintenance, and repair of photovoltaic solar energy systems and related technical equipment.	TETAS	Taxonomy-aligned	Non-aligned

Revenue, capital, and operating expenses, as well as key performance indicators (KPIs), related to the climate change adaptation objective are presented as non-aligned activities. It is noted that on June 27, 2023, the EC adopted the Environmental Delegated Act (EU) 2023/2486, which defines the conditions under which an economic activity is considered to make a substantial contribution to other environmental objectives, including the sustainable use and protection of water and marine resources, the transition to a circular economy, pollution prevention and control, and the protection and restoration of biodiversity and ecosystems. This act also assesses whether an economic activity does not cause significant harm to other environmental objectives and amends Delegated Regulation (EU) 2021/2178 regarding the disclosure of certain information about these economic activities. Upon reviewing Delegated Regulation (EU) 2023/2486, no taxonomy-eligible economic activities meeting the substantial contribution criteria were identified for the Group companies.

The taxonomy-aligned and taxonomy-non-eligible activities listed in Articles 8(6) and 8(7) of Delegated Act (EU) 2022/1214 on nuclear and gas activities are not relevant to the Group, as it does not engage in activities related to nuclear energy (activities 4.26–4.28) or fossil gas (activities 4.29–4.31). For this reason, the information is presented only in Template 1 of Annex XII of Regulation (EU) 2021/2178.

EU Taxonomy compliance assessment

Assessment of compliance with technical screening criteria, which determines under what conditions an economic activity is considered to contribute substantially to climate change mitigation or adaptation. The assessment is performed only for those activities of Group companies that have been identified as taxonomy-eligible. This assessment is carried out in accordance with the technical screening criteria set out in Annexes I and II of the European Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021.

4.1. Electricity generation using solar photovoltaic technology according to the climate change mitigation objective

Substantial contribution to climate change mitigation

In 2024, Litgrid generated electricity for its own needs using a solar power plant installed on the roof of the system control and data center building in Vilnius. To limit fossil fuel extraction, Litgrid invests in clean energy, recognising the importance of independent energy sources naturally generated by environmental processes. Adaptation to climate change is also pursued through the implementation of the GHG Reduction Plan, where Litgrid divisions carry out assigned measures, with the installation of solar power plants being two of the plan's initiatives. The integration of renewable resources is embedded in the State Strategy, and Litgrid directly contributes to its implementation. It is assessed that Litgrid activities meet the technical screening criteria for making a substantial contribution to climate change mitigation.

Climate change adaptation

See the section on climate-related risk and vulnerability assessment.

Sustainable use and protection of water and marine resources

The "Do No Significant Harm" criteria is not applicable to this activity.

Transition to a circular economy

By installing photovoltaic solar energy technology, Litgrid has focused on increasing energy efficiency—reducing energy losses when electricity is generated and consumed locally, decreasing the need for new large power plants, and minimizing the demand for long, high-capacity transmission lines. It has been assessed that the solar power plant modules are easily dismountable and replaceable, with the mounting system made of aluminum structures. The module construction consists of glass, plastic, and metal, making them recyclable.

It is assessed that Litgrid's activities meet the criteria for the transition to a circular economy.

Pollution prevention and control

The "Do No Significant Harm" criteria is not applicable to this activity.

Protection and restoration of biodiversity and ecosystems

Litgrid notes that environmental impact assessment processes are not conducted for photovoltaic solar energy technologies. Based on expert evaluation, solar energy production does not cause air or water pollution, reduces GHG emissions, and contributes to climate change mitigation, which directly impacts ecosystems. The solar power plant does not require additional land, meaning it has no direct impact on natural habitats. Reduced fossil fuel consumption results in fewer ecosystems being destroyed due to mining, oil extraction, or deforestation for bioenergy. Additionally, solar power plants do not emit strong light signals or vibrations that could disturb wildlife.

It is assessed that Litgrid activities meet the criteria for the protection and restoration of biodiversity and ecosystems**.**

We note that Litgrid electricity generation activity using photovoltaic solar energy technology was included in the 2024 CAPEX KPIs, but due to its insignificant amount, it is not reflected in the report. In 2023, Litgrid had no revenue, capital, or operating expenses from electricity generation using photovoltaic solar energy technology. Similarly, Amber Grid had no revenue, capital, or operating expenses from electricity generation using photovoltaic solar energy technology in 2023 and 2024.

4.9. Transmission and distribution of electricity according to the climate change mitigation objective

Substantial contribution to climate change mitigation

In 2023 and 2024, Litgrid carried out electricity transmission and distribution activities that meet the criteria for making a substantial contribution to climate change mitigation:

1. The transmission and distribution infrastructure or equipment is part of an electricity system that meets at least one of the following criteria:
   a. The system is interconnected within the European system, meaning it is connected to the control areas of EU Member States, Norway, Switzerland, and the United Kingdom, as well as to systems subordinate to these control areas.

The activity falls under one of the following categories:

(a) Construction and operation of direct connections or expansion of existing direct connections to a substation or the grid, used for low-carbon electricity generation that does not exceed a threshold of 100 g CO_2e/kWh, measured using a life-cycle assessment methodology;

(c) Installation of transmission and distribution transformers that comply with the Tier 2 requirements set out in Annex I of Commission Regulation (EU) No 548/2014 (as of 1 July 2021), and medium power transformers with a maximum voltage not exceeding 36 kV, which meet the AA0 level requirements for no-load losses specified in EN 50588-1 standard (CEI EN 50588-1, 50 Hz medium power transformers for equipment with a maximum voltage not exceeding 36 kV);

(d) Construction and/or installation and operation of equipment and infrastructure, where the primary objective is to increase the generation or use of renewable electricity.

(e) Installation of equipment aimed at enhancing the control and monitoring capabilities of the electricity system and enabling the development and integration of renewable energy sources, including:

(ii) communication and control equipment (including advanced software and control rooms, automation of substations or power facilities, and voltage regulation capabilities to adapt to more decentralized renewable energy sources);

(f) Installation of equipment, including, for example, future advanced metering systems or systems replacing advanced metering systems in accordance with Article 19(6) of Directive (EU) 2019/944 of the European Parliament and of the Council, which comply with the requirements of Article 20 of Directive (EU) 2019/944, and are capable of remotely transmitting consumption information to users, including but not limited to customer data centers;

(h) Construction and operation of transmission system interconnectors, provided that one of the systems meets the requirements.

Litgrid does not connect polluting energy producers to the grid. This company activity does not negatively impact climate change adaptation efforts or the resilience of people, nature, cultural heritage, property, and other economic activities to climate-related physical risks. On the contrary, the expansion of the transmission network facilitates access to renewable energy sources, enabling the connection of wind farms and electrolysis systems. The integration of renewable resources is embedded in the State Strategy, and Litgrid actively contributes to its implementation. Climate change adaptation is also pursued through the implementation of the GHG Reduction Plan, where Litgrid divisions carry out their assigned measures.

In 2023 and 2024, TETAS carried out activities within the electricity transmission and distribution system operators' networks. According to the technical screening criteria defined in point 4.9 of Annex I, the company conducted activities that meet the criteria for making a substantial contribution to climate change mitigation:

(c) Installation of transmission and distribution transformers that comply with the Tier 2 requirements set out in Annex I of Commission Regulation (EU) No 548/2014 (178) (as of July 1, 2021), and medium power transformers with a maximum voltage not exceeding 36 kV that meet the AAA0 loss level requirements for no-load losses specified in standard EN 50588-1 (179);

(d) Construction and/or installation and operation of equipment and infrastructure where the primary objective is to increase the production or use of renewable electricity;

(e) Installation of equipment to enhance the capacity for management and monitoring of the electricity system and to enable the development and integration of renewable energy sources, including:

(i) sensors and measurement devices (including meteorological sensors for renewable production forecasting);

(h) construction and operation of transmission system interconnectors, where at least one of the systems meets the requirements.

It is assessed that Litgrid and TETAS activities meet the criteria for making a substantial contribution to climate change mitigation.

Climate change adaptation

See the section on climate-related risk and vulnerability assessment.

Sustainable use and protection of water and marine resources

The "Do No Significant Harm" criteria is not applicable to this activity.

Transition to a circular economy

„Litgrid has developed a waste management plan and implements it in accordance with the company’s internal environmental requirements policy. The sorting and disposal of hazardous and non-hazardous waste generated in Litgrid operations are entrusted to contractors with the necessary permits, with whom waste management agreements have been established. The

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company also maintains records of valuable waste (suitable for reuse or recycling) generated in its operations. This waste is handed over to appropriate waste management companies or businesses specializing in waste purchasing.

The electromagnetic field (EMF) exposure within Litgrid substation areas does not exceed the limit values set by the Minister of Social Security and Labour of the Republic of Lithuania in Order No. A1-614 of October 30. 2015, which establishes regulations for protecting workers from EMF-related risks. For employee safety, EMF maps are created for 330 kV substations. On construction sites, Litgrid employees do not work under live voltage, as equipment is disconnected, ensuring no EMF radiation exposure.

TETAS implements waste management in accordance with the laws of the Republic of Lithuania and the requirements set by clients. TETAS employees ensure the sorting and disposal of hazardous and non-hazardous waste through contracts with licensed waste management companies. Records are kept for valuable waste (suitable for reuse or recycling), which is handed over to companies specializing in waste purchasing.

TETAS organises its activities in accordance with a management system that complies with the ISO 14001 environmental standard. Following an audit of this system in 2022, no additional recommendations for improvement were received.

It is assessed that Litgrid and TETAS activities meet the criteria for the transition to a circular economy.

Pollution prevention and control

In carrying out its activities, Litgrid applies the environmental, health, and safety requirements stipulated by the laws of the Republic of Lithuania to contractors working on electricity transmission network facilities. The company's specialists conduct on-site inspections of contractors and document any work safety non-compliances. When performing work near communities, Litgrid informs residents in advance about potential noise from heavy transport or ongoing construction activities.

Litgrid has conducted comprehensive measurements of electromagnetic fields generated near high-voltage electricity transmission lines. The results confirmed that the electromagnetic fields within Lithuania's electricity transmission network always comply with the requirements established in the national hygiene standards, do not exceed the prescribed limits, and are often significantly lower than the regulatory thresholds. The company's specialists measured the strength of electric and magnetic fields at various sections of the transmission network—directly under the lines, next to them, and at increasing distances. The intensity of these fields varies depending on the voltage of the transmission lines (110 kV or 330 kV), the level of electricity transmission, and the distance from the source.

To prevent potential pollution in the event of an oil spill, oil collection pits are installed beneath transformers. The surface rainwater drainage system is connected to oil separators, ensuring that, in the event of an accident, oil-contaminated water does not enter surface water bodies or the soil.

In accordance with European Commission requirements, during construction or reconstruction, some equipment (circuit breakers) containing SF6 gas is replaced with SF6-free alternatives. Additionally, Litgrid environmental regulations stipulate that employees servicing such equipment must hold relevant certifications proving they have completed specialized training.

To reduce air pollution and promote sustainable resource use, the vehicle fleet is being modernized by replacing internal combustion engine vehicles with hybrids or electric vehicles.

TETAS applies the environmental, health, and safety requirements established by the laws of the Republic of Lithuania to electricity transmission and distribution network facilities. The company's specialists conduct on-site inspections of employees and document any work safety non-compliances.

TETAS organizes its activities in accordance with management systems that comply with the environmental standard ISO 14001 and the occupational health and safety standard ISO 45000.

TETAS representatives operate on overhead high-voltage lines, where the electromagnetic fields, as determined by Litgrid, always comply with the requirements set in Lithuania's hygiene standards, do not exceed the established limits, and are often significantly lower than the regulatory thresholds.

TETAS does not engage in activities involving the use of polychlorinated biphenyls (PCB).

It is assessed that the activities of Litgrid and TETAS comply with pollution prevention and control criteria.

Protection and restoration of biodiversity and ecosystems

The Litgrid conducts an environmental impact assessment when constructing overhead electricity transmission lines with a voltage of 220 kV or higher and a length of 15 km or more. During the reconstruction of transmission lines, a screening process is carried out to determine the need for an environmental impact assessment. The assessment also identifies potential impacts on biodiversity and ecosystems.

Before planned reconstruction works in sites that are located within or near “Natura 2000” areas (e.g., an overhead line passing through a “Natura 2000” area), an assessment of the significance of the impact on “Natura 2000” areas is carried out.

In 2024, Litgrid conducted environmental impact assessment (EIA) screenings for the following projects: 110 kV OL Alytus – Putinai, 110 kV OL Panevėžys – Ekranas and Panevėžys – Velžys, 330 kV OL Aizkrauklė – Panevėžys, 330 kV Lavėnai substation and part of the OL, and 330 kV Lietuvos E – Neris. The Environmental Protection Agency concluded that an EIA is not required for these reconstructed transmission lines.

Litgrid conducted an EIA of the impact on “Natura 2000” sites for the planned 330 kV OL Aizkrauklė – Panevėžys project, which falls within “Natura 2000” areas. It was concluded that there would be no negative impact on these sensitive areas. An EIA screening is planned for the 330 kV Lietuvos E – Jonava project to assess its potential impact on the “Natura 2000” ecological network.

TETAS operates in compliance with the environmental impact assessment procedures conducted by electricity transmission and distribution system operators, as well as the regulations and legal restrictions set by companies managing transmission and distribution networks. TETAS performing contracting or construction work do not conduct environmental impact assessments or analysis procedures.

It is assessed that the activities of Litgrid and TETAS comply with the criteria for the protection and restoration of biodiversity and ecosystems.

4.10. Storage of electricity according to the climate change mitigation objective

Substantial contribution to climate change mitigation

In 2023 and 2024, Energy Cells carried out the construction and operation of facilities that store electricity and later return it in the form of electrical energy. This activity also includes hydro energy storage.

Energy Cells began operating battery energy storage system (BESS) facilities on the following dates: the first BESS park on August 26, 2023, the second on September 16, 2023, the third on September 28, 2023, and the fourth on September 29, 2023. A total of four battery energy storage parks were installed in Lithuania, with a combined capacity of 200 MWh.

It is assessed that the activities of Energy Cells meet the criteria for significant contribution to climate change mitigation.

Climate change adaptation

See the section on climate-related risk and vulnerability assessment.

Sustainable use and protection of water and marine resources

The electricity storage facilities installed by Energy Cells are not pumped hydro storage systems and are not connected to water bodies. It is assessed that the activities of Energy Cells comply with the criteria for the sustainable use and protection of water and marine resources.

Transition to a circular economy

Energy Cells follows the Environmental Requirements Implementation Procedure, which provides a detailed explanation of the company's waste management principles applied in its operations.

A waste management plan has been developed to ensure reuse or recycling. Energy Cells has entrusted the sorting and management of both hazardous and non-hazardous waste to contractors with the necessary permits, with whom long-term service agreements have been established. A long-term maintenance contract for the BESS system also stipulates that the company's contractors track valuable waste (suitable for reuse or recycling) and transfer it to appropriate waste management companies or buyers.

It is assessed that the activities of Energy Cells comply with the criteria for the transition to a circular economy.

Pollution prevention and control

The "Do No Significant Harm" criteria is not applicable to this activity.

Protection and restoration of biodiversity and ecosystems

Energy Cells did not conduct an environmental impact assessment (EIA) procedure or analysis during the installation of energy storage facilities, as these facilities were built within existing electricity transmission and distribution substations. This decision was made in accordance with the Republic of Lithuania’s Law on Environmental Impact Assessment of Planned Economic Activities and related regulations based on Directive 2011/92/EU. Additionally, Energy Cells facilities are not located within the “Natura 2000” protected area network, UNESCO World Heritage sites, or key biodiversity areas.

It is assessed that the activities of Energy Cells comply with the criteria for the protection and restoration of biodiversity and ecosystems.

4.14. Transmission and distribution networks for renewable and low-carbon gases according to the climate change mitigation objective

Substantial contribution to climate change mitigation

It is assessed that the activities of Amber Grid meet the following criteria for significant contribution to climate change mitigation:

(c) Modification of gas transmission and distribution networks where the main objective is to integrate hydrogen and other low-carbon gases, including any activity related to the operation of a gas transmission or distribution network that enables the network to increase the share of hydrogen or other low-carbon gases in the gas system.

Amber Grid activities include detecting and repairing leaks in existing pipelines and other network elements to reduce methane emissions. Two biomethane producers are connected to this segment’s gas transmission system. Additionally, there is an option to inject biomethane into the system by transporting it in tankers to an established injection point.

Climate change adaptation

See the section on climate-related risk and vulnerability assessment.

Sustainable use and protection of water and marine resources

The connection and transportation of biogas through Amber Grid gas transmission networks are not related to water resource use or protection. Therefore, these activities do not hinder the achievement of good marine environmental status and do not deteriorate the condition of marine waters that are already in good status. It is assessed that Amber Grid activities comply with the criteria for the sustainable use and protection of water and marine resources.

Transition to a circular economy

The "Do No Significant Harm" criteria is not applicable to this activity.

Pollution prevention and control

„Amber Grid“ savo įrenginių darbui nevartoja transportuojamų biodujų, todėl jiems nėra taikomi Europos Parlamento ir Tarybos direktyvos 2009/125/EB (1) reikalavimai. Prijungiant prie sistemos biodujų gamintojus laisvam biodujų transportavimo užtikrinimui „Amber Grid“ sistemoje nebuvo projektuojami ir įrengiami nauji biodujų kuro vartojimo įrenginiai, kuriems būtų taikomi ekologinio projektavimo reikalavimai. Vertiname, kad „Amber Grid“ veikla atitinka taršos prevencijos ir kontrolės kriterijų.

Protection and restoration of biodiversity and ecosystems

In accordance with the legal requirements of the Republic of Lithuania, Amber Grid conducts environmental impact assessments (EIA) for infrastructure projects. During the reconstruction of the 16 km Vilnius–Kaunas pipeline in 2022, an EIA was carried out, and a positive screening decision was obtained for the project implementation. In compliance with the EIA conditions, the reconstruction of specific sections was completed in 2024.

After the completion of the GIPL (Gas Interconnection Poland-Lithuania) pipeline construction in 2022, a four-year post-construction monitoring program will be conducted until 2026, following the environmental monitoring program agreed upon with the Environmental Protection Agency in 2016. This monitoring assesses the recovery of local flora, fauna, and species diversity characteristic of the area after the construction of the main pipeline, ensuring that no additional measures are needed to restore or improve the pre-construction environmental conditions. Based on environmental monitoring data from 2021–2024, it has been determined that the construction of the GIPL pipeline had no significant negative impact on the natural environment. In line with the Lithuanian Environmental Protection Agency’s screening conclusion on the "Environmental Impact Assessment for the Connection of the Biomethane Pipeline to the Amber Grid Transmission System in Aukštikalniai and Vytartai, Pasvalys District" an environmental impact assessment for this activity is not required. It is assessed that Amber Grid activities comply with the criteria for biodiversity and ecosystem protection and restoration..

7.4. Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings) according to the climate change mitigation objective

Substantial contribution to climate change mitigation

The installation of electric vehicle charging stations by Amber Grid and Litgrid in 2023 for company needs supports the transition towards cleaner energy use and reduces dependence on global fossil fuel markets, which are being phased out or restricted due to climate change concerns. This initiative aligns with adaptation to climate change through the GHG reduction plan, where Litgrid divisions implement assigned measures, with the installation of charging stations being one of these actions. Furthermore, electrification is embedded in the National Strategy, and thus, the activities of Amber Grid and Litgrid contribute directly to its implementation.

It is assessed that both Amber Grid and Litgrid activities meet the criteria for substantial contribution to climate change mitigation.

Climate change adaptation

See the section on climate-related risk and vulnerability assessment.

Sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, protection and restoration of biodiversity and ecosystems

The "Do No Significant Harm" criteria is not applicable to this activity.

It is noted that this taxonomy-eligible activity was carried out by the Amber Grid and Litgrid in 2023. However, in 2024, this activity did not generated any revenue, capital expenditure, or operating expenditure related to this activity.

7.6. Installation, maintenance and repair of renewable energy technologies according to the climate change mitigation objective

Substantial contribution to climate change mitigation

In 2023 and 2024 TETAS carried out activities including the installation of solar power plants for households and businesses, as well as the technical maintenance and operational servicing of solar power plants. The activity covered the installation, maintenance, and repair of renewable energy technologies on-site, comprising one of the following specific measures, provided they are installed on-site as part of the technical building systems:

(a) installation, maintenance, and repair of photovoltaic solar energy systems and related auxiliary technical equipment.

It is assessed that the activities of TETAS comply with the substantial contribution to climate change mitigation criteria.

Climate change adaptation

See the section on climate-related risk and vulnerability assessment.

Sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, protection and restoration of biodiversity and ecosystems

The "Do No Significant Harm" criteria is not applicable to this activity.

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Climate-related risk and vulnerability assessment

The key risks are outlined in the Management Report under the section 5.9. "Risk Management Framework" and in the Sustainability Report under the section "Climate Change." It has been determined that physical risks over the short, medium, and long term (up to 2050) will have a very minor impact on the operations of Group companies. However, flooding and extreme water level fluctuations could have a greater potential impact. The expected impact of transition risks at the Group level is also minor. All Group companies have identified potential climate-related risk management opportunities and measures to address these challenges.

The table below provides an overview of the relevant climate-related physical risks for Group companies.

Activity specified in the Delegated Acts	Acute physical risk	Chronic physical risk
CCM 4.1. Electricity generation using solar photovoltaic technology	Heatwave, cold wave / cold, fires, drought, heavy precipitation, snow and ice load, landslide, subsidence	Changing temperature, changing precipitation patterns, precipitation or hydrological variability, saline water intrusion, sea level rise, water stress, geographical hazards, soil erosion

CCM 4.9. Transmission and distribution of electricity	Heatwave, fires, storms, wind gusts, lightning, flood, snow and ice load	Changing precipitation patterns
CCM 4.10. Storage of electricity	Heatwave, heavy rainfall	Changing temperature
CCM 4.14. Transmission and distribution networks for renewable and low-carbon gases	Heatwave, cold wave/cold, fires, storms, wind gusts, lightning, drought, heavy rainfall, flood, snow and ice load, landslide, subsidence	Changing temperature, precipitation or hydrological variability, saltwater intrusion, sea level rise, water stress, geophysical hazards, soil erosion.
CCM 7.4. Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	Heatwave, cold wave/cold, fires, drought, heavy rainfall, snow and ice load, landslide, subsidence	Changing temperature, changing precipitation patterns, precipitation or hydrological variability, saltwater intrusion, sea level rise, water stress, geophysical hazards, soil erosion
CCM 7.6. Installation, maintenance and repair of renewable energy technologies	Heatwave	-

Assessment of compliance with the minimum safeguards

The Group's assessment of the taxonomy-aligned activities with the minimum safeguards is carried out in accordance with Article 18 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment. This article stipulates that, when carrying out taxonomy-aligned activities, compliance with minimum safeguards must be ensured — these are procedures implemented to ensure adherence to the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

The Group has implemented measures and procedures in the areas of human rights, taxation, fair competition, and anti-corruption, as well as within its Equal Opportunities Policy, Code of Ethics, Group Supplier Code of Ethics. Considering this, we assess that the Group’s taxonomy-aligned activities are carried out in compliance with the minimum safeguards.

Accounting Policy

The KPIs calculation is carried out in accordance with the European Commission Delegated Regulation (EU) 2021/2178 of July 6, 2021, which supplements European Parliament and Council Regulation (EU) 2020/852 by establishing the content and presentation of the information to be disclosed by companies subject to Articles 19a or 29a of Directive 2013/34/EU regarding environmentally sustainable activities and determining the methodology applicable to fulfilling this disclosure obligation.

KPIs calculations and disclosures are presented based on Article 2 of the Commission Delegated Regulation (EU) 2021/2178, which stipulates that:

1. Non-financial undertakings disclose the information referred to in Article 8(1) and (2) of Regulation (EU) 2020/852 as laid down in Annex I to this Regulation.
2. The information referred to in paragraph 1 shall be presented in tabular form, using the templates set out in Annex II to this Regulation.

The calculation methodology is based on the available interpretation and the clarification of the applicable European Commission guidelines. The specifics of the calculation are detailed under the specific KPIs corresponding to the requirements of the implementation of the Regulation along with the context of the limited guidance. In the event of new official guidance or practice from the European Commission, the calculation particularities will be revised and disclosed.

An assumption was made that Revenue, OPEX under Taxonomy (Operating Expenses under Taxonomy) and CAPEX under Taxonomy (Capital Expenditures under Taxonomy), which can be reasonably linked to identified taxonomy-eligible and/or taxonomy-aligned activities, may accordingly be classified as KPIs of taxonomy-eligible and/or taxonomy-aligned activities. Revenue and CAPEX under Taxonomy KPIs are directly related to the indicators used in the Management Report and Financial Statements, adjusting CAPEX for subsidy accounting. OPEX under Taxonomy includes only those expenses required under the Disclosure Delegated Act (EU) 2021/2178.

Consolidation adjustments, consistent with the principles applied in the financial statements, were made to calculate the consolidated data.

Calculation of revenues from taxonomy-aligned and/or taxonomy-eligible activities

According to the European Commission Delegated Regulation (EU) 2021/2178, the share of the Group's taxonomy-aligned and/or taxonomy-eligible economic activities' revenues is calculated by dividing the revenues from products or services related to taxonomy-aligned and/or taxonomy-eligible activities (numerator) by the Group's total revenues (denominator).

The numerator of the indicator includes the Group's CAPEX, which is recognised as sustainable taxonomy-aligned economic activity in terms of the environment:

- revenues of the electricity transmission system operator, excluding revenues from other non-typical activities (revenues from the administration of guarantees of origin, late payment interest, etc.);
- contracting work carried out by the Group's company on behalf of the electricity distribution operator for the full scope of energy facility development, maintenance, and operation;
- revenue of the gas transmission operator from activities related to the transmission of renewable and low-carbon footprint gases through the network;
- revenue from contract work related to the installation, maintenance, and repair of renewable energy technologies. In 2024, the company completed its previously held commitments and did not sign any new contracts.

When calculating taxonomy-eligible revenues, in accordance with the provisions of IFRS 10 *Consolidated Financial Statements*, revenues from construction works performed by Group companies for the electricity transmission system operator, as well as services provided by the electricity storage operator to the electricity transmission system operator, are eliminated from total revenues.

The Group does not generate revenue from identified taxonomy-eligible economic activities such as electricity generation using photovoltaic solar energy technology (activity code 4.1), the installation of electric vehicle charging stations in buildings (and in parking spaces adjacent to buildings), maintenance and repair (activity code 7.4), transport by motorbikes, passenger cars and light commercial vehicles (activity code 6.5), and the renovation of existing buildings (activity code 7.2). These activities are carried out to ensure operational efficiency and cost optimization for internal needs.

The revenue (net turnover) denominator value of the Group corresponds to the revenue disclosed in the Group's financial statements. Taxonomy-eligible activity revenue is recognized in accordance with IFRS 15 *Revenue from Contracts with Customers*, IAS 1 *Presentation of Financial Statements*, and other relevant standards and IFRIC interpretations, following the accounting policies described in the notes to the Group's financial statements.

In accordance with the described provisions, the comparative revenue figures for 2023 were adjusted. Revenues from electricity storage facilities were eliminated from the numerator, as they are treated as intra-group transactions.

Calculation of Taxonomy-aligned and/or Taxonomy-eligible CAPEX under the Taxonomy

According to Commission Delegated Regulation (EU) 2021/2178, the share of the Group's taxonomy-aligned and/or taxonomy-eligible economic activities CAPEX is calculated by dividing the taxonomy CAPEX associated with assets or processes linked to taxonomy-aligned and/or taxonomy-eligible economic activities by the total taxonomy CAPEX of the Group.

The numerator of the indicator includes the Group's CAPEX, which is recognized as sustainable taxonomy-aligned economic activity in terms of the environment:

- capital expenditure of the electricity transmission system operator that meets the technical screening criteria;
- capital expenditure for the installation of electricity storage facilities related to infrastructure maintenance and repair;

- capital expenditure of the gas transmission system operator for the transmission of renewable and low-carbon gases;
- capital expenditure of electricity and gas transmission system operators for the installation, maintenance, and repair of electric vehicle charging stations in buildings (and in parking spaces attached to buildings), included in full;
- capital expenditure of the gas transmission system operator for building renovation.

Capitalized remuneration, business travel expenses, interest, and expenses of projects funded by third-party funds that were transferred to the Company free of charge are not included in the calculation of capital expenditures (CAPEX). All expenses incurred during the reporting period are recognised as CAPEX, regardless of whether the asset has been put into operation or is still in the project development stage. Advance payments for tangible fixed assets are not included in the numerator.

Capital expenditures of the Group companies performing construction works are not included in the numerator, as the most significant investments are made in equipment, work devices, and tools, which cannot be accurately attributed to a specific project or activity. Additionally, the technical screening criteria set out in the Regulation are intended for projects, not goods or work equipment.

The denominator of the Group's capital expenditures includes the total amount of acquisitions of property, plant, and equipment (PPE) with intangible assets and the value of assets received from third parties is eliminated. The carrying amount of PPE presented in the Group's financial statements is reduced by the amount of grants received. However, the numerator and denominator amount under the Taxonomy are not reduced by the amount of grants received for the acquisition of assets, to more accurately reflect the scale of investments made.

Capital expenditures related to Taxonomy-eligible activities are recognised in accordance with IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets*. Intra-group transactions include the elimination of construction works margin (unrealized profit) from the Group’s capital expenditures, in line with IFRS 10 *Consolidated Financial Statements* requirements.

Based on the described provisions and to ensure data comparability, the 2023 indicators have been adjusted.

Calculation of taxonomy-aligned and/or taxonomy-eligible economic activities OPEX under the Taxonomy

According to the European Commission Delegated Regulation (EU) 2021/2178, the share of the Group's taxonomy-eligible and/or taxonomy-aligned economic activities in OPEX under the Taxonomy is calculated by dividing the portion related to assets or processes associated with taxonomy-eligible and/or taxonomy-aligned economic activities by the Group's total OPEX under the Taxonomy.

OPEX under the Taxonomy consists of direct non-capitalized expenses related to maintenance and repair, research and development, building renovation measures, short-term leases, and all other direct expenses associated with the day-to-day servicing of property, plant, and equipment carried out by the company or a third party contracted for this purpose. These expenses are necessary to ensure the uninterrupted and efficient use of such assets. It should be noted that the OPEX calculated in accordance with the Taxonomy does not correspond to the total amount of the Group’s operating expenses.

In the 2023 report, OPEX under the Taxonomy was assessed on a broader scale, for example, including natural gas and electricity purchase costs, total payroll expenses, and similar costs. In this report, the comparative 2023 OPEX under the Taxonomy is recalculated in accordance with the principles described above.

The Group's OPEX under the Taxonomy includes:

- Electricity transmission operator’s operating expenses: include full costs of electricity grid maintenance and repair, as well as research and development expenses. Salary, information systems, transport, and facility maintenance expenses are included only to the extent they relate to employees directly involved in grid maintenance;
- Operating expenses of the electricity storage facilities operator include the full costs of maintenance and repair of electricity storage facilities (after eliminating intra-group transactions), as well as the salaries of dispatchers. For the Group company performing construction works, the share of operating expenses related to the services provided to the electricity distribution operator is included;
- Operating expenses related to construction works for the installation, maintenance, and repair of renewable energy technologies are included in full.

Taxonomy-related operating expenses are recognized on an accrual basis, in accordance with IAS 1 *Presentation of Financial Statements*, and intercompany transactions are eliminated in accordance with IFRS 10 *Consolidated Financial Statements*.

Double Counting

All disclosed KPIs related to taxonomy-aligned and/or taxonomy-eligible activities avoid double counting, as each KPI is allocated to different, independent activities. In order to prevent double counting, when calculating the numerator, if an economic activity contributes to multiple environmental objectives, KPIs have been counted only once. It should be noted that, where necessary, intra-group transactions are eliminated.

During the reporting period, the Group did not issue new environmentally sustainable bonds or debt securities to finance taxonomy-aligned economic activities. However, it is important to note that in 2022, the Group issued a green bond, part of which was used to finance taxonomy-aligned economic activities.

Contextual information on KPIs established by the EU Taxonomy Regulation

All KPIs are disclosed based on the criteria of the climate change mitigation objective.

The share of revenues associated with taxonomy-eligible activities in 2024 amounted to 81.4%, which represents an increase of 1.6 percentage points or EUR 11.3 M compared to 2023. Main changes:

- The main operating revenues of the electricity transmission system operator increased by EUR 9.0 M compared to 2023 due to higher revenues from additional services;
- The Group company's revenues from electricity distribution activities increased by EUR 3.4 M due to higher volumes of orders received;
- Revenues from renewable energy technology installation, maintenance, and repair activities decreased by EUR 1.1 M due to the completion of contractual obligations by the Group company. The 2023 revenue indicator was recalculated. Revenues from electricity storage activities were eliminated as they are considered intra-group transactions, and the denominator's revenue figures were adjusted to align with the revenues disclosed in the financial statements.

The share of capital expenditures (CAPEX) associated with taxonomy-aligned activities amounted to 88.2% in 2024, increasing by 8.6 percentage points or €14.5 M compared to 2023. Main changes:

- Capital expenditures meeting the technical screening criteria of taxonomy-aligned activities in the electricity transmission sector increased by EUR 46.5 M due to the intensive implementation of projects related to synchronization;
- Capital expenditures in electricity storage activities decreased by EUR 32.5 M due to the completion of the electricity storage system (a four-battery park system) project in 2023.

The share of operating expenditures (OPEX) associated with taxonomy-eligible activities amounted to 66.5% in 2024, increasing by 3.8 percentage points or €4.7 M compared to 2023.

- Operating expenses in the electricity storage activity increased by EUR 1.9 M due to the launch of a four-battery park system and the incurrence of necessary network maintenance and repair costs;
- The electricity transmission operator's core operating expenses increased by EUR 1.5 M due to higher network maintenance and repair costs, as well as increased payroll expenses;
- The Group company's operating expenses in electricity distribution activities increased by EUR 2.5 M due to higher workload volumes;

Due to the completion of contractual obligations, operating expenses related to the installation, maintenance, and repair of renewable energy technologies decreased by EUR 1.2 M

Turnover according to EU Taxonomy regulation

Economic activities	Code(s)	Absolute turnover	Proportion of turnover year 2024	Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')						Minimum safeguards	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) turnover year 2023	Category (enabling activity)	Category (transitional activity)
				Climate change mitigation	Climate change adaptation	Water and marine resources	Pollution	Circular economy	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine	Pollution	Circular economy	Biodiversity and ecosystems				
A. TAXONOMY ELIGIBLE ACTIVITIES		**M EUR**	**%**	**Y; N; N/EL**	**Y; N; N/EL**	**Y; N; N/EL**	**Y; N; N/EL**	**Y; N; N/EL**	**Y; N; N/EL**	**Y / N**	**Y / N**	**Y / N**	**Y / N**	**Y / N**	**Y / N**	**Y / N**	**%**	**E**	**T**
				EL; N/EL	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**										
A.1 Environmentally sustainable activities (taxonomy-aligned)																			
Electricity generation using solar photovoltaic technology	CCM 4.1. /CCA 4.1.	0.0	0.0%	**Y**	N	**N/EL**	**N/EL**	**N/EL**	**N/EL**	Y	Y	Y	Y	Y	Y	Y	0.0%	-	
Transmission and distribution of electricity	CCM 4.9. /CCA 4.9.	390.6	81.2%	**Y**	N	**N/EL**	**N/EL**	**N/EL**	**N/EL**	Y	Y	Y	Y	Y	Y	Y	79.0%	E	
Storage of electricity	CCM 4.10. /CCA 4.10.	0.0	0.0%	**Y**	N	**N/EL**	**N/EL**	**N/EL**	**N/EL**	Y	Y	Y	Y	Y	Y	Y	0.0%	E	
Transmission and distribution networks for renewable and low-carbon gases	CCM 4.14. /CCA 4.14.	0,1	0.0%	**Y**	N	**N/EL**	**N/EL**	**N/EL**	**N/EL**	Y	Y	Y	Y	Y	Y	Y	0.0%	E	
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	CCM 7.4. /CCA 7.4.	0.0	0.0%	**Y**	N	**N/EL**	**N/EL**	**N/EL**	**N/EL**	Y	Y	Y	Y	Y	Y	Y	0.4%	E	
Installation, maintenance and repair of renewable energy technologies.	CCM 7.6. /CCA 7.6.	0.6	0.1%	**Y**	N	**N/EL**	**N/EL**	**N/EL**	**N/EL**	Y	Y	Y	Y	Y	Y	Y	0.4%	E	

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Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		391.3	81.4%	81,4%	N	**N/EL**	**N/EL**	**N/EL**	**N/EL**	Y	Y	Y	Y	Y	Y	Y	79.8%		
Of which enabling		391.2	81.3%	81,3%	N	**N/EL**	**N/EL**	**N/EL**	**N/EL**	Y	Y	Y	Y	Y	Y	Y	**79.8%**	S	
Of which transitional		-	-	-						-	-	-	-	-	-	-			-
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Transport by motorbikes, passenger cars and light commercial vehicles.	CCM 6.5. /CCA 6.5.	0.0	0.0%	EL	**N/EL**	**N/EL**	**N/EL**	**N/EL**	**N/EL**								0.0%		
Renovation of existing buildings	CCM 7.2. /CCA 7.2.	0.0	0.0%	EL	**N/EL**	**N/EL**	**N/EL**	**N/EL**	**N/EL**								0.0%	EL	
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0.0	0.0%	0.0%	-	-	-	-	-								0.0%		
Turnover of Taxonomy-eligible activities (A.1+A.2)		**391.3**	**81.4%**	81.4%	-	-	-	-	-								**79.8%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities		**89.6**	18.6%																
TOTAL (A+B)		**480.9***	**100%**																

*The indicator is disclosed in the Consolidated and Company's Financial Statement in section 12.2 "Consolidated Statement of Comprehensive Income".

Capital Expenditures under the EU Taxonomy Regulation (CAPEX)

				Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic activities	Code(s)	Absolute turnover	Proportion of Capex year 2024	Climate change mitigation	Climate change adaptation	Water and marine	Pollution	Circular economy	Biodiversity and ecosystems	Climate change mitigation	Climate change adap	Water and	Pollution	Circular economy	Biodiversity and ecosystems	Minimum safeguards	Proportion of Taxonomy-aligned (A.1.) or eligible (A.2.) Capex year 2023	Category (enabling activity	Category (transitional activity)
A. TAXONOMY ELIGIBLE ACTIVITIES		**M EUR**	**%**	**Y; N; N/EL**	**Y; N; N/EL**	**Y; N; N/EL**	**Y; N; N/EL**	**Y; N; N/EL**	**Y; N; N/EL**	**Y / N**	**Y / N**	**Y / N**	**Y / N**	**Y / N**	**Y / N**	**Y / N**	**%**	**E**	**T**
				EL; N/EL	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**										
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Electricity generation using solar photovoltaic technology	CCM 4.1. / CCA 4.1.	0.0	0.0%	**Y**	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.0%	-	
Transmission and distribution of electricity	CCM 4.9. / CCA 4.9.	206.3	95.17%	**Y**	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	68.0%	E	
Storage of electricity	CCM 4.10. / CCA 4.10.	0.1	0.0%	**Y**	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	13.9%	E	
Transmission and distribution networks for renewable and low-carbon gases	CCM 4.14. / CCA 4.14.	0.3	0.1%	**Y**	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.1%	-	
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	CCM 7.4. / CCA 7.4.	0.0	0.0%	**Y**	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.2%	E	
Installation, maintenance and repair of renewable energy technologies	CCM 7.6. / CCA 7.6.	0.0	0.0%	**Y**	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.0%	E	

Capex of environmentally sustainable activities (Taxonomy-aligned) (A.1)		206.7	95.3%	95.3%	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	82.2%		
Of which enabling		206.4	95.2%	95.2%	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	**82.2%**	E	
Of which transitional		-	-	-						-	-	-	-	-	-	-			-
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5. / CCA 6.5.	0.2	0.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.1%		
Renovation of existing buildings	CCM 7.2. / CCA 7.2.	1,2	0.5%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.1%		
Capex of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		1,4	0.6%	0.6%	-	-	-	-	-								0.2%		
Capex of Taxonomy-eligible activities (A.1+A.2)		**208.1**	95.9%	95.9%	-	-	-	-	-								**82.4%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Capex of Taxonomy-non-eligible activities		**8.8**	4.1%																
TOTAL (A+B)		**216.9**	**100%**																

Operational expenditures under the EU Taxonomy Regulation (OPEX)

				Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic activities	Code(s)	Opex	Proportion of Opex year 2024	Climate change mitigation	Climate change adaptation	Water and marine resources	Pollution	Circular economy	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Pollution	Circular economy	Biodiversity and ecosystems	Minimum safeguards	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) Opex year 2023	Category (enabling activity)	Category (transitional activity)
A. TAXONOMY ELIGIBLE ACTIVITIES		**M EUR**	**%**	**Y; N; N/EL**	**Y; N; N/EL**	**Y; N; N/EL**	**Y; N; N/EL**	**Y; N; N/EL**	**Y; N; N/EL**	**Y / N**	**Y / N**	**Y / N**	**Y / N**	**Y / N**	**Y / N**	**Y / N**	**%**	**E**	**T**
				EL; N/EL	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**										
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Electricity generation using solar photovoltaic technology	CCM 4.1. / CCA 4.1.	0.0	0.0%	**Y**	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.0%	-	
Transmission and distribution of electricity	CCM 4.9. / CCA 4.9.	31,3	61,3%	**Y**	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	58.6%	E	
Storage of electricity	CCM 4.10. / CCA 4.10.	2.0	3.9%	**Y**	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.3%	E	
Transmission and distribution networks for renewable and low-carbon gases	CCM 4.14. / CCA 4.14.	0.0	0.0%	**Y**	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.0%	-	
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	CCM 7.4. / CCA 7.4.	0.0	0.0%	**Y**	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.0%	E	
Installation, maintenance and repair of renewable energy technologies	CCM 7.6. / CCA 7.6.	0.5	1,0%	**Y**	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	3.6%	E	

Opex of environmentally sustainable activities (Taxonomy-aligned) (A.1)		33.8	66.1%	66.1%	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	**62.5%**		
Of which enabling		33.8	66.1%	66.1%	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	**62.5%**	E	
Of which transitional		-	-	-						-	-	-	-	-	-	-			-
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5. / CCA 6.5.	0.2	0.4%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.2%		
Renovation of existing buildings	CCM 7.2. / CCA 7.2.	0.0	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0%		
Opex of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0.2	0.4%	0.4%	-	-	-	-	-								0.2%		
Opex of Taxonomy-eligible activities (A.1+A.2)		**34.0**	66.5%	66.5%	-	-	-	-	-								62.7%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Opex of Taxonomy-non-eligible activities		**17.1**	33.5%																
TOTAL (A+B)		**51,1**	**100%**																

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Nuclear and fossil gas related activities under the Taxonomy regulation

Row	Nuclear energy related activities	
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
	Fossil gas related activities	
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

E1 Climate Change

During the Group's DMA assessment, all climate change topics identified by ETAS were evaluated. The preliminary assessment of topics, evaluation of impact and financial materiality, and stakeholder survey revealed that the topics of "Climate Change Adaptation," "Climate Change Mitigation," and "Energy" are material and have been assigned material negative impacts and risks. For more details on the DMA assessment, refer to the sections "SBM-3 Material Impact, Risks, and Opportunities and Their Interaction with Strategy and Business Model. Identification and Assessment of Sustainability Impacts, Risks, and Opportunities" and "IRO-1 Description of the Process for Identifying and Assessing Significant Impacts, Risks, and Opportunities."

We note that the Group has entity-specific disclosure information related to energy not supplied (ENS) and technological electricity losses as part of the climate change topic. These disclosures are provided in the Management Report, part 4 'Annual Performance Report'.

Sustainability topic	Impacts	Risks and opportunities	Location in the value chain
Climate change adaptation	**Actual negative** impact due to the biomass extraction upstream value chain.	-*	Upstream
Climate change mitigation	**Actual negative** impact due to the Group's GHG emissions.	Risks arise from the need to finance the renewal of infrastructure and to provide for investment in new technologies to reduce the Group's impact on climate change (by reducing GHG emissions).	The whole chain
Energy	**Actual negative** impacts from the operations of the Group companies and the Group's supply chain.	The risks stem from the need to invest in RES.	The whole chain

* No significant risks and (or) opportunities have been identified within the Group.

E1-1 Transition plan for climate change mitigation

The Group supports and endorses the global commitment to avoid the effects of climate change and to work towards keeping global warming within the 1.5˚C scenario of the Paris Agreement compared to pre-industrial levels. The Group is committed to contributing to climate change mitigation and the sustainable development of the energy sector, in line with the Paris Agreement and the National Energy Independence Strategy.

The Group has set ambitious strategic targets to reduce its Scope 1 and 2 GHG emissions by 30% by 2026 and by 50% by 2030, compared to 2019. It should be noted that these objectives are also linked to EPSO-G's long-term sustainability-linked finance framework ("Finance Framework") and sustainability-linked bond prospectus. The framework has been independently evaluated by CICERO Shades of Green, an international climate and environmental research centre. Independant assesment identified the EPSO-G's Finance Framework targets as ambitious compared to the sustainability targets set by peers in Europe. These targets are also largely in line with the Paris Agreement's aspirations for reducing climate change impacts. The performance of the bonds is presented in the Management Report, section 4 'Annual Performance Report'.

In 2024, the Group joined the Science Based Targets Initiative (SBTI) and committed to short-term science-based GHG emission reduction targets for 2030, which were submitted to the SBTi for validation at the end of the reporting year.

The Group's strategy also commits to achieving a net-zero GHG emissions by 2050.

Group's GHG emission reduction plans

The Group is subject to the European Union's benchmarks in line with Paris Agreement. The Transition Plan to climate-neutral activities is an integral part of the Company's strategy and financial planning to contribute to the objectives of the Paris Agreement and the requirements of European climate legislation. The Plan is based on long-term investments, with long-term (10 years) investments for strategic and major projects. Each year, a budget is planned, which correlates with the work planned in the Action Plan to achieve the strategic objectives set.

The Group's GHG emission reduction targets as an integral part of the Group's long-term strategy are approved by the EPSO-G Board (and separately by the Boards of Group companies). These targets are further broken down into lower-level implementation plans following the Group's policy of integrated planning and monitoring.

The main measures in the Group's GHG (Scope 1 and 2) Emissions Reduction Plan focus on the largest emitting sources in the electricity and natural gas transmission activities. This includes various pilot projects, market analyses of suppliers, and investment plans.

Key decarbonisation levers (actions 2025 to 2030) in the Group companies:

Amber Grid (all measures reduce the Group's Scope 1 GHG emissions):

- Reconstruction of gas compressor stations;
- Installation of fixed and mobile leak detection systems: installation and use for monitoring methane (CH_4) leaks.
- Employment of gas combustion equipment in operational activities;

- Incorporation of biogas into the gas plant system and its combustion;
- Replacement of gas boilers with electric ones at gas distribution stations (GDS);
- Application of stopple during the repair of a main gas pipeline.

The application of gas combustion equipment and stopple equipment in the activities will generate the highest Scope 1 GHG emission reduction effect.

The company will promote a zero-methane emissions culture to comply with the EU Methane Regulation. These requirements will significantly impact the organisation of repair work and other operational aspects, promoting the adoption of new technologies and processes that minimise methane emissions.

Litgrid (the measures reduce the Group's Scope 1 and Scope 2 GHG emissions):

- Elimination of SF_6 gas in transformer substation refurbishments by 2030 (10 units to be replaced).
- Purchasing green electricity through power purchase agreements to cover electricity technological losses in market-based method (This measure will generate the largest Scope 2 GHG emission reduction effect);;
- Generation of RES for the Company's own needs (installation of solar panels in newly-built and refurbished transformer substations and switchgears).

