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CONSOLIDATED AND THE COMPANY‘S CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023 (UNAUDITED), PROVIDED TOGETHER WITH CONSOLIDATED INTERIM REPORT

Translation note:

This version of the accompanying documents is a translation from the original, which was prepared in Lithuanian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of the accompanying documents takes precedence over this translation.

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CONDENSED INTERIM FINANCIAL INFORMATION

The financial statements has been approved on 31 August 2023

Mindaugas Keizeris
Chief Executive Officer

Žydrūnas Augutis
Chief financier

(All amounts are in EUR thousands unless otherwise stated)

	Notes	GROUP At 30 June 2023	GROUP At 31 Dec 2022	COMPANY At 30 June 2023	COMPANY At 31 Dec 2022
ASSETS					
Non-current assets					
Intangible assets	5	9 546	8 422	52	57
Property, plant and equipment	6	678 463	655 721	3	3
Right-of-use assets	7	10 857	11 329	188	235
Investments in subsidiaries	8	-	-	324 120	324 120
Investments in associates	8	15 902	13 960	13 830	13 830
Deferred income tax assets	24	14 606	17 037	528	30
Granted non-current loans		-	-	2 700	2 700
Non-current amounts receivable		10	10	-	
Total non-current assets		**729 384**	**706 479**	**341 421**	**340 975**
Current assets					
Inventories	10	10 441	16 211	1	5
Prepayments and contract assets		11 353	9 916	31	40
Trade receivables	11	28 891	86 179	214	197
Other amounts receivable	12	52 364	71 664	44 964	21 059
Prepaid income tax		22 189	28 741	-	-
Other financial assets	13	227 473	54 664	210 000	-
Cash and cash equivalents		1 756	248 096	1 147	244 310
Total Current assets		**354 467**	**515 471**	**256 357**	**265 611**
Assets of the disposal group			**203 778**	**-**	**-**
TOTAL ASSETS		**1 083 851**	**1 425 728**	**597 778**	**606 586**
EQUITY AND LIABILITIES					
Share capital	14	189 631	189 631	189 631	189 631
Revaluation reserve		265	277	-	-
Legal reserve		14 123	16 621	2 524	2 248
Other reserves		-	41 128	50	50
Retained earnings		43 834	(30 629)	15 948	5 514
Equity attributable to shareholders of the parent company		**247 853**	**217 028**	**208 153**	**197 443**
Non-controlling interest		10 755	10 746	-	-
Total equity		**258 608**	**227 774**	**208 153**	**197 443**
Non-current liabilities					
Non-current borrowings	15	169 827	182 586	74 827	74 805
Lease liabilities	16	9 190	9 640	95	142
Congestion management funds	19	134 622	64 095	-	-
Provisions		2 852	2 956	-	-
Other non-current amounts payable and liabilities		45 825	35 663	-	-
Total non-current liabilities		**362 316**	**294 940**	**74 922**	**74 947**
Current liabilities					
Current portion of non-current borrowings	15	11 661	24 038	-	-
Current borrowings	15	194	1 550	313 044	332 888
Current portion of lease liabilities	16	1 714	1 721	94	94
Trade payables	18	55 821	117 362	735	222
Advance amounts received		50 922	52 359	-	-
Current portion of congestion management funds	19	155 660	287 400	-	-
Provisions		1 235	1 901	-	-
Other current amounts payable and liabilities	20	185 720	214 086	830	992
Total current liabilities		**462 927**	**700 417**	**314 703**	**334 196**
Liabilities of the disposal group		**-**	**202 597**	**-**	
Total liabilities		**825 243**	**1 197 954**	**389 625**	**409 143**
TOTAL EQUITY AND LIABILITIES		**1 083 851**	**1 425 728**	**597 778**	**606 586**

(All amounts are in EUR thousands unless otherwise stated)

	Notes	GROUP For the period of six months ended 30 June 2023	For the period of six months ended 30 June 2022 (reclassified)	For the period of three months ended 30 June 2023	For the period of three months ended 30 June 2022 (reclassified)
Revenue	3,21	147 801	229 492	66 643	124 402
Other income	21	73 272	726	33 621	493
Total revenue, other income		**221 073**	**230 218**	**100 264**	**124 895**
Expenses for purchase of electricity, natural gas and other service	22	(135 182)	(175 357)	(62 524)	(101 904)
Wages and salaries and related expenses		(24 044)	(22 236)	(12 473)	(11 547)
Repair and maintenance expenses		(3 794)	(2 661)	(2 081)	(1 881)
Other expenses	22	(13 832)	(16 305)	(6 956)	(7 896)
Total expenses		**(176 852)**	**(216 559)**	**(84 034)**	**(123 228)**
EBITDA		**44 221**	**13 659**	**16 230**	**1 667**
Dividend income		-	43	-	43
Result on loss of control and revaluation of associates		8 419	-	8 419	-
Depreciation and amortisation	5,6,7	(17 102)	(17 556)	(8 537)	(8 743)
Assets write-off expenses		(91)	(181)	(73)	(84)
Impairment (reversal of impairment) expenses		(23)	(25)	73	(43)
Operating profit (loss) (EBIT)		**35 424**	**(4 060)**	**16 112**	**(7 160)**
Financing activities					
Interest income		2 733	4	1 091	2
Interest expenses		(2 961)	(1 221)	(1302)	(568)
Total finance costs, net value		**(228)**	**(1 217)**	**(211)**	**(566)**
Profit before income tax		**35 196**	**(5 277)**	**15 901**	**(7 726)**
Income tax					
Current year income tax expenses	24	(1 415)	3 445	(1 066)	4 167
Deferred income tax benefit/(expenses)	24	(2 318)	(2 682)	(14)	(2 921)
Total income tax		**(3 733)**	**763**	**(1 080)**	**1 246**
Profit (loss) for the period		**31 463**	**(4 514)**	**14 821**	**(6 480)**
Total comprehensive income (cost) for the period		**31 463**	**(4 514)**	**14 821**	**(6 480)**
Profit (loss) for the period is attributable to:					
Shareholders of the parent company		30 890	(4 487)	14 571	(6 348)
Non-controlling interest		573	(27)	250	(132)
		31 463	**(4 514)**	**14 821**	**(6 480)**
Total comprehensive income (cost) for the period is attributable to:					
Shareholders of the parent company		30 890	(4 487)	14 571	(6 348)
Non-controlling interest		573	(27)	250	(132)
		31 463	**(4 514)**	**14 821**	**(6 480)**

The accompanying notes are an integral part of the financial statements

(All amounts are in EUR thousands unless otherwise stated)

	Notes	COMPANY For the period of six months ended 30 June 2023	For the period of six months ended 30 June 2022 (reclassified)	For the period of three months ended 30 June 2023	For the period of three months ended 30 June 2022 (reclassified)
Revenue	21	482	296	266	155
Other income	21	-	-	-	-
Dividend income		13 357	14 479	13 357	14 479
Total revenue , other income and dividend		**13 839**	**14 775**	**13 623**	**14 634**
Wages and salaries and related expenses		(2 107)	(1 706)	(1 101)	(867)
Other expenses	22	(637)	(544)	(345)	(295)
Total expenses		**(2 744)**	**(2 250)**	**(1 446)**	**(1 162)**
EBITDA		**11 095**	**12 525**	**12 177**	**13 472**
Depreciation and amortisation		(61)	(60)	(31)	(30)
Operating profit (loss) (EBIT)		**11 034**	**12 465**	**12 146**	**13 442**
Financing activities					
Interest income		2 982	71	1 743	43
Interest expenses		(3 853)	(445)	(2 602)	(247)
Total finance costs, net value		**(871)**	**(374)**	**(859)**	**(204)**
Profit before income tax		**10 163**	**12 091**	**11 287**	**13 238**
Income tax					
Current year income tax expenses		-	-	-	-
Deferred income tax benefit/(expenses)		612	335	415	163
Total income tax		**612**	**335**	**415**	**163**
Profit (loss) for the period		**10 775**	**12 426**	**11 702**	**13 401**
Total comprehensive income (cost) for the period		**10 775**	**12 426**	**11 702**	**13 401**
Profit (loss) for the period is attributable to:					
Shareholders of the parent company		10 775	12 426	11 702	13 401
Non-controlling interest					
		10 775	**12 426**	**11 702**	**13 401**
Total comprehensive income (cost) for the period is attributable to:					
Shareholders of the parent company		10 775	12 426	11 702	13 401
Non-controlling interest					
		10 775	**12 426**	**11 702**	**13 401**

The accompanying notes are an integral part of the financial statements

(All amounts are in EUR thousands unless otherwise stated)

	Equity attributable to shareholders of the Group							
GROUP	**Share capital**	**Revaluation reserve**	**Legal reserve**	**Other reserves**	**Retained earnings**	**Subtotal**	**Non-controlling interest**	**Total**
Balance at 1 January 2022	**22 483**	**310**	**16 600**	**59 546**	**160 775**	**259 714**	**11 884**	**271 598**
Comprehensive income								
Profit for the period	-	-	-	-	(4 487)	(4 487)	(27)	(4 514)
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**(4 487)**	**(4 487)**	**(27)**	**(4 514)**
Depreciation of revaluation	-	(15)	-	-	15	-	-	-
Transfer to / from reserves				(18 682)	18 682			
Dividends					(845)	(845)	(463)	(1 308)
Increase in share capital	167 148	-	-	-	(167 148)	-	-	-
Balance at 30 June 2022	**189 631**	**295**	**16 600**	**40 864**	**6 989**	**254 379**	**11 394**	**265 773**
Balance at 1 January 2023	**189 631**	**277**	**16 621**	**41 128**	**(30 629)**	**217 028**	**10 746**	**227 774**
Comprehensive income								
Profit for the period	-	-	-	-	30 890	30 890	573	31 463
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**30 890**	**30 890**	**573**	**31 463**
Depreciation of revaluation	-	(12)	-	-	12	-	-	-
Transfer to / from reserves			(2 498)	(41 128)	43 626			
Dividends	-	-	-	-	(65)	**(65)**	(564)	**(629)**
Balance at 30 June 2023	**189 631**	**265**	**14 123**	**0**	**43 834**	**247 853**	**10 755**	**258 608**

COMPANY	**Share capital**	**Legal reserve**	**Other reserves**	**Retained earnings**	**Total**
Balance at 1 January 2022	**22 483**	**2 248**	**50**	**168 002**	**192 783**
Profit for the period	-			12 426	12 426
Dividends				(845)	(845)
Increase in share capital	167 148			(167 148)	
Balance at 30 June 2022.	**189 631**	**2 248**	**50**	**12 434**	**204 363**
Balance at 1 January 2023	**189 631**	**2 248**	**50**	**5 514**	**197 443**
Profit for the period	-			10 775	10 775
Dividends				(65)	(65)
Transfer to / from reserves		276		(276)	-
Balance at 30 June 2023	**189 631**	**2 524**	**50**	**15 948**	**208 153**

The accompanying notes are an integral part of the financial statements.

(All amounts are in EUR thousands unless otherwise stated)

		GROUP		COMPANY	
		For the period of six months ended 30 June 2023	**For the period of six months ended 30 June 2022**	**For the period of six months ended 30 June 2023**	**For the period of six months ended 30 June 2022**
Cash flows from operating activities					
Profit/(loss) for the period		31 463	(4 514)	10 775	12426
Adjustments for non-cash items:					
Depreciation and amortisation expenses	4,5,6	17 102	17 556	61	60
Impairment (reversal) of other assets		23	25		
Income tax expenses		3 733	(763)	(613)	(335)
Profit on disposal/write-off of property, plant and equipment		91	181		
Amortization of income Grants		(129)			
Elimination of results of financing and investing activities:					
Result on loss of control and revaluation of associates	9	(8 419)	-	-	-
Interest income		(2 733)	(4)	(2 982)	(71)
Interest expenses		2 961	1 070	3 853	445
Dividend income		-	(43)	(13 357)	(14 479)
Other finance (income)/costs		-	151		
Changes in working capital:					
(Increase)/decrease in trade and other amounts receivables		64 227	58 672	(621)	1 081
Increase)/decrease in inventories, prepayments and other current assets		2 831	(2 549)	14	123
Increase/(decrease) in other amounts payable, advance amounts received, trade payables		(296 867)	(30 334)	350	45
Congestion management funds received	19	35 473	-		
Changes in other financial assets		192 982	9 143		
Income tax (paid)/received		(19)	(9 700)	115	56
Net cash flows from/(used in) operating activities		**42 719**	**38 891**	**(2 405)**	**(649)**
Cash flows from investing activities					
(Acquisition) of property, plant and equipment and intangible assets		(100 325)	(33 211)	(8)	
Disposal of property, plant and equipment and intangible assets		171	36		
(Acquisition) of current financial assets	13	(210 000)		(210 000)	
Loss of control in subsidaries / acquisition of joint ventures	9	6 500	(45)		
Congestion management funds received	19	-	65 620		
Grants received		41 317	29 249		
Dividends received		1 406	43	13 357	14 479
(Loans (granted)/loan repayments received	17			(23 301)	(2 748)
Interest received		2 733	4	2 982	71
Net cash flows from/(used in) investing activities		**(258 198)**	**61 696**	**(216 970)**	**11 802**
Cash flows from financing activities					
Proceeds from borrowings			74 783		74 783
Repayments of borrowings		(27 496)	(12 200)	(2 338)	62 124
Lease payments	16	(645)	(796)	(47)	(46)
Overdraft/current borrowings				(18 666)	
Interest paid		(1 722)	(1 221)	(2 672)	(445)
Dividends paid		(622)	(1 291)	(65)	(845)
Repayment of other financial liabilities			(84 128)		(84 128)
Net cash flows from/(used in) financing activities		**(30 485)**	**(24 853)**	**(23 788)**	**51 443**
Cash and cash equivalents increase / decrease in disposal group		**(376)**	**-**		
Net increase/(decrease) in cash and cash equivalents		**(246 340)**	**75 734**	**(243 163)**	**62 596**
Cash and cash equivalents at the beginning of the period		248 096	41 284	244 310	36 868
Cash and cash equivalents at the end of the period		**1 756**	**117 018**	**1 147**	**99 464**

The accompanying notes are an integral part of the financial statements.

(All amounts are in EUR thousands unless otherwise stated)

1. General information

EPSO-G UAB (the "Company") is a private limited liability company registered in the Republic of Lithuania. The registered office address is Gedimino pr. 20, LT- 01103, Vilnius, Lithuania. The Company is a profit-seeking limited civil liability entity registered on 25 July 2012 with the Register of Legal Entities, company code 302826889.

EPSO-G is the parent company responsible for the activities of the group companies that include assurance of an uninterrupted, stable transmission of electricity over high voltage networks and transportation of natural gas via high pressure gas pipelines, as well as ensurance of management, maintenance and development of these transmission systems as well as organisation of trade on the natural gas and biofuel exchanges; and 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 30 June 2023 and 31 December 2022, the Company's authorised capital consisted of 653 900 000 ordinary registered shares with a nominal value of EUR 0,29 each. All shares, including the 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 30 June 2023 and at 31 December 2022 all Company's shares were fully paid.

The Company's shareholder	At 30 June 2023		At 31 December 2022	
	Share capital (EUR)	%	Share capital (EUR)	%
Republic of Lithuania represented by the Ministry of Energy of the Republic of Lithuania	189,631,000	100	189,631,000	100

As at 30 June 2023, the EPSO-G group had 1,264 employees (31 December 2022: 1,271 employees) and the Company had 61 employee (31 December 2022: 60 employees).

(All amounts are in EUR thousands unless otherwise stated)

The EPSO-G group (the "Group") consists of the Company, directly and indirectly controlled subsidiaries, associates and joint ventures set out below.

Company name	Registered office address	Ownership interest (%)		Profile of activities
		At 30 June 2023	At 31 December 2022	
SUBSIDIARIES				
LITGRID AB	Karlo Gustavo Emilio Manerheimo g. 8, Vilnius, Lithuania	97.5	97.5	Electricity transmission system operator
Amber Grid AB	Laisvės pr. 10, Vilnius, Lithuania	96.6	96.6	Natural gas transmission system operator
BALTPOOL UAB	Žalgirio g. 90, Vilnius, Lithuania	67.0	67.0	Operator of the exchange for trading in energy resources (biomass products), the administrator of PSO funds
TETAS UAB	Senamiesčio g. 102B, Panevėžys, Lithuania	100	100	Transformer substation, distribution station and electricity line design, construction, reconstruction and maintenance services
GET Baltic UAB (controlled through Amber Grid AB)	Geležinio Vilko g. 18A, Vilnius, Lithuania	34.0	96.6	Organisation of trading on the natural gas exchange
Energy Cells, UAB	Ozo g. 12A-1, Vilnius	100	100	Installation and management of electricity storage facilities
ASSOCIATES				
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
GET Baltic UAB (controlled through Amber Grid AB)	Geležinio Vilko g. 18A, Vilnius, Lithuania	34.0	96.6	Organisation of trading on the natural gas exchange
JOINT VENTURES				
Baltic RCC OÜ	Kadaka tee 42 12915 Tallinn Estonia	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

Investments in subsidiaries are described in more detail in Note 8.

On 31 May 2023 the Group subsidiary AB "Amber Grid" transferred to strategic partner 66% of shares in GET Baltic, after this transaction the control was losy and investment in GET Baltic is accounted for using equity method. The more detailed information about the lost control and revaluation of remaining portion is provided in Note 9.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of the Group's and the Company's condenced interim financial statements for the period of six months, ended 30 June 2023 are presented below:

2.1 Basis of preparation

These condensed interim Company's and consolidated financial statements, for the period ended 30 June 2023 are prepared in accordance with the International Financial Accounting Standards, as adopted by the European Union and applicable to interim financial statements (IAS 34 „Interim Financial Reporting“).

The presentation currency is euro. These financial statements are presented in thousands of euro, unless otherwise stated.

In order to better understand the data presented in these condensed interim financial statements, these financial statements should be read in conjunction with the audited Consolidated and Company's financial statements for the year 2022, prepared in accordance with the International Financial Accounting Standards, as adopted by the European Union

These 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 loss.

These financial statements for the period ended 30 June 2023 are not audited. Financial statements for the year ended 31 December 2022 were audited by the external auditor UAB „PricewaterhouseCoopers“.

The financial year of the Company and other Group cimpančias coincides with the calendar year.

The Group and the Company have been following the same accounting principles as the ones that were followed in the preparation of financial statements for the year 2022, including:

Climate change impact

The Group contributes to the United Nations Sustainable Development Goals (SDGs) by focusing on ensuring access to clean and modern energy, combating climate change, developing modern infrastructure and innovation, safe and decent working conditions, worker well-being and a sustainable supply chain.

The Group has carried out a sustainability materiality analysis in the electricity sector and, based on the results, developed a materiality matrix of sustainability topics, the Group also carries out regular environmental impact assessments and GHG emissions inventories, presented plans for recommended mitigation measures, and calculated the mitigation potential of each measure.

The Group's Electricity Transmission System Operator (TSO) plays a key role in ensuring Lithuania's smooth and reliable transition to an energy system integrating large amounts of renewable energy sources, enabling the decarbonisation of the sector, and facilitating the exchange of climate neutral energy. The TSO has established a Renewable Energy Centre to ensure the smoothest possible development of renewable energy in Lithuania.

The Group's natural gas transmission system operator is consistently implementing its action plan to reduce its negative environmental impact: planning pilot projects, carrying out market analysis and developing investment plans. Actions are focused on preparing for the new EU legal framework for methane emissions.

In the view of the Group's management, the requirements related to climate change do not cast doubt on the natural gas transmission system operator's ability to continue as a going concern, and the estimates and assumptions do not pose a significant risk of material adjustments to the carrying amounts of assets and liabilities, or of impairment of non-current assets and inventories.

There were no new International Financial Reporting Standards, amendments and interpretations effective from 2023 that have a material impact on the financial information of the Company and the Group.

2.2 Principles of consolidation

Subsidiaries are all entities that the Company has a power to exercise control over the entity to which investment is made (i.e., has effective rights that at the current moment grant the right to control relevant activities). The Company controls an entity when it can or has a right to receive variable returns from this relation and it can have impact on these returns due to the power to govern the entity to which the investment is made.

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.

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.

When the Group's subsidiary AB Amber Grid sold 66% of its shares in UAB GET Baltic to the strategic investor EEX on 31 May 2023, the Group lost control in GET Baltic. Following to IFRS provisions consolidated financial statements includes financial results of GET Baltic until the moment when control was lost. (until the end of May 2023). From this moment GET Baltic is accounted for as an investment in an associate using the equity method. For more detail information see note 9.

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. Future events may occur which may cause the assumptions used in arriving at the estimates to change. The effect of any changes in estimates will be recorded in the financial statements, when determinable.

Preparing these condensed interim financial statements managment used significant estimates and assumptions for accounting policies were the same as used preparing financial statements for the year 2022.

3. Reclassification of comparatives in financial statements

In 2023, the Group and the Company reclassified the grouping of the statement of comprehensive income:

3.1. The Group has provided additional financial ratios of EBITDA and EBIT in the Statement of Comprehensive Income, as the Group believes that these financial ratios provide valuable information to the Group's and the Company's management and stakeholders in making operational decisions. These financial ratios are not a substitute for the obligatory items in the statement of comprehensive income as defined by IFRS, but are presented in addition to the required information. After reclassification of the statement of comprehensive income, only the major expense items are presented, the more detailed classification presented in a separate note to this explanatory note.

3.2. As from 1 March 2022, when to natural gas transmission system users are applied the agent principle in their natural gas balancing activities, balancing revenues are offset against balancing costs. Following the application of the agency principle to the balancing activities of system users, the comparatives in the consolidated statement of comprehensive income shall be presented as the net result of balancing activities.

The following is a reclassification of the comparatives in the consolidated statement of comprehensive income and the Company's statement of comprehensive income as at 30 June 2022 for the reasons set out in paragraphs 3.1 and 3.2.

(All amounts are in EUR thousands unless otherwise stated)

GROUP	**For six months period ended June 2023**			
	Before reclassification	**Influence of reclassification acc. par. 3.1 .**	**Influence of reclassification acc. par. 3.2**	**After reclassification**
Revenue	242 970		(13 478)	229 492
Other income	726	-	-	726
Dividend income	43	(43)		-
Total Revenue, other income and dividend income:	**243 739**	**(43)**	**(13 478)**	**230 218**
Purchase of electricity, natural gas and other services		(175 357)		(175 357)
Expenses for purchase of balancing and regulating electricity	(67 390)	67 390	-	-
Expenses for electricity system services	(24 529)	24 529	-	-
Expenses for electricity technological needs	(34 693)	34 693	-	-
Expenses for natural gas system balancing service	(24 209)	10 731	13 478	-
Expenses for natural gas technological needs	(4 194)	4 194	-	-
Wages and salaries and related expenses	(22 236)	-	-	(22 236)
Repair and maintenance expenses	(3 309)	648		(2 661)
Taxes and compulsory payments	(3 837)	3 837		-
Telecommunications and IT maintenance expenses	(2 302)	2 302		-
Transport expenses	(2 944)	2 944		-
Other expenses	(40 394)	24 089		(16 305)
Total:	**(230 037)**	**-**	**13 478**	**(216 559)**
EBITDA				**13 659**
Dividend income				43
Depreciation and amortisation	(17 556)	-	-	(17 556)
Asset write-off expenses	(181)	-		(181)
Impairment (reversal of impairment) expenses	(25)	-		(25)
Total operating expenses	**(247 799)**			-
Operating profit (loss) (EBIT)	**(4 060)**			**(4 060)**
Interest income	4			4
Interest expenses	(1 221)			(1 221)
Finance costs – net	**(1 217)**			**(1 217)**
Profit (loss) before income tax	**(5 277)**			**(5 277)**
Current year income tax expenses	3 445			3 445
Deferred income tax benefit/(expenses)	(2 682)			(2 682)
Total income tax	**763**			**763**
Profit (loss) for the period	**(4 514)**			**(4 514)**

(All amounts are in EUR thousands unless otherwise stated)

COMPANY	For six months period ended June 2023		
	Before reclassification	Influence of reclassification	After reclassification
Revenue	296	-	296
Other income	-	-	-
Dividend income	14 479		14 479
Total Revenue, other income and dividend income:	**14 775**	**-**	**14 775**
Wages and salaries and related expenses	(1 706)	-	(1 706)
Taxes and compulsory payments	(9)	9	-
Telecommunications and IT maintenance expenses	(61)	61	
Transport expenses	(18)	18	-
Other expenses	(456)	(88)	(544)
Depreciation and amortisation	(60)	60	-
Total expenses:	**(2 310)**	**-**	**(2 250)**
EBITDA	**-**	-	**12 525**
Depreciation and amortisation		(60)	(60)
Operating profit	**12 465**	**-**	**-**
EBIT			**12 465**
Financing activities			
Interest income	71		71
Interest expenses	(445)		(445)
Finance costs – net	**(374)**		**(374)**
Profit (loss) before income tax	**12 091**		**12 091**
Deferred income tax benefit	335		335
Profit (loss) for the period	**12 426**		**12 426**

According to Company management assessment, as Company performs parent company‘s activity, dividend income should be attributed to main activity and included in EBITDA calculation. For Group EBITDA ratio calculation, dividend income are excluded.

4. Segment information

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 business directions 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;
- The segment of other activities that comprises:
    - 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 parent company EPSO-G UAB,

(All amounts are in EUR thousands unless otherwise stated)

Considering that revenue, profit measure (EBITDA) and total assets after consolidation adjustments of the entities which comprise the segment of other activities do not reach 10% of the specified financial indicators of all segments, all elements are aggregated to a single segment of other activities.

The Group has a single geographical segment – the Republic of Lithuania. The Group's operations in foreign countries is not material for the Group. The chief operating decision-maker monitors the results with reference to the financial reports that have been prepared using the same accounting policies as those used for the preparation of the financial statements, i.e., information on profit or loss, including the reported amounts of income and expenses. The key performance indicators are profit and profit before interest, taxes, depreciation and amortisation (EBITDA), operating expenses, excluding electricity, gas and related expenses, depreciation, write-off and impairment expenses. All indicators are calculated on the basis of data reported in the financial statements.

For the six months period ended 30 June 2023, revenue from the Lithuanian clients accounted for 88% of the Group‘s total revenue (for six months period ended 30 June 2022: 85%).

The table below contains the Group's information on segments for the six months period ended 30 June 2023:

	Transmission of electricity	Transmission of natural gas	Other activities	Elimination of intersegment transactions	Total
Revenue and other income	166 884	42 705	18 740	(7 256)	221 073
Operating expenses, excluding electricity, gas and related expenses, depreciation, write-off and impairment expenses	(18 845)	(14 183)	(20 035)	7 092	(45 971)
EBITDA	**35 060**	**10 619**	**12 063**	**(13 521)**	**44 221**
Total adjustments to profit (loss) for the period	**(12 099)**	**1 958**	**(2 075)**	**(542)**	**(12 758)**
Depreciation and amortisation	(9 943)	(6 290)	(869)	-	(17 102)
Assets write-offs, impairment	(185)	77	(6)	-	(114)
Interest income	1 818	2	3 425	(2 512)	2 733
Interest expenses	(169)	(822)	(4 482)	2 512	(2 961)
Result of lost control in subsidiary and revaluation	-	9 079	(660)	-	8 419
Income tax	(3 620)	(630)	517	-	(3 733)
Dividend income	-	542	-	(542)	-
Profit (loss) for the period	**22 961**	**12 577**	**9 989**	**(14 064)**	**31 463**
Total assets	661 147	325 367	781 514	(684 177)	1 083 851
Net debt	(43 020)	(98 238)	(409 572)	360 000	(190 830)
Additions in Property, plant and equipment and Intangible assets	(48 395)	(19 030)	(33 063)	163	(100 325)

In other activity‘s segment EPSO-G EBITDA ratio includes dividend income, as mentioned in note 3. Accordingly dividend income are not indicated in other acivity EBITDA value adjustments, reconciling to Profit (loss) for the period.

