EPSOG group strategy 2035

Table of content

Legal disclaimer

The statements and indicators outlined in this document are expectations for the future. The information provided is based on the current knowledge, expectations, and assumptions of the EPSO-G group of companies (hereinafter – the Group) regarding future events and trends that may affect the Group's operations.

Forward-looking statements include information about the Group’s expected performance, business strategies, contractual relationships, competitive environment, operating conditions, potential growth opportunities, future regulatory impacts, competitive effects, and similar matters. Although the Group believes the estimates and forecasts presented are reasonable, there are risks, uncertainties, and other significant factors beyond the Group’s control. These could cause actual results or achievements to differ substantially from those planned.

The realization of the goals set forth in this document may be influenced by changing legal requirements, cost-benefit analyses, and other research findings. Investment volumes and financial forecasts have been calculated based on the information currently available to the Group. Future decision-making may change in response to external circumstances beyond the control of the Group's companies. The strategy is reviewed annually and updated as needed.

EPSO-G, the Group's companies, their officers, and employees are not liable for any damage incurred through the use of this document or its content.

Neither EPSO-G nor the Group's companies are obligated to update or revise any forward-looking statements due to new information, future events, or other circumstances, except as required by law.

We are at the forefront of critical energy infrastructure projects

Building Lithuania’s energy future

Our activities are linked to Lithuania's complex economic and geopolitical energy landscape. Historically dependent on energy imports, Lithuania is determined to move towards self-sufficient, sustainable and carbon-free energy & products exporting economy through the development of a resilient and carbon-neutral energy system.

As the operational arm of the National Energy Independence Strategy, we are at the forefront of critical energy infrastructure projects that enhance system interconnectivity, reliability, and security. Some of our notable recent or ongoing achievements include the synchronisation of the Lithuanian electricity grid with the Continental Europe Network, expansion of gas pipelines to the Klaipeda LNG terminal, enhancement of Latvia-Lithuania gas interconnection, construction of the gas pipeline between Lithuania and Poland, and construction of regional electricity interconnectors with Poland, Sweden, and Latvia.

The energy transmission infrastructure we developed has helped to foster a more sustainable, diversified, and efficient energy exchange in the Baltic Sea region. Lithuania is now free to choose the sources of energy imports, safeguarding our national independence.

However, as we move forward, we embark on a new journey. An acceleration of local renewable energy development is transforming the energy system and providing Lithuania with tools to replace fossil fuel imports whilst supporting a carbon-free energy system and exporting low carbon products. This requires us to update existing transmission infrastructure, energy system operations and exchanges.

We must develop competencies in low carbon systems and in delivering new energy asset classes. To ensure the achievement of Lithuania’s strategic ambition for a carbon-neutral economy, we must also maintain a continuing focus on energy security across electrification, deployment of flexible resources, and system integration. However, to maximise the societal value from potential synergies, we must also grow within and beyond our current activities.

Our people are the key success factor on this journey. Leadership, ownership of the transformation, and expertise will fuel the delivery of the challenge. With this mindset we focus on adaptability, flexibility to seize opportunities, openness to strategic partnerships and cross-sectoral integration, which allows for strengthening the capital base and exploiting synergies for the successful implementation of our renewed strategy.

01 Who we are today

Our core business

Is essential for the energy transition and security of supply

We deliver and operate nationally critical energy infrastructure

Key figures in 2023

1,261
employees

479 M
EUR revenue

59 M
EUR adj. EBITDA[1]

24 M
EUR adj. net profit[1]

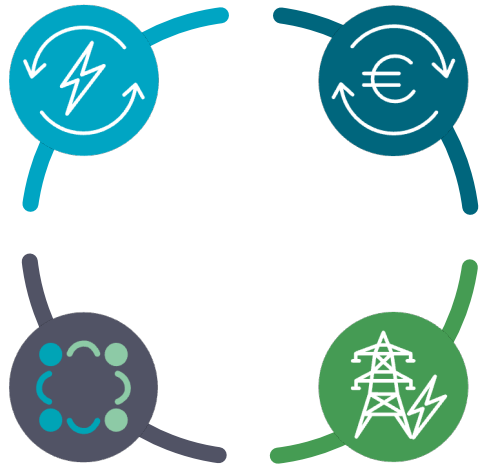
[1] Regulated revenue, expenses and profitability indicators are recalculated due to temporary regulatory deviations from the regulated profitability indicator approved by the Council, revaluation of non-current assets and other gain/loss from non-ordinary activities.

Transmission infrastructure

We deliver and manage critical infrastructure to enable secure and sustainable energy

Exchange services

We facilitate the exchange of low carbon fuels to support energy security and decarbonisation goals



System operation

We ensure safe and reliable operation of an integrated energy system

Engineering & consulting services

We provide engineering and advisory services to enable delivery of low carbon assets and infrastructure

- **Litgrid** — Lithuania's electricity TSO
- **Amber Grid** — Lithuania's gas TSO
- **ENERGY CELLS** — Energy storage system operator
- **TETAS** — Electricity network construction and maintenance
- **EPSOG Invest** — Project management and investment
- **Baltpool** — Biomass and timber exchange
- **getbaltic** — Minority share-holder of natural gas exchange
- **TSO Holding** — Minority shareholder of the Nord Pool power exchange

Our people

Are strategically-important for the **energy security** of Lithuania

Ensure governance of our group activities to bring **integrated and efficient** organisational approach

Enable **sustainable energy strategies** implementation of Lithuania and European Union

We support national sustainability, independence and security goals

We have enabled

A sustainable and effective energy exchange and secured solid ground for the energy transformation

Solid commitment to sustainability
in enabling a climate-neutral energy transition and creating a progressive and sustainable organisation

Accelerating renewable energy
3.5 GW of RES wind and solar capacity integrated into the system, 5-fold increase compared to 2020

Interconnecting energy system
integrated with EU gas and electricity markets

Creating energy exchanges
scaled-up in the region with biomass and gas exchanges

Solid track record in executing large projects

NordBalt – 2016[1]
Lithuania – Sweden subsea power interconnection

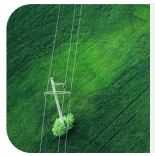
LitPol Link - 2016
Lithuania – Poland power interconnection

GIPL - 2022
Lithuania – Poland gas interconnection

ELLI - 2022
Lithuania – Latvia gas interconnection

Physical barrier - 2022
Installation of a 550 km of physical barrier

BESS - 2023
The electricity storage system with a combined capacity of 200 MW/MWh



Synchronisation - 2025
with continental European grid

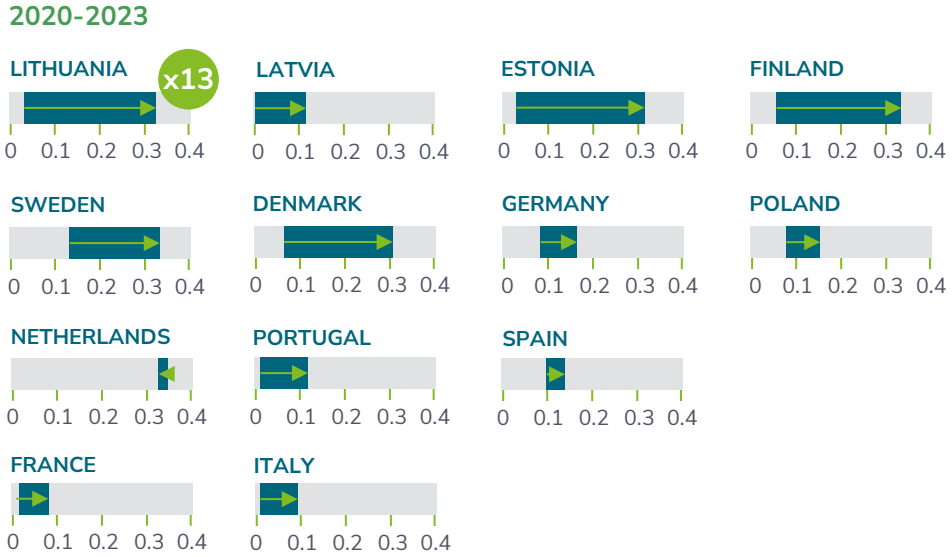
[1] start of exploitation or commercial use

02 Our strategic context

Baltic sea region has strong potential for significant RES and decarbonisation technology additions.