Across all Group companies (the measures reduce the Group's Scope 1 and Scope 2 emissions):

- Energy efficiency and the use of renewable energy for domestic consumption;
- Increasing the use of clean transport through the purchase of electric and hybrid cars. By 2028, it is projected that the Group's road transport and some of its specialised vehicles will be less polluting than the most polluting, entirely internal combustion-engine-powered vehicles.

In 2024, modelling of the Group's GHG emissions (Scope 1 and 2) and a review of the plan of measures was carried out, prioritising measures based on the highest mitigation potential and their cost-effectiveness. Risks and their assumptions that may affect the achievement of the targets have also been identified, and emissions reduction scenarios (Scope 1 and Scope 2) have been modelled accordingly.

We also note that the primary objective of all the Group's business segments is to contribute to the climate change mitigation objective under Regulation (EU) 2020/852 of the European Parliament and of the Council. The Group's taxonomy-eligible turnover in 2024 was 81.5%, capital expenditure 88.2% and operating expenditure 66.5%. Detailed disclosures under the EU Taxonomy Regulation are provided in section 8.2.1 Disclosures under the EU Taxonomy Regulation of this report.

Other Group strategy measures contributing to the transition plans

In 2024, the gas transmission system operators of Lithuania, Finland, Estonia, Latvia, Poland, and Germany, successfully completed the pre-feasibility study for the Nordic-Baltic Hydrogen Corridor (NBHC) to foster clean energy. This study marks an important step in the development of an international hydrogen transport infrastructure that will connect the Baltic Sea region with Central Europe. The NBHC project is an essential part of the development of the European hydrogen market to ensure sustainable energy supply and promote decarbonisation in the region.

In April 2024, the European Commission (EC) granted the Nordic-Baltic Hydrogen Corridor (NBHC) project the status of a Project of Common Interest (PCI). This project is part of the Baltic Energy Market Interconnection Plan (BEMIP Hydrogen). PCI status assigns the project a strategic priority at the EU level, enabling it to acquire EU funding and expedite permitting procedures, thereby facilitating project implementation and accelerating the development of hydrogen infrastructure in the Baltic region. For more information on the objectives and projects set out in the Group's strategy to contribute to the development of a reliable and climate-neutral energy system, please refer to the the Management Report, part 3 Operational Strategy and Planned Investments, and section 4.5 Research and Development Activities.

E1-2 Policies related to climate change mitigation and adaptation

The energy sector is one of the largest industries affecting climate change. As a group of energy transmission and exchange companies, EPSO-G plays an important role in ensuring a smooth and reliable transformation of the energy system in Lithuania. This transformation includes the development of renewable energy sources and the smooth integration of the growing amount of RES into the energy system, allowing the sector to reduce its dependence on fossil fuels, initiate interconnection projects and facilitate climate-neutral energy exchanges.

The Group's environmental and sustainability policies are the main policies underpinning the Group's management of climate change mitigation and adaptation. Group-level policies are approved by the Group Board.

Sustainability and environmental policies set out key sustainability principles and regulations that reflect climate change adaptation and mitigation:

- As a manager of strategically important energy infrastructure, the Group seeks to contribute to the fulfilment of the climate change and environmental commitments laid out in the Paris Agreement, the European Green Deal, the National Energy Independence Strategy and the National Climate Change Management Agenda.
- The Group aims to contribute directly to the Sustainable Development Goals by: focusing on ensuring access to clean and modern energy, combating climate change, developing modern infrastructure and innovation, safe working conditions, employee welfare and a sustainable supply chain.
- Deploying modern technologies and measures to reduce the Group's GHG emissions by 2030.
- Monitoring the environmental impact of activities – calculating GHG emissions, use of natural and energy resources, and waste generation from the Group's activities.
- Expanding the use of RES to meet the technological energy needs of transmission grid infrastructure.
- Prioritising and expanding the use of clean transport and consistently reducing the use of polluting fuels.

In designing and implementing its sustainability actions, the Group seeks the full involvement of its stakeholders and promotes transparent and fair cooperation with consumers and manufacturers, suppliers, the public, the owner, employees, the media and other stakeholders.

Existing Group's policies cover all the significant impacts and risks identified in the climate change materiality assessment.

E1-3 Actions and resources in relation to climate change policies

Climate change mitigation

The Group acknowledges that the energy sector plays a vital role in the European Union's efforts to achieve climate neutrality by 2050. The Group's actions regarding climate change and mitigation are outlined in its corporate GHG emission reduction plans and strategic plans. The main GHG reduction measures are reported in section E1-1.

GHG measures are included in the long-term financial plan of the Group companies (modernisation of gas compressor stations, reconstruction of main gas pipelines, procurement of mobile gas compressor and natural gas combustion equipment, etc.). The purchase of guarantees of origin of electricity demonstrates that electricity technological losses have been incurred by the electricity generated from RES, thus reducing GHG emissions (Scope 2). The cost of technological losses is included in the cost price.

By 2030, the Group plans to invest around €155 million in measures that will directly contribute to reducing GHG emissions. All long-term investments and future expenditures are not disclosed as the Group cannot currently ensure the accuracy of this information. Disclosure options will be assessed in the future.

The Group's direct emissions depend on the scale of the works carried out (reconstructions, new projects, etc.) and the implementation of mitigation measures. The following GHG emission reductions (Scope 1 and Scope 2) have been achieved on a Group-wide basis compared to the base year 2019. A minus sign in the table indicates that emissions have decreased compared to the base year.

	2024	2023	2022	2021	2020
The Group's GHG (Scope 1 and Scope 2) emission performance compared to the base year 2019.	6.1%	26.1%	-0.9%	-7.4%	-11.4%

Climate change adaptation

EPSO-G Group has carried out a comprehensive assessment of climate change risks and opportunities in 2023, in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), to assess the resilience of the EPSO-G Group's strategy and business model to changes in climate change. The assessment was also based on the Study on Climate Change Risks by the Middle of the 21st Century (2023) conducted by the Lithuanian Hydro-Meteorological Service under the Ministry of the Environment of the Republic of Lithuania, Climatic and Research Division, which predicts the level of physical risks in the future Lithuanian climate.

To better understand the likelihood of climate-related risks occurring, short-term (2026), medium-term (2030) and long-term (2050) perspectives were considered. The analysis follows international climate change risk assessment practices, i.e. two socio-economic scenarios developed by the Intergovernmental Panel on Climate Change (IPCC):

- the Paris Agreement-conforming scenario for the increase in mean temperature, limited to 1.5/2 °C (SSP1–2.6), and
- A business-as-usual scenario with an average temperature rise above 4 °C (SSP5–8.5).

The assumptions of the socio-economic scenarios do not differ much in terms of the incidence of physical risks by 2050. The scenarios vary according to the scale of the energy system transformation. Therefore, the probability of transition risk under the two scenarios differs dramatically. The assessment of the likelihood of transition risks relevant to the energy sector under the assumptions of the IPCC scenario was based on the expert judgement of external consultants.

The results of the consolidation exercise show that physical risks will have a very limited impact on the activities of EPSO-G Group companies in the short, medium and long term (until 2050). Only during floods and extreme fluctuations in water levels the potential impacts are greater. The expected impact of transition risks is also low at the Group level. However, the difference varies at the level of the Group companies; for example for Amber Grid, the impact is significantly higher. This preliminary assessment is a starting point to extend the analysis and provide a more detailed picture of the impact of climate-related risks on the Group's financial performance and cash flows. The main risks are described in the Management Report, section 5.9 Risk Management Framework.

The table below gives an overview of the climate-related physical risks and their relevance to EPSO-G Group companies.

Type of risk	Impact on the Paris Agreement objective and business model	EPSO-G Group companies that may be affected by physical risks
Acute physical risks		
Heat wave, cold wave/freeze, fires, storms, wind gusts, lightning, drought, heavy precipitation, flooding, snow and ice load, landslide, subsidence	For the periods 2026, 2030, and 2050 all risks are very low, except for floods, where the risk is medium	**Heat Wave** – Tetas, EPSO-G, Energy Cells, Litgrid, Amber Grid; **cold wave/freezing** – Amber Grid; **fires** – Litgrid, Amber Grid; **storms, wind gusts, lightning** – Litgrid, Amber Grid; **drought** – Amber Grid; **heavy precipitation** – Energy Cells, Amber Grid; **flood** – "EPSO-G", "Litgrid", "Amber Grid"; **snow and ice load** - Litgrid, Amber Grid; **landslide** – Amber Grid; **subsidence** – Amber Grid.
Chronic physical risks		
Changing temperatures, changing precipitation patterns, precipitation or hydrological variability, saltwater intrusion, sea level rise, water stress, geographical hazards, soil erosion	For the periods 2026, 2030, and 2050 all risks are very low	**Changing temperatures** – Amber Grid, Energy cells; **changing precipitation patterns** – Litgrid; **precipitation or hydrological variability** – Amber Grid; **saltwater intrusion** –Amber Grid; **sea level rise** – Amber Grid; **water stress** – Amber Grid; **geographical hazards** – Amber Grid; **soil erosion** – Amber Grid.

The table below gives an overview of the transition risks and their relevance for the EPSO-G Group.

Type of risk	Impact on the Paris Agreement objective and business model	EPSO-G group companies that may be exposed to risks in the pre-transition period
Political and legal		
The regulatory environment, disorderly energy transition risks of potentially distortive measures, legal liability and management accountability	For the periods 2026, 2030, and 2050 all risks are low	**Regulatory environment** – EPSO-G, Amber Grid; Baltpool, Energy Cells; disorderly energy transition risks from the imposition of potentially distortive measures – EPSO-G, Amber Grid, Baltpool, Energy Cells; **legal responsibility and management accountability** - EPSO-G, Litgrid, Amber Grid, Baltpool, Energy Cells.
Technological		
Low carbon transition costs, transition risk for older assets, asset depreciation risk	For the periods 2026, 2030, and 2050 risk of costs of low carbon transition is low; for 2050 risk of transition of older assets, risk of asset depreciation is medium	**Costs of low-carbon transition** – EPSO-G, Amber Grid, Energy Cells, Litgrid. **risk of transition of older assets, risk of asset depreciation –** EPSO-G, Amber Grid.
Markets		
Uncertainty in consumer behaviour, market signals and changes in supply chain, raw material and energy prices	For the periods 2026, 2030, and 2050 all risks are low	**uncertainty in consumer behaviour, market signals and supply chain** – EPSO-G, Amber Grid, Energy Cells, Litgrid, Baltpool; **changes in raw material and energy prices** – EPSO-G, Amber Grid, Baltpool.
Reputational		
Transmission system reliability, expectations related to climate risk management, expectations related to disclosure of non-financial information	For the periods 2026, 2030, and 2050 risk of the transmission system reliability is low, for 2050 risks of expectations related to climate risk management and the disclosure of non-financial information are medium	**Transmission system reliability** – EPSO-G, Amber Grid, Energy Cells, Litgrid. **expectations related to climate risk management** – EPSO-G, Amber Grid, Energy Cells, Litgrid, Baltpool; **expectations related to the disclosure of non-financial information** - EPSO-G, Amber Grid, Energy Cells, Litgrid, Baltpool.

E1-4 Targets related to climate change mitigation and adaptation

The Group's GHG emission reduction targets and related measures are described in sections E1-1, E1-2, E1-3 above. The Group's GHG reduction targets by SBTi Guidelines are set for a 5-year period, with a focus on 2026 and 2030.

Implementation level is measured in t CO_2e, base year is 2019. The targets cover Scope 1 and 2 GHGs (direct and indirect emissions) resulting from the Group's activities.

The Action Plan focuses on Scope 1 and 2 emissions and is structured to reduce the environmentally most significant emission generators: controlled and uncontrolled methane leakage, which arises from operational leakage from fixed installations consuming natural gas for process use, and grid losses, which arise from the transmission of electricity through high voltage networks. Scope 3 emissions were first calculated in 2023. In 2025, a Scope 3 emissions reduction analysis and options are planned to be carried out to prepare the Group's roadmap for net-zero emission activities.

The Group does not apply GHG removals and GHG mitigation projects financed through carbon credits. There is also no carbon pricing.

The plans and associated risks for target achievement are managed and included in the Group's risk management register.

For more details on risks please refer to Management Report, section 5.9.2 Key risks and their management and section E1-3 Adaptation to Climate Change.

The Group's Board approves the strategy, which includes climate change and GHG reduction targets as integral components. It monitors the implementation of the strategy and its targets, reviews the strategy at least once a year, and updates it as necessary. The Board establishes the Group's annual targets each year, regularly monitors their progress on a quarterly basis, and conducts an annual evaluation of target achievement. Group's annual targets usually include sustainability objectives. The outcome of the target implementation is one of the components taken into account in the annual financial incentives for the Group's CEO. If the Group's employees have set sustainability-related targets, their financial incentives are also affected by the achievement of these targets. All actions are relevant to reducing GHG emissions because they have a cumulative effect and influence the achievement of the targets.

Reports on the implementation of the Group's GHG reduction plans and risk management plans for measures are presented to the Audit Committee as required.

GHG emission reduction targets

	Base year 2019	2024	Target 2025	Target 2026	Target 2030
GHG emissions before reduction actions (Scope 1 and 2) (tCO_2e)	205,397	256,568	313,058	340,052	379,712
GHG emissions after reduction actions (Scope 1-2) (tCO_2e)	-	217,941	255,659	143,778	102,699
GHG emissions (Scope 1–2) (% change compared to base year)	-	6%	25%	-30%	-50%

Calculation methodology. The indicators are based on the SBTi guidelines; planned GHG emissions are based on the projected quantities and emission factors of the main emission sources – electricity losses and methane leakages as well as the newest emission factors, accessible in 2024.

E1-5 Energy consumption and mix

Group companies strive to create an organisational culture based on a philosophy of conservation of nature and other resources. In the Group's environmental policy, Group companies are committed to using certified green electricity in their administrative activities, expanding the use of renewable energy sources to meet the technological energy needs of the transmission network infrastructure, prioritising and expanding clean transport usage while continuously reducing polluting fuels and improving energy efficiency measures. All these initiatives are consistently integrated within the Group. This is reflected in the aggregated energy consumption figures shown in the table below.

The energy consumption figures are derived from corporate accounting data and have been consolidated on a Group-wide basis.

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Energy consumption and mix

Energy consumption and mix	2024	Comparative 2024/2023, %	2023	Comparative 2023/2022, %	2022	Comparative 2022/2021, %	2021
(1) Fuel consumption from coal and coal products (MWh)	n/a	n/a	n/a	n/a	n/a	n/a	n/a
(2) Fuel consumption from crude oil and petroleum products (MWh)	10,854.5	4.5	10,383.3	-22.5	13,391.0	244.7	3,885.3
(3) Fuel consumption from natural gas (MWh)	86,915.0	-13.2	93,079.0	18.8	78,352.7	139.7	32,682.9
(4) Fuel consumption from other fossil sources (MWh)	n/a	n/a	n/a	n/a	n/a	n/a	n/a
5) Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources (MWh)	362,245.6	-4.8	380,639.2	-12.3%	434,113.2	9.2	397,316.4
(6) Total fossil energy consumption (MWh) (calculated as the sum of lines 1 to 5)	460,014.7	-6.3	484,101.45	-7.9	525,856.9	21.2	433,884.6
Share of fossil sources in total energy consumption (%)	89.8%	n/a	98.4%	n/a	99.9%	n/a	100.0%
(7) Consumption from nuclear sources (MWh)	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Share of consumption from nuclear sources in total energy consumption (%)	n/a	n/a	n/a	n/a	n/a	n/a	n/a
(8) Fuel consumption for renewable sources, including biomass (also comprising industrial and municipal waste of biologic origin, biogas, renewable hydrogen, etc.) (MWh)	n/a	n/a	n/a	n/a	n/a	n/a	n/a
(9) Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources (MWh)	52,024.2	625.9	7,166.4	1 428.8	468.8	3,662.1	12.5

(10) The consumption of self-generated non-fuel renewable energy (MWh)	528.3	3.1	512.7	77.7	288.5	n/a	n/a
(11) Total renewable energy consumption (MWh) (calculated as the sum of lines 8 to 10)	52,552.5	584.4	7,679.1	914.1	757.3	5,977.6	12.5
Share of renewable sources in total energy consumption (%)	10.3%	n/a	1.6%	n/a	0.1%	n/a	0.0%
Total energy consumption (MWh) (calculated as the sum of lines 6, and 11)	512,567.2	4.23	491,780.6	-6.6	526,614.1	21.4	433,897.1

Calculation methodology. Crude oil and petroleum product fuel consumption (MWh) is based on fuel consumption in vehicles and mobile equipment. Natural gas fuel consumption (MWh) is calculated by including the amount of gas consumed at gas distribution stations for process purposes. The consumption (MWh) of purchased fossil electricity, heat, steam and cooling is calculated by summing the consumption of fossil electricity for domestic use, technical losses, offices and heat. Consumption (MWh) of purchased renewable electricity, heat, steam and cooling is based on the consumption of renewable certified electricity. The consumption (MWh) of non-fuelled renewable energy is based on self-generated electricity from solar power plants. Energy consumption data is obtained from commercial invoices and (or) accounting systems. Data constraints for energy consumption and energy mix are indicated by "n/a".

Energy intensity per net revenue

Energy intensity per net revenue	2024	Comparative 2024/2023, %	2023	Comparative 2023/2022, %	2022	Comparative 2022/2021, %	2021
Total energy consumption from activities in high climate impact sectors per net revenue* from activities in high climate impact sectors (MWh/KEur) Eur	1.0	-14.0	1.2	32.8	0.9	-24.5	1.2

Calculation methodology. The net income from activities with a high climate impact excludes the activities of EPSO-G (NACE code M.70.22) and Baltpool (K. 66.12), and part of activities of Amber Grid. These activities do not have a high impact on climate change.
*The indicator is disclosed in the Consolidated and Company's Financial Statement in section 12.2 "Consolidated Statement of Comprehensive Income".

In 2024, the share of renewable energy consumption in the Group's total energy consumption increased 7 times compared to 2023 (1,6% in 2023, 10,3% in 2024). This reflects the Group's successful efforts to use more energy from renewable sources. This change is also due to Litgrid's GHG emission reduction plan – the purchase of electricity from RES (guarantees of origin) to cover technological losses and Company's own power consumption, and the use of renewable certified electricity by the Group's corporate offices. In 2022 and 2023, Litgrid purchased certificates of origin only to cover electricity consumed by office premises, and from 2024 onwards to cover process losses in the network. In addition, self-consumption of RES in 2024 increased by 3.0% compared to 2023. Non-renewable electricity consumption decreased by 6,3% compared to 2024 and 2023.

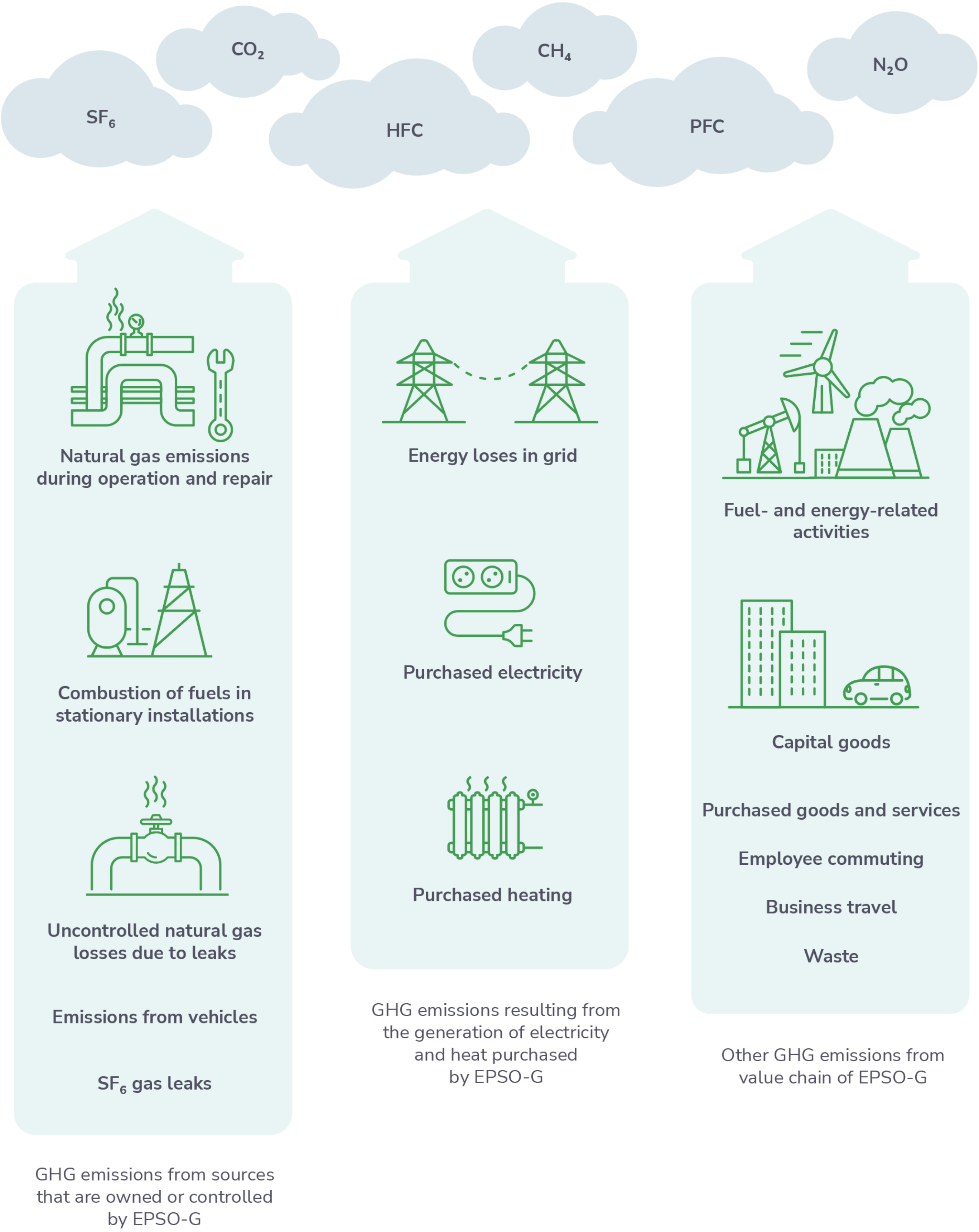
E1-6 Gross Scopes 1, 2, 3 and Total GHG emissions

Greenhouse gas emissions

Group GHG emissions were calculated in accordance with The Greenhouse Gas Protocol A Corporate Accounting and Reporting Standard (hereinafter – 'Standard'). Operational GHG emissions are classified into three Groups: direct emissions (Scope 1), indirect emissions (Scope 2), and other indirect emissions (Scope 3). In the Group's reports, we aim to ensure that GHG emissions are calculated as accurately as possible and that disclosures are in line with stakeholder expectations.

Group sources of GHG emissions

The main sources of GHG emissions from the Group's activities are electricity losses in the transmission network (Scope 2), natural gas leakages (Scope 1), fuel for stationary combustion (Scope 1) and emissions from the acquisition of fixed assets (Scope 3, Category 2).



GHG emissions

Emission type	Retrospective						
	2024	2023	2022	2021	2020	Base year 2019	Comparative 2024/2019
Scope 1 GHG emissions							
Gross Scope 1 GHG emissions (tCO2eq)	30,859	42,185	25,873	53,935	57,755	63,642	-51.5%
Percentage of Scope 1 GHG emissions from regulated emission trading schemes (%)	24	36	12	1	1	7	214%
Scope 2 GHG emissions							
Gross market-based Scope 2 GHG emissions (tCO_2eq)	187,082	216,804	177,742	136,239	124,261	141,755	32%
Gross location-based Scope 2 GHG emissions (tCO2eq)	56,366	57,298	90,748	77,609	92,475	60,060	-6%
Scope 1 and 2 GHG emissions (market-based method)	217,941	258,989	203,616	190,174	182,017	205,397	6%
Significant scope 3 GHG emissions							
Gross Scope 3 GHG emissions (tCO2eq)*	88,021	73,810	44,573	-	-	-	-
1. Purchased goods and services	3,684	2,476	1,870	-	-	-	-
2. Capital goods	59,694	43,968	14,500	-	-	-	-
3. Fuel and energy related activities (not included in Scope 1 or 2).	22,790	25,839	26,623	-	-	-	-
4. Upstream transportation and distribution	-	-	-	-	-	-	-
5. Waste generated in operations	71	111	139	-	-	-	-
6. Business traveling	361	183	193	-	-	-	-
7. Employee commuting	1,421	1,232	1,247	-	-	-	-
8. Upstream leased assets	-	-	-	-	-	-	-
9. Downstream transportation	-	-	-	-	-	-	-
10. Processing of sold products	-	-	-	-	-	-	-
11. Use of sold products	-	-	-	-	-	-	-
12. End-of-life treatment of sold products	-	-	-	-	-	-	-
13. Downstream leased assets	-	-	-	-	-	-	-
14. Franchises	-	-	-	-	-	-	-
15. Investments	-	-	-	-	-	-	-
Total GHG emissions (location-based) (tCO2eq)	175,246	173,293	161,194	131,544	150,230	123,702	-
Total GHG emissions (market-based) (tCO2eq)	305,961	332,799	248,188	190,174	182,017	205,397	-

*- Scope 3 emissions are calculated from 2023 onwards (calculated for 2022 and 2023)

Calculation methodology. Scope 3 (categories 1 and 2) emission calculations use data from the Exiobase database, which provides GHG estimates by EUR (kg CO_2.e/Eur). Scope 3 emission calculations also use the UK Department for Environment, Food and Rural Affairs (DEFRA) and Statista databases. Direct data from suppliers are not used due to data availability and reliability issues. Scope 1 and 2 data come from suppliers' invoices and internal systems. Technological losses (Scope 2) incurred in the "NordBalt" and "LitPol Link" interconnections are not included in Lithuania's energy metering balance and are therefore not included in the Group's GHG emissions calculation (according to the activity-based control approach). "EPSO-G" subsidiary Litgrid AB is not responsible for the electricity purchased by the "NordBalt" and "LitPol Link" interconnectors to cover technological losses in accordance with the contracts between the system operators.

In 2024, 6 relevant Scope 3 categories (out of 15) were inventoried:

Category 1: Purchased goods and services. Emissions from third-party production of goods and services used in the Group's activities. Spend-based method was used for the calculations.

Category 2: Capital goods. GHG emissions arising from the acquisition of long-term assets. This category counts emissions resulting from the acquisition of capital goods. Spend-based method was used for the calculations. The calculations do not include GHG emissions from tangible assets acquired from the third parties as the calculations are carried out according to the Standard's spend-based method.

Category 3: Fuel-and energy-related activities (not included in the Scopes 1 and 2). Third party emissions from the extraction, production and transport of fuels consumed by the Group's companies (*Well to tank; Tank to wheel*) and the emissions from the preparation of the fuels needed to produce the electricity and heat (central heating) energy consumed. The average data method was used for the calculations.

Category 5: Waste generated in the Group's operations. Based on actual and estimated waste volumes of Group companies. The waste-type-specific method is used for the calculations.

Category 6: Business travel. Emissions related to flights and overnight stays of employees on business trips. The distance-based method was used for the calculations.

Category 7: Employee commuting. The average data method was used for the calculations.

The other level 3 categories are not relevant for the Group. Their relevance is assessed annually. Based on the specificities of the Group's companies, we plan to improve the calculation and disclosure of Scope 3 GHG emissions in the future.

GHG intensity

GHG intensity per net revenue	2024	Comparative 2024/2023, %	2023	Comparative 2023/2022, %	2022	Comparative 2022/2021, %	2021
Total GHG emissions (location-based) per net revenue (tCO2eq/ millions of Eur)	364.41	1%	361.86	32%	273.26	-25%	362.48
Total GHG emissions (market-based) per net revenue (tCO2eq / millions of Eur)	636.23	-8%	694.92	65%	420.73	-20%	524.04

Calculation methodology. The values were calculated by dividing the total annual emissions (tCO_2e) by the net revenue (in millions of Eur). The financial indicators (income) used for the calculations are disclosed in the Consolidated and Company's Financial Statements, section 12.2 "Consolidated Statement of Comprehensive Income".

In terms of total GHG emissions in 2024, Scope 2 makes the largest share of 61%. Scope 1 makes 10% and Scope 3 makes 29%. Looking at total 2024 GHG Scope 1 and 2 emissions, GHG emissions increased by 6% compared to the 2019 baseline and decreased by 16% compared to 2023. The increase in Scope 1 and 2 emissions in 2024 compared to the 2019 baseline is mainly due to higher fuel consumption (petrol, diesel, natural gas) in stationary and mobile installations, and higher technological losses in electricity transmission.

In 2024, Litgrid's GHG emissions from electricity technological losses in its electricity transmission network operations (Scope 2) decreased by 16% compared to 2023. One of the main reasons for this was the purchase of green electricity certificates to reduce GHG emissions in this area. The number of technological losses and emissions is determined by the reconstruction works carried out on the network and the associated planned and unplanned disconnections.

Emissions of sulphur hexafluoride (insulating gas, SF_6) have decreased by 12% compared to 2019. This gas in Litgrid's Scope 1 GHG emissions accounts for 61%. At Group level, SF_6 gas accounts for only 1.5% of the total (Scope 1). One of the measures to avoid repeated leaks and SF_6 GHG emissions is better maintenance, whereby, when a refill is made after 6 months or less since the last one, an investigation is carried out and measures to prevent leaks (usually repairs and replacement of gaskets) are envisaged. External, uncontrollable factors such as temperature changes also affect SF_6 gas leakage. There is a trend that as the air temperature drops, the number of signals received from the TSs increases on the reduced SF6 gas pressures in the equipment.

In the natural gas transmission activities, GHG emissions at Scope 1 (natural gas leakage) decreased by 44%. Compared to the base year, emissions in this area in Amber Grid's operations decreased by 61%. The use of a mobile gas compressor, the reduction in repair volumes and changes in the methodology for calculating natural gas leakage have contributed to the reduction in emissions.

Other indirect GHG emissions (Scope 3).Total other indirect emissions from the Group's consolidated activities from sources outside the Group's control and management (supply chain) increased by 19% compared to 2023. The increase is due to higher capital investment in the fixed assets (Cat 2) category.

The largest Scope 3 emission categories in 2024: Capital goods (Cat 2) – 68%, Fuel-and energy-related activities (Cat 3) – 26%, Purchased goods and services (Cat 1) – 4%.

Updates to the methodology for accounting Scope 1 and 2 emissions

In 2024, EPSO-G revised its methodology for calculating the Group's Scope 1 and Scope 2 GHG emissions to estimate greenhouse gas emissions with a greater precision. In accordance with the Standard and good practice in emissions accounting, the values for the base year 2019 were recalculated (rebaselining) and all subsequent years up to 2023 have been recalculated. This revised methodology was used to calculate GHG emissions for 2024.

The main factors that influenced the review and recalculation of the Group's GHG emissions:

1. The review of the Group's GHG emissions data and accounting methodology found that the Group's baseline GHG emissions inventory did not apply the most up-to-date and robust GHG emission factors for electricity Scope 2 and Scope 1 gases [CH_4, SF_6]. Calculations of the EPSO-G Group's GHG emissions for the period 2019–2023 used the derived electricity coefficient obtained from the third-party system OneClickLCA.

The derivative coefficient was based on several databases and remained constant throughout the period. Considering that the coefficient does not accurately reflect the current, real and evolving situation in the electricity market, and in accordance with the recommendations of the Standard, we have recalculated the electricity and transmission losses using GHG emission factors derived from the Association Of Issuing Bodies database (European Residual Mix).

2. In June 2024, Amber Grid's methodology for calculating natural gas, titled "Consumption of natural gas for technological purposes in the AB Amber Grid gas transmission system," underwent a change. This methodology impacts the calculation of uncontrolled natural gas (methane) emissions (Scope 1). The methodology assumes that the main gas pipelines are made of steel and that gases do not penetrate the pipe walls and are thus not released into the atmosphere. For this reason, the amount of gas leaking from the pipelines of the gas transmission system due to possible defects is only counted in cases where leaks are detected and identified. According to the methodology, any leakage detected must be measured with available measuring instruments (leak detection devices). For comparability of data, the updated methodology principles were applied to recalculate the emissions of this GHG emission amount (uncontrolled methane) i.e. the values for the base year and the subsequent years (2019–2023).

The 2019 base year recalculations based on the updated emission factors and the 2024 update of the natural gas calculation methodology have resulted in a rebaselining of the 2019 base year Scope 1 and Scope 2 GHG emissions. All recalculations of GHG emissions for the subsequent financial reporting years 2020–2023 have been carried out to ensure comparability as well as to enable consistent monitoring of the Group's progress towards achieving its GHG emission reduction targets in line with the SBTi based reduction pathway. This recalculation reflects more accurate GHG accounting principles and data (emissions quantities) and maintains consistency and comparability with industry best practices and requirements. For more detailed information please refer to the 2023 Progress Report on Sustainability Indicators.

E1-7 GHG removals and GHG mitigation projects financed through carbon credits

The Group does not absorb or store any amounts of GHG. The Group does not finance and has no plans to finance mitigation projects outside its value chain through the purchase of carbon credits.

E1-8 Internal carbon pricing

The Group does not operate internal carbon pricing systems.

E1-9 Anticipated financial effects from material physical and transition risks and potential climate-related opportunities

The Group uses the option of phased-in disclosure and does not disclose the financial impact.

E4 Biodiversity

During the Group's DMA, all biodiversity-related topics identified in the ESRS across the Group's value chain (more on this in section 8.1) were evaluated. The preliminary assessment of the topics, the impact and financial materiality assessments and the stakeholder survey revealed that topics Land-Use Change, Fresh Water-Use Change and Sea-Use Change and Species Population Size are under material impacts. For more information on the DMA approach and assessment see the sections "SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model. Identifying and assessing sustainability impacts, risks and opportunities" and "IRO-1 Description of the processes to identify and assess material impacts, risks and opportunities".

Sustainability topic	Impacts	Risks and opportunities	Location in the value chain
Land-use changes, changes in freshwater use, and changes in marine use	**Actual negative impacts** are related to land-use changes resulting from the impact of network infrastructure on ecosystems and biomass extraction upstream value chain.	*	Upstream
Species population size	**Potential negative impacts** may be related to the development and maintenance of network infrastructure.	*	**

* No material risks and (or) opportunities have been identified within the Group.

**Impact on sustainability topics arises directly from the Group's operations, so no value chain location is indicated.

E4-2 Policies related to biodiversity and ecosystems

Prior to the DMA, the EPSO-G Group followed the principles set out in its environmental and sustainability policies to reduce its impact on biodiversity. The material biodiversity topics identified during the Group's DMA (during the reporting year) will be managed in the future through updated and supplemented environmental and sustainability policies and other internal procedures or inventories. To reduce the impact of the Group's activities on biodiversity, the new strategy sets a new direction of zero net loss of biodiversity. The Group also foresees updating biodiversity management as defined in the Group's policies and developing a biodiversity management plan.

E4-3 Policies related to biodiversity and ecosystems

EPSO-G Group companies are dedicated to protecting biodiversity during the operation, expansion, or upgrading of energy system infrastructure by monitoring biodiversity as needed, and, in cases of unavoidable objective circumstances, through the design and implementation of necessary mitigation or compensation measures. This is ensured by carrying out a mandatory environmental impact assessment (EIA) before projects or works are carried out.

Group company's Amber Grid compressors, gas metering, gas distribution stations and gas pipelines, together with the 25-metre protection zone, enter, border or cross protected areas and objects. In total, Amber Grid's substations border 3 protected areas and cross the Luponė stream; whereas the main pipeline is located across the entire territory of Lithuania: it crosses 414 rivers, 9 ponds, enters the territory of 41 nature reserves, 2 botanical natural heritage sites, 5 biosphere polygons and 52 areas important for habitat protection. Post-construction monitoring of the individual phases of the Gas Interconnection Poland-Lithuania (GIPL) pipeline will be carried out for 4 years after completion in 2022. It monitors how the local flora, fauna and species diversity characteristic of the area are recovering after the construction of the pipeline and whether additional measures are needed to restore or improve the pre-construction situation. Although biodiversity and landscape were damaged during the construction of the pipeline, monitoring shows a natural recovery of biodiversity and landscape. No additional measures (fixing river slopes, planting crops, etc.) were needed in 2024.

More than 606 km of Litgrid's overhead transmission lines and about 21 km of cable lines cross protected areas. The most significant impacts on biodiversity are on birds. After the EIA procedures and on the recommendation of ornithologists, special pendants and spirals have been hung on the wires to increase the visibility of overhead lines for birds and bats. For its projects, Litgrid also carries out post-construction period monitoring, which monitors the physical impact of overhead lines on birds and bats. No material impacts on bird and bat populations or species diversity have been identified from 2021.

During the breeding season, Litgrid and Amber Grid take measures to ensure that their operational or construction activities minimally interfere with the welfare of birds. On the advice of ornithologists, works are restricted from 1 May to 31 July due to potential disturbance to birds during their breeding season. This is assessed responsibly before drawing up project schedules.

The material biodiversity topics identified during the Group's DMA assessment (in the reporting year) will be managed in the future through appropriate actions and resources.

E4-4 Policies related to biodiversity and ecosystems

Currently, there is no information available on the resources and indicators identified to manage the Group's negative impacts on biodiversity and ecosystems. To reduce the negative impact of the Group's corporate activities on biodiversity and ecosystems, the new Group strategy sets a target of zero net loss of biodiversity. To meet the target, the Group envisages developing an action plan shortly.

E4-5 Impact metrics related to biodiversity and ecosystems change

The Group has no biodiversity and ecosystem-related impact indicators identified at this stage.

E5 Circular economy

During the Group's DMA, all circular economy topics identified in the ESRS across the Group's value chain were evaluated (more details can be found in section 8.1). The preliminary assessment of the topics, the impact and financial materiality assessments and the stakeholder survey revealed that topics Land-Use Change, Fresh Water-Use Change and Sea-Use Change and Species Population Size all are related to material impacts.

For more information on the DMA approach and assessment see the sections “SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model. Identifying and assessing sustainability impacts, risks and opportunities” and “IRO-1 Description of the processes to identify and assess material impacts, risks and opportunities”.

Sustainability issue	Impacts	Risks and opportunities	Location in the value chain
Resource inflows, including resource use. **Resource ouflows related to products and services**	**Potential negative impacts** relate to the planned development of energy transmission infrastructure.	-*	-**
Waste	**Actual negative impacts** arise from waste generated by the Group's operations and throughout the value chain.	-*	Entire value chain

* No material risks and (or) opportunities have been identified within the Group.

**Impact on sustainability topics arises directly from the Group's operations, so no value chain location is indicated.

E5-1 Policies related to resource use and circular economy

The Group has no direct policy provisions governing the use of resources and the development of the circular economy within the Group. The Environmental Policy states that the Group's companies must follow the principles of pollution prevention, reduce the amount of waste generated by their operations and ensure safe and responsible waste management.

The Group-wide Environmental and Sustainability Policies define the environmental and sustainability principles that guide the entire Group. The criteria for the development of a circular economy are important, but have not yet been integrated into the Group's overall strategy. The Group's strategy includes a preference for circular procurement practices.

Minimising the waste produced by the Group's activities and ensuring its responsible management is a key environmental priority for the Group. The policy does not specify what proportion of secondary resources will be used in the Group's operations, thereby reducing the need for primary resources.

The current operational policies at the Group level do not detail impacts, risks and opportunities at the value chain level. Still, we intend to deepen and broaden our approach to assessing the materiality of the whole chain and to integrate the principles of this approach into our management policies and other operational documents in these areas.

E5-2 Actions and resources related to resource use and circular economy

The Group has no action plan on resource use and the development of the circular economy. However, a number of circular economy (resource conservation and waste reduction) processes are already underway across the Group:

- During maintenance and repair of natural gas pipelines, removed components (e.g. metal pipes) are directed for recycling.
- Recovering (secondary use) of resources. Still usable pipeline components are refurbished and reused in new projects (if possible). Efforts have consistently been made to regenerate insulating oil and SF_6 gas on-site initially; only if the necessary process parameters are not achieved is the material directed to waste, and the equipment is replenished with fresh oil or gas. When existing transformers are dismantled, the insulating oil contained in them is diverted to an oil depot for further use (if the required parameters are met).
- Extending service life. The Litgrid company's requirement to increase the thickness of the zinc layer of steel supports extends the service life of the supports of transmission lines by up to 1.5 times.
- Replacing old office furniture with new furniture involves auctions (resales) of old furniture, where employees can buy and reuse the furniture for a second life. There are 3 stages of the resale-purchase, during which the sales price changes to give the furniture a second life. If not sold within 3 stages, the office equipment and furniture is passed to the recycler.

The focus for 2025–2027 is on promoting and developing a sustainable supply chain:

1. Continuation of existing sustainability initiatives in procurement: Group's Supplier Code of Conduct and Verification process for Group operating partners have been revised and adjusted as necessary; the information system for supplier screening has been improved;
2. Initiating new sustainable procurement initiatives: we will perform an initial analysis for the development of a Supplier Sustainable Engagement Programme during 2025.

The Group's current and anticipated future initiatives regarding waste recycling, reusing and prolonging the life cycle of resources directly contribute to reducing the amount of waste generated.

The Group is making efforts to ensure that waste generated during operation and maintenance work is managed as efficiently as possible in accordance with circular economy principles:

- Waste, including waste from precious raw materials such as metals, is separated and sent to certified recyclers, ensuring its return to the market.
- Disassembled equipment parts that are suitable for reuse are stored and reused during maintenance or other repair work, reducing the need for new raw materials.
- Contractors carrying out refurbishments are obliged to separate waste on site and to report on its transfer to waste managers.

The Group contributes to the circular economy by promoting collective actions and cooperation with value chain players:

- We work with certified waste managers and recyclers to ensure that 100% of recyclable waste is returned to the market.
- Contractors carrying out refurbishments are obliged to comply with the requirements of the circular economy and to separate waste on site. They must also provide detailed information on waste management, including the quantities of materials recycled.

Actions to prevent waste at the upstream and downstream end of a undertaking's value chain include reuse, handling, and timely maintenance. Recovering is also promoted through renting of equipment (saving resources), resales of office furniture and other equipment.

E5-3 Targets related to resource use and circular economy

Although the Group does not have targets related to resource use and the development of a circular economy, it performs waste accounting, and all Group companies monitor their waste disposal and recycling trends. A waste log is kept and the quantities of waste generated are compared each year.

Waste accounting is regulated by the legislation of the Republic of Lithuania, and recycling is voluntary to ensure that waste is returned to the market as raw materials.

E5-4 Resource inflows

EPSO-G Group companies neither produce nor market any goods or products in the course of their activities. The resource inflows categories only disclose the resource inflows necessary for the enterprises to perform their services: the annual quantity of natural gas and other tangible categories of various types of goods and resources (e.g. metal structures, steel, tin, aluminium, sand, dolomite rubble and other smaller categories) required to maintain and operate the business. Accurate data is derived from the accounting system. Information on sustainably sourced bio-based materials and reused secondary materials was not collected. We plan to gather and share this information more comprehensively in upcoming reports.

The Group's activities involve the use of technical materials that are necessary for the operation and repair of transmission networks (electricity and gas):

1. Metal parts: pipe sections, electrical cables, valves, fittings and other components made of steel and copper. These materials are essential for maintaining and upgrading electricity and gas transmission infrastructure.
2. Plastic components: insulation materials and sealants, various composite materials used to protect and seal pipelines, power lines and equipment.
3. Petroleum products/chemicals: lubricants and other chemicals are used, but their use is optimised to minimise environmental impact.

The undertaking uses a range of machinery and equipment for network maintenance and repair, including:

1. Heavy machinery: excavators and cranes for pipeline construction and renovation work.
2. Equipment for operations: compressor sets, boilers and other equipment to generate energy.
3. Vehicles: trucks and specialised vehicles for transporting equipment and materials to work sites. Cars.
4. IT equipment: digital monitoring systems that monitor the operation of the gas transmission network in real time.

Materials used to deliver services (2024)

	Materials received		Secondary materials	
	Total quantity (t)	%	Total quantity (t)	%
Total weight of products and technical materials consumed during the reporting period (structural steel, steel, aluminium, sand, etc.), t	18,557	n/a	n/a	n/a
Insulating oil for transformers	14.9	n/a	n/a	n/a

Calculation methodology. Inflows data is obtained from the Group's accounting records; only data entered into the accounting systems in tonnes and kilograms is used for the calculations. For materials in quantities recorded in other units (e.g. metres, cubic metres, etc.) we plan to develop a methodology and estimate their weight in future reports. Historical data was not collected, as previously there was no legislative requirement to collect and disclose it.

The quantities of insulating oil were determined by actual measurements using a weighing scale. Insulating oil is deemed consumed when it has been filled into the equipment (transformers). Afterwards, if the oil meets the required parameters, it can be returned from the plant to the depot (and it is being returned). Accounting for returns is not yet in place.

E5-5 Resource outflows

EPSO-G Group companies are committed to the principles of pollution prevention and strive to reduce the amount of waste generated in their operations and to ensure safe and responsible waste management. The Group's companies aim to handle the waste generated by their operations according to the waste hierarchy: prevention and reduction, reuse, recycling and disposal. At all Group companies, waste is sorted and sent to certified recyclers or handled in accordance with waste management requirements.

EPSO-G Group companies neither produce nor market products or packaging. Consequently, from a resource outflows perspective, only the waste generated during operations is relevant, with quantities detailed in the table below. The summary does not include waste from undertakings Baltpool, Energy cells and EPSO-G, as their activities generate negligible amounts of office waste. Companies do not have their own containers and do not receive separate bills from the supplier for waste collection, so it is not possible to obtain accurate data.

Waste from operations

	Waste generated, t			
	2024	2023	2022	2021
Total quantity	4,071.6	5,060.6	4,422.3	4,271.1
Hazardous	243.5	231.0	205.0	542.6
Non-hazardous	3,828.1	4,830.7	4,217.3	3,728.5
	Waste directed for recycling			
Total quantity	3,747.1	4,980.0	4,326.7	4,223.9
Hazardous	78.8	195.8	182.1	518.9
Non-hazardous	3,668.3	4,784.1	4,143.7	3,705.1
	Waste directed for re-use			
Total quantity	0	0	3.1	0
Hazardous	0	0	0	0
Non-hazardous	0	0	3.1	0
	Waste directed to other recovery operations			
Total quantity	152.3	0	0	9.6
Hazardous	138.3	0	0	0
Non-hazardous	14.0	0	0	9.6
	Waste directed for disposal (with energy recovery)			
Total quantity	163.8	78.2	50.6	35.1
Hazardous	24.5	35.2	22.9	23.7
Non-hazardous	139.3	43.2	27.6	11.4
	Waste directed for disposal (landfill)			
Total quantity	8.4	2.5	42.9	2.5
Hazardous	1.9	0.1	0	0
Non-hazardous	6.5	2.4	42.9	2.5

Note: No radioactive waste is generated by the Group's operations.

Non-recycled waste*	2024	2023	2022	2021
Total quantity, t	172.2	80.7	93.5	37.6
Share of total waste, %	4.2	1.6	2.1	0.9

Note: Non-recycled waste – the sum of waste sent for disposal.

Calculation methodology. The quantities of waste generated are recorded and accounted for by the responsible employees at each Group company. The weight of the waste is recorded on the basis of the weighing results of the waste collection vehicles, which are recorded in the weighing systems of certified waste handlers. All data is registered in the Unified Product, Packaging and Waste Record Keeping Information System (GPAIS). Consolidated data were processed based on GPAIS reporting data from Group companies and information from Group companies on recycling and (or) other waste management from waste managers and (or) collectors.

