



Litgrid

COMPANY'S CONDENSED INTERIM FINANCIAL
STATEMENTS, PREPARED ACCORDING TO
INTERNATIONAL FINANCIAL REPORTING STANDARDS AS
ADOPTED BY THE EUROPEAN UNION (UNAUDITED), FOR
THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2023



CONFIRMATION OF RESPONSIBLE PERSONS

November 06, 2023 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, Vytautas Tauras, Chief Financial Officer of LITGRID AB and Asta Vičkačkienė, Head of Accounting Division of LITGRID AB, hereby confirm that, to the best of our knowledge, the attached LITGRID AB unaudited condensed interim financial statements for the nine months period ended 30 September 2023 are prepared in accordance with the International Financial Reporting Standards adopted by the European Union, give a true and fair view of the LITGRID AB assets, liabilities, financial position, profit and loss and cash flows.

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

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

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



Translation note

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

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The condensed interim financial statements were signed on 06 November 2023.

Rokas Masiulis
Chief Executive Officer

Vytautas Tauras
Chief Financial Officer

Asta Vičkačkienė
Head of Accounting Division

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

	Notes	30-09-2023	31-12-2022
ASSETS			
Non-current assets			
Intangible assets	5	6,462	5,484
Property, plant and equipment	6	376,572	361,718
Right-of-use assets	7	5,398	5,592
Investments in a joint venture		45	45
Deferred income tax assets	15	6,253	11,085
Total non-current assets		394,730	383,924
Current assets			
Inventories		42	3
Prepayments		2,937	1,622
Trade receivables under contracts with customers	9	17,965	61,080
Trade receivables	10	16,011	2,558
Other amounts receivable		7,615	892
Prepaid income tax		20,522	28,598
Loans granted	8	195,513	232,008
Other financial assets		3,771	7,361
Cash and cash equivalents	11	13	499
Total current assets		264,389	334,621
TOTAL ASSETS		659,119	718,545
EQUITY AND LIABILITIES			
Equity			
Share capital		146,256	146,256
Share premium		8,579	8,579
Legal reserve		12,105	14,626
Other reserves		40	47,003
Retained earnings (deficit)		43,322	(49,484)
Total equity		210,302	166,980
Liabilities			
Non-current liabilities			
Non-current borrowings	12	31,214	34,285
Lease liabilities	13	5,096	5,299
Congestion management revenue	14	151,292	64,095
Provisions		837	941
Other non-current amounts payable and liabilities	17	38,379	34,392
Total non-current liabilities		226,818	139,012
Current liabilities			
Current portion of non-current borrowings	12	6,143	6,143
Current borrowings	12	134	-
Current portion of lease liabilities	13	433	403
Trade payables	16	51,660	70,146
Current portion liabilities of congestion management revenue	14	120,085	287,400
Advance amounts received		35,446	35,506
Provisions		54	648
Other current amounts payable and liabilities	17	8,044	12,307
Total current liabilities		221,999	412,553
Total liabilities		448,817	551,565
TOTAL EQUITY AND LIABILITIES		659,119	718,545

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

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

	Notes	For the nine months period ended 30-09-2023	For the nine months period ended 30-09-2022 (Reclassification)
Revenue from electricity transmission and related services	19	164,842	287,518
Other income	20	110,104	804
Total revenue		274,946	288,322
Purchases of electricity transmission and related services	21	(183,921)	(297,417)
Wages and salaries and related expenses		(12,998)	(10,938)
Repair and maintenance purchases		(6,569)	(5,827)
Other expenses	22	(9,282)	(9,029)
Total expenses		(212,770)	(323,211)
EBITDA		62,176	(34,889)
Dividends income		-	43
Depreciation and amortization		(14,842)	(15,505)
Write – off expenses of assets		135	(206)
Costs of Impairment (reversal of impairment)		(102)	45
Operating profit (loss) (EBIT)		47,367	(50,512)
Financial activity			
Interest income		3,330	-
Interest expenses		(347)	(467)
Other financial income (expenses) in net value		74	(143)
Profit (loss) before income tax		50,424	(51,122)
Income tax			
Current year income tax expenses		(2,271)	(13,629)
Deferred income tax income (expenses)		(4,831)	21,277
Total income tax	15	(7,102)	7,648
Net profit (loss)		43,322	(43,474)
Total comprehensive income (expenses) for the period		43,322	(43,474)

