Litgrid

Company’s condensed interim financial statements (unaudited), for the six-months period ended 30 June 2023, presented together with interim report

CONFIRMATION OF RESPONSIBLE PERSONS

August 25, 2023 Vilnius

Following the Law on Securities of the Republic of Lithuania and Rules on Information Disclosure approved by the Bank of Lithuania, we, Vidmantas Grušas, Head of Transmission Grid Department of LITGRID AB acting as a temporary CEO, Vytautas Tauras, Chief Financial Officer of LITGRID AB and Asta Vičkačkienė, Head of Accounting Division of LITGRID AB, hereby confirm that, to the best of our knowledge, the attached LITGRID AB unaudited condensed interim financial statements for the six months period ended 30 June 2023 are prepared in accordance with the International Financial Reporting Standards adopted by the European Union, give a true and fair view of the LITGRID AB assets, liabilities, financial position, profit and loss and cash flows, the Interim Report for the six-month period includes a fair review of the development and performance of the business.

Vidmantas Grušas
Head of Transmission Grid Department
acting as a temporary CEO
(The document is signed by a qualified electronic signature)

Vytautas Tauras
Chief Financial Officer
(The document is signed by a qualified electronic signature)

Asta Vičkačkienė
Head of Accounting Division
(The document is signed by a qualified electronic signature)

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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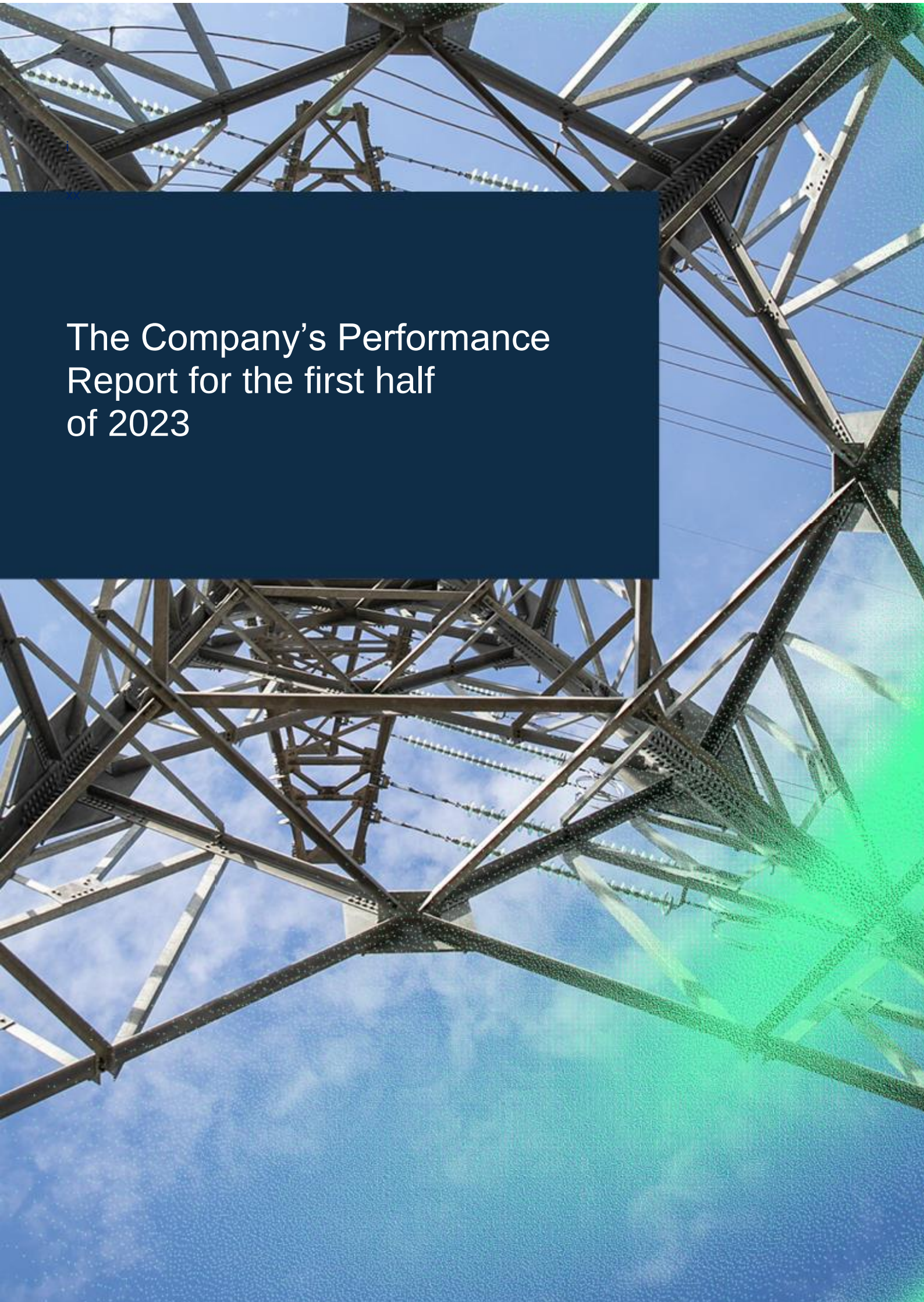
Vidmantas Grušas
Head of Transmission Grid Department
acting as a temporary CEO

Vytautas Tauras
Chief Financial Officer

Asta Vičkačkienė
Head of Accounting Division



The Company’s Performance Report for the first half of 2023

Litgrid's key performance indicators:

	HY 2023	HY 2022	Change +/-	Change %
Revenue, EUR million	166,9	145,2	21,7	14,9%
EBITDA, EUR million	35,1	0,1	35	
Profit/(loss) for the period, EUR million	23	-9,2	32,2	
Return on equity	-8,7%	-3,1%		
Quantity of electricity transmitted, TWh	4,718	5,306	-0,588	-11,1%
ENS *(Energy Not Supplied due to interruptions)*, MWh	8,997	36,111		
AIT (*Average Interruption Time*), min.	0,313	1,155		

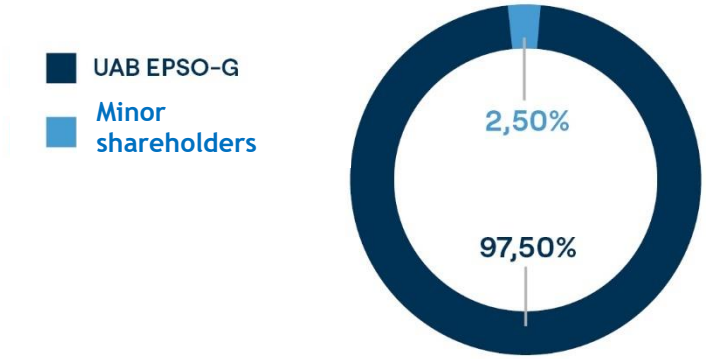
1. BASIC DETAILS

The report has been prepared for the period ending 30th June 2023

1.1. The issuer and its contact details:

Name	LITGRID AB (Litgrid or the Company)
Legal form	Public limited liability company
Date and place of registration	16 November 2010, the Register of Legal Entities of the Republic of Lithuania
Company code	302564383
Registered office address	Karlo Gustavo Emilio Manerheimo g. 8, LT-05131, Vilnius
LEI code	529900CTIUKTEFNNH157
Registry	State registry centre
Address for correspondence	Karlo Gustavo Emilio Manerheimo g. 8, LT-05131, Vilnius
Telephone	+370 707 02171
Email	info@litgrid.eu; www.litgrid.eu

Litgrid is part of the EPSO-G group of companies:



EPSO-G UAB is a state-owned group of energy transmission and exchange companies. The rights and obligations of the shareholder of holding company EPSO-G UAB are implemented by the Ministry of Energy of the Republic of Lithuania. EPSO-G UAB owns 97.5 % of shares of Litgrid.

Shares of other companies owned by Litgrid:

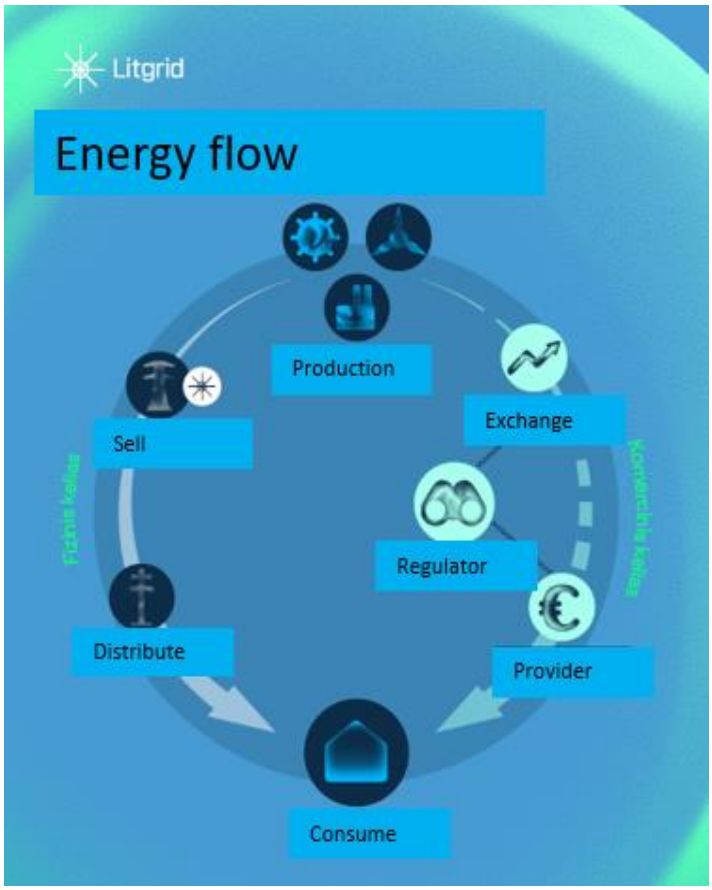
Title	Baltic RCC OÜ
Country of incorporation	The Republic of Estonia
Registered office address	Harju maakond, Tallinn, Mustamäe linnaosa, Kadaka tee 42, 12915
Litgrid's shareholding	33,3 of shares and voting rights attached thereto
Major changes	No major changes

1.2. Activities of Litgrid

Litgrid, the Lithuanian electricity transmission system operator (the TSO), secures stable operation of the national electricity system, controls electricity flows and creates conditions for competition in the open electricity market.

Main activities of Litgrid. The Company is responsible for maintaining the balance between electricity consumed and produced in the Lithuanian electricity system and reliable transmission of electricity, it implements strategic national electricity projects. Its vision and strategic operating guidelines are based on the long-term goals identified in the National Energy Independence Strategy (the NEIS).

The most important activity areas and responsibilities of the Lithuanian TSO include the maintenance of the country's electricity infrastructure and its integration with the electricity infrastructure of Western and Northern Europe; development of the electricity market and participation in the creation of a single electricity market of the Baltic States and the European countries; and integration of the electricity systems of Lithuania and continental Europe for synchronous operation. In implementing the programme on the synchronisation with the European continental networks, the Company carries out 19 projects of strategic importance approved by the Government of the Republic of Lithuania.



As the Company systematically carries out its daily functions, ensures uninterrupted and smooth operation of the electricity transmission system and implements projects of national importance, it aims to create value for its customers – the Lithuanian society.

Litgrid not only transmits electricity via high-voltage lines, but also takes care of the reliability of the operation of the entire transmission network: it is important for us that electricity is uninterruptedly supplied to electricity consumers and that all breakdowns are eliminated as soon as possible. Reliability of electricity supply guarantees the growth of the economy.

2. BUSINESS ENVIRONMENT

2.1. Business model

Litgrid is a Lithuanian-wide electricity transmission system operator. The Company maintains high-voltage electricity transmission networks and secures the stable operation of the country's electricity system, manages electricity flows, and creates conditions for competition in the free electricity market, it is responsible for the integration of the Lithuanian electricity system into the European electricity infrastructure and the single electricity market.

Electricity transmission is an intermediate link between electricity generation and distribution to consumers. The voltage of transmission networks is high or very high (110-440 kV). Electricity transmission networks consist of electricity transmission lines with substations. Electricity lines are connected in the electricity substations that contain the switchyards of a higher and lower voltage and the transformers linking them. In the substation transformers voltage is reduced to the voltage of distribution networks.

Electricity transmission is a licensed activity. Prices of the electricity transmission service are regulated by the National Energy Regulatory Council (NERC) that sets the price caps for these services.

2.2. Services provided by electricity transmission system operator Litgrid

Electricity transmission over high voltage (110-400 kV) electrical installations

The electricity transmission service is electricity transmission over high voltage (400, 330, 300 and 110 kV) electrical installations. The transmission system operator transmits electricity from producers to consumers that are connected to the transmission network, and to the operators of the distribution networks.

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 operations, 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, isolated work insurance 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

Litgrid ensures a balance between production and consumption of electricity in the country. Imbalance electricity is electricity that is consumed or produced outside of established electricity consumption or production schedules. Litgrid 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. Litgrid organises trading in balancing electricity by auction. The auction participants are suppliers of balancing energy and TSOs of other countries possessing technical facilities that enable them to quickly change the electricity generation and consumption conditions and having concluded a relevant agreement with Litgrid.

Services under public service obligation (PSO) scheme

Public service obligations (PSO) in the electricity sector are 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 also provides services of granting and removal of guarantees of origin

Guarantees of origin can be of two types:
- Guarantee of the origin of renewable energy sources that verifies the origin and quantity of electricity. A guarantee of origin is proof that all or part of energy has been produced from renewable energy sources.
- Guarantee of the origin of efficient cogeneration that verifies the origin and quantity of electricity produced during the process of high-efficiency cogeneration.

2.3. Customers of the transmission system operator

Litgrid's direct customers are the electricity transmission network's users and suppliers of imbalance and balancing electricity.

The users of the transmission network are as follows:
- Distribution network operators ESO, Dainavos Elektra UAB;
- Electricity consumers whose electrical installations are connected to the electricity transmission network and who purchase electricity for use;
- Electricity producers connected to the electricity transmission network.

The suppliers of imbalance and balancing electricity include the electricity producers and suppliers.

2.4. Operating indicators of electricity transmission and the network's reliability

In accordance with the requirements approved by the NERC for reliability and quality of service of electricity transmission, the following indicators are used to determine the transmission reliability level: ENS (energy not supplied), i.e. the quantity of electricity not transmitted due to interruptions, and AIT (average interruption time), i.e. the average interruption duration in electricity transmission.

Operating indicators	HY 2023	HY 2022	Change +/-	Change %	HY 2021
Quantity of electricity transmitted, million TWh	4 718	5 306	-588	-11	5 385
ENS (Energy Not Supplied due to interruptions), MWh *	2,626	8,241	-5,615	-68,1	2,823
AIT (Average Interruption Time), min. *	0,091	0,264	0,173	-65,5	0,099
ENS (Energy Not Supplied due to interruptions), MWh **	8,997	36,111	-27,11	-75,1	9,327
AIT (Average Interruption Time), min. **	0,313	1,155	-0,842	-72,9	0,319

* Only TSO related cases
**All other, including force majeure cases

2.5. Electricity interconnections

The reliably functioning interconnections are an essential part of the system enabling it to operate together with the energy systems of other Western and Northern European countries and to develop a single European market.

LitPol Link is a double-circuit transmission line from Alytus in Lithuania to Elk in Poland and the Alytus back-to-back converter. In the first half of 2023 availability of LitPol Link was 97,46 percent.

The NordBalt electricity interconnection is one of the longest submarine cables in the world, the operation of which significantly increases safety of energy supply to Lithuania and the Baltic States. In the first half of 2023 availability NordBalt was 99,88 percent.

2.6. Maintenance of the electricity network

In Lithuania, Litgrid's employees maintain 6966,8 km of high-voltage lines, 259,3 km km of cables and 236 transformer substations and switchyards, two HVDC converter stations.

In order to maintain a stable age of overhead lines and to ensure stable operation of the equipment, during the first half of 2022, 22 110-330-400 kV transformer substations and switchyards underwent overhauls of main equipment, checking of relay protection and automation equipment operation, all planned works were completed, planned maintenance works of overhead lines of 110 kV and above were carried out (194 kilometres in total), during the overhauls a total of 93 units of supports were replaced, and the height of the cables at roads and other intersections were increased at 32 places.

The continuous repair and maintenance of transmission network facilities directly affects the operation of the electricity system and the reliability of power transmission. Planned works on the transmission network are carried out at the periodicity established by the legislation of the Republic of Lithuania, but the assessment of the quantities and scope of works is based on the actual condition of the facilities and the need to ensure reliable operation of the network and efficient use of financial resources.

A new investment project initiated in 2022, "Introduction of new automated monitoring systems (AMS)", to monitor the operation of autotransformers, will contribute to improving the reliability of the operation of autotransformers in the main transmission grid installations. This will involve the installation of five new AMSs at key transmission network sites, including the NordBalt and LitPol Link converter stations.

The company has successfully used AMSs to identify fault locations and causes of faults on overhead lines. High-resolution cameras installed on the drones make it possible to see even minor damage to line wires, supporting structures and other line elements without disconnecting the line. Airline engineers see this innovation as saving them time and improving the reliability of their lines. For inspections of overhead lines and transformer substations and switchyards, 3 drones are used to carry the necessary equipment. Trained Company staff are implementing the objectives of increasing the reliability of line operation and the prompt detection of faults.

2.7. International cooperation and membership in organisations

The Company actively participates in international activities, cooperates with transmission system operators in the Baltic region and Europe, and implements the Company's strategic and innovation projects with the help of foreign partners.

ENTSO-E

The company actively participates in ENTSO-E, the European Association of Transmission System Operators for Electricity, which brings together 39 electricity transmission system operators from 35 countries.

The Company's representatives participate as permanent members in ENTSO-E committees and working groups, where joint projects are implemented at expert level to ensure the smooth operation of the European transmission network, and where legislation, methodologies and other documents regulating the operation of the electricity system that are relevant for EU Member States are drafted and examined, establishing uniform operating conditions and rules for European transmission system operators.

Participation in ENTSO-E activities, strengthening cooperation with other European transmission network operators, is of particular importance for Litgrid not only to implement one of the priority tasks of the Lithuanian energy sector - to integrate into the continental European synchronous zone, but also to develop the offshore electricity transmission network in a harmonious and integrated manner and to ensure the effective implementation of the European offshore wind strategy.

BEMIP (Baltic energy market interconnection plan)

The objective of the BEMIP is to create operational and integrated electricity and gas markets, ensure necessary energy infrastructure aiming to create a competitive, sustainable, safe electricity market in the Baltic Sea region.

Electricity-related commitments of Lithuania to BEMIP are implemented by Litgrid through the implementation of the projects ensuring integration to the synchronous zone of continental Europe and performance of preparatory works for offshore wind development in Lithuania.

Steering Committee for the Baltic Sea Transmission System Development

In 2020, the Company together with other six transmission system operators of the Baltic Sea region signed the cooperation memorandum on offshore wind energy development in the region. Within the framework of cooperation the Steering Committee for the Baltic Sea Transmission System Development was established which, with the help of the target working groups, will focus on assurance of adequacy of the electricity transmission system of the Baltic Sea region, integrity of the development of the onshore and offshore grid for electricity transmission, and will aim to develop common principles for the planning of the Baltic Sea network and to conduct studies allowing to form a common vision for offshore wind network development in the region Liutauras Varanavičius, Director of the Strategy Department of Litgrid, holds the position of the Vice-Chairman of this committee.

Baltic Regional Coordination Centre (RCC)

On 1 July 2022, the Baltic Regional Coordination Centre (RCC) started its activities and provides the grid security services to the electricity transmission system operators of the Baltic States – Lithuanian Litgrid, Estonian Elering and Latvian AST. The RCC was established by three electricity transmission system operators of the Baltic States according to the requirements of the Clean Energy Package of the European Union. The Baltic RCC is one of six regional coordination centres operating in Europe.