(All amounts are in EUR thousands unless otherwise stated)

The table below contains the Group's information on segments for the six months period ended 30 June 2022:

	Transmission of electricity	Transmission of natural gas	Other activities	Elimination of intersegment transactions	Total
Revenue and other income	145 247	55 677	47 522	(4 750)	243 696
Operating expenses, excluding electricity, gas and related expenses, depreciation, write-off and impairment expenses	(18 501)	(12 255)	(49 174)	4 908	(75 022)
EBITDA	**134**	**15 019**	**12 827**	**(14 321)**	**13 659**
Total adjustments to profit (loss) for the period	**(9 374)**	**(7 220)**	**(981)**	**(598)**	**(18 173)**
Depreciation and amortisation	(10 422)	(6 333)	(801)	-	(17 556)
Assets write-offs, impairment	(130)	(70)	(6)	-	(206)
Interest income	2	7	76	(72)	13
Interest expenses	(463)	(209)	(630)	72	(1 230)
Income tax	1 596	(1 213)	380	-	763
Dividend income	43	598	-	(598)	43
Profit (loss) for the period	**(9 240)**	**7 799**	**11 846**	**(14 919)**	**(4 514)**
Total assets	485 441	332 375	684 018	(494 193)	1 007 641
Net debt	(62 033)	(108 012)	(124 189)	171 567	(122 667)
Additions in Property, plant and equipment and Intangible assets	(21 226)	(30 778)	(11 095)	51	(63 048)

5. Intangible assets

Group	**Goodwill**	**Patents and licences**	**Computer software**	**Other intangible assets**	**Statutory servitudes and protection zones***	**Total**
Net book amount at 1 January 2022	**61**	**120**	**4 425**	**483**	**4 665**	**9 754**
Additions	-	64	383	98	-	545
Write-offs	-	-	-	-	-	-
Reclassification with PP&E	-	-	25	-	-	25
Reclassification between categories	-	-	-	-	-	-
Amortisation charge	-	(30)	(1 202)	(82)	-	(1 314)
Net book amount at 30 June 2022	**61**	**154**	**3 534**	**563**	**4 665**	**9 010**
Net book amount at 1 January 2023	**61**	**322**	**4 745**	**313**	**2 981**	**8 422**
Additions	-	7	1 931	83	-	2 071
Write-offs	-	-	-	-	-	-
Reclassification between categories	-	733	(723)	-	-	10
Amortisation charge	-	(148)	(803)	(77)	-	(907)
Net book amount at 30 June 2023	**61**	**914**	**5 271**	**319**	**2 981**	**9 546**

Intangible assets is accounted at cost, less accumulated depreciation and estimated impairment loss, if any.

At the first half of 2023 year, there was no change in assumptions affecting the size of the provision identified for registration of statutory servitudes and protection zones, so the value of the provision was not adjusted.
The Company's intangible assets amounted to EUR 52 thousand as at 30 June 2023 (at 31 December 2022: EUR 57 thousand).

(All amounts are in EUR thousands unless otherwise stated)

6. Property, plant and equipment

Group	Land	Buildings	Structures and machinery	Motor vehicles	Other property, plant and equipment	Construction work in progress	Total
Net book amount at 1 January 2022	**682**	**26 079**	**520 816**	**1 049**	**14 217**	**40 260**	**603 103**
Additions	-	27 228	-	105	543	25 052	52 928
Prepayments for PP&E	-	-	-	-	-	9 574	9 574
Disposals	-	-	-	-	(6)	-	(6)
Write-offs	-	-	(196)	-	(6)	-	(202)
Reclassification to / from inventories	-	-	(9)	-	(10)	-	(19)
Reclassification (from intangible assets)	-	-	-	-	-	(25)	(25)
Put into operation (from construction work in progress)	-	130	7 257	-	103	(7 490)	-
Off-set of grants against non-current assets						(24 979)	(24 979)
Depreciation charge	-	(481)	(12 962)	(171)	(1 822)	-	(15 437)
Net book amount at 30 June 2022	**682**	**52 956**	**514 906**	**983**	**13 019**	**42 392**	**624 938**
Net book amount at 1 January 2023	**682**	**26 060**	**536 683**	**1 472**	**13 328**	**77 496**	**655 721**
Additions	-	128	3 524	21	2 027	71 866	77 566
Prepayments for PP&E	-	-	-	-	-	279	279
Disposals	-	-	(110)	(20)	(15)	-	(145)
Write-offs	-	-	(98)	-	(8)	-	(106)
Reclassification to/from inventories	-	-	-	-	(169)	-	(169)
Reclassification between categories	-	-	(886)	-	-	886	-
Reclassification (from intangible assets)	-	-	-	-	-	(10)	(10)
Put into operation (from construction work in progress)	-	114	3 315		459	(3 888)	-
Off-set of grants against non-current assets	-	(128)	(3 481)		(232)	(35 558)	(39 399)
Depreciation charge	-	(475)	(12 827)	(200)	(1 772)	-	(15 274)
Net book amount at 30 June 2023.	**682**	**25 699**	**526 120**	**1 273**	**13 618**	**111 071**	**678 463**

PPE is accounted at revalued amount of assets, less accumulated depreciation and estimated impairment loss, if any. The carrying amount of PPE is reduced by grants received for acquisition of those assets from government and EU structural, funds for the connection of new customers/generators to the electricity transmission network, public service obligations (PSO) funds and congestion managment funds. There have been no changes in the regulatory environment in the first half of the 2023 that would affect the long-term material asset value.
The Company‘s PPE amounted to Eur 3 thousand at 30 June 2023 and 31 December 2022).

7. Right-of-use-assets

Group	Land	Buildings	Motor Vehicles	Total
Net book amount at 1 January 2022	**5 894**	**2 592**	**2 486**	**11 127**
Additions	-	54	132	186
Indexation	-	2	-	2
Depreciation charge	(31)		(479)	(803)
Net book amount at 30 June 2022	**5 863**		**2 138**	**10 511**
Net book amount at 1 January 2023	**5 833**	**2 427**	**3 069**	**11 329**
Additions	-	162	287	449
Depreciation charge	(31)	(298)	(592)	(921)
Net book value at 30 June 2023	**5 802**	**2 291**	**2 764**	**10 857**

(All amounts are in EUR thousands unless otherwise stated)

Company	**Buildings**	**Motor Vehicles**	**Total**
Net book amount at 1 January 2022	**197**	**16**	**213**
Depreciation charge	(36)	(12)	(48)
Net book amount at 30 June 2022	**161**	**4**	**165**
Net book amount at 1 January 2023	**135**	**100**	**235**
Depreciation charge	(21)	(26)	(47)
Net book value at 30 June 2023	**114**	**74**	**188**

As at 30 June 2023 and 31 December 2022 the additions were due conclusion of new contracts for the lease of office premises and motor vehicles, also due indexation for office premises, as the average consumer price index was higher than indicated in the lease contracts.

8. Investments in subsidiaries and associates

As at 30 June 2023 and at 31 December 2022 the Company had a shareholding in the following Group companies:

Group companies	**Acquisition cost**	**Impairment**	**Carrying amount**	**Ownership interest (%)**
	As at 30 June 2023			
	Subsidiaries			
LITGRID AB	217 215	26 090	191 125	97,5
AB „Amber Grid“	126 529	-	126 529	96,6
UAB „Baltpool“	388	-	388	67
UAB „TETAS“	7 150	3 447	3 703	100
Energy cells, UAB	2 375	-	2 375	100
Total:	**353 657**	**29 537**	**324 120**	
	Associates			
TSO Holding AS	**13 830**	**-**	**13 830**	39,6

Group companies	**Acquisition cost**	**Impairment**	**Carrying amount**	**Ownership interest (%)**
	As at 31 December 2022			
	Subsidiaries			
LITGRID AB	217 215	26 090	191 125	97,5
AB „Amber Grid“	126 529	-	126 529	96,6
UAB „Baltpool“	388	-	388	67
UAB „TETAS“	7 150	3 447	3 703	100
Energy cells, UAB	2 375	-	2 375	100
Total:	**353 657**	**29 537**	**324 120**	
	Associates			
TSO Holding AS	**13 830**	**-**	**13 830**	39,6

Group‘s investments in associates, joint venture in consolidated financial statements comprised:

Group companies	**Nature of investment**	**Ownership interest (%)**	**Value as at 31 December 2022**	**Value adjustment**	**Value as at 30 June 2023**
„TSO Holding“ AS	Associated	39,6	13 915	(1406)	12 509
UAB „GET Baltic“	Associated	34	-	-	3 348
Baltic RCC OU	Joint venture	33,3	45	-	45
Total:			**13 960**	**(1 406)**	**15 902**

*In June 2023 the Group received dividends from TSO Holding AS amounted to EUR 1,406 thousand. Applying equity method for accounting by amount of received dividends investment value was reduced until EUR 12,509 thousand.

(All amounts are in EUR thousands unless otherwise stated)

9. Loss of control of a subsidiary

Following the commencement of active sales of 66% of the shares of the indirectly controlled (through AB Amber Grid) subsidiary GET Baltic, the assets and liabilities of the subsidiary were reclassified to assets and liabilities of the disposal group as of 30 September 2022, as all the criteria for recognition as a disposal group were met. Following the approval by the shareholders of GET Baltic of the sale of its shares, the sale of GET Baltic's 66 % stake was completed on 31 May 2023.

The Group lost control of GET Baltic following the completion of the share sale transaction on 31 May 2023. The loss of control is linked to existing rights to direct significant activities and make key management decisions. 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 has been 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 two-year period, on similar terms and conditions, upon fulfilment of the obligations set out in the share purchase and sale contract.

In the consolidated income statement is provided the combined result of disposed control and revaluated remaining part of investment: EUR 5,777 thousand gain from disposed control and EUR 2,862 thousand gain from revaluation, in total EUR 8,419 thousand gain. The indicated result is calculated by reference to the net asset value of the disposal group of EUR 1,429 thousand at the time of disposal on 31 May 2023.

Effect of loss of control on cash flow statement items:

	For six months period ended 30 June 2023
Gain on disposal of control, cash	6 500
Revaluation of the remaining part (34%) of the investment	3 348
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	**8 419**

Main categories of assets and liabilities over which the control was lost:

	31 May 2023d.
Non-current assets	**498**
Intangible assets	409
Tangible assets	3
The right-of-use assets	82
Non-current financial assets	4
Current assets	**41 791**
Prepayments	20
Trade and other receivable	7274
Other financial assets	33 304
Cash and cash equivalents	1 193
Total assets:	**42 289**
Non-current liabilities	**48**
A right-of-use asset and corresponding liability	48
Short-term liabilities	**40 812**
Right-of-use asset and corresponding liability	34
Trade payables, advance amounts and other payables and current liabilities	40 602
Income tax payable	59
Payroll related liabilities	117
Total liabilities of the disposal group:	**40 860**
Net assets:	**1 429**

Information on the cash flow generated by the subsidiary is provided below:

(All amounts are in EUR thousands unless otherwise stated)

	For six months period ended 30 June 2023	For six months period ended 30 June 2022
Net cash flows from operating activities	494	427
Cash flows from investing activities	437	(59)
Cash flows from financing activities	**(555)**	**(708)**
Net increase in cash generated by the subsidiary	**376**	**(340)**

10. Inventories

	Group	
	As at 30 June 2023	As at 31 December 2022
Raw materials, spare parts, other consumables, and assets held for sale	5 495	4 771
Natural gas	5 673	12 250
Less: write-down allowance	(727)	(810)
Carrying amount	**10 441**	**16 211**

Changes in the value of natural gas inventories as at 30 June 2023 comparing with value as at 31 December 2022 mostly influenced the falling natural gas prices.

11. Trade receivables

Trade receivables comprised:

	Group		Company	
I. Trade receivables under contracts with customers	**At 30 June 2023**	**At 31 December 2022**	**At 30 June 2023**	**At 31 December 2022**
I.1. Trade receivables after one year	*10*	*10*	-	-
Less: expected credit losses of non-current amounts receivable	-	-		
Net book amount of amounts receivable after one year:	**10**	**10**	**-**	**-**
I.2. Current trade receivables				
Amounts receivable for electricity transmission	16 238	61 080	-	-
Amounts receivable for transmission and transit of natural gas	6 812	18 284	-	-
Amounts receivable for contractual works and other services	3 792	4 420	214	197
Less: expected credit losses of trade receivables	(16)	(17)	-	-
Net book amount of trade receivables under contracts with customers	**26 826**	**83 767**	**214**	**197**
II. Trade receivables under other contracts:	**-**	**-**	**-**	**-**
Other trade receivables	1 637	1 763	-	-
Congestion management revenue receivable	428	649		
Less: expected credit losses of trade receivables	-	-	-	-
Net book amount of trade receivables under other contracts:	**2 065**	**2 412**	-	-
Total current trade receivables:	**28 891**	**86 179**	**214**	**197**

As at 30 June 2023, the amounts receivable for electricity transmission and related services are nearly four times lower than those as at 31 December 2022. The main reason for the decrease is the lower revenues from buyers in June 2023 compared to December 2022, with the revenue reductions for electricity transmission service: EUR 2,313 thousand, balancing/disbalance energy sales – EUR 14,843 thousand, and additional services – EUR 20,038 thousand.

(All amounts are in EUR thousands unless otherwise stated)

As at 30 June 2023, the amounts receivable for natural gas transmission and related services are lower than those as at 31 December 2022 due to decreased revenue after the end of heating season. period.

12. Other amounts receivable

	Group		Company	
	At 30 June 2023	At 31 December 2022	At 30 June 2023	At 31 December 2022.
Administered PSO funds receivable	30 890	28 307	-	-
Administered LNG terminal funds receivable	5 656	7 802	-	-
VAT receivable from the state budget	1 905	2 061	-	-
Grants receivable	10 251	32 726		-
Loans to subsidiaries	-	-	44 292	20 991
Other amounts receivable	3 685	791	672	68
Less: expected credit losses of other receivables	(23)	(23)		-
Carrying amount	**52 364**	**71 664**	**44 964**	**21 059**

The fair value of other amounts receivable approximates their carrying amount.

A major part of the Group’s other amounts receivable and past due amounts receivable 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. As at 30 June 2023, grants receivable of EUR 2,006 thousand comprised support receivable under the Recovery and Resilience Facility (RRF) for the installation of electricity storage facilities and EUR 8,007 thousand for the implementation of the projects on the development of the natural gas transmission network.

13. Other financial assets

	Group	
	As at 30 June 2023	As at 31 December 2022
Administered PSO funds	-	33 000
Funds deposited for guarantees and deposits	5 212	7 758
Funds of the exchange participants	12 261	13 906
Term deposits and short-term investments	210 000	-
Carrying amount	**227 473**	**54 664**

The Company in March – June months period of 2023 concluded term deposit agreement with OP Corporate Bank plc Lietuvos filialas in amount of 160 000 000 Eur with maturity up to 90 days. On 27 June 2023 the Company also acquired France Treasury Bill with maturity up to 90 days for 50,000,000 Eur. Short term investments were made with the aim of optimizing return on excess cash balances, taking into account projected need for cash and liquidity forecasts.

Funds of the exchange participants consist of their cash deposits and prepayments (alternative – provision of bank guarantees) ensuring the possibility to participate in the trading on the exchange. Due to the possibility of short-term disposal of these funds and their use only for settlements for products purchased on the exchange, they are not included in cash and cash equivalents.

14. Share capital

As at 30 June 2023 and at 31 December 2022 the share capital of the Company amounted to EUR 189 631 000 Eur and it was divided into 653 900 000 ordinary registered shares with the nominal value of EUR 0.29 each. All the shares as at 30 June 2023 and at 31 December 2022 were fully paid.

15. Borrowings

The Group’s and the Company’s borrowings comprise as follows:

(All amounts are in EUR thousands unless otherwise stated)

	Group		Company	
	At 30 June 2023	**At 31 December 2022**	**At 30 June 2023**	**At 31 December 2022**
Non-current borrowings				
Bonds issued	74 827	74 805	74 827	74 805
Bank borrowings	95 000	107 781		-
Current borrowings				
Current portion of non-current borrowings	11 661	24 038		-
Accrued interest	194	1 550	148	1 326
Current borrowing from the Group companies			312 896	331 562
Total borrowings	**181 682**	**208 174**	**387 871**	**407 693**

Non-current borrowings by maturity:

	Group		Company	
	At 30 June 2023	**At 31 December 2022**	**At 30 June 2023**	**At 31 December 2022**
Between 1 and 2 years	11 792	12 251		-
Between 2 and 5 years	104 846	107 272	74 827	74 805
Over 5 years	53 189	63 063		-
Total	**169 827**	**182 586**	**74 827**	**74 805**

On 1 June 2022, the Company issued EUR 75 million sustainability-related bonds with a five year term to maturity. The bonds will bear interest at 3.117% per annum. As at 30 June 2023, the net cash proceeds from the bonds amounted to EUR 74,827 thousand or 99.8% of the nominal value of the bond issue. During the six months period ended 30 June 2023, the interest expense on the bonds issued amounted to EUR 1,181 thousand and the accrued amount of coupon payable amounted to EUR 148 thousand as at 30 June 2023.
To balance the liquid funds, Group companies under the cash pool agreements had borrowed from EPSO-G Eur 44,292 thousand as at 30 June 2023.
Borrowings received by the Company from the subsidiaries under the cash pool agreements amounted to EUR 312,896 thousand as at 30 June 2023.

16. Lease liabilities

The Group's and the Company's lease liabilities and their movements:

	Group		Company	
	At 30 June 2023	At 31 Dec 2022	At 30 June 2022	At 31 Dec 2022
Carrying amount at the beginning of the period	**11 361**	**10 423**	**236**	**219**
Concluded lease contracts	449	2 666	-	108
Terminated lease contracts	(175)	(28)	-	
Interest charged	74	130	-	1
Lease payments (principal and interest)	(719)	(1 744)	(47)	(92)
Indexation		-		
Reclassification to disposal group	(86)	(86)		
Carrying amount at the end of the period	**10 904**	**11 361**	**189**	**236**
Non-current lease liabilities	9 190	9 640	95	142
Current lease payments	1 714	1 721	94	94

(All amounts are in EUR thousands unless otherwise stated)

Future lease payments under non-cancellable lease contracts are as follows:

	Group		Company	
	At 30 June 2023	At 31 Dec 2022	At 30 June 2022	At 31 Dec 2022
Total lease liabilities:	**10 904**	**11 361**	**189**	**236**
Current portion	1 714	1 721	94	94
Repayment terms of non-current liabilities:	**9 190**	**9 640**	**95**	**142**
Between 1 and 2 years	1 241	1 302	64	95
Between 2 and 3 years	857	899	18	27
Between 3 and 5 years	908	952	13	20
Over 5 year	6 184	6 487	-	-

The Group's interest calculated on lease liabilities and included in finance costs amounted to EUR 74 thousand during six months period ended at 30 June 2023.

17.Net Debt

Reconciliation of net debt balances and cash flows from financing activities as at 30 June 2023 and 2022:

Group	Cash	Borrowings	Other non-current financial liabilities	Lease liabilities	Total
Net debt as at 1 January 2022	**41 284**	**(167 402)**	**(84 226)**	**(10 423)**	**(220 767)**
Proceeds from borrowings and new leases				(207)	(207)
Increase/(decrease) in cash and cash equivalents	75 734				75 734
Bonds issued		(74 783)			(74 783)
Repayment of borrowings		12 200			12 200
Settlement of other non-current financial liabilities			84 128		84 128
Lease payments				796	796
Other changes					
Interest charged (included in expenses and capitalised)		(1 131)	(67)	(61)	(1 259)
Interest payments		1 291	165	35	1 491
Net debt as at 30 June 2022	**117 018**	**(229 825)**	**-**	**(9 860)**	**(122 625)**
Net debt as at 31 December 2022	**248 096**	**(208 174)**	**-**	**(11 361)**	**28 561**
New Leases				(349)	(349)
Increase/(decrease) in cash and cash equivalents	(245 964)				(245 964)
Repayment of borrowings / terminated contracts		27 496		75	27 573
Lease payments				645	645
Transfer to disposal group	(376)			86	(290)
Other changes					
Interest charged (included in expenses and capitalised)		(2 726)		(74)	(2 800)
Interest payments		1 722		74	1 796
Net debt as at 30 June 2023	**1 756**	**(181 682)**	**0**	**(10 904)**	**(190 830)**

(All amounts are in EUR thousands unless otherwise stated)

Company	Cash	Borrowings	Other non-current financial liabilities	Lease liabilities	Total
Net debt as at 1 January 2022	**36 868**	**(94 652)**	**(84 226)**	**(219)**	**(142 229)**
(Decrease) in cash and cash equivalents	62 596	-		-	62 596
Bonds issued	-	(74 783)		-	(74 783)
Proceeds from borrowings		(63 072)			(63 072)
Lease payments	-			46	46
Settlement of other non-current financial liabilities			84 128		84 128
Other changes					
Interest charged (included in expenses and capitalised)		(378)	(67)	-	(445)
Interest payments		280	165	-	445
Net debt as at 30 June 2022	**99 464**	**(232 605)**	**-**	**(173)**	**(133 314)**
Net debt as at 31 December 2022	**244 310**	**(407 693)**	**-**	**(236)**	**(163 619)**
(Decrease) in cash and cash equivalents	(243 163)				(243 163)
Lease payments				47	47
Change in Group cash pool account		21 003			21 003
Other changes					
Interest charged (included in expenses and capitalised)		(3 853)			(3 853)
Interest payments		2 672		-	2 672
Net debt as at 30 June 2023	**1 147**	**(387 871)**	**-**	**(189)**	**(386 913)**

18. Trade payables

	Group		Company	
	At 30 June 2023	At 31 December 2022	At 30 June 2023	At 31 December 2022
Amounts payable for electricity	24 538	53 737	-	-
Amounts payable for natural gas	281	2 600	-	-
Amounts payable in performing natural gas balancing	816	5 622		
Amounts payable for property, plant and equipment	22 905	44 917		
Amounts payable for contractual works, services	7 266	10 476	-	-
Other trade payables	15	10	735	222
Carrying amount	**55 821**	**117 362**	**735**	**222**

The fair value of trade payables approximates their carrying amounts. As at 30 June 2023 the debt for electricity decreased by 2,2 times due to the decrease in electricity prices. Amounts payable for property, plant and equipment decreased due to covered payables to vendors for installation works of electricity storage facilities.
As at 30 June 2023 Company's debt increased due to payable interest to Group companies under Group intra cash pool contracts.

19. Congestion management funds

	Group	
	For six months period ended 30 June 2023	**For six months period ended 30 June 2022**
Opening balance of congestion management funds at 1 January	**351 495**	**109 087**
Congestion management funds received during the period*	35 473	64 351
Used to finance property, plant and equipment	(25 289)	(12 572)
Congestion management revenue recognized as income during the period	(71 397)	(1 585)

(All amounts are in EUR thousands unless otherwise stated)

Closing balance of congestion management funds	**290 282**	**159 281**
Non-current liability portion of congestion management funds	134 622	138 461
Current liability portion of congestion management funds	155 660	20 820

*As congestion management revenue in 2023 year are used to compensate the tariff of electricity (recognised as revenue), in cash flow statement for six months period of 2023 year are reflected as cash flows from operating activity. In 2022 year congestion management funds were used only to finance property plant and equipment acquisitions, so in cash flow statement for six months period of 2022 year are reflected as cash flow from investment activity.

20. Other current amounts payable and liabilities

	Group	
	As at 30 June 2023	As at 31 December 2021
Administered PSO funds payable	120 383	159 310
Administered LNG terminal funds payable	5 757	7 635
Accrued administered LNG terminal funds	60	328
Accrued administered Emergency intervention funds	15 974	-
Employment-related liabilities	6 341	4 661
Accrued expenses relating to vacation reserve	4 639	3 676
VAT payable	298	5 291
Real estate tax payable	-	1 288
Dividends payable	586	580
Accrued liabilities for non-current assets (CBCA contribution)	27 450	27 450
Accrued expenses	3 434	2 137
Other amounts payable and current liabilities	798	1 730
Total carrying amount	**185 720**	**214 086**

21. Revenue

The Group’s revenue included as follows:

	Group	
The Group’s revenue from contracts with customers	As at 30 June 2023	As at 30 June 2022 (reclassified)
Revenue from electricity transmission and related services		
Electricity transmission services	31 524	37 471
Trade in balancing/imbalance electricity	44 739	53 032
Electricity additional services	13 809	36 290
Revenue from other sales of electricity and related services	2 845	791
Total revenue from electricity transmission and related services	***92 917***	***127 584***

(All amounts are in EUR thousands unless otherwise stated)

Revenue from natural gas transmission and related services		
Natural gas transmission services	33 764	29 343
Revenue from balancing services in the transmission system	8 589	12 376
Revenue from connection of new customers	17	17
Total revenue from natural gas transmission and related services	***42 370***	***41 736***
Other revenue from contracts with customers		
Revenue from construction, repair and technical maintenance services	10 162	41 961
Revenue from trading on the gas exchange and related services	833	727
Revenue from the biofuel exchange, thermal energy auctions, PSO funds administration and other income	1 266	400
Total other revenue	***12 261***	***43 088***
The Group's total revenue from contracts with customers	***147 548***	***212 408***

The Group's revenue not attributable to contracts with customers

PSO services*	-	14 719
Congestion revenue	247	1 584
Other services related to electricity	-	773
Revenue from connection of producers and relocation of electrical installations	6	8
Total revenue not attributable to contracts with customers:	***253***	***17 084***
Total revenue	***147 801***	***229 492***

* As from 1 March 2022, when to natural gas transmission system users are applied the agent principle in their natural gas balancing activities, balancing revenues are offset against balancing costs, as indicated in the note 3.
Revenue from electricity transmission and related services decreased by 27.2% in the first half of 2023 compared to the first half of 2022.
The electricity transmission and related services revenues decreased in 1st half of 2023 year by 28.5% in comparison with revenue in 1 st half of 2022 year. The decrease in revenue is effected by decreased in the electricity transmission services volume by 11.1% and due to decreased in the transmitted electricity price by 4.6%. The revenue from imbalance and balancing energy decreased by 15.6% due to decreased in the electricity transmission services price by 41.9% although the transmitted electricity volume increased by 46.2%.
Revenue from electricity ancillary services decreased 61.9%. The main reason for the decrease by 55.9% is a lower component of the acquisition of additional services to the price of the transmission service.
The Company's revenue from contracts with customers comprised revenue from the provision of management services and it amounted to EUR 482 thousand in six months period ended 30 June 2023 (30 june 2022: EUR 296 thousand).

The Group's other income comprised as follows:

	Group	
	As at 30 June 2023	**As at 30 June 2022**
Congestion management revenue used for reducing electricity transmission tariff	71 397	
Income from lease of assets	421	371
Penalties and default charges	1 407	227
Other income	47	128
Total other income	**73 272**	***726***

(All amounts are in EUR thousands unless otherwise stated)

22.Expenses

Group‘s electricity, natural gas and other services purchase expenses comprised as follows:

	Group	
	As at 30 June 2023	*As at 30 June 2022 (reclassified)*
Expenses of electricity and related services		
Expenses for purchase of imbalance and balancing electricity	(44 754)	(67 390)
Expenses for electricity ancillary (system) services	(48 406)	(24 529)
Expenses for electricity technological needs	(19 572)	(34 693)
Expenses for electricity and related services	(256)	(2 184)
Total expenses of electricity and related services	***(112 988)***	**(128 796)**
Expenses of natural gas and related servises:		
Natural gas system balancing products expenses	(13 463)	(10 731)
Natural gas technological needs expenses	(4 431)	(4 194)
Total expenses of natural gas and related services	***(17 894)***	***(14 925)***
Expenses for subcontracting services and raw materials acquisitions	***(4 300)***	***(31 636)***
Total electricity, natural gas and other services expenses	**(135 182)**	**(175 357)**
Other expenses		
Taxes and compulsory payments	(4 718)	(3 837)
Telecommunications and IT maintenance expenses	(2 661)	(2 302)
Transport expenses	(1 542)	(2 944)
Rental expenses	(686)	(697)
Business protection expenses	(683)	(627)
Insurance expenses	(600)	(434)
Business trip expenses	(450)	(569)
Other expenses	(2 492)	(4 895)
Total other expenses	***(13 832)***	***(16 305)***

*As from 1 March 2022, when natural gas transmission system users are applied the agent principle in their natural gas balancing activities, balancing expenses are offset against balancing revenue, as indicated in the note 3.

23.Dividends

On 13 April 2023, the Ordinary General Shareholders Meeting of UAB EPSO-G, when approving the distribution of profit for 2022, resolved to pay a dividend of EUR 65.39 thousand, i.e. EUR 0.0001 per share.
On 27 April 2022, the Ordinary General Shareholders Meeting of UAB EPSO-G, when approving the distribution of profit for 2021, resolved to pay a dividend of EUR 845.04 thousand, i.e. EUR 0.0109 per share.

24.Income tax

Profit (loss) for the six months period ended 30 june 2023 and 2022 is subject to corporate income tax at a rate of 15 per cent in accordance with the tax legislation of the Republic of Lithuania. As at 30 June 2023 Group’s deferred income tax assets decreased by EUR 2.4 billion due reduce current year income tax by tax loses of previous periods.