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

	Notes	For the three months period ended 30-09-2023	For the three months period ended 30-09-2022 (Reclassification)
Revenue from electricity transmission and related services		71,383	142,832
Other income	20	36,679	243
Total revenue		108,062	143,075
Purchases of electricity transmission and related services		(70,942)	(168,621)
Wages and salaries and related expenses		(4,272)	(3,644)
Repair and maintenance purchases		(2,263)	(2,428)
Other expenses		(3,469)	(3,405)
Total expenses		(80,946)	(178,098)
EBITDA		27,116	(35,023)
Depreciation and amortization		(4,899)	(5,083)
Write – off expenses of assets		216	(31)
Costs of Impairment (reversal of impairment)		2	-
Operating profit (loss) (EBIT)		22,435	(40,137)
Financial activity			
Interest income		1,516	-
Interest expenses		(107)	(149)
Other financial income (expenses) in net value		(1)	-
Profit (loss) before income tax		23,843	(40,286)
Income tax			
Current year income tax expenses		(1,029)	(17,123)
Deferred income tax income (expenses)		(2,453)	23,175
Total income tax		(3,482)	6,052
Net profit (loss)		20,361	(34,234)
Total comprehensive income (expenses) for the period		20,361	(34,234)

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

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

	Share capital	Share premium	Legal reserve	Other reserves	Retained earnings	Total
Balance at 1 January 2022	146,256	8,579	14,626	32,034	20,013	221,508
Comprehensive income (expenses) for the year	-	-	-	-	(43,474)	(43,474)
Transfer to reserves	-	-	-	14,969	(14,969)	-
Dividends	-	-	-	-	(5,044)	(5,044)
Balance at 30 September 2022	146,256	8,579	14,626	47,003	(43,474)	172,990
Balance at 1 January 2023	146,256	8,579	14,626	47,003	(49,484)	166,980
Comprehensive income (expenses) for the year	-	-	-	-	43,322	43,322
Transfer to reserves	-	-	(2,521)	(46,963)	49,484	-
Dividends	-	-	-	-	-	-
Balance at 30 September 2023	146,256	8,579	12,105	40	43,322	210,302

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

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

	Notes	For the nine months period ended 30-09-2023	For the nine months period ended 30-09-2022
Cash flows from operating activities			
Profit (loss) for the period		43,322	(43,474)
Adjustments for non-cash items and other adjustments:			
Depreciation and amortization expenses	5,6,7	14,842	15,505
Impairment/(reversal of impairment) of assets		102	(45)
Income tax expenses		7,102	(7,648)
(Gain) loss on disposal/write-off of property, plant and equipment		(139)	201
Elimination of results of financing and investing activities:			
Interest income		(3,330)	-
Interest expenses		347	467
Dividend income		-	(43)
Other finance costs (income)		(74)	143
Changes in working capital:			
(Increase) decrease in trade receivables and other amounts receivable		30,753	(21,971)
(Increase) decrease in inventories, prepayments and other current assets		(1,243)	(92)
Increase (decrease) in amounts payable, grants, deferred income and advance amounts received		(130,000)	(4,156)
Revenue received from congestion management		75,177	-
Changes in other financial assets		3,590	(2,002)
Income tax (paid)		-	(12,259)
Net cash flows from operating activities		40,449	(75,374)
Cash flows from investing activities			
(Purchase) of property, plant and equipment and intangible assets		(85,865)	(43,854)
Grants received		10,347	3,711
Loans to related parties		36,495	(14,727)
Revenue received from congestion management		-	207,284
Acquisition of a joint venture		-	(45)
Interest received		1,814	-
Dividends received		-	43
Net cash flows from investing activities		(37,209)	152,412
Cash flows from financing activities			
Repayments of borrowings		(3,071)	(8,213)
Lease payments		(368)	(243)
Interest paid		(262)	(386)
Dividends paid		(25)	(5,034)
Other cash flows from financing activities		-	(145)
Net cash flows from financing activities		(3,726)	(14,021)
Increase (decrease) in cash and cash equivalents			
Cash and cash equivalents at the beginning of the period	11	499	1,819
Cash and cash equivalents at the end of the period	11	13	64,836

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

1. General information

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

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

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

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

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

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

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

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

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

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

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

As at 30 September 2023, the Company had 409 employees (31 December 2022: 389).