The RCC implements five main tasks: calculation of the capacity of electricity lines between the countries, assessment of reliability, adequacy of the systems, planning of disconnections of lines and development of a common model of the network. This ensures smooth work in the countries which continue to strengthen their efforts in preparation for synchronisation and after its implementation will maintain close relationship when operating in the single network of continental Europe.

The Company's interests are also represented at the following associations:

- The Polish-Lithuanian Chamber of Commerce
- CIGRE
- The Lithuanian Power Association
- EnergyTech group

As a member of the above-mentioned associations Litgrid maintains closer cooperation with the regional and national partners, ensures the representation of the Company's interests, more effective implementation of the strategic projects and communication with the related parties and stakeholders on issues relevant to the Company.

3. REGULATORY ENVIRONMENT

Regulatory environment in Lithuania

Electricity transmission activities carried out by Litgrid are licensed activities. The licence grants exclusive rights to provide transmission services in Lithuania, thus the prices of services are regulated by the state. The regulatory function and supervision of the licensed activities in Lithuania are performed by the Council.

The decisions taken by the regulator directly affect Litgrid's financial performance, the funds available for necessary operating costs, investments to ensure the reliability of the electricity transmission system, as well as the ability to finance strategic and other development projects with own or borrowed funds. The price of the electricity transmission service shall be regulated by setting a price cap for the five-year regulatory period and a component for the acquisition of ancillary services on top of the price of the transmission service. The price cap shall be adjusted each year in response to changes in the volume of services, inflation and other objective factors beyond the control of the operator and may be adjusted no more than twice a year.

The price cap shall take into account the reasonable indispensable costs of the regulated activity and a reasonable return on investment, calculated as the product of the rate of return on investment (WACC) and the value of the regulated assets (RAB).

4. THE COMPANY'S STRATEGY AND STRATEGIC PRIORITIES, PLANNING

4.1. Strategy

A client-focused organisation and a centre of competences for the energy sector, state-of-the-art technological and digital solutions, sustainable energy development that will double the current generation volume of electricity, and opportunities for market participants to exchange electricity freely at a competitive price. These are the goals set out in the Litgrid's strategy that was approved by the Company's Board in January 2023. The strategy establishes the Litgrid's long-term vision of becoming one of the smartest electricity transmission system operators in Europe.

Litgrid plans to expand its activities by focusing on several priority areas. One of the most important priorities is the fight against climate change through the development and adaptation of the transmission system for electricity generation from renewable energy sources and the reduction of the impact of Litgrid's own infrastructure on the environment.

Energy independence of Lithuania is another objective set for Litgrid which is being achieved through the implementation of the programme on the country's energy system synchronisation with the continental European networks. Following the completion of this project in 2025, Lithuania will again be able to independently control the frequency of the electricity system after more than 80 years.

The Company is launching a digital transformation programme and implements a culture and ecosystem of data-driven solutions. One of the components of this change is a service portal that will bring together customers and enable more efficient digital delivery of services.

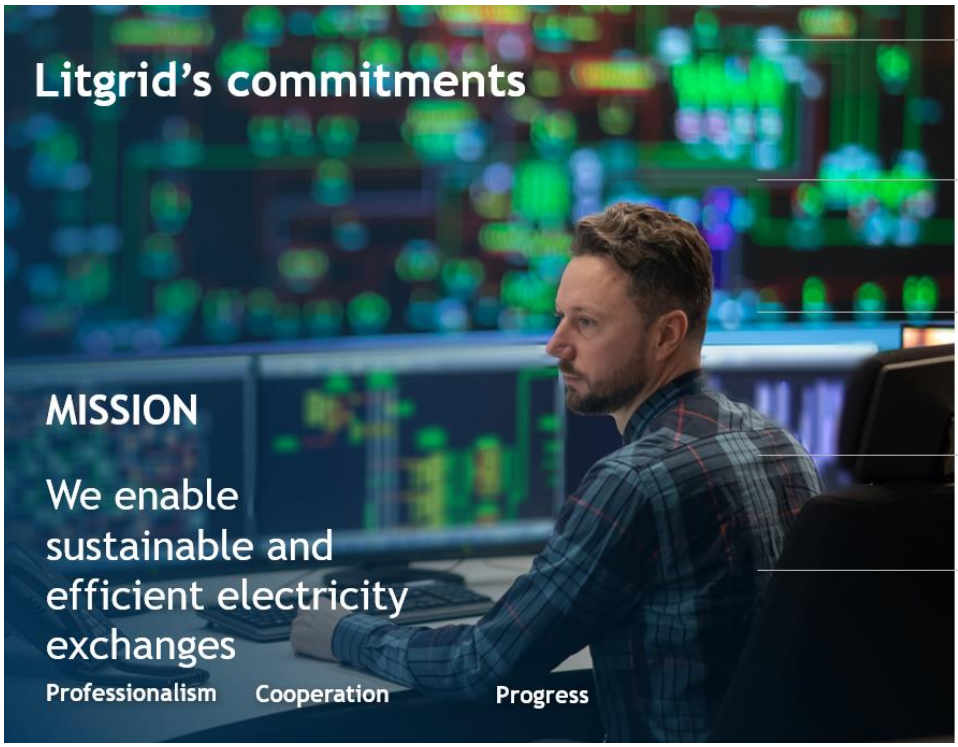
Recent large investments in impeccable customer experience made in other industries and companies set significantly higher expectations of our customers with regard to our communication. Therefore, with the purpose of the implementation of our vision we direct large attention to the improvement of customer experience and aim to work following the best global practices for customer experience management.

The strategy also pays particular attention to the development of the organisation. Litgrid aims to become an efficient exchange platform that enables and encourages market participants and consumers to exchange electricity freely, to choose to produce or consume climate-neutral energy, and to receive it at a competitive price.

The Litgrid's strategy is available at https://www.litgrid.eu/index.php/apie-litgrid/strategija-vizija-misija-ir-vertybes/452

Stakeholders

Litgrid addresses such key stakeholders:



To consumers

To become consumer-focused provider of innovative services.

To producers and suppliers

To become a sought-after partner for your business in the fields of open data, flexible services and reliable infrastructure.

To the society

To operate in socially responsible and safe manner and to reduce the impact of activities on the environment.

To the founder

To create sustainable value and implement strategic objectives.

To each other

To become recognised professionals in Europe and one of the top employers in Lithuania that is valued and recommended by employees.

Strategic priorities

For consumers

Creation of a client-oriented organisation that develops innovative services meeting client expectations.

For producers and suppliers

Sustainable development of the market and the infrastructure.

For the society

Ensuring a reliable and high-quality electricity transmission in Europe by focusing on the reduction of environmental impact.

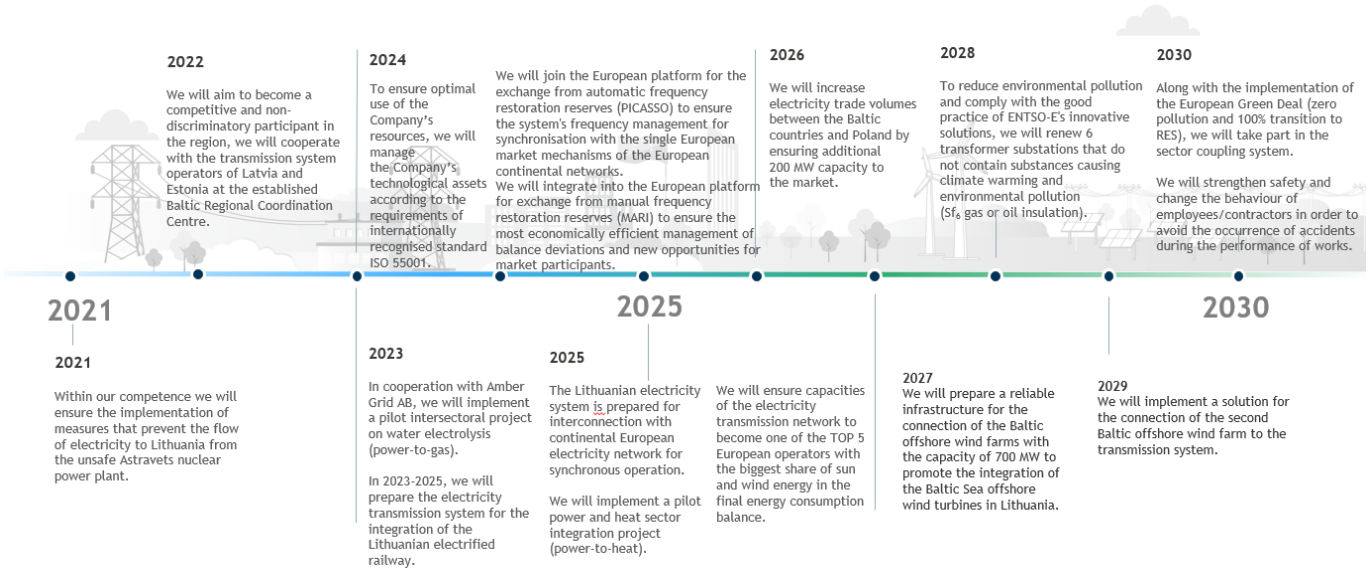
For the founder

Being a competent and reliable partner that implements the NEIS objectives.

For each other

Being the team of professionals undertaking continuous professional development that we are proud of.

Main results creating benefit to stakeholders



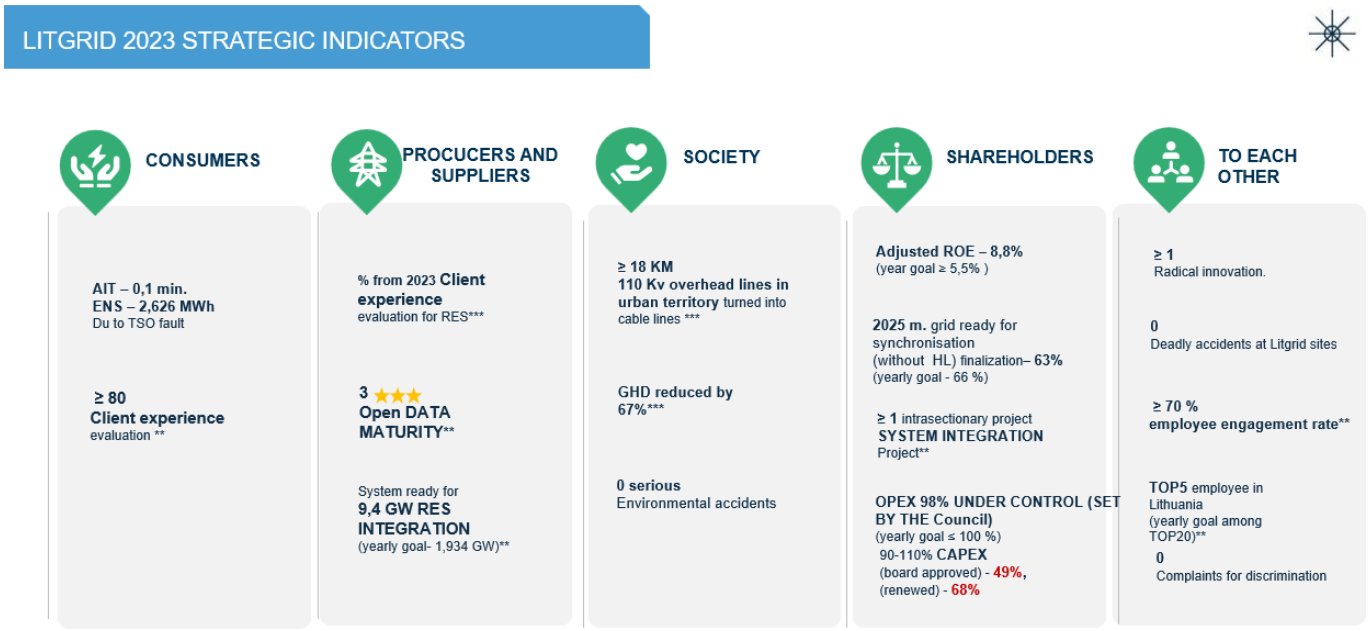
Measures for the implementation of the strategy

The Company's strategy is reviewed and updated annually referring to the National Energy Independence Strategy (NEIS), the Company's activities and amendments to the legal acts regulating the electricity sector, the strategy of EPSO-G, a holding company of the group, significant events in the Lithuanian and foreign electricity systems and electricity markets, works performed during the year as well as by assessing new external circumstances beyond the Company's control.

The Litgrid's strategy comprises a ten-year (long-term) implementation period based on the main and long-term objectives in the electricity sector laid down in the NEIS. Each year the Company updates and prepares a ten-year development plan of the transmission network which is an integral part of the strategy.

In order to regularly assess the efficiency and application of the measures selected by the Company, the Company's operational plan is reviewed after the end of each quarter. The implementation of the strategic objectives and the operational plan, performance of the divisions and employees are monitored. The measures stipulated in the operational plan are included in the operating objectives of the divisions and personal performance objectives of employees, the achievement of which at the end of the year determines a variable part of remuneration.

The strategic planning and control mechanism at the Company is based on the Integrated Planning and Monitoring Policy of the EPSO-G Group of Companies which is applied in the activities of Litgrid to a full extent.



4.2. Long-term development plan of the electricity transmission networks

According to the Law on Electricity of the Republic of Lithuania, an electricity transmission system operator manages electricity transmission networks, ensures the operation, development, maintenance and long-term capacity of these networks to meet justified electricity transmission needs, and is also responsible for the interconnection of the electricity system of the Republic of Lithuania with electricity systems of other countries, performs balancing and dispatch control of the electricity system and has a corresponding operating licence.

Litgrid will prepare a long-term development plan every two years from 2023 onwards - the 2023 plan will not be updated and the long-term development plan prepared and approved in 2022 is valid.

The Ten-Year Electricity Transmission Network Development Plan of Litgrid is available at the Company's website at: https://www.litgrid.eu/index.php/tinklo-pletra/lietuvos-elektros-perdavimo-tinklu-10-metu-pletros-planas-/3850

5. IMPLEMENTATION OF STRATEGIC PROJECTS

One of the fundamental directions of the implementation of the National Energy Independence Strategy of the Republic of Lithuania adopted by the decision of the Parliament on 21 June 2018 establishes the connection of the electricity system of the Republic of Lithuania to the continental European networks for operation in a synchronised mode (the "Synchronisation").

In order to achieve this goal, the Government of the Republic of Lithuania, by Resolution No 918 of 4 September 2019, approved the Action and Measures Plan for the Power System Synchronisation Project and obliged Litgrid, as the operator of Lithuania's electricity transmission system, to implement the bulk of the activities set out in the plan in close cooperation with the Baltic and Polish operators and under the supervision of the Ministry of Energy.

Following a full-fledged integration of Lithuania into the European electricity system in 2025, the European system management standards will be introduced in the electricity sector ensuring management of electricity flows based on market principles and participation in maintaining the system's frequency.

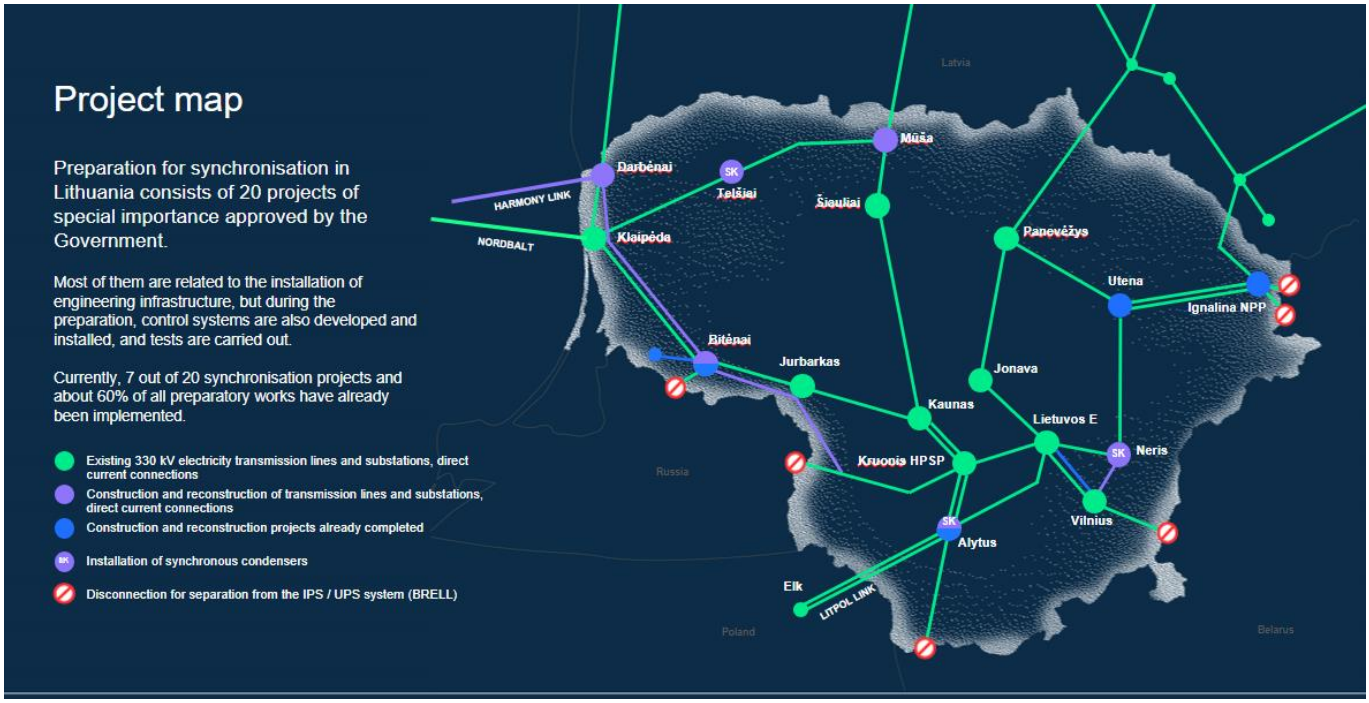
A timely implementation of the synchronisation programme in the most economically efficient manner is one of the most important objectives of Litgrid.

The synchronous operation with the continental European networks will ensure:

- reliable operation of energy systems and secure transmission of electricity;
- coordinated actions in facility maintenance and network development planning;
- common rules for the management of energy systems – network codes which will be applied uniformly in all countries in the European Union;
- availability of electricity from energy systems of Western Europe.

According to the requirements of the Republic of Lithuania Law on the Protection of Objects of Importance to Ensuring National Security, before the conclusion of transactions that comply with the requirements of this law, in all cases Litgrid informs the Commission for Coordination of Protection of Objects of Importance to Ensuring National Security about such transactions. Such transactions are concluded only upon the receipt of the commission's conclusions.