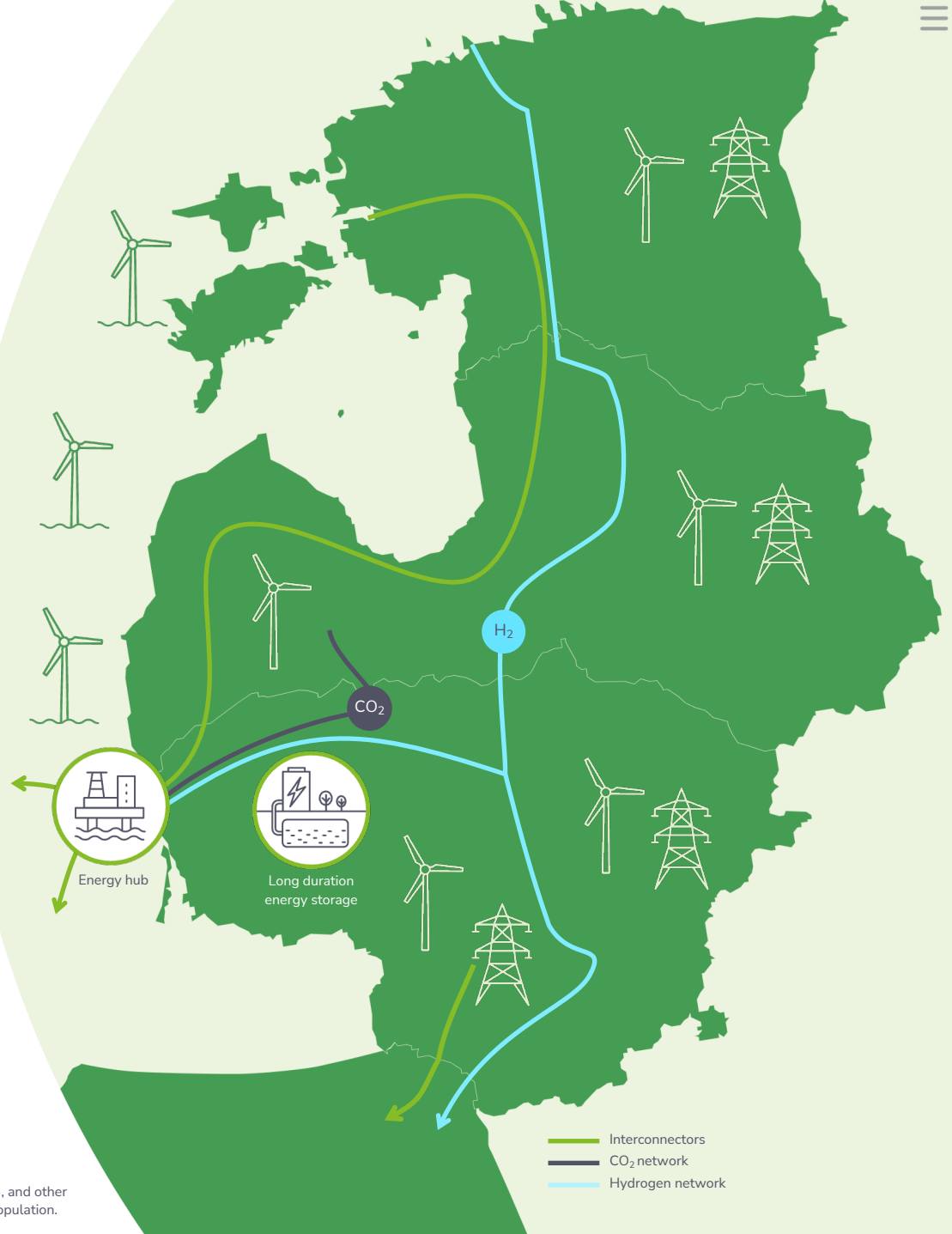
Transformation of the Baltic energy system is underway, creating the potential for a vast interconnected region

Annual new wind and solar capacity installation per capita in selected European countries from start 2020 to end 2023 (kW/cap) *



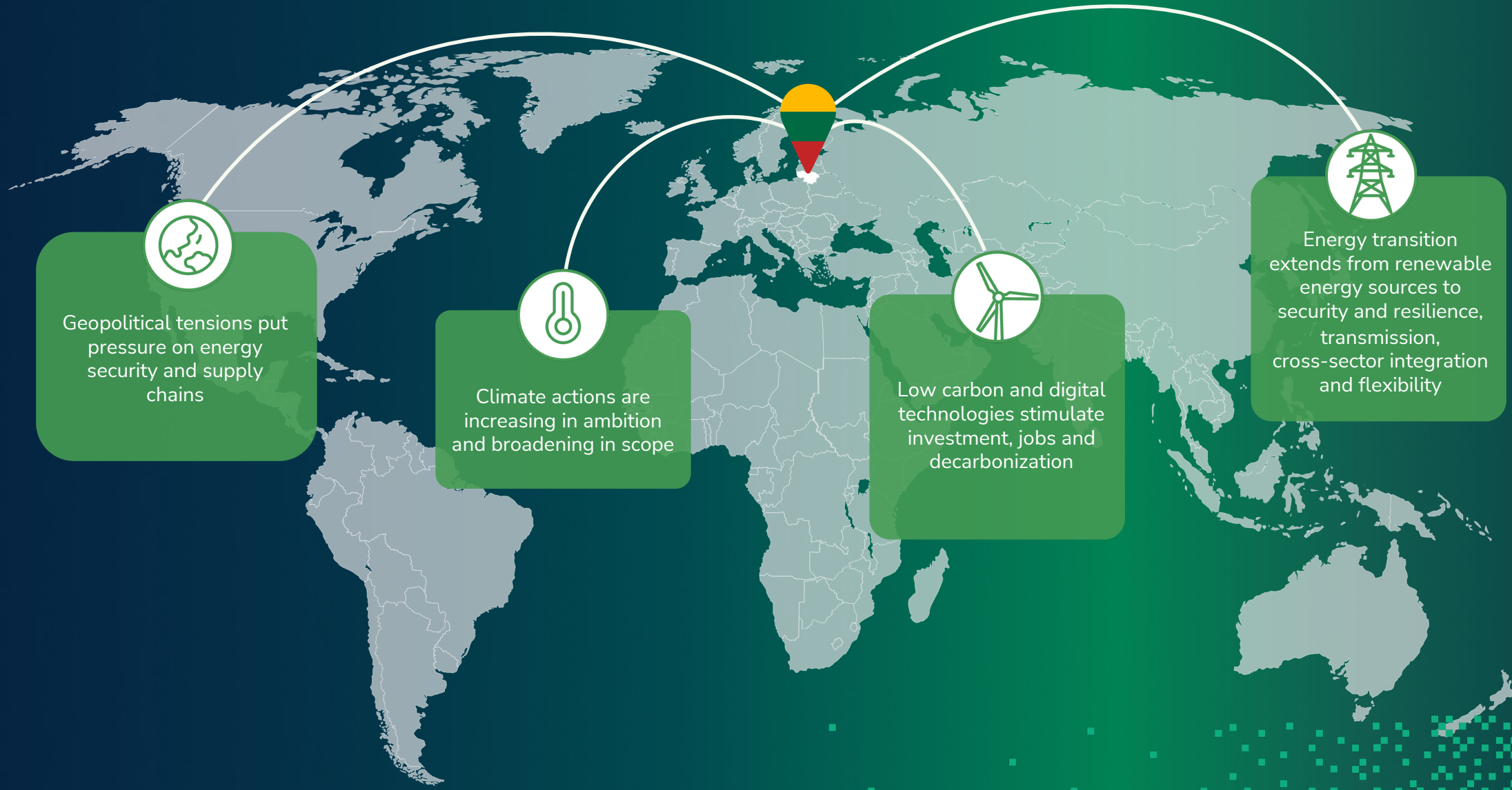
Regional trends:

- The Baltic region is currently the leader in Europe for RES capacity additions per capita
- Risk to peace, supply chain issues and volatile commodity prices are major concerns, but balanced by increased policy certainty
- Regional cross-border integration, new transmission infrastructure, growth of demand via electrification and flexibility resources are needed to maintain development of RES and zero-carbon technologies



Source: ENTSO-E Transparency Platform; PCI-PMI Transparency platform; Lithuania Energy System Transformation to 2050 study, LITGRID (for Lithuania only), and other sources. *Note: data takes the first day of the year. Lithuania 2020: additional 72 MW, 2,809,977 population. Lithuania 2023: additional 934 MW, 2,857,279 population.

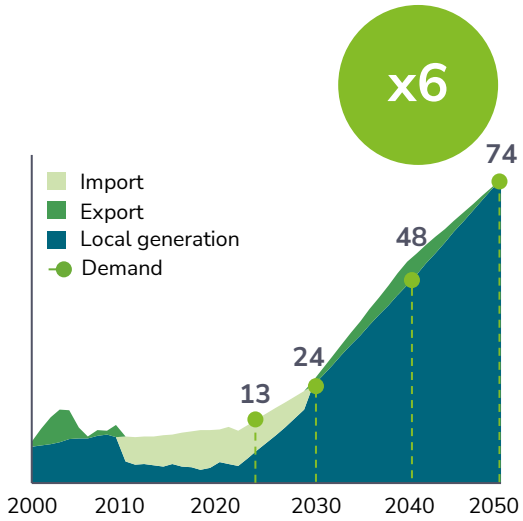
Complex global dynamics are shaping our environment



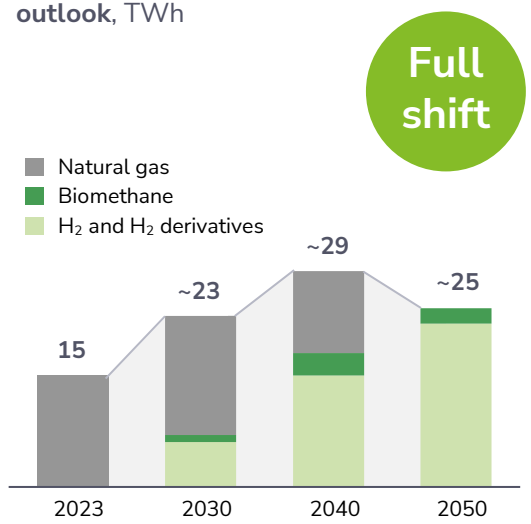
Lithuanian National Energy Independence Strategy

Significant growth in renewable generation to meet demand growth and create exports alongside a transition away from fossil-based methane to hydrogen. Growth in renewables requires enhanced system flexibility, through interconnections and other cross-sectoral flexible resources.