25.Related – party transactions

As at 30 June 2023 and 31 December 2022, the Group’s and the Company’s ultimate controlling party was the Republic of Lithuania represented by the Ministry of Energy of the Republic of Lithuania. 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://vkc.sipa.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 in line with the tariffs approved under relevant legal acts or in accordance with the requirements of the Law on Public Procurement.

(All amounts are in EUR thousands unless otherwise stated)

The Group's related party transactions and balances for the six month period ended 30 June 2023 were as follows

Related party	Purchases of services	Purchases of gas in exchange, PSO funds, LNG funds *	Sales of services	Amounts payable for services	Accounts payable for gas, PSO funds, LNG fund*	Amounts receivable for services
Ignitis group companies:						
AB „Ignitis grupė“	-	-	-	-	-	-
AB Energijos skirstymo operatorius	1 227	47 484	49 388	1 001	10 399	11 248
UAB Ignitis	6 726	-	18 187	1 010	1 782	3 139
AB Ignitis gamyba	59 246	24	3 724	11 600	-	2 425
UAB Ignitis grupės paslaugų centras	2	-	142	-	-	27
UAB Vilniaus kogeneracinė jėgainė	193	-	21	250	-	5
UAB Kauno kogeneracinė jėgainė	103	-	47	-	-	6
UAB Transporto valdymas	233			51		
Other state-owned companies::						
VĮ Ignalinos atominė elektrinė	-	194	275	-	36	51
AB Klaipėdos nafta	-	-	-	-	3 975	-
AB „LTG Infra“	-	-	209	129	-	26
Other state-owned companies	436	-	647	709	-	195
Total	**68 166**	**47 702**	**72 640**	**14 750**	**16 192**	**17 122**

* Gas purchases and gas sales in exchange, Group purchases and sales of PSO funds and LNG funds are not included in the Group’s Statement of profit and loss, as the Group acts as intermediary, collecting and allocating mentioned funds.

(All amounts are in EUR thousands unless otherwise stated)

The Group's related party transactions and balances for the six months period ended 30 June 2022 were as follows:

Susijusios šalys-	Purchases of services	Purchases of gas in exchange, PSO funds, LNG funds*	Sales of services	Sales of gas in exchange, PSO funds, LNG funds*	Amounts payable for services	Accounts payable for gas, PSO funds, LNG fund*	Amounts receivable for services	Receivables for gas, PSO funds, LNG funds	Finance costs
Ignitis group companies:									
AB „Ignitis grupė“	-	-	-	-	-	-	-	-	67
AB Energijos skirstymo operatorius	1 566	3 093	75 757	15 760	1 022	-	34 051	1 662	-
UAB Ignitis	34 836	9 872	45 982	3 617	3 730	3 187	11 710	371	-
AB Ignitis gamyba	44 827	(24 293)	30 746	4 231	29 755	-	5 155	6 010	-
UAB Ignitis grupės paslaugų centras	3	-	145	-	1	-	27	-	-
UAB Vilniaus kogeneracinė jėgainė	164	-	48	-	200	-	10	-	-
UAB Kauno kogeneracinė jėgainė	228	-	61	-	81	-	2	-	-
UAB Transporto valdymas	388	-	-	-	74	-	-	-	-
Other state-owned companies:									
AB Lietuvos geležinkeliai									
VĮ Ignalinos atominė elektrinė	-	-	425	98	-	-	159	17	-
AB Klaipėdos nafta	-	10 768	-	-	-	4 021	-	-	-
VĮ Geoterma	-	-	-	-	-	-	45	65	-
AB „LTG Infra“	-	-	235	37	15	-	127		-
State Border Guard Service under the Ministry of the Interior	-	-	35 754	-	6 104	-	2 114	-	-
Other state-owned companies	595	-	222	-	602	-	8	-	-
Total	**82 607**	**(560)**	**189 375**	**23 743**	**41 584**	**7 208**	**53 408**	**8 125**	**67**

* Gas purchases and gas sales in exchange, Group purchases and sales of PSO funds and LNG funds are not included in the Group’s Statement of profit and loss, as the Group acts as intermediary, collecting and allocating mentioned funds.

(All amounts are in EUR thousands unless otherwise stated)

The Company's transactions conducted with the related parties during the six months period of 2023 and balances arising on these transactions as at 30 June 2023 were as follows:

Related party	Accounts payable and accrued costs	Accounts receivable and accrued income	Sales	Loans granted	Income from financial activities	Costs of financial activities
AB „Ignitis grupė“	-	-	-	-	-	-
State controlled companies						
UAB „Transporto valdymas“	-	-	-	-	-	-
Litgrid AB	453	71	156	(207 801)	-	1 813
AB Amber Grid	-	111	117	25 609	11 806	-
UAB Tetas	-	158	68	8 860	217	-
UAB Baltpool	234	13	41	(105 095)	305	843
UAB GET Baltic			9		-	
Energy cells, UAB		97	90	12 523	397	
Total:	**687**	**450**	**481**	**(265 904)**	**12 725**	**2 656**

The Company's transactions conducted with the related parties during the six months period of 2022 and balances arising on these transactions as at 30 June 2022 were as follows:

Related party	Accounts payable and accrued costs	Accounts receivable and accrued income	Sales	Purchses	Loans granted	Income from financial activities	Costs of financial activities
AB „Ignitis grupė	-	-	-	-	-	-	67
State controlled companies							
UAB „Transporto valdymas“	3	-	-	16	-	-	-
Group companies	-	97	513	-	-	-	-
Litgrid AB							
AB Amber Grid	-	44	109	-	(59 802)	-	-
UAB Tetas	-	16	57	-	7 900	15	-
UAB Baltpool	-	21	24	-	5 943	34	-
UAB GET Baltic	-	11	39	-	(96 973)	-	-
State Border Guard Service under the Ministry of the Interior	-	2	11	-	-	-	-
Energy cells, UAB	-	29	58	-	(949)	23	-
Total:	**3**	**220**	**811**	**16**	**(143 881)**	**72**	**67**

Payments to key management personnel	Group: As at 30 June 2023	Group: As at 30 June 2022	Company: As at 30 June 2023	Company: As at 30 June 2022
Payments to key management personnel	1 839	1 509	423	348
Employment-related payments	-	78	-	69
Whereof: termination benefits	34	30	7	6

During the six months of 2023 and 2022, there were no loans, guarantees, other disbursements or accruals or transfers of assets to the management of the Group and the Company.

Management is defined as the heads of administration and departmental directors. During the six months period of 2023, the benefits paid to members of the collegiate management bodies amounted to EUR 243 thousand (EUR 159 thousand for the six months of 2022).

CONSOLIDATED INTERIM REPORT OF EPSO-G, UAB

Key performance indicators of the EPSO-G Group

	January-June 2023	January-June 2022	Change	
			+/-	%
Revenue, EUR thousand	221 073	230 218	-9 145	-4,0%
EBITDA, EUR thousand	44 221	13 659	30 562	223,7%
Net profit, EUR thousand	31 463	-4 514	35 977	n/a
Number of employees	1 264	1 361	-97	-7,1%
Volume of electricity transmitted, GWh	4 718	5 306	-588	-11,1%
Gas transferred, GWh	6 289	9 564	-3 275	-34,2%
Amount of biofuel sold on the exchange, GWh	3 881	2 729	1 152	42,2%

(EUR thousand, unless otherwise indicated)

CONSOLIDATED INTERIM REPORT OF EPSO-G AND THE GROUP COMPANIES

The consolidated interim report of the holding company EPSO-G and the Group companies was prepared for the six-month period ended on 30 June 2023.

1. General information about the EPSO-G Group

Company name	EPSO-G, UAB
Legal form	Private limited company
Date and place of incorporation	25 July 2012, the Register of Legal Entities of the Republic of Lithuania
Company code	302826889
Registered office address	Gedimino pr. 20, LT-01103 Vilnius
Telephone	+370 685 84866
Email	info@epsog.lt
Website	www.epsog.lt
Authorised share 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 holding shareholder are implemented by the Ministry of Energy of the Republic of Lithuania.

The core business of the EPSO-G Group is to ensure the uninterrupted, stable transmission of electricity via high-voltage networks and natural gas via high-pressure pipelines, and the efficient management, maintenance, contracting and development of these transmission systems. The Group's companies operate and develop trading platforms for biofuels, natural gas and timber to ensure transparent competition in the energy and timber markets. It also carries out electricity contracting projects and provides infrastructure operation services to low-, medium- and high-voltage grid 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 set out in the letter of expectations of the shareholder and which are important for the state by contributing to the implementation of the goals set in the National Energy Strategy thus creating a sustainable long-term value for the shareholder – the State of Lithuania, people and the economy of the country.

As at 30 June 2023 , the EPSO-G Group (the “Group”) consisted of the holding company EPSO-G UAB (“EPSO-G” or the “Company”), five directly controlled companies of the Group: (LITGRID AB (“Litgrid”), Amber Grid AB (“Amber Grid”), BALTPOOL UAB (“Baltpool”), TETAS UAB (“Tetas”), Energy Cells UAB (“Energy Cells”), and GET Baltic UAB (“GET Baltic”), which was controlled indirectly until 31 May 2023.

(EUR thousand, unless otherwise indicated)

	LITGRID AB	Amber Grid AB	BALTPOOL UAB	TETAS UAB	GET Baltic UAB	Energy cells 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 incorporation	16 November 2010, the Register of Legal Entities of the Republic of Lithuania	11 June 2013, the Register of Legal Entities of the Republic of Lithuania	10 December 2009, the Register of Legal Entities of the Republic of Lithuania	8 December 2005, the Register of Legal Entities of the Republic of Lithuania	13 September 2012, the Register of Legal Entities of the Republic of Lithuania	26 January 2021, the Register of Legal Entities of the Republic of Lithuania
Company code	302564383	303090867	302464881	300513148	302861178	305689545
Registered office address	Karlo Gustavo Emilio Manerheimo g. 8, LT-05131 Vilnius	Laisvės pr. 10, LT-04215 Vilnius	Žalgirio g. 90-100, LT-09303, Vilnius	Senamiesčio g. 102B, LT-35116, Panevėžys	Geležinio Vilko g. 18 A, LT-08104 Vilnius	Ozo g. 12A-1, 08200 Vilnius
Telephone	+370 707 02171	+370 5 236 0855	+370 5 239 3157	+370 640 38334	+370 5 236 0000	+370 659 00748
Email	info@litgrid.eu	info@ambergrid.lt	info@baltpool.eu	info@tetas.lt	info@getbaltic.com	info@energy-cells.eu
Website	www.litgrid.eu	www.ambergrid.lt	www.baltpool.eu	www.tetas.lt	www.getbaltic.com	www.energy-cells.eu
Nature of the activity	Electricity Transmission System Operator	Natural Gas Transmission System Operator	Operator of the Energy Exchange, Administrator of the Timber Exchange, Manager of the accounting unit system for renewable fuels, Administrator of the PSO funds and the Emergency response funds	Design, construction, operation and repair company for energy facilities	Operator of Natural Gas Exchange	Provision of an electricity reserve service to the transmission system operator required for the isolated operation of the electricity system
Shares held by EPSO-G	97.5%	96.6%	67.0%	100.0%	96.6% (until 31 May 2023)	100.0%

1.1. Holding company EPSO-G

EPSO-G UAB is a holding company with the objective of the sole shareholder – the Ministry of Energy of the Republic of Lithuania – to create a group of energy transmission system and exchange operators providing advanced, efficiently managed and generating long-term benefits to shareholders, which ensures the implementation of the strategic Lithuanian energy interests and contributes to the expansion of the State's competitiveness and building the public well-being.

By implementing the activities outlined in the National Energy Independence Strategy (NEIS) and the Letter of Expectations of the Shareholder, the holding company establishes the strategic goals and tasks of the Group and its constituent companies, supervises their implementation, identifies and manages operational risks and implements measures to increase the efficiency of the Group companies. The holding company also lays down the operating rules that are in line with a good business practice and coordinates the activities of the companies which are part of the Group in the fields of audit, human resources, risk management, social responsibility, innovation, communication and in other fields increasing operational transparency and accountability in order to create sustainable and long-term value for Lithuania's people and business.

The uniform good corporate governance practice of EPSO-G Group is implemented in accordance with the Corporate Governance Policy, joined by the companies of the Group, and by the direct involvement of the representatives nominated by the holding company in the work of the boards of the subsidiaries.

The holding company EPSO-G carries out its supervisory and control functions with the help of these measures:

- By making decisions within the competence of the General Meeting of Shareholders in its subsidiaries, thus ensuring interconnection among policies, objectives, targets and measures;
- By nominating the employees of EPSO-G to the Boards of the companies of the Group, thus ensuring the targeted implementation of the goals set by the shareholder, coordinating the operating strategies of the subsidiaries of the Group with the directions of the Group's strategy;
- By organizing and carrying out the activities of the Audit Committee, thus ensuring the transparency, control and accountability of the decisions made in the Group;
- By organizing and carrying out the activities of the Remuneration and Nomination Committee, thus ensuring equal principles of nomination and remuneration in the Group;
- By setting up a centralized Group-wide internal audit that is accountable to the Audit Committee and the Board of the Company and is not subordinate to the administration of the companies;
- By adopting the Group's policies that regulate various areas of activity, thus implementing good sustainable development practices in the Group;
- By providing representative, standardised draft documents to the companies of the Group that equalize the activity of the companies;
- By implementing functional mentoring of activities in the Group;
- By providing consulting services to the companies of the Group.

1.2. Litgrid

Litgrid is the electricity transmission system operator, which ensures reliable electricity transmission and the balance of electricity, manages and operates the high-voltage electricity transmission network and the direct-current interconnectors LitPol Link and NordBalt. The company takes care of the development of the transmission network and electricity market, coordinates electricity flows and maintains a stable functioning of the domestic power network.

In line with the long-term goals identified in the National Energy Independence Strategy, the most important activity areas and responsibilities of Litgrid are the following: maintenance of the country's electricity infrastructure and its integration with the Western and Northern European electricity infrastructure; development of the electricity market and participation in the creation of a single electricity market of the Baltic and European countries; and integration of the electricity systems of Lithuania and continental Europe for synchronous operations.

Services provided by Litgrid:

- **Electricity transmission over high voltage (110 and 330 kV) electrical installations.** The transmission system operator (TSO) transmits electricity from producers to consumers that are connected to the transmission network, and to the operators of the distribution networks. Electricity transmission is an activity regulated by the State. The main activities of the TSO include the management of the high voltage electricity transmission network and securing reliable, effective, high-quality, transparent and safe transmission of electricity.

- **System services to maintain reliable system functioning.** The TSO Litgrid purchases from energy generating companies the services for the capacity reserve assurance at the electricity generation facilities, reactive power and voltage management, and emergency, disruption prevention and response services, and provides consumers with system services. The capacity reserve is needed when electricity production suddenly and unexpectedly falls or its consumption increases.

- **Trade in imbalance and balancing electricity to ensure a balance between production and consumption.** The TSO organises trade in imbalance electricity, buys and sells imbalance electricity that is necessary to ensure the country's electricity production and consumption balance. Balancing electricity is electricity that is bought and/or sold on instruction of the transmission system operator as electricity necessary for performing the function of balancing the country's electricity consumption and production. The TSO organises trading in balancing electricity by auction. Litgrid, together with Estonian and Latvian operators, organizes a common Baltic balancing energy market, in which the single Baltic balancing is managed, and balancing energy is traded on equal terms and conditions.

- **Services under public service obligation (PSO) scheme.** These are the services that ensure and enhance the national energy security and promote integration and use of electricity produced from renewable energy sources. The list of PSO services, their providers and procedures for the provision of PSO services are approved by the Government of the Republic of Lithuania, or an institution authorised by it, having regard to the public interests in the electricity sector. PSO funds are funds that are paid to the providers of PSO services. Litgrid provides the following PSO services: connection of power generation equipment that uses wind, biomass, solar energy, or hydropower to the transmission network as well as the transmission network's optimisation, development and/or reconstruction related to the acceptance and transmission of electricity generated by producers that use renewable energy sources; balancing of electricity produced from renewable energy sources connected to the transmission network for which the measure to promote the exemption from balancing responsibilities is intended.

- **Technical maintenance, operation and management services for high voltage direct current connections.**

Balancing and regulating electricity suppliers are electricity producers and suppliers.

Key financial indicators of Litgrid:

	January-June 2023	January-June 2022	Change	
			+/-	%
Revenue, EUR thousand	166 884	145 247	21 594	14,9%
EBITDA[1], EUR thousand	35 060	134	34 926	26064,2%
Net profit, EUR thousand	22 961	-9 240	32 201	n/a
Assets, EUR thousand[2]	661 147	718 545	-57 398	-7,9%
Number of employees	407	369	38	10,3%

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) Assets compared to 31 December 2022

1.3. Amber Grid

Amber Grid is a natural gas transmission system operator, responsible for the natural gas transmission and operation of trunk gas pipelines, secure and reliable operation and development of gas transmission system. Amber Grid also administers the National Register of Guarantees of Origin for gas produced from renewable energy sources (RES).

The Company's mission is to provide efficient and reliable gas transmission, facilitating competition in the gas market and the development of renewable energy sources.

The transmission system managed by Amber Grid consists of trunk gas pipelines, gas compressor stations, gas distribution stations, gas accounting stations, anti-corrosion equipment for gas pipelines, data transmission and communication systems and other assets attributed to the transmission system.

The Lithuanian gas transmission system is interconnected with the natural gas transmission systems of Latvia, Poland, Belarus and the Kaliningrad region of the Russian Federation, the Klaipėda LNG terminal, the distribution systems of the Lithuanian distribution system operators, and the systems of consumers connected directly to the transmission system.

Services

Amber Grid provides system users, other operators and participants of the gas market with natural gas transmission services in the territory of Lithuania: it transmits gas to domestic consumers, as well as transports natural gas to Latvia, Poland and Kaliningrad District of the Russian Federation.

The company renders the following services to the system users, other operators, the participants of the gas market:

- Gas transmission in the territory of Lithuania;
- Gas flow balancing in the transmission system;
- Administration of the funds intended for the installation of the LNG floating storage and regasification unit terminal, its infrastructure and connections, and for the constant operating costs, and for the compensation of the reasonable costs of supply of the necessary amount of liquefied natural gas of the appointed supplier;
- Administration of the register of guarantees of origin of gas produced from renewable energy sources (RES).

Customers

Amber Grid's customers are large Lithuanian industrial companies and medium-sized Lithuanian business companies, electricity and district heating generation companies. Also Baltic and third country energy and natural gas supply companies with natural gas transmission services.

As of 30 June 2023, Amber Grid services were used by 127 system users (119 in H1 2022).

GET Baltic

Amber Grid owns 34% of the shares of the gas exchange GET Baltic, UAB. GET Baltic, which is a part of the EEX gas exchange, organises and develops natural gas trading on the gas exchanges in Lithuania, Latvia, Estonia and Finland.

Key financial indicators of Amber Grid:

	January-June 2023	January-June 2022	Change	
			+/-	%
Revenue, EUR thousand	43 597	43 019	578	1,3%
EBITDA[1], EUR thousand	11 187	15 519	-4 332	-27,9%
Net profit, EUR thousand	12 165	7 470	4 695	62,9%
Assets, EUR thousand[2]	328 454	345 347	-16 893	-4,9%
Number of employees	337	327	10	3,1%

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) Assets compared to 31 December 2022

1.4. Baltpool

Baltpool is the operator of the Energy Exchange and the administrator of the Timber Exchange, which, by organising the trading of biofuels, heat and timber and administering the Timber Exchange, creates a level playing field for market participants to purchase biofuels and timber and to supply heat to consumers under competitive conditions, while ensuring the best possible benefits for consumers and returns for the State. The Company also administers the public service obligation funds in the electricity sector (hereinafter referred to as PSO funds) in compliance with a special obligation by Government of the Republic of Lithuania.

Since 1 January 2022, Baltpool has been acting as the manager of the Renewable Energy Fuel Units (REUs) metering system, and by the Law of 15 December 2022 implementing Regulation (EU) 2022/1854 the company was also entrusted with the task of collecting funds of part of the surplus market revenue received from electricity producers that meet the established legislative requirements in the period from 1 December 2022 until 30 June 2023, and to collect a solidarity contribution from companies operating in crude oil, natural gas, coal and oil refining sectors, calculated in accordance with the procedure established by the aforementioned Regulation (EU) 2022/1854 and the Law from the taxable profit share of such entities for the tax year beginning in 2023 (hereinafter jointly referred to as Emergency Response Funds). From 1 May 2023, the company has also been delegated the implementation of a voluntary national scheme to ensure that biomass fuels meet sustainability and greenhouse gas emission reduction criteria.
The target set for the company is to create equal and transparent conditions for market participants to trade in biofuel and timber products as well as thermal energy and thus create conditions for the formation of prices that reflect the relationship between supply and demand. The objective of the administration of the PSO funds is to ensure the transparent administration of the PSO funds in strict compliance with the statutory

requirements. By administering emergency response funds, Baltpool contributes to the objectives of the European Union and the Republic of Lithuania to mitigate the impact of high energy prices on consumers.

The Biofuels Exchange currently has more than 600 participants from Lithuania, Latvia, Estonia, Poland, Finland, Sweden, Denmark, Germany, Bulgaria, Spain and the UK.

Baltpool customers by activities carried out:

- The customers **in the activity of the biofuel exchange** are the biofuel buyers (district heating companies, independent heat generating entities and other companies using in their activity the biofuel products traded in the exchange) and biofuel suppliers (manufacturers and suppliers of wood pellets and chips).

- Timber sellers, specifically the State Forestry Enterprise and its territorial subdivisions, are the key customers **in the activity of timber auction organising**. Timber buyers are the companies using timber products in their activity: from timber processing companies to biofuel supply companies.

- The most important customers **in the activity of heat auction organising** are heat supply companies, which are obliged to buy the necessary quantity of heat from independent heat suppliers at heat auctions and independent heat suppliers connected to the heat supply systems and sell heat at the auction.

- The clients of the **activities of the administration of the PSO funds** are electricity consumers who are obliged to pay the PSO funds for the electricity they have consumed, in accordance with the current legal framework. PSO funds are collected from electricity consumers connected to the electricity distribution network through the distribution network operator. Consumers connected to networks operated by the electricity transmission system operator transfer the PSO funds directly to the administrator. The Company's clients are also energy companies providing services of public interest in accordance with the procedure established by the legislation, such as electricity generation from renewable energy sources supported by the PSO funds, as well as companies providing other services directly or indirectly related to the energy and/or public security of the state, safety and reliability of the electricity system, reduction of the negative impact of the electricity sector on the environment, diversification of energy resources, and other objectives of sustainable development of the electricity sector provided for by the legislation.

- The clients of **the Renewable fuel accounting units administration activities** are fuel suppliers operating in the country, who are obliged to register with the Renewable fuel accounting units system and to declare data on the fuel supplied to the market and used by drivers, according to its type, origin and energy value.

- Theclients of the **Emergency Response Fund Management activities** are electricity generators and companies active in the crude oil, natural gas, coal and oil refining sectors.

Key performance indicators of Baltpool:

	January-June 2023	January-June 2022	Change	
			+/-	%
Revenue, EUR thousand	874	450	424	94,2%
EBITDA[1], EUR thousand	249	-191	439	n/a
Net profit, EUR thousand	161	-217	378	n/a
Assets, EUR thousand[2]	149 501	175 633	-26 132	-14,9%
Number of employees	18	18	0	0,0%

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 - impact of atypical activities.
2) Assets compared to 31 December 2022

Under the legislation governing the administration of the public service obligations, the PSO fund administrator is only reimbursed for the costs incurred for these activities, without being allowed to make a profit from these activities.

Balance of PSO funds*, EUR thousand

	January-June 2023	January-June 2022	Change	
			+/-	%
Administered PSO receivables	30 890	36 446	-5 556	-15,25%
Cash balance of PSO funds	89 493	96 973	-7 480	-7,71%
	120 383	133 419	-13 036	-9,77%
Short-term financial debts	-	-	-	-
PSO funds payable	12 394	-	12 394	+100,00%
VAT payable	-	1 957	-1 957	-100,00%
Accrued PSO payables	107 989	131 462	-23 473	-17,86%
	120 383	133 419	-13 036	-9,77%

*Accounting for PSO funds must be kept separate from the company's activities. The PSO funds are not considered assets of the administrator.

1.5. Tetas

The principal activity of the company Tetas is construction and operation of electrical equipment up to 400 kV voltage: construction, reconstruction, maintenance and repair of power lines, switchgears and substations up to 400 kV, power transformers and other facilities. The company carries out construction work - building and erecting building structures, installing power supply and distribution equipment, laying power grids, and installing electrical engineering systems in buildings.

Tetas also carries out the construction of power grids: construction, maintenance and reconstruction of new 0.4-110 kV cable lines; connection of new electricity consumers' electrical equipment to the grid, including the installation of power grids on the consumer's property; configuration and launching/adjustment of relay protection and automation (RPA) systems. One of Tetas' newer activities is the design and contracting of photovoltaic solar plants for the B2B segment (AC and DC parts). The company helps customers to prepare the documentation and permits needed for the construction of power plants, and carries out the commissioning and launching of solar power plants.

The company is well established in the market as a provider of unique testing and diagnostic services for electrical equipment. Tetas' laboratory tests electrical equipment, cables, safety equipment, chemical analysis of transformer oil and chromatographic analysis of oil for dissolved gases (hydrogen, methane, acetylene, ethylene, ethane, carbon monoxide, carbon dioxide, oxygen, nitrogen), and tests wind farms.

The company has a design services division that ensures the delivery of highly intellectual and value-added services.

Key performance indicators of Tetas:

	2023 January-June	2022 January June	Change	
			+/-	%
Revenue, EUR thousand	16 458	45 930	-29 472	-64,2%
EBITDA[1], EUR thousand	700	265	435	164,0%
Net profit, EUR thousand	-250	-353	103	29,2%
Assets, EUR thousand[2]	20 295	18 987	1 308	6,9%
Number of employees	393	520	-127	-24,4%

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 - impact of atypical activities.
2) Assets compared to 31 December 2022

1.6. Energy cells

Energy Cells is a special purpose company, by the decision of the Government of the Republic of Lithuania appointed as the operator of energy storage facilities during the implementation of the synchronization project with the continental European network (CEN). The company was registered with the Register of Legal Entities on 26 January 2021. Under the approved concept of the project ensuring national security interests, the company's function is the installation of the energy storage facilities system in Lithuania with a total combined power and storage capacity of at least 200 megawatts (MW) and 200 megawatt hours (MWh).

These facilities consisting of four battery parks with an equal capacity of 50 MW and power of 50 MWh each in Vilnius, Šiauliai, Alytus and Utena will serve as an instant reserve to ensure the reliable, stable and consumer-friendly operation of Lithuania's electricity system (LES) until synchronisation with the continental European grid and, in the future, for the integration of rapidly growing renewable energy sources.

Key performance indicators for Energy cells:

	2023 January-June	2022 January-June	Change	
			+/-	%
Revenue, EUR thousand	0	0	0	0,0%
EBITDA[1], EUR thousand	-552	-273	-279	-102,0%
Net profit, EUR thousand	-830	-277	-553	-199,6%
Assets, EUR thousand[2]	13 940	39 399	-25 459	-64,6%
Number of employees [3]	19,7	14,2	5,5	27,9%

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 - impact of atypical activities
2) Assets compared to 31 December 2022
3) Due to the specifics of the project work, most of the employees of Energy Cells work under fixed-term contracts and part-time. As at 30 June 2023, 44 employees worked in the company under the concluded employment contracts (30 June 2022: 20 employees).

2. OPERATING AND REGULATORY ENVIRONMENT

The first half of 2023 was marked by a much calmer situation in the electricity, natural gas and biofuels markets compared to 2022. A relatively warm winter season, high levels of natural gas storage and effective consumption reduction measures have led to a reduction in gas demand and, consequently, natural gas prices. At the same time, more alternative natural gas supply routes have been found in Europe and LNG import options have been rapidly expanded. For example, Germany, being the EU's largest consumer of natural gas, will open its first LNG terminal in December 2022. LNG terminals have also been expanding in the Baltic region, with the Finnish LNG terminal becoming operational in early 2023. There have been more significant developments in Finland's energy sector, with the new Olkiluoto Nuclear Power Plant Reactor 3 (1600 MW installed capacity) being launched in April 2023. The continued growth of renewable energy installations in the region has also been significant. In Lithuania alone, the installed capacity of wind and solar generators on the grid grew by almost 500 MW in the first half of this year, reaching 1,931 MW (as of 30 June 2023).

