Press release

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Vilnius

**Litgrid results for 9 months: completed strategic projects, system security ensuring devices arrived in Lithuania**

**Lithuanian electricity transmission system operator Litgrid in the third quarter of 2023 completed two strategic electricity transmission line reconstruction projects that increased the reliability of the grid, and delivered synchronous condensers, which are necessary for synchronisation with Continental Europe, to Telšiai and Alytus substations. In the first 9 months of this year, network reliability indicators were better than last year. The company's revenue was down compared to the same period last year, while profits were higher.**

“In the third quarter, we continued to operate consistently and actively in the field of strategic projects ensuring Lithuania's energy independence. We have completed the reconstruction of the electricity transmission lines of Lietuvos elektrinė–Alytus and Jurbarkas–Bitėnai and have started construction work on Mūša substation and Vilnius–Neris line. We brought the components of the first two synchronous condensers to Lithuania and started their installation in Alytus and Telšiai. Together with the transmission system operators in Latvia and Estonia, we agreed on specific actions and dates to disconnect from the Russian system and connect to the Continental European Synchronous Area. For the first time, the operators of the three countries jointly assumed clear obligations to perform synchronisation at the agreed time in February 2025”, says Rokas Masiulis, CEO of Litgrid.

In September, another aid package from Litgrid reached Ukraine, which consists of an autotransformer and other power grid equipment. The total market value of the equipment is about €3.6 million.

**Reliability of supply**

Compared to the previous year, the amount of transmitted energy decreased by 10.7 percent: in January-September of 2023, the electricity transmitted for the country's needs amounted to 6,789 TWh, at the same time in 2022 the amount was 7.603 TWh.

This year, Litgrid achieved better network reliability indicators. In January-September of 2023, AIT (Average Interruption Time) indicator reached 0.648 min. (January-September 2022 - 1.264 min), and the ENS (Energy Not Supplied) indicator was 17.569 MWh (January-September 2022 - 27.251 MWh). The National Energy Regulatory Council has established that AIT must not exceed 0.934 min and ENS - 27.251 MWh throughout the year.

The overall availability of interconnectors with Sweden (NordBalt) and Poland (LitPol Link) in January-September was 92.27 and 98.32 percent, respectively.

**Financial results**

In the first 9 months of 2023, Litgrid revenue reached €274.9 million. Compared to the same period last year, it was down by 4.6 percent. Revenue from electricity transmission increased 2.8 times to €152.5 million, when €106.7 million of congestion revenues were used to reduce the transmission tariff. The increase in transmission revenue was caused by temporary regulatory deviations (when approving the 2023 price cap for transmission service, the recoverable costs of the regulated activity included significantly higher electricity costs for technological losses in the transmission network due to higher electricity prices), which will be evaluated when determining the tariff for the subsequent years.

Revenue from ancillary services decreased by 74.2 percent to €19.9 million, the main reason for this is that the regulator set a 59 percent lower cost of ancillary services. Unbalance and balance electricity revenue decreased by 37.6 percent to €79 million.

In January-September of 2023, Litgrid earnings before interest, taxes, depreciation and amortization (EBITDA) was €62.2 million. Adjusted EBITDA (after making adjustments due to temporary regulatory deviations from the amounts approved by the regulator) amounted to €29.6 million, in comparison adjusted EBITDA in the 9 months of 2022 was €26.7 million. Adjusted EBITDA was mainly driven by higher non-regulated operating income.

Net profit in January-September of 2023 amounted to €43.3 million, when in the same period of 2022 a €43.5 million net loss was incurred. The increase in net profit was mainly due to higher electricity transmission revenues and lower electricity prices, which reduced the cost of compensation for technological losses in the transmission network. The negative impact was caused by a larger difference between ancillary service income and costs. Adjusted net profit for the first 9 months of 2023 was €15.6 million, when in the same period of 2022 adjusted net profit amounted to €8.9 million.

In the first 9 months of 2023, investments amounted to €93.2 million, of which 64 percent was allocated to the implementation of strategic and nationally important electricity projects, and 36 percent was allocated to the reconstruction and development of the transmission network and operational support.

Congestion management revenue in the first 9 months was €77.1 million, a 64 percent decrease compared to the same period last year. The congestion management revenue received is not accounted for as revenue and does not directly contribute to operating result of Litgrid, as its use is regulated by the Regulation of the European Parliament and of the Council No. 2019/943 and the methodology approved by the Agency for the Cooperation of Energy Regulators of the European Union (ACER). Congestion management revenues are mainly used to part-finance the company's investments to increase the capacity of interconnectors.

About Litgrid:

Litgrid, the operator of the Lithuanian electricity transmission system, maintains the stable operation of the country's electricity system, manages the flow of electricity, and creates conditions for competition in the open electricity market. The company manages about 7,000 km of overhead lines, 322 m of cables, more than 240 transformer substations and 17 interconnectors with other countries in Lithuania and maintains them on a regular basis in order to ensure the proper transmission of electricity to all the country's residents, institutions and other organisations.

Since 22nd December 2010. Litgrid shares are listed on the Nasdaq Vilnius Stock Exchange's Additional List. 97.5 % of the shares of Litgrid are listed on the stock exchange. AB Litgrid's shares are owned by the energy transmission and exchange group EPSO-G, 100% of which is owned by the Ministry of Energy of the Republic of Lithuania.