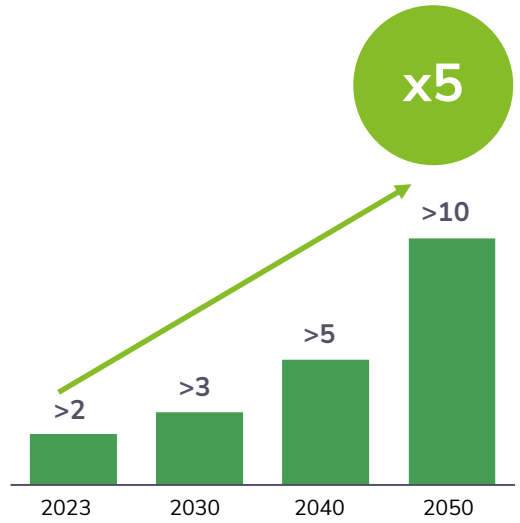
Lithuanian electricity demand and supply outlook, TWh



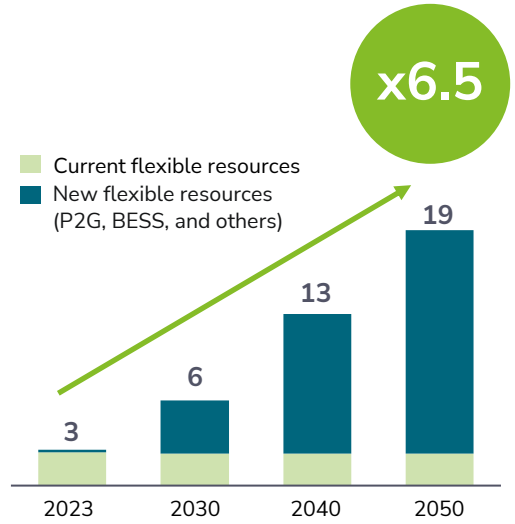
Lithuanian methane and H_2 and H_2 derivatives demand outlook, TWh



Lithuanian interconnection capacity, GW



Lithuanian flexible resources (excl. Interconnections), GW



Ambitious national strategy

To be climate neutral, energy independent and a net exporter of power and low carbon energy products by 2050

03 Our mission and commitments

OUR PURPOSE

To power a confident and green future in an ever-changing world

OUR VISION

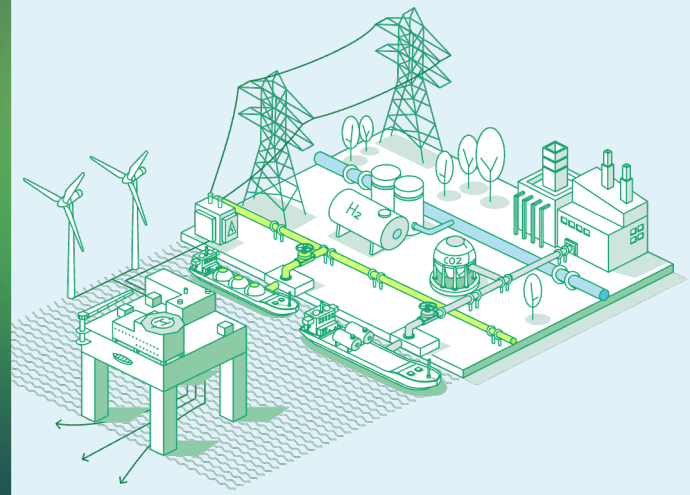
To enable the transformation of the energy industry while simultaneously safeguarding national security interests

OUR MISSION

To accelerate energy independence and enhance system security

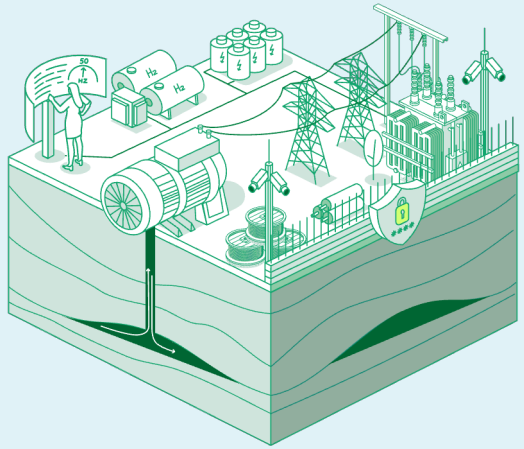
Our three fundamental commitments

Driver of tomorrow's infrastructure



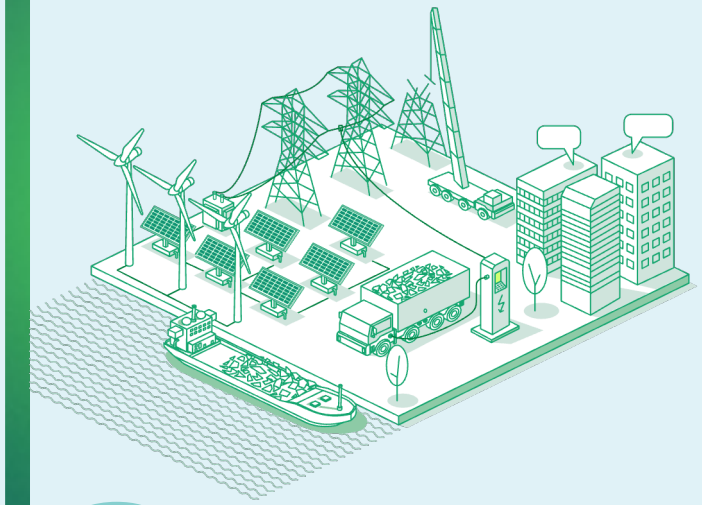
1 We see the transformation of the energy sector as a **fundamental** change. Our goal is to **provide the infrastructure** upon which the **net-zero energy system** will be based.

Provider of security and reliability



2 We aim to **enhance security** and **reliability** within and beyond the energy sector, strengthening **national** and **regional security**. Our work is essential for a reliable future.

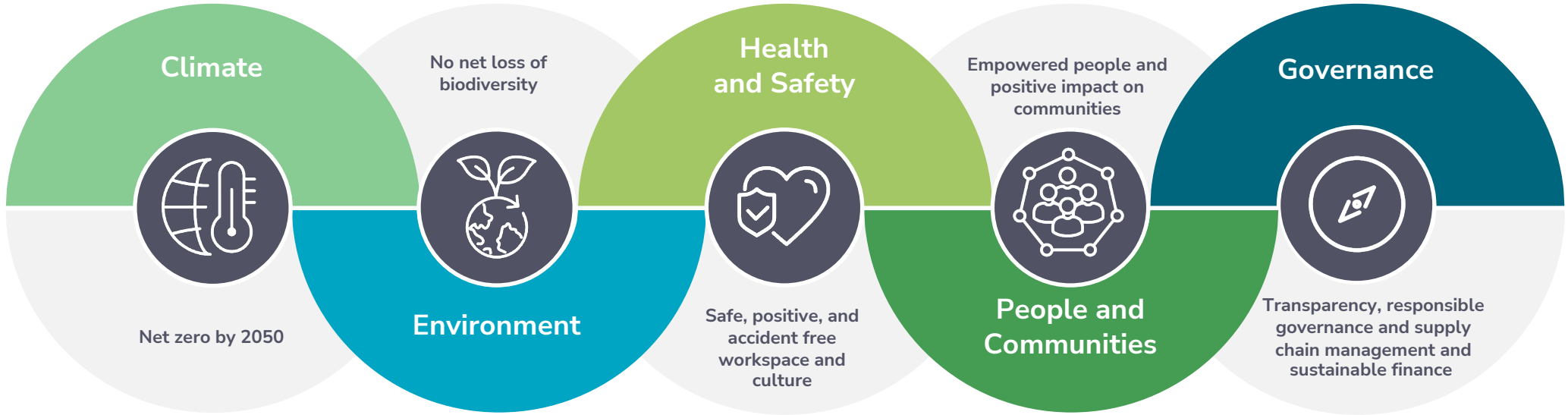
Vital and skilled strategic partner



3 **Energy transition** requires a systemic and **close cooperation** of various industry peers, investors and governments. Our goal is to **be a vital partner** in developing low-carbon infrastructure and markets.

Our key guiding principles and sustainability targets for creating positive impact

Our business strategy directly targets 7 UN SDGs while contributing to all the others



Building a stronger organisation for our people

Focusing on our unified culture and identity

We are targeting:

Building a **unified Group culture** and identity

Employer of choice

Ensure **development and growth** of our people

Organisational capability and sustainability

We develop capabilities to enable the energy transformation. We refine our work environment and processes and interact with education institutions.

- **Identification and application of future competences**
- **Matrix leadership focused development**
- **Promote energy profession**
- **Creating new tools to attract and maintain workforce**

Leadership and talent growth

We rely on our ability to constantly learn for the Group and its people to flourish. We will focus on creating opportunities to further develop talents and leadership skills.

