



LITGRID AB

MENAGEMENT REPORT, CONDENSED INTERIM FINANCIAL STATEMENTS,
PREPARED ACCORDING TO INTERNATIONAL FINANCIAL REPORTING
STANDARDS AS ADOPTED BY THE EUROPEAN UNION (UNAUDITED), FOR
THE SIX-MONTHS PERIOD ENDED 30 JUNE 2024

CONFIRMATION OF RESPONSIBLE PERSONS

August 9, 2024 Vilnius

Following the Law on Securities of the Republic of Lithuania and Rules on Information Disclosure approved by the Bank of Lithuania, we, Rokas Masiulis, Chief Executive Officer of LITGRID AB, Darius Zagorskis, Head of the Finance Planning and Analysis Division, Acting as temporary 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 2024 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.

Rokas Masiulis

Chief Executive Officer

(The document is signed by a qualified electronic signature)

Darius Zagorskis

Head of the Finance Planning and Analysis Division,

Acting as temporary 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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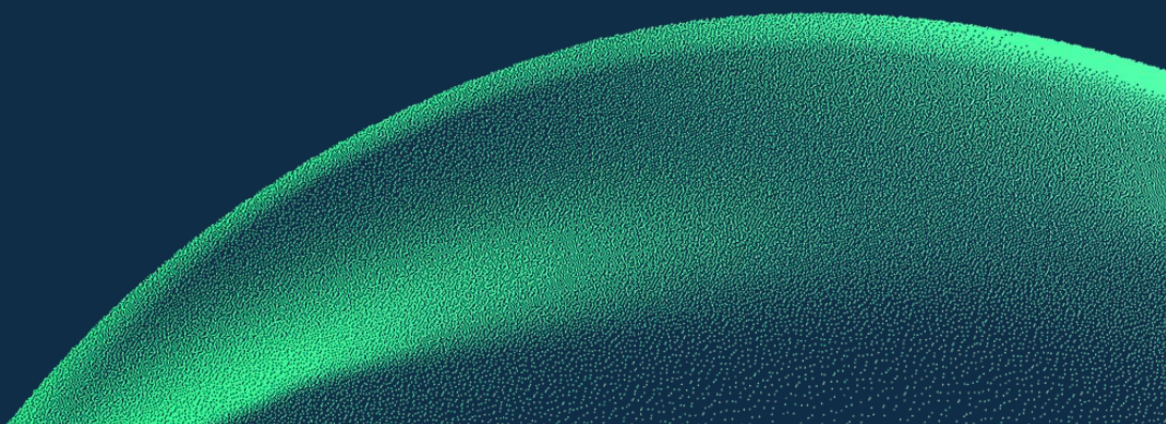
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The condensed interim financial statements were signed on 9 August 2024.

Rokas Masiulis
Chief Executive Officer
(The document is signed by qualified electronic signature)

Darius Zagorskis
Head of the Finance Planning and Analysis Division,
Acting Chief Financial Officer
(The document is signed by qualified electronic signature)

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





Litgrid

MANAGEMENT REPORT

(All amounts are in EUR thousands unless otherwise stated)

1. BASIC DETAILS

The report has been prepared for the period ending 30th June 2024

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 and website	info@litgrid.eu ; www.litgrid.eu

Litgrid is A 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 address	office	Harju maakond, Tallinn, Mustamäe linnaosa, Kadakate tee 42, 12915
Litgrid's shareholding		33,3 of shares and voting rights attached thereto
Major changes		No major changes

Baltic RCC

The Baltic Regional Coordination Center (RCC) provides network security services to the electricity transmission system operators of the Baltic countries - Litgrid of Lithuania, Elering of Estonia and AST of Latvia. RCC was established by the operators of the Baltic electricity transmission system of the three states in accordance with the requirements of the European Union's Clean Energy Package. The Baltic RCC is one of six European regional coordination centers.

The RCC implements five main tasks: calculates the capacity of the power line between countries, assesses the reliability and adequacy of the systems, plans to disconnect the line, and develops a model of the overall network. All this helps to ensure the smooth operation of the countries, which work more and more closely every day to prepare for synchronization, and after maintaining close relations, operating in the common network of continental Europe.

1.2. Activities of Litgrid

Litgrid is the Lithuanian electricity transmission system operator (the TSO).

Litgrid's main activities: The company is responsible for maintaining the balance of electricity consumed and produced in the Lithuanian electricity system and reliable transmission of electricity, carries out strategic Lithuanian electricity projects, bases its vision and strategic operational guidelines on the principles established in the National Energy Independence Strategy (hereinafter - NEIS) for long-term purposes.

The most important areas of activity and responsibilities of Litgrid: support of the country's electricity infrastructure and integration with continental and Northern European electricity infrastructure; development of the electricity market and participation in the creation of a common electricity market of the Baltic States and Europe; Integration of the electricity systems of Lithuania and continental Europe for work in synchronous mode. By implementing the program of synchronization with continental European networks, in which the Company is tasked with implementing projects of strategic importance approved by the Government of the Republic of Lithuania.

By systematically performing daily functions, ensuring uninterrupted and smooth operation of the electricity transmission system, implementing projects of national importance, the Company aims to create value for its customers - the Lithuanian society.

Litgrid not only transmits electricity through high-voltage lines, but also takes care of the reliability of the entire transmission network: it is important for us that electricity is always supplied to electricity consumers, and if a fault occurs, it is removed as soon as possible. Reliability of electricity supply is a guarantee of economic growth.



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.

Additional services

In order to maintain the reliable operation of the system, Litgrid purchases frequency recovery reserve, steady-state voltage regulation, ensuring system start-up after a total accident, availability of electricity generation facilities and isolated work reserve from electricity producers, and provides additional services to consumers. The frequency recovery reserve is needed when there is a sudden unplanned decrease in electricity production or an increase in its consumption.

Trade in imbalance and balancing electricity

Litgrid ensures the country's electricity production and consumption balance. Imbalance electricity is electricity that is consumed or produced without complying with established electricity consumption or production schedules. Litgrid organizes trade in imbalance electricity, buys and sells imbalance electricity necessary to ensure the country's electricity production and consumption balance.

Balancing electricity - electricity purchased and/or sold at the request of the transmission system operator, required to perform the function of balancing the country's electricity consumption and production. Litgrid organizes trade in balancing electricity auctions. Balancing energy suppliers and operators of transmission systems from other countries, who have the technical ability to promptly change electricity production and consumption modes and have concluded a relevant contract with Litgrid, participate in it.

Issuance and administration of guarantees of origin

Under the regulation of the Minister of Energy of the Republic of Lithuania, Litgrid has been appointed as an entity authorized to carry out the supervision and control of the issuance, transfer and cancellation of guarantees of origin of electricity produced from renewable energy sources, as well as the use of guarantees of origin, as well as guarantees of origin issued by other member states and third countries. functions of recognition in the Republic of Lithuania. Guarantee of origin - an electronic document, the sole purpose of which is to prove to the end user that all or a certain part of the energy was produced from renewable energy resources.

2.3 Customers of the transmission system operator

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.



MANAGEMENT REPORT

(All amounts are in EUR thousands unless otherwise stated)

The suppliers of imbalance and balancing electricity include the electricity producers, battery parks 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.

TSO’s operating indicators	HY 2024	HY 2023	HY 2022
Quantity of electricity transmitted million kWh	4 739	4 718	5 306
ENS (Energy Not Supplied due to interruptions), MWh *	10.64	2.626	8.241
AIT (Average Interruption Time), min. *	0.38	0.313	1.155

*NERC has determined that AIT should not exceed 0.934 min and ENS should not exceed 27.251 MWh throughout the year.

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. The LitPol Link interconnection was available to the market 98.19% of the time throughout first half of 2024. Scheduled works for the implementation of the project on the expansion of the interconnection had a major impact on the unavailability of the LitPol Link interconnection.

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. The NordBalt interconnection was available to the market 92.18% of the time in the first half of 2024. Scheduled repair works had a major impact on the unavailability of the NordBalt interconnection.

2.6 Maintenance

In Lithuania, Litgrid employees maintain 6,966.42 km of overhead lines and 327.2 km of high-voltage cable lines, 245 transformer substations and switchboards, 2 high-voltage direct current converters.

The constant repair and maintenance of transmission network facilities directly affects the reliability of the electricity system and the transmission of electricity. Planned works in the transmission network are carried out according to the periodicity established by the legal acts of the Republic of Lithuania, but the evaluation of the quantities and scope of the works is based on the actual condition of the facilities and the need to ensure the reliable operation of the network and the efficient use of financial resources.

In the first quarter of 2024, an ERS temporary supports assembly/dismantling exercise took place in Alytus district. During it, line engineers of the Infrastructure Maintenance Center, together with airline contractors and DNV Netherlands trainers, successfully trained in the installation of emergency recovery systems for power transmission airline lines. During the training, the foundations of the supports were installed, the supports were assembled, the supports were raised to the required height using the hydraulic system, and insulators were installed.

We successfully perform emergency reserve restoration when equipment is transferred to Ukrainian transmission networks.

3. OPERATING AND REGULATORY ENVIRONMENT

The strategic goal of Litgrid is the integration into the European market. The Company’s activities are also affected by the development trends of the objectives and targets of the European Union.



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(All amounts are in EUR thousands unless otherwise stated)

3.1 Energy sector environment in the EU

In the first half of 2024, a record local electricity production was achieved in Lithuania. According to preliminary data, power plants produced as much as 61 percent in the first half of the year. of the total amount of electricity consumed. Also, for the first time since the closure of the Ignalina nuclear power plant in 2009, on March 11 of this year, more electricity was produced in Lithuania per day than consumed. In recent years, the significantly growing capacity of solar and wind power plants leads to a decreasing dependence on electricity imports.

According to preliminary data, in the first 6 months, wind power plants produced the largest share of electricity produced in Lithuania - about 1.6 TWh or 43 percent. all production in Lithuania. Solar power plants produced another 19 percent. or 0.7 TWh. This is more than the production of solar power plants reached in the entire year 2023, when their generation reached 0.6 TWh. The remaining 38 percent consisted of electricity produced in hydroelectric, thermal and other power plants.

Electricity consumption in the first half of 2024 reached 6 TWh. This is approximately 4 percent. more than in the first half of last year, but 4 percent. less than the quantities consumed in the first half of 2022 or 2021. Although electricity consumption is growing due to electrification in the heating, transport and industrial sectors, it is partially compensated by the rapid increase in the number of generating consumers, which allows for local production and consumption of electricity.

Although most of the consumption in Lithuania was produced by local power plants, import flows remained significant. The largest import flows reached Lithuania from Sweden via the "NordBalt" connection. Until July, we imported about 2.5TWh of electricity from Sweden, while exports to Scandinavia were minimal. With neighbouring Latvia, the import and export volumes were similar - about 0.6 TWh each. The "LitPol Link" connection with Poland, which in recent years was used for more exports than imports, is used more often for imports this year. In half a year, about 0.8 TWh was imported from Poland, and about 0.4 TWh was exported.

In most European countries, electricity prices have decreased slightly compared to 2023, largely due to stable natural gas prices. In Lithuania, the average price of electricity on the day-ahead exchange in 2024 so far reaches 81.5 EUR/MWh or 14 percent. less than the average price of the previous year, which was 94.5 Eur/MWh. Electricity prices were very close in the Baltic countries, but they remained among the highest in the Baltic Sea region. Only the Polish trade zone was more expensive - the average price of electricity in the first half of the year was 86 EUR/MWh.

While average electricity prices remain stable, Europe's rapidly growing renewable power capacity is increasingly influencing hourly prices. During the year 2023, 136 hours were recorded in Lithuania when the price of electricity was 0 EUR/MWh or negative. This year, this number already reaches almost 100 hours in half a year, the highest number of such hours in the Baltic Sea region was recorded in Finland - as many as 333 hours in half a year, the highest hourly electricity price was recorded in Finland on January 5 at 20:00 - as much as 1896 Eur/MWh. These emerging trends point to changes in the electricity market and the need for new solutions.

3.2 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 National Energy Regulatory 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 consider 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).



MANAGEMENT REPORT

(All amounts are in EUR thousands unless otherwise stated)

4. 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.

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

In 2023 Litgrid in 2030 the strategy has been updated, taking into account the internal and external factors affecting the company's operations, aligned with the 2023 results of the Lithuanian energy system transformation study and EPSO-G group strategy changes. In the updated strategy, the focus remains on the implementation of strategic synchronization projects, ensuring successful synchronization with continental European networks in 2025. In February

With the acceleration of energy production from the sun and wind, we create conditions for the smooth integration of these renewable energy resources (RES) in the Lithuanian electricity transmission network, with the aim of producing 100% of electricity in Lithuania. Electricity is consumed here, while ensuring system stability and network reliability.

The transformation of the energy system requires a strong partnership, so our goal is to become a customer-oriented organization that creates innovative and flexible services that meet their expectations. Therefore, a review of customer journeys and a continuous feedback system and tracking of key indicators will enable us to constantly know how well we are meeting customer needs.

We aim to work according to global best practices in customer experience management. We will implement digital transformation and enable artificial intelligence solutions in our operations in the future. We will open up data for faster and more advanced decision-making and ensure sustainable value for shareholders.

We have a strong focus on enabling renewable energy sources (RES). In 2022 the established and smoothly developing Center for Renewable Energy Resources (RES) provides relevant data to the market and ensures the availability of the most important data related to RES. The "Litgrid" team contributed to the implementation of an innovative solution - the Procedure Description for Connection to Electricity Networks (PETA). It describes and legalizes a new bandwidth reservation principle that enables developers to connect up to 300% of the existing network bandwidth, separately evaluating solar, wind and storage generation profiles. We are actively looking for IT solutions that will ensure prompt connection of customers to electricity networks. We focus on increasing the satisfaction of RES customers - the RES connection process is reviewed and optimized.

We continue the energy transformation process. In 2023 III quarter EPSO-G Group companies, together with the consulting company DNV, prepared the Lithuanian energy system until 2050. transformation study. The study presents scenarios for the possible development of the Lithuanian energy system, assessing development projects, opportunities, changes in energy consumption, and the responsible party. According to the Lithuanian energy system transformation study, in 2024 it is planned to prepare a new Litgrid long-term strategy as an integral part of the company group's strategy.

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 innovation, creating safe and decent working conditions, employee well-being and a sustainable supply chain. In the long-term strategy until 2030 we identified clear areas of sustainable development in the organization, strategic goals, indicators and planned activities to achieve these goals. We will continue to work in a socially responsible manner, giving priority to reducing the impact of our activities on the environment. In 2024 we plan to prepare a plan for measures to reduce GHG emissions and a simulation of GHG reduction goals.

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

LITGRID undergoes changes

The company understands its activities as a platform business model, which enables value-creating peer-to-peer interactions between suppliers and consumers* with a reliable electricity transmission infrastructure.

Through our activities, we are creating a sustainable, transparent ecosystem based on uniform standards, facilitating exchanges between producers/suppliers and consumers, and creating value for society through enabling sustainable energy choices and contributing to the country's competitiveness.

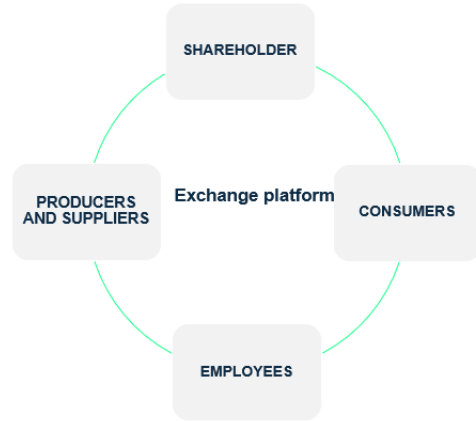
LEVELS OF EXCHANGE PLATFORM :

- TECHNICAL LEVEL EFFECTIVE TRANSMISSION GRID,
- COMMERCIAL LEVEL – MATURE MARKET,
- VALUE LEVEL– SUSTAINABLE ENERGY.

We enable and encourage platform participants to freely exchange electricity, choose to produce or consume climate-neutral energy and receive it at a competitive price **whenever and as much as needed**.

ECOSYSTEM: STAKEHOLDERS CREATING BENEFICIAL ENVIRONMENT FOR INTERACTION F PARTICIPANTS

Electricity – fuel of the future



2030 PROGNOSIS Electricity consumption
19 TWh +2 % yearly growth

PRIORITIES OF LITGRID

VISION → **THE MOST ADVANCED TRANSMISSION SYSTEM OPERATOR IN EUROPE**

#SMARTESTTOSOCOMMUNITY | VALUE-BASED MANAGEMENT

USERS	Create customer-focused organisation, based on innovative services to meet customer expectations
PRODUCERS / SUPPLIERS	Develop the market and the infrastructure sustainably
SOCIETY	Reliable and high-quality electricity transmission in Europe with a purposeful reduction of environmental impact
FOUNDER	A competitive and reliable partner implementing the NEIS objectives
FOR EACH OTHER	Constantly evolving team of professionals that we are proud of



4.2 Stakeholders

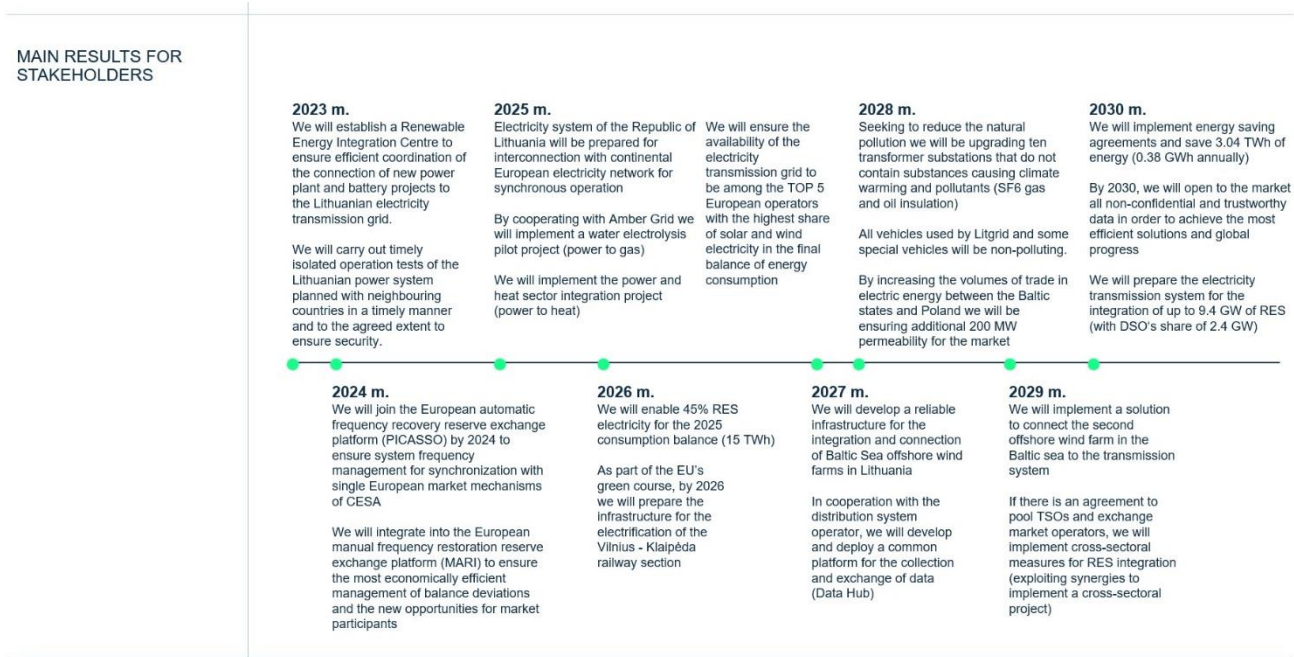
KEY STAKEHOLDERS		
	SOCIETY	<p>We perceive the society and its members not only as residents of the country or individual communities, but also as the environment, nature, fauna upon which the company has an impact.</p> <p>The activities of Litgrid are based on the principles of social responsibility, sustainable development, transparency and smart environmental protection. The performance of the company is an integral and inseparable part of the successful functioning of the country. We seek to support the growth of the society in which we operate by mitigating the negative impact upon the environment and adjusting the transmission system for the decarbonisation of the energy sector.</p>
	PRODUCERS/SUPPLIERS	<p>Segments: energy producers, suppliers and producing consumers. Furthermore, the contractors, technical suppliers and the transmission system operators of other states.</p> <p>Energy producers and suppliers are participants of the electricity exchange platform ensuring proper supply. The contractors and other partners of the company contribute to the implementation of strategic projects and goals.</p>
	FOUNDER	<p>The founder of the company is the State, the interests of which are represented and the expectations are formulated by the Ministry of Energy of the Republic of Lithuania and implemented under the control of EPSO-G.</p> <p>The expectations of the country are reflected in the agendas of our shareholders – close cooperation is necessary to ensure the formation of a coherent and long-term vision of the energy sector and the smooth implementation and sustainable return from a range of initiatives implemented on national and regional levels.</p>
	USERS	<p>Energy distribution operators, public suppliers, suppliers, heat producers and industry consumers.</p> <p>The companies of the Group cooperate in the manner of B2B (business-to-business). That is a supply building group of platform participants.</p>
	EMPLOYEES (FOR EACH OTHER)	<p>All employees of the company.</p> <p>Experienced, competent and value-driven professionals constitute the essential prerequisite for achieving strategic goals and priorities.</p>

4.3 Strategic priorities

PRIORITIES OF LITGRID	
	<p>VISION → THE MOST ADVANCED TRANSMISSION SYSTEM OPERATOR IN EUROPE</p>
	<p>#SMARTESTTSOCOMMUNITY VALUE-BASED MANAGEMENT</p>
	<p>USERS Create customer-focused organisation, based on innovative services to meet customer expectations</p>
	<p>PRODUCERS / SUPPLIERS Develop the market and the infrastructure sustainably</p>
	<p>SOCIETY Reliable and high-quality electricity transmission in Europe with a purposeful reduction of environmental impact</p>
	<p>FOUNDER A competitive and reliable partner implementing the NEIS objectives</p>
	<p>FOR EACH OTHER Constantly evolving team of professionals that we are proud of</p>

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4.4 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.