According to Nord Pool data, the average wholesale electricity prices in the Lithuanian price area for the first half of 2023 ranged from a low of EUR 67.27/MWh in April to a high of EUR 114.7/MWh in February. These prices are lower than in the whole of 2022, when the lowest average monthly electricity price was EUR 104.74/MWh (February). The first half of 2023 was characterised by lower electricity price differentials between Lithuania and the price zones of Sweden 4 (with which Lithuania is connected via NordBalt), Estonia and other countries. The price difference between Sweden's price zone 4 and Lithuania's price zone has been reduced by a factor of 7, with the average price of electricity in Lithuania being EUR 77.65/MWh higher in 2022 and 10.84 EUR/MWh higher in the first half of 2023. The Lithuanian-Polish wholesale electricity price differentials have returned to their long-standing norm since the beginning of 2023, with Poland's electricity price normally higher than in the Lithuanian price area. In 2022, electricity in Poland was on average EUR 62.94/MWh lower than in Lithuania, and higher by 30.88/MWh in the first half of 2023. This is mainly due to the fall in the price of natural gas, the rising cost of emission permits (which keeps electricity prices higher in Poland) and the rapid development of RES in Lithuania.

On the other hand, in the first half of 2023, significant price differentials with Swedish price zones 2, 1 and Finland remained. However, this situation is not expected to change significantly, at least for the Swedish price zones 2 and 1, as the northern regions of Sweden and Norway have a very high concentration of hydropower plants, which generate most of their electricity. Consequently, electricity consumption in these regions is low, and most of the electricity is exported to the south, where most of the Scandinavian countries' interconnections with other countries are also located.

Natural gas prices have been falling steadily since the start of 2023. According to the GET Baltic gas exchange, the average Baltic-Finland wholesale natural gas price for January 2023 was EUR 69.15/MWh, and has fallen for each consecutive month, reaching EUR 36.31/MWh in June. By comparison, in 2022, the average price of natural gas fluctuated between EUR 81.67 and EUR 93.35/MWh in the first three months of the year alone. In the remaining months, the average monthly price of natural gas was between EUR 101.3 /MWh (May) and a record high of EUR 241.69/MWh (August). The fall in the price of natural gas across Europe has been driven by the aforementioned new supply chains, energy consumption reduction and import facilities. At the same time, the European institutions (European Commission, European Parliament, Council of the European Union) have also been actively involved in reducing the price of energy resources and ensuring the availability of sufficient energy resources, with decisions on new or updated legislation adopted as early as 2022. However, the impact on natural gas prices was noticeably more pronounced in the first half of 2023. The European Commission Regulation (EU) 2022/1032 of 29 June 2022 amending Regulations (EU) 2017/1938 and (EC) No 715/2009 as regards gas storage, which requires natural gas storage in the EU to be filled to at least 80% of its capacity before the start of the 2022 winter season, and to at least 90% of its capacity in 2023 before the start of the winter season. Also relevant is Council of the European Union Regulation (EU) 2022/1854 of 6

October 2022 on emergency response to address high energy prices. Under this legislation (among others), the market revenue for electricity generated by electricity generators with lower marginal costs, using lower-cost technologies such as renewables, nuclear and lignite, was capped at EUR 180/MWh.

Electricity and natural gas transmission and energy storage activities carried out by EPSO-G Group companies and the activities of the operators of energy resources and gas markets are licensed. The licenses grant exclusive rights to render the services of transmission and market operators in the territory of the Republic of Lithuania.

The operators of electricity and natural gas transmission systems, which are part of EPSO-G Group companies, as well as the designated energy storage system operator, are exclusive in Lithuania entitled to provide these services. They operate under the conditions of a natural monopoly and therefore prices of their activities are state regulated. The tariffs charged for the energy resources belonging to the Group and set by gas market operators on trading exchanges are coordinated with the regulatory authority.

The regulatory function and the supervision of the performance of the licensed activity in Lithuania is carried out by the National Energy Regulatory Council (hereinafter - the Council or NERC).

The financial performance of regulated EPSO-G Group companies, the allocation of necessary operating costs, investments to ensure the reliability of electricity and gas transmission systems, as well as the possibility of financing strategic projects with own or borrowed funds depend directly on the decisions taken by the regulatory authority.

The prices of electricity and natural gas transmission and the isolated working reserve service of the designated storage system operator are regulated through price and/or revenue caps. The permitted level of income consists of the reasonable required costs, including a return on investment that meets the criterion of reasonableness. The specific service prices that are within the established revenue caps are set by the service providers (operators), while the Council after verification and establishment that they have been calculated in accordance with pricing and / or tariff requirements set out in the methodologies of service providers for calculating prices and / or revenue caps and that they do not discriminate against consumers and are not erroneous, shall approve them.

The price and / or revenue caps of electricity and natural gas transmission are set for the regulatory period of five years (the period duration may be changed by a reasoned decision of NERC). They may be adjusted in the presence of significant changes of one or several factors, in accordance to which they were established, including the factors of the scope of services, inflation, taxes and other objective factors independent of the operators. The caps of the electricity transmission prices may be adjusted maximum twice a year, while the cap of natural gas transmission revenue - once a year. For the Designated Storage System Operator, there is no regulatory period, given the specificities of its activities.

On 1 January 2023, the transmission prices for electricity and natural gas transmission set by the transmission system operators and approved by the Council, as well as Litgrid's ancillary services acquisition component to the transmission service price (prior to the amendments to the Law on Energy, which became effective on 1 January 2022 - the system services price) (hereinafter referred to as the ancillary services price) for 2023 came into force. Baltpool’s biofuel trading fee at biomass exchange set by NERC in August 2020, applicable from 1 September 2020, by extending the application of the price rate, which was applicable before 1 September 2020, only after conversion into other energy units, as well as other Baltpool fees is also in force in 2023. The fees of GET Baltic natural gas exchange services agreed with NERC in December 2015 were in force as well. The price cap for the isolated working reserve service set by NERC in November 2022 and the price for 2023 for the designated storage system operator, Energy cells, were also in force.

In the first half of 2023, Amber Grid's revenue cap for 2024 and prices for 2024 were adjusted by NERC. In the case of Litgrid and Energy Cells, the service price caps and the prices for electricity transmission and ancillary services for 2024 will be set in autumn 2023, in accordance with the requirements of the applicable legislation.

Price rates of regulated activities of Amber Grid and Litgrid:

The average price of gas transmission services for Lithuanian consumers in 2023 increased by 39% to 1,39 EUR/MWh compared to the average price in 2022, and returned to the level of 2021 (when it was 1.40 EUR/MWh). The change in the price in 2023 is due to the Council's approval of an almost 59% increase in the cap on the revenue from natural gas transmission activities for 2023, which was mainly due to the increase in the transmission system's technological costs as a result of the significant increase in gas prices. It was also influenced by lower adjustments returned to the market for excess revenues collected in 2021 and higher compensation to Poland for the implementation of the GIPL project of common interest. The relatively moderate (compared to the revenue cap) price change in 2023 was due to the opening of the new gas interconnector between Lithuania and Poland (GIPL) and to the strong regional demand for access to Lithuania's gas transmission system due to the war in Ukraine caused by Russia and the higher gas flows expected in 2023.

The average price of Litgrid's electricity transmission service of 0,654 ct/kWh, has been approved since January 1, 2023, which, compared to the 2022 (0.684 ct/kWh), is lower by 4.4%. This change was mainly driven by Litgird's permitted revenue from transmission services in 2023 lower by approximately 5.7% than the one set by the Council (a factor reducing the price cap). This was mainly due to the fact that under NERC decision, a part of the accumulated congestion management revenue (EUR 142.3 million) was used to reduce the transmission tariffs, thus amortizing the potentially significant increase in the permitted revenue and electricity transmission tariff in 2023. The forecasted amount of electricity to be transferred to Lithuanian consumers that was lower by 1.5% (than forecasted prices for 2022) also had an impact (a factor increasing the price cap).

As of January 1, 2023 the non-differentiated component (price) of ancillary services, which was approved by NERC in October 2022, came into force, being 0.239 ct/kW, which is 59% lower than the one applied in the period from 1 January to 31 July 2022 (0.589 ct/kWh) and 7.2 times lower than the one applied since 1 August 2022 (1.723 ct/kWh). This change was mainly driven by the fact that the costs of the tertiary reserve (which is no longer applicable) are no longer forecasted for 2023, a significant correction was made due to higher revenue and lower costs in 2021, the one-time deviation in 2022 is no longer relevant as of 2023 due to the extraordinary recalculation made in mid-2022 because of natural gas price change. During the extraordinary recalculation, the change of EUR 65 million in the cost of the isolated system operation assurance service was included from mid-2022 due to a significant change in the price of natural gas independent of the market participant (Ignitis). All this led to the fact that even with the share of Energy Cells, the costs included in the price of ancillary services for 2023 by VERT amount to approximately EUR 27.1 million, when normally, for example, for 2021, or from early 2022 until the recalculation from mid-2022, they used to reach EUR 80 or 68 million, respectively.

On 29 May 2023, the Council approved the natural gas transmission service prices set by the Head of Amber Grid on 22 May 2023, which will enter into force on 1 January 2024.

It has been confirmed that the average price of gas transmission services for Lithuanian consumers in 2024 will be increased by 7% to 1.49 EUR/MWh compared to the average price in 2023 (1.39 EUR/MWh). The change in the 2024 price is due to a 4.4% increase in the cap on natural gas transmission revenues approved by the Council for the year 2024, which was driven by increases in all categories of operating costs. The revenue cap was lowered by market refunds (repayment of collected windfall revenues for 2021 and 2022, in line with regulatory principles) and the share of the previously established compensation to Poland for the implementation of the GIPL project of common interest, which will be significantly lower in 2024 than in 2023. The 2024 prices were also influenced by the fact that 66.2 TWh of natural gas is planned to be transported through the Lithuanian natural gas transmission system in 2024, which is 1% less than the estimated 2023 prices.

Regarding the establishment of a common tariff area between Lithuania and FINESTLAT (Latvia, Estonia and Finland) and the introduction of the *Inter-TSO Compensation (ITC*) mechanism, it should be noted that, although, as announced by the Council on 26 October 2022, the Chairs of the Baltic and Finnish National Regulators agreed to postpone the Baltic-Finnish natural gas market interconnection, with the view that interconnection could not take place until October 2024 at the earliest, as the Council notes that the geopolitical situation in 2022 led to fundamental changes in the natural gas market that made the Inter-System Compensation mechanism, which had been developed on the basis of other assumptions on the functioning of the market, irrelevant and potentially not useful for all the parties involved. It is not excluded that once the geopolitical situation has reached stability and additional infrastructure is developed (LNG terminal in Finland-Estonia, capacity increase of the Lithuanian-Latvian interconnector, capacity increase of the Latvian Inčukalnis storage facility, as well as the development of LNG terminals and cross-border interconnections in Europe) and the gas market has settled down to a new level of stability, the Baltic States and Finland will continue to align on further market integration with the aim of establishing a model of cooperation between operators that is acceptable for all parties.

Litgrid's electricity transmission revenue level and price cap will be adjusted and differentiated electricity transmission prices for 2024 will be set by 31 October, while the additional services revenue cap and price for 2024 will be set by 20 October (in accordance with the Republic of Lithuania Law on Electricity).

The following Baltpool and GET Baltic tariffs (excluding VAT) have been continued and/or introduced from 2023:

- **Baltpool's regulated/licensed activities:**
  - In 2023, the biofuel exchange trading fee for transactions where biofuel is supplied in Lithuania will be EUR 41.27 per 1000 MWh (excluding VAT). This tariff, set by a decision adopted by NERC in August 2020 and applicable as from 1 September 2020, corresponds to the tariff of EUR 0.48/tonne applicable until 1 September 2020, when it was extended as from 1 September 2020 by converting the tariff into other units, i.e. MWh;
  - In 2023, the timber exchange fee is 0.12% of the value of timber sales and purchases made in the ETTS (Electronic Timber Trade System);
  - In 2023, the fee for the heat auction segment is EUR 15.65 per 1000 MWh for the specified heat volume;
    In 2023, the Renewable Fuel Accounting System fee is EUR 0.017 per thousand Renewable fuel accounting units.

- **Baltpool's unregulated activities:**
  - The fee of trading on the biomass exchange in 2023 when biofuels are supplied outside Lithuania is 0.5% of the transaction value.
  - from 10 July 2023, a direct agreement fee of 0.5% of the agreed value of the biofuel actually delivered under the direct (OTC) agreement;
  - from 10 July 2023, an annual fee of EUR 2,500 (excluding VAT) for the use of the e-commerce system for information purposes.

- **GET Baltic:**
  - Annual membership fee for 2023 - fixed fee for a calendar year is EUR 5,000/year for Plan No. 1 and EUR 0/year for Plan No. 2.

— Variable trading fee in 2023 for the amount of a product purchased and/or sold on the exchange is EUR 0.08/ MWh for Plan No. 1 and EUR 0.12/MWh for Plan No. 2 (the above fees are the fees approved by the decision of NERC as of December 2015, applicable from 2016).

Detailed information on the fees of other services provided by GET Baltic (including REMIT data provision services, data exchange services, etc.) is published on GET Baltic's website: https://www.getbaltic.com/wp-content/uploads/GET-Baltic-paslaug%C5%B3-%C4%AFkainiai_20220701.pdf

- **Energy cells:**

— The activities of Energy Cells, as the designated storage system operator (hereinafter - DSO), during the period of the DSO designation - until the completion of the synchronisation of the interconnection of the electricity system of the Republic of Lithuania with the electricity grids of continental Europe, including the prices of the services are regulated by the state.

— The price of the Energy Cells Isolated operation reserve service, applicable from 1 January 2023, EUR 4.78/MW/hour (excluding VAT), is included in the acquisition component of Litgrid's ancillary services to the Transmission Service Price approved by the Council for 2023. The price is in line with the price cap for the Energy Cells Isolated operation reserve service approved by the Council in November 2022, which is EUR 4.78/MW/hour (excluding VAT).

Other:

— In early 2023, the Council carried out an assessment of the hedging potential of the electricity futures market in the Lithuanian trading zone and published a public consultation on 17 February 2023. At the Council meeting held on 27 June 2023, a decision was taken to oblige Litgrid to take measures to promote the development of the derivatives market, i.e. to ensure that wholesale electricity market participants have the possibility to purchase long-term inter-zonal hedging products, thereby promoting the functioning of the wholesale electricity markets;

— In early March 2023, NERC approved Litgrid's updated Procedures for the Use of the Transmission Grid by Electricity Producers (PETA), which stipulates that transmission grid zones will be used at 300% of their capacity, with a maximum capacity allocation for wind, solar and storage, as well as a detailed procedure for reservation of connection to the transmission grid, based on priorities, with a preference for projects with storage and hybrid power plants using both solar and wind generation. In the first phase of the reservation, RES developers were offered to sign Letters of Intent, reserving almost 3 GW of grid capacity. With a large amount of technical bandwidth still available on the network, requests for network reservations continue to be accepted. Information on network capacities is published on Litgrid's updated interactive 110 kV and 330 kV electricity network map;

— In March 2023, the Council approved Litgrid's proposed amendments to the requirements for the approval of the readiness of the balancing service, which would facilitate the conditions for independent demand aggregators to start operating in the electricity balancing market;

— In July 2023, the European Parliament voted overwhelmingly in favour of the changes to the Directive on the Internal Market for Electricity, which reform the design of the European Union's electricity market. Further Trialogue negotiations are scheduled to continue this September;

— In June 2023, a public consultation was carried out on updating the standard terms and conditions of the electricity transmission service contract;

— A public consultation on the standard terms and conditions of the contract for the purchase and sale of electricity imbalance services was carried out from 10 June to 9 July 2023. One of the key changes to the contract is the introduction of a 15-minute imbalance settlement period for TSOs (instead of 1 hour), in line with the requirements of the European Commission's Regulation (EU) 2017/2195 of 23 November 2017 laying down guidelines on electricity balancing. The amendments to the contract are expected to enter into force next year.

3. OPERATIONAL STRATEGY AND OBJECTIVES

EPSO-G has a key role to ensure a smooth and reliable Lithuania's transition to the energy system integrating high volumes of RES, enabling decarbonisation of the sector, initiating system interconnection projects and facilitating climate-neutral energy exchanges.

EPSO-G vision – we will enable security, integration, and transformation of the Lithuanian energy sector.

EPSO-G mission – to enable sustainable and efficient energy exchange.

Implementation of the mission, pursuit of the vision and all activities of EPSO-G Group are based on the fundamental human and professional values: professionalism, cooperation, and progress.

Professionalism – we strive for every employee in the Group to be recognized and be able to grow as a professional in their field of activity. We understand what an important role professional knowledge, hands-on experience and continuous learning play in terms of the results of the Group and ensuring continuity of activity.

Cooperation – we emphasize sincere and constructive cooperation with each other which makes it possible to pursue the goals set in a concerted manner.

Progress – openness to new business practices and ideas promotes the creation, renewal, implementation of meaningful changes and leads us forward.

3.1. Operational strategy

EPSO-G has a key role in implementing the transformation of the Lithuanian energy sector to ensure a smooth and reliable Lithuania's transition to the energy system integrating high volumes of RES, enabling decarbonisation of the sector, initiating system interconnection projects and facilitating climate-neutral energy exchanges.

EPSO-G's activities are seen through the platform's business model with the following key features: enabled value-creating interactions between suppliers and customers; an open, participatory infrastructure for those interactions and common rules. The axis of the strategy is the creation of value for interested parties - customers, producers and suppliers, the shareholder, society and employees. Therefore, the Group's activities create a sustainable, transparent ecosystem based on uniform standards, which facilitates the exchange between producers/suppliers and customers, and creates value for society through the empowerment of sustainable energy choices and its contribution to the country's competitiveness.

EPSO-G's strategy until 2030 has been prepared with respect to the letter on the state objectives and expectations for EPSO-G, which was approved by the order of the Minister of Energy, and is updated annually with reference to market changes, regulatory changes and other relevant factors.

(EUR thousand, unless otherwise indicated)

The Group's commitments and unifying mission are identified for each interested party, while the Group's strategic directions are formulated and the objectives to be achieved until 2030 are determined with respect to the long-term vision of EPSO-G, i.e. to enable security, integration, transformation of the Lithuanian energy sector.

	To producers/ suppliers	To customers	To shareholders	To society	To each other
Commitment	Develop a credible and transparent platform, where it is easy and fast to enable energy products on a liquid market	Develop a credible and transparent platform providing a wide range of energy options at competitive prices	To ensure a balanced and integrated energy exchange system	To promote climate-neutral energy choices for the long-term economic competitiveness of Lithuania	To build an open and progressive team living the energy future
Strategic direction	A liquid regional market and infrastructure attractive for investment in production	Created customer-focused organisation that creates new opportunities	Integrated development of Lithuania's energy system	A targeted reduction in the environmental impact of activities and energy systems adapted to the decarbonisation of the energy sector	Recognised as future energy leaders in the region
Strategic objectives	Ensure reliable and stable operation of transmission systems Respond to customer needs and create a customer-focused organization Implement strategic projects on time and to the agreed scope		Ensure a sustainable return for the shareholder Ensure efficient management of transmission systems Increase the integrity of the Lithuanian energy system	Reduce the environment impact and adapt transmission systems for RES integration	Create an engaged and progressive organization
Strategic performance indicators	AIT – 0.93 min, ENS – 27.25 MWh; (values not higher than those set by NERC for the respective year) (Electricity TSO) Number of unplanned interruptions due to operator responsibility - 0 (gas TSO) duration of unplanned interruptions due to operator responsibility - 0 (gas TSO) Implementation of strategic projects on time and in the expected scope according to the project portfolio Global customer satisfaction index (GCSI) ≥ 80		Adjusted ROE not lower than the one set by the Government of the Republic of Lithuania; Net debt/adjusted EBITDA ratio at the end of the period <6.3 Implemented cross-sectoral systems' integration projects (cumulative indicator - such as P2G, P2H) – 3 until 2030. Actual OPEX (excluding tax costs) (EUR/year) / transmission service OPEX set by NERC (excluding tax costs) (EUR/year)≤ 100 % Actual CAPEX	Reduction of GHG emissions generated by the Group's activities by 2/3 compared to 2019. Electricity transmission network was prepared for RES integration of 9.4 GW in Lithuania; The capacity created in the gas system for the integration of RES gas (with guarantees of origin) in the volume of 1.6 TWh.	Engagement of the Group employees ≥72% At least 15.5% of the Group's revenue structure consists of revenue from unregulated activities and foreign markets

(EUR thousand, unless otherwise indicated)

			(EUR/year) / planned CAPEX (EUR/year), 90-110%		
Key results on the way to 2030	Implemented synchronization with CEN Completed GIPL, capacities are sold through PL and LT exchanges Installed 200 MW energy storage facilities Completed preparations for offshore RES integration An operating market for system services in the Baltic States and later in the Baltic Sea region	Renewable Energy Centre established and formed Smoothly functioning joint system of guarantees of origin for green gas (including hydrogen) with other European countries Created data-driven ecosystem Prepared infrastructure for railway electrification	Sustainable return to the shareholder Implemented cross-sectoral systems integration projects (P2G, P2H) Operating Lithuania's national REDII implementation scheme	Electricity transmission network prepared for RES integration of 9.4 GW in Lithuania The gas system adapted for hydrogen transportation Consistently implemented plans for reducing the environmental impact of the Group companies In accordance with respective competences, implemented measures necessary for the implementation of the "Anti-Astravets" Law	Implemented programs for improving the employer's image and ensuring equal opportunities. Company structures and motivational measures adapted to promote innovation. Achieved maturity of the data-driven organization

3.3. Progress in implementing the Strategy

To consumers: a consumer-oriented organization to create new opportunities.

Increasing customer satisfaction is one of the EPSO-G Group's strategic goals, contributing to the streamlined implementation of EPSOG Strategy to create a customer-oriented organization. Group-wide customer satisfaction surveys under a unified methodology were conducted for the second time in 2022. 237 customers using the services of Amber Grid, Baltpool, GET Baltic, Litgrid, and Tetas participated in the surveys.

The GCSI and NPS methodologies were used to analyse customer satisfaction with the services provided by the EPSO-G Group companies, the extent to which they meet customer expectations and their willingness to recommend them to others. The Group's corporate indices according to the GCSI methodology ranged from 63 to 88, while the Group's strategy has a long-term goal of ensuring that the Customer Satisfaction Index of the Group's companies is ≥80, i.e. that the companies' performance is among the market leaders. In 2023, such a Group-wide survey will be conducted in the fourth quarter.

It should be noted that in the first half of 2023, Litgrid started to implement a system for receiving continuous feedback from customers after major events and analysis, while Amber Grid implemented an action plan based on the results of a customer satisfaction survey, as well as a customer communication matrix.

As Lithuania pursues its ambitious renewable energy goals and the implementation of the Breakthrough Package, and given the tense geopolitical situation and high electricity and gas prices, the role of transmission operators in enabling the green transformation is becoming particularly relevant. Accordingly, at the end of 2022, Litgrid established the Renewable Energy Centre to ensure efficient coordination of the connection of new renewable energy power plants and battery projects to the Lithuanian electricity transmission grid. The Centre has coordinated the development of an interactive digital map of RES connectivity to the TSO to provide market-relevant data, which is continuously updated and improved. The intensive development of energy production from renewable energy sources, the current and future challenges of balancing the electric network and integration into the electric energy transportation system create opportunities for the development of green hydrogen (produced from renewable electric energy) Power-to-Gas technology.

As part of its efforts to strengthen its position in hydrogen research and development, gas transmission system operator Amber Grid has joined the European Hydrogen Backbone, the largest hydrogen initiative in Europe, in 2022. In the same year, the Nordic-Baltic Hydrogen Corridor project was created, bringing together six countries - Finland, Estonia, Latvia, Lithuania, Poland and Germany - to start exploring the possibilities of green hydrogen production and transmission in the region from the second half of 2023. In addition, a research programme is being carried out in 2023 to assess the feasibility and conditions for transporting H2 in the gas transmission systems of Estonia, Finland, Latvia and Lithuania, which will determine the optimal limits for hydrogen injection in the transmission system and the associated investments. Amber Grid has established the Energy Transformation Centre to build competences in the hydrogen sector.

The Group places a great deal of importance on the preparation for the opening of market-relevant data and increasing digitization maturity. In 2021, the data governance, data analytics, and open data project of the Group companies was launched as the first step towards a long-term objective - data-based group of organizations - relevant cultures and ecosystems enabling to fully use and integrate data and analytics into the Group's operations and make the best operational decisions.

In 2022, the data to be opened by the Group companies was identified and a data opening plan for 2023 was drawn up, which will be used as a basis for opening the pilot data of the electricity transmission system operator. In addition, the maturity of data governance in the Group's companies continued to increase. A data management strategy and an analytics community at Group level are being developed.

To producers and suppliers: a developed liquid regional market and an infrastructure attractive for investment in energy production

One of the key strategic objectives will aim at maintaining a high level of reliability in transmission systems and digitizing technological assets. This is relevant for all participants of the platform, the key stakeholders identified. Accordingly, we see transmission reliability indicators annually set by NERC as strategic objectives. In the electricity sector, the indicators of AIT (average interruption time, in minutes) and ENS (energy not supplied, kWh) did not exceed acceptable values in H1 of 2023. In the gas sector, there were no unplanned interruptions due to operator liability in H1 of 2023.

During the period of implementation of the strategy, it is important to improve long-term system development planning to reduce transmission network capacity constraints by ensuring efficient implementation of international connections, internal network development projects, and connection of new generating sources and new users.

Particular attention is paid to assessing the grid's ability to accommodate the integration of renewable energy sources and the deployment of energy storage technologies, and to ensure that the transmission system is ready for the integration of up to 9.4 GW of onshore renewables and offshore wind by 2030. It should be noted that the installed capacity of the power plants connected to the transmission grid in the first half of 2023 was 968 MW. The 200 MW energy storage system project, which will be completed in 2023, will contribute to the smoother integration of RES. Its main goal is to ensure the national security of the electricity system after launch and to provide flexibility services after 2025 at a later stage.

To society: targeted reduction of the environmental impact of activities and energy systems adapted to the decarbonisation of the energy sector

The Group's goal by 2030 is to reduce the environmental impact of activities by 2/3. Last year, an analysis of the significance of sustainability in all companies was carried out at the Group level, a matrix of the significance of sustainability topics was prepared based on the results for each company and at Group level, as well as an environmental impact assessment and an inventory of greenhouse gas emissions carried out in 2022 at the Group level (except for Energy Cells), and plans for recommended measures to reduce the impact were presented, mitigation potential of each measure was estimated. In addition, most of the Group companies switched to the use of green certified energy in their administrative premises. This year, Litgrid and Amber Grid have started preparing their investment plans for GHG reduction measures, and a *Scope* 3 GHG emissions inventory has been launched at the Group level.

According to our assessment, the Group companies play an important role in enabling the streamlined transformation of the Lithuanian energy sector into a system based on green energy. To manage RES integration while ensuring system stability is an important challenge for the Group to get ready for after identifying priority areas for new competencies required to acquire and in preparation to integrate large amounts of offshore wind, to develop systems of guarantees of origin to facilitate the exchange of energy from RES, and to connect biomethane and hydrogen producers. The adaptation of the Lithuanian gas transmission system to hydrogen transportation will be pursued, which is a strategically important and complex task with regard to the EU Hydrogen Strategy and the Strategy for Energy System Integration.

To each other: recognized regional future energy leaders

EPSO-G Group having an extensive know-how on international projects employs a large number of highly qualified staff. The development of a sustainable employer-employee partnership aims to strengthen and further nurture corporate governance and energy competencies that will be relevant to the strategic goals relating to the implementation of strategic projects under the NEIS, decarbonisation, cross-sectoral integration of energy systems, to become and remain competitive in order to significantly increase the share of the Group's revenue from unregulated activities and the expansion of foreign markets and sustainable growth of regulated activities.

In 2022, a review of the Group's employee reward and motivation system was carried out, with the aim of better performance and more active contribution of employees to the Company's goals, the promotion of innovative solutions and the attraction and retention of qualified employees. The new system is applicable from 2023. This year, the Group's shift plans have been updated and presented to the EPSO-G Board, as well as the implementation of employee engagement action plans and actions to improve employer image. A 360 evaluation will be carried out in the second half of this year and an employee engagement survey will be conducted in early 2024.

