

EPSOG

CONSOLIDATED AND THE COMPANY'S CONDENSED
INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS
PERIOD ENDED 30 SEPTEMBER 2022 (UNAUDITED),
PROVIDED TOGETHER WITH CONSOLIDATED INTERIM
REPORT

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The financial statements has been approved on 28 November 2022

Mindaugas Keizeris
Chief Executive Officer

Žydrūnas Augutis
Chief financier

	Notes	GROUP		COMPANY	
		At 30 Sept 2022	At 31 Dec 2021	At 30 Sept 2022	At 31 Dec 2021
ASSETS					
Non-current assets					
Intangible assets	6	8 690	9 754	55	66
Property, plant and equipment	7	636 324	603 103	4	7
Right-of-use assets	8	11 923	11 127	251	213
Investments subsidiaries and joint ventures	9	45	-	323 566	323 566
Deferred income tax assets		45 578	27 018	969	479
Non-current amounts receivable		-	4	-	-
Non-current portion of the balance of congestion management funds		781	781	-	-
Total non-current assets		705 341	651 787	324 845	324 331
Current assets					
Inventories		17 903	18 997	6	6
Prepayments and contract assets		9 940	3 712	53	204
Trade receivables		106 020	74 674	129	114
Other amounts receivable		65 303	106 767	19 406	11 339
Income tax prepayment		160	-	-	-
Other financial assets		22 916	65 385	-	-
Cash and cash equivalents		186 556	41 284	93 113	36 868
Total Current assets		408 798	310 819	112 707	48 531
Assets of the disposal group	10	75 924			
TOTAL ASSETS		1 190 063	962 606	437 552	372 862
EQUITY AND LIABILITIES					
Share capital	11	189 631	22 483	189 631	22 483
Revaluation reserve		286	310	-	-
Legal reserve		16 600	16 600	2 248	2 248
Other reserves		40 864	59 546	50	50
Retained earnings		(25 840)	160 775	11 133	168 002
Equity attributable to shareholders of the parent company		221 541	259 714	203 062	192 783
Non-controlling interest		10 698	11 884	-	-
Total equity		232 239	271 598	204 363	192 783
Non-current liabilities					
Non-current borrowings	12	192 513	142 843	74 794	-
Lease liabilities		9 685	9 028	168	136
Congestion management funds		285 921	88 267	-	-
Provisions		1 877	1 877	-	-
Other non-current amounts payable and liabilities		3 594	3 584	-	-
Total non-current liabilities		493 590	245 599	74 962	136
Current liabilities					
Current portion of non-current borrowings	12	35 136	24 399	-	-
Current borrowings	12	-	-	157 605	94 652
Current portion of other financial liabilities	13	-	84 128	-	84 128
Current portion of lease liabilities		1 612	1 395	92	83
Trade payables		71 213	75 433	65	284
Advance amounts received		21 540	57 867	-	-
Income tax liability		4 533	2 265	-	-
Current portion of congestion management funds		20 820	20 820	-	-
Provisions		3 154	3 795	-	-
Other current amounts payable and liabilities		231 200	175 307	1 766	796
Total current liabilities		389 208	445 409	159 528	179 943
Liabilities of the disposal group	10	75 026			
Total liabilities		957 824	691 008	234 490	180 079
TOTAL EQUITY AND LIABILITIES		1 190 063	962 606	437 552	372 862

(All amounts are in EUR thousands unless otherwise stated)

	Notes	GROUP			
		For the period of three months ended 30 Sept 2022	For the period of three months ended 30 Sept 2021	For the period of nine months ended 30 Sept 2022	For the period of nine months ended 30 Sept 2021
Revenue		200 697	76 532	443 667	225 878
Other income		214	601	940	2 121
Dividend income		-	307	43	307
Total revenue , other income		200 911	77 440	444 650	228 306
Operating expenses					
Expenses for purchase of balancing and regulating electricity		(58 884)	(18 833)	(126 274)	(42 495)
Expenses for electricity system services		(42 685)	(15 552)	(67 214)	(46 216)
Expenses for electricity technological needs		(40 699)	(8 820)	(75 392)	(20 271)
Expenses for natural gas system balancing service		(18 832)	(1 841)	(43 041)	(4 677)
Expenses for natural gas technological needs		(5 661)	(920)	(9 855)	(2 015)
Depreciation and amortisation	6,7,8	(8 690)	(8 656)	(26 246)	(25 953)
Wages and salaries and related expenses		(10 362)	(8 352)	(32 598)	(25 008)
Repair and maintenance expenses		(1 918)	(1 373)	(5 593)	(4 031)
Levies and compulsory payments		-	(1 282)	(3 881)	(3 602)
Telecommunications and IT maintenance expenses		(1 578)	(932)	(3 509)	(2 720)
Transport expenses		(1 529)	(803)	(4 474)	(1 942)
Write-off expenses of property, plant and equipment		(37)	(13)	(218)	(339)
Impairment expenses of property, plant and equipment		(34)	(299)	(59)	(289)
Other expenses		(48 795)	(4 785)	(89 149)	(12 891)
Total operating expenses		(239 704)	(72 461)	(487 503)	(192 449)
Operating profit (loss)		(38 793)	4 979	(42 853)	35 857
Financing activities					
Interest income		19	14	23	47
Interest expenses		(982)	(437)	(2 203)	(1 282)
Total finance costs, net value		(963)	(423)	(2 180)	(1 235)
Profit before income tax		(39 756)	4 556	(45 033)	34 622
Income tax					
Current year income tax expenses		(17 121)	(1 671)	(13 676)	(6 610)
Deferred income tax benefit/(expenses)		23 345	2 072	20 663	4 898
Total income tax		6 224	401	6 987	(1 712)
Profit (loss) for the period		(33 532)	4 957	(38 046)	32 910
Total other comprehensive income					
Total comprehensive income (cost) for the period		(33 532)	4 957	(38 046)	32 910
Profit (loss) for the period is attributable to:					
Shareholders of the parent company		(32 836)	4 800	(37 323)	31 860
Non-controlling interest		(696)	157	(723)	1 050
		(33 532)	4 957	(38 046)	32 910
Total comprehensive income (cost) for the period is attributable to:					
Shareholders of the parent company		(32 836)	4 800	(37 323)	31 860
Non-controlling interest		(696)	157	(723)	1 050
		(33 532)	4 957	(38 046)	32 910

The accompanying notes are an integral part of the financial statements

	Notes	COMPANY			
		For the period of three months ended 30 Sept 2022	For the period of three months ended 30 Sept 2021	For the period of nine months ended 30 Sept 2022	For the period of nine months ended 30 Sept 2021
Revenue		186	137	482	327
Other income		-	-	-	-
Dividend income		-	-	14 479	16 129
Total revenue , other income and gains		186	137	14 961	16 456
Operating expenses					
Depreciation and amortisation	6,7,8	(28)	(26)	(88)	(77)
Wages and salaries and related expenses		(869)	(666)	(2 575)	(1 673)
Levies and compulsory payments		(4)	(3)	(13)	(6)
Telecommunications and IT maintenance expenses		(42)	(14)	(103)	(45)
Transport expenses		(12)	(9)	(30)	(22)
Other expenses		(191)	(163)	(647)	(392)
Total operating expenses		(1 146)	(881)	(3 456)	(2 215)
Operating profit		(960)	(744)	11 505	14 241
Financing activities					
Interest income		81	45	152	125
Interest expenses		(632)	(145)	(1 077)	(477)
Total finance costs, net value		(551)	(100)	(925)	(352)
Profit before income tax		(1 511)	(844)	10 580	13 889
Income tax					
Current year income tax expenses		-	-	-	-
Deferred income tax benefit/(expenses)		210	122	545	312
Total income tax		210	122	545	312
Profit (loss) for the period		(1 301)	(722)	11 125	14 201
Total other comprehensive income					
				-	-
				-	-
Total comprehensive income for the period		(1 301)	(722)	11 125	14 201
Profit (loss) for the period is attributable to:					
Shareholders of the parent company		(1 301)	(722)	11 125	14 201
Non-controlling interest		-	-	-	-
		(1 301)	(722)	11 125	14 201
Total comprehensive income for the period is attributable to:					
Shareholders of the parent company		(1 301)	(722)	11 125	14 201
Non-controlling interest		-	-	-	-
		(1 301)	(722)	11 125	14 201

(All amounts are in EUR thousands unless otherwise stated)

GROUP	Equity attributable to shareholders of the Group							Total
	Share capital	Revaluation reserve	Legal reserve	Other reserves	Retained earnings	Subtotal	Non-controlling interest	
Balance at 1 January 2021	22 483	406	16 522	22 616	160 232	222 259	10 805	233 064
Comprehensive income								
Profit for the period	-	-	-	-	31 860	31 860	1 050	32 910
Depreciation of revaluation reserve and amounts written off	-	(32)	-	-	32	-	-	-
Transfer to retained earnings	-	-	-	-	-	-	-	-
Transfer to reserves	-	-	77	36 930	(37 007)	-	-	-
Dividends	-	-	-	-	(777)	(777)	(436)	(1 213)
Change in minority share	-	-	-	-	(47)	(47)	37	(10)
Balance at 30 September 2021	22 483	374	16 599	59 546	154 293	253 295	11 456	264 751
Balance at 1 January 2022	22 483	310	16 600	59 546	160 775	259 714	11 884	271 598
Comprehensive income								
Profit for the period	-	-	-	-	(37 328)	(37 326)	(718)	(38 046)
Depreciation of revaluation reserve and amounts written off	-	(24)	-	-	24	-	-	-
Transfer to retained earnings	-	-	-	-	-	-	-	-
Transfer to reserves	-	-	-	(18 681)	18 681	-	-	-
Dividends	-	-	-	-	(845)	(845)	(468)	(1 313)
Increase of share capital	167 148	-	-	-	(167 148)	-	-	-
Balance at 30 September 2022	189 631	286	16 600	40 865	(25 840)	221 541	10 698	232 239

COMPANY	Share capital	Legal reserve	Other reserves	Retained earnings	Total
Balance at 1 January 2021	22 483	2 248	50	155 446	180 227
Profit for the period	-	-	-	14 201	14 201
Dividends	-	-	-	(777)	(777)
Transfer to reserves	-	-	-	-	-
Balance at 30 September 2021.	22 483	2 248	50	168 870	193 650
Balance at 1 January 2022	22 483	2 248	50	168 002	192 783
Profit for the period)	-	-	-	11 125	11 125
Dividends	-	-	-	(845)	(845)
Increase of share capital	167 148	-	-	(167 148)	-
Balance at 30 September 2022	189 631	2 248	50	11 133	203 062

The accompanying notes are an integral part of the financial statements.