Litgrid's strategy covers a ten-year implementation period and is based on the key and long-term objectives of the National Energy Independence Strategy in the electricity sector.

Each year, the Company adopts an action plan for the implementation of the strategy for the next three years. To continuously assess the effectiveness and application of the measures chosen by the Company, a quarterly report on the implementation of the Company's strategic objectives and the action plan and the indicators achieved has been implemented in the Company. 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.



4.5 Long-term development plan of the electricity transmission networks

The company, taking into account the strategic goals and/or progress objectives of the energy policy set out in the National Progress Plan and other strategic level planning documents and/or the implementation measures provided for in the National Energy and Climate Action Plan and assessing the adequacy of the electricity system, the need to ensure electricity security and reliability of supply, as well as requirements for the quality, efficiency, management and environmental protection of electricity supply to consumers, in order to improve the conditions for using the electricity system, plans long-term development of the electricity system and effective measures for the adequacy of the electricity system capacity and the electricity supply to ensure the safety of users. In accordance with these requirements, the company prepares a 10-year transmission network development plan and at least every two years until July 1st. provided by NERC.

During 2024 prepared in the first half of 2024-2023. The transmission network development plan was approved by the company in June 21st 2024 and on July 1st provided to NERC.

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>

4.6 Studies, research and analysis

The studies conducted in the first half of the year 2024 and their insights.

Lithuanian energy system study (LT100)

Litgrid experts are actively participating in the model study of the Lithuanian energy system implemented by the Lithuanian Energy Agency together with the US National Renewable Energy Laboratory (NREL). Its purpose is to prepare a model for the transformation of our country's energy system after a comprehensive assessment of the Lithuanian energy sector and to present proposals on how Lithuania can become a fully self-sufficient country with electricity as soon as possible and achieve 100% electricity consumed in Lithuania would be produced from renewable energy sources (RES).

The results of the energy system model study will be a set of various energy models that will form a general model of the transformation of the Lithuanian energy system. Using it, the main energy transformation scenarios will be simulated. The model study will become the basis for updating and clarifying strategic planning documents in the field of energy.



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Litgrid experts are actively involved in the preparation of electricity market models and the vision of the development of the transmission network in the evaluation of different RES development scenarios predicted for the years 2030, 2040, 2050. It is expected that the detailed results of the study will allow a more accurate assessment of long-term electricity transmission network development scenarios, more effective investment planning, and project prioritization taking into account system reliability and stability, generation and consumption, and market development trends.

In 2024, the first study report was prepared, presenting intermediate results for 2030. You can get acquainted with the studio here <https://www.nrel.gov/docs/fy24osti/89564.pdf>.

OneNet

The One Network for Europe (OneNet) project aims to contribute to the vision of a unified European electricity grid by creating a common trading and exchange platform. On this platform, facilities that can regulate their capacity to consume, produce or store energy, regardless of their physical location, applied technologies and whether they are small consumers or large traditional power plants, could provide their resources in a transparent, fair and open manner on equal terms to network operators through the market for flexibility services.

In creating one unified European electricity system, great challenges are faced in order to find a common solution that meets the different needs, specifics and technical requirements of system operators. At the end of 2020, Litgrid joined this international project, which, together with the Energy Distribution Operator (ESO), involved more than 70 different partners, including transmission and distribution network operators, energy exchange operators, flexibility service providers and other partners from all over Europe. The project had four demonstration groups by region. Together with ESO, Litgrid participated in the Northern cluster, which also included Ireland, Norway, Sweden, Finland, Estonia and Latvia.

This project aims to create a flexibility service delivery framework that defines the roles of stakeholders, data exchange, standardizes and details new flexibility products, and demonstrates the procurement and operation model of these products among the different parties involved. In the second quarter of 2024, the company completed the implementation of the project and, within the scope of this project, together with ESO and Kaunas University of Technology (KTU), performed demonstrations in which KTU's hybrid energy system was connected to the distribution network. This system consists of electricity and heat devices (English Power to Heat), renewable energy sources, heat and electricity storage devices, which provided flexibility services to the transmission system operator based on the new congestion management network product developed in the scope of the project.

5. IMPLEMENTATION OF 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).

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.

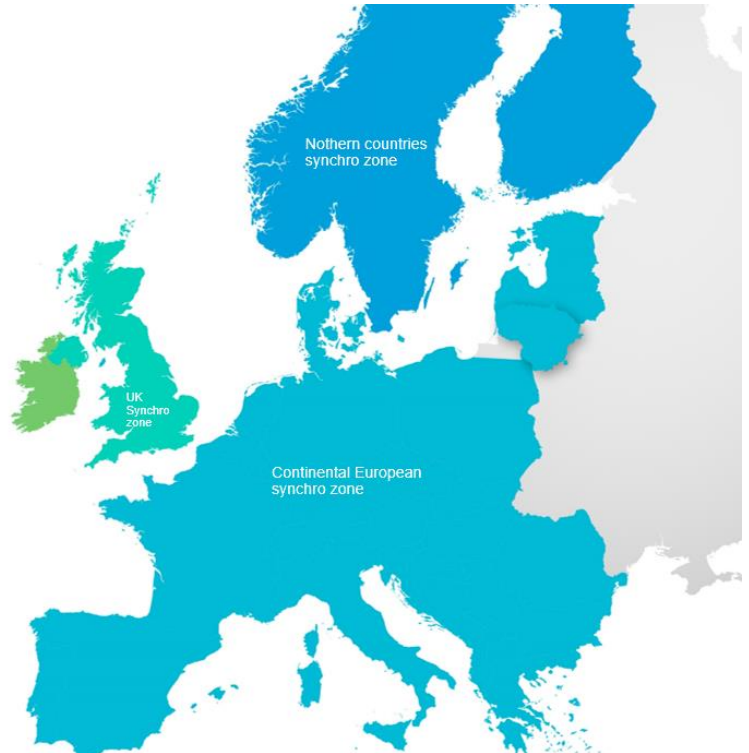
In March 2024 the Government of the Republic of Lithuania approved the list of the energy projects carried out in implementing the synchronisation of the electricity system. Litgrid is responsible for the implementation of 20 out of 22 projects included in this list.

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.

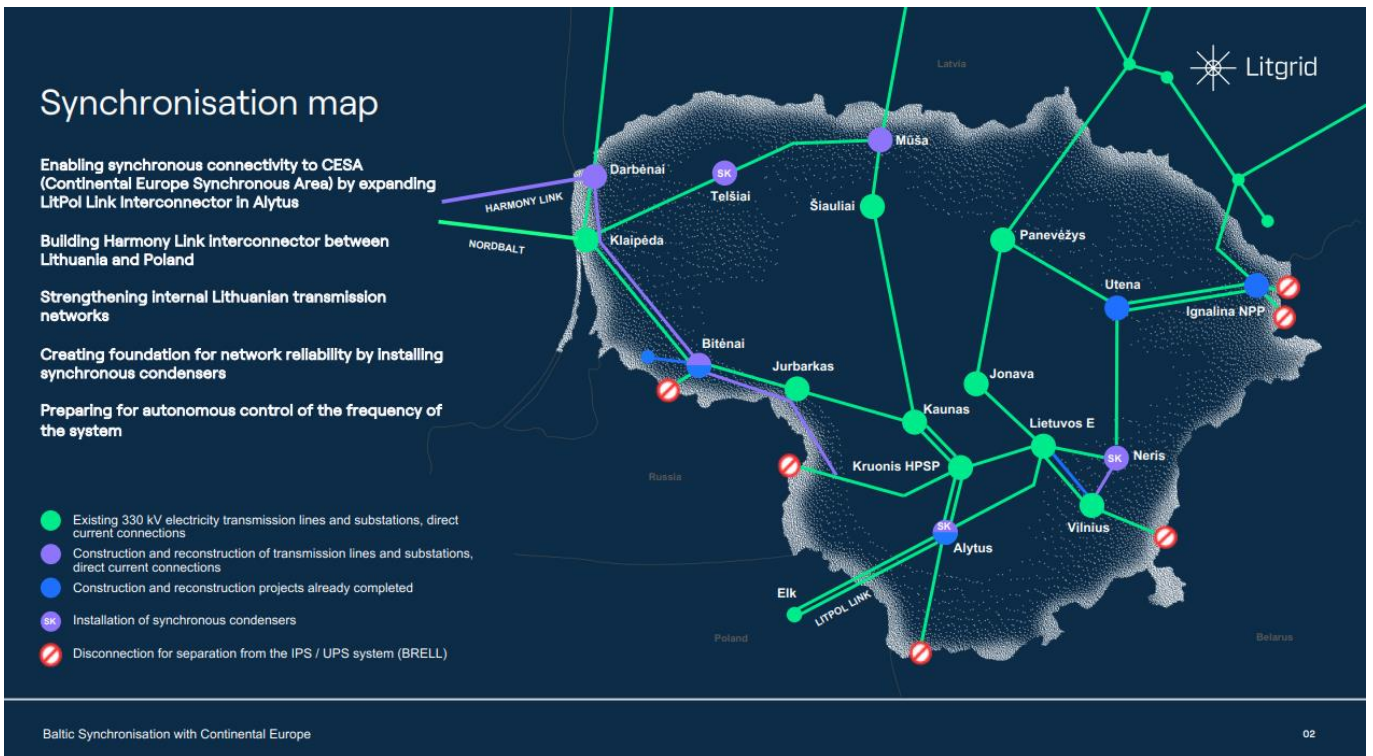
Synchronisation goals

In 2025 the systems of Lithuania, Latvia and Estonia will disconnect from BRELL

The Baltic system will start working in one frequency with German, French and other Western European systems.




Synchronisation of the Lithuanian system



5.1 The status of the implementation of the main strategic projects

The stage of completion of the strategic projects under the synchronisation programme reached 79.3 % on June 30th, 2024.

Project status



Synchronisation progress

Project	Completion Date*	PCI number	Works in progress
Expansion of LitPol Link in Alytus	2021	4.8.11 <small>(on the 11th PCI list)</small>	Project completed
Construction of Darbenai substation	2025	3.3.9	Construction works are in progress
Construction of Harmony Link interconnector	-	3.3.6	Project is being reorganised
Expansion of Bitėnai transformer substation	2019	-	Project completed
Construction of Paegeiai-Bitėnai 110 kV overhead line	2020	-	Project completed
Reconstruction of Lietuvis E-Vilnius 330 kV overhead line	2020	4.8.17 <small>(on the 11th PCI list)</small>	Project completed
Construction of Vilnius-Neris 330 kV overhead line	2025	3.3.4	Construction works are in progress
Construction of Musa substation	2025	3.3.7	Construction works are in progress
Construction of Darbenai-Bitėnai 330 kV overhead line	2025	3.3.10	Construction works for Phase I completed, works in progress for Phase II
Construction of Kruonis HAE-Bitėnai 330 kV overhead line	2025	3.3.8	Construction works for Phase I is completed, ongoing construction activities for Phases II and III
Grid optimisation in North-Eastern Lithuania	2021	4.8.12 <small>(on the 11th PCI list)</small>	Project completed
Implementation of New Synchronous Condensers	2025	3.3.15	Construction works are in progress, synchronous condensers are being installed in Telšiai, Alytus and Vilnius district
Implementation of Frequency Stability Assessment System (FSAS)	2025**	3.3.5	System development is in progress
Implementation of Automatic Generation Control System	2023	3.3.5	Project completed
Upgrading the NordBalt interconnector control system	2026	3.3.5	Procurement procedures are in progress
Reconstruction of Neris transformer substation	2025**	-	Construction works for Phase I completed, works in progress for Phase II
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 and synchronous connection to the Continental Europe Synchronous Area	2025	-	Isolated operation test and synchronisation programmes are being prepared
The implementation of an electricity storage facilities system	2023	-	Project completed
Development of a new energy balance and ancillary services management system	2025	-	Commissioning of the first phase of the system is completed and further development work is underway

*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 three synchronous compensators to the transmission network and the launch of operation of to be constructed 330 kV Vilnius-Neris electricity transmission line. This is one of the most important projects related to the synchronisation with the continental European networks that strengthens the country's network for electricity transmission.

In the first half of 2024, part of the facilities of stage I were switched on, and a new autotransformer was built on the foundation. Reconstruction works are planned to be completed in 2025.

Construction of the 330 kV Kruonis PSHP-Bitėnai electricity transmission line

The aim of the project is to strengthen the electricity transmission network in the western part of Lithuania and to 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 covers the reconstruction of a part of the already existing line Jurbarkas-Bitėnai by replacing a single-circuit line with a double-circuit line, the construction of a new section between the line Jurbarkas-Bitėnai and the line Kruonis PSHP-Sovetsk and the reconstruction of the Bitėnai transformer substation.

In the first half of 2024, assembly, construction and wiring of metal structures took place, 3 supports were fully built in the expansion part of the Bitėnai transformer substation, site maintenance and asphaltting works began.



MANAGEMENT REPORT

(All amounts are in EUR thousands unless otherwise stated)

Construction of the 330 kV Darbėnai-Bitėnai electricity transmission line

The aim of the project is to strengthen the electricity transmission network in the western part of Lithuania and to 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 the first half of 2024, the works on the 330 kV overhead line Klaipėda-Šyša and the bypass around the city of Klaipėda were completed.

Installation of new synchronous condensers in the Lithuanian electricity system

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

In the first half of 2024 synchronous condensers were aligned and connected to flywheels in Telšiai and Alytus, 10 kV self-use transformers were switched on, Neris synchronous condenser was delivered.

Construction of the 330 kV Mūša switchyard

The project's aim is to strengthen the electricity transmission network of Western Lithuania and ensure its reliable operation by building a new 330 kV Mūša switchyard and connecting to it three overhead lines to Telšiai, Šiauliai and Viskali.

In the first half of the year, 100% of the foundations of primary facilities, melioration networks, and pole foundations of portals were installed. Other construction and installation works are underway.

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

The project's aim is to strengthen the electricity hub in Vilnius by ensuring the reliability of electricity supply after the synchronisation with the continental European networks and meeting an increasing demand for electricity in the capital, by constructing the 330 kV electricity transmission line linking the Vilnius and Neris 330 kV transformer substations. To this purpose, a part of the existing 330 kV overhead line Vilnius-Molodečno will be reconstructed and a section of the new line to the Neris 330 kV substation will be constructed.

In the first half of 2024 the foundation installation works were carried out, metal structures were delivered to the object, supports were collected and erected, cables were installed, and a part of the 330 kV Vilnius-Molodečno overhead line was dismantled.

Construction of the 330 kV Darbėnai switchyard

The project's aim is to enhance the reliability of the transmission network and security of electricity supply during the synchronous operation of the Lithuanian electricity system with the continental European networks by building a new 330 kV Darbėnai switchyard and connecting to it three overhead lines with the voltage of 330 kV to Bitėnai, Klaipėda, Grobinė. The interconnections with the wind power parks will also be designed at the 330 kV switchyard.

In the first half of 2024, all the switches, primary devices and cable ducts of the 1st stage were installed, and the adjustment works of the 330 kV switchboard were started.

Construction of the Harmony Link interconnection

The project's aim is to ensure the integration of the electricity market after the synchronisation with the continental European networks by constructing a new submarine HVDC link (Harmony link) with Poland – it was the initial alternative for Harmony Link.

Litgrid AB implements the project together with the Polish electricity transmission system operator PSE. In 2023 it was started to discuss the building of the connection onshore, not offshore.

5.3 Strategic non infrastructure projects

Isolated test of power system of the Republic of Lithuania

In the first half of 2024, an isolated operation test program was prepared, and its coordination with the transmission system operators of the Baltic countries and other continental Europe in the formats of ENTSO-E regional and working groups began.



MANAGEMENT REPORT

(All amounts are in EUR thousands unless otherwise stated)

Installation of the Frequency Stability Assessment System (FSAS)

The aim of the project is to install a system to ensure the frequency stability of the Baltic electricity system in the event of an unforeseen disconnection from the continental European grids and in the event of islanding of the Baltic electricity system.

In the first half of 2024, the technical specification for the purchase of consulting and programming services was prepared and the purchase of software licenses was announced, service agreements were signed, and licenses received, frequency stability assessment methodology and operating procedures were prepared.

Development of a new energy balance and ancillary services management system

The goal of the project is to implement the 2017 November 23 European Commission Regulation 2017/2195 establishing electricity balancing guidelines, updating processes and creating a system related to balancing and imbalance accounting and balance management.

In the first half of 2024, the market participants' test environment was prepared for testing and the balance capacity process started.

5.4 Other projects

Litgrid contributes to the development of green energy in Lithuania as part of its main activities and implements projects for connecting renewable energy resources to the transmission network as an operator of the electricity transmission network. The result of these projects is the connection of green electricity producers to the transmission network, enabling electricity consumers to use clean and sustainable energy.