The Group's goal was to increase the percentage of revenue from unregulated activities and foreign markets in the revenue structure. In the first half of 2023, the rate was 8.8%, below the target of 14%. While not reaching the required share in the revenue structure, revenues from unregulated activities and foreign markets exceeded their budget by 16% in the first half of 2023, growing faster than expected. The Group's largest source of revenue from non-regulated activities is Tetas (accounting for 94.72% of the Group's total revenue from non-regulated activities and foreign markets).

To the shareholder: an integrated development of the entire Lithuanian energy system

According to the Letter of Expectations, the Shareholder expects the Group to prepare a study on the transformation of Lithuania's energy system by the end of July 2023 at the latest and to present proposals on the alternatives for the development of the energy system as Lithuania transitions to green energy and becomes an energy exporting country. The results of this study will be presented in the second half of 2023. They are the basis for the planned update of the EPSO-G Group's strategy in 2024.

The current Group's strategy emphasises the need to create favourable conditions for the connection of green energy producers to the infrastructure managed by the Group, i.e. to prepare the system for blending biomethane and hydrogen, to adapt the electricity transmission system for further development of offshore and onshore wind and solar energy.

(EUR thousand, unless otherwise indicated)

There is also the important aspect of promoting the integration of different sectors to achieve an optimal balance of the system. Pilot demonstration projects have been initiated with partners to integrate the electricity and district heating sectors (*power-to-heat*) and to connect a hydrogen generator to the transmission system (in a pilot environment) (*power-to-gas*). Such cooperation between different sectors of the economy in the energy sector, both domestically and regionally, will optimise the use of the available infrastructure, reduce the need for future RES curtailment and increase overall system efficiency.

3.4. Operational and financial objectives

Based on the operational directions 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 2023.

No	Annual goal	Indicator forecast to be achieved	Weight of the goal
1.	Implementation of the CEN synchronisation programme	1) New synchronous compensators installed in the electricity system of the Republic of Lithuania in Telšiai and Alytus - indicator weight 30% 2) Isolated operation test of the Lithuanian Electricity System completed by 22 April - indicator weight 20% 3) Automatic Generation Management (AGM) system installed by 31 December - indicator weight 10% 4) Preparation for accelerated synchronisation in 2024 - indicator weight 20% 5) Other synchronisation actions and measures (not mentioned in items 1, 2, 3 and 4) implemented - indicator weight 20%	25%
2.	Enabling energy transformation	1) The project outputs foreseen in the project plan for the first offshore wind farm have been achieved on time and to the extent foreseen - indicator weight 20% 2) LITGRID RES Centre is fully operational and provides up-to-date data to the market - indicator weight 20% 3) Hydrogen programme implemented as planned - indicator weight 10% 4) Preparation of the Lithuanian energy system transformation study - indicator weight 50%	20%
3.	Growth and development	1) Increase in profitability of contracting activities - indicator weight 50% 2) Small battery pilot project initiated - indicator weight 40% 3) Development of new unregulated activities - indicator weight 10%	20%
4.	Sustainable finance and sustainable operations	1) Maintain a rating of at least investment grade: adjROE ≥ 8.5% ajdEBITDA ≥ 60 million EUR indicator weight - 80% 2) Group's GHG targets are aligned with the SBTi standard - indicator weight 20%	25%

(EUR thousand, unless otherwise indicated)

5.	Enabling an effective group organisational structure	At least three functions operate on a matrix basis Group-wide - indicator weight 100%	10%

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 objectives are identical to those of EPSO-G's CEO.

The Board of the Holding Company carries out an annual assessment of the achievement of the objectives. The result of this assessment determines the level of the variable remuneration component, up to the proportion set out in the remuneration policy.

3.5. Transmission network development

In order to respect the right of stakeholders to assess in advance the impact of projects developed in their vicinity on their economic and social interests, the companies in the EPSO-G group, which are transmission system operators, periodically update and publish their ten-year network development plans.

3.5.1. Long-term development plan for electricity transmission networks

Pursuant to the Republic of Lithuania Law on Electricity, the electricity transmission system operator manages the electricity transmission networks, ensures the operation, development, maintenance and long-term capacity of these networks to meet reasonable electricity transmission needs, is responsible for the interconnection of the Lithuanian electricity system with the electricity systems of other countries, performs the balancing and the dispatching of the electricity system, and has the relevant operating licence.

From 2023 Litgrid will prepare a long-term development plan once every two years - the 2023 plan will not be updated, the long-term development plan prepared and approved in 2022 is in force.

Litgrid's 10-year electricity transmission network development plan is available on the company's website: https://www.litgrid.eu/index.php/tinklo-pletra/lietuvos-elektros-perdavimo-tinklu-10-metu-pletros-planas-/3850

3.5.2 Natural gas transmission network development plan

According to the provisions of the Natural Gas Law, Amber Grid prepares a 10-year network development plan for the transmission system operator every two years. In June 2022, Amber Grid has prepared and submitted to NERC a ten-year (2022-2031) network development plan. It estimates the value of investments in gas transmission expansion projects over the next decade at around EUR 264 million. Lithuania's gas consumption is expected to remain stable over the next ten years, and there is also an opportunity to transport gas in new directions through a gas pipeline between Poland and Lithuania. Given the geopolitical situation, gas flows through the Klaipėda LNG terminal and cross-border interconnection points with Latvia and Poland are expected to increase. The Network Development Plan also sets out the main directions for the development of the transmission system, including a focus on innovation and green energy development.

On 6 September 2022 NERC approved the publication of Amber Grid's ten-year (2022-2031) network development plan for the natural gas transmission system operator. The Plan is published on the Company's website.

4. PERFORMANCE REVIEW

4.1. Significant events of the reporting period

January.

2 January. Ministry of Energy announces the selection of EPSO-G's Board members for the new term of office.

2 January. EPSO-G opens the selection process for the Board of Tetas.

5 January. The updated version of EPSO-G's Articles of Association is registered in the Register of Legal Entities. The new version of the Articles of Association provides for clarification of how EPSO-G carries out its patronage functions, revision of competences of EPSO-G's General Meeting of Shareholders, the Board and the CEO, clarification of the provisions relating to the formation of EPSO-G management committees, clarification of the provisions concerning the composition of the Board and the organisation of its activities, the possibility for the EPSO-G's Board to set up a Group Management Committee.

13 January. An incident in Pasvalys district damaged Amber Grid's main gas pipeline and ignited the gas it contained. The incident did not cause any injuries and was localised the same day. The gas supply was provided by a parallel gas pipeline. Following the rehabilitation of the damaged pipeline, the gas supply was restored on 16 January.

16 January. Darius Kašauskas takes up the post of the Head of Finance and Operational Planning at EPSO-G.

February.

3 February. Initial testing of the energy storage system of Energy Cells was completed.

3 February Litgrid has published an update of its strategy until 2030.

9 February. EPSO-G's sustainability-related bond issue at the Nasdaq Baltic Market Awards 2023 was recognised as a key event in the Baltic capital market.

9 February Litgrid has provided support to Ukraine with EUR 3.6 million worth of transmission grid equipment.

20 February. Paulius Butkus started its office as Head of Development and Innovation at EPSO-G.

24 February EPSO-G has opened the selection process for the members of the Board of Litgrid and Amber Grid.

March.

16 March Amber Grid's subsidiary, the regional gas exchange GET Baltic, has chosen the European Energy Exchange as its strategic partner. The European Energy Exchange public tender offered 66%. The acquisition value of the GET Baltic shares is EUR 6.5 million. The transaction will be finalised in May-June following the signing of the necessary contracts and other formal closing steps.

13 March. EPSO-G has published a vacancy for a member of the Board of the Innovation and Business Development Competence Area of the subsidiary Energy cells, nominated by the parent company.

24 March. The Ministry of Energy of the Republic of Lithuania has appointed the new EPSO-G Board, which

will consist of three independent members Robertas Vyšniauskas, Asta Sungailienė and Liudas Liutkevičius, and the Ministry of Energy's delegates Dainius Bražiūnas and Tomas Daukantas.

30 March Darius Kašauskas, Head of Finance and Operational Planning at EPSO-G Group, has been elected Chair of the Board of Tetas. The Board, which began its four-year term in March, also includes an independent board member, Tomas Astrauskas, and two board members delegated by EPSO-G, the sole shareholder of Tetas, Elida Drapienė and Ieva Kuodė. The selection of the fifth member of the Tetas Board was completed in April.

31 March. Viktoras Baltuškonis, a member delegated by EPSO-G, left the Board of Baltpool. He resigned from the Board of Baltpool before the end of his term of office, following the end of his employment with EPSO-G.

April.

5 April. Vytautas Lisauskas was appointed as an independent member of the Board of Tetas, thus finalising the five-member Board of Tetas.

7 April. Robertas Vyšniauskas, an independent member of the EPSO-G Board, is elected the Chair of the Board. The new five-member EPSO-G Board, which will serve for four years, was formed at the end of March. R. Vyšniauskas also served on the company's Board in the previous term of office, and has been its Chair since February 2022.

7 April. The Remuneration and Nomination Committee was formed at the Board meeting and Board members Asta Sungailiene and Tomas Daukantas were elected as its members. The selection of an independent committee member has also been announced.

On 11 April, Amber Grid's General Meeting of Shareholders approved the signing of agreements with GET Baltic's strategic partner and the sale of 66% of the shares to the winner of the public tender - European Energy Exchange. The transaction with the European Energy Exchange will be finalised in May-June following the signing of the necessary contracts and other formal closing steps.

11 April Paulius Butkus, Head of Development and Innovation at EPSO-G, has been confirmed as a member of the Board for the Innovation and Green Transformation Competency Area of Amber Grid, nominated by the parent company.

14 April. Amber Grid has launched an international tender for a feasibility study on the hydrogen corridor.

21 April. The Ministry of Energy of the Republic of Lithuania has appointed Dainius Bražiūnas, a member of the Board, as a member of EPSO-G's Audit Committee.

22 April. Litgrid has successfully completed the isolated operation test - Lithuania's electricity system is ready to operate independently.

24 April. Simona Grinevičienė took up her new position as Head of Organisation Development and Culture at EPSO-G.

24 April. Litgrid and PSE will re-launch the Harmony Link procurement .

May.

On 2 May,the Republic of Lithuania's national biofuel sustainability scheme RED BP was launched, ensuring that biomass fuels meet sustainability and greenhouse gas emission reduction criteria, the development and implementation of which was entrusted to Baltpool.

3 May. Moody's Investors Service, the rating agency, confirmed EPSO-G's Baa1 credit rating with a stable outlook following a periodic review.

5 May. Approved amendments to the Synchronisation Law obliged the storage system operator Energy Cells to allow Litgrid, the Lithuanian electricity transmission system operator, to use a part of the 200 MW capacity of the energy storage system, free of charge, to reduce the cost of technological losses and for other functions necessary to ensure the security and reliability of the country's electricity system.

9 May. Ernesta Dapkienė took up her post as Head of Communication at EPSO-G.

12 May. EPSO-G is planning to move to the Business Garden Vilnius office complex in autumn. EPSO-G has signed a five-year lease agreement with Vastint Lithuania, which won the tender.

16 May. The sole shareholder of EPSO-G has appointed Paulius Butkus, Head of Group Development and Innovation, as a member of the Board of Energy cells.

16 May. Amber Grid and the European Energy Exchange AG (EEX) have officially signed an agreement under which EEX will acquire a 66% stake in regional gas exchange GET Baltic. The gas exchange, which operates in the three Baltic countries and Finland, will thus become part of the EEX Group. The remaining 34% will be held by Amber Grid, which will continue to be involved in the further development of the gas business in the dynamic Baltic Sea region.

18 May. Litgrid has launched 88 km of 330 kV electricity transmission lines in Western Lithuania. During the reconstruction, the single-circuit Grobinė (Latvia)-Klaipėda and Jurbarkas-Bitėnai overhead lines became double-circuit lines, thus increasing the power capacity and strengthening the reliability of the network. Construction projects for electricity transmission lines in western Lithuania are being carried out in preparation for synchronisation with continental European grids.

19 May. The Cabinet of Ministers of the Republic of Latvia adds Baltpool Energy Exchange to the list of exchanges where sustainable biofuels purchased are deemed to meet the sustainability and GHG reduction requirements of Latvian national regulation.

26 May. Energy cells launches a public procurement procedure for the purchase of consultancy services for the transfer of the storage system. The winning consultants will have until the end of the year to prepare a plan for the transfer of the storage system.

31 May. Litgrid is building a new transformer substation in Klaipėda district, opening new opportunities for business development and strengthening the electricity transmission network in the region. The first to connect to the transmission grid through this substation will be the VMG Technics R&D Park, an industrial and innovation park project being developed by VMG Technics, a VMG group company.

31 May. Amber Grid's transaction with the European Energy Exchange for the sale and purchase of a 66% stake in GET Baltic was legally completed. The value of the transaction is EUR 6.5 million.

June.

2 June. As part of its internal investigation and assessment of available information, Amber Grid contacted the Prosecutor's Office regarding a part of the GIPL pipeline connection fittings.

12 June. Litgrid's Extraordinary General Meeting of Shareholders has appointed Andrius Šemeškevičius as a new independent member of the Board. A. Šemeškevičius is Chief Technology Officer of Telia Lietuva.

14 June. Litgrid starts the construction of a 330 kV substation in Darbėnai, Kretinga district. The switchyard, which is considered to be the future energy hub of western Lithuania, will increase Lithuania's energy security and commercial trade opportunities, and will contribute significantly to the growth of renewable electricity generation.

20 June. Litgrid buys physical smart sensors from Heimdall Power AS of Norway. This innovation will be used to monitor the condition of overhead wires and the parameters that determine their capacity.

21 June. The Government of the Republic of Lithuania adopts a Resolution on the amendment to the Rules for the procurement of energy or fuels required for the production of electricity and heat by enterprises operating in the energy sector, which provides for the possibility for market participants topurchase biofuel produced outside the territory of the Republic of Lithuania, if the place of delivery is outside the territory of the Republic of Lithuania, and for the introduction of differentiation of the purchased fuel in the event of additional fuel-using installations (Vilnius CHP plant).

23 June. Litgrid has successfully completed another phase of its preparations for synchronisation with the continental European networks. The operator has completed its seventh project after conducting and reporting on Lithuania's first-ever isolated operation test.

27 June. Litgrid is planning to install noise attenuation barriers to reduce the noise from the autotransformers operating at the Alytus transformer substation. This is the second phase of the ongoing project "Installation of noise attenuation measures at the Alytus 330-400 kV power unit". The first sound attenuation measures at the LitPol Link converter station were installed in 2021, in accordance with an agreement with the Alytus District Municipality and residents.

29 June The Board of EPSO-G has approved the new composition of the company's Remuneration and Nomination Committee. Asta Sungailienė, an independent member of EPSO-G's Board, becomes the Chair of the committee. EPSO-G's Remuneration and Nomination Committee is made up of 3 members. Sungailiene will be joined on the Committee by independent member Ramūnas Bagdonas, Head of Human Resources at the telecommunications company Telia Lietuva, and Tomas Daukantas, Head of the Ministry of Energy's Legal and Personnel Group.

Significant events after the end of the financial period

July.

As of 1 July, following amendments to the Law on Alternative Fuels and the Description of the procedure for the administration of the renewable fuel accounting unit system, electricity is also eligible for the allocation of renewable fuel accounting units, which are needed by fuel suppliers to meet the objectives set out in the law.

3 July. Litgrid has completed one of the most important projects of the year in Southern Lithuania - the 61 km long 330 kV electricity transmission line from Elektrėnai to Alytus has been reconstructed. The upgraded line

(EUR thousand, unless otherwise indicated)

will bring reliability, stability and security to the electricity system, and is important for synchronisation with the continental European grid.

August.

As of 1 August, special land use conditions will apply to areas within the location classes of trunk gas pipelines.

4 August. Amber Grid and Litgrid have launched an international tender to ensure the protection of strategically important energy facilities from unmanned aerial vehicles. The energy companies are to purchase drone detection and neutralisation systems.

2 August. Lithuanian, Latvian and Estonian electricity transmission system operators Litgrid, AST and Elering sign an agreement on a new synchronisation date. Under the agreement, disconnection from the Russian-controlled system and connection to the continental European grid will take place in February 2025. The agreement also foresees that the Baltic countries will jointly refuse to extend the BRELL contract with Russian and Belarusian operators in summer 2024, six months before synchronisation.

4.2. Performance indicators

In H1 2023, the volume of electricity transmitted via high voltage transmission networks to households and businesses during the period was 4.7 terawatt hours (TWh), which was 11% less compared to the same period last year. Electricity consumption decreased due to household and business savings and the growth of prosumers from renewable sources connected to the distribution network.

The overall availability of interconnections with Sweden (NordBalt) and Poland (LitPol Link) was 99.88% and 97.46%, respectively.

Key performance indicators of the EPSO-G Group:

Performance indicators	January-June 2023	January-June 2022	Change		January-June 2021
			+/-	%	
Electricity					
Volume of electricity transmitted, GWh	4 718	5 306	-588	-11,1%	5 385
ENS (electricity not transmitted), MWh *	2,626	8,241	-5,615	-68,1%	2,823
AIT (average interruption time), min. *	0,091	0,264	-0,173	-65,5%	0,097
ENS (electricity not transmitted), MWh **	8,997	36,111	-27,114	-75,1%	9,327
AIT (average interruption time), min. **	0,313	1,155	-0,842	-72,9%	0,319
NordBalt availability, %***	99,9%	100,0%			98,1%
LitPol Link availability, %***	97,5%	96,7%			82,8%
Natural gas					
Volume of natural gas transported to the domestic exit point, GWh	6 289	9 564	-3 275	-34,2%	14 707
Volume of natural gas transported to the adjacent transmission systems, GWh****	24 269	22 715	1 554	6,8%	14 371
Number of unplanned gas transmission outages due to operator's responsibility	0	0	0	0%	0

(EUR thousand, unless otherwise indicated)

Total duration of unplanned gas transmission interruptions due to the operator's responsibility, hours and minutes	0	0	0	0%	0
Biofuels					
Traded volume of biofuel on energy exchange, GWh	3 039	2 587	452	17,5%	2 190
Biofuels sold on the Energy Exchange to foreign markets, GWh	842	142	700	493,6%	42

*Only for reasons attributable to the operator's responsibility.

** For all reasons (including *force majeure* and external influences).

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

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

In the first half of 2023, Lithuania consumed 6.3 TWh of gas, or 34% less than in the first half of 2022, when the country's gas demand reached 9.6 TWh. The fall in gas demand was due to the warm winter weather, the high gas price in the first months of the year, which significantly reduced the use of gas for fertiliser production, and the choice of fuel oil for heating Vilnius.

Despite lower domestic consumption, the volume of gas transported to Lithuania was broadly in line with the previous year. In the first half of this year, 18.8 terawatt hours (TWh) of gas were delivered to Lithuania, excluding transit to Kaliningrad, compared to 19.1 TWh in the same period last year. Most of these imports (around 66%) were transited to other EU countries.

The GIPL pipeline connecting Lithuania and Poland transported 2.3 TWh of gas to Europe in January-June 2023 and 1.7 TWh to Lithuania.

The Klaipėda LNG terminal, the main source of gas supply to Lithuania and the other Baltic countries, supplied 87% (16.4 TWh) of the total gas transported into the system in H1 of 2023. Flows from Latvia accounted for 3.9% (0.7 TWh) and from Poland for 9.1% (1.7 TWh).

Between January and May 2023, 13,658 trades were executed on GET Baltic, representing 4.3 TWh of natural gas traded. This is 62% of the total annual trade turnover in 2022 (6.9 TWh). The volume traded on the monthly transactions market in the first five months of 2023 amounted to 575 GWh, which is 3.5 times more than in the whole of the previous year 2022 (167 GWh) or 10 times more than in the same period last year (56 GWh). The steadily growing activity on the Exchange has encouraged the registration of new participants, with 6 new participants registered during the reporting period.

In H1 of 2023, district heating companies, Lithuanian independent heat producers and industrial companies purchased 3.04 TWh of biofuel on the Baltpool Energy Exchange. This is a 17% increase compared to the same period in 2022, when 2.58 TWh of biofuels were purchased. While the first quarter saw a decline, the second quarter almost doubled its growth, with heat production companies boldly making deals as they started to prepare for the coming season after an expensive season, as the price of biofuel is almost one third lower than a year ago. The exchange had 3.9 thousand transactions with a value of EUR 81,7 million. More than 3.3 GWh of heat sales and purchases were transacted in the company's heat auction data management system, while just over 6,000 transactions were transacted in the electronic timber sales system for 1.4 million Ktm. The timber market is undergoing radical price changes which have a significant impact on auction activity. As prices fall, some buyers do not transact, so the State Forest Enterprise sells logged volume at short-term auctions, and the volume has increased several times.

4.3. Consolidated financial indicators

Financial indicators, EUR thousand	2023 January-June	2022 January-June	Change +/-	Change %	2021 January-June
Revenue	221 073	230 218	-9 145	-4,0%	150 866
Operating expenses [9]	194 068	234 321	-40 253	-17,2%	119 988
EBITDA[1]	44 221	13 659	30 562	223,7%	48 422
Adjusted EBITDA [2]	31 473	33 636	-2 163	-6,4%	-
Net profit	31 463	-4 514	35 977	n/a	27 953
Adjusted net profit [2]	11 502	12 808	-1 306	-10,2%	-
Cash flow from operating activities (FFO) [3]	45 832	13 038	32 794	251,5%	45 217
Investments [4]	79 637	53 473	26 164	48,9%	40 301
Financial ratios					
EBITDA margin[5]	20,0%	5,9%			32,1%
ROE (last 12 months), %	-2,5%	2,6%			20,0%
ROE Adjusted (last 12 months), %	7,8%	9,8%			-

Balance sheet financial indicators, EUR thousand	2023 30 June.	2022 31 December	Change +/-	Change %	2021 31 December
Assets	1 083 851	1 425 728	-341 877	-24,0%	962.606
Non-current assets	729 384	706 479	22 905	3,2%	651.787
Current assets	354 467	515 471	-161 004	-31,2%	310.819
Equity	258 608	227 774	30 834	13,5%	271.598
Liabilities	825 243	1 197 954	-372 711	-31,1%	691.008
Net debt[6]	-19 488	-28 561	-9 073	-31,8%	220.509
Financial ratios					
Assets turnover ratio[7]	52,3%	45,2%			36,8%
Net debt-to-equity ratio	-7,5%	-12,5%			81,2%
Equity-to-assets ratio	23,9%	16,0%			28,2%

(EUR thousand, unless otherwise indicated)

Total liquidity ratio[8]	0,77	0,74	0,70

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 - impact of atypical activities

2) Regulated revenue, expenses and profitability indicators are recalculated due to temporary regulatory deviations from the regulated profitability indicator approved by the NERC.

3) Cash flows from operating activities (FFO) = net profit/(loss) + depreciation and amortisation charges – interest income.

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.

5) EBITDA margin = EBITDA/Revenue

6) Net debt = non-current borrowings + current borrowings + lease liabilities + liability to Ignitis UAB for the acquisition of shares of Litgrid AB – short-term investments – term deposits – cash and cash equivalents

7) Asset turnover = Income (last 12 months)/Assets

8) Total liquidity ratio = Current assets/Current liabilities

9) Depreciation of assets is included in operating expenses

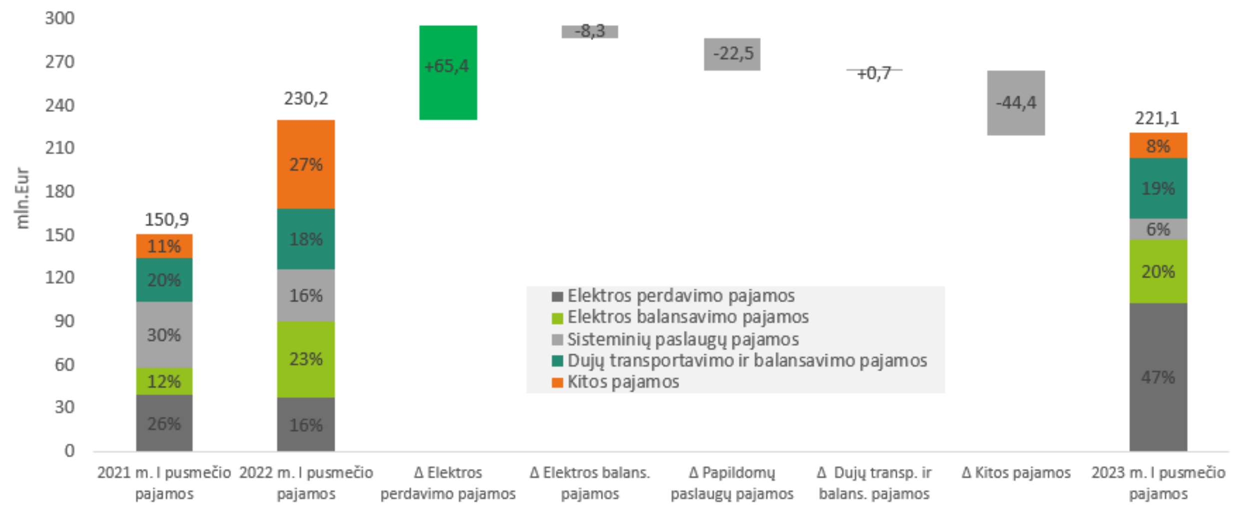
Revenue

In H1 2023, the consolidated revenues of the EPSO-G Group decreased from EUR 230.2 million to EUR 221.1 million, a decrease of 4.0% or EUR 9.1 million compared to the same period last year.

During the reporting period, EPSO-G's revenues from electricity transmission and related services increased by 13.8%, from EUR 144.7 million to EUR 164.6 million. This accounted for 74% of EPSO-G's total revenue. Revenue from electricity transmission increased 2.7-fold to EUR 102.9 million. This is due to the 2023 transmission price approved by NERC, which was more than 5 times higher than in 2022 due to the projected electricity price and technology costs. Nevertheless, the transmission tariff for consumers decreased by 4.3%, as congestion management revenues of EUR 71.2 million were used to reduce the tariff in H1. Revenue from ancillary services fell by 62% to EUR 13.8 million. The main reason for the decrease is the 59% reduction in the price of ancillary services set by NERC. Imbalance and balancing electricity revenues increased by 15.6% to EUR 44.7 million, but Litgrid's system balancing service is always zero-marginal, i.e. an increase or decrease in revenues has no impact on the result, they only cover the actual costs incurred.

In H1 2023, the EPSO-G Group generated revenues of EUR 42.4 million from natural gas transportation and related services. This accounted for 19% of the consolidated revenue of the EPSO-G Group. In the first half of this year, revenues from natural gas transmission increased by 15.0% or by EUR 4.4 million to EUR 33.8 million compared to the same period of 2022, due to the increase in the regulated price. Balancing product revenues decreased almost 3-fold to EUR 8.6 million due to the decrease in gas prices and the application of the agent principle for accounting for system users' balancing activities as of 1 March 2022 (net result in the financial statements, balancing revenues are offset against costs).

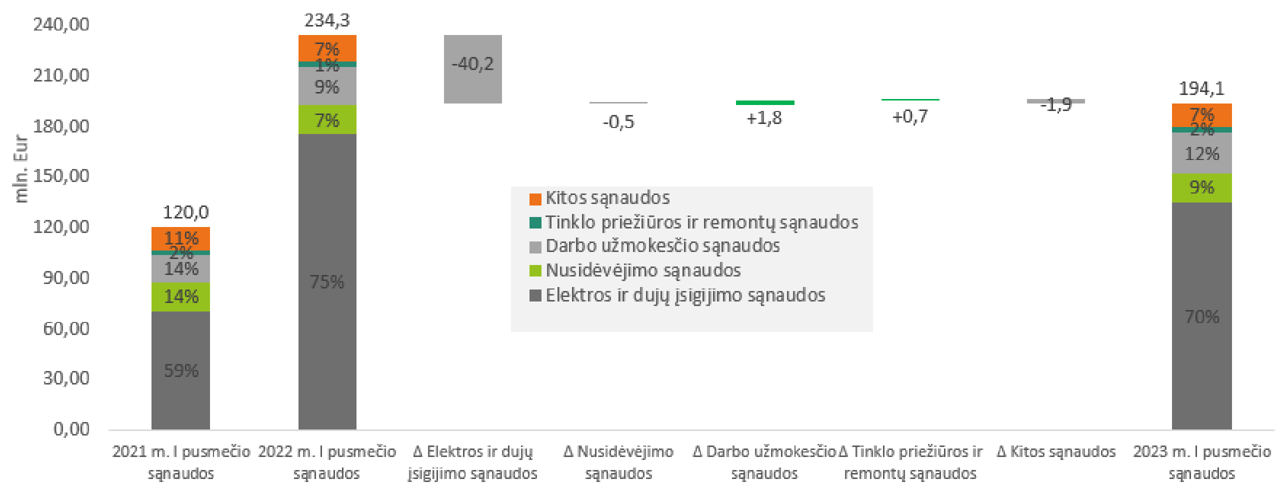
The other group's revenue decreased by 67.8% or EUR 29.7 million to EUR 14.1 million, mainly due to the physical barrier project (2022).