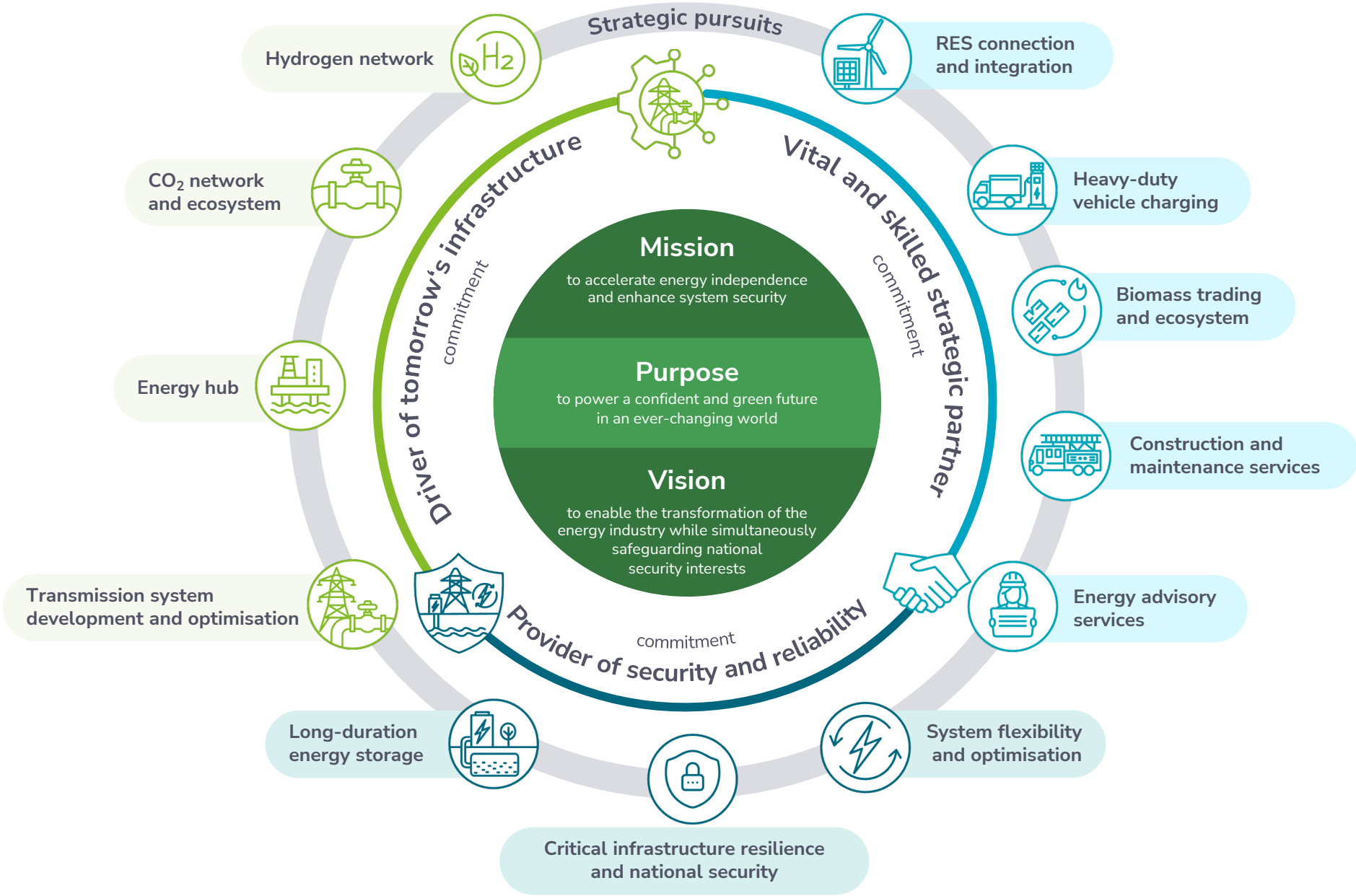
- **Employee growth via talent review and succession**
- **Focused development of professionals**
- **Engaging and empowering employees**
- **Ensure transparency, diversity and engagement**

04 Strategic framework & strategic pursuits

Our strategic framework

ENABLERS

- Financing
- Supply chain & procurement
- People, culture and capabilities
- Partnerships
- Asset delivery and management
- Energy market development
- Innovation and digitalisation



Driver of tomorrow's infrastructure

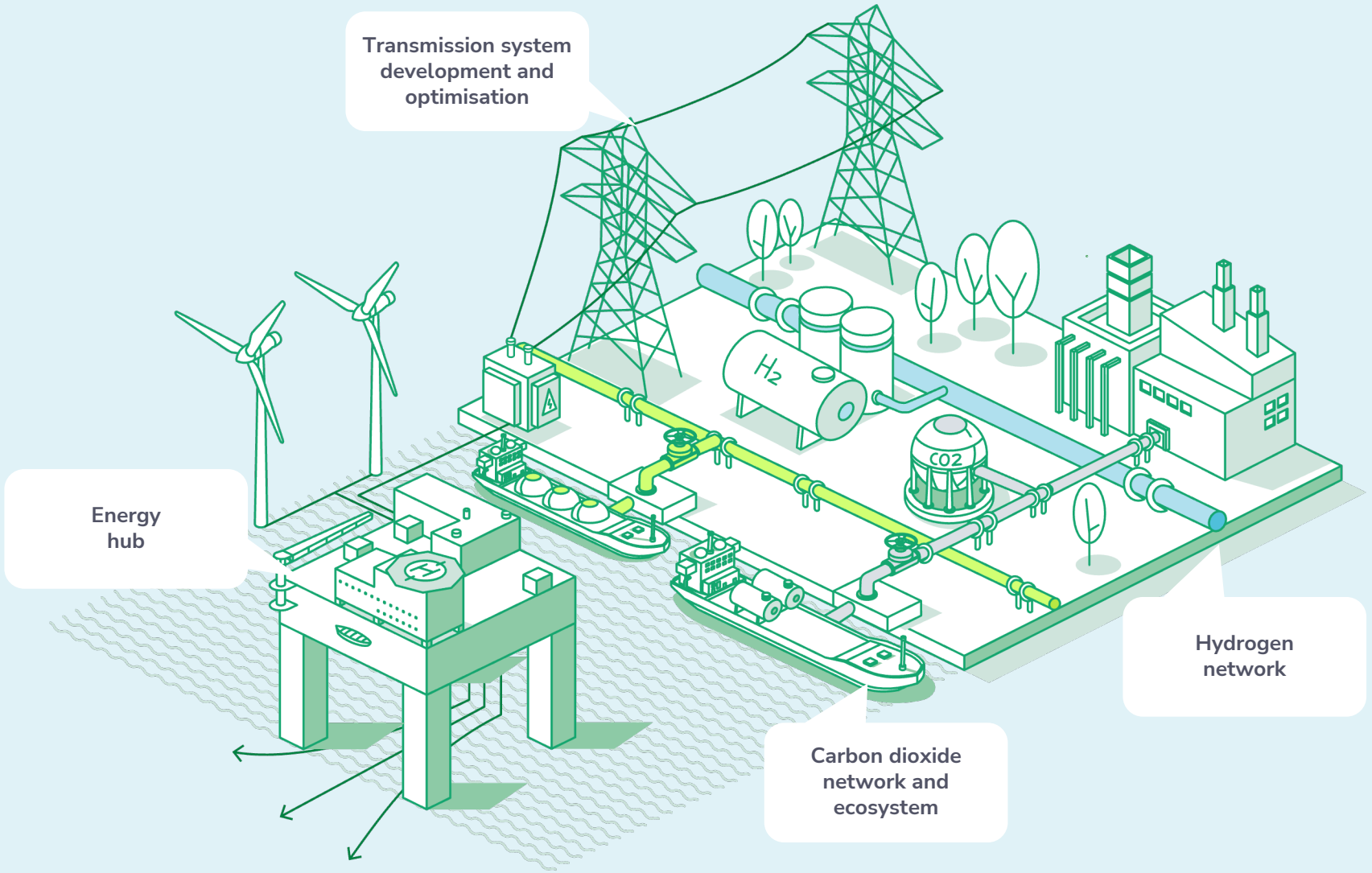
We see the transformation of the energy sector as a fundamental change

We support increasing connectivity across existing and new energy vectors

We are leading the way for successful integration of the new energy vectors like hydrogen, CCUS, synthetic gases