After assessing the security aspects of the Lithuanian EES in emergency synchronous work with Poland or isolated work scenarios, especially after desynchronization and disconnection of all lines with Russia and Belarus, the need to connect the eastern and northwestern parts of the Lithuanian EES by increasing national energy security, ensuring reliable electricity transmission, users of new technologies (for example, the hydrogen industry) and to create better conditions for the development of offshore and onshore wind and solar parks, the integration of the electricity market, maintaining and increasing the throughput level of the intersystem section with Latvia, the project of connecting the Northwestern and Eastern electricity transmission networks is launched. In 2024 May, this project was recognized as a project of special national importance. It consists of the construction of the 330 kV power transmission line Darbėnai-Varduva-Mūša, the 330 kV power transmission line Panevėžys-Mūša and the 330 kV transformer substation in Varduva.

Litgrid in 2024 carried out 17 wind and solar park connection projects in the first half of the year, the power of the parks being connected is 1564.2 MW. In 2024 in April in the Molėtai district, the largest solar power park in Lithuania is connected to the transmission network, with a permitted generation capacity of 80 MW and an installed capacity of 100 MW. After trial operation in June a new 330 kV switchboard in Tytuvėnai has been successfully switched on, which will allow wind farms to be connected to the transmission network. Through this switchboard, the largest electric power produced from renewable energy resources (hereinafter - AEI) in Lithuania - over 600 MW - will be transmitted.

Litgrid contributes to the development of the electrification infrastructure of Lithuanian railways by implementing projects for connecting consumers to the transmission network. In 2024 month of January, a cooperation agreement was signed on the preparation of electricity transmission networks for connection to the traction substations of the Rail Baltica project, the implementation of the Vilnius - Klaipėda electrification projects of the Lithuanian Railways continues, connection service contracts were signed with LTG Infra regarding the construction and connection of the Žeimiai, Linkaičiai and Tarvainė traction transformer substations to transmission network.

After the implementation of these projects, the use of fossil fuels will decrease in Lithuania, instead, after assessing the rapid development of electricity production from RES, green energy will be used, which will contribute to the achievement of the goals of the European Green Course.

In 2024 in the first half of the year, 5 new airline reconstruction projects and 2 other transmission network restructuring projects were launched, which will contribute to ensuring the stability and reliability level of the transmission network and ensure the necessary bandwidths for connecting electricity producers from renewable energy sources to the transmission network.

In the first half of 2024, the reconstruction projects of 5 transformer substations were completed, and the reconstruction projects of 47 transformer substations are being implemented.



MANAGEMENT REPORT

(All amounts are in EUR thousands unless otherwise stated)

5.5 CRER activities

We have a strong focus on enabling renewable energy sources (RES). In 2022 the established and smoothly developing Center for Renewable Energy Resources (RES) provides relevant data to the market and ensures the availability of the most important data related to RES. The "Litgrid" team contributed to the implementation of an innovative solution - the Procedure Description for Connection to Electricity Networks (PETA). It describes and legitimizes a new bandwidth reservation principle that enables developers to connect up to 300% of the existing grid bandwidth, separately evaluating solar, wind and storage generation profiles.

We are actively looking for IT solutions that will ensure prompt connection of customers to electricity networks. We focus on increasing the satisfaction of RES customers - the RES connection process is reviewed and optimized.

5.6 Financing of strategic projects

A total of EUR 459.9 million has been allocated for financing the implementation of strategic investment projects from the European Infrastructure Networks Facility. EUR 23.8 million from this facility was received in the first half of the year, in total EUR 118.9 million since the beginning of the implementation of the projects were received.

For the financing of strategic projects in 2024 EUR 13.8 million of congestion management income were used in the first half of the year.

Other investment projects in 2024 the first half of the year was financed with own funds.

5.7 Project portfolio

In addition to the 10-year network development plan, the Company is forming a portfolio of investment projects for the next 1-3 years. The portfolio consists of projects that are necessary for the achievement of strategic state goals, ensuring the reliability of the transmission network and electricity supply, updating or installing information technologies, or projects that are started at the initiative of the users of the electricity transmission network.

5.8 Innovations

Through its actions in the field of innovation, the Company aims to contribute to the effective implementation of Litgrid and National Energy Independence strategies. This is done by creating an effective innovation ecosystem, where innovative ideas are initiated, experts' time is allocated to their analysis and testing, they are implemented and started to be applied in daily activities.

In 2024 April 18 The management committee of UAB EPSO-G group of companies approved the innovation functions of the Company in 2024, activity direction and set goals and indicators, the highlights:

1. Greater attention to initiated significant, value-creating innovation projects and the search for synergy;
2. Aim to get more involved in international projects and the financing of such projects by the European Union and/or other innovation funds;
3. Contribution of innovation to the creation of new services and/or products.

In the field of innovation, the company operates in accordance with the Scientific Research and Experimental Development and Innovation Activity Guidelines of the UAB EPSO-G Group of Companies approved by the Board of UAB EPSO-G (hereinafter referred to as the R&D Activity Guidelines), the purpose of which is to ensure through research, innovation and new solutions Continuity and efficiency of the activities of UAB EPSO-G group of companies, competitiveness or creation of conditions for competition, significant contribution to the implementation of the National Energy Independence Strategy, creation of added value for society.

The R&D activity guidelines define the concepts of scientific research and experimental development, innovation and innovative activities common to the entire Group, the general directions and priorities of R&D activities, classification principles and recommendations to transmission system operators regarding the allocation of funds for R&D activities. By the end of 2024, it is planned to revise the provisions of the R&D guidelines according to the updated decisions of the group management committee.

In 2024 in the first half of the year, 5 innovation projects were implemented, and two new measures were initiated. Currently, the Innovation portfolio consists of 11 implemented projects.

A contract was signed for the performance of the Virtual Network Feasibility Study

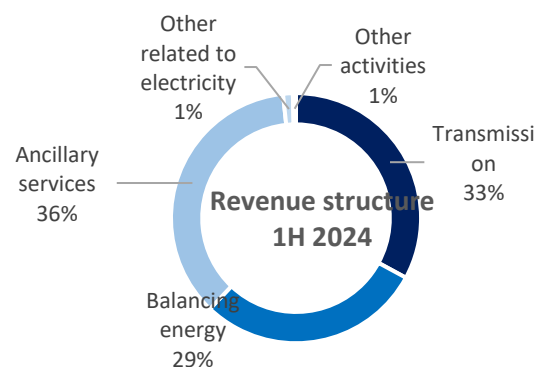
Litgrid and Energy cells, together with the Lithuanian Energy Institute will conduct a study of the virtual network as a product of the electricity market. This innovation - a virtual electrical network would contribute to the reliability of the electrical system, increase the bandwidth of electrical lines, and at the same time expand the electrical network's ability to integrate energy from renewable sources - solar and wind parks.

6. FINANCIAL INFORMATION

6.1. Revenue

In the first half of 2024, total revenue compared to the same period of 2023, increased by EUR 30.8 million and reached EUR 197.7 million. The income from additional services increased the most, while the income from the transmission service decreased the most.

Revenue, EUR million	HY 2024	HY 2023	Change	Change, %
Sales	65.1	102.9	-37.9	-37%
Balancing energy	57.7	44.7	13.0	29%
Ancillary services	71.7	13.8	57.9	419%
ITC	-0.8	0.0	-0.8	-
PSO	2.0	0.2	1.7	705%
Congestion	1.3	2.9	-1.6	-55%
Reactive energy and administration of guarantees of electricity origin	0.8	2.3	-1.5	-65%
Other activities	197.7	166.9	30.8	18%



Income from electricity transmission compared to 2023 in the first half of the year 2024 decreased by EUR 37.9 million to EUR 65.1 million (in the first half of 2023, EUR 71.2 million of congestion management revenues were recorded in the transmission income, which were used to reduce the transmission tariff). After eliminating the assignment of congestion management revenues to transmission revenues, in the first half of 2024, the income for electricity transmission would record an increase, and the main reason is more than twice raised the cap of the price of the transmission service.

The average selling price of imbalance and balancing (hereinafter - balancing) electricity in the first half of 2024 was 30.3 percent lower compared to the same period last year, but the amount increased by 86 percent, which resulted in a 28.9 percent increase in balancing electricity income, up to EUR 57.7 million. The change in this income does not affect the Company's profitability, because according to the regulated imbalance pricing, the current year's income compensates the costs, including the Company's internal costs, attributable to this activity according to the regulatory accounting description.

In the first half of the year, income from additional services increased 5.2 times to EUR 71.7 million, they increased by a 5.2 times higher component of the purchase of additional services to the price of the transmission service. According to the regulated pricing of additional services, the income must compensate the costs, including the internal costs of the Company, attributable to this activity according to the regulatory accounting description. The N-year actual difference between income and costs is estimated by approving the N+2 year additional services acquisition component.

Other electricity-related income in the first half of the half year consisted of:

- ITC (English - Inter-Transmission System Operator Compensation) income - tax for electricity imported from countries not belonging to the European ITC transit mechanism (imports stopped from May 2022) and transit compensation income from the ITC fund) – -0, 8 million Eur. This income does not affect long-term profitability, as it is estimated by determining the price of the transmission service and calculating the actual return on investment of the transmission service.

MANAGEMENT REPORT

(All amounts are in EUR thousands unless otherwise stated)

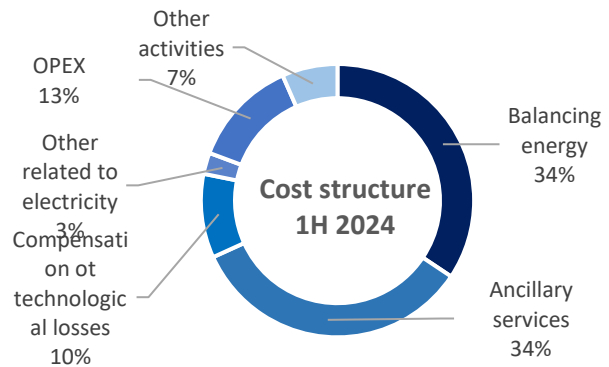
- Reactive energy income - EUR 1.2 million, they do not affect long-term profitability, as they are evaluated by determining the price of the transmission service and calculating the actual return on investment of the transmission service.
- Congestion management income - EUR 2 million, they do not affect the Company's profitability, because the income compensates the costs of ensuring the distributed bandwidth of intersystem connections.
- Income from the administration of guarantees of origin of electricity - EUR 0.1 million.

Other income decreased almost 3 times to EUR 0.8 million to EUR 1.5 million of calculated smaller damages for contractors for late works.

6.2 Expenses

The company's expenses in the first half of the year were EUR 168.2 million, by 14.8 percent. higher compared to the first half of 2023.

Expenses, million	EUR	HY 2023	HY 2022	Change	Change%
Related electricity	to	135.7	113.0	22.7	20%
Balancing energy		57.8	44.8	13.0	29%
Ancillary services		56.9	48.4	8.5	18%
Compensation of technological losses		16.7	19.6	-2.9	-15%
ITC		2.3	-	2.3	-
PSO		-	-	0.0	-
Ensuring the utilisation of allocated capacity	of grid	2	0.2	1.7	705%
OPEX.		21.4	18.8	2.6	14%
Wages and salaries		9.9	8.7	1.2	14%
Repair and maintenance		4.3	4.3	-0.1	-1%
Telecommunication and IT systems		1.3	1.2	0.1	9%
Taxes		2.5	2,5		
Other		3,4	2.1	1.3	62%
Other		11.1	14.7	-3.6	-25%
Depreciation and amortisation		11.0	9.9	1.0	10%
Impairment of property, plant and equipment		-	-	0,0	
Other		0.1	4.8	-4.7	-98%
Total expenses		168.2	146.5	21.7	15%



MANAGEMENT REPORT

(All amounts are in EUR thousands unless otherwise stated)

The costs of purchasing electricity and related services made up most of the group's costs – EUR 135.7 million (80.7 percent of the Company's total costs) and, compared the same period of 2023, they increased by 20.1 percent. Costs of additional services increased by 17.6 percent. up to EUR 56.9 million. Balancing electricity costs increased by 29.1 percent. due to 86 percent higher quantity, although the price decreased by 30.3 percent.

The cost of purchasing electricity to compensate for technological losses in the transmission network decreased by 14.6 percent. up to EUR 16.7 million due to 13.6 percent. lower average electricity purchase prices. ITC costs were EUR 2.3 million, the costs of ensuring the bandwidth of distributed intersystem connections – EUR 2 million.

Operating expenses compared to those of the first half of the year 2023, it increased by 13.8 percent. up to EUR 21.4 million. Increase in wage costs by EUR 1.2 million influenced 8 percent. higher average number of employees and increased average wages. Other expenses increased by EUR 1.4 million., the year 2023 had the greatest influence. 0.6 million was received in the first half of the year damage compensation, which reduced the 2023 operating costs and EUR 0.3 million higher management costs and EUR 0.1 million higher insurance costs.

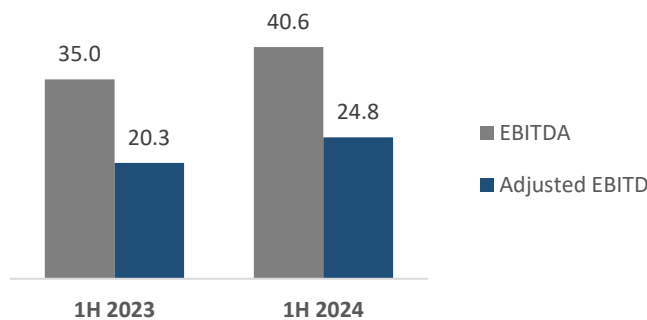
6.3 Return and other financial ratios

EBITDA = operating profit + depreciation and amortisation + impairment loss + write-offs.

Adjusted EBITDA is a recalculated EBITDA by considering temporary regulatory deviations from the regulated profitability indicator approved by NERC. The adjusted EBITDA is calculated by assessing a revenue adjustment for the prior periods, which has already been approved by NERC'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 NERC, which will be assessed when establishing regulated prices for the upcoming year by NERC.

Adjusted Net Profit = Actual Net Profit + (Adjusted EBITDA - EBITDA) x (1-15%)

EBITDA, adjusted EBITDA
EUR million



In the calculation of half year 2024 adjusted EBITDA, the following EBITDA adjustments were made:

- added EUR 6.6 million 2022 the difference between the allowed and the actual return on investment of the transmission service, by which the 2024 first half transmission service revenue;
- EUR 10.5 million was taken away – the difference between the actual and permitted 2024 calculated by the company and not yet confirmed by the auditor and NERC, first-half transmission service investment returns, which should reduce transmission revenues in subsequent years;
- EUR 11.8 million - the company's calculated and not yet confirmed additional services of the auditor and NECR in HY 2024 difference between costs and income.

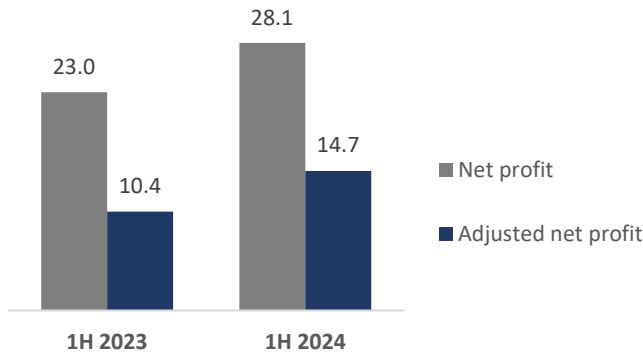
The adjusted EBITDA of the Company was increased by:

- EUR 1.5 million higher return on investment, as the rate of return on investment increased from 4.09% to 5%, although the value of regulated assets decreased from 351.7 million. EUR up to EUR 347.8 million;
- EUR 6 million additional tariff components for investment financing.

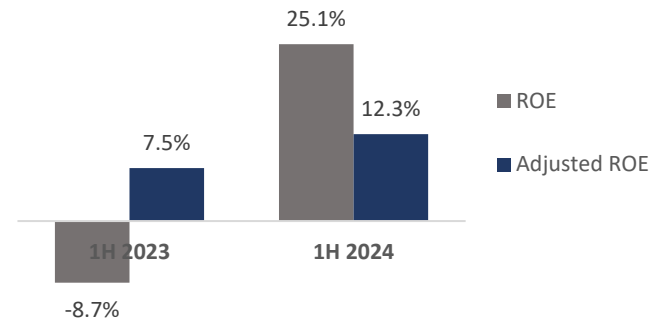
Adjusted EBITDA of the Company was reduced by:

- EUR 1.5 million less income from unregulated activities (non-payment for contractors and other income);
- EUR 0.9 million higher NERC unrecognized operational costs;
- EUR 0.6 million other changes, of which EUR 0.5 million less accounting of servitudes in the property.

Net profit, Adjusted net profit
EUR million



ROE, Adjusted ROE
%



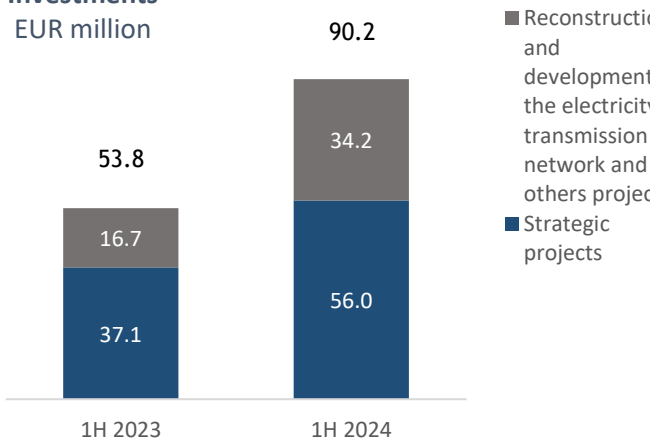
The following adjustments have been made to the calculation of the adjusted net profit for the first half of 2024:

- EUR 13.4 million - the difference between adjusted EBITDA and EBITDA after income tax was deducted;

The increase in adjusted net profit was mainly due to a EUR 1 million improvement in the financial result and a EUR 4.5 million change in adjusted EBITDA, and mainly due to a EUR 0.9 million increase in depreciation, impairment (reversal) and amortisation charges.

Adjusted ROE (last 12 months) increased from 7.5% to 12.3% mainly due to an increase in adjusted net profit.

Investments
EUR million

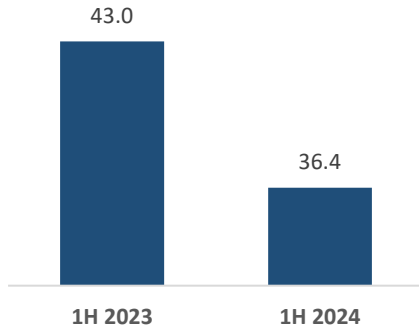


Investments (excluding assets transferred free of charge to third parties and capitalised payroll) increased mainly due to higher investments in strategic and nationally important electricity projects. They accounted for 62% of total investment in H1 2024. The largest share of investments was accounted for by the following projects:

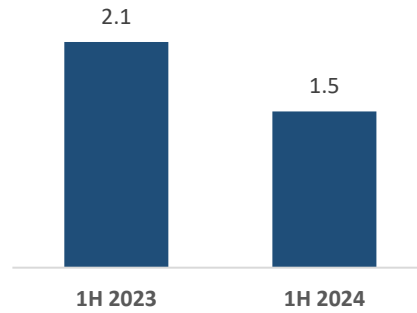
- Installation of new synchronous condensers - EUR 14.5 million;
- Construction of the 330 kV Vilnius - Neris OHL - EUR 10.3 million;
- Construction of the 330 kV OHL Kruonis HAE - Bitėnai - EUR 10.2 million;
- Reconstruction of the 330 kV Kruonis HAE switchyard - EUR 8.2 million;
- Construction of 330 kV OHL Darbėnai - Bitėnai - EUR 6.7 million.