Operating expenses

The Group's operating costs for the first six months of 2023 amounted to EUR 194.1 million. Compared to the same period, costs in 2022 were EUR 40.3 million or 17.2% lower due to the Physical Barrier project, which was implemented last year and increased operating costs.

The largest part of the operating expenses was the purchase of energy resources and related services, amounting to EUR 130.9 million (electricity and related services EUR 113 million, natural gas purchase costs EUR 17.9 million) or 67.4% of the total expenses. Salaries and related costs amounted to EUR 24.0 million, depreciation and amortisation costs amounted to EUR 17.1 million, contractual and subcontracting works and materials amounted to EUR 4.3 million, network maintenance and repair costs amounted to EUR 3.8 million, telecommunications and ITT costs amounted to EUR 2.7 million, and the remaining costs amounted to EUR 11.3 million.



(EUR thousand, unless otherwise indicated)

Results of operations

The Group's earnings before interest, tax, depreciation and amortisation (EBITDA) for the first half of 2023 amounted to EUR 44.2 million. Compared to the same period in 2022, EBITDA increased 3.2 times or EUR 30.6 million. The EBITDA margin was 20.0% (5.9% for the same period in 2022).

Compared to the first half of last year, electricity transmission EBITDA increased by EUR 34.9 million to EUR 35.1 million, accounting for 79% of EPSO-G Group's EBITDA. This is due to the lower technology costs incurred than those identified by the NERC and included in the tariff. EBITDA from natural gas transmission services decreased by EUR 4.4 million to EUR 10.6 million and accounted for 24% of the Group's EBITDA mainly due to lower transit and balancing revenues.

In the first six months of 2023, the consolidated net profit of EPSO-G amounted to EUR 31.5 million. In 2022, a net loss of EUR 4.5 million was incurred in the same period.

Adjusted results of operations

Regulated revenue, expenses and profitability indicators are recalculated due to temporary regulatory deviations from the regulated revenue level and profitability indicator approved by the NERC. Calculation of adjusted indicators involves estimation of adjustment for previous period revenue, which has already been approved by the decision of the NERC when determining regulated transmission prices for the reporting period, and estimation of deviation of the actual profitability from the regulated profitability approved by the NERC, which will be considered when determining the transmission prices by the NERC for future period.

- In H1 2023, adjusted EBITDA decreased by EUR 2.2 million to EUR 31.5 million mainly due to lower natural gas transit and balancing revenues (EUR 33.6 million in H1 2022).
- Adjusted net profit for the first half of 2023: EUR 11.5 million (H1 2022: EUR 12.8 million).
- Adjusted average return on equity (ROE) for the last twelve months is 7.8% (9.8% in 2022).

Adjusted EBITDA, EUR		January-June 2023	January-June 2022
	Group's EBITDA	**44,2**	**13,7**
Amber Grid	Refunding of ROI deviation in relation to previous periods	5,4	8,5
	Payment to Poland for GIPL was included in 2022 revenue	-6,9	-4,1
	Current year difference between actual revenue and revenue set by the NERC	-1,1	-4,4
	Current year actual balancing result	4,9	-1,7
	Current year difference between actual technological losses and those set in the pricing	-0,6	3,3
	Other adjustments for difference between current year actual rates and those set in the pricing	0,2	-0,2
Litgrid	Refunding of ROI deviation from transmission activities in relation to previous periods	-2,0	7,6
	Current year difference between actual technological losses and those set in the pricing	-51,1	21,7
	Other ROI deviations from transmission activities	3,9	0,6
	Refunding of ROI deviations from additional services in relation to previous periods	13,6	2,2
	Current year difference in regulatory rate of return from additional services	21,0	-13,7
	Group's adjusted EBITDA	**31,5**	**33,6**

(EUR thousand, unless otherwise indicated)

Adjusted net profit/(loss), EUR		January-June 2023	January-June 2022
	Group's net profit/(loss)	**31,5**	**-4,5**
Amber Grid	Adjusted EBITDA	1,9	1,5
	Current year difference between regulatory and financial depreciation of PP&E	-0,3	0,3
	Current year difference between actual taxes and those set in the pricing	-9,2	-0,4
Litgrid	Adjusted EBITDA	-14,6	18,4
	Current year difference between actual taxes and those set in the pricing	2,2	-2,4
	Group's adjusted net profit/(loss)	**11,5**	**12,8**

Statement of financial position

As of 30 March 2023, the Group's assets amounted to EUR 1,083.9 million. The decrease of 24.0% compared to year-end 2022 is mainly due to a decrease in funds deposited by natural gas exchange participants for guarantees and deposits and the deconsolidation of these assets following the completion of the sale of the controlling stake in the natural gas exchange Get Baltic in the second quarter of this year.

The Group's non-current assets amounted to EUR 729.4 million and represented 67.3% of the Group's total assets. An increase of 3.2% compared to year-end 2022.

Shareholders' equity increased by 13.5% to EUR 258.6 million compared to year-end 2022 as a result of the profit earned, and the share of equity in the Group's assets as at the end of June 2023 was 23.9%.

At the end of the first half of 2023, the Group's net financial liabilities to creditors, including lease liabilities, amounted to EUR 192.3 million. As a result of Litgrid's cumulative congestion revenues, cash and cash equivalents and term deposits and short-term investments at the end of the period amounted to EUR 211.8 million, resulting in a negative net financial debt of EUR -19.5 million. The EPSO-G Group's net debt (including lease liabilities) to equity ratio was -7.5%, due to the accumulation of temporarily available surplus funds.

Investments

In the first half of 2023, the EPSO-G Group's investments amounted to EUR 79.6 million, an increase of EUR 26.2 million compared to the same period in 2022.

Litgrid's investments amounted to EUR 59.3 million (64% of which was spent on strategic and nationally important electricity projects, 36% on transmission network reconstruction and development and operational support).

Amber Grid's investments in the reconstruction and modernisation of the trunk network amounted to EUR 18.9 million (EUR 7.1 million for the reconstruction of individual sections of the Vilnius-Kaunas trunk pipeline, EUR 2.5 million for the replacement of above-ground crossings with underground ones and the dredging of sections of the main gas pipeline that are not deepened (MD A2 stage II), EUR 4.7 million for reconstruction of Grigiškės, Kėdainiai, Vievis, Telšiai, Šiauliai Gas distribution stations, EUR 1.6 million for replacement of closing devices and connection to Scada, etc.).

Energy Cells investments in the system of energy storage facilities amounted to EUR 1.2 million in H1 2023.

4.4 Research and development activities

The ambitious goals of the National Energy Independence Strategy regarding the integration of renewable energy sources and the simultaneous synchronisation programme with the continental European grids and the regional gas market integration processes encourage EPSO-G Group companies to seek new innovative solutions for the reliable operation of Lithuania's energy system now and in the future, as well as to strive for more green energy sector. Research and studies, and the planning and implementation of innovation activities, encourage Group companies to improve the efficiency of their operations by applying new methods, tools and best practices.

In carrying out these activities, the EPSO-G Groups follow the Guidelines for Research and Experimental Development and Innovation Activities (hereinafter referred to as the "R&D&I Guidelines"). The objective of the R&D&I guidelines is to ensure, through research, innovation and new solutions, the continuity and efficiency of the activities of the companies in the EPSO-G group, to ensure competitiveness or to create the conditions for competition, in order to achieve the objectives of the National Energy Independence Strategy and to create greater added value for society.

R&D&I Guidelines determine common concepts of scientific research, experimental development, innovations and innovative activities applicable to the entire EPSO-G Group, common performance directions and priorities, classification principles and recommendations for operators of transmission system regarding funds attributable to the R&D&I Guidelines activities not covered by the regulated activities.

At the end of H1 2023, the Group's innovation portfolio consisted of instruments focusing on advanced and efficient systems management and monitoring, modern asset management solutions, the development of the Group's ITT and digitalisation, and the further development business and services.

In the first half of 2023, the focus in the area of transmission system management was on innovation projects using the Company's innovation platform, the 1 MW Battery Energy Storage System (BESS). Experimental preparations and demonstrations have been carried out in cooperation with market-based RES developers and load pooling companies and research organisations. It also tested technologies using artificial intelligence solutions to predict and monitor the capacity of power lines in real time and improve operational processes. AI solutions are also being explored to digitise and robotize Litgrid's repetitive processes.

In the first half of 2023, Amber Grid carried out innovation projects related to more efficient transmission system management (maintenance, operation and monitoring), as well as participated in environmental initiatives such as the OGMP 2.0 (oil and gas methane) initiative. The company also developed cooperation with the US Department of Energy and the Ministry of Energy of the Republic of Lithuania on cybersecurity issues.

4.5. Membership in organisations

In H1 2023, the holding company EPSO-G and the transmission system operators actively participated in the activities of the national (Lithuania's National Energy Association - Lith. NLEA) and various international organisations and associations, such as the European Association of Transmission System Operators for Electricity (ENTSO-E) and the European Association of Transmission System Operators for Gas (ENTSO-G), as well as in the activities of TSOs and other associations of electricity undertakings.

Organisation	Representing company	Link	Organisation description
Bioenergy Europe	Baltpool	www.bioenergyeurope.org	The association bringing together national bioenergy associations and bioenergy companies based in Europe, as well as academic and research institutions in Europe.
EASEE-gas	Amber Grid	www.easee-gas.eu	The association established to develop and promote simplified and streamlined physical transportation and trade of gas throughout Europe.
ENTSO-E	Litgrid	www.entsoe.eu	The organisation bringing together European electricity transmission system.
ENTSOG	Amber Grid	www.entsog.eu	The organisation bringing together European natural gas transmission system operators.
European Green Hydrogen Alliance	Amber Grid	www.ech2a.eu	An alliance for the development of hydrogen technology in Europe.
European Renewable Gas Registry	Amber Grid	www.ergar.org	An organization with the objective to develop trade in guarantees of origin for gas produced from renewable energy sources.
European Hydrogen Backbone	Amber Grid	www.ehb.eu	Members participating in the initiative create a shared vision for hydrogen transportation infrastructure across Europe.
Infobalt	EPSO-G Amber Grid Litgrid	www.infobalt.lt	DigiTech Sector association to create the best conditions for technology application, market development and export. EnergyTech Digital, a group set up by Infobalt and EPSO-G Group companies to promote the wider use of digital technologies in the energy sector.
International Council on Large Electric Systems (CIGRE)	Litgrid	www.cigre.org	Global non-profit organization, the scope of the activities, of which includes the technical and economic aspects of the electrical grid, as well as the environmental and regulatory.
AIB, the organization uniting bodies issuing guarantees of origin in Europe	Amber Grid	www.aib-net.org	Creates and develops a standardized system for the exchange of guarantees of origin of energy among the bodies issuing guarantees of origin of the European Union and the member states of the European

			Economic Area to ensure a reliable, transparent and economical cross-border exchange of guarantees of origin of energy.
Polish-Lithuanian Chamber of Commerce	Amber Grid Litgrid	www.plcc.lt	The organisation seeking to improve economic cooperation between Lithuania and Poland.
Lithuanian Project Management Association	EPSO-G	www.ipma.lt	The association bringing together project management professionals
Lithuanian LNG platform	Amber Grid		The Platform partners aim to promote the use of LNG as a new, cleaner and quieter fuel in the transport, industrial and other sectors of the economy and to create a common information and working platform for all potential LNG market players.
Lithuanian Hydrogen Energy Association	Amber Grid	www.h2lt.eu	The association uniting the country's scientists and business organizations that participates in the formation of national, regional and EU policies and objectives, including the preparation of the strategy and action plan for the development of hydrogen in the legislative process regulating the Lithuanian hydrogen.
Lithuanian Hydrogen Platform	Amber Grid EPSO-G		The platform aims to help achieve the goals of the EU Hydrogen Strategy to create a full-fledged and affordable renewable hydrogen value chain. It also promotes the involvement of Lithuanian companies and organizations in the value chain activities of the hydrogen sector, in developing and producing products and providing services for the needs of Lithuania and other countries.
Lithuania's National Energy Association (Lith. NLEA)	EPSO-G Amber Grid Litgrid	www.nlea.lt	The association bringing together Lithuanian companies operating in the electricity and natural gas sectors, as well as scientific establishments.
Association of Personnel Management Professionals (Lith. PVPA)	EPSO-G	www.pvpa.lt	An association uniting personnel management professionals.
Lithuanian Responsible Business Association LAVA	EPSO-G	atsakingasverslas.lt	National sustainable business ecosystem builder, connecting businesses and organisations.
Kaunas Chamber of Commerce, Industry and Crafts	Tetas	www.chamber.lt	An association of businesses and academia.

Baltic Regional Coordination Centre (Baltic RCC)	Litgrid	https://baltic-rsc.eu/	The authority for cooperation between the Baltic electricity TSOs. Baltic RCC provides network security services. The Baltic RCC is one of the six Regional Coordination Centres in Europe.
Baltic Sea Transmission System Development Supervisory Committee	Litgrid		The Baltic Sea Transmission System Development Supervisory Committee focuses on ensuring the adequacy of the Baltic Sea region's electricity transmission system, the integrity of onshore and offshore grid development, the development of common planning principles for the Baltic Sea grid and studies to help shape a common vision for offshore wind development in the region.
Oil & Gas Methane Partnership 2.0 (OGMP 2.0)	Amber Grid	www.ogmpartnership.com	The United Nations Environment Programme's (UNEP) flagship oil and gas reporting and mitigation programme, directly involving oil and gas companies that have the power to address methane emissions.

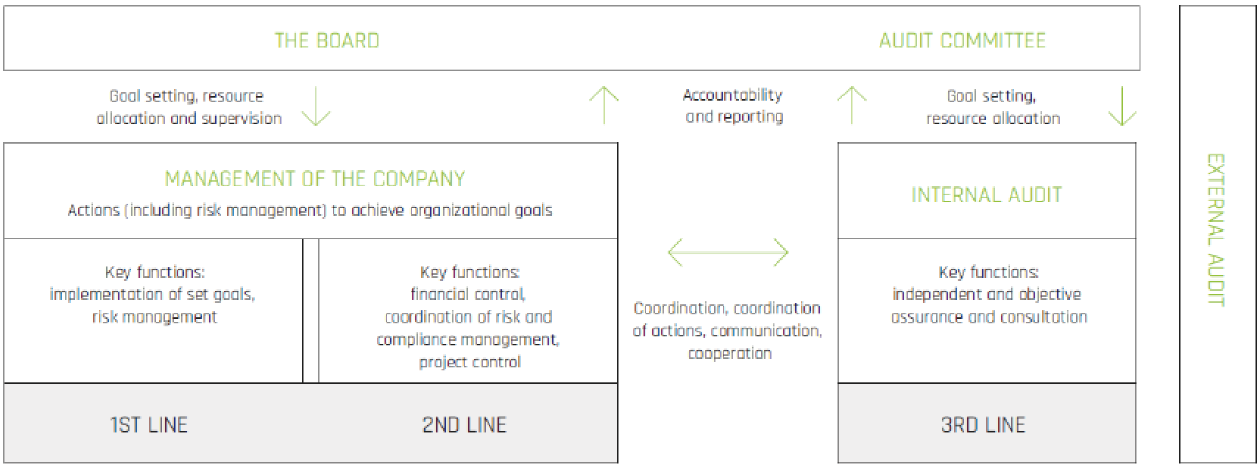
4.6 Transactions with related parties

During the reporting period, EPSO-G followed the Policy of Transactions with Related Parties. It establishes the supervision and disclosure procedures of the transactions carried out by EPSO-G Group companies with related parties that allow assessing properly the conflicts of interests related to such transactions and minimizing possible negative consequences of such transactions to the companies, minority shareholders and unrelated persons.

Taking into account the amendments to the Law on Companies and the Articles of Association of Amber Grid and Litgrid, the following amendments, on 29 June 2023 the Board of EPSO-G decided to repeal the Related Party Transactions Policy, obliging Amber Grid and Litgrid in future to seek the opinion of EPSO-G's Audit Committee prior to entering into any related party transactions for the investment, acquisition, transfer, lease, pledge and mortgage of assets, guaranteeing or guaranteeing the performance of obligations, where the amount of such transactions or the total amount of such transactions during a financial year does not exceed 1/10 of the value of the assets in the company's most recently drawn up audited balance sheet and where the latter transactions are in the ordinary course of business and/or in standard market conditions.

5. RISK MANAGEMENT AND AUDIT

EPSO-G has consistently taken the view that, as part of its business strategy, appropriate risk management is a prerequisite for improving the efficiency of its subsidiaries, the quality of its management, a safe environment for its employees, and for building the confidence of stakeholders in the Group.



The front line is EPSO-G executives and staff who identify and manage operational risks in their day-to-day activities.

The second line is provided by the EPSO-G functions, which are responsible for anticipating risks:

- The financial control function is responsible for the ongoing monitoring of the Group's financial performance;
- The risk management function is responsible for coordinating and improving the Group's risk management framework. This function summarises the key risk areas of all Group companies and coordinates the implementation of actions to manage them;
- The Compliance function is responsible for the effective implementation, monitoring and continuous

improvement of the Group's compliance management system. This function provides coordinated support to ensure compliance in priority areas where non-compliance could have the greatest negative impact on individual Group companies or the Group as a whole.

The third line is responsible for providing independent and objective assurance and advice on the adequacy and effectiveness of the organisation's governance and risk management (including internal controls), and supports the implementation of the organisation's strategy and encourages and contributes to continuous improvement. The centralised internal audit function provides the Board and the Audit Committee with an assessment of whether the first two lines are performing their functions properly. The annual financial statements of EPSO-G companies are audited by independent external auditing firms in accordance with the law. External audit companies are selected by the General Meetings of Shareholders of the Group companies.

5.1. Risk management system

EPSO-G Group understands risk management as a structured approach to uncertainties management by methodologically evaluating risk effect and probability, and by applying the proper measures of management.

EPSO-G Group followed the Group's Risk Management Policy and Risk Management Methodology. These imbedded 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 and standards applicable in the international practice.

All Group companies have joined the Risk Management Policy of EPSO-G and, by using the Risk Management Methodology of the Group, have identified the risks relevant to them, assessed them, as well as made plans for managing these risks.

The Group companies identified operational risks for 2023, assessed them, set risk monitoring indicators and provided risk management measures, which have been approved by the Boards of the Group companies.

After assessing the risks identified and managed in the Group companies and their level (impact on the Company's activities as well as on EPSO-G Group as a whole), the Board of EPSO-G approved the EPSO-G group-level risk list.

In each quarter of 2023, the Audit Committee of EPSO-G assesses the changes in the key risk indicators of each company of the Group, the effectiveness of risk management and presents its conclusions and recommendations to the Boards of the companies.

The following key operational risks, as identified in the Group's business strategy, were included in the list of Group-level risks:

1. **Risk of delays in strategic projects**

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. Delays in the implementation of public projects will prevent timely synchronisation with the KETs and preparation for large-scale RES integration.

Risk management measures:

- The companies, together with the Group's PMO (Project Management Office), 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 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, timelines and compliance with approved processes.

2. Long-term funding risk

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., over-leveraging, 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.

Risk 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 business 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. Risk of regulatory change

The prices of electricity and natural gas transmission and related services are regulated, with price caps set by NERC. These decisions directly affect the performance of the EPSO-G Group companies and the funds available for necessary operating costs, investments to maintain the reliability of the transmission network, and the ability to finance strategic projects with own or borrowed funds.

Risk management measures:

- In order to achieve clear and consistent regulation that does 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. Technological risks

One of the most important functions and responsibilities of 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 gas or electricity to consumers.

Risk management measures:

- To ensure reliable transmission system operation, Group companies have been installing specialized information systems, modern business management systems, updating accident and technological disruption and emergency management, business continuity plans on a continuous basis, and posing high requirements 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.

5. Risk of non-compliance with occupational safety requirements

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.

Risk 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

Companies managed by EPSO-G are facing challenges on the labour market and competition for highly skilled professionals is intensifying.

Risk 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

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.

Risk management measures:

- There is a requirement to publish all purchases on the CPP IS.
- Requirement for promoters to identify at least 3 Suppliers in their application or justify a smaller number.
- Requirement to carry out a market consultation in all simplified and international procurement. The principle of "4-eye" control is set as a minimum.

8. Cybersecurity risks

The information and data managed by EPSO-G Group are of strategic importance for the security of Lithuania, therefore, loss of such information and/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 EPSO-G Group companies, cause damage to other natural persons and legal entities.

Risk management measures:

- In order to prevent cyber incidents, threats to the information systems, physical protection and security management systems of 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.

Russian invasion of Ukraine

The Group assessed the possible real and potential direct and indirect impact of the Russian invasion of Ukraine on the Group's operations, and in order to reduce the possible impact of the circumstances, the following risk management measures were immediately launched:

1. Constantly updated lists of planned procurements and contracts were compiled (with priority on critical areas).
2. For planned procurements, provisions are included in the procurement documents to ensure that the risk of sourcing materials, services and equipment from Russia or Belarus is not tolerated.
3. Annual procurement plans were reviewed and supplemented by identifying the need for the supply of critical procurement materials, services and equipment for project implementation and operation assurance.
4. Without breaching the requirements of the mandatory legal acts, it is ensured that the participation of Russian and Belarusian suppliers, the acquisition of materials, services, goods and (or) equipment is limited in newly announced procurements.
5. In order of priority, the operational documents required for the continuity of the companies' activities and the proper functioning of the infrastructure were updated, the necessary security and protection measures for the infrastructure and managed systems were planned and implemented.

In the light of the experience of the war in Ukraine and the military actions of the aggressor Russia, the Group carried out an assessment of physical security risks and measures to manage them. There is a risk that in a conflict situation with an aggressor, Russia or individual hostile individuals could use unmanned aerial vehicles (commercial drones) against energy facilities and drop a container with incendiary liquid or explosives. An international procurement exercise has been launched to procure an unmanned aircraft detection and neutralisation system in order to prepare and equip the country to counter such attacks.

5.2. Information on the Compliance Management Process

Group companies have a unified and effective Compliance Management System in place and continuously maintained, which:

- enable timely identification and preparation for the enforcement of new regulatory requirements applicable to Group companies;
- identify, monitor and manage non-compliance risks, minimising their negative impact and/or likelihood of occurrence;
- monitor the enforcement of legal requirements applicable to Group companies and to assess the

effectiveness of compliance measures;

- protect Group companies from disruption, financial and/or reputational damage that could result from internal or external conduct that violates legal requirements;
- promote a culture of compliance and adherence to internal and external requirements.

On 2 February 2023 EPSO-G's Board approved a new version of the Group's Compliance Management Policy, which, in the first half of 2023, has been used to implement actions and measures in EPSO-G, Amber Grid, Litgrid, Baltpool and Tetas in order to methodically ensure compliance in the approved compliance priority areas, where the occurrence of non-compliance risks would have the most negative impact on the companies and on the whole Group. In the second half of 2023, the Compliance Management Methodology will be updated in line with the new version of the Compliance Management Policy.

The priority areas of compliance in the Group companies:

<table>
<tr><th>Ligrid</th><th>Amber Grid</th><th>EPSO-G</th><th>Tetas</th><th>Baltpool</th></tr>
<tr><td colspan="4">Protection of personal data</td><td>Accounting, financial information, and information on the administration of PSO funds to be published and submitted publicly</td></tr>
<tr><td colspan="4">Anti-corruption activities</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</td></tr>
<tr><td colspan="3">Public procurement</td><td>Competition</td><td></td></tr>
<tr><td colspan="3">Independence of and separation of activities of TSO</td><td colspan="2" rowspan="2"></td></tr>
<tr><td>Information of Litgrid as TSO to be published publicly</td><td colspan="2">Inside information</td></tr>
<tr><td>Renewable energy source integration</td><td colspan="4"></td></tr>
</table>

5.3 Information on the internal audit

The internal audit mission of EPSO-G is to create added value for all the companies of the Group and to contribute to the achievement of their operational objectives by systematically and comprehensively assessing and helping to improve the effectiveness of management, risk management, and control processes. 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 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 EPSO-G holding company are not subordinate to the management of the audited company. This allows to spot potential weaknesses in performance, eliminate them and identify areas to improve efficiency.

As part of their role, the Unit's staff carry out internal audits on a planned basis and regularly monitor the implementation of internal audit recommendations. They also monitor the correction of other internal control deficiencies identified by external auditors, the regulator, public audit bodies, etc.

The activities of the centralized Internal Audit Unit in the first half of 2023 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:

- Assessment of adequacy of electricity transmission network maintenance;
- Assessment of the reliability of results on the progress of projects;
- Assessment of the Group's achievement of its annual goals;
- Evaluation of the administration costs and procurement management of the Safe Barrier project ;
- Evaluation of acquisition/procurement controls.

Internal audits (the last two audits listed) 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 reports with recommendations for improvement are submitted to the management of the audited companies and the boards of the group companies, as well as to EPSO-G's Board and Audit Committee.

5.4 Information on the external audit

In 2023, Amber Grid AB, an 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 public procurement procedure. With regard to the results of the public procurement of external audit services, the offer of PricewaterhouseCoopers UAB 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 UAB 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.

(EUR thousand, unless otherwise indicated)

The General Meetings of the Group companies decide on the appointment of PricewaterhouseCoopers UAB as their audit firm for the audit of their financial statements for the period 2023-2025 and on the determination of the audit fees in accordance with the fees set out in the table below.

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

Company	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)	Firm that performed the audit of the financial statements 2022	Remuneration for the audit firm for the audit of the financial statements 2022, EUR (VAT excluded)*
EPSO-G	Pricewaterhouse Coopers UAB	56,000	Pricewaterhouse Coopers UAB	30,635
Litgrid		86,000		52,054
Amber Grid		77,000		33,829
Baltpool		18,000		6,344
Tetas		31,000		25,115
GET Baltic**		-		11,650
Energy cells		16,000		7,260

* PricewaterhouseCoopers UAB, in compliance with the Regulation (EU) No 537/2014 of the European Parliament and Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities, detailed the remuneration for the audit services of the Group companies for 2020-2022 in the general prices of services related to audit services.

** Following the sale of a 66 % stake in GET Baltic to AB Amber Grid, a company in the EPSO-G group, on 1 June 2023, the procurement of audit services for this company for the period 2023 onwards was carried out separately from the EPSO-G group.

PricewaterhouseCoopers UAB did not provide any non-audit services to EPSO-G group companies in the first half of 2023, and provided non-audit services amounting to EUR 76,771 in 2022. Non-audit services consisted of translation services for financial statements and annual reports, assurance services for banks on financial ratios, verification services for regulated activity reports, review services for the prospectus relating to bond issues and tax advisory services. The services were procured in accordance with the provisions of EPSO-G Group's Policy on Acquisition of Non-Audit Services from an audit firm or any network to which the audit firm belongs.

(EUR thousand, unless otherwise indicated)

6. SHAREHOLDERS AND DIVIDENDS

6.1. Shareholders

The Republic of Lithuania is the sole shareholder of EPSO-G (100% of the shares). The property and nonproperty 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.

There were no changes to EPSO-G's shareholder structure in the first half of 2023.

As of 30 June 2023, the share capital of EPSO-G amounted to EUR 189,631,000.

Shareholder of the company	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	**EUR 0.29**	189,631,000	100%

EPSO-G shares are not subject to any restrictions on the transfer of securities other than those provided for by law. No convertible securities have been issued by EPSO-G or Group companies. EPSO-G has not acquired any of its shares. EPSO-G did not acquire or dispose of any of its shares during the reporting period. The Company's subsidiaries have also not acquired shares in the Company. The shareholder of EPSO-G does not have any special rights of control other than those provided for by the legislation 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	Securities	Trading list	Securities manager
LITGRID AB	LT0000128415	LGD1L	BALTIC SECONDARY LIST	SEB bankas AB
Amber Grid, AB	LT0000128696	AMG1L	BALTIC SECONDARY LIST	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.