The main waste categories are construction and demolition waste (89% of total waste). This includes construction, reconstruction or repair of energy transmission networks carried out by the Group's companies Amber Grid, Litgrid and the undertaking Tetas, which carries out repairs and construction works at energy facilities. This waste is generated during the reconstruction of electricity and natural gas transmission infrastructure (dismantling of existing overhead and cable transmission lines, transformer substations, switchgears, including buildings, and gas mains). The quantities of this waste depend on the reconstruction and renovation projects planned for a given period. Compared to the previous reporting period, the total amount of waste generated decreased by 20%.

The bulk of construction and demolition waste consists of concrete and various metals such as steel, iron, aluminium, copper and metal mixtures, metal structures and wires.

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Hazardous waste accounts for up to 5% of the Group's activities and is generated in the category of waste oil and oils (insulating oil). The amount of non-recycled waste in the Group's operations for the period 2021 to 2024 ranges from 1% to 4%. 95–99% of all waste is directed for recycling.

8.3. Social area

S1 Own workforce

During the Group's DMA, all sustainability topics identified in the ESRS across the Group's value chain were assessed (more details can be found in section 8.1). The preliminary evaluation of topics, assessment of impact and financial materiality, and stakeholder survey revealed that the activities of the Group's companies have an impact on or pose risks related to the topics disclosed below.

For more information on DMA approach and assessment see the sections "SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model. Identifying and assessing sustainability impacts, risks and opportunities" and "IRO-1 Description of the processes to identify and assess material impacts, risks and opportunities".

Sustainability topic	Impacts	Risks and opportunities	Location in the value chain
Working hours. Work-life balance	**Actual negative** impact on workers in the field (non-administrative).	-*	-**
Decent pay	**Actual positive** impact due to the transparent implementation of remuneration policies.	-*	-**
Social dialogue. Freedom of association, existing works councils and workers' information, consultation and participation rights. Collective bargaining, including the share of workers covered by collective agreements.	**Actual positive impact** is created through open and active communication and relations with trade unions, works councils and workers.	-*	-**
Health and safety	**Potential negative** impact on employees' health and safety due to specific working conditions, especially for those working on-site and in outdoor environments.	**Risks** arise from non-compliance with safety and health requirements.	-**
Training and skills development	**Actual positive impact** from the provision of internal and external skills (including soft skills) development programmes and career development programmes for employees across the Group.	-*	-**
Employment and inclusion of people with disabilities	**Actual negative** impacts due to minimal inclusion of people with disabilities.	-*	-**
Privacy	**Potencial negative impacts** due to the improper processing of personal data, improper processing of personal data by third parties and personal data breaches, which may adversely affect the rights of employees as data subjects.	-*	-**

* No material risks and (or) opportunities have been identified within the Group.

**Impact on sustainability topics arises directly from the Group's operations, so no value chain location is indicated.

Potential negative and actual negative impacts identified in the Group's DMA arise directly to the Group's employees. To understand and manage these negative impacts, we will review our current policies and internal procedures, risk management mechanisms and the Group's corporate strategies in the future and aim to manage and mitigate them.

S1-1 Policies related to own workforce

The Group implements governance through policies and internal procedures to mitigate negative impacts on material sustainability topics related to social issues, manage risks and realise opportunities arising from social issues. The Group actively implements measures to promote the inclusion of all employees in the organisation's activities, ensuring their rights and well-being, In accordance with the Group's Equal Opportunities Policy, the Diversity and Inclusion Strategy and the Labour Code of the Republic of Lithuania. The Labour Code is designed to implement the following EU directives, which are intended to guarantee internationally recognised human rights. The Group's activities are in line with the United Nations Guiding Principles on Business and Human Rights, which require businesses to respect human rights and ensure that their activities do not directly or indirectly contribute to human rights violations. Compliance with these principles is ensured by the policies and procedures described below, which provide clear principles for preventing discrimination, harassment and violence. The implementation of these policies and procedures is underpinned by employees training and effective monitoring mechanisms, such as anonymous reporting channels that allow employees to report possible human rights violations.

These policies and internal procedures apply both within the Group and with external partners. The implementation of policies and procedures is ensured by designated responsible persons who monitor the effective implementation of all established measures. Policies relating to own workforce that apply to all employees. The management of material topics and negative impacts is described below.

Management of the topic Work-life balance

- *Equal Opportunities Policy* defines measures to adapt working conditions and to match the needs of individual workers with work processes.
- *Compensation, Performance Appraisal and Development Policy* provides for performance appraisal, development opportunities, employee well-being and flexibility in working conditions to ensure work-life balance.
- *Policy on Discrimination, Harassment and Violence* provides employees' protection against discrimination on the grounds of family responsibilities and promotes a good work-life balance.
- *The remote working procedures of the companies* are designed to provide flexible working opportunities for employees and cover the procedures for providing and organising remote working, employees' rights and obligations, including those relating to information and cyber security, and other issues related to teleworking.
- Employees benefit from the guarantees provided by the Labour Code, such as additional vacation days for raising children, parental leave and paternity leave. During their parental leave (PL), employees have access to additional voluntary health insurance provided by their employer and one-off social benefits. Furthermore, to maintain good relations and foster loyalty among employees in the PL, they are informed and invited to participate in internal events and initiatives for employees and their children in the Group companies where they work.
- Before returning from the PL, employees have their pay reviewed to ensure it is comparable to that of other employees in similar positions, maintaining fair pay for everyone and enabling them to join their work smoothly. Consideration is also given to the family needs of employees, such as part-time work at the start or individual working hours.

Training and skills management

- Remuneration, performance appraisal and development policies:

    1. The principle of linking to the Group's and the specific Company's strategy, values, performance assessment, competency model, workforce continuity planning, professional and technical skills assessment.

    2. The principle of personal responsibility, where the worker is responsible for his or her own learning outcomes, with the employer providing the conditions and opportunities for learning and development.

    3. The 70-20-10 principle, whereby 70% of development, improvement and learning activities take place during the employee's work experience, 20% through communication and collaboration with colleagues and managers with diverse expertise and competencies, sharing best practices, and 10% from structured training events (often, these are external training events).

- The Group engages in an annual performance review process assessing all employees' performance from the previous year, discussing performance criteria and adherence to values and behaviours. It also looks at employees' expectations and career opportunities, the forms of development that have taken place, competencies strengthened and those that need additional attention. At the beginning of the year, employees are set goals for the year, and career and work organisation expectations are recorded. Annual interviews with all employees discuss educational needs and record the year's developmental plan.
- The Group supports the acquisition of new professional competencies necessary for performing the work and anticipating future needs and methods for obtaining those competencies while also providing the conditions for their acquisition. Employees can choose the training necessary for their specific roles; Group companies also organise mandatory training at the company level in accordance with legislation and internal procedures.
- A broad spectrum of training is offered for all or specific groups of employees, including training aimed at enhancing efficiency, understanding and integrating technology into work processes, leadership and management topics, equal opportunities and inclusion, motivation, and promoting a safe working environment and health.
- The Group facilitates the integration of new recruits into the working environment and work processes, organising integration induction meetings, introductory company presentations and integration plans to provide a positive adaptation experience.

Managing equality and diversity, employment and inclusion of people with disabilities

- The Group's Equal Opportunities Policy ensures equal opportunities for all employees, regardless of disability, gender, age or other personal characteristics. It regulates the application of non-discrimination principles in employment, working conditions, professional development and careers, promoting an inclusive and respectful working environment. The policy ensures that all employees work in an equal opportunity and non-discriminatory working environment.
- The Group has a Diversity and Inclusion Strategy which sets out objectives and measures to promote an inclusive environment for all employees. The aim of the strategy is to strengthen tolerance, inclusion and equal opportunities throughout the Group.
- Discrimination, Harassment and Violence Prevention Procedure covers measures to ensure a respectful and safe working environment for all employees.

Decent pay

All employees of the Group are paid more than the minimum wage established by the legislation of the Republic of Lithuania. Group companies have a unified policy on remuneration, performance appraisal and development based on the principles of responsibility, transparency and accountability. This policy aims to ensure the effective management of payroll costs and create motivating incentives, linking remuneration directly to the achievement of annual targets and the quality and value behaviours of Group companies and individual employees. This Group Policy is approved or amended by the EPSO-G Board on the recommendation of the Group's Remuneration and Appointments Committee. For more information on remuneration, please refer to Management Report, part 6 Information on Employees and Remuneration Policy.

Privacy

The Group has a Personal Data Protection Policy based on the General Data Protection Regulation principles. The Policy defines the measures the Group's companies took to ensure the security of the personal data processed and the roles and responsibilities of the actors involved in protecting personal data. The requirements for processing personal data are set out in more detail in the internal regulations of all Group companies. These Group-wide documents, which are based on uniform principles, create consistent practices across companies when entering into personal data processing agreements, transferring personal data to third parties, managing personal data security incidents and other processes.

The Group complies with the principle of accountability set out in the General Data Protection Regulation. Its companies maintain records of their personal data processing activities, prepare privacy notices, and perform and document other actions mandated by the General Data Protection Regulation.

We manage personal data protection risks by implementing technical and organisational measures, conducting compliance audits to assess the adequacy of these measures, and unifying personal data protection processes across the Group.

In 2024, the Group carried out six compliance audits in the area of personal data protection. They did not reveal any significant non-compliances, but identified processes to be improved in relation to the implementation of data subjects' rights.

Health and safety

The Group has an Occupational Health and Safety Policy designed to ensure that employees enjoy safe and healthy working conditions in their workplaces. The Group seeks to prevent work-related injuries and occupational diseases while fostering a Group culture that nurtures a safe and healthy environment in which every employee contributes to this objective.

Group companies Litgrid, Amber Grid and Tetas have an Occupational Health and Safety Management System in place and are certified according to ISO 45001. The Health and Safety Management System is applied to 100% of the Group's employees.

The Group has a systematic approach to involving employees and their representatives in matters relating to the impact on the own workforce. This approach is realised by fostering continuous collaboration, commitment to the principles of the Code of Conduct, the execution of the Diversity and Inclusion Strategy, and policies ensuring equal opportunities.

Trade unions and works councils

The Group maintains constant cooperation between employees and their representatives, promoting mutual dialogue. The Group has Trade Unions and Labour Councils, which are involved in various decision-making processes in the companies, providing them with information and advice. Employee representatives offer suggestions and recommendations, representing the interests of employees in matters concerning working conditions, remuneration, fringe benefits, initiatives and events, enhancing the working environment, strengthening internal culture, and addressing other issues. Regular meetings with management foster an open dialogue and provide the opportunity to discuss relevant issues, such as diversity and inclusion initiatives, which enhance employee engagement and create an inclusive, safe working environment.

Employee representatives are actively engaged in communicating with employees, advocating for their interests, and facilitating the gathering of employee opinions and needs on various issues through anonymous surveys. In addition to participating in the surveys, employees can make suggestions to employers' representatives by contacting them directly during meetings or by email. This ensures that employees' views are heard and considered effectively.

All workers are 100% involved in signing collective agreements.

Recognising the importance of our workforce topic to the company and its stakeholders and the potential negative impact that the company is causing on these sustainability topics (identified in the reporting year during the DMA), we will seek to review future governance and policies on this topic.

Ensuring equal opportunities

The Group ensures equal opportunities for all employees, regardless of their gender, age, nationality, religion, disability or other characteristics. The Equal Opportunities Policy and the Discrimination, Harassment and Violence Prevention Procedure provide clear guidelines to ensure that every employee works in a respectful and safe environment. These provisions apply both within the organisation and with external partners. The implementation of the procedures is guaranteed by designated responsible individuals who oversee the effective execution of all measures.

The Group's Diversity and Inclusion Strategy seeks to foster a workplace culture in which every employee feels respected and valued. The objectives of this strategy include strengthening the competencies of managers through an inclusive working environment, the inclusion of diverse Groups in the labour market, and the use of transparent and objective selection processes in line with the Selection Policy. It also encourages staff participation in inclusion initiatives, such as story sharing and internal training, which contribute to a tolerant and open environment.

Performance Appraisal and Remuneration Policy The Group adheres to the principles of transparency and objectivity in employment relations, which are ensured through the Staff Remuneration, Performance Appraisal and Development Policy. The policy includes clear pay criteria, incentives and performance evaluation processes. The remuneration system is clear, transparent and based on staff performance, competency assessment and individual objectives. Such attitudes boost employee engagement and satisfaction.

The Procedures for the Prevention of Discrimination, Harassment and Violence outline specific measures aimed at preventing discrimination, harassment, and violence in the workplace. This document provides for the appointment of responsible persons, training and education of workers on their rights and opportunities. Employees have access to anonymous whistleblowing channels, which help ensure safety and security across the Group.

Mechanisms for monitoring and implementing equal opportunities

- *A system of internal channels for reporting irregularities.* The Group has established internal whistleblowing channels that allow employees to report irregularities anonymously or confidentially. The system ensures transparency and accountability within the organisation; the information collected is regularly analysed to enhance processes and policy implementation.

- *Regular staff training.* EPSO-G organises training for staff and managers to strengthen their competences in the areas of anti-discrimination, equal opportunities, diversity and inclusion. The training centres on practical examples of creating an inclusive working environment and addressing instances of discrimination.
- *Direct contact with employee representatives.* The Group has Labour Councils and some group companies have Trade Unions to ensure that employees' interests are represented. These structures play an active role in addressing employee welfare issues, ensuring constructive dialogue between management and employees.

The Group provides its employees with easy access to all documents relating to their rights via the intranet platform. The intranet publishes policy documents, training materials and important information on company initiatives. Regular meetings between management and employee representatives allow for transparent communication and a swift response to employee needs.

EPSO-G incorporates human rights principles into its supply chain management, ensuring that suppliers adhere to standards regarding occupational safety, the prevention of forced labour, and the prohibition of child labour. These principles are regularly reviewed and integrated into the processes of engagement with partners.

Mechanism for redress for human rights violations

The Group actively implements measures to promote the engagement of all employees in the organisation's activities, ensuring their rights and well-being. In line with the Group's Equal Opportunities Policy, the Diversity and Inclusion Strategy and the Republic of Lithuania Labour Code, the following measures are being implemented:

- *Creating an inclusive working environment:* all employees are given equal opportunities to participate in work processes and decision-making, regardless of their individual characteristics.
- *Training for managers and employees:* developing competencies in diversity management and equal opportunities.
- *Adaptation of working conditions:* adjusting working conditions to meet workers' needs, including flexibility in working hours and technical modifications.
- *Anonymous channels:* workers can safely report situations that limit their involvement or violate their rights.

These measures ensure that all employees are engaged in the organisation's activities and can maximise their potential.

Measures to remedy affected human rights and to provide an opportunity to redress the impact

The Group guarantees that the consequences of human rights violations are adequately addressed in line with the Republic of Lithuania Labour Code and the organisation's internal procedures, including the Prevention of Discrimination, Harassment and Violence Procedure, the Equal Opportunities Policy, and the Code of Ethics.

Main measure:

- *Anonymous reporting channels:* employees have the opportunity to report human rights violations safely and anonymously through established channels.
- *Internal investigations:* reports of irregularities are promptly investigated according to clearly defined procedures.
- *Rehabilitation measures:* if a violation is confirmed, measures are taken to ensure that the victims receive appropriate assistance, including counselling, psychological support or adaptation to working conditions.
- *Designation of responsible persons:* those accountable for safeguarding human rights guarantee that all violations are thoroughly investigated and remedied.

These measures help to ensure that the impact of human rights violations is effectively remedied and that the organisation provides a safe and respectful working environment.

S1-2, S1-3 Processes for engaging with own workers and workers' representatives about impacts and Processes to remediate negative impacts and channels for own workers to raise concerns

Group employees are involved in decision-making. Employees and their representatives, such as trade unions and labour councils, are engaged by being regularly informed and consulted, as well as by analysing the feedback results and integrating them into decisions. This process is the responsibility of the Group's People and Culture function.

Annual employee engagement survey and other surveys

The Group carries out an annual employee engagement survey. This survey assesses the extent to which employees feel involved in decision-making and empowered, how effectively the company is providing equal opportunities, and whether it upholds a tolerant and respectful workplace culture. Employees can comment anonymously and share their views. The survey requests employees to assess not only the company but also their line managers across various dimensions, including empowerment and engagement levels.

All employees are eligible to participate in the survey, so this tool provides a comprehensive overview of employees' views and opinions on a wide range of issues within the Group. The results of the survey are presented to both employee representatives and all employees, and the results are analysed and used to improve business processes.

Some Group companies conduct brief annual surveys on emotional well-being.

Employee meetings

The Group organises periodic employee meetings to present key issues and share news, achievements and targets. During the meetings, employees are encouraged to participate actively, ask questions of concern, and share their views, thereby fostering a culture of open dialogue and communication.

Roundtable discussions

It represents a new way of engaging employees and their representatives in discussions on various topics of interest. Its aim is to collect a wider array of opinions and suggestions on particular subjects in a non-binding meeting format, and to apply these insights to enhance the Group's processes and decision-making.

Group Equality Policy and Diversity and Inclusion Strategy

The Group encoutages the engagement of the undertaking's employee representatives to ensure the implementation of the Equal Opportunities Policy, promote diversity and raise awareness of the topic. The Diversity and Inclusion Strategy provides for the full integration of employee inclusion measures, involving employee representatives in discussions on improving and adapting the working environment to persons with different needs and in assessing employee needs.

Group Code of Ethics

The Code promotes cooperation between employees and management based on respect, transparency and openness.

Anonymous reporting channels

The Group provides anonymous reporting channels that enable employees to report concerns about the working environment or possible impacts on their rights, breaches of the Code of Conduct, or equal opportunities in complete confidence.

Health and safety

In 2024, the Group introduced a specialised occupational safety and health information system, DARSIS. This system encourages workers to record incidents, report occupational safety and health violations or unsafe working conditions, express the need for additional protective measures, and familiarise themselves with occupational safety instructions. It also highlights the necessity of mandatory health check-ups, the vaccinations offered by the employer, the results of the occupational risk assessment, and the measures to mitigate risks.

Privacy

Employees of Group companies are made aware of the privacy legislation and its provisions. Where relevant, employees are advised and involved in related activities and provided with memos or presentations on key personal data protection issues.

Measures to gather the views of particularly vulnerable and marginalised Groups

EPSO-G takes these measures to find out the views of vulnerable Groups, such as women, migrants or people with disabilities:

- *Anonymous messaging channels.* In accordance with the procedure on "Internal whistleblowing", employees can anonymously report problems and express their views.
- *Employee engagement surveys.* The annual survey allows workers to give their views on working conditions and inclusion anonymously.
- *Equal Opportunities Policy and Diversity Strategy*: These policies guarantee that all social groups have a voice and are shielded from discrimination.
- *Labour Council/Trade Union involvement*: The Labour Council/Trade Union represents all employees, including vulnerable Groups, by passing on their comments and suggestions to management.

These measures help ensure that particularly vulnerable groups can safely express their views.

Mechanisms to ensure remediation

- *Anonymous messaging channels:* In line with the procedure of "Internal whistleblowing", employees can safely report any potential adverse impacts.
- *Evaluating feedback.* Annual employee engagement surveys provide an opportunity to identify potential challenges in the working environment and address them in a timely manner.
- *Monitoring process*. The People and Culture team consistently reviews adherence to the organisation's policies and evaluates the effectiveness of the measures put in place.

Monitoring and ensuring the effectiveness of channels

The Group has clearly defined processes in place to monitor the issues raised and resolved and to ensure the effectiveness of the reporting channels. These processes are based on the organisation's Code of Conduct, the "Internal Whistleblowing" procedure, the Prevention of Discrimination, Harassment and Violence procedure and other internal documents.

- *Channel monitoring processes.* Data collection and analysis: all reports and complaints are recorded according to established procedures, and their progress and outcomes are systematically monitored. Feedback: employee surveys and annual engagement surveys gather views on the accessibility, effectiveness, and trust in the channels.
- Statistical analysis: the channels' frequency of use and effectiveness are evaluated to identify opportunities for improvement.
- *Principles of ensuring channel efficiency.* Legitimacy: all reporting channels function in accordance with the company's established procedures, ensuring that these procedures comply with legislation and international human rights standards. Accessibility and visibility of the channels: Information is available in the Document Management System and on the intranet. Employees are routinely informed about the availability and use of the channels. Transparency: complaint schemes are clear, and information regarding their progress is shared with whistleblowers to the extent that confidentiality permits. Compliance of results: the outcomes achieved through reporting channels are evaluated against international human rights standards, ensuring effective impact management.
- *Stakeholder engagement.* Dialogue with rapporteurs: EPSO-G encourages constructive dialogue with rapporteurs seeking a mutual agreement on an acceptable solution rather than resolving issues unilaterally. Labour Council: as the employees' primary representative, the Labour Council provides feedback on the effectiveness of the channels and the progress of reports.
- *Continuous improvement.*
- Insights gained: reports and complaints are used to identify systemic problems, which are then addressed to prevent future impacts.
- Learning: channel improvement is based on continuous process evaluation and analysis of employee feedback.

EPSO-G has integrated monitoring and performance assurance processes to ensure that reporting channels are legitimate, accessible, transparent and based on constructive dialogue with employees. These processes are continually refined based on feedback and lessons learned to ensure high levels of trust and effective impact management.

Ensuring awareness, trust and protection

Evaluating awareness of the channels.

The Group ensures that all employees are aware of the channels and processes in place to raise concerns or needs by using the following methods:

- Compulsory access to internal documents: All employees are made aware of the Internal Whistleblowing Procedures, the Prevention of Discrimination, Harassment and Violence Procedure and other relevant documents through the Document Management System.
- Regular reminders via the intranet: The availability of the channels and information on their functioning is periodically updated and reminded via the company intranet.
- Employee engagement surveys: Annual surveys measure employee awareness and trust in the channels.

Ensuring trust

- Confidentiality. Channels such as anonymous reporting mechanisms allow employees to submit information securely and anonymously.
- Feedback. Whistleblowers are kept informed about the progress and outcome of the investigation, as far as confidentiality requirements allow.

Anti-retaliation policy

EPSO-G applies strict safeguards against retaliation, as set out in the Internal Whistleblowing Procedures. This policy protects employees who raise concerns from adverse behaviours or consequences.

All employees are informed of these safeguards through the Document Management System and intranet notifications.

EPSO-G ensures that employees are aware of, trust, have confidence in the reporting channels, and are protected from retaliation. These measures help to create an open and safe working environment where employees can freely express their needs and concerns.

S1-4 Taking action on material impacts and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions and approaches

Actions taken to minimise negative impacts on all Groups' employees.

- **Working hours / Work-life balance.** In the engagement survey, we measure the work-leisure balance. In 2024, the indicator has increased by 21 points to 76 in comparison to the previous period. The target total score for the engagement survey as one of the indicators in the updated strategy is at least 70. The engagement rate for 2024 is 74. Employee engagement is calculated based on the average of the scores for the five statements. In the engagement survey, employees score these statements, and the overall score is determined by calculating the percentage of employees who assigned the highest scores relative to the total number of employees. Other aspects of the engagement survey, which are not directly part of the survey results but assist in evaluating crucial areas such as training, talent management, or work-life balance, are calculated in a similar manner. Research based on the Engaged Performance Survey ©.
- **Training and skills.** Achievement of strategy objectives requires leadership and general competencies, as updated in 2024. A catalogue of training courses has been created, showcasing the development and planning of all the necessary competencies.
- Employee Engagement Survey **measures Talent Management** annually; in 2024, the indicator increased by 6 points to 79. Calculation of the indicator is based on the Engaged Performance Survey©.
- **Equality and diversity**. The updated strategy aims to create a safe and positive working environment and culture. In November 2024, we established unified Diversity and Inclusion Guidelines for all Group companies and devised a comprehensive action plan for 2025. Diversity targets for age, gender, the proportion of women in management roles, and the percentage of employees with disabilities within the overall workforce have been established. Starting in 2025, the engagement survey will also assess diversity and inclusion. This indicator was not monitored in 2024.
- **Employment and inclusion of people with disabilities**. The Diversity and Inclusion Plan 2025 anticipates participation in the SOPA DuoDay project, where a person with a disability spends a working day with a company employee, and the company receives feedback on how the workplace accommodates individuals with disabilities.
- **Decent pay** Remuneration scales were updated in 2024. Each year, the performance evaluation is accompanied by a review of employee remuneration.
- **Privacy.** In 2024, there were no personal data breaches in Group companies; however, there were isolated incidents.

Health and safety. In 2024, one serious accident was recorded in a Group company.

Timeframes for completion of key actions

- **Equality and diversity.** The implementation of the Equality and Diversity Strategy commenced in 2024. It is designed as an ongoing process, with a periodic review of the strategy every three years. Equal Opportunities Month and employee training is an annual event held every November, accompanied by additional training sessions throughout the year.
- **Working hours / Work-life balance.** The employee engagement surveys are conducted every January, and their results are summarised with insights integrated into action planning during the first quarter of the year.

- **Analysis and improvement of key actions.** Key actions are implemented and reviewed annually in the light of research and monitoring results. The process continues throughout the year. Strategic actions are carried out throughout the duration of the strategy.

EPSO-G's key actions are designed for coherent and continuous implementation over the planned timeframes, focusing on annual performance reviews and strengthening employee engagement.

S1-5 Tasks related to managing significant negative impacts, enhancing positive impacts and managing significant risks and opportunities

The Group's strategy involves cultivating a cohesive culture and identity, which includes promoting diversity and inclusion while building a capable and sustainable organisation. Managing these areas guarantees sustainable performance, employee satisfaction, and organisational competitiveness.

The Engagement Survey measures employee engagement, job satisfaction, loyalty, work-life balance and other aspects of the organisation's climate and culture. The target engagement score as one of the indicators in the updated strategy is at least 70.

The updated strategy aims to create a safe and positive working environment and culture. In November 2024, we established unified Diversity and Inclusion Guidelines for all Group companies. Starting in 2025, the engagement survey shall also assess diversity and inclusion. The Diversity and Inclusion Plan 2025 anticipates participation in the SOPA DuoDay project, where a person with a disability spends a working day with a company employee, and the company receives feedback on how the workplace accommodates individuals with disabilities.

An annual review of employees remuneration is planned to continue.

To enhance the management of associated risks, we plan to develop interactive personal data protection training for all Group companies in 2025, unify the Group’s operational records, and place a greater emphasis on data processors and their processing activities.

The updated strategy sets a target of zero serious or fatal accidents (including contractors within the Group's facilities tasked with operating, refurbishing, and constructing new electricity and gas transmission networks).

S1-6 Characteristics of the Undertaking’s Employees

Breakdown of employees by gender

	2024	2023	2022	2021
Men	1,020	968	997	1,021
Women	333	303	278	254
Other	-	-	-	-
Total number of employees	1,353	1,271	1,275	1,275

Calculation methodology. The number of employees and the breakdown by gender are reported by head-count, regardless of the hours worked.

The Group is dominated by permanent contracts. However, where appropriate, employees are also recruited on fixed-term contracts, such as to cover for employees on parental leave or for specific project work or additional tasks. The type of contract does not discriminate on the basis of gender, age, or other personal aspects; rather, it depends on the agreement and the needs of both the company and the employees. The number of fixed-term contracts in the Group remains stable in 2024.

Breakdown of the number of employees by gender and type of contract

	Women	Men	Total	Women	Men	Total	Women	Men	Total	Women	Men	Total
		2024			2023			2022			2021	

Number of employees	333	1,020	1,353	303	968	1,271	278	997	1,275	253	1,022	1,275
Number of permanent employees	325	1,008	1,333	292	959	1,251	266	957	1,223	235	988	1,223
Number of temporary employees	8	12	20	11	9	20	12	40	52	18	34	52

Calculation methodology. The total number of employees was broken down into three categories according to the type of employment contract and the gender indicated by the employee. The total number of employees includes staff on parental leave.

Employee turnover

	2024	2023	2022	2021
Employees who quit or were made redundant*	179	248	435	237
Employee Turnover Ratio, %**	13	20	34	19

Calculation methodology. ** Number of resignations or redundancies (based on the number of employees) divided by the number of employees (headcount, regardless of the full-time equivalent status) as of the end of the reporting period, i.e., December 31st; this includes employees for whom this day was also the last working day at the company under their valid employment contract.

* Employees who left voluntarily, were made redundant, retired, or died while performing their duties (headcount).

At the end of 2021, additional employees were hired for a fixed term to support a major project. The project was completed in 2022, so there was no need to hire additional workers, and their contracts expired. In 2024, the Group's Employee Turnover Ratio was the lowest since 2021 at 13%.

S1-8 Collective bargaining coverage and social dialogue

Collective agreements cover 92% of the Group's employees. Collective agreements are not implemented in EPSO-G, EPSO-G Invest and Baltpool. All 100% of the Group's employees are represented in the workplace.

S1-9 Diversity metrics

Gender distribution of employees at top management level

	Number of employees	Employee share, %.	Number of employees	Employee share, %.	Number of employees	Employee share, %.	Number of employees	Employee share, %.
	2024		2023		2022		2021	
Men	31	2.3	27	2.1	26	2.0	23	1.8
Women	4	0.3	4	0.3	4	0.3	2	0.2
Total	35	2.6	31	2.4	30	2.4	25	2.0

Calculation methodology. The definition of top management: company CEOs, top managers, directors. Board members are excluded.

Distribution of employees by age groups

	Number of employees	Employee share, %.	Number of employees	Employee share, %.	Number of employees	Employee share, %.	Number of employees	Employee share, %.
	2024		2023		2022		2021	
Under 30 years old	152	11	147	11	138	11	154	12

30–50 years old	814	60	760	60	769	60	740	58
Over 50 years old	387	29	364	29	368	29	381	30
Total	1,353	100	1,271	100	1,275	100	1,275	100

Calculation methodology. The calculation uses the total number of employees, which is broken down by year of birth into three categories (under 30, 30–50 and over 50 years old).

S1-10 Adequate Wages

In 2024, the adequate wage in Lithuania was €924 gross per month (minimum monthly wage). In this context, all employees in the Group's companies are paid adequate wages.

S1-11 Social protection

All salaried Group employees are protected by social security against income loss resulting from significant life events, including illness, unemployment (while employed by the company), work-related accidents, acquired disabilities, parental leave, and retirement, among others. Social protection is provided in accordance with the current legislation of the Republic of Lithuania and additional benefits offered by the company.

Additional benefits include 100% pay for the first two (2) days of sick leave that coincide with the employee's work schedule; meeting the national average salary (100%), supplementary voluntary health insurance, lectures on wellness, emotional well-being, physical activity and motivation, vaccinations against flu and tick-borne encephalitis (for outdoor workers).

Additionally, the Group provides one-time financial support to families upon the birth or adoption of a child, as well as to those raising three or more children. Various benefits are granted depending on family circumstances, along with one-time payments in case of emergencies.

S1-12 Persons with disabilities

Proportion of employees with disabilities

	2024	2023	2022	2021
Share of employees with disabilities, %	1.0	0.6	0.6	0.5
Total number of employees	1,353	1,271	1,275	1,275

Calculation methodology. The data is based only on information provided by employees, subject to restrictions on the collection of such information due to possible human rights violations.

S1-13 Training and skills development metrics

Information on training and skills development indicators in line with ESRS will be collected from 2025.

Percentage of employees who participated in regular performance and career development reviews

	2024	2023	2022	2021
Total number of employees	96	100	98	99
Women	100	100	94	99
Men	86	100	92	100

Calculation methodology. All employees are counted on the basis of head-counting of hired employees. The gender-based calculation is performed by dividing the number of participants in reviews by gender by the total number of hired employees of the respective gender. Performance evaluation discussions were conducted for 100% of employees who were working during the period when the performance evaluation process was organized in the respective company and had completed their probationary period at that time.

S1-14 Health and safety metrics

Health and safety metrics

	2024	2023	2022	2021
Employees of the company:				
Number of fatalities as a result of work-related injuries and work-related ill health	0	0	0	0
Number of recordable work-related accidents	4	4	4	1
The total number of hours worked by all employees	2,529,242.9	2,459,368.0	2,672,595.9	2,333,738.0
Rate of recordable work-related accidents	1.58	1.63	1.50	0.43
Number of cases of recordable work-related ill health	1	0	0	0
Number of days lost to work-related injuries and fatalities from work-related accidents, work-related ill health and fatalities from ill health	126	51	163	47
Non-employees classified as own workforce:				
Number of fatalities due to work-related injuries and work-related ill-health among non-employees working at the company's sites	0	0	0	0

Calculation methodology. In light of the information received regarding a workplace accident, an investigation into workplace accidents is conducted in accordance with the Regulations on the Investigation and Recording of Workplace Accidents approved by the Lithuanian Government. Following the issuance of a certificate from the medical institution where the victim received primary care, the investigation is conducted depending on the nature of the injury, either by an internal bilateral commission established by the employer (if the injury is not severe) or by a commission set up by the chief inspector of the National Labour Inspectorate (if the injury is serious). After the investigation, the commission prepares an N-1 form report, which is submitted for information to the employer (the company), the victim, the National Labour Inspectorate and the State Social Insurance Fund Board (SODRA). The investigation record is recorded in a register in the Group's digital occupational health and safety software, DARSIS.

S1-15 Work-life balance metrics

Percentage of entitled employees that took family-related leave, and a breakdown by gender

	2024	2023	2022	2021
Total number of employees	3.7	3.5	3.3	2.5
Men	2.7	2.6	2.8	2.1
Women	6.6	6.3	5.0	4.3

Calculation methodology. The calculation uses the head-count of employees, data on employees on family-related leave and the employee's gender. In line with social policy, all employees are entitled to family-related leave.

S1-16 Remuneration metrics

Gender pay gap

	2024	2023	2022	2021
Total number of employees	-1.46	-3.70	-10.44	-14.37

Calculation methodology. Formula used to calculate the gender pay gap: (Average hourly earnings before tax of male employees minus average hourly earnings before tax of female employees) divided by average hourly earnings before tax of male employees multiplied by 100.

Annual total remuneration ratio

	2024	2023	2022	2021
The annual total remuneration ratio of the highest paid individual to the median annual total remuneration for all employees (excluding the highest-paid individual)*	3.41	3.49	3.35	3.64

Calculation methodology. Annual total remuneration of the highest-paid individual in the company divided by the average annual total remuneration of salaried employees (excluding the highest-paid individual).

S1-17 Incidents, complaints and severe human rights impacts

In 2024, the Group received no reports on affected human rights.

S3 Affected communities

During the Group's DMA, all sustainability topics identified in the ESRS across the Group's value chain were assessed (more details are provided in section 8.1). The preliminary assessment of the topics, the impact and financial materiality assessments and the stakeholder survey revealed that topics Water and Sanitation, Land-Related Impacts and Security-Related Impacts are related to material negative impacts.

For more information on the DMA approach and assessment see the sections “SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model. Identifying and assessing sustainability impacts, risks and opportunities” and “IRO-1 Description of the processes to identify and assess material impacts, risks and opportunities”.

Sustainability topic	Impacts	Risks and opportunities	Location in the value chain
Water and sanitation; Land-related impacts; Security-related impacts	**Actual negative** impacts arise from the nature of the Group's activities and the specificity of the industry, resulting in impacts on communities (noise, dust, traffic restrictions, etc.).	-*	Upstream and downstream

* No material risks and (or) opportunities have been identified within the Group.

S3-1 Policies related to affected communities

The Groups’ Policy on Environmental Protection outlines the key Group operating principles to reduce the impact on affected communities. The Group commits to:

- Ensuring opportunities for local communities and other stakeholders to be involved in environmental impact assessment procedures.
- Cooperating on environmental issues with business partners, public authorities and bodies, non-governmental organisations, and other stakeholders including communities.
- Communicating openly to stakeholders about the environmental activities implemented by the Group companies and the indicators achieved.

The Group’s Sustainability Policy outlines its overarching sustainability principles that guide the development of the Group's corporate activities and foster a progressive organisational culture. In designing and implementing its sustainability actions, the Group seeks the full involvement of its stakeholders and promotes transparent and fair cooperation with consumers and manufacturers, suppliers, the public, the owner, employees, the media and other stakeholders including local communities.

The Group’s Support Policy aims to foster cooperation with communities in areas where the Group's companies operate or implement projects and programs. It also extends to other societal groups whose interests are affected by the activities of the

Group's companies, focusing on enhancing the well-being of communities in close proximity to the Group's operations. Additionally, the Group's companies encourage employees to engage in voluntary and unpaid participation in such activities.

The Group has no formal human rights policy commitments towards affected communities, as its activities do not have a significant impact on the human rights of communities, and no human rights violations have been identified to date. However, the Group respects and protects the human rights of affected communities, organizes community engagement processes in accordance with legal requirements, and, if it becomes evident that the Group's activities have had a negative impact on the human rights of communities, it would take measures to address and rectify the situation.

Currently, the Group's policy documents are not aligned with internationally recognized measures relevant to communities.

S3-2 Processes for engaging with affected communities about impacts

The Group companies notify all local communities in advance regarding infrastructure projects in their neighbourhoods, where communities or individuals reside and (or) work nearby. The schedule of works is coordinated with residents during the execution of projects. The aim is to minimise and remedy inconveniences caused to residents throughout the project, and to answer their questions. For further information on ways of engagement please refer to SBM-2 Stakeholder interests and views.

The Group's companies are involved in large-scale infrastructure projects and therefore have ongoing relationships with communities. Community relations are handled by the Group's corporate officers. The main community relations function is carried out by representatives of the Group's communications function.

Group companies aim to meet the target communities or their representatives as early as possible, to present to them the planned projects and their progress, their potential impact on the communities, and to minimise potential negative impacts.

S3-3 Processes for remediation of adverse impacts and channels through which affected communities can raise concerns

The Group's activities take into account the interests and views of community members and prioritise open communication and cooperation.

Community representatives can reach out to the project company electronically or through other methods to inquire about projects in their vicinity. Communities are kept informed about projects and their progress prior to commencement, including the contact details of those responsible for community relations.

The Group has a helpline where communities can raise concerns about various issues that matter to them (e.g. corrupt practices, non-compliance, environmental violations, etc.).

S3-4 Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions

Making a positive impact on communities is an area for implementation in the Group's long-term strategy. Specific actions and (or) targets will be identified in the future, as part of the implementation of the strategy.

Recognising the importance of the topic of affected communities to the company and its stakeholders and the potential negative impact that the Group companies are causing on this sustainability topic (identified in the reporting year during the DMA), Group companies will seek to review future governance and policies on this topic.

S3-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

In Group companies, impacts on local communities are managed on a project-by-project basis, taking into account the specific circumstances and in accordance with the Group's policy principles (see S3-1). The targets are set out in section S3-4.

S4 Consumers and end users

During the Group's DMA, all topics related to Users and End Users identified in the ESRS were evaluated across the Group's value chain (more details are provided in section 8.1). The preliminary assessment of the topics, the impact and financial materiality assessments and the stakeholder survey revealed that topics Access to (Quality) Information and Access to Products and Services are related to material impacts.

For more information on the DMA approach and assessment see the sections “SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model. Identifying and assessing sustainability impacts, risks and opportunities” and “IRO-1 Description of the processes to identify and assess material impacts, risks and opportunities”.

Sustainability topic	Impacts	Risks and opportunities	Location in the value chain
Access to (quality) information	**Potential negative impacts** on consumers and end-users stem from the absence or inadequate delivery of information.	*	**
Access to products and services	**Potential negative impacts** may occur along the value chain due to the possible lack of continuity of services.	*	End

* No material risks and (or) opportunities have been identified within the Group.

**Impact on sustainability topics arises directly from the Group's operations, so no value chain location is indicated.

To adequately meet shareholder expectations and the needs of stakeholders, Group companies operate in such a way as to ensure uninterrupted service delivery. The Group's companies operate on a B2B basis, and consumers and end-users of the Group's services are reached mainly indirectly (through the energy transmission and exchange operator). The Group does not market products. For more on the Group's targets, indicators and performance management while implementing the strategy (reflecting the topic Access to Products and Services), see Management Report, section Operational strategy and progress in its implementation.

S4-1 Policies related to consumers and end-users and S4-2 Processes for engaging with consumers and end-users about impacts

Understanding the importance of managing consumer and end-user topics, and recognizing that the Group may have a potential negative impact on this sustainability topic (as identified during the DMA assessment in the reporting year), Group will aim to review the management and policies of this topic in the future.

S4-3 Processes to remediate negative impacts and channels for consumers and end-users to raise concerns

The Group operates on a B2B (business-to-business) model. Any potential negative impact on direct consumers and end-users is managed through its direct operations and long-term strategy, with a key focus on ensuring an uninterrupted energy supply (aligned with Access to Products and Services). Additionally, by implementing legal requirements for public and stakeholder information disclosure, the Group addresses another potential negative impact—Access to Quality Information.

All stakeholders, including the Group’s service users and end-users, can submit inquiries through both anonymous and non-anonymous channels (see *Whistleblowing Channel and Whistleblower Protection*). Communication and information provision to stakeholders are carried out in accordance with Lithuanian legal regulations and internal procedures.

S4-4 Processes to remediate negative impacts and channels for consumers and end-users to raise concerns and S4-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

Understanding the importance of managing consumer and end-user topics, and recognizing that the Group may have a potential negative impact on this sustainability topic (as identified during the DMA assessment in the reporting year), Group will aim to review the management and policies of this topic in the future.

8.4. Governance

TOC ↑

During the Group's DMA, all governance topics identified in the ESRS across the Group's value chain were evaluated (more details are provided in section 8.1). The preliminary assessment of the topics, the impact and financial materiality assessments and the stakeholder survey revealed that the topics Corporate Culture, Relationships with Suppliers and Corruption and Bribery are related to material negative impacts and opportunities.

For more information on DMA approach and assessment see the sections “SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model. Identifying and assessing sustainability impacts, risks and opportunities” and “IRO-1 Description of the processes to identify and assess material impacts, risks and opportunities”.

Sustainability topic	Impacts	Risks and opportunities	Location in the value chain
Corporate culture	**Potential negative impacts** may arise from possible non-compliance with company policies, or the principles enshrined therein, including transparency, accountability, diversity, inclusion and ethical behaviour.	-*	-**
Protection of whistleblowers	**Potential negative impacts** on the rights of stakeholders may arise if the whistleblower protection system does not function effectively. This includes breaches of confidentiality, possible overt or indirect discrimination, retaliation or other negative treatment of whistleblowers.	**Opportunity** for stakeholders to express their concerns on relevant issues, thereby creating avenues to address stakeholder needs and enhance the Group's reputation.	Upstream and downstream
Management of relationships with suppliers including payment practices	**Potential negative impact** on stakeholders' rights in public procurement.	-*	-**
Corruption and bribery	**Potential negative impacts** on the stakeholders’ rights may result from corrupt or unethical practices.	-*	Upstream and downstream

* No material risks and (or) opportunities have been identified within the Group.

**Impact on sustainability topics arises directly from the Group's operations, so no value chain location is indicated.

G1 Business ethics

G1-1 Corporate culture and business conduct policies

The Group's business ethics are grounded in the principles of proportionality, transparency, shareholders' rights, stakeholder engagement, and corporate governance, consistently applied across all companies within the Group, aiming to facilitate an integrated and efficient business. The Group's governance system is designed to comply with the principles of corporate governance, the requirements of corporate governance legislation and international best practice.

The Group's governance is based on the Group's values and the Group's Code of Ethics, which sets out the Group's basic standards and principles. The importance of the Group's values and the Code of Ethics is emphasised to employees in training, meetings and daily activities.

The Group's governance is based on the leadership of employees and collegial bodies and on the following operating principles set out in the Code of Ethics:

- We behave honestly and prudently.
- We communicate clearly and comprehensibly.
- We show respect and act politely.
- We control interests and avoid conflicts of interests.
- We respect personal data and protect confidential information.
- We are guided by the principles of corruption prevention.
- We report improper behaviour.
- We know that bad behaviour has consequences.

Comprehensive Group Corporate Governance System

EPSO-G Board	– Responsible for the organisational and systemic development and management of the Group's businesses within the scope and scale of its responsibilities. – Developing the Group's comprehensive corporate governance policy and ensures the appropriate selection of the Group's corporate governance model. – Approving essential Group-level documents: policies, codes, and so forth. – Approving the Group's strategy, analysing information regarding its implementation, and overseeing the Group's action plan for executing the strategy. – Maintaining continuous oversight and control over the management of key strategic and nationally significant projects assigned to or undertaken by Group companies.
Audit Committee	– Responsible for overseeing the preparation and auditing of the Group's financial statements. – Accountable for upholding the independence and objectivity of the Group's corporate auditors and audit firms, as well as overseeing the services they offer. – Accountable for monitoring the effectiveness of the Group's internal control, risk and compliance management, internal audit functions, and business processes.
Remuneration and Nomination Committee	– Assisting in selecting candidates for membership on the governing bodies of all Group companies, making recommendations regarding the appointment of selected members of these bodies; analysing the results of the performance evaluation of the Group's collective management bodies and the Audit Committee, summarising these results and proposing improvements for performance. – Making recommendations regarding the Group's remuneration, performance appraisal, and selection policies, whilst proposing the criteria for evaluating managers' performance within the Group.
Line 1 – all employees and managers	Ensuring compliance, identifying and managing risks, guaranteeing internal controls, and carrying out other activities as part of their daily functions.
Line 2 – Compliance Management function, Risk Management function, Business Resilience, Information Security function	Advising and training. Checking compliance ensuring by Line 1. Fostering a culture of risk management, compliance management, information security, and business resilience. Carrying out other functions related to risk management, compliance management, information security, and business resilience.

Line 3 – centralised internal audit	Systematically and comprehensively evaluating and enhancing the Group's corporate governance, risk management, and internal control framework, thus adding value to all Group companies and supporting the attainment of their business objectives.

Recognising the importance of the topic of Business ethics and corporate culture to the undertaking and its stakeholders and the potential negative impact that the Group is causing on this sustainability topic (identified in the reporting year during the DMA), Group will seek to review future governance, targets and actions on this topic.

Whistleblowing channel and whistleblower protection

The Group promotes a whistleblowing culture and has set up an internal whistleblowing channel – the Trust line. Group employees and other stakeholders (our partners, customers, etc.) are encouraged to report on a wide range of issues, such as possible environmental violations, non-compliance, corruption, discrimination, and so forth. Recognising the sensitivity of the reports, we allow whistleblowers to submit information either anonymously or by disclosing their contact details. The mechanism of the helpline is governed by internal regulations, which establish legally compliant deadlines for processing reports. This ensures that the information received is addressed as swiftly as possible, provides feedback to the whistleblower on the cases handled, identifies the responsible individuals, and facilitates an objective and independent assessment of the reports received.

We provide individuals with the opportunity to express their concerns through various existing Trust line channels: by email, by completing a form, in writing, or by phone.

All information regarding the Group's Trust line and its operations can be found on the websites of the Group companies.

Safeguards in place to manage the potential impact on whistleblowers (including but not limited to):
dismissing or suspending whistleblowers for their reporting;
downgrading whistleblowers for their reporting;
non-renewal or premature termination of permanent employment contracts;
intimidation, harassment, violence, threats of retaliation, and discrimination;
reducing the salary of the whistleblower;
questioning the competence of the whistleblower;
disciplinary or other sanctions against the whistleblower.

For further details on the guarantees available to whistleblowers, please refer to the websites of Group companies.

G1-2 Management of relationships with suppliers

Sustainable supply chain

Most of the Group's procurement (with the exception of Tetas) is carried out in accordance with the requirements of the Law on Public Procurement, which ensures that only suppliers meeting the environmental and (or) social requirements of the Law are eligible to participate in the procure. Every public procurement process includes at least one green criterion, and 100% public procurement is deemed green. Starting in 2024, companies will also apply social criteria, and the percentage of such purchases must attain at least 7% by 2025. It should be noted that the majority of the Group's suppliers are local (more than 80% by number of contracts). The Group has a contract monitoring process that allows companies to oversee and evaluate the capability of suppliers, including those considered vulnerable, to fulfil their contracts. The most substantial purchases are made by employees certified as Procurement Officers, thereby managing compliance risk. Companies organise in-house training on social and environmental topics.