Net financial debt

EUR million



Net financial debt/Adjusted EBITDA



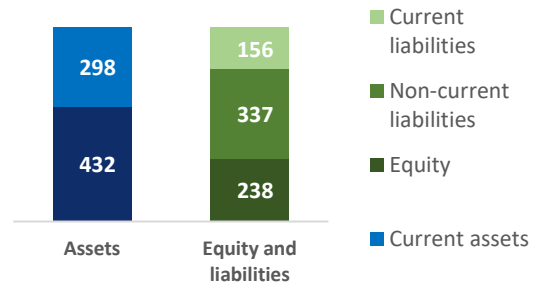
Net financial debt decreased by EUR 6.6 million as part of the repayment of the loan was made according to the payment schedule.

The ratio of net financial debt to Adjusted EBITDA (12 months) decreased from 1.2 to 0.9 due to a decrease in net financial debt and an increase in adjusted EBITDA.

6.4 Balance sheet and cash flows

Balance sheet, EUR million	2024-06-30	2023-12-31	Change
Non-current assets	432	413	20
Intangible assets	4	5	-1
Property, plant and equipment	425	401	25
Deferred tax asset	3	7	-4
Current assets	298	265	33
Receivables and other current assets	90	93	-2
Loan granted to EPSO-Granted to related parties	205	167	37
Other financial assets	3	4	-1
Cash and cash equivalents	0	1	-1
TOTAL ASSETS	730	677	53
Equity	238	239	-1
Issued capital and share premium	155	155	0
Reserves	37	35	2
Retained earnings	45	48	-3
Non-current liabilities	337	300	37
Financial debts and lease liabilities	30	33	-3
Congestion management revenue	301	264	37
Other non-current liabilities	6	3	3
Current liabilities	156	139	17
Current portion of long-term loans and other short-term borrowings	7	6	0
Current portion of congestion management revenue	37	37	0
Trade payables	74	56	18
Prepayments received and other current assets	38	39	-1
Total liabilities	493	439	54
TOTAL EQUITY AND LIABILITIES	730	677	53

Balance sheet structure EUR million



MANAGEMENT REPORT

(All amounts are in EUR thousands unless otherwise stated)

During the half year, the Company's assets increased by EUR 53 million (+8%) and in 2024 June 30 was EUR 730 million. Fixed assets, which accounted for 59 percent total assets of the Company increased by EUR 20 million (+6%), the main reason being those investments in long-term tangible assets, those investments during the investments covered by grants, were higher than the depreciation costs of the assets.

Short-term assets increased by EUR 33 million (+13%), the main reason is the increase of 37 million in granted loans (from temporarily free congestion management revenue funds connected to the Group's account and temporarily lent to EPSO-G). Eur.

Shareholders' equity decreased by 1 million despite the gross income earned. EUR (-0.5 percent), as 29.3 million were paid out. Dividends of EUR. in 2024 June 30 shareholders' ownership amounted to 33 percent. from all assets.

Long-term liabilities increased by EUR 37 million (+12%) due to the increase in accumulated congestion management revenues, while short-term liabilities increased by EUR 18 million (+13%) due to the increase in trade debts for investments in fixed assets.

Cash flows, million	EUR	HY 2024	HY 2023	Change	CFO
CFO		52.9	15.6	37.2	In the first half of the year, net cash flow from operating activities (CFO) amounted to EUR 52.9 million. Compared to 2023 in the first half of the year, CFO increased by EUR 37.2 million mainly due to the change in working capital.
CFI		-20.8	-12.5	-8.2	
CFF		-32.6	-3.6	-29.1	
Increase/decrease in cash and equivalents	in cash	-0,5	-0,5	0,0	

CFI

In the first half of the year, the net cash flows of investment activities (CFI) amounted to (-20.8) million Eur. Compared to 2023 in the first half of the year, the CFI was more negative mainly due to higher lending, as higher investment payments were offset by higher grant inflows.

CFF

In the first half of the year, net cash flows from financial activities (CFF) amounted to EUR 32.6 million.. Compared to 2023 in the first half of the year, CFFs were more negative, as in 2024 dividends were paid in the first half of the year, which in 2023 were not paid out.

Free Cash Flows, million	EUR	HY 2024	HY 2023	Change	Change %
CFO		52.9	15.6	37.2	238%
CFI		-20.8	-12.5	-8.2	66%
Change in provided loans		37.5	-24.2	61.7	-
FCF		69.5	-21.1	90.7	-

In the first half of 2024, the Company's net cash flow excluding cash flows from financing activities and loans granted by the Company and their repayments (FCF - free cash flow) was positive at EUR 69.5 million.

In the first half of 2024, congestion management revenue amounted to EUR 53 million. In the first half of 2024, it was used as follows: to secure allocated capacity - EUR 1.8 million and to finance investments - EUR 13.8 million. The balance of the accumulated congestion management revenue as at 30 June 2024 amounted to EUR 334.6 million, of which EUR 130.1 million was temporarily used to finance the Company's operations and EUR 204.5 million was added to the EPSO-G Group account.



Litgrid

MANAGEMENT REPORT

(All amounts are in EUR thousands unless otherwise stated)

6.5 Five-year summary

Key financial indicators		HY 2024	HY 2023	HY 2022	HY 2021	HY 2020	Change 2024-2023	Change %
Revenue	EUR million	197.7	166.9	145.2	112.4	101.5	30.8	18.5%
EBITDA	EUR million	40.6	35.0	0.1	31.8	26.2	5.6	159%
EBITDA margin	%	20.5%	20.9%	0.1%	28.3%	25.8%	-0.5 p. p.	-2,2%
EBIT	EUR million	29.5	24.9	-10.4	20.9	15.2	4.6	18.5%
EBIT margin	%	14.9%	14.9%	-7.2%	18.6%	15.0%	0 p. p.	0.0%
Net profit	EUR million	28.1	23.0	-9.2	17.4	13.6	5,2	22.5%
Net profit margin	%	14.2%	13.8%	-6.4%	15.5%	13.4%	0.5 p. p.	3.4%
ROE	%	25.1%	-8.7%	-3.1%	14.3%	6.9%	n/a	n/a
ROA	%	7.7%	-3.0%	-1.5%	7.6%	3.7%	n/a	n/a
Shareholders' equity / Assets	%	32.5%	28.7%	42.7%	53.6%	52.5%	3.8 p. p.	13.1%
Net financial debt	EUR million	36.4	43.0	62.0	75.6	91.1	-6.6	-15.3%
Net financial debt/EBITDA	times	0.4	-26.3	4.3	1.3	2.6	26.7	n/a
Investments	EUR million	90.2	53.8	10.5	14.5	17.5	36.4	67.6%
Basic earnings per share (EPS)	EUR	0.056	0.046	-0.018	0.034	0.027	0.010	22,5%
Total assets	EUR million	730.5	661.1	485.4	408.0	392.8	70.0	10.6%
Equity	EUR million	237.6	189,9	207.2	218.9	206.2	47.6	25.1%
Liquidity ratio	times	1.91	1.02	1.40	0.86	0.60	0.89	86.7%
Assets turnover ratio	times	0.58	0.77	0.68	0.55	0.51	-0.2	-25.3%
Adjusted indicators								
Adjusted EBITDA	EUR million	24.8	20,3	18.6	19.9	n/a	4.5	22.1%
Adjusted EBITDA margin	%	12.5%	12.2%	12.8%	17.7%	n/a	0.4 p.p.	3.1%
Adjusted net profit	EUR million	14.7	10.4	6.5	7.3	n/a	4,3	41.0%
Adjusted net profit margin	%	7.4%	6.2%	4.5%	6.5%	n/a	1.2 p. p.	19.0%
Adjusted ROE	%	12.3%	7.5%	6.5%	5.8%	n/a	4.8 p. p.	64.1%
Net financial debt/adj. EBITDA	times	0.9	1.2	1.6	2.1	n/a	-0,3	-26.6%

*12 last months

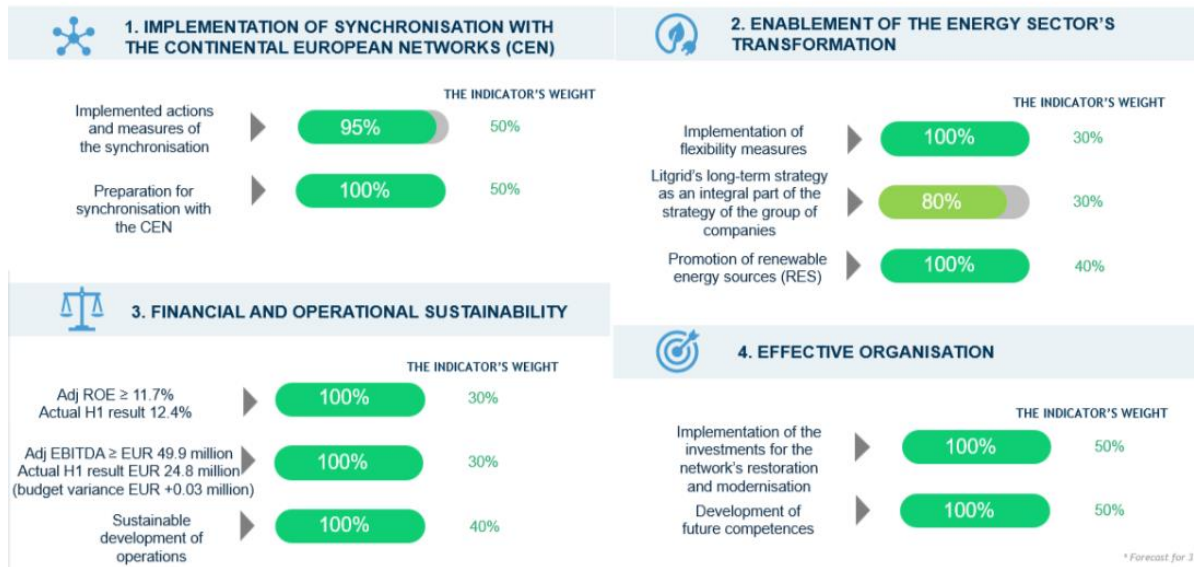
7. COMPANY TARGETS AND THEIR IMPLEMENTATION

The implementation of the Strategy is measured through the implementation of the Company's 3-year business plan and the Company's annual objectives, which prioritise measures in line with the priorities identified in the Company's Strategy.

The evaluation of the achievement of the objectives is carried out by the Company's Board of Directors and the CEO reports to the Board of Directors on the achievement of the objectives. The financial and non-financial performance targets set for the Company are identical to those set for the CEO of Litgrid. The assessment of the achievement of the objectives determines the variable remuneration of all employees and the CEO.

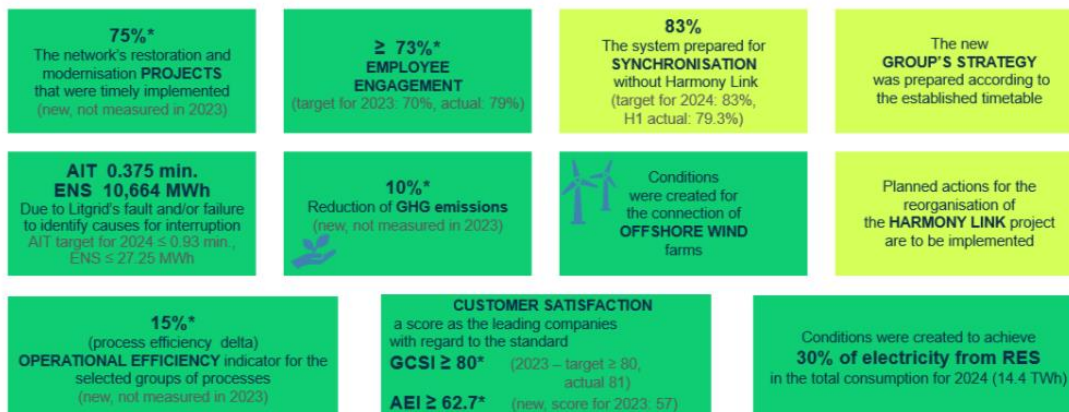
The intermediate achievement of the goals of 2024 at the end of the year after the second quarter is predicted to be 97%:

IMPLEMENTATION PROGRESS OF THE ANNUAL OBJECTIVES **97%***



Action plan implementation:

IMPLEMENTATION OF THE OBJECTIVES FOR 2024 SET IN THE OPERATIONAL PLAN



*The annual assessment is performed in Q1 of 2025.



8. REMUNERATION REPORT

A team of highly competent employees helps the company to achieve its goals. It consists of 418 professionals, 95% of whom have a university degree. The growth in staff is driven by the acceleration of synchronisation, the development of renewable energy and the pooling of critical competences. Reinforcements in the area of digitisation, which is part of the strategic objectives.

Our values: professionalism, cooperation, progress. By implementing the strategic and business objectives set by the shareholder, we aim to attract and retain competent, responsible, values-driven and results-oriented professionals in our fields.

We continuously encourage our employees to develop their professional (functional) and generic (values-based) competences, and we encourage managers to develop their leadership competences. We set and measure the achievement of objectives linked to strategy. We empower all employees to propose and implement innovations in their work - from innovative working methods and tools to facilitate everyday work processes, to breakthrough innovations that lead to new directions.

We operate efficiently, ensuring optimal operating costs and investments based on the best possible cost-benefit ratio, and managing our payroll budget responsibly. We pay our employees performance-related pay and incentivise them for achieving challenging targets.

8.1 Remuneration of collegial management bodies

The description of the payment procedure for remuneration to members of the collegial bodies of state-owned enterprises and municipally owned enterprises, approved in 2015 October 14 By the resolution of the Government of the Republic of Lithuania no. 1092 (the latest amendments were adopted on August 3, 2023), the sole shareholder of the parent company UAB "EPSO-G" - Ministry of Energy of the Republic of Lithuania. October 21 the updated guidelines for determining the Remuneration for activities in the bodies of companies of the EPSO-G and EPSO-G group of companies (hereinafter referred to as the Remuneration Guidelines), which are published on the website of UAB EPSO-G at www.epsog.lt, have been approved. The company is also guided by 2022. July 11 the manager and board remuneration policy approved by the general shareholders' meeting of Litgrid has been updated, which is published publicly on the company's website.

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

- for independent members, determining independence in accordance with applicable normative legal acts and internal documents
- for members who are civil servants.

Remuneration for work on the board is not paid to employees of UAB EPSO-G group companies and/or employees of shareholders of group companies.

Position	Monthly average salary
Chairman of the board	1/3 CEO average remuneration *
Board member	1/4 CEO remuneration
Board member (civil servant))	1/5 CEO remuneration **

* CEO average remuneration - the average monthly salary of the manager of Litgrid.

** in case that a board member (civil servant) goes and performs activities in the collegial body of another state-owned company/state-owned company and/or municipal company/municipally owned company, he is paid 1/8 of the average monthly salary of the company manager.

No other bonuses, royalties or other benefits were paid to the members of the Board.

Fixed and variable remuneration for the Chief Executive Officer is determined by the Board of Directors, and for the most senior executives by the Chief Executive Officer, in accordance with a remuneration policy approved by the Board. The variable remuneration is paid once a year to the CEO and the senior management after the Board has approved the achievement of the company's objectives.

The variable part of the remuneration for the board members is not determined, so the ratio between the variable and fixed part: 100 percent fixed part.

MANAGEMENT REPORT

(All amounts are in EUR thousands unless otherwise stated)

On 30th of April 2024 by the decision of the general meeting of shareholders of Litgrid, the following fixed monthly remuneration amounts (excluding payable taxes) were established, which apply from 2024 April 30th:

Position	Monthly fixed amount (Eur)
Chairman of the board (independent)	4 600
Board member (independent)	3 500
Board member (civil servant if does not undertake individual business)	2 800
Board member (civil servant if undertakes individual business or job as board member in another state company)	1 800

Civil contracts have been concluded with all members of the company's board regarding their activities on the board, detailing the board member's responsibilities, duties, rights and functions.

8.2 Employee remuneration

Litgrid's goal is to create an advanced organizational culture that adheres to the principles of sustainability. The elements of this culture are inseparable: caring for the well-being of employees, development, fostering a safe work culture, equal opportunities, creating open and mutually trusting relationships with local communities and ensuring customer satisfaction with the services provided.

The company aims to become an organization that the majority of suppliers, producers, consumers, employees, communities and representatives of other interested parties would consider as an organization that adheres to the principles of sustainability.

Litgrid follows the Employee remuneration, performance evaluation and education policy valid in the EPSO-G group of companies, the main principles of which are:

- Create motivating incentives and prerequisites to encourage employees to achieve better performance, to contribute more actively to the achievement of the Company's and Group's goals, and to perform more than the formal performance of duties.
- Encourage employees to create innovative, non-standard solutions and improve operations.
- To ensure equivalent payment for equivalent work in terms of responsibility, competencies and contribution to the result.
- Attract and retain qualified employees.
- The principles of remuneration policy are the same for managers and employees.
- The remuneration fund is approved by the company boards. The Remuneration and Nomination Committee monitors the balance between control of payroll costs and incentives for employees performing their duties appropriately.
- The remuneration of EPSO-G managers and employees consists of two parts - a monthly remuneration and a financial incentive.
- The monthly remuneration depends on the level of the employee's position and competences, the financial promotion depends on the achievement of the annual goals of the relevant Group company and on the individual evaluation of the employee's performance.
- The financial incentive is not paid to the employee in case the performance does not meet the expectations according to the established evaluation criteria.
- The amount of the financial incentive is estimated in the company's budget and accounted for in the financial result, which is audited and published publicly.
- The financial promotion of the company's manager depends on the result of the company's annual goals, which are related to the implementation of the company's strategy and are published publicly on the company's website.
- The severance pay of managers and employees does not exceed the amount determined by the legal acts of the Republic of Lithuania.

MANAGEMENT REPORT

(All amounts are in EUR thousands unless otherwise stated)

- It is envisaged that a bonus may be awarded for results of special importance.
- The relevant board of the group company must be informed about the planned financial incentives and bonuses at its next meeting.
- Prior agreements on the amounts of severance payments, except for company managers, whose working conditions are determined by the board, are not concluded.
- Severance pay is paid to employees in accordance with the procedure established by the Labor Code and employment contracts.
- The remuneration policy does not provide for any remuneration that gives the manager, collegial body member or employee the right to shares, stock options or the right to receive remuneration based on changes in the share price or other financial instruments.

Based on these principles, the company's reward system is focused on a set of financial and non-financial reward elements. The elements of the remuneration package are the fixed part of the remuneration (i.e. monthly salary), financial incentives (remuneration paid at the initiative and discretion of the company, depending on the results achieved by the company and the performance evaluation results of the employee(s), one-time bonuses, fringe benefits and emotional rewards. Emotional reward is a non-financial component of the total reward, which enriches the well-being of employees and encourages employee effort, involvement in the company's activities and loyalty.

Additional benefits provided to employees are provided to everyone, they are described in the Litgrid Collective Agreement and other internal documents of the Company.

On 30th June 2024 Litgrid had 438 employees.

Employee remuneration over the last five years:

Average salary of the Company's employees in HY 2020-2024, EUR

	HY 2024	HY 2023	HY 2022	HY 2021	HY 2020
CEO	13 322	12 557	11 769	9 387	12 317
Top level management	9 719	9 783	8 348	8 709	8 551
Middle level management	6 067	6 111	5 051	4 701	4 415
Experts-specialists	3 795	3 775	3 093	2 986	2 674
Total	4 259	4 265	3 510	3 336	3 054

The maximum variable financial incentive that can be granted to a company's CEO is up to 30% of the fixed part of the annual remuneration. The specific amount of the incentive for the Company's CEO shall be determined by the Company's Board of Directors considering the achievement of the Company's objectives.