6.2. Dividends

On the basis of Resolution No 05986 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, in 2022-2026 financial years, EPSO-G must pay to the state budget dividends equal to 0.5% of profit available for direct distribution.

6.3. 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 the website of EPSO-G in the menu item Operating Policies.

6.4 Ratings

In April 2023 Moody's Investors Service, the rating agency, confirmed current Baa1 credit rating with a stable outlook following a periodic review.

7. GOVERNANCE REPORT

In 2023, corporate governance of EPSO-G Group was based on the updated version of the Guidelines on Corporate Governance of EPSO-G Group approved by the Ministry of Energy of the Republic of Lithuania, the sole shareholder of EPSO-G on 29 December 2022. The guidelines establish corporate governance principles uniformly applied to all companies of EPSO-G Group, regulate the management organization model, management structure, the system of management and control and accountability assurance.

The updated version of the Guidelines on Corporate Governance established 7 main principles of 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 observes good governance practices outlined in the recommendations of good governance published by the Organization for Economic Cooperation and Development (OECD), the recommendations of the United Nations and NASDAQ Baltic stock exchange, other internationally recognized standards, and the recommendations of good governance, the main objective of which is to ensure that the state-owned enterprises are managed in an efficient and transparent manner.

In an effort to purposefully build trust in ongoing strategic projects and extremely focus on transparency and accountability, the joint governance quality of EPSO-G Group companies has been rated A. This was evidenced by the Good Governance Index of State-Owned Enterprises (SOE) 2021/2022 published by the Public Enterprise Governance Coordination Centre (GCC). GCC's Good Governance Index is the most comprehensive tool for evaluating the quality of management of all SOEs. The index consists of three main assessment dimensions: transparency, collegial bodies, and strategic planning and implementation.

The highest possible rating A+ was awarded for the work of collegial bodies, the process of selection of their members, competence and engagement, and compliance of the functions of the collegial bodies with the principles of good governance.

EPSO-G also scored an A+ on the transparency dimension.

EPSO-G's strategic planning and implementation received the rating A.

In the action plan for 2023, the holding company EPSO-G will proceed with further implementation of measures and improvement of the governance quality in line with GCC recommendations with a strong focus on improving sustainability practices.

7.1. Articles of Association of EPSO-G

During the reporting period, the Articles of Association of EPSO-G were revised 1 time.

On 29 December 2022, a new version of the Articles of Association of EPSO-G was approved by a decision of the sole shareholder and registered in the Register of Legal Entities on 5 January 2023. The following substantive changes were made to the new version of the Articles of Association:

- clarification of how EPSO-G carries out its patronage functions,
- revision of competences of the General Meeting of Shareholders, the Board and the CEO of EPSO-G,
- clarification of the provisions relating to the formation of EPSO-G management committees,
- clarification of the provisions concerning the composition of the Board and the organisation of its activities,
- the possibility for the Board of EPSO-G to set up a Group Management Committee.

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

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

(EUR thousand, unless otherwise indicated)

7.2 Supervisory and management system and functions of EPSO-G

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

EPSO-G Group's corporate governance documentation system consists of the following:
- Guidelines on Corporate Governance of EPSO-G Group companies;
- Articles of Association of the holding company EPSO-G and its subsidiaries;
- Corporate Governance Policy
- Rules of Procedures of the Board of EPSO-G;
- Regulations of the Audit Committee of EPSO-G;
- 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 EPSO-G: www.epsog.lt.

7.3. 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. The sole shareholder of EPSO-G Adopts decisions on strategic issues of operational activities, approves key operational guidelines (guidelines on corporate governance, collegiate body remuneration, etc.).

During the first half of 2023, EPSO-G's sole shareholder took the following key decisions:

Date	Key decisions
6 March 2023	Increased the remuneration to the audit firm PricewaterhouseCoopers UAB for the audit of the 2022 financial statements.
24 March 2023	Elected the Board of EPSO-G UAB for a new term of office - Asta Sungailiene, Liudas Liutkevičius, Robertas Vyšniauskas, Dainius Bražiūnas and Tomas Daukantas.
13 April 2023	Approved the set of EPSO-G's consolidated and individual financial statements for 2022. Approved the decision on the distribution of profits.
21 April 2023	The Board EPSO-G, UAB has removed Tomas Daukantas from the Audit Committee and elected Dainius Bražiūnas to the Audit Committee until the end of the term of the current Board.

7.4. The Board of EPSO-G

According to the current version of the Articles of Association of EPSO-G, the Board consists of 5 (five) members. The members of the Board are elected for a 4-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.

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.

(EUR thousand, unless otherwise indicated)

Members of the Board shall be elected in accordance with the Description of Selection of Candidates to the Board of a State-owned Enterprise or Municipal Enterprise and Candidates to the Collegial Supervisory or Management Body Elected by the General Meeting of Shareholders of a State-owned Enterprise or a Municipal Enterprise, as approved by the Government of the Republic of Lithuania by its Resolution No. 631 of 17 June 2015.

In February 2022, Robertas Vyšniauskas, an independent member of EPSO-G's Board, was elected as Chair of the Board and, following the appointment of the new Board, he was elected as Chair of the Board in April 2023.

The Board of EPSO-G:

- Forms a common Corporate Governance Policy of the Group companies;
- Is responsible for the organizational and systematic development and management of the Group within the scope of its competence;
- Carries out the monitoring of the implementation of the activities of the Group companies, their strategies, operational objectives and plans, the documents approved by the Board and other decisions in the Group companies;
- 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;
- Performs supervisory functions as provided for in the Law on Companies of the Republic of Lithuania.

During the reporting period, 11 Board meetings were held, of which 3 decisions were taken by written ballot. One cooperation session was also organised during the reporting period.

The Board, having carried out self-assessment of its activities for the year 2022 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 action plan for 2023.

The composition of the Board of EPSO-G:

Member of the Board	Position held	Term of office	Other positions	Education
Robertas Vyšniauskas	Independent Member, Chair (from February 2022 to 20/03/2023, and from April 2023)	From 24 March 2023 (also from 20/03/2019 to 20/03/2023)	CEO of Valstybės Investicinis Kapitalas UAB; Member of the Board of Vilniaus Vystymo Kompanija UAB, Chair of the Supervisory Board of Klaipėdos Nafta	Mykolas Romeris University, Master Degree of Law.

(EUR thousand, unless otherwise indicated)

Liudas Liutkevičius	Independent Member	From 24 March 2023	INVL Renewable Energy Fund I, Managing Partner	Vilnius University, MSc International Finance
Asta Sungailienė	Independent Member	From 24 March 2023	Linea Sana, Director	Vytautas Magnus University, Master of Business and Management
Dainius Bražiūnas	Member	From 24 March 2023 (also from 20/03/2019 to 20/03/2023)	Ministry of Energy of the Republic of Lithuania, Head of the Energy Security Group	Vilnius Gediminas Technical University, Bachelor in Energy Sciences.
Tomas Daukantas	Member	From 24 March 2023 (Also from 6 May 2022 to 20 March 2023)	Ministry of Energy of the Republic of Lithuania, Head of Legal and Personnel Group	Mykolas Romeris University, Master Degree of Law.

(EUR thousand, unless otherwise indicated)

Gediminas Almantas	Independent Member	From 20 March 2019 to 20 March 2023	Independent Board Member of Lithuanian Airports and AB Oro navigacija, Chair of the Board of LTG Infra, Member of the Compliance and Mediation Committee of the International Federation of Red Cross and Red Crescent Societies, Chair of the Lithuanian Red Cross Society, Chair of the Board of the Open Lithuania Foundation, Member of the Committee on Procurement and Investment Policy of the Lithuanian National Radio and TV.	Vilnius University, Master Degree of Law; University of Bern, Switzerland, Master Degree of Law; Copenhagen Business School, Ethics of Business Negotiation, PhD in Industry.

Attendance at the Board meetings in 2023

No.	Date of the meeting	Gediminas Almantas*	Dainius Bražiūnas	Tomas Daukantas	Robertas Vyšniauskas	Liudas Liutkevičius*	Asta Sungailienė*
1.	January 1	●	●	●	●	-	-
2.	February 2	●	●	●	●	-	-
3.	February 10	●	●	●	●	-	-
4.	February 23	●	●	●	●	-	-
5.	March 13	●	●	●	●	-	-
6.	March 20	●	●	●	●	-	-
7.	April 7	-	●	●	●	●	●
8.	May 3	-	●	●	●	●	●
9.	May 19	-	●	●	●	●	●
10.	May 31	-	●	●	●	●	●
11.	June 29	-	●	●	●	●	●

* Board members L. Liutkevičius and A. Sungailienė were elected to the Board on 24/03/2023; the term of office of Board member G. Almantas expired on 20/03/2023 (inclusive).

● Present
○ Absent

(EUR thousand, unless otherwise indicated)

- The Board member was absent because he was not elected as a Board member during that period or because his term of office expired.

Key decisions of the Board in 2023:

January 2023	February 2023	March 2023	April 2023	May 2023	June 2023
January 6 The updated Group Strategy of UAB EPSO-G until 2030 was approved. The objectives of the CEO of EPSO-G for 2023 were set, which are identical to those of the Company The budget of EPSO-G UAB for 2023 was approved	**Februrary 2** The report on the achievement of the Company's 2022 performance targets was approved. General Meetings of Shareholders of LITGRID AB and Amber Grid AB have been initiated to approve the new version of the Articles of Association of LITGRID AB and Amber Grid AB. The material terms of the lending and borrowing agreements between LITGRID AB, Baltpool, UAB and EPSO-G UAB have been amended. The new version of the Compliance Management Policy of the UAB EPSO-G Group was approved. A new version of the list of compliance priorities for EPSO-G UAB was approved. List of group level risks for 2023 of UAB EPSO-G was approved	**March 13** A decision was taken to instruct the Remuneration and Nomination Committee to conduct a public selection process for the nomination of a member of the Board of Energy cells, UAB, the parent company of the Innovation and Business Development Competence Area. **March 20** Decisions were taken to approve the Company's and the consolidated annual report, including information on the implementation of the Company's business strategy, to approve the Company's and the consolidated annual financial statements, to approve the draft distribution of profits, and to convene the Ordinary General Meeting of Shareholders of EPSO-G, UAB. Decisions were adopted on voting at the Ordinary General Meetings	**April 7** Robertas Vyšniauskas was elected Chair of the Board. The decision was taken to set up a Remuneration and Nomination Committee (the "NRC") with three members, and to appoint two members to the Nomination and Remuneration Committee until the end of the Board's term from among the members of the Board: Tomas Daukantas and Asta Sungailienė, to authorise and instruct the Selection Panel to carry out the selection of candidates for the position of independent member of the NRC. A decision was adopted to approve the updated calendar of meetings and the activity plan of the Board of EPSO-G UAB for 2023.	**May 3** It was decided to vote at the Extraordinary General Meeting of Shareholders of Energy cells, UAB to elect Paulius Butkus as a nominated member of the Board of EPSO-G, UAB until the expiry of the term of office of the current Board of Energy cells, UAB. EPSO-G UAB Group Risk Management Policy, new version was approved The monthly remuneration of the CEO of EPSO-G UAB was fixed. **May 19** It was agreed that EPSO-G UAB, as the sole shareholder of Energy cells, UAB (hereinafter referred to as "the Company"), would take a decision to approve the decision of the Board of Energy cells, UAB on the amendment	**June 29** A decision was taken to amend the terms of the lending and borrowing agreement between AB Amber Grid and EPSO-G, UAB. The new version of the Corporate Governance Policy of the EPSO-G Group was approved. It was agreed that Asta Sungailienė would act as Chair of the RNC. A decision was taken to approve the updated organisational structure, list of posts and list of management posts of EPSO-G as of 1 July 2023. The new version of the Anti-Corruption Policy of the EPSO-G Group was approved.

	February 10 A decision has been adopted to open a public selection procedure for the position of Independent Member of the Board of TETAS, UAB in the area of Production Management Competences. **February 23** The preliminary material terms and conditions for the sale of shares in UAB GET Baltic by way of share purchase and shareholders' agreements are approved. The General Meeting of Shareholders of Energy Cells, UAB is initiated to approve the new version of the Articles of Association of Energy Cells, UAB . A decision is taken to conduct public selections for the positions of members of the Board of LITGRID AB and Amber Grid AB. Approval was given for EPSO-G to join the Lithuanian Responsible Business Association. The report by the Head of Internal Audit of EPSO-G UAB on the	of Shareholders of LITGRID AB, Amber Grid AB (approval of the sale of shares of GET Baltic UAB by concluding share purchase and sale agreements), BALTPOOL, UAB, TETAS, UAB, and Energy Cells, UAB, companies controlled by EPSO-G UAB. Report on the implementation of the UAB EPSO-G Group's business strategy until 2030 for 2022 was approved. The report of the Audit Committee was approved. The EPSO-G Group Executives' Committee was formed. Approval of the Internal Audit Plan for 2023-2025 for the centralised internal audits of the UAB EPSO-G group of companies, and approval of the performance targets for the Head of Internal Audit of UAB EPSO-G for 2023. The management fee model applicable to the subsidiaries of EPSO-G UAB and its subsidiaries at a later level was set. A decision was taken to conclude a Lending and		of the terms of the transaction. **May 31** The decision to elect Andrius Šemeškevičius as an independent member of the Board at the Extraordinary General Meeting of Shareholders of LITGRID AB was adopted. It was decided to appoint Ramūnas Bagdonas, an independent member, to the RNC until the end of the Board's term of office. The decision to vote "FOR" all the votes attaching to the shares in EPSO-G UAB at the Ordinary General Meeting of Shareholders of TSO Holding AS was adopted.	The policy on related party transactions of the EPSO-G group of companies has been repealed.

	achievement of the 2022 objectives was approved. The Remuneration and Nomination Committee's activity report for 2022 was approved. The Board has evaluated its performance and has drawn up a plan to improve its performance in 2023. The General Meeting of Shareholders of EPSO-G has been initiated to determine the revised terms of payment for audit services for 2022.	Borrowing Agreement between BALTPOOL, UAB and EPSO-G, UAB. A decision was taken to join the Association of Personnel Management Professionals.			

7.5. Remuneration and Nomination Committee of EPSO-G (RNC)

Under the current Articles of Association of EPSO-G, the Remuneration and Nomination Committee shall be composed of at least 3 (three) members appointed by the Board for a period of up to 4 (four) years by a reasoned decision. The nomination of members of the Remuneration and Nomination Committee ensures that this Committee has at least 1 (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 RNC coincides with the term of office of the Board.

During the period under review, the following persons served on the Remuneration and Nomination Committee:

- until 20 March 2023 - Gediminas Almantas, Dainius Bražiūnas and the Chair Jolita Lauciuvienė.
- On 7 April 2023, a new Remuneration and Nomination Committee was set up, with Asta Sungailienė and Tomas Daukantas appointed as members, and Ramūnas Bagdonas appointed as of 6 June 2023.

The Remuneration and Nomination Committee of EPSO-G:

- 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;
- Provides recommendations regarding the documents of the corporate governance of the Group of

(EUR thousand, unless otherwise indicated)

remuneration of the employees of the collegiate bodies, the companies of the Group, assessment of their activities;
- Provides recommendations on the Group's collegial bodies, management, executives, and planning system of substitutions of critical positions;
- etc.

The Remuneration and Nomination Committee held 6 meetings during the reporting period.

The composition of the Remuneration and Nomination Committees:

Full name	Position held	Term of office	Other positions	Education
Jolita Lauciuvienė	Independent Member, Chair	From 20 May 2019 to 20 March 2023	Personalo Vertė Verslui UAB, Director	Vilnius University, Master of Economics; Lithuanian University of Educational Sciences, Bachelor of
Dainius Bražiūnas	Member	From 29 March 2019 to 20 March 2023	Ministry of Energy of the Republic of Lithuania, Head of the Energy Security Group	Vilnius Gediminas Technical University, Bachelor in Energy Sciences.
Gediminas Almantas	Independent Member	From 29 March 2019 to 20 March 2023	Independent Board Member of Lithuanian Airports and AB Oro navigacija, Chair of the Board of LTG Infra, Member of the Compliance and Mediation Committee of the International Federation of Red Cross and Red Crescent Societies, Chair of the Lithuanian Red Cross Society, Chair of the Board of the Open Lithuania Foundation, Member of the Committee on Procurement and Investment Policy of the Lithuanian National Radio and TV.	Vilnius University, Master Degree of Law; University of Bern, Switzerland, Master Degree of Law; Copenhagen Business School, Ethics of Business Negotiation, PhD in Industry.
Asta Sungailienė	Independent Member, Chair	Member since 07/04/2023 Elected Chair from 29/06/2023	Linea Sana, Director	Vytautas Magnus University, Master of Business and Management
Tomas Daukantas	Member	From 07/04/2023	Ministry of Energy of the Republic of Lithuania, Head of Legal and Personnel Group	Mykolas Romeris University, Master Degree of Law.

(EUR thousand, unless otherwise indicated)

Ramūnas Bagdonas	Independent Member	From 06/06/2023	Head of Human Resources, Telia Lietuva	Vytautas Magnus University, Master of Business Administration and Management; Baltic Management

Attendance at meetings of the Remuneration and Nomination Committee for the first half of 2023, substantive decisions taken, substantive issues discussed:

No	Date of the meeting	Jolita Lauciuvienė	Gediminas Almantas	Dainius Bražiūnas	Asta Sungailienė	Tomas Daukantas	Ramūnas Bagdonas
1.	February 8	●	●	●	–	–	–
2.	March 8	●	●	●	–	–	–
3.	March 17	●	●	●	–	–	–
4.	April 24	–	–	–	●	●	–
5.	May 4	–	–	–	●	●	–
6.	June 13	–	–	–	●	●	●

● Present
○ Absent
- Member of the Committee absent because he/she was not elected as a member of the Committee during that period / term of office expired.

Substantive decisions taken by the Remuneration and Nomination Committee in the first half of 2023, substantive issues discussed

February 2023	March 2023	April 2023	May 2023	June 2023
February 9 Recommendations on candidates for positions on the TETAS Board; The activity report of RNC for 2022 approved; The self-assessment of RNC activities for 2022 carried out.	**March 8** The self-assessment process of the Group's collegial bodies, the achievement of the objectives of the Group's executives discussed, the general areas of improvement of the Group's activities approved; **March 17** Recommendation on the candidate for the position of the member of the Board of Amber Grid made.	**April 24** Recommendation on the candidate for the position of the member of the Board of Energy Cells made.	**May 4** Recommendation on Amber Grid's nominee to the Board of GET Baltic.	**June 13** Election of the Chair of the Remuneration and Nomination Committee; An assessment of the independence of the independent members of the Remuneration and Nomination Committee; The reports on the Employee Remuneration, Performance Review and Training Policy and the Policy on Management of Interests of Members, Heads and Employees of Collegial Bodies (to the extent it is related to the independence

				criteria of the CB and their assessment) discussed; Discussion on the responsibilities and functions of the Remuneration and Nomination Committee

7.6. Audit Committee of EPSO-G (AC)

According to the current version of the Articles of Association of EPSO-G, the Audit Committee shall be composed of at least 3 (three) members appointed by the sole shareholder of EPSO-G for a maximum period of 4 (four) years, subject to the recommendations of the Remuneration and Nomination Committee (if any). The continuous term of office of a member of the Audit Committee shall not exceed 2 (two) consecutive terms. Only an independent member may be elected to chair the Audit Committee.

During the reporting period, the Audit Committee had two independent members: Gediminas Šiušas and Robertas Vyšniauskas. On 22 April, Dainius Bražiūnas, nominated by the Ministry of Energy, was appointed as a member of the Audit Committee, replacing Tomas Daukantas, who was previously a member of the Audit Committee.

The Audit Committee of EPSO-G:

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

During the reporting period, the Audit Committee held 15 meetings, 6 of which were conducted by way of inquiry.

EPSO-G's Audit Committee at the end of the reporting period:

(EUR thousand, unless otherwise indicated)

Full name	Position held	Term of office	Other positions	Education
Gediminas Šiušas	Independent Member, Chair	From 22/10/2020	Convera Lithuania, Accounting Director	Stockholm School of Economics in Riga, Bachelor of Economics and Business Administration; Vilnius University, Bachelor of Management and Business Administration; Vilnius University, Master
Robertas Vyšniauskas	Independent Member	From 22/10/2020	Director General of Valstybės investicinis kapitalas UAB; Member of the Board of Vilniaus vystymo kompanija UAB; Member of the Supervisory Board of Klaipėdos Nafta, AB; Lecturer at Vilnius University; Consultant in corporate governance, law and tax.	Mykolas Romeris University, Master Degree of Law.
Dainius Bražiūnas	Member	From 22/04/2023	Ministry of Energy of the Republic of Lithuania, Head of the Energy Security Group Association "Koturnos", manager	Vilnius Gediminas Technical University, Bachelor in Energy Sciences.

Attendance of Audit Committee members at meetings in the first half of 2022:

Gediminas Šiušas	Robertas Vyšniauskas	Tomas Daukantas (until 22/04/2023)	Dainius Bražiūnas (From 22/04/2023)
15/15	15/15	10/10	5/5

Key Audit Committee decisions taken in the first half of 2023

January 2023	February 2023	March 2023	April 2023	May 2023	June 2023
January 23 The new version of lists of priority areas for EPSO-G, LITGRID and TETAS was approved. The new version of the EPSO-G Compliance Management Policy was approved. It was recommended that the EPSO-G Board initiate external audit	**February 20** The Audit Committee's improvement plan for 2023 was approved. The internal audit plan for the EPSO-G Group's centralised internal audit for the period 2023-2025 was approved. **February 24** Assessment of the	**March 07** Conclusions on the financial statements of Tetas and Energy cells for 2022 were approved **March 16** Conclusions on the financial statements of Amber Grid and Litgrid for 2022 were approved. **March 17** The Audit Committee's 2022 activity	**April 24** Approved technical specifications for the procurement of financial statement audit services for the EPSO-G group, the minimum qualification requirements for suppliers and the criteria and methodology for evaluating the cost-effectiveness of the proposals.	**May 22** A recommendation was made to EPSO-G's Remuneration and Nomination Committee to analyse the situation regarding the shortage of project managers.	**June 14** A preliminary opinion was given on the independence of the supplier to be used for the audit of the EPSO-G Group's financial statements. **June 19** The new version of the EPSO-G Group's anti-corruption policy was approved. The EPSO-G Board was

procedures on the implementation of the Physical Barrier Project. Opinion on the transaction to be concluded by Litgrid with the related party approved The list of Group level risks for 2023 approved. LITGRID, Amber Grid, TETAS, Energy Cells, Baltpool and GET Baltic have been recommended to add relevant risks to their 2023 risk lists.	independence of the independent members of the Audit Committee was carried out. **February 28** Conclusions on the 2022 financial statements of GET Baltic and Baltpool were approved.	report was approved. The EPSO-G Board was recommended to approve the objectives for the Head of Internal Audit of EPSO-G for 2023. It was confirmed that the review of the LITGRID and TETAS Boards and Executives for the second half of 2022 did not reveal any material irregularities and/or weaknesses. Recommendation to the EPSO-G Board on the review of the procedures for the indexation of contracts. Amendments to the list of risks and their management measures for Amber Grid, LITGRID, Baltpool, TETAS for 2023 were approved. A recommendation was made to the EPSO-G Board to initiate changes in TETAS, clarifying responsibilities and ensuring appropriate competences in the management of the reliability of cost and financial data.	Amendments to the TETAS 2023, the list of risks and their management measures were agreed. The new version of the EPSO-G Group's risk management policy was approved. Recommendation to the EPSO-G Remuneration and Nomination Committee to examine the staff turnover situation in the EPSO-G group. Recommendations were made to EPSO-G Group Boards to improve the annual performance evaluation.		recommended to abolish the EPSO-G Group's policy on related party transactions. Amendments to LITGRID's Risk Management Plan for 2023 were approved. It was recommended that the LITGRID Board assess possible additional measures (alternatives and resources required for their implementation) that would reduce the projected delay of the actions foreseen in the plan for synchronous connection to the CEN.

(EUR thousand, unless otherwise indicated)

		March 20 The conclusion on the financial statements of EPSO-G was adopted.			

7.7. Chief Executive Officer

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 Chief Executive Officer is accountable to the Board.

M. Keizeris was elected as the CEO of EPSO-G from 22 August 2022.

After the registration of the new version of the Articles of Association of EPSO-G on 5 January 2023, the title of the position of the Company's General Manager was changed to the CEO.

The competence of the CEO of EPSO-G shall be as prescribed for the CEO of the company by the Law on Companies, except for the additional competence of the CEO provided by the Articles of Association. CEO of EPSO-G:

- organise and control the implementation of the Group's strategy, approve the action plan for the implementation of the Group's strategy, and ensure the implementation of the Group's strategy, within the limits set by law;
- Controls the activities of the subsidiaries, makes suggestions and conclusions to the Board of EPSO-G regarding the organization of the Group’s activities and development thereof;
- implement the recommendations, procedures, policies, codes and other documents approved by the Board in relation to the Group's activities and functioning within the Company, and, within the scope of his/her authority, take measures to ensure their implementation in the Group companies;
- approve 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 the CEO;
- etc.

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

Robertas Vyšniauskas (Chair of the Board from February 2022 to 20 March 2023 and from April 2023). Mr. Vyšniauskas also holds the position of the CEO at the company Valstybės Investicinis Kapitalas (State Investment Capital), is the member of the Board of the company Vilniaus Vystymo Kompanija (Vilnius Development Company), the Chairman of the Supervisory Board of Klaipėdos Nafta, and is a consultant in the field of corporate governance, law and taxes.

The **company's CEO, Mindaugas Keizeris**, has taken up his position from 22 August 2022. Mr. Keizeris has been a member of Litgrid's Board since December 2022. Mindaugas Keizeris graduated from Vilnius University with a Master's degree in Business Administration and Management, a Master's degree in International Business, and completed the Baltic Institute of Corporate Governance programme for training professional Board members.

Darius Kašauskas, Chief Financial Officer of the EPSO-G Group, has taken up his post from 16 January 2023. Mr. Kašauskas served as Finance and Treasury Director and Member of the Board of Ignitis Group from 2013 to 2022, as Member of the Board and Member of the Supervisory Board of Ignitis Group and of other companies in the field of energy, as well as as a member of the Supervisory Board and as Chair of the Boards and the Supervisory Boards of companies. He started working in the energy sector back in 2008 at the Rytų skirstomieji tinklai, gaining experience in managing financial departments at VST and VAE. Mr. Kašauskas holds a Master's degree in economics and management from Vilnius University and ISM University of Management and Economics, as well as a Ph.D. in economics in the social sciences from the latter university.

Chief Financial Officer Žydrūnas Augutis. 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 AB (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 the EPSO-G Centralised Internal Audit Unit 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 2020, R. Juodelytė was also a member of the Audit and Risk Committee of SE Ignalina Nuclear Power Plant. Ms. Juodelytė holds a Master's degree in Accounting and Auditing from Vilnius University.

The CVs of the members of the Board, the Committees and the Head of the Company are published on the website of EPSO-G at www.epsog.lt.

7.9 Operating Policies

Good governance practices in EPSO-G Group companies were implemented during the reporting period through the application and continuous targeted improvement of the operational policies approved by the Board, to which the Group companies have subscribed.

The operating policies of EPSO-G are designed to put in place a coherent and effective organisational management system to help staff successfully implement important strategic projects and create value for the people and business of the country in a transparent and efficient way.

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

During the reporting period, the Group's compliance and risk management was a major focus, with the adoption of updated Compliance Management, Risk Management and Anti-Corruption Policies. As part of the implementation of the Corporate Governance Guidelines, the Corporate Governance Policy, approved by EPSO-G's Board of Directors on 29 June 2023, has been substantially revised.

On 29 June 2023, EPSO-G's Board approved the new version of EPSO-G Group's anti-corruption policy. The new version of the policy was intended to emphasise EPSO-G Group's anti-corruption activities to comply with the requirements of the Anti-Corruption Management System in accordance with the international standard ISO 37001:2016 Anti-Corruption Management Systems. Requirements and guidelines for use and defined at the anti-corruption measures implemented by the companies of the EPSO-G Group. The Policy also sets out, among other things, the key principles of anti-corruption, while maintaining the importance of the Zero Tolerance Principle.

On 29 June 2023 the EPSO-G Board decided to abolish the Related Party Transactions Policy.

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

7.10. Functional area governance

In H1 2023, in its activities, the holding company EPSO-G employed a functional leadership model that, based on international practice, creates the greatest value for the Group companies. In application of the functional 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.