In 2024, EPSO-G received an award established by the Ministry of Economy and Innovation in partnership with the Public Procurement Office for the most intelligently organised procurement. The procurement of strategy development and consultancy services was conducted based on the cost-effectiveness criterion of quality, evaluating the project manager's interviews. Leaders of the procurement function are invited to share their expertise at procurement conferences, and the Group's procurement practices are regarded as among the most progressive in Lithuania.

Procurement policy and supplier code of conduct

The Group's Procurement Policy and Supplier Code of Conduct (SCoC) establish the minimum standards of conduct that the Group expects all its suppliers and sub-suppliers to comply with, thereby promoting lawful, professional, sustainable and fair business practices, encompassing the environment, human rights, labour standards and business ethics. Suppliers are encouraged to integrate sustainability principles into their activities in the above areas. By participating in the Group's procurement, suppliers acknowledge their awareness of the SCoC and commit to complying with it. In 2024, the Group (excluding Tetas) introduced a supplier verification process: suppliers voluntarily fill out a pre-contract verification questionnaire in the Group's verification system and provide information on the policies and standards they apply in their operations on the issues identified by SCoC. The gathered information is analysed to assist suppliers in identifying operational processes for enhancement.

Questionnaires were sent to 368 suppliers during the reporting period (since the introduction of the supplier verification system in July). 41% of these suppliers voluntarily responded to the questionnaire and supplied their performance data.

An assessment of these data in 2024 has resulted in the identification of indicators to be monitored in 2025. These are percentage of suppliers

- complying with the Group's Supplier Code of Conduct;
- implementing GHG emission reduction measures;
- having/implementing policies on business sustainability, social responsibility or other policies related to ESG (environmental, social, governance);
- who completed the questionnaire.

Tetas does not have the status of a contracting authority, but follows the Group's procurement policy and screens suppliers for sanctions imposed on them. Tetas has a target of adopting SCoC in 2025, obliging suppliers to comply with SCoC and introducing a supplier verification process from 2026.

Recognising the importance of the topic of Procurement to the Group and its stakeholders and the potential negative impact that the Group companies are causing on this sustainability topic (identified in the reporting year during the DMA), Group will seek to review future governance and policies on this topic.

Contract enforcement

The Group has a harmonised contract execution and control process that enables it to address contract enforcement issues in the most efficient manner, ensuring consistency in decisions, equivalency among suppliers, comprehensive management of the contract list, identification of critical contracts, potential risks, and more. It should also be noted that:

- The provisions of contracts with suppliers require that suppliers adhere to the SCoC in executing their contracts;
- Contracts include enforcement mechanisms such as fines, penalties, and bank guarantees;
- Contracts encompass provisions related to environmental, social, and governance requirements.

International and national sanctions

The Group adheres to the systematic implementation of international sanctions. In all ongoing procurements, suppliers to be awarded contracts are screened for sanctions. If such a fact is established, contracts shall not be concluded or shall be terminated if the fact emerges during the performance of the contract.

As part of national security policy, the Group refrains from awarding or executing procurement contracts with suppliers linked to hostile states or territories:

- Group companies of national security importance or Group companies operating critical infrastructure or information systems have additional requirements for the purchase of hardware, software, maintenance or support services;
- The Group aims to reduce its dependence on product manufacturers and suppliers which do not meet the criteria for European and transatlantic integration, i.e. are not established or registered in the Member States of the European Union, the North Atlantic Treaty Organisation, the European Economic Area and (or) the Organisation for Economic Co-operation and Development.

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Contractual obligations of the supplier under the SCoC	Measures to implement the SCoC
Zero tolerance of bribery, graft, influence peddling, money laundering, abuse of office and (or) other forms of corruption.	Publicly available SCoC.
Avoid engaging in any illegal agreements or arrangements that hinder fair competition, including entering into cartels with competitors, such as sharing or allocating markets or customers, or colluding on prices.	Confirmations of knowledge and compliance from suppliers.
Reducing dependence on product manufacturers and suppliers which do not meet the criteria for European and transatlantic integration, i.e. are not established or registered in the Member States of the European Union, the North Atlantic Treaty Organisation, the European Economic Area and (or) the Organisation for Economic Co-operation and Development.	Completing questionnaires.
Maintaining transparent, harmonious and cooperative business relationships in line with the SCoC and the Anti-Corruption Policy.	Information system for verification.
	Information system for verification.
	Data analysis, recommendations.
	Events for suppliers.

G1-3 Prevention and detection of corruption and bribery

The Group is committed to transparency, openness, and legality, and we maintain a zero-tolerance policy towards corruption—we do not accept corruption, or any acts related to it. We continuously assess potential corruption risks and implement measures to manage those risks when they are identified. We conduct our anti-corruption activities in accordance with the provisions of legislation, adhering to best practices and implementing the principles of an anti-corruption management system as defined by the international standard ISO 37001:2016 Anti-bribery management systems — Requirements with guidance for use. EPSO-G, Amber Grid and Litgrid have anti-corruption management systems certified according to ISO 37001.

The Anti-Corruption Policy serves as the principal document governing the Group's anti-corruption initiatives, outlining the principles of anti-corruption and delineating the rights and responsibilities of those engaged in anti-corruption activities. The policy has been developed in accordance with the above-mentioned international standard ISO 37001:2016, United Nations Convention against Corruption, Legal acts of the Republic of Lithuania regulating anti-corruption activities, and good practice. For further details regarding the Group's anti-corruption activities please refer to the Management Report, section Compliance, Anti-Corruption Activities and Conflict of Interest Management .

Recognising the importance of the topic of Anti-Corruption and Bribery to the undertaking and its stakeholders and the potential negative impact that the undertaking is causing on this sustainability topic (identified in the reporting year during the DMA), we will seek to review future governance and policies on this topic.

G1-4 Confirmed incidents of corruption or bribery

	2024	2023	2022
Confirmed incidents of corruption	0	0	0
Staff members sanctioned or dismissed for corruption	0	0	0
Corruption-related lawsuits against Group companies/employees	0	0	0

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Confirmed incidents of corruption which led to contracts not being concluded/renewed with operational partners	0	0	0

Calculation methodology. The data on corruption and bribery incidents are calculated and presented in accordance with the procedures for establishing and operating whistleblowing channels, as well as the protocols for internal investigations.

G1-6 Payment practices

The Group complies with the payment terms and principles of non-discrimination outlined in its contracts with business partners, ensuring that small and medium-sized enterprises are subject to the same terms and conditions as large enterprises.

The standard payment terms are 30 calendar days (47.22%) or 60 calendar days (30.94%) following the receipt of the invoice. The remaining invoices are settled within a period of less than 30 calendar days (16,18 %) or more than 60 calendar days (5,66 %). The average time taken to pay an invoice is 41.81 calendar days. This average calculation is based on data regarding payments actually made in 2024, including instances where invoices from prior periods have been paid during the reference period. The calculations exclude payments based on advance reports.

Information on legal disputes is provided in Note 38 of the Consolidated financial statements, "Off-balance Sheet Commitments and Contingencies."

8.5. Annexes

ESRS IRO-2 Content index of ESRS disclosure requirements

Applicable ESRS Sector		Not available
ESRS 2 General Disclosures		
Disclosure Requirement		**Page**
1. Basis for preparation		
BP-1	General basis for preparation of sustainability statements	102
BP-2	Entities included in the organisation's sustainability reporting	102
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IRO-1	Description of the process to identify and assess material impacts, risks and opportunities	110
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S3-4	Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions	171
Metrics and targets		
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ESRS S4 Consumers and end-users		
Strategy		
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S4-1	Policies related to consumers and end-users	172
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G1-1	Corporate culture and bBusiness conduct policies and corporate culture	173
G1-2	Management of relationships with suppliers	175
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G1-4	Confirmed incidents of corruption or bribery	177
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List of datapoints in cross-cutting and topical standards that derive from other EU legislation

Disclosure Requirement and related datapoint	SFDR reference[1]	Pillar 3 reference[2]	Benchmark Regulation reference[3]	EU Climat e Law referen ce[4]	Page
ESRS 2 GOV-1 Board's gender diversity paragraph 21 (d)	Indicator number 13 of Table #1 of Annex 1		Commission Delegated Regulation (EU) 2020/1816 (27), Annex II		103
ESRS 2 GOV-1 Percentage of board members who are			Delegated Regulation (EU) 2020/1816, Annex II		103

independent paragraph 21 (e)					
ESRS 2 GOV-4 Statement on due diligence paragraph 30	Indicator number 10 Table #3 of Annex 1				104
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities paragraph 40 (d) i	Indicators number 4 Table #1 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 (28)Table 1: Qualitative information on Environmental risk and Table 2: Qualitative information on Social risk	Delegated Regulation (EU) 2020/1816, Annex II		105
ESRS 2 SBM-1 Involvement in activities related to chemical production paragraph 40 (d) ii	Indicator number 9 Table #2 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II		105
ESRS 2 SBM-1 Involvement in activities related to controversial weapons paragraph 40 (d) iii	Indicator number 14 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1818 (29), Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		105
ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco paragraph 40 (d) iv			Delegated Regulation (EU) 2020/1818, Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		105
ESRS E1-1 Transition plan to reach climate neutrality by 2050 paragraph 14				Regulation (EU) 2021/1119, Article 2(1)	140
ESRS E1-1 Undertakings excluded from Paris-aligned Benchmarks paragraph 16 (g)		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book-Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article12.1 (d) to (g), and Article 12.2		140
ESRS E1-4 GHG emission reduction targets paragraph 34	Indicator number 4 Table #2 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 6		144
ESRS E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) paragraph 38	Indicator number 5 Table #1 and Indicator n. 5 Table #2 of Annex 1				145

ESRS E1-5 Energy consumption and mix paragraph 37	Indicator number 5 Table #1 of Annex 1				145
ESRS E1-5 Energy intensity associated with activities in high climate impact sectors paragraphs 40 to 43	Indicator number 6 Table #1 of Annex 1				145
ESRS E1-6 Gross Scope 1, 2, 3 and Total GHG emissions paragraph 44	Indicators number 1 and 2 Table #1 of Annex 1	Article 449a; Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book – Climate change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article 5(1), 6 and 8(1)		147
ESRS E1-6 Gross GHG emissions intensity paragraphs 53 to 55	Indicators number 3 Table #1 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 8(1)		147
ESRS E1-7 GHG removals and carbon credits paragraph 56				Regulation (EU) 2021/1119, Article 2(1)	151
ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks paragraph 66			Delegated Regulation (EU) 2020/1818, Annex II Delegated Regulation (EU) 2020/1816, Annex II		Phased-in disclosure requirement
ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk paragraph 66 (a) ESRS E1-9 Location of significant assets at material physical risk paragraph 66 (c).		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraphs 46 and 47; Template 5: Banking book - Climate change physical risk: Exposures subject to physical risk.			Phased-in disclosure requirement
ESRS E1-9 Breakdown of the carrying value of its real estate assets by energy-efficiency classes paragraph 67 (c).		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraph 34;Template 2:Banking book - Climate change transition risk: Loans collateralised by immovable property - Energy efficiency of the collateral			Phased-in disclosure requirement
ESRS E1-9 Degree of exposure of the portfolio to climate-			Delegated Regulation (EU) 2020/1818, Annex II		Phased-in disclosure

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related opportunities paragraph 69		require ment
ESRS E2-4 Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil, paragraph 28	Indicator number 8 Table #1 of Annex 1 Indicator number 2 Table #2 of Annex 1 Indicator number 1 Table #2 of Annex 1 Indicator number 3 Table #2 of Annex 1	Not material
ESRS E3-1 Water and marine resources paragraph 9	Indicator number 7 Table #2 of Annex 1	Not material
ESRS E3-1 Dedicated policy paragraph 13	Indicator number 8 Table 2 of Annex 1	Not material
ESRS E3-1 Sustainable oceans and seas paragraph 14	Indicator number 12 Table #2 of Annex 1	Not material
ESRS E3-4 Total water recycled and reused paragraph 28 (c)	Indicator number 6.2 Table #2 of Annex 1	Not material
ESRS E3-4 Total water consumption in m3 per net revenue on own operations paragraph 29	Indicator number 6.1 Table #2 of Annex 1	Not material
ESRS 2- IRO 1 - E4 paragraph 16 (a) i	Indicator number 7 Table #1 of Annex 1	110
ESRS 2- IRO 1 - E4 paragraph 16 (b)	Indicator number 10 Table #2 of Annex 1	110
ESRS 2- IRO 1 - E4 paragraph 16 (c)	Indicator number 14 Table #2 of Annex 1	110
ESRS E4-2 Sustainable land / agriculture practices or policies paragraph 24 (b)	Indicator number 11 Table #2 of Annex 1	152
ESRS E4-2 Sustainable oceans / seas practices or policies paragraph 24 (c)	Indicator number 12 Table #2 of Annex 1	152
ESRS E4-2 Policies to address deforestation paragraph 24 (d)	Indicator number 15 Table #2 of Annex 1	152
ESRS E5-5 Non-recycled waste paragraph 37 (d)	Indicator number 13 Table #2 of Annex 1	157

ESRS E5-5 Hazardous waste and radioactive waste paragraph 39	Indicator number 9 Table #1 of Annex 1		157
ESRS 2- SBM3 - S1 Risk of incidents of forced labour paragraph 14 (f)	Indicator number 13 Table #3 of Annex I		110, 158
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ESRS S1-1 Human rights policy commitments paragraph 20	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex I		159
ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 21		Delegated Regulation (EU) 2020/1816, Annex II	159
ESRS S1-1 processes and measures for preventing trafficking in human beings paragraph 22	Indicator number 11 Table #3 of Annex I		159
ESRS S1-1 workplace accident prevention policy or management system paragraph 23	Indicator number 1 Table #3 of Annex I		159
ESRS S1-3 grievance/complaints handling mechanisms paragraph 32 (c)	Indicator number 5 Table #3 of Annex I		162
ESRS S1-14 Number of fatalities and number and rate of work-related accidents paragraph 88 (b) and (c)	Indicator number 2 Table #3 of Annex I	Delegated Regulation (EU) 2020/1816, Annex II	168
ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness paragraph 88 (e)	Indicator number 3 Table #3 of Annex I		168
ESRS S1-16 Unadjusted gender pay gap paragraph 97 (a)	Indicator number 12 Table #1 of Annex I	Delegated Regulation (EU) 2020/1816, Annex II	169
ESRS S1-16 Excessive CEO pay ratio paragraph 97 (b)	Indicator number 8 Table #3 of Annex I		169

ESRS S1-17 Incidents of discrimination paragraph 103 (a)	Indicator number 7 Table #3 of Annex I		169
ESRS S1-17 Non-respect of UNGPs on Business and Human Rights and OECD paragraph 104 (a)	Indicator number 10 Table #1 and Indicator n. 14 Table #3 of Annex I	Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818 Art 12 (1)	169
ESRS 2- SBM3 – S2 Significant risk of child labour or forced labour in the value chain paragraph 11 (b)	Indicators number 12 and n. 13 Table #3 of Annex I		110
ESRS S2-1 Human rights policy commitments paragraph 17	Indicator number 9 Table #3 and Indicator n. 11 Table #1 of Annex 1		Not material
ESRS S2-1 Policies related to value chain workers paragraph 18	Indicator number 11 and n. 4 Table #3 of Annex 1		Not material
ESRS S2-1Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines paragraph 19	Indicator number 10 Table #1 of Annex 1	Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)	Not material
ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 19		Delegated Regulation (EU) 2020/1816, Annex II	Not material
ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain paragraph 36	Indicator number 14 Table #3 of Annex 1		Not material
ESRS S3-1 Human rights policy commitments paragraph 16	Indicator number 9 Table #3 of Annex 1 and Indicator number 11 Table #1 of Annex 1		170
ESRS S3-1 non-respect of UNGPs on Business and Human Rights, ILO principles or and OECD guidelines paragraph 17	Indicator number 10 Table #1 Annex 1	Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)	170
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ESRS S4-1 Non-respect of UNGPs on Business and Human Rights and OECD guidelines paragraph 17	Indicator number 10 Table #1 of Annex 1	Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)	172
ESRS S4-4 Human rights issues and incidents paragraph 35	Indicator number 14 Table #3 of Annex 1		172
ESRS G1-1 United Nations Convention against Corruption paragraph 10 (b)	Indicator number 15 Table #3 of Annex 1		173
ESRS G1-1 Protection of whistle-blowers paragraph 10 (d)	Indicator number 6 Table #3 of Annex 1		173
ESRS G1-4 Fines for violation of anti-corruption and anti-bribery laws paragraph 24 (a)	Indicator number 17 Table #3 of Annex 1	Delegated Regulation (EU) 2020/1816, Annex II)	177
ESRS G1-4 Standards of anti-corruption and anti-bribery paragraph 24 (b)	Indicator number 16 Table #3 of Annex 1		177
ESRS G1-4 Standards of anti-corruption and anti-bribery paragraph 24 (b)	Indicator number 16 Table #3 of Annex 1		177

ESRS 2 GOV-4 Statement on due diligence

Core elements of due diligence	Paragraphs in the sustainability statement	Information related to people and/or the environment
a) Embedding due diligence in governance, strategy and business model	ESRS 2 GOV-1, p. 103 ESRS 2 GOV-2, p. 104 ESRS 2 GOV-3, p. 104 ESRS 2 SBM-3, p. 110	People and environment
	ESRS 2 SBM-3-E1, p. 139 ESRS 2 SBM-3-E4, p. 152 ESRS 2 SBM-3-E5, p. 153	Environment
	ESRS 2 SBM-3-S1, p. 158	People

	ESRS 2 SBM-3-S3, p. 170 ESRS 2 SBM-3-S4, p. 171	
	ESRS 2 SBM-3-G1, p. 173	People and environment
b) Engaging with affected stakeholders in all key steps of the due diligence	ESRS 2 GOV-2, p. 104 ESRS 2 SBM-2, p. 108 ESRS 2 IRO-1, p. 110	People and environment
	S1-2, p. 162 S3-2, p. 170 S4-2, p. 172	People
c) Identifying and assessing adverse impacts	ESRS 2 IRO-1, p. 108 ESRS 2 SBM-3, p. 108	People and environment
	E1-3, p. 142 E4-3, p. 152 E5-1, p. 153	Environment
	S1-3, p. 162 S3-3, p. 171 S4-3, p. 172	
d) Taking actions to address those adverse impacts	E1-3, p. 142 E4-3, p. 152 E5-2, p. 154	Environment
	S1-4, p. 165 S3-4, p. 171 S4-4, p. 172	People
e) Tracking the effectiveness of these efforts and communicating	E1-4, p. 144 E4-4, p. 153 E5-3, p. 154	Environment
	S1-5, p. 166 S3-5, p. 171	People

09 Additional Information

9. Additional Information

9.1. Information on Compliance with the Transparency Guidelines

The EPSO-G Group and its subsidiaries comply with Resolution No 1052 of the Government of 14 July 2010 On the Approval of the Description of the Guidelines for Ensuring the Transparency of the Activities of State-Owned Enterprises (the "Transparency Guidelines"). The Transparency Guidelines are mandatory, as EPSO-G is a State-owned establishment (SOE).

In order to ensure compliance with the Transparency Guidelines within the EPSO-G Group, the Operational Transparency and Communication Policy has been adopted at Group level, which takes into account in detail the requirements set out in the Transparency Guidelines and sets out how they apply to the companies in the EPSO-G Group.

The implementation of the Transparency Guidelines is mainly ensured through the information disclosed in the Annual Report and through the disclosure of information on the websites of EPSO-G's management company and the Group's companies, by disclosing and presenting the information in a format that is accessible and understandable to stakeholders.

The Transparency Guidelines state that the SOEs follow the provisions of the Nasdaq Vilnius Listed Company Governance Code relating to public disclosure of information. Information on EPSO-G's compliance with this Code is disclosed in Annex 4 of EPSO-G's annual report and in EPSO-G's Report on Compliance with the Code of Corporate Governance for Nasdaq Vilnius Listed Companies.

Below is structured information on the implementation of the Transparency Guidelines:

The EPSO-G website must publish information and comply with other requirements	
Company name, company code and the register in which the data on the Company is collected and stored, registered office (address)	Implemented
Legal status if EPSO-G is being reorganised, reorganised (specify the type of reorganisation), wound up, bankrupt or insolvent	Not applicable
Information on the national authority, i.e. the Ministry of Energy of the Republic of Lithuania and a link to its website	Implemented
Operational objectives, vision and mission	Implemented
Structure	Implemented
CEO's details*	Implemented
Data on the chairperson and members of the Board*	Implemented
Details of the Chair and members of the Supervisory Council*	Not applicable
Names of committees, their chairs and members*	Implemented
**The following data shall be published: name, surname, date of commencement of duties, other management positions held in other legal entities, education, qualifications, professional experience; whether the member of the collegial body is elected or appointed as an independent member.*	
Total amount of the nominal values of the shares owned by the State (to the nearest euro cent) and the percentage of EPSO-G's issued capital	Implemented
Special obligations, which shall be established in accordance with the guidelines approved by the Minister of Economy and Innovation of the Republic of Lithuania: the purpose of the special obligation, the state budget allocations for its performance in the current calendar year and the legal acts entrusting the SOE with the performance of the special obligation shall be indicated, the conditions for the performance of the special obligation shall be established and/or the pricing shall be regulated	Implemented
Information on corporate social responsibility initiatives and measures, major investment projects underway or planned	Implemented
If EPSO-G is a member of other legal entities (not applicable to subsidiaries and subsidiaries of a subsequent level), the name, code number and register in which the Company's data are collected and stored, the registered office (address) and the website addresses of such legal entities	Implemented

The annual financial statements, the annual report and the auditor's report on the annual financial statements must be published on EPSO-G's website within 10 working days of the approval of the annual financial statements	Implemented
EPSO-G's interim financial statements and EPSO-G's interim reports must be published on its website no later than two months after the end of the reporting period	Implemented
Given that EPSO-G is a parent company, the following information must be additionally published on its website:	
Group structure	Implemented
Subsidiaries and downstream subsidiaries:	
Company name, company code and the register in which the data on the Company is collected and stored, registered office (address)	Implemented
Website addresses	Implemented
Percentage of shares held by EPSO-G in the issued capital of companies	Implemented
Annual consolidated financial statements and consolidated annual reports	Implemented
The following documents must be published on the website and other requirements must be met:	
Articles of Association of EPSO-G	Implemented
Letter from the Ministry of Energy of the Republic of Lithuania on the definition of state objectives and expectations for EPSO-G	Implemented
The business strategy or a summary thereof where the business strategy contains confidential information or information considered to be a commercial/industrial secret	Implemented
Remuneration policy, including the determination of the salary of the Head of EPSO-G and the remuneration of the members of the collegiate bodies and committees set up by EPSO-G	Implemented
EPSO-G annual and interim reports	Implemented
Sets of annual and interim financial statements for a period of at least five years and auditor's reports on the annual financial statements	Implemented
The above documents are published in PDF format and are technically printable	Implemented
Other requirements must be met/published in the financial statements and reports:	
EPSO-G keeps its accounting records in a way that ensures preparation of the financial statements in accordance with International Accounting Standards	Implemented
EPSO-G prepares a set of financial statements for the period of 6 months	Implemented
In addition to the annual report, EPSO-G prepares a set of financial statements for the period of 6 months	Implemented
In addition to the content requirements set in the Law on Financial Reporting by Undertakings of the Republic of Lithuania, the following information must be disclosed in the annual report of EPSO-G[1]:	
Brief description of the business model	Implemented
Information on significant events that occurred during and after the financial year (prior to the annual report) and which had a material impact on EPSO-G's activities	Implemented
Results for the objectives set out in the Operational Strategy	Implemented
Profitability, liquidity, asset turnover, debt ratios	Implemented
Compliance with specific obligations	Implemented
Implementation of the investment policy, ongoing and planned investment projects and investments during the year under review	Implemented**
For information on investments, ongoing and planned projects, and investments during the reporting period, see sections 3.4, 3.5 and 4.2.8 of the Annual Report.	
Implementation of risk management policy	Implemented

[1] When information is treated as a commercial (industrial) secret or as confidential information of the SOE, the SOE is allowed not to disclose such information; however, in its annual report the SOE must indicate such non-disclosure and provide the reasons for non-disclosure.

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Implementation of the dividend policy	Implemented
Implementation of the remuneration policy	Implemented
Total annual salary bill, average monthly salary by position and/or department	Implemented
It is recommended that SOEs that are not required to prepare a corporate social responsibility, include information on environmental, social and human resources, human rights, anti- corruption and anti-bribery issues in their annual report or annual activity report, as appropriate	Implemented
The consolidated annual report shall include the structure of the group, the name, code and register number of each subsidiary company in which data on the Company are collected and stored, the registered office (address), the percentage of shares held in the subsidiary company's issued capital, and the financial and non-financial performance of the financial year	Implemented
EPSO-G's interim report shall contain a brief description of EPSO-G's business model, an analysis of its financial performance for the reporting period, information on significant events that occurred during the reporting period, as well as profitability, liquidity, asset turnover, debt indicators and their evolution compared to the corresponding period of the previous year	Implemented

9.2. Notification by EPSO-G UAB on compliance with the Code of Corporate Governance for companies listed on NASDAQ Vilnius

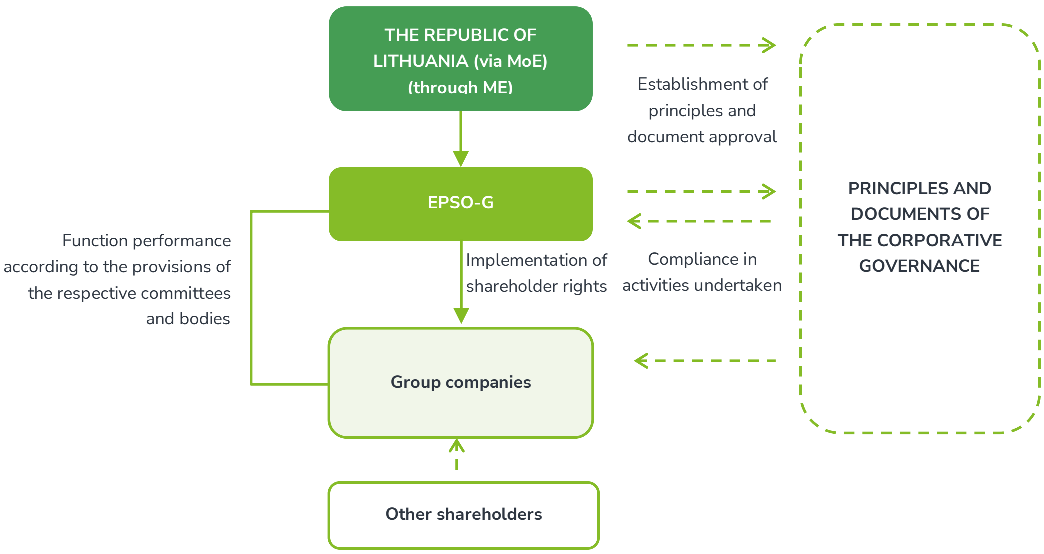
In accordance with the Description of the Guidelines for Ensuring the Transparency of the Activities of State-Owned Enterprises, approved by the Resolution of the Government of the Republic of Lithuania No 1052 of 14 July 2010, and the Transparency and Communication Policy of the EPSO-G Group of Companies, EPSO-G discloses in this report its compliance with the provisions of the Corporate Governance Code for the Listed Companies approved by Nasdaq Vilnius. If there is a failure to comply with this Code or any of its provisions, it shall be stated which provisions are not complied with and for what reasons.

The implementation of the recommendations of the Corporate Governance Code for the Companies Listed on NASDAQ OMX Vilnius by EPSO-G is mainly ensured through the disclosures in the Annual Report and the extensive disclosures on EPSO-G's website, in order to provide information in a format that is accessible and understandable to stakeholders.

Free-form summary of the Corporate Governance Report:

EPSO-G, a state-owned company, is the parent company of the EPSO-G Group of companies. The rights and obligations of EPSO-G holding shareholder are implemented by the Ministry of Energy of the Republic of Lithuania. The Company's management structure and governance model is determined by the Company's Articles of Association, the Corporate Governance Guidelines of the EPSO-G Group of Companies approved on 24 April 2018 (new version approved on 29 December 2022) by the Ministry of Energy of the Republic of Lithuania, the sole shareholder, and the Corporate Governance Policy of the EPSO-G Group of companies. All of the above documents are publicly available on the Company's website.

Fig. 1 Principal scheme of the implementation of corporate governance of EPSO-G.



Corporate governance structure:

- General Meeting of Shareholders;
- the Board (5 members, 3 of whom are independent, the other 2 nominated by the Ministry of Energy as the sole shareholder);
- Committees operating on the Group level:
    - Remuneration and Nomination Committee (majority of members are independent);
    - Audit Committee (majority of members are independent).
- CEO.

The Group has a centralised internal audit function. To ensure the independence of internal audit, the appointment and dismissal of the head of internal audit is subject to the appointment and dismissal of the Board of the management company, which is mainly composed of independent members. Internal Audit is accountable to the EPSO-G Audit Committee, which is also mainly composed of independent members. The Internal Audit recommendations are analysed by the Company's Board, which also approves the plan of measures for the implementation of audit recommendations.

The EPSO-G Group's Risk Management Policy is the basis for the implementation of a unified Group Risk Management System in accordance with the internationally applicable COSO ERM standards, which define the principles and responsibilities for identifying, assessing and managing risks. Coordination of risk management is carried out at Group level.

The EPSO-G Group has adopted operational policies to ensure good governance practices. They are designed to introduce a consistent and effective management system of the organisation helping employees successfully implement important strategic projects and create value to people and businesses of the country in a transparent and effective manner. To ensure the effectiveness of the operational policies, the Company prepares an annual progress report on the implementation of the Group's operational policies for the EPSO-G Board. Progress reports on the implementation of the operational policies of individual companies within the Group are also presented to the Board of the respective company.

In order to meet the objectives set out in the Shareholder's Letter of Expectations, the holding company EPSO-G has established guiding principles and, where appropriate, specific rules (operating policies), presented in paragraph 5.1.2 of this Report.

EPSO-G draws on good governance practices set out in the Good Governance Recommendations published by the Organisation for Economic Co-operation and Development (OECD), the United Nations and Nasdaq Vilnius Recommendations, and other internationally recognised standards and good governance recommendations, with the overarching aim of ensuring that state-owned companies are governed in a transparent and effective manner.

2. Structured table

PRINCIPLES AND GUIDELINES	YES/NO/NOT APPLICABLE	COMMENTARY
Principle 1: General Meeting of Shareholders, fair treatment of shareholders and shareholders' rights The corporate governance system should ensure fair treatment of all shareholders. The corporate governance system should protect shareholders' rights.		
All shareholders should have equal access to the information and/or documents provided for by law and should be able to participate in decisions that are important for the company.	YES	The company has a sole shareholder.
It is recommended that a company's capital should consist only of shares that give their holders equal voting, ownership, dividend and other rights.	YES	All the Company's shares are ordinary registered shares with a nominal value of EUR 0.29 per share.
It is recommended that investors should be given the opportunity to familiarise themselves with the rights attached to new or existing shares in advance, i.e. before purchasing them.	NOT APPLICABLE	The Company has a single shareholder and is not listed.

Exceptional transactions of major importance, such as the disposal of all or almost all of the company's assets, which would effectively amount to a disposal of the company, should be subject to the approval of the General Meeting of Shareholders.	YES	Article 28 of the Company's Articles of Association specifies the cases in which the sole shareholder's approval is required, which are determined taking into account that the Company's main assets are the shares of its subsidiaries.
The procedures for organising and participating in the General Meeting of Shareholders should give shareholders equal opportunities to participate in the General Meeting of Shareholders and should not prejudice the rights and interests of shareholders. The choice of the place, date and time of the General Meeting should not preclude the active participation of shareholders in the General Meeting. In the notice of the General Meeting, the company should indicate the latest date on which the proposed draft resolutions can be submitted.	NOT APPLICABLE	The Company has a single shareholder and is not listed.
In order to ensure the right of shareholders living abroad to access information, it is recommended that, where possible, the documents prepared for the General Meeting of Shareholders be made public in advance not only in Lithuanian, but also in English and/or in other foreign languages. It is also recommended that the minutes of the General Meeting of Shareholders, after signing, and/or the decisions adopted be made public not only in Lithuanian but also in English and/or other foreign languages. It is recommended that this information be published on the company's website. Not all documents may be made publicly available if their public disclosure would be prejudicial to the company or would disclose the company's business secrets.	NOT APPLICABLE	The Company has a single shareholder and is not listed.
Shareholders entitled to vote should be able to vote at the meeting of shareholders, either present or absent in person. Shareholders should not be prevented from voting in advance in writing by completing a single ballot paper.	YES	A shareholder may vote in writing.
In order to increase shareholders' ability to participate in General Meetings of Shareholders, it is recommended that companies should make greater use of modern technology to enable shareholders to participate and vote in General Meetings of Shareholders by electronic means. In such cases, the security of the information transmitted must be guaranteed and the identity of the person	NOT APPLICABLE	The Company has a single shareholder and is not listed.

who participated and voted must be identifiable.		
It is recommended to disclose in the notice of the draft decisions of the convened General Meeting of the Shareholder the new nominations of the members of the collegial body, the remuneration proposed for them, the proposed appointment of the audit company, if these issues are included in the agenda of the General Meeting of Shareholders. When proposing to elect a new member of the collegial body, it is recommended that the member's educational background, work experience and other management positions held (or proposed to be held) be disclosed.		
Members of the Company's collegial management body, heads of the administration[2] or other competent persons related to the Company who can provide information related to the agenda of the general meeting of shareholders should take part in the general meeting of shareholders. Proposed candidates to member of the collegial body should also participate in the general meeting of shareholders in case the election of new members is included into the agenda of the general meeting of shareholders.	NOT APPLICABLE	The Company has a single shareholder and is not listed.
Principle 2: Supervisory Council 1. Functions and responsibilities of the Supervisory Council The Supervisory Council should ensure that the interests of the company and its shareholders are represented, that it is accountable to the shareholders and that it exercises objective and impartial oversight of the company's activities and its management bodies, and that it makes regular recommendations to the management bodies. The Supervisory Council should ensure the integrity and transparency of the company's financial accounting and control system.		
1) Members of the Supervisory Council should act honestly, diligently and responsibly in the best interests of the company and its shareholders and represent their interests, taking into account the interests of employees and the public good.	NOT APPLICABLE	The Company does not have a Supervisory Council.
2) Where the Supervisory Council's decisions may affect the interests of the company's shareholders differently, the Supervisory Council should treat all shareholders impartially. It should ensure that shareholders are adequately informed about the company's strategy, risk management and control, and the management of conflicts of interest.	NOT APPLICABLE	The Company does not have a Supervisory Council.

[2] For the purposes of this Code, heads of the administration are the employees of the company who hold top level management positions.

3) The Supervisory Council should be impartial in making decisions that have a bearing on the company's operations and strategy. The work and decisions of the members of the Supervisory Council should not be influenced by those who elected them.	NOT APPLICABLE	The Company does not have a Supervisory Council.
4) Members of the Supervisory Council should make clear their objection if they consider that a decision of the Supervisory Council could be detrimental to the company. Independent members of the Supervisory Council3 should: (a) remain independent in their analysis and decision-making; (b) neither seek nor accept any undue preference that may cast doubt on the independence of the members of the Supervisory Board.	NOT APPLICABLE	The Company does not have a Supervisory Council.
5) The Supervisory Council should oversee that the company's tax planning strategies are designed and implemented in accordance with the law, to avoid flawed practices that are not in the long-term interests of the company and its shareholders, which may lead to reputational, legal or other risks.		
6) The company should ensure that the Supervisory Council is provided with sufficient resources (including financial resources) to carry out its duties, including access to all relevant information and the right to seek independent professional advice from external legal, accounting or other professionals on matters within the competence of the Supervisory Council and its committees.	NOT APPLICABLE	The Company does not have a Supervisory Council.
2. Establishment of the Supervisory Council The procedure for the establishment of the Supervisory Council should ensure that conflicts of interest are properly managed and that the company is governed efficiently and fairly.		
1) The members of the Supervisory Council elected by the General Meeting of Shareholders should collectively ensure a diversity of qualifications, professional experience and competences, as well as a gender balance. In order to maintain an appropriate balance between the qualifications of the members of	NOT APPLICABLE	The Company does not have a Supervisory Council.

[3] For the purposes of this Code, the criteria of independence of members of the supervisory council are interpreted as the criteria of unrelated parties defined in Article 31(7) and (8) of the Law on Companies of the Republic of Lithuania.

	the Supervisory Council, it should be ensured that the members of the Supervisory Council as a whole have a broad range of knowledge, views and experience to perform their tasks properly.		
2)	Members of the Supervisory Council should be appointed for a fixed term, with the possibility of individual re-election for a new term, in order to ensure the necessary growth in professional experience.	NOT APPLICABLE	The Company does not have a Supervisory Council.
3)	The Chair of the Supervisory Council should be a person whose current or former position would not be an obstacle to the impartial exercise of his/her functions. A former CEO of the company or member of the Board should not immediately be appointed as a Chair of the Supervisory Council. Where a company chooses not to comply with these recommendations, information should be provided on the measures taken to ensure operational impartiality.	NOT APPLICABLE	The Company does not have a Supervisory Council.
4)	Each member should devote sufficient time and attention to his/her duties as a member of the Supervisory Council. Each member of the Supervisory Council should undertake to limit his/her other professional commitments (in particular management positions in other companies) in such a way that they do not interfere with the proper performance of his/her duties as a member of the Supervisory Council. If a member of the Supervisory Council attended less than half of the Supervisory Council meetings during the company's financial year, the company's shareholders should be informed.	NOT APPLICABLE	The Company does not have a Supervisory Council.
5)	Where the appointment of a member of the Supervisory Council is proposed, it should be disclosed which members of the Supervisory Board are considered independent. The Supervisory Council may decide that, despite the fact that a particular member meets all the criteria of independence, he/she cannot be	NOT APPLICABLE	The Company does not have a Supervisory Council.

	considered independent due to special personal or company-related circumstances.		
6)	The amount of remuneration for members of the Supervisory Council should be approved by the company's General Meeting of Shareholders for their activities and participation in the meetings of the Supervisory Council.		
7)	The Supervisory Council should carry out an evaluation of its own performance each year. It should include an assessment of the structure, organisation and ability to act as a group, as well as an assessment of the competence and effectiveness of each member of the Supervisory Council and an assessment of whether the Supervisory Council has achieved its stated performance objectives. The Supervisory Council should publish, at least once a year, relevant information on its internal structure and operating procedures.	NOT APPLICABLE	The Company does not have a Supervisory Council.

Principle 3: Board
3.1. Functions and responsibilities of the Board
The Board should ensure the implementation of the company's strategy, as well as good corporate governance, taking into account the interests of shareholders, employees and other stakeholders.

1)	The Board should ensure the implementation of the company's strategy, as approved by the Supervisory Council, if it is established. In cases where the Supervisory Council is not established, the Board is also responsible for approving the company's strategy.	YES	Article 38 of the Company's Articles of Association states that the Board of Directors of the Company shall approve the Group's business strategy, which shall, inter alia, articulate the overall mission and vision of the Group. The Board also regularly considers reports on the implementation of the strategy (Article 39 of the Articles of Association).
2)	The Board, as the collegial management body of the company, performs the functions assigned to it by the Law and the company's Articles of Association and, in cases where the company does not have a Supervisory Board, also performs the supervisory functions provided for in the Law. In carrying out its functions, the Board should take into account the needs of the company, shareholders, employees and other stakeholders, as appropriate, in	YES	Paragraph 43 of the Company's Articles of Association states that the Board of the Company has supervisory functions.

	order to build a sustainable business.		
3)	The Board should ensure compliance with the laws and internal company policies applicable to the company or group of companies to which it belongs. It should also put in place appropriate risk management and control measures to ensure regular and direct accountability of executives.	YES	Article 38 of the Company's Articles of Association provides that the Board of the Company shall consider and approve the Group-wide corporate documents: policies, guidelines for the most important activities of the Group, as well as other Group-wide corporate documents which are directly applicable in full in the companies of the Group, unless there are justified decisions of the respective governing bodies of the respective companies of the Group on the application of exceptions to the application of these corporate documents. When approving these documents, the Board may also lay down measures for their implementation. The Board also, by individual decisions, instructs CEO to report regularly on the Board's performance indicators (e.g. the Company's strategy, operational plan, budget, etc.).
4)	Moreover, the management board should ensure that the measures included into the OECD Good Practice Guidance[4] on Internal Controls, Ethics and Compliance are applied at the company in order to ensure adherence to the applicable laws, rules and standards.		
5)	In appointing the company's CEO, the Board should take into account the appropriate balance of qualifications, experience and competence of the candidate.	YES	The Company's Articles of Association provide that CEO of the Company is appointed by the Board on the recommendation of the Remuneration and Nomination Committee. Article 79 of the Company's Articles of Association provides that, when assessing the suitability of a candidate for the position of the CEO, the Board shall assess the candidate's compliance with the requirements set out in the Articles of Association and applicable legislation and may, for that purpose, require the candidate to submit documents substantiating such compliance and/or request the competent public authorities to provide the necessary information about the candidate.
Establishment of the Board			

[4] Link to the OECD Good Practice Guidance on Internal Controls, Ethics and Compliance: https://www.oecd.org/daf/anti-bribery/44884389.pdf

1) The members of the Board elected by the Supervisory Board or by the General Meeting of Shareholders if no Supervisory Council is established should collectively ensure a diversity of qualifications, professional experience and competences, and strive for gender balance. In order to maintain an appropriate balance between the qualifications of the members of the Board, it should be ensured that the members of the Board as a whole have a wide range of knowledge, views and experience to perform their tasks adequately.	YES	The selection of the members of the Board of the Company is carried out in accordance with the procedure established by the Government of the Republic of Lithuania. When electing the members of the Board, it shall be ensured that the Board is composed of at least three (3) independent members, their independence being determined in accordance with the criteria laid down by the mandatory legislation, and that the members of the Board have competences in accordance with the Board's areas of responsibility and functions, and, whenever possible, it is aimed to avoid appointing any employees of the Company to the Board. The Board members carry out their performance assessment on annual basis. The Remuneration and Nomination Committee also assesses the performance of the Board annually and makes generalised recommendations for improving the performance of the Group's collegial bodies.
2) The names of the candidates for election to the Board, their education, qualifications, professional experience, positions held, other relevant professional commitments and potential conflicts of interest should be disclosed, without prejudice to the requirements of the legislation governing the processing of personal data, at the meeting of the Supervisory Council at which the Board or its individual members will be elected. If the Supervisory Council is not established, the information set out in this point should be submitted to the General Meeting of Shareholders. The Board should compile the data on its members referred to in this point each year and disclose it in the company's annual report.	YES	Article 32 of the Company's Articles of Association provides that the Meeting, in assessing the suitability of a candidate for election to the Board, shall assess his/her compliance with the requirements laid down in the Articles of Association and the applicable legislation. Pursuant to Article 33 of the Company's Articles of Association, each candidate for election to the Board is required to submit a declaration of interests to the General Meeting of Shareholders. Information on the appointed members of the Board is published and updated on the Company's website. The Annual Report does not repeat this information in addition, but it does include information on the Chair of the Board, CEO and the Chief Financial Officer and the Head of Internal Audit.
3) All new members of the Board should be briefed on their duties, the company's structure and its activities.	YES	Board members are briefed on the Company's structure and activities. The key corporate documents of the Company are shared.
4) Members of the Board should be appointed for a fixed term, with the possibility of individual re-election, in order to ensure the necessary growth in professional experience and sufficiently frequent reconfirmation of their status.	YES	The members of the Board are appointed for a four-year term of office. A member of the Board may not serve as a member of the Board for more than two (2) consecutive full Board terms and in any case may not serve as a member of the Board for more than ten (10) consecutive years.

5) The Chair of the Board should be a person whose current or former position would not be an obstacle to the impartial conduct of business. A former CEO of the company should not immediately be appointed as a Chair of the Board. Where a company chooses not to comply with these recommendations, information should be provided on the measures taken to ensure operational impartiality.	YES	The Company's Articles of Association set out the criteria for a person to be ineligible for election as a member of the Board. According to Article 52 of the Company's Articles of Association, the Chair of the Board should be an independent member of the Board.
6) Each member should devote sufficient time and attention to his or her duties as a Board member. If a member of the Board has attended less than half of the meetings of the Board during the company's financial year, the company's Supervisory Council should be informed, or, if there is no Supervisory Council, the General Meeting of Shareholders.	YES	The Company's minutes record the participation and voting of Board members in decision-making. The attendance of the Board at meetings shall be indicated in the annual report. Each year, the members of the Company's Board carry out a performance evaluation, the results of which are presented to the shareholder and the Remuneration and Nomination Committee.
7) If, in the cases provided for in the Law, when the Board is elected in the absence of a Supervisory Council, some of the members of the Board will be independent[5], it should be published which members of the Board are considered independent. The Board may decide that a particular member of the Board, although fulfilling all the criteria for independence set out in the Law, may not be considered independent because of special personal or company-related circumstances.	YES	Both the Company's website and the Annual Report provide information on the members of the Company's Board, with specific reference to independent members.
8) The amount of remuneration to be paid to members of the Board for their activities and participation in Board meetings should be approved by the company's General Meeting of Shareholders.	YES	Article 28 of the Company's Articles of Association provide that the General Meeting of Shareholders shall decide on the remuneration guidelines applicable to remuneration for service on the Board of the Company and of the Group of Companies.
9) Board members should act honestly, diligently and responsibly in the best interests of the company and its shareholders and represent their interests, taking into account other interest holders. They should not pursue personal interests in their decision-making, should be subject to non-competition agreements, and should not, to the detriment of the company's interests, take advantage of business information and opportunities that are relevant to the company's activities.		

[5] For the purposes of this Code, the criteria of independence of members of the board are interpreted as the criteria of unrelated parties defined in Article 33(7) of the Law on Companies of the Republic of Lithuania.