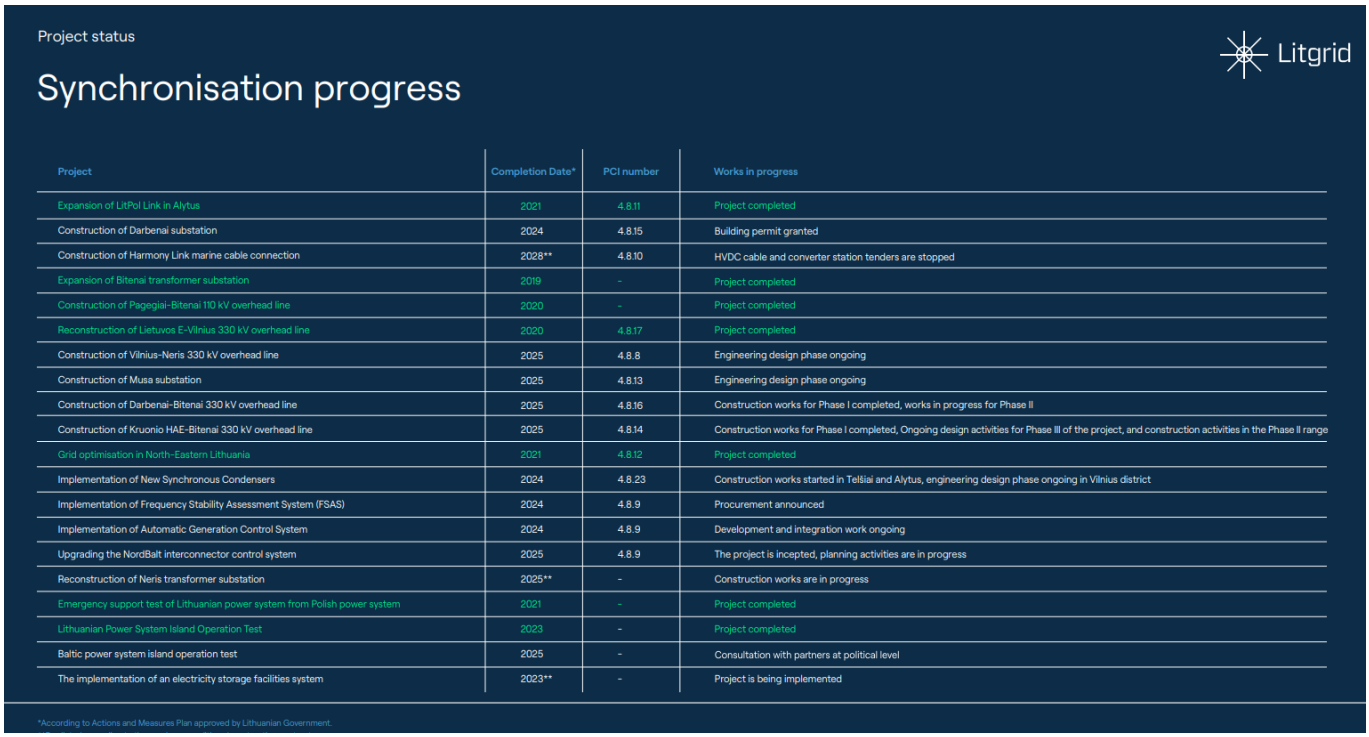
Synchronisation of the Lithuanian system



5.1. Status of the implementation of major strategic projects

As of 30 June 2023, the completion rate of the Synchronisation Strategic Projects Programme is 63.4%.

Progress of synchronisation projects:



Project status

Synchronisation progress

Litgrid

Project	Completion Date*	PCI number	Works in progress
Expansion of LitPol Link in Alytus	2021	4.8.11	Project completed
Construction of Darbenai substation	2024	4.8.15	Building permit granted
Construction of Harmony Link marine cable connection	2028**	4.8.10	HVDC cable and converter station tenders are stopped
Expansion of Bitenai transformer substation	2019	-	Project completed
Construction of Pagegiai-Bitenai 110 kV overhead line	2020	-	Project completed
Reconstruction of Lietuvos E-Vilnius 330 kV overhead line	2020	4.8.17	Project completed
Construction of Vilnius-Neris 330 kV overhead line	2025	4.8.8	Engineering design phase ongoing
Construction of Musa substation	2025	4.8.13	Engineering design phase ongoing
Construction of Darbenai-Bitenai 330 kV overhead line	2025	4.8.16	Construction works for Phase I completed, works in progress for Phase II
Construction of Kruonio HAE-Bitenai 330 kV overhead line	2025	4.8.14	Construction works for Phase I completed, Ongoing design activities for Phase III of the project, and construction activities in the Phase II range
Grid optimisation in North-Eastern Lithuania	2021	4.8.12	Project completed
Implementation of New Synchronous Condensers	2024	4.8.23	Construction works started in Telšiai and Alytus, engineering design phase ongoing in Vilnius district
Implementation of Frequency Stability Assessment System (FSAS)	2024	4.8.9	Procurement announced
Implementation of Automatic Generation Control System	2024	4.8.9	Development and integration work ongoing
Upgrading the NordBalt interconnector control system	2025	4.8.9	The project is incepted, planning activities are in progress
Reconstruction of Neris transformer substation	2025**	-	Construction works are in progress
Emergency support test of Lithuanian power system from Polish power system	2021	-	Project completed
Lithuanian Power System Island Operation Test	2023	-	Project completed
Baltic power system island operation test	2025	-	Consultation with partners at political level
The implementation of an electricity storage facilities system	2023**	-	Project is being implemented

*According to Actions and Measures Plan approved by Lithuanian Government.

5.2. Strategic infrastructure projects

Reconstruction of the 330/110/10 kV Neris transformer substation

The aim of the project is to reconstruct the Neris Transformer Substation to enable the planned connection of one of the three synchronous compensators to the transmission grid and the future connection of the 330 kV Vilnius-Neris transmission line. This is one of the most important synchronisation projects with the continental European grid, strengthening the country's electricity transmission network.

Construction permits were obtained in May 2022 and reconstruction work on the substation is underway.

Construction of a 330 kV electricity transmission line Kruonis HAE-Bitėnai

The aim of the project is to reinforce the Western Power Transmission Network and ensure its reliable operation by forming a new 330 kV transmission line, which is important for the smooth synchronous operation of the Lithuanian electricity system with the continental European electricity networks.

The project includes the reconstruction of part of the existing Jurbarkas-Bitėnai line from a single-circuit to a two-circuit line, the construction of a new section from the Jurbarkas-Bitėnai line to the Kruonis HAE-Sovetsk line, and the reconstruction of Bitėnai transformer substation.

In January 2022, the construction permit for the reconstruction of the Jurbarkas-Bitėnai section was obtained. Reconstruction works have been ongoing since March. In May 2023, the overhead line Jurbarkas-Bitėnai was put into operation and the documentation is being prepared to obtain the construction completion act.

In November 2022, all construction permits for the new section of the 330 kV overhead line from LN531 to LN 447 were obtained. In 2023, foundation works for the pylons started.

In March 2022, a contract was concluded for the design and contracting works for the reconstruction of the Bitėnai transformer substation, which is needed for the connection of the future 330 kV line Kruonis HAE-Bitėnai in 2025. In February 2023, the building permit for the reconstruction of the Bitėnai transformer substation was obtained and foundation works are currently underway.

Construction of a 330 kV electricity transmission line Darbėnai-Bitėnai

The aim of the project is to reinforce the Western region's electricity transmission network and ensure its reliable operation by forming a new 330 kV transmission line, which is important for the smooth synchronous operation of the Lithuanian electricity system with the continental European electricity networks.

In March 2022, reconstruction works on the Grobinė-Klaipėda overhead line (replacement of a single-circuit overhead line with a double-circuit overhead line) started. In May 2023, the Grobinė-Klaipėda overhead line was put into operation.

In November 2022, all construction permits for the remaining construction and reconstruction works of the Darbėnai-Bitėnai overhead line were obtained. In 2023, foundation works started on the Klaipėda bypass and the supports were assembled.

Installation of new synchronous condensers in the Lithuanian power system

The aim of the project is to implement the necessary measures for synchronisation with the continental European grids: the installation of 3 synchronous condensers, thus ensuring the required amount of grid inertia and dynamic stability of the system in the most efficient way.

In 2022, after the reconstruction, the 330 kV Telšiai and Alytus transformer substations were energised for the connection of the synchronous condensers, and the completion certificates were obtained for their construction.

In February 2023, the construction permit for the installation of the Telšiai synchronous condenser was obtained, and in April for the installation of the Alytus synchronous condenser. Construction work started on the special buildings and foundations for the power transformers in Telšiai and Alytus. In June 2023, the power transformers were successfully delivered to the Telšiai and Alytus substations.

In parallel, the technical design for the installation of the Neris synchronous condensers is being prepared.

Construction of the 330 kV Mūša switchyard

The aim of the project is to reinforce the electricity transmission network in Western Lithuania and ensure its reliable operation by constructing a new 330 kV switching station Mūša and connecting three overhead lines to Telšiai, Šiauliai and Viskali.

The contract for the design and contract works for the construction of the 330 kV Mūša substation was signed in September 2022. The work programme was approved at the end of the year and the design work started. The technical design of the Mūša switchyard was agreed in June 2023, with construction permits expected to be obtained in September 2023.

Construction of a new 330 kV Vilnius-Neris electricity transmission line

The aim of the project is to reinforce the Vilnius electricity hub, ensuring reliability of electricity supply after synchronisation with the continental European grid, and to meet the capital's growing demand for electricity by constructing a 330 kV power transmission line connecting the Vilnius and Neris 330 kV transformer substations. To this end, part of the existing 330 kV Vilnius-Molodečno overhead line will be reconstructed and a new section of the overhead line will be built to the 330 kV Neris substation.

A contract for the design and contract works for the construction of the 330 kV Vilnius-Neris transmission line was signed in September 2022. The work programme was approved at the end of the year and the design work started. In June 2023, the positive conclusions of the expert examination of the technical designs for the construction of the Vilnius-Neris transmission line in Vilnius City and Vilnius Region were received and the construction permits are expected to be obtained at the end of July 2023.

Construction of the 330 kV Darbėnai switchyard

The aim of the project is to contribute to ensuring the reliability of the transmission grid and increasing the security of electricity supply in Lithuania by working in synchronisation with the GET, by building a new 330 kV switchyard Darbėnai and connecting three 330 kV overhead transmission lines to Bitėnai, Klaipėda, Grobina and a DC link to Harmony Link. The 330 kV switchyard will also include connections to offshore wind farms.

In 2022, the construction permit for the overhead line has been obtained and construction work has started. In June 2023, the construction permit for the Darbėnai switchyard was also obtained.

Harmony Link connection building

The project aims to ensure the integration of the electricity market after synchronisation with the continental European grid by building a new offshore HVDC link, Harmony Link, with Poland. "Harmony Link will ensure the commercial trading of electricity after the Baltic countries' synchronisation with the Continental European grid.

In April 2023, it was decided to close the procurement procedures for the cable and converters due to the excessive cost of the bids. A new implementation plan for Harmony Link was launched. Litgrid is implementing the project together with the Polish electricity transmission system operator PSE.

5.3. Strategic projects for electricity system management

Introduction of Automatic Generation Management (AGM)

The aim of the project is to automatically activate the frequency restoration reserves and restore the system frequency and power balance by installing an automatic generation management system.

The contract with the Supplier of the dispatching control and AGV software for the upgrade of the system was signed on 28 January 2022 and the contracts with the contractors for the procurement and installation of the hardware were signed on 28 October 2022 and completed on 5 May 2023.

On 8 May 2023, the software and data were migrated to the primary, backup and training environments. Acceptance testing of the software is ongoing and testing with manufacturers is planned by the end of 2023.

Isolated operation test of the power system of the Republic of Lithuania

22 April 2023 The isolated operation test of the power system of the Republic of Lithuania has been successfully completed.

Frequency stability assessment systems (FSAS) installation

The aim of the project is to install a system to ensure frequency stability of the Baltic electricity system in the event of an unforeseen disconnection from the continental European grid and when the Baltic electricity system is operating in island mode.

On 2 February 2023, a cooperation agreement was signed between the three Baltic operators for the execution of the project "Installation of the Power System Frequency Stability Assessment System (FSAS)" and for the support and maintenance of the system after installation. The software procurement was announced on 9 March 2023 and final bids are expected by the end of July 2023.

Upgrading the NordBalt interconnector control system to ensure frequency stability

Completed in February 2016, the NordBalt electricity link to Sweden is a 450 km long, 700 MW electricity transmission system linking converter stations in Klaipėda and Nybro, Sweden. Since its installation, NordBalt has formed an important part of Lithuania's overall electricity supply infrastructure.

"The objective of the NordBalt control system upgrade project is to introduce accident prevention measures to ensure frequency stability of the Lithuanian power system when operating in synchronous mode with the continental European grids and in isolated mode, allowing for a rapid increase in the capacity of the maritime link in the event of an emergency.

In 2023, preparations started for the procurement of the NordBalt control system signal collection and transmission installation works and the upgrade of the control system logic, which is planned to be launched by the end of 2023.

Development of a new energy balance and ancillary services management system

In May 2019, Litgrid, together with the transmission system operators of Estonia and Latvia, signed a contract for the connection of the Baltic power systems to the Continental European electricity grid, which sets out the technical requirements (the "Catalogue Requirements") to be implemented to ensure the reliable operation of the Baltic power systems and the Continental European synchronous area. Most of the balance sheet and system service management processes will be upgraded prior to the final synchronisation with the Continental European grids.

As part of the implementation of the European Commission Regulation 2017/2195 of 23 November 2017 laying down guidelines for electricity balancing, Litgrid will update processes related to balancing and imbalance accounting and balance management.

On 29 July 2022, a contract was signed with a supplier for the development of a new energy balance and ancillary services management system and programming work is underway.

5.4. Infrastructure projects in the first half of 2023

Litgrid's activities contribute to the development of green energy in Lithuania and, in its role as electricity transmission network operator, Litgrid implements projects for the connection of renewable energy sources to the transmission grid. These projects result in the connection of green electricity producers to the transmission grid, enabling electricity consumers to use clean and sustainable energy.

Litgrid plans to launch at least 47 wind RES connection projects in 2023.

A further 27 new overhead line reconstruction projects are due to be launched in 2023, which will contribute to ensuring the stability and reliability of the transmission grid and will provide the necessary capacity to connect RES to the transmission grid.

Litgrid contributes to the development of Lithuania's railway electrification infrastructure by implementing projects to connect consumers to the transmission grid. Electrification projects of Lithuanian railways, which include connection to the transmission grid and ensuring electricity supply, are one of Litgrid's activities in the coming years. These projects will enable a shift from fossil fuels to renewable energy sources, save electricity and use green energy, which will contribute to achieving Europe's Green Deal goals.

The total number of Litgrid's grid reconstruction projects is increasing rapidly and will reach 106 RES connection projects by 2024.

5.5. Project portfolio

The stability, reliability, capacity and energy balances of the electricity system depend not only on the behaviour of market participants, but also on the setting of the right parameters for the operation of the connected power plants, the coordination of the operation of the plants and the timely development of the plants.

Litgrid, as the operator of the Lithuanian electricity transmission system, plans the operation of the electricity system in the long term, taking into account the requirements of security of supply and safety, reliability, quality, efficiency, consumption, management and environmental protection. For this purpose, a ten-year development plan for the Lithuanian EES 400-110 kV network is prepared every two years, one of the objectives of which is to provide directions for the development of the transmission network, the scope of the rehabilitation, and to determine indicative investments for the development and rehabilitation of the network, forming a long-term investment plan. The investment plan shall form a portfolio of projects. The portfolio shall consist of projects which are necessary for the achievement of strategic objectives of the State, for ensuring the reliability of the transmission network and the supply of electricity, for the renewal or introduction of information technology, or projects initiated by the users of the electricity transmission network.

Dozens of new projects are planned to be launched over a period of 10 years, i.e. an average of 22 projects each year. More than half a hundred projects are planned each year, reaching more than 100 after 2025. On average, 89 projects are planned each year.

Based on the long-term project portfolio, the Company builds a short-term (one-year) project portfolio.

5.6. Innovations

The Company’s actions in the field of innovations aim to contribute to the effective implementation of the strategy of Litgrid and the National Energy Independence Strategy. This objective is being achieved by developing an effective ecosystem of innovations where innovative ideas are initiated, experts’ time is allocated for their analysis and testing, they are implemented and introduced to daily activities.

The Company’s activities in the field of innovations are conducted in accordance with the Guidelines for Scientific Research and Experimental Development and Innovative Activities of the EPSO-G UAB Group approved by the Board of EPSO-G UAB (the “SREDI Guidelines”).

The purpose of the SREDI Guidelines is to ensure continuity and efficiency, competitiveness or facilitation of competition of the companies of the UAB EPSO-G group through research, innovation and new solutions, as well as to contribute to the implementation of the National Energy Independence Strategy and the creation of added value for the society.

The SREDI Guidelines set out the common concepts of scientific research and experimental development, and innovations and innovative activities across the Group, common directions and priorities of the SREDI activities, classification principles and recommendations for the transmission system operators regarding the allocation of funds for the SREDI activities that are not attributed to the regulated activities.

Innovation ecosystem

The company has a Research and Experimental Development and Innovation (RDI) system. It establishes the basic principles and innovation processes for an environment conducive to creativity and innovation. Innovation activities are focused on the implementation of the goals and objectives set out in the Climate Change and National Energy Independence Strategy (NENS), as it is difficult, if not impossible, to envisage a reliable electricity system without innovation in the transition from fossil fuel power plants to renewable energy sources and in the development of a competitive national economy in the Baltic States, the Scandinavian countries and the Central and Eastern European region.

In the first half of 2023, the focus was on innovation projects using the company's innovation platform - a 1 MW battery storage system. Preparations for experiments and demonstrations have been made in cooperation with market-based renewable energy developers and load pooling companies as well as research organisations. Technologies are also being tested using AI solutions for real-time forecasting and monitoring of transmission line capacity and improvement of operational processes. AI solutions are also being explored to digitise and robotize repetitive processes in the company. higher electricity demand.

5.7. Activities of RES centre

As Lithuania pursues its ambitious renewable energy targets and the implementation of the Breakthrough Package, the tense geopolitical situation and high electricity prices have further accelerated the development of renewable energy sources in the country. The "Breakthrough Package", adopted by the Lithuanian Parliament in spring 2022, has led to a greater involvement of Litgrid, which decided to concentrate its competences in renewable energy capacity planning, development, grid connection and data analytics in a single unit, which would work efficiently with both shareholders and customers - developers of solar, wind and battery farms in the country. At the end of 2022, Litgrid established a Renewable Energy Resource Centre. The specialised centre coordinates the connection of new power plants and battery projects to the Lithuanian electricity transmission grid and is expected to make a significant contribution to smoother RES development in Lithuania in the future.

The State Energy Regulatory Council approved Litgrid's description of the procedure for the use of electricity transmission networks on 7 March, and the possibility for RES developers to apply for connection to the transmission network has been open since 13 March.

At the same time, a new interactive map of the 110 kV and 330 kV transmission network was presented to the market on the website www.litgrid.eu, providing information on available and reserved capacity.

The new description includes important changes for the development of RES: from now on, 300% of capacity will be used in one area of the transmission grid, with maximum capacity allocated to wind and solar power plants and storage facilities. The grid connection reservation procedure is based on priorities, with preference given to projects with storage facilities and hybrid power plants using both solar and wind generation.

Under the procedure in force since February this year, the installed capacity of commercial solar parks in Lithuania is not limited - only the connection to individual points on the transmission grid is capped.