2. Summary of principal accounting policies

2.1. Basic of preparation

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

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

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

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

These financial statements have been prepared on a historical cost basis, except for property, plant and equipment which is recorded at revalued amount, less accumulated depreciation and estimated impairment loss, and financial assets which are carried at fair value.

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

3. Climate Change Management

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

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

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

4. Change in presentation in the statement of comprehensive income

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

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

The Company provides information about changes in classification and line items in the Statement of comprehensive income, prepared for the nine-month period ending on September 30, 2022.

	For the nine months period ended 30-09-2022 (before reclassification)	Reclassification	For the nine months period ended 30-09-2022 (after reclassification)
Revenue from electricity transmission and related services	287,518	-	287,518
Other income	804	-	804
Total revenue	288,322	-	288,322
Purchases of electricity transmission and related services	(297,417)	-	(297,417)
Depreciation and amortization	(15,505)	15,505	-
Wages and salaries and related expenses	(10,938)	-	(10,938)
Repair and maintenance purchases	(5,827)	-	(5,827)
Telecommunications and IT maintenance expenses	(1,685)	1,685	-
Property, plant and equipment write-off expenses	(201)	201	-
Impairment of inventories and accounts receivables	45	(45)	-
Other expenses	(7,349)	(1,680)	(9,029)
Total expenses	(338,877)	15,666	(323,211)
EBITDA	-		(34,889)
Dividends income	-	43	43
Depreciation and amortization	-	(15,505)	(15,505)
Write – off expenses of assets	-	(206)	(206)
Costs of Impairment (reversal of impairment)	-	45	45
	-	(15,623)	(15,623)
Operating profit (loss) (EBIT)	(50,555)	43	(50,512)

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

	For the nine months period ended 30-09-2022 (before reclassification)	Reclassification	For the nine months period ended 30-09-2022 (after reclassification)
Financial activity			
Financial activities income	5	(5)	-
Interest expenses	-	(467)	(467)
Financial activities expenses	(615)	615	-
Other financial income (expenses) in net value	-	(143)	(143)
Dividends income	43	(43)	-
	(567)	(43)	(610)
Profit (loss) before income tax	(51,122)	-	(51,122)
Income tax			
Current year income tax expenses	(13,629)	-	(13,629)
Deferred income tax income (expenses)	21,277	-	21,277
Total income tax	7,648	-	7,648
Net profit (loss)	(43,474)	-	(43,474)
Total comprehensive income (expenses) for the period	(43,474)	-	(43,474)

5. Intangible assets

	Patents and licences	Computer software	Other intangible assets	Statutory servitudes and protection zones	Total
Net book amount at 31 December 2021	61	2,158	247	2,486	4,952
Acquisitions	86	893	-	-	979
Reclassification to/from PP&E	-	33	-	-	33
Amortization charge	(41)	(761)	(64)	-	(866)
Net book amount at 30 September 2022	106	2,323	183	2,486	5,098
Net book amount at 31 December 2022	316	3,315	162	1,691	5,484
Acquisitions	7	1,562	-	-	1,569
Reclassification to/from PP&E	755	(694)	-	-	61
Amortization charge	(238)	(357)	(57)	-	(652)
Net book amount at 30 September 2023	840	3,826	105	1,691	6,462