	GROUP		COMPANY	
	For the period of nine months ended 30 Sept 2022	For the period of nine months ended 30 Sept 2021	For the period of nine months ended 30 Sept 2022	For the period of nine months ended 30 Sept 2021
Cash flows from operating activities				
Profit/(loss) for the period	(38 046)	32 910	11 125	14 201
Adjustments for non-cash items:				
Depreciation and amortisation expenses	26 246	25 953	88	77
Expected credit losses /(reversal of losses) of amounts receivable	59	(112)		
Income tax expenses	(6 987)	1 712	(545)	(312)
Grants recognised as revenue adjustment		(2 752)		
Profit on disposal/write-off of property, plant and equipment	227	431		
<i>Elimination of results of financing and investing activities:</i>				
Interest income	(23)	(38)	(152)	(125)
Interest expenses	2 027	1 273	1 077	477
Dividend income	(43)	(307)	(14 479)	(16 129)
Other finance (income)/costs	175	308		
Changes in working capital:				
(Increase)/decrease in trade and other amounts receivables	14 188	(3 674)	4	(128)
Increase)/decrease in inventories, prepayments and other current assets	(6 045)	(6 579)	151	(90)
Increase/(decrease) in other amounts payable, advance amounts received, trade payables	39 615	59 952	751	217
Changes in other financial assets	(18 194)	6 222		
Income tax (paid)/received	(12 388)	(10 559)	55	380
Net cash flows from/(used in) operating activities	811	104 740	(1 925)	(1 432)
Cash flows from investing activities				
(Acquisition) of property, plant and equipment and intangible assets	(65 820)	(65 016)	(5)	(4)
Disposal of property, plant and equipment and intangible assets	109	77		
(Acquisition)/disposal of subsidiaries, joint ventures	(45)			(500)
Congestion management funds received	207 284	17 754		
Grants received	31 849	16 101		
(Loans (granted)/loan repayments received			(8 087)	(2 618)
Interest received	23	27	152	125
Dividends received	43	307	14 479	16 129
Other cash flows from investing activities				
Net cash flows from/(used in) investing activities	173 443	(30 750)	6 539	13 132
Cash flows from financing activities				
Issued bonds	74 794		74 794	-
Proceeds from borrowings	-		62 953	43 775
Repayments of borrowings	(14 387)	(16 947)		(2 560)
Lease payments	(1 238)	(1 053)	(66)	(67)
Overdraft/current borrowings		(20 019)		(20 019)
Interest paid	(2 027)	(1 421)	(1 077)	(613)
Dividends paid	(1 300)	(1 145)	(845)	(777)
Repayment of other financial liabilities	(84 276)	(14 481)	(84 128)	(14 481)
Net cash flows from/(used in) financing activities	(28 434)	(55 066)	51 631	5 258
Cash and cash equivalents included in disposal group	(548)			
Net increase/(decrease) in cash and cash equivalents	(145 272)	18 924	56 245	16 958
Cash and cash equivalents at the beginning of the period	41 284	5 113	36 868	3 362
Cash and cash equivalents at the end of the period	186 556	24 037	93 113	20 320

The accompanying notes are an integral part of the financial statements.

1. General information

EPSO-G UAB (the “Company”) is a private limited liability company registered in the Republic of Lithuania. The registered office address is Gedimino pr. 20, LT- 01103, Vilnius, Lithuania. The Company is a profit-seeking limited civil liability entity registered on 25 July 2012 with the Register of Legal Entities, company code 302826889.

EPSO-G is the parent company responsible for the activities of the group companies that include assurance of an uninterrupted, stable transmission of electricity over high voltage networks and transportation of natural gas via high pressure gas pipelines, as well as ensurance of management, maintenance and development of these transmission systems as well as organisation of trade on the natural gas and biofuel exchanges; and installation and management of electricity storage facilities operating as the primary capacity reserve and ensuring reliable, stable and consumer-focused operation of the Lithuanian electricity system.

Under the Resolution of the Government of the Republic of Lithuania of 23 August 2021, the Company was designated as an operator of the project of special importance to the state, i.e., the construction of the physical barrier at the border with Belarus (the “Project”). In performing the functions of the operator, the Company incurred the project administration expenses that are compensated by the client of the project – the State Border Guard Service under the Ministry of Interior of the Republic of Lithuania. Scopes of works performed and services provided (expenses incurred) by the Company and the Group until 30 September 2022 are disclosed in Note No. 17.

EPSO-G provides management services to the subsidiaries and the lower-tier subsidiaries. The purpose of the provision of management services is to increase the efficiency of operations of the EPSO-G group companies, optimise the use of resources, and implement uniform standards of operations. These services are provided in accordance with the agreements concluded through a public procurement process.

By decision of the General Meeting of Shareholders of 27 April 2022, the Company's authorised capital was increased from retained earnings to EUR 189,631,000 by issuing 576,373,467 new ordinary registered shares with a nominal value of EUR 0.29 each. As of 30 September 2022, the Company's authorised capital consisted of 653 900 000 ordinary registered shares with a nominal value of EUR 0,29 each. All shares, including the newly issued shares, were held by the Company's sole shareholder, the Republic of Lithuania, represented by the Ministry of Energy of the Republic of Lithuania.

As at 31 December 2021, the Company’s share capital amounted to EUR 22,482,695.

As at 30 September 2022 and at 31 December 2021 all Company's shares were fully paid.

The Company’s shareholder	At 30 September 2022		At 31 December 2021	
	Share capital (EUR)	%	Share capital (EUR)	%
Republic of Lithuania represented by the Ministry of Energy of the Republic of Lithuania	189,631,000	100	22,482,695	100

As at 30 September 2022, the EPSO-G group had 1,368 employees (31 December 2021: 1,278 employees) and the Company had 83 employees (31 December 2021: 74 employees).

The EPSO-G group (the “Group”) consists of the Company, directly and indirectly controlled subsidiaries set out below.

Company name	Registered office address	Ownership interest (%)		Profile of activities
		At 30 September 2022	At 31 December 2021	
LITGRID AB	Karlo Gustavo Emilio Manerheimo g. 8, Vilnius,	97,5	97,5	Electricity transmission system operator
AB „Amber Grid“	Laisvės pr. 10, Vilnius, Lithuania	96,6	96,6	Natural gas transmission system operator
BALTPPOOL UAB	Žalgirio g. 90, Vilnius, Lithuania	67,0	67,0	Operator of the exchange for trading in energy resources (biomass products), the administrator of PSO funds
UAB „TETAS“	Senamiesčio g. 102B, LT-35116, Panevėžys, Lithuania	100	100	Transformer substation, distribution station and electricity line design, construction, reconstruction and maintenance services
UAB GET Baltic (controlled through AB „Amber Grid“)	Geležinio Vilko g. 18A, Vilnius, Lithuania	96,6	96,6	Organisation of trading on the natural gas exchange
Energy cells, UAB	Ozo g. 12A-1, Vilnius, Lithuania	100	-	Installation and management of electricity ty storage facilities

In accordance with Regulation (EU) 2019/943 of the European Parliament and Council on the internal market of electricity dated on 5th of the June 2019 (hereinafter Regulation), electricity transmission system operators: Litgrid, Elering and AST, 3 May 2022 established joint venture - the Baltic Regional Coordination Center Baltic RCC OÜ (hereinafter Center), which is responsible for the provision and coordination of security and reliability services for the electricity system among transmission system operators in the Baltic region. As stipulated in the Regulation, Center will implement five main tasks: coordinate capacity of power lines between countries, assess the reliability and adequacy of electricity system, to plan and coordinate of the line outages and develop a common network model. As at 30 September the Group company LITGRID had invested Eur 45 thousand.

As at 31 December 2021 Group and Company have no investments in associates and joint ventures.

As indicated in Note of events after the end of the reporting period, on 31 October 2022 the Group company LITGRID completed contracts with Danish and Finnish energy transmission system operators Energinet and Fingrid in acquisition of two share packages of shares, both of 18.8 percent (total 37.6 percent) for NOK 134,794,713.6 (EUR 13.9 million). The ownership of the purchased shares was transferred to LITGRID. TSO Holding is a minority shareholder in Nord Pool Holding, a company based in Norway, with a 34% stake in Nord Pool Holding. Nord Pool Holding owns 100 % of the Nord Pool electricity exchange.