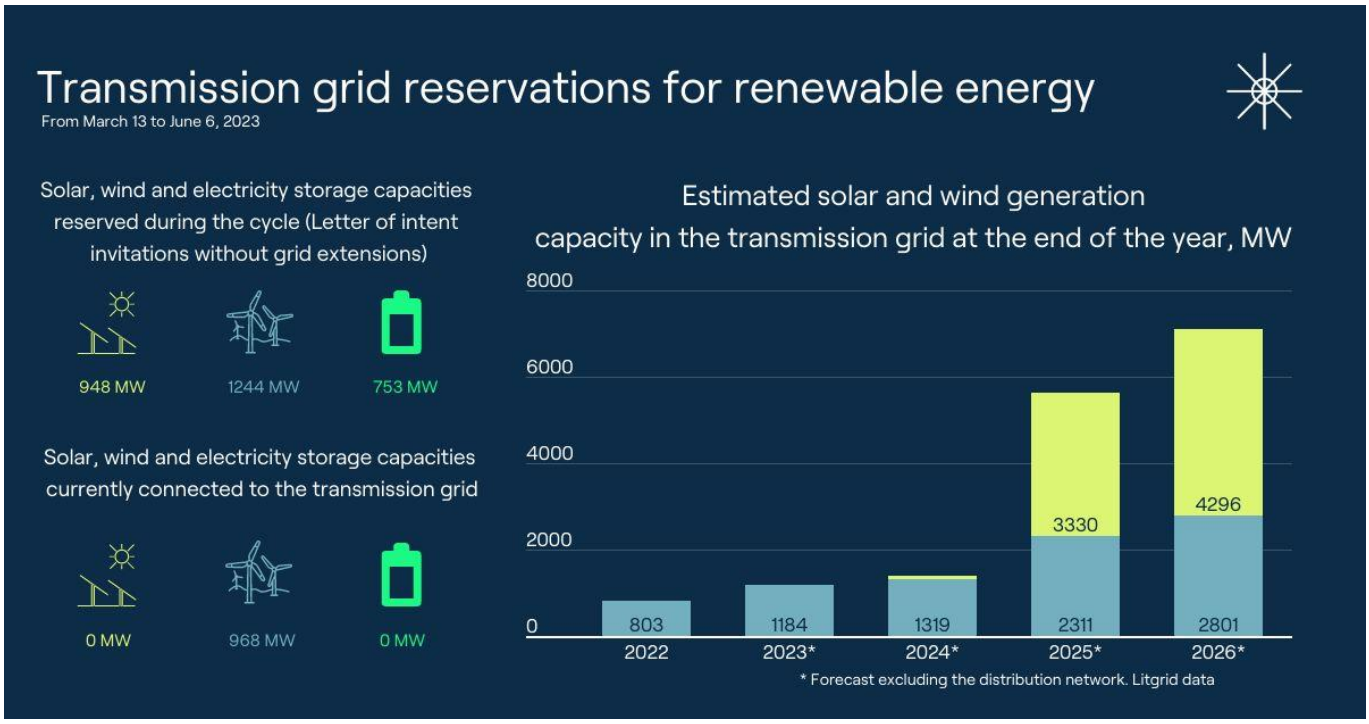
Lithuania's renewable energy capacity for all types of renewable energy sources, including transmission and distribution grids, is currently 1 917 MW, almost half of the country's total electricity generation capacity.

In addition to the existing power plants and new requests for capacity reservations, Litgrid has already concluded Letters of Intent with developers with a combined capacity of 3,700 MW of solar and 2,100 MW of wind. A further 1,400 MW is foreseen for two offshore wind farms to be auctioned this year.

Litgrid, Lithuania's electricity transmission system operator, has evaluated new applications from developers of solar and wind power plants and storage facilities for connection to the transmission grid. The operator has reserved 2,945 MW of capacity for renewable energy projects based on 35 approved applications.

Taking into account the applications duly submitted and processed during the first application cycle, from 13 March to 6 June, the transmission network has reserved 1,244 MW for wind power, 948 MW for solar power and 753 MW for storage. Of these, 1080 MW are new hybrid plants (solar and wind plants connected to the grid at the same point) and the expansion of existing plants into hybrid plants. In total, the operator received 88 requests for 9,000 MW of connection in the first cycle.

"Litgrid estimates that in 2030, the consumption and export potential of the Lithuanian electricity market will allow the connection of at least 4,400 MW of solar and 5,000 MW of wind generation capacity, for a total of 9,400 MW, or about 5 times more than today. In the coming decades, electricity demand is projected to increase several times more.



6. FINANCIAL INFORMATION

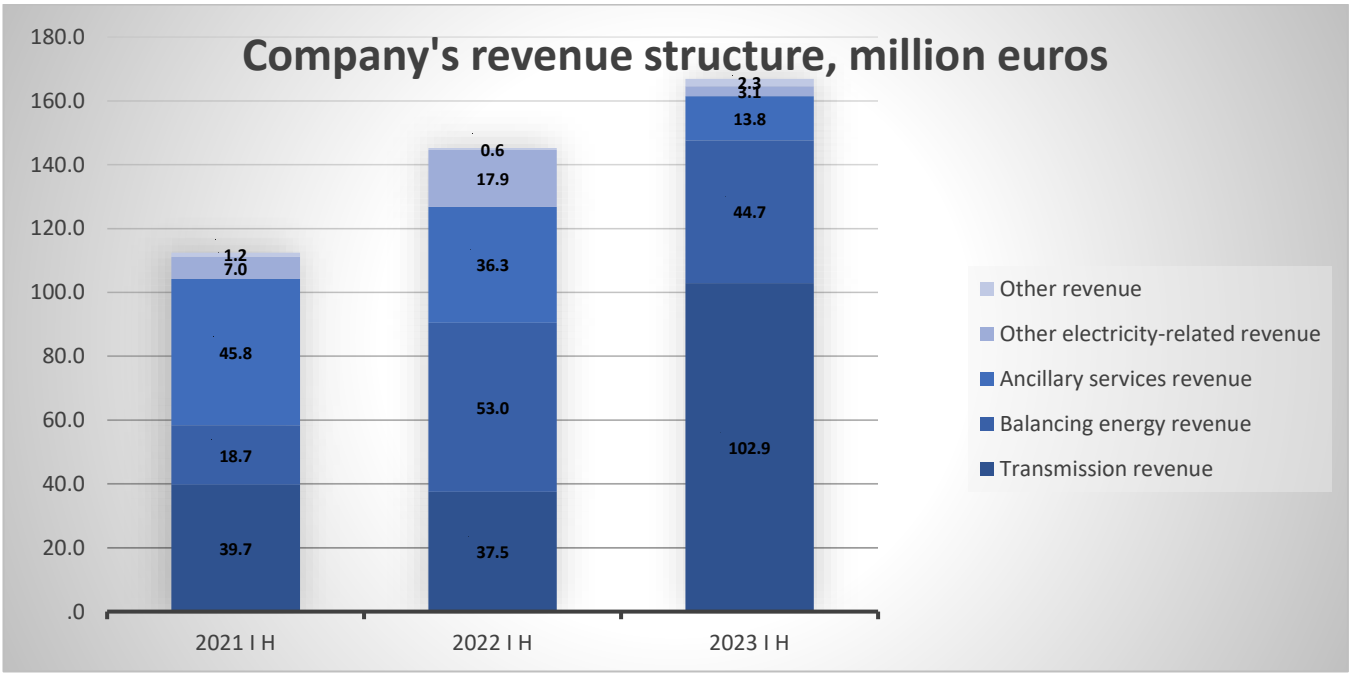
Main financial indicators of the Company

The Company's key financial indicators	2023 I H	2022 I H	2021 I H
Financial indicators, EUR thousand			
Revenue from electricity sales *	164 609	144 686	111 187
Other revenue	2 275	561	1 222
EBITDA **	35 060	134	31 813
Profit/(loss) before income tax	26 581	(10 836)	20 485
Profit/(loss) for the period	22 961	(9 240)	17 375
Cash flows from operating activities	15 624	(11 618)	50 054
Ratios			
EBITDA margin	21.0%	0.1%	28.3%
Operating profit margin	14.9%	-7.2%	18.6%
Return on equity (ROE) ***	-8.7%	-3.1%	14.3%
Return on assets (ROA) ***	-3.0%	-1.5%	7.6%
Shareholders' equity / Assets	28.7%	42.7%	53.6%
Financial liabilities / Equity	19.7%	28.3%	33.3%
Liquidity ratio	1.02	1.40	0.86
Total assets turnover ratio ***	0.77	0.68	0.55
Adjusted financial indicators, EUR thousand ****			
Profit for the period	10 530	6 467	7 387
EBITDA	20 436	18 613	20 063
Return on equity (ROE)	7.5%	6.4%	5.9%

* Including EUR 71.2 million congestion management revenue used to reduce transmission tariff for the year 2023 and accounted as transmission revenue. In the statement of comprehensive income this revenue is reflected in “Other income” line.
** EBITDA = operating profit + depreciation and amortisation + impairment expenses of assets + write-off expenses of assets.
*** Key ratios calculated by taking the data of the last 12 months. Assets and equity are calculated by averaging the beginning and end of the period.
**** The calculation of adjusted profitability indicators is carried out due to temporary regulatory deviations from the regulated profitability approved by the Council. The disclosure of the adjustment is presented in the “Profit and return ratios” subsection. 2021-2022 adjusted indicators are calculated from audited reports of regulated activities and Council decisions, in 2023 - calculated by the company and not yet approved by the independent auditor and the Council.

Revenue

Revenue earned by the Litgrid in the first half of 2023 amounted to EUR 166.9 million. a 14.9% increase compared to the same period of 2022.



Revenue from electricity transmission amounted to EUR 102.9 million, which is a 2.7 times increase compared to the same period of 2022 (Including EUR 71.2 million congestion management revenue used to reduce transmission tariff for the year 2023 and accounted as transmission revenue. In the statement of comprehensive income this revenue is reflected in “Other income” line). The main reason for the increase in transmission revenue – at the time of approving electricity transmission price cap for 2023 the compensated costs of regulated activities include 5 times higher costs of compensating losses in the grid due to the higher price of electricity.

Sales volumes of imbalance and balancing electricity increased by 46.2%, but the average sale price was 41.9% lower and revenue decreased by 15.6% to EUR 44.7 million. Change in revenue does not affect the Company’s profitability because according to the regulated imbalance pricing the current’s year revenue compensates expenses, including the Company’s internal expenses, attributable to this activity according to the regulation accounting.

Revenue from ancillary services decreased by 61.9% and amounted to EUR 13.8 million. Lower revenue from ancillary services resulted from a 55.9% decrease in the ancillary services purchasing component to the price of the transmission services and a 10.2% decrease in the volume. According to the regulated pricing of the ancillary services, revenue must compensate expenses, including the Company’s internal expenses, attributable to this activity according to the regulation accounting. Difference between revenue and expenses for the N-year is taken into consideration when approving the ancillary services purchasing component to the price of the transmission services for the N+2 year.

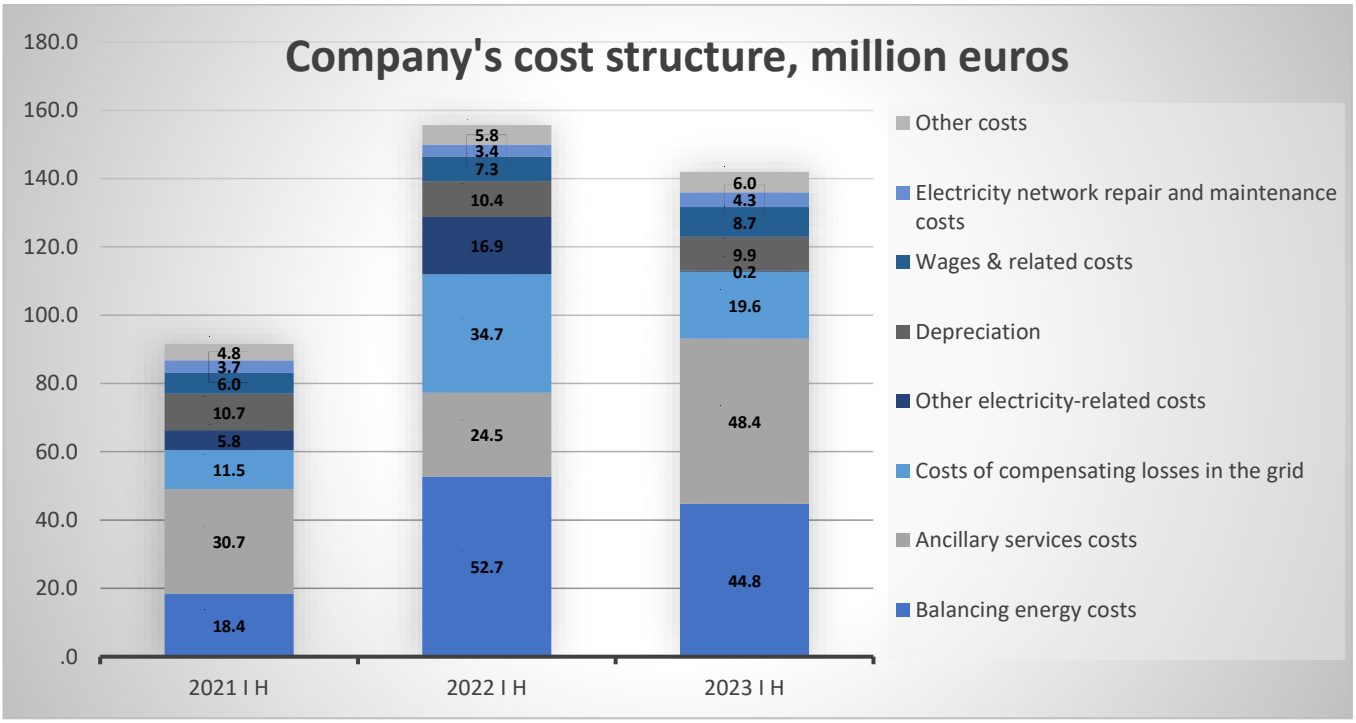
Other revenue related to the transmission activity include:

- PSO – services are not provided from 2023.
- Reactive energy revenue - EUR 2.8 million. This revenue group is assessed when determining the price of the transmission service and calculating the actual return on investments in the transmission service.
- Revenue from congestion management services - EUR 0.2 million. Change in this revenue does not affect the Company’s profitability because revenue compensates expenses incurred in ensuring the use of allocated capacity of the interconnections.

Other revenue increased more than 4 times to EUR 2.3 million due to a EUR 1.8 million increase in penalties from the contractors for delays in the performance of works.

Expenses

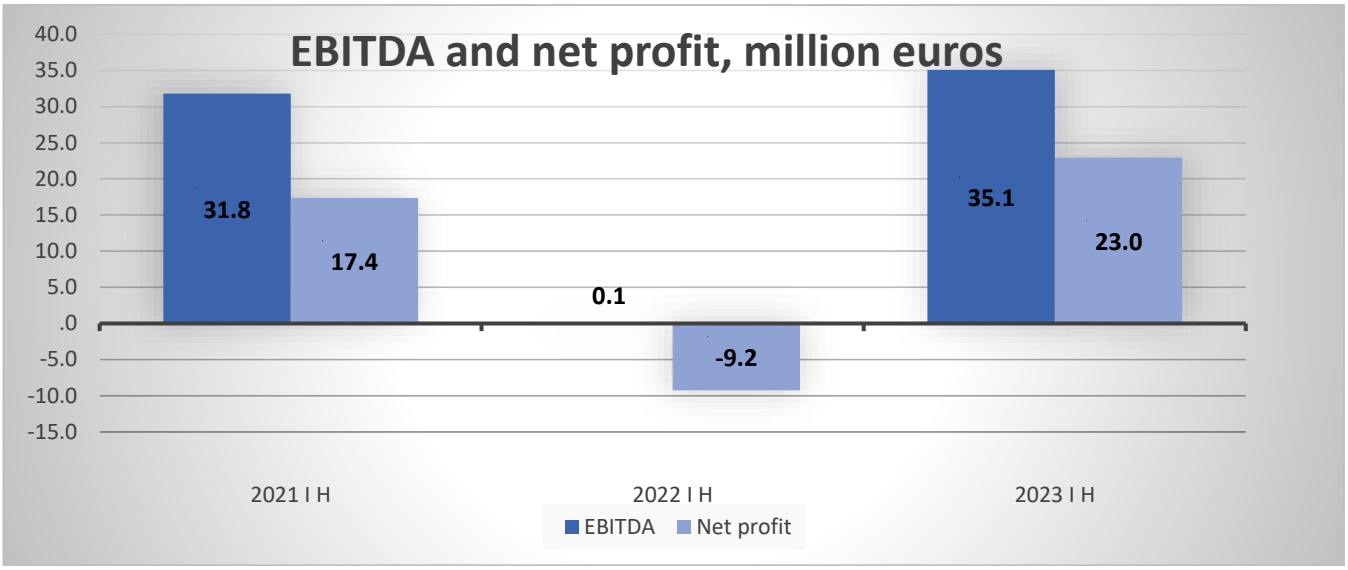
The Company's operating expenses totalled EUR 142 million in the first half of 2023 which is 8.8% lower compared to the same period of the 2022.



Expenses of purchase of electricity and related services accounted for a major portion of the Company's expenses - EUR 113 million (79.6% of the total expenses). These expenses decreased by 12.3% compared to the same period of 2022. Expenses for ancillary services increased by almost 2 times to EUR 48.4 million due to higher regulated prices from ancillary services providers. Imbalance and balancing electricity expenses decreased by 15.1% and amounted to EUR 44.8 million due to 42.4% lower average purchase price though the volume was higher by 46.2%. Expenses of purchasing electricity to compensate the losses in the transmission network decreased by 43.6% to EUR 19.6 million due to 41.7% lower average purchase price of electricity and due to 3.2% lower amount of technological losses. The main reason for the decrease in other electricity-related costs is that PSO are no longer provided.

Depreciation and amortisation costs decreased by 4.6% to EUR 9.9 million. Repair and maintenance expenses of the electricity network increased by EUR 0.9 million due to a larger scope of annual scheduled repair and maintenance works performed that are carried out under the multi-annual work plan and rise in prices of services. Increase in wage costs by EUR 1.4 million compared to the same period of 2022 was affected by a 12.4% increase in the average number of employees due to the implementation of the synchronisation program and due to increased scope of activities.

Profit and return ratios



EBITDA for first half of the 2023 increased by EUR 35 million compared to the same period of 2022 and amounted to EUR 35.1 million. The Company's net profit was EUR 23 million, whereas net loss of EUR 9.2 million was incurred in the first half of 2022.

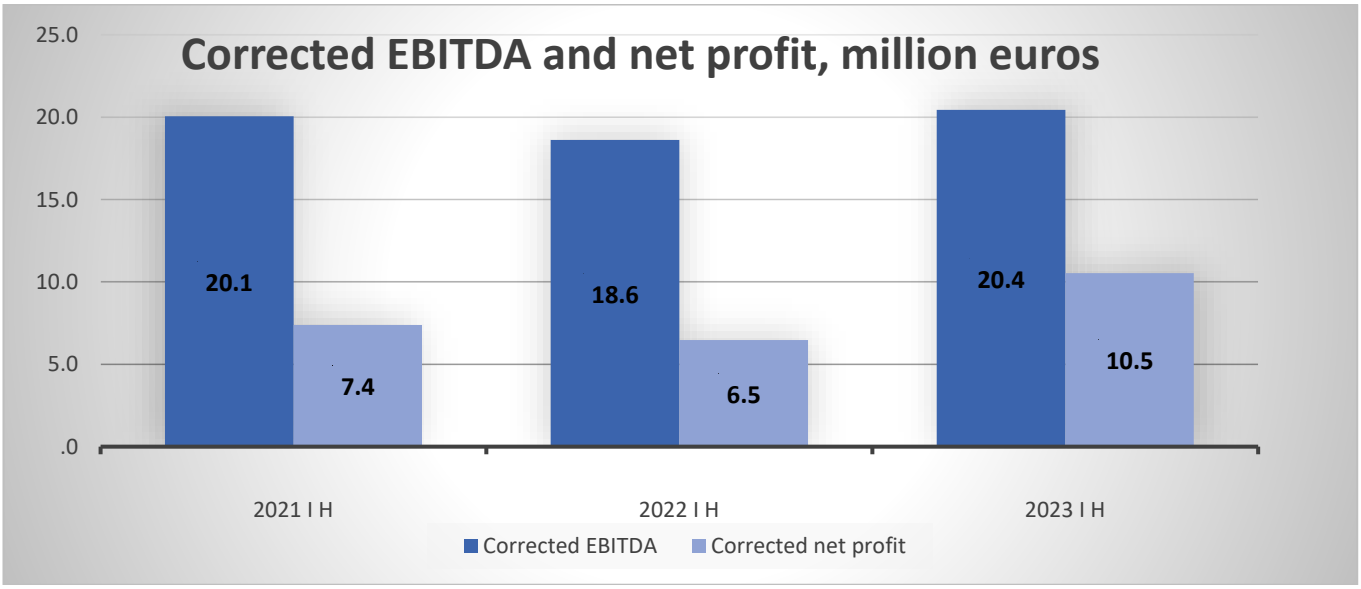
The main reasons for increase in the Company's EBITDA were as follows:

- Decrease in expenses of compensating technological losses by EUR 15.1 million.
- Increase in transmission revenue by EUR 65.5 million.
- Decrease in the result of other transmission activity by EUR 1.5 million.
- Increase in other income due to higher penalties for contractors by EUR 1.7 million.