6. Property, plant and equipment

	Land	Buildings	Structures and machinery	Other property, plant and equipment	Construction work in progress	Total
Net book amount at 31 December 2021	520	19,159	283,495	9,566	25,311	338,051
Acquisitions	-	-	463	517	28,751	29,731
Change in prepayments for PP&E	-	-	-	-	9,237	9,237
Write-offs	-	-	(217)	-	-	(217)
Reclassification to inventories	-	-	-	(27)	-	(27)
Reclassification to intangible assets	-	-	-	-	(33)	(33)
Reclassification between categories	-	251	4,087	140	(4,478)	-
Off-set of connection revenue against non-current assets	-	-	(400)	-	-	(400)
Off-set of grants against non-current assets	-	-	-	-	(17,173)	(17,173)
Depreciation charge	-	(480)	(12,509)	(1,440)	-	(14,429)
Net book amount at 30 September 2022	520	18,930	274,919	8,756	41,615	344,740
Net book amount at 31 December 2022	520	19,175	272,679	8,997	60,347	361,718
Acquisitions	-	281	8,314	2,930	91,508	103,033
Change in prepayments for PP&E	-	-	-	-	(4,243)	(4,243)
Write-offs	-	-	109	(4)	-	105
Reclassification to inventories	-	-	-	(179)	-	(179)
Reclassification to intangible assets	-	-	-	-	(61)	(61)
Reclassifications between grant categories	-	-	(9,576)	-	9,576	-
Reclassification between categories	-	198	23,689	116	(24,003)	-
Off-set of connection revenue against non-current assets	-	(281)	(8,297)	(661)	(597)	(9,836)
Off-set of grants against non-current assets	-	-	-	-	(60,106)	(60,106)
Depreciation charge	-	(462)	(11,968)	(1,429)	-	(13,859)
Net book amount at 30 September 2023	520	18,911	274,950	9,770	72,421	376,572

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.

The company's property, plant and equipment are shown at revalued amounts. The company will performed revaluation of its property, plant and equipment at 31 December 2023.

7. Right-of-use assets

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

	Land	Buildings	Motor vehicles	Total
Net book amount at 31 December 2021	4,330	31	148	4,509
Acquisitions	-	-	1,402	1,402
Depreciation charge	(34)	(12)	(165)	(211)
Net book amount at 30 September 2022	4,296	19	1,385	5,700
Net book amount at 31 December 2022	4,285	15	1,292	5,592
Acquisitions	-	-	139	139
Write-offs	-	-	(59)	(59)
Depreciation charge	(34)	(12)	(285)	(331)
Depreciation (write-offs)	-	-	57	57
Net book amount at 30 September 2023	4,251	3	1,144	5,398

8. Loans granted

	30-09-2023	31-12-2022
Loan to EPSO-G, UAB (Group intercompany borrowing agreement)	195,513	232,008
Carrying amount	195,513	232,008

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

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

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

9. Trade receivables under contracts with customers

	30-09-2023	31-12-2022
Amounts receivable for electricity transmission and related services	16,598	58,414
Accumulated amounts receivable for electricity transmission and related services	1,367	2,666
Carrying amount	17,965	61,080

As of September 30, 2023, the amounts receivable for electricity transmission and related services are 70,6% lower than those of December 31, 2022.

The main reason for the decrease is the lower revenues from buyers in September 2023 compared to December 2022, with the revenue reductions for electricity transmission service EUR 2,220 thousand, balancing/disbalance energy sales – EUR 14,439 thousand, and additional services – EUR 20,048 thousand.

10. Trade receivables

	30-09-2023	31-12-2022
Amounts receivable for services related to electricity transmission	6	17
Congestion management revenue receivable	2,224	649
PSO funds receivable	-	354
Accumulated amounts receivable for services related to electricity transmission	13,726	1,477
Other trade receivables	55	61
Carrying amount	16,011	2,558

11. Cash and cash equivalents

	30-09-2023	31-12-2022
Cash at bank	13	499
Carrying amount	13	499

12. Borrowings

Borrowings of the Company were as follows:

	30-09-2023	31-12-2022
Non-current borrowings		
Borrowings from banks	31,214	34,285
Current borrowings		
Current portion of non-current borrowings	6,143	6,143
Current borrowings (17 note)	134	49
Total	37,491	40,477

Maturity of non-current borrowings:

	30-09-2023	31-12-2022
Between 1 and 2 years	6,143	6,143
From 2 to 5 years	13,071	14,142
After 5 years	12,000	14,000
Total	31,214	34,285