Preparing consolidated financial statements for the period ended on 30 September 2022, the Group company Get Baltic was recognised as disposal group, as it meets the following criteria: (1) all necessary approvals for the proposed share transfer transaction have been obtained, i.e. the board of the Group approved the initial conditions to dispose of shares and initiation of the process; (2) disposal group is available for immediate sale in its present condition and to terms that are usual and customary for sales of such disposal groups; (3) an active sales have been initiated (potential buyer that have been selected are preparing the initial offers; (4) the sale of the disposal group is probable, and transfer of disposal group is expected to qualify for recognition as a completed sale within one year; (5) the disposal group can be sold in the market at a price that is reasonable in relation to its current fair value; and (6) actions required to complete the sale plan indicate that it is unlikely that significant changes to the sale plan will be made or that the sale will be withdrawn.

The disposal group does not meet the criteria for discontinued operations, as intended to dispose Group company is not considered as a major (significant) line of Group business or geographical area of operation, so the impact of discontinued operations is not disclosed in the profit (loss) and cash flow statements. The assets and liabilities of the disposal group in the consolidated statement of financial position were reclassified from certain items of assets and liabilities to disposal group assets and disposal group liabilities items.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of the Group's and the Company's condensed interim financial statements for the period of nine months, ended 30 September 2022 are presented below:

2.1 Basis of preparation

These condensed interim Company's and consolidated financial statements, for the period ended 30 September 2022 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“).

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

In order to better understand the data presented in these condensed interim financial statements, these financial statements should be read in conjunction with the audited Consolidated and Company's financial statements for the year 2021, prepared in accordance with the International Financial Accounting Standards, as adopted by the European Union

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 period ended 30 September 2022 are not audited. Financial statements for the year ended 31 December 2021 were audited by the external auditor UAB „PricewaterhouseCoopers“.

The financial year of the Company and other Group companies coincides with the calendar year.

The Group and the Company have been following the same accounting principles as the ones that were followed in the preparation of financial statements for the year 2021.

2.2 Principles of consolidation

Subsidiaries are all entities that the Company has a power to exercise control over the entity to which investment is made (i.e., has effective rights that at the current moment grant the right to control relevant activities). The Company controls an entity when it can or has a right to receive variable returns from this relation and it can have impact on these returns due to the power to govern the entity to which the investment is made.

The consolidated financial statements of the Group include EPSO-G and its subsidiaries. The financial statements of the subsidiaries have been prepared for the same reporting periods and using uniform accounting policies as those of the parent company's financial statements.

Subsidiaries are consolidated from the date on which control is transferred to the Company. They are de-consolidated from the date that control ceases. All intercompany transactions, balances and unrealised gains or losses on transactions between the Group companies are eliminated.

The preparation of financial statements according to International Financial Reporting Standards requires management to make estimates and assumptions that affect the accounting policies applied, the reported amounts of assets, liabilities, income and expenses, and the disclosures of contingencies. Future events may occur which may cause the assumptions used in arriving at the estimates to change. The effect of any changes in estimates will be recorded in the financial statements, when determinable.

Preparing these condensed interim financial statements management used significant estimates and assumptions for accounting policies were the same as used preparing financial statements for the year 2021.

3. The impact of events in Ukraine on the financial statements

Considering that the Group Companies have no suppliers or customers in Russia, Belarus and Ukraine, the events in Ukraine did not have a direct impact on the Group's financial results for nine months period of 2022. Since the fourth quarter of 2021, in the market is observed a quite significant increase in electricity prices, which also causes a significant increase in the costs of compensating the Group company's LITGRID technological losses. The outbreak of hostilities, among other factors, is also contributing to high electricity prices and thus to higher costs of compensation for technological losses. In the future, the impact of the war could become more pronounced in the event of a disconnection from the BRELL. In this case, it is likely that costs of system services and technological losses are likely to increase. However, if this were to happen, the impact on the Group's financial performance would be short term, as the higher costs would be offset by the inclusion of the costs in the prices of regulated services in subsequent years.

As contractors no longer use materials or components imported from Russia, Belarus or Ukraine, the war has increased the value of some investment projects. Group company LITGRID plans to finance the increased demand for investment funds with increased congestion revenue due to high electricity market prices.

4. Reclassifications of the comparative figures in the financial statements

The Group decided to reclassify revenue in the statement of comprehensive income by distinguishing other, non-typical activity income. A detailed classification of revenue is presented in Note No.14.

Group	
For the nine months period ended 30 September 2021 before reclassification	
Revenue from contracts with customers	Amounts
Revenue from electricity transmission and related services	160 709
Revenue from natural gas transmission and related services	43 050
Other revenue from contracts with customers	12 022
	215 781
Other income	12 218
Dividend income	307
Total revenue	228 306
For the nine months period ended 30 September 2021 after reclassification	
Revenue	225 878
Other income	2 121
Dividend income	307
Total revenue, other income	228 306

The Group and the Company decided to submit not only results of financing activities, but also financing activity income and expenses in the statement of comprehensive income:

	GROUP		COMPANY	
	For the nine months period ended 30 September 2021			
	Before reclassification	After reclassification	Before reclassification	After reclassification
Results of financing activities	(1 235)	-	(352)	
Financing activities				
Interest income	-	47		125
Interest expenses	-	(1 282)		(477)
Total finance costs, net value	-	(1 235)		(352)

The Group decided to reclassify operating expenses presented by nature in the statement of comprehensive income:

Operating expenses	For the nine months period ended 30 Sept 2021 before reclassification	For the nine months period ended 30 Sept 2021 after reclassification
Expenses of electricity transmission and related services	(109 853)	-
Expenses for purchase of balancing and regulating electricity		(42 495)
Expenses for electricity system services		(46 216)
Expenses for electricity technological needs		(20 271)
Expenses of natural gas transmission and related services	(6 692)	
Expenses for natural gas system balancing service		(4 677)
Expenses for natural gas technological needs		(2 015)
Other expenses	(6 742)	(7 613)
	(123 287)	(123 287)

5. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Group's chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of directors that makes strategic decisions.

Management assesses the Group's performance based on three business segments which are consistent with the business directions stipulated in the Group's strategy:

- The electricity transmission segment comprises the activities conducted by LITGRID AB;
- The natural gas transmission segment comprises the activities conducted by Amber Grid AB;
- The segment of other activities that comprises:
 - activities conducted by energy sources exchange operator Baltpool, UAB;
 - activities conducted by natural gas exchange operator GET Baltic UAB;
 - activities conducted by energy facilities construction and contracting company TETAS UAB;
 - activities conducted by parent company EPSO-G UAB,

Considering that revenue, profit measure (EBITDA) and total assets after consolidation adjustments of the entities which comprise the segment of other activities do not reach 10% of the specified financial indicators of all segments, all elements are aggregated to a single segment of other activities.

The Group has a single geographical segment – the Republic of Lithuania. The Group's operations in foreign countries is not material for the Group. The chief operating decision-maker monitors the results with reference to the financial reports that have been prepared using the same accounting policies as those used for the preparation of the financial statements, i.e., information on profit or loss, including the reported amounts of income and expenses. The key performance indicators are profit and profit before interest, taxes, depreciation and amortisation (EBITDA), operating expenses, excluding electricity, gas and related expenses, depreciation, write-off and impairment expenses. All indicators are calculated on the basis of data reported in the financial statements.

For the nine months period ended 30 September 2022, revenue from the Lithuanian clients accounted for 87% of the Company's total revenue (30 September 2021: 88%).

The table below contains the Group's information on segments for the nine months period ended 30 September 2022:

	Transmission of electricity	Transmission of natural gas	Other activities	Elimination of intersegment transactions	Total
Revenue and other income	288 322	92 635	71 007	(7 357)	444 607
Operating expenses, excluding electricity, gas and related expenses, depreciation, write-off and impairment expenses	(25 794)	(17 879)	(74 913)	7 918	(110 668)
EBITDA	(34 889)	21 860	(3 906)	564	(16 371)
Total adjustments to profit (loss) for the period	(8 585)	(10 923)	12 912	(15 078)	(21 674)
Depreciation and amortisation	(15 505)	(9 544)	(1 197)	-	(26 246)
Assets write-offs, impairment	(161)	(104)	(12)		(277)
Interest income	5	10	159	(151)	23
Interest expenses	(615)	(385)	(1 354)	151	(2 203)
Income tax	7 648	(1 498)	837	-	6 987
Dividend income and gain on disposal of associates	43	598	14 479	(15 077)	43
Profit (loss) for the period	(43 474)	10 937	9 008	(14 517)	(38 046)
Total assets	618 866	342 007	721 697	(492 507)	1 190 063
Net debt	1 570	(109 435)	(121 313)	176 788	(52 390)
Additions in Property, plant and equipment and Intangible assets	(39 946)	(37 227)	(11 436)	(741)	(89 350)

The table below contains the Group's information on segments for the nine months period ended 30 September 2021:

	Transmission of electricity	Transmission of natural gas	Other activities	Elimination of intersegment transactions	Total
Revenue and other income	172 404	43 316	21 393	(9 114)	227 999
Operating expenses, excluding electricity, gas and related expenses, depreciation, write-off and impairment expenses	(21 289)	(14 687)	(21 593)	8 246	(49 323)
EBITDA	41 262	21 937	(200)	(868)	62 131
Total adjustments to profit (loss) for the period	(20 385)	(6 992)	14 765	(16 609)	(29 221)
Depreciation and amortisation	(15 973)	(8 820)	(1 160)	-	(25 953)
Assets write-offs, impairment	(583)	(98)	53	-	(628)
Interest income	20	2	135	(110)	47
Interest expenses	(569)	(247)	(574)	108	(1 282)
Income tax	(3 587)	1 693	182	-	(1 712)
Dividend income and gain on disposal of associates	307	478	16 129	(16 607)	-
Profit (loss) for the period	20 877	14 945	14 565	(17 477)	32 910
Total assets	427 374	324 144	486 889	(401 305)	837 102
Net debt	(74 482)	(128 721)	(167 044)	74 656	(295 591)
Additions in Property, plant and equipment and Intangible assets	(28 320)	(37 251)	(576)	723	(65 424)

6. Intangible assets

Group	<u>Intangible assets</u>
Net book amount at 31 December 2020	11 135
Additions	516
Reclassification from PPE	20
Amortisation charge	(1 656)
Net book value at 30 September 2021	10 015
Net book value at 31 December 2021	9 754
Additions	1 294
Reclassification from PPE	33
Reclassification to disposal group assts	(514)
Amortisation charge	(1 877)
Net book value at 30 September 2022	8 690

Intangible assets is accounted at cost, less accumulated depreciation and estimated impairment loss, if any. The Company's intangible assets amounted to EUR 55 thousand as at 30 September 2022 (at 31 December 2021: EUR 66 thousand).

7. Property, plant and equipment

Group	<u>Property, plant and equipment</u>
Net book amount at 31 December 2020	574 227
Additions	64 513
Prepayments for PPE	395
Disposals and write-offs	(510)
Reclassification to inventories	(150)
Reclassification to intangible assets	(20)
Offsetting with grants	(22 547)
Depreciation charge	(23 085)
Net book value at 30 September 2021	592 823
Net book value at 31 December 2021	603 103
Additions	79 903
Prepayments for PPE	8 153
Disposals and write-offs	(277)
Reclassification to inventories	(75)
Reclassification to intangible assets	(33)
Offsetting with grants	(31 303)
Reclassification to disposal group assts	(5)
Depreciation charge	(23 142)
Net book value at 30 September 2022	636 324

PPE is accounted at revalued amount of assets, less accumulated depreciation and estimated impairment loss, if any. The carrying amount of PPE is reduced by grants received for acquisition of those assets from government and EU structural, funds for the connection of new customers/generators to the electricity transmission network (in accordance with the accounting policy in force before 1 July 2009), public service obligations (PSO) funds, allocated to the Group for the preparation and implementation of the strategic projects and a portion of congestion management funds, which is used to finance investments agreed with the National Energy Regulatory Council.

After the start of commercial flows through the GIPL gas pipeline Eur 27,045 thousand contribution (hereinafter - CBCA contribution), determined according to cross-border cost allocation principles, was accumulated in the value of additions of fixed assets. The CBCA contribution will be paid to the Polish transmission system operator upon

completion of the pipeline construction works on the territory of Poland, after recording and auditing the value of the construction works.

The Company's PPE amounted to Eur 4 thousand at 30 September 2022 (Eur 7 thousand at 31 December 2021).

8. Right-of-use-assets

Group

Net book amount at 31 December 2020	9 829
Additions	345
Depreciation charge	(1 211)
Net book value at 30 September 2021	8 963
Net book value at 31 December 2021	11 127
Additions	2 152
Write-offs	(37)
Reclassification to disposal group assts	(92)
Depreciation charge	(1 227)
Net book value at 30 September 2022	11 923

The Group recognised in right-of-use assets the following assets held under lease agreements: buildings, vehicles, other assets and public land held under non-auction leases from municipalities

As the useful life of the right-of-use assets is longer than the lease term, depreciation is calculated from the commencement date of the lease to the end of the lease term.

9. Investments in subsidiaries

As at 30 September 2022 and at 31 December 2021 the Company had a shareholding in the following Group companies:

Group company	Acquisition cost	Impairment	Carrying amount	Ownership interest (%)
LITGRID AB	217 214	26 090	191 124	97,5
AB „Amber Grid“	126 529	-	126 529	96,6
UAB „Baltpool“	388	-	388	67
UAB „TETAS“	3 150	-	3 150	100
Energy cells, UAB	2 374	-	2 374	100
Total	349 566	26 090	323 566	

10. Assets and liabilities of the disposal group

As at 30 September 2022 the following assets and liabilities of Group company Get Baltic have been reclassified to the disposal group assets and liabilities items in the statement of financial position:

	Group
	At 30 September 2022.
Non-current assets	
Intangible assets	515
Property, plant and equipment	5
The right of use assets	92
Other non current financial assets	4
Current assets	
Trade receivables	16
Other receivables	14 081
Other financial assets	60 663
Cash and cash equivalents	548
Total assets of the disposal group	75 924
Non-current liabilities	
Lease liabilities	64
Current liabilities	
Current portion of lease liabilities	32
Trade payables	13 570
Advance amounts received	61 152
Income tax liability	46
Payroll related liabilities	115
Other current amounts payable and liabilities	47
Total liabilities of disposal group:	75 026

11. Share capital

As at 30 September 2022 the share capital of the Company amounted to EUR 189 631 000 Eur and it was divided into 653 900 000 ordinary registered shares with the nominal value of EUR 0.29 each.

As at 31 December 2021 the share capital of the Company amounted to EUR 22,482,694.57 and it was divided into 77,526,533 ordinary registered shares with the nominal value of EUR 0.29 each. All the shares as at 30 September 2022 and at 31 December 2021 were fully paid.

As indicated in Note 1, the Company's General Shareholders Meeting resolved on 27 April 2022 to increase the Company's share capital by Eur 167,148,305 by issuing 576,373,467 ordinary registered shares of EUR 0.29 each. All new shares were issued free of charge to the Company's sole shareholder.

12. Borrowings

The Group's and the Company's borrowings comprise as follows:

	Group		Company	
	At 30 September	At 31 December	At 30 September	At 31 December
	2022-	2021	2022-	2021
Non-current borrowings				
Bonds issued	74 794		74 794	
Bank borrowings	117 719	142 843	-	-
Current borrowings				
Current portion of non-current borrowings	35 136	24 399	-	-
Overdraft	-	-	-	-
Current borrowing from the Group companies			157 605	94 652
Total borrowings	227 649	167 242	232 399	94 652

Non-current borrowings by maturity:

	Group		Company	
	At 30 September 2022-	At 31 December 2021	At 30 September 2022-	At 31 December 2021
Between 1 and 2 years	18 133	32 120	-	-
Between 2 and 5 years	33 539	37 552	74 794	-
Over 5 years	66 047	73 171	-	-
Total	117 719	142 843	74 794	-

On 1 June 2022, the Company issued EUR 75 million sustainability-related bonds with a five year term to maturity. The bonds will bear interest at 3.117% per annum. As at 30 September 2022, the net cash proceeds from the bonds amounted to EUR 74 795 thousand or 99.7% of the nominal value of the bond issue. During the nine months period ended 30 September 2022, the interest expense on the bonds issued amounted to EUR 15 thousand and the accrued amount of coupon payable amounted to EUR 734.5 thousand as at 30 September 2022.

To balance the liquid funds, Group companies under the cashpool agreements had borrowed from EPSO-G Eur 19,182 thousand as at 30 September 2022.

Borrowings received by the Company from the subsidiaries under the cashpool agreements amounted to EUR 157,605 thousand as at 30 September 2022.

The Company prolonged committed overdraft facility agreement with SEB bankas and concluded additional committed overdraft facility agreement with OP Corporate Bank. Combined maximum amount which could be drawn is EUR 51 million, including EUR 50 million amount covered by agreements which are valid for more than 12 months.

13. Other non-current financial liabilities

The Group and the Company on notifying and obtaining approval from Ignitis Grupė made an early repayment of a final settlement for the shares of Litgrid AB under the agreement of 27 September 2012 with Ignitis Grupė on 31 March 2022 and paying related interest. Ignitis Grupė confirmed that the Company has fully and properly fulfilled all obligations laid down in the agreement.

14. Revenue

The Group's revenue included as follows:

	Group	
	The nine months period ended at 30 September 2022	The nine months period ended at 30 September 2021
The Group's revenue from contracts with customers		
Revenue from electricity transmission and related services		
Electricity transmission services	55 053	59 439
Trade in balancing/imbalance electricity	126 520	33 509
System services	77 117	66 844
Revenue from other sales of electricity and related services	-	-
Total revenue from electricity transmission and related services	258 690	159 792
Revenue from natural gas transmission and related services		
Natural gas transmission services	44 678	36 979
Revenue from balancing services in the transmission system	47 421	6 071
Revenue from connection of new customers	-	-
Total revenue from natural gas transmission and related services	92 099	43 050
Other revenue from contracts with customers		
Revenue from construction, repair and technical maintenance services	61 661	10 208
Revenue from trading on the gas exchange and related services	1 622	1 583
Revenue from the biofuel exchange, thermal energy auctions, PSO funds administration and other income	751	381
Total other revenue	64 034	12 172
The Group's total revenue from contracts with customers	414 823	215 014
The Group's revenue not attributable to contracts with customers		
PSO services*	26 151	9 491
Congestion revenue	1 861	356
Other services related to electricity	822	1 013
Revenue from connection of producers and relocation of electrical installations	10	4
Total revenue not attributable to contracts with customers:	28 844	10 864
Total revenue	443 667	225 878

The Company's revenue from contracts with customers comprised revenue from the provision of management services and it amounted to EUR 482 thousand in nine months period ended 30 September 2022 (30 September 2021: EUR 401 thousand).