The main reasons for decrease in the Company's EBITDA were as follows:

- Increase in difference between costs and revenue of ancillary services by EUR 46.4 million.
- Increase in operating expenses by EUR 2.5 million.

The adjusted profitability indicators are calculated due to temporary regulatory deviations from a regulated profitability approved by the Council. The adjusted indicators are calculated by assessing a revenue adjustment for the prior periods, which has already been approved by the Council's decision when establishing regulated prices for the reporting period, and by assessing deviation of an actual profitability from a reporting period profitability permitted (regulated) by the Council, which will be assessed when establishing regulated prices for the upcoming years by the Council.



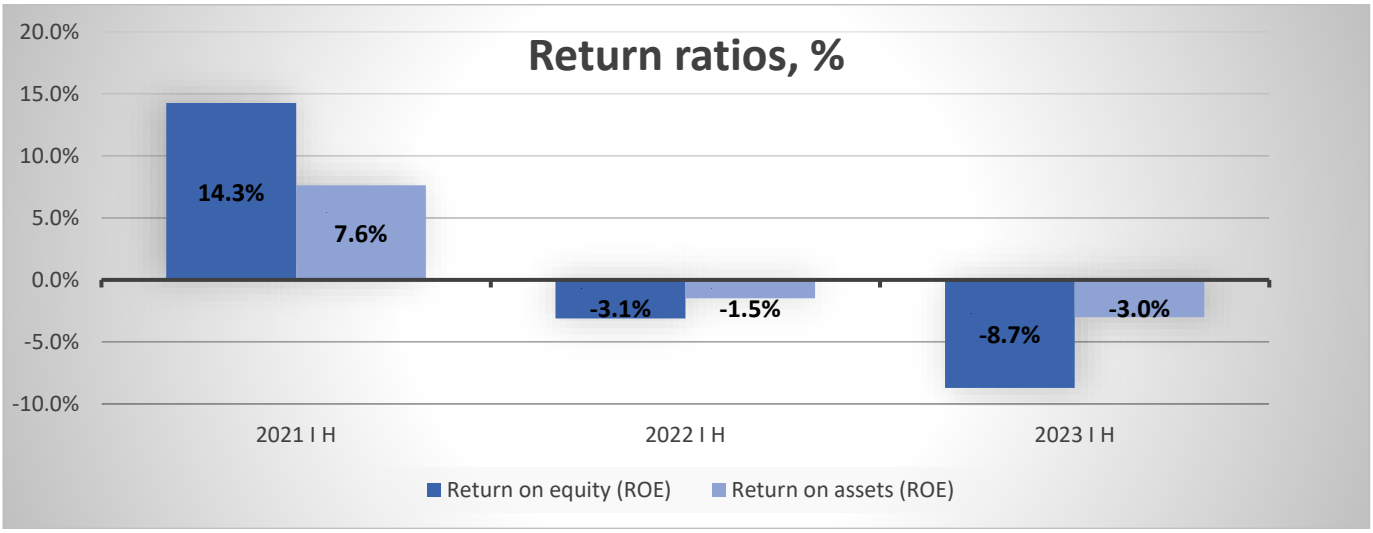
Adjusted EBITDA for first half of the 2023 was calculated by making the following adjustments to actual EBITDA:

- addition of EUR 13.6 million. This is a 1/2 of result of ancillary services for 2021 (revenue less expenses), by which revenue from ancillary services for 2023 was reduced.
- addition of EUR 21 million. This is a result (loss) of ancillary services for first half of 2023, by which revenue from ancillary services for 2024-2025 should be increased.
- subtraction of EUR 2 million. This is a part of the difference between permitted and actual return on investments in 2020-2021 in the transmission service activity, by which transmission service revenue for 2023 was increased.
- subtraction of EUR 47.2 million. This is a projected difference between an actual and permitted return on transmission activity investments for 2023, by which transmission service revenue for the later years should be reduced. Calculated by the Company, not yet approved by the Auditor and the Council.

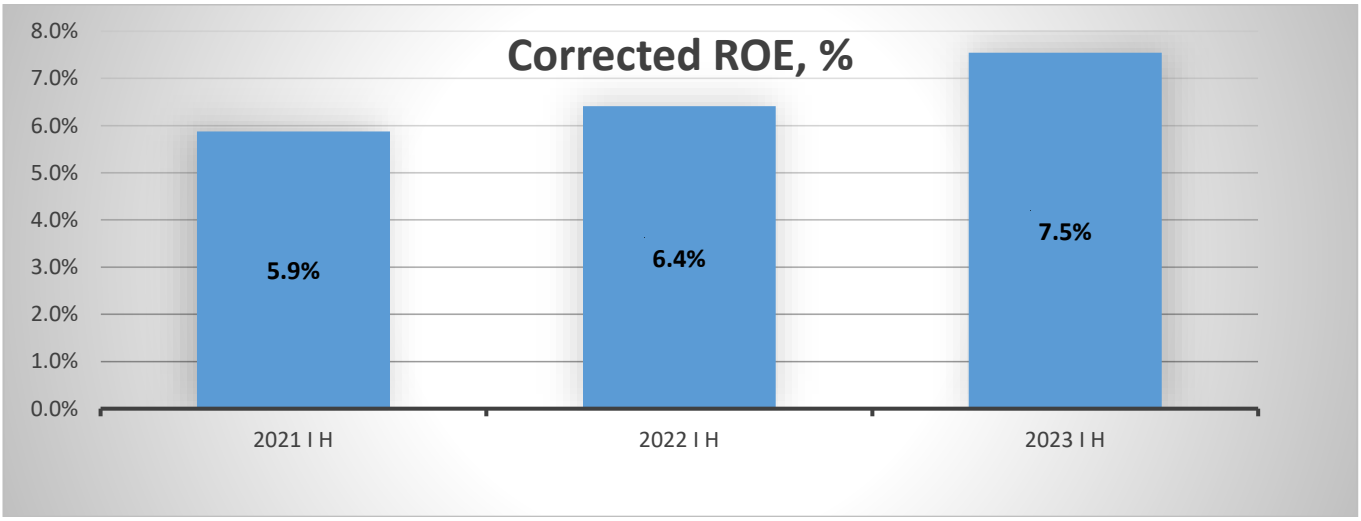
The reasons for increase in the Company's adjusted EBITDA were as follows (for the first half of 2023 compared to the same period of 2022):

- EUR 0.4 million bigger compensated capital costs (return on investment, including OPEX savings which are increasing the return on investment + compensated depreciation costs + costs for the write-off of tangible fixed assets, which are included in regulated revenue).
- EUR 1.4 million bigger non-regulated revenue (mainly penalties for the contractors).

Adjusted net profit = actual net profit + EBITDA adjustments x 0.85.



In the first half of 2023 ROE and ROA ratios decreased from -3.1% and 1.5% to -8.7% and -3% respectively compared to 2022.



Adjusted ROE = adjusted net profit / ((actual equity at the beginning of the period + actual equity at the end of the period) / 2).

Balance sheet and cash flows

During the first half of the year the Company's assets decreased by EUR 57.4 million (8%) and amounted to EUR 661.1 million as of 30 June 2023. Non-current assets representing 60.6% of the Company's total assets increased by EUR 16.7 million (4.4%), the main reason – investments in the property, plant and equipment were higher than depreciation costs.

Current assets decreased by EUR 74.1 million (22.2%) and the main reasons were: trade receivables (mainly for the disbalance energy) decreased by EUR 44.8 million, loans granted (temporarily unused accumulated congestion management revenue connected to the Group account and loaned to EPSO-G) decreased by EUR 24.2 million.

Shareholders' equity increased by EUR 23 million (13.8%) during the first half of 2023 and accounted for 28.7% of the total assets at the 30 June 2023.

As of 30 June 2023, the Company's financial liabilities to credit institutions amounted to EUR 37.4 million (declined by EUR 3 million during the first half of the year). Financial liabilities to equity ratio was 19.7%. Borrowings repayable within one year accounted for 16.7% of the total borrowings.

Other non-current liabilities increased by EUR 80.5 million (57.9%). The main reasons were increase by EUR 70.5 million in a non-current portion of accumulated congestion management revenue and increase by 10.2 million in other non-current liabilities.

Current liabilities, excluding a current portion of non-current borrowings, decreased by EUR 157.8 million (38.2%), whereof a current portion of accumulated congestion management revenue decreased by EUR 131.7 million, trade payables by EUR 21.6 million, advance amounts received were EUR 0.6 million higher, other current amounts payable and liabilities decreased by EUR 5 million.

Congestion management revenue received during the first half of 2023 amounted to EUR 35.5 million, of which EUR 0.2 million were used for ensuring the availability of allocated capacities, EUR 25.3 million were allocated for the funding of investments and EUR 71.2 were used for reducing electricity transmission tariff. Accumulated congestion management revenue balance amounted to EUR 288.9 million as of 30 June 2023, of which EUR 81 million were temporarily used for the financing of the Company's activities and EUR 207.8 million were connected the EPSO-G Group account.

The Company's free cash flow (net cash flow excluding cash flows from financing activities and loans granted by the Company and their repayments) totalled negative EUR (21.1) million in the first half of 2023.

Investments in non-current assets

During the first half of 2023, investments of transmission system operator LITGRID (works performed and assets acquired (including transferred assets from third parties), irrespective of payment terms) amounted to EUR 59,3 million, of which 64% were earmarked for the implementation of strategic electricity projects and projects of national significance, and 36% for the reconstruction and development of the electricity transmission network and ensuring the continuity of the Company's activities. Major investments were allocated for the following projects:

- Construction of the 330 kV Darbėnai-Bitėnai electricity transmission line - EUR 13.7 million, co-financed by the Connecting Europe Facility.
- Installation of new synchronous compensators in the Lithuanian electricity system - EUR 9 million, co-financed by the Connecting Europe Facility.
- Construction of the 330 kV Kruonio HAE-Bitėnai electricity transmission line - EUR 7.6 million, co-financed by the Connecting Europe Facility.
- Reconstruction of the 330/110/10 kV Neris transformer substation (330 kV and 110 kV switchyards) - EUR 4.1 million.
- Reconstruction of the 330 kV Kruonio HAE switchyard - EUR 3.6 million.
- Reconstruction of the 330 kV overhead line Lietuvos Elektrinė–Alytus - EUR 2.1 million, co-financed by the European Union structural funds.

7. INFORMATION ON THE SHARE CAPITAL AND THE SHAREHOLDERS AND THEIR RIGHTS

Since 22nd December 2010, Litgrid's shares are traded on the Secondary List on the NASDAQ OMX Vilnius exchange, ISIN code of securities: LT0000128415.

Litgrid has not acquired its own shares. During the reporting period Litgrid neither acquired nor disposed of its own shares.

The share capital of Litgrid amounts to EUR 146,256,100.2, and it is divided into 504,331,380 ordinary registered shares with the nominal value of EUR 0.29 each.

EPSO-G UAB (Gedimino avenue 20, LT-01103 Vilnius, company code 302826889), a company wholly owned by the Ministry of Energy of the Republic of Lithuania, controls 97.5% of Litgrid 's shares. EPSO-G UAB possesses a decisive vote in making decisions at the general meeting of shareholders.

The Company has not received any information on mutual agreements between the shareholders due to which restrictions on transfer of securities and/or voting rights may be imposed. There are no restrictions regarding voting rights at the Company.

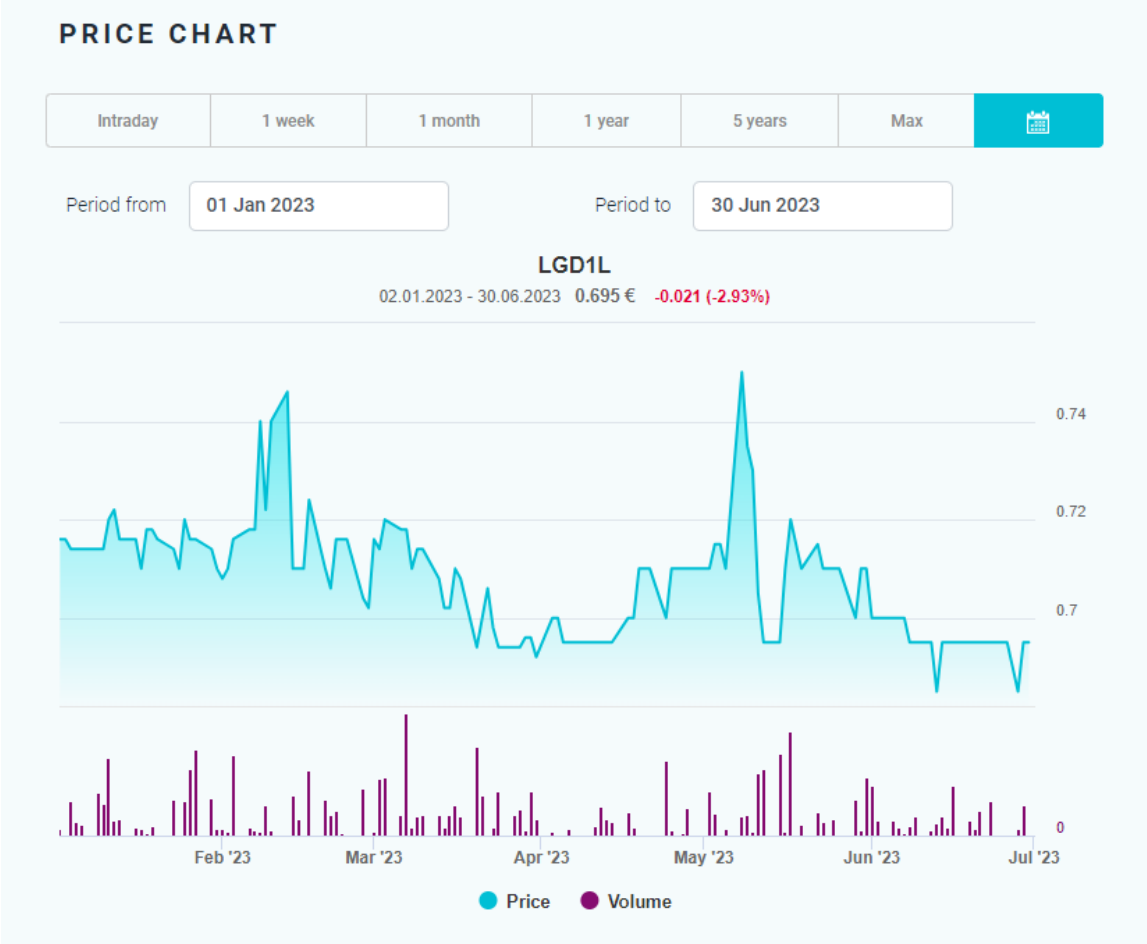
SEB Bankas AB was the provider of accounting and related services for Litgrid 's securities from September 15th 2020.

Data on trading in Litgrid securities on the regulated markets:

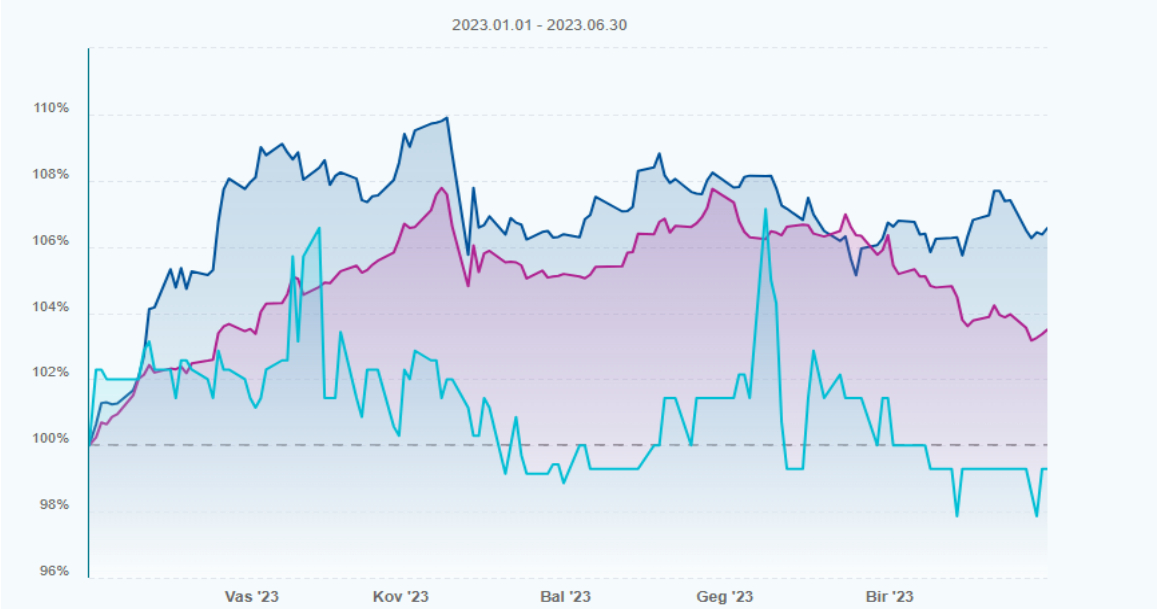
Indicator	HY 2021	HY 2022	HY 2023
Opening price, EUR	0,58	0,805	0,702
Highest price, EUR	0,85	0,805	0,78
Lowest price, EUR	0,575	0,7	0,685
Closing price, EUR	0,805	0,746	0,695
Turnover, units	481 486	260 622	221 450
Turnover, EUR million	0,33	0,2	0,156
Capitalisation, EUR million	405,99	376,23	350,51

7.1. Turnover and prices of Litgrid's shares during the reporting period, in EUR:

https://nasdaqbaltic.com/statistics/lt/instrument/LT0000128415/trading



7.2. Benchmark of LGD1L,OMX Baltic Benchmark GI (OMXBBGI) and OMX Vilnius (OMXV)



INDEKSAS | AKCIJA	ATIDARYMO VERTĖ	UŽDARYMO VERTĖ	POK.%
OMX_Baltic_Benchmark_GI	1 384,42	1 475,36	+6,57
OMX Vilnius_GI	947,14	980,31	+3,5
LGD1L - LITGRID	0,7	0,69	-0,71

7.3. Dividend policy

18 August 2017 The Board of Litgrid has adopted a decision to apply the dividend policy of UAB EPSO-G Group, approved by the decision of the Board of Directors of UAB EPSO-G on 14 July 2017 (renewed 7th February 2020), to Litgrid in full. EPSO-G's Dividend Policy regulates the procedure for setting, paying and declaring dividends for all the companies in the group, sets clear guidelines for the expected return on equity and investment for existing and potential shareholders, while ensuring sustainable long-term growth of corporate value, timely implementation of nationally important strategic projects, and purposefully building trust in the entire group of energy transmission and exchange companies.