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

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

	30-09-2023	31-12-2022
Cash and cash equivalents	13	499
Non-current borrowings	(31,214)	(34,285)
Lease liabilities	(5,096)	(5,299)
Current portion of non-current borrowings	(6,143)	(6,143)
Interest charged on borrowings (18 note)	(134)	(49)
Current portion of lease liabilities	(433)	(403)
Net debt	(43,007)	(45,680)
Cash and cash equivalents	13	499
Borrowings with a fixed interest rate	(43,020)	(46,179)
Net debt	(43,007)	(45,680)

	Cash	Borrowings	Other financing	Leases	Total
Net debt as at 31 December 2022	499	(40,477)	-	(5,702)	(45,680)
Increase (decrease) in cash and cash equivalents	(486)	-	-	-	(486)
New leases	-	-	-	(139)	(139)
Write – offs and termination of leases	-	-	-	2	2
Lease payments	-	-	-	310	310
Repayment of a borrowing	-	3,071	-	-	3,071
Interest charged	-	(275)	(14)	(58)	(347)
Interest paid	-	190	14	58	262
Net debt as at 30 September 2023	13	(37,491)	-	(5,529)	(43,007)

13. Lease liabilities

Lease liabilities and their movement were as follows:

	2023	2022
Carrying amount at the beginning of the period at 1 January	5,702	4,594
Concluded lease contracts	139	1402
Terminated leases	(2)	-
Expenses of interest charged	58	49
Lease payments (principal and interest)	(368)	(243)
Carrying amount at the end of the period at 30 September	5,529	5,802
Non-current lease liabilities	5,096	5,396
Current lease liabilities	433	406

Maturity of non-current lease liabilities:

	30-09-2023	30-09-2022
Current lease liabilities	433	406
Maturity of non-current lease liabilities:		
Between 1 and 2 years	411	301
Between 2 and 3 years	367	411
Between 3 and 5 years	33	367
After 5 years	4,285	4,317
Total	5,529	5,802

14. Congestion management revenue

	2023	2022
Opening balance of congestion management revenue at 1 January	351,495	109,087
Congestion management revenue received during the period	77,106	212,454
Used for investments in property, plant and equipment	(47,342)	(13,106)
Congestion management revenue recognized as income during the period	(109,882)	(1,861)
Closing balance of congestion management revenue at 30 September	271,377	306,574
Non-current portion of congestion management revenue included in liabilities	151,292	285,754
Current portion of congestion management revenue included in liabilities	120,085	20,820

15. Current and deferred income tax

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

The company in 2023 September 30 had 22,925.5 thousand EUR (December 31, 2022 - EUR 55,374.1 thousand) tax loss and deferred income tax assets in 2023 September 30 – 3,438.8 thousand EUR (December 31, 2022 - EUR 8,306.1 thousand).

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

16. Trade payables

	30-09-2023	31-12-2022
Amounts payable for electricity	29,939	53,737
Amounts payable for contractual works, services	4,885	4,900
Amounts payable for property, plant and equipment and inventories	16,836	11,509
Carrying amount	51,660	70,146

In 2023, September 30, the debt for electricity decreased by 1,79 times due to the decrease in electricity prices.

The debt for long-term tangible assets increased by 1,46 times due to the synchronization projects with the Continental Europe.

17. Other payable amounts and liabilities

	30-09-2023	31-12-2022
Other current payables and liabilities		
Advance amounts received from connection of new consumers	2,209	1,115
Grants received in advance *	35,754	32,802
Non-current trade payables	262	321
Deferred revenue	154	154
Total other current payables and liabilities	38,379	34,392
Other current payables and liabilities		
Non-financial current liabilities		
Employment-related liabilities	1,287	303
Accrued expenses relating to vacation reserve	1,430	1,442
VAT payable	-	4,055
Real estate tax payable	-	622
Total non-financial liabilities	2,717	6,422
Financial current liabilities		
Dividends payable	497	522
Interest payable **	-	49
Accrued other expenses	1,464	2,580
Deposits received	2,732	2,334
Fee payable to the regulator	618	394
Other amounts payable and current liabilities	16	6
Total financial current liabilities	5,327	5,885
Total carrying amount of financial and non-financial liabilities	8,044	12,307
Total carrying amount of other payables and liabilities	46,423	46,699