8.3 Formulation and monitoring of remuneration and nomination policies

The company's board is responsible for formulating and supervising the implementation of the group's remuneration and award policy. In order to ensure proper Remuneration Policy formulation, monitoring and payroll management, EPSO-G has established and operates a three-member Remuneration and Nomination Committee, the majority of which are independent members.

In carrying out this function, the EPSO-G Remuneration and Nomination Committee shall:

- in the cases provided for in the company's statutes or at the request of the bodies of the company or Group companies, provides them with recommendations regarding the appointment of members of collegial bodies and the conditions of contracts with them, including regarding the amount of remuneration for these persons in accordance with the provisions of the Remuneration Guidelines;

MANAGEMENT REPORT

(All amounts are in EUR thousands unless otherwise stated)

- provides recommendations on the appointment of managers of Group companies, typical forms of employment contracts for managers and conditions of contracts with appointed managers, including remuneration and/or the range of the remuneration amount;
- evaluates the structure, size, composition and activities of the management bodies of the Group companies at least once a year, can assess the skills, knowledge, and experience of individual members of the management body, and provides recommendations for improving performance;
- provides recommendations regarding the remuneration structure, amount of remuneration, main performance evaluation criteria and remuneration review for the Group company managers in implementing the Group's remuneration, performance evaluation and training policy;
- can make recommendations regarding the implementation of the Group's remuneration policy and recommend the necessary measures for the implementation of the remuneration policy;
- provides recommendations regarding the implementation of the Group's top-level managers' and board members' remuneration policy, including the transparency of the remuneration system;
- assesses the size and structure of the remuneration of the members of the Group's collegial management bodies, supervises the implementation of the remuneration guidelines;
- at the request of the meeting, may make recommendations on remuneration guidelines;
- provides recommendations on the system of rotation of managers and critical positions of Group companies;
- provides recommendations on the system of strengthening equal opportunities, inclusion and diversity in the Group;
- The bodies of the group companies have the right to apply to the ASK, requesting recommendations and conclusions on the specific issues referred to by them, if these issues fall within the competence of the RNC.

9. 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.

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 (Laisvės avenue 10, 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.



MANAGEMENT REPORT

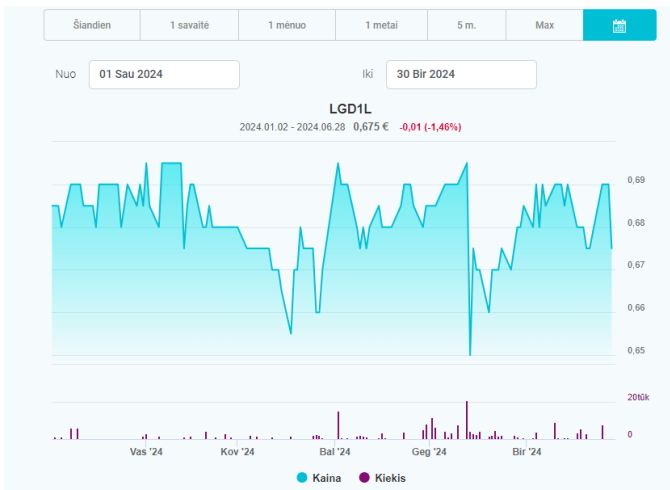
(All amounts are in EUR thousands unless otherwise stated)

Data on trading in Litgrid securities on the regulated markets:

Indicator	HY 2022	HY 2023	HY 2024
Opening price, EUR	0.805	0.702	0.685
Highest price, EUR	0.805	0.78	0.71
Lowest price, EUR	0,7	0.685	0.62
Closing price, EUR	0.746	0.695	0.675
Turnover, units	260 622	221 450	229 858
Turnover, EUR million	0.2	0.156	0.157
Capitalisation, EUR million	376.23	350.51	340.42

9.1 Turnover and prices of Litgrid’s shares during the reporting period, in EUR:

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



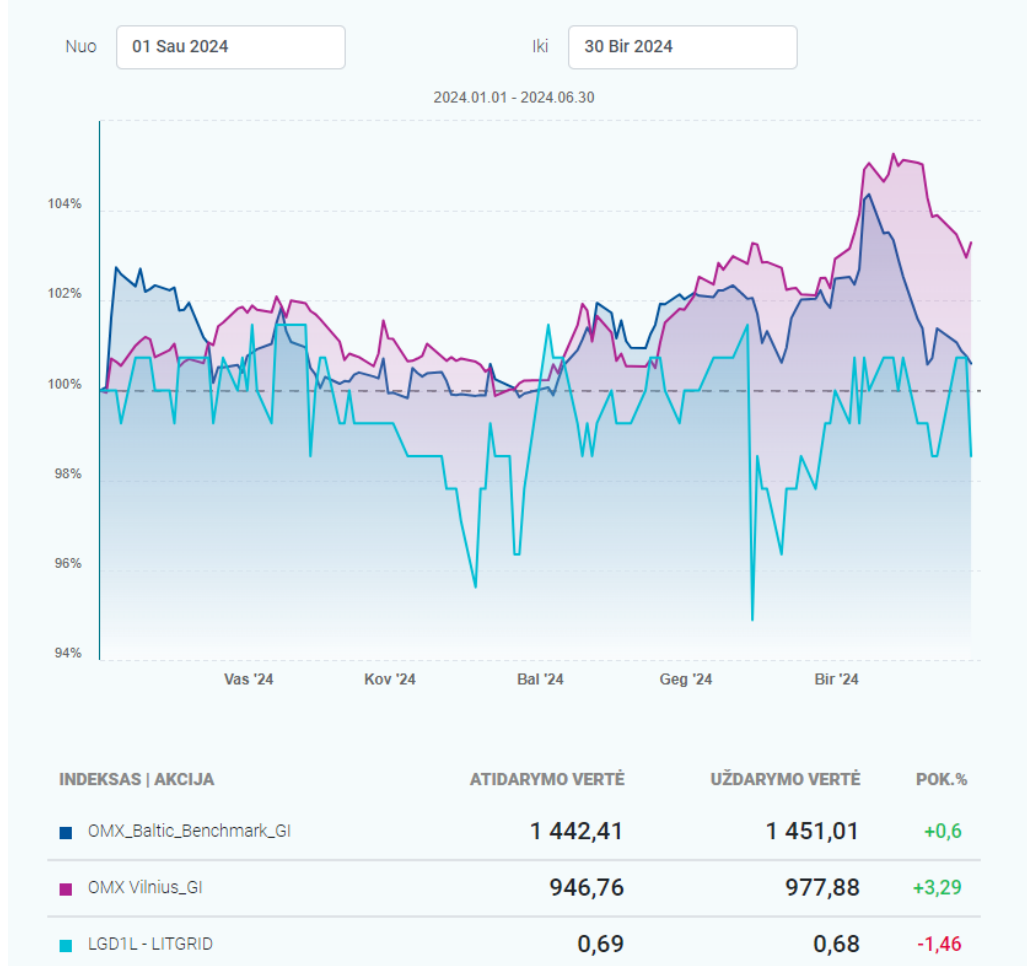


Litgrid

MANAGEMENT REPORT

(All amounts are in EUR thousands unless otherwise stated)

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



9.3 Dividend policy

On the 18th 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

The ordinary general meeting of shareholders of Litgrid on April 11th 2024, decided to distribute the company's profit of 2023 and allocate a dividend of 0.058 euro per share.

10. GOVERNANCE

The Company, together with the parent company EPSO-G UAB and other legal entities directly or indirectly controlled by the parent company form the group of companies. 97.5% of shares in the Company are held by EPSO-G, and the remaining 2.5% by minority shareholders. The Republic of Lithuania, holding 100% of shares in EPSO-G UAB is the shareholder of the company, the rights and obligations of which are implemented by the Ministry of Energy of the Republic of Lithuania.

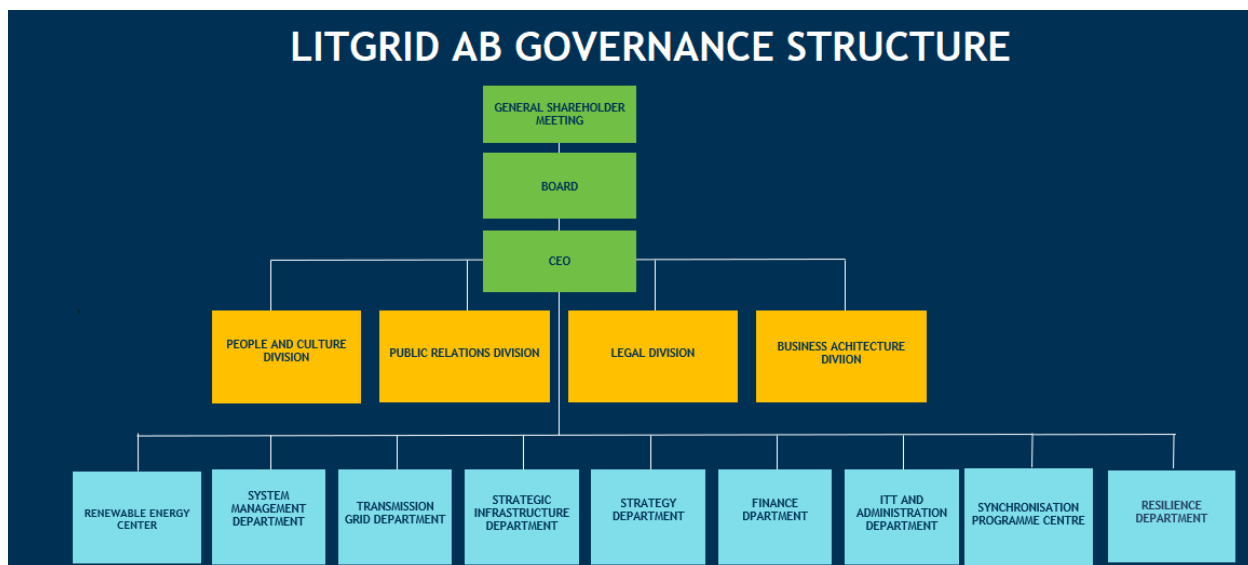
The Company's issued share capital amounts to EUR 146,256,100.20 and is divided into 504,331,380 units of ordinary registered shares with the nominal value of EUR 0.29 each. One ordinary registered share with the nominal value of EUR 0.29 gives one vote at the General Meeting of Shareholders.

10.1 The Company's management bodies

The Company's management bodies are set out in the Articles of Association and comprise the General Meeting of Shareholders, the Board and the Company's director.

EPSO-G UAB (the Company's parent) has the Remuneration and Nomination Committee and the Audit Committee, which act as the Remuneration and Nomination Committee the Audit Committee of the Group as a whole, inter alia, by performing the functions of the Remuneration and Nomination Committee and the Audit Committee of the Company. Information on the Remuneration and Nomination Committee and the Audit Committee is available on website of EPSO-G UAB (the Company's parent) at www.epsog.lt. Information on the committees is also disclosed in the annual reports of EPSO-G UAB.

Litgrid's management and organisational structure ensures optimal organisation, accountability, process efficiency and responsibility.



10.2 Management principles

In the reporting period, the corporate governance of the EPSO-G Group's was carried out in accordance with the new version of the Guidelines on Corporate Governance of EPSO-G Group approved by the Ministry of Energy of the Republic of Lithuania, the sole shareholder of EPSO-G, on 29 December 2022. The Guidelines establish uniform principles of corporate governance to be applied to the entire EPSO-G Group of companies and prescribe the purpose of the group of companies, its operational objectives, corporate governance organisation model, governance structure, as well as the system for accountability, supervision and control of operations.

The updated version of the Guidelines established 7 main principles of the corporate governance:

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

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

10.3 Articles of association

The Articles of Association of Litgrid are amended in accordance with the procedure set out in the Law on Companies of the Republic of Lithuania, according to which amendments to the Company's Articles of Association must be approved by a qualified majority vote that must be not less than 2/3 of all the votes carried by the shares held by the shareholders attending the meeting. During the reporting period, the Company's Articles of Association were revised 1 time. On April 30th, 2024 the decision of the general meeting of shareholders approved the new version of the Litgrid statute, which was registered in the Register of Legal Entities on May 10th, 2024. The main changes to the articles of association:

- The competence of the board to decide on the conclusion of peace agreements and/or the refusal of a claim (counterclaim, complaint, statement) regardless of the amount is established. If the value of the claim is equal to or greater than EUR 30 million, the approval of the general meeting of shareholders is required
- clarifications have been made related to issues of sustainability and it is stipulated that the board analyses and evaluates the material submitted by the company on strategic issues of development of sustainability (environmental protection, social and human rights and governance), ensures appropriate organizational and technical measures for the company's activities in this area
- it is stipulated that the board and the general meeting of shareholders decide on the provision of humanitarian aid in accordance with the Law on Development Cooperation and Humanitarian Aid of the Republic of Lithuania
- made clarifications related to the (non)suspension of board members and decision-making in such cases, i.e. i.e. it is specified that in cases where none of the board members can vote on the relevant issue due to a conflict of interest, the general meeting of shareholders decides on the suspension and on the substance of the issue for which the board was suspended
- revised amounts of transactions approved by the board and the general meeting of shareholders, i.e. i.e. of the board - equal to or greater than EUR 3 million of the general meeting of shareholders - equal to or greater than EUR 30 million.

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

10.4 General Meeting of Shareholders

The General Meeting of Shareholders is the supreme body of the Company. The competence of the General Meeting of Shareholders, the rights of shareholders and their exercise are provided for in the Law on Companies of the Republic of Lithuania, while additional competence is provided for in the Articles of Association.

The additional competence of the General Meeting of Shareholders is the following:

- Appointment and removal of Board members, fixing the remuneration of Board members, conclusion of contracts with Board members and their standard terms and conditions;
- Suspension or non-expulsion of members of the Board and the adoption of a decision in the event of a conflict of interest between members of the Board, in the cases provided for in the Articles of Association;
- Approval of the decisions of the Board, as provided for in the Articles of Association.

On 30th June 2024, according to the data, there were more than 5,800 natural and legal persons as shareholders of Litgrid, of which one shareholder controlled more than 2% of the company's share package. The parent UAB EPSO-G is the majority shareholder, owning 97.5 percent of the company shares.

Each shareholder entered in the company's shareholders' register before the accounting day (fifth working day before the general meeting of shareholders) has the right to participate in the general meeting of shareholders and exercise his right to participate in decision-making on issues within the competence of the general meeting of shareholders. Notices on the convening of the general meeting of shareholders, as well as all necessary information, appendices to the issues to be resolved at the meeting and decisions of the general meeting of shareholders are published on the company's website. Meetings are also reported to Nasdaq Vilnius by submitting a notice in the notice system.



MANAGEMENT REPORT

(All amounts are in EUR thousands unless otherwise stated)

During the reporting period, one general meeting of shareholders was convened, where the following decisions were made:

Date	Main decisions
04-30	→ Approved the set of Litgrid financial statements for 2023
	→ Approved profit distribution for 2023
	→ Approved the Litgrid remuneration report
	→ Approved the new version of the Litgrid statute
	→ The remuneration policy for Litgrid CEO and the board members was approved
	→ The board for the new term was elected
	→ The updated standard contract of a board member regarding activities on the board of Litgrid was approved
	→ Remunerations for board members for their activities on the board have been established

10.5 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 and the Articles of Association.

Under the current version of the Articles of Association, the Board shall consist of five members. The members of the Board shall be elected by the Meeting for a term of office of four years and shall be accountable to the Board.

A member of the Board may not serve as a member of the Board for more than two consecutive full Board terms and in any case may not serve as a member of the Board for more than 10 consecutive years. Members of the Board are elected in accordance with the Resolution No 631 of the Government of the Republic of Lithuania of 17 June 2015 on the Approval of the Description of the Procedure for the Selection of Candidates to the Collegial Supervisory Body or Management Body of Municipal Enterprise, State or Municipal Company or Subsidiary.

The Articles of Association require to ensure that the Board is composed of at least 2 (two) independent members, whose independence shall be determined by reference to the independence criteria set out in the Law on the Management, Use and Disposal of State and Municipal Assets of the Republic of Lithuania. When forming the Board, it must be ensured that at least 3 (three) members of the Board have no employment relationship with the Company and, when possible, that employees of the Company are not appointed to the Board.

The Board elects the Chairperson of the Board from among its members. The Chairperson of the Board is elected from among the Board members nominated by the Parent Company. In its activities, the Board follows the laws, the Company's the Articles of Association, the decisions of the General Meeting of Shareholders and the Rules of Procedure of the Board.

The competence of the Board is not different from the competence of the board established in the Law on Companies, except for the additional competence provided for in the Articles of Association.

The Company's Board reserves the competence to:

- approve the Company's business strategy (including long-term and short-term, financial and non-financial targets and/or performance indicators);
- approve the Company's budget;
- approve the Company's annual performance objectives.
- take decisions on the Company's significant transactions in an amount exceeding EUR 3 million (three million euros), and approves material terms a condition of such transactions;
- take decisions on the prices of electricity transmission and other state-regulated services and the procedure for their application;

MANAGEMENT REPORT

(All amounts are in EUR thousands unless otherwise stated)

- take decisions on the 10 (ten) year plan for the development of the Company's electricity transmission network;
- take decisions on the commencement of a new activity of the Company or on the discontinuation of a specific ongoing activity;
- take decisions relating to the exercise of the Company's rights as a shareholder at General Meetings of subsidiaries and associates;
- perform supervisory functions as provided for in the Law on Companies of the Republic of Lithuania;
- take other decisions within the competence of the Board as provided for in the Articles of Association and the Law on Companies of the Republic of Lithuania.

The term of office of the current Board will end on 30/04/2028.

CVs of the members of the Board and the Company's manager (information are available on website at www.litgrid.eu).

10.6 The composition of the Board

During the reporting period, the Board of Litgrid consisted of the following members:

Board member	Position	Term of office	Other positions	Education
Tomas Varneckas	Member, chairman of the board (chairman of the board elected from 2022-12-29 – 2024-04-20 and also 2024-05-22)	From 2022-04-20 to 2024-04-20 and from 2024-04-30	Head of Infrastructure and Project Management at EPSO-G Group	Vilnius Tech, Bachelor in Environmental Engineering, Master in Engineering IT
Mindaugas Keizeris	Member	From 2022-12-22 to 2024-04-20 and from 2024-04-30	Manager of EPSO-G UAB	Vilnius University, Master in International Business; Baltic Institute of Corporate Governance, the Board member education program
Gediminas Karalius	Member	From 2022-04-20 to 2024-04-20 and from 2024-04-30	Senior Advisor of Energy Security Group at the Ministry of Energy of the Republic of Lithuania	Mykolas Romeris University, Bachelor in Law and Management, Master in EU Law ISM University of Management and Economics, Master in Business Administration
Domas Sidaravičius	Independent member of the Board	From 2016-07-29 (also, from 2020-04-20 to 2024-04-20)	CEO at Tuvlita UAB	Vilnius University, bachelor's in business administration and management, master's in international Trade
Andrius Šemeškevičius	Independent member of the Board	From 2023-06-12 to 2024-04-20	CTO at Telia Lietuva AB	Vilnius Tech, bachelor and master's in IT engineering
Tim Meyerjürgens	Independent member of the Board	From 2024-04-30	COO of TenneT Holding BV" in Netherlands and Germany	Oldenburg/Ostfriesland/Wilhelmshaven applied science university



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Pierre-Henri
D'haene

Independent member
of the Board

From 2024-04-30

Director of
Transformation, Strategy
and Sustainability at Elia
Transmission Belgium

Polytechnic School of
Louvain,

Cornell SC Johnson College
of Business

None of the Board members holds shares in Litgrid.