The effectiveness of the governance model is measured by EPSO-G through an employee engagement survey. Based on the survey results, areas for improvement are identified and a further action plan for the development of the organization is adjusted accordingly.

Based on the provisions of the new version of the Corporate Governance Policy approved by the Board of the Company on 29 June 2023, the Corporate Governance Model of the EPSO-G Group is implemented on the basis of two main governance mechanisms: (i) Corporate Governance and (ii) Functional Governance.

7.11 Self-assessment and results of the activities of the collegial supervisory and management bodies

With respect to the guidelines prepared by the Remuneration and Nomination Committee, at the beginning of 2023, the governing bodies and group committees of the holding company EPSO-G and its subsidiaries carried out the self-assessment of their activities of 2022. The summarized assessments of the members of each collegial body and group 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 2023.

The results of the evaluation of the collegiate bodies' performance have been summarised by EPSO-G's Remuneration and Nomination Committee. The Remuneration and Nomination Committee has identified a key area for improvement to be shared by the Group's governing bodies in 2023: strengthening cooperation between the bodies of the EPSO-G Group companies:

- Organising strategy sessions for EPSO-G Group companies, focusing on strategic planning and discussing shareholder expectations;
- organising meetings of the new EPSO-G Board and the Group's governing bodies and committees.

7.12. Information on compliance with the Code of Conduct

The holding company EPSO-G complies with the provisions of the Corporate Governance Code (available atwww.nasdaqbaltic.com) of the Companies listed on NASDAQ Vilnius, AB. The Code applies to the extent that the Articles of Association of the Company do not provide otherwise. The Company discloses its compliance with the provisions of the Corporate Governance Code in Annex II of the Annual Report and on the Company's website in a separate post under Objectives and Reporting.

7.13. Information on Compliance with Transparency Guidelines

EPSO-G Group complies 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 application of the Transparency Guidelines is mandatory for the holding company EPSO-G.

In order to ensure compliance with the Transparency Guidelines at the EPSO-G Group, the Business Transparency and Communication Policy is effective at the Group, which considers in detail the requirements set forth in the Transparency Guidelines, and defines their applicability to the companies of the Group.

The implementation of the Transparency Guidelines is largely ensured through disclosure of information in the annual report and on the official websites, where information is disclosed in the format that is acceptable and comprehensible to the stakeholders.

Structured information on the implementation of the Transparency Guidelines is presented in Annex 1 to the Annual Report.

8. REPORT ON THE IMPLEMENTATION OF THE REMUNERATION POLICY

We create an open, progressive organization guided by the objectives of sustainable development, where the professional partnership between an employer and employees prevails, where everyone has opportunities for self-realization, grows together with the organization and is able to take responsibility for their decisions and actions.

In our activities we are guided by these values: professionalism, cooperation and progress.

When implementing the strategic and business goals set by the shareholder: to create an energy transmission and exchange platform interconnected with the European Union countries and enabling sustainable and efficient energy exchange for regional consumers, and thus increasing the competitiveness of the country's business and the well-being of Lithuanian people, we seek to attract and retain competent, responsible professionals following the provisions of the Group's Code of Conduct and reaching their targeted goals.

We constantly foster employee improvement and upgrade of their skills. We provide a supportive environment to develop employees' professional (functional) and general (values-based) competencies. We place great emphasis on the ability of executives to develop their competences.

We set goals related to the strategy for employees and evaluate their achievement. We encourage all employees to propose and implement innovations in their activities: from innovative work methods and tools that facilitate everyday processes to breakthrough innovations that lead to new activities.

We operate efficiently, ensure optimal operating costs and investments based on the best possible cost-benefit ratio, and we are responsible in managing the remuneration budget. We pay employees a performance-based salary, offer incentives for achieving goals that require additional efforts.

8.1. Formation and monitoring of the Remuneration and Nomination Policy

The Company's Board is responsible for designing, implementing and overseeing EPSO-G's remuneration policy and selection policy.

The basic principles of remuneration for members of the EPSO-G Group's collegiate bodies are defined by the Guidelines for the Determination of Remuneration for Activities in the Bodies of the Group Companies of EPSO-G UAB and EPSO-G UAB (the Remuneration Guidelines), which are approved by the shareholder of EPSO-G, and the principles of remuneration for employees of the Group are defined by the Remuneration, Performance Assessment and Development Policy of the Group Companies of EPSO-G UAB (the Remuneration Policy), which is adopted by the Boards of the Group Companies, and by the internal regulations which detail the Policy.

In order to ensure the proper formation, monitoring and management of the remuneration and nomination fund, EPSO-G Group has a three-member Remuneration and Nomination Committee, the majority of which are independent members.

When performing this function, the Remuneration and Nomination Committee of EPSO-G:

- participates in the selection of candidates, as provided for in the Group's selection policy approved by the Board;
- recommends policies, procedures and other documents governing the selection and appointment of governing bodies, senior management and independence criteria;
- makes recommendations to the governing bodies on the appointment and terms of contracts of members of the collegiate bodies, including the level of remuneration of such persons in accordance with the provisions of the Remuneration Guidelines;
- makes recommendations on the appointment of the Group's senior executives, on standard forms of executive employment contracts and on the terms of the contracts with the appointed executives, including the remuneration and/or the range of remuneration levels. In performing this function, the RNC needs to be well informed about the remuneration of the Group's executives;
- at least once a year, assess the structure, size, composition and performance of the management bodies of the Group companies, and may assess the skills, knowledge and experience of individual members of the management body, and make recommendations for improvement;
- recommending the Group's remuneration policy for senior executives;
- making recommendations on the remuneration structure, level of remuneration, key performance criteria and review of remuneration for the Group's executives in the implementation of the Group's remuneration, performance appraisal and development policy;
- Overseeing the implementation of the Group's Remuneration Policy and Remuneration Guidelines for senior executives and members of the Board, including the transparency of the remuneration system;
- assesses the level and structure of remuneration of the members of the Group's collegiate governance bodies;
- may make recommendations on the Remuneration Guidelines at the request of an EPSO-G shareholder;
- Once a year the Remuneration and Nomination Committee reports in writing to the Board about its activities covering one calendar year.

The Board and other bodies of the Company and the subsidiaries shall have the right to apply to the Remuneration and Nomination Committee and to provide conclusions on the specific issues raised by them if such the issues fall within the Competence of the Remuneration and Nomination Committee.

8.2. Remuneration policy

The EPSO-G Group has a uniform remuneration policy based on the principles of responsibility 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 company and for each employee.

This means that the remuneration takes into account the staff member's performance assessment. The remuneration of EPSO-G executives and staff is therefore made up of two parts: a monthly salary and a financial incentive. The monthly salary depends on the level of responsibility of the job position, which is determined according to a methodology used in international practice. As of 1 January 2023, a new remuneration policy is in force in the EPSO-G Group, which stipulates that a financial incentive is paid when the annual targets of the relevant Group company are achieved by at least 80%. Financial incentives for individual staff members depend on their individual performance. Individual performance results depend on the achievement of the staff member's annual objectives, value behaviours and performance criteria.

Based on international good governance practice, the Remuneration Policy of EPSO-G is approved or changed by the Board only after the Remuneration and Nomination Committee, which includes independent members, provides its recommendations.

All companies of the Group are subject to the same principles of the 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 and Nomination Committee monitors whether there is a balanced control of salary costs with motivation of the employees who are properly performing their duties;
- The remuneration of EPSO-G executives and staff is therefore made up of two parts: a monthly salary and a financial incentive.
- 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 financial incentive component is estimated in the company’s budget and recorded in the financial result, which is audited and made public;
- The financial incentives of the CEO 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 severance payments for executives and staff shall not exceed an amount different from that provided for by the legislation of the Republic of Lithuania.
- A premium may be awarded for outstanding performance.
- The relevant Board of the group company must be informed of the planned financial incentives and bonuses at its next meeting.
- Prior agreements on severance pays, except for company executives whose terms of employment are determined by the Board, are not concluded;
- Severance payments 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 Remuneration Policy does not provide for any remuneration by granting the CEO, a member of the collegial body or an employee the right to the shares, stock options or the right to receive remuneration based on changes in share prices or other financial instruments;
- To promote employee engagement and loyalty, EPSO-G Group companies provide non-financial rewards, including voluntary health insurance, seminars on wellness and psychological well-being, seasonal vaccinations, employee events, recognition, and career advancement within the Group.

To ensure the effectiveness of the remuneration policy, fixed and variable remuneration levels by job group are made public. This enables EPSO-G Group companies to reward employees who achieve their objectives and exceed their expectations appropriately, based on the average market value.

The assessment of the competitiveness of companies and employees' remuneration is based on market research data. No external consultants were used for the preparation of the EPSO-G remuneration policy.

8.3. Selection policy

When forming Boards or collegiate supervisory and management bodies, we aim to create the right mix of knowledge, skills and experience among their members. We have high standards of values, professionalism and integrity at all levels, and excellent leadership skills for managers.

We select staff and members of governing bodies on the basis of the following guiding principles:

- Transparency - selections are carried out in a transparent manner, with all candidates having equal access to the requirements of the post for which they are being selected.
- Objectivity - all candidates are assessed impartially in terms of their knowledge, professional experience, competences and values, selecting the best candidate for the position and in line with the Group's values.
- Non-discrimination - implemented without discrimination between candidates on the basis of their gender, nationality, social status, political opinions and other differences.
- Confidentiality - selections are carried out in a way that ensures the confidentiality of all candidates and the legal requirements for the protection of their personal data during and after the selection process.
- Zero tolerance of nepotism and cronyism - family members, relatives and friends are not considered for selection.

8.4. Employee performance assessment

Employee performance assessment is one of the most important conditions of management and effective leadership that helps achieving the objectives of EPSO-G Group companies and creating a positive relationship between the leaders and their subordinates, allows planning employee careers, increasing their motivation and engagement.

An annual performance review is a performance assessment tool ensuring that personal objectives of EPSO-G employees are tailored to the objectives of the Company. The performance review is intended to discuss and set measurable, time-defined and motivating objectives for the employees.

The annual and interim performance reviews are intended to assess the achievement of objectives set for an employee of EPSO-G and to set the new ones, forms a feedback culture between a leader and a subordinate. The need for the employee's competence development and further professional growth, and career opportunities are discussed during the review as well.

(EUR thousand, unless otherwise indicated)

In the companies of EPSO-G Group, individual objectives are discussed with each employee and set annually. Their implementation has a direct impact on the variable pay component, which also depends on the overall achievement of the Company's objectives.

8.5 Employees

Number of employees in EPSO-G Group companies and individual companies

	As at 30 June 2023	As at 31 December 2022
EPSO-G Group companies	**1 264**	**1 271**
EPSO-G	61	60
Amber Grid	337	332
Litgrid	407	391
Tetas	393	416
Baltpool	18	18
Get Baltic	9	10
Energy Cells	19,7*	19,5*

* Due to the specifics of the project work, most of the employees of Energy Cells work under fixed-term contracts and part-time. As at 30 June 2023, 39 employees worked in the company under the concluded employment contracts (31 December 2022: 44 employees).

Distribution of staff by grade at 30 June 2023

- Executives of the companies – 7
- Senior management (except for executives of the companies) – 27
- Mid-level and lower-level management – 146
- Experts-specialists – 786
- Workers - 298

Distribution of employees by service record, age group, educational background, gender as of 30 June 2023

Distribution by service record:

- Working for up to 5 years – 60%
- Working for 5-10 years – 13%
- Working for 10-20 years – 15%
- Working for 20-30 years – 7%
- Working for more than 30 years – 5%

Distribution by age group:

- Under 30 - 11%.
- 30-40 years of age - 31%.
- 40-50 years of age - 28%.

- 50-60 years of age - 19%.
- Over 60 - 10%.

Distribution by educational background:

- Higher – 73%
- Post-secondary – 8%
- Secondary - 6%.
- Vocational - 13%.

Distribution by gender:

- Women - 22%.
- Men - 78%.

8.6. Information on remuneration

As at 30 June 2023, EPSO-G had 1,264 employees (1,271 at 31 December 2022). The EPSO-G Group's remuneration fund for the first six months of 2023 was EUR 25,470 thousand (EUR 21,711 thousand for the first six months of 2022).

Remuneration information for the first six months of 2023

	Group		Company	
Average monthly pay by category of employees	Number of employees (end of period)	Average monthly salary	Number of employees (end of period)	Average monthly salary
Head of the company / Chief Executive Officer	7	10 807	1	12 848
Senior management	27	8 660	6	9 363
Middle-level management	146	5 665	17	7 719
Specialists	786	3 301	37	4 209
Workers	298	1 742	-	
Total	1 264	3 339	61	5 738
Wage Guarantee Fund, EUR thousand		**25 470**		**2 132**

Information on the holding company EPSO-G's fixed and variable pay components

Positions by grade	Average notional number of employees	Average monthly pay, EUR	Variable pay component for results achieved in 2022, EUR
Chief Executive Officer	1	12 848	-
Senior management	6	8 152	1 211
Middle-level management	17	6 352	1 367
Specialists	37	3 746	463

Total	**61**	**4 982**	**756**

8.6. Information on remuneration of collegial members

The members of EPSO-G's collegial bodies - the Board, RNC and AC - are appointed for the term of office of four years. Civil contracts detailing their responsibilities, duties, rights and functions are concluded with them.

The sole shareholder of the company, the Ministry of Energy of the Republic of Lithuania, on 21 October 2022 approved the updated guidelines for determining remuneration for activities in the bodies of EPSO-G UAB and the Group companies (hereinafter - "Remuneration Guidelines").

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.

Remuneration principles established in the Remuneration Guidelines:

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

* MA(GD) means 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.

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

(EUR thousand, unless otherwise indicated)

By the decision of the sole shareholder 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): the Chair – EUR 3,006, the member – EUR 2,155. The variable pay component for CO members is not set.

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 CO budget of the Company is allocated to the additional costs of the Company intended to ensure the activities of CO. The budget allocated to the costs of ensuring the activities of CO can be used for the organization of joint CO trainings, cooperation sessions or joint events of CO organized in any other form, where knowledge and good practices are exchanged. The Company's CO training budgets are not used for individual training of CO 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 EPSO-G Group, other forms of remuneration or additional benefits. The contracts do not provide for any severance pays and notice periods.

Information on the work and benefits of the members of EPSO-G's management company's collegiate bodies:

	As at 30 June 2023	30 June 2022
Meetings of collegiate bodies (units)	32	43
Number of members of collegial bodies remunerated (persons)*	9	5
Pay-outs related to members of management bodies (thousand EUR)	119,8	74,9

Information on individual allowances for members of collegiate bodies

Full name	As at 30 June 2023	30 June 2022
Robertas Vyšniauskas*	32,647	22,423
Gediminas Almantas*	12,459	20,149
Liudas Liutkevičius	8,324	-
Ramūnas Abazorius*	-	7,619
Tomas Daukantas*	12,066	-
Dainius Bražiūnas	12,066	-
Tomas Tumėnas*	-	-
Gediminas Šiušas**	18,036	12,337
Jolita Lauciuvienė**	7,951	12,337
Ramūnas Bagdonas**	1,796	-
Asta Sungailienė *	14,415	-

* total remuneration for activities as an independent member of the Board and a member of a corresponding EPSO-G Group's Board Committee;
** remuneration for activities as a member of the EPSO-G Group's Board Committee.

8.7. LEGAL DISPUTES AND UNCERTAINTIES

Information on legal disputes and uncertainties is disclosed in the annual financial statements.

8.8. INFORMATION ON SPECIAL OBLIGATIONS

PSO funds administration activities

Baltpool, a company belonging to the EPSO-G group, has been appointed by the Government of the Republic of Lithuania by Resolution No 1338 of 7 November 2012 "On the Appointment of the Administrator of the Funds for the Services of Public Interest in the Electricity Sector" to perform the special obligation of the Administrator of the Funds for the Services of Public Interest in the Electricity Sector (PSO).

In performing this function, Baltpool performs the functions of collecting, disbursing, reimbursing and administering the PSO funds in accordance with the legislation. The costs of the PSO administration function are reimbursed by the PSO budget and not the State in accordance with the legislation.

Detailed information and the PSO reports are available on Baltpool's website.

In order to contain the rise in energy prices and its negative impact on headline inflation in the euro area, Council of the European Union Regulation (EU) 2022/1854 on emergency response to reduce energy prices was adopted on 6 October 2022. In accordance with the provisions of the Regulation, the Law of the Republic of Lithuania on the implementation of Regulation (EU) 2022/1854, adopted on 15 December 2022, also entrusted Baltpool, as the administrator of the PSO funds, with the collection, disbursement and administration of the emergency response funds referred to in the said Law for the implementation of the measures referred to in Regulation (EU) 2022/1854. Pursuant to the Law on Implementation of Regulation (EU) 2022/1854, after receiving an order from the Government, the Company should also prepare a description of the procedure for the organization and execution of the peak load demand reduction auction, submit it for approval to the National Energy Regulatory Council and organize and execute such auctions. The emergency costs incurred by Baltpool in performing the functions of the administrator of emergency response funds are reimbursed from the collected Emergency Response Funds in accordance with the procedure established by legislation.

Information on the special obligations fulfilled by EPSO-G and its subsidiaries is also provided in the List of Special Obligations Performed by State-Owned Enterprises and their Subsidiaries approved by the Order No 4-193 of the Minister of Economy and Innovation of the Republic of Lithuania of 16 March 2021 (with subsequent amendments).

9. SUSTAINABILITY

EPSO-G Group has a key role to play in ensuring Lithuania's smooth and reliable transition to an energy system integrating large amounts of renewable energy sources (RES), enabling the decarbonisation of the sector, initiating system interconnection projects and facilitating the exchange of climate neutral energy.

The EPSO-G Group aims to transform the energy sector by striking a sustainable balance between environmental, social and economic objectives.

The Group aims to integrate sustainability principles into the operations and processes of all Group companies. As a manager of strategically important energy infrastructure, EPSO-G aims to contribute to the implementation of the climate change and environmental commitments set out in the Paris Agreement, the European Green Deal, the National Energy Independence Strategy and the National Climate Change Management Agenda.

EPSO-G's main directions for sustainable development stem from the activities defined in the Group's long-term strategy until 2030.

EPSO-G also aims to contribute directly to the United Nations Sustainable Development Goals by focusing on ensuring access to clean and modern energy, combating climate change, developing modern infrastructure and innovation, safe and decent working conditions, worker well-being and a sustainable supply chain.

9.1. Sustainable orientations and long-term objectives

The main EPSO-G's sustainability objectives have been defined by taking into account the main environmental, social and economic impacts of the Group's businesses, as well as the actions set out in the Group's long-term strategy, the implementation of which will help to ensure the transformation of the energy sector and the transition to climate-neutral energy.

9.2. Sustainable initiatives and intermediate results

During the reporting period, the EPSO-G Group launched initiatives aimed at achieving its long-term sustainability objectives. The initiatives listed below cover environmental, social and governance areas, the results of which will be presented in detail in the EPSO-G Group's Sustainability Report for 2023.

Environmental area:

- Investment plans for greenhouse gas (GHG) mitigation measures for Litgrid and Amber Grid were launched to reduce electricity losses in the transmission network and GHG emissions from natural gas transmission activities.
- The scope 3 GHG inventory for 2022 of the EPSO-G group has been launched.
- Litgrid has started the implementation of an ISO 14001-compliant environmental management system, which will help to ensure quality management of the company's environmental impact. The certification process is expected to be completed by the end of this year.
- As Lithuania strives for a rapid transition to renewable energy, the first national hydrogen development study, coordinated by the Lithuanian gas transmission system operator Amber Grid and the EPSO-G group of companies, was finalised in June 2022 and publicly presented. In addition, the draft Guidelines for the Development of the Hydrogen Sector in Lithuania 2023-2030 were published for public consultation in mid-July 2023 (until 1 August). Aimed at ensuring the efficient, smooth development of the hydrogen sector up to 2030 (and assessing the further development of the hydrogen sector up to 2050), the Guidelines outline strategic directions and milestones for the development of the hydrogen sector, the business environment, and the legal and organisational measures to use hydrogen technologies to mitigate the impact of hydrogen technologies on the environment and climate change in the industrial, transport, energy generation and other sectors.

Environmental incidents

- During the reporting period, one environmental incident was reported in Amber Grid in the activities of EPSO-G Group companies. On 13 January an incident occurred in Pasvalys district and damaged Amber Grid's main gas pipeline and ignited the gas it contained. The high wall of fire and the high heat generated by the incident burnt the crops growing in the field and the herbaceous vegetation growing in the protection zone of the category II national road No 150 Šiauliai-Pakruojis-Pasvalys (the burnt area on the right side of the road is 4.5 m wide and 104 m long, and on the left side of the road 3.5 m wide and 78 m long). The combustion of natural gas released CO_2 (carbon dioxide) into the ambient air. Natural gas was not emitted directly into the ambient air. No human casualties and no dead animals were found. An investigation into the cause of the accident and the potential environmental damage is underway.

Social area:

- In the first half of 2023, we continued our initiatives to strengthen equal opportunities. After analysing the results of the Equal Opportunities Survey of the Group's companies conducted in December 2022 on the basis of the methodology developed by the Office of the Equal Opportunities Ombudsman of the Republic of Lithuania, the need to organise training for all employees on general equal opportunities and non-discrimination topics, as well as to inform employees periodically about the channels through which they can report any possible cases of discrimination or other inappropriate behaviour was identified. To this end, equal opportunities and non-discrimination training material will be developed on an internal training platform for the whole EPSO-G group.
- During the reporting period, no human rights violations or cases of discrimination were reported in the activities of EPSO-G Group companies.
- During the reporting period, no serious or fatal accidents occurred in the activities of EPSO-G Group companies, their contractors and subcontractors.

Governance area:

- Green criteria are introduced in public procurement. EPSO-G estimates that, on average, green procurement in the Group's companies accounted for more than 95% of all public procurement during the reporting period.
- EPSO-G understands the reliability of electricity and gas transmission networks as the 24/7 availability of interruption-free power transmission networks. The National Energy Regulatory Council (NERC) has set Litgrid's annual ENS rate for 2022 at 27.251 MWh and AIT at 0.934 minutes (these levels were set by NERC for Litgrid's 2022-2026 regulatory period). Amber Grid's operations have been set to have the number of unplanned outages due to the operator's responsibility and the total duration of unplanned outages due to the operator's responsibility equal to 0 (zero).
- Litgrid's electricity transmission network reliability indicators in the reporting period were:
    - ENS (Energy *Not Supplied*) - 8.997 MWh, of which 2.626 MWh due to reasons attributable to the transmission system operator (TSO) (36.111 and 8.241 MWh respectively in H1 2022);
    - The AIT (Average *Interruption Time*) is 0.313 minutes, of which 0.091 MWh for reasons attributable to the TSO (1.155 and 0.264 minutes respectively in H1 2022). In the first half of 2023, a significant decrease in the ENS and AIT indicators was recorded compared to the first half of 2022, due to a significant decrease in the number of events due to external (non-TSO-attributable) causes during the first half of 2023.
- Amber Grid's natural gas transmission network reliability indicators for the reporting period were:
    - Number of unplanned interruptions due to operator liability - 0 (H1 2022: 0);

    - Total duration of unplanned interruptions due to operator liability, hours and minutes - 0 (H1 2022 - 0).

- In order to improve the management and disclosure of risks related to climate change, a comprehensive analysis of the physical and transitional risks of the EPSO-G Group companies has been launched, along with the identification of management tools and indicators, and an assessment of the potential (negative, positive) impacts of climate change, in line with the recommendations made by the Task Force *on* Climate-Related Financial Disclosures *(TCFD)*.
- During the reporting period, there were no cases of corruption in EPSO-G Group companies.
- On 2 February 2023, a new version of the Compliance Management Policy in relation with sustainability governance was approved, which sets out the Group's key principles and processes for compliance management.

9.3. Implementing and managing sustainable operations

The EPSO-G Group and its companies see sustainable development as an integral and inseparable part of their activities. EPSO-G develops implementation plans to implement the sustainability principles, integrates the principles into the Group's business plans, and coordinates the implementation of the Group's environmental impact and GHG emissions reduction and sustainability goals.

EPSO-G undertakes to review the environmental, socio-economic impacts and sustainability priority themes on a regular basis, but at least once every two years, in cooperation with the Group's companies, by carrying out a materiality analysis, ensuring the involvement of stakeholders. Group companies report once a year on the implementation of their sustainability activities, either through separate public sustainability reports or by integrating their sustainability performance into the EPSO-G sustainability report. The long-term sustainable development objectives are integrated into EPSO-G's operational strategy until 2030, as approved by the Board.

Policies in place at EPSO-G that relate to sustainable performance management:

- **Corporate Governance Policy.** Its purpose is to set out common principles of corporate governance for the Group to ensure transparent, efficient, coordinated, high-quality and effective Group operations.
- **Sustainability Policy.** The Sustainability Policy defines the key directions and principles for developing sustainability to guide the Group's corporate activities and create a progressive organisational culture. The Group's Chief Executive Officers and Sustainability Functional Area Curators are responsible for the implementation of this Policy.
- **Occupational Safety and Health policy.** This policy defines the general principles of occupational safety and health in the EPSO-G Group and the basic guidelines for its implementation. The policy aims to ensure the health of workers in the workplace and to create a healthy, safe and productive working environment.
- **Equal Opportunities Policy.** The Equal Opportunities Policy defines the key principles that are applied in the Group's companies to ensure that equal opportunities and non-discrimination are respected in all areas of the employment relationship. The implementation of the Equal Opportunities Policy is the responsibility of the management of each Group company.
- **Environmental Policy.** This policy defines the key environmental principles that are applied within the Group to reduce the environmental impact of its activities and to establish a culture based on the principles of sustainable development within the Group and its environment.
- **Transparency and Communication Policy.** Its purpose is to facilitate more effective communication among the Group companies and with external stakeholders: the public, shareholders, market regulators, etc.

- **Anti-corruption policy.** Its purpose is to set out the main principles of anti-corruption activities within the Group, the roles of the entities involved in these activities and the anti-corruption measures to be implemented in order to create a corruption-resistant environment within the Group.
- **Remuneration, Performance Assessment and Development Policy.** Its objective is to establish clear and transparent principles and a reward system for the Group's employees, based on which payroll costs can be managed effectively and employees can be motivated to achieve the objectives set for the organisation.
- **Interest Management Policy.** Its aim is to create a unified and best-practice interest management system within the Group to ensure that decisions are taken objectively and impartially within the Group, to create an environment that is not conducive to corruption, and to increase trust in the Group's companies.
- **Policy on the protection of sensitive information.** Its purpose is to establish a uniform system for the identification, use and protection of confidential and commercially sensitive information and to help members of the governing bodies and employees of group companies to protect confidential information entrusted to them against improper and harmful disclosure.
- **Policy for the development and exploitation of technological assets.** It aims to consistently apply cost-benefit principles to the management and development of electricity and natural gas infrastructure, to deploy advanced technologies, and to manage and develop energy transmission infrastructure in a socially responsible manner, taking into account worker safety and environmental requirements.
- **Compliance management policy.** Its objective is to develop and maintain a unified and effective compliance management system within the Group, which will enable timely identification and preparation for the enforcement of new legal requirements applicable to the Companies, to identify risks of non-compliance, to monitor changes in the level of non-compliance and to manage them, minimising their negative impact and/or likelihood of occurrence, to foster a culture of compliance, and to promote compliance with internal and external requirements. One of the principles of compliance management is sustainability. As part of the transformation of the energy sector and the associated new and existing requirements, we aim to ensure that compliance with these requirements contributes to the achievement of the Group's environmental, social and economic objectives.
- **Support policy.** Its aim is to ensure that the support provided is publicly available and does not lead the public to question its appropriateness or the transparency of the award process.
- **Code of Ethics.** Its purpose is to establish uniform, common guidelines for dealing and cooperating with internal and external stakeholders: service users, contractors, business partners, shareholders, state and municipal authorities, the public, etc. The provisions of the Code are based not only on the employer's duty, but also on the employee's personal understanding that good behaviour enhances the reputation and value of the company, as well as the Group as a whole, and reduces the likelihood of reputational risk. The provisions of the Code are directly derived from the Group's values and leadership principles and complement related operational policies.
- **Supplier Code of Conduct.** It aims to define the minimum standards of behaviour that the EPSO-G Group expects all its suppliers and subcontractors to meet, thereby promoting legal, professional, sustainable and fair business practices that incorporate the objectives of the environment, human rights, labour standards and business ethics. The Supplier Code of Conduct is based on the principles of the United Nations Global Compact.