The Group's other income comprised as follows:

	Group	
	The nine months period ended at 30 Sept 2022	The nine months period ended at 30 Sept 2021
Income from lease of assets	575	493
Penalties and default charges	257	1 462
Other income	108	166
Total other income	940	2 121

15.Dividends

On 27 April 2022, the Ordinary General Shareholders Meeting of UAB EPSO-G, when approving the distribution of profit for 2021, resolved to pay a dividend of EUR 845.04 thousand, i.e. EUR 0.0109 per share.

On 11 May 2021, the Ordinary General Shareholders Meeting of UAB EPSO-G, when approving the distribution of profit for 2020, resolved to pay a dividend of EUR 777.2 thousand, i.e. EUR 0.0101 per share.

16.Income tax

Profit (loss) for the nine months period ended 30 September 2022 is subject to corporate income tax at a rate of 15 per cent (2021: 15 per cent) in accordance with the tax legislation of the Republic of Lithuania.

On 14 January 2022, an agreement was signed between the parent company UAB EPSO-G and LITGRID AB on the cancellation of UAB EPSO-G's tax loss transfer transaction for 2019. Under the agreement, EPSO-G UAB reimbursed LITGRID AB EUR 15 % of the amount of the transferred tax loss for 2019, i.e. EUR 385,000. The Company plans to transfer the tax loss for the 2019 tax year to another Group company by the end of this year. The Company also transferred part of the 2021 tax loss to LITGRID AB in 2022 for a consideration of EUR 440 thousand.

In 2021, the remuneration received by EPSO-G for LITGRID AB's transfer of tax losses for 2020 amounted to EUR 380 thousand.

17. Related – party transactions

As at 30 September 2022 and 31 December 2021, the Group's and the Company's ultimate controlling party was the Republic of Lithuania represented by the Ministry of Energy of the Republic of Lithuania. For the purposes of the related-party disclosure the Republic of Lithuania excludes central and local government authorities. Disclosures comprise transactions and balances on transactions with the shareholder, the subsidiaries (in the Company's transactions), all state-controlled or significantly influenced companies (the list of such companies is published at <https://vkc.sipa.lt/apie-imones/vvi-sarasas> and transactions are disclosed only when the amount of transactions exceeds EUR 100 thousand during a calendar year) and the management and their family members.

Transactions with related parties are carried out in line with the tariffs approved under relevant legal acts or in accordance with the requirements of the Law on Public Procurement. The settlement period is set as 30-60 days. Transactions with related parties are carried out in line with the tariffs approved under relevant legal acts or in accordance with the requirements of the Law on Public Procurement.

The Group's related party transactions and balances for the nine-month period ended 30 September 2022 were as follows

Related party	Purchases of services	Purchases of gas in exchange, PSO funds, LNG funds *	Sales of services	Sales of gas in exchange, PSO funds, LNG funds *	Amounts payable for services	Accounts payable for gas, PSO funds, LNG fund*	Amounts receivable for services	Receivables for gas, PSO funds, LNG funds	Finance costs
Ignitis group companies:									
AB „Ignitis grupė“	-						-		67
AB Energijos skirstymo operatorius	5 429	5 115	133 840	10 564	1 788	1 696	29 865	927	
UAB Ignitis	97 242	14 445	74 189	4 695	3 374	3 480	12 279	398	
AB Ignitis gamyba	125 940	55 590	77 165	5 295	34 825		14 325	432	
UAB Ignitis grupės paslaugų centras	5		223		1		34		
UAB Vilniaus kogeneracinė jėgainė	416		118	2	276		50		
UAB Kauno kogeneracinė jėgainė	608		168	1	118		1		
UAB Transporto valdymas	536				65				
Other state-owned companies::									
VĮ Ignalinos atominė elektrinė			885	98			166		
AB Klaipėdos nafta		10 768	3			4021			
VĮ Geoterma							45	65	
AB „LTG Infra“	641		413	37	84		88		
State Border Guard Service under the Ministry of the Interior			51 390				5 844		
Other state-owned companies	48				327				
Total	230 865	85 918	338 394	20 692	40 858	9 197	62 697	1 822	67

* Gas purchases and gas sales in exchange, Group purchases and sales of PSO funds and LNG funds are not included in the Group's Statement of profit and loss, as the Group acts as intermediary, collecting and allocating mentioned funds.

The Group's related party transactions and balances for the nine month period ended 30 September 2021 were as follows:

Related party	Purchases of services	Purchases of gas in exchange, PSO funds, LNG funds *	Sales of services	Sales of gas in exchange, PSO funds, LNG funds *	Amounts payable for services	Accounts payable for gas, PSO funds, LNG fund*	Amounts receivable for services	Receivables for gas, PSO funds, LNG funds	Finance costs
Ignitis group companies:									
AB „Ignitis grupė“					134 128		174		378
AB Energijos skirstymo operatorius	2 861	27 546	120 369	76 733	1 307	7 823	16 879	16 686	
UAB Ignitis	29 484	26 609	31 003	10 024	1 451	4 446	3 088	1 276	
AB Ignitis gamyba	52 506	13 492	44 421	10 907	11 512	4	3 346	1 459	
UAB Ignitis grupės paslaugų centras			203				25		
UAB Vilniaus kogeneracinė jėgainė	112		329	35	109		41		
UAB Kauno kogeneracinė jėgainė	159		71	5	30		10		
UAB Transporto valdymas	602				115				
Other state-owned companies:									
AB Lietuvos geležinkeliai									
VĮ Ignalinos atominė elektrinė	128		741	552	11		94	66	
AB Klaipėdos nafta		20 730	3			6 631			
VĮ Geoterma							45	65	
AB „LTG Infra“			608	302			90	39	
Other state-owned companies	40				322				
Total	85 892	88 377	197 748	98 558	148 985	18 904	23 792	19 591	378

* Gas purchases and gas sales in exchange, Group purchases and sales of PSO funds and LNG funds are not included in the Group's Statement of profit and loss, as the Group acts as intermediary, collecting and allocating mentioned funds.

The Company's transactions conducted with the related parties during the nine month period of 2022 and balances arising on these transactions as at 30 September 2022 were as follows:

Related party	Accounts receivable and accrued income		Sales	Purchases	Loans granted	Income from financial activities	Costs of financial activities
	Accounts payable and accrued costs						
AB „Ignitis grupė“*							67
State controlled companies							
UAB „Transporto valdymas“	3			7			
State Border Guard Service under the Ministry of the Interior		112	257				
Group companies							
Litgrid AB	58 321	49	54				
AB Amber Grid		30	31		10 523	15	
UAB Tetas		14	10		8 659	34	
UAB Baltpool	99 097	-	17				
UAB GET Baltic		2	6				
Energy cells, UAB	187	14	25			23	
Total:	157 608	221	400	7	19 182	72	67

The Company's transactions conducted with the related parties during the nine month period of 2021 and balances arising on these transactions as at 30 September 2021 were as follows:

Related party	Accounts receivable and accrued income		Sales	Purchases	Loans granted	Income from financial activities	Costs of financial activities
	Accounts payable and accrued costs						
AB „Ignitis grupė“*	134 128	174	-	-	-		378
State controlled companies							
UAB „Transporto valdymas“	3			24	-		-
Group companies							
Litgrid AB	28 982	53	173	-	-	16 129	-
AB Amber Grid	-	29	84	-	21 248	63	-
UAB Tetas		21	34	-	4 582	34	-
UAB Baltpool	11 007	9	15	-		27	-
UAB GET Baltic							
State Border Guard Service under the Ministry of the Interior		87			74		
Energy cells, UAB		8	21		-		-
Total:	174 120	381	327	24	25 904	16 253	378

	Group		Company	
	The nine months period ended at 30 Sept 2022	The nine months period ended at 30 Sept 2021	The nine months period ended at 30 Sept 2022	The nine months period ended at 30 Sept 2021
Payments to key management personnel				
Payments to key management personnel	2 342	2 001	512	443
Employment-related payments	78	33	69	7
Whereof: termination benefits	30	27	6	5

During the nine months of 2022 and 2021, there were no loans, guarantees, other disbursements or accruals or transfers of assets to the management of the Group and the Company.

Management is defined as the heads of administration and departmental directors. During the nine months period of 2022, the benefits paid to members of the collegiate management bodies amounted to EUR 267 thousand (EUR 192 thousand for the nine months of 2021).

18. Events after the end of the reporting period

As indicated in Note No. 1, on 31 October 2022 Group company LITGRID completed contracts with Danish and Finnish energy transmission system operators Energinet and Fingrid in acquisition of two share packages, both of 18.8 percent (total 37.6 percent) for EUR 13.9 million. The ownership of the purchased shares was transferred to LITGRID. Upon the completion of these transactions, the stake in TSO Holding managed by LITGRID increased to 39.6 percent. The shares were purchased on behalf of EPSO-G, which has also decree to purchase LITGRID newly acquired and owned 2 percent TSO Holding shares later this year.