Board members on the reporting period:



Tomas Varneckas

Chairman of the Board
Head of Infrastructure and Project Management at
EPSO-G UAB (company code 302826889,
Laisvės avenue 10, 04215 Vilnius).



Mindaugas Keizeris

Member of the Board

CEO at EPSO-G UAB (company code
302826889, Laisvės avenue. 10, 04215 Vilnius).



Gediminas Karalius

Member of the Board

Senior Advisor of Energy Security Group at the Ministry of Energy of the Republic of Lithuania



Domas Sidaravičius

Independent Member of the Board

CEO at Tuvlita UAB (company code 1105840917, Lentvario st. 7A, LT-02300, Vilnius).



Andrius Šemeškevičius

Independent Member of the Board

CTO at Telia Lietuva AB (company code 121215434, Saltoniškių st. 7A, LT-08105 Vilnius)



Tim Meyerjürgens

Independent Member of the Board

COO at Tennet Holding BV in Netherlands and Germany



Pierre-Henri D'haene

Independent Member of the Board

Transformation, Strategy and sustainability director at Elia Transmission Belgium

10.7 Board activities and performance assessment

In line with the guidelines for the annual performance assessment of the Group's collegiate bodies approved by EPSO-G's Remuneration and Nomination Committee, Litgrid's Board of Directors completed its performance assessment for 2023 at the beginning of 2024.

In the self-evaluation session of the Board's activities on February 29th 2024, areas of activities to be improved were identified and improvement actions for 2024 were agreed upon. in the field of strategic planning and strategy implementation control.

In accordance with the Guidelines for the annual performance assessment of the Group's collegiate bodies, the overall assessment of the performance of all the Group's collegiate bodies shall be summarised by the Remuneration and Nomination Committee of the EPSO-G and submitted to the Board of Directors together with a report.

In the reporting period 9 meetings of the Board were held in which 2 decisions were adopted by a written vote.

Participation statistics of board meetings in HY 2024:

- did not attend; ● attended – did not attend as was either not elected yet, or cadence was over

Nr.	Date	Tomas Varneckas	Mindaugas Keizeris	Gediminas Karalius	Domas Sidaravičius	Andrius Šemeškevičius	Tim Meyerjürgens	Pierre-Henri D'haene
1.	01-10	●	●	●	●	●	–	–
2.	01-19	●	●	●	●	●	–	–
3.	02-22	●	●	●	●	●	–	–
4.	02-29	●	●	●	●	●	–	–
5.	03-29	●	●	●	●	●	–	–
6.	04-12	●	●	●	●	●	–	–
7.	05-22/23	●	●	●	–	–	●	●
8.	06-11	●	●	●	–	–	●	●
9.	06-21	●	●	●	–	–	●	●

The board plans and carries out its activities in accordance with the annual board activity plan. In 2023 December 22 the board approved the 2024 the board's activity plan, which in 2024 The first half of the year was properly implemented.

Essential 2024 In the first half of the year, the questions discussed by the Litgrid Board and the key decisions made were:

January

- Litgrid 2030 strategy, operational plan approved.
- Approve Litgrid Company goals FOR 2024 that are identical to the goals of the CEO.
- Approved Litgrid Budget of 2024.
- The conclusion of the contract for the availability of electricity generation facilities with the related party AB Ignitis Gamyba was approved and the essential terms of the transaction were approved; a decision was made to convene an extraordinary general meeting of shareholders.
- A decision was made regarding employee remuneration sections starting in 2024.

February

- The amendment of the special conditions of the mutual lending and borrowing agreement between Litgrid and UAB EPSO-G was approved.
- The manager is instructed to contact the Coordinating Commission for the Protection of Important Objects for Ensuring National Security regarding the destruction of intersystem lines.
- A decision was made regarding the determination of the manager's working conditions and granting of powers.
- A self-assessment session of the board's own activities took place, during which the board's activities in 2024 were drawn up. improvement plan.

March

- Litgrid 2030 Strategy implementation report for 2023 approved.
- Approved Litgrid 2023 annual report and Litgrid 2023 remuneration report.
- The company's 2023 for the set of financial statements and the profit distribution project, a decision was made to convene Litgrid's ordinary general meeting of shareholders.
- A decision was made regarding the performance evaluation, financial incentive and remuneration review of the company's manager.
- The list of priority areas of compliance of the new version of Litgrid was approved.

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(All amounts are in EUR thousands unless otherwise stated)

- The standard essential conditions of the contract for design and construction works have been approved.
- Works for more than EUR 3 million were approved. Value for the acquisition, concluding the contract for the operation of 110-400 kV overhead lines in the Eastern region with UAB Eltirema and the essential terms of the contract were approved.

April

- The decisions made regarding voting at the general meeting of shareholders of Litgrid's daughter company Baltic RCC OÜ (approval of the 2023 annual financial report and approval of the 2023 profit distribution).

May

- Tomas Varneckas was elected as the chairman of the Board.
- An assessment of the independence of the Board members was carried out.
- The amendment of the special conditions of the mutual lending and borrowing agreement between Litgrid and UAB EPSO-G was approved.
- A decision was made regarding the provision of support for the reconstruction of damaged and/or destroyed energy infrastructure in Ukraine, for Ukrainians affected by the war and for Lithuanian Universities.
- Approved updated 2024 Litgrid Board meeting calendar and activity plan.

June

- The conclusion of the transaction regarding the construction of the 110/27.5 kV Žeimių traction TP 110 kV switchgear and construction works for connection to the transmission network was approved and the essential conditions of this transaction were approved.
- The conclusion of the transaction on the reconstruction works of 110 kV OL Kaunas - Murava I, Kaunas - Murava II was approved, and the essential conditions of this transaction were approved.
- The design and construction of the contract for the reconstruction of the 110/10 kV Šventoji TP 110 kV switchboard with the installation of a communication tower was approved and the essential conditions of this transaction were approved.
- The conclusion of the contract for the design and construction works of the 110/35/10 kV Usėnai TP 110 kV switchboard was approved and the essential conditions of this transaction were approved.
- The 2024-2033 development plan for the 400-110 kV networks of the Lithuanian electricity system was approved.

10.8 Areas of CEO activities

The CEO is the sole governing body of the Company. The Company CEO competence does not differ from the competence of the head of the company established by the Law on Companies of the Republic of Lithuania, except for the additional competence provided for in the Articles of Association. The CEO reserves the competence to:

- organise and control day-to-day activities of the Company, take decisions on activities of the Company;
- ensure implementation of the strategy of the Company, implementation of resolutions of the Meeting and the Board in the Company;
- enter into transactions on behalf of the Company in accordance with the procedures established by the Board.

The CEO remuneration is determined in accordance with the policy Remuneration of the CEO and Board Members.



Rokas Masiulis

CEO

Other positions: Independent Board Member at Connect Pay UAB

(company code 304696889, Algirdo st. 48, LT-03218 Vilnius).

Mr. Masiulis does not hold any shares of Litgrid.

10.9 Governance and control

The requirements for the governance of the Company are set forth by the Lithuanian laws on the governance of state-owned or state-controlled companies, insofar as they apply to the EPSO-G Group companies, and the Governance Code, insofar as the Company's Articles of Association do not state otherwise.

In accordance with the Integrated Planning and Monitoring Policy of the EPSO-G Group of Companies, which was approved at the meeting of the Board of the Company No 12 held on 19 May 2017 and which is directly applied at the Company in its entirety, the Company is preparing the strategy of the Company for a period of 5–10 years. The period of the strategy must coincide with the period of the parent company's strategy. The prepared strategy of the Company currently covers the period of 10 years up to 2031. The implementation of the strategic objectives set out in the strategy of the Company is ensured by the Company's performance, control, and risk management systems. The strategy of the Company is approved, and its implementation is controlled by the Board. A monthly strategy implementation supervision system is introduced at the Company and is linked with the Company's administrative staff remuneration system.

The Company's activities of the transmission system operator are regulated by the national regulatory authority, i.e. the National Energy Regulatory Council (hereinafter the "Council"). Within its competence, the Council performs the functions of the state regulation in the electricity sector in the Republic of Lithuania, by ensuring, inter alia, the supervision of and control over the performance of regulated activities in the energy sector, as well as the proper implementation of the rights and duties of electricity undertakings and consumers.

The strategy and operational plan of the Company are implemented by Company's administrative staff and are organised by the Company's CEO. The Company's administrative management personnel consist of the CEO, the Head of Finance Department, the Head of System Department, the Head of Transmission Network Department, the Head of Strategic Infrastructure Department, the Head of Strategy Department, and the Head of ITT and the Head of Administration Department. The composition of the Company's management is disclosed on the Company's website.

Corporate governance accommodates the principles of good governance practice. In its activities, the Company is guided by the EPSO-G Group's policies which are made available on the Company's website.

The internal control systems of the Company are supported by the organisational structure, management culture and implemented good governance practices, as well as process management which is currently being implemented. It should be noted that the supervisory functions are carried out by the Board of EPSO-G UAB, meanwhile recommendations, proposals and conclusions on matters which are key to the Company's activities are provided by the Group's Remuneration and Nomination Committee and the Audit Committee. The internal control system is initiated by the Company's Board and implemented by the administrative staff, assisted by the Audit Committee of EPSO-G UAB, the external independent audit, and divisions supporting the principal activity. The procedures and policies effective at the Company ensure the reliability of accounting and financial reporting, the compliance of the Company's activities with legal acts, operational efficiency, and achievement of operational objectives.

During the reporting period, the corporate governance of the EPSO-G Group's was carried out in accordance with the new version of the Guidelines on Corporate Governance of EPSO-G Group approved on 29 December 2022 by the Ministry of Energy of the Republic of Lithuania, the sole shareholder of EPSO-G. The Guidelines establish uniform principles of corporate governance to be applied to the entire EPSO-G Group of companies and prescribe the purpose of the group of companies, its operational objectives, corporate governance organisation model, governance structure, as well as the system for accountability, supervision and control of operations.



11. SPECIAL OBLIGATIONS

There are no special obligations assigned to Litgrid.

12. SUSTAINABILITY REPORT

12.1 The main sustainability events

Litgrid contributes to the implementation of the United Nations Sustainable Development Goals by paying attention to ensuring access to clean and modern energy, combating climate change, developing modern infrastructure and innovation, creating safe and decent working conditions, employee well-being and a sustainable supply chain. The main directions of sustainable development arise from the activities defined in the group's long-term strategy until 2030:

In the field of environmental protection – enabling climate-neutral energy, reducing the impact of activities on the environment.

In the social field – creation of an advanced organization that adheres to the principles of harmony.

In the field of governance – transparent management and development of the company.

Environmental protection

In the first half of 2024, the first external supervision audit of the ISO 14001 management system was performed (the ISO 14001 certificate was obtained in 2023). An internal environmental audit was also conducted, during which recommended improvements were determined, and the implementation deadlines for these improvements were agreed with the responsible persons.

There were no significant environmental events in the first half of the year. During inspections, attention was drawn to the fact that SF6 gas pressure decreased in 6 electrical devices, the devices were refilled.

The environmental monitoring was carried out by monitoring the deaths of birds due to collisions with overhead power lines. The results of the monitoring will be presented at the end of the year and disclosed in the environmental impact monitoring report of the reconstruction of the Jurbarkas - Bitėnai section of the 330 kV power transmission line Kruonis HAE - Bitėnai.

Social field

In the first half of the year, the first external supervision audit of the ISO 45001 management system was performed. An internal employee safety audit was also conducted, during which identified discrepancies were discussed with the responsible persons, and a plan for improving employee safety was prepared. The members of the Workers' Safety and Health Committee attended the 2-academic hour-long training program "Training and Certification of the Company's Workers' Safety and Health Committee Members on Safety and Health Issues" and passed the final exam.

Governance

Continuing its commitments and achieving sustainability goals, the "EPSO-G" group in 2024 joined the Science Based Targets initiative (SBTi). When joining, the group committed to setting science-based targets for reducing greenhouse gas (GHG) emissions by 2030. EPSO-G group companies will strive to ensure that the set goals and mitigation measures comply with the latest scientific recommendations and contribute to the global goal of keeping climate warming below 1.5oC

In the beginning of the year, the preparation of the group's strategy for 2050 began, during the preparation of which new directions and priorities of sustainability will be updated and established. Litgrid will start implementing this strategy from 2025.

Litgrid already has a Code of Ethics for Suppliers, which we presented to our business partners earlier, and we encourage them to adhere to it until this period. To achieve even more - cooperation with operational partners who adhere to the standards of sustainable operations in their activities, in 2024 the group has also implemented a verification system of operating partners into the procurement processes, which Litgrid will integrate already in the third quarter of 2024. This system will allow you to get to know Litgrid's business partners and assess how they adhere to business ethics, environmental protection, social responsibility and other principles of sustainable operations. To prepare for the supplier verification process, perform the following tasks:

- The verification process and description of the business partners of the EPSO-G group of companies has been prepared.
- Lists of Litgrid suppliers have been prepared.
- Made corrections in the purchase conditions and prepared for future purchase announcements.

To comply with the provisions and guidelines of the Corporate Sustainability Reporting Directive, the European Sustainability Reporting Standards, the group's sustainability report of 2024 will be prepared according to new requirements and recommendations.

In 2024 we will perform a Group dual materiality assessment, and the sustainability report itself will be provided with limited third-party assurance. Considering the importance of climate change challenges in the energy sector, EU regulations (Taxonomy Regulation, European Sustainability Reporting Standards (ESRS) and etc.), related to the disclosure of the risks of climate change and in order to reduce the related risks, in 2024 the EPSO-G group has carried out and published a detailed scenario of climate-related risks (physical and transition), opportunities and climate scenarios (according to the climate change scenarios of the Intergovernmental Panel on Climate Change) in the short (2026), medium (until 2030) and in the long term until 2050 group analysis. For the first time, the assessment in the group was carried out according to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). The prepared assessment and methodology will help improve the assessment and management of climate change risks, improve related disclosure to the Group's stakeholders, and strengthen sustainability risk management in the Group.

Currently, the company is implementing the anti-corruption management standard LST ISO 37001 *Anti-corruption management systems. Requirements and guidelines for use* (hereinafter - ISO 37001). The ISO 37001 standard is implemented on the scale of the EPSO-G group of companies, in order to ensure that the risks related to corruption are properly managed in the companies of the UAB EPSO-G, corruption is detected in time and countermeasures are applied, an anti-corruption management system is implemented in accordance with the requirements of the standard, which includes both prepared legal basis, as well as actions required by the standard. In the second quarter of 2024, an action plan and implementation schedule were made, ISO 37001 implementation steps were carried out.

12.2 Progress of the implementation of the sustainability goals

Litgrid presents the progress towards its sustainability goals for the first half of the year 2024:

Area	EPSO-G long term sustainability goals until 2030	Litgrid results in 2022	Litgrid results in 2023	Litgrid results HY 2024
Environmental protection	0 significant environmental incidents in activities	0	0	0
Social area	0 human rights violations or discrimination	0	0	0
	≥ 21 percent women in top management positions by 2027 (compared to 2022)	in 2022 men made up 84 percent, women - 16 percent. The number of women in top management positions is 0	in 2023 men made up 73 percent, women - 27 percent. The number of women in top management positions is 0	in 2024 At the end of the first half of the year, men accounted for 73 percent, women - 27 percent. The number of women in top management positions is 0.
	0 deaths or hard injuries	0	0	0
	Client satisfaction index not less than 80 following GCSI methodology	84	2023 group company indexes based on GCSI methodology >80 Litgrid	Yearly result only
Governance	0 corruption cases	0	0	0
	GCC good governance index A+	A+	A+	Yearly evaluation of GCC end of 2024
	100 % of green procurements	74,54 %	100 %	100 %



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(All amounts are in EUR thousands unless otherwise stated)

13. SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

Bendrovė, As the Company is executing its duties in accordance with the applicable laws regulating the securities market, it publishes information on significant events and other regulated information on the EU-wide basis. This information is available on the website of the Company (www.litgrid.eu) and on the website of NASDAQ Vilnius stock exchange (www.nasdaqbaltic.com).

Summary of Litgrid operations and achievements during first half of 2024

January

On January 8, 2024, Litgrid informed that during the morning peak electricity consumption in Lithuania reached a new record, the hourly total electricity consumption in the country was 2280 MW. The last such record was recorded in 2021. on December 8, when the total consumption reached 2217 MW in one hour.

On January 19, 2024, Litgrid informed the market that from 2024 new electricity transmission service contracts signed by market participants with the operator of the Lithuanian electricity transmission system will enter into force on May 1. One of the most important changes is that electricity production and consumption will be calculated in 15-minute periods instead of 1 hour. By changing the time unit, the provisions of the balancing guidelines adopted by the European Commission are implemented.

2024 January 23rd Litgrid has completed trials of artificial intelligence and sensor technologies that can contribute to the successful operation of renewable energy power plants. During them, special devices installed on the airline lines measured the weather conditions, and the innovative model assessed the current and predicted the potential bandwidth of the lines. Test results show that using this technology, transmission line throughput has increased by an average of 52 percent compared to the established design throughput. After the successful tests, Litgrid plans to further implement this technology in electricity transmission lines.

Dynamic Line Rating (DLR) technology is promising for creating more favorable conditions for renewable energy power plants to generate more electricity without restrictions.

February

2024 February 8th the company completed the Automatic Generation Management System installation project. This is one of the most important projects to prepare for synchronization with continental European networks. This software will contribute to ensuring the stability of the country's electricity system and will open up additional opportunities for market participants to earn by providing balancing services.

March

2024 March 21st Litgrid has acquired an emergency restoration system for electricity transmission overhead lines. The easily transportable modular system makes it possible to restore the damaged line faster and ensure the transmission of electricity. The company's specialists, together with instructors and airline construction contractors, deepened their theoretical knowledge and applied it in practice. During the training, the foundations were successfully installed, and the temporary supports of the airline lines were installed and erected.

2024 March 28th Litgrid has started the second stage of the reconstruction of the Neris transformer substation located in the Vilnius district. The Neris substation is one of the most important nodes of the electricity transmission network, related to three projects implemented in preparation for synchronization with continental European networks.

The reconstruction of the Neris transformer substation is carried out in two stages in order to ensure uninterrupted operation of the substation. In the first stage, one of the two 330 kV autotransformers was replaced, half of the 330/110/10 kV switchboards were reconstructed.

After completion since 1972 during the reconstruction of the operating substation, two new 300 MVA autotransformers will be installed, all switchgear devices will be replaced, and new devices will be built to connect the Vilnius-Neris line. The reconstruction of the Neris transformer substation is planned to be completed in 2025.

April

2024 April 17th Litgrid announced the purchase of design works for the reconstruction of the 330 kV power line Aizkrauklė-Panevėžys. The renewal of the line will create conditions for increasing the electricity transmission capacity between Lithuania and Latvia and will contribute to the development of renewable energy resources (RES).



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(All amounts are in EUR thousands unless otherwise stated)

2024 April 25th Litgrid completed the reconstruction works of the 330 kV line Klaipėda-Šyša-Bitėnai in the section Klaipėda-Šyša. The reconstructed line is part of the future 330 kV electricity transmission line Darbėnai-Bitėnai, which will strengthen the electricity transmission network of Western Lithuania, preparing for synchronization with the electricity networks of continental Europe.