10) Every year the management board should carry out an assessment of its activities. It should include an assessment of the structure, organisation and ability to act as a group, as well as an assessment of the competence and effectiveness of each member of the Board and an assessment of whether the Board has achieved its stated performance objectives. The management board should, at least once a year, make public respective information about its internal structure and working procedures in observance of the legal acts regulating the processing of personal data.	YES	The Board carries out an annual evaluation of its own performance and draws up a performance improvement plan. The summary results of the Board's performance evaluation are presented in the Company's Annual Report.
Principle 4: Working procedures of the Company's Supervisory Council and the Board The company's procedures for the work of the Supervisory Council, if established, and the Board should ensure the effective work and decision-making of these bodies and promote active cooperation between the company's bodies.		
1) The Board and the Supervisory Council, if established, should work closely together for the benefit of both the company and its shareholders. Good corporate governance requires an open discussion between the Board and the Supervisory Council. The Board should regularly and, if necessary, promptly inform the Supervisory Council of all matters of importance to the company in relation to planning, business development, risk management and control, and compliance with the company's obligations. The Board should inform the Supervisory Council of actual deviations in business development from the plans and objectives previously formulated, stating the reasons for this.	NOT APPLICABLE	The Company does not have a Supervisory Council.
2) It is recommended that meetings of the company's collegial bodies be held at appropriate intervals in accordance with a pre-approved schedule. It is up to each company to decide on the frequency of meetings of the collegial bodies, but it is recommended that they should be held at such a frequency as to ensure the uninterrupted discussion of the company's key governance issues. Meetings of the company's collegiate bodies	YES	The Company's Articles of Association provide that the Board shall take its decisions at meetings of the Board, which shall be held as often as necessary to enable the Board to perform its functions properly and to take the decisions falling within its competence.

	should be convened at least once a quarter of the year.		At the beginning of each year, the Board of Directors of the Company approves the schedule of ordinary meetings for the current year, as well as the activity plan (preliminary questions for the relevant Board meeting).
3)	The members of the collegial body should be informed in advance of the convening of the meeting in order to allow sufficient time for adequate preparation of the issues to be discussed at the meeting and for the discussion leading to the adoption of decisions. The members of the collegial body should be provided with all relevant material relating to the agenda of the meeting together with the notice of the meeting. The agenda should not be amended or supplemented during a meeting unless all members of the collegiate body are present and agree to such amendment or supplementation or unless there is an urgent need to deal with important matters of the company.		
1.	In order to coordinate the work of the company's collegial bodies and to ensure an efficient decision-making process, the chairpersons of the company's collegial supervisory and management bodies should coordinate the dates and agendas of the meetings to be convened and should cooperate closely on other issues related to the company's management. Meetings of the company's Supervisory Council should be open to the members of the company's Board, in particular where the meeting deals with matters relating to the removal of members of the Board, their liability and the determination of remuneration.	NOT APPLICABLE	The Company does not have a Supervisory Council.
Principle 5: Nomination, Remuneration and Audit Committees Purpose and composition of committees The committees established within the company should enhance the effectiveness of the Supervisory Council and, if the Supervisory Council is not established, of the Board, which performs supervisory functions, by ensuring that decisions are taken after due deliberation and by helping to organise the work in such a way as to ensure that decisions are not affected by material conflicts of interest. The Committees should act independently and in a principled manner and make recommendations related to the decision of the collegial body, but the final decision is taken by the collegial body itself.			
1)	Depending on the specific circumstances of the company and the governance structure chosen, the company's Supervisory Council and, if the Supervisory Council not established, the Board, which performs the supervisory functions, form committees. It is recommended that the collegial body form Nomination, Remuneration and Audit	YES	The Company has the Remuneration and Nomination Committee formed by the Board of EPSO-G acting in accordance with the regulations approved by the body that forms it; and the Audit Committee operating at the Group level formed by the sole shareholder EPSO-G and acting in accordance with the regulations approved by the body that forms it. Given the close links between remuneration and nomination issues and the need for experts with the same qualifications, it has been decided to form a single Remuneration and Nomination Committee.

	committees[6].		
2)	Companies may decide to have fewer than three committees. In this case, companies should provide an explanation as to why they have chosen the alternative approach and how the chosen approach meets the objectives set by the three separate Committees.	YES	
3)	The functions assigned to the committees formed in companies may be performed by the collegial body itself in the cases provided for by law. In such a case, the provisions of this Code relating to committees (in particular as regards their role, functioning and transparency) should, where appropriate, apply to the collegiate body as a whole.	NOT APPLICABLE	Please see par. 5.1.
4)	Committees established by the collegial body should normally be composed of at least three members. Subject to the requirements of the legal acts, committees could be comprised only of two members as well. Members of each committee should be selected on the basis of their competences by giving priority to independent members of the collegial body. The chair of the management board should not serve as the chair of committees.	YES	Sections 7.7 to 7.9 of the Company's Articles of Association govern the composition and competences of committees within the Group. The aforementioned statutes state that the Remuneration and Nomination and Audit Committees shall consist of at least three members. It is ensured that from among three members there is at least one independent member in the Remuneration and Nomination Committee, and more than half of the members in the Audit Committee. The Chairs of the Remuneration and Nomination and Audit Committees are independent members of the Committees. Not all members of the Remuneration and Nomination Committee and the Audit Committee are appointed by the Board of EPSO-G. One member to each of the committees is appointed on the basis of competence when performing the external selection of an independent member of the committee.
5)	The authority of each committee formed should be determined by the collegial body itself. Committees should perform their duties according to the authority delegated to them and regularly report to the collegial body on their activities and performance on a regular basis. The Rules of Procedure of each committee, defining its role and specifying its rights and duties, should be published at least once a year (as part of the information that the company publishes annually about its governance structure and practices). Companies should also publish each year in their annual report, without prejudice to the requirements of the legislation on the processing of personal data, the composition, number of meetings and attendance of members of the existing committees during the previous year, as		

[6] The legal acts may provide for the obligation to form a respective committee. For example, the Law on the Audit of Financial Statements of the Republic of Lithuania provides that public-interest entities (including but not limited to public limited liability companies whose securities are traded on a regulated market of the Republic of Lithuania and/or of any other Member State) are under the obligation to set up an audit committee (the legal acts provide for the exemptions where the functions of the audit committee may be carried out by the collegial body performing the supervisory functions).

well as the main operational goals and their performance.		
6) In order to ensure the independence and objectivity of committees, members of the collegial body who are not members of the committee should normally be entitled to attend committee meetings only at the invitation of the committee. The Committee may invite or require the attendance of certain employees or experts of the Company. The Chair of each committee should be able to communicate directly with shareholders. The cases in which this should be done should be specified in the rules governing the operation of the Committee.	YES	The Regulations of the Committees provide for the right of the members of the Committees, at their discretion, to invite members of the organs of the companies of the EPSO-G Group of companies, employees, proxies, candidates for certain positions, or other persons to attend their meetings and to obtain from them, within the limits of their competence, the necessary explanations, and for that purpose, to request the necessary actions to carry out the Committee's functions.
Nomination committee.		
The main functions of the Nomination Committee should be: (1) to select candidates for vacancies in the Supervisory, Governing Body and Executive Management positions and to recommend them to the collegial body for consideration. The Nomination Committee should assess the balance of skills, knowledge and experience in the governing body, develop a description of the functions and skills required for the specific position and assess the time required to complete the assignment; (2) regularly assess the structure, size, composition, skills, knowledge and performance of the supervisory and management bodies, and make recommendations to the collegiate body on how to bring about the necessary changes; (3) give due attention to succession planning.		
The Company's CEO should be consulted on matters relating to members of the collegial body who have an employment relationship with the company and to the Senior Management, with the right to make proposals to the Nomination Committee.	YES	The Regulations establish that the right of initiative to convene the Remuneration and Nomination Committee is exercised by the boards or general managers of the group of companies that also propose the agenda of the meeting by submitting issue-related materials and draft resolutions. The provision is not practically relevant at the present time as the Board does not include any employees of the Company.
Remuneration Committee.		
The main functions of the Remuneration Committee should be: (1) submit proposals to the collegial body for consideration on the remuneration policy applicable to members of the supervisory and management bodies and the executives. Such policies should cover all forms of remuneration, including fixed remuneration, performance-related remuneration, financial incentive schemes, pension schemes, severance payments, as well as conditions that would allow the company to recover amounts or suspend	YES	Please see par. 5.4.2 of this Report.

payments, indicating the circumstances that would make it appropriate; (2) submit to the collegial body proposals regarding individual remuneration for members of the collegial bodies and the heads of the administration in order to ensure that they would be consistent with the company's remuneration policy and the evaluation of the performance of the persons concerned; (3) review, on a regular basis, the remuneration policy and its implementation.		
Audit Committee.	YES	The Audit Committee of EPSO-G acts as an advisory body to the Board of the Company on matters relating to the Committee's areas of activity, operating on a Group-wide basis, with the main functions of: 1. Supervising the preparation of the Group's financial statements and the audit process; 2. Ensuring the independence and objectivity of the Group's auditors and audit companies; 3. Providing an opinion on related party transactions in the cases provided for in the Articles of Association of listed subsidiaries; 4. Making recommendations regarding the selection, appointment, re-appointment and removal of an external auditory and the terms and conditions of a contract with the external audit company; 5. Monitoring and making recommendations on the effectiveness of the internal control, risk and compliance management, and the internal audit function, as well as business processes.
(1) The main functions of the Audit Committee are defined in the legislation governing the Audit Committee[7].		
(2) All members of the Committee should be provided with detailed information relating to the company's specific accounting, financial and operational characteristics. The Audit Committee should be informed by the company's executives of the accounting treatment of significant and unusual transactions, which may be accounted for in different ways.		

[7] Issues related to the activities of audit committees are regulated by Regulation No 537/2014 of the European Parliament and the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities, the Law on the Audit of Financial Statements of the Republic of Lithuania, and the Rules Regulating the Activities of Audit Committees approved by the Bank of Lithuania.

(3) The Audit Committee should decide whether (and if so, when) the Chair of the Board, the Chief Executive Officer, the Chief Financial Officer (or senior finance and accounting staff), the internal auditor and the external auditor should attend its meetings. The Committee should be able to meet the persons concerned, if necessary, without the presence of members of the management bodies.	YES	The Regulations of the Audit Committee stipulate that the members of the Committee, at their own discretion, may invite to their meetings the members of the bodies of the companies of the group, their employees, representatives, candidates for certain positions or other persons, and obtain from them the necessary explanations within their competence, as well as require for that purpose that necessary actions would be taken for the performance of the functions of the Committee.
(4) The Audit Committee should be informed of the work programme of the internal auditors and receive internal audit reports or a periodic summary. The Audit Committee should also be informed of the work programme of the external auditors and should receive a report from the audit firm describing any relationship between the independent audit company and the company and its group.	YES	The Audit Committee is regularly, at least quarterly, informed about the internal audit reports, makes recommendations for the approval of the internal audit plan and monitor its implementation. The Audit Committee organises meetings with the external auditors to discuss the auditors' work program and uncertainties arising during the audit, and after the performance of the external audit, their conclusions and recommendations are discussed with the external auditors. Each year, before the start of annual audits, the audit firm submits its declaration of independence to the Audit Committee and to the companies.
(5) The audit committee should examine whether the company complies with the applicable provisions regulating the possibility of lodging a complaint or reporting anonymously his/her suspicions of potential violations committed at the company and should also ensure that there is a procedure in place for proportionate and independent investigation of such issues and appropriate follow-up actions.		
(6) The Audit Committee should report to the Supervisory Council, or, if the Supervisory Council is not established, to the Board at least once every six months, at the same time as the approval of the annual and half-yearly reports.	YES	The Regulations of the Audit Committee stipulate that the Audit Committee shall submit half-yearly and annual activity reports to the Board. Annual report is also submitted to the sale shareholder of EPSO-G.
Principle 6: Avoidance and disclosure of conflicts of interest The corporate governance framework should encourage members of the company's supervisory and management bodies to avoid conflicts of interest and ensure a transparent and effective mechanism of disclosure of conflicts of interest related to members of the supervisory and management bodies. The corporate governance system should recognise the rights of stakeholders as established by law and promote active cooperation between the company and stakeholders to create wealth, jobs and financial stability. In the context of this principle, stakeholders include investors, employees, creditors, suppliers, customers, the local community and others with an interest in the company.		
A member of a company's supervisory and management body should avoid a situation where his or her personal interests conflict or may conflict with the interests of the company. If such a situation does arise, a member of the supervisory or management body of the company should, within a reasonable period of time, inform the other members	YES	This obligation is laid down in the Board's rules of procedure, in the contract signed with the Board member and in the Policy of Management of Interests of Employees and Members of Collegial Bodies of the EPSO-G Group companies.

of the same body, or the body of the company that elected him or her, or the shareholders of the company of the existence of such a conflict of interests, indicating the nature of the interests and, where possible, the value.		Article 33 of the Company's Articles of Association stipulates that any candidate for election to the Board must immediately inform the Board of any new circumstances which may give rise to a conflict of interest.
Principle 7: Company's remuneration policy The company's remuneration policy and the procedures for its review and disclosure should prevent potential conflicts of interest and abuse in determining the remuneration of the members of the collegiate bodies and of the executives, and ensure the openness and transparency of the company's remuneration policy, as well as the company's long-term strategy.		
(1) The company should approve and publish the remuneration policy on it's website, which should be regularly reviewed and be consistent with the company's long-term strategy.	YES	The Company applies the Guidelines for Determining the Remuneration for Activities in the Management Bodies of EPSO-G and the EPSO-G Group of Companies, which are approved by the sole shareholder of EPSO-G and available in a public domain. The company applies the Remuneration, Performance Review and Training Policy of the EPSO-G Group in full. The policy is made available to public.
(2) The remuneration policy should cover all forms of remuneration, including fixed remuneration, performance-related remuneration, financial incentive schemes, pension schemes, severance payments, as well as clauses providing for situations where the company may recover amounts paid or suspend payments.	YES	All possible forms of remuneration for collegiate bodies and employees are set out in the Guidelines for Determining the Remuneration for Activities in the Management Bodies of EPSO-G and the EPSO-G Group of Companies and in the Remuneration, Performance Review and Training Policy of the EPSO-G Group. Both documents are made available to public.
(3) With a view to avoid potential conflicts of interest, the remuneration policy should provide that members of the collegial bodies which perform the supervisory functions should not receive remuneration based on the company's performance.	YES	The Company applies the Guidelines for Determining the Remuneration for Activities in the Management Bodies of EPSO-G and the EPSO-G Group of Companies, which regulate the fixed monthly remuneration for members of collegial bodies. The members of the Board are not remunerated on the basis of the Company's performance.

(4) The remuneration policy should provide sufficient detail on the policy regarding termination payments. Termination payments should not exceed a fixed amount or a fixed number of annual salaries and should generally not exceed a fraction of two years' fixed remuneration or its equivalent. Termination payments should not be paid if the contract is terminated because of poor performance.	YES/NO	The Remuneration, Performance Review and Training Policy of the EPSO-G Group of companies stipulates that there are no pre-agreed severance payments in the Group companies (except for the companies CEO's, whose terms of employment are determined by the Board). The amounts of benefits related to the termination of employment relationships are determined by taking into account the mandatory minimum amounts of such benefits established by the norms of labour law, except for exceptional cases when there are objective reasons for the agreement on the other benefits. The relevant Board of the Group company shall be informed of the disbursement of such (higher) benefits and the grounds for their payment at its forthcoming meeting.
(5) If the company has a financial incentive scheme, the remuneration policy should contain sufficient details on the retention of shares after vesting. In the case of a share-based award, the shares should not vest for at least three years after the award. After vesting, members of the collegiate bodies and executives should retain a certain number of shares until the end of their term of office, depending on the need to cover any costs associated with the acquisition of shares.	NOT APPLICABLE	The Company does not have a financial incentive scheme.
(6) The company should publish on the company's website information on the implementation of the remuneration policy, which should focus on the remuneration policy of the collegial bodies and the management for the next and, where appropriate, the following financial year. It should also provide an overview of how the remuneration policy was implemented in the previous financial year. This type of information should not contain information of commercial value. Particular attention should be paid to significant changes in the company's remuneration policy compared to the previous financial year.		
(7) It is recommended that the remuneration policy, or any material change to the remuneration policy, should be included on the agenda of the General Meeting of Shareholders. Schemes where members of the collegial body and employees are remunerated in shares or share options should be approved by the General Meeting of Shareholders.	YES	The remuneration of the members of the Company's Board shall be determined by the General Meeting of Shareholders of the Company. The remuneration is determined in accordance with the Guidelines for determining the remuneration for activities in the corporate bodies of EPSO-G and the EPSO-G Group, which have been approved by the sole shareholder of EPSO-G. The Company does not operate any of the schemes in question.
Principle 8: The role of interest holders in corporate governance The corporate governance framework should recognise the rights of stakeholders entrenched in the laws or mutual agreements and encourage active cooperation between the company and stakeholders in creating the company value, jobs and financial sustainability. In the context of this principle, stakeholders include investors, employees, creditors, suppliers, customers, the local community and others with an interest in the company.		

(1) The corporate governance framework should ensure that the rights and lawful interests of stakeholders are protected.	YES	The Company has adopted the Transparency and Communication Policy of the EPSO-G Group of Companies, which establishes goals to increase awareness and understanding of stakeholders about the activities of the EPSO-G Group of companies and individual group companies; to ensure employee engagement; to create and maintain sustainable relationship with stakeholders based on mutual respect.
(2) The corporate governance framework should allow stakeholders to participate in the governance of the company in accordance with the law. Examples of participation by stakeholders in corporate governance include the participation of employees or their representatives in the adoption of decisions that are important for the company, consultations with employees or their representatives on corporate governance and other important matters, participation of employees in the company's authorised capital, involvement of creditors in corporate governance in the cases of the company's insolvency, etc.	YES	The Company shall consult, negotiate and confer with the Company's employee representatives on the Company's business processes. Stakeholders can take part in the corporate governance to the extent permitted by law.
(3) Where stakeholders are involved in the governance of the company, they should be given access to relevant information.		
(4) Stakeholders should be able to report illegal or unethical practices in confidence to the collegiate body exercising the supervisory function.	NO	The Company's website section "Corruption Prevention" provides the Helpline, an internal whistleblowing channel, contacts. The reporting form invites you to report violations of the provisions of legal acts and norms of conduct committed by the executives and employees of EPSO-G and the companies directly or indirectly controlled by EPSO-G UAB (Litgrid, Amber Grid, Baltpool, Tetas, GET Baltic); transaction and accounting irregularities; bribery, graft, influence peddling, abuse of office; conflicts of interest, nepotism and cronyism; breaches of the requirements of transparency, equality, non-discrimination, proportionality and impartiality in procurement. Information sent to this address is sent only to EPSO-G's Anti-Corruption Officer, who ensures the confidentiality of the sender. EPSO-G's Group-wide Audit Committee ensures the functioning of the complaints system and the handling of complaints.

Principle 9: Disclosure of information
The corporate governance framework should ensure that timely and accurate disclosures are made on all material matters concerning the company, including its financial position, performance and corporate governance.

Without prejudice to the Company's procedures for confidential information and trade secrets, as well as to the requirements of the legislation governing the processing of personal data, the Company's public disclosures should include, but not be limited to:	YES	The Transparency and Communication Policy of the EPSO-G Group of Companies has been adopted by the Company.
the company's performance and financial results;	YES	-
the company's business objectives and non-financial information;	YES	-
the persons owning or controlling a shareholding in the company, directly and/or indirectly and/or jointly with associated persons, as well as the structure of the group of companies and the interrelationships between them, with an indication of the ultimate beneficial owner;	YES	-
the members of the company's supervisory and management bodies, which of them are considered independent, the company's CEO, their shareholdings or votes in the company, and their involvement in the management of other companies, their competence and remuneration;	YES	-
reports from existing committees on their composition, number of meetings and attendance of members during the previous year, as well as on their main activities and results;	YES	-
the potential key risk factors, the company's risk management and supervision policy;	YES	-
the company's transactions with related parties;	YES	-
key issues relating to employees and other stakeholders (e.g. human resources policies, employee participation in the management of the company, incentives in the form of shares or share options, relations with creditors, suppliers, the local community, etc.);	YES	-

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the company's governance structure and strategy;	YES	-
initiatives and measures of social responsibility policy and anti-corruption fight, significant current or planned investment projects. This list is deemed minimum and companies are encouraged not to restrict themselves to the disclosure of information included into this list. This principle of the Code does not relieve a company of its obligation to disclose information as required by law.	YES	-
When disclosing the information specified in Item 9.1.1 of recommendation 9.1, it is recommended that the company which is a parent company in respect of other companies should disclose information about the consolidated results of the whole group of companies.	YES	EPSO-G, as the parent company, discloses information on the Group's financial results and the activities of the Group companies.
(1) When disclosing the information specified in Item 9.1.4 of recommendation 9.1, it is recommended that the information on the professional experience and qualifications of members of the company's supervisory and management bodies and CEO of the company as well as potential conflicts of interest which could affect their decisions should be provided. It is further recommended that the remuneration or other income of members of the company's supervisory and management bodies and CEO of the company should be disclosed, as provided for in greater detail in Principle 7.		
(2) Information should be disclosed in such manner that no shareholders or investors are discriminated in terms of the method of receipt and scope of information. Information should be disclosed to all parties concerned at the same time.	NOT APPLICABLE	The Company has a sole shareholder and is not listed.
Principle 10: Selecting the company's audit company The company's mechanism for selecting the audit company should ensure the independence of the audit company's report and opinion.		
(1) In order to obtain an objective opinion on the company's financial position and financial performance, the company's annual set of financial statements and the financial information contained in the annual report should be audited by an independent audit company.	YES	The independent auditor is appointed by the General Meeting of Shareholders.
(2) It is recommended that the nomination of the audit company be proposed to the General Meeting of Shareholders by the company's Supervisory Board or, if the company does not have a Supervisory Board, by the company's Board.	YES	The Group-wide Audit Committee is actively involved in the auditor selection process. The Audit Committee shall make a recommendation to the Board on the nomination of the auditor. The final decision is taken by the General Meeting of Shareholders, which is convened and submitted draft decisions by the Board.

(3) If the audit company has received remuneration from the company for non-audit services, the company should disclose this publicly. This information should also be made available to the company's Supervisory Board or, if the company does not have a Supervisory Board, to the company's Board when considering which audit company to propose to the General Meeting of Shareholders.	YES	The non-audit services provided by the audit company shall be in accordance with the policy approved by the Audit Committee of the EPSO-G Group on the purchase of non-audit services from the audit company or from any network to which the audit company belongs. Any remuneration received by the audit company during the reporting period for non-audit services provided to Group companies is disclosed in the annual report. The provision of non-audit services is supervised by the Audit Committee operating at the Group level, which, as mentioned in paragraph 10.2, is actively involved in the selection process of an auditor. Therefore, the Audit Committee, when submitting a recommendation to the Board on the auditor, has all the necessary information on the auditors.

9.3. Details an Other General Information About EPSO-G UAB

Company name	EPSO-G UAB
Legal form	Private limited company
Date and place of registration	25 July 2012, the Register of Legal Entities of the Republic of Lithuania
Company code	302826889
Registered office address	Laisvės ave. 10, LT-01103 Vilnius
Telephone	+370 685 84866
Email	info@epsog.lt
Website	www.epsog.lt
Issued capital	EUR 189,631,000
Sole shareholder	The Republic of Lithuania, the property and non-property rights of which are implemented by the Ministry of Energy of the Republic of Lithuania

EPSO-G is a 100 % state-owned Group of energy transmission and exchange companies. The rights and obligations of EPSO-G UAB holding shareholder are implemented by the Ministry of Energy of the Republic of Lithuania.

The main activity of the EPSO-G Group is to ensure uninterrupted, stable electricity transmission through high voltage grids and natural gas transportation through high-pressure pipelines, and efficient management, maintenance, subcontracting and development of these transmission systems. The Group also manages and develops the biofuel and timber trade platforms designed to ensure competition in the market of energy resources and roundwood. It also carries out electricity subcontracting projects and provides infrastructure operation services for low, medium and high voltage network operators.

All the companies belonging to the EPSO-G Group are responsible for effective and timely implementation of the projects of energy transmission and exchange infrastructure development that are important for the state by contributing to the implementation of the goals set in the National Energy Independence Strategy thus creating a sustainable long- term value for the shareholder – the State of Lithuania, people and the economy of the country.

As at 31 December 2024, the EPSO-G Group (the "Group") consisted of the holding company EPSO-G, six directly controlled companies Amber Grid, Baltpool, Energy Cells, EPSO-G Invest, Litgrid and Tetas. EPSO-G and the Group companies also hold shares in GET Baltic, Baltic RCC and TSO Holding AS.

9.4. Details on the EPSO-G Group companies

Company name	**Amber Grid AB**	**LITGRID AB**	**BALTPOOL UAB**	**TETAS UAB**	**Energy Cells UAB**	**EPSO-G Invest UAB**
Legal form	Public limited company	Public limited company	Private limited company	Private limited company	Private limited company	Private limited company
Date and place of registration	11 June 2013, the Register of Legal Entities of the Republic	16 November 2010, the Register of Legal Entities of the Republic	10 December 2009, the Register of Legal Entities of the Republic	8 December 2005, the Register of Legal Entities of the Republic	26 January 2021, the Register of Legal Entities of the Republic	18 July 2024, the Register of Legal Entities of the Republic
Company code	303090867	302564383	302464881	300513148	305689545	306949519
Registered office address	Laisvės ave. 10, LT- 04215 Vilnius	Karlo Gustavo Emilio Manerheimo g. 8, LT- 05131 Vilnius	Žalgirio g. 90, LT-09303 Vilnius	Senamiesčio st. 102B, LT- 35116 Panevėžys	Ozo st. 12A-1, LT-08200 Vilnius	Laisvės ave. 10, LT- 04215 Vilnius
Telephone	+370 5 236 0855	+370 707 02171	+370 5 239 3157	+370 45 504 670	+370 659 00748	+370 699 89818
Email	info@ambergrid.lt	info@litgrid.eu	info@baltpool.eu	info@tetas.lt	info@energy-cells.eu	info@epsoginvest.lt
Website	www.ambergrid.lt	www.litgrid.eu	www.baltpool.eu	www.tetas.lt	www.energy-cells.eu	www.epsog.lt
Nature of activities	Natural gas transmission system operator	Electricity transmission system operator	Operator of the Energy Exchange and the Timber Exchange, administrator of the PSO funds	Specialised services of maintenance, repair and installation of transformer substations and distribution points, works of testing and tests, design of energy objects	Designated energy storage system operator	Project management, investments
Shares held by EPSO-G	96.6%	97.5%	67.0%	100.0%	100.0%	100.0%

10 Confirmation of responsible persons

10. Confirmation of responsible persons

27-03-2025

Following the Law on Securities of the Republic of Lithuania and the Rules on Information Disclosure of the Bank of Lithuania, we, Mindaugas Keizeris, Chief Executive Officer of UAB EPSO-G, Darius Kašauskas, Chief Financial Officer of the Group and Žydrūnas Augutis, Chief Financier, hereby confirm that, to the best of our knowledge, the attached UAB EPSO-G consolidated and separate financial statements, for the period ended 31 December 2024, prepared in accordance with International Financial Reporting Standards adopted by the European Union, give a true and fair view of the UAB EPSO-G and Group assets, liabilities, financial position, profit and cash flows. UAB EPSO-G consolidated management report for 2024 year gives a true and fair view of business developments and operating activities and UAB EPSO-G and Group situation including a survey report of the principal risks and uncertainties.

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Chief Executive Officer	Mindaugas Keizeris
Chief Financial Officer	Darius Kašauskas
Chief Financier	Žydrūnas Augutis

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Consolidated and the Company's Financial Statements

Prepared for the year ended 31 December 2024 in accordance with International Financial Reporting Standards as adopted by the European Union

12. CONSOLIDATED AND THE COMPANY'S FINANCIAL STATEMENTS

12.1. Consolidated and the Company's statement of financial position

FOR THE YEAR ENDED 31 December 2024 (all amounts are in EUR thousand unless otherwise stated)

	Note	GROUP		COMPANY	
		As at 31 December 2024	As at 31 December 2023	As at 31 December 2024	As at 31 December 2023
ASSETS					
Non-current assets					
Intangible assets	5	6,886	8,175	56	77
Property, plant and equipment	6	745,846	707,229	69	83
Right-of-use assets	7	11,604	10,810	537	694
Investments in subsidiaries	8	-	-	352,479	351,526
Investments in associates and joint ventures	8	19,131	17,677	13,830	13,830
Deferred tax asset	29	18,042	12,105	957	45
Receivables after one year		10	10	-	-
Other non-current financial assets	9	1,153	166	-	-
Total non-current assets		**802,672**	**756,172**	**367,928**	**366,255**
Current assets					
Inventories	10	6,942	7,556	-	-
Prepayments and contract assets	11	5,852	6,148	42	69
Trade receivables	12	65,106	41,888	549	383
Other receivables	13	70,087	98,643	33,178	46,225
Prepaid income tax		-	28,916	-	-
Other financial assets	14	155,559	15,898	135,000	-
Cash and cash equivalents	15	101,562	123,236	98,791	120,015
Total current assets		**405,108**	**322,285**	**267,560**	**166,692**
TOTAL ASSETS		**1,207,780**	**1,078,457**	**635,488**	**532,947**
EQUITY AND LIABILITIES					
Issued capital	16	189,631	189,631	189,631	189,631
Revaluation reserve	17	23,618	26,504	-	-
Legal reserve	18	18,040	14,341	3,765	2,524
Other reserves	18	29,036	38,993	28,614	50
Retained earnings		87,924	25,874	44,259	30,001
Equity attributable to shareholders of the parent company		**348,249**	**295,343**	**266,269**	**222,206**
Non-controlling interest	8	12,944	12,546	-	-
Total equity		**361,193**	**307,889**	**266,269**	**222,206**
Non-current liabilities					
Borrowings and issued bonds	21	152,205	163,954	74,893	74,849
Lease liabilities	22	9,579	9,282	397	552
Congestion management funds	26	308,802	264,173	-	-
Provisions	27	2,836	2,528	-	-
Other non-current payables and liabilities	28	16,315	3,411	-	-
Total non-current liabilities		**489,737**	**443,348**	**75,290**	**75,401**
Current liabilities					
Borrowings	21	13,425	31,939	1,327	19,308
Borrowings from group companies	21	-	-	291,156	214,806
Lease liabilities	22	2,306	1,599	154	149
Trade payables	24	119,477	68,341	203	153
Prepayments received	25	15,436	44,412	-	-
Congestion management funds	26	81,316	36,901	-	-
Provisions	27	15,588	12,210	-	-
Income tax liability	29	209	-	-	-
Other current payables and liabilities	30	109,093	131,818	1,089	924
Total current liabilities		**356,850**	**327,220**	**293,929**	**235,340**
Total liabilities		**846,587**	**770,568**	**369,219**	**310,741**
TOTAL EQUITY AND LIABILITIES		**1,207,780**	**1,078,457**	**635,488**	**532,947**

The accompanying notes are an integral part of these financial statements

12.2. Consolidated statement of comprehensive Income

FOR THE YEAR ENDED 31 December 2024 (all amounts are in EUR thousand unless otherwise stated)

	Notes	GROUP	
		2024	**2023**
Revenue	31	476,157	474,424
Other income	31	4,731	4,463
		480,888	**478,887**
Purchase of electricity and natural gas	32	(281,050)	(266,508)
Impact of the change of gas balances		(430)	(7,911)
Purchase of contracting services	32	(13,223)	(12,723)
Wages and salaries and related expenses	32	(55,744)	(48,744)
Repair and maintenance services		(10,043)	(8,436)
Other expenses	32	(35,186)	(33,313)
		(395,676)	**(377,635)**
EBITDA	4	**85,212**	**101,252**
Result on loss of control and revaluation of associates	9	-	8,416
Depreciation and amortisation	5,6,7	(40,387)	(34,290)
Impairment of non-current assets	6	(480)	(29,717)
Loss on write-off of non-current assets		(216)	(366)
Gain (loss) on derivatives	9	499	-
Operating profit (EBIT)	4	**44,628**	**45,295**
Share of results of associates	8	4,305	1,774
Finance income	33	5,334	6,474
Finance costs	33	(5,433)	(6,248)
Finance costs - net		**(99)**	**226**
Profit before income tax		**48,834**	**47,295**
Income tax			
Current income tax (expenses) / benefit	29	(213)	6,948
Deferred tax benefit / (expense)	29	6,266	(442)
Total income tax		**6,053**	**6,506**
Profit for the period		**54,887**	**53,801**
Other comprehensive income			
Items that will not be reclassified to profit or loss s in subsequent periods			
Gain on revaluation of non-current assets	6	(22)	31,696
Deferred tax (expenses)	29	(284)	(4,754)
Total other comprehensive income (expenses) that will not be reclassified subsequently to profit or loss		**(306)**	**26,942**
Total comprehensive income for the period		**54,581**	**80,743**
Profit for the period attributable to:			
Shareholders of the parent company		53,401	52,116
Non-controlling interest		1,486	1,685
		54,887	**53,801**
Total comprehensive income for the period attributable to:			
Shareholders of the parent company		53,102	78,380
Non-controlling interest		1,479	2,363

The accompanying notes are an integral part of these financial statements.

12.3. Company's statement of comprehensive income

FOR THE YEAR ENDED 31 December 2024 (all amounts are in EUR thousand unless otherwise stated)

		COMPANY	
	Notes	**2024**	**2023**
Revenue	31	2,315	1,357
Other income		-	14
Dividend income	34	50,632	13,357
		52,947	**14,728**
Wages and salaries and related expenses	32	(5,103)	(4,420)
Other expenses		(1,665)	(1,984)
		(6,768)	**(6,404)**
EBITDA		**46,179**	**8,324**
Depreciation and amortisation		(212)	(144)
Reversal of impairment / (impairment) of investments in subsidiaries	8	-	18,406
Operating profit (EBIT)		**45,967**	**26,586**
Finance income	33	7,105	8,001
Finance costs	33	(9,774)	(9,508)
Finance costs - net	33	(2,669)	(1,507)
Profit before income tax		**43,298**	**25,079**
Income tax			
Current income tax expenses		-	-
Deferred tax benefit/(expense)	29	961	(250)
Total income tax		**961**	**(250)**
Profit for the period		**44,259**	**24,829**
Total comprehensive income for the period		**44,259**	**24,829**

The accompanying notes are an integral part of these financial statements.

12.4. Consolidated and the Company's statements of changes in equity

FOR THE YEAR ENDED 31 DECEMBER 2024 (all amounts are in EUR thousand unless otherwise stated)

Group	Notes	Equity attributable to shareholders of the parent company						Non-controlling interest	Total
		Issued capital	Revaluation reserve	Legal reserve	Other reserves	Retained earnings	Subtotal		
Balance as at 1 January 2023		**189,631**	**277**	**16,621**	**41,128**	**(30,629)**	**217,028**	**10,746**	**227,774**
Comprehensive income (expenses)									
Profit for the period		-	-	-	-	52,116	52,116	1,685	53,801
Other comprehensive income		-	26,264	-	-	-	26,264	678	26,942
Total comprehensive income for the period		**-**	**26,264**	**-**	**-**	**52,116**	**78,380**	**2,363**	**80,743**
Depreciation of revaluation reserve and amounts written off	17	-	(37)	-	-	37	-	-	-
Transactions with owners in their capacity as owners									
Transfers to/from reserves	18	-	-	(2,280)	(2,135)	4,415	-	-	-
Dividends	19	-	-	-	-	(65)	(65)	(563)	(628)
Total transactions with owners in their capacity as owners		**-**	**-**	**(2,280)**	**(2,135)**	**4,350**	**(65)**	**(563)**	**(628)**
Balance as at 31 December 2023		**189,631**	**26,504**	**14,341**	**38,993**	**25,874**	**295,343**	**12,546**	**307,889**
Comprehensive income							-		-
Profit for the period		-	-	-	-	53,401	53,401	1,486	54,887
Other comprehensive income (expenses)		-	(299)	-	-	-	(299)	(7)	(306)
Total comprehensive income for the period		**-**	**(299)**	**-**	**-**	**53,401**	**53,102**	**1,479**	**54,581**
Depreciation of revaluation reserve and amounts written off	17	-	(2,587)	-	-	2,587	-	-	-
Transactions with owners in their capacity as owners									
Transfers to/from reserves	18	-	-	3,699	(9,957)	6,258	**-**	**-**	**-**
Dividends	19	-	-	-	-	(196)	**(196)**	(1,505)	**(1,701)**
Changed in non-controlling interest due to acquisitions of subsidiaries	8	-	-	-	-	-	-	424	424
Total transactions with owners in their capacity as owners		**-**	**-**	**3,699**	**(9,957)**	**8,649**	**(196)**	**(1,081)**	**(1,277)**
Balance as at 31 December 2024		**189,631**	**23,618**	**18,040**	**29,036**	**87,924**	**348,249**	**12,944**	**361,193**

Company	Notes	Issued capital	Legal reserve	Other reserves	Retained earnings	Total
Balance as at 1 January 2023		**189,631**	**2,248**	**50**	**5,514**	**197,443**
Profit for the period		-	-	-	24,829	**24,829**
Total comprehensive income for the period		**-**	**-**	**-**	**24,829**	**24,829**
Transactions with owners in their capacity as owners						
Dividends	19	-	-	-	(66)	**(66)**
Transfers to reserves	18	-	276	-	(276)	**-**
Total transactions with ownersin their capacity as owners		**-**	**276**	**-**	**(342)**	**(66)**
Balance as at 31 December 2023		**189,631**	**2,524**	**50**	**30,001**	**222,206**
Balance as at 1 January 2024		**189,631**	**2,524**	**50**	**30,001**	**222,206**
Profit for the period		-	-	-	44,259	**44,259**
Total comprehensive income for the period		**-**	**-**	**-**	**44,259**	**44,259**
Transactions with owners in their capacity as owners						
Dividends	19	-	-	-	(196)	**(196)**
Transfers to reserves	18	-	1,241	28,564	(29,805)	**-**
Total transactions with ownersin their capacity as owners		**-**	**1,241**	**28,564**	**(30,001)**	**(196)**
Balance as at 31 December 2024		**189,631**	**3,765**	**28,614**	**44,259**	**266,269**

The accompanying notes are an integral part of these financial statements.

12.5. Consolidated and the Company's statements of cash flows

FOR THE YEAR ENDED 31 December 2024 (all amounts are in EUR thousand unless otherwise stated)

	Notes	GROUP		COMPANY	
		For the year ended 31 December 2024	For the year ended 31 December 2023	For the year ended 31 December 2024	For the year ended 31 December 2023
Cash flows from operating activities					
Profit for the period		54,887	53,801	44,259	24,829
Adjustments for non-cash items:					
Depreciation and amortisation expenses	5,6,7	40,387	34,290	212	144
Impairment of property, plant and equipment	6	480	29,717	-	-
Loss on write -off of property, plant and equipment		216	366	-	-
Loss on impairment and write-off of inventories, trade receivables and other assets		749	615	-	-
Profit (loss) on disposal of property, plant and equipment		(383)	(506)	-	-
Income tax expenses (benefits)	29	(6,053)	(6,506)	(961)	250
Increase in provisions	27	3,686	10,790	-	-
Grant income (amortisation)	20	-	(315)	-	-
Gain on derivatives	9	(499)	-	-	-
Elimination of results of financing and investing activities:					
Dividend income	34	-	-	(50,632)	(13,357)
Impairment (reversal of impairment) of investments in subsidiaries	8	-	-	-	(18,406)
Total finance costs, net	33	99	(226)	2,669	1,508
Result on loss of control and revaluation of shares in associate	9	-	(8,416)	-	-
Elimination of share of results of associates	8	(4,305)	(1,774)	-	-
Changes in working capital:					
(Increase) decrease in trade and other receivables		(20,020)	48,540	(246)	(186)
(Increase) decrease in inventories, prepayments and other current assets		956	11,194	27	(29)
Increase (decrease) in trade and other payables, grants, deferred income and prepayments received		43,890	(421,165)	131	(75)
Increase in congestion management funds	26	-	108,088	-	-
Changes in other financial assets		1,155	194,457	-	-
Income tax received (paid)		(17)	-	50	(270)
Net cash flows from operating activities		**115,228**	**52,950**	**(4,491)**	**(5,592)**
Acquisition of property, plant and equipment and intangible assets		(188,198)	(241,905)	(38)	(106)
Disposal of property, plant and equipment and intangible assets		338	936	-	-
Loss of control in subsidiary/(acquisition) of associates and joint ventures	9	-	6,124	-	-
(Acquisition) of associates, joint ventures and subsidiaries	8	-	-	(953)	(6,300)
Grants received	20	86,142	71,455	-	-
Congestion management funds received	26	135,670	-	-	-
Loans (granted)/recovered (intercompany)		-	-	12,305	(23,898)
Dividends received	8.34	2,907	1,406	50,632	13,357
Acquisition of short-term financial investments		(680,802)	(180,366)	(674,987)	(180,366)
Repayment of short-term financial investments		539,987	180,366	539,987	180,366
Interest received		5,764	5,127	7,927	6,709
Net cash flows used in investing activities		**(98,192)**	**(156,857)**	**(65,127)**	**(10,238)**
Repayments of borrowings	23	(12,061)	(30,878)	-	-
Loans received (repaid) (intercompany)	23	-	-	76,427	(117,420)
Repayment of lease liabilities	22.23	(2,258)	(1,840)	(149)	(109)
Overdraft		(17,981)	17,981	(17,981)	17,981
Interest paid	23	(5,349)	(5,632)	(9,707)	(8,842)
Dividends paid		(1,596)	(646)	(196)	(66)
Transaction with non-controlling interest		459	-	-	-
Other cash flows from financing activities		76	62	-	(9)
Net cash flows from financing activities		**(38,710)**	**(20,953)**	**48,394**	**(108,465)**
Increase (decrease) in cash and cash equivalents		**(21,674)**	**(124,860)**	**(21,224)**	**(124,295)**
Cash and cash equivalents at the beginning of the period		123,236	248,096	120,015	244,310
Cash and cash equivalents at the end of the period		**101,562**	**123,236**	**98,791**	**120,015**

The accompanying notes are an integral part of theses financial statements.

12.6. Notes to the consolidated and the Company's financial statements

FOR THE YEAR ENDED 31 December 2024

1. General Information

UAB EPSO-G(the Company) is a private limited liability company registered in the Republic of Lithuania. Registered office:Laisvės ave. 10, Vilnius, Lithuania. UAB EPSO-G (hereinafter 'EPSO-G' or the 'Company') is a profit-seeking limited civil liability entity registered on 25 July 2012 with the Register of Legal Entities, company code 302826889.

UAB EPSO-G is the parent company responsible for the activities of the group companies by ensuring the uninterrupted, stable transmission of electricity over high voltage networks and transportation of natural gas via high pressure gas pipelines, as well as by ensuring the management, maintenance and development of these transmission systems and organisation of trade on the natural gas and biofuel exchanges; installation and management of electricity storage facilities operating as the primary capacity reserve and ensuring reliable, stable and consumer-focused operation of the Lithuanian electricity system.

EPSO-G provides management services to the subsidiaries and the lower-tier subsidiaries. The purpose of the provision of management services is to increase the efficiency of operations of the EPSO-G group companies, optimise the use of resources, and implement uniform standards of operations. These services are provided in accordance with the agreements concluded through a public procurement process.

As at 31 December 2024 and 2023, the Company's issued capital consisted of 653,900,000 ordinary registered shares with the nominal value of EUR 0.29 each. All shares, including newly issued shares, were held by the Company's sole shareholder – the Republic of Lithuania represented by the Ministry of Energy of the Republic of Lithuania.

As at 31 December 2024 and 2023, all shares of the Company were fully paid.

The Company's shareholder	As at 31 December 2024		As at 31 December 2023	
	Issued capital (EUR)	%	Issued capital (EUR)	%
Republic of Lithuania represented by the Ministry of Energy of the Republic of Lithuania	189,631,000	100	189,631,000	100

The Company's management approved these financial statements on 21 March 2025. The shareholder of the Company has a statutory right not to approve these financial statements and require that the management prepares a new set of financial statements.

As at 31 December 2024, the EPSO-G Group had 1,353 employees (as at 31 December 2023, 1,261 employee), and the Company had 78 employees (as at 31 December 2023, 66 employees).

The EPSO-G group (hereinafter the 'Group') consists of the Company, directly and indirectly controlled subsidiaries, associates and joint ventures, as listed below:

Company name	Registered office address	Ownership interest (%)		Profile of activities
		As at 31 December 2024	As at 31 December 2023	
		SUBSIDIARIES		
Litgrid AB	Karlo Gustavo Emilio Manerheimo st. 8, Vilnius, Lithuania	97.5	97.5	Electricity transmission system operator
AB Amber Grid	Laisvės ave. 10, Vilnius, Lithuania	96.6	96.6	Natural gas transmission system operator
BALTPOOL UAB	Žalgirio st. 90, Vilnius, Lithuania	67.0	67.0	Operator of the exchange for trading in energy resources (biomass products), the administrator of PSO funds

Company name	Registered office address	Ownership interest (%)		Profile of activities
		As at 31 December 2024	As at 31 December 2023	
TETAS UAB	Senamiesčio st. 102B, Panevėžys, Lithuania	100	100	Transformer substation, distribution station and electricity line design, construction, reconstruction and maintenance services
Energy Cells, UAB	Ozo st. 12A-1, Vilnius	100	100	Installation and management of electricity storage facilities
EPSO-G Invest, UAB	Laisvės ave. 10, Vilnius	51,0	-	Management of investment project in artillery ammunition production
ASSOCIATES				
GET Baltic UAB (investment through Amber Grid AB)	Geležinio Vilko st. 18A, Vilnius, Lithuania	34.0	34.0	Organisation of trading on the natural gas exchange
TSO Holding AS	Lilleakerveien 2A, 0283 Oslo, Norway	39.6	39.6	Holding company holding a minority interest in equities of the electricity exchange operator and the market
Rheinmetall Defence Lietuva, UAB	Jonavos dist. mun. Ruklos eld., Jonalaukis vlg.1	24.5*	-	Production ans sales of artillery ammunition
JOINT VENTURES				
Baltic RCC OÜ	Kadaka tee 42 12915 Tallinn Eesti	33.33	33.33	Provision of services ensuring safety and reliability of the electricity system and coordination between the transmission network operators of the Baltic region

* The effective ownership interest in associate was estimated taking into account 51% ownership interest held by the Company in subsidiary EPSO-G Invest, which holds 48% ownership interest in the associate Rheinmetall Defence Lietuva, UAB.

Investments in subsidiaries are described in more detail in Note 8 and in associates in Note 8.

2. Material accounting policy

The Group's and the Company's financial statements for the year ended 31 December 2024 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The financial statements have been prepared on a historical cost basis, except for property, plant and equipment which is recorded at revalued amount, less accumulated depreciation and estimated impairment and derivatives accounted for at fair value.

Amounts in these financial statements are presented in thousands of euro (EUR), unless otherwise stated.

The financial year of the Company and other Group coincides with the calendar year.

2.1. Basis of preparation

The accounting policies applied in the preparation of the financial statements are consistent with those of the previous financial year, except as follows:

(a) Adoption of new and/or amended IFRSs and interpretations of the International Financial Reporting Interpretations Committee (IFRIC)

In the year ended 31 December 2024, The following IFRSs, amendments and IFRIC interpretations were adopted by the Company: Amendments to IFRS 16 Leases – Lease Liability in a Sale and Leaseback (issued on 22 September 2022 and effective for annual periods beginning on or after 1 January 2024). The amendments relate to sale and leaseback transactions which satisfy the requirements of IFRS 15 to be accounted for as a sale. The amendments require a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. Based on the Group's and the Company's assessment, these amendments have no significant impact on the financial statements.

Classification of liabilities as current or non-current – Amendments to IAS 1 (originally issued on 23 January 2020, amended on 15 July 2020 and 31 October 2022, effective for annual periods beginning on or after 1 January 2024). The amendments clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Liabilities are non-current if the entity has a substantive right, at the end of the reporting period, to defer settlement for at least 12 months. The guidance no longer requires such a right to be unconditional. A liability is classified as current if a condition is breached at or before the reporting date even if a waiver of that condition is obtained from the lender after the end of the reporting period.

Based on the Group's and the Company's assessment, these amendments have no significant impact on the financial statements.

(b) Standards, interpretations and amendments thereto that have not been endorsed by the European Union and that have not been early adopted by the Company:

Amendments to IFRS 9 and IFRS 7 - Amendments to the Classification and Measurement of Financial Instruments (issued on 30 May 2024 and effective for annual periods beginning on or after 1 January 2026). The amendments: (a) clarify the date of recognition and derecognition of some financial assets and liabilities; (b) clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion; (c) add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); (d) update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).

Based on the Group and the Company management's assessment, the amendments will have no significant impact on the financial statements.