CONSOLIDATED INTERIM REPORT OF EPSO-G AND THE GROUP OF COMPANIES

The interim consolidated report of the EPSO-G Group prepared for the period of nine months ended 30 September 2022.

General information about the EPSO-G Group of companies

Company name	UAB EPSO-G
Legal form	Private limited liability company
Registration date and place	25 June 2012, Register of Legal Entities of the Republic of Lithuania
Company code	302826889
Address	Gedimino av. 20, LT-01103 Vilnius
Phone	8 685 84866
Email	info@epsog.lt
Website	www.epsog.lt
Authorised capital	EUR 189,631,000
Sole shareholder	Republic of Lithuania, the property and non-property rights of which are implemented by the Ministry of Energy of the Republic of Lithuania the Ministry of Energy of the Republic of Lithuania

EPSO-G is a 100 % state-owned Group of energy transmission and exchange companies. The rights and obligations of EPSO-G holding shareholder are implemented by the Ministry of Energy of the Republic of Lithuania.

EPSO-G Group companies ensure the uninterrupted, stable transmission of electricity through high-voltage networks and of natural gas through high-pressure pipelines, as well as the efficient management, maintenance and development of these transmission systems. The companies also operate and develop trading platforms for natural gas, biofuels and timber to ensure transparent competition in the energy and roundwood markets.

All EPSO-G Group companies have a duty to implement efficiently and on time the energy transmission and exchange infrastructure development projects of national importance set out in the shareholder's Letter of Expectations, contributing to the achievement of the objectives set out in the National Energy Strategy, and thus to the creation of sustainable and long-term value.

As at 30 September 2022, the EPSO-G Group (hereinafter – the Group) consisted of the holding company EPSO-G UAB (hereinafter – EPSO-G or the Company), five directly controlled companies of the Group: (LITGRID AB (hereinafter – Litgrid), Amber Grid AB (hereinafter – Amber Grid), BALTPOOL UAB (hereinafter – Baltpool), TETAS UAB (hereinafter – Tetas), Energy Cells UAB (hereinafter – Energy Cells), and the indirectly controlled company GET Baltic UAB (hereinafter – GET Baltic)).

	LITGRID, AB	Amber Grid, AB	BALTPOOL, UAB	TETAS, UAB	GET Baltic, UAB	Energy cells, UAB
Legal form	Public limited liability company	Public limited liability company	Private limited liability company	Private limited liability company	Private limited liability company	Private limited liability company
Registration date and place	2010-11-16, Register of Legal Entities of the Republic of Lithuania	2013-06-11, Register of Legal Entities of the Republic of Lithuania	2009-12-10, Register of Legal Entities of the Republic of Lithuania	2005-12-08, Register of Legal Entities of the Republic of Lithuania	2012-09-13, Register of Legal Entities of the Republic of Lithuania	2021-01-26, Register of Legal Entities of the Republic of Lithuania
Company code	302564383	303090867	302464881	300513148	302861178	305689545
Registered office address	Karlo Gustavo Emilio Manerheimo str. 8, LT-05131 Vilnius	Laisvės av. 10, LT-04215 Vilnius	Žalgirio str. 90, LT-09303, Vilnius	Senamiesčio str. 102B, LT-35116, Panevėžys	Geležinio Vilko str. 18 A, LT-08104 Vilnius	Ozo str. 12A-1, 08200 Vilnius
Phone	8 707 02171	8 5 236 0855	8 5 239 3157	8 45 504 670	8 5 236 0000	8 659 00748
Email	info@litgrid.eu	info@ambergrid.lt	info@baltpool.eu	info@tetas.lt	info@getbaltic.com	info@energy-cells.eu
Internet website	www.litgrid.eu	www.ambergrid.lt	www.baltpool.eu	www.tetas.lt	www.getbaltic.com	www.energy-cells.eu
Type of activities	Electricity Transmission System Operator	Natural Gas Transmission System Operator	Energy exchange operator, administrator of the funds of services of public interest	Design, construction, maintenance and repair services of energy objects	Operator of Natural Gas Exchange	Providing the electricity transmission system operator with the electricity reserve guarantee service required for the isolated operation of electricity system
Shareholding of EPSO-G	97.5 %	96.6 %	67.0 %	100.0 %	96.6 %	100.0 %

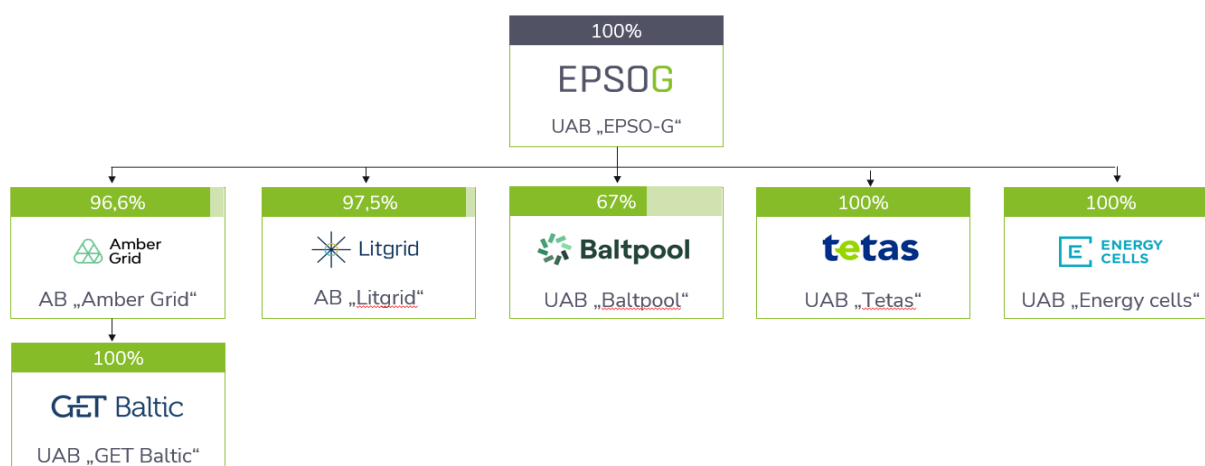
1.1. EPSO-G Group

EPSO-G, the holding company of the group of energy transmission and exchange companies, was established on 25 July 2012 in order to implement the mandatory requirements of the third energy package for the Republic of Lithuania under the European Union law regarding the separation of the activities of energy production and distribution and transmission. Initially, the company operated as a financial holding company whose main function was to consolidate the financial results of the Group companies.

In 2015–2016, in order for Lithuania to become a member of the Organisation for Economic Co-operation and Development (OECD), it was decided, by decisions of the Government and the Ministry of Energy, the direct holder of the shares, to substantially transform EPSO-G into an active holding company, which directly participates in the management of its subsidiaries, supervises and monitors their activities, and carries out other independent functions related to the Group's integrated management.

As at 30 September 2022, the EPSO-G Group consisted of the holding company, transmission system operators operating electricity and natural gas transmission infrastructures, market operators operating natural gas, biofuel and wood exchanges, an infrastructure maintenance company and companies providing energy reserve for the electricity system.

Structure of the EPSO-G Group companies:



Significant events of the reporting period

January

6 January. Rolandas Zukas, CEO of EPSO-G, has left the Group. The Board appointed Algirdas Juozaponis, the company's Chief Financial Officer, as acting Chief Executive Officer.

27 January. The Coordination Committee of the European Union's infrastructure networks fund, the Connecting Europe Facility (CEF), have the highest score to the joint application of the Lithuanian, Latvian, Estonian and Polish TSOs, paving the way for the largest possible funding of EUR 170 million. These funds will ensure the continued smooth implementation of key infrastructure projects and allow the Baltic electricity systems to start operating independently on the same frequency as Poland and other continental European countries already in 2025.

27 January. Litgrid has completed the testing of the first 1 MW battery connected to the electricity transmission grid in the Baltic States. The data collected during the tests is important for preparing the Lithuanian electricity transmission grid for synchronisation with the continental European grids, ensuring the reliability of the system and the rapid development of the renewable energy in Lithuania.

February

1 February. Amber Grid has launched the selection of a strategic partner of GET Baltic regional gas exchange for its subsidiary. The aim of the partnership is to exploit the potential of the opening European gas market and to provide the opportunity to offer customers of GET Baltic the cutting-edge gas trading solutions.

10 February. Amber Grid has signed a contract worth EUR 2.8 million with the energy contracting company "MT Group" the winner of the public tender for one stage of the contract works of the ELLI project – the reconstruction of Kiemėnai gas metering station.

28 February. Robertas Vyšniauskas, an independent member of the EPSO-G Board, was elected the Chairman of the Board. The current Chairman, Gediminas Almantas, will continue to serve on the Board until the end of his term of office in 2023.

March

2 March. Litgrid and other Baltic transmission network operators have decided to reduce commercial flows from Russian networks. The operation of the electricity system will be ensured by local generation of electricity in Lithuania and imports from strategic partners – the European Union countries through existing interconnections with Sweden, Poland and Latvia.

31 March. EPSO-G has repaid earlier than scheduled the balance of EUR 84 million of the debt owed to Ignitis Group, thus fulfilling their obligations in exchange for shares in the transmission operator Litgrid. The former final repayment of the debt was scheduled for autumn 2022.

April

2 April. Since the beginning of April, the Lithuanian gas transmission system has been operating without Russian gas imports.

11 April. The energy infrastructure development and maintenance company Tetas announced the selection to the position of the CEO. The selection was announced following the termination of employment and resignation of the former CEO of the company, Gediminas Mažeika.