At Litgrid's Ordinary General Meeting of Shareholders held on 11 April 2023, it was decided not to pay dividends.

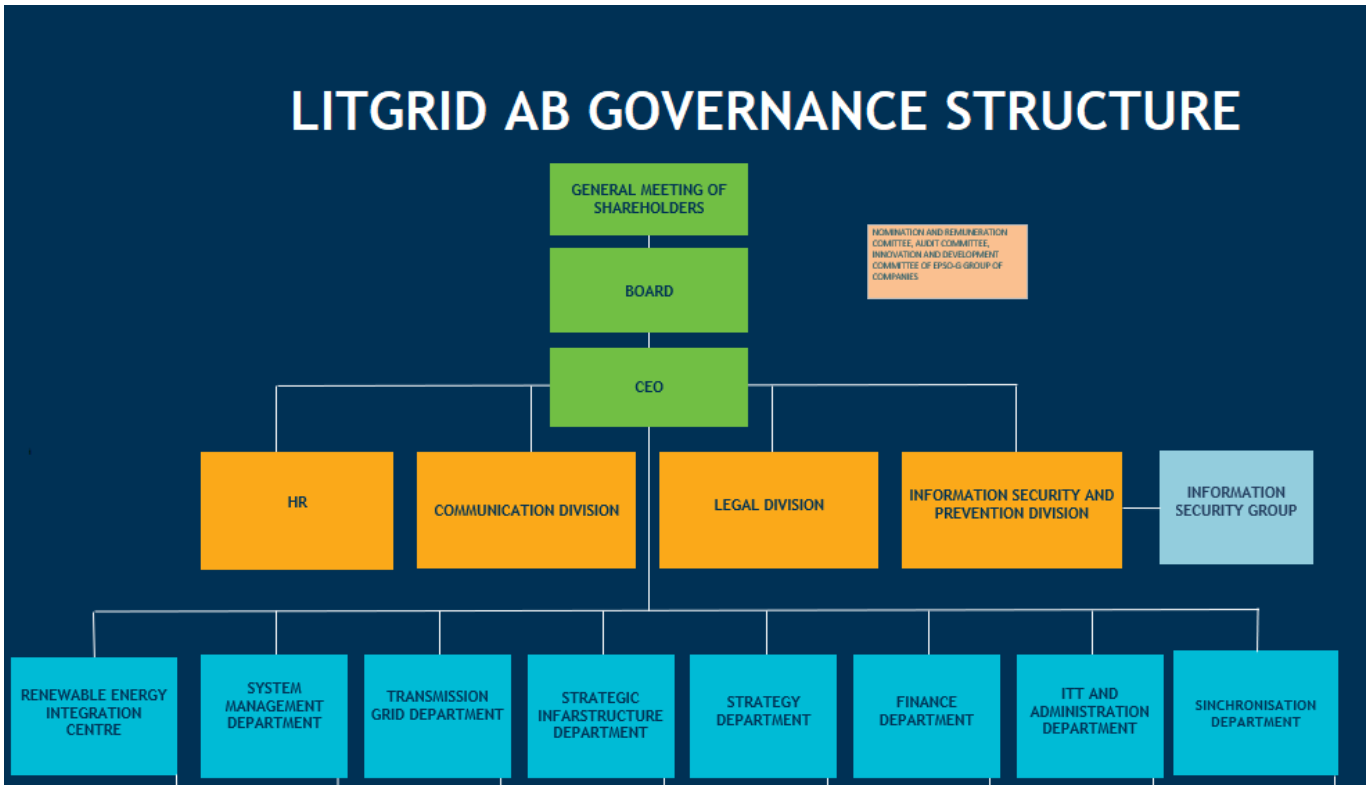
8. GOVERNNACE

8.1. The Company’s management bodies

The system of the company's management bodies is established in the articles of association and consists of: the general meeting of shareholders, the board and the company manager.

The company with its parent company EPSO-G UAB and other legal entities directly and indirectly managed by the parent company form a group of companies.

In the parent company UAB EPSO-G, the Remuneration and Nomination and Audit Committees are formed and act as the remuneration and nomination and audit committees of the entire group of companies, among other things, performing the functions of the company's remuneration and nomination and audit committee.



8.2. Principles of company management

The main principles of company management, the competences of the company's bodies - the general meeting of shareholders, the board and the manager - are determined by the Civil Code of the Republic of Lithuania, the Law on Joint Stock Companies and the company's articles of association. The company's general meeting of shareholders resolves the issues of changing the company's articles of association and authorized capital, conversion of shares, elects the board and the auditor, approves annual financial statements and distributes profits, makes decisions on the most important transactions and other issues. The board of the company determines the organizational structure of the company, elects the manager, approves the operational strategy, budget, investments, makes decisions on the conclusion of important transactions and other important management issues. The manager is the sole management body of the company, he organizes the company's activities and concludes the company's transactions. The competence of the Company's bodies is described in detail in the Company's articles of association.

The company complies with the governance code of listed companies.

8.3. The Articles of Association

The Articles of Association of Litgrid were amended in accordance with the procedure established by the Law on Joint Stock Companies of the Republic of Lithuania. During the reporting period, the Company's Articles of Association were revised and a new version was approved on 20 April 2023. Main changes to the Articles of Association:

- Direct application of the Group level documents approved by both the EPSO-G Board and the EPSO-G CEO. The company will have the right to decide not to apply the Group level documents or to apply them with exceptions, subject to the approval of the company's board of directors or the head of the company, as appropriate, after having informed EPSO-G of the envisaged exceptions;
- increased transaction values (from EUR 15 million to EUR 30 million), which require the approval of the company's general meeting of shareholders;
- The Board will no longer approve plans to implement operational and internal audit recommendations. The approval of these plans is the responsibility of the Chief Executive Officer, while the Board has the competence to analyse and evaluate their implementation;
- clarification of the transactions to be decided by the Board;
- clarification of the Board's competence to approve the company's key regulatory documents;
- the competence of the Board to vote in general elections of shareholders of both subsidiaries and associated companies. The Board has the right to delegate this function to the Chief Executive Officer by decision;
- provisions to ensure the continuity of operations in the absence of the Board;
- the Chief Executive Officer is referred to in the Articles of Association as the 'Chief Executive Officer';
- the representation of the Chief Executive Officer in the Group-wide committees.

The Company's Articles of Association are available on the Company's website www.litgrid.eu.

8.4. General shareholder meeting

The General Meeting of Shareholders is the company's supreme governing body. The competence of the General Meeting of Shareholders, the rights of shareholders and their exercise are provided for in the ABA and the company's Articles of Association.

The competence, convening and decision-making procedures of the General Meeting of Shareholders shall be laid down by the Law, other legal acts and the Articles of Association.

8.5. Management board of Litgrid

The Board of the Company consisting of five members, is elected for a four-year term. The term of office of the Board begins at the end of the General Meeting of Shareholders that elected the Board and ends on the day of the Ordinary General Meeting of Shareholders to be held in the year of the end of the term of office of the Board.

If the Board or a member of the Board is revoked, resigns or for other reasons ceases to hold office before the end of the term of office, a new Board or a member of the Board shall be elected for the remaining term of office. According to the requirements of the amended new Articles of Association, the election of the members of the Board ensures that the Board consists of at least 2 (two) independent members, determining their independence taking into account the requirements of the applicable legislation; it is ensured that at least 3 (three) members of the Board are not related to the employment relationship with the Company, and if possible, the aim is not to appoint employees of the Company to the Board.

The Board elects the Chairman of the Board from its members. In its activities, the Board follows the laws, other legal acts, the Articles of Association, the decisions of the General Meeting of Shareholders and the Rules of Procedure of the Board.

The Board is a collegial management body of the Company. The competence of the Board, the decision-making procedure and the procedure for election and removal of members shall be established by laws, other legal acts and the Articles of Association. The Board is accountable to the General Meeting of Shareholders.

30 June, 2023 the Members of Litgrid's Management Board, CEO and CFO:

Title	Name, surname	Start date	End date	Shares
Chairman of the Board	Tomas Varneckas	2022 04 20 Elected Chairman of the Board 29 12 2022		-
Independent Board member	Domas Sidaravičius	2016 07 29		-
Board member	Mindaugas Keizeris	2022 12 22		-
Board member	Gediminas Karalius	2022 04 20		-
Independent Board member	Andrius Šemeškevičius	2023 06 12		-
CEO	Rokas Masiulis	2021 02 22		-
CFO	Vytautas Tauras	2019 03 01		76 shares

CVs of the members of the Board and the Company's Chief Executive Officer (information is also published on the website at *www.litgrid.eu*).

8.5.1. The areas of the activities of the Board

The Board of the Company considers and approves the Strategy, three-year action plan, 10-year development plan, the budget, charity and sponsorship, other Company's documents of strategic importance. The Board makes decisions for the Company to start a new type of activity or to terminate a specific activity, when it does not contradict the purpose of the Company's activity. Also, the decisions related to the issuance of bonds, transfer of shares held by the Company to other persons, decisions on financial transactions with a value of more than EUR 3 million must be approved by the Board. The Board also resolves other issues assigned to it in the Company's Articles of Association.

8.5.2. The Board

Tomas Varneckas
Chairman of the Board

Head UAB „EPSO-G“ infrastructure (company code 302826889, Gedimino avenue. 20, 01103 Vilnius).

T. Varneckas does not hold shares of Litgrid.

Mindaugas Keizeris
Board member

UAB EPSO-G CEO (company code 302826889, Gedimino avenue. 20, 01103 Vilnius).

M. Keizeris does not hold shares of Litgrid.

Gediminas Karalius
Board member

The ministry of Energy, senior advisor to Energy security group.

G. Karalius does not hold shares of Litgrid.

Domas Sidaravičius
Independent board member

Other position: Tuvlita UAB Strategy and development director (company code 1105840917, Lentvario str. 7A, LT-02300, Vilnius).

D. Sidaravičius does not hold shares of Litgrid.

Andrius Šemeškevičius
Independent board member
Other position: AB „Telia Lietuva“ (company code 121215434, Saltoniškių str. 7A, LT-08105 Vilnius) Technology manager

A. Šemeškevičius does not hold shares of Litgrid.

8.5.3. Areas of activities of the CEO

The CEO is the sole governing body of the Company. The CEO organizes the activities of the Company, manages it, acts on behalf of the Company and has the right to conclude transactions unilaterally. The competence of the CEO, the procedure of election and revocation shall be established by laws, other legal acts and the Articles of Association.

Rokas Masiulis
CEO

Other positions: independent board member at „Connect Pay“ UAB (reg, nr. 304696889 Algirdo str. 48, LT-03218 Vilnius).

R. Masiulis does not hold Litgrid shares.

8.5.4. Governance and control

The requirements for the management of the Company are also laid down in the Decrees of the Government of the Republic of Lithuania on the management of state-owned or controlled companies, insofar as they apply to companies belonging to the EPSO-G Group, and in the Code of Governance, insofar as the Articles of Association of the Company do not provide otherwise.

In accordance with the Integrated Planning and Monitoring Policy of the EPSO-G Group, approved by the Company's Board of Directors at its meeting No. 12 of 19 May 2017, which is directly applicable to the Company in its entirety, the Company prepares a strategy for a period of 5 to 10 years, with the period of the strategy to be in line with that of the parent company. Currently, the Company's strategy is for a period of 10 years until 2031. The implementation of the strategic objectives of the Company's strategy is ensured by the Company's performance, control and risk management systems. The Company's strategy is approved and monitored by the Board. The Company has in place a monthly monitoring system for the implementation of the strategy, which is linked to the remuneration system for the Company's management. The composition of the Company's Board of Directors is also disclosed on the Company's website.

The activities of the Company's transmission system operator are regulated by the national regulatory authority, the State Energy Regulatory Council. The Council, within its competence, performs the functions of state regulation of activities in the electricity sector in the Republic of Lithuania, inter alia, by ensuring supervision and control over the performance of regulated energy activities and the proper implementation of the rights and obligations of electricity undertakings and consumers.

The Company's strategy and business plan shall be implemented and the activities of the Company's administration shall be organised by the Chief Executive Officer. The Company's administrative management consists of the Chief Executive Officer, the Director of the Finance Department, the Director of the System Department, the Director of the Transmission Network Department, the Director of the Strategic Infrastructure Department, the Director of the Strategy Department and the Director of the ITT and Administration Department. The composition of the Company's management is disclosed on the Company's website.

The Company's corporate governance is guided by the following policies of the EPSO-G Group, all of which are publicly available on the Company's website.

The Company's internal control systems are supported by its organisational structure, management culture and good management practices, as well as the implementation of process management. It should be noted that EPSO-G's board of directors exercises oversight, and the remuneration and nomination committee and the audit committee make recommendations, proposals and conclusions on important issues concerning the company's activities. The internal control system is initiated by the Board of Directors and implemented by the management, supported by EPSO-G's Audit Committee, external independent audit and the departments that service the core business. The Company's procedures and policies ensure the reliability of financial accounting and reporting, the compliance of the Company's activities with the law, the efficiency of its operations and the achievement of its objectives.

During the reporting period, the corporate governance of the EPSO-G Group was carried out in accordance with the corporate governance rules as at 29 December 2022. "The Guidelines for Corporate Governance of the EPSO-G Group approved by the Ministry of Energy of the Republic of Lithuania, the sole shareholder of EPSO-G, on 30 December 2022. The Guidelines set out the principles of corporate governance to be applied uniformly to all companies in the EPSO-G Group, the governance organisation model, the management structure, the management and control system and the accountability system.

The new version of the Corporate Governance Guidelines establishes seven key principles of corporate governance: (i) the principle of creating the conditions for effective corporate governance, which aims to ensure that the Group's governance and the necessary decisions are taken efficiently; (ii) the principle of proportionality, which aims to ensure that EPSO-G's governance methods are proportionate, i.e. (iii) the principle of the realisation of shareholders' rights, which seeks to ensure that the rights and legitimate interests of all shareholders are properly realised; (iv) the principle of the involvement of all stakeholders, which recognises the rights and expectations of stakeholders; and (v) the principle of transparency, which seeks to ensure that the Group's activities are organised in a transparent manner, with adequate disclosure of essential information; (vi) the principle of responsibility and accountability of the management bodies, which aims to ensure that the management bodies perform their functions properly and in a timely manner, actively exercise their rights and properly discharge their duties; (viii) the principle of integrity, which aims to ensure both vertical and horizontal integrity.

9. SPECIAL OBLIGATIONS

Litgrid has no special obligations.

10. THE MAIN EVENTS FOR THE PERIOD

The Company publishes material events and other regulated information on a European Union-wide basis in order to comply with its obligations under applicable securities legislation. This published information is available on the Company's website (www.litgrid.eu) and on the website of the NASDAQ Vilnius Stock Exchange (www.nasdaqbaltic.com).

Summary of Litgrid key activities and achievements in 2023

January

5 January 2023 Litgrid received confirmation that the Government of the Kingdom of Sweden has granted permission for the construction of Harmony Link, Lithuania's offshore link to Poland, in its exclusive economic zone.

19 January 2023 Litgrid dispatched a 330/110/10 kV autotransformer to Ukraine on 20/20/20, which will help secure the electricity supply to Russia through the targeted destruction of Ukraine's energy infrastructure. The transformer, weighing almost 200 tonnes, was loaded onto a flatbed semi-trailer at the Šiauliai transformer substation and prepared for its journey to Ukraine.

February

2 February 2023 Litgrid, Lithuania's electricity transmission system operator, starts upgrading the equipment at the Šiauliai transformer substation and will soon install a temporary interconnector. These works are important to ensure the continuity of synchronisation with the continental European grid and the reliability of the electricity transmission network.

15 February 2023 Litgrid has started the reconstruction of the switchgear of the 330 kV Biténai transformer substation in western Lithuania. The work, which is important for synchronisation with continental Europe, will strengthen the reliability and security of the country's electricity transmission network.

22 February 2023 Litgrid will be the first in the Baltics to test virtual variable capacity technology. The innovative system, which measures and predicts the temperature of overhead lines, is expected to allow more electricity to be transmitted along the same lines. This would allow renewable power plants to operate more without generation constraints.

March

8 March 2023 Litgrid, Lithuania's electricity transmission system operator, has started construction of one of the most important projects of the year - the installation of a synchronous compensator in Telšiai. The synchronous compensators will strengthen the reliability of the grid and contribute to the development of renewable energy sources, and will help ensure autonomous frequency management after synchronisation with continental Europe.

16 March 2023 Litgrid has installed new pylons on more than 80 km of 330 kV transmission lines under construction in western Lithuania. This future transmission highway is important for strengthening the reliability of the country's grid and preparing for synchronisation with continental European networks.

Following the approval of a new grid connection procedure on 20 March 2023, Litgrid, the Lithuanian electricity transmission system operator, is seeing a huge increase in activity from renewable energy developers. In the first three days of the call, 61 applications for connection of solar, wind and storage plants with a total permitted generation capacity of 7,500 MW were received.

23 March 2023 Litgrid has facilitated the launch of independent demand aggregators connecting electricity consumers, and is the first company to do so to launch its services. Demand aggregators bring together a group of consumers who can use less electricity when needed. In this way, consumers participate in the balance between production and consumption in the electricity system and can reduce their energy costs.

29 March 2023 Litgrid has prepared a design proposal for the reconstruction of the 330 kV switchyard at the Kruonis Hydroelectric Power Plant (HPP). The renovation of this substation will be one of the largest reconstruction projects initiated by Litgrid in recent years to ensure the reliability of power supply in preparation for the expansion of Kruonis HPP and its synchronisation with the Continental European grid.

April

5 April 2023 Litgrid started construction of the Alytus synchronous compensator project. The installation of synchronous compensators is one of the most important works in preparation for the synchronisation with the continental European grids. These installations will strengthen the reliability of the electricity grid and contribute to the development of renewable energy sources, and will help ensure autonomous frequency control after synchronisation with continental Europe.

22 April 2023 Litgrid has successfully completed an isolated operation test. For the first time, Lithuania's electricity system was disconnected from the Russian-controlled IPS/UPS system and operated fully autonomously.
During the test, on Saturday from 11 am to 9 pm, the connections to the IPS/UPS system - Latvia, Belarus and Kaliningrad Oblast - were disconnected from the Lithuanian electricity system, which operated in power island mode. Electricity was supplied by power plants in Lithuania, as well as DC connections to Poland and Sweden. For the first time in the history of an independent country, the balance and frequency of the electricity system was managed solely by Litgrid dispatchers.

On 24 April 2023, the joint project steering committee of the Lithuanian and Polish TSOs Litgrid and PSE decided not to increase the Harmony Link budget. If the bids submitted exceed the investment, the procurement of the cable will be re-tendered and trade with Poland will continue via LitPol Link until the end of the project.

May

4 May 2023 Litgrid has shipped three power transformers to Lithuania. They are needed to connect three synchronous compensators to the transmission grid, which will strengthen the reliability of the grid and contribute to the development of renewable energies, and after synchronisation will allow for autonomous frequency management.

12 May 2023 Litgrid has made public its capacity reservation register, based on requests from developers of solar and wind power plants and storage facilities to connect them to the transmission grid.

18 May 2023 Litgrid switches on 88 km of 330 kV transmission lines in western Lithuania. The reconstruction transformed the single-circuit Grobinė (Latvia)-Klaipėda and Jurbarkas-Bitėnai transmission lines into double-circuit lines, thus increasing the electricity capacity and strengthening the reliability of the grid.