Amendments to IFRS 9 and IFRS 7 - Contracts Referencing Nature-dependent Electricity (issued on 18 December 2024 and effective for annual periods beginning on or after 1 January 2026). The amendments help companies better report the financial effects of nature-dependent electricity contracts, which are often structured as power purchase agreements (PPAs). Current accounting requirements may not adequately capture how these contracts affect a company's performance. To allow companies to better reflect these contracts in the financial statements, the following targeted amendments were made: (a) clarifying the application of the 'own-use' requirements; (b) permitting hedge accounting if these contracts are used as hedging instruments; and (c) adding new disclosure requirements to enable investors to understand the effect of these contracts on a company's financial performance and cash flows.

Based on the Group and the Company management's assessment, the amendments will have no significant impact on the financial statements.

IFRS 18 Presentation and Disclosures in Financial Statements (issued on 9 April 2024 and effective for annual periods beginning on or after 1 January 2027). In April 2024, the IASB has issued IFRS 18, the new standard on presentation and disclosure in financial statements, with a focus on the statement of profit or loss. The new concepts introduced in IFRS 18 relate to the structure of the statement of profit or loss; disclosure of information about management-defined performance measures (MPMs); enhanced requirements for aggregation and disaggregation of information in both the primary financial statements and the notes.

The Group's and Company's management is currently assessing the impact of IFRS 18 on the financial statements.

IFRS 19 Subsidiaries without Public Accountability: Disclosures (issued on 9 May 2024 and effective for annual periods beginning on or after 1 January 2027). The IASB issued a new IFRS Accounting Standard for subsidiaries. IFRS 19 permits eligible subsidiaries to use IFRS Accounting Standards with reduced disclosures. Applying IFRS 19 will reduce the costs of preparing subsidiaries' financial statements while maintaining the usefulness of the information for users of their financial statements.

The Group's and Company's management is currently assessing the impact of IFRS 19 on the financial statements.

2.2. Basics of consolidation

Subsidiaries

Subsidiaries are consolidated from the date on which control is transferred to the Company. They are de-consolidated from the date that control ceases. All intercompany transactions, balances and unrealised gains or losses on transactions between the Group companies are eliminated.

The consolidated financial statements of the Group include EPSO-G and its subsidiaries. The financial statements of the subsidiaries have been prepared for the same reporting periods and using uniform accounting policies as those of the parent company's financial statements.

Investments in associates

An associate is an entity over which the Group/Company has significant influence but no control. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. Significant influence generally accompanies a shareholding of between 20% and 50% of the voting rights.

In the consolidated financial statements, associates are accounted for using the equity method of accounting. Under the equity method, investments in associates or joint ventures are initially recognised at cost, and the carrying amount is subsequently increased or decreased by the post-acquisition change in the Group's share of the associate's and joint venture's net assets, less any impairment of investments.

The Group's share of the acquired associate's post-acquisition profits or losses is recognised in profit or loss in the statement of comprehensive income, and the Group's share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. The carrying amounts of investments in associates are adjusted by these amounts.

Goodwill related to investments in associates is included in the carrying amount of the investment and it is evaluated for impairment as the part of the investment.

Losses of an associate in excess of the Group's interest in that associate/joint venture, including any other unsecured receivables, are not recognised, unless the Group had incurred legal or constructive obligations or made payments on behalf of the associate.

Unrealised gain on transactions between the Group and associates is eliminated to the extent of the Group's interest in the associate. Unrealised loss is also eliminated unless the transaction provides evidence of an impairment of assets transferred.

If the Group's ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

Gains and losses on decrease in ownership interest in an associate are recognised in the statement of comprehensive income

2.3. Investments in subsidiaries and associates in the Company's separate financial statements

In the parent company's financial statements, investments in subsidiaries are stated at cost less impairment, where the investment's carrying amount in the parent's statement of financial position exceeds its estimated recoverable amount.

In the parent company's financial statements, investments in associates are stated at cost less impairment, where the investment's carrying amount in the parent's statement of financial position exceeds its estimated recoverable amount.

2.4. Property, plant and equipment and intangible assets

Property, plant and equipment

All property, plant and equipment is shown at revalued amounts, based on periodic (at least every 5 years) property valuations, less the amounts of accumulated depreciation, recognised grants and impairment losses.

Any accumulated depreciation and impairment losses at the date of revaluation are eliminated against gross carrying amount of the asset and net amount is restated to the revalued amount of the assets.

Increases in the carrying amount arising on the first revaluation of property, plant and equipment are credited to the revaluation reserve directly in equity and decreases are recognised in profit or loss. Decreases in the carrying amount arising on the subsequent revaluation of property, plant and equipment that offset previous increases of the same asset are charged against revaluation reserve directly in equity, and all other decreases are charged to the profit and loss account. Revaluation increases in the value of property plant and equipment that offset previous decreases are recognised in profit or loss.

All other increases in the carrying amount arising on subsequent revaluations of property, plant and equipment are credited to revaluation reserve. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the statement of comprehensive income and depreciation based on the asset's original cost is transferred from revaluation reserve to retained earnings taking into account the effect of deferred income tax. After the sale or write-off of a property unit, any balance of the revaluation reserve related to this property is transferred to retained earnings.

Interest on targeted and general loans and other borrowing costs (such as the bank's administration fee, etc.) are included in the acquisition cost of property, plant and equipment, if they are directly attributable to the acquisition of a qualifying asset. A qualifying asset is regarded to be an asset which is developed on the basis of a project the value of which is not less than EUR 1 million and the preparation of which for its intended use or sale takes no less than 12 months. Borrowing costs that are attributable to the acquisition of a qualifying asset are capitalised as part of the cost of that asset. The capitalisation of borrowing costs is started when costs related to the production or acquisition of the qualifying asset are incurred (a prepayment is made or a payment for works is made according to the signed statement on the works carried out and their respective value) and ended when all the activities necessary for the preparation of the qualifying asset for its intended use or sale are substantially complete (a statement on the recognition of the construction as fit for use is signed). While determining the amount of borrowing costs eligible for the capitalisation of costs incurred in the acquisition of qualifying assets, the capitalisation rate is applied.

Variable payments that depend on future factors are not accounted for in the cost of property, plant and equipment nor liabilities, when the assets are ready for use in the manner intended by management. Variable payments are capitalised as part of the cost of property, plant and equipment at the time of payment. When, due to uncertainty, the fair value of the variable payments cannot be measured reliably at the time property, plant and equipment is recognised and the information about the value of the liabilities becomes available at a later date, the variable payment is recognised in profit or loss when the information about the value of the liability becomes available.

Prepayments for non-current assets are classified as non-current assets because they are used in long-term activities and are presented in the balance sheet line item 'construction work in progress'.

Construction work in progress represents property, plant and equipment under construction. The cost of such assets includes design, construction works, plant and equipment being installed, and other directly attributable costs.

Property, plant, and equipment is recorded at acquisition (production) cost, less grants received/receivable for the acquisition of property, property, plant, and equipment. Grants comprise financing from the EU support funds, a portion of congestion management funds designated for the financing of investments, payments for the expenses incurred during the connection of producers to the transmission network and performance of works for the relocation/reconstruction of the transmission network's installations initiated by customers.

Intangible assets

Intangible assets are initially recognised at cost. Intangible assets are recognised only if they are expected to provide economic benefit to the Group and the Company in future periods and their cost can be measured reliably.

After initial recognition, intangible assets are carried at cost, less accumulated amortisation and accumulated impairment losses, if any.

Depreciation and amortisation

Depreciation/amortisation of property, plant and equipment and intangible assets, except land, construction work in progress and statutory servitudes, is calculated using the straight-line method over estimated useful lives of the asset. The estimated useful lives, residual values and depreciation/amortisation method are reviewed at each year-end to ensure that they are consistent with the expected pattern of economic benefits from these assets. The effect of changes in estimates, if any, is accounted for on a prospective basis.

Estimated useful lives of property, plant and equipment and intangible assets are as follows:

Categories of property, plant and equipment and intangible assets	**Useful lives (in years)**
Buildings	20–75
Structures and equipment	18–70
Plant and machinery	5–35
Vehicles	4–10
Other property, plant and equipment	3–10
Intangible assets, whereof:	3–4
Statutory servitudes and protection zones of the transmission network	Not subject to amortisation

Statutory servitudes and protection zones have an indefinite useful life because the right to use protection zones on the basis of servitude is unlimited in time.

Profit or loss resulting from sale of non-current assets is calculated as the difference between the proceeds from sale and the net book amount of the disposed asset and is recognised in profit or loss in the reporting year.

Subsequent repair costs are included in the asset's carrying amount, only when it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance costs are recognised as expenses in profit or loss in the period in which they are incurred.

2.5. Impairment of property, plant and equipment and intangible assets

At each reporting date, the Group and the Company review the carrying amounts of their property, plant and equipment and intangible assets to determine whether there are any indications that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable value is the higher of an asset's fair value less costs to sell and the value in use. In assessing the value in use, the expected future cash flows are discounted to their present value using the discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable value. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a decrease of revaluation reserve.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as an increase in revaluation reserve (without exceeding the amount of previous impairment).

Each year, the Group and the Company estimate the recoverable amount of intangible assets with the indefinite life in order to estimate the impairment of such assets (if any).

2.6. Right-of-use assets

Right-of-use assets are assets that the Group and the Company have the right to manage during the lease term. The Group and the Company recognise right-of-use assets for all types of leases, including the lease of a right-of-use asset in case of sublease, but excluding leases of intangible assets, short-term leases and leases of low value assets.

Initial measurement of right-of-use assets

At the commencement date, the Group and the Company measure right-of-use assets at cost, which consists of: the present value of the initial measurement of the lease liability, initial costs incurred directly attributable to the underlying asset, any lease payments at the commencement date, less any lease incentives.

Subsequent measurement of right-of-use assets

After the initial recognition, the Group and the Company apply a cost method for right-of-use assets: the carrying amount of the asset at the respective date is calculated as the difference between the acquisition cost and the accumulated depreciation, plus any subsequent adjustments for the remeasurement of lease liability.

The calculation of depreciation of right-of-use assets is started from the date on which the assets are transferred for the use (the commencement date) until the earlier of these dates: the end of the lease term and the end of the useful life.

The Company calculates depreciation of right-of-use assets using the following rates:

Land*	99 years
Buildings	2- 10 years
Vehicles	2 - 4 years
Other property, plant and equipment	2 -3 years

* The Group applies the portfolio method for the land lease agreements concluded with the municipalities not by auction, i.e. a set of the agreements of a respective Group company is accounted for as a single agreement due to similar criteria. Regardless of the remaining term of the land lease agreement, in accordance with the requirements of the legal acts, the agreements must be extended for as long as the facilities of the Group companies exist on the land plots. When assessing the flow generated by the infrastructure

assets of the Group companies (for the calculation of the recoverable amount of assets), an infinite flow is projected as the ongoing reconstruction and repair works allow using the assets for a longer period than the established original depreciation rates. For this reason, the lease of land is subject to a substantially infinite rate corresponding to the original term of the agreement – 99 years.

2.7. Inventories

Inventories are initially recorded at acquisition cost. Subsequent to initial recognition, inventories are stated at the lower of cost and net realisable value. Acquisition cost of inventories includes acquisition price and related taxes that are not subsequently recovered from tax administration authorities and costs associated with bringing inventory into their current condition and location. The acquisition cost of inventories (other than natural gas) is determined on the first-in, first-out (FIFO) basis. The cost of the remaining amount of natural gas is determined using the weighted average cost. Inventories that are no longer expected to be realised are written off. Net realisable value is the estimated selling price, less the estimated costs of completion and selling expenses.

2.8. Trade payables and other financial liabilities, borrowings

Financial liabilities, borrowings

Financial liabilities are recognised initially at fair value, less transaction costs.

In subsequent periods, financial liabilities are measured at amortised cost using the effective interest rate method. Interest expenses are recognised using the effective interest method.

If a financing agreement concluded before the date of the statement of financial position proves that the liability was non-current as of the date of the statement of financial position, such financial liability is classified as non-current.

Trade payables

Trade payables represent commitments to pay for goods and services acquired from suppliers in the ordinary course of business. Trade payables are classified as current liabilities if the term of their settlement is less than one year; otherwise, they are included in non-current liabilities.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.9. Grants

Grants are recognised when there is a reasonable assurance that the grant will be received and the Group entity will comply with all the conditions attaching to it.

Asset-related grants

The government and the EU grants received in the form of non-current assets or designated for the purchase of non-current assets are treated as asset-related grants. These grants are accounted for by reducing the carrying amount of the respective property, plant and equipment. For the purpose of the statement of comprehensive income, grants are recorded by reducing the depreciation charge of the related asset over the expected useful life of the asset.

Public service obligations (PSO) funds allocated to the Group for the preparation and implementation of the strategic projects and a portion of congestion management revenue, which is used to finance investments agreed with the National Energy Regulatory Council (NERC), are recognised as asset-related grants.

Grants received in advance related to the acquisition of non-current assets are stated as non-current liabilities until the moment of acquisition of such assets.

Grants receivable are included in other receivables when the agreement whereby the European Commission commits to finance the strategic projects provides firm evidence confirming that the financing will be received.

Income-related grants

Government and the European Union grants received as a compensation for the expenses or unearned income of the current or previous reporting period, also, all the grants, which are not grants related to assets, are considered as grants related to income. Income-related grants are recognised as used in parts to the extent of the expenses incurred during the reporting or prior periods or unearned income to be compensated by that grant.

Income-related grants are recognised in profit or loss by increasing other income over the period in which the grant is received or when there is reasonable assurance that the grant will be received and that the Company/Group complies with the conditions for the allocation of the grant established in the grant agreement.

2.10. Provisions

Provisions are recognised when the Group and the Company have a legal obligation or constructive commitment as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, the amount of provision is discounted using the effective pre-tax discount rate set based on the interest rates for the period and taking into account specific risks associated with the provision as appropriate. Where discounting is used, the increase in the provision due to the passage of time is recognised as borrowing costs. This increase is recognised as borrowing cost.

2.11. Employee benefits

Pension benefits to employees of retirement age

According to the legal acts of the Republic of Lithuania, each employee leaving the Group and the Company at the retirement age is entitled to a one-off benefit. Employee benefit liability is recognised in the balance sheet and it reflects the present value of these benefits at the reporting date. The non-current liability for payments to employees at the date of the financial statements is estimated with reference to actuary valuations using the projected relative unit method. The present value of the defined non-current liability for payments to employees is determined by discounting the estimated future cash flows using the effective interest rates as set for government debentures denominated in a currency in which payments to employees are expected to be made and with maturity similar to that of the related liability.

2.12. Lease liabilities

The Group and the Company as the lessees

Initial measurement of lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. The lease payments are discounted using the incremental borrowing rate.

The incremental borrowing rate is determined by the rate at which the Group and the Company would be able to borrow funds for the purpose of acquiring certain assets for a respective period.

At the commencement date, the lease payments included in the measurement of lease liability comprise the following payments:

- fixed payments less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be payable by the Group and the Company under residual value guarantees;
- the exercise price of the purchase option, if exercise of that option by the Company is reasonably certain;
- fines for the termination of the lease, if it is assumed that the Group and the Company will exercise the option to terminate the lease during the lease term.

Subsequent measurement of lease liability

Subsequent to initial recognition, changes in the value of the Group's and the Company's lease liability are reflected by:

- increasing the value of the liability by the amount of interest charged;
- reducing the carrying amount by the lease payments made;
- remeasuring the liability for lease modifications or revised payments.

The Group and the Company classifies assets as right-of-use assets by recognising under non-current assets in the statement of financial position, if the asset and lease contract meet all of the following criteria:

- the lease is not a short-term (12 months or more) or short-term lease with a purchase option;
- value of the leased item or group of items/underlying asset is not less than EUR 4,000 and therefore does not qualify as a lease of a low-value asset;

- if the contract conveys the right to control the use of an identified asset for a period of time, i.e. to obtain economic benefits from use of the identified asset and to direct the use of the identified asset.

The Group and the Company present lease liabilities separately from other liabilities in the statement of financial position. Interest expense on the lease liability is presented separately from the depreciation charge for the right-of-use assets. The interest expense on the lease liability is a component of finance costs recognised in the statement of comprehensive income.

2.13. Revenue recognition

Revenue from contracts with customers

The Group's revenue is recognised according to a single, principles based five-step model that is applied to all contracts with customers. The Group recognises revenue from the provision of services in the reporting period during which the performance obligation is satisfied, i.e. the control of services or goods is transferred to the customer. This control may be transferred over time or at a point in time. For certain service contracts, revenue is recognised on the basis of the actual service provided before the end of the reporting period as part of the total services to be provided, as the customer benefits from and uses the services simultaneously.

Revenue from electricity transmission and related services

Electricity revenue from contracts with customers comprises revenue from electricity transmission, system services, trade in imbalance and balancing electricity and revenue from connection of new consumers. The Group recognises electricity revenue from contracts with customers over time in the reporting period when the performance obligation is satisfied, i.e., the control of the good is transferred or the service is provided., except for revenue from connection of new consumers, which is recognised by the Group over the useful life of the created asset . When recognising revenue the Group takes into consideration the terms of contracts signed with customers and all significant facts and circumstances, including the nature, amount, timing and uncertainty relating to cash flows arising from the contract with the customer. The main sale contracts are signed for the term of one year and coincide with the reporting period.

Revenue from natural gas transmission and related services

Revenue from system users for the natural gas transmission service is recognised on a monthly basis with reference to the available data on the natural gas quantities distributed to the system users connected to the distribution system and on the statements of transmitted natural gas signed with the system users, which are directly connected to the transmission system.

Revenue from balancing of the natural gas transmission system and from imbalance charges is related to management of gas flows in order to ensure operation of the natural gas transmission system in line with an acceptable pressure range. Revenue from the technical balancing of natural gas is related to changes in gas reserves in the pipeline and the sale of such reserves to a buyer is recognised as income when the ownership of the gas is transferred to the buyer.

The Group's Natural gas transmission systems operator (hereinafter – Natural gas TSO) acts as an agent in balancing gas purchase/sale transactions for system users and reports net result of balancing gas sales and purchases and neutrality charge income and expenses. Acting as an agent in balancing gas purchase/sale transactions is explained by limited control of the balancing services and purchases of gas, absence of economic benefits, no discretion in establishing the price for the balancing services since the pricing is governed by law, inability to regulate demand, no discretion in choosing a counterparty. In addition, the activities of the Group's TSO are not associated with trade in natural gas.

Revenue from construction, repair and technical maintenance services

Obligations arising from construction, repair and technical maintenance services contracts are fulfilled over a period if at least one of the following criteria is met: a) the customer simultaneously receives and benefits from the service provided by the Group under this contract; b) the Group creates or improves an asset that the customer controls while the asset is being created or improved; or c) the Group does not create an asset that could be used alternatively and has an enforceable right to receive payment for the performance completed to a certain date.

In contracts with clients where penalties for delays in contract execution can be directly deducted by the clients from the amounts payable for services, the Group assesses that the corresponding amount should be reduced from the Group's sales revenue. In the case of anticipated (forecasted) project delays, the Group evaluates the penalty amount it might be able to defend against the client (when delays are related to third-party influences) and the residual risk remaining with the Group. This remaining amount is assessed according to project management processes and integrated into the project budget updating process.

Revenue from the biofuel exchange, thermal energy auctions, PSO funds administration

Biofuel trade transactions are made among the exchange participants, and the settlements among the participants are made directly. Fees approved by the Council for trade on the biofuel exchange are recognised by the Group as revenue. Such revenue is recognised at a point in time when the transaction is conducted.

Collected commissions according to the fees approved by the Group and agreed with the NERC are recognised by the Group as revenue from the organisation of the timber auctions. Such revenue is recognised at a point in time when the transaction is conducted.

Collected commissions from the participants for actually conducted transactions according to the fees approved by the Group are recognised by the Group as revenue from the organisation of the thermal energy auctions. Such revenue is recognised at a point in time when the transaction is conducted.

When performing the function of the PSO funds administrator, the Group recognises as revenue only PSO funds allocated to the Group by NERC to cover PSO funds administration expenses.

2.14. Interest income

Interest income is recognised on the accrual basis taking into consideration the outstanding balance of debt and the applicable interest rate. Interest received is recorded in the statement of cash flows as cash flows from investing activities.

2.15. Dividend income

Dividend income is recognised when the right to receive dividend payment is established.

2.16. Income from other (non-operating) activities

Gain on disposal of property, plant and equipment, lease income, income from default charges and fines collected from the contractors as a result of late fulfilment of works, including property, plant and equipment under construction, are recognised by the Company as other income.

Default charges and fines collected from the contractors as a result of late fulfilment of works are calculated upon the completion of a project or a stage thereof and upon notifying a supplier, and they are offset against the supplier's debt. In case of a legal dispute over the amount of default charges or fines and when it is more likely than unlikely that the amounts of default charges or fines will be reduced or annulled, provisions are recognised.

2.17. Congestion management funds/liabilities

The Group's electricity transmission operator acquires the right to congestion management revenue when different electricity market prices occur in Lithuania, Sweden, Poland and Latvia as a result of insufficient capacity of electricity lines. Revenue that was received as a result of price differences at different bidding areas is distributed equally by the power exchange operator (Nord Pool AS) to the transmission system operators of the countries operating the interconnections.

Regulation (EU) No 2019/943 of the European Parliament and of the Council of 5 June 2019 on conditions for access to the network for cross-border exchanges in electricity stipulates that congestion management revenue may be used in the following order of priority:

a) When revenue is used for guaranteeing availability of the allocated capacity of the interconnections, it is recognised as income in the period during which the related expenses are incurred. In case of unplanned disconnection of the electricity interconnection and when the trade in the interconnection's capacities has already been completed at the electricity exchange (i.e. when they have already been allocated), the operators of the line ensure that the capacities traded are available to the market participants. In such a case, the operators incur costs that arise as a result of the price difference between the price of electricity traded by the operators and the price of balancing and/or imbalance electricity purchased/sold by the Company.

b) When revenue is used for maintaining or increasing the interconnections' capacities, congestion management revenue is accounted for using the accounting policies applicable to grants, i.e. initially congestion management revenue is recognised as liability and recorded by reducing the value of the asset concerned, and subsequently it is recognised by reducing depreciation expenses of the related asset over the useful life of that asset.

c) When revenue is used for reducing the tariff, revenue is recognised as income in the period during which the Company generates lower revenue due to lower tariffs and only in case when revenue cannot be efficiently used for the purposes set out in points (a) and/or (b). Subject to approval by the regulatory authorities of the Member States concerned, they may be used, up to a maximum amount to be decided by those regulatory authorities, as income to be taken into account by the regulatory authorities when approving the methodology for calculating network tariffs and/or fixing network tariffs.

In the statement of financial position, unused congestion management revenue is presented as non-current and current liabilities.

2.18. Income tax

Income tax expense comprises the current income tax and deferred tax expense (income). Income tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case income tax is also recognised in other comprehensive income or directly in equity.

Income tax

Income tax expenses for the current year are calculated on the current year profit before tax, as adjusted for certain non-deductible expenses/non-taxable income. Income tax is calculated using the tax rate effective as at the date of issue of the financial statements. The income tax rate of 15% was used in 2024 and 2023. The corporate income tax rate of 16% is applied from 2025.

The tax losses can be carried forward for indefinite period, except for the losses incurred as a result of disposal of securities and/or derivative financial instruments. Such carrying forward is disrupted if the Group changes its activities due to which these losses were incurred, except when the Group does not continue its activities due to reasons which do not depend on the Group itself. The losses from disposal of securities and/or derivative financial instruments can be carried forward for five consecutive years and only be used to reduce the taxable income earned from the transactions of the same nature. Tax losses carried forward can be used to reduce the taxable income earned during the reporting year by a maximum of 70%.

In accordance with the provisions of the legal acts, the Group companies transfer tax losses to other companies of the Group for a fee equal to 15% (until 2024) of the amount of tax losses.

The Group companies are entitled to tax reliefs for investments in qualifying assets. The Group accounts for such reliefs as tax credits, which means that the reliefs reduce the amount of tax payable and the current year's tax expenses.

Deferred tax

Deferred taxes are calculated using the balance sheet liability method. Deferred tax assets and deferred tax liability are recognised for future tax purposes to reflect differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

The Group also recognises deferred tax assets for accumulated tax credits – the amounts of the unused investment relief which are expected to reduce income tax liability in the future. Deferred tax liabilities are recognised for all temporary differences that will subsequently increase taxable profit, and deferred tax assets are recognised to the extent to which they are expected to reduce taxable profit in the future. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting, nor taxable profit or loss.

Deferred tax assets are reviewed at each date of the financial statements and if it is not probable that the Group and the Company will generate sufficient taxable profit to realise these assets, they are reduced to the amount which is likely to reduce the taxable profit in future. Deferred tax assets and liabilities are estimated using the tax rate that has been applied when calculating income tax for the year when the related temporary differences are to be realised or settled.

Deferred tax assets and liabilities are offset only where they relate to income tax assessed by the same fiscal authority or where there is a legally enforceable right to offset current tax assets and current tax liabilities.

Current income tax and deferred income tax

Current income tax and deferred income tax are recognised as income or expenses and included in net profit or loss for the reporting period, except for the cases when tax arises from a transaction or event that is recognized directly in equity or in other comprehensive income, in which case taxes are also recorded in equity and other comprehensive income respectively.

3. Critical accounting estimates and judgements in applying accounting policies

The preparation of financial statements according to International Financial Reporting Standards requires management to make estimates and assumptions that affect the accounting policies applied, the reported amounts of assets, liabilities, income and expenses, and the disclosures of contingencies. Actual results may differ from those estimates. The significant management estimates and assumptions and the main sources for uncertainties used in the preparation of these financial statements that might cause substantial changes in the carrying amounts of the related assets and liabilities in the next financial year are presented below:

Property, plant and equipment fair value assessment

As described in Note 6, the Group revalued its property, plant and equipment as at 31 December 2023. The fair value was measured using replacement cost method followed by economic obsolescence test. The assets' fair value was measured by the Group companies themselves. The assumptions used in determining the fair value of property, plant and equipment are described in more detail in the above mentioned note.

Property, plant and equipment useful life assessment

The useful life of property, plant and equipment is determined separately for each item (component) of the asset by estimating future economic benefit in view of the expected period of use in the Group's activities, the intensity of use, the environment of use, changes in the asset's original standard performance over its entire useful life, technological and economic progress morally outdating the asset, legal and similar factors restricting the useful life of property, plant and equipment.

Useful lives are reviewed annually to ensure that the depreciation period would correspond to the expected useful life of property, plant and equipment. The effect of changes in estimates, if any, is accounted for on a prospective basis.

Measurement of provisions

Provisions are reviewed by the Group at each date of the statement of financial position and adjusted to reflect the changes in circumstances and assumptions. If the amount of the provision is discounted, the amount reversed at each reporting period is equal to the discounting effect (interest expenses). If circumstance change and the provision is no longer necessary, the provision is reversed in the statement of profit or loss and other comprehensive income through the expense line item where it has been recorded initially at the time of establishment. The most significant provisions in the Group are provisions for litigations and claims. Information about the Group's provisions and their movements disclosed in Note 27.

Impairment testing of investments in subsidiaries

The Company records investments in subsidiaries at cost less impairment. The Company assesses at each annual reporting date whether there is any indication that investments may be impaired. If such indications exist, the Company calculates impairment as the difference between the subsidiary's carrying amount and its recoverable amount and records the result in profit or loss.

The results of the impairment tests of investments in subsidiaries are disclosed in Note 8.

Assessment of deferred tax asset due to application of investment incentive

The Group estimated the volume of investments of its subsidiary Litgrid qualifying for the income tax incentive for 2024 and recalculated for 2023. For detailed information please refer to Note 29.

Financial Instruments – assessment

The Group assessed financial instruments to identify whether the rights and obligations to acquire or sell shares in Rheinmetall Defence Lietuva, UAB with pre-specified counterparties meet the definition of a derivative under IFRS 9 and IAS 32. More information disclosed in Note 9.

4. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Group's chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

Management assesses the Group's performance based on three business segments which are consistent with the operational goals stipulated in the Group's strategy:

- the electricity transmission segment comprises the activities conducted by LITGRID AB;
- the natural gas transmission segment comprises the activities conducted by Amber Grid AB;

Non reportable operating segments that do not meet quantitative threshold:

- activities conducted by energy sources exchange operator Baltpool UAB;
- activities conducted by natural gas exchange operator GET Baltic UAB until 31 May 2023;
- activities conducted by energy facilities construction and contracting company TETAS UAB;
- activities conducted by operator of electricity storage facilities Energy Cells UAB;
- the activities of EPSO-G Invest which is mandated to carry out project and investment management;
- activities conducted by parent company EPSO-G UAB.

Considering that revenue, profit measure (EBITDA) and total assets after consolidation adjustments of the individual elements which comprise the segment of other activities do not reach 10% of the specified financial indicators of all segments, all other operating segments are not reported separately.

The Group has a single geographical segment – the Republic of Lithuania. The Group's operations in foreign countries are insignificant for the Group.

The key performance indicators are profit before interest, taxes, depreciation (amortisation), loss on impairment and write-off of property, plant and equipment (EBITDA), profit before interest and taxed (EBIT), net profit, operating expenses(excluding electricity, gas and related expenses). These indicators are calculated on the basis of data reported in the financial statements.

The Board also monitors adjusted performance indicators, i.e. adjusted EBITDA, which is non-IFRS, non-GAAP alternative performance measure. Adjustments include temporary regulatory differences resulting from NERC's decisions. All adjustments may have both positive and negative impact on the reporting period results. In Board's view, adjusted EBITDA more accurately presents results of the operations and enable a better comparison of the results between the periods as they indicate results adjusted for the regulation impact by the Group in the reporting year.

Management also analyses investments and net debt of each individual segment.

In 2024, revenue from the Lithuanian clients accounted for 87% of the Company's total revenue (2023: 86%).

The table below contains the Group's information on segments for the period ended 31 December 2024:

(All amounts are in EUR thousands unless otherwise stated)	Transmission of electricity	Transmission of natural gas	All other segments	Elimination of intersegment transactions	Total
Revenue and other income	378,326	74,584	59,873	(31,895)	480,888
Dividend income	-	-	50,632	(50,632)	-
Purchase of electricity and natural gas*	(271,579)	(16,509)	(1,239)	7,847	(281,480)
Purchase of contracting services	-	-	(26,916)	13,693	(13,223)
Wages and salaries and related expenses	(20,579)	(15,501)	(22,861)	3,197	(55,744)
Repair and maintenance services	(10,281)	(2,612)	(2,354)	5,204	(10,043)
Other expenses	(15,303)	(13,435)	(5,225)	(1,223)	(35,186)
EBITDA	**60,584**	**26,527**	**51,910**	**(53,809)**	**85,212**
Adjusted EBITDA	**47,553**	**27,373**	**51,910**	**(53,809)**	**73,027**
Temporary regulatory differences for previous periods	13,100	2,006	-	-	15,106
Temporary regulatory differences for reporting period	(26,131)	(1,160)	-	-	(27,291)
Overall effect of management's adjustments on EBITDA	**(13,031)**	**846**	**-**	**-**	**(12,185)**
Reconciliation of EBITDA and Operating profit (EBIT) and net profit/loss	**(23,215)**	**(15,339)**	**(2,030)**	**-**	**(40,584)**
Depreciation and amortisation	(22,562)	(14,932)	(2,893)	-	(40,387)
Gain (loss) on derivatives	-	(364)	863		499
Loss on impairment and write-off of non-current assets	(653)	(43)	-	-	(696)
Operating profit (EBIT)	**37,369**	**11,188**	**49,880**	**(53,809)**	**44,628**
Total finance costs, net	5,758	(2,166)	(3,691)	-	(99)
Income tax	5,901	(1,196)	1,348	-	6,053
Share of results of associates	-	480	3,825	-	4,305
Net profit (loss)	**49,028**	**8,306**	**51,362**	**(53,809)**	**54,887**
Total assets	820,320	327,196	739,849	(679,585)	1,207,780
Net financial debt	(33,124)	(83,346)	(141,838)	323,170	64,862
Investments (additions of property, plant and equipment and intangible assets)	(232,611)	(6,405)	(656)	3,599	(236,073)

* Includes impact of changes in gas inventory balances

EPSO-G's EBITDA includes dividend income.

The table below contains the Group's information on segments for the period ended 31 December 2023:

(All amounts are in EUR thousands unless otherwise stated)	Transmission of electricity	Transmission of natural gas	All other segments	Elimination of intersegment transactions	Total
Revenue and other income	369,838	81,338	44,688	(16,977)	478,887
Operating expenses, excluding electricity, gas and related expenses, depreciation, write-off and imparement*	(40,294)	(30,248)	(36,951)	17,000	(90,493)
EBITDA	**78,286**	**25,739**	**2,806**	**(5,579)**	**101,252**
Adjusted EBITDA	**37334**	**24660**	**2806**	**(5,579)**	**59221**
Temporary regulatory differences for previous periods	18,942	(2,883)	-	-	16,059
Temporary regulatory differences for reporting period	(59,894)	1,804	-	-	(58,090)
Overall effect of management's adjustments on EBITDA	**(40,952)**	**(1,079)**	**-**	**-**	**(42,031)**
Reconciliation of EBITDA and net profit/loss	**(29,900)**	**(13,177)**	**15,742**	**(20,116)**	**(47,451)**
Depreciation and amortisation	(19,737)	(12,595)	(1,958)	-	(34,290)
Loss on impairment and write-off of non-current assets	(21,905)	(8,169)	18,397	(18,406)	(30,083)
Total finance costs, net	4,434	(1,758)	(1,942)	(508)	226
Loss of control and revaluation of subsidiary	-	9,076	-	(660)	8,416
Income tax	7,308	(567)	(235)	-	6,506
Share of results of associates	-	294	1,480	-	1,774
Dividend income	-	542	-	(542)	-
Net profit (loss)	**48,386**	**12,562**	**18,548**	**(25,695)**	**53,801**
Total assets	677,416	332,329	681,919	(613,207)	1,078,457
Net financial debt	(39,188)	(95,175)	(208,205)	259,030	(83,538)
Investments (additions of property, plant and equipment and intangible assets)	(165,371)	(35,703)	(33,146)	(8,900)	(243,120)

* Includes impact of changes in gas inventory balances

The Group's revenue from the major clients in 2024:

(All amounts are in EUR thousands unless otherwise stated) **Company name**	**2024**
Energijos Skirstymo Operatorius AB	259,132
Ignitis UAB	29,007
Ignitis Gamyba AB	6,676
Total revenue from major clients	**294,815**

The Group's revenue from the major clients in 2023:

(All amounts are in EUR thousands unless otherwise stated) **Company name**	**2023**
Energijos Skirstymo Operatorius AB	103,582
Ignitis UAB	42,846
Ignitis Gamyba AB	9,033
Total revenue from major clients	**155,461**

5. Intangible assets

(All amounts are in EUR thousands unless otherwise stated)

Group	Goodwill	Patents and licences	Computer software	Other intangible assets	Statutory servitudes and protection zones	Total
Net book amount as at 31 December 2022	**61**	**322**	**4,745**	**313**	**2,981**	**8,422**
Additions	-	11	3,177	59	176	3,423
Value adjustment	-	-	-	-	(62)	(62)
Write-offs	-	-	(5)	-	-	(5)
Reclassification with PP&E	-	70	280	-	-	350
Reclassification between categories	-	816	(816)	-	-	-
Off-set of grants against non-current assets (Note 20)	-	-	(2,415)	-	-	(2,415)
Amortisation	-	(335)	(1,078)	(125)	-	(1,538)
Net book amount as at 31 December 2023	**61**	**884**	**3,888**	**247**	**3,095**	**8,175**
Acquisition cost	61	1,843	15,283	584	3,095	20,866
Accumulated amortisation	**-**	(959)	(11,395)	**(337)**	**-**	(12,691)
Net book amount at 31 December 2023	**61**	**884**	**3,888**	**247**	**3,095**	**8,175**
Net book amount as at 31 December 2023	**61**	**884**	**3,888**	**247**	**3,095**	**8,175**
Additions	-	49	2,577	21	-	2,647
Value adjustment	-	-	-	-	(438)	(438)
Write-offs	-	-	(12)	-	-	(12)
Reclassification from PP&E	-	344	(207)	-	-	137
Reclassification between categories	-	-	-	-	-	-
Grants offset with intangible assets (Note 20)	-	(344)	(1,567)	-	-	(1,911)
Amortisation	-	(422)	(1,180)	(110)	-	(1,712)
Net book amount at 31 December 2024	**61**	**511**	**3,499**	**158**	**2,657**	**6,886**
Acquisition cost	61	1,889	13,784	603	2,657	18,994
Accumulated amortisation	-	(1,378)	(10,066)	(419)	-	(11,863)
Accumulated impairment	-	-	(219)	(26)	-	(245)
Net book amount as at 31 December 2024	**61**	**511**	**3,499**	**158**	**2,657**	**6,886**

Intangible assets are carried at cost, less accumulated amortisation and accumulated impairment losses, if any.

As at 31 December 2024, following the reassessment of the assumptions for the provisions for statutory servitudes and protection zones (Note 27), changes in the regulatory framework for protection zones and differences between the values of forecast and actual services acquired, the provision and related intangible assets as at 31 December 2024 were reduced by EUR 438 thousand.

As at 31 December 2024, the net book amount of the Company's intangible assets amounted to EUR 56 thousand (as at 31 December 2023, EUR 77 thousand).

6. Property, plant and equipment

Group	Land	Buildings	Structures and machinery	Vehicles	Other property, plant and equipment	Construction in progress	Total
Net book amount as at 31 December 2022	**682**	**26,062**	**536,679**	**1,473**	**13,327**	**77,497**	**655,720**
Additions	-	498	14,018	65	4,400	229,576	248,557
Prepayments for PP&E	-	-	-	-	-	(8,860)	(8,860)
Sales	-	-	(110)	(43)	(16)	-	(169)
Write-offs	-	(13)	(718)	-	89	-	(642)
Revaluation	9	889	584	498	143	-	2,123
Impairment loss	-	-	-	-	(108)	(17)	(125)
Reversal of impairment	-	-	(57)	-	-	29	(28)
Reclassification to/from inventories	-	-	(50)	-	(201)	-	(251)
Reclassification between categories	-	2,151	54,135	-	3,632	(59,918)	-
Reclassification (from intangible assets)	-	-	-	-	-	(350)	(350)
Off-set of grants against non-current assets (Note 20)	-	(492)	(13,886)	-	(1,078)	(142,486)	(157,942)
Depreciation	-	(940)	(25,748)	(405)	(3,711)	-	(30,804)
Net book amount as at 31 December 2023	**691**	**28,155**	**564,847**	**1,588**	**16,477**	**95,471**	**707,229**
Acquisition/revaluation amount	691	30,982	646,728	1,616	26,016	95,471	801,504
Accumulated depreciation	0	(2,827)	(81,881)	(28)	(9,539)	-	(94,275)
Net book amount as at 31 December 2023	**691**	**28,155**	**564,847**	**1,588**	**16,477**	**95,471**	**707,229**
Additions	-	556	25,053	226	6,317	210,598	242,750
Change in prepayments for PP&E	-	-	-	-	-	(9,324)	(9,324)
Sales	-	-	-	-	(2)	-	(2)
Write-offs	-	(2)	(1,611)	(2)	(3)	(92)	(1,710)
Impairment loss	-	-	(480)	-	-	-	(480)
Reversal of impairment	-	-	(22)	-	-	-	(22)
Reclassification between categories	-	7,062	55,216	-	4,515	(66,683)	110
Reclassification to/from inventories	-	35	70	(62)	(100)	845	788
Reclassification to intangible assets	-	-	-	-	142	(279)	(137)
Off-set of grants against non-current assets (Note 20)	-	(552)	(23,561)	-	(1,130)	(131,817)	(157,060)
Depreciation	-	(1,062)	(30,535)	(433)	(4,266)	-	(36,296)
Net book amount as at 31 December 2024	**691**	**34,192**	**588,977**	**1,317**	**21,950**	**98,719**	**745,846**
Acquisition/revaluation amount	691	35,244	619,842	1,778	26,325	98,719	782,599
Accumulated depreciation after revaluation	-	(1,052)	(30,385)	(461)	(4,375)	-	(36,273)
Accumulated impairment	-	-	(480)	-	-	-	(480)
Net book amount at 31 December 2024	**691**	**34,192**	**588,977**	**1,317**	**21,950**	**98,719**	**745,846**

The Group's property, plant and equipment is carried at a revalued amount, less accumulated depreciation and impairment loss.

Prepayments for property, plant, equipment (PPE), included in the under 'Construction work in progress':

(All amounts are in EUR thousands unless otherwise stated)	2024	2023
Carrying amount at the beginning of the period	**17,725**	**26,304**
Prepayments paid for PPE over the period	2,585	15,386
Transfer to construction work in progress	**(11,909)**	**(23,965)**
Carrying amount at the end of the period	**8,401**	**17,725**

As at 31 December 2024, the Group did not capitalise any interest on property, plant and equipment (2023: EUR 329 thousand was capitalised at interest rate of 3.53%).

Write-offs mainly represented derecognition of component parts of assets replaced during reconstruction.

The Group's property, plant, and equipment is accounted for at a revalued amount. The last revaluation of property, plant and equipment was carried out in 2023. Below are the key assumptions used in measurements for electricity transmission segment and natural gas transmission segments. No regulatory decisions that could materially affect the value of the assets were adopted in 2024. The carrying amount of the asset was, within materiality threshold, an approximation of its fair value, therefore no adjustments were made to the assets value as at 31 December 2024. The valuation corresponded to Level 3 of the fair value hierarchy it was performed using the Group's internal resources, and not engaging an independent external valuer. The Group assessed the assets as a business, but its assessment excluded all activities related to the transmission network development (and not related to the present assets being assessed), i.e. investments in the development projects, connection of new consumers/producers, grants for the development projects.

The assessment of property, plant and equipment identified:

- the total fair value of property, plant and equipment of the electricity transmission segment was EUR 5.8 million higher than the carrying amount before revaluation;
- the total fair value of property, plant and equipment of the natural gas transmission segment was EUR 4.7 million lower than the carrying value before revaluation;
- the total fair value of property, plant and equipment of the other segment (construction and contracting) was EUR 1.0 million higher than the carrying amount before revaluation;
- the EUR 15,954 thousand carrying amount of the property, plant and equipment of the other segment (electricity storage facilities) corresponds to its fair value, as the assets were newly acquired (installed) and put into operation in 2023.

Below is the information about gain or loss on revaluation of electricity and natural gas transmission segments as at 31 December 2023:

All amounts are in EUR thousands unless otherwise stated

Segment	Recognised in other comprehensive income	Recognised through profit or loss	Total revaluation result by segments
EE TSO	27,434	(21 623)	5,811
NG TSO	3,255	(7 940)	(4 685)
Other segments	1,006	(9)	997
Total	**31,695**	**(29 572)**	**2,123**

The valuation of property, plant and equipment of the electricity and natural gas transmission system operators was carried out using the replacement cost method and the discounted cash-flow methods. The valuation of property, plant and equipment of the other segments (construction and contracting) was carried out using the comparable and replacement cost methods. The valuation corresponded to Level 3 of the fair value hierarchy. The valuation of the electricity and natural gas transmission system operators' assets involved the following steps:

- replacement costs of new assets (RCN) were estimated;
- the physical deterioration and functional obsolescence of the assets was determined and;
- the economic obsolescence of the assets was assessed (using the income approach).

In determining the replacement costs, the management took into account asset-specific current information such as the cost of materials and works, or overall construction costs.

Then physical deterioration and functional obsolescence of the assets was determined to estimate depreciated replacement cost (DRC) for each individual asset.

The income approach was used to determine the economic obsolescence of the assets. Based on the results of the economic obsolescence test, the values of the assets determined by DRC method were reduced on a pro rata basis, except for assets for which such allocation would have resulted in a value lower than the asset's regulated asset base or estimated regulated cash flows from individual items (hereinafter – RAB value). For such assets the RAB value was considered to be their fair value. The amount of reduction that would otherwise have been allocated to an asset was allocated pro rata to the other assets.

Finally, the management compared previous carrying values of individual assets against revalued amounts determined using the approach described above, and calculated the revaluation gains or losses to be accounted through profit and loss, or other comprehensive income as appropriate.

Estimation of fair value for property, plant and equipment of electricity transmission segment

Application of replacement cost method

The items of property, plant and equipment were allocated to main groups of the technological assets: transformer substations, power transmission lines, back-to-back converters, and autotransformers and replacement cost calculation model was developed for each group. A new replacement cost was calculated for individual items based on their physical parameters (autotransformer capacity, number of transformer substation connectors, number of transmission line circuits and type of poles), the current purchase prices and statistical indices. The fair value of construction in progress was considered equal to carrying amount, because it consisted of newly acquired assets.

The remaining useful life of the asset components was estimated as follows:

- If the asset component is included in a 10-year reconstruction investment plan (is scheduled for reconstruction), the remaining useful life is the period before reconstruction;
- If information on the end of useful life/write-down date of the asset component is available, the remaining useful life is the period before the write-down;
- If not included in the plan, the remaining useful life is the difference between the asset component's standard useful life (55 years for lines, 35 years for autotransformers, substations and converters, 60 years for a building) and the functional obsolescence (the period of time from the date of the asset's entry into operation, after taking into account the reconstruction/replacement of components).

The depreciated replacement cost of each asset was calculated with reference to the new replacement cost and by the remaining useful life.

Economic obsolescence

Electricity transmission system operator is regulated, the fair value of the system was assessed using the income approach. The following assumptions were applied:

- The forecast period until 2031.
- Additional component has been established for the financing of investments increasing the level of revenue from the regulated activities. Additional component was estimated by the electricity transmission system operator (hereinafter the 'Electricity TSO') in the long-term financial forecasts for 2025-2031 based on a sustainable level of debt (assuming that the average debt to EBITDA ratio over the regulatory period is below but close to 4.5). However, given that the regulatory framework did not define the sustainable level of debt, 86% (EUR 12 million) of the requested additional component has been awarded for 2024, the need for additional component would be lower if actual investments were lower than planned, the amount of undiscounted additional component for 2025-2031 has been decreased in the measurement by 25%.
- The updated long-run average incremental costing (hereinafter – LRAIC) model for the establishment of the regulated asset base and the cost of capital is applied in the regulatory pricing from 2022. The cost of capital comprises depreciation expenses of the regulated assets and return on investments, which is calculated by multiplying the regulated asset base by the rate of return on investments. Over the regulatory period of five years (current regulatory period covers 2022-2026), the cost of assets under optimisation (planned to be restored) is determined using the present (replacement) value and investments in the optimised assets over the regulatory period of five years are consistent with the value of assets being replaced, which is calculated under the LRAIC model. The cost of capital of the assets that are not optimised is determined using the historical value.
- The amounts of investments until 2031 are used from the actual ten-year investment plan, which excludes all development investments.
- All operating expenses attributable to the regulated activities are compensated through transmission revenue, except for wages and salaries, the compensation assumption of which is 96%. The terminal value was calculated based on the assumption that all the costs incurred by the Electricity TSO will be compensated with revenue.
- The calculation of cash flows for the years 2024-2025 included a difference between the permitted and actual return on transmission activity investments in 2022-2023. The permitted return on investments was raised as a result of operational cost efficiencies (savings). A regulatory gain is refunded through a lower transmission price and revenue offsetting the higher additional component of services and revenue.
- The rate of return on investments (ROI before tax) is equal to 5% for 2024 (equivalent to a 4.25% after tax), and from 2025 it is the same as the discount rate, i.e. 5.87% (equivalent to a 4.99% WACC after tax).
- Net cash flows generated from the assets were discounted using the discount rate (WACC after tax) of 4.99% calculated by the management.

In addition, the net present value of regulated expected cash flows was established for individual items with reference to their allowable regulatory depreciation and return on regulated asset value.

The increase in value of property, plant and equipment estimated using income approach was allocated to individual items in proportion to depreciated replacement costs, ensuring that the value estimated is not lower than the regulated cash flow of the individual items.