1 OBJECTIVE

Is to build the infrastructure upon which the future of energy will be based



Driver of tomorrow's infrastructure

Lithuanian energy strategy 2050

≥ 74 TWh
total electricity consumption

≥ 24 TWh
H_2 production

≥ 9 TWh
H_2 derivatives

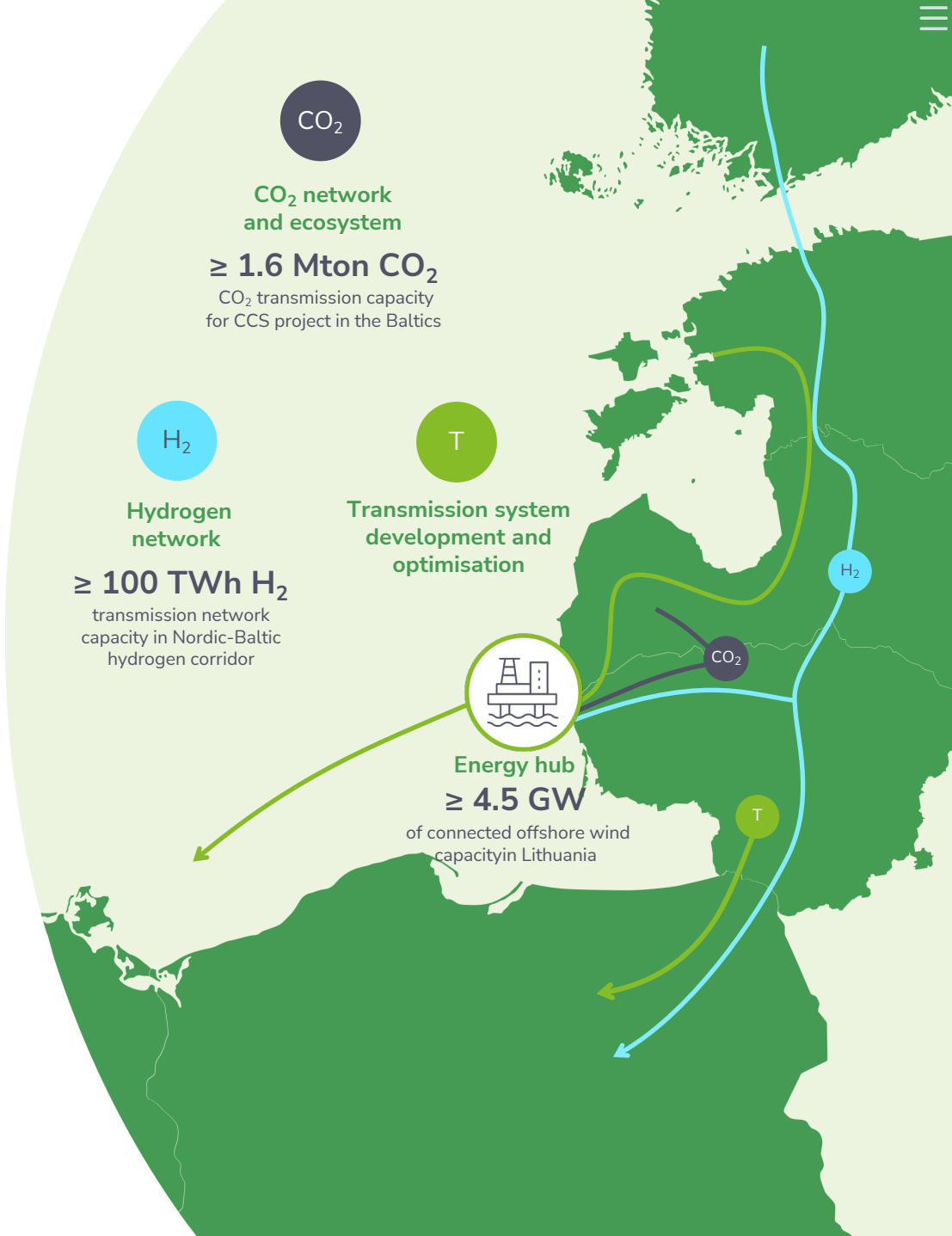
≥ 10.7 GW
cross-border electricity interconnectors capacity

We support increasing connectivity and are leading the way for successful integration of new and existing energy vectors

Energy transformation requires continuous **Transmission system development and optimisation**:

- We are preparing for **electrification** of energy system and **optimization** of gas network to be fit for future needs
- We will provide the **infrastructure for hydrogen transmission** to accelerate Lithuania hydrogen ecosystem development
- We will **facilitate regional cooperation** to unlock the full potential of offshore wind and onshore greenhydrogen production
- We will explore potential to provide **CO_2 network** to support decarbonization as well as development of higher-value ~ products ecosystem

Potential investments until 2035
6.8–8.4 B EUR



Provider of security and reliability

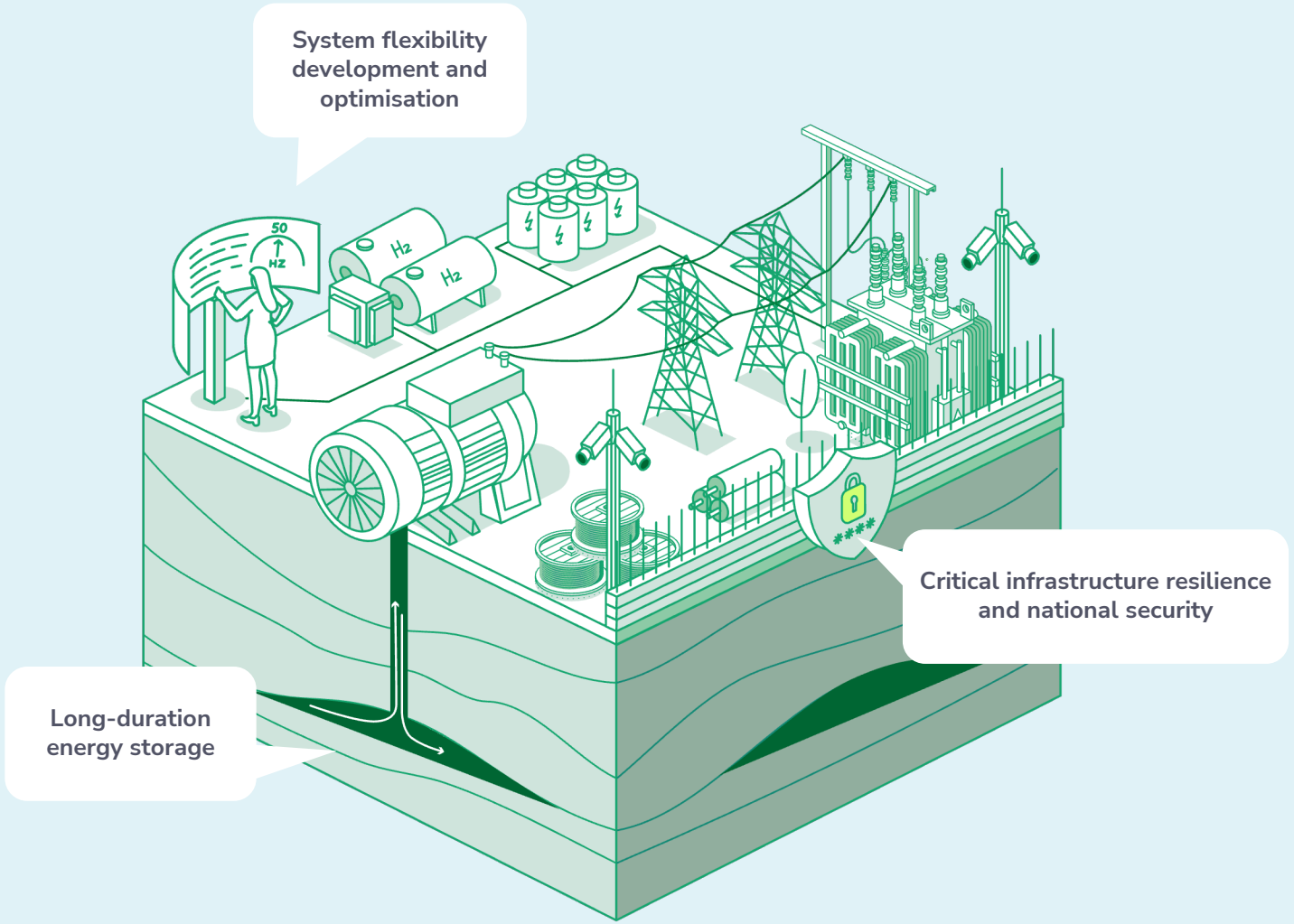
Our work is essential for a reliable future

We will deliver a more resilient and flexible system

We are taking extra steps both within and beyond our current boundaries to support national security

2 OBJECTIVE

enhance security and reliability within and beyond the energy sector, strengthening national and regional security



Provider of security and reliability

We will deliver a more resilient and flexible system, taking extra steps both within and beyond our current boundaries to support national security

Safeguarding resilience of critical infrastructure and national security

We strengthen the safety of our assets against physical and cyber threats, and act as a strategic partner for national security initiatives

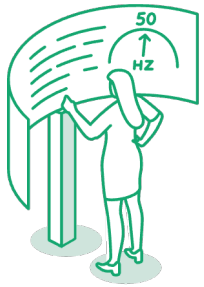
Cyber & physical security

Energy system

National security

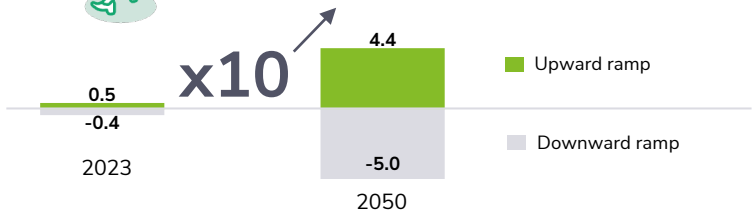
Partnerships & projects

Development and use of the most efficient flexibility resources

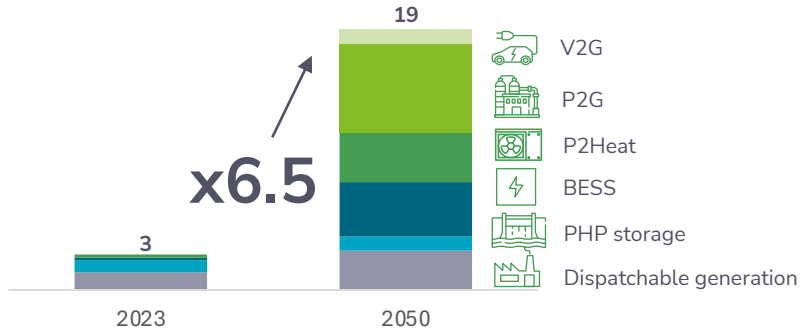


Increasing levels of intermittent power generation requires significant development of system flexibility and cross-sector integration:

Estimated needs for short duration flexibilities in Lithuanian power system, GW/h[2]

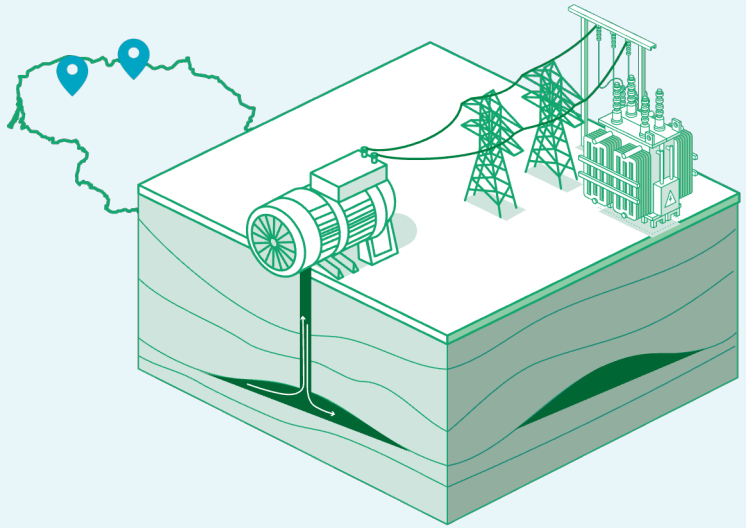


Flexible resources, GW[1]



[1]Lithuania National Energy Independence Strategy [2]Lithuanian energy system transformation study

Developing of long-term energy storage



We are investigating long-term energy storage solutions to support system resilience whilst enabling the energy transition

Key stats:

~ 6 TWh

Required seasonal storage capacity (2050)[2]

~0.3-1 TWh

Potential underground Compressed Air Energy Storage capacity (2040)

Vital and skilled strategic partner

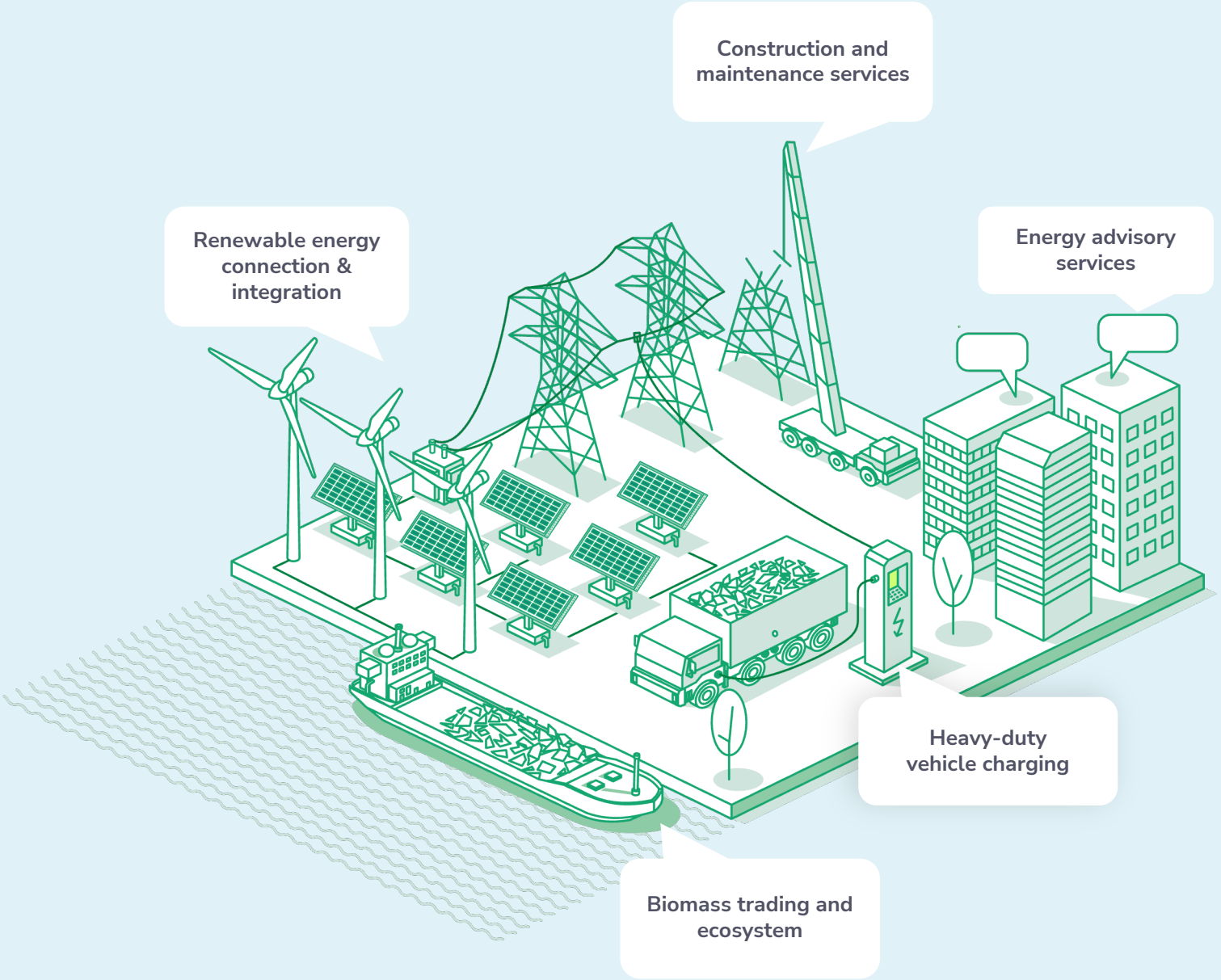
Energy transition requires a systemic and close cooperation of various industry peers, investors and governments

We will foster close cooperation to unlock the potential of renewables both at home and in the Baltic Sea region

We will enhance synergy and integration of different business sectors

3 OBJECTIVE

Be a vital partner in developing low-carbon infrastructure and markets



Vital and skilled strategic partner

We will foster close cooperation to unlock the potential of renewables both at home and in the Baltic Sea region

Lithuanian energy strategy 2050

95%
Target RES share in final energy demand

~80%
Target share of electric transport

3.4 TWh
Biomethane production

24.9 GW
Electricity generation capacity from RES

Rapid growth of RES encouraged us to strengthen and extend our activities to support energy transformation:

Biomass trading & ecosystem services

We are developing new services and expanding into regional markets to increase transparency and competition in biomass trades.

~40%
Share of the Baltic Sea region's biomass energy traded (TWh) by 2035

Heavy-duty vehicle charging

We will enable the roll-out of transmission connected ultra-fast chargers network to support transport decarbonisation.

60-100 km
Expected density of HDEV chargers

Energy advisory services

To foster energy transformation, we will leverage in-house expertise and consult developers, investors and operators of low carbon infrastructure.

BESS
focus on integration, development and operation

Renewable energy connection & integration

To achieve energy independence, we will continue ensuring connection and integration of large amounts of renewable energy resources.

13.4 GW
Electricity generation capacity by 2035

Construction & maintenance services

We will extend our activities seeking to support construction, connection and maintenance services of RES in the region.

~20%
Projected international revenue share

05 Our key enablers

Force multipliers to empower change

To deliver our ambitious objectives we are unleashing a range of enablers across our business.

1 Financing

- Diversified funding base
- Strong relationships with capital providers
- Prioritisation of investments that have the highest return and impact

2 Partnerships

- With industry peers
- With local and EU regulators
- With academic organisations

3 Supply Chain & Procurement

- Diverse range of suppliers
- Leveraging collective buying power
- Utilising a wide range of procurement platforms

4 Asset Delivery & Management

- Project management methodologies
- Digital asset management tools
- Proactively managing portfolio-level risks

5 Innovation & Digitalisation

- Cutting-edge technologies
- Through 'big data' to 'smart data'
- Digital literacy & Culture

6 Energy Market

- Integration into the European energy markets
- Ensure access, competition & transparency
- Development of market frameworks, mechanisms and platforms

Culture & Capabilities

Our success is driven by expertise, continuous learning and the ability to act in a constantly changing environment

We will **grow our team by** more than 20% with attraction of local and international experts

>20%

Lithuania's energy future is driven by our people with unified values

Open | **Reliable** | **Responsible**

Areas driving business growth

- Renewables
- Energy storage
- Electrification
- Carbon transportation & storage
- Hydrogen integration and transportation
- Power to X technologies

06 Our strategic roadmap and KPIs

Describing 2035 Success: Value proposition for our stakeholders

Powering a confident and green future in an ever-changing world

1 Society
thrives in a sustainable economy

-50%
GHG gas emission (Scope 1 and 2) reduction by 2030, reaching net-zero by 2050

2 Clients
experience seamless and high quality services

AIT ≤ 0.93 min
ENS ≤ 27.25 MWh
Maintain electricity transmission reliability

≥ 80 points
Global Customer Satisfaction Index (GCSI) as a leading companies rating scores