15 April. The funding of €87.6 million was granted to Energy cells. The funding was provided under the Recovery and Resilience Facility (RRF) of the European Union (EU).

26 April. The rating agency Moody's Investors Service assigned EPSO-G Baa1 credit rating with a stable outlook.

May

5 May. The Lithuanian–Polish gas pipeline GIPL was officially opened, breaking the energy isolation of the Baltic States and Finland and integrating the countries into the single gas network of the European Union.

9 May. EPSO-G announced the appointment of Ramūnas Abazorius, Braitin Fund Manager and Head of Akmenė Free Economic Zone, and Tomas Daukantas, Legal and HR Team Leader at the Ministry of Energy, as new Board members. Both new Board members were appointed following the selection process announced earlier this year for the positions of an independent and a shareholder-nominated Board member.

18 May. At the first board meeting of the company Energy Cells, Viktoras Baltuškonis, a member of the board nominated by EPSO-G, was elected the Chairman of the Board. The Energy Cells Board, which started its work in April, also includes Darius Klimašauskas, an independent member of the Board, and Dovilė Kapačinskaitė, who was elected to the civil servant's position of a Board member.

23 May. Nord Pool, the electricity exchange operator, has decided to suspend the trading of Russian electricity by the companies of Inter RAO group, as the only ones importing electricity from Russia to the Baltic States. Since then, Russian electricity is no longer imported to Lithuania.

June

1 June. EPSO-G has distributed the sustainability-linked bond issue, raising EUR 75 million. This is the first sustainability-linked bond issue in the Baltics. The five-year bonds were acquired by institutional investors from Lithuania, Latvia, Estonia and Sweden. The European Bank for Reconstruction and Development (EBRD) acquired almost a third of the issue for EUR 22.5 million.

15 June. Sustainability-linked bonds issued by EPSO-G were listed on Nasdaq Baltic Debt Securities List. This is the first sustainability-linked bond issue in the Baltics.

29 June. Energy cells started the installation of the first battery farms in the Baltic States with the burial of a symbolic capsule. Preparatory construction operations commenced at transformer substations in Vilnius, Šiauliai, Alytus and Utena, and the majority of the system's storage equipment has already been shipped to Lithuania.

July

1 July. The member of the Board of EPSO-G Ramūnas Abazorius has declared his resignation due to professional and investment activities.

11 July. Ramūnas Papinigis took up the CEO position at Tetas.

12 July. EPSO-G Group companies Amber Grid, Litgrid and Tetas signed the cooperation agreement with Lithuanian universities and colleges and provided more than EUR 100,000 in scholarships for engineering students. The aim of this step is to address the issue of attracting specialists needed for the transformation of the Lithuanian energy sector. Companies estimate that the need for energy engineering specialists will more than triple by 2030.

August

22 August. Mindaugas Keizeris took up the CEO position at EPSO-G.

At the end of August, EPSO-G installed the last segments of the Physical Barrier at the Lithuanian border with Belarus.

September

16 September. EPSO-G announced its intention to acquire about one third of TSO Holding shares this year. TSO Holding, together with another shareholder, exercises indirect control over the Nord Pool electricity exchange. With this move, the EPSO-G group intends to increase the shareholding in TSO Holding to 39.6 %.

Significant events after the end of the financial period

October

28 October. Litgrid signed contracts with Danish and Finnish energy transmission operators Energinet and Fingrid to acquire two 18.8 % shareholdings in TSO Holding (37.6 % in total). Following the completion of these transactions, the block of shares held by Litgrid in TSO Holding increased to 39.6 %. EPSO-G has decided to acquire all of Litgrid's newly acquired shares as well as 2 % of shares in TSO Holding held to date.

November

At the beginning of November, Energy cells, the operator of the system of electricity storage facilities, started testing the first battery farm system in the Baltic States.

Performance indicators

During all three quarters of 2022, the EPSO-G Group operations were significantly affected by the particularly rapid increase in energy prices and the geopolitical situation related to the war in Ukraine, which led to a change in energy flows through the grid.

7.6 terawatt hours (TWh) of electricity were transmitted through the country's high-voltage transmission networks to meet the needs of the country's residents and businesses during the period – by 4.5% less than in the same period last year.

During the first 9 months of the year, the average interruption time (AIT) was 0.359 minutes and the energy not supplied (ENS) was 10.847 MWh. The NERC has set the AIT for a whole year should not exceed 0.934 minutes and the ENS should not exceed 27.251 MWh.

The nine-month overall availability of the electricity interconnections with Sweden NordBalt and with Poland LitPol Link in 2022 was 100% and 97.8%, respectively. The main contributors to the unavailability of LitPol Link were the scheduled works in implementing one of the main projects for synchronisation with the continental European grids – the extension of the interconnection with Poland to accommodate synchronous operation.

Key performance indicators of the EPSO-G Group:

	January – September 2022	January – September 2021	Change		January – September 2020
			+/-	%	
Electricity					
Quantity of electricity transmitted, GWh	7 603	7 959	-356	-4,5%	7 337
ENS (electricity not supplied due to interruptions), MWh *	10,847	2,823			5,780
AIT (average interruption time), min. *	0,359	0,099			0,195
Availability of NordBalt, % **	100 %	96,35 %			96,60 %
Availability of LitPol Link, % **	97,8 %	84,88 %			98,00 %
Natural gas					
Quantity of gas transported to the domestic exit point, GWh	11 933	18 532	-6 599	-35,6%	17 671
Quantity of gas transported to adjacent transmission systems, GWh***	35 042	19 851	15 191	76,5%	24 830
Turnover of the natural gas exchange, GWh	4 607	5 944	-1 337	-22,5%	4 688
Biofuel					
Quantity of biofuel traded on the energy exchange, GWh	5 095	3 796	1 299	34,2%	4 483

* Only for the reasons falling within the responsibility of the operator and for unidentified reasons.

** Overall availability of the LPL/NB interconnection - availability of the interconnection on both the Lithuanian and the other side

*** Transmission systems of Latvia and the Kaliningrad Region of the Russian Federation.

Due to the energy price crisis in Europe, gas consumption in Lithuania has fallen by more than a third in 9 months. Between January and the end of September, the country consumed almost 12 TWh of gas, 36% less than at the same time last year, when gas demand was 18.5 TWh. The drop in gas consumption is mainly due to a significant reduction in gas consumption this year by Achema, the largest gas consumer in Lithuania and a major fertiliser producer.

In the first nine months of this year, almost 30 terawatt hours (TWh) of gas were delivered to Lithuania, excluding transit to the Kaliningrad region. This is up by 45 % compared to 20.5 TWh of gas transported to Lithuania at the same time last year. 13.2 TWh of gas was transported via pipeline to Latvia for the needs of the other Baltic States and Finland, as well as for storage at Inčukalns underground gas storage facility. This is almost 8 times more than during the same period in 2021.

77% (22.7 TWh) of the total gas transported into the system in the first nine months of the year was delivered through Klaipėda LNG terminal, the main source of gas supply to Lithuania and the Baltic States. The flow from Latvia accounted for almost 10 % (2.8 TWh), while the flow from Poland accounted for 3%. About 10 % (3 TWh) of the gas transported through the Lithuanian–Belarusian interconnection was transported in January–September. Since 2 April, no natural gas has been imported for the needs of Lithuania via this interconnection.

The availability of the natural gas transmission network to system users was 100 %.

In the first nine months of 2022, natural gas exchange trading volumes of GET Baltic in Lithuania, Latvia, Estonia and Finland amounted to 4.6 terawatt hours (TWh). Compared to the same period of 2021, the trading volumes fell by almost 23 %. The main contributor to the fall in trading volumes was falling consumption due to the unusually high natural gas price.

During the first three quarters of 2022, almost 34 % more biofuels were traded on the Baltpool Energy Exchange than over the same period in 2021, amounting to 5.1 terawatt hours (TWh). 5,600 transactions were made on the exchange, amounting to almost EUR 170 million. 3.3 GWh of heat was traded in the company's heat auction data management system, while 2.9 thousand transactions were made in the electronic timber sales system for 1.1 million m³ of wood.

Financial indicators

Financial indicators, EUR thousand	January – September 2022	January – September 2021	Change		January – September 2020
			+/-	%	
Revenue	444,650	228,306	216,344	94.8%	197,777
Operating expenses	487,503	192,449	295,054	153.3%	166,750
EBITDA ¹	-16,371	62,131	-78,502	-126.3%	55,581
Net profit	-38,046	32,910	-70,956	-215.6%	30,269
Assets	1,190,063	837,102	352,961	42.2%	787,532
Non-current assets	705,341	637,966	67,375	10.6%	635,287
Current assets	408,798	199,136	285,586	143.4%	152,245
Equity	232,239	264,751	-32,512	-12.3%	233,064
Liabilities	957,824	572,351	385,473	67.3%	554,468
Net debt	52,390	295,591	-243,201	-82.2%	366,880
Financial ratios					
EBITDA margin ³	-3.7%	27.2%			28.1%
Return on equity ⁴	37.4%	27.3%			25.1%
Net debt to equity ratio	22.6%	111.6%			126.8%
Equity / assets ratio	19.5%	31.6%			29.6%
Current ratio	1.05	1.00			0.84

1) EBITDA = Profit (loss) before tax + financial income - financial expenses + depreciation and amortisation expense + asset impairment charges (including negative revaluation of property, plant and equipment) + asset retirement charges

2) Net debt = Long-term financial debt + Short-term financial debt + Lease liabilities + Liability to Ignitis, UAB for the acquisition of shares in Litgrid AB - Short-term investments - Time deposits - Cash and cash equivalents

3) EBITDA margin = EBITDA/Revenue

4) Asset turnover = Revenue/Assets

5) Current ratio = Current assets/Current liabilities

Revenue

In the first three quarters of 2022, consolidated revenues of the EPSO-G Group increased from EUR 228.3 million to EUR 444.6 million, i.e. by 94.8 % or EUR 216.3 million, compared to the same period in 2021.