June

12 June 2023 The Extraordinary General Meeting of Shareholders of Litgrid, the Lithuanian electricity transmission system operator, appoints Andrius Šemeškevičius as a new independent member of the Management Board. Mr Šemeškevičius is Chief Technology Officer of Telia Lietuva.

14 June 2023 Litgrid starts construction of a 330 kV substation in Darbėnai, Kretinga district. The substation, which is considered to be the future energy hub of Western Lithuania, will increase Lithuania's energy security, commercial trading opportunities and significantly contribute to the growth of renewable electricity generation.
.

21 June 2023 "Litgrid has started the reconstruction of the 330 kV substation of the Kruonis Hydroelectric Power Plant (HPP). The upgrade of one of the country's most important distribution substations is aimed at ensuring the reliability of power supply in preparation for the development of the Kruonis HPP and its synchronisation with the Continental European grid.

20 June 2023 Litgrid, the Lithuanian electricity transmission system operator, buys physical smart sensors from Heimdall Power AS of Norway. This innovation will be used to monitor the condition of overhead lines and the indicators that determine their

capacity. The sensors are expected to increase the capacity of the lines, which will facilitate the ability of renewable energy plants to generate more electricity without constraints. The new physical sensors installed on the overhead lines will measure weather conditions, temperature of the line wires, current, the strength and frequency of vibrations, and the deflection of the wire. The innovation will be deployed on the LitPol Link international interconnector with Poland in Alytus and on the 110 kV Palanga-Vejas 1 overhead line in the Klaipėda region.

23 June 2023 Litgrid has evaluated new applications from developers of solar and wind power plants and storage facilities to connect to the transmission grid. The 35 approved applications reserve 2,945 MW of capacity for renewable energy projects.

27 June 2023 Litgrid will install noise barriers to reduce noise from the autotransformers at the Alytus transformer substation. A design and project supervision service contract has been signed for the installation of noise barriers at the 330/110/10 kV Alytus transformer substation. This is the second phase of the ongoing project "Installation of noise attenuation measures at the Alytus 330/400 kV power substation".

11. MATERIAL EVENTS FOR HY 2023

(https://nasdaqbaltic.com/statistics/lt/news?num=100&page=1&issuer=LGD&filter=1)

	EVENTS
Feb. 3	Regarding the publication of LITGRID AB interim information and Investor's Calendar for 2023
Mar. 17	Correction: Regarding the publication of LITGRID AB interim information and Investor's Calendar for 2023
Jul. 31	Correction: Regarding the publication of LITGRID AB interim information and Investor's Calendar for 2023

12. THE MAIN EVENTS AFTER THE REPORTING PERIOD

2 August 2023 Lithuanian, Latvian and Estonian electricity transmission system operators Litgrid, AST and Elering signed an agreement on the new synchronisation date. According to 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 renew the BRELL contract with the Russian and Belarusian operators in summer 2024, six months before synchronisation.

	Notes	30-06-2023	31-12-2022
ASSETS			
Non-current assets			
Intangible assets	5	6,423	5,484
Property, plant and equipment	6	379,960	361,718
Right-of-use assets	7	5,510	5,592
Investments in a joint venture		45	45
Deferred income tax assets	15	8,707	11,085
Total non-current assets		**400,645**	**383,924**
Current assets			
Inventories		3	3
Prepayments		4,313	1,622
Trade receivables under contracts with customers	9	16,238	61,080
Trade receivables	10	2,167	2,558
Other amounts receivable		3,102	892
Prepaid income tax		22,151	28,598
Loans granted	8	207,801	232,008
Other financial assets		4,709	7,361
Cash and cash equivalents	11	18	499
Total current assets		**260,502**	**334,621**
TOTAL ASSETS		**661,147**	**718,545**
EQUITY AND LIABILITIES			
Equity			
Share capital		146,256	146,256
Share premium		8,579	8,579
Legal reserve		12,105	14,626
Other reserves		40	47,003
Retained earnings (deficit)		22,961	(49,484)
Total equity		**189,941**	**166,980**
Liabilities			
Non-current liabilities			
Non-current borrowings	12	31,214	34,285
Lease liabilities	13	5,199	5,299
Congestion management revenue	14	134,622	64,095
Provisions		837	941
Other non-current amounts payable and liabilities	18	44,571	34,392
Total non-current liabilities		**216,443**	**139,012**
Current liabilities			
Current portion of non-current borrowings	12	6,143	6,143
Current borrowings	12	46	-
Current portion of lease liabilities	13	436	403
Trade payables	16	48,529	70,146
Current portion liabilities of congestion management revenue	14	155,660	287,400
Advance amounts received	17	36,116	35,506
Provisions		104	648
Other current amounts payable and liabilities	18	7,729	12,307
Total current liabilities		**254,763**	**412,553**
Total liabilities		**471,206**	**551,565**
TOTAL EQUITY AND LIABILITIES		**661,147**	**718,545**

The accompanying notes are an integral part of these condensed interim financial statements.

	Notes	For the six months period ended 30-06-2023	For the six months period ended 30-06-2022 (Reclassification)
Revenue from electricity transmission and related services	20	93,459	144,686
Other income	21	73,425	561
Total revenue		**166,884**	**145,247**
Purchases of electricity transmission and related services	22	(112,979)	(128,796)
Wages and salaries and related expenses		(8,726)	(7,294)
Repair and maintenance purchases		(4,306)	(3,399)
Other expenses	23	(5,813)	(5,624)
Total expenses		**(131,824)**	**(145,113)**
EBITDA		**35,060**	**134**
Dividends income		-	43
Depreciation and amortization		(9,943)	(10,422)
Write – off expenses of assets		(81)	(175)
Costs of Impairment (reversal of impairment)		(104)	45
Operating profit (loss) (EBIT)		**24,932**	**(10,375)**
Financial activity			
Interest income		1,814	-
Interest expenses		(240)	(318)
Other financial income (expenses) in net value		75	(143)
Profit (loss) before income tax		**26,581**	**(10,836)**
Income tax			
Current year income tax expenses		(1,242)	3,494
Deferred income tax income (expenses)		(2,378)	(1,898)
Total income tax	**15**	**(3,620)**	**1,596**
Net profit (loss)		**22,961**	**(9,240)**
Total comprehensive income (expenses) for the period		**22,961**	**(9,240)**

	Notes	For the three months period ended 30-06-2023	For the three months period ended 30-06-2022 (Reclassification)
Revenue from electricity transmission and related services		42,698	77,079
Other income	21	37,375	402
Total revenue		**80,073**	**77,481**
Purchases of electricity transmission and related services		(55,390)	(72,063)
Wages and salaries and related expenses		(4,260)	(3,720)
Repair and maintenance purchases		(2,468)	(2,233)
Other expenses		(2,748)	(2,714)
Total expenses		**(64,866)**	**(80,730)**
EBITDA		15,207	(3,249)
Dividends income		-	43
Depreciation and amortization		(5,010)	(5,197)
Write – off expenses of assets		(69)	(84)
Costs of Impairment (reversal of impairment)		1	45
Operating profit (loss) (EBIT)		**10,129**	**(8,442)**
Financial activity			
Interest income		1,335	-
Interest expenses		(115)	(156)
Other financial income (expenses) in net value		75	-
Profit (loss) before income tax		**11,424**	**(8,598)**
Income tax			
Current year income tax expenses		(1,004)	4,175
Deferred income tax income (expenses)		(371)	(2,802)
Total income tax		**(1,375)**	**1,373**
Net profit (loss)		**10,049**	**(7,225)**
Total comprehensive income (expenses) for the period		**10,049**	**(7,225)**

The accompanying notes are an integral part of these condensed interim financial statements.

	Note	Share capital	Share premium	Legal reserve	Other reserves	Retained earnings	Total
Balance at 1 January 2022		**146,256**	**8,579**	**14,626**	**32,034**	**20,013**	**221,508**
Comprehensive income (expenses) for the year		-	-	-	-	(9,240)	(9,240)
Transfer to reserves		-	-	-	14,969	(14,969)	-
Dividends	25	-	-	-	-	(5,044)	(5,044)
Balance at 30 June 2022		**146,256**	**8,579**	**14,626**	**47,003**	**(9,240)**	**207,224**
Balance at 1 January 2023		**146,256**	**8,579**	**14,626**	**47,003**	**(49,484)**	**166,980**
Comprehensive income (expenses) for the year		-	-	-	-	22,961	22,961
Transfer to reserves		-	-	(2,521)	(46,963)	49,484	-
Dividends	25	-	-	-	-	-	-
Balance at 30 June 2023		**146,256**	**8,579**	**12,105**	**40**	**22,961**	**189,941**

The accompanying notes are an integral part of these condensed interim financial statements.

	Notes	For the six months period ended 30-06-2023	For the six months period ended 30-06-2022
Cash flows from operating activities			
Profit (loss) for the period		22,961	(9,240)
Adjustments for non-cash items and other adjustments:			
Depreciation and amortization expenses	5,6,7	9,943	10,422
Impairment/(reversal of impairment) of assets		104	(45)
Income tax expenses		3,620	(1,596)
(Gain) loss on disposal/write-off of property, plant and equipment		81	171
Elimination of results of financing and investing activities:			
Interest income		(1,814)	-
Interest expenses		240	318
Dividend income			(43)
Other finance costs (income)		(75)	143
Changes in working capital:			
(Increase) decrease in trade receivables and other amounts receivable		43,157	23,368
(Increase) decrease in inventories, prepayments and other current assets		(2,615)	(359)
Increase (decrease) in amounts payable, grants, deferred income and advance amounts received		(97,645)	(25,325)
Revenue received from congestion management		35,015	
Changes in other financial assets		2,652	98
Income tax (paid)		-	(9,530)
Net cash flows from operating activities		**15,624**	**(11,618)**
Cash flows from investing activities			
(Purchase) of property, plant and equipment and intangible assets		(48,395)	(27,317)
Grants received		9,830	1,503
Loans to related parties		24,207	(16,208)
Revenue received from congestion management		-	65,620
Acquisition of a joint venture		-	(45)
Interest received		1,814	-
Dividends received		-	43
Net cash flows from investing activities		**(12,544)**	**23,596**
Cash flows from financing activities			
Repayments of borrowings		(3,071)	(7,113)
Lease payments		(243)	(152)
Interest paid		(243)	(350)
Dividends paid		(4)	(5,032)
Other cash flows from financing activities		-	(145)
Net cash flows from financing activities		**(3,561)**	**(12,792)**
Increase (decrease) in cash and cash equivalents		**(481)**	**(814)**
Cash and cash equivalents at the beginning of the period	11	499	1,819
Cash and cash equivalents at the end of the period	**11**	**18**	**1,005**

The accompanying notes are an integral part of these condensed interim financial statements.

1. General information

LITGRID AB (hereinafter "the Company") is a public limited liability company registered in the Republic of Lithuania. The address of its registered office is: Karlo Gustavo Emilio Manerheimo str. 8, LT-05131, Vilnius, Lithuania. The Company was established as a result of the unbundling of Lietuvos Energija AB operations. The Company was registered with the Register of Legal Entities on 16 November 2010. The Company's code is 302564383.

LITGRID is an operator of electricity transmission system, operating electricity transmissions in the territory of Lithuania and ensuring the stability of operation of the whole electric power system. In addition, the Company is responsible for the integration of the Lithuanian power system into the European electricity infrastructure and common electricity market.

On 27 August 2013, the National Energy Regulatory Council granted a license to the Company to engage in electricity transmission activities for indefinite term.

The principal objectives of the Company's activities include ensuring the stability and reliability of the electric power system in the territory of Lithuania within its areas of competence, creation of objective and non-discriminatory conditions for the use of the transmission networks, management, use and disposal of electricity transmission system assets and its appurtenances.

As at 30 June 2023, the Company's authorised share capital amounted to EUR 146,256,100.20 and it was divided into 504,331,380 ordinary registered shares with the nominal value of EUR 0.29 each. All shares are fully paid.

As at 30 June 2023 and 31 December 2022, the Company's shareholders structure was as follows:

Company's shareholders	Number of shares held	Number of shares held (%)
UAB EPSO-G	491,736,153	97.5
Other shareholders	12,595,227	2.5
Total:	**504,331,380**	**100.0**

The ultimate controlling shareholder of EPSO-G UAB (company code 302826889, address Gedimino Ave. 20, Vilnius, Lithuania) is the Ministry of Energy of the Republic of Lithuania.

As from 22 December 2010, the shares of the Company are listed on the additional trading list of NASDAQ OMX Vilnius Stock Exchange, issue ISIN code LT0000128415.

Company's investments in joint ventures comprised of the following:

Company	Address of the company's registered office	Shareholding as at 30 June 2023	Shareholding as at 31 December 2022	Profile of activities
Baltic RCC OÜ	Kadaka tee 42 12915 Tallinn Eesti	33.33 %	33.33 %.	Responsible for the provision and coordination of security and reliability services for the electricity system among transmission system operators in the Baltic region

As at 30 June 2023, the Company had 401 employees (31 December 2022: 389).

2. Summary of principal accounting policies

2.1. Basic of preparation

These condensed interim Company's financial statements, for the six months 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").

In order to better understand the data presented in this condensed interim financial statements, this financial statements should be read in conjunction with the audited Company's financial statements for the year 2022.

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

The financial year of the Company coincides with the calendar year.

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, and financial assets which are carried at fair value.

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

3. Climate Change Management

Through its activities, the Company aims to directly contribute to the implementation of the United Nations Sustainable Development Goals, focusing on ensuring access to clean and modern energy, combating climate change, developing modern infrastructure and innovations, ensuring safe and decent working conditions, promoting employee well-being, and creating a sustainable supply chain.

A sustainability significance analysis has been conducted, and based on the results, a matrix of sustainability topics' significance has been prepared. Regular environmental impact assessments and greenhouse gas emissions inventories are conducted, and plans for recommended impact reduction measures are approved, along with the calculations of the potential impact reduction for each measure.

The Company plays a crucial role in ensuring the smooth and reliable transition of Lithuania to an integrated energy system that incorporates large amounts of renewable energy resources. This facilitates sectoral decarbonization and promotes the exchange of climate-neutral energy. The Renewable Energy Center has been established within the Company to ensure a smoother development of renewable energy in Lithuania.

4. Change in presentation in the statement of comprehensive income

In 2023, to provide up-to-date information to consumers regarding the EPSO-G group's consolidated financial statements, the Company decided to change the presentation and classification of items in the Statement of comprehensive income.

The reason for the changes in the Statement of comprehensive income, alternative performance indicators EBITDA and EBIT have been singled out so that the users of the financial statements, including the Company's management, could see these indicators in the Statement of comprehensive income, monitor them and make prompt decisions based on these indicators.

The Company provides information about changes in classification and line items in the Statement of comprehensive income, prepared for the six-month period ending on June 30, 2023.

	For the six months period ended 30-06-2023 (before reclassification)	Reclassification	For the six months period ended 30-06-2023 (after reclassification)
Revenue from electricity transmission and related services	93,459	-	93,459
Other income	73,425	-	73,425
Total revenue	**166,884**	**-**	**166,884**
Purchases of electricity transmission and related services	-	(112,979)	(112,979)
Expenses for imbalance and balancing electricity	(44,754)	44,754	-
Expenses for electricity ancillary (system) services	(48,406)	48,406	-
Expenses for electricity technological needs	(19,572)	19,572	-
Expenses for electricity and related services	(247)	247	-
Depreciation and amortization	(9,943)	9,943	-
Wages and salaries and related expenses	(8,726)	-	(8,726)
Repair and maintenance purchases	(4,306)	-	(4,306)
Telecommunications and IT maintenance expenses	(1,237)	1,237	-
Transport expenses	(150)	150	-
Property, plant and equipment write-off expenses	(81)	81	-
Impairment of inventories and accounts receivables	(104)	104	-
Other expenses	(4,426)	(1,387)	(5,813)
Total expenses	**(141,952)**	**10,128**	**(131,824)**
EBITDA	**-**		**35,060**
Depreciation and amortization	-	(9,943)	(9,943)
Write – off expenses of assets	-	(81)	(81)
Costs of Impairment (reversal of impairment)	-	(104)	(104)
	-	(10,128)	(10,128)
Operating profit (loss) (EBIT)	**24,932**	**-**	**24,932**

	For the six months period ended 30-06-2023 (before reclassification)	Reclassification	For the six months period ended 30-06-2023 (after reclassification)
Financial activity			
Interest income	-	1,814	1,814
Financial activities income	1,818	(1,818)	-
Interest expenses	-	(240)	(240)
Financial activities expenses	(169)	169	-
Other financial income (expenses) in net value	-	75	75
Profit (loss) before income tax	**26,581**	**-**	**26,581**
Income tax			
Current year income tax expenses	(1,242)	-	(1,242)
Deferred income tax income (expenses)	(2,378)	-	(2,378)
Total income tax	**(3,620)**	**-**	**(3,620)**
Net profit (loss)	**22,961**	**-**	**22,961**
Total comprehensive income (expenses) for the period	**22,961**	**-**	**22,961**

5. Intangible assets

	Patents and licences	Computer software	Other intangible assets	Statutory servitudes and protection zones	Total
Net book amount at 31 December 2021	**61**	**2,158**	**247**	**2,486**	**4,952**
Acquisitions	64	220	-	-	284
Reclassification to/from PP&E	-	25	-	-	25
Reclassification between categories	-	-	-	-	-
Value adjustment due to change in assumptions	-	-	-	-	-
Amortization charge	(25)	(583)	(43)	-	(651)
Net book amount at 30 June 2022	**100**	**1,820**	**204**	**2,486**	**4,610**
Net book amount at 31 December 2022	**316**	**3,315**	**162**	**1,691**	**5,484**
Acquisitions	7	1,373	-	-	1,380
Write-offs	-	-	-	-	-
Reclassification to/from PP&E	733	(723)	-	-	10
Reclassification between categories	-	-	-	-	-
Value adjustment due to change in assumptions	-	-	-	-	-
Amortization charge	(147)	(266)	(38)	-	(451)
Net book amount at 30 June 2023	**909**	**3,699**	**124**	**1,691**	**6,423**

6. Property, plant and equipment

	Land	Buildings	Structures and machinery	Other property, plant and equipment	Construction work in progress	Total
Net book amount at 31 December 2021	**520**	**19,159**	**283,495**	**9,566**	**25,311**	**338,051**
Acquisitions	-	-	24	383	9,818	10,225
Change in prepayments for PP&E	-	-	-	-	10,717	10,717
Write-offs	-	-	(176)	-	-	(176)
Reclassification to inventories	-	-	-	(10)	-	(10)
Reclassification to intangible assets	-	-	-	-	(25)	(25)
Reclassification between categories	-	94	1,372	(54)	(1,412)	-
Off-set of connection revenue against non-current assets	-	-	-	-	(13)	(13)
Off-set of grants against non-current assets	-	-	-	-	(13,996)	(13,996)
Depreciation charge	-	(318)	(8,367)	(955)	-	(9,640)
Net book amount at 30 June 2022	**520**	**18,935**	**276,033**	**8,930**	**30,715**	**335,133**
Net book amount at 31 December 2022	**520**	**19,175**	**272,679**	**8,997**	**60,347**	**361,718**
Acquisitions	-	128	3,497	1,933	52,315	57,873
Change in prepayments for PP&E	-	-	-	-	161	161
Write-offs	-	-	(98)	(4)	-	(102)
Reclassification to inventories	-	-	10	(169)	-	(159)
Reclassification to intangible assets	-	-	-	-	(10)	(10)
Reclassifications between grant categories	-	-	(886)	-	886	-
Reclassification between categories	-	114	1,788	193	(2,095)	-
Off-set of connection revenue against non-current assets	-	(128)	(3,481)	(232)	(496)	(4,337)
Off-set of grants against non-current assets	-	-	-	-	(25,911)	(25,911)
Depreciation charge		(312)	(8,054)	(907)	-	(9,273)
Net book amount at 30 June 2023	**520**	**18,977**	**265,455**	**9,811**	**85,197**	**379,960**

Property, plant, and equipment is stated at acquisition cost, less grants received/receivable for the acquisition of property, property, plant, and equipment. Grants comprise financing from the EU support funds, a portion of congestion management revenue designated for the financing of investments, payments for the expenses incurred during the connection of producers to the transmission network and performance of works for the relocation/reconstruction of the transmission network's installations initiated by customers.