2024 April 29th Litgrid completed the reconstruction works of the 330 kV line Klaipėda-Šyša-Bitėnai in the section Klaipėda-Šyša. The reconstructed line is part of the future 330 kV electricity transmission line Darbėnai-Bitėnai, which will strengthen the electricity transmission network of Western Lithuania, preparing for synchronization with the electricity networks of continental Europe.

2024 April 30 at the shareholders' meeting of Litgrid, a new board of was elected for a four-year term. Three members who have served on the board until now and two new independent members from the management teams of the electricity transmission system operators in the Netherlands, Germany and Belgium have been elected.

May

On 9th May 2024 the Parliament of the Republic of Lithuania granted the status of special national importance to electricity transmission network development projects in the north-west of Lithuania. The construction of the infrastructure planned by the Lithuanian electricity transmission system operator Litgrid will increase energy security, ensure reliable electricity transmission, stable operation of the system and create conditions for the development of renewable energy resources.

On 16th May 2024 due to the growing demand for electricity in Vilnius, Litgrid plans to build a new cable electricity transmission line from Žirmūnai to New Vilnius, expand the transformer substation in New Vilnius and connect it to the currently under construction 330 kV Vilnius-Neris electricity transmission line. The planned works will ensure the reliability of electricity supply and increase the security of supply to the consumers of the Vilnius region.

On 22nd May 2024 Tomas Varneckas, Head of Infrastructure and Project Management of the group of energy transmission and exchange companies EPSO-G, was elected as the chairman of the Board of Litgrid during the meeting of the Board.

On May 30th 2024 Litgrid signed a design and project execution supervision services contract for the reconstruction of the 330 kV electricity transmission line Aizkrauklė-Panevėžys. The renewal of the line will create conditions for increasing the electricity transmission capacity between Lithuania and Latvia and will contribute to the development of renewable energy resources (RES).

June

On June 5th, 2024, Litgrid signed the equipment works contract for the installation of noise barriers at the Alytus transformer substation. The construction of sound-absorbing barriers will reduce the noise level and improve the conditions for the surrounding residents. The contract for the installation of sound dampening barriers in the 330/110/10 kV Alytus transformer substation was signed with the contractor that submitted the most economically advantageous offer, UAB ES Energy. The contractor will build noise barriers to the existing two autotransformers in 11 months.

On 7th June 2024 Litgrid has announced the purchase of design and contract works for the reconstruction of the 330 kV electricity transmission line Šiauliai-Tytuvėnai. After the reconstruction, the reliability of the electricity system will be ensured, the increased bandwidth of the line will make it possible to reduce electricity losses and prepare for the integration of rapidly renewable energy resources.

On 20th June 2024 Litgrid is sending the third support package to Ukraine, which consists of an autotransformer and transmission network equipment. The package will help ensure the supply of electricity and rebuild the energy infrastructure of the country affected by the war.

Litgrid's support consists of the main and most expensive transmission network substation equipment - the 330/110/10 kV autotransformer and other 330 kV and 110 kV transmission network equipment: disconnectors, compressors, isolators, inputs for autotransformers, relay protection and automation devices, current and voltage measuring transformers.



Litgrid

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14. MATERIAL EVENTS

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

Date	Event
01.19	Notice on the convening of the extraordinary general meeting of shareholders of LITGRID AB
01.26	Notice of the examined case
02.06	LITGRID AB information regarding the publication of interim information and the 2024 investor calendar
02.13	Decisions made at the extraordinary general meeting of shareholders of LITGRID AB
02.29	LITGRID AB 2023 12-month unaudited condensed financial statements of the company
03.29	LITGRID AB announces the 2023 audited financial statements and annual report of the Company
03.29	Notice on the convening of the ordinary general meeting of shareholders of LITGRID AB
04.04	Correction: LITGRID AB information regarding the publication of interim information and the 2024 investor calendar
04.26	The proposal of UAB "EPSO-G" was received regarding the election of LITGRID AB board members, determination of remuneration amounts for board members and the budget of the board's activities in 2024. and setting for future years
04.30	Decisions made at the ordinary general meeting of shareholders of LITGRID AB
05.07	LITGRID AB 2023 ex-day and dividend payment procedure
05.10	LITGRID AB 2024 3-month performance results
05.16	A new version of the articles of association of LITGRID AB has been registered
05.22	Regarding the election of the Chairman of the Board of LITGRID AB

15.SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

On July 16th, 2024, the Baltic electricity transmission system operators Litgrid, AST and Elering have sent a notice to the operators of Russia and Belarus about the non-renewal of the BRELL contract. The notice informs that the contract will terminate on February 7, 2025. February 8 Operators of the Baltic countries will disconnect the electricity systems of Lithuania, Latvia and Estonia from the IPS / UPS system and start a joint test of isolated work.

It is planned that the synchronization of the electricity systems of the Baltic countries with the synchronous zone of continental Europe will take place on February 9, 2025.



INTEREM STATEMENT OF FINANCIAL POSITION
(All amounts in EUR thousands unless otherwise stated)

	Notes	At 30 June 2024	At 31 December 2023
ASSETS			
Non-current assets			
Intangible assets	4	4,128	4,941
Property, plant and equipment	5	419,964	395,157
Right-of-use assets	6	5,125	5,355
Investments in a joint venture		45	45
Deferred income tax assets		3,003	7,122
Total non-current assets		432,265	412,620
Current assets			
Inventories		38	41
Prepayments		2,419	1,883
Trade receivables	7	36,613	26,912
Other amounts receivable		40,997	34,867
Prepaid income tax		10,093	28,934
Loans granted	8	204,541	167,082
Other financial assets		3,413	4,444
Cash and cash equivalents	9	109	634
Total current assets		298,223	264,797
TOTAL ASSETS		730,488	677,417
EQUITY AND LIABILITIES			
Equity			
Share capital		146,256	146,256
Share premium		8,579	8,579
Revaluation reserve		22,098	23,320
Legal reserve		14,626	12,105
Other reserves		500	40
Retained earnings/(deficit)		45,498	48,386
Total equity		237,557	238,686
Liabilities			
Non-current liabilities			
Non-current borrowings	12	25,071	28,143
Lease liabilities	13	4,821	5,038
Congestion management revenue	14	301,445	264,173
Provisions		823	823
Other non-current amounts payable and liabilities	18	4,867	1,880
Total non-current liabilities		337,027	300,057
Current liabilities			
Current portion of non-current borrowings	12	6,143	6,143
Current borrowings	12	38	43
Current portion of lease liabilities	13	456	455
Trade payables	17	74,146	56,153
Current portion of congestion management revenue	14	36,901	36,901
Advance amounts received		22,898	29,602
Provisions	15	6,061	1,607
Other current amounts payable and liabilities	18	9,261	7,770
Total current liabilities		155,904	138,674
Total liabilities		492,931	438,731
TOTAL EQUITY AND LIABILITIES		730,488	677,417



INTEREM STATEMENT OF COMPREHENSIVE INCOME
(All amounts in EUR thousands unless otherwise stated)

	Notes	For the six months period ended at 30 June 2024	For the six months period ended at 30 June 2023
Revenue from electricity transmission and related services	19	196,938	93,459
Transmission of electricity (tariff compensation from congestion management revenues)*		-	71,150
Other income	20	795	2,275
Total revenue		197,733	166,884
Expenses for purchase of electricity and related services	21	(135,694)	(112,979)
Wages and salaries and related expenses		(9,907)	(8,726)
Purchases of repair and maintenance services		(4,254)	(4,306)
Reversal of impairment of inventories and amounts receivable		-	(104)
Other expenses	22	(7,279)	(5,813)
Total expenses		(157,134)	(131,928)
EBITDA		40,599	34,956
Depreciation and amortisation	4,5,6	(10,974)	(9,943)
Assets write-off expenses (reversal)		(82)	(81)
Operating profit/(loss) (EBIT)		29,543	24,932
Financial income (costs) net		2,698	1,649
Profit/(loss) before income tax		32,241	26,581
Income tax	16		
Current year income tax income/(expenses)		-	(1,242)
Deferred income tax income/(expenses)		(4,118)	(2,378)
Total income tax		(4,118)	(3,620)
Profit/(loss) for the period		28,123	22,961
Total comprehensive income/(expenses) for the period		28,123	22,961
Basic and diluted earnings/(deficit) per share (in EUR)	24	0.056	0.046

*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 six months of 2023 was used to reduce the electricity transmission tariff of congestion management revenues EUR 35,575 thousand each.

INTEREM STATEMENT OF COMPREHENSIVE INCOME
(All amounts in EUR thousands unless otherwise stated)

	Notes	For the three months period ended at 30 June 2024	For the three months period ended at 30 June 2023
Revenue from electricity transmission and related services		84,511	7,123
Transmission of electricity (tariff compensation from congestion management revenues)*		-	71,150
Other income		262	1,800
Total revenue		84,773	80,073
Expenses for purchase of electricity and related services		(62,284)	(55,390)
Wages and salaries and related expenses		(4,878)	(4,260)
Purchases of repair and maintenance services		(2,535)	(2,468)
Other expenses		(3,848)	(2,748)
Total expenses		(73,545)	(64,866)
EBITDA		11,228	15,207
Depreciation and amortisation		(5,502)	(5,010)
Assets write-off expenses (reversal)		(23)	(69)
Operating profit/(loss) (EBIT)		5,703	10,128
Financial income (costs) net		1,389	1,295
Profit/(loss) before income tax		7,092	11,423
Income tax			
Current year income tax income/(expenses)		-	(1,004)
Deferred income tax income/(expenses)		(479)	(371)
Total income tax		(479)	(1,375)
Profit/(loss) for the period		6,613	10,048
Basic and diluted earnings/(deficit) per share (in EUR)		0.013	0.020

*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 six months of 2023 was used to reduce the electricity transmission tariff of congestion management revenues EUR 35,575 thousand each.



Litgrid

INTEREM STATEMENT OF CHANGES IN EQUITY
(All amounts in EUR thousands unless otherwise stated)

	Note	Share capital	Share premium	Legal reserve	Revaluation reserve	Other reserves	Retained earnings/ (deficit)	Total
Balance at 1 January 2023		146,256	8,579	14,626	-	47,003	(49,484)	166,980
Comprehensive income/(expenses) for the period		-	-	-	-	-	22,961	22,961
Transfer to reserves		-	-	(2,521)	-	(46,963)	49,484	-
Balance at 30 June 2023		146,256	8,579	12,105	-	40	22,961	189,941
Balance at 1 January 2024		146,256	8,579	12,105	23,320	40	48,386	238,686
Comprehensive income/(expenses) for the period		-	-	-	-	-	28,123	28,123
Depreciation of revaluation reserve and amounts written off		-	-	-	(1,222)	-	1,222	-
Transfer to reserves		-	-	2,521	-	460	(2,981)	-
Dividends	10	-	-	-	-	-	(29,252)	(29,252)
Balance at 30 June 2024		146,256	8,579	14,626	22,098	500	45,498	237,557



INTEREM STATEMENT OF CASH FLOWS
(All amounts in EUR thousands unless otherwise stated)

	Notes	At 30 June 2024	At 30 June 2023
Cash flows from operating activities			
Profit/(loss) for the period		28,123	22,961
Adjustments for non-cash items:			
Depreciation and amortisation expenses	4,5,6	10,974	9,943
Impairment/(reversal of impairment) of assets		(23)	104
		23	-
Income tax expenses/(income)		4,118	3,620
(Gain)/loss on disposal/write-off of property, plant and equipment		82	81
Elimination of results of financing and investing activities:			
Interest income		(2,986)	(1,814)
Interest expenses		196	240
Other finance costs/(income)		92	(75)
Changes in working capital:			
(Increase)/decrease in trade receivables and other amounts receivable		(6,785)	43,157
(Increase)/decrease in inventories, prepayments and other current assets		(1,268)	(2,615)
Increase/(decrease) in amounts payable, grants, deferred revenue and advance amounts received		19,273	(97,645)
Revenue generated from congestion management		-	35,015
Changes in other financial assets		1,031	2,652
Net cash inflow/(outflow) from operating activities		52,850	15,624
Cash flows from investing activities			
(Acquisition) of property, plant and equipment and intangible assets		(61,232)	(48,395)
Grants received		24,448	9,830
Loans granted to related parties	8	(37,459)	24,207
Congestion management revenue received		50,513	-
Interest received		2,966	1,814
Net cash inflow/(outflow) from investing activities		(20,764)	(12,544)
Cash flows from financing activities			
Repayments of borrowings	12	(3,072)	(3,071)
Settlement of lease liabilities	13	(255)	(243)
Interest paid	13	(201)	(243)
Dividends paid		(29,155)	(4)
Other cash flows from financing activities		72	-
Net cash (outflow) from financing activities		(32,611)	(3,561)
Increase/(decrease) in cash and cash equivalents			
		(525)	(481)
Cash and cash equivalents at the beginning of the period	9	634	499
Cash and cash equivalents at the end of the period	9	109	18

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



CONDENSED NOTES TO THE COMPANY'S INTEREM FINANCIAL STATEMENTS
(All amounts are in EUR thousands unless otherwise stated)

1. General information

LITGRID AB (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 g. 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 AB is an operator of electricity transmission system, operating electricity transmissions in the territory of Lithuania and ensuring stability of operation of the whole electric power system. The Company is also responsible for the integration of the Lithuanian electric power system into the European electricity infrastructure and the single electricity market.

On 27 August 2013, the National Energy Regulatory Council (the "NERC") granted a licence to the Company to engage in electricity transmission activities for an indefinite term.

The principal objectives of the Company's activities include ensuring stability and reliability of the electricity system in the territory of the Republic of Lithuania within the areas of its 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 2024, 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.

	Number of shares held		Number of shares held (%)	
	At 30 June 2024	At 31 December 2023	At 30 June 2024	At 31 December 2023
EPSO-G UAB	491,736,153	491,736,153	97.5	97.5
Other shareholders	12,595,227	12,595,227	2.5	2.5
Total	504,331,380	504,331,380	100	100

The ultimate controlling shareholder of EPSO-G UAB (company code 302826889, address: Gedimino pr. 20, Vilnius) 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.

The number of shares (%) held by the Company in the joint venture were as follows:

Company name	Address of the company's registered office	at 30 June 2024	at 31 December 2023	Profile of activities
Baltic RCC OÜ	Kadaka tee 42, EE-12915 Tallinn Eesti	33.33%	33.33%	Provision of services ensuring safety and reliability of the electricity system and coordination between the transmission network operators of the Baltic region

As at 30 June 2024, the Company had 429 (31 December 2023: 410) employees.

2. Summary of principal accounting policies

2.1 Basis of preparation

These condensed interim Company's financial statements, for the six months period ended 30 June 2024 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 2023.

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 2024 are not audited. Financial statements for the year ended 31 December 2023 are audited by the external auditor UAB „PricewaterhouseCoopers“.

3. Information by segments

The Company is engaged in electricity transmission and related services activities and operates as one segment. The Company's chief operating decision-maker, who is responsible for allocating resources, has been identified as the Board of Directors that makes strategic decisions.

The Board monitors the key performance indicators:

- profit before interest, taxes, depreciation (amortisation), loss on impairment and write-off of property, plant and equipment (EBITDA);
- net profit;
- operating expenses, excluding electricity and related expenses.

The Board also monitors adjusted performance indicator – adjusted EBITDA, which is non-IFRS alternative performance measure. Adjustments include temporary regulatory differences resulting from the Council's decisions. All adjustments may have both positive and negative impact on the reporting period results. In Board's view, adjusted EBITDA more accurately presents results of the operations and enable a better comparison of the results between the periods as they indicate the amount that was actually earned by the Group in the reporting year.

	At 30 June 2024	At 30 June 2023
Revenue and other income	197,733	95,734
Operating expenses, excluding electricity, gas and related expenses, depreciation, write-off and impairment	(21,440)	(18,845)
EBITDA	40,599	(36,194)
Adjusted EBITDA	24,791	(50,957)
Temporary regulatory differences for previous periods	6,550	11,505
Temporary regulatory differences for reporting period	(22,358)	(26,268)
Overall effect of management's adjustments on EBITDA	(15,808)	(14,763)
Result of lost control in subsidiary and revaluation	(12,476)	(11,995)
Depreciation and amortisation	(10,974)	(9,943)
Loss on impairment and write-off of non-current assets	(82)	(81)
Total finance costs, net	2,698	1,649
Income tax	(4,118)	(3,620)
Net profit (loss)	28,123	(48,189)
Total assets	730,488	661,147
Net financial deb	(36,420)	(43,020)
Investments (additions of property, plant and equipment and intangible assets)	92,085	59,414



CONDENSED NOTES TO THE COMPANY'S INTEREM FINANCIAL STATEMENTS
(All amounts are in EUR thousands unless otherwise stated)

All of the company's long-term assets are located in Lithuania, where the company operates, except for an insignificant amount 1/3 of the NordBalt cable, which is located in the neutral Baltic Sea.

During the six months of 2024, revenue from the Lithuanian clients accounted for 85% of the Company's total revenue (during the six months of 2023: – 85 percent).

The Company's revenue from the major clients:

Company name	At 30 June 2024	Company name	At 30 June 2023
Client A	124,754	Client A	44,132
Client B	19,871	Client B	13,423
Client C	12,851	Client C	11,448

4. Intangible assets

	Patents and licences	Computer software	Other intangible assets	Statutory servitudes and protection zones	Total
Net book amount at 1 January 2023	316	3,315	162	1,691	5,484
Acquisitions	7	1,373	-	-	1,380
Reclassification to/from PP&E	733	(723)	-	-	10
Amortisation charge	(147)	(266)	(38)	-	(451)
Net book amount at 30 June 2023	909	3,699	124	1,691	6,423
Acquisition value	1,635	10,552	342	1,691	14,220
Accumulated amortisation	(726)	(6,853)	(218)	-	(7,797)
Net book amount at 30 June 2023	909	3,699	124	1,691	6,423
Net book amount at 1 January 2024	877	1,910	86	2,068	4,941
Acquisitions	31	676	-	-	707
Reclassification to/from PP&E	-	(60)	-	-	(60)
Off-set of grants against intangible assets	-	(1,103)	-	-	(1,103)
Amortisation charge	(207)	(121)	(29)	-	(357)
Net book amount at 30 June 2024	701	1,302	57	2,068	4,128
Acquisition value	1,817	6,146	342	2,068	10,373
Accumulated amortisation	(1,116)	(4,844)	(285)	-	(6,245)
Net book amount at 30 June 2024	701	1,302	57	2,068	4,128

5. Property, plant and equipment

	Land	Buildings	Structures and machinery	Other property, plant and equipment	Construction work in progress	Total
Net book amount at 1 January 2023	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
Revaluated acquisition cost	520	21,502	339,139	18,237	85,197	464,595
Accumulated depreciation	-	(2,525)	(73,684)	(8,426)	-	(84,635)
Net book amount at 30 June 2023	520	18,977	265,455	9,811	85,197	379,960
Net book amount at 1 January 2024	520	19,806	283,744	10,269	80,818	395,157
Acquisitions	-	295	4,562	1,610	88,936	95,403
Change in prepayments for PP&E	-	-	-	-	(4,025)	(4,025)
Write-offs	-	-	(89)	-	(63)	(152)
Reclassification to inventories	-	-	-	42	763	805
Reclassification to intangible assets	-	-	-	143	(83)	60
Reclassification off-set of grants against intangible assets	-	-	-	-	1,103	1,103
Reclassifications between grant categories	-	-	103	-	(103)	-
Reclassification between categories	-	164	2,885	(187)	(2,862)	-
Off-set of connection revenue against non-current assets	-	(295)	(4,559)	(271)	(84)	(5,209)
Off-set of grants against non-current assets	-	-	-	-	(52,791)	(52,791)
Depreciation charge	-	(307)	(9,140)	(940)	-	(10,387)
Net book amount at 30 June 2024	520	19,663	277,506	10,666	111,609	419,964
Revaluated acquisition cost	520	19,970	286,642	11,606	111,609	430,347
Accumulated depreciation	-	(307)	(9,136)	(940)	-	(10,383)
Net book amount at 30 June 2024	520	19,663	277,506	10,666	111,609	419,964

Newly acquired property, plant, and equipment is stated at acquisition cost reduced by 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.