0 unplanned gas interruptions
Uninterrupted gas transmission and fast fault recovery

3 Our people
are empowered

Safe, positive, and accident free workspace and culture
0 severe and fatal accidents for employees and contractors

≥ 70%
employee engagement rate maintained

Top Employer certificate

4 Founders and investors
unlock new possibilities and reap the rewards

≥ 270 M EUR
Group adjusted EBITDA grown to by 2035

High single – low double digit
average adjusted ROE

CAPEX 90-110%

Financial status ≥ Baa3
or equivalent

5 Partners
collaborate for success

≥ 12 GW
onshore renewables capacity connected to electricity network

≥ 26 TWh/year H_2
International transmission capacity

≥ 1.4 GW
Installed capacity of offshore wind

≥ 1.6 Mt CO_2
International transmission capacity for CO_2 captured by cement producers

~2.4 TWh
of RES gases injected into the gas grid

≥ 12.2 GW
capacity of flexible resources

≥ 3.5 GW
capacity of interconnectors with EU countries

Our roadmap delineates three distinct time horizons, each with unique outcomes built on the successes of its predecessors

Unique outcomes

1 CREATING ENERGY SELF-SUFFICIENCY
Now – 2029

Lithuania is synchronized with CEN, fully covers electricity demand by domestic generation, baseline of security of supply is developed

2 EXPANDING INTO NEW ENERGIES
2030 – 2035

Hydrogen economy is kicked-off, allowing further renewable expansion and first steps for major shift from fossil fuels

3 SCALING OUR ACTIVITIES
2036 – 2050+

The region's connected for existing and new energy exchanges, Lithuania becomes an exporter of power and low carbon energy products

Driver of tomorrow's infrastructure

1

Litgrid

Reliable infrastructure prepared for integration of RES in Lithuania

Amber Grid

Implementation of preparatory actions for **CO_2** and **hydrogen** transport networks

2

Litgrid

Harmony Link interconnection project between Lithuania and Poland

Amber Grid

Connecting **hard-to-abate** CO_2 emitters to the CO_2 transportation network

Amber Grid

First **hydrogen** demand and supply connected in Lithuania. Creating a regional hydrogen corridor from Finland to Germany via Estonia, Latvia, Lithuania and Poland

3

Litgrid

Developed energy hub to facilitate offshore wind and onshore green H_2 production

Amber Grid

Fully developed hydrogen network to meet regional market needs

Provider of security and reliability

1

Litgrid

Finished **synchronisation** with CEN by 2025

EPSOG

Development and implementation of strategic partnership to support **national security**

2

Amber Grid

Start of the optimisation of the gas grid, depending on gas consumption and transmission levels

EPSOG

Completion of long-term **storage** pilot project with decisions on further development

3

EPSOG

Enabled long duration **storage**

Vital and skilled strategic partner

1

Amber Grid

The Lithuanian Register of guarantees of origin for renewable gas connection to European schemes

TETAS

Expansion of **construction services** internationally

ENERGY CELLS

Initiation of advisory services & expansion regionally

Baltpool

Begin trading **biomass** operations in Poland by 2025 and begin trading wood chips via ships by 2026

EPSOG

Partnerships in / **roll-out** of charging hubs for **HDEV**

2

Baltpool

> 11 TWh of **biomass** traded in international markets on our platform

EPSOG

By 2035, ensure that at least 50% of operational partners have set GHG reduction targets that contribute to the Group's Climate Transition Plan.

3

Litgrid

Electricity network expanded and able to connect 25+ GW of RES capacity and 19 GW flexible resources

EPSOG

Achieving net zero target by 2050

07 Our financial outlook

Significant investments to achieve Lithuania's energy independence

Low capital intensive

Vital and skilled partner

- RES connection and integration
- Heavy-duty vehicle charging
- Biomass trading and ecosystem
- Construction & maintenance services
- Energy advisory services

Medium capital intensive

Security and reliability

- Long-duration energy storage
- Critical infrastructure resilience and national security
- System flexibility development and optimisation

High capital intensive

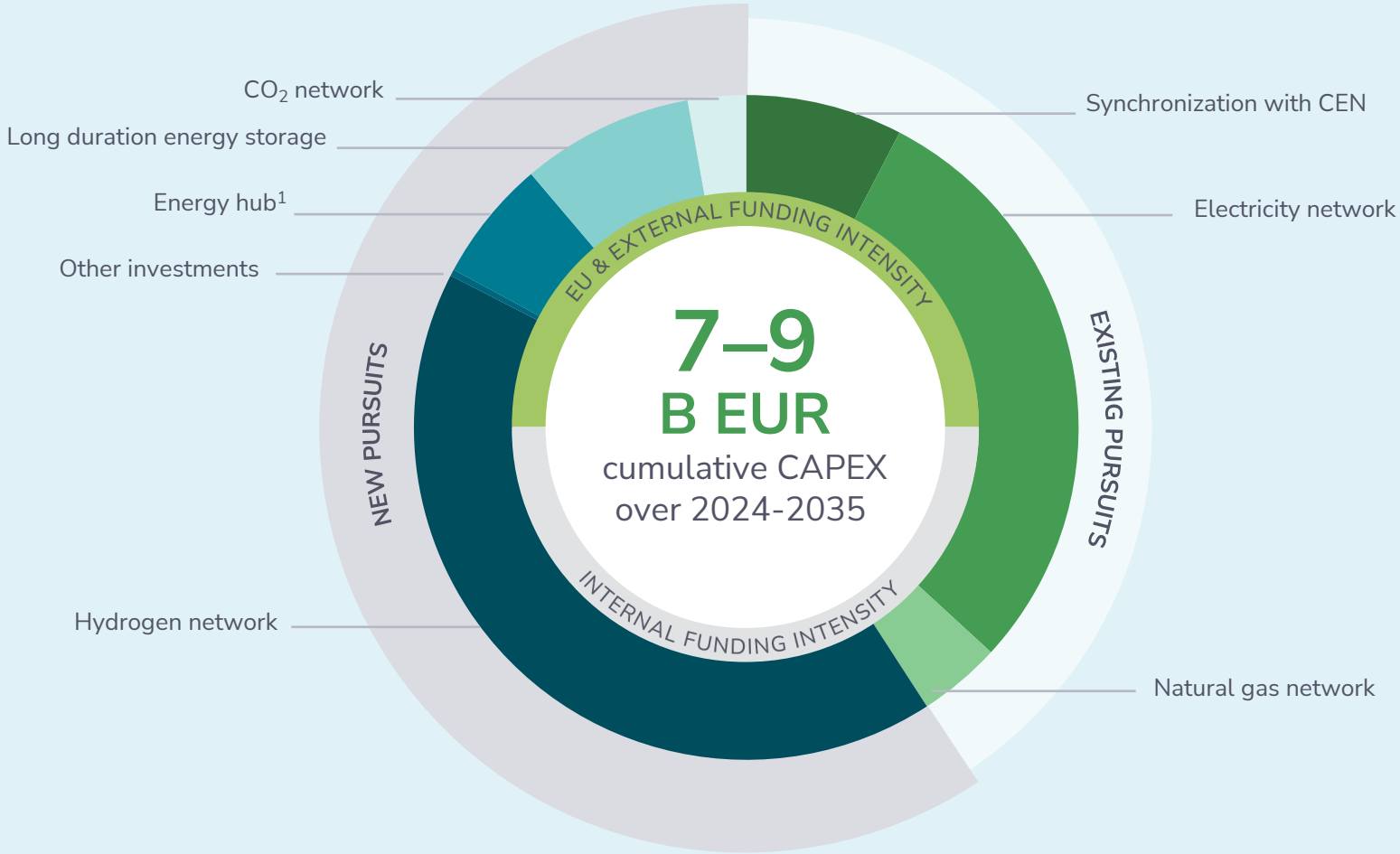
Tomorrow's infrastructure

- Hydrogen network
- CO_2 network and ecosystem
- Energy hub
- Transmission system development and optimisation

Our CAPEX investment ambition

We are focused on upgrading and extending our current network and developing new transmission infrastructure

Planned 2024-2035 investments by project[1], B EUR



Investments to be financed through multiple funding sources, such as:

Maximize
EU & external funding

Introduce
Partnerships

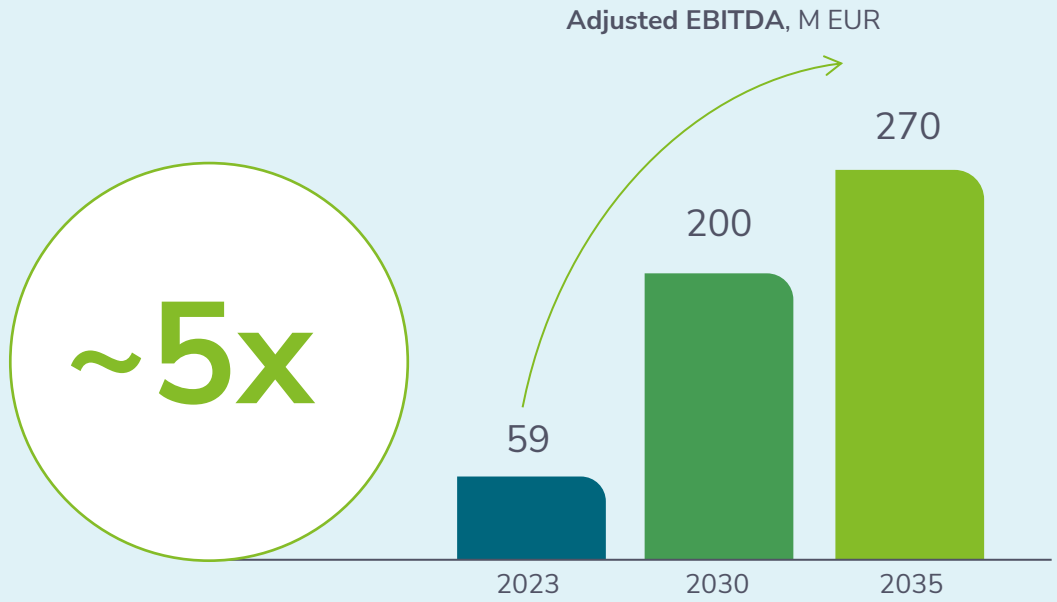
Optimization
of debt and equity

1 Base case scenario of EPSO-G financial projections includes deployment of Energy Hub investments post-2035 due to high uncertainty of the timing, requirement for regional agreement and cost-sharing arrangements. Other alternative scenarios for financial projections assume Energy Hub investment project starting year in 2028.