During the first nine months of the year, the EPSO-G Group generated revenues of EUR 287.5 million from electricity transmission and related services. This represented 65% of the EPSO-G Group's consolidated revenues. Compared with the same period in 2021, the revenues from electricity transmission services increased by 68% and totalled EUR 116.8 million. The main reasons for the increase in revenues were an increase in imbalance and balancing energy revenues by 278% or EUR 93 million and an increase in system service revenues resulting from the rise in the volume of system services by EUR 10.3 million (15.4%).

In the first nine months of this year, the EPSO-G Group generated revenues of EUR 93.7 million from natural gas transportation and related services. It represented 21% of the consolidated revenues of the EPSO-G

Group. The revenues from the natural gas transmission service increased by 114% or EUR 49.3 million compared to the same period of 2021. This increase is mainly due to the natural gas flow balancing service, which generated revenues of EUR 47.4 million and costs of EUR 43 million in 2022. The reason for the increase in balancing revenues and costs was the exceptionally high natural gas prices.

70 % or EUR 65.5 million of the total revenues of the EPSO-G Group related to the natural gas transmission services were derived from the services provided to the Lithuanian system users, 29% or EUR 26.6 million from the transmission to the adjacent gas systems, and 1% or EUR 1.1 million from the services provided by the GET Baltic natural gas exchange.

Other revenues of the Group accounted for EUR 62.6 million or 14% of the total consolidated revenues. EUR 48.1 million of these revenues were received from the construction of the physical barrier by Tetas.

Operating expenses

In the first nine months of 2022, the Group's operating expenses amounted to EUR 487.5 million. Compared to the same period of 2021, they increased by EUR 295,1 million or 253,4%. The main reason for the increase was significantly higher energy prices.

The largest share of operating expenses and the most significant overall increase was attributable to the purchase of energy resources and related services, which amounted to EUR 350.3 million or 71.9 % of the total expenses. The costs for purchasing electricity and related services amounted to EUR 297.4 million and, compared to the corresponding period of 2021, were by 171 % higher. The costs of natural gas totalled EUR 52.9 million. Compared to the respective period of 2021, the costs of gas increased by 7.9 times due to higher gas prices and increased balancing volumes.

Depreciation and amortisation expenses amounted to almost EUR 26.2 million, payroll and related expenses totalled EUR 32.6 million, repair and maintenance costs – EUR 5.6 million, expenses for the construction of the physical barrier by Tetas stood at EUR 47.6 million, telecommunication and ITT expenses stood at EUR 3.5 million, and the remaining expenses totalled EUR 21.5 million.

Operating result

The Group earnings before interest, taxes, depreciation and amortisation (EBITDA) for the three quarters of 2022 were negative, i.e. - EUR 16.4 million, compared to the same period of 2021, and EBITDA declined by 126.4 %. The Group's adjusted EBITDA amounted to EUR 46.8 million (the calculations take into account the repayment of surplus earnings of electricity and natural gas operators for previous periods, the difference between actual technological losses and the price, and the impact of CBCA's payment to Poland for the gas pipeline link between Lithuania and Poland).

In 2022, the EBITDA margin was -3.7% (27.2% during the same period of 2021).

The main reasons for the decrease in the Group's EBITDA were an increase of EUR 187.2 million in the costs of purchasing electricity and related services and an increase of EUR 46.2 million in the costs of purchasing natural gas and related services compared to 2021.

In 2022, the net loss of the EPSO-G Group was EUR 38 million. During the same period of 2021, the net profit of the Group was EUR 32.9 million. The adjusted net profit of the EPSO-G Group was EUR 14.2 million.

Statement of financial position

As of 30 September 2022, the assets of the Group stood at EUR 1,190.1 million. The Group's non-current assets amounted to EUR 705.3 million and made up 59.3% of the total assets of the Group. The shareholder equity declined by 14.5 per cent to EUR 232.2 million and the share of equity compared to the Group's assets at the end of September was 19.5 %.

At the end of the third quarter of 2022, financial liabilities of the Group to creditors totalled EUR 238.9 million. At the same time, cash equivalents were EUR 186.6 million, mainly due to congestion revenue funds accumulated by Litgrid.

EPSO-G Group's net debt to equity ratio was 22.6 %.

Investments

In the first 9 months of 2022, investments of Litgrid amounted to EUR 30.3 million, of which 28 % was allocated to the implementation of strategic and nationally important electricity projects, while 72 % was allocated to the reconstruction and development of the transmission network and to the maintenance of operations.

In 2022, investments by Amber Grid totalled EUR 37.3 million, of which EUR 27.5 million was the cumulative payment to the Polish natural gas transmission system operator for the gas pipeline connection between Lithuania and Poland. The investments were related with the reconstruction and modernisation of the transmission network.

Employees and remuneration

As of 30 September 2022, EPSO-G had 1,368 employees (30 September 2021: 1,174 employees):

- EPSO-G – 83 (61),
- Amber Grid – 327 (329),
- Litgrid – 380 (325),
- Tetas – 515 (421),
- Baltpool – 18 (18),
- GET Baltic – 8 (8),
- Energy Cells – 37 (12).

Information on remuneration for nine months of 2022

Salaries by category of employees	Group		Company	
	Number of employees (at the end of the period)	Average monthly pay	Number of employees (at the end of the period)	Average monthly pay
Chief Executive Officer	7	10 154	1	9 444
Senior management	25	7 750	5	8 832
Mid-level managers	144	4 953	18	5 950
Specialists	795	2 822	59	3 525
Workers	396	1 586	-	-
Total:	1 367	2 782	83	4 555
Wage fund, EUR thousand		33 577		3 057

SHAREHOLDERS

The sole shareholder of EPSO-G Management Company is the Republic of Lithuania (100 % of shares), whose property and non-property rights, in observance of paragraph 2.3 of Resolution No 826 of the Government of the Republic of Lithuania of 4 July 2012 on the establishment of the private limited liability company and investment of state assets are implemented by the Ministry of Energy of the Republic of Lithuania, represented by the Minister of Energy of the Republic of Lithuania.

In 2022, there were no changes in the shareholder structure of EPSO-G. On 27 April 2022, the General Meeting of Shareholders of the Company decided to increase the authorised capital of the Company to EUR 189,631,000 from the Company's retained earnings. The authorised capital was increased by issuing 576,373,467 ordinary registered shares of the Company of EUR 0.29 nominal value per share. All new shares were issued free of charge to the Company's sole shareholder. As of 30 September 2022, the authorised capital of EPSO-G was EUR 189,631,000.

Shareholder of the company	Number of shares	Nominal value per	Authorised capital, EUR	Shareholding (%)
Republic of Lithuania represented by the Minister of Energy of the Republic of	576,373,467	EUR 0.29	189,631,000	100

EPSO-G shares are not subject to any restrictions on the transfer of securities other than those prescribed by legal acts.

EPSO-G or Group companies have not issued any convertible securities. EPSO-G has not acquired any of its own shares. EPSO-G did not acquire or dispose any of its shares during the reporting period. The Company's subsidiaries also did not acquire any shares in the Company.

The shareholder of EPSO-G does not have any special rights of control other than those provided for by legal acts of the Republic of Lithuania.

Shares of EPSO-G subsidiaries Litgrid and Amber Grid are traded on Nasdaq Vilnius stock exchange:

Company	ISIN code	Securities	Trading list	Securities manager
LITGRID AB	LT0000128415	LGD1L	BALTIC SECONDARY LIST	AB SEB bankas
AB „Amber Grid	LT0000128696	AMG1L	BALTIC SECONDARY LIST	AB SEB bankas

The securities of other companies owned by EPSO-G are not traded on the stock exchange.

Articles of association

During the reporting period, the corporate governance of the EPSO-G Group was carried out in accordance with the Guidelines for Corporate Governance of State-owned Group of Energy Companies approved by the Minister of Energy of the Republic of Lithuania on 7 September 2015 and updated by the decision of the sole shareholder on 24 April 2018. It sets out the corporate governance principles, management organisation model, governance structure, reporting and performance monitoring and control systems common to the EPSO-G Group.

On 23 May 2022, a new version of the articles of association of the EPSO-G management company was registered in the Register of Legal Entities, providing for an increase in EPSO-G's capital to EUR 189,631,000. In this version of the Articles of Association, the values (amounts) of the transactions for which the Board of Directors takes decisions, as referred to in points 43 (iv-ix) and 49 (iv-v), have been changed from 1/20 of the Company's authorised share capital to EUR 3 million, and other minor corrections have also been introduced.

The Articles of Association of EPSO-G are available in the Corporate Governance section at www.epsog.lt.

The Articles of Association of EPSO-G may be amended by a decision of the general meeting of shareholders adopted by at least 2/3 majority of the votes conferred by all shareholders present at the general meeting of shareholders, unless otherwise provided by laws.