The Company's operations are regulated, and 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.

7. Right-of-use assets

The Company's right-of-use assets comprise as follows:

	Land	Buildings	Motor vehicles	Other property, plant and equipment	Total
Net book amount at 31 December 2021	**4,330**	**31**	**148**	**-**	**4,509**
Acquisitions	-	-	-	-	-
Depreciation charge	(23)	(8)	(100)	-	(131)
Net book amount at 30 June 2022	**4,307**	**23**	**48**	**-**	**4,378**
Net book amount at 31 December 2022	**4,285**	**15**	**1,292**	**-**	**5,592**
Acquisitions	-	-	139	-	139
Write-offs	-	-	(59)	-	(59)
Depreciation charge	(23)	(8)	(188)	-	(219)
Depreciation (write-offs)	-	-	57	-	57
Net book amount at 30 June 2023	**4,262**	**7**	**1,241**	**-**	**5,510**

8. Loans granted

	30-06-2023	31-12-2022
Loan to EPSO-G, UAB (Group intercompany borrowing agreement)	207,801	232,008
Carrying amount	**207,801**	**232,008**

After the issuing of the permission by the NERC, the Company and EPSO-G UAB concluded the group account (cashpool) agreement on 26 February 2021. The agreement establishes the possibility to use free congestion management revenue for intercompany lending and borrowing purposes. The agreement valid until 26 February 2022 and contained two possible extensions of 12 months each.

On 26 February 2023 the company extended the borrowing agreement with UAB "EPSO-G" for the second time until 26 February 2024, applying from 1 March 2023 variable interest rate linked to ESTR (euro short-term rate).

Under the group account agreement the Company's positive funds balance transferred to the disposal of EPSO-G UAB is accounted for as amounts receivable (loans granted) in the statement of financial position and is not included in the line item of cash and cash equivalents.

9. Trade receivables under contracts with customers

	30-06-2023	31-12-2022
Amounts receivable for electricity transmission and related services	15,054	58,414
Accumulated amounts receivable for electricity transmission and related services	1,184	2,666
Carrying amount	**16,238**	**61,080**

As of June 30, 2023, the amounts receivable for electricity transmission and related services are nearly four times lower than those of December 31, 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.

10. Trade receivables

	30-06-2023	31-12-2022
Amounts receivable for services related to electricity transmission	493	17
Congestion management revenue receivable	428	649
PSO funds receivable	-	354
Accumulated amounts receivable for services related to electricity transmission	1,058	1,477
Other trade receivables	188	61
Carrying amount	**2,167**	**2,558**

11. Cash and cash equivalents

	30-06-2023	31-12-2022
Cash at bank	18	499
Carrying amount	**18**	**499**

12. Borrowings

Borrowings of the Company were as follows:

	30-06-2023	31-12-2022
Non-current borrowings		
Borrowings from banks	31,214	34,285
Current borrowings		
Current portion of non-current borrowings	6,143	6,143
Current borrowings (17 note)	46	49
Total	**37,403**	**40,477**

Maturity of non-current borrowings:

	30-06-2023	31-12-2022
Between 1 and 2 years	6,143	6,143
From 2 to 5 years	13,071	14,142
After 5 years	12,000	14,000
Total	**31,214**	**34,285**

As at 30 June 2023 the weighted average interest rate on the Company's borrowings was 0,94 % (0,94 % as at 31 December 2022).

Reconciliation of net debt balances and cash flows from financing activities in 2023 and 2022:

	30 -06-2023	31-12-2022
Cash and cash equivalents	18	499
Non-current borrowings	(31,214)	(34,285)
Lease liabilities	(5,199)	(5,299)
Current portion of non-current borrowings	(6,143)	(6,143)
Interest charged on borrowings (18 note)	(46)	(49)
Current portion of lease liabilities	(436)	(403)
Net debt	**(43,020)**	**(45,680)**
	-	-
Cash and cash equivalents	18	499
Borrowings with a fixed interest rate	(43,038)	(46,179)
Net debt	**(43,020)**	**(45,680)**

	Cash	Borrowings	Other financing	Leases	Total
Net debt as at 31 December 2022	**499**	**(40,477)**	**-**	**(5,702)**	**(45,680)**
Increase (decrease) in cash and cash equivalents	(481)	-	-	-	(481)
New leases	-	-	-	(139)	(139)
Write – offs and termination of leases	-	-	-	2	2
Lease payments	-	-	-	204	204
Repayment of a borrowing	-	3,071	-	-	3,071
Interest charged	-	(187)	(14)	(39)	(240)
Interest paid	-	190	14	39	243
Net debt as at 30 June 2023	**18**	**(37,403)**	**-**	**(5,635)**	**(43,020)**

13. Lease liabilities

Lease liabilities and their movement were as follows:

	2023	2022
Carrying amount at the beginning of the period at 1 January	**5,702**	**4,594**
Concluded lease contracts	139	-
Terminated leases	(2)	-
Expenses of interest charged	39	32
Lease payments (principal and interest)	(243)	(152)
Carrying amount at the end of the period at 30 June	**5,635**	**4,474**
Non-current lease liabilities	5,199	4,389
Current lease liabilities	436	85

Maturity of non-current lease liabilities:

	30-06-2023	30-06-2022
Current lease liabilities	436	85
Maturity of non-current lease liabilities:		
Between 1 and 2 years	412	30
Between 2 and 3 years	402	22
Between 3 and 5 years	117	46
After 5 years	4,268	4,291
Total	**5,635**	**4,474**

14. Congestion management revenue

	2023	2022
Opening balance of congestion management revenue at 1 January	**351,495**	**109,087**
Congestion management revenue received during the period	35,473	64,351
Used for investments in property, plant and equipment	(25,289)	(12,572)
Congestion management revenue recognized as income during the period	(71,397)	(1,585)
Closing balance of congestion management revenue at 30 June	**290,282**	**159,281**
Non-current portion of congestion management revenue included in liabilities	134,622	138,461
Current portion of congestion management revenue included in liabilities	155,660	20,820

15. Current and deferred income tax

The Company's 2023 six-month profit (loss) is subject to a 15% corporate income tax rate, based on the law of the Republic of Lithuania.

The company in 2023 June 30 had 38,931.4 thousand EUR (December 31, 2022 - EUR 55,374.1 thousand) tax loss and deferred income tax assets in 2023. June 30 – 5,839.7 thousand EUR (December 31, 2022 - EUR 8,306.1 thousand).

When calculating profit tax of 2023, the taxable profit was 70 percent reduced the amount of the 2022 tax loss by reducing the deferred tax asset.

16. Trade payables

	30-06-2023	31-12-2022
Amounts payable for electricity	24,538	53,737
Amounts payable for contractual works, services	3,988	4,900
Amounts payable for property, plant and equipment and inventories	20,003	11,509
Carrying amount	**48,529**	**70,146**

In 2023, June 30, the debt for electricity decreased by 2,2 times due to the decrease in electricity prices.

The debt for long-term tangible assets increased by 1,74 times due to the synchronization projects with the Continental Europe.

17. Advance amounts received

	2023-06-30	2022-12-31
Deferred revenue	6	13
Advance amounts received from new consumers and producers *	170	568
Grants received in advance	34,895	34,896
Other advance amounts received	1,045	29
Carrying amount	**36,116**	**35,506**

* Advance amounts received from new consumers and producers include advance amounts received from new consumers and producers for connection to electricity networks and for electricity infrastructure relocation services.

18. Other payable amounts and liabilities

	30-06-2023	31-12-2022
Other current payables and liabilities		
Advance amounts received from connection of new consumers	2,208	1,115
Grants received in advance *	41,947	32,802
Non-current trade payables	262	321
Deferred revenue	154	154
Total other current payables and liabilities	**44,571**	**34,392**
Other current payables and liabilities		
Non-financial current liabilities		
Employment-related liabilities	1,188	303
Accrued expenses relating to vacation reserve	1,804	1,442
VAT payable	-	4,055
Real estate tax payable	-	622
Total non-financial liabilities	**2,992**	**6,422**
Financial current liabilities		
Dividends payable	518	522
Interest payable **	-	49
Accrued other expenses	928	2,580
Deposits received	2,670	2,334
Fee payable to the regulator	618	394
Other amounts payable and current liabilities	3	6
Total financial current liabilities	**4,737**	**5,885**
Total carrying amount of financial and non-financial liabilities	**7,729**	**12,307**
Total carrying amount of other payables and liabilities	**52,300**	**46,699**

* Grants received in advance mainly consist of funds received from the CEF (Connecting Europe Facility) fund for the implementation of the synchronization program. Expenditures for which a grant was received are planned to be incurred in 2023 and the grant is planned to be recognized in 2024
** Starting from 2023, payable loan interest is reclassified as short-term loans.

19. Information by segments

The Company is engaged in electricity transmission and related services activities and operates as one segment. All non-current assets of the Company are located in Lithuania, where the Company carries out its activity. During the six months of 2023, revenue from the Lithuanian clients accounted for 87% of the Company's total revenue (during the six months of 2022: – 80 percent).

The Company's revenue by geographical location of customers:

	30-06-2023	30-06-2022
Lithuania	144,901	115,971
Estonia	13,444	15,587
Sweden	5,215	6,440
Poland	884	2,234
Latvia	1,245	659
Norway	502	3,755
Other countries	693	601
Total	**166,884**	**145,247**

The Company's revenue from the major clients:

Company name	30-06-2023
Energijos skirstymo operatorius AB	44,132
Elering AS	13,423
Ignitis UAB	11,448

The Company's revenue from the major clients in 2022:

Company name	30-06-2022
Energijos skirstymo operatorius AB	71,703
Elering AS	15,587
Ignitis UAB	10,637

20. Revenue from electricity transmission and related services

Revenue from contracts with customers	30-06-2023	30-06-2022
Revenue from electricity transmission and related services		
Electricity transmission services	31,771	37,471
Trade in balancing/imbalance electricity	44,739	53,032
Electricity ancillary services	13,809	36,290
Revenue from other sales of electricity and related services	2,845	1,113
Total revenue from electricity transmission and related services	**93,164**	**127,906**
Other income from contracts with customers		
Income from administration of guarantees of origin	42	74
Total other income	**42**	**74**
Total revenue from contracts with customers:	**93,206**	**127,980**
Revenue not attributable to contracts with customers		
PSO services	-	14,719
Congestion revenue	247	1,584
Other electricity related services	-	396
Revenue from connection of producers and relocation of electrical installations	6	7
Total revenue not attributable to contracts with customers	**253**	**16,706**
Total revenue	**93,459**	**144,686**

All revenues are recognized over – time.

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 services revenues decreased by 15.2% due to 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.

21. Other income

	30-06-2023	30-06-2022
Congestion management revenue used for reducing electricity transmission tariff *	71,150	-
Income from lease of assets	274	267
Interest on late payment and default	1,974	221
Other income	27	73
Total	**73,425**	**561**

* Under 2022 September 30 the regulator's resolution no. O3E-1330 "Regarding adjustment of the service price cap of Litgrid AB in 2023". In the first and the second quarters of 2023 was used to reduce the electricity transmission tariff of congestion management revenues EUR 35,575 thousand each.

22. Expenses of electricity transmission and related services

	2023-06-30	2022-06-30
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	(247)	(2,184)
Total	**(112,979)**	**(128,796)**

The expenses for the purchase of electricity and related services constituted a significant part of the Company's expenses – 79.6% of all expenses – and decreased by 12.3% compared to the first half of 2022 to EUR 113 million.

Expenses for additional services increased by 97.3% to EUR 48.4 million due to the higher prices of service providers set by the Regulator.

Balancing and disbalance electricity costs decreased by 15.6% despite a higher quantity but lower price, reaching EUR 44.7 million.

Compensation of technological losses decreased by 43.6% to EUR 19.6 million due to a 41.7% lower average purchase price.

23. Other expenses

	30-06-2023	30-06-2022
Telecommunications and IT system expenses	(1,237)	(1,128)
Tax expenses	(1,269)	(1,135)
Tax regulator expenses	(1,236)	(789)
Business protection expenses	(410)	(377)
Membership tax expenses	(259)	(217)
Management services expenses	(183)	(128)
Business trip expenses	(203)	(107)
Insurance expenses	(175)	(120)
Transport expenses	(150)	(138)
Rental expenses	(149)	(167)
Other expenses	(542)	(1,318)
Total	**(5,813)**	**(5,624)**

24. Related-party transactions

The Company's related parties were as follows:
- EPSO-G (the parent company). 100% of EPSO-G share capital is owned by the Ministry of Energy of the Republic of Lithuania;
- EPSO-G UAB Group companies:
  - Amber Grid AB (common shareholders);
  - Tetas UAB (common shareholders);
  - Baltpool UAB (common shareholders);
  - UAB“Energy cells“ (common shareholders).
- Ignitis grupė UAB companies
- Other state-controlled companies:
  - VĮ Ignalinos atominė elektrinė;
  - VĮ Registrų centras;
  - Other state-controlled companies or those under significant influence.
- Management.

Transactions with related parties are carried out in accordance with the requirements of the Law on Public Procurement or the tariffs approved under legislation.

The Company’s transactions with related parties between January and June of 2023 and balances arising from these transactions as at 30 June 2023 were as follows:

Related parties	Receivables and accrued income	Amounts payable and accrued charges	Loans granted	Purchase	Sales
EPSO-G UAB group companies					
EPSO-G UAB	453	71	207,801	156	1,813
TETAS UAB	82	1,145	-	4,089	573
BALTPOOL UAB	-	-	-	-	-
UAB“Energy cells“	19	48	-	46	197
State-controlled companies					
Energijos skirstymo operatorius AB	9,800	989	-	876	44,125
Ignitis gamyba AB	1,746	11,368	-	57,885	1,530
Ignitis grupės paslaugų centras UAB	27	-	-	-	142
Ignitis UAB	1,782	809	-	3,823	11,448
Vilniaus kogeneracinė jėgainė UAB	2	100	-	193	15
Kauno kogeneracinė jėgainė UAB	5	-	-	103	43
Transporto valdymas UAB	-	-	-	-	-
Lietuvos automobilių kelių direkcija VĮ	125	707	-	-	368
Ignalinos atominė elektrinė VĮ	51	-	-	-	275
LGT Infra AB	26	129	-	-	209
VĮ Registrų centras	-	1	-	394	-
	14,118	**15,367**	**207,801**	**67,565**	**60,738**

The Company's transactions with related parties between January and June of 2022 and balances arising from these transactions as at 30 June 2022 were as follows:

Related parties	Receivables and accrued income	Amounts payable and accrued charges	Loans granted	Purchase	Sales
EPSO-G UAB group companies					
EPSO-G UAB	-	44	59,802	109	-
TETAS UAB	826	949	-	3,582	19
BALTPOOL UAB	1,878	-	-	-	7,677
UAB"Energy cells"	-	-	-	-	-
State-controlled companies					
Energijos skirstymo operatorius AB	13,897	1,035	-	1,196	72,450
Ignitis gamyba AB	3,209	12,835	-	44,600	9,741
Ignitis grupės paslaugų centras UAB	27	-	-	-	141
Ignitis UAB	2,508	538	-	3,300	10,637
Vilniaus kogeneracinė jėgainė UAB	-	145	-	164	45
Kauno kogeneracinė jėgainė UAB	3	71	-	228	57
Transporto valdymas UAB	-	18	-	90	-
Lietuvos automobilių kelių direkcija VĮ	-	321	-	-	-
Ignalinos atominė elektrinė VĮ	78	-	-	-	419
LGT Infra AB	38	15	-	-	235
	22,464	**15,971**	**59,802**	**53,269**	**101,421**

Payments to the key management personnel

	30-06-2023	30-06-2022
Employment-related payments	555	378
Whereof: termination benefits	-	-
Number of the key management personnel (average annual)	9	7

During the first six months of 2023 and 2022 the Management of the Company did not receive any loans, guarantees, or any other payments or property transfers were made or accrued.

Key management personnel consists of the Company's head of administration and department directors and Board members. Payments to the Board members for the first six months of 2023 amounted to EUR 26,890 (compared to EUR 18,900 for the first six months of 2022).

25. Dividends

On April 11, 2023, during the Company's regular general shareholders' meeting, the distribution of profit (loss) for 2023 was approved. As of December 31, 2022, the Company ended the year with losses, there were no dividends paid for the year.

On April 20, 2022, during the regular general shareholders' meeting, the distribution of profit (loss) for 2022 was approved. Dividends for the year ended December 31, 2021, were set at EUR 5,044 thousand or EUR 0.01 per share.

26. Basic and diluted earnings per share

During the first six months of 2023 and 2022, the Company's basic and diluted earnings per share were as follows:

	30-06-2023	30-06-2022
Net profit (loss) attributable to the Company's shareholders (EUR thousands)	22,961	(9,240)
Weighted average number of shares (units)	504,331,380	504,331,380
Basic and diluted earnings (deficit) per share (in EUR)	**0,046**	**(0,018)**

27. Litigations

A legal dispute with Šiaulių Energija UAB was ongoing from 12 March 2020, during which Vilnius Regional Court passed the ruling on 6 April 2021 whereby it obligated to the Company to indemnify losses, procedural interest and compensate litigation expenses. As at 31 December 2021, the Company established a provision of EUR 661 thousand for a possible claim.

On 24 March 2022, the Court of Appeal passed a final ruling and ordered the Company to indemnify a loss of EUR 1,360 thousand, procedural interest and compensate litigation expenses. Under the ruling of the Court of Appeal the total amount awarded was paid to Šiaulių Energija UAB as according to Article 279(1) of the Lithuanian Civil Procedure Code rulings passed by the court of appeal instance come into effect from the date of their adoption.

The appeal in cassation of LITGRID AB was accepted on 3 June 2022. The Company could not predict the course of the case, it has fully executed its obligations, therefore no provisions were established in respect of this case as at 31 December 2022.

On April 27, 2023, the decision of the appellate court was annulled by the Supreme Court of the Republic of Lithuania, leaving the decision of the court of the first instance in force. UAB Šiaulių energija was ordered to reimburse the Company EUR 590 thousand in losses, EUR 72 thousand in procedural interest, EUR 25 thousand in court costs, and to pay 6% annual interest on the awarded amount. The case was concluded.

In the procurement *Purchase of construction works of the 330 kV Vilnius-Neris electricity transmission line* conducted by LITGRID AB, the contractor refused to sign the contract. Consequently, the proposal guarantee, i.e. a bank guarantee for the amount of EUR 100 thousand, was used. On 30 May 2022, Žilinskis ir CO UAB filed a claim with Vilnius Regional Court for the annulment of the decision of LITGRID AB regarding the use of a bank guarantee and of the claim to Luminor Bank AS Lithuania division, and for the awarding of an amount of EUR 100 thousand.

Case-law is not well-developed in this area, therefore a provision of EUR 100 thousand was established as at 31 December 2022.

On 24 January 2023, Vilnius Regional Court finalized the investigation of the case and rejected the claim, and on 2023 April 25 the Court of Appeal left the decision unchanged and dismissed the appeal. A provision of 100 thousand EUR has been restored.