Prepayments for property, plant, equipment (PPE):

	2024	2023
Carrying amount at 1 January	16,181	22,772
Prepayments paid for PPE over the period	330	6,393
Transfer to construction work in progress	(4,355)	(6,232)
Carrying amount at the end of the period	12,156	22,933

CONDENSED NOTES TO THE COMPANY'S INTEREM FINANCIAL STATEMENTS
(All amounts are in EUR thousands unless otherwise stated)

The table below presents the net book amounts of the Company's property, plant and equipment, which would have been recognised had the historical cost method been used, excluding prepayments but including grants, and negative revaluations that would represent impairment.

	Land	Buildings	Structures and machinery	Other property, plant and equipment	Construction work in progress	Total
At 30 June 2023	520	18,746	257,432	10,207	64,637	351,542
At 30 June 2024	520	18,617	253,225	6,173	99,453	377,988

Had the value of property, plant and equipment not been reduced by the amount of grants, its carrying amount would have been greater in these sums:

	2024	2023
Carrying amount at 1 January	458,506	354,323
Acquisitions	56,897	12,489
Depreciation charge	(8,888)	(2,541)
Carrying amount at 30 June	506,506	364,271

The company's property, plant and equipment are shown at revalued amounts. The company performed revaluation of its property, plant and equipment at 31 December 2023, and at the end of each year, an impairment test for the available fixed tangible assets is performed.

6. Right-of-use assets

	Land	Buildings	Motor vehicles	Total
Net book amount at 1 January 2023	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
Net book amount at 1 January 2024	4,240	70	1,045	5,355
Acquisitions	-	-	-	-
Write-offs	-	-	-	-
Depreciation charge	(22)	(12)	(196)	(230)
Depreciation (write-offs)	-	-	-	-
Net book amount at 30 June 2024	4,218	58	849	5,125



CONDENSED NOTES TO THE COMPANY'S INTEREM FINANCIAL STATEMENTS
(All amounts are in EUR thousands unless otherwise stated)

7. Trade receivables

	At 30 June 2024	At 31 December 2023
Amounts receivable for electricity transmission and related services	31,976	18,082
Accumulated amounts receivable for electricity services	545	547
Trade receivables under contracts with customers carrying amount	32,521	18,629
Amounts receivable for electricity transmission and related services	12	49
Congestion management funds receivable	1,871	770
Accumulated amounts receivable for electricity transmission and related services	2,151	7,408
Other trade receivables	58	56
Trade receivables under the other contracts with customers carrying amount	4,092	8,283
Short terms trade receivables total	36,613	26,912

On 30th June 2024 trade receivables under contracts with customers amounted to EUR 13.9 million, by (75%) higher than on 31st December 2023.

Amounts receivable for electricity transmission and related services on June 30th 2024 compared to December 31st 2023 increased due to the price increase of additional services 5.2 times, the price of transmission service increased 2 times.

8. Loans granted

	At 30 June 2024	At 31 December 2023
Loan to EPSO-G UAB (under the cashpool agreement)	204,039	166,600
Interest on loans	502	482
Carrying amount	204,541	167,082

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 term of the mutual borrowing agreement was extended until July 31 2024, applying variable interest rate linked to ESTR (euro short-term rate) from 1 March 2023.

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. Cash and cash equivalents

	At 30 June 2024	At 31 December 2023
Cash at bank	109	634
Carrying amount at the end of the period	109	634



CONDENSED NOTES TO THE COMPANY'S INTEREM FINANCIAL STATEMENTS
(All amounts are in EUR thousands unless otherwise stated)

10. Dividends

On 30 April 2024, the Ordinary General Meeting of Shareholders of LITGRID AB approved the distribution of the Company's profit (loss) for 2023. EUR 29 252 thousand was allocated to dividends for the year ended 31 December 2023. Dividends per share amounted to EUR 0.058.

On 11 April 2023, the Ordinary General Meeting of Shareholders of LITGRID AB the decision was made to approve the draft profit (loss) distribution for the year ended 31 December 2022. The dividends have not been declared for 2022, as the Company reported a loss at the end of the year.

11. Grants

The grants at the Company are mainly designated for the acquisition of non-current assets. Movements in grants in 2024 and 2023 were as follows:

	Note	At 30 June 2024	At 30 June 2023
Opening balance at 1 January			
Grants receivable		34,006	302
Grants received in advance (non-current liabilities)		-	(32,802)
Grants received in advance (current liabilities)		(28,563)	(34,896)
		5,443	(67,396)
Recognised grants			
Transfer to property, plant and equipment	5	58,000	30,248
Grants used for compensation of expenses		57	-
		58,057	30,248
Grants received			
Grants received in the form of monetary funds (cash flow statement)		24,448	9,830
Congestion revenue transferred to grants	14	13,759	25,289
Grants received during the previous years		101	-
		38,308	35,119
Grants received in the form of assets	5	5,209	4,337
Closing balance at the end of the period			
Grants receivable		40,527	238
Grants received in advance (non-current liabilities)		-	(41,947)
Grants received in advance (current liabilities)		(20,544)	(34,895)
		19,983	(76,604)

On 30 June 2023, the asset-related grants were recognised by reducing the carrying amount of the respective non-current assets after obtaining reasonable assurance that the funding will be received.

On 31 December 2023, the asset-related grants were recognised by reducing the carrying amount of the asset when a non-current asset is acquired for which there is reasonable assurance that the funding will be received in accordance with the terms and conditions set in the grant agreement.



CONDENSED NOTES TO THE COMPANY'S INTEREM FINANCIAL STATEMENTS
(All amounts are in EUR thousands unless otherwise stated)

12. Borrowings

Borrowings of the Company were as follows:

	At 30 June 2024	At 31 December 2023
Non-current borrowings		
Bank borrowings	25,071	28,143
Current borrowings		
Current portion of non-current bank borrowings	6,143	6,143
Bank borrowings interest	38	43
Total borrowings at the end of the period	31,252	34,329

Maturity of non-current borrowings:

	At 30 June 2024	At 31 December 2023
From 1 to 2 years	5,071	6,143
From 2 to 5 years	12,000	12,000
After 5 years	8,000	10,000
Total	25,071	28,143

As at 30 June 2024 and 31 December 2023, no assets were pledged as collateral by the Company.

As at 30 June 2024, the weighted average interest rate on the Company's borrowings was 0.94% (31 December 2023: 0.94%).

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

	At 30 June 2024	At 30 June 2023
Cash and cash equivalents	109	18
Non-current borrowings	(25,071)	(31,214)
Lease liabilities	(4,821)	(5,199)
Current portion of non-current borrowings	(6,143)	(6,143)
Interest charged on borrowings	(38)	(46)
Current portion of lease liabilities	(456)	(436)
Net debt	(36,420)	(43,020)
Cash and cash equivalents	109	18
Borrowings with a fixed interest rate	(36,529)	(43,038)
Net debt	(36,420)	(43,020)

CONDENSED NOTES TO THE COMPANY'S INTEREM FINANCIAL STATEMENTS
(All amounts are in EUR thousands unless otherwise stated)

	Cash	Borrowings	Other financing	Leases	Total
Net debt at 1 January 2023	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 at 30 June 2023	18	(37,403)	-	(5,635)	(43,020)
Net debt at 1 January 2024	634	(34,329)	-	(5,493)	(39,188)
Increase (decrease) in cash and cash equivalents	(525)	-	-	-	(525)
New leases	-	-	-	-	-
Write – offs and termination of leases	-	-	-	-	-
Lease payments	-	-	-	216	216
Repayment of a borrowing	-	3,072	-	-	3,072
Interest charged	-	(157)	-	(39)	(196)
Interest paid	-	162	-	39	201
Net debt at 30 June 2024	109	(31,252)	-	(5,277)	(36,420)

13. Lease liabilities

Lease liabilities and their movement were as follows:

	2024	2023
Carrying amount at the 1 January	5,493	5,702
Leases	-	139
Terminated contracts	-	(2)
Expenses of interest charged	39	39
Lease payments (principal and interest)	(255)	(243)
Carrying amount at 30 June	5,277	5,635
Non-current lease liabilities	4,821	5,199
Current lease liabilities	456	436
Carrying amount at 30 June	5,277	5,635

Maturity of non-current lease liabilities:

	At 30 June 2024	At 30 June 2023
Current portion	456	436
Repayment terms of non-current liabilities:		
From 1 to 2 years	425	412
From 2 to 3 years	105	402
From 3 to 5 years	23	117
After 5 years	4,268	4,268
Total	5,277	5,635

14. Congestion management revenue

	2024	2023
Non-current portion of congestion management funds included in liabilities	301,445	134,622
Current portion of congestion management funds included in liabilities	36,901	155,660
Carrying amount at 30 June	<u>338,346</u>	<u>290,282</u>

	2024	2023
Congestion management funds at 1 January	301,074	351,495
Congestion management funds received during the period	53,018	35,473
Congestion management funds use to finance property, plant and equipment	(13,759)	(25,289)
Congestion management funds recognised as income during the period	(1,987)	(71,397)
Carrying amount at 30 June	<u>338,346</u>	<u>290,282</u>

15. Provisions

	At 30 June 2024	At 31 December 2023
Provisions for pension benefits to employees	477	477
Provisions for servitude liabilities	336	419
Provisions for registration of protection zones	176	176
Provisions for settlement of current liabilities	5,895	1,358
Carrying amount	<u>6,884</u>	<u>2,430</u>
Non-current provisions	823	823
Current provisions	6,061	1,607

In the light of ongoing or possible litigations, the provision of EUR 5,895 thousand was recognised for litigations/claims as at 30 June 2024 (EUR 1,358 thousand as at 31 December 2023).

16. Current and deferred income tax

Income tax expenses comprise as follows:

	At 30 June 2024	At 30 June 2023
Income tax expenses of the current year	-	1,057
Income tax expenses of the previous year	-	185
Deferred income tax income/(benefit)	4,251	2,378
Deferred income tax income/(benefit) of the previous year	(133)	-
Income tax expenses/(benefit) of the current year	<u>4,118</u>	<u>3,620</u>



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In accordance with tax legislation of the Republic of Lithuania, the Company's profit (loss) for the six months period ended 2024 and 2023 was subject to a 15% income tax.

For the purpose of calculating income tax for the first six months of 2024 the taxable profit was reduced:

- of the tax losses carried forward from 2022: EUR 11,859 thousand;
- of unutilised investment relief: EUR 21,100 thousand in 2023 and EUR 2,026 thousand in 2024.

	At 30 June 2024	At 30 June 2023
Profit/(loss) before income tax	32,241	26,581
Income tax calculated at a rate of 15%	4,836	3,987
Effect of investment incentive	(304)	-
Effect of investment incentive of prior years	-	(71)
Income tax expenses/(benefit) for the previous year	(133)	185
Effect of non-allowable deductions and non-taxable income	(281)	(481)
Income tax expenses/(benefit) recognised in profit or loss	4,118	3,620

17. Trade payables

	At 30 June 2024	At 31 December 2023
Amounts payable for electricity	30,093	26,684
Amounts payable for repair works, services	2,571	3,189
Amounts payable for property, plant and equipment	41,482	26,280
Carrying amount at the end of the period	74,146	56,153

Trade debts increased by 1.3 times compared June 30th 2024 to December 31st 2023 mainly due to increased debts for long-term tangible assets because of higher investments made during the implementation of the project of synchronization with continental European networks.

18. Other payable amounts and liabilities

	At 30 June 2024	At 31 December 2023
Other non-current amounts payable and liabilities		
Non-financial liabilities		
Advance amounts received from connection of new consumers	4,589	1,595
Deferred revenue	131	131
Grants received in advance*	147	154
Carrying amount at the end of period	4,867	1,880
Other current amounts payable and liabilities		
Non-financial liabilities		
Employment-related liabilities	1,352	379
Accrued expenses relating to vacation reserve	1,996	1,758
Total non-financial liabilities	3,348	2,137
Financial liabilities		
Dividends payable	593	496
Accrued other expenses	1,917	1,481
Deposits received *	2,860	2,889
Fee payable to the regulator	540	618
Other amounts payable and current liabilities	3	149
Total financial liabilities	5,913	5,633
Total carrying amount of financial and non-financial liabilities	9,261	7,770
Total amount payable and liabilities	14,128	9,650

* Deposits received consist of deposits received from customers under imbalance purchase - sale contracts.

19. Revenue from electricity transmission and related services

	At 30 June 2024	At 30 June 2023
Revenue from contracts with customers		
Revenue from electricity transmission and related services		
Electricity transmission services	65,060	31,771
Trade in balancing/imbalance electricity	57,690	44,739
Electricity ancillary services	71,694	13,809
Revenue from other sales of electricity and related services	1,235	2,845
Total revenue from electricity transmission and related services	195,679	93,164
Other income from contracts with customers		
Income from administration of guarantees of origin	72	42
Total other income	72	42
Total revenue from contracts with customers	195,751	93,206
Revenue not attributable to contracts with customers		
Electricity transmission services (recognised as income)	1,988	247
Other electricity-related services	(808)	-
Revenue from connection of producers and relocation of electrical installations	7	6
Total revenue not attributable to contracts with customers	1,187	253
Total revenue	196,938	93,459

Income from electricity transmission and related services in six months of 2024 compared to six months of 2023 increased 2 times:

- Balancing/imbancing energy sales revenue increased by 29 percent due to 86 percent increased amount of energy sold, although sales prices decreased by 30 percent.
- The income of additional services increased 5.2 times due to the higher price of the purchase of additional services added to the transmission service.
- Transmission revenue (including congestion management revenue used for tariff reduction) decreased by 37 percent, although the average actual transmission price was 2 times higher and transferred 0.5 percent more. In the first half of the 2023 EUR 71.2 million were used for tariff reduction congestion management revenues.

20. Other income

	At 30 June 2024	At 30 June 2023
Income from lease of assets	281	274
Interest on late payment and default charges	485	1,974
Other income	29	27
Total	795	2,275

21. Expenses for purchase of electricity and related services

	At 30 June 2024	At 30 June 2023
Expenses for purchase of imbalance and balancing electricity	57,797	44,754
Expenses for electricity ancillary services	56,936	48,406
Expenses for electricity technological needs	16,717	19,572
Expenses for electricity and related services	4,244	247
Carrying amount at the end of period	135,694	112,979

Purchases of electricity transmission and related services in the first half 2024 compared to same period in 2023 increased due to:

The costs of additional services increased by 18 percent up to EUR 56.9 million.

Balancing and unbalancing electricity costs due to 86 percent higher amount despite 30 percent lower prices increased by 29 percent and amounted to EUR 57.8 million.

The increase in the cost of balancing and imbalance electricity was due to an 86% increase in volumes despite a 30% decrease in price, which increased by 29% and amounted to €57.8 million.

Electricity costs for compensating technological losses in the transmission network decreased by 15 percent up to EUR 16.7 million due to 13.6 percent lower average electricity purchase prices and 1.1 percent smaller purchased amount.

22. Other expenses

	At 30 June 2024	At 30 June 2023
Telecommunications and IT system expenses	(1,347)	(1,237)
Tax expenses	(1,446)	(1,269)
Fee payable to the regulator	(1,080)	(1,236)
Business protection expenses	(452)	(410)
Market coupling costs	(362)	(311)
Membership fee	(284)	(259)
Management service cost	(443)	(156)
Business trips	(208)	(203)
Insurance expenses	(285)	(175)
Transport expenses	(158)	(150)
Premise rental expenses	(188)	(149)
Collective agreement benefits arba payments	(153)	(121)
Consultation service expenses	(148)	(56)
Personnel development costs	(146)	(73)
Research and development works	(117)	(92)
Expenses of governing bodies	(48)	(27)
Public relations	(45)	(50)
Damage compensation	-	589
Support	(37)	(39)
Other expenses	(332)	(389)
Carrying amount at the end of period	<u>(7,279)</u>	<u>(5,813)</u>

23. Related-party transactions

The Company's related parties in the six months 2024 and in the six months 2023 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.



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The Company's transactions with related parties between six months of 2024 and balances arising from these transactions as at 30 June 2024 were as follows:

Related parties	Amounts receivable and accrued revenue	Amounts payable and accrued expenses	Loans granted	Purchases	Sales	Other sales
<u>EPSO-G UAB group companies</u>						
EPSO-G UAB	-	169	204,541	442	-	2,986
TETAS UAB	-	3,850	-	12,928	-	311
ENERGY CELLS UAB	78	730	-	3,739	245	-
<u>State-owned companies</u>						
Energijos Skirstymo Operatorius AB	21,647	1,146	-	974	124,747	-
Ignitis Gamyba AB	327	9,611	-	67,162	930	-
Ignitis Grupės Paslaugų Centras UAB	31	-	-	-	143	-
Ignitis UAB	2,761	-	-	2,330	12,851	-
Vilniaus Kogeneracinė Jėgainė UAB	18	107	-	1,654	300	-
Kauno Kogeneracinė Jėgainė UAB	2	-	-	140	33	-
STATE ENTERPRISE IGNALINA NUCLEAR POWER PLANT	116	18	-	2	628	-
LTG Infra AB	71	75	-	-	405	-
State Enterprise Centre of Registers	-	1	-	10	-	-
	25,051	15,707	204,541	89,381	140,282	3,297

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

Related parties	Amounts receivable and accrued revenue	Amounts payable and accrued expenses	Loans granted	Purchases	Sales
<u>EPSO-G UAB group companies</u>					
EPSO-G UAB	453	71	207,801	156	1,813
TETAS UAB	82	1,145	-	4,089	573
UAB ENERGY CELLS	19	48	-	46	197
<u>State-owned companies</u>					
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
State Enterprise Lithuanian Road Administration	125	707	-	-	368
State Enterprise Ignalina Nuclear Power Plant	51	-	-	-	275
LTG Infra AB	26	129	-	-	209
VĮ Registrų centras	-	1	-	394	-
	14,118	15,367	207,801	67,565	60,738

Payments to key management personnel

	At 30 June 2024	At 30 June 2023
Employment-related payments*	659	555
Whereof: Payed benefits*	111	-
Number of key management personnel (average annual)	9	9

* - with employer contributions for social security.



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During the six months 2024 and the six months months 2023 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 heads of administration, heads of the departments and members of the collegial management bodies. Payments to the members of the collegial management bodies for the six months 2024 amounted to EUR 46 thousand (compared to the six months 2023 EUR 27 thousand).

24. Basic and diluted earnings per share

During the 2024 and the six months 2023, the Company's basic and diluted earnings per share were as follows:

	At 30 June 2024	At 30 June 2023
Profit/(loss) for the period attributable to the Company's shareholders (EUR thousands)	28,123	22,961
Weighted average number of shares (units)	504,331,380	504,331,380
Basic and diluted earnings/(deficit) per share (in EUR)	0.056	0.046

25. Events after the reporting period

On 25 July 2024 the company concluded a new mutual lending and borrowing agreement with UAB EPSO-G. The term of the contract ends 29 July 2025 with the possibility of extending it 2 more times for a period of 12 months.