Through substantial investments, we will drive robust growth of the group while ensuring long-term financial stability

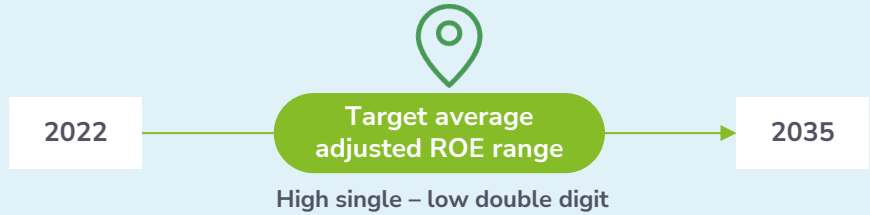
Adjusted EBITDA

New investments are expected to result in **a 5-fold increase** in adj. EBITDA by 2035



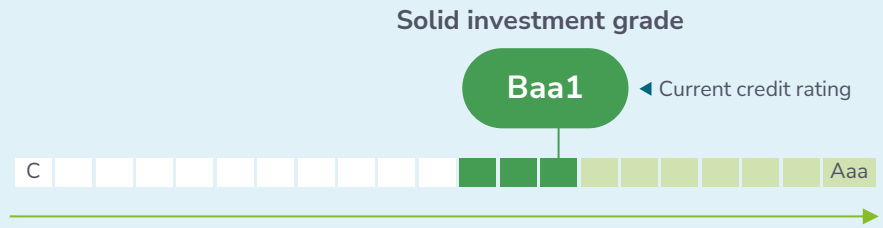
Profitability

Our profitability for shareholders **will be maintained**



Financial status

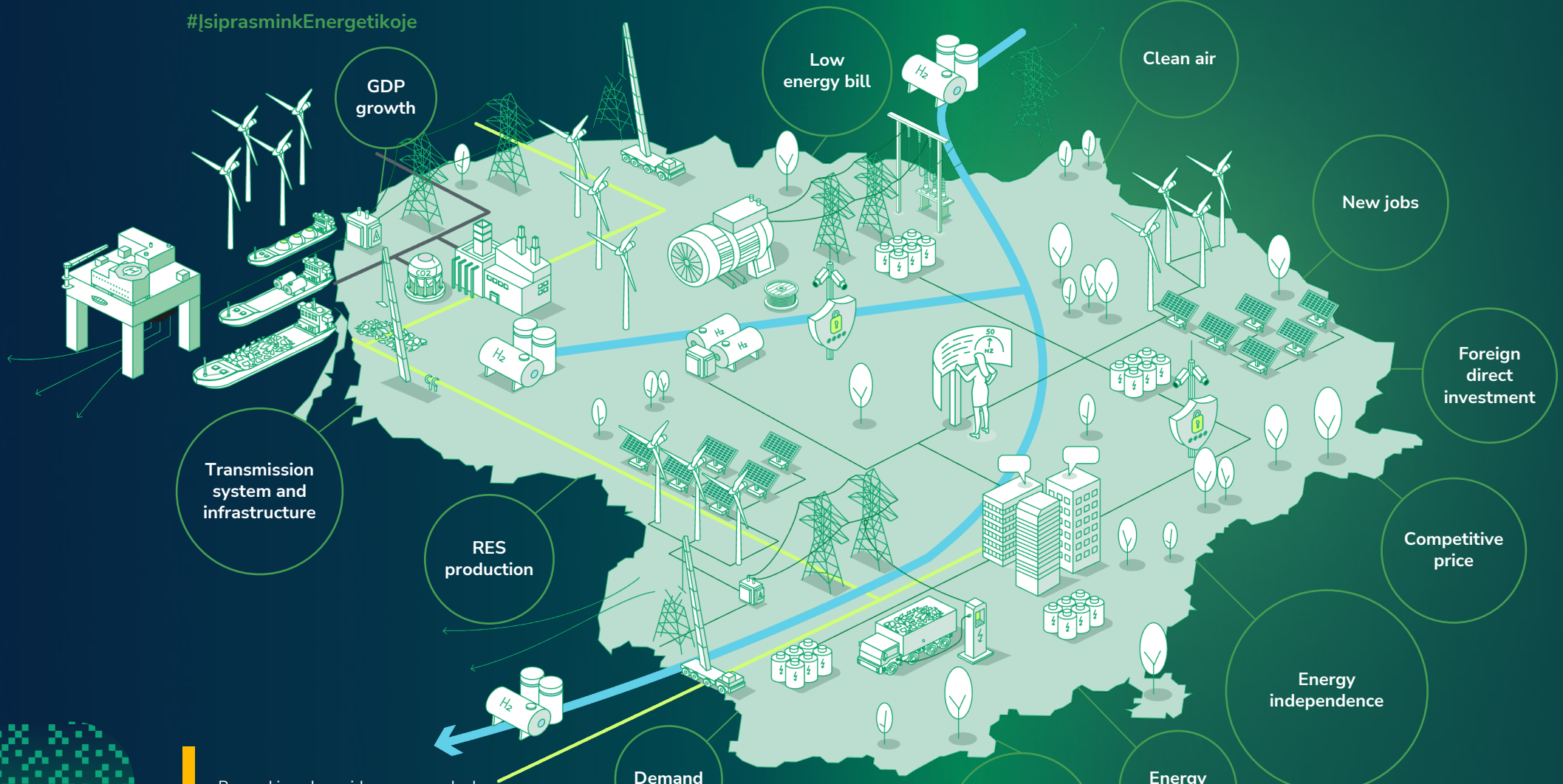
We are dedicated to maintaining solid investment-grade rating, with a long-term credit rating **not lower than 'Baa3'**



08 Value for Lithuania

Let’s create Lithuania’s energy future together!

#ĮsiprasminkEnergetikoje



By working alongside, we can unlock significant energy transition environmental and economic benefits for Lithuania by 2050

Greater benefits for Lithuania's environment and economy by 2050.

Up to
6.3 B EUR
due to positive impact on employment and economy

6 B EUR
avoided energy import costs

1.4 B EUR
avoided costs on EU Carbon Permits

Up to
1 B EUR
due to lower electricity wholesale price

Up to
10%
growth of labour market

Glossary

Acronym	Definition	Acronym	Definition
AI	Artificial intelligence	LDES	Long-duration energy storage
AIT	Average interruption time	LNG	Liquified natural gas
B	Billion	LT	Lithuania
BESS	Battery energy storage solution	Mton	Millions of tonnes
CAES	Compressed air energy storage	MW / MWh	Megawatt / Megawatt hour
CAPEX	Capital expenditure	O&M	Operations & maintenance
CCS	Carbon capture & storage	OHL	Overhead line
CCUS	Carbon capture, usage & storage	OPEX	Operational expenditure
CHP	Combined heat & power	PHP	Pumped hydro plant
CO_2	Carbon dioxide	P2G	Power to gas
CP	Charge point	P2Heat	Power to heat
CPO	Charge point operator	RAB	Regulated asset base
EBITDA	Earnings before interest, tax, depreciation, and amortisation	ROE	Return on equity
ENS	Energy not supplied	RES	Renewable energy sources
ESG	Environmental, social, and corporate governance	Scope 1 emissions	The Group's direct GHG emissions that are directly controlled by the organization
EU	European Union	Scope 2 emissions	The Group's indirect GHG emissions from uncontrolled sources, which result from the Group's consumption of externally sourced electricity and heat
EUR	Euro	Scope 3 emissions	Other indirect GHG emissions during the Group's operations (in the supply chain) from sources not owned or controlled by the Group (such as purchased goods and services, transportation, waste, etc.)
GCSI	Global customer satisfaction index	SBTi	Science based targets initatives
GDP	Gross domestic product	SMR	Small modular reactors
GHG	Green-house gases	TSO	Transmission system operator
GW / GWh	Gigawatt / Gigawatt hour	TW / TWh	Terawatt / Terawatt hour
H_2	Hydrogen	UN SDG	UN Sustainable development goals
HDEV	Heavy-duty electric vehicle	V2G	Vehicle to grid
KPI	Key performance indicator	WACC	Weighted average cost of capital
kW/cap	Kilowatts per capita		