Sensitivity analysis

If the additional component for the financing of investments was not awarded, the value of the assets would be lower by EUR 92.1 million, if the total amount estimated in the long-term financial forecasts of the Electricity TSO was allocated, the value of the assets would be higher by an additional EUR 30.7 million. The sensitivity of asset valuation to the additional component for the financing of investments and the change in the rate of return on investments from 2027 is presented in the tables below:

Additional component for the financing of investments, % of forecast	Change in asset value, EUR million
0	-92.1
0.33	-61.4
0.67	-30.7
1	0
1.33	30.7
Change in rate of investment return from 2025, %	Change in asset value, EUR million
-0.005	-15.2
-0.0025	-7.6
0	0
0.0025	7.6
0.005	15.3
Change in discount rate (return on investments is recalculated from 2027 accordingly), %	Change in asset value, EUR million
-0.01	1.5
-0.005	0.7
0	0
0.005	-0.6

Estimation of fair value for property, plant and equipment of gas transmission segment

The cost approach involves determining the replacement cost of a new asset (RCN) at the level of the individual asset item. RCN includes the cost of materials, installation works, labour, transportation and handling fees, overall costs of contractor, also indirect costs, such as engineering and design costs. The market prices were determined using transaction data of the Natural Gas TSO for the last three years, the reports of ACER and Gasgrid and other publicly available data.

Assets of a unique nature (around 1% of the total value of the assets) were subject to the indirect cost method due to inability to apply the direct cost method or the lack of the necessary information. The indirect cost method was used to determine the current replacement value of each new asset by indexing (based on consumer price, gas price, metal price and building cost indices published by Statistics Lithuania) the capitalized historical cost of the new asset.

The calculated RCN will reduced by the amount of functional obsolescence due to occurrence of functional failures over a particular period as a result of intensity of use. The physical obsolescence was estimated using age-life methods, based on the Iowa-type survivor curves. These depreciation curves were used to determine the life cycle of asset based on economic useful life, in view of current repairs and maintenance Based on Iowa-type curves, the useful life of the assets in some cases was different form the useful life used for the accounting purposes of the Natural Gas TSO. The useful life will be reviewed and extended, as appropriate. The changes will apply from 1 January 2024.

After identifying the asset's RCN and assessing its physical obsolescence, the asset's replacement residual value (depreciated replacement cost, DRC) was estimated.

Economic obsolescence

Gas transmission system operator is regulated, the fair value of the system was assessed using the income approach.

Key assumptions for the cash flow forecast:

- The forecast period until 2028
- In the Certificate No O5E-389 of 8 May 2023, NERC set the cap on the revenue from natural gas transmission activities of EUR 67,011 thousand for 2024;
- NERC approved a 5.04% pre-tax return on investments (WACC) for 2024, while in the long term, based on NERC's WACC methodology and market trends, the rate of return on investments will increase and will be equal to the discount rate of 6.07% (post-tax);
- A discount rate (post-tax) of 5.16% was applied to discount the cash flows.

- The operating costs are estimated in accordance with the NERC's methodology for determining the revenue and prices of natural gas transmission activities. Some costs are not included in the regulated prices.
- The estimation of the going-concern value of discounted cash flows excludes the growth rate (equal to 0)

Asset values estimated using the DRC method were adjusted for economic obsolescence: reduced in proportion to the results of the economic obsolescence test (the total fair value of assets was determined using income method), except for assets for which such allocation would have resulted in a value lower than the asset's regulatory asset base (RAB) value. For such assets the RAB value was considered to be its fair value. The amount of reduction that would otherwise have been allocated to the asset was allocated pro rata to the other assets. In order to distribute the value of economic obsolescence among separate items of assets so that the resulting value would reflect more accurately the fair value of the respective separate item of assets, the managemnent followed a policy whereby the fair value of particular item of assets would not be lower than the RAB assumption used in respect of that particular item of assets.

Economic obsolescence was applied (i.e. distributed) to all assets, except for the following categories (or separate items of assets from different categories), where DRC was approximated to the carrying amount of these assets:

- construction in progress; because new projects reflect the fair value best, which is included in RAB at full;
- other items of property, plant and equipment that are not directly related to the underlying technological asset (e.g. office buildings, furniture, tools, computers, equipment);
- assets with the fair value equal to the net book amount for the purpose of valuation (assets acquired no earlier than one year until their valuation date);
- assets with the value before economic obsolescence (DRC) lower than RAB value attributed to these assets (those kept at RAB value).

Sensitivity analysis.

The natural gas transmission system operator (TSO) performed sensitivity analysis of the fair value measurement in respect of changes in unobservable inputs. The fair value measurement is the most sensitive to the rate of return (WACC) set by NERC and the discount rate.

The fair value of the asset sensitivity is presented for the following scenarios:

<u>Scenario (1) of sensitivity analysis:</u> to determine the level of revenue from 2024 onwards, NERC would apply a rate of return of 6.04/4.04% (currently is set at 5.04% for 2024) with a 1% increase/decrease in the rate of return and the other valuation parameters remaining unchanged; a 1% increase in the rate of return would result in the EUR 9,727 thousand increase in the fair value of property, plant and equipment, and a 1% drop in the rate of return would result in the EUR 9,727 thousand decrease in the fair value of property, plant and equipment.

<u>Scenario (2) of sensitivity analysis:</u> applying a 1% higher/lower discount rate (after tax) with the other valuation parameters remaining unchanged; a 1% increase in the discount rate would result in the EUR 11,544 thousand decrease in the fair value of property, plant and equipment, and a 1% decrease in the discount rate would result in the EUR 12,181 thousand increase in the fair value of property, plant and equipment.

Below is the table on the asset's sensitivity analysis:

			WACC (pre-tax return on investments approved by NERC)		
Discount rate (post-tax), %	Change		4.04%	5.04%	6.04%
			-1.00%	0.00%	1.00%
	4.16%	-1.00%	2,189	12,181	22,174
	5.16%	0.00%	-9,727	-	9,727
	6.16%	1.00%	-21,017	-11,544	-2,070

No regulatory decisions that could materially affect the value of the assets were adopted in 2024. The carrying amount of the asset was, within materiality threshold, an approximation of its fair value, therefore no adjustments were made to the assets value as at 31 December 2024. The valuation corresponded to Level 3 of the fair value hierarchy, it was performed using the Group's internal resources and not engaging an independent external valuer. The Group assessed the assets as a business, but its assessment excluded all activities related to the transmission network development (and not related to the present assets being assessed), i.e. investments in the development projects, connection of new consumers/producers, grants for the development projects.

The table below presents the net book amounts of the Group's property, plant and equipment, which would have been recognised had the historical cost method been used, less grants received and negative revaluations that would be treated as an impairment equivalent, as at 31 December 2024 and 31 December 2023:

(All amounts are in EUR thousands unless otherwise stated)	Land	Buildings	Structures and machinery	Transport	Other property, plant and equipment	Construction in progress	Total
As at 31 December 2024	682	32,549	562,227	1,012	21,818	81,782	**700,070**
As at 31 December 2023	682	26,464	535,273	1,115	16,293	61,811	**641,638**

Had the value of the Group's property, plant and equipment not been reduced by the amount of grants, its carrying amount would have been EUR 802,140 thousand higher as at 31 December 2024 (EUR 672,845 thousand as at 31 December 2023). The following table shows information on property, plant and equipment, the value of which was reduced by the amount of grants received/receivable:

All amounts are in EUR thousands unless otherwise stated	As at 31 December 2024	As at 31 December 2023
Carrying amount at the beginning of the period	672,846	532,859
Additions	157,060	157,942
Depreciation	(27,749)	(17,594)
Write-off	(17)	(362)
Carrying amount at the end of the period	**802,140**	**672,845**

As at 31 December 2024, the Group had commitments to acquire property, plant and equipment to be fulfilled in the upcoming periods for the amount of EUR 171 million (31 December 2023: EUR 337 million).

As at 31 December 2024, the Company's property, plant and equipment amounted to EUR 69 thousand, as at 31 December 2023 – EUR 83 thousand. The Company's other property, plant and equipment comprised computer hardware and furniture.

7. Right-of-use-assets

Group	Land	Buildings	Vehicles	Total
Net book amount as at 31 December 2022	**5,833**	**2,427**	**3,069**	**11,329**
New contracts	61	836	357	1,254
Indexation	-	(5)	153	148
Write-offs	-	(72)	(2)	(74)
Depreciation	(62)	(609)	(1,176)	(1,847)
Net book amount as at 31 December 2023	**5,832**	**2,577**	**2,401**	**10,810**
Acquisition cost	6,131	4,291	5,779	16,201
Accumulated depreciation	(299)	(1,714)	(3,378)	(5,391)
Net book amount as at 31 December 2023	**5,832**	**2,577**	**2,401**	**10,810**
New contracts	-	222	2,469	2,691
Reclassification to (from) PP&E	-	-	(110)	(110)
Indexation	(25)	530	87	592
Depreciation	(62)	(746)	(1,571)	(2,379)
Net book amount as at 31 December 2024	**5,745**	**2,583**	**3,276**	**11,604**
Acquisition cost	6,106	5,053	7,006	18,165
Accumulated depreciation	(361)	(2,470)	(3,730)	(6,561)
Net book amount as at 31 December 2024	**5,745**	**2,583**	**3,276**	**11,604**
Company				
Net book amount as at 31 December 2022		**135**	**100**	**235**
New contracts		629	-	629
Indexation		-	18	18
Write-offs		(73)	-	(73)
Depreciation		(83)	(32)	(115)
Net book amount as at 31 December 2023		**608**	**86**	**694**
Acquisition cost		629	125	754
Accumulated depreciation		(21)	(39)	(60)
Net book amount as at 31 December 2023		**608**	**86**	**694**
New contracts		-	-	-
Write-offs		-	-	-
Depreciation		(126)	(31)	(157)
Net book amount as at 31 December 2024		**482**	**55**	**537**
Acquisition cost		629	125	754
Accumulated depreciation		(147)	(70)	(217)
Net book amount as at 31 December 2024		**482**	**55**	**537**

As at 31 December 2024, the increases in the Group's right-of-use assets were due conclusion of new contracts for the lease of new office premises, vehicles and equipment.

8. Investments in subsidiaries and associates

As at 31 December 2024 and 31 December 2023, the Company had a shareholding in the following Group companies:

Group companies	Acquisition cost	Impairment	Carrying amount	Shareholding (%)
		As at 31 December 2024		
		Subsidiaries		
LITGRID AB	217,215	-	217,215	98%
Amber Grid AB	126,528	-	126,528	97%
Baltpool UAB	388	-	388	67%
TETAS UAB	16,150	(11,130)	5,020	100%
Energy Cells UAB	2,375	-	2,375	100%
EPSO-G Invest UAB	953	-	953	51%
Total:	**363,609**	**(11,130)**	**352,479**	
		Associates		
TSO Holding AS*	13,830	-	13,830	39.6%
		As at 31 December 2023		
		Subsidiaries		
LITGRID AB	217,215	-	217,215	98%
Amber Grid AB	126,528	-	126,528	97%
Baltpool UAB	388	-	388	67%
TETAS UAB	16,150	(11,130)	5,020	100%
Energy Cells UAB	2,375	0	2,375	100%
Total:	**362,656**	**(11,130)**	**351,526**	
		Associates		
TSO Holding AS	**13,830**	**-**	**13,830**	39.6%

On 18 July 2024, the Company established a new 100% controlled subsidiary EPSO-G Invest UAB. Following the Company's decision of 13 December 2024 to increase the issued capital of EPSO-G Invest UAB , 49% of its shares were acquired by UAB Valstybės Investicinis Kapitalas ("VIKA"). The Company remains the ultimate shareholder with a 51% shareholding in EPSO-G Invest UAB . Until 31 December 2024, the nominal value of shares in EPSO-G Invest was partially paid at amount of EUR 1,012.5 thousand, of which a non-controlling interest (VIKA) amounted to EUR 459 thousand. The remaining portion of the issue price of the shares (including share premium) is expected to be paid subject to the need for the investments related to EPSO-G Invest ownership interest as described below.

On 13 December 2024, the Shareholders' Agreement was signed between EPSO-G UAB and VIKA regarding the ultimate goal of EPSO-G Invest UAB being investing in Rheinmetall Defence Lietuva UAB (RDL), developing its business, making investment decisions and managing RDL shares.

On 20 December 2024, Rheinmetall Waffe Munition GmBH, EPSO-G Invest UAB and Giraitės ginkluotės gamyba signed a shareholder cooperation agreement on the development of RDL and the organisation of the production of artillery ammunition, acquisition and management of its shares. The agreement stipulates that Rheinmetall Waffe Munition will hold 51% in RDL, 48% will be owned by EPSO-G Invest UAB and 1% by Giraitės ginkluotės gamykla.

On 23 December 2024, EPSO-G acquired 48% of shares in RDL for a symbolic one euro.

By the decision of 15 December 2023 of the Company, as a sole shareholder, the issued capital of TETAS UAB was increased through issue of 2,000 units of shares with the nominal value of EUR 1 each and cash contribution of EUR 6,300 thousand was made.

Impairment testing of investments in subsidiaries

As at 31 December 2024, the Company identified indications of impairments and tested its subsidiary TETAS UAB for impairment. Although the estimated recoverable amount of TETAS as at 31 December 2024 exceeded the carrying value by 10%, the Company's management believes that the impairment should not be reversed, as improving performance of TETAS has no long term prospects and the difference in value is not material. As at 31 December 2023, the impairment of EUR 7,683 thousand was recognised for TETAS UAB, and the estimated impairment loss totalled EUR 11,130 thousand.

In testing the investment in TETAS for impairment as at 31 December 2024, the Company applied the discounted cash flow method and used the following key assumptions:

- five year cash flow forecasts until 2029 (2023: cash flow forecast until 2028);

– a 2.0% projected cash flow growth rate in the period (beyond 2029) of continuing operations (2023: 2.0%);

– a 11.81% discount rate (after tax) was used to calculate discounted cash flows (2023: 11.79%);

The Company also assessed the investments in the subsidiaries Litgrid, Amber Grid and Energy Cells for indication of impairment. As at 31 December 2024, there were no indications of impairment, as the net asset value of the subsidiaries in question, attributable to interest of the Company, is higher than the actual cost.

As at 31 December 2023, the Company fully reversed the impairment of EUR 26,090 thousand recognised in previous periods for the investment in Litgrid, as the investment's recoverable amount exceeded its carrying amount.

Presented below is the summarised statement of financial position of the Group companies with significant non-controlling interest as at 31 December 2024 and 2023.

(All amounts are in EUR thousands unless otherwise stated) **Company name**	**Current assets and liabilities**			**Non-current assets and liabilities**			**Net assets**
Year	Assets	Liabilities	Total net current assets	Assets	Liabilities	Total net non-current assets	
Litgrid							
As at 31 December 2024	353,059	211,399	141,660	467,261	350,726	116,535	**258,195**
				Net assets attributable to minority interest as at 31 Dec 2024			**6,448**
As at 31 December 2023	264,797	138,673	126,124	412,619	300,057	112,562	**238,686**
				Net assets attributable to minority interest as at 31 Dec 2023			**5,942**
Amber Grid							
As at 31 December 2024	35,307	90,126	(54,819)	291,889	61,441	230,448	**175,629**
				Net assets attributable to minority interest as at 31 Dec 2024			**6,009**
As at 31 December 2023	34,421	79,572	(45,151)	297,908	66,093	231,815	**186,664**
				Net assets attributable to minority interest as at 31 Dec 2023			**6,387**

Presented below is the summarised statement of comprehensive income of the Group companies with significant non-controlling interest for 2024 and 2023.

(All amounts are in EUR thousands unless otherwise stated) **Company name** **Year**	**Revenue**	**Profit before income tax**	**Income tax (expense) benefit**	**Total comprehensive income**	**Comprehensive income attributable to non-controlling interest**	**Dividends paid to non-controlling interest**
Litgrid						
As at 31 December 2024	378,326	43,127	5,901	49,028	1,224	(731)
As at 31 December 2023	369,838	41,078	7,308	71,706	1,792	-
Amber Grid						
As at 31 December 2024	74,584	9,502	(1,196)	8,276	281	(690)
As at 31 December 2023	81,338	13,130	(567)	15,330	524	(413)

Presented below is the summarised statement of cash flows of the Group companies with significant non-controlling interest for 2024 and 2023.

(All amounts are in EUR thousands unless otherwise stated) Company name Year	Net cash flows from operating activities	Net cash flows from investing activities	Net cash flows from financing activities	Net increase (decrease) in cash flows	Cash and cash equivalents at the beginning of the year	Cash and cash equivalents at the end of year
Litgrid						
As at 31 December 2024	126,380	(90,783)	(36,118)	(521)	634	113
As at 31 December 2023	58,388	(51,168)	(7,085)	135	499	634
Amber Grid						
As at 31 December 2024	34,601	(4,046)	(30,645)	(90)	121	31
As at 31 December 2023	39,437	(15,567)	(23,770)	100	21	121

Investments in associates and joint ventures

The Group's investments in associates and joint ventures in the consolidated financial statements included the following:

(All amounts are in EUR thousands unless otherwise stated) Company name	Nature of investment	Shareholding (%)	Investment value at the beginning of the period	Fair value of the investment after loss of control	Dividends received	Share of results of associate	Investment value 31/12/2024
	As at 31 December 2024						
TSO Holding AS	Associate	40	13,989	-	(2,342)	3,825	15,472
GET Baltic, UAB	Associate	34	3,643	-	(563)	480	3,560
Baltic RCC OU	Joint venture	33	45	-	-	54	99
Rheinmetall Defence Lietuva UAB	Associate	24	-	-	-	-	-
Total investments in 2024:			**17,677**	**-**	**(2,905)**	**4,359**	**19,131**
	As at 31 December 2023						
TSO Holding AS	Associate	40	13,915	-	(1,406)	1,480	13,989
GET Baltic, UAB	Associate	34	-	3,348	-	295	3,643
Baltic RCC OU	Joint venture	33	45	-	-		45
Total investments in 2023:			**13,960**	**3,348**	**(1,406)**	**1,775**	**17,677**

Below is the summarized statement of comprehensive income of TSO Holding, given the operating results of the Group of Nord Pool Holding AS (shareholding of 34%) in 2024 and 2023. This information represent the management's estimates made based on the available unaudited financial information of the said companies presented in their reports:

(All amounts are in EUR thousands unless otherwise stated)	2024	2023
Operating results of associate	11,760	4,740
Income tax benefit (expenses)	(2,101)	(998)
Net profit (loss)	9,659	3,742
Other comprehensive income	-	-
Total comprehensive income for the period	9,659	3,742
Comprehensive income attributable to non-controlling interest	3,825	1,480
Balance of comprehensive income attributable to the Group	**3,825**	**1,480**

In June 2024, the Group received EUR 2,342 thousand in dividends from TSO Holding AS, by which the value of investment in associate was reduced.

Summarized statement of comprehensive income of GET Baltic for 2024 and for the period in 2023 from the date of loss of control until 31 December 2023:

(All amounts are in EUR thousands unless otherwise stated)	2024	2023
Revenue	1,918	1,111
Profit before income tax	1,676	1,027
Income tax benefit (expenses)	(264)	(159)
Net profit (loss)	1,412	868
Other comprehensive income	-	-
Total comprehensive income for the period	1,412	868
Comprehensive income attributable to non-controlling interest	**480**	**295**

Summarized statement of financial position of TSO Holding:

(All amounts are in EUR thousands unless otherwise stated)	As at 31 December 2024	As at 31 December 2023
Non-current assets	1,872	1,037
Current assets	695,509	3 740 910
Total assets:	**698,380**	**3 741 947**
Non-current liabilities	701	203
Current liabilities	683,437	3 728 663
Total liabilities:	**684,137**	**3 728 866**
Net assets	**14,243**	**13,081**
Group's share, %	39.6%	39.6%
Group's share of net assets	**5,640**	**5,180**
Group's share of goodwill	**9,832**	**8,809**
Carrying amount of investments in associate	**15,472**	**13,989**

Summarized statement of financial position of GET Baltic:

(All amounts are in EUR thousands unless otherwise stated)	As at 31 December 2024	As at 31 December 2023
Non-current assets	165	353
Current assets	53,343	74,900
Total assets:	**53,508**	**75,253**
Non-current liabilities	43	36
Current liabilities	51,414	72,920
Total liabilities:	**51,457**	**72,956**
Net assets	**2,051**	**2,297**
Group's share, %	34%	34%
Group's share of net assets	**697**	**781**
Group's share of goodwill	**2,863**	**2,862**
Carrying amount of investments in associate	**3,560**	**3,643**

9. Loss of control of a subsidiary and derivatives

The Group lost control of GET Baltic following the completion of the 67% share sale transaction on 31 May 2023. The remaining portion of the investment in GET Baltic (34% of the shares) after the loss of control is recognised as an investment in an associate, which is accounted for using the equity method and measured at fair value at the time of loss of control. The fair value of the remaining shareholding in GET Baltic was calculated using the share price of the sale transaction, as the strategic partner EEX has a commitment to purchase the remaining shareholding in GET Baltic over a four-year period, on similar terms and conditions, upon fulfilment of the obligations set out in the share purchase and sale contract.

Effect of loss of control on the items of the statement of comprehensive income:

(All amounts are in EUR thousands unless otherwise stated)	2023
Consideration received on disposal of control in subsidiary, cash	6,500
Recognition of the investment in associate at fair value (34%) of the investment	3,345
Fair value of the loss of control transaction	**9,848**
Net assets of subsidiary	(1,429)
Gain on loss of control and revaluation of associates	**8,416**

Main categories of assets and liabilities over which the control was lost at the moment of loss of control:

(All amounts are in EUR thousands unless otherwise stated)	As at 31 May 2023
Non-current assets	498
Current assets	41,791
Total assets:	**42,289**
Non-current liabilities	48
Current liabilities	40,812
Total liabilities:	**40,860**
Net assets	**1,429**

Associate GET Baltic's share options

On 31 May 2023, the Group issued a put option enabling the Group to sell the remaining 34% shareholding in GET Baltic at a fixed price in the period of 48 months after the loss of control. Under the same option agreement, the strategic partner issued a call option for purchase the remaining shares of GET Baltic at a fixed price, subject to the fulfilment of the obligations set out in the shareholder's agreement, within 36 months of the date of the issue of put option. In Group management's assessment, these options meet the definition of derivatives. The put option, given the maximum 48-month option expiration term, creates a non-current financial asset for the Group that is measured at fair value. The investor's call option creates a financial liability for the Group that can be exercised at any time after the investor has fulfilled its obligations. Based on the management's estimates, the expected exercise period of the call option is 42 months from the put option date. As the Group does not have an irrevocable right to defer the call option, the liability is recognised as a current liability and measured at fair value.

The Group's derivatives are reported under the following items of the statement of financial position:

(All amounts are in EUR thousands unless otherwise stated)	As at 31 December 2024	As at 31 December 2023
Other non-current financial assets (put option of GET Baltic)	1,153	166
Other current payables (Call option of GET Baltic)	654	166

At initial recognition on 31 May 2023, the fair value of the put option per share amounted to EUR 0.19, and the 34% shareholding to EUR 202 thousand. The following provides information on the fair value of derivatives:

(All amounts are in EUR thousands unless otherwise stated) Share option	Subscription date	Maturity	Exercise price	Fair value of option	
				As at 31 May 2024	As at 31 December 2023
Put option	As at 31 May 2023	As at 31 May 2027	4.07	1,153	166
Call option	As at 31 May 2023	As at 31 December 2026	3.97	654	166

The fair value was determined based on the most likely option exercise period estimated by the management.

Information on the changes in fair value of derivatives:

All amounts are in EUR thousands unless otherwise stated	AS at 31 December 2024	AS at 31 December 2023
Non-current assets	-	-
Carrying amount at the beginning of the period	166	-
Initial recognition	-	166
Change in fair value	987	-
Carrying amount at the end of the period	**1,153**	**166**

	AS at 31 December 2024	AS at 31 December 2023
Current liabilities	-	-
Carrying amount at the beginning of the period	166	-
Initial recognition	-	166
Change in fair value	488	-
Carrying amount at the end of the period	**654**	**166**

Below are the assumptions and estimates used to measure fair values of financial instruments. The Black-Scholes model was used to estimate an option's fair value. The assumptions used in estimating the option's fair value were as follows:

	Put option	Call option
Current share price (EUR)	4.09	4.09
Transaction price (EUR)	4.07	3.97
Maturity (years)	2.417	2
Dividend yield (%)	8.07	8.07
Share price volatility (%)	38.4	38.4
Risk-free interest rate (%)	2.3	2.3

The current share price was determined under the income approach, using the discounted cash flows calculation method. Sensitivity of the put option's fair value to changes in key assumptions, the impact is presented for a 34% shareholding:

Share price volatility (%)			34.56%	38.40%	42.24%
Current share value	Change		-10.00%	0.00%	10.00%
	EUR 3.68	-10.00%	145 thousand EUR	218 thousand EUR	291 thousand EUR
	EUR 4.09	0.00%	(83) thousand EUR	0 thousand EUR	83 thousand EUR
	EUR 4.5	10.00%	(270) thousand EUR	(187) thousand EUR	(93) thousand EUR

Sensitivity of the call option's fair value to changes in key assumptions, the impact is presented for a 34% shareholding:

Share price volatility (%)			34.56%	38.40%	42.24%
Current share value	Change		-10.00%	0.00%	10.00%
	EUR 3.68	-10.00%	(280) thousand EUR	(208) thousand EUR	(135) thousand EUR
	EUR 4.09	0.00%	(73) thousand EUR	0 thousand EUR	83 thousand EUR
	EUR 4.5	10.00%	166 thousand EUR	249 thousand EUR	332 thousand EUR

Associate RDL's share options

The Group's subsidiary, EPSO-G Invest UAB, along with its co-shareholders - Giraitės Ginkluotės Gamykla, AB and Rheinmetall Waffe Munition, GmbH - has entered into an agreement to establish a joint business arrangement, Rheinmetall Defence Lietuva, UAB. Simultaneously, they have agreed to certain rights and obligations to acquire or sell each other's shares in Rheinmetall Defence Lietuva UAB, subject to various trigger events. These certain rights and obligations involve multiple underlying factors, that are specific to the parties of the contract, including, financial variables (changes in equity value and fair value) and non-financial variables (transaction-specific factors, such as various triggering events, e.g. breach of material obligations, liquidation or bankruptcy, completion of construction work, proposal of the management board to finance the company, termination of certain agreements). When such type of instruments have more than one underlying variable, with one underlying being a non-financial variable specific to one of the parties, then judgement is required in determining whether the instrument is a derivative. Since all rights and obligations to acquire or sell shares in Rheinmetall Defence Lithuania, UAB are specific to the parties of the contract and rely heavily on non-financial variables in contrast to financial variables, the Management of the Group concluded that those rights and obligations do not meet the definition of the derivative contracts under IFRS 9 and IAS 32 and shall not be recognised and accounted for as such.

10. Inventories

(All amounts are in EUR thousands unless otherwise stated)	Group	
	As at 31 December 2024	As at 31 December 2023
Materials, inventories	4,072	4,364
Natural gas	3,908	4,339
Less: write-down allowance	(1,038)	(1,147)
Carrying amount	**6,942**	**7,556**

Inventories recognised as expenses during the reporting period amounted to EUR 36,304 thousand as at 31 December 2024 (31 December 2023: EUR 38,546 thousand).

Movements in write-down allowance for inventories in 2024 and 2023 are indicated below:

(All amounts are in EUR thousands unless otherwise stated)	Group	
	As at 31 December 2024	As at 31 December 2023
Carrying amount as at 1 January	1,147	810
Change in write-down allowance	(109)	337
Carrying amount as at 31 December	**1,038**	**1,147**

11. Prepayments and contract assets

(All amounts are in EUR thousands unless otherwise stated)	Group	
	As at 31 December 2024	As at 31 December 2023
Prepayments	542	758
Deferred expenses	2,980	2,783
Contract assets	2,330	2,607
Accrued revenue from contract works	1,110	930
Accrued revenue from natural gas transmission and related services	1,220	1,677
Carrying amount	**5,852**	**6,148**

12. Trade receivables

Trade receivables comprised:

(All amounts are in EUR thousands unless otherwise stated)	Group		Company	
I. Trade receivables under contracts with customers	**As at 31 December 2024**	**As at 31 December 2023**	**As at 31 December 2024**	**As at 31 December 2023**
I.1 Trade receivables after one year	10	10	-	-
Less: expected credit losses of non-current receivables	-	-	-	-
Net book amount of non-current receivables:	**10**	**10**	**-**	**-**
I.2 Current trade receivables				
Receivables for electricity transmission and related services	48,901	19,058	-	-
Receivables for transmission and transit of natural gas	9,783	9,038	-	-
Receivables for contract works and other services	5,796	5,195	549	383
Less: expected credit losses of trade receivables	(573)	(249)	-	-
Net book amount of trade receivables under contracts with customers	**63,907**	**33,042**	**549**	**383**
II. Trade receivables under other contracts:				
Accrued receivables for the services related to electricity transmission	81	8,002	-	-
Congestion management revenue receivable	1,053	770	-	-
Other trade receivables	65	74	-	-
Less: expected credit losses of other trade receivables	-	-	-	-
Net book amount of trade receivables under other contracts:	**1,199**	**8,846**	**-**	**-**
Total current and non-current trade receivables:	**65,116**	**41,898**	**549**	**383**

Current trade receivables/Expected credit losses of trade receivables

Trade receivables under other contracts comprised congestion revenue funds receivable, receivables from ITC fund, natural gas imbalance and lease of assets. The fair value of trade receivables under contracts with customers approximates their carrying amount. In 2024, the Group accounted for expected credit losses of EUR 349 thousand with regard to late payments.

As at 31 December 2024, receivables for electricity transmission and related services, compared to 31 December 2023, increased by EUR 29.3 million, because the price of ancillary (system) services in 2024 was 5.1 times higher than in 2023, and the transmission service price was higher 2 times.

Accrued receivables for the services related to electricity transmission consist substantially of the accrued receivables under the Inter-TSO Compensation (ITC) mechanism, which increased due to the significantly higher prices for electricity to compensate for technological losses approved by NERC in 2023.

The Company assessed whether credit risk of debtors, specificallyGroup companies, has increased significantly and did not identify any indications that the credit risk of debtors increased. Therefore, the Company did not recognise any expected credit losses for trade receivables.

The Group applies a simplified credit risk assessment approach as required by IFRS 9 and accounts for loss allowances for lifetime credit losses from initial recognition of receivables. To determine credit losses of receivables, the Group applies the individual assessment and a loss coefficient matrix. The loss ratio matrix is based on historical data for a period exceeding 36 months on settlements of debts by customers. The loss ratios may be adjusted in view of macroeconomic forecasts. The loss ratios are classified into separate groups of receivables on the basis of credit risk characteristics and overdue period.

(All amounts are in EUR thousands unless otherwise stated) Trade receivables	Not past due	Past due				Total
		1-30 days	31-90 days	91-180 days	181 and more days	
As at 31 December 2024						
Current portion of trade receivables, of which:	**63,917**	**511**	**389**	**374**	**488**	**65,679**
State-owned companies	34,940	-	-	-	-	**34,940**
Expected credit losses, %	*0%*	*0%*	*0%*	*0%*	*0%*	***0%***
Other customers	28,977	511	389	374	488	**30,739**
Trade receivables assessed individually	*23,571*	-	-	-	*486*	***24,057***
Loss allowance	*15*	-	-	-	*486*	***501***
Trade receivables assessed collectively	*5,406*	*511*	*389*	*374*	*2*	***6,682***
Expected credit losses, %	*0%*	*4%*	*6%*	*7%*	*100%*	
Impairment	-	*20*	*23*	*27*	*2*	***72***
Total expected credit losses	**-**	***20***	***23***	***27***	***488***	***573***
As at 31 December 2023						
Current portion of trade receivables, of which:	**40,370**	**1,000**	**191**	**575**	**1**	**42,137**
State-owned companies	32,041	-	-	-	-	**32,041**
Expected credit losses, %	*0%*	*0%*	*0%*	*0%*	*0%*	***0%***
Other customers	8,255	1,000	191	575	1	**10,021**
Trade receivables assessed individually	*7,950*	*956*	*140*	*575*	-	***9,622***
Loss allowance	-	-	*8*	*240*	-	***248***
Trade receivables assessed collectively	*379*	*44*	*51*	-	-	***474***
Expected credit losses, %	*0%*	*14%*	*2%*	*15%*	*100%*	**-**
Loss allowance	-	*1*	-	-	-	***1***
Total expected credit losses	**-**	***1***	***8***	***240***	**-**	***249***

Movements in impairment recognised for the Group's trade receivables during the year 2024 and 2023 were as follows:

(All amounts are in EUR thousands unless otherwise stated)	2024	2023
Carrying amount as at 1 January	249	17
Additional impairment	363	232
Reversal of impairment	(39)	-
Carrying amount as at 31 December	**573**	**249**

13. Other receivables

(All amounts are in EUR thousands unless otherwise stated)	Group		Company	
	As at 31 December 2024	As at 31 December 2023	As at 31 December 2024	As at 31 December 2023
Non-financial assets				
Administered PSO funds receivable	26,627	33,429	-	-
Administered LNG terminal funds receivable	11,626	9,377	-	-
VAT receivable from the state budget	538	1,050	-	-
Grants receivable	30,287	52,199	-	-
Other receivables	842	23	-	-
Less: expected credit losses of other receivables	-	(23)	-	-
Total non-financial assets	**69,920**	**96,055**	**-**	**-**
Financial assets				
Loans to subsidiaries	-	-	32,584	44,889
Other receivables	167	2,588	594	1,336
Total financial assets	**167**	**2,588**	**33,178**	**46,225**
Carrying amount	**70,087**	**98,643**	**33,178**	**46,225**

The fair value of other receivables approximates their carrying amount.

One major part of the Group's other receivables and receivables past due consisted of PSO and LNG terminal funds receivable. The Group is not exposed to credit risk in collecting PSO and LNG terminal funds as its acts as an administering entity, therefore expected credit losses are not formed for these past due amounts.

The line item of grants receivable includes grants receivable from the EU structural funds for the projects being implemented by the Group. The main amount of receivable grants as at 31 December 2024 consisted of the grant receivable under the instrument Connecting Europe Facility (CEF) for the compensation of expenses incurred in the synchronisation projects.

To determine credit losses of receivables, other than PSO and LNG funds, the Group applies the individual assessment Grants receivable are controlled by the EU and Lithuanian public authorities, therefore they are considered to be of very low credit risk.

As at 31 December 2024, the parent company assessed and did not identify any indications that credit risk of the subsidiaries, i.e. recipients of non-current and current loans, could be increased. Consequently, lifetime ECL were not recognised for current borrowings.

14. Other financial assets

(All amounts are in EUR thousands unless otherwise stated)	Group		Company	
	As at 31 December 2024	As at 31 December 2023	As at 31 December 2024	As at 31 December 2023
Administered LNG terminal funds	3	-	-	-
Funds deposited for guarantees and deposits	14,741	15,898	-	-
Term deposits and short-term investments	140,815	-	135,000	-
Carrying amount	**155,559**	**15,898**	**135,000**	**-**

As at 31 December 2024, the Group had 3 term deposits at Lithuanian banks for the amount of EUR 95,815 thousand, the Company had had 2 term deposits at banks which amounted to EUR 90,000 thousand), with maturity more than 90 days (from 120 days to 210 days). Annual interest rate was from 2.88% to % 3.3% for agreements signed. Additionally, the Group and the Company had the EUR 45,000 thousand investments in the debt securities of European governments with maturity more than 90 days (from 91 days to 360 days). In 2024 the Group earned EUR 1,460 thousand interest income from term deposits and short-term investments, the Company – EUR 1,409 thousand. The Group and the Company made these investments with the aim of optimizing return on excess cash balances, taking into account projected need for cash and liquidity forecasts.

The Group holds its deposits for guarantees, security deposits and term deposits with banking institutions, whose long-term obligations are rated by Moody's or Standard & Poors as investment-grade: Standard & Poors (A+ or AA-), and Moody's (Aa3). Short-term investments in EU government securities (bonds) are made through the investment-grade banking institutions mentioned above. Consequently, ECLs were not recognised for other financial assets.

15. Cash and cash equivalents

(All amounts are in EUR thousands unless otherwise stated)	Group		Company	
	As at 31 December 2024	As at 31 December 2023	As at 31 December 2024	As at 31 December 2023
Cash at bank	101,562	123,236	98,791	120,015
Carrying amount	**101,562**	**123,236**	**98,791**	**120,015**

As at 31 December 2024 and 2023, cash and cash equivalents comprised cash in banks. For bank credit ratings disclosed refer to Note 36.

The fair values of cash and cash equivalents as at 31 December 2024 and 2023 approximated their carrying amounts. The Group and the Company has no pledged current and future cash inflows

16. Issued capital

As at 31 December 2024 and 2023, the issued capital of the Company amounted to EUR 189,631 thousand and was divided into 653,900,000 ordinary registered shares with the nominal value of EUR 0.29 each. All the shares as at 31 December 2024 and 2023 were fully paid.

Capital management

Capital consists of equity recorded in the statement of financial position. According to the Law on Companies of the Republic of Lithuania, the equity of the Company must account for at least ½ of the amount of the authorised share capital. As at 31 December 2024 and 31 December 2023, the Company and all companies of the Group complied with this requirement.

The Company's and the Group's main objective when managing capital is to maintain an optimal capital structure in order to ensure ability to continue as a going concern, minimisation of the cost of capital and risk. The structure of the capital of the Group companies is formed taking into consideration demand for operating activities, planned investments and development.

The Company's Board approved the dividend policy, which sets uniform principles for the payment of dividends for all companies of the Group to ensure sustainable growth of the value of the business of the Group and its companies, long-term benefit to the shareholders, achievement of long-term and short-term objectives. The dividend policy is one of the capital risk management tools. According to the dividend policy, the allocation of dividends depends on the return on the companies' equity, availability of financial resources for payment of dividends, implementation of projects important for the State and other circumstances. At least 60% of net profit is allocated for the payment of dividends, depending on the return on equity and other conditions affecting the company's solvency.

The allocation of the Company's dividends for 2022-2026 is regulated by Resolution No 208 of the Government of the Republic of Lithuania of 29 March 2023 On the payment of dividends by EPSO-G UAB for the shares held by the State by the right of ownership. Under the provisions of this Resolution, the holders of the Company's shares can each year allocate 0.5% of profit to be appropriated for the payment of dividends, if EPSO-G UAB implements or participates in the implementation of an economic project of state importance recognised by the decision of the Government of the Republic of Lithuania, or implements a project of state importance recognised by the decision of the Parliament of the Republic of Lithuania, or if, after the payment of a dividends, the liabilities referred to in the decision would exceed the Group's consolidated equity capital.

There were no changes in capital management objectives compared to previous years.

17. Revaluation reserve

The revaluation reserve arises from revaluation of property, plant and equipment due to the value increase.

(All amounts are in EUR thousands unless otherwise stated) Group	Revaluation reserve	Deferred tax	Less: deferred income tax
Balance as at 31 December 2022	**329**	**(52)**	**277**
Depreciation of revaluation reserve	(45)	7	(38)
Revaluation of property, plant and equipment	30,900	(4,634)	26,265
Balance as at 31 December 2023	**31,184**	**(4,679)**	**26,504**
Revaluation of property, plant and equipment	(22)	3	(19)
Depreciation of revaluation reserve	(3,020)	453	(2,566)
Revaluation reserve write - off	(25)	4	(21)
Change in deferred tax tariff	-	(280)	(280)
Balance as at 31 December 2024	**28,117**	**(4,499)**	**23,618**

18. Legal and other reserves

Legal reserve

A legal reserve is a compulsory reserve under the Lithuanian legislation. Annual transfers of not less than 5% of net profit are required until the reserve reaches 10% of the issued capital. The legal reserve can only be used to cover future losses. In 2024, the Company's legal reserve was increased by EUR 1,241 thousand, and in 2023, by EUR 276 thousand (5% of the net profit of a respective year). As at 31 December 2024, the legal reserve of the Company was not fully formed.

In 2023, amount of EUR 2,280 thousand from the legal reserve accumulated by Group subsidiaries was used to cover their loss from 2022,. In 2024, Group companies increased their legal reserves by transfers from retained earnings, total amount of EUR 3,699 thousand.

Other reserves

Other reserves are formed based on the decision of the shareholders (i.e. for the purpose of business development) and can be redistributed on the distribution of the next year's profit.

The Ordinary General Meeting of Shareholders of EPSO-G held on 30 April 2024 approved the proposed transfer from retained earnings to other reserves for the amount of EUR 28,064 thousand for the purpose of future investments and EUR 500 thousand for charity support.

The Ordinary General Meeting of Shareholders of EPSO-G held on 30 April 2023 approved the proposed profit appropriation and resolved to transfer EUR 165 thousand to be appropriated to reserve for charity support.

In 2024 ordinary General Meetings of Shareholders of Group subsidiaries made decisions to cover previous losses of the subsidiaries by transferring from other reservesamount of EUR 9,957 thousand (in 2023 - EUR 2,135 thousand) to retained earnings.

19. Dividends

As indicated in Note 16, the Company is eligible to allocate 0.5% of profit to be appropriated for the payment of dividends to the holders of its shares for the period 2022-2026 under Resolution No 208 of the Government of the Republic of Lithuania of 29 March 2023 On the payment of dividends by EPSO-G UAB for the shares held by the State by the right of ownership.

On 13 April 2024, the Ordinary General Meeting of Shareholders of EPSO-G UAB approved the distribution of the Company's profit (loss) for 2023. EUR 196 thousand was allocated to dividends for the year ended 31 December 2023. Dividends per share amounted to EUR **0.0003** .

On 30 April 2023, the Ordinary General Meeting of Shareholders of EPSO-G UAB approved the distribution of the Company's profit (loss) for 2022. EUR 66 thousand was allocated to dividends for the year ended 31 December 2022. Dividends per share amounted to EUR 0.0001.

Dividends paid by the Group companies to the Group's non-controlling interest amounted to EUR 1,505 thousand in 2024, and EUR 563 thousand in 2023.

20. Grants

Grants comprise grants for the acquisition of non-current assets and compensation of expenses. Movements in grants in 2024 and 2023 were as follows:

All amounts are in EUR thousands unless otherwise stated	Group	
Opening balance	**As at 31 December 2024**	**As at 31 December 2023**
Grants receivable (Note 13)	52,199	32,726
Grants received in advance (non-current liabilities) (Note 28)	-	(32,802)
Grants received in advance (current liabilities) (Note 25)	(28,583)	(35,193)
	23,616	**(35,269)**
Recognised grants		
Transfer to property, plant and equipment (Note 6)	157,665	157,942
Other movements	(605)	-
Transfer to intangible assets (Note 5)	1,911	2,415
Grants used for compensation of expenses (Note 31)	1,742	315
	160,713	**160,672**
Grants received		
Monetary grants (CFS investment activity)	(86,142)	(71,455)
Congestion revenue transferred to grants (Note 26)	(43,498)	(13,457)
Monetary grants for compensation of expenses (CFS main activity)	(1,546)	
	(131,186)	**(84,912)**
Grants received in the form of assets	**(26,960)**	**(16,875)**
Closing balance		
Grants receivable (Note 13)	30,287	52,199
Grants received in advance (non-current liabilities) (Note 28)	(3,469)	-
Grants received in advance (current liabilities) (Note 25)	(635)	(28,583)
	26,183	**23,616**

21. Borrowings

The Group's and the Company's borrowings comprised as follows:

All amounts are in EUR thousands unless otherwise stated	Group		Company	
	As at 31 December 2024	**As at 31 December 2023**	**As at 31 December 2024**	**As at 31 December 2023**
Non-current borrowings				
Bonds issued	74,893	74,849	74,893	74,849
Bank borrowings	77,312	89,105	-	-
Current borrowings				
Current portion of non-current borrowings	11,792	11,792	-	-
Interests accrued	1,633	2,166	1,327	1,327
Current borrowing from the Group companies	-	-	291,156	214,806
Overdraft	-	17,981	-	17,981
Total borrowings	**165,630**	**195,893**	**367,376**	**308,963**

Non-current borrowings by maturity:

All amounts are in EUR thousands unless otherwise stated	Group		Company	
	As at 31 December 2024	**As at 31 December 2023**	**As at 31 December 2024**	**As at 31 December 2023**
Between 1 and 2 years	9,649	11,792	-	-
Between 2 and 5 years	103,841	103,797	74,893	74,849
More than 5 years	38,715	48,365	-	-
Total	**152,205**	**163,954**	**74,893**	**74,849**

On 1 June 2022, the Company placed a EUR 75 million five years' duration sustainability-linked bond issue. The bonds pay an annual coupon of 3.117%. During 2024, expenses related to interest on the bonds issued amounted to EUR 2,338 thousand (during 2023 – EUR 2,338 thousand).

As at 31 December 2024, the Group had long-term borrowings from Nordic Investment Bank and European Investment Bank, the balance of borrowings less current portion, amounted to EUR 77,312 thousand (31 December 2023 – EUR 89,105 thousand). As at 31 December 2024, EUR 59,623 thousand (31 December 2023 – EUR 68,717 thousand) of borrowings is subject to a fixed interest rate and EUR 17,689 thousand (31 December 2023 – EUR 20,388 thousand) is subject to a variable interest rate. The interest rate is linked to variable 3 months and 6-month EURIBOR.

Borrowings received by the Company from the subsidiaries under the cash pool agreements amounted to EUR 291,156 thousand as at 31 December 2024 (31 December 2023 – EUR 214,806 thousand).

The interest rate of Borrowings from the Group companies was linked to variable 3-month EURIBOR.

As at 31 December 2024 and 2023, did not have assets pledged under the loan agreements.

The loan agreements of the Group companies include financial and non-financial covenants that the individual Group companies and the Group as a whole are obliged to comply with. As at 31 December 2024 and 2023, the contractual obligations were met.

The Group companies did not have any loans secured by the State guarantee.

22. Lease liabilities

The Group's and the Company's lease liabilities and their movements:

	Group		Company	
	As at 31 December 2024	**As at 31 December 2023**	**As at 31 December 2024**	**As at 31 December 2023**
Carrying amount at the beginning of the period	10,881	11,360	701	237
Concluded lease contracts	2,669	1,254	-	629
Terminated lease contracts	-	(76)	-	(74)
Interest charged	284	154	19	6
Lease payments (principal amount)	(2,258)	(1,840)	(150)	(109)
Interests paid	(284)	(154)	(19)	(6)
Indexation	593	183	-	18
Reclassification to disposal group	-	-	-	-
Carrying amount at the end of the period	**11,885**	**10,881**	**551**	**701**
Non-current lease liabilities	9,579	9,282	397	552
Current lease payments	2,306	1,599	154	149

Future lease payments under non-cancellable lease contracts are as follows:

	Group		Company	
	As at 31 December 2024	**As at 31 December 2023**	**As at 31 December 2024**	**As at 31 December 2023**
Total lease liabilities:	**11,885**	**10,880**	**551**	**701**
Current portion	2,306	1,599	154	149
Maturity terms of non-current liabilities:	**9,579**	**9,281**	**397**	**552**
Between 1 and 2 years	1919	1212	150	154
Between 2 and 3 years	833	961	132	150
Between 3 and 5 years	692	742	115	247
Over 5 year	6,135	6,366	0	0

The Group's interest calculated on lease liabilities and included in finance costs amounted to EUR 232 thousand during twelve months period ended at 31 December 2024.