* Grants received in advance mainly consist of funds received from the CEF (Connecting Europe Facility) fund for the implementation of the synchronization program. Expenditures for which a grant was received are planned to be incurred in 2023 and the grant is planned to be recognized in 2024

** Starting from 2023, payable loan interest is reclassified as short-term loans.

18. Information by segments

The Company is engaged in electricity transmission and related services activities and operates as one segment. All non-current assets of the Company are located in Lithuania, where the Company carries out its activity. During the nine months of 2023, revenue from the Lithuanian clients accounted for 71% of the Company's total revenue (during the nine months of 2022: – 79 percent).

The Company's revenue by geographical location of customers:

	30-09-2023	30-09-2022
Lithuania	224,515	227,426
Estonia	21,829	34,710
Sweden	7,394	12,849
Norway	4,679	7,310
Poland	2,091	4,184
Latvia	1,951	1,251
Other countries	12,487	592
Total	274,946	288,322

The Company's revenue from the major clients:

Company name	30-09-2023
Energijos skirstymo operatorius AB	64,769
Elering AS	21,793
Ignitis UAB	20,555

The Company's revenue from the major clients:

Company name	30-09-2022
Energijos skirstymo operatorius AB	127,570
Elering AS	34,709
Ignitis UAB	33,755

19. Revenue from electricity transmission and related services

Revenue from contracts with customers	30-09-2023	30-09-2022
Revenue from electricity transmission and related services		
Electricity transmission services	45,728	53,850
Trade in balancing/imbalance electricity	78,975	126,506
Electricity ancillary services	19,897	77,117
Revenue from other sales of electricity and related services	4,314	1,524
Total revenue from electricity transmission and related services	148,914	258,997
Other income from contracts with customers		
Income from administration of guarantees of origin	62	103
Total other income	62	103
Total revenue from contracts with customers:	148,976	259,100
Revenue not attributable to contracts with customers		
PSO services	-	26,151
Congestion revenue	3,156	1,861
Other electricity related services	12,700	396
Revenue from connection of producers and relocation of electrical installations	10	10
Total revenue not attributable to contracts with customers	15,866	28,418
Total revenue	164,842	287,518

All revenues are recognized over – time.

Revenue from electricity transmission and related services decreased by 42.7% in the first nine months of 2023 compared to the first nine months of 2022.

The electricity transmission services revenues decreased by 15.1% due to decreased in the electricity transmission services volume by 10.7% and due to decreased in the transmitted electricity price by 4.9%.

The revenue from imbalance and balancing energy decreased by 37.6% due to decreased in the electricity transmission services price by 57.9% although the transmitted electricity volume increased by 49%.

Revenue from electricity ancillary services decreased 74.2%. The main reason for the decrease by 55.9% is a lower component of the acquisition of additional services to the price of the transmission service.

20. Other income

	30-09-2023	30-09-2022
Congestion management revenue used for reducing electricity transmission tariff *	106,725	-
Income from lease of assets	412	400
Interest on late payment and default	2,917	302
Other income	50	102
Total	110,104	804

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

21. Expenses of electricity transmission and related services

	30-09-2023	30-09-2022
Expenses for purchase of imbalance and balancing electricity	(79,096)	(152,350)
Expenses for electricity ancillary (system) services	(72,329)	(67,214)
Expenses for electricity technological needs	(28,223)	(75,392)
Expenses for electricity and related services	(4,273)	(2,461)
Total	(183,921)	(297,417)

The expenses for the purchase of electricity and related services constituted a significant part of the Company's expenses – 80.8% of all expenses – and decreased by 38.2% compared to the first nine months of 2022 to EUR 183,9 million.

Expenses for additional services increased by 7.6% to EUR 72.3 million due to the higher prices of service providers set by the Regulator.

Balancing and disbalance electricity costs decreased by 37.4% despite a higher quantity but lower price, reaching EUR 79.1 million. (In expenses for purchase of imbalance and balancing electricity for 9 months of 2022 include EUR 26.1 million expenses for PSO services, which were eliminated by comparing the change in expenses for purchase of imbalance and balancing electricity).