23. Net debt

Reconciliation of net debt balances and cash flows from financing activities as at 31 December 2024 and 2023:

All amounts are in EUR thousands unless otherwise stated Group	Cash	Other liquid assets	Borrowings	Lease liabilities	Total
Net debt at 31 December 2022	**248,096**	**-**	**(208,174)**	**(11,361)**	**28,561**
Acquisition (proceeds from borrowings, new leases)	-	-	-	(1 254)	(1 254)
Lease indexation	-	-	-	(183)	(183)
Increase (decrease) in cash and cash equivalents	(124,860)	-	-	-	(124,860)
Change in overdraft	-	-	(17,981)	-	(17,981)
Repayment of borrowings	-	-	30,878	-	30,878
Terminated lease contracts	-	-	-	76	76
Lease payments	-	-	-	1,841	1,841
Other changes					
Interest charged	-	-	(6 094)	(150)	(6,244)
Interest paid	-	-	5,478	150	5,628
Net debt at 31 December 2023	**123,236**	**-**	**(195 893)**	**(10,881)**	**(83,538)**
Acquisition (proceeds from borrowings, new leases)	-	-		(2,669)	(2,669)
Lease indexation	-	-	-	(593)	(593)
Increase (decrease) in cash and cash equivalents	(21,674)	-	-	-	(21,674)
Acquisition of other liquid assets	-	680,802	-	-	680,802
Disposal of other liquid assets	-	(539,987)	-	-	(539,987)
Other changes					-
Interest charged	-	1,169	-	-	1,169
Interest received	-	(1,169)	-	-	(1,169)
Change in overdraft	-	-	17,981	-	17,981
Repayment of borrowings	-	-	12,061	-	12,061
Lease payments	-	-	-	2,258	2,258
Other changes					
Interest charged	-	-	(4,844)	(284)	(5,128)
Interest paid	-	-	5,065	284	5,349
Net debt at 31 December 2024	**101,562**	**140,815**	**(165,630)**	**(11,885)**	**64,862**

(All amounts are in EUR thousands unless otherwise stated)

Company	Cash	Other liquid assets	Borrowings	Lease liabilities	Total
Net debt at 31 December 2022	**244,310**	**-**	**(407,693)**	**(236)**	**(163,619)**
Repaid borrowings from the Group companies	-	-	117,420	-	117,420
Proceeds from new leases	-	-	-	(629)	(629)
Increase in cash and cash equivalents	(124,295)	-	-	-	(124,295)
Change in overdraft	-	-	(17,981)	-	(17,981)
Lease payments	-	-	-	109	109
Indexation	-	-	-	(19)	(19)
Amortisation of bond liability	-	-	43	-	43
Terminated lease contracts	-	-	-	74	74
Interest charged (included in expenses and capitalisation)	-	-	(9 588)	(6)	(9,594)
Interest paid	-	-	8,836	6	8,842
Net debt at 31 December 2023	**120,015**	**-**	**(308,963)**	**(701)**	**(189,649)**
Acquisition proceeds from borrowings from the Group companies	-	-	(76,427)	-	(76,427)
(Decrease) in cash and cash equivalents	(21,224)	-	-	-	(21,224)
Acquisition of other liquid assets		674,987	-	-	674,987
Disposal of other liquid assets		(539,987)	-	-	(539,987)
Other changes					-
Interest charged	-	1,059	-	-	1,059
Interest received	-	(1,059)	-	-	(1,059)
Lease payments	-	-	-	150	150
Amortisation of bond liability	-	-	44	-	44
Change in overdraft	-	-	17,981	-	17,981
Interest charged (included in expenses and capitalisation)	-	-	(9,699)	(19)	(9,718)
Interest paid	-	-	9,688	19	9,707
Net debt at 31 December 2024	**98,791**	**135,000**	**(367,376)**	**(551)**	**(134,136)**

* According to the assessment of the Group's and the Company's management, when analyzing the level of net debt for management purposes, calculating this indicator, financial debts are reduced not only by cash and cash equivalents, but also by other liquid asset balances (Note 14), which consist of highly liquid and low-risk instruments, i.e. deposits over 90 days or government securities of high credit rating countries with a maturity of up to 360 days. The composition of the components used in calculating the indicator was selected taking into account the fact that the conversion of these financial instruments into cash can be realized in a very short time and without incurring any or insignificant financial losses.

24. Trade payables

	Group		Company	
	As at 31 December 2024	As at 31 December 2023	As at 31 December 2024	As at 31 December 2023
Payables for electricity	45,522	26,684	-	-
Payables for natural gas	1,513	-	-	-
Payables in performing natural gas balancing	2,253	2,415		
Payables for property, plant and equipment	50,757	29,530		
Payables for repairs, services	17,359	9,416	-	-
Other trade payables	2,073	296	203	153
Carrying amount	**119,477**	**68,341**	**203**	**153**

The fair value of trade payables approximates their carrying amounts.

As at 31 December 2024, debts for electricity were by 71% higher than as at 31 December 2023 due to electricity exchange price changes. As at 31 December 2024, the debt for property, plant and equipment increased by 65% due to the larger-scale investments under the project for synchronisation with the Continental European Network.

25. Prepayments received

All amounts are in EUR thousands unless otherwise stated	Group	
	As at 31 December 2024	As at 31 December 2023
Financial liabilities		
Security deposits received	13,504	14,343
Other prepayments received	423	1,269
Total financial liabilities:	**13,927**	**15,612**
Non-financial liabilities		
Grants received in advance	635	28,583
Prepayments received from new consumers	874	217
Total non-financial liabilities:	**1,509**	**28,800**
Total prepayments:	**15,436**	**44,412**

26. Congestion management funds liabilities

(All amounts are in EUR thousands unless otherwise stated)	2024	2023
Congestion management funds liabilities as at 1 January	301,074	351,495
Congestion management funds received during the period*	134,856	108,527
Used to finance property, plant and equipment	(43,498)	(13,457)
Congestion management funds recognised as income during the period	(2,314)	(145,491)
Congestion management funds liabilities as at 31 December	**390,118**	**301,074**
Non-current portion of congestion management funds liabilities	308,802	264,173
Current portion of congestion management funds liabilities	**81,316**	**36,901**

The principles of the receipt and use of congestion management funds are set out in Note 2.14. A revenue balance unused according to the purposes set out in Regulation (EC) No 714/2009 of the European Parliament and of the Council amounted to EUR 390,118 thousand as at 31 December 2024, and EUR 301,074 thousand as at 31 December 2023.

Congestion management funds received in 2024 were recorded in the cash flows from investment activities, as they were intended to finance the investments. Congestion management funds received in 2023 were recorded in the cash flows from operating activities, as they were intended to compensate for the loss of operating income due to the reduction of the transmission tariff (EUR 142,300 thousand was utilised).

The current portion of liabilities is expected to be settled (used) within 12 months.

27. Provisions

(All amounts are in EUR thousands unless otherwise stated)	Group	
	As at 31 December 2024	As at 31 December 2023
Provisions for pension benefits to employees	1,655	1,341
Provisions for servitude liabilities	45	419
Provisions for registration of protection zones	369	532
Provisions for litigations/claims	14,853	11,054
Provisions for warranties	1,252	1,242
Other provisions	250	150
Carrying amount	**18,424**	**14,738**
Non-current provisions	2,836	2,528
Current provisions	15,588	12,210

Description of the Group's provisions and the expected timing of realisation of economic benefit:

All amounts are in EUR thousands unless otherwise stated	Provisions for pension benefits	Provisions for servitude compensations	Provisions for registration of protection zones	Provision for warranties	Provisions for litigations	Other provisions	Total
Carrying amount at 31 December 2022	**1,446**	**468**	**1,391**	**1,291**	**100**	**161**	**4,857**
Calculated	36	-	176	-	11,054	107	11,373
Revised estimate	(141)	201	(264)	6	-	-	(198)
Payments made	-	(250)	(771)	(55)	(100)	(118)	(1,294)
Carrying amount at 31 December 2023	**1,341**	**419**	**532**	**1,242**	**11,054**	**150**	**14,738**
Calculated	19	-	-	-	5,815	110	5,944
Revised estimate	295	(287)	(152)	10	-	-	(134)
Payments made	-	(87)	(11)	-	(1,358)	(10)	(1,466)
Reclassification of trade debts	-	-	-	-	(658)	-	(658)
Carrying amount at 31 December 2024	**1,655**	**45**	**369**	**1,252**	**14,853**	**250**	**18,424**

Provisions for litigations

In prior periods, a contract for the purchase of contract work was executed under which the Group's operator of the battery energy storage system (BESS), in line with the provisions of the purchase contract, charged EUR 9,696,873 thousand of default interest to the seller. The total amount of default interest and the consideration under contract for work were disputed and the contractor brought a claim before the court in August 2024, which is currently pending. Due to the uncertainty of the surrounding the situation (uncertain amount and timing), the Group recognised the provision until the outcome of the dispute is certain. The details of this dispute are withheld on the grounds that their disclosure could prejudice the position of the BESS operator in the context of a dispute with a contractor over a deferral, contingent liability or contingent asset. Furthermore, the court has recognized the case and is refraining from releasing its materials to the public.

As at 31 December 2024, the natural gas transmission system operator recognised the provision of EUR 5.815 thousand for a provision for potential repayments of funds received under guarantee. The funds are planned to be used for the potential replacement of the Lithuanian-Polish gas pipeline interconnectors. For more details refer to Note 38.

Provisions for pension benefits

Each employee of retirement age who terminates his/her employment with the Group upon retirement is entitled to receive a payment equal to 2-4 monthly salaries as stipulated in the Lithuanian laws and the Collective Agreement. The term of the non-current provision is calculated for each employee using actuarial assumptions: age of the employee, probability of death, employee turnover rate, discount rate (31 December 2024: 0.96%; 31 December 2023: 1.24%), long-term salary growth rate (31 December 2024: 2.8%; 31 December 2023: 3%).

Provisions for servitude compensations and registration of protected zones

Expenses related to provisions for servitudes are recognised as non-current intangible assets taking into consideration the amounts of compensation. Compensation payments to land owners are accounted for as a decrease in provisions, while remeasurement of provisions due to changes in underlying assumptions is recorded as a change in respective intangible asset (Note 5). In 2024, the Group adjusted the provision for servitude compensations by reducing it by EUR 287 thousand, taking into account the statistics on payment requests: the estimated number of applications to be received – 236, average compensation amount per application EUR 212 (2023: reduced by EUR 201 thousand, the estimated number of applications to be received – 1,813, average compensation amount per application EUR 213).

Expenses related to provisions for registration of protection zones are recognised as non-current intangible assets taking into consideration the amounts of compensation. Payments related to registration of protection zones are recorded as decreases of provision, while remeasurement of provision due to changes in underlying assumptions is recorded as change in respective intangible asset (Note 5). In 2024, the Group adjusted the provision for registration of protected zones by reducing it by EUR 152 thousand (in 2023, the Group recognised a new EUR 176 thousand provision of protection zones for the protection of electronic communications infrastructure, but reduced it by EUR 264 thousand due to changes in assumptions).

As at 31 December 2024, the provisions for servitude compensations and registration of protected zones were calculated using a discount rate of 2.09%, and, as at 31 December 2023, a discount rate of 1.74%.

Provisions for warranties

In the Group, provisions for warranties are established for ongoing contract works on energy projects, given the nature of the services performed, and are calculated as a 30% portion of the value of works accepted and performed by the client. In 2024, the provisions for warranties were reviewed under the standard Group's procedure applicable to collective project assessment, however, there were no material changes in the provisioning.

28. Other non-current payables and liabilities

(All amounts are in EUR thousands unless otherwise stated)	Group	
	As at 31 December 2024	As at 31 December 2023
Non-financial liabilities		
Prepayments received for connecting new consumers*	11,005	1,595
Grants received in advance	3,469	-
Contractual obligations under connection agreements	1,841	1,531
Total non-financial liabilities:	**16,315**	**3,126**
Financial liabilities		
Non-current trade payables	-	285
Total financial liabilities:	**-**	**285**
Total other non-current payables and liabilities:	**16,315**	**3,411**

* In 2024, the Group electricity transmission system operator's prepayments received for the connection of new consumers/producers/facilities significantly increased due to one of the largest railway infrastructure modernisation projects in Lithuania implemented by LTG Infra AB.

Contractual obligations under connection agreements comprised new consumers' funds designated for the connection to the gas transmission system. These obligations will be recognised as income over the operation period of the assets created during the connection. A part of contractual obligations, which will be recognised as income within one year, was recorded in current liabilities from contracts with customers.

29. Current and deferred income tax

Income tax expenses comprised as follows:

(All amounts are in EUR thousands unless otherwise stated)	Group		Company	
	2024	**2023**	**2024**	**2023**
Income tax benefit for the period	(213)	6,948	-	-
Deferred tax expenses	6,266	(442)	961	(250)
Income tax expenses/(benefit) for the reporting period	**6,053**	**6,506**	**961**	**(250)**

The movement in deferred tax assets and liabilities prior to offsetting the balances with the same fiscal authority was as follows:

(All amounts are in EUR thousands unless otherwise stated)

Group

Deferred tax assets:	PP&E revaluation (impairment)	Impairment for other assets	Congestion management funds	Differences in depreciation rates	Unused investment relief	Accumulated tax loss	Other	Total
As at 31 December 2022	**3,623**	**187**	**2,378**	**633**	**2,192**	**8,796**	**1,525**	**19,334**
Recognised in profit or loss	3,829	164	(58)	(566)	1,421	(6,463)	440	(1,233)
As at 31 December 2023	**7,452**	**351**	**2,320**	**67**	**3,613**	**2,333**	**1,965**	**18,101**
Recognised in profit or loss	(1,424)	12	139	1,779	6,251	(1,926)	971	5,802
As at 31 December 2024	**6,028**	**363**	**2,459**	**1,846**	**9,864**	**407**	**2,936**	**23,903**

Deferred tax liabilities	Revaluation of PP&E (increase in value)	Tax relief on acquisition of PP&E	Other	Total	
As at 31 December 2022	**(46)**	**(1,374)**	**(877)**	**(2,297)**	
Recognised in profit or loss	9	247	799	1,055	
Recognised in other comprehensive income	(4,754)	-	-	(4,754)	
As at 31 December 2023	**(4,791)**	**(1,127)**	**(78)**	**(5,996)**	
Recognised in profit or loss	450	29	(60)	419	
Recognised in other comprehensive income	(284)	-	-	(284)	
As at 31 December 2024	**(4,625)**	**(1,098)**	**(138)**	**(5,861)**	
Deferred tax assets, net, as at 31 December 2023					**12,105**
Deferred tax assets, net, as at 31 December 2024					**18,042**

The maturity analysis of deferred tax assets and liabilities over time is as follows:

(All amounts are in EUR thousands unless otherwise stated)	Group	
	As at 31 December 2024	As at 31 December 2023
Deferred tax assets:		
Deferred tax assets to be realised after more than 12 months	14,600	12,105
Deferred tax assets to be realised within 12 months	9,303	5,996
Total:	**23,903**	**18,101**
Deferred tax liabilities to be settled after more than 12 months	(5,722)	(5 791)
Deferred tax liabilities to be settled within 12 months	(139)	(205)
Total:	**(5,861)**	**(5 996)**

(All amounts are in EUR thousands unless otherwise stated)	Group		Company	
	As at 31 December 2024	As at 31 December 2023	As at 31 December 2024	As at 31 December 2023
Profit (loss) before taxation	**48,834**	**47,295**	**43,298**	**25,079**
Income tax calculated at a rate of 15%	7,325	7,094	6,495	3,762
Effect of investment incentive	(11,586)	(5,961)	-	-
Tax effect of non-taxable income and non-deductible expenses	(270)	(483)	(7,508)*	(3,762)*
Prior year adjustments	(131)	(7,156)	-	-
Effect of unrecognised tax losses	-	-	52	250
Effect of changes in income tax rate	(1,391)	-	-	-
Income tax expenses/(benefit) in profit or loss	**(6,053)**	**(6,506)**	**(961)**	**250**
Income tax expenses/(benefit) through other comprehensive income	**284**	**4,754**	**-**	**-**

* The income tax calculated by the Company in 2024 included income not subject to tax representing dividends received from subsidiaries and associates of EUR 48,286 thousand (2023: EUR 13,357 thousand).
During Year 2024 the prepaid income tax balance from Year 2023 for the amount of EUR 28,916 thousand was settled against other indirect payable taxes.

30. Other current payables and liabilities

(All amounts are in EUR thousands unless otherwise stated)	Group		Company	
	As at 31 December 2024	As at 31 December 2023	As at 31 December 2024	As at 31 December 2023
Non-financial liabilities				
Administered PSO funds payable	39,393	68,998	-	-
Administered LNG terminal funds payable	10,794	8,906	-	-
Accrued administered LNG terminal funds*	833	471	-	-
Accrued administered Emergency intervention funds*	12,714	12,348	-	-
Employment-related liabilities	4,968	3,986	355	402
Accrued expenses relating to vacation reserve	5,261	4,755	525	297
VAT payable	145	135	-	35
Real estate tax payable	1,489	753	-	-
Total non-financial liabilities:	**75,597**	**100,352**	**880**	**734**
Financial liabilities				
Dividends payable	665	561	-	-
Accrued liabilities for non-current assets (CBCA contribution)*	27,450	27,450	-	-
Accrued other expenses	2,017	1,049	209	190
Other payables	2,710	2,240	-	-
Total financial liabilities:	**32,842**	**31,300**	**209**	**190**
Derivative liabilities at FVPL	**654**	**166**	**-**	**-**
Total other current payables and liabilities:	**109,093**	**131,818**	**1,089**	**924**

In 2024, the balance of PSO funds decreased due to reduced PSO price tarrif.

*Accrued liabilities for non-current assets of EUR 27,450 thousand include the commitment to pay CBCA contribution. In accordance with the cross-border cost allocation principles, as part of GIPL project, the CBCA contribution will be paid to the Polish transmission system operator upon fixing and auditing the value of construction works. As at 31 December 2024, the final amount of the contribution to be paid was not agreed between the Lithuanian natural gas transmission system operator and the Polish transmission system operator, therefore the liability was accounted for based on the management's best estimate.

31. Revenue

The Group's revenue included as follows:

(All amounts are in EUR thousands unless otherwise stated)	Group	
	As at 31 December 2024	As at 31 December 2023
Group's revenue from contracts with customers		
Revenue from electricity transmission and related services		
Electricity transmission services	128,973	64,171
Trade in balancing/imbalance electricity	102,653	108,063
Electricity ancillary services	139,069	27,979
Revenue from other sales of electricity and related services	2,764	5,945
Total revenue from electricity transmission and related services:	***373,459***	***206,158***
Revenue from natural gas transmission and related services		
Natural gas transmission services	61,231	67,376
Revenue from transmission system balancing service	12,879	12,543
Revenue from connection of new customers	76	42
Total revenue from natural gas transmission and related services:	***74,186***	***79,961***
Other revenue from contracts with customers		
Revenue from construction, repair and technical maintenance services	24,346	25,110
Revenue from trading on the gas exchange and related services	-	880
Revenue from the biofuel exchange, thermal energy auctions, PSO funds administration and other revenue	2,006	1,805
Total other revenue:	***26,352***	***27,795***
Total Group's revenue from contracts with customers:	***473,997***	***313,914***
Group's revenue not attributable to contracts with customers		
Congestion revenue used to compensate the electricity transmission tariff*	2,314	142,300
Congestion revenue recognised compensating for the cost incurred	-	3,191
Other services related to electricity	(322)	14,937
Revenue from connection of producers and relocation of electrical installations	14	13
Other income	154	69
Total revenue not attributable to contracts with customers:	***2,160***	***160,510***
Total Group revenue:	***476,157***	***474,424***

* The congestion management funds used as income when calculating the electricity transmission tariff in 2023.

Revenue from electricity transmission and related services in twelve months of 2024 compared to twelve months of 2023 increased by 1.8 times as:

- The revenue from balancing/imbalance energy sale decreased by 5% due to decrease in the electricity sale price by 41%, although increase the volume of electricity sold increased by 62%;
- The revenue from electricity ancillary services sale increased 5 times due to increased ancillary services acquisition component to the transmission service.
- Transmission revenue increased 2times due to twice higher transmission services tariff. However, transmission revenues combined with congestion management revenue for compensating transmission tariff, decreased by 37.5%. In the period of 12 month of 2023, EUR 142.3 million of congestion management revenue was used to reduce the tariff.

Imbalance pricing has changed since October 2024, when the Electricity Transmission System Operator (EE TSO) connected to a single European platform for the exchange of balancing energy from frequency restoration reserves with manual activation (MARI). The neutrality component, which is added to (deducted from) the balancing energy reference price, before the connection to MARI, was calculated based on the actual balancing trade data for the reporting month, to socialise the expenses and/or income, which the Baltic EE TSO incurred. After the connection to MARI, the neutrality component is calculated in advance and adjusted for subsequent months using actual data from previous months, which may result in a significant difference between the balancing and imbalance income and expenses during the reporting period.

The Company's revenue from contracts with customers comprised revenue from the provision of management and professional services, which amounted to EUR 2,315 thousand in 2024 (EUR 1,357 thousand in 2023).

(All amounts are in EUR thousands unless otherwise stated)	Group	
	2024	**2023**
Revenue recognised over time		
Electricity transmission and related services	375,465	366,599
Natural gas transmission and related services	74,340	80,030
Revenue from performance of construction contracts	6,187	13,623
Revenue from repair and maintenance services	18,159	11,487
Total revenue recognised over time:	**474,151**	**471,739**
Revenue recognised at a point in time upon provision of services		
Revenue from trading on the exchanges	2,006	2,685
Total revenue recognised at a point in time upon provision of services:	**2,006**	**2,685**
Total revenue:	**476,157**	**474,424**

The Group's other income comprised as follows:

(All amounts are in EUR thousands unless otherwise stated)	Group	
	As at 31 December 2024	**As at 31 December 2023**
Revenue grants	1,742	315
Income from lease of assets	757	786
Interest on late payment and default charges	1,115	1,030
Other income	1,117	2,332
Total other revenue:	**4,731**	**4,463**

32. Expenses

The Group's electricity, natural gas and other services purchase expenses comprised the following:

(All amounts are in EUR thousands unless otherwise stated)	Group	
	2024	2023
Expenses for purchase of electricity services		
Expenses for purchase of balancing and imbalance electricity	(107,429)	(108,391)
Expenses for electricity ancillary (system) services	(114,214)	(95,792)
Expenses for electricity technological needs	(37,869)	(38,536)
Expenses for electricity and related services	(5,459)	(6,349)
Total expenses for purchase of electricity services:	**(264,971)**	**(249,068)**
Purchase of natural gas services		
Purchase for natural gas system balancing service	(13,079)	(12,193)
Purchase for natural gas technological needs	(3,000)	(5,247)
Total expenses for purchase of natural gas services:	**(16,079)**	**(17,440)**
Total electricity, natural gas and other services purchases:	**(281,050)**	**(266,508)**
Expenses for subcontracting services and raw materials acquisitions	**(13,223)**	**(12,723)**

Wages and salaries and related expenses

(All amounts are in EUR thousands unless otherwise stated)	Group		Company	
	2024	2023	2024	2023
Wages and salaries	54,711	47,869	5,013	4,342
Social insurance contributions expenses	1,033	875	90	78
Total wages and salaries and related expenses:	**55,744**	**48,744**	**5,103**	**4,420**

(All amounts are in EUR thousands unless otherwise stated)	Group	
	2024	2023
Other expenses		
Taxes and charges	(9,694)	(9,711)
Telecommunications and IT maintenance expenses	(5,835)	(5,431)
Transport expenses	(3,244)	(3,316)
Premise expenses	(1,532)	(1,836)
Business protection expenses	(1,563)	(1,412)
Insurance expenses	(1,718)	(1,405)
Consultation service expenses	(1,710)	(1 426)
Business trip expenses	(1,216)	(1,068)
Personnel development costs	(794)	(783)
Membership fee	(843)	(776)
Expenses of governing bodies	(633)	(561)
Public relations	(532)	(492)
Audit expenses	(328)	(284)
Other expenses	*(5,544)*	*(4,812)*
Total other expenses:	**(35,186)**	**(33,313)**

33. Finance expenses, net

All amounts are in EUR thousands unless otherwise stated	Group		Company	
	2024	2023	2024	2023
Finance income				
Interest income	5,334	6,474	7,105	8,001
	5,334	**6,474**	**7,105**	**8,001**
Finance costs				
Interest on borrowings	(5,084)	(6,230)	(9,546)	(9,453)
Other finance costs	(349)	(18)	(228)	(55)
	(5,433)	**(6,248)**	**(9,774)**	**(9,508)**
Total finance costs, net	**(99)**	**226**	**(2,669)**	**(1,507)**

34. Dividend income

All amounts are in EUR thousands unless otherwise stated	Company	
	2024	2023
Dividend income from subsidiaries	48,290	11,951
Dividend income from associates	2,342	1,406
Total dividends and income from investing activities	**50,632**	**13,357**

35. Related-party transactions

As at 31 December 2024 and 31 December 2023, the Group's and the Company's parent was the Republic of Lithuania represented by the Ministry of Energy of the Republic of Lithuania. For the purposes of the related-party disclosure the Republic of Lithuania excludes central and local government authorities. Disclosures comprise transactions and balances on transactions with the shareholder, the subsidiaries (in the Company's transactions), all state-controlled or significantly influenced companies (the list of such companies is published at https://governance.lt/apie-imones/vvi-sarasas and transactions are disclosed only when the amount of transactions exceeds EUR 100 thousand during a calendar year) and the management and their family members.

Transactions with related parties are carried out under market conditions, in line with the tariffs approved under relevant legal acts or in accordance with the requirements of the Law on Public Procurement.

The Group's transactions conducted with the related parties during the twelve-month period of 2024 and balances arising on these transactions as at 31 December 2024 were as follows:

(All amounts are in EUR thousands unless otherwise stated) **Related parties**	**Purchases of services**	**Purchase on gas exchange, PSO and LNG funds deducted***	**Sales of services**	**Sale on gas exchange, PSO and LNG funds credited***	**Payables for services**	**Payables for gas, LNG terminal funds and PSO funds***	**Receivables for services**	**Receivables for gas, LNG funds and PSO funds**
Ignitis group companies:								
Ignitis Grupė AB	-	-	-	-	-	-	-	-
Energijos Skirstymo Operatorius AB	4,057	25,179	259,132	150	29,236	291	3,465	15
Ignitis UAB	11,988	31,797	29,007	7,047	1,337	6,817	3,268	733
Ignitis Gamyba AB	151,979	-	6,676	8,568	1,068	-	28,040	864
Ignitis Grupės Paslaugų Centras UAB	301	-	-	-	33	-	-	-
Ignitis Polska Sp.z.o.o.	-	-	-	-	-	-	-	-
Vilniaus Kogeneracinė Jėgainė UAB	418	-	2,015	-	26	-	148	-
Kauno Kogeneracinė Jėgainė UAB	66	-	317	-	3	9		-
Vėjas LT UAB	97				1			
Transporto Valdymas UAB	91	-	-	-	8	-	-	-
Other state-owned companies:								
State Enterprise Ignalina Nuclear Power Plant	1,196	-	2	-	121		18	-
KN Energies AB	-	-	-	-	-	3,975	-	-
LTG Infra AB	806	-	60	-	85		4,891	-
Other state-owned enterprises	106	-	321	-	64	-	29	-
Total	**171,105**	**56,976**	**297,530**	**15,765**	**31,982**	**11,092**	**39,859**	**1,612**

* Purchases and sales of the gas product of the gas exchange operator, as well as the Group's PSO and LNG funds deducted are not presented in the Group's statement of profit or loss, as the Group acts as an agent in respect of these funds when collecting and allocating these funds.

The Group's transactions conducted with the related parties during the twelve-month period of 2023 and balances arising on these transactions as at 31 December 2023 were as follows:

Related parties (All amounts are in EUR thousands unless otherwise stated)	Purchases of services	Purchase on gas exchange, PSO and LNG funds deducted*	Sales of services	Sale on gas exchange, PSO and LNG funds credited*	Payables for services	Payables for gas, LNG terminal funds and PSO funds*	Receivables for services	Receivables for gas, LNG funds and PSO funds
Ignitis group companies:								
Ignitis Grupė AB	-	-	-	-	-	-	-	-
Energijos Skirstymo Operatorius AB	2,301	79,250	103,582	(13,398)	1,170	8,710	16,280	14
Ignitis UAB	14,926	11,235	42,846	2,796	1,618	4,932	2,440	528
Ignitis Gamyba AB	133,126	-	9,033	3,172	12,886	-	1,102	640
Ignitis Grupės Paslaugų Centras UAB	9	-	285	-	-	-	29	-
Ignitis Polska Sp.z.o.o.	-	-	121	-	-	-	-	-
Vilniaus Kogeneracinė Jėgainė UAB	616	-	592	-	100	-	123	-
Kauno Kogeneracinė Jėgainė UAB	276	-	89	-	36	-	1	-
Transporto Valdymas UAB	456	-	-	-	48	-	-	-
Other state-owned companies:								
State Enterprise Ignalina Nuclear Power Plant	-	-	535	(382)	-	41	55	-
KN Energies AB	-	-	-	-	-	3,975	-	-
LTG Infra AB	1	-	296	(160)	75	23	37	-
Other state-owned enterprises	653	-	1,378	-	60	-	69	-
Total	**152,364**	**90,755**	**158,757**	**(7,972)**	**15,993**	**17,681**	**20,136**	**1,182**

* Purchases of the gas product of the gas exchange operator, as well as the Group's PSO and LNG funds deducted are not presented in the Group's statement of profit or loss, as the Group acts as an agent in respect of these funds when collecting and allocating these funds.

The Company's related-party transactions during the twelve-month period of 2024 and the balances thereof as at 31 December 2024 were as follows:

Related parties (All amounts are in EUR thousands unless otherwise stated)	Payables and accrued expenses	Receivables and accrued revenue	Sales	Dividend income	Loans granted/(received)	Finance income	Finance costs
State-owned companies							
Group companies							
Litgrid AB	588	210	923	28,521	(265,472)	-	6,182
Amber Grid AB	-	273	759	19,484	23,482	1,084	-
Tetas UAB	-	96	284	-	7,723	447	-
Baltpool UAB	62	36	168	169	(25,096)	-	977
Energy Cells UAB	-	89	302	117	1,379	495	-
Total:	**650**	**704**	**2,436**	**48,291**	**(257,984)**	**2,026**	**7,159**

The Company's related-party transactions during the twelve-month period of 2023 and the balances thereof as at 31 December 2023 were as follows:

(All amounts are in EUR thousands unless otherwise stated) Related parties	Payables and accrued expenses	Receivables and accrued revenue	Sales	Dividend income	Loans granted/(received)	Finance income	Finance costs
State-owned companies							
Group companies							
Litgrid AB	482	150	505	-	(166,600)	-	4,849
Amber Grid AB		227	349	11,646	25,009	683	-
Tetas UAB	-	295	172	-	4,842	537	-
Baltpool UAB	146	26	101	305	(47,541)		2,069
GET Baltic UAB	-	-	12	-	-	-	-
Energy Cells UAB	-	172	209	-	15,038	815	-
Total:	**628**	**870**	**1,348**	**11,951**	**(169,252)**	**2,035**	**6,918**

(All amounts are in EUR thousands unless otherwise stated)	Group		Company	
Payments to key management personnel	**As at 31 December 2024**	**As at 31 December 2023**	**As at 31 December 2024**	**As at 31 December 2023**
Employment-related payments	3,981	3,629	929	870
Whereof: termination benefits	211	35	46	30
Number of key management personnel (average)	**35**	**32**	**7**	**7**

No loans, guarantees or any other benefits were paid or calculated, nor any assets were transferred to the Group's and the Company's management personnel in 2024 and 2023.

Key management personnel consists of the heads of administration and departmental directors. In 2024, payments to the i members of the management bodies amounted to EUR 558 thousand (2023: EUR 518 thousand).

As at 31 December 2024, the accrued vacation reserve attributable to the Company's management totalled EUR 38 thousand, and the financial incentives amounted to EUR 124 thousand.

36. Financial risk management

The Group and the Company are exposed to financial risks in their operations. In managing these risks, the Group and the Company seek to mitigate the impact of factors which could adversely affect the Group's and the Company's financial performance. The Group and the Company comply with the Treasury and Financial Risk Management Policy of the EPSO-G UAB Group, as approved by the Board of EPSO-G UAB (hereinafter 'the Risk Policy').

Financial instruments by category (as per the statement of financial position)

(All amounts are in EUR thousands unless otherwise stated)	Group		Company	
Financial assets	**As at 31 December 2024**	**As at 31 December 2023**	**As at 31 December 2024**	**As at 31 December 2023**
Trade receivables (Note 12)	65,116	41,888	549	383
Other receivables (Note 13)	167	2,588	33,178	46,225
Other financial assets (Note 14)	155,556	15,898	135,000	-
Cash and cash equivalents (Note 15)	101,562	123,236	98,791	120,015
Financial assets at amortised cost	**322,401**	**183,610**	**267,518**	**166,623**
Derivative assets (Note 9)	1,153	166	-	-
Total financial assets:	**323,554**	**183,776**	**267,518**	**166,623**

	Group		Company	
Financial liabilities	**As at 31 December 2024**	**As at 31 December 2023**	**As at 31 December 2024**	**As at 31 December 2023**
Loans and bonds issued (Note 21)	165,630	195,893	367,376	308,963
Lease liabilities (Note 22)	11,885	10,881	551	701
Trade payables (Note 24)	119,477	68,341	203	153
Other payables and liabilities (Note 30)	32,842	32,026	209	190
Security deposits and other prepayments received (Note 25)	13,927	15,612	-	-
Total financial liabilities:	**343,761**	**322,753**	**368,339**	**310,007**
Derivative liabilities (Note 9, 30)	654	166	-	-
Total financial liabilities:	**344,415**	**322,919**	**368,339**	**310,007**

Credit risk

As at 31 December 2024 and 31 December 2023, credit risk was related to the following line items:

(All amounts are in EUR thousands unless otherwise stated)	Group		Company	
	As at 31 December 2024	**As at 31 December 2023**	**As at 31 December 2024**	**As at 31 December 2023**
Financial assets at amortised cost*	322,391	183,610	267,518	166,623
Derivative assets	1,153	166	-	-
Credit risk	**323,544**	**183,776**	**267,518***	**166,623***

*Credit risk also relates to undrawn lending facility to the subsidiaries (disclosed under Liquidity risk)

Credit risk arising from trade and other receivables are disclosed in Notes 12 and 13.

The Group has a significant credit risk concentration, because exposure to credit risk is shared among 10 main customers, receivables from which accounted for approximately 90% as at 31 December 2024 (as at 31 December 2023: approximately 92%) of the Group's total trade receivables (financial assets). As at 31 December 2024, receivables from the major customer, distribution network operator Energijos Skirstymo Operatorius AB, accounted for 30% (as at 31 December 2023, 35%) of the Group's total trade receivables (financial assets).

Credit risk is managed through regular monitoring procedures (individual supervision of debtors, monitoring and analysis of customers in order to identify potential solvency issues that may arise in the future, etc.). The Group companies have approved regulations for trade receivables management, which sets out specific actions and deadlines required for the reduction of trade receivables.

The table below provides the ratings of the banks where the Group and the Company hold their cash and cash equivalents (Note 15) and other financial assets (Note 14):

	S&P	Moody's	Cash balance as at 31 December 2024		Cash balance as at 31 December 2023	
			Company	Group	Company	Group
Swedbank	AA-		27	178	1	269
SEB	AA-		10	47	14	1126
OP Corporate Bank	AA-		68,608	71,114		5
Luminor		A3	30,146	30,223		1,836
Total			**98,791**	**101,562**	**15**	**3,236**

As at 31 December the Group's and Company's term deposit for the amount of EUR 40,000 thousand were held at OP Corporate Bank and for the amount of EUR 50,000 thousand at Luminor. All Group's and Company's debt securities were from same geographical location of France with the credit rating of AA- according to S&P.

Liquidity risk

The Group's policy is to ensure a sustainable financial position enabling to maintain an investment grade credit rating and provide sufficient liquidity, i.e. to ensure that the Group will have sufficient cash and/or committed credit facilities and overdrafts to meet its contractual obligations at any time. Liquidity risk is managed centrally by forecasting and regularly updating cash flows for the Group companies and by ensuring efficient management of liquid funds through the Group's account.

The Group's cash flows from operating activities were positive in 2024, therefore its exposure to liquidity risk is not significant. As at 31 December 2024, the Group's current ratio (total current assets / total current liabilities) and quick ratio ((total current assets – inventories) / total current liabilities) were 1.14 and 1.12, respectively (31 December 2023: 0.98 and 0.96, respectively). As at 31 December 2024, the Group's net debt was negative, i.e. the Group companies' liabilities to creditors exceeded their cash. As indicated below, like the Company, the Group has overdraft contracts to meet its financial liabilities.

As at 31 December 2024, the Company's current and quick ratios were 0.91 (31 December 2023: 0.71). As at 31 December 2024, the Company and the Group had undrawn credit limit of EUR 100,000 thousand under the agreement with OP Corporate bank, effective until 29 April 2026. As at 31 December 2024, the Company's borrowing limits under the cash pool agreement with the subsidiaries LITGRID and Baltpool amounted to EUR 340,000 thousand (undrawn amount was EUR 49,431 thousand). As at 31 December 2024, the Company's loan-commitments limits applicable to the subsidiaries Amber Grid, Tetas and Emergency Cells amounted to EUR 95,250 thousand (undrawn amount was EUR 62,666 thousand).

The table below discloses the contractual maturities of the Group's and the Company's financial liabilities. This information has been prepared based on undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

(All amounts are in EUR thousands unless otherwise stated)

Group	Less than 3 months	Between 4 months and 1 year	Between 2 and 5 years	More than 5 years	Total liabilities
As at 31 December 2024					
Trade and other payables	139,898	12,421	654	-	**152,973**
Borrowings	2,494	14,721	120,186	40,137	**177,538**
Lease liabilities	651	1,802	3,868	10,461	**16,782**
As at 31 December 2023					
Trade and other payables	70,991	29,500	42	-	**100,533**
Borrowings	2,456	31,764	125,698	50,644	**210,562**
Lease liabilities	445	1,248	3,614	10,864	**16,171**

(All amounts are in EUR thousands unless otherwise stated)

Company	Less than 3 months	Between 4 months and 1 year	Between 2 and 5 years	More than 5 years	Total liabilities
As at 31 December 2024					
Trade and other payables	203	209	-	-	**412**
Borrowings	291,756	3,665	78,357	-	**373,778**
Lease liabilities	39	118	410	-	**567**
As at 31 December 2023					
Trade and other payables	153	190	-	-	**343**
Borrowings	238,711	-	80,688	-	**319,399**
Lease liabilities	43	130	593	-	**766**

Market risk

The Group has non-current borrowings with interest rates linked to EURIBOR. The Company's current borrowings from the Group companies are linked to variable interest rates. Increasing/decreasing the interest rate by +/- 1% would decrease/increase the Group's profit before tax by EUR 960 thousand as at 31 December 2024 (2023: the profit before taxes would decrease/increase by EUR 1,230 thousand).

The Group and the Company did not have any financial instruments to manage the exposure to the risk of variations of interest rates as at 31 December 2024 and 2023.

Fair value of financial assets and financial liabilities

The Group's and the Company's principal financial assets and liabilities not carried at fair value are trade and other receivables, cash and cash equivalents, loans, trade and other payables and other financial assets.

The following methods and assumptions are used to estimate the fair value of each category of financial instruments that are not measured at fair value:

- The carrying amount of current trade and other receivables, other financial assets, cash and cash equivalents, loans to the related parties, current trade payables and other payables approximates their fair value (Level 3).
- The fair value of non-current borrowings is estimated based on the quoted market price for the same or similar loans or on the current interest rates available for debt with the same profile. In making these estimates, the Company and the Group relied on interest rates published by the Bank of Lithuania. The fair value of the Group's non-current borrowings with fixed interest rates was approximately EUR 11,539 thousand lower than their carrying amount as at 31 December 2024 (31 December 2023, EUR 17,220 thousand). As at 31 December the carrying value of Group non-current borrowings with fixed interest rate amounted to EUR 68,717 thousand (as at 31 December 2023 – EUR 77,810 thousand). As at 31 December 2024 the fair value of issued debt bonds with fixed interest rate coupon was approximately EUR 5,074 thousand (2023: EUR 2,177 thousand) lower than it's carrying amount.

37. Services provided by the audit firm

In the period of from 2023 to 2024 the audit firm provided the following audit and non-audit services to the Group and to the Company: Information on non-audit services is disclosed based on the date of services rendered:

Type of services	Group		Company	
	As at 31 December 2024	As at 31 December 2023	As at 31 December 2024	As at 31 December 2023
	Audit services, in EUR			
Financial statements audit services	269,000	284,000	41,000	56,000
Other services, related to audit services	59,000	-	59,000	-
Total audit services	**328,000**	**284,000**	**100,000**	**56,000**
	Non-audit services, in EUR			
Assurance and other related services	56,450	49,565	14,950	14,935
Other services	8,500	16,125	2,500	4,335
Total non-audit services:	**64,950**	**65,690**	**17,450**	**19,270**

38. Off-balance sheet commitments and contingencies

In respect of the contractor carrying out the investment project, the Group imposed penalties for delay damages and deferred payment against issued VAT invoices totalling EUR 8,943 thousand. It is likely that, during, or after the term of the contract, the Contractor may bring an action to the Vilnius Court of Commercial Arbitration, requesting a reduction or cancellation of the penalties charged.

In October 2023, the arbitration proceedings were brought to the Arbitration Institute of the Stockholm Chamber of Commerce brought against several transmission system operators, including LITGRID AB, which are still under way. The arbitration proceedings were started in respect of suspension of payments by the TSOs, adhering to international sanctions. In accordance with the rules of the Arbitration Institute of the Stockholm Chamber of Commerce, the details are currently considered confidential.

A consolidated administrative case is pending where contractor Alvora UAB, claims for the payment that was received by the Group under the warranty performance bank guarantees. The contractor claims that he use of the guarantee funds were unfounded and unlawful. The Group has received EUR 5.815 thousand in warranty performance security funds based on the claims submitted. However, a provision for the possible repayment of the same amount has been recognized in the provision account for a possible return of the guarantee funds. At the moment, the proceedings are pending at the court of first instance. The Group considers that the bank guarantees were used duly in accordance with laws and terms and conditions of the contract, as defects were found in the work, which Alvora UAB refused to remedy. The proceeds from the guarantees will be used to remedy the defects found. In the event Alvora UAB remedies the defects found at its own expense until the outcome of the proceedings, the Group will reimburse the money to the contractor Alvora UAB received under the guarantees.

A related consolidated administrative case is pending on two appeals by the Group against two decisions of the National Energy Regulatory Council (NERC). NERC following a non-routine inspection of the construction contract for the Poland-Lithuania gas pipeline (GIPL) issued a resolution imposing obligation for the Group to replace the interconnectors installed by contractor Alvora UAB. The obligation to replace the interconnector fittings declared unfit by the resolution will also be subject to the outcome of the case of the Group and Alvora UAB (see point above). By order of 11 February 2025, the Court suspended the administrative proceedings until the final judgement in the case between the Group and Alvora UAB becomes effective.

Due to significant uncertainty regarding the outcome of those cases, the useful life of the current interconnectors was not reviewed as of December 31, 2024. Should it become clear that the interconnectors need to be replaced, the useful life of those interconnectors should be reassessed and significantly shortened, estimating the useful life up to their replacement date. A preliminary assessment suggests that the useful life of the replaced connecting parts could be reduced to 3 years, with the cost of the replaced parts evaluated at the value of the replacement expenses, and therefore depreciation costs would increase by 3 million euros. There is also a significant risk that the replacement costs of the new parts would not be included in the regulated asset base (RAB), which could result in a decrease in asset value.

39. Impact of climate change

Natural gas activities

According to the assessment of the Group's management, in the context of combating climate change, the tightening requirements of the European Union's environmental policy, the promotion and development of the use of renewable energy sources and more efficient use of energy will reduce the consumption of natural gas for both energy needs and industrial needs in Lithuania. However, natural gas will play an important role as a transitional energy in achieving European and national greenhouse gas emission reduction goals. The main goal set out in the Group's strategy is to act together on the path of Lithuania's energy transformation towards a climate-neutral economy. One of the Group's main sustainable activity goals is the aim of reducing the impact of its activities on the environment.

Measures related to climate change mitigation and reduction of GHG emissions and relevant investments are provided for in the ten-year (2024-2033) network development plan of the Group's natural gas transmission system operator (hereinafter referred to as GD TSO).

Upon implementation of these investments, they will be included in the regulated asset base, which will ensure additional income and economic benefits for DG TSO. These investments are related to the creation of new assets and the replacement of depreciated existing assets, in order to increase the efficiency and sustainability of the transmission network. No shortening of the useful lives of existing assets or write-offs of regulated assets are planned, since the assets will depreciate before the implementation of the planned investments, and there are no other signs of asset impairment.

According to the assessment of the Group's management, the requirements related to climate change do not cause significant uncertainties and doubts regarding the continuity of DG TSO's operations and the validity and effectiveness of environmental impact reduction measures. The risk related to climate change does not cause credit risk and expected credit losses. The assessments and assumptions of the impact of climate change do not have a significant risk of significant adjustment of the carrying amounts of assets and liabilities, or impairment of non-current assets and inventories. Climate change-related issues do not have a significant impact on the recognition of deferred tax assets, contingent liabilities for the implementation of climate change-related requirements, market and liquidity risk.

More information on climate impact is provided in the 2024 Sustainability Report section “E1 Climate Change”.

The Company’s sustainability-linked bonds issued

In June 2022, EPSO-G issued a 5-year sustainability-linked bond issue of EUR 75 million, which is listed on the Nasdaq Baltic Debt Securities list. In the prospectus of these bonds, the company committed to implementing two sustainability-related targets, KPI1 and KPI2, by the redemption of the bonds, which will be carried out in 2027.

More information on the implementation of the target is provided in the Sustainability Report section “E1 Climate Change”.

The results of one of the planned indicators depend to a large extent on factors beyond the control of management, but the achievement of the indicator will be assessed after the end of the 5-year period. In the opinion of the company's management, despite the high uncertainty, the indicator value may not be exceeded after the end of the 5-year period.

If the requirements for KPI1 or KPI 2 are not met, the interest paid to bondholders would be increased by 0.3 percent and 0.2 percent, respectively for the last year issuance. The increased interests for failure to meet each indicator would be applied separately.

40. Events after the reporting period

On 8 February 2025, power systems of the Baltic States successfully disconnected from the Russia-controlled IPS/UPS system. On 9 February 2025, the electricity transmission system operator, together with the transmission system operators of Estonia and Latvia, synchronized their electricity grids with the Continental Europe Synchronous Area. This is a historic and practically significant event for the Baltic States and Europe, enhancing the region's energy independence and resilience.

In January 2025, the Group's contract services company received claims for default interest of EUR 1.9 million and damages of EUR 9.1 million (hereinafter the 'Claims') from the customer, who is the party to the contracts for designing and performing works on the facility of strategic importance to the Republic of Lithuania. The situation is currently being analysed. Given that the claim is brought in parallel with the claim for damages and that the default interest is included in the damage, the Group company has reduced the projected revenue in the Contract Budgets (for the portion of the Claim likely to give rise to potential liability but not for the total amount), no additional provisions for losses on the Claims have been recognised. The Group is actively involved in the Claims assessment and, in consultation with legal counsel, makes decisions appropriate in the circumstances. The details of this dispute are withheld on the grounds that their disclosure could significantly prejudice the position of the Group company in the context of a dispute with a customer over a deferral or contingent liability.

At the extraordinary general meeting of shareholders of Rheinmetall Defence Lietuva, UAB, held on January 31, 2025, it was decided to increase the company's share capital, with UAB "EPSO-G Invest" being granted the right to acquire 36,500,000 company shares, with a total value of 36,500,000 EUR.