Compensation of technological losses decreased by 62.6% to EUR 28.2 million due to a 60.1% lower average purchase price.

22. Other expenses

	30-09-2023	30-09-2022
Telecommunications and IT system expenses	(1,863)	(1,685)
Tax expenses	(1,893)	(1,700)
Tax regulator expenses	(1 854)	(1,183)
Business protection expenses	(659)	(563)
Membership tax expenses	(387)	(327)
Management services expenses	(362)	(197)
Business trip expenses	(293)	(162)
Insurance expenses	(307)	(181)
Transport expenses	(219)	(218)
Rental expenses	(216)	(264)
Other expenses	(1,229)	(2,549)
Total	(9,282)	(9,029)

23. Related-party transactions

The Company's related parties were as follows:

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

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

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

Related parties	Receivables and accrued income	Amounts payable and accrued charges	Loans granted	Purchase	Sales
<u>EPSO-G UAB group companies</u>					
EPSO-G UAB	512	149	195,513	315	3,330
TETAS UAB	408	1,236	-	6,837	618
BALTPOOL UAB	-	-	-	-	-
UAB“Energy cells“	47	283	-	370	398
<u>State-controlled companies</u>					
Energijos skirstymo operatorius AB	10,616	1,285	-	1,299	64,749
Ignitis gamyba AB	1,034	14,805	-	97,499	2,712
Ignitis grupės paslaugų centras UAB	29	-	-	-	214
Ignitis UAB	1,835	809	-	8,150	20,555
Vilniaus kogeneracinė jėgainė UAB	14	192	-	466	35
Kauno kogeneracinė jėgainė UAB	1	17	-	182	64
Transporto valdymas UAB	-	-	-	-	-
Lietuvos automobilių kelių direkcija VĮ	-	707	-	-	368
Ignalinos atominė elektrinė VĮ	51	-	-	-	402
LGT Infra AB	26	76	-	-	275
VĮ Registrų centras	-	2	-	399	-
	14,573	19,561	195,513	115,517	93,720

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

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

Related parties	Receivables and accrued income	Amounts payable and accrued charges	Loans granted	Purchase	Sales
<u>EPSO-G UAB group companies</u>					
EPSO-G UAB	-	49	58,321	165	-
TETAS UAB	464	364	-	6,198	70
BALTPOL UAB	1,054	-	-	-	11,553
UAB“Energy cells“	-	-	-	-	-
<u>State-controlled companies</u>					
Energijos skirstymo operatorius AB	28,704	1,052	-	3,494	128,314
Ignitis gamyba AB	3,623	27,070	-	124,832	21,711
Ignitis grupės paslaugų centras UAB	34	-	-	-	219
Ignitis UAB	10,906	-	-	9,553	33,755
Vilniaus kogeneracinė jėgainė UAB	15	126	-	416	85
Kauno kogeneracinė jėgainė UAB	-	118	-	608	162
Transporto valdymas UAB	-	-	-	123	-
Lietuvos automobilių kelių direkcija VĮ	-	321	-	-	-
Ignalinos atominė elektrinė VĮ	166	-	-	-	760
LGT Infra AB	88	15	-	-	413
	45,054	29,115	58,321	145,389	197,042

Payments to the key management personnel

	30-09-2023	30-09-2022
Employment-related payments*	837	567
Whereof: termination benefits	-	-
Number of the key management personnel (average annual)	9	7

* - with employer contributions for social security.

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

Key management personnel consists of the Company's head of administration and department directors and Board members. Payments to the Board members for the first nine months of 2023 amounted to EUR 46,650 (compared to EUR 32,250 for the first nine months of 2022).

24. Dividends

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

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

25. Basic and diluted earnings per share

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

	30-09-2023	30-09-2022
Net profit (loss) attributable to the Company's shareholders (EUR thousands)	43,322	(43,474)
Weighted average number of shares (units)	504,331,380	504,331,380
Basic and diluted earnings (deficit) per share (in EUR)	0.086	(0.086)

26. Litigations

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

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

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

